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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2001

Commission File No. 0-20293

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

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

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

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

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

Indicate by checkmark 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

As of August 2, 2001, Union Bankshares Corporation had 7,523,770 shares of Common Stock outstanding.

UNION BANKSHARES CORPORATION
FORM 10-Q
June 30, 2001

INDEX

<TABLE>
<CAPTION>

PART 1 - FINANCIAL INFORMATION	Page
<S> <C>	
Item 1 - Financial Statements	
Consolidated Balance Sheets as of June 30, 2001 (Unaudited) and December 31, 2000 (Audited)	1
Consolidated Statements of Income (Unaudited) For the three months and six months ended June 30, 2001 and 2000	2
Consolidated Statements of Changes in Stockholders' Equity (Unaudited) For the six months ended June 30, 2001 and 2000	3
Consolidated Statements of Cash Flows (Unaudited) For the six months ended June 30, 2001 and 2000	4
Notes to Consolidated Financial Statements (Unaudited)	5-9
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations	10-18
Item 3 - Quantitative and Qualitative Disclosures about Market Risk	19-20
PART II - OTHER INFORMATION	

Item 1 - Legal Proceedings.. 21

Item 2 - Changes in Securities and Use of Proceeds................................. 21

Item 3 - Defaults Upon Senior Securities... 21

Item 4 - Submission of Matters to a Vote of Security Holders...................... 21

Item 5 - Other Information.. 21

Item 6 - Exhibits and Reports on Form 8-K.. 21

Signatures.. 22

Index to Exhibits... 23

</TABLE>

PART 1 - FINANCIAL INFORMATION
Item 1. Financial Statements

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share information)

<TABLE>
<CAPTION>

ASSETS	June 30, 2001 (Unaudited)	December 31, 2000
<S> <C>		
Cash and cash equivalents:		
Cash and due from banks	$ 23,015	$ 22,174
Interest-bearing deposits in other banks	636	315
Federal funds sold	13,659	380
Total cash and cash equivalents	37,310	22,869
Securities available for sale, at fair value	226,259	210,312
Investment securities, at amortized cost		
Fair value of $0, and $5,528, respectively	--	5,465
Total securities	226,259	215,777
Loans held for sale	29,759	16,472
Loans, net of unearned income	587,912	580,790
Less allowance for loan losses	7,916	7,389
Net loans	579,996	573,401
Bank premises and equipment, net	19,271	20,077
Other real estate owned	913	1,701
Other assets	30,491	31,664
Total assets	$ 923,999	$ 881,961
LIABILITIES AND STOCKHOLDERS' EQUITY		
Noninterest-bearing demand deposits	$ 99,469	$ 92,067
Interest-bearing deposits:		
NOW accounts	98,284	96,751
Money market accounts	63,888	62,438
Savings accounts	66,209	56,540
Time deposits of $100,000 and over	126,849	121,548
Other time deposits	266,300	263,128
Total interest-bearing deposits	621,530	600,405
Total deposits	720,999	692,472

Federal funds and securities sold under agreement to repurchase	33,007	25,114
Other short-term borrowings	16,032	6,000
Long-term borrowings	63,475	74,023
Other liabilities	5,329	6,000
Total liabilities	838,842	803,609
Commitments and contingencies		
Stockholders' equity:		
Common stock, $2 par value. Authorized 24,000,000 shares; issued and outstanding, 7,523,770 and 7,516,534 shares, respectively	15,048	15,033
Surplus	415	403
Retained earnings	67,099	63,201
Accumulated other comprehensive income (loss)	2,595	(285)
Total stockholders' equity	85,157	78,352
Total liabilities and stockholders' equity	$ 923,999	$ 881,961

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(dollars in thousands, except per share amounts)

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
<S> <C>				
Interest and dividend income :				
Interest and fees on loans	$13,025	$12,677	$26,17	$24,575
Interest on Federal funds sold	55	1	127	20
Interest on interest-bearing deposits in other banks	10	16	18	32
Interest and dividends on securities:				
Taxable	2,223	2,302	4,419	4,490
Nontaxable	1,176	1,232	2,358	2,477
Total interest and dividend income	16,489	16,228	33,092	31,594
Interest expense:				
Interest on deposits	7,128	6,521	14,265	12,550
Interest on short-term borrowings	408	763	731	1,356
Interest on long-term borrowings	995	1,098	2,201	2,156
Total interest expense	8,531	8,382	17,197	16,062
Net interest income	7,958	7,846	15,895	15,532
Provision for loan losses	393	581	825	1,145
Net interest income after provision for loan losses	7,565	7,265	15,070	14,387
Noninterest income:				
Service charges on deposit accounts	954	911	1,872	1,717
Other service charges and fees	662	538	1,231	1,022
Gains on securities transactions, net	9	64	30	86
Gains on sales of loans	2,121	1,593	3,931	2,638
Gains on sales of other real estate owned and bank premises, net	72	--	84	5
Other operating income	271	113	554	212
Total noninterest income	4,089	3,219	7,702	5,680

Noninterest expenses:

Salaries and benefits	4,801	4,832	9,273	9,475
Occupancy expenses	518	554	1,061	1,161
Furniture and equipment expenses	698	740	1,428	1,471
Other operating expenses	1,954	2,037	3,967	4,087
Total noninterest expenses	7,971	8,163	15,729	16,194
Income before income taxes	3,683	2,321	7,043	3,873
Income tax expense	797	427	1,487	558
Net income	$ 2,886	$ 1,894	$ 5,556	$ 3,315
Basic net income per share	$ 0.38	$ 0.25	$ 0.74	$ 0.44
Diluted net income per share	$ 0.38	$ 0.25	$ 0.74	$ 0.44

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2001 AND 2000
(dollars in thousands)

<TABLE>
<CAPTION>

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income (Loss)	Total
<S>	<C>					
Balance - December 31, 1999	$ 14,976	$ 163	$ 58,603	$ (4,948)		$ 68,794
Comprehensive income:						
Net income - for six months ended June 30, 2000			3,315		$ 3,315	3,315
Unrealized holding gains arising during the period (net of tax, $206)					(399)	
Reclassification adjustment for gains included in net income (net of tax, $29)					(57)	
Other comprehensive income (net of tax, $235)				(456)	(456)	(456)
Total comprehensive income					$ 2,859	
Cash dividends - 2000 ($.40 per share semi annually)			(1,500)			(1,500)
Issuance of common stock under Dividend Reinvestment Plan (16,090 shares)	33	140				173
Stock repurchased under Stock Repurchase Plan (11,300 shares)	(23)	(115)				(138)
Issuance of common stock under Incentive Stock Option Plan (5040 shares)	10	22				32
Issuance of common stock in exchange for net assets in acquisition (17,673 shares)	35	201				236
Balance - June 30, 2000 (Unaudited)	$ 15,031	$ 411	$ 60,418	$ (5,404)		

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Comprehensive Income	Total
						$ 70,456
Balance - December 31, 2000	$ 15,033	$ 403	$ 63,201	$ (285)		$ 78,352
Comprehensive income:						
Net income - for six months ended June 30, 2001			5,556		$ 5,556	5,556
Unrealized holding gains arising during the period (net of tax, $1,494)					2,900	
Reclassification adjustment for gains included in net income (net of tax, $10)					(20)	
Other comprehensive income (net of tax, $1,484)				2,880	2,880	2,880
Total comprehensive income					$ 8,436	
Cash dividends - 2001 ($.44 per share semi annually)			(1,658)			(1,658)
Issuance of common stock under Dividend Reinvestment Plan (12,930 shares)	26	168				194
Stock repurchased under Stock Repurchase Plan (25,300 shares)	(50)	(348)				(398)
Issuance of common stock in exchange for net assets in acquisition (19,606 shares)	39	192				231
Balance - June 30, 2001 (Unaudited)	$ 15,048	$ 415	$ 67,099	$ 2,595		$ 85,157

</TABLE>

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 2001 and 2000
(dollars in thousands)

<TABLE>
<CAPTION>

	2001	2000
Operating activities:		
Net income	$ 5,556	$ 3,315
Adjustments to reconcile net income to net cash and cash equivalents (used in) operating activities:		
Depreciation of bank premises and equipment	949	1,232
Amortization	631	284
Provision for loan losses	825	1,145
Gains on sales of securities available for sale	(30)	(86)
Gains on sales of other real estate owned and fixed assets, net	(84)	(5)
Increase in loans held for sale	(13,287)	(9,324)
Increase in other assets	(455)	(1,395)
Decrease in other liabilities	(671)	(5,469)
Net cash and cash equivalents used in operating activities	(6,566)	(10,303)
Investing activities:		
Net increase in securities	(6,064)	(13,018)
Net increase in loans	(7,420)	(32,874)
Purchases of bank premises and equipment	(428)	(880)
Proceeds from sales of bank premises and equipment	16	181
Proceeds from sales of other real estate owned	861	280

Net cash and cash equivalents used in investing activities	(13,035)	(46,311)
Financing activities:		
Net increase in noninterest-bearing deposits	7,402	12,176
Net increase in interest-bearing deposits	21,125	27,857
Net increase (decrease) in short-term borrowings	17,925	(1,216)
Net increase (decrease) in long-term borrowings	(10,548)	26,308
Issuance of common stock	194	205
Repurchase of common stock	(398)	(138)
Cash dividends paid	(1,658)	(1,500)
Net cash and cash equivalents provided by financing activities	34,042	63,692
Increase in cash and cash equivalents	14,441	7,078
Cash and cash equivalents at beginning of period	22,869	19,919
Cash and cash equivalents at end of period	$ 37,310	$ 26,997
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	$ 17,412	$ 15,618
Income taxes	$ 1,106	$ 545

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)
June 30, 2001

1. ACCOUNTING POLICIES

The consolidated financial statements include the accounts of Union Bankshares Corporation and its subsidiaries (the "Company"). Significant intercompany accounts and transactions have been eliminated in consolidation.

The information contained in the financial statements is unaudited and does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. However, in the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of the interim periods presented have been made. Operating results for the three and six month period ended June 30, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2000 Annual Report. Certain previously reported amounts have been reclassified to conform to current period presentation.

2. ALLOWANCE FOR LOAN LOSSES

The following summarizes activity in the allowance for loan losses for the six months ended June 30, (in thousands):

	2001	2000
Balance, January 1	$ 7,389	$6,617
Provisions charged to operations	825	1,145
Recoveries credited to allowance	154	200
Loans charged off	(452)	(368)
Balance, June 30	$ 7,916	$7,594

3. Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net income by the weighted average number of shares outstanding during the period. Weighted average shares used for the computation of basic EPS were 7,536,947 and 7,503,816 for the three months ended June 30, 2001 and 2000. Weighted average shares used for the computation of basic EPS were 7,526,905 and 7,499,143 for the six months ended June 30, 2001 and 2000. Diluted EPS is computed using the weighted number of common shares outstanding during the period, including the effect of dilutive potential common shares outstanding attributable to stock options. Weighted average shares used for the computation of diluted EPS were 7,552,130 and 7,504,115 for the three months ended June 30, 2001 and 2000. Weighted average shares used for the computation of diluted EPS were 7,543,149 and 7,509,255 for the six months ended June 30, 2001 and 2000. At June 30, 2001 stock options representing 84,540 shares were anti-dilutive and were not considered in the computation of EPS.

4. SEGMENT REPORTING DISCLOSURES

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 segment provides a variety of mortgage loan products principally in Virginia and Maryland. 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. 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 a fee based business while the banks are driven principally by net interest income. The banks provide a distribution and referral network through their customers for the mortgage services. The mortgage company offers a more limited network for the banks, due largely to the minimal degree of overlapping geographic markets.

Information about reportable segments and reconciliation of such information to the consolidated financial statements for the three months and six months as of June 30, 2001 and 2000 follows:

<TABLE>
<CAPTION>

Three Months ended June 30, 2001

<S> <C>

Consolidated (in thousands)	Community Banks	Mortgage	Elimination	Totals
Net interest income	$ 7,785	$ 173	$ --	$ 7,958
Provision for loan losses	393	--	--	393
Net interest income after provision for loan losses	7,392	173	--	7,565
Noninterest income	2,013	2,119	(43)	4,089
Noninterest expenses	6,151	1,863	(43)	7,971
Income before income taxes	3,254	429	--	3,683
Income tax expense	651	146	--	797
Net income	$ 2,603	$ 283	$ --	$ 2,886
Assets	$925,641	$ 31,007	$(32,649)	$923,999

</TABLE>

<TABLE>
<CAPTION>
Three Months ended June 30, 2000

<S> <C>

(in thousands)	Community Banks	Mortgage	Elimination	Consolidated Totals
Net interest income (loss)	$ 7,844	$ 2	$ --	$ 7,846
Provision for loan losses	581	--	--	581
Net interest income (loss) after provision for loan losses	7,263	2		7,265
Noninterest income	1,646	1,593	(20)	3,219
Noninterest expenses	6,092	2,091	(20)	8,163
Income (loss) before income taxes	2,817	(496)	--	2,321
Income tax expense (benefit)	607	(180)	--	427
Net income (loss)	$ 2,210	$ (316)	$ --	$ 1,894
Assets	$884,606	$ 17,651	$(19,347)	$882,910

</TABLE>

<TABLE>
<CAPTION>

Six Months ended June 30, 2001

<S> <C>

(in thousands)	Community Banks	Mortgage	Elimination	Consolidated Totals
Net interest income	$ 15,632	$ 263	$ --	$ 15,895
Provision for loan losses	825	--	--	825
Net interest income after provision for loan losses	14,807	263	--	15,070
Noninterest income	3,856	3,931	(85)	7,702
Noninterest expenses	12,252	3,562	(85)	15,729
Income before income taxes	6,411	632	--	7,043
Income tax expense	1,272	215	--	1,487
Net income	$ 5,139	$ 417	$ --	$ 5,556
Assets	$925,641	$ 31,007	$(32,649)	$923,999

</TABLE>

<TABLE>
<CAPTION>

Six Months ended June 30, 2000

<S> <C>

(in thousands)	Community Banks	Mortgage	Elimination	Consolidated Totals
Net interest income (loss)	$ 15,543	$ (11)	$ --	$

				15,532
Provision for loan losses	1,145	--	--	1,145
Net interest income (loss) after provision for loan losses	14,398	(11)		14,387
Noninterest income	3,123	2,638	(81)	5,680
Noninterest expenses	12,188	4,087	(81)	16,194
Income (loss) before income taxes	5,333	(1,460)	--	3,873
Income tax expense (benefit)	1,066	(508)	--	558
Net income (loss)	$ 4,267	$ (952)	$ --	$ 3,315
Assets	$884,606	$ 17,651	$(19,347)	$882,910

</TABLE>

5. RECENT ACCOUNTING STATEMENTS

In January 2001, the Company implemented the Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", which establishes accounting and reporting standards for derivative instruments and for hedging activities. As part of the implementation, the Company reclassified its remaining held to maturity investments to available for sale. As of January 1, 2001, $5,465,000 held to maturity investments converted to available for sale. The effect of this reclassification was not considered material.

6. 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 existing 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, new products and delivery systems, inflation, changes in the stock and bond markets, technology, and consumer spending and savings habits.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results OF OPERATIONS

Union Bankshares Corporation (the "Company") is a multi-bank holding company organized under Virginia law which provides financial services through its wholly-owned bank subsidiaries, Union Bank & Trust Company, Northern Neck State Bank, Rappahannock National Bank, Bank of Williamsburg, as well as Union Investment Services, Inc., and Mortgage Capital Investors, Inc. The four subsidiary banks are full service retail commercial banks offering a wide range of banking and related financial services, including demand and time deposits, as well as commercial, industrial, residential construction, residential mortgage and consumer loans. Union Investment Services Inc., is a full service discount brokerage company, which offers a full range of investment services and sells mutual funds, stocks and bonds. Mortgage Capital Investors, Inc., a subsidiary of Union Bank & Trust Company, provides a wide array of mortgage products.

The Company's primary trade area stretches from Rappahannock County to Fredericksburg, south to Hanover County, east to Williamsburg and throughout the Northern Neck region of Virginia. The corporate headquarters is located in Bowling Green, Virginia. Through its banking subsidiaries, the Company operates

29 branches in its primary trade area. In addition to the primary banking trade area, Mortgage Capital Investors, Inc. expands the Company's mortgage origination business to other strong housing markets.

Management's discussion and analysis is presented to aid the reader in understanding and evaluating the financial condition and results of operations of the Company. The analysis focuses on the consolidated financial statements, the footnotes thereto, and the other financial data herein. Highlighted in the discussion are material changes from prior reporting periods and any identifiable trends affecting the Company. Amounts are rounded for presentation purposes, while the percentages presented are computed based on unrounded amounts.

Results of Operations

Net income for the second quarter of 2001 was $2.9 million, up from $1.9 million for the same period in 2000. This increase was principally the result of significant improvement in the mortgage segment's performance with net income of $283,000 for the quarter ended June 30, 2001 compared to a loss of $316,000 in the second quarter of last year. In addition, the community banking segment continued to perform well showing a $393,000 increase in earnings or 17.8% over the prior year's second quarter. Diluted earnings per share amounted to $.38 in the second quarter of 2001, as compared to $.25 in the same quarter of 2000. The Company's annualized return on average assets for the three months ended June 30, 2001 was 1.27% as compared to .88% a year ago. The Company's annualized return on average equity totaled 13.73% and 10.94% for the three months ended June 30, 2001 and 2000, respectively.

Net income from the Company's community banking segment increased from approximately $2.2 million in the second quarter of 2000 to over $2.6 million in the second quarter of 2001. Continued growth in existing markets, as well as the performance of acquired and denovo banks and branches and previously implemented initiatives to consolidate backoffice functions are reflected in the improved operating efficiencies and contributed to the improvement in the profitability of the community banking segment.

Rapidly falling interest rates, coupled with tighter credit criteria for loans and ongoing competition for deposits, continue to compress the net interest margin. Deposit growth slowed in the second quarter to 4.2% from the December 31, 2000 balance, while loans only grew 1.0% in the same time frame. Continued deposit growth, slowing loan growth and the significant rate cuts by the Federal Reserve have all contributed to a narrowing interest margin. Deposits generally reprice slower than assets and, accordingly, we expect the deposit repricing to result in reductions in interest expense and improvement in the net interest margin.

The mortgage banking segment continues to reflect last year's effort by management to return it to profitability. Strategic changes to consolidate operations and close unprofitable offices, combined with a favorable interest rate environment in the current year contributed to this segment's turn around. The Company is continuing to make adjustments to increase the production volumes and improve operating efficiencies of this segment of our business. Although mortgage loan production has been impacted by long term interest rate swings and refinancing is a third of the business, the potential is there to continue the profitable trend.

Net income for the six months ended June 30, 2001 was $5.6 million, up from $3.3 million for the same period in 2000. This increase was principally the result of significant improvement in the mortgage segment's performance with net income of $417,000 for the period ended June 30, 2001 compared to a loss of $952,000 for the same period last year. In addition, the community banking segment continued to perform well reporting a $872,000 increase in earnings or 20.4% over the prior year. Diluted earnings per share amounted to $.74 in the first six months of 2001, as compared to $.44 for the same period of 2000. The Company's annualized return on average assets for the six months ended June 30, 2001 was 1.25% as compared to .79% a year ago. The Company's annualized return on average equity totaled 13.66% and 9.70% for the six months ended June 30, 2001 and 2000, respectively.

Net Interest Income

Net interest income on a tax-equivalent basis for the second quarter of 2001 increased slightly by 1.2% to $8.64 million from $8.54 million for the same period a year ago. Over that time average interest earning assets grew by 4.1% and average interest bearing liabilities increased by 3.6%. The slower growth is largely attributable to the slowing economy and the Company's decision during late 2000 to scale back loan production in response to market pricing and in preparation for the slow down. This is reflected in a 23 basis point drop in the yield on earning assets. It was offset by only a 10 basis point drop in interest-bearing liabilities, as deposits and other liabilities reprice slower than earning assets. It is anticipated that scheduled maturities and repricing of certificates in the later part of the year should provide some relief in interest expense. The current interest rate environment and competition for deposits continue to put pressure on net interest margins.

In addition, the subsidiary banks have periodically engaged in wholesale leverage transactions to better leverage their capital position by borrowing funds to invest in securities at margins of 150 to 200 basis points. Although such transactions increase net income and return on equity, they reduce the net interest margin. As of June 30, 2001 such transactions accounted for $25 million of the Company's total borrowings.

Average earning assets during the second quarter of 2001 increased by $33.5 million to $848.6 million from the second quarter of 2000, while average interest-bearing liabilities grew by $25.5 million to $728.1 million over this

same period. Included in the earning assets is $20.8 million of growth in loans held for sale. These loans are mortgage loans originated by the mortgage segment and held for the short period between closing and funding by the investor. While this spread provides a positive contribution to interest income and net income, it reduces the net interest margin as they are funded at more narrow, short term spreads. These loans ultimately generate most of their earnings in the noninterest category through gains on sales of loans. The Company's yield on average earning assets was 8.12%, down 23 basis points from 8.35% a year ago, while its cost of average interest-bearing liabilities decreased 10 basis points from 4.80% in the second quarter 2000 to 4.70% in second quarter 2001.

<TABLE>
<CAPTION>

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

For the three months ended June 30,

<S> <C>	2001			2000		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars in thousands)					
Assets:						
Securities:						
Taxable	$128,943	$ 2,223	6.92%	$123,582	$ 2,302	7.49%
Tax-exempt(1)....................	92,092	1,783	7.77%	98,094	1,866	7.65%
Total securities............	221,035	4,006	7.27%	221,676	4,168	7.56%
Loans, net............................	588,163	12,927	8.82%	581,678	12,736	8.81%
Loans held for sale....................	31,609	173	2.20%	10,850	2	0.07%
Federal funds sold.....................	6,941	55	3.18%	77	1	5.22%
Interest-bearing deposits in other banks....................	870	10	4.61%	856	16	7.52%
Total earning assets..........	848,618	17,171	8.12%	815,137	16,923	8.35%
Allowance for loan losses..............	(7,900)			(7,341)		
Total non-earning assets................	69,549			53,379		
Total assets...........................	$910,267			$861,175		

Liabilities & Stockholders' Equity:
Interest-bearing deposits:

Checking..........................	98,444	438	1.78%	$103,018	554	2.16%
Money market savings.............	64,322	475	2.96%	61,971	511	3.32%
Regular savings..................	58,911	417	2.84%	57,072	337	2.37%
Certificates of deposit:						
$100,000 and over................	127,217	1,905	6.01%	107,307	1,489	5.58%
Under $100,000...................	270,601	3,893	5.77%	260,668	3,630	5.60%
Total interest-bearing deposits................	619,495	7,128	4.62%	590,036	6,521	4.45%
Other borrowings.......................	108,646	1,403	5.18%	112,646	1,861	6.64%
Total interest-bearing liabilities.............	. 728,141	8,531	4.70%	702,682	8,382	4.80%
Noninterest bearing liabilities:						
Demand deposits..................	92,202			86,161		
Other liabilities................	5,613			2,725		
Total liabilities............	825,956			791,568		
Stockholders' equity...................	84,311			69,607		
Total liabilities and stockholders' equity.............	$910,267			$861,175		
Net interest income....................		$ 8,640			$ 8,541	
Interest rate spread...................			3.42%			3.55%
Interest expense as a percent of average earning assets.........			4.03%			4.14%
Net interest margin....................			4.09%			4.21%

</TABLE>

<TABLE>
<CAPTION>

<S> <C>	For the three months ended June 30, 1999		
	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars in thousands)		
Assets:			
Securities:			
Taxable	$131,210	$ 1,915	5.85%
Tax-exempt(1)...................	86,134	1,703	7.93%
Total securities............	217,344	3,618	6.68%
Loans, net...........................	495,598	10,304	8.34%
Loans held for sale...................	14,562	16	0.44%
Federal funds sold....................	4,015	31	3.10%
Interest-bearing deposits in other banks...................	775	3	1.55%
Total earning assets..........	732,294	13,972	7.65%
Allowance for loan losses..............	(7,058)		
Total non-earning assets...............	68,702		
Total assets..........................	$793,938		
Liabilities & Stockholders' Equity:			
Interest-bearing deposits:			
Checking.........................	$ 87,240	410	1.89%
Money market savings.............	64,008	561	3.52%
Regular savings..................	59,757	391	2.62%

Certificates of deposit:			
$100,000 and over.................	93,642	1,178	5.05%
Under $100,000....................	234,631	3,124	5.34%
Total interest-bearing deposits.................	539,278	5,664	4.21%
Other borrowings........................	76,676	919	4.81%
Total interest-bearing liabilities..............	615,954	6,583	4.29%
Noninterest bearing liabilities:			
Demand deposits...................	84,153		
Other liabilities.................	19,556		
Total liabilities.............	719,663		
Stockholders' equity....................	74,275		
Total liabilities and stockholders' equity..............	$793,938		
Net interest income.....................		$ 7,389	
Interest rate spread....................			3.37%
Interest expense as a percent of average earning assets.........			3.61%
Net interest margin.....................			4.05%

</TABLE>

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

<TABLE>
<CAPTION>

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

For the six months ended June 30,

<S> <C>

	2001			2000		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars in thousands)					
Assets:						
Securities:						
Taxable...........................	$127,034	$ 4,419	7.01%	$121,776	$ 4,490	7.41%
Tax-exempt(1).....................	92,808	3,573	7.76%	98,353	3,753	7.67%
Total securities.............	219,842	7,992	7.33%	220,129	8,243	7.53%
Loans, net............................	585,518	26,088	8.98%	568,881	24,708	8.73%
Loans held for sale....................	24,633	263	2.15%	7,554	(11)	-0.29%
Federal funds sold.....................	6,199	127	4.13%	422	20	9.53%
Interest-bearing deposits in other banks.....................	803	18	4.52%	972	32	6.62%
Total earning assets...........	836,995	34,488	8.31%	797,958	32,992	

						8.31%
Allowance for loan losses..............	(7,747)			(7,092)		
Total non-earning assets................	69,382			57,900		
Total assets............................	$898,630			$848,766		
Liabilities & Stockholders' Equity:						
Interest-bearing deposits:						
Checking............................	97,170	890	1.85%	$100,076	1,056	2.12%
Money market savings...............	63,179	949	3.03%	62,567	1,016	3.27%
Regular savings....................	57,784	728	2.54%	57,881	688	2.39%
Certificates of deposit:						
$100,000 and over..................	127,072	3,796	6.02%	105,473	2,853	5.44%
Under $100,000.....................	268,543	7,902	5.93%	254,342	6,937	5.48%
Total interest-bearing deposits..................	613,748	14,265	4.69%	580,339	12,550	4.35%
Other borrowings........................	107,016	2,932	5.52%	113,546	3,512	6.22%
Total interest-bearing liabilities...............	720,764	17,197	4.81%	693,885	16,062	4.66%
Noninterest bearing liabilities:						
Demand deposits....................	90,021			83,301		
Other liabilities..................	5,806			2,879		
Total liabilities..............	816,591			780,065		
Stockholders' equity....................	82,039			68,701		
Total liabilities and stockholders' equity...............	$898,630			$848,766		
Net interest income.....................		$ 17,291			$ 16,930	
Interest rate spread....................			3.50%			3.66%
Interest expense as a percent of average earning assets..........			4.14%			4.04%
Net interest margin.....................			4.17%			4.27%

</TABLE>

<TABLE>
<CAPTION>

<S> <C>	For the six months ended June 30,		
	1999		
	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars in thousands)		
Assets:			
Securities:			
Taxable...........................	$115,527	$ 3,453	6.03%
Tax-exempt(1).....................	85,977	3,327	7.80%
Total securities.............	201,504	6,780	6.79%
Loans, net............................	488,719	20,883	8.62%
Loans held for sale...................	12,078	18	0.30%
Federal funds sold....................	4,175	88	4.25%
Interest-bearing deposits in other banks....................	1,344	29	4.35%
Total earning assets...........	707,820	27,798	7.92%
Allowance for loan losses..............	(6,887)		
Total non-earning assets................	69,547		

Total assets	$770,480		
Liabilities & Stockholders' Equity:			
Interest-bearing deposits:			
Checking	$ 84,775	871	2.07%
Money market savings	64,024	1,076	3.39%
Regular savings	58,804	789	2.71%
Certificates of deposit:			
$100,000 and over	90,913	2,349	5.21%
Under $100,000	236,648	6,257	5.33%
Total interest-bearing deposits	535,164	11,342	4.27%
Other borrowings	61,260	1,524	5.02%
Total interest-bearing liabilities	596,424	12,866	4.35%
Noninterest bearing liabilities:			
Demand deposits	81,328		
Other liabilities	18,984		
Total liabilities	696,736		
Stockholders' equity	73,744		
Total liabilities and stockholders' equity	$770,480		
Net interest income		$ 14,932	
Interest rate spread			3.57%
Interest expense as a percent of average earning assets			3.67%
Net interest margin			4.25%

</TABLE>

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

Provision for Loan Losses

The provision for loan losses totaled $393,000 for the second quarter of 2001, down from $581,000 for the second quarter of 2000. For the first six months of 2001, the provision was $825,000 versus $1,145,000 for the same period in 2000. These provisions reflect the performance of the loan portfolio and management's assessment of the credit risk in the portfolio. (See Asset Quality)

Noninterest Income

Noninterest income for the three months ended June 30, 2001 totaled $4.1 million, up from $3.2 million for the same period a year ago. Gains on sales of loans in the mortgage banking segment comprised much of this improvement, increasing $528,000 over the same period in 2000. Service charges on deposit accounts increased $43,000 and other service charges and fees increased $124,000, reflecting deposit growth and initiatives to enhance fee income. Other operating income increased $158,000 over the prior year, reflecting income from the Bank Owned Life Insurance purchase in the fourth quarter of 2000. Management continues to seek additional sources of noninterest income, including increased emphasis on cross-selling services and better leveraging the financial services available throughout the organization.

Noninterest Expense

Noninterest expense in the second quarter of 2001 totaled $8.0 million, a decrease of $192,000 over the same period in 2000. Personnel costs were down $31,000 over last year's second quarter. Commission costs were up from increased loans held for sale production, but salaries and other benefit categories were down. Occupancy expense was down $36,000 and furniture & equipment expense was down $42,000. Other operating expenses were down $83,000 over last year's second quarter. The decreases are primarily the result of mortgage branch consolidation and closings and expense controls in the mortgage operation. The community banking segment is up only slightly for the quarter, reflecting realization of cost savings and consolidation efficiencies.

Financial Condition
- -------------------

Total assets as of June 30, 2001 were $924.0 million, an increase of 4.8% from $882.0 million at December 31, 2000. Loans totaled $587.9 million at June 30, 2001, an increase of 1.2% from $580.8 million at December 31, 2000. The securities portfolio increased to $226.3 million in the first six months of 2001 versus $215.8 at year end 2000. Loans held for sale increased $13.3 million compared to the December 31, 2000 balance due to the increase in mortgage activity. Federal Funds sold increased by $13.3 million to $13.7 million on June 30, 2001. Stockholders' equity totaled $85.2 million at June 30, 2001, which represents a book value of $11.32 per share.

Deposit growth was good as the banks continued to increase market share. Total deposits at June 30, 2001 were $721.0 million, up 4.1% from $692.5 million at December 31, 2000. Other borrowings totaled $112.5 million at June 30, 2001, a 7.0% increase over $105.1 million at year end 2000. The other borrowings change is the result of a $7.9 million increase in securities sold under agreement to repurchase (principally with customers). It is anticipated that debt will be restructured to lower cost alternatives over the next few months.

Continued competition for deposits, particularly as it impacts certificate of deposit rates, is reflected in the deposit mix. Management continues to focus on increasing lower cost deposit products, including noninterest-bearing demand deposits and savings accounts and effective management of competitive rates on interest sensitive products. Increased competition for funds, by banks seeking to fund loan growth and by non-bank lending companies, continues to contribute to a narrowing of the net interest margin.

Asset Quality

The allowance for loan losses is an estimate of an amount adequate to absorb potential losses inherent in the loan portfolio. General economic trends, as well as conditions affecting individual borrowers, affect the level of credit losses. 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 the collateral, current economic conditions, historical loan loss experience, and other risk factors. 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 comparison to peer groups. Declining nonperforming asset levels and prudent maintenance of the allowance have continued to strengthen asset quality.

The allowance for loan losses totaled $7.9 million at June 30, 2001 or 1.35% of total loans, as compared to 1.27% at December 31, 2000 and 1.32% at June 30, 2000.

<TABLE>
<CAPTION>

	June 30, 2001	December 31, 2000	June 30, 2000
	(dollars in thousands)		
Nonaccrual loans	$ 539	$ 830	$1,694
Foreclosed properties	913	1,711	1,774
Nonperforming assets	$1,452	$2,541	$3,468
Allowance for loan losses	$7,916	$7,389	$7,594
Allowance as % of total loans	1.35%	1.27%	1.32%
Nonperforming assets to loans and foreclosed properties	.25%	.44%	.60%

</TABLE>

Capital Resources

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

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-weighted categories. The minimum ratio of qualifying total assets is 8.0%, of which 4.0% must be Tier 1 capital, consisting of common equity and retained earnings, less certain goodwill items.

At June 30, 2001, the Company's ratio of total capital to risk-weighted assets was 12.79% and its ratio of Tier 1 capital to risk-weighted assets was 11.59%. Both ratios exceed the fully phased-in capital requirements. The following summarizes the Company's regulatory capital and related ratios at June 30, 2001 (dollars in thousands):

Tier 1 capital	$ 76,602
Tier 2 capital	7,916
Total risk-based capital	84,518
Total risk-weighted assets	660,840
Capital Ratios:	
Tier 1 risk-based capital ratio	11.59%
Total risk-based capital ratio	12.79%
Leverage ratio (Tier 1 capital to average adjusted total assets)	8.47%
Equity to assets ratio	9.22%

The Company's book value per share at June 30, 2001 was $11.32. Dividends to stockholders are typically paid semi-annually in June and December.

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, securities available for sale and loans maturing within one year. The Company's ability to obtain deposits and purchase funds at favorable rates determines its liability liquidity. Additional sources of liquidity available to the Company include its capacity to borrow additional funds when necessary through federal funds lines with several regional banks and a line of credit with the Federal Home Loan Bank. Management considers the Company's overall liquidity to be sufficient to satisfy its depositors' requirements and to meet its customers' credit needs.

At June 30, 2001 cash, interest-bearing deposits in other banks, federal funds sold, securities available for sale and loans maturing or repricing in one year were 44.4% of total earning assets. At June 30, 2001 approximately $333.9 million or 54.1% of total loans are scheduled to mature or reprice within the next year. In addition to deposits, the Company utilizes Federal funds purchased, FHLB advances, securities sold under agreements to repurchase and customer repurchase agreements, to fund the growth in its loan portfolio, to fund securities purchases, and periodically, to fund wholesale leverage transactions.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in the fair value of financial instruments due to changes in interest rates, exchange rates and equity prices. The Company's market risk is composed primarily of interest rate risk. The Company's Asset and Liability Management Committee (ALCO) is responsible for reviewing the interest rate sensitivity position and establishing policies to monitor and limit exposure to this risk. The Board of Directors reviews the guidelines established by ALCO.

Interest rate risk is monitored through the use of three complimentary modeling tools: static gap analysis, earnings simulation modeling, and net present value estimation. Each of these models measure changes in a variety of interest rate scenarios. While each of the interest rate risk measures has limitations, taken together they represent a reasonably comprehensive view of the magnitude of interest rate risk in the Company, the distribution of risk along the yield curve, the level of risk through time, and the amount of exposure to changes in certain interest rate relationships. Static gap is less utilized in the current environment but earnings simulation and market value models are utilized on a regular basis.

Earnings Simulation Analysis

Management uses simulation analysis to measure the sensitivity of net 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, including loan and deposit growth rates, are derived from seasonal trends and management's outlook, as are the assumptions used to project yields and rates for new loans and deposits. 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 accounted for in the different rate scenarios.

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

Change in Prime Rate	June 30, 2001 % Change in Net Income	June 30, 2000 % Change in Net Income
+200 basis points	-3.20%	-2.17%
Flat	0	0
-200 basis points	+.13%	+8.35%

Based on this model, the company is positioned to benefit from a falling rate environment.

Economic Value Simulation

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

The following chart reflects the change in net market value over different rate environments as of June 30:

	Change in Net Economic Value (dollars in thousands)	
Change in Prime Rate	2001	2000
+200 basis points	$ -14,492	$ -42,271
+100 basis points	- 6,679	-25,343
Flat	0	6,696
-100 basis points	2,752	11,110
-200 basis points	4,795	27,633

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

Item 2 - Changes in Securities and Use of Proceeds

Item 3 - Defaults Upon Senior Securities

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

(a) The annual meeting of stockholders of Union Bankshares Corporation was held on April 17, 2001.

(b),(c) The following directors were elected for terms expiring in 2004:

<TABLE>

<CAPTION>

<S> <C>

	FOR	AGAINST
Ronald L. Hicks	5,756,033	85,392
W. Tayloe Murphy, Jr.	5,732,805	108,620
A. D. Whittaker	5,755,247	86,178

The following directors were elected for terms expiring in 2003:

	FOR	AGAINST
Frank B. Bradley, III	5,738,781	102,644
William M. Wright	5,741,929	99,496

The following directors' terms of office continued after the meeting:

G. William Beale
Walton Mahon
M. Raymond Piland, III
Charles H. Ryland

</TABLE>

Item 5 - Other Information

Item 6 - Exhibits and Reports on Form 8-K

(a) See attached list of exhibits

Signatures

Pursuant to the requirements 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
(Registrant)

August 13, 2001 /s/ G. William Beale
(Date)
G. William Beale,
President, Chief Executive Officer
and Director

August 13, 2001 /s/ D. Anthony Peay
(Date)
D. Anthony Peay,
Senior Vice President and
Chief Financial Officer

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Index to Exhibits
Form 10-Q /June 30, 2001

<TABLE>
<CAPTION>

<S> <C>

Exhibit No.	Description	
2	Plan of acquisition, reorganization, arrangement, liquidation or succession -	Not Applicable
4	Instruments defining the rights of security holders, including indentures	Not Applicable
10	Material contracts	Not Applicable

11	Statement re: computation of per share earnings	Not Applicable
15	Letter re: unaudited interim financial information	Not Applicable
18	Letter re: change in accounting principles	Not Applicable
19	Previously unfiled documents	Not Applicable
20	Report furnished to security holders	Not Applicable
22	Published report re: matters submitted to vote of security holders	None
23	Consents of experts and counsel	Not Applicable
24	Power of Attorney	Not Applicable
99	Additional Exhibits	None

</TABLE>