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 September 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 October 24, 2001, Union Bankshares Corporation had 7,512,812 shares of Common Stock outstanding.

UNION BANKSHARES CORPORATION
FORM 10-Q
September 30, 2001

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PART 1 - FINANCIAL INFORMATION
Item 1. Financial Statements

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

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ASSETS	September 30, 2001 (Unaudited)	December 31, 2000
Cash and cash equivalents:		
Cash and due from banks	$ 19,370	$ 22,174
Interest-bearing deposits in other banks	2,280	315
Federal funds sold	15,888	380
Total cash and cash equivalents	37,538	22,869
Securities available for sale, at fair value	231,925	210,312
Investment securities, at amortized cost Fair value of $0, and $5,528, respectively	-	5,465
Total securities	231,925	215,777
Loans held for sale	27,384	16,472
Loans, net of unearned income	596,043	580,790
Less allowance for loan losses	7,473	7,389
Net loans	588,570	573,401
Bank premises and equipment, net	18,738	20,077
Other real estate owned	887	1,701
Other assets	28,602	31,664
Total assets	$ 933,644	$ 881,961
LIABILITIES AND STOCKHOLDERS' EQUITY		
Noninterest-bearing demand deposits	$ 100,554	$ 92,067
Interest-bearing deposits:		
NOW accounts	100,243	96,751
Money market accounts	70,982	62,438
Savings accounts	67,361	56,540
Time deposits of $100,000 and over	128,277	121,548

Other time deposits	269,962	263,128
Total interest-bearing deposits	636,825	600,405
Total deposits	737,379	692,472
Securities sold under agreement to repurchase	36,521	25,114
Other short-term borrowings	1,032	6,000
Long-term borrowings	63,180	74,023
Other liabilities	5,808	6,000
Total liabilities	843,920	803,609
Commitments and contingencies		
Stockholders' equity:		
Common stock, $2 par value. Authorized 24,000,000 shares; issued and outstanding, 7,517,820, and 7,516,534 shares, respectively	15,036	15,033
Surplus	336	403
Retained earnings	70,137	63,201
Accumulated other comprehensive income (loss)	4,215	(285)
Total stockholders' equity	89,724	78,352
Total liabilities and stockholders' equity	$ 933,644	$ 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>
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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Interest and dividend income:				
Interest and fees on loans	$ 12,831	$ 12,992	$ 39,001	$ 37,567
Interest on Federal funds sold	196	37	323	57
Interest on interest-bearing deposits in other banks	10	16	28	48
Interest and dividends on securities:				
Taxable	2,296	2,315	6,715	6,805
Nontaxable	1,144	1,233	3,502	3,710
Total interest and dividend income	16,477	16,593	49,569	48,187
Interest expense:				
Interest on deposits	6,786	6,880	21,051	19,430
Interest on short-term borrowings	306	610	1,037	1,966
Interest on long-term borrowings	991	1,213	3,192	3,369
Total interest expense	8,083	8,703	25,280	24,765
Net interest income	8,394	7,890	24,289	23,422
Provision for loan losses	455	522	1,280	1,667
Net interest income after provision for loan losses	7,939	7,368	23,009	21,755
Noninterest income:				
Service charges on deposit accounts	881	933	2,753	2,650
Other service charges and fees	636	545	1,867	1,567
Gains (Losses) on securities transactions, net	95	(1,050)	125	(964)
Gains on sales of loans	2,360	1,496	6,291	4,134
Gains (Losses) on sales of other real estate owned and bank premises, net	(15)	71	69	76
Gains on termination of pension plan	-	1,087	-	1,087

Other operating income	110	81	664	293
Total noninterest income	4,067	3,163	11,769	8,843
Noninterest expenses:				
Salaries and benefits	4,974	4,957	14,247	14,432
Occupancy expenses	553	576	1,614	1,737
Furniture and equipment expenses	700	730	2,128	2,201
Other operating expenses	1,865	2,079	5,832	6,166
Total noninterest expenses	8,092	8,342	23,821	24,536
Income before income taxes	3,914	2,189	10,957	6,062
Income tax expense	877	292	2,363	850
Net income	$ 3,037	$ 1,897	$ 8,594	$ 5,212
Earnings per share, basic and diluted	$ 0.40	$ 0.25	$ 1.14	$ 0.69

</TABLE>

See accompanying notes to consolidated financial statements.

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

<TABLE>
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	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income (Loss)	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance - December 31, 1999	$ 14,976	$ 163	$ 58,603	$ (4,948)		$ 68,794
Comprehensive income:						
Net income - for nine months ended September 30, 2000			$ 5,212		5,212	5,212
Unrealized holding gains arising during the period (net of tax, $ 572)					1,112	
Reclassification adjustment for gains included in net income (net of tax, $328)					636	
Other comprehensive income (net of tax, $900)				1,748	1,748	1,748
Total comprehensive income					$ 6,960	
Cash dividends - 2000 ($.40 per share semi annually)			(1,499)			(1,499)
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 (5,040 shares)	10	22				32
Issuance of common stock in exchange for net assets in acquisition (17,673 shares)	35	201				236
Balance - September 30, 2000 (Unaudited)	$ 15,031	$ 411	$ 62,316	$ (3,200)		

	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income	Total
						$ 74,558
	=========	=========	=========	=========		=========
Balance - December 31, 2000	$ 15,033	$ 403	$ 63,201	$ (285)		$ 78,352
Comprehensive income:						
Net income - for nine months ended September 30, 2001			8,594		$ 8,594	8,594
Unrealized holding gains arising during the period (net of tax, $ 2,361)					4,418	
Reclassification adjustment for gains included in net income (net of tax, $43)					(82)	

Other comprehensive income (net of tax, $2,318)				4,500	4,500	4,500

Total comprehensive income					$ 13,094	
					=========	
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 (31,250 shares)	(62)	(427)				(489)
Issuance of common stock in exchange for net assets in acquisition (19,606 shares)	39	192				231
	---------	---------	---------	---------		---------
Balance - September 30, 2001 (Unaudited)	$ 15,036	$ 336	$ 70,137	$ 4,215		$ 89,724
	=========	=========	=========	=========		=========

</TABLE>

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

<TABLE>
<CAPTION>

<S>	2001 <C>	2000 <C>
Operating activities:		
Net income	$ 8,594	$ 5,212
Adjustments to reconcile net income to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation of bank premises and equipment	1,438	1,802
Amortization	996	426
Provision for loan losses	1,280	1,667
(Gains) losses on sales of securities available for sale	(125)	964
Gains on sales of other real estate owned and fixed assets, net	(69)	(76)
Increase in loans held for sale	(10,912)	(8,919)
Decrease in other assets	480	215
Decrease in other liabilities	(192)	(7,278)
	----------	----------
Net cash and cash equivalents provided by (used in) operating activities	1,490	(5,987)
	----------	----------
Investing activities:		
Net (increase) decrease in securities	(9,304)	8,717
Net increase in loans	(16,449)	(37,406)
Purchases of bank premises and equipment	(519)	(885)
Proceeds from sales of bank premises and equipment	22	181
Proceeds from sales of other real estate owned	879	337
	----------	----------
Net cash and cash equivalents used in		

investing activities	(25,371)	(29,056)
Financing activities:		
Net increase in noninterest-bearing deposits	8,487	11,008
Net increase in interest-bearing deposits	36,420	16,450
Net increase (decrease) in short-term borrowings	6,439	(16,506)
Net increase (decrease) in long-term borrowings	(10,843)	25,703
Issuance of common stock	194	205
Repurchase of common stock	(489)	(138)
Cash dividends paid	(1,658)	(1,499)
Net cash and cash equivalents provided by financing activities	38,550	35,223
Increase in cash and cash equivalents	14,669	180
Cash and cash equivalents at beginning of period	22,869	19,919
Cash and cash equivalents at end of period	$ 37,538	$ 20,099
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	$ 25,540	$ 19,314
Income taxes	$ 1,942	$ 915

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)
September 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 nine month period ended September 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 nine months ended September 30, (in thousands):

	2001	2000
Balance, January 1	$ 7,389	$6,617
Provisions charged to operations	1,280	1,667
Recoveries credited to allowance	296	266
Loans charged off	(1,492)	(693)
Balance, September 30	$ 7,473	$7,857

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. Diluted EPS is computed using the weighted average number of common shares outstanding during the period, including the effect of dilutive potential common shares outstanding attributable to stock options. At September 30, 2001 stock options representing 74,140 shares were anti-dilutive and were not considered in the computation of EPS. The following is a reconcilment of the denominators of the basic and diluted EPS computations for the quarter and nine months ended September 30, 2001 and 2000.

<TABLE>
<CAPTION>

	INCOME (NUMERATOR)	WEIGHTED AVERAGE SHARES (DENOMINATOR)	PER SHARE AMOUNT
	(dollars in thousands)		
<S>	<C>	<C>	<C>
For the quarter ended September 30, 2001			
Basic EPS	$ 3,037	7,524	$ .40
Effect of dilutive stock options		20	
Diluted EPS	$ 3,037	7,544	$ .40
For the quarter ended September 30, 2000			
Basic EPS	$ 1,897	7,515	$ .25
Effect of dilutive stock options		-	
Diluted EPS	$ 1,897	7,515	$ .25
For the nine months ended September 30, 2001			
Basic EPS	$ 8,594	7,526	$ 1.14
Effect of dilutive stock options		17	
Diluted EPS	$ 8,594	7,543	$ 1.14
For the nine months ended September 30, 2000			
Basic EPS	$ 5,212	7,505	$ .69
Effect of dilutive stock options		6	
Diluted EPS	$ 5,212	7,511	$ .69

</TABLE>

4. SEGMENT REPORTING DISCLOSURES

Union Bankshares Corporation has two reportable segments: traditional full service community banking and mortgage loan origination. The community bank segment 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 primarily 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 of the Company. 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 loan origination business. The mortgage segment offers a more limited network for the banks, due largely to the minimal degree of overlapping geographic markets.

The community bank segment provides the mortgage segment with the short term funds needed to originate mortgage loans through a warehouse line of credit and charges the mortgage banking segment interest at the 3 month LIBOR rate. These transactions are eliminated to reach consolidated totals. A management fee for back room support services is charged to all subsidiaries and eliminated in the consolidation totals.

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

Three Months ended September 30, 2001

<TABLE>
<CAPTION>

<S>	Community Banks <C>	Mortgage <C>	Elimination <C>	Consolidated Totals <C>
	(in thousands)			
Net interest income	$ 8,196	$ 198	$ -	$ 8,394
Provision for loan losses	445	10	-	455
Net interest income after provision for loan losses	7,751	188	-	7,939
Noninterest income	1,744	2,363	(40)	4,067
Noninterest expenses	6,099	2,033	(40)	8,092
Income before income taxes	3,396	518	-	3,914
Income tax expense	701	176	-	877
Net income	$ 2,695	$ 342	$ -	$ 3,037
Total Assets	$935,361	$29,004	$(30,721)	933,644

<CAPTION>
Three Months ended September 30, 2000

<S>	Community Banks <C>	Mortgage <C>	Elimination <C>	Consolidated Totals <C>
	(in thousands)			
Net interest income	$ 7,820	$ 70	$ --	$ 7,890
Provision for loan losses	522	--	--	522
Net interest income after provision for loan losses	7,298	70		7,368
Noninterest income	1,707	1,496	(40)	3,163
Noninterest expenses	6,351	2,031	(40)	8,342
Income (loss) before income taxes	2,654	(465)	--	2,189
Income tax expense (benefit)	445	(153)	--	292
Net income (loss)	$ 2,209	$ (312)	$ --	$ 1,897
Total Assets	$860,039	$16,902	$(19,072)	$ 857,869

</TABLE>

Nine Months ended September 30, 2001

<TABLE>
<CAPTION>

	Community Banks	Mortgage	Elimination	Consolidated Totals
	(in thousands)			

<S>	<C>	<C>	<C>	<C>
Net interest income	$ 23,828	$ 461	$ --	$ 24,289
Provision for loan losses	1,270	10	--	1,280
Net interest income after provision for loan losses	22,558	451	--	23,009
Noninterest income	5,596	6,294	(121)	11,769
Noninterest expenses	18,347	5,595	(121)	23,821
Income before income taxes	9,807	1,150	--	10,957
Income tax expense	1,972	391	--	2,363
Net income	$ 7,835	$ 759	$ --	$ 8,594
Total Assets	$ 935,361	$ 29,004	$(30,721)	933,644

<CAPTION>
Nine Months ended September 30, 2000

	Community Banks	Mortgage	Elimination	Consolidated Totals
		(in thousands)		
<S>	<C>	<C>	<C>	<C>
Net interest income	$ 23,363	$ 59	$ --	$ 23,422
Provision for loan losses	1,667	--	--	1,667
Net interest income after provision for loan losses	21,696	59		21,755
Noninterest income	4,830	4,134	(121)	8,843
Noninterest expenses	18,539	6,118	(121)	24,536
Income (loss) before income taxes	7,987	(1,925)	--	6,062
Income tax expense (benefit)	1,511	(661)	--	850
Net income (loss)	$ 6,476	$ (1,264)	$ --	$ 5,212
Total Assets	$ 860,039	$ 16,902	$(19,072)	$ 857,869

</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.

In July, 2001, the Financial Accounting Standards Board issued two statements- Statement 141, Business Combinations, and Statement 142, Goodwill and Other Intangible Assets, which will potentially impact the accounting for goodwill and other intangible assets. Statement 141 eliminates the pooling method of accounting for business combinations and requires that intangible assets that meet certain criteria be reported separately from goodwill. Statement 142 eliminates the amortization of goodwill and other intangibles that are determined to have an indefinite life. The Statement requires, at a minimum, annual impairment tests for goodwill and other intangible assets that are determined to have an indefinite life.

Upon adoption of these Statements, an organization is required to re-evaluate goodwill and other intangible assets that arose from business combinations entered into before July 1, 2001. If the recorded other intangible assets do not meet the criteria for recognition, they should be classified as goodwill. Similarly, if there are other intangible assets that meet the criteria for recognition but were not separately recorded from goodwill, they should be reclassified from goodwill. An organization also must reassess the useful lives of intangible assets and adjust the remaining amortization periods accordingly.

The standards generally are required to be implemented by the Company in its 2002 financial statements. The adoption of these standards is not equaled to have a material impact on the financial statements.

6. PURCHASES AND ACQUISITIONS

On August 6, 2001, the Company's subsidiary, Northern Neck State Bank, signed an agreement with C & F Financial Corporation to purchase its Tappahannock Branch office. The transaction includes approximately $16 million in deposits and $3.0 million in loans. The purchase, which has received regulatory approval closed November 9, 2001, and will enhance our accessibility and service to the local community. As part of this transaction, the Company plans to close its existing branch and combine these operations with the newly acquired branch on or about January 4, 2002.

7. STOCK REPURCHASE

The Company has an existing authorization from the board of directors of Union Bankshares to buy up to 100,000 shares of the Company's outstanding common stock in the open market at prices that management and the board of directors determine are prudent. The Company will consider current market conditions and the Company's current capital level, in addition to other factors, when deciding whether to repurchase stock.

During the first nine months of 2001 the Company repurchased 31,250 shares of its common stock in the open market at an average price of $15.52 per share. During the first nine months of 2000 the Company repurchased 11,300 shares of its common stock in the open market at an average price of $12.50 per share.

8. 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 third quarter of 2001 was $3.0 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 $342,000 for the quarter ended September 30, 2001 compared to a loss of $312,000 in the comparable quarter of last year. In addition, the community banking segment increased earnings $486,000 or 22% over the prior year's third quarter. Diluted earnings per share amounted to $.40 in the third 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 September 30, 2001 was 1.30% as compared to .87% a year ago. The Company's annualized return on average equity totaled 13.88% and 10.42% for the three months ended September 30, 2001 and 2000, respectively.

Net income from the Company's community banks segment increased from $2.2 million in the third quarter of 2000 to over $2.7 million in the comparable quarter of 2001. Loan growth slowed, but deposit growth continued steady, funding the paydown of certain higher cost debt. The improved performance of acquired and denovo banks and branches as well as the continued impact of previously implemented initiatives to consolidate backoffice functions are reflected in the improved operating efficiencies and higher profitability of the community banking segment.

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 turnaround. The Company is continuing to make adjustments (including increases in commission loan officers) to increase the production volumes and improve operating efficiencies of this segment of our business. While mortgage rates remain attractive, the weakening economic environment and general uncertainty felt by investors could influence production over the next several quarters.

The atrocities of September 11th aggravated an already recessionary environment, creating uncertainty in the economy. Despite the interest rate cuts by the Federal Reserve, loan demand has continued to slow. Uncertainty in the stock market has prompted many investors to seek safer returns, resulting in increased bank deposits. Deposit growth was steady in the third quarter at 6.5% from the December 31, 2000 balance and 2.3% from the end of June 2001, while loans only grew 2.6% from year end 2000 and 1.4% from second quarter ending balances. The repricing of a significant volume of high rate certificates of deposit has reduced interest expense and improved the net interest margin. Although some additional improvement is expected in the fourth quarter, competition for loans and deposits is expected to compress the net interest margin.

Net income for the nine months ended September 30, 2001 was $8.6 million, up from $5.2 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 $759,000 for the nine months ended September 30, 2001 compared to a loss of $1.3 million for the same period last year. In addition, the community banking segment reported a $1.4 million increase in earnings or 21.0% over the prior year. Diluted earnings per share amounted to $1.14 in the first nine months of 2001, as compared to $.69 for the same period of 2000. The Company's annualized return on average assets for the nine months ended September 30, 2001 was 1.27% as compared to .81% a year ago. The Company's annualized return on average equity totaled 13.73% and 9.93% for the nine months ended September 30, 2001 and 2000, respectively.

Net Interest Income

Net interest income on a tax-equivalent basis for the third quarter of 2001 increased by 7.1% to $9.1 million from $8.5 million for the same period a year ago. Over that time, average interest earning assets grew by 6.2% and average interest bearing liabilities increased by 4.0%. The interest income increase is largely attributable to a decline of $620,000 in interest-bearing liability costs compared to the prior year third quarter. Most of this decrease was in the other borrowings reflecting the paying down of debt and the refinancing of debt at lower rates. The interest rate spread was up slightly at 3.49% for the third quarter compared to 3.47% last year. This reflects a slightly higher decline in the cost of liabilities versus the income off earning assets. Slow loan growth has resulted in the Company investing the in flow of deposits in lower yielding federal funds and short term investments. It is anticipated that scheduled maturities and repricing of certificates will continue in the next quarter which will further lower the funding costs. Anticipated additional interest rate cuts will place more pressure on the margin as assets will reprice sooner than deposits.

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 September 30, 2001 such transactions accounted for $10 million of the Company's total borrowings.

Average earning assets during the third quarter of 2001 increased by $50.2 million to $866.5 million from the third quarter of 2000, while average interest-bearing liabilities grew by $28.4 million to $734.0 million over this same period. In the third quarter 2001, interest-bearing deposits grew $42.0 million while other borrowings declined $13.7 million compared to the same quarter in 2000.

Included in the earning assets is $9.4 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 with the customer 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 7.86%, down 51 basis points from 8.37% a year ago, while its cost of average interest-bearing liabilities decreased 54 basis points from 4.91% in the third quarter 2000 to 4.37% in the comparable quarter of 2001.

<TABLE>
<CAPTION>

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

For the three months ended September 30,

(Dollars in thousands)

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

	2001			2000			1999		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets:									
Securities:									
Taxable..........................	$ 140,590	$ 2,296	6.48%	$ 125,953	$ 2,315	7.31%	$ 122,668	$ 2,010	6.50%
Tax-exempt(1)....................	90,119	1,733	7.63%	97,649	1,623	6.61%	88,963	1,788	7.97%
Total securities............	230,709	4,029	6.93%	223,602	3,938	7.01%	211,631	3,798	7.12%
Loans, net.......................	589,118	12,722	8.57%	576,811	13,116	9.05%	516,681	10,960	8.42%
Loans held for sale..............	23,102	198	3.40%	13,747	70	2.03%	13,076	9	0.27%
Federal funds sold...............	22,079	196	3.52%	1,075	37	13.69%	616	74	47.66%
Interest-bearing deposits in other banks..................	1,455	11	3.00%	1,042	16	6.11%	540	12	8.82%
Total earning assets.........	866,463	17,156	7.86%	816,277	17,177	8.37%	742,544	14,853	7.94%
Allowance for loan losses..........	(7,884)			(7,811)			(7,497)		
Total non-earning assets...........	66,920			65,521			71,656		
Total assets.......................	$ 925,499			$ 873,987			$ 806,703		

Liabilities & Stockholders' Equity:
Interest-bearing deposits:

Checking	99,502	399	1.59%	$ 99,000	545	2.19%	$ 90,340	479	2.10%
Money market savings	69,103	496	2.85%	61,714	513	3.31%	62,501	490	3.11%
Regular savings	69,653	400	2.28%	56,178	339	2.40%	61,410	419	2.71%
Certificates of deposit:									
$100,000 and over	127,855	1,807	5.61%	109,390	1,615	5.87%	93,230	1,142	4.86%
Under $100,000	264,957	3,684	5.52%	262,762	3,868	5.86%	235,198	3,114	5.25%
Total interest-bearing deposits	631,070	6,786	4.27%	589,044	6,880	4.65%	542,679	5,644	4.13%
Other borrowings	102,976	1,297	5.00%	116,648	1,823	6.22%	100,064	1,509	5.98%
Total interest-bearing liabilities	734,046	8,083	4.37%	705,692	8,703	4.91%	642,743	7,153	4.42%
Noninterest bearing liabilities:									
Demand deposits	98,897			88,437			89,149		
Other liabilities	5,737			7,457			2,716		
Total liabilities	838,680			801,586			734,608		
Stockholders' equity	86,819			72,401			72,095		
Total liabilities and stockholders' equity	$ 925,499			$ 873,987			$ 806,703		
Net interest income		$ 9,073			$ 8,474			$ 7,700	
Interest rate spread			3.49%			3.47%			3.52%
Interest expense as a percent of average earning assets			3.70%			4.24%			3.82%
Net interest margin			4.15%			4.13%			4.11%

</TABLE>

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

Union Bankshares Corporation

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

For the nine months ended September 30,

<TABLE>
<CAPTION>

	2001			2000		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars in thousands)					
Assets:						
Securities:						
Taxable	$131,602	$ 6,716	6.82%	$123,179	$ 6,805	7.38%
Tax-exempt(1)	91,902	5,306	7.72%	98,116	5,376	7.32%
Total securities	223,504	12,022	7.19%	221,295	12,181	7.35%
Loans, net	586,731	38,810	8.84%	571,543	37,579	8.78%
Loans held for sale	24,117	461	2.56%	9,633	304	4.22%
Federal funds sold	11,551	322	3.73%	642	57	11.86%
Interest-bearing deposits in other banks	1,023	28	3.66%	995	48	6.44%
Total earning assets	846,926	51,643	8.15%	804,108	50,169	8.33%

Allowance for loan losses...........	(7,793)			(7,333)		
Total non-earning assets............	68,596			60,459		
Total assets........................	$907,729			$857,234		
Liabilities & Stockholders' Equity:						
Interest-bearing deposits:						
Checking........................	97,956	1,289	1.76%	$ 99,715	1,601	2.14%
Money market savings............	65,176	1,445	2.96%	62,280	1,528	3.28%
Regular savings.................	62,811	1,151	2.45%	57,309	1,027	2.39%
Certificates of deposit:						
$100,000 and over..............	127,336	5,603	5.88%	106,788	4,468	5.59%
Under $100,000..................	266,365	11,563	5.80%	257,170	10,806	5.61%
Total interest-bearing deposits................	619,644	21,051	4.54%	583,262	19,430	4.45%
Other borrowings....................	105,655	4,229	5.35%	114,588	5,335	6.22%
Total interest-bearing liabilities............	725,299	25,280	4.66%	697,850	24,765	4.74%
Noninterest bearing liabilities:						
Demand deposits.................	93,012			85,025		
Other liabilities...............	5,723			4,416		
Total liabilities...........	824,034			787,291		
Stockholders' equity................	83,695			69,943		
Total liabilities and stockholders' equity...........	$907,729			$857,234		
Net interest income.................		$26,363			$25,404	
Interest rate spread................			3.49%			3.59%
Interest expense as a percent of average earning assets.......			3.99%			4.11%
Net interest margin.................			4.16%			4.22%

<CAPTION>

	1999		
	Average Balance	Interest Income/ Expense	Yield/ Rate
<S>	<C>	<C>	<C>
Assets:			
Securities:			
Taxable.........................	$117,934	$ 5,466	6.20%
Tax-exempt(1)...................	86,984	5,113	7.86%
Total securities............	204,918	10,579	6.90%
Loans, net........................	498,142	31,843	8.55%
Loans held for sale...............	12,414	27	0.29%
Federal funds sold................	2,976	162	7.28%
Interest-bearing deposits in other banks.................	1,073	41	5.11%
Total earning assets.........	719,523	42,652	7.93%
Allowance for loan losses...........	(7,093)		
Total non-earning assets............	70,258		
Total assets........................	$782,688		
Liabilities & Stockholders' Equity:			
Interest-bearing deposits:			
Checking........................	$ 86,651	1,350	2.08%
Money market savings............	63,511	1,565	3.29%
Regular savings.................	59,682	1,208	2.71%
Certificates of deposit:			
$100,000 and over..............	91,694	3,491	5.09%
Under $100,000..................	236,159	9,372	5.31%
Total interest-bearing deposits................	537,697	16,986	4.22%
Other borrowings....................	86,435	3,033	4.69%
Total interest-bearing liabilities............	624,132	20,019	4.29%
Noninterest bearing liabilities:			
Demand deposits.................	83,964		

Other liabilities..............	1,404		
Total liabilities............	709,500		
Stockholders' equity................	73,188		
Total liabilities and stockholders' equity............	$782,688		
Net interest income.................		$22,633	
Interest rate spread................			3.65%
Interest expense as a percent of average earning assets.......			3.72%
Net interest margin.................			4.21%

</TABLE>

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

Provision for Loan Losses

The provision for loan losses totaled $455,000 for the third quarter of 2001, down from $522,000 for the third quarter of 2000. For the first nine months of 2001, the provision was $1,280,000 versus $1,667,000 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 September 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 $864,000 over the same period in 2000. Service charges on deposit accounts decreased $52,000 reflecting a lower volume of overdraft and return check charges. Other service charges and fees increased $91,000, reflecting increases in brokerage commissions, debit card income, exchange fees, letter of credit fees and ATM surcharges. Other operating income increased $29,000 over the prior year, reflecting income from the bank owned life insurance (BOLI) purchased 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 third quarter of 2001 totaled $8.1 million, a decrease of $250,000 over the same period in 2000. Personnel costs were up $17,000 over last year's third quarter. Commission costs were up from increased mortgage loan production (reflecting management's push to production oriented remuneration), but salaries and other benefit categories were down. Occupancy expense was down $23,000 largely as a result of a $32,000 decrease in rental expense and furniture & equipment expense was down $30,000 largely from a decline in equipment maintenance contracts. Other operating expenses were down $214,000 over last year's third quarter. The decreases are primarily the result of mortgage branch consolidation and closings and expense controls in the mortgage operation. The community banks segment is up only slightly for the quarter, reflecting realization of cost savings and consolidation efficiencies.

Financial Condition

Total assets as of September 30, 2001 were $933.6 million, an increase of 5.9% from $882.0 million at December 31, 2000. Loans totaled $596.0 million at September 30, 2001, an increase of 2.6% from $580.8 million at December 31, 2000. The securities portfolio increased to $231.9 million in the first nine months of 2001 versus $215.8 at year end 2000. Loans held for sale increased $10.9 million compared to the December 31, 2000 balance due to the increase in mortgage activity. Federal funds sold increased by $15.5 million to $15.9 million on September 30, 2001. Stockholders' equity totaled $89.7 million at September 30, 2001, which represents a book value of $11.93 per share.

Total deposits at September 30, 2001 were $737.4 million, up 6.5% from $692.5 million at December 31, 2000. Other borrowings totaled $100.7 million at September 30, 2001, a 4.2% decrease over $105.1 million at year end 2000. The other borrowings change is the result of a $11.4 million increase in securities sold under agreement to repurchase (principally with customers). This was offset by a $5.0 million decrease in other short-term borrowings and a $10.8 million decrease in long-term borrowings. These changes reflect our effort to restructure debt to lower cost alternatives.

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 both loans and deposits is expected to continue 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. Management believes the allowance is adequate at this time and will continue to make adjustments as the changing economy and portfolio performance warrant.

The allowance for loan losses totaled $7.5 million at September 30, 2001 or 1.25% of total loans, as compared to 1.27% at December 31, 2000 and 1.35% at September 30, 2000.

<TABLE>
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	September 30, 2001	December 31, 2000	September 30, 2000
		(dollars in thousands)	
<S>	<C>	<C>	<C>
Nonaccrual loans	$1,307	$ 830	$1,603
Foreclosed properties	888	1,711	1,704
Nonperforming assets	$2,195	$2,541	$3,307
Allowance for loan losses	$7,473	$7,389	$7,857
Allowance as % of total loans	1.25%	1.27%	1.35%
Nonperforming assets to loans and foreclosed properties	.37%	.44%	.57%

</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 September 30, 2001, the Company's ratio of total capital to risk-weighted assets was 12.74% and its ratio of Tier 1 capital to risk-weighted assets was 11.65%. Both ratios exceed the flly phased-in capital requirements. The following summarizes the Company's regulatory capital and related ratios at September 30, 2001 (dollars in thousands):

Tier 1 capital	$ 79,692
Tier 2 capital	7,473
Total risk-based capital	87,165
Total risk-weighted assets	683,947

Capital Ratios:

Tier 1 risk-based capital ratio	11.65%
Total risk-based capital ratio	12.74%
Leverage ratio (Tier 1 capital to average adjusted total assets)	8.67%
Equity to assets ratio	9.60%

The Company's book value per share at September 30, 2001 was $11.93. 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 September 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 42.1% of total earning assets. At September 30, 2001 approximately $300.7 million or 48.3% 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, securities purchases, and periodically, 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 economic value simulation (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 which measures aggregate repricing values is less utilized since it does not effectively measure the earnings impact on the Company and is not addressed here. But earnings simulation and economic value models which more effectively measure the earnings impact are utilized by management on a regular basis and are explained below.

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	September 30, 2001 % Change in Net Income	September 30, 2000 % Change in Net Income
+200 basis points	+14.68%	-1.74%
Flat	0	0
-200 basis points	-14.16%	+2.00%

Based on this model, in September 2001, the company is positioned to benefit from a rising rate environment and be hurt by 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 September 30:

Change in Prime Rate	Change in Net Economic Value (dollars in thousands)	
	2001	2000
+200 basis points	$ -2,138	$-46,850
+100 basis points	+1,096	-29,696
Flat	0	-14,523
-100 basis points	-2,839	5,863
-200 basis points	-5,063	21,905

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

Item 5 - Other Information

Item 6 - Exhibits and Reports on Form 8-K

(a) See attached list of exhibits
(b) Form 8-K was filed during the most recent quarter relative to our purchase of a C & F Financial Corporation branch in Tappahannock, Va.

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)

November 14, 2001
(Date)

/s/ G. William Beale
G. William Beale,
President, Chief Executive Officer

and Director

November 14, 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 /September 30, 2001

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