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 March 31, 2002

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 May 2, 2002, Union Bankshares Corporation had 7,544,018 shares of Common Stock outstanding.

UNION BANKSHARES CORPORATION
FORM 10-Q
March 31, 2002

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PART 1 - FINANCIAL INFORMATION
Item 1. Financial Statements

UNION BANKSHARES CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share information)

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ASSETS	March 31, 2002 (Unaudited)	December 31, 2001
Cash and cash equivalents:		
Cash and due from banks	$ 23,423	$ 28,769
Interest-bearing deposits in other banks	678	462
Money market investments	2,206	2,023
Federal funds sold	19,559	7,661
Total cash and cash equivalents	45,866	38,915
Securities available for sale, at fair value	251,995	257,062
Loans held for sale	27,016	43,485
Loans, net of unearned income	632,636	600,164
Less allowance for loan losses	7,827	7,336
Net loans	624,809	592,828
Bank premises and equipment, net	19,242	19,191
Other real estate owned	909	768
Other assets	30,735	30,848
Total assets	$ 1,000,572	$ 983,097
LIABILITIES AND STOCKHOLDERS' EQUITY		
Noninterest-bearing demand deposits	$ 117,369	$ 110,913
Interest-bearing deposits:		
NOW accounts	121,205	112,940
Money market accounts	82,571	79,176
Savings accounts	75,962	72,897
Time deposits of $100,000 and over	132,800	133,629
Other time deposits	275,488	274,529

Total interest-bearing deposits	688,026	673,171
Total deposits	805,395	784,084
Securities sold under agreement to repurchase	34,221	41,083
Other short-term borrowings	-	-
Long-term borrowings	62,466	62,731
Other liabilities	6,585	6,220
Total liabilities	908,667	894,118
Commitments and contingencies Stockholders' equity:		
Common stock, $2 par value. Authorized 24,000,000 shares; issued and outstanding, 7,543,118 , and 7,525,912 shares, respectively	15,086	15,052
Surplus	746	446
Retained earnings	74,478	71,419
Accumulated other comprehensive income	1,595	2,062
Total stockholders' equity	91,905	88,979
Total liabilities and stockholders' equity	$ 1,000,572	$ 983,097

</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)

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	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Interest and dividend income:		
Interest and fees on loans	$ 12,197	$ 13,145
Interest on Federal funds sold	56	72
Interest on interest-bearing deposits in other banks	3	8
Interest on money market investments	6	-
Interest and dividends on securities:		
Taxable	2,441	2,196
Nontaxable	1,164	1,182
Total interest and dividend income	15,867	16,603
Interest expense:		
Interest on deposits	5,215	7,137
Interest on short-term borrowings	107	323
Interest on long-term borrowings	913	1,206
Total interest expense	6,235	8,666
Net interest income	9,632	7,937
Provision for loan losses	830	432
Net interest income after provision		

for loan losses	8,802	7,505
Noninterest income:		
Service charges on deposit accounts	845	918
Other service charges and fees	655	569
Gains on securities transactions, net	1	21
Gains on sales of loans	2,143	1,810
Gains on sales of other real estate owned and bank premises, net	15	12
Other operating income	169	283
Total noninterest income	3,828	3,613
Noninterest expenses:		
Salaries and benefits	5,063	4,472
Occupancy expenses	554	543
Furniture and equipment expenses	701	730
Other operating expenses	2,331	2,013
Total noninterest expenses	8,649	7,758
Income before income taxes	3,981	3,360
Income tax expense	923	690
Net income	$ 3,058	$ 2,670
Basic net income per share	$ 0.41	$ 0.36
Diluted net income per share	$ 0.40	$ 0.35

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(dollars in thousands)

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	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income	Total
Balance - December 31, 2000	$ 15,033	$ 403	$ 63,201	$ (285)		$ 78,352
Comprehensive income:						
Net income - for three months ended March 31, 2001			2,670		$ 2,670	2,670
Unrealized holding gains arising during the period (net of tax, $1,734)					3,366	
Reclassification adjustment for gains included in net income (net of tax, $7)					(14)	
Other comprehensive income (net of tax, $1,727)				3,352	3,352	3,352
Total comprehensive income					$ 6,022	
Issuance of common stock in exchange for net assets in acquisition (19,606 shares)	39	192				231
Balance - March 31, 2001 (Unaudited)	$ 15,072	$ 595	$ 65,871	$ 3,067		$ 84,605
Balance - December 31, 2001	$ 15,052	$ 446	$ 71,419	$ 2,062		

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Comprehensive Income	Total
						$ 88,979
Comprehensive income:						
Net income - for three months ended March 31, 2002			3,058		$ 3,058	3,058
Other comprehensive income net of tax:						
Unrealized holding losses arising during the period (net of tax, $241)					(466)	
Reclassification adjustment for gains included in net income (net of tax, $0)					(1)	

Other comprehensive income (net of tax, $241)				(467)	(467)	(467)

Total comprehensive income					$ 2,591	
					=======	
Cash dividends -adjustment			1			1
Issuance of common stock under Incentive Stock Option Plan (50 shares)	-	1				1
Issuance of common stock in exchange for net assets in acquisition (17,156 shares)	34	299				333
	----------	----------	----------	----------		--------
Balance - March 31, 2002 (Unaudited)	$ 15,086	$ 746	$ 74,478	$ 1,595		$ 91,905
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See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Unaudited)
Three Months Ended March 31, 2002 and 2001
(dollars in thousands)

<TABLE>
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<S> <C>	2002	2001
Operating activities:		
Net income	$ 3,058	$ 2,670
Adjustments to reconcile net income to net cash and cash equivalents provided by (used in) operating activities:		
Depreciation of bank premises and equipment	505	473
Amortization	488	318
Provision for loan losses	830	432
Gains on sales of securities available for sale	(1)	(21)
Gains on sales of other real estate owned and fixed assets, net	(15)	(12)
(Increase) decrease in loans held for sale	16,469	(19,191)
Decrease in other assets	476	408
(Increase) decrease in other liabilities	365	(241)
	----------	----------
Net cash and cash equivalents provided by (used in) operating activities	22,175	(15,164)
	----------	----------
Investing activities:		
Purchase of securities available for sale	(13,297)	(6,477)
Proceeds from sale of securities available for sale	8,954	-
Proceeds from paydowns of securities available for sale	8,552	5,143
Net increase in loans	(33,050)	(9,016)
Purchases of bank premises and equipment	(687)	(129)
Proceeds from sales of bank premises and equipment	8	11
Proceeds from sales of other real estate owned	110	173
	----------	----------
Net cash and cash equivalents used in investing activities	(29,410)	(10,295)
	----------	----------
Financing activities:		
Net increase in noninterest-bearing deposits	6,456	3,741
Net increase in interest-bearing deposits	14,855	16,252
Net increase (decrease) in short-term borrowings	(6,862)	25,621
Net decrease in long-term borrowings	(265)	(22,327)

Issuance of common stock	1	-
Cash dividends paid	1	-
Net cash and cash equivalents provided by financing activities	14,186	23,287
Increase (decrease) in cash and cash equivalents	6,951	(2,172)
Cash and cash equivalents at beginning of period	38,915	22,869
Cash and cash equivalents at end of period	$ 45,866	$ 20,697
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	$ 6,394	$ 8,692
Income taxes	$ -	$ 262

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)
March 31, 2002

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 month period ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002.

These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2001 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 three months ended March 31, (in thousands):

	2002	2001
Balance, January 1	$ 7,336	$ 7,389
Provisions charged to operations	830	432
Recoveries credited to allowance	91	83
Loans charged off	(430)	(110)
Balance, March 31	$ 7,827	$ 7,794

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 March 31, 2002 there were no stock options that were anti-dilutive. The following is a reconcilement of the denominators of the basic and diluted EPS computations for the quarter ended March 31, 2002 and 2001.

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	INCOME (NUMERATOR)	WEIGHTED AVERAGE SHARES (DENOMINATOR)	PER SHARE AMOUNT
	(dollars in thousands)	(shares in thousands)	
<S> <C>			
For the quarter ended March 31, 2002			
Basic EPS	$ 3,058	7,536	$ .41
Effect of dilutive stock options	-	46	(.01)
Diluted EPS	$ 3,058	7,582	$ .40
For the quarter ended March 31, 2001			
Basic EPS	$ 2,670	7,517	$ .36
Effect of dilutive stock options	-	17	(.01)
Diluted EPS	$ 2,670	7,534	$ .35

</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 including realized gains and losses on the Company's investment portfolio. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies 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. These transactions are eliminated in the consolidation process. 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 ended March 31, 2002 and 2001 follows:

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Three Months ended March 31, 2002 (in thousands)	Community Banks	Mortgage	Elimination	Consolidated Totals
<S> <C>				
Net interest income	$ 9,272	$ 360	$ -	$ 9,632
Provision for loan losses	830	-	-	830
Net interest income after provision for loan losses	8,442	360	-	8,802
Noninterest income	1,728	2,143	(43)	3,828
Noninterest expenses	6,679	2,013	(43)	8,649
Income before income taxes	3,491	490	-	3,981
Income tax expense	757	166	-	923

Net income	$ 2,734	$ 324	$ -	$ 3,058
Assets	$ 998,748	$ 29,210	$ (27,386)	$ 1,000,572

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Three Months ended March 31, 2001 (in thousands)	Community Banks	Mortgage	Elimination	Consolidated Totals
<S> <C>				
Net interest income	$ 7,847	$ 90	$ -	$ 7,937
Provision for loan losses	432	-	-	432
Net interest income after provision for loan losses	7,415	90		7,505
Noninterest income	1,820	1,812	(19)	3,613
Noninterest expenses	6,078	1,699	(19)	7,758
Income before income taxes	3,157	203	-	3,360
Income tax expense	621	69	-	690
Net income	$ 2,536	$ 134	$ -	$ 2,670
Assets	$ 913,679	$ 36,892	$ (39,311)	$ 911,260

</TABLE>

5. RECENT ACCOUNTING STATEMENTS

In July 2001, the Financial Accounting Standards Board issued two statements - Statement 141, Business Combinations, and Statement 142, Goodwill and Other Intangible Assets, which 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.

These standards were implemented by the Company as of January 1, 2002. Goodwill in the amount of $864,000 was deemed to be goodwill and is not being amortized. Under the new accounting requirement, core deposit intangibles will continue to be amortized. The adoption of these standards did not have a material impact on the financial statements.

6. NEW LOAN PRODUCTION OFFICE

On January 2, 2002, the Company opened a loan production office in Newport News as part of the Bank of Williamsburg. Based on the early success of the LPO and the potential of the market, the Bank of Williamsburg has filed for regulatory approval to open a full service branch at this location. The branch is expected to open in early May 2002 and ,while the initial location will serve as the branch, a larger location for a permanent structure is expected to be found in the next two years.

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 three months of 2002 and 2001 the Company did not repurchase any shares of its common stock in the open market.

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 Newport News 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 in Virginia, Maryland and South Carolina.

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.

Critical Accounting Policies

General

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States (GAAP). The financial information contained within our statements is, to a significant extent, financial information that is based on measures of the financial effects of transactions and events that have already occurred. A variety of factors could affect the ultimate value that is obtained either when earning income, recognizing an expense, recovering an asset or relieving a liability. We use historical loss factors as one factor in determining the inherent loss that may be present in our loan portfolio. Actual losses could differ significantly from the historical factors that we use. In addition, GAAP itself may change from one previously acceptable method to another method. Although the economics of our transactions would be the same, the timing of events that would impact our transactions could change.

Allowance for Loan Losses

The allowance for loan losses is an estimate of the losses that may be sustained in our loan portfolio. The allowance is based on two basic principles of accounting: (i) SFAS 5, Accounting for Contingencies, which requires that losses be accrued when they are probable of occurring and estimatable and (ii) SFAS 114, Accounting by Creditors for Impairment of a Loan, which requires that

losses be accrued based on the differences between the value of collateral, present value of future cash flows or values that are observable in the secondary market and the loan balance.

Our allowance for loan losses model has three basic components: the formula allowance, the specific allowance and a calculation for unfunded loans. Each of these components is determined based upon estimates that can and do change when the actual events occur. These estimates are reevaluated at least quarterly as part of our review of the adequacy of the allowance for loan loss. The allowance formula uses a historical loss view as an indicator of future losses for various loan classifications; as a result, the estimated losses could differ from the loss incurred in the future. However, since this history is updated with the most recent loss information, the errors that might otherwise occur are mitigated. The specific allowance uses various techniques such as historical loss information, expected cash flows and fair market value of collateral to arrive at an estimate of losses. The use of these values is inherently subjective and our actual losses could be greater or less than the estimates. The allowance calculation for unfunded loans uses historical factors to determine the losses that are attributable to these loans. Management periodically reassesses the approach taken in these estimates in order to enhance the process.

Core Deposit Intangibles

In July 2001, the Financial Accounting Standards Board issued two statements - Statement 141, Business Combinations, and Statement 142, Goodwill and Other Intangible Assets, which could potentially impact the accounting for goodwill and other intangible assets. Statement 141 eliminated the pooling method of accounting for business combinations and required that intangible assets that meet certain criteria be reported separately from goodwill. Statement 142 eliminated 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.

Subsequent to the effective date of SFAS 142 an apparent conflict with SFAS 72 was raised as an issue, which allows certain intangibles arising from Bank and Thrift acquisitions to be amortized over their estimated useful lives.

Upon adoption of these Statements, the Company re-evaluated its intangible assets that arose from branch acquisitions prior to July 1, 2001. It was determined that the intangible assets arising from branch acquisitions will continue to be amortized over their estimated lives in accordance with SFAS 72. In the past, the Company has classified intangibles arising from branch purchases exclusively to core deposit intangibles. The Company will continue to amortize these intangibles awaiting a decision by FASB as to the final accounting treatment of these assets. As it is unknown how this accounting issue will ultimately be resolved, the Company cannot predict what impact, if any, there will be on future earnings.

Results of Operations

Net income for the first quarter of 2002 was $3.1 million, up from $2.7 million for the same period in 2001. This increase was largely the result of significant improvement in the community banking segment with increased earnings of $198,000 or 7.8% over the prior year's first quarter due to improved net interest margin and increases in loans. In addition, the mortgage segment's performance improved with net income of $324,000 for the quarter ended March 31, 2002 compared to $134,000 in the comparable quarter of last year. Diluted earnings per share amounted to $.40 in the first quarter of 2002, as compared to $.35 in the same quarter of 2001. The Company's annualized return on average

assets for the three months ended March 31, 2002 was 1.27% as compared to 1.22% a year ago. The Company's annualized return on average equity totaled 13.69% and 13.58% for the three months ended March 31, 2002 and 2001, respectively.

Net income from the Company's community banking segment increased from $2.5 million in the first quarter of 2001 to over $2.7 million in the first quarter of 2002. From March 31, 2001 to March 31, 2002, loans grew by 7.3% while deposit growth showed a 12.6% increase over March 31, 2001. While this reflects the trend experienced in 2001, the first quarter 2002 results reflect a shift in the trend. During 2001, with loan demand lagging behind deposit availability, excess funds were invested in lower yielding investments. In the first quarter of 2002, the Company's loans grew by $32.5 million over December 31, 2001 levels. For the same period deposits grew by $18.3 million. As a result, the Company was able to redeploy much of its excess funding into higher loans, thus improving its net interest margin and net income. On a year to year basis, this segment benefited from a sharp increase in net interest income as the cost of funds declined more rapidly than the earnings on assets. 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 also reflected in the improved operating efficiencies and higher profitability of the community banking segment.

The mortgage banking segment income increased by $190,000 or 142%, reflecting a continued low interest rate market over the first quarter of 2001. Increases in salaries and benefits in this segment are reflective of the variable commission structure and the increased levels of loan production. Other operating expenses are down, demonstrating the effect of cost cutting and branch closings. The declining interest rate environment over the last 12 to 18 months has resulted in significant increases in both mortgage refinancing and home purchases. Although the mortgage segment benefited from the "refinance boom", refinance loans comprised only 31.9% of MCI's loans in 2001 and only 39.0% in the first quarter of 2002. MCI continues to focus its efforts toward the home purchase market, working with home buyers, builders, realtors and other referral sources to build a more stable loan production platform. The Company continues to monitor the rise and fall of production volumes so adjustments can be made quickly and to look for ways to improve operating efficiencies of this segment. While mortgage rates remain attractive, the slowly recovering economy and general uncertainty felt by consumers could adversely influence production over the next several quarters.

Interest rates are at their lowest levels in years but deposits are growing faster than loans on a year to year basis. This growth is clearly influenced by the uncertainty in the economy and the uncertainty in the stock market which has prompted many investors to seek safer returns, resulting in increased bank deposits. Deposit growth was steady in the first quarter at 13.0% from the March 31, 2001 balance and 2.7% from the end of December 2001, while loans grew 7.3% from March 2001 and 5.4% from year end balances. The slowing of deposit growth in the first quarter and the growth of loans could bode well for the remainder of the year as lower yielding assets are converted to loans. However, the largest increase in deposits are in the more liquid demand, NOW and money market categories. As investors sense a positive change in the economy and the stock market, some of those deposits will move and force the Company to borrow if it can not replace deposits. This process may cause the net interest margin to compress in the later part of the year.

Net Interest Income

Net interest income on a tax-equivalent basis for the first quarter of 2002 increased by 18.4% to $10.3 million from $8.7 million for the same period a year ago. Over that time, average interest earning assets grew by 10.9% and average interest bearing liabilities increased by 8.7%. The interest income increase is largely attributable to a decline of $2.4 million in interest-bearing liability costs compared to the prior year first quarter. Most of this decrease was in the cost of interest bearing deposits reflecting the impact of the 11 rate cuts by the Federal Reserve in 2001 and an increase in lower cost deposits in the deposit mix. Average deposits were up $68.6 million with 54.5% of this increase coming in NOW and money market accounts. The interest rate spread was up significantly at 4.08% for the first quarter compared to 3.58% last year. This reflects a faster decline in the cost of liabilities versus the income from earning assets. Loan growth has increased some in the first quarter but the Company still has a high portion of earning assets in lower yielding federal funds and short-term investments. Any rise in interest rates will tighten the margin as the competition to maintain deposit levels will increase the cost of funds and investors will begin looking for better returns on their funds.

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 March 31, 2002 such transactions accounted for $10 million of the Company's total borrowings.

Average earning assets during the first quarter of 2002 increased by $89.6 million to $914.8 million from the first quarter of 2001, while average interest-bearing liabilities grew by $62.2 million to $775.7 million over this same period. In the first quarter 2002, interest-bearing deposits grew $68.6 million while other borrowings declined $6.4 million compared to the same quarter in 2001.

Included in the average earning assets is $27.0 million 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 these loans are funded at more narrow, short-term spreads. These loans ultimately generate most of their earnings in the noninterest income category through gains on sales of loans.

The Company's yield on average earning assets was 7.34%, down 117 basis points from 8.51% a year ago, while its cost of average interest-bearing liabilities decreased 167 basis points from 4.93% in the first quarter 2001 to 3.26% in the comparable quarter of 2002.

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Union Bankshares Corporation

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

For the three months ended March 31,

(Dollars in thousands)

<S> <C>

	2002			2001		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets:						
Securities:						
Taxable.	$ 166,289	$ 2,441	5.95%	$125,103	$ 2,196	7.12%
Tax-exempt(1).	91,038	1,763	7.85%	93,533	1,790	7.76%
Total securities	257,327	4,204	6.63%	218,636	3,986	7.39%
Loans, net	612,215	11,813	7.83%	582,845	13,161	9.16%
Loans held for sale.	27,026	484	7.26%	17,579	90	2.08%
Federal funds sold	15,626	56	1.45%	5,450	72	5.36%
Money market investment.	1,869	6	1.30%	-	-	
Interest-bearing deposits in other banks.	745	3	1.63%	734	8	4.42%
Total earning assets.	914,808	16,566	7.34%	825,244	17,317	8.51%
Allowance for loan losses	(7,558)			(7,592)		
Total non-earning assets.	69,648			69,177		
Total assets.	$ 976,898			$886,829		
Liabilities & Stockholders' Equity:						
Interest-bearing deposits:						
Checking.	113,796	276	0.98%	$ 95,882	451	1.91%
Money market savings.	81,525	302	1.50%	62,024	474	3.10%
Regular savings	73,761	246	1.35%	57,884	321	2.25%
Certificates of deposit:						
$100,000 and over	132,028	1,421	4.36%	126,926	1,891	6.04%
Under $100,000.	275,467	2,970	4.37%	265,221	4,000	6.12%
Total interest-bearing deposits	676,577	5,215	3.13%	607,937	7,137	4.76%
Other borrowings.	99,135	1,020	4.17%	105,527	1,529	5.88%
Total interest-bearing						

liabilities.	775,712	6,235	3.26%	713,464	8,666	4.93%
Non-interest bearing liabilities:						
Demand deposits	104,841			87,819		
Other liabilities	5,732			5,998		
Total liabilities	886,285			807,281		
Stockholders' equity.	90,613			79,548		
Total liabilities and stockholders' equity.	$ 976,898			$886,829		
Net interest income		$ 10,331			$ 8,651	
Interest rate spread.			4.08%			3.58%
Interest expense as a percent of average earning assets			2.76%			4.26%
Net interest margin			4.58%			4.25%

</TABLE>

<TABLE>
<CAPTION>

Union Bankshares Corporation

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

For the three months ended March 31,

2000

<S> <C>	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets:			
Securities:			
Taxable.	$119,970	$ 2,188	7.34%
Tax-exempt(1).	98,611	1,887	7.70%
Total securities	218,581	4,075	7.50%
Loans, net	556,083	12,090	8.74%
Loans held for sale.	4,257	(13)	-1.23%
Federal funds sold	767	19	9.96%
Money market investment.	-	-	
Interest-bearing deposits in other banks.	1,088	16	5.91%
Total earning assets.	780,776	16,187	8.34%
Allowance for loan losses	(6,842)		
Total non-earning assets.	66,115		
Total assets.	$840,049		
Liabilities & Stockholders' Equity:			
Interest-bearing deposits:			
Checking.	$ 97,134	502	2.08%
Money market savings.	63,162	506	3.22%
Regular savings	58,689	351	2.41%
Certificates of deposit:			
$100,000 and over	103,638	1,363	5.29%
Under $100,000.	248,018	3,307	5.36%
Total interest-bearing deposits	570,641	6,029	4.25%
Other borrowings.	114,446	1,575	5.54%
Total interest-bearing liabilities.	685,087	7,604	4.46%
Non-interest bearing liabilities:			
Demand deposits	80,440		
Other liabilities	6,727		
Total liabilities	772,254		

Stockholders' equity.	67,795		
Total liabilities and stockholders' equity.	$840,049		
Net interest income		$ 8,583	
Interest rate spread.			3.87%
Interest expense as a percent of average earning assets			3.92%
Net interest margin			4.42%

</TABLE>

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

Provision for Loan Losses

The provision for loan losses totaled $830,000 for the first quarter of 2002, up from $432,000 for the first quarter of 2001. 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 March 31, 2002 totaled $3.8 million, up from $3.6 million for the same period a year ago. Gains on sales of loans in the mortgage banking segment comprised much of this improvement, increasing $333,000 over the same period in 2001. Service charges on deposit accounts decreased $73,000 reflecting a lower volume of overdraft and return check charges and higher average balances. Other service charges and fees increased $86,000, reflecting increases in brokerage commissions, debit card income and ATM surcharges. Other operating income decreased $114,000 over the prior year, reflecting lower income from the bank owned life insurance (BOLI) and nonrecurring miscellaneous income items from the prior year. 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 first quarter of 2002 totaled $8.6 million, an increase of $891,000 over the same period in 2001. Personnel costs were up $591,000 over last year's first quarter. Commission costs were up from increased mortgage loan production and salaries and other benefit categories were also up reflecting normal increases. Occupancy expense was up $11,000 largely as a result of increases in depreciation expense with the new branch in Tappahannock and the loan production office in Newport News. Furniture & equipment expense was down $29,000 largely from a decline in equipment maintenance contracts. Other operating expenses were up $318,000 over last year's first quarter. The increases are primarily the result of: operating expenses up $70,000 from software, postage, internet and courier and armor car costs; professional services up $44,000; marketing up $114,000 which includes internet banking and preparation for centennial celebrations at Union Bank and Trust and Rappahannock National Bank; and other expense up $52,000 due to losses associated with four branch robberies experienced in the first quarter. Management continues to monitor expenses closely.

Financial Condition

Total assets as of March 31, 2002 were $1.001 billion, an increase of 1.8% from $983.1 million at December 31, 2001. Loans totaled $632.6 million at March 31, 2002, an increase of 5.4% from $600.2 million at December 31, 2001. The securities portfolio decreased to $252.0 million in the first three months of 2002 versus $257.1 at year end 2001. Loans held for sale decreased $16.5 million compared to the December 31, 2001 balance. Federal funds sold increased by $11.9 million to $19.6 million on March 31, 2002. Stockholders' equity totaled $91.9 million at March 31, 2002, which represents a book value of $12.18 per share.

Total deposits at March 31, 2002 were $805.4 million, up 2.7% from $784.1 million at December 31, 2001. Other borrowings totaled $96.7 million at March 31, 2002, a 6.7% decrease from $103.8 million at year end 2001. The other borrowings change is the result of a $6.9 million decrease in securities sold under agreement to repurchase (principally with customers). These changes reflect the lower interest rates and a limited need to borrow with our current high deposit base.

Competition for deposits, particularly as it impacts certificate of deposit rates, will pick up later in the year when the economy picks up and rates rise. This will cause the lower cost NOW and money market accounts to search for better returns. Management will focus on increasing and retaining these lower cost deposit products, including noninterest-bearing demand deposits and savings accounts in an effort to maintain a lower cost of funds. Increased competition for both loans and deposits is expected 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 $7.8 million at March 31, 2002 or 1.24% of total loans, as compared to 1.22% at December 31, 2001 and 1.32% at March 31, 2001.

	March 31, 2002	December 31, 2001	March 31, 2001
	(dollars in thousands)		
Nonaccrual loans	$ 818	$ 915	$ 618
Foreclosed properties	909	768	1,536
Nonperforming assets	$ 1,727	$ 1,683	$ 2,154
Allowance for loan losses	$ 7,827	$ 7,336	$ 7,794
Allowance as % of total loans	1.24%	1.22%	1.32%
Allowance as % of nonperforming assets	453%	435%	362%
Nonperforming assets to loans and foreclosed properties	.27%	.37%	.36%

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 March 31, 2002, the Company's ratio of total capital to risk-weighted assets was 11.92% and its ratio of Tier 1 capital to risk-weighted assets was 10.90%. Both ratios exceed the minimum capital requirements. The following summarizes the Company's regulatory capital and related ratios at March 31, 2002 (dollars in thousands):

Tier 1 capital	$ 83,529
Tier 2 capital	7,827
Total risk-based capital	91,356
Total risk-weighted assets	766,508
Capital Ratios:	
Tier 1 risk-based capital ratio	10.90%
Total risk-based capital ratio	11.92%
Leverage ratio (Tier 1 capital to average adjusted total assets)	8.61 %

Equity to assets ratio	9.18 %

The Company's book value per share at March 31, 2002 was $12.18. Dividends to stockholders are typically paid semi-annually in May and November.

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, money market investments, 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 March 31, 2002 cash, interest-bearing deposits in other banks, money market investments, Federal funds sold, securities available for sale, loans available for sale and loans maturing or repricing in one year were 64.0% of total earning assets. At March 31, 2002 approximately $288.0 million or 43.9% 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	March 31, 2002 % Change in Net Income
+200 basis points	+12.44%
+100 basis points	+6.47%
Most likely	0
-100 basis points	-5.89
-200 basis points	-14.16%

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 economic value of equity is the economic value of all assets minus the economic value of all liabilities. The change in economic value of equity 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 March 31:

Change in Prime Rate	Change in Economic Value of Equity (dollars in thousands)
	2002
+200 basis points	$ -11,750
+100 basis points	+ 5,612
Most likely	0
-100 basis points	- 2,284
-200 basis points	- 2,054

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 - None

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)

May 15, 2002 (Date)

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

May 15, 2002 (Date)

/s/ D. Anthony Peay
D. Anthony Peay,
Senior Vice President and Chief Financial Officer

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Index to Exhibits
Form 10-Q /March 31, 2002

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