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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 1996

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.)

211 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, $4 PAR VALUE

Union Bankshares Corporation (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.

As of June 30, 1996, Union Bankshares Corporation had 3,292,049 shares of Common Stock outstanding.

UNION BANKSHARES CORPORATION
FORM 10-Q
June 30, 1996

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets (Unaudited)
(Dollars in thousands)

<TABLE>
<CAPTION>

ASSETS	June 30, 1996	December 31, 1995
<S> <C>		
Cash and cash equivalents:		
Cash and due from banks	$ 15,451	$ 13,448
Interest-bearing deposits in other banks	418	124
Federal funds sold	2,808	2,050
Total cash and cash equivalents	18,677	15,622
Securities available for sale, at fair value	121,220	122,937
Investments securities, fair value of $7,140 and $9,533, respectively	6,698	9,146
Total securities	127,918	132,083
Loans, net of unearned income	313,490	294,133
Less allowance for loan losses (note 2)	3,953	3,757
Net loans	309,537	290,376
Bank premises and equpiment, net	11,405	9,523
Other real estate owned	3,748	3,288
Other assets	10,402	7,821
Total assets	$ 481,687	$ 458,713
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-interest-bearing demand deposits	$ 47,459	$ 44,276
Interest-bearing deposits:		
Savings accounts	49,450	46,453
NOW accounts	42,488	40,856
Money market accounts	51,377	53,184
Time deposits of $100,000 and over	41,331	39,043
Other time deposits	154,777	150,540
Total interest-bearing deposits	339,423	330,076
Total deposits	386,882	374,352
Short-term borrowings	29,927	31,108
Long-term borrowings	11,200	1,275
Other liabilities	2,701	2,686
Total liabilities	430,710	409,421
Stockholders' equity:		
Common stock, $4 par value. Authorized 12,000,000 shares; issued and outstanding, 3,286,970 shares	13,168	13,148
Surplus	674	566
Retained earnings	37,427	34,938
Unrealized gains (losses) on securities available for sale, net of taxes	(292)	640
Total stockholders' equity	50,977	49,292
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 481,687	$ 458,713

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income (Unaudited)
(Dollars in thousands)

<TABLE>
<CAPTION>

	Quarter ended June 30, 1996	Quarter ended June 30, 1995	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
<S> <C>				
Interest Income:				
Interest and fees on loans	$ 7,224	$ 6,503	$ 14,289	$ 12,777
Interest on securities:				
U.S. Treasury securities	42	49	95	107
Obligations of U.S. Government agencies and corporations	785	933	1,680	1,905
Obligations of states and political subdivisions	841	725	1,690	1,450
Other securities	153	131	288	239
Interest on Federal funds sold	36	108	91	153
Interest on interest-bearing deposits in other banks	2	10	4	16
Total interest income	9,083	8,459	18,137	16,647
Interest expense:				
Interest on deposits	3,900	3,697	7,835	6,970
Interest on other borrowings	484	305	867	654
Total interest expense	4,384	4,002	8,702	7,624
Net interest income	4,699	4,457	9,435	9,023
Provision for loan losses (note 2)	150	150	231	300
Net interest income after provision for loan losses	4,549	4,307	9,204	8,723
Other income:				
Service fees	678	467	1,218	886
Gains (losses) on sale of securities available for sale	3	(4)	(103)	(39)
Gains (losses) on sales of other real estate owned and bank premises, net	64	-	64	(5)
Other operating income	121	114	246	200
Total other income	866	577	1,425	1,042
Other expenses:				
Salaries and wages	1,324	1,100	2,593	2,288
Pensions and other employee benefits	372	441	794	782
Occupancy expenses	191	133	360	269
Furniture and equipment expenses	238	257	461	486
FDIC assessments	1	201	2	390
Other operating expenses	978	906	1,960	1,687
Total other expenses	3,104	3,038	6,170	5,902
Income before income taxes	2,311	1,846	4,459	3,863
Income tax expense	513	404	984	873
Net income	$ 1,798	$ 1,442	$ 3,475	$ 2,990
Net income per share of common stock	$ 0.55	$ 0.44	$ 1.06	$ 0.92
Cash dividends per share of common stock	$ 0.30	$ 0.28	$ 0.30	$ 0.28

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 1996 and 1995
(Dollars in thousands)

<TABLE>
<CAPTION>

<S> <C>	1996	1995
Operating activities:		
Net income	$ 3,475	$ 2,990
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation of bank premises and equipment	412	413
Amortization of intangibles	18	10
Provision for loan losses	231	300
Losses on sales of securities available for sale	66	40
Loss on sale of bank premises and other real estate owned	1	5
(Increase) decrease in other assets	(2,435)	413
Decrease (increase) in other liabilities	818	(309)
Net cash and cash equivalents provided by operating activities	2,586	3,862
Investing activities:		
Net decrease (increase) in securities	2,200	(1,434)
Net increase in loans	(19,859)	(11,438)
Acquisition of bank premises and equipment	(2,297)	(1,617)
Proceeds from sales of bank premises and other real estate owned	7	70
Net cash and cash equivalents used in investing activities	(19,949)	(14,419)
Financing activities:		
Net increase (decrease) in non-interest-bearing deposits	3,183	(1,094)
Net increase in interest-bearing deposits	9,348	13,285
Net decrease in short-term borrowings	8,819	3,772
Repayment of long-term borrowings	(75)	(75)
Cash dividends paid	(858)	(802)
Net cash and cash equivalents provided by financing activities	20,417	15,086
Increase in cash and cash equivalents	3,054	4,529
Cash and cash equivalents at beginning of period	15,623	17,002
Cash and cash equivalents at end of period	$ 18,677	$ 21,531

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 1996

1. ACCOUNTING POLICIES

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

The information contained in the financial statements is unaudited and does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. However, in the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of the interim periods presented have been made. Operating results for the three- and six-month periods ended June 30, 1996 are not necessarily indicative of the results that may be expected for the year ending December 31, 1996.

These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 1995 Annual Report to Stockholders. Certain previously reported amounts have been reclassified to conform to current period presentation.

2. ALLOWANCE FOR LOAN LOSSES

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

	1996	1995
Balance, January 1	$ 3,757	$ 3,734
Provisions charged to operations	231	300
Recoveries credited to allowance	283	79
Total	4,271	4,113
Loans charged off	(319)	(280)
Balance, June 30	$ 3,952	$ 3,833

3. EARNINGS PER SHARE

Earnings per share outstanding has been computed by dividing net income by the weighted average number of shares outstanding for the period. Weighted average shares used for the computation were 3,287,807 and 3,264,906 for the three months ended June 30, 1996 and 1995, respectively and 3,287,389 and 3,264,514 for the six months ended June 30, 1996 and 1995, respectively.

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 subsidiaries, Union Bank & Trust Company, Northern Neck State Bank and Union Investment Services, Inc. Both subsidiary banks, Union Bank & Trust Company and Northern Neck State Bank, 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, bonds and stocks.

The Company's primary trade area stretches from Fredericksburg, south to Hanover County and east to the Northern Neck area of Virginia. The Corporate Headquarters are located in Bowling Green, Virginia. Through its banking subsidiaries, the Company operates 16 branches in its primary trade area. In March 1996, Union Bank & Trust Company opened the first of its three planned in-store branches in a FasMart convenience store in Stafford County. In addition, Northern Neck State Bank is scheduled to open a branch located in a WalMart Superstore in Tappahannock, Virginia. Management feels in-store branching supplements its existing branch network, providing increased accessibility for its customers and a competitive advantage for the Company.

On March 13, 1996, the Company announced it had entered into an agreement which provided for the affiliation of King George State Bank, Inc. with the Company. King George State Bank is a $50 million bank located in King George, Virginia adjacent to and encompassing certain of the markets currently served by the Company. Under the terms of the agreement, the Company would exchange 5.5 shares of its common stock for each outstanding share of King George State Bank, Inc. stock. The agreement requires the approval of various regulatory agencies and satisfaction of other standard conditions. Shareholders of King George State Bank are expected to consider the affiliation at a special shareholder meeting to be held on August 20, 1996.

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

Results of Operations

Net income for the second quarter of 1996 was $1.8 million, up 24.7% from $1.4 million for the same period in 1995. Earnings per share increased from $.44 in the second quarter of 1995 to $.55 in the second quarter of 1996. The Company's annualized return on assets for the second quarter of 1996 was 1.51% as compared to 1.36% a year ago. The Company's annualized return on equity totaled 14.26% and 13.22% for the three months ended June 30, 1996 and 1995, respectively.

Net income for the first six months of 1996 totaled $3.5 million, up 16.22% from the same period in 1995. Earnings per share increased from $.92 in the first six months of 1995 to $1.06 in 1996. The Company's annualized return on assets for the first six months of 1996 was 1.48% as compared to 1.42% a year ago. The Company's annualized return on equity totaled 13.90% and 14.01% for the six months ended June 30, 1996 and 1995, respectively. Despite strong asset and capital growth, these performance ratios remain strong performance ratios by industry and peer standards.

Net income for the first half of 1996 reflects the continued competition for funds in the industry and increases in certain growth-related and infrastructure costs. Management expects increasing returns on these infrastructure costs through the development of new products and delivery systems. Such developments include "supermarket" branching, telephone banking, check cards, a credit card agency program and enhanced mortgage lending.

Net Interest Income

Net interest income on a tax-equivalent basis for the second quarter of 1996 increased by 6.6% to $5.1 million from $4.8 million for the same period a year ago. By managing its interest rate spread and increasing the volume of earning assets over interest-bearing liabilities, the Company has been able to maintain a strong net interest margin. Average earning assets during the second quarter of 1996 increased by $40.2 million to $438.8 million from the second quarter of 1995, while average interest-bearing liabilities grew by $38.6 million to $376.4 million over this same period. This additional growth in net earning assets was accomplished principally through continued strong loan demand over the last year. The industry has generally experienced steady, but slower, loan demand which, combined with increased competition for deposits, has led to a compression of interest margins. The Company's yield on average earning assets was down 17 basis points at 8.67% from 8.84% a year ago, while its cost of average interest-bearing liabilities decreased by 8 basis points to 4.67%. This net reduction of 9 basis points lowered the net interest spread to 4.00% and the net interest margin, or net yield on average earning assets, to 4.66%.

UNION BANKSHARES CORPORATION
Average Balances, Income and Expenses, Yields and Rates
(Taxable Equivalent Basis)
Three Months Ended June 30,

<TABLE>
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<S> <C>

	1996			1995		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
				(Dollars in thousands)		
Assets:						
Securities:						
Taxable	$ 63,498	$ 965	6.10%	$ 68,603	$ 1,096	6.41%
Tax-exempt(1)	62,503	1,259	8.08%	50,451	1,072	8.52%
Total securities	126,001	2,224	7.08%	119,054	2,168	7.30%
Loans, net	309,669	7,223	9.36%	271,738	6,503	9.60%
Federal funds sold	2,711	34	5.03%	7,170	107	5.99%
Interest-bearing deposits in other banks	433	4	3.71%	698	9	5.17%
Total earning assets	438,814	9,485	8.67%	398,660	8,787	8.84%
Allowance for loan losses	(3,983)			(3,787)		
Total non-earning assets	38,385			30,781		

Total assets	$ 473,216			$ 425,654		
Liabilities & Stockholders' Equity:						
Interest-bearing deposits:						
Checking	41,388	265	2.57%	38,162	270	2.84%
Regular savings	47,117	416	3.54%	45,643	454	3.99%
Money market savings	53,808	440	3.28%	58,047	503	3.48%
Certificates of deposit:						
$100,000 and over	40,577	566	5.59%	35,190	488	5.56%
Under $100,000	155,907	2,213	5.69%	139,557	1,982	5.70%
Total interest-bearing deposits	338,797	3,900	4.62%	316,599	3,697	4.68%
Other borrowings	37,594	484	5.16%	21,174	305	5.78%
Total interest-bearing liabilities	376,391	4,384	4.67%	337,773	4,002	4.75%
Non-interest bearing liabilities:						
Demand deposits	44,918			40,847		
Other liabilities	3,343			3,335		
Total liabilities	424,652			381,955		
Stockholders' equity	48,564			43,699		
Total liabilities and stockholders' equity	$ 473,216			$ 425,654		
Net interest income		$ 5,101			$ 4,785	
Interest rate spread			4.00%			4.09%
Interest expense as a percent of average earning assets			4.01%			4.03%
Net interest margin			4.66%			4.81%

</TABLE>

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<S> <C>

	1994		
	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets:			
Securities:			
Taxable	$ 70,111	1,085	6.21%
Tax-exempt(1)	50,875	1,029	8.11%
Total securities	120,986	2,114	7.01%
Loans, net	234,591	5,119	8.75%
Federal funds sold	3,463	33	3.82%
Interest-bearing deposits in other banks	965	18	7.48%
Total earning assets	360,005	7,284	8.12%
Allowance for loan losses	(3,520)		
Total non-earning assets	26,646		

Total assets	$ 383,131		
	===========		
Liabilities & Stockholders' Equity:			
Interest-bearing deposits:			
Checking	43,372	244	2.26%
Regular savings	37,729	486	5.17%
Money market savings	59,371	484	3.27%
Certificates of deposit:			
$100,000 and over	25,873	265	4.11%
Under $100,000	120,980	1,158	3.84%
Total interest-bearing deposits	287,325	2,637	3.72%
Other borrowings	14,730	136	3.74%
Total interest-bearing liabilities	302,055	2,773	3.72%
Non-interest bearing liabilities:			
Demand deposits	37,223		
Other liabilities	3,336		
Total liabilities	342,614		
Stockholders' equity	40,517		
Total liabilities and stockholders' equity	$ 383,131		
	===========		
Net interest income		$ 4,511	
		==========	
Interest rate spread			4.39%
Interest expense as a percent of average earning assets			3.12%
Net interest margin			5.08%

</TABLE>

UNION BANKSHARES CORPORATION
Average Balances, Income and Expenses, Yields and Rates
(Taxable Equivalent Basis)
Six Months Ended June 30,

<TABLE>
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	1996			1995		
<S> <C>	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield Rate
			(Dollars in thousands)			
Assets:						
Securities:						
Taxable	$ 66,029	$ 2,032	6.22%	$ 68,438	$ 2,217	6.53%
Tax-exempt (1)	61,093	2,530	8.37%	50,227	2,148	8.62%
Total securities	127,121	4,562	7.26%	118,665	4,365	7.42%
Loans, net	304,336	14,288	9.49%	269,668	12,777	9.55%
Federal funds sold	3,229	82	5.14%	5,138	153	6.00%
Interest-bearing deposits in other banks	579	13	4.54%	558	16	5.78%
Total earning assets	435,266	18,945	8.80%	394,029	17,311	

						8.86%
Allowance for loan losses	(3,890)	-		(3,785)		
Total non-earning assets	36,636	-		29,483		
Total assets	$ 468,011			$ 419,727		
Liabilities & Stockholders' Equity:						
Interest-bearing deposits:						
Checking	41,293	528	2.59%	38,667	548	2.86%
Regular savings	46,926	839	3.62%	46,062	902	3.95%
Money market savings	53,837	885	3.32%	58,820	1,013	3.47%
Certificates of deposit:						
$100,000 and over	39,969	1,124	5.69%	34,155	918	5.42%
Under $100,000	154,255	4,459	5.85%	133,793	3,589	5.41%
Total interest-bearing deposits	336,279	7,835	4.71%	311,497	6,970	4.51%
Other borrowings	36,485	867	4.81%	22,504	654	5.86%
Total interest-bearing liabilities	372,763	8,702	4.72%	334,001	7,624	4.60%
Non-interest bearing liabilities:						
Demand deposits	43,953			39,734		
Other liabilities	3,137			3,318		
Total liabilities	418,853			377,053		
Stockholders' equity	48,159			42,674		
Total liabilities and stockholders' equity	$ 468,011			$ 419,727		
Net interest income		$ 10,243			$ 9,687	
Interest rate spread			4.08%			4.26%
Interest expense as a percent of average earning assets			4.04%			3.90%
Net interest margin			4.76%			4.97%

</TABLE>

<TABLE>
<CAPTION>

<S> <C>

	1994		
	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets:			
Securities:			
Taxable	$ 69,616	$ 2,161	6.26%
Tax-exempt (1)	50,560	2,129	8.49%
Total securities	120,176	4,290	7.20%
Loans, net	232,410	9,993	8.67%
Federal funds sold	3,812	67	3.54%
Interest-bearing deposits in other banks	662	25	7.62%
Total earning assets	357,060	14,375	8.12%
Allowance for loan losses	(3,459)		
Total non-earning assets	26,556		
Total assets	$ 380,157		
Liabilities & Stockholders' Equity:			

Interest-bearing deposits:			
Checking	43,262	480	2.24%
Regular savings	37,377	783	4.22%
Money market savings	59,539	952	3.22%
Certificates of deposit:			
$100,000 and over	26,212	528	4.06%
Under $100,000	121,002	2,512	4.19%
Total interest-bearing deposits	287,392	5,255	3.69%
Other borrowings	14,271	231	3.26%
Total interest-bearing liabilities	301,663	5,486	3.67%
Non-interest bearing liabilities:			
Demand deposits	35,465		
Other liabilities	2,968		
Total liabilities	340,096		
Stockholders' equity	40,061		
Total liabilities and stockholders' equity	$ 380,157		
Net interest income		$ 8,889	
Interest rate spread			4.45%
Interest expense as a percent of average earning assets			3.10%
Net interest margin			5.03%

</TABLE>

The following table presents the Company's interest sensitivity position at June 30, 1996. This one-day position, which is continually changing, is not necessarily indicative of the Company's position at any other time.

<TABLE>
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Interest Sensitivity Analysis
June 30, 1996

	Within 90 Days	90-365 Days	1-5 Years	Over 5 Years	Total
			(In thousands)		
<S> <C>					
Earning Assets:					
Loans, net of unearned income (3)	$ 72,348	$ 59,949	$ 117,822	$ 62,688	$ 312,807
Investment securities	400	517	4,941	840	6,698
Securities available for sale	6,289	2,181	30,239	82,511	121,220
Federal funds sold	2,808	-	-	-	2,808
Other short-term investments	418	-	-	-	418
Total earning assets	82,263	62,647	153,002	146,039	443,951
Interest-Bearing Liabilities:					
Interest checking (2)	-	-	42,488	-	42,488
Regular savings (2)	-	1,978	47,472	-	49,450
Money market savings	25,103	-	26,274	-	51,377
Certificates of deposit:					
$100,000 and over	10,047	13,898	17,386	-	41,331
Under $100,000	22,628	69,699	62,450	-	154,777
Short-term borrowings	18,267	11,660	-	-	29,927
Long-term borrowings	75	75	10,600	450	11,200
Total interest-bearing liabilities	76,120	97,310	206,670	450	380,550
Period gap	6,143	(34,663)	(53,668)	145,589	
Cumulative gap	$ 6,143	$ (28,520)	$ (82,188	$ 63,401	$ 63,401
Ratio of cumulative gap to total earning assets	1.38%	-6.42%	-18.51%	14.28%	

</TABLE>

	Balance Sheet Totals		
	Total	Difference	
Earning Assets:			
Loans, net of unearned income (3)...	313,490	683	Non-accrual loans
Investment securities..............	6,698	-	
Securities available for sale.......	121,220	-	includes $1119 UBSH securities
Federal funds sold..................	2,808	-	
Other short-term investments........	418	-	
Total earning assets...............	444,634	683	
		-	
		-	
Interest-Bearing Liabilities:		-	
Interest checking (2)..............	42,448	-	
Regular savings (2)................	49,450	-	
Money market savings...............	51,377	-	
Certificates of deposit:		-	
$100,000 and over...............	41,331	-	
Under $100,000..................	154,777	-	
Short-term borrowings..............	29,927	-	
Long-term borrowings...............	11,200	-	
		-	
Total interest-bearing		-	
liabilities.....................	380,550	-	
Period gap.........................			
Cumulative gap.....................			
Ratio of cumulative gap to total earning assets............			

(1) The repricing dates may differ from maturity dates for certain assets due to prepayment assumptions.
(2) The Company has found that interest-bearing checking deposits and regular savings deposits are not sensitive to changes in related market rates and therefore, it has placed them predominantly in the "1-5 Years" column.
(3) Excludes non-accrual loans totaling $545

Provision for Possible Loan Losses

The provision for possible loan losses totaled $150,000 for the second quarter of both 1996 and 1995. Provisions for the first six months of 1996 and 1995 totaled $231,000 and $300,000, respectively. These provisions reflect recoveries of $283,000 on loans previously charged off, including approximately $230,000 related to a single real estate loan. It is also reflective of the performance of the loan portfolio and management's assessment of the credit risk in the portfolio. (See Asset Quality)

Non-Interest Income

Non-interest income for the second quarter of 1996 totaled $866,000, up from $577,000 a year ago. Non-interest income for the first six months of 1996 totaled $1.43 million, up from $1.04 million in 1995. This increase is due principally to the increases in income from service fees on deposit accounts, increased brokerage commissions and additional fee income on mortgage loans originated for the secondary market. Fees generated by the Company's brokerage subsidiary increased by $104,000 over 1995 levels. Management continues to seek additional sources of non-interest income, including increased emphasis on its credit card operations, mortgage banking activities and discount brokerage services.

Non-Interest Expense

Non-interest expense increased by 2.17% for the second quarter of 1996, totaling $3.1 million as compared to $3.04 million for the quarter ended June 30, 1995. Personnel costs comprised much of this change, increasing approximately 10.0% over the second quarter of 1995, consistent with the loan and asset growth for the same period of 13.6% and 11.1%, respectively.

Much of this cost is attributable to infrastructure associated with the development and introduction of new products and delivery systems, which are expected to enhance future earnings through increased revenue and/or improved efficiencies. The Company continues to stress budgetary expense controls and operates at considerably more efficient levels than its peers, as measured by the efficiency ratio (ratio of non-interest expenses to net interest income plus non-interest income). For the second quarter of 1996 the Company's efficiency ratio was 55.8%.

Financial Condition

Total assets as of June 30, 1996 were $481.7 million, an increase of 5.0% from $458.7 million at December 31, 1995 and 11.1% from $433.6 million at June 30, 1995. Asset growth continued to be fueled by strong loan demand, as loans totaled $ 313.5 million at June 30, 1996, an increase of 6.6% from $294.1 million at December 31, 1995, and 13.6% from $275.9 million at June 30, 1995. Stockholders' equity totaled $51.0 million at June 30, 1996 which represents a book value of $ 15.49 per share.

Deposit growth, though outpaced by loan growth, remained steady. Total deposits at June 30, 1996 were $386.9 million, up 3.4% from December 31, 1995 and 7.7% from $359.2 million a year earlier. Other borrowings totaled $41.1 million a 27.0% increase over $32.4 million at the end of 1995 and a 60.2% increase from $25.7 million at June 30, 1995. The Company continues to utilize other borrowings to supplement deposit growth and, periodically, in wholesale leverage transactions.

Continued competition for deposits, particularly as it impacts certificate of deposit rates, is reflected in the deposit mix. Management's focus on increasing lower costs deposit products has resulted in improved growth in those products, including non-interest bearing demand deposits and savings accounts. Increased competition for funds, particularly by non-banks, continues to contribute to a narrowing of the net interest margin which has been largely offset by increases in the volume of earning assets.

Asset Quality

The allowance for credit losses is an estimate of an amount adequate to provide for potential losses in the loan portfolio. The level of credit losses is affected by general economic trends as well as conditions affecting individual borrowers. The allowance is also subject to regulatory examinations and determination as to adequacy, which may take in to account such factors as the methodology used to calculate the allowance and comparison to peer groups.

The allowance for loan losses totaled $3.95 million at June 30, 1996 or 1.26% of total loans, as compared to 1.28% at December 31, 1995 and 1.39% at June 30, 1995. Non-performing assets of $4.5 million included foreclosed properties of $3.6 million at June 30, 1996. The increase from the prior year is principally due to the addition of a single property comprising over 1800 acres in King George County and carried at $1.9 million.

	June 30 1996	December 31, 1995	June 30, 1995
Non-accrual loans	$ 795	$ 596	$ 373
Foreclosed properties	3,748	3,288	1,488
Non-performing assets	$ 4,543	$ 3,884	$ 1,861
Allowance for loan losses	$ 3,952	$ 3,757	$ 3,833
Allowance as % of total loans	1.26%	1.28%	1.39%
Non-performing assets to loans and foreclosed properties	1.43%	1.31%	.67%

Capital Resources

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

The Federal Reserve, along with the Comptroller of the Currency and the Federal Deposit Insurance Corporation, has adopted capital guidelines to supplement the existing definitions of capital for regulatory purposes and to establish minimum capital standards. Specifically, the guidelines categorize assets and off-balance sheet items into four risk-weighted categories. The minimum ratio of qualifying total assets is 8.0%, of which 4.0% must be Tier 1 capital, consisting of common equity and retained earnings, less certain goodwill items.

At June 30, 1996, the Company's ratio of total capital to risk-weighted assets was 15.77% and its ratio of Tier 1 capital to risk-weighted assets was 14.61%. Both ratios exceed the fully phased-in capital requirements. The following summarizes the Company's regulatory capital and related ratios at June 30, 1996 (dollars in thousands):

Tier 1 capital	$ 50,996
Tier 2 capital	$ 3,953
Total risk-based capital	$ 54,949
Total risk-weighted assets	$ 349,938
Capital Ratios:	
Tier 1 risk-based capital ratio	14.28%
Total risk-based capital ratio	15.70%
Leverage ratio (Tier I capital to average adjusted total assets)	10.65%
Equity to assets ratio	10.67%

The Company's book value per share at June 30, 1996 was $15.48. Dividends to stockholders are typically declared and 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, investments and loans maturing within one year. The Company's ability to obtain deposits and purchase funds at favorable rates determines its liability liquidity. Additional sources of liquidity available to the Company include its capacity to borrow additional funds when necessary through Federal funds lines with several regional banks and a line of credit with the Federal Home Loan Bank. Management considers the Company's overall liquidity to be sufficient to satisfy its depositors' requirements and to meet its customers' credit needs.

At June 30, 1996, cash, interest-bearing deposits in other banks, federal funds sold, securities available for sale and loans maturing or repricing in one year were 62.7% of total earning assets. At June 30, 1996 approximately $138.3 million or 44.2% of total loans would mature or reprice within the next year. The Company utilizes federal funds purchased, FHLB advances, securities sold under agreements to repurchase and customer repurchase agreements, in addition to deposits, to fund the growth in its loan portfolio, and to fund securities purchases.

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

(a) No Form 8-K was required to be filed during the most recently completed quarter.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Union Bankshares Corporation
(Registrant)

August 13, 1996	/s/ G. William Beale
(Date)	G. William Beale, President, Chief Executive Officer and Director
August 13, 1996	/s/ D. Anthony Peay
(Date)	D. Anthony Peay, Vice President and Chief Financial Officer

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Index to Exhibits

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

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