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, 1998

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 March 31, 1998, Union Bankshares Corporation had 3,576,937 shares of Common Stock outstanding.

UNION BANKSHARES CORPORATION

FORM 10-Q

March 31, 1998

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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>
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<S> <C>	March 31, 1998	December 31, 1997
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	$ 23,363	$ 20,147
Interest-bearing deposits in other banks	1,233	695
Federal funds sold	4,504	612
Total cash and cash equivalents	29,100	21,454
Securities available for sale, at fair value	143,463	142,108
Investment securities fair value of $11,403 and $10,682, respectively	11,156	10,441
Total securities	154,619	152,549
Loans, net of unearned income	437,948	395,338
Less allowance for loan losses	4,611	4,565
Net loans	433,337	390,773
Bank premises and equipment, net	19,784	16,934
Other real estate owned	1,344	1,746
Other assets	18,897	12,025
Total assets	$ 657,081	$ 595,481
LIABILITIES AND STOCKHOLDERS' EQUITY		
Non-interest-bearing demand deposits	$ 70,561	$ 60,962
Interest-bearing deposits:		
Savings accounts	52,184	46,693
NOW accounts	72,137	60,010
Money market accounts	63,736	50,387
Time deposits of $100,000 and over	66,438	58,421
Other time deposits	219,669	195,670
Total interest-bearing deposits	474,164	411,181
Total deposits	544,725	472,143
Short-term borrowings	9,943	27,245
Long-term borrowings	28,640	23,715
Other liabilities	6,293	6,870
Total liabilities	589,601	529,973
Stockholders' equity:		
Common stock, $4 par value. Authorized 12,000,000 shares; issued and outstanding, 3,576,937 and 3,575,937 shares, respectively	14,308	14,304
Surplus	389	388
Retained earnings	51,064	49,105
Accumulated other comprehensive income		
Net unrealized gains on securities available for sale, net of taxes	1,719	1,711

Total stockholders' equity	67,480	65,508
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 657,081	$ 595,481

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income and Comprehensive Income (Unaudited)
Three months ended March 31, 1998 and 1997
(Dollars in thousands)

<TABLE>
<CAPTION>

	1998	1997
<S> <C>		
Interest income:		
Interest and fees on loans	$ 9,451	$ 8,219
Interest on securities:		
U.S. government and agency securities	1,193	970
Obligations of states and political subdivisions	974	963
Other securities	148	185
Interest on Federal funds sold	116	58
Interest on interest-bearing deposits in other banks	24	15
Total interest income	11,906	10,410
Interest expense:		
Interest on deposits	4,991	4,408
Interest on other borrowings	735	526
Total interest expense	5,726	4,934
Net interest income	6,180	5,476
Provision for loan losses	435	200
Net interest income after provision for loan losses	5,745	5,276
Other income:		
Service charges on deposit accounts	575	484
Other service charges and fees	447	213
Gains on securities transactions, net	2	31
Gains on sales of other real estate owned and bank premises, net	16	109
Other operating income	41	168
Total other income	1,081	1,005
Other expenses:		
Salaries and benefits	2,412	2,033
Occupancy expenses	294	246
Furniture and equipment expenses	359	304
FDIC assessments	17	12
Other operating expenses	1,311	1,179
Total other expenses	4,393	3,774
Income before income taxes	2,433	2,507
Income tax expense	474	570
Net income	$ 1,959	$ 1,937
Other Comprehensive income		
Unrealized holding gains arising during the period net of taxes of $5 for 1998	$ 8	$ (209)
Less reclassification adjustments for gains included in net income, net of taxes of $1 for 1998 and $10 for 1997	(1)	(21)

Comprehensive income	$ 1,966	$ 1,707
Earnings per share		
Basic	$ 0.55	$ 0.54
Diluted	0.54	0.54

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Three Months Ended March 31, 1998 and 1997
(Dollars in thousands)

<TABLE>
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<S>	1998	1997
Operating activities:		
Net income	$ 1,959	$ 1,937
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation of bank premises and equipment	299	355
Amortization of intangibles	33	11
Provision for loan losses	435	200
(Gains) losses on sales of securities available for sale	(2)	24
Gains on sale of other real estate owned	(16)	(124)
Increase in other assets	(6,894)	(636)
(Decrease) increase in other liabilities	(578)	499
Net cash and cash equivalents provided by operating activities	(4,764)	2,266
Investing activities:		
Net increase in securities	(2,070)	(6,132)
Net increase in loans	(42,999)	(7,336)
Acquisition of bank premises and equipment	(3,149)	(726)
Proceeds from sales of other real estate owned	418	3,421
Net cash and cash equivalents used in investing activities	(47,800)	(10,773)
Financing activities:		
Net increase in non-interest-bearing deposits	9,599	857
Net increase in interest-bearing deposits	62,983	6,234
Net (decrease) increase in short-term borrowings	(17,302)	7,778
Net increase (decrease) in long-term borrowings	4,925	(75)
(Sale) purchase of common stock	5	(40)
Net cash and cash equivalents provided by financing activities	60,210	14,754
Increase in cash and cash equivalents	7,646	6,247
Cash and cash equivalents at beginning of period	21,454	22,453
Cash and cash equivalents at end of period	$ 29,100	$ 28,700

</TABLE>

UNION BANKSHARES CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Unaudited)

March 31, 1998

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, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 1997 Annual Report to Shareholders. 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):

	1998	1997
Balance, January 1	$ 4,565	$ 4,388
Provisions charged to operations	435	200
Recoveries credited to allowance	43	36
Loans charged off	(432)	(251)
Balance, March 31	$ 4,611	$ 4,373

3. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing net income by the weighted average number of shares outstanding during the period. Weighted average shares used for the computation of basic EPS were 3,576,681 and 3,566,101 for the three months ended March 31, 1998 and 1997. Diluted EPS is computed using the weighted number of common shares outstanding during the period, including the effect of dilutive potential common shares outstanding attributable to stock options. Weighted average shares used for the computation of diluted EPS were 3,597,723 and 3,578,161 for the three months ended March 31, 1998 and 1997.

4. RECENT ACCOUNTING STATEMENTS

As of January 1, 1998, the Company adopted the provisions of SFAS No. 130, "Reporting Comprehensive Income", for all periods presented. This statement establishes standards for reporting and displaying comprehensive income and its components. The purpose of reporting comprehensive income is to report all changes in equity of an enterprise that result from recognized transactions and other economic events of the period. Other comprehensive income refers to revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income, such as unrealized gains and losses on certain investments in debt and equity securities and foreign currency items.

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, King George State Bank, Union Investment Services, Inc., and Union Mortgage Company, LLC. The three subsidiary banks, Unon Bank & Trust Company, Northern Neck State Bank and King George 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. Union Mortgage Company, LLC provides a wide array of mortgage products to the Company's primary trade area.

During the first quarter of 1998 the Company completed its acquisition from Signet Bank of five branches in the Northern Neck with four branches becoming Northern Neck State Bank branches and one joining King George State Bank. The Company also announced it had entered into a definitive agreement with Rappahannock Bankshares, Inc., a $20 million bank holding company in Washington, Virginia, to become a member of the Union Bankshares Corporation consolidated group.

The Company's primary trade area stretches from Fredericksburg, south to Hanover County and east throughout Northern Neck area of Virginia. The Corporate Headquarters are located in Bowling Green, Virginia. Through its banking subsidiaries, the Company operates 25 branches in its primary trade area.

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 first quarter of 1998 was $2.0 million, up from $1.9 million for the same period in 1997. Diluted earnings per share amounted to $.54 in the first quarter of 1998 and 1997. The Company's annualized return on assets for the first quarter of 1998 was 1.24% as compared to 1.43% a year ago. The Company's annualized return on equity totaled 11.79% and 13.22% for the three months ended March 31, 1998 and 1997, respectively. Despite strong asset and capital growth, these performance ratios remain strong performance ratios by industry and peer standards.

Net Interest Income

Net interest income on a tax-equivalent basis for the first quarter of 1998 increased by 15.2% to $6.7 million from $5.8 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 first quarter of 1998 increased by $84.1 million to $587.6 million from the first quarter of 1997, while average interest-bearing liabilities grew by $71.2 million to $499.8 million over this same period. The Company's yield on average earning assets was 8.57%, up from 8.56% a year ago, while its cost of average interest-bearing liabilities also increased slightly from 4.62% to 4.65%.

<TABLE>
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Union Bankshares Corporation
Average Balances, Income and Expenses, Yields and Rates (Taxable Equivalent Basis)

Quarters Ended March 31,

	1998			1997			1996		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
<S> <C>							(Dollars in thousands)		
Assets:									
Securities:									
Taxable	$ 88,040	$ 1,388	6.39%	$ 74,595	$ 1,144	6.15%	$ 75,474	$ 1,151	6.13%
Tax-exempt(1)	68,840	1,417	8.35%	66,437	1,315	7.94%	62,364	1,312	8.46%
Total securities	156,880	2,805	7.25%	141,032	2,459	6.99%	137,838	2,463	7.19%
Loans, net.	420,472	9,479	9.14%	356,855	8,219	9.24%	332,101	7,837	9.49%

Federal funds sold	8,918	116	5.28%	4,645	58	5.01%	4,842	69	5.73%
Interest-bearing deposits in other banks	1,378	24	7.00%	1,002	15	6.00%	725	9	4.99%
Total earning assets	587,648	12,424	8.57%	503,534	10,751	8.56%	475,506	10,378	8.78%
Allowance for loan losses	(4,710)			(4,451)			(4,113)		
Total non-earning assets	52,499			44,376			38,900		
Total assets	$ 635,437			$543,459			$510,293		
Liabilities & Stockholders' Equity:									
Interest-bearing deposits:									
Checking	$ 65,037	381	2.37%	$ 51,797	329	2.55%	45,348	286	2.54%
Regular savings	49,234	366	3.01%	45,067	351	3.12%	56,120	504	3.61%
Money market savings	57,104	490	3.48%	54,504	455	3.35%	55,068	452	3.30%
Certificates of deposit:									
$100,000 and over	64,079	868	5.49%	49,890	643	5.19%	47,159	636	5.42%
Under $100,000	207,673	2,886	5.64%	187,110	2,630	5.64%	166,164	2,467	5.97%
Total interest-bearing deposits	443,127	4,991	4.57%	388,368	4,408	4.56%	369,859	4,345	4.72%
Other borrowings	56,645	735	5.26%	40,181	526	5.24%	35,375	390	4.43%
Total interest-bearing liabilities	499,772	5,725	4.65%	428,549	4,934	4.62%	405,234	4,735	4.70%
Non-interest bearing liabilities:									
Demand deposits	65,222			52,870			49,002		
Other liabilities	4,936			4,660			3,844		
Total liabilities	569,930			486,079			458,080		
Stockholders' equity	65,507			57,380			52,213		
Total liabilities and stockholders' equity	$ 635,437			$543,459			$510,293		
Net interest income		$ 6,699			$ 5,817			$ 5,643	
Interest rate spread			3.93%			3.94%			4.08%
Interest expense as a percent of average earning assets			3.95%			3.93%			4.01%
Net interest margin			4.62%			4.63%			4.77%

</TABLE>

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

COMBINED

The following table presents the Company's interest sensitivity position at March 31, 1998. 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
March 31, 1998

	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)	$111,005	$ 33,299	$ 156,062	$ 133,910	$ 434,276
Investment securities	-	2,554	5,982	2,620	11,156
Securities available for sale	1,644	4,689	56,305	80,825	143,463
Federal funds sold.	4,504	-	-	-	4,504
Other short-term investments.	1,134	-	99	-	1,233
Total earning assets.	118,287	40,542	218,448	217,355	594,632
Interest-Bearing Liabilities:					
Interest checking (2)	24,779	-	47,358	-	72,137
Regular savings (2)	16,771	-	35,413	-	52,184
Money market savings.	60,381	3,355	-	-	63,736
Certificates of deposit:	-	-	-	-	
$100,000 and over	24,431	27,236	14,771	-	66,438
Under $100,000.	51,980	92,457	75,232	-	219,669
Short-term borrowings	9,943	-	-	-	9,943
Long-term borrowings.	-	5,000	16,900	6,740	28,640
Total interest-bearing liabilities	188,285	128,048	189,674	6,740	512,747
Period gap.	(69,998)	(87,506)	28,774	210,615	
Cumulative gap.	$(69,998)	$(157,504)	$(128,730)	$ 81,885	$ 81,885
Ratio of cumulative gap to total earning assets.	-11.77%	-26.49%	-21.65%	13.77%	

</TABLE>

(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

Earnings Simulation Analysis

Management uses simulation analysis to measure the sensitivity of net interest income to changes in interest rates. The model calculates an earnings estimate based on current and projected balances and rates. This method is subject to the accuracy of the assumptions that underlie the process, but it provides a better analysis of the sensitivity of earnings to changes in interest rates than other analysis such as the static gap analysis.

Assumptions used in the model include 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 interest income for the Company using different rate scenarios:

Change in Prime Rate	% Change in Net Interest Income
+200 basis points	+4.1%
Flat	0
-200 basis points	-5.5%

Market Value Simulation

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

The following chart reflects the change in net market value over different rate environments:

Change in Prime Rate	Change in Net Market Value (dollars in thousands)
+200 basis points	$-17,232
+100 basis points	-7,481
Flat	-4,855
- -100 basis points	13,177
- -200 basis points	22,256

Provision for Possible Loan Losses

The provision for possible loan losses totaled $435,000 for the first quarter of 1998, up from $200,000 for the first quarter of 1997. These provisions reflect 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 first quarter of 1998 totaled $1.1 million, up from $1.0 a year ago. This increase is due principally to the increases in income from mortgage brokerage activity and was offset by net gains of approximately $109,000 on sales of real estate owned in the first quarter of 1997 including a $120,000 gain on the sale of a single property. 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 16.4% for the first quarter of 1998, totaling $4.4 million as compared to $3.8 million for the quarter ended March 31, 1997. Personnel costs comprised much of this change, increasing approximately 18.6% over the first quarter of 1997 due principally to continued growth and the Signet branch acquisition. The remaining cost is attributable to infrastructure associated with the consolidation of certain functions and 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 first quarter of 1998 the Company's efficiency ratio was 56.8%.

Financial Condition

Total assets as of March 31, 1998 were $657.1 million, an increase of 10.3% from $595.5 million at December 31, 1997 and 17.8% from $557.8 million at March 31, 1997. Asset growth continued to be fueled by steady loan demand, as loans totaled $433.3 million at March 31, 1998, an increase of 10.9% from $390.8 million at December 31, 1997, and 22.1% from $355.0 million at March 31, 1997. Stockholders' equity totaled $67.5 million at March 31, 1998 which represents a book value of $ 18.85 per share.

Asset and deposit growth in the first quarter was principally a result of the acquisition of the former Signet branches which added $60.2 million in deposits to the balance sheet. Proceeds from this acquisition were invested in a variety of investment products including government securities, mortgage backed securities and whole loans. These branches add significantly to the Company's presence in the Northern Neck region, and although the short-term impact on earnings is not expected to be material, they provide significant potential for growth in market share.

Deposit growth, though outpaced by loan growth, remained steady. Total deposits at March 31, 1998 were $544.7 million, up 15.4% from $472.1 million at December 31, 1997 and 21.9% from $446.7 million a year earlier. Other borrowings totaled $38.6 million at March 31, 1998 a 24.2% decrease over $51.0 million at the end of 1997 and a 16.6% decrease from $46.2 million at March 31, 1997. The Company continues to utilize other borrowings to supplement deposit growth and, periodically, engages in wholesale leverage transactions. These wholesale leverage transactions have typically been executed at spreads of approximately 150 to 200 basis points and, although they have negatively impacted the Company's net interest margin (as a percentage), they have had a positive effect on earnings and return on equity.

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 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 loan 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 $4.6 million at March 31, 1998 or 1.05% of total loans, as compared to 1.15% at December 31, 1997 and 1.22% at March 31, 1997. At March 31, 1998, non-performing assets of $6.0 million included foreclosed properties of $1.3 million and a $1.0 million investment in income-producing property.

	March 31, 1998	December 31, 1997	March 31, 1997
Non-accrual loans	$3,672	$2,140	$ 477
Foreclosed properties	1,344	1,746	1,111
Real estate investment	942	1,050	2,389
Non-performing assets	$5,958	$4,936	$3,977
Allowance for loan losses	$4,611	$4,565	$4,373
Allowance as % of total loans	1.05%	1.15%	1.22%
Non-performing assets to loans and foreclosed properties	1.35%	1.24%	1.20%

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, 1998, the Company's ratio of total capital to risk-weighted assets was 13.45% and its ratio of Tier 1 capital to risk-weighted assets was 12.48%.

Both ratios exceed the fully phased-in capital requirements. The following summarizes the Company's regulatory capital and related ratios at March 31, 1998:

Tier 1 capital	$ 59,591
Tier 2 capital	$ 4,612
Total risk-based capital	$ 64,203
Total risk-weighted assets	$ 477,517

Capital Ratios:

Tier 1 risk-based capital ratio	12.48 %
Total risk-based capital ratio	13.45 %
Leverage ratio (Tier I capital to average adjusted total assets)	9.29%
Equity to assets ratio	9.82%

The Company's book value per share at March 31, 1998 was $18.85. 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 March 31, 1998, cash, interest-bearing deposits in other banks, federal funds sold, securities available for sale and loans maturing or repricing in one year were 51.2% of total earning assets. At March 31, 1998 approximately $144.3 million or 33.2% 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, periodically in wholesale leverage transactions.

Year 2000

Management has initiated a program to prepare the Company's computer systems and applications for the year 2000. The Company expects to incur internal staff costs as well as consulting and other expenses related to the infrastructure and facilities enhancements necessary to prepare its systems for the year 2000. Testing and conversion of system applications is expected to cost approximately $250,000, with all systems expected to be compliant by June 1999. A significant portion of these costs are not likely to be incremental costs, but rather a redeployment of existing information technology resources.

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)

May 14, 1998	s/ G. William Beale
(Date)	G. William Beale, President, Chief Executive Officer and Director
May 14, 1998	s/ D. Anthony Peay
(Date)	D. Anthony Peay,

Vice President and Chief Financial Officer

UNION BANKSHARES CORPORATION AND SUBSIDIARIES

Index to Exhibits

Form 10-Q / March 31, 1998

<TABLE>
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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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