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, 1999

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, $2 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, 1999, Union Bankshares Corporation had 7,530,356 shares of Common Stock outstanding.

UNION BANKSHARES CORPORATION
FORM 10-Q
MARCH 31, 1999

INDEX

<TABLE>
<CAPTION>

</TABLE>

PART 1 - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

<TABLE>
<CAPTION>

ASSETS	MARCH 31, 1999 (UNAUDITED)	December 31, 1998	March 31, 1998 (UNAUDITED)
<S>	<C>	<C>	<C>
Cash and cash equivalents:			
Cash and due from banks	$ 23,738	$ 39,607	$ 24,251
Interest-bearing deposits in other banks	2,315	1,413	1,328
Federal funds sold	9,916	-	9,599
TOTAL CASH AND CASH EQUIVALENTS	35,969	41,020	35,178
SECURITIES AVAILABLE FOR SALE, AT FAIR VALUE	191,783	161,228	144,814
INVESTMENT SECURITIES fair value of $1,995, $16,452 and $18,038, respectively	14,851	16,142	18,753
TOTAL SECURITIES	206,634	177,370	163,567
LOANS, NET OF UNEARNED INCOME	479,971	479,822	441,590
Less allowance for loan losses	6,708	6,407	4,848
NET LOANS	473,263	473,415	436,742
BANK PREMISES AND EQUIPMENT, NET	22,520	21,057	19,826
OTHER REAL ESTATE OWNED	912	1,101	1,344
OTHER ASSETS	40,640	19,984	19,187
TOTAL ASSETS	779,938	$ 733,947	$ 675,844
LIABILITIES AND STOCKHOLDERS' EQUITY			
NON-INTEREST-BEARING DEMAND DEPOSITS	80,410	$ 81,329	$ 75,241
INTEREST-BEARING DEPOSITS:			

Savings accounts	59,029	61,281	59,370
NOW accounts	85,914	81,514	72,137
Money market accounts	63,439	64,331	63,736
Time deposits of $100,000 and over	95,687	80,926	69,188
Other time deposits	234,120	238,248	220,958
TOTAL INTEREST-BEARING DEPOSITS	538,189	526,300	485,389
TOTAL DEPOSITS	618,599	607,629	560,630
SHORT-TERM BORROWINGS	17,269	19,476	9,943
LONG-TERM BORROWINGS	47,220	28,325	28,640
OTHER LIABILITIES	22,109	5,158	6,409
TOTAL LIABILITIES	705,197	660,588	605,622
STOCKHOLDERS' EQUITY:			
Common stock, $2 par value. Authorized 24,000,000 shares; issued and outstanding, 7,530,356, 7,507,394 and 7,153,874 shares, respectively	15,061	15,015	14,308
Surplus	599	311	389
Retained	57,537	55,690	53,811
Accumulated other comprehensive income			
Net unrealized gains on securities available for sale, net of taxes	1,544	2,343	1,714
TOTAL STOCKHOLDERS' EQUITY	74,741	73,359	70,222
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	779,938	$ 733,947	$ 675,844

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

(Dollars in thousands, except per share data)

<TABLE>
<CAPTION>

	Quarter Ended March 31	
	1999	1998
<S>	<C>	<C>
INTEREST INCOME:		
Interest and fees on loans	$ 10,443	9,542
Interest on securities:		

U.S. government and agency securities	342	452
Obligations of states and political subdivisions	1,121	995
Other securities	1,147	1,002
Interest on Federal funds sold	59	189
Interest on interest-bearing deposits in other banks	28	25
TOTAL INTEREST INCOME	13,140	12,205
INTEREST EXPENSE:		
Interest on deposits	5,678	5,086
Interest on other borrowings	605	735
TOTAL INTEREST EXPENSE	6,283	5,821
NET INTEREST INCOME	6,857	6,384
PROVISION FOR LOAN LOSSES (note 2)	762	435
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,095	5,949
OTHER INCOME:		
Service charges on deposit accounts	692	601
Other service charges and fees	392	428
Gains on securities transactions, net	19	2
Gains (losses) on sales of other real estate owned and bank premises, net	(2)	16
Other operating income	2,437	57
TOTAL OTHER INCOME	3,538	1,104
OTHER EXPENSES:		
Salaries and benefits	4,508	2,480
Occupancy expenses	396	296
Furniture and equipment expenses	464	364
Other operating expenses	1,835	1,368
TOTAL OTHER EXPENSES	7,203	4,508
Income before income taxes and cumulative effect of accounting change	2,430	2,545
Income tax expense	511	499
INCOME BEFORE EFFECT OF ACCOUNTING CHANGE	1,919	2,046
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING METHOD, NET	104	0
NET INCOME	$ 1,815	$ 2,046
OTHER COMPREHENSIVE INCOME		
Unrealized holding gains arising during the period net of taxes of $297 and $5 for 1999 and 1998	$ 812	$ 9
Less reclassification adjustments for (gains) losses included in net of taxes of $6 and $0 for 1999 and 1998	13	2
Total Other Comprehensive Income	799	7
COMPREHENSIVE INCOME	$ 2,614	$ 2,053
BASIC EARNINGS PER SHARE		
Before cumulative effect of change in accounting	$ 0.26	$ 0.27
Cumulative effect of change in accounting method	(0.02)	
Net income	$ 0.24	$ 0.27
Diluted Earnings per share		
Before cumulative effect of change in accounting	$ 0.26	$ 0.27
Cumulative effect of change in accounting method	(0.02)	
Net income	$ 0.24	$ 0.27
DIVIDENDS PER SHARE	$ -	$

-------------- --------------

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
THREE MONTHS ENDED MARCH 31, 1999 AND 1998
(Dollars in thousands)

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>
OPERATING ACTIVITIES:		
Net income	$ 1,815	$ 2,046
Adjustments to reconcile net income to net cash and cash equivalents used in operating activities:		
Depreciation of bank premises and equipment	401	299
Amortization of intangibles	365	43
Provision for loan losses	762	435
Gains on sales of securities available for sale	(19)	(2)
(Gains) Losses on sale of other real estate owned	2	(16)
Increase in other assets	(20,946)	(7,251)
Increase (Decrease) in other liabilities	17,272	(665)
NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	(348)	(5,111)
INVESTING ACTIVITIES:		
Net increase in securities	(30,411)	(2,039)
Net increase in loans	(610)	(42,625)
Acquisition of bank premises and equipment	(1,864)	(3,149)
Proceeds from sales of other real estate owned	190	418
NET CASH AND CASH EQUIVALENTS USED IN INVESTING ACTIVITIES	(32,695)	(47,395)
FINANCING ACTIVITIES:		
Net increase (decrease) in non-interest-bearing deposits	(919)	9,535
Net increase in interest-bearing deposits	11,889	61,840
Net decrease in short-term borrowings	(2,207)	(17,302)
Increase in long-term borrowings	18,925	4,925
Issuance of common stock	1,005	5
Repurchase of common stock	(671)	-
Repayment of long-term borrowings	(30)	-
NET CASH AND CASH EQUIVALENTS PROVIDED BY FINANCING ACTIVITIES	27,992	59,003
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,051)	6,497
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	41,020	28,681
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 35,969	$ 35,178
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	6,131	5,746
Income taxes	802	499

</TABLE>

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

MARCH 31, 1999

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, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. UNION BANKSHARES CORPORATION AND SUBSIDIARIES

These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 1998 Annual Report to Shareholders. Certain previously reported amounts have been reclassified to conform to current period presentation.

As of January 1999, the Company adopted SOP 98-5 - Reporting on the Costs of Start-up Activities. This SOP requires that the costs of start-up activities be expensed as incurred. This is a change from past practices which allowed the amortization of these costs over a specified time. As a result, two additional lines are on the Consolidated Statements of Income and Comprehensive Income: Income before effect of accounting change and Cumulative effect of change in accounting method, net of taxes. This one time effect impacts the first quarter 1999 and the year 1999 as a result of costs accumulated in 1998 related to the Bank of Williamsburg. (see Management Discussion)

2. ALLOWANCE FOR LOAN LOSSES

The following summarizes activity in the allowance for loan losses for the three months ended March 31, (in thousands):

	1999	1998
Balance, January 1	$6,407	$4,798
Provisions charged to operations	762	435
Recoveries credited to allowance	87	47
Loans charged off	(548)	(432)
Balance, March 31	$ 6,708	$4,848

`

3. EARNINGS PER SHARE

Basic earnings per share (EPS) is computed by dividing net income by the weighted average number of shares outstanding during the period. Weighted average shares used for the computation of basic EPS were 7,528,729 and 7,468,590 for the three months ended March 31, 1999 and 1998. Diluted EPS is computed using the weighted number of common shares outstanding during the period, including the effect of dilutive potential common shares outstanding attributable to stock options. Weighted average shares used for the computation of diluted EPS were 7,645,214 and 7,517,049 for the three months ended March 31, 1999 and 1998.

4. PURCHASE OF MORTGAGE CAPITAL INVESTORS, INC

On February 11, 1999, the Company completed the purchase of Mortgage Capital Investors, Inc. a mortgage origination business with 16 locations in the states of Virginia, Maryland, North Carolina, South Carolina and Florida. This business was purchased to enhance the Company's existing mortgage operations and increase non-interest income. It contributed approximately $400,000 in net income in the first quarter of 1999 which is the first period it is presented as part of the company. This represented earnings for the period February 11 to March 31, 1999. This acquisition was accounted for under the purchase method of accounting. The purchase price was $5,000,000. At closing the Company paid, $1,000,000 in cash and

$1,000,000 in common stock. In addition, $3,000,000 is to be distributed over the next three years in cash and common stock, and discounted value of which is included in other liabilities at March 31, 1999. At closing 61,490 shares were issued with cash paid for fractional shares. As a result of the transaction, goodwill in the amount of $1,044,887 was reccorded and is being amortized using the straight line method over 10 years at $104,488 per year.

5. SEGMENT REPORTING DISCLOSURES

Union Bankshares Corporation has two reportable segments: traditional full service banks and mortgage loan origination business. The bank business is made up of five banks. These banks provide loan, deposit , investment, trust and custodial services to retail and commercial customers at all the state of Virginia locations. The mortgage company provides a variety of mortgage loan products in a multi state market. These loans are warehoused and sold over short term, normally less than 90 days.

Profit and loss is measured by net income after taxes including 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. Intersegment transactions are recorded at cost and eliminated as part of the consolidation process.

The Company's reportable segments are both service based but the mortgage company provides a very specific and definative service which contributes a significant amount to the total income of the combined entity. While the banks offer a distribution network for the mortgage service, the mortgage company does not offer a similar abiltiy for the banks at this time. Finally, a major distinction is the source of income. The mortgage business is purely a fee based business while the banks are profit driven by interest income.

The Company has adopted the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information (Statement 131). Statement 131 establishes standards for for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports.

The following is a summary of segment profit (dollars in thousands):

QUARTER ENDED MARCH 31, 1999

<TABLE>
<CAPTION>

	Banks	Mortgage	Total
<S>	<C>	<C>	<C>
Net interest income after provision for loan loss	$ 6,142	$ -	$6,142
Total non-interest income	1,006	2,352	3,358
Total other expenses	4,947	1,771	6,718
Segment profit (after taxes)	1,648	404	2052
Total Assets	763,329	23,452	786,781

</TABLE>

The following summary reconciles segment profit (loss) to income after taxes (dollars in thousands):

Income after taxes	
Segment profit	$2,052
Other	(237)
Net Income	$1,815

6. RECENT ACCOUNTING STATEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued

Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", which establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that a company recognize all derivative instruments as either assets or liabilities in the consolidated balance sheet, and measure those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and the resulting designation. For companies with a fiscal year ending on December 31, SFAS 133 is effective as of January 1, 2000. Earlier adoption, as of the beginning of a fiscal quarter, is encouraged but is not mandatory. The impact of adopting SFAS 133 will be dependent on the specific derivative instruments in place at the date of adoption. At this time, Management believes the adoption of this new standard will not have a material impact on the financial condition or results of operations of the Company, and does not anticipate adopting SFAS 133 before January 1, 2000.

7. 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 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.

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, Rappahannock National Bank, the Bank of Williamsburg ,Union Investment Services, Inc., and Mortgage Capital Investors. The five subsidiary banks, Union Bank & Trust Company, Northern Neck State Bank , King George State Bank, Rappahannock National Bank and the Bank of Williamsburg 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. Mortgage Capital Investors provides a wide array of mortgage products through its 16 offices in Virginia, Maryland, North Carolina, South Carolina and Florida.

The Company's primary trade area stretches from Rappahannock County to Fredericksburg, south to Hanover County , east to Williamsburg and throughout the Northern Neck area of Virginia. The Corporate Headquarters are 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, the addition of Mortgage Capital Investors expands the mortgage origination business to four additional states.

In February 1999, the Company opened the Bank of Williamsburg in temporary headquarters in the Williamsburg Crossing Shopping Center. This location is one of the faster growing areas of Virginia and it is expected that this bank will contribute to the profit of the Company within its first two years.

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

RESULTS OF OPERATIONS

Net income for the first quarter of 1999 was $1.8 million, down from $2.0 million for the same period in 1998. The decline in net income for the period is due principally to an increase of $327,000 in the provision for loan loss over the first quarter of 1998; a $104,000 cumulative change in accounting method and increases in other expenses. Diluted earnings per share amounted to $.24 in the first quarter of 1999, as compared to $.27 in the first quarter of

1998. The Company's annualized return on assets for the first quarter of 1999 was .94% as compared to 1.28% a year ago. The Company's annualized return on equity totaled 9.88% and 11.99% for the three months ended March 31, 1999 and 1998, respectively.

Net income for the first quarter of 1999 before the cumulative effect of a change in accounting was $1.9 million, down 6.2% from $2.0 million a year ago. During the first quarter the Company adopted a new accounting standard (Statement of Position 98-5) which required it to expense certain previously capitalized start-up costs totaling $158,000, or $104,000 net of applicable taxes. Earnings per share before the cumulative adjustment for a change in accounting method on a diluted basis decreased to $.26 from $.27 for the same quarter in 1998.

Declining interest rates continue to negatively impact the net interest margin as loans and investments mature, are prepaid or are repriced at lower rates, while deposit competition remains tight. Recent expansion activities, including branch acquisitions and de novo openings, have generated a short term drag on earnings. Other infrastructure costs, principally continued investments in technology and people, contributed to a relatively flat earnings quarter, but have positioned the Company to provide more competitive products and services to its marketplace. While the benefits of technology investments tends to lag behind the costs, the long term benefit is significant in terms of the Company's ability to compete effectively in the changing financial services marketplace.

Of particular significance during the quarter were the opening of a new bank subsidiary, the Bank of Williamsburg, and the acquisition of Mortgage Capital Investors. Both of these transactions represent strong opportunities to leverage the Company's collective resources to generate new business and earnings growth in new and existing markets. As with any de novo operation, the Bank of Williamsburg is expected to incur operating losses for the first year, becoming profitable during the second year of operation. The contribution of Mortgage Capital Investors has been more immediate, as it contributed approximately $400,000 to first quarter net income.

NET INTEREST INCOME

Net interest income on a tax-equivalent basis for the first quarter of 1999 increased by 8.8% to $7.4 million from $6.8 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. The current interest rate environment and competition for deposits continue to put pressure on net interest margins. Average earning assets during the first quarter of 1999 increased by $69.7 million to $673.5 million from the first quarter of 1998, while average interest-bearing liabilities grew by $68.2 million to $576.7 million over this same period. The Company's yield on average earning assets was 8.24%, down 24 basis points from 8.48% a year ago, while its cost of average interest-bearing liabilities also decreased 22 basis points from 4.64% to 4.42%.

<TABLE>
<CAPTION>

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

	THREE MONTHS MARCH 31,					
	1999			1998		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE
	(Dollars in thousands)			(Dollars in thousands)		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS:						
Securities:						
Taxable	$99,670	$1,538	6.26%	$ 96,770	$1,517	6.36%
Tax-exempt(1)	85,819	1,624	7.68%	71,467	1,432	8.13%

Total securities	185,489	3,162	6.91%	168,237	2,949	7.11%
Loans, net	481,763	10,444	8.79%	423,812	9,531	9.12%
Federal funds sold	4,337	57	5.33%	10,608	116	4.43%
Interest-bearing deposits in other banks	1,919	26	5.49%	1,171	24	7.97%
TOTAL EARNING ASSETS	673,508	13,689	8.24%	603,828	12,620	8.48%
Allowance for loan losses	(6,714)			(4,950)		
TOTAL NON-EARNING ASSETS	65,129			53,679		
TOTAL ASSETS	$731,923	13,689		$ 652,557	12,620	
LIABILITIES & STOCKHOLDERS' EQUITY:						
Interest-bearing deposits:						
Checking	82,283	461	2.27%	$ 65,037	380	2.37%
Regular savings	57,841	398	2.79%	55,363	416	3.05%
Money market savings	64,041	515	3.26%	57,025	490	3.48%
Certificates of deposit:						
$100,000 and over	88,154	1,171	5.39%	65,531	896	5.50%
Under $100,000	238,686	3,133	5.32%	208,882	2,904	5.64%
TOTAL INTEREST-BEARING DEPOSITS	531,005	5,678	4.34%	451,838	5,086	4.56%
Other borrowings	45,673	606	5.38%	56,645	735	5.26%
TOTAL INTEREST-BEARING LIABILITIES	576,678	6,283	4.42%	508,483	5,821	4.64%
Non-interest bearing liabilities:						
Demand deposits	78,472			69,469		
Other liabilities	3,566			4,914		
TOTAL LIABILITIES	658,716			582,866		
Stockholders' equity	73,207			69,691		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$731,923			$ 652,557		
NET INTEREST INCOME		$7,406			6,799	
Interest rate spread			3.82%			3.84%
Interest expense as a percent of average earning assets			3.78%			3.84%
Net interest margin			4.46%			4.57%

</TABLE>

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

PROVISION FOR POSSIBLE LOAN LOSSES

The provision for possible loan losses totaled $ 762,000 for the first quarter of 1999, up from $435,000 for the first quarter of 1998. 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 three months ended 1999 totaled $3.5 million, up from $1.1 million a year ago. This increase is due principally to the increases in income from mortgage brokerage fees totaling $2.4 million from the addition of Mortgage Capital Investors, Inc. The remaining increase in non-interest income is due to increases in service fees on deposit accounts, increases in other service fees and increased brokerage commissions. Management continues to seek additional sources of non-interest income, including increased emphasis on its credit card operations, mortgage banking activities and brokerage services.

NON-INTEREST EXPENSE

Non-interest expense increased by 59.4% for the first three months of 1999, totaling $7.2 million as compared to $4.5 million for 1998. Personnel costs comprised much of this change, with approximately $1.5 million due to the acquisition of Mortgage Capital Investors. The remaining cost is attributable to other bank and branch infrastructure expenses 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.

FINANCIAL CONDITION

Total assets as of March 31, 1999 were $780.2 million, an increase of 15.4% from $675.8 million at March 31, 1998. Asset growth was fueled by good loan growth , as loans totaled $473.3 million at March 31, 1999, an increase of 8.4% from $436.7 million at March 31, 1998 . Stockholders' equity totaled $75 million at March 31, 1999, which represents a book value of $9.96 per share.

Deposit growth remained steady. Total deposits at March 31, 1999 were $618.6 million, up 10.3% from $560.6 million at March 31, 1998. Other borrowings totaled $64.5 million at March 31, 1999, a 67.1% increase over $38.6 million at March 31, 1998. This is reflective of the Company's effort to better leverage its strong capital position. 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. General economic trends as well as conditions affecting individual borrowers affect the level of credit losses. 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 $6.7 million at March 31, 1999 or 1.40% of total loans, as compared to 1.34% at December 31, 1998 and 1.10% at March 31, 1998. At March 31, 1999, non-performing assets of $4,664 million included foreclosed properties of $912,000 and a $689,000 investment in income-producing property.

<TABLE>
<CAPTION>

	MARCH 31, 1999	DECEMBER 31, 1998	MARCH 31, 1998
<S>	<C>	<C>	<C>
Non-accrual loans	$3,063	$2,813	$3,672
Foreclosed properties	912	1,101	1,344
Real estate investment	689	730	942
Non-performing assets	$4, 664	$4,644	$5,958
Allowance for loan losses	$6,708	$6,407	$4,848

Allowance as % of total loans	1.40%	1.34%	1.10%
Non-performing assets to loans and foreclosed properties	.97%	.97%	1.35%

</TABLE>

CAPITAL RESOURCES

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

structure that will assure an adequate level of capital to support anticipated asset growth and absorb potential losses.

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

At March 31, 1999, the Company's ratio of total capital to risk-weighted assets was 15.39% and its ratio of Tier 1 capital to risk-weighted assets was 14.02%. Both ratios exceed the fully phased-in capital requirements. The following summarizes the Company's regulatory capital and related ratios at March 31, 1999:

Tier 1 capital	$ 79,979
Tier 2 capital	$ 7,779
Total risk-based capital	$ 87,758
Total risk-weighted assets	$ 570,349
CAPITAL RATIOS:	
Tier 1 risk-based capital ratio	14.02 %
Total risk-based capital ratio	15.39 %
Leverage ratio (Tier I capital to average adjusted total assets)	11.03 %
Equity to assets ratio	9.61 %

The Company's book value per share at March 31, 1999 was $9.96. 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, 1999, cash, interest-bearing deposits in other banks, federal funds sold, securities available for sale and loans maturing or repricing in one year were 23.1% of total earning assets. At March 31, 1999 approximately $135.9 million or 28.5% 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

The Company's Year 2000 effort is proceeding in accordance with a written plan, which has been adopted by the Company's Board of Directors. Progress reports are provided to the Board on a regular basis. The Company has completed its assessment of the critical computer systems. Testing is completed for all critical systems except for one interface test which will be completed by June 30, 1999. All material business partners have been contacted: issues discussed and surveys of their contingency plans reviewed. The vendors/partners have provided Y2K compliance statements.

The Company's contingency planning phase is in its final review and the modification phase to be completed in early June. Contingency plan alternatives include using a backup processing site, preparing transactions manually, and making applicable system modifications. All contingency plans have been reviewed and are being modified for the second time. This phase should be completed by June 30, 1999. At this time, Management believes the most likely worst case scenario concerning Year 2000 will not have a material effect on the bank's results of operations, liqudity, and financial condition for the year ending December 31, 2000. However, the Bank is dependent on numerous outside vendors whom it can not control. Additionally, no entity can address the virtually unlimited possible circumstances related to Year 2000 issues, including risks outside the Banks market place. These plans will continue to be reviewed to meet new circumstances as they arise.

The Company is now working on customer awareness programs throughout the markets that it serves. These are designed to make the customers aware of our efforts to prepare for all potential situations and to give them our assurances that the Company is prepared. In addition, a cash contingency model is being developed to alert the Company to unusual changes in the cash demand patterns. All processes should be completed by June 30th, while the cash analysis and education of the community will be an ongoing function.

The Company has incurred 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. These cost , unless for depreciable assets , were expensed as incurred. Approximately $72,000 of expenses have been incurred as of March 31, 1999 and all costs have been expensed as incurred.

The following table presents the Company's interest sensitivity position at March 31, 1999. This one-day position, which is continually changing, is not necessarily indicative of the Company's position at any other time.

<TABLE>
<CAPTION>

Interest Sensitivity Analysis
March 31, 1999

	Within 90 Days	90-365 Days	1-5 Years	Over 5 Years	Total
			(In thousands)		
<S>	<C>	<C>	<C>	<C>	<C>
Earning Assets:					
Loans, net of unearned income (3)	$100,658	$ 35,254	$ 181,922	$159,074	$476,908
Investment securities	-	1,005	973	-	1,978
Securities available for sale	5,414	7,386	101,663	90,427	204,890
Federal funds sold	9,916	-	-	-	9,916
Other short-term investments	549	-	-	-	549
Total earning assets	116,537	43,645	284,558	249,501	694,241
	----------	-------------	-------------	------------	-----------
Interest-Bearing Liabilities:					
Interest checking (2)	$ -	$ -	$ 85,914	$ -	$85,914
Regular savings (2)	-	4,053	54,976	-	59,029
Money market savings	63,439	-	-	-	63,439
.					
Certificates of deposit:					
$100,000 and over	34,568	46,341	14,778	-	95,687
Under $100,000	26,493	121,007	86,351	269	

					234,120
Short-term borrowings	17,149	120	-	-	17,269
Long-term borrowings	5,000	150	37,070	5,000	47,220
Total interest-bearing liabilities	146,649	171,671	279,089	5,269	602,678
Period gap	(30,113)	(128,026)	5,471	244,238	
Cumulative gap	$(30,113)	$(158,139)	$(152,668)	$91,570	$91,570
Ratio of cumulative gap to total earning assets	-4.34%	-22.78%	-21.99%	13.19%	

</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

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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, 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 interest income for the Company using different rate scenarios as of March 31, 1999:

CHANGE IN PRIME RATE	% CHANGE IN NET INTEREST INCOME
+200 basis points	+2.56%
Flat	0
-200 basis points	-1.41%

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 longer 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 as of March 31, 1999:

CHANGE IN PRIME RATE	CHANGE IN NET MARKET VALUE (DOLLARS IN THOUSANDS)
+200 basis points	$ -18,704
+100 basis points	-8,263
Flat	376
-100 basis points	12,562
-200 basis points	17,382

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 17, 1999 — s/ G. William Beale
(Date) — G. WILLIAM BEALE, PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR

May 17, 1999 — 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, 1999

<TABLE>
<CAPTION>

EXHIBIT NO.	DESCRIPTION	
<S>	<C>	<C>
2	Plan of acquisition, reorganization, arrangement, liquidation or succession -	NOT APPLICABLE
4	Instruments defining the rights of security holders, including indentures	NOT APPLICABLE
10	Material contracts	NOT APPLICABLE
11	Statement re: computation of per share earnings	NOT APPLICABLE
15	Letter re: unaudited interim financial information	NOT APPLICABLE
18	Letter re: change in accounting principles	NOT APPLICABLE
19	Previously unfiled documents	NOT APPLICABLE
20	Report furnished to security holders	NOT APPLICABLE
22	Published report re: matters submitted to	

	vote of security holders	NONE
23	Consents of experts and counsel	NOT APPLICABLE
24	Power of Attorney	NOT APPLICABLE
99	Additional Exhibits	NONE

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 9

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1999
<PERIOD-END>	MAR-31-1999
<CASH>	35,969
<INT-BEARING-DEPOSITS>	538,189
<FED-FUNDS-SOLD>	9,916
<TRADING-ASSETS>	0
<INVESTMENTS-HELD-FOR-SALE>	1,978
<INVESTMENTS-CARRYING>	204,890
<INVESTMENTS-MARKET>	0
<LOANS>	479,971
<ALLOWANCE>	6,708
<TOTAL-ASSETS>	780,172
<DEPOSITS>	618,599
<SHORT-TERM>	17,269
<LIABILITIES-OTHER>	22,109
<LONG-TERM>	47,220
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	15,061
<OTHER-SE>	599
<TOTAL-LIABILITIES-AND-EQUITY>	780,172
<INTEREST-LOAN>	10,443
<INTEREST-INVEST>	2,697
<INTEREST-OTHER>	0
<INTEREST-TOTAL>	13,140
<INTEREST-DEPOSIT>	5,678
<INTEREST-EXPENSE>	6,283
<INTEREST-INCOME-NET>	6,857
<LOAN-LOSSES>	762
<SECURITIES-GAINS>	19
<EXPENSE-OTHER>	7,203
<INCOME-PRETAX>	2,430
<INCOME-PRE-EXTRAORDINARY>	1,919
<EXTRAORDINARY>	0
<CHANGES>	104
<NET-INCOME>	1,815
<EPS-PRIMARY>	0.24
<EPS-DILUTED>	0.24
<YIELD-ACTUAL>	8.24
<LOANS-NON>	4,664
<LOANS-PAST>	0
<LOANS-TROUBLED>	0
<LOANS-PROBLEM>	2,140
<ALLOWANCE-OPEN>	6,407
<CHARGE-OFFS>	548
<RECOVERIES>	87
<ALLOWANCE-CLOSE>	6,708
<ALLOWANCE-DOMESTIC>	6,708
<ALLOWANCE-FOREIGN>	0
<ALLOWANCE-UNALLOCATED>	6,708

</TABLE>