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, 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, $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 June 30, 1998, Union Bankshares Corporation had 7,182,576 shares of Common Stock outstanding.

UNION BANKSHARES CORPORATION
FORM 10-Q
June 30, 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)

ASSETS	June 30 1998	December 31, 1997	June 30 1997
Cash and cash equivalents:			
Cash and due from banks	$ 24,587	$ 20,147	$ 20,504
Interest-bearing deposits in other banks	1,159	695	645
Federal funds sold	3,560	612	2,722
Total cash and cash equivalents	29,306	21,454	23,871
Securities available for sale, at fair value	146,054	142,108	138,158
Investment securities fair value of $11,385, $10,682 and $10,570, respectively	11,174	10,441	10,803
Total securities	157,228	152,549	148,961
Loans, net of unearned income	449,599	395,338	370,636
Less allowance for loan losses	4,939	4,565	4,297
Net loans	444,660	390,773	366,339
Bank premises and equipment, net	20,621	16,934	15,891
Other real estate owned	1,390	1,746	1,550
Other assets	18,032	12,025	10,947
Total assets	$ 671,237	$ 595,481	$ 567,559
LIABILITIES AND STOCKHOLDERS' EQUITY			
Non-interest-bearing demand deposits	$ 77,770	$ 60,962	$ 56,056
Interest-bearing deposits:			

Savings accounts	53,682	46,693	45,884
NOW accounts	73,351	60,010	57,327
Money market accounts	58,912	50,387	47,624
Time deposits of $100,000 and over	65,147	58,421	53,997
Other time deposits	223,942	195,670	191,578
Total interest-bearing deposits	475,034	411,181	396,410
Total deposits	552,804	472,143	452,466
Short-term borrowings	16,323	27,245	31,566
Long-term borrowings	28,460	23,715	17,850
Other liabilities	5,559	6,870	3,575
Total liabilities	603,146	529,973	505,457
Stockholders' equity:			
Common stock, $2 par value. Authorized 24,000,000 shares; issued and outstanding, 7,182,576, 7,151,874 and 7,142,950 shares, respectively	14,365	14,304	14,262
Surplus	337	388	127
Retained earnings	51,659	49,105	46,663
Accumulated other comprehensive income			
Net unrealized gains on securities available for sale, net of taxes	1,730	1,711	1,050
Total stockholders' equity	68,091	65,508	62,102
Total liabilities and stockholders' equity	$ 671,237	$ 595,481	$ 567,559

</TABLE>

See accompanying notes to consolidated financial statements.

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

<TABLE>
<CAPTION>

	Quarter Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997

<S> <C>

Interest income:				
Interest and fees on loans	$ 10,110	$ 8,305	$ 19,561	$ 16,524
Interest on securities:				
U.S. government and agency securities	242	857	581	1,827
Obligations of states and political subdivisions	999	986	1,973	1,949
Other securities	1,039	374	2,041	559
Interest on Federal funds sold	48	46	164	104
Interest on interest-bearing deposits in other banks	19	10	43	25
Total interest income	12,457	10,578	24,363	20,988
Interest expense:				
Interest on deposits	5,324	4,493	10,315	8,901
Interest on other borrowings	657	591	1,392	1,117
Total interest expense	5,981	5,084	11,707	10,018
Net interest income	6,476	5,494	12,656	10,970
Provision for loan losses (note 2)	480	220	915	420
Net interest income after provision for loan losses	5,996	5,274	11,741	10,550
Other income:				
Service charges on deposit accounts	698	557	1,305	1,046
Other service charges and fees	512	214	960	627
Gains (losses) on securities transactions, net	(27)	(18)	(25)	13
Gains on sales of other real estate owned and bank premises, net	-	299	16	408
Other operating income	128	134	136	97
Total other income	1,311	1,186	2,392	2,191
Other expenses:				
Salaries and benefits	2,640	2,048	5,052	4,081
Occupancy expenses	317	290	611	536
Furniture and equipment expenses	481	442	840	746
Other operating expenses	1,627	1,234	2,955	2,425
Total other expenses	5,065	4,014	9,458	7,788
Income before income taxes	2,242	2,446	4,675	4,953

Income tax expense	416	444	890	1,014
Net income	$ 1,826	$ 2,002	$ 3,785	$ 3,939
Other Comprehensive Income				
Unrealized holding (gains) losses arising during the period net of taxes of $4 and $10 for three and six months of 1998 and $500 and $403 for the three and six months of 1997	$ (7)	$ 972	$ 2	$ 783
Less reclassification adjustments for (gains) losses included in net of taxes of $9 and $8 for three and six months of 1998 and $6 and ($4) for the three and six months of 1997	18	12	17	(9)
Comprehensive Income	$ 1,837	2,986	3,804	4,713
Diluted Earnings per share	$ 0.25	$ 0.28	$ 0.53	$ 0.55
Dividends per share	0.19	0.18	0.19	0.18

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
Six Months Ended June 30, 1998 and 1997
(Dollars in thousands)

<TABLE>
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<S> <C>	1998	1997
Operating activities:		
Net income	$ 3,785	$ 3,939
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation of bank premises and equipment	743	723
Amortization of intangibles	153	22
Provision for loan losses	915	420
Gains on sales of securities available for sale	25	13
Gains on sale of other real estate owned	(16)	(408)
Increase in other assets	(6,148)	(235)
Decrease in other liabilities	(1,311)	(1,105)
Net cash and cash equivalents provided by operating activities	(1,854)	3,369
Investing activities:		
Net increase in securities	(4,697)	(7,065)
Net increase in loans	(54,848)	(19,345)
Acquisition of bank premises and equipment	(4,430)	(2,393)
Proceeds from sales of other real estate owned	418	4,282
Net cash and cash equivalents used in		

investing activities	(63,557)	(24,521)
Financing activities:		
Net increase in non-interest-bearing deposits	16,808	1,051
Net increase in interest-bearing deposits	63,853	11,808
Net (decrease) increase in short-term borrowings	(10,922)	4,163
Increase (decrease) in long-term borrowings	4,880	6,800
Issuance (purchase) of common stock+B15	10	(38)
Cash Dividends paid	(1,231)	(1,139)
Repayment of long-term borrowings	(135)	(75)
Net cash and cash equivalents provided by financing activities	73,263	22,570
Increase in cash and cash equivalents	7,852	1,418
Cash and cash equivalents at beginning of period	21,454	22,453
Cash and cash equivalents at end of period	$ 29,306	$ 23,871

</TABLE>

See accompanying notes to consolidated financial statements.

UNION BANKSHARES CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements (Unaudited)
June 30, 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- and six- month periods ended June 30, 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 six months ended June 30, (in thousands):

	1998	1997
Balance, January 1	$ 4,565	$4,388
Provisions charged to operations	915	420
Recoveries credited to allowance	149	99
Loans charged off	(690)	(610)
Balance, June 30	$ 4,939	$4,297

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 7,177,489 and 7,134,516 for the three months ended June 30, 1998 and 1997 and 7,165,493 and 7,133,366 for the six months ended June 30, 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 7,209,886 and 7,160,183 for the three months ended June 30, 1998 and 1997 and 7,200,795 and 7,157,879 for the six months ended June 30, 1998 and 1997.

4. 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.

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, Union 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.

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 26 branches in its primary trade area.

During the second quarter of 1998 the Company announced a two-for-one stock split to shareholders of record as of May 21, 1998. The Company also announced that the it had filed the necessary application to form a new community bank in Williamsburg, Virginia, named The Bank of Williamsburg. The Company anticipates to begin operations of this wholly owned subsidiary during the second quarter of 1999.

On July 1, 1998, the company completed its acquisition of Rappahannock Bankshares, Inc. Rappahannock National Bank is a $20 million bank in Washington, Virginia. The Company exchanged 316.418 shares of its common stock for each outstanding share of Rappahannock Bankshares, Inc. stock. The impact of this transaction will not have a material effect on the financial condition or results of operations of the Company.

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 1998 was $1.8 million, down from $2.0 million for the same period in 1997. Excluding after tax gains on sales of other real estate of $197,000 in the second quarter of 1997, net income increased by slightly more than 1% in the second quarter of 1998. Diluted earnings per share amounted to $.25 in the second quarter of 1998, as compared to $.28 in the second quarter of 1997. The Company's annualized return on assets for the second quarter of 1998 was 1.11% as compared to 1.43% a year ago. The Company's annualized return on equity totaled 10.83% and 13.13% for the three months ended June 30, 1998 and 1997, respectively. These performance ratios reflect strong asset and capital growth and remain strong performance ratios by industry and peer standards.

Net income for the first six months of 1998 was $3.8 million, down from $3.9 million for the same period in 1997. Excluding after tax gains on sales of other real estate of $269,000 in the first six months of 1997, net income increased by

slightly more than 3.1% in the first six months of 1998. Diluted earnings per share amounted to $.53 in the first six months of 1998, as compared to $.55 in 1997. The Company's annualized return on assets for the first six months of 1998 was 1.18% as compared to 1.43% a year ago. The Company's annualized return on equity totaled 11.46% and 13.17% for the six months ended June 30, 1998 and 1997, respectively.

Net Interest Income

Net interest income on a tax-equivalent basis for the second quarter of 1998 increased by 15.2% to $7.0 million from $6.1 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 continues to put pressure on net interest margins. Average earning assets during the second quarter of 1998 increased by $81.9 million to $598.3 million from the second quarter of 1997, while average interest-bearing liabilities grew by $75.4 million to $515.9 million over this same period. The Company's yield on average earning assets was 8.70%, up from 8.66% a year ago, while its cost of average interest-bearing liabilities also increased slightly from 4.63% to 4.65%.

<TABLE>
<CAPTION>

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

Quarters Ended June 30,

(Dollars in thousands)

<S> <C>

	1998			1997		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets:						
Securities:						
Taxable	$ 83,825	$ 1,369	6.55%	$ 81,682	$ 1,371	6.73%
Tax-exempt(1)	71,126	1,436	8.10%	66,392	1,424	8.60%
Total securities . .	154,951	2,805	7.26%	148,074	2,795	7.57%
Loans, net.	436,768	10,110	9.28%	364,180	8,305	9.15%
Federal funds sold	5,257	48	3.66%	3,598	46	5.13%
Interest-bearing deposits	-	-				
in other banks	1,360	19	5.60%	630	10	6.37%
Total earning assets .	598,336	12,982	8.70%	516,482	11,156	8.66%
Allowance for loan losses	(4,866)			(4,425)		
Total non-earning assets	66,675			43,461		
Total assets	$ 660,145			$ 555,518		
Liabilities & Stockholders' Equity:						
Interest-bearing deposits:						
Checking	$ 73,551	438	2.39%	$ 54,518	351	2.58%
Regular savings	52,573	394	3.01%	47,315	356	3.02%

Money market savings	61,412	522	3.41%	50,029	415	3.33%
Certificates of deposit:						
$100,000 and over	65,352	890	5.46%	51,306	680	5.32%
Under $100,000	221,398	3,080	5.58%	190,094	2,691	5.68%
Total interest-bearing deposits . .	474,286	5,324	4.50%	393,262	4,493	4.58%
Other borrowings	41,647	657	6.33%	47,269	591	5.01%
Total interest-bearing liabilities .	515,933	5,981	4.65%	440,531	5,084	4.63%
Non-interest bearing liabilities:						
Demand deposits	71,188			52,060		
Other liabilities	5,395			4,402		
Total liabilities . .	592,516			496,993		
Stockholders' equity	67,629			58,525		
Total liabilities and stockholders' equity	$ 660,145			$ 555,518		
Net interest income		$ 7,001			$ 6,072	
Interest rate spread			4.05%			4.03%
Interest expense as a percent of average earning assets . . .			4.01%			3.95%
Net interest margin			4.69%			4.72%

</TABLE>

<TABLE>
<CAPTION>

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

Quarters Ended June 30,

(Dollars in thousands)

<S> <C>

	1996		
	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets:			
Securities:			
Taxable	$ 70,758	$ 1,057	6.01%
Tax-exempt(1)	64,983	1,300	8.05%
Total securities . .	135,741	2,357	6.98%
Loans, net.	342,680	7,993	9.38%
Federal funds sold	5,399	66	4.92%
Interest-bearing deposits in other banks	433	4	3.72%
Total earning assets .	484,253	10,420	8.65%
Allowance for loan losses	(4,311)		
Total non-earning assets	42,205		
Total assets	$ 522,147		
Liabilities & Stockholders' Equity:			
Interest-bearing deposits:			
Checking	45,763	289	2.54%
Regular savings	56,464	495	3.53%
Money market savings	55,062	448	3.27%
Certificates of deposit:			
$100,000 and over	49,232	647	5.29%
Under $100,000	169,548	2,428	5.76%
Total interest-bearing deposits . .	376,069	4,307	4.61%

	Average Balance	Interest Income/ Expense	Yield/ Rate
Other borrowings	37,594	484	5.18%
Total interest-bearing liabilities	413,663	4,791	4.66%
Non-interest bearing liabilities:			
Demand deposits	50,964		
Other liabilities	4,290		
Total liabilities	468,917		
Stockholders' equity	53,230		
Total liabilities and stockholders' equity	$ 522,147		
Net interest income		$ 5,629	
Interest rate spread			4.00%
Interest expense as a percent of average earning assets			3.98%
Net interest margin			4.68%

</TABLE>

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

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

	Six Months Ended June 30,		
	1998		
	Average Balance	Interest Income/ Expense	Yield/ Rate
<S> <C>			
Assets:			
Securities:			
Taxable	$ 85,921	$ 2,756	6.47%
Tax-exempt(1)	69,989	2,835	8.17%
Total securities	155,910	5,591	7.23%
Loans, net.	428,665	19,561	9.20%
Federal funds sold	7,077	164	4.67%
Interest-bearing deposits	-	-	
in other banks	1,369	43	6.33%
Total earning assets	593,021	25,359	8.62%
Allowance for loan losses	(4,788)		
Total non-earning assets	59,627		
Total assets	$ 647,860		
Liabilities & Stockholders' Equity:			
Interest-bearing deposits:			
Checking	$ 69,318	818	2.38%
Regular savings	50,913	759	3.01%
Money market savings	59,271	1,012	3.44%
Certificates of deposit:			
$100,000 and over	64,719	1,758	5.48%
Under $100,000	214,572	5,968	5.61%
Total interest-bearing deposits	458,793	10,315	4.53%
Other borrowings	49,104	1,392	5.72%
Total interest-bearing liabilities	507,897	11,707	4.65%

Non-interest bearing liabilities:			
Demand deposits	68,221		
Other liabilities	5,167		
Total liabilities	581,285		
Stockholders' equity	66,575		
Total liabilities and stockholders' equity	$ 647,860		
Net interest income		$13,652	
Interest rate spread			3.98%
Interest expense as a percent of average earning assets			3.98%
Net interest margin			4.64%

</TABLE>

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

Six Months Ended June 30,

<S> <C>

	1997			1996		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars in thousands)					
Assets:						
Securities:						
Taxable	$ 78,158	$ 2,515	6.49%	$ 73,117	$ 2,208	6.07%
Tax-exempt(1)	66,414	2,739	8.32%	63,674	2,612	8.25%
Total securities	144,572	5,254	7.33%	136,791	4,820	7.09%
Loans, net.	360,538	16,524	9.24%	337,390	15,830	9.44%
Federal funds sold	4,119	104	5.09%	5,121	135	5.30%
Interest-bearing deposits in other banks	815	25	6.19%	579	13	4.52%
Total earning assets	510,044	21,907	8.66%	479,881	20,798	8.72%
Allowance for loan losses	(4,438)			(4,213)		
Total non-earning assets	43,916			40,553		
Total assets	$ 549,522			$ 516,221		
Liabilities & Stockholders' Equity:						
Interest-bearing deposits:						
Checking	$ 53,165	680	2.58%	45,556	575	2.54%
Regular savings	46,197	707	3.09%	46,293	999	3.57%
Money market savings	52,254	869	3.35%	55,066	900	3.29%
Certificates of deposit:						
$100,000 and over	50,602	1,324	5.28%	48,195	1,283	

						5.35%
Under $100,000	188,610	5,321	5.69%	167,856	4,895	5.86%
Total interest-bearing deposits	390,828	8,901	4.59%	362,966	8,652	4.67%
Other borrowings	43,745	1,117	5.15%	36,485	874	4.82%
Total interest-bearing liabilities	434,573	10,018	4.65%	399,451	9,526	4.68%
Non-interest bearing liabilities:						
Demand deposits	52,463			49,983		
Other liabilities	4,530			4,065		
Total liabilities	491,566			453,499		
Stockholders' equity	57,956			52,722		
Total liabilities and stockholders' equity	$ 549,522			$ 506,221		
Net interest income		$ 11,889			$11,272	
Interest rate spread			4.01%			4.04%
Interest expense as a percent of average earning assets			3.96%			3.99%
Net interest margin			4.70%			4.72%

</TABLE>

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

COMBINED

The following table presents the Company's interest sensitivity position at June 30, 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
June 30, 1998

(In thousands)

<S> <C>

	Within 90 Days	90-365 Days	1-5 Years	Over 5 Years	Total
Earning Assets:					
Loans, net of unearned income (3)	$101,410	$ 37,737	$ 166,118	$ 141,704	$ 446,969
Investment securities	405	2,255	5,300	3,214	11,174
Securities available for sale.	2,481	4,215	53,523	85,835	146,054
Federal funds sold	3,560	-	-	-	3,560
Other short-term investments	1,060	-	99	-	1,159
Total earning assets	108,916	44,207	225,040	230,753	608,916

Interest-Bearing Liabilities:					
Interest checking (2)	-	-	73,351	-	73,351
Regular savings (2)	-	-	53,682	-	53,682
Money market savings	58,912	-	-	-	58,912
Certificates of deposit:	-	-	-	-	
$100,000 and over	15,679	35,215	14,253	-	65,147
Under $100,000	45,424	95,169	83,349	-	223,942
Short-term borrowings	16,233	90	-	-	16,323
Long-term borrowings	-	5,000	16,750	6,710	28,460
Total interest-bearing liabilities	136,248	135,474	241,385	6,710	519,817
Period gap	(27,332)	(91,267)	(16,345)	224,043	
Cumulative gap	$(27,332)	$(118,599)	$(134,944)	$ 89,099	$ 89,099
Ratio of cumulative gap to total earning assets	-4.49%	-19.48%	-22.16%	14.63%	

</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, 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:

Change in Prime Rate	% Change in Net Interest Income
+200 basis points	+2.9
Flat	0
-200 basis points	-2.5%

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 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:

Change in Prime Rate	Change in Net Market Value (dollars in thousands)
+200 basis points	$-17,202
+100 basis points	-7,437
Flat	696
-100 basis points	10,223
-200 basis points	17,974

Provision for Possible Loan Losses

The provision for possible loan losses totaled $480,000 for the second quarter of 1998, up from $220,000 for the second quarter of 1997. The provision for the first six months of 1998 totaled $915,000, up from $420,000 a year ago. 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 six months ended 1998 totaled $2.4 million, up from $2.2 a year ago. This increase is due principally to the increases in income from mortgage brokerage and was partially offset by net gains of approximately $408,000 on sales of real estate owned in the first six months of 1997. 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 21.4% for the six months of 1998, totaling $9.5 million as compared to $7.8 million for 1997. Personnel costs comprised much of this change, increasing approximately 23.8% over the first half of 1997, due principally to the Signet branch acquisition and continued growth. 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 second quarter of 1998 the Company's efficiency ratio was 58.6%.

Financial Condition

Total assets as of June 30, 1998 were $671.2 million, an increase of 12.7% from $595.5 million at December 31, 1997 and 18.3% from $567.6 million at June 30, 1997. Asset growth was fueled by the Signet branch acquisition and steady loan demand, as loans totaled $449.6 million at June 30, 1998, an increase of 13.7% from $395.3 million at December 31, 1997, and 21.3% from $370.6 million at June 30, 1997. Stockholders' equity totaled $68.1 million at June 30, 1998 which represents a book value of $9.48 per share.

Asset and deposit growth in the second quarter was principally a result of the acquisition of the former Signet branches which added $60.9 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 they may cause a short-term drag on earnings, they provide significant potential for growth in market share.

Deposit growth, irrespective of the Signet acquisition, remained steady. Total deposits at June 30, 1998 were $552.8 million, up 17.1% from $472.1 million at December 31, 1997 and 22.2% from $452.5 million a year earlier. Other borrowings totaled $44.8 million at June 30, 1998 a 12.1% decrease over $51.0

million at the end of 1997 and a 9.4% decrease from $49.4 million at June 30, 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 $4.9 million at June 30, 1998 or 1.10% of total loans, as compared to 1.15% at December 31, 1997 and 1.16% at June 30, 1997. At June 30, 1998, non-performing assets of $5.0 million included foreclosed properties of $1.4 million and a $1.0 million investment in income-producing property.
<TABLE>
<CAPTION>

<S> <C>	June 30, 1998	December 31, 1997	June 30, 1997
Non-accrual loans	$2,630	$2,140	$ 284
Foreclosed properties	1,390	1,746	1,779
Real estate investment	954	1,050	2,017
Non-performing assets	$4,974	$4,936	$4,080
Allowance for loan losses	$4,939	$4,565	$4,297
Allowance as % of total loans	1.10%	1.15%	1.16%
Non-performing assets to loans and foreclosed properties	1.10%	1.24%	1.10%

</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 June 30, 1998, the Company's ratio of total capital to risk-weighted assets was 13.52% and its ratio of Tier 1 capital to risk-weighted assets was 12.50%. Both ratios exceed the fully phased-in capital requirements. The following summarizes the Company's regulatory capital and related ratios at June 30, 1998:

Tier 1 capital	$ 60,327
Tier 2 capital	$ 4,939
Total risk-based capital	$ 65,266
Total risk-weighted assets	$ 482,560

Capital Ratios:

Tier 1 risk-based capital ratio	12.50%
Total risk-based capital ratio	13.52%
Leverage ratio (Tier I capital to average adjusted total assets)	9.14%
Equity to assets ratio	9.66%

The Company's book value per share at June 30, 1998 was $9.48. 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, 1998, cash, interest-bearing deposits in other banks, federal funds sold, securities available for sale and loans maturing or repricing in one year were 51.7% of total earning assets. At June 30, 1998 approximately $139.1 million or 31.1% 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, and expects to have substantially completed necessary changes to and testing of these systems by June 1999.

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. This estimate includes some costs, such as the purchase of computer hardware, that will qualify as depreciable assets for accounting purposes, with the related depreciation expense recognized over the estimated lives of the related assets. However, the majority of the costs will be expensed as incurred. 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)

August 13, 1998 s/ G. William Beale
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(Date) G. William Beale,
President, Chief Executive Officer
and Director

August 13, 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 /June 30, 1998

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Exhibit No.	Description	
<S>	<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

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