

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

**FORM 8-K  
CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event reported) April 15, 2003**

**UNION FINANCIAL BANCSHARES, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
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1-5735  
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57-1001177  
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(State or other Jurisdiction of  
incorporation or organization)

(Commission  
File Number)

(IRS Employer  
Identification No.)

203 West Main Street, Union, South Carolina  
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29379-0886  
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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code

(864) 427-9000  
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Not Applicable

(Former name or former address, if changed since last report.)

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**ITEM 7. FINANCIAL STATEMENTS AND OTHER EXHIBITS**

**Exhibit 99.1 Press Release Dated April 15, 2003**

**ITEM 9. REGULATION FD DISCLOSURE**

On April 15, 2003, Union Financial Bancshares, Inc. announced its financial results for the quarter ended March 31, 2003.

The press release announcing financial results for the quarter ended March 31, 2003 is filed as Exhibit 99.1 and incorporated herein by reference.

This information is being furnished pursuant to Item 12 of Form 8-K and is being presented under Item 9 as provided in the Commission's interim guidance regarding Form 8-K Item 11 and Item 12 filing requirements (Release No. 34-47583).

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**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 hereunto duly authorized.

**UNION FINANCIAL BANCSHARES, INC.**

*Dated: April 16, 2003*

*By: /s/ Dwight V. Neese*

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*Dwight V. Neese*

*President and Chief Executive Officer*

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**FOR IMMEDIATE RELEASE**

**CONTACT: DWIGHT V. NEESE  
PRESIDENT  
203 WEST MAIN STREET  
UNION, SC 29379-0866  
(864) 429-1863**

**UNION FINANCIAL BANCSHARES, INC.  
ANNOUNCES SECOND QUARTER EARNINGS**

UNION, SOUTH CAROLINA - April 15, 2003: Union Financial Bancshares, Inc. (Nasdaq: UFBS) announced earnings of \$497,000 for the quarter ended March 31, 2003 compared to earnings of \$472,000 for the second quarter of fiscal 2002, a 5.30% increase. Earnings per share were \$.25 per share (basic) for the second quarter of fiscal 2003 versus \$.24 per share (basic) for the second quarter of fiscal 2002. Net income for the six months ended March 31, 2003 was \$950,000 or \$.48 per share (basic) versus \$900,000 or \$.46 per share (basic) for the same period in 2002, a 5.56% increase.

At March 31, 2003, assets totaled \$344.8 million, a 10.87% increase from \$310.9 million at September 30, 2002. Net loans receivable decreased \$7.3 million or 4.55% to \$154.2 million at March 31, 2003, compared to \$161.6 million at September 30, 2002. Investment and mortgage-backed securities at March 31, 2003, increased 34.10% to \$157.8 million from \$117.6 million at September 30, 2002.

Deposits at March 31, 2003, increased 6.37% to \$213.1 million from \$200.3 million at September 30, 2002.

Commenting on the second quarter results, Dwight V. Neese, President and Chief Executive Officer, stated: "We are pleased to report our operating results for second quarter of fiscal year 2003. Our non-interest income, excluding a gain on the sale of securities of \$182,000 for the quarter ended March 31, 2003 and a loss on the sale of securities of \$42,000 for the quarter ended March 31, 2002, grew at a very healthy rate of 8.33%, while non-interest expense increased only 4.86%. Although our net loans declined from September 30, 2002 by \$7.3 million, our consumer and commercial loan portfolios increased 14.62% over the same period of time. Overall, we are pleased with the results of the quarter."

The Company declared a quarterly dividend of \$0.10 per share on its outstanding common stock, payable on May 15, 2003 to shareholders of record on April 29, 2003.

Union Financial Bancshares is the holding company for Provident Community Bank which operates six banking locations in the upstate of South Carolina. At March 31, 2003, Union Financial had \$344.8 million in total assets and stockholders' equity of \$27.9 million.

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Union Financial Bancshares, Inc. Second Quarter - Fiscal Year Ending September 30, 2003

**FINANCIAL HIGHLIGHTS**

(UNAUDITED) (\$ IN THOUSAND, EXCEPT SHARE DATA)

BALANCE SHEET	QUARTER ENDED	YEAR ENDED		
CHANGE	3/31/03	9/30/02	\$ CHANGE	%
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Total assets	\$344,762	\$310,968	\$33,794	
10.87%				
Cash and interest-bearing deposits	7,373	8,731	(1,358)	-
15.55%				
Investment & mortgage-backed securities	157,748	117,633	40,115	
34.10%				
Loans receivable (net)	154,222	161,576	(7,354)	-
4.55%				
Goodwill and intangible assets	5,325	5,643	(318)	-
5.64%				
Deposits	213,067	200,303	12,764	
6.37%				
Advances and other borrowings	92,725	74,000	18,725	
25.30%				
Trust preferred corporate obligations	8,000	8,000	0	
0.00%				
Stockholders' equity	27,939	27,198	741	
2.72%				
Outstanding shares	1,965,138	1,958,069	7,069	
0.36%				
Book value per share	\$14.22	\$13.89	\$0.33	
2.35%				

Tangible book value per share \$11.51 \$11.01 \$0.50  
 4.54%

INCOME STATEMENTS	THREE MONTHS ENDED		SIX MONTHS ENDED	
	MARCH 31,		MARCH 31,	
	2003	2002	2003	2002
Net interest income	\$2,128	\$2,286	\$4,172	\$4,283
Provision for loan losses	235	250	415	340
Net interest income after loan loss provision	1,893	2,036	3,757	3,943
Noninterest income	559	306	999	570
Noninterest expense	1,791	1,707	3,485	3,313
Income tax	164	163	321	300
Net income	\$ 497	\$ 472	\$ 950	\$ 900
Earnings per share basic	\$0.25	\$0.24	\$0.48	\$0.46
Earnings per share diluted	\$0.24	\$0.25	\$0.46	\$0.45

KEY FINANCIAL RATIOS	SIX MONTHS ENDED	
	2003	2002
Return on average assets	0.58%	0.62%
Return on average stockholders' equity	6.82%	7.32%
Operating expense to average assets	2.14%	2.27%
Capital to average assets	10.96%	11.17%

End of Filing

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