

FIRST FINANCIAL FUND INC
Form N-Q
February 22, 2005

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-04605
First Financial Fund, Inc.
(Exact name of registrant as specified in charter)
1680 38th Street, Suite 800 Boulder, CO 80301
(Address of principal executive offices) (Zip code)

Stephen C. Miller, Esq.

1680 38th Street, Suite 800

Boulder, CO 80301
(Name and address of agent for service)

Registrant's telephone number, including area code: 303-444-5483

Date of fiscal year end: March 31, 2005

Date of reporting period: December 31, 2004

Item 1. Schedule of Investments. The schedules of investments for the period ended December 31, 2004 are filed herewith.

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Portfolio of Investments as of December 31, 2004

(Unaudited)

First Financial Fund, Inc.

| Shares | Description | Value (Note 1) |
|----------------------------------|--|----------------|
| LONG TERM INVESTMENTS 100.3% | | |
| DOMESTIC COMMON STOCKS 90.0% | | |
| Banks & Thrifts-36.6% | | |
| 72,600 | Alliance Bankshares Corporation+ | \$ 1,128,930 |
| 66,000 | American Pacific Bank, Class B+ | 745,866 |
| 468,000 | AmeriServ Financial, Inc.(a) | 2,186,028 |
| 16,800 | Bancorp Rhode Island, Inc. | 663,600 |
| 251,735 | Bancorp, Inc.+ | 4,027,760 |
| 47,086 | Bank of America Corporation | 2,212,571 |
| 40,500 | Bank of Oak Ridge+ | 439,020 |
| 37,800 | CalNet Business Bank+(a) | 756,000 |
| 50,400 | Cardinal Financial Corporation+ | 561,960 |
| 85,000 | Cardinal State Bank+ | 935,000 |
| 38,000 | Carolina Trust Bank+ | 475,000 |
| 282,010 | CCF Holding Company | 5,414,592 |
| 92,700 | City National Corporation | 6,549,255 |
| 62,000 | Coast Financial Holdings, Inc.+ | 1,085,000 |
| 8,400 | Coastal Banking Company, Inc.+ | 147,000 |
| 4,700 | Community Bancorp+ | 143,820 |
| 60,000 | Community Bank(a)(b) | 2,995,800 |
| 89,200 | Community Capital Bancshares, Inc. | 1,036,504 |
| 31,300 | Cornerstone Bancorp, Inc. | 1,070,460 |
| 9,100 | Crescent Banking Company | 240,240 |
| 75,080 | Dearborn Bancorp, Inc.+ | 2,189,333 |
| 71,468 | F.N.B. Corporation | 1,362,895 |
| 9,000 | Fidelity Southern Corporation | 171,000 |
| 48,299 | First Citizens BancShares, Inc., Class A | 7,160,327 |
| 13,011 | First Indiana Corporation | 292,878 |
| 166,363 | First Regional Bancorp+ | 8,925,375 |
| 207,650 | First Republic Bank | 11,005,450 |
| 31,800 | Foothill Independent Bancorp | 746,664 |
| 144,600 | Gateway Financial Holdings | 2,320,830 |
| 64,800 | Greenville First Bancshares, Inc.+ | 1,270,080 |
| 1,700 | Heritage Oaks Bancorp+ | 35,360 |
| 72,500 | IBERIABANK Corporation | 4,811,100 |
| 46,800 | LSB Bancshares, Inc. | 783,900 |
| 219,600 | MetroCorp Bancshares, Inc. | 4,888,296 |
| 80,250 | North Fork Bancorporation, Inc. | 2,315,212 |
| 336,000 | North Valley Bancorp | 6,528,480 |
| 57,000 | Northrim Bancorp, Inc. | 1,339,500 |
| 44,800 | Parkway Bank+ | 571,200 |
| 57,000 | Pennsylvania Commerce Bancorp+ | 3,591,000 |
| 2,000 | Pointe Financial Corporation | 81,500 |
| 5,846 | SCBT Financial Corporation | 196,233 |
| 202,300 | Signature Bank+ | 6,546,428 |
| 246,100 | SNB Bancshares, Inc.+ | 3,634,897 |
| 106,300 | Southern Connecticut Bancorp, Inc.+ | 871,660 |
| 39,700 | Southwest Bancorp, Inc. | 971,856 |
| 29,500 | SuffolkFirst Bank+ | 271,400 |
| 214,070 | Sun Bancorp, Inc.+ | 5,347,469 |
| 322,442 | Taylor Capital Group, Inc. | 10,801,807 |
| 21,100 | Team Financial, Inc. | 268,603 |
| 61,200 | Texas United Bancshares, Inc. | 1,208,700 |

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| | | |
|---------|---------------------------------|-------------|
| 18,400 | The Bank Holdings, Inc.+ | 377,384 |
| 41,200 | The South Financial Group, Inc. | 1,340,236 |
| 16,300 | TIB Financial Corporation | 413,531 |
| 130,000 | Transatlantic Bank+(a)(b)(c) | 1,547,000 |
| 10,600 | TriCo Bancshares | 248,040 |
| 104,000 | UMB Financial Corporation | 5,892,640 |
| 169,500 | UnionBanCal Corporation | 10,929,360 |
| 15,500 | UnionBancorp, Inc. | 329,375 |
| 18,600 | Valley Commerce Bancorp+ | 314,340 |
| 153,560 | Wainwright Bank & Trust Company | 1,896,466 |
| 53,600 | Webster Financial Corporation | 2,714,304 |
| 38,587 | Westbank Corporation | 710,001 |
| 36,700 | Yardville National Bncorp | 1,257,342 |
| | | 151,293,858 |

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| | | | |
|---|---|----|-------------|
| Savings & Loans 28.3% | | | |
| 70,500 | Abington Community Bancorp, Inc. | \$ | 942,585 |
| 163,300 | Atlantic Coast Federal+ | | 2,248,641 |
| 129,280 | Broadway Financial Corporation | | 1,486,720 |
| 15,400 | Carver Bancorp, Inc. | | 307,384 |
| 324,800 | CFS Bancorp, Inc. | | 4,634,896 |
| 24,400 | Charter Financial Corporation | | 1,070,428 |
| 50,900 | Citizens Community Bancorp | | 763,500 |
| 238,500 | Citizens First Bancorp, Inc. | | 5,766,930 |
| 106,500 | Downey Financial Corporation | | 6,070,500 |
| 413,565 | Fidelity Federal Bancorp+ | | 769,231 |
| 800 | First Community Bank Corporation of America+ | | 23,201 |
| 2,400 | First Defiance Financial Corporation | | 68,328 |
| 79,638 | First Federal Bancshares, Inc. | | 1,713,093 |
| 24,000 | First PacTrust Bancorp, Inc. | | 656,400 |
| 63,600 | First Place Financial Corporation | | 1,424,004 |
| 252,000 | FirstFed Bancorp, Inc. | | 1,811,880 |
| 177,600 | Golden West Financial Corporation | | 10,908,192 |
| 90,000 | HMN Financial, Inc. | | 2,889,000 |
| 84,300 | Home Federal Bancorp, Inc.+ | | 1,057,965 |
| 46,900 | Jefferson Bancshares, Inc. | | 616,735 |
| 100,000 | K-Fed Bancorp | | 1,496,000 |
| 54,612 | LSB Corporation | | 1,011,414 |
| 310,300 | MidCountry Financial Corporation(a)(b) | | 4,654,500 |
| 116,500 | Northeast Pennsylvania Financial Corporation | | 2,635,230 |
| 82,300 | Northwest Bancorp, Inc. | | 2,064,907 |
| 219,000 | Ocean Shore Holding Company+ | | 2,649,900 |
| 163,300 | Pacific Premier Bancorp, Inc.+ | | 2,165,358 |
| 94,800 | Parkvale Financial Corporation | | 2,729,292 |
| 73,950 | People s Bank | | 2,875,915 |
| 409,300 | People s Choice Financial Corporation(a)(c) | | 4,093,000 |
| 165,930 | Perpetual Federal Savings Bank | | 4,745,598 |
| 17,500 | Privee LLC(a)(b) | | 2,362,500 |
| 322,200 | Provident Bancorp, Inc. | | 4,249,818 |
| 456,525 | Provident Financial Holdings, Inc. | | 13,170,746 |
| 456,700 | Provident Financial Holdings, Inc.(b) | | 5,199,530 |
| 36,000 | Rainier Pacific Financial Group, Inc. | | 644,400 |
| 40,650 | Redwood Financial, Inc.+ | | 813,000 |
| 90,000 | River Valley Bancorp | | 1,998,000 |
| 317,400 | SI Financial Group, Inc.+ | | 3,932,586 |
| 23,986 | Sovereign Bancorp, Inc. | | 540,884 |
| 100,000 | Sterling Eagle(a)(b) | | 814,000 |
| 110,500 | Third Century Bancorp | | 1,447,550 |
| 150,100 | Woronoco Bancorp, Inc. | | 5,505,668 |
| | | | 117,029,409 |
| Mortgages & REITS 11.6% | | | |
| 565,900 | Aames Investment Corporation; REIT+ | | 6,004,199 |
| 385,000 | Arbor Realty Trust, Inc.; REIT(a) | | 9,447,900 |
| 424,000 | Bimini Mortgage Management, Inc.; REIT+(c) | | 6,779,760 |
| 151,900 | Freddie Mac | | 11,195,030 |
| 272,590 | Medical Office Properties; REIT(a) | | 8,178 |
| 419,500 | Medical Properties Trust, Inc.; REIT(c) | | 4,195,000 |
| 505,000 | MortgageIT Holdings, Inc.; REIT+ | | 9,064,750 |
| 155,504 | Newcastle Investment Holdings Corporation; REIT+(a)(b)(c) | | 1,282,908 |
| | | | 47,977,725 |
| Diversified Financials Services 5.2% | | | |

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|-----------------------|---|------------|
| 53,845 | Bay View Capital Corporation | 824,367 |
| 485,800 | Centennial Bank Holdings, Inc.(a)(b)(c) | 5,100,900 |
| 72,700 | Citigroup, Inc. | 3,502,686 |
| 25,000 | CMET Financial Holdings, Inc.(a)(b)(c) | 1,750,000 |
| 227,798 | Countrywide Financial Corporation | 8,430,804 |
| 60,000 | Independence Financial(a)(b) | 480,000 |
| 93,615 | Mackinac Financial Corp.(a) | 1,557,005 |
| | | 21,645,762 |
| Insurance-4.4% | | |
| 210,900 | Bristol West Holdings, Inc. | 4,218,000 |
| 279,100 | Mercer Insurance Group, Inc.+ | 3,748,313 |
| 184,400 | Ohio Casualty Corporation+ | 4,279,924 |
| 228,700 | Specialty Underwriters Alliance, Inc.+ | 2,172,650 |
| 201,500 | United National Group Ltd., Class A | 3,751,930 |
| | | 18,170,817 |

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| | | | |
|--|--|----|-----------------------|
| Other 3.9% | | | |
| 600,000 | Centennial C Corporation(a)(b) | \$ | 6,300,000 |
| 329,600 | Diamondrock Hospitality Company+ (b)(c) | | 3,296,000 |
| 194,086 | Resource America, Inc., Class A | | 6,307,795 |
| | | | 15,903,795 |
| | Total Domestic Common Stocks (cost \$255,703,982) | | 372,021,366 |
| FOREIGN COMMON STOCKS 9.6% | | | |
| Bermuda 6.4% | | | |
| 89,000 | Aspen Insurance Holdings, Ltd. | | 2,182,280 |
| 223,400 | Assured Guaranty Ltd. | | 4,394,278 |
| 154,800 | Axis Capital Holdings Ltd. | | 4,235,328 |
| 94,500 | IPC Holdings Ltd. | | 4,111,695 |
| 17,900 | White Mountains Insurance Group, Ltd. | | 11,563,400 |
| | | | 26,486,981 |
| Canada 3.2% | | | |
| 507,574 | Canadian Western Bank | | 11,260,123 |
| 204,800 | Sunrise Senior Living, Inc.(c) | | 1,972,534 |
| | | | 13,232,657 |
| | Total Foreign Common Stocks (cost \$26,415,620) | | 39,719,638 |
| PREFERRED STOCKS 0.5% | | | |
| 76,700 | Taylor Capital Trust 1, Cum. Conv. Pfd., 9.75%, 10/31/32 (cost \$1,917,500) | | 2,082,405 |
| WARRANTS-0.2% | | | |
| 195,000 | Dime Bancorp, Inc., Warrant, Expires 11/22/05+ | | 37,050 |
| 3,680 | The Bank Holdings, Inc., Warrant, Expires 5/21/06+ | | 39,744 |
| 1 | Citigroup, Inc. Litigation Tracking, Warrant, Expires 12/31/50+ | | 1 |
| 77,000 | Arbor Realty Trust, Inc.; REIT, Warrant, Expires 6/30/05(a) | | 699,160 |
| | Total Warrants (cost \$248,903) | | 775,955 |
| | Total Long Term Investments (cost \$284,286,005) | | 414,599,364 |
| SHORT TERM INVESTMENTS 6.8% | | | |
| Par Value | Description | | Value (Note 1) |
| Repurchase Agreement 6.8% | | | |
| 28,200,000 | Agreement with Gold Tri-Party, 2.29%, dated 12/31/04, to be repurchased at \$28,205,382 on 1/3/05, collateralized by \$28,764,001 market value of a FNMA Bond, 6.00%, 9/1/34-10/1/34 (Cost \$28,200,000) | \$ | 28,200,000 |
| Total Investments 107.1% (cost \$312,486,005) | | \$ | 442,799,364 |
| | Other Liabilities In Excess Of Other Assets (7.2%) | | (29,928,874) |
| | Net Assets 100% | | 412,870,490 |

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- + Non-income producing security.
 - (a) Indicates a fair valued security. Total market value for fair valued securities is \$48,616,630 representing 10.98% of the total net assets.
 - (b) Private Placement restricted as to resale and does not have a readily available market.
 - (c) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended.
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First Financial Fund, Inc.

December 31, 2004 (Unaudited)

Note 1. Valuation and Investment Practices

Securities Valuation: Securities for which market quotations are readily available-including securities listed on national securities exchanges and those traded over-the-counter- are valued at the last quoted sales price on the valuation date on which the security is traded. If such securities were not traded on the valuation date, but market quotations are readily available, they are valued at the most recently quoted bid price provided by an independent pricing service or by principal market makers. Securities traded via NASDAQ are valued at the NASDAQ Official Close Price (NOCP). Securities for which market quotations are not readily available or for which the pricing agent or market maker does not provide a valuation or methodology, or provides a valuation or methodology that, in the judgment of the adviser, does not represent fair value (Fair Value Securities), are valued at fair value by a Pricing Committee appointed by the Board of Directors, in consultation with the adviser. In such circumstances, the adviser makes an initial written recommendation to the Pricing Committee regarding valuation methodology for each Fair Value Security. Thereafter, the adviser conducts periodic reviews of each Fair Value Security to consider whether the respective methodology and its application is appropriate and recommends methodology changes when appropriate. Prior to implementation, the Pricing Committee reviews and makes a determination regarding each initial methodology recommendation and any subsequent methodology changes. All methodology recommendations and any changes are reviewed by the entire Board of Directors on a quarterly basis.

Short-term securities which mature in more than 60 days are valued at current market quotations. Short-term securities which mature in 60 days or less are valued at amortized cost, which approximates fair value.

Repurchase Agreements: In connection with the repurchase agreement transactions with United States financial institutions, it is the Fund's policy that its custodian take possession of the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market on a daily basis to maintain the adequacy of the collateral. If the seller defaults, and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

Securities Transactions and Net Investment Income: Securities transactions are recorded on the trade date. Realized gains or losses on sales of securities are calculated on the identified cost basis. Dividend income is recorded on the ex-dividend date; interest income including amortization of premium and accretion of discount on debt securities, as required is recorded on the accrual basis, which may require the use of certain estimates by management.

Note 2. Unrealized Appreciation/(Depreciation)

On December 31, 2004, net unrealized appreciation for Federal tax purposes was \$130,313,359, consisting of \$139,499,617 aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost and \$9,186,258 aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value.

Item 2. Controls and Procedures.

(a) The Registrant's Principal Executive Officer and Principal Financial Officer concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (17CFR 270.30a-3(c)), are effective based on his evaluation of the Registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this report.

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

Certification of the Principal Executive Officer and Principal Financial Officer of the Registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is attached hereto as Exhibit 99CERT.

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST FINANCIAL FUND, INC.

By */s/ Stephen C. Miller*
Stephen C. Miller, President
(Principal Executive Officer)

Date February 18, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated

By (Signature and Title) */s/ Stephen C. Miller*
Stephen C. Miller, President
(Principal Executive Officer)

Date February 18, 2005

By (Signature and Title) */s/ Carl D. Johns*
Carl D. Johns, Vice President and Treasurer
(Principal Financial Officer)

Date February 18, 2005
