

FIRST FINANCIAL FUND INC
Form N-Q
February 26, 2007

**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)

2344 Spruce Street, Suite A Boulder, CO
(Address of principal executive offices)

80302
(Zip code)

Stephen C. Miller, Esq.
2344 Spruce Street, Suite A
Boulder, CO 80302
(Name and address of agent for service)

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

Date of fiscal year end: March 31, 2007

Date of reporting period: December 31, 2006

Item 1. Schedule of Investments.

Portfolio of Investments as of December 31, 2006

(Unaudited)

First Financial Fund, Inc.

| Shares | Description | Value (Note 1) |
|----------------------------------|------------------------------------|----------------|
| LONG TERM INVESTMENTS 105.2% | | |
| DOMESTIC COMMON STOCKS 89.5% | | |
| Banks & Thrifts 49.4% | | |
| 41,000 | 1st United Bancorp, Inc. (a) (b) | 553,500 |
| 83,490 | Alliance Bankshares Corporation | 1,306,618 |
| 468,000 | AmeriServ Financial, Inc. (a) | 2,307,240 |
| 73,900 | AmeriServ Financial, Inc. (a) | 364,327 |
| 251,735 | Bancorp, Inc. | 7,451,356 |
| 87,500 | Bankshares of Florida, Inc. | 1,792,000 |
| 88,600 | Bank of America Corporation | 4,730,354 |
| 10,200 | Bank of Commerce Holdings | 122,298 |
| 34,000 | Bank of Marin | 1,225,700 |
| 40,500 | Bank of Oak Ridge | 508,275 |
| 83,300 | Bank of Virginia | 633,080 |
| 527,200 | BankAtlantic Bancorp, Inc. Class A | 7,280,632 |
| 443,100 | BankFinancial Corporation | 7,891,611 |
| 57,000 | BCB Bancorp, Inc. | 955,320 |
| 120,700 | Benjamin Franklin Bancorp, Inc. | 1,967,410 |
| 50,800 | Beverly National Corporation | 1,188,720 |
| 181,900 | Capital Corporation of the West | 5,837,171 |
| 180,100 | Cardinal Financial Corporation | 1,846,025 |
| 85,000 | Cardinal State Bank | 1,010,650 |
| 46,585 | Carolina Trust Bank | 857,164 |
| 340,815 | CCF Holding Company (c) | 6,850,382 |
| 600,000 | Centennial C Corporation (a) | 5,676,000 |
| 41,500 | Centrue Financial Corporation | 808,005 |
| 8,820 | Coastal Banking Company, Inc. | 208,681 |
| 58,300 | Commerce Bancorp, Inc. | 2,056,241 |
| 60,000 | Community Bank (a) (b) | 3,714,600 |
| 66,000 | Community Bank of Orange, N.A. (a) | 287,100 |
| 26,000 | Community Capital Bancshares, Inc. | 326,300 |
| 75,800 | Connecticut Bank & Trust | 598,820 |

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| | | |
|---------|---|------------|
| 9,100 | Crescent Banking Company | 414,778 |
| 114,831 | Dearborn Bancorp, Inc. | 2,181,789 |
| 62,500 | Eastern Virginia Bankshares | 1,410,000 |
| 97,200 | FC Holdings, Inc. (a) (b) | 972,000 |
| 79,300 | FCB Bancorp, Inc. (a) | 1,899,235 |
| 100,000 | Federal City National Bank (a) (b) | 618,000 |
| 16,900 | Fidelity Southern Corporation | 314,509 |
| 39,700 | First American International (a) (b) | 1,052,050 |
| 33,599 | First Citizens BancShares, Inc., Class A | 6,808,501 |
| 42,800 | First Community Bancorp | 2,237,156 |
| 5,830 | First Financial Service Corporation | 179,564 |
| 47,000 | First Indiana Corporation | 1,191,920 |
| 219,534 | First Regional Bancorp (a) | 7,483,914 |
| 386,375 | First Republic Bank | 15,099,535 |
| 234,400 | First Security Group, Inc. | 2,702,632 |
| 66,726 | First Southern Bancorp (a) | 1,718,194 |
| 14,400 | First Trust Bank | 309,600 |
| 193,261 | Florida Capital Group (a) (b) | 2,203,175 |
| 71,468 | FNB United Corporation | 1,310,723 |
| 225,236 | Gateway Financial Holdings | 3,227,632 |
| 137,700 | Great Florida Bank Class A | 2,203,200 |
| 15,300 | Great Florida Bank Class B (a) (b) | 244,800 |
| 92,369 | Greenville First Bancshares, Inc. | 1,969,307 |
| 111,800 | Halyk Savings Bank of Kazakhstan, GDR (d) | 2,459,600 |
| 228,000 | Hampshire First Bank (a) (b) | 2,046,870 |
| 33,527 | Heritage Oaks Bancorp | 576,329 |
| 27,800 | Home Bancshares, Inc. | 668,312 |
| 39,700 | IBERIABANK Corporation (b) | 2,344,285 |
| 29,800 | IBERIABANK Corporation (a) | 1,583,721 |
| 12,300 | ICB Financial (a) (b) | 305,040 |
| 138,600 | LSB Bancshares, Inc. | 2,342,340 |
| 206,400 | MetroCorp Bancshares, Inc. | 4,342,656 |
| 905,600 | National Bancshares, Inc. (a) (b) | 2,128,160 |
| 39,900 | New England Bancshares, Inc. (a) | 528,276 |
| 13,640 | North Bay Bancorp | 387,376 |
| 59,850 | Northrim Bancorp, Inc. | 1,592,010 |
| 54,208 | Parkway Bank | 664,048 |

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| 28,200 | Peapack-Gladstone Financial Corporation | 792,420 |
| 130,500 | Pennsylvania Commerce Bancorp | 3,432,150 |
| 163,590 | Pilot Bancshares, Inc. (a) | 2,764,671 |
| 64,900 | PNC Financial Services Group | 4,805,196 |
| 173,219 | Republic First Bancorp, Inc. | 2,237,989 |
| 20,630 | SCBT Financial Corporation | 860,890 |
| 195,700 | Signature Bank | 6,062,786 |
| 111,615 | Southern Connecticut Bancorp, Inc. | 798,047 |
| 302,900 | Square 1 Financial, Inc. (a) (b) | 2,686,723 |
| 97,500 | State Bancorp, Inc. (a) (b) | 1,672,515 |
| 80,151 | Sterling Bank | 881,661 |
| 32,450 | SuffolkFirst Bank | 327,745 |
| 16,819 | Summit Bank Corporation | 408,534 |
| 229,758 | Sun Bancorp, Inc. | 4,841,001 |
| 21,100 | Team Financial, Inc. | 337,600 |
| 101,100 | Texas United Bancshares, Inc. | 3,471,774 |
| 23,184 | The Bank Holdings, Inc. | 440,496 |
| 79,800 | TIB Financial Corporation | 1,395,702 |
| 71,900 | Tidelands Bancshares, Inc. (a) | 1,102,587 |
| 130,000 | Transatlantic Bank (a) (b) | 2,233,400 |
| 231,000 | UMB Financial Corporation | 8,433,810 |
| 39,200 | UnionBanCal Corporation | 2,401,000 |
| 49,665 | Valley Commerce Bancorp | 1,042,965 |
| 169,299 | Wainwright Bank & Trust Company | 1,855,517 |
| 38,587 | Westbank Corporation | 956,186 |
| 36,700 | Yardville National Bancorp | 1,384,324 |
| | | 207,704,506 |
| Diversified Financial Services 6.4% | | |
| 28,100 | Capital One Financial Corporation | 2,158,642 |
| 25,000 | CMET Financial Holdings, Inc. (a) (b) (d) | 594,000 |
| 131,400 | Delta Financial Corporation (a) | 1,331,082 |
| 76,600 | Delta Financial Corporation (a) | 775,958 |
| 42,400 | E*Trade Financial Corporation | 950,608 |
| 165,700 | Goldleaf Financial Solutions | 969,345 |
| 276,300 | Highland Financial Trust (a) (b) (d) | 4,558,950 |
| 60,000 | Independence Financial Group, Inc. (a) (b) | 600,000 |

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|-----------------------------------|---|------------|
| 93,615 | Mackinac Financial Corporation (a) | 1,076,573 |
| 116,000 | Nasdaq Stock Market, Inc. | 3,571,640 |
| 53,800 | National Financial Partners Corporation | 2,365,586 |
| 74,631 | Peppercoin, Inc. (a) (b) | 400,000 |
| 265,000 | Resource Capital Corporation (a) (d) | 4,491,750 |
| 117,200 | Technology Investment Capital Corporation | 1,891,608 |
| 2,333,333 | Terra Nova Financial Group (a) (b) | 256,433 |
| 36,000 | Trina Solar, Ltd., ADR | 680,400 |
| | | 26,672,575 |
| Insurance 7.0% | | |
| 66,500 | American International Group, Inc. | 4,765,390 |
| 111,800 | Amerisafe, Inc. | 1,728,428 |
| 350,000 | AmTrust Financial Services, Inc. (a) (d) | 2,992,500 |
| 48,700 | Assurant, Inc. | 2,690,675 |
| 90,700 | Conseco, Inc. | 1,812,186 |
| 20,700 | HCC Insurance Holdings, Inc. | 664,263 |
| 141,100 | Ohio Casualty Corporation | 4,206,191 |
| 50,000 | ProAssurance Corporation | 2,496,000 |
| 453,400 | UCBH Holdings, Inc. | 7,961,704 |
| | | 29,317,337 |
| Mortgages & REITS 4.0% | | |
| 57,178 | Accredited Home Lenders | 1,559,816 |
| 458,300 | Cypress Sharpridge (a) (b) (d) | 4,583,000 |
| 55,000 | Embarcadero Bank (a) (b) | 550,000 |
| 458,200 | MortgageIT Holdings, Inc.; REIT | 6,758,450 |
| 155,504 | Newcastle Investment Holdings Corporation; REIT (a) (b) | 1,016,996 |
| 70,700 | RAIT Financial Trust; REIT | 2,437,736 |
| | | 16,905,998 |
| Savings & Loans 22.7% | | |
| 116,000 | Abington Community Bancorp, Inc. | 2,224,880 |
| 104,400 | American Bancorp of NJ | 1,254,888 |
| 40,200 | Appalachian Bancshares, Inc. | 773,850 |
| 339,600 | Bankunited Financial Corporation, Class A | 9,495,216 |

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| 124,326 | Berkshire Hills Bancorp, Inc. | 4,159,948 |
| 129,280 | Broadway Financial Corporation (c) | 1,357,440 |
| 60,100 | Carver Bancorp, Inc. | 936,358 |
| 81,700 | Central Federal Corporation | 603,763 |
| 324,800 | CFS Bancorp, Inc. | 4,758,320 |
| 24,400 | Charter Financial Corporation | 1,257,088 |
| 34,500 | Citizens Community Bank | 560,625 |
| 150,400 | Citizens First Bancorp, Inc. | 4,623,296 |
| 127,400 | Downey Financial Corporation | 9,246,692 |
| 20,600 | ECB Bancorp, Inc. | 671,560 |
| 32,500 | Fidelity Federal Bancorp | 747,500 |
| 25,560 | First Community Bank Corporation of America | 483,340 |
| 57,538 | First Federal Bancshares, Inc. | 1,302,085 |
| 79,400 | Firstfed Financial Corporation | 5,317,418 |
| 43,400 | Georgetown Bancorp, Inc. | 379,750 |
| 93,045 | Great Lakes Bancorp, Inc. | 1,306,352 |
| 3,630 | HF Financial Corporation | 62,944 |
| 128,000 | Home Federal Bancorp, Inc. | 2,196,480 |
| 93,100 | Jefferson Bancshares, Inc. | 1,212,162 |
| 81,700 | Legacy Bancorp, Inc. | 1,294,945 |
| 66,000 | Liberty Bancorp, Inc. | 705,540 |
| 69,812 | LSB Corporation | 1,144,917 |
| 310,300 | MidCountry Financial Corporation (a) (b) | 4,654,500 |
| 47,500 | Newport Bancorp, Inc. | 648,850 |
| 67,100 | Old Line Bancshares, Inc. | 707,905 |
| 163,300 | Pacific Premier Bancorp, Inc. | 1,988,994 |
| 417,200 | People's Choice Financial Corporation (a) (b) (d) | 834,400 |
| 165,930 | Perpetual Federal Savings Bank (c) | 4,305,884 |
| 17,500 | Privee LLC (a) (b) | 2,362,500 |
| 75,100 | Provident Financial Holdings, Inc. | 2,289,799 |
| 40,650 | Redwood Financial, Inc. (c) | 784,545 |
| 90,000 | River Valley Bancorp (c) | 1,624,500 |
| 10,474 | Riverview Bancorp, Inc. | 159,205 |
| 104,900 | Rome Bancorp, Inc. | 1,337,475 |
| 6,300 | Royal Financial, Inc. | 102,312 |
| 289,600 | SI Financial Group, Inc. | 3,550,496 |

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| 81,400 | Southcoast Financial Corporation | 1,684,980 |
| 100,000 | Sterling Eagle (a) (b) | 618,000 |
| 110,500 | Third Century Bancorp (c) | 1,248,650 |
| 162,900 | United Financial Bancorp, Inc. | 2,248,020 |
| 341,100 | Viewpoint Financial Group | 5,778,234 |
| 33,300 | Westfield Financial | 333,000 |
| | | 95,339,606 |
| | Total Domestic Common Stocks (cost \$304,287,514) | 375,940,022 |
| FOREIGN COMMON STOCKS 15.4% | | |
| Bermuda 4.0% | | |
| 66,600 | Arch Capital Group, Ltd. | 4,502,826 |
| 112,000 | CRM Holdings, Ltd. | 1,006,880 |
| 44,900 | Everest Re Group, Ltd. | 4,405,139 |
| 98,000 | Max Re Capital, Ltd. | 2,432,360 |
| 74,400 | Platinum Underwriters Holdings, Ltd. | 2,301,936 |
| 3,700 | White Mountains Insurance Group, Ltd. | 2,143,891 |
| | | 16,793,032 |
| Brazil 1.4% | | |
| 13,200 | Odontoprev S.A. | 211,447 |
| 302,500 | Abyara Planejamento Imobilia | 5,667,447 |
| | | 5,878,894 |
| Canada 2.2% | | |
| 173,074 | Canadian Western Bank | 7,849,829 |
| 47,200 | Laurentian Bank of Canada | 1,226,949 |
| | | 9,076,778 |
| Cayman Islands 0.3% | | |
| 22,200 | Ace, Ltd. | 1,344,654 |

| | | | |
|----------------------------|---|--|-------------|
| China 0.1% | | | |
| 142,000 | China Communications Construction Company, Ltd. | | 140,407 |
| 186,000 | Shanghai Jin Jiang International Hotels Company, Ltd. | | 89,206 |
| | | | 229,613 |
| Germany 1.6% | | | |
| 531,000 | European Capital Beteiligung (a) | | 6,908,204 |
| Netherlands 0.1% | | | |
| 19,900 | Aercap Holdings NV | | 461,282 |
| Switzerland 3.9% | | | |
| 22,390 | Augsburg Re AG (a) (b) (d) | | 0 |
| 44,125 | Augsburg Re AG Convertible Debt (a) (b) (d) | | 24,180 |
| 270,500 | UBS AG | | 16,319,265 |
| | | | 16,343,445 |
| United Kingdom 1.8% | | | |
| 2,012,555 | Aberdeen Asset Management, PLC | | 7,483,857 |
| | | | |
| | Total Foreign Common Stocks (cost \$49,919,408) | | 64,519,759 |
| WARRANTS 0.3% | | | |
| 195,000 | Dime Bancorp, Inc., Warrant, Expires 12/26/50 | | 28,275 |
| 26,500 | Resource Capital Corporation, Warrant, Expires 12/31/09 (a) | | 43,725 |
| | (b) (d) | | |
| 700 | Terra Nova Financial Group, Warrant, Expires 3/20/11 (a) | | 1,119,888 |
| | (b) | | |
| | Total Warrants (cost \$700,000) | | 1,191,888 |
| | Total Long Term Investments (cost \$354,906,922) | | 441,651,669 |

SHORT TERM INVESTMENTS 1.8%

| Par Value | Description | Value (Note 1) |
|--|--|--------------------|
| Repurchase Agreement 1.8% | | |
| 7,700,000 | Deutsche Triparty Mortgage Repo, 5.300% dated 12/29/2006, to be repurchased at \$7,704,534 on 01/02/2007, collateralized by U.S. Government Agency Securities with an aggregate market value plus interest of \$7,854,000, rates from 4.00%-8.00% and maturities from 02/01/2012-03/01/2036. (Cost \$7,700,000) | 7,700,000 |
| Total Investments 107.0% (cost \$362,606,922) | | \$ 449,351,669 |
| | Other Assets and Liabilities (7.0%) | (29,272,392) |
| | Net Assets 100% | 420,079,277 |

-
- Non-income producing security.
- (a) Private Placement restricted as to resale and does not have a readily available market.
- (b) Indicates a fair valued security. Total market value for fair valued securities is \$44,991,690 representing 10.71% of the total net assets.
- (c) Affiliated Company. See Note 3 to Schedule of Investments
- (d) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended.
- ADR - American Depository Receipt
- GDR - Global Depository Receipt
- REIT - Real Estate Investment Trust

See accompanying notes to financial statements.

FIRST FINANCIAL FUND, INC.

Notes to Schedule of Investments

December 31, 2006 (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 on NASDAQ are valued at the NASDAQ Official Closing Price (NOCP). Where market quotations are not readily available or where 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), 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: The Fund may enter into 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. The value of the collateral at the time of the execution must be at least equal to 102% of the total amount of the repurchase obligations, including interest. 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.

Foreign Currency: The books and records of the Fund are maintained in US dollars. Foreign currencies, investments and other assets and liabilities denominated in foreign currencies are translated into US dollars at the exchange rate prevailing at the end of the period, and purchases and sales of investment securities, income and expenses transacted in foreign currencies are translated at the exchange rate on the dates of such transactions. Foreign currency gains and losses result from fluctuations in exchange rates between trade date and settlement date on securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the Fund and the amounts actually received. The portion of foreign currency gains and losses related to fluctuation in the exchange rates between the initial purchase trade date and subsequent sale trade date is included in gains and losses on investment securities sold.

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, or for certain foreign securities, when the information becomes available

to the portfolios. Interest income including amortization of premium and accretion of discount on debt securities, as required, is recorded on the accrual basis, using the effective interest method.

The actual amounts of dividend income and return of capital received from investments in real estate trusts (REITS) and registered investment companies (RICS) at calendar year-end are determined after the end of the fiscal year. The Fund therefore estimates these amounts for accounting purposes until the actual characterization of REIT and RIC distributions is known. Distributions received in excess of the estimate are recorded as a reduction of the cost of investments.

Note 2. Unrealized Appreciation/ (Depreciation)

On December 31, 2006 based on cost of \$362,706,439 for federal income tax purposes aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$102,563,484 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$15,918,254.

Note 3. Transactions With Affiliated Companies

Transactions during the period with companies in which the Fund owned at least 5% of the voting securities were as follows:

| Name of Affiliate | Beginning Share Balance | Ending Share Balance | Dividend Income | Market Value |
|--------------------------------|-------------------------|----------------------|-----------------|--------------|
| Broadway Financial Corporation | 129,280 | 129,280 | 12,298 | 1,357,440 |
| CCF Holding Company | 227,210 | 340,815 | 42,602 | 6,850,382 |
| Perpetual Federal Savings Bank | 165,930 | 165,930 | 124,448 | 4,305,884 |
| Redwood Financial, Inc. | 40,650 | 40,650 | | 784,545 |
| River Valley Bancorp | 90,000 | 90,000 | 53,100 | 1,624,500 |
| Third Century Bancorp | 110,500 | 110,500 | 234,260 | 1,248,650 |

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) were effective as of a date within 90 days prior to the filing date of this report (the Evaluation Date), based on their evaluation of the effectiveness of the Registrant's disclosure controls and procedures as of the Evaluation Date.

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (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.

(a) Certification of 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.

Registrant First Financial Fund, Inc.

By /s/ Stephen C. Miller
Stephen C. Miller, President

(Principal Executive Officer)

Date 2/22/07

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

Date 2/22/07

By /s/ Carl D. Johns
Carl D. Johns, Vice President and Treasurer

(Principal Financial Officer)

Date 2/20/07
