HARRODSBURG FIRST FINANCIAL BANCORP INC
Form 10QSB
February 14, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2002.

OR

[   ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 0-26570

Harrodsburg First Financial Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Delaware	61-1284899
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
104 South Chiles Street, Harrodsburg, Kentucky	40330
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (859) 734-5452

Indicate by check mark whether the registrant (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 ninety days. Yes X No ____

As of February 7, 2003, 1,334,039 shares of the registrant's common stock were issued and outstanding.

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PART I. FINANCIAL INFORMATION

HARRODSBURG FIRST FINANCIAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	As of December 31, 2002 (unaudited)	
ASSETS		
Cash and cash equivalents	$ 15,123,192	$
Interest bearing deposits in banks	100,000	
Securities available-for-sale at fair value	18,540,983	
Securities held-to-maturity, fair value of $1,240,000 and $2,761,000 at December 31, 2002 and September 30, 2002	1,219,823	
Federal Home Loan Bank stock, at cost	1,852,200	

Loans receivable, net	109,956,917	
Accrued interest receivable	659,333	
Investment in Independence Bancorp of New Albany	1,749,511	
Cash surrender value of life insurance	2,691,291	
Premises and equipment, net	1,995,779	
Core deposit intangible asset	265,872	
Goodwill	356,064	
Other assets	178,606	
Total assets	$ 154,689,571	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	$ 127,297,913	$
Advances from Federal Home Loan Bank	1,000,000	
Advance payments by borrowers for taxes and insurance	301	
Deferred federal income tax	1,635,990	
Dividends payable		
Other liabilities	555,000	
Total liabilities	130,489,204	
Minority interests	1,662,939	
Stockholders' equity		
Common stock, $0.10 per value, 5,000,000 shares authorized; 1,257,987 and 1,257,477 shares issued and outstanding at December 31, 2002 and September 30, 2002, respectively	218,213	
Additional paid-in capital	21,262,650	
Retained earnings, substantially restricted	11,213,394	
Accumulated other comprehensive income	3,066,628	
Treasury stock, 848,109 and 842,209 shares, at cost, as of December 31, 2001 and September 30, 2002, respectively	(12,462,938)	
Unallocated employee stock ownership plan (ESOP) shares	(760,519)	
Total stockholders' equity	22,537,428	
Total liabilities and stockholders' equity	$ 154,689,571	$

See accompanying notes to consolidated financial statements.

HARRODSBURG FIRST FINANCIAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	For the Three-Month Periods Ended December 31,	
	2002	2001

Interest income:		
Interest on loans	$ 1,979,435	$ 2,086,995
Interest and dividends on securities	132,041	75,465
Other interest income	50,991	97,096
Total interest income	2,162,467	2,259,556
Interest expense:		
Interest on deposits	1,059,731	1,261,979
Interest on other borrowings	16,434	48,797
Total interest expense	1,076,165	1,310,776
Net interest income	1,086,302	948,780
Provision for loan losses	29,100	42,000
Net interest income after provision for loan losses	1,057,202	906,780
Non-interest income:		
Loan and other service fees, net	70,410	63,456
Other	204,493	8,448
	274,903	71,904
Non-interest expense:		
Compensation and benefits	453,733	451,690
Occupancy expenses, net	86,642	81,859
Federal and other insurance premiums	7,374	6,917
Data processing expenses	76,385	91,571
State franchise tax	33,828	29,759
Other operating expenses	205,744	176,783
	863,706	838,579
Income before income tax expense	468,399	140,105
Income tax expense	(163,992)	(107,092)
Minority interests	6,156	76,471
Net income	$ 310,563	$ 109,484
Basic earnings per common share	$ .25	$ .09
Diluted earnings per common share	$ .25	$ .09
Weighted average common shares outstanding	1,255,970	1,239,319
Weighted average common shares outstanding after dilutive effect	1,255,970	1,239,319

See accompanying notes to consolidated financial statements.

HARRODSBURG FIRST FINANCIAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
For the Three Month Periods Ended December 31, 2002 and 2001
(unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasur Stock
Balance, September 30, 2002	$218,213	$21,283,692	$10,906,419	$2,867,743	$(12,385,
Comprehensive income:					
Net income			310,563		
Other comprehensive income, net of tax unrealized gains on securities				198,885	
Total comprehensive income					
ESOP shares earned		(21,042)	(3,588)		
Purchase of common stock					(77,
Balance, December 31, 2002	$218,213	$21,262,650	$11,213,394	$3,066,628	$(12,462,
Balance, September 30, 2001	$218,213	$21,237,991	$10,978,953	$3,257,257	$(12,333,
Comprehensive income:					
Net income			109,484		
Other comprehensive income, net of tax unrealized gains on securities				20,351	
Total comprehensive income					
ESOP shares earned		3,981			
Purchase of common stock					(8,
Balance, December 31, 2001	$218,213	$21,241,972	$11,088,437	$3,277,608	$(12,343,

See accompanying notes to consolidated financial statements.

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HARRODSBURG FIRST FINANCIAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Three-Month Periods Ended December 31,	
	2002	2001
Operating activities		
Net income	$ 310,563	$ 109,484
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	29,100	42,000
ESOP benefit expense	39,467	36,764
Provision for depreciation	46,114	30,799
Amortization of loan fees	(50,948)	(35,855)
Accretion/amortization of investment premium/discount	5,401	2,567
FHLB stock dividend	(20,800)	(23,600)
Gain on sale of securities	(18,326)	
Gain on sale of property	(119,855)	
Minority interest	1,239	(76,471)
Change in:		
Interest receivable	7,958	31,286
Interest payable	(3,757)	31,596
Accrued liabilities	(15,708)	41,789
Prepaid expense	72,895	34,497
Cash surrender value of life insurance	(44,350)	
Income tax payable	209,137	110,908
Net cash provided by operating activities	448,130	335,764
Investing activities		
Net (increase) decrease in loans	3,348,196	(2,775,706)
Proceeds from maturity of investment securities - HTM	1,000,000	1,000,000
Proceeds from sale of securities - AFS	2,597,706	7,498,031
Purchase of securities - AFS	(3,665,600)	(4,498,688)
Purchase of bank owned life insurance		(2,500,000)
Proceeds from sale of property	462,543	
Maturity of certificates of deposit	2,792,000	
Investment in Independence Bancorp, Inc.	(2,000,000)	
Purchase of fixed assets	(313,164)	(12,590)
Net cash provided (used) by investing activities	4,221,681	(1,288,953)

See accompanying notes to consolidated financial statements.

HARRODSBURG FIRST FINANCIAL BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
(Unaudited)

	For the Three-Month Period Ended December 31, 2002	2001
Financing activities		
Net increase (decrease) in demand deposits, NOW accounts and savings accounts	2,347,269	71
Net increase (decrease) in certificates of deposit	3,030,172	5,75
Net increase (decrease) in custodial accounts	(64)	(
Purchase of treasury stock	(77,697)	(
Proceeds from FHLB borrowings		7,00
Repayment of FHLB borrowings	(4,000,000)	(7,00
Payment of dividends	(401,975)	(40
Net cash provided by financing activities	897,705	6,05
Increase in cash and cash equivalents	5,567,516	5,10
Cash and cash equivalents, beginning of period	9,555,676	10,79
Cash and cash equivalents, end of period	$ 15,123,192	$ 15,90
Supplemental Disclosures		
Cash payments for:		
Interest on deposits	$ 884,803	$ 1,27
Income taxes	$ 53,194	$

See accompanying notes to consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

Harrodsburg First Financial Bancorp, Inc. ("Company" or "HFFB") is a corporation organized under the laws of Delaware. On July 15, 2001, the Company converted to a bank holding company. The activities of the Company are primarily limited to holding stock in two banks, First Financial Bank ("First Financial"), a wholly-owned subsidiary, and Citizens Financial Bank, Inc. ("Citizens"), in which the Company acquired a 55.8% interest on July 15, 2001. In addition, on December 31, 2002, the Company finalized the purchase of a 22.53% interest in Independence Bancorp of New Albany ("Independence"), which is accounted for using the equity method of accounting. Independence is a bank holding company, which has one bank subsidiary.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of only normal recurring accruals) necessary for fair presentation have been included. The results of operations and other data for the three-month period ended December 31, 2002 are not necessarily indicative of results that may be expected for the entire fiscal year ending September 30, 2003.

2. Purchase of Interest in Bank Holding Company

On December 31, 2002, the Company acquired 200,000 shares of common stock in Independence Bancorp of New Albany at a cost of $10 per share for a total purchase price of $2,000,000. The Company owns a 22.53% interest in Independence and the transaction resulted in the Company recording a core deposit intangible asset of $265,872. This intangible asset is the excess of the purchase price of $2.0 million over the Company's interest acquired in the consolidated book value of Independence at December 31, 2002. This intangible asset will be amortized over its expected useful life. The consolidated assets and stockholders' equity of Independence at December 31, 2002 amounted to $89.6 million and $7.7 million, respectively.

3. Treasury stock

The Company repurchased a total of 5,900 shares of common stock at a total price of $77,697 during the three months ended December 31, 2002.

4. Consolidated Income Statement

	Three Months Ended December 31, 2002				
	HFFB	FFB	CFB	ELIMINA-TIONS	CONSOL DATED
Net interest income	$ 12	$ 896	$ 190	$ (12)	$ 1,0
Provision for loan losses	-	-	(29)	-	(

Non-interest income	333	235	40	(333)	2
Non-interest expense	(46)	(615)	(215)	12	(8
Income tax expense	11	(175)	-	-	(1
Minority interest	-	-	-	6	
	$ 310	$ 341	$ (14)	(327)	$ 3

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ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward Looking Statements

The Company may from time to time make written or oral "forward-looking statements", including statements contained in the Company's filings with the Securities and Exchange Commission (including this Quarterly Report on Form 10-QSB and the exhibits thereto), in its reports to stockholders and in other communications by the Company, which are made in good faith by the Company pursuant to the "safe harbor" provision of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements involve risks that uncertainties, such as statements of the Company's plans, objectives, expectations, estimates and intentions, that are subject to changes based on various important factors (some of which are beyond the Company's control). The following factors, among others, could cause the Company's financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: the Strength of the United States economy in general and the strength of the local economy in which the Company conducts operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the board of governors of the federal reserve system, inflation, interest rates, market and monetary fluctuations; the timely development of and acceptance of new products and services of the Company and the perceived overall value of these products and services by users, including the features, pricing and quality compared to competitors' products and services; the willingness of users to substitute competitors' products and services for the Company's products and services; the success of the Company in gaining regulatory approval of its products and services, when required; the impact of changes in financial services' laws and regulations (including laws concerning taxes, banking, securities and insurance); technological changes; acquisitions; changes in consumer spending and savings habits; and the success of the Company at managing the risks resulting from these factors.

The Company cautions that the listed factors are not exclusive. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Company.

Recent Legislation to Curtail Corporate Accounting Irregularities

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Act"). The Securities and Exchange Commission (the "SEC") has promulgated certain regulations pursuant to the Act and will continue to propose additional implementing or clarifying regulations as necessary in furtherance of the Act. The passage of the Act and the regulations implemented by the SEC subject publicly-traded companies to additional and more cumbersome reporting regulations and disclosure. Compliance with the Act and corresponding regulations may increase the Company's expenses.

Financial Condition

The Company's consolidated assets increased approximately $1.6 million, or 1.1% to $154.7 million at December 31, 2002 compared to $153.1 million at September 30, 2002. The increase in assets of $1.6 million was funded primarily by an increase in deposits of $5.4 million net of $4.0 million used to repay advances from the Federal Home Loan Bank.

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Securities available-for-sale increased $1.3 million to $18.5 million at December 31, 2002. The increase of $1.3 million is due to a purchase of U.S. Government Agency backed securities totaling $3.6 million, the increase in the unrealized fair value of these securities totaling $300,000, offset by the sale of mortgage derivative securities totaling $2.6 million. Securities held-to-maturity decreased $1.0 million to $1.2 million at December 31, 2002 due to the maturity of two $500,000 U.S. Government Agency bonds.

Loans receivable, net decreased $3.4 million to $110.0 million at December 31, 2002. Net loans for First Financial decreased $5.1 million, which was offset in part by a net increase in loans for Citizens of $1.7 million. The decrease of $5.1 million in loans for First Financial was primarily due to the repricing of loans and the refinancing of loans by customers resulting from the current interest rate environment. The increase in loans for Citizens of $1.7 million represents management's efforts to increase loan growth in the Bank's market area.

The investment in Independence Bancorp of New Albany for $1.7 million was purchased on December 31, 2002. The Company paid $2.0 million for a 22.53% interest in Independence, which resulted in approximately $300,000 recorded as an intangible asset identified as core deposit value.

Total interest bearing liabilities increased $1.4 million to $128.3 million at December 31, 2002 compared to $126.9 million at September 30, 2002. Total deposits for First Financial increased $2.6 million during this period while the total deposits of Citizens increased $2.8 million. The $5.4 million increase in interest-bearing deposits was offset by the repayment of $4.0 million in advances from the Federal Home Loan Bank.

Stockholders' equity was $22.5 million at December 31, 2002, an increase of approximately $500,000 from the balance at September 30, 2002. The increase in stockholders' equity was due to net income of $310,000, an increase in net unrealized gains on available-for-sale securities of $199,000 plus an increase of $39,000 from the release of ESOP shares, offset in part by the purchase of Company stock totaling $78,000.

Net Income

Net income increased $201,000, or 183.4%, to $310,000 for the three months ended December 31, 2002 compared to the same period in 2001. Net interest income increased $138,000, non-interest income increased $203,000, and the provisions for loan losses decreased $13,000, which were offset by an increase of $26,000 in non-interest expense, an increase of $57,000 in income tax expense and a decrease of $70,000 in Citizens' loss.

Net Interest Income

Net interest income for the three months ended December 31, 2002 was $1.1

million. The increase in net interest income of $138,000 in the quarter ended December 31, 2002 compared to the same period in 2001 was due to a decrease in interest expense of $235,000, partially offset by a decrease in interest income of $97,000. Interest income in the 2002 period was $2.2 million with an average yield of 5.69% compared to $2.3 million with an average yield of 6.62% in the 2001 period. Interest expense in the 2002 period was $1.1 million with an average rate paid of 3.36% compared to $1.3 million with an average rate paid of 4.59% in the 2001 period.

Interest Income

Interest income was $2.2 million, or 5.69% of average interest-earning assets for the three months ended December 31, 2002 compared to $2.3 million, or 6.62% of average interest-earning assets for the same period in 2001. The decrease in interest income of $97,000 was due to the reduced yields from lower market interest rates earned in 2002 compared to 2001 offset in part by an increase in the average balance of interest-earning assets in 2002. The average balance of interest-earning assets was $151.9 million in the three month period ended December 31, 2002 compared to $136.6 million for this same period in 2001.

Interest Expense

Interest expense was $1.1 million, or 3.36% of average interest-bearing liabilities for the three months ended December 31, 2002 compared to $1.3 million, or 4.59% of average interest-bearing liabilities for the same period in 2001. The decrease in interest expense of $235,000 was due to the reduction in the rates paid on the average interest-bearing liabilities in 2002 compared to 2001, offset in part by an increase in the average balance of interest-bearing liabilities in 2002. The average balance of interest-bearing liabilities was $128.2 million in the three month period ended December 31, 2002 compared to $114.2 million for the same period in 2001.

Provision for Losses on Loans

The provision for losses is charged to operations to bring the total allowance for loan losses to a level that represents management's best estimate of the losses inherent in the portfolio based on:

- Historical experience;
- Volume;
- Type of lending;
- Industry standards;
- The level and status of past due and non-performing loans;
- The general and local economic conditions; and
- Other factors affecting the collectibility of the loans in the portfolio.

For the three months ended December 31, 2002, the provision for loan losses decreased by $12,900 to $29,100 compared to $42,000 for the same period in 2001. The provision in 2002 of $29,100 was related to the continued growth of Citizens' loan portfolio, which increased by a net $1.7 million during the three month period ended December 31, 2002. The loan portfolio for First Financial decreased by a net $5.1 million in the 2002 period, and no change in the allowance for loan losses related to the First Financial loan portfolio was deemed necessary by management.

The allowance for loan losses is maintained at a level that represents management's best estimates of losses in the loan portfolio at the balance sheet date. However, there can be no assurance that the allowance for losses will be adequate to cover losses, which may be realized in the future and that additional provisions for losses will not be required.

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Non-interest Income

Non-interest income was $275,000 and $72,000 for the quarters ended December 31, 2002 and 2001, respectively. Other non-interest income increased by $196,000 to $204,000 in 2002, primarily due to a $118,000 gain on the sale by First Financial of branch facilities which were replaced by new facilities in 2001. The increase in non-interest income was also attributable to increases in the Company's bank owned life insurance cash value increase of $44,000, and a gain of $18,000 on the sale of available-for-sale securities.

Non-Interest Expense

Non-interest expense increased approximately $26,000, or 3.1% to $864,000 for the three month period ended December 31, 2002 compared to $838,000 for the same period in 2001. Other non-interest expense increased $30,000, primarily due to $24,000 in legal expenses incurred in connection with the investment in Independence Bancorp of New Albany.

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Non-Performing Assets

The following table sets forth information with respect to non-performing assets at the dates indicated. No loans were recorded as restructured loans within the meaning of SFAS No. 15 at the dates indicated.

	December 31, 2002
	(amounts in th
Loans accounted for on a non-accrual basis:(1)	
Real Estate:	
Residential	$ -
Total	-
Accruing loans which are contractually past due 90 days or more:	
Real Estate:	
Residential	231
Other	
Consumer	496
Total	727
Total of non-accrual and 90 day past due loans	$ 727
Percentage of net loans	.66%
Other non-performing assets(2)	$ 69

At December 31, 2002, there were no loans in non-accrual status. Accordingly, all income earned for the nine months ended December 31, 2002 on the loans in the table above, has been included in income.

At December 31, 2002, there were no loans identified by management, which were not reflected in the preceding table, but as to which known information about possible credit problems of borrowers caused management to have serious doubts as to the ability of the borrowers to comply with present loan repayment terms.

The actual capital and the related capital levels as defined by the OTS and FDIC based on the accompanying consolidated financial statements are as follows (in thousands):

	December 31, 2002		
	First Financial		Cit
	Amount	%	Amount
Total risk-based capital (to risk-weighted assets)	$13,512	20.60%	$3,968
Tier I capital (to risk-weighted assets)	$13,129	20.02%	$3,738
Tier I capital (to adjusted total assets)	$13,129	11.18%	$3,738

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(1) Non-accrual status denotes any loan past due 90 days and whose loan balance, plus accrued interest, exceeds 90% of the estimated loan

collateral value. Payments received on a non-accrual loan are either applied to the outstanding principal balance or recorded as interest income, or both, depending on assessment of the collectibility of the loan.

(2) Other non-performing assets represent property acquired through foreclosure or repossessions accounted for as a foreclosure in-substance. This property is carried at the fair market of the property value, net of selling expenses.

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	September 30, 2002		
	First Financial		Cit
	Amount	%	Amount
Total risk-based capital (to risk-weighted assets)	$14,485	21.11%	$3,994
Tier I capital (to risk-weighted assets)	$14,102	20.55%	$3,752
Tier I capital (to adjusted total assets)	$14,102	11.67%	$3,752

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") required each federal banking agency to implement prompt corrective actions for institutions that it regulates. In response to this requirement, regulations were adopted requiring banks to meet specified capital requirements. The rules provide that a bank is "well capitalized" if its total risk-based capital ratio is 10% or greater, its Tier 1 risk-based capital ratio is 6% or greater, its leverage capital ratio is 5% or greater and the institution is not subject to a capital directive. Under these regulations, First Financial and Citizens were deemed to be "well capitalized" as of December 31, 2002 and September 30, 2002. There are no conditions or events since those notifications that management believes would change its classifications.

Liquidity

The liquidity of the Company depends primarily on the dividends paid to it by First Financial and Citizens. The payment of cash dividends by First Financial and Citizens on their common stocks is limited by regulations of the OTS and the FDIC, which are tied to their level of compliance with their regulatory capital requirements.

First Financial's and Citizens' primary sources of funds are deposits and proceeds from principal and interest payments of loans. Additional sources of liquidity are advances from the FHLB of Cincinnati and other borrowings, such as Federal Funds purchased. At December 31, 2002, First Financial had advances from the FHLB totaling $1.0 million. First Financial utilizes FHLB of Cincinnati borrowings during periods when management believes that such borrowings provide a lower cost source of funds than deposit accounts and it desires liquidity in order to help expand its lending operations.

The Company's operating activities produced positive cash flows for the quarters ended December 31, 2002 and 2001.

The Company's most liquid assets are cash and cash-equivalents, which include investments in highly liquid, short-term investments. At December 31, 2002 and September 30, 2002, cash and cash equivalents totaled $15.1 million and $9.6

million, respectively.

At December 31, 2002, First Financial and Citizens had $78.1 million in certificates of deposits due within one year and $21.3 million due between one and three years. Management believes, based on past experience, that First Financial and Citizens will retain much of the deposits or replace them with new deposits. At December 31, 2002, First Financial and Citizens had $1.4 million in outstanding commitments to originate mortgages, unused home equity and commercial lines of credit totaling $3.0 million and available construction loan draws of $1.7 million. First Financial and Citizens intend to fund these commitments with short-term investments and proceeds from loan repayments.

Item 3 Controls and Procedures

(a) Evaluation of disclosure controls and procedures. Based on their evaluation as of a date within 90 days of the filing date of this Quarterly Report on Form 10-QSB, the Registrant's principal executive officer and principal financial officer have concluded that the Registrant's disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

(b) Changes in internal controls. There were no significant changes in the Registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. Other Information

Item 1. Legal Proceedings..None

Item 2. Changes in Securities..None

Item 3. Defaults Upon Senior Securities.......................................None

Item 4. Submission of Matters to a Vote of Security Holders...............None

Item 5. Other Information...None

Item 6. Exhibits and Reports on Form 8-K

Number	Description
(A)	Exhibit 99.0-Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(B)	No reports on Form 8-K were filed during the quarter ended December 31, 2002.

SIGNATURES

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

Harrodsburg First Financial Bancorp, Inc.

/s/ Arthur L. Freeman	February 11, 2003
Arthur L. Freeman, President and Chief Executive Officer	Date
/s/ Jack Hood	February 11, 2003

Jack Hood, Secretary/Treasurer (Chief Accounting Officer)   Date

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SECTION 302 CERTIFICATION

I, Arthur L. Freeman, President and Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Harrodsburg First Financial Bancorp, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003

/s/ Arthur L. Freeman

Arthur L. Freeman
President and Chief Executive Officer

SECTION 302 CERTIFICATION

I, Jack D. Hood, Treasurer, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Harrodsburg First Financial Bancorp, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue

statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   (c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 11, 2003

/s/ Jack D. Hood

Jack D. Hood
Treasurer
(Chief Financial and Accounting Officer)