

CAMCO FINANCIAL CORP
Form FWP
October 19, 2012

Camco Financial Corporation
Advantage Bank
Investment Overview
October 2012
Free Writing Prospectus

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October 19, 2012

Financial Disclosure

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Some of our statements contained in this presentation are forward-looking statements within the meaning of the Section 27A and Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are including this statement in reliance on the safe harbor provisions. Forward-looking statements are not guarantees of performance or results. When we use words such as may, might, intend, continue, expect, project, predict, estimate, target, could, is likely, should, would, will, etc., we are identifying forward-looking statements, although we may use other phrasing.

All statements other than statements of historical fact included in this presentation regarding our outlook, financial position and resources and interest rate sensitivity are forward-looking statements. These forward-looking statements also include, but are not limited to, conditions created by state and federal legislation and regulations; anticipated changes in general interest rates and the impact on our profitability, capital adequacy and the fair value of our financial assets and liabilities; retention of our existing customer base and development of new products and services and their success in the marketplace; the adequacy of the allowance for loan losses; loan and deposit account growth, expense levels, liquidity and capital resources and projections of earnings.

The forward-looking statements contained in this presentation are based on our beliefs and assumptions and on the information available to us. These disclosures were prepared and involve known and unknown risks, uncertainties and other factors which may cause our actual results to differ from future results expressed or implied by such forward-looking statements. Although we believe the expectations reflected in such forward-looking statements are reasonable, we can give no assurance such expectations will prove to have been correct. Important factors that could cause actual results to differ from forward-looking statements included herein include, but are not limited to, competition in the industry and markets in which we operate; changes in general interest rates; loan demand; rapid changes in technology affecting the financial services industry; real estate market conditions and general economic and business conditions.

For other factors, risks and uncertainties that could cause our actual results to differ materially from estimates and projections contained in this prospectus, please read the *Risk Factors* section of the Prospectus that relates to the rights offering. All written or oral forward-looking statements are expressly qualified in their entirety by this cautionary note. Any forward-looking statement speaks only as of the date which such statement is made. Where required by law, we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement in any circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

this
offering.

You
may
obtain
these
documents

for
free
by
visiting
EDGAR
on
the
SEC
Website
at
www.sec.gov.

Alternatively,
CAFI
or
ParaCap
Group,
LLC,
financial

Offering Considerations

Offering Overview

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Issuer:

Camco Financial Corporation (NASDAQ: CAFI)

Securities Offered:

Common stock

Offering Price:

\$1.75 per share

Offering Size:

Up to \$10.0 million (no minimum)

Warrant Terms:

For every 2 shares purchased in the offering,
investors will receive one non-transferrable
warrant to purchase common stock within five
years at \$2.10 per
share

Insider Commitment:

\$2.45 million -

\$3.50 million on the same terms

as all offering participants

Financial Advisor &

Information Agent:

ParaCap Group LLC

Offering Overview

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Rights Offering Terms:

Basic subscription rights allow existing shareholders to purchase one new share for each share owned as of the record date, subject to pro rata cutback

Oversubscription Privilege:

Existing shareholders may subscribe for additional shares over their basic rights; oversubscription shares are subject to pro rata cutback if total rights offering proceeds exceed \$10.0 million

Record Date:

July 29, 2012

Rights Offering Expiration:

October 31, 2012, unless extended

Public Offering:

To the extent that any shares remain unsold in the rights offering, Camco may elect to conduct a public offering on the same terms as the rights offering

Investment Highlights

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Unique franchise combining Columbus and Cincinnati with community banking markets on I-77 corridor

New, committed management

Improved asset quality

Strengthened balance sheet

Return to profitability
Significant progress with consent order requirements
Attractive valuation

Camco Financial Overview

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Unique Franchise

Assets: \$767 Million*

Branches: 22

I-77 Corridor

9 branches / \$322 million deposits**

Cincinnati / Dayton

8 branches / \$183 million deposits**
Columbus / Washington Court House
5 branches / \$137 million deposits**

* Asset

data

as

of

6/30/12;

**

Branch

deposit

data

as

of

6/30/11

per

FDIC

Ohio
has
posted
the
fourth
largest
increase

in
jobs
of
all
50
states,
on
a
year-over-year
basis from August 2011

From
August

2011
to

August
2012,

Ohio
added

98,300

jobs,
trailing

only
Texas,

New
York

and California

All of Camco's markets have witnessed a significant decline in the unemployment rate over the last year and remain notably below the national unemployment rate:

Cambridge, OH

Cincinnati-Middletown, OH-KY-IN

Parkersburg-Marietta-Vienna, WV-OH

Washington Court House, OH

Columbus, OH

Dayton, OH

New Philadelphia-Dover, OH

Ohio

Nationwide

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Unique Franchise

(23.7%)

(23.0%)

(20.0%)

(24.2%)

(24.4%)

(22.3%)

(27.9%)

(22.7%)

(13.3%)

7.4%

6.7%

6.8%

6.9%

5.9%

7.3%

6.2%

6.8%

7.8%

Year-Over-Year Change

in Unemployment Rate

August 2012

Unemployment Rate

Source: Bureau of Labor Statistics and SNL

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Committed Management

Following its terminated merger with First Place Financial in 2008, Camco welcomed in a new management team, led by Jim Huston, that has successfully resolved legacy credit quality issues, returned the Company to profitability and positioned Camco to begin lending again in a meaningful way.

James

E.

Huston
was
named
Chief
Executive
Officer,
President
and
Chairman
of
the
Board

of
Camco
Financial
Corporation in

December 2008. Mr. Huston worked as an Independent Consultant for financial institutions from July 2006 through December 2008, including for Camco from September 2008 through December 2008. From February 2006 until July 2006, Mr. Huston served as interim Chief Financial Officer for the Federal Home Loan Bank of Des Moines. Mr. Huston was employed by First Consumer National Bank in Portland, Oregon, from November 2001 until November 2005, serving as the Chief Executive Officer from March 2002 until November 2005. Mr. Huston served as Executive Vice President and Chief Financial Officer of Aames Financial Corporation, Los Angeles, California, from August 2000 to November 2001. He was employed by Bank One Corporation, Columbus, Ohio, from 1992 to 2000 where he held several executive positions, including Senior Vice President and Chief Financial Officer, Bank One Consumer Financial Services from May 1997 to August 2000.

John
E.
Kirksey
has
been
the
Senior
Vice
President,
Chief
Financial
Officer
and
Treasurer
of
Camco
Financial
Corporation and

Advantage Bank since March 2011. Mr. Kirksey was previously employed by Modern Medical, Inc. from 2008 through 2010, serving as the Director of Operations. Prior to that, Mr. Kirksey served in several financial leadership roles at JPMorgan Chase including Vice President/Planning and Analysis Manager, Retail Banking from 2002 to 2008; Vice President/Senior Finance Manager, Retail Group from 1997 to 2002; and Vice President/Strategic Planning in 1996 (with Banc One Corporation). At Banc One, Richmond, Mr. Kirksey served as Chief Financial Officer from 1989 to 1996. Mr. Kirksey holds a Master of Business Administration, Finance degree from Indiana University, Bloomington, Indiana, and a Bachelor of Science degree in Business Administration and Economics from Manchester College, North Manchester, Indiana.

Jeffrey

T.
Tucker
is
a
Certified
Public
Accountant
and
Sole
Member
of
the
accounting
firm
Tucker
&
Tucker
CPAs,
LLC,

Cambridge, Ohio, a position he has held since 1984. Mr. Tucker was named Lead Independent Director of Camco Financial Corporation in February 2009.

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Committed Management
Camco's directors
and
officers
currently
own

approximately

7.2%

of

the

Company's

outstanding

shares

(10.5%

on a fully diluted basis). They have indicated their intention to collectively invest an additional \$2.45 million to \$3.50 million through the exercise of their basic and oversubscription rights. The insiders will be investing on the same terms as all other offering participants, and their involvement is subject to being cut back if the rights offering

is

oversubscribed.

As

shown

below,

assuming

a

\$10.0

million

offering,

the

insiders

aggregate

pro forma ownership could be as high as 19.2% (23.1% on a fully diluted basis).

* Existing Ownership as of 9/21/12

Total Shares Outstanding

7,468,087

Total Options Outstanding

585,900

Pro Forma Shares (\$10MM Offering)

13,182,373

Pro Forma Warrants and Options (\$10MM Offering)

3,443,043

Warrants and

% of Total Shares

Directors & Officers

Common Stock

Options

Basic

Diluted

Existing Ownership*

535,000

310,000

7.2%

10.5%

\$2.45 Million Commitment

1,400,000

700,000

14.7%

17.7%

\$3.50 Million Commitment

2,000,000

1,000,000

19.2%

23.1%

12

Dollars In Thousands

* Based on management internal reports

Improved Asset Quality

\$85,000

\$63,324

\$51,219

\$48,343

\$30,000

\$40,000

\$50,000

\$60,000

\$70,000

\$80,000

\$90,000

12/31/2009

12/31/2010

12/31/2011

6/30/2012

Classified Assets*

13
Dollars In Thousands
Improved Asset Quality
\$53,484
\$32,848
\$33,779
\$24,918

\$23,653

\$0

\$10,000

\$20,000

\$30,000

\$40,000

\$50,000

\$60,000

12/31/2008

12/31/2009

12/31/2010

12/31/2011

6/30/2012

Nonperforming Loans

14
Dollars In Thousands
Improved Asset Quality
* Through 6/30/2012
\$21,440
\$17,689
\$4,617

\$1,489
\$0
\$5,000
\$10,000
\$15,000
\$20,000
\$25,000
2009
2010
2011
2012 YTD*
Net Charge Offs

15
Dollars In Thousands
Strengthened Balance Sheet
\$167,106
\$97,291
\$92,934
\$63,604

\$58,445
\$25,000
\$50,000
\$75,000
\$100,000
\$125,000
\$150,000
\$175,000
12/31/2008
12/31/2009
12/31/2010
12/31/2011
6/30/2012
FHLB Borrowings

Strengthened Balance Sheet

- 0%
- 10%
- 20%
- 30%
- 40%
- 50%

60%

12/31/2009

12/31/2010

12/31/2011

6/30/2012

Deposit Composition (% of Total Deposits)

Noninterest-bearing

Other Transaction

MMDA & Savings

16

Return to Profitability
2009
2010
2011
2012
YTD*
Gross

Earning

Assets

5.39%

5.41%

5.12%

4.62%

Cost of

Funds

2.54%

1.97%

1.54%

1.31%

NIM

2.91%

3.50%

3.66%

3.42%

17

* Through 6/30/2012

5.39%

5.41%

5.12%

4.62%

2.54%

1.97%

1.54%

1.31%

2.91%

3.50%

3.66%

3.42%

1.00%

2.00%

3.00%

4.00%

5.00%

6.00%

2009

2010

2011

2012 YTD

Gross

COF

NIM

Return to Profitability

18

2008 Pretax Loss

(\$20,440)

2009 Pretax Loss

(\$17,514)

2010 Pretax Loss

(\$14,041)

2011 Pretax Earnings

\$758

2012 Pretax Earnings:

Quarter Ended March 31, 2012

\$450

Quarter Ended June 30, 2012

\$420

2012 YTD

\$870

Dollars In Thousands

Return to Profitability

19

-30%

-25%

-20%

-15%

-10%

-5%
0%
5%
10%
15%
20%

Return on Average Equity (%)

Following an extended period of consistent attractive returns, the economic downturn led to substantial losses in 2008-2010. Camco returned to profitability beginning in the second half of 2011 and the trend has accelerated into 2012.

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Regulatory Compliance
Retain
qualified
management
and
increase

board

participation

Tier 1 Leverage Ratio of 9.0% / Total Risk-Based Capital of 12.0%

Establish acceptable capital plan

Establish acceptable concentration of credit plan

Reduce CRE concentration to less than 300% of Total Risk-Based Capital

Establish plan for reduction of classified assets / charge off loss-rated assets

Establish

plans

for

liquidity

risk

management

and

sensitivity

to

interest

rate

risk

Establish acceptable strategic plan and test on a quarterly basis

Establish comprehensive methodology for determining adequacy of ALLL

Establish profit plan and budget for 2012-2013 and test on a quarterly basis

Assess

officer

incentive

plan

to

ensure

appropriate

alignment

of

incentives

Establish acceptable IT strategic plan and business continuity plan

Advantage Bank was issued a consent order by the FDIC and Ohio DFI on February 9, 2012, that effectively replaced its original order issued July 31, 2009. The order sought improvements in several areas, both financial and administrative. Management believes that the bank has achieved compliance with substantially all of the order's requirements except for those that are dependent upon raising additional capital. Camco believes that the successful completion of its rights offering will strengthen its position with regard to any remaining outstanding items.

Attractive Valuation

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SNL Bank Index Historical Price to Book Multiples (%)

SNL Bank Index Historical Price to Earnings Multiples (x)

101

98

107

104
138
189
209
209
237
229
232
257
231
284
291
266
201
165
154
172
50
100
150
200
250
300
2012
YTD
2011
2010
2009
2008
2007
2006
2005
2004
2003
2002
2001
2000
1999
1998
1997
1996
1995
1994
1993
11.4
12.1
16.8
21.8
14.1
12.6

13.8
14.9
15.1
15.6
19.2
19.0
17.6
22.0
20.8
17.6
14.0
11.6
10.6
15.3
0.0
5.0
10.0
15.0
20.0
25.0
2012
YTD
2011
2010
2009
2008
2007
2006
2005
2004
2003
2002
2001
2000
1999
1998
1997
1996
1995
1994
1993

Attractive Valuation

22

*Assumes \$2.0mm sold to insiders, \$3.0mm through basic rights and \$5.0mm through oversubscription rights

CAFI

Rights Offering

CAFI

(dollars in thousands)

6/30/2012

Adjustments*

Pro Forma

Consolidated Financial Summary

Total Reserves

14,185

\$

-

\$

14,185

\$

Total Goodwill and Intangibles

-

-

-

Trust Preferred

5,000

-

5,000

Stockholders' Equity:

Accumulated Other Comprehensive Income net of

Related Tax Effects

36

-

36

Common Stock

46,740

9,361

56,101

Total Stockholders' Equity

46,776

9,361

56,137

Total Capitalization

51,776

\$

9,361

\$

61,137

\$

Regulatory Capital Ratios

Tier 1 Capital to Tangible Assets (Leverage Ratio)

6.62%

7.65%

Total Risk-Based Capital to Risk Weighted Assets

10.00%

11.21%

Consolidated Financial Data

Consolidated Tangible Common Equity to Assets

6.10%

7.23%

Common Book Value Per Share

6.26

\$

4.26

\$

Tangible Common Book Value Per Share

6.26

\$

4.26

\$

Offering Price / Tangible Book Value Per Share

27.94%

41.09%

Ownership

Shares Outstanding

7,468,087

5,714,286

13,182,373

Pro Forma Ownership -

Existing Shares

100.00%

56.65%

Pro Forma Ownership -

Newly Issued Shares

0.00%

43.35%

Investment Highlights

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Unique franchise combining Columbus and Cincinnati with community banking markets on I-77 corridor

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Significant progress with consent order requirements
Attractive valuation

Additional Information

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To request additional information, please
contact our Information Agent:

(866) 404-2951

A Subsidiary of Paragon Capital Group, LLC