CAMCO FINANCIAL CORP
Form 10-K
March 15, 2004

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

OR

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

For the transition period from ______________________ to ______________________

Commission File Number: 0-25196

CAMCO FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	51-0110823
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

6901 Glenn Highway, Cambridge, Ohio 43725
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (740) 435-2020

Securities registered pursuant to Section 12(b) of the Act:

None	None
(Title of Each Class)	(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $1 par value per share
(Title of Class)

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 90 days. Yes |X| No | |

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. | |

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act) Yes |X| No | |

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the last sale reported as of June 30, 2004, was $116.1 million. (The exclusion from such amount of the market value of the shares owned by any person shall not be deemed an admission by the registrant that such person is an affiliate of the registrant.)

There were 7,351,150 shares of the registrant's common stock outstanding on March 10, 2004.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of Form 10-K: Portions of the Proxy Statement for the 2004 Annual Meeting of Stockholders

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PART I

ITEM 1. BUSINESS.

GENERAL

Camco Financial Corporation ("Camco") is a savings and loan holding company which was organized under Delaware law in 1970. Camco is engaged in the financial services business in Ohio, Kentucky and West Virginia, through its wholly-owned subsidiaries, Advantage Bank ("Advantage" or the "Bank") and Camco Title Insurance Agency, Inc. ("Camco Title"), and its second-tier subsidiary, Camco Mortgage Corporation ("CMC"). Effective October 1, 2003, CMC was dissolved and its operations became part of the Bank. In June 2001, Camco completed a reorganization in which it combined its banking activities under one Ohio savings bank charter which is now known as Advantage Bank. Prior to the reorganization, Camco operated five separate banking subsidiaries serving distinct geographic areas. The branch office groups in each of the regions previously served by the five subsidiary banks now operate as divisions of Advantage Bank utilizing the names under which their respective offices were chartered prior to the restructuring (Cambridge Savings Bank, Marietta Savings Bank, First Savings Bank, First Bank for Savings and Westwood Homestead Savings Bank). Hereinafter, the terms "Advantage" or the "Bank" will be used to include all the preexisting individual financial institutions owned by Camco.

During the periods for which financial information is presented, Camco completed two business combinations. During 2000, Camco completed a business combination with Westwood Homestead Financial Corporation ("WFC") and its wholly-owned subsidiary, Westwood Homestead Saving Bank ("Westwood Savings"). In November 2001, Camco completed a business combination with Columbia Financial of Kentucky, Inc. ("Columbia Financial"), and its wholly-owned subsidiary, Columbia Federal Savings Bank ("Columbia Federal"). Both mergers were accounted for using the purchase method of accounting and, therefore, the financial statements for prior periods have not been restated.

Advantage is regulated by the Ohio Division of Financial Institutions (the "Division") and the Federal Deposit Insurance Corporation (the "FDIC"), as its primary regulators. Advantage Bank is a member of the Federal Home Loan Bank (the "FHLB") of Cincinnati, and its deposit accounts are insured up to applicable limits by the Savings Association Insurance Fund (the "SAIF") administered by the FDIC. Camco is regulated by the Office of Thrift Supervision (the "OTS") as a savings and loan holding company.

Camco's primary lending activities include the origination of conventional fixed-rate and variable-rate mortgage loans for the acquisition, construction or refinancing of single-family homes located in Camco's primary market areas. Camco also originates construction and permanent mortgage loans on condominiums, two- to four-family, multi-family (over four units) and nonresidential properties. In addition to mortgage lending, Camco makes a variety of consumer and commercial loans.

The financial statements for Camco and its subsidiaries are prepared on a consolidated basis. The principal source of revenue for Camco on an unconsolidated basis has historically been dividends from the Bank. Payment of dividends to Camco by the Bank is subject to various regulatory restrictions and tax considerations.

References in this report to various aspects of the business, operations and financial condition of Camco may be limited to Advantage, as the context requires.

Camco's Internet site, http://www.camcofinancial.com, contains a hyperlink to the Securities and Exchange Commission's EDGAR website where Camco's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge as soon as reasonably practicable after Camco has filed the report with the SEC.

LENDING ACTIVITIES

GENERAL. Camco's primary lending activities include the origination of conventional fixed-rate and variable-rate mortgage loans for the construction, acquisition or refinancing of single-family homes located in Advantage's primary market areas. Construction and permanent mortgage loans on condominiums, multifamily (over four units) and nonresidential properties are also offered by Camco. In addition to mortgage lending, Camco makes a variety of commercial and consumer loans.

LOAN PORTFOLIO COMPOSITION. The following table presents certain information regarding the composition of Camco's loan portfolio, including loans held for sale, at the dates indicated:

	At December 31,				
	2003		2002		2001
	Amount	Percent of total loans	Amount	Percent of total loans	Amount
	(Dollars in thousands)				
Type of loan:					
Existing residential properties(1)	$ 652,953	81.1%	$ 641,464	80.5%	$ 705,056
Construction	44,189	5.5	33,122	4.1	42,666
Nonresidential real estate	51,533	6.4	74,094	9.3	70,239
Developed building lots	1,725	0.2	535	0.1	5,908
Consumer and other loans(2)	78,155	9.7	67,712	8.5	69,116
Total	828,555	102.9	816,927	102.5	892,985
Less:					
Undisbursed loans in process	(17,022)	(2.1)	(13,089)	(1.6)	(15,343)
Unamortized yield adjustments	(810)	(0.1)	(1,390)	(0.2)	(1,940)
Allowance for loan losses	(5,641)	(0.7)	(5,490)	(0.7)	(4,256)
Total loans, net	$ 805,082	100.0%	$ 796,958	100.0%	$ 871,446

	At December 31, 2000 Amount	Percent of total loans	1999 Amount	Percent of total loans
	(Dollars in thousands)			
Type of loan:				
Existing residential properties(1)	$ 764,828	82.2%	$ 619,621	85.3%
Construction	56,039	6.0	60,565	8.3
Nonresidential real estate	54,722	5.9	20,831	2.9
Developed building lots	5,640	0.6	4,649	0.6
Consumer and other loans(2)	73,178	7.9	51,079	7.1
Total	954,407	102.6	756,745	104.2
Less:				
Undisbursed loans in process	(19,911)	(2.2)	(27,569)	(3.8)
Unamortized yield adjustments	(918)	(0.1)	(1,088)	(0.1)
Allowance for loan losses	(2,906)	(0.3)	(1,863)	(0.3)
Total loans, net	$ 930,672	100.0%	$ 726,225	100.0%

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(1) Includes loans held for sale, home equity lines of credit and mortgage servicing rights.

(2) Includes second mortgage, multifamily and commercial loans.

Camco's loan portfolio was approximately $805.1 million at December 31, 2003, and represented 77.5% of total assets.

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LOAN MATURITY SCHEDULE. The following table sets forth certain information as of December 31, 2003, regarding the dollar amount of loans maturing in Camco's portfolio based on the contractual terms to maturity of the loans. Demand loans, loans having no stated schedule of repayments and loans having no stated maturity, are reported as due in one year or less.

	Due during the year ending December 31, 2004	Due in years 2005-2009	Due in years after 2009	
	(In thousands)			
Real estate loans(1):				
One- to four-family	$14,717	$47,959	$578,268	$6
Multifamily	421	3,922	40,773	
Nonresidential	2,397	8,908	40,228	

Commercial	1,136	3,045	13,566	
Consumer and other loans(2)	2,267	11,933	2,817	
Construction	3,063	3,309	20,795	
Total	$24,001	$79,076	$696,447	$7

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(1) Excludes loans held for sale of $5.5 million and does not consider the effects of unamortized yield adjustments of $810,000, the allowance for loan losses of $5.6 million and mortgage-servicing rights totaling $6.6 million.

(2) Includes developed building lots.

The following table sets forth at December 31, 2003, the dollar amount of all loans due after one year from December 31, 2004, which have fixed or adjustable interest rates:

	Due after December 31, 2004
	(In thousands)
Fixed rate of interest	$319,515
Adjustable rate of interest	456,008
Total	$775,523

Generally, loans originated by Advantage are on a fully amortized basis. Advantage has no rollover provisions in its loan documents and anticipates that loans will be paid in full by the maturity date.

RESIDENTIAL LOANS. The primary lending activity of Advantage is the origination of fixed-rate and adjustable-rate conventional loans for the acquisition, refinancing or construction of single-family residences. At December 31, 2003, 81.1% of the total outstanding loans consisted of loans secured by mortgages on one- to four-family residential properties.

Federal regulations and Ohio law limit the amount which Advantage may lend in relationship to the appraised value of the underlying real estate at the time of loan origination (the "Loan-to-Value Ratio" or "LTV"). In accordance with such regulations and law, Advantage generally makes loans on single-family residences up to 95% of the value of the real estate and improvements. Advantage generally requires the borrower on each loan which has an LTV in excess of 80% to obtain private mortgage insurance or a guarantee by a federal agency.

The interest rate adjustment periods on adjustable-rate mortgage loans ("ARMs") offered by Advantage are generally one, three and five years. The interest rates initially charged on ARMs and the new rates at each adjustment date are determined by adding a stated margin to a designated interest rate index. Advantage has generally used the one-year, three-year and five-year United States Treasury bill rates, adjusted to a constant maturity, as the index for their one-year, three-year, five-year and seven-year adjustable-rate loans, respectively. Advantage has introduced the use of LIBOR as our additional index on certain loan programs to begin to diversify its concentrations of indices that may prove beneficial during repricing of loans throughout changing economic cycles. The initial interest rates for three-year and five-year ARMs are set slightly higher than for the one-year ARM to compensate for the reduced interest rate sensitivity. The maximum adjustment at each adjustment date for ARMs is usually 2%, with a maximum adjustment of 6% over the term of the loan.

From time to time, Advantage originates ARMs which have an initial interest rate that is lower than the sum of the specified index plus the margin. Such loans are subject to increased risk of delinquency or default due to increasing monthly payments as the interest rates on such loans increase to the fully indexed level. Advantage attempts to reduce the risk by underwriting such loans at the fully indexed rate. None of Advantage's ARMs have negative amortization features.

Residential mortgage loans offered by Advantage are usually for terms of up to 30 years, which could have an adverse effect upon earnings if the loans do not reprice as quickly as the cost of funds. To minimize such effect, Advantage emphasizes the origination of ARMs and generally sells fixed-rate loans when conditions favor such a sale. Furthermore, experience reveals that, as a result of prepayments in connection with refinancings and sales of the underlying properties, residential loans generally remain outstanding for periods which are substantially shorter than the maturity of such loans.

Of the total mortgage loans originated by Advantage during the year ended December 31, 2003, 32% were ARMs and 68% were fixed-rate loans. Adjustable-rate loans comprised 57% of Advantage's total outstanding loans at December 31, 2003.

CONSTRUCTION LOANS. Advantage offers residential construction loans both to owner-occupants and to builders for homes being built under contract with owner-occupants. Advantage also makes loans to persons constructing projects for investment purposes. At December 31, 2003, a total of $44.2 million, or approximately 5.5% of Advantage's total loans, consisted of construction loans, primarily for one- to four-family properties.

Construction loans to owner-occupants are either fixed rate, 30, 15 or seven year balloon loans or adjustable-rate long-term loans on which the borrower pays only interest on the disbursed portion during the construction period. Some construction loans to builders, however, have terms of up to 24 months at fixed or adjustable rates of interest.

Construction loans for investment properties involve greater underwriting and default risks to Advantage than do loans secured by mortgages on existing properties or construction loans for single-family residences. Loan funds are advanced upon the security of the project under construction, which is more difficult to value in the case of investment properties before the completion of construction. Moreover, because of the uncertainties inherent in estimating construction costs, it is relatively difficult to evaluate precisely the total loan funds required to complete a project and the related Loan-to-Value Ratios. In the event a default on a construction loan occurs and foreclosure follows, Advantage could be adversely affected in that it would have to take control of the project and attempt either to arrange for completion of construction or dispose of the unfinished project. At December 31, 2003, Advantage had six construction loans in the amount of $3.6 million on investment properties.

NONRESIDENTIAL REAL ESTATE LOANS. Advantage originates loans secured by mortgages on nonresidential real estate, including retail, office and other types of business facilities. Nonresidential real estate loans are generally made on an adjustable-rate basis for terms of up to 25 years. Nonresidential real estate loans originated by Advantage generally have an LTV of 80% or less. The largest nonresidential real estate loan outstanding at December 31, 2003, was a $3.3 million loan secured by a manufacturing and distribution building. Nonresidential real estate loans comprised 6.4% of total loans at December 31, 2003.

Nonresidential real estate lending is generally considered to involve a higher degree of risk than residential lending due to the relatively larger loan amounts and the effects of general economic conditions on the successful operation of income-producing properties. Advantage has endeavored to reduce this risk by carefully evaluating the credit history and past performance of the borrower, the location of the real estate, the quality of the management constructing or operating

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the property, the debt service ratio and cash flow analysis, the quality and characteristics of the income stream generated by the property and appraisals supporting the property's valuation.

CONSUMER LOANS. Advantage makes various types of consumer loans, including loans made to depositors on the security of their savings deposits, automobile loans, education loans, home improvement loans, home equity line of credit loans and unsecured personal loans. Home equity loans are generally made at a variable rate of interest for terms of up to 10 years. Most other consumer loans are generally made at fixed rates of interest for terms of up to 10 years. The risk of default on consumer loans during an economic recession is greater than for residential mortgage loans. Included in consumer and other loans is approximately $45.1 million of multifamily loans of which the largest is $2.9 million secured by an apartment building. .At December 31, 2003, education, consumer and other loans, excluding multi-family loans, constituted 4.1% of Camco's total loans.

DEVELOPED BUILDING LOTS. Advantage originates loans secured by developed building lots and generally are made on an adjustable-rate basis for terms of up to five years. Developed building lots generally have an LTV of 75% or less.

LOAN SOLICITATION AND PROCESSING. Loan originations are developed from a number of sources, including: solicitations by Camco's lending staff; referrals from real estate brokers, loan brokers and builders; continuing business with depositors, other borrowers and real estate developers; and walk-in customers. Camco's management stresses the importance of individualized attention to the financial needs of its customers.

The loan origination process is decentralized, with each of Advantage's divisions having autonomy in loan processing and approval for its respective market area. Mortgage loan applications from potential borrowers are taken by one of the loan officers of the division originating the loan, after which they are forwarded to the division's loan department for processing. On new loans, the Bank typically obtains a credit report, verification of employment and other documentation concerning the borrower and orders an appraisal of the fair market value of the real estate which will secure the loan. The real estate is thereafter physically inspected and appraised by a staff appraiser or by a designated fee appraiser approved by the Board of Directors of Advantage. Upon the completion of the appraisal and the receipt of all necessary information regarding the borrower, the loan is approved by the loan officer up to such officer's maximum loan approval authority. Loans above the maximum receive additional approval by officers with higher loan approval authority. If the loan is approved, an attorney's opinion of title or title insurance is obtained on the real estate which will secure the loan. Borrowers are required to carry satisfactory fire and casualty insurance and, if applicable, flood and private mortgage insurance, and to name Advantage as an insured mortgagee.

The procedure for approval of construction loans is the same as for residential mortgage loans, except that the appraiser evaluates the building plans, construction specifications and construction cost estimates. Advantage also evaluates the feasibility of the proposed construction project.

Consumer loans are underwritten on the basis of the borrower's credit history and an analysis of the borrower's income and expenses, ability to repay the loan and the value of the collateral, if any.

LOAN ORIGINATIONS, PURCHASES AND SALES. Advantage has been actively originating new 30-year, 15-year, 10-year fixed-rate and seven-year balloon real estate loans as well as adjustable-rate real estate loans, consumer loans and commercial loans. Generally all residential fixed-rate loans made by Advantage are originated with documentation which will permit a possible sale of such loans to secondary mortgage market investors. When a mortgage loan is sold to the investor, Advantage generally services the loan by collecting monthly payments of principal and interest and forwarding such payments to the investor, net of a servicing fee. During the year ended December 31, 2003, Advantage also sold loans with servicing released. Fixed-rate loans not sold and generally all of the ARMs originated by Advantage are held in Advantage's loan portfolio. During the year ended December 31, 2003, Advantage sold approximately $279.0 million in loans. Advantage recognized $3.5 million in mortgage servicing rights during 2003, while amortization of mortgage servicing rights totaled $2.9 million for the year ended December 31, 2003.

From time to time, Advantage sells participation interests in mortgage loans originated by it and purchases whole loans or participation interests in loans originated by other lenders. Advantage held whole loans and participations in loans originated by other lenders of approximately $33.5 million at December 31, 2003. Loans which Advantage purchases must meet or exceed the underwriting standards for loans originated by Advantage.

In recent years, Advantage has purchased mortgage-backed securities insured or guaranteed by U.S. Government agencies in order to improve Camco's asset yield by profitably investing excess funds. Advantage intends to continue to purchase such mortgage-backed securities when conditions favor such an investment. See "Investment Activities."

The following table presents Advantage's mortgage loan origination, purchase, sale and principal repayment activity for the periods indicated:

	Year ended December 31,			
	2003	2002	2001	2
	(In thousands)			
Loans originated:				
Construction	$ 37,791	$ 54,114	$ 35,330	$ 7
Permanent	422,021	447,379	240,625	20
Consumer and other	147,668	70,772	83,126	8

Total loans originated	607,480	572,265	359,081	35
Loans purchased(1)	126,006	116,306	17,755	
Reductions:				
Principal repayments(1)	407,521	441,419	273,212	17
Loans sold(1)	337,376	239,636	215,289	12
Transfers from loans to real estate owned	4,010	1,270	3,208	
Total reductions	748,907	682,325	491,709	30
Increase(decrease) in other items, net(2)	(8,167)	2,262	(3,162)	(
Increase due to mergers(3)	--	--	81,426	14
Net increase(decrease)	$ (23,588)	$ 5,104	$ (36,609)	$ 20

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(1) Includes mortgage-backed securities.

(2) Other items primarily consist of amortization of deferred loan origination fees, the provision for losses on loans and unrealized gains on mortgage-backed securities designated as available for sale.

(3) The 2001 increase resulted from the acquisition of Columbia Financial and the 2000 increase resulted from the acquisition of WFC.

LENDING LIMIT. Federal regulations and Ohio law generally impose a lending limit on the aggregate amount that a depository institution can lend to one borrower to an amount equal to 15% of the institution's total capital for risk-based capital purposes plus any loan reserves not already included in total capital (the "Lending Limit Capital"). A depository institution may loan to one borrower an additional amount not to exceed 10% of the institution's Lending Limit Capital, if the additional amount is fully secured by certain forms of "readily marketable collateral." Real estate is not considered "readily marketable collateral." In applying this limit, the regulations require that loans to certain related or affiliated borrowers be aggregated.

The largest amount which Advantage could have loaned to one borrower at December 31, 2003, was approximately $12.1 million. The largest amount Advantage had outstanding to one borrower and related persons or entities at December 31, 2003, was $5.3 million, which consisted of five loans secured by personal residences, commercial properties and multi-family units.

LOAN ORIGINATION AND OTHER FEES. In addition to interest earned on loans, Advantage may receive loan origination fees or "points" of up to 2.0% of the loan amount, depending on the type of loan, plus reimbursement of

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certain other expenses. Loan origination fees and other fees are a volatile source of income, varying with the volume of lending and economic conditions. All nonrefundable loan origination fees and certain direct loan origination costs are deferred and recognized as an adjustment to yield over the life of the related loan in accordance with Statement of Financial Accounting Standards ("SFAS") No. 91.

DELINQUENT LOANS, NONPERFORMING ASSETS AND CLASSIFIED ASSETS. Advantage attempts to minimize loan delinquencies through the assessment of late charges and adherence to established collection procedures. Generally, after a loan payment is 15 days delinquent, a late charge of 5% of the amount of the payment is assessed and a collection officer contacts the borrower to request payment. In certain limited instances, Advantage may modify the loan or grant a limited moratorium on loan payments to enable the borrower to reorganize his or her financial affairs. Advantage generally initiates foreclosure proceedings, in accordance with applicable laws, when it appears that a modification or moratorium would not be productive.

Real estate which has been acquired by Advantage as a result of foreclosure or by deed in lieu of foreclosure is classified as "real estate owned" until it is sold. "Real estate owned" is recorded at the lower of the book value of the loan or the fair value of the property less estimated selling expenses at the date of acquisition. Periodically, "real estate owned" is reviewed to ensure that fair value is not less than carrying value, and any write-down resulting therefrom is charged to earnings as a provision for losses on real estate acquired through foreclosure. All costs incurred from the date of acquisition are expensed in the period paid.

The following table reflects the amount of loans in a delinquent status as of the dates indicated:

	At December 31,			
	2003	2002	2001	2000
	(Dollars in thousands)			
Loans delinquent for:				
30 to 89 days	$ 8,682	$10,524	$14,238	$10,557
90 or more days	13,608	13,625	7,885	4,726
Total delinquent loans	$22,290	$24,149	$22,123	$15,283
Ratio of total delinquent loans to total net loans(1)	2.77%	3.03%	2.54%	1.64%

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(1) Total net loans includes loans held for sale.

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Nonaccrual status denotes loans for which, in the opinion of management, the collection of additional interest is unlikely, or loans that meet nonaccrual criteria as established by regulatory authorities. Payments received on a nonaccrual loan are either applied to the outstanding principal balance or recorded as interest income, depending on management's assessment of the collectibility of the loan. The following table sets forth information with respect to Advantage's nonaccruing and delinquent loans for the periods indicated.

At December 31,

	2003	2002	2001	200
		(Dollars in thousands)		
Loans accounted for on nonaccrual basis:				
Real estate:				
Residential	$12,135	$11,021	$3,677	$2,0
Nonresidential	357	1,726	367	1
Consumer and other	1,116	878	393	1
Total nonaccrual loans	13,608	13,625	4,437	2,4
Accruing loans delinquent 90 days or more:				
Real estate:				
Residential	--	--	2,564	1,8
Nonresidential	--	--	206	
Consumer and other	--	--	678	4
Total loans 90 days past due	--	--	3,448	2,3
Total nonperforming loans	$13,608	$13,625	$7,885	$4,7
Allowance for loan losses	$ 5,641	$ 5,490	$4,256	$2,9
Nonperforming loans as a percent of total net loans	1.69%	1.71%	.90%	.
Allowance for loan losses as a percent of nonperforming loans	41.5%	40.3%	54.0%	61

The amount of interest income that would have been recorded had nonaccrual loans performed in accordance with contractual terms totaled approximately $808,000 for the year ended December 31, 2003. Interest collected on such loans and included in net earnings was $343,000.

At December 31, 2003, there were no loans which were not classified as nonaccrual, 90 days past due or restructured which management considered classifying in the near future due to concerns as to the ability of the borrowers to comply with repayment terms. Management changed the policy for designating loans as nonaccrual during 2002 to include all loans greater than 90 days past due.

Federal regulations require the Bank to classify its assets on a regular basis. Problem assets are to be classified as either (i) "substandard," (ii) "doubtful" or (iii) "loss." Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the insured institution will sustain some loss if the deficiencies are not corrected. Doubtful assets have the same weaknesses as substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable on the basis of existing facts, conditions and value. Assets classified as "loss" are considered uncollectible and of such little value that their treatment as assets without the establishment of a specific reserve is unwarranted. Federal regulations provide for the reclassification of real estate assets by federal examiners.

At December 31, 2003, the aggregate amounts of Camco's classified assets were as follows:

	At December 31, 2003
	(In thousands)
Classified assets:	
Substandard	$14,225
Doubtful	200
Loss	380
Total classified assets	$14,805

The interpretive guidance of the regulations also includes a "special mention" category, consisting of assets which do not currently expose an insured institution to a sufficient degree of risk to warrant classification, but which possess credit deficiencies or potential weaknesses deserving management's close attention. Advantage classifies nonaccrual residential real estate and consumer loans with a loan to value of 72% or less as a special mention asset. Advantage had assets in the amount of $6.6 million designated as "special mention" at December 31, 2003.

ALLOWANCE FOR LOAN LOSSES. The allowance for loan losses is maintained at a level considered appropriate by management based on historical experience, the volume and type of lending conducted by the Bank, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to the Bank's market areas, and other factors related to the collectibility of the Bank's loan portfolio. The following table sets forth an analysis of Advantage's allowance for loan losses:

	Year ended December 31,			
	2003	2002	2001	2
	(Dollars in thousands)			
Balance at beginning of year	$ 5,490	$4,256	$ 2,906	$ 1
Charge-offs:				
1-4 family residential real estate	509	134	66	
Multifamily and nonresidential real estate	418	--	12	
Consumer and other	392	73	657	
Total charge-offs	1,319	207	735	
Recoveries:				
1-4 family residential real estate	17	23	3	
Multifamily and nonresidential real estate	--	--	--	
Consumer and other	7	249	23	
Total recoveries	24	272	26	
Net recoveries (charge-offs)	(1,295)	65	(709)	
Provision for losses on loans	1,446	1,169	759	

Increase attributable to mergers (1)	--	--	1,300	
Balance at end of year	$ 5,641	$5,490	$ 4,256	$ 2
Net recoveries (charge-offs) to average loans	(.17)%	.01%	(.08)%	

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(1) The 2001 increase resulted from the acquisition of Columbia Financial and the 2000 increase resulted from the acquisition of WFC.

The following table sets forth the allocation of Advantage's allowance for loan losses by type of loan at the dates indicated:

	At December 31,						
	2003		2002		2001		
	Amount	Percent of loans in each category to total loans	Amount	Percent of loans in each category to total loans	Amount	Percent of loans in each category to total loans	Amoun
					(Dollars in thousands)		
Balance at year end applicable to:							
Mortgage loans	$4,452	90.3%	$4,910	91.5%	$3,418	92.1%	$2,44
Consumer and other loans	1,189	9.7	580	8.5	838	7.9	46
Total	$5,641	100.0%	$5,490	100.0%	$4,256	100.0%	$2,90

INVESTMENT AND MORTGAGE-BACKED SECURITIES ACTIVITIES

Federal regulations require that Advantage maintain a minimum amount of liquid assets, which may be invested in United States Treasury obligations, securities of various agencies of the federal government, certificates of deposit at insured banks, bankers' acceptances and federal funds sold. Advantage is also permitted to make limited investments in commercial paper, corporate debt securities and certain mutual funds, as well as other investments permitted by federal laws and regulations. It has generally been Advantage's policy to maintain liquid assets at Advantage in excess of regulatory requirements in order to shorten the maturities of the investment portfolios and improve the matching of short-term investments and interest rate sensitive savings deposit liabilities.

The following table sets forth the composition of Camco's investment and mortgage-backed securities portfolio, except its stock in the FHLB of Cincinnati, at the dates indicated:

	At December 31, 2003 Amortized cost	2003 % of total	2003 Fair value	2003 % of total	2002 Amortized cost	2002 % of total	2002 Fair value	2002 % of total
					(Dollars in thousands)			
Held to maturity:								
U.S. Government agency obligations	$ --	--%	$ --	--%	$ 4,233	2.7%	$ 4,306	2.7%
Municipal bonds	1,130	1.0	1,204	1.0	1,135	.7	1,195	.7
Mortgage-backed securities	7,704	6.8	7,839	6.9	20,000	12.6	20,634	12.7
Total	8,834	7.8	9,043	7.9	25,368	16.0	26,135	16.1
Available for sale:								
U.S. Government agency obligations	25,640	22.6	25,881	22.7	35,557	22.5	36,004	22.2
Municipal bonds	625	.5	651	.6	2,414	1.5	2,463	1.5
Corporate equity securities	330	.3	476	.4	330	.2	322	.2
Mortgage-backed securities	78,017	68.8	77,916	68.4	94,641	59.8	97,332	60.0
Total	104,612	92.2	104,924	92.1	132,942	84.0	136,121	83.9
Total investments and mortgage-backed securities	$113,446	100.0%	$113,967	100.0%	$158,310	100.0%	$162,256	100.0%

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The following table presents the contractual maturities or terms to repricing of Camco's investment securities, except its stock in the FHLB of Cincinnati and corporate equity securities, and the weighted-average yields at December 31, 2003:

	At December 31, 2003 One year or less Amortized cost	One year or less Average yield	After one through five years Amortized cost	After one through five years Average yield	After five through ten years Amortized cost	After five through ten years Average yield	After ten year Amortized cost	After ten year Aver yie
					(Dollars in thousands)			
U.S. Government agency obligations	$14,110	2.54%	$11,030	2.80%	$ 500	4.50%	$ --	
Municipal bonds	101	2.47	1,211	3.36	353	4.11	90	6.
Mortgage-backed securities	18	6.46	19,107	3.50	52,468	3.61	14,128	3.

Total	$14,229	2.54%	$31,348	3.25%	$53,321	3.62%	$14,218	3.

DEPOSITS AND BORROWINGS

GENERAL. Deposits have traditionally been the primary source of Advantage's funds for use in lending and other investment activities. In addition to deposits, Advantage derives funds from interest payments and principal repayments on loans, advances from the FHLB of Cincinnati and income on earning assets. Loan payments are a relatively stable source of funds, while deposit inflows and outflows fluctuate more in response to general interest rate and money market conditions. As part of Advantage's asset and liability management strategy, FHLB advances and other borrowings are used to fund loan originations and for general business purposes. FHLB advances are also used on a short-term basis to compensate for reductions in the availability of funds from other sources.

DEPOSITS. Deposits are attracted principally from within Advantage's primary market area through the offering of a broad selection of deposit instruments, including interest-bearing and non-interest bearing checking accounts, money market deposit accounts, regular savings accounts, term certificate accounts and retirement savings plans. Interest rates paid, maturity terms, service fees and withdrawal penalties for the various types of accounts are established periodically by management of Advantage based on its liquidity requirements, growth goals and interest rates paid by competitors. Interest rates paid by Advantage on deposits are not limited by federal or state law or regulation. Advantage generally does not obtain funds through brokers or offer premiums to attract deposits. Advantage does not have a significant amount of savings accounts from outside its primary market areas.

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The following table sets forth the dollar amount of deposits in the various types of savings programs offered by Advantage at the dates indicated:

		At Dece		
		2003		2
	Weighted-average rate at 12/31/03	Amount	Percent of total deposits	Amount
Withdrawable accounts:			(Dollars in tho	
Interest-bearing and non-interest bearing checking accounts	0.33%	$105,469	15.7%	$106,875
Money market demand accounts	1.44	128,938	19.2	116,206
Passbook and statement savings accounts	0.25	74,274	11.1	78,359
Total withdrawable accounts	0.80	308,681	46.0	301,440
Certificate accounts:				
Term:				
Seven days to one year	1.08	18,966	2.8	24,537
One to two years	1.88	61,186	9.1	79,172
Two to five years	4.12	174,487	26.0	179,711

Negotiated rate certificates	1.76	40,670	6.1	40,361
Individual retirement accounts	3.47	67,284	10.0	68,851
Total certificate accounts	3.17	362,593	54.0	392,632
Total deposits	2.10%	$671,274	100.0%	$694,072

The following table presents the amount and contractual maturities of Camco's time deposits at December 31, 2003:

	Amount Due			
	Up to one year	1-3 years	3-5 years	Over 5 years
	(Dollars in thousands)			
Amount maturing	$178,290	$146,297	$37,420	$586
Average rate	2.52%	3.52%	4.83%	5.62

The following table sets forth the amount and maturities of Advantage's time deposits in excess of $100,000 at December 31, 2003:

Maturity	At December 31, 2003
	(In thousands)
Three months or less	$27,620
Over three to six months	21,419
Over six to twelve months	8,902
Over twelve months	29,155
Total	$87,096

BORROWINGS. The twelve regional FHLBs function as central reserve banks, providing credit for their member institutions. As a member in good standing of the FHLB of Cincinnati, Advantage is authorized to apply for advances from the FHLB of Cincinnati, provided certain standards of creditworthiness have been met. Advances are made pursuant to several different programs, each having its own interest rate and range of maturities. Depending on the program, limitations on the amount of advances are based either on a fixed percentage of an institution's regulatory capital or on the FHLB's assessment of the institution's creditworthiness. Under current regulations, a member institution must meet certain qualifications to be eligible for FHLB advances. The extent to which an association is eligible for such advances will depend upon whether it meets the Qualified Thrift Lender ("QTL") test. If an institution meets the QTL

test, it will be eligible for 100% of the advances it would otherwise be eligible to receive. If an institution does not meet the QTL test, it will be eligible for such advances only to the extent it holds QTL test assets. At

December 31, 2003, Advantage met the QTL test.

The following table sets forth the maximum amount of Camco's FHLB advances outstanding at any month end during the periods shown and the average aggregate balances of FHLB advances for such periods:

	Year ended December 31,		
	2003	2002	--
	(Dollars in thousands)		
Maximum amount outstanding	$280,298	$282,122	$3
Average amount outstanding	$273,147	$265,614	$2
Weighted-average interest cost of FHLB advances based on month end balances	5.56%	5.83%	

The following table sets forth certain information with respect to Camco's FHLB advances at the dates indicated:

	At December 31,		
	2003	2002	--
	(Dollars in thousands)		
Amount outstanding	$262,735	$276,276	$2
Weighted-average interest rate	5.13%	5.63%	

COMPETITION

Advantage competes for deposits with other savings associations, savings banks, commercial banks and credit unions and with the issuers of commercial paper and other securities, such as shares in money market mutual funds. The primary factors in competing for deposits are interest rates and convenience of office location. In making loans, Advantage competes with other savings banks, savings associations, commercial banks, consumer finance companies, credit unions and other lenders. Advantage competes for loan originations primarily through the interest rates and loan fees it charges and through the efficiency and quality of the services it provides to borrowers. Competition is affected by, among other things, the general availability of lendable funds, general and local economic conditions, current interest rate levels and other factors which are not readily predictable.

SERVICE CORPORATION ACTIVITIES

Federal regulations permit savings associations to invest an amount up to 2% of their assets in the stock, paid-in surplus and unsecured obligations of subsidiary service corporations engaged in certain activities. In addition, federal regulations generally authorize such institutions which meet the minimum regulatory capital requirements to invest up to 50% of their regulatory capital in conforming first mortgage loans made by service corporations.

First S&L Corporation, a subsidiary of Advantage, did not conduct any business during the year ended December 31, 2003, and was capitalized on a nominal basis at December 31, 2003.

EMPLOYEES

As of December 31, 2003, Camco had 275 full-time employees and 25 part-time employees. Camco believes that relations with its employees are good. Camco offers health and disability benefits and a 401(k) salary savings plan. None of the employees of Camco are represented by a collective bargaining unit.

REGULATION

GENERAL

As a savings and loan holding company within the meaning of the Home Owners' Loan Act of 1933, as amended (the "HOLA"), Camco is subject to regulation, examination and oversight by the OTS. Advantage is subject to regulation by the Division and the FDIC. Camco and Advantage must file periodic reports with these governmental agencies, as applicable, concerning their activities and financial condition. Examinations are conducted periodically by the applicable regulators to determine whether Camco and Advantage are in compliance with various regulatory requirements and are operating in a safe and sound manner. Advantage is also subject to certain regulations promulgated by the Board of Governors of the Federal Reserve System ("FRB").

OHIO REGULATION

Regulation by the Division affects the internal organization of Advantage, as well as its savings, mortgage lending and other investment activities. Ohio law requires that Advantage maintain at least 60% of its assets in housing-related and other specified investments. At December 31, 2003, Advantage had at least 60% of its assets in such investments.

Periodic examinations by the Division are usually conducted on a joint basis with the federal examiners. Ohio law requires that Advantage maintain federal deposit insurance as a condition of doing business. The ability of Ohio savings banks to engage in certain state-authorized investments is subject to oversight and approval by the FDIC. See "Federal Deposit Insurance Corporation - State Chartered Bank Activities."

Any mergers involving, or acquisitions of control of, Ohio savings banks must be approved by the Division. The Division may initiate certain supervisory measures or formal enforcement actions against Ohio savings banks. Ultimately, if the grounds provided by law exist, the Division may place an Ohio savings bank in conservatorship or receivership.

In addition to being governed by the laws of Ohio specifically governing savings banks, Advantage is also governed by Ohio corporate law, to the extent such law does not conflict with the laws specifically governing savings banks.

FEDERAL DEPOSIT INSURANCE CORPORATION

SUPERVISION AND EXAMINATION. The FDIC is responsible for the regulation and supervision of all commercial banks and state savings banks that are not members of the Federal Reserve System ("Non-member Banks. The FDIC is an independent federal agency that insures the deposits, up to prescribed statutory limits, of federally insured banks and thrifts and safeguards the safety and soundness of the banking and thrift industries. The FDIC administers two separate insurance funds, the Bank Insurance Fund ("BIF") for commercial banks and certain state savings banks and the Savings Association Insurance Fund ("SAIF") for savings associations and savings banks which were formerly organized as savings associations. As a former savings association, Advantage is a member of the SAIF and its deposit accounts are insured by the FDIC, up to the prescribed limits.

The FDIC issues regulations governing the operations of Non-member Banks, examines such institutions and may initiate enforcement actions against the institution and their affiliates for violations of laws and regulations or for engaging in unsafe or unsound practices. If the grounds provided by law exist, the FDIC may appoint a conservator or a receiver for a Non-member Bank.

Non-member Banks and savings associations are subject to regulatory oversight under various consumer protection and fair lending laws. These laws govern, among other things, truth-in-lending disclosure, equal credit opportunity, fair credit reporting and community reinvestment. Failure to abide by federal laws and regulations governing community reinvestment could limit the ability of an institution to open a new branch or engage in a merger transaction.

STATE CHARTERED BANK ACTIVITIES. The ability of Advantage to engage in any state-authorized activities or make any state-authorized investments, as principal, is limited if such activity is conducted or investment is made in a manner different than that permitted for, or subject to different terms and conditions than those imposed on, national banks. Engaging as a principal in any such activity or investment not permissible for a national bank is subject to approval by the FDIC. Such approval will not be granted unless certain capital requirements are met and there is not a significant risk to the FDIC insurance fund. Most equity and real estate investments (excluding office space and other real estate owned) authorized by state law are not permitted for national banks. Certain exceptions are granted for activities deemed by the FRB to be closely related to banking and for FDIC-approved subsidiary activities.

LIQUIDITY. Advantage is not required to maintain a specific level of liquidity; however, the FDIC expects it to maintain adequate liquidity to protect safety and soundness.

REGULATORY CAPITAL REQUIREMENTS. Advantage is required by applicable law and regulations to meet certain minimum capital requirements. The capital standards include a leverage limit, or core capital requirement, a tangible capital requirement and a risk-based capital requirement.

The leverage capital requirement is a minimum level of Tier 1 capital to average total consolidated assets of 4%. "Tier 1" capital includes common stockholders equity, noncumulative perpetual preferred stock and minority interest in the equity accounts of consolidated subsidiaries, less all intangibles, other than includable purchased mortgage servicing rights and credit card relationships.

The risk-based capital requirement specifies total capital, which consists of core or Tier 1 capital and certain general valuation reserves, as a minimum of 8% of risk-weighted assets. For purposes of computing risk-based capital, assets and certain off-balance sheet items are weighted at percentage levels ranging from 0% to 100%, depending on their relative risk.

The FDIC has adopted regulations governing prompt corrective action to resolve the problems of capital deficient and otherwise troubled savings associations and Non-member Banks. At each successively lower defined capital category, an institution is subject to more restrictive and numerous mandatory or discretionary regulatory actions or limits, and the applicable agency has less flexibility in determining how to resolve the problems of the institution. In addition, the agency generally can downgrade an institution's capital category, notwithstanding its capital level, if, after notice and opportunity for hearing, the institution is deemed to be engaging in an unsafe or unsound practice, because it has not corrected deficiencies that resulted in it receiving a less than satisfactory examination rating on matters other than capital or it is deemed to be in an unsafe or unsound condition. Advantage's capital level at December 31, 2003, met the standards for well-capitalized institutions.

The following tables present certain information regarding compliance by Advantage with applicable regulatory capital requirements at December 31, 2003:

	At December 31, 2003		
	Actual		For capital adequacy purpo
	Amount	Ratio	Amount
	(Dollars in thousands)		
Total capital (to risk-weighted assets)	$80,657	12.5%	(Greater Than or Equal to)$51,539
Tier I capital (to risk-weighted assets)	$75,016	11.6%	(Greater Than or Equal to)$25,769
Tier I leverage	$75,016	7.4%	(Greater Than or Equal to)$40,799

	At December 31, 2003	
	To be "well-capitalized" under prompt corrective action provisions	
	Amount	Ratio
	(Dollars in thousands)	
Total capital (to risk-weighted assets)	(Greater Than or Equal to)$64,424	(Greater Than or E
Tier I capital (to risk-weighted assets)	(Greater Than or Equal to)$38,654	(Greater Than or E
Tier I leverage	(Greater Than or Equal to)$50,999	(Greater Than or E

Federal law prohibits a financial institution from making a capital distribution to anyone or paying management fees to any person having control of the institution if, after such distribution or payment, the institution would be undercapitalized. In addition, each company controlling an undercapitalized institution must guarantee that the institution will comply with its capital restoration plan until the institution has been adequately capitalized on average during each of the four preceding calendar quarters and must provide adequate assurances of performance.

TRANSACTIONS WITH AFFILIATES AND INSIDERS

Loans to executive officers, directors and principal shareholders and their related interests must conform to the lending limit on loans to one borrower, and the total of such loans to executive officers, directors, principal shareholders and their related interests cannot exceed the association's Lending Limit Capital (or 200% of Lending Limit Capital for qualifying institutions with less than $100 million in assets). Most loans to directors, executive officers and principal shareholders must be approved in advance by a majority of the "disinterested" members of the board of directors of the association with any "interested" director not participating. All loans to directors, executive officers and principal shareholders must be made on terms substantially the same as offered in comparable transactions with the general public or as offered to all employees in a company-wide benefit program, and loans to executive officers are subject to additional limitations. Advantage was in compliance with such restrictions at December 31, 2003.

All transactions between savings associations and their affiliates must comply with Sections 23A and 23B of the Federal Reserve Act (the "FRA") and the Federal Reserve Board's Regulation W. An affiliate is any company or entity which controls, is controlled by or is under common control with the financial institution. In a holding company context, the parent holding company of a savings association and any companies that are controlled by such parent holding company are affiliates of the institution. Generally, Sections 23A and 23B of the FRA (i) limit the extent to which a financial institution or its subsidiaries may engage in "covered transactions" with any one affiliate up to an amount equal to 10% of such institution's capital stock and surplus for any one affiliate and 20% of such capital stock and surplus for the aggregate of such transactions with all affiliates, and (ii) require that all such transactions be on terms substantially the same, or at least as favorable to the institution or the subsidiary, as those provided to a non-affiliate. The term "covered transaction" includes the making of loans, purchase of assets, issuance of a guarantee and similar types of transactions. Exemptions from Sections 23A or 23B of the FRA may be granted only by the FRB. Advantage was in compliance with these requirements at December 31, 2003.

CHANGE IN CONTROL

FEDERAL LAW. The Federal Deposit Insurance Act (the "FDIA") provides that no person, acting directly or indirectly or in concert with one or more persons, shall acquire control of any insured depository institution or holding company, unless 60-days prior written notice has been given to the primary federal regulator for that institution and such regulator has not issued a notice disapproving the proposed acquisition. Control, for purposes of the FDIA, means the power, directly or indirectly, alone or acting in concert, to direct the management or policies of an insured institution or to

vote 25% or more of any class of securities of such institution. Control exists in situations in which the acquiring party has direct or indirect voting control of at least 25% of the institution's voting shares, controls in any manner the election of a majority of the directors of such institution or is determined to exercise a controlling influence over the management or policies of such institution. In addition, control is presumed to exist, under certain circumstances where the acquiring party (which includes a group "acting in concert") has voting control of at least 10% of the institution's voting stock. These restrictions do not apply to holding company acquisitions. See "Holding Company Regulation".

OHIO LAW. A statutory limitation on the acquisition of control of an Ohio savings bank requires the written approval of the Division prior to the acquisition by any person or entity of a controlling interest in an Ohio association. Control exists, for purposes of Ohio law, when any person or entity which, either directly or indirectly, or acting in concert with one or more other persons or entities, owns, controls, holds with power to vote, or holds proxies representing, 15% or more of the voting shares or rights of an association, or controls in any manner the election or appointment of a majority of the directors. A director will not be deemed to be in control by virtue of an annual solicitation of proxies voted as directed by a majority of the board of directors. Ohio law also requires that certain acquisitions of voting securities that would result in the acquiring shareholder owning 20%, 33-1/3% or 50% of the outstanding voting securities of Camco must be approved in advance by the holders of at least a majority of the outstanding voting shares represented at a meeting at which a quorum is present and a majority of the portion of the outstanding voting shares represented at such a meeting, excluding the voting shares by the acquiring shareholder. This statute was intended, in part, to protect shareholders of Ohio corporations from coercive tender offers. Under certain circumstances, interstate mergers and acquisitions involving savings banks incorporated under Ohio law are permitted by Ohio law. A financial institution or financial institution holding company with its principal place of business in another state may acquire a savings and loan association or savings and loan holding company incorporated under Ohio law if, in the discretion of the Division, the laws of such other state give an Ohio institution or an Ohio holding company reciprocal rights.

HOLDING COMPANY REGULATION

As a savings and loan holding company within the meaning of the HOLA, Camco has registered with the OTS and is subject to OTS regulations, examination, supervision and reporting requirements.

The HOLA generally prohibits a savings and loan holding company from controlling any other savings association or savings and loan holding company, without prior approval of the OTS, or from acquiring or retaining more than 5% of the voting shares of a savings association or holding company thereof, which is not a subsidiary. Except with the prior approval of the OTS, no director or officer of a savings and loan holding company or person owning or controlling by proxy or otherwise more than 25% of such holding company's stock may also acquire control of any savings institution, other than a subsidiary institution, or any other savings and loan holding company.

As a unitary savings and loan holding company in existence on May 4, 1999, Camco generally has no restrictions on its activities. If the OTS determines that there is reasonable cause to believe that the continuation by a savings and loan holding company of an activity constitutes a serious risk to the financial safety, soundness or stability of its subsidiary savings association, however, the OTS may impose such restrictions as deemed necessary to address such risk, including limiting (i) payment of dividends by the savings association, (ii) transactions between the savings association and its affiliates, and (iii) any activities of the savings association that might create a serious risk that the liabilities of Camco and its affiliates may be imposed on the savings association. Notwithstanding the foregoing rules as to permissible business activities of a unitary savings and loan holding company, if the savings association subsidiary of a holding company is not a qualified thrift lender ("QTL"), then such unitary savings and loan holding company would become subject to the activities restrictions applicable to multiple holding companies.

In order to be a QTL, a savings association must meet one of two tests. The first test requires a savings association to maintain a specified level of investments in assets that are designated as qualifying thrift investments ("QTIs"). Generally, QTIs are assets related to domestic residential real estate and manufactured housing, although they also include credit card, student and small business loans and stock issued by any FHLB, the FHLMC or the FNMA. Under the QTL test, 65% of an institution's "portfolio assets" (total assets less goodwill and other intangibles, property used to conduct business and 20% of liquid assets) must consist of QTI on a monthly average basis in nine out of every 12 months. The second test permits a savings association to qualify as a QTL by meeting the definition of "domestic

building and loan association" under the Internal Revenue Code of 1986, as amended (the "Code"). In order for an institution to meet the definition of a "domestic building and loan association" under the Code, at least 60% of its assets must consist of specified types of property, including cash, loans secured by residential real estate or deposits, educational loans and certain governmental obligations. The OTS may grant exceptions to the QTL tests under certain circumstances. At December 31, 2003, Advantage met the QTL test.

FEDERAL RESERVE REQUIREMENTS

FRB regulations currently require savings associations to maintain reserves of 3% of net transaction accounts (primarily NOW accounts) up to $45.4 million (subject to an exemption of up to $6.6 million), and of 10% of net transaction accounts in excess of $45.4 million. At December 31, 2003, Advantage was in compliance with its reserve requirements.

FEDERAL TAXATION

Camco and its subsidiaries are each subject to the federal tax laws and regulations which apply to corporations generally. In addition to the regular income tax, Camco and its subsidiaries may be subject to the alternative minimum tax which is imposed at a minimum tax rate of 20% on "alternative minimum taxable income" (which is the sum of a corporation's regular taxable income, with certain adjustments, and tax preference items), less any available exemptions. Such tax preference items include interest on certain tax-exempt bonds issued after August 7, 1986. In addition, 75% of the amount by which a corporation's "adjusted current earnings" exceeds its alternative minimum taxable income computed without regard to this preference item and prior to reduction by net operating losses, is included in alternative minimum taxable income. Net operating losses can offset no more than 90% of alternative minimum taxable income. The alternative minimum tax is imposed to the extent it exceeds the corporation's regular income tax. Payments of alternative minimum tax may be used as credits against regular tax liabilities in future years.

Certain thrift institutions, such as Advantage, are allowed deductions for bad debts under methods more favorable than those granted to other taxpayers. Qualified thrift institutions may compute deductions for bad debts using either the specific charge-off method of Section 166 of the Code or the experience method of Section 593 of the Code. The "experience" method is also available to small banks. Under the "experience" method, a thrift institution is generally allowed a deduction for an addition to its bad debt reserve equal to the greater of (i) an amount based on its actual average experience for losses in the current and five preceding taxable years, or (ii) an amount necessary to restore the reserve to its balance as of the close of the base year.

Thrift institutions that are treated as small banks are allowed to utilize the experience method applicable to such institutions, while thrift institutions that are treated as large banks are required to use only the specific charge-off method.

A thrift institution required to change its method of computing reserves for bad debts will treat such change as a change in the method of accounting, initiated by the taxpayer and having been made with the consent of the Secretary of the Treasury. Section 481(a) of the Code requires certain amounts to be recaptured with respect to such change. Generally, the amounts to be recaptured will be determined solely with respect to the "applicable excess reserves" of the taxpayer. The amount of the applicable excess reserves will be taken into account ratably over a six-taxable year period, beginning with the first taxable year beginning after 1995, subject to the residential loan requirement described below. In the case of a thrift institution that is treated as a large bank, the amount of the institution's applicable excess reserves generally is the excess of (i) the balances of its reserve for losses on qualifying real property loans (generally loans secured by improved real estate) and its reserve for losses on nonqualifying loans (all other types of loans) as of the close of its last taxable year beginning before January 1, 1996, over (ii) the balances of such reserves as of the close of its last taxable year beginning before January 1, 1988 (i.e., the "pre-1988 reserves"). In the case of a thrift institution that is treated as a small bank, the amount of the institution's applicable excess reserves generally is the excess of (i) the balances of its reserve for losses on qualifying real property loans and its reserve for losses on nonqualifying loans as of the close of its last taxable year beginning before January 1, 1996, over (ii) the greater of the balance of (a) its pre-1988 reserves or (b) what the thrift's reserves would have been at the close of its last year beginning before January 1, 1996, had the thrift always used the experience method.

For taxable years that begin after December 31, 1995, and before January 1, 1998, if a thrift meets the residential loan requirement for a tax year, the recapture of the applicable excess reserves otherwise required to be taken into account as a Code Section 481(a) adjustment for the year will be suspended. A thrift meets the residential loan requirement if, for the tax year, the principal amount of residential loans made by the thrift during the year is not less than its base amount. The "base amount" generally is the average of the principal amounts of the residential loans made by the thrift during the six most recent tax years beginning before January 1, 1996. A residential loan is a loan as described in Section 7701(a)(19)(C)(v) (generally a loan secured by residential or church property and certain mobile homes), but only to the extent that the loan is made to the owner of the property. Advantage was required to recapture $1.9 million of its bad debt reserve for which deferred taxes had been provided. The recapture was effected over a six year period that concluded in 2003.

The balance of the pre-1988 reserves is subject to the provisions of Section 593(e) which require recapture in the case of certain excessive distributions to shareholders. The pre-1988 reserves may not be utilized for payment of cash dividends or other distributions to a shareholder (including distributions in dissolution or liquidation) or for any other purpose (except to absorb bad debt losses). Distribution of a cash dividend by a thrift institution to a shareholder is treated as made: first, out of the institution's post-1951 accumulated earnings and profits; second, out of the pre-1988 reserves; and third, out of such other accounts as may be proper. To the extent a distribution by Advantage to Camco is deemed paid out of its pre-1988 reserves under these rules, the pre-1988 reserves would be reduced and the gross income of Camco for tax purposes would be increased by the amount which, when reduced by the income tax, if any, attributable to the inclusion of such amount in its gross income, equals the amount deemed paid out of the pre-1988 reserves. As of December 31, 2003, the pre-1988 reserves for Advantage for tax purposes totaled approximately

$12.8 million. Camco believes Advantage had approximately $14.6 million of accumulated earnings and profits for tax purposes as of December 31, 2003, which would be available for dividend distributions, provided regulatory restrictions applicable to the payment of dividends are met. No representation can be made as to whether Advantage will have current or accumulated earnings and profits in subsequent years.

The tax returns of Camco have been audited or closed without audit through calendar year 1999. In the opinion of management, any examination of open returns would not result in a deficiency which could have a material adverse effect on the financial condition of Camco.

OHIO TAXATION. Camco and Camco Title are subject to the Ohio corporation franchise tax, which, as applied to them, is a tax measured by both net earnings and net worth. The rate of tax is the greater of (i) 5.1% on the first $50,000 of computed Ohio taxable income and 8.5% of computed Ohio taxable income in excess of $50,000 or (ii) .40% times taxable net worth.

A special litter tax is also applicable to all corporations, including Camco, subject to the Ohio corporation franchise tax other than "financial institutions." If the franchise tax is paid on the net income basis, the litter tax is equal to .11% of the first $50,000 of computed Ohio taxable income and ..22% of computed Ohio taxable income in excess of $50,000. If the franchise tax is paid on the net worth basis, the litter tax is equal to .014% times taxable net worth.

Advantage is a "financial institution" for State of Ohio tax purposes. As such, it is subject to the Ohio corporate franchise tax on "financial institutions," which is imposed annually at a rate of 1.3% of its book net worth determined in accordance with generally accepted accounting principles. As a "financial institution," Advantage is not subject to any tax based upon net income or net profits imposed by the State of Ohio.

DELAWARE TAXATION. As a Delaware corporation, Camco is subject to an annual franchise tax based on the quantity and par value of its authorized capital stock and its gross assets. As a savings and loan holding company, Camco is exempt from Delaware corporate income tax.

KENTUCKY TAXATION. The Commonwealth of Kentucky imposes no income or franchise taxes on savings institutions. Advantage is subject to an annual ad valoreum tax which is .1% of Advantage's Kentucky deposit accounts, and apportioned common stock and retained income, with certain deductions for amounts borrowed by depositors and securities guaranteed by the U.S. Government or certain of its agencies.

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WEST VIRGINIA TAXATION. Advantage and Camco Title are subject to a West Virginia tax on apportioned adjusted net income and a West Virginia franchise tax on apportioned adjusted capital. The adjusted net income of each is taxed at a rate of 9.0%. The franchise tax rate is 0.75% of adjusted capital. The apportionment is based solely on the ratio of gross receipts derived from West Virginia as compared to gross receipts everywhere.

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ITEM 2. PROPERTIES.

The following table provides the location of, and certain other information pertaining to, Camco's office premises as of December 31, 2003:

Office Location	Year facility commenced operations	Leased or owned
134 E. Court Street Washington Court House, Ohio	1963	Owned(2)
1050 Washington Ave. Washington Court House, Ohio	1996	Owned
1 N. Plum Street Germantown, Ohio	1998	Owned
687 West Main Street New Lebanon, Ohio	1998	Owned
1392 Cherry Bottom Road Gahanna, Ohio	1999	Leased(3)
3002 Harrison Avenue Cincinnati, Ohio	2000	Owned
1101 St. Gregory Street Cincinnati, Ohio	2000	Leased(4)
5071 Glencrossing Way Cincinnati, Ohio	2000	Leased(5)
126 S. 9th Street Cambridge, Ohio	1998	Owned
226 Third Street Marietta, Ohio	1976	Owned(6)
1925 Washington Boulevard Belpre, Ohio	1979	Owned
478 Pike Street Marietta, Ohio	1998	Leased(7)
510 Grand Central Avenue Vienna, West Virginia	1991	Leased(8)
814 Wheeling Avenue Cambridge, Ohio	1963	Owned(9)
327 E. 3rd Street Uhrichsville, Ohio	1975	Owned
175 N. 11th Street Cambridge, Ohio	1981	Owned

(Footnotes begin on page 24)

Office Location	Year facility commenced operations	Leased or owned
209 Seneca Avenue Byesville, Ohio	1978	Leased(10)
547 S. James Street Dover, Ohio	2002	Owned
2497 Dixie Highway Ft. Mitchell, Kentucky	2001	Owned
401-7 Pike Street Covington, Kentucky	2001	Owned
3522 Dixie Highway Erlanger, Kentucky	2001	Owned
612 Buttermilk Pike Crescent Springs, Kentucky	2001	Owned
7550 Dixie Highway Florence, Kentucky	2001	Owned
1640 Carter Avenue Ashland, Kentucky	1996	Owned
U.S. 60A West Summit, Kentucky	1996	Owned
191 Eastern Heights Shopping Center Huntington, West Virginia	1997	Leased(11)
6901 Glenn Highway Cambridge, Ohio	1999	Owned
1320A and 1320 D 4th Street, N.W. New Philadelphia, Ohio	1985	Owned(12)
100 E. Wilson Bridge Road - Suite #105 & 110 Worthington, Ohio	2004	Leased(13)
45 West Second Street Chillicothe, Ohio	1994	Leased(14)
6269 Frank Ave. N. Canton, Ohio	1992	Leased(15)

(Footnotes on following page)

(1) Net book value amounts are for land, buildings, improvements and

construction in progress.

(2) The 134 E. Court Street facility also serves as the Camco Title - WCH office.

(3) The lease expires in March 2004. Operations were moved to the Worthington location in February 2004.

(4) The lease is currently on a month to month basis.

(5) The lease expires in November 2005. Advantage has the option to renew for a five-year term.

(6) The 226 Third Street facility also serves as the Camco Title - Marietta office.

(7) The lease expires in November 2017. Advantage has the option to renew for 2 five-year terms. The lease is for land only.

(8) The lease expires in August 2004.

(9) The net book value above includes construction in progress of $59,523.

(10) The lease expires in September 2005. Advantage has the option to renew the lease for two five-year terms.

(11) The lease expires in March 2005.

(12) The 4th Street facility also serves as the Camco Title - New Philadelphia office.

(13) The lease expires in September 2008. Advantage has the option to renew for two five-year terms. The net book value above represents construction in progress of $91,330.

(14) The lease expires in September 2004.

(15) The lease expires in August 2004. Advantage has the option to renew for two five-year terms.

Camco also owns furniture, fixtures and equipment. The net book value of Camco's investment in office premises and equipment totaled $13.4 million at December 31, 2003. See Note E of Notes to Consolidated Financial Statements for additional information.

ITEM 3. LEGAL PROCEEDINGS.

Neither Camco nor Advantage is presently engaged in any legal proceedings of a material nature. From time to time, Advantage is involved in legal proceedings to enforce its security interest in collateral taken as security for its loans.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

At February 18, 2004, Camco had 7,351,150 shares of common stock outstanding and held of record by approximately 2,056 stockholders. Price information for Camco's common stock is quoted on The Nasdaq National Market ("Nasdaq") under the symbol "CAFI." The table below sets forth the high and low trade information for the common stock of Camco, together with the dividends declared per share of common stock, for each quarter of 2003, 2002 and 2001.

Year ended December 31, 2003	High	Low	Cash dividends declared
Quarter ending:			
December 31, 2003	$18.39	$17.06	$0.145
September 30, 2003	18.23	15.90	0.145
June 30, 2003	17.00	15.00	0.140
March 31, 2003	17.08	14.21	0.140
Year ended December 31, 2002			
Quarter ending:			
December 31, 2002	$14.30	$12.95	$0.135
September 30, 2002	14.75	13.13	0.135
June 30, 2002	14.61	13.00	0.130
March 31, 2002	13.35	12.10	0.125
Year ended December 31, 2001			
Quarter ending:			
December 31, 2001	$13.00	$10.95	$0.120
September 30, 2001	13.75	12.01	0.120
June 30, 2001	12.58	10.60	0.120
March 31, 2001	11.38	9.44	0.120

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA.

The following tables set forth certain information concerning the consolidated financial position and results of operations of Camco for the periods indicated. This selected consolidated financial data should be read in conjunction with the consolidated financial statements appearing elsewhere in this report.

SELECTED CONSOLIDATED FINANCIAL DATA:(1)	2003	2002	AT DE
			(In t
Total amount of:			
Assets	$1,039,151	$1,083,240	$1
Interest-bearing deposits in other financial institutions	30,904	36,807	
Investment securities available for sale - at market	27,008	38,789	
Investment securities held to maturity	1,130	5,368	
Mortgage-backed securities available for sale - at market	77,916	97,332	

Mortgage-backed securities held to maturity	7,704	20,000
Loans receivable - net(2)	805,082	796,958
Deposits	671,274	694,072
FHLB advances and other borrowings	262,735	276,276
Stockholders' equity - substantially restricted	92,543	98,601

SELECTED CONSOLIDATED OPERATING DATA:(1)	YEAR ENDE	
	2003	2002
	(In thousands, ex	
Total interest income	$54,875	$66,002
Total interest expense	31,237	38,556
Net interest income	23,638	27,446
Provision for losses on loans	1,446	1,169
Net interest income after provision for losses on loans	22,192	26,277
Other income	11,411	10,100
General, administrative and other expense	22,404	21,682
Restructuring charges(credits) related to charter consolidation	--	(112)
FHLB advance prepayment fees	1,292	--
Earnings before federal income taxes	9,907	14,807
Federal income taxes	3,051	4,802
Net earnings	6,856	10,005
Prepayment fees and restructuring charges(credits)(net of tax)	853	(74)
Net earnings from operations	$ 7,709	$ 9,931
Earnings per share:		
Basic	$ 0.92	$ 1.27
Basic from operations	$ 1.03	$ 1.26
Diluted	$ 0.91	$ 1.25
Diluted from operations	$ 1.02	$ 1.24

	YEAR EN	
	2003	2002
Return on average assets(3)	0.65%	0.92%
Return on average assets from operations(3)	0.73	0.91
Return on average equity(3)	7.17	10.33
Return on average equity from operations(3)	8.07	10.25
Average equity to average assets(3)	9.01	8.86
Dividend payout ratio(4)	61.96	41.34

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(1) The information as of December 31, 2001 reflects the acquisition of Columbia Financial of Kentucky, Inc. The information as of December 31, 2000 reflects the acquisition of Westwood Homestead Financial Corporation. These combinations were accounted for using the purchase method of accounting.

(2) Includes loans held for sale.

(3) Ratios are based upon the mathematical average of the balances at the beginning and the end of the year.

(4) Represents dividends per share divided by basic earnings per share.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

GENERAL

Since its incorporation in 1970, Camco has evolved into a full-service provider of financial products to the communities served by Advantage Bank. Utilizing a common marketing theme based on Camco's commitment to personalized customer service, Camco and its affiliates have grown from $22.4 million of consolidated assets in 1970 to $1.04 billion of consolidated assets at December 31, 2003. Camco's rate of growth is largely attributable to its acquisitions of Marietta Savings, First Savings, First Bank for Savings, Germantown Federal, Westwood Homestead and Columbia Savings and its continued expansion of product lines from the limited deposit and loan offerings which the Bank could offer in the heavily regulated environment of the 1970s to the wider array of financial service products that commercial banks traditionally offered. Additionally, Camco has enhanced its operational growth by integrating its residential lending function through establishing mortgage-banking operations in the Bank's primary market areas and, to a lesser extent, by chartering a title insurance agency.

Management believes that continued success in the financial services industry will be achieved by those institutions with a rigorous dedication to building value-added customer-oriented organizations. Toward this end, each of the Bank's divisions have the ability to make local decisions for customer contacts and services, however back-office operations are consolidated and centralized. Based on consumer preferences, the Bank's management designs financial service products with a view towards differentiating each of the constituent divisions from its competition. Management believes that the Bank divisions' ability to rapidly adapt to consumer needs and preferences is essential to them as community-based financial institutions competing against the larger regional and money-center bank holding companies.

Camco's profitability depends primarily on its level of net interest income, which is the difference between interest income on interest-earning assets, principally loans, mortgage-backed securities and investment securities, and interest expense on deposit accounts and borrowings. In recent years, Camco's net earnings have also been heavily influenced by its level of other income, including mortgage banking income and other fee income. Camco's operations are also affected by general, administrative and other expenses, including employee compensation and benefits, occupancy expense, data processing, franchise taxes, advertising, other operating expenses and federal income tax expense.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this report that are not historical facts are forward looking statements that are subject to certain risks and uncertainties. When used herein, the terms "anticipates," "plans," "expects," "believes," and similar expressions as they relate to Camco or its management are intended to identify such forward looking statements. Camco's actual results, performance or achievements may materially differ from those expressed or implied in the forward-looking statements. Risks and uncertainties that could cause or contribute to such material differences include, but are not limited to, general economic conditions, interest rate environment, competitive conditions in the financial services industry, changes in law, governmental policies and regulations, and rapidly changing technology affecting financial services.

CRITICAL ACCOUNTING POLICIES

The "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as disclosures found elsewhere in this annual report, are based upon Camco Financial's consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of these financial statements requires Camco to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Several factors are considered in determining whether or not a policy is critical in the preparation of financial statements. These factors include, among other things, whether the estimates are significant to the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information including third parties or available prices, and sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under US GAAP.

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Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of mortgage servicing assets and goodwill impairment. Actual results could differ from those estimates.

ALLOWANCE FOR LOAN LOSSES

The procedures for assessing the adequacy of the allowance for loan losses reflect our evaluation of credit risk after careful consideration of all information available to us. In developing this assessment, we must rely on estimates and exercise judgment regarding matters where the ultimate outcome is unknown such as economic factors, developments affecting companies in specific industries and issues with respect to single borrowers. Depending on changes in circumstances, future assessments of credit risk may yield materially different results, which may require an increase or a decrease in the allowance for loan losses.

The allowance is regularly reviewed by management to determine whether the amount is considered adequate to absorb probable losses. This evaluation includes specific loss estimates on certain individually reviewed loans, statistical loss estimates for loan pools that are based on historical loss experience, and general loss estimates that are based upon the size, quality, and concentration characteristics of the various loan portfolios, adverse situations that may affect a borrower's ability to repay, and current economic and industry conditions. Also considered as part of that judgment is a review of the Bank's trends in delinquencies and loan losses, as well as trends in delinquencies and losses for the region and nationally, and economic factors.

The allowance for loan losses is maintained at a level believed adequate by management to absorb probable losses inherent in the loan portfolio.

Management's evaluation of the adequacy of the allowance is an estimate based on management's current judgment about the credit quality of the loan portfolio. While the Corporation strives to reflect all known risk factors in its evaluations, judgment errors may occur.

MORTGAGE SERVICING ASSETS

To determine the fair value of its mortgage servicing rights ("MSRs") each reporting quarter, management transmits information to a third party provider, representing individual loan information in each pooling period accompanied by escrow amounts. The third party then evaluates the possible impairment of MSRs. This process is described below.

Servicing assets are recognized as separate assets when loans are sold with servicing retained. A pooling methodology to the servicing valuation, in which loans with similar characteristics are "pooled" together, is applied for valuation purposes. Once pooled, each grouping of loans is evaluated on a discounted earnings basis to determine the present value of future earnings that a purchaser could expect to realize from the portfolio. Earnings are projected from a variety of sources including loan service fees, interest earned on float, net interest earned on escrow balances, miscellaneous income and costs to service the loans. The present value of future earnings is the estimated market value for the pool, calculated using consensus assumptions that a third party purchaser would utilize in evaluating a potential acquisition of the servicing. Events that may significantly affect the estimates used are changes in interest rates and the related impact on mortgage loan prepayment speeds and the payment performance of the underlying loans. The interest rate for float, which is supplied by management, takes into consideration the investment portfolio average yield as well as current short duration investment yields. Management believes this methodology provides a reasonable estimate. Mortgage loan prepayment speeds are calculated by the third party provider utilizing the Economic Outlook as published by the Office of Chief Economist of the Federal Home Loan Mortgage Corporation ("Freddie Mac") in estimating prepayment speeds and provides a specific scenario with each evaluation. Based on the assumptions discussed, pre-tax projections are prepared for each pool of loans serviced. These earning figures approximate the cash flow that could be received from the servicing portfolio. Valuation results are presented quarterly to management. At that time, management reviews the information and the mortgage servicing asset is marked to lower of amortized cost or market for the current quarter.

GOODWILL

We have developed procedures to test goodwill for impairment on an annual basis using June financial data. This testing procedure is outsourced to a third party that evaluates possible impairment based on the following:

The test involves assigning tangible assets and liabilities, identified intangible assets and goodwill to reporting units and comparing the fair value of each reporting unit to its carrying value including goodwill. The value is determined assuming a freely negotiated transaction between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. Accordingly, to derive the fair value of the reporting unit, the following common approaches to valuing business combination transactions involving financial institutions are utilized by a third party selected by Camco: (1) the comparable transactions approach - specifically based on earnings, book, assets and deposit premium multiples received in recent sales of comparable thrift franchises; and (2) the discounted cash flow approach. The application of the valuation techniques takes into account the reporting unit's operating history, the current market environment and future prospects. As of the most recent period, the only reporting unit carrying goodwill is the Bank.

If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and no second step is required. If not, a second test is required to measure the amount of goodwill impairment. The second test of the overall goodwill impairment compares the implied fair value of the reporting unit goodwill with the carrying amount of the goodwill. The impairment loss shall equal the excess of carrying value over fair value.

After each testing period, the third party compiles a summary of the test that is then provided to the audit committee for review.

SUMMARY

Management believes the accounting estimates related to the allowance for loan losses, the capitalization, amortization, and valuations of mortgage servicing assets and the goodwill impairment test are "critical accounting estimates" because: (1) the estimates are highly susceptible to change from period to period because they require management to make assumptions concerning the changes in the types and volumes of the portfolios, rates of future prepayments, and anticipated economic conditions, and (2) the impact of recognizing an impairment or loan loss could have a material effect on Camco's assets reported on the balance sheet as well as its net earnings. Management has discussed the development and selection of these critical accounting estimates with the audit committee of the board of directors and the audit committee has reviewed Camco's disclosures relating to them in this annual report.

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DISCUSSION OF FINANCIAL CONDITION CHANGES FROM DECEMBER 31, 2002 TO DECEMBER 31, 2003

At December 31, 2003, Camco's consolidated assets totaled $1.04 billion, a decrease of $44.1 million, or 4.1%, from the December 31, 2002 total. The decrease in total assets was comprised primarily of a decrease in investment securities and mortgage-backed securities, which were partially offset by an increase in loans receivable.

Cash and interest-bearing deposits in other financial institutions totaled $53.7 million at December 31, 2003, a decrease of $3.3 million, or 5.8%, from December 31, 2002 levels. Investment securities totaled $28.1 million at December 31, 2003, a decrease of $16.0 million, or 36.3%, from the total at December 31, 2002. Investment securities purchases were comprised of $10.3 million of intermediate-term FHLB and FNMA bonds, all were callable, with an average yield of 2.95%. Such purchases were offset by maturities of $21.6 million and sales of $3.8 million during the year.

Mortgage-backed securities totaled $85.6 million at December 31, 2003, a decrease of $31.7 million, or 27.0%, from December 31, 2002. Mortgage-backed securities purchases totaled $114.0 million, while principal repayments totaled $83.1 million and sales totaled $59.1 million during the year ended December 31, 2003. Purchases of mortgage-backed securities during the year were comprised primarily of balloon and ten-year amortizing U.S. Government agency securities yielding 3.56%, which were classified as available for sale.

Loans receivable and loans held for sale totaled $805.1 million at December 31, 2003, an increase of $8.1 million, or 1.0%, over the total at December 31, 2002. The increase resulted primarily from loan disbursements and purchases totaling $619.5 million, which were substantially offset by loan sales of $279.0 million and principal repayments of $324.5 million. Loan origination volume, including purchases of loans, during 2003 exceeded 2002 volume by $44.1 million, or 7.7%, which was primarily attributable to an increase in refinancing activity following the decreases in the overall level of long-term interest rates during the two year period ended December 31, 2003. During 2003, Camco continued to experience a high rate of loan refinance activity as the interest rate environment remained at almost unprecedented lows. However, as 2003 came to a close, our production levels had decreased approximately 60% from mid-year 2003. We anticipate current levels of production to continue into 2004.

The allowance for loan losses totaled $5.6 million and $5.5 million at December 31, 2003 and 2002, respectively, representing 41.5% and 40.3% of nonperforming loans at those dates. Nonperforming loans (90 days or more delinquent plus nonaccrual loans) totaled $13.6 million at both December 31, 2003 and 2002, constituting 1.69% and 1.71% of total net loans, including loans held for sale, at those dates. At December 31, 2003, nonperforming loans were comprised of $11.4 million of loans secured by one- to four-family residential real estate, $1.6 million of loans secured by multi-family, nonresidential real estate and commercial loans and $557,000 of consumer and other loans. Although management believes that its allowance for loan losses at December 31, 2003, is adequate based upon the available facts and circumstances, there can be no assurance that additions to such allowance will not be necessary in future periods, which could adversely affect Camco's results of operations.

Deposits totaled $671.3 million at December 31, 2003, a decrease of $22.8 million, or 3.3%, from December 31, 2002 levels. The decrease resulted primarily from management's decision not to aggressively bid on certificates of deposit which matured during 2003, to manage interest rate risk in the current low interest rate environment. While management has generally pursued a strategy of moderate growth in the deposit portfolio, Advantage has not historically engaged in sporadic increases or decreases in interest rates offered, nor has it offered the highest interest rates available in its market areas.

Advances from the Federal Home Loan Bank ("FHLB") decreased by $13.5 million, or 4.9%, to a total of $262.7 million at December 31, 2003.

In the 2003 fourth quarter management restructured $25.4 million of FHLB borrowings having an average term of 19 months and an average fixed rate of 5.41%, replacing them with variable-rate advances having a weighted-average rate of approximately 1.00% at December 31, 2003. The prepayment fee incurred was $853,000 on an after-tax basis, but management believes that the positive net earnings impact in 2004 could approach $740,000, or $.10 per share, as a result of the reduced borrowing cost.

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Stockholders' equity totaled $92.5 million at December 31, 2003, a $6.1 million, or 6.1%, decrease from December 31, 2002. The decrease resulted primarily from purchases of treasury shares totaling $8.0 million, dividends of $4.2 million and a $1.9 million decrease in the unrealized gains on available for sale securities, which were partially offset by net earnings of $6.9 million and proceeds from the exercise of stock options of $1.0 million. The increase in treasury shares represented purchases under the 5% stock repurchase plan that was announced in October 2002.

The Bank is required to maintain minimum regulatory capital pursuant to federal regulations. During 2003, management was notified by its supervisory regulators that Advantage was categorized as well-capitalized under the regulatory framework for prompt corrective action. At December 31, 2003, the Bank's regulatory capital exceeded all regulatory capital requirements.

COMPARISON OF RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

GENERAL. Camco's net earnings for the year ended December 31, 2003, totaled $6.9 million, a decrease of $3.1 million, or 31.5%, from the $10.0 million of net earnings reported in 2002. The decrease in earnings was primarily attributable to a $3.8 million decrease in net interest income, a one-time charge of $1.3 million in pre-tax expense associated with the restructuring of a portion of the Bank's FHLB borrowings, an increase in the provision for losses on loans of $277,000 and an $834,000 increase in general, administrative and other expense, which were partially offset by an increase of $1.3 million in other income and a $1.8 million decrease in the provision for federal income taxes.

NET INTEREST INCOME. Total interest income for the year ended December 31, 2003, amounted to $54.9 million, a decrease of $11.1 million, or 16.9%, compared to 2002, generally reflecting the effects of a decrease of 96 basis points in the average yield, from 6.39% in 2002 to 5.43% in 2003, and a $22.0 million, or 2.1%, decrease in the average balance of interest-earning assets outstanding year to year.

Interest income on loans totaled $48.0 million for the year ended December 31, 2003, a decrease of $9.5 million, or 16.5%, from the comparable 2002 total. The decrease resulted primarily from a $32.4 million, or 4.0%, decrease in the average balance outstanding and a 93 basis point decrease in the average yield, to 6.14% in 2003. Interest income on mortgage-backed securities totaled $3.4 million for the year ended December 31, 2003, a $1.1 million, or 24.0%, decrease from the 2002 period. The decrease was due primarily to a 149 basis point decrease in the average yield, to 3.03% in 2003, which was partially offset by a $13.2 million, or 13.2%, increase in the average balance outstanding. Interest income on investment securities decreased by $278,000, or 18.0%, due primarily to a 121 basis point decline in the average yield, to 3.34% in 2003, which was partially offset by a $3.9 million increase in the average balance outstanding year to year. Interest income on other interest-earning assets decreased by $269,000, or 11.0%, due primarily to a decrease in the yield of 9 basis points, to 2.79% in 2003, and a $6.8 million, or 8.0%, decrease in the average balance outstanding year to year.

Interest expense on deposits totaled $16.0 million for the year ended December 31, 2003, a decrease of $7.0 million, or 30.5%, compared to the year ended December 31, 2002, due primarily to a 94 basis point decrease in the average cost of deposits, to 2.46% for 2003, and a $25.1 million, or 3.7%, decrease in the average balance of interest-bearing deposits outstanding year to year. Interest expense on borrowings totaled $15.2 million for the year ended December 31, 2003, a decrease of $296,000, or 1.9%, from 2002. The decrease resulted primarily from a 27 basis point decrease in the average rate, to 5.56% in 2003, partially offset by a $7.5 million, or 2.8%, increase in the average balance outstanding year to year. Decreases in the level of average yields on interest-earning assets and average cost of interest-bearing liabilities were due primarily to the overall decrease in interest rates in the economy during 2002 and 2003.

As a result of the foregoing changes in interest income and interest expense, net interest income decreased by $3.8 million, or 13.9%, to a total of $23.6 million for the year ended December 31, 2003. The interest rate spread decreased to approximately 2.06% at December 31, 2003, from 2.30% at December 31, 2002, while the net interest margin decreased to approximately 2.34% for the year ended December 31, 2003, compared to 2.66% for the 2002 period.

PROVISION FOR LOSSES ON LOANS. A provision for losses on loans is charged to earnings to bring the total allowance for loan losses to a level considered appropriate by management based on historical experience, the volume and type of lending conducted by the Bank, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to the Bank's market areas, and other factors related to the collectibility of the Bank's loan portfolio. Based upon an analysis of these factors, management recorded a provision for losses on loans totaling $1.4 million for the year ended December 31, 2003, an increase of $277,000, or 23.7%, over the provision recorded in 2002. The provision was predicated primarily on the overall increase in the loan portfolio, including the increased percentage of loans secured by commercial real estate within the loan portfolio and an increase in the level of loan charge-offs year to year. For 2004, we believe the provision will continue to grow as we anticipate changing our loan mix by increasing the percentage of commercial loans and consumer loans to total loans. Management believes all nonperforming loans are adequately collateralized, however, there can be no assurance that the loan loss allowance will be adequate to absorb losses on known nonperforming assets or that the allowance will be adequate to cover losses on nonperforming assets in the future.

OTHER INCOME. Other income totaled $11.4 million for the year ended December 31, 2003, an increase of $1.3 million, or 13.0%, compared to 2002. The increase in other income was primarily attributable to an $810,000 increase in gain on sale of investment and mortgage-backed securities, an increase of $337,000, or 26.8%, in title fees, a combined increase of $96,000 in gains on sale of premises and equipment and real estate acquired through foreclosure, and an overall increase of $76,000, or 1.3%, in mortgage-banking related income, partially offset by a $151,000, or 7.1%, decrease in late charges, rent and other income. The increase in title fees was due primarily to an increase in production related to the low interest rate environment.

The increase in mortgage-banking income was comprised of an $840,000, or 30.4%, increase in gain on sale of loans, a $63,000, or 4.1%, increase in loan servicing fees and a net decrease in the valuation of mortgage servicing rights of $827,000, or 60.4%. The increase in gain on sale of loans was due primarily to an increase in the volume of loans sold of $38.5 million, or 16.0%, over the volume of loans sold in 2002. During 2003, the Bank recorded mortgage servicing rights on new loan sales totaling $3.5 million and amortization of mortgage servicing rights totaling $2.9 million, which resulted in a net income item of $543,000. During 2002, the Bank recorded mortgage servicing rights on new loan sales totaling $2.7 million, amortization of mortgage servicing rights totaling $2.1 million and recapture of an impairment charge of $640,000, all of which resulted in a net income item of $1.4 million. Due to an anticipated drop in fixed rate residential one- to four-family loan production, we expect a reduction in mortgage banking income in 2004.

GENERAL, ADMINISTRATIVE AND OTHER EXPENSE. General, administrative and other expense totaled $23.7 million for the year ended December 31, 2003, an increase of $2.1 million, or 9.9%, compared to 2002. The increase was due primarily to the $1.3 million fee associated with the restructuring of a portion of the Bank's FHLB borrowings and an increase of $348,000, or 3.4%, in employee compensation and benefits, a $349,000 or 42.5% increase in franchise taxes, a $324,000, or 9.4%, increase in occupancy and equipment and the absence of $112,000 related to the reversal of the restructuring charge recognized in 2001. The increase in employee compensation and benefits was due primarily to an increase in incentive compensation and health insurance costs, as well as normal merit increases, which were partially offset by an increase in deferred loan origination costs related to the increase in lending volume year to year. The increase in franchise tax expense reflects the effects of refund claims recorded in 2002. The increase in occupancy and equipment was due primarily to an increase in office repairs and maintenance expenses, as well as costs associated with the new Dover office location.

FEDERAL INCOME TAXES. The provision for federal income taxes totaled $3.1 million for the year ended December 31, 2003, a decrease of $1.8 million, or 36.5%, compared to the provision recorded in 2002. This decrease was primarily attributable to a $4.9 million, or 33.1%, decrease in pre-tax earnings and the non-taxable redemption of a life insurance policy. The effective tax rate amounted to 30.8% and 32.4% for the years ended December 31, 2003 and 2002, respectively.

COMPARISON OF RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001

GENERAL. Camco's net earnings for the year ended December 31, 2002, totaled $10.0 million, an increase of $1.5 million, or 17.1%, over the $8.5 million of net earnings reported in 2001. The increase in earnings was primarily attributable to a one-time charge of $950,000 in pre-tax expense related to the consolidation of the bank charters in the 2001 period and the recognition of a $112,000 reversal of this restructuring charge during the 2002 period. Additionally, net interest income increased by $1.5 million and other income increased by $2.9 million, while the provision for losses on loans increased by $410,000, general, administrative and other expense increased by $2.7 million (excluding the effects of the restructuring charge) and the provision for federal income taxes increased by $911,000.

Income and expenses for 2002 include the effects of the acquisition of Columbia Financial, which was acquired by Camco in November 2001 in a transaction accounted for using the purchase method of accounting.

NET INTEREST INCOME. Total interest income for the year ended December 31, 2002, amounted to $66.0 million, a decrease of $8.4 million, or 11.3%, compared to 2001, generally reflecting the effects of a decrease of 110 basis points in the average yield, from 7.49% in 2001 to 6.39% in 2002, which was partially offset by a $39.4 million, or 4.0%, increase in the average balance of interest-earning assets outstanding year to year.

Interest income on loans totaled $57.5 million for the year ended December 31, 2002, a decrease of $12.0 million, or 17.3%, from the comparable 2001 total. The decrease resulted primarily from a $77.7 million, or 8.7%, decrease in the average balance outstanding and a 72 basis point decrease in the average yield to 7.07% in 2002. Interest income on mortgage-backed securities totaled $4.5 million for the year ended December 31, 2002, a $3.5 million, or 327.1%, increase over the 2001 period. The increase was due primarily to an $81.6 million, or 439.7%, increase in the average balance outstanding, which was partially offset by a 119 basis point decrease in the average yield to 4.52% in 2002. Interest income on investment securities increased by $849,000, or 122.0%, due primarily to a $22.3 million increase in the average balance outstanding year to year, which was partially offset by a 144 basis point decline in the average yield to 4.55% in the 2002 period. Interest income on other interest-earning assets decreased by $700,000, or 22.2%, due primarily to a decrease in the yield of 150 basis points to 2.88% in 2002, which was partially offset by a $13.1 million, or 18.2%, increase in the average balance outstanding year to year.

Interest expense on deposits totaled $23.1 million for the year ended December 31, 2002, a decrease of $8.3 million, or 26.4%, compared to the year ended December 31, 2001, due primarily to a 151 basis point decrease in the average cost of deposits, to 3.40% for 2002, which was partially offset by a $39.2 million, or 6.1%, increase in the average balance of interest-bearing deposits outstanding year to year. Interest expense on borrowings totaled $15.5

million for the year ended December 31, 2002, a decrease of $1.6 million, or 9.4%, from the 2001 period. The decrease resulted primarily from a $15.1 million, or 5.4%, decrease in the average balance outstanding year to year and a 26 basis point decrease in the average rate, to 5.83% in 2002. Decreases in the level of average yields on interest-earning assets and average cost of interest-bearing liabilities were due primarily to the overall decrease in interest rates in the economy during 2001 and 2002.

As a result of the foregoing changes in interest income and interest expense, net interest income increased by $1.5 million, or 5.8%, to a total of $27.4 million for the year ended December 31, 2002. The interest rate spread increased to approximately 2.30% at December 31, 2002, from 2.22% at December 31, 2001, while the net interest margin increased to approximately 2.66% for the year ended December 31, 2002, compared to 2.61% for the 2001 period.

PROVISION FOR LOSSES ON LOANS. A provision for losses on loans is charged to earnings to bring the total allowance for loan losses to a level considered appropriate by management based on historical experience, the volume and type of lending conducted by the Bank, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to the Bank's market areas, and other factors related to the collectibility of the Bank's loan portfolio. Based upon an analysis of these factors, management recorded a provision for losses on loans totaling $1.2 million for the year ended December 31, 2002, an increase of $410,000, or 54.0%, over the provision recorded in 2001. The 2002 provision generally reflects the $5.7 million increase in the level of

nonperforming loans. The provision also reflects the increasing percentage of loans secured by nonresidential real estate and consumer loans in relation to total loans during 2002.

OTHER INCOME. Other income totaled $10.1 million for the year ended December 31, 2002, an increase of $2.9 million, or 41.2%, compared to 2001. The increase in other income was primarily attributable to a combined increase of $2.6 million, or 82.9%, in mortgage-banking related income, an increase of $140,000, or 7.1%, in late charges, rent and other and a $176,000, or 21.0%, increase in service charges and other fees on deposits, partially offset by a combined decrease of $100,000 in gain on sale of premises and equipment and real estate acquired through foreclosure.

The increase in mortgage-banking income was comprised of a $1.8 million increase in the valuation of mortgage servicing rights, a $573,000, or 26.1%, increase in gain on sale of loans and a $176,000, or 12.8%, increase in loan servicing fees. During 2002, the Bank recorded mortgage servicing rights on new loan sales totaling $2.7 million, amortization of mortgage servicing rights totaling $2.1 million and recapture of an impairment charge of $640,000, all of which resulted in a net income item of $1.4 million. During 2001, the Bank recorded mortgage servicing rights on new loan sales totaling $2.3 million, amortization of mortgage servicing rights totaling $1.5 million and an impairment charge of $1.3 million, all of which resulted in an expense totaling $500,000. The increase in the gain on sale of loans was due primarily to an increase in the volume of loans sold of $25.3 million, or 11.7%, over the volume of loans sold in 2001. The increase in loan servicing fees was primarily due to an increase in the amount of loans being serviced. The increase in service charges and other fees on deposits is primarily due to an increase in service fees on transaction accounts and check cashing fees. The increase in late charges, rent and other is due to income from credit card and ATM activity, fees for commercial loans and insurance fees earned.

GENERAL, ADMINISTRATIVE AND OTHER EXPENSE. General, administrative and other expense totaled $21.6 million for the year ended December 31, 2002, an increase of $1.7 million, or 8.4%, compared to 2001. The increase in general, administrative and other expense was due primarily to an increase of $2.3 million, or 28.9%, in employee compensation and benefits, a $287,000, or 9.0%, increase in occupancy and equipment, and an increase of $691,000, or 15.1%, in other operating expense, which were partially offset by the effects of a nonrecurring restructuring charge totaling $950,000 recorded in 2001 and the $112,000 restructuring credit recognized in 2002, as well as a $297,000, or 26.6% decrease in franchise taxes, a $167,000, or 12.4%, decrease in data processing and a $150,000 decrease in goodwill amortization. The increase in employee compensation and benefits was due primarily to the acquisition of the Columbia division, an increase in management staffing levels, an increase in incentive compensation and other benefit plan costs and normal merit compensation increases, which were partially offset by an increase in deferred loan origination costs related to the increase in lending volume year to year. Camco increased its management staffing complement year to year as it continues to implement its corporate strategy following the 2001 restructuring plan. The increase in occupancy and equipment resulted primarily from the inclusion of Columbia. The increase in other operating expense was due primarily to costs incurred at the Columbia division and increases in legal expense, costs associated with real estate acquired through foreclosure, office supplies and costs associated with the increase in lending volume year to year. The decrease in franchise tax expense reflects the effects of refund claims on prior year tax filings. The decrease in data processing was due primarily to efficiencies realized related to the consolidation of the Bank charters. The decrease in goodwill amortization was due to the adoption of SFAS No. 142, a new accounting standard which eliminates goodwill amortization. The restructuring credit resulted from severance charges recorded in 2001 that were not utilized due primarily to early terminations.

FEDERAL INCOME TAXES. The provision for federal income taxes totaled $4.8 million for the year ended December 31, 2002, an increase of $911,000, or 23.4%, compared to the provision recorded in 2001. This increase was primarily attributable to a $2.4 million, or 19.1%, increase in pre-tax earnings year to year and the 2001 receipt of refunds claimed for prior years' tax liabilities. The effective tax rate amounted to 32.4% and 31.3% for the years ended December 31, 2002 and 2001, respectively.

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AVERAGE BALANCE, YIELD, RATE AND VOLUME DATA

The following table presents for the periods indicated the total dollar amount of interest income from average interest-earning assets and the resulting yields, and the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. The table does not reflect any effect of income taxes. Balances are based on the average of month-end balances which, in the opinion of management, do not differ materially from daily balances.

	YEAR ENDED DECEMBER 31,				
	2003			200	
	AVERAGE OUTSTANDING BALANCE	INTEREST EARNED/ PAID	AVERAGE YIELD/ RATE	AVERAGE OUTSTANDING BALANCE	INTER EARN PAI
	(Dollars in thousands)				
Interest-earning assets:					

Loans receivable(1)	$ 781,175	$47,982	6.14%	$ 813,541	$57,
Mortgage-backed securities(2)	113,392	3,439	3.03	100,165	4,
Investment securities(2)	37,881	1,267	3.34	33,963	1,
Interest-bearing deposits and other interest-earning assets	78,364	2,187	2.79	85,189	2,
Total interest-earning assets	$1,010,812	54,875	5.43	$1,032,858	66,
Interest-bearing liabilities:					
Deposits	$ 652,710	16,037	2.46	$ 677,800	23,
FHLB advances	273,147	15,200	5.56	265,614	15,
Total interest-bearing liabilities	$ 925,857	31,237	3.37	$ 943,414	38,
Net interest income/Interest rate spread		$23,638	2.06%		$27,
Net interest margin(3)			2.34%		
Average interest-earning assets to average interest-bearing liabilities			109.18%		

	YEAR ENDED DECEMBER 31, 2001		
	AVERAGE OUTSTANDING BALANCE	INTEREST EARNED/ PAID	AVERAGE YIELD/ RATE
	(Dollars in thousands)		
Interest-earning assets:			
Loans receivable(1)	$891,220	$69,461	7.79%
Mortgage-backed securities(2)	18,561	1,059	5.71
Investment securities(2)	11,621	696	5.99
Interest-bearing deposits and other interest-earning assets	72,052	3,156	4.38
Total interest-earning assets	$993,454	74,372	7.49
Interest-bearing liabilities:			
Deposits	$638,581	31,324	4.91
FHLB advances	280,747	17,109	6.09
Total interest-bearing liabilities	$919,328	48,433	5.27
Net interest income/Interest rate spread		$25,939	2.22%
Net interest margin(3)			2.61%
Average interest-earning assets to average			

interest-bearing liabilities	108.06%

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(1) Includes nonaccrual loans and loans held for sale.

(2) Includes securities designated as available for sale.

(3) Net interest income as a percent of average interest-earning assets.

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RATE/VOLUME TABLE

The following table describes the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected Camco's interest income and expense during the periods indicated. For each category of interest-earning assets and interest-bearing liabilities, information is provided on changes attributable to (i) changes in volume (change in volume multiplied by prior year rate), (ii) changes in rate (change in rate multiplied by prior year volume) and (iii) total changes in rate and volume.

	YEAR ENDED DECEMBER 31			
	2003 VS. 2002 INCREASE (DECREASE) DUE TO			
	VOLUME	RATE	TOTAL	VOLUME
	(In thousands)			
Interest income attributable to:				
Loans receivable(1)	$(2,217)	$(7,279)	$ (9,496)	$(5,781
Mortgage-backed securities	729	(1,813)	(1,084)	3,729
Investment securities	215	(493)	(278)	1,052
Interest-bearing deposits and other(2)	(192)	(77)	(269)	507
Total interest income	(1,465)	(9,662)	(11,127)	(493
Interest expense attributable to:				
Deposits	(826)	(6,197)	(7,023)	1,825
BORROWINGS	472	(768)	(296)	(900
Total interest expense	(354)	(6,965)	(7,319)	925
Increase(decrease) in net interest income	$(1,111)	$(2,697)	$ (3,808)	$(1,418

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(1) Includes loans held for sale.

(2) Includes interest-bearing deposits.

YIELDS EARNED AND RATES PAID

The following table sets forth the weighted-average yields earned on Camco's interest-earning assets, the weighted-average interest rates paid on Camco's interest-bearing liabilities and the interest rate spread between the weighted-average yields earned and rates paid by Camco at the dates indicated.

	AT DECEM	
	2003	200
Weighted-average yield on:		
Loan portfolio(1)	5.81%	6.8
Investment portfolio(2)	3.40	3.4
Total interest-earning assets	5.38	6.5
Weighted-average rate paid on:		
Deposits	2.10	2.8
FHLB advances	5.13	5.6
Total interest-bearing liabilities	2.96	3.6
	----	---
Interest rate spread	2.42%	2.8
	====	===

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(1) Includes loans held for sale and excludes the allowance for loan losses.

(2) Includes earnings on FHLB stock and cash surrender value of life insurance.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The objective of the Bank's asset/liability management function is to maintain consistent growth in net interest income within the Bank's policy limits. This objective is accomplished through management of the Bank's balance sheet composition, liquidity, and interest rate risk exposures arising from changing economic conditions, interest rates and customer preferences.

The goal of liquidity management is to provide adequate funds to meet changes in loan demand or unexpected deposit withdrawals. This is accomplished by maintaining liquid assets in the form of investment securities, maintaining sufficient unused borrowing capacity and achieving consistent growth in core deposits.

Management considers interest rate risk the Bank's most significant market risk. Interest rate risk is the exposure to adverse changes in net interest income due to changes in interest rates. Consistency of the Bank's net interest income is largely dependent upon the effective management of interest rate risk.

To identify and manage its interest rate risk the Bank employs an earnings simulation model to analyze net interest income sensitivity to changing interest rates. The model is based on actual cash flows and repricing characteristics and incorporates market-based assumptions regarding the effect of changing interest rates on the prepayment rates of certain assets and liabilities. The model also includes senior management projections for activity levels in each of the product lines offered by the Bank. Assumptions based on the historical behavior of deposit rates and balances in relation to changes in interest rates are also incorporated into the model. Assumptions are inherently uncertain and the measurement of net interest income or the impact of rate fluctuations on net interest income cannot be precisely predicted. Actual results may differ from simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies.

The Bank's Asset/Liability Management Committee ("ALCO"), which includes senior management representatives and reports to the Board of Directors, monitors and manages interest rate risk within Board-approved policy limits. The Bank's current interest rate risk position is determined by measuring the anticipated change in net interest income over a 12 month horizon assuming a 200 basis point (bp) instantaneous and parallel shift (linear) increase or decrease in all interest rates. Given the current federal funds rate of 1.0% at December 31, 2003, a linear 100bp decrease was modeled in the estimated earnings sensitivity profile in place of the linear 200bp decrease in accordance with the Bank's interest rate risk policy. Current policy limits this exposure to plus or minus 25% of net interest income for a 12-month horizon.

The following table shows the Bank's estimated earnings sensitivity profile as of December 31, 2003:

CHANGE IN INTEREST RATES (BASIS POINTS)	PERCENTAGE CHANGE IN NET INTEREST INCOME 12 MONTHS
+200	8.6%
-100	(6.8)%

Given a 200bp linear increase in the yield curve used in the simulation model, it is estimated net interest income for the Bank would increase by 8.6% over one year. A 100bp linear decrease in interest rates would decrease net interest income by 6.8% over one year. All of these estimated changes in net interest income are within the policy guidelines established by the Board of Directors. Management does not expect any significant adverse effect on net interest income in 2003 based on the composition of the portfolio and anticipated upward trends in rates.

In order to reduce the exposure to interest rate fluctuations and to manage liquidity, the Bank has developed sale procedures for several types of interest-sensitive assets. Generally, all long-term, fixed-rate single family residential mortgage loans underwritten according to Federal Home Loan Mortgage Corporation ("FHLMC") or Federal National Mortgage Association ("FNMA") guidelines are sold for cash upon origination. A total of $279.0 million and $240.5 million of such loans were sold to the FHLMC, FNMA and other parties during 2003 and 2002, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Camco, like other financial institutions, is required under applicable federal regulations to maintain sufficient funds to meet deposit withdrawals, loan commitments and expenses. Liquid assets consist of cash and interest-bearing deposits in other financial institutions, investments and mortgage-backed securities. Management monitors and assesses liquidity needs daily in order to meet deposit withdrawals, loan commitments and expenses.

The following table sets forth information regarding the Bank's obligations and commitments to make future payments under contract as of December 31, 2003.

	PAYMENTS DUE BY PERIOD			
	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS (In thousands)	MOR THA 5 YE
Contractual obligations:				
Operating lease obligations	$ 205	$ 229	$ 169	$
Advances from the Federal Home Loan Bank	29,408	1,168	23,722	208
Certificates of deposit	178,290	146,297	37,420	
Amount of commitments expiration per period				
Commitments to originate loans:				
Overdraft lines of credit	892	--	--	
Home equity/commercial lines of credit	58,937	--	--	
One- to four-family and multi-family loans	4,237	--	--	
Non-residential real estate and land loans	11,227	--	--	
Total contractual obligations	$283,196	$147,694	$ 61,311	$209

Advantage Bank anticipates that it will have sufficient funds available to meet its current loan commitments. Based upon historical deposit flow data, the Bank's competitive pricing in its market and management's experience, management believes that a significant portion of maturing certificates of deposit will remain with the Bank.

The Bank engages in off-balance sheet credit-related activities that could require Advantage to make cash payments in the event that specified future events occur. The contractual amounts of these activities represent the maximum exposure to the Bank. However, certain off-balance sheet commitments are expected to expire or be only partially used; therefore, the total amount of commitments does not necessarily represent future cash requirements. These off-balance sheet activities are necessary to meet the financing needs of the Bank's customers.

Liquidity management is both a daily and long-term function of Advantage's management strategy. In the event that the Bank should require funds beyond its ability to generate them internally, additional funds are available through the use of FHLB advances, brokered deposits, and through the sales of loans and/or securities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Camco Financial Corporation

We have audited the accompanying consolidated statements of financial condition of Camco Financial Corporation as of December 31, 2003 and 2002, and the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the years in the three year period ended December 31, 2003. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Camco Financial Corporation as of December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the years in the three year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ GRANT THORNTON LLP

Cincinnati, Ohio
February 5, 2004

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CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

December 31,
(In thousands, except share data)

ASSETS	
Cash and due from banks	$ 22
Interest-bearing deposits in other financial institutions	30
Cash and cash equivalents	53
Investment securities available for sale - at market	27
Investment securities held to maturity - at cost, approximate market value of $1,204 and $5,501 as of December 31, 2003 and 2002, respectively	1
Mortgage-backed securities available for sale - at market	77
Mortgage-backed securities held to maturity - at cost, approximate market value of $7,839 and $20,634 as of December 31, 2003 and 2002, respectively	7
Loans held for sale - at lower of cost or market	5
Loans receivable - net	799
Office premises and equipment - net	13
Real estate acquired through foreclosure	1
Federal Home Loan Bank stock - at cost	24
Accrued interest receivable	4
Prepaid expenses and other assets	1
Cash surrender value of life insurance	17

Goodwill - net of accumulated amortization	2
Prepaid federal income taxes	
Total assets	$ 1,039
LIABILITIES AND STOCKHOLDERS' EQUITY	
Deposits	$ 671
Advances from the Federal Home Loan Bank	262
Advances by borrowers for taxes and insurance	3
Accounts payable and accrued liabilities	4
Dividends payable	1
Deferred federal income taxes	3
Total liabilities	946
Commitments	
Stockholders' equity	
Preferred stock - $1 par value; authorized 100,000 shares; no shares outstanding	
Common stock - $1 par value; authorized 14,900,000 shares; 8,428,946 and 8,311,145 shares issued at December 31, 2003 and 2002, respectively	8
Additional paid-in capital	55
Retained earnings - substantially restricted	45
Accumulated other comprehensive income - unrealized gains on securities designated as available for sale, net of related tax effects	
Less 1,096,523 and 622,260 shares of treasury stock at December 31, 2003 and 2002, respectively - at cost	(16
Total stockholders' equity	92
Total liabilities and stockholders' equity	$ 1,039

The accompanying notes are an integral part of these statements.

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CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31, 2003, 2002 and 2001
(In thousands, except per share data)

	2003	2002
Interest income		
Loans	$ 47,982	$ 57,478
Mortgage-backed securities	3,439	4,523
Investment securities	1,267	1,545
Interest-bearing deposits and other	2,187	2,456
Total interest income	54,875	66,002

Interest expense		
Deposits	16,037	23,060
Borrowings	15,200	15,496
Total interest expense	31,237	38,556
Net interest income	23,638	27,446
Provision for losses on loans	1,446	1,169
Net interest income after provision for losses on loans	22,192	26,277
Other income		
Late charges, rent and other	1,964	2,115
Title fees	1,596	1,259
Loan servicing fees	1,617	1,554
Gain on sale of loans - net	3,607	2,767
Valuation of mortgage servicing rights - net	543	1,370
Service charges and other fees on deposits	1,157	1,014
Gain on sale of investment and mortgage-backed securities	839	29
Gain (loss) on sale of real estate acquired through foreclosure	52	(8)
Gain on sale of premises and equipment	36	--
Total other income	11,411	10,100
General, administrative and other expense		
Employee compensation and benefits	10,516	10,168
Occupancy and equipment	3,783	3,459
Data processing	1,330	1,178
Advertising	763	794
Franchise taxes	1,170	821
Amortization of goodwill	--	--
Other operating	4,842	5,262
Federal Home Loan Bank advance prepayment fees	1,292	--
Restructuring charges (credits) related to charter consolidation	--	(112)
Total general, administrative and other expense	23,696	21,570
Earnings before federal income taxes	9,907	14,807
Federal income taxes		
Current	3,574	3,149
Deferred	(523)	1,653
Total federal income taxes	3,051	4,802
NET EARNINGS	$ 6,856	$ 10,005
EARNINGS PER SHARE		
Basic	$ .92	$ 1.27
Diluted	$ .91	$ 1.25

The accompanying notes are an integral part of these statements.

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CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2003, 2002 and 2001
(In thousands)

	2003	200
Net earnings	$ 6,856	$ 10,00
Other comprehensive income, net of tax:		
Unrealized holding gains (losses) on securities during the period, net of taxes (benefits) of $(689), $1,035 and $53 in 2003, 2002 and 2001, respectively	(1,338)	2,01
Reclassification adjustment for realized gains included in earnings, net of taxes of $285 and $10 for the years ended December 31, 2003 and 2002, respectively	(554)	(1
	-------	-------
Comprehensive income	$ 4,964	$ 11,99
	=======	=======
Accumulated other comprehensive income	$ 206	$ 2,09
	=======	=======

The accompanying notes are an integral part of these statements.

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CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended December 31, 2003, 2002 and 2001
(In thousands, except per share data)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNREA GAINS (ON SECU DESIG AS AVA FOR
Balance at January 1, 2001	$7,058	$41,551	$ 31,553	$
Stock options exercised	116	1,146	--	
Cash dividends declared - $.48 per share	--	--	(3,476)	
Net earnings for the year ended December 31, 2001	--	--	8,544	
Purchase of Columbia Financial of Kentucky, Inc.	963	9,025	--	
Unrealized gains on securities designated as				

available for sale, net of related tax effects	--	--	--	
Balance at December 31, 2001	8,137	51,722	36,621	
Finalization of Columbia Financial acquisition	--	432	--	
Stock options exercised	174	1,909	--	
Cash dividends declared - $.525 per share	--	--	(4,129)	
Net earnings for the year ended December 31, 2002	--	--	10,005	
Purchase of treasury shares	--	--	--	
Unrealized gains on securities designated as available for sale, net of related tax effects	--	--	--	1,
Balance at December 31, 2002	8,311	54,063	42,497	2,
Stock options exercised	118	1,069	--	
Cash dividends declared - $.57 per share	--	--	(4,232)	
Net earnings for the year ended December 31, 2003	--	--	6,856	
Purchase of treasury shares	--	--	--	
Unrealized losses on securities designated as available for sale, net of related tax effects	--	--	--	(1,
Balance at December 31, 2003	$8,429	$55,132	$ 45,121	$

The accompanying notes are an integral part of these statements.

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CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2003, 2002 and 2001
(In thousands)

	2003
Cash flows from operating activities:	
Net earnings for the year	$ 6,856
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:	
Amortization of goodwill	--
Amortization of premiums and discounts on investment and mortgage-backed securities - net	2,418
Amortization of mortgage servicing rights - net	2,922
Depreciation and amortization	1,879
Amortization of purchase accounting adjustments - net	5
Provision for losses on loans	1,446
Provision for losses on real estate acquired through foreclosure	30
Amortization of deferred loan origination fees	(398)
(Gain) loss on sale of real estate acquired through foreclosure	(52)
Gain on sale of investment and mortgage-backed securities transactions	(839)
Gain on sale of office premises and equipment	(36)
Federal Home Loan Bank stock dividends	(955)

Gain on sale of loans	(3,607)
Loans originated for sale in the secondary market	(228,969)
Proceeds from sale of mortgage loans in the secondary market	282,612
Tax benefits related to exercise of stock options	210
Increase (decrease) in cash, net of acquisition of Columbia Financial of Kentucky, Inc., due to changes in:	
Accrued interest receivable	834
Prepaid expenses and other assets	606
Accounts payable and other liabilities	(196)
Federal income taxes	
Current	(184)
Deferred	(523)
Net cash provided by (used in) operating activities	64,059
Cash flows provided by (used in) investing activities:	
Proceeds from maturities of investment securities	21,596
Proceeds from sale of investment securities designated as available for sale	3,811
Purchase of investment securities designated as available for sale	(10,341)
Purchase of investment securities designated as held to maturity	--
Proceeds from sale of mortgage-backed securities designated as available for sale	59,111
Purchase of mortgage-backed securities designated as available for sale	(112,989)
Purchase of mortgage-backed securities designated as held to maturity	(961)
Principal repayments on mortgage-backed securities	83,058
Loan disbursements	(378,511)
Purchases of loans	(12,056)
Principal repayments on loans	324,463
Purchase of office premises and equipment - net	(876)
Proceeds from sale of office premises and equipment	145
Proceeds from sale of real estate acquired through foreclosure	4,158
Additions to real estate acquired through foreclosure	--
Purchase of Federal Home Loan Bank stock	--
Purchase of life insurance	--
Proceeds from redemption of life insurance	422
Net increase in cash surrender value of life insurance	(790)
Purchase of Columbia Financial of Kentucky, Inc.	--
Net cash provided by (used in) investing activities	(19,760)
Net cash provided by (used in) operating and investing activities (balance carried forward)	44,299

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CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2003, 2002 and 2001
(In thousands)

	2003	
Net cash provided by (used in) operating and investing activities (balance brought forward)	$ 44,299	$

Cash flows provided by (used in) financing activities:	
Net increase (decrease) in deposits	(22,798)
Proceeds from Federal Home Loan Bank advances	73,850
Repayment of Federal Home Loan Bank advances	(87,432)
Dividends paid on common stock	(4,215)
Proceeds from exercise of stock options	977
Purchase of treasury shares	(7,977)
Decrease in advances by borrowers for taxes and insurance	(15)
Net cash used in financing activities	(47,610)
Net increase (decrease) in cash and cash equivalents	(3,311)
Cash and cash equivalents at beginning of year	57,022
Cash and cash equivalents at end of year	$ 53,711
Supplemental disclosure of cash flow information:	
Cash paid during the year for:	
Interest on deposits and borrowings	$ 31,452
Income taxes	$ 3,570
Supplemental disclosure of noncash investing activities:	
Transfers from loans to real estate acquired through foreclosure	$ 4,010
Issuance of mortgage loans upon sale of real estate acquired through foreclosure	$ 2,399
Unrealized gains (losses) on securities designated as available for sale, net of related tax effects	$ (1,338)
Recognition of mortgage servicing rights in accordance with SFAS No. 140	$ 3,465
Supplemental disclosure of noncash financing activities:	
Dividends declared but unpaid	$ 1,063
Fair value of assets received in acquisition of Columbia Financial of Kentucky, Inc.	$ --

The accompanying notes are an integral part of these statements.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2003, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During 2001, the Boards of Directors of Camco Financial Corporation ("Camco" or the "Corporation") and its wholly-owned subsidiaries, Cambridge Savings Bank ("Cambridge Savings"), Marietta Savings Bank ("Marietta Savings"), First Savings Bank of Washington Court House ("First Bank"), First Bank for Savings ("First Savings") and Westwood Homestead Savings Bank ("Westwood Homestead"), approved a business plan whereby the subsidiary banks consolidated charters and operations into one state savings bank charter under the name Advantage Bank. The combining of charters and operations resulted in the Corporation incurring a one-time after-tax restructuring charge totaling $627,000. Hereinafter, the consolidated financial statements use the terms "Advantage" or the "Bank" to describe all of the preexisting individual financial institutions owned by the Corporation.

During 2001, Camco's Board of Directors approved a business combination that was completed in November 2001, whereby Columbia Financial of Kentucky, Inc. ("Columbia Financial"), the parent of Columbia Federal Savings Bank ("Columbia Federal"), was merged into Camco. Following the merger, Columbia Federal became a division of Advantage. The business combination was accounted for using the purchase method of accounting. Accordingly, the 2001 consolidated financial statements herein include the accounts of Columbia Federal only from the November 15, 2001 consummation date.

The business activities of Camco are limited primarily to holding the common stock of the Bank and Camco Title Insurance Agency ("Camco Title") and one second tier subsidiary, Camco Mortgage Corporation. Effective October 1, 2003, Camco Mortgage Corporation was dissolved and its operations became a part of the Bank. The Corporation's results of operations are economically dependent upon the results of Advantage's operations. Advantage conducts a general banking business within Ohio, West Virginia and northern Kentucky which consists of attracting deposits from the general public and applying those funds to the origination of loans for residential, consumer and nonresidential purposes. Advantage's profitability is significantly dependent on net interest income, which is the difference between interest income generated from interest-earning assets (i.e. loans and investments) and the interest expense paid on interest-bearing liabilities (i.e. customer deposits and borrowed funds). Net interest income is affected by the relative amounts of interest-earning assets and interest-bearing liabilities and the interest received or paid on these balances. The level of interest rates paid or received by Advantage can be significantly influenced by a number of factors, such as governmental monetary policy, that are outside of management's control.

The consolidated financial information presented herein has been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and general accounting practices within the financial services industry. In preparing financial statements in accordance with U.S. GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from such estimates.

The following is a summary of the Corporation's significant accounting policies which have been consistently applied in the preparation of the accompanying consolidated financial statements.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned and, for periods prior to October 1, 2003, its second tier subsidiaries. All significant intercompany balances and transactions have been eliminated.

2. Investment Securities and Mortgage-Backed Securities

The Corporation accounts for investment and mortgage-backed securities in accordance with Statement of Financial Accounting Standards ("SFAS") No. 115 "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 requires that investments be categorized as held to maturity, trading, or available for sale. Securities classified as held to maturity are carried at cost only if the Corporation has the positive intent and ability to hold these securities to maturity. Securities designated as available for sale are carried at fair value with resulting unrealized gains or losses recorded to stockholders' equity. Investment and mortgage-backed securities are classified as held to maturity or available for sale upon acquisition. Realized gains and losses on sales of securities are recognized using the specific identification method.

3. Loans Receivable

Loans held in portfolio are stated at the principal amount outstanding, adjusted for deferred loan origination fees and costs, capitalized mortgage servicing rights and the allowance for loan losses.

Interest is accrued as earned unless the collectibility of the loan is in doubt. Uncollectible interest on loans that are contractually past due is charged off, or an allowance is established based on management's periodic evaluation. The allowance is established by a charge to interest income equal to all interest previously accrued and not received, and income is subsequently recognized only to the extent that cash payments are received until, in management's judgment, the borrower's ability to make periodic interest and principal payments has returned to normal, in which case the loan is returned to accrual status.

Loans held for sale are carried at the lower of cost (less principal payments received) or fair value (market value), calculated on an aggregate basis. At December 31, 2003 and 2002, loans held for sale were carried at cost.

The Corporation accounts for mortgage servicing rights in accordance with SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which requires that the Corporation recognize, as separate assets, rights to service mortgage loans for others, regardless of how those servicing rights are acquired. An institution that acquires mortgage servicing rights through either the purchase or origination of mortgage loans and sells those loans with servicing rights retained must allocate some of the cost of the loans to the mortgage servicing rights.

SFAS No. 140 requires that capitalized mortgage servicing rights and capitalized excess servicing receivables be assessed for impairment. Impairment is measured based on fair value. The mortgage servicing rights recorded by the Bank, calculated in accordance with the provisions of SFAS No. 140, were segregated into pools for valuation purposes, using as pooling criteria the loan term and coupon rate.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Loans Receivable (continued)

Once pooled, each grouping of loans was evaluated on a discounted earnings basis to determine the present value of future earnings that a purchaser could expect to realize from each portfolio. Earnings were projected from a variety of sources including loan servicing fees, interest earned on float, net interest earned on escrows, miscellaneous income, and costs to service the loans. The present value of future earnings is the "economic" value for the pool, i.e., the net realizable present value to an acquirer of the acquired servicing.

The Corporation recorded amortization related to mortgage servicing rights totaling approximately $2.9 million, $2.1 million and $1.5 million, for the years ended December 31, 2003, 2002 and 2001, respectively. Additionally, the Corporation recorded an impairment charge on mortgage servicing rights totaling $1.3 million in 2001. During 2002, the Corporation recaptured approximately $640,000 of the impairment based upon an independent appraisal of the mortgage servicing rights. The carrying value of the Corporation's mortgage servicing rights, which approximated their fair value, totaled approximately $6.6 million and $6.0 million at December 31, 2003 and 2002, respectively.

At December 31, 2003 and 2002, the Bank was servicing mortgage loans of approximately $587.8 million and $575.4 million, respectively, that have been sold to the Federal Home Loan Mortgage Corporation and other investors.

4. Loan Origination and Commitment Fees

The Corporation accounts for loan origination fees and costs in accordance with SFAS No. 91, "Accounting for Nonrefundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases." Pursuant to the provisions of SFAS No. 91, all loan origination fees received, net of certain direct origination costs, are deferred on a loan-by-loan basis and amortized to interest income using the interest method, giving effect to actual loan prepayments. Additionally, SFAS No. 91 generally limits the definition of loan origination costs to the direct costs attributable to originating a loan, i.e., principally actual personnel costs.

Fees received for loan commitments are deferred and amortized over the life of the related loan using the interest method.

5. Allowance for Loan Losses

It is the Corporation's policy to provide valuation allowances for estimated losses on loans based upon past loss experience, current trends in the level of delinquent and problem loans, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral and current economic conditions in the Bank's primary market areas. When the collection of a loan becomes doubtful, or otherwise troubled, the Corporation records a charge-off or an allowance equal to the difference between the fair value of the property securing the loan and the loan's carrying value. Such provision is based on management's estimate of the fair value of the underlying collateral, taking into consideration the current and currently anticipated future operating or sales conditions. As a result, such estimates are particularly susceptible to changes that could result in a material adjustment to results of operations in the near term. Recovery of the carrying value of such loans is dependent to a great extent on economic, operating, and other conditions that may be beyond the Corporation's control.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Allowance for Loan Losses (continued)

The Corporation accounts for impaired loans in accordance with SFAS No. 114, "Accounting by Creditors for Impairment of a Loan." SFAS No. 114 requires that impaired loans be measured based upon the present value of expected future cash flows discounted at the loan's effective interest rate or, as an alternative, at the loan's observable market price or fair value of the collateral.

A loan is defined under SFAS No. 114 as impaired when, based on current information and events, it is probable that a creditor will be unable to collect all amounts due according to the contractual terms of the loan agreement. In applying the provisions of SFAS No. 114, the Corporation considers its investment in one- to four-family residential loans and consumer installment loans to be homogeneous and therefore excluded from separate identification for evaluation of impairment. With respect to the Corporation's investment in multi-family, commercial and nonresidential loans, and its evaluation of any impairment thereon, such loans are generally collateral-dependent and as a result are carried as a practical expedient at the lower of cost or fair value.

It is the Corporation's policy to charge off unsecured credits that are more than ninety days delinquent. Similarly, collateral-dependent loans which are more than ninety days delinquent are considered to constitute more than a minimum delay in repayment and are evaluated for impairment under SFAS No. 114 at that time.

The Bank's impaired loan information is as follows at December 31:

	2003	2002
	(In thousands)	
Impaired loans with related allowance	$ --	$ 984
Impaired loans with no related allowance	827	--
Total impaired loans	$ 827	$ 984

	2003	2002	2001
		(In thousands)	
Allowance on impaired loans			
Beginning balance	$ 282	$ --	$ --
Provision	136	282	--
Charge-off	(418)	--	--
Ending balance	$ --	$ 282	$ --
Average balance of impaired loans	$ 809	$ 971	$ --
Interest income recognized on impaired loans	$ 98	$ 50	$ --

The allowance for impaired loans is included in the Bank's overall allowance for credit losses. The provision necessary to increase this allowance is included in the Bank's overall provision for losses on loans.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Real Estate Acquired Through Foreclosure

Real estate acquired through foreclosure is carried at the lower of the loan's unpaid principal balance (cost) or fair value less estimated selling expenses at the date of acquisition. Real estate loss provisions are recorded if the fair value of the property subsequently declines below the amount determined at the recording date. In determining the lower of cost or fair value at acquisition, costs relating to development and improvement of property are capitalized. Costs relating to holding real estate acquired through foreclosure, net of rental income, are charged against earnings as incurred.

7. Office Premises and Equipment

Office premises and equipment are carried at cost and include expenditures which extend the useful lives of existing assets. Maintenance, repairs and minor renewals are expensed as incurred. For financial reporting, depreciation and amortization are provided on the straight-line method over the useful lives of the assets, estimated to be ten to fifty years for buildings and improvements and three to twenty-five years for furniture, fixtures and equipment. An accelerated depreciation method is used for tax reporting purposes.

8. Goodwill

Goodwill resulting from the acquisition of First Savings, totaling approximately $3.7 million, was being amortized over a twenty-five year period using the straight-line method for years prior to 2002. It was management's policy to periodically evaluate the carrying value of intangible assets in relation to the continuing earnings capacity of the acquired assets and assumed liabilities.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 142 "Goodwill and Intangible Assets," which prescribes accounting for all purchased goodwill and intangible assets. Pursuant to SFAS No. 142, acquired goodwill is not amortized, but is tested for impairment at the reporting unit level annually and whenever an impairment indicator arises. Goodwill has been assigned to Advantage Bank as the reporting unit that is expected to benefit from the goodwill.

Camco evaluated the unamortized goodwill balance of $3.0 million during both 2003 and 2002 in accordance with the provisions of SFAS No. 142 via independent third-party appraisal. The evaluations showed no indication of impairment. The adoption of SFAS No. 142 has resulted in the elimination of annual goodwill amortization of approximately $150,000.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Goodwill (continued)

The following table displays the pro forma effects on net earnings and earnings per share as if SFAS No. 142 had been applicable to the year ended December 31, 2001.

	FOR THE YEAR ENDED DECEMBER 31,		
	2003	2002	2001
	(In thousands, except per share amounts)		
Reported net earnings	$6,856	$10,005	$8,544
Add back: goodwill amortization	--	--	150
Adjusted net earnings	$6,856	$10,005	$8,694
BASIC EARNINGS PER SHARE:			
As reported	$ .92	$ 1.27	$ 1.20
Goodwill amortization	--	--	.03

As adjusted	$ .92	$ 1.27	$ 1.23
DILUTED EARNINGS PER SHARE:			
As reported	$ .91	$ 1.25	$ 1.19
Goodwill amortization	--	--	.02
As adjusted	$ .91	$ 1.25	$ 1.21

9. Federal Income Taxes

The Corporation accounts for federal income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." In accordance with SFAS No. 109, a deferred tax liability or deferred tax asset is computed by applying the current statutory tax rates to net taxable or deductible temporary differences between the tax basis of an asset or liability and its reported amount in the financial statements that will result in taxable or deductible amounts in future periods. Deferred tax assets are recorded only to the extent that the amount of net deductible temporary differences or carryforward attributes may be utilized against current period earnings, carried back against prior years' earnings, offset against taxable temporary differences reversing in future periods, or utilized to the extent of management's estimate of future taxable income. A valuation allowance is provided for deferred tax assets to the extent that the value of net deductible temporary differences and carryforward attributes exceeds management's estimates of taxes payable on future taxable income. Deferred tax liabilities are provided on the total amount of net temporary differences taxable in the future.

Deferral of income taxes results primarily from different methods of accounting for deferred loan origination fees and costs, mortgage servicing rights, Federal Home Loan Bank stock dividends, deferred compensation, the general loan loss allowance and the percentage of earnings bad debt deductions. A temporary difference is also recognized for depreciation expense computed using accelerated methods for federal income tax purposes.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Earnings Per Share

Basic earnings per common share is computed based upon the weighted-average number of common shares outstanding during the year. Diluted earnings per common share is computed including the dilutive effect of additional potential common shares issuable under outstanding stock options. The computations were as follows for the years ended December 31:

	2003	2002	2001
Weighted-average common shares outstanding (basic)	7,491,977	7,908,786	7,096,960
Dilutive effect of assumed exercise of stock options	74,390	97,094	93,546
Weighted-average common shares outstanding (diluted)	7,566,367	8,005,880	7,190,506

Options to purchase 65,441 and 176,714 shares of common stock at respective weighted-average exercise prices of $14.83 and $13.11 were outstanding at December 31, 2002 and 2001, respectively, but were excluded from the computation of diluted earnings per share for those years because the exercise price was greater than the average market price of the common shares. There were no anti-dilutive options outstanding for the year ended December 31, 2003.

11. Stock Option Plans

Stockholders of the Corporation have approved four stock option plans. Under the 1972 Plan, 254,230 common shares were reserved for issuance to officers, directors, and key employees of the Corporation and its subsidiaries. The 1982 Plan reserved 115,824 common shares for issuance to employees of the Corporation and its subsidiaries. All of the stock options under the 1972 and 1982 Plans have been granted and were subject to exercise at the discretion of the grantees through 2002. Under the 1995 Plan, 161,488 shares were reserved for issuance. Under the 2002 Plan, 400,000 shares were reserved for issuance. Additionally, in connection with the acquisition of First Savings, the stock options of First Savings were converted into options to purchase 174,421 shares of the Corporation's stock at an exercise price of $7.38 per share, which expire in 2005. In connection with the 2000 acquisition of Westwood Homestead, the stock options of Westwood Homestead were converted into options to purchase 311,794 shares of the Corporation's stock at a weighted-average exercise price of $11.89 per share, which expire in 2008.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Stock Option Plans (continued)

The Corporation accounts for its stock option plans in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation," which contains a fair-value based method for valuing stock-based compensation that entities may use, which measures compensation cost at the grant date based on the fair value of the award. Compensation is then recognized over the service period, which is usually the vesting period. Alternatively, SFAS No. 123 permits entities to continue to account for stock options and similar equity instruments under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Entities that continue to account for stock options using APB Opinion No. 25 are required to make pro forma disclosures of net earnings and earnings per share, as if the fair-value based method of accounting defined in SFAS No. 123 had been applied.

The Corporation utilizes APB Opinion No. 25 and related Interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized for the plans. Had compensation cost for the Corporation's stock option plans been determined based on the fair value at the grant dates for awards under the plans consistent with the accounting method utilized in SFAS No. 123, the Corporation's net earnings and earnings per share would have been reported as the pro forma amounts indicated below:

		2003	2002
		(In thousands, except per s	
NET EARNINGS	As reported	$6,856	$10,005
	Stock-based compensation, net of tax	(20)	(4)
	Pro-forma	$6,836	$10,001
EARNINGS PER SHARE			
BASIC	As reported	$ .92	$ 1.27
	Stock-based compensation, net of tax	(.01)	(.01)
	Pro-forma	$ .91	$ 1.26
DILUTED	As reported	$ .91	$ 1.25
	Stock-based compensation, net of tax	(.01)	--
	Pro-forma	$ .90	$ 1.25

The fair value of each option grant is estimated on the date of grant using the modified Black-Scholes options-pricing model with the following assumptions used for grants during 2003, 2002 and 2001: dividend yield of 3.50%, 3.84% and 4.07%, respectively; expected volatility of 16.88%, 16.34% and 17.06%, respectively; a risk-free interest rate of 3.95%, 2.00% and 3.00%, respectively; and an expected life of ten years for all grants.

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Stock Option Plans (continued)

A summary of the status of the Corporation's stock option plans as of December 31, 2003, 2002 and 2001, and changes during the years ending on those dates is presented below:

	2003		2002	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at beginning of year	323,291	$ 9.79	503,005	$10.16
Granted	56,948	16.13	3,700	14.55
Exercised	(117,800)	7.60	(174,106)	10.84
Forfeited	(5,367)	13.92	(9,308)	11.91
Outstanding at end of year	257,072	$12.11	323,291	$ 9.79
Options exercisable at year-end	211,780	$11.25	323,291	$ 9.79
Weighted-average fair value of options granted during the year		$ 2.60		$ 1.36

The following information applies to options outstanding at December 31, 2003:

	NUMBER OUTSTANDING	RANGE OF EXERCISE
	65,726	$7.40 - $9.7
	134,398	$9.75 - $14.5
	56,948	$16.1
	257,072	$12.1
Weighted-average remaining contractual life		5.9 year

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Fair Value of Financial Instruments

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," requires disclosure of fair value information about financial instruments, whether or not recognized in the consolidated statement of financial condition, for which it is practicable to estimate that value. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. SFAS No. 107 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Corporation.

The following methods and assumptions were used by the Corporation in estimating its fair value disclosures for financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents: The carrying amount reported in the consolidated statements of financial condition for cash and cash equivalents is deemed to approximate fair value.

Investment Securities and Mortgage-backed Securities: Fair values for investment securities and mortgage-backed securities are based on quoted market prices and dealer quotes.

Loans Receivable: The loan portfolio has been segregated into categories with similar characteristics, such as one- to four-family residential real estate, multi-family residential real estate, installment and other. These loan categories were further delineated into fixed-rate and adjustable-rate loans. The fair values for the resultant loan categories were computed via discounted cash flow analysis, using current interest rates offered for loans with similar terms to borrowers of similar credit quality.

Federal Home Loan Bank stock: The carrying amount presented in the consolidated statements of financial condition is deemed to approximate fair value.

Deposits: The fair values of deposits with no stated maturity, such as money market demand deposits, savings and NOW accounts, are deemed to equal the amount payable on demand as of December 31, 2003 and 2002. The fair value of fixed-rate certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

Advances from the Federal Home Loan Bank: The fair value of these advances is estimated using the rates currently offered for similar advances of similar remaining maturities or, when available, quoted market prices.

Advances by Borrowers for Taxes and Insurance: The carrying amount of advances by borrowers for taxes and insurance is deemed to approximate fair value.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Fair Value of Financial Instruments (continued)

Commitments to Extend Credit: For fixed-rate and adjustable-rate loan commitments, the fair value estimate considers the difference between current levels of interest rates and committed rates. At December 31, 2003 and 2002, the difference between the fair value and notional amount of loan commitments was not material.

Based on the foregoing methods and assumptions, the carrying value and fair value of the Corporation's financial instruments are as follows:

	DECEMBER 31,		
	2003		
	CARRYING VALUE	FAIR VALUE	CARR V
		(In thousands)	
Financial assets			
Cash and cash equivalents	$ 53,711	$ 53,711	$ 57
Investment securities	28,138	28,212	44
Mortgage-backed securities	85,620	85,755	117
Loans receivable	805,082	810,113	796
Federal Home Loan Bank stock	24,494	24,494	23
	$ 997,045	$1,002,285	$1,039
Financial liabilities			
Deposits	$ 671,274	$ 677,953	$ 694
Advances from the Federal Home Loan Bank	262,735	288,732	276
Advances by borrowers for taxes and insurance	3,494	3,494	3
	$ 937,503	$ 970,179	$ 973

13. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and due from banks and interest-bearing deposits in other financial institutions with original maturities of three months or less.

14. Advertising

Advertising costs are expensed when incurred.

15. Reclassifications

Certain prior year amounts have been reclassified to conform to the 2003 consolidated financial statement presentation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Effects of Recent Accounting Pronouncements

In June 2002, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 provides financial accounting and reporting guidance for costs associated with exit or disposal activities, including one-time termination benefits, contract termination costs other than for a capital lease, and costs to consolidate facilities or relocate employees. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. Management adopted SFAS No. 146 effective January 1, 2003, as required, without material effect on the Corporation's financial condition or results of operations.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns, or both. FIN 46 also requires disclosures about variable interest entities that a company is not required to consolidate, but in which it has a significant variable interest. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to existing entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. Camco has no variable interest entities. The Corporation adopted FIN 46 effective July 1, 2003, as required, without material effect on its financial position and results of operations.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," which clarifies certain implementation issues raised by constituents and amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," to include the conclusions reached by the FASB on certain FASB Staff Implementation Issues that, while inconsistent with Statement 133's conclusions, were considered by the Board to be preferable; amends SFAS No. 133's discussion of financial guarantee contracts and the application of the shortcut method to an interest-rate swap agreement that includes an embedded option and amends other pronouncements.

The guidance in Statement 149 is effective for new contracts entered into or modified after June 30, 2003 and for hedging relationships designated after that date. Management adopted SFAS No. 149 effective July 1, 2003, as required, without material effect on the Corporation's financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain

Financial Instruments with Characteristics of both Liabilities and Equity," which changes the classification in the statement of financial position of certain common financial instruments from either equity or mezzanine presentation to liabilities and requires an issuer of those financial statements to recognize changes in fair value or redemption amount, as applicable, in earnings. SFAS No. 150 requires an issuer to classify certain financial instruments as liabilities, including mandatorily redeemable preferred and common stocks.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Effects of Recent Accounting Pronouncements (continued)

SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003 and, with one exception, is effective at the beginning of the first interim period beginning after June 15, 2003 (July 1, 2003 as to the Corporation). The effect of adopting SFAS No. 150 must be recognized as a cumulative effect of an accounting change as of the beginning of the period of adoption. Restatement of prior periods is not permitted. Management adopted SFAS No. 150 effective July 1, 2003, as required, without material effect on the Corporation's financial condition or results of operations.

NOTE B - INVESTMENT SECURITIES AND MORTGAGE-BACKED SECURITIES

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values of investment securities at December 31, 2003 and 2002 are as follows:

	2003		
	AMORTIZED COST	GROSS UNREALIZED GAINS	GRO UNREALIZ LOSS
		(In thousands)	
HELD TO MATURITY:			
Municipal bonds	$ 1,130	$ 74	$
AVAILABLE FOR SALE:			
U.S. Government agency obligations	25,640	241	
Municipal bonds	625	26	
Corporate equity securities	330	146	
Total investment securities available for sale	26,595	413	
Total investment securities	$ 27,725	$ 487	$

	2002		
	AMORTIZED COST	GROSS UNREALIZED GAINS	GRO UNREALIZ LOSS
	(In thousands)		
HELD TO MATURITY:			
U.S. Government agency obligations	$ 4,233	$ 73	$
Municipal bonds	1,135	60	
Total investment securities held to maturity	5,368	133	
AVAILABLE FOR SALE:			
U.S. Government agency obligations	35,557	447	
Municipal bonds	2,414	65	
Corporate equity securities	330	35	
Total investment securities available for sale	38,301	547	
Total investment securities	$ 43,669	$ 680	$

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE B - INVESTMENT SECURITIES AND MORTGAGE-BACKED SECURITIES (continued)

The amortized cost and estimated fair value of investment securities at December 31, 2003 (including securities designated as available for sale) by contractual term to maturity are shown below.

	AMORTIZED COST	ESTIMATED FAIR VALUE
	(In thousands)	
Due in one year or less	$14,211	$14,322
Due after one year through five years	12,241	12,419
Due after five years	943	995
Total investment securities	27,395	27,736
Corporate equity securities	330	476
Total	$27,725	$28,212

Proceeds from sales of investment securities during the years ended December 31, 2003 and 2002, totaled $3.8 million and $44,000, respectively, resulting in gross realized gains of $99,000 and $27,000 in those respective years.

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values of mortgage-backed securities at December 31, 2003 and 2002, are as follows:

	2003		
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES
		(In thousands)	
HELD TO MATURITY:			
FNMA	$ 3,865	$ 103	$ 9
FHLMC	2,437	27	11
GNMA	875	27	1
Other	527	--	1
Total mortgage-backed securities held to maturity	7,704	157	22
AVAILABLE FOR SALE:			
FNMA	29,853	68	276
FHLMC	48,122	209	108
GNMA	42	6	--
Total mortgage-backed securities available for sale	78,017	283	384
Total mortgage-backed securities	$ 85,721	$ 440	$ 406

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE B - INVESTMENT SECURITIES AND MORTGAGE-BACKED SECURITIES (continued)

	2002		
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES
		(In thousands)	
HELD TO MATURITY:			
FNMA	$ 11,831	$ 360	$ --
FHLMC	6,614	214	8
GNMA	1,546	66	--
Other	9	2	--
Total mortgage-backed securities			

held to maturity	20,000	642	8
AVAILABLE FOR SALE:			
FNMA	55,255	1,821	--
FHLMC	35,633	779	8
GNMA	3,753	99	--
Total mortgage-backed securities available for sale	94,641	2,699	8
Total mortgage-backed securities	$114,641	$ 3,341	$ 16

The amortized cost of mortgage-backed securities, including those designated as available for sale at December 31, 2003, by contractual terms to maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers generally may prepay obligations without prepayment penalties.

Due within one year or less
Due after one year through five years
Due after five years through ten years
Due after ten years

During the year ended December 31, 2003, the Bank sold mortgage-backed securities totaling $58.4 million resulting in gross realized gains of $740,000. During the year ended December 31, 2002, the Bank sold mortgage-backed securities totaling $1.1 million resulting in gross realized gains of $7,000 and gross realized losses of $5,000.

NOTE B - INVESTMENT AND MORTGAGE-BACKED SECURITIES (continued)

The table below indicates the length of time individual securities have been in a continuous unrealized loss position at December 31, 2003. The Corporation had no securities in an unrealized loss position for a period greater than 12 months as of December 31, 2003.

LESS THAN 12 MONTHS	
FAIR	UNREALIZED

DESCRIPTION OF SECURITIES	VALUE	LOSSES
	(In thousands)	
Mortgage-backed securities		
Held to maturity	$ 1,513	$ 22
Available for sale	32,532	384
Total temporarily impaired securities	$ 34,045	$ 406

Management has the intent and ability to hold these securities for the foreseeable future and the decline in the fair value is primarily due to an increase in market interest rates. The fair values are expected to recover as securities approach maturity dates.

NOTE C - LOANS RECEIVABLE

Loans receivable at December 31 consist of the following:

	2003	2002
	(In thousands)	
Conventional real estate loans:		
Existing residential properties	$ 551,634	$ 509,778
Multi-family	45,116	41,379
Nonresidential real estate	51,533	74,094
Construction	44,189	33,122
Developed building lots	1,725	535
Commercial	17,747	7,570
Home equity lines of credit	89,310	70,184
Consumer, education and other loans	15,292	18,763
Total	816,546	755,425
Increase (decrease) due to:		
Undisbursed portion of loans in process	(17,022)	(13,089)
Unamortized yield adjustments	(810)	(1,390)
Capitalized mortgage servicing rights	6,552	6,009
Allowance for loan losses	(5,641)	(5,490)
Loans receivable - net	$ 799,625	$ 741,465

NOTE C - LOANS RECEIVABLE (continued)

As depicted above, the Corporation's lending efforts have historically focused on loans secured by existing residential properties, which comprise approximately $551.6 million, or 69%, of the total loan portfolio at December 31, 2003 and approximately $509.8 million, or 69%, of the total loan portfolio at December 31, 2002. Generally, such loans have been underwritten on the basis of no more than an 80% loan-to-value ratio, which has historically provided the Corporation with adequate collateral coverage in the event of default. Nevertheless, the Corporation, as with any lending institution, is subject to the risk that residential real estate values could deteriorate in its primary lending areas within Ohio, West Virginia, and northern Kentucky, thereby impairing collateral values. However, management believes that residential real estate values in the Corporation's primary lending areas are presently stable.

The Bank, in the ordinary course of business, has granted loans to certain of its directors, executive officers, and their related interests. Such loans are made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectibility. The aggregate dollar amount of these loans totaled approximately $1.4 million and $459,000 at December 31, 2003 and 2002, respectively.

NOTE D - ALLOWANCE FOR LOAN LOSSES

Activity in the allowance for loan losses is summarized as follows for the years ended December 31:

	2003	2002	2001
		(In thousands)	
Balance at beginning of year	$ 5,490	$ 4,256	$ 2,906
Provision for losses on loans	1,446	1,169	759
Charge-offs of loans	(1,319)	(207)	(735)
Recoveries	24	272	26
Allowance resulting from acquisition	--	--	1,300
Balance at end of year	$ 5,641	$ 5,490	$ 4,256

Nonaccrual and nonperforming loans totaled approximately $13.6 million, $13.6 million and $7.9 million at December 31, 2003, 2002 and 2001, respectively. Interest income that would have been recognized had such nonaccrual loans performed pursuant to contractual terms totaled approximately $808,000, $940,000 and $278,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

NOTE E - OFFICE PREMISES AND EQUIPMENT

Office premises and equipment at December 31 is summarized as follows:

	2003	2002
	(In thousands)	
Land	$ 2,169	$ 2,194
Buildings and improvements	13,146	12,973
Furniture, fixtures and equipment	10,963	10,471
	26,278	25,638
Less accumulated depreciation and amortization	12,898	11,146
	$13,380	$14,492

NOTE F - DEPOSITS

Deposit balances by type and weighted-average interest rate at December 31, 2003 and 2002, are summarized as follows:

	2003		2002	
	AMOUNT	RATE	AMOUNT	RAT
		(Dollars in thousands)		
Noninterest-bearing checking accounts	$ 22,638	--%	$ 26,313	
NOW accounts	82,831	0.42	80,562	1.
Money market demand accounts	128,938	1.44	116,206	2.
Passbook and statement savings accounts	74,274	0.25	78,359	0.
Total withdrawable accounts	308,681	0.80	301,440	1.
Certificates of deposit				
Original maturities of:				
Six months to one year	18,966	1.08	24,537	1.
One to two years	61,186	1.88	79,172	2.
Two to five years	174,487	4.05	179,711	4.
Negotiated rate certificates	40,670	1.76	40,361	2.
Individual retirement accounts	67,284	3.47	68,851	4.
Total certificate accounts	362,593	3.17	392,632	3.
Total deposits	$671,274	2.08%	$694,072	2.

At December 31, 2003 and 2002, the Corporation had certificate of deposit accounts with balances in excess of $100,000 totaling $87.1 million and $89.7 million, respectively.

NOTE F - DEPOSITS (continued)

Interest expense on deposits is summarized as follows for the years ended December 31:

	2003	2002	2001
		(In thousands)	
Certificate of deposit accounts	$13,120	$19,185	$26,706
NOW accounts and money market demand accounts	2,545	3,015	3,059
Passbook and statement savings accounts	372	860	1,559
	$16,037	$23,060	$31,324

The contractual maturities of outstanding certificates of deposit are summarized as follows at December 31:

	2003	2002
YEAR ENDING DECEMBER 31:	(In thousands)	
2003	$ --	$216,958
2004	178,290	74,662
2005	85,268	60,620
2006	61,029	17,180
After 2006	38,006	23,212
Total certificate of deposit accounts	$362,593	$392,632

At December 31, 2003 and 2002, certain savings deposits were collateralized by a pledge of investment securities, interest-bearing deposits in other banks and letters of credit with the Federal Home Loan Bank totaling $72.4 million and $112.7 million, respectively.

NOTE G - ADVANCES FROM THE FEDERAL HOME LOAN BANK

Advances from the Federal Home Loan Bank, collateralized at December 31, 2003, by pledges of certain residential mortgage loans totaling $354.7 million and the Bank's investment in Federal Home Loan Bank stock, are summarized as follows:

INTEREST RATE RANGE	MATURING YEAR ENDING DECEMBER 31,	2003	2002
		(Dollars in thousands)	
2.48% - 8.20%	2003	$ --	$ 14,109
0.96% - 8.20%	2004	29,408	11,388
4.43% - 7.60%	2005	47	10,516
5.05% - 6.40%	2006	1,121	5,062
5.36% - 6.95%	2007	1,565	5,624
4.52% - 6.05%	2008	22,157	21,964
2.66% - 7.17%	Thereafter	208,437	207,613
		$262,735	$276,276
Weighted-average interest rate		5.13%	5.63%

During December 2003, the Corporation elected to prepay $25.4 million of advances bearing a fixed weighted-average interest rate of 5.41%, which resulted in the recognition of a prepayment fee totaling $1.3 million.

NOTE H - FEDERAL INCOME TAXES

A reconciliation of the effective tax rate to the federal statutory rate is summarized as follows:

	2003	2002
	(In thousands)	
Federal income taxes computed at the expected statutory rate	$ 3,368	$ 5,082
Increase (decrease) in taxes resulting from:		
Amortization of goodwill	--	--
Nontaxable dividend and interest income	(41)	(33)
Increase in cash surrender value of life insurance - net	(268)	(274)
Nondeductible expenses	31	36
Refunds of prior year taxes	--	--
Nontaxable proceeds from life insurance policy	(62)	--
Other	23	(9)
Federal income tax provision per consolidated financial statements	$ 3,051	$ 4,802

NOTE H - FEDERAL INCOME TAXES (continued)

The components of the Corporation's net deferred tax liability at December

31 are as follows:

TAXES (PAYABLE) REFUNDABLE ON TEMPORARY DIFFERENCES AT STATUTORY RATE:	2003	2002
	(In thousands)	
Deferred tax liabilities:		
FHLB stock dividends	$(3,230)	$(2,905)
Mortgage servicing rights	(2,228)	(2,043)
Percentage of earnings bad debt deduction	--	(112)
Book versus tax depreciation	(571)	(528)
Original issue discount	(471)	(1,156)
Purchase price adjustments	(242)	(109)
Other liabilities, net	(7)	(25)
Unrealized gains on securities designated as available for sale	(106)	(1,081)
Total deferred tax liabilities	(6,855)	(7,959)
Deferred tax assets:		
General loan loss allowance	1,918	1,867
Deferred income	455	363
Deferred compensation	510	282
Other assets	32	9
Total deferred tax assets	2,915	2,521
Net deferred tax liability	$(3,940)	$(5,438)

For years prior to 1996, the Bank was allowed a special bad debt deduction generally limited to 8% of otherwise taxable income, subject to certain limitations based on aggregate loans and savings account balances at the end of the year. If the amounts that qualified as deductions for federal income taxes are later used for purposes other than for bad debt losses, including distributions in liquidation, such distributions will be subject to federal income taxes at the then current corporate income tax rate. The percentage of earnings bad debt deduction had accumulated to approximately $12.1 million as of December 31, 2003. The amount of the unrecognized deferred tax liability relating to the cumulative bad debt deduction was approximately $4.1 million at December 31, 2003.

The Bank was required to recapture as taxable income approximately $1.9 million of its bad debt reserve, which represented post-1987 additions to the reserve, and is unable to utilize the percentage of earnings method to compute the reserve in the future. The Bank had provided deferred taxes for this amount and completed the amortization of the recapture of the bad debt reserve into taxable income in 2003.

NOTE I - COMMITMENTS

The Bank is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers, including commitments to extend credit. Such commitments involve, to varying degrees, elements of credit and interest-rate risk in excess of the amount recognized in the consolidated statement of financial condition. The contract or notional amounts of the commitments reflect the extent of the Bank's involvement in such financial instruments.

The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as those utilized for on-balance-sheet instruments.

At December 31, 2003, the Bank had outstanding commitments to originate and purchase fixed-rate loans of approximately $13.5 million and adjustable-rate loans of approximately $1.9 million. Additionally, the Bank had unused lines of credit under home equity and other loans of $59.8 million at December 31, 2003, and stand by letters of credit of $147,000. Management believes that all loan commitments are able to be funded through cash flow from operations and existing liquidity. Fees received in connection with these commitments have not been recognized in earnings.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if it is deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation of the counterparty. Collateral on loans may vary but the preponderance of loans granted generally include a mortgage interest in real estate as security.

The Corporation has entered into lease agreements for office premises and equipment under operating leases which expire at various dates through the year ended December 31, 2010. The following table summarizes minimum payments due under lease agreements by year:

YEAR ENDING DECEMBER 31,	(In thousands)
2004	$205
2005	136
2006	93
2007	93
2008 and thereafter	295
	$822

Rental expense under operating leases totaled approximately $234,000, $251,000 and $257,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE J - REGULATORY CAPITAL

Advantage Bank is subject to the regulatory capital requirements of the Federal Deposit Insurance Corporation (the "FDIC"). Failure to meet minimum capital requirements can initiate certain mandatory - and possibly additional discretionary - actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The FDIC has adopted risk-based capital ratio guidelines to which Advantage is subject. The guidelines establish a systematic analytical framework that makes regulatory capital requirements more sensitive to differences in risk profiles among banking organizations. Risk-based capital ratios are determined by allocating assets and specified off-balance sheet commitments to four risk-weighting categories, with higher levels of capital being required for the categories perceived as representing greater risk.

These guidelines divide the capital into two tiers. The first tier ("Tier 1") includes common equity, certain non-cumulative perpetual preferred stock (excluding auction rate issues) and minority interests in equity accounts of consolidated subsidiaries, less goodwill and certain other intangible assets (except mortgage servicing rights and purchased credit card relationships, subject to certain limitations). Supplementary ("Tier II") capital includes, among other items, cumulative perpetual and long-term limited-life preferred stock, mandatory convertible securities, certain hybrid capital instruments, term subordinated debt and the allowance for loan losses, subject to certain limitations, less required deductions. Savings banks are required to maintain a total risk-based capital ratio of 8%, of which 4% must be Tier 1 capital. The FDIC may, however, set higher capital requirements when particular circumstances warrant. Savings banks experiencing or anticipating significant growth are expected to maintain capital ratios, including tangible capital positions, well above the minimum levels.

During 2003, management was notified by the FDIC that Advantage was categorized as "well-capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well-capitalized" Advantage must maintain minimum capital ratios as set forth in the table that follows.

As of December 31, 2003, management believes that the Bank met all capital adequacy requirements to which it was subject.

AS OF DECEMBER 31, 2003

(Dollars in thousands)

	ACTUAL		FOR C ADEQUACY
	AMOUNT	RATIO	AMOUNT
Total capital (to risk-weighted assets)	$80,657	12.5%	(Greater Than or Equal to)$51,539
Tier I capital (to risk-weighted assets)	$75,016	11.6%	(Greater Than or Equal to)$25,769
Tier I leverage	$75,016	7.4%	(Greater Than or Equal to)$40,799

AS OF DECEMBER 31, 2003

(Dollars in thousands)

	TO BE "WELL-CAPITALIZED" UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATI
Total capital (to risk-weighted assets)	(Greater Than or Equal to)$64,424	(Greater Than
Tier I capital (to risk-weighted assets)	(Greater Than or Equal to)$38,654	(Greater Than
Tier I leverage	(Greater Than or Equal to)$50,999	(Greater Than

NOTE J - REGULATORY CAPITAL (continued)

AS OF DECEMBER 31, 2002

(Dollars in thousands)

	ACTUAL		FOR C ADEQUACY
	AMOUNT	RATIO	AMOUNT
Total capital (to risk-weighted assets)	$81,269	12.7%	(Greater Than or Equal to)$51,067

Tier I capital (to risk-weighted assets)	$75,779	11.9%	(Greater Than or Equal to)$25,533	
Tier I leverage	$75,779	7.2%	(Greater Than or Equal to)$42,365	

	AS OF DECEMBER 31, 2002	
	TO BE "WELL-CAPITALIZED" UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATIO
Total capital (to risk-weighted assets)	(Greater Than or Equal to)$63,834	(Greater Than or Eq
Tier I capital (to risk-weighted assets)	(Greater Than or Equal to)$38,300	(Greater Than or Eq
Tier I leverage	(Greater Than or Equal to)$52,956	(Greater Than or Eq

The Corporation's management believes that, under the current regulatory capital regulations, the Bank will continue to meet its minimum capital requirements in the foreseeable future. However, events beyond the control of the Corporation, such as increased interest rates or a downturn in the economy in the Bank's market areas, could adversely affect future earnings and, consequently, the ability to meet future minimum regulatory capital requirements.

NOTE K - BENEFIT PLANS

The Corporation has a non-contributory retirement plan which provides benefits to certain key officers. The Corporation's obligations under the plan have been provided for via the purchase of single premium key man life insurance of which the Corporation is the beneficiary. The Corporation recorded expense related to the plan totaling approximately $291,000 $296,000 and $73,000 during the years ended December 31, 2003, 2002 and 2001, respectively.

The Corporation also has a 401(k) Salary Savings Plan covering substantially all employees. Contributions by the employees are voluntary and are subject to matching contributions by the employer under a fixed percentage, which may be increased at the discretion of the Board of Directors. Total expense under this plan was $297,000, $328,000 and $385,000 for the years ended December 31, 2003, 2002 and 2001, respectively.

NOTE L - CAMCO FINANCIAL CORPORATION CONDENSED FINANCIAL INFORMATION

The following condensed financial statements summarize the financial position of the Corporation as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the years ended December 31, 2003, 2002 and 2001:

CAMCO FINANCIAL CORPORATION
STATEMENTS OF FINANCIAL CONDITION
December 31,
(In thousands)

	2003	
ASSETS		
Cash in Bank subsidiary	$ 306	$
Interest-bearing deposits in other financial institutions	11,315	
Investment securities designated as available for sale	476	
Investment in Bank subsidiary	78,734	
Investment in title agency subsidiary	805	
Office premises and equipment - net	1,386	
Cash surrender value of life insurance	1,148	
Prepaid expenses and other assets	105	
Total assets	$ 94,275	$ 1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and other accrued liabilities	$ 358	$
Dividends payable	1,063	
Accrued federal income taxes	300	
Deferred federal income taxes	11	
Total liabilities	1,732	
Stockholders' equity		
Common stock	8,429	
Additional paid-in capital	55,132	
Retained earnings	45,121	
Unrealized gains on securities designated as available for sale, net of related tax effects	206	
Treasury stock, at cost	(16,345)	
Total stockholders' equity	92,543	
Total liabilities and stockholders' equity	$ 94,275	$ 1

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE L - CAMCO FINANCIAL CORPORATION CONDENSED FINANCIAL INFORMATION (continued)

CAMCO FINANCIAL CORPORATION
STATEMENTS OF EARNINGS
Year ended December 31,
(In thousands)

	2003	2002	200
Income			
Dividends from Bank subsidiary	$7,504	$18,006	$9,61
Dividends from title agency subsidiary	700	750	-
Interest and other income	172	146	17
Distributions in excess of net earnings of the Bank	(709)	(7,643)	(30
(Excess distribution from) undistributed earnings of the title agency subsidiary	(26)	(270)	40
Total income	7,641	10,989	9,88
General, administrative and other expense	1,129	1,451	2,23
Earnings before federal income tax credits	6,512	9,538	7,65
Federal income tax credits	(344)	(467)	(89
Net earnings	$6,856	$10,005	$8,54

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE L - CAMCO FINANCIAL CORPORATION CONDENSED FINANCIAL INFORMATION (continued)

CAMCO FINANCIAL CORPORATION
STATEMENTS OF CASH FLOWS
Year ended December 31,
(In thousands)

	2003	2002
Cash flows from operating activities:		
Net earnings for the year	$ 6,856	$ 10,005
Adjustments to reconcile net earnings to net cash flows provided by (used in) operating activities:		
Distributions in excess of net earnings of Bank subsidiary	709	7,643
Excess distribution from (undistributed net earnings of) title agency subsidiary	26	270
Gain on sale of office premises and equipment	(1)	--
Depreciation and amortization	58	112

Increase (decrease) in cash due to changes in:		
Prepaid expenses and other assets	(105)	1,946
Accounts payable and other liabilities	(114)	(4,340)
Accrued federal income taxes	4	(41)
Deferred federal income taxes	(58)	25
Tax benefits related to exercise of stock options	210	197
Other - net	--	--
Net cash provided by operating activities	7,585	15,817
Cash flows from investing activities:		
Purchase of investment securities	--	(102)
Proceeds from redemption of available for sale securities	--	17
Net increase in cash surrender value of life insurance	(45)	(49)
Purchase of office premises and equipment	(32)	(98)
Proceeds from sale of office premises and equipment	14	347
(Increase) decrease in interest-bearing deposits in other financial institutions	3,666	(7,397)
Purchase of Columbia Financial of Kentucky, Inc. - net	--	--
Net cash provided by (used in) investing activities	3,603	(7,282)
Cash flows from financing activities:		
Proceeds from exercise of stock options	977	1,886
Dividends paid	(4,215)	(4,045)
Purchase of treasury shares	(7,977)	(6,314)
Net cash used in financing activities	(11,215)	(8,473)
Net increase (decrease) in cash and cash equivalents	(27)	62
Cash and cash equivalents at beginning of year	333	271
Cash and cash equivalents at end of year	$ 306	$ 333

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE M - RESTRUCTURING CHARGE

In June 2001, Camco recorded a restructuring charge related to the consolidation of its banking subsidiaries' charters. The restructuring charge was recorded to accrue for termination of 22 accounting and loan servicing employees and disbanding local boards of directors. Through December 31, 2002, fourteen of the identified employees had been terminated. The remaining employees either terminated prior to the consolidation of the banking subsidiaries or transferred to other departments. The following table summarizes activity related to the restructuring charge:

	EMPLOYEE COMPENSATION AND BENEFITS	OCCUPANCY AND EQUIPMENT	OTHER OPERATING
		(In thousands)	
Original restructuring charge	$ 643	$ 150	$ 295
Restructuring charge reversed in 2001	(14)	(56)	(68)
Net restructuring charge	629	94	227
Payments	(388)	(94)	(227)
Remaining accrued restructuring charge at December 31, 2001	241	--	--
Payments	(109)	--	--
Restructuring charge reversed in 2002	(112)	--	--
Accrued restructuring charge at December 31, 2002	$ 20	$ --	$ --

During 2003, Camco paid $16,000 of the accrued liability and reversed the remaining $4,000 to operations.

NOTE N - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following table summarizes the Corporation's quarterly results for the years ended December 31, 2003 and 2002.

	THREE MONTHS ENDED		
	DECEMBER 31,	SEPTEMBER 30,	JUNE 30,
2003:	(In thousands, except per share data)		
Total interest income	$ 12,922	$ 13,342	$ 13,918
Total interest expense	7,282	7,655	7,973
Net interest income	5,640	5,687	5,945
Provision for losses on loans	516	255	255
Other income	2,185	2,423	3,348
General, administrative and other expense	6,506	5,551	5,860
Earnings before income taxes	803	2,304	3,178
Federal income taxes	215	718	950
Net earnings	$ 588	$ 1,586	$ 2,228
Earnings per share:			
Basic	$ 0.09	$ 0.21	$ 0.30
Diluted	$ 0.09	$ 0.21	$ 0.29

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2003, 2002 and 2001

NOTE N - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED) (continued)

	THREE MONTHS ENDED		
	DECEMBER 31,	SEPTEMBER 30,	JUNE 30
2002:	(In thousands, except per share		
Total interest income	$15,613	$16,461	$17,04
Total interest expense	9,037	9,528	9,72
Net interest income	6,576	6,933	7,32
Provision for losses on loans	417	338	20
Other income	3,059	2,684	2,10
General, administrative and other expense	5,299	5,559	5,57
Earnings before income taxes	3,919	3,720	3,64
Federal income taxes	1,289	1,190	1,17
Net earnings	$ 2,630	$ 2,530	$ 2,47
Earnings per share:			
Basic	$ 0.34	$ 0.32	$ 0.3
Diluted	$ 0.33	$ 0.32	$ 0.3

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES.

(a) Camco's Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the disclosure controls and procedures (as defined under Rules 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934, as amended) as of December 31, 2003. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Camco's disclosure controls and procedures are effective.

(b) There were no significant changes in Camco's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information contained under the captions "Election of Directors," "Incumbent Directors," "Executive Officers," "Board Meetings, Committees and Compensation" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for the 2004 Annual Meeting of Stockholders to be filed by Camco on or about March 22, 2004 (the "Proxy Statement") is incorporated herein by reference.

Camco has adopted a Code of Ethics that applies to all directors and employees. The Code of Ethics is available upon request.

ITEM 11. EXECUTIVE COMPENSATION.

The information contained in the Proxy Statement under the caption, "Board Meetings, Committees and Compensation" and "Compensation of Executive Officers" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information contained in the Proxy Statement under the caption "Ownership of Camco Shares" is incorporated herein by reference.

Camco maintains the Camco Financial Corporation 1995 Stock Option and Incentive Plan, the First Ashland Financial Corporation 1995 Stock Option and Incentive Plan, the Westwood Homestead Financial Corporation 1997 Stock Option Plan and the Camco Financial Corporation 2002 Equity Incentive Plan (collectively, the "Plans") under which it may issue equity securities to its directors, officers and employees. Each of the Plans was approved by Camco's stockholders.

The following table shows, as of December 31, 2003, the number of common shares issuable upon the exercise of outstanding stock options, the weighted-average exercise price of those stock options, and the number of common shares remaining for future issuance under the Plans, excluding shares issuable upon exercise of outstanding stock options.

EQUITY COMPENSATION PLAN INFORMATION

PLAN CATEGORY	(a) NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS	(b) WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS	NUMBE REMAIN FUTUR EQUITY (EXCL REFLECT
Equity compensation plans approved by security holders..................	257,072	$12.11	

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Advantage makes loans to executive officers and directors of Camco and its subsidiaries in the ordinary course of business and on the same terms and conditions, including interest rates and collateral, as those of comparable loans to other persons. All outstanding loans to executive officers and directors were made pursuant to such policy, do not involve more than the normal risk of collectibility or present other unfavorable features and are current in their payments.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information contained under the caption "Audit Committee Report" is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) Exhibits.

3(i)	Certificate of Incorporation
3(ii)	Bylaws
10(i)	Employment Agreement between Camco and Richard C. Baylor
10(ii)	Employment Agreement between Camco and Larry A. Caldwell
10(iii)	Form of Change of Control Agreement
10(iv)	Form of 2002 Salary Continuation Agreement
10(v)	1996 Salary Continuation Agreement between Advantage and D. Edward Rugg
10(vi)	Form of Executive Deferred Compensation Agreement
10(vii)	First Ashland Financial Corporation 1995 Stock Option and Incentive Plan
10(viii)	Camco Financial Corporation 2002 Equity Incentive Plan
10(ix)	Camco Financial Corporation 1995 Stock Option and Incentive Plan
10(x)	Westwood Homestead Financial Corporation 1997 Stock Option Plan
21	Subsidiaries of Camco
23	Consent of Grant Thornton LLP regarding Camco's Consolidated Financial Statements and Form S-8
31(i)	Section 302 Certification of Chief Executive Officer
31(ii)	Section 302 Certification of Chief Financial Officer
32(i)	Section 1350 Certification of Chief Executive Officer
32(ii)	Section 1350 Certification of Chief Financial Officer

(b) Reports on Form 8-K.

Camco filed a Form 8-K on October 30, 2003, disclosing its earnings release for the quarter ended September 30, 2003. Camco filed a Form 8-K on on November 26, 2003, reporting the declaration of a cash dividend. Camco filed a Form 8-K on January 26, 2004, disclosing its earnings release for the quarter and year ended December 31, 2004.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Camco Financial Corporation

By /s/ Richard C. Baylor

Richard C. Baylor,
President, Chief Executive Officer and a Director

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

By /s/ Larry A. Caldwell	By /s/ Robert C. Dix, Jr.
Larry A. Caldwell Chairman and Director	Robert C. Dix, Jr., Director
Date: March 10, 2004	Date: March 10, 2004
By /s/ Samuel W. Speck	By /s/ Paul D. Leake
Samuel W. Speck, Director	Paul D. Leake, Director
Date: March 10, 2004	Date: March 10, 2004
By /s/ Jeffrey T. Tucker	By /s/ Terry A. Feick
Jeffrey T. Tucker, Director	Terry A. Feick, Director
Date: March 10, 2004	Date: March 10, 2004
By /s/ Carson K. Miller	By /s/ Susan J. Insley
Carson K. Miller, Director	Susan J. Insley, Director
Date: March 10, 2004	Date: March 10, 2004

By /s/ Mark A. Severson

Mark A. Severson,
Chief Financial Officer

Date: March 10, 2004

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INDEX TO EXHIBITS

ITEM	DESCRIPTION	
Exhibit 3(i)	Restated Certificate of Incorporation of Camco Financial Corporation	
Exhibit 3(ii)	1987 Amended and Restated By-Laws of Camco Financial Corporation	Incorporated by refere Form 10-Q for the quar September 30, 2003, Ex
Exhibit 10(i)	Employment Agreement dated January 1, 2001, by and between Camco Financial Corporation and Richard C. Baylor	Incorporated by refere 2002 Proxy, Exhibit 10
Exhibit 10(ii)	Employment Agreement dated November 9, 2001, by and between Camco Financial Corporation and Larry A. Caldwell	Incorporated by refere 2002 Proxy, Exhibit 10
Exhibit 10(iii)	Form of Change of Control Agreement	
Exhibit 10(iv)	Form of 2002 Salary Continuation Agreement, including individualized Schedule A's for each participant	
Exhibit 10(v)	1996 Salary Continuation Agreement Between Advantage and D. Edward Rugg	
Exhibit 10(vi)	Form of Executive Deferred Compensation Agreement	
Exhibit 10(vii)	First Ashland Financial Corporation 1995 Stock Option and Incentive Plan	Incorporated by refere Form S-8 filed on June 333-90142, Exhibit 4.0
Exhibit 10(viii)	Camco Financial Corporation 2002 Equity Incentive Plan	Incorporated by refere Form S-8 filed on June Number 333-90152, Exhi
Exhibit 10(ix)	Camco Financial Corporation 1995 Stock Option and Incentive Plan Number 333-90166, Exhibit 4.01	Incorporated by refere Form S-8 filed on June
Exhibit 10(x)	Westwood Homestead Financial Corporation 1997 Stock Option Plan	Incorporated by refere Form S-8 filed on Janu

333-94113, Exhibit 4.0

Exhibit 21	Subsidiaries of Camco
Exhibit 23	Consent of Grant Thornton LLP regarding Camco's Consolidated Financial Statements and Form S-8
Exhibit 31(i)	Section 302 Certification by Chief Executive Officer
Exhibit 31(ii)	Section 302 Certification by Chief Financial Officer
Exhibit 32(i)	Section 1350 Certification by Chief Executive Officer
Exhibit 32(ii)	Section 1350 Certification by Chief Financial Officer