

CAMCO FINANCIAL CORP
Form 11-K
June 14, 2012
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

OR

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

For the transition period from _____ to _____

Commission file number 000-25196

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:
CAMCO FINANCIAL & SUBSIDIARIES SALARY SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Camco Financial Corporation

814 Wheeling Avenue

Cambridge, Ohio 43725

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REQUIRED INFORMATION

The following financial statements and supplemental schedules for Camco Financial & Subsidiaries Salary Savings Plan are being filed herewith:

Description

Contents of Financial Statements

Report of Independent Auditors

Statements of Net Assets Available for Benefits

Statement of Changes in Net Assets Available for Benefits

Notes to Financial Statements

Schedule H, Item 4i Schedule of Assets Held at End of Year

The following exhibits are being filed herewith:

Exhibit No.	Description
23	Consent of Independent Registered Public Accounting Firm

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Camco Financial & Subsidiaries

Salary Savings Plan

Financial Report

December 31, 2011

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Camco Financial & Subsidiaries Salary Savings Plan

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<u>Schedule of Assets Held at End of Year</u>	Schedule 1

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Report of Independent Registered Public Accounting Firm

To the Plan Administrator

Camco Financial & Subsidiaries Salary Savings Plan

Cambridge, Ohio

We have audited the accompanying statement of net assets available for benefits of Camco Financial & Subsidiaries Salary Savings Plan as of December 31, 2011 and 2010 and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 net assets available for benefits of the Plan as of December 31, 2011 and 2010 and the changes in net assets available for benefits for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year as of December 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the U.S. Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. This supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Plante & Moran, PLLC

Columbus, Ohio

June 13, 2012

Table of Contents**Camco Financial & Subsidiaries Salary Savings Plan****Statement of Net Assets Available for Benefits**

	December 31	
	2011	2010
Assets		
Cash	\$ 33,879	\$ 38,462
Nonparticipant-directed investments Employer securities	10,303	13,143
Participant-directed investments:		
Common/Collective fund	971,653	869,301
Mutual funds	7,835,943	7,728,440
Employer securities	278,312	267,910
Total investments	9,096,211	8,878,794
Participant notes receivable	268,671	286,040
Total Assets	9,398,761	9,203,296
Liabilities Other		557
Net Assets Available for Benefits at Fair Value	9,364,882	9,202,739
Adjustment from Fair Value to Contract Value for Interest in Common Collective Trust Funds Relating to Fully Benefit- responsive Investment Contracts	(24,619)	(16,348)
Net Assets Available for Benefits	\$ 9,374,142	\$ 9,186,391

See Notes to Financial Statements.

Table of Contents**Camco Financial & Subsidiaries Salary Savings Plan****Statement of Changes in Net Assets Available for Benefits****Year Ended December 31, 2011**

Additions	
Contributions:	
Participant-directed Employee elective	\$ 493,056
Participant-directed Employer matching	286,452
Total contributions	779,508
Interest and dividends:	
Participant-directed investments	236,366
Net (depreciation) appreciation in fair value of investments:	
Nonparticipant-directed employer securities	(1,791)
Participant-directed mutual funds	(303,480)
Participant-directed common/collective fund	16,503
Participant-directed employer securities	(43,538)
Net depreciation:	(332,306)
Total investment loss	(95,940)
Interest on participant notes receivable	12,634
Total additions	696,202
Deductions	
Benefit payments to participants:	
Nonparticipant-directed	1,049
Participant-directed	484,927
Administrative expenses Participant-directed	22,475
Total deductions	508,451
Net Increase in Net Assets Available for Benefits	187,751
Net Assets Available for Benefits Beginning of year	9,186,391
Net Assets Available for Benefits End of year	\$ 9,374,142

See Notes to Financial Statements.

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Camco Financial & Subsidiaries Salary Savings Plan

Notes to Financial Statements

December 31, 2011 and 2010

Note 1 Description of the Plan

The following description of the Camco Financial & Subsidiaries Salary Savings Plan (the Plan) is provided for general information only. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General The Plan is a defined contribution plan covering all employees of Camco Financial & Subsidiaries (the Company). Employees are eligible to participate in the Plan on their first day of employment with the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions Each year, participants may contribute up to 92 percent of eligible compensation as defined in the plan document, subject to certain limitations established by the Internal Revenue Code (the IRC). The Plan also allows any participant who has attained age 50 by the end of the plan year to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Company makes a matching contribution equal to 100 percent of 401(k) deferrals made up to the first 3 percent of eligible compensation and 50 percent of 401(k) deferrals from 3.01 percent to 5 percent of eligible compensation. The Company may make an additional employer discretionary contribution. Contributions are subject to certain IRC limitations.

Participant Accounts Each participant's account is credited with the participant's own contribution and an allocation of the Company's contributions, plan earnings, and expenses. Allocation of the Company's contributions, plan earnings, and expenses is based upon participants' compensation and account balances, respectively. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Forfeited Accounts Forfeitures of terminated participants' nonvested employer profit-sharing accounts are used to reduce employer contributions.

Vesting Participants are immediately vested in their own 401(k) contributions, employer matching contributions made after December 31, 1997, and any qualified plan rollovers, plus actual earnings thereon. Vesting in the remainder of their account is based on years of credited service. A participant is 100 percent vested after six years of credited service.

Payment of Benefits Upon termination of service due to death, disability, retirement, or other reasons, a participant may elect to receive payment of their vested benefits as a lump-sum payment.

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Camco Financial & Subsidiaries Salary Savings Plan

Notes to Financial Statements

December 31, 2011 and 2010

Note 1 Description of the Plan (Continued)

Participant Notes Receivable The Plan allows participants to borrow money from the Plan, in amounts not to exceed one-half of the participant's vested account balance. Participants cannot have more than one note receivable from the Plan at any time and initial notes receivable must be for at least \$1,000, with a maximum of \$50,000, as determined by the Internal Revenue Service (IRS). Participant notes receivable are collateralized by the participant's account balance and bear interest at a market rate.

Party-in-interest Transactions The Plan invests in employer stock as well as certain investment funds managed by the custodian or its affiliates. Charles Schwab Trust Company is the custodian of the Plan and, therefore, these transactions qualify as party-in-interest transactions as defined under ERISA guidelines.

Termination Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA and its related regulations. In the event of plan termination, participants will remain 100 percent vested in their accounts.

Note 2 Summary of Accounting Policies

Investment Valuation The Plan's investments are stated at fair value, except for its benefit-responsive stable value common/collective trust fund investment, which is stated at contract value. Contract value represents investments at cost plus accrued interest income less amounts withdrawn to pay benefits. The fair value of the common/collective trust fund is based on discounting the related cash flows of the underlying guaranteed investment contracts based on current yields of similar instruments with comparable durations. Interest-bearing cash is valued at outstanding balances, which approximate fair value. All other investments are valued based on quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Participant Notes Receivable Participant notes receivable are recorded at their unpaid principal balances plus any accrued interest. Participant notes receivable are written off when deemed uncollectible.

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Camco Financial & Subsidiaries Salary Savings Plan

Notes to Financial Statements

December 31, 2011 and 2010

Note 2 Summary of Accounting Policies (continued)

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Administrative Expenses Various administrative expenses are paid by the Company on behalf of the Plan.

Benefit Payments Benefits are recorded when paid.

Risk and Uncertainties The Plan provides for various investment options including any combination of mutual funds, Camco Financial Corporation common stock, common/collective funds, and other investment securities. The underlying investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits and participants' individual account balances.

Concentration of Credit Risk At both December 31, 2011 and 2010, approximately 3 percent of the Plan's assets were invested in Camco Financial Corporation common stock.

New Accounting Pronouncement In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. The standard clarifies existing fair value measurement and disclosure requirements and changes existing principles and disclosure guidance. Clarifications were made to the relevancy of the highest and best use valuation concept and measurement of an instrument classified in an entity's shareholder's equity. Changes to existing principles and disclosures included measurement of financial instruments managed within a portfolio, the application of premiums and discounts in fair value measurement, and additional disclosures related to fair value measurements. The updated guidance and requirements are effective for financial statements issued for the first annual period beginning after December 15, 2011. The adoption of this standard is not expected to have a material effect on the Plan's financial statements.

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Camco Financial & Subsidiaries Salary Savings Plan

Notes to Financial Statements

December 31, 2011 and 2010

Note 3 Tax Status

The plan document has been restated for recent law changes. The plan sponsor adopted the restated version of a non-standardized prototype plan document. The IRS has determined and informed the prototype plan sponsor, by a letter dated June 5, 2002, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Plan has not individually sought its own determination letter.

The plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

In accordance with guidance on accounting for uncertainty in income taxes, management has evaluated the Plan's position and does not believe the Plan has any uncertain tax positions that require disclosure or adjustment to the financial statements. The plan administrator believes it is no longer subject to tax examinations for year prior to 2008.

Table of Contents**Camco Financial & Subsidiaries Salary Savings Plan****Notes to Financial Statements****December 31, 2011 and 2010****Note 4 Significant Investments at Fair Value**

Significant investments at fair value at December 31, 2011 and 2010 are listed as follows:

	2011	2010
Investments at fair value:		
Growth Fund of America R5	\$	\$ 1,125,135
Metropolitan West Total Return Bond Fund	1,159,895	1,113,383
MFS Value	1,038,069	1,100,651
Vanguard Short-term Investment Grade Fund / Admiral	686,691	734,209
Vanguard 500 Index Admiral Shares	1,100,533	
Europacific Growth Fund R5	812,748	924,003
Vanguard 500 Index Signal Fund	1,202,670	1,118,165
Artisan Midcap Value Fund	659,426	634,379
Columbia Acorn Fund Class 2	617,099	608,816
Investment at contract value Union Bond & Trust Co.		
Stable Value Fund	947,034	852,953

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Camco Financial & Subsidiaries Salary Savings Plan

Notes to Financial Statements

December 31, 2011 and 2010

Note 5 Fair Value

Accounting standards require certain assets and liabilities be reported at fair value on the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Plan's assets measured at fair value on a recurring basis at December 31, 2011 and 2010 and the valuation techniques used by the Plan to determine those fair values.

Level 1 In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Plan has the ability to access.

Level 2 Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 Inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Plan's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Plan's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event or change in circumstances that caused the transfer. There were no significant transfers between levels of the fair value hierarchy during 2011 or 2010.

Table of Contents**Camco Financial & Subsidiaries Salary Savings Plan****Notes to Financial Statements****December 31, 2011 and 2010****Note 5 Fair Value (Continued)****Assets Measured at Fair Value on a Recurring Basis at December 31, 2011**

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2011
Assets				
Common stock Camco Financial Corp.	\$ 288,615	\$	\$	\$ 288,615
Mutual funds:				
Growth funds	846,997			846,997
Index funds	4,821,533			4,821,533
Fixed income fund	1,159,895			1,159,895
Balanced fund	320,827			320,827
Short term investment fund	686,691			686,691
Common collective trust fund ⁽¹⁾		971,653		971,653
Total	\$ 8,124,558	\$ 971,653	\$	\$ 9,096,211

Assets Measured at Fair Value on a Recurring Basis at December 31, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2010
Assets				
Common stock Camco Financial Corp.	\$ 281,053	\$	\$	\$ 281,053
Mutual funds:				
Growth funds	2,079,783			2,079,783
Index funds	3,577,352			3,577,352
Fixed income fund	1,113,383			1,113,383
Balanced fund	223,713			223,713
Short term investment fund	734,209			734,209
Common collective trust fund ⁽¹⁾		869,301		869,301
Total	\$ 8,009,493	\$ 869,301	\$	\$ 8,878,794

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Camco Financial & Subsidiaries Salary Savings Plan

Notes to Financial Statements

December 31, 2011 and 2010

⁽¹⁾ This class represents investments in an actively managed common collective trust fund that invest primarily in investment contracts, a variety of fixed income investments that may include corporate bonds, both U.S. and non-U.S. municipal securities, and wrapper contracts. Investments are valued at the net asset value per share multiplied by the number of shares held as of the measurement date.

Table of Contents**Camco Financial & Subsidiaries Salary Savings Plan****Schedule of Assets Held at End of Year****Form 5500, Schedule H, Item 4i****EIN 51-0110823, Plan 002****December 31, 2011**

(a)(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Cost	(e) Current Value
<u>Nonparticipant-directed Investments</u>			
** Camco Financial Corporation	Common stock, 8,242 shares	\$ 100,552	\$ 10,303
<u>Participant-directed Investments</u>			
** Camco Financial Corporation	Common stock, 222,650 shares	*	278,312
Charles Schwab Trust Company	Common/collective fund - Union Bond & Trust Co. Stable Value Fund	*	947,034
Charles Schwab Trust Company	Mutual fund - MFS Value	*	1,038,069
Charles Schwab Trust Company	Mutual fund - Artisan Midcap Value Fund	*	659,426
Charles Schwab Trust Company	Mutual fund - Columbia Acorn Fund Class 2	*	617,099
Charles Schwab Trust Company	Mutual fund - Europacific Growth Fund R5	*	812,748
Charles Schwab Trust Company	Mutual fund - Metropolitan West Total Return Bond Fund	*	1,159,895
Charles Schwab Trust Company	Mutual fund - Schwab Market track Balanced Fund	*	320,827
Charles Schwab Trust Company	Mutual fund - Vanguard Short-term Investment Grade Fund/Admiral	*	686,691
Charles Schwab Trust Company	Mutual fund - Vanguard 500 Index Admiral	*	1,100,533
Charles Schwab Trust Company	Mutual fund - Vanguard 500 Index Signal Fund	*	1,202,670
Charles Schwab Trust Company	Mutual fund - Vanguard Small Cap Index	*	143,542
Charles Schwab Trust Company	Mutual Fund - Alger Small Cap Growth Fund	*	34,249
Charles Schwab Trust Company	Mutual Fund - Northern Small Cap Value Fund	*	60,194
Charles Schwab Trust Company	Vanguard Small Cap	*	
** Plan participants	Participant notes receivable bearing interest at 4.25% to 8.25%		268,671
Total			\$ 9,340,263

* Cost information not required

** Denotes party-in-interest

Schedule 1

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

CAMCO FINANCIAL & SUBSIDIARIES

SALARY SAVINGS PLAN

By its Administrator: Camco Financial Corporation

Date: June 13, 2012

By: /s/ James E. Huston
James E. Huston, Chief Executive Officer