CAMCO FINANCIAL CORP
Form 10-K
March 16, 2005

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, 2004

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. [X]

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 7,678,748 shares of the registrant's common stock outstanding on February 18, 2005.

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 financial 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 and Camco Title Insurance Agency, Inc. In June 2001, Camco completed a reorganization in which it combined its banking activities under one Ohio savings bank charter known as Advantage Bank ("Advantage" or the "Bank"). Prior to the reorganization, Camco operated five separate banking subsidiaries (Cambridge Savings Bank, Marietta Savings Bank, First Savings Bank, First Bank for Savings and Westwood Homestead Savings Bank) 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. In 2003, Camco dissolved its second tier subsidiary, Camco Mortgage Corporation, and converted its offices into branch offices of the Bank. In August 2004, Camco completed a business combination with London Financial Corporation ("London") of London, Ohio, and its wholly-owned subsidiary, The Citizens Bank of London. The acquisition was accounted for using the purchase method of accounting and, therefore, the financial statements for prior periods have not been restated. At the time of the merger, Advantage Bank merged into The Citizens Bank of London and changed the name of the resulting institution to Advantage Bank. As a result, Camco's subsidiary financial institution is now an Ohio-chartered commercial bank instead of an Ohio savings bank. Further, Camco converted from an OTS regulated thrift holding company to a financial holding company regulated by the Federal Reserve Board.

During the periods for which financial information is presented, Camco completed several business combinations in addition to the London transaction, all of which were accounted for using the purchase method of accounting and, therefore, the financial statements for prior periods have not been restated. During 2000, Camco completed a business combination with Westwood Homestead Financial Corporation ("WHFC") and its wholly-owned subsidiary, Westwood Homestead Savings Bank and 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. In December 2004, Advantage sold its Ashland, Kentucky division, consisting of two branches.

Advantage is primarily regulated by the State of Ohio Department of

Commerce, Division of Financial Institutions (the "Division"), and the Federal Deposit Insurance Corporation (the "FDIC"). Advantage 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 Federal Reserve Board.

Advantage'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.

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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,				
	2004		2003		20
	Amount	Percent of total loans	Amount	Percent of total loans	Amount
	(Dollars in thousands				
Type of loan:					
Existing residential properties(1)	$ 603,722	72.1%	$ 652,953	81.1%	$ 641,464

Construction	75,055	9.0	44,189	5.5	33,122
Nonresidential real estate	105,247	12.6	51,533	6.4	74,094
Developed building lots	15,854	1.9	1,725	0.2	535
Consumer and other loans(2)	84,550	10.1	78,155	9.7	67,712
Total	884,428	105.7	828,555	102.9	816,927
Less:					
Undisbursed loans in process	(40,349)	(4.8)	(17,022)	(2.1)	(13,089)
Unamortized yield adjustments	(937)	(0.1)	(810)	(0.1)	(1,390)
Allowance for loan losses	(6,476)	(0.8)	(5,641)	(0.7)	(5,490)
Total loans, net	$ 836,666	100.0%	$ 805,082	100.0%	$ 796,958

	At December 31, 2000	
	Amount	Percent of total loans
	(Dollars in thousands)	
Type of loan:		
Existing residential properties(1)	$ 764,828	82.2%
Construction	56,039	6.0
Nonresidential real estate	54,722	5.9
Developed building lots	5,640	0.6
Consumer and other loans(2)	73,178	7.9
Total	954,407	102.6
Less:		
Undisbursed loans in process	(19,911)	(2.2)
Unamortized yield adjustments	(918)	(0.1)
Allowance for loan losses	(2,906)	(0.3)
Total loans, net	$ 930,672	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 $836.7 million at December 31, 2004, and represented 78.5% of total assets.

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LOAN MATURITY SCHEDULE. The following table sets forth certain information as of December 31, 2004, 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, 2005	Due in years 2006-2010	Due in years after 2010	Total
	(In thousands)			
Real estate loans (1):				
One- to four-family	$ 11,447	$ 73,367	$509,121	$593,935
Multifamily	913	2,921	43,418	47,252
Nonresidential	6,100	11,601	87,546	105,247
Commercial	3,297	3,521	9,774	16,592
Consumer and other loans (2)	8,081	11,144	2,394	21,619
Construction	10,162	5,151	34,331	49,644
Total	$ 40,000	$107,705	$686,584	$834,289

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(1) Excludes loans held for sale of $2.8 million and does not consider the effects of unamortized yield adjustments of $937,000, the allowance for loan losses of $6.5 million and mortgage-servicing rights totaling $6.9 million.

(2) Includes loans secured by developed building lots.

The following table sets forth at December 31, 2004, 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, 2005
	(In thousands)
Fixed rate of interest	$266,290
Adjustable rate of interest	527,999
Total	$794,289

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. A significant 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, 2004, 72.1% 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 and five-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 one - year arms at the fully indexed rate and three-year and five-year arms utilizing the note rates. 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, 2004, 50.9% were ARMs and 49.1% were fixed-rate loans. Adjustable-rate loans comprised 65.9% of Advantage's total outstanding loans at December 31, 2004.

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, 2004, a total of $75.1 million, or approximately 9.0% of Advantage's total loans, consisted of construction loans, primarily for one- to four-family properties.

Construction loans to owner-occupants are 30 year fixed rate, 15 year fixed rate, 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, 2004, Advantage had 34 construction loans in the amount of $18.1 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, 2004, was a $5.8 million loan secured by a nursing home. Nonresidential real estate loans comprised $105.2 million, or 12.6% of total loans at December 31, 2004.

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

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 $47.3 million of multifamily loans of which the largest is $2.9 million secured by an apartment building. At December 31, 2004, education, consumer and other loans, including multi-family loans, constituted $84.6 million, or 10.1% 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 Advantage'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. Advantage'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, 2004, 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, 2004, Advantage sold approximately $117.9 million in loans. Advantage recognized $1.6 million in mortgage servicing rights during 2004, while amortization of mortgage servicing rights totaled $1.2 million for the year ended December 31, 2004.

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 $43.2 million at December 31, 2004. 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,			
	2004	2003	2002	2001
			(In thousands)	
Loans originated:				
Construction	$ 45,826	$ 37,791	$ 54,114	$ 35,33
Permanent	164,540	422,021	447,379	240,62
Consumer and other	126,168	147,668	70,772	83,12
Total loans originated	336,534	607,480	572,265	359,08
Loans purchased (1)	70,602	126,006	116,306	17,75
Reductions:				
Principal repayments (1)	243,074	407,521	441,419	273,21
Loans sold (1)	130,801	337,376	239,636	215,28
Transfers from loans to real estate owned	6,591	4,010	1,270	3,20
Total reductions	(380,466)	(748,907)	(682,325)	(491,70
Increase (decrease) in other items, net (2)	(2,655)	(8,167)	(1,142)	(3,16
Decrease due to sales (4)	(42,634)	-	-	
Increase due to mergers (3)	49,050	-	-	81,42
Net increase (decrease)	$ 30,431	$ (23,588)	$ 5,104	$ (36,60

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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, the 2000 increase resulted from the acquisition of WHFC and the 2004 increase resulted from the acquisition of London.

(4) The 2004 decrease resulted from the sale of the Ashland division.

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, 2004, was approximately $12.1 million. The largest amount Advantage had outstanding to one borrower and related persons or entities at December 31, 2004, was $8.1 million, which consisted of 8 loans secured by real estate, commercial real estate in development and building lots.

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 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,				
	2004	2003	2002	2001	2000
	(Dollars in thousands)				
Loans delinquent for:					
30 to 89 days	$12,302	$ 8,682	$10,524	$14,238	$10,557
90 or more days	9,794	13,608	13,625	7,885	4,726
Total delinquent loans	$22,096	$22,290	$24,149	$22,123	$15,283
Ratio of total delinquent loans to total net loans (1)	2.64%	2.77%	3.03%	2.54%	1.64

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

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,				
	2004	2003	2002	2001	2
	(Dollars in thousands)				
Loans accounted for on nonaccrual basis:					
Real estate:					
Residential	$ 7,922	$12,135	$11,021	$ 3,677	$ 2
Nonresidential	463	357	1,726	367	
Consumer and other	1,409	1,116	878	393	
Total nonaccrual loans	9,794	13,608	13,625	4,437	2
Accruing loans delinquent 90 days or more:					
Real estate:					
Residential	-	-	-	2,564	1
Nonresidential	-	-	-	206	
Consumer and other	-	-	-	678	
Total loans 90 days past due	-	-	-	3,448	2
Total nonperforming loans	$ 9,794	$13,608	$13,625	$ 7,885	$ 4
Allowance for loan losses	$ 6,476	$ 5,641	$ 5,490	$ 4,256	$ 2
Nonperforming loans as a percent of total net loans (1)	1.17%	1.69%	1.71%	.90%	
Allowance for loan losses as a percent of nonperforming loans	66.1%	41.5%	40.3%	54.0%	

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(1) Includes loans held for sale.

The amount of interest income that would have been recorded had nonaccrual loans performed in accordance with contractual terms totaled approximately $573,000 for the year ended December 31, 2004. Interest collected on such loans and included in net earnings was $227,000.

At December 31, 2004, 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, 2004, the aggregate amounts of Camco's classified assets were as follows:

	At December 31, 2004 (In thousands)
Classified assets:	
Substandard	$9,667
Doubtful	129
Loss	129
Total classified assets	$9,925

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 $1.0 million designated as "special mention" at December 31, 2004.

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,			
	2004	2003	2002	2001

	(Dollars in thousands)			
Balance at beginning of year	$ 5,641	$ 5,490	$ 4,256	$ 2,906
Charge-offs:				
1-4 family residential real estate	1,142	509	134	66
Multifamily and nonresidential real estate	25	418	-	12
Consumer and other	430	392	73	657
Total charge-offs	1,597	1,319	207	735
Recoveries:				
1-4 family residential real estate	180	17	23	3
Consumer and other	9	7	249	23
Total recoveries	189	24	272	26
Net recoveries (charge-offs)	(1,408)	(1,295)	65	(709)
Provision for losses on loans	1,620	1,446	1,169	759
Increase attributable to mergers (1)	623	-	-	1,300
Balance at end of year	$ 6,476	$ 5,641	$ 5,490	$ 4,256
Net recoveries (charge-offs) to average loans	(.17)%	(.17)%	.01%	(.08)%

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(1) The 2004 increase resulted from the acquisition of London Financial, the 2001 increase resulted from the acquisition of Columbia Financial, and the 2000 increase resulted from the acquisition of WHFC.

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,							
	2004		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	Amount	Pe of in cat to lo
				(Dollars in thousands)				
Balance at year end applicable to:								
Secured loans	$4,915	94.9%	$4,452	90.3%	$4,910	91.5%	$3,418	
Unsecured loans	1,561	5.1	1,189	9.7	580	8.5	838	
Total	$6,476	100.0%	$5,641	100.0%	$5,490	100.0%	$4,256	1

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.

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,						
	2004				2003		
	Amortized cost	% of total	Fair value	% of total	Amortized cost	% of total	Fair value
	(Dollars in thousands)						
Held to maturity:							
U.S. Government agency obligations	$ 2,999	2.8%	$ 2,997	2.7%	$ -	-%	$ -
Municipal bonds	1,124	1.0	1,177	1.1	1,130	1.0	1,204
Mortgage-backed securities	4,146	3.8	4,188	3.9	7,704	6.8	7,839
Total	8,269	7.6	8,362	7.7	8,834	7.8	9,043
Available for sale:							
U.S. Government agency obligations	18,007	16.6	17,921	16.5	25,640	22.6	25,881
Municipal bonds	523	0.5	536	0.5	625	0.5	651
Corporate equity securities	247	0.2	387	0.4	330	0.3	476
Treasury	999	0.9	995	0.9	-	-	-
Mortgage-backed securities	80,782	74.2	80,321	74.0	78,017	68.8	77,916
Total	100,558	92.4	100,160	92.3	104,612	92.2	104,924
Total investments and mortgage-backed securities	$108,827	100.0%	$108,522	100.0%	$113,446	100.0%	$113,967

	At December 31,			
	2002			
	Amortized cost	% of total	Fair value	% of total
Held to maturity:	(Dollars in thousands)			
U.S. Government				

agency obligations	$ 4,233	2.7%	$ 4,306	2.7%
Municipal bonds	1,135	0.7	1,195	0.7
Mortgage-backed securities	20,000	12.6	20,634	12.7
Total	25,368	16.0	26,135	16.1
Available for sale:				
U.S. Government agency obligations	35,557	22.5	36,004	22.2
Municipal bonds	2,414	1.5	2,463	1.5
Corporate equity securities	330	0.2	322	0.2
Treasury	-	-	-	-
Mortgage-backed securities	94,641	59.8	97,332	60.0
Total	132,942	84.0	136,121	83.9
Total investments and mortgage-backed securities	$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, 2004:

	At December 31, 2004							
	One year or less		After one through five years		After five through ten years		After ten ye	
	Amortized cost	Average yield	Amortized cost	Average yield	Amortized cost	Average yield	Amortized cost	Ave yi
	(Dollars in thousands)							
Treasury	$ 999	1.51%	$ -	-%	$ -	-%	$ -	
U.S. Government Agency obligations	7,006	2.74	14,000	2.99	-	-	-	
Municipal bonds	377	2.96	927	3.57	253	4.20	90	6
Mortgage-backed securities	14	8.50	14,205	4.04	48,780	3.77	21,929	4
Total	$ 8,396	2.61%	$29,132	3.52%	$ 49,033	3.77%	$ 22,019	4

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 De		
		2004		
	Weighted-average rate at 12/31/04	Amount	Percent of total deposits	Amount
		(Dollars in tho		
Withdrawable accounts:				
Interest-bearing and non-interest bearing checking accounts	0.94%	$151,847	22.8%	$105,469
Money market demand accounts	1.25	83,063	12.4	128,938
Passbook and statement savings accounts	0.25	70,959	10.6	74,274
Total withdrawable accounts	.87	305,869	45.8	308,681
Certificate accounts:				
Term:				
Six months to one year	1.76	19,115	2.9	18,966
One to two years	2.13	77,913	11.7	61,186
Two to eight years	3.93	148,351	22.2	174,487
Negotiated rate certificates	2.30	55,845	8.3	40,670
Individual retirement accounts	3.57	60,685	9.1	67,284
Total certificate accounts	3.11	361,909	54.2	362,593
Total deposits	2.08%	$667,778	100.0%	$671,274

The following table presents the amount and contractual maturities of Camco's time deposits at December 31, 2004:

	Amount Due				
	Up to one year	1-3 years	3-5 years	Over 5 years	Total
	(Dollars in thousands)				
Amount maturing	$193,395	$124,359	$42,550	$1,605	$361,909
Average rate	2.62%	3.54%	4.01%	5.41%	3.11%

The following table sets forth the amount and maturities of Advantage's time deposits in excess of $100,000 at December 31, 2004:

Maturity	At December 31, 2004
	(In thousands)
Three months or less	$35,184
Over three to six months	25,017
Over six to twelve months	11,666
Over twelve months	27,910
Total	$99,777

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 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,		
	2004	2003	2002
	(Dollars in thousands)		
Maximum amount outstanding	$ 295,310	$ 280,298	$ 282,122

Average amount outstanding	$ 277,576	$ 273,147	$ 265,614
Weighted-average interest cost of FHLB advances based on month end balances	4.89%	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,		
	2004	2003	2002
	(Dollars in thousands)		
Amount outstanding	$295,310	$262,735	$276,276
Weighted-average interest rate	3.63%	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

Advantage has no operating subsidiaries. First S&L Corporation, a subsidiary, is inactive and was capitalized on a nominal basis at December 31, 2004.

EMPLOYEES

As of December 31, 2004, Camco had 264 full-time employees and 31 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 financial holding company registered under the Bank Holding Company Act of 1956, as amended (the "BHC Act"), Camco is subject to regulation, examination and oversight by the Board of Governors of the Federal Reserve System ("FRB"). Although Camco is recognized as a financial holding company, most regulations pertaining to bank holding companies also apply to it. Advantage is a non-member of the FRB and 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 FRB.

OHIO REGULATION

Regulation by the Division affects the internal organization of Advantage, as well as its savings, mortgage lending and other investment activities. 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 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 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 bank in conservatorship or receivership.

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

FEDERAL DEPOSIT INSURANCE CORPORATION

SUPERVISION AND EXAMINATION. The FDIC is responsible for the regulation and supervision of all commercial 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 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. Camco and Advantage are 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 FRB and FDIC have 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. Camco and Advantage's capital level at December 31, 2004, met the standards for well-capitalized institutions.

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The following tables present certain information regarding compliance by Camco and Advantage with applicable regulatory capital requirements at December 31, 2004:

Camco:	At December 31, 2004
	To be

	Actual		For capital adequacy purposes		capitali prompt action
	Amount	Ratio	Amount	Ratio	Amount
			(Dollars in thousands)		
Total capital (to risk-weighted assets)	$88,628	12.38%	> or = $ 57,292	> or = 8.0%	> or = $71,6
Tier I capital (to risk-weighted assets)	$82,152	11.47%	> or = $ 28,646	> or = 4.0%	> or = $42,9
Tier I leverage	$82,152	7.54%	> or = $ 43,568	> or = 4.0%	> or = $54,4

Advantage	At December 31, 2004				
	Actual		For capital adequacy purposes		To be capitaliz prompt co action pr
	Amount	Ratio	Amount	Ratio	Amount
			(Dollars in thousands)		
Total capital (to risk-weighted assets)	$80,373	11.25%	> or = $57,177	> or = 8.0%	> or = $71,4
Tier I capital (to risk-weighted assets)	$73,897	10.34%	> or = $28,589	> or = 4.0%	> or = $42,8
Tier I leverage	$73,897	6.86%	> or = $43,118	> or = 4.0%	> or = $53,8

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

All transactions between banks and their affiliates must comply with Sections 23A and 23B of the Federal Reserve Act (the "FRA") and the FRB'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 bank 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, 2004.

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

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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 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 financial holding company, Camco has registered with the FRB and is subject to FRB regulations, examination, supervision and reporting requirements. Because Camco is a bank holding company that has elected to become a financial holding company, some of the restrictions on its activities are reduced. Camco's financial holding company status allows Advantage to associate or have management interlocks with business organizations engaged in securities activities. In order to maintain status as a financial holding company, Advantage must be well capitalized and well managed, and must meet Community Reinvestment Act obligations. Failure to maintain such standards may ultimately permit the FRB to take certain enforcement actions against Camco.

Financial holding companies are permitted to engage in those activities that are determined by the FRB to be financial in nature, incidental to an activity that is financial in nature, or complementary to a financial activity and that do not pose a safety and soundness risk. Activities defined to be "financial in nature" include, but are not limited to, the following: providing financial or investment advice; underwriting; dealing in or making markets in securities; merchant banking, subject to significant limitations; and any activities previously found by the FRB to be closely related to banking.

Under FRB policy, a bank holding company is required to act as a source of financial and managerial strength to its subsidiary banks. Under this policy, Camco is expected to commit resources to Advantage in circumstances where it might not do so absent such policy. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and will be entitled to a priority payment.

FEDERAL RESERVE REQUIREMENTS

FRB regulations currently require banks to maintain reserves of 3% of net transaction accounts (primarily NOW accounts) up to $47.6 million (subject to an exemption of up to $7.0 million), and of 10% of net transaction accounts in excess of $47.6 million. At December 31, 2004, 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.

The tax returns of Camco have been audited or closed without audit through calendar year 2000. 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 financial 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.

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.

ITEM 2. PROPERTIES.

The following table provides the location of, and certain other information pertaining to, Camco's office premises as of December 31, 2004:

Office Location	Year facility commenced operations	Leased or owned	Net book value (1)
134 E. Court Street Washington Court House, Ohio	1963	Owned (2)	$ 745,826
1050 Washington Ave. Washington Court House, Ohio	1996	Owned	517,695
1 N. Plum Street			

Germantown, Ohio	1998	Owned	521,077
687 West Main Street New Lebanon, Ohio	1998	Owned	76,044
2 East High Street London, Ohio	2004	Owned	636,907
1392 Cherry Bottom Road Gahanna, Ohio	1999	Leased (3)	
3002 Harrison Avenue Cincinnati, Ohio	2000	Owned	1,447,603
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	90,433
226 Third Street Marietta, Ohio	1976	Owned (6)	660,072
1925 Washington Boulevard Belpre, Ohio	1979	Owned	72,683
478 Pike Street Marietta, Ohio	1998	Leased (7)	576,621
510 Grand Central Avenue Vienna, West Virginia	1991	Leased (8)	
814 Wheeling Avenue Cambridge, Ohio	1963	Owned (9)	880,028
327 E. 3rd Street Uhrichsville, Ohio	1975	Owned	76,179
175 N. 11th Street Cambridge, Ohio	1981	Owned	397,680

(Footnotes begin on page 22)

Office Location	Year facility commenced operations	Leased or owned	Net book value (1)
209 Seneca Avenue Byesville, Ohio	1978	Leased (10)	
547 S. James Street			

Dover, Ohio	2002	Owned	$ 379,909
2497 Dixie Highway Ft. Mitchell, Kentucky	2001	Owned	608,520
401-7 Pike Street Covington, Kentucky	2001	Owned	108,907
3522 Dixie Highway Erlanger, Kentucky	2001	Owned	38,675
7550 Dixie Highway Florence, Kentucky	2001	Owned	491,866
191 Eastern Heights Shopping Center Huntington, West Virginia	1997	Leased (11)	1,099
6901 Glenn Highway Cambridge, Ohio	1999	Owned	1,276,545
1320 D 4th Street, N.W. New Philadelphia, Ohio	1985	Leased (12)	
100 E. Wilson Bridge Road - Suite #105 & 110 Worthington, Ohio	2004	Leased (13)	83,364
45 West Second Street Chillicothe, Ohio	1994	Leased (14)	
6269 Frank Ave. N. Canton, Ohio	1992	Leased (15)	
1500 Grand Central Ave. Vienna, West Virginia	2004	Leased (16)	24,447

(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) Operations were moved to the Worthington location in February 2004. The lease expires in March 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 2005.

(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 lease expires in December 2009.

(13) The lease expires in September 2008. Advantage has the option to renew for two five-year terms.

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

(15) The lease expires in August 2005.

(16) The net book value represents construction in process. 510 Grand Central Avenue will be relocated at this location after construction is final.

Camco also owns furniture, fixtures and equipment. The net book value of Camco's investment in office premises and equipment totaled $11.6 million at December 31, 2004. 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, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF COMMON STOCK.

At February 18, 2005, Camco had 7,678,748 shares of common stock outstanding and held of record by approximately 2,113 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 2004, 2003 and 2002.

	High	Low	Cash dividends declared
Year ended December 31, 2004			
Quarter ending:			

December 31, 2004	$15.79	$14.94	$0.145
September 30, 2004	15.67	14.07	0.145
June 30, 2004	16.93	12.77	0.145
March 31, 2004	17.62	16.40	0.145
Year ended December 31, 2003			
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

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)

	AT DECE		
	2004	2003	2
	(In tho		
Total amount of:			
Assets	$1,065,823	$1,039,151	$1,0
Interest-bearing deposits in other financial institutions	17,045	30,904	
Investment securities available for sale - at market	19,839	27,008	
Investment securities held to maturity	4,123	1,130	
Mortgage-backed securities available for sale - at market	80,321	77,916	
Mortgage-backed securities held to maturity	4,146	7,704	
Loans receivable - net (2)	836,666	805,082	7
Deposits	667,778	671,274	6
FHLB advances and other borrowings	295,310	262,735	2
Stockholders' equity - substantially restricted	89,321	92,543	

SELECTED CONSOLIDATED
OPERATING DATA: (1)

	YEAR ENDED		
	2004	2003	

(In thousands, ex

Total interest income	$ 52,948	$ 54,875	$
Total interest expense	27,512	31,237	
Net interest income	25,436	23,638	
Provision for losses on loans	1,620	1,446	
Net interest income after provision for losses on loans	23,816	22,192	
Other income	7,082	11,411	
Sale of branch deposits and premises, net	6,626	36	
General, administrative and other expense	22,841	22,404	
Restructuring charges (credits) related to charter consolidation	-	-	
FHLB advance prepayment fees	18,879	1,292	
Earnings (loss) before federal income taxes (credits)	(4,196)	9,907	
Federal income taxes (credits)	(1,660)	3,051	
Net earnings (loss)	(2,536)	6,856	
Prepayment fees, restructuring charges (credits) and gain on sale of Ashland branches (net of related tax effects)	8,440	853	
Net earnings from operations	$ 5,904	$ 7,709	$
Earnings (loss) per share:			
Basic	$ (.34)	$ 0.92	$
Basic from operations (3)	$ .79	$ 1.03	$
Diluted	N/A	$ 0.91	$
Diluted from operations (3)	$ .79	$ 1.02	$

		YEAR ENDE	
	2004	2003	2
Return on average assets (4)	(0.24)%	0.65%	
Return on average assets from operations (4)	.56	0.73	
Return on average equity (4)	(2.79)	7.17	1
Return on average equity from operations (4)	6.49	8.07	1
Average equity to average assets (4)	8.64	9.01	
Dividend payout ratio (5)	N/A(6)	61.96	4

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(1) The information as of December 31, 2004 reflects the acquisition of London Financial Corporation. 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) Represents a pro-forma presentation based upon net earnings from operations divided by weighted-average basic and diluted shares outstanding. For 2004, diluted earnings per share from operations is based on 7,506,742 diluted shares assumed to be outstanding.

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

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

(6) Not meaningful.

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. 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 $1.1 billion of consolidated assets at December 31, 2004. Camco's rate of growth is largely attributable to its acquisitions of Marietta Savings, First Savings, First Bank for Savings, Germantown Federal, Westwood Homestead, Columbia Savings and The Citizens Bank of London, 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 offer. Additionally, Camco has enhanced its operational growth, 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 operations 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.

NON-GAAP FINANCIAL MEASURES

This report includes one or more non-GAAP financial measures within the meaning of Regulation G. With respect to each, Camco has disclosed the most directly comparable financial measure calculated and presented in accordance with GAAP and reconciled the differences between the non-GAAP financial measure and the most comparable financial measure presented in accordance with GAAP.

Camco believes that the presentation of the non-GAAP financial measures in this report assist management and investors to compare results period-to-period in a more meaningful and consistent manner and provide a better measure of results for Camco's ongoing operations.

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CRITICAL ACCOUNTING POLICIES

"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'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.

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 rights 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 management strives to reflect all known risk factors in its evaluations, judgment errors may occur.

During its audit, Camco's accountants identified a lack of comprehensive procedural documentation concerning the asset classification of specific loans in accordance with FAS No. 114. Management has addressed this issue as discussed in the Management Report On Internal Control Over Financial Reporting.

MORTGAGE SERVICING RIGHTS

To determine the fair value of its mortgage servicing rights ("MSRs") each reporting quarter, Advantage 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 as 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 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 mortgage servicing rights are 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 30 financial information. 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 these valuation techniques takes into account the reporting unit's operating history, the current market environment and future prospects. As of the most recent quarter, 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. As of the most recent testing date, June 30, 2004, the Audit Committee was informed that the fair value of the reporting unit exceeded its carrying amount.

SUMMARY

Management believes the accounting estimates related to the allowance for loan losses, the capitalization, amortization, and valuation of mortgage servicing rights 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 such matters in the quarterly Management's Discussion and Analysis.

DISCUSSION OF FINANCIAL CONDITION CHANGES FROM DECEMBER 31, 2003 TO DECEMBER 31, 2004

At December 31, 2004, Camco's consolidated assets totaled $1.1 billion, an increase of $26.7 million, or 2.6%, from the December 31, 2003 total. The increase in total assets was primarily due to the acquisition of London in August 2004, which was accounted for using the purchase method of accounting. The acquisition resulted in net asset growth of approximately $54.4 million which was funded principally by an increase of $25.0 million in advances from the Federal Home Loan Bank ("FHLB"). In December of 2004, Advantage sold its Ashland division, consisting of two branches, which resulted in a premium of 10.21% on deposits. While all deposits were sold in the Ashland division sale, Camco retained loan origination capabilities in the Huntington, West Virginia market. The sale included $42.6 million in loans and $63.7 million of deposits. The Ashland branch sale was funded by a sale of approximately $15.2 million in loans.

Cash and interest-bearing deposits in other financial institutions totaled $42.9 million at December 31, 2004, a decrease of $10.8 million, or 20.1%, from December 31, 2003 levels. Investment securities totaled $24.0 million at December 31, 2004, a decrease of $4.2 million, or 14.8%, from the total at December 31, 2003. Investment securities purchases were comprised of $19.0 million of intermediate and short-term issuances of treasury and agency securities, with an average yield of 3.13%. Some of the securities purchased contained call features. Such purchases were offset by maturities of $21.1 million and sales of $1.6 million during the year.

Mortgage-backed securities totaled $84.5 million at December 31, 2004, a decrease of $1.2 million, or 1.3%, from December 31, 2003. Mortgage-backed securities purchases totaled $43.3 million, while principal repayments totaled $30.6 million and sales totaled $13.1 million during the year ended December 31, 2004. Purchases of mortgage-backed securities during the year were comprised primarily of government agency mortgage-backed securities and collateralized mortgage obligations yielding 3.95%.

Loans receivable and loans held for sale totaled $836.7 million at December 31, 2004, an increase of $31.6 million, or 3.9%, over the total at December 31, 2003. The increase resulted primarily from the acquisition of London, accounting for an increase of $49.1 million in loans and loan disbursements and purchases totaling $363.8 million, which were substantially offset by loan sales of $160.5 million, including $42.6 million of sales relating to the sale of the Ashland division and principal repayments of $212.5 million. Loan origination volume, including purchases of loans, was lower in 2004 than 2003 by $255.7 million, or 41.3%, which was primarily attributable to the decline in refinancing activity. As interest rates in the economy have begun to rise, consumer preference is moving towards adjustable-rate mortgage loans to fund purchases. Camco has typically held adjustable-rate mortgage loans in its portfolio as part of its strategy to maintain its asset-sensitive interest rate risk position. Loan originations during the twelve-month period ended December 31, 2004, were comprised primarily of $209.2 million of loans secured by one- to four-family residential real estate, $102.6 million in consumer and other loans and $102.0 million in loans secured by commercial real estate. Management will continue to expand its consumer and commercial real estate lending in future periods as a means of increasing the yield on its loan portfolio.

The allowance for loan losses totaled $6.5 million and $5.6 million at December 31, 2004 and 2003, respectively, representing 66.1% and 41.5% of nonperforming loans at those dates. Nonperforming loans (90 days or more delinquent plus nonaccrual loans) totaled $9.8 million and $13.6 million at December 31, 2004 and December 31, 2003, respectively, constituting 1.17% and 1.69% of total net loans, including loans held for sale, at those dates. At December 31, 2004, nonperforming loans were comprised of $6.7 million of loans secured by one- to four-family residential real estate, $2.1 million of loans secured by multi-family, nonresidential real estate and commercial loans and $1.0 million of consumer and other loans. Although management believes that its allowance for loan losses at December 31, 2004 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 $667.8 million at December 31, 2004, a decrease of $3.5 million, or .5%, from December 31, 2003 levels. The decrease resulted primarily from the sale of Ashland division deposits totaling $63.7 million partially offset by $45.2 million increase from the London acquisition. The $15.0 million deposit portfolio growth resulted

primarily from the increase of deposits from state and local government agencies and management's continuing efforts to achieve a moderate rate of growth through advertising and pricing strategies.

Advances from the FHLB increased by $32.6 million, or 12.4%, to a total of $295.3 million at December 31, 2004. The increase was due primarily to equity leveraging transactions of $18.0 million and $18.9 million in fees incurred for the restructuring of the FHLB borrowings.

In the fourth quarter of 2004, Advantage restructured $144.1 million of its FHLB borrowings having an average term of 5.5 years and an average fixed rate of 6.25%, replacing them with fixed-rate advances having a weighted-average rate of approximately 3.68% at December 31, 2004. The prepayment fee incurred was $12.5 million on an after-tax basis, but management believes that the positive after-tax earnings impact in 2005 could approach $2.2 million or $.30 per share in 2005. The transaction positions itself well in our balance sheet as a result of continued efforts towards shorter duration assets generated from commercial/commercial real estate and consumer loans.

Stockholders' equity totaled $89.3 million at December 31, 2004, a $3.2 million, or 3.5%, decrease from December 31, 2003. The decrease resulted primarily from dividends of $4.4 million, a net loss of $2.5 million and a $469,000 decrease in the unrealized gains on available for sale securities, which were partially offset by the issuance of $3.6 million in common stock to shareholders of London and proceeds from the exercise of stock options of $552,000.

Camco and the Bank are required to maintain minimum regulatory capital pursuant to federal regulations. During 2004, management was notified by its primary regulators that Advantage was categorized as well-capitalized under the regulatory framework for prompt corrective action. At December 31, 2004, the regulatory capital of Camco and the Bank exceeded all regulatory capital requirements.

COMPARISON OF RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

GENERAL. Camco's net loss for the year ended December 31, 2004, totaled $2.5 million, a decrease of $9.4 million, or 137.0%, from the $6.9 million of net earnings reported in 2003. The decrease in earnings was primarily attributable to a one-time charge of $18.9 million in pre-tax expense associated with the restructuring of a portion of the Bank's FHLB borrowings and a $2.8 million decrease in gain on sale of loans, which were partially offset by a $6.1 million gain due to the sale of the Ashland division and a $4.7 million decrease in the provision for federal income taxes.

In December 2004 Camco announced the restructuring of $144.1 million in convertible fixed rate borrowings from the Federal Home Loan Bank. The early prepayment of the debt resulted in a penalty charge of $18.9 million before tax, or $12.5 million after-tax. The convertible advances had a weighted average interest rate of 6.25% and an average term to maturity of approximately 5.61 years. The advances were replaced with maturities ranging up to five years. The weighted average cost on the restructured borrowings was 3.59%.

The impact of the restructuring is estimated to reduce interest expense for the Corporation by over $3.33 million pre-tax in 2005, or $2.2 million after-tax basis. This anticipated decrease in interest bearing liabilities should increase earnings per share for the Corporation by approximately $.30 in 2005.

In December, 2004 Camco sold its Ashland Division which included $63.7 million in deposits and $42.6 million in loans in the Ashland market as well as the Ashland and Summit, Kentucky facilities. This transaction was based on a decision to redirect resources and management attention to other markets that drive the execution of our long term strategic plan. Our branch strategy involves narrowing our geographic footprint, building a more efficient branch network and improving long term shareholder value.

NET INTEREST INCOME. Total interest income for the year ended December 31, 2004, amounted to $52.9 million, a decrease of $1.9 million, or 3.5%, compared to 2003, generally reflecting the effects of a decrease of 26 basis points in the average yield, from 5.43% in 2003 to 5.17% in 2004, offset partially by a $12.7 million, or 1.3%, increase in the average balance of interest-earning assets outstanding year to year.

Interest income on loans totaled $46.9 million for the year ended December 31, 2004, a decrease of $1.1 million, or 2.2%, from the comparable 2003 total. The decrease resulted primarily from a 58 basis point decrease in the average yield, from 6.14% in 2003, to 5.56% in 2004, offset partially by a $63.5 million, or 8.1%, increase in the average balance of loans outstanding year to year. Interest income on mortgage-backed securities totaled $3.0 million for the year ended December 31, 2004, a $423,000, or 12.3%, decrease from the 2003 period. The decrease was due primarily to a $23.5 million, or 20.8%, decrease in the average balance outstanding, partially offset by a 33 basis point increase in the average yield, to 3.36% in 2004. Interest income on investment securities decreased by $495,000, or 39.1%, due primarily to a $10.9 million decrease in the average balance outstanding year to year, coupled with a 48 basis point decline in the average yield, to 2.86% in 2004. Interest income on other interest-earning assets increased by $41,000, or 1.9%, due primarily to an increase in the yield of 80 basis points, to 3.59% in 2004, offset partially by a decrease of $16.3 million, or 20.9%, in the average balance outstanding year to year.

Interest expense on deposits totaled $13.9 million for the year ended December 31, 2004, a decrease of $2.1 million, or 13.0%, compared to the year ended December 31, 2003, due primarily to a 37 basis point decrease in the average cost of deposits, to 2.09% for 2004, partially offset by a $13.8 million, or 2.1%, increase in the average balance of interest-bearing deposits outstanding year to year. Interest expense on borrowings totaled $13.6 million for the year ended December 31, 2004, a decrease of $1.6, or 10.7%, from 2003. The decrease resulted primarily from a 67 basis point decrease in the average rate to 4.89% in 2004, partially offset by a $4.4 million, or 1.6%, increase in the average balance outstanding year to year.

As a result of the foregoing changes in interest income and interest expense, net interest income increased by $1.8 million, or 7.6%, to a total of $25.4 million for the year ended December 31, 2004. The interest rate spread increased to approximately 2.26% at December 31, 2004, from 2.06% at December 31, 2003, while the net interest margin increased to approximately 2.49% for the year ended December 31, 2004, compared to 2.34% for the 2003 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 $1.6 million for the year ended December 31, 2004, an increase of $174,000, or 12.0%, over the provision recorded in 2003. The provision was predicated primarily on the overall increase in the loan portfolio, including the increased percentage of loans secured by nonresidential real estate within the portfolio and an increase in the level of impaired loans and loan charge-offs year to year. For 2005, we believe the provision will continue to grow as we anticipate changing our loan mix by increasing the percentage of nonresidential commercial loans and consumer loans to total loans. Management believes nonperforming loans are adequately collateralized or reserved for, 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 loans in the future.

OTHER INCOME. Other income totaled $13.7 million for the year ended December 31, 2004, an increase of $2.3 million, or 20.1%, compared to 2003. The increase in other income was primarily attributable to the sale of our Ashland, Kentucky banking division which resulted in a pretax gain of $6.1 million. Excluding the sale of the Ashland banking division, other income would have decreased from $11.4 million in 2003 to $7.6 million in 2004. This decrease of $3.8 million was primarily attributable to a $2.8 million or 77.3% decrease in gain on the sale of loans, as a result of fewer loans being sold into the secondary market, as well as a reduction of $818,000 or 51.3% in our title agency revenue, also due to lower residential loan production levels.

The decrease in gain on sale of loans was due primarily to a decrease in the volume of loans sold of $161.1 million, or 57.8%, from the volume of loans sold in 2003. During 2004, the Bank recorded MSR's on new loan sales totaling $1.6 million and amortization of MSR's totaling $1.2 million, which resulted in net revenue item of $402,000. During 2003, the Bank recorded MSR's on new loan sales totaling $3.5 million and amortization of MSR's totaling $2.9 million, which resulted in net revenue of $543,000.

GENERAL, ADMINISTRATIVE AND OTHER EXPENSE. General, administrative and other expense totaled $41.7 million for the year ended December 31, 2004, an increase of $18.0 million, or 76.1%, compared to 2003. The increase was due primarily to the $18.9 million prepayment fee associated with the restructuring of a portion of the Bank's FHLB borrowings and a decrease of $1.3 million, or 36.6%, in deferred compensation (SFAS No. 91), offset partially by a decrease of $713,000 in employee compensation and benefits and a $393,000 or 10.4% decrease in occupancy and equipment expenses. The decrease in deferred compensation relates to (SFAS No. 91) and the decline in residential loan production. The decrease in employee compensation and benefits is due to lower incentives and commissions on reduced loan production from prior periods. The decrease in occupancy and equipment was due to management's more efficient utilization of the current infrastructure and continuing capitalization on past investments in technology.

FEDERAL INCOME TAXES. Federal income tax credits totaled $1.7 million for the year ended December 31, 2004, a decrease of $4.7 million, or 154.4%, compared to the provision recorded in 2003. This decrease was primarily attributable to a $4.2 million net loss before federal income tax credits. The effective rate of tax (benefits) amounted to (39.6)% and 30.8% for the years ended December 31, 2004 and 2003, respectively. The tax-exempt character of earnings on bank-owned life insurance is the principal difference between the effective rate of tax (benefits) and the statutory corporate tax rate for the years ended December 31, 2004 and 2003.

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

GENERAL. Camco's net operating 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 revenue item of $1.4 million.

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 pre-payment 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 proceeds from 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.

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, (Dollars in thousands)				
	2004			20	
	AVERAGE OUTSTANDING BALANCE	INTEREST EARNED/ PAID	AVERAGE YIELD/ RATE	AVERAGE OUTSTANDING BALANCE	INTE EAR PA
Interest-earning assets:					
Loans receivable (1)	$ 844,660	$ 46,932	5.56%	$ 781,175	$ 47
Mortgage-backed securities (2)	89,863	3,016	3.36	113,392	3
Investment securities (2)	26,987	772	2.86	37,881	1
Interest-bearing deposits and other interest-earning assets	62,016	2,228	3.59	78,364	2
Total interest-earning assets	$ 1,023,526	52,948	5.17	$ 1,010,812	54
Interest-bearing liabilities:					
Deposits	$ 666,540	13,945	2.09	$ 652,710	16
FHLB advances	277,576	13,567	4.89	273,147	15
Total interest-bearing liabilities	$ 944,116	27,512	2.91	$ 925,857	31
Net interest income/Interest rate spread		$ 25,436	2.26%		$ 23
Net interest margin (3)			2.49%		
Average interest-earning assets to average interest-bearing liabilities			108.41%		

	YEAR ENDED DECEMBER 31, 2002		
	AVERAGE OUTSTANDING BALANCE	INTEREST EARNED/ PAID	AVERAGE YIELD/ RATE
	(Dollars in thousands)		
Interest-earning assets:			
Loans receivable (1)	$ 813,541	$ 57,478	7.07%
Mortgage-backed securities (2)	100,165	4,523	4.52
Investment securities (2)	33,963	1,545	4.55
Interest-bearing deposits and other interest-earning assets	85,189	2,456	2.88
Total interest-earning assets	$ 1,032,858	66,002	6.39
Interest-bearing liabilities:			
Deposits	$ 677,800	23,060	3.40
FHLB advances	265,614	15,496	5.83
Total interest-bearing liabilities	$ 943,414	38,556	4.09
Net interest income/Interest rate spread		$ 27,446	2.30%
Net interest margin (3)			2.66%
Average interest-earning assets to average interest-bearing liabilities			109.48%

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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,	
	2004 VS. 2003	2003 VS.

	VOLUME	INCREASE (DECREASE) DUE TO RATE	TOTAL	VOLUME	INCREA (DECREA DUE T RATE
			(In thousands)		
Interest income attributable to:					
Loans receivable (1)	$ 6,038	$(7,088)	$(1,050)	$(2,217)	$(7,2
Mortgage-backed securities	(870)	447	(423)	729	(1,8
Investment securities	(329)	(166)	(495)	215	(4
Interest-bearing deposits and other (2)	(109)	150	41	(192)	(
Total interest income	4,730	(6,657)	(1,927)	(1,465)	(9,6
Interest expense attributable to:					
Deposits	348	(2,440)	(2,092)	(826)	(6,1
Borrowings	251	(1,884)	(1,633)	472	(7
Total interest expense	599	(4,324)	(3,725)	(354)	(6,9
Increase (decrease) in net interest income	$ 4,131	$(2,333)	$ 1,798	$(1,111)	$(2,6

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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. This does not reflect the spread that may eventually be achieved in 2005 or beyond due to possible changes in weighted-average yields earned on interest-earning assets and paid on interest-bearing liabilities in the upcoming year.

	AT DECEMBER 31, 2004	2003	2002
Weighted-average yield on:			
Loan portfolio (1)	5.78%	5.81%	6.87%
Investment portfolio (2)	3.75	3.40	3.40
Total interest-earning assets	5.45	5.38	6.52
Weighted-average rate paid on:			
Deposits	2.10	2.10	2.86
FHLB advances (3)	3.63	5.13	5.63
Total interest-bearing liabilities	2.57	2.96	3.65
Interest rate spread	2.88%	2.42%	2.87%

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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.
(3) Is reflective of the December 2003 and 2004 restructuring of FHLB advances.

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 Bank's 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 federal funds rate of 2.25% at December 31, 2004, 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, 2004:

CHANGE IN	PERCENTAGE CHANGE IN

INTEREST RATES (BASIS POINTS)	NET INTEREST INCOME 12 MONTHS
+200	2.33%
-100	(5.37)%

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 2.3% over one year. A 100bp linear decrease in interest rates would decrease net interest income by 5.4% 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 2005 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 $117.9 million and $279.0 million of such loans were sold to the FHLMC, FNMA and other parties during 2004 and 2003, 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, 2004.

	PAYMENTS DUE BY PERIOD			
	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MOR THA 5 YE
	(In thousands)			
Contractual obligations:				
Operating lease obligations	$ 166	$ 198	$ 113	$
Advances from the Federal Home Loan Bank (1)	22,020	86,208	84,364	62
Certificates of deposit	193,395	124,359	42,550	1
Amount of commitments expiration per period				
Commitments to originate loans:				
Overdraft lines of credit	728	-	-	
Home equity/commercial lines of credit	62,759	-	-	
Commercial lines of credit	5,424	-	-	
One- to four-family and multi-family loans	1,440	-	-	
Commercial	2,650	-	-	

Non-residential real estate and land loans	90	-	-	
Total contractual obligations	$ 288,672	$ 210,765	$127,027	$ 64

(1) Fully secured asset borrowings totaling $40.0 million are not included.

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.

State statutes impose certain limitations on the payment of dividends and other capital distributions by banks. Generally, absent approval of the Superintendent of Banks, such statutes limit dividend and capital distributions to earnings of the current and two preceding years. As a result, Camco will need regulatory approval for dividend distributions in 2005. However, management is of the opinion that such approval will not be unreasonably withheld given the Bank's current well-capitalized classification.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Management Report On Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) and Rule 15d-15(f) under the Securities Exchange Act of 1934. The Company's management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control -- Integrated Framework.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

During the course of its audit, Grant Thornton LLP advised management and the

Audit Committee that it had identified a control deficiency, which constituted a material weakness in the Company's internal control over financial reporting. A material weakness is a significant deficiency that results in there being more than a remote likelihood that a material misstatement of the annual or interim financials statements will not be prevented or detected on a timely basis by employees in the normal course of their assigned functions. As a result, management of the Company concluded that the Company's internal control over financial reporting was not effective as of December 31, 2004 because of the material weakness described below. The material weakness did not result in an adjustment to the financial statements.

The material weakness identified relates to a lack of comprehensive procedural documentation concerning the identification and valuation of specific loans in accordance with FAS No. 114. Management, with the oversight of the Audit Committee, has been aggressively addressing this issue and is committed to effectively remediate this weakness. The Company has completed the following remediation measures:

- Amplified and communicated to appropriate Company employees a detailed written policy that clearly documents in detail the Company's process for identifying and evaluating non-homogeneous loans under FAS No. 114. The procedures clearly require that once a loan meets review criteria and is determined to have a probable loss, such loan will be deemed impaired and the impairment will be valued via reference to an independent appraisal.

- Augmented procedures to assure that adequate evidence exists to support all decisions made regarding classification of individual, reviewed loans.

Management has discussed these corrective actions with the Audit Committee and Grant Thornton and, as of the date of this annual report on Form 10-K, management believes the actions outlined above have corrected the deficiencies in internal controls that are considered to be a material weakness.

Grant Thornton LLP has issued an attestation report on management's assessment of the Company's internal control over financial reporting. That report appears on page 38.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and
Shareholders of Camco Financial Corporation

We have audited management's assessment, included in the accompanying Management Report on Internal Control over Financial Reporting, that Camco Financial Corporation (the Corporation) did not maintain effective internal control over financial reporting as of December 31, 2004, because of the effect of the material weakness identified in management's assessment, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Corporation's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected. The following material weakness has been identified and included in management's assessment. The Corporation lacked comprehensive documentation concerning the identification and valuation of specific loans in accordance with FAS No. 114. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2004 consolidated financial statements, and this report does not affect our report dated March 10, 2005, on those financial statements.

In our opinion, management's assessment that the Corporation did not maintain effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the control criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, the Corporation has not maintained effective internal control over financial reporting as of December 31, 2004, based on Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We do not express an opinion or any other form of assurance on management's statement that they have implemented remediation measures sufficient to correct the deficiency in internal control that is considered to be a material weakness.

/s/GRANT THORNTON LLP

Cincinnati, Ohio

March 10, 2005

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Camco Financial Corporation

We have audited the accompanying consolidated statements of financial condition of Camco Financial Corporation as of December 31, 2004 and 2003, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity and cash flows for each of the years in the three year period ended December 31, 2004. 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 the auditing 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. 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, 2004 and 2003, and the consolidated results of its operations and its cash flows for each of the years in the three year period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

We have also audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Camco Financial Corporation's control over financial reporting at December 31, 2004 based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission and our report dated March 10, 2005 expressed an unqualified opinion as to management's assessment that the Corporation did not maintain effective control over financial reporting as of December 31, 2004, based on control criteria issued by COSO.

/s/GRANT THORNTON LLP

Cincinnati, Ohio
March 10, 2005

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

December 31,
(In thousands, except share data)

ASSETS	2004
Cash and due from banks	$ 25,849
Interest-bearing deposits in other financial institutions	17,045
Cash and cash equivalents	42,894
Investment securities available for sale - at market	19,839
Investment securities held to maturity - at cost, approximate market value of $4,174 and $1,204 as of December 31, 2004 and 2003, respectively	4,123
Mortgage-backed securities available for sale - at market	80,321
Mortgage-backed securities held to maturity - at cost, approximate market value of $4,188 and $7,839 as of December 31, 2004 and 2003, respectively	4,146
Loans held for sale - at lower of cost or market	2,837
Loans receivable - net	833,829
Office premises and equipment - net	11,647
Real estate acquired through foreclosure	2,280
Federal Home Loan Bank stock - at cost	25,797
Accrued interest receivable	4,503
Prepaid expenses and other assets	1,530
Cash surrender value of life insurance	20,042
Goodwill - net of accumulated amortization	6,736
Prepaid and refundable federal income taxes	5,299
Total assets	$ 1,065,823
LIABILITIES AND STOCKHOLDERS' EQUITY	
Deposits	$ 667,778
Advances from the Federal Home Loan Bank	295,310
Advances by borrowers for taxes and insurance	3,030
Accounts payable and accrued liabilities	5,391
Dividends payable	1,109
Deferred federal income taxes	3,884
Total liabilities	976,502
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; 8,759,676 and 8,428,946 shares issued at December 31, 2004 and 2003, respectively	8,760
Additional paid-in capital	58,935
Retained earnings - restricted	38,234
Accumulated other comprehensive income (loss) - unrealized gains (losses) on securities designated as available for sale, net of related tax effects	(263)
Less 1,096,523 shares of treasury stock at December 31, 2004 and 2003 - at cost	(16,345)
Total stockholders' equity	89,321
Total liabilities and stockholders' equity	$ 1,065,823

The accompanying notes are an integral part of these statements.

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2004, 2003 and 2002
(In thousands, except per share data)

	2004	2003	200
Interest income			
Loans	$ 46,932	$ 47,982	$ 57
Mortgage-backed securities	3,016	3,439	4
Investment securities	772	1,267	1
Interest-bearing deposits and other	2,228	2,187	2
Total interest income	52,948	54,875	66
Interest expense			
Deposits	13,945	16,037	23
Borrowings	13,567	15,200	15
Total interest expense	27,512	31,237	38
Net interest income	25,436	23,638	27
Provision for losses on loans	1,620	1,446	1
Net interest income after provision for losses on loans	23,816	22,192	26
Other income			
Late charges, rent and other	1,672	1,964	2
Title fees	778	1,596	1
Loan servicing fees	1,519	1,617	1
Gain on sale of loans	819	3,607	2
Valuation of mortgage servicing rights - net	402	543	1
Service charges and other fees on deposits	1,410	1,157	1
Gain on sale of investment and mortgage-backed securities	135	839	
Gain (loss) on sale of real estate acquired through foreclosure	347	52	
Gain on sale of branch deposits, premises and equipment, net	6,626	36	
Total other income	13,708	11,411	10
General, administrative and other expense			
Employee compensation and benefits	13,313	14,026	13
Deferred loan origination costs - SFAS No. 91	(2,227)	(3,510)	(3
Occupancy and equipment	3,390	3,783	3
Data processing	1,318	1,330	1
Advertising	1,047	763	
Franchise taxes	992	1,170	
Other operating	5,008	4,842	5
Federal Home Loan Bank advance prepayment fees	18,879	1,292	
Total general, administrative and other expense	41,720	23,696	21
Earnings (loss) before federal income taxes (credits)	(4,196)	9,907	14

Federal income taxes			
Current	(1,572)	3,574	3
Deferred	(88)	(523)	1
Total federal income taxes (credits)	(1,660)	3,051	4
NET EARNINGS (LOSS)	$ (2,536)	$ 6,856	$ 10
EARNINGS (LOSS) PER SHARE			
Basic	$ (.34)	$ .92	$
Diluted	N/A	$ .91	$

The accompanying notes are an integral part of these statements.

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31, 2004, 2003 and 2002
(In thousands)

	2004	20
Net earnings (loss)	$ (2,536)	$ 6
Other comprehensive income (loss), net of tax effects:		
Unrealized holding gains (losses) on securities during the period, net of taxes (benefits) of $(195), $(689) and $1,035 in 2004, 2003 and 2002, respectively	(379)	(1
Reclassification adjustment for realized gains included in operations, net of taxes of $45, $285 and $10 for the years ended December 31, 2004, 2003 and 2002, respectively	(90)	
Comprehensive income (loss)	$ (3,005)	$ 4
Accumulated other comprehensive income (loss)	$ (263)	$

The accompanying notes are an integral part of these statements.

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended December 31, 2004, 2003 and 2002

(In thousands, except per share data)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	UNREALIZED GAINS (LOSSES) ON SECURITIES DESIGNATED AS AVAILABLE FOR SALE	TRE S
Balance at January 1, 2002	$ 8,137	$ 51,722	$ 36,621	$ 107	$ (
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	-	-	-	1,991	
Balance at December 31, 2002	8,311	54,063	42,497	2,098	(
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 benefits	-	-	-	(1,892)	
Balance at December 31, 2003	8,429	55,132	45,121	206	(1
Stock options exercised	53	499	-	-	
Cash dividends declared - $.58 per share	-	-	(4,351)	-	
Acquisition of London Financial	278	3,304		-	
Net loss for the year ended December 31, 2004	-	-	(2,536)	-	
Unrealized losses on securities designated as available for sale, net of related tax benefits	-	-	-	(469)	
Balance at December 31, 2004	$ 8,760	$ 58,935	$ 38,234	$ (263)	$(1

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, 2004, 2003 and 2002
(In thousands)

	2004	2
Cash flows from operating activities:		
Net earnings (loss) for the year	$ (2,536)	$
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Amortization of premiums and discounts on investment and mortgage-backed securities - net	980	
Amortization of mortgage servicing rights - net	1,184	
Depreciation and amortization	1,450	
Amortization of purchase accounting adjustments - net	89	
Provision for losses on loans	1,620	
Provision for losses on real estate acquired through foreclosure	113	
Amortization of deferred loan origination fees	(57)	
(Gain) loss on sale of real estate acquired through foreclosure	(347)	
Gain on sale of investment and mortgage-backed securities transactions	(135)	
Gain on sale of branch deposits, premises and equipment, net	(6,626)	
Federal Home Loan Bank stock dividends	(1,032)	
Gain on sale of loans	(819)	
Loans originated for sale in the secondary market	(115,266)	(2
Proceeds from sale of mortgage loans in the secondary market	118,705	2
Tax benefits related to exercise of stock options	84	
Increase (decrease) in cash, net of acquisitions, due to changes in:		
Accrued interest receivable	59	
Prepaid expenses and other assets	30	
Accounts payable and other liabilities	554	
Federal income taxes		
Current	(3,722)	
Deferred	(88)	
Net cash provided by (used in) operating activities	(5,760)	
Cash flows provided by (used in) investing activities:		
Proceeds from maturities of investment securities	21,100	
Proceeds from sale of investment securities designated as available for sale	1,638	
Purchase of investment securities designated as available for sale	(15,997)	(
Purchase of investment securities designated as held to maturity	(2,991)	
Proceeds from sale of mortgage-backed securities designated as available for sale	13,050	
Purchase of mortgage-backed securities designated as available for sale	(43,301)	(1
Purchase of mortgage-backed securities designated as held to maturity	-	
Principal repayments on mortgage-backed securities	30,624	
Loan disbursements	(221,268)	(3
Purchases of loans	(27,301)	(
Principal repayments on loans	212,450	3
Loans transferred in sale of branch offices	42,634	
Purchase of branch premises and equipment - net	(727)	
Proceeds from sale of office premises and equipment	8,579	
Proceeds from sale of real estate acquired through foreclosure	4,988	
Additions to real estate acquired through foreclosure	(76)	
Purchase of life insurance	(1,596)	
Proceeds from redemption of life insurance	-	
Net increase in cash surrender value of life insurance	(706)	
Purchase of London Financial Corporation, Inc., net	(1,701)	
Purchase of Columbia Financial of Kentucky, Inc., net	-	
Net cash provided by (used in) investing activities	19,399	(

	2004
Net cash provided by (used in) operating and investing activities (balance carried forward)	13,639

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2004, 2003 and 2002
(In thousands)

	2004
Net cash provided by (used in) operating and investing activities (balance brought forward)	$ 13,639
Cash flows provided by (used in) financing activities:	
Net increase (decrease) in deposits	14,929
Sale of branch deposits	(63,657)
Proceeds from Federal Home Loan Bank advances	189,650
Repayment of Federal Home Loan Bank advances	(161,075)
Dividends paid on common stock	(4,305)
Proceeds from exercise of stock options	468
Purchase of treasury shares	-
Decrease in advances by borrowers for taxes and insurance	(466)
Net cash used in financing activities	(24,456)
Net decrease in cash and cash equivalents	(10,817)
Cash and cash equivalents at beginning of year	53,711
Cash and cash equivalents at end of year	$ 42,894
Supplemental disclosure of cash flow information:	
Cash paid during the year for:	
Interest on deposits and borrowings	$ 27,673
Income taxes	$ 2,674
Supplemental disclosure of noncash investing activities:	
Transfers from loans to real estate acquired through foreclosure	$ 6,591
Issuance of mortgage loans upon sale of real estate acquired through foreclosure	$ 1,096
Unrealized gains (losses) on securities designated as available for sale, net of related tax effects	$ (469)

Recognition of mortgage servicing rights in accordance with SFAS No. 140	$ 1,586	$
Supplemental disclosure of noncash financing activities:		
Dividends declared but unpaid	$ 1,109	$
Fair value of assets acquired in London Financial transaction	$ 54,441	$
Less fair value of liabilities assumed	(50,371)	
Goodwill assigned in acquisition	$ 4,070	$

The accompanying notes are an integral part of these statements.

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Camco Financial Corporation ("Camco" or the "Corporation") is a financial holding company whose business activities are limited primarily to holding the common stock of Advantage Bank ("Advantage" or the "Bank") and Camco Title Insurance Agency ("Camco Title") and, prior to October 2003, one second tier subsidiary, Camco Mortgage Corporation. In October 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.

During 2004, Camco's Board of Directors approved a business combination that was completed in August 2004, whereby London Financial Corporation ("London Financial") was merged with and into Camco. Coincident with the merger between Camco and London Financial, Advantage was merged with and into The Citizens Savings Bank of London, London Financial's wholly-owned subsidiary ("Citizens"). The resulting financial institution was a state-chartered commercial bank that was renamed Advantage Bank. The business combination was accounted for using the purchase method of accounting. Accordingly, the 2004 consolidated financial statements herein include the accounts of Citizens only from the August 20, 2004 consummation date forward.

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.

1. Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2004 and 2003, 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 $1.2 million, $2.9 million and $2.1 million, for the years ended December 31, 2004, 2003 and 2002, respectively. During 2002, the Corporation recaptured approximately $640,000 of a previously recorded impairment charge 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 $7.0 million and $6.6 million at December 31, 2004 and 2003, respectively.

At December 31, 2004 and 2003, the Bank was servicing mortgage loans of approximately $587.0 million and $587.8 million, respectively, that have been sold to the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association 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:

	2004	2003
	(In thousands)	
Impaired loans with related allowance	$ 1,383	$ -
Impaired loans with no related allowance	-	827
Total impaired loans	$ 1,383	$ 827

	2004	2003	2002
		(In thousands)	
Allowance on impaired loans			
Beginning balance	$ -	$ 282	$ -
Provision	475	136	282
Charge-offs	-	(418)	-
Ending balance	$ 475	$ -	$ 282
Average balance of impaired loans	$ 461	$ 809	$ 971
Interest income recognized on impaired loans	$ 100	$ 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

The Corporation accounts for acquisitions pursuant to SFAS No. 142 "Goodwill and Intangible Assets," which prescribes accounting for all purchased goodwill and intangible assets. In accordance with that Statement, 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 during 2004, 2003 and 2002 in accordance with the provisions of SFAS No. 142 via independent third-party appraisal. The evaluations showed no indication of impairment.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Federal Income Taxes (continued)

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 and the general loan loss allowance. A temporary difference is also recognized for depreciation expense computed using accelerated methods for federal income tax purposes.

10. Earnings (Loss) Per Share

Basic earnings (loss) 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. Diluted earnings per share is not computed for periods in which an operating loss is sustained. The computations were as follows for the years ended December 31:

	2004	2003	2002
Weighted-average common shares outstanding (basic)	7,466,090	7,491,977	7,908,786
Dilutive effect of assumed exercise of stock options	N/A	74,390	97,094
Weighted-average common shares outstanding (diluted)	N/A	7,566,367	8,005,880

Options to purchase 80,789 and 65,441 shares of common stock at respective weighted-average exercise price of $16.40 and $14.83 were outstanding at December 31, 2004 and 2002, 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 prior acquisitions, stock options of acquired companies were converted into options to purchase 174,421 and 311,794 shares of the Corporation's stock at exercise prices of $7.38 and $11.38 per share, respectively, which expire through 2008.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

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 (loss) and earnings (loss) 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 (loss) and earnings (loss) per share would have been reported as the pro forma amounts indicated below:

		2004	2003	2002
		(In thousands,	except per	share data
NET EARNINGS (LOSS)	As reported	$ (2,536)	$ 6,856	$ 10,005
	Stock-based compensation, net of tax	(28)	(20)	(4
	Pro-forma	$ (2,564)	$ 6,836	$ 10,001
EARNINGS (LOSS) PER SHARE				
BASIC	As reported	$ (.34)	$ .92	$ 1.27
	Stock-based compensation, net of tax	-	(.01)	(.01
	Pro-forma	$ (.34)	$ .91	$ 1.26
DILUTED	As reported	N/A	$ .91	$ 1.25

Stock-based compensation, net of tax	N/A	(.01)	-
Pro-forma	N/A	$ .90	$ 1.25

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Stock Option Plans (continued)

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 2004, 2003 and 2002: dividend yield of 3.40%, 3.50% and 3.84%, respectively; expected volatility of 21.44%, 16.88%, and 16.34%, respectively; a risk-free interest rate of 4.11%, 3.95% and 2.00%, respectively; and an expected life of ten years for all grants.

A summary of the status of the Corporation's stock option plans as of December 31, 2004, 2003 and 2002, and changes during the years ending on those dates is presented below:

	2004		2003		
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES
Outstanding at beginning of year	257,072	$ 12.11	323,291	$ 9.79	503,005
Granted	17,705	17.17	56,948	16.13	3,700
Exercised	(52,911)	8.83	(117,800)	7.60	(174,106)
Forfeited	(3,542)	15.03	(5,367)	13.92	(9,308)
Outstanding at end of year	218,324	$ 12.91	257,072	$ 12.11	323,291
Options exercisable at year-end	175,542	$ 12.05	211,780	$ 11.25	323,291
Weighted-average fair value of options granted during the year		$ 3.59		$ 2.60	

The following information applies to options outstanding at December 31, 2004:

NUMBER OUTSTANDING	RANGE OF EXERCISE PRICES
43,506	$ 7.40 - $ 8.94
42,259	$ 9.75 - $ 11.36
51,770	$ 12.50 - $ 14.65
80,789	$ 16.13 - $ 17.17
218,324	$ 12.91

Weighted-average remaining contractual life 6.2 years

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

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, 2004 and 2003. 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, 2004, 2003 and 2002

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, 2004 and 2003, the fair value 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,		
	2004		
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE
	(In thousands)		
Financial assets			
Cash and cash equivalents	$ 42,894	$ 42,894	$ 53,711
Investment securities	23,962	24,013	28,138
Mortgage-backed securities	84,467	84,509	85,620

Loans receivable	836,666	849,303	805,082
Federal Home Loan Bank stock	25,797	25,797	24,494
	$ 1,013,786	$ 1,026,516	$ 997,045
Financial liabilities			
Deposits	$ 667,778	$ 670,533	$ 671,274
Advances from the Federal Home Loan Bank	295,310	298,841	262,735
Advances by borrowers for taxes and insurance	3,030	3,030	3,494
	$ 966,118	$ 972,404	$ 937,503

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 2004 consolidated financial statement presentation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Effects of Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (the "FASB") issued a revision to Statement of Financial Accounting Standards ("SFAS") No. 123 which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, primarily on accounting for transactions in which an entity obtains employee services in share-based transactions. This Statement, SFAS No. 123 (R), requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award, with limited exceptions. That cost will be recognized over the period during which an employee is required to provide services in exchange for the award - the requisite service period. No compensation cost is recognized for equity instruments for which employees do not render the requisite service. Employee share purchase plans will not result in recognition of compensation cost if certain conditions are met.

Initially, the cost of employee services received in exchange for an award of liability instruments will be measured based on current fair value; the fair value of that award will be remeasured subsequently at each reporting date through the settlement date. Changes in fair value during the requisite service period will be recognized as compensation cost over that period. The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available). If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

Excess tax benefits, as defined by SFAS No. 123(R) will be recognized as an addition to additional paid in capital. Cash retained as a result of those excess tax benefits will be presented in the statement of cash flows as financing cash inflows. The write-off of deferred tax assets relating to unrealized tax benefits associated with recognized compensation cost will be recognized as income tax expense unless there are excess tax benefits from previous awards remaining in additional paid in capital to which it can be offset.

Compensation cost is required to be recognized in the beginning of the first interim or annual period that begins after June 15, 2005, or July 1, 2005 as to the Corporation. Management believes the effect of the Statement on operations will approximate the economic effects set forth in the pro-forma stock option disclosure set forth in Note A-11 above.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

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, 2004 and 2003 are as follows:

	2004		
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROS UNREALIZE LOSSE
		(In thousands)	
HELD TO MATURITY:			
Municipal bonds	$ 1,124	$ 53	$
U.S. Government agency obligations	2,999	-	
Total investment securities held to maturity	4,123	53	
AVAILABLE FOR SALE:			
U.S. Government agency obligations	18,007	12	9
Municipal bonds	523	13	
Corporate equity securities	247	140	
Treasury	999	-	

Total investment securities available for sale	19,776	165	10
Total investment securities	$ 23,899	$ 218	$ 10

	2003		
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES
	(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	$

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

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

The amortized cost and estimated fair value of investment securities at December 31, 2004 (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	$ 8,382	$ 8,392
Due after one year through five years	14,927	14,860
Due after five years	343	374
Total investment securities	23,652	23,626
Corporate equity securities	247	387

Total	$ 23,899	$ 24,013

Proceeds from sales of investment securities during the years ended December 31, 2004 and 2003, totaled $1.6 million and $3.8 million, respectively, resulting in gross realized gains of $48,000 and $99,000 in those respective years.

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values of mortgage-backed securities at December 31, 2004 and 2003, are as follows:

	2004			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	ESTIMA F VA
	(In thousands)			
HELD TO MATURITY:				
FNMA	$ 1,985	$ 32	$ 6	$ 2,
FHLMC	1,128	7	-	1,
GNMA	576	13	-	
Other	457	-	4	
Total mortgage-backed securities held to maturity	4,146	52	10	4,
AVAILABLE FOR SALE:				
FNMA	42,625	114	386	42,
FHLMC	38,025	45	239	37,
GNMA	132	5	-	
Total mortgage-backed securities available for sale	80,782	164	625	80,
Total mortgage-backed securities	$ 84,928	$ 216	$ 635	$ 84,

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

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

	2003			
	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	EST
	(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	$

The amortized cost of mortgage-backed securities, including those designated as available for sale at December 31, 2004, by contractual terms to maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers generally may prepay obligations without prepayment penalties.

	AMORTIZED COST (In thousands)
Due within one year or less	$ 14
Due after one year through five years	14,205
Due after five years through ten years	48,780
Due after ten years	21,929
	$ 84,928

During the years ended December 31, 2004 and 2003, the Bank sold mortgage-backed securities totaling $13.0 million and $58.4 million, resulting in gross realized gains of $87,000 and $740,000.

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

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, 2004.

LESS THAN 12 MONTHS		MORE THAN 12 MONT	
FAIR	UNREALIZED	FAIR	UNREA

DESCRIPTION OF SECURITIES	VALUE	LOSSES	VALUE	LOS
		(In thousands)		
Mortgage-backed securities:				
Held to maturity	$ 77	$ -	$ 685	$
Available for sale	41,298	419	16,691	
U.S. Government agency:				
Held to maturity	2,997	2	-	
Available for sale	11,902	98	-	
Treasury:				
Available for sale	999	4	-	
Total temporarily impaired securities	$ 57,273	$ 523	$ 17,376	$

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:

	2004	2003
	(In thousands)	
Conventional real estate loans:		
Existing residential properties	$ 492,387	$ 551,634
Multi-family	47,252	45,116
Nonresidential real estate	105,247	51,533
Construction	75,055	44,189
Developed building lots	15,854	1,725
Commercial	16,592	17,747
Home equity lines of credit	101,545	89,310
Consumer, education and other loans	20,706	15,292
Total	874,638	816,546
Increase (decrease) due to:		
Undisbursed portion of loans in process	(40,349)	(17,022)
Unamortized yield adjustments	(937)	(810)
Capitalized mortgage servicing rights	6,953	6,552
Allowance for loan losses	(6,476)	(5,641)
Loans receivable - net	$ 833,829	$ 799,625

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 $492.4 million, or 59%, of the total loan portfolio at December 31, 2004 and approximately $551.6 million, or 69%, of the total loan portfolio at December 31, 2003. 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 at both December 31, 2004 and 2003.

NOTE D - ALLOWANCE FOR LOAN LOSSES

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

	2004	2003	2002
		(In thousands)	
Balance at beginning of year	$ 5,641	$ 5,490	$ 4,256
Provision for losses on loans	1,620	1,446	1,169
Charge-offs of loans	(1,597)	(1,319)	(207)
Recoveries	189	24	272
Allowance resulting from acquisition of London Financial	623	-	-
Balance at end of year	$ 6,476	$ 5,641	$ 5,490

Nonaccrual and nonperforming loans totaled approximately $9.8 million, $13.6 million and $13.6 million at December 31, 2004, 2003 and 2002, respectively. Interest income that would have been recognized had such nonaccrual loans performed pursuant to contractual terms totaled approximately $573,000, $808,000 and $940,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

NOTE E - OFFICE PREMISES AND EQUIPMENT

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

	2004	2003
	(In thousands)	
Land	$ 2,120	$ 2,169
Buildings and improvements	12,155	13,146
Furniture, fixtures and equipment	9,840	10,963
	24,115	26,278
Less accumulated depreciation and amortization	12,468	12,898
	$ 11,647	$ 13,380

NOTE F - DEPOSITS

Deposit balances by type and weighted-average interest rate at December 31, 2004 and 2003, are summarized as follows:

	2004 AMOUNT	2004 RATE	2003 AMOUNT	2003 RATE
	(Dollars in thousands)			
Noninterest-bearing checking accounts	$ 24,225	-%	$ 22,638	-%
NOW accounts	127,622	1.12	82,831	0.42
Money market demand accounts	83,063	1.25	128,938	1.44
Passbook and statement savings accounts	70,959	0.25	74,274	0.25
Total withdrawable accounts	305,869	0.87	308,681	0.80
Certificates of deposit				
Original maturities of:				
Six months to one year	19,115	1.76	18,966	1.08
One to two years	77,913	2.13	61,186	1.88
Two to five years	148,351	3.93	174,487	4.05
Negotiated rate certificates	55,845	2.30	40,670	1.76
Individual retirement accounts	60,685	3.75	67,284	3.47
Total certificate accounts	361,909	3.11	362,593	3.17
Total deposits	$ 667,778	2.08%	$ 671,274	2.08%

At December 31, 2004 and 2003, the Corporation had certificate of deposit accounts with balances in excess of $100,000 totaling $99.8 million and $87.1 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

NOTE F - DEPOSITS (continued)

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

	2004	2003 (In thousands)	2002
Certificate of deposit accounts	$11,324	$13,120	$19,185
NOW accounts and money market demand accounts	2,392	2,545	3,015
Passbook and statement savings accounts	229	372	860
	$13,945	$16,037	$23,060

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

YEAR ENDING DECEMBER 31:	2004 (In thousands)	2003
2004	$ -	178,290
2005	193,395	85,268
2006	79,131	61,029
2007	45,228	22,487
After 2007	44,155	15,519
Total certificate of deposit accounts	$ 361,909	$362,593

At December 31, 2004 and 2003, certain savings deposits were collateralized by a pledge of investment securities and letters of credit with the Federal Home Loan Bank totaling $90.2 million and $72.4 million, respectively.

NOTE G - ADVANCES FROM THE FEDERAL HOME LOAN BANK

Advances from the Federal Home Loan Bank, collateralized at December 31, 2004, by a blanket agreement using 100% of the Bank's 1-4 family and multi-family mortgage portfolios and the Bank's investment in Federal Home Loan Bank stock, are summarized as follows:

INTEREST RATE RANGE	MATURING YEAR ENDING DECEMBER 31,	2004 (Dollars in thousands)	2003
0.96% - 8.20%	2004	$ -	$ 29,408
1.44% - 7.60%	2005	62,020	47

1.94% - 6.40%	2006	42,534	1,121
2.44% - 6.95%	2007	43,674	1,565
2.90% - 6.05%	2008	46,056	22,157
2.66% - 6.45%	2009	38,308	27,930
2.66% - 7.17%	Thereafter	62,718	180,507
		$295,310	$262,735
Weighted-average interest rate		3.63%	5.13%

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

NOTE G - ADVANCES FROM THE FEDERAL HOME LOAN BANK (continued)

During December 2004 and 2003, the Corporation elected to prepay $144.1 and $25.4 million of advances bearing weighted-average interest rates of 6.25% and 5.14%, which resulted in the recognition of prepayment fees totaling $18.9 million and $1.3 million, respectively.

NOTE H - FEDERAL INCOME TAXES (CREDITS)

A reconciliation of the rate of taxes (benefits) which are payable (refundable) at the federal statutory rate are summarized as follows:

	2004	2003
		(In thousands
Federal income taxes (benefits) computed at the expected statutory rate	$(1,427)	$3,368
Increase (decrease) in taxes resulting from:		
Nontaxable dividend and interest income	(28)	(41
Increase in cash surrender value of life insurance - net	(240)	(268
Other	35	(8
Federal income tax provision (credits) per consolidated financial statements	$(1,660)	$3,051

The components of the Corporation's net deferred tax liability at December 31 is as follows:

TAXES (PAYABLE) REFUNDABLE ON TEMPORARY DIFFERENCES AT STATUTORY RATE:	2004	2003
	(In thousands)	
Deferred tax liabilities:		

FHLB stock dividends	$(3,626)	$(3,230)
Mortgage servicing rights	(2,364)	(2,228)
Book versus tax depreciation	(486)	(571)
Original issue discount	(569)	(471)
Purchase price adjustments	(381)	(242)
Other liabilities, net	(55)	(7)
Unrealized gains on securities designated as available for sale	-	(106)
Total deferred tax liabilities	(7,481)	(6,855)
Deferred tax assets:		
General loan loss allowance	2,202	1,918
Deferred income	391	282
Deferred compensation	641	510
Deferred loan fees	199	173
Other assets	29	32
Unrealized losses on securities designated as available for sale	135	-
Total deferred tax assets	3,597	2,915
Net deferred tax liability	$(3,884)	$(3,940)

NOTE H - FEDERAL INCOME TAXES (CREDITS) (continued)

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, 2004. The amount of the unrecognized deferred tax liability relating to the cumulative bad debt deduction was approximately $4.1 million at December 31, 2004.

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, 2004, the Bank had outstanding commitments to originate and purchase fixed-rate loans of approximately $677,000 and adjustable-rate loans of approximately $33.7 million. Additionally, the Bank had unused lines of credit under home equity and other loans of $63.5 million at December 31, 2004, and stand by letters of credit of $455,000. 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.

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

NOTE I - COMMITMENTS (continued)

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)
2005	$166
2006	99
2007	99
2008	82
2009 and thereafter	225
	$671

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Rental expense under operating leases totaled approximately $259,000, $234,000 and $251,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

NOTE J - REGULATORY CAPITAL

Camco and Advantage are subject to the regulatory capital requirements of the Federal Reserve Board (the "FRB") and Advantage is subject to the 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 Corporation's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Corporation and Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The FRB and FDIC have adopted risk-based capital ratio guidelines to which the Corporation 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.

NOTE J - REGULATORY CAPITAL (continued)

These guidelines divide the capital into two tiers. The first tier ("Tier I") 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. Banks and financial holding companies are required to maintain a total risk-based capital ratio of 8%, of which 4% must be Tier I capital. The regulatory agencies may, however, set higher capital requirements when particular circumstances warrant. Banks experiencing or anticipating significant growth are expected to maintain capital ratios, including tangible capital positions, well above the minimum levels.

During 2004, 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" Camco and Advantage must maintain minimum capital ratios as set forth in the table that follows.

As of December 31, 2004, management believes that the Corporation met all capital adequacy requirements to which it was subject.

CAMCO: AS OF DECEMBER 31, 2004

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES	
	AMOUNT	RATIO	AMOUNT	RATIO
			(Dollars in thousands)	
Total capital (to risk-weighted assets)	$88,628	12.38%	> or = $57,292	> or = 8.0%
Tier I capital (to risk-weighted assets)	$82,152	11.47%	> or = $28,646	> or = 4.0%
Tier I leverage	$82,152	7.54%	> or = $43,568	> or = 4.0%

ADVANTAGE: AS OF DECEMBER 31, 2004

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES	
	AMOUNT	RATIO	AMOUNT	RATIO
			(Dollars in thousands)	
Total capital (to risk-weighted assets)	$80,373	11.25%	> or = $57,177	> or = 8.0%
Tier I capital (to risk-weighted assets)	$73,897	10.34%	> or = $28,589	> or = 4.0%
Tier I leverage	$73,897	6.86%	> or = $43,118	> or = 4.0%

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

NOTE J - REGULATORY CAPITAL (continued)

AS OF DECEMBER 31, 2003

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES		
	AMOUNT	RATIO	AMOUNT	RATIO	
			(Dollars in thousands)		
Total capital (to risk-weighted assets)	$80,657	12.5%	> or = $51,539	> or = 8.0%	>
Tier I capital (to risk-weighted assets)	$75,016	11.6%	> or = $25,769	> or = 4.0%	>
Tier I leverage	$75,016	7.4%	> or = $40,799	> or = 4.0%	>

The Corporation's management believes that, under the current regulatory capital regulations, Camco 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 future 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 $327,000, $291,000 and $296,000 during the years ended December 31, 2004, 2003 and 2002, 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 $307,000, $297,000 and $328,000 for the years ended December 31, 2004, 2003 and 2002, 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, 2004 and 2003, and the results of its operations and its cash flows for each of the years ended December 31, 2004, 2003 and 2002:

CAMCO FINANCIAL CORPORATION
STATEMENTS OF FINANCIAL CONDITION

December 31,
(In thousands)

	2004	
ASSETS		
Cash in Advantage	$ 223	$
Interest-bearing deposits in other financial institutions	5,995	
Investment securities designated as available for sale	387	
Investment in Advantage	80,973	
Investment in Camco Title	970	
Office premises and equipment - net	1,338	
Cash surrender value of life insurance	1,187	
Prepaid expenses and other assets	165	
Deferred federal income tax assets	107	
Total assets	$ 91,345	$
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and other accrued liabilities	$ 404	$
Dividends payable	1,109	
Accrued federal income taxes	511	
Deferred federal income taxes	-	
Total liabilities	2,024	
Stockholders' equity		
Common stock	8,760	
Additional paid-in capital	58,935	
Retained earnings	38,234	
Unrealized gains (losses) on securities designated as available for sale, net of related tax effects	(263)	
Treasury stock, at cost	(16,345)	
Total stockholders' equity	89,321	
Total liabilities and stockholders' equity	$ 91,345	$

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

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

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

	2004	2003	2002
Income			
Dividends from Advantage	$ 3,500	$ 7,504	$ 18,006
Dividends from Camco Title	-	700	750
Interest and other income	171	172	146
Gain on sale of investments	45	-	-
Distributions in excess of Advantage earnings or loss	(5,595)	(709)	(7,643)
(Excess distribution from) undistributed earnings of Camco Title	165	(26)	(270)
Total income (loss)	(1,714)	7,641	10,989
General, administrative and other expense	1,152	1,129	1,451
Earnings (loss) before federal income tax credits	(2,866)	6,512	9,538
Federal income tax credits	(330)	(344)	(467)
Net earnings (loss)	$ (2,536)	$ 6,856	$ 10,005

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

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

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

	2004	2003
Cash flows from operating activities:		
Net earnings (loss) for the year	$ (2,536)	$ 6,856
Adjustments to reconcile net earnings (loss) to net cash flows provided by (used in) operating activities:		
Distributions in excess of net earnings or loss of Advantage	5,595	709
Excess distribution from (undistributed net earnings of) Camco Title	(165)	26
Gain on sale of office premises and equipment	-	(1)
Gain on sale of investments	(45)	-
Depreciation and amortization	51	58
Increase (decrease) in cash due to changes in:		
Prepaid expenses and other assets	(60)	(105)
Accounts payable and other liabilities	46	(114)
Accrued federal income taxes	211	4
Deferred federal income taxes	(115)	(58)
Tax benefits related to exercise of stock options	84	210

Net cash provided by operating activities	3,066	7,585
Cash flows from investing activities:		
Purchase of investment securities	-	-
Proceeds from redemption of available for sale securities	127	-
Net increase in cash surrender value of life insurance	(39)	(45)
Purchase of office premises and equipment	(3)	(32)
Proceeds from sale of office premises and equipment	-	14
(Increase) decrease in interest-bearing deposits in other financial institutions	5,320	3,666
Purchase of London Financial - net	(4,717)	-
Net cash provided by (used in) investing activities	688	3,603
Cash flows from financing activities:		
Proceeds from exercise of stock options	468	977
Dividends paid	(4,305)	(4,215)
Purchase of treasury shares	-	(7,977)
Net cash used in financing activities	(3,837)	(11,215)
Net increase (decrease) in cash and cash equivalents	(83)	(27)
Cash and cash equivalents at beginning of year	306	333
Cash and cash equivalents at end of year	$ 223	$ 306

Ohio state statutes impose certain limitations on the payment of dividends and other capital distributions by banks. Generally, absent approval of the Superintendent of Banks, such statutes limit dividend and capital distributions to earnings of the current and two preceding years. As a result, Camco will need regulatory approval for dividend distributions in 2005. However, management is of the opinion that such approval will not be unreasonably withheld given the Bank's current well-capitalized classification.

NOTE M - BUSINESS COMBINATION

During 2004, the Corporation agreed to acquire London Financial utilizing the purchase method of accounting. London Financial was merged into Camco in August 2004 and its banking subsidiary, Citizens Bank of London, continued operations as a division of Advantage. Camco paid $4.7 million in cash and issued 277,820 of its common shares, which were valued at approximately $3.5 million, in connection with the acquisition.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

	(In thousands)
Cash and cash equivalents	$ 2,948
Mortgage-backed securities	350
Loans receivable	49,050
Prepaid expenses and other assets	2,093
Total assets	54,441
Deposits	(45,232)
Other liabilities	(5,139)
Net assets acquired	$ 4,070

Presented below are Camco's pro-forma condensed consolidated statements of earnings and earnings per share which have been prepared as if the acquisition had been consummated as of the beginning of each of the years ended December 31, 2004 and 2003.

	2004	2003
	(In thousands) (Unaudited)	
Total interest income	$ 54,810	$ 58,036
Total interest expense	28,135	32,329
Net interest income	26,675	25,707
Provision for losses on loans	1,877	1,506
Other income	13,820	11,571
General, administrative and other expense	43,712	25,064
Earnings (loss) before income taxes (credits)	(5,094)	10,708
Federal income taxes (credits)	(1,891)	3,292
Net earnings (loss)	$ (3,204)	$ 7,416
Earnings (loss) per share:		
Basic	$ (0.42)	$ 0.95
Diluted	N/A	$ 0.95

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2004, 2003 and 2002

NOTE N - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following table summarizes the Corporation's quarterly results for the years ended December 31, 2004 and 2003.

	THREE MONTHS ENDED			
	DECEMBER 31,	SEPTEMBER 30,	JUNE 30,	M
2004:	(In thousands, except per share data)			
Total interest income	$ 13,761	$ 13,473	$ 12,985	$
Total interest expense	7,078	7,067	6,709	
Net interest income	6,683	6,406	6,276	
Provision for losses on loans	855	255	255	
Other income	8,555	1,914	1,703	
General, administrative and other expense	24,429	5,927	5,494	
Earnings (loss) before income taxes (credits)	(10,046)	2,138	2,230	
Federal income taxes (credits)	(3,476)	670	698	
Net earnings (loss)	$ (6,570)	$ 1,468	$ 1,532	$
Earnings (loss) per share:				
Basic	$ (0.89)	$ 0.20	$ 0.21	$
Diluted	N/A	$ 0.19	$ 0.21	$

	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

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, 2004. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Camco's disclosure controls and procedures are effective.

(b) Changes in internal control over financial reporting. There were no changes in Camco's internal controls over financial reporting that occurred during the quarter ended December 31, 2004 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

See Managements Report on Internal Control over Financial Reporting on page 37.

ITEM 9B. OTHER INFORMATION.

Not applicable

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, 2005 (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 AND RELATED STOCKHOLDER MATTERS.

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, 2004, 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.

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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	(c) NUMBER OF SECURI REMAINING AVAILA FUTURE ISSUANCE EQUITY COMPENSAT (EXCLUDING SECU REFLECTED IN COL
Equity compensation plans approved by security holders.................	218,324	$ 12.91	419,266

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.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(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 2002 Salary Continuation Agreement
10(iv)	Form of 1996 Salary Continuation Agreement
10(v)	Form of Executive Deferred Compensation Agreement
10(vi)	First Ashland Financial Corporation 1995 Stock Option and Incentive Plan
10(vii)	Incentive Stock Option Award Agreement Pursuant to the First Ashland Financial Corporation 1995 Stock Option and Incentive Plan
10(viii)	Non-Qualified Stock Option Award Agreement Pursuant to the First Ashland Financi Corporation 1995 Stock Option and Incentive Plan
10(ix)	Camco Financial Corporation 2002 Equity Incentive Plan
10(x)	Incentive Stock Option Award Agreement Pursuant to the Camco Financial Corporation 2002 Equity and Incentive Plan
10(xi)	Non-Qualified Stock Option Award Agreement Pursuant to the Camco Financial Corporation 2002 Equity and Incentive Plan
10(xii)	Camco Financial Corporation 1995 Stock Option and Incentive Plan
10(xiii)	Westwood Homestead Financial Corporation 1997 Stock Option Plan
10(xiv)	Incentive Stock Option Award Agreement Pursuant to the Westwood Homestead Financial Corporation 1997 Stock Option Plan
10(xv)	Non-Qualified Stock Option Award Agreement Pursuant to the 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)	Certification of Chief Executive Officer
31(ii)	Certification of Chief Financial Officer
32(i)	Certification of Chief Executive Officer
32(ii)	Certification of Chief Financial Officer

(b) Reports on Form 8-K.

Camco filed a Form 8-K on January 21, 2005, disclosing its earnings release for the quarter and year ended December 31, 2004.

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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 15, 2005	Date: March 15, 2005

By /s/ Samuel W. Speck
Samuel W. Speck,
Director

Date: March 15, 2005

By /s/ Paul D. Leake
Paul D. Leake,
Director

Date: March 15, 2005

By /s/ Jeffrey T. Tucker
Jeffrey T. Tucker,
Director

Date: March 15, 2005

By /s/ Terry A. Feick
Terry A. Feick,
Director

Date: March 15, 2005

By /s/ Carson K. Miller
Carson K. Miller,
Director

Date: March 15, 2005

By /s/ Susan J. Insley
Susan J. Insley,
Director

Date: March 15, 2005

By /s/ Mark A. Severson
Mark A. Severson,
Chief Financial Officer

Date: March 15, 2005

INDEX TO EXHIBITS

ITEM	DESCRIPTION	
Exhibit 3(i)	Third Restated Certificate of Incorporation of Camco Financial Corporation, as amended	Incorporated Annual Report fiscal year e Film no. 5857 Exhibit 3(i)
Exhibit 3(ii)	1987 Amended and Restated By-Laws of Camco Financial Corporation	Incorporated Form 10-Q for September 30,
Exhibit 10(i)	Employment Agreement dated January 1, 2001, by and between Camco Financial Corporation and Richard C. Baylor	Incorporated Annual Report fiscal year e Exhibit 10(i)
Exhibit 10(ii)	Employment Agreement dated November 9, 2001, as amended, by and between Camco Financial Corporation and Larry A. Caldwell	
Exhibit 10(iii)	Form of 2002 Salary Continuation Agreement, including individualized Schedule A's for each participant	Incorporated Annual Report fiscal year e ("2003 Form 1

Exhibit 10(iv)	Form of 1996 Salary Continuation Agreement, including Schedule A's for D. Edward Rugg and Edward A. Wright	
Exhibit 10(v)	Form of Executive Deferred Compensation Agreement	Incorporated 2003 Form 10-
Exhibit 10(vi)	First Ashland Financial Corporation 1995 Stock Option and Incentive Plan	Incorporated Form S-8 file Number 333-90
Exhibit 10(vii)	Incentive Stock Option Award Agreement Pursuant to the First Ashland Financial Corporation 1995 Stock Option and Incentive Plan	
Exhibit 10(viii)	Non-Qualified Stock Option Award Agreement Pursuant to the First Ashland Financial Corporation 1995 Stock Option and Incentive Plan	
Exhibit 10(ix)	Camco Financial Corporation 2002 Equity Incentive Plan	Incorporated Form S-8 file Number 333-90
Exhibit 10(x)	Incentive Stock Option Award Agreement Pursuant to the Camco Financial Corporation 2002 Equity and Incentive Plan	Incorporated Form 8K filed film no. 0557 Exhibit 10.5
Exhibit 10(xi)	Non-Qualified Stock Option Award Agreement Pursuant to the Camco Financial Corporation 2002 Equity and Incentive Plan	
Exhibit 10(xii)	Camco Financial Corporation 1995 Stock Option and Incentive Plan	Incorporated Form S-8 file Number 333-90
Exhibit 10(xiii)	Westwood Homestead Financial Corporation 1997 Stock Option Plan	Incorporated Form S-8 file File Number 3
Exhibit 10(xiv)	Incentive Stock Option Award Agreement Pursuant to the Westwood Homestead Financial Corporation 1997 Stock Option Plan	Incorporated 8K, Exhibit 1
Exhibit 10(xv)	Non-Qualified Stock Option Award Agreement Pursuant to the Westwood Homestead Financial Corporation 1997 Stock Option Plan	Incorporated 8K, Exhibit 1

Exhibit 21	Subsidiaries of Camco	Incorporated 2003 Form 10-
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	