CAMCO FINANCIAL CORP
Form 10-Q
November 14, 2003

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

(Mark One)

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

For the quarterly period ended September 30, 2003

OR

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

For the transition period from ____________ to _______________

Commission File Number 0-25196

CAMCO FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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

6901 Glenn Highway, Cambridge, Ohio 43725-9757

(Address of principal executive office) (Zip code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes [X] No [ ]

As of November 12, 2003, the latest practicable date, 7,380,387 shares of the registrant's common stock, $1.00 par value, were issued and outstanding.

Camco Financial Corporation

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CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)

	SEPTEMBER
ASSETS	
Cash and due from banks	$ 27
Interest-bearing deposits in other financial institutions	17
Cash and cash equivalents	45

Investment securities available for sale - at market		32
Investment securities held to maturity - at cost, approximate market value of $2,213 and $5,501 as of September 30, 2003 and December 31, 2002, respectively		2
Mortgage-backed securities available for sale - at market		88
Mortgage-backed securities held to maturity - at cost, approximate market value of $9,169 and $20,634 as of September 30, 2003 and December 31, 2002, respectively		9
Loans held for sale - at lower of cost or market		7
Loans receivable - net		792
Office premises and equipment - net		13
Real estate acquired through foreclosure		1
Federal Home Loan Bank stock - at cost		24
Accrued interest receivable		4
Prepaid expenses and other assets		1
Cash surrender value of life insurance		17
Goodwill - net of accumulated amortization		2
Prepaid federal income taxes		
Total assets	$	1,044
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	$	661
Advances from the Federal Home Loan Bank		277
Advances by borrowers for taxes and insurance		2
Accounts payable and accrued liabilities		4
Dividends payable		1
Deferred federal income taxes		3
Total liabilities		950
Stockholders' equity		
Preferred stock - $1 par value; authorized 100,000 shares; no shares outstanding		
Common stock - $1 par value; authorized 14,900,000 shares; 8,420,260 and 8,311,145 shares issued at September 30, 2003 and December 31, 2002, respectively		8
Additional paid-in capital		55
Retained earnings - substantially restricted		45
Accumulated other comprehensive income - unrealized gains on securities designated as available for sale, net of related tax effects		
Less 1,042,523 and 622,260 shares of treasury stock at September 30, 2003 and December 31, 2002, respectively - at cost		(15
Total stockholders' equity		93
Total liabilities and stockholders' equity	$	1,044

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)

	NINE MONTHS ENDED SEPTEMBER 30, 2003	2002
Interest income		
Loans	$ 36,497	$ 44,047
Mortgage-backed securities	2,775	3,295
Investment securities	1,016	929
Interest-bearing deposits and other	1,665	2,118
Total interest income	41,953	50,389
Interest expense		
Deposits	12,460	18,008
Borrowings	11,495	11,511
Total interest expense	23,955	29,519
Net interest income	17,998	20,870
Provision for losses on loans	930	752
Net interest income after provision for losses on loans	17,068	20,118
Other income		
Late charges, rent and other	2,942	2,368
Loan servicing fees	1,225	1,157
Service charges and other fees on deposits	878	718
Gain on sale of loans	3,257	1,667
Valuation of mortgage servicing rights - net	188	1,000
Gain on sale of investment and mortgage-backed securities	716	27
Gain (loss) on sale of real estate acquired through foreclosure	20	104
Total other income	9,226	7,041
General, administrative and other expense		
Employee compensation and benefits	8,178	7,767
Occupancy and equipment	2,792	2,555
Data processing	993	937
Advertising	554	605
Franchise taxes	959	612
Other operating	3,714	3,907
Restructuring charges (credits)	--	(112)
Total general, administrative and other expense	17,190	16,271
Earnings before federal income taxes	9,104	10,888
Federal income taxes		
Current	3,726	2,001
Deferred	(890)	1,512
Total federal income taxes	2,836	3,513

NET EARNINGS	$ 6,268	$ 7,375
EARNINGS PER SHARE		
Basic	$ 0.83	$ 0.93
Diluted	$ 0.82	$ 0.92

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	NINE MONTHS ENDED SEPTEMBER 30, 2003	2002	
Net earnings	$ 6,268	$ 7,375	$
Other comprehensive income (loss), net of tax:			
Unrealized holding gains (losses) during the period, net of related taxes (benefits) of $(787), $817, $(556) and $435 for the nine and three months ended September 30, 2003 and 2002, respectively	(1,527)	1,586	
Reclassification adjustment for realized gains included in net earnings, net of taxes of $243, $9 and $181 for the respective periods	(473)	(18)	
Comprehensive income	$ 4,268	$ 8,943	$
Accumulated comprehensive income	$ 98	$ 1,675	$

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months ended September 30,
(In thousands)

		200
Cash flows from operating activities:		
Net earnings for the period	$	6,26
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Amortization of deferred loan origination fees		(35
Amortization of premiums and discounts on investment and mortgage-backed securities - net		1,97
Amortization of purchase accounting adjustments - net		6
Depreciation and amortization		1,35
Provision for losses on loans		93
Gain on sale of real estate acquired through foreclosure		(2
Federal Home Loan Bank stock dividends		(71
Gain on sale of investment and mortgage-backed securities		(71
Gain on sale of loans		(3,25
Loans originated for sale in the secondary market		(205,60
Proceeds from sale of loans in the secondary market		256,41
Gain on sale of premises and equipment		(
Increase (decrease) in cash due to changes in:		
Accrued interest receivable		48
Prepaid expenses and other assets		26
Accrued interest and other liabilities		17
Federal income taxes:		
Current		7
Deferred		(89
Net cash provided by operating activities		56,45
Cash flows provided by (used in) investing activities:		
Proceeds from maturities of investment securities		17,19
Proceeds from sale of investment securities designated as available for sale		2,04
Proceeds from sale of mortgage-backed securities designated as available for sale		54,13
Purchase of investment securities designated as held to maturity		-
Purchase of investment securities designated as available for sale		(10,34
Purchase of mortgage-backed securities designated as available for sale		(112,98
Purchase of mortgage-backed securities designated as held to maturity		(27
Purchase of loans		(9,95
Loan disbursements		(295,71
Principal repayments on loans		250,81
Principal repayments on mortgage-backed securities		75,35
Purchase of office premises and equipment		(61
Proceeds from sales of real estate acquired through foreclosure		3,20
Additions to real estate acquired through foreclosure		-
Purchase of cash surrender value of life insurance		-
Proceeds from sale of office premises and equipment		
Proceeds from redemption of life insurance		42
Net increase in cash surrender value of life insurance		(59

Net cash used in investing activities	(27,30
Net cash provided by (used in) operating and investing activities (subtotal carried forward)	29,15

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

For the nine months ended September 30,
(In thousands)

	2003	
Net cash provided by (used in) operating and investing activities (subtotal brought forward)	$ 29,157	$
Cash flows provided by (used in) financing activities:		
Net decrease in deposits	(32,552)	
Proceeds from Federal Home Loan Bank advances	44,500	
Repayment of Federal Home Loan Bank advances	(43,013)	
Dividends paid on common stock	(3,144)	
Purchase of treasury stock	(7,031)	
Proceeds from exercise of stock options	1,080	
Advances by borrowers for taxes and insurance	(929)	
Net cash used in financing activities	(41,089)	
Net decrease in cash and cash equivalents	(11,932)	
Cash and cash equivalents at beginning of period	57,022	
Cash and cash equivalents at end of period	$ 45,090	$
Supplemental disclosure of cash flow information: Cash paid during the period for:		
Interest on deposits and borrowings	$ 22,704	$
Income taxes	$ 3,493	$
Supplemental disclosure of noncash investing activities:		

Transfers from mortgage loans to real estate acquired through foreclosure	$ 2,848	$
Unrealized gains (losses) on securities designated as available for sale	$ (2,000)	$
Recognition of mortgage servicing rights in accordance with SFAS No. 140	$ 3,132	$
Issuance of loans upon sale of real estate acquired through foreclosure	$ 1,838	$
Dividends declared but unpaid	$ 1,070	$
Supplemental disclosure of noncash financing activities:		
Treasury shares received from settlement of Columbia Financial's Employee Stock Ownership Plan	$ --	$

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the nine- and three-month periods ended September 30, 2003 and 2002

1. Basis of Presentation

The accompanying unaudited consolidated financial statements were prepared in accordance with instructions for Form 10-Q and, therefore, do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Accordingly, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto of Camco Financial Corporation ("Camco" or the "Corporation") included in Camco's Annual Report on Form 10-K for the year ended December 31, 2002. However, all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary for a fair presentation of the consolidated financial statements, have been included. The results of operations for the nine and three month periods ended September 30, 2003, are not necessarily indicative of the results which may be expected for the entire year.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Camco and two wholly-owned subsidiaries: Advantage Bank ("Advantage" or the "Bank") and Camco Title Insurance Agency, Inc., as well as a second tier subsidiary, Camco Mortgage Corporation.

3. Critical Accounting Policies

The "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as disclosures found elsewhere in this quarterly report, are based upon Camco Financial's consolidated financial statements, which are prepared in accordance with 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 assets and goodwill impairment. Actual results could differ from those estimates.

ALLOWANCE FOR LOAN LOSSES

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

3. Critical Accounting Policies (continued)

ALLOWANCE FOR LOAN LOSSES (continued)

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 judgement 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 judgement about the credit quality of the loan portfolio. While the Corporation strives to reflect all known risk factors in its evaluations, judgment errors may occur.

MORTGAGE SERVICING ASSETS

To determine the fair value of its mortgage servicing rights ("MSRs") each reporting quarter, the Corporation 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 the mortgage servicing asset is marked to lower of amortized cost or market for the current quarter.

3. Critical Accounting Policies (continued)

GOODWILL

We have developed procedures to test goodwill for impairment on an annual basis using June financials. 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 ("DCF") approach. The application of the valuation techniques take 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.

SUMMARY

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

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine- and three-month periods ended September 30, 2003 and 2002

4. Earnings Per Share

Basic earnings per common share is computed based upon the weighted-average number of common shares outstanding during the period. Diluted earnings per common share include the dilutive effect of additional potential common shares issuable under the Corporation's stock option plan. The computations are as follows:

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,		FOR THE THREE MONTHS ENDED SEPTEMBER 30,	
	2003	2002	2003	2002
Weighted-average common shares outstanding (basic)	7,537,944	7,947,311	7,417,459	7,897,051
Dilutive effect of assumed exercise of stock options	130,045	107,509	82,721	111,444
Weighted-average common shares outstanding (diluted)	7,667,989	8,054,820	7,500,180	8,008,495

Options to purchase 7,088 and 65,441 shares of common stock with respective weighted-average exercise prices of $16.59 and $14.83 were outstanding at September 30, 2003 and 2002, respectively, but were excluded from the computation of common share equivalents for the nine and three month periods then ended, because the exercise prices were greater than the average market price of the common shares.

5. Stock Option Plans

Camco presently has options outstanding under four stock option plans. Under the 1995 Plan and the 2002 Plan, 161,488 and 400,000 shares, respectively, were reserved for issuance. Additionally, in connection with the 1996 acquisition of First Savings, 265,876 shares were reserved for issuance under the First Ashland stock option plan. In connection with the 2000 acquisition of Westwood Homestead, 311,794 shares were reserved for issuance under the Westwood stock option plan.

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

The Corporation utilizes APB Opinion No. 25 and related Interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized for the plans. Had compensation cost for the Corporation's stock option plans been determined based on the fair value at the grant dates for awards under the plans consistent with the accounting method utilized in SFAS No. 123, the Corporation's net earnings and earnings per share for the nine- and three-month periods ended September 30, 2003 and 2002, would have been reported as the pro forma amounts indicated below:

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine- and three-month periods ended September 30, 2003 and 2002

5. Stock Option Plans (continued)

		NINE MONTHS ENDED SEPTEMBER 30, 2003	2002	THREE MONTHS END SEPTEMBER 30, 2003	
Net earnings (In thousands)	As reported	$ 6,268	$ 7,375	$ 1,586	$
	Stock-based compensation, net of tax	(15)	(3)	(5)	
	Pro-forma	$ 6,253	$ 7,372	$ 1,581	$
Earnings per share					
Basic	As reported	$ .83	$ .93	$ .21	$
	Stock-based compensation, net of tax	--	--	--	
	Pro-forma	$ .83	$ .93	$ .21	$
Diluted	As reported	$ .82	$ .92	$ .21	$
	Stock-based compensation, net of tax	--	--	--	
	Pro-forma	$ .82	$ .92	$ .21	$

The fair value of each option grant is estimated on the date of grant using the modified Black-Scholes options-pricing model with the following assumptions used for grants during 2003, 2002 and 2001:

dividend yield of 3.50%, 3.84% and 4.07%, respectively; expected volatility of 16.88%, 16.34%, and 17.06%, respectively; a risk-free interest rate of 3.95%, 2.00% and 3.00%, respectively, and an expected life of ten years for all grants.

A summary of the status of the Corporation's stock option plans as of September 30, 2003 and December 31, 2002 and 2001, and changes during the periods ending on those dates is presented below:

	NINE MONTHS ENDED SEPTEMBER 30, 2003		Y DEC 2002	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED AVERAG EXERCIS PRIC
Outstanding at beginning of period	323,291	$ 9.79	503,005	$ 10.1
Granted	56,948	16.13	3,700	14.5
Exercised	(109,114)	7.96	(174,106)	10.8
Forfeited	(4,318)	13.75	(9,308)	11.9
Outstanding at end of period	266,807	$ 11.83	323,291	$ 9.7
Options exercisable at period-end	219,516	$ 9.91	323,291	$ 9.7
Weighted-average fair value of options granted during the period		$ 2.60		$ 1.3

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine- and three-month periods ended September 30, 2003 and 2002

5. Stock Option Plans (continued)

The following information applies to options outstanding at September 30, 2003:

Number outstanding	141,302
Range of exercise prices	$7.40 - $9.79
Number outstanding	125,505
Range of exercise prices	$11.36 - 16.59

Weighted-average exercise price	$11.83
Weighted-average remaining contractual life	6.0 years

6. Effects of Recent Accounting Pronouncements

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

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." SFAS No. 148 amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. SFAS No. 148 is effective for fiscal years beginning after December 15, 2002. The expanded annual disclosure requirements and the transition provisions are effective for fiscal years ending after December 15, 2002. The interim disclosure provisions are effective for financial reports containing financial statements for interim periods beginning after December 15, 2002. The Corporation adopted the disclosure provisions of SFAS No. 148 effective December 31, 2002, without material effect on the Corporation's financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45 ("FIN 45"), "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires a guarantor entity, at the inception of a guarantee covered by the measurement provisions of the interpretation, to record a liability for the fair value of the obligation undertaken in issuing the guarantee. FIN 45 applies prospectively to guarantees Camco issues or modifies subsequent to December 31, 2002. Camco had no letters of credit outstanding at September 30, 2003.

6. Effects of Recent Accounting Pronouncements (continued)

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

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

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

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which changes the classification in the statement of financial position of certain common financial instruments from either equity or mezzanine presentation to liabilities and requires an issuer of those financial statements to recognize changes in fair value or redemption amount, as applicable, in earnings. SFAS No. 150 requires an issuer to classify certain financial instruments as liabilities, including mandatorily redeemable preferred and common stocks.

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

7. 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.

CAMCO FINANCIAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the nine- and three-month periods ended September 30, 2003 and 2002

Discussion of Financial Condition Changes from December 31, 2002 to September 30, 2003

At September 30, 2003, Camco's consolidated assets totaled $1.045 billion, a decrease of $38.5 million, or 3.6%, from the December 31, 2002 total. The decrease in total assets was comprised primarily of decreases in loans held for sale and investment and mortgage-backed securities, which were partially offset by an increase in loans receivable.

Cash and interest-bearing deposits in other financial institutions totaled $45.1 million at September 30, 2003, a decrease of $11.9 million, or 20.9%, from December 31, 2002 levels. Investment securities totaled $34.4 million at September 30, 2003, a decrease of $9.7 million, or 22.0%, from the total at December 31, 2002. Investment securities purchases, which were comprised primarily of $10.3 million of intermediate-term callable U.S. Government agency obligations with an average yield of 2.95%, were offset by $17.2 million of maturities and sales of $2.0 million.

Mortgage-backed securities totaled $97.6 million at September 30, 2003, a decrease of $19.7 million, or 16.8%, from December 31, 2002. Mortgage-backed securities purchases totaled $113.3 million, while principal repayments totaled $75.4 million and sales totaled $54.1 million during the nine-month period ended September 30, 2003. Purchases of mortgage-backed securities during the period were comprised primarily of short duration mortgage-backed securities and collateralized mortgage obligations yielding 3.41%, which were classified as available for sale.

Loans receivable, including loans held for sale, totaled $800.8 million at September 30, 2003, an increase of $3.8 million, or .5%, from December 31, 2002. The increase resulted primarily from loan disbursements and purchases totaling $511.3 million, which were partially offset by principal repayments of $250.8 million and loan sales of $253.2 million. The volume of loans originated and purchased during the first nine months of 2003 was greater than that of the comparable 2002 period by $169.3 million, or 49.5%, while the volume of loan sales increased by $114.7 million year to year. As interest rates in the economy have begun to rise, consumer preference is moving towards adjustable-rate mortgage loans to fund home 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 nine-month period ended September 30, 2003, were comprised primarily of $392.8 million of loans secured by one- to four-family residential real estate, $72.0 million in consumer and other loans and $46.5 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 $5.3 million and $5.5 million at September 30, 2003 and December 31, 2002, respectively, representing 43.4% and 40.3% of nonperforming loans, respectively, at those dates. Nonperforming loans (90 days or more delinquent plus nonaccrual loans) totaled $12.3 million and $13.6 million at September 30, 2003 and December 31, 2002, respectively, constituting 1.53% and 1.71% of total net loans, including loans held for sale, at those dates. At September 30, 2003, nonperforming loans were comprised of $10.5 million in one- to four-family residential real estate loans, $1.3 million in commercial real estate loans and $467,000 of consumer loans. Management believes all nonperforming loans are adequately collateralized and no loss is expected over and above allocated reserves on such loans. Loans delinquent greater than 30 days but less than 90 days totaled $8.6 million at September 30, 2003, compared to $10.5 million at December 31, 2002, a decrease of $1.9 million, or 18.1%. Although management believes that its allowance for loan losses is adequate based upon the available facts and circumstances at September 30, 2003, there can be no assurance that increased provisions will not be necessary in future periods, which could adversely affect Camco's results of operations.

Discussion of Financial Condition Changes from December 31, 2002 to September 30, 2003 (continued)

Deposits totaled $661.5 million at September 30, 2003, a decrease of $32.6 million, or 4.7%, from the total at December 31, 2002. The decrease in deposits was due to withdrawal of maturing public funds totaling approximately $12.5 million, coupled with management's decision to not aggressively compete to renew matured higher rate certificates of deposit.

Stockholders' equity totaled $93.8 million at September 30, 2003, a decrease of $4.9 million, or 4.9%, from December 31, 2002. The decrease resulted primarily from dividends of $3.2 million, purchases of treasury shares totaling $7.0 million and a $2.0 million decrease in the unrealized gains on available for sale securities, which were partially offset by net earnings of $6.3 million and proceeds from the exercise of stock options of $1.1 million. The increase in treasury shares represented purchases under the 5% stock repurchase plan that was announced in October 2002.

Advantage is required to maintain minimum regulatory capital pursuant to federal regulations. At September 30, 2003, the Bank's regulatory capital exceeded all regulatory capital requirements.

Comparison of Results of Operations for the Nine Months Ended September 30, 2003 and 2002

General

Camco's net earnings for the nine months ended September 30, 2003 totaled $6.3 million, a decrease of $1.1 million, or 15.0%, from the $7.4 million of net earnings reported in the comparable 2002 period. The decrease in earnings was primarily attributable to a decrease of $2.9 million in net interest income, an increase in the provision for losses on loans of $178,000 and an increase in general, administrative and other expense of $919,000, which were partially offset by an increase in other income of $2.2 million and a decrease in federal income tax expense of $677,000.

Net Interest Income

Total interest income amounted to $42.0 million for the nine months ended September 30, 2003, a decrease of $8.4 million, or 16.7%, compared to the nine-month period ended September 30, 2002, generally reflecting the effects of a decrease in yield on total interest-earning assets of 101 basis points, from 6.51% in the 2002 period to 5.50% in the 2003 period, coupled with a $14.1 million, or 1.4%, decrease in the average balance of interest-earning assets outstanding year to year.

Interest income on loans totaled $36.5 million for the nine months ended September 30, 2003, a decrease of $7.6 million, or 17.1%, from the comparable 2002 period. The decrease resulted primarily from a $44.4 million, or 5.4%, decrease in the average balance outstanding and an 89 basis point decrease in the average yield, to 6.29% in the 2003 period. Interest income on mortgage-backed securities totaled $2.8 million for the nine months ended September 30, 2003, a $520,000, or 15.8%, decrease year to year. The decrease was due primarily to a 165 basis point decrease in the average yield, to 3.06% in the 2003 period, which was partially offset by a $27.8 million, or 29.8%, increase in the average balance outstanding. Interest income on investment securities increased by $87,000, or 9.4%, due primarily to an $8.4 million increase in the average balance outstanding, which was partially offset by a decline in the average yield, to 3.36% in the 2003 period. Interest income on other interest-earning assets decreased by $453,000, or 21.4%, due primarily to a decrease in the average yield, to 2.69% in the 2003 period, coupled with a decrease of $6.0 million, or 6.8%, in the average balance outstanding year to year.

Comparison of Results of Operations for the Nine Months Ended September 30, 2003 and 2002 (continued)

Net Interest Income (continued)

Interest expense on deposits totaled $12.5 million for the nine months ended September 30, 2003, a decrease of $5.5 million, or 30.8%, compared to the 2002 period, due primarily to a 97 basis point decrease in the average cost of deposits, to 2.53% in the 2003 period, and a $31.0 million, or 4.5%, decrease in the average balance of deposits outstanding year to year. Interest expense on borrowings totaled $11.5 million for the nine months ended September 30, 2003, a decrease of $16,000, or .1%, from the 2002 nine-month period. The decrease resulted primarily from a 31 basis point decrease in the average cost of borrowings to 5.56% in the 2003 period, which was partially offset by a $14.2 million, or 5.4%, increase in the average balance outstanding year to year. Decreases in the level of average yields on interest-earning assets and average costs of interest-bearing liabilities were due primarily to the overall decrease in interest rates in the economy.

As a result of the foregoing changes in interest income and interest expense, net interest income decreased by $2.9 million, or 13.8%, to a total of $18.0 million for the nine months ended September 30, 2003. The interest rate spread decreased to approximately 2.07% at September 30, 2003, from 2.36% at September 30, 2002, while the net interest margin decreased to approximately 2.36% for the nine months ended September 30, 2003, compared to 2.70% 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 $930,000 for the nine months ended September 30, 2003, an increase of $178,000, or 23.7%, over the comparable period in 2002. The current period provision was predicated primarily on an 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 loans charged-off year to year. Management believes all classified loans are adequately collateralized, however, there can be no assurance that the loan loss allowance will be adequate to absorb losses on known classified assets or that the allowance will be adequate to cover losses on classified assets in the future.

Other Income

Other income totaled $9.2 million for the nine months ended September 30, 2003, an increase of $2.2 million, or 31.0%, over the comparable 2002 period. The increase in other income was primarily attributable to a $1.6 million increase in the gain on sale of loans, a $574,000, or 24.2%, increase in late charges, rent and other and a $689,000 increase in gain on sale of investment and mortgage-backed securities, which were partially offset by an $812,000, or 81.2%, decrease in income from mortgage servicing rights. Management anticipates less gain on sale of investment and mortgage-backed securities in the forseeable future due to rising rate environment and projected liquidity needs. The increase in the gain on sale of loans was due to the $114.7 million, or 82.8%, increase in sales volume, as Advantage continued to sell fixed-rate loans originated in the low interest rate environment that prevailed through much of the nine month period ended September 30, 2003. As interest rates increase management expects the volume of loans sold into the secondary market to decrease. If this occurs the gain on sale of loans would decrease. The increase in late charges, rent and other was due primarily to an increase in title premiums and other fees on loans and proceeds of $175,000 from a life insurance policy due to the death of an officer of the Bank. The decrease in mortgage servicing rights was comprised of increases in amortization totaling $1.5 million and impairment charges of $782,000, partially offset by an increase in new servicing rights recognized of $1.5 million year to year.

Comparison of Results of Operations for the Nine Months Ended September 30, 2003 and 2002 (continued)

General, Administrative and Other Expense

General, administrative and other expense totaled $17.2 million for the nine months ended September 30, 2003, an increase of $919,000, or 5.6%, over the comparable period in 2002. The increase in general, administrative and other expense was due primarily to a $411,000, or 5.3%, increase in employee compensation and benefits, an increase of $347,000 in franchise taxes and an increase of $237,000, or 9.3%, in occupancy and equipment and the absence of $112,000 related to the reversal of the restructuring charge recognized in 2001, which were partially offset by a $193,000, or 4.9%, decrease in other operating costs and a $51,000, or 8.4%, decrease in advertising. The increase in employee compensation and benefits was due primarily to an increase in incentive compensation and 401(k) plan costs, as well as normal merit increases, which were partially offset by an increase in deferred loan origination costs related to the increase in loan 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. The decrease in other operating costs was due primarily to a decrease in long distance telephone costs following a change in service providers, a decrease in FHLB charges due to use of bonds as pledged collateral versus letters of credit and decreases in legal, accounting and other professional services. The decrease in advertising was due primarily to cost savings realized from implementation of a plan to centralize the purchase of advertising contracts.

Federal Income Taxes

The provision for federal income taxes totaled $2.8 million for the nine months ended September 30, 2003, a decrease of $677,000, or 19.3%, compared to the nine months ended September 30, 2002. This decrease was primarily attributable to a $1.8 million, or 16.4%, decrease in pre-tax earnings and the non-taxable redemption of a life insurance policy. The Corporation's effective tax rates amounted to 31.2% and 32.3% for the nine-month periods ended September 30, 2003 and 2002, respectively.

Comparison of Results of Operations for the Three Months Ended September 30, 2003 and 2002

General

Camco's net earnings for the three months ended September 30, 2003 totaled $1.6 million, a decrease of $944,000, or 37.3%, from the $2.5 million of net earnings reported in the comparable 2002 period. The decrease in earnings was primarily attributable to a decrease of $1.2 million in net interest income and a decrease in other income of $261,000, which were partially offset by a decrease in the provision for losses on loans of $83,000, a decrease in general, administrative and other expense of $8,000 and a decrease in federal income tax expense of $472,000.

Net Interest Income

Total interest income amounted to $13.3 million for the three months ended September 30, 2003, a decrease of $3.1 million, or 18.9%, compared to the three-month period ended September 30, 2002, generally reflecting the effects of a decrease in yield on total interest-earning assets of 100 basis points, from 6.31% in the 2002 period to 5.31% and a $37.9 million, or 3.6%, decrease in the average balance of interest-earning assets outstanding year to year.

Comparison of Results of Operations for the Three Months Ended September 30, 2003 and 2002 (continued)

Net Interest Income (continued)

Interest income on loans totaled $11.8 million for the three months ended September 30, 2003, a decrease of $2.1 million, or 14.9%, from the comparable 2002 period. The decrease resulted primarily from a $10.2 million, or 1.3%, decrease in the average balance outstanding and a 97 basis point decrease in the average yield, to 6.02% in the 2003 period. Interest income on mortgage-backed securities totaled $736,000 for the three months ended September 30, 2003, a $753,000, or 50.6%, decrease from the 2002 quarter. The decrease was due primarily to a 221 basis point decrease in the average yield, to 2.40% for the 2003 period, coupled with a $6.5 million, or 5.0%, decrease in the average balance outstanding in the 2003 period. Interest income on investment securities decreased by $133,000, or 30.4%, due primarily to an $11.8 million decrease in the average balance outstanding, coupled with a 31 basis point decrease in the average yield, to 3.21% in the 2003 period. Interest income on other interest-earning assets decreased by $160,000, or 24.0%, due primarily to a decrease in the average yield, to 3.33% in the 2003 period as compared to 3.80% for the three months ended September 30, 2002, coupled with a decrease in the average balance outstanding of $9.3 million, or 13.3%.

Interest expense on deposits totaled $3.8 million for the three months ended September 30, 2003, a decrease of $1.7 million, or 31.0%, compared to the same quarter in 2002, due primarily to an 89 basis point decrease in the average cost of deposits, to 2.37% in the current quarter, and a $35.7 million, or 5.29%, decrease in average deposits outstanding. Interest expense on borrowings totaled $3.8 million for the three months ended September 30, 2003, a decrease of $156,000, or 3.9%, from the same 2002 three-month period. The decrease resulted primarily from a 25 basis point decrease in the average cost of borrowings to 5.53%, partially offset by a $1.3 million, or .5%, increase in the average balance outstanding year to year. Decreases in the level of average yields on interest-earning assets and average costs of interest-bearing liabilities were due primarily to the overall decrease in interest rates in the economy.

As a result of the foregoing changes in interest income and interest expense, net interest income decreased by $1.2 million, or 18.0%, to a total of $5.7 million for the three months ended September 30, 2003. The interest rate spread decreased to approximately 1.99% at September 30, 2003, from 2.33% at September 30, 2002, while the net interest margin decreased to approximately 2.26% for the three months ended September 30, 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 $255,000 for the three months ended September 30, 2003, a decrease of $83,000, or 24.6%, from the comparable period in 2002. The decrease in the current period provision compared to the 2002 period was predicated primarily on a decrease in the level of classified loans year to year. Management believes all classified loans are adequately collateralized, however, there can be no assurance that the loan loss allowance will be adequate to absorb losses on known classified assets or that the allowance will be adequate to cover losses on classified assets in the future.

Comparison of Results of Operations for the Three Months Ended September 30, 2003 and 2002 (continued)

Other Income

Other income totaled $2.4 million for the three months ended September 30, 2003, a decrease of $261,000, or 9.7%, from the comparable 2002 period. The decrease in other income was primarily attributable to a $662,000 decrease in the valuation of mortgage servicing rights and a $300,000 decrease in gain on sale of loans, partially offset by a $531,000 gain on sale of investment and mortgage-backed securities and an increase of $43,000, or 4.8%, in late charges, rent and other. The decrease in mortgage servicing rights was attributable to an increase in amortization of mortgage servicing rights due to the high level of prepayments on the portfolio of loans serviced. The decrease in gain on sale of loans was due primarily to the $3.7 million, or 7.1%, decrease in sales volume. After several quarters of contraction in our owned loan portfolio due to heavy refinancing activity, we are beginning to see growth, due to a shift from selling long-term, fixed-rate home loans into the secondary market to origination of rate-sensitive loans for our portfolio. The increase in late charges, rent and other was due primarily to an increase in title premiums and other fees on loans and an increase in ATM fees.

General, Administrative and Other Expense

General, administrative and other expense totaled $5.6 million for the three months ended September 30, 2003, a decrease of $8,000, or .1%, from the comparable period in 2002. The decrease in general, administrative and other expense was due primarily to a $251,000, or 9.3%, decrease in employee compensation and benefits and a decrease of $60,000, or 15.9%, in data processing expense, which were partially offset by an increase of $79,000 or 9.2%, in occupancy and equipment and a $121,000, or 10.4%, increase in other operating costs. The decrease in employee compensation and benefits was due primarily to an increase in deferred loan origination costs related to the increase in loan volume. The decrease in data processing expense was primarily due to the 2002 expenses related to the consolidation of Columbia Federal Savings Bank's data processing into Advantage's system. 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 and the amortization of new software products. The increase in other operating costs was due primarily to an increase in customer checks and ATM cards, as well as stationery and other office supplies resulting from the centralization of operations following the charter consolidation, including changing all previous individual bank division names to Advantage Bank.

Federal Income Taxes

The provision for federal income taxes totaled $718,000 for the three months ended September 30, 2003, a decrease of $472,000, or 39.7%, compared to the three months ended September 30, 2002. This decrease was primarily attributable to a $1.4 million, or 38.1%, decrease in pre-tax earnings. The Corporation's effective tax rates amounted to 31.2% and 32.0% for the three-month periods ended September 30, 2003 and 2002, respectively.

ITEM 3: Quantitative and Qualitative Disclosures about Market Risk

There has been no material change in the Corporation's market risk since the Corporation's Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2002.

ITEM 4: Controls and Procedures

Management refines the Corporation's internal controls on an ongoing basis with a view towards continuous improvement. In this regard, during the third quarter of 2003, management became aware of certain deficiencies and weaknesses in the Corporation's internal controls relating to:

- The designation and recordation of loans held for sale; and
- The recordation of deferred loan origination fees and costs.

To address the deficiencies and weaknesses identified, management is taking the following corrective actions with respect to internal controls:

- More clearly documenting the Corporation's internally established exposure limitations for loans held for sale and enhancing the monitoring process to ensure compliance with those limits.

- Requiring the generation of a monthly summary of loan originations and related deferred fees and costs to insure completeness of future financial information in the Corporation's financial statements.

The Corporation's independent auditors have advised the Audit Committee that these internal control deficiencies constitute material weaknesses and significant deficiencies as defined in the auditing literature. The Corporation's independent auditors concurred with the corrective actions taken by management as described above.

The Corporation's Chief Executive Officer and Chief Financial Officer evaluated the disclosure controls and procedures (as defined under Rule 13a-14(c) and 15d-14 (c) of the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this quarterly report. Based upon that evaluation and the corrective actions discussed above, the Chief Executive Officer and Chief Financial Officer have concluded that the Corporation's disclosure controls and procedures are effective.

Camco Financial Corporation

PART II

ITEM 1. Legal Proceedings

Not applicable

ITEM 2. Changes in Securities and Use of Proceeds

None

ITEM 3. Defaults Upon Senior Securities

Not applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

Not applicable

ITEM 5. Other Information

Not applicable

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

3	Bylaws, as amended
31.1	Written Statement of Chief Executive Officer furnished Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
31.2	Written Statement of Chief Financial Officer furnished Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.1	Written Statement of Chief Executive Officer furnished Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Written Statement of Chief Financial Officer furnished Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

Reports on Form 8-K:

On July 24, 2003, a Form 8-K was filed to report that Richard C. Baylor, the President and CEO, will make a presentation at the Keefe, Bruyette & Woods Fourth Annual Community Investor Conference in New York.

On July 25, 2003, a Form 8-K was filed to report that Camco has been added to the Russell 2000(R) Index.

On July 28, 2003, a Form 8-K was filed to report that Camco had been included in the "Plain Dealer 100" Listing compiled by the Plain Dealer, a newspaper published in Cleveland, Ohio.

On July 30, 2003, a Form 8-K was filed to report earnings for the second quarter of 2003.

On September 23, 2003, a Form 8-K was filed to report the declaration of a cash dividend.

SIGNATURES

Pursuant to the requirements 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.

Date:	November 12, 2003	By:	/s/ Richard C. Baylor
			Richard C. Baylor Chief Executive Officer
Date:	November 12, 2003	By:	/s/ Mark A. Severson
			Mark A. Severson Chief Financial Officer