CAMCO FINANCIAL CORP
Form 10-K
March 17, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

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

For the fiscal year ended December 31, 2007

OR

o **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:

Common Stock, $1 par value per share	NASDAQ Global Market
(Title of Each Class)	(Name of exchange on which registered)

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

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes o No þ

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes o No þ

Indicate by check mark whether the issuer (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 þ No o

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. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer o	Accelerated filer þ	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes o No þ

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, 2007, was $91.6 million. There were 7,155,595 shares of the registrant s common stock outstanding on February 15, 2008.

DOCUMENTS INCORPORATED BY REFERENCE:

Part I and Part II of Form 10-K: Portions of the 2007 Annual Report to Stockholders
Part III of Form 10-K: Portions of the Proxy Statement for the 2008 Annual Meeting of Stockholders

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PART I

Item 1. Business.

General

Camco Financial Corporation (Camco) is a financial holding company that 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 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 serving distinct geographic areas. The branch office groups in each of the regions previously served by the subsidiary banks, except for the Bank s Ashland, Kentucky, division, which was sold in 2004, now operate as regions 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 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 a regulated thrift holding company to a financial holding company.

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 Deposit Insurance Fund (the DIF) administered by the FDIC. Camco is regulated by the Federal Reserve Board.

Advantage s lending activities include the origination of commercial real estate and business loans, consumer, and residential 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. Camco continues to diversify the balance sheet through increasing commercial, commercial real estate, and consumer loan portfolios as well as checking and money market deposit accounts.

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, provides 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 free of charge as soon as reasonably practicable after Camco has filed the report with the Securities and Exchange Commission.

Lending Activities

General. Camco s lending activities include the origination of commercial real estate and business loans, consumer loans, and conventional fixed-rate and adjustable-rate mortgage loans for the construction, acquisition or refinancing of single-family residential 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.

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Loan Portfolio Composition. The following table presents certain information regarding the composition of Camco s loan portfolio at the dates indicated:

	At December 31,									
	2007		2006		2005		2004		2003	
	Amount	Percent Of Total Loans	Amount	Percent Of Total Loans	Amount	Percent Of Total Loans	Amount	Percent Of Total Loans	Amount	Percent Of Total Loans
	(Dollars in thousands)									
Type of loan:										
Existing residential properties (1)	$ 557,050	68.6%	$ 590,546	72.3%	$ 582,487	69.3%	$ 593,932	71.9%	$ 640,944	80.9%
Construction and development	45,677	5.6	42,654	5.2	74,601	8.9	50,560	6.1	28,892	3.6
Nonresidential real estate	126,437	15.6	100,189	12.2	95,380	11.3	105,247	12.7	51,533	6.5
Consumer and other loans(2)	89,395	11.0	91,917	11.2	94,547	11.3	84,550	10.2	78,155	9.8
Total	$ 818,559	100.8	825,307	100.9	847,015	100.8	834,289	100.9	799,524	100.8
Less:										
Unamortized yield adjustments	166	(0.0)	(8)	(0.0)	(266)	(0.0)	(937)	(0.1)	(810)	(0.1)
Allowance for loan losses	(6,623)	(0.8)	(7,144)	(0.9)	(6,959)	(0.8)	(6,476)	(0.8)	(5,641)	(0.7)
Total loans, net	$ 812,102	100.0%	$ 818,154	100.0%	$ 839,790	100.0%	$ 826,876	100.0%	$ 793,073	100.0%

(1) Includes home equity lines of credit.

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

Loan Maturity Schedule. The following table sets forth certain information as of December 31, 2007, 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 after

	Due in one year or less	one through five years	Due after five years	Total
	(In thousands)			
Loans:				
Existing residential properties [1]	$ 15,763	$ 68,191	$ 351,476	$ 435,430
Multifamily	2,694	18,238	19,658	40,590
Nonresidential real estate	16,986	15,231	94,220	126,437
Construction and development	14,729	8,184	22,764	45,677
Commercial	17,013	18,045	6,493	41,551
HELOC	972	68,872	51,775	121,619
Consumer and other loans	2,171	4,570	514	7,255
Total	$ 70,328	$ 201,331	$ 546,900	$ 818,559

(1) Excludes loans held for sale of $3.2 million.

The following table sets forth at December 31, 2007, the dollar amount of all loans due after December 31, 2008, which have fixed or adjustable interest rates:

	Due after December 31, 2008 (In thousands)
Fixed rate of interest	$ 232,739
Adjustable rate of interest	515,492
Total	$ 748,231

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.

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Residential Loans. A large portion of the 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. Excluding construction loans and home equity line of credit, approximately 53.2% of total loans at December 31, 2007, 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 for its own portfolio on single-family residences up to 95% of the value of the real estate and improvements. Advantage generally requires the borrower on each loan with an LTV in excess of 80% to obtain private mortgage insurance or a guarantee by a federal agency. Advantage permits, on an exception basis, borrowers to exceed a LTV of 80% without 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 one-year and three-year United States Treasury note yields, adjusted to a constant maturity, as the index for one-year and three-year adjustable-rate loans, respectively. Advantage has used the London Interbank Offered Rate (LIBOR) and FHLB advance rates as additional indices on certain loan programs to diversify its concentrations of indices that may prove beneficial during repricing of loans throughout changing economic cycles. 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 has negative amortization or payment option 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 generally sells fixed-rate loans to Freddie Mac and Fannie Mae. 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.

At December 31, 2007, fixed-rate loans comprised 40.1% of the 1-4 family residential loan portfolio. Approximately 50.2% and 4.9% of the 1-4 family residential loan portfolio had adjustable rates tied to U.S. Treasury note yields and LIBOR, respectively.

Construction and Development 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. Developed building lots are generally made on an adjustable-rate basis for terms of up to three years with an LTV of 80% or less.

Construction loans to owner-occupants are 30-year fixed rate, 15-year fixed rate or adjustable-rate long-term loans on which the borrower pays only interest on the disbursed portion during the construction period, which is usually 6 months. Some construction loans to builders, however, have terms of up to 24 months. At December 31, 2007, approximately $23.0 million, of Advantage s total loans consisted of construction loans for 1-4 family properties.

Construction loans for investment properties involve greater underwriting and default risks than 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 LTV ratios. In the event a default on a construction loan occurs and foreclosure follows, Advantage could be adversely affected because it would have to take control of the project and either arrange for completion of construction or dispose of the unfinished project. At December 31, 2007, Advantage had $16.2 million of land development loans, of which $5.2 million were classified as impaired and on nonaccrual status.

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 20 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, 2007, was a $5.4 million loan secured by a commercial building. Nonresidential real estate loans comprised $126.4 million, or 15.4% of total loans at December 31, 2007.

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 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 and Other Loans. Advantage makes various types of consumer loans, including loans made to depositors on the security of their savings deposits, automobile loans, home improvement loans, home equity line of credit loans and unsecured personal loans. Home equity loans are made at fixed and variable rates 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.

Advantage s home equity line of credit loan portfolio totaled $121.6 million, or 14.9%, of the total loan portfolio at December 31, 2007. During 2007, management tightened lending standards on home equity lines of credit in response to significant economic weakness and declining home values. These actions included increasing minimum credit scores and reducing the combined LTV on new loans. At December 31, 2007, education, consumer and other loans constituted $7.3 million of Advantage s total loans.

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; participations with other banks; continuing business with depositors, other business 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. During 2007, approximately $48.2 million, or 53.7%, of new consumer and home equity lines of credit were originated through brokers primarily in Advantage s market areas.

The loan origination process is centralized as to processing and underwriting of loans. Mortgage loan applications from potential borrowers are taken by loan officers originating loans, and then forwarded to the loan department for processing. 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 collateral which will secure the loan. The collateral 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 reviewed by an underwriter with appropriate 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. Centralized processing and underwriting are utilized to add adequate controls over the credit review process.

Loan Originations, Purchases and Sales. 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, 2007, 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, 2007, Advantage sold approximately $50.0 million in loans. Loans serviced by Advantage for others totaled $516.0 million at December 31, 2007.

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The Corporation s lending efforts have historically focused on loans secured by existing 1-4 family residential properties. 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, Advantage, 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.

Of the total loans originated by Advantage during the year ended December 31, 2007, 62.4% were ARM and 37.6% were fixed-rate loans. Adjustable-rate loans comprised 68.4% of Advantage s total loans outstanding at December 31, 2007.

From time to time, Advantage sells participation interests in mortgage loans, business loans and commercial 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 $16.4 million at December 31, 2007. Loans which Advantage purchases must meet or exceed the underwriting standards for loans originated by Advantage.

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

	Year ended December 31,				
	2007	2006	2005	2004	2003
			(In thousands)		
Loans originated:					
Construction (purchased and originated)	$ 41,323	$ 23,752	$ 45,066	$ 45,826	$ 37,791
Permanent	80,900	86,613	121,033	164,540	422,021
Consumer and other	173,070	172,403	234,214	126,168	147,668
Total loans originated	295,293	282,768	400,313	336,534	607,480
Loans purchased (1)	3,021	3,698	11,141	27,301	12,056
Reductions:					
Principal repayments (1)	249,922	250,409	323,314	212,450	324,463
Loans sold (1)	49,953	50,924	69,734	117,886	279,005
Transfers from loans to real estate owned	5,490	4,092	3,725	6,591	4,010
Total reductions	(305,365)	(305,425)	(396,773)	(336,927)	(607,478)
Increase (decrease) in other items, net (2)	505	(959)	(2,656)	(2,140)	(4,476)
Decrease due to branch sales (3)				(42,634)	
Increase due to mergers (4)				49,050	
Net increase (decrease)	$ (6,546)	$ (19,918)	$ 12,025	$ 31,184	$ 7,582

(1) Includes SBA guaranteed

loans.

(2) Other items primarily consist of amortization of deferred loan origination fees and the provision for losses on loans.

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

(4) The 2004 increase resulted from the acquisition of London.

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, 2007, was approximately $13.0 million. The largest amount Advantage had outstanding to one borrower and related persons or entities at December 31, 2007, was $9.6 million, which consisted of three loans secured by 1-4 family investment properties.

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Loan Concentrations. Advantage has historically originated loans secured by real estate. At December 31, 2007, approximately 94.0% of total loans were secured by real estate, with 70.9% of total loans secured by 1-4 family residential real estate. Home equity lines of credit comprised 14.9% of total loans at December 31, 2007. There were no concentrations of loans to specific industries that exceeded 10% of total loans at December 31, 2007.

Loan Origination and Other Fees. In addition to interest earned on loans, Advantage may receive loan origination fees or points of generally up to 1.0% 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. 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 from the review 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,				
	2007	2006	2005	2004	2003
	(Dollars in thousands)				
Loans delinquent for:					
30 to 89 days	$ 18,210	$ 13,833	$ 9,490	$ 12,302	$ 8,682
90 or more days	19,070	18,536	13,922	9,794	13,608
Total delinquent loans	$ 37,280	$ 32,369	$ 23,412	$ 22,096	$ 22,290
Ratio of total delinquent loans to total net loans [(1)]	4.59%	3.91%	2.76%	2.64%	2.77%

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

Nonaccrual status denotes loans three months past due, 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 collectability of the loan.

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The following table sets forth information with respect to Advantage s nonaccrual and delinquent loans for the periods indicated.

	At December 31,				
	2007	2006	2005	2004	2003
	(Dollars in thousands)				
Loans accounted for on nonaccrual basis:					
Real estate:					
Residential[1]	$ 15,775	$ 15,142	$ 10,267	$ 7,922	$ 12,135
Nonresidential	7,148	1,989	3,109	463	357
Commercial	455	398	387		
Consumer and other	617	136	159	1,409	1,116
Total nonaccrual loans	23,995	17,665	13,922	9,794	13,608
Accruing loans delinquent three months or more					
Real estate:					
Residential	1,520	871			
Nonresidential					
Consumer and other					
Total loans 90 days past due and accruing	1,520	871			
Total nonperforming loans	$ 25,515	$ 18,536	$ 13,922	$ 9,794	$ 13,608
Allowance for loan losses	$ 6,623	$ 7,144	$ 6,959	$ 6,476	$ 5,641
Nonperforming loans as a percent of total net loans [2]	3.13%	2.23%	1.64%	1.17%	1.69%
Allowances for loan losses as a percent of nonperforming loans	26.0%	38.5%	50.0%	66.1%	41.5%

(1) Includes construction and development loans

(2) 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 $1.5 million for the year ended December 31, 2007. Interest collected on such loans and included in net earnings was $674,000.

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. Loans classified and generally charged off in the month are identified as a loss. Regulations provide for the reclassification of assets by examiners. At December 31, 2007, the aggregate amounts of Advantage s classified assets were as follows:

	December 31, 2007 (In thousands)
Classified assets:	
Substandard	$ 24,317
Doubtful	5,511
Loss	4
Total classified assets	$ 29,832

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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 had assets in the amount of $2.1 million designated as special mention at December 31, 2007.

At December 31, 2007, approximately $874,000 of loans were not classified as nonaccrual, not 90 days past due and accruing, or restructured but which management classified as problem assets due to concerns as to the ability of the borrowers to comply with repayment terms.

Allowance for Loan Losses. The allowance for loan losses is maintained at a level reflecting probable, incurred losses 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 collectability of the Bank s loan portfolio. The following table sets forth an analysis of Advantage s allowance for loan losses:

	Year ended December 31,				
	2007	2006	2005	2004	2003
	(Dollars in thousands)				
Balance at beginning of year	$ 7,144	$ 6,959	$ 6,476	$ 5,641	$ 5,490
Charge-offs:					
1-4 family residential real estate	1,048	646	877	1,142	509
Multifamily and nonresidential real estate	916	562	146	25	418
Consumer and other	133	231	257	430	392
Total charge-offs	2,097	1,439	1,280	1,597	1,319
Recoveries:					
1-4 family residential real estate	26	25	265	180	17
Consumer and other	55	159	18	9	7
Total recoveries	81	184	283	189	24
Net (charge-offs) recoveries	(2,016)	(1,255)	(997)	(1,408)	(1,295)
Provision for losses on loans	1,495	1,440	1,480	1,620	1,446
Increase attributable to mergers (1)				623	
Balance at end of year	$ 6,623	$ 7,144	$ 6,959	$ 6,476	$ 5,641
Net (charge-offs) recoveries to average loans	(.25)%	(.15)%	(.12)%	(.17)%	(.17)%

(1) The 2004 increase resulted from the acquisition of London Financial Corporation.

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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,									
	2007		2006		2005		2004		2003	
	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	Percent Of loans In each Category To total Loans	Amount	Percent Of loans In each Category To total Loans
	(Dollars in thousands)									
Real estate:										
Residential	$ 2,723	53.2%	$ 2,367	57.4%	$ 2,470	56.0%	$ 2,317	59.0%	$ 2,923	69.0%
Multi-family	1,413	5.0	1,168	5.3	512	6.1	798	5.7	354	5.6
Nonresidential	791	15.4	1,883	12.8	1,970	12.4	1,505	12.6	732	6.5
Construction	665	5.6	239	5.2	276	7.6	337	5.3	266	3.4
Commercial	268	5.1	952	4.3	1,035	2.5	653	2.0	612	2.2
Home equity lines of credit	690	14.9	252	14.1	232	12.8	334	12.2	177	11.2
Consumer & other	73	.8	283	0.9	464	2.6	532	3.2	577	2.1
Total	$ 6,623	100.0%	$ 7,144	100.0%	$ 6,959	100.0%	$ 6,476	100.0%	$ 5,641	100.0%

Investment and Mortgage-Backed Securities Activities

Federal regulations permit Camco to invest liquid assets, in United States Treasury obligations, securities of various U.S. Government sponsored enterprises, certificates of deposit at insured banks, corporate debt and equity securities or obligations of state and local political subdivision s and municipalities. Camco is also permitted to make limited investments in commercial paper and certain mutual funds.

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,											
	2007				2006				2005			
	Amortized Cost	% of Total	Fair Value	% of total	Amortized Cost	% of Total	Fair Value	% of total	Amortized Cost	% of Total	Fair Value	% c tota
	(Dollars in thousands)											
l to maturity:												
nicipal bonds	$ 567	0.6%	$ 591	0.6%	$ 710	0.7%	$ 736	0.7%	$ 919	0.8%	$ 947	0
tgage-backed urities	2,202	2.4	2,202	2.4	2,739	2.4	2,734	2.4	3,257	2.8	3,251	2
l	2,769	3.0	2,793	3.0	3,449	3.1	3,470	3.1	4,176	3.6	4,198	3

ilable for												
Government nsored rprises	37,519	40.9	37,782	41.2	55,962	49.6	55,578	50.1	47,993	41.3	47,374	41
nicipal bonds	210	0.2	212	.2	291	0.3	291	0.2	346	0.3	348	0
porate equity rities	157	0.2	164	.2	159	0.1	184	0.2	159	0.1	185	0
tgage-backed rities	51,051	55.7	50,761	55.4	52,950	46.9	51,453	46.4	63,536	54.7	61,607	54
al	88,937	97.0	88,919	97.0	109,362	96.9	107,506	96.9	112,034	96.4	109,514	96
l investments												
tgage-backed rities	$ 91,706	100.0%	$ 91,712	100.0%	$ 112,811	100.0%	$ 110,976	100.0%	$ 116,210	100.0%	$ 113,712	100

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The following table presents the contractual maturities of Advantage s investment securities, except its stock in the FHLB of Cincinnati and corporate equity securities, and the weighted-average yields for each range of maturities at December 31, 2007:

	At December 31, 2007										
	One year or less		After one through five years		After five through ten years		After ten years		Total		
	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized Cost	Average Yield	Amortized cost	Fair Value	Weighted-Average yield
	(Dollars in thousands)										
U.S. Government Sponsored enterprises	$ 23,515	4.69%	$ 14,004	5.05%	$	%	$	%	$ 37,519	$ 37,782	4.82%
Municipal bonds	335	5.43	352	5.98			90	9.85	777	803	6.19
Mortgage-backed Securities	4,585	4.16	9,548	4.27	20,581	4.27	18,539	5.09	53,253	52,963	4.55
Total	$ 28,435	4.61%	$ 23,904	4.75%	$ 20,581	4.27%	$ 18,629	5.11%	$ 91,549	$ 91,548	4.67%

Excluding holdings of U.S. Government sponsored enterprises, there were no investments in securities of any one issuer exceeding 10% of Camco s consolidated stockholders equity at December 31, 2007.

Deposits and Borrowings

General. Deposits are a 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. In 2006 we began offering brokered certificates of deposit as an alternative to advances from the FHLB. 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 currently limited by federal or state law or regulation.

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 December 31,					
	2007		2006		2005	
	Amount	Weighted-average rate	Amount	Weighted-average rate	Amount	Weighted-average rate
	(Dollars in thousands)					

Non-interest bearing demand	$ 35,755	%	$ 31,706	%	$ 32,127	%
Interest-bearing demand	91,132	1.57	94,722	1.36	117,430	0.87
Money market demand accounts	111,740	3.57	89,383	3.59	58,995	2.07
Passbook and statement savings accounts	36,963	0.27	47,997	0.26	61,356	0.25
Total certificate accounts	416,594	4.80	420,974	4.62	390,334	3.71
Total deposits	$ 692,184	3.68%	$ 684,782	3.52%	$ 660,242	2.55%

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The following table sets forth the amount and maturities of Advantage s time deposits in excess of $100,000 at December 31, 2007:

	At December 31, 2007 (In thousands)
Three months or less	$ 23,694
Over three to six months	21,197
Over six to twelve months	35,184
Over twelve months	26,271
Total	$ 106,346

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. FHLB advances are secured by a blanket pledge on Advantage s 1-4 family and multifamily residential loans, home equity lines of credit and FHLB stock.

Borrowings also include repurchase agreements and subordinated debentures. Repurchase agreements are collateralized by a portion of Advantage s investment portfolio.

Competition

Advantage competes for deposits with other commercial banks, savings associations, savings banks, insurance companies 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 commercial banks, savings banks, savings associations, 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 of Advantage, is inactive and was capitalized on a nominal basis at December 31, 2007.

Employees

As of December 31, 2007, Camco had 278 full-time employees and 33 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 is 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

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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 depository, lending and other investment activities. Periodic examinations by the Division are usually conducted on a joint basis with the FDIC. 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 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 bank and thrift industries.

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.

At December 31, 2007, Camco and Advantage exceeded the capital requirements to be considered well-capitalized.

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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, 2007.

Change in Control

Federal Law. The Federal Deposit Insurance Act (the FDIA) provides that no person, acting directly or indirectly or in concert with one or more persons, shall acquire control of any insured depository institution or holding company, unless 60-days prior written notice has been given to the primary federal regulator for that institution and such regulator has not issued a notice disapproving the proposed acquisition. Control, for purposes of the FDIA, means the power, directly or indirectly, alone or acting in concert, to direct the management or policies of an insured institution or to vote 25% or more of any class of securities of such institution. Control exists in situations in which the acquiring party has direct or indirect voting control of at least 25% of the institution s voting shares, controls in any manner the election of a majority of the directors of such institution or is determined to exercise a controlling influence over the management or policies of such institution. In addition, control is presumed to exist, under certain circumstances where the acquiring party (which includes a group acting in concert) has voting control of at least 10% of the institution s voting stock. These restrictions do not apply to holding company acquisitions. See Holding Company Regulation .

Ohio Law. A statutory limitation on the acquisition of control of an Ohio bank requires the written approval of the Division prior to the acquisition by any person or entity of a controlling interest. 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. 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.

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.

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Federal Reserve Requirements

FRB regulations currently require banks to maintain reserves of 3% of net transaction accounts (primarily NOW accounts) up to $34.6 million (subject to an exemption of up to $9.3 million), and of 10% of net transaction accounts in excess of $34.6 million. At December 31, 2007, Advantage was in compliance with its reserve requirements.

Item 1A. Risk Factors.

Like all financial companies, Camco s business and results of operations are subject to a number of risks, many of which are outside of our control. In addition to the other information in this report, readers should carefully consider that the following important factors, among others, could materially impact our business and future results of operations.

Changes in interest rates could adversely affect our financial condition and results of operations.

Our results of operations depend substantially on our net interest income, which is the difference between (i) interest income on interest-earning assets, principally loans and investment securities, and (ii) interest expense on deposit accounts and borrowings. These rates are highly sensitive to many factors beyond our control, including general economic conditions, inflation, recession, unemployment, money supply and the policies of various governmental and regulatory authorities. While we have taken measures intended to manage the risks of operating in a changing interest rate environment, there can be no assurance that these measures will be effective in avoiding undue interest rate risk.

Increases in interest rates can affect the value of loans and other assets, including our ability to realize gains on the sale of assets. We originate loans for sale and for our portfolio. Increasing interest rates may reduce the origination of loans for sale and consequently the fee income we earn on such sales. Further, increasing interest rates may adversely affect the ability of borrowers to pay the principal or interest on loans and leases, resulting in an increase in non-performing assets and a reduction of income recognized.

In contrast, decreasing interest rates have the effect of causing clients to refinance mortgage loans faster than anticipated. This causes the value of assets related to the servicing rights on loans sold to be lower than originally anticipated. If this happens, we may need to write down our servicing assets faster, which would accelerate our expense and lower our earnings.

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Credit risks could adversely affect our results of operations.
There are inherent risks associated with our lending activities, including credit risk, which is the risk that borrowers may not repay outstanding loans or that the value of the collateral securing loans will decrease. We extend credit to a variety of customers based on internally set standards and judgment. We attempt to manage credit risk through a program of underwriting standards, the review of certain credit decisions and an on-going process of assessment of the quality of the credit already extended. However, conditions such as inflation, recession, unemployment, changes in interest rates, money supply and other factors beyond our control may increase our credit risk. Such adverse changes in the economy may have a negative impact on the ability of borrowers to repay their loans. Because we have a significant amount of real estate loans, decreases in real estate values could adversely affect the value of property used as collateral. In addition, substantially all of our loans are to individuals and businesses in Ohio. Consequently, any decline in the economy of this market area could have a materially adverse effect on our financial condition and results of operations.
We operate in an extremely competitive market, and our business will suffer if we are unable to compete effectively.
In our market area, we encounter significant competition from other commercial banks, savings associations, savings banks, insurance companies, consumer finance companies, credit unions, other lenders and with the issuers of commercial paper and other securities, such as shares in money market mutual funds. The increasingly competitive environment is a result primarily of changes in regulation and the accelerating pace of consolidation among financial service providers. Many of our competitors have substantially greater resources and lending limits than we do and may offer services that we do not or cannot provide.
Legislative or regulatory changes or actions could adversely impact the financial services industry.
The financial services industry is extensively regulated. Federal and state banking laws and regulations are primarily intended for the protection of consumers, depositors and the deposit insurance funds, not to benefit our stockholders. Changes to laws and regulations or other actions by regulatory agencies may negatively impact us. Regulatory authorities have extensive discretion in connection with their supervisory and enforcement activities, including the imposition of restrictions on the operation of an institution, the classification of assets by the institution and the adequacy of an institution s allowance for loan losses. The significant federal and state banking regulations that affect us are described in this 10-K under the heading Regulation.
Our ability to pay cash dividends is limited.
We are dependent primarily upon the earnings of our operating subsidiaries for funds to pay dividends on our common shares. The payment of dividends by our subsidiaries is subject to certain regulatory restrictions. As a result, any payment of dividends in the future by Camco will be dependent, in large part, on our subsidiaries ability to satisfy these regulatory restrictions and our subsidiaries earnings, capital requirements, financial condition and other factors. Although our financial earnings and financial condition have allowed us to declare and pay periodic cash dividends to our stockholders, there can be no assurance that our dividend policy or size of dividend distribution will continue in the future.
The preparation of financial statements requires management to make estimates about matters that are inherently uncertain.
Management s accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. Our management must exercise judgment in selecting and applying many of these accounting policies and methods in order to ensure that they comply with generally accepted accounting principles and reflect management s judgment as to the most appropriate manner in which to record and report our financial condition and results of operations. Two of the most critical estimates are the level of the allowance of loan losses and the valuation of mortgage servicing rights. Due to the inherent nature of these estimates, we cannot provide absolute assurance that we will not significantly increase the allowance for loan losses or sustain loan losses that are significantly higher than the provided allowance, nor that we will not recognize a significant provision for the impairment of mortgage servicing rights.

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Our organizational documents may have the effect of discouraging a third party from acquiring us.

Our certificate of incorporation and bylaws contain provisions that make it more difficult for a third party to gain control or acquire us. These provisions also could discourage proxy contests and may make it more difficult for dissident stockholders to elect representatives as directors and take other corporate actions. These provisions of our governing documents may have the effect of delaying, deferring or preventing a transaction or a change in control that might be in the best interest of our stockholders.

We face risks with respect to future expansion.

We may acquire other financial institutions in the future and we may engage in de novo branch expansion. We may also consider and enter into new lines of business or offer new products or services. We may incur substantial costs to expand, and we can give no assurance such expansion will result in the levels of profits we seek. Also, we may issue equity securities in connection with future acquisitions, which would dilute current stockholders ownership interests. Regulatory agencies may not approve our application to acquire other financial institutions, branches or other lines of business, which would limit our growth opportunities.

Consumers may decide not to use banks to complete their financial transactions.

Technology and other changes are allowing parties to utilize alternative methods to complete financial transactions that historically have involved banks. For example, consumers can now maintain funds in brokerage accounts or mutual funds that would have historically been held as bank deposits. Consumers can also complete transactions such as paying bills and/or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on our financial condition and results of operations.

Camco may be named as a defendant from time to time in a variety of litigation and other actions.

Camco or one of its subsidiaries may be named as a defendant from time to time in a variety of litigation arising in the ordinary course of their respective businesses. Such litigation is normally covered by errors and omissions or other appropriate insurance. However, significant litigation could cause Camco to devote substantial time and resources to defending its business or result in judgments or settlements that exceed insurance coverage, which could have a material adverse effect on Camco s financial condition and results of operation. Further, any claims asserted against Camco, regardless of merit or eventual outcome, may harm Camco s reputation and result in loss of business. In addition, Camco may not be able to obtain new or difference insurance coverage, or adequate replacement policies with acceptable terms.

Camco s allowance for loan losses may be insufficient to cover future losses.

Camco maintains an allowance for loan losses to provide for probable, inherent and incurred loan losses at each balance sheet date based on our analysis of the loan portfolio. There can be no assurance on the timing or amount of actual loan losses or that charge-offs in future periods will not exceed the allowance for loan losses. In addition, federal and state regulators periodically review Camco s allowance for loan losses as part of their examination process and may require management to increase the allowance or recognize further loan charge-offs based on judgments different than those of management. Any increase in the provision for loan losses would decrease Camco s pretax and net income.

A material breach in Camco s security systems may have a significant effect on Camco s business and reputation.

Camco collects, processes and stores sensitive consumer data by utilizing computer systems and telecommunications networks operated by both Camco and third party service providers. Camco has security and backup and recovery systems in place, as well as a business continuity plan, to ensure the computer systems will not be inoperable, to the extent possible. Camco also has security to prevent unauthorized access to the computer systems and requires its third party service providers to maintain similar controls. However, management cannot be certain that these measures will be successful. A security breach of the computer systems and loss of confidential information, such as customer account numbers and related information, could result in a loss of customers confidence and, thus, loss of business.

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Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The following table provides the location of, and certain other information pertaining to, Camco s office premises as of December 31, 2007, with dollars in thousands:

Office Location	Year facility commenced operations	Leased or owned	Net book value (1)
134 E. Court Street Washington Court House, Ohio	1963	Owned (2)	$ 618.8
1050 Washington Ave. Washington Court House, Ohio	1996	Owned	492.3
1 N. Plum Street Germantown, Ohio	1998	Owned	487.5
687 West Main Street New Lebanon, Ohio	1998	Owned	61.7
2 East High Street London, Ohio	2004	Owned	567.0
3002 Harrison Avenue Cincinnati, Ohio	2000	Owned	1266.2
1111 St. Gregory Street Cincinnati, Ohio	2000	Leased (3)	43.3
5071 Glencrossing Way Cincinnati, Ohio	2000	Leased (4)	25.2
126 S. 9th Street Cambridge, Ohio	1998	Owned	80.4
226 Third Street Marietta, Ohio	1976	Owned (5)	583.3
1925 Washington Boulevard Belpre, Ohio	1979	Owned	68.9
478 Pike Street Marietta, Ohio	1998	Leased (6)	531.6
814 Wheeling Avenue Cambridge, Ohio	1963	Owned	1037.3

327 E. 3rd Street Uhrichsville, Ohio	1975	Owned	66.4
175 N. 11th Street Cambridge, Ohio	1981	Owned	343.5
209 Seneca Avenue Byesville, Ohio	1978	Leased [7]	0.0

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Office Location	Year facility commenced operations	Leased or owned	Net book value (1)
547 S. James Street Dover, Ohio	2002	Owned	378.1
2497 Dixie Highway Ft. Mitchell, Kentucky	2001	Owned	566.1
401-7 Pike Street Covington, Kentucky	2001	Owned	92.2
3522 Dixie Highway Erlanger, Kentucky	2001	Owned	29.4
7550 Dixie Highway Florence, Kentucky	2001	Owned	442.2
6901 Glenn Highway Cambridge, Ohio	1999	Owned	1,180.5
100 E. Wilson Bridge Road Suite #105 & 110 Worthington, Ohio	2004	Leased (8)	18.6
1500 Grand Central Ave. Suite #102 Vienna, West Virginia	2004	Leased (9)	199.5
123 Southgate Parkway Cambridge, Ohio	2005	Leased (10)	64.0
6360 Tylersville Road Mason, Ohio	2006	Leased (11)	138.7
1104 Eagleton Blvd. London, Ohio	2006	Leased (12)	268.7
828 Wheeling Avenue Cambridge, Ohio	2007	Leased (13)	25.7

(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 Washington Court House office.

(3) The lease expires in October 2010.

(4) The lease expires in November 2010.

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

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

(7) The lease expires in September 2010. Advantage has the option to renew the lease for a five-year term.

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

(9) The lease expires in October 2013. Advantage has

the option to renew for three five-year terms.

(10) The lease expires in June 2012. Advantage has the option to purchase at a cost of $120,000.

(11) The lease expires in October 2016. Advantage has the option to renew the lease for two five-year terms.

(12) The lease expires in May 2011. Advantage has the option to renew for three five-year terms.

(13) The lease expires in June 2009. Advantage has the option to renew for three one-year terms. Advantage has the option to purchase at a cost of $185,000 with a 3% escalation.

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Camco also owns furniture, fixtures and equipment. The net book value of Camco s investment in office premises and equipment totaled $12.9 million at December 31, 2007. See Note E of Notes to Consolidated Financial Statements in Camco s 2007 Annual Report to Stockholders, which is filed as Exhibit 13 to this Form 10-K and is herein incorporated by reference.

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.

PART II

Item 5. Market for Registrant s Common Stock, Related Stockholder Matters and Issuer Purchases of Common Stock.

The information required by this Item 5 is contained under the sections STOCK INFORMATION, ISSUER PURCHAES OF SECURITIES and PERFORMANCE GRAPH in the 2007 Annual Report to Stockholders, which is filed as Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

Item 6. Selected Consolidated Financial Data.

The information required by this Item 6 is contained under the section SELECTED CONSOLIDATED FINANCIAL DATA in the 2007 Annual Report to Stockholders, which is filed as Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations.

The information required by this Item 7 is contained under the sections MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS and LIQUIDITY AND CAPITAL RESOURCES in the 2007 Annual Report to Stockholders, which is filed as Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The information required by this Item 7A is contained under the section QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK in the 2007 Annual Report to Stockholders, which is filed as Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data.

The information required by this Item 8 is contained under the section 2007 ANNUAL REPORT AUDITED FINANCIAL STATEMENTS AND MANAGEMENT S DISCUSSION AND ANALYSIS in the 2007 Annual Report to Stockholders, which is filed as Exhibit 13 to this Form 10-K, and is incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

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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-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of December 31, 2007. 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, 2007 that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

The information under the sections MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING and REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM in the 2007 Annual Report to Stockholders, which is filed as Exhibit 13 to this Form 10-K, is incorporated herein by reference.

Item 9B. Other Information.

Not applicable

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

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 2008 Annual Meeting of Stockholders to be filed by Camco on or about March 20, 2008 (2008 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 posted on Camco s website at www.camcofinancial.com.

Item 11. Executive Compensation.

The information contained in the 2008 Proxy Statement under the captions, Compensation Discussion and Analysis, Compensation Committee Report, 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 2008 Proxy Statement under the caption Security Ownership of Certain Beneficial Owners and Management 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, 2007, 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	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	254,717	$ 15.22	223,297

Item 13. Certain Relationships and Related Transactions, and Director Independence

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 collectability or present other unfavorable features and are current in their payments.

The information required by this Item 13 is incorporated herein by reference to the 2008 Proxy Statement.

Item 14. Principal Accountant Fees and Services.

The information contained in the 2008 Proxy Statement under the captions Audit and Risk Management Committee Report and Audit Fees is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

Exhibits.

3(i)	Certificate of Incorporation
3(ii)	Bylaws
4	Letter of Agreement to Furnish Copies of Long-term Debt Instruments and Agreements
10(i)	Employment Agreement between Camco and Richard C. Baylor
10(ii)	Form of 2002 Salary Continuation Agreement
10(iii)	Form of 1996 Salary Continuation Agreement
10(iv)	Form of Executive Deferred Compensation Agreement
10(v)	First Ashland Financial Corporation 1995 Stock Option and Incentive Plan
10(vi)	Incentive Stock Option Award Agreement Pursuant to the First Ashland Financial Corporation 1995 Stock Option and Incentive Plan
10(vii)	Non-Qualified Stock Option Award Agreement Pursuant to the First Ashland Financial Corporation 1995 Stock Option and Incentive Plan
10(viii)	Camco Financial Corporation 2002 Equity Incentive Plan
10(ix)	Incentive Stock Option Award Agreement Pursuant to the Camco Financial Corporation 2002 Equity and Incentive Plan
10(x)	Non-Qualified Stock Option Award Agreement Pursuant to the Camco Financial Corporation 2002 Equity and Incentive Plan
10(xi)	Camco Financial Corporation 1995 Stock Option and Incentive Plan
10(xii)	Westwood Homestead Financial Corporation 1997 Stock Option Plan
10(xiii)	Incentive Stock Option Award Agreement Pursuant to the Westwood Homestead Financial Corporation 1997 Stock Option Plan
10(xiv)	Non-Qualified Stock Option Award Agreement Pursuant to the Westwood Homestead Financial Corporation 1997 Stock Option Plan
10(xv)	Summary of Cash Bonus Plan
10(xvi)	Change of Control Agreement including Attachment A listing participants
11	Statement regarding computation of per share earnings
13	2007 Annual Report to Stockholders
14	Code of Ethics
21	Subsidiaries of Camco
23	Consent of Plante & Moran PLLC 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

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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,
Chairman, 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/ Jeffrey T. Tucker Jeffrey T. Tucker, Director	By /s/ Paul D. Leake Paul D. Leake, Director
Date: March 13, 2008	Date: March 13, 2008
By /s/ Carson K. Miller Carson K. Miller Director	By /s/ Terry A. Feick Terry A. Feick, Director
Date: March 13, 2008	Date: March 13, 2008
By /s/ Edward D. Goodyear Edward D. Goodyear, Director	By /s/ Susan J. Insley Susan J. Insley, Director
Date: March 13, 2008	Date: March 13, 2008
By /s/ J. Timothy Young J. Timothy Young Director	By /s/ Douglas F Mock Douglas F. Mock Director
Date: March13 , 2008	Date: March 13, 2008
By /s/ Eric S. Nadeau Eric S. Nadeau, Chief Financial Officer	By /s/ Andrew S. Dix Andrew S. Dix Director
Date: March 13, 2008	Date: March 13, 2008

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INDEX TO EXHIBITS

ITEM	DESCRIPTION	DOCUMENT REFERENCE
Exhibit 3(i)	Third Restated Certificate of Incorporation of Camco Financial Corporation, as amended	Incorporated by reference to Camco s Annual Report on Form 10-K for the fiscal year ended December 31, 2003, Film no. 04668873 (2003 Form 10-K), Exhibit 3(i)
Exhibit 3(ii)	2003 Amended and Restated By-Laws of Camco Financial Corporation	Incorporated by reference to Camco s Annual Annual Report on Form 10-K for the fiscal year ended December 31, 2006, Exhibit 3(ii)
Exhibit 4	Letter of Agreement to Furnish Copies of Long-term Debt Instruments and Agreements	Filed herewith
Exhibit 10(i)	Employment Agreement dated January 1, 2001, by and between Camco Financial Corporation and Richard C. Baylor	Incorporated by reference to Camco s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, Exhibit 10(i)
Exhibit 10(ii)	Form of 2002 Salary Continuation Agreement, including individualized Schedule A s for each participant	Incorporated by reference to Camco s 2003 Form 10-K, Exhibit 10(iv)
Exhibit 10(iii)	Form of 1996 Salary Continuation Agreement, including Schedule A s for D. Edward Rugg and Edward A. Wright	Incorporated by reference to Camco s Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (2004 Form 10-K), Exhibit 10(iv)
Exhibit 10(iv)	Form of Executive Deferred Compensation Agreement	Incorporated by reference to Camco s 2003 Form 10-K, Exhibit 10(vi)
Exhibit 10(v)	First Ashland Financial Corporation 1995 Stock Option and Incentive Plan	Incorporated by reference to Camco s Form S-8 filed on June 10, 2002, File Number 333-90142, Exhibit 4.01
Exhibit 10(vi)	Incentive Stock Option Award Agreement Pursuant to the First Ashland Financial Corporation 1995 Stock Option and Incentive Plan	Incorporated by reference to Camco s Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (2004 Form 10-K), Exhibit 10(vii)
Exhibit 10(vii)	Non-Qualified Stock Option Award Agreement Pursuant to the First Ashland Financial Corporation 1995 Stock Option and Incentive Plan	Incorporated by reference to Camco s Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (2004 Form 10-K), Exhibit 10(viii)
Exhibit 10(viii)	Camco Financial Corporation 2002 Equity Incentive Plan	Incorporated by reference to Camco s Form S-8 filed on June 10, 2002, File Number

		333-90152, Exhibit 4.01
Exhibit 10(ix)	Incentive Stock Option Award Agreement Pursuant to the Camco Financial Corporation 2002 Equity and Incentive Plan	Incorporated by reference to Camco s Form 8-K filed on February 2, 2005, film no. 05570393 (2005 8-K), Exhibit 10.5

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INDEX TO EXHIBITS (continued)

ITEM	DESCRIPTION	DOCUMENT REFERENCE
Exhibit 10(x)	Non-Qualified Stock Option Award Agreement Pursuant to the Camco Financial Corporation 2002 Equity and Incentive Plan	Incorporated by reference to Camco s Annual Report on Form 10-K for the fiscal year ended December 31, 2004 (2004 Form 10-K), Exhibit 10(xi)
Exhibit 10(xi)	Camco Financial Corporation 1995 Stock Option and Incentive Plan	Incorporated by reference to Camco s Form S-8 filed on June 10, 2002, File Number 333-90166, Exhibit 4.01
Exhibit 10(xii)	Westwood Homestead Financial Corporation 1997 Stock Option Plan	Incorporated by reference to Camco s Form S-8 filed on January 5, 2000, File Number 333-94113, Exhibit 4.01
Exhibit 10(xiii)	Incentive Stock Option Award Agreement Pursuant to the Westwood Homestead Financial Corporation 1997 Stock Option Plan	Incorporated by reference to the 2005 8-K, Exhibit 10.4
Exhibit 10(xiv)	Non-Qualified Stock Option Award Agreement Pursuant to the Westwood Homestead Financial Corporation 1997 Stock Option Plan	Incorporated by reference to the 2005 8-K, Exhibit 10.3
Exhibit 10(xv)	Summary of Bonus Plan	Filed herewith
Exhibit 10(xvi)	Change of Control Agreement including Attachment A listing participants	Filed herewith
Exhibit 11	Statement regarding computation of per share earnings	Incorporated by reference to Camco s 2007 Annual Report to Stockholders, filed herewith as Exhibit 13
Exhibit 13	2007 Annual Report to Stockholders	Filed herewith
Exhibit 14	Code of Ethics	Camco elects to satisfy Regulation S-K §229.406(c) by posting its Code of Ethics on its website at www.camcofinancial.com
Exhibit 21	Subsidiaries of Camco	Incorporated by reference to Camco s 2003 Form 10-K, Exhibit 21
Exhibit 23	Consent of Plante & Moran PLLC regarding Camco s Consolidated Financial Statements and Form S-8	Filed herewith

Exhibit 31(i)	Section 302 Certification by Chief Executive Officer	Filed herewith
Exhibit 31(ii)	Section 302 Certification by Chief Financial Officer	Filed herewith
Exhibit 32(i)	Section 1350 Certification by Chief Executive Officer	Filed herewith
Exhibit 32(ii)	Section 1350 Certification by Chief Financial Officer	Filed herewith