CAMCO FINANCIAL CORP
Form 10-K
March 28, 2003

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2002

OR

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

For the transition period from ______________________ to _______________________

Commission File Number: 0-25196

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

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

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

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

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

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

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

Indicate by check mark whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

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

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

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the last sale reported as of June 28, 2002, was $112.1 million and as of March 26, 2003, was $121.0 million. (The exclusion from such amount of the market value of the shares owned by any person shall not be deemed an admission by the registrant that such person is an affiliate of the registrant.)

The registrant's revenues for the fiscal year ended December 31, 2002, were $76.1 million. 7,562,396 shares of the registrant's common stock were outstanding on March 26, 2003.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III of Form 10-K: Portions of the Proxy Statement for the 2003 Annual Meeting of Stockholders

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PART I

Item 1. Business.

General

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

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

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

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

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

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

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

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Lending Activities

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

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

At December 31,						
2002		2001		2000		19
Amount	Percent of total loans	Amount	Percent of total loans	Amount	Percent of total loans	Amount

(Dollars in thousands)

Type of loan:							
Existing residential properties(1)	$641,464	80.5%	$705,056	80.9%	$764,828	82.2%	$619,621
Construction	33,122	4.1	42,666	4.9	56,039	6.0	60,565
Nonresidential real estate	71,908	9.0	70,239	8.1	54,722	5.9	20,831
Developed building lots	535	0.1	5,908	0.7	5,640	0.6	4,649
Consumer and other loans(2)	69,898	8.8	69,116	7.9	73,178	7.9	51,079
Total	816,927	102.5	892,985	102.5	954,407	102.6	756,745
Less:							
Undisbursed loans in process	(13,089)	(1.6)	(15,343)	(1.8)	(19,911)	(2.2)	(27,569)
Unamortized yield adjustments	(1,390)	(0.2)	(1,940)	(0.2)	(918)	(0.1)	(1,088)
Allowance for loan losses	(5,490)	(0.7)	(4,256)	(0.5)	(2,906)	(0.3)	(1,863)
Total loans, net	$796,958	100.0%	$871,446	100.0%	$930,672	100.0%	$726,225

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(1) Includes loans held for sale.
(2) Includes second mortgage, multifamily and commercial loans.

Camco's loan portfolio was approximately $797.0 million at December 31, 2002, and represented 73.6% of total assets.

Loan Maturity Schedule. The following table sets forth certain information as of December 31, 2002, regarding the dollar amount of loans maturing in Camco's portfolio based on the contractual terms to maturity of the loans. Demand loans, loans having no stated schedule of repayments and loans having no stated maturity, are reported as due in one year or less.

	Due during the year ending December 31, 2003	Due in years 2004-2007	ye
		(In thousan	
Real estate loans (1):			
One- to four-family	$15,537	$43,711	$
Multifamily	577	1,587	
Nonresidential and commercial	5,168	13,835	
Consumer and other loans	1,811	15,550	
Total	$23,093	$74,683	$

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(1) Excludes loans held for sale of $55.5 million and does not consider the effects of unamortized yield adjustments of $1.4 million and the allowance for loan losses of $5.5 million.

The following table sets forth at December 31, 2002, the dollar amount of all loans due after one year from December 31, 2002, which have fixed interest rates and have floating or adjustable interest rates:

	Due after December 31, 2003 (In thousands)
Fixed rate of interest	$271,177
Adjustable rate of interest	454,075
Total	$725,252

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

Residential Loans. The primary lending activity of Advantage is the origination of fixed-rate and adjustable-rate conventional loans for the acquisition, refinancing or construction of single-family residences. At December 31, 2002, 80.5% of the total outstanding loans consisted of loans secured by mortgages on one- to four-family residential properties.

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

The interest rate adjustment periods on adjustable-rate mortgage loans ("ARMs") offered by Advantage are generally one, three and five years. The interest rates initially charged on ARMs and the new rates at each adjustment date are determined by adding a stated margin to a designated interest rate index. Advantage has generally used the one-year, three-year and five-year United States Treasury bill rates, adjusted to a constant maturity, as the index for their one-year, three-year, five-year and seven-year adjustable-rate loans, respectively. The initial interest rates for three-year, five-year and

seven-year ARMs are set slightly higher than for the one-year ARM to compensate for the reduced interest rate sensitivity. The maximum adjustment at each adjustment date for ARMs is usually 2%, with a maximum adjustment of 6% over the term of the loan.

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

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

Of the total mortgage loans originated by Advantage during the year ended December 31, 2002, 33.1% were ARMs and 66.9% were fixed-rate loans. Adjustable-rate loans comprised 62.5% of Camco's total outstanding loans at December 31, 2002.

Construction Loans. Advantage offers residential construction loans both to owner-occupants and to builders for homes being built under contract with owner-occupants. Advantage also makes loans to persons constructing projects for investment purposes. At December 31, 2002, a total of $33.1 million, or approximately 4.1% of Advantage's total loans, consisted of construction loans, primarily for one- to four-family properties.

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

Construction loans for investment properties involve greater underwriting and default risks to Advantage than do loans secured by mortgages on existing properties or construction loans for single-family residences. Loan funds are advanced upon the security of the project under construction, which is more difficult to value in the case of investment properties before the completion of construction. Moreover, because of the uncertainties inherent in estimating construction costs, it is relatively difficult to evaluate precisely the total loan funds required to complete a project and the related Loan-to-Value Ratios. In the event a default on a construction loan occurs and foreclosure follows, Advantage could be adversely affected in that it would have to take control of the project and attempt either to arrange for completion of construction or dispose of the unfinished project. At December 31, 2002, Advantage had nine construction loans in the amount of $4.4 million on investment properties.

Nonresidential Real Estate Loans. Advantage originates loans secured by mortgages on nonresidential real estate, including retail, office and other types of business facilities. Nonresidential real estate loans are generally made on an adjustable-rate basis for terms of up to 25 years. Nonresidential real estate loans originated by Advantage generally have an LTV of 80% or less. The largest nonresidential real estate loan outstanding at December 31, 2002, was a $3.1 million loan secured by a manufacturing and distribution building. Nonresidential real estate loans comprised 9.0% of total loans at December 31, 2002.

Nonresidential real estate lending is generally considered to involve a higher degree of risk than residential lending due to the relatively larger loan amounts and the effects of general economic conditions on the successful operation of income-producing properties. Advantage has endeavored to reduce this risk by carefully evaluating the credit history and past performance of the borrower, the location of the real estate, the quality of the management constructing or operating the property, the debt service ratio and cash flow analysis, the quality and characteristics of the income stream generated by the property and appraisals supporting the property's valuation.

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Consumer Loans. Advantage makes various types of consumer loans, including loans made to depositors on the security of their savings deposits, automobile loans, education loans, home improvement loans, home equity line of credit loans and unsecured personal loans. Home equity loans are generally made at a variable rate of interest for terms of up to 10 years. Most other consumer loans are generally made at fixed rates of interest for terms of up to 10 years. The risk of default on consumer loans during an economic recession is greater than for residential mortgage loans. At December 31, 2002, education, consumer and other loans constituted 8.8% of Camco's total loans. Included in consumer and other loans is approximately $41.1 million of multifamily loans of which the largest is $2.9 million secured by an apartment building.

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

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

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

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

Loan Originations, Purchases and Sales. Advantage has been actively originating new 30-year, 15-year and 10-year fixed-rate real estate loans as well as adjustable-rate real estate loans, consumer loans and commercial loans. Generally all residential fixed-rate loans made by Advantage are originated with documentation which will permit a possible sale of such loans to secondary mortgage market investors. When a mortgage loan is sold to the investor, Advantage generally services the loan by collecting monthly payments of principal and interest and forwarding such payments to the investor, net of a servicing fee. During the year ended December 31, 2002, 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, 2002, Advantage sold approximately $240.5 million in loans. Advantage recognized $2.7 million in mortgage servicing rights during 2002, while amortization of mortgage servicing rights totaled $2.1 million for the year ended December 31, 2002. During 2002, Advantage recaptured approximately $640,000 of an impairment charge recorded during the year ended December 31, 2001, based upon an independent appraisal of the mortgage servicing rights.

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From time to time, Advantage sells participation interests in mortgage loans originated by it and purchases whole loans or participation interests in loans originated by other lenders. Advantage held whole loans and participations in loans originated by other lenders of approximately $35.2 million at December 31, 2002. Loans which Advantage purchases must meet or exceed the underwriting standards for loans originated by Advantage.

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

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

	Year ended December 2002	2001	2000
			(In thousands)
Loans originated:			
Construction	$ 54,114	$ 35,330	$ 71,929
Permanent	447,379	320,973	202,004
Consumer and other	70,772	83,126	84,526
Total loans originated	572,265	359,081	358,459
Loans purchased (1)	116,306	17,755	8,639
Reductions:			
Principal repayments (1)	442,823	276,060	178,663
Loans sold (1)	241,636	215,289	124,496
Transfers from loans to real estate owned	1,270	3,208	1,432
Total reductions	685,729	494,557	304,591
Increase (decrease) in other items, net (2)	2,262	(314)	(2,552)
Increase due to mergers (3)	-	81,426	147,196
Net increase (decrease)	$ 5,104	$(36,609)	$207,151

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(1) Includes mortgage-backed securities.
(2) Other items primarily consist of amortization of deferred loan origination fees, the provision for losses on loans and unrealized gains on mortgage-backed securities designated as available for sale.
(3) The 2001 increase resulted from the acquisition of Columbia Financial and the 2000 increase resulted from the acquisition of WFC.

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

The largest amount which Advantage could have loaned to one borrower at December 31, 2002, was approximately $12.2 million. The largest amount Advantage had outstanding to one borrower and related persons or entities at December 31, 2002, was $6.3 million, which consisted of five loans secured by personal residences, commercial properties, leasing business residuals, an apartment complex, a warehouse and a golf course.

Loan Origination and Other Fees. In addition to interest earned on loans, Advantage may receive loan origination fees or "points" of up to 2.0% of the loan amount, depending on the type of loan, plus reimbursement of certain other expenses. Loan origination fees and other fees are a volatile source of income, varying with the volume of lending and economic conditions. All nonrefundable loan origination fees and certain direct loan origination costs are deferred and recognized as an adjustment to yield over the life of the related loan in accordance with Statement of Financial Accounting Standards ("SFAS") No. 91.

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

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

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

	At December 31,			
	2002	2001	2000	1999
	(Dollars in thousands)			
Loans delinquent for:				
30 to 89 days	$10,524	$14,238	$10,557	$13,792
90 or more days	13,625	7,885	4,726	3,975
Total delinquent loans	$24,149	$22,123	$15,283	$17,767
Ratio of total delinquent loans to total net loans (1)	3.03%	2.54%	1.64%	2.45%

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

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

	At December 31,			
	2002	2001	2000	19
	(Dollars in thousands)			
Loans accounted for on nonaccrual basis:				
Real estate:				
Residential	$11,021	$3,677	$3,677	$3,
Nonresidential	1,726	367	197	
Consumer and other	878	393	157	
Total nonaccrual loans	13,625	4,437	2,422	2,
Accruing loans delinquent 90 days or more:				
Real estate:				
Residential	-	2,564	1,836	1,
Nonresidential	-	206	-	
Consumer and other	-	678	468	
Total loans 90 days past due	-	3,448	2,304	1,
Total nonperforming loans	$13,625	$7,885	$4,726	$3,
Allowance for loan losses	$ 5,490	$4,256	$2,906	$1,

Nonperforming loans as a percent of total net loans	1.71%	.90%	.51%	
Allowance for loan losses as a percent of nonperforming loans	40.3%	54.0%	61.5%	

The amount of interest income that would have been recorded had nonaccrual loans performed in accordance with contractual terms totaled approximately $940,000 for the year ended December 31, 2002. Interest collected on such loans and included in net earnings was $127,000.

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

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

At December 31, 2002, the aggregate amounts of Camco's classified assets were as follows:

	At December 31, 2002 (In thousands)
Classified assets:	
Substandard	$12,383
Doubtful	1,057
Loss	-
Total classified assets	$13,440

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. Camco classifies nonaccrual residential real estate and consumer loans with a loan to value of 72% or less as a special mention asset. Camco had assets in the amount of $10.9 million designated as "special mention" at December 31, 2002.

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

	Year ended December 31,			
	2002	2001	2000	19
	(Dollars in thousands)			
Balance at beginning of year	$4,256	$2,906	$1,863	$1,7
Charge-offs:				
1-4 family residential real estate	134	66	9	
Multifamily and nonresidential real estate	-	12	41	
Consumer and other	73	657	122	
Total charge-offs	207	735	172	1
Recoveries:				
1-4 family residential real estate	23	3	-	
Multifamily and nonresidential real estate	-	-	-	
Consumer and other	249	23	6	
Total recoveries	272	26	6	
Net recoveries (charge-offs)	65	(709)	(166)	(1
Provision for losses on loans	1,169	759	568	2
Increase attributable to mergers (1)	-	1,300	641	
Balance at end of year	$5,490	$4,256	$2,906	$1,8
Net recoveries (charge-offs) to average loans	.01%	(.08)%	(.02)%	(.

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

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

	At December 31, 2002		2001		2000		1999	
	Amount	Percent of loans in each category to total loans	Amount	Percent of loans in each category to total loans	Amount	Percent of loans in each category to total loans	Amount	Pe of in cat to l
					(Dollars in thousands)			
Balance at year end applicable to:								
Mortgage loans	$4,910	91.3%	$3,418	92.1%	$2,440	92.1%	$1,350	
Consumer and other loans	580	8.7	838	7.9	466	7.9	513	
Total	$5,490	100.0%	$4,256	100.0%	$2,906	100.0%	$1,863	1

Investment and Mortgage-Backed Securities Activities

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

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

	At December 31, 2002				2001			
	Amortized cost	% of total	Fair value	% of total	Amortized cost	% of total	Fair value	% of total
					(Dollars in thousands)			
Held to maturity:								
U.S. Government agency obligations	$ 4,233	2.7%	$ 4,306	2.7%	$18,682	33.0%	$18,891	33.1%
Municipal bonds	1,135	.7	1,195	.7	190	.3	192	.3

Mortgage-backed securities	20,000	12.6	20,634	12.7	30,765	54.2	30,744	53.9
Total	25,368	16.0	26,135	16.1	49,637	87.5	49,827	87.3
Available for sale:								
U.S. Government agency obligations	35,557	22.5	36,004	22.2	-	-	-	-
Municipal bonds	2,414	1.5	2,463	1.5	-	-	-	-
Corporate equity securities	330	.2	322	.2	245	.4	305	.5
Mortgage-backed securities	94,641	59.8	97,332	60.0	6,872	12.1	6,975	12.2
Total	132,942	84.0	136,121	83.9	7,117	12.5	7,280	12.7
Total investments and mortgage-backed securities	$158,310	100.0%	$162,256	100.0%	$56,754	100.0%	$57,107	100.0%

The following table presents the contractual maturities or terms to repricing of Camco's investment securities, except its stock in the FHLB of Cincinnati and corporate equity securities, and the weighted-average yields at December 31, 2002:

	At December 31, 2002							
	One year or less		After one through five years		After five through ten years		After ten years	
	Amortized cost	Average yield	Amortized cost	Average yield	Amortized cost	Average yield	Amortized cost	Average yield
	(Dollars in thousands)							
U.S. Government agency obligations	$3,000	5.39%	$34,557	2.81%	$ 1,500	4.17%	$ 733	2.75%
Municipal bonds	106	3.05	1,576	4.25	1,777	5.58	90	6.66
Mortgage-backed securities	87	6.19	17,378	3.90	64,982	5.04	32,194	4.54
Total	$3,193	5.34%	$53,511	3.21%	$68,259	5.03%	$33,017	4.50%

Deposits and Borrowings

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

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,		
		2002		2001
	Weighted-average rate at		Percent of total	Percent of tota

	12/31/02	Amount	deposits	Amount	deposit
				(Dollars in thousands)	
Withdrawable accounts:					
Interest and non-interest bearing checking accounts	.81%	$106,875	15.4%	$111,649	15.3%
Money market demand accounts	2.51	116,206	16.7	64,539	8.8
Passbook and statement savings accounts	0.79	78,359	11.3	85,443	11.7
Total withdrawable accounts	1.46	301,440	43.4	261,631	35.8
Certificate accounts:					
Term:					
Seven days to one year	1.58	24,537	3.6	51,472	7.0
One to two years	2.82	79,172	11.4	136,859	18.8
Two to eight years	4.96	179,711	25.9	163,226	22.4
Negotiated rate certificates	2.35	40,361	5.8	54,998	7.5
Individual retirement accounts	4.27	68,851	9.9	61,889	8.5
Total certificate accounts	3.93	392,632	56.6	468,444	64.2
Total deposits	2.86%	$694,072	100.0%	$730,075	100.0%

The following table presents the amount and contractual maturities of Camco's time deposits at December 31, 2002:

	Amount Due			
	Up to one year	1-3 years	3-5 years	Over 5 yea
	(Dollars in thousands)			
Amount maturing	$216,958	$135,282	$37,110	$3,282
Average rate	3.48%	4.21%	5.36%	5.77

The following table sets forth the amount and maturities of Camco's time deposits in excess of $100,000 at December 31, 2002:

Maturity	At December 31, 2002 (In thousands)
Three months or less	$27,640
Over three to six months	20,235
Over six to twelve months	13,930
Over twelve months	27,853
Total	$89,658

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

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depend upon whether it meets the Qualified Thrift Lender ("QTL") test. If an institution meets the QTL test, it will be eligible for 100% of the advances it would otherwise be eligible to receive. If an institution does not meet the QTL test, it will be eligible for such advances only to the extent it holds QTL test assets. At December 31, 2002, Advantage met the QTL test.

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

	Year ended December 31	
	2002	2001
	(Dollars in thousands)	
Maximum amount outstanding	$282,122	$313,472
Average amount outstanding	$265,614	$280,747
Weighted-average interest cost of FHLB advances based on month end balances	5.83%	6.09%

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

	At December 31,	
	2002	2001
	(Dollars in thousands)	
Amount outstanding	$276,276	$258,850
Weighted-average interest rate	5.63%	6.02%

Competition

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

Service Corporation Activities

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

At December 31, 2002, Advantage had a direct investment in the capital stock of CMC in the amount of approximately $711,000. The principal business of CMC is originating first mortgage loans on residential real estate located primarily in Franklin, Ross, Stark and Tuscarawas Counties, Ohio. Loans originated by CMC are generally sold to Advantage. CMC originated $152.9 million of mortgage loans in 2002, $130.7 million of which were sold to Advantage, compared to $57.9 million which were sold in 2001.

First S&L Corporation, a subsidiary of Advantage, did not conduct any business during the year ended December 31, 2002, and was capitalized on a nominal basis at December 31, 2002.

Employees

As of December 31, 2002, Camco had 265 full-time employees and 49 part-time employees. Camco believes that relations with its employees are good. Camco offers health and disability benefits and a 401(k) salary savings plan. None of the employees of Camco are represented by a collective bargaining unit.

REGULATION

General

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

Sarbanes-Oxley Act of 2002

On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The Sarbanes-Oxley Act represents a comprehensive revision of laws affecting corporate governance, accounting obligations and corporate reporting. The Sarbanes-Oxley Act is applicable to all companies, including Camco, with equity securities registered or that file reports under the Securities Exchange Act of 1934. The Sarbanes-Oxley Act establishes, among other things: (i) new requirements for audit committees; (ii) additional responsibilities regarding financial statements for the Chief Executive Officer and Chief Financial Officer; (iii) new standards for auditors and regulations governing audits; (iv) increased disclosure and reporting obligations for the reporting company and its directors and executive officers; and (v) new and increased civil and criminal penalties for violations of the securities laws.

Ohio Regulation

Regulation by the Division affects the internal organization of Advantage, as well as its savings, mortgage lending and other investment activities. Ohio law requires that Advantage maintain at least 60% of its assets in housing-related and other specified investments. At December 31, 2002, Advantage had at least 60% of its assets in such investments.

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

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

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

Federal Deposit Insurance Corporation

Supervision and Examination. The FDIC is responsible for the regulation and supervision of all commercial banks and state savings banks that are not members of the Federal Reserve System ("Non-member Banks. The FDIC is an

independent federal agency that insures the deposits, up to prescribed statutory limits, of federally insured banks and thrifts and safeguards the safety and soundness of the banking and thrift industries. The FDIC administers two separate insurance funds, the Bank Insurance Fund ("BIF") for commercial banks and certain state savings banks and the SAIF for savings associations and savings banks which were formerly organized as savings associations. As a former savings association, Advantage is a member of the SAIF and its deposit accounts are insured by the FDIC, up to the prescribed limits.

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

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

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

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

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

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

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

The FDIC has adopted regulations governing prompt corrective action to resolve the problems of capital deficient and otherwise troubled savings associations and Non-member Banks. At each successively lower defined capital category, an institution is subject to more restrictive and numerous mandatory or discretionary regulatory actions or limits, and the applicable agency has less flexibility in determining how to resolve the problems of the institution. In addition, the agency generally can downgrade an institution's capital category, notwithstanding its capital level, if, after notice and opportunity for hearing, the institution is deemed to be engaging in an unsafe or unsound practice, because it has not corrected deficiencies that resulted in it receiving a less than satisfactory examination rating on matters other than capital or it is deemed to be in an unsafe or unsound condition. Advantage's capital level at December 31, 2002, met the standards for well-capitalized institutions.

The following tables present certain information regarding compliance by Advantage with applicable regulatory capital requirements at December 31, 2002:

At December 31, 2002

	Actual		For capital adequacy purposes		capi pro acti
	Amount	Ratio	Amount	Ratio	Am
			(Dollars in thousands)		
Total capital (to risk-weighted assets)	$81,269	12.7%	=>$51,067	=>8.0%	=>$63
Tier I capital (to risk-weighted assets)	$75,779	11.9%	=>$25,533	=>4.0%	=>$38
Tier I leverage	$75,779	7.2%	=>$42,365	=>4.0%	=>$52

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

Transactions with Affiliates and Insiders

Loans to executive officers, directors and principal shareholders and their related interests must conform to the lending limit on loans to one borrower, and the total of such loans to executive officers, directors, principal shareholders and their related interests cannot exceed the association's Lending Limit Capital (or 200% of Lending Limit Capital for qualifying institutions with less than $100 million in assets). Most loans to directors, executive officers and principal shareholders must be approved in advance by a majority of the "disinterested" members of the board of directors of the association with any "interested" director not participating. All loans to directors, executive officers and principal shareholders must be made on terms substantially the same as offered in comparable transactions with the general public or as offered to all employees in a company-wide benefit program, and loans to executive officers are subject to additional limitations. Advantage was in compliance with such restrictions at December 31, 2002.

All transactions between savings associations and their affiliates must comply with Sections 23A and 23B of the Federal Reserve Act (the "FRA"). An affiliate is any company or entity which controls, is controlled by or is under common control with the financial institution. In a holding company context, the parent holding company of a savings association and any companies that are controlled by such parent holding company are affiliates of the institution. Generally, Sections 23A and 23B of the FRA (i) limit the extent to which a financial institution or its subsidiaries may engage in "covered transactions" with any one affiliate 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, 2002.

Change in Control

Federal Law. The Federal Deposit Insurance Act (the "FDIA") provides that no person, acting directly or indirectly or in concert with one or more persons, shall acquire control of any insured depository institution or holding company, unless 60-days prior written notice has been given to the primary federal regulator for that institution and such regulator has not issued a

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

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

Holding Company Regulation

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

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

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

In order to be a QTL, a savings association must meet one of two tests. The first test requires a savings association to maintain a specified level of investments in assets that are designated as qualifying thrift investments ("QTIs"). Generally, QTIs are assets related to domestic residential real estate and manufactured housing, although they also include credit card, student and

small business loans and stock issued by any FHLB, the FHLMC or the FNMA. Under the QTL test, 65% of an institution's "portfolio assets" (total assets less goodwill and other intangibles, property used to conduct business and 20% of liquid assets) must consist of QTI on a monthly average basis in nine out of every 12 months. The second test permits a savings association to qualify as a QTL by meeting the definition of "domestic building and loan association" under the Internal Revenue Code of 1986, as amended (the "Code"). In order for an institution to meet the definition of a "domestic building and loan association" under the Code, at least 60% of its assets must consist of specified types of property, including cash, loans secured by residential real estate or deposits, educational loans and certain governmental obligations. The OTS may grant exceptions to the QTL tests under certain circumstances. At December 31, 2002, Advantage met the QTL test.

Federal Reserve Requirements

FRB regulations currently require savings associations to maintain reserves of 3% of net transaction accounts (primarily NOW accounts) up to $41.3 million (subject to an exemption of up to $5.7 million), and of 10% of net transaction accounts in excess of $41.3 million. At December 31, 2002, Advantage was in compliance with its reserve requirements.

Federal Taxation

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

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

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

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

reserve for losses on nonqualifying loans as of the close of its last taxable year beginning before January 1, 1996, over (ii) the greater of the balance of (a) its pre-1988 reserves or (b) what the thrift's reserves would have been at the close of its last year beginning before January 1, 1996, had the thrift always used the experience method.

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

The balance of the pre-1988 reserves is subject to the provisions of Section 593(e) which require recapture in the case of certain excessive distributions to shareholders. The pre-1988 reserves may not be utilized for payment of cash dividends or other distributions to a shareholder (including distributions in dissolution or liquidation) or for any other purpose (except to absorb bad debt losses). Distribution of a cash dividend by a thrift institution to a shareholder is treated as made: first, out of the institution's post-1951 accumulated earnings and profits; second, out of the pre-1988 reserves; and third, out of such other accounts as may be proper. To the extent a distribution by Advantage to Camco is deemed paid out of its pre-1988 reserves under these rules, the pre-1988 reserves would be reduced and the gross income of Camco for tax purposes would be increased by the amount which, when reduced by the income tax, if any, attributable to the inclusion of such amount in its gross income, equals the amount deemed paid out of the pre-1988 reserves. As of December 31, 2002, the pre-1988 reserves for Advantage for tax purposes totaled approximately $12.8 million. Camco believes Advantage had approximately $15.3 million of accumulated earnings and profits for tax purposes as of December 31, 2002, which would be available for dividend distributions, provided regulatory restrictions applicable to the payment of dividends are met. No representation can be made as to whether Advantage will have current or accumulated earnings and profits in subsequent years.

The tax returns of Camco have been audited or closed without audit through calendar year 1998. In the opinion of management, any examination of open returns would not result in a deficiency which could have a material adverse effect on the financial condition of Camco.

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

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

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

CMC is subject to the Ohio Dealers in Intangibles property tax but currently incurs no liability because CMC is owned by an Ohio financial institution.

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

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

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

Item 2. Properties.

The following table provides the location of, and certain other information pertaining to, Camco's office premises as of December 31, 2002:

Office Location	Year facility commenced operations	Leased or owned
134 E. Court Street Washington Court House, Ohio	1963	Owned (2)
1050 Washington Ave. Washington Court House, Ohio	1996	Owned
1 N. Plum Street Germantown, Ohio	1998	Owned
687 West Main Street New Lebanon, Ohio	1998	Owned
1392 Cherry Bottom Road Gahanna, Ohio	1999	Leased (3)
3002 Harrison Avenue Cincinnati, Ohio	2000	Owned
1101 St. Gregory Street Cincinnati, Ohio	2000	Leased (4)
5071 Glencrossing Way Cincinnati, Ohio	2000	Leased (5)
126 S. 9th Street Cambridge, Ohio	1998	Owned

226 Third Street Marietta, Ohio	1976	Owned (6)
1925 Washington Boulevard Belpre, Ohio	1979	Owned
478 Pike Street Marietta, Ohio	1998	Leased (7)
510 Grand Central Avenue Vienna, West Virginia	1991	Leased (8)
814 Wheeling Avenue Cambridge, Ohio	1963	Owned (9)

(Footnotes begin on page 24)

Office Location	Year facility commenced operations	Leased or owned
327 E. 3rd Street Uhrichsville, Ohio	1975	Owned
175 N. 11th Street Cambridge, Ohio	1981	Owned
209 Seneca Avenue Byesville, Ohio	1978	Leased (10)
547 S. James Street Dover, Ohio	2002	Owned
2497 Dixie Highway Ft. Mitchell, Kentucky	2001	Owned
401-7 Pike Street Covington, Kentucky	2001	Owned
3522 Dixie Highway Erlanger, Kentucky	2001	Owned
612 Buttermilk Pike Crescent Springs, Kentucky	2001	Owned
7550 Dixie Highway Florence, Kentucky	2001	Owned
1640 Carter Avenue Ashland, Kentucky	1996	Owned

U.S. 60A West Summit, Kentucky	1996	Owned
280 Russell Road Ashland, Kentucky	1996	Owned
191 Eastern Heights Shopping Center Huntington, West Virginia	1997	Leased (11)
6901 Glenn Highway Cambridge, Ohio	1999	Owned
1320A and 1320 D 4th Street, N.W. New Philadelphia, Ohio	1985	Owned (12)

(Footnotes on following page)

Office Location	Year facility commenced operations	Leased or owned
6269 Frank Ave. N. Canton, Ohio	1992	Leased (13)
45 West Second Street Chillicothe, Ohio	1994	Leased (14)

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

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

(3) The lease expires in 2004 and Advantage has the option to renew for a five year term. The 1392 Cherry Bottom Road facility also serves as the Camco Mortgage Corporation - Gahanna office.

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

(5) The lease expires in April 2006. Advantage has the option to renew for a five-year term.

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

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

(8) The lease expires in August 2003.

(9) The Wheeling Avenue facility also serves as the Camco Title - Cambridge office.

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

(11) The lease expires in March 2005.

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

(13) The lease expires in June 2003, with an option to renew for a two-year term.

(14) The lease expires in September 2004.

Camco also owns furniture, fixtures and equipment. The net book value of Camco's investment in office premises and equipment totaled $14.5 million at December 31, 2002. See Note E of Notes to Consolidated Financial Statements for additional information.

Item 3. Legal Proceedings.

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

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

Not applicable.

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PART II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters.

At December 31, 2002, Camco had 7,688,885 shares of common stock outstanding held by approximately 3,910 recordholders and non-objecting beneficial owners. Price information for Camco's common stock is quoted on The Nasdaq National Market ("Nasdaq") under the symbol "CAFI." The table below sets forth the high and low trade information for the common stock of Camco, together with the dividends declared per share of common stock, for each quarter of 2002, 2001 and 2000.

Year ended December 31, 2002	High	Low
Quarter ending:		
December 31, 2002	$14.30	$12.95
September 30, 2002	14.75	13.13

June 30, 2002	14.61	13.00
March 31, 2002	13.35	12.10
Year ended December 31, 2001		
Quarter ending:		
December 31, 2001	$13.00	$10.95
September 30, 2001	13.75	12.01
June 30, 2001	12.58	10.60
March 31, 2001	11.38	9.44
Year ended December 31, 2000		
Quarter ending:		
December 31, 2000	$10.62	$ 8.52
September 30, 2000	10.38	8.18
June 30, 2000	9.64	8.31
March 31, 2000	9.51	7.67

In addition to certain federal income tax considerations, regulations of OTS impose limitations on the payment of dividends and other capital distributions by savings associations.

Item 6. Selected Consolidated Financial Data.

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

SELECTED CONSOLIDATED FINANCIAL DATA:(1)	At Dece		
	2002	2001	20

			(In tho
Total amount of:			
Assets	$1,083,240	$1,102,652	$1,037,8
Interest-bearing deposits in other financial institutions	36,807	89,299	4,9
Investment securities available for sale - at market	38,789	305	3
Investment securities held to maturity	5,368	18,872	16,6
Mortgage-backed securities available for sale - at market	97,332	6,975	9,8
Mortgage-backed securities held to maturity	20,000	30,765	5,2
Loans receivable - net (2)	796,958	871,446	930,6
Deposits	694,072	730,075	632,2
FHLB advances and other borrowings	276,276	258,850	313,4
Stockholders' equity - substantially restricted	98,601	95,171	78,7

SELECTED CONSOLIDATED OPERATING DATA: (1)		Year ended	
	2002	2001	20
		(In thousands, exc	
Total interest income	$66,002	$74,372	$75,6
Total interest expense	38,556	48,433	49,6
Net interest income	27,446	25,939	26,0
Provision for losses on loans	1,169	759	5
Net interest income after provision for losses on loans	26,277	25,180	25,4
Other income	10,100	7,153	5,5
General, administrative and other expense	21,682	18,948	19,5
Restructuring charges (credits) related to charter consolidation	(112)	950	
Earnings before federal income taxes	14,807	12,435	11,5
Federal income taxes	4,802	3,891	3,8
Net earnings	$10,005	$ 8,544	$ 7,6
Earnings per share: (3)			
Basic	$1.27	$1.20	$1.
Diluted	$1.25	$1.19	$1.

		Year ended	
	2002	2001	20
Return on average assets (4)	0.92%	0.80%	0.
Return on average assets excluding restructuring charges (4)	0.90	0.86	0.
Return on average equity (4)	10.33	9.83	10.
Return on average equity excluding restructuring charges (4)	10.17	10.54	10.
Average equity to average assets (4)	8.86	8.13	7.
Dividend payout ratio (5)	41.34	40.00	43.

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

(Footnotes continued on following page)

(2) Includes loans held for sale.
(3) Earnings per share has been adjusted to give effect to a 5% stock dividend which was effected during the year ended December 31, 1999.
(4) Ratios are based upon the mathematical average of the balances at the beginning and the end of the year. (5) Represents dividends per share divided by basic earnings per share.

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

General

Since its incorporation in 1970, Camco has evolved into a full-service provider of financial products to the communities served by Advantage Bank. Utilizing a common marketing theme based on Camco's commitment to personalized customer service, Camco and its affiliates have grown from $22.4 million of consolidated assets in 1970 to $1.1 billion of consolidated assets at December 31, 2002. Camco's rate of growth is largely attributable to its acquisitions of Marietta Savings, First Savings, First Bank for Savings, Germantown Federal, Westwood Homestead and Columbia Savings and its continued expansion of product lines from the limited deposit and loan offerings which the Bank could offer in the heavily regulated environment of the 1970s to the wider array of financial service products that commercial banks traditionally offered. Additionally, Camco has enhanced its operational growth by integrating its residential lending function through establishing mortgage-banking operations in the Bank's primary market areas and, to a lesser extent, by chartering a title insurance agency.

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

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

Discussion of Financial Condition Changes from December 31, 2001 to December 31, 2002

At December 31, 2002, Camco's consolidated assets totaled $1.08 billion, a decrease of $19.4 million, or 1.8%, from the December 31, 2001 total. The decrease in total assets was comprised primarily of a decrease in loans receivable and a decrease in cash and cash equivalents, which were partially offset by increases in investment securities and mortgage-backed securities. During 2002, Camco continued to experience a high rate of loan refinance activity as the interest rate environment remained at almost unprecedented lows. Management elected to invest proceeds from loan repayments generally into investment and mortgage-backed securities designated as available for sale, which offered higher yields than short-term alternatives.

Cash and interest-bearing deposits in other financial institutions totaled $57.0 million at December 31, 2002, a decrease of $47.9 million, or 45.7%, from December 31, 2001 levels. Investment securities totaled $44.2 million at December 31, 2002, an increase of $25.0 million, or 130.3%, over the total at December 31, 2001. Investment securities purchases were comprised of $63.1 million of intermediate-term U.S. Government agency obligations, $43.1 million of which were callable, with an average yield of 3.41%, and $2.9 million in municipal securities. Such purchases were partially offset by $41.3 million of maturities of securities during the year.

Mortgage-backed securities totaled $117.3 million at December 31, 2002, an increase of $79.6 million, or 210.9%, over December 31, 2001. Mortgage-backed securities purchases totaled $113.1 million, while principal repayments totaled $34.4 million during the year ended December 31, 2002. Purchases of mortgage-backed securities during the year were comprised primarily of balloon and ten-year amortizing U.S. Government agency securities yielding 5.02%, which were classified as available for sale. Purchases of investment and mortgage-backed securities were funded primarily with proceeds from loan principal repayments and excess liquidity.

Loans receivable and loans held for sale totaled $797.0 million at December 31, 2002, a decrease of $74.5 million, or 8.5%, from the total at December 31, 2001. The decrease resulted primarily from loan sales of $240.5 million and principal repayments of $408.4 million, which were partially offset by loan disbursements of $572.3 million and purchases of $3.2 million. Loan origination volume, including purchases of loans, during 2002 exceeded 2001 volume by $213.8 million, or 59.1%, which was primarily attributable to an increase in refinancing activity following the decreases in the overall level of long-term interest rates during the two year period ended December 31, 2002.

The allowance for loan losses totaled $5.5 million and $4.3 million at December 31, 2002 and 2001, respectively, representing 40.3% and 54.0% of nonperforming loans at those dates. Nonperforming loans (90 days or more delinquent plus nonaccrual loans) totaled $13.6 million and $7.9 million at December 31, 2002 and 2001, respectively, constituting 1.71% and .90% of total net loans, including loans held for sale, at those dates. At December 31, 2002, nonperforming loans were comprised of $10.2 million of loans secured by one- to four-family residential real estate, $2.5 million of loans secured by multi-family and nonresidential real estate, $165,000 of commercial loans and

$713,000 of consumer and other loans. Although management believes that its allowance for loan losses at December 31, 2002, is adequate based upon the available facts and circumstances, there can be no assurance that additions to such allowance will not be necessary in future periods, which could adversely affect Camco's results of operations.

Deposits totaled $694.1 million at December 31, 2002, a decrease of $36.0 million, or 4.9%, from December 31, 2001 levels. The decrease resulted primarily from management's decision not to aggressively bid on certificates of deposit which matured during 2002, due to the current low interest rate environment. While management has generally pursued a strategy of moderate growth in the deposit portfolio, Advantage has not historically engaged in sporadic increases or decreases in interest rates offered, nor has it offered the highest interest rates available in its market areas. Advances from the Federal Home Loan Bank ("FHLB") increased by $17.4 million, or 6.7%, to a total of $276.3 million at December 31, 2002.

Stockholders' equity totaled $98.6 million at December 31, 2002, a $3.4 million, or 3.6%, increase over December 31, 2001. The increase resulted primarily from net earnings of $10.0 million, proceeds from the exercise of stock options of $2.1 million and a $2.0 million increase in the unrealized gains on available for sale securities, which were partially offset by dividends of $4.1 million and purchases of treasury shares totaling $6.3 million.

The Bank is required to maintain minimum regulatory capital pursuant to federal regulations. During 2002, management was notified by its supervisory regulators that Advantage was categorized as well-capitalized under the regulatory framework for prompt corrective action. At December 31, 2002, the Bank's regulatory capital exceeded all regulatory capital requirements.

Comparison of Results of Operations for the Years Ended December 31, 2002 and December 31, 2001

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

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

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

Interest income on loans totaled $57.5 million for the year ended

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

Interest expense on deposits totaled $23.1 million for the year ended December 31, 2002, a decrease of $8.3 million, or 26.4%, compared to the year ended December 31, 2001, due primarily to a 151 basis point decrease in the average cost of deposits, to 3.40% for 2002, which was partially offset by a $39.2 million, or 6.1%, increase in the average balance of interest-bearing deposits outstanding year to year. Interest expense on borrowings totaled $15.5 million for the year ended December 31, 2002, a decrease of $1.6 million, or 9.4%, from the 2001 period. The decrease resulted primarily from a $15.1 million, or 5.4%, decrease in the average balance outstanding year to year and a 26 basis point decrease in the average rate, to 5.83% in 2002. Decreases in the level of average yields on interest-earning assets and average cost of interest-bearing liabilities were due primarily to the overall decrease in interest rates in the economy during 2001 and 2002.

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

Provision for Losses on Loans. A provision for losses on loans is charged to earnings to bring the total allowance for loan losses to a level considered appropriate by management based on historical experience, the volume and type of lending conducted by the Bank, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to the Bank's market areas, and other factors related to the collectibility of the Bank's loan portfolio. Based upon an analysis of these factors, management recorded a provision for losses on loans totaling $1.2 million for the year ended December 31, 2002, an increase of $410,000, or 54.0%, over the provision recorded in 2001. The 2002 provision generally reflects the $5.7 million increase in the level of nonperforming loans. The provision also reflects the increasing percentage of loans secured by nonresidential real estate and consumer loans in relation to total loans during 2002. Management believes all nonperforming loans are adequately collateralized, however, there can be no assurance that the loan loss allowance will be adequate to absorb losses on known nonperforming assets or that the allowance will be adequate to cover losses on nonperforming assets in the future.

Other Income. Other income totaled $10.1 million for the year ended December 31, 2002, an increase of $2.9 million, or 41.2%, compared to 2001. The increase in other income was primarily attributable to a $1.0 million, or 22.2%, increase in gains on sale of loans, a $1.6 million increase in loan servicing fees and an increase of $262,000, or 8.4%, in late charges, rent and other. The increase in loan servicing fees was due primarily to a decrease in the level of amortization of mortgage servicing rights and due to the effects of a $1.3 million valuation allowance to recognize impairment on mortgage servicing rights recorded in the 2001 period, $640,000 of which was recovered in 2002, based upon the Corporation's ongoing fair value analysis of the mortgage servicing rights asset. The increase in gain on sale of loans was due primarily to an increase in the volume of loans sold of $25.3 million, or 11.7%, over the volume of loans sold in 2001. The increase in late charges, rent and other was due primarily to an increase in insurance fees, title premiums and other fees on loans and deposit transactions.

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

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

Comparison of Results of Operations for the Years Ended December 31, 2001 and December 31, 2000

General. Increases in the level of income and expenses during the year ended December 31, 2001, compared to 2000, include the effects of the acquisition of Columbia Financial, which was acquired by Camco in November 2001 in a transaction accounted for using the purchase method of accounting.

Camco's net earnings for the year ended December 31, 2001, totaled $8.5 million, an increase of $892,000, or 11.7%, over the $7.7 million of net earnings reported in 2000. The increase in earnings was primarily attributable to a $1.6 million increase in other income, which was partially offset by a $123,000 decrease in net interest income, a $191,000 increase in the provision for losses on loans, an increase in general, administrative and other expense of $368,000 and a $43,000 increase in the provision for federal income taxes.

Net Interest Income. Total interest income for the year ended December 31, 2001, amounted to $74.4 million, a decrease of $1.3 million, or 1.7%, compared to 2000, generally reflecting the effects of a decrease of 37 basis points in the average yield, from 7.86% in 2000 to 7.49% in 2001, which was partially offset by a $30.7 million, or 3.2%, increase in the average balance of interest-earning assets outstanding year to year. The acquisition of Columbia Financial accounted for approximately $1.2 million of interest income recorded during 2001.

Interest income on loans and mortgage-backed securities totaled $70.5 million for the year ended December 31, 2001, a decrease of $2.1 million, or 2.9%, compared to the 2000 total. The decrease resulted primarily from a $9.4 million, or 1.0%, decrease in the weighted-average balance outstanding and a 15 basis point decrease in the average yield, to 7.75% in 2001. Interest income on investments and interest-bearing deposits increased by $825,000, or 27.3%, due primarily to a $40.0 million, or 91.7%, increase in the weighted-average outstanding balance, which was partially offset by a 234 basis point decrease in the average yield, to 4.60% in 2001.

Interest expense on deposits totaled $31.3 million for the year ended December 31, 2001, an increase of $2.5 million, or 8.5%, over the 2000 total. The increase was due to an increase in the weighted-average balance of deposits outstanding of $48.2 million, or 8.2% year to year, and a 2 basis point increase in the average cost of deposits, from 4.89% in 2000 to 4.91% in 2001. The

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acquisition of Columbia Financial accounted for approximately $559,000 of the overall increase in interest expense in the 2001 period. Interest expense on borrowings totaled $17.1 million for the year ended December 31, 2001, a decrease of $3.6 million, or 17.5%, compared to 2000. The decrease resulted primarily from a $45.1 million, or 13.8%, decrease in the weighted-average balance of borrowings outstanding year to year and a decrease of 28 basis points in the weighted-average cost of borrowings, to 6.09% in 2001.

As a result of the foregoing changes in interest income and interest expense, net interest income decreased by $123,000, or 0.5%, to a total of $25.9 million for the year ended December 31, 2001, compared to $26.1 million in 2000. The interest rate spread decreased to approximately 2.22% for the year ended December 31, 2001, from 2.45% for 2000, while the net interest margin decreased to approximately 2.61% in 2001, compared to 2.71% in 2000.

Provision for Losses on Loans. Camco recorded a provision for losses on loans totaling $759,000 for the year ended December 31, 2001, an increase of $191,000, or 33.6%, over the provision recorded in 2000. The 2001 provision generally reflects the $3.2 million increase in the level of nonperforming loans, as well as a $3.7 million, or 34.9%, increase in loans greater than 30 days but less than 90 days delinquent year to year. The provision also reflects the $15.5 million, or 28.4%, increase in loans secured by nonresidential real estate during 2001.

Other Income. Other income totaled $7.2 million for the year ended

December 31, 2001, an increase of $1.6 million, or 29.2%, compared to 2000. The increase in other income was primarily attributable to a $2.5 million, or 120.2%, increase in gains on sale of loans and an increase of $1.1 million, or 52.1%, in late charges, rent and other, which were partially offset by a $2.1 million decrease in loan servicing fees. The increase in gains on sale of loans primarily reflects the increase in sales volume year to year. The increase in late charges, rent and other operating income was due primarily to an increase in revenues at Camco Title Insurance Agency and increased fees on loan and deposit accounts and transactions year to year. The decrease in loan servicing fees was due primarily to an increase in amortization and impairment charges related to the Bank's mortgage servicing rights asset ("MSRs"). During 2001, amortization of MSRs increased over 2000 by $931,000, or 154.6%, due primarily to prepayments of loans associated with refinancing activity during the lower interest rate environment. Additionally, Advantage recorded an impairment charge in 2001 totaling $1.3 million, based upon an independent appraisal of the MSRs.

General, Administrative and Other Expense. General, administrative and other expense totaled $19.9 million for the year ended December 31, 2001, an increase of $368,000, or 1.9%, compared to 2000. Camco recorded a one-time restructuring charge of $950,000 in the second quarter of 2001, which was primarily related to compensation charges and professional fees related to Camco's restructuring to a single bank charter, which occurred in the second quarter of 2001. The consolidation of operations such as data processing began in July 2001, and total data processing conversion was completed in May 2002.

Excluding of the effects of the restructuring charges, general, administrative and other expense decreased year to year by $582,000, or 3.0%, due primarily to a decrease in employee compensation and benefits of $1.1 million, or 11.9%, resulting primarily from a reduction in staffing levels, and an increase in deferred loan origination costs attendant to the increase in loan volume year to year. The decrease in employee compensation and benefits was partially offset by a $108,000, or 3.5%, increase in office occupancy and equipment expense, which was due to increased depreciation and increased building maintenance costs, and an increase in other operating expenses of $319,000, or 7.5%, primarily as a result of Camco's overall growth year to year.

Federal Income Taxes. The provision for federal income taxes totaled $3.9 million for the year ended December 31, 2001, an increase of $43,000, or 1.1%, compared to the provision recorded in 2000. This increase was primarily attributable to a $935,000, or 8.1%, increase in pre-tax earnings year to year, partially offset by the receipt of refunds claimed for prior years' tax liabilities. The effective tax rate amounted to 31.3% and 33.5% for the years ended December 31, 2001 and 2000, respectively.

Yields Earned and Rates Paid

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

	At December 31, 2002	2001	2000
Weighted-average yield on:			
Loan portfolio (1)	6.87%	7.28%	8.01%
Investment portfolio (2)	3.40	3.61	6.82
Total interest-earning assets	6.52	6.63	7.92
Weighted-average rate paid on:			
Deposits	2.86	4.08	5.28
FHLB advances	5.63	6.02	6.20
Total interest-bearing liabilities	3.65	4.59	5.53
Interest rate spread	2.87%	2.04%	2.39%

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

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

Average Yield and Rate Analysis

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

	Year ended December 31,						
	2002			2001			
	Average outstanding balance	Interest earned/ paid	Average yield/ rate	Average outstanding balance	Interest earned/ paid	Average yield/ rate	ou
				(Dollars in thousands)			
Interest-earning assets:							
Loans receivable(1)	$ 813,541	$57,478	7.07%	$891,220	$69,461	7.79%	$
Mortgage-backed securities(2)	100,165	4,523	4.52%	18,561	1,059	5.71	
Investment securities	33,963	1,545	4.55%	11,621	696	5.99	
Interest-bearing deposits and other interest-earning assets	85,189	2,456	2.88%	72,052	3,156	4.38	
Total interest-earning assets	$1,032,858	66,002	6.39%	$993,454	74,372	7.49	$
Interest-bearing liabilities:							
Deposits	$ 677,800	23,060	3.49%	$638,581	31,324	4.91	$
FHLB advances	265,614	15,496	5.83%	280,747	17,109	6.09	
Total interest-bearing liabilities	$ 943,414	38,556	4.09%	$919,328	48,433	5.27	$
Net interest income/Interest rate spread		$27,446	2.30%		$25,939	2.22%	
Net interest margin(3)			2.66%			2.61%	
Average interest-earning assets to average interest-bearing liabilities			109.48%			108.06	

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(1) Includes nonaccrual loans and loans held for sale.
(2) Includes securities designated as available for sale.
(3) Net interest income as a percent of average interest-earning assets.

Rate/Volume Analysis

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

	Year ended December			
	2002 vs. 2001 Increase (decrease) due to			
	Volume	Rate	Total	Volu
			(In thousands)	
Interest income attributable to:				
Loans receivable (1)	$(5,781)	$(6,202)	$(11,983)	$ (9
Mortgage-backed securities	3,729	(265)	3,464	1
Investment securities	1,052	(203)	849	(3
Interest-bearing deposits and other (2)	507	(1,207)	(700)	2,2
Total interest income	(493)	(7,877)	(8,370)	1,1
Interest expense attributable to:				
Deposits	1,825	(10,089)	(8,264)	2,3
Borrowings	(900)	(713)	(1,613)	(2,7
Total interest expense	925	(10,802)	(9,877)	(4
Increase (decrease) in net interest income	$(1,418)	$ 2,925	$ 1,507	$ 1,5

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(1) Includes loans held for sale.
(2) Includes interest-bearing deposits.

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

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

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

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

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

results may differ from simulated results due to timing, magnitude, and frequency of interest rate changes as well as changes in market conditions and management strategies.

The Bank's Asset/Liability Management Committee (ALCO), which includes senior management representatives and reports to the Board of Directors, monitors and manages interest rate risk within Board-approved policy limits. The Bank's current interest rate risk position is determined by measuring the anticipated change in net interest income over a 12 month horizon assuming a 200 basis point (bp) instantaneous and parallel shift (linear) increase or decrease in all interest rates. Given the current federal funds rate of 1.25% at December 31, 2002, a linear 100bp decrease was modeled in the estimated earnings sensitivity profile in place of the linear 200bp decrease in accordance with the Bank's interest rate risk policy. Current policy limits this exposure to plus or minus 25% of net interest income for a 12-month horizon.

The following table shows the Bank's estimated earnings sensitivity profile as of December 31, 2002:

Change in Interest Rates (basis points)	Percentage Change in Net Interest Income 12 Months
+200	9.5%
-100	(8.0%)

Given a 200bp linear increase in the yield curve used in the simulation model, it is estimated net interest income for the Bank would increase by 9.5% over one year. A 100bp linear decrease in interest rates would decrease net interest income by 8.0% over one year. All of these estimated changes in net interest income are within the policy guidelines established by the Board of Directors. Management does not expect any significant adverse effect on net interest income in 2003 based on the composition of the portfolio and anticipated upward trends in rates.

In order to reduce the exposure to interest rate fluctuations and to manage liquidity, the Bank has developed sale procedures for several types of interest-sensitive assets. Generally, all long-term, fixed-rate single family residential mortgage loans underwritten according to Federal Home Loan Mortgage Corporation or Federal National Mortgage Association guidelines are sold for cash upon origination. In 2002 and 2001, a total of $240.1 million and $215.3 million of such loans, respectively, were sold.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Camco Financial Corporation

We have audited the accompanying consolidated statements of financial condition of Camco Financial Corporation as of December 31, 2002 and 2001, and the related consolidated statements of earnings, comprehensive income, stockholders' equity and cash flows for each of the years in the three year period ended December 31, 2002. These consolidated financial statements are the responsibility of the

Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Camco Financial Corporation as of December 31, 2002 and 2001, and the consolidated results of its operations and its cash flows for each of the years in the three year period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

As more fully explained in Note A-8, the Corporation changed its method of accounting for goodwill as of January 1, 2002.

/s/GRANT THORNTON LLP

Cincinnati, Ohio
January 31, 2003

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

December 31,
(In thousands, except share data)

ASSETS	2002
Cash and due from banks	$ 20,215
Interest-bearing deposits in other financial institutions	36,807

Cash and cash equivalents	57,022
Investment securities available for sale - at market	38,789
Investment securities held to maturity - at cost, approximate market value of $5,501 and $19,083 as of December 31, 2002 and 2001, respectively	5,368
Mortgage-backed securities available for sale - at market	97,332
Mortgage-backed securities held to maturity - at cost, approximate market value of $20,634 and $30,744 as of December 31, 2002 and 2001, respectively	20,000
Loans held for sale - at lower of cost or market	55,493
Loans receivable - net	741,465
Office premises and equipment - net	14,492
Real estate acquired through foreclosure	1,589
Federal Home Loan Bank stock - at cost	23,539
Accrued interest receivable	4,922
Prepaid expenses and other assets	2,130
Cash surrender value of life insurance	17,372
Goodwill - net of accumulated amortization	2,953
Prepaid federal income taxes	774
Total assets	$1,083,240
LIABILITIES AND STOCKHOLDERS' EQUITY	
Deposits	$ 694,072
Advances from the Federal Home Loan Bank	276,276
Advances by borrowers for taxes and insurance	3,509
Accounts payable and accrued liabilities	4,298
Dividends payable	1,046
Deferred federal income taxes	5,438
Total liabilities	984,639
Commitments	-
Stockholders' equity	
Preferred stock - $1 par value; authorized 100,000 shares; no shares outstanding	-
Common stock - $1 par value; authorized 14,900,000 shares; 8,311,145 and 8,137,039 shares issued at December 31, 2002 and 2001, respectively	8,311
Additional paid-in capital	54,063
Retained earnings - substantially restricted	42,497
Accumulated other comprehensive income - unrealized gains on securities designated as available for sale, net of related tax effects	2,098
Less 622,260 and 126,019 shares of treasury stock at December 31, 2002 and 2001, respectively - at cost	(8,368)
Total stockholders' equity	98,601
Total liabilities and stockholders' equity	$1,083,240

The accompanying notes are an integral part of these statements.

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended December 31, 2002, 2001 and 2000
(In thousands, except per share data)

	2002	2001
Interest income		
Loans	$57,478	$69,461
Mortgage-backed securities	4,523	1,059
Investment securities	1,545	696
Interest-bearing deposits and other	2,456	3,156
Total interest income	66,002	74,372
Interest expense		
Deposits	23,060	31,324
Borrowings	15,496	17,109
Total interest expense	38,556	48,433
Net interest income	27,446	25,939
Provision for losses on loans	1,169	759
Net interest income after provision for losses on loans	26,277	25,180
Other income (expense)		
Late charges, rent and other	3,374	3,112
Loan servicing fees (costs)	151	(1,421
Service charges and other fees on deposits	1,014	838
Gain on sale of loans	5,540	4,532
Gain (loss) on investment and mortgage-backed securities transactions	29	-
Gain (loss) on sale of real estate acquired through foreclosure	(8)	62
Gain on sale of premises and equipment	-	30
Total other income	10,100	7,153
General, administrative and other expense		
Employee compensation and benefits	10,168	7,887
Occupancy and equipment	3,459	3,172
Data processing	1,178	1,345
Advertising	794	705
Franchise taxes	821	1,118
Amortization of goodwill	-	150
Other operating	5,262	4,571
Restructuring charges (credits) related to charter consolidation	(112)	950
Total general, administrative and other expense	21,570	19,898
Earnings before federal income taxes	14,807	12,435
Federal income taxes		

Current	3,149	2,715
Deferred	1,653	1,176
Total federal income taxes	4,802	3,891
NET EARNINGS	$10,005	$ 8,544
EARNINGS PER SHARE		
Basic	$1.27	$1.20
Diluted	$1.25	$1.19

The accompanying notes are an integral part of these statements.

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CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2002, 2001 and 2000
(In thousands)

	2002	20
Net earnings	$10,005	$8,5
Other comprehensive income, net of tax:		
Unrealized holding gains on securities during the period, net of taxes of $1,035, $53 and $54 in 2002, 2001 and 2000, respectively	2,010	1
Reclassification adjustment for realized (gains) losses included in earnings, net of taxes (benefits) of $10 and $(13) for the years ended December 31, 2002 and 2000, respectively	(19)	
Comprehensive income	$11,996	$8,6
Accumulated other comprehensive income	$ 2,098	$ 1

The accompanying notes are an integral part of these statements.

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the years ended December 31, 2002, 2001 and 2000
(In thousands, except per share data)

	Common stock	Additional paid-in capital	Retained earnings	Unrea gains (lo on secur desig as avai for
Balance at January 1, 2000	$5,752	$30,351	$27,205	$
Stock options exercised	1	7	-	
Cash dividends declared - $0.48 per share	-	-	(3,327)	
Purchase of Westwood Homestead Financial Corporation	1,305	11,193	23	
Net earnings for the year ended December 31, 2000	-	-	7,652	
Unrealized gains on securities designated as available for sale, net of related tax effects	-	-	-	
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Balance at December 31, 2000	7,058	41,551	31,553	
Stock options exercised	116	1,146	-	
Cash dividends declared - $0.48 per share	-	-	(3,476)	
Net earnings for the year ended December 31, 2001	-	-	8,544	
Purchase of Columbia Financial of Kentucky, Inc.	963	9,025	-	
Unrealized gains on securities designated as available for sale, net of related tax effects	-	-	-	
Balance at December 31, 2001	8,137	51,722	36,621	
Finalization of Columbia Financial acquisition	-	432	-	
Stock options exercised	174	1,909	-	
Cash dividends declared - $0.525 per share	-	-	(4,129)	
Net earnings for the year ended December 31, 2002	-	-	10,005	
Purchase of treasury shares	-	-	-	
Unrealized gains on securities designated as available for sale, net of related tax effects	-	-	-	
Balance at December 31, 2002	$8,311	$54,063	$42,497	$

The accompanying notes are an integral part of these statements.

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2002, 2001 and 2000
(In thousands)

	2002	20
Cash flows from operating activities:		
Net earnings for the year	$ 10,005	$ 8,5
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Amortization of goodwill	-	1
Amortization of premiums and discounts on investment and mortgage-backed securities - net	828	
Depreciation and amortization	1,714	1,6
Amortization of purchase accounting adjustments - net	242	3
Provision for losses on loans	1,169	7
Provision for losses on real estate acquired through foreclosure	131	
Amortization of deferred loan origination fees	(609)	(6
(Gain) loss on sale of real estate acquired through foreclosure	8	(
(Gain) loss on investment and mortgage-backed securities transactions	(29)	
Gain on sale of office premises and equipment	-	(

Federal Home Loan Bank stock dividends	(1,058)	(1,3
Gain on sale of loans	(2,811)	(2,1
Loans originated for sale in the secondary market	(274,597)	(232,4
Proceeds from sale of mortgage loans in the secondary market	243,360	217,4
Increase (decrease) in cash, net of acquisition of Westwood Homestead Financial Corporation and Columbia Financial of Kentucky, Inc., due to changes in:		
Accrued interest receivable	847	8
Prepaid expenses and other assets	2,649	(2,9
Accounts payable and other liabilities	(6,537)	2,4
Federal income taxes		
Current	(182)	(2
Deferred	1,653	1,1
Net cash provided by (used in) operating activities	(23,217)	(6,5
Cash flows provided by (used in) investing activities:		
Proceeds from maturities of investment securities	41,251	19,4
Proceeds from investment securities transactions	44	
Purchase of investment securities designated as available for sale	(64,942)	
Purchase of investment securities designated as held to maturity	(1,048)	(10,4
Proceeds from sale of mortgage-backed securities designated as available for sale	1,087	
Purchase of mortgage-backed securities designated as available for sale	(113,125)	
Purchase of mortgage-backed securities designated as held to maturity	-	(15,2
Principal repayments on mortgage-backed securities	34,377	4,8
Loan disbursements	(297,668)	(126,5
Purchases of loans	(3,181)	(2,5
Principal repayments on loans	408,446	271,1
Purchase of office premises and equipment - net	(1,852)	(1,7
Proceeds from sale of office premises and equipment	355	1
Proceeds from sale of real estate acquired through foreclosure	651	1,8
Purchase of Federal Home Loan Bank stock	-	(1
Proceeds from redemption of Federal Home Loan Bank stock	-	
Additions to real estate acquired through foreclosure	(12)	(
Purchase of life insurance	(825)	(9,4
Net increase in cash surrender value of life insurance	(796)	(3
Purchase of Westwood Homestead Financial Corporation	-	
Purchase of Columbia Financial of Kentucky, Inc.	(206)	(3,0
Net cash provided by (used in) investing activities	2,556	128,0
Net cash provided by (used in) operating and investing activities (balance carried forward)	(20,661)	121,4

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

For the years ended December 31, 2002, 2001 and 2000
(In thousands)

	2002	20
Net cash provided by (used in) operating and investing activities (balance brought forward)	$(20,661)	$121,4
Cash flows provided by (used in) financing activities:		
Net increase (decrease) in deposits	(36,003)	16,7
Proceeds from Federal Home Loan Bank advances	68,500	50,4
Repayment of Federal Home Loan Bank advances	(51,151)	(105,0
Dividends paid on common stock	(4,045)	(3,3
Proceeds from exercise of stock options	2,083	1,2
Purchase of treasury shares	(6,314)	
Increase (decrease) in advances by borrowers for taxes and insurance	(351)	(6
Net cash provided by (used in) financing activities	(27,281)	(40,5
Net increase (decrease) in cash and cash equivalents	(47,942)	80,8
Cash and cash equivalents at beginning of year	104,964	24,0
Cash and cash equivalents at end of year	$ 57,022	$104,9
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest on deposits and borrowings	$ 38,387	$ 48,7
Income taxes	$ 2,848	$ 3,5
Supplemental disclosure of noncash investing activities:		
Transfers from mortgage loans to real estate acquired through foreclosure	$ 1,270	$ 3,2
Issuance of mortgage loans upon sale of real estate acquired through foreclosure	$ 1,054	$ 1,1
Unrealized gains on securities designated as available for sale, net of related tax effects	$ 1,991	$ 1
Recognition of mortgage servicing rights in accordance with SFAS No. 140	$ 2,729	$ 2,3
Supplemental disclosure of noncash financing activities:		
Dividends declared but unpaid	$ 1,046	$ 9
Fair value of assets received in acquisition of:		
Westwood Homestead Financial Corporation	$ -	$
Columbia Financial of Kentucky, Inc.	$ -	$110,4

The accompanying notes are an integral part of these statements.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

During 2001, Camco's Board of Directors approved a business combination that was completed in November 2001, whereby Columbia Financial of Kentucky, Inc. ("Columbia Financial"), the parent of Columbia Federal Savings Bank ("Columbia Federal"), was merged into Camco. Following the merger, Columbia Federal became a division of Advantage. The business combination was accounted for using the purchase method of accounting. Accordingly, the 2001 consolidated financial statements herein include the accounts of Columbia Federal only from the November 15, 2001 consummation date through December 31, 2001.

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

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

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

1. Principles of Consolidation

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Investment Securities and Mortgage-Backed Securities

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

3. Loans Receivable

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

Interest is accrued as earned unless the collectibility of the loan is in doubt. Uncollectible interest on loans that are contractually past due is charged off, or an allowance is established based on management's periodic evaluation. The allowance is established by a charge to interest income equal to all interest previously accrued, and income is subsequently recognized only to the extent that cash payments are received until, in management's judgment, the borrower's ability to make periodic interest and principal payments has returned to normal, in which case the loan is returned to accrual status.

Loans held for sale are carried at the lower of cost (less principal payments received) or fair value (market value), calculated on an aggregate basis. At December 31, 2002, loans held for sale were carried at cost. At December 31, 2001, loans held for sale were carried at aggregate fair value, which resulted in the Bank's recognition of an unrealized loss of $28,000 on loans held for sale.

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

SFAS No. 140 requires that capitalized mortgage servicing rights and capitalized excess servicing receivables be assessed for impairment. Impairment is measured based on fair value. The mortgage servicing rights recorded by the Bank, calculated in accordance with the provisions of SFAS No. 140, were segregated into pools for valuation purposes, using as pooling criteria the loan term and coupon rate. Once pooled, each grouping of loans was evaluated on a discounted earnings basis to determine the present value of future earnings that a purchaser could expect to realize from each portfolio. Earnings were projected from a variety of sources including loan servicing fees, interest earned on float, net interest earned on escrows, miscellaneous income, and costs to service the loans. The present value of future earnings is the "economic" value for the pool, i.e., the net realizable present value to an acquirer of the acquired servicing.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Loans Receivable (continued)

The Corporation recorded amortization related to mortgage servicing rights totaling approximately $2.1 million, $1.5 million and $602,000, for the years ended December 31, 2002, 2001 and 2000, respectively. Additionally, the Corporation recorded an impairment charge on mortgage servicing rights totaling $1.3 million in 2001. During 2002, the Corporation recaptured approximately $640,000 of the impairment based upon an independent appraisal of the mortgage servicing rights. The carrying value of the Corporation's mortgage servicing rights, which approximated their fair value, totaled approximately $6.0 million and $4.7 million at December 31, 2002 and 2001, respectively.

At December 31, 2002 and 2001, the Bank was servicing mortgage loans of approximately $575.4 million and $535.5 million, respectively, that have been sold to the Federal Home Loan Mortgage Corporation and other investors.

4. Loan Origination and Commitment Fees

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

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

5. Allowance for Loan Losses

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Allowance for Loan Losses (continued)

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

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

At December 31, 2002, the Corporation had one loan that was defined as impaired under SFAS No. 114, with a principal balance of $984,000 and a related allowance for losses of $282,000. The average balance of this loan during 2002 was $971,000. Interest income recognized on this loan during 2002 was $50,000. At December 31, 2001, the Corporation had no loans that would be defined as impaired under SFAS No. 114.

6. Real Estate Acquired Through Foreclosure

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

7. Office Premises and Equipment

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

8. Goodwill

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

December 31, 2002, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

8. Goodwill (continued)

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

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

The following table displays the pro forma effects on net earnings and earnings per share as if SFAS No. 142 had been applicable to the years ended December 31, 2001 and 2000.

	For the year ended Dec	
	2002	2001
	(In thousands, except per s	
Reported net earnings	$10,005	$8,544
Add back: goodwill amortization	-	150
Adjusted net earnings	$10,005	$8,694
Basic earnings per share:		
Reported net earnings	$1.27	$1.20
Goodwill amortization	-	.03
Adjusted net earnings	$1.27	$1.23
Diluted earnings per share:		
Reported net earnings	$1.25	$1.19
Goodwill amortization	-	.02
Adjusted net earnings	$1.25	$1.21

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CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Federal Income Taxes

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

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

10. Earnings Per Share

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

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

Options to purchase 65,441, 176,714 and 435,295 shares of common stock at respective weighted-average exercise prices of $14.83, $13.11 and $12.15 were outstanding at December 31, 2002, 2001 and 2000, respectively, but were excluded from the computation of diluted earnings per share for those years because the exercise price was greater than the average market price of the common shares.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Stock Option Plans

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

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

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

		2002	2001
		(In thousands, except	
Net earnings	As reported	$10,005	$8,544
	Stock-based compensation, net of tax	(4)	(5
	Pro-forma	$10,001	$8,539
Earnings per share			
Basic	As reported	$1.27	$1.20
	Stock-based compensation, net of tax	(.01)	-
	Pro-forma	$1.26	$1.20
Diluted	As reported	$1.25	$1.19
	Stock-based compensation, net of tax	-	-
	Pro-forma	$1.25	$1.19

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Stock Option Plans (continued)

The fair value of each option grant is estimated on the date of grant using the modified Black-Scholes options-pricing model with the following assumptions used for grants during 2002, 2001 and 2000: dividend yield of 3.84%, 4.07% and 2.51%, respectively; expected volatility of 16.34%, 17.06% and 17.69%, respectively; a risk-free interest rate of 2.00%, 3.00% and 5.00%, respectively, and an expected life of ten years for all grants.

A summary of the status of the Corporation's stock option plans as of December 31, 2002, 2001 and 2000, and changes during the years ending on those dates is presented below:

	2002		2001		
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Sh
Outstanding at beginning of year	503,005	$10.16	688,655	$10.53	369
Granted	3,700	14.55	8,500	11.93	10
WHFC options	-	-	-	-	309
Exercised	(174,106)	10.84	(115,656)	10.91	
Forfeited	(9,308)	11.91	(78,494)	12.50	
Outstanding at end of year	323,291	$ 9.79	503,005	$10.16	688
Options exercisable at year-end	323,291	$ 9.79	503,005	$10.16	688
Weighted-average fair value of options granted during the year		$ 1.36		$ 1.37	

The following information applies to options outstanding at December 31, 2002:

Number outstanding	244,703
Range of exercise prices	$7.40 - $9.74
Number outstanding	78,588
Range of exercise prices	$11.36 - $16.59
Weighted-average exercise price	$9.79
Weighted-average remaining contractual life	4.0 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Fair Value of Financial Instruments

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

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

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

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

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

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

Deposits: The fair values of deposits with no stated maturity, such as money market demand deposits, savings and NOW accounts, are deemed to equal the amount payable on demand as of December 31, 2002 and 2001. The fair value of fixed-rate certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities.

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

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

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

12. Fair Value of Financial Instruments (continued)

Commitments to extend credit: For fixed-rate and adjustable-rate loan commitments, the fair value estimate considers the difference between current levels of interest rates and committed rates. At December 31, 2002 and 2001, the difference between the fair value and notional amount of loan commitments was not material.

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

	December 31,		
	2002		
	Carrying value	Fair value	Carryi valu
		(In thousands)	
Financial assets			
Cash and cash equivalents	$ 57,022	$ 57,022	$ 104,9
Investment securities	44,157	44,290	19,1
Mortgage-backed securities	117,332	117,966	37,7
Loans receivable	796,958	814,539	871,4
Federal Home Loan Bank stock	23,539	23,539	22,4
	$1,039,008	$1,057,356	$1,055,8
Financial liabilities			
Deposits	$ 694,072	$ 704,428	$ 730,0
Advances from the Federal Home Loan Bank	276,276	309,758	258,8
Advances by borrowers for taxes and insurance	3,509	3,509	3,8
	$ 973,857	$1,017,695	$ 992,7

13. Cash and Cash Equivalents

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

14. Advertising

Advertising costs are expensed when incurred.

15. Reclassifications

Certain prior year amounts have been reclassified to conform to the 2002 consolidated financial statement presentation.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Effects of Recent Accounting Pronouncements

In August 2001, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 carries over the recognition and measurement provisions in SFAS No. 121. Accordingly, an entity must recognize an impairment loss if the carrying value of a long-lived asset or asset group (a) is not recoverable and (b) exceeds its fair value. Similar to SFAS No. 121, SFAS No. 144 requires an entity to test an asset or asset group for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. SFAS No. 144 differs from SFAS No. 121 in that it provides guidance on estimating future cash flows to test recoverability. An entity may use either a probability-weighted approach or best-estimate approach in developing estimates of cash flows to test recoverability. SFAS No. 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. Management adopted SFAS No. 144 effective January 1, 2002, without material effect on the Corporation's financial condition or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." SFAS No. 146 provides financial accounting and reporting guidance for costs associated with exit or disposal activities, including one-time termination benefits, contract termination costs other than for a capital lease, and costs to consolidate facilities or relocate employees. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. SFAS No. 146 is not expected to have a material effect on the Corporation's financial condition or results of operations.

The FASB issued SFAS No. 147, "Acquisitions of Certain Financial Institutions: An amendment of FASB Statements No. 72 and 144 and FASB

Interpretation No 9," which removes acquisitions of financial institutions from the scope of SFAS No. 72, "Accounting for Certain Acquisitions of Banking or Thrift Institutions," except for transactions between mutual enterprises. SFAS No. 147 also requires that the acquisition of a less-than-whole financial institution, such as a branch, be accounted for as a business combination if the transferred assets and activities constitute a business. The adoption of SFAS No. 147 did not have a material impact on the Corporation's financial position 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. SFAS No. 148 is not expected to have a material effect on the Corporation's financial position or results of operations.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Effects of Recent Accounting Pronouncements (continued)

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities." FIN 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns, or both. FIN 46 also requires disclosures about variable interest entities that a company is not required to consolidate, but in which it has a significant variable interest. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to existing entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Corporation is currently evaluating the impact of FIN 46 and expects no material effect on its financial statements.

NOTE B - INVESTMENT SECURITIES AND MORTGAGE-BACKED SECURITIES

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values of investment securities at December 31, 2002 and 2001 are as follows:

	2002		
	Amortized cost	Gross unrealized gains	Gross unrealized losses
	(In thousands)		
Held to maturity:			
U.S. Government agency obligations	$ 4,233	$ 73	$ -
Municipal bonds	1,135	60	-
Total investment securities held to maturity	5,368	133	-
Available for sale:			
U.S. Government agency obligations	35,557	447	-
Municipal bonds	2,414	65	16
Corporate equity securities	330	35	43
Total investment securities available for sale	38,301	547	59
Total investment securities	$43,669	$680	$ 59

	2001		
	Amortized cost	Gross unrealized gains	Gross unrealized losses
	(In thousands)		
Held to maturity:			
U.S. Government agency obligations	$18,682	$243	$ 34
Municipal bonds	190	2	-
Total investment securities held to maturity	18,872	245	34
Available for sale:			
Corporate equity securities	245	89	29
Total investment securities	$19,117	$334	$ 63

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

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

The amortized cost and estimated fair value of investment securities at December 31, 2002 (including securities designated as available for sale) by contractual term to maturity are shown below.

	Amortized cost	Estimated fair value
	(In thousands)	
Due in one year or less	$ 3,106	$ 3,180
Due after one year through five years	36,133	36,571
Due after five years	4,100	4,217
Total investment securities	43,339	43,968
Corporate equity securities	330	322
Total	$43,669	$44,290

During the years ended December 31, 2002 and 2000, proceeds from investment securities transactions totaled $44,000 and $180,000, respectively, resulting in gross realized gains of $27,000 and $5,000 in those respective years.

The amortized cost, gross unrealized gains, gross unrealized losses and estimated fair values of mortgage-backed securities at December 31, 2002 and 2001, are as follows:

	2002		
	Amortized cost	Gross unrealized gains	Gross unrealized losses
	(In thousands)		
Held to maturity:			
FNMA	$ 11,831	$ 360	$ -
FHLMC	6,614	214	8
GNMA	1,546	66	-
Other	9	2	-
Total mortgage-backed securities held to maturity	20,000	642	8
Available for sale:			
FNMA	55,255	1,821	-
FHLMC	35,633	779	8

GNMA	3,753	99	-
Total mortgage-backed securities available for sale	94,641	2,699	8
Total mortgage-backed securities	$114,641	$3,341	$ 16

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

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

	2001		
	Amortized cost	Gross unrealized gains	Gross unrealized losses
	(In thousands)		
Held to maturity:			
FNMA	$17,632	$ 96	$119
FHLMC	11,069	51	38
GNMA	2,052	22	37
CMOs	3	-	-
Other	9	4	-
Total mortgage-backed securities held to maturity	30,765	173	194
Available for sale:			
FHLMC	2,553	46	-
FNMA	1,250	16	-
GNMA	3,069	41	-
Total mortgage-backed securities available for sale	6,872	103	-
Total mortgage-backed securities	$37,637	$276	$194

The amortized cost of mortgage-backed securities, including those designated as available for sale at December 31, 2002, by contractual terms to maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may generally prepay obligations without prepayment penalties.

	Amortized cost (In thousands)
Due within one year or less	$ 74
Due after one year through five years	17,379
Due after five years through ten years	64,992
Due after ten years	32,196
	$114,641

During the year ended December 31, 2002, the Bank sold mortgage-backed securities totaling $1.1 million resulting in gross realized gains of $7,000 and gross realized losses of $5,000. During the year ended December 31, 2000, the Bank sold mortgage-backed securities totaling $5.1 million resulting in gross realized losses of $42,000.

NOTE C - LOANS RECEIVABLE

Loans receivable at December 31 consist of the following:

	2002	2001
	(In thousands)	
Conventional real estate loans:		
Existing residential properties	$585,971	$683,611
Nonresidential real estate	71,908	70,239
Construction	33,122	42,666
Developed building lots	535	5,908
Consumer, education and other loans	69,898	69,116
Total	761,434	871,540
Less:		
Undisbursed portion of loans in process	13,089	15,343
Unamortized yield adjustments	1,390	1,940
Allowance for loan losses	5,490	4,256
Loans receivable - net	$741,465	$850,001

As depicted above, the Corporation's lending efforts have historically focused on loans secured by existing residential properties, which comprise approximately $586.0 million, or 79%, of the total loan portfolio at December 31, 2002 and approximately $683.6 million, or 80%, of the total loan portfolio at December 31, 2001. Generally, such loans have been underwritten on the basis of no more than an 80% loan-to-value ratio, which has historically provided the Corporation with adequate collateral coverage in the event of default. Nevertheless, the Corporation, as with any lending institution, is subject to the risk that residential real estate values could deteriorate in its primary lending areas within Ohio, West Virginia, and northern Kentucky, thereby impairing collateral values. However, management believes that residential real estate values in the Corporation's primary lending areas are presently stable.

The Bank, in the ordinary course of business, has granted loans to certain of its directors, executive officers, and their related interests. Such loans are made on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and do not involve more than normal risk of collectibility. The aggregate dollar amount of these loans totaled approximately $459,000 and $1.6 million at December 31, 2002 and 2001, respectively.

NOTE D - ALLOWANCE FOR LOAN LOSSES

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

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

Nonaccrual and nonperforming loans totaled approximately $13.6 million, $7.9 million and $4.7 million at December 31, 2002, 2001 and 2000, respectively. Interest income that would have been recognized had such nonaccrual loans performed pursuant to contractual terms totaled approximately $940,000, $278,000 and $188,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

NOTE E - OFFICE PREMISES AND EQUIPMENT

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

	2002
	(I
Land	$ 2,194
Buildings and improvements	12,973
Furniture, fixtures and equipment	10,471
	25,638
Less accumulated depreciation and amortization	11,146
	$14,492

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE F - DEPOSITS

Deposit balances by type and weighted-average interest rate at December 31, 2002 and 2001, are summarized as follows:

	2002		
	Amount	Rate	Am
		(Dollars in thousand	
Noninterest-bearing checking accounts	$ 26,313	- %	$ 29
NOW accounts	80,562	1.07	81
Money market demand accounts	116,206	2.51	64
Passbook and statement savings accounts	78,359	0.79	85
Total withdrawable accounts	301,440	1.46	261
Certificates of deposit			
Original maturities of:			
Six months to one year	24,537	1.58	51
One to two years	79,172	2.82	136
Two to five years	179,711	4.96	163
Negotiated rate certificates	40,361	2.35	54
Individual retirement accounts	68,851	4.27	61
Total certificate accounts	392,632	3.93	468
Total deposits	$694,072	2.86%	$730

At December 31, 2002 and 2001, the Corporation had certificate of deposit accounts with balances in excess of $100,000 totaling $89.7 million and $123.3 million, respectively.

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

	2002	20
		(In thou
Certificate of deposit accounts	$19,185	$26,7
NOW accounts and money market demand accounts	3,015	3,0
Passbook and statement savings accounts	860	1,5

	$23,060	$31,3
	======	====

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

	2002
Year ending December 31:	(In
2002	$ -
2003	216,958
2004	74,662
2005	60,620
After 2005	40,392

Total certificate of deposit accounts	$392,632
	=======

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE F - DEPOSITS (continued)

At December 31, 2002 and 2001, certain savings deposits were collateralized by a pledge of investment securities, interest-bearing deposits in other banks and letters of credit with the Federal Home Loan Bank totaling $112.7 million and $78.8 million, respectively.

NOTE G - ADVANCES FROM THE FEDERAL HOME LOAN BANK

Advances from the Federal Home Loan Bank, collateralized at December 31, 2002, by pledges of certain residential mortgage loans totaling $386.7 million and the Bank's investment in Federal Home Loan Bank stock, are summarized as follows:

Interest rate	Maturing year ending December 31,	2002
		(Dollars
5.33% - 7.31%	2002	$ -
2.48% - 8.20%	2003	14,109
3.72% - 8.20%	2004	11,388
4.43% - 7.60%	2005	10,516
5.05% - 6.40%	2006	5,062
5.36% - 6.95%	2007	5,624

3.11% - 7.17%	Thereafter	229,577

		$276,276
		=======
Weighted-average interest rate		5.63%
		====

NOTE H - FEDERAL INCOME TAXES

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

	2002	20
		(In thou
Federal income taxes computed at the expected statutory rate	$5,082	$4,2
Increase (decrease) in taxes resulting from:		
Amortization of goodwill	-	
Nontaxable dividend and interest income	(33)	
Increase in cash surrender value of life insurance - net	(274)	(1
Nondeductible expenses	36	
Refunds of prior year taxes	-	(3
Other	(9)	(
	-----	--
Federal income tax provision per consolidated financial statements	$4,802	$3,8
	=====	===

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE H - FEDERAL INCOME TAXES (continued)

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

	2002
Taxes (payable) refundable on temporary differences at statutory rate:	
	(In tho

Deferred tax liabilities:	
FHLB stock dividends	$(2,905)
Mortgage servicing rights	(2,043)
Percentage of earnings bad debt deduction	(112)
Book versus tax depreciation	(528)
Original issue discount	(1,156)
Purchase price adjustments	(109)
Other liabilities, net	(25)
Unrealized gains on securities designated as available for sale	(1,081)
Total deferred tax liabilities	(7,959)
Deferred tax assets:	
General loan loss allowance	1,867
Deferred income	363
Deferred compensation	282
Purchase accounting adjustments	-
Other assets	9
Total deferred tax assets	2,521
Net deferred tax liability	$(5,438)

For years prior to 1996, the Bank was allowed a special bad debt deduction generally limited to 8% of otherwise taxable income, subject to certain limitations based on aggregate loans and savings account balances at the end of the year. If the amounts that qualified as deductions for federal income taxes are later used for purposes other than for bad debt losses, including distributions in liquidation, such distributions will be subject to federal income taxes at the then current corporate income tax rate. The percentage of earnings bad debt deduction had accumulated to approximately $12.4 million as of December 31, 2002. The amount of the unrecognized deferred tax liability relating to the cumulative bad debt deduction was approximately $4.1 million at December 31, 2002.

The Bank is required to recapture as taxable income approximately $1.9 million of its bad debt reserve, which represents post-1987 additions to the reserve, and is unable to utilize the percentage of earnings method to compute the reserve in the future. The Bank has provided deferred taxes for this amount and is amortizing the recapture of the bad debt reserve into taxable income over a six year period, which commenced in 1998.

December 31, 2002, 2001 and 2000

NOTE I - COMMITMENTS

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

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

At December 31, 2002, the Bank had outstanding commitments to originate and purchase fixed-rate loans of approximately $8.7 million and adjustable-rate loans of approximately $1.9 million. Additionally, the Bank had unused lines of credit under home equity and other loans of $52.1 million at December 31, 2002, and stand by letters of credit of $167,000. Management believes that all loan commitments are able to be funded through cash flow from operations and existing liquidity. Fees received in connection with these commitments have not been recognized in earnings.

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

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

Year ending December 31,	(In thousands)
2003	$159
2004	89
2005	52
2006	27
2007 and thereafter	345
	$672

Total rental expense under operating leases was approximately $251,000, $257,000 and $260,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE J - REGULATORY CAPITAL

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

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

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

During 2002, management was notified by the FDIC that Advantage was categorized as "well-capitalized" under the regulatory framework for prompt corrective action. To be categorized as "well-capitalized" Advantage must maintain minimum capital ratios as set forth in the table that follows.

As of December 31, 2002, management believes that the Bank met all capital adequacy requirements to which it was subject.

As of December 31, 2002

	Actual Amount	Actual Ratio	For capital adequacy purposes Amount	For capital adequacy purposes Ratio	cap pr act Am
			(Dollars in thousands)		
Total capital (to risk-weighted assets)	$81,269	12.7%	=>$51,067	=>8.0%	=>$63
Tier I capital (to risk-weighted assets)	$75,779	11.9%	=>$25,533	=>4.0%	=>$38
Tier I leverage	$75,779	7.2%	=>$42,365	=>4.0%	=>$52

NOTE J - REGULATORY CAPITAL (continued)

As of December 31, 2001

	Actual Amount	Actual Ratio	For capital adequacy purposes Amount	For capital adequacy purposes Ratio	cap pr act Am
			(Dollars in thousands)		
Total capital (to risk-weighted assets)	$88,017	12.5%	=>$56,346	=>8.0%	=>$70
Tier I capital (to risk-weighted assets)	$83,761	11.9%	=>$28,173	=>4.0%	=>$42
Tier I leverage	$83,761	7.6%	=>$43,868	=>4.0%	=>$54

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

NOTE K - BENEFIT PLANS

The Corporation has a non-contributory retirement plan which provides benefits to certain key officers. The Corporation's obligations under the plan have been provided for via the purchase of single premium key man life insurance of which the Corporation is the beneficiary. The Corporation recorded expense related to the plan totaling approximately $296,000, $73,000 and $67,000 during the years ended December 31, 2002, 2001 and 2000, respectively.

The Corporation also has a 401(k) Salary Savings Plan covering substantially all employees. Contributions by the employees are voluntary and are subject to matching contributions by the employer under a fixed percentage, which may be increased at the discretion of the Board of Directors. Total expense under this plan was $328,000, $385,000 and $334,000 for the years ended December 31, 2002, 2001 and 2000, respectively.

NOTE L - CAMCO FINANCIAL CORPORATION CONDENSED FINANCIAL INFORMATION

The following condensed financial statements summarize the financial position of the Corporation as of December 31, 2002 and 2001, and the results of its operations and its cash flows for each of the years ended December 31, 2002, 2001 and 2000:

CAMCO FINANCIAL CORPORATION

STATEMENTS OF FINANCIAL CONDITION
December 31,
(In thousands)

	2002
ASSETS	
Cash in Bank subsidiary	$ 333
Interest-bearing deposits in other financial institutions	14,981
Investment securities designated as available for sale	322
Investment in Bank subsidiary	81,437
Investment in title agency subsidiary	831
Office premises and equipment - net	1,425
Cash surrender value of life insurance	1,103
Prepaid expenses and other assets	-
Total assets	$100,432
LIABILITIES AND STOCKHOLDERS' EQUITY	
Accounts payable and other accrued liabilities	$ 472
Dividends payable	1,046
Accrued federal income taxes	296
Deferred federal income taxes	17
Total liabilities	1,831
Stockholders' equity	
Common stock	8,311
Additional paid-in capital	54,063
Retained earnings - substantially restricted	42,497
Unrealized gains on securities designated as available for sale, net of related tax effects	2,098
Treasury stock, at cost	(8,368)
Total stockholders' equity	98,601
Total liabilities and stockholders' equity	$100,432

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

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

CAMCO FINANCIAL CORPORATION

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

	2002	2001
Income		
Dividends from the Bank	$18,006	$9,615
Dividends from title agency subsidiary	750	-
Interest and other income	146	173
(Excess distribution from) undistributed net earnings of the Bank	(7,643)	(306)
(Excess distribution from) undistributed earnings of the title agency subsidiary	(270)	406
Total income	10,989	9,888
General, administrative and other expense	1,451	2,237
Earnings before federal income tax credits	9,538	7,651
Federal income tax credits	(467)	(893)
Net earnings	$10,005	$8,544

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

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

CAMCO FINANCIAL CORPORATION

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

	2002	20
Cash flows from operating activities:		
Net earnings for the year	$10,005	$ 8,5
Adjustments to reconcile net earnings to net cash flows provided by (used in) operating activities:		
Excess distribution from (undistributed net earnings of) Bank subsidiary	7,643	3
Excess distribution from (undistributed net earnings of) title agency subsidiary	270	(4
Depreciation and amortization	112	1
Increase (decrease) in cash due to changes in:		
Prepaid expenses and other assets	1,946	(1,7
Accounts payable and other liabilities	(4,340)	4,4
Accrued federal income taxes	(41)	(
Deferred federal income taxes	25	
Other - net	-	
Net cash provided by operating activities	15,620	11,3
Cash flows from investing activities:		
Purchase of investment securities	(102)	
Proceeds from redemption of available for sale securities	17	
Net increase in cash surrender value of life insurance	(49)	(
Purchase of office premises and equipment	(98)	(3
Proceeds from sale of office premises and equipment	347	2
Increase in interest-bearing deposits in other financial institutions	(7,397)	(6,2
Purchase of Westwood Homestead Financial Corporation - net	-	
Purchase of Columbia Financial of Kentucky, Inc. - net	-	(3,0
Net cash used in investing activities	(7,282)	(9,3
Cash flows from financing activities:		
Stock options exercised	2,083	1,2
Dividends paid	(4,045)	(3,4
Purchase of treasury shares	(6,314)	
Net cash used in financing activities	(8,276)	(2,2
Net increase (decrease) in cash and cash equivalents	62	(2
Cash and cash equivalents at beginning of year	271	5

Cash and cash equivalents at end of year	$ 333	$ 2
	======	====

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

NOTE M - RESTRUCTURING CHARGE

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

	Employee compensation and benefits	Occupancy and equipment	Other operating
		(In thousands)	
Original restructuring charge	$643	$150	$295
Restructuring charge reversed in 2001	(14)	(56)	(68)
	---	---	---
Net restructuring charge	629	94	227
Payments	(388)	(94)	(227)
	---	---	---
Remaining accrued restructuring charge at December 31, 2001	241	-	-
Payments	(109)	-	-
Restructuring charge reversed in 2002	(112)	-	-
	---	---	---
Accrued restructuring charge at December 31, 2002	$ 20	$ -	$ -
	===	===	===

NOTE N - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following table summarizes the Corporation's quarterly results for the years ended December 31, 2002 and 2001.

Three Months Ended

2002:	March 31,	June 30,	September 30,
	(In thousands, except per share data)		
Total interest income	$16,879	$17,049	$16,461
Total interest expense	10,266	9,725	9,528
Net interest income	6,613	7,324	6,933
Provision for losses on loans	207	207	338
Other income	2,253	2,104	2,684
General, administrative and other expense	5,139	5,573	5,559
Earnings before income taxes	3,520	3,648	3,720
Federal income taxes	1,145	1,178	1,190
Net earnings	$ 2,375	$ 2,470	$ 2,530
Earnings per share:			
Basic	$0.30	$0.31	$0.32
Diluted	$0.29	$0.31	$0.32

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

December 31, 2002, 2001 and 2000

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

		Three Months Ended	
2001:	March 31,	June 30,	September 30,
	(In thousands, except per share da		
Total interest income	$19,440	$19,030	$18,083
Total interest expense	12,748	12,451	11,821
Net interest income	6,692	6,579	6,262
Provision for losses on loans	156	150	152
Other income	1,407	1,496	1,920
General, administrative and other expense	4,717	5,798	4,556
Earnings before income taxes	3,226	2,127	3,474
Federal income taxes	1,090	593	1,122

Net earnings	$ 2,136	$ 1,534	$ 2,352
Earnings per share:			
Basic	$.31	$.22	$.34
Diluted	$.30	$.22	$.34

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

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information contained under the captions "Election of Directors," "Incumbent Directors," "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement for the 2003 Annual Meeting of Stockholders filed by Camco on March 14, 2003 (the "Proxy Statement") is incorporated herein by reference.

Item 11. Executive Compensation.

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

Item 12. Security Ownership of Certain Beneficial Owners and Management.

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

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

The following table shows, as of December 31, 2002, the number of common shares issuable upon the exercise of outstanding stock options, the weighted average exercise price of those stock options, and the number of common shares remaining for future issuance under the Plans, excluding shares issuable upon exercise of outstanding stock options.

Equity Compensation Plan Information

	(a)	(b)	
Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number remaini future equity c (exclu reflecte
Equity compensation plans approved by security holders....................	323,291	$9.79	

Item 13. Certain Relationships and Related Transactions.

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

Item 14. Controls and Procedures.

(a) Camco's Chief Executive Officer and Chief Financial Officer evaluated the disclosure controls and procedures (as defined under Rules 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934, as amended) as of a date within ninety days of the filing date of this annual report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Camco's disclosure controls and procedures are effective.

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

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) Exhibits.

3(i)	Certificate of Incorporation
3(ii)	Bylaws
10(i)	Employment Agreement between Camco and Richard C. Baylor
10(ii)	Employment Agreement between Camco and Larry A. Caldwell
21	Subsidiaries of Camco
23(i)	Consent of Grant Thornton LLP regarding Camco's Consolidated Financial Statements and Form S-8
23(ii)	Consent of Crowe, Chizek and Company LLP regarding Camco Financial and Subsidiaries Salary Savings Plan Financial Statements and Form S-8
99.1	2002 Financial Statements of the Camco Financial and Subsidiaries Salary Savings Plan
99.2	Certification of Chief Executive Officer
99.3	Certification of Chief Financial Officer

(b) Reports on Form 8-K.

Camco filed a Form 8-K on January 27, 2003, disclosing its earnings release for the quarter and year ended December 31, 2002.

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SIGNATURES

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

Camco Financial Corporation

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

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

By /s/ Larry A. Caldwell
Larry A. Caldwell
Chairman and Director

Date: March 28, 2003

By /s/ Robert C. Dix, Jr.
Robert C. Dix, Jr.,
Director

Date: March 28, 2003

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

Date: March 28, 2003

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

Date: March 28, 2003

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

Date: March 28, 2003

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

Date: March 28, 2003

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

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

Director | Director
Date: March 28, 2003 | Date: March 28, 2003

By /s/ Mark A. Severson

Mark A. Severson,
Chief Financial Officer

Date: March 28, 2003

CERTIFICATION

I, Richard C. Baylor, certify that:

1. I have reviewed this annual report on Form 10-K of Camco Financial Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
c. Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the

Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/Richard C. Baylor

Richard C. Baylor
Chief Executive Officer

CERTIFICATION

I, Mark A. Severson, certify that:

1. I have reviewed this annual report on Form 10-K of Camco Financial Corporation;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a. Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b. Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c. Presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on

our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 28, 2003

/s/Mark A. Severson

Mark A. Severson
Chief Financial Officer

INDEX TO EXHIBITS

ITEM	DESCRIPTION	
Exhibit 3(i)	Third Restated Certificate of Incorporation of Camco Financial Corporation, as amended	Incorporated by r Annual Report on fiscal year ended ("1999 Form 10-K"
Exhibit 3(ii)	1987 Amended and Restated By-Laws of Camco Financial Corporation	Incorporated by r 2002 Proxy Statem SEC on April 22, Exhibit 3(ii)
Exhibit 10(i)	Employment Agreement dated January 1, 2001, by and between Camco Financial Corporation and Richard C. Baylor	Incorporated by r 2002 Proxy, Exhib
Exhibit 10(ii)	Employment Agreement dated November 9, 2001, by and between Camco Financial Corporation and Larry A. Caldwell	Incorporated by r 2002 Proxy, Exhib
Exhibit 21	Subsidiaries of Camco	
Exhibit 23(i)	Consent of Grant Thornton LLP regarding Camco's Consolidated Financial Statements and Form S-8	

Exhibit 23(ii)	Consent of Crowe, Chizek and Company LLP regarding Camco Financial & Subsidiaries Salary Savings Plan Financial Statements and Form S-8
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