

CAMCO FINANCIAL CORP  
Form 10-Q  
May 13, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended March 31, 2013

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)

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<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>51-0110823</b> (I.R.S. Employer Identification Number)
<b>814 Wheeling Avenue, Cambridge, Ohio</b> (Address of principal executive offices)	<b>43725-9757</b> (Zip Code)
<b>Registrant's telephone number, including area code: (740) 435-2020</b>	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>

Indicate by checkmark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes  No

As of May 6, 2013, the latest practicable date, 13,547,607 shares of the registrant's common stock, \$1.00 par value, were outstanding.

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(In thousands, except share data)

	March 31, 2013 (unaudited)	December 31, 2012
<b>ASSETS</b>		
Cash and due from banks	\$ 13,982	\$ 13,815
Federal Reserve	98,620	39,199
Interest-bearing deposits in other financial institutions	5,610	5,365
Cash and cash equivalents	118,212	58,379
Securities available for sale, at market	38,590	85,298
Securities held to maturity, at cost	842	903
Loans held for sale at lower of cost or market	3,824	6,544
Loans receivable net	543,648	554,575
Office premises and equipment net	8,177	8,105
Real estate acquired through foreclosure	9,146	10,581
Federal Home Loan Bank stock at cost	9,888	9,888
Accrued interest receivable	2,449	2,631
Mortgage servicing rights at lower of cost or market	3,350	3,245
Prepaid expenses and other assets	4,492	3,525
Cash surrender value of life insurance	20,744	20,585
Total assets	<b>\$ 763,362</b>	<b>\$ 764,259</b>
 <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Deposits	\$ 626,741	\$ 627,224
Other Borrowings	10,763	10,923
Advances from the Federal Home Loan Bank	53,218	53,297
Advances by borrowers for taxes and insurance	1,848	2,635
Accounts payable and accrued liabilities	10,081	10,453
Total liabilities	702,651	704,532
Commitments	0	0
Stockholders equity:		
Preferred stock \$1 par value; authorized 100,000 shares; no shares outstanding	0	0
Common stock \$1 par value; authorized 29,900,000 shares; 15,208,201 and 14,911,949 shares issued at March 31, 2013 and December 31, 2012 respectively	15,208	14,912
Additional paid-in capital	63,913	63,310
Warrants 2,676,570 at March 31, 2013 and 2,857,107 at December 31, 2012	1,321	1,411
Retained earnings	5,012	4,513
Accumulated other comprehensive income (loss)	(6)	100
Unearned compensation	(623)	(405)
Treasury stock 1,678,913 shares at March 31, 2013 and December 31, 2012, at cost	(24,114)	(24,114)

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Total stockholders' equity	60,711	59,727
Total liabilities and stockholders' equity	<b>\$ 763,362</b>	<b>\$ 764,259</b>

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For the three months ended March 31,

(In thousands, except per share data)

	2013	2012
	(unaudited)	
Interest and dividend income		
Loans	\$ 6,590	\$ 8,213
Investment securities	119	87
Other interest-earning accounts	149	113
<b>Total interest and dividend income</b>	<b>6,858</b>	<b>8,413</b>
Interest Expense		
Deposits	1,033	1,551
Borrowings	426	673
<b>Total interest expense</b>	<b>1,459</b>	<b>2,224</b>
Net interest income	5,399	6,189
Provision for losses on loans	100	1,005
Net interest income after provision for losses on loans	5,299	5,184
Other income		
Late charges, rent and other	301	328
Loan servicing fees	276	281
Service charges and other fees on deposits	462	490
Gain on sale of loans	689	564
Mortgage servicing rights - net	105	102
Gain on sale of investments	61	0
Loss on sale of fixed assets	0	(3)
Income on cash surrender value of life insurance	208	218
<b>Total other income</b>	<b>2,102</b>	<b>1,980</b>
General, administrative and other expenses		
Employee compensation and benefits	3,509	3,147
Occupancy and equipment	745	711
Federal deposit insurance premiums	441	454
Data and transaction processing	471	478
Advertising	144	87
Franchise taxes	230	183
Postage, supplies and office expenses	241	256
Travel, training and insurance	61	50
Professional services	329	538
Real estate owned and other expenses	539	647
Loan expenses	137	163
<b>Total general, administrative and other expense</b>	<b>6,847</b>	<b>6,714</b>
Earnings before federal income taxes	554	450
Federal income taxes	55	37

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NET EARNINGS	\$ 499	\$ 413
<b>EARNINGS PER SHARE</b>		
Basic	\$ 0.04	\$ 0.06
Diluted	\$ 0.03	\$ 0.06

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**Camco Financial Corporation**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

For the three months ended March 31,

(In thousands)

	<b>2013</b>	<b>2012</b>
	(unaudited)	
Net earnings	\$ 499	\$ 413
Other comprehensive income, net of tax:		
Unrealized holding losses on securities during the period, net of tax effects of \$(34) and \$(37) in 2013 and 2012, respectively	(66)	(73)
Reclassification adjustment for realized gains included in net earnings, net of taxes of \$(21) in 2013	(40)	0
<b>Comprehensive income</b>	<b>\$ 393</b>	<b>\$ 340</b>

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For the three months ended March 31,

(In thousands)

	2013	2012
	(unaudited)	
Cash flows from operating activities:		
Net earnings for the period	\$ 499	\$ 413
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Amortization of deferred loan origination fees	(38)	(70)
Amortization of premiums and discounts on investment and mortgage-backed securities net	(13)	10
Amortization of mortgage servicing rights net	125	70
Depreciation and amortization	334	327
Provision for losses on loans	100	1,005
Stock based compensation expense	218	164
Provisions for losses on REO	228	100
Gain on sale of real estate acquired through foreclosure	(82)	0
Gain on sale of investments	(61)	0
Gain on sale of loans	(689)	(564)
Loss on sale of assets	0	3
Loans originated for sale in the secondary market	(27,302)	(23,711)
Proceeds from sale of loans in the secondary market	30,711	26,782
Net increase in cash surrender value of life insurance	(159)	(174)
Increase (decrease) in cash due to changes in:		
Accrued interest receivable		