CAMCO FINANCIAL CORP
Form 10-Q
November 08, 2004

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

(Mark One)

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

For the quarterly period ended September 30, 2004

OR

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

For the transition period from ____________ to _______________

Commission File Number 0-25196

CAMCO FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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

6901 Glenn Highway, Cambridge, Ohio 43725-9757

(Address of principal executive office) (Zip code)

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

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

Yes [X] No [ ]

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

Yes [X] No [ ]

As of November 4, 2004, the latest practicable date, 7,640,505 shares of the registrant's common stock, $1.00 par value, were issued and outstanding.

INDEX

		Page
PART I -	FINANCIAL INFORMATION	
	Consolidated Statements of Financial Condition	3
	Consolidated Statements of Earnings	4
	Consolidated Statements of Comprehensive Income	5
	Consolidated Statements of Cash Flows	6
	Notes to Consolidated Financial Statements	8
	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
	Quantitative and Qualitative Disclosures about Market Risk	23
	Controls and Procedures	24
PART II -	OTHER INFORMATION	25
SIGNATURES		26

2

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)

	SEPTEMBER 2004
ASSETS	
Cash and due from banks	$ 26,0
Interest-bearing deposits in other financial institutions	19,2
Cash and cash equivalents	45,2
Investment securities available for sale - at market	25,1
Investment securities held to maturity - at cost, approximate market value of $1,190 and $1,204 as of September 30, 2004 and December 31, 2003, respectively	1,1
Mortgage-backed securities available for sale - at market	86,7
Mortgage-backed securities held to maturity - at cost, approximate market value of $4,416 and $7,839 as of September 30, 2004 and December 31,	

2003, respectively	4,4
Loans held for sale - at lower of cost or market	4,3
Loans receivable - net	891,9
Office premises and equipment - net	13,5
Real estate acquired through foreclosure	2,5
Federal Home Loan Bank stock - at cost	25,5
Accrued interest receivable	4,7
Prepaid expenses and other assets	1,7
Cash surrender value of life insurance	19,8
Goodwill - net of accumulated amortization	7,0
Prepaid federal income taxes	2
Total assets	$ 1,134,1
LIABILITIES AND STOCKHOLDERS' EQUITY	
Deposits	$ 728,9
Advances from the Federal Home Loan Bank	291,7
Advances by borrowers for taxes and insurance	2,2
Accounts payable and accrued liabilities	9,5
Dividends payable	1,1
Deferred federal income taxes	3,5
Total liabilities	1,037,0
Stockholders' equity	
Preferred stock - $1 par value; authorized 100,000 shares; no shares outstanding	
Common stock - $1 par value; authorized 14,900,000 shares; 8,737,028 and 8,428,946 shares issued at September 30, 2004 and December 31, 2003, respectively	8,7
Additional paid-in capital	58,6
Retained earnings - substantially restricted	45,9
Accumulated other comprehensive income - unrealized gains on securities designated as available for sale, net of related tax effects	
Less 1,096,523 shares of treasury stock at both September 30, 2004 and December 31, 2003, respectively - at cost	(16,3
Total stockholders' equity	97,0
Total liabilities and stockholders' equity	$ 1,134,1

3

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF EARNINGS

(In thousands, except per share data)

	NINE MONTHS ENDED SEPTEMBER 30,		THREE MONTH SEPTEMBE
	2004	2003	2004
Interest income			
Loans	$ 34,744	$ 36,497	$ 11,860
Mortgage-backed securities	2,231	2,775	833
Investment securities	594	1,016	209
Interest-bearing deposits and other	1,618	1,665	571

Total interest income	39,187	41,953	13,473
Interest expense			
Deposits	10,222	12,460	3,570
Borrowings	10,212	11,495	3,497
Total interest expense	20,434	23,955	7,067
Net interest income	18,753	17,998	6,406
Provision for losses on loans	765	930	255
Net interest income after provision for losses on loans	17,988	17,068	6,151
Other income			
Late charges, rent and other	1,863	2,942	623
Loan servicing fees	1,138	1,225	373
Service charges and other fees on deposits	1,006	878	407
Gain on sale of loans	679	3,257	189
Valuation of mortgage servicing rights - net	133	188	206
Gain on sale of investment and mortgage-backed securities	110	716	10
Gain on sale of real estate acquired through foreclosure	224	20	106
Total other income	5,153	9,226	1,914
General, administrative and other expense			
Employee compensation and benefits	10,162	11,134	3,308
Deferred compensation (FAS 91)	(1,731)	(2,956)	(545)
Occupancy and equipment	2,569	2,792	867
Data processing	987	993	320
Advertising	822	554	387
Franchise taxes	791	959	283
Other operating	3,691	3,714	1,307
Total general, administrative and other expense	17,291	17,190	5,927
Earnings before federal income taxes	5,850	9,104	2,138
Federal income taxes			
Current	2,430	3,726	1,214
Deferred	(614)	(890)	(544)
Total federal income taxes	1,816	2,836	670
NET EARNINGS	$ 4,034	$ 6,268	$ 1,468
EARNINGS PER SHARE			
Basic	$ 0.54	$ 0.83	$ 0.20
Diluted	$ 0.54	$ 0.82	$ 0.19

4

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	NINE MONTHS ENDED SEPTEMBER 30, 2004	NINE MONTHS ENDED SEPTEMBER 30, 2003	THREE MONTH SEPTEMBER 2004
Net earnings	$ 4,034	$ 6,268	$ 1,468
Other comprehensive income, net of tax:			
Unrealized holding gains (losses) during the period, net of related taxes (benefits) of $(54), $(787), $707 and $(556) for the nine and three months ended September 30, 2004 and 2003, respectively	(104)	(1,527)	1,367
Reclassification adjustment for realized gains included in net earnings, net of taxes of $36, $243, $3 and $181 for the respective periods	(71)	(473)	(7)
Comprehensive income	$ 3,859	$ 4,268	$ 2,828
Accumulated comprehensive income	$ 31	$ 98	$ 31

5

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	200
Cash flows from operating activities:	
Net earnings for the period	$ 4,
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:	
Amortization of deferred loan origination fees	
Amortization of premiums and discounts on investment and mortgage-backed securities - net	
Amortization of purchase accounting adjustments - net	
Depreciation and amortization	1,
Provision for losses on loans	
Gain on sale of real estate acquired through foreclosure	(
Federal Home Loan Bank stock dividends	(
Gain on sale of investment and mortgage-backed securities	(

Gain on sale of loans	(
Loans originated for sale in the secondary market	(76,
Proceeds from sale of loans in the secondary market	78,
Increase (decrease) in cash, net of London Financial acquisition, due to changes in:	
Accrued interest receivable	(
Prepaid expenses and other assets	(
Accrued interest and other liabilities	4,
Federal income taxes:	
Current	1,
Deferred	(
Net cash provided by operating activities	11,
Cash flows provided by (used in) investing activities:	
Proceeds from maturities of investment securities	14,
Proceeds from sale of investment securities designated as available for sale	1,
Proceeds from sale of mortgage-backed securities designated as available for sale	13,
Purchase of investment securities designated as available for sale	(13,
Purchase of mortgage-backed securities designated as available for sale	(43,
Purchase of mortgage-backed securities designated as held to maturity	
Purchase of loans	(26,
Loan disbursements	(110,
Principal repayments on loans	88,
Principal repayments on mortgage-backed securities	24,
Purchase of office premises and equipment	(
Proceeds from sales of real estate acquired through foreclosure	3,
Additions to real estate acquired through foreclosure	
Purchase of cash surrender value of life insurance	(1,
Net cash paid for London Financial acquisition	(1,
Proceeds from redemption of life insurance	
Net increase in cash surrender value of life insurance	(
Net cash used in investing activities	(53,
Net cash provided by (used in) operating and investing activities (subtotal carried forward)	(41,

6

CAMCO FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

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

	2004	200
Net cash provided by (used in) operating and investing activities (subtotal brought forward)	$(41,719)	$ 29,
Cash flows provided by (used in) financing activities:		
Net increase (decrease) in deposits	12,412	(32,
Proceeds from Federal Home Loan Bank advances	36,650	44,
Repayment of Federal Home Loan Bank advances	(11,666)	(43,
Dividends paid on common stock	(3,198)	(3,

Purchase of treasury stock	-	(7,
Proceeds from exercise of stock options	317	1,
Advances by borrowers for taxes and insurance	(1,216)	(
Net cash used in financing activities	33,299	(41,
Net decrease in cash and cash equivalents	(8,420)	(11,
Cash and cash equivalents at beginning of period	53,711	57,
Cash and cash equivalents at end of period	$ 45,291	$ 45,
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest on deposits and borrowings	$ 20,508	$ 22,
Income taxes	$ 1,712	$ 3,
Supplemental disclosure of noncash investing activities:		
Transfers from mortgage loans to real estate acquired through foreclosure	$ 5,594	$ 2,
Unrealized losses on securities designated as available for sale	$ (175)	$ (2,
Recognition of mortgage servicing rights in accordance with SFAS No. 140	$ 1,030	$ 3,
Issuance of loans upon sale of real estate acquired through foreclosure	$ 1,053	$ 1,
Dividends declared but unpaid	$ 1,108	$ 1,
Fair value of assets acquired in London Financial transaction	$ 54,441	$
Less fair value of liabilities assumed	(50,371)	
Goodwill assigned in acquisition	$ 4,070	$
Supplemental noncash financing activities:		
Common stock issued in acquisition of London Financial	$ 3,551	$

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the nine- and three-month periods ended September 30, 2004 and 2003

1. Basis of Presentation

The accompanying unaudited consolidated financial statements were prepared in accordance with instructions for Form 10-Q and, therefore, do not include information or footnotes necessary for a complete presentation of financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Accordingly, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto of Camco Financial Corporation ("Camco" or the "Corporation") included in Camco's Annual Report on Form 10-K for the year ended December 31, 2003. However, all adjustments (consisting only of normal recurring accruals) which, in the opinion of management, are necessary for a fair presentation of the consolidated financial statements, have been included. The results of operations for the nine- and three-month periods ended September 30, 2004, are not necessarily indicative of the results which may be expected for the entire year.

2. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Camco and its two wholly-owned subsidiaries: Advantage Bank ("Advantage" or the "Bank") and Camco Title Insurance Agency, Inc.

3. Critical Accounting Policies

"Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as disclosures found elsewhere in this quarterly report, are based upon Camco Financial's consolidated financial statements, which are prepared in accordance with US GAAP. The preparation of these financial statements requires Camco to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Several factors are considered in determining whether or not a policy is critical in the preparation of financial statements. These factors include, among other things, whether the estimates are significant to the financial statements, the nature of the estimates, the ability to readily validate the estimates with other information including third parties or available prices, and sensitivity of the estimates to changes in economic conditions and whether alternative accounting methods may be utilized under US GAAP.

Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of mortgage servicing rights and goodwill impairment. Actual results could differ from those estimates.

ALLOWANCE FOR LOAN LOSSES

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine- and three-month periods ended September 30, 2004 and 2003

3. Critical Accounting Policies (continued)

ALLOWANCE FOR LOAN LOSSES (continued)

The allowance is regularly reviewed by management to determine whether the amount is considered adequate to absorb probable losses. This evaluation includes specific loss estimates on certain individually reviewed loans, statistical loss estimates for loan pools that are based on historical loss experience, and general loss estimates that are based upon the size, quality, and concentration characteristics of the various loan portfolios, adverse situations that may affect a borrower's ability to repay, and current economic and industry conditions. Also considered as part of that judgement is a review of the Bank's trends in delinquencies and loan losses, as well as trends in delinquencies and losses for the region and nationally, and economic factors.

The allowance for loan losses is maintained at a level believed adequate by management to absorb probable losses inherent in the loan portfolio. Management's evaluation of the adequacy of the allowance is an estimate based on management's current judgement about the credit quality of the loan portfolio. While the Corporation strives to reflect all known risk factors in its evaluations, judgment errors may occur.

MORTGAGE SERVICING RIGHTS

To determine the fair value of its mortgage servicing rights ("MSRs") each reporting quarter, the Corporation transmits information to a third party provider, representing individual loan information in each pooling period accompanied by escrow amounts. The third party then evaluates the possible impairment of MSRs as described below.

Servicing assets are recognized as separate assets when loans are sold with servicing retained. A pooling methodology to the servicing valuation, in which loans with similar characteristics are "pooled" together, is applied for valuation purposes. Once pooled, each grouping of loans is evaluated on a discounted earnings basis to determine the present value of future earnings that a purchaser could expect to realize from the portfolio. Earnings are projected from a variety of sources including loan service fees, interest earned on float, net interest earned on escrow balances, miscellaneous income and costs to service the loans. The present value of future earnings is the estimated market value for the pool, calculated using consensus assumptions that a third party purchaser would utilize in evaluating a potential acquisition of the servicing. Events that may significantly affect the estimates used are changes in interest rates and the related impact on mortgage loan prepayment speeds and the payment performance of the underlying loans. The interest rate for float, which is supplied by management, takes into consideration the investment portfolio average yield as well as current short duration investment yields. Management believes this methodology provides a reasonable estimate. Mortgage loan prepayment speeds are calculated by the third party provider utilizing the Economic Outlook as published by the Office of Chief Economist of Freddie Mac in estimating prepayment speeds and provides a specific scenario with each evaluation. Based on the assumptions discussed, pre-tax projections are prepared for each pool of loans serviced. These earning figures approximate the cash flow that could be received from the servicing portfolio. Valuation results are presented quarterly to management. At that time, management reviews the information and mortgage servicing rights are marked to lower of amortized cost or market for the current quarter.

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine- and three-month periods ended September 30, 2004 and 2003

3. Critical Accounting Policies (continued)

GOODWILL

We have developed procedures to test goodwill for impairment on an annual basis using June 30 financial information. This testing procedure is outsourced to a third party that evaluates possible impairment based on the following:

The test involves assigning tangible assets and liabilities, identified intangible assets and goodwill to reporting units and comparing the fair value of each reporting unit to its carrying value including goodwill. The value is determined assuming a freely negotiated transaction between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. Accordingly, to derive the fair value of the reporting unit, the following common approaches to valuing business combination transactions involving financial institutions are utilized by a third party selected by Camco: (1) the comparable transactions approach - specifically based on earnings, book, assets and deposit premium multiples received in recent sales of comparable thrift franchises; and (2) the discounted cash flow approach. The application of these valuation techniques takes into account the reporting unit's operating history, the current market environment and future prospects. As of the most recent quarter, the only reporting unit carrying goodwill is the Bank.

If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and no second step is required. If not, a second test is required to measure the amount of goodwill impairment. The second test of the overall goodwill impairment compares the implied fair value of the reporting unit goodwill with the carrying amount of the goodwill. The impairment loss shall equal the excess of carrying value over fair value.

After each testing period, the third party compiles a summary of the test that is then provided to the Audit Committee for review. As of the most recent testing date, June 30, 2004, the Audit Committee was informed that the fair value of the reporting unit exceeded its carrying amount.

SUMMARY

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

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine- and three-month periods ended September 30, 2004 and 2003

4. Earnings Per Share

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

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,		FOR THE THREE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Weighted-average common shares outstanding (basic)	7,406,017	7,537,944	7,513,890	7,417,459
Dilutive effect of assumed exercise of stock options	51,472	130,045	46,026	82,721
Weighted-average common shares outstanding (diluted)	7,457,489	7,667,989	7,559,916	7,500,180

Options to purchase 80,789 and 7,088 shares of common stock with respective weighted-average exercise prices of $16.40 and $16.59 were outstanding at September 30, 2004 and 2003, respectively, but were excluded from the computation of common share equivalents for the nine and three month periods then ended, because the exercise prices were greater than the average market price of the common shares.

5. Stock Option Plans

Stockholders of the Corporation have approved four stock option plans. Under the 1972 Plan and the 1982 Plan, 370,054 common shares were reserved for issuance to officers, directors, and key 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 Federal Bank for Savings in 1996, 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 Financial Corporation, 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, that measures compensation cost at the grant date based on the fair value of the award. Compensation is then recognized over the service period, which is usually the vesting period. Alternatively, SFAS No. 123 permits entities to continue to account for stock options and similar equity instruments under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Entities that continue to account for stock options using APB Opinion No. 25 are required to make pro forma disclosures of net earnings and earnings per share, as if the fair-value based method of accounting defined in SFAS No. 123 had been applied.

11

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the nine- and three-month periods ended September 30, 2004 and 2003

5. Stock Option Plans (continued)

The Corporation utilizes APB Opinion No. 25 and related Interpretations in accounting for its stock option plans. Accordingly, no compensation cost has been recognized for the plans. Had compensation cost for the Corporation's stock option plans been determined based on the fair value at the grant dates for awards under the plans consistent with the accounting method utilized in SFAS No. 123, the Corporation's net earnings and earnings per share for the three- and nine-month periods ended September 30, 2004 and 2003, would have been reported as the pro forma amounts indicated below:

		NINE MONTHS ENDED SEPTEMBER 30, 2004	NINE MONTHS ENDED SEPTEMBER 30, 2003	T
Net earnings (In thousands)	As reported	$ 4,034	$ 6,268	$
	Stock-based compensation, net of tax	(21)	(15)	
	Pro-forma	$ 4,013	$ 6,253	$
Earnings per share				
Basic	As reported	$ .54	$ .83	$
	Stock-based compensation, net of tax	-	-	
	Pro-forma	$ .54	$ .83	$
Diluted	As reported	$ .54	$ .82	$
	Stock-based compensation, net of tax	-	-	
	Pro-forma	$ .54	$ .82	$

The fair value of each option grant is estimated on the date of grant using the modified Black-Scholes options-pricing model with the following assumptions used for grants during 2004, 2003 and 2002: dividend yield of 3.40%, 3.50%, and 3.84%, respectively; expected volatility of 21.44%, 16.88% and 16.34% respectively; a risk-free interest rate of 4.11%, 3.95% and 2.00% respectively; and an expected life of ten years for all grants.

12

CAMCO FINANCIAL CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the n- and three-month periods ended September 30, 2004 and 2003

5. Stock Option Plans (continued)

A summary of the status of the Corporation's stock option plans as of September 30, 2004 and December 31, 2003 and 2002, and changes during the periods ending on those dates is presented below:

	SIX MONTHS ENDED SEPTEMBER 30, 2004		YEAR ENDED DECEMBER 31, 2003		2002	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	SHARES	WEIGHT AVERA EXERCI PRIC
Outstanding at beginning of year	257,072	12.11	323,291	$ 9.79	503,005	$10.
Granted	17,705	17.17	56,948	16.13	3,700	14.
Exercised	(29,765)	9.08	(117,800)	7.60	(174,106)	10.
Forfeited	(3,017)	15.10	(5,367)	13.92	(9,308)	11.
Outstanding at end of year	241,995	$12.50	257,072	$12.11	323,291	$ 9.
Options exercisable at year-end	195,672	$11.56	211,780	$11.25	323,291	$ 9.
Weighted-average fair value of options granted during the year		$ 3.59		$ 2.60		$ 1.

The following information applies to options outstanding at September 30, 2004:

Number outstanding	55,823
Range of exercise prices	$ 7.40 - 8.94
Number outstanding	53,088
Range of exercise prices	$ 9.75 - 11.36
Number outstanding	52,295
Range of exercise prices	$12.50 - 14.65

Number outstanding	80,789
Range of exercise prices	$16.13 - 17.17
Weighted-average exercise price	$ 12.50
Weighted-average remaining contractual life	6.7 years

6. Forward Looking Statements

Certain statements contained in this report that are not historical facts are forward looking statements that are subject to certain risks and uncertainties. When used herein, the terms "anticipates," "plans," "expects," "believes," and similar expressions as they relate to Camco or its management are intended to identify such forward looking statements. Camco's actual results, performance or achievements may materially differ from those expressed or implied in the forward-looking statements. Risks and uncertainties that could cause or contribute to such material differences include, but are not limited to, general economic conditions, interest rate environment, competitive conditions in the financial services

industry, changes in law, governmental policies and regulations, and rapidly changing technology affecting financial services.

CAMCO FINANCIAL CORPORATION

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

For the nine- and three-month periods ended September 30, 2004 and 2003

Discussion of Financial Condition Changes from December 31, 2003 to September 30, 2004

At September 30, 2004, Camco's consolidated assets totaled $1.13 billion, an increase of $95.0 million, or 9.1%, from the December 31, 2003 total. The increase in total assets was primarily due to the acquisition of London Financial Corporation which Camco acquired in August 2004 in a transaction accounted for using the purchase method of accounting. The acquisition resulted in net asset growth of approximately $58.5 million. The additional increase in total assets was achieved primarily through internal growth in loans receivable of $43.3 million which was funded principally by an increase of $25.0 million in advances from the Federal Home Loan Bank ("FHLB") and deposit growth of $12.4 million.

Cash and interest-bearing deposits in other financial institutions totaled $45.3 million at September 30, 2004, a decrease of $8.4 million, or 15.7%, from December 31, 2003 levels. Investment securities totaled $26.2 million at September 30, 2004, a decrease of $1.9 million, or 6.7%, from the total at December 31, 2003. Investment securities purchases, which were comprised primarily of $14.0 million of intermediate-term callable U.S. Government agency obligations with an average yield of 3.34%, were offset by $14.0 million of maturities and sales of $1.6 million.

Mortgage-backed securities totaled $91.1 million at September 30, 2004, an increase of $5.5 million, or 6.4%, from December 31, 2003. Mortgage-backed securities purchases totaled $43.3 million, while principal repayments totaled $24.4 million and sales totaled $13.0 million during the nine-month period ended September 30, 2004. Purchases of mortgage-backed securities during the period were comprised primarily of short duration mortgage-backed securities and collateralized mortgage obligations yielding 3.95%, which were classified as available for sale.

Loans receivable, including loans held for sale, totaled $896.3 million at September 30, 2004, an increase of $91.3 million, or 11.3%, from December 31, 2003. The increase resulted primarily from loans of $49.1 million acquired through the London Financial acquisition and loan disbursements and purchases totaling $213.3 million, which were partially offset by principal repayments of $88.5 million and loan sales of $78.0 million. The volume of loans originated and purchased during the first nine months of 2004 was less than that of the comparable 2003 period by $297.9 million, or 58.3%, while the volume of loan sales decreased by $175.8 million year to year. As interest rates in the economy have begun to rise, consumer preference is moving towards adjustable-rate mortgage loans to fund home purchases. Camco has typically held adjustable-rate mortgage loans in its portfolio as part of its strategy to maintain its asset-sensitive interest-rate risk position. Loan originations during the nine-month period ended September 30, 2004, were comprised primarily of $145.7 million of loans secured by one- to four-family residential real estate, $43.7 million in consumer and other loans and $73.0 million in loans secured by commercial real estate. Management will continue to expand its consumer and commercial real estate lending in future periods as a means of increasing the yield on its loan portfolio.

The allowance for loan losses totaled $6.4 million and $5.6 million at September 30, 2004 and December 31, 2003, respectively, representing 63.2% and 41.5% of nonperforming loans, respectively, at those dates. Nonperforming loans (90 days or more delinquent plus nonaccrual loans) totaled $10.1 million and $13.6 million at September 30, 2004 and December 31, 2003, respectively, constituting 1.13% and 1.69% of total net loans, including loans held for sale, at those dates. At September 30, 2004, nonperforming loans were comprised of $7.2 million in one- to four-family residential real estate loans, $1.6 million in commercial real estate loans and $1.3 million of consumer loans. Management believes all nonperforming loans are adequately collateralized and no loss is expected over and above allocated reserves on such loans. Loans delinquent greater than 30 days but less than 90 days totaled $7.6 million at September 30, 2004, compared to $8.7 million at December 31, 2003, a decrease of $1.1 million, or 12.6%. Although management believes that its allowance for loan losses is adequate

15

based upon the available facts and circumstances at September 30, 2004, there can be no assurance that increased provisions will not be necessary in future periods, which could adversely affect Camco's results of operations.

16

CAMCO FINANCIAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

For the nine- and three-month periods ended September 30, 2004 and 2003

Discussion of Financial Condition Changes from December 31, 2003 to September 30, 2004 (continued)

Deposits totaled $728.9 million at September 30, 2004, an increase of $57.6 million, or 8.6%, from the total at December 31, 2003. The increase resulted primarily from deposits of $45.2 million in the London Financial acquisition coupled with deposit portfolio growth of $12.4 million, or 1.9%, which resulted primarily from management's continuing efforts to achieve a moderate rate of growth through advertising and pricing strategies. Advances from the FHLB increased by $29.0 million, or 11.0% to a total of $291.7 million at September 30, 2004. The increase was due primarily to net borrowings totaling $25.0 million, coupled with advances of $4.0 million assumed in the London Financial transaction. The proceeds from deposit growth and FHLB advances were primarily used to fund loan originations during the nine month period.

Stockholders' equity totaled $97.0 million at September 30, 2004, an increase of $4.5 million, or 4.8%, from December 31, 2003. The increase resulted primarily from net earnings of $4.0 million, the issuance of $3.5 million in common stock to shareholders of London Financial and $317,000 in proceeds from the exercise of stock options, which were partially offset by dividends of $3.2 million and a $175,000 decrease in the unrealized gains on available for sale securities.

Advantage is required to maintain minimum regulatory capital pursuant to federal regulations. At September 30, 2004, the Bank's regulatory capital exceeded all regulatory capital requirements.

The following tables present certain information regarding compliance by Advantage with applicable regulatory capital requirements at September 30, 2004:

	At September 30, 2004				
	Actual		For capital adequacy purposes		To be " capitaliz prompt co action pr
	Amount	Ratio	Amount	Ratio	Amount
			(Dollars in thousands)		
Total capital (to risk-weighted assets)	$87,999	11.84%	> or =$59,441	> or =8.0%	> or =$74,301
Tier I capital (to risk-weighted assets)	$81,601	10.98%	> or =$29,721	> or =4.0%	> or =$44,581
Tier I leverage	$81,601	7.46%	> or =$43,782	> or =4.0%	> or =$54,728

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.

17

CAMCO FINANCIAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

For the nine- and three-month periods ended September 30, 2004 and 2003

Comparison of Results of Operations for the Nine Months Ended September 30, 2004 and 2003

General

The inclusion of the accounts of London Financial did not significantly contribute to the level of income and expenses during the nine months ended September 30, 2004, compared to the nine months ended September 30, 2003.

Camco's net earnings for the nine months ended September 30, 2004 totaled $4.0 million, a decrease of $2.2 million, or 35.6%, from the $6.3 million of net earnings reported in the comparable 2003 period. The decrease in earnings was primarily due to the decrease of $2.6 million in gain on sale of loans and a $1.1 million reduction in late charges, rent and other.

Net Interest Income

Total interest income amounted to $39.2 million for the nine months ended September 30, 2004, a decrease of $2.8 million, or 6.6%, compared to the nine-month period ended September 30, 2003, generally reflecting the effects of a decrease in yield on total interest-earning assets of 37 basis points, from 5.50% in the 2003 period to 5.13% in the 2004 period, offset partially by a $1.9 million, or .2%, increase in the average balance of interest-earning assets outstanding year to year.

Interest income on loans totaled $34.7 million for the nine months ended September 30, 2004, a decrease of $1.8 million, or 4.8%, from the comparable 2003 period. The decrease resulted primarily from a 76 basis point decrease in the average yield, to 5.53% in the 2004 period, offset partially by a $64.2 million, or 8.3%, increase in the average balance outstanding. Interest income on mortgage-backed securities totaled $2.2 million for the nine months ended September 30, 2004, a $544,000, or 19.6%, decrease year to year. The decrease was due primarily to a $30.3 million, or 25.0%, decrease in the average balance outstanding, partially offset by a 22 basis point increase in the average yield, to 3.28% in the 2004 period. Interest income on investment securities decreased by $422,000, or 41.5%, due primarily to a $12.4 million decrease in the average balance outstanding, coupled with a decline in the average yield, to 2.84% in the 2004 period. Interest income on other interest-earning assets decreased by $47,000, or 2.8%, due primarily to a decrease of $19.5 million, or 23.8%, in the average balance outstanding period to period partially offset by an increase in the average yield to 3.45% in the 2004 period.

Interest expense on deposits totaled $10.2 million for the nine months ended September 30, 2004, a decrease of $2.2 million, or 18.0%, compared to the 2003 period, due primarily to a 47 basis point decrease in the average cost of deposits, to 2.06% in the 2004 period, offset partially be a $5.0 million, or .8%, increase in the average balance of deposits outstanding year to year. Interest expense on borrowings totaled $10.2 million for the nine months ended September 30, 2004, a decrease of $1.3 million, or 11.2%, from the 2003 nine-month period. The decrease resulted primarily from a 67 basis point decrease in the average cost of borrowings to 4.89% in the 2004 period, which was partially offset by a $2.7 million, or 1.0%, increase in the average balance outstanding year to year.

As a result of the foregoing changes in interest income and interest expense, net interest income increased by $755,000, or 4.2%, to a total of $18.8 million for the nine months ended September 30, 2004. The interest rate spread increased to approximately 2.23% at September 30, 2004, from 2.07% at September 30, 2003, while the net interest margin increased to approximately 2.45% for the nine months ended September 30, 2004, compared to 2.36% for the 2003 nine month period.

The acquisition of London Financial accounted for approximately $163,000 or .9%, of the net interest income for the nine months ended September 30, 2004.

CAMCO FINANCIAL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

For the nine- and three-month periods ended September 30, 2004 and 2003

Comparison of Results of Operations for the Nine Months Ended September 30, 2004 and 2003 (continued)

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 $765,000 for the nine months ended September 30, 2004, an decrease of $165,000, or 17.7%, to the comparable period in 2003. Management believes all classified loans are adequately collateralized, however, there can be no assurance that the loan loss allowance will be adequate to absorb losses on known classified assets or that the allowance will be adequate to cover losses on classified assets in the future.

Other Income

Other income totaled $5.2 million for the nine months ended September 30, 2004, a decrease of $4.1 million, or 44.1%, comparable to the 2003 period. The decrease in other income was primarily attributable to a $2.6 million decrease in the gain on sale of loans, a $1.1 million, or 36.7%, decrease in late charges, rent and other and a $606,000 decrease in gain on sale of investment and mortgage-backed securities, which were partially offset by a $128,000, or 14.6%, increase in income from service charges and other fees on deposits. The decrease in the gain on sale of loans was due to a $175.8 million, or 69.5%, decrease in sales volume. The decline in late charges, rent and other was due primarily to a reduction in title premiums due to the decrease in originations. The increase in income from service charges and other fees on deposits was primarily due to the new expanded overdraft product.

The acquisition of London Financial accounted for approximately $14,000 increase in other income for the nine month period ended September 30, 2004.

General, Administrative and Other Expense

General, administrative and other expense totaled $17.3 million for the nine months ended September 30, 2004, an increase of $101,000, or .6%, over the comparable period in 2003. The increase in general, administrative and other expense was due primarily to a decrease of $1.2 million or 41.4% in direct loan origination costs (FAS 91), offset partially by a decrease of $972,000 in employee compensation and benefits and a $223,000 decrease in occupancy and equipment. The decline in loan origination costs pursuant to FAS 91 relates solely to the reduction in residential loan production period to period. The decrease in employee compensation and benefits was primarily due to a reduction in commissions incentive accruals and continued efforts to contain personnel costs through operating efficiencies. The decrease in occupancy and equipment was primarily due to the closing of the Russell, Kentucky branch and a decrease in depreciation expense.

The acquisition of London Financial accounted for approximately $89,000, or 88.1%, of the total increase in general, administrative and other expenses.

Comparison of Results of Operations for the Nine Months Ended September 30, 2004 and 2003 (continued)

Federal Income Taxes

The provision for federal income taxes totaled $1.8 million for the nine months ended September 30, 2004, a decrease of $1.0 million, or 36.0%, compared to the nine months ended September 30, 2003. This decrease was primarily attributable to a $3.3 million, or 35.7%, decrease in pre-tax earnings. The Corporation's effective tax rates amounted to 31.0% and 31.2% for the nine-month periods ended September 30, 2004 and 2003, respectively. The Corporation's effective tax rate differs from the 34% statutory corporate tax rate due to the tax-exempt nature of earnings on bank-owned life insurance.

Comparison of Results of Operations for the Three Months Ended September 30, 2004 and 2003

General

Camco's net earnings for the three months ended September 30, 2004 totaled $1.5 million, a decrease of $118,000, or 7.4%, from the $1.6 million of net earnings reported in the comparable 2003 period. The decrease in earnings was primarily attributable to a decrease of $509,000 in other income and an increase of general, administrative and other expense of $376,000 which were partially offset by an increase in net interest income of $719,000 and a decrease in federal income tax expense of $48,000.

Net Interest Income

Total interest income amounted to $13.5 million for the three months ended September 30, 2004, an increase of $131,000, or 1.0%, compared to the three-month period ended September 30, 2003, generally reflecting the effects of an increase in average balance of interest-earning assets outstanding quarter to quarter of $46.6 million or 4.6% offset partially by a decrease in yield on total interest-earning assets of 19 basis points, from 5.31% in the 2003 period to 5.12% in the 2004 period.

Interest income on loans totaled $11.9 million for the three months ended September 30, 2004, an increase of $65,000, or .6%, from the comparable 2003 period. The increase resulted primarily from a $85.2 million, or 10.9%, increase in the average balance outstanding offset partially by a 56 basis point decrease in the average yield to 5.46% in the 2004 period. Interest income on mortgage-backed securities totaled $833,000 for the three months ended September 30, 2004, a $97,000, or 13.2%, increase from the 2003 quarter. The increase was due primarily to a 118 basis point increase in the average yield, to 3.58% for the 2004 period, offset partially by a $29.6 million, or 24.1%, decrease in the average balance outstanding in the 2004 period. Interest income on investment securities decreased by $96,000, or 31.5%, due primarily to an $10.6 million decrease in the average balance outstanding, coupled with a 15 basis point decrease in the average yield to 3.06% in the 2004 period. Interest income on other interest-earning assets increased by $65,000, or 12.8%, due primarily to an increase in the average yield to 3.66% in the 2004 quarter as compared to 3.33% for the three months ended September 30, 2003, coupled with an increase in the average balance outstanding of $1.6 million, or 2.7%.

Comparison of Results of Operations for the Three Months Ended September 30, 2004 and 2003 (continued)

Net Interest Income (continued)

Interest expense on deposits totaled $3.6 million for the three months ended September 30, 2004, a decrease of $257,000, or 6.7%, compared to the same quarter in 2003, due primarily to a 28 basis point decrease in the average cost of deposits to 2.09% in the current quarter, and a $37.2 million, or 5.8%, increase in average deposits outstanding. Interest expense on borrowings totaled $3.5 million for the three months ended September 30, 2004, a decrease of $331,000, or 8.7%, from the same 2003 three-month period. The decrease resulted primarily from a 74 basis point decrease in the average cost of borrowings to 4.79%, partially offset by a $14.8 million, or 5.3%, increase in the average balance outstanding year to year. The decline in interest expense on FHLB advances was due primarily to a December 2003 debt restructuring of $25.4 million of FHLB borrowings which carried an average fixed rate of 5.41%. The borrowings were replaced with variable rate advances having a weighted average rate of approximately 1.88% as of September 30, 2004.

As a result of the foregoing changes in interest income and interest expense, net interest income increased by $719,000, or 12.6%, to a total of $6.4 million for the three months ended September 30, 2004. The interest rate spread increased to approximately 2.22% at September 30, 2004, from 1.99% at September 30, 2003, while the net interest margin increased to approximately 2.44% for the three months ended September 30, 2004, compared to 2.26% for the 2003 period.

Provision for Losses on Loans

A provision for losses on loans is charged to earnings to bring the total allowance for loan losses to a level considered appropriate by management based on historical experience, the volume and type of lending conducted by the Bank, the status of past due principal and interest payments, general economic conditions, particularly as such conditions relate to the Bank's market areas, and other factors related to the collectibility of the Bank's loan portfolio. Based upon an analysis of these factors, management recorded a provision for losses on loans totaling $255,000 for the three months ended September 30, 2004, which is equal to the provision in the 2003 quarter. Management believes all classified loans are adequately collateralized, however, there can be no assurance that the loan loss allowance will be adequate to absorb losses on known classified assets or that the allowance will be adequate to cover losses on classified assets in the future.

Other Income

Other income totaled $1.9 million for the three months ended September 30, 2004, a decrease of $509,000, or 21.0%, from the comparable 2003 period. The decrease in other income was primarily attributable to a $358,000 decrease in gain on sale of loans, a $321,000 decrease in late charges, rent and other. The decrease in gain on sale of loans was due primarily to the $28.6 million, or 59.3%, decrease in sales volume. The reduction in late charges, rent and other was due primarily to reduced title premiums and other fees on loans due to the decline in loans originated in 2004. The Corporation's gain on sale of loans are subject to the cyclical changes in the overall level of interest rates in the economy. Management believes that the rise in home mortgage interest rates from the historical lows over the last nine months has had a dampening effect on the Corporation's net earnings. Management believes that higher home

Comparison of Results of Operations for the Three Months Ended September 30, 2004 and 2003 (continued)

Other Income (continued)

mortgage rates will continue to reduce the Corporation's originations of primarily fixed rate mortgage loans and also probably will diminish the gains derived from the sale of those loans in the secondary market. The origination of adjustable rate home loans generally increases during a period of rising interest rates and, after a period of time, borrowers have historically come back into the home purchase and construction market using fixed rate loans to finance their homes. As evidenced in the most recent quarter, over time, this shift in assets transfer earnings from gains on sales to net interest income for the Bank.

General, Administrative and Other Expense

General, administrative and other expense totaled $5.9 million for the three months ended September 30, 2004, an increase of $376,000, or 6.8%, from the comparable quarter in 2003. The increase was primarily due to a $641,000, or 54.0% decrease in direct loan origination costs (FAS 91), an increase of $197,000 or 103.7% in advertising, offset partially by a decrease of $339,000 or 9.3%, in employee compensation and benefits, a decrease of $79,000, or 21.8%, in franchise taxes and a decrease of $69,000, or 7.4%, in occupancy and equipment. The decline in direct loan origination costs pursuant to FAS 91 relates directly to the decline in residential loan production. The increase in advertising was primarily due to hiring an advertising agency to better manage the Corporation's marketing effort to uniformly promote our brand and key product offerings. The decrease in employee compensation and benefits was primarily due to a reduction in commissions incentive accruals and continued efforts to contain personnel costs through operating efficiencies. The decrease in franchise tax was due to a lower taxable capital base in 2004 compared to the 2003 quarter. The decrease in occupancy and equipment was primarily due to the closing of the Russell, Kentucky branch and a reduction in depreciation expense.

Federal Income Taxes

The provision for federal income taxes totaled $670,000 for the three months ended September 30, 2004, a decrease of $48,000, or 6.7%, compared to the three months ended September 30, 2003. This decrease was primarily attributable to a $166,000, or 7.2%, decrease in pre-tax earnings. The Corporation's effective tax rates amounted to 31.3% and 31.2% for the three-month periods ended September 30, 2004 and 2003, respectively. The Corporation's effective tax rate differs from the statutory corporate rate due to the tax-exempt nature of earnings on bank owned life insurance.

Subsequent Event

During the month of October 2004, the Bank sold two properties that generated a pre-tax gain of $535,000. Both properties were associated with our continued effort to consolidate in our markets where appropriate. One office was in our Cincinnati/Northern Kentucky marketplace, and involved the moving of deposits to another office within close proximity. In this case, the sale involved the building and not loans or deposits. The other office was in our Dover/New Philadelphia marketplace, and involved moving our loan production office staff into available space within an existing branch office. We believe these consolidation efforts will increase efficiencies and customer services, while at the same time reduce unnecessary expenses associated with these additional offices.

Liquidity and Capital Resources

Camco, like other financial institutions, is required under applicable federal regulations to maintain sufficient funds to meet deposit withdrawals, loan commitments and expenses. Liquid assets consist of cash and interest-bearing deposits in other financial institutions, investments and mortgage-backed securities. Management monitors and assesses liquidity needs daily in order to meet deposit withdrawals, loan commitments and expenses.

The primary sources of funds include deposits, borrowings and principal and interest repayments on loans. Other funding sources include Federal Home Loan Bank advances.

The following table sets forth information regarding the Bank's obligations and commitments to make future payments under contract as of September 30, 2004.

	PAYMENTS DUE BY PERIOD				
	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	MORE THAN 5 YEARS	TOTA
	(In thousands)				
Contractual obligations:					
Operating lease obligations	$ 178	$ 192	$ 118	$ 200	$
Advances from the Federal Home Loan (1)	8,612	11,824	35,782	193,501	249,

Certificates of deposit	206,031	151,456	44,887	1,772	404,
Amount of commitments expiring per period					
Commitments to originate loans:					
Overdraft lines of credit	778	-	-	-	
Home equity lines of credit	67,160	-	-	-	67,
Commercial lines of credit	5,066	-	-	-	5,
One- to four-family and multi-family loans	2,342	-	-	-	2,
Non-residential real estate and land loans	192	-	-	-	
Total contractual obligations	$290,359	$163,472	$80,787	$195,473	$730,

(1) Fully secured asset borrowings totaling $42.0 million are not included.

ITEM 3: Quantitative and Qualitative Disclosures about Market Risk

There has been no material change in the Corporation's market risk since the Corporation's Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2003.

ITEM 4: Controls and Procedures

(a) Camco's Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the disclosure controls and procedures (as defined under Rules 13a-14(c) and 15d-14(c) of the Securities Exchange Act of 1934, as amended) as of September 30, 2004. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Camco's disclosure controls and procedures are effective.

(b) There were no changes in Camco's internal control over financial reporting during the quarter ended September 30, 2004, which materially affected or are reasonably likely to materially affect the internal controls over financial reporting.

Camco Financial Corporation

PART II

ITEM 1. Legal Proceedings

Not applicable

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

ITEM 3. Defaults Upon Senior Securities

Not applicable

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

Not applicable

ITEM 5. Other Information

Not applicable

ITEM 6. Exhibits

Exhibits:

Exhibit 10	Purchase and Assumption Agreement between Advantage Bank and Peoples Bank, National Association
Exhibit 31(i)	Section 302 certification by Chief Executive Officer
Exhibit 31(ii)	Section 302 Certification by Chief Financial Officer
Exhibit 32(i)	Section 1350 certification by Chief Executive Officer
Exhibit 32(ii)	Section 1350 certification by Chief Financial Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 5, 2004 By: /s/ Richard C. Baylor

Richard C. Baylor
Chief Executive Officer

Date: November 5, 2004 By: /s/ Mark A. Severson

Mark A. Severson
Chief Financial Officer