

RIVERVIEW BANCORP INC
Form 10-Q
August 14, 2013
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 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: 0-22957

RIVERVIEW BANCORP, INC.

(Exact name of registrant as specified in its charter)

Washington (State or other jurisdiction of incorporation or organization)	91-1838969 (I.R.S. Employer I.D. Number)
900 Washington St., Ste. 900, Vancouver, Washington (Address of principal executive offices)	98660 (Zip Code)
Registrant's telephone number, including area code:	(360) 693-6650

Indicate by check mark whether the registrant (1) 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: Common Stock, \$.01 par value per share, 22,471,890 shares outstanding as of August 14, 2013.

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RIVERVIEW BANCORP, INC. AND SUBSIDIARY
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Forward Looking Statements

As used in this Form 10-Q, the terms “we,” “our” “us”, “Riverview” and “Company” refer to Riverview Bancorp, Inc. and its consolidated subsidiaries, including its wholly-owned subsidiary, Riverview Community Bank, unless the context indicates otherwise.

“Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: When used in this Form 10-Q the words “believes,” “expects,” “anticipates,” “estimates,” “forecasts,” “intends,” “plans,” “targets,” “potentially,” “probably,” “outlook,” or similar expressions or future or conditional verbs such as “may,” “will,” “should,” “would,” and “could,” or similar expression are intended to identify “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, assumptions and statements about future performance. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated, including, but not limited to: the credit risks of lending activities, including changes in the level and trend of loan delinquencies and write-offs and changes in the Company’s allowance for loan losses and provision for loan losses that may be impacted by deterioration in the housing and commercial real estate markets; changes in general economic conditions, either nationally or in the Company’s market areas; changes in the levels of general interest rates, and the relative differences between short and long term interest rates, deposit interest rates, the Company’s net interest margin and funding sources; fluctuations in the demand for loans, the number of unsold homes, land and other properties and fluctuations in real estate values in the Company’s market areas; secondary market conditions for loans and the Company’s ability to sell loans in the secondary market; results of examinations of our bank subsidiary, Riverview Community Bank by the Office of the Comptroller of the Currency and of the Company by the Board of Governors of the Federal Reserve System, or other regulatory authorities, including the possibility that any such regulatory authority may, among other things, require the Company to increase its reserve for loan losses, write-down assets, reclassify its assets, change Riverview Community Bank’s regulatory capital position or affect the Company’s ability to borrow funds or maintain or increase deposits, which could adversely affect its liquidity and earnings; the Company’s compliance with regulatory enforcement actions entered into with its banking regulators and the possibility that noncompliance could result in the imposition of additional enforcement actions and additional requirements or restrictions on its operations; legislative or regulatory changes that adversely affect the Company’s business including changes in regulatory policies and principles, or the interpretation of regulatory capital or other rules, including as a result of Basel III; the Company’s ability to attract and retain deposits; further increases in premiums for deposit insurance; the Company’s ability to control operating costs and expenses; the use of estimates in determining fair value of certain of the Company’s assets, which estimates may prove to be incorrect and result in significant declines in valuation; difficulties in reducing risks associated with the loans on the Company’s balance sheet; staffing fluctuations in response to product demand or the implementation of corporate strategies that affect the Company’s workforce and potential associated charges; computer systems on which the Company depends could fail or experience a security breach; the Company’s ability to retain key members of its senior management team; costs and effects of litigation, including settlements and judgments; the Company’s ability to implement its business strategies; the Company’s ability to successfully integrate any assets, liabilities, customers, systems, and management personnel it may acquire into its operations and the Company’s ability to realize related revenue synergies and cost savings within expected time frames and any goodwill charges related thereto; increased competitive pressures among financial services companies; changes in consumer spending, borrowing and savings habits; the availability of resources to address changes in laws, rules, or regulations or to respond to regulatory actions; the Company’s ability to pay dividends on its common stock and interest or principal payments on its junior subordinated debentures; adverse changes in the securities markets; inability of key third-party providers to perform their obligations to us; changes in accounting policies and practices, as may be adopted by the financial institution regulatory agencies or the Financial Accounting Standards Board, including additional guidance and interpretation on accounting issues and details of the implementation of new accounting methods; other economic, competitive, governmental, regulatory, and technological factors affecting the Company’s operations, pricing, products and services

and the other risks described from time to time in our filings with the Securities and Exchange Commission.

The Company cautions readers not to place undue reliance on any forward-looking statements. Moreover, you should treat these statements as speaking only as of the date they are made and based only on information then actually known to the Company. The Company does not undertake to revise any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements. These risks could cause our actual results for fiscal 2014 and beyond to differ materially from those expressed in any forward-looking statements by, or on behalf of, us, and could negatively affect the Company's financial condition and results of operations as well as its stock price performance.

Part I. Financial Information

Item 1. Financial Statements (Unaudited)

RIVERVIEW BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2013 AND MARCH 31, 2013

(In thousands, except share and per share data) (Unaudited)

	June 30, 2013	March 31, 2013
ASSETS		
Cash (including interest-earning accounts of \$96,110 and \$100,093)	\$ 111,878	\$ 115,415
Certificates of deposit held for investment	42,652	44,635
Loans held for sale	1,258	831
Investment securities available for sale, at fair value (amortized cost of \$15,737 and \$7,766)	14,590	6,216
Mortgage-backed securities held to maturity, at amortized cost (fair value of \$125 and \$129)	122	125
Mortgage-backed securities available for sale, at fair value (amortized cost of \$6,386 and \$416)	6,068	431
Loans receivable (net of allowance for loan losses of \$13,697 and \$15,643)	511,692	520,369
Real estate and other personal property owned	13,165	15,638
Prepaid expenses and other assets	2,800	3,063
Accrued interest receivable	1,751	1,747
Federal Home Loan Bank stock, at cost	7,089	7,154
Premises and equipment, net	17,708	17,693
Deferred income taxes, net	498	522
Mortgage servicing rights, net	406	388
Goodwill	25,572	25,572
Core deposit intangible, net	49	66
Bank owned life insurance	17,280	17,138
TOTAL ASSETS	\$ 774,578	\$ 777,003

LIABILITIES AND EQUITY**LIABILITIES:**

Deposit accounts	\$ 659,495	\$ 663,806
Accrued expenses and other liabilities	8,966	8,006
Advanced payments by borrowers for taxes and insurance	237	1,025
Junior subordinated debentures	22,681	22,681
Capital lease obligations	2,420	2,440
Total liabilities	693,799	697,958

COMMITMENTS AND CONTINGENCIES (See Note 14)**EQUITY:**

Shareholders' equity		
Serial preferred stock, \$.01 par value; 250,000 authorized, issued and outstanding; none	-	-
Common stock, \$.01 par value; 50,000,000 authorized June 30, 2013 – 22,471,890 issued and outstanding	225	225

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March 31, 2013 – 22,471,890 issued and outstanding

Additional paid-in capital	65,541	65,551
Retained earnings	15,809	14,169
Unearned shares issued to employee stock ownership trust	(464)	(490)
Accumulated other comprehensive loss	(967)	(1,013)
Total shareholders' equity	80,144	78,442
Noncontrolling interest	635	603
Total equity	80,779	79,045
TOTAL LIABILITIES AND EQUITY	\$ 774,578	\$ 777,003

See notes to consolidated financial statements.

RIVERVIEW BANCORP, INC. AND SUBSIDIARY CONSOLIDATED STATEMENTS OF OPERATIONS (In thousands, except share and per share data) (Unaudited)	Three Months Ended June 30,	
	2013	2012
INTEREST INCOME:		
Interest and fees on loans receivable	\$6,605	\$9,045
Interest on investment securities – taxable	39	53
Interest on investment securities – non-taxable	-	8
Interest on mortgage-backed securities	16	8
Other interest and dividends	171	129
Total interest and dividend income	6,831	9,243
INTEREST EXPENSE:		
Interest on deposits	527	823
Interest on borrowings	150	349
Total interest expense	677	1,172
Net interest income	6,154	8,071
Less provision (recapture) for loan losses	(2,500)	4,000
Net interest income after provision (recapture) for loan losses	8,654	4,071
NON-INTEREST INCOME:		
Fees and service charges	1,030	1,057
Asset management fees	736	604
Net gain on sale of loans held for sale	317	727
Bank owned life insurance	142	149
Other	21	(97)
Total non-interest income	2,246	2,440
NON-INTEREST EXPENSE:		
Salaries and employee benefits	3,870	3,793
Occupancy and depreciation	1,244	1,234
Data processing	688	314
Amortization of core deposit intangible	17	19
Advertising and marketing expense	204	219
FDIC insurance premium	411	287
State and local taxes	126	148
Telecommunications	68	121
Professional fees	338	421
Real estate owned expenses	1,612	939
Other	665	781
Total non-interest expense	9,243	8,276
INCOME (LOSS) BEFORE INCOME TAXES	1,657	(1,765)
PROVISION FOR INCOME TAXES	17	15
NET INCOME (LOSS)	\$1,640	\$(1,780)
Earnings (loss) per common share:		
Basic	\$0.07	\$(0.08)
Diluted	0.07	(0.08)

Weighted average number of shares outstanding:

Basic	22,357,962	22,333,329
Diluted	22,358,633	22,333,329

See notes to consolidated financial statements.

RIVERVIEW BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS ENDED JUNE 30, 2013 AND 2012

(In thousands) (Unaudited)	2013	2012
Net income (loss)	\$ 1,640	\$ (1,780)
Other comprehensive income (loss): (1)		
Unrealized holding gain (loss) on securities, net	70	(25)
Income tax benefit (expense) related to securities unrealized holding gain (loss)	(24)	9
Noncontrolling interest	32	18
Total comprehensive income (loss)	\$ 1,718	\$ (1,778)

(1) There were no reclassifications out of other comprehensive income (loss) for the three months ended June 30, 2013 and 2012.

See notes to consolidated financial statements.

RIVERVIEW BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2013 AND 2012

(In thousands, except share data) (Unaudited)	Common Stock		Additional		Unearned Shares Issued to Employee Stock	Accumulated Other	Noncontrolling	
	Shares	Amount	Paid-In Capital	Retained Earnings	Ownership Trust	Comprehensive Loss	Interest	Total
Balance April 1, 2012	22,471,890	\$ 225	\$ 65,610	\$ 11,536	\$ (593)	\$ (1,171)	544	\$ 76,151
Net loss	-	-	-	(1,780)	-	-	-	(1,780)
Stock option expense	-	-	1	-	-	-	-	1
Earned ESOP shares	-	-	(18)	-	26	-	-	8
Unrealized holding loss on securities available for sale	-	-	-	-	-	-	-	-