

RIVERVIEW BANCORP INC
Form 10-Q
February 02, 2010
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 December 31, 2009
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) 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 definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting

company

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). 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, 10,923,773 shares outstanding as of January 28, 2010.

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RIVERVIEW BANCORP, INC. AND SUBSIDIARY
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Forward Looking Statements

“Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995: This Form 10-Q contains forward-looking statements that are subject to risks and uncertainties, including, but not limited to: the Company’s ability to raise common capital, the amount of capital it intends to raise and its intended use of that capital. 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 affected 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 us by the Office of Thrift Supervision or other regulatory authorities, including the possibility that any such regulatory authority may, among other things, require us to increase the Company’s reserve for loan losses, write-down 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; 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; 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 successfully integrate any assets, liabilities, customers, systems, and management personnel it may in the future 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; 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 2010 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 operating and stock price performance.

Part I. Financial Information

Item 1. Financial Statements (Unaudited)

RIVERVIEW BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2009 AND MARCH 31, 2009

| (In thousands, except share and per share data) (Unaudited) | December 31, 2009 | March 31, 2009 |
|---|-------------------------|-------------------|
| ASSETS | | |
| Cash (including interest-earning accounts of \$1,157 and \$6,405) | \$ 15,506 | \$ 19,199 |
| Loans held for sale | 250 | 1,332 |
| Investment securities held to maturity, at amortized cost (fair value of \$553 and \$552) | 517 | 529 |
| Investment securities available for sale, at fair value (amortized cost of \$8,794 and \$11,244) | 6,923 | 8,490 |
| Mortgage-backed securities held to maturity, at amortized cost (fair value of \$336 and \$572) | 331 | 570 |
| Mortgage-backed securities available for sale, at fair value (amortized cost of \$3,016 and \$3,991) | 3,102 | 4,066 |
| Loans receivable (net of allowance for loan losses of \$18,229 and \$16,974) | 721,180 | 784,117 |
| Real estate and other personal property owned | 23,051 | 14,171 |
| Prepaid expenses and other assets | 8,982 | 2,518 |
| Accrued interest receivable | 2,639 | 3,054 |
| Federal Home Loan Bank stock, at cost | 7,350 | 7,350 |
| Premises and equipment, net | 18,267 | 19,514 |
| Deferred income taxes, net | 7,869 | 8,209 |
| Mortgage servicing rights, net | 512 | 468 |
| Goodwill | 25,572 | 25,572 |
| Core deposit intangible, net | 341 | 425 |
| Bank owned life insurance | 15,205 | 14,749 |
| TOTAL ASSETS | \$ 857,597 | \$ 914,333 |

LIABILITIES AND EQUITY**LIABILITIES:**

| | | |
|--|----------------|----------------|
| Deposit accounts | \$ 679,570 | \$ 670,066 |
| Accrued expenses and other liabilities | 5,263 | 6,700 |
| Advanced payments by borrowers for taxes and insurance | 148 | 360 |
| Federal Home Loan Bank advances | - | 37,850 |
| Federal Reserve Bank advances | 58,300 | 85,000 |
| Junior subordinated debentures | 22,681 | 22,681 |
| Capital lease obligations | 2,620 | 2,649 |
| Total liabilities | 768,582 | 825,306 |

COMMITMENTS AND CONTINGENCIES (See Note 16)**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 | | |
| December 31, 2009 – 10,923,773 issued and outstanding | 109 | 109 |
| March 31, 2009 – 10,923,773 issued and outstanding | | |
| Additional paid-in capital | 46,920 | 46,866 |
| Retained earnings | 43,581 | 44,322 |
| Unearned shares issued to employee stock ownership trust | (825) | (902) |
| Accumulated other comprehensive loss | (1,178) | (1,732) |
| Total shareholders' equity | 88,607 | 88,663 |
| Noncontrolling interest | 408 | 364 |
| Total equity | 89,015 | 89,027 |
| TOTAL LIABILITIES AND EQUITY | \$ 857,597 | \$ 914,333 |

See notes to consolidated financial statements.

RIVERVIEW BANCORP, INC.
AND SUBSIDIARYCONSOLIDATED STATEMENTS
OF OPERATIONS
FOR THE THREE AND NINE
MONTHS ENDED
DECEMBER 31, 2009 AND 2008
(In thousands, except share and per
share data) (Unaudited)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|--|------------------------------------|-----------|-----------------------------------|-----------|
| | 2009 | 2008 | 2009 | 2008 |
| INTEREST INCOME: | | | | |
| Interest and fees on loans receivable | \$ 11,376 | \$ 12,939 | \$ 34,725 | \$ 39,688 |
| Interest on investment securities – taxable | 56 | 130 | 220 | 307 |
| Interest on investment securities – non-taxable | 26 | 36 | 89 | 105 |
| Interest on mortgage-backed securities | 32 | 51 | 107 | 167 |
| Other interest and dividends | 23 | 16 | 63 | 200 |
| Total interest and dividend income | 11,513 | 13,172 | 35,204 | 40,467 |
| INTEREST EXPENSE: | | | | |
| Interest on deposits | 2,391 | 3,942 | 7,533 | 11,848 |
| Interest on borrowings | 396 | 859 | 1,352 | 3,239 |
| Total interest expense | 2,787 | 4,801 | 8,885 | 15,087 |
| Net interest income | 8,726 | 8,371 | 26,319 | 25,380 |
| Less provision for loan losses | 4,500 | 1,200 | 10,050 | 11,150 |
| Net interest income after provision for loan losses | 4,226 | 7,171 | 16,269 | 14,230 |
| NON-INTEREST INCOME: | | | | |
| Total other-than-temporary impairment losses | (510) | - | (903) | - |
| Portion recognized in other comprehensive income | 54 | - | (12) | - |
| Net impairment losses recognized in earnings | (456) | - | (915) | - |
| Fees and service charges | 1,121 | 1,104 | 3,516 | 3,533 |
| Asset management fees | 460 | 468 | 1,434 | 1,639 |
| Net gain on sale of loans held for sale | 152 | 103 | 712 | 236 |
| Impairment of investment security | - | - | - | (3,414) |
| Bank owned life insurance | 154 | 144 | 456 | 438 |
| Other | 91 | 83 | 217 | 339 |
| Total non-interest income | 1,522 | 1,902 | 5,420 | 2,771 |
| NON-INTEREST EXPENSE: | | | | |
| Salaries and employee benefits | 3,741 | 3,988 | 11,305 | 11,612 |

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| | | | | |
|---|-------|-------|-------|-------|
| Occupancy and depreciation | 1,241 | 1,241 | 3,691 | 3,725 |
| Data processing | 228 | 215 | 705 | 622 |
| Amortization of core deposit intangible | 26 | 31 | 84 | 99 |
| Advertising and marketing expense | 212 | 174 | 522 | 610 |
| FDIC insurance premium | 378 | 130 | 1,518 | 401 |
| State and local taxes | 106 | 164 | 406 | 508 |
| Telecommunications | 107 | 113 | 336 | 351 |
| Professional fees | 292 | 280 | | |

Sandor
Rosenberg,
Chairman
of the
Board,

Chief
Executive
Officer, and
President

By: /S/
Richard S.
DeRose
Richard S.
DeRose,
Executive
Vice
President,

Treasurer,
and Chief
Financial
Officer

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Information Analysis Incorporated

Third Quarter 2009 Report on Form 10-Q

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| Exhibit No. | Description | Location |
|--------------------|---|---------------------------|
| 31.1 | Certification by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002 | Filed with this Form 10-Q |
| 31.2 | Certification by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002 | Filed with this Form 10-Q |
| 32.1 | Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed with this Form 10-Q |
| 32.2 | Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Filed with this Form 10-Q |