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RIVERVIEW BANCORP INC
Form 8-K
January 24, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 23, 2007

RIVERVIEW BANCORP, INC.
(Exact name of registrant as specified in its charter)

Washington (State or other jurisdiction of incorporation)	0-22957 (Commission File Number)	91-1838969 (IRS Employer Identification No.)
900 Washington Street, Suite 900, Vancouver, Washington (Address of principal executive offices)		98660 (Zip Code)

Registrant's telephone number (including area code): (360) 693-6650

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions.

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On January 23, 2007, Riverview Bancorp, Inc. issued its earnings release for the quarter ended December 31, 2006. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release of Riverview Bancorp, Inc. dated January 23, 2007.

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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, hereunto duly authorized.

RIVERVIEW BANCORP, INC.

DATE: January 23, 2007

By: /s/Patrick Sheaffer

Patrick Sheaffer
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.1

News Release Dated January 23, 2007

Contacts: Pat Sheaffer or Ron Wyseske,
Riverview Bancorp 360-693-6650

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RIVERVIEW BANCORP THIRD QUARTER PROFITS INCREASE 18% TO \$3.2

MILLION, LOANS INCREASE 16% AND DEPOSITS INCREASE 10%

Vancouver, WA - January 23, 2007 - Riverview Bancorp, Inc. (NASDAQ GSM: RVSB) today reported that loan and deposit growth coupled with a continued focus on operating efficiencies contributed to record profits for the third fiscal quarter of 2007. Net income for the third fiscal quarter increased 18% to \$3.2 million, or \$0.28 per diluted share, compared to \$2.7 million, or \$0.24 per diluted share, in the third fiscal quarter a year ago. For the first nine months of fiscal 2007, net income increased 24% to \$8.8 million, or \$0.77 per diluted share, compared to \$7.1 million, or \$0.63 per diluted share, in the first nine months a year ago. All per share data has been adjusted to reflect the August 2006 2-for-1 stock split.

"We have generated both top and bottom line improvements, with revenues increasing 10%, loans expanding 16% and net income improving 18% from year ago levels," said Pat Sheaffer, Chairman and CEO. "We are achieving our profit goals by delivering excellent customer service while maintaining solid asset quality. The exceptional growth throughout the Southwest Washington and greater Portland metropolitan area, which is led by manufacturing, technology and service industries, is fueling our balance sheet growth and has helped

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generate our double-digit profit growth."

Third Quarter Financial Highlights (at or for periods ended December 31, 2006, compared to December 31, 2005)

- * Net income increased 18% to \$3.2 million.
- * Net interest income increased 9% to \$9.3 million.
- * Revenues advanced 10% to \$11.7 million.
- * Net interest margin was 4.89%.
- * Efficiency ratio improved to 55.09%.
- * Total assets increased 13% to \$836 million.
- * Loans increased 16% to \$697 million.
- * Riverview Asset Management Corp. assets under management increased 31% to \$288 million.
- * Asset management fees increased 33% to \$504,000.

Operating Results

For the first nine months of fiscal 2007, net interest margin improved seven basis points to 5.03% compared to 4.96% for the same period a year ago. The net interest margin compressed to 4.89% for the third fiscal quarter, compared to 5.23% in the third fiscal quarter a year ago, and 4.97% in the prior linked quarter. "Our margin compression for the quarter primarily resulted from an increase in funding costs, which outpaced the increased yield on interest earning assets," said Ron Wysaske, President and COO. "The flat or inverted yield curve remains a challenge for us as well as the entire banking industry."

Revenues (net interest income before the provision for loan losses plus non-interest income) increased 10% to \$11.7 million for the quarter compared to \$10.7 million in the same quarter a year ago. Net interest income before the provision for loan losses increased 9% to \$9.3 million in the third quarter of fiscal 2007 compared to \$8.5 million in the third quarter a year ago. Non-interest income increased 12% to \$2.4 million in the third fiscal quarter of 2007 compared to \$2.1 million in the prior year's third quarter. The increase in non-interest income was largely due to gains in fees and service charges along with the 33% year over year growth in asset management fees from the trust company. Fee income from Riverview Asset Management Corp. increased to \$504,000 in the third quarter of fiscal 2007 compared to \$378,000 in the third quarter a year ago.

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For the first nine months of fiscal 2007 revenues increased 12% to \$34.3 million compared to \$30.5 million in the nine-month period a year ago. Year-to-date, net interest income before the provision for loan losses increased 16% to \$27.5 million compared to \$23.7 million in the same period a year ago. Non-interest income was \$6.8 million in the first nine months of fiscal 2007, even with the first nine months in fiscal 2006. Fee income for Riverview Asset Management Corp. increased 29% to \$1.4 million in the nine-month period ended December 31, 2006 compared to \$1.1 million in the nine-month period ended a year ago.

Non-interest expense was \$6.4 million in the third quarter compared to \$6.1

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million in the same quarter a year ago. For the first nine months of the fiscal year, non-interest expense was \$19.5 million compared to \$18.5 million in the like period a year ago. The efficiency ratio improved 244 basis points to 55.1% for the quarter, compared to 57.5% in the same quarter a year ago. For the first nine months of the fiscal year, the efficiency ratio improved 368 basis points to 56.9%, compared to 60.6% in the like period a year ago. "Two factors figure into our improved efficiency. First, growing into our capacity, such as our success in Oregon has helped. Secondly, our growth in revenues due primarily to loan growth has spread our costs over a larger revenue base," said Wyseske.

Balance Sheet Growth

Net loans increased 16% to \$697 million at December 31, 2006, compared to \$600 million a year ago. Commercial real estate loans account for 51% of the total loan portfolio while permanent one-to-four family loans represent just 5% of the total loan portfolio. "Portfolio growth for the quarter slowed to a 4% annual growth-rate. We had some larger credits pay off just at quarter end. Our goal is to continue to keep our loan portfolio well diversified while maintaining excellent credit quality," said Sheaffer.

"We recently opened Riverview's third Portland area full service branch at 10401 NE Halsey Street Portland, Oregon. In this location a team of six commercial lenders that moved from our Downtown Portland location will serve our east Portland and Vancouver customers," Sheaffer said.

Total assets increased 13% to \$836 million at December 31, 2006, compared to \$739 million a year ago. Total deposits grew 10% to \$651 million, compared to \$592 million at December 31, 2005. "Growing core deposits (core excludes all certificates of deposit) is a key component to our long term strategy. Core deposits now account for 68% of our total deposits," noted Wyseske. "Non-interest checking balances represent 14% of total deposits and interest checking balances represent 22% of total deposits."

Shareholders' equity increased 8% to \$98.0 million, compared to \$90.9 million at the end of the third fiscal quarter a year ago. Book value per share improved to \$8.44 at December 31, 2006, compared to \$7.82 a year earlier, and tangible book value per share was \$6.14 at quarter-end, compared to \$5.46 at quarter-end a year earlier.

Credit Quality and Performance Measures

Credit quality remained strong, with non-performing assets at 0.15% of total assets at December 31, 2006, compared to 0.20% of total assets at September 30, 2006 and 0.11% of total assets at December 31, 2005. The allowance for loan losses, including unfunded loan commitments of \$355,000, was \$9.0 million, or 1.27% of net loans at quarter-end, compared to \$7.4 million, or 1.22% of net loans, a year ago.

Riverview's fiscal third quarter 2007 return on average assets improved to 1.53%, compared to 1.50% for fiscal third quarter 2006 and return on average equity improved to 13.0% for the quarter, compared to 11.9% for the same period last year. For the first nine months of fiscal 2007, return on average assets improved to 1.45% compared to 1.34% in the same period a year earlier, and return on average equity improved to 12.15% compared to 10.78% in the same period a year earlier.

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TOTAL ASSETS	----- \$835,640 =====	----- \$763,847 =====	----- \$739,130 =====
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES:			
Deposit accounts	\$651,197	\$606,964	\$592,208
Accrued expenses and other liabilities	9,781	8,768	8,559
Advance payments by borrowers for taxes and insurance	123	358	146
Federal Home Loan Bank advances	66,600	46,100	40,071
Junior subordinated debenture	7,217	7,217	7,217
Capital Lease Obligation	2,729	2,753	-
Total liabilities	----- 737,647	----- 672,160	----- 648,201
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, 2006 - 11,612,219 issued, 11,612,219 outstanding;	116	57	58
March 31, 2006 - 11,545,380 issued, 11,545,372 outstanding December 31, 2005 - 11,623,880 issued, 11,623,872 outstanding;			
Additional paid-in capital	57,888	57,316	58,225
Retained earnings	41,232	35,776	34,125
Unearned shares issued to employee stock ownership trust	(1,134)	(1,186)	(1,237)
Accumulated other comprehensive loss	(109)	(276)	(242)
Total shareholders' equity	----- 97,993	----- 91,687	----- 90,929
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	----- \$835,640 =====	----- \$763,847 =====	----- \$739,130 =====

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RIVERVIEW BANCORP, INC. AND SUBSIDIARY
Consolidated Statements of Income for

the Three and Nine Months Ended December 31, 2006 and 2005 (In thousands, except share data) (Unaudited)	Three Months Ended December 31, 2006 2005		Nine Months Ended December 31, 2006 2005	

INTEREST INCOME:				
Interest and fees on loans receivable	\$15,617	\$11,783	\$44,220	\$32,390
Interest on investment securities-taxable	217	211	659	592

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Interest on investment securities- non taxable	41	42	125	128
Interest on mortgage-backed securities	102	128	325	411
Other interest and dividends	101	126	249	630
	-----			-----
Total interest income	16,078	12,290	45,578	34,151
	-----			-----
INTEREST EXPENSE:				
Interest on deposits	5,548	3,290	14,678	8,820
Interest on borrowings	1,212	457	3,442	1,595
	-----			-----
Total interest expense	6,760	3,747	18,120	10,415
	-----			-----
Net interest income	9,318	8,543	27,458	23,736
Less provision for loan losses	375	400	1,325	1,300
	-----			-----
Net interest income after provision for loan losses	8,943	8,143	26,133	22,436
	-----			-----
NON-INTEREST INCOME:				
Fees and service charges	1,535	1,460	4,315	4,544
Asset management fees	504	378	1,395	1,084
Gain on sale of loans held for sale	150	81	333	284
Gain on sale of real estate owned	-	-	-	21
Loan servicing income	44	49	125	68
Gain on sale of land and fixed assets	-	2	-	2
Gain on sale of credit card portfolio	-	7	133	311
Bank owned life insurance income	133	119	390	361
Other	44	47	125	137
	-----			-----
Total non-interest income	2,410	2,143	6,816	6,812
	-----			-----
NON-INTEREST EXPENSE:				
Salaries and employee benefits	3,688	3,681	11,055	10,521
Occupancy and depreciation	1,185	954	3,394	2,640
Data processing	220	335	777	1,073
Amortization of core deposit intangible	44	53	140	157
Advertising and marketing expense	269	160	927	697
FDIC insurance premium	18	19	55	51
State and local taxes	166	136	454	419
Telecommunications	115	117	328	279
Professional fees	199	248	575	1,000
Other	557	445	1,797	1,668
	-----			-----
Total non-interest expense	6,461	6,148	19,502	18,505
	-----			-----
INCOME BEFORE INCOME TAXES	4,892	4,138	13,447	10,743
PROVISION FOR INCOME TAXES	1,654	1,390	4,605	3,612
	-----			-----
NET INCOME	\$ 3,238	\$ 2,748	\$ 8,842	\$ 7,131
	=====			=====

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Earnings per common share:				
Basic	\$ 0.29	\$ 0.24	\$ 0.78	\$ 0.64
Diluted	\$ 0.28	\$ 0.24	\$ 0.77	\$ 0.63
Weighted average number of shares outstanding:				
Basic	11,313,623	11,322,648	11,291,175	11,179,640
Diluted	11,522,519	11,462,945	11,478,306	11,314,024

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	At or for the nine months months ended December 31,		At or for the Year ended March 31,
	2006	2005	2006
	-----	-----	-----
(Dollars in thousands, except share data)			
FINANCIAL CONDITION DATA			

Average interest earning assets	\$726,909	\$637,599	\$645,084
Average interest-bearing liabilities	609,037	525,156	532,521
Net average earning assets	117,872	112,443	112,563
Non-performing assets	1,276	782	415
Non-performing loans	1,276	782	415
Allowance for loan losses	8,628	7,050	7,221
Allowance for loan losses and unfunded loan commitments	8,983	7,402	7,583
Average interest-earning assets to average interest-bearing liabilities	119.35%	121.41%	121.14%
Allowance for loan losses to non-performing loans	676.18%	901.53%	1740.00%
Allowance for loan losses to net loans	1.22%	1.16%	1.15%
Allowance for loan losses and unfunded loan commitments to net loans	1.27%	1.22%	1.20%
Non-performing loans to total net loans	0.18%	0.13%	0.07%
Non-performing assets to total assets	0.15%	0.11%	0.05%
Shareholders' equity to assets	11.73%	12.30%	12.00%
Number of banking facilities	19	17	18

	At nine months ended ended December 31,		At six months ended September 30,		At the y ended Mar		
	2006	2005	2006		2006		
	-----	-----	-----		-----		
LOAN DATA							

Residential:							
One-to-four family	\$33,416	4.7%	\$32,350	5.3%	\$34,552	4.9%	\$32,48
Multi-family	3,147	0.4%	2,132	0.3%	3,219	0.5%	2,15

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Construction:							
One-to-four family	91,245	12.9%	41,578	6.8%	91,051	12.9%	81,57
Commercial real estate	49,750	7.0%	71,546	11.7%	51,510	7.3%	47,07
Commercial	72,220	10.2%	62,221	10.2%	66,008	9.4%	59,83
Consumer:							
Secured	32,153	4.5%	29,915	4.9%	31,484	4.5%	29,78
Unsecured	1,118	0.2%	1,617	0.3%	1,141	0.2%	1,41
Land	62,207	8.8%	50,276	8.2%	62,989	9.0%	49,55
Commercial real estate	364,623	51.3%	319,250	52.3%	361,244	51.3%	330,70
	709,879	100.0%	610,885	100.0%	703,198	100.0%	634,58

Less:							
Deferred loan fees	3,980		4,201		4,285		4,35
Allowance for loan losses	8,628		7,050		8,263		7,22
Loans receivable, net	\$697,271		\$599,634		\$690,650		\$623,01

DEPOSIT DATA

Interest Checking	\$145,347	22.3%	\$136,218	23.0%	\$153,631	24.0%	\$129,45
Regular Savings	29,491	4.5%	40,187	6.8%	32,896	5.1%	38,34
Money Market Deposit Accounts	179,010	27.5%	125,668	21.2%	145,612	22.8%	137,45
Non-Interest Checking	88,244	13.6%	91,514	15.5%	101,852	15.9%	94,59
Certificates of Deposit	209,105	32.1%	198,621	33.5%	206,413	32.2%	207,12
Total Deposits	\$651,197	100.0%	\$592,208	100.0%	\$640,404	100.0%	\$606,96

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SELECTED OPERATING DATA	At or for the three months ended December 31,		At or for the nine months ended December 31,	
	2006	2005	2006	2005
	(Dollars in thousands, except share data)			
Efficiency ratio (4)	55.09%	57.53%	56.90%	60.58%
Efficiency ratio net of intangible amortization	54.52%	56.82%	56.29%	59.75%
Coverage ratio (6)	144.22%	138.96%	140.80%	128.27%
Coverage ratio net of intangible amortization	145.21%	140.16%	141.81%	129.37%
Return on average assets (1)	1.53%	1.50%	1.45%	1.34%
Return on average equity (1)	13.00%	11.90%	12.15%	10.78%
Average rate earned on interest- earned assets	8.43%	7.51%	8.33%	7.13%
Average rate paid on interest- bearing liabilities	4.18%	2.80%	3.95%	2.63%
Spread (7)	4.25%	4.71%	4.38%	4.50%
Net interest margin	4.89%	5.23%	5.03%	4.96%

PER SHARE DATA

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Basic earnings per share (2)	\$ 0.29	\$ 0.24	\$ 0.78	\$ 0.64
Diluted earnings per share (3)	0.28	0.24	0.77	0.63
Book value per share (5)	8.44	7.82	8.44	7.82
Tangible book value per share (5)	6.14	5.46	6.14	5.46
Market price per share:				
High for the period	\$15.720	\$11.965	\$15.720	\$11.970
Low for the period	13.470	10.380	12.140	10.170
Close for period end	15.200	11.660	15.200	11.660
Cash dividends declared per share	0.100	0.085	0.295	0.255

Average number of shares

outstanding:

Basic (2)	11,313,623	11,322,648	11,291,175	11,179,640
Diluted (3)	11,522,519	11,462,945	11,478,306	11,314,024

- (1) Amounts are annualized.
- (2) Amounts calculated exclude ESOP shares not committed to be released.
- (3) Amounts calculated exclude ESOP shares not committed to be released and include common stock equivalents.
- (4) Non-interest expense divided by net interest income and non-interest income.
- (5) Amounts calculated include ESOP shares not committed to be released.
- (6) Net interest income divided by non-interest expense.
- (7) Yield on interest-earning assets less cost of funds on interest bearing liabilities.

Statements concerning future performance, developments or events, concerning expectations for growth and market forecasts, and any other guidance on future periods, constitute forward-looking statements, which are subject to a number of risks and uncertainties that might cause actual results to differ materially from stated objectives. These factors include but are not limited to: RVSB's ability to acquire shares according to internal repurchase guidelines, regional economic conditions and the company's ability to efficiently manage expenses. Additional factors that could cause actual results to differ materially are disclosed in Riverview Bancorp's recent filings with the SEC, including but not limited to Annual Reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K.