RIVERVIEW BANCORP INC
Form S-1/A
June 07, 2010
As filed with the Securities and Exchange Commission on June 7 , 2010
Registration No. 333-162621

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

AMENDMENT NO. 3
TO
FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

RIVERVIEW BANCORP, INC.

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(Exact Name of Registrant as Specified in Its Charter)

| Washington | 000-22957 | 91-1838969 |
|---|---|---|
| (State or Other Jurisdiction of Incorporation or Organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

900 Washington Street, Suite 900, Vancouver, Washington 98660 (360) 693-6650

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(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Patrick Sheaffer, Chairman and CEO
Riverview Bancorp, Inc.
900 Washington Street, Suite 900
Vancouver, Washington 98660; (360) 693-6650

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(Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: [ ]

If this Form is filed to register additional shares for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [ ]

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

| | |
|---|---|
| Large accelerated filer [ ] | Accelerated filer [X] |
| Non-accelerated filer [ ] (Do not check if a smaller reporting company) | Smaller reporting company [ ] |

CALCULATION OF REGISTRATION FEE

| Title of each class of securities to be registered | Amount to be registered | Proposed maximum aggregate offering price(1) | Amount of registration fee |
|---|---|---|---|
| Common Stock, par value $.01 per share | 7,931,035 shares | $23,000,001 | $1,640 (2) |

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Section 457(o) under the Securities Act.
(2) Previously paid a registration fee of $1,605.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The Information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated __________ __, 2010

PRELIMINARY PROSPECTUS

6,896,552 Shares

Common Stock

We are offering 6,896,552 shares of our common stock. Our common stock is listed on the Nasdaq Global Select Market under the symbol "RVSB." On June 3 , 2010, the last reported sale price of our common stock on the Nasdaq Global Select Market was $ 2.90 per share.

Investing in our common stock involves significant risks. See "Risk Factors" beginning on page 8 of this prospectus to read about factors you should consider before buying our common stock.

| | Per Share | Total |
|---|---|---|
| Public offering price | $ | $ 20,000,000 |
| Underwriting discounts and commissions | $ | $ |
| Proceeds to Riverview Bancorp, Inc. (before expenses) | $ | $ |

The underwriters have the option to purchase up to an additional 1,034,483 shares of our common stock at the public offering price, less underwriting discounts and commissions, within 30 days of the date of this prospectus solely to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The shares of common stock are not savings accounts, deposits or other obligations of a bank or savings institution and are not insured by the Federal Deposit Insurance Corporation or any other government agency.

The underwriters expect to deliver the common stock in book-entry form only, through the facilities of The Depository Trust Company, against payment on or about , 2010.

Wunderlich Securities    Howe Barnes Hoefer & Arnett

The date of this prospectus is _____________ , 2010

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You should rely only on the information contained in or incorporated by reference in this prospectus and any “free writing prospectus” we authorize to be delivered to you. We have not, and the underwriter s have not, authorized anyone to provide you with additional information or information different from that contained in or incorporated by reference in this prospectus and any such “free writing prospectus.” If anyone provides you different or inconsistent information, you should not rely on it. We are offering to sell, and seeking offers to buy, our common stock only in jurisdictions where those offers and sales are permitted. The information contained in or incorporated by reference in this prospectus and any such “free writing prospectus” is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus describes the specific details regarding this offering and the terms and conditions of the common stock being offered hereby and the risks of investing in our common stock. To the extent information in this prospectus is inconsistent with any of the documents incorporated by reference into this prospectus, you should rely on this prospectus. You should read this prospectus, the documents incorporated by reference in this prospectus and the additional information about us described in the section entitled “Where You Can Find More Information” before making your investment decision.

As used in this prospectus, the terms “we,” “our,” “us” and “Riverview” refer to Riverview Bancorp, Inc. and its consolidated subsidiaries, unless the context indicates otherwise. When we refer to “Riverview Community Bank” in this prospectus, we are referring to Riverview Community Bank, a wholly owned subsidiary of Riverview Bancorp, Inc.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated herein by reference may contain forward-looking statements. These forward-looking statements are intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact and often include the words "believes," "expects," "anticipates," "estimates," "forecasts," "intends," "plans," "targets," "potent "probably," "projects," "outlook" or similar expressions or future or conditional verbs such as "may," "will," "should," "would "could." 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 our 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 our market areas;
- changes in the levels of general interest rates, and the relative differences between short and long term interest rates, deposit interest rates, our 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 our market areas;
- secondary market conditions for loans and our ability to sell loans in the secondary market;
- results of examinations of us by the Office of Thrift Supervision, or OTS , or other regulatory authorities, including the possibility that any such regulatory authority may, among other things, require us to increase our reserve for loan losses, write-down assets, change our regulatory capital position or affect our ability to borrow funds or maintain or increase deposits, which could adversely affect our liquidity and earnings;
- our compliance with regulatory enforcement actions we have entered into with the OTS and the possibility that our noncompliance could result in the imposition of additional enforcement actions and additional requirements or restrictions on our operations;
- legislative or regulatory changes that adversely affect our business including changes in regulatory policies and principles, or the interpretation of regulatory capital or other rules;
- our ability to attract and retain deposits;
- further increases in premiums for deposit insurance;
- our ability to control operating costs and expenses;
- the use of estimates in determining fair value of certain of our assets, which estimates may prove to be incorrect and result in significant declines in valuation;
- difficulties in reducing risks associated with the loans on our balance sheet;

- staffing fluctuations in response to product demand or the implementation of corporate strategies that affect our workforce and potential associated charges;
- computer systems on which we depend could fail or experience a security breach;
- our ability to retain key members of our senior management team;



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- costs and effects of litigation, including settlements and judgments;
- our ability to implement our business strategies;
- our ability to successfully integrate any assets, liabilities, customers, systems, and management personnel we may acquire into our operations and our 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;
- our ability to pay dividends on our common stock and interest or principal payments on our 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; and
- other economic, competitive, governmental, regulatory, and technological factors affecting our operations, pricing, products and services and the other risks described elsewhere in this prospectus and the incorporated documents.

Some of these and other factors are discussed in this prospectus under the caption “Risk Factors” and elsewhere in this prospectus and in the documents incorporated by reference herein. Such developments could have an adverse impact on our financial position and our results of operations.

Any forward-looking statements are based upon management’s beliefs and assumptions at the time they are made. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this prospectus or the documents incorporated by reference herein might not occur, and you should not put undue reliance on any forward-looking statements.

## PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in our common stock. You should read this entire prospectus, including the "Risk Factors" section, and the documents incorporated by reference herein, which are described under "Incorporation of Certain Documents by Reference" in this prospectus. Unless otherwise expressly stated or where the context otherwise requires, all information in this prospectus assumes that the underwriter s do not exercise their option to purchase additional shares of our common stock to cover over-allotments, if any.

### Riverview Bancorp, Inc.

Riverview Bancorp, Inc., a Washington corporation, is the savings and loan holding company of Riverview Community Bank. At March 31, 2010 , we had total assets of $ 838.0 million, total deposit accounts of $ 688.0 million and shareholders' equity of $ 83.9 million. Substantially all of our business is conducted through Riverview Community Bank, which is headquartered in Vancouver, Washington, within the Portland, Oregon metropolitan statistical area .

We are engaged predominantly in the business of attracting deposits from the general public and using such funds in our primary market area to originate commercial real estate, land development and residential construction loans as well as commercial loans. Through Riverview Community Bank's subsidiary, Riverview Asset Management Corp., or RAMCorp, we engage in full-service brokerage activities, trust and asset management services. At March 31, 2010 , RAMCorp had over $ 279.5 million in assets under management.

We are a community-oriented financial services company, emphasizing local, personalized service to our customers within our primary market area. We consider Clark, Cowlitz, Klickitat and Skamania counties of Washington and Multnomah, Clackamas and Marion counties of Oregon as our primary market area and serve these counties through our seventeen branches, including ten in Clark County, two in the Portland metropolitan area and three lending centers.

Riverview Community Bank is a member of the Federal Home Loan Bank System and its deposits are insured by the Federal Deposit Insurance Corporation, or FDIC, up to applicable legal limits. Riverview Community Bank is subject to comprehensive regulation, examination and supervision by the OTS and the FDIC.

As of March 31, 2010, our directors and executive officers as a group beneficially owned 1,420,814 shares of our common stock which represented approximately 13.0% of our outstanding shares as of that date. These individuals have indicated that they intend to increase their ownership interest through purchasing 200,000 additional shares of our common stock in this offering. Our common stock is traded on the Nasdaq Global Select Market under the ticker symbol "RVSB."

Our executive offices are located at 900 Washington Street, Suite 900, Vancouver Washington 98660. Our telephone number is (360) 693-6650.

### Business Strategy

During 2008, the national and regional residential lending market experienced a notable slowdown. This downturn, which has continued into 2010, has negatively affected the economy in our market area. As a result, we have experienced a decline in the values of real estate collateral supporting our construction real estate and land acquisition and development loans, and experienced increased loan delinquencies and defaults. Loan charge-offs and write-downs associated with these loans contributed to our $5.4 million loss for the year ended March 31, 2010. As a result of our losses and elevated level of nonperforming assets, Riverview Community Bank entered into a memorandum of understanding with the OTS in January 2009. Under that agreement, Riverview Community Bank must, among other things, develop a plan for achieving and maintaining a minimum Tier 1 Capital (Leverage) Ratio of 8% and a minimum Total Risk-Based Capital Ratio of 12%, compared to its current minimum required regulatory Tier 1 Capital (Leverage) Ratio of 4% and Total Risk-Based Capital Ratio of 8%. As of March 31, 2010, Riverview Community Bank's leverage ratio was 9.84% (1.84% over the new required minimum) and its risk-based capital ratio was 12.11% (0.11% over the new required minimum) and we expect the net proceeds of this

offering will further enhance our ability to comply with these heightened regulatory capital requirements for at least the next twelve months. See "Risk Factors - - Risks Associated with Our Business --We are required to comply with the terms of two memoranda of understanding and a supervisory letter directive issued by the OTS and lack of compliance could result in monetary penalties and /or additional regulatory actions."

In response to these financial challenges, we have taken and are continuing to take a number of actions aimed at preserving existing capital, reducing our lending concentrations and associated capital requirements, and increasing liquidity. The tactical actions we have taken include, but are not limited to: focusing on reducing the amount of nonperforming assets, adjusting our balance sheet by reducing loan receivables, selling real estate owned, reducing controllable operating costs, increasing retail deposits while maintaining available secured borrowing facilities to improve liquidity and eliminating dividends to shareholders.

Our goal is to deliver returns to shareholders by managing our problem assets, increasing our higher-yielding assets (in particular commercial real estate and commercial loans), increasing our core deposit balances, reducing expenses, hiring experienced employees with a commercial lending focus and exploring opportunistic acquisitions. We seek to achieve these results by focusing on the following objectives:

Focusing on Asset Quality. We are focused on monitoring existing performing loans, resolving nonperforming loans and selling foreclosed assets. We have aggressively sought to reduce our level of nonperforming assets through write-downs, collections, modifications and sales of nonperforming loans and real estate owned. We have taken proactive steps to resolve our nonperforming loans, including negotiating repayment plans, forbearances, loan modifications and loan extensions with our borrowers when appropriate, and accepting short payoffs on delinquent loans, particularly when such payoffs result in a smaller loss to us than foreclosure. We also have added experienced personnel to the department that monitors our loans to enable us to better identify problem loans in a timely manner and reduce our exposure to a further deterioration in asset quality. Beginning in 2008, in connection with the downturn in real estate markets, we applied more conservative and stringent underwriting practices to our new loans, including, among other things, increasing the amount of required collateral or equity requirements, reducing loan-to-value ratios and increasing debt service coverage ratios. Although nonperforming assets increased from $ 41.7 million at March 31, 2009 to $ 49.3 million at March 31, 2010 , we have continued to reduce our exposure to land development and speculative construction loans which represented $23.9 million or 66% of our nonperforming loans at March 31, 2010. The total land development and speculative construction loan portfolios declined to $105.4 million compared to $149.6 million a year ago.

Improving our Earnings by Expanding Our Product Offerings. We intend to prudently increase the percentage of our assets consisting of higher-yielding commercial real estate and commercial loans, which offer higher risk-adjusted returns, shorter maturities and more sensitivity to interest rate fluctuations. We also intend to selectively add additional products to further diversify revenue sources and to capture more of each customer's banking relationship by cross selling our loan and deposit products and additional services to our customers, including services provided through RAMCorp to increase the fee income it provides to us. Assets under management by RAMCorp totaled $279.5 million at March 31, 2010. In December 2008, we began operating as a merchant bankcard "agent bank" facilitating credit and debit card transactions for business customers through an outside merchant bankcard processor. This allows us to underwrite and approve merchant bankcard applications and retain interchange income that, under our previous status as a "referral bank," was earned by a third party.

Attracting Core Deposits and Other Deposit Products. Our strategic focus is to emphasize total relationship banking with our customers to internally fund our loan growth. We are also focused on reducing our reliance on other wholesale funding sources, including Federal Home Loan Bank of Seattle and Federal Reserve Bank of San Francisco advances, through the continued growth of our core customer deposits. We believe that a continued focus on customer relationships will help to increase our level of core deposits and locally-based retail certificates of deposit. In addition to our retail branches, we maintain state of the art technology-based products, such as on-line personal

financial management, business cash management, and business remote deposit products , that enable us to compete effectively with banks of all sizes. We recently increased our emphasis on enhancing our cash management product line with the hiring of an experienced cash management officer. The formation of a team consisting of this cash management officer and existing employees is expected to lead to an improved cash management product line for our commercial customers. Our branch deposits have increased from



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$ 603.2 million at March 31, 2009 to $ 654.5 million at March 31, 2010 . Our advances from the Federal Home Loan Bank of Seattle and Federal Reserve Bank of San Francisco have decreased from $ 122.9 million at March 31, 2009 to $ 33.0 million at March 31, 2010 .

Continued Expense Control. Beginning in fiscal 2009 and continuing into fiscal 2010, management has undertaken several initiatives to reduce non-interest expense and will continue to make it a priority to identify cost savings opportunities throughout all phases of our operations. Beginning in fiscal 2009, we instituted expense control measures such as reducing many of our marketing expenses, cancelling certain projects and capital purchases, and reducing travel and entertainment expenditures. We have also reduced our full-time equivalent employees from 247 at March 31, 2009 to 233 at March 31, 2010 . During October 2009, a branch and a loan origination office, were closed as a result of their failure to meet management's growth standards. As a result of the reduction in personnel and closure of the offices we will save approximately $1.3 million per year.

Recruiting and Retaining Highly Competent Personnel With a Focus on Commercial Lending. Our ability to continue to attract and retain banking professionals with strong community relationships and significant knowledge of our markets will be a key to our success. We believe that we enhance our market position and add profitable growth opportunities by focusing on hiring and retaining experienced bankers focused on owner occupied commercial real estate and commercial lending, and the deposit balances that accompany these relationships. We emphasize to our employees the importance of delivering exemplary customer service and seeking opportunities to build further relationships with our customers. Our goal is to compete with other financial service providers by relying on the strength of our customer service and relationship banking approach. We believe that one of our strengths is that our employees are also significant shareholders, who hold approximately 12.9% of our outstanding shares through our employee stock ownership (ESOP) and 401(k) plans at March 31, 2010. We also offer an incentive system that is designed to reward well-balanced and high quality growth amongst our employees.

Disciplined Franchise Expansion. We believe that opportunities currently exist within our current market area to grow our franchise. We anticipate organic growth, through our marketing efforts targeted to take advantage of the opportunities being created as a result of the consolidation of financial institutions that is occurring in our market area. Although our current focus is on managed growth utilizing our current resources, we may in the future possibly grow our franchise through the acquisition of individual branches and whole bank transactions that meet our investment and market objectives. Our long term goal is to gradually expand our operations further in the Portland Oregon metropolitan area which has a population of approximately two million people. Any future acquisitions and de novo or branching acquisitions will be located in the Pacific Northwest markets we know and understand. We currently have no arrangements, agreements or understandings related to any acquisition or de novo branching.

## Risk Factors

An investment in our common stock involves certain risks. You should carefully consider the risks described under "Risk Factors" beginning on page 8 of this prospectus and in the "Risk Factors" section included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010 , as well as other information included or incorporated by reference into this prospectus, including our financial statements and the notes thereto, before making an investment decision. See "Incorporation of Certain Documents by Reference."

The Offering

| | |
|---|---|
| Common stock we are offering, excluding the underwriters' over-allotment option | 6,896,552 shares |
| Common stock to be outstanding after this offering | 17,820,325 shares (1)(2) |
| Over-allotment option | 1,034,483 shares |
| Use of proceeds | Our estimated net proceeds from this offering will be approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and other estimated expenses of this offering. We intend to use the net proceeds from this offering to contribute $ 17.0 million to Riverview Community Bank to support its growth and related capital needs. We expect to use the remaining net proceeds for general working capital purposes, which may include quarterly payments of interest on our junior subordinated debentures including the quarterly interest payment of $300,000 that is currently deferred , as well as future investments in Riverview Community Bank to support growth or capital needs. Pending allocation to specific uses, we intend to invest the proceeds in short-term interest-bearing investment grade securities. |
| Nasdaq Global Select Market symbol | RVSB |
| Settlement date | Delivery of shares of our common stock will be made against payment therefore on or about June __, 2010. |

(1) The number of our shares outstanding immediately after the closing of this offering is based on 10,923,773 shares of common stock outstanding as of March 31, 2010.
(2) Unless otherwise indicated, the number of shares of common stock presented in this prospectus excludes shares issuable pursuant to the exercise of the underwriters' over-allotment option and 465,700 shares of common stock issuable upon the exercise of outstanding stock options as of March 31, 2010 , with a weighted average exercise price of $9.35 per share.

Summary of Selected Consolidated Financial Information

The following table presents selected consolidated financial data for Riverview Bancorp, Inc. at or for the fiscal years ended March 31, 2010 , 2009, 2008, 2007, and 2006 (which have been derived from our audited consolidated financial statements). The results of operations for the year ended March 31, 2010 are not necessarily indicative of the results of operations to be expected for any future period. This information should be read in conjunction with our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010 which has been filed with the Securities and Exchange Commission, or SEC, and is incorporated herein by reference. See "Incorporation of Certain Documents by Reference."

| | At March 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006(1) |
| | | | (In thousands) | | |
| Balance Sheet Data: | | | | | |
| Total assets | $ 837,953 | $ 914,333 | $ 886,849 | $ 820,348 | $ 763,847 |
| Loans receivable, net | 712,837 | 784,117 | 756,538 | 682,951 | 623,016 |
| Loans held for sale | 255 | 1,332 | - | - | 65 |
| Mortgage-backed securities held to maturity, at amortized cost | 259 | 570 | 885 | 1,232 | 1,805 |
| Mortgage-backed securities available for sale | 2,828 | 4,066 | 5,338 | 6,640 | 8,134 |
| Cash and interest-bearing deposits | 13,587 | 19,199 | 36,439 | 31,423 | 31,346 |
| Investment securities held to maturity | 517 | 529 | - | - | - |
| Investment securities available for sale | 6,802 | 8,490 | 7,487 | 19,267 | 24,022 |
| Deposit accounts | 688,048 | 670,066 | 667,000 | 665,405 | 606,964 |
| FHLB advances | 23,000 | 37,850 | 92,850 | 35,050 | 46,100 |
| Federal Reserve Bank advances | 10,000 | 85,000 | - | - | - |
| Shareholders' equity | 83,934 | 88,663 | 92,585 | 100,209 | 91,687 |
| Tangible shareholders' equity(2) | 57,539 | 62,198 | 66,155 | 73,575 | 64,836 |

For the Year Ended March 31,

| | 2010 | 2009 | 2008 | 2007 | 2006(1) |
|---|---|---|---|---|---|
| | | | (In thousands) | | |
| Income Statement Data: | | | | | |
| Interest income | $ 46,262 | $ 52,850 | $ 60,682 | $ 61,300 | $ 47,229 |
| Interest expense | 11,376 | 19,183 | 25,730 | 24,782 | 14,877 |
| Net interest income | 34,886 | 33,667 | 34,952 | 36,518 | 32,352 |
| Provision for loan losses | 15,900 | 16,150 | 2,900 | 1,425 | 1,500 |
| Net interest income after provision for loan losses | 18,986 | 17,517 | 32,052 | 35,093 | 30,852 |
| Gains (losses) from sale of loans, securities and real estate owned | 1,032 | 729 | 368 | 434 | 382 |
| Impairment on investment security | (1,003) | (3,414) | - | - | - |
| Other non-interest income | 7,237 | 8,215 | 8,514 | 8,600 | 8,455 |
| Non-interest expenses | 34,973 | 27,259 | 27,791 | 26,353 | 25,374 |
| Income (loss) before income taxes | (8,721) | (4,212) | 13,143 | 17,774 | 14,315 |
| Provision (benefit) for income taxes | (3,277) | (1,562) | 4,499 | 6,168 | 4,577 |
| Net income (loss) | $ (5,444) | $ (2,650) | $ 8,644 | $ 11,606 | $ 9,738 |

| | At or for the Year Ended March 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006(1) |
| Per Share Data: | | | | | |
| Earnings (loss) per share: | | | | | |
| Basic | $ (0.51) | $ (0.25) | $ 0.79 | $ 1.03 | $ 0.87 |
| Diluted | (0.51) | (0.25) | 0.79 | 1.01 | 0.86 |
| Book value per share(2) | 7.68 | 8.12 | 8.48 | 8.56 | 7.94 |
| Tangible book value per share(3) | 5.27 | 5.69 | 6.06 | 6.28 | 5.62 |
| Dividends per share | - | 0.135 | 0.42 | 0.395 | 0.34 |
| Shares outstanding | 10,923,773 | 10,923,773 | 10,913,773 | 11,707,980 | 5,772,690 |
| Capital Ratios: | | | | | |
| Average equity to average assets | 10.29% | 10.29% | 11.65% | 12.01% | 12.39 % |
| Equity to assets at end of fiscal year | 10.02 | 9.70 | 10.44 | 12.22 | 12.00 |
| Tangible shareholders' equity to tangible assets (3) | 7.09 | 7.01 | 7.69 | 9.27 | 8.80 |
| Total risk-based capital ratio (4) | 12.11 | 11.46 | 10.99 | 11.38 | 11.48 |
| Tier 1 risk-based capital (4) | 10.85 | 10.21 | 9.78 | 10.22 | 10.42 |
| Tier 1 capital (leverage) ratio (4) | 9.84 | 9.50 | 9.29 | 9.60 | 9.70 |
| Asset Quality Ratios: | | | | | |
| Average interest-earning assets to interest-bearing liabilities | 114.21 % | 114.85 % | 116.75 % | 118.96% | 121.14% |
| Allowance for loan losses to total net loans at end of period | 2.95 | 2.12 | 1.39 | 1.25 | 1.15 |
| Net charge-offs to average outstanding loans during the period | 1.48 | 1.24 | 0.12 | - | 0.10 |

| | | | | | |
|---|---|---|---|---|---|
| Ratio of nonperforming loans to total loans | 4.90 | 3.44 | 1.00 | 0.03 | 0.07 |
| Ratio of nonperforming assets to total assets | 5.89 | 4.57 | 0.92 | 0.03 | 0.05 |
| | | | | | |
| Performance Ratios: | | | | | |
| Return (loss) on average assets | (0.62)% | (0.29)% | 1.04% | 1.43% | 1.36% |
| Return (loss) on average equity | (6.00) | (2.85) | 8.92 | 11.88 | 10.95 |
| Dividend payout ratio (5) | - | (54.00) | 53.16 | 38.35 | 39.08 |
| Interest rate spread (6) | 4.19 | 3.73 | 4.09 | 4.37 | 4.55 |
| Net interest margin (7) | 4.39 | 4.08 | 4.66 | 5.01 | 5.03 |
| Non-interest expense to average assets | 3.97 | 3.02 | 3.34 | 3.24 | 3.54 |
| Efficiency ratio (8) | 82.97 | 69.50 | 63.40 | 57.85 | 61.60 |
| Loan to deposit ratio | 106.75 | 119.55 | 115.03 | 103.94 | 103.83 |

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(1) On April 22, 2005, Riverview Bancorp, Inc. acquired American Pacific Bank.

(2) Calculated based on shareholders' equity.

(3) Tangible shareholders' equity, tangible book value per share and tangible shareholders' equity to tangible assets are non-GAAP financial measures. We calculate tangible shareholders' equity by excluding the balance of goodwill and other intangible assets from shareholders' equity. We calculate tangible assets by excluding the balance of goodwill and other intangible assets from the calculation of risk-based capital ratios. We believe that this is consistent with the treatment by our regulatory agencies, which exclude goodwill and other intangible assets from the calculation of risk-based capital ratios. Accordingly, management believes that these non-GAAP financial measures provide information to investors that is useful in understanding the basis of our risk-based capital ratios. In addition, by excluding preferred equity (the level of which may vary from company to company), it allows investors to more easily compare our capital adequacy to other companies in the industry who also use this measure. However, these non-GAAP financial measures are supplemental and are not a substitute for any analysis based on GAAP financial measures. Because not all companies use the same calculation of tangible common equity and tangible assets, this presentation may not be comparable to other similarly titled measures as calculated by other companies. A reconciliation of the non-GAAP financial measures is provided below.

(4) Regulatory capital ratios are calculated for Riverview Community Bank and not Riverview on a consolidated basis.

| | At March 31, | | | | |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2008 | 2007 | 2006(1) |
| | (In thousands) | | | | |
| Shareholders' equity | $ 83,934 | $ 88,663 | $ 92,585 | $ 100,209 | $ 91,687 |
| Goodwill | 25,572 | 25,572 | 25,572 | 25,572 | 25,572 |
| Other intangible assets, net | 823 | 893 | 858 | 1,062 | 1,279 |
| Tangible shareholders' equity | $ 57,539 | $ 62,198 | $ 66,155 | $ 73,575 | $ 64,836 |
| Total assets | $ 837,953 | $ 914,333 | $ 886,849 | $ 820,348 | $ 763,847 |
| Goodwill | 25,572 | 25,572 | 25,572 | 25,572 | 25,572 |
| Other intangible assets, net | 823 | 893 | 858 | 1,062 | 1,279 |
| Tangible assets | $ 811,558 | $ 887,868 | $ 860,419 | $ 793,714 | $ 736,996 |

(5) Dividends per share divided by earnings (loss) per share .

(6) Difference between weighted average yield on interest-earning assets and weighted average rate on interest-bearing liabilities.

(7) Net interest margin is net income divided by average interest-earning assets.

(8) The efficiency ratio is non-interest expense divided by the sum of net interest income and non-interest income.

## RISK FACTORS

An investment in our common stock involves certain risks. Before you invest in our common stock, you should be aware that there are various risks, including those described below, which could affect the value of your investment in the future. The trading price of our common stock could decline as a result of any of these risks, and you may lose all or part of your investment. The risk factors described in this section, as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that could have a material adverse effect on our business, including our operating results and financial condition. This prospectus also contains forward-looking statements that involve risks and uncertainties. These risks could cause our actual results to differ materially from the expectations that we describe in our forward-looking statements. You should carefully consider the risks described below and the risk factors included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2010 , as well as the other information included or incorporated by reference in this prospectus, before making an investment decision.

### Risks Associated with Our Business

We are required to comply with the terms of two memoranda of understanding and a supervisory letter directive issued by the OTS and lack of compliance could result in monetary penalties and /or additional regulatory actions.

In January 2009, Riverview Community Bank entered into a Memorandum of Understanding, or MOU, with the OTS. Under that agreement, Riverview Community Bank must, among other things, develop a plan for achieving and maintaining a minimum Tier 1 Capital (Leverage) Ratio of 8% and a minimum Total Risk-Based Capital Ratio of 12%, compared to its current minimum required regulatory Tier 1 Capital (Leverage) Ratio of 4% and Total Risk-Based Capital Ratio of 8%. As of March 31, 2010, Riverview Community Bank's Tier 1 Capital (Leverage) Ratio was 9.84% (1.84% over the new required minimum) and its Total Risk-Based Capital ratio was 12.11% (0.11% over the new required minimum). The MOU also requires Riverview Community Bank to:

- remain in compliance with the minimum capital ratios contained in Riverview Community Bank's business plan;
- provide notice to and obtain a non-objection from the OTS prior to declaring a dividend;
- maintain an adequate allowance for loan and lease losses;
- engage an independent consultant to conduct a comprehensive evaluation of Riverview Community Bank's asset quality;
- submit a quarterly update to its written comprehensive plan to reduce classified assets, that is acceptable to the OTS; and
- obtain written approval of the loan committee and the Board prior to the extension of credit to any borrower with a classified loan.

On June 9, 2009 the OTS issued a Supervisory Letter Directive, or SLD, to Riverview Community Bank that restricts its brokered deposits (including Certificate of Deposit Account Registry Service, or CDARS) to 10% of total deposits. At March 31, 2010 and June 9, 2009, we did not have any wholesale-brokered deposits as compared to $19.9 million, or 3.0% of total deposits, at March 31, 2009. Riverview Community Bank participates in the CDARS product, which allows Riverview Community Bank to accept deposits in excess of the FDIC insurance limit for that depositor and obtain "pass-through" insurance for the total deposit. Riverview Community Bank's CDARS balance was $ 31.9 million, or 4.6% of total deposits, and $22.2 million, or 3.3% of total deposits, at March 31, 2010 and March 31, 2009, respectively.

In October 2009 Riverview entered into a separate MOU with the OTS. Under this agreement, Riverview must, among other things, support Riverview Community Bank's compliance with its MOU issued in January 2009. The MOU also requires Riverview to:

- provide notice to and obtain written non-objection from the OTS prior to declaring a dividend or redeeming any capital stock or receiving dividends or other payments from Riverview Community Bank;

- provide notice to and obtain written non-objection from the OTS prior to incurring, issuing, renewing or repurchasing any new debt; and

- submit to the OTS within prescribed time periods an operations plan and a consolidated capital plan that respectively addresses Riverview's ability to meet its financial obligations through December 2012 and how Riverview Community Bank will maintain capital ratios mandated by its MOU.

Riverview Community Bank was not permitted by the OTS to make a dividend payment to us in May 2010, resulting in the deferral of interest on our outstanding trust preferred securities. See "– Risks Relating to the Offering and our Common Stock – We have deferred payments of interest on our outstanding junior subordinated debentures and as a result we are prohibited from declaring or paying dividends or distributions on, and from making liquidation payments with respect to, our common stock."

The MOUs and SLD will remain in effect until stayed, modified, terminated or suspended by the OTS. If the OTS were to determine that Riverview or Riverview Community Bank were not in compliance with their respective MOUs, it would have available various remedies, including among others, the power to enjoin "unsafe or unsound" practices, to require affirmative action to correct any conditions resulting from any violation or practice, to direct an increase in capital, to restrict the growth of Riverview or Riverview Community Bank, to remove officers and/or directors, and to assess civil monetary penalties. Management of Riverview and Riverview Community Bank have been taking action and implementing programs to comply with the requirements of the MOUs and SLD. Although compliance with the MOUs and SLD will be determined by the OTS, management believes that Riverview and Riverview Community Bank have complied in all material respects with the provisions of the MOUs and SLD required to be complied with as of the date of this prospectus, including the capital requirements and restrictions on brokered deposits imposed by the OTS. The OTS may determine, however, in its sole discretion that the issues raised by the MOUs and SLD have not been addressed satisfactorily, or that any current or past actions, violations or deficiencies could be the subject of further regulatory enforcement actions. Such enforcement actions could involve penalties or limitations on our business at Riverview Community Bank or Riverview and negatively affect our ability to implement our business plan, pay dividends on our common stock and the value of our common stock as well as our financial condition and results of operations.

The current economic recession in the market areas we serve may continue to adversely impact our earnings and could increase the credit risk associated with our loan portfolio.

Substantially all of our loans are to businesses and individuals in the states of Washington and Oregon. A continuing decline in the economies of the seven counties in which we operate, including the Portland, Oregon metropolitan area, which we consider to be our primary market areas, could have a material adverse effect on our business, financial condition, results of operations and prospects. In particular, Washington and Oregon have experienced substantial home price declines and increased foreclosures and have experienced above average unemployment rates.

A further deterioration in economic conditions in the market areas we serve could result in the following consequences, any of which could have a materially adverse impact on our business, financial condition and results of operations:

- loan delinquencies, problem assets and foreclosures may increase;
- demand for our products and services may decline;
- collateral for loans made may decline further in value, in turn reducing customers' borrowing power, reducing the value of assets and collateral associated with existing loans;

- the amount of our low-cost or non-interest bearing deposits may decrease; and
- the price of our common stock may decrease.

Our real estate construction and land acquisition or development loans are based upon estimates of costs and the value of the completed project.

We make real estate construction loans to individuals and builders, primarily for the construction of residential properties. We originate these loans whether or not the collateral property underlying the loan is under contract for sale. At March 31, 2010, construction loans totaled $ 75.5 million, or 10.3% of our total loan portfolio, of which $ 35.4 million were for residential real estate projects. Approximately $ 4.8 million of our residential construction loans were made to finance the construction of owner-occupied homes and are structured to be converted to permanent loans at the end of the construction phase. Land loans, which are loans made with land as security, totaled $ 74.8 million, or 10.2% , of our total loan portfolio at March 31, 2010 . Land loans include raw land and land acquisition and development loans. These loans carry additional risks from other types of real estate based lending. In general, construction and land lending involves additional risks because of the inherent difficulty in estimating a property's value both before and at completion of the project as well as the estimated cost of the project. Construction costs may exceed original estimates as a result of increased materials, labor or other costs. In addition, because of current uncertainties in the residential real estate market, property values have become more difficult to determine than they have historically been. Construction loans and land acquisition and development loans often involve the disbursement of funds with repayment dependent, in part, on the success of the project and the ability of the borrower to sell or lease the property or refinance the indebtedness, rather than the ability of the borrower or guarantor to repay principal and interest. These loans are also generally more difficult to monitor. In addition, speculative construction loans to a builder are often associated with homes that are not pre-sold, and thus pose a greater potential risk than construction loans to individuals on their personal residences. At March 31, 2010 , $ 105.4 million of our construction and land loans were for speculative construction loans. Approximately $ 23.9 million, or 22.7% , of our speculative construction and land loans were nonperforming at March 31, 2010. A material increase in our nonperforming construction and land loans could have a material adverse effect on our financial condition and results of operations.

Our emphasis on commercial real estate lending may expose us to increased lending risks.

Our current business strategy is focused on the expansion of commercial real estate lending. This type of lending activity, while potentially more profitable than single-family residential lending, is generally more sensitive to regional and local economic conditions, making loss levels more difficult to predict. Collateral evaluation and financial statement analysis in these types of loans requires a more detailed analysis at the time of loan underwriting and on an ongoing basis. In our primary market of southwest Washington and northwest Oregon, the housing market has slowed, with weaker demand for housing, higher inventory levels and longer marketing times. A further downturn in housing, or the real estate market, could increase loan delinquencies, defaults and foreclosures, and significantly impair the value of our collateral and our ability to sell the collateral upon foreclosure. Many of our commercial borrowers have more than one loan outstanding with us. Consequently, an adverse development with respect to one loan or one credit relationship can expose us to a significantly greater risk of loss and adversely affect our results of operations.

At March 31, 2010 , we had $ 384.4 million of commercial and multi-family real estate mortgage loans, representing 52.3% of our total loan portfolio. These loans typically involve higher principal amounts than other types of loans, and repayment is dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service, which may be adversely affected by changes in the economy or local market conditions. For example, if the cash flow from the borrower’s project is reduced as a result of leases not being obtained or renewed, the borrower’s ability to repay the loan may be impaired. Commercial and multi-family mortgage loans also expose a lender to greater credit risk than loans secured by residential real estate because the collateral securing these loans typically cannot be sold as easily as residential real estate. In addition, many of our commercial and multi-family real estate loans are not fully amortizing and contain large balloon payments upon maturity. Such balloon payments may require the borrower to either sell or refinance the underlying property in order to make the payment, which may increase the risk of default or non-payment.

A secondary market for most types of commercial real estate and multi-family loans is not readily liquid, so we have less opportunity to mitigate credit risk by selling part or all of our interest in these loans.

As a result of these characteristics, if we foreclose on a commercial or multi-family real estate loan, our holding period for the collateral typically is longer than for one-to-four family residential mortgage loans because there are fewer potential purchasers of the collateral. Accordingly, charge-offs on commercial and multi-family real estate loans may be larger on a per loan basis than those incurred with our residential or consumer loan portfolios.

The level of our commercial real estate loan portfolio may subject us to additional regulatory scrutiny.

The FDIC, the Federal Reserve and the OTS have promulgated joint guidance on sound risk management practices for financial institutions with concentrations in commercial real estate lending. Under this guidance, a financial institution that, like us, is actively involved in commercial real estate lending should perform a risk assessment to identify concentrations. A financial institution may have a concentration in commercial real estate lending if, among other factors (i) total reported loans for construction, land development, and other land represent 100% or more of total capital, or (ii) total reported loans secured by multifamily and non-farm residential properties, loans for construction, land development and other land, and loans otherwise sensitive to the general commercial real estate market, including loans to commercial real estate related entities, represent 300% or more of total capital. The particular focus of the guidance is on exposure to commercial real estate loans that are dependent on the cash flow from the real estate held as collateral and that are likely to be at greater risk to conditions in the commercial real estate market (as opposed to real estate collateral held as a secondary source of repayment or as an abundance of caution). The purpose of the guidance is to guide banks in developing risk management practices and capital levels commensurate with the level and nature of real estate concentrations. The guidance states that management should employ heightened risk management practices including board and management oversight and strategic planning, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing. We have concluded that we have a concentration in commercial real estate lending under the foregoing standards because our $ 317.4 million balance in commercial real estate loans at March 31, 2010 represents 300% or more of total capital. While we believe we have implemented policies and procedures with respect to our commercial real estate loan portfolio consistent with this guidance, bank regulators could require us to implement additional policies and procedures consistent with their interpretation of the guidance that may result in additional costs to us and an adjustment to our growth strategies.

Repayment of our commercial loans is often dependent on the cash flows of the borrower, which may be unpredictable, and the collateral securing these loans may fluctuate in value.

At March 31, 2010, we had $ 108.4 million or 14.8% of total loans in commercial loans. Commercial lending involves risks that are different from those associated with residential and commercial real estate lending. Real estate lending is generally considered to be collateral based lending with loan amounts based on predetermined loan to collateral values and liquidation of the underlying real estate collateral being viewed as the primary source of repayment in the event of borrower default. Our commercial loans are primarily made based on the cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The borrower’s cash flow may be unpredictable, and collateral securing these loans may fluctuate in value. Although commercial loans are often collateralized by equipment, inventory, accounts receivable, or other business assets, the liquidation of collateral in the event of default is often an insufficient source of repayment because accounts receivable may be uncollectible and inventories may be obsolete or of limited use, among other things. Accordingly, the repayment of commercial loans depends primarily on the cash flow and credit worthiness of the borrower and secondarily on the underlying collateral provided by the borrower.

Our business may be adversely affected by credit risk associated with residential property.

At March 31, 2010, $91.5 million, or 12.5% of our total loan portfolio, was secured by one-to-four single-family mortgage loans and home equity lines of credit. This type of lending is generally sensitive to regional and local

economic conditions that significantly impact the ability of borrowers to meet their loan payment obligations, making loss levels difficult to predict. The decline in residential real estate values as a result of the downturn in the Washington and Oregon housing markets has reduced the value of the real estate collateral securing these types of loans and increased the risk that we would incur losses if borrowers default on their loans. Continued declines in both the volume of real estate sales and the sales prices coupled with the current recession and the associated increases in unemployment may result in higher than expected loan delinquencies or problem assets, a decline in demand for our products and services, or lack of growth or a decrease

in deposits. These potential negative events may cause us to incur losses, adversely affect our capital and liquidity, and damage our financial condition and business operations.

High loan-to-value ratios on a portion of our residential mortgage loan portfolio exposes us to greater risk of loss.

Many of our residential mortgage loans are secured by liens on mortgage properties in which the borrowers have little or no equity because either we originated upon purchase a first mortgage with an 80% loan-to-value ratio, have originated a home equity loan with a combined loan-to-value ratio of up to 90% or because of the decline in home values in our market areas. Residential loans with high loan-to-value ratios will be more sensitive to declining property values than those with lower combined loan-to-value ratios and, therefore, may experience a higher incidence of default and severity of losses. In addition, if the borrowers sell their homes, such borrowers may be unable to repay their loans in full from the sale. As a result, these loans may experience higher rates of delinquencies, defaults and losses.

Our provision for loan losses has increased substantially and we may be required to make further increases in our provision for loan losses and to charge-off additional loans in the future, which could adversely affect our results of operations.

For the fiscal years ended March 31, 2010 and 2009 we recorded a provision for loan losses of $ 15.9 million and $16.2 million, respectively. We also recorded net loan charge-offs of $ 11.2 million and $9.9 million for the fiscal years ended March 31, 2010 and 2009, respectively. During these last two fiscal years , we experienced increasing loan delinquencies and credit losses. With the exception of residential construction and development loans, nonperforming loans and assets generally reflect unique operating difficulties for individual borrowers rather than weakness in the overall economy of the Pacific Northwest; however, more recently the deterioration in the general economy has become a significant contributing factor to the increased levels of delinquencies and nonperforming loans. Slower sales and excess inventory in the housing market has been the primary cause of the increase in delinquencies and foreclosures for residential construction and land development loans, which represent 66.3% of our nonperforming loan balance at March 31, 2010 .  At March 31, 2010 our total nonperforming assets had increased to $ 49.3 million compared to $ 41.7 million at March 31, 2009 .  Further, our portfolio is concentrated in construction and land loans and commercial and commercial real estate loans, all of which have a higher risk of loss than residential mortgage loans.

If current trends in the housing and real estate markets continue, we expect that we will continue to experience higher than normal delinquencies and credit losses. Moreover, until general economic conditions improve, we expect that we will continue to experience significantly higher than normal delinquencies and credit losses. As a result, we could be required to make further increases in our provision for loan losses and to charge off additional loans in the future, which could have a material adverse effect on our financial condition and results of operations.

We may have continuing losses.

We reported a net loss of $ 5.4 million and $2.7 million for the fiscal years ended March 31, 2010 and 2009, respectively. These losses primarily resulted from our high level of nonperforming assets and the resultant increased provision for loan losses and real estate owned (“REO”) related expenses and write-downs. We may continue to suffer further losses which could materially adversely affect our financial conditions and require us to raise additional capital.  See “– Risks Relating to the Offering and our Common Stock – There may be future sales of additional common stock or other dilution of our equity, which may adversely affect the market price of our common stock.”

Our allowance for loan losses may prove to be insufficient to absorb losses in our loan portfolio.

Lending money is a substantial part of our business and each loan carries a certain risk that it will not be repaid in accordance with its terms or that any underlying collateral will not be sufficient to assure repayment. This risk is affected by, among other things:

- the cash flow of the borrower and/or the project being financed;
- changes and uncertainties as to the future value of the collateral, in the case of a collateralized loan;
- the duration of the loan;
- the credit history of a particular borrower; and
- changes in economic and industry conditions.

We maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expense, which we believe is appropriate to provide for probable losses in our loan portfolio. The amount of this allowance is determined by our management through periodic reviews and consideration of several factors, including, but not limited to:

- our general reserve, based on our historical default and loss experience and certain macroeconomic factors based on management's expectations of future events; and
- our specific reserve, based on our evaluation of nonperforming loans and their underlying collateral.

The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires us to make various assumptions and judgments about the collectability of our loan portfolio, including the creditworthiness of our borrowers and the value of the real estate and other assets serving as collateral for the repayment of many of our loans. In determining the amount of the allowance for loan losses, we review our loans and the loss and delinquency experience, and evaluate economic conditions and make significant estimates of current credit risks and future trends, all of which may undergo material changes. If our estimates are incorrect, the allowance for loan losses may not be sufficient to cover losses inherent in our loan portfolio, resulting in the need for additions to our allowance through an increase in the provision for loan losses. Continuing deterioration in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the allowance for loan losses. Our allowance for loan losses was $21.6 million or 2.95% of gross loans held for investment and 60.10% of nonperforming loans at March 31, 2010 . In addition, bank regulatory agencies periodically review our allowance for loan losses and may require an increase in the provision for possible loan losses or the recognition of further loan charge-offs, based on judgments different than those of management. If charge-offs in future periods exceed the allowance for loan losses, we will need additional provisions to increase the allowance for loan losses. Any increases in the provision for loan losses will result in a decrease in net income and may have a material adverse effect on our financial condition, results of operations and our capital.

If our investments in real estate are not properly valued or sufficiently reserved to cover actual losses, or if we are required to increase our valuation reserves, our earnings could be reduced.

We obtain updated valuations in the form of appraisals and broker price opinions when a loan has been foreclosed upon and the property taken in as REO , and at certain other times during the assets holding period. Our net book value ("NBV") in the loan at the time of foreclosure and thereafter is compared to the updated market value of the

foreclosed property less estimated selling costs (fair value). A charge-off is recorded for any excess in the asset's NBV over its fair value. If our valuation process is incorrect, the fair value of our investments in real estate may not be sufficient to recover our NBV in such assets, resulting in the need for additional charge-offs. Additional material charge-offs to our investments in real estate could have a material adverse effect on our financial condition and results of operations.

In addition, bank regulators periodically review our REO and may require us to recognize further charge-offs. Any increase in our charge-offs, as required by such regulators, may have a material adverse effect on our financial condition and results of operations.

The ability to treat Trust Preferred Securities as regulatory capital may be compromised by proposed legislation.

We currently have $22.7 million of trust preferred securities issued in connection with our sponsorship of two statutory business trusts and we are able to include this entire amount as Tier 1 regulatory capital. There is current proposed legislation that could compromise our ability to treat our trust preferred securities as Tier 1 capital. While it is unknown what the overall impact on us would be if this legislation were to pass, it could have a meaningful impact on our regulatory capital levels and ratios that could materially adversely affect our business operations and strategies.

Other-than-temporary impairment charges in our investment securities portfolio could result in additional losses .

During the fiscal year ended March 31, 2010 , we recognized a $1.0 million non-cash other than temporary impairment (“OTTI”) charge on a single trust preferred investment security we hold for investment. At March 31, 2010 the fair value of this security was $1.0 million. Management concluded that the decline of the estimated fair value below the cost of the security was other than temporary and recorded a credit loss of $1.0 million through non-interest income. We determined the remaining decline in value was not related to specific credit deterioration. We do not intend to sell this security and it is not more likely than not that we will be required to sell the security before anticipated recovery of the remaining amortized cost basis.

We closely monitor this security and our other investment securities for changes in credit risk. The valuation of our investment securities also is influenced by external market and other factors, including implementation of Securities and Exchange Commission and Financial Accounting Standards Board guidance on fair value accounting. Our valuation of our trust preferred security will be influenced by the default rates of specific financial institutions whose securities provide the underlying collateral for this security. The current market environment significantly limits our ability to mitigate our exposure to valuation changes in this security by selling it. Accordingly, if market conditions deteriorate further and we determine our holdings of this or other investment securities are other than temporary , our results of operations could be adversely affected.

Our real estate lending also exposes us to the risk of environmental liabilities.

In the course of our business, we may foreclose and take title to real estate, and we could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third persons for property damage, personal injury, investigation, and clean-up costs incurred by these parties in connection with environmental contamination, or may be required to investigate or clean up hazardous or toxic substances, or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, as the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. If we ever become subject to significant environmental liabilities, our business, financial condition and results of operations could be materially and adversely affected.

Fluctuating interest rates can adversely affect our profitability.

Our profitability is dependent to a large extent upon net interest income, which is the difference, or spread, between the interest earned on loans, securities and other interest-earning assets and the interest paid on deposits, borrowings, and other interest-bearing liabilities. Because of the differences in maturities and repricing characteristics of our interest-earning assets and interest-bearing liabilities, changes in interest rates do not produce equivalent changes in interest income earned on interest-earning assets and interest paid on interest-bearing

liabilities. We principally manage interest rate risk by managing our volume and mix of our earning assets and funding liabilities. In a changing interest rate environment, we may not be able to manage this risk effectively. Changes in interest rates also can affect: (1) our ability to originate and/or sell loans; (2) the value of our interest-earning assets, which would negatively impact shareholders' equity, and our ability to realize gains from the sale of such assets; (3) our ability to obtain and retain deposits in competition with other available investment alternatives; and (4) the ability of our borrowers to repay adjustable or variable rate loans. Interest rates are highly sensitive to many factors, including government monetary policies, domestic and international economic and political conditions and other factors beyond our control. If we are unable to manage interest rate risk effectively, our business, financial condition and results of operations could be materially harmed.

Our loan portfolio possesses increased risk due to our level of adjustable rate loans.

A substantial majority of our real estate secured loans held are adjustable-rate loans. Any rise in prevailing market interest rates may result in increased payments for borrowers who have adjustable rate mortgage loans, increasing the possibility of defaults that may adversely affect our profitability.

Increases in deposit insurance premiums and special FDIC assessments will hurt our earnings.

Beginning in late 2008, the economic environment caused higher levels of bank failures, which dramatically increased FDIC resolution costs and led to a significant reduction in the Deposit Insurance Fund. As a result, the FDIC has significantly increased the initial base assessment rates paid by financial institutions for deposit insurance. The base assessment rate was increased by seven basis points (seven cents for every $100 of deposits) for the first quarter of 2009. Effective April 1, 2009, initial base assessment rates were changed to range from 12 basis points to 45 basis points across all risk categories with possible adjustments to these rates based on certain debt-related components. These increases in the base assessment rate have increased our deposit insurance costs and negatively impacted our earnings. In addition, in May 2009, the FDIC imposed a special assessment on all insured institutions due to recent bank and savings association failures. The emergency assessment amounts to five basis points on each institution's assets minus Tier 1 capital as of June 30, 2009, subject to a maximum equal to 10 basis points times the institution's assessment base. Our FDIC deposit insurance expense for fiscal 2010 was $1.9 million, including the special assessment of $417,000 recorded in June 2009 and paid on September 30, 2009.

Further, the FDIC may impose additional emergency special assessments of up to five basis points per quarter on each institution's assets minus Tier 1 capital if necessary to maintain public confidence in federal deposit insurance or as a result of deterioration in the Deposit Insurance Fund reserve ratio due to institution failures. Additionally, in November 2009 , the FDIC announced that financial institutions are required to prepay their estimated quarterly risk-based assessment for the fourth quarter of 2009 and for all of 2010, 2011 and 2012. In December 2009, we prepaid $5.4 million, which will be expensed over this three-year period. This prepayment did not immediately impact our earnings as the payment will be expensed over time, however, any additional emergency special assessment imposed by the FDIC will adversely affect our earnings.

We participate in the FDIC's Transaction Account Guarantee Program, or TAGP, for non-interest-bearing transaction deposit accounts. The TAGP is a component of the FDIC's Temporary Liquidity Guarantee Program, or TLGP. The TAGP was originally set to expire on December 31, 2009, but the FDIC established an extension period for the TAGP to run from January 1, 2010 through June 30, 2010, and subsequently extended it through December 31, 2010 with the possibility of a further extension through December 31, 2011. During the extension period, the fees for participating banks range from 15 to 25 basis points on the amounts in such accounts above the amounts covered by FDIC deposit insurance, depending on the risk category to which the bank is assigned for deposit insurance assessment purposes.

To the extent that assessments under the TAGP are insufficient to cover any loss or expenses arising from the TLGP, the FDIC is authorized to impose an emergency special assessment on all FDIC-insured depository institutions. The

FDIC has authority to impose charges for the TLGP upon depository institution holding companies, as well. These charges would cause the premiums and TAGP assessments charged by the FDIC to increase. These actions could significantly increase our non-interest expense.



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Liquidity risk could impair our ability to fund operations and jeopardize our financial condition, growth and prospects.

Liquidity is essential to our business. An inability to raise funds through deposits, borrowings, the sale of loans and other sources could have a substantial negative effect on our liquidity. We rely on customer deposits and advances from the FHLB of Seattle ("FHLB"), borrowings from the Federal Reserve Bank of San Francisco ("FRB") and other borrowings to fund our operations. Although we have historically been able to replace maturing deposits and advances if desired, we may not be able to replace such funds in the future if, among other things, our financial condition, the financial condition of the FHLB or FRB, or market conditions change. Our access to funding sources in amounts adequate to finance our activities or the terms of which are acceptable could be impaired by factors that affect us specifically or the financial services industry or economy in general - such as a disruption in the financial markets or negative views and expectations about the prospects for the financial services industry in light of the recent turmoil faced by banking organizations and the continued deterioration in credit markets. Factors that could detrimentally impact our access to liquidity sources include a decrease in the level of our business activity as a result of a downturn in the Washington or Oregon markets where our loans are concentrated or adverse regulatory action against us. In addition, the OTS has limited our ability to use brokered deposits as a source of liquidity by restricting them to not more than 10% of our total deposits. At March 31, 2010 our brokered deposits (consisting exclusively of CDARs deposits) totaled $31.9 million or 4.6% of total deposits.

Our financial flexibility will be severely constrained if we are unable to maintain our access to funding or if adequate financing is not available to accommodate future growth at acceptable interest rates. Although we consider our sources of funds adequate for our liquidity needs, we may seek additional debt in the future to achieve our long-term business objectives. Additional borrowings, if sought, may not be available to us or, if available, may not be available on reasonable terms. If additional financing sources are unavailable, or are not available on reasonable terms, our financial condition, results of operations, growth and future prospects could be materially adversely affected. In addition, Riverview may not incur additional debt without the prior written non-objective of the OTS. Finally, if we are required to rely more heavily on more expensive funding sources to support future growth, our revenues may not increase proportionately to cover our costs.

Decreased volumes and lower gains on sales and brokering of mortgage loans sold could adversely impact net income.

We originate and sell mortgage loans as well as broker mortgage loans. Changes in interest rates affect demand for our loan products and the revenue realized on the sale of loans. A decrease in the volume of loans sold/brokered can decrease our revenues and net income.

A general decline in economic conditions may adversely affect the fees generated by our asset management company.

To the extent our asset management clients and their assets become adversely affected by weak economic and stock market conditions, they may choose to withdraw the amount of assets managed by us and the value of their assets may decline. Our asset management revenues are based on the value of the assets we manage. If our clients withdraw assets or the value of their assets decline, the revenues generated by Riverview Asset Management Corp. will be adversely affected.

Our growth or future losses may require us to raise additional capital in the future, but that capital may not be available when it is needed or the cost of that capital may be very high.

We are required by federal regulatory authorities to maintain adequate levels of capital to support our operations. With the proceeds of this offering, we anticipate that our capital resources will satisfy our capital requirements for the foreseeable future, including the heightened capital requirements under Riverview Community Bank's MOU. Nonetheless, we may at some point need to raise additional capital to support continued growth.

Our ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside our control, and on our financial condition and performance. Accordingly, we cannot make

assurances that we will be able to raise additional capital if needed on terms that are acceptable to us, or at all. If we cannot raise additional capital when needed, our operations could be materially impaired and our financial condition and liquidity could be materially and adversely affected. In addition, if we are unable to raise additional capital when required by the OTS, we may be subject to additional adverse regulatory action. See "We are required to comply with the terms of two memoranda of understanding and a supervisory letter directive issued by the OTS and lack of compliance could result in monetary penalties and /or additional regulatory actions."

We operate in a highly regulated environment and may be adversely affected by changes in federal and state laws and regulations, including changes that may restrict our ability to foreclose on single-family home loans and offer overdraft protection.

We are subject to extensive examination, supervision and comprehensive regulation by the OTS and the FDIC. Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds, and the banking system as a whole, and not holders of our common stock. These regulations affect our lending practices, capital structure, investment practices, dividend policy, and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations, and policies for possible changes. Changes to statutes, regulations, or regulatory policies, including changes in interpretation or implementation of statutes, regulations, or policies, could affect us in substantial and unpredictable ways. Such changes could subject us to additional costs, limit the types of financial services and products we may offer, restrict mergers and acquisitions, investments, access to capital, the location of banking offices, and/or increase the ability of non-banks to offer competing financial services and products, among other things. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and/or reputational damage, which could have a material adverse effect on our business, financial condition and results of operations. While we have policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur.

New legislation proposed by Congress may give bankruptcy courts the power to reduce the increasing number of home foreclosures by giving bankruptcy judges the authority to restructure mortgages and reduce a borrower's payments. Property owners would be allowed to keep their property while working out their debts. Other similar bills placing additional temporary moratoriums on foreclosure sales or otherwise modifying foreclosure procedures to the benefit of borrowers and the detriment of lenders may be enacted by either Congress or the States of Washington and Oregon in the future. These laws may further restrict our collection efforts on one-to-four single-family loans. Additional legislation proposed or under consideration in Congress would give current debit and credit card holders the chance to opt out of an overdraft protection program and limit overdraft fees which could result in additional operational costs and a reduction in our non-interest income.

Further, our regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws by financial institutions and holding companies in the performance of their supervisory and enforcement duties. In this regard, banking regulators are considering additional regulations governing compensation which may adversely affect our ability to attract and retain employees. On June 17, 2009, the Obama Administration published a comprehensive regulatory reform plan that is intended to modernize and protect the integrity of the United States financial system. The President's plan contains several elements that would have a direct effect on Riverview and Riverview Community Bank. Under the reform plan, the federal thrift charter and the OTS would be eliminated and all companies that control an insured depository institution must register as a bank holding company. Draft legislation would require Riverview Community Bank to become a national bank or adopt a state charter and require Riverview Bancorp to register as a bank holding company. Registration as a bank holding company would represent a significant change, as there currently exist significant differences between savings and loan holding company and bank holding company supervision and regulation. For example, the Federal Reserve imposes leverage and risk-based capital requirements on bank holding companies whereas the OTS does not impose any capital requirements on savings and loan holding companies. The reform plan also proposes the creation of a new federal agency, the Consumer Financial Protection Agency that would be dedicated to protecting consumers in the financial products and

services market. The creation of this agency could result in new regulatory requirements and raise the cost of regulatory compliance. In addition, legislation stemming from the reform plan could require changes in regulatory capital requirements, and compensation practices. If implemented, the foregoing regulatory reforms may have a material impact on our operations.

We may experience future goodwill impairment, which could reduce our earnings.

We performed our annual goodwill impairment test during the quarter ended December 31, 2009, but no impairment was identified. Our assessment of the fair value of goodwill is based on an evaluation of current purchase transactions, discounted cash flows from forecasted earnings, our current market capitalization, and a valuation of our assets. Our evaluation of the fair value of goodwill involves a substantial amount of judgment. If an impairment of goodwill was deemed to exist, we would be required to write down our assets resulting in a charge to earnings, which would adversely affect our results of operations, perhaps materially; however, it would have no impact on our liquidity, operations or regulatory capital.

Our litigation related costs might continue to increase.

Riverview Community Bank is subject to a variety of legal proceedings that have arisen in the ordinary course of Riverview Community Bank's business. In the current economic environment Riverview Community Bank's involvement in litigation has increased significantly, primarily as a result of defaulted borrowers asserting claims in order to defeat or delay foreclosure proceedings. Riverview Community Bank believes that it has meritorious defenses in legal actions where it has been named as a defendant and is vigorously defending these suits. Although management, based on discussion with litigation counsel, believes that such proceedings will not have a material adverse effect on the financial condition or operations of Riverview Community Bank, there can be no assurance that a resolution of any such legal matters will not result in significant liability to Riverview Community Bank nor have a material adverse impact on its financial condition and results of operations or Riverview Community Bank's ability to meet applicable regulatory requirements. Moreover, the expenses of pending legal proceedings will adversely affect Riverview Community Bank's results of operations until they are resolved. There can be no assurance that Riverview Community Bank's loan workout and other activities will not expose Riverview Community Bank to additional legal actions, including lender liability or environmental claims.

Our investment in Federal Home Loan Bank stock may become impaired.

At March 31, 2010 , we owned $7.4 million in FHLB stock.  As a condition of membership at the FHLB, we are required to purchase and hold a certain amount of FHLB stock. Our stock purchase requirement is based, in part, upon the outstanding principal balance of advances from the FHLB and is calculated in accordance with the Capital Plan of the FHLB. Our FHLB stock has a par value of $100, is carried at cost, and it is subject to recoverability testing per applicable accounting standards. The FHLB has announced that it had a risk-based capital deficiency under the regulations of the Federal Housing Finance Agency (the "FHFA"), its primary regulator, as of December 31, 2008, and that it would suspend future dividends and the repurchase and redemption of outstanding common stock. As a result, the FHLB has not paid a dividend since the fourth quarter of 2008. The FHLB has communicated that it believes the calculation of risk-based capital under the current rules of the FHFA significantly overstates the market risk of the FHLB's private-label mortgage-backed securities in the current market environment and that it has enough capital to cover the risks reflected in its balance sheet. As a result, we have not recorded an other-than-temporary impairment on our investment in FHLB stock. However, continued deterioration in the FHLB's financial position may result in impairment in the value of those securities. We will continue to monitor the financial condition of the FHLB as it relates to, among other things, the recoverability of our investment.

If other financial institutions holding deposits for government related entities in Washington State fail, we may be assessed a pro-rata share of the uninsured portion of the deposits by the State of Washington.

We participate in the Washington Public Deposit Protection Program by accepting deposits from local governments, school districts and other municipalities located in the State of Washington.  Under the recovery provisions of the 1969 Public Deposits Protection Act, when a participating bank fails and has public entity deposits that are not insured by the FDIC, the remaining banks that participate in the program are assessed a pro-rata share of the uninsured deposits.

We could see declines in our uninsured deposits, which would reduce the funds we have available for lending and other funding purposes.

The FDIC in the fourth quarter of 2008 increased the federal insurance of deposit accounts from $100,000 to $250,000 and provided 100% insurance coverage for noninterest-bearing transaction accounts for participating members including Riverview Community Bank. These increases of coverage, with the exception of IRA and certain retirement accounts, are scheduled to expire December 31, 2013. With the increase of bank failures, depositors are reviewing deposit relationships to maximize federal deposit insurance coverage. We may see outflows of uninsured deposits as customers restructure their banking relationships in setting up multiple accounts in multiple banks to maximize federal deposit insurance coverage.

Competition with other financial institutions could adversely affect our profitability.

The banking and financial services industry is very competitive. Legal and regulatory developments have made it easier for new and sometimes unregulated competitors to compete with us. Consolidation among financial service providers has resulted in fewer very large national and regional banking and financial institutions holding a large accumulation of assets. These institutions generally have significantly greater resources, a wider geographic presence or greater accessibility. Our competitors sometimes are also able to offer more services, more favorable pricing or greater customer convenience than we do. In addition, our competition has grown from new banks and other financial services providers that target our existing or potential customers. As consolidation continues, we expect additional institutions to try to exploit our market.

Technological developments have allowed competitors including some non-depository institutions, to compete more effectively in local markets and have expanded the range of financial products, services and capital available to our target customers. If we are unable to implement, maintain and use such technologies effectively, we may not be able to offer products or achieve cost-efficiencies necessary to compete in our industry. In addition, some of these competitors have fewer regulatory constraints and lower cost structures.

We rely heavily on the proper functioning of our technology.

We rely heavily on communications and information systems to conduct our business. Any failure, interruption or breach in security of these systems could result in failures or disruptions in our customer relationship management, general ledger, deposit, loan and other systems. While we have policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of our information systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures, interruptions or security breaches of our information systems could damage our reputation, result in a loss of customer business, subject us to additional regulatory scrutiny, or expose us to civil litigation and possible financial liability, any of which could have a material adverse effect on our financial condition and results of operations.

We rely on third-party service providers for much of our communications, information, operating and financial control systems technology. If any of our third-party service providers experience financial, operational or technological difficulties, or if there is any other disruption in our relationships with them, we may be required to locate alternative sources of such services, and we cannot assure that we could negotiate terms that are as favorable to us, or could obtain services with similar functionality, as found in our existing systems, without the need to expend substantial resources, if at all. Any of these circumstances could have an adverse effect on our business.

Changes in accounting standards may affect our performance.

Our accounting policies and methods are fundamental to how we record and report our financial condition and results of operations. From time to time there are changes in the financial accounting and reporting standards that govern the

preparation of our financial statements. These changes can be difficult to predict and can materially impact how we report and record our financial condition and results of operations. In some cases, we could be required to apply a new or revised standard retroactively, resulting in a retrospective adjustment to prior financial statements.

An increase in interest rates, change in the programs offered by governmental sponsored entities ("GSE") or our ability to qualify for such programs may reduce our mortgage revenues, which would negatively impact our non-interest income.

Our mortgage banking operations provide a significant portion of our non-interest income. We generate mortgage revenues primarily from gains on the sale of single-family mortgage loans pursuant to programs currently offered by Fannie Mae, Freddie Mac and non-GSE investors. These entities account for a substantial portion of the secondary market in residential mortgage loans. Any future changes in these programs, our eligibility to participate in such programs, the criteria for loans to be accepted or laws that significantly affect the activity of such entities could, in turn, materially adversely affect our results of operations. Further, in a rising or higher interest rate environment, our originations of mortgage loans may decrease, resulting in fewer loans that are available to be sold to investors. This would result in a decrease in mortgage banking revenues and a corresponding decrease in non-interest income. In addition, our results of operations are affected by the amount of non-interest expense associated with mortgage banking activities, such as salaries and employee benefits, occupancy, equipment and data processing expense and other operating costs. During periods of reduced loan demand, our results of operations may be adversely affected to the extent that we are unable to reduce expenses commensurate with the decline in loan originations.

We may engage in FDIC-assisted transactions, which could present additional risks to our business.

We may have opportunities to acquire the assets and liabilities of failed banks in FDIC-assisted transactions, including transactions in the states of Washington, Oregon and Idaho. Although these FDIC-assisted transactions typically provide for FDIC assistance to an acquirer to mitigate certain risks, such as sharing exposure to loan losses and providing indemnification against certain liabilities of the failed institution, we are (and would be in future transactions) subject to many of the same risks we would face in acquiring another bank in a negotiated transaction, including risks associated with maintaining customer relationships and failure to realize the anticipated acquisition benefits in the amounts and within the timeframes we expect. In addition, because these acquisitions are structured in a manner that would not allow us the time and access to information normally associated with preparing for and evaluating a negotiated acquisition, we may face additional risks in FDIC-assisted transactions, including additional strain on management resources, management of problem loans, problems related to integration of personnel and operating systems and impact to our capital resources requiring us to raise additional capital. We cannot provide assurance that we would be successful in overcoming these risks or any other problems encountered in connection with FDIC-assisted transactions. Our inability to overcome these risks could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on key personnel and the loss of one or more of those key personnel may materially and adversely affect our prospects.

Competition for qualified employees and personnel in the banking industry is intense and there are a limited number of qualified persons with knowledge of, and experience in, the community banking industry where Riverview Community Bank conducts its business. The process of recruiting personnel with the combination of skills and attributes required to carry out our strategies is often lengthy. Our success depends to a significant degree upon our ability to attract and retain qualified management, loan origination, finance, administrative, marketing and technical personnel and upon the continued contributions of our management and personnel. In particular, our success has been and continues to be highly dependent upon the abilities of key executives, including our President, and certain other employees. In addition, our success has been and continues to be highly dependent upon the services of our directors, many of whom are at or nearing retirement age, and we may not be able to identify and attract suitable candidates to replace such directors.

Our business may be adversely affected by an increasing prevalence of fraud and other financial crimes.

Our loans to businesses and individuals and our deposit relationships and related transactions are subject to exposure to the risk of loss due to fraud and other financial crimes. Nationally, reported incidents of fraud and other financial crimes have increased. We have also experienced an increase in apparent fraud and other financial crimes; however, we have not recently experienced material losses due to such crimes. While we have policies and procedures designed to prevent such losses, there can be no assurance that such losses will not occur.

Managing reputational risk is important to attracting and maintaining customers, investors and employees.

Threats to our reputation can come from many sources, including adverse sentiment about financial institutions generally, unethical practices, employee misconduct, failure to deliver minimum standards of service or quality, compliance deficiencies, and questionable or fraudulent activities of our customers. We have policies and procedures in place to protect our reputation and promote ethical conduct, but these policies and procedures may not be fully effective. Negative publicity regarding our business, employees, or customers, with or without merit, may result in the loss of customers, investors and employees, costly litigation, a decline in revenues and increased governmental regulation.

Our assets as of March 31, 2010 include a deferred tax asset and we may not be able to realize the full amount of such asset.

We recognize deferred tax assets and liabilities based on differences between the financial statement carrying amounts and the tax bases of assets and liabilities. At March 31, 2010, the net deferred tax asset was approximately $11.2 million, an increase from a balance of approximately $8.2 million at March 31, 2009. The increase in Riverview Community Bank's net deferred tax asset resulted mainly from loan loss provisions and REO write-downs, neither of which is currently deductible for federal income tax reporting purposes. The deferred tax asset balance at March 31, 2010 attributable to our loan loss reserves and REO write-downs was $7.7 million and $2.3 million, respectively.

We regularly review our net deferred tax assets for recoverability based on history of earnings, expectations for future earnings and expected timing of reversals of temporary differences. Realization of deferred tax assets ultimately depends on the existence of sufficient taxable income, including taxable income in prior carryback years, as well as future taxable income. We believe the recorded net deferred tax asset at March 31, 2010 is fully realizable; however, if we determine that we will be unable to realize all or part of the net deferred tax asset, we would adjust this net deferred tax asset, which would negatively impact our earnings or increase our net loss.

Risks Relating to the Offering and our Common Stock

The price of our common stock may fluctuate significantly, and this may make it difficult for you to resell our common stock when you want or at prices you find attractive.

We cannot predict how our common stock will trade in the future. The market value of our common stock will likely continue to fluctuate in response to a number of factors including the following, most of which are beyond our control, as well as the other factors described in this "Risk Factors" section:

- actual or anticipated quarterly fluctuations in our operating and financial results;
- developments related to investigations, proceedings or litigation that involve us;
- changes in financial estimates and recommendations by financial analysts;
- dispositions, acquisitions and financings;
- actions of our current shareholders, including sales of common stock by existing shareholders and our directors and executive officers;
- fluctuations in the stock prices and operating results of our competitors;

- regulatory developments; and
- other developments related to the financial services industry.

The market value of our common stock may also be affected by conditions affecting the financial markets in general, including price and trading fluctuations. These conditions may result in (i) volatility in the level of, and

fluctuations in, the market prices of stocks generally and, in turn, our common stock and (ii) sales of substantial amounts of our common stock in the market, in each case that could be unrelated or disproportionate to changes in our operating performance. These broad market fluctuations may adversely affect the market value of our common stock and there is no assurance that purchasers of common stock in the offering will be able to sell shares after the offering at a price equal to or greater than the actual purchase price.

There may be future sales of additional common stock or other dilution of our equity, which may adversely affect the market price of our common stock.

Except as described under "Underwriting," we are not restricted from issuing additional common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. The market price of our common stock could decline as a result of sales by us of a large number of shares of common stock or preferred stock or similar securities in the market after this offering or from the perception that such sales could occur. Further, any issuances of common stock would dilute our shareholders' ownership interests and may dilute the per share book value of our common stock.

Our board of directors is authorized generally to cause us to issue additional common stock, as well as series of preferred stock, without any action on the part of our shareholders except as may be required under the listing requirements of the Nasdaq Stock Market. In addition, the board has the power, without shareholder approval, to set the terms of any such series of preferred stock that may be issued, including voting rights, dividend rights and preferences over the common stock with respect to dividends or upon the liquidation, dissolution or winding-up of our business and other terms. If we issue preferred stock in the future that has a preference over the common stock with respect to the payment of dividends or upon liquidation, dissolution or winding-up, or if we issue preferred stock with voting rights that dilute the voting power of the common stock, the rights of holders of the common stock or the market price of the common stock could be adversely affected.

We will retain broad discretion in using the net proceeds from this offering, and may not use the proceeds effectively.

We intend to use the net proceeds of this offering for general corporate purposes, which may include, without limitation, investments at the holding company level, providing capital to support the growth of Riverview Community Bank or business combinations. We have not designated the amount of net proceeds we will use for any particular purpose. Accordingly, our management will retain broad discretion to allocate the net proceeds of this offering. The net proceeds may be applied in ways with which you and other investors in the offering may not agree. Moreover, our management may use the proceeds for corporate purposes that may not increase our market value or make us more profitable. In addition, it may take us some time to effectively deploy the proceeds from this offering. Until the proceeds are effectively deployed, our return on equity and earnings per share may be negatively impacted. Management's failure to use the net proceeds of this offering effectively could have an adverse effect on our business, financial condition and results of operations.

Regulatory and contractual restrictions may limit or prevent us from paying dividends on our common stock.

Holders of our common stock are only entitled to receive such dividends as our board of directors may declare out of funds legally available for such payments. Furthermore, holders of our common stock are subject to the prior dividend rights of any holders of our preferred stock at any time outstanding or depositary shares representing such preferred stock then outstanding. Although we have historically declared cash dividends on our common stock, we are not required to do so. We suspended our cash dividend during the quarter ended December 31, 2008 and we do not know if we will resume the payment of dividends in the future. In addition, under the terms of the October 2009 MOU the payment of dividends by Riverview to its shareholders is also subject to the prior written non-objection of the OTS. As an entity separate and distinct from Riverview Community Bank, Riverview derives substantially all of its revenue in the form of dividends from Riverview Community Bank. Accordingly, Riverview is and will be dependent upon dividends from Riverview Community Bank to satisfy its cash needs and to pay dividends on its common stock.

The inability to receive dividends from Riverview Community Bank could have a material adverse effect on Riverview's business, financial condition and results of

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operations. Riverview Community Bank's ability to pay dividends is subject to its ability to earn net income and, to meet certain regulatory requirements. Riverview Community Bank does not currently meet these regulatory requirements. See "Price Range of Common Stock and Dividend Information." As discussed above, Riverview Community Bank may not pay dividends to Riverview without prior notice to the OTS , which limits Riverview's ability to pay dividends on its common stock. The lack of a cash dividend could adversely affect the market price of our common stock.

We have deferred payments of interest on our outstanding junior subordinated debentures and as a result we are prohibited from declaring or paying dividends or distributions on, and from making liquidation payments with respect to, our common stock.

In the first quarter of fiscal 2011, we elected to defer regularly scheduled interest payments on our outstanding $22.7 million aggregate principal amount of junior subordinated debentures issued in connection with the sale of trust preferred securities through statutory business trusts. There are currently two separate series of these junior subordinated debentures outstanding, each series having been issued under a separate indenture and with a separate guarantee from Riverview. During the deferral period, interest will continue to accrue on the junior subordinated debentures at the stated coupon rate, including the deferred interest, and Riverview may not, among other things and with limited exceptions, pay cash dividends on or repurchase its common stock nor make any payment on outstanding debt obligations that rank equally with or are junior to the junior subordinated debentures.

We may, without notice to or consent from the holders of our common stock, issue additional series of junior subordinated debentures in the future with terms similar to those of our existing junior subordinated debentures or enter into other financing agreements that limit our ability to purchase or to pay dividends or distributions on our capital stock, including our common stock. Under Riverview's MOU the issuance of any new debt is subject to the non-objection of the OTS. Assuming we were to receive such non-objection, as a result of our deferral of interest on the junior subordinated debentures, it is likely that we will not be able to raise funds through the offering of debt securities until we become current on these obligations or these obligations are restructured.

This deferral may also adversely affect our ability to obtain debt financing on commercially reasonable terms, or at all. In addition, if Riverview defers interest payments on the junior subordinated debentures for more than 20 consecutive quarters, it would be in default under the indentures governing these debentures and the amount due under such agreements would be immediately due and payable. Events of default under the indenture generally consist of our failure to pay interest on the junior subordinated debt securities under certain circumstances, our failure to pay any principal of or premium on such junior subordinated debt securities when due, our failure to comply with certain covenants under the indenture, and certain events of bankruptcy, insolvency or liquidation relating to us or Riverview Community Bank.

We anticipate using $300,000 of the net proceeds from this offering to become current on our junior subordinated debentures, however, for so long as we defer interest payments, we will likely have greater difficulty in obtaining financing and have fewer financing sources. In addition, the market value of our common stock may be adversely affected.

Our common stock constitutes equity and is subordinate to our existing and future indebtedness, and effectively subordinated to all the indebtedness of and other non-common equity claims against Riverview Community Bank.

The shares of our common stock represent equity interests in us and do not constitute indebtedness. Accordingly, the shares of our common stock will rank junior to all of our existing and future indebtedness and to other non-equity claims on Riverview with respect to assets available to satisfy claims on Riverview.

In addition, our right to participate in any distribution of assets of Riverview Community Bank upon liquidation or otherwise, and thus your ability as a holder of our common stock to benefit indirectly from such distribution, will be subject to the prior claims of creditors and depositors of Riverview Community Bank, except to the extent that any of our claims as a creditor of Riverview Community Bank may be recognized. As a result, holders of our common stock will be effectively subordinated to all existing and future liabilities and obligations of Riverview Community Bank. At March 31, 2010, Riverview Community Bank's total deposits and borrowings were approximately $743.7 million.

Our common stock trading volume may not provide adequate liquidity for investors.

Shares of our common stock are listed on the Nasdaq Global Select Market. However, the average daily trading volume in our common stock is less than that of many larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of a sufficient number of willing buyers and sellers of the common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which we have no control. Given the daily average trading volume of our common stock, significant sales of the common stock in a brief period of time, or the expectation of these sales, could cause a decline in the price of our common stock.

Our directors and executive officers could have the ability to influence shareholder actions in a manner that may be adverse to your personal investment objectives.

As of March 31, 2010 , our directors and executive officers as a group beneficially owned 1,420,814 shares of our common stock (including 143,000 shares issuable under exercisable stock options within sixty days of March 31, 2010 ), which represented approximately 13.0% of our outstanding shares as of that date (including in total shares outstanding the 143,000 shares issuable under exercisable options held by the group). Due to their significant collective ownership interest, our directors and executive officers may be able to exercise significant influence over our management and business affairs. For example, using their voting power, the directors and executive officers may be able to influence the outcome of director elections or block significant transactions, such as a merger or acquisition, or any other matter that might otherwise be favored by other shareholders.

Anti-takeover provisions could negatively impact our shareholders.

Provisions in our articles of incorporation and bylaws, the corporate law of the State of Washington and federal regulations could delay, defer or prevent a third party from acquiring us, despite the possible benefit to our shareholders, or otherwise adversely affect the market price of our common stock. These provisions include: supermajority voting requirements for certain business combinations with any person who beneficially owns 15% or more of our outstanding common stock; limitations on voting by any person holding more than 10% of any class of

Riverview equity securities; the election of directors to staggered terms of three years; advance notice requirements for nominations for election to our board of directors and for proposing matters that shareholders may act on at shareholder meetings, a requirement that only directors may fill a vacancy in our board of directors, supermajority voting requirements to remove any of our directors and the other provisions described under "Certain Anti-Takeover Provisions in Our Articles of Incorporation and Bylaws." Our articles of incorporation also authorize our board of directors to issue preferred stock, and preferred stock could be issued as a defensive measure in response to a takeover proposal. For further information, see "Description of Capital Stock—Preferred Stock." In addition, pursuant to OTS regulations, as a general matter, no person or company, acting individually or in concert with others, may acquire more than 10% of our common stock without prior approval from the OTS.

These provisions may discourage potential takeover attempts, discourage bids for our common stock at a premium over market price or adversely affect the market price of, and the voting and other rights of the holders of, our common stock. These provisions could also discourage proxy contests and make it more difficult for holders of our common stock to elect directors other than the candidates nominated by our board of directors.

## USE OF PROCEEDS

Our estimated net proceeds from this offering are approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and other estimated expenses of this offering. We intend to use the net proceeds from this offering to contribute $17.0 million to Riverview Community Bank to support its growth and related capital needs. We expect to use the remaining net proceeds for general working capital purposes, which may include quarterly payments of interest on our junior subordinated debentures, including the quarterly interest payment of $300,000 that is currently deferred, as well as future investments in Riverview Community Bank to support its growth or capital needs. Pending allocation to specific uses, we intend to invest the proceeds in short-term interest-bearing investment grade securities.

## CAPITALIZATION

The following table shows our actual consolidated capitalization as of March 31, 2010 and as adjusted to give effect to the issuance of the common stock offered by this prospectus. You should read the following table together with the section entitled "Summary of Selected Consolidated Financial Information" and our consolidated financial statements and notes, which are incorporated by reference into this prospectus. Our capitalization is presented on a historical basis and on a pro forma basis as if the offering had been completed as of March 31, 2010 based on the following:

- the sale of 6,896,552 shares of common stock at a price of $2.90 per share based on a closing price of the common stock on the NASDAQ Global Select Market on June 3, 2010; the price at which the common stock is sold in the offering may be higher or lower than $2.90, and we may sell a greater or lower number of shares in the offering;
- the net proceeds to us in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us in this offering of $1.6 million, are $18.4 million;
  - $17.0 million of the net proceeds to us in this offering are contributed to Riverview Community Bank;
- no liquid assets of Riverview other than the net proceeds from this offering are contributed to Riverview Community Bank; and
- the underwriters' over-allotment option is not exercised.

| | At March 31, 2010 | |
|---|---|---|
| | Actual | As Adjusted |
| | (dollars in thousands except per share data) | |
| DEBT | | |
| FHLB borrowings and other long-term debt | $55,681 | $ 55,681 |
| Total debt | $55,681 | $ 55,681 |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock, $.01 par value, authorized 250,000 shares; none issued and outstanding | $- | $ - |
| Common stock, $.01 par value, authorized 50,000,000 shares, 10,923,773 shares issued, and 10,923,773 shares outstanding, and 17,820,325 shares outstanding, as adjusted at March 31, 2010 | 109 | 178 |
| Additional paid-in capital | 46,948 | 65,229 |
| Retained income, substantially restricted | 38,878 | 38,878 |
| Accumulated other comprehensive loss, net of income taxes | (799)<br>(1,202) | (799) |

| | | |
|---|---|---|
| Unearned stock compensation | | (1,202) |
| Total shareholders' equity | 83,934 | 102,284 |
| Noncontrolling interest | 420 | 420 |
| Total equity | 84,354 | 102,704 |
| Total capitalization | $ 140,035 | $ 158,385 |
| Book value per common share (1) | $ 7.68 | $ 5.74 |
| Shareholder equity to total assets ratio | 10.02% | 11.94 % |
| Regulatory capital ratios (2) | | |
| Total Risk-Based Capital ratio | 12.11% | 14.42 % |
| Tier 1 Risk-Based Capital ratio | 10.85 | 13.16 |
| Tier 1 ( Leverage ) ratio | 9.84 | 11.69 |

(1) Calculated based on shareholders' equity.

(2) Regulatory capital ratios are calculated for Riverview Community Bank and not Riverview on a consolidated basis.

## PRICE RANGE OF COMMON STOCK AND DIVIDEND INFORMATION

Our common stock is traded on the Nasdaq Global Select Market under the symbol "RVSB." At June 3, 2010 , there were 10,923,773 shares of our common stock issued and outstanding. Based on our most recent shareholder list we had 819 shareholders of record and an estimated 1,614 holders in nominee or "street name" through various brokerage firms.

The following table sets forth the high and low trading prices, as reported by Nasdaq, and cash dividends paid for each quarter during the periods presented. At June 3, 2010 , there were 21 market makers in our common stock as reported by the Nasdaq Global Select Market.

| Fiscal Year Ended March 31, 2011 | High | Low | Cash Dividends Declared |
|---|---|---|---|
| First Quarter (through June 3, 2010) | $ 3.81 | $ 2.24 | $0.000 |

| Fiscal Year Ended March 31, 2010 | High | Low | Cash Dividends Declared |
|---|---|---|---|
| First Quarter | $ 3.90 | $ 2.63 | $0.000 |
| Second Quarter | 4.32 | 2.95 | 0.000 |
| Third Quarter | 3.93 | 2.24 | |