

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

FORM 10-Q

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

For the quarterly period ended June 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number: 000-22957

RIVERVIEW BANCORP, INC.

(Exact name of registrant as specified in its charter)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value \$0.01 per share	RVS	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: Common Stock, \$.01 par value per share, 21,096,968 shares outstanding, as of August 8, 2024.

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Form 10-Q

RIVERVIEW BANCORP, INC. AND SUBSIDIARY

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Forward-Looking Statements

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

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995 ("PSLRA"). When used in this Form 10-Q, the words "believes," "expects," "anticipates," "estimates," "forecasts," "intends," "plans," "targets," "potentially," "probably," "projects," "outlook," or similar expressions or future or conditional verbs such as "may," "will," "should," "would," and "could," or similar expressions are intended to identify "forward-looking statements" within the meaning of the PSLRA. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, assumptions, future economic performance and projections of financial items. 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 or implied by our forward-looking statements, including, but not limited to:

- Adverse impacts on economic conditions in our local markets, other markets where we have lending relationships,
- Effects of employment levels, labor shortages, inflation, potential recession, or slowed economic growth
- Changes in the interest rate environment, including past increases in the Board of Governors of the Federal Reserve System ("Federal Reserve") benchmark rate and the duration of such increased levels are maintained
- The impact of inflation and the Federal Reserve's monetary policies
- Effect of any federal government shutdown
- Bank failures or adverse developments at other banks, and any governmental or societal responses
- Credit risks of lending activities, including loan delinquencies, write-offs, changes in our allowance for credit losses and provision for credit losses
- Changes in the general interest rates, short and long-term interest rate differentials, deposit interest rates, our net interest margin and funding sources
- Fluctuations in loan demand, unsold homes, land and property and secondary market conditions for loans
- Results examinations by regulatory authorities, and potential requirements to credit loss allowances, write-down assets, reclassify assets, change our regulatory or capital position or affect our liquidity and earnings
- Legislative or regulatory changes including changes in banking, securities, tax law, regulatory policies and principles
- Our ability to attract and retain deposits and manage operating costs and expenses
- Use of estimates in determining the fair value of assets, which may prove incorrect
- Staffing fluctuations in response to product demand or corporate strategy implementation
- Disruptions or security breaches or other adverse events, failures or interruptions in or attacks on our information technology systems or third-party vendors
- Retention of key senior management members
- Costs and effects of litigation
- Expectations regarding key growth initiatives and strategic profiles
- Future goodwill impairment
- Increased competitive pressures among financial services companies
- Changes in consumer spending, borrowing and savings habits
- Resource availability to address changes in laws, rules, or regulations or to respond to regulatory actions
- Our ability to pay dividends on common stock
- Quality and composition of our securities portfolio and adverse changes in securities markets
- Inability of key third-party providers to fulfill obligations
- Changes in accounting policies and practices;
- Effects of climate change, severe weather, natural disasters, pandemics, epidemics and other public health crises, acts of war or terrorism, civil unrest and other external events
- Other economic, competitive, governmental, regulatory, and technological factors affecting the Company's operations, pricing, products and services, and the other risks described from time to time in our reports filed with and furnished to the U.S. Securities and Exchange Commission ("SEC").

The Company cautions readers not to place undue reliance on any forward-looking statements. Moreover, you should treat these statements as speaking only as of the date they are made and based only on information then actually known to the Company. The Company does not undertake and specifically disclaims any obligation to revise any forward-looking statements included in this report or the reasons why actual results could differ from those contained in such statements, whether as a result of new information or to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements. These risks could cause our actual results for fiscal 2025 and beyond to differ materially from those expressed in any forward-looking statements by, or on behalf of, us and could negatively affect the Company's consolidated financial condition and consolidated results of operations as well as its stock price performance.

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Part I. Financial Information

Item 1. Financial Statements (Unaudited)

RIVERVIEW BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2024 AND MARCH 31, 2024

	June 30, 2024	March 31, 2024
(In thousands, except share and per share data) (Unaudited)		
ASSETS		
Cash and cash equivalents (including interest earning deposits in other banks of \$13,526 and \$12,164)	\$ 27,804	\$ 23,642
Investment securities:		
Available for sale, at estimated fair value	137,371	143,196
Held to maturity, at amortized cost (estimated fair value of \$192,026 and \$195,519)	225,817	229,510
Loans receivable (net of allowance for credit losses of \$15,364 and \$15,364)	1,029,701	1,008,649
Prepaid expenses and other assets	14,170	14,469
Accrued interest receivable	4,798	4,415
Federal Home Loan Bank ("FHLB") stock, at cost	6,061	4,927
Premises and equipment, net	21,290	21,718
Financing lease right-of-use ("ROU") assets	1,182	1,202
Deferred income taxes, net	9,857	9,778
Goodwill	27,076	27,076
Core deposit intangible ("CDI"), net	246	271
Bank owned life insurance ("BOLI")	32,887	32,676
TOTAL ASSETS	\$ 1,538,260	\$ 1,521,529
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Deposits	\$ 1,219,679	\$ 1,231,679
Accrued expenses and other liabilities	19,441	16,205
Advance payments by borrowers for taxes and insurance	551	581
FHLB advances	113,504	88,304
Junior subordinated debentures	27,026	27,004
Finance lease liability	2,151	2,168
Total liabilities	1,382,352	1,365,941
COMMITMENTS AND CONTINGENCIES (See Note 13)		
SHAREHOLDERS' EQUITY:		
Serial preferred stock, \$.01 par value; 250,000 shares authorized; issued and outstanding: none	—	—
Common stock, \$.01 par value; 50,000,000 shares authorized		
June 30, 2024 – 21,111,043 shares issued and outstanding	211	211
March 31, 2024 – 21,111,043 shares issued and outstanding		
Additional paid-in capital	55,031	55,005
Retained earnings	117,043	116,499
Accumulated other comprehensive loss	(16,377)	(16,127)
Total shareholders' equity	155,908	155,588
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,538,260	\$ 1,521,529

See accompanying notes to consolidated financial statements.

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RIVERVIEW BANCORP, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023**

(In thousands, except share and per share data) (Unaudited)	Three Months Ended June 30,	
	2024	2023
INTEREST AND DIVIDEND INCOME:		
Interest and fees on loans receivable	\$ 12,052	\$ 11,210
Interest on investment securities – taxable	1,972	2,334
Interest on investment securities – nontaxable	65	66
Other interest and dividends	310	347
Total interest and dividend income	14,399	13,957
INTEREST EXPENSE:		
Interest on deposits	3,447	1,373
Interest on borrowings	2,131	2,225
Total interest expense	5,578	3,598
Net interest income	8,821	10,359
Provision for credit losses	—	—
Net interest income after provision for credit losses	8,821	10,359
NON-INTEREST INCOME:		
Fees and service charges	1,540	1,600
Asset management fees	1,558	1,381
Income from BOLI	211	200
Other, net	58	104
Total non-interest income, net	3,367	3,285
NON-INTEREST EXPENSE:		
Salaries and employee benefits	6,388	6,043
Occupancy and depreciation	1,895	1,583
Data processing	764	674
Amortization of CDI	25	27
Advertising and marketing	310	313
FDIC insurance premium	178	177
State and local taxes	216	226
Telecommunications	47	53
Professional fees	490	343
Other	656	539
Total non-interest expense	10,969	9,978
INCOME BEFORE INCOME TAXES	1,219	3,666
PROVISION FOR INCOME TAXES	253	823
NET INCOME	<u>\$ 966</u>	<u>\$ 2,843</u>
Earnings per common share:		
Basic	\$ 0.05	\$ 0.13
Diluted	0.05	0.13
Weighted average number of common shares outstanding:		
Basic	21,111,043	21,136,097
Diluted	21,111,043	21,141,184

See accompanying notes to consolidated financial statements.

RIVERVIEW BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023

<u>(In thousands) (Unaudited)</u>	<u>Three Months Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Net income	\$ 966	\$ 2,843
Other comprehensive loss:		
Net unrealized holding losses from available for sale investment securities arising during the period, net of tax benefit of \$79 and \$695, respectively	(250)	(2,202)
Total comprehensive income, net	<u>\$ 716</u>	<u>\$ 641</u>

See accompanying notes to consolidated financial statements.

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RIVERVIEW BANCORP, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023

(In thousands, except share and per share data) (Unaudited)	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
For the three months ended June 30, 2023						
Balance April 1, 2023	21,221,960	\$ 212	\$ 55,511	\$ 117,826	\$ (18,310)	\$ 155,239
Adjustment to retained earnings, net of tax; adoption of ASU 2016-13	—	—	—	(53)	—	(53)
Net income	—	—	—	2,843	—	2,843
Cash dividends on common stock (\$0.06 per share)	—	—	—	(1,265)	—	(1,265)
Exercise of stock options	6,799	—	19	—	—	19
Stock repurchased	(109,162)	(1)	(576)	—	—	(577)
Restricted stock forfeited	(3,678)	—	—	—	—	—
Stock-based compensation expense	—	—	62	—	—	62
Other comprehensive loss, net	—	—	—	—	(2,202)	(2,202)
Balance June 30, 2023	<u>21,115,919</u>	<u>\$ 211</u>	<u>\$ 55,016</u>	<u>\$ 119,351</u>	<u>\$ (20,512)</u>	<u>\$ 154,066</u>
For the three months ended June 30, 2024						
Balance April 1, 2024	21,111,043	\$ 211	\$ 55,005	\$ 116,499	\$ (16,127)	\$ 155,588
Net income	—	—	—	966	—	966
Cash dividends on common stock (\$0.02 per share)	—	—	—	(422)	—	(422)
Stock-based compensation, net	—	—	26	—	—	26
Other comprehensive loss, net	—	—	—	—	(250)	(250)
Balance June 30, 2024	<u>21,111,043</u>	<u>\$ 211</u>	<u>\$ 55,031</u>	<u>\$ 117,043</u>	<u>\$ (16,377)</u>	<u>\$ 155,908</u>

See accompanying notes to consolidated financial statements.

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RIVERVIEW BANCORP, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023**

(In thousands) (Unaudited)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 966	\$ 2,843
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	779	624
Purchased loans amortization, net	19	29
Stock-based compensation expense	26	62
Decrease in deferred loan origination fees, net of amortization	(66)	(59)
Income from BOLI	(211)	(200)
Changes in certain other assets and liabilities:		
Prepaid expenses and other assets	207	1,845
Accrued interest receivable	(383)	25
Accrued expenses and other liabilities	4,099	3,901
Net cash provided by operating activities	<u>5,436</u>	<u>9,070</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loan (originations) repayments, net	(15,452)	10,361
Purchases of loans receivable	(5,553)	(5,891)
Principal repayments on investment securities available for sale	2,216	4,316
Proceeds from calls and maturities of investment securities available for sale	3,000	—
Principal repayments on investment securities held to maturity	3,594	3,879
Proceeds from sale of shares in trading asset - VISA stock	193	—
Purchases of premises and equipment and capitalized software	(110)	(2,113)
Redemption of certificates of deposit held for investment	—	249
Purchase of FHLB stock, net	(1,134)	(493)
Proceeds from sales of premises and equipment	86	—
Net cash (used in) provided by investing activities	<u>(13,160)</u>	<u>10,308</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net decrease in deposits	(12,000)	(21,895)
Dividends paid	(1,267)	(1,272)
Proceeds from borrowings	151,800	157,945
Repayment of borrowings	(126,600)	(145,630)
Net decrease in advance payments by borrowers for taxes and insurance	(30)	(51)
Principal payments on finance lease liability	(17)	(14)
Proceeds from exercise of stock options	—	19
Repurchase of common stock	—	(577)
Net cash provided by (used in) financing activities	<u>11,886</u>	<u>(11,475)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	23,642	22,044
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 27,804</u>	<u>\$ 29,947</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	\$ 5,094	\$ 3,393
Income taxes	24	—
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Dividends declared and accrued in other liabilities	\$ 422	\$ 1,267
Net unrealized holding losses from available for sale investment securities	(329)	(2,897)
Income tax effect related to other comprehensive loss	79	695
Adjustment to retained earnings, net of deferred tax; - adoption of ASU 2016-13	—	(53)
Conversion of shares in trading asset - VISA stock	190	—

See accompanying notes to consolidated financial statements.

RIVERVIEW BANCORP, INC. AND SUBSIDIARY
Notes to Consolidated Financial Statements
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements were prepared in accordance with instructions for Quarterly Reports on Form 10-Q and, therefore, do not include all disclosures necessary for a complete presentation of financial condition, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP"). However, all adjustments that are, in the opinion of management, necessary for a fair presentation of the interim unaudited consolidated financial statements have been included. All such adjustments are of a normal recurring nature.

The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Riverview Bancorp, Inc. Annual Report on Form 10-K for the year ended March 31, 2024 ("2024 Form 10-K"). The unaudited consolidated results of operations for the three months ended June 30, 2024 are not necessarily indicative of the results which may be expected for the entire fiscal year ending March 31, 2025.

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Certain prior period amounts have been reclassified to conform to the current period presentation; such reclassifications had no effect on previously reported net income or total shareholders' equity.

2. PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Riverview Bancorp, Inc.; its wholly-owned subsidiary, Riverview Bank (the "Bank"); and the Bank's wholly-owned subsidiaries, Riverview Services, Inc. and Riverview Trust Company (the "Trust Company") (collectively referred to as the "Company"). All inter-company transactions and balances have been eliminated in consolidation.

3. STOCK PLANS AND STOCK-BASED COMPENSATION

Stock Option Plans - In July 2003, shareholders of the Company approved the adoption of the 2003 Stock Option Plan ("2003 Plan"). The 2003 Plan was effective in July 2003 and expired in July 2013. Accordingly, no further option awards may be granted under the 2003 Plan. Further, no options granted under the 2003 plan remain outstanding as of June 30, 2024, with all such awards having been either previously exercised or forfeited. Each option granted under the 2003 Plan had an exercise price equal to the fair value of the Company's common stock on the date of the grant, a maximum term of ten years and a vesting period from zero to five years.

In July 2017, the shareholders of the Company approved the Riverview Bancorp, Inc. 2017 Equity Incentive Plan ("2017 Plan"). The 2017 Plan provides for the grant of incentive stock options, non-qualified stock options, restricted stock and restricted stock units. The Company reserved 1,800,000 shares of its common stock for issuance under the 2017 Plan. At June 30, 2024, there were 1,532,003 shares available for grant under the 2017 Plan. The 2003 Plan and the 2017 Plan are collectively referred to as "the Stock Option Plans".

The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes stock option valuation model. The fair value of all awards is amortized on a straight-line basis over the requisite service periods, which are generally the vesting periods. The expected life of options granted represents the period of time that they are expected to be outstanding. The expected life is determined based on historical experience with similar options, considering the contractual terms and vesting schedules. Expected volatility is estimated at the date of grant based on the historical volatility of the Company's common stock. Expected dividends are based on dividend trends and the market value of the Company's common stock at the time of grant. The risk-free interest rate for periods within the contractual life of the

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options is based on the U.S. Treasury yield curve in effect at the time of the grant. There were no stock options granted under the 2017 Stock Option Plan during the three months ended June 30, 2024 and 2023.

As of June 30, 2024, all outstanding stock options were fully vested and there was no remaining unrecognized compensation expense related to stock options granted under the Stock Option Plans. There was no stock-based compensation expense related to stock options for the three months ended June 30, 2024 and 2023 under the Stock Option Plans.

There was no activity related to stock options for the three months ended June 30, 2024. The following table presents the activity related to stock options under the Stock Option Plans for the three months ended June 30, 2023:

	Three Months Ended June 30, 2023	
	Number of Shares	Weighted Average Exercise Price
Balance, beginning of period	14,310	\$ 2.78
Options exercised	(6,799)	2.78
Balance, end of period	7,511	\$ 2.78

There were no stock options outstanding as of June 30, 2024. The following table presents information on stock options outstanding, less estimated forfeitures, as of June 30, 2023:

	2023
Stock options fully vested and expected to vest:	
Number	7,511
Weighted average exercise price	\$ 2.78
Aggregate intrinsic value ⁽¹⁾	\$ 17,000
Weighted average contractual term of options (years)	0.04
Stock options fully vested and currently exercisable:	
Number	7,511
Weighted average exercise price	\$ 2.78
Aggregate intrinsic value ⁽¹⁾	\$ 17,000
Weighted average contractual term of options (years)	0.04

(1) The aggregate intrinsic value of a stock option in the table above represents the total pre-tax intrinsic value (the amount by which the current market value of the underlying stock exceeds the exercise price) that would have been received by the option holders had all option holders exercised. This amount changes based on changes in the market value of the Company's stock.

There was no intrinsic value of stock options exercised for the three months ended June 30, 2024. The total intrinsic value of stock options exercised was \$14,000 for the three months ended June 30, 2023, respectively, under the Stock Option Plans.

The Company may grant restricted stock pursuant to the 2017 Plan of which vesting can either be time based or performance based. Performance based awards are subject to attaining certain performance metrics and all, or a portion of, the performance based awards can subsequently be cancelled for not attaining the predetermined performance metrics. The fair value of restricted stock awards is equal to the fair value of the Company's stock on the date of grant. The related stock-based compensation expense is recorded over the requisite service period. Stock-based compensation related to restricted stock grants was \$26,000 and \$62,000 for the three months ended June 30, 2024 and 2023, respectively. The unrecognized stock-based compensation related to restricted stock was \$145,000 and \$354,000 at June 30, 2024 and 2023, respectively. The weighted average vesting period for the restricted stock was 1.11 years and 1.04 years at June 30, 2024 and 2023, respectively.

A summary of changes in nonvested restricted stock awards for the periods shown:

	Time Based		Performance Based		Total	
	Number of Unvested Shares	Weighted Average Grant Date Fair Value	Number of Unvested Shares	Weighted Average Grant Date Fair Value	Number of Unvested Shares	Weighted Average Grant Date Fair Value
Three Months Ended June 30, 2024						
Balance, beginning of period	15,779	\$ 5.72	63,397	\$ 5.68	79,176	\$ 5.69
Balance, end of period	<u>15,779</u>	<u>\$ 5.72</u>	<u>63,397</u>	<u>\$ 5.68</u>	<u>79,176</u>	<u>\$ 5.69</u>
Three Months Ended June 30, 2023						
Balance, beginning of period	29,977	\$ 6.14	132,645	\$ 6.05	162,622	\$ 6.07
Forfeited	—	—	(3,678)	6.30	(3,678)	6.30
Balance, end of period	<u>29,977</u>	<u>\$ 6.14</u>	<u>128,967</u>	<u>\$ 6.04</u>	<u>158,944</u>	<u>\$ 6.06</u>

4. EARNINGS PER SHARE

Basic earnings per share ("EPS") is computed by dividing net income or loss applicable to common stock by the weighted average number of common shares outstanding during the period, without considering any dilutive items. Nonvested shares of restricted stock are included in the computation of basic EPS because the holder has voting rights and shares in non-forfeitable dividends during the vesting period. Diluted EPS is computed by dividing net income applicable to common stock by the weighted average number of common shares and common stock equivalents for items that are dilutive, net of shares assumed to be repurchased using the treasury stock method at the average share price for the Company's common stock during the period. Common stock equivalents arise from the assumed exercise of outstanding stock options. For the three months ended June 30, 2024 and 2023, there were no stock options excluded in computing diluted EPS.

In November 2022, the Company's Board of Directors adopted a stock repurchase program (the "November 2022 repurchase program"). Under the November 2022 repurchase program, the Company was authorized to repurchase up to \$2.5 million of the Company's outstanding shares of common stock, in the open market, based on prevailing market prices, or in privately negotiated transactions, over a period beginning on November 28, 2022 and continuing until the earlier of the completion of the authorized level of repurchases or May 28, 2023, depending upon market conditions. The Company completed the November 2022 repurchase program on May 5, 2023, repurchasing a total of 394,334 shares at an average cost of \$6.34 per share for a total cost of \$2.5 million. All shares repurchased under the November 2022 program were settled. The Company did not have any publicly announced repurchase plans or programs in place during the three months ended June 30, 2024.

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The following table presents a reconciliation of the components used to compute basic and diluted EPS for the periods indicated:

	Three Months Ended June 30,	
	2024	2023
(Dollars and share data in thousands, except per share data)		
Basic EPS computation:		
Numerator-net income	\$ 966	\$ 2,843
Denominator-weighted average common shares outstanding	<u>21,111</u>	<u>21,136</u>
Basic EPS	<u><u>\$ 0.05</u></u>	<u><u>\$ 0.13</u></u>
Diluted EPS computation:		
Numerator-net income	\$ 966	\$ 2,843
Denominator-weighted average common shares outstanding	<u>21,111</u>	<u>21,136</u>
Effect of dilutive stock options	—	5
Weighted average common shares and common stock equivalents	<u><u>21,111</u></u>	<u><u>21,141</u></u>
Diluted EPS	<u><u>\$ 0.05</u></u>	<u><u>\$ 0.13</u></u>

5. INVESTMENT SECURITIES

The amortized cost and approximate fair value of investment securities consisted of the following at the dates indicated (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
June 30, 2024				
Available for sale:				
Municipal securities	\$ 41,651	\$ 1	\$ (6,867)	\$ 34,785
Agency securities	44,874	—	(4,060)	40,814
Real estate mortgage investment conduits ⁽¹⁾	30,677	—	(6,005)	24,672
Residential mortgage-backed securities ⁽¹⁾	12,840	6	(921)	11,925
Other mortgage-backed securities ⁽²⁾	28,878	5	(3,708)	25,175
Total available for sale	<u><u>\$ 158,920</u></u>	<u><u>\$ 12</u></u>	<u><u>\$ (21,561)</u></u>	<u><u>\$ 137,371</u></u>
Held to maturity:				
Municipal securities	\$ 10,314	\$ —	\$ (2,892)	\$ 7,422
Agency securities	54,169	—	(4,281)	49,888
Real estate mortgage investment conduits ⁽¹⁾	30,922	—	(5,228)	25,694
Residential mortgage-backed securities ⁽¹⁾	109,955	—	(18,126)	91,829
Other mortgage-backed securities ⁽³⁾	20,457	—	(3,264)	17,193
Total held to maturity	<u><u>\$ 225,817</u></u>	<u><u>\$ —</u></u>	<u><u>\$ (33,791)</u></u>	<u><u>\$ 192,026</u></u>

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	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
March 31, 2024				
Available for sale:				
Municipal securities	\$ 41,657	\$ 20	\$ (6,541)	\$ 35,136
Agency securities	47,818	—	(4,241)	43,577
Real estate mortgage investment conduits ⁽¹⁾	31,424	—	(5,759)	25,665
Residential mortgage-backed securities ⁽¹⁾	13,519	3	(971)	12,551
Other mortgage-backed securities ⁽²⁾	29,998	3	(3,734)	26,267
Total available for sale	\$ 164,416	\$ 26	\$ (21,246)	\$ 143,196
Held to maturity:				
Municipal securities	\$ 10,321	\$ —	\$ (2,789)	\$ 7,532
Agency securities	54,123	—	(4,522)	49,601
Real estate mortgage investment conduits ⁽¹⁾	31,752	—	(5,171)	26,581
Residential mortgage-backed securities ⁽¹⁾	112,834	—	(18,196)	94,638
Other mortgage-backed securities ⁽³⁾	20,480	—	(3,313)	17,167
Total held to maturity	\$ 229,510	\$ —	\$ (33,991)	\$ 195,519

⁽¹⁾ Comprised of Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA") and Ginnie Mae ("GNMA") issued securities.

⁽²⁾ Comprised of U.S. Small Business Administration ("SBA") issued securities and commercial real estate ("CRE") secured securities issued by FNMA and FHLMC.

⁽³⁾ Comprised of FHLMC and FNMA issued securities.

The contractual maturities of investment securities as of June 30, 2024 are as follows (in thousands):

	Available for Sale		Held to Maturity	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	\$ 16,171	\$ 16,064	\$ 11,934	\$ 11,759
Due after one year through five years	42,525	37,760	39,461	36,333
Due after five years through ten years	33,861	29,154	20,167	16,752
Due after ten years	66,363	54,393	154,255	127,182
Total	\$ 158,920	\$ 137,371	\$ 225,817	\$ 192,026

Expected maturities of investment securities may differ from contractual maturities because borrowers may have the right to prepay obligations with or without prepayment penalties.

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The gross unrealized losses and the fair value of securities available-for-sale and held to maturity aggregated by the length of time that individual securities have been in a continuous unrealized loss position were as follows at the dates indicated (in thousands):

	Less than 12 months		12 months or longer		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
June 30, 2024						
Available for sale:						
Municipal securities	\$ —	\$ —	\$ 32,394	\$ (6,867)	\$ 32,394	\$ (6,867)
Agency securities	—	—	40,814	(4,060)	40,814	(4,060)
Real estate mortgage investment conduits ⁽¹⁾	—	—	24,672	(6,005)	24,672	(6,005)
Residential mortgage-backed securities ⁽¹⁾	—	—	11,101	(921)	11,101	(921)
Other mortgage-backed securities ⁽²⁾	—	—	24,326	(3,708)	24,326	(3,708)
Total available for sale	\$ —	\$ —	\$ 133,307	\$ (21,561)	\$ 133,307	\$ (21,561)
Held to maturity:						
Municipal securities	\$ —	\$ —	\$ 7,422	\$ (2,892)	\$ 7,422	\$ (2,892)
Agency securities	—	—	49,888	(4,281)	49,888	(4,281)
Real estate mortgage investment conduits ⁽¹⁾	—	—	25,694	(5,228)	25,694	(5,228)
Residential mortgage-backed securities ⁽¹⁾	—	—	91,829	(18,126)	91,829	(18,126)
Other mortgage-backed securities ⁽³⁾	—	—	17,193	(3,264)	17,193	(3,264)
Total held to maturity	\$ —	\$ —	\$ 192,026	\$ (33,791)	\$ 192,026	\$ (33,791)
March 31, 2024						
Available for sale:						
Municipal securities	\$ —	\$ —	\$ 32,748	\$ (6,541)	\$ 32,748	\$ (6,541)
Agency securities	—	—	43,577	(4,241)	43,577	(4,241)
Real estate mortgage investment conduits ⁽¹⁾	—	—	25,665	(5,759)	25,665	(5,759)
Residential mortgage-backed securities ⁽¹⁾	—	—	12,073	(971)	12,073	(971)
Other mortgage-backed securities ⁽²⁾	534	(1)	25,403	(3,733)	25,937	(3,734)
Total available for sale	\$ 534	\$ (1)	\$ 139,466	\$ (21,245)	\$ 140,000	\$ (21,246)
Held to maturity:						
Municipal securities	\$ —	\$ —	\$ 7,532	\$ (2,789)	\$ 7,532	\$ (2,789)
Agency securities	—	—	49,601	(4,522)	49,601	(4,522)
Real estate mortgage investment conduits ⁽¹⁾	—	—	26,581	(5,171)	26,581	(5,171)
Residential mortgage-backed securities ⁽¹⁾	—	—	94,638	(18,196)	94,638	(18,196)
Other mortgage-backed securities ⁽³⁾	—	—	17,167	(3,313)	17,167	(3,313)
Total held to maturity	\$ —	\$ —	\$ 195,519	\$ (33,991)	\$ 195,519	\$ (33,991)

⁽¹⁾ Comprised of FHLMC, FNMA and GNMA issued securities.

⁽²⁾ Comprised of SBA and CRE secured securities issued by FHLMC and FNMA.

⁽³⁾ Comprised of FHLMC and FNMA issued securities.

Allowance for Credit Losses (“ACL”) on Available-for-Sale Debt Securities – Each reporting period, the Company assesses each available for sale debt security that is in an unrealized loss position to determine whether the decline in fair value below the amortized cost basis results from a credit loss or other factors. The Company did not record an ACL on available for sale debt securities at June 30, 2024. As of June 30, 2024, the Company considered the unrealized losses across the classes of major security-type to be related to fluctuations in market conditions, primarily interest rates, and not reflective of a deterioration in credit value.

For available-for-sale debt securities in an unrealized loss position, the Company first assesses whether it intends to sell, or is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If the Company intends to sell the security or it is more likely than not that the Company will be required to sell the security before recovering its cost basis, the entire impairment loss would be recognized in earnings. If the Company does not intend to sell the security and it is not more likely than not that the Company will be required to sell the security, the

Company evaluates whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, Management considers the extent to which fair value is less than amortized costs, any changes to the rating of the security by a rating agency and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. Projected cash flows are discounted by the current effective interest rate. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the amortized cost basis. The remaining impairment related to all other factors, the difference between the present value of the cash flows expected to be collected and fair value, is recognized as a charge to accumulated other comprehensive income (loss) ("AOCI").

ACL on Held to Maturity Debt Securities – The Company separately evaluates its held to maturity debt securities for any credit losses based on probability of default and loss given default utilizing historical industry data based on investment category. The probability of default and loss given default are incorporated into the present value of expected cash flows and compared against amortized cost. The Company did not record an ACL on held to maturity debt securities at June 30, 2024 as the impact was insignificant.

The Company had no sales and realized no gains or losses on sales of investment securities for the three months ended June 30, 2024 and 2023. Investment securities available for sale with an amortized cost of \$2.5 million and \$2.6 million and an estimated fair value of \$2.3 million and \$2.4 million at June 30, 2024 and March 31, 2024, respectively, were pledged as collateral for government public funds held by the Bank. Investment securities held to maturity with an amortized cost of \$11.0 million and \$11.2 million and a fair value of \$9.1 million and \$9.3 million at June 30, 2024 and March 31, 2024, respectively, were pledged as collateral for government public funds held by the Bank. Investment securities held to maturity with an amortized cost of \$148.6 million and \$151.2 million and a fair value of \$123.6 million and \$126.1 million at June 30, 2024 and March 31, 2024, respectively, were pledged as collateral to the Federal Reserve Bank of San Francisco ("FRB") pursuant to borrowing agreements.

6. LOANS AND ALLOWANCE FOR CREDIT LOSSES FOR LOANS

Loans receivable are reported net of deferred loan fees and discounts, and inclusive of premiums. Deferred loan fees totaled \$4.6 million and \$4.7 million at June 30, 2024 and March 31, 2024, respectively. Loans receivable discounts and premiums totaled \$1.2 million and \$1.9 million, respectively, at June 30, 2024, compared to \$1.3 million and \$1.9 million, respectively, at March 31, 2024. Loans receivable, excluding loans held for sale, consisted of the following at the dates indicated (in thousands):

	June 30, 2024	March 31, 2024
Commercial and construction		
Commercial business	\$ 238,493	\$ 229,404
Commercial real estate	578,115	583,501
Land	6,322	5,693
Multi-family	79,278	70,771
Real estate construction	39,958	36,538
Total commercial and construction	<u>942,166</u>	<u>925,907</u>
Consumer		
Real estate one-to-four family	96,083	96,366
Other installment	6,816	1,740
Total consumer	<u>102,899</u>	<u>98,106</u>
Total loans	1,045,065	1,024,013
Less: ACL for loans	15,364	15,364
Loans receivable, net	<u>\$ 1,029,701</u>	<u>\$ 1,008,649</u>

The Company considers its loan portfolio to have very little exposure to sub-prime mortgage loans since the Company has not historically engaged in this type of lending. At June 30, 2024, loans carried at \$784.0 million were pledged as collateral to the FHLB of Des Moines and FRB pursuant to borrowing agreements.

Substantially all the Company's business activity is with customers located in the states of Washington and Oregon. Loans and extensions of credit outstanding at one time to one borrower are generally limited by federal regulation to 15% of the Bank's shareholders' equity, excluding accumulated other comprehensive income (loss). As of June 30, 2024 and March 31, 2024, the Bank had no loans to any one borrower in excess of the regulatory limit.

Troubled Loan Modifications ("TLM") – Occasionally, the Company offers modifications of loans to borrowers experiencing financial difficulty by providing principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions or any combination of these. When principal forgiveness is provided, the amount of the forgiveness is charged-off against the ACL for loans. Upon the Company's determination that a modified loan (or portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the ACL for loans is adjusted by the same amount. The ACL on modified loans is measured using the same credit loss estimation methods used to determine the ACL for all other loans held for investment. These methods incorporate the post-modification loan terms, as well as defaults and charge-offs associated with historical modified loans.

There were no loans modified related to borrowers experiencing financial difficulty during the three months ended June 30, 2024. There were no loans past due at June 30, 2024 that had been modified in the previous 12 months.

Credit quality indicators : The Company monitors credit risk in its loan portfolio using a risk rating system (on a scale of one to nine) for all commercial (non-consumer) loans. The risk rating system is a measure of the credit risk of the borrower based on their historical, current and anticipated future financial characteristics. The Company assigns a risk rating to each commercial loan at origination and subsequently updates these ratings, as necessary, so that the risk rating continues to reflect the appropriate risk characteristics of the loan. Application of appropriate risk ratings is key to management of loan portfolio risk. In determining the appropriate risk rating, the Company considers the following factors: delinquency, payment history, quality of management, liquidity, leverage, earnings trends, alternative funding sources, geographic risk, industry risk, cash flow adequacy, account practices, asset protection and extraordinary risks. Consumer loans, including custom construction loans, are not assigned a risk rating but rather are grouped into homogeneous pools with similar risk characteristics. When a consumer loan is delinquent 90 days, it is placed on non-accrual status and assigned a substandard risk rating. Loss factors are assigned to each risk rating and homogeneous pool based on historical loss experience for similar loans. This historical loss experience is adjusted for qualitative factors that are likely to cause the estimated credit losses to differ from the Company's historical loss experience. The Company uses these loss factors to estimate the general component of its allowance for credit losses.

Pass – These loans have a risk rating between 1 and 4 and are to borrowers that meet normal credit standards. Any deficiencies in satisfactory asset quality, liquidity, debt servicing capacity and coverage are offset by strengths in other areas. The borrower currently has the capacity to perform according to the loan terms. Any concerns about risk factors such as stability of margins, stability of cash flows, liquidity, dependence on a single product/supplier/customer, depth of management, etc. are offset by strengths in other areas. Typically, these loans are secured by the operating assets of the borrower and/or real estate. The borrower's management is considered competent. The borrower has the ability to repay the debt in the normal course of business.

Watch – These loans have a risk rating of 5 and are included in the "pass" rating. However, there would typically be some reason for additional management oversight, such as the borrower's recent financial setbacks and/or deteriorating financial position, industry concerns and failure to perform on other borrowing obligations. Loans with this rating are monitored closely in an effort to correct deficiencies.

Special mention – These loans have a risk rating of 6 and are rated in accordance with regulatory guidelines. These loans have potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the credit position at some future date. These loans pose elevated risk but their weakness does not yet justify a "substandard" classification.

Substandard – These loans have a risk rating of 7 and are rated in accordance with regulatory guidelines, for which the accrual of interest may or may not be discontinued. Under regulatory guidelines, a "substandard" loan has defined weaknesses which make payment default or principal exposure likely but not yet certain. Repayment of such loans is likely to be dependent upon collateral liquidation, a secondary source of repayment, or an event outside of the normal course of business.

Doubtful – These loans have a risk rating of 8 and are rated in accordance with regulatory guidelines. Such loans are placed on non-accrual status and repayment may be dependent upon collateral which has value that is difficult to determine or upon some near-term event which lacks certainty.

Loss – These loans have a risk rating of 9 and are rated in accordance with regulatory guidelines. Such loans are charged-off or charged-down when payment is acknowledged to be uncertain or when the timing or value of payments cannot be determined. "Loss" is not intended to imply that the loan or some portion of it will never be paid, nor does it in any way imply that there has been a forgiveness of debt.

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The following table sets forth the Company's loan portfolio at June 30, 2024 by risk attribute and year of origination as well as current period gross charge-offs (in thousands). Revolving loans that are converted to term loans are treated as new originations in the table below and are presented by year of origination. Term loans that are renewed or extended for periods longer than 90 days are presented as a new origination in the year of the most recent renewal or extension.

June 30, 2024 Term Loans Amortized Cost Basis by Origination Fiscal Year								Total Loans Receivable	
	2025	2024	2023	2022	2021	Prior	Revolving Loans		
Commercial business									
Risk rating									
Pass	\$ 1,951	\$ 17,940	\$ 62,724	\$ 83,628	\$ 25,872	\$ 27,680	\$ 12,412	\$ 232,207	
Special Mention	—	—	—	694	681	1,056	3,802	6,233	
Substandard	—	—	—	—	—	53	—	53	
Total commercial business	<u>\$ 1,951</u>	<u>\$ 17,940</u>	<u>\$ 62,724</u>	<u>\$ 84,322</u>	<u>\$ 26,553</u>	<u>\$ 28,789</u>	<u>\$ 16,214</u>	<u>\$ 238,493</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Commercial real estate									
Risk rating									
Pass	\$ 5,871	\$ 35,980	\$ 66,285	\$ 145,972	\$ 88,855	\$ 204,326	\$ —	\$ 547,289	
Special Mention	—	—	3,725	891	—	26,137	—	30,753	
Substandard	—	—	—	—	—	73	—	73	
Total commercial real estate	<u>\$ 5,871</u>	<u>\$ 35,980</u>	<u>\$ 70,010</u>	<u>\$ 146,863</u>	<u>\$ 88,855</u>	<u>\$ 230,536</u>	<u>\$ —</u>	<u>\$ 578,115</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Land									
Risk rating									
Pass	\$ —	\$ 3,037	\$ 2,319	\$ 92	\$ —	\$ 522	\$ —	\$ 5,970	
Special Mention	—	—	352	—	—	—	—	352	
Total land	<u>\$ —</u>	<u>\$ 3,037</u>	<u>\$ 2,671</u>	<u>\$ 92</u>	<u>\$ —</u>	<u>\$ 522</u>	<u>\$ —</u>	<u>\$ 6,322</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Multi-family									
Risk rating									
Pass	\$ 20	\$ 965	\$ 26,133	\$ 36,246	\$ 4,613	\$ 10,876	\$ —	\$ 78,853	
Special Mention	—	—	186	—	19	152	—	357	
Substandard	—	—	—	—	—	68	—	68	
Total multi-family	<u>\$ 20</u>	<u>\$ 965</u>	<u>\$ 26,319</u>	<u>\$ 36,246</u>	<u>\$ 4,632</u>	<u>\$ 11,096</u>	<u>\$ —</u>	<u>\$ 79,278</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	

June 30, 2024 Term Loans Amortized Cost Basis by Origination Fiscal Year								Total Loans Receivable
2025	2024	2023	2022	2021	Prior	Revolving Loans		
Real estate construction								
Risk rating								
Pass	\$ 2,258	\$ 18,423	\$ 11,118	\$ 8,156	\$ —	\$ —	\$ —	\$ 39,955
Special Mention	3	—	—	—	—	—	—	3
Total real estate construction	<u>\$ 2,261</u>	<u>\$ 18,423</u>	<u>\$ 11,118</u>	<u>\$ 8,156</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 39,958</u>
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Real estate one-to-four family								
Risk rating								
Pass	\$ —	\$ —	\$ —	\$ 60,083	\$ 4,134	\$ 18,320	\$ 13,512	\$ 96,049
Substandard	—	—	—	—	—	34	—	34
Total real estate one-to-four family	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 60,083</u>	<u>\$ 4,134</u>	<u>\$ 18,354</u>	<u>\$ 13,512</u>	<u>\$ 96,083</u>
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Other installment								
Risk rating								
Pass	\$ 5,173	\$ 441	\$ 487	\$ 175	\$ 65	\$ 23	\$ 452	\$ 6,816
Total other installment	<u>\$ 5,173</u>	<u>\$ 441</u>	<u>\$ 487</u>	<u>\$ 175</u>	<u>\$ 65</u>	<u>\$ 23</u>	<u>\$ 452</u>	<u>\$ 6,816</u>
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 1
Total loans receivable, gross								
Risk rating								
Pass	\$ 15,273	\$ 76,786	\$ 169,066	\$ 334,352	\$ 123,539	\$ 261,747	\$ 26,376	\$ 1,007,139
Special Mention	3	—	4,263	1,585	700	27,345	3,802	37,698
Substandard	—	—	—	—	—	228	—	228
Total loans receivable, gross	<u>\$ 15,276</u>	<u>\$ 76,786</u>	<u>\$ 173,329</u>	<u>\$ 335,937</u>	<u>\$ 124,239</u>	<u>\$ 289,320</u>	<u>\$ 30,178</u>	<u>\$ 1,045,065</u>
Total current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 1

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March 31, 2024									
Term Loans Amortized Cost Basis by Origination Fiscal Year									
	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total Loans Receivable	
Commercial business									
Risk rating									
Pass	\$ 14,126	\$ 63,838	\$ 85,131	\$ 28,119	\$ 16,945	\$ 12,411	\$ 4,827	\$ 225,397	
Special Mention	—	—	733	—	486	232	2,498	3,949	
Substandard	—	—	—	—	—	58	—	58	
Total commercial business	<u>\$ 14,126</u>	<u>\$ 63,838</u>	<u>\$ 85,864</u>	<u>\$ 28,119</u>	<u>\$ 17,431</u>	<u>\$ 12,701</u>	<u>\$ 7,325</u>	<u>\$ 229,404</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Commercial real estate									
Risk rating									
Pass	\$ 36,116	\$ 66,847	\$ 147,015	\$ 89,662	\$ 53,424	\$ 158,311	\$ —	\$ 551,375	
Special Mention	—	3,752	897	—	—	26,878	—	31,527	
Substandard	520	—	—	—	—	79	—	599	
Total commercial real estate	<u>\$ 36,636</u>	<u>\$ 70,599</u>	<u>\$ 147,912</u>	<u>\$ 89,662</u>	<u>\$ 53,424</u>	<u>\$ 185,268</u>	<u>\$ —</u>	<u>\$ 583,501</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Land									
Risk rating									
Pass	\$ 2,361	\$ 2,340	\$ 94	\$ —	\$ 106	\$ 437	\$ —	\$ 5,338	
Special Mention	—	355	—	—	—	—	—	355	
Total land	<u>\$ 2,361</u>	<u>\$ 2,695</u>	<u>\$ 94</u>	<u>\$ —</u>	<u>\$ 106</u>	<u>\$ 437</u>	<u>\$ —</u>	<u>\$ 5,693</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Multi-family									
Risk rating									
Pass	\$ 970	\$ 21,643	\$ 32,003	\$ 4,841	\$ 8,788	\$ 2,429	\$ —	\$ 70,674	
Special Mention	—	—	—	—	35	32	—	67	
Substandard	—	—	—	—	—	30	—	30	
Total multi-family	<u>\$ 970</u>	<u>\$ 21,643</u>	<u>\$ 32,003</u>	<u>\$ 4,841</u>	<u>\$ 8,823</u>	<u>\$ 2,491</u>	<u>\$ —</u>	<u>\$ 70,771</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

March 31, 2024								Term Loans Amortized Cost Basis by Origination Fiscal Year	Total Loans Receivable
2024	2023	2022	2021	2020	Prior	Revolving Loans			
Real estate construction									
Risk rating									
Pass	\$ 13,320	\$ 10,078	\$ 12,346	\$ —	\$ —	\$ —	\$ —	\$ 35,744	
Special Mention	794	—	—	—	—	—	—	—	794
Total real estate construction	<u>\$ 14,114</u>	<u>\$ 10,078</u>	<u>\$ 12,346</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 36,538</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Real estate one-to-four family									
Risk rating									
Pass	\$ —	\$ —	\$ 60,447	\$ 4,164	\$ 4,364	\$ 14,756	\$ 12,599	\$ 96,330	
Substandard	—	—	—	—	—	—	36	—	36
Total real estate one-to-four family	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 60,447</u>	<u>\$ 4,164</u>	<u>\$ 4,364</u>	<u>\$ 14,792</u>	<u>\$ 12,599</u>	<u>\$ 96,366</u>	
Current YTD gross write-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	—
Other installment									
Risk rating									
Pass	\$ 418	\$ 555	\$ 198	\$ 75	\$ 27	\$ 8	\$ 459	\$ 1,740	
Total other installment	<u>\$ 418</u>	<u>\$ 555</u>	<u>\$ 198</u>	<u>\$ 75</u>	<u>\$ 27</u>	<u>\$ 8</u>	<u>\$ 459</u>	<u>\$ 1,740</u>	
Current YTD gross write-offs	\$ —	\$ 11	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ 13	
Total loans receivable, gross									
Risk rating									
Pass	\$ 67,311	\$ 165,301	\$ 337,234	\$ 126,861	\$ 83,654	\$ 188,352	\$ 17,885	\$ 986,598	
Special Mention	794	4,107	1,630	—	521	27,142	2,498	36,692	
Substandard	520	—	—	—	—	203	—	723	
Total loans receivable, gross	<u>\$ 68,625</u>	<u>\$ 169,408</u>	<u>\$ 338,864</u>	<u>\$ 126,861</u>	<u>\$ 84,175</u>	<u>\$ 215,697</u>	<u>\$ 20,383</u>	<u>\$ 1,024,013</u>	
Total current YTD gross write-offs	\$ —	\$ 11	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ 13	

ACL on Loans - The ACL for loans is an estimate of the expected credit losses on financial assets measured at amortized cost. The ACL for loans is evaluated and calculated on a collective basis for those loans which share similar risk characteristics. The Company estimates the expected credit losses over the loans' contractual terms, adjusted for expected prepayments. The ACL for loans is calculated for loan segments utilizing loan level information and relevant information from internal and external sources related to past events and current conditions. In addition, the Company incorporates a reasonable and supportable forecast. For loans that are individually evaluated, an allowance is established when the discounted cash flows or collateral value (less estimated selling costs, if applicable) of the loan is lower than its carrying value.

When available information confirms that specific loans or portions thereof are uncollectible, identified amounts are charged against the allowance for credit losses. The existence of some or all of the following criteria will generally confirm

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that a loss has been incurred: the loan is significantly delinquent and the borrower has not demonstrated the ability or intent to bring the loan current; the Company has no recourse to the borrower, or if it does, the borrower has insufficient assets to pay the debt; and/or the estimated fair value of the loan collateral is significantly below the current loan balance, and there is little or no near-term prospect for improvement.

Management's evaluation of the ACL for loans is based on ongoing, quarterly assessments of the known and inherent risks in the loan portfolio. Loss factors are based on the Company's historical loss experience with additional consideration and adjustments made for changes in economic conditions, changes in the amount and composition of the loan portfolio, delinquency rates, changes in collateral values, seasoning of the loan portfolio, duration of the current business cycle, a detailed analysis of individually evaluated loans and other factors as deemed appropriate. These factors are evaluated on a quarterly basis. Loss rates used by the Company are affected as changes in these factors increase or decrease from quarter to quarter. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Company's ACL for loans and may require the Company to make additions to the ACL for loans based on their judgment about information available to them at the time of their examinations.

The following tables detail activity in the ACL for loans at or for the three months ended June 30, 2024 and June 30, 2023, by loan category (in thousands):

Three months ended June 30, 2024	Commercial Business	Commercial Real Estate	Land	Multi- Family	Real Estate Construction	Consumer	Unallocated	Total
Beginning balance	\$ 5,280	\$ 7,391	\$ 106	\$ 367	\$ 636	\$ 1,584	\$ —	\$ 15,364
(Recapture of) provision for credit losses	(139)	(88)	14	35	87	91	—	—
Charge-offs	—	—	—	—	—	(1)	—	(1)
Recoveries	—	—	—	—	—	1	—	1
Ending balance	<u>\$ 5,141</u>	<u>\$ 7,303</u>	<u>\$ 120</u>	<u>\$ 402</u>	<u>\$ 723</u>	<u>\$ 1,675</u>	<u>\$ —</u>	<u>\$ 15,364</u>
Three months ended June 30, 2023								
Beginning balance	\$ 3,123	\$ 8,894	\$ 93	\$ 798	\$ 764	\$ 1,127	\$ 510	\$ 15,309
Impact of adopting CECL (ASU 2016-13)	1,884	(1,494)	40	(492)	131	483	(510)	42
Provision for (recapture of) credit losses	208	(195)	(10)	(13)	(65)	75	—	—
Charge-offs	—	—	—	—	—	(11)	—	(11)
Recoveries	—	—	—	—	—	3	—	3
Ending balance	<u>\$ 5,215</u>	<u>\$ 7,205</u>	<u>\$ 123</u>	<u>\$ 293</u>	<u>\$ 830</u>	<u>\$ 1,677</u>	<u>\$ —</u>	<u>\$ 15,343</u>

Non-accrual loans: Loans are reviewed regularly and it is the Company's general policy that a loan is past due when it is 30 to 89 days delinquent. In general, when a loan is 90 days delinquent or when collection of principal or interest appears doubtful, it is placed on non-accrual status, at which time the accrual of interest ceases and a reserve for unrecoverable accrued interest is established and charged against operations. As a general practice, payments received on non-accrual loans are applied to reduce the outstanding principal balance on a cost recovery method. Also, as a general practice, a loan is not removed from non-accrual status until all delinquent principal, interest and late fees have been brought current and the borrower has demonstrated a history of performance based upon the contractual terms of the note. A history of repayment performance generally would be a minimum of six months. Interest income foregone on non-accrual loans was \$2,000 and \$3,000 for the three months ended June 30, 2024 and 2023, respectively.

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The following tables present an analysis of loans by aging category at the dates indicated (in thousands):

June 30, 2024	90 Days and Greater Past Due			Total Past Due and Non-accrual		Total Loans Receivable	
	30-89 Days Past Due	Past Due	Non-accrual	Current	Non-accrual	Total	
Commercial business	\$ 1,811	\$ 301	\$ 53	\$ 2,165	\$ 236,328	\$ 238,493	
Commercial real estate	8,409	—	73	8,482	569,633	578,115	
Land	—	—	—	—	6,322	6,322	
Multi-family	—	—	—	—	79,278	79,278	
Real estate construction	—	—	—	—	39,958	39,958	
Consumer	11	—	34	45	102,854	102,899	
Total	\$ 10,231	\$ 301	\$ 160	\$ 10,692	\$ 1,034,373	\$ 1,045,065	

March 31, 2024	90 Days and Greater Past Due			Total Past Due and Non-accrual		Total Loans Receivable	
	30-89 Days Past Due	Past Due	Non-accrual	Current	Non-accrual	Total	
Commercial business	\$ 1,778	\$ 5	\$ 58	\$ 1,841	\$ 227,563	\$ 229,404	
Commercial real estate	—	—	79	79	583,422	583,501	
Land	—	—	—	—	5,693	5,693	
Multi-family	—	—	—	—	70,771	70,771	
Real estate construction	—	—	—	—	36,538	36,538	
Consumer	1	—	36	37	98,069	98,106	
Total	\$ 1,779	\$ 5	\$ 173	\$ 1,957	\$ 1,022,056	\$ 1,024,013	

Included in the 30-89 days past due loans at June 30, 2024 are \$ 722,000 of fully guaranteed SBA or United States Department of Agriculture ("USDA") loans. These government guaranteed loans are classified as pass rated loans and are not considered to be either nonaccrual or classified loans because based on the guarantee, the Company expects to receive all principal and interest according to the contractual terms of the loan agreement and there are no well-defined weaknesses or risk of loss. As a result, these loans were omitted from the required calculation of the ACL for loans. Interest income foregone on non-accrual loans was \$2,000 and \$10,000 for the three months ended June 30, 2024 and the year ended March 31, 2024, respectively. For additional information, see Management's Discussion and Analysis of Financial Condition and Results of Operations – Comparison of Financial Condition at June 30, 2024 and March 31, 2024 – Asset Quality, discussed below.

At June 30, 2024, the Company had \$ 126,000 of non-accrual loans with no ACL and \$ 34,000 of non-accrual loans with an ACL of \$1,000. The amortized cost of collateral dependent loans as of June 30, 2024, were \$ 53,000 and \$73,000 for commercial business and commercial real estate, respectively.

7. GOODWILL

Goodwill and certain other intangibles generally arise from business combinations accounted for under the purchase method of accounting. Goodwill and other intangibles deemed to have indefinite lives generated from business combinations are not subject to amortization and are instead tested for impairment not less than annually. The Company has two reporting units, the Bank and the Trust Company, for purposes of evaluating goodwill for impairment. All the Company's goodwill has been allocated to the Bank reporting unit.

The Company performed an impairment assessment as of October 31, 2023 and determined that no impairment of goodwill exists. The goodwill impairment test involves a two-step process. The first step is a comparison of the reporting unit's fair value to its carrying value. If the reporting unit's fair value is less than its carrying value, the Company would be required to progress to the second step. In the second step, the Company calculates the implied fair value of goodwill and compares the implied fair value of goodwill to the carrying amount of goodwill in the Company's consolidated balance sheet. If the carrying amount of the goodwill is greater than the implied fair value of that goodwill, an impairment loss must be recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as goodwill recognized in a business combination. The results of the Company's step one test indicated that the reporting

unit's fair value was greater than its carrying value, and, therefore, a step two analysis was not required; however, no assurance can be given that the Company's goodwill will not be written down in future periods. The Company completed a qualitative assessment of goodwill as of June 30, 2024, and concluded that it is more likely than not that the fair value of the Bank (the reporting unit), exceeds its carrying value at that date.

8. FEDERAL HOME LOAN BANK ADVANCES

FHLB advances are summarized at the dates indicated (dollars in thousands):

	June 30, 2024	March 31, 2024
FHLB advances	\$ 113,504	\$ 88,304
Weighted average interest rate on FHLB advances ⁽¹⁾	5.60 %	5.40 %

(1) Computed based on the borrowing activity for the three months ended June 30, 2024 and the fiscal year ended March 31, 2024, respectively.

The Bank has a credit line with the FHLB equal to 45% of total assets, limited by available collateral. At June 30, 2024, based on collateral values, the Bank had additional borrowing capacity of \$164.4 million from the FHLB. FHLB advances are collateralized with loans secured by real estate. At June 30, 2024, loans carried at \$478.1 million were pledged as collateral to the FHLB.

9. JUNIOR SUBORDINATED DEBENTURES

The Company has wholly-owned subsidiary grantor trusts that were established for the purpose of issuing trust preferred securities and common securities. The trust preferred securities accrue and pay distributions periodically at specified annual rates as provided in each trust agreement. The trusts used the net proceeds from each of the offerings to purchase a like amount of junior subordinated debentures (the "Debentures") of the Company. The Debentures are the sole assets of the trusts. The Company's obligations under the Debentures and related documents, taken together, constitute a full and unconditional guarantee by the Company of the obligations of the trusts. The trust preferred securities are mandatorily redeemable upon maturity of the Debentures or upon earlier redemption as provided in the indentures. The Company has the right to redeem the Debentures in whole or in part on or after specific dates, at a redemption price specified in the indentures governing the Debentures plus any accrued but unpaid interest to the redemption date. The Company also has the right to defer the payment of interest on each of the Debentures for a period not to exceed 20 consecutive quarters, provided that the deferral period does not extend beyond the stated maturity. During such deferral period, distributions on the corresponding trust preferred securities will also be deferred and the Company may not pay cash dividends to the holders of shares of the Company's common stock.

The Debentures issued by the Company to the grantor trusts, which totaled \$ 27.0 million at both June 30, 2024 and March 31, 2024, are reported as "junior subordinated debentures" in the consolidated balance sheets. The common securities issued by the grantor trusts were purchased by the Company, and the Company's investment in the common securities of \$836,000 at both June 30, 2024 and March 31, 2024, is included in prepaid expenses and other assets in the consolidated balance sheets. The Company records interest expense on the Debentures in the consolidated statements of income.

The following table is a summary of the terms and the amounts outstanding of the Debentures at June 30, 2024 (dollars in thousands):

Issuance Trust	Issuance Date	Amount Outstanding	Rate Type	Initial Rate	Current Rate	Maturity Date
Riverview Bancorp Statutory Trust I	12/2005	\$ 7,217	Variable ⁽¹⁾	5.88 %	6.96 %	3/2036
Riverview Bancorp Statutory Trust II	06/2007	15,464	Variable ⁽²⁾	7.03 %	6.95 %	9/2037
Merchants Bancorp Statutory Trust I ⁽⁴⁾	06/2003	5,155	Variable ⁽³⁾	4.16 %	8.70 %	6/2033
		27,836				
Fair value adjustment ⁽⁴⁾		(810)				
Total Debentures		<u><u>\$ 27,026</u></u>				

(1) The trust preferred securities reprice quarterly based on the three-month Chicago Mercantile Exchange ("CME") Term SOFR plus 1.36%.

(2) The trust preferred securities reprice quarterly based on the three-month CME Term SOFR plus 1.35%.

(3) The trust preferred securities reprice quarterly based on the three-month CME Term SOFR plus 3.10%.

(4) Amount, net of accretion, attributable to a prior year's business combination

10. FAIR VALUE MEASUREMENTS

Fair value is defined under GAAP as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels. These levels are:

Quoted prices in active markets for identical assets (Level 1) : Inputs that are quoted unadjusted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Other observable inputs (Level 2): Inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets and inputs derived principally from or corroborated by observable market data by correlation or other means.

Significant unobservable inputs (Level 3): Inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances.

Financial instruments are presented in the tables that follow by recurring or nonrecurring measurement status. Recurring assets are initially measured at fair value and are required to be remeasured at fair value in the consolidated financial statements at each reporting date. Assets measured on a nonrecurring basis are assets that, as a result of an event or circumstance, were required to be remeasured at fair value after initial recognition in the consolidated financial statements at some time during the reporting period.

The following tables present assets that are measured at estimated fair value on a recurring basis at the dates indicated (in thousands):

June 30, 2024	Total Estimated Fair Value	Estimated Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investment securities available for sale:				
Municipal securities	\$ 34,785	\$ —	\$ 34,785	\$ —
Agency securities	40,814	—	40,814	—
Real estate mortgage investment conduits	24,672	—	24,672	—
Residential mortgage-backed securities	11,925	—	11,925	—
Other mortgage-backed securities	25,175	—	25,175	—
Total assets measured at fair value on a recurring basis	<u>\$ 137,371</u>	<u>\$ —</u>	<u>\$ 137,371</u>	<u>\$ —</u>
March 31, 2024	Total Estimated Fair Value	Estimated Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investment securities available for sale:				
Municipal securities	\$ 35,136	\$ —	\$ 35,136	\$ —
Agency securities	43,577	—	43,577	—
Real estate mortgage investment conduits	25,665	—	25,665	—
Residential mortgage-backed securities	12,551	—	12,551	—
Other mortgage-backed securities	26,267	—	26,267	—
Total assets measured at fair value on a recurring basis	<u>\$ 143,196</u>	<u>\$ —</u>	<u>\$ 143,196</u>	<u>\$ —</u>

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There were no transfers of assets into or out of Levels 1, 2 or 3 for both the three months ended June 30, 2024 and the year ended March 31, 2024.

The following methods were used to estimate the fair value of financial instruments above:

Investment securities are included within Level 1 of the hierarchy when quoted prices in an active market for identical assets are available. The Company uses a third-party pricing service to assist the Company in determining the fair value of its Level 2 securities, which incorporates pricing models and/or quoted prices of investment securities with similar characteristics. Investment securities are included within Level 3 of the hierarchy when there are significant unobservable inputs.

For Level 2 securities, the independent pricing service provides pricing information by utilizing evaluated pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data from market research publications. The Company's third-party pricing service has established processes for the Company to submit inquiries regarding the estimated fair value. In such cases, the Company's third-party pricing service will review the inputs to the evaluation in light of any new market data presented by the Company. The Company's third-party pricing service may then affirm the original estimated fair value or may update the evaluation on a go-forward basis.

Management reviews the pricing information received from the third-party pricing service through a combination of procedures that include an evaluation of methodologies used by the pricing service, analytical reviews and performance analysis of the prices against statistics and trends. Based on this review, management determines whether the current placement of the security in the fair value hierarchy is appropriate or whether transfers may be warranted. As necessary, management compares prices received from the pricing service to discounted cash flow models or by performing independent valuations of inputs and assumptions similar to those used by the pricing service in order to help ensure prices represent a reasonable estimate of fair value.

There were no assets measured at estimated fair value on a nonrecurring basis at both June 30, 2024 and March 31, 2024.

The following disclosure of the estimated fair value of financial instruments is made in accordance with GAAP. The Company, using available market information and appropriate valuation methodologies, has determined the estimated fair value amounts. However, considerable judgment is necessary to interpret market data in the development of the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in the future. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The carrying amount and estimated fair value of financial instruments is as follows at the dates indicated (in thousands):

June 30, 2024	Carrying Amount	Level 1	Level 2	Level 3	Estimated Fair Value
Assets:					
Cash and cash equivalents	\$ 27,804	\$ 27,804	\$ —	\$ —	\$ 27,804
Investment securities available for sale	137,371	—	137,371	—	137,371
Investment securities held to maturity	225,817	—	192,026	—	192,026
Loans receivable, net	1,029,701	—	—	928,275	928,275
FHLB stock	6,061	—	6,061	—	6,061
Liabilities:					
Certificates of deposit	204,423	—	202,614	—	202,614
FHLB advances	113,504	—	113,243	—	113,243
Junior subordinated debentures	27,026	—	—	19,465	19,465

March 31, 2024	Carrying Amount	Level 1	Level 2	Level 3	Estimated Fair Value
Assets:					
Cash and cash equivalents	\$ 23,642	\$ 23,642	\$ —	\$ —	\$ 23,642
Investment securities available for sale	143,196	—	143,196	—	143,196
Investment securities held to maturity	229,510	—	195,519	—	195,519
Loans receivable, net	1,008,649	—	—	909,254	909,254
FHLB stock	4,927	—	4,927	—	4,927
Liabilities:					
Certificates of deposit	190,972	—	188,972	—	188,972
FHLB advances	88,304	—	88,101	—	88,101
Junior subordinated debentures	27,004	—	—	19,327	19,327

Fair value estimates were based on existing financial instruments without attempting to estimate the value of anticipated future business. The fair value was not estimated for assets and liabilities that were not considered financial instruments.

11. NEW ACCOUNTING PRONOUNCEMENTS

In December 2023, the Financial Accounting Standards Board ("FASB") issued guidance within Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in the ASU are intended to provide more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The ASU requires disclosure in the rate reconciliation of specific categories as well as additional information for reconciling items that meet a quantitative threshold.

Those amendments require disclosure of the following information about income taxes paid on an annual basis:

- Income taxes paid (net of refunds received), disaggregated by federal and state taxes and by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than five percent of total income taxes paid (net of refunds received).
- Income tax expense (or benefit) from continuing operations disaggregated by federal and state jurisdictions.

The ASU is effective for annual periods beginning after December 15, 2024. The amendments should be applied on a prospective basis. The Company expects this ASU to only impact its disclosure requirements and does not expect the adoption of this ASU to have a material impact on its business operations or financial condition.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

In accordance with ASC Topic 606 "Revenues from Contracts with Customers" ("ASC 606"), revenues are recognized when goods or services are transferred to the customer in exchange for the consideration the Company expects to be entitled to receive. The largest portion of the Company's revenue is from interest income, which is not within the scope of ASC 606. All of the Company's revenue from contracts with customers within the scope of ASC 606 is recognized in non-interest income except for gains on sales of REO and premises and equipment, which are included in non-interest expense.

If a contract is determined to be within the scope of ASC 606, the Company recognizes revenue as it satisfies a performance obligation. Payments from customers are generally collected at the time services are rendered, monthly, or quarterly. For contracts with customers within the scope of ASC 606, revenue is either earned at a point in time or revenue is earned over time. Examples of revenue earned at a point in time are automated teller machine ("ATM") transaction fees, wire transfer fees, overdraft fees and interchange fees. Revenue earned at a point in time is primarily based on the number and type of transactions that are generally derived from transactional information accumulated by the Company's systems and is recognized immediately as the transactions occur or upon providing the service to complete the customer's transaction. The Company is generally the principal in these contracts, except for interchange fees, in which case the Company is acting as the agent and records revenue net of expenses paid to the principal. Examples of revenue earned over time, which

generally occur monthly, are deposit account maintenance fees, investment advisory fees, merchant revenue, trust and investment management fees and safe deposit box fees. Revenue is generally derived from transactional information accumulated by the Company's systems or those of third-parties and is recognized as the related transactions occur or services are rendered to the customer. For the three months ended June 30, 2024 and 2023, substantially all of the Company's revenues within the scope of ASC 606 are for performance obligations satisfied at a point in time.

Disaggregation of Revenue

The following table includes the Company's non-interest income, net disaggregated by type of service for the periods shown (in thousands):

	Three Months Ended June 30,	
	2024	2023
Asset management fees	\$ 1,558	\$ 1,381
Debit card and ATM fees	821	847
Deposit related fees	461	453
Loan related fees	88	111
Income from BOLI ⁽¹⁾	211	200
FHLMC loan servicing fees ⁽¹⁾	19	22
Other, net	209	271
Total non-interest income, net	<u>\$ 3,367</u>	<u>\$ 3,285</u>

(1) Not within scope of ASC 606

Revenues recognized within scope of ASC 606

Asset management fees: Asset management fees are variable, since they are based on the underlying portfolio value, which is subject to market conditions and amounts invested by clients through the Trust Company. Asset management fees are recognized over the period that services are provided, and when the portfolio values are known or can be estimated at the end of each quarter.

Debit card and ATM fees: Debit and ATM interchange income represents fees earned when a debit card issued by the Bank is used. The Bank earns interchange fees from debit cardholder transactions through the MasterCard® payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder. The performance obligation is satisfied and the fees are earned when the cost of the transaction is charged to the cardholders' debit card. Certain expenses directly associated with the debit cards are recorded on a net basis with the interchange income.

Deposit related fees: Fees are earned on the Bank's deposit accounts for various products offered to or services performed for the Bank's customers. Fees include business account fees, non-sufficient fund fees, stop payment fees, wire services, safe deposit box and others. These fees are recognized on a daily, monthly or quarterly basis, depending on the type of service.

Loan related fees: Non-interest loan fee income is earned on loans that the Bank services, excluding loans serviced for the FHLMC which are not within the scope of ASC 606. Loan related fees include prepayment fees, late charges, brokered loan fees, maintenance fees and others. These fees are recognized on a daily, monthly, quarterly or annual basis, depending on the type of service.

Other: Fees earned on other services, such as merchant services or occasional non-recurring type services, are recognized at the time of the event or the applicable billing cycle.

Contract Balances

As of June 30, 2024, the Company had no significant contract liabilities where the Company had an obligation to transfer goods or services for which the Company had already received consideration. In addition, the Company had no material unsatisfied performance obligations as of June 30, 2024 and 2023.

13. COMMITMENTS AND CONTINGENCIES

Off-balance sheet arrangements – In the normal course of business, the Company is a party to financial instruments with off-balance sheet risk in order to meet the financing needs of its customers. These financial instruments generally include commitments to originate mortgage, commercial and consumer loans, and involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the consolidated balance sheets. The Company's maximum exposure to credit loss in the event of nonperformance by the borrower is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance sheet instruments. Commitments to originate loans are conditional and are honored for up to 45 days subject to the Company's usual terms and conditions. Collateral is not required to support commitments.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third-party. These guarantees are primarily used to support public and private borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Collateral held varies and is required in instances where the Company deems it necessary.

Significant off-balance sheet commitments at June 30, 2024 are listed below (in thousands):

	Contract or Notional Amount
	June 30, 2024
Commitments to extend credit:	
Adjustable-rate	\$ 2,332
Fixed-rate	748
Standby letters of credit	1,600
Undisbursed loan funds and unused lines of credit	126,604
Total	<u><u>\$ 131,284</u></u>

Other contractual obligations – In connection with certain asset sales, the Company typically makes representations and warranties about the underlying assets conforming to specified guidelines. If the underlying assets do not conform to the specifications, the Company may have an obligation to repurchase the assets or indemnify the purchaser against loss. At June 30, 2024, loans under warranty totaled \$30.6 million, which substantially represents the unpaid principal balance of the Company's loans serviced for the FHLMC. The Company believes that the potential for loss under these arrangements is remote. At June 30, 2024, the Company had an ACL for FHLMC loans of \$12,000.

The Bank is a public depository and, accordingly, accepts deposit and other public funds belonging to, or held for the benefit of, Washington and Oregon states, political subdivisions thereof, and municipal corporations. In accordance with applicable state law, in the event of default of a participating bank, all other participating banks in the state collectively assure that no loss of funds are suffered by any public depositor. Generally, in the event of default by a public depository, the assessment attributable to all public depositories is allocated on a pro rata basis in proportion to the maximum liability of each depository as it existed on the date of loss. The Company did not incur any losses related to public depository funds for the three months ended June 30, 2024 and 2023.

The Bank has entered into employment contracts with certain key employees, which provide for contingent payments subject to future events.

Litigation – The Company is periodically involved in litigation arising from the ordinary course of business, some of which may involve claims for substantial or uncertain amounts. At least quarterly, we assess liabilities and contingencies

related to all outstanding or new legal matters based on the most recent information available. If a loss is not probable, or the amount cannot be estimated, no accrual is established. When a loss is determined to be probable and can be reasonably estimated, an accrual for the loss is established and adjusted as necessary to reflect any subsequent developments. Estimating the amount of loss is inherently difficult and there may be cases where a loss is probable or reasonably possible but not currently estimable. Actual losses may exceed any established accrual or the range of reasonably possible loss and management's estimates may change over time. Determining the future resolution of legal matters involves significant judgment and uncertainty, and it is usually difficult to determine whether a favorable or unfavorable outcome is remote, reasonably likely, or probable, or to estimate the amount or range of a probable or reasonably likely loss, until relatively late in the process.

The Company is currently involved in a lawsuit for which certain parties participated in a mediation in May 2023 and a stay of proceedings is in place to allow for continued settlement efforts. Based on the information available, management has concluded that a loss was probable and could be reasonably estimated. Accordingly, the Company determined that there was a potential liability resulting from pending litigation involving a former Riverview business client related to their real estate investments offered by a business owned by that client. Given the proposed global settlement of the litigation, the Company recorded a \$2.3 million expense in other non-interest expense during the three months ended March 31, 2024. This expense reflects Riverview's estimate of litigation costs that exceed the Company's insurance coverage. Subsequent to quarter-end, settlement of the litigation was approved by all the respective courts with a final settlement payment of \$1.2 million to be made by the Company.

14. LEASES

The Company has a finance lease for the shell of the building constructed as the Company's operations center which expires in November 2039. The Company is also obligated under various noncancelable operating lease agreements for land, buildings and equipment that require future minimum rental payments. For each operating lease with an initial term of more than 12 months, the Company records an operating lease right-of-use ("ROU") asset (representing the right to use the underlying asset for the lease term) and an operating lease liability (representing the obligation to make lease payments required under the terms of the lease). Operating lease ROU assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses its estimated incremental borrowing rate – derived from information available at the lease commencement date – as the discount rate when determining the present value of lease payments. The Company does not have any operating leases with an initial term of 12 months or less. Certain operating leases contain various provisions for increases in rental rates, based either on changes in the published Consumer Price Index or a predetermined escalation schedule. Certain operating leases provide the Company with the option to extend the lease term one or more times following expiration of the initial term. Lease extensions are not reasonably certain and the Company generally does not include payments occurring during option periods in the calculation of its operating lease ROU assets and operating lease liabilities.

The table below presents the ROU assets and lease liabilities recorded in the consolidated balance sheets at the dates indicated (in thousands):

Leases	June 30, 2024	March 31, 2024	Classification in the consolidated balance sheets
Finance lease ROU assets	\$ 1,182	\$ 1,202	Financing lease ROU assets
Finance lease liability	\$ 2,151	\$ 2,168	Finance lease liability
Finance lease remaining lease term	15.43 years	15.68 years	
Finance lease discount rate	7.16 %	7.16 %	
Operating lease ROU assets	\$ 5,169	\$ 5,479	Prepaid expenses and other assets
Operating lease liabilities	\$ 5,450	\$ 5,780	Accrued expenses and other liabilities
Operating lease weighted-average remaining lease term	5.16 years	5.34 years	
Operating lease weighted-average discount rate	1.73 %	1.74 %	

The table below presents certain information related to the lease costs for operating leases, which are recorded in occupancy and depreciation in the accompanying consolidated statements of income at the dates indicated (in thousands):

Lease Costs	Three months ended June 30, 2024	Three months ended June 30, 2023
Finance lease amortization of ROU asset	\$ 19	\$ 19
Finance lease interest on lease liability	39	40
Operating lease costs	283	283
Variable lease costs	52	52
Total lease cost ⁽¹⁾	\$ 393	\$ 394

(1) Income related to sub-lease activity is not significant and not presented herein.

Supplemental cash flow information - Operating cash flows paid for operating lease amounts included in the measurement of lease liabilities was \$347,000 for the three months ended June 30, 2024, compared to \$ 341,000 for the three months ended June 30, 2023. During the three months ended June 30, 2024 and 2023, the Company did not record any operating lease ROU assets that were exchanged for operating lease liabilities.

The following table reconciles the undiscounted cash flows for the periods presented related to the Company's lease liabilities as of June 30, 2024 (in thousands):

Fiscal Year Ending March 31:	Operating Leases	Finance Lease
Remainder of 2025	\$ 1,029	\$ 168
2026	1,125	226
2027	1,116	230
2028	899	232
2029	684	232
Thereafter	947	2,479
Total minimum lease payments	5,800	3,567
Less: amount of lease payments representing interest	(350)	(1,416)
Lease liabilities	\$ 5,450	\$ 2,151

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This report contains certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These measures include net interest income on a fully tax equivalent basis and net interest margin on a fully tax equivalent basis. Management uses these non-GAAP measures in its analysis of the Company's performance. The tax equivalent adjustment to net interest income recognizes the income tax savings when comparing taxable and tax-exempt assets. Management believes that it is a standard practice in the banking industry to present net interest income and net interest margin on a fully tax equivalent basis, and accordingly believes that providing these measures may be useful for peer comparison purposes. These disclosures should not be viewed as substitutes for the results determined to be in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are discussed in our 2024 Form 10-K under Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates" and Part II, Item 8, "Note 1. Summary of Significant Accounting Policies" in the Notes to the Consolidated Financial Statements." That discussion highlights estimates that the Company makes that involve uncertainty or potential for substantial change. There have not been any material changes in the Company's critical accounting policies and estimates as compared to the disclosures contained in the Company's 2024 Form 10-K.

Executive Overview

As a progressive, community-oriented financial services business, the Company emphasizes local, personal service to residents of its primary market area. The Company considers Clark, Klickitat and Skamania counties of Washington, and Multnomah, Washington and Marion counties of Oregon as its primary market area. The Company is engaged predominantly in the business of attracting deposits from the general public and using such funds in its primary market area to originate commercial business, commercial real estate, multi-family real estate, land, real estate construction, residential real estate and other consumer loans. Additionally, the Company, from time to time, will purchase commercial business loans as a way to supplement loan originations and diversify the commercial loan portfolio. These loans are originated by a third-party located outside the Company's primary market area. The Company also purchases the guaranteed portion of SBA loans to help loan portfolio diversification, supplement loan originations and generate a higher yield than overnight cash investments or short-term investments. These SBA loans are originated through another financial institution located outside the Company's primary market area and are purchased with servicing retained by the seller. The Company's loans receivable, net, totaled \$1.03 billion at June 30, 2024 compared to \$1.01 billion at March 31, 2024.

The Bank's subsidiary, Riverview Trust Company (the "Trust Company"), is a trust and financial services company with one office located in downtown Vancouver, Washington and one office in Lake Oswego, Oregon. The Trust Company provides full-service brokerage activities, trust and asset management services. The Bank's Business and Professional Banking Division, with two lending offices in Vancouver and one in Portland, offers commercial and business banking services.

The Company's strategic plan includes targeting the commercial banking customer base in its primary market area for loan originations and deposit growth, specifically small and medium size businesses, professionals and wealth building individuals. In pursuit of these goals, the Company will seek to increase the loan portfolio consistent with its strategic plan and asset/liability and regulatory capital objectives, which includes maintaining a significant amount of commercial business and commercial real estate loans in its loan portfolio which typically carry adjustable rates, higher yields and shorter terms, as well as higher credit risk compared to traditional fixed-rate consumer real estate one-to-four family loans.

The strategic plan also stresses increased emphasis on non-interest income, including increased fees for asset management services through the Trust Company and deposit service charges. The strategic plan is designed to enhance earnings, reduce interest rate risk and provide a more complete range of financial services to customers and the local communities the Company serves. We believe we are well positioned to attract new customers and to increase our market share through

our 17 branches, including, among others, ten in Clark County, three in the Portland metropolitan area and three lending centers.

Vancouver is located in Clark County, Washington, which is just north of Portland, Oregon. Many businesses are located in the Vancouver area because of the favorable tax structure and lower energy costs in Washington as compared to Oregon. Companies located in the Vancouver area include: Sharp Microelectronics, Hewlett Packard, Georgia Pacific, Underwriters Laboratory, WaferTech, Barrett Business Services, PeaceHealth and Banfield Pet Hospitals, as well as several support industries. In addition to this industry base, the Columbia River Gorge Scenic Area and the Portland metropolitan area are sources of tourism.

Operating Strategy

Fiscal year 2025 marks the 101th anniversary since the Bank began operations in 1923. The primary business strategy of the Company is to provide comprehensive banking and related financial services within its primary market area. Since 1998, the Company has been focusing on the expansion of its commercial and real estate construction loan portfolios. At June 30, 2024, commercial and real estate construction loans represented 90.2% of total loans compared to 90.4% at March 31, 2024. Commercial lending, including commercial real estate loans, typically has higher credit risk, greater interest margins and shorter terms than residential lending which can increase the loan portfolio's profitability.

The Company's goal is to deliver returns to shareholders by increasing higher-yielding assets (in particular, commercial real estate and commercial business loans), increasing core deposit balances, managing problem assets, reducing expenses, hiring experienced employees with a commercial lending focus and exploring expansion opportunities. The Company seeks to achieve these results by focusing on the following objectives.

Execution of our Business Plan. The Company is focused on increasing its loan portfolio, especially higher yielding commercial and real estate construction loans, and its core deposits by expanding its customer base throughout its primary market areas. By emphasizing total relationship banking, the Company intends to deepen the relationships with its customers and increase individual customer profitability through cross-marketing programs, which allows the Company to better identify lending opportunities and services for customers. To build its core deposit base, the Company will continue to utilize additional product offerings, technology and a focus on customer service in working toward this goal. The Company will also continue to seek to expand its franchise through de novo branches, the selective acquisition of individual branches, loan purchases and whole bank transactions that meet its investment and market objectives. In fiscal year 2021, the Company ceased originating residential real estate loans; however, it will from time to time purchase these loans consistent with asset/liability objectives.

Maintaining Strong Asset Quality. The Company believes that strong asset quality is a key to long-term financial success. The Company has actively managed delinquent loans and nonperforming assets by aggressively pursuing the collection of consumer debts, marketing saleable properties upon foreclosure or repossession, and through work-outs of classified assets and loan charge-offs. The Company's approach to credit management uses well defined policies and procedures and disciplined underwriting criteria resulting in our strong asset quality and credit metrics. Although the Company intends to prudently increase the percentage of its assets consisting of higher-yielding commercial real estate, real estate construction and commercial business loans, which offer higher risk-adjusted returns, shorter maturities and more sensitivity to interest rate fluctuations, the Company intends to manage credit exposure using experienced bankers in these areas and a conservative approach to its lending.

Introduction of New Products and Services. The Company continuously reviews new products and services to provide its customers with more financial options. All new technology and services are generally reviewed for business development and cost saving purposes. The Company continues to experience growth in customer use of its online banking services, where the Bank provides a full array of traditional cash management products as well as online banking products including mobile banking, mobile deposit, bill pay, e-statements, and text banking. The products are tailored to meet the needs of small to medium size businesses and households in the markets we serve. The Company intends to selectively add other products to further diversify revenue sources and to capture more of each customer's banking relationship by cross selling loan and deposit products and additional services, including services provided through the Trust Company to

increase its fee income. Assets under management by the Trust Company totaled \$897.9 million and \$961.8 million at June 30, 2024 and March 31, 2024, respectively.

Attracting Core Deposits and Other Deposit Products . The Company offers personal checking, savings and money-market accounts, which generally are lower-cost sources of funds than certificates of deposit and are less likely to be withdrawn when interest rates fluctuate. To build its core deposit base, the Company has sought to reduce its dependence on traditional higher cost deposits in favor of stable lower cost core deposits to fund loan growth and decrease its reliance on other wholesale funding sources, including FHLB and FRB advances. The Company believes that its continued focus on building customer relationships will help to increase the level of core deposits and locally-based retail certificates of deposit. In addition, the Company intends to increase demand deposits by growing business banking relationships through expanded product lines tailored to meet its target business customers' needs. The Company maintains technology-based products, such as personal financial management and business remote deposit products, to encourage the growth of lower cost deposits which enable it to meet its customers' cash management needs and compete effectively with banks of all sizes.

Recruiting and Retaining Highly Competent Personnel with a Focus on Commercial Lending . The Company's ability to continue to attract and retain banking professionals with strong community relationships and significant knowledge of its markets will be a key to its success. The Company believes that it enhances its market position and adds 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. The Company emphasizes to its employees the importance of delivering exemplary customer service and seeking opportunities to build further relationships with its customers. The goal is to compete with other financial service providers by relying on the strength of the Company's customer service and relationship banking approach. The Company believes that one of its strengths is that its employees are also shareholders through the Company's employee stock ownership ("ESOP") and 401(k) plans.

Commercial and Construction Loan Composition

The following tables set forth the composition of the Company's commercial and construction loan portfolios based on loan purpose at the dates indicated (in thousands):

	Commercial Business	Commercial Real Estate Mortgage	Real Estate Construction	Commercial and Construction Total
June 30, 2024				
Commercial business	\$ 238,493	\$ —	\$ —	\$ 238,493
Commercial construction	—	—	25,462	25,462
Office buildings	—	113,354	—	113,354
Warehouse/industrial	—	100,632	—	100,632
Retail/shopping centers/strip malls	—	89,432	—	89,432
Assisted living facilities	—	373	—	373
Single purpose facilities	—	274,324	—	274,324
Land	—	6,322	—	6,322
Multi-family	—	79,278	—	79,278
One-to-four family construction	—	—	14,496	14,496
Total	\$ 238,493	\$ 663,715	\$ 39,958	\$ 942,166
March 31, 2024				
Commercial business	\$ 229,404	\$ —	\$ —	\$ 229,404
Commercial construction	—	—	20,388	20,388
Office buildings	—	114,714	—	114,714
Warehouse/industrial	—	106,649	—	106,649
Retail/shopping centers/strip malls	—	89,448	—	89,448
Assisted living facilities	—	378	—	378
Single purpose facilities	—	272,312	—	272,312
Land	—	5,693	—	5,693
Multi-family	—	70,771	—	70,771
One-to-four family construction	—	—	16,150	16,150
Total	\$ 229,404	\$ 659,965	\$ 36,538	\$ 925,907

Comparison of Financial Condition at June 30, 2024 and March 31, 2024

Cash and cash equivalents, including interest-earning deposits in other banks, totaled \$27.8 million at June 30, 2024 compared to \$23.6 million at March 31, 2024. The Company's cash balances typically fluctuate based upon funding needs, deposit activity and investment securities activity. Based on the Company's asset/liability management program and liquidity objectives, the Company may deploy excess cash to purchase investment securities depending on the rate environment and other considerations. As a part of this strategy, the Company may choose to invest in short-term certificates of deposit held for investment, all of which are fully insured by the Federal Deposit Insurance Corporation (the "FDIC").

Investment securities totaled \$363.2 million and \$372.7 million at June 30, 2024 and March 31, 2024, respectively. The decrease was due to normal pay downs, calls and maturities. The Company had no sales of investment securities during the three months ended June 30, 2024. The Company's investment securities primarily consist of a combination of securities backed by government agencies (FHLMC, FNMA, SBA or GNMA). At June 30, 2024, the Company determined that none of its investment securities required an allowance for credit losses ("ACL"). For additional information on the Company's investment securities, see Note 5 of the Notes to the Consolidated Financial Statements contained in Item 1 of this Form 10-Q.

Loans receivable, net, totaled \$1.03 billion at June 30, 2024, compared to \$1.01 billion at March 31, 2024, an increase of \$21.1 million. The increase was primarily attributable to increases in commercial business loans of \$9.1 million, multi-family loans of \$8.5 million, other installment loans of \$5.1 million, and real estate construction loans of \$3.4 million. These increases were partially offset by a decrease in commercial real estate loans of \$5.4 million.

The Company no longer originates one-to-four family mortgage loans; however, will from time to time purchase these loans consistent with its asset/liability objectives. Additionally, the Company will purchase commercial business loans and consumer loans to supplement loan originations and diversify the loan portfolio. Purchased loans are originated by a third-party located outside the Company's primary market area. Commercial business loans purchased at June 30, 2024 totaled \$26.2 million compared to \$27.2 million at March 31, 2024. Consumer loans purchased at June 30, 2024 totaled \$5.0 million compared to none at March 31, 2024. The Company also purchases the guaranteed portion of SBA loans to help loan portfolio diversification, supplement loan originations and generate a higher yield than overnight cash investments or short-term investments. These SBA loans are originated through another financial institution located outside the Company's primary market area and are purchased with servicing retained by the seller. At June 30, 2024, the Company's purchased SBA loan portfolio was \$50.4 million compared to \$51.0 million at March 31, 2024.

Deposits decreased \$12.0 million to \$1.22 billion at June 30, 2024, compared to \$1.23 billion at March 31, 2024 due to increased competition, pricing and an overall decrease in market liquidity. Regular savings accounts decreased \$13.0 million, non-interest bearing accounts decreased \$9.8 million, and interest bearing accounts decreased \$8.3 million. These decreases were partially offset by increases of \$13.5 million in certificates of deposit and \$5.7 million in money market accounts. The Company had no wholesale-brokered deposits at June 30, 2024 and March 31, 2024. Core branch deposits accounted for 98.0% of total deposits at both June 30, 2024 and March 31, 2024. The Company plans to continue its focus on core deposits and on building customer relationships as opposed to obtaining deposits through the wholesale markets.

Accrued expenses and other liabilities increased \$3.2 million to \$19.4 million at June 30, 2024 compared to \$16.2 million at March 31, 2024. The increase was primarily due to an outstanding balance in Trust sweep funds of \$4.8 million at June 30, 2024 that were subsequently disbursed the following business day.

FHLB advances increased \$25.2 million to \$113.5 million at June 30, 2024 compared to \$88.3 million at March 31, 2024. FHLB advances at June 30, 2024 and March 31, 2024 were comprised of overnight advances. FHLB advances were utilized to fund new loan originations and to partially offset the decrease in deposit balances.

Shareholders' equity increased \$320,000 to \$155.9 million at June 30, 2024 compared to \$155.6 million at March 31, 2024. The increase was mainly attributable to current period net income of \$966,000, partly offset by an increase in the accumulated other comprehensive loss related to the change in unrealized holding losses on securities available for sale, net of tax, of \$250,000 and the payment of cash dividends totaling \$422,000.

Capital Resources

The Bank is a state-chartered, federally insured institution subject to various regulatory capital requirements administered by the FDIC and Washington State Department of Financial Institutions, Division of Banks. Failure to meet minimum capital requirements can result in the initiation of certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total and tier I capital to risk-weighted assets, core capital to total assets and tangible capital to tangible assets (set forth in the table below). Management believes the Bank met all capital adequacy requirements to which it was subject as of June 30, 2024.

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As of June 30, 2024, the Bank was categorized as “well capitalized” under the FDIC’s regulatory framework for prompt corrective action. The Bank’s actual and required minimum capital amounts and ratios were as follows at the dates indicated (dollars in thousands):

	Actual		For Capital Adequacy Purposes		“Well Capitalized” Under Prompt Corrective Action	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2024						
Total Capital:						
(To Risk-Weighted Assets)	\$ 174,740	16.18 %	\$ 86,391	8.0 %	\$ 107,989	10.0 %
Tier 1 Capital:						
(To Risk-Weighted Assets)	161,215	14.93	64,793	6.0	86,391	8.0
Common equity tier 1 Capital:						
(To Risk-Weighted Assets)	161,215	14.93	48,595	4.5	70,193	6.5
Tier 1 Capital (Leverage):						
(To Average Tangible Assets)	161,215	10.67	60,433	4.0	75,541	5.0
March 31, 2024						
Total Capital:						
(To Risk-Weighted Assets)	\$ 173,521	16.32 %	\$ 85,080	8.0 %	\$ 106,350	10.0 %
Tier 1 Capital:						
(To Risk-Weighted Assets)	160,197	15.06	63,810	6.0	85,080	8.0
Common equity tier 1 Capital:						
(To Risk-Weighted Assets)	160,197	15.06	47,857	4.5	69,127	6.5
Tier 1 Capital (Leverage):						
(To Average Tangible Assets)	160,197	10.29	62,296	4.0	77,870	5.0

In addition to the minimum common equity tier 1 (“CET1”), Tier 1 and total capital ratios, the Bank is required to maintain a capital conservation buffer consisting of additional CET1 capital in order to avoid limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses based on percentages of eligible retained income that could be utilized for such actions. The capital conservation buffer is required to be an amount greater than 2.5% of risk-weighted assets. As of June 30, 2024, the Bank’s CET1 capital exceeded the required capital conservation buffer at an amount greater than 2.5%.

For a bank holding company, such as the Company, the capital guidelines apply on a bank only basis. The Federal Reserve expects the holding company’s subsidiary banks to be well capitalized under the prompt corrective action regulations. If the Company was subject to regulatory guidelines for bank holding companies at June 30, 2024, the Company would have exceeded all regulatory capital requirements.

At periodic intervals, the Company’s banking regulators routinely examine the Company’s financial condition and risk management processes as part of their legally prescribed oversight. Based on their examinations, these regulators can direct that the Company’s consolidated financial statements be adjusted in accordance with their findings. A future examination could include a review of certain transactions or other amounts reported in the Company’s fiscal 2025 consolidated financial statements.

Liquidity

Liquidity is essential to our business. The objectives of the Bank’s liquidity management are to maintain ample cash flows to meet obligations for depositor withdrawals, to fund the borrowing needs of loan customers, and to fund ongoing operations. Core relationship deposits are the primary source of the Bank’s liquidity. As such, the Bank focuses on deposit relationships with local consumer and business clients who maintain multiple accounts and services at the Bank.

Liquidity management is both a short and long-term responsibility of the Company’s management. The Company adjusts its investments in liquid assets based upon management’s assessment of (i) expected loan demand, (ii) projected loan sales, (iii) expected deposit flows, (iv) yields available on interest-bearing deposits and (v) its asset/liability management

program objectives. Excess liquidity is invested generally in interest-bearing overnight deposits and other short-term government and agency obligations. If the Company requires funds beyond its ability to generate them internally, it has additional diversified and reliable sources of funds with the FHLB, the FRB and other wholesale facilities. These sources of funds may be used on a long or short-term basis to compensate for a reduction in other sources of funds or on a long-term basis to support lending activities.

The Company's primary sources of funds are customer deposits, proceeds from principal and interest payments on loans, proceeds from the sale of loans, maturing securities, FHLB advances and FRB borrowings. While maturities and scheduled amortization of loans and securities are a predictable source of funds, deposit flows and prepayment of mortgage loans and mortgage-backed securities are greatly influenced by general interest rates, economic conditions and competition. Management believes that its focus on core relationship deposits coupled with access to borrowings through reliable counterparties provides reasonable and prudent assurance that ample liquidity is available. However, depositor or counterparty behavior could change in response to competition, economic or market situations or other unforeseen circumstances, which could have liquidity implications that may require different strategic or operational actions.

The Company must maintain an adequate level of liquidity to ensure the availability of sufficient funds for loan originations, deposit withdrawals, continuing operations, satisfaction other financial commitments, and to take advantage of investment opportunities. During the three months ended June 30, 2024, the Bank used its sources of funds primarily to fund deposit withdrawals resulting from increased competition and pricing pressure and to fund loan commitments. At June 30, 2024, cash and cash equivalents and available for sale investment securities totaled \$165.2 million, or 10.7% of total assets. Management believes that the Company's security portfolio is of high quality and its securities would therefore be marketable. The levels of these assets are dependent on the Company's operating, financing, lending, and investing activities during any given period. The Bank generally maintains sufficient cash and short-term investments to meet short-term liquidity needs; however, its primary liquidity management practice is to manage short-term borrowings, consistent with its asset/liability objectives. In addition to these primary sources of funds, the Bank has several secondary borrowing sources available to meet potential funding requirements, including FRB borrowings and FHLB advances. At June 30, 2024, the Bank had no advances from the FRB and maintains a credit facility with the FRB with an available borrowing capacity of \$291.9 million, subject to sufficient collateral. At June 30, 2024, the Bank had advances totaling \$113.5 million from the FHLB and had an additional borrowing capacity of \$164.4 million with the FHLB, subject to sufficient collateral and stock investment. At June 30, 2024, the Bank had sufficient unpledged collateral to allow it to utilize its available borrowing capacity from the FRB and the FHLB. Borrowing capacity may, however, fluctuate based on acceptability and risk rating of loan collateral and counterparties could adjust discount rates applied to such collateral at their discretion.

An additional source of wholesale funding includes brokered certificates of deposit. While the Company has utilized brokered deposits from time to time, historically it has not extensively relied on brokered deposits to fund its operations. At June 30, 2024 and March 31, 2024, the Bank had no wholesale brokered deposits. The Bank also participates in the Certificate of Deposit Account Registry Services ("CDARS") and Insured Cash Sweep ("ICS") deposit products, which allow the Company to accept deposits in excess of the FDIC insurance limit for depositors while obtaining "pass-through" insurance for total deposits. The Bank's CDARS and ICS balances were \$39.8 million, or 3.3% of total deposits, and \$39.6 million, or 3.2% of total deposits, at June 30, 2024 and March 31, 2024, respectively. The combination of all the Bank's funding sources gives the Bank available liquidity of \$810.3 million, or 52.7% of total assets at June 30, 2024.

At June 30, 2024, the Company had total commitments of \$131.3 million, which includes commitments to extend credit of \$3.1 million, unused lines of credit totaling \$80.3 million, undisbursed real estate construction loans totaling \$46.3 million, and standby letters of credit totaling \$1.6 million. The Company anticipates that it will have sufficient funds available to meet current loan commitments. Certificates of deposit that are scheduled to mature in less than one year from June 30, 2024 totaled \$193.5 million. Historically, the Bank has been able to retain a significant amount of its deposits as they mature. Offsetting these cash outflows are scheduled loan and investment securities maturities of less than one year totaling \$35.7 million and \$28.0 million, respectively, at June 30, 2024.

The Company incurs capital expenditures on an ongoing basis to expand and improve our product offerings, enhance and modernize our technology infrastructure, and to introduce new technology-based products to compete effectively in our markets. We evaluate capital expenditure projects based on a variety of factors, including expected strategic impacts (such as forecasted impact on revenue growth, productivity, expenses, service levels and customer retention) and our expected

return on investment. The amount of capital investment is influenced by, among other things, current and projected demand for our services and products, cash flow generated by operating activities, cash required for other purposes and regulatory considerations. Based on our current capital allocation objectives, during the remainder of fiscal 2025 we expect cash expenditures of approximately \$435,000 for capital investment in premises and equipment.

For further information regarding the Company's off-balance sheet arrangements and other contractual obligations, see Notes 13 and 14 of the Notes to Consolidated Financial Statements contained in Item 1 of this Form 10-Q.

Riverview Bancorp, Inc., as a separate legal entity from the Bank, must provide for its own liquidity. Sources of capital and liquidity for Riverview Bancorp, Inc. include distributions from the Bank and the issuance of debt or equity securities. Dividends and other capital distributions from the Bank are subject to regulatory notice. Management currently expects to continue the Company's current practice of paying quarterly cash dividends on its common stock subject to the Board of Directors' discretion to modify or terminate this practice at any time and for any reason without prior notice. The current quarterly common stock dividend rate is \$0.02 per share, as approved by the Board of Directors, which management believes is a dividend rate per share that will enable the Company to balance multiple objectives of managing and investing in the Bank, and returning a substantial portion of the Company's cash to its shareholders. Assuming continued payment during fiscal 2025 at this rate of \$0.02 per share, average total dividend paid each quarter would be approximately \$422,000 based on the number of the Company's outstanding shares as of June 30, 2024. At June 30, 2024, Riverview Bancorp, Inc. had \$8.8 million in cash to meet its liquidity needs.

Asset Quality

Nonperforming assets were \$461,000 or 0.03% of total assets at June 30, 2024, compared to \$178,000 or 0.01% of total assets at March 31, 2024. At June 30, 2024, SBA and United States Department of Agriculture ("USDA") government guaranteed loans that were 90 days or more past due and still accruing interest included in nonperforming assets totaled \$301,000 compared to \$5,000 at March 31, 2024. The Company expects to receive all principal and interest since the Company purchased the guaranteed portion of these loans which is backed by government guaranteed interest certificates.

The following table sets forth information regarding the Company's nonperforming loans, consisting of nonaccrual loans and accruing loans 90 days or more delinquent, at the dates indicated (dollars in thousands):

	June 30, 2024		March 31, 2024	
	Number of Loans	Balance	Number of Loans	Balance
Commercial business	1	\$ 53	1	\$ 58
Commercial real estate	1	73	1	79
Consumer	1	34	1	36
Subtotal	3	160	3	173
SBA and USDA Government Guaranteed	1	301	1	5
Total	4	\$ 461	4	\$ 178

The ACL for loans was \$15.4 million or 1.47% of total loans at June 30, 2024 and \$15.4 million or 1.50% of total loans at March 31, 2024. For the three months ended June 30, 2024 and 2023, the Company did not record a provision for credit losses. The coverage ratio of the ACL for loans to nonperforming loans was 3332.75% at June 30, 2024 compared to 8631.46% at March 31, 2024. The Company's general valuation allowance to pooled or "collectively evaluated" loans was 1.47% at June 30, 2024 and 1.50% at March 31, 2024.

Management considers the ACL for loans and unfunded loan commitments to be adequate at June 30, 2024 based on the assessment of various factors affecting the loan portfolio, and the Company believes it has established its existing ACL in accordance with GAAP. However, a decline in national and local economic conditions (including declines as a result of inflation or recession), results of examinations by the Company's banking regulators, or other factors could result in a material increase in the ACL for loans and unfunded loan commitments and may adversely affect the Company's future financial condition and results of operations. In addition, because future events affecting borrowers and collateral cannot

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be predicted with certainty, there can be no assurance that the existing ACL will be adequate or that substantial increases will not be necessary should the quality of any loans deteriorate or should collateral values decline as a result of the factors discussed elsewhere in this document. For further information regarding the Company's individually evaluated loans and ACL for loans and unfunded loan commitments, see Note 6 of the Notes to Consolidated Financial Statements contained in Item 1 of this Form 10-Q.

The following table sets forth information regarding the Company's nonperforming assets at the dates indicated (dollars in thousands):

	<u>June 30, 2024</u>	<u>March 31, 2024</u>
Loans accounted for on a non-accrual basis:		
Commercial business	\$ 53	\$ 58
Commercial real estate	73	79
Consumer	34	36
Total	160	173
Accruing loans which are contractually past due 90 days or more ⁽¹⁾	301	5
Total nonperforming loans	461	178
Real estate owned ("REO")	—	—
Total nonperforming assets	\$ 461	\$ 178
Foregone interest on non-accrual loans ⁽²⁾	<u>2</u>	<u>10</u>

⁽¹⁾ Consists entirely of SBA and USDA government guaranteed loans.

⁽²⁾ Three months ended June 30, 2024 and year ended March 31, 2024.

The following tables set forth information regarding the Company's nonperforming assets by loan type and geographical area at the dates indicated (in thousands):

	<u>Southwest</u>	<u>Washington</u>	<u>Other</u>	<u>Total</u>
June 30, 2024				
Commercial business	\$ 53	\$ —	\$ 53	
Commercial real estate	73	—	73	
Consumer	34	—	34	
Subtotal	160	—	160	
SBA and USDA Government Guaranteed	—	301	301	
Total nonperforming assets	\$ 160	\$ 301	\$ 461	
March 31, 2024				
Commercial business	\$ 58	\$ —	\$ 58	
Commercial real estate	79	—	79	
Consumer	36	—	36	
Subtotal	173	—	173	
SBA and USDA Government Guaranteed	—	5	5	
Total nonperforming assets	\$ 173	\$ 5	\$ 178	

At June 30, 2024, loans delinquent 30-89 days totaled \$10.2 million or 0.98% of total loans, up from \$1.8 million or 0.17% at March 31, 2024. The increase in loans delinquent 30-89 days was primarily attributable to two commercial real estate loans totaling \$8.2 million. One of these delinquent 30-89 days loans was related to a circumstance in which the loan is in the probate process. There is a plan in place to bring the loan current after the probate process has been finalized and no

losses are expected. The other loan that is 30-89 days delinquent was due to a delay in receiving payment, but the loan has since been brought current. At June 30, 2024, CRE loans represented the largest portion of the loan portfolio at 55.32% of total loans and commercial business represented 22.82% of total loans.

Goodwill Valuation

Goodwill is initially recorded when the purchase price paid for an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Goodwill is presumed to have an indefinite useful life and is tested, at least annually, for impairment at the reporting unit level. The Company has two reporting units, the Bank and the Trust Company, for purposes of evaluating goodwill for impairment. All the Company's goodwill has been allocated to the Bank reporting unit. The Company performs an annual review in the third quarter of each fiscal year, or more frequently if indications of potential impairment exist, to determine if the recorded goodwill is impaired. If the fair value exceeds the carrying value, goodwill at the reporting unit level is not considered impaired and no additional analysis is necessary. If the carrying value of the reporting unit is greater than its fair value, there is an indication that impairment may exist and additional analysis must be performed to measure the amount of impairment loss, if any. The amount of impairment is determined by comparing the implied fair value of the reporting unit's goodwill to the carrying value of the goodwill in the same manner as if the reporting unit was being acquired in a business combination. Specifically, the Company would allocate the fair value to all the assets and liabilities of the reporting unit, including unrecognized intangible assets, in a hypothetical analysis that would calculate the implied fair value of goodwill. If the implied fair value of goodwill is less than the recorded goodwill, the Company would record an impairment charge for the difference.

A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include, among others: a significant decline in our expected future cash flows; a sustained, significant decline in our stock price and market capitalization; a significant adverse change in legal factors or in the business climate; adverse action or assessment by a regulator; and unanticipated competition. Any adverse change in these factors could have a significant impact on the recoverability of these assets and could have a material impact on the Company's consolidated financial statements.

The Company performed its annual goodwill impairment test as of October 31, 2023. The goodwill impairment test involves a two-step process. Step one of the goodwill impairment test estimates the fair value of the reporting unit utilizing the allocation of corporate value approach, the income approach, the whole bank transaction approach and the market approach in order to derive an enterprise value of the Company. The results of the Company's step one test indicated that the reporting unit's fair value was greater than its carrying value and therefore no impairment of goodwill exists.

The Company also completed a qualitative assessment of goodwill as of June 30, 2024 and concluded that it is more likely than not that the fair value of the Bank (the reporting unit), exceeds its carrying value at that date. Even though the Company determined that there was no goodwill impairment, a sustained decline in the value of its stock price as well as values of other financial institutions, declines in revenue for the Company beyond our current forecasts, significant adverse changes in the operating environment for the financial industry or an increase in the value of our assets without an increase in the value of the reporting unit may result in a future impairment charge.

It is also possible that changes in circumstances existing at the measurement date or at other times in the future, or in the numerous estimates associated with management's judgments, assumptions and estimates made in assessing the fair value of our goodwill, could result in an impairment charge of a portion or all of our goodwill. If the Company recorded an impairment charge, its financial position and results of operations would be adversely affected; however, such an impairment charge would have no impact on our liquidity, operations or regulatory capital.

Comparison of Operating Results for the Three Months Ended June 30, 2024 and 2023

Net Income. Net income was \$966,000, or \$0.05 per diluted share, for the three months ended June 30, 2024, down \$1.9 million or 66.0% compared to \$2.8 million, or \$0.13 per diluted share for the same period in the prior year. The Company's net income decreased primarily due to an increase in interest expense of \$2.0 million from higher funding costs and an increase in non-interest expense of \$991,000, partially offset by a \$442,000 increase in interest income and a \$570,000 decrease in the provision for income taxes.

Net Interest Income. The Company's profitability depends primarily on its net interest income, which is the difference between the income it receives on interest-earning assets and the interest paid on deposits and borrowings. When the rate earned on interest-earning assets equals or exceeds the rate paid on interest-bearing liabilities, this positive interest rate spread will generate net interest income. The Company's results of operations are also significantly affected by general economic and competitive conditions, particularly changes in market interest rates, government legislation and regulation, and monetary and fiscal policies.

Net interest income for the three months ended June 30, 2024 decreased \$1.5 million to \$8.8 million compared to \$10.4 million for the same period in the prior year. The decrease was primarily due to increased interest expense on deposits. Net interest margin for the three months ended June 30, 2024 was 2.47% compared to 2.79% for the three months ended June 30, 2023. The decrease in the net interest margin was attributable to the increase in interest expense and the decrease in total average interest earning assets.

Interest and Dividend Income. Interest and dividend income for the three months ended June 30, 2024 increased \$442,000 to \$14.4 million compared to \$14.0 million for the same period in the prior year. The increase was primarily due to an increase in interest income on loans receivable of \$842,000, partially offset by a decrease in interest income on investment securities of \$363,000.

Interest and fees earned on net loans increased by \$842,000 for the three months ended June 30, 2024, compared to the same period in the prior year, due to increases in the yield earned on and the average outstanding balance of net loans, specifically mortgage loans. The average yield on loans increased 20 basis points to 4.70% for the three months ended June 30, 2024 compared to 4.50% for the comparable period in 2023. The average yield on mortgage related loans increased 23 basis points to 4.72% and non-mortgage related loans increased 11 basis points to 4.65% for the three months ended June 30, 2024. The average balance of net loans increased \$26.7 million to \$1.03 billion for the three months ended June 30, 2024 from \$1.00 billion for the same period in the prior year, with the average balance of mortgage related loans increasing \$21.2 million and the non-mortgage related loans increasing \$5.5 million.

Interest earned on investment securities decreased \$363,000 for the three months ended June 30, 2024, compared to the same period in the prior year. The decrease was primarily the result of a decrease in the average balance of investment securities of \$84.8 million to \$391.3 million for the three months ended June 30, 2024, compared to \$476.1 million for the same period in the prior year. During the last quarter of fiscal year 2024, the Company restructured a portion of its balance sheet by selling approximately \$46.2 million of its lower-yielding available for sale investment securities. The remaining difference is attributable to normal paydown activities. The average yield on investment securities was 2.11% for the three months ended June 30, 2024 compared to 2.05% for the same period in the prior year. The increase in yield is related to the sales of lower-yielding securities as previously discussed.

Interest Expense. Interest expense totaled \$5.6 million for the three months ended June 30, 2024, compared to \$3.6 million for the three months ended June 30, 2023. Interest expense on deposits increased \$2.1 million for the three months ended June 30, 2024 compared to the same period the prior year, primarily due to an increase in the average rates paid on certificates of deposit, interest checking accounts and money market accounts, and to a lesser extent, the average balance of certificates of deposit. The average rate paid on certificates of deposits increased 131 basis points and the average balance increased \$62.3 million for the three months ended June 30, 2024, compared to the same period in the prior year. The average rates paid on interest checking accounts and money market accounts increased 105 basis points and 78 basis points, respectively, for the three months ended June 30, 2024, compared to the same period in the prior year. The average balance of total interest-bearing deposits increased \$4.8 million to \$859.3 million for the three months ended June 30, 2024 compared to \$854.5 million for the same period in the prior year, and the average rate increased 96 basis points to 1.61% during that same period.

Interest expense on borrowings decreased \$94,000 for the three months ended June 30, 2024 compared to the same period in the prior year due to the decrease in the average balance of FHLB advances. The average balance of FHLB advances was \$111.7 million for the three months ended June 30, 2024, compared to \$130.0 million for the same period in the prior year.

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The following tables set forth, for the periods indicated, information regarding average balances of assets and liabilities as well as the total dollar amounts of interest income earned on average interest-earning assets and interest expense paid on average interest-bearing liabilities, resultant yields, interest rate spread, ratio of interest-earning assets to interest-bearing liabilities and net interest margin (dollars in thousands):

	Three Months Ended June 30,					
	2024			2023		
	Average Balance	Interest and Dividends	Yield/Cost	Average Balance	Interest and Dividends	Yield/Cost
Interest-earning assets:						
Mortgage loans	\$ 772,893	\$ 9,094	4.72 %	\$ 751,671	\$ 8,397	4.49 %
Non-mortgage loans	254,884	2,958	4.65	249,432	2,813	4.54
Total net loans ⁽¹⁾	1,027,777	12,052	4.70	1,001,103	11,210	4.50
Investment securities ⁽²⁾	391,253	2,058	2.11	476,054	2,421	2.05
Interest-earning deposits in other banks	11,400	148	5.21	11,092	135	4.91
Other earning assets	6,815	162	9.53	7,952	212	10.72
Total interest-earning assets	1,437,245	14,420	4.02	1,496,201	13,978	3.76
Non-interest-earning assets:						
Office properties and equipment, net	22,713			22,742		
Other non-interest-earning assets	63,070			61,868		
Total assets	\$ 1,523,028			\$ 1,580,811		
Interest-bearing liabilities:						
Regular savings accounts	\$ 182,896	26	0.06	\$ 239,746	37	0.06
Interest checking accounts	266,821	719	1.08	244,806	19	0.03
Money market accounts	209,384	874	1.67	232,076	513	0.89
Certificates of deposit	200,190	1,828	3.66	137,875	804	2.35
Total interest-bearing deposits	859,291	3,447	1.61	854,503	1,373	0.65
Junior subordinated debentures	27,013	533	7.91	26,926	493	7.37
FHLB advances	111,692	1,559	5.60	129,978	1,692	5.24
Other interest-bearing liabilities	2,194	39	7.13	2,242	40	7.19
Total interest-bearing liabilities	1,000,190	5,578	2.24	1,013,649	3,598	1.43
Non-interest-bearing liabilities:						
Non-interest-bearing deposits	352,727			395,855		
Other liabilities	14,563			14,847		
Total liabilities	1,367,480			1,424,351		
Shareholders' equity	155,548			156,460		
Total liabilities and shareholders' equity	\$ 1,523,028			\$ 1,580,811		
Net interest income	\$ 8,842			\$ 10,380		
Interest rate spread		1.78 %			2.33 %	
Net interest margin		2.47 %			2.79 %	
Ratio of average interest-earning assets to average interest-bearing liabilities		143.70 %			147.61 %	
Tax equivalent adjustment ⁽³⁾	\$ 21			\$ 21		

(1) Includes non-accrual loans.

(2) For purposes of the computation of average yield on investment securities available for sale, historical cost balances were utilized; therefore, the yield information does not give effect to changes in fair value that are reflected as a component of shareholders' equity.

(3) Tax-equivalent adjustment relates to non-taxable investment interest income and preferred equity securities dividend income.

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The following table sets forth the effects of changing rates and volumes on net interest income of the Company for the three months ended June 30, 2024 compared to the three months ended June 30, 2023. Variances that were insignificant have been allocated based upon the percentage relationship of changes in volume and changes in rate to the total net change (in thousands).

	Three Months Ended June 30,			Increase (Decrease) Due to	
	2024 vs 2023				
	Volume	Rate	Total Increase (Decrease)		
Interest Income:					
Mortgage loans	\$ 248	\$ 449	\$ 697		
Non-mortgage loans	69	76	145		
Investment securities (1)	(434)	71	(363)		
Interest-earning deposits in other banks	4	9	13		
Other earning assets	(28)	(22)	(50)		
Total interest income	(141)	583	442		
Interest Expense:					
Regular savings accounts	(11)	—	(11)		
Interest checking accounts	2	698	700		
Money market accounts	(54)	415	361		
Certificates of deposit	459	565	1,024		
Junior subordinated debentures	2	38	40		
FHLB advances	(246)	113	(133)		
Other interest-bearing liabilities	(1)	—	(1)		
Total interest expense	151	1,829	1,980		
Net interest income	\$ (292)	\$ (1,246)	\$ (1,538)		

(1) Interest is presented on a fully tax-equivalent basis.

Provision for Credit Losses. The Company recorded no provision for credit losses for both the three months ended June 30, 2024 and 2023. The lack of provision for credit losses for the three months ended June 30, 2024 reflects assumptions related to our forecast concerning the economic environment as a result of local, national and global events, including recent bank failures. In addition, expected loss estimates consider various factors, including customer-specific information, changes in risk ratings, projected delinquencies, and the impact of economic conditions on borrowers' ability to repay. For the three months ended June 30, 2024, net charge-offs were insignificant compared to net charge-offs of \$8,000 for the three months ended June 30, 2023.

While we believe the estimates and assumptions used in our determination of the adequacy of the allowance for credit losses are reasonable, there can be no assurance that such estimates and assumptions will not be proven incorrect in the future, or that the actual amount of future provisions will not exceed the amount of past provisions or that any increased provisions that may be required will not have a material adverse impact on our financial condition and results of operations. A further decline in national and local economic conditions, as a result of the effects of inflation, and a potential recession or slowed economic growth, among other factors, could result in a material increase in the allowance for credit losses and have a material adverse impact on our financial condition and results of operations. In addition, the determination of the amount of our allowance for credit losses is subject to review by bank regulators as part of the routine examination process, which may result in the adjustment of reserves based upon their judgment of information available to them at the time of their examination and have a material adverse impact on our financial condition and results of operations.

Nonperforming loans were \$461,000 at June 30, 2024, compared to \$178,000 at March 31, 2024. Included in the \$461,000 of nonperforming loans at June 30, 2024, were \$301,000 of SBA and USDA government guaranteed loans. The Company expects to receive all principal and interest on these SBA and USDA loans since the Company purchased the guaranteed portion of the loans which is backed by government guaranteed interest certificates.

The ratio of the ACL for loans to nonperforming loans was 3332.75% at June 30, 2024 compared to 8631.46% at March 31, 2024. See "Asset Quality" above for additional information related to asset quality that management considers in determining the appropriate level of the ACL.

Non-Interest Income. Non-interest income increased \$82,000 to \$3.4 million for the three months ended June 30, 2024, compared to \$3.3 million for the same period in the prior year. The increase was primarily due to an increase in asset management fees of \$177,000 as a result of increases in irrevocable accounts at a higher rate. Offsetting this increase were decreases in fees and service charges of \$60,000 and other non-interest income of \$46,000. The decrease in fees and service charges was primarily due to a decrease in interchange income of \$23,000 and brokered loan fees of \$18,000. The decrease in other non-interest income was related to a one-time settlement related to a data breach with a third-party vendor that was received during the same quarter in the prior year.

Non-Interest Expense. Non-interest expense increased \$991,000 to \$11.0 million for the three months ended June 30, 2024, compared to \$10.0 million for the same period in the prior year. Salaries and employee benefits increased \$345,000 due to increases in compensation expense and personnel expense. Occupancy and depreciation expense increased by \$312,000 due to increases in computer software, depreciation and repair and maintenance expenses as the Company continues to update and modernize branch locations. Professional fees increased by \$147,000 which was primarily due to increases in legal and consulting fees. The increase in legal expenses was primarily related to the settlement of a litigation matter. For further information regarding the pending litigation, see "Note 13. Commitments and Contingencies". Other non-interest expense also increased by \$117,000 which was primarily related to additional accruals for business and occupation taxes.

Income Taxes. The provision for income taxes was \$253,000 for the three months ended June 30, 2024, compared to \$823,000 for the same period in the prior year. The decrease in the provision for income taxes was due to lower pre-tax income for the three months ended June 30, 2024, compared to the same period in the prior year. The Company's effective tax rate for the three months ended June 30, 2024, was 20.8%, compared to 22.4% for the three months ended June 30, 2023. The lower effective tax rate for the three months ended June 30, 2024 is due to lower pretax income. At June 30, 2024, management deemed that a valuation allowance related to the Company's deferred tax asset was not necessary. At June 30, 2024, the Company had a net deferred tax asset of \$9.9 million compared to \$9.8 million at March 31, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There has not been any material change in the market risk disclosures contained in the 2024 Form 10-K.

Item 4. Controls and Procedures

An evaluation of the Company's disclosure controls and procedures (as defined in Rule 13(a) - 15(e) of the Securities Exchange Act of 1934) as of June 30, 2024 was carried out under the supervision and with the participation of the Company's Chief Executive Officer (principal executive officer), Chief Financial Officer (principal financial officer) and several other members of the Company's senior management. The Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as in effect on June 30, 2024 were effective in ensuring that the information required to be disclosed by the Company in the reports it files or submits under the Securities and Exchange Act of 1934 is (i) accumulated and communicated to the Company's management (including the Chief Executive Officer and Chief Financial Officer) in a timely manner, and (ii) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. In the quarter ended June 30, 2024, the Company did not make any changes in its internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, these controls.

While the Company believes the present design of its disclosure controls and procedures is effective to achieve its goal, future events affecting its business may cause the Company to modify its disclosure controls and procedures. The Company does not expect that its disclosure controls and procedures and internal control over financial reporting will prevent all errors and fraud. A control procedure, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control procedure are met. Because of the inherent limitations in all control procedures, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns in controls or procedures can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any control procedure is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control procedure, misstatements attributable to errors or fraud may occur and not be detected.

RIVERVIEW BANCORP, INC. AND SUBSIDIARY

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is a party to litigation arising in the ordinary course of business. In the opinion of management, these actions will not have a material effect on the Company's financial position, results of operations, or liquidity. For additional information on the Company's litigation, see Note 13 to the Consolidated Financial Statements contained in Item 1 of this Form 10-Q.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth in Part I. Item 1A of the Company's 2024 Form 10-K.

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

- (a) Not applicable.
- (b) Not applicable.
- (c) The Company did not repurchase any shares of its common stock through a publicly announced repurchase plan or program, or otherwise, during the three months ended June 30, 2024. The Company did not have a publicly announced repurchase plan or program in place during the three months ended June 30, 2024.

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

- (a) None
- (b) None
- (c) **Trading Plans.** During the quarter ended June 30, 2024, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

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Item 6. Exhibits

(a) Exhibits:

- 3.1 [Articles of Incorporation of the Registrant \(1\)](#)
- 3.2 [Amended and Restated Bylaws of the Registrant \(2\)](#)
- 4.1 [Form of Certificate of Common Stock of the Registrant \(1\)](#)
- 4.2 [Description of Riverview Bancorp, Inc. Common Stock \(3\)](#)
- 10.1 [Form of Employment Agreement between the Company and the Bank and Nicole Sherman \(4\)](#)
- 10.2 [Form of Change in Control Agreement between the Company and the Bank and Nicole Sherman \(4\)](#)
- 10.3 [Form of Employment Agreement between the Company and the Bank and each of Daniel D. Cox and David Lam \(5\)](#)
- 10.4 [Form of Change in Control Agreement between the Company and the Bank and each of Daniel D. Cox and David Lam \(5\)](#)
- 10.5 [Form of Employment Agreement between the Company and Evan Sowers \(5\)](#)
- 10.6 [Form of Change in Control Agreement between the Company and Evan Sowers \(5\)](#)
- 10.7 [Employee Stock Ownership Plan \(6\)](#)
- 10.8 [Deferred Compensation Plan \(7\)](#)
- 10.9 [2017 Equity Incentive Plan \(8\)](#)
- 10.10 [Form of Incentive Stock Option Award Agreement under the Riverview Bancorp, Inc. 2017 Equity Incentive Plan \(9\)](#)
- 10.11 [Form of Non-Qualified Stock Option Award Agreement under the Riverview Bancorp, Inc. 2017 Equity Incentive Plan \(9\)](#)
- 10.12 [Form of Restricted Stock Award Agreement under the Riverview Bancorp, Inc. 2017 Equity Incentive Plan \(9\)](#)
- 10.13 [Form of Restricted Stock Unit Award Agreement under the Riverview Bancorp, Inc. 2017 Equity Incentive Plan \(9\)](#)
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act *
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act *
- 32 Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act*
- 101 The following materials from Riverview Bancorp Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline Extensible Business Reporting Language (XBRL) (a) Consolidated Balance Sheets; (b) Consolidated Statements of Income; (c) Consolidated Statements of Comprehensive Income; (d) Consolidated Statements of Shareholders' Equity (e) Consolidated Statements of Cash Flows; and (f) Notes to Consolidated Financial Statements *
- 104 The cover page from Riverview Bancorp Inc's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL and contained in Exhibit 101

- (1) Filed as an exhibit to the Registrant's Registration Statement on Form S-1 (Registration No. 333-30203) and incorporated herein by reference.
- (2) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed with the SEC on June 26, 2024 and incorporated herein by reference.
- (3) Filed as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2020, and incorporated herein by reference.
- (4) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed with the SEC on June 21, 2024 and incorporated herein by reference.
- (5) Filed as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2024, and incorporated herein by reference.
- (6) Filed as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 1998, and incorporated herein by reference.
- (7) Filed as an exhibit to the Registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2009 and incorporated herein by reference.
- (8) Filed as Appendix A to the Registrant's Definitive Annual Meeting Proxy Statement (000-22957), filed with the Commission on June 16, 2017, and incorporated herein by reference.
- (9) Filed as an exhibit to the Registrant's Registration Statement on Form S-8 (Registration No. 333-228099), and incorporated herein by reference.

*Filed herewith

SIGNATURES

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

RIVERVIEW BANCORP, INC.

By: /S/ Nicole Sherman By: /S/ David Lam
Nicole Sherman David Lam
President and Chief Executive Officer (Principal Executive Officer) Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Date: August 8, 2024

Date: August 8, 2024

Section 302 Certification

I, Nicole Sherman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 of Riverview Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15(d)-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: August 8, 2024

/S/ Nicole Sherman

Nicole Sherman
Chief Executive Officer

Section 302 Certification

I, David Lam, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 of Riverview Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13(a)-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15(d)-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fiscal fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: August 8, 2024

/S/ David Lam

David Lam
Chief Financial Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF RIVERVIEW BANCORP, INC.
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certify in the capacity indicated below, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), in their capacity as officers of Riverview Bancorp, Inc. (the "Company") and in connection with the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 that:

1. the report fully complies with the requirements of sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended, and
2. the information contained in the report fairly presents, in all material respects, Riverview Bancorp, Inc.'s financial condition and results of operations as of the dates and for the periods presented in the financial statements included in the Report.

/S/ Nicole Sherman

Nicole Sherman
Chief Executive Officer

Dated: August 8, 2024

/S/ David Lam

David Lam
Chief Financial Officer

Dated: August 8, 2024
