CENTURY NEXT FINANCIAL Corp
Form 10-Q
August 15, 2011

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2011

OR

o 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: 000-54133

Century Next Financial Corporation
(Exact Name of Registrant as Specified in Its Charter)

| | |
|---|---|
| Louisiana<br>(State or Other Jurisdiction of Incorporation or Organization) | 27-2851432<br>(I.R.S. Employer Identification No.) |
| 505 North Vienna Street<br>Ruston, Louisiana<br>(Address of Principal Executive Offices) | 71270<br>(Zip Code) |

(318) 255-3733
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Date File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

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

| | | | |
|---|---|---|---|
| Large accelerated filer | o | Accelerated filer | o |
| Non-accelerated filer | o | Smaller reporting company | x |

(Do not check if a smaller reporting company)

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of August 11, 2011, 1,058,000 shares of the Registrant's common stock were issued and outstanding.

Century Next Financial Corporation
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Item 1 – Financial Statements (unaudited)

CENTURY NEXT FINANCIAL CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

| ASSETS | June 30, 2011 (Unaudited) | December 31, 2010 |
|---|---|---|
| Cash and cash equivalents | $4,100 | $7,581 |
| Investment and mortgage-backed securities | 10,982 | 11,563 |
| Federal Home Loan Bank stock | 281 | 280 |
| Loans (includes loans held for sale of $2,041 and $801), less allowance for loan losses of $213 and $204 | 78,329 | 71,613 |
| Accrued interest receivable: | | |
| Loans | 390 | 358 |
| Securities | 30 | 38 |
| Premises and equipment, net of accumulated depreciation of $1,571 and $1,499 | 3,903 | 3,779 |
| Foreclosed real estate | - | - |
| Other assets | 2,994 | 2,903 |
| Total assets | $101,009 | $98,115 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Deposits | | |
| Savings and demand | $47,302 | $44,618 |
| Time | 33,072 | 33,277 |
| Total deposits | 80,374 | 77,895 |
| Advances from borrowers for insurance and taxes | 65 | 37 |
| FHLB advances | 397 | 415 |
| Securities sold under agreements to repurchase | 693 | 588 |
| Accrued interest payable | 18 | 18 |
| Other liabilities | 809 | 854 |
| Total liabilities | 82,356 | 79,807 |
| Stockholders' Equity: | | |
| Preferred Stock, $.01 par value – 1,000,000 shares authorized; none issued | - | - |
| Common Stock, $.01 par value - 9,000,000 shares authorized; 1,058,000 issued; 1,058,000 outstanding | 11 | 11 |
| Additional Paid In Capital | 9,827 | 9,821 |
| Unearned ESOP Shares (64,202 shares and 65,870 shares) | (644) | (661) |
| Accumulated other comprehensive income, net of taxes of $55 and $37 | 107 | 73 |
| Retained earnings | 9,352 | 9,064 |
| Total stockholders' equity | 18,653 | 18,308 |

| | | |
|---|---|---|
| Total liabilities and stockholders' equity | $101,009 | $98,115 |

The accompanying notes are an integral part of the consolidated financial statements.

CENTURY NEXT FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share data)
(Unaudited)

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| Interest income: | | | | |
| First mortgage loans | $165 | $168 | $316 | $342 |
| Consumer and other loans | 987 | 923 | 1,959 | 1,817 |
| Investment securities | 41 | 49 | 84 | 100 |
| Other | 1 | - | 1 | 1 |
| Total interest income | 1,194 | 1,140 | 2,360 | 2,260 |
| Interest expense: | | | | |
| Savings and interest-bearing demand deposits | 83 | 67 | 162 | 125 |
| Time deposits | 107 | 192 | 223 | 399 |
| Other borrowings | 5 | 2 | 10 | 4 |
| Total interest expense | 195 | 261 | 395 | 528 |
| Net interest income | 999 | 879 | 1,965 | 1,732 |
| Provision for loan losses | 13 | 2 | 13 | 2 |
| Net interest income after provision for loan losses | 986 | 877 | 1,952 | 1,730 |
| Noninterest income: | | | | |
| Service charges | 55 | 50 | 104 | 90 |
| Loan fees | 167 | 134 | 288 | 197 |
| Gain on sale of other repossessed assets | - | - | 5 | 3 |
| Gain on cash value of life insurance | 14 | 9 | 29 | 17 |
| Gain on sale of fixed assets | 136 | - | 136 | 53 |
| Other operating income | 19 | 17 | 33 | 26 |
| Total noninterest income | 391 | 210 | 595 | 386 |
| Noninterest expense | | | | |
| Salaries and benefits | 635 | 504 | 1,208 | 1,011 |
| Occupancy expense | 125 | 90 | 222 | 192 |
| Expense of foreclosed real estate | - | - | - | 1 |
| FDIC deposit insurance | 21 | 27 | 42 | 52 |
| Personnel training and development | 26 | 10 | 32 | 16 |
| Outside service fees | 14 | 28 | 37 | 48 |
| Service bureau expenses | 34 | 38 | 83 | 71 |
| Advertising | 28 | 38 | 50 | 63 |
| Deposit/fraud loss | 1 | 1 | 17 | 4 |
| Legal and professional | 36 | - | 67 | - |

| | | | | |
|---|---|---|---|---|
| Audit and accounting | 63 | 11 | 71 | 21 |
| Office supplies, stationery and printing | 16 | 14 | 39 | 35 |
| Internet expense | 27 | 6 | 33 | 17 |
| Other operating expense | 125 | 81 | 211 | 145 |
| Total noninterest expense | 1,151 | 848 | 2,112 | 1,676 |
| | | | | |
| Income before income taxes | 226 | 239 | 435 | 440 |
| Income taxes | 68 | 86 | 147 | 147 |
| Net income | $158 | $153 | $288 | $293 |
| Earnings Per Common Share | | | | |
| Basic | $0.16 | N/A | $0.29 | N/A |
| Diluted | $0.16 | N/A | $0.29 | N/A |

The accompanying notes are an integral part of the consolidated financial statements.

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CENTURY NEXT FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In thousands)
(Unaudited)

| | Common Stock | Additional Paid In Capital | Unearned ESOP Shares | Accumulated Other Comprehensive Income | Retained Earnings | Total Equity |
|---|---|---|---|---|---|---|
| Balance at December 31, 2009 | $ - | $ - | $ - | $ 69 | $ 8,407 | $ 8,476 |
| Net income | - | - | - | - | 293 | 293 |
| Unrealized gain on securities available for sale, net of taxes of $15 | - | - | - | 28 | - | 28 |
| Comprehensive income | - | - | - | - | - | 321 |
| Balance at June 30, 2010 | $ - | $ - | $ - | $ 97 | $ 8,700 | $ 8,797 |
| Balance at December 31, 2010 | $ 11 | $ 9,821 | $ (661 ) | $ 73 | $ 9,064 | $ 18,308 |
| Net income | - | - | - | - | 288 | 288 |
| Unrealized gain on securities available for sale, net of taxes of $18 | - | - | - | 34 | - | 34 |
| Comprehensive income | - | - | - | - | - | 322 |
| ESOP shares released for allocation | - | 6 | 17 | - | - | 23 |
| Balance at June 30, 2011 | $ 11 | $ 9,827 | $ (644 ) | $ 107 | $ 9, 352 | $ 18,653 |

The accompanying notes are an integral part of the consolidated financial statements.

CENTURY NEXT FINANCIAL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

| | Six Months Ended June 30, 2011 | 2010 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 288 | $ 293 |
| Adjustments to reconcile net income to net cash used by operating activities: | | |
| Provision for loan losses | 13 | 2 |
| Depreciation | 120 | 97 |
| Amortization, accretion and fair market adjustments to investments | 18 | - |
| ESOP shares released | 23 | - |
| Gain on sale of other repossessed assets | - | (3) |
| Gain on cash value of life insurance | (29) | - |
| Gain on sale of fixed assets | (136) | (53) |
| Net increase in loans held for sale | (1,240) | (2,010) |
| Increase in accrued interest receivable | (24) | (15) |
| Increase (decrease) in accrued interest payable | - | (2) |
| Increase in other assets | (26) | (84) |
| Increase (decrease) in other liabilities | (45) | 133 |
| Total adjustments | (1,326) | (1,935) |
| Net cash used by operating activities | (1,038) | (1,642) |
| Cash flows from investing activities: | | |
| Proceeds from sales and maturities of investment securities | 2,812 | 713 |
| Purchases of investment securities | (2,215) | - |
| Proceeds from sale of other repossessed assets | 12 | 4 |
| Net redemption (purchase) of Federal Home Loan Bank Stock | (1) | (1) |
| Purchases of life insurance | (47) | - |
| Proceeds from sale of fixed assets | 299 | 150 |
| Purchase of premises and equipment, net | (407) | (100) |
| Net increase in loans | (5,490) | (1,755) |
| Net cash used by investing activities | (5,037) | (989) |
| Cash flows from financing activities: | | |
| Net increase in savings and demand deposits | 2,684 | 5,567 |
| Net decrease in time deposits | (205) | (1,200) |
| Increase in advances from borrowers for insurance and taxes | 28 | 23 |
| Net decrease in FHLB advances | (18) | - |
| Net increase (decrease) in securities sold under agreements to repurchase | 105 | (2) |
| Net cash provided by financing activities | 2,594 | 4,388 |

| | | | |
|---|---|---|---|
| Net increase (decrease) in cash and cash equivalents | | (3,481 ) | 1,757 |
| Cash and cash equivalents at beginning of year | | 7,581 | 4,674 |
| Cash and cash equivalents at end of year | | $ 4,100 | $ 6,431 |
| Supplementary cash flow information: | | | |
| Cash paid: | Interest | $ 395 | $ 530 |
| | Income Taxes | $ 360 | $ - |

The accompanying notes are an integral part of the consolidated financial statements.

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Notes to Financial Statements (Unaudited)

Note 1 – Basis of Presentation

The accompanying unaudited consolidated financial statements of Century Next Financial Corporation (the "Company") were prepared in accordance with instructions for Form 10-Q and Regulation S-X and do not include information or footnotes necessary for a complete presentation of financial condition, results of operations, and cash flows in conformity with generally accepted accounting principles. However, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements have been included. The results of operations for the six months ended June 30, 2011, are not necessarily indicative of the results which may be expected for the year ending December 31, 2011. Certain items previously reported have been reclassified to conform with the current reporting period's format. The Company was organized by Bank of Ruston in June 2010 to facilitate Bank of Ruston's conversion from the mutual to stock form of organization, which was completed on September 30, 2010. Financial statements prior to the conversion are the financial statements of Bank of Ruston.

The Company follows accounting standards set by the Financial Accounting Standards Board (the "FASB"). The FASB sets generally accepted accounting principles ("GAAP") that we follow to ensure we consistently report our financial condition, results of operations and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (the "Codification" or the "ASC").

In accordance with the subsequent events topic of the ASC, the Company evaluates events and transactions that occur after the balance sheet date for potential recognition in the financial statements. The effect of all subsequent events that provide additional evidence of conditions that existed at the balance sheet date are recognized in the financial statements as of June 30, 2011. In preparing these financial statements, the company evaluated the events and transactions that occurred from June 30, 2011 through the date these financial statements were issued.

Use of Estimates

In preparing the financial statements, the Company is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the Company's financial condition, results of operations, changes in equity and cash flows for the interim periods presented. These adjustments are of a normal recurring nature and include appropriate estimated provisions. Certain amounts reported in prior periods have been reclassified to conform to the current period presentation. Such reclassifications had no effect on previously reported equity or net income.

Nature of Operations

Century Next Financial Corporation, a Louisiana corporation was organized by Bank of Ruston (the "Bank") in June 2010 to facilitate the conversion of the Bank from the mutual to the stock form (the "Conversion") of ownership. A total of 1,058,000 shares of common stock of the Company were sold at $10 per share in the subscription offering through which the Company received net proceeds of approximately $9.8 million, net of offering costs of approximately $748,000. The Conversion and offering were completed on September 30, 2010. As of June 30, 2011, the Company was a savings and loan holding company regulated by the Office of Thrift Supervision (the "OTS"). On July 21, 2011, all of the regulatory functions related to the Bank that were under the jurisdiction of the OTS were transferred to the Office of the Comptroller of the Currency. In addition, as of that same date, all of the

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Note 1 – Basis of Presentation (Continued)

regulatory functions related to the Company, as a savings and loan holding company that were under the jurisdiction of the OTS transferred to the Federal Reserve Board.

The Bank provides a variety of financial services primarily to individual customers through its main office and one branch in Ruston, Louisiana. The Bank's primary deposit products are checking accounts, money market accounts, interest bearing savings and certificates of deposit. Its primary lending products are residential mortgage loans. The Bank provides services to customers in the Ruston and surrounding areas.

The Company’s operations are subject to customary business risks associated with activities of a financial institution holding company. Some of those risks include competition from other financial institutions and changes in economic conditions, interest rates and regulatory requirements.

Note 2 – Recent Accounting Pronouncements

In June 2009, the FASB issued Accounting Standards Update (“ASU”) No. 2009-01, Topic 105 – Generally Accepted Accounting Principles amendments based on Statement of Financial Accounting Standards No. 168 – The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. ASU 2009-01 amends the ASC for the issuance of FASB Statement (“SFAS”) No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles. ASU 2009-1 includes SFAS 168 in its entirety, including the accounting standards update instructions contained in Appendix B of the Statement. The ASC became the source of authoritative U.S. generally accepted accounting principles (“GAAP”) recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities Exchange Committee (“SEC”) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. As of the effective date of this Statement, September 15, 2009, the ASC supersedes all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the ASC is no longer authoritative. This Statement became effective for the Company’s financial statements beginning in the interim period ended September 30, 2009.

In April 2009, the FASB issued guidance under ASC Topic 825. The guidance requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This guidance was adopted for interim reporting periods ending after June 15, 2009.

The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force (“EITF”) Abstracts. Instead, it now issues Accounting Standards Updates. The FASB does not consider Accounting Standards Updates as authoritative in their own right. Accounting Standards Updates serve only to update the ASC, provide background information about the guidance, and provide the bases for conclusions on the change(s) in the ASC. FASB Statement No. 162, The Hierarchy of Generally Accepted Accounting Principles, which became effective on November 13, 2008, identified the sources of accounting principles and the framework for selecting the principles used in preparing the financial statements of nongovernmental entities that are presented in conformity with GAAP. SFAS 162 arranged these sources of GAAP in a hierarchy for users to apply accordingly. Upon becoming effective, all of the content of the ASC carries the same level of authority, effectively superseding SFAS 162. In other words, the GAAP hierarchy has been modified to include only two levels of GAAP: authoritative and non-authoritative. As a result, this Statement replaces SFAS 162 to indicate this change to the GAAP hierarchy. The adoption of the ASC and ASU 2009-01 did not have any effect on the Company’s results of operations or financial position. All references to accounting literature included in the notes to the financial statements have been changed to reference the appropriate sections of the ASC.

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Note 2 – Recent Accounting Pronouncements (continued)

In January 2010, the FASB issued Accounting Standards Update No. 2010-06, Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements. ASU 2010-06 amends Subtopic 820-10 with new disclosure requirements and clarification of existing disclosure requirements. New disclosures required include the amount of significant transfers in and out of levels 1 and 2 fair value measurements and the reasons for the transfers. In addition, the reconciliation for level 3 activity will be required on a gross rather than net basis. The ASU provides additional guidance related to the level of disaggregation in determining classes of assets and liabilities and disclosures about inputs and valuation techniques. The amendments are effective for annual or interim reporting periods beginning after December 15, 2009, except for the requirement to provide the reconciliation for level 3 activity on a gross basis which will be effective for fiscal years beginning after December 15, 2010.

Note 3 – Investment Securities

The following table summarizes investment activities (in thousands) for the six month period ending June 30, 2011:

| | June 30, 2011 | |
|---|---|---|
| | Held to Maturity | Available for Sale |
| Purchases of securities | $15 | $2,200 |
| Sales and maturities of securities | $28 | $2,784 |

Note 4 – Loans

Loans (in thousands) at June 30, 2011 and December 31, 2010 consist of the following:

| | June 30, 2011 | December 31, 2010 |
|---|---|---|
| Held for sale (one- to-four family) | $2,041 | $801 |
| Residential real estate (one- to-four family) | 40,161 | 35,466 |
| Commercial real estate and lines of credit | 12,952 | 12,853 |
| Multifamily real estate | 1,937 | 2,027 |
| Land | 6,342 | 6,891 |
| Residential construction | 1,057 | 777 |
| Commercial business | 6,536 | 5,970 |
| Home equity lines of credit | 1,401 | 1,250 |
| Consumer non-real estate | 5,927 | 5,740 |
| Overdrafts | 188 | 42 |
| | 78,542 | 71,817 |
| Allowance for loan losses | (213) | (204) |
| | $78,329 | $71,613 |

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Note 4 – Loans (continued)

Changes in the allowance for loan losses (in thousands) are summarized as follows:

| | June 30, 2011 | December 31, 2010 |
|---|---|---|
| Beginning balance | $204 | $176 |
| Provision for loan losses | 13 | 43 |
| Loans charged off | (7) | (18) |
| Recoveries | 3 | 3 |
| Ending balance | $213 | $204 |

Loans on which the accrual of interest has been discontinued amounted to approximately $102,000 and $423,000 at June 30, 2011 and December 31, 2010, respectively. Had nonaccrual loans been current per their original terms, interest income would have increased by approximately $4,000 and $22,000 for the six months ended June 30, 2011, and year ended December 31, 2010, respectively. Impaired loans at June 30, 2011 and December 31, 2010 are not significant.

The Bank is obligated to repurchase those mortgage loans sold which do not have complete documentation or which experience an early payment default. At June 30, 2011, loans sold for which the Bank is contingently liable to repurchase amounted to approximately $19.1 million. The Bank also is committed to sell loans approximating $2.0 million at June 30, 2011.

Note 5 – Regulatory Capital

As of June 30, 2011, the most recent notification from the Office of Thrift Supervision categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as adequately capitalized the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. The Bank's actual capital amounts (in thousands) and ratios as of June 30, 2011 and December 31, 2010 are also presented in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

| | Actual | | Required For Capital Adequacy Purposes: | | Required To Be Well Capitalized Under Prompt Corrective Action Provisions: | |
|---|---|---|---|---|---|---|
| | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| As of June 30, 2011 | | | | | | |
| Total capital (to Risk Weighted Assets) | 14,912 | 19.64 % | 6,074 | ≥8.0% | 7,592 | ≥10.0% |
| Core (Tier 1) Capital (to Risk Weighted Assets) | 14,713 | 19.38 % | 3,037 | ≥4.0% | 4,555 | ≥6.0% |
| Core (Tier 1) Capital (to Total Assets) | 14,713 | 14.53 % | 4,050 | ≥4.0% | 5,062 | ≥5.0% |
| Tangible Capital (to Total Assets) | 14,713 | 14.53 % | 1,519 | ≥1.5% | N/A | N/A |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| As of December 31, 2010 | | | | | | | | |
| Total capital (to Risk Weighted Assets) | 14,502 | 21.36 | % | 5,432 | ≥8.0% | 6,790 | | ≥10.0% |
| Core (Tier I) Capital (to Risk Weighted Assets) | 14,318 | 21.09 | % | 2,716 | ≥4.0% | 4,074 | | ≥6.0% |
| Core (Tier I) Capital (to Total Assets) | 14,318 | 14.60 | % | 3,923 | ≥4.0% | 4,904 | | ≥5.0% |
| Tangible Capital (to Total Assets) | 14,318 | 14.60 | % | 1,471 | ≥1.5% | N/A | N/A | |

Note 5 – Regulatory Capital (Continued)

The following is a reconciliation of the Bank's equity under GAAP to regulatory capital at June 30, 2011 and December 31, 2010 (dollars in thousands).

| | June 30, 2011 | December 31, 2010 |
|---|---|---|
| GAAP equity | $15,468 | $15,054 |
| Allowance for loan losses/other | (556) | (552) |
| Total capital | $14,912 | $14,502 |

Note 6 – Deposits

Deposits (in thousands) at June 30, 2011 and December 31, 2010 are summarized as follows:

| | June 30, 2011 | | December 31, 2010 | |
|---|---|---|---|---|
| | Amount | Weighted Average Rate | Amount | Weighted Average Rate |
| Savings and Demand | | | | |
| Noninterest bearing accounts | $ 8,120 | - | $7,881 | - |
| Interest bearing checking | 15,923 | 0.40 % | 15,997 | 0.40 % |
| Savings accounts | 13,715 | 1.36 % | 12,278 | 1.33 % |
| Money market | 9,544 | 1.00 % | 8,462 | 1.00 % |
| | $47,302 | | $44,618 | |
| Time Deposits | | | | |
| 0.00% to 0.99% | $5,886 | 0.67 % | $3,977 | 0.74 % |
| 1.00% to 1.99% | 22,324 | 1.23 % | 21,142 | 1.37 % |
| 2.00% to 2.99% | 4,366 | 2.24 % | 6,461 | 2.23 % |
| 3.00% to 3.99% | 496 | 3.18 % | 1,697 | 3.11 % |
| 4.00% to 4.99% | - | - | - | - |
| Total time deposits | $33,072 | | $33,277 | |
| Total deposits | $80,374 | | $77,895 | |

Scheduled maturities of time deposits (in thousands), excluding IRA accounts, at June 30, 2011 are as follows:

| | |
|---|---|
| 2011 | $ 19,886 |
| 2012 | 10,984 |
| 2013 | 1,100 |
| Thereafter | 130 |
| | $ 32,100 |

Time deposits of $100,000 or more amounted to approximately $11.6 million at June 30, 2011.

Note 7 – Fair Value Measurements

Accounting standards in the United States of America establish a framework for using fair value to measure assets and liabilities, and define fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price).

Note 7 – Fair Value Measurements (Continued)

Under these standards, a fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, and the risk of nonperformance. Required disclosures stratify balance sheet accounts measured at fair value based on inputs the Bank uses to derive fair value measurements. These strata include:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume).

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Bank-specific data. These unobservable assumptions reflect the Bank's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models, and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Items Measured at Fair Value on a Recurring Basis

For the Bank, the only items recorded at fair value on a recurring basis are securities available for sale. These securities consist primarily of mortgage-backed (including Agency) securities. When available, the Bank uses quoted market prices of identical assets on active exchanges (Level 1 measurements). Where such quoted market prices are not available, the Bank typically employs quoted market prices of similar instruments (including matrix pricing) and/or discounted cash flows to estimate a value of these securities (Level 2 measurements). Level 3 measurements include discounted cash flow analyses based on assumptions that are not readily observable in the market place, including projections of future cash flows, loss assumptions, and discount rates.

The following table presents financial assets and liabilities (in thousands) measured at fair value on a recurring basis at June 30, 2011:

| | Level 1 | Level 2 | Level 3 | Estimated Fair Value |
|---|---|---|---|---|
| June 30, 2011 | | | | |
| Securities available for sale: | | | | |
| FHLB certificates | $- | $2,140 | $ | $2,140 |
| GNMA certificates | - | 12 | - | 12 |
| FNMA certificates | - | 1,226 | - | 1,226 |
| FNR certificates | - | 61 | - | 61 |
| SBA pools | - | 7 | - | 7 |
| U. S. Government obligations | - | 7,117 | - | 7,117 |
| Municipal securities | - | 312 | - | 312 |
| | $- | $10,875 | $- | $10,875 |

Note 7 – Fair Value Measurements (Continued)

Items Measured at Fair Value on a Non-Recurring Basis
From time to time, certain assets may be recorded at fair value on a non-recurring basis, typically as a result of the application of lower of cost or fair value accounting or a write-down occurring during the period. The only item recorded at fair value on a non-recurring basis is foreclosed real estate, which is recorded at the lower of cost or fair value less estimated costs to sell. Fair value is determined by reference to appraisals (performed either by the Bank or by independent appraisers) on the subject property, using market prices of similar real estate assets (Level 2 measurements). The Bank held no foreclosed real estate at June 30, 2011.

Note 8 – Mutual to Stock Conversion

On September 30, 2010, the Bank completed its conversion from a mutual to a stock form of organization as a subsidiary of Century Next Financial Corporation and the Company completed an initial public offering in which it issued 1,058,000 shares of its common stock for a total of $10,580,000 in gross offering proceeds. In conjunction with the conversion, the Bank established a liquidation account in an amount equal to the Bank's retained earnings contained in the final prospectus. The liquidation account will be maintained for the benefit of eligible account holders and supplemental eligible account holders who maintain deposit accounts in the Bank after the conversion.

In the event of a complete liquidation (and only in such event), each eligible account holder and supplemental eligible account holder will be entitled to receive a liquidation distribution from the liquidation account in the amount of the then current adjusted balance of deposit accounts held, before any liquidation distribution may be made with respect to common stock. Except for the repurchase of stock and payment of dividends by the Bank, the existence of the liquidation account will not restrict the use or application of such retained earnings.

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

The purpose of this discussion and analysis is to focus on significant changes in the financial condition of Century Next Financial Corporation (the "Company") from December 31, 2010 to June 30, 2011 and on its results of operations during the second quarters of 2011 and 2010 and during the six month periods through June 30 in each year. This discussion and analysis is intended to highlight and supplement information presented elsewhere in this quarterly report on Form 10-Q, particularly the financial statements and related notes appearing in Item 1.

To the extent that statements in this Form 10-Q relate to future plans, objectives, financial results or performance of the Company, these statements are deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements, which are based on management's current information, estimates and assumptions and the current economic environment, are generally identified by the use of the words "plan", "believe", "expect", "intend", "anticipate", "estimate", "project" or similar expressions. The Company's actual strate
results in future periods may differ materially from those currently expected due to various risks and uncertainties.

General

The Company was formed by the Bank in June 2010, in connection with the Bank's conversion from a mutual to a stock form savings bank (the "Conversion") completed on September 30, 2010. The Company's results of operations are primarily dependent on the results of the Bank, which became a wholly owned subsidiary upon completion of the Conversion. The Bank's results of operations depend, to a large extent, on net interest income, which is the difference between the income earned on its loan and investment portfolios and the cost of funds, consisting of the interest paid on deposits and borrowings. Results of operations are also affected by provisions for loan losses, fee income and other non-interest income and non-interest expense. Non-interest expense principally consists of compensation and employee benefits, office occupancy and equipment expense, data processing, advertising and business promotion and other expense. The Bank's results of operations are also significantly affected by general economic and competitive conditions, particularly changes in interest rates, government policies and actions of regulatory authorities. Future changes in applicable law, regulations or government policies may materially impact our financial condition and results of operations.

Critical Accounting Policies

In reviewing and understanding financial information for the Company, you are encouraged to read and understand the significant accounting policies used in preparing our financial statements. These policies are described in Note 1 of the notes to our financial statements. The accounting and financial reporting policies of the Company conform to accounting principles generally accepted in the United States of America and to general practices within the banking industry. Accordingly, the financial statements require certain estimates, judgments, and assumptions, which are believed to be reasonable, based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the periods presented. The following accounting policies comprise those that management believes are the most critical to aid in fully understanding and evaluating our reported financial results. These policies require numerous estimates or economic assumptions that may prove inaccurate or may be subject to variations which may significantly affect our reported results and financial condition for the period or in future periods.

Allowance for Loan Losses. The allowance for loan losses is maintained at a level to provide for probable credit losses related to specifically identified loans and for losses inherent in the loan portfolio that have been incurred as of the balance sheet date. The allowance for loan losses is comprised of specific allowances and a general allowance. Specific provisions are assessed for each loan that is reviewed for impairment or for which a probable loss has been identified. The allowance related to loans that are identified as impaired is based on discounted expected future cash flows using the loan's initial effective interest rate, the observable market value of the loan, or the estimated fair value of the collateral for certain collateral dependent loans. Factors contributing to the determination of specific provisions include the financial condition of the borrower, changes in the value of pledged collateral and general economic conditions. General allowances are established based on historical charge-offs considering factors that include risk rating, concentrations and loan type. For the general allowance, management also considers trends in delinquencies and non-accrual loans, concentrations, volatility of risk ratings and the evolving mix in terms of collateral, relative loan size and the degree of seasoning within the various loan products.

Our allowance levels may be impacted by changes in underwriting standards, credit administration and collection policies, regulation and other factors which affect the credit quality and collectability of the loan portfolio also impact the allowance levels. The allowance for loan losses is based on management's estimate of probable credit losses inherent in the loan portfolio; actual credit losses may vary from the current estimate. The allowance for loan losses is reviewed periodically, taking into consideration the risk characteristics of the loan portfolio, past charge-off experience, general economic conditions and other factors that warrant current recognition. As adjustments to the allowance for loan losses become necessary, they are reflected as a provision for loan losses in current-period earnings. Actual loan charge-offs are deducted from and subsequent recoveries of previously charged-off loans are added to the allowance.

Other-Than-Temporary Impairment. We review our investment portfolio on a quarterly basis for indications of impairment. This review includes analyzing the length of time and the extent to which the fair value has been lower than the cost, the financial condition and near-term prospects of the issuer including any specific events that may influence the operations of the issuer, and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery in the market. Inherent in this analysis is a certain amount of imprecision in the judgment used by management.

We recognize credit-related other-than-temporary impairment on debt securities in earnings while noncredit-related other-than-temporary impairment on debt securities not expected to be sold is recognized in accumulated other comprehensive income. We assess whether the credit loss existed by considering whether (a) we have the intent to sell the security, (b) it is more likely than not that we will be required to sell the security before recovery, or (c) we do not expect to recover the entire amortized cost basis of the security. We may bifurcate the other-than-temporary impairment on securities not expected to be sold or where the entire amortized cost of the security is not expected to be recovered into the components representing credit loss and the component representing loss related to other factors. The portion of the fair value decline attributable to credit loss is recognized through earnings.

Corporate debt securities are evaluated for other-than-temporary impairment by determining whether it is probable that an adverse change in estimated cash flows has occurred. Determining whether there has been an adverse change in estimated cash flows involves the calculation of the present value of remaining cash flows compared to previously projected cash flows. We consider the discounted cash flow analysis to be our primary evidence when determining whether credit-related other-than-temporary impairment exists on corporate debt securities.

Income Taxes. Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various assets and liabilities and gives current recognition to changes in tax rates and laws. Realizing our deferred tax assets principally depends upon our achieving projected future taxable income. We may change our judgments regarding future profitability due to future market conditions and other factors. We may adjust our deferred tax asset balances if our judgments change.

Comparison of Financial Condition at June 30, 2011 and December 31, 2010

The Company's total assets increased by $2.9 million, or 2.9%, to $101.0 million at June 30, 2011, compared to $98.1 million at December 31, 2010. During the six months ended June 30, 2011, the largest increase in our assets was in loans receivable, net, which increased $6.7 million, or 9.4%. Premises and equipment, net, increased $124,000 or 3.3%, for the period. The largest decrease was in cash and cash equivalents, which decreased $3.5 million, or 45.9%, at June 30, 2011 compared to December 31, 2010. Investment and mortgage-backed securities decreased $581,000, or 5.0%, at June 30, 2011.

Loans receivable, net, increased by $6.7 million, or 9.4%, to $78.3 million at June 30, 2011 compared to $71.6 million at December 31, 2010. During the six months ended June 30, 2011 our total loan originations amounted to $36.0 million, loan principal payments were $20.1 million and loan sales were $9.2 million. The increase in loans receivable, net, was primarily due to increases in one- to-four family loans held for sale of $1.2 million, one- to-four family residential real estate loans of $4.7 million, commercial business loans of $566,000, residential construction loans of $280,000 and consumer non-real estate loans of $187,000. Such increases were partially offset by decreases of $549,000 in land loans and $90,000 in multifamily real estate loans.

Investment and mortgage-backed securities amounted to $11.0 million at June 30, 2011 compared to $11.6 million at December 31, 2010, a decrease of $581,000 or 5.0%. The decrease in investment and mortgage-backed securities at June 30, 2011 was due to maturities and paydowns received during the six-month period.

Total liabilities increased $2.5 million, or 3.3%, to $82.4 million at June 30, 2011, compared to $79.8 million at December 31, 2010. Deposits increased by $2.5 million, or 3.2%, to $80.4 million at June 30, 2011, compared to $77.9 million at December 31, 2010. Federal Home Loan Bank advances were $397,000 at June 30, 2011 compared to $415,000 at December 31, 2010.

Total equity amounted to $18.7 million at June 30, 2011 compared to $18.3 million at December 31, 2010, an increase of $345,000 or 1.9%. The increase in total equity was due primarily to net income of $288,000, the release of $23,000 in ESOP shares during the six months ended June 30, 2011, and an increase in accumulated other comprehensive income of $34,000.

Comparison of Operating Results for the Three and Six Months Ended June 30, 2011 and 2010

Our net income was $158,000 for the three months ended June 30, 2011, a $5,000, or 3.3%, increase over net income of $153,000 for the three months ended June 30, 2010. For the six months ended June 30, 2011, our net income was $288,000, a decrease of $5,000 over net income of $293,000 for the six months ended June 30, 2010. Our average interest rate spread increased by 8 basis points to 4.15% for the three months ended June 30, 2011 over the first quarter of 2010, while our net interest margin increased 16 basis points to 4.39% in the second quarter of 2011 compared to the second quarter of 2010. For the six months ended June 30, 2011, our average interest rate spread was 4.10% and our net interest margin was 4.34%, compared to 4.11% and 4.27%, respectively, for the first six months of 2010.

Our total interest income was $1.19 million for the three months ended June 30, 2011, compared to $1.14 million for the three months ended June 30, 2010, a $54,000, or 4.7%, increase. For the six months ended June 30, 2011, our total interest income was $2.36 million, a $100,000, or 4.4%, increase over $2.26 million of total interest income for the first six months of 2010. The increases in interest income in the three- and six-month periods ended June 30, 2011 over the comparable periods in 2010 were due to increases in the average balances of our interest-earnings assets, particularly loans and investments and mortgage-backed securities, which more than offset decreases in the average yields earned.

Our total interest expense was $195,000 for the three months ended June 30, 2011, a decrease of $66,000, or 25.3%, compared to $261,000 of interest expense during the first quarter of 2010. For the six months ended June 30, 2011, our total interest expense was $395,000, a $133,000, or 25.2%, decrease over $528,000 of total interest expense for the first six months of 2010. The average rate paid on our interest-bearing liabilities decreased by 32 basis points to 1.09% in the quarter ended June 30, 2011 compared to 1.41% in the quarter ended June 30, 2010. For the six months ended June 30, 2011, the average rate paid on interest-bearing liabilities was 1.11% compared to 1.46% for the first six months of 2010.

Our provision for loan losses amounted to $13,000 for the quarter ended June 30, 2011, compared to $2,000 for the quarter ended June 30, 2010. For the six months ended June 30, 2011, our provision for loan losses was also $13,000 compared to $2,000 for the first six months of 2010. Our loans receivable, net, increased by $4.1 million during the quarter ended June 30, 2011, which included $20.9 million in loan originations, offset by sales and repayments of loans. At June 30, 2011, our allowance for loan losses amounted to $213,000, or 0.27% of net loans receivable. Our total non-performing loans amounted to $327,000 at June 30, 2011, compared to $319,000 at June 30, 2010. At June 30, 2011, our allowance for loan losses amounted to 65.14% of total non-performing loans. Charge-offs of loans during the first half of 2011 amounted to $7,000, offset by recoveries in the amount of $3,000.

Our total non-interest income amounted to $391,000 for the quarter ended June 30, 2011 compared to $210,000 for the quarter ended June 30, 2010. For the six months ended June 30, 2011, our non-interest income increased by $209,000 to $595,000 compared to $386,000 for the first half of 2010. The primary reasons for the increase during the three month period ended June 30, 2011 was a $136,000 gain on sale of fixed assets as a result of the sale of excess land and a storage building in the second quarter of 2011, and an increase of $33,000 in loan fees. The primary reasons for the increase during the six month period ended June 30, 2011 was the $136,000 gain on sale of fixed assets described above, partially offset by a $53,000 gain on sale of fixed assets as a result of the sale of excess land in the first quarter of 2010, and an increase of $91,000 in loan fees.

Our total non-interest expense increased by $303,000 to $1.2 million for the three months ended June 30, 2011, compared to $848,000 for the three months ended June 30, 2010. The primary reasons for the increase in non-interest expense was an increase in compensation expense of $131,000 to $635,000 for the three months ended June 30, 2011 compared to $504,000 for the three months ended June 30, 2010, an increase in occupancy expense of $35,000, an increase in personnel training and development of $16,000, an increase in legal and professional expense of $36,000, an increase in audit and accounting expense of $52,000, an increase in Internet expense of $21,000, and an increase in other operating expense of $44,000 for the period. At June 30, 2011, we had 34 full-time and 1 part-time employees, compared to 33 full-time equivalent employees at June 30, 2010. The increase of $44,000 in other operating expense was due primarily to increases in loan expenses and retirement plan service fees and consulting fees. During the three and six months ended June 30, 2011, we had non-recurring expense associated with our computer system conversion of $28,000 and $32,000, respectively.

Income tax expense for the three months ended June 30, 2011 amounted to $68,000, a decrease of $18,000 compared to $86,000 for the quarter ended June 30, 2010 resulting in effective tax rates of 30.1% and 36.0%, respectively. For both the six months ended June 30, 2011 and 2010, income tax expense amounted to $147,000, resulting in effective tax rates of 33.8% and 33.4%, respectively.

Average Balances, Net Interest Income, and Yields Earned and Rates Paid. The following tables show for the periods indicated the total dollar amount of interest from average interest-earning assets and the resulting yields, as well as the interest expense on average interest-bearing liabilities, expressed both in dollars and rates, and the net interest margin. Tax-exempt income and yields have not been adjusted to a tax-equivalent basis. All average balances are based on monthly balances. Management does not believe that the monthly averages differ significantly from what the daily averages would be.

| | Three Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | | 2010 | | |
| | Average Balance | Interest | Average Yield/ Rate(1) | Average Balance | Interest | Average Yield/ Rate(1) |
| | (Dollars in thousands) | | | | | |
| Interest-earning assets: | | | | | | |
| Loans receivable(1) | $75,540 | $1,152 | 6.10 % | $69,723 | $1,091 | 6.26 % |
| Investment securities | 10,923 | 41 | 1.50 % | 6,757 | 49 | 2.90 % |
| Other interest-earning assets | 4,636 | 1 | 0.09 % | 6,724 | - | - % |
| Total interest-earning assets | 91,099 | 1,194 | 5.24 % | 83,204 | 1,140 | 5.48 % |
| Non-interest-earning assets | 8,087 | | | 7,712 | | |
| Total assets | $99,186 | | | $ 90,916 | | |
| Interest-bearing liabilities: | | | | | | |
| Savings, NOW and money market accounts | 37,849 | 83 | 0.88 % | 34,532 | 67 | 0.78 % |
| Certificates of deposit | 32,444 | 107 | 1.32 % | 38,532 | 192 | 1.99 % |
| Total interest-bearing deposits | 70,293 | 190 | 1.08 % | 73,064 | 259 | 1.42 % |
| Other borrowings | 1,140 | 5 | 1.75 % | 1,010 | 2 | 0.79 % |
| Total interest-bearing liabilities | 71,433 | 195 | 1.09 % | 74,074 | 261 | 1.41 % |
| Non-interest-bearing liabilities | 9,144 | | | 8,022 | | |
| Total liabilities | 80,577 | | | 82,096 | | |
| Equity | 18,609 | | | 8,820 | | |
| Total liabilities and equity | $99,186 | | | $90,916 | | |
| Net interest-earning assets | $19,666 | | | $9,130 | | |
| Net interest income; average interest rate spread | | $ 999 | 4.15 % | | $879 | 4.07 % |
| Net interest margin(2) | | | 4.39 % | | | 4.23 % |
| Average interest-earning assets to average interest-bearing liabilities | | | 127.53 % | | | 112.33 % |

(1) Calculated net of deferred fees and discounts, loans in process and allowance for loan losses.

(2) Equals net interest income divided by average interest-earning assets.

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| | Six Months Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2011 | | | 2010 | | |
| | Average Balance | Interest | Average Yield/ Rate(1) | Average Balance | Interest | Average Yield/ Rate(1) |
| | (Dollars in thousands) | | | | | |
| Interest-earning assets: | | | | | | |
| Loans receivable(1) | $74,146 | $2,275 | 6.14 % | $68,941 | $2,159 | 6.26 % |
| Investment securities | 11,148 | 84 | 1.51 % | 6,939 | 100 | 2.88 % |
| Other interest-earning assets | 5,342 | 1 | 0.04 % | 5,306 | 1 | 0.04 % |
| Total interest-earning assets | 90,636 | 2,360 | 5.21 % | 81,186 | 2,260 | 5.57 % |
| Non-interest-earning assets | 8,111 | | | 7,686 | | |
| Total assets | $ 98,747 | | | $ 88,872 | | |
| Interest-bearing liabilities: | | | | | | |
| Savings, NOW and money market accounts | 37,450 | 162 | 0.87 % | 32,028 | 125 | 0.78 % |
| Certificates of deposit | 32,760 | 223 | 1.36 % | 39,601 | 399 | 2.02 % |
| Total interest-bearing deposits | 70,210 | 385 | 1.10 % | 71,629 | 524 | 1.46 % |
| Other borrowings | 1,119 | 10 | 1.79 % | 917 | 4 | 0.87 % |
| Total interest-bearing liabilities | 71,329 | 395 | 1.11 % | 72,546 | 528 | 1.46 % |
| Non-interest-bearing liabilities | 8,881 | | | 7,594 | | |
| Total liabilities | 80,210 | | | 80,140 | | |
| Equity | 18,537 | | | 8,732 | | |
| Total liabilities and equity | $98,747 | | | $ 88,872 | | |
| Net interest-earning assets | $ 19,307 | | | $ 8,640 | | |
| Net interest income; average interest rate spread | | $1,965 | 4.10 % | | $1,732 | 4.11 % |
| Net interest margin(2) | | | 4.34 % | | | 4.27 % |
| Average interest-earning assets to average interest-bearing liabilities | | | 127.07 % | | | 111.91 % |

(1) Calculated net of deferred fees and discounts, loans in process and allowance for loan losses.

(2) Equals net interest income divided by average interest-earning assets.

Provision for Loan Losses. The allowance for loan losses is established through a provision for loan losses charged to earnings as losses are estimated to have occurred in our loan portfolio. The allowance for loan losses is maintained at a level to provide for probable credit losses related to specifically identified loans and for losses inherent in the loan portfolio that have been incurred as of the balance sheet date. The allowance for loan losses is comprised of specific allowances and a general allowance.

Specific provisions are assessed for each loan that is reviewed for impairment or for which a probable loss has been identified. The allowance related to loans that are identified as impaired is based on discounted expected future cash flows using the loan's initial effective interest rate, the observable market value of the loan, or the estimated fair value of the collateral for certain collateral dependent loans. Factors contributing to the determination of specific provisions include the financial condition of the borrower, changes in the value of pledged collateral and general economic conditions. General allowances are established based on historical charge-offs considering factors that include risk rating, concentrations and loan type. For the general allowance, management also considers trends in delinquencies and non-accrual loans, concentrations, volatility of risk ratings and the evolving mix in terms of collateral, relative loan size and the degree of seasoning within the various loan products.

Changes in underwriting standards, credit administration and collection policies, regulation and other factors which affect the credit quality and collectability of the loan portfolio also impact the allowance levels. The allowance for loan losses is based on management's estimate of probable credit losses inherent in the loan portfolio; actual credit losses may vary from the current estimate. The allowance for loan losses is reviewed periodically, taking into consideration the risk characteristics of the loan portfolio, past charge-off experience, general economic conditions and other factors that warrant current recognition. As adjustments to the allowance for loan losses become necessary, they are reflected as a provision for loan losses in current-period earnings. Actual loan charge-offs are deducted from and subsequent recoveries of previously charged-off loans are added to the allowance.

During the three and six months ended June 30, 2011, we made a provision of $13,000, compared to a provision of $2,000 for the three and six months ended June 30, 2010. At June 30, 2011, the Company had $327,000 of non-performing loans compared to $319,000 at June 30, 2010. To the best of management's knowledge, the allowance is maintained at a level believed to cover all known and inherent losses in the loan portfolio, both probable and reasonable to estimate.

Liquidity and Capital Resources

The Company maintains levels of liquid assets deemed adequate by management. The Company adjusts its liquidity levels to fund deposit outflows, repay its borrowings and to fund loan commitments. The Company also adjusts liquidity as appropriate to meet asset and liability management objectives.

The Company's primary sources of funds are deposits, amortization and prepayment of loans and to a lesser extent, funds provided from operations. While scheduled principal repayments on loans are a relatively predictable source of funds, deposit flows and loan prepayments are greatly influenced by general interest rates, economic conditions and competition. The Company sets the interest rates on its deposits to maintain a desired level of total deposits. In addition, the Company invests excess funds in short-term interest-earning accounts and other assets, which provide liquidity to meet lending requirements. The Company's cash and cash equivalents amounted to $4.1 million at June 30, 2011.

A significant portion of the Company's liquidity consists of non-interest earning deposits. The Company's primary sources of cash are principal repayments on loans and increases in deposit accounts. If the Company requires funds beyond its ability to generate them internally, borrowing agreements exist with the Federal Home Loan Bank of Dallas, which provide an additional source of funds. At June 30, 2011, the Company had an advance from the Federal Home Loan Bank of Dallas in the amount of $397,000 and had $41.6 million in borrowing capacity. Additionally, at June 30, 2011, Bank of Ruston was a party to a Master Purchase Agreement with First National Bankers Bank whereby Bank of Ruston may purchase Federal Funds from First National Bankers Bank in an amount not to exceed $5.0 million. There were no amounts purchased under this agreement as of June 30, 2011.

At June 30, 2011, the Company had outstanding loan commitments of $5.9 million to originate loans. At June 30, 2011, certificates of deposit scheduled to mature in less than one year totaled $30.6 million. Based on prior experience, management believes that a significant portion of such deposits will remain with us, although there can be no assurance that this will be the case. In addition, in a rising interest rate environment, the cost of such deposits could be significantly higher upon renewal. The Company intends to utilize its liquidity to fund its lending activities.

The Company is required to maintain regulatory capital sufficient to meet tier 1 leverage, tier 1 risk-based and total risk-based capital ratios of at least 4.0%, 4.0% and 8.0%, respectively. At June 30, 2011, the Company exceeded each of its capital requirements with ratios of 14.5%, 19.4% and 19.6%, respectively.

Impact of Inflation and Changing Prices

The financial statements and related financial data presented herein regarding the Company have been prepared in accordance with accounting principles generally accepted in the United States of America which generally require the measurement of financial position and operating results in terms of historical dollars, without considering changes in relative purchasing power over time due to inflation. Unlike most industrial companies, virtually all of the Company's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on the Company's performance than does the effect of inflation. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services, since such prices are affected by inflation to a larger extent than interest rates.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4 – Controls and Procedures.

Our management evaluated, with the participation of our President and Chief Executive Officer and our Chief Financial Officer, our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on such evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and regulations and are operating in an effective manner.

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15(d)-15(f) under the Securities Exchange Act of 1934) occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1 – Legal Proceedings.

There are no matters required to be reported under this item.

Item 1A – Risk Factors.

Not applicable.

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

(a) Not applicable.

(b) Not applicable.

(c) Purchases of Equity Securities.

The following presents the Company's repurchase activity during the three month period ended June 30, 2011:

| Period | Total Number of Shares Purchased | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (a) |
|---|---|---|---|---|
| April 1, 2011 – April 30, 2011 | -- | $-- | -- | -- |
| May 1, 2011 – May 31, 2011 | -- | -- | -- | 42,320 |
| June 1, 2011 – June 30, 2011 | -- | -- | -- | 42,320 |
| Total | -- | $ -- | -- | 42,320 |

Notes to this table:

(a) The Company's 2011 Recognition and Retention Plan was authorized to purchase up to a maximum of 42,320 shares of common stock, or 4.0% of the common stock sold in the initial public offering completed on September 30, 2010, as disclosed in the Company's prospectus dated August 11, 2010, and announced by press release on May 17, 2011.

Item 3 – Defaults Upon Senior Securities.

There are no matters required to be reported under this item.

Item 4 – (Removed and Reserved).

Item 5 – Other Information.

There are no matters required to be reported under this item.

Item 6 – Exhibits.

List of exhibits: (filed herewith unless otherwise noted)

| No. | Description |
|---|---|
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer |
| 32.1 | Section 1350 Certification |

The following Exhibits are being furnished as part of this report:

| No. | Description |
|---|---|
| 101.INS | XBRL Instance Document.* |
| 101.SCH | XBRL Taxonomy Extension Schema Document.* |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document.* |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document.* |

| | |
|---|---|
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document.* |
| 101.DEF | XBRL Taxonomy Extension Definitions Linkbase Document.* |

* These interactive data files are being furnished as part of this Quarterly Report, and, in accordance with Rule 402 of Regulation S-T, shall not be deemed filed for purposes of Section 11 or 12 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under those sections.

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.

CENTURY NEXT FINANCIAL CORPORATION

Date: August 11, 2011 By: /s/ Benjamin L. Denny
Benjamin L. Denny
President and Chief Executive Officer

Date: August 11, 2011 By: /s/ G. Randall Allison
G. Randall Allison
Chief Financial Officer

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