CENTURY NEXT FINANCIAL Corp
Form 10-Q
August 13, 2012

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

FORM 10-Q

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

For the quarterly period ended June 30, 2012

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	27-2851432
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
505 North Vienna St., Ruston, Louisiana	71270
(Address of principal executive offices)	(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.
Yes þ No o

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).
Yes þ No o

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

Large accelerated filer o		Accelerated filer o
Non-accelerated filer o	(Do not check if a smaller reporting company)	Smaller reporting company þ

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date:

$.01 par value Common Stock: 1,055,760 shares outstanding at August 10, 2012

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

ITEM 1. Financial Statements (Unaudited)

CENTURY NEXT FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (unaudited)

(In thousands)	June 30, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	$ 9,903	$ 5,200
Debt securities:		
Available-for-sale	4,165	6,971
Held-to-maturity (including $91 and $99 at fair value)	91	99
Total Debt Securities	4,256	7,070
Federal Home Loan Bank stock	60	281
Other equity investments	320	320
Loans:		
Loans, net of unearned income	85,439	83,257
Loans held for sale	1,780	3,574
Allowance for loan losses	(318)	(245)
Net Loans	86,901	86,586
Accrued interest receivable	444	454
Premises and equipment, net of accumulated depreciation of $1,892 and $1,707	4,177	4,259
Other foreclosed assets	-	9
Other assets	3,357	3,239
TOTAL ASSETS	$ 109,418	$ 107,418
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits		
Noninterest-bearing	$ 9,867	$ 8,323
Interest-bearing	77,964	75,616
Total Deposits	87,831	83,939
Advances from borrowers for insurance and taxes	63	57
Short-term borrowings (FHLB advances and resale agreements)	1,422	3,502
Long-term borrowings (FHLB advances)	359	381
Accrued interest payable	11	12
Other liabilities	823	765
Total Liabilities	90,509	88,656
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 and 1,055,760 outstanding	11	11
Additional paid-in capital	10,070	9,952
Treasury Stock, at Cost - (2,240 and 0 shares)	(29)	-

Unearned shares held by Recognition and Retention Plan (33,325 and 25,100 shares)		(578)		(365)
Unearned ESOP Shares (60,867 and 62,535 shares)		(609)		(625)
Retained earnings		9,962		9,699
Accumulated other comprehensive income-net of taxes, $43 and $47		82		90
Total Stockholders' Equity		18,909		18,762
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$	109,418	$	107,418

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

3

CENTURY NEXT FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME (unaudited)

(In thousands, except share data)	Quarter Ended June 30, 2012	Quarter Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
INTEREST INCOME				
Loans (including fees)	$ 1,276	$ 1,204	$ 2,575	$ 2,355
Debt securities:				
Taxable	25	38	51	77
Tax-exempt	3	3	6	6
Other	3	1	5	2
Total Interest Income	1,307	1,246	2,637	2,440
INTEREST EXPENSE				
Deposits	156	189	328	384
Short-term borrowings	2	2	6	4
Long-term debt	3	4	6	7
Total Interest Expense	161	195	340	395
Net Interest Income	1,146	1,051	2,297	2,045
Provision for loan losses	30	13	60	13
Net Interest Income After Loan Loss Provision	1,116	1,038	2,237	2,032
NON-INTEREST INCOME				
Service charges on deposit accounts	63	52	124	100
Loan servicing fees	192	109	328	212
Gain(loss) on sale of loans	(36)	10	(35)	1
Gain on sales of available-for-sale securities	5	-	5	-
Gain on sale of foreclosed assets	1	-	1	5
Gain on sale of fixed assets	-	136	-	136
Other	55	31	103	61
Total Non-interest Income	280	338	526	515
NON-INTEREST EXPENSE				
Salaries and employee benefits	695	606	1,379	1,154
Occupancy and equipment	136	125	268	222
Data processing	69	61	132	116
Directors' expense	47	23	91	43
Advertising	38	28	58	50
Legal and professional	36	68	59	103
Audit and examination fees	16	20	30	38
Office supplies	13	16	24	39
FDIC deposit insurance	25	21	54	42
Foreclosed assets	-	2	-	4
Other operating expense	141	180	272	301
Total Non-interest Expense	1,216	1,150	2,367	2,112
Income Before Taxes	180	226	396	435

Income Taxes	76	68	133	147
NET INCOME	$104	$158	$ 263	$ 288
Basic Earnings per Share	$0.11	$0.16	$ 0.27	$ 0.29
Diluted Earnings per Share	$0.11	$0.16	$ 0.27	$ 0.29

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

CENTURY NEXT FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2012	2011	2012	2011
Net income	$ 104	$ 158	$ 263	$ 288
Other comprehensive income(loss), net of tax*				
Unrealized gains(losses) on securites:				
Unrealized holding gain(losses) arising during the period	(5)	39	(8)	34
Less: reclassification adjustments for gains(losses) included in net income	-	-	-	-
Net change in unrealized gains(losses) on securities	(5)	39	(8)	34
Other comprehensive income(loss), net of tax*	(5)	39	(8)	34
Comprehensive income	$ 99	$ 197	$ 255	$ 322

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

*All other comprehensive amounts are shown net of tax.

CENTURY NEXT FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)
Six Months Ended June 30, 2012 and 2011

(In thousands)	Common Stock Amount	Additional Paid-In Capital	Treasury Stock	Unearned RRP Shares	Unearned ESOP Shares	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance, December 31, 2010	$11	$ 9,821	$-	$-	$(661)	$ 73	$9,064	$18,308
Comprehensive income:								
Net income	-	-	-	-	-	-	288	288
Unrealized gains(losses) on securities available for sale, net of tax	-	-	-	-	-	34	-	34
Total comprehensive income								322
ESOP shares released	-	6	-	-	17	-	-	23
Balance, June 30, 2011	$11	$ 9,827	$-	$-	$(644)	$ 107	$9,352	$18,653
Balance, December 31, 2011	$11	$ 9,952	$-	$(365)	$(625)	$ 90	$9,699	$18,762
Comprehensive income:								
Net income	-	-	-	-	-	-	263	263
Unrealized gains(losses) on securities available for sale, net of tax	-	-	-	-	-	(8)	-	(8)
Total comprehensive income								255
Shares purchased for RRP	-	-	-	(213)	-	-	-	(213)
ESOP shares released	-	6	-	-	16	-	-	22
Stock option expense	-	38	-	-	-	-	-	38
Amortization of awards under RRP	-	74	-	-	-	-	-	74
Purchase of treasury stock (2,240 shares)	-	-	(29)	-	-	-	-	(29)
Balance June 30, 2012	$11	$ 10,070	$(29)	$(578)	$(609)	$ 82	$9,962	$18,909

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

CENTURY NEXT FINANCIAL CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	Six Months Ended June 30,	
(In thousands)	2012	2011
Cash flows from operating activities:		
Net income	$ 263	$ 288
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Provision for possible loan losses	60	13
Depreciation and amortization	185	120
Stock-based compensation expense, net of tax benefits	118	-
ESOP shares released	16	23
Net (gain)loss on sale of loans	35	(1)
Net gain on sale of available-for-sale securities	(5)	-
Net gain on sale of foreclosed assets	(1)	(5)
Net gain on sale of fixed assets	-	(136)
Income from change in cash surrender value of life insurance	(29)	(29)
Deferred income tax benefit	(24)	-
Net amortization of premium and fair value adjustments to investments	26	18
(Increase)decrease in loans held for sale	1,759	(1,240)
Increase in interest receivable and other assets	(63)	(50)
Increase (decrease) in accrued interest payable and other liabilities	57	(45)
Total adjustments	2,134	(1,332)
Net cash provided (used) by operating activities	2,397	(1,044)
Cash flows from investing activities:		
Proceeds from sales and maturities of investment securities	2,793	2,812
Purchases of investment securities	-	(2,215)
Net sale(purchase) of FHLB stock and other equity investments	221	(1)
Proceeds from sales of foreclosed assets	10	17
Purchases of life insurance	-	(47)
Proceeds from sales of fixed assets	-	299
Purchase of fixed assets	(103)	(407)
Net increase in loans	(2,169)	(5,489)
Net cash provided (used) by investing activities	752	(5,031)
Cash flows from financing activities:		
Net increase in demand deposits and savings accounts	3,154	2,684
Net increase (decrease) in time deposits	738	(205)
Increases in advances from borrowers for insurance and taxes	6	28
Net decrease in FHLB advances	(3,022)	(18)
Net increase in securities sold under agreements to repurchase	920	105
Purchase of treasury stock	(29)	-
Purchase of shares for Recognition and Retention Plan	(213)	-
Net cash provided by financing activities	1,554	2,594
Net increase (decrease) in cash and cash equivalents	4,703	(3,481)
Cash and cash equivalents, at beginning of period	5,200	7,581

Cash and cash equivalents, at end of period	$ 9,903	$ 4,100
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest on deposits and borrowed funds	$ 341	$ 395
Income taxes	$ 202	$ 360

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

CENTURY NEXT FINANCIAL CORPORATION AND SUBSIDIARY
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Nature of Operations

Century Next Financial Corporation (the "Company"), 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. The Company was organized as a savings and loan holding company and is regulated by the Board of Governors of the Federal Reserve System (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.

Basis of Presentation

The accompanying unaudited consolidated financial statements 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 three- and six-month periods ended June 30, 2012, are not necessarily indicative of the results which may be expected for the year ending December 31, 2012.

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 effects 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, 2012. In preparing these financial statements, the Company evaluated the events and transactions that occurred from June 30, 2012 through the date these financial statements were issued.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, and the valuation of foreclosed real estate, deferred tax assets and trading activities.

In connection with the determination of the allowances for losses on credits and foreclosed real estate, management obtains independent appraisals for significant properties. While management uses available information to recognize losses on credits, future additions to the allowances may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowances for losses on loans. Such agencies may require the Bank to recognize additions to the allowances based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowances for credit losses on loans may change materially in the future.

Reclassifications

Certain prior period amounts have been reclassified for comparative purposes in conformance with the presentation in the current year financial statements.

Recent Accounting Pronouncements

International Financial Reporting Standards (“IFRS”)

In November 2009, the SEC issued a proposed roadmap regarding the potential use by U.S. issuers of financial statements prepared in accordance with IFRS. IFRS is a comprehensive series of accounting standards published by the International Accounting Standards Board (“IASB”). Under the proposed roadmap, the Company may be required to prepare financial statements in accordance with IFRS as early as 2014. The SEC is expected to make a determination in 2012 regarding the mandatory adoption of IFRS. The Company is currently assessing the impact that this potential change would have on its operating results and financial condition, and will continue to monitor the development of the potential implementation of IFRS.

Accounting Standards Updates

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement. ASU 2011-04 amends the fair value measurement and disclosure requirements in order to gain consistency between the generally accepted accounting principles in the United States and the International Financial Reporting Standards. The effective date for ASU 2011-04 is for the first interim and annual period beginning after December 15, 2011. The adoption of ASU 2011-04 did not have a material impact on the Company’s results of operations, financial position or disclosures.

In June 2011, the FASB issued ASU No. 2011-05, Comprehensive Income. ASU 2011-05 requires entities to present the total of comprehensive income, the components of net income and the components of other comprehensive income in a single continuous statement of comprehensive income or in two separate consecutive statements. The effective date for ASU 2011-05 is for annual and interim period beginning after December 15, 2011. The adoption of ASU 2011-05 did not have a material impact on the Company’s results of operations or financial position.

In September 2011, the FASB issued ASU No. 2011-09, Compensation – Retirement Benefits – Multi-employer Plans. ASU 2011-09 requires entities to provide additional separate disclosures for multi-employer pension plans and multi-employer other post-retirement benefit plans. This update is intended to provide users with more detailed information about an employer’s involvement in multi-employer pension plans. The effective date for ASU 2011-09 is for annual periods for fiscal years ending after December 15, 2011. The Company included the required disclosures in the notes to the audited financial statements in Form 10-K for December 31, 2011. The adoption of this accounting standards update did not have a material impact on the Company’s results of operations, financial position or disclosures.

In December 2011, the FASB issued ASU No. 2011-11, Balance Sheet, Disclosures about Offsetting Assets and Liabilities. ASU 2011-11 requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The effective date for ASU 2011-11 is for interim and annual reporting periods beginning on or after January 1, 2013. The adoption of ASU 2011-11 is not expected to have a material impact on the Company’s results of operations, financial position or disclosures.

In December 2011, the FASB issued ASU No. 2011-12, Comprehensive Income, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in

Accounting Standards Update No. 2011-05. ASU 2011-12 defers certain changes in ASU 2011-05 relating to the presentation of reclassification adjustments. The effective date for ASU 2011-12 is for annual and interim periods beginning after December 15, 2011.

In June 2012, the FASB issued Exposure Draft 2012-200, Financial Instruments (Topic 825), Disclosures about Liquidity Risk and Interest Rate Risk. The proposed ASU would require financial institutions to include liquidity risk tabular disclosure of the carrying amounts of classes of financial assets and liabilities segregated by their expected maturities, including off-balance sheet financial commitments and obligations. In addition, interest rate risk disclosures would provide information about the exposure of the entity's financial assets and liabilities to fluctuations in market interest rates. The proposed ASU does not include a proposed effective date.

NOTE 2 – INVESTMENT SECURITIES

The amortized cost and fair value of securities, with the gross unrealized gains and losses, follows:

(In thousands)

June 30, 2012	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Securities Available-for-Sale:				
Government-sponsored enterprises *	$ 1,213	$ 8	$ -	$ 1,221
State and municipal	270	3	-	273
Mortgage-backed securities	2,557	114	-	2,671
Total Available-for-Sale Securities	4,040	125	-	4,165
Securities Held-to-Maturity:				
U.S. Government and federal agency	91	-	-	91
Total Held-to-Maturity Securities	91	-	-	91
Total Debt Securities	$ 4,131	$ 125	$ -	$ 4,256

* - Includes FNMA and FHLB bonds

(In thousands)

December 31, 2011	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Securities Available-for-Sale:				
Government-sponsored enterprises *	$ 3,635	$ 22	$ -	$ 3,657
State and municipal	270	3	-	273
Mortgage-backed securities	2,929	112	-	3,041
Total Available-for-Sale Securities	6,834	137	-	6,971
Securities Held-to-Maturity:				
U.S. Government and federal agency	99	-	-	99
Total Held-to-Maturity Securities	99	-	-	99
Total Debt Securities	$ 6,933	$ 137	$ -	$ 7,070

* - Includes FNMA and FHLB bonds

At June 30, 2012 and December 31, 2011, the carrying amount of securities pledged to secure repurchase agreements and public fund deposits was $2.5 million and $1.9 million, respectively.

The amortized cost and fair value of debt securities by contractual maturity at June 30, 2012 follows:

(In thousands)	1 year or less	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years	Total
Securities Available-for-Sale, at fair value					
Government-sponsored enterprises	$ 1,215	$ -	$ -	$ -	$ 1,215
State and municipal	-	-	273	-	273
Mortgage-backed securities	-	-	38	2,639	2,677
Total Available-for-Sale Securities	$ 1,215	$ -	$ 311	$ 2,639	$ 4,165
Securities Held-to-Maturity at amortized cost					
U.S. Government and federal agency	$ -	$ -	$ 91	$ -	$ 91
Total Held-to-Maturity Securities	$ -	$ -	$ 91	$ -	$ 91
Total Debt Securities	$ 1,215	$ -	$ 402	$ 2,639	$ 4,256

The following table summarizes investment activities for the six-month periods ending June 30:

	For the Six-Month Period Ended June 30,			
	2012		2011	
(In thousands)	Held to Maturity	Available for Sale	Held to Maturity	Available for Sale
Purchases of securities	$ -	$ -	$ 15	$ 2,200
Sales and maturities of securities	$ 8	$ 2,780	$ 28	$ 2,784
Gross realized gains on sales	$ -	$ 5	$ -	$ -
Gross realized losses on sales	$ -	$ -	$ -	$ -
Net tax expense applicable to net gains	$ -	$ 2	$ -	$ -

There were no securities with gross unrealized losses at June 30, 2012 and December 31, 2011.

Management evaluates securities for other-than-temporary impairment on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to:

1. the length of time and the extent to which the fair value has been less than cost,
2. the financial condition and near-term prospects of the issuer, and
3. the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Market changes in interest rates and credit spreads will cause normal fluctuations in the market value of securities and the possibility of temporary unrealized losses. The Company has determined that there was no other-than-temporary impairment associated with these securities at June 30, 2012 and December 31, 2011.

NOTE 3 – LOANS

A summary of the balances of loans follows:

(In thousands)	June 30, 2012	December 31, 2011
Mortgage loans on real estate:		
Held for sale 1-4 family	$ 1,780	$ 3,574
Residential 1-4 family	38,735	37,168
Commercial	16,064	15,142
Multi-family	4,827	4,703
Land	6,561	6,598
Residential Construction	4,136	4,315
Home equity lines of credit	1,288	1,600
Total mortgage loans on real estate	73,391	73,100
Commercial loans	8,432	7,877
Consumer loans, including overdrafts of $203 and $66	5,396	5,854
Total loans	87,219	86,831
Less: Allowance for loan losses	(318)	(245)
Loans, net	$ 86,901	$ 86,586

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, 2012, loans sold for which the Bank is contingently liable to repurchase amounted to approximately $21.9 million. The Bank also is committed to sell loans approximating $1.8 million at June 30, 2012.

The following table details loans individually and collectively evaluated for impairment at June 30, 2012:

	June 30, 2012 Loans Evaluated for Impairment		
(In thousands)	Individually	Collectively	Total
Loans secured by real estate:			
Residential 1-4 family	$ 61	$ -	$ 61
Total loans secured by real estate	61	-	61
Consumer loans	17	-	17
Total loans	$ 78	$ -	$ 78

	Impaired Loans For the Six-Month Period Ended June 30, 2012				
(In thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Residential-prime	$61	$61	$-	$62	$-
Consumer	$17	$17	$-	$17	$-

Total:					
Residential-prime	$61	$61	$-	$62	$-
Consumer	$17	$17	$-	$17	$-

Under ASU No. 2010-20, separate disclosures are required for troubled-debt restructurings (TDRs). As of June 30, 2012, the Company had no TDRs to report.

NOTE 4 – ALLOWANCE FOR LOAN LOSSES AND CREDIT QUALITY

Allowance for Loan Losses

The allowance for loan losses is established through a provision charged to earnings. Loan losses are charged against the allowance when management determines that the collection of the loan balance outstanding is unlikely. Subsequent recoveries, if any, are credited to the allowance. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Changes in the allowance related to impaired loans are charged or credited to the provision for loan losses.

The allowance for loan losses is maintained at a level which, in management's opinion, is adequate to absorb credit losses inherent in the portfolio. The Company utilizes an historical analysis of the Company's portfolio to validate the overall adequacy of the allowance for loan losses. In addition to these objective criteria, the Company subjectively assesses the adequacy of the allowance for loan losses with consideration given to current economic conditions, changes to loan policies, concentrations of credit, the level of classified and criticized credits, and other factors.

A summary of changes in the allowance for loan losses is as follows:

(In thousands)	June 30, 2012	December 31, 2011
Beginning balance	$ 245	$ 204
Provision for loan losses	60	56
Loans charged-offs	-	(20)
Recoveries of loans previously charged-off	13	5
Ending balance	$ 318	$ 245

The following table details the balance in the allowance for loan losses by portfolio segment at June 30, 2012:

	For the Six Months Ended June 30, 2012				
(In thousands)	Beginning Balance	Chargeoffs	Recoveries	Provision	Ending Balance
Loans secured by real estate:					
Residential 1-4 family	$ 118	$ -	$ 10	$ 41	$ 169
Commercial	43	-	-	9	52
Multi-family	12	-	-	2	14
Land	16	-	-	2	18
Residential construction	11	-	-	1	12
Home equity lines of credit	4	-	-	-	4
Totals by loans secured by real estate	204	-	10	55	269
Commercial and industrial loans	25	-	1	5	31

Consumer loans	16	-	2	-	18
Totals for all loans	$ 245	$ -	$ 13	$ 60	$ 318

At June 30, 2012, the Company had no allowance for loan losses disaggregated by impairment method.

Creditor Quality

Loans are categorized into risk categories based on relevant information about the ability of borrowers to service their debt, such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The following definitions are utilized for risk ratings, which are consistent with the definitions used in supervisory guidance:

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidations of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values highly questionable and improbable.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass-rated loans.

The table below illustrates the carrying amount of loans by credit quality indicator at June 30, 2012:

(In thousands)	Pass	Special Mention	Substandard	Doubtful	Loss	Total
Loans secured by real estate:						
Residential 1-4 family	$ 39,877	$ 576	$ 62	$ -	$ -	$ 40,515
Commercial	15,749	315	-	-	-	16,064
Multi-family	4,827	-	-	-	-	4,827
Land	6,561	-	-	-	-	6,561
Residential construction	4,136	-	-	-	-	4,136
Home equity lines of credit	1,288	-	-	-	-	1,288
Totals by loans secured by real estate	72,438	891	62	-	-	73,391
Commercial and industrial loans	8,397	35	-	-	-	8,432
Consumer loans	5,343	20	33	-	-	5,396
Totals for all loans	$ 86,178	$ 946	$ 95	$ -	$ -	$ 87,219

Interest income on impaired loans, other than non-accrual loans, is recognized on an accrual basis. Interest income on non-accrual loans is recognized only as collected. During 2012, there was no interest income recognized on non-accrual loans. If the non-accrual loans had been accruing interest at their original contracted rates, related income would have been $3,000.

Below is a summary of current, past due, and non-accrual loans at June 30, 2012:

(In thousands)	Past Due 30-89 Days	Past Due Over 90 Days Accruing	Past Due Over 90 Days Non-Accruing	Total Past Due	Current	Total Loans
Loans secured by real estate:						
Residential 1-4 family	$ 132	$ 213	$ 61	$ 406	$ 40,109	$ 40,515

Commercial	-	3	-	3	16,061	16,064
Multi-family	-	-	-	-	4,827	4,827
Land	-	-	-	-	6,561	6,561
Residential construction	-			-	4,136	4,136
Home equity lines of credit	-	-	-	-	1,288	1,288
Totals by loans secured by real estate	132	216	61	409	72,982	73,391
Commercial and industrial loans	-	-	-	-	8,432	8,432
Consumer loans	71	-	17	88	5,308	5,396
Totals for all loans	$ 203	$ 216	$ 78	$ 497	$ 86,722	$ 87,219

14

NOTE 5 – REGULATORY CAPITAL

As of June 30, 2012, the most recent notification from the Office of the Comptroller of the Currency 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 and ratios as of June 30, 2012 and December 31, 2011 are also presented in the table. There are no conditions or events since that notification that management believes have changed the institution's category.

(Dollars in thousands)	Actual		Required for Capital Adequacy Purposes		Required to be Well Capitalized under Prompt Corrective Action Provisions	
June 30, 2012	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk-weighted assets	$ 15,663	18.23 %	$ 6,873	8.00 %	$ 8,591	10.00 %
Tier 1 Core capital to risk-weighted assets	$ 15,665	18.23 %	$ 3,436	4.00 %	$ 5,155	6.00 %
Tier 1 Core capital to adjusted total assets	$ 15,665	14.32 %	$ 4,376	4.00 %	$ 5,471	5.00 %
Tangible capital to tangible assets	$ 15,665	14.32 %	$ 1,641	1.50 %	N/A	N/A
December 31, 2011						
Total capital to risk-weighted assets	$ 15,159	18.26 %	$ 6,642	8.00 %	$ 8,303	10.00 %
Tier 1 Core capital to risk-weighted assets	$ 15,234	18.35 %	$ 3,321	4.00 %	$ 4,982	6.00 %
Tier 1 Core capital to adjusted total assets	$ 15,234	14.19 %	$ 4,293	4.00 %	$ 5,366	5.00 %
Tangible capital to tangible assets	$ 15,234	14.19 %	$ 1,610	1.50 %	N/A	N/A

The following is a reconciliation of GAAP equity to regulatory risk-based capital:

(In thousands)	June 30, 2012	December 31, 2011
GAAP equity	$ 16,356	$ 15,949
Unrealized gain on debt securities	(82)	(90)
Allowance for loan losses (allowable portion)	318	245
Equity investments required to be deducted	(320)	(320)
Unearned levered ESOP shares	(609)	(625)
Total risk-based Capital	$ 15,663	$ 15,159

NOTE 6 – OTHER COMPREHENSIVE INCOME

The following tables show the related tax effects allocated to each component of other comprehensive income for the respective three- and six-month periods ending June 30, 2012 and 2011:

	For the Three-Month Period Ending June 30, 2012		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Unrealized gains(losses) on securities:			
Unrealized holding gains(losses) arising during the period	$ (8)	$ 3	$ (5)
Less: reclassification adjustment for gains(losses) realized in net income	-	-	-
Net unrealized gains(losses)	(8)	3	(5)
Other comprehensive income(loss)	$ (8)	$ 3	$ (5)

	For the Three-Month Period Ending June 30, 2011		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Unrealized gains(losses) on securities:			
Unrealized holding gains(losses) arising during the period	$ 59	$ (20)	$ 39
Less: reclassification adjustment for gains(losses) realized in net income	-	-	-
Net unrealized gains(losses)	59	(20)	39
Other comprehensive income(loss)	$ 59	$ (20)	$ 39

	For the Six-Month Period Ending June 30, 2012		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Unrealized gains(losses) on securities:			
Unrealized holding gains(losses) arising during the period	$ (12)	$ 4	$ (8)
Less: reclassification adjustment for gains(losses) realized in net income	-	-	-
Net unrealized gains(losses)	(12)	4	(8)
Other comprehensive income(loss)	$ (12)	$ 4	$ (8)

	For the Six-Month Period Ending June 30, 2011		
	Before-Tax Amount	Tax (Expense) or Benefit	Net-of-Tax Amount
Unrealized gains(losses) on securities:			
Unrealized holding gains(losses) arising during the period	$ 52	$ (18)	$ 34
Less: reclassification adjustment for gains(losses) realized in net income	-	-	-
Net unrealized gains(losses)	52	(18)	34
Other comprehensive income(loss)	$ 52	$ (18)	$ 34

16

NOTE 7 - DEPOSITS

Deposits at the respective dates are summarized as follows:

	June 30, 2012		December 31, 2011	
(Dollars in thousands)	Amount	Weighted Average Rate	Amount	Weighted Average Rate
Demand and Savings				
Noninterest-bearing demand deposits	$ 9,867	-	$ 8,323	-
Interest-bearing demand deposits	16,208	0.25 %	15,892	0.40 %
Money market	11,095	0.50 %	11,711	1.00 %
Savings	16,103	0.85 %	14,193	1.36 %
Total Demand and Savings	$ 53,273		$ 50,119	
Time Deposits				
0.00% to 0.99%	$ 10,742	0.66 %	$ 5,614	0.67 %
1.00% to 1.99%	22,548	1.18 %	26,967	1.21 %
2.00% to 2.99%	788	2.39 %	759	2.25 %
3.00% to 3.99%	480	3.18 %	480	3.18 %
Total Time Deposits	$ 34,558		$ 33,820	
Total Deposits	$ 87,831		$ 83,939	

Scheduled maturities of time deposits at June 30, 2012 are as follows:

2012	$18,137
2013	13,547
2014	2,734
Thereafter	140
Total	$34,558

Time deposits of $100,000 or more amounted to approximately $16.7 million at June 30, 2012. Deposit insurance coverage has been increased by regulation to cover deposits up to $250,000.

NOTE 8 - DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

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).

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.

Fair values of assets and liabilities measured on a recurring basis at the respective dates are as follows:

	June 30, 2012			
(In thousands)	Level 1	Level 2	Level 3	Estimated Fair Value
Securities available for sale:				
FHLMC certificates	$ -	$ 811	$ -	$ 811
GNMA certificates	-	11	-	11
FHR certificates	-	836	-	836
FNMA certificates	-	2,211	-	2,211
FNR certificates	-	17	-	17
SBA pools	-	6	-	6
Municipal securities	-	273	-	273
Total securities available for sale	$ -	$ 4,165	$ -	$ 4,165

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, 2012.

NOTE 9 - STOCK-BASED BENEFIT PLANS

The Company has three stock-based benefit plans for which compensation expense is recognized. These are the 2010 Employee Stock Ownership Plan (ESOP), the 2011 Recognition and Retention Plan (RRP), and the 2011 Stock Option Plan (SOP). Under the ESOP, compensation expense recognized is based on the average fair value of shares committed to be released over the interim reporting period. Under the RRP, compensation expense is based on the fair value of the shares determined at the date of grant and is recognized each interim reporting period as the shares vest. Compensation expense under the SOP is based on the fair value of the options granted determined at the date of grant and is also recognized each interim reporting period as the options vest. The fair value of the options is calculated by using the Black-Scholes option pricing model which assumes that the option exercises occur at the end of the expected term of the option.

The following table represents the compensation expense recognized by the Company for the respective six-month periods ended:

	June 30,	
(In thousands)	2012	2011

Employee stock ownership plan	$	22	$	23
Recognition and retention plan		74		22
Stock option plan		38		-
Total compensation expense recognized	$	134	$	45

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, 2011 to June 30, 2012 and on its results of operations during the three- and six-month periods ended June 30, 2012 and 2011. 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.

Financial Overview

Comparison of Financial Condition at June 30, 2012 and December 31, 2011

The Company's total assets increased by $2.0 million or 1.9% to $109.4 million at June 30, 2012 compared to $107.4 million at December 31, 2011. The increase in assets was primarily a result of an increase in cash and cash equivalents of $4.7 million and an increase in net loans of $315,000 partially offset by a decrease in debt and equity securities of $3.0 million.

Cash and cash equivalents increased $4.7 million or 90.4% to $9.9 million at June 30, 2012 compared to $5.2 million at December 31, 2011 primarily from funds received from growth in customer deposits of $3.9 million, sales, maturities, and other payments of investment securities of $2.8 million, and a redemption of Federal Home Loan Bank (FHLB) Stock of $221,000 partially offset by the repayment of FHLB advances of $2.1 million and the outflow of funds from an increase in net loans of $315,000.

Total debt securities decreased from $7.1 million at December 31, 2011 to $4.3 million at June 30, 2012. The net decrease of $2.8 million or 39.8% was the result of sales and maturities of securities of $2.4 million and scheduled payments and net premium amortization of $405,000 for the six-month period ended June 30, 2012.

Total loans, net of unearned income, increased over the six-month period ended June 30, 2012 by $388,000 or 0.5% compared to December 31, 2011. Total loans, net of unearned income, at June 30, 2012 were $87.2 million compared to $86.8 million at December 31, 2011. Of the net increase, loans secured by 1-4 family residential increased $1.6 million, commercial real estate loans increased $922,000, non-real estate commercial loans increased $555,000, and multi-family real estate loans increased $124,000. This was partially offset by decreases in loans secured by 1-4 family residential held for sale of $1.8 million, residential construction loans of $179,000, home equity lines of credit of $312,000, consumer loans, not secured by real estate, of $458,000, and land loans of $37,000.

The allowance for loan losses increased from $245,000 at December 31, 2011 to $318,000 at June 30, 2012, an increase of $73,000 or 29.8%. The net increase for the six-month period consisted of $60,000 in provision for possible loan losses and $13,000 from recoveries of loan balances charged off in prior years.

Total deposits at June 30, 2012 increased $3.9 million or 4.6% to $87.8 million compared to $83.9 million at December 31, 2011. The net increase consisted of a $1.5 million increase in noninterest-bearing demand deposits, a $316,000 increase in interest-bearing demand deposits, a $1.9 million increase in savings deposits, and a $738,000 increase in time deposits partially offset by a $616,000 decrease in money market deposits.

Total borrowings, primarily consisting of Federal Home Loan Bank advances, decreased to $1.8 million at June 30, 2012 from $3.9 million at December 31, 2011, a decrease of $2.1 million or 54.1%.

Total Stockholders' Equity increased by $147,000 or 0.8% to $18.9 million at June 30, 2012 compared to $18.8 million at December 31, 2011. The increase for the six-month period primarily resulted from net income of $263,000, an increase in additional paid in capital of $118,000 from equity compensation, and the release of shares for the employee stock ownership plan of $16,000, offset by decreases of $213,000 from the purchase of common stock for the recognition and retention plan, $29,000 from the purchase of treasury stock, and $8,000 in accumulated other comprehensive income.

Comparison of Operating Results for the Three and Six Months Ended June 30, 2012 and 2011

Our net income was $104,000 for the three months ended June 30, 2012, a $54,000 or 34.2%, decrease over net income of $158,000 for the three months ended June 30, 2011. For the six months ended June 30, 2012, our net income was $263,000, a decrease of $25,000 or 8.7%, over net income of $288,000 for the six months ended June 30, 2011. Net income for the second quarter of 2011 included a one-time gain on the sale of fixed assets, after taxes, of approximately $90,000.

Our total interest income was $1.31 million for the three months ended June 30, 2012, compared to $1.25 million for the three months ended June 30, 2011, a $61,000, or 4.9%, increase. The increase in interest income in the three-month period ended June 30, 2012 over the comparable period in 2011 was due primarily to an increase in the average balances of our interest-earnings assets, particularly loans, amounting to an increase of $142,000 in interest income. This increase was offset by a decrease in the average rate earned on earning assets of 27 basis points to 5.23% for the quarter ended June 30, 2012 compared to 5.50% for the quarter ended June 30, 2011, amounting to a decrease in interest income of $81,000.

For the six months ended June 30, 2012, interest income was $2.64 million compared to $2.44 million for the six months ended June 30, 2011. This was an increase of $197,000, or 8.1% for the year-to-date period comparison. The increase in interest income in the six-month period ended June 30, 2012 over the comparable period in 2011 was due primarily to an increase in the average balances of our interest-earnings assets, particularly loans, amounting to an increase of $336,000 in interest income. This increase was offset by a decrease in the average rate earned on earning assets of 12 basis points to 5.29% for the six months ended June 30, 2012 compared to 5.41% for the six months ended June 30, 2011, amounting to a decrease in interest income of $139,000.

Our total interest expense was $161,000 for the three months ended June 30, 2012. This was a decrease of $34,000, or 17.4%, compared to $195,000 of interest expense for the three months ended June 30, 2011. The average rate paid on our interest-bearing liabilities decreased by 29 basis points to 0.81% for the quarter ended June 30, 2012 compared to 1.10% for the quarter ended June 30, 2011. This reduction in rate resulted in a decrease in interest expense of $54,000 for the comparative quarters. The decrease in rate was primarily due to a reduction in the average rate paid on savings/money market deposits and time deposits of 50 and 20 basis points, respectively. The increase in the average balances of our interest-bearing liabilities resulted in an increase of interest expense of $20,000 for the quarter ended June 30, 2012 compared to the quarter ended June 30, 2011.

For the six months ended June 30, 2012, our total interest expense was $340,000. This was a decrease of $55,000, or 13.9%, compared to $395,000 of interest expense for the six months ended June 30, 2011. The average rate paid on our interest-bearing liabilities decreased by 26 basis points to 0.85% for the six-month period ended June 30, 2012 compared to 1.11% for the six-month period ending June 30, 2011. This reduction in rate resulted in a decrease in interest expense of $101,000 for the comparative six-month periods. The decrease in rate was primarily due to a reduction in the average rate paid on savings/money market deposits and time deposits of 37 and 23 basis points, respectively. The increase in the average balances of our interest-bearing liabilities resulted in an increase of interest expense of $46,000 for the six months ended June 30, 2012 compared to the six months ended June 30, 2011.

Our net interest income was $1.15 million for the quarter ended June 30, 2012 compared to $1.05 million for the quarter ended June 30, 2011. This was an increase of $95,000, or 9.0%. For the six-month period ended June 30, 2012, net interest income was $2.30 million, which represents a $252,000, or 12.3% increase over the $2.05 million for the six-month period ended June 30, 2011. Our average interest rate spread increased by 2 basis points to 4.42% for the three months ended June 30, 2012 over the second quarter of 2011, while our net interest margin decreased 6 basis points to 4.58% in the second quarter of 2012 compared to the second quarter of 2011. For the six months ended June 30, 2012, our average interest spread was 4.44% and our net interest margin was 4.61%, compared to 4.30% and 4.54%, respectively, for the first six months of 2011.

Our provision for loan losses amounted to $30,000 for the quarter ended June 30, 2012, compared to $13,000 in provision for the quarter ended June 30, 2011. For the six-month period ended June 30, 2012, the provision for loan losses was $60,000 compared to $13,000 for the six-month period ended June 30, 2011. The increase in loan loss provision for the quarter- and year-to-date periods in 2012 compared to 2011 was primarily due to a more conservative approach in assumptions for economic conditions, credit quality trends, and other qualitative factors as well as the general increase in commercial loans which may have a higher risk of loss.

Our loans, net of unearned income, increased by $388,000 during the six months ended June 30, 2012 from December 31, 2011, which included $45.1 million in loan originations, offset by sales of $17.3 million and repayments of loans of $27.4 million. At June 30, 2012, our allowance for loan losses amounted to $318,000, or 0.36% of loans, net of unearned loan fees compared to $245,000, or 0.28% of loans, net of unearned loan fees, at December 31, 2011. Our total non-performing loans, including loans past due 90 days or more and non-accrual loans, amounted to $294,000 at June 30, 2012, compared to $460,000 at December 31, 2011. At June 30, 2012, our allowance for loan losses amounted to 108.16% of total non-performing loans compared to 53.26% of total non-performing loans at December 31, 2011. There were no charge-offs of loans during the six months ended June 30, 2012, however, recoveries amounted to $13,000.

Our total non-interest income amounted to $280,000 for the quarter ended June 30, 2012 compared to $338,000 for the quarter ended June 30, 2011, a decrease of $58,000 or 17.2%. The decrease during the three-month period ended June 30, 2012 consisted primarily of decreases in gain on the sale of loans of $46,000 and gain on sale of fixed assets of $136,000. The decrease was offset by increases in service charges on deposit accounts of $11,000, loan servicing fees of $83,000, and other non-interest income of $30,000.

For the six-month period ending June 30, 2012, total non-interest income was $526,000 compared to $515,000 for the six-month period ended June 30, 2011, an increase of $11,000 or 2.1%. The increase consisted primarily of increases in service charges on deposit accounts of $24,000, loan servicing fees of $116,000, and other non-interest income of $43,000 offset by decreases in gain on the sale of loans of $36,000 and gain on sale of fixed assets of $136,000.

Our total non-interest expense increased by $66,000 or 5.7% to $1.22 million for the three months ended June 30, 2012, compared to $1.15 million for the three months ended June 30, 2011. The primary reasons for the increase in non-interest expense were an increase in salaries and benefits of $89,000, an increase in occupancy and equipment expense of $11,000, an increase in advertising of $10,000, an increase in directors' expense of $24,000, an increase in data processing of $8,000, and an increase in FDIC deposit insurance of $4,000. The increases for the quarter were offset by decreases in legal and professional fees of $32,000, other operating expense of $39,000, and various other non-interest expense items of $9,000. For the comparative periods, the increase in salaries and benefits was due mainly to normal salary increases and new staff additions, the increase in occupancy and equipment expense consists mainly of depreciation on new equipment, and the increase in directors' expense was due primarily to stock compensation expense compared to the second quarter of 2011.

For the six-month period ending June 30, 2012, total non-interest expense increased by $255,000 or 12.1% to $2.37 million compared to $2.11 million for the six-month period ended June 30, 2011. The primary reasons for the increase in non-interest expense were an increase in salaries and benefits of $225,000, an increase in occupancy and equipment expense of $46,000, an increase in directors' expense of $48,000, an increase in data processing of $16,000, an increase in advertising of $8,000, and an increase in FDIC deposit insurance of $12,000. The increases for the six-month period were offset by decreases in legal and professional fees of $44,000, office supplies of $15,000, and other operating expense of $29,000, and various other non-interest expense items of $12,000. For the comparative periods, the increase in salaries and benefits was due mainly to normal salary increases and new staff additions, the increase in occupancy and equipment expense consists mainly of depreciation on new equipment, and the increase in directors' expense was due primarily to stock compensation expense compared to the six months ended June 30, 2011.

At June 30, 2012 and 2011, we had 37 and 33 full-time equivalent employees, respectively.

Income tax expense for the quarter ended June 30, 2012 amounted to $76,000, an increase of $8,000 compared to $68,000 for the quarter ended June 30, 2011 resulting in effective tax rates of 42.2% and 30.1%, respectively. The increase was primarily a result of the reversal of a deferred tax benefit on stock-based compensation due to forfeiture and the current tax effect of an acceleration of restricted stock vesting. For the six months ended June 30, 2012, income tax expense amounted to $133,000 compared to $147,000 for the six months ended June 30, 2011, an increase of $14,000 resulting in effective tax rates for the comparative six month periods of 33.6% and 33.8%, respectively.

Net Interest Income

Net interest income, the difference between interest earned on loans and investments and interest paid on deposits and other borrowings, is the principal component of our earnings. The following table provides a summary of average earning assets and interest-bearing liabilities as well as the income or expense attributable to each item for the periods indicated.

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.

	Quarter Ended June 30,					
(Dollars in thousands)	2012			2011		
	Avg. Balance	Interest	Avg. Yield	Avg. Balance	Interest	Avg. Yield
Earning assets:						
Loans (1)	$ 85,971	$ 1,276	5.97 %	$ 75,540	$ 1,204	6.41 %
Debt Securities	6,713	28	1.68 %	10,923	41	1.51 %
Other earning assets	7,865	3	0.15 %	4,636	1	0.09 %
Total earning assets	100,549	1,307	5.23 %	91,099	1,246	5.50 %
Non-earning assets	8,731			8,087		
Total Assets	$ 109,280			$ 99,186		
Interest-bearing liabilities:						
Interest-bearing checking	$ 16,516	$ 11	0.27 %	$ 15,434	$ 15	0.39 %
Savings & MMDA	27,414	48	0.70 %	22,415	67	1.20 %
Time deposits	34,672	97	1.13 %	32,444	107	1.33 %
Other borrowings	1,462	5	1.38 %	1,140	6	2.12 %
Total interest-bearing liabilities	80,064	161	0.81 %	71,433	195	1.10 %
Noninterest-bearing deposits	9,425			8,349		
Other liabilities	929			795		
Total Liabilities	90,418			80,577		
Shareholders’ equity	18,862			18,609		
Total Liabilities and Shareholders’ Equity	$ 109,280			$ 99,186		

Net Interest Income & Spread	$	1,146	4.42	%	$	1,051	4.40	%
Net Interest Margin(2)			4.58	%			4.64	%
Average earning assets to interest-bearing liabilities			125.59	%			127.53	%

1) Loan interest income includes fee income of $46,000 and $52,000 for the three months ended June 30, 2012 and 2011, respectively. Average quarterly balance of loans includes average deferred loan fees of $56,000 and $71,000 for June 30, 2012 and 2011, respectively. The average balance of nonaccrual loans has been included in net loans.

2) Net interest margin is computed by dividing net interest income by the total average earning assets.

23

(dollars in thousands)	Six Months Ended June 30, 2012			2011		
	Avg. Balance	Interest	Avg. Yield	Avg. Balance	Interest	Avg. Yield
Earning assets:						
Loans (1)	$ 86,303	$ 2,575	6.00 %	$ 74,146	$ 2,355	6.39 %
Debt Securities	6,837	57	1.68 %	11,148	83	1.50 %
Other earning assets	7,126	5	0.14 %	5,342	2	0.08 %
Total earning assets	100,266	2,637	5.29 %	90,636	2,440	5.41 %
Non-earning assets	8,726			8,111		
Total Assets	$ 108,992			$ 98,747		
Interest-bearing liabilities:						
Interest-bearing checking	$ 15,981	$ 23	0.29 %	$ 15,338	$ 30	0.39 %
Savings & MMDA	27,072	110	0.82 %	22,112	131	1.19 %
Time deposits	34,341	195	1.14 %	32,760	223	1.37 %
Other borrowings	2,867	12	0.84 %	1,119	11	1.98 %
Total interest-bearing liabilities	80,261	340	0.85 %	71,329	395	1.11 %
Noninterest-bearing deposits	8,980			8,037		
Other liabilities	960			844		
Total Liabilities	90,201			80,210		
Shareholders’ equity	18,791			18,537		
Total Liabilities and Shareholders’ Equity	$ 108,992			$ 98,747		
Net Interest Income & Spread(2)		$ 2,297	4.44 %		$ 2,045	4.30 %
Net Interest Margin(3)			4.61 %			4.54 %
Average earning assets to interest-bearing liabilities			124.92 %			127.07 %

1) Loan interest income includes fee income of $103,000 and $80,000 for the six months ended June 30, 2012 and 2011, respectively. Average year-to-date balance of loans includes average deferred loan fees of $63,000 and

$71,000 for June 30, 2012 and 2011, respectively. The average balance of non-accrual loans has been included in net loans.

2) Net interest margin is computed by dividing net interest income by the total average earning assets.

Asset Quality

“Classified loans” are the loans and other credit facilities that we consider to be of the greatest risk to us and, therefore, they receive the highest level of attention by our account officers and senior credit management. Classified loans include both performing and nonperforming loans. During the first quarter of 2012, the Company continued to closely monitor all of its more significant loans, including all loans previously classified.

At June 30, 2012, the Company had $1.04 million in classified loans compared to $831,000 at December 31, 2011. Of these loans, at June 30, 2012, $963,000 were accruing loans and $78,000 were non-accruing loans. Total loans included in classified loans at June 30, 2012 that were evaluated for impairment was $78,000 compared to $15,000 evaluated for impairment and included in classified loans at December 31, 2011. A loan “impairment” is a classification required under generally accepted accounting principles when it is considered probable that we may be unable to collect all amounts due according to the contractual terms of our loan agreement. Non-performing loans include loans past due 90 days or more that are still accruing interest and nonaccrual loans. At June 30, 2012, we had $294,000 in non-performing loans. This compares to $460,000 in non-performing loans at December 31, 2011. Non-performing loans as a percentage of total loans at June 30, 2012 were 0.34% as compared to 0.53% at December 31, 2011. There were no foreclosed assets at June 30, 2012 compared to $9,000 at December 31, 2011.

The Company recovered $1,000 of loan balances previously charged off in prior years during the quarter ended June 30, 2012 and had no charge offs of loan balances. For the six-month period ended June 30, 2012, recoveries totaled $13,000, and there were no charge offs of loan balances.

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 months ended June 30, 2012, we made a provision of $30,000 compared to $13,000 in provision for the three months ended June 30, 2011. For the six months ended June 30, 2012, total provisions were $60,000 compared to $13,000 for the six months ended June 30, 2011. At June 30, 2012, the Company had $294,000 of non-performing loans compared to $327,000 at June 30, 2011. 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, loan payments, and to a lesser extent, funds provided from operations. While scheduled payments 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, if greater liquidity needs are expected in the near term, and medium- to longer-term investments if liquidity is expected to be in excess of needs for an extended period of time. Excess liquidity assists in providing availability of funds to meet lending requirements and additional demand from deposit accounts as the need arises. The Company's cash and cash equivalents amounted to $9.9 million at June 30, 2012.

A significant portion of the Company's liquidity consists of non-interest earning deposits. The Company's primary sources of cash are payments 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, 2012, the Company had long-term advances from the Federal Home Loan Bank of Dallas in the amount of $359,000 and had $38.2 million in additional borrowing capacity available. Additionally, at June 30, 2012, 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 $5.4 million. There were no amounts purchased under this agreement as of June 30, 2012.

At June 30, 2012, the Company had outstanding loan commitments of $4.8 million to originate loans and $4.9 million of unfunded commitments under lines of credit. At June 30, 2012, certificates of deposit, excluding IRAs, scheduled to mature in less than one year totaled $29.4 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 Bank 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, 2012, the Bank exceeded each of its capital requirements with ratios of 14.32%, 18.23% and 18.23%, 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

Evaluation of Disclosure Controls and Procedures

The Company's management has evaluated the effectiveness of the Company's disclosure controls and procedures as defined in Exchange Act Rules 13(a)-15(e) as of the end of the period covered by this report. The Company's chief executive officer and chief financial officer participated in the evaluation. Based on this evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective as of this report date.

Internal Control Over Financial Reporting

No change in our internal control over financial reporting (as defined in Rule 13a-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 material pending legal proceedings to which the Company or its subsidiary is a party or of which any of their property is subject, other than ordinary routine litigation incidental to the business of the Company or its subsidiary. None of the ordinary routine litigation in which the Company or its subsidiary is involved is expected to have a material adverse impact upon the financial position or results of operations of the Company or its subsidiary.

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 purchase activity during the three-month period ended June 30, 2012:

Period	Total Number of Shares Purchsed (1)	Average Price Paid per Share	Total Number of Shares Purchsed as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (2)
April 1-30, 2012	-	$ -	-	1,220
May 1-31, 2012	2,240	$ 12.75	-	1,220
June 1-30, 2012	-	$ -	-	1,220
Total	2,240	$ 12.75	-	1,220

Notes to this table:

(1) The 2,240 shares were repurchased by the Company to meet the tax obligations of participants in the 2011 Recognition and Retention Plan.

(2) 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. Mine Safety Disclosures

Not applicable.

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)

Number	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:

Number	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 10, 2012	By:	/s/ Benjamin L. Denny Benjamin L. Denny President and Chief Executive Officer
Date: August 10, 2012	By:	/s/ Mark A. Taylor Mark A. Taylor Senior Vice President and Chief Financial Officer

29