



Annual Report of Holding Companies—FR Y-6



Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844 (c)(1)(A)); Section 8(a) of the International Banking Act (12 U.S.C. § 3106(a)); Sections 11(a)(1), 25 and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); Section 211.13(c) of Regulation K (12 C.F.R. § 211.13(c)); and Section 225.5(b) of Regulation Y (12 C.F.R. § 225.5(b)) and section 10(c)(2)(H) of the Home Owners' Loan Act. Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies and top-tier savings and loan holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report.

Date of Report (top-tier holding company's fiscal year-end):

December 31, 2013

Month / Day / Year

I, **Nathaniel F. Hughes**

Name of the Holding Company Director and Official

Chief Executive Officer

Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

Reporter's Name, Street, and Mailing Address

Cornerstone Bancshares, Inc.

Legal Title of Holding Company

6401 Lee Highway, Suite 119

(Mailing Address of the Holding Company) Street / P.O. Box

Chattanooga TN 37421

City State Zip Code

835 Georgia Avenue, Suite 200, Chattanooga TN 37402

Physical location (if different from mailing address)

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Person to whom questions about this report should be directed:

Felicia Barbee CFO-Cornerstone Bank

Name Title

423-385-3220

Area Code / Phone Number / Extension

423-385-3100

Area Code / FAX Number

fbarbee@cscbank.com

E-mail Address

www.cscbank.com

Address (URL) for the Holding Company's web page

Signature of Holding Company Director and Official

Date of Signature

For holding companies not registered with the SEC—
Indicate status of Annual Report to Shareholders:

- is included with the FR Y-6 report
- will be sent under separate cover
- is not prepared

For Federal Reserve Bank Use Only

RSSD ID 1131997
C.I. _____

Does the reporter request confidential treatment for any portion of this submission?

Yes Please identify the report items to which this request applies:

- In accordance with the instructions on pages GEN-2 and 3, a letter justifying the request is being provided.
- The information for which confidential treatment is sought is being submitted separately labeled "Confidential."

No

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

None

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical location (if different from mailing address)

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City State Zip Code

Physical location (if different from mailing address)

Exhibit A

Form FR Y-6 Report Item 2:
Cornerstone Bancshares, Inc.
Chattanooga, TN
Fiscal Year Ending December 31, 2013

Cornerstone Bancshares, Inc.
Chattanooga, TN
Incorporated in the State of Tennessee

Cornerstone Community Bank
Chattanooga, TN
Incorporated in the State of Tennessee
100% Owned

Report Item 2:

(1) Cornerstone Bancshares, Inc. owns and controls 100% of the voting stock of Cornerstone Community Bank.

Results: A list of branches for your holding company: CORNERSTONE BANCSHARES, INC. (1131487) of CHATTANOOGA, TN.
The data are as of 03/31/2014. Data reflects information that was received and processed through 04/07/2014.

Reconciliation and Verification Steps

1. In the Data Action column of each branch row, enter one or more of the actions specified below.
2. If required, enter the date in the Effective Date column.

Actions

- OK:** If the branch information is correct, enter 'OK' in the Data Action column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the Data Action column and the date when this information first became valid in the Effective Date column.
Close: If a branch listed was sold or closed, enter 'Close' in the Data Action column and the sale or closure date in the Effective Date column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the Data Action column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure

When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note

To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - <https://y10online.federalreserve.gov>.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	2398596	CORNERSTONE COMMUNITY BANK	835 GEORGIA AVENUE	CHATTANOOGA	TN	37402	HAMILTON	UNITED STATES	32512	0	CORNERSTONE COMMUNITY BANK		2398596
OK		Full Service	777133	EAST RIDGE BRANCH	4154 RINGOLD ROAD	CHATTANOOGA	TN	37412	HAMILTON	UNITED STATES	258652	6	CORNERSTONE COMMUNITY BANK		2398596
OK		Full Service	3743466	GUNBARREL BRANCH	2280 GUNBARREL ROAD	CHATTANOOGA	TN	37421	HAMILTON	UNITED STATES	258651	3	CORNERSTONE COMMUNITY BANK		2398596
OK		Full Service	3744583	HIXSON BRANCH	5319 HIGHWAY 153	HIXSON	TN	37343	HAMILTON	UNITED STATES	479859	13	CORNERSTONE COMMUNITY BANK		2398596
OK		Full Service	3275966	OOLTEWAH BRANCH	8966 OLD LEE HIGHWAY	OOLTEWAH	TN	37363	HAMILTON	UNITED STATES	430165	7	CORNERSTONE COMMUNITY BANK		2398596

Exhibit B

Form FR Y-6 Report Item 3
Cornerstone Bancshares, Inc.
Chattanooga, TN
Fiscal Year Ending December 31, 2013

(1) List each securities holder, of record, that directly or indirectly owns, controls, or holds with power to vote 5 percent or more of any class of voting securities of the bank holding company:

Shareholder	Number of Outstanding Common Stock
The Banc Funds Company, L.L.C.	389,406
Chicago, IL	
United States of America	Percent of Outstanding Common Stock
	5.95%

(2) List any securities holder not listed in section 3(1) above that owned or controlled 5 percent or more of any class of voting securities in the bank holding company during the fiscal year for which the report is being filed.

Shareholder
N/A

Exhibit-C

Form FR Y-6
 Cornerstone Bancshares, Inc.
 Fiscal Year Ending December 31, 2013

(1) Names & Address (City, State, Country)	(2) Principal Occupation if other than with Bank Holding Co.	(3)(a) Title & Position with Bank Holding Co.	(3)(b) Title & Position with Subsidiary	(3)(c) Title & Position with Other Businesses	(4)(a) Percentage of Voting Shares in Bank Holding Co.	(4)(b) Percentage of Voting Shares in Subsidiary	(4)(c) List Names of Other Companies
B. Kenneth Driver Chattanooga, TN-USA	Fillauer, Inc.	Director	Director	Vice Chairman & Co-Chief Executive Officer	1.68%	N/A	Fillauer Companies, Inc. -10%
Karl Fillauer Knoxville, TN-USA	Fillauer, Inc.	Director	Director	Chairman, Fillauer, Inc.	3.23%	N/A	Fillauer Partners, LLC -95%
Nathaniel F. Hughes Chattanooga, TN-USA	Banker	President & Chief Executive Officer & Director	President & Chief Executive Officer & Director	N/A	2.11%	N/A	N/A
Frank S. McDonald Chattanooga, TN-USA	Architect	Director	Director	President Partner	*	N/A	Frank McDonald Architects, PLLC-100%
Doyce G. Payne, M.D. Chattanooga, TN-USA	Retired	Director	Director	N/A	2.35%	N/A	N/A
Wesley M. Welborn Chattanooga, TN-USA	Welborn & Associates, Inc.	Director-Chairman of the Board of Directors	Director-Chairman of the Board of Directors	President Member Member Member Member Member Member	1.32%	N/A	Welborn & Associates, Inc.-100% Welborn Properties, LLC-50% Southeast Logistics, LLC-50% Reliance Partners Insurance - 5% Access America Transport-5% AAT Carriers Inc - 5% Welco Leasing, LLC -100% Lamp Post Properites, LLC.-16 2/3%
Billy O. Wiggins Chattanooga, TN-USA	Checks, Inc.	Director	Director	President Member	2.47%	N/A	Checks, Inc.-100% Brown-Wiggins Real Estate-50% Wiggins Farms-12.5%
Marsha Yessick Chattanooga, TN-USA	Yessick's Design Center	Director	Director	Owner of Yessick's Design Center	1.68%	N/A	Yessick's Design-100%
David Fussell Chattanooga, TN-USA	Retired	Director	Director	N/A	*	N/A	N/A
Gary W. Petty, Jr. Chattanooga, TN-USA	Banker	Executive Vice President & Chief Financial Officer	Executive Vice President & Chief Financial Officer	N/A	*	N/A	N/A

* Signifies less than one percent