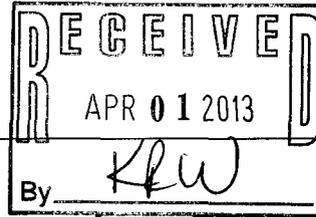




Annual Report of Holding Companies—FR Y-6



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.

I, William B. Pendleton
Name of the Holding Company Director and Official
Chairman of the Board and Director
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.

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.

William B. Pendleton
Signature of Holding Company Director and Official

3/29/13
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 3839920
C.I. _____

Date of Report (top-tier holding company's fiscal year-end):
12/31/12
Month / Day / Year

Reporter's Name, Street, and Mailing Address
Cornerstone Bancshares, Inc
Legal Title of Holding Company
2060 Mt Paran Rd
(Mailing Address of the Holding Company) Street / P.O. Box
Atlanta GA 30327
City State Zip Code

Physical location (if different from mailing address)

Person to whom questions about this report should be directed:
Christine Nelson VP/Controller
Name Title
404-601-1262

Area Code / Phone Number / Extension
678-553-9405

Area Code / FAX Number
Cnelson@cornerstonebankga.com

E-mail Address
www.cornerstonebankga.com

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

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

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.25 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, N.W., Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

For Use By Tiered Holding Companies

N/A - we have no subsidiary holding companies.

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

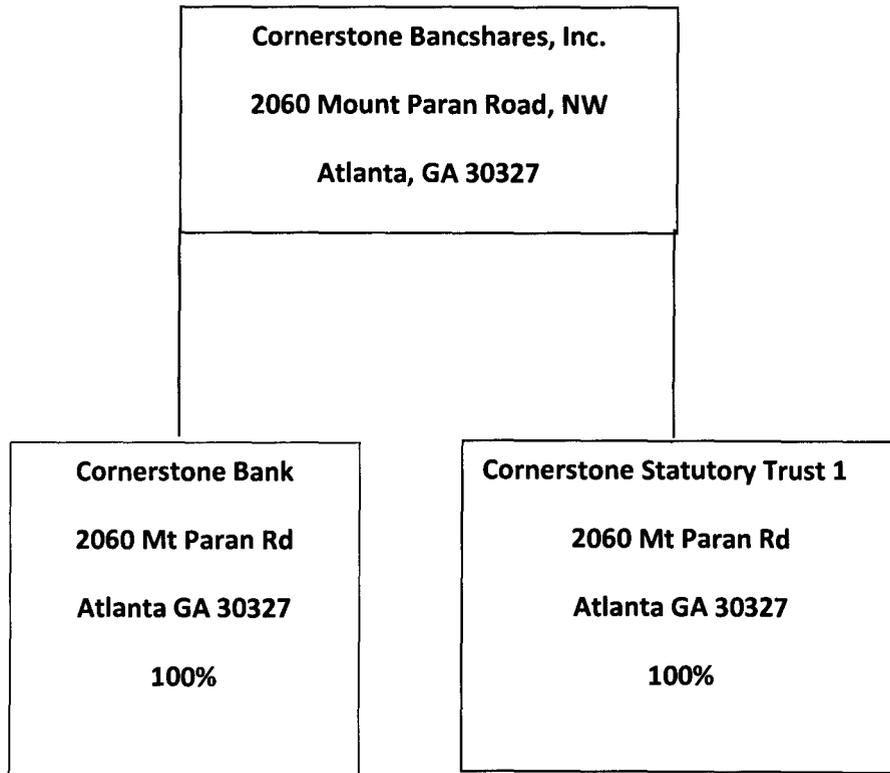
<p>Legal Title of Subsidiary Holding Company</p> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <p>City State Zip Code</p> <p>Physical location (if different from mailing address)</p>	<p>Legal Title of Subsidiary Holding Company</p> <p>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</p> <p>City State Zip Code</p> <p>Physical location (if different from mailing address)</p>
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CORNERSTONE BANCSHARES, INC.

2060 MOUNT PARAN ROAD, NW

ATLANTA, GA 30327

CORPORATE STRUCTURE CHART



2a.

Results: A list of branches for your holding company: CORNERSTONE BANCSHARES (3839920) of ATLANTA, GA.
The data are as of 12/31/2012. Data reflects information that was received and processed through 02/24/2013.

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)	2992501	CORNERSTONEBANK	2060 MT. PARAN ROAD	ATLANTA	GA	30327	FULTON	UNITED STATES	73851	0	CORNERSTONEBANK	2992501	
OK		Full Service	4165354	DECATUR BRANCH	125 CLAIREMONT AVE	DECATUR	GA	30030	DEKALB	UNITED STATES	518508	2	CORNERSTONEBANK	2992501	
OK		Full Service	4165336	SANDY SPRINGS BRANCH	6344 ROSWELL ROAD NORTH EAST	SANDY SPRINGS	GA	30328	FULTON	UNITED STATES	463733	1	CORNERSTONEBANK	2992501	

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Cornerstone Bancshares, Inc.

2060 Mount Paran Road, NW

Atlanta, GA 30327

Fiscal Year Ending December 31, 2012

Report Item 3: Securities Holders

Name City, State, Country	Country of Citizenship or Incorporation	Number and Percentage of Each Class of Voting Securities
NORO Financial Management 2060 Mount Paran Rd, NW Suite 101 Atlanta, GA 30327, USA	USA	7%

No other securities holders had 5% or more during the year 2012.

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Cornerstone Bancshares, Inc.

2060 Mount Paran Road, NW

Atlanta, GA 30327

Fiscal Year Ending December 31, 2012

Report Item 4: Insiders

Name City, State, Country	Principal Occupation, if other than with Holding Company	Title and Position with Holding Company	Title and Position with Subsidiaries	Title and Position with Other Businesses	Percentage of Voting Shares in Holding Company	Percentage of Shares in Subsidiaries	List names of other companies including partnership if 25% or more of voting securities
Bill Pendleton Atlanta, GA, USA	CEO of Cornerstone Bank	Chairman of the Board & Director of the Holding Company	CEO & Director of Cornerstone Bank	N/A	3.5%		
Chris Burnett	President, Small Dealers Associates	President of Bancshares	Director of Cornerstone Bank	N/A	2.41%		
Frank Roach	CFO & Corporate Secretary, Cornerstone Bank	CFO & Corporate Secretary, Bancshares	CFO & Corporate Secretary of Cornerstone Bank	N/A	1.08%		

No 10% Shareholders