

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



FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 4, 2010

CORNERSTONE BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Tennessee

(State or other jurisdiction
of incorporation)

000-30497

(Commission
File Number)

62-1175427

(I.R.S. Employer
Identification No.)

835 Georgia Avenue, Chattanooga, Tennessee

(Address of principal executive offices)

37343

(Zip Code)

Registrant's telephone number, including area code

(423) 385-3000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On August 4, 2010, the Registrant issued a press release reporting earnings results for the fiscal quarter ended June 30, 2010.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 Press release dated August 4, 2010 reporting earnings results for the fiscal quarter ended June 30, 2010.

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 hereunto duly authorized.

CORNERSTONE BANCSHARES, INC.

(Registrant)

Date: August 4, 2010

By: /s/ Nathaniel F. Hughes
Nathaniel F. Hughes,
President and Chief Executive Officer

Cornerstone Bancshares, Inc. Announces 2nd Quarter 2010 Financial Results

CHATTANOOGA, Tenn.--(BUSINESS WIRE)--August 4, 2010--Cornerstone Bancshares, Inc. (OTC Bulletin Board: CSBQ) today announced the following:

Cornerstone Bancshares, Inc. ("Cornerstone") reported positive net income for the second consecutive quarter of 2010, with a net income for 2010 of \$362 thousand or \$.06 per diluted share. This represents an increase of 110 percent compared to the first six months of 2009's loss of \$(3.5) million or \$(0.54) per share. Cornerstone made a profit of \$18,000 in net income for the second quarter of 2010, compared to a loss of \$603 thousand for the same quarter of 2009. Cornerstone saw a 1.6 percent increase in its net interest margin driven by top-line interest revenue growth and lower interest expense.

Net charge-offs were \$1.4 million for the second quarter of 2010, compared to \$7.1 million for the second quarter of 2009. Cornerstone's allowance for loan losses was \$7.0 million or 2.2 percent of total loans as of June 30, 2010, compared to \$5.9 million or 1.75 percent as of December 31, 2009. Nonperforming assets were \$23.3 million or 4.4 percent of total assets at June 30, 2010, compared to \$17.9 million or 3.4 percent at December 31, 2009. Since the end of the second quarter, the Bank has recovered with no loss \$1.2 million from one of its non-accrual loans and expects to close the sale of a non-accrual loan in the amount of \$1.5 million with no loss. The Bank has seen an increased interest in its OREO holdings and currently has \$2 million under contract to close during the third quarter.

"Cornerstone continues to follow its strategic plan of reducing its risk profile by shrinking its loan portfolio, improving its loan mix and reducing its commercial real estate (CRE) concentrations," said Cornerstone's President and CEO Frank Hughes. "The bank has aggressively moved sub-standard CRE loans through the collection process and has ordered appraisals on these loans to accurately reflect their fair market value. This step places the Bank in a positive position to move forward once the capital campaign is completed."

Cornerstone, in order to thrive in the new banking paradigm, has prepared a preferred stock offering in the amount of \$15 million. The security will feature a 10 percent coupon, will be convertible into common stock and will have a cumulative dividend. The preferred stock will not be converted until five years and a 50 percent increase in common stock value over the preferred stock's strike price.

"Serving our customers, our community and all of our Cornerstone stakeholders remains our top priority," said Cornerstone Chairman Miller Welborn. "Our Board and management team are fully committed to this charge. And we're confident that, as the economy continues to improve, Cornerstone will continue to strengthen and move forward in a more profitable direction for the future."

In recognition of Cornerstone's accomplishments, Hughes, who had been serving as interim Chief Executive Officer since November of 2009, was officially appointed Chief Executive Officer in addition to his role as President, at the July Board meeting.

Cornerstone is a single-bank holding company, with \$520 million in assets, serving the Chattanooga, Tennessee MSA, with five branches throughout Chattanooga and one loan production office in Dalton, Georgia. Locally owned and locally operated, Cornerstone specializes in providing a comprehensive range of customized financial solutions for businesses and individuals.

Certain of the statements made in this release may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements, including statements regarding the intent, belief or current expectations of Cornerstone and its management regarding the company's strategic directions, prospects and future results, involve certain risks and uncertainties. Certain factors may cause actual results to differ materially from those contained in the forward-looking statements, including economic and other conditions in the markets in which Cornerstone operates, governmental regulations, the company's competitive environment, cyclical and seasonal fluctuations in its operating results, and other risks discussed in Cornerstone's Form 10-K and other filings with the Securities and Exchange Commission.

Cornerstone Bancshares, Inc.
Second Quarter Financial Highlights
June 30, 2010 and 2009
(Unaudited)

<i>(Amounts in thousands, except per share data)</i>	2010	2009	% Change
Balance Sheet Data at June 30			
Total assets	\$ 523,426	\$ 464,499	12.7
Interest-earning assets	492,537	440,505	11.8
Loans	318,796	360,615	(11.6)
OREO and other foreclosed assets	10,212	4,964	105.7
Deposits	400,648	337,040	18.9
Interest-bearing liabilities	91,355	92,877	(1.6)
Shareholders' equity	29,425	32,699	(10.0)
Loan to deposit ratio	79.57%	106.99%	(25.6)
Tier 1 Leverage Ratio (Bank)	5.78%	7.56%	(23.5)
Total Risk-Based Capital Ratio (Bank)	10.48%	10.50%	(0.2)
Outstanding shares (000s)	6,500	6,500	0.0
Book value per share	\$ 4.53	\$ 5.03	(10.0)
Tangible book value per share	\$ 4.13	\$ 4.64	(11.0)
Market value per share as of June 30	\$ 2.15	\$ 5.75	(62.6)
Loan Quality Data			
Nonaccruing loans	13,084	\$ 13,397	(2.3)
Loans past due 90 days – accruing	-	-	-
Net charge-offs YTD	1,418	9,594	(85.2)
Allowance for loan losses	6,967	7,383	(5.6)
Allowance for loan losses to total loans	2.19%	2.05%	
Nonperforming assets to total assets	4.45%	3.95%	
Performance Data for the First Six Months			
Net income	362	(3,514)	110.3
Return on average assets	0.27%	-3.06%	
Return on average equity	4.98%	-41.52%	
Net interest margin	3.52%	3.48%	
Per share data:			
Net income – basic	\$ 0.06	\$ (0.54)	
Net income – diluted	\$ 0.06	\$ (0.54)	
Dividends	\$ -	\$ 0.10	
Average shares (000s):			
Basic	6,500	6,500	
Diluted	6,500	6,500	

Cornerstone Bancshares, Inc.
Loan Loss Allowance and Asset Quality Review

	2010		2009		
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter
<i>(Amounts in thousands)</i>					
Allowance for loan losses					
Balance at beginning of period	\$ 6,760	\$ 5,905	\$ 7,398	\$ 7,383	\$ 12,885
Provision for loan losses	1,465	1,015	4,150	3,390	1,634
Net charge-offs	\$ (1,258)	\$ (160)	\$ (5,643)	\$ (3,375)	\$ (7,136)
Balance at end of period	\$ 6,967	\$ 6,760	\$ 5,905	\$ 7,398	\$ 7,383
As a % of loans	2.19%	2.07%	1.75%	2.12%	2.05%
As a % of nonperforming loans	53.25%	79.83%	80.24%	90.90%	55.11%
As a % of nonperforming assets	29.91%	39.34%	32.98%	46.44%	40.21%
Net charge-offs as a % of loans (a)	1.58%	0.20%	6.70%	3.87%	7.92%
Risk element assets					
Nonaccruing loans	\$ 13,084	\$ 8,468	\$ 7,360	\$ 8,139	\$ 13,397
Loans past due 90 days – accruing	-	-	-	-	-
Total nonperforming loans	13,084	8,468	7,360	8,139	13,397
Repossessed assets	350	473	217	98	181
Other real estate owned	9,862	8,241	10,327	7,695	4,783
Total nonperforming assets	\$ 23,296	\$ 17,183	\$ 17,904	\$ 15,932	\$ 18,361
Loans past due 30-89 days	\$ 6,655	\$ 6,588	\$ 5,027	\$ 19,062	\$ 9,636
Nonperforming loans as a % of loans	4.10%	2.60%	2.19%	2.33%	3.71%
Nonperforming assets as a % of loans and other real estate owned	7.09%	5.14%	5.16%	4.47%	5.02%
Total Loans	318,796	325,948	336,692	349,050	360,615

(a) Annualized

Cornerstone Bancshares Inc.
Net Interest Margin Analysis
Taxable Equivalent Basis

Three months ended
June 30

(Amounts in thousands)

Assets	2010			2009		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
Earning assets:						
Loans, net of unearned income	\$ 321,455	\$ 5,494	6.86%	\$ 370,524	\$ 6,035	6.53%
Investment securities	151,220	1,216	3.44%	56,849	386	2.91%
Other earning assets	33,957	22	0.26%	11,089	7	0.24%
Total earning assets	506,631	\$ 6,732	5.39%	438,461	\$ 6,428	5.90%
Allowance for loan losses	(6,797)			(9,326)		
Cash and other assets	29,821			30,509		
TOTAL ASSETS	\$ 529,655			\$ 459,645		
Liabilities and Shareholder's Equity						
Interest bearing liabilities:						
Interest bearing demand deposits	\$ 42,565	\$ 36	0.34%	\$ 31,702	\$ 30	0.38%
Savings deposits	9,090	12	0.51%	8,101	10	0.51%
MMDA's	21,952	52	0.95%	28,754	70	0.97%
Time deposits of \$100,000 or more	89,648	468	2.10%	57,502	481	3.36%
Time deposits of \$100,000 or less	210,072	1,151	2.20%	165,234	1,388	3.37%
Federal funds purchased and securities sold under agreements to repurchase	23,807	32	0.54%	22,479	44	0.78%
Other borrowings	69,833	760	4.36%	72,454	768	4.25%
Total interest bearing liabilities	466,968	2,511	2.16%	386,226	2,791	2.90%
Net interest spread		\$ 4,221	3.24%		\$ 3,637	3.01%
Noninterest bearing demand deposits	39,061			42,752		
Accrued expenses and other liabilities	(5,480)			(3,190)		
Shareholders' equity	29,105			33,857		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 529,655			\$ 459,645		
Net yield on earning assets			<u>3.41%</u>			<u>3.35%</u>
Taxable equivalent adjustment:						
Loans		0			0	
Investment securities		81			26	
Total adjustment		<u>81</u>			<u>26</u>	

Cornerstone Bancshares, Inc.
Net Interest Margin Analysis
Taxable Equivalent Basis

Six months ended
June 30

(Amounts in thousands)

Assets	<u>2010</u>			<u>2009</u>		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Earning assets:						
Loans, net of unearned income	\$ 325,715	\$ 11,442	7.08%	\$ 377,095	\$ 12,477	6.67%
Investment securities	143,072	2,346	3.52%	54,976	800	3.12%
Other earning assets	39,927	45	0.23%	12,517	15	0.24%
Total earning assets	<u>508,714</u>	<u>\$ 13,833</u>	5.55%	<u>444,588</u>	<u>\$ 13,292</u>	6.05%
Allowance for loan losses	(6,397)			(9,232)		
Cash and other assets	<u>29,653</u>			<u>29,469</u>		
TOTAL ASSETS	<u>\$ 531,970</u>			<u>\$ 464,825</u>		
Liabilities and Shareholder's Equity						
Interest bearing liabilities:						
Interest bearing demand deposits	\$ 35,277	\$ 66	0.38%	\$ 30,270	\$ 56	0.37%
Savings deposits	8,910	23	0.51%	7,960	20	0.51%
MMDA's	22,830	109	0.96%	30,893	149	0.97%
Time deposits of \$100,000 or more	84,708	895	2.13%	58,559	1,010	3.48%
Time deposits of \$100,000 or less	218,649	2,408	2.22%	165,425	2,854	3.48%
Federal funds purchased and securities sold under agreements to repurchase	23,723	68	0.57%	23,509	98	0.84%
Other borrowings	<u>71,063</u>	<u>1,539</u>	4.37%	<u>71,946</u>	<u>1,474</u>	4.13%
Total interest bearing liabilities	465,160	5,107	2.21%	388,562	5,661	2.94%
Net interest spread		<u>\$ 8,726</u>	3.33%		<u>\$ 7,631</u>	3.11%
Noninterest bearing demand deposits	43,610			42,907		
Accrued expenses and other liabilities	(5,688)			(2,028)		
Shareholders' equity	<u>28,888</u>			<u>35,384</u>		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 531,970</u>			<u>\$ 464,825</u>		
Net yield on earning assets			<u>3.52%</u>			<u>3.48%</u>
Taxable equivalent adjustment:						
Loans		0			0	
Investment securities		<u>155</u>			<u>50</u>	
Total adjustment		<u>155</u>			<u>50</u>	

Cornerstone Bancshares Inc.
Quarterly Earnings Summary

	(Unaudited)					
	2010		2009		Q2-10 / Q2-09	
	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	% Chg
Interest Income						
Loans, including fees	\$ 5,494	\$ 5,948	\$ 5,907	\$ 6,018	\$ 6,035	(9.0)
Investment securities	1,216	1,129	683	358	386	215.1
Other earning assets	22	24	20	30	7	210.5
Total interest income	6,732	7,101	6,610	6,406	6,428	4.7
Interest expense						
Deposits	1,719	1,782	1,948	1,971	1,979	(13.1)
Short-term borrowings	32	35	31	37	44	(27.0)
FHLB advances and other borrowings	760	779	783	758	768	(1.1)
Total interest expense	2,511	2,596	2,762	2,766	2,791	(10.0)
Net interest income						
	4,221	4,505	3,848	3,640	3,637	16.1
Provision for loan losses	1,465	1,015	4,150	3,390	1,634	(10.3)
Net interest income after the provision for loan losses	2,756	3,490	(302)	250	2,003	37.6
Noninterest income						
Customer Service Fees	342	342	370	417	435	(21.3)
Other non-interest income	29	31	28	29	148	(80.4)
Gain / (Loss) on sale of assets	439	(53)	(1,035)	(262)	147	198.6
Total noninterest income	810	320	(636)	184	730	11.0
Noninterest expense						
Salaries and employee benefits	1,521	1,633	1,642	1,623	1,848	(17.7)
Net Occupancy and equipment	369	355	371	383	388	(5.0)
Depository Insurance	237	247	606	159	280	(100.0)
Other operating expense	1,476	1,081	1,313	1,114	1,257	17.4
Total noninterest expense	3,603	3,317	3,931	3,279	3,773	(4.5)
Income (loss) before income taxes	(37)	493	(4,869)	(2,844)	(1,041)	NM
Income tax (benefit) expense	(55)	150	(1,904)	(1,145)	(437)	NM
Net income (loss)	\$ 18	\$ 344	\$ (2,965)	\$ (1,700)	\$ (603)	NM
Net income (loss) per share:						
Basic	\$ 0.00	\$ 0.05	\$ (0.46)	\$ (0.26)	\$ (0.09)	NM
Diluted	\$ 0.00	\$ 0.05	\$ (0.46)	\$ (0.26)	\$ (0.09)	NM
Average basic shares (000s) (1)	6,500	6,500	6,500	6,500	6,500	NM
Average diluted shares (000s) (1)	6,500	6,500	6,500	6,500	6,500	NM
Performance Ratios						
Return on average equity	0.25%	4.80%	-38.13%	-20.70%	-7.13%	NM
Return on average assets	0.01%	0.26%	-2.28%	-1.39%	-0.52%	NM
Net interest margin	3.41%	3.64%	3.24%	3.18%	3.35%	NM
Average equity	29,105	28,668	31,104	32,838	33,857	(14.0)
Average assets	529,655	534,312	519,520	488,870	459,645	15.2
Average interest-earning assets	506,631	510,386	499,047	454,058	438,461	15.5

NM=Not Material

(1) The 2009 average number of common shares outstanding have been retroactively adjusted to reflect two stock dividends that occurred during 2009.

Cornerstone Bancshares, Inc.
Loan Stratification

(Amounts in thousands)	2010 Second Quarter	% of Total	2009 Second Quarter	% of Total	% Dollar Change
Non-residential real estate					
Owner occupied	\$ 73,124	22.9	\$ 84,902	23.5	(13.9)
Non-owner occupied	71,767	22.5	70,246	19.5	2.2
Multi-family real estate	12,957	4.1	13,479	3.7	(3.9)
1-4 family Construction	5,671	1.8	10,894	3.0	(47.9)
Commercial land and lot development	27,604	8.7	50,026	13.9	(44.8)
Total non-residential real estate	191,123	60.0	229,547	63.7	(16.7)
Residential real estate					
First Mortgage – 1-4 family	41,511	13.0	42,015	11.7	(1.2)
Second Mortgage - 1-4 family	5,165	1.6	3,570	1.0	44.7
Home equity lines	11,012	3.5	13,077	3.6	(15.8)
Total residential real estate	57,688	18.1	58,662	16.3	(1.7)
Total real estate loans	248,811	78.0	288,209	79.9	(13.7)
Commercial	57,790	18.1	65,328	18.1	(11.5)
Agricultural & other	8,522	2.7	2,387	0.7	257.0
Consumer	3,673	1.2	4,691	1.3	(21.7)
Total loans, net of unearned fees	\$ 318,796	100.0	\$ 360,615	100.0	(11.6)

Cornerstone Bancshares, Inc.
Consolidated Balance Sheets

		Unaudited	
		June 30,	December 31,
ASSETS		2010	2009
Cash and due from banks		\$ 43,690,546	\$ 38,202,205
Securities available for sale		129,610,261	124,415,318
Securities held to maturity		114,705	135,246
Federal Home Loan Bank stock, at cost		2,322,900	2,229,200
Loans, net of allowance for loan losses of \$6,967,292 at June 30, 2010 and \$5,905,054 at December 31, 2009		311,828,256	330,787,382
Bank premises and equipment, net		7,659,025	8,098,059
Accrued interest receivable		1,662,436	1,520,699
Goodwill and amortizable intangibles		2,587,316	2,579,211
Foreclosed assets		10,212,411	10,327,297
Other assets		13,738,466	14,109,769
Total Assets		<u>\$ 523,426,322</u>	<u>\$ 532,404,386</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Deposits:			
Noninterest-bearing demand deposits		\$ 47,663,569	\$ 41,971,956
Interest-bearing demand deposits		36,802,797	26,533,329
Savings deposits and money market accounts		31,893,781	31,029,587
Time deposits of \$100,000 or more		109,225,781	91,064,094
Time deposits of less than \$100,000		175,062,529	214,143,147
Total deposits		400,648,457	404,742,113
Federal funds purchased and securities sold under agreements to repurchase		24,105,165	26,321,885
Federal Home Loan Bank advances and other borrowing		67,250,000	72,350,000
Accrued interest payable		374,582	351,360
Other liabilities		1,623,449	801,549
Total Liabilities		<u>494,001,653</u>	<u>504,566,907</u>
Stockholders' Equity			
Preferred stock - no par value; 2,000,000 shares authorized; no shares issued		-	-
Common stock - \$1.00 par value; 10,000,000 shares authorized; 6,709,199 issued in 2010 and 2009; 6,500,396 outstanding in 2010 and 2009		6,500,396	6,500,396
Additional paid-in capital		21,199,992	21,162,686
Retained earnings		786,787	424,854
Accumulated other comprehensive income		937,494	(250,457)
Total Stockholders' Equity		<u>29,424,669</u>	<u>27,837,479</u>
Total Liabilities and Stockholders' Equity		<u>\$ 523,426,322</u>	<u>\$ 532,404,386</u>

Cornerstone Bancshares, Inc.
Consolidated Statements of Income

	Unaudited Three months ended June 30		Unaudited Six months ended June 30	
	2010	2009	2010	2009
	INTEREST INCOME			
Loans, including fees	\$ 5,493,946	\$ 6,035,104	\$ 11,442,192	\$ 12,477,209
Investment securities	1,216,300	386,065	2,345,579	800,126
Federal funds sold & other earning assets	21,732	6,697	45,393	14,646
Total interest income	<u>6,731,978</u>	<u>6,427,866</u>	<u>13,833,164</u>	<u>13,291,981</u>
INTEREST EXPENSE				
Time deposits \$100,000 or more	588,314	480,917	1,134,340	1,010,094
Other deposits	1,130,535	1,498,072	2,366,259	3,079,687
Federal funds purchased and securities sold under agreements to repurchase	32,142	43,880	67,557	97,929
FHLB advances and other borrowing	759,803	768,199	1,539,000	1,474,035
Total interest expense	<u>2,510,794</u>	<u>2,791,068</u>	<u>5,107,156</u>	<u>5,661,745</u>
Net interest income before provision for loan losses	4,221,184	3,636,798	8,726,008	7,630,236
Provision for loan losses	1,465,000	1,633,898	2,480,000	7,358,898
Net interest income after the provision for loan losses	<u>2,756,184</u>	<u>2,002,900</u>	<u>6,246,008</u>	<u>271,338</u>
NONINTEREST INCOME				
Customer service fee	342,126	434,595	684,040	842,738
Other noninterest income	29,273	149,083	60,195	184,915
Net gains / (losses) from sale of loans and other assets	438,886	146,613	386,195	(34,248)
Total noninterest income	<u>810,285</u>	<u>730,291</u>	<u>1,130,430</u>	<u>993,405</u>
NONINTEREST EXPENSE				
Salaries and employee benefits	1,521,216	1,848,452	3,154,560	3,690,127
Net occupancy and equipment expense	368,506	387,897	723,689	796,836
Depository insurance	237,499	279,551 *	484,836	341,277 *
Other operating expense	1,476,201	1,257,459	2,556,818	2,237,861
Total noninterest expense	<u>3,603,422</u>	<u>3,773,359</u>	<u>6,919,903</u>	<u>7,066,101</u>
Income / (loss) before provision for income taxes	(36,953)	(1,040,168)	456,535	(5,801,358)
Provision / (benefit) for income taxes	(55,099)	(437,369)	94,602	(2,287,056)
NET INCOME / (LOSS)	<u>\$ 18,146</u>	<u>\$ (602,799)</u>	<u>\$ 361,933</u>	<u>\$ (3,514,302)</u>
EARNINGS / (LOSS) PER COMMON SHARE				
Basic net income / (loss) per common share	\$ -	\$ (0.09)	\$ 0.06	\$ (0.54)
Diluted net income / (loss) per common share	\$ -	\$ (0.09)	\$ 0.06	\$ (0.54)
DIVIDENDS DECLARED PER COMMON SHARE	\$ -	\$ 0.03	\$ -	\$ 0.10

* Includes Special one time Assessment on June 30, 2009 in the amount of \$213,151

Cornerstone Bancshares, Inc.
Consolidated Statement of Changes in Stockholders' Equity - Unaudited
For the three months ended June 30, 2010

	Comprehensive Income	Common Stock	Additional Paid-in Capital	Retained Earnings	Other Comprehensive Income	Total Stockholders' Equity
BALANCE, December 31, 2009		\$6,500,396	\$21,162,686	\$424,854	\$ (250,457)	\$ 27,837,479
Employee compensation stock option expense		-	37,306	-	-	37,306
Comprehensive income:						
Net income	\$ 361,933	-	-	361,933	-	361,933
Other comprehensive income, net of tax:						
Unrealized holding gains on securities available for sale, net of reclassification adjustment	1,187,951	-	-	-	1,187,951	1,187,951
Total comprehensive income	<u>\$ 1,549,884</u>					
BALANCE, June 30, 2010		<u>\$6,500,396</u>	<u>\$21,199,992</u>	<u>\$786,787</u>	<u>\$ 937,494</u>	<u>\$ 29,424,669</u>

CONTACT:

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