

Annual Report



MainStreet Bank
2014

Dear Fellow Shareholders,

When we started MainStreet, we decided to take advantage of the latest in technology whenever and wherever possible. Looking back in time – that was absolutely the right decision for our bank. The pace of change has only accelerated since then, with significant improvements in mobile devices, data transfer speeds and overall advancements in technology. Branch banking remains relevant. But in order to be competitive we need to focus on the internet, and perhaps even more so, on providing a very mobile-friendly user experience. As it turns out, our two primary taglines – “Put our Bank in Your Office®” and “Bank Where You Breathe®” - were exceptionally forward looking.

2014 was a great year for MainStreet. We are proud of our accomplishments and the headlines we created. Net income after tax grew 73% to nearly \$1.8 million. Our balance sheet grew 24% ending the year at \$345 million in total assets. Our asset quality is extremely strong and we are well positioned for future growth.

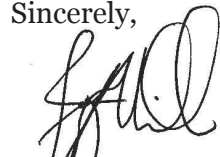
2014 marked the 10th year of operations for MainStreet. It also marked a significant opportunity for us to review contracts and leasehold agreements. Over the course of the year, we were able to significantly reduce leasehold costs. We relocated our McLean branch to a location we now own with much improved access. We were also able to renegotiate service contracts to include more favorable rates and terms – given the maturity and success of our business model.

We continue to look for ways to diversify our loan portfolio and manage our risk profile. We acquired an indirect lending team near the end of 2014 and are in the process of bringing that business unit online. We hired additional commercial lenders who are experienced in government contracting, commercial real estate and construction. Finally, we continue to add experienced team members in the deposit generating area.

Our stock price continues to rebound nicely based upon consistent and improving earnings performance. We raised an additional \$12.12 million of capital (net of offering costs) near year-end, for which we were nicely oversubscribed. Thank you to our investors who have stayed with us over time and who have recently joined us. The future is bright for MainStreet Bank.

If you don't already bank with us, we'd love the chance to speak with you. Please call us today at (703) 481-4567 so you can start enjoying the opportunity to “Bank Where You Breathe®”.

Sincerely,



Jeff W. Dick
Chairman, CEO & President



Thomas J. Chmelik
Executive Vice President & CFO

**MainStreet Bank
Balance Sheets**

December 31,	2014	2013
ASSETS		
Cash and cash equivalents		
Cash and due from banks	\$ 7,170,780	\$ 4,274,948
Federal funds sold	—	207,595
Total cash and cash equivalents	7,170,780	4,482,543
Investment securities available for sale, at fair value	38,642,612	26,076,694
Investment securities held to maturity (fair value of \$14,453,581 and \$8,148,450, respectively)	13,865,984	8,206,740
Restricted equity securities, at cost	1,166,150	1,210,150
Loans, net of allowance for loan losses of \$2,758,716 and \$2,469,778, respectively	269,094,392	223,716,979
Premises and equipment, net	12,902,268	11,520,406
Other real estate owned, net	234,000	234,000
Accrued interest and other receivables	1,143,068	886,130
Other assets	756,605	980,146
Total Assets	\$ 344,975,859	\$ 277,313,788
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Non-interest bearing deposits	\$ 51,561,820	\$ 42,763,670
Savings and NOW deposits	34,208,343	33,503,819
Money market deposits	34,740,573	33,043,321
Other time deposits	181,843,810	141,050,482
Total deposits	302,354,546	250,361,292
Securities sold under agreements to repurchase	410,987	114,554
Federal Home Loan Bank advances and other borrowings	1,493,667	1,382,667
Other liabilities	954,000	162,913
Total Liabilities	305,213,200	252,021,426
Stockholders' Equity:		
Common stock, \$4 par value. (Authorized 7,500,000 shares; issued and outstanding 4,213,698 shares (including 115,977 nonvested shares) for December 31, 2014 and 2,689,360 shares (including 121,425 nonvested shares) for December 31, 2013)	16,390,884	10,271,740
Capital surplus	21,625,893	15,389,031
Retained earnings	1,755,340	2,409
Accumulated other comprehensive income (loss)	(9,458)	(370,818)
Total Stockholders' Equity	39,762,659	25,292,362
Total Liabilities and Stockholders' Equity	\$ 344,975,859	\$ 277,313,788

The accompanying notes are an integral part of these financial statements.

MainStreet Bank
Statements of Income

Years Ended December 31,	2014	2013
INTEREST INCOME:		
Interest and fees on loans	\$ 13,324,710	\$ 11,797,251
Interest on investment securities	891,021	451,209
Interest on federal funds sold	25,540	42,422
Total interest income	14,241,271	12,290,882
INTEREST EXPENSE:		
Interest on savings and NOW deposits	140,044	123,708
Interest on money market deposits	104,575	91,287
Interest on other time deposits	1,807,650	1,774,137
Interest on Federal Home Loan Bank advances and other borrowings	17,821	25,468
Total interest expense	2,070,090	2,014,600
Net interest income	12,171,181	10,276,282
Provision for loan losses	586,500	224,141
Net interest income after provision for loan losses	11,584,681	10,052,141
OTHER INCOME:		
Deposit account service charges	428,693	400,346
Gain on securities available for sale	104,853	17,512
Mortgage origination fees	205,853	210,488
Other loan fees	193,402	163,871
Other operating income	84,066	65,322
Total other income	1,016,867	857,539
OTHER EXPENSES:		
Salaries and employee benefits	5,678,624	5,177,741
Occupancy expenses	833,625	789,408
Furniture and equipment expenses	1,050,101	1,011,178
Advertising and marketing	174,945	276,865
Outside services	321,029	292,943
Franchise tax	199,606	193,759
FDIC insurance	301,500	366,404
Data processing	433,724	459,620
Other operating expenses	1,103,463	826,750
Total other expenses	10,096,617	9,394,668
INCOME BEFORE INCOME TAXES	2,504,931	1,515,012
Income tax expense	752,000	501,792
NET INCOME	\$ 1,752,931	\$ 1,013,220
Net income per common share, basic and diluted	\$ 0.64	\$ 0.38
Weighted average number of shares, basic and diluted	2,726,316	2,689,013

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