

**MAINSTREET BANK**  
**727 Elden Street**  
**Herndon, Virginia 20170**  
**(703) 481-4567**

April 9, 2010

Dear Shareholders:

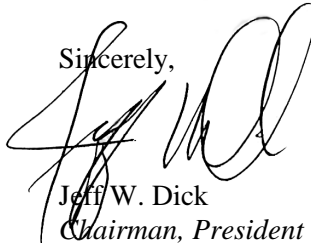
On behalf of the Board of Directors and management of MainStreet Bank, we cordially invite you to attend the 2010 Annual Meeting of Shareholders. The meeting will be held at 10:00 a.m. local time, on Wednesday, May 19, 2010 at the Friends Meeting House, located at 660 Spring Street, Herndon, Virginia.

The matters expected to be acted upon at the meeting are described in the enclosed proxy statement. In addition, we will report on our progress to date, and entertain your questions and comments.

We encourage you to attend the meeting in person. Whether or not you plan to attend, however, **please read the enclosed proxy statement and then complete, sign and date the enclosed proxy and return it in the accompanying postage-prepaid return envelope provided as promptly as possible.** This will save us the expense of making an additional solicitation of proxies to ensure a quorum and will ensure that your shares are represented at the annual meeting.

Your Board of Directors and management are committed to the success of MainStreet Bank, and the enhancement of your investment. As President, I want to express my appreciation for your confidence and support.

Sincerely,



Jeff W. Dick

*Chairman, President & Chief Executive Officer*

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727 Elden Street  
Herndon, Virginia 20170  
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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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**To be held on May 19, 2010**

Notice is hereby given that the 2010 Annual Meeting of Shareholders of MainStreet Bank will be held at the Friends Meeting House (opposite the Bank's parking lot), 660 Spring Street, Herndon, Virginia, on Wednesday, May 19, 2010, at 10:00 a.m. local time.

**A proxy card and a proxy statement for the annual meeting are enclosed.**

At the annual meeting, shareholders will be asked to:

- (1) Elect the two Group III directors identified in this proxy statement for a term of three years each, or until their successors are elected and qualify.
- (2) Ratification of the appointment of Yount, Hyde & Barbour, P.C. as MainStreet Bank's independent public accountants for the fiscal year ending December 31, 2010.

Shareholders will also be asked to consider any other business that is properly brought before the meeting, or any adjournment or postponement thereof. As of the date of this notice, we are not aware of any other business to come before the annual meeting.

The Board of Directors has fixed the close of business on March 25, 2010, as the record date for the annual meeting. This means that shareholders of record at the close of business on that date are entitled to receive notice of and to vote at the meeting and any adjournment or postponement thereof. **To ensure that your shares are represented at the meeting, please take the time to vote by signing, dating and mailing the enclosed proxy card which is solicited on behalf of the Board of Directors. The proxy will not be used if you attend the annual meeting and request to vote in person. Regardless of the number of shares you own, your vote is very important. Please act today.**

BY ORDER OF THE BOARD OF DIRECTORS



Thomas J. Chmelik  
Secretary

Herndon, Virginia  
April 9, 2010

**Important: The prompt return of proxies will save us the expense of further requests for proxies to ensure a quorum at the annual meeting. A pre-addressed envelope is enclosed for your convenience. No postage is required if mailed within the United States.**

**MAINSTREET BANK**  
727 Elden Street  
Herndon, Virginia 20170  
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**PROXY STATEMENT**

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**ANNUAL MEETING OF SHAREHOLDERS**  
**To be held on May 19, 2010**

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MainStreet Bank's Board of Directors is using this proxy statement to solicit proxies from the holders of MainStreet Bank common stock for use at our 2010 annual meeting of shareholders. We are first mailing this proxy statement and the enclosed proxy to our shareholders on or about April 9, 2010.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE SHAREHOLDER MEETING TO BE HELD ON MAY 19, 2010**

The notice of annual meeting of shareholders, this proxy statement and our 2009 annual report to shareholders are available on the internet at [www.mstreetbank.com](http://www.mstreetbank.com) under "Corporate Information/Annual Meeting."

**INFORMATION ABOUT THE ANNUAL MEETING**

**Time and Place of the Annual Meeting.**

Our annual meeting will be held as follows:

**Date:** May 19, 2010  
**Time:** 10:00 a.m. local time  
**Place:** Friends Meeting House  
660 Spring Street  
Herndon, Virginia 20170

**Directions to the Annual Meeting.**

To obtain directions to attend the annual meeting and vote in person, please contact the Secretary of the Bank at (703) 481-4567.

**Matters to be Considered at the Annual Meeting.**

At the meeting, shareholders of the Bank are being asked to consider and vote upon the following proposals:

- Proposal 1. Election of two Group III directors for a term of three years each, or until their successors are elected and qualify.
- Proposal 2. Ratification of the appointment of Yount, Hyde & Barbour, P.C. as the Bank's independent public accountants for the fiscal year ending December 31, 2010.

The shareholders also will transact any other business that may properly come before the annual meeting. As of the date of this proxy statement, we are not aware of any other business to be presented for consideration at the annual meeting other than the matters described in this proxy statement.

### **Who is Entitled to Vote?**

We have fixed the close of business on March 25, 2010 as the record date for shareholders entitled to notice of and to vote at the annual meeting. Only holders of record of the Bank's common stock on that record date are entitled to notice of and to vote at the annual meeting. You are entitled to one vote for each share of the Bank's common stock you own. On March 25, 2010, 2,584,912 shares of the Bank's common stock were outstanding and entitled to vote at the annual meeting.

### **What if My Shares are Held in "Street Name" by a Broker?**

If you are the beneficial owner of shares held in "street name" by a broker, your broker, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If you do not give instructions to your broker, in certain circumstances your broker may nevertheless vote the shares with respect to "routine" items, but will not be permitted to vote your shares with respect to "non-routine" items, pursuant to current industry practice. Shares that your broker cannot vote on a particular matter because it has not received instructions from you are called "broker non-votes." Starting this year, the election of directors (Proposal 1) is considered a "non-routine" item. If you do not instruct your broker how to vote with respect to this item, your broker may not vote your shares with respect to this proposal. The ratification of the appointment of Yount, Hyde & Barbour, P.C. as the Bank's independent public accountants (Proposal 2) is considered a routine item.

### **How Many Shares Must Be Present to Hold the Meeting?**

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of at least one-third (1/3) of the shares of common stock entitled to vote at the annual meeting will constitute a quorum. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

### **What If a Quorum Is Not Present at the Meeting?**

If a quorum is not present at the scheduled time of the meeting, a majority of the shareholders present or represented by proxy may adjourn the meeting until a quorum is present. The date, time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given unless the adjourned meeting is set to be held after September 16, 2010. An adjournment will have no effect on the business that may be conducted at the meeting.

### **Vote Required to Approve Proposal 1: Election of Directors.**

If a quorum is present at the annual meeting, those director nominees receiving the greatest number of votes cast for the election of directors by shares present at the meeting in person or by proxy will be elected directors. Pursuant to the Bank's articles of incorporation, shareholders are not permitted to cumulate their votes for the election of directors. Votes may be cast for or withheld from each nominee. Votes that are withheld and broker non-votes will be excluded entirely from the vote and will have no effect on the election of directors. **Our Board of Directors recommends that you vote "FOR" the election of each of the director nominees.**

## **Vote Required to Approve Proposal 2: Ratification of Independent Public Accountants.**

If a quorum is present at the annual meeting, the affirmative vote of a majority of votes cast on this proposal is needed to ratify the appointment of Yount, Hyde & Barbour, P.C. as the Bank's independent public accountants for the year ending December 31, 2010. Abstentions and broker non-votes are generally not considered to be votes cast and therefore will have no effect on the outcome of this proposal. **Our Board of Directors recommends that you vote "FOR" the ratification of Yount, Hyde & Barbour, P.C. as the Bank's independent public accountants.**

## **How Do I Vote at the Annual Meeting?**

Proxies are solicited to provide all shareholders of record on the record date an opportunity to vote on matters scheduled to be voted upon at the annual meeting and described in these materials. Shares of the Bank's common stock can only be voted if the shareholder is present at the annual meeting in person or by proxy. To ensure your representation at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting. You can always revoke your proxy and request to vote in person at the meeting.

Voting instructions are included on your proxy card. Shares of the Bank's common stock represented by properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to the Bank with no specific instruction as to how to vote at the annual meeting, the persons named in the proxy will vote the shares "FOR" the election of each of the director nominees named in Proposal 1 and "FOR" the ratification of Yount, Hyde & Barbour, P.C. as the Bank's independent public accountants in Proposal 2. Should any other matters be properly presented at the annual meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on such matters in accordance with their best judgment. No other matters are currently expected by the Board of Directors to be presented at the annual meeting.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children -- in which case you will receive three separate proxy cards to vote. To ensure that all of your shares are represented at the meeting, please complete and return all proxy cards you receive.

## **May I Revoke My Proxy?**

You may revoke your proxy any time before it is voted by:

- submitting a new proxy with a later date;
- notifying the Secretary of the Bank in writing before the annual meeting that you have revoked your proxy; or
- voting in person at the annual meeting.

If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if your shares are held in the name of your broker, bank or other nominee, you must bring a validly executed proxy from the nominee indicating that you have the right to vote your shares.

## **Proxy Solicitation Costs.**

The Bank will pay the cost of soliciting proxies. In addition to this mailing, our directors, officers and employees may also solicit proxies personally, electronically or by telephone, but will not receive additional compensation from the Bank for these services. We will reimburse brokers and other nominees for their expenses in sending these materials to you and obtaining your voting instructions.

<b>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</b>
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**Stock Ownership of Directors, Executive Officers and 5% Owners.**

The following table sets forth information regarding the beneficial ownership, as of March 25, 2010, of the Bank's common stock by:

- persons known by the Bank to be the owners of more than 5% of the Bank's common stock;
- each director and director nominee of the Bank;
- each executive officer of the Bank named in the Summary Compensation Table appearing under "Executive Compensation" below; and
- all current directors and executive officers of the Bank as a group.

There are two persons or entities (or groups of affiliated persons or entities) known by management to beneficially own more than 5% of the Bank's common stock. The address of each of the beneficial owners, except where otherwise indicated, is the same address as the Bank.

For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Securities Exchange Act of 1934 (the "Exchange Act") under which, in general, a person is deemed to be the beneficial owner of a security if he or she has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he or she has the right to acquire beneficial ownership of the security within sixty days. Except as otherwise noted, the nature of beneficial ownership for shares reported in this table is sole voting and investment power.

<u>Name</u>	<u>Common Stock Beneficially Owned</u> <sup>(1)(2)</sup>	<u>Exercisable Options Included in Common Stock Beneficially Owned</u> <sup>(2)</sup>	<u>Percent of Common Stock Outstanding</u>
Hot Creek Capital, L.L.C. 6900 South McCarran Blvd. Suite 3040 Reno, Nevada 89509	216,400 <sup>(3)</sup>	--	8.37%
First Manhattan Company 437 Madison Ave. New York, NY 10022	177,268 <sup>(4)</sup>	--	6.86%
B. Drew Brown	8,554 <sup>(5)</sup>	--	*
Thomas J. Chmelik	84,100 <sup>(6)</sup>	12,500	3.24%
Dr. William E. Cox	12,500	2,500	*
Jeff W. Dick	108,250 <sup>(7)</sup>	12,500	4.17%
Paul Thomas Haddock	15,500 <sup>(8)</sup>	3,500	*
Donna Miller	13,500	3,500	*
Patsy I. Rust	12,500 <sup>(9)</sup>	2,500	*
Directors, director nominees and executive officers of the Bank as a group (9 persons) <sup>(10)</sup>	<u>263,417</u>	<u>37,000</u>	<u>10.05%</u>

\* Percentage of ownership is less than 1% of the Bank's outstanding shares of common stock.

- (1) Includes shares held directly, as well as shares held jointly with family members, shares held in retirement accounts, held in a fiduciary capacity, held by certain of the individual's family members, or held by trusts of which the individual is a trustee, with respect to which shares the individual may be deemed to have sole or shared voting and/or investment powers.
- (2) The number of shares of common stock shown in the table includes shares that the individuals have the right to acquire, or will obtain the right to acquire, through the exercise of stock options through May 24, 2010.
- (3) According to Schedule 13G/A dated January 29, 2010, as of December 31, 2009, Hot Creek Capital, L.L.C. has sole voting and sole investment power with respect to all 216,400 of the reported shares.
- (4) According to Schedule 13G dated February 16, 2010, as of December 31, 2009, First Manhattan Company has sole voting and sole investment power with respect to 93,313 of the reported shares and shared investment power with respect to 83,955 of the reported shares.
- (5) Includes 4,111 restricted shares over which Mr. Brown does not have investment power until such shares vest.
- (6) Includes 37,500 restricted shares over which Mr. Chmelik does not have investment power until such shares vest and 1,000 shares held by Mr. Chmelik's spouse, over which Mr. Chmelik has no voting or investment power.
- (7) Includes 46,875 restricted shares over which Mr. Dick does not have investment power until such shares vest.
- (8) Includes 7,000 shares held by Mr. Haddock's spouse, over which Mr. Haddock has no voting or investment power.
- (9) Includes 500 shares held by Ms. Rust's spouse, over which Ms. Rust has no voting or investment power.
- (10) Includes 5,156 shares held by Dennis J. Dunn, Senior Vice President and Chief Credit Officer, 500 of which are held by Mr. Dunn's spouse over which Mr. Dunn has no voting or investment power, and 3,357 shares held by Thomas F. Lackey, Senior Vice President and Chief Business Officer.

#### **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires directors, executive officers, and any persons holding more than 10% of the Bank's common stock to report their initial ownership of the Bank's equity securities and any subsequent changes in that ownership to the Board of Governors of the Federal Reserve System. Based on a review of these reports and written representations furnished to the Bank by its directors and executive officers, the Bank believes that its executive officers and directors complied with all reporting requirements under Section 16(a) of the Exchange Act for 2009, with the following exceptions: Dennis J. Dunn and B. Drew Brown each filed one late Form 4 reporting one transaction.

#### **PROPOSAL 1 -- ELECTION OF DIRECTORS**

The Board currently consists of six (6) directors. Under the Bank's articles of incorporation and bylaws, the Board of Directors is divided into three groups (Group I, Group II and Group III) as nearly equal in number as possible. Except for director elections outside of the annual meeting, directors in only one group are elected each year, each for a three-year term. This year, the terms of the Group III directors expire at the annual meeting. Two individuals are proposed for election as Group III directors for terms expiring at the 2013 annual meeting.

The table below sets forth information regarding each director of the Bank and each nominee for director, including his or her age, position on the board and term of office. The Nominating Committee of the Board of

Directors recommends nominees to the Board of Directors for election as directors. The two nominees currently serve as Bank directors. Each director nominee has consented to being named in this proxy statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority. At this time, we are not aware of any reason why a nominee might be unable to serve if elected. Except as disclosed in this proxy statement, there are no arrangements or understandings between any nominee and any other person pursuant to which such nominee was selected.

### **Nominees for Election for Terms Expiring in 2013 (Group III).**

*Donna Miller, CPA, CVA, CFP, CPMA, 67*, has been a director since 2003. Ms. Miller is a Partner of Miller & Musmar, an accounting firm. In 1987, Ms. Miller founded Donna Miller & Associates, the predecessor of her current firm. Prior to that, she was a field agent with the Internal Revenue Service and a Senior Tax Instructor from 1972 to 1977. From 1978 to 1986, she was an Audit Director, providing litigation support to the Department of Justice. She has been qualified as an expert audit witness before the U.S. Court of Claims and a tax expert before the U.S. Tax Court. Ms. Miller was formerly a faculty member of Virginia Commonwealth University, teaching Tax Strategies for the Certified Financial Planner Certificate Program. She conducted tax seminars for members of the National Institute of Real Estate, the Northern Virginia Institute of Certified Financial Planners, and several other professional organizations. She is a co-author and co-editor of *STRICTLY BUSINESS, Planning Strategies for Privately Owned Businesses*. In addition, she has published articles in a variety of local newspapers and private publications. She chaired the board of directors for the Greater Reston Chamber of Commerce, is an active member of Fairfax Public Access and was the treasurer of the Reston Association. She has a B.S. in accounting from the University of Maryland and an M.B.A. with a concentration in finance from Southeastern University.

**Summary of director qualifications for Ms. Miller** – Ms. Miller has been the designated financial expert for the Board of Directors of the Bank since its inception in 2003 and is the current Chair of the Audit Committee. Ms. Miller has managed a successful financial business for over 25 years. Ms. Miller has been active in marketing the Bank to business professionals in the community, in part through her active involvement in local Chambers of Commerce. We believe that Ms. Miller’s financial expertise and depth of knowledge of the local economy has been insightful to the Board. Ms. Miller holds a key role in guiding and assessing the strategic direction and financial budgeting and forecasting for the Bank.

*Dr. William E. Cox, EdD, 67*, has been a director since 2008. He is the President, CEO and co-founder of Cox, Matthews & Associates, Inc., a Fairfax, Virginia, firm specializing in publishing, research, satellite television production, training and consulting. Dr. Cox is also the President & CEO of *Diverse: Issues In Higher Education*, formerly *Black Issues In Higher Education*, an award-winning, national news magazine that has been serving higher education since 1984. Dr. Cox is a member of the Board of Trustees of Excelsior College, the American Counseling Association Foundation Board, and the Boost Alcohol Consciousness Concerning the Health of University Students (BACCHUS) Board. He is a former member of the National Council for Education and Human Development at The George Washington University, and The University of the District of Columbia School of Business. He is a life member of both the NAACP and Kappa Alpha Psi Fraternity and a member of the Beta Nu Boule´ Fraternity, and was also Chairman of the Lifelong Education Advisory Board at Harvard University. Dr. Cox, a founding shareholder of the Bank, received the Distinguished Leadership Award from the National Association for Equal Opportunity in Higher Education (NAFEO) in 1999.

**Summary of director qualifications for Dr. Cox** – Dr. Cox is a founding shareholder of the Bank. He has actively provided business leads and opportunities to the Bank, and joined the Board in 2008. Dr. Cox is an established business leader, having owned and operated a local successful business for over 25 years. Dr. Cox serves on several education-related boards and has significant knowledge of the local professional community. We believe that the Board benefits from his strong business acumen, insight and knowledge of the local business

community. Dr. Cox is well versed in corporate governance and provides thoughtful and meaningful feedback to Board members as well as management.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE “FOR” THE NOMINEES SET FORTH ABOVE.**

**Incumbent Directors Serving for Terms Expiring in 2011 (Group I).**

*Jeff W. Dick*, 49, has been a director since 2003. Mr. Dick is the Chairman, President and Chief Executive Officer of the Bank and joined the Bank in April 2003. From 1999 until January 2003, he served in various positions at Millennium Bank, N.A., including Executive Vice President and as a member of the board of directors. Prior to this, Mr. Dick was an advisor to the Bank of England and Financial Services Authority from 1996 to 1999. Mr. Dick began his banking career with the Office of the Comptroller of the Currency in 1983 as a Field Examiner, and he became a Field Manager in Washington, D.C. in 1993. Mr. Dick serves on the board of directors of the Dulles Regional Chamber of Commerce, the Fairfax Law Foundation and the Herndon Dulles Visitors Center, Inc. He has a Diploma of the Imperial College London in Management and a B.S.B.A. in both accounting and management from the University of North Dakota. Mr. Dick earned his Executive M.B.A. (with distinction) from the University of London.

***Summary of director qualifications for Mr. Dick*** – Mr. Dick was a co-founder and organizer of the Bank. Mr. Dick has held the title of President and Chief Executive Officer since inception and became the Chairman of the Board and Chair of the Executive Committee in 2009. In his role as an Advisor to the Bank of England, he assisted in their efforts to modernize their risk-based supervisory approach to banking. Mr. Dick has gained valuable banking knowledge through his service as a director, Chief Lending Officer and Executive Vice President of another community bank. We believe that Mr. Dick’s careers in international risk-based banking supervision and in community banking, along with his education, have directly benefited his role as Chairman of the Board. In addition, Mr. Dick’s business background in the local community as well as his involvement in civic organizations has provided him with a strong depth of business contacts which continues to prove to be beneficial for the Bank.

*Paul Thomas Haddock*, 70, has been a director since 2003. Mr. Haddock is currently the President of Azure, Inc., a privately held company which he formed in 1984 to assist up-and-coming entrepreneurs and small businesses in developing and implementing effective business models. From 1981 to 1999, he created and managed Vacation Places, a commercial real estate and vacation property management company. Prior to 1981, he was involved in high-tech engineering pursuits at Westinghouse Electric Corporation in Baltimore, Maryland and Scope Inc., in Reston, Virginia. He was employed as an engineer by Westinghouse from 1958 to 1965 working on radar systems and satellites and he was employed in various engineering and managerial positions at Scope Inc. from 1965 to 1981. Since 1983, Mr. Haddock has served on the boards of directors for seven property associations located in Maryland, Florida and Virginia. He is currently President of the Stuart Professional Village in Herndon, Virginia, Vice President of the Grant Business Center in Herndon, Virginia, and Director at Dulles Crossroads Condominium Association in Herndon, Virginia. He received his B.S. in Electrical Engineering at Johns Hopkins University in 1963. He subsequently received his B.S. in Industrial Engineering in 1964 and a Masters in Liberal Arts degree in 1967 also from Johns Hopkins University.

***Summary of director qualifications for Mr. Haddock*** – Mr. Haddock is a founding director and currently serves as the Vice Chair and Lead Independent Director of the Bank. Mr. Haddock also serves as Chair of the Directors’ Loan Committee and Compensation Committee. Throughout his career, he has invested in land, commercial and residential real estate in the Washington, D.C. metropolitan area. His ownership of real estate over the past 40 years has involved considerable risk analysis and the establishment of a measured risk tolerance. Mr. Haddock has counseled countless entrepreneurs and small business owners over the years to solve a myriad of problems in many different types of industries. Additionally, he became a trained professional mediator in 1991, and was actively involved in resolving business disputes of all kinds until 2008. We believe that Mr. Haddock’s

significant depth of knowledge of the real estate industry has proven to be very beneficial to the Board. In addition, his accumulated knowledge of purchasing, financing, developing, managing and maintaining real properties has proven invaluable to the Directors' Loan Committee. Mr. Haddock's work with small business development and dispute resolution has provided him with a skillful ability to solve problems and search for resolution. Mr. Haddock has dedicated significant time and energy to the Board and continues to drive business opportunities to the lending and deposit-gathering staff.

### **Incumbent Director Serving for Term Expiring in 2012 (Group II).**

*Thomas J. Chmelik*, 47, has been a director since 2003. Mr. Chmelik is the Executive Vice President and Chief Financial Officer of the Bank and joined the Bank in April 2003. From 1998 to 2002, he was the Chief Financial Officer and a director for Millennium Bankshares Corporation and Millennium Bank, N.A. Prior to that, he served as the Chief Financial Officer as part of a World Bank initiative during the restructuring of The National Bank of Commerce, the largest commercial bank in Tanzania, Africa from 1995 to 1998. Mr. Chmelik was the Chief Financial Officer for Colombo Bank in Bethesda, Maryland from 1993 to 1995, and he was the Chief Financial Officer for Franklin National Bank of Washington, D.C. from 1989 to 1993. Mr. Chmelik has a B.A. in accounting from Belmont Abbey College.

***Summary of director qualifications for Mr. Chmelik*** - Mr. Chmelik is a co-founder of the Bank and currently serves as the Chief Financial Officer and Executive Vice President. Mr. Chmelik has a long and established career working as a Chief Financial Officer in four Washington, D.C. metropolitan area community banks over the past 21 years, as well as in Tanzania, Africa. Mr. Chmelik served on the Board of Directors and worked as part of the executive management team for another community bank. Mr. Chmelik consistently drives loan and deposit opportunities to the Bank. We believe Mr. Chmelik's extensive work as a Chief Financial Officer, combined with his executive management and prior bank board experience makes him a strong contributor to the Board. In addition, Mr. Chmelik has a very strong understanding of corporate governance.

*Patsy I. Rust*, 68, has been a director since 2008. She was a Senior Vice President with the Bank from its inception until her retirement in September 2008. Prior to joining the Bank, Ms. Rust was involved in business development and management at Millennium Bank, N.A., BB&T, F&M Bank and Bank of the Potomac. Ms. Rust was also a founder and organizer for Bank of the Potomac, where she was responsible for personnel, facilities, marketing, operations and branch management. Ms. Rust has completed continuing education through the American Institute of Banking, the Virginia Bankers Association and the University of Virginia. Ms. Rust has been involved over the past 40 years in numerous civic and charitable organizations in Herndon, Virginia. She was the chairman of the first Herndon Centennial Celebration, Chairman of the Dranesville District Republican Party, received the Woman of the Year award from the Business and Professional Woman's Club, organized and chaired Sister Cities International of Herndon and has held offices of President and Treasurer in other organizations.

***Summary of director qualifications for Ms. Rust*** - Prior to retiring from a 30 year banking career in the Northern Virginia market, Ms. Rust was a major contributing organizer of two de novo community banks and also opened and managed two bank branches. Ms. Rust completed ongoing educational banking courses throughout her career. Ms. Rust was also the owner of a retail business prior to her banking career. Ms. Rust has been a civic leader in the community, and has been active in local charities. We believe Ms. Rust brings a very strong knowledge of branch banking and administration to the Board, which is very important as the Bank continues to grow. Additionally, Ms. Rust brings a very strong banking product and service knowledge, which aids the Bank in shaping its strategic direction. Ms. Rust continues to bring business opportunities to the Bank and is very active in networking with the Bank's employees.

The Board of Directors is not aware of any family relationship among any director, executive officer or person nominated by the Bank to become a director; nor is the Board of Directors aware of any involvement of any

director, executive officer or director nominee in any legal proceedings that would be material to an evaluation of the ability or integrity of any director, executive officer, or director nominee. None of the directors or director nominees currently serves or has, within the past five years, served as a director of any other public company with a class of securities registered pursuant to Section 12 of the Exchange Act.

## **BOARD AND COMMITTEE MEETINGS**

### **Board Leadership Structure and Role in Risk Management**

The Board is currently composed of six members, three of whom are independent within the meaning of the NASDAQ listing standards. The Board of Directors has chosen to combine the roles of Chairman of the Board and Chief Executive Officer and to have a Lead Independent Director. The duties of the Lead Independent Director include serving as a liaison between the independent directors and the executive management team as well as presiding over meetings of the independent directors. The Bank believes that, at this time, having one person serve as both Chief Executive Officer and Chairman of the Board is appropriate because Mr. Dick's knowledge of and experience in corporate governance, community banking, financial regulation and risk management render him uniquely qualified to serve in this combined role. In addition, it demonstrates to the Bank's employees, customers and shareholders that the Bank is under strong leadership. The Board of Directors annually reviews the Bank's corporate governance structure to ensure that it remains the most appropriate structure for the Bank and its shareholders.

The Bank believes that its leadership structure allows the directors to provide effective oversight of risk management by receiving reports prepared by individuals responsible for risk management. The Board has an active role, as a whole and also at the committee level, in overseeing management's ability to identify, measure, monitor and control risk. The Board regularly reviews information from management and from independent sources regarding the Bank's credit, liquidity, operations, interest rate, compliance, reputation, and strategic risk profiles. Inasmuch as credit risk and operations risk encompass the bulk of risk within a standard community bank profile, the Board has also tasked the Board's Loan Committee with spending additional time to oversee credit risk, and the Board's Audit Committee to oversee operations risk. The Audit Committee also focuses on compliance risk.

In addition, at each Board meeting and as circumstances warrant, the executive management team and/or committee chairmen advise the directors regarding developments in the Bank's significant areas of risks and the measures taken or recommended to address those risks. The Bank believes that this leadership structure promotes effective Board oversight of risk management because, while there is a single leader ultimately accountable for the management of the Bank's risks, the directors are provided with the information necessary to evaluate the Bank's significant risks and measures for addressing them.

### **Meetings.**

The Board of Directors of the Bank generally meets on a monthly basis, holding additional special meetings as needed. During fiscal 2009, the Board of Directors of the Bank held 12 meetings. Each director attended at least 75% of all meetings of the Board and Board committees on which he or she served. The Board of Directors has affirmatively determined that the following directors are independent within the meaning of the NASDAQ Stock Market listing standards: William E. Cox, EdD, Paul Thomas Haddock and Donna Miller.

The Bank has not adopted a formal policy on Board members' attendance at its annual meetings of shareholders, although all Board members are encouraged to attend. All of the Bank's directors attended the Bank's 2009 annual meeting.

## **Committees.**

The Board of Directors of the Bank has standing Audit, Compensation, Executive and Nominating Committees.

*Audit Committee.* Current members of the Audit Committee are Committee Chair Donna Miller, William E. Cox, EdD and Paul Thomas Haddock. The Board of Directors has determined that all of the current members of the Audit Committee satisfy, and all of the members of the Audit Committee during 2009 satisfied, the independence and financial literacy requirements for audit committee members under the listing standards of the NASDAQ Stock Market and Securities and Exchange Commission (“SEC”) regulations applicable to listed companies. In addition, at least one member of the Audit Committee has past employment experience in finance or accounting or comparable experience which results in the individual’s financial sophistication. The Board has further determined that Donna Miller qualifies as an “audit committee financial expert” within the meaning of applicable regulations of the SEC, promulgated pursuant to the Sarbanes-Oxley Act of 2002.

The Audit Committee assists the Board in its oversight duties with respect to financial reporting, internal controls and other matters relating to corporate governance. The Audit Committee reviews and approves various audit functions, including the year-end audit performed by the Bank’s independent public accountants. The role and responsibilities of the Audit Committee are set forth in a written charter adopted by the Board, a copy of which is available on the Bank’s website at [www.mstreetbank.com](http://www.mstreetbank.com) under “Corporate Information/Corporate Profile.” The Audit Committee reviews and reassesses the charter annually and recommends any changes to the Board for approval. The Audit Committee met three times in 2009.

*Compensation Committee.* Current members of the Compensation Committee are Committee Chair Paul Thomas Haddock, Donna Miller and William E. Cox, EdD. The Board of Directors has determined that all of the current members of the Compensation Committee satisfy, and all of the members of the Compensation Committee during 2009 satisfied, the independence requirements of the NASDAQ Stock Market listing standards for compensation committee members. The Compensation Committee reviews senior management’s performance and compensation and reviews and sets guidelines for compensation of all employees. Annually, the Compensation Committee makes a recommendation for review and approval by the full Board regarding base salary adjustments, bonus and incentive compensation for our Chief Executive Officer and Chief Financial Officer. For other employees, each January, our Chief Executive Officer and Chief Financial Officer make recommendations to the Compensation Committee regarding base salary adjustments, bonus and incentive compensation to the Compensation Committee that generally, with minor adjustments, are approved by the Compensation Committee and then recommended to the full Board of Directors for review and approval. In making their recommendations, the Chief Executive Officer and Chief Financial Officer review third-party compensation surveys of comparable financial institutions in order to benchmark the Bank’s compensation practices and to ensure competitive salaries that will help the Bank attract and retain qualified employees. In 2009, the Compensation Committee engaged the services of Blanchard Chase, LLC to provide comparative compensation information for setting executive compensation for 2010. Blanchard Chase, LLC also met with the Compensation Committee to discuss current issues and trends in executive compensation. At this time, the Compensation Committee does not have a written charter. The Compensation Committee met five times in 2009.

*Executive Committee.* Current members of the Executive Committee are Committee Chair Jeff Dick, Thomas Chmelik and Donna Miller. The Executive Committee reviews various matters and submits proposals or recommendations to the Board of Directors in between meetings of the Board of Directors. The Executive Committee did not meet in 2009.

*Nominating Committee.* Effective November 2008, the Nominating Committee consists of the entire Board of Directors, with Donna Miller serving as Committee Chair, which includes Thomas J. Chmelik, Jeff W. Dick and Patsy I. Rust who are not independent under the NASDAQ Stock Market listing standards. The role and

responsibilities of the Nominating Committee are set forth in a written charter adopted by the Board, a copy of which is available on the Bank's website at [www.mstreetbank.com](http://www.mstreetbank.com) under "Corporate Information/Corporate Profile." The Nominating Committee reviews and reassesses the charter annually and recommends any changes to the Board for approval. In accordance with the Nominating Committee's charter, during any time the Bank's common stock is listed on a national exchange, only directors meeting the independence requirements of such national exchange will serve on the Nominating Committee. The Nominating Committee reviews any director recommendations and makes its nomination recommendations to the Board for approval. The committee recommended the two director nominees to be nominated for election as directors at the 2010 annual meeting. The Nominating Committee met once in 2009.

Qualifications for consideration as a director nominee may vary according to the particular areas of expertise being sought as a complement to the existing Board composition. However, minimum qualifications include high level leadership experience in business activities, breadth of knowledge about issues affecting the Bank and time available for meetings and consultation on Bank matters. In addition, in accordance with the Bank's bylaws, applicable to any director appointed or elected after October 15, 2008, each director: must have experience in one or more matters pertinent to the Bank's business, including without limitation transactional expertise, strategic expertise, corporate governance expertise, operational expertise, marketing expertise, financial expertise, or specific industry expertise in markets targeted by the Bank; must be at least eighteen; must own in his or her sole name, sufficient shares of the Bank's common stock to qualify as a director under applicable regulatory requirements; must be a U.S. citizen and reside in, or have a primary place of business within 50 miles of an operating Bank branch or office; must not be affiliated with, employed by or serve as a director of an entity with which the Bank competes, unless the Board determines that having such person on the Bank's Board would be in the best interests of the Bank; and must not have a significant business affiliation with another director of the Bank. In addition, no person may serve as director who has been convicted of a crime of dishonesty, adjudicated bankrupt or is charged with the commission of or participation in a crime of dishonesty. Although the Bank does not have a formal diversity policy, the Nominating Committee evaluates the overall composition of the Board, taking into consideration such factors as business experience and specific areas of expertise of each Board member, to ensure an appropriately diverse group of directors who possess the background, skills and expertise to make a significant contribution to the Board of Directors, to the Bank and to its shareholders. The Nominating Committee evaluates potential nominees, whether proposed by shareholders or otherwise, by reviewing their qualifications, reviewing results of personal and reference interviews and reviewing other relevant information. Candidates whose evaluations are favorable are then recommended by the committee for selection by the full Board. The full Board then selects and recommends candidates for nomination as directors for shareholders to consider and vote upon at the annual meeting.

The Board believes that each director nominee and incumbent director satisfies the criteria set forth above. In addition, the specific experience, qualifications, attributes and/or skills that led the Board to conclude that the director nominees and the incumbent directors should serve as directors are set forth above following their respective biographies under "Proposal 1 – Election of Directors."

While there are no formal procedures for shareholders to submit director candidate recommendations, the Nominating Committee will consider candidates recommended by shareholders in writing. Such written submissions should include the name, address, and telephone number of the recommended candidate, along with a brief statement of the candidate's qualifications to serve as a director. All such shareholder recommendations should be submitted to the attention of the Bank's Secretary at the Bank's office, located at 727 Elden Street, Herndon, Virginia 20170; and must be received by January 1, 2011 in order to be considered by the Nominating Committee for the next annual election of directors. Any candidates recommended by a shareholder will be reviewed and considered in the same manner as all other director candidates considered by the Nominating Committee.

In accordance with the Bank's bylaws, any shareholder entitled to vote in the election of directors may

nominate one or more persons for election as director(s) at an annual meeting if the shareholder gives timely written notice of his or her intent to make such nomination. Any such shareholder nominations for the 2011 annual meeting must be received by the Bank's Secretary at the Bank's principal office in Herndon, Virginia on or before January 19, 2011. In accordance with the Bank's bylaws, a shareholder nomination must include (1) the name and record address of the shareholder, (2) the number of shares of the Bank's common stock that the shareholder owns beneficially or of record, (3) a description of all arrangements or understandings between the shareholder and any other person or persons (including their names) in connection with the nomination and any material interest of the shareholder in the nomination, (4) a representation that the shareholder intends to appear in person or by proxy at the annual meeting to make the nomination at the meeting, (5) a brief description of the background and credentials of the person being nominated for director including name, age, business address and residence address, principal occupation or employment, number of shares of the Bank's common stock owned beneficially or of record by the nominee, and the specific experience, qualifications, attributes or skills that led to the conclusion that the person should serve as a director, and (6) any other information relating to such nominee that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act, including the individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected.

### **Shareholder Communications with the Bank's Board of Directors.**

The Bank provides an informal process for shareholders to send communications to the Board of Directors. Shareholders who wish to contact the Board of Directors or any of its members may do so by addressing their written correspondence to Chairman of the Board, MainStreet Bank, 727 Elden Street, Herndon, Virginia 20170. Correspondence directed to an individual director will be referred, unopened, to that director. Correspondence not directed to a particular director will be referred, unopened, to the Chairman of the Board.

## **DIRECTOR COMPENSATION**

During 2009 our directors did not receive any cash or other compensation in the form of an annual retainer or fees for attendance at Board or committee meetings.

Except for compensation paid to the Bank's executive Chairman of the Board during 2005, 2006 and 2007, the Bank's non-employee directors have not received any cash or equity compensation for their service as directors since the Bank's inception. We previously indicated that we did not intend to compensate our non-employee directors until the Bank achieved cumulative profitability. While the Bank is not yet cumulatively profitable, the Bank has been consistently profitable on a quarterly basis since the second quarter of 2008. Given the number of years the Bank's non-employee directors have provided their services to the Bank for no compensation and ongoing profitability, the Compensation Committee recommended to the Board of Directors, and the Board of Directors agreed, that it was appropriate to begin providing reasonable compensation to the Bank's non-employee directors for their time and effort as directors. Therefore, beginning January 1, 2010, each non-employee director receives a fee of \$500 (\$750 for the Board of Directors' designated audit committee financial expert) per Board or committee meeting attended.

Directors who are also employed by the Bank do not receive any additional compensation from the Bank for their service as directors. Compensation for directors Jeff W. Dick and Thomas J. Chmelik, for their service as employees, is included in the Summary Compensation Table on page 13.

## **EXECUTIVE OFFICERS**

The following information sets forth the names, ages, principal occupations and business experience for the past five years for the Bank's executive officers and key employees. Such information with respect to Jeff W. Dick, the Bank's Chairman, President and Chief Executive Officer, and Thomas J. Chmelik, the Bank's Chief Financial

Officer, is set forth above under “Proposal 1 – Election of Directors.”

*B. Drew Brown*, 44, serves as the Bank’s Senior Vice President and Chief Lending Officer. He joined the Bank in September 2007. He has 18 years of experience as a commercial lender. From 2003 to 2006, he was Senior Vice President and Commercial Lender of James Monroe Bank. Prior to joining James Monroe Bank, he was a Commercial Loan Officer with Alliance Bank from 2001 to 2003.

*Dennis J. Dunn*, 42, serves as the Senior Vice President and Chief Credit Officer for the Bank. He joined the Bank in May 2004. From 1999 to 2004, he was Assistant Vice President and Commercial Lender of Millennium Bank, N.A. Prior to joining Millennium Bank, he was a Commercial Loan Officer with Vectra Bank in Aspen, Colorado from 1996 to 1999.

*Thomas F. Lackey*, 46, serves as the Senior Vice President and Chief Banking Officer for the Bank. He joined the Bank in October 2007. He has 22 years of experience in commercial banking. From 1996 to 2007, he was Senior Vice President of Branch Administration for Community Bank of Northern Virginia.

**EXECUTIVE COMPENSATION**

**Summary Compensation Table.**

The following table sets forth summary information concerning compensation awarded to, earned by or paid to the Bank’s Chairman, President and Chief Executive Officer, Chief Financial Officer and Chief Lending Officer for 2009 and 2008 (the “named executive officers”). These named executive officers received perquisites and other personal benefits in addition to other compensation during the periods stated. The aggregate amounts of these perquisites and other personal benefits for each named executive officer, however, did not exceed \$10,000 in either year and, therefore, have been omitted.

**Summary Compensation Table for 2009**

Name and Principal Position	Year	Salary (\$)	Bonus (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
<i>Jeff W. Dick Chairman, President &amp; Chief Executive Officer</i>	2009	\$212,819	\$45,000	--	--	--	--	--	\$257,819
	2008	200,018	24,005	--	--	--	--	--	224,023
<i>Thomas J. Chmelik Executive Vice President &amp; Chief Financial Officer</i>	2009	170,792	30,000	--	--	--	--	--	200,792
	2008	160,004	15,734	--	--	--	--	--	175,738
<i>B. Drew Brown Senior Vice President &amp; Chief Lending Officer</i>	2009	145,781	10,000	5,000	--	--	--	--	160,781
	2008	139,844	6,813	--	--	--	--	--	146,657

(1) The amounts in this column represent a discretionary bonus awarded on January 12, 2010 by the Compensation Committee for 2009 performance and on February 18, 2009 by the Compensation Committee for 2008 performance, respectively.

- (2) The amounts in this column reflect the aggregate grant date fair value of restricted stock granted to the named executive officers under the Bank's 2006 Incentive Stock Plan during 2009 calculated in accordance with ASC Topic 718. Assumptions used in the calculation of these amounts are provided in Note 18 to the Bank's audited financial statements for the year ended December 31, 2009 included in the Bank's Annual Report on Form 10-K filed with the Board of Governors of the Federal Reserve System on March 22, 2010.

The following table includes information with respect to all unexercised options and unvested restricted stock awards held by the named executive officers at December 31, 2009.

### Outstanding Equity Awards at Fiscal 2009 Year-End

Name	Option Awards					Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested <sup>(2)</sup> (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(3)</sup> (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(2)</sup> (\$)
Jeff W. Dick	--	--	--	--	--	--	--	56,250	\$284,063
	3,500	--	--	\$10.00	07/21/2014	--	--	--	--
	9,000	--	--	\$10.00	03/15/2015	--	--	--	--
Thomas J. Chmelik	--	--	--	--	--	--	--	45,000	\$227,250
	3,500	--	--	\$10.00	07/21/2014	--	--	--	--
	9,000	--	--	\$10.00	03/15/2015	--	--	--	--
B. Drew Brown	--	--	--	--	--	3,000 <sup>(1)</sup>	\$15,150	--	--
	--	--	--	--	--	1,111 <sup>(4)</sup>	5,611	--	--

- (1) Reflects shares of restricted stock granted on September 10, 2008 under the Bank's 2006 Incentive Stock Plan. The shares vest in equal installments on September 10, 2010, 2011 and 2012.
- (2) The amounts in this column represent the fair market value of the restricted stock as of December 31, 2009, based on the closing market price of the Bank's stock on that date, which was \$5.05 per share.
- (3) Reflects shares of restricted stock granted on November 20, 2007 outside of the Bank's incentive stock compensation plans. These shares vest in 5%, 10% or 15% increments over a period of 10 years from the date of grant if certain performance criteria are satisfied, subject to earlier vesting in the event of certain termination events or a change of control of the Bank
- (4) Reflects shares of restricted stock granted on February 23, 2009 under the Bank's 2006 Incentive Stock Plan. The shares vest in equal installments on February 23, 2010, 2011 and 2012.

### Employment and Change of Control Agreements.

The Bank has entered into new employment agreements (for purposes of this discussion, each an "Agreement") with its Chief Executive Officer and Chief Financial Officer which are substantially similar to the agreements in place through January 1, 2010. Mr. Dick's Agreement provides for his employment as the President and Chief Executive Officer of the Bank, and Mr. Chmelik's Agreement provides for his employment as the Chief Financial Officer and Executive Vice President of the Bank. Each Agreement has an initial term which began on January 15, 2010 and continues until December 31, 2012, and automatically extends each day thereafter for an

additional one year term unless terminated or formally not renewed.

Under his Agreement, Mr. Dick is entitled to an initial base salary of \$230,000, subject to annual review and increase based on Mr. Dick's performance during the preceding year and other relevant factors. Under his Agreement, Mr. Chmelik is entitled to an initial base salary of \$190,000, subject to annual review and increase based on Mr. Chmelik's performance during the preceding year and other relevant factors. Messrs. Dick and Chmelik are eligible to receive either an annual cash bonus in an amount, if any, determined by the Board of Directors in its discretion or an annual performance-based incentive bonus under the Bank's executive incentive plan when adopted. Messrs. Dick and Chmelik are also eligible to participate in any deferred compensation program, supplemental executive retirement plan or similar plan that the Bank may implement for its senior executives.

Under the Agreements, Messrs. Dick and Chmelik are entitled to participate in all employee benefit plans and programs available to other executives of the Bank and in the Bank's medical, dental, life and disability plans to the extent offered by the Bank, and in amounts consistent with the Bank's policy for other senior executive officers of the Bank. The Bank is also required to maintain a group term insurance policy on the life of each of Messrs. Dick and Chmelik in an amount equal to two times his base salary under the Virginia Bankers Association group term life insurance program.

Under the Agreements, Messrs. Dick and Chmelik are entitled to be provided with a company-owned automobile with the Bank to pay all running costs (for example, fuel and maintenance expenses).

The Bank has not entered into employment agreements or change in control agreements with any other executive officer.

### **Potential Payments Upon Termination or Change in Control.**

*Employment Agreements.* Under each Agreement, if either Mr. Dick or Mr. Chmelik is terminated "without cause" (as defined in the Agreements) by the Bank or if either Mr. Dick or Mr. Chmelik terminates his employment "for good reason" (as defined in the Agreements) and the termination is not within one year following a "change of control" (as defined in the Agreements), then the executive will receive within 30 days of termination a lump sum payment equal to the greater of (1) an amount equal to his annual base salary in effect immediately preceding his termination plus the average of any annual bonus payments made to the executive during the three-year period ending on the date of termination or (2) an amount equal to his annual base salary in effect immediately preceding his termination times the number of years (or partial years) then remaining in the initial three-year term of the Agreement plus the average of any annual bonus payments made to the executive during the three-year period ending on the date of termination (the "Termination Compensation"). In addition, all of the executive's unvested equity awards previously received as compensation that have not been forfeited, exercised or settled will immediately vest. All other benefits cease upon termination.

If either Mr. Dick or Mr. Chmelik is terminated without cause or if he terminates his employment for good reason within one year following a change of control, then he will receive within 30 days of termination a lump sum payment equal to the greater of the amount of the Termination Compensation (defined above) or 299% of his "annualized includible compensation for the base period" as defined in Internal Revenue Code Section 280G. In addition, all of the executive's unvested equity awards previously received as compensation that have not been forfeited, exercised or settled will immediately vest. All other benefits cease upon termination.

If either Mr. Dick or Mr. Chmelik is terminated "for cause" (as defined in the Agreements) or terminates his employment other than "for good reason" (as defined in the Agreements), his compensation and benefits will cease upon termination, provided that the Bank will pay the executive any accrued but unpaid compensation, including any accrued unpaid annual bonus, which otherwise would have been payable to the executive through the date of

termination.

If either Mr. Dick's or Mr. Chmelik's employment is terminated due to disability, his compensation and benefits will cease upon termination, provided that the Bank will pay the executive any accrued but unpaid compensation, including any accrued unpaid annual bonus, which otherwise would have been payable to the executive through the date of termination, and all of the executive's unvested equity awards previously received as compensation that have not been forfeited, exercised or settled will immediately vest.

If either Mr. Dick's or Mr. Chmelik's employment is terminated due to death, the Bank will pay to the executive's estate the executive's annual base salary in effect immediately preceding his death for twelve months following his death and will pay to the executive's estate any accrued but unpaid compensation or benefits, including any accrued unpaid annual bonus, which otherwise would have been payable to the executive through the end of the month in which death occurs, and all of the executive's unvested equity awards previously received as compensation that have not been forfeited, exercised or settled will immediately vest.

Each Agreement contains provisions prohibiting Messrs. Dick and Chmelik from using, disseminating, disclosing or publishing confidential information about customers, businesses and services of the Bank. Each of Messrs. Dick and Chmelik has also agreed that during his employment and for a period of 12 months from and after the date he ceases to be employed by the Bank, he will not (i) be employed by a "Competitive Business" (as defined in the Agreements) within a 35-mile radius of any office operated by the Bank; (ii) solicit any depositors or customers of the Bank to make deposits in or become customers of any other financial institution conducting a Competitive Business; or (iii) knowingly induce any individuals to terminate their employment with the Bank. If either Mr. Dick or Mr. Chmelik violates the confidentiality, non-compete or non-solicitation provisions of his Agreement, then he will not be entitled to receive any additional post-termination compensation payable under the Agreement, and none of his outstanding unvested equity awards will be eligible for accelerated vesting. In addition, if the violation occurs within twelve months following the date of termination, the executive will be required to repay any post-termination compensation received by him under the Agreement and all vested stock previously received as compensation, and any outstanding equity awards previously received as compensation will be forfeited to the Bank.

*Equity Award Agreements.* In addition to the payments upon termination or change of control provided in the Agreements for Messrs. Dick and Chmelik, the terms of the stock option and restricted stock awards granted under the Bank's 2004 Stock Option and Incentive Plan and 2006 Incentive Stock Plan (including restricted stock granted to Mr. Brown) provide for immediate vesting of all unvested options and restricted stock upon a change of control (as defined in the plans). In addition, the award agreements for the shares of restricted stock granted to Messrs. Dick and Chmelik in November 2007 (the "2007 Restricted Stock Awards") provide for immediate vesting of those shares upon a change of control (as defined in the Agreements).

The terms of the restricted stock awards granted under the Bank's 2004 Stock Option and Incentive Plan and 2006 Incentive Stock Plan also provide for immediate vesting if the recipient dies or becomes totally disabled or retires at normal retirement age. The Compensation Committee may also waive any remaining restrictions on restricted stock awards granted under the Bank's 2004 Stock Option and Incentive Plan or 2006 Incentive Stock Plan if the recipient retires before age 65.

The terms of the 2007 Restricted Stock Awards also provide for immediate vesting if Mr. Dick or Mr. Chmelik dies or becomes totally disabled, is terminated without cause (as defined in the Agreements), or terminates his employment for good reason (as defined in the Agreements). In addition, the Compensation Committee may waive any remaining restrictions on these shares if Mr. Dick or Mr. Chmelik retires at normal retirement age or before age 65.

## Retirement Benefits.

The Bank maintains a voluntary, contributory 401(k) plan for employees and, starting January 1, 2010, began providing a company match for employee contributions of 3% of the first 3% of the salary and 0.5% of the next 2% of the salary.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information.

The following table sets forth information as of December 31, 2009 with respect to certain compensation plans under which equity securities of the Bank are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	127,500 <sup>(1)</sup>	\$10.00	168,413 <sup>(3)</sup>
Equity compensation plans not approved by shareholders <sup>(2)</sup>	--	--	--
Total	127,500	\$10.00	168,413

- (1) Reflects shares to be issued pursuant to outstanding options granted under the Bank's 2004 Stock Option and Incentive Plan or the 2006 Incentive Stock Plan.
- (2) Shares of restricted stock granted to Messrs. Dick and Chmelik on November 20, 2007 outside of the Bank's incentive stock compensation plans are not reflected in this table because such shares are issued and outstanding, subject to forfeiture if certain performance-based vesting conditions are not satisfied.
- (3) Reflects shares available to be granted in the form of stock options, stock appreciation rights (SARs), restricted stock, restricted stock units and stock awards under the Bank's 2006 Incentive Stock Plan. Effective upon shareholder approval of the 2006 Incentive Stock Plan on May 17, 2006, no additional awards may be granted under the Bank's 2004 Stock Option and Incentive Plan.

## INTEREST OF MANAGEMENT IN CERTAIN TRANSACTIONS

Like many financial institutions, the Bank follows a policy of granting loans to the Bank's officers, directors and employees on the security of their primary residences and also of granting consumer loans to such persons. In accordance with the requirements of applicable law, loans to executive officers and directors of the Bank are made in the ordinary course of business on substantially the same terms, including interest rates, fees and collateral, as those prevailing at the time for comparable transactions with persons unrelated to the Bank. In the opinion of management, these loans do not involve more than the normal risk of collectability or present other unfavorable features. The aggregate outstanding balance of loans and lines of credit to directors, executive officers and their

associates, as a group, at December 31, 2009, totaled approximately \$3,000,000 or 12.11% of the Bank's equity capital at that date.

## **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee of the Board of Directors, which consists entirely of directors who meet the current independence requirements of the SEC and the NASDAQ listing standards for audit committee members, has furnished the following report.

The Audit Committee assists the Board of Directors in overseeing and monitoring the integrity of the Bank's financial reporting process, its compliance with legal and regulatory requirements and the quality of its internal and external audit processes.

Management is responsible for the preparation, presentation and integrity of the Bank's financial statements, accounting and financial reporting principles, internal controls and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. The Audit Committee serves a board-level oversight role, in which it provides advice, counsel and direction to management and the independent public accountants on the basis of the information it receives, discussions with management and the independent public accountants, and the experience of the Audit Committee's members in business, financial and accounting matters.

In fulfilling its oversight responsibilities for the financial statements for fiscal year 2009, the Audit Committee:

- Reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2009 with management and Yount, Hyde & Barbour, P.C., the Bank's independent public accountants;
- Discussed with Yount, Hyde & Barbour, P.C. the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T, relating to the conduct of the audit;
- Received written disclosures and the letter from Yount, Hyde & Barbour, P.C. required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent public accountants' communications with the Audit Committee concerning independence. The Audit Committee also discussed with Yount, Hyde & Barbour, P.C. its independence; and
- Reviewed and discussed with Yount, Hyde & Barbour, P.C. the Bank's critical accounting policies, alternate financial reporting and material communications between Yount, Hyde & Barbour, P.C. and management.

The Audit Committee also considered the status of pending litigation, taxation matters and other areas of oversight relating to the financial reporting and audit process that the Audit Committee determined appropriate.

Based on the Audit Committee's review of the audited financial statements and discussions with management and Yount, Hyde & Barbour, P.C., the Audit Committee recommended to the Board that the audited financial statements be included in the Bank's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 for filing with the Board of Governors of the Federal Reserve System.

**Audit Committee**

Donna Miller, Chair  
William E. Cox, EdD  
Paul Thomas Haddock

### **CHANGE IN INDEPENDENT PUBLIC ACCOUNTANTS**

The Audit Committee requested bids from several external audit firms, including Cherry, Bekaert & Holland, L.L.P., to audit the financial statements of the Bank for the year ending December 31, 2008. On April 11, 2008, the Bank was informed by Cherry, Bekaert & Holland, L.L.P., the Bank's independent public accountants for 2007 and prior periods, that Cherry, Bekaert & Holland, L.L.P. declined to submit a bid for consideration to serve as the Bank's independent public accountants for the fiscal year ending December 31, 2008. On April 16, 2008, the Bank engaged Yount, Hyde & Barbour, P.C. as its independent public accountants for the fiscal year ending December 31, 2008.

The audit reports on the Bank's financial statements for each of the two fiscal years ended December 31, 2007 did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles, except for a reference by Cherry, Bekaert & Holland, L.L.P. to the Bank's change in its method of accounting for stock options for the year ended December 31, 2006 as described in the audit report of Cherry, Bekaert & Holland, L.L.P. dated February 28, 2007. Additionally, during the Bank's two fiscal years ended December 31, 2007, and from December 31, 2007 through April 11, 2008: (i) there was no disagreement between the Bank and Cherry, Bekaert & Holland, L.L.P. on any matter of accounting principles or practices, financial statement disclosure, or auditing scope and procedures, which, if not resolved to the satisfaction of Cherry, Bekaert & Holland, L.L.P., would have caused Cherry, Bekaert & Holland, L.L.P. to make reference to the subject matter of the disagreement in connection with its reports on the Bank's consolidated financial statements for such fiscal years and (ii) there were no "reportable events," as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

The Bank provided Cherry, Bekaert & Holland, L.L.P. with a copy of the foregoing disclosure, also set forth in the Bank's current report on Form 8-K filed with the Board of Governors of the Federal Reserve System on April 17, 2008, and requested that Cherry, Bekaert & Holland, L.L.P. furnish the Bank with a letter addressed to the Board of Governors of the Federal Reserve System stating whether or not Cherry, Bekaert & Holland, L.L.P. agreed with the above statements and, if not, stating the respects in which it did not agree. A copy of the response by Cherry, Bekaert & Holland, L.L.P. was attached as Exhibit 16 to the Form 8-K.

During the Bank's two fiscal years ended December 31, 2007, and during the subsequent interim period through April 16, 2008, the Bank did not consult with Yount, Hyde & Barbour, P.C. regarding the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Bank's consolidated financial statements.

### **PROPOSAL 2 – RATIFICATION OF SELECTION OF INDEPENDENT PUBLIC ACCOUNTANTS**

The Audit Committee has selected the firm of Yount, Hyde & Barbour, P.C., independent public accountants, as the Bank's auditors for the fiscal year ending December 31, 2010. Although shareholder approval of the selection of Yount, Hyde & Barbour, P.C. is not required by law, our Board of Directors believes that it is advisable to give shareholders an opportunity to ratify this selection. If this proposal is not approved by shareholders at the 2010 annual meeting, the Audit Committee will consider making a change in the independent public accountants for the fiscal year ending December 31, 2011.

Yount, Hyde & Barbour, P.C. served as the Bank’s independent public accountants for the fiscal year ended December 31, 2009. A representative of Yount, Hyde & Barbour, P.C. is expected to attend the annual meeting to respond to appropriate questions and will have an opportunity to make a statement if he or she so desires.

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE “FOR” THE RATIFICATION OF THE SELECTION OF THE INDEPENDENT PUBLIC ACCOUNTANTS.**

**PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table presents: (i) the fees for professional audit services rendered by Yount, Hyde & Barbour, P.C. for the audit of the Bank’s financial statements for the years ended December 31, 2009 and 2008, and fees billed for other services rendered by Yount, Hyde & Barbour, P.C. during that period. All services reflected in the following table for 2009 and 2008 were pre-approved by the Audit Committee of the Board of Directors, which concluded that the provision of such services by Yount, Hyde & Barbour, P.C. was compatible with the maintenance of that firm’s independence in the conduct of their auditing functions.

	<b>2009</b>	<b>2008</b>
Audit Fees <sup>(1)</sup>	\$51,200	\$49,000
Audit-Related Fees	1,247	2,613
Tax Fees	6,200	4,000
All Other Fees	--	--
	<b>\$58,647</b>	<b>\$55,613</b>

- (1) Includes fees related to the audit of the Bank’s annual financial statements and for the review of financial statements included in quarterly reports on Form 10-Q or services normally provided in connection with statutory and regulatory filings or engagements.

**PRE-APPROVAL POLICIES**

The Audit Committee is responsible for the appointment, compensation and oversight of the work performed by the Bank’s independent public accountants. The Audit Committee, or a designated member of the Audit Committee, pre-approves all audit (including audit-related) and non-audit services to be performed by the Bank’s independent public accountants in accordance with the rules governing the independent public accountants’ independence from the Bank. The Audit Committee has delegated interim pre-approval authority to Donna Miller, Chairman of the Audit Committee. Any interim pre-approval of permitted non-audit services is required to be reported to the Audit Committee at its next scheduled meeting. The Audit Committee does not delegate its responsibilities to pre-approve services performed by the independent public accountants to management.

**SHAREHOLDER PROPOSALS FOR 2011 ANNUAL MEETING**

In accordance with the Bank’s bylaws and the rules and regulations of the SEC, if any shareholder intends to present a proposal (including a director nomination) to be considered for action at the 2011 annual meeting of shareholders, the proposal must be in proper form in writing and must be received by the Bank’s Secretary, at the Bank’s principal office in Herndon, Virginia on or before January 19, 2011.

If any shareholder intends to have a proposal included in the Bank’s proxy materials in connection with the

2011 annual meeting of shareholders, the proposal must comply with SEC Rule 14a-8 and must be received by the Bank's Secretary, at the Bank's principal office in Herndon, Virginia on or before December 10, 2010.

The proxy solicited by the Board of Directors for the 2011 annual meeting will confer discretionary authority on the proxy holders to vote in accordance with their best judgment on any shareholder proposal presented at the meeting if the Bank has not received proper notice of such proposal.

#### **OTHER MATTERS**

We are not aware of any business to come before the annual meeting other than those matters described in this proxy statement. However, if any other matter should properly come before the meeting, it is intended that proxy holders will act in accordance with their best judgment.

#### **2009 ANNUAL REPORT ON FORM 10-K**

**A copy of the Bank's Annual Report on Form 10-K (including exhibits) as filed with the Board of Governors of the Federal Reserve System for the year ended December 31, 2009, will be furnished without charge to shareholders upon written request to the Bank's Secretary, at the Bank's office, located at 727 Elden Street, Herndon, Virginia 20170. Copies of the Annual Report on Form 10-K may also be obtained without charge by visiting the Bank's website at [www.mstreetbank.com](http://www.mstreetbank.com).**