

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

April 10, 2009

Dear Shareholders:

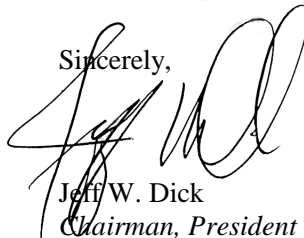
On behalf of the Board of Directors and management of MainStreet Bank, we cordially invite you to attend the 2009 Annual Meeting of Shareholders. The meeting will be held at 10:00 a.m. local time, on Wednesday, May 20, 2009 at the Friends Meeting House, located at 660 Spring Street, Herndon, Virginia.

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*

**MAINSTREET BANK**  
**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 20, 2009**

Notice is hereby given that the 2009 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 20, 2009, 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 two Group II directors for a term of three years each, or until their successors are elected and qualify, and one Group III director for a term of one year, or until his successor is elected and qualifies.

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 April 1, 2009, 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 10, 2009

**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 20, 2009

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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 2009 annual meeting of shareholders. We are first mailing this proxy statement and the enclosed proxy to our shareholders on or about April 10, 2009.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE SHAREHOLDER MEETING TO BE HELD ON MAY 20, 2009**

The notice of annual meeting of shareholders, this proxy statement and our 2008 annual report to shareholders are available on the internet at the following website: [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 20, 2009  
**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 proposal:

- Proposal 1. Election of two Group II directors for a term of three years each, or until their successors are elected and qualify, and one Group III director for a term of one year, or until his successor is elected and qualifies.

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 April 1, 2009 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 April 1, 2009, 2,566,477 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." The proposal to elect directors described in this proxy statement 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 17, 2009. 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.**

### **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 management's director nominees. 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 these 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.

## **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

### **Stock Ownership of Directors, Executive Officers and 5% Owners.**

The following table sets forth information regarding the beneficial ownership, as of April 1, 2009, 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 is one person or entity (or group 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.

<b>Name</b>	<b>Common Stock Beneficially Owned <sup>(1)(2)</sup></b>	<b>Exercisable Options Included in Common Stock Beneficially Owned <sup>(2)</sup></b>	<b>Percent of Common Stock Outstanding</b>
Hot Creek Capital, L.L.C. 6900 South McCarran Blvd. Suite 3040 Reno, Nevada 89509	216,400 <sup>(3)</sup>	--	8.43%
B. Drew Brown	7,061 <sup>(4)</sup>	--	*
Thomas J. Chmelik	79,500 <sup>(5)</sup>	12,500	3.08%
Dr. William E. Cox	12,500	2,500	*
Jeff W. Dick	99,250 <sup>(6)</sup>	12,500	3.85%
Paul Thomas Haddock	15,500 <sup>(7)</sup>	3,500	*
Donna Miller	13,500	3,500	*
Patsy I. Rust	12,500	2,500	*
Directors, director nominees and executive officers of the Bank as a group (9 persons) <sup>(8)</sup>	<u>244,311</u>	<u>37,000</u>	<u>9.38%</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 31, 2009.
- (3) According to Schedule 13G/A dated January 29, 2009, as of December 31, 2008, Hot Creek Capital, L.L.C. has sole voting and sole investment power with respect to all 216,400 of the reported shares.
- (4) Includes 5,111 restricted shares over which Mr. Brown does not have investment power until such shares vest .

- (5) Includes 45,000 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.
- (6) Includes 56,250 restricted shares over which Mr. Dick does not have investment power until such shares vest.
- (7) Includes 7,000 shares held by Mr. Haddock's spouse.
- (8) Includes 3,000 shares held by Dennis J. Dunn, Senior Vice President and Chief Credit Officer, and 1,500 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 officers and directors complied with all filing requirements under Section 16(a) of the Exchange Act during 2008.

#### **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 II directors expire at the annual meeting. Two individuals are proposed for election as Group II directors for terms expiring at the 2012 annual meeting. One individual is proposed for election as a Group III director for a term expiring at the 2010 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. All three of the nominees currently serve as Bank directors. Patsy I. Rust was elected to the Board in September 2008 and William E. Cox, EdD was elected to the Board in December 2008 by the Board of Directors. Ms. Rust and Dr. Cox were both recommended to the Nominating Committee by the Bank's Chief Executive Officer and Chief Financial Officer. 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 2012 (Group II).**

*Thomas J. Chmelik*, 46, 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.

*Patsy I. Rust*, 66, 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.

**Nominee for Election for Term Expiring in 2010 (Group III).**

*Dr. William E. Cox, EdD*, 66, 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.

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

**Incumbent Director Serving for Term Expiring in 2010 (Group III).**

*Donna Miller, CPA, CVA, CFP, CPMA*, 66, 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 is currently a faculty member of Virginia Commonwealth University, teaching Tax Strategies for the Certified Financial Planner Certificate Program. She regularly conducts 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 chairs the board of directors for the Greater Reston Chamber of Commerce, is an active member of Fairfax Public Access and is 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.

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

*Jeff W. Dick*, 48, 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 is the President of Herndon Downtown Alliance, an executive officer and director of the Dulles Regional Chamber of Commerce and a Director of Herndon Dulles Visitors Center, Inc. He has a Management Diploma from The University of London Imperial College 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.

*Paul Thomas Haddock*, 69, has been a director since 2003. Mr. Haddock is the President of Azure, Inc., a privately held company which assists up-and-coming entrepreneurs and small businesses in developing and implementing effective business models. From 1984 to present, he founded and managed Vacation Places, a commercial real estate and vacation property management company. Prior to that, he managed emerging technology in pattern recognition, radar imaging and computers for Scope, Inc., a technology company in Reston, Virginia. Mr. Haddock was a senior electronics engineer for Westinghouse Electronic in Baltimore, Maryland from 1958 until 1965. Mr. Haddock has served on the boards of directors of numerous property associations and is currently on the board of directors of Stuart Professional Village in Reston, Virginia. He holds an M.A. in liberal arts, as well as a B.S. in both industrial and electrical engineering, from Johns Hopkins University.

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 person nominated to become a director in any legal proceedings that would be material to an evaluation of the ability or integrity of any director, executive officer, or person nominated to become a director. None of the directors or director nominees serves 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

### **Meetings.**

The Board of Directors of the Bank generally meets on a monthly basis, holding additional special meetings as needed. During fiscal 2008, 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. Six of the Bank's directors attended the Bank's 2008 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. Until December 2008, the members of the Audit Committee during 2008 were Committee Chair Donna Miller and former directors Barbara Davis Blum and Edward W. Merrow. 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 2008 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 six times in 2008.

*Compensation Committee.* Current members of the Compensation Committee are Committee Chair Paul Thomas Haddock, Donna Miller and William E. Cox. Until December 2008, the members of the Compensation Committee during 2008 were former director and Committee Chair Edward W. Merrow, Paul Thomas Haddock and former director Barbara Davis Blum. 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 2008 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. Each April, 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. Although it has sometimes engaged outside consultants in the past, the Compensation Committee did not use the services of an outside consultant for setting 2008 executive compensation. At this time, the Compensation Committee does not have a written charter. The Compensation Committee met one time in 2008.

*Executive Committee.* Current members of the Executive Committee are Committee Chair Jeff Dick, Thomas Chmelik and Donna Miller. Until December 2008, the members of the Executive Committee during 2008 were former director and Committee Chair Barbara Davis Blum, former director Edward W. Merrow, Donna Miller and Jeff W. Dick. 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 2008.

*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. Prior to November 2008, the members of the Nominating Committee during 2008 were former director and Committee Chair Barbara Davis Blum, Paul Thomas Haddock, former director Edward W. Merrow, Donna Miller and former director William B. Wrench. 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 three director nominees to be nominated for election as directors at the 2009 annual meeting. The Nominating Committee met once in 2008.

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 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. The Nominating Committee seeks a 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 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.

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, 2010 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 2010 annual meeting must be received by the Bank's Secretary at the Bank's principal office in Herndon, Virginia on or before January 20, 2010. 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 beneficially owned by the nominee, 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 2008 our directors did not and during 2009 they will not receive any cash or other compensation in the form of an annual retainer or fees for attendance at board or committee meetings. Directors who are also employed by the Bank do not receive any additional compensation from the Bank for their service as directors. During the Bank's formation, we indicated in our regulatory filings that we would not compensate our directors until the Bank achieved cumulative profitability. When the Bank reaches this goal, the Compensation Committee will consider the issue of board compensation and will make a recommendation to the full Board of Directors as to whether or not to begin compensating our directors and in what manner. Compensation for directors Jeff W. Dick and Thomas J. Chmelik, for their service as employees, is included in the Summary Compensation Table on page 11.

## **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*, 42, serves as the Bank's Chief Lending Officer and Senior Vice President. He joined the Bank in September 2007. He has 17 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*, 40, has been the Bank's Vice President of Credit Administration since 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*, 44, serves as the Senior Vice President of Branch Administration for the Bank. He joined the Bank in October 2007. He has 21 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 2008 and 2007 (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 2008**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) <sup>(1)</sup>	Option Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Jeff W. Dick <i>Chairman, President &amp; Chief Executive Officer</i>	2008	\$200,018	--	\$26,094	\$2,592	--	--	--	\$228,704
	2007	200,010	--	--	7,203	--	--	--	207,213
Thomas J. Chmelik <i>Executive Vice President &amp; Chief Financial Officer</i>	2008	160,004	--	22,525	2,592	--	--	--	185,121
	2007	160,014	--	1,950	7,203	--	--	--	169,167
B. Drew Brown <i>Senior Vice President &amp; Chief Lending Officer</i>	2008	139,844	--	9,600	--	--	--	--	149,444

- (1) The amounts in this column reflect the dollar amount expensed for financial statement reporting purposes for the relevant fiscal year, in accordance with SFAS 123(R), with respect to the vesting of shares of restricted stock granted to the named executive officers under the Bank’s 2004 Stock Option and Incentive Plan or outside of such plan, and may include amounts relating to awards granted in prior years. 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, 2008 included in the Bank’s Annual Report on Form 10-K filed with the Board of Governors of the Federal Reserve System on February 27, 2009.
- (2) The amounts in this column reflect the dollar amount expensed for financial statement reporting purposes for the relevant fiscal year, in accordance with SFAS 123(R), with respect to the vesting of options granted to the named executive officers under the Bank’s 2004 Stock Option and Incentive Plan, and may include amounts relating to awards granted in prior years. 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, 2008 included in the Bank’s Annual Report on Form 10-K filed with the Board of Governors of the Federal Reserve System on February 27, 2009.

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, 2008.

**Outstanding Equity Awards at Fiscal 2008 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>(3)</sup> (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(4)</sup> (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(3)</sup> (\$)
Jeff W. Dick	--	--	--	--	--	--	--	59,375	\$296,875
	3,500	--	--	\$10.00	07/21/2014	--	--	--	--
	9,000	--	--	\$10.00	03/15/2015	--	--	--	--
Thomas J. Chmelik	--	--	--	--	--	--	--	47,500	\$237,500
	3,500	--	--	\$10.00	07/21/2014	150 <sup>(1)</sup>	\$750	--	--
	9,000	--	--	\$10.00	03/15/2015	--	--	--	--
B. Drew Brown	--	--	--	--	--	4,000 <sup>(2)</sup>	\$20,000	--	--

- (1) Reflects shares of restricted stock granted on January 12, 2006 under the Bank’s 2004 Stock Option and Incentive Plan. The shares vest on January 12, 2009.
- (2) 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, 2009, 2010, 2011 and 2012.
- (3) The amounts in this column represent the fair market value of the restricted stock as of December 31, 2008, based on the closing market price of the Bank’s stock on that date, which was \$5.00 per share.
- (4) 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

**Employment and Change of Control Agreements.**

The Bank has entered into employment agreements (for purposes of this discussion, each an “Agreement”) with its Chief Executive Officer and Chief Financial Officer. Mr. Dick’s Agreement provides for his employment as the Chairman, 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 of three years which began on January 1, 2007 and automatically renews each year thereafter for an additional one year term unless terminated or not formally renewed.

Under his Agreement, Mr. Dick is entitled to an initial base salary of \$200,000, subject to annual review and increase based on Mr. Dick’s performance during the preceding year and other relevant factors. Under his Agreement, Mr. Chemlik is entitled to an initial base salary of \$160,000, 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 participate in the Bank’s incentive compensation plan for senior Bank executives, when adopted, and 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 either with a company-owned automobile or an allowance of up to \$600, in the case of Mr. Dick, or \$400, in the case of Mr. Chmelik, per month plus fuel and maintenance expenses. The Bank also agrees to provide each of Messrs. Dick and Chmelik with an allowance of up to \$100 per month for payment of health club dues.

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

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

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), the executive is entitled to receive in 12 monthly payments the greater of (1) an amount equal to his annual base salary in effect immediately preceding such termination or (2) an amount equal to his annual base salary in effect immediately preceding such termination times the number of years (or partial years) then remaining in the initial three-year term of the Agreement (the "Termination Compensation Part One"), but all benefits will cease upon a termination without cause or for good reason.

If either Mr. Dick or Mr. Chmelik is terminated without cause or if he terminates his employment for good reason following a "change in control" (as defined in the Agreements), then he will receive, also in 12 monthly payments, an additional sum equal to the excess, if any, of 299% of his "annualized includible compensation for the base period" as defined in Internal Revenue Code Section 280G, over the Termination Compensation Part One ("Termination Compensation Part Two" and together with the Termination Compensation Part One, the "Termination Compensation").

If either Mr. Dick or Mr. Chmelik is terminated "for cause" (as defined in the Agreements) or terminates his employment "for other reasons" (as defined in the Agreements), his compensation and benefits will cease upon termination. If either Mr. Dick's or Mr. Chmelik's employment is terminated due to disability, his compensation and benefits will cease upon termination, but all restricted stock previously received as compensation will immediately vest. If either Mr. Dick's or Mr. Chmelik's employment is terminated due to death, his compensation and benefits will cease upon termination, except that his estate will be paid his salary and accrued bonus, if any, through the end of the month in which death occurs and all restricted stock previously received as compensation will immediately vest.

Each Agreement contains provisions prohibiting the 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 breaches the confidentiality or non-compete provisions of his Agreement, then he will not be

entitled to receive any additional Termination Compensation and will be required to repay any Termination Compensation previously received and forfeit any stock that vested upon termination.

In addition to the payments upon termination or change of control provided in Mr. Dick's and Mr. Chmelik's employment agreements, the terms of the stock option and restricted stock awards granted under the Bank's 2004 Stock 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 employment agreements).

The terms of the restricted stock awards granted under the Bank's 2004 Stock 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 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 employment agreements), terminates his employment for good reason (as defined in the employment 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, but does not currently provide a company match for employee contributions. The Bank does not expect to provide a company match for employee contributions until such time as the Bank becomes profitable.

<b>SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS</b>
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#### **Equity Compensation Plan Information.**

The following table sets forth information as of December 31, 2008 with respect to certain compensation plans under which equity securities of the Bank are authorized for issuance.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by shareholders	127,500 <sup>(1)</sup>	\$10.00	182,023 <sup>(3)</sup>
Equity compensation plans not approved by shareholders <sup>(2)</sup>	--	--	--
Total	127,500	\$10.00	182,023

- (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 on substantially the same terms, including interest rates, fees and collateral, as those prevailing at the time for comparable transactions with other persons. In the opinion of management, these loans do not involve more than the normal risk of collectibility 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, 2008, totaled approximately \$1,600,000 or 6.94% 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 auditors on the basis of the information it receives, discussions with management and auditors, 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 2008, the Audit Committee:

- Reviewed and discussed the audited financial statements for the fiscal year ended December 31, 2008 with management and Yount, Hyde & Barbour, P.C., the Bank's independent accountants;
- Discussed with Yount, Hyde & Barbour, P.C. the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, 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 auditors' 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, 2008 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 registered public accounting firm 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 registered public accounting firm for the fiscal year ending December 31, 2008. On April 16, 2008, the Bank engaged Yount, Hyde & Barbour, P.C. as its independent registered public accounting firm 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.

<b>PRINCIPAL ACCOUNTANT FEES AND SERVICES</b>
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Yount, Hyde & Barbour, P.C. served as the Bank's independent public accountants for the fiscal year ended December 31, 2008. 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 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 year ended December 31, 2008, and fees billed for other services rendered by Yount, Hyde & Barbour, P.C. during that period, and (ii) the fees for professional audit services rendered by Cherry, Bekaert & Holland, L.L.P. for the audit of the Bank's financial statements for the year ended December 31, 2007, and fees billed for other services rendered by Cherry, Bekaert & Holland, L.L.P. during that period. All services reflected in the following table for 2008 and 2007 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. and Cherry, Bekaert & Holland, L.L.P. was compatible with the maintenance of that firm's independence in the conduct of their auditing functions.

	<b>2008</b>	<b>2007</b>
Audit Fees <sup>(1)</sup>	\$49,000	\$67,750
Audit-Related Fees	2,613	250
Tax Fees	4,000	3,500
All Other Fees	--	--
	\$55,613	\$71,500

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

The Audit Committee has selected Yount, Hyde & Barbour, P.C. to provide audit services for the fiscal year ending December 31, 2009.

#### **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 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 2010 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 2010 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 20, 2010.

If any shareholder intends to have a proposal included in the Bank's proxy materials in connection with the 2010 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 December 11, 2009.

The proxy solicited by the Board of Directors for the 2010 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.

#### **2008 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, 2008, 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 web site at <http://mstreetbank.com>.**