
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
Washington, D.C. 20551

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **AUGUST 1, 2006**

MAINSTREET BANK

(Exact name of registrant as specified in its charter)

VIRGINIA (State or other jurisdiction of incorporation)	N/A (Commission File Number)	47-0914596 (IRS Employer Identification No.)
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727 ELDEN STREET HERNDON, VIRGINIA (Address of principal executive offices)	20170 (Zip Code)
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Registrant's telephone number, including area code: **(703) 481-4567**

NOT APPLICABLE

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On August 1, 2006, MAINSTREET BANK issued a press release commenting on second quarter 2006 performance and its first profitable quarter. A copy of the press release is filed as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

The information in this Item 2.02, and the related exhibit, is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99.1 Press Release dated August 1, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 1, 2006

MAINSTREET BANK
(Registrant)

By: /S/
Jeff W. Dick
President & Chief Executive Officer

PRESS RELEASE

For Immediate Release
August 1, 2006

Contact: Jeff W. Dick
(703) 481-4567

MAINSTREET BANK Announces First Profitable Quarter

Herndon, VA — MAINSTREET BANK (OTC BULLETIN BOARD: MNSB), a Virginia State-chartered bank opened in May 2004, announced second quarter 2006 net income of \$3 thousand, or \$0.00 per diluted common share, compared to a net loss of \$225 thousand, or (\$0.18) per diluted common share for the same period last year. The Bank's net interest margin was 4.47% during the second quarter of 2006, compared to 3.11% for the same period last year.

The net loss for the six months ended June 30, 2006 was \$60 thousand, or (\$0.02) per diluted common share, compared to a net loss of \$500 thousand, or (\$0.40) per diluted common share for the same period last year.

Total assets increased \$50.8 million, or 85% over the prior year to \$110.5 million at June 30, 2006. Loans, which comprise 69% of total assets, increased \$43.8 million, or 137%, to \$75.9 million compared with \$32 million at June 30, 2005. Deposits totaled \$83.2 million at June 30, 2006 compared to \$44.7 million at June 30, 2005.

Asset quality remained strong during the second quarter of 2006, with no nonaccrual or nonperforming loans or assets.

“We are very pleased to have the first profitable quarter under our belt” said President & CEO Jeff W. Dick. “We continue to see good loan growth. Although there is more price competition for deposits in this market, we have a powerful business banking solution, which is proving to be very desirable in our marketplace.”

MainStreet Bank’s main office is located in historic downtown Herndon, Virginia. MainStreet Bank offers a secure web-based branch solution that brings the bank to our customer’s office, for maximum convenience. Further information on the Bank can be obtained by visiting its website at www.mstreetbank.com.

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This release contains forward-looking statements, including our expectations with respect to future events, that are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from management's projections, forecasts, estimates and expectations include: fluctuation in market rates of interest and loan and deposit pricing, adverse changes in the overall national economy as well as adverse economic conditions in our specific market areas, maintenance and development of well-established and valued client relationships and referral source relationships, and acquisition or loss of key production personnel. Other risks that can affect the Bank are detailed from time to time in our quarterly and annual reports filed with the Board of Governors of the Federal Reserve System. We caution readers that the list of factors above is not exclusive. The forward-looking statements are made as of the date of this release, and we may not undertake steps to update the forward-looking statements to reflect the impact of any circumstances or events that arise after the date the forward-looking statements are made. In addition, our past results of operations are not necessarily indicative of future performance.

MAINSTREET BANK
FINANCIAL HIGHLIGHTS (Unaudited)

	Quarter Ended (000's except share data)			Year to-Date (000's except share data)		
	6/30/06	6/30/05	% Change	6/30/06	6/30/05	% Change
Operations						
Interest income	\$ 1,784	\$ 753	136.9	\$ 3,275	\$ 1,353	142.1
Interest expense	702	325	116.0	1,286	557	130.9
Net interest income	1,082	428	152.8	1,989	796	149.9
Provision for loan losses	137	35	291.4	217	80	171.3
Net interest income after provision for loan losses	945	393	140.5	1,772	716	147.5
Other income	29	17	70.6	51	24	112.5
Operating expenses	971	635	52.9	1,883	1,240	51.9
Income (loss) before income taxes	3	(225)	nm	(60)	(500)	88.0
Income taxes	—	—	—	—	—	—
Net income (loss)	\$ 3	\$ (225)	nm	\$ (60)	\$ (500)	88.0
Per Share Data						
Earnings per share (basic and diluted)	\$0.00	(\$ 0.18)	nm	(\$0.02)	(\$ 0.40)	95.0
Book value per share	\$8.75	\$ 7.73	13.2	\$8.75	\$ 7.73	13.2
Closing stock price	\$11.10	\$10.00	11.0	\$11.10	\$10.00	11.0
Weighted average shares (basic and diluted)	2,419,565	1,247,309		2,419,329	1,247,309	
Selected Balance Sheet Data						
Investments	\$ 23,875	\$ 21,717	9.9			
Gross Loans	\$ 75,914	\$ 32,051	136.9			
Total Assets	\$ 110,506	\$ 59,727	85.0			
Deposits	\$ 83,206	\$ 44,747	85.9			
Borrowings	\$ 5,717	\$ 5,000	14.3			
Stockholders' Equity	\$ 21,180	\$ 9,746	117.3			
Ratios						
Return on average assets	0.00%	(0.40%)		(0.06%)	(0.94%)	
Return on average equity	0.01%	(2.25%)		(0.28%)	(4.94%)	
Gross loans to deposits	91.24%	71.66%				
Net interest margin	4.47%	3.11%		4.40%	2.84%	
Efficiency ratio	88.04%	148.68%		92.30%	149.25%	
Allowance for loan losses to total loans	1.20%	1.14%				
Regulatory Capital Ratios						
Tier 1 risk-based capital ratio	23.54%	26.58%				
Total risk-based capital ratio	24.50%	27.48%				
Leverage ratio	22.76%	18.99%				
Balance Sheet (averages)						
Investments	\$ 17,316	\$ 23,732	(27.0)	\$ 17,750	\$ 22,360	(20.6)
Gross Loans	\$ 69,643	\$ 28,748	142.3	\$ 64,528	\$ 25,789	150.2
	\$			\$		
Total Assets	98,702	\$ 56,583	74.4	92,749	\$ 53,438	73.6
Deposits	\$ 71,127	\$ 40,922	3.8	\$ 65,217	\$ 38,625	68.8
Borrowings	\$ 5,724	\$ 5,000	14.5	\$ 5,730	\$ 4,144	38.3
Stockholders' Equity	\$ 21,481	\$ 9,992	115.0	\$ 21,493	\$ 10,120	112.4

Nm = not material