

**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) **July 22, 2008**

**MAINSTREET BANK**

(Exact name of registrant as specified in its charter)

<b>VIRGINIA</b> (State or other jurisdiction of incorporation)	<b>N/A</b> (Commission File Number)	<b>47-0914596</b> (IRS Employer Identification No.)
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<b>727 ELDEN STREET</b> <b>HERNDON, VIRGINIA</b> (Address of principal executive offices)	<b>20170</b> (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:

- 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))



## PRESS RELEASE

For Immediate Release  
July 22, 2008

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

### **MAINSTREET BANK Announces Mid-Year Results**

Herndon, VA — MAINSTREET BANK (OTC BULLETIN BOARD: MNSB), a Virginia state-chartered bank that opened in May 2004, announced a return to quarterly profitability during the second quarter of 2008. The Bank reported second quarter 2008 net income of \$5 thousand, or \$0.00 per common share (basic and diluted), compared to a net loss of \$159 thousand, or (\$0.07) per common share (basic and diluted) for the three months ended June 30, 2007.

President & CEO Jeff W. Dick said “We are extremely pleased with the Bank’s performance this quarter, which is in-line with the Board and management’s objectives for 2008. This return to quarterly profitability is especially gratifying, given the condition of the economy as a whole, and the significant difficulties being experienced in the banking industry, both locally and nationally.”

The second quarter profit partially offset the Bank’s first quarter loss. The net loss for the six months ended June 30, 2008 was \$84 thousand, or (\$0.03) per diluted common share, compared to a net loss of \$292 thousand, or (\$0.12) per diluted common share for the same period last year. Dick indicated that, “Following a year of planned aggressive growth, the Board and management continue to focus on our goal of achieving sustainable profitability.”

The Bank also continues to experience good balance sheet growth, with total assets at June 30, 2008 of \$175.4 million, which is an increase of 30% over total assets at June 30, 2007. Gross loans at June 30, 2008 were \$131.6 million, an increase of 29% over June 30, 2007, and total deposits were \$131.3 million, an increase of 25%.

After four years of operations, asset quality remains strong. Total non-performing loans as of June 30, 2008 were \$230,011 or 0.17% of total loans, and consist of a single loan with a 75% guarantee from the Small Business Administration. Loans past due 30-89 days were \$497,182 or 0.38% of total loans. MainStreet Bank does not originate or hold subprime residential mortgage loans in its loan portfolio or securities portfolio.

The Bank has offices located at 727 Elden Street in Herndon, Virginia and 4029 Chain Bridge Road in Fairfax, Virginia. But MainStreet Bank is not limited by its physical branch network, offering business customers the ability to **Put Our Bank in Your Office**<sup>®</sup> with robust yet simple-to-use technology. The Bank’s secure web-enabled technology is used to manage accounts, pay bills, transfer funds, initiate wire transfers, sweep funds, make loan payments and advance funds from lines of credit. The technology interfaces with Intuit<sup>®</sup> and Microsoft<sup>®</sup> accounting software for greater efficiency in accounting and finance operations. For accounts payable, customers can also build in reminders, customize loan payments, and set up regular funds transfers.

MainStreet Bank is the first community bank in the Washington, D.C. Metropolitan area to offer this type of full online business banking solution. Further information on the Bank can be obtained by visiting its website at [www.mstreetbank.com](http://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)		
	6/30/08	6/30/07	% Change	6/30/08	6/30/07	% Change
<b>Operations</b>						
Interest income	\$ 2,519	\$ 2,356	6.9	\$ 5,011	\$ 4,402	13.8
Interest expense	1,153	1,064	8.4	2,363	1,929	22.5
Net interest income	1,366	1,292	5.7	2,648	2,473	7.1
Provision for loan losses	97	110	(11.8)	171	200	(14.5)
Net interest income after provision for loan losses	1,269	1,182	7.4	2,477	2,273	9.0
Other income	62	48	29.2	132	82	61.0
Operating expenses	1,326	1,389	(4.5)	2,693	2,647	1.7
Income (loss) before income taxes	5	(159)	nm	(84)	(292)	128.8
Income taxes	—	—	—	—	—	—
Net income (loss)	\$ 5	\$ (159)	nm	\$ (84)	\$ (292)	128.8
<b>Per Share Data</b>						
Earnings (loss) per share (basic and diluted)	\$0.00	(\$0.07)	nm	(\$0.03)	(\$0.12)	125.0
Book value per share	\$8.16	\$8.78	(7.1)	\$8.16	\$8.78	(7.1)
Closing stock price	\$7.00	\$10.55	(33.6)	\$7.00	\$10.55	(33.6)
Weighted average shares (basic and diluted)	2,555,467	2,424,815		2,554,989	2,424,597	
<b>Selected Balance Sheet Data</b>						
Investments	\$ 39,393	\$ 23,529	67.4			
Gross Loans	\$ 131,602	\$ 101,668	29.4			
Total Assets	\$ 175,414	\$ 135,262	29.7			
Deposits	\$ 131,269	\$ 105,400	24.5			
Federal Funds and Repurchase Agreements	\$ 2,228	\$ 2,372	(6.1)			
Borrowings	\$ 20,617	\$ 5,667	263.8			
Stockholders' Equity	\$ 20,858	\$ 21,290	(2.0)			
<b>Ratios</b>						
Return (loss) on average assets	0.00%	(0.13%)		(0.05%)	(0.25%)	
Return (loss) on average equity	0.02%	(0.74%)		(0.39%)	(1.35%)	
Gross loans to deposits	100.25%	96.46%				
Net interest margin	3.33%	4.29%		3.38%	4.39%	
Efficiency ratio	92.87%	98.98%		96.86%	103.60%	
Allowance for loan losses to total loans	1.11%	1.14%				
Past due loans 30-89 days to total gross loans	0.38%	0.38%				
Non-accrual loans to total gross loans	0.17%	0.00%				
<b>Regulatory Capital Ratios</b>						
Tier 1 risk-based capital ratio	15.38%	18.90%				
Total risk-based capital ratio	16.37%	19.87%				
Leverage ratio	13.42%	18.22%				
<b>Balance Sheet (averages)</b>						
Investments	\$ 29,528	\$ 13,977	111.3	\$ 23,995	\$ 14,212	68.8
Gross Loans	\$ 125,401	\$ 95,112	31.8	\$ 120,953	\$ 89,922	34.4
Total Assets	\$ 167,364	\$ 123,467	35.6	\$ 159,972	\$ 115,617	38.4
Deposits	\$ 122,600	\$ 93,637	30.9	\$ 120,761	\$ 86,453	39.7
Borrowings	\$ 20,624	\$ 5,674	263.5	\$ 14,779	\$ 5,680	160.2
Stockholders' Equity	\$ 21,274	\$ 21,517	(1.1)	\$ 21,272	\$ 21,593	(1.5)

Nm = not material