



**MainStreetBank**

**2010**  
**Annual**  
**Report**

Dear Shareholders,

Your management team and Board of Directors took a conservative approach on growth expectations for 2010, given the ongoing state of economic uncertainty. Nevertheless, we are proud to report sustained profitability in what will most likely become known as the worst economic period of our lifetime.

The “green shoots of optimism” heralded by many economists late in 2009 didn’t really take root as the year started to progress. In fact, a few of the local economists started to predict that we wouldn’t see a full economic recovery until 2016. About that time, somebody somewhere coined the phrase, “now is the new normal”.

It seemed as if most small business owners had put themselves in a financial holding pattern during 2009 and 2010. They were looking for true signs of an economic recovery before replacing or expanding their business activities.

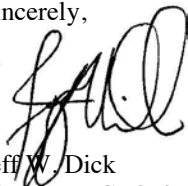
In some ways, the acceptance of “now is the new normal” was liberating. Small business owners had literally “had enough” of waiting. And they, as did we, realized that business must press on. Spending on business related goods and services started to increase, which increased hiring, and in turn gave a jump start to the lackluster housing market.

Small businesses started spending, and community banks stood ready to support their borrowing needs. Community banks like MainStreet Bank agreed to lend money to borrowers that demonstrated a history of managing their balance sheets effectively during difficult financial times. Community bankers have a relationship with their borrowers, and we understand the difference between the impact of broader economic factors versus poor business decisions or inadequate management.

We are cautiously optimistic about 2011. Many of our customers continue to thrive, but the national and global economy is extremely fragile. We will continue to support our customer relationships as we look forward to better days ahead.

We have many new and exciting products and services available at MainStreet. If you haven’t stopped by for a while, I would encourage you to do so. Or go online at [www.mstreetbank.com](http://www.mstreetbank.com) or our new consumer website: [www.airbanking.com](http://www.airbanking.com). Thank you for your ongoing support.

Sincerely,



Jeff W. Dick  
Chairman, CEO & President



Thomas J. Chmelik  
Executive Vice President & CFO

**MainStreet Bank**  
**Balance Sheets**

December 31,	2010	2009
<b>ASSETS</b>		
Cash and cash equivalents		
Cash and due from banks	\$ 13,247,967	\$ 18,084,379
Federal funds sold	<u>1,147,461</u>	<u>657,000</u>
Total cash and cash equivalents	14,395,428	18,741,379
Investment securities available for sale, at fair value	24,773,847	27,908,949
Restricted equity securities	1,879,400	2,008,700
Loans, net of allowance for loan losses of \$3,706,887 and \$2,383,511, respectively	188,653,692	181,749,003
Premises and equipment, net	5,050,007	1,999,585
Other real estate owned, net	1,404,000	357,177
Accrued interest and other receivables	952,222	788,570
Other assets	<u>2,773,202</u>	<u>2,510,374</u>
<b>Total Assets</b>	<u><b>\$239,881,798</b></u>	<u><b>\$ 236,063,737</b></u>
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Non-interest bearing deposits	\$ 26,494,786	\$ 17,893,730
Savings and NOW deposits	22,508,922	17,410,006
Money market deposits	26,901,991	23,877,818
Other time deposits	<u>128,941,269</u>	<u>130,656,770</u>
Total deposits	204,846,968	189,838,324
Securities sold under agreements to repurchase	1,173,180	2,708,678
Federal Home Loan Bank advances	10,491,667	20,541,667
Other liabilities	<u>433,284</u>	<u>636,737</u>
<b>Total Liabilities</b>	216,945,099	213,725,406
<b>Commitments and Contingencies</b>	—	—
 <b>Stockholders' Equity:</b>		
Common stock	9,878,308	9,770,276
Capital surplus	15,140,110	15,050,640
Accumulated deficit	(2,145,471)	(2,561,115)
Accumulated other comprehensive income	<u>63,752</u>	<u>78,530</u>
<b>Total Stockholders' Equity</b>	<u><b>22,936,699</b></u>	<u><b>22,338,331</b></u>
 <b>Total Liabilities and Stockholders' Equity</b>	 <u><b>\$239,881,798</b></u>	 <u><b>\$ 236,063,737</b></u>

**MainStreet Bank**  
**Statements of Income**

<b>Years Ended December 31,</b>	<b>2010</b>	<b>2009</b>
<b>INTEREST INCOME:</b>		
Interest and fees on loans	\$ 11,613,569	\$ 9,286,453
Interest on investment securities	1,177,358	1,596,267
Interest on federal funds sold	44,751	34,342
Total interest income	<u>12,835,678</u>	<u>10,917,062</u>
<b>INTEREST EXPENSE:</b>		
Interest on savings and NOW deposits	189,553	217,761
Interest on money market deposits	295,265	385,877
Interest on other time deposits	2,819,619	3,291,975
Interest on securities sold under agreements to repurchase	5,216	4,403
Interest on Federal Home Loan Bank advances and other borrowings	435,737	722,587
Total interest expense	<u>3,745,390</u>	<u>4,622,603</u>
Net interest income	9,090,288	6,294,459
Provision for loan losses	2,265,300	758,000
Net interest income after provision for loan losses	<u>6,824,988</u>	<u>5,536,459</u>
<b>OTHER INCOME:</b>		
Deposit account service charges	300,921	227,286
Gain on securities available for sale	341,077	365,194
Mortgage origination fees	206,908	—
Other operating income	99,233	79,155
Total other income	<u>948,139</u>	<u>671,635</u>
<b>OTHER EXPENSES:</b>		
Salaries and employee benefits	4,287,697	3,196,743
Occupancy expenses	631,515	500,881
Furniture and equipment expenses	510,066	439,508
Advertising and marketing	107,896	55,077
Outside services	467,503	371,842
Franchise tax	218,858	215,143
FDIC insurance	385,982	313,058
Data processing	411,194	369,528
OREO expense	174,823	2,863
Other operating expenses	715,021	576,375
Total other expenses	<u>7,910,555</u>	<u>6,041,018</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<b>(137,428)</b>	<b>167,076</b>
Income tax benefit	(553,072)	(352,000)
<b>NET INCOME</b>	<b><u>\$ 415,644</u></b>	<b><u>\$ 519,076</u></b>
Net income per common share, basic and diluted	\$ 0.16	\$ 0.20
Weighted average number of shares	2,581,713	2,565,687

