

MainStreet Bank
727 Elden Street
Herndon, Virginia 20170

Dear Fellow Shareholder:

You are cordially invited to attend the 2011 Annual Meeting of Shareholders of MainStreet Bank, to be held on Monday, June 13, 2011 at 1:00 p.m. at the Friends Meeting House, located at 660 Spring Street, Herndon, Virginia. The accompanying Notice of Annual Meeting of Shareholders and Proxy Statement describe the matters to be presented at the meeting. Also enclosed is our condensed annual report for the fiscal year ended December 31, 2010, which we will review at the Annual Meeting.

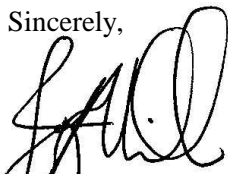
You may notice that our Proxy Statement and annual report have a new format this year. That is because MainStreet Bank is no longer a public company. In light of substantial cost savings to be achieved by eliminating our SEC reporting obligations, as permitted by the rules of the Securities Exchange Act of 1934, MainStreet Bank terminated the registration of its common stock after our number of record holders fell below 300. As a result, as of March 2, 2011, MainStreet Bank is now a private company.

Even though we are no longer subject to the SEC's reporting obligations, our common stock will continue to trade on the OTC Bulletin Board under the symbol "MNSB," and we will continue to report our quarterly operating results on call reports filed with the FDIC. Because we want to keep our shareholders informed, we also intend to post condensed quarterly reports and other important news on the MainStreet Bank website at www.mstreetbank.com under "Corporate Information."

Please sign, date and return the enclosed proxy card as soon as possible. Whether or not you plan to attend the Annual Meeting, it is important that your shares of MainStreet Bank be represented and your vote recorded. If you decide to attend the Annual Meeting in person, you can revoke your proxy at any time before it is voted at the Annual Meeting.

We appreciate your continuing loyalty and support of MainStreet Bank and look forward to seeing you on June 13th.

Sincerely,



Jeff W. Dick
*Chairman, President &
Chief Executive Officer*

May 5, 2011

MainStreet Bank
727 Elden Street
Herndon, Virginia 20170
(703) 481-4567

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JUNE 13, 2011**

Notice is hereby given that the 2011 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 Monday, June 13, 2011, at 1:00 p.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 three Group I directors identified in the proxy statement for a term of three years each, or until their successors are elected and qualify;
- (2) Act on a proposed amendment of the Bank's Amended and Restated Articles of Incorporation (i) to increase the number of authorized shares of common stock from 5,000,000 to 7,500,000, (ii) to authorize the issuance of up to 2,000,000 shares of preferred stock with such preferences, limitations and relative rights as determined by the Board of Directors, and (iii) to require, under certain circumstances, the mandatory advancement or reimbursement of expenses incurred by directors and officers in connection with certain legal proceedings;
- (3) Ratify the appointment of Yount, Hyde & Barbour, P.C. as the Bank's independent registered accountants for the fiscal year ending December 31, 2011; and
- (4) Transact such other business as may properly come before the meeting.

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 13, 2011, 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
May 5, 2011

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
(703) 481-4567

PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
JUNE 13, 2011

GENERAL

The enclosed proxy is solicited by the Board of Directors of MainStreet Bank (the Bank) for the Annual Meeting of Shareholders (the Annual Meeting) of the Bank to be held at 1:00 p.m. local time, June 13, 2011, at the Friends Meeting House, located at 660 Spring Street, Herndon, Virginia, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. The approximate mailing date of this proxy statement and accompanying proxy is May 5, 2011.

Revocation and Voting of Proxies

Execution of a proxy will not affect a shareholder's right to attend the Annual Meeting and to vote in person. Any shareholder who has executed and returned a proxy may revoke it by attending the Annual Meeting and requesting to vote in person. A shareholder may also revoke his proxy at any time before it is exercised by filing a written notice with the Bank or by submitting a proxy bearing a later date. Proxies will extend to, and will be voted at, any properly adjourned session of the Annual Meeting.

If a shareholder returns an executed proxy and specifies how the proxy is to be voted with respect to any proposal for which a choice is provided, the proxy will be voted in accordance with such specifications. If a shareholder returns an executed proxy but fails to specify how the proxy is to be voted with respect to Proposal One, Two or Three set forth in the accompanying Notice and further described herein, the proxy will be voted **FOR** the director nominees named in Proposal One; **FOR** Proposal Two to amend the Bank's Amended and Restated Articles of Incorporation (i) to increase the number of authorized shares of common stock from 5,000,000 to 7,500,000, (ii) to authorize the issuance of 2,000,000 shares of preferred stock with such preferences, limitations and relative rights as determined by the Board of Directors, and (iii) to require, under certain circumstances, the mandatory advancement or reimbursement of expenses incurred by directors and officers in connection with certain legal proceedings; and **FOR** Proposal Three to ratify the appointment of Yount, Hyde & Barbour, P.C. (YHB) as the Bank's independent registered accountant for the fiscal year ending December 31, 2011.

Should any other matters be properly presented for action at the Annual Meeting, the proxy agents named in the enclosed proxy will have the discretion to vote on these matters in their best judgment.

Voting Rights of Shareholders

Only those shareholders of record at the close of business on April 13, 2011 are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. The number of shares of common stock of the Bank outstanding and entitled to vote as of the record date was 2,599,641. At least one-third (1/3) of the shares entitled to vote, represented in person or by proxy, will constitute a quorum for the transaction of business.

Each share of common stock entitles the record holder thereof to one vote upon each matter to be voted upon at the Annual Meeting. Shares for which the holder has elected to abstain or to withhold the proxy agents' authority to vote (including broker non-votes, discussed below) on a matter will count as shares present for the

purpose of determining the presence or absence of a quorum at the meeting, but will not be included in determining the number of votes cast with respect to such matter.

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 your shares. For example, if you do not give instructions to your broker, and your broker is a member of the New York Stock Exchange, under the rules of the New York Stock Exchange, your broker can exercise discretionary power to vote your shares with respect to “routine” items, but is not permitted to vote your shares with respect to “non-routine” items. Brokers who are not members of the New York Stock Exchange may not be able to exercise discretionary voting with respect to even routine items depending on the rules of the exchange or market of which the broker is a member. The proposal to ratify the selection of YHB as the Bank’s independent registered accountant for the fiscal year ending December 31, 2011 is considered a “routine” matter under the rules of the New York Stock Exchange, while the election of directors and the proposal to amend the Bank’s Amended and Restated Articles of Incorporation are considered non-routine matters. Shares that your broker cannot vote on a particular matter because your broker has not received instructions from you are called “broker non-votes.”

With regard to Proposal One, votes may be cast in favor or withheld. If a quorum is present, the three director nominees receiving the greatest number of affirmative votes at the Annual Meeting, even though less than a majority, will be elected directors; therefore, votes withheld and broker non-votes will have no effect on the outcome of the election of directors.

With regard to Proposal Two, votes may be cast in favor or against or a shareholder may abstain. If a quorum is present, Proposal Two will be approved if the holders of a majority of the shares outstanding and entitled to be voted vote in favor of the proposal. Therefore, abstentions and broker non-votes will have the same effect as votes against Proposal Two to amend the Amended and Restated Articles of Incorporation to increase the number of authorized shares of common stock, to authorize the issuance of preferred stock and to require the advancement or reimbursement of certain legal expenses of directors and officers.

With regard to Proposal Three, votes may be cast in favor or against or a shareholder may abstain. If a quorum is present, approval of the ratification of the Bank’s independent registered accountant requires an affirmative vote of a majority of the shares cast on the matter. Therefore, abstentions and broker non-votes will have no effect on whether such matter is approved.

PROPOSAL ONE ELECTIONS OF DIRECTORS

The Board currently consists of seven (7) directors. Under the Bank’s Amended and Restated Articles of Incorporation and Amended and Restated 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 I directors expire at the Annual Meeting. Three individuals are proposed for election as Group I directors for terms expiring at the 2014 annual meeting.

The discussion 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 three 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.

Nominees for Election for Terms Expiring in 2014 (Group I).

Jeff W. Dick, 50, 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 and the Fairfax Law Foundation. 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, 71, 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 41 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.

Terry M. Saeger, 49, has been a director since March 2011. He is the Senior Vice President of Sales, Marketing, Product Management and Business Development at Volt Delta Resources, LLC (Division of Volt Information Sciences, Inc.), where he began as Senior Vice President and General Manager of OnDemand Services in 2008. Mr. Saeger was Co-Founder, Executive Vice President and Chief Operating Officer of BriteMoves, LLC, a company focused on delivering innovative advertising media and services, from 2004 to 2007, at which time he successfully sold the business. From 1997 to 2004, Mr. Saeger served in various positions at Convergys Corporation, including the position of Vice President for Client Business Development, Sales, Sales and Marketing, and National Accounts. From 1996 to 1997, Mr. Saeger was the National Account Manager at West TeleServices Corporation, after working eleven years for AT&T in various positions, including Sales Manager and National Account Manager. Mr. Saeger began his career in 1984 as an Industrial/ Manufacturing Engineer with Coors Porcelain Company. Mr. Saeger has a B.S. in Industrial Engineering and Management from North Dakota State University and did post-graduate studies in Computer Integrated Manufacturing at Brigham Young University.

Summary of director qualifications for Mr. Saeger – Mr. Saeger has been Senior Vice president of Sales, Marketing, Product Management and Business Development at Volt Delta Resources, the number two position in the division, since June of 2009, where he has responsibility for three business units and \$107MM in annual revenue. In this position he has instituted initiatives to protect and stabilize existing revenue, reduce costs and improve market focus. As Senior Vice President and General Manager of OnDemand Services, Mr. Saeger built revenue from \$300,000 to \$2.8MM in twelve months and at Convergys increased sales from \$5MM to \$47MM over five years. Mr. Saeger has over 25 years of experience in sales and management and is focused on building relationships to drive revenues, reduce costs and improve processes to deliver value. He emphasizes integrity and open communication and brings to the Board a wealth of experience in organizational structure, planning and forecasting.

The Board of Directors recommends a vote “FOR” the nominees set forth above.

Incumbent Directors Serving for Terms Expiring in 2012 (Group II).

Thomas J. Chmelik, 48, 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, 69, 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 41 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.

Incumbent Directors Serving for Terms Expiring in 2013 (Group III).

Donna Miller, CPA, CVA, CFP, CPMA, 68, 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 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, 69, 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 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.

PROPOSAL TWO

AMENDMENT OF AMENDED AND RESTATED ARTICLES OF INCORPORATION (I) TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK FROM 5,000,000 TO 7,500,000, (II) TO AUTHORIZE 2,000,000 SHARES OF PREFERRED STOCK WITH SUCH PREFERENCES, LIMITATIONS AND RELATIVE RIGHTS AS DETERMINED BY THE BOARD OF DIRECTORS, AND (III) TO REQUIRE, UNDER CERTAIN CIRCUMSTANCES, THE MANDATORY ADVANCEMENT OR REIMBURSEMENT OF EXPENSES INCURRED BY DIRECTORS AND OFFICERS IN CONNECTION WITH CERTAIN LEGAL PROCEEDINGS

The Board of Directors has adopted an amendment of the Bank's Amended and Restated Articles of Incorporation (i) to increase the number of authorized shares of common stock from 5,000,000 to 7,500,000, (ii) to authorize the issuance of up to 2,000,000 shares of preferred stock with such preferences, limitations and relative rights as determined by the Board of Directors, par value \$1.00 per share (Preferred Stock), and (iii) to require, under certain circumstances, the mandatory advancement or reimbursement of expenses incurred by directors and officers in connection with certain legal proceedings. The exact text of the proposed amendment is contained in Appendix A to this proxy statement.

Increase Shares of Common Stock. The Bank's Amended and Restated Articles of Incorporation currently authorize 5,000,000 shares of common stock. The Bank currently has 2,599,641 shares of common stock outstanding. This amendment will increase the number of authorized shares from 5,000,000 to 7,500,000, but will not change any other characteristics of the Bank's common stock.

Authorize Shares of Preferred Stock. The Bank's Amended and Restated Articles of Incorporation currently authorize only the issuance of common stock. The amendment will vest in the Board of Directors the authority to issue up to 2,000,000 shares of Preferred Stock in one or more series and, to the extent permitted by law, fix and determine the preferences, limitations and relative rights of the shares of any series so established. Provisions in a company's articles of incorporation authorizing preferred stock in this manner give a board of directors the flexibility, at any time or from time to time, without further shareholder approval (except as may be required by applicable laws, regulatory authorities or the rules of any stock exchange on which the company's

securities are then listed), to create one or more series of preferred stock and to determine the terms of each such series by adopting an amendment of the articles of incorporation.

In connection with authorizing the issuance of Preferred Stock, the proposed amendment removes Article IV regarding preemptive rights from the Amended and Restated Articles of Incorporation and moves the discussion of preemptive rights with respect to all classes of the Bank's stock into Article III, Section 2. This does not change any characteristic of the Bank's common stock, as the language changes merely clarify that no class of the Bank's stock will have preemptive rights.

Require Mandatory Advancement or Reimbursement of Legal Expenses of Directors and Officers. The Bank's Amended and Restated Articles of Incorporation currently require the Bank to indemnify every individual made a party to a proceeding because he is or was a director or officer of the Bank against liability incurred in the proceeding if the director or officer (i) conducted himself in good faith, (ii) believed, in the case of conduct in his official capacity with the Bank, that his conduct was in the best interests of the Bank and, in all other cases, that his conduct was not opposed to the best interests of the Bank, and (iii) had no reasonable cause to believe that his conduct was unlawful. The Bank's Amended and Restated Articles of Incorporation also currently state that the Bank may pay for or reimburse the reasonable legal expenses incurred by a director or officer in advance of final disposition of a proceeding if (i) he furnishes the Bank a written statement of his good faith belief that he has met the requirements for indemnification outlined above and an undertaking to repay the advance if it is ultimately determined that the indemnification is not permissible, and (ii) a determination is made that the facts then known to those making the determination would not preclude indemnification under the Amended and Restated Articles of Incorporation. The proposed amendment will alter this payment/reimbursement provision to be mandatory rather than just permissible, such that if a director or officer who is a party to a legal proceeding because he is or was a director or officer of the Bank and provides the written statement and undertaking and a determination is made that the then known facts do not preclude indemnification, then the Bank will be required to advance or reimburse the reasonable expenses incurred by the director or officer.

Shareholders are being asked to approve the proposed amendment at the Annual Meeting (i) to increase the number of authorized shares of common stock, (ii) to authorize the issuance of Preferred Stock and (iii) to require, rather than just permit, the advancement or reimbursement of certain legal expenses of directors and officers.

Reasons for the Amendment

The Board of Directors believes that the increase in authorized shares of common stock and the authorization of the Preferred Stock is advisable and in the best interests of the Bank and its shareholders for several reasons. The Board of Directors believes that the complexity of modern business financing and possible future transactions require greater flexibility in the Bank's capital structure than currently exists. As mentioned above, the Bank's Amended and Restated Articles of Incorporation currently do not authorize the Bank to issue preferred stock. If Proposal Two is approved, the Board of Directors would be permitted to issue the Preferred Stock without further shareholder approval, in one or more series, and with such dividend rates and rights, liquidation preferences, voting rights, conversion rights, rights and terms of redemption and other rights, preferences, and privileges as determined by the Board of Directors. Increasing the Bank's authorized shares of common stock and authorizing the issuance of Preferred Stock in this manner would provide the Bank with maximum flexibility in structuring acquisitions, joint ventures, strategic alliances and capital-raising transactions and for other corporate purposes. The Board of Directors evaluates such opportunities and considers different capital structuring alternatives designed to advance the Bank's business strategy. Having the increased authorized shares of common stock and authority to issue the Preferred Stock will enable the Bank to develop equity securities tailored to specific purposes and to avoid the possible delay associated with, and significant expense of, calling and holding a special meeting of shareholders to authorize such additional capital. The Board of Directors believes that such enhanced ability to respond to opportunities and favorable market conditions before the opportunities or conditions pass is in the best interests of the Bank and its shareholders.

If Proposal Two is approved, the Board of Directors would be permitted without further shareholder approval to issue Preferred Stock from time to time for any proper corporate purpose, including acquisitions of other businesses or properties and the raising of additional capital. Shares of Preferred Stock could be issued publicly or privately, in one or more series that could rank senior to the Bank's common stock with respect to dividends and liquidation rights. Although the Board of Directors has no present plans for the issuance of the Preferred Stock, the Board of Directors believes it is advisable and in the best interest of the Bank to authorize the issuance of the Preferred Stock for the principal reason of providing greater flexibility in financing the Bank's continued operations.

The proposed amendment will also enable the Bank to participate in the \$30 billion Small Business Lending Fund (SBLF) appropriated to the United States Department of the Treasury (Treasury) under the Small Business Jobs Act of 2010. The purpose of the SBLF is to provide capital and incentives to eligible financial institutions to increase small business lending throughout the communities they serve. On March 16, 2011, the Bank submitted to the Treasury an application to participate in the SBLF. The Bank proposed in its application to sell up to \$9,733,000 of senior perpetual noncumulative preferred stock, with a liquidation preference of \$1,000 per share, to the Treasury, which amount represents 3% of the Bank's total consolidated risk-weighted assets of \$236,064,000 as of December 31, 2009. The Bank's application was pending as of the date of this proxy statement.

The Board of Directors believes it may be advisable to take advantage of the SBLF to raise additional capital to ensure that the Bank is well-positioned to support existing operations as well as anticipated future growth. Because the Bank is not currently authorized under its Amended and Restated Articles of Incorporation to issue the requisite preferred stock to the Treasury, it is necessary for the Bank to amend its Amended and Restated Articles of Incorporation to authorize the issuance of the Preferred Stock before it may participate in the SBLF. However, even if the proposed amendment of the Amended and Restated Articles of Incorporation is adopted, there can be no assurance that the Treasury will approve the Bank's participation in the SBLF or that the Bank will ultimately proceed with such participation if approved by the Treasury. The Treasury's approval of the Bank's application will not legally bind the Bank to actually participate in the SBLF. In addition, if Proposal Two is approved, the Board would be permitted to authorize the issuance of Preferred Stock from time to time for any proper corporate purpose, not only in connection with participation in the SBLF.

The Board of Directors believes that the amendment to require the advancement or reimbursement of reasonable legal expenses incurred by directors and officers when they are parties to a legal proceeding because they are or were directors or officers of the Bank is advisable and in the best interests of the Bank and its shareholders because it will maximize protections for current directors and officers of the Bank and may help attract qualified director candidates for future service on the Bank's Board of Directors.

Effects of the Amendment on the Rights of Holders of Common Stock

Increase Shares of Common Stock

Increasing the number of authorized shares of common stock will have no effect on the holders of common stock until such shares are issued. Once issued, however, the voting power and percentage ownership of holders of the Bank's common stock before such issuance would be diluted, and such issuances could have an adverse effect on the market price of the Bank's common stock.

Authorize Shares of Preferred Stock

The Bank is unable to determine the effects of any future issuance of a series of Preferred Stock on the rights of its shareholders until the Board of Directors determines the rights of the holders of such series. However, such effects might include: (i) a preference in the payment of dividends to holders of Preferred Stock; (ii) dilution of voting power in the unlikely event that the holders of shares of Preferred Stock are given voting rights; (iii) dilution of the equity interests and voting power of holders of common stock if the Preferred Stock is converted into common stock; (iv) a liquidation preference above the holders of common stock; and (v) prevention of mergers with

or business combinations by the Bank and discouragement of possible tender offers for shares of the Bank's common stock.

Require Mandatory Advancement or Reimbursement of Legal Expenses of Directors and Officers

Authorizing the mandatory advancement or reimbursement of legal expenses for directors and officers under certain circumstances will have no effect on shareholders.

Potential Anti-Takeover Effects of the Amendment

The amendment of the Amended and Restated Articles of Incorporation to authorize the issuance of Preferred Stock could be used by the Bank to protect it against the attempts of third parties to take over or effect a change in control of the Bank by, for example, permitting issuances that would dilute the stock ownership of a person seeking to effect a change in the composition of the Board of Directors or contemplating a tender offer or other transaction for the combination of the Bank with another company. Specifically, the ability of the Board of Directors to establish the rights of, and to cause the Bank to issue, substantial amounts of Preferred Stock without the need for shareholder approval, upon such terms and conditions, and having such rights, privileges, and preferences as the Board of Directors may determine from time to time in the exercise of its business judgment, may, among other things, be used to create voting impediments with respect to changes in control of the Bank or to dilute the stock ownership of holders of common stock seeking to obtain control of the Bank.

Any future issuance of Preferred Stock, however, would require approval by the Board of Directors, and each director is legally bound to act in accordance with his or her good faith business judgment of the best interests of the Bank. The Board of Directors has no present intention of issuing any Preferred Stock for any defensive or anti-takeover purpose of implementing any shareholder rights plan or with features specifically intended to make any attempted acquisition of the Bank more difficult or costly.

Required Vote

The affirmative vote of holders of a majority of the shares outstanding and entitled to vote at the Annual Meeting is required for approval of the proposed amendment of the Bank's Amended and Restated Articles of Incorporation. Accordingly, abstentions and broker non-votes will count as votes against this proposal.

The Board of Directors recommends a vote "FOR" Proposal Two to amend the Bank's Amended and Restated Articles of Incorporation (i) to increase the number of authorized shares of common stock from 5,000,000 to 7,500,000, (ii) to authorize the issuance of up to 2,000,000 shares of Preferred Stock with such preferences, limitations and relative rights as determined by the Board of Directors, and (iii) to require, under certain circumstances, the mandatory advancement or reimbursement of expenses incurred by directors and officers in connection with certain legal proceedings.

PROPOSAL THREE

RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED ACCOUNTANT

The Audit Committee has appointed YHB as the Bank's independent registered accountant for the fiscal year ending December 31, 2011. YHB also served as independent registered accountant for the fiscal year ended December 31, 2010. In the event that the appointment of YHB is not ratified by shareholders at the Annual Meeting, the Audit Committee will consider making a change in the independent registered accountant for 2012.

Representatives of YHB are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to any questions.

The Board of Directors recommends a vote “FOR” ratification of the appointment of Yount, Hyde, and Barbour, P.C. as the Bank’s independent registered accountant for the fiscal year ending December 31, 2011.

OTHER MATTERS

As of the date of this proxy statement, the Board of Directors of the Bank has no knowledge of any matters to be presented for consideration at the Annual Meeting other than those referred to above. If any other matter properly comes before the Annual Meeting, the proxy agents named in the accompanying proxy intend to vote such proxy, to the extent entitled, in their discretion.

**PROPOSED AMENDMENTS TO THE
AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
MAINSTREET BANK**

1. Article III of the Amended and Restated Articles of Incorporation of MainStreet Bank is hereby amended to read as follows:

**ARTICLE III
AUTHORIZED STOCK**

1. **Number.** The aggregate number of shares of stock which the Corporation shall have the authority to issue, and the par value per share, is as follows:

<u>Class</u>	<u>Number of Shares</u>	<u>Par Value</u>
Common Stock	7,500,000	\$ 4.00
<u>Preferred Stock</u>	<u>2,000,000</u>	\$ <u>1.00</u>

2. **Preemptive Rights.** No holder of any class of stock of the Corporation shall have any preemptive rights with respect to any subscriptions, warrants, rights or options to purchase any shares of any class of stock of the Corporation, or obligations convertible into any shares of any class of stock of the Corporation or into subscriptions, warrants, rights or options to purchase any shares of any class of stock of the Corporation.

3. **Voting; Liquidation.** The holders of the Common Stock shall, to the exclusion of the holders of any other class of stock of the Corporation, have the sole and full power to vote for the election of directors and for all other purposes without limitation except only as otherwise provided in any articles of amendment applicable to any series of Preferred Stock, and as otherwise expressly provided by the then existing statutes of Virginia. The holders of the Common Stock shall have one vote for each share of Common Stock held by them. Except as may be set forth in any articles of amendment applicable to shares of Preferred Stock, the holders of the Common Stock shall be entitled to receive the net assets of the Corporation upon liquidation, dissolution or winding up.

4. **Establishing Preferred Stock.** Authority is expressly vested in the Board of Directors to divide the Preferred Stock into and issue the same in series and, to the fullest extent permitted by law, to fix

and determine the preferences, limitations and relative rights of the shares of any series so established, and to provide for the issuance thereof. Prior to the issuance of any share of a series of Preferred Stock, the Board of Directors shall establish such series by adopting an amendment of the articles of incorporation setting forth the designation and number of shares of the series and the preferences, limitations and relative rights thereof, and the Corporation shall file with the State Corporation Commission articles of amendment as required by law, and the State Corporation Commission shall have issued a certificate of amendment.

2. Article IV of the Amended and Restated Articles of Incorporation of MainStreet Bank is hereby deleted in its entirety and is reserved for future use.

3. The first sentence of Article VII, Section 5 of the Amended and Restated Articles of Incorporation of MainStreet Bank is hereby amended to read as follows:

5. *Advance for Expenses.* If permitted by applicable law, the Corporation shall pay for or reimburse the reasonable expenses incurred by any individual who is a party to a proceeding in advance of final disposition of the proceeding if: (i) he furnished the Corporation a written statement of his good faith belief that he has met the standard of conduct described in Section 1 of this Article and a written undertaking, executed personally or on his behalf, to repay the advance if it is ultimately determined that indemnification of such individual in the specific case is not permissible; and (ii) a determination is made that the facts then known to those making the determination would not preclude indemnification under this Article.