

### MNSB — MainStreet Bank

MNSB is a \$376 Million Asset Community Bank with 5 branch locations in Fairfax and Arlington counties in Northern Virginia. Founded in 2004, the company enjoyed methodical expansion during the Financial Crisis and has accelerated its growth pace while boosting profits on both an absolute earnings per share and ROA/ROTCE basis. Economic activity in the Washington, DC MSA remains robust, especially across the Potomac River in Virginia within the Dulles Airport corridor where small businesses and wealthy consumers are plentiful, many of which desire the services provided by community Banks. Capital is in place to support at least \$100 Million or a 30% increase in Assets over the next several quarters. By our math, this should translate into a 10% to 12% gain in tangible book value per share at a 0.60% minimum ROA.



### Fundamental Observations

- MNSB acquired an \$80 Mil. portfolio of Indirect Consumer Loans from **EGBN-Eagle Bancorp** on July 24, 2015. In the past year, the team that originated the Indirect Consumer Loan portfolio at Virginia Heritage Bank (who merged with EGBN) joined with MainStreet Bank. MNSB believes they have the ability to manage and grow the portfolio well into the future.
- Company balance sheet has evolved with the Loan mix rising as a percentage of earning assets. This should continue and we think positive operating leverage can enhance profitability and tangible book value per share.
- Northern Virginia remains a superb operating market that garners premium valuations for growing Community Banks with Core Deposits. MNSB shares continue to be inexpensive (trading at 108% of Tangible Book Value) and carry a low Core Deposit Premium of 2%.

#### Stock Details

Market Cap. (MM)	Stock Price	Price-to-Tang.Book	Yield	EPS Last 4 Qtrs.	Total Assets	Loans	Deposits
\$44.3	\$10.50	109%	NA	\$0.65	375,579	305,401	332,693

#### Balance Sheet (\$000s)

#### Franchise Data

TCE Ratio	Total Deposit Premium	# Branches	Deposits-per-Branch (\$MM)	CDs % of Total	Tang. Book Value	Assets	Share Count
10.8%	1.1%	5	\$66.5	53%	9%	255%	74%

#### Growth Since 2006

#### Market Demographics

Headquarters MSA	Household Income	Shares (MM)	Common Shares & Ownership	Institutional Investors
Washington, DC-VA-MD	\$114,551	4.2	Insiders	12%

Please see important disclosures regarding FIG Partners' equity rating system, distribution of ratings, and other report disclosures on the last page of this report.



**APPENDIX:**

*Key Items from MNSB's  
FDIC Call Report filing at  
6-30-2015*

<b>THE BASICS</b>	Company Name	MainStreet Bank
	Status	Current
	Charter Type	Commercial Bank
	MSA/CBSA Name	Washington-Arlington
	City	Fairfax
	State	VA
	Parent Name	
	Parent Ticker	MNSB
	TOTAL ASSETS (\$000)	\$375,578
	Tier 1 Leverage Ratio	11.1%
<b>BALANCE SHEET</b> (% of Assets)	Cash	2%
	Total Securities	12%
	Loans	82%
	Deposits (% of Total Liab.)	99%
	All Debt (% of Total Liab.)	0%
	Loan-to-Deposit Ratio	93%
<b>HTM vs. AFS</b>	% HTM Securities (of Assets)	4%
	% AFS Securities (of Assets)	8%
<b>SECURITIES</b> (% of AFS)	US Treasuries	50%
	Govt. Agencies	24%
	Govt.-Sponsored Agencies	0%
	Municipals (State & Local)	0%
	Pass-Through RMBS	15%
	Other RMBS	11%
	Total CMBS	0%
	Total Asset-Backed Sec. (ABS)	0%
	Structured Financial Products	0%
	Tot Other Debt Secs	0%
	Mutual Funds, et al	0%
<b>REPRICING</b> (1 Year)	% Repricing Assets-to-Total Assets	35%
	% ADJUSTED-Repricing Liabilities % of Assets	37%
	Securities Repricing as % of Total Securities	49%
	Loans Repricing as % of Total Loans	34%
	CDs Repricing as % of Total Deposits	33%
	Debt Repricing as % of Total Debt	0%
<b>MATURITY</b>	% Total Loans Mature or Reprice in 3 to 5 YRS	13%
	% Total Loans Mature or Reprice in >5 YRS	43%
	Non-Resid. Loans Maturing >5YRS	42%
<b>MORTGAGE</b> (4Q-2014)	Retail Originations (\$000)	\$0
	1-4 Fam Mortgage Loans SOLD (\$000)	\$0
	Mortgage Income % of Total Revenue	na

<b>PROFITS</b>	ROA (as reported)	0.45%
	Adj. Core ROA (LLP = NCOs)	0.45%
<b>LOANS</b>	ADC / Construction	9%
	Multifamily	3%
	Owner-Occ. CRE	23%
	Other CRE	30%
	C&I	6%
	HELOCs	5%
	1-4 Family 1st Lien	17%
<b>DEPOSITS</b>	Non-Int. Bearing	22%
	NOW	7%
	Other Savings	5%
	MMDA	14%
	CDs Up to \$250k	45%
	CDs Over \$250k	7%
	Broker Deposits	6%
<b>COST / YIELD</b>	Cost of Int-Bear. Dep (%)	0.80
	Cost of Funds (%)	0.63
	Yield on Total Secs. (%)	2.77
	Yield on Loans (%)	5.27
	Net Interest Margin (%)	4.16
<b>CREDIT</b>	TOTAL PROBLEM RATIO (excl. 30-89 PD)	0.1%
	Problem Loans % of Tier 1 + Reserves	1%
	30-89 Day Past Due % (3/31)	0.00%
	30-89 Day Past Due % (12/31)	0.00%
	Net Charge-Offs % (3/31)	0.14%
	Net Charge-Offs % (12/31)	0.24%
	Reserves % of Total Loans	0.99%
	Reserves-to-3YR Historical Loss	7.9x
<b>EXPENSES</b> (annualized)	Total Expenses-to-Avg. Assets	3.3%
	Salary Exp-to-Avg. Assets	2.0%
	Occupancy Exp-to-Avg. Assets	0.5%
	Other Exp-to-Avg. Assets	0.8%
	Efficiency Ratio	77.0%
<b>STAFF</b>	# FTEs (Staff)	70
	Assets Per FTE (in \$000s)	\$5,365
	Salaries Per FTE	\$104,057
	Pre-Pre Earnings Per FTE	\$66,457

Certain figures and ratios may differ from the company's external filings. We use FDIC call reports for their uniform data and disclosures not available in all other public reports.

Liability Repricing factors a lag or delay on new rates for 50% of all MMDA and 85% of Savings accounts.

Source: FIG Partners Research, FDIC Call Report filings, SNL Financial LC

Note: Adj. Core ROA removes all gains, uses a 4-quarter average on Loan Sale income.

Source: FIG Partners Research, SNL Financial LC, FDIC Call Report Data 6-30-2015



**GROWTH ANALYSIS:**

*This break-down of MNSB's portfolio gives insight on the company's focus on CRE with diverse efforts in C&I, Residential Mortgage, Construction, plus Multifamily*

**MNSB** *Loan Analysis as of 6-30-2015*

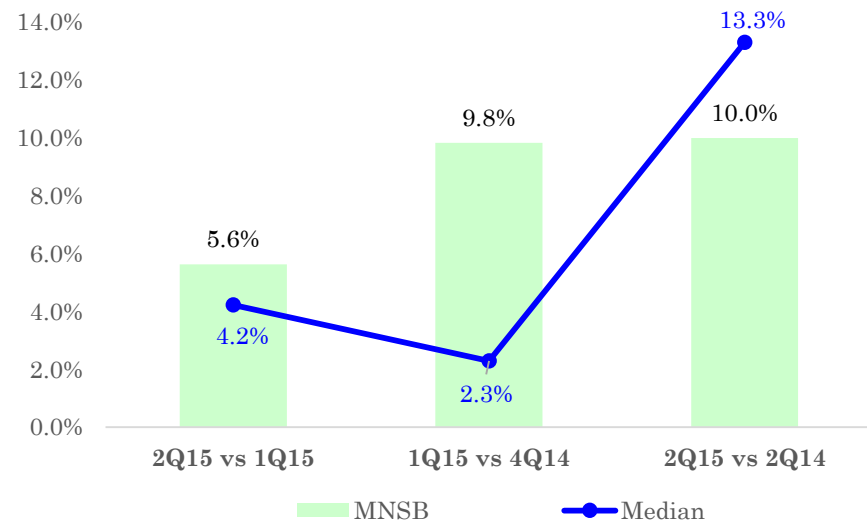
Loan Type	% of Portfolio	2Q15 vs. 1Q15	% Total RBC	2Q15 vs. 2Q14
Multifamily	3%	9.3%	23%	40.4%
O-O CRE	23%	0.7%	161%	1.2%
Other CRE	30%	9.8%	210%	17.8%
Total CRE	53%	5.6%	371%	10.0%
C&I	6%	14.7%	44%	93.7%
ADC	9%	27.9%	65%	ok
1st Mortgage	17%	(5.6%)	117%	17.7%
HELOC	5%	26.4%	37%	ok
Automobile	1%	nm		
Consumer	5%	(17.4%)		
Credit Cards	0%	9.5%		

Source: FIG Partners Research, FDIC Call Report filings, SNL Financial LC

*CRE is a key component of the MNSB Loan mix.*

*Here, we focus on the past few quarters' progress as well as the past 12 months expansion.*

**Total CRE Loan Growth**

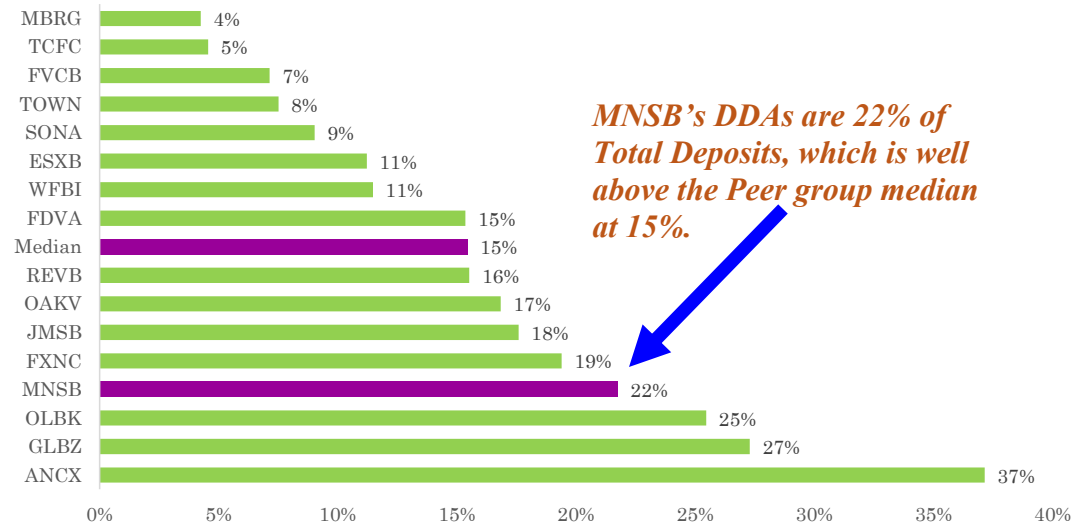




**Deposit Analysis** — *MNSB Has A High Loans-to-Deposits Ratio Compared To Peers*

	Parent Ticker	LOANS-TO-DEPOSITS	Total Deposit Growth	Total Deposit Growth	Core Deposit Growth	Core Deposit Growth	DDA % of Total	Core % of Total
		2015Q2	2Q15 vs 1Q15	2Q15 vs 2Q14	2Q15 vs 1Q15	2Q15 vs 2Q14	2015Q2	2015Q2
MainStreet Bank	MNSB	93%	4.9%	15.4%	14.6%	34.3%	22%	48%
Access National Bank	ANCX	91%	15.0%	14.5%	7.8%	14.5%	37%	64%
Essex Bank	ESXB	78%	3.5%	4.0%	7.9%	17.1%	11%	45%
Freedom Bank of Virginia	FDVA	88%	8.6%	27.7%	0.1%	29.9%	15%	38%
First Virginia Community Bank	FVCB	95%	10.5%	26.0%	16.2%	36.7%	7%	68%
First Bank	FXNC	63%	41.2%	36.5%	37.2%	38.7%	19%	76%
Bank of Glen Burnie	GLBZ	77%	0.6%	1.2%	2.0%	6.0%	27%	65%
John Marshall Bank	JMSB	109%	2.7%	16.6%	(3.8%)	21.8%	18%	51%
Middleburg Bank	MBRG	77%	(1.6%)	0.3%	(3.1%)	1.9%	4%	76%
Oak View National Bank	OAKV	91%	5.9%	12.2%	8.7%	24.8%	17%	62%
Old Line Bank	OLBK	93%	2.8%	7.0%	2.8%	7.5%	25%	65%
Revere Bank	REVB	104%	2.9%	28.6%	3.8%	15.7%	16%	50%
Sonabank	SONA	93%	7.4%	43.5%	(0.6%)	28.9%	9%	34%
Community Bank of the Chesapeake	TCFC	99%	5.1%	10.3%	7.0%	19.0%	5%	57%
TowneBank	TOWN	90%	3.8%	23.4%	2.9%	15.9%	8%	80%
WashingtonFirst Bank	WFBI	94%	5.2%	4.2%	6.9%	(0.0%)	11%	67%
	<b>Median:</b>	<b>92%</b>	<b>5%</b>	<b>15%</b>	<b>5%</b>	<b>18%</b>	<b>15%</b>	<b>63%</b>

*DDAs as % of Total Deposits at 6-30-2015*



*MNSB's DDAs are 22% of Total Deposits, which is well above the Peer group median at 15%.*

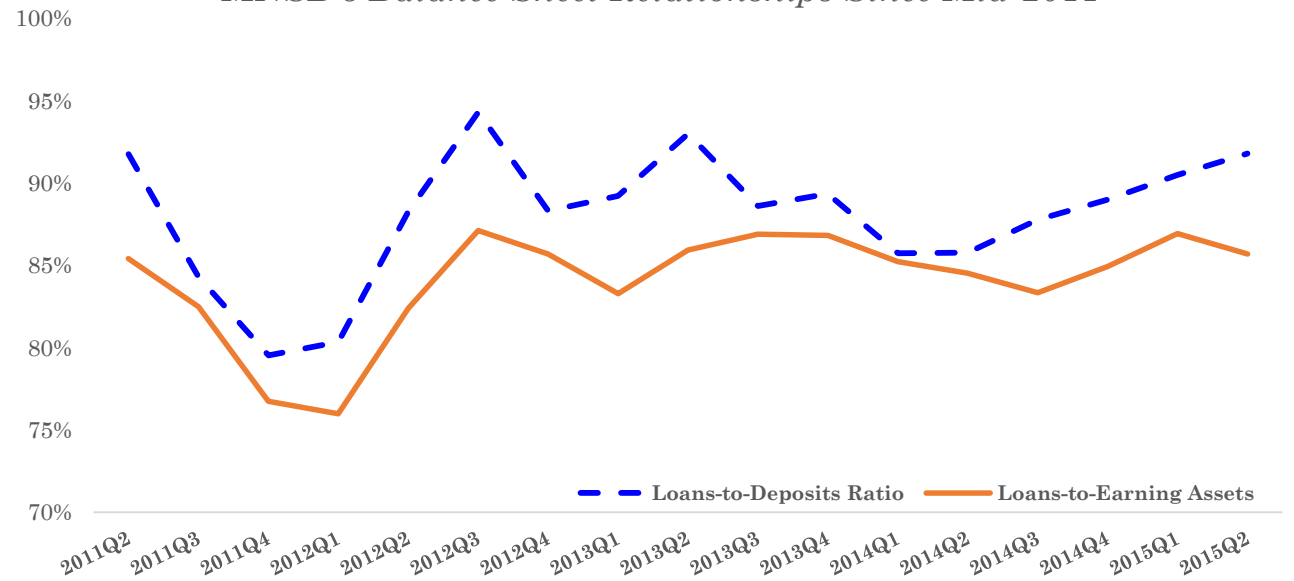


*MNSB continues to steadily grow its Balance Sheet as this graph illustrates.*

*The Loans-to-Deposits ratio has a strong upward path.*

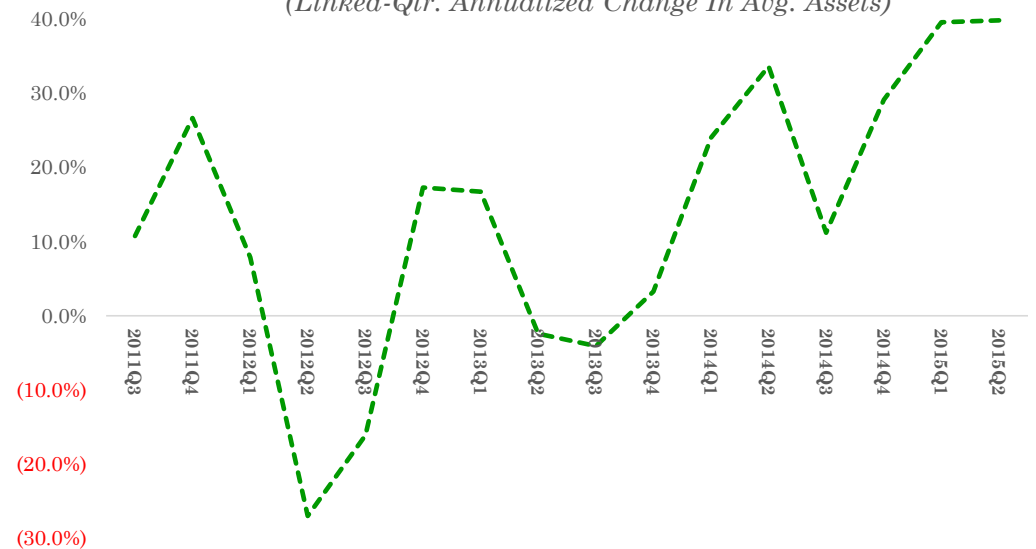
*Plus, the mix of Loans-to-Earning Assets can influence NIM-Net Interest Margin over time as Securities and Cash evolve into more Loans.*

*MNSB's Balance Sheet Relationships Since Mid-2011*



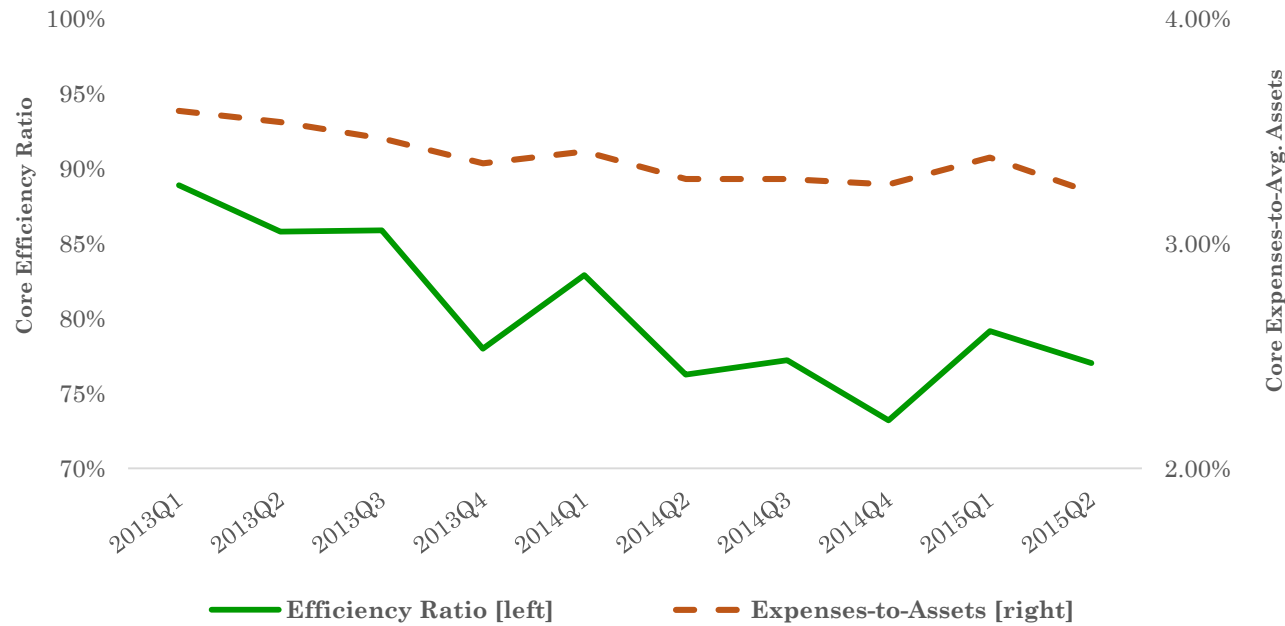
Source: FIG Partners Research, SNL Financial LC

**MNSB's Asset Growth History**  
(Linked-Qtr. Annualized Change In Avg. Assets)





### MNSB's Historical Expense Trends



Source: FIG Partners Research, SNL Financial LC

*Overhead costs have been trending in the proper direction as MNSB has expanded during the past few years. Both the Efficiency Ratio (expenses-to-revenues) and the overall Overhead level as a percentage of Assets have improved.*

*Achieving positive operating leverage (i.e., revenues rise faster than expenses) remains an important goal in the balance of 2015 and 2016 as a catalyst to boost overall profitability.*



**Valuation Analysis** — *MNSB's Current Valuation vs. Peers In Virginia & Maryland*

Company Name	State	Market Cap. (\$M)	Total Assets (\$000) MRQ	CDs % of Total MRQ	TCE Ratio MRQ	Total Deposit Premium Today	Core Deposit Premium Today	Price-to-Tangible Book Value 9/3/2015	
<b>Peer Analysis</b>									
<b>MNSB</b>	<b>MainStreet Bk</b>	VA	\$44	\$375,579	53	10.8	1.1%	2.3%	109
ANCX	Access Natl Corp	VA	\$206	\$1,166,122	36	8.8	11.4%	17.8%	200
ESXB	Cmtly Bnk Trst Corp	VA	\$111	\$1,159,131	55	9.1	0.6%	1.3%	105
FDVA	Freedom Bnk of Va	VA	\$34	\$381,368	62	8.4	0.6%	1.6%	107
FVCB	Frst VA Cmnty Bk	VA	\$113	\$663,614	32	10.5	7.4%	10.9%	163
FXNC	First Natl Corp	VA	\$42	\$695,827	24	6.1	(0.1%)	(0.1%)	99
GLBZ	Glen Burnie Bncp	MD	\$32	\$403,571	35	8.3	(0.5%)	(0.8%)	95
JMSB	John Marshall Bk	VA	\$146	\$855,772	49	12.2	6.2%	12.3%	140
MBRG	Middleburg Finl	VA	\$123	\$1,241,985	24	9.8	0.2%	0.3%	102
OAKV	Oak View Natl Bk	VA	\$12	\$179,826	38	9.3	(2.9%)	(4.8%)	74
OLBK	Old Line Beshs Inc	MD	\$168	\$1,312,031	35	9.5	4.1%	6.3%	136
REVB	Revere Bk	MD	\$57	\$748,699	50	9.3	(2.0%)	(4.1%)	81
SONA	Southern National	VA	\$140	\$1,011,716	66	10.7	4.0%	11.9%	131
TCFC	Community Finl Cp	MD	\$95	\$1,126,736	43	8.8	(0.4%)	(0.8%)	96
TOWN	TowneBank	VA	\$936	\$6,055,181	29	10.5	6.8%	9.5%	151
WFBI	WashingtonFirst	VA	\$190	\$1,524,470	33	7.9	5.6%	8.4%	145
<b>Average:</b>				<b>42</b>	<b>9.4</b>	<b>2.6%</b>	<b>4.5%</b>	<b>122</b>	

Source: FIG Partners Research, SNL Financial LC.

*MNSB shares trade at a discount to most community bank stocks in its backyard of Northern Virginia as well as the Central region of the state.*

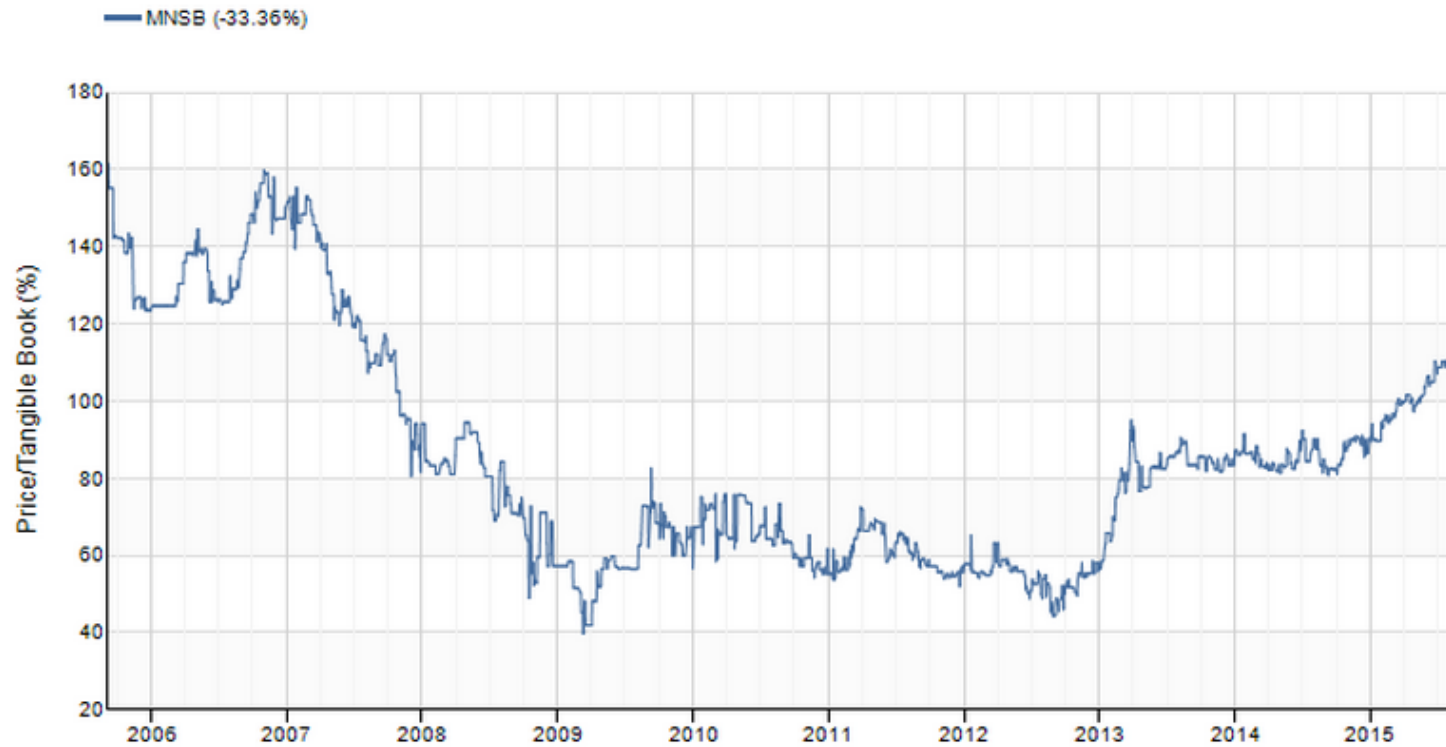
*As Tangible Book per share rises over time, the stock is more valuable and some premium can also be added which enhances shareholders' total return.*





Price-to-Tangible Book Ratio — *A 10-Year History For MNSB Shares*

**MainStreet Bank - Price/Tangible Book (%)**



Source: FIG Partners Research, SNL Financial LC's *Interactive* website.

**Risks For Investors To Consider:**

Unexpected and/or rapid changes in interest rates may have significant negative impact on this financial institution's Balance Sheet. Likewise, persistently low interest rates, and/or a flat yield curve may add downward pressure to revenues and the absolute level of NIM-Net Interest Margin.

Declines in asset quality due to an economic slowdown in this company's operating footprint may require increased expenses for loan losses which could decrease overall profitability. Further, this may increase Net Charge-Offs, Nonperforming Loans, Other Real Estate Owned (OREO), and Classified Assets.

Rules set forth by regulatory agencies could reduce future profitability by eliminating certain revenue items, adding additional expenses, or requiring this company to hold more capital. A similar effect is possible if any new legislation (local, state, or federal) is passed that applies to financial institutions.

Any regulatory action or litigation against the company could impact future earnings and also affect the public market perception towards this stock.





**FIG Partners LLC Distribution of Ratings**

	Buy/Outperform	Hold/Market-Perform	Sell/Underperform
% Rated	41.2%	58.8%	0.0%
IB Client % in Category	34.7%	15.7%	0.0%

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**Equity Rating System as of July 1, 2003**

- Buy/Outperform** FIG expects that total return of the subject stock will outperform the industry benchmark (BIX) over the next 12 months
- Hold/Market-Perform** FIG expects that total return of the subject stock will perform inline with the industry benchmark (BIX) over the next 12 months
- Sell/Underperform** FIG expects that total return of the subject stock will under perform the industry benchmark (BIX) over the next 12 months

For purposes of FINRA rule 2711, outperform is classified as a buy, market-perform is a hold and underperform is a sell. The industry benchmark that is used is the S&P Bank Index, referred to as the “BIX.”