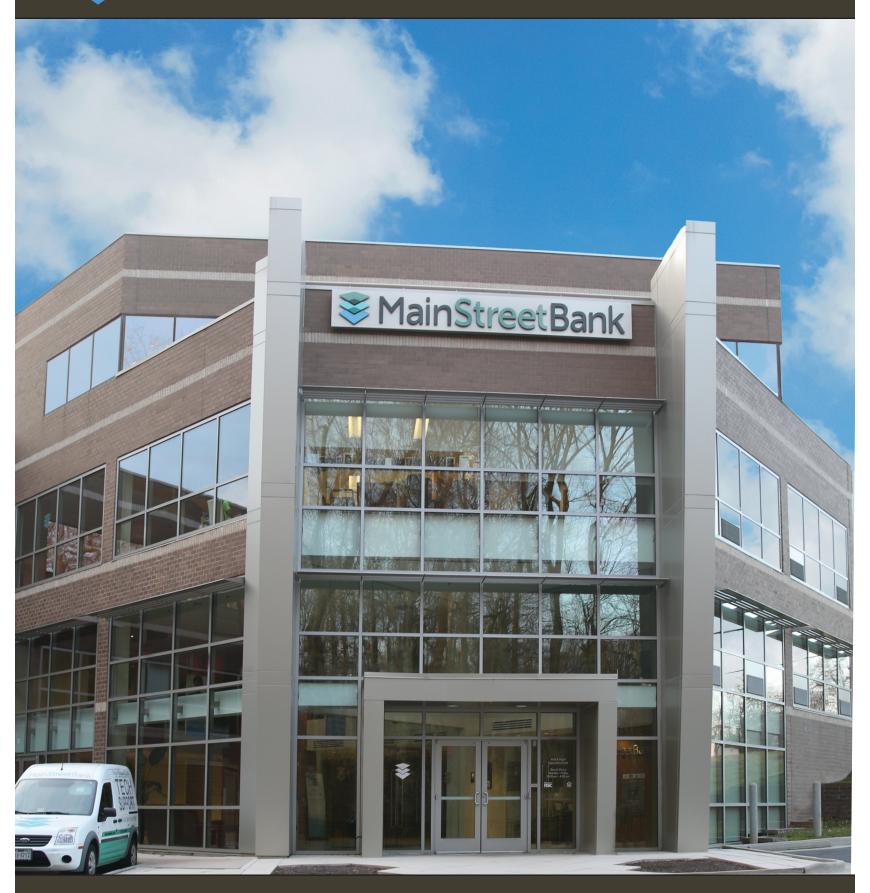


MainStreetBancshares, Inc.



2017 Annual Report

Dear Shareholder,

We started the year by adding Charles "Chris" Brockett as our President. Chris heavily focused on organic growth - and as you can see by the results - the MainStreet team delivered.

We are pleased to report a 40% growth in the balance sheet, which includes a 41% growth in loans outstanding. The year came to a close with total assets of \$808 million and net loans of \$654 million. Asset quality remains very strong with nonperforming loans at just 31 basis points of total gross loans.

On the deposit side, non-interest bearing deposit balances increased 62% over the year, ending at \$172 million. Total deposits ended the year at \$668 million. We are happy to report that non-interest bearing deposits continue to represent 26% of total deposits.

During October, we completed an over-subscribed stock offering of 1,150,000 shares of common stock at \$16.00 per share for a total of \$18.4 million.

Investors often ask, "which is more important, growth or earnings?" For example, when we grow loans on the balance sheet, we need to allocate an estimated loss provision to the income statement. Growing the loan portfolio by \$190 million resulted in a loss provision expense of \$1.9 million. While loan growth negatively impacts earnings in the immediate-term, the overall effect to earning assets is positive. So, the correct answer is, "both are important."

Our net income was impacted by a one-time \$739 thousand expense related to a non-recurring Financial Accounting Standards Board (FASB) adjustment to net deferred tax assets. This adjustment is the result of a decrease in the corporate tax rate, which is a good thing. While our actual net income is up only marginally from the prior year, when we add back the non-recurring FASB adjustment, the adjusted net income is up 19.25% for 2017.

Net income is \$0.85 per common share for the year ended December 31, 2017 (adjusted net income is \$1.02 per share) as compared to \$0.91 per share for 2016.

The share price closed on December 31, 2017 at \$17.52 per share. During 2017, there were 1,126 trades for a total of 1,163,326 shares with a dollar value of \$19,363,912.

As always, thank you for your continued support of MainStreet Bancshares, Inc. and MainStreet Bank. We're adding a new branch in Leesburg soon – please stop by if you are in the area. We are adding staff and upgrading products and services to ensure that our customers have the best user experience we can offer. If you don't bank with us – give us a call. We'll do our best to earn your relationship.

Thank you for your business,

Chairman & CEO



December 31,	2017	2016
ASSETS		
Cash and cash equivalents		
Cash and due from banks	\$ 37,492,616	\$ 17,272,838
Federal funds sold	-	797,000
Total cash and cash equivalents	37,492,616	18,069,838
Investment securities available for sale, at fair value	51,314,180	36,354,090
Investment securities held to maturity (fair value of	,,	,,
\$27,903,552 and \$27,502,829, respectively)	27,516,929	27,713,601
Restricted equity securities, at cost	4,241,250	3,426,300
Loans, net of allowance for loan losses of \$5,705,451	-,,	-,,
and \$3,980,494, respectively	654,339,234	463,925,745
Premises and equipment, net	13,964,889	12,308,920
Other real estate owned, net		134,459
Accrued interest and other receivables	3,849,266	2,261,126
Bank owned life insurance	13,636,598	10,201,847
Other assets	1,596,521	1,314,966
Total Assets	\$ 807,951,483	\$ 575,710,892
Total Assets	\$ 607,931,463	\$ 373,710,892
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Non-interest bearing deposits	\$ 171,571,856	\$ 106,050,502
Interest bearing demand deposits	48,432,354	41,610,534
Savings and NOW deposits	47,855,384	44,832,784
Money market deposits	82,827,995	75,670,024
Other time deposits	316,967,721	205,402,893
Total deposits	667,655,310	473,566,737
Federal Home Loan Bank advances	48,141,666	40,191,666
Other borrowings	5,638,000	-
Subordinated debt	14,747,525	14,018,750
Other liabilities	2,967,800	1,539,177
Total Liabilities	739,150,301	529,316,330
Stockholders' Equity:		
Common stock, \$4 par value. (Authorized 7,500,000 shares;		
issued and outstanding 5,471,892 shares (including		
111,358 nonvested shares) for December 31, 2017 and		
4,275,232 shares (including 112,685 nonvested shares)		455-0400
for December 31, 2016	21,442,136	16,650,188
Capital surplus	35,692,805	22,152,193
Retained earnings	11,685,788	7,800,365
Accumulated other comprehensive loss	(19,547)	(208,184)
Total Stockholders' Equity	68,801,182	46,394,562
Total Liabilities and Stockholders' Equity	\$ 807,951,483	\$ 575,710,892
	7 007,501,105	



Years Ended December 31,	2017	2016
INTEREST INCOME:		
Interest and fees on loans	\$ 25,080,364	\$ 20,197,027
Interest on investment securities	1,576,130	1,287,084
Interest on federal funds sold	297,159	93,113
Total interest income	26,953,653	21,577,224
INTEREST EXPENSE:		
Interest on interest bearing demand deposits	193,795	10,969
Interest on savings and NOW deposits	182,417	167,102
Interest on money market deposits	565,304	299,540
Interest on other time deposits	3,114,234	2,327,510
Interest on Federal Home Loan Bank advances and other borrowings	451,912	265,531
Subordinated debt interest expense	963,567	_
Total interest expense	5,471,229	3,070,652
Net interest income	21,482,424	18,506,572
Provision for loan losses	1,885,000	645,000
Net interest income after provision for loan losses	19,597,424	17,861,572
NON-INTEREST INCOME:		
Deposit account service charges	836,401	731,005
Other loan fees	445,659	203,674
Bank owned life insurance income	434,751	201,884
Other operating income	560,680	385,638
Total non-interest income	2,277,491	1,522,201
NON-INTEREST EXPENSES:		
Salaries and employee benefits	9,652,288	8,587,722
Occupancy expenses	605,444	733,698
Furniture and equipment expenses	1,271,760	1,143,082
Advertising and marketing	264,345	276,214
Outside services	663,036	615,069
Franchise tax	451,014	343,225
FDIC insurance	431,696	369,000
Data processing	742,380	576,860
Loss on sale of other real estate owned	50,735	570,800
Other operating expenses	1,525,452	1,270,079
1 6 1		13,914,949
Total non-interest expenses	15,658,150	
INCOME BEFORE INCOME TAXES	6,216,765	5,468,824
Income tax expense	2,334,555	1,593,491
NET INCOME	\$ 3,882,210	\$ 3,875,333
Net income per common share, basic and diluted	\$ 0.85	\$ 0.91
Weighted average number of shares, basic and diluted	4,551,189	4,260,622