MAIN STREET FINANCIAL SERVICES CORP.
AND SUBSIDIARY

WHEELING, WEST VIRGINIA

AUDIT REPORT

DECEMBER 31, 2005

MAIN STREET FINANCIAL SERVICES CORP. AND SUBSIDIARY
DECEMBER 31, 2005

SNODGRASS
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Main Street Financial Services Corp.
Wheeling, West Virginia

We have audited the accompanying consolidated balance sheets of Main Street Financial Services Corp. and Subsidiary as of December 31, 2005 and 2004, and the related statements of income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Main Street Financial Services Corp. and Subsidiary as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

S.R. Snodgrass, A.C.

Wheeling, West Virginia
February 24, 2006

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MAIN STREET FINANCIAL SERVICES CORP. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

ASSETS	2005	2004
Cash and cash equivalents:		
Cash and amounts due from banks	$ 796,128	$ 488,613
Interest-bearing deposits with banks	5,913,249	488,592
Total cash and cash equivalents	6,709,377	977,205
Interest-bearing time deposit	99,000	849,000
Investment securities:		
Securities available-for-sale, at fair value	6,375,193	7,638,359
Securities held-to-maturity (fair value $14,045,561-2005 and $10,600,289-2004)	14,312,494	10,645,444
Total investment securities	20,687,687	18,283,803
Loans held-for-sale	85,950	-
Loans	119,071,996	97,394,059
Allowance for loan losses	(1,575,994)	(1,303,399)
Net loans	117,496,002	96,090,660
Premises and equipment, net	2,372,605	809,335
Accrued interest receivable	706,114	525,297
Cash surrender value of life insurance	796,914	769,088
Real estate owned	85,080	-
Deferred tax asset	388,619	250,000
Federal Home Loan Bank stock	1,611,100	1,311,200
Other assets	94,842	158,711
TOTAL ASSETS	$ 151,133,290	$ 120,024,299
LIABILITIES		
Deposits:		
Noninterest bearing	$ 14,237,998	$ 9,765,501
Interest bearing	87,145,430	74,821,930
Total deposits	101,383,428	84,587,431
Repurchase agreements	4,624,288	4,068,394
Borrowings	34,609,271	21,479,657
Advances by borrowers for taxes and insurance	133,036	118,739
Accrued interest payable	388,639	208,347
Accrued taxes payable	22,294	620,904
Other liabilities	357,549	45,325
TOTAL LIABILITIES	141,518,505	111,128,797
SHAREHOLDERS' EQUITY		
Common stock of $1 par value; 5,000,000 shares authorized, 780,000 shares issued and outstanding	780,000	780,000
Additional paid-in capital	7,462,036	7,462,036
Retained earnings	1,426,087	615,131
Accumulated other comprehensive gain (loss)	(53,338)	38,335
TOTAL SHAREHOLDERS' EQUITY	9,614,785	8,895,502
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 151,133,290	$ 120,024,299

The accompanying notes are an integral part of the financial statements.

MAIN STREET FINANCIAL SERVICES CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
YEAR ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
INTEREST AND DIVIDEND INCOME		
Loans, including fees	$ 6,703,865	$ 5,185,622
Debt securities:		
Taxable	740,304	771,424
Tax-exempt	92,378	58,019
Dividends	49,216	17,340
Deposits with banks	39,900	19,418
TOTAL INTEREST AND DIVIDEND INCOME	7,625,663	6,051,823
INTEREST EXPENSE		
Deposits and repurchase agreements	2,180,790	1,595,465
Other borrowings	904,027	401,819
TOTAL INTEREST EXPENSE	3,084,817	1,997,284
NET INTEREST INCOME	4,540,846	4,054,539
PROVISION FOR LOAN LOSSES	350,000	220,000
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,190,846	3,834,539
NON-INTEREST INCOME		
Service charges	95,101	68,665
Other income	58,712	46,568
TOTAL NON-INTEREST INCOME	153,813	115,233
NON-INTEREST EXPENSES		
Salaries and employee benefits	1,317,054	1,023,695
Net occupancy and equipment expenses	553,010	383,883
Consulting, audit, and legal fees	88,764	65,852
Advertising and public relations	210,329	151,480
Service bureau expense	320,196	255,481
Franchise, payroll, and other taxes	153,287	112,215
Other expenses	545,161	400,502
TOTAL NON-INTEREST EXPENSES	3,187,801	2,393,108
INCOME BEFORE INCOME TAX EXPENSE	1,156,858	1,556,664
INCOME TAX EXPENSE	345,902	530,000
NET INCOME	$ 810,956	$ 1,026,664
Earnings per share - basic	$ 1.04	$ 1.32

The accompanying notes are an integral part of the financial statements.

MAIN STREET FINANCIAL SERVICES CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
DECEMBER 31, 2005 AND 2004

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Comprehensive Income (Loss)	Total Shareholders' Equity
BALANCES AT DECEMBER 31, 2003	$ 780,000	$ 7,462,036	$ (411,533)	$ (3,763)		$ 7,826,740
Comprehensive income:						
Net income	-	-	1,026,664	-	$ 1,026,664	1,026,664
Other comprehensive gain, net of tax:						
Change in unrealized gain (loss) on securities available-for-sale, net of deferred income tax of $19,289	-	-	-	42,098	42,098	42,098
Total comprehensive income					$ 1,068,762	
BALANCES AT DECEMBER 31, 2004	780,000	7,462,036	615,131	38,335		8,895,502
Comprehensive income:						
Net income	-	-	810,956	-	$ 810,956	810,956
Other comprehensive loss, net of tax:						
Change in unrealized gain (loss) on securities available-for-sale, net of deferred income tax benefit of $44,827	-	-	-	(91,673)	(91,673)	(91,673)
Total comprehensive income					$ 719,283	
BALANCES AT DECEMBER 31, 2005	$ 780,000	$ 7,462,036	$ 1,426,087	$ (53,338)		$ 9,614,785

The accompanying notes are an integral part of the financial statements.

MAIN STREET FINANCIAL SERVICES CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 810,956	$ 1,026,664
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for loan losses	350,000	220,000
Depreciation	198,439	169,517
Investment securities accretion, net	(7,863)	(2,638)
Loss on sale of other real estate owned	8,299	-
Net change in:		
Accrued interest receivable	(180,817)	(82,274)
Accrued interest payable	180,292	85,852
Deferred tax asset	(111,143)	50,000
Increase in cash value of life insurance	(27,826)	(19,088)
Prepaid/accrued taxes payable	(598,610)	620,904
Other assets	63,869	(122,501)
Other liabilities	312,224	(7,633)
Net cash provided by operating activities	997,820	1,938,803
CASH FLOWS FROM INVESTING ACTIVITIES		
Activity in available-for-sale securities:		
Purchases	(1,369,585)	(4,493,580)
Maturities and calls	850,000	500,000
Principal collected on mortgage-backed securities	1,663,913	1,277,845
Activity in held-to-maturity securities:		
Purchases	(6,224,498)	(3,016,906)
Maturities and calls	2,565,000	5,605,192
Proceeds from maturity of time deposit	750,000	-
Purchase of certificate of deposit	-	(750,000)
Purchase of life insurance	-	(750,000)
Purchase of Federal Home Loan Bank stock	(299,900)	(675,700)
Net change in loans held-for-sale	(85,950)	197,698
Net increase in loans, net of charge offs	(21,917,922)	(22,500,633)
Proceeds from sale of other real estate owned	69,200	-
Purchases of premises and equipment	(1,761,708)	(138,547)
Net cash used in investing activities	(25,761,450)	(24,744,631)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in other borrowings	13,129,614	13,979,657
Net increase in deposits	16,795,997	7,407,222
Net increase in repurchase agreements	555,894	368,572
Net change in advances by borrowers for taxes and insurance	14,297	30,504
Net cash provided by financing activities	30,495,802	21,785,955
CHANGE IN CASH AND CASH EQUIVALENTS	5,732,172	(1,019,873)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	977,205	1,997,078
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 6,709,377	$ 977,205
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	$ 2,904,525	$ 1,911,432
Cash paid during the year for income taxes	1,037,254	-

The accompanying notes are an integral part of the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations
Main Street Financial Services Corp. (the "Company") is a West Virginia corporation formed on June 20, 2003. The Company is a financial services holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, Main Street Bank Corp. (the "Bank"). The Bank is headquartered in Wheeling, West Virginia and operates as a community-oriented bank with locations in Wheeling and Wellsburg, West Virginia concentrating in consumer, residential, and installment loan products and deposit services, along with small business commercial banking from customers located primarily in the West Virginia Northern Panhandle and surrounding areas. The Bank operates as a West Virginia state chartered commercial bank and provides full banking services. The Bank received its West Virginia State Banking Commission Charter on March 12, 2001, and opened for business to its customers on June 20, 2001.

Basis of Consolidation
The consolidated financial statements include the accounts of Main Street Financial Services Corp., and its wholly-owned subsidiary, Main Street Bank Corp. after elimination of all material intercompany transactions and balances.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Company to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Investment Securities
The Company classifies investment securities, at purchase, as either held-to-maturity or available-for-sale. Debt securities acquired with the intent to hold to maturity are stated at cost, adjusted for amortization of premium and accretion of discount, computed using the interest method, and recognized as adjustments of interest income. Unrealized holding gains and losses for available-for-sale securities are reported as a separate component of shareholders' equity, net of tax, until realized. Realized security gains and losses are computed using the specific identification method. Interest and dividends on investment securities are recognized as income when earned.

Federal Home Loan Bank (FHLB) stock is classified as a restricted investment at cost and the value determined by the ultimate recoverability of par value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Loans
Loans receivable are stated at their unpaid principal balance, net of the allowance for loan losses. Interest on loans is credited to income as earned and is accrued only if it is considered collectible. An allowance for uncollected interest on mortgage loans is provided for all accrued interest on loans which are delinquent 90 days or more, resulting in interest previously accrued on these loans being reversed from income and, thereafter, interest is recognized only to the extent of payments received. Loans are returned to accrual status when less than 90 days delinquent and when, in management's judgment, collection is probable.

Loans are considered past due based on contractual terms. Charge-offs consist of amounts determined to be uncollectible on unsecured loans 90 days past due and secured loans 120 days past due.

Impaired loans, by definition, exclude certain consumer loans and residential real estate loans. Loan impairment is measured based on the present vale of expected cash flows discounted at the loan's effective interest rate or at the fair value of the collateral if the loan is collateral dependent. The Bank has no loans which management has determined to be impaired.

Loans held-for-sale are comprised of mortgage loans that management has the intent to sell on the secondary market. Loans held-for-sale are stated at the lower of cost or fair value.

Allowance for Loan Losses
The allowance for loan losses represents the amount which management estimates is adequate to provide for potential losses in loans, loan commitments, and letters of credit. The Company uses the allowance method in providing for loan losses. Accordingly, all uncollectible loan losses are charged to the allowance, and all recoveries are credited to it. The allowance for loan losses is established through a provision for loan losses which is charged to operations. The provision is based upon the anticipated overall risk characteristics of the various portfolio segments, changes in the composition and volume of the portfolio, the impact of current economic conditions on anticipated borrowers, and other relevant factors. This evaluation is inherently subjective as it requires material estimates which may be susceptible to significant change in the near term.

Loan Origination Fees
Loan origination fees and certain direct loan origination costs are deferred and the net amount amortized as an adjustment of the related loan's yield. Deferral and amortization of these amounts is over the estimated contractual life of the related loans.

Premises and Equipment
Premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged against income as incurred. Costs of major additions and improvements are capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Real Estate Owned
Real estate properties acquired through or in lieu of loan foreclosure are initially recorded at the lower of the Company's carrying amount or fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, these assets are carried at the lower of their new cost basis or fair value less cost to sell. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. The portion of interest costs related to development of real estate is capitalized. Valuations are periodically performed by management, and any subsequent write-downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell.

Marketing and Advertising Costs
Non-direct response marketing and advertising costs are expensed as incurred. Such costs amounted to $210,329 and $151,480 for the periods ended December 31, 2005 and 2004, respectively.

Income Taxes
Income taxes are provided for the tax effects reported in the financial statements and consist of taxes currently due plus deferred taxes. The deferred tax assets and liabilities represent the future tax return consequences of those differences which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Statement of Cash Flows
The Company considers all cash, demand amounts due from depository institutions, interest-bearing deposits with other banks with an initial maturity of less than 90 days, and federal funds sold to be cash equivalents for purposes of the statement of cash flows.

NOTE 2 - INVESTMENT SECURITIES

The amortized cost of securities and their approximate fair values are as follows:

	December 31, 2005			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Securities available-for-sale:				
U.S. agency securities	$ 1,293,080	$ -	$ (19,431)	$ 1,273,649
Mortgage-backed securities	4,649,273	6,702	(58,636)	4,597,339
Municipal securities	428,022	5,027	(8,844)	424,205
Mutual fund	80,000	-	-	80,000
Total available-for-sale	6,450,375	11,729	(86,911)	6,375,193
Securities held-to-maturity:				
U.S. agency securities	11,583,360	-	(264,367)	11,318,993
Municipal securities	2,229,134	23,469	(11,935)	2,240,668
Corporate note	500,000	-	(14,100)	485,900
Total held-to-maturity	14,312,494	23,469	(290,402)	14,045,561
Total	$ 20,762,869	$ 35,198	$ 377,313	$ 20,420,754

NOTE 2 - INVESTMENT SECURITIES (CONTINUED)

	December 31, 2004			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
Securities available-for-sale:				
U.S. agency securities	$ 2,124,776	$ 14,929	$ (3,885)	$ 2,135,820
Mortgage-backed securities	4,954,705	54,088	(14,977)	4,993,816
Municipal securities	427,847	6,564	(5,688)	428,723
Mutual fund	80,000	-	-	80,000
Total available-for-sale	7,587,328	75,581	(24,550)	7,638,359
Securities held-to-maturity:				
U.S. agency securities	8,828,096	16,456	(71,729)	8,772,823
Municipal securities	1,317,348	23,677	(8,659)	1,332,366
Corporate note	500,000	-	(4,900)	495,100
Total held-to-maturity	10,645,444	40,133	(85,288)	10,600,289
Total	$ 18,232,772	$ 115,714	$(109,838)	$ 18,238,648

The amortized cost and estimated fair value of securities by contractual maturity are as follows:

	December 31, 2005			
	Available-for-Sale		Held-to-Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Amounts maturing in:				
One year or less	$ -	$ -	$ -	$ -
After 1 year through 5 years	-	-	1,174,826	1,157,451
After 5 years through 10 years	541,102	530,952	5,148,940	5,049,454
After 10 years	1,180,000	1,166,902	7,988,728	7,838,655
Mutual funds	80,000	80,000	-	-
Mortgage-backed securities	4,649,273	4,597,339	-	-
Total	$ 6,450,375	$ 6,375,193	$ 14,312,494	$ 14,045,561

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations without call or prepayment penalties.

Investment securities with a carrying value of $4,343,550 and $4,351,129 were pledged at December 31, 2005 and 2004, respectively, to secure certain deposits. Investment securities with a carrying value of $5,810,991 and $4,091,765 were pledged at December 31, 2005 and 2004, respectively, to secure repurchase agreements.

The following tables show the gross unrealized losses and fair value, aggregated by investment category and length of time, that the individual securities have been in a continuous unrealized loss position.

NOTE 2 - INVESTMENT SECURITIES (CONTINUED)

	2005					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. agencies	$ 8,525,483	$ 156,007	$ 4,128,776	$ 127,491	$ 12,654,259	$ 283,498
Mortgage-backed	2,953,521	41,560	920,876	17,076	3,874,397	58,636
Municipal	351,107	5,267	607,510	15,812	958,617	21,079
Corporate note	-	-	485,900	14,100	485,900	14,100
Total debt securities	$ 11,830,111	$ 202,834	$ 6,143,062	$ 174,479	$ 17,973,173	$ 377,313

	2004					
	Less than Twelve Months		Twelve Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. agencies	$ 2,181,185	$ 23,142	$ 2,297,314	$ 52,473	$ 4,478,499	$ 75,615
Mortgage-backed	404,759	6,506	1,013,160	8,470	1,417,919	14,976
Municipal	1,124,433	14,347	-	-	1,124,433	14,347
Corporate note	-	-	495,100	4,900	495,100	4,900
Total debt securities	$ 3,710,377	$ 43,995	$ 3,805,574	$ 65,843	$ 7,515,951	$ 109,838

The investment securities portfolio contains unrealized losses of direct obligations of U.S. agency securities, including mortgage-related instruments issued or backed by the full faith and credit of the United States government or are generally viewed as having the implied guarantee of the U.S. government, and debt obligations of a U.S. state or political subdivision.

On a monthly basis, management evaluates the severity and duration of impairment for its investment securities portfolio unless the Company has the ability to hold the security to maturity without incurring a loss. Generally, impairment is considered other than temporary when an investment security has sustained a decline of 10 percent or more for 6 months.

The Company has concluded that any impairment of its investment securities portfolio is not other than temporary, but is the result of interest rate changes, sector credit rating changes, or company-specific rating changes that are not expected to result in the noncollection of principal and interest during the period. There are forty-eight positions that are temporarily impaired at December 31, 2005.

NOTE 3 - LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans at December 31 are summarized as follows:

	2005	2004
Construction, land development, and other land loans	$ 9,231,000	$ 5,812,000
Secured by 1-4 family residential properties	61,280,000	53,507,000
Secured by multifamily residential properties	2,713,000	2,258,000
Secured by nonfarm nonresidential properties	20,471,000	15,852,000
Commercial and industrial loans	17,314,285	14,404,203
Other loans	7,996,421	5,544,418
Total	119,005,706	97,377,621
Allowance for loan losses	(1,575,994)	(1,303,399)
Prepaid loan fees	66,290	16,438
Net loans	$ 117,496,002	$ 96,090,660

The allowance for loan losses at December 31 is summarized as follows:

	2005	2004
Balance at beginning of period	$ 1,303,399	$ 1,100,000
Provision for loan losses	350,000	220,000
Charged off loans, net of recoveries	(77,405)	(16,601)
Balance at end of period	$ 1,575,994	$ 1,303,399

At December 31, the Company had the following past due loans:

	2005	2004
Past due 30 through 89 days	$ 1,917,000	$ 1,491,000
Past due 90 days or more	1,677,000	642,000
Nonaccrual	367,000	-

Overdrawn demand deposits reclassified as loans totaled $216,806 and $120,474 at December 31, 2005 and 2004, respectively.

The subsidiary bank has entered into transactions with certain directors, executive officers, significant shareholders, and their affiliates. Such transactions were on substantially the same terms, including interest rates and collateral, as those prevailing at the time of comparable transactions with other customers, and did not, in the opinion of management, involve more than a normal credit risk or present any other unfavorable features.

The following is an analysis of loan activity to directors, executive officers, significant shareholders, and their affiliates.

	December 31, 2005	December 31, 2004
Balance, beginning of period	$ 6,437,349	$ 3,328,554
New loans during the period	1,066,634	5,403,984
Repayments during the period	(663,173)	(2,295,189)
Balance, end of period	$ 6,840,810	$ 6,437,349

NOTE 4 - PREMISES AND EQUIPMENT

A summary of premises and equipment at December 31 follows:

	2005	2004
Land	$ 284,716	$ -
Building	1,035,436	-
Leasehold improvements	382,933	376,589
Furniture and equipment	1,417,610	982,397
Total	3,120,695	1,358,986
Accumulated depreciation	748,090	549,651
Net premises and equipment	$ 2,372,605	$ 809,335

NOTE 5 - DEPOSITS

Deposit account balances at December 31 were comprised of the following:

	2005	2004
Non-interest bearing	$ 14,237,998	$ 9,765,501
Interest-bearing demand	2,218,566	2,364,065
Money market	9,702,007	15,632,709
Savings accounts	19,188,028	18,641,949
Certificates of deposit	56,036,829	38,183,207
Total	$ 101,383,428	$ 84,587,431

The aggregate amount of jumbo certificates of deposit with a minimum denomination of $100,000 was approximately $20,716,000 and $17,303,000 at December 31, 2005 and 2004, respectively.

At December 31, 2005, the scheduled maturity of certificates of deposits is as follows:

2006	$ 29,064,596
2007	12,433,812
2008	5,997,899
2009	4,398,003
2010	4,142,519
Total	$ 56,036,829

NOTE 6 - BORROWINGS

The subsidiary bank is a member of the Federal Home Loan Bank of Pittsburgh (the "FHLB"). FHLB borrowings are secured by a blanket lien by the FHLB on certain residential mortgage loans or securities with a fair value at least equal to the outstanding loan balances. The Bank had a line of credit of $2,000,000 originating on November 8, 2001, and maturing January 1, 2006, with an interest rate of 4.26 percent. No amount is outstanding as of December 31, 2005. The Bank had advances outstanding at December 31, 2005, from the FHLB in the amount of $31,582,258.

NOTE 6 – BORROWINGS (CONTINUED)

The following is a schedule of outstanding borrowings from the FHLB at December 31, 2005:

Date Issued	Amount	Maturity Date	Rate	Type
12/29/05	$ 1,000,000	01/05/06	4.295%	Fixed-monthly interest
05/04/05	1,500,000	02/06/06	3.610%	Fixed-monthly interest
05/16/05	1,500,000	02/16/06	3.650%	Fixed-monthly interest
09/06/05	1,500,000	03/06/06	3.900%	Fixed-monthly interest
09/07/05	1,000,000	03/07/06	3.980%	Fixed-monthly interest
09/29/04	2,000,000	03/29/06	2.735%	Fixed-monthly interest
04/30/04	1,000,000	05/01/06	2.720%	Fixed-monthly interest
05/07/04	1,500,000	05/08/06	2.990%	Fixed-monthly interest
09/19/04	1,000,000	09/19/06	4.370%	Adjustable-monthly interest
09/20/05	2,000,000	09/20/06	4.370%	Adjustable-monthly interest
10/05/05	1,000,000	10/05/06	4.370%	Adjustable-monthly interest
10/26/05	1,500,000	10/26/06	4.430%	Adjustable-monthly interest
11/14/05	4,000,000	11/14/06	4.120%	Adjustable-monthly interest
12/13/05	1,500,000	12/13/06	4.820%	Fixed-monthly interest
01/30/04	1,000,000	01/30/07	2.810%	Fixed-monthly interest
04/29/04	1,000,000	04/30/07	3.270%	Fixed-monthly interest
07/09/04	1,618,689	07/09/07	3.160%	Fixed-monthly interest & principal
07/23/04	1,000,000	07/23/07	3.590%	Fixed-monthly interest
02/18/05	1,000,000	05/19/08	4.610%	Adjustable-monthly interest
02/22/05	1,000,000	05/22/08	4.610%	Adjustable-monthly interest
12/13/05	1,500,000	12/15/08	4.910%	Fixed-monthly interest
05/07/04	703,922	05/07/09	3.860%	Fixed-monthly interest & principal
05/07/04	759,647	05/07/10	4.130%	Fixed-monthly interest & principal
Total	$ 31,582,258			

In April 2005, the Company established a subsidiary trust, Main Street (WV) Statutory Trust I (the "Trust") in which the Company owns 100 percent of the common equity. The Trust issued preferred securities to outside investors and used the proceeds of the issuance to purchase from the Company junior subordinated debentures in the amount of $3,000,000. The Company's junior subordinated debentures are the sole asset of the Trust. Pursuant to FIN 46(R), the Company did not consolidate the Trust. However, the $3,000,000 of mandatorily redeemable preferred securities issued by the Trust are includible for regulatory purposes as a component of the Company's Tier 1 capital. These trust-preferred securities must be redeemed upon the maturity of the debentures.

The Company's junior subordinated debentures are due June 15, 2035, with interest payments due March 15, June 15, September 15, and December 15 of each year. Interest is payable at an initial rate of 5.26 percent adjusted at the interest due date by the 3 month LIBOR plus 2.05 percent. The Company reflects borrowed funds in the amount of $3,000,000 as of December 31, 2005, and interest expense in the amount of $107,355 for the year ended December 31, 2005.

NOTE 6 – BORROWINGS (CONTINUED)

The following table summarizes the contractual repayments at December 31, 2005:

Year	Amount
2006	$ 23,396,524
2007	3,976,859
2008	3,886,116
2009	272,054
2010	77,718
Thereafter	3,000,000
Total	$ 34,609,271

Borrowings are comprised of the following at December 31, 2005:

	2005	2004
FHLB borrowings	$ 31,582,258	$ 21,406,407
Junior subordinated debt	3,000,000	-
Treasury, tax, and loan note option	27,013	73,250
Total	$ 34,609,271	$ 21,479,657

NOTE 7 - FEDERAL INCOME TAXES

The following temporary differences gave rise to the deferred tax asset at December 31:

	2005	2004
Deferred tax assets:		
Deferred loan fees	$ 15,358	$ -
Difference in bad debt deduction	341,136	284,275
Unearned interest recognition	26,160	8,897
Deferred compensation	18,443	3,123
Deferred state income tax	29,012	17,013
Market adjustment of available-for-sale securities	27,477	-
Total deferred tax assets	457,586	313,308
Deferred tax liabilities:		
Depreciation	68,967	59,050
Deferred loan fees	-	4,258
Total deferred tax liabilities	68,967	63,308
Net deferred tax assets	$ 388,619	$ 250,000

NOTE 7 - FEDERAL INCOME TAXES (CONTINUED)

The federal income tax expense for the years ended December 31, 2005 and 2004, is comprised of the following components:

	2005	2004
Current	$ 457,044	$ 480,000
Deferred	(111,142)	50,000
Total federal income tax expense	$ 345,902	$ 530,000

The federal income tax expense differs from the provision for federal income tax computed at the statutory rate of 34 percent for the years ended December 31, 2005 and 2004, as follows:

	2005	2004
Tax at statutory rate	$ 393,332	$ 529,266
State income tax net federal tax	14,521	37,338
	407,853	566,604
Increase (decrease) in taxes:		
Nontaxable municipal bond interest	(31,409)	(33,159)
Nontaxable earnings on cash surrender value of life insurance	(9,461)	(10,909)
Others	(21,081)	7,464
Total federal income tax expense	$ 345,902	$ 530,000

NOTE 8 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

In the normal course of business, the Company has outstanding commitments, such as commitments to extend credit, which are not included in the accompanying financial statements. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit is represented by the contractual or notional amount of those instruments. The Company uses the same credit policies in making such commitments as it does for instruments that are included in the balance sheets.

Financial instruments whose contractual amount represents credit risk at December 31 are as follows:

	2005	2004
Home equity lines of credit	$ 3,983,000	$ 3,257,000
Commercial loans	3,677,000	10,737,000
Other unused commitments	55,000	47,000
Total	$ 7,715,000	$ 14,041,000

NOTE 8 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK (CONTINUED)

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount and type of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties.

Most of the Company's loans and commitments have been granted to customers in the primary market area of Ohio County, West Virginia. The Company's loans are generally secured by specific items of collateral, including real property, vehicles, and business assets. Although the Company has a diversified loan portfolio, repayment of these loans is dependent, in part, upon the economic conditions of this region.

NOTE 9 - EMPLOYEE BENEFIT PLANS

The Company has a 401(k) Profit Sharing Plan ("the Plan") with all employees eligible as of the Plan's commencement date of August 1, 2001. Employees with hire dates after August 1, 2001, are eligible on the first January 1, April 1, July 1, or October 1, coinciding with or immediately following the date the employee completes 6 months of service and has reached the age of 21.

Participants may make contributions of up to 20 percent of their compensation. The employer's matching contribution equals a discretionary percentage, determined by the employer, of the participant's salary reduction. These matching contributions are made and allocated per pay period. The plan also provides for an additional year-end matching contribution equal to a discretionary percentage, to be determined by the employer, of the participant's salary. The matching contributions charged to operations were $62,547 and $56,803 for the years ending December 31, 2005 and 2004, respectively.

On April 30, 2004, the Bank entered into supplemental retirement agreements with its executive officers under which the Bank has agreed to provide additional retirement benefits. The Bank has recognized expense in the amount of $19,986 and $12,056 for the years ending December 31, 2005 and 2004, respectively for the accrual of benefits payable under these agreements. Coincident with the adoption of the supplemental retirement agreements, the Bank purchased life insurance policies on each of the executive officers. The Bank is the beneficiary of the policies. The amount of income recognized on the growth in value of the policies was $27,826 and $19,083 for the year ending December 31, 2005 and 2004, respectively.

At December 31, 2005 and 2004, $32,042 and $12,056, respectively, was recorded as a liability under these contracts and $10,894 and $4,099, respectively, were recognized as a related deferred tax asset. The life insurance policies had an aggregate cash surrender value of $796,914 and $769,088 at December 31, 2005 and 2004, respectively.

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

On September 9, 2004, the Bank established the Directors' Deferred Plan which became effective on January 1, 2005. The plan was established to allow eligible directors to defer all or a portion of their fees. Deferrals are to be invested in company stock twice each year on June 30th and December 31st. The Bank shall make matching contributions of 50 percent of the individual's percentage of fees with a maximum match of $1,000 to be deferred. The individual is immediately 100 percent vested in their deferral and Bank contributions. Deferred compensation is to be paid to the individual or beneficiary upon the end of the individual's term of office. As of December 31, 2005, director's deferred compensation payable was $42,925 and $14,594 was recognized as a deferred tax asset.

In relation with the establishment of the Directors' Deferral Plan, the Bank entered into a Trust Agreement effective November 1, 2004, with a corporate trustee in order to establish a trust fund (Rabbi Trust). Each director's account within the Rabbi Trust will be credited with their deferred fees, Bank contribution, and earnings or losses attributable to the account. The trust established under the agreement is a grantor trust.

NOTE 10 - REGULATORY MATTERS

The subsidiary bank is subject to various regulatory capital requirements administered by its primary regulator, the State of West Virginia, and its insurer, the Federal Deposit Insurance Corporation (FDIC). Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank and the financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Qualitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of: total risk-based capital and Tier I capital to risk-weighted assets (as defined in the regulations), and Tier I capital to average assets (as defined). Management believes, as of December 31, 2005, that the Bank meets all of the capital adequacy requirements to which it is subject.

As of December 31, 2005, the most recent notification from the FDIC, the Bank was categorized as "well capitalized" under the FDIC regulatory framework. To remain categorized as well capitalized, the Bank will have to maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as disclosed in the table below. There are no conditions or events since the most recent notification that management believes have changed the Bank's standing.

NOTE 10 – REGULATORY MATTERS (CONTINUED)

The Bank's actual and required capital amounts and ratios are as follows:

(Dollars in thousands)

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Actual	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2005:						
Total Risk-Based Capital (Total Risk Weighted Assets)	$14,023	12.44%	$ 9,019	8.0%	$11,273	10.0%
Tier I Capital (To Risk Weighted Assets)	12,612	11.19%	4,509	4.0%	6,764	6.0%
Tier I Capital (To Average Assets)	12,612	8.72%	5,786	4.0%	7,232	5.0%

(Dollars in thousands)

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Actual	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2004:						
Total Risk-Based Capital (Total Risk Weighted Assets)	$ 9,883	11.89%	$ 6,650	8.0%	$ 8,313	10.0%
Tier I Capital (To Risk Weighted Assets)	8,841	10.64%	3,325	4.0%	4,988	6.0%
Tier I Capital (To Average Assets)	8,841	7.45%	4,750	4.0%	5,937	5.0%

The Company is also subject to regulation by the Federal Reserve Bank of Cleveland. Capital ratios of the Company do not differ significantly from those of the Bank.

NOTE 11 - COMPREHENSIVE INCOME

The Company is required to present comprehensive income in a full set of general-purpose financial statements for all periods presented. Other comprehensive income comprises unrealized holding gains (losses) on the available-for-sale securities portfolio. The Company has elected to report the effects of other comprehensive income as part of the Consolidated Statement of Changes in Stockholders' Equity. The following represents other comprehensive income before tax and net of tax.

	2005	2004
Before-tax amount	$ (136,500)	$ 56,732
Tax effect	44,827	(14,634)
Net-of-tax amount	$ (91,673)	$ 42,098

NOTE 12 - OPERATING LEASE

The Company entered into an operating lease in June 2001 to lease its main office building. The operating lease expires in May 2011 with an option to extend the lease for three 5-year renewal terms commencing in June 2011, June 2016, and June 2021. The exercising of all three renewal terms will cause the lease to expire on May 31, 2026.

The base rent payment is $133,212 per year, or $11,101 per month. Commencing on June 1, 2006, and continuing for 5 years thereafter, the rent due is increased by 60 percent of the increase in the Consumer Price Index ("CPI") over the CPI on June 1, 2001, but not to exceed an increase of 12.5 percent, or $22.04 per square foot, unless the parties agree otherwise.

The Company also rents 500 square feet of storage space in the main office building for a base rent payment of $2,004 per year through May 31, 2006. On June 1, 2006, through May 31, 2011, the rent for the storage space will increase by 12.5 percent. The rent will increase by 12.5 percent for each exercised renewal term thereafter.

Rent expense recognized for the period ended December 31, 2005 and 2004, totaled $135,223.

Minimum future rental payments under this operating lease as of December 31, 2005, for each of the next 5 years and in the aggregate are:

December 31,	
2006	$ 135,216
2007	135,216
2008	135,216
2009	135,216
2010	135,216
Thereafter	56,340
Total	$ 732,420

NOTE 13 - LIMITATIONS ON DIVIDENDS

West Virginia State Law precludes the Bank from paying dividends without the prior approval of the Commissioner of Banking, if such dividends exceed the total of the Bank's net profits as defined for the year, combined with its net profits of the previous 2 years. Under this formula, the Bank can declare dividends in 2006 without the approval of the Commissioner of Banking of approximately $2,287,067, plus an additional amount equal to the Bank's net profit for 2006 up to the date of any such dividend declaration, subject to minimum regulatory capital requirements. The subsidiary Bank is the primary source of funds to pay dividends to the stockholders of Main Street Financial Services Corp.

NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107, *Disclosures about Fair Value of Financial Instruments*, requires disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlements of the instruments. Statement No. 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements.

In addition, the value of long-term relationships with depositors and other customers are not reflected. The value of these items is significant. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Bank.

The following methods and assumptions were used in estimating fair values of financial instruments as disclosed herein:

<u>Cash and Cash Equivalents</u>: For those short-term instruments, the carrying amount is a reasonable estimate of fair value.

<u>Interest-Bearing Time Deposits</u>: The fair value is estimated using rates currently offered for deposits of similar remaining maturities.

<u>Securities</u>: For debt securities and marketable equity securities held for investment purposes and for sale, fair values are based on quoted market prices or dealer quotes. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

The carrying value of Federal Home Loan Bank stock approximates fair value based on the redemption provisions of the Federal Home Loan Bank.

<u>Loans</u>: For certain homogeneous categories of loans, such as some residential mortgages, fair value is estimated using the quoted market prices for securities backed by similar loans. The fair value of other types of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

<u>Accrued Interest</u>: The carrying amounts of accrued interest approximate fair value.

<u>Deposit Liabilities and Repurchase Agreements</u>: The fair value of NOW accounts, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit and repurchase agreements is estimated using the rates currently offered for deposits of similar remaining maturities.

NOTE 14 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Loans Held-for-Sale, Cash Surrender Value of Life Insurance and Advances by Borrowers for Taxes and Insurance: The fair value is equal to the current carrying value.

Borrowings: The fair value is estimated using a discounted cash flow and applying contractual costs currently being offered in the existing advances to current market rates offered for notes of similar remaining maturities.

The estimated fair values of the Bank's financial instruments are as follows:

	December 31, 2005	
	Carrying Amount	Estimated Fair Value
Financial Assets:		
Cash and cash equivalents	$ 6,709,000	$ 6,709,000
Interest-bearing time deposits	99,000	99,000
Securities available-for-sale	6,375,000	6,375,000
Securities held-to-maturity	14,312,000	14,046,000
Loans held-for-sale	86,000	86,000
Loans, net	117,496,000	113,605,000
Accrued interest receivable	706,000	706,000
Cash surrender value of life insurance	797,000	797,000
Federal Home Loan Bank stock	1,611,000	1,611,000
Financial Liabilities:		
Deposits and repurchase agreements	106,008,000	105,471,000
Advances by borrowers for taxes and insurance	133,000	133,000
Accrued interest payable	389,000	389,000
Borrowings	34,609,000	34,025,000

	December 31, 2004	
	Carrying Amount	Estimated Fair Value
Financial Assets:		
Cash and cash equivalents	$ 977,000	$ 977,000
Interest-bearing time deposits	849,000	849,000
Securities available-for-sale	7,638,000	7,638,000
Securities held-to-maturity	10,645,000	10,600,000
Loans, net	96,091,000	96,048,000
Accrued interest receivable	525,000	525,000
Cash surrender value of life insurance	769,000	769,000
Federal Home Loan Bank stock	1,311,000	1,311,000
Financial Liabilities:		
Deposits and repurchase agreements	88,655,000	88,886,000
Advances by borrowers for taxes and insurance	119,000	119,000
Accrued interest payable	208,000	208,000
Borrowings	21,480,000	21,574,000