

ITEM 8.01 OTHER EVENTS

TowneBank declares cash dividend on preferred stock. A press release dated October 27, 2011 is attached as Exhibit 99 to this Current Report on Form 8-K and is incorporated herein by reference.

ITEM 9.01 - FINANCIAL STATEMENTS AND EXHIBITS

Exhibit 99: News Release dated October 27, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TOWNE BANK
(Registrant)

/s/Clyde E. McFarland, Jr.

Clyde E. McFarland, Jr.
Senior Executive Vice President & Chief Financial Officer

Date: October 27, 2011

News Release

FOR IMMEDIATE RELEASE

For more information contact:

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TOWNEBANK ANNOUNCES CASH DIVIDEND ON PREFERRED STOCK

Suffolk, Va. – Hampton Roads based TowneBank (NASDAQ: TOWN) announced today that its Board of Directors on October 26, 2011 declared a quarterly cash dividend of \$2.00 per preferred share on its 8% Non-Cumulative Convertible Preferred Stock, Series A. The dividend is payable on December 1, 2011 to shareholders of record on November 10, 2011. The amount and declaration of future cash dividends are subject to Board of Directors' approval in addition to regulatory restrictions.

As one of the top community banks in Virginia and North Carolina, TowneBank operates 26 banking offices serving Chesapeake, Hampton, Newport News, Norfolk, Portsmouth, Suffolk, Virginia Beach, Williamsburg, James City County and York County in Virginia along with Moyock, Grandy, Camden, Southern Shores, Corolla and Kill Devil Hills in North Carolina. Towne also offers a full range of financial services through its controlled divisions and subsidiaries that include Towne Investment Group, Towne Insurance Agency, TFA Benefits, TowneBank Mortgage, TowneBank Commercial Mortgage, Prudential Towne Realty, Towne 1031 Exchange, LLC, and Corolla Classic Vacations. Through its strategic partnership with William E. Wood and Associates, the bank also offers mortgage services in all of their offices in Hampton Roads and Northeastern North Carolina. Local decision-making is a hallmark of its hometown banking strategy that is delivered through the leadership of each group's President and Board of Directors. With total assets of \$4.02 billion as of June 30, 2011, TowneBank is one of the largest banks headquartered in Virginia. ###