

**FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C. 20429**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OF
THE SECURITIES EXCHANGE ACT OF 1934**

December 21, 2017

Date of Report (Date of earliest event reported)

TOWNE BANK

(Exact name of registrant as specified in its charter)

<u>Virginia</u> (State or other jurisdiction of incorporation)	<u>35095</u> (FDIC Insurance Cert. No.)	<u>54-1910608</u> (IRS Employer Identification No.)
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5716 High Street, Portsmouth, Virginia
(Address of principal executive offices)

23703
(Zip Code)

(757) 638-7500
(Registrant's telephone number, including area code)

No Change
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**ITEM 5.02 DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS;
APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS.**

Amendment to Supplemental Executive Retirement Plan Agreement

In recognition of his continuing leadership contributions, on December 22, 2017, TowneBank (the “Company”) entered into an amendment to the Supplemental Retirement Plan Agreement (the “SERP”), originally effective January 1, 2008, with J. Morgan Davis, President and Chief Banking Officer of the Company. The amendment, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.1, increases the amount of his annual retirement benefit to 50% of his 2017 base salary (\$800,000) with an annual 4% increase up to age 75. Mr. Davis is currently 100% vested in the SERP. The retirement benefit under the SERP is an unsecured obligation of the Company.

Resignation of Director and Officer

On December 21, 2017, E. Neal Crawford, Jr. provided written notice to the Company that he intends to resign as a director and officer of the Company effective January 1, 2018. Mr. Crawford’s decision to resign was not the result of any disagreement with the Company on any matter relating to the Company’s operations, policies, or practices.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) *Exhibits.*

- 10.1 Amendment to Supplemental Executive Retirement Plan Agreement with J. Morgan Davis.

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: December 22, 2017

TOWNEBANK
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN AGREEMENT
AMENDMENT
FOR
J. MORGAN DAVIS

Effective January 1, 2017

The TowneBank Supplemental Executive Retirement Plan Agreement for James M. Davis, by and between TowneBank, a Virginia Banking Corporation (the “Bank”) and J. Morgan Davis (the “Participant”), as amended through July 1, 2013 (the “Plan”) is further amended as set forth herein, effective January 1, 2017 (the “Amendment”). The Amendment renames the Plan and provides for an increased “Retirement Benefit” amount, as such term is defined in the Plan, subject to continued employment with the Bank.

WHEREAS, the Bank provides supplemental retirement benefits to Participant through the Plan; and

WHEREAS, the Bank wishes to encourage Participant to continue to provide valuable leadership and services to the Bank; and

WHEREAS, the Bank accordingly wishes to amend the Plan so that the annual Plan benefit reflects Participant’s 2017 base salary and continues to increase after 2017, subject to Participant’s continued employment with the Bank.

NOW, THEREFORE, the Plan is amended as follows:

FIRST: The Plan is renamed the TowneBank Supplemental Executive Retirement Plan Agreement for J. Morgan Davis.

SECOND: Section 1.10 of the Plan is amended to read as follows:

1.10 **Retirement Benefit.** The annual benefit represents 50% of the Participant’s 2017 base salary with an annual 4% increase, subject to continued employment, until age 75, or \$569,325 (five hundred sixty-nine thousand three hundred twenty-five dollars) at age 75, and in no event may the benefit be less at age 75, except as otherwise provided under Article III.

THIRD: Sections 3.01, 3.02 and 3.03 of the Plan are amended to read as follows:

3.01 **Retirement Benefit.** Upon Retirement, the Participant shall be entitled to an annual Retirement Benefit equal to 50% of the Participant’s 2017 base salary with an annual 4% increase, subject to continued employment, until age 75, or \$569,325 (five hundred sixty-nine thousand three hundred twenty-five dollars) at age 75, and in no event may the benefit be less at age 75, except as otherwise provided in this Article III.

If Participant’s employment terminates for any reason before age 75, he shall be entitled to the reduced “Vested Benefit” that has vested according to the vesting schedule under Section 3.03 and is set forth in the Vested Benefit column of the table in Section 3.03.

3.02 **Timing of Payment.** Annual payment of any benefit under this Article shall be made over a 15-year period, commencing on the first day of the month following the Participant’s separation from service; provided, however, that payment to a Key Employee upon a separation from service shall not begin until at least six months following such separation from service or the Key Employee’s death, if sooner. If a payment is delayed because the Participant is a Key

Employee, the Participant shall receive the delayed payment on the first day of the seventh month following separation from service and remaining payments will be made on the schedule that would have applied absent the delay.

3.03 Vesting. The Participant's Retirement Benefit shall vest as of each date as follows, provided the Participant remains in full-time employment with the Bank on such date:

Age	Date	% Vested	Vested Benefit	Salary	Benefit %
56	1/1/2008	60.00%	75,600	315,000	40.00%
57	12/31/2008	66.67%	87,360	327,600	40.00%
58	12/31/2009	73.33%	99,940	340,704	40.00%
59	12/31/2010	80.00%	113,386	354,332	40.00%
60	12/31/2011	86.67%	127,749	368,505	40.00%
61	12/31/2012	93.33%	143,078	383,246	40.00%
62	12/31/2013	100.00%	220,000	550,000	40.00%
63	12/31/2014	100.00%	228,800	572,000	40.00%
64	12/31/2015	100.00%	237,952	594,880	40.00%
65	12/31/2016	100.00%	247,470	618,675	40.00%
66	12/31/2017	100.00%	400,000	800,000	50.00%
67	12/31/2018	100.00%	416,000	832,000	50.00%
68	12/31/2019	100.00%	432,640	865,280	50.00%
69	12/31/2020	100.00%	449,946	899,891	50.00%
70	12/31/2021	100.00%	467,943	935,887	50.00%
71	12/31/2022	100.00%	486,661	973,322	50.00%
72	12/31/2023	100.00%	506,127	1,012,255	50.00%
73	12/31/2024	100.00%	526,373	1,052,745	50.00%
74	12/31/2025	100.00%	547,427	1,094,855	50.00%
75	1/5/2026	100.00%	569,325	1,138,649	50.00%

FOURTH: Sections 3.04, "Involuntary Termination of Employment," Section 3.05, "Change in Control," and Section 3.06, "Disability" are deleted.

FIFTH: Section 3.07(a) is amended to read as follows:

(a) Upon execution of the original Agreement, the Participant shall irrevocably elect the method of payment to the Beneficiary in the event of his death.

[Signature Page Follows]

The Bank has adopted this Amendment pursuant to action taken by its Board of Directors.

As evidence of its adoption of this Amendment, the Bank and the Participant have caused this document to be signed this 21st day of December, 2017.

TOWNEBANK

/s/ G. Robert Aston, Jr.

G. Robert Aston, Jr.
Chairman and Chief Executive Officer

PARTICIPANT

/s/ J. Morgan Davis

J. Morgan Davis