

ITEM 8.01 OTHER EVENTS

TowneBank receives preliminary approval for \$76.5 million investment under U.S. Treasury's TARP Program. A press release dated November 26, 2008 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 November 26, 2008.

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: November 26, 2008

TOWNE BANK

A Tradition of Hometown Banking.

News Release

FOR IMMEDIATE RELEASE

For more information contact:

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TOWNEBANK RECEIVES PRELIMINARY APPROVAL FOR \$76.5 MILLION INVESTMENT UNDER U.S. TREASURY'S TARP PROGRAM

Suffolk, Va. – Hampton Roads based TowneBank (NASDAQ: TOWN) announced today that it has received preliminary approval for a \$76.5 million investment from the U.S. Treasury Department under the TARP Capital Purchase Program. The TARP Capital Purchase Program is a voluntary program designed to provide capital for healthy banks and improve the flow of funds from banks to their customers. The preferred stock to be issued by the Company under the TARP Capital Purchase Program will carry a 5% dividend for each of the first 5 years of the investment, and 9% thereafter, unless the shares are redeemed by TowneBank. Additionally the Treasury will receive warrants on 538,310 shares of Towne Common Stock with an exercise price of \$ 21.305.

“As one of Virginia’s largest community banks, it is incumbent on us to take a leadership role in embracing the Treasury’s program in support of improving our local, state, and national economy,” said G. Robert Aston, Chairman and CEO.

“Importantly, this additional capital will enable us to keep credit readily available to the Hampton Roads community while adding to our already strong balance sheet,” added Aston.

banking offices in Chesapeake, Hampton, Portsmouth, Newport News, Virginia Beach, Norfolk, Williamsburg and York County. 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, GSH Real Estate Corporation, TowneBank 1031 Exchange, LLC, Corolla Classic Vacations and Corolla Real Estate. Through its strategic partnership with William E. Wood and Associates and Prudential McCardle, the bank also offers mortgage services in all of the offices of both companies 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 \$3.016 billion as of September 30, 2008, TowneBank is the largest bank headquartered in Hampton Roads.

Cautionary Statement:

This release contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These statements may address issues that involve significant risks, uncertainties, estimates and assumptions made by management. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include competitive pressures in the banking industry that may increase significantly, changes in the interest rate environment may reduce margins and/or the volumes and values of loans made or held as well as the value of other financial assets held, general economic conditions, either nationally or regionally, may be less favorable than expected, resulting in, among other things, a deterioration in credit quality and/or a reduced demand for credit or other services, changes in the legislative or regulatory environment, including changes in accounting standards, may adversely affect our businesses, costs or difficulties related to the integration of the business and the businesses we have acquired may be greater than expected, expected cost savings associated with pending or recently completed acquisitions may not be fully realized or realized within the expected time frame, our competitors may have greater financial resources and develop products that enable them to compete more successfully, changes in business conditions, changes in the securities market and changes in our local economy with regards to our market area and its heavy concentration of U.S. military bases and related personnel. We assume no obligation to update information contained in this release.

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