

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 20, 2022**

Finward Bancorp

(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction of incorporation)

000-26128
(Commission File Number)

35-1927981
(IRS Employer
Identification No.)

9204 Columbia Avenue
Munster, Indiana
(Address of principal executive offices)

46321
(Zip Code)

(219) 836-4400
(Registrant's telephone number, including area code)

(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 (see General Instruction A.2. below):

- 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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, without par value | FNWD | The Nasdaq Stock Market LLC |

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.

Extension of Employment Agreement of David A. Bochnowski

On June 28, 2021, Finward Bancorp, an Indiana corporation (the "Bancorp"), and its bank subsidiary, Peoples Bank (the "Bank"), entered into an Employment Agreement with Mr. David A. Bochnowski, the Executive Chairman of the Board of Directors of the Bancorp and the Bank, which became effective as of the same date (the "Employment Agreement"). On May 20, 2022, the Bancorp and the Bank entered into an Extension Agreement with Mr. Bochnowski, which extends the term of the Employment Agreement by twelve months to June 28, 2023. The original term of the Employment Agreement was scheduled to expire on June 28, 2022. The Extension Agreement becomes effective as of June 28, 2022, and all other terms and conditions of the Employment Agreement remain the same.

The foregoing description of the Extension Agreement is a summary and is qualified in its entirety by reference to the terms of the Extension Agreement, which is attached to this Current Report on Form 8-K as Exhibit 10.1 and incorporated by reference herein.

Post 2004 Deferred Compensation Plan for the Directors of Peoples Bank

On May 20, 2022, the Board of Directors (the "Board") of the Bancorp and the Bank, upon the recommendation of the Compensation and Benefits Committee of the Board (the "Committee"), approved the Post 2004 Deferred Compensation Plan for the Directors of Peoples Bank, Amended and Restated effective May 20, 2022, which was originally adopted by the Board on May 28, 2010 (as amended and restated, the "Plan"). The Plan is designed to provide each director of the Bank (each a "Participant") the ability to elect on or before December 31st of any year to defer all or a portion of his or her annual director fees for succeeding calendar years. The Bank pays interest to the directors on the deferred fees at rates specified in the Plan.

The Board approved the following revisions to the Plan, which are effective May 20, 2022:

If a Participant made an election to defer his or her fees any time prior to May 20, 2022 ("Legacy Participant"), such Participant shall receive his or her distribution in ten (10) annual installments over a nine (9) year period beginning with the first day of the calendar year immediately following the year in which the Participant ceases to be a Director. A Legacy Participant may make a one-time change to a single lump sum distribution subject to a five-year waiting period as described below.

If a Participant has never made an election to defer his or her fees under the Plan before May 20, 2022 ("New Participant"), such Participant may elect to receive his or her distribution in (1) a single lump sum on the first day of the calendar year following the year in which Participant ceases to be a Director; (2) five (5) annual installments over a four (4) year period beginning with the first day of the calendar year immediately following the year in which the Participant ceases to be a director; or (3) ten (10) annual installments over a nine (9) year period beginning with the first day of the calendar year immediately following the year in which the Participant ceases to be a Director. If no distribution election is made, the Participant will receive his or her distribution in five (5) annual installments over a four (4) year period beginning with the first day of the calendar year immediately following the year in which the Participant ceases to be a director.

A Participant may elect a one-time change to the form of benefit in accordance with the Internal Revenue Code and the following: (i) A Legacy Participant may elect to change his or her form of distribution to a single lump sum payment, and a New Participant may elect to change his or her form of distribution to a single lump sum payment or any one of the two installment payments; (ii) the election shall not be effective until at least twelve (12) months after the date on which the election is made; and (iii) except for distributions due to death or a change in control (as defined in the Plan), no payment will be made (or commence being made) earlier than five (5) years from the first day of the calendar year following the year in which the Participant ceased to be a Director.

In the event a Change in Control occurs, then the deferred benefits under the Plan shall be distributed to Participants in a lump sum within 90 days after the effective date of the Change in Control. For purposes of the Plan, a “Change in Control” means (a) any one person, or more than one person acting as a group (as defined under U.S. Department of Treasury Regulation (“Treasury Regulation”) § 1.409A-3(i)(5)(v)(B)) acquires ownership of stock of the Bank that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Bank; or (b) any one person, or more than one person acting as a group (as defined under Treasury Regulation § 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Bank possessing 30 percent or more of the total voting power of the stock of the Bank; or (c) a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or (d) any one person, or more than one person acting as a group (as defined in Treasury Regulation § 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Bank that have a total gross fair market value of more than 40 percent of the total gross fair market value of all of the assets of the Bank immediately before such acquisition or acquisitions. For purposes of clause (d), “gross fair market value” means the value of the assets of the Bank, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. The foregoing clauses (a) through (d) shall be interpreted in a manner that is consistent with the Treasury Regulations promulgated pursuant to Section 409A of the Code so that all, and only, such transactions or events that could qualify as a “change in control event” within the meaning of Treasury Regulation § 1.409A-3(i)(5)(i) shall be deemed to be a Change in Control for purposes of this Plan.

The foregoing description of the Plan is a summary and is qualified in its entirety by reference to the terms of the Plan, which is attached to this Current Report on Form 8-K as Exhibit 10.2 and incorporated by reference herein.

Item 5.07 Submission of Matters to a Vote of Security Holders.

On May 20, 2022, Finward Bancorp (the “Bancorp”) held its Annual Meeting of Shareholders (the “Annual Meeting”), as a virtual-only meeting, pursuant to due notice. Only holders of record of the Bancorp’s common stock at the close of business on March 18, 2022 (the “Record Date”) were entitled to vote at the Annual Meeting. Holders of a total of 3,270,714 shares were present virtually or by proxy at the Annual Meeting, constituting a quorum.

The Bancorp’s shareholders voted on three proposals at the Annual Meeting. The proposals are described in detail in the Bancorp’s Definitive Proxy Statement filed with the Securities and Exchange Commission (“SEC”) on March 30, 2022. The final results of the vote regarding the proposals are set forth below.

Proposal 1: Election of Directors. The Bancorp’s shareholders elected three directors to serve three-year terms expiring in 2025. The votes regarding this proposal were as follows:

| <u>Director</u> | <u>Expiration of Term</u> | <u>Votes For</u> | <u>Votes Withheld</u> | <u>Broker Non-Votes</u> |
|-------------------|---------------------------|------------------|-----------------------|-------------------------|
| Joel Gorelick | 2025 | 2,585,260 | 119,582 | 565,872 |
| Amy W. Han, Ph.D. | 2025 | 2,343,251 | 361,591 | 565,872 |
| Robert W. Youman | 2025 | 2,564,107 | 140,735 | 565,872 |

Proposal 2: Ratification of Auditors. The proposal described below, having received a vote virtually or by proxy of more favorable votes than votes cast against the proposal, was declared to be duly adopted by the shareholders of the Bancorp. The votes regarding this proposal were as follows:

| | <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Votes</u> |
|--|------------|----------------|----------------|-------------------------|
| Ratification of the appointment of BKD, LLP as independent registered public accounting firm for the fiscal year ending December 31, 2022. | 3,136,336 | 124,038 | 10,340 | 0 |

Proposal 3: Advisory Vote on Compensation. The proposal described below, having received an advisory vote virtually or by proxy of more favorable votes than votes cast against the proposal, was declared to be duly adopted by the shareholders of the Bancorp. The votes regarding this proposal were as follows:

| | <u>For</u> | <u>Against</u> | <u>Abstain</u> | <u>Broker Non-Votes</u> |
|---|------------|----------------|----------------|-------------------------|
| Approval, on a non-binding advisory basis, the executive compensation of the named executive officers included in the proxy statement for the Annual Meeting. | 2,299,938 | 258,796 | 146,108 | 565,872 |

No other matters were considered or voted upon at the Annual Meeting.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

The following exhibits are being furnished with this Current Report on Form 8-K.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 10.1 | <u>Extension Agreement between Finward Bancorp, Peoples Bank and David A. Bochnowski effective as of June 28, 2022.</u> |
| 10.2 | <u>Post 2004 Deferred Compensation Plan for the Directors of Peoples Bank, Amended and Restated Effective May 20, 2022.</u> |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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 hereunto duly authorized.

Date: May 23, 2022

Finward Bancorp

By: /s/ Peymon S. Torabi
Printed Name: Peymon S. Torabi
Title: Executive Vice President, Chief Financial Officer and Treasurer

EXTENSION AGREEMENT

This EXTENSION AGREEMENT, effective as of June 28, 2022, is entered into by and between Finward Bancorp (the “**Company**”), the wholly-owned subsidiary of the Company, Peoples Bank, (“**Peoples Bank**,” and collectively with the Company, the “**Bank**” unless otherwise noted), and David A. Bochnowski (the “**Executive**”).

WHEREAS, the Company, Peoples Bank, and the Executive entered into an Employment Agreement, dated as of June 28, 2021 (the “**Employment Agreement**”), with a term of twelve months (the “**Term**”);

WHEREAS, the Executive has served as the Executive Chairman of the Bank during the Term;

WHEREAS, Paragraph 1(b) of the Employment Agreement provides that the Executive and the Bank may extend the Term of the Agreement for an additional twelve months (the “**Renewal Term**”) by written agreement;

WHEREAS, the Executive and the Bank desire to extend the Employment Agreement for the Renewal Term;

NOW, THEREFORE, the Parties agree as follows:

1. Extension. Executive and the Bank hereby agree pursuant to Paragraph 1(b) of the Employment Agreement to extend the Term of the Employment Agreement by a twelve month Renewal Term.
2. Counterparts. This Extension Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same instrument.
3. Miscellaneous. All terms and conditions of the Employment Agreement are and shall remain in full force and effects for all purposes.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the Company and Peoples Bank have caused this Agreement to be executed by its duly authorized officer and the Executive has signed this Agreement, effective as of June 28, 2022.

Finward Bancorp

By: /s/ Donald P. Fesko
Name: Donald P. Fesko
Title: Chair, Compensation Committee

Peoples Bank

By: /s/ Donald P. Fesko
Name: Donald P. Fesko
Title: Chair, Compensation Committee

David A. Bochnowski

/s/ David A. Bochnowski

POST 2004 DEFERRED COMPENSATION PLAN
FOR THE DIRECTORS OF PEOPLES BANK
Amended and Restated Effective May 20, 2022

1. Purpose. Peoples Bank (the “Bank”) hereby adopts this restatement of the Post 2004 Deferred Compensation Plan for the Directors of Peoples Bank, effective May 20, 2022 (the “Plan”). The Plan provides members of the Board of Directors of Peoples Bank (the “Board”) the opportunity to defer all or a portion of their annual fees. This Plan is intended to satisfy the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations thereunder (“Code Section 409A”)

2. Administration. The Plan shall be administered by the Bank which shall have the authority to make, amend, interpret, and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including interpretation of the Plan, as may arise in connection with the Plan. The Bank may delegate such authority to any entity, committee, or Bank employee at its discretion.

3. Participation. Members of the Board (“Directors”) are eligible to participate in the Plan (each a “Participant”). A Participant may file an election with the Board on or before December 31st of any year in which he or she serves as a Director on the Board to defer all or a specified portion of his or her annual fees for succeeding calendar years, provided that he or she continues to serve as a Director in succeeding calendar years. Any person elected to fill a vacancy on the Board who was not a Director on the preceding December 31st may elect, within 30 days of becoming a Director, to defer all or a specified portion of his or her annual fees for the balance of the calendar year following such election and for succeeding calendar years, unless such person is otherwise prohibited from making such an election by Code Section 409A. An election to defer fees shall continue from year to year unless terminated by the Participant by written request. In the event a Participant elects to terminate his or her deferral election, such election will not be effective until January 1 of the year following the year in which the election is made.

4. Deferred Benefit. Each Participant shall at all times have a fully vested and nonforfeitable interest in his or her account under this Plan (the “Account”). The Account will consist of the amounts deferred under the Plan and accumulate interest at a rate specified in Section 5 below (the “Deferred Benefit”). A Participant’s Account shall not constitute or be treated as a trust fund.

5. Interest. The rate of interest to be paid on deferred fees will be equal to the lower of either (a) the Bank’s regular six-month certificate of deposit, plus 2%, or (b) 120% of the applicable federal long-term rate in effect during the month in which the Bank determines or reviews the appropriate interest rate for the Plan. The interest rate will be reset on the first business day of each month.

6. Distribution.

(a) If a Participant made an election to defer his or her fees any time prior to May 20, 2022 (“Legacy Participant”), such Participant shall receive his or her distribution in ten (10) annual installments over a nine (9) year period beginning with the first day of the calendar year immediately following the year in which the Participant ceases to be a Director. A Legacy Participant may make a one-time change to a single lump sum distribution in accordance with subsection (c) below.

(b) If a Director has never made an election to defer his or her fees under the Plan before May 20, 2022 (“New Participant”), such Director may elect to receive his or her distribution in (1) a single lump sum on the first day of the calendar year following the year in which Participant ceases to be a Director; (2) five (5) annual installments over a four (4) year period beginning with the first day of the calendar year immediately following the year in which the Participant ceases to be a director; or (3) ten (10) annual installments over a nine (9) year period beginning with the first day of the calendar year immediately following the year in which the Participant ceases to be a Director. If no distribution election is made the Participant will receive his or her Deferred Benefit in five (5) annual installments over a four (4) year period beginning with the first day of the calendar year immediately following the year in which the Participant ceases to be a director.

(c) A Participant may elect a one-time change to the form of benefit in accordance with the Code and the following:

(i) A Legacy Participant may elect to change his or her form of distribution to a single lump sum payment, and a New Participant may elect to change his or her form of distribution to any one of the three (3) forms in subsection (b) immediately above;

(ii) The election shall not be effective until at least twelve (12) months after the date on which the election is made; and

(iii) Except for distributions due to death or a Change in Control, no payment will be made (or commence being made) earlier than five (5) years from the first day of the calendar year following the year in which the Participant ceased to be a Director. For example, if a Participant ceases to be a Director in 2024 and had elected to change his or her form of distribution from ten annual installments to a lump sum, the lump sum would be payable on January 1, 2030.

7. Specified Employees. Notwithstanding anything herein to the contrary, in no event shall a “specified employee,” as that term is defined in Section 409A of the Code, receive any payment earlier than six (6) months after separation from service (as such term is defined under Code Section 409A). The first annual installment for any such specified employee will be paid on or soon after the later of six (6) months after separation from the Bank or the first day of the calendar year immediately following the year of separation from the Bank. All subsequent annual installment payments to any such specified employee will be made in the month of January, beginning with the January that immediately follows the first annual installment payment.

8. Death. Upon the death of a Participant prior to the Participant’s receipt of any portion of any benefit payable to the Participant hereunder, the Participant’s participation in the Plan shall cease and the Beneficiary of the deceased Participant shall be paid a benefit equal to the then remaining balance, if any, of the Participant’s Account as of the date of the Participant’s death, determined in accordance with Plan. The benefit shall be paid as a single lump sum payment, unless the Board, in its sole discretion, decides to pay it out in installments.

9. Change in Control. In the event a Change in Control occurs, then the Deferred Benefits under this Plan shall be distributed to Participants in a lump sum within 90 days after the effective date of the Change in Control.

(a) For purposes of this Agreement, a "Change in Control" shall mean (a) any one person, or more than one person acting as a group (as defined under U.S. Department of Treasury Regulation ("Treasury Regulation") § 1.409A-3(i)(5)(v)(B)) acquires ownership of stock of the Bank that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Bank; or (b) any one person, or more than one person acting as a group (as defined under Treasury Regulation § 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Bank possessing 30 percent or more of the total voting power of the stock of the Bank; or (c) a majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election; or (d) any one person, or more than one person acting as a group (as defined in Treasury Regulation § 1.409A-3(i)(5)(v)(B)) acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Bank that have a total gross fair market value of more than 40 percent of the total gross fair market value of all of the assets of the Bank immediately before such acquisition or acquisitions. For purposes of clause (d), "gross fair market value" means the value of the assets of the Bank, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. The foregoing clauses (a) through (d) shall be interpreted in a manner that is consistent with the Treasury Regulations promulgated pursuant to Section 409A of the Code so that all, and only, such transactions or events that could qualify as a "change in control event" within the meaning of Treasury Regulation § 1.409A-3(i)(5)(i) shall be deemed to be a Change in Control for purposes of this Plan.

10. Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person or persons as his or her Beneficiary or Beneficiaries (both principal as well as contingent) to whom benefits under this Plan shall be paid in the event of his or her death prior to complete distribution of the Deferred Benefits due under the Plan. Any Beneficiary designation may be changed by a Participant in writing on a form prescribed by the Bank. The filing of a new Beneficiary designation form will cancel all Beneficiary designations previously filed. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant's designated Beneficiary shall be deemed to be his or her estate.

11. Withholding for Payroll Taxes. To the extent required by law, the Bank shall withhold from payments made hereunder any taxes required to be withheld for purposes of federal, state, and local government taxes.

12. Amendment. The Bank may at any time amend or terminate the Plan in whole or in part, provided, however, that no amendment shall be effective to decrease or restrict any amount then credited to a Participant's Account.

13. Termination of the Plan. Distribution of benefits pursuant to the termination of the Plan is prohibited unless the termination qualifies as a distributable event under Code Section 409A. Any such payments as a result of the termination of the Plan shall be made in accordance with the requirements of Code Section 409A.

14. Not a Contract of Employment. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between the Bank and the Participant, and the Participant (or his or her Beneficiary) shall have no rights against the Bank except as may otherwise be specifically provided herein.

15. Governing Law. The provisions of this Plan shall be construed and interpreted according to the laws of the State of Indiana.

16. Validity. If any provision of this Plan is held to be invalid or unenforceable by a court of competent jurisdiction, such holding shall not impact the validity or enforceability of the remaining provisions of the Plan.

17. Successors. The provisions of this Plan shall bind and inure to the benefit of the Bank and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase, or otherwise acquire all or substantially all of the business and assets of the Bank, and successors of any such corporation or other business entity.

ADOPTED by the Board of Directors of Peoples Bank this 20th day of May, 2022, effective as of the date referenced herein.

Attested by:

/s/ Benjamin J. Bochnowski

CEO

/s/ Leane English Cerven

Corporate Secretary