SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is made as of this 17th day of May, 2011 by, between, and among the following undersigned parties:

The Federal Deposit Insurance Corporation ("FDIC"), as receiver of Warren Bank, Warren, Michigan, ("Warren" or the "Bank"), and Thomas Bernasconi, Gordon Brown, Jesse Cardellio, Damian Kassab, Stephen Kassab, Kenneth Kosnic, Judith Kucway, Rocco Patamia, and Gerald Van Wyke (collectively the "Settling Defendants"), and The Cincinnati Insurance Companies ("CIC"), (individually, the FDIC, the Settling Defendants and CIC may be referred to herein as "Party" and collectively as the "Parties").

RECITALS

WHEREAS:

Prior to October 2, 2009, Warren was a depository institution organized as a state member bank of the Federal Reserve System.

On October 2, 2009, the Bank was closed by the Michigan Office of Financial and Insurance Regulation, and, pursuant to 12 U.S.C. § 1821(c), the FDIC was appointed receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC "shall, as conservator or receiver, and by operation of law, succeed to . . . all rights, titles, powers, and privileges of the insured depository institution, and of any stockholder, member, account holder, depositor, officer, or director of such institution with respect to the institution."

Among the assets to which the FDIC as receiver has exclusive jurisdiction of, were any and all of the Bank's claims, demands, and causes of actions against its former directors, officers and employees arising from the performance, nonperformance and manner of performance of their respective functions, duties and acts as directors and/or officers of the Bank. It is the intent of this Agreement to resolve all claims identified in Paragraph II.A below that have been or could be brought against the Settling Defendants.

CIC issued Financial Institutions Blue Chip Policy No. [redacted] to Warren Bank (b)(4) and Warren Bancorp Inc. (the "Policy"), which insured the directors and officers of the Bank according to the terms, provisions, exclusions and conditions of the Policy. CIC has received notice of the FDIC's actual or potential claims against the Settling Defendants, and notice from the Bank prior to its closing of circumstances that might give rise to a claim in the future, and has reserved its rights to deny coverage under the Policy for claims asserted by the FDIC against the Settling Defendants.

The undersigned parties deem it in their best interests to enter into this Agreement to avoid the uncertainty, trouble, and expense of litigation.

NOW, THEREFORE, in consideration of the promises, undertakings, payments, and releases stated herein, the sufficiency of which consideration is hereby acknowledged, the undersigned parties agree, each with the other, as follows:

SECTION I: Payment to FDIC

A. As an essential covenant and condition to this Agreement, CIC shall pay to the FDIC the sum of One Million Seven Hundred Fifty Thousand dollars and Zero cents ($1,750,000.00) (the "Settlement Funds"), on behalf of itself and on behalf of the Settling Defendants, by way of check payable to the FDIC delivered by overnight mail for arrival on or before May 20, 2011.

B. The Settlement Funds shall be delivered to outside counsel for the FDIC at the following address:

Lydia A. Bueschel
Robinson Curley & Clayton, P.C.
300 South Wacker Drive
Suite 1700
Chicago, Illinois 60606

C. If all Settlement Funds are not received by the FDIC within the timeframe set forth in Paragraph I.A. above, the FDIC may declare this Agreement to be deemed null and void, in which event this Agreement shall have no legal validity or binding affect whatsoever upon the Parties.

SECTION II: Releases

A. Release of Individual Settling Defendants by FDIC.

Effective upon receipt in full of the Settlement Funds and except as provided in Paragraph(s) II.F., the FDIC, on behalf of itself and on behalf of all its successors, assigns, employees, officers, directors, representatives, agents, and attorneys (collectively, with the FDIC, the "FDIC Parties"), hereby releases and discharges each of the Settling Defendants and their respective heirs, executors, administrators, representatives, successors, assigns, and attorneys (collectively, the "Settling Defendant Parties") from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity belonging to the FDIC, that arise from or relate to the actual or alleged performance, nonperformance, manner of performance of the Settling Defendants' respective functions, duties and actions as agents, employees, officers and/or directors of the Bank or that arise from or relate to their status as actual or alleged agents, employees, officers and/or directors of the Bank.

B. Release of FDIC by the Settling Defendants.

Effective simultaneously with the release granted in Paragraph II.A. above, the Settling Defendant Parties hereby release and discharge the FDIC Parties from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to, the Bank or to the actual or alleged performance, nonperformance, or manner of performance of the Settling Defendants' respective functions, duties and actions as agents, employees, officers and/or directors of the Bank or that arise from or relate to their status as actual or alleged agents, employees, officers and/or directors of the Bank.

C. Release by Settling Defendants of Each Other.

Effective simultaneously with the releases granted in Paragraph II.B. above, the Settling Defendant Parties hereby release and discharge each other from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to the actual or alleged performance, nonperformance, or manner of performance of their respective functions, duties and actions as officers and/or directors of the Bank or that arise from or relate to their status as actual or alleged agents, employees, officers and/or directors of the Bank.

D. Release of CIC by FDIC.

Effective simultaneously with the releases granted in Paragraphs II.A. and II.B. above, the FDIC Parties hereby release and discharge CIC, its parents, subsidiaries, affiliates and reinsurers, and their respective employees, officers, directors, agents, representatives, successors and assigns (collectively, the "CIC Parties") from any and all claims, demands, obligations, damages, actions and causes of action, direct or indirect, in law or in equity, under, arising from or relating to the Policy. The FDIC agrees that any interest, if any, it may have under the Policy will be extinguished upon full payment of the Settlement Funds.

E. Release of FDIC by CIC.

Effective simultaneously with the release granted in Paragraph II.D. above, the CIC Parties hereby release and discharge the FDIC Parties from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, under arising from or relating to the Policy.

F. Express Reservations From Releases By FDIC.

1. Notwithstanding any other provision, by this Agreement, the FDIC does not release, and expressly preserves fully and to the same extent as if the Agreement had not been executed, any claims or causes of action, including without limitation any claims acquired by the FDIC as successor in interest to the Bank or any person or entity other than Bank, against the Settling Defendants or any other person or entity for liability, if any, incurred as the maker,

endorser or guarantor of any promissory note or indebtedness payable or owed by them to the FDIC, the Bank, other financial institutions, or any other person or entity.

2. Notwithstanding any other provision, nothing in this Agreement shall be construed or interpreted as limiting, waiving, releasing or compromising the jurisdiction and authority of the FDIC in the exercise of its supervisory or regulatory authority or to diminish its ability to institute administrative enforcement proceedings seeking removal, prohibition or any other administrative enforcement action.

3. Notwithstanding any other provision, this Agreement does not purport to waive, or intend to waive, any claims which could be brought by the United States through either the Department of Justice or the United States Attorney's Office for the Eastern District of Michigan or for any other federal judicial district. In addition, the FDIC specifically reserves the right to seek court ordered restitution pursuant to the relevant provisions of the Victim and Witness Protection Act, 18 U.S.C. § 3663, et. seq., if appropriate.

SECTION III: Waiver of Dividends

To the extent, if any, that Settling Defendants are or were shareholders of the Bank and by virtue thereof are or may have been entitled to a dividend, payment, or other pro-rata distribution upon resolution of the receivership of the Bank, they hereby knowingly assign to the FDIC any and all rights, titles and interest in and to any and all such dividends, payments or other pro rata distributions.

SECTION IV: Representations and Acknowledgements

A. No Admission of Liability. The undersigned parties each acknowledge and agree that the matters set forth in this Agreement constitute the settlement and compromise of disputed claims, and that this Agreement is not an admission or evidence of liability by any of them regarding any claim.

B. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the parties named herein and all such counterparts when so executed shall together constitute the final Agreement, as if one document had been signed by all parties hereto; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the party or parties subscribed thereto upon the execution by all parties to this Agreement.

C. Binding Effect. Each of the undersigned persons represents and warrants that they are a party hereto or are authorized to sign this Agreement on behalf of the respective party, and that they have the full power and authority to bind such party to each and every provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the undersigned parties and their respective heirs, executors, administrators, representatives, successors and assigns.

D. Choice of Law. This Agreement shall be interpreted, construed and enforced according to applicable federal law, or in its absence, the laws of the State of Michigan.

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between the FDIC and the Settling Defendants and as between the FDIC and CIC concerning the matters set forth herein. This Agreement may not be amended or modified except by another written instrument signed by the party or parties to be bound thereby, or by their respective authorized attorney(s) or other representative(s).

F. Specific Representations Warranties and Disclaimer. The Settling Defendants expressly acknowledge that in determining to settle the claims released here, the FDIC has reasonably and justifiably relied upon the accuracy of financial information submitted in response to document subpoenas issued to the Settling Defendants. Each Settling Defendant represents that, in any of the financial documents produced or signed financial statements submitted, he or she did not knowingly fail to disclose any material interest, legal, equitable, or beneficial, in any asset held at the time the document or statement was signed. If any Settling Defendant, in any of the financial documents produced or signed financial statements submitted, in bad faith failed to disclose any material interest, legal, equitable, or beneficial, in any asset held at the time the document or statement was signed, the FDIC in its sole discretion, may exercise one or more or all of the following remedies: (a) the FDIC may declare the releases granted to that Settling Defendant as null and void; (b) the FDIC may retain the Settlement Funds; (c) the FDIC may sue that Settling Defendant for damages, an injunction, and specific performance for the breach of this Agreement; and (d) the FDIC may seek to vacate any dismissal order and reinstate the FDIC's claims against that Settling Defendant.

G. Reasonable Cooperation.

1. The Parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement.

2. Further, the Settling Defendants agree to cooperate fully with the FDIC in connection with any action required under this Agreement in connection with the Bank. Any such cooperation that involves any out of pocket costs is subject to reasonable reimbursement by the FDIC pursuant to its internal guidelines and policy for such reimbursement. Such cooperation shall consist of:

a. producing all documents in the possession of such Settling Defendant requested by the FDIC, without the necessity of subpoena, as determined by the FDIC, in its sole discretion, to be relevant to the Bank;

b. making themselves available upon request by the FDIC at reasonable times and places and for reasonable periods for interviews regarding facts, as determined by the FDIC in its sole and reasonable discretion, to be relevant to the Bank;

c. appearing to testify, upon request by the FDIC, in any matter determined by the FDIC in its sole and reasonable discretion, to be related to the Bank, without the necessity of subpoena; and

d. signing truthful affidavits upon request by the FDIC, regarding any material matter, as determined by the FDIC in its sole discretion, to be relevant to the Bank.

H. Advice of Counsel. Each Party hereby acknowledges that it has consulted with and obtained the advice of counsel prior to executing this Agreement, and that this Agreement has been explained to that Party by his or her counsel.

[signatures follow on next page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

FEDERAL DEPOSIT INSURANCE CORPORATION

Date: 5/16/2011 BY: [redacted] (b)(6)

TITLE: Counsel

PRINT NAME: Carrie L Sutherland

Date: ____________ ____________________
THOMAS BERNASCONI

Date: ____________ ____________________
GORDON BROWN

Date: ____________ ____________________
JESSE CARDELLIO

Date: ____________ ____________________
DAMIAN KASSAB

Date: ____________ ____________________
STEPHEN KASSAB

Date: ____________ ____________________
KENNETH KOSNIC

Date: ____________ ____________________
JUDITH KUCWAY

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FEDERAL DEPOSIT INSURANCE CORPORATION

Date: ____________ BY: ____________

TITLE: ____________

PRINT NAME: ____________

(b)(6) [redacted]

Date: 5/16/11 ____________

THOMAS BERNASCONI

Date: ____________ ____________

GORDON BROWN

Date: ____________ ____________

JESSE CARDELLIO

Date: ____________ ____________

DAMIAN KASSAB

Date: ____________ ____________

STEPHEN KASSAB

Date: ____________ ____________

KENNETH KOSNIC

Date: ____________ ____________

JUDITH KUCWAY

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FEDERAL DEPOSIT INSURANCE CORPORATION

Date: ____________ BY: ____________________

TITLE: ____________________

PRINT NAME: ____________________

Date: ____________ ____________________

THOMAS BERNASCONI

(b)(6) [redacted]

Date: 5/16/11 ____________________

GORDON BROWN

Date: ____________ ____________________

JESSE CARDELLIO

Date: ____________ ____________________

DAMIAN KASSAB

Date: ____________ ____________________

STEPHEN KASSAB

Date: ____________ ____________________

KENNETH KOSNIC

Date: ____________ ____________________

JUDITH KUCWAY

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FEDERAL DEPOSIT INSURANCE CORPORATION

Date: ____________ BY: ____________

TITLE: ____________

PRINT NAME: ____________

Date: ____________ ____________

THOMAS BERNASCONI

Date: ____________ ____________

GORDON BROWN

(b)(6)

Date: 5/13/11 [redacted]

JESSE CARDELLIO

Date: ____________ ____________

DAMIAN KASSAB

Date: ____________ ____________

STEPHEN KASSAB

Date: ____________ ____________

KENNETH KOSNIC

Date: ____________ ____________

JUDITH KUCWAY

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FEDERAL DEPOSIT INSURANCE CORPORATION

Date: ____________ BY: ____________

TITLE: ____________

PRINT NAME: ____________

Date: ____________ ____________

THOMAS BERNASCONI

Date: ____________ ____________

GORDON BROWN

Date: ____________ ____________

JESSE CARDELLIO

(b)(6)

Date: 5-15-2011 [redacted]

DAMIAN KASSAB

Date: ____________ ____________

STEPHEN KASSAB

Date: ____________ ____________

KENNETH KOSNIC

Date: ____________ ____________

JUDITH KUCWAY

Date: ____________ ____________

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

FEDERAL DEPOSIT INSURANCE CORPORATION

Date: ____________ BY: ____________________

TITLE: ____________________

PRINT NAME: ____________________

Date: ____________ ____________________

THOMAS BERNASCONI

Date: ____________ ____________________

GORDON BROWN

Date: ____________ ____________________

JESSE CARDELLIO

Date: ____________ ____________________

DAMIAN KASSAB

(b)(6) [redacted]

Date: 5/11/2011 ____________________

STEPHEN KASSAB

Date: ____________ ____________________

KENNETH KOSNIC

Date: ____________ ____________________

JUDITH KUCWAY

Date: ____________ ____________________

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

FEDERAL DEPOSIT INSURANCE CORPORATION

Date: ________ BY: ________

TITLE: ________

PRINT NAME: ________

Date: ________ ________

THOMAS BERNASCONI

Date: ________ ________

GORDON BROWN

Date: ________ ________

JESSE CARDELLIO

Date: ________ ________

DAMIAN KASSAB

Date: ________ ________

STEPHEN KASSAB

(b)(6) [redacted]

Date: 5/8/11 ________

KENNETH KOSMIC

Date: ________ ________

JUDITH KUCWAY

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

FEDERAL DEPOSIT INSURANCE CORPORATION

Date: ________________ BY: ________________________

TITLE: ________________________

PRINT NAME: ________________________

Date: ________________ ________________________
THOMAS BERNASCONI

Date: ________________ ________________________
GORDON BROWN

Date: ________________ ________________________
JESSE CARDELLIO

Date: ________________ ________________________
DAMIAN KASSAB

Date: ________________ ________________________
STEPHEN KASSAB

Date: ________________ ________________________
KENNETH KOSNIC

(b)(6)

Date: 5-16-11 [redacted]
JUDITH KUCWAY

(b)(6)

[redacted]

Date: 5-16-11

ROCCO PATAMIA

Date: ____________

GERALD VAN WYKE

THE CINCINNATI INSURANCE COMPANIES

Date: ____________ BY: ____________

TITLE: ____________

PRINT NAME: ____________

____

Date: ____________________ ____________________

ROCCO PATAMIA

(b)(6) [redacted]

Date: 5-16-11 ____________________

GERALD VAN WYKE

THE CINCINNATI INSURANCE COMPANIES

Date: ____________________ BY: ____________________

TITLE: ____________________

PRINT NAME: ____________________

Date: ____________ ____________________
ROCCO PATAMIA

Date: ____________ ____________________
GERALD VAN WYKE

THE CINCINNATI INSURANCE COMPANIES

(b)(6)

Date: 5-17-11 BY: [redacted]

TITLE: Superintendent - Executive Risk Claims

PRINT NAME: David K. Koon