

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is made by, between, and among the Federal Deposit Insurance Corporation as Receiver for Western Springs National Bank and Trust ("FDIC-R") and St. Paul Mercury Insurance Company ("St. Paul" or "Bond Insurer") (individually, the FDIC-R and St. Paul may be referred to herein as "Party" and collectively as the "Parties").

RECITALS

WHEREAS:

Prior to April 8, 2011, Western Springs National Bank and Trust ("Western Springs" or "Bank") was a federally chartered depository institution headquartered in Western Springs, Illinois.

St. Paul issued a Financial Institution Bond, Policy Number [redacted] to Western (b)(4) Springs Bancorp, Inc., the holding company of Western. The bond was effective for the bond period April 17, 2010, through April 17, 2011, and provided a Single Loss Limit of Liability of \$1,500,000 for employee dishonesty.

On March 21, 2011, Western provided St. Paul with a Notice of Loss seeking coverage under the bond for losses incurred by Western that were caused by the dishonest acts of certain Western employees. This claim was designated by St. Paul as Claim No. [redacted] (b)(4)

The FDIC-R submitted its Proof of Loss with respect to Claim No. [redacted] on or about (b)(4) April 11, 2011, including a proof of loss duly sworn to and subscribed by Western's President on April 8, 2011.

On April 8, 2011, the Office of the Comptroller of the Currency closed Western and pursuant to 12 U.S.C. § 1821(c), the Federal Deposit Insurance Corporation was appointed.

receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC-R succeeded to all rights, titles, powers, and privileges of Western, including those with respect to its assets. Among the assets to which the FDIC-R succeeded were any and all claims, demands, and causes of action under the Financial Institution Bond, Policy Number [REDACTED], or with respect to Claim No.

(b)(4)

(b)(4) [REDACTED]

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 the FDIC-R

A. As an essential covenant and condition to this Agreement and in consideration for the Releases set forth below, St. Paul agrees to pay to the FDIC-R the full Single Loss Limit of Liability of \$1,500,000 (the "Settlement Payment") for employee dishonesty. The Settlement Payment shall be made to the FDIC-R within thirty (30) calendar days after both Parties sign the Agreement. The Parties agree that time is of the essence with respect to the obligation to make the Settlement Payment.

B. St. Paul shall deliver the Settlement Payment by direct wire transfer into an account designated by the FDIC-R. The FDIC-R shall provide to St. Paul the instructions for this direct wire transfer.

C. If the FDIC-R does not receive the Settlement Payment in full on or before the date determined by Section I.A. above, then the FDIC-R in its sole discretion shall have the right at any time prior to its receipt of the Settlement Payment in full to:

1. Extend the period for the Settlement Payment;

2. Enforce this Agreement, in which event St. Paul agrees to the jurisdiction in the United States District Court for the District of Columbia and to pay all of the FDIC-R's reasonable attorneys' fees and costs expended in enforcing the terms of this Agreement;

3. Terminate the Agreement; and/or

4. Seek any other relief available to it in law or equity.

Any extension of time under Section I.C.1 for delivery of the Settlement Payment or acceptance of a portion of the Settlement Payment shall not prejudice the FDIC-R's rights to take any of the actions set forth in Section I.C.2 through I.C.4 at any time prior to receipt of the Settlement Payment.

SECTION II: Releases

A. Release of St. Paul by the FDIC-R.

Effective upon its receipt of the Settlement Payment in full, as described in Section I, and except as provided in Section II.C, the FDIC-R, for itself and its successors and assigns, hereby releases and discharges St. Paul and its representatives, successors, and assigns, 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 Financial Institution Bond Policy Number (b)(4) and/or Claim No. (b)(4) and St. Paul's handling, investigation, and adjustment of same.

B. Release of the FDIC-R by St. Paul.

Effective simultaneously with the release granted in Paragraph II.A. above, St. Paul, for itself and its agents, representatives, successors, and assigns, hereby releases and discharges the FDIC-R and its employees, officers, directors, representatives, successors, and assigns, 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 Financial Institution Bond Policy Number

(b)(4) [redacted] and/or Claim No. [redacted]

C. Exceptions from Releases by FDIC-R.

1. Notwithstanding any other provision of this Agreement, the FDIC-R does not release, and expressly preserves fully and to the same extent as if this Agreement had not been executed, any claims or causes of action:

a. against St. Paul 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-R, the Bank, other financial institutions, or any other person or entity, including without limitation any such claims acquired by FDIC-R as successor in interest to the Bank or any person or entity other than the Bank; and

b. against any person or entity not expressly released by the FDIC-R in this Agreement, including but not limited to any other insurer, insurance policy, or insurance coverage with respect to Western, such as Certain Underwriters at Lloyds that subscribe to a Lloyd's Short Excess Financial Institution Policy Number [redacted]; and (b)(4)

c. which are not expressly released in Paragraph II.A.

2. Notwithstanding any other provision of this Agreement, nothing in this Agreement shall be construed or interpreted as limiting, waiving, releasing, or compromising the jurisdiction and authority of the Federal Deposit Insurance Corporation in the exercise of its supervisory or regulatory authority or diminishing its ability to institute administrative enforcement or other proceedings seeking removal, prohibition, or any other relief it is authorized to seek pursuant to its supervisory or regulatory authority against any person.

3. Notwithstanding any other provision of this Agreement, this Agreement does not purport to waive, or intend to waive, any claims that could be brought by the United States through the Department of Justice, the United States Attorney's Office for any federal judicial district, or any other department or agency of the United States as defined by 18 U.S.C.

§ 6. In addition, the FDIC-R specifically reserves the right to seek court ordered restitution pursuant to the relevant provisions of the Mandatory Victims Restitution Act, 18 U.S.C. §§ 3322 and 3663 et seq., if appropriate.

SECTION III: Subrogation

In further consideration of the releases in Section II, St. Paul waives any and all subrogation rights that may have arisen, whether by virtue of the Settlement Payment or by operation of law, contract, or equity with respect to the Financial Institution Bond Policy

(b)(4) Number and/or Claim No.

SECTION IV: Representations and Acknowledgements

A. Authorized Signatories. All of the undersigned persons represent and warrant that they 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.

B. No Waiver or estoppel. The undersigned Parties acknowledge that they may not base any claim of waiver or estoppel in any other matter upon the execution of this Agreement or payment of consideration described herein.

C. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the Parties and all such counterparts when so executed shall together constitute

the final Agreement, as if one document had been signed by all Parties; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the Parties subscribed thereto upon the execution by all Parties to this Agreement. This Agreement may be executed by facsimile signatures, which shall be treated as originals for all purposes.

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 District of Columbia.

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between and among the undersigned Parties concerning the matters set forth herein and supersedes any prior agreements or understandings. This Agreement may not be amended or modified except by another written instrument signed by the Parties, or by their respective authorized attorney(s) or other representative(s).

F. Reasonable Cooperation. The Parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement, including doing or causing their agents and attorneys to do whatever is reasonably necessary to effectuate the signing, delivery, execution, filing, recording, and entry of any documents necessary to perform the terms of this Agreement.

G. 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 its counsel.

H. Notices. Any notices required hereunder shall be sent by registered mail, first class, return receipt requested, and by email, to the following:

If to FDIC-R:

Andrew Gilbert, FDIC Legal Division
3501 Fairfax Drive, Room VS-B-7012

Arlington, VA 22226

(b)(6) [Redacted]

If to St. Paul:

Robert M. Flowers
Travelers
One Tower Square, S202A
Hartford, CT 06183

(b)(6) [Redacted]

I. Titles and Captions. All section titles and captions contained in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

J. No Confidentiality. The undersigned Parties acknowledge that this Agreement shall not be confidential, and nothing in this Agreement prohibits the FDIC-R or St. Paul from disclosing its terms.

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
As Receiver for Western Springs National Bank & Trust**

(b)(6) [Redacted] By: _____

Andrew Gilbert
Counsel

Date: August 25, 2016

ST. PAUL MERCURY INSURANCE COMPANY

(b)(6) [Redacted] By: _____

Robert M. Flowers
2nd Vice President, Bond & Specialty Insurance

Date: 8/29/16