

Exhibit 1. Key-Person Insurance and Split-Dollar Life Insurance Arrangements

Key-Person Insurance: When the death of a bank officer or other key person would be of such consequence to the bank as to give it an insurable interest, key-person life insurance insures the bank on the life of the individual. *The bank generally pays the entire premium and is the beneficiary.* The primary purpose of this type of insurance is to *indemnify the bank against the potential loss of net income* that may result from the death of the insured. Most key-person life insurance policies, payable to the bank, are either term or whole life. Term life insurance policies do not have a savings element, while whole life policies do.

Split-Dollar Life Insurance Arrangements: These are a form of *additional direct executive compensation*, whereby *the bank pays part or all of the insurance premiums and the executive's beneficiary receives most or all of the death benefit.* Split-dollar arrangements may include *term insurance, whole life insurance, or a combination of both*, and *may or may not include a savings element.*