NEWS RELEASE

Park National Corporation Reports Financial Results for Second Quarter and First Half of 2016

7/25/2016

NEWARK, Ohio, July 25, 2016 (GLOBE NEWSWIRE) -- Park National Corporation (Park) (NYSE MKT:PRK) today announced financial results for the second quarter and first half of 2016 (three and six months ended June 30, 2016). The board of directors also declared a quarterly cash dividend of $0.94 per common share, payable on September 9, 2016 to common shareholders of record as of August 19, 2016.

Park's second quarter net income in 2016 was $20.0 million, a 4.9 percent decrease from $21.0 million for the same period in 2015. Net income per diluted common share for the second quarter of 2016 was $1.30, compared to $1.37 in the second quarter of 2015.

Park's net income for the first half of 2016 was $38.7 million, compared to $40.1 million for the same period in 2015, a decrease of 3.5 percent. Net income per diluted common share for the first half of 2016 was $2.51, compared to $2.60 in the same period of 2015.

"Advancements in our consumer lending operations have helped us respond to requests even more swiftly and thoroughly," said Park Chief Executive Officer David L. Trautman. "The service style of our local lenders continues to be a driver of growth for our organization, and we look forward to the rest of 2016."

In the first half of 2016, The Park National Bank grew consumer loans by $46.5 million (9.6 percent annualized) and commercial loans by $24.0 million (1.9 percent annualized). Total loans for the bank were $5.09 billion at June 30, 2016, up $227.7 million (4.68 percent) from $4.86 billion at June 30, 2015.

The bank generated net income of $21.1 million for the second quarter of 2016, compared to $21.3 million for the same period of 2015. The bank's first half of 2016 net income was $42.8 million, compared to $40.5 million for the first half of 2015. The bank had total assets of $7.4 billion at June 30, 2016, rising from $7.2 billion at each of December 31, 2015 and June 30, 2015.

About Park National Corporation

Headquartered in Newark, Ohio, Park National Corporation had $7.4 billion in total assets (as of June 30, 2016). The Park organization principally consists of 11 community bank divisions, a non-bank subsidiary and two specialty finance companies. Park's Ohio-based banking operations are conducted through Park subsidiary The Park National Bank and its divisions, which include Fairfield National Bank Division, Richland Bank Division, Century National Bank Division, First-Knox National Bank Division, Farmers Bank Division, United Bank, N.A. Division, Second National Bank Division, Security National Bank Division, Unity National Bank Division, and The Park National Bank of Southwest Ohio & Northern Kentucky Division; and Scope Leasing, Inc. (d.b.a. Scope Aircraft Finance). The Park organization also includes Guardian Financial Services Company (d.b.a. Guardian Finance Company) and SE Property Holdings, LLC.

Complete financial tables are listed below...

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Park cautions that any forward-looking statements contained in this release or made by management of Park are provided to assist in the understanding of anticipated future financial performance. Forward-looking statements provide current expectations or forecasts of future events and are not guarantees of future performance. The forward-looking statements are based on management's expectations and are subject to a number of risks and uncertainties. Although management believes that the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially from those expressed or implied in such statements. Risks and uncertainties that could cause actual results to differ materially include, without limitation: Park's ability to execute our business plan successfully and within the expected timeframe; general economic and financial market conditions, specifically in the real estate markets and the credit markets, either nationally or in the states in which Park and our subsidiaries do business, may experience a slowing or reversal of the recent economic expansion in addition to continuing residual effects of recessionary conditions and an uneven spread of positive impacts of recovery on the economy and our counterparties, including adverse impacts on the demand for loan, deposit and other financial services, delinquencies, defaults and counterparties' ability to meet credit and other obligations; changes in interest rates and prices may adversely impact the value of securities, loans, deposits and other financial instruments and the interest rate sensitivity of our consolidated balance sheet as well as reduce interest margins; changes in consumer spending, borrowing and saving habits, whether due to changing business and economic

conditions, legislative and regulatory initiatives, or other factors; changes in unemployment; changes in customers', suppliers', and other counterparties' performance and creditworthiness; asset/liability repricing risks and liquidity risks; our liquidity requirements could be adversely affected by changes to regulations governing bank and bank holding company capital and liquidity standards as well as by changes in our assets and liabilities; competitive factors among financial services organizations could increase significantly, including product and pricing pressures, changes to third-party relationships and our ability to attract, develop and retain qualified bank professionals; clients could pursue alternatives to bank deposits, causing us to lose a relatively inexpensive source of funding; the nature, timing and effect of changes in banking regulations or other regulatory or legislative requirements affecting the respective businesses of Park and our subsidiaries, including major reform of the regulatory oversight structure of the financial services industry and changes in laws and regulations concerning taxes, pensions, bankruptcy, consumer protection, accounting, banking, securities and other aspects of the financial services industry, specifically the reforms provided for in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), as well as regulations already adopted and which may be adopted in the future by the relevant regulatory agencies, including the Consumer Financial Protection Bureau, to implement the Dodd-Frank Act's provisions, the Budget Control Act of 2011, the American Taxpayer Relief Act of 2012 and the Basel III regulatory capital reforms; the effect of changes in accounting policies and practices, as may be adopted by the Financial Accounting Standards Board, the SEC, the Public Company Accounting Oversight Board and other regulatory agencies, and the accuracy of our assumptions and estimates used to prepare our financial statements; the effect of trade, monetary, fiscal and other governmental policies of the U.S. federal government, including money supply and interest rate policies of the Federal Reserve; disruption in the liquidity and other functioning of U.S. financial markets; the impact on financial markets and the economy of any changes in the credit ratings of the U.S.Treasury obligations and other U.S. government-backed debt, as well as issues surrounding the levels of U.S., European and Asian government debt and concerns regarding the creditworthiness of certain sovereign governments, supranationals and financial institutions in Europe and Asia; the uncertainty surrounding the United Kingdom's exit from the European Union and its consequences; our litigation and regulatory compliance exposure, including any adverse developments in legal proceedings or other claims and unfavorable resolution of regulatory and other governmental examinations or other inquiries; the adequacy of our risk management program; the ability to secure confidential information and deliver products and services through the use of computer systems and telecommunications networks; a failure in or breach of our operational or security systems or infrastructure, or those of our third-party vendors and other service providers, including as a result of cyber attacks; fraud, scams and schemes of third parties; demand for loans in the respective market areas served by Park and our subsidiaries; and other risk factors relating to the banking industry as detailed from time to time in Park's reports filed with the SEC including those described in "Item 1A. Risk Factors" of Part I of Park's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Park does not undertake, and specifically disclaims any obligation, to publicly release the results of any revisions that may be made to update any forward-looking statement to reflect the events or circumstances after the date on which the forward-looking statement was made, or reflect the occurrence of

unanticipated events, except to the extent required by law.

PARK NATIONAL CORPORATION
Financial Highlights
Three months ended June 30, 2016, March 31, 2016, and June 30, 2015

(in thousands, except share and per share data)	2016 2nd QTR	2016 1st QTR	2015 2nd QTR	Percent change vs. 1Q '16	Percent change vs. 2Q '15
INCOME STATEMENT:					
Net interest income	$ 57,485	$ 59,819	$ 56,515	(3.9)%	1.7%
Provision for loan losses	2,637	910	1,612	189.8%	63.6%
Other income	18,736	17,389	19,191	7.7%	(2.4)%
Other expense	45,306	49,899	44,667	(9.2)%	1.4%
Income before income taxes	$ 28,278	$ 26,399	$ 29,427	7.1%	(3.9)%
Income taxes	8,280	7,713	8,388	7.4%	(1.3)%
Net income	$ 19,998	$ 18,686	$ 21,039	7.0%	(4.9)%
MARKET DATA:					
Earnings per common share - basic (b)	$ 1.30	$ 1.22	$ 1.37	6.6%	(5.1)%
Earnings per common share - diluted (b)	1.30	1.21	1.37	7.4%	(5.1)%
Cash dividends per common share	0.94	0.94	0.94	—%	—%
Book value per common share at period end	48.26	47.60	45.93	1.4%	5.1%
Stock price per common share at period end	91.78	90.00	87.37	2.0%	5.0%
Market capitalization at period end	1,407,060	1,379,773	1,342,954	2.0%	4.8%
Weighted average common shares - basic (a)	15,330,802	15,330,813	15,370,882	—%	(0.3)%
Weighted average common shares - diluted (a)	15,399,283	15,406,508	15,407,881	—%	(0.1)%
Common shares outstanding at period end	15,330,796	15,330,807	15,370,877	—%	(0.3)%
PERFORMANCE RATIOS: (annualized)					
Return on average assets (a)(b)	1.09%	1.01%	1.16%	7.9%	(6.0)%
Return on average equity (a)(b)	10.98%	10.38%	11.90%	5.8%	(7.7)%
Yield on loans	4.64%	4.80%	4.68%	(3.3)%	(0.9)%
Yield on investments	2.30%	2.38%	2.49%	(3.4)%	(7.6)%
Yield on money markets	0.51%	0.51%	0.25%	—%	104.0%
Yield on earning assets	4.00%	4.11%	3.96%	(2.7)%	1.0%
Cost of interest bearing deposits	0.32%	0.31%	0.30%	3.2%	6.7%
Cost of borrowings	2.50%	2.35%	2.46%	6.4%	1.6%
Cost of paying liabilities	0.74%	0.73%	0.72%	1.4%	2.8%
Net interest margin (g)	3.43%	3.55%	3.40%	(3.4)%	0.9%
Efficiency ratio (g)	59.01%	64.26%	58.87%	(8.2)%	0.2%
OTHER RATIOS (NON - GAAP):					
Annualized return on average tangible assets (a)(b)(e)	1.10%	1.02%	1.17%	7.8%	(6.0)%
Annualized return on average tangible equity (a)(b)(c)	12.18%	11.53%	13.25%	5.6%	(8.1)%
Tangible book value per share (d)	$ 43.54	$ 42.88	$ 41.22	1.5%	5.6%

N.M. - Not meaningful
Note: Explanations (a) - (g) are included at the end of the financial

highlights.

PARK NATIONAL CORPORATION
Financial Highlights (continued)
Three months ended June 30, 2016, March 31, 2016, and June 30, 2015

BALANCE SHEET:	June 30, 2016	March 31, 2016	June 30, 2015	Percent change vs. 1Q '16	Percent change vs. 2Q '15
Investment securities	$1,548,006	$ 1,601,767	$1,550,103	(3.4%	(0.1%
Loans	5,127,644	5,062,185	4,900,974	1.3%	4.6%
Allowance for loan losses	58,699	56,948	57,427	3.1%	2.2%
Goodwill	72,334	72,334	72,334	—%	—%
Other real estate owned (OREO)	17,566	17,745	21,876	(1.0%	(19.7%
Total assets	7,431,610	7,428,185	7,309,569	—%	1.7%
Total deposits	5,623,879	5,606,790	5,512,366	0.3%	2.0%
Borrowings	996,905	1,004,279	1,018,680	(0.7%	(2.1%
Shareholders' equity	739,887	729,701	705,963	1.4%	4.8%
Tangible equity (d)	667,553	657,367	633,629	1.5%	5.4%
Nonperforming loans	131,456	118,960	113,795	10.5%	15.5%
Nonperforming assets	149,022	136,705	135,671	9.0%	9.8%
ASSET QUALITY RATIOS:					
Loans as a % of period end total assets	69.00%	68.15%	67.05%	1.2%	2.9%
Nonperforming loans as a % of period end loans	2.56%	2.35%	2.32%	8.9%	10.3%
Nonperforming assets as a % of period end loans + OREO	2.90%	2.69%	2.76%	7.8%	5.1%
Allowance for loan losses as a % of period end loans	1.14%	1.12%	1.17%	1.8%	(2.6%
Net loan charge-offs (recoveries)	$ 886	$ 456	$ (407)	N.M.	N.M.
Annualized net loan charge-offs (recoveries) as a % of average loans (a)	0.07%	0.04%	(0.03%	N.M.	N.M.
CAPITAL & LIQUIDITY:					
Total equity / Period end total assets	9.96%	9.82%	9.66%	1.4%	3.1%
Tangible equity (d) / Tangible assets (f)	9.07%	8.94%	8.76%	1.5%	3.5%
Average equity / Average assets (a)	9.92%	9.78%	9.76%	1.4%	1.6%
Average equity / Average loans (a)	14.41%	14.34%	14.60%	0.5%	(1.3%
Average loans / Average deposits (a)	91.18%	91.31%	88.80%	(0.1%	2.7%

N.M. - Not meaningful
Note: Explanations (a) - (h) are included at the end of the financial highlights.

PARK NATIONAL CORPORATION
Financial Highlights
Six months ended June 30, 2016 and 2015

(in thousands, except share and per share data)	2016	2015	Percent change vs. 2015
INCOME STATEMENT:			

Net interest income	$ 117,304	$ 112,050	4.7%
Provision for loan losses	3,547	3,244	9.3%
Other income	36,125	38,064	(5.1)%
Total other expense	95,205	90,387	5.3%
Income before income taxes	$ 54,677	$ 56,483	(3.2)%
Income taxes	15,993	16,400	(2.5)%
Net income	$ 38,684	$ 40,083	(3.5)%
MARKET DATA:			
Earnings per common share - basic (b)	$ 2.52	$ 2.61	(3.4)%
Earnings per common share - diluted (b)	2.51	2.60	(3.5)%
Cash dividends per common share	1.88	1.88	—%
Weighted average common shares - basic (a)	15,330,808	15,375,026	(0.3)%
Weighted average common shares - diluted (a)	15,402,896	15,411,920	(0.1)%
PERFORMANCE RATIOS: (Annualized)			
Return on average assets (a)(b)	1.05%	1.12%	(6.3)%
Return on average common equity (a)(b)	10.68%	11.43%	(6.6)%
Yield on loans	4.72%	4.68%	0.9%
Yield on investments	2.34%	2.53%	(7.5)%
Yield on earning assets	4.06%	3.97%	2.3%
Cost of interest bearing deposits	0.31%	0.30%	3.3%
Cost of borrowings	2.42%	2.40%	0.8%
Cost of paying liabilities	0.73%	0.73%	—%
Net interest margin (g)	3.49%	3.40%	2.6%
Efficiency ratio (g)	61.65%	60.08%	2.6%
ASSET QUALITY RATIOS:			
Net loan charge-offs	$ 1,342	$ 169	N.M.
Annualized net loan charge-offs as a % of average loans (a)	0.05%	0.01%	N.M.
CAPITAL & LIQUIDITY:			
Average stockholders' equity / Average assets (a)	9.85%	9.77%	0.8%
Average stockholders' equity / Average loans (a)	14.38%	14.62%	(1.6)%
Average loans / Average deposits (a)	91.25%	89.56%	1.9%
OTHER RATIOS (NON-GAAP):			
Annualized return on average tangible assets (a)(b)(e)	1.06%	1.13%	(6.2)%
Annualized return on average tangible common equity (a)(b)(c)	11.86%	12.73%	(6.8)%

PARK NATIONAL CORPORATION
Financial Highlights (continued)

(a) Averages are for the three months ended June 30, 2016, March 31, 2016 and June 30, 2015 and the six months ended June 30, 2016 and June 30, 2015.

(b) Reported measure uses net income.

(c) Net income for each period divided by average tangible equity during the period. Average tangible equity equals average shareholders' equity during the applicable period less average goodwill during the applicable period.

RECONCILIATION OF AVERAGE SHAREHOLDERS' EQUITY TO AVERAGE TANGIBLE EQUITY:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
AVERAGE SHAREHOLDERS' EQUITY	$ 732,759	$ 724,316	$ 709,031	$ 728,537	$ 707,047
Less: Average goodwill	72,334	72,334	72,334	72,334	72,334
AVERAGE TANGIBLE EQUITY	$ 660,425	$ 651,982	$ 636,697	$ 656,203	$ 634,713

(d) Tangible book value divided by common shares outstanding at period end. Tangible equity equals ending shareholders' equity less goodwill, in each case at the end of the period.

RECONCILIATION OF SHAREHOLDERS' EQUITY TO TANGIBLE EQUITY:

	June 30, 2016	March 31, 2016	June 30, 2015
SHAREHOLDERS' EQUITY	$ 739,887	$ 729,701	$ 705,963
Less: Goodwill	72,334	72,334	72,334
TANGIBLE EQUITY	$ 667,553	$ 657,367	$ 633,629

(e) Net income for each period divided by average tangible assets during the period. Average tangible assets equals average assets less average goodwill, in each case during the applicable period.

RECONCILIATION OF AVERAGE ASSETS TO AVERAGE TANGIBLE ASSETS:

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
AVERAGE ASSETS	$ 7,383,703	$ 7,405,345	$ 7,265,755	$ 7,394,524	$ 7,237,605
Less: Average goodwill	72,334	72,334	72,334	72,334	72,334
AVERAGE TANGIBLE ASSETS	$ 7,311,369	$ 7,333,011	$ 7,193,421	$ 7,322,190	$ 7,165,271

(f) Tangible equity divided by tangible assets. Tangible assets equals total assets less goodwill, in each case at the end of the period.

RECONCILIATION OF TOTAL ASSETS TO TANGIBLE ASSETS:

	June 30, 2016	March 31, 2016	June 30, 2015
TOTAL ASSETS	$ 7,431,610	$ 7,428,185	$ 7,309,569
Less: Goodwill	72,334	72,334	72,334
TANGIBLE ASSETS	$ 7,359,276	$ 7,355,851	$ 7,237,235

(g) Efficiency ratio is calculated by dividing total other expense by the sum of fully taxable equivalent net interest income and other income. Fully taxable equivalent net interest income reconciliation is shown below assuming a 35% tax rate. Additionally, net interest margin is calculated on a fully taxable equivalent basis.

RECONCILIATION OF FULLY TAXABLE EQUIVALENT NET INTEREST INCOME TO NET INTEREST INCOME

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	June 30, 2016	March 31, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Interest income	$ 67,011	$ 69,308	$ 65,804	$ 136,319	$ 130,822
Fully taxable equivalent adjustment	555	444	170	999	331
Fully taxable equivalent interest income	$ 67,566	$ 69,752	$ 65,974	$ 137,318	$ 131,153
Interest expense	9,526	9,489	9,289	19,015	18,772
Fully taxable equivalent net interest income	$ 58,040	$ 60,263	$ 56,685	$ 118,303	$ 112,381

PARK NATIONAL CORPORATION
Consolidated Statements of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands, except share and per share data)	2016	2015	2016	2015
Interest income:				
Interest and fees on loans	$ 58,401	$ 56,463	$ 118,453	$ 111,875
Interest on:				
Obligations of U.S. Government, its agencies				

and other securities	7,770	9,113	16,379	18,502
Obligations of states and political subdivisions	591	—	964	—
Other interest income	249	228	523	445
Total interest income	67,011	65,804	136,319	130,822
Interest expense:				
Interest on deposits:				
Demand and savings deposits	933	556	1,757	1,042
Time deposits	2,389	2,542	4,776	5,164
Interest on borrowings	6,204	6,191	12,482	12,566
Total interest expense	9,526	9,289	19,015	18,772
Net interest income	57,485	56,515	117,304	112,050
Provision for loan losses	2,637	1,612	3,547	3,244
Net interest income after provision for loan losses	54,848	54,903	113,757	108,806
Other income	18,736	19,191	36,125	38,064
Other expense	45,306	44,667	95,205	90,387
Income before income taxes	28,278	29,427	54,677	56,483
Income taxes	8,280	8,388	15,993	16,400
Net income	$ 19,998	$ 21,039	$ 38,684	$ 40,083
Per Common Share:				
Net income - basic	$ 1.30	$ 1.37	$ 2.52	$ 2.61
Net income - diluted	$ 1.30	$ 1.37	$ 2.51	$ 2.60
Weighted average shares - basic	15,330,802	15,370,882	15,330,808	15,375,026
Weighted average shares - diluted	15,399,283	15,407,881	15,402,896	15,411,920
Cash Dividends Declared	$ 0.94	$ 0.94	$ 1.88	$ 1.88

PARK NATIONAL CORPORATION
Consolidated Balance Sheets

(in thousands, except share data)	June 30, 2016	December 31, 2015
Assets		
Cash and due from banks	$ 119,873	$ 119,412
Money market instruments	196,016	30,047
Investment securities	1,548,006	1,643,879
Loans	5,127,644	5,068,085
Allowance for loan losses	(58,699)	(56,494)
Loans, net	5,068,945	5,011,591
Bank premises and equipment, net	58,962	59,493
Goodwill	72,334	72,334
Other real estate owned	17,566	18,651

Other assets	349,908	355,947
Total assets	$7,431,610	$7,311,354
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest bearing	$1,378,053	$1,404,032
Interest bearing	4,245,826	3,943,610
Total deposits	5,623,879	5,347,642
Borrowings	996,905	1,177,347
Other liabilities	70,939	73,010
Total liabilities	$6,691,723	$6,597,999
Shareholders' Equity:		
Preferred shares (200,000 shares authorized; no shares outstanding at June 30, 2016 and December 31, 2015)	$ —	$ —
Common shares (No par value; 20,000,000 shares authorized in 2016 and 2015; 16,150,835 shares issued at June 30, 2016 and 16,150,854 shares issued at December 31, 2015)	304,756	303,966
Accumulated other comprehensive income (loss), net of taxes	389	(15,643)
Retained earnings	517,215	507,505
Treasury shares (820,039 shares at both June 30, 2016 and December 31, 2015)	(82,473)	(82,473)
Total shareholders' equity	$ 739,887	$ 713,355
Total liabilities and shareholders' equity	$7,431,610	$7,311,354

PARK NATIONAL CORPORATION
Consolidated Average Balance Sheets

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands)	2016	2015	2016	2015
Assets				
Cash and due from banks	$ 111,709	$ 116,542	$ 115,345	$ 119,603
Money market instruments	196,226	361,994	206,805	351,591
Investment securities	1,536,331	1,481,460	1,549,263	1,485,978
Loans	5,083,802	4,857,799	5,066,565	4,836,696
Allowance for loan losses	(57,016)	(56,291)	(57,008)	(55,664)
Loans, net	5,026,786	4,801,508	5,009,557	4,781,032
Bank premises and equipment, net	59,293	57,978	59,435	57,272
Goodwill	72,334	72,334	72,334	72,334
Other real estate owned	17,427	22,661	17,865	22,991
Other assets	363,597	351,278	363,920	346,804
Total assets	$ 7,383,703	$ 7,265,755	$ 7,394,524	$ 7,237,605
Liabilities and Shareholders' Equity				
Deposits:				
Noninterest bearing	$ 1,400,195	$ 1,303,420	$ 1,379,096	$ 1,283,977
Interest bearing	4,175,344	4,166,835	4,173,605	4,116,789
Total deposits	5,575,539	5,470,255	5,552,701	5,400,766
Borrowings	998,195	1,007,975	1,035,505	1,055,081
Other liabilities	77,210	78,494	77,781	74,711
Total liabilities	$ 6,650,944	$ 6,556,724	$ 6,665,987	$ 6,530,558

Shareholders' Equity:				
Preferred shares	$ —	$ —	$ —	$ —
Common shares	304,472	303,431	304,229	303,270
Accumulated other comprehensive loss, net of taxes	(5,002)	(7,224)	(6,724)	(7,638)
Retained earnings	515,762	492,046	513,505	490,295
Treasury shares	(82,473)	(79,222)	(82,473)	(78,880)
Total shareholders' equity	$ 732,759	$ 709,031	$ 728,537	$ 707,047
Total liabilities and shareholders' equity	$ 7,383,703	$ 7,265,755	$ 7,394,524	$ 7,237,605

PARK NATIONAL CORPORATION
Consolidated Statements of Income - Linked Quarters

(in thousands, except per share data)	2016 2nd QTR	2016 1st QTR	2015 4th QTR	2015 3rd QTR	2015 2nd QTR
Interest income:					
Interest and fees on loans	$ 58,401	$ 60,052	$ 58,424	$ 57,680	$ 56,463
Interest on:					
Obligations of U.S. Government, its agencies and other securities	7,770	8,609	8,360	9,163	9,113
Obligations of states and political subdivisions	591	373	170	12	—
Other interest income	249	274	211	232	228
Total interest income	67,011	69,308	67,165	67,087	65,804
Interest expense:					
Interest on deposits:					
Demand and savings deposits	933	824	573	614	556
Time deposits	2,389	2,387	2,453	2,508	2,542
Interest on borrowings	6,204	6,278	6,272	6,250	6,191
Total interest expense	9,526	9,489	9,298	9,372	9,289
Net interest income	57,485	59,819	57,867	57,715	56,515
Provision for (recovery of) loan losses	2,637	910	(658)	2,404	1,612
Net interest income after provision for (recovery of) loan losses	54,848	58,909	58,525	55,311	54,903
Other income	18,736	17,389	19,296	20,191	19,191
Other expense	45,306	49,899	48,798	47,429	44,667
Income before income taxes	28,278	26,399	29,023	28,073	29,427
Income taxes	8,280	7,713	8,134	8,033	8,388
Net income	$ 19,998	$ 18,686	$ 20,889	$ 20,040	$ 21,039
Per Common Share:					
Net income - basic	$ 1.30	$ 1.22	$ 1.36	$ 1.30	$ 1.37
Net income - diluted	$ 1.30	$ 1.21	$ 1.36	$ 1.30	$ 1.37

PARK NATIONAL CORPORATION
Detail of other income and other expense - Linked Quarters

(in thousands)	2016 2nd QTR	2016 1st QTR	2015 4th QTR	2015 3rd QTR	2015 2nd QTR
Other income:					
Income from fiduciary activities	$ 5,438	$ 5,113	$ 5,140	$ 4,933	$ 5,210
Service charges on deposits	3,575	3,423	3,777	3,909	3,684
Other service income	3,351	2,574	2,861	3,251	3,025
Checkcard fee income	3,868	3,532	3,902	3,643	3,665
Bank owned life insurance income	1,049	1,197	1,245	1,574	1,086
ATM fees	570	583	588	648	614
OREO valuation adjustments	(221)	(118)	(319)	(718)	(251)
Gain on the sale of OREO, net	162	134	175	243	513
Gain on sale of investments	—	—	88	—	—
Miscellaneous	944	951	1,839	2,708	1,645
Total other income	$ 18,736	$ 17,389	$ 19,296	$ 20,191	$ 19,191
Other expense:					
Salaries	$ 21,256	$ 21,554	$ 22,520	$ 21,692	$ 20,995
Employee benefits	4,894	4,773	4,161	6,721	4,729
Occupancy expense	2,639	2,548	2,257	2,469	2,381
Furniture and equipment expense	3,416	3,443	3,069	3,044	2,831
Data processing fees	1,373	1,217	1,190	1,383	1,197
Professional fees and services	5,401	6,667	7,751	5,424	5,583
Marketing	1,073	1,111	975	1,058	937
Insurance	1,438	1,411	1,407	1,399	1,362
Communication	1,353	1,221	1,321	1,245	1,233
State tax expense	798	926	857	779	883
Miscellaneous	1,665	5,028	3,290	2,215	2,536
Total other expense	$ 45,306	$ 49,899	$ 48,798	$ 47,429	$ 44,667

PARK NATIONAL CORPORATION
Asset Quality Information

(in thousands, except ratios)	June 30, 2016	March 31, 2016	Year ended December 31, 2015	2014	2013	2012	
Allowance for loan losses:							
Allowance for loan losses, beginning of period	$ 56,948	$ 56,494	$ 54,352	$ 59,468	$ 55,537	$ 68,444	
Charge-offs	4,419	3,401	14,290	24,780 (B)	19,153	61,268	(A)
Recoveries	3,533	2,945	11,442	26,997	19,669	12,942	
Net charge-offs (recoveries)	886	456	2,848	(2,217)	(516)	48,326	
Provision for (recovery of) loan losses	2,637	910	4,990	(7,333)	3,415	35,419	
Allowance for loan losses, end of period	$ 58,699	$ 56,948	$ 56,494	$ 54,352	$ 59,468	$ 55,537	

(A) Year ended December 31, 2012 included the full charge-off of the Vision Bank ALLL of $12.1 million to bring the retained

Vision Bank loan portfolio to fair value prior to the merger of Vision Bank (as constituted following the transaction with Centennial Bank and Home BancShares, Inc.) with and into SEPH, the non-bank subsidiary of Park, on February 16, 2012. (B) Year ended December 31, 2014 included $4.3 million in charge-offs related to the transfer of $22.0 million of commercial loans to the held for sale portfolio.

General reserve trends:						
Allowance for loan losses, end of period	$ 58,699	$ 56,948	$ 56,494	$ 54,352	$ 59,468	$ 55,537
Specific reserves	6,287	4,930	4,191	3,660	10,451	8,276
General reserves	$ 52,412	$ 52,018	$ 52,303	$ 50,692	$ 49,017	$ 47,261
Total loans	$5,127,644	$5,062,185	$5,068,085	$4,829,682	$4,620,505	$4,450,322
Impaired commercial loans	90,828	78,117	80,599	73,676	112,304	137,238
Total loans less impaired commercial loans	$5,036,816	$4,984,068	$4,987,486	$4,756,006	$4,508,201	$4,313,084
Asset Quality Ratios:						
Annualized net charge-offs (recoveries) as a % of average loans	0.07%	0.04%	0.06%	(0.05%	(0.01%	1.10%
Allowance for loan losses as a % of period end loans	1.14%	1.12%	1.11%	1.13%	1.29%	1.25%
General reserves as a % of total loans less impaired commercial loans	1.04%	1.04%	1.05%	1.07%	1.09%	1.10%
Nonperforming Assets - Park National Corporation:						
Nonaccrual loans	$ 111,429	$ 102,625	$ 95,887	$ 100,393	$ 135,216	$ 155,536
Accruing troubled debt restructuring	17,722	14,999	24,979	16,254	18,747	29,800
Loans past due 90 days or more	2,305	1,336	1,921	2,641	1,677	2,970
Total nonperforming loans	$ 131,456	$ 118,960	$ 122,787	$ 119,288	$ 155,640	$ 188,306
Other real estate owned - Park National Bank	7,038	6,846	7,456	10,687	11,412	14,715
Other real estate owned - SEPH	10,528	10,899	11,195	11,918	23,224	21,003
Total nonperforming assets	$ 149,022	$ 136,705	$ 141,438	$ 141,893	$ 190,276	$ 224,024
Percentage of nonaccrual loans to period end loans	2.17%	2.03%	1.89%	2.08%	2.93%	3.49%
Percentage of nonperforming loans to period end loans	2.56%	2.35%	2.42%	2.47%	3.37%	4.23%
Percentage of nonperforming assets to period end loans	2.91%	2.70%	2.79%	2.94%	4.12%	5.03%
Percentage of nonperforming assets to period end total assets	2.01%	1.84%	1.93%	2.03%	2.87%	3.37%

PARK NATIONAL CORPORATION
Asset Quality Information (continued)

(in thousands, except ratios)	June 30, 2016	March 31, 2016	Year ended December 31, 2015	2014	2013	2012
Nonperforming Assets - Park National Bank and Guardian:						
Nonaccrual loans	$ 97,642	$ 88,351	$ 81,468	$ 77,477	$ 99,108	$ 100,244
Accruing troubled debt restructuring	17,722	14,999	24,979	16,157	18,747	29,800
Loans past due 90 days or more	2,305	1,336	1,921	2,641	1,677	2,970
Total nonperforming loans	$ 117,669	$ 104,686	$ 108,368	$ 96,275	$ 119,532	$ 133,014
Other real estate owned - Park National Bank	7,038	6,846	7,456	10,687	11,412	14,715
Total nonperforming assets	$ 124,707	$ 111,532	$ 115,824	$ 106,962	$ 130,944	$ 147,729
Percentage of nonaccrual loans to period end loans	1.91%	1.75%	1.61%	1.61%	2.16%	2.28%
Percentage of nonperforming loans to period end loans	2.30%	2.07%	2.14%	2.00%	2.61%	3.03%
Percentage of nonperforming assets to period end loans	2.44%	2.21%	2.29%	2.23%	2.86%	3.36%
Percentage of nonperforming assets to period end total assets	1.69%	1.52%	1.60%	1.55%	2.01%	2.27%
Nonperforming Assets - SEPH/Vision Bank (retained portfolio):						
Nonaccrual loans	$ 13,787	$ 14,274	$ 14,419	$ 22,916	$ 36,108	$ 55,292

Accruing troubled debt restructuring	—	—	—	97	—	—
Loans past due 90 days or more	—	—	—	—	—	—
Total nonperforming loans	$ 13,787	$ 14,274	$ 14,419	$ 23,013	$ 36,108	$ 55,292
Other real estate owned - SEPH	10,528	10,899	11,195	11,918	23,224	21,003
Total nonperforming assets	$ 24,315	$ 25,173	$ 25,614	$ 34,931	$ 59,332	$ 76,295
New nonaccrual loan information - Park National Corporation						
Nonaccrual loans, beginning of period	$ 102,625	$ 95,887	$ 100,393	$ 135,216	$ 155,536	$ 195,106
New nonaccrual loans	26,858	21,339	80,791	70,059	67,398	83,204
Resolved nonaccrual loans	18,054	14,601	85,165	86,384	87,718	122,774
Sale of nonaccrual loans held for sale	—	—	132	18,498	—	—
Nonaccrual loans, end of period	$ 111,429	$ 102,625	$ 95,887	$ 100,393	$ 135,216	$ 155,536
New nonaccrual loan information - Ohio-based operations						
Nonaccrual loans, beginning of period	$ 88,351	$ 81,468	$ 77,477	$ 99,108	$ 100,244	$ 96,113
New nonaccrual loans - Ohio-based operations	26,735	21,339	80,791	69,389	66,197	68,960
Resolved nonaccrual loans	17,444	14,456	76,800	78,288	67,333	64,829
Sale of nonaccrual loans held for sale	—	—	—	12,732	—	—
Nonaccrual loans, end of period	$ 97,642	$ 88,351	$ 81,468	$ 77,477	$ 99,108	$ 100,244
New nonaccrual loan information - SEPH/Vision Bank						
Nonaccrual loans, beginning of period	$ 14,274	$ 14,419	$ 22,916	$ 36,108	$ 55,292	$ 98,993
New nonaccrual loans - SEPH/Vision Bank	123	—	—	670	1,201	14,243
Resolved nonaccrual loans	610	145	8,365	8,096	20,385	57,944
Sale of nonaccrual loans held for sale	—	—	132	5,766	—	—
Nonaccrual loans, end of period	$ 13,787	$ 14,274	$ 14,419	$ 22,916	$ 36,108	$ 55,292
Impaired Commercial Loan Portfolio Information (period end):						
Unpaid principal balance	$ 115,186	$ 106,539	$ 109,304	$ 106,156	$ 175,576	$ 242,345
Prior charge-offs	24,358	28,422	28,705	32,480	63,272	105,107
Remaining principal balance	90,828	78,117	80,599	73,676	112,304	137,238
Specific reserves	6,287	4,930	4,191	3,660	10,451	8,276
Book value, after specific reserve	$ 84,541	$ 73,187	$ 76,408	$ 70,016	$ 101,853	$ 128,962

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Source: Park National Corporation