NEWS RELEASE

# Park National Corporation Reports Financial Results for Third Quarter and First Nine Months of 2016

10/24/2016

NEWARK, Ohio, Oct. 24, 2016 (GLOBE NEWSWIRE) -- Park National Corporation (Park) (NYSE MKT:PRK) today announced increased net income and other financial results for the third quarter and first nine months of 2016 (three and nine months ended September 30, 2016). The board of directors also declared a quarterly cash dividend of $0.94 per common share, payable on December 9, 2016 to common shareholders of record as of November 18, 2016.

Park's third quarter net income in 2016 was $27.4 million, a 37.0 percent increase from $20.0 million for the same period in 2015. Net income per diluted common share for the third quarter of 2016 was $1.78, compared to $1.30 in the third quarter of 2015. Park cited substantial recoveries from loans in its Southeast Property Holdings unit as part of the boost in income for the quarter.

Park's net income for the first nine months of 2016 was $66.1 million, compared to $60.1 million for the same period in 2015, an increase of 10.0 percent. Net income per diluted common share for the first nine months of 2016 was $4.29, compared to $3.90 in the same period of 2015.

"Our results this year position us well as we look ahead and make plans for the future," said Park President and CEO David L. Trautman. "We lead our organization with long-run performance in mind. While any given quarter may contain one-time income items or expenses, it's the consistency of our community banks that demonstrates our strength and steady success."

Park's community-banking subsidiary, The Park National Bank, reported net income of $25.5 million for the third

quarter of 2016, compared to $20.7 million for the third quarter of 2015. The bank's first nine months of 2016 net income was $68.3 million, compared to $61.2 million for the same period of 2015. The bank had total assets of $7.3 billion at September 30, 2016, rising from $7.2 billion at December 31, 2015.

In the first nine months of 2016, the bank grew consumer loans by $100.2 million (13.7 percent annualized) and commercial loans by $35.9 million (1.9 percent annualized). Total loans for the bank were $5.15 billion at September 30, 2016, up $187.8 million (3.79 percent) from $4.96 billion at September 30, 2015.

About Park National Corporation

Headquartered in Newark, Ohio, Park National Corporation had $7.4 billion in total assets (as of September 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 Current Report on Form 8-K 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, the JOBS Act, the FAST Act 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; the impact of widespread natural and other disasters, pandemics, dislocations, terrorist activities or international hostilities on the economy and financial markets generally or on US or our counterparties specifically; 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.

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

| | 2016 | 2016 | 2015 | Percent change vs. | |
|---|---|---|---|---|---|
| (in thousands, except share and per share data) | 3rd QTR | 2nd QTR | 3rd QTR | 2Q '16 | 3Q '15 |
| INCOME STATEMENT: | | | | | |
| Net interest income | $ 58,533 | $ 57,485 | $ 57,715 | 1.8% | 1.4% |
| (Recovery of) provision for loan losses | (7,366) | 2,637 | 2,404 | N.M. | N.M. |
| Other income | 20,535 | 18,736 | 20,191 | 9.6% | 1.7% |
| Other expense | 46,756 | 45,306 | 47,429 | 3.2% | (1.4) % |
| Income before income taxes | $ 39,678 | $ 28,278 | $ 28,073 | 40.3% | 41.3% |
| Income taxes | 12,229 | 8,280 | 8,033 | 47.7% | 52.2% |
| Net income | $ 27,449 | $ 19,998 | $ 20,040 | 37.3% | 37.0% |
| MARKET DATA: | | | | | |
| Earnings per common share - basic (b) | $ 1.79 | $ 1.30 | $ 1.30 | 37.7% | 37.7% |
| Earnings per common share - diluted (b) | 1.78 | 1.30 | 1.30 | 36.9% | 36.9% |
| Cash dividends per common share | 0.94 | 0.94 | 0.94 | —% | —% |
| Book value per common share at period end | 48.99 | 48.26 | 46.66 | 1.5% | 5.0% |
| Market price per common share at period end | 96.00 | 91.78 | 90.22 | 4.6% | 6.4% |
| Market capitalization at period end | 1,471,755 | 1,407,060 | 1,384,035 | 4.6% | 6.3% |
| Weighted average common shares - basic (a) | 15,330,791 | 15,330,802 | 15,361,087 | —% | (0.2)% |
| Weighted average common shares - diluted (a) | 15,399,707 | 15,399,283 | 15,401,808 | —% | —% |
| Common shares outstanding at period end | 15,330,781 | 15,330,796 | 15,340,670 | —% | (0.1)% |
| PERFORMANCE RATIOS: (annualized) | | | | | |
| Return on average assets (a)(b) | 1.46% | 1.09% | 1.07% | 33.9% | 36.4% |
| Return on average equity (a)(b) | 14.67% | 10.98% | 11.20% | 33.6% | 31.0% |
| Yield on loans | 4.66% | 4.64% | 4.65% | 0.4% | 0.2% |
| Yield on investments | 2.25% | 2.30% | 2.39% | (2.2)% | (5.9)% |
| Yield on money markets | 0.52% | 0.51% | 0.25% | 2.0% | 108.0% |
| Yield on earning assets | 3.99% | 4.00% | 3.91% | (0.3)% | 2.0% |
| Cost of interest bearing deposits | 0.32% | 0.32% | 0.29% | —% | 10.3% |
| Cost of borrowings | 2.49% | 2.50% | 2.39% | (0.4)% | 4.2% |
| Cost of paying liabilities | 0.74% | 0.74% | 0.70% | —% | 5.7% |
| Net interest margin (g) | 3.42% | 3.43% | 3.37% | (0.3)% | 1.5% |
| Efficiency ratio (g) | 58.67% | 59.01% | 60.71% | (0.6)% | (3.4)% |
| OTHER RATIOS (NON - GAAP): | | | | | |
| Annualized return on average tangible assets (a)(b)(e) | 1.48% | 1.10% | 1.08% | 34.5% | 37.0% |
| Annualized return on average tangible equity (a)(b)(c) | 16.24% | 12.18% | 12.47% | 33.3% | 30.2% |
| Tangible book value per share (d) | $ 44.27 | $ 43.54 | $ 41.95 | 1.7% | 5.5% |

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 September 30, 2016, June 30, 2016, and September 30, 2015

| BALANCE SHEET: | September 30, 2016 | June 30, 2016 | September 30, 2015 | Percent change vs. 2Q '16 | Percent change vs. 3Q '15 |
|---|---|---|---|---|---|
| Investment securities | $1,478,255 | $1,548,006 | $ 1,469,284 | (4.5)% | 0.6% |
| Loans | 5,187,004 | 5,127,644 | 4,999,912 | 1.2% | 3.7% |
| Allowance for loan losses | 53,562 | 58,699 | 58,483 | (8.8)% | (8.4)% |
| Goodwill | 72,334 | 72,334 | 72,334 | —% | —% |
| Other real estate owned (OREO) | 14,941 | 17,566 | 20,136 | (14.9)% | (25.8)% |
| Total assets | 7,364,092 | 7,431,610 | 7,300,340 | (0.9)% | 0.9% |
| Total deposits | 5,519,659 | 5,623,879 | 5,454,982 | (1.9)% | 1.2% |
| Borrowings | 1,005,937 | 996,905 | 1,059,904 | 0.9% | (5.1)% |
| Shareholders' equity | 751,063 | 739,887 | 715,803 | 1.5% | 4.9% |
| Tangible equity (d) | 678,729 | 667,553 | 643,469 | 1.7% | 5.5% |
| Nonperforming loans | 116,864 | 131,456 | 109,638 | (11.1)% | 6.6% |
| Nonperforming assets | 131,805 | 149,022 | 129,774 | (11.6)% | 1.6% |
| ASSET QUALITY RATIOS: | | | | | |
| Loans as a % of period end total assets | 70.44% | 69.00% | 68.49% | 2.1% | 2.8% |
| Nonperforming loans as a % of period end loans | 2.25% | 2.56% | 2.19% | (12.1)% | 2.7% |
| Nonperforming assets as a % of period end loans + OREO | 2.53% | 2.90% | 2.59% | (12.8)% | (2.3)% |
| Allowance for loan losses as a % of period end loans | 1.03% | 1.14% | 1.17% | (9.6)% | (12.0)% |
| Net loan (recoveries) charge-offs | $ (2,229) | $ 886 | $ 1,348 | N.M. | N.M. |
| Annualized net loan (recoveries) charge-offs as a % of average loans (a) | (0.17) % | 0.07% | 0.11% | N.M. | N.M. |
| CAPITAL & LIQUIDITY: | | | | | |
| Total equity / Period end total assets | 10.20% | 9.96% | 9.81% | 2.4% | 4.0% |
| Tangible equity (d) / Tangible assets (f) | 9.31% | 9.07% | 8.90% | 2.6% | 4.6% |
| Average equity / Average assets (a) | 9.97% | 9.92% | 9.59% | 0.5% | 4.0% |
| Average equity / Average loans (a) | 14.49% | 14.41% | 14.37% | 0.6% | 0.8% |
| Average loans / Average deposits (a) | 91.14% | 91.18% | 88.61% | —% | 2.9% |

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

PARK NATIONAL CORPORATION
Financial Highlights
Nine months ended September 30, 2016 and 2015

| (in thousands, except share and per share data) | 2016 | 2015 | Percent change vs. 2015 |
|---|---|---|---|
| INCOME STATEMENT: | | | |
| Net interest income | $ 175,837 | $ 169,765 | 3.6% |
| (Recovery of) provision for loan losses | (3,819) | 5,648 | N.M. |
| Other income | 56,660 | 58,255 | (2.7)% |
| Total other expense | 141,961 | 137,816 | 3.0% |
| Income before income taxes | $ 94,355 | $ 84,556 | 11.6% |
| Income taxes | 28,222 | 24,433 | 15.5% |
| Net income | $ 66,133 | $ 60,123 | 10.0% |
| MARKET DATA: | | | |

| | | | |
|---|---|---|---|
| Earnings per common share - basic (b) | $ 4.31 | $ 3.91 | 10.2% |
| Earnings per common share - diluted (b) | 4.29 | 3.90 | 10.0% |
| Cash dividends per common share | 2.82 | 2.82 | —% |
| | | | |
| Weighted average common shares - basic (a) | 15,330,802 | 15,370,380 | (0.3)% |
| Weighted average common shares - diluted (a) | 15,401,825 | 15,411,511 | (0.1)% |
| | | | |
| PERFORMANCE RATIOS: (Annualized) | | | |
| Return on average assets (a)(b) | 1.19% | 1.10% | 8.2% |
| Return on average common equity (a)(b) | 12.04% | 11.35% | 6.1% |
| Yield on loans | 4.70% | 4.67% | 0.6% |
| Yield on investments | 2.31% | 2.48% | (6.9)% |
| Yield on earning assets | 4.03% | 3.95% | 2.0% |
| Cost of interest bearing deposits | 0.32% | 0.30% | 6.7% |
| Cost of borrowings | 2.44% | 2.40% | 1.7% |
| Cost of paying liabilities | 0.74% | 0.72% | 2.8% |
| Net interest margin (g) | 3.47% | 3.39% | 2.4% |
| Efficiency ratio (g) | 60.64% | 60.29% | 0.6% |
| | | | |
| ASSET QUALITY RATIOS: | | | |
| Net loan (recoveries) charge-offs | $ (887) | $ 1,517 | N.M. |
| Annualized net loan (recoveries) charge-offs as a % of average loans (a) | (0.02)% | 0.04% | N.M. |
| | | | |
| CAPITAL & LIQUIDITY: | | | |
| Average stockholders' equity / Average assets (a) | 9.89% | 9.71% | 1.9% |
| Average stockholders' equity / Average loans (a) | 14.42% | 14.53% | (0.8)% |
| Average loans / Average deposits (a) | 91.21% | 89.23% | 2.2% |
| | | | |
| OTHER RATIOS (NON-GAAP): | | | |
| Annualized return on average tangible assets (a)(b)(e) | 1.20% | 1.11% | 8.1% |
| Annualized return on average tangible common equity (a)(b)(c) | 13.35% | 12.64% | 5.6% |

PARK NATIONAL CORPORATION
Financial Highlights (continued)

(a) Averages are for the three months ended September 30, 2016, June 30, 2016 and September 30, 2015 and the nine months ended September 30, 2016 and September 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 | | | NINE MONTHS ENDED | |
|---|---|---|---|---|---|
| | September 30, 2016 | June 30, 2016 | September 30, 2015 | September 30, 2016 | September 30, 2015 |
| AVERAGE SHAREHOLDERS' EQUITY | $ 744,620 | $ 732,759 | $ 710,128 | $ 733,937 | $ 708,085 |
| Less: Average goodwill | 72,334 | 72,334 | 72,334 | 72,334 | 72,334 |
| AVERAGE TANGIBLE EQUITY | $ 672,286 | $ 660,425 | $ 637,794 | $ 661,603 | $ 635,751 |

(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:

| | September 30, 2016 | June 30, 2016 | September 30, 2015 |
|---|---|---|---|
| SHAREHOLDERS' EQUITY | $ 751,063 | $ 739,887 | $ 715,803 |
| Less: Goodwill | 72,334 | 72,334 | 72,334 |

| | | | |
|---|---|---|---|
| TANGIBLE EQUITY | $ 678,729 | $ 667,553 | $ 643,469 |

(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 | | | NINE MONTHS ENDED | |
|---|---|---|---|---|---|
| | September 30, 2016 | June 30, 2016 | September 30, 2015 | September 30, 2016 | September 30, 2015 |
| AVERAGE ASSETS | $ 7,468,439 | $ 7,383,703 | $ 7,405,178 | $ 7,419,342 | $ 7,294,077 |
| Less: Average goodwill | 72,334 | 72,334 | 72,334 | 72,334 | 72,334 |
| AVERAGE TANGIBLE ASSETS | $ 7,396,105 | $ 7,311,369 | $ 7,332,844 | $ 7,347,008 | $ 7,221,743 |

(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:

| | September 30, 2016 | June 30, 2016 | September 30, 2015 |
|---|---|---|---|
| TOTAL ASSETS | $ 7,364,092 | $ 7,431,610 | $ 7,300,340 |
| Less: Goodwill | 72,334 | 72,334 | 72,334 |
| TANGIBLE ASSETS | $ 7,291,758 | $ 7,359,276 | $ 7,228,006 |

(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 | | | NINE MONTHS ENDED | |
|---|---|---|---|---|---|
| | September 30, 2016 | June 30, 2016 | September 30, 2015 | September 30, 2016 | September 30, 2015 |
| Interest income | $ 68,242 | $ 67,011 | $ 67,087 | $ 204,561 | $ 197,909 |
| Fully taxable equivalent adjustment | 619 | 555 | 220 | 1,618 | 551 |
| Fully taxable equivalent interest income | $ 68,861 | $ 67,566 | $ 67,307 | $ 206,179 | $ 198,460 |
| Interest expense | 9,709 | 9,526 | 9,372 | 28,724 | 28,144 |
| Fully taxable equivalent net interest income | $ 59,152 | $ 58,040 | $ 57,935 | $ 177,455 | $ 170,316 |

PARK NATIONAL CORPORATION
Consolidated Statements of Income

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands, except share and per share data) | 2016 | 2015 | 2016 | 2015 |
| Interest income: | | | | |
| Interest and fees on loans | $ 59,893 | $ 57,680 | $ 178,346 | $ 169,555 |
| Interest on: | | | | |
| Obligations of U.S. Government, its agencies and other securities | 7,339 | 9,163 | 23,718 | 27,665 |
| Obligations of states and political subdivisions | 689 | 12 | 1,653 | 12 |
| Other interest income | 321 | 232 | 844 | 677 |
| Total interest income | 68,242 | 67,087 | 204,561 | 197,909 |

| | | | | |
|---|---|---|---|---|
| Interest expense: | | | | |
| Interest on deposits: | | | | |
| Demand and savings deposits | 1,094 | 614 | 2,851 | 1,656 |
| Time deposits | 2,352 | 2,508 | 7,128 | 7,672 |
| Interest on borrowings | 6,263 | 6,250 | 18,745 | 18,816 |
| Total interest expense | 9,709 | 9,372 | 28,724 | 28,144 |
| Net interest income | 58,533 | 57,715 | 175,837 | 169,765 |
| (Recovery of) provision for loan losses | (7,366) | 2,404 | (3,819) | 5,648 |
| Net interest income after (recovery of) provision for loan losses | 65,899 | 55,311 | 179,656 | 164,117 |
| Other income | 20,535 | 20,191 | 56,660 | 58,255 |
| Other expense | 46,756 | 47,429 | 141,961 | 137,816 |
| Income before income taxes | 39,678 | 28,073 | 94,355 | 84,556 |
| Income taxes | 12,229 | 8,033 | 28,222 | 24,433 |
| Net income | $ 27,449 | $ 20,040 | $ 66,133 | $ 60,123 |
| Per Common Share: | | | | |
| Net income - basic | $ 1.79 | $ 1.30 | $ 4.31 | $ 3.91 |
| Net income - diluted | $ 1.78 | $ 1.30 | $ 4.29 | $ 3.90 |
| Weighted average shares - basic | 15,330,791 | 15,361,087 | 15,330,802 | 15,370,380 |
| Weighted average shares - diluted | 15,399,707 | 15,401,808 | 15,401,825 | 15,411,511 |
| Cash Dividends Declared | $ 0.94 | $ 0.94 | $ 2.82 | $ 2.82 |

PARK NATIONAL CORPORATION
Consolidated Balance Sheets

| (in thousands, except share data) | September 30, 2016 | December 31, 2015 |
|---|---|---|
| Assets | | |
| Cash and due from banks | $ 117,457 | $ 119,412 |
| Money market instruments | 122,541 | 30,047 |
| Investment securities | 1,478,255 | 1,643,879 |
| Loans | 5,187,004 | 5,068,085 |
| Allowance for loan losses | (53,562) | (56,494) |
| Loans, net | 5,133,442 | 5,011,591 |
| Bank premises and equipment, net | 58,361 | 59,493 |
| Goodwill | 72,334 | 72,334 |
| Other real estate owned | 14,941 | 18,651 |
| Other assets | 366,761 | 355,947 |
| Total assets | $ 7,364,092 | $ 7,311,354 |
| Liabilities and Shareholders' Equity | | |
| Deposits: | | |

| | | |
|---|---|---|
| Noninterest bearing | $1,429,024 | $1,404,032 |
| Interest bearing | 4,090,635 | 3,943,610 |
| Total deposits | 5,519,659 | 5,347,642 |
| Borrowings | 1,005,937 | 1,177,347 |
| Other liabilities | 87,433 | 73,010 |
| Total liabilities | $6,613,029 | $6,597,999 |
| | | |
| Shareholders' Equity: | | |
| Preferred shares (200,000 shares authorized; no shares outstanding at September 30, 2016 and December 31, 2015) | $ — | $ — |
| Common shares (No par value; 20,000,000 shares authorized in 2016 and 2015; 16,150,820 shares issued at September 30, 2016 and 16,150,854 shares issued at December 31, 2015) | 305,152 | 303,966 |
| Accumulated other comprehensive loss, net of taxes | (1,793) | (15,643) |
| Retained earnings | 530,177 | 507,505 |
| Treasury shares (820,039 shares at both September 30, 2016 and December 31, 2015) | (82,473) | (82,473) |
| Total shareholders' equity | $ 751,063 | $ 713,355 |
| | | |
| Total liabilities and shareholders' equity | $7,364,092 | $7,311,354 |

PARK NATIONAL CORPORATION
Consolidated Average Balance Sheets

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| (in thousands) | 2016 | 2015 | 2016 | 2015 |
| Assets | | | | |
| Cash and due from banks | $ 116,069 | $ 113,708 | $ 115,588 | $ 117,617 |
| Money market instruments | 247,475 | 362,420 | 220,461 | 355,240 |
| Investment securities | 1,507,484 | 1,528,404 | 1,535,235 | 1,500,275 |
| Loans | 5,139,781 | 4,942,024 | 5,091,148 | 4,872,191 |
| Allowance for loan losses | (59,470) | (57,798) | (57,835) | (56,383) |
| Loans, net | 5,080,311 | 4,884,226 | 5,033,313 | 4,815,808 |
| Bank premises and equipment, net | 58,890 | 59,386 | 59,252 | 57,985 |
| Goodwill | 72,334 | 72,334 | 72,334 | 72,334 |
| Other real estate owned | 17,374 | 20,970 | 17,700 | 22,310 |
| Other assets | 368,502 | 363,730 | 365,459 | 352,508 |
| Total assets | $ 7,468,439 | $ 7,405,178 | $ 7,419,342 | $ 7,294,077 |
| | | | | |
| Liabilities and Shareholders' Equity | | | | |
| Deposits: | | | | |
| Noninterest bearing | $ 1,401,201 | $ 1,302,987 | $ 1,386,518 | $ 1,290,383 |
| Interest bearing | 4,238,301 | 4,274,375 | 4,195,328 | 4,169,895 |
| Total deposits | 5,639,502 | 5,577,362 | 5,581,846 | 5,460,278 |
| Borrowings | 1,001,761 | 1,037,158 | 1,024,175 | 1,049,041 |
| Other liabilities | 82,556 | 80,530 | 79,384 | 76,673 |
| Total liabilities | $ 6,723,819 | $ 6,695,050 | $ 6,685,405 | $ 6,585,992 |
| | | | | |
| Shareholders' Equity: | | | | |
| Preferred shares | $ — | $ — | $ — | $ — |
| Common shares | 304,885 | 303,631 | 304,449 | 303,392 |
| Accumulated other comprehensive loss, net of taxes | (350) | (12,136) | (4,584) | (9,154) |
| Retained earnings | 522,558 | 498,670 | 516,545 | 493,117 |

| | | | | |
|---|---|---|---|---|
| Treasury shares | (82,473) | (80,037) | (82,473) | (79,270) |
| Total shareholders' equity | $ 744,620 | $ 710,128 | $ 733,937 | $ 708,085 |
| Total liabilities and shareholders' equity | $ 7,468,439 | $ 7,405,178 | $ 7,419,342 | $ 7,294,077 |

PARK NATIONAL CORPORATION
Consolidated Statements of Income - Linked Quarters

| (in thousands, except per share data) | 2016 3rd QTR | 2016 2nd QTR | 2016 1st QTR | 2015 4th QTR | 2015 3rd QTR |
|---|---|---|---|---|---|
| Interest income: | | | | | |
| Interest and fees on loans | $ 59,893 | $ 58,401 | $ 60,052 | $ 58,424 | $ 57,680 |
| Interest on: | | | | | |
| Obligations of U.S. Government, its agencies and other securities | 7,339 | 7,770 | 8,609 | 8,360 | 9,163 |
| Obligations of states and political subdivisions | 689 | 591 | 373 | 170 | 12 |
| Other interest income | 321 | 249 | 274 | 211 | 232 |
| Total interest income | 68,242 | 67,011 | 69,308 | 67,165 | 67,087 |
| Interest expense: | | | | | |
| Interest on deposits: | | | | | |
| Demand and savings deposits | 1,094 | 933 | 824 | 573 | 614 |
| Time deposits | 2,352 | 2,389 | 2,387 | 2,453 | 2,508 |
| Interest on borrowings | 6,263 | 6,204 | 6,278 | 6,272 | 6,250 |
| Total interest expense | 9,709 | 9,526 | 9,489 | 9,298 | 9,372 |
| Net interest income | 58,533 | 57,485 | 59,819 | 57,867 | 57,715 |
| (Recovery of) provision for loan losses | (7,366) | 2,637 | 910 | (658) | 2,404 |
| Net interest income after (recovery of) provision for loan losses | 65,899 | 54,848 | 58,909 | 58,525 | 55,311 |
| Other income | 20,535 | 18,736 | 17,389 | 19,296 | 20,191 |
| Other expense | 46,756 | 45,306 | 49,899 | 48,798 | 47,429 |
| Income before income taxes | 39,678 | 28,278 | 26,399 | 29,023 | 28,073 |
| Income taxes | 12,229 | 8,280 | 7,713 | 8,134 | 8,033 |
| Net income | $ 27,449 | $ 19,998 | $ 18,686 | $ 20,889 | $ 20,040 |
| Per Common Share: | | | | | |
| Net income - basic | $ 1.79 | $ 1.30 | $ 1.22 | $ 1.36 | $ 1.30 |
| Net income - diluted | $ 1.78 | $ 1.30 | $ 1.21 | $ 1.36 | $ 1.30 |

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

| (in thousands) | 2016 3rd QTR | 2016 2nd QTR | 2016 1st QTR | 2015 4th QTR | 2015 3rd QTR |
|---|---|---|---|---|---|
| Other income: | | | | | |
| Income from fiduciary activities | $ 5,315 | $ 5,438 | $ 5,113 | $ 5,140 | $ 4,933 |
| Service charges on deposits | 3,800 | 3,575 | 3,423 | 3,777 | 3,909 |
| Other service income | 3,640 | 3,351 | 2,574 | 2,861 | 3,251 |
| Checkcard fee income | 3,780 | 3,868 | 3,532 | 3,902 | 3,643 |
| Bank owned life insurance income | 1,038 | 1,049 | 1,197 | 1,245 | 1,574 |
| ATM fees | 581 | 570 | 583 | 588 | 648 |
| OREO valuation adjustments | (233) | (221) | (118) | (319) | (718) |
| Gain on the sale of OREO, net | 783 | 162 | 134 | 175 | 243 |
| Gain on sale of investments | — | — | — | 88 | — |
| Miscellaneous | 1,831 | 944 | 951 | 1,839 | 2,708 |
| Total other income | $ 20,535 | $ 18,736 | $ 17,389 | $ 19,296 | $ 20,191 |
| Other expense: | | | | | |
| Salaries | $ 22,084 | $ 21,256 | $ 21,554 | $ 22,520 | $ 21,692 |
| Employee benefits | 5,073 | 4,894 | 4,773 | 4,161 | 6,721 |
| Occupancy expense | 2,506 | 2,639 | 2,548 | 2,257 | 2,469 |
| Furniture and equipment expense | 3,437 | 3,416 | 3,443 | 3,069 | 3,044 |
| Data processing fees | 1,450 | 1,373 | 1,217 | 1,190 | 1,383 |
| Professional fees and services | 6,356 | 5,401 | 6,667 | 7,751 | 5,424 |
| Marketing | 1,062 | 1,073 | 1,111 | 975 | 1,058 |
| Insurance | 1,423 | 1,438 | 1,411 | 1,407 | 1,399 |
| Communication | 1,154 | 1,353 | 1,221 | 1,321 | 1,245 |
| State tax expense | 895 | 798 | 926 | 857 | 779 |
| Miscellaneous | 1,316 | 1,665 | 5,028 | 3,290 | 2,215 |
| Total other expense | $ 46,756 | $ 45,306 | $ 49,899 | $ 48,798 | $ 47,429 |

PARK NATIONAL CORPORATION
Asset Quality Information

| (in thousands, except ratios) | September 30, 2016 | 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 | $ 58,699 | $ 56,948 | $ 56,494 | $ 54,352 | $ 59,468 | $ 55,537 | $ 68,444 |
| Charge-offs | 4,140 | 4,419 | 3,401 | 14,290 | 24,780 (B) | 19,153 | 61,268 (A) |
| Recoveries | 6,369 | 3,533 | 2,945 | 11,442 | 26,997 | 19,669 | 12,942 |
| Net (recoveries) charge-offs | (2,229) | 886 | 456 | 2,848 | (2,217) | (516) | 48,326 |
| (Recovery of) provision for loan losses | (7,366) | 2,637 | 910 | 4,990 | (7,333) | 3,415 | 35,419 |
| Allowance for loan losses, end of period | $ 53,562 | $ 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 | $ 53,562 | $ 58,699 | $ 56,948 | $ 56,494 | $ 54,352 | $ 59,468 | $ 55,537 |
| Specific reserves | 4,232 | 6,287 | 4,930 | 4,191 | 3,660 | 10,451 | 8,276 |
| General reserves | $ 49,330 | $ 52,412 | $ 52,018 | $ 52,303 | $ 50,692 | $ 49,017 | $ 47,261 |
| Total loans | $5,187,004 | $5,127,644 | $5,062,185 | $5,068,085 | $4,829,682 | $4,620,505 | $4,450,322 |
| Impaired commercial loans | 77,986 | 90,828 | 78,117 | 80,599 | 73,676 | 112,304 | 137,238 |
| Total loans less impaired commercial loans | $5,109,018 | $5,036,816 | $4,984,068 | $4,987,486 | $4,756,006 | $4,508,201 | $4,313,084 |
| Asset Quality Ratios: | | | | | | | |
| Annualized net (recoveries) charge-offs as a % of average loans | (0.17% | 0.07% | 0.04% | 0.06% | (0.05% | (0.01% | 1.10% |
| Allowance for loan losses as a % of period end loans | 1.03% | 1.14% | 1.12% | 1.11% | 1.13% | 1.29% | 1.25% |
| General reserves as a % of total loans less impaired commercial loans | 0.97% | 1.04% | 1.04% | 1.05% | 1.07% | 1.09% | 1.10% |
| Nonperforming Assets - Park National Corporation: | | | | | | | |
| Nonaccrual loans | $ 97,832 | $ 111,429 | $ 102,625 | $ 95,887 | $ 100,393 | $ 135,216 | $ 155,536 |
| Accruing troubled debt restructuring | 17,350 | 17,722 | 14,999 | 24,979 | 16,254 | 18,747 | 29,800 |
| Loans past due 90 days or more | 1,682 | 2,305 | 1,336 | 1,921 | 2,641 | 1,677 | 2,970 |
| Total nonperforming loans | $ 116,864 | $ 131,456 | $ 118,960 | $ 122,787 | $ 119,288 | $ 155,640 | $ 188,306 |
| Other real estate owned - Park National Bank | 7,004 | 7,038 | 6,846 | 7,456 | 10,687 | 11,412 | 14,715 |
| Other real estate owned - SEPH | 7,937 | 10,528 | 10,899 | 11,195 | 11,918 | 23,224 | 21,003 |
| Total nonperforming assets | $ 131,805 | $ 149,022 | $ 136,705 | $ 141,438 | $ 141,893 | $ 190,276 | $ 224,024 |
| Percentage of nonaccrual loans to period end loans | 1.89% | 2.17% | 2.03% | 1.89% | 2.08% | 2.93% | 3.49% |
| Percentage of nonperforming loans to period end loans | 2.25% | 2.56% | 2.35% | 2.42% | 2.47% | 3.37% | 4.23% |
| Percentage of nonperforming assets to period end loans | 2.54% | 2.91% | 2.70% | 2.79% | 2.94% | 4.12% | 5.03% |
| Percentage of nonperforming assets to period end total assets | 1.79% | 2.01% | 1.84% | 1.93% | 2.03% | 2.87% | 3.37% |

PARK NATIONAL CORPORATION
Asset Quality Information (continued)

| | | | | Year ended December 31, | | | |
|---|---|---|---|---|---|---|---|
| (in thousands, except ratios) | September 30, 2016 | June 30, 2016 | March 31, 2016 | 2015 | 2014 | 2013 | 2012 |
| Nonperforming Assets - Park National Bank and Guardian: | | | | | | | |
| Nonaccrual loans | $ 84,045 | $ 97,642 | $ 88,351 | $ 81,468 | $ 77,477 | $ 99,108 | $ 100,244 |
| Accruing troubled debt restructuring | 17,350 | 17,722 | 14,999 | 24,979 | 16,157 | 18,747 | 29,800 |
| Loans past due 90 days or more | 1,682 | 2,305 | 1,336 | 1,921 | 2,641 | 1,677 | 2,970 |
| Total nonperforming loans | $ 103,077 | $ 117,669 | $ 104,686 | $ 108,368 | $ 96,275 | $ 119,532 | $ 133,014 |
| Other real estate owned - Park National Bank | 7,004 | 7,038 | 6,846 | 7,456 | 10,687 | 11,412 | 14,715 |
| Total nonperforming assets | $ 110,081 | $ 124,707 | $ 111,532 | $ 115,824 | $ 106,962 | $ 130,944 | $ 147,729 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Percentage of nonaccrual loans to period end loans | 1.62% | 1.91% | 1.75% | 1.61% | 1.61% | 2.16% | 2.28% |
| Percentage of nonperforming loans to period end loans | 1.99% | 2.30% | 2.07% | 2.14% | 2.00% | 2.61% | 3.03% |
| Percentage of nonperforming assets to period end loans | 2.13% | 2.44% | 2.21% | 2.29% | 2.23% | 2.86% | 3.36% |
| Percentage of nonperforming assets to period end total assets | 1.51% | 1.69% | 1.52% | 1.60% | 1.55% | 2.01% | 2.27% |
| Nonperforming Assets - SEPH/Vision Bank (retained portfolio): | | | | | | | |
| Nonaccrual loans | $ 13,787 | $ 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 | $ 13,787 | $ 14,274 | $ 14,419 | $ 23,013 | $ 36,108 | $ 55,292 |
| Other real estate owned - SEPH | 7,937 | 10,528 | 10,899 | 11,195 | 11,918 | 23,224 | 21,003 |
| Total nonperforming assets | $ 21,724 | $ 24,315 | $ 25,173 | $ 25,614 | $ 34,931 | $ 59,332 | $ 76,295 |
| New nonaccrual loan information - Park National Corporation | | | | | | | |
| Nonaccrual loans, beginning of period | $ 111,429 | $ 102,625 | $ 95,887 | $ 100,393 | $ 135,216 | $ 155,536 | $ 195,106 |
| New nonaccrual loans | 12,363 | 26,858 | 21,339 | 80,791 | 70,059 | 67,398 | 83,204 |
| Resolved nonaccrual loans | 25,960 | 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 | $ 97,832 | $ 111,429 | $ 102,625 | $ 95,887 | $ 100,393 | $ 135,216 | $ 155,536 |
| New nonaccrual loan information - Ohio-based operations | | | | | | | |
| Nonaccrual loans, beginning of period | $ 97,642 | $ 88,351 | $ 81,468 | $ 77,477 | $ 99,108 | $ 100,244 | $ 96,113 |
| New nonaccrual loans - Ohio-based operations | 12,363 | 26,735 | 21,339 | 80,791 | 69,389 | 66,197 | 68,960 |
| Resolved nonaccrual loans | 25,960 | 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 | $ 84,045 | $ 97,642 | $ 88,351 | $ 81,468 | $ 77,477 | $ 99,108 | $ 100,244 |
| New nonaccrual loan information - SEPH/Vision Bank | | | | | | | |
| Nonaccrual loans, beginning of period | $ 13,787 | $ 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 | $ 13,787 | $ 14,274 | $ 14,419 | $ 22,916 | $ 36,108 | $ 55,292 |
| Impaired Commercial Loan Portfolio Information (period end): | | | | | | | |
| Unpaid principal balance | $ 100,187 | $ 115,186 | $ 106,539 | $ 109,304 | $ 106,156 | $ 175,576 | $ 242,345 |
| Prior charge-offs | 22,201 | 24,358 | 28,422 | 28,705 | 32,480 | 63,272 | 105,107 |
| Remaining principal balance | 77,986 | 90,828 | 78,117 | 80,599 | 73,676 | 112,304 | 137,238 |
| Specific reserves | 4,232 | 6,287 | 4,930 | 4,191 | 3,660 | 10,451 | 8,276 |
| Book value, after specific reserve | $ 73,754 | $ 84,541 | $ 73,187 | $ 76,408 | $ 70,016 | $ 101,853 | $ 128,962 |

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Source: Park National Corporation