



NEWS RELEASE

Park National Corporation reports third quarter 2017 financial results

10/23/2017

NEWARK, Ohio, Oct. 23, 2017 (GLOBE NEWSWIRE) -- Park National Corporation (Park) (NYSE AMERICAN:PRK) today announced financial results for the third quarter and first nine months of 2017 (three and nine months ended September 30, 2017), including continued growth in deposit accounts, commercial loans and consumer loans. Park's board of directors also declared a quarterly cash dividend of \$0.94 per common share, payable on December 8, 2017 to common shareholders of record as of November 17, 2017.

Park's third quarter of 2017 net income was \$22.1 million, a 16.2 percent rise from \$19.0 million in the second quarter 2017 and a 9.1 percent increase from the first quarter of 2017 net income results of \$20.3 million.

Compared to the third quarter of 2016, Park's third quarter net income this year is a 19.4 percent decrease from \$27.4 million. Third quarter net income per diluted common share was \$1.44, compared to \$1.78 in the third quarter of 2016. Net income for the first nine months of 2017 was \$61.4 million, a 7.1 percent decrease from \$66.1 million for the same period in 2016. Net income per diluted common share for the first nine months of 2017 was \$3.99, compared to \$4.29 for the first nine months of 2016. Financial results in 2016 were influenced by significant recoveries from loans related to Park's Southeast Property Holdings subsidiary and an overall reduction of the allowance for loan losses.

Park's community-banking subsidiary, The Park National Bank, reported net income of \$21.3 million for the third quarter of 2017, compared to \$25.5 million for the third quarter of 2016. The bank's third quarter 2017 net income was a 5.6 percent rise from \$20.2 million in the second quarter 2017 and a 0.9 percent decline from the first

quarter of 2017 net income results of \$21.5 million. Net income for the first nine months of 2017 was \$62.9 million, compared to \$68.3 million for the same period in 2016. The bank's total assets were \$7.8 billion at September 30, 2017, rising from \$7.4 billion at December 31, 2016.

In the first nine months of 2017, the bank grew consumer loans by \$116.2 million (13.8 percent annualized) and commercial loans by \$21.9 million (1.1 percent annualized), offset by a reduction in home equity line of credit balances of \$5.8 million (3.6 percent annualized) and residential loan balances of \$33.7 million (3.7 percent annualized). The bank's total loans were \$5.33 billion at September 30, 2017, a \$97.5 million (2.5 percent annualized) increase over \$5.23 billion at December 31, 2016.

Headquartered in Newark, Ohio, Park National Corporation had \$7.8 billion in total assets (as of September 30, 2017). 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...

Media contact: Bethany Lewis, 740.349.0421, blewis@parknationalbank.com

Investor contact: Brady Burt, 740.322.6844, bburt@parknationalbank.com

Park National Corporation

50 N. Third Street, Newark, Ohio 43055

www.parknationalcorp.com

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, resulting in 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 and impact loan demand; 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; uncertainty regarding 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, bank products and services, bank capital and liquidity standards, fiduciary standards, 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") and the Basel III regulatory capital reforms, 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, the OCC, the FDIC, and the Federal Reserve Board, 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; changes in law and policy accompanying the new presidential administration and uncertainty or speculation pending the enactment of such changes; the effect of healthcare laws in the United States and potential changes for such laws which may increase our healthcare and other costs and negatively impact our operations and financial results; significant changes in the tax laws, which may adversely affect the fair values of net deferred tax assets and obligations of state and political subdivisions held in Park's investment securities portfolio; 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 Board; 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 actions to be taken to implement the referendum by United Kingdom voters to exit the European Union; 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 impact of our ability to anticipate and respond to technological changes on our ability to respond to customer needs and meet competitive demands; 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, civil unrest, 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, 2016. 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
 As of or for the three months ended September 30, 2017, June 30, 2017, and
 September 30, 2016

(in thousands, except share and per share data)				Percent change vs.	
	2017 3rd QTR	2017 2nd QTR	2016 3rd QTR	2Q '17	3Q '16
INCOME STATEMENT:					
Net interest income	\$ 61,551	\$ 59,778	\$ 58,533	3.0%	5.2%
Provision for loan losses	3,283	4,581	(7,366)	N.M.	N.M.
Other income	22,089	19,251	20,535	14.7%	7.6%
Other expense	49,811	48,106	46,756	3.5%	6.5%
Income before income taxes	\$ 30,546	\$ 26,342	\$ 39,678	16.0%	(23.0%)
Income taxes	8,434	7,310	12,229	15.4%	(31.0%)
Net income	\$ 22,112	\$ 19,032	\$ 27,449	16.2%	(19.4%)

MARKET DATA:								
Earnings per common share - basic (b)	\$	1.45	\$	1.24	\$	1.79	16.9%	(19.0)%
Earnings per common share - diluted (b)		1.44		1.24		1.78	16.1%	(19.1)%
Cash dividends per common share		0.94		0.94		0.94	—%	—%
Book value per common share at period end		49.71		49.18		48.99	1.1%	1.5%
Market price per common share at period end		107.99		103.72		96.00	4.1%	12.5%
Market capitalization at period end		1,649,770		1,586,613		1,471,755	4.0%	12.1%
Weighted average common shares - basic (a)		15,287,974		15,297,085		15,330,791	(0.1)%	(0.3)%
Weighted average common shares - diluted (a)		15,351,590		15,398,865		15,399,707	(0.3)%	(0.3)%
Common shares outstanding at period end		15,277,061		15,297,080		15,330,781	(0.1)%	(0.4)%
PERFORMANCE RATIOS: (annualized)								
Return on average assets (a)(b)		1.11%		0.99%		1.46%	12.1%	(24.0)%
Return on average shareholders' equity (a)(b)		11.52%		10.13%		14.67%	13.7%	(21.5)%
Yield on loans		4.71%		4.63%		4.66%	1.7%	1.1%
Yield on investment securities		2.48%		2.44%		2.25%	1.6%	10.2%
Yield on money markets		1.28%		1.05%		0.52%	21.9%	146.2%
Yield on earning assets		4.03%		4.02%		3.99%	0.2%	1.0%
Cost of interest bearing deposits		0.48%		0.44%		0.32%	9.1%	50.0%
Cost of borrowings		2.37%		2.38%		2.49%	(0.4)%	(4.8)%
Cost of paying liabilities		0.83%		0.80%		0.74%	3.8%	12.2%
Net interest margin (g)		3.40%		3.42%		3.42%	(0.6)%	(0.6)%
Efficiency ratio (g)		58.65%		59.97%		58.67%	(2.2)%	—%
OTHER RATIOS (NON - GAAP):								
Annualized return on average tangible assets (a)(b)(e)		1.12%		1.00%		1.48%	12.0%	(24.3)%
Annualized return on average tangible equity (a)(b)(c)		12.73%		11.21%		16.24%	13.6%	(21.6)%
Tangible book value per share (d)	\$	44.97	\$	44.45	\$	44.27	1.2%	1.6%

N.M. - Not meaningful

Note: Explanations for footnotes (a) - (g) are included at the end of the financial highlights.

PARK NATIONAL CORPORATION

Financial Highlights (continued)

Three months ended September 30, 2017, June 30, 2017, and September 30, 2016

BALANCE SHEET:				Percent change vs.	
	September 30, 2017	June 30, 2017	September 30, 2016	2Q '17	3Q '16
Investment securities	\$ 1,571,038	\$ 1,579,934	\$ 1,478,255	(0.6)%	6.3%
Loans	5,365,877	5,365,437	5,187,004	—%	3.4%
Allowance for loan losses	55,232	53,822	53,562	2.6%	3.1%
Goodwill	72,334	72,334	72,334	—%	—%
Other real estate owned (OREO)	14,366	14,881	14,941	(3.5)%	(3.8)%
Total assets	7,862,695	7,832,092	7,364,092	0.4%	6.8%
Total deposits	5,974,322	5,961,576	5,519,659	0.2%	8.2%
Borrowings	1,056,888	1,046,176	1,005,937	1.0%	5.1%
Total shareholders' equity	759,367	752,248	751,063	0.9%	1.1%
Tangible equity (d)	687,033	679,914	678,729	1.0%	1.2%
Nonperforming loans	111,949	110,904	116,864	0.9%	(4.2)%
Nonperforming assets	126,315	125,785	131,805	0.4%	(4.2)%

ASSET QUALITY RATIOS:

Loans as a % of period end total assets	68.24%	68.51%	70.44%	(0.4%)	(3.1%)
Nonperforming loans as a % of period end loans	2.09%	2.07%	2.25%	1.0%	(7.1%)
Nonperforming assets as a % of period end loans + OREO	2.35%	2.34%	2.53%	0.4%	(7.1%)
Allowance for loan losses as a % of period end loans	1.03%	1.00%	1.03%	3.0%	—%
Net loan charge-offs (recoveries)	\$ 1,873	\$ 681	(2,229)	N.M.	N.M.
Annualized net loan charge-offs (recoveries) as a % of average loans (a)	0.14%	0.05%	(0.17) %	N.M.	N.M.

CAPITAL & LIQUIDITY:

Total shareholders' equity / Period end total assets	9.66%	9.60%	10.20%	0.6%	(5.3%)
Tangible equity (d) / Tangible assets (f)	8.82%	8.76%	9.31%	0.7%	(5.3%)
Average shareholders' equity / Average assets (a)	9.60%	9.74%	9.97%	(1.4%)	(3.7%)
Average shareholders' equity / Average loans (a)	14.27%	14.14%	14.49%	0.9%	(1.5%)
Average loans / Average deposits (a)	88.37%	90.21%	91.14%	(2.0%)	(3.0%)

PARK NATIONAL CORPORATION
Financial Highlights
Nine months ended September 30, 2017 and 2016

	2017	2016	
(in thousands, except share and per share data)	YTD	YTD	Percent change vs. YTD
INCOME STATEMENT:			
Net interest income	\$ 180,281	\$ 175,837	2.5%
Provision for (recovery of) loan losses	8,740	(3,819)	N.M.
Other income	58,847	56,660	3.9%
Other expense	145,379	141,961	2.4%
Income before income taxes	\$ 85,009	\$ 94,355	(9.9)%
Income taxes	23,598	28,222	(16.4)%
Net income	\$ 61,411	\$ 66,133	(7.1)%
MARKET DATA:			
Earnings per common share - basic (b)	\$ 4.01	\$ 4.31	(7.0)%
Earnings per common share - diluted (b)	3.99	4.29	(7.0)%
Cash dividends per common share	2.82	2.82	—%
Weighted average common shares - basic (a)	15,299,039	15,330,802	(0.2)%
Weighted average common shares - diluted (a)	15,394,199	15,401,825	—%
PERFORMANCE RATIOS: (annualized)			
Return on average assets (a)(b)	1.06%	1.19%	(10.9) %
Return on average shareholders' equity (a)(b)	10.90%	12.04%	(9.5) %
Yield on loans	4.66%	4.70%	(0.9) %
Yield on investment securities	2.45%	2.31%	6.1 %
Yield on earning assets	4.04%	4.03%	0.2 %
Cost of interest bearing deposits	0.43%	0.32%	34.4 %
Cost of borrowings	2.37%	2.44%	(2.9) %
Cost of paying liabilities	0.80%	0.74%	8.1 %

Net interest margin (g)	3.44%	3.47%	(0.9) %
Efficiency ratio (g)	59.91%	60.64%	(1.2) %
ASSET QUALITY RATIOS:			
Net loan charge-offs (recoveries)	4,132	(887)	N.M.
Annualized net loan charge-offs (recoveries) as a % of average loans (a)	0.10%	(0.02)%	N.M.
CAPITAL & LIQUIDITY:			
Average shareholders' equity / Average assets (a)	9.72%	9.89%	(1.7) %
Average shareholders' equity / Average loans (a)	14.17%	14.42%	(1.7) %
Average loans / Average deposits (a)	90.29%	91.21%	(1.0) %
OTHER RATIOS (NON - GAAP):			
Annualized return on average tangible assets (a)(b)(e)	1.07%	1.20%	(10.8)%
Annualized return on average tangible equity (a)(b)(c)	12.06%	13.35%	(9.7)%

N.M. - Not meaningful

Note: Explanations for footnotes (a) - (g) are included at the end of the financial highlights .

PARK NATIONAL CORPORATION
Financial Highlights (continued)

(a) Averages are for the three months ended September 30, 2017, June 30, 2017 and September 30, 2016 or for the nine months ended September 30, 2017 and September 30, 2016, as appropriate.

(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, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
AVERAGE SHAREHOLDERS' EQUITY	\$ 761,448	\$ 753,373	\$ 744,620	\$ 753,017	\$ 733,937
Less: Average goodwill	72,334	72,334	72,334	72,334	72,334
AVERAGE TANGIBLE EQUITY	\$ 689,114	\$ 681,039	\$ 672,286	\$ 680,683	\$ 661,603

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

RECONCILIATION OF TOTAL SHAREHOLDERS' EQUITY TO TANGIBLE EQUITY:

	September 30, 2017	June 30, 2017	September 30, 2016
TOTAL SHAREHOLDERS' EQUITY	\$ 759,367	\$ 752,248	\$ 751,063
Less: Goodwill	72,334	72,334	72,334
TANGIBLE EQUITY	\$ 687,033	\$ 679,914	\$ 678,729

(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, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016

AVERAGE ASSETS	\$	7,928,766	\$	7,736,884	\$	7,468,439	\$	7,743,132	\$	7,419,342
Less: Average goodwill		72,334		72,334		72,334		72,334		72,334
AVERAGE TANGIBLE ASSETS	\$	7,856,432	\$	7,664,550	\$	7,396,105	\$	7,670,798	\$	7,347,008

(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, 2017	June 30, 2017	September 30, 2016
TOTAL ASSETS	\$ 7,862,695	\$ 7,832,092	\$ 7,364,092
Less: Goodwill	72,334	72,334	72,334
TANGIBLE ASSETS	\$ 7,790,361	\$ 7,759,758	\$ 7,291,758

(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 by dividing fully taxable equivalent net interest income by average interest earning assets.

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

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Interest income	\$ 73,224	\$ 70,476	\$ 68,242	\$ 212,455	\$ 204,561
Fully taxable equivalent adjustment	1,291	1,185	619	3,540	1,618
Fully taxable equivalent interest income	\$ 74,515	\$ 71,661	\$ 68,861	\$ 215,995	\$ 206,179
Interest expense	11,673	10,698	9,709	32,174	28,724
Fully taxable equivalent net interest income	\$ 62,842	\$ 60,963	\$ 59,152	\$ 183,821	\$ 177,455

PARK NATIONAL CORPORATION
Consolidated Statements of Income

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
(in thousands, except share and per share data)	2017	2016	2017	2016
Interest income:				
Interest and fees on loans	\$ 63,110	\$ 59,893	\$ 184,240	\$ 178,346
Interest on:				
Obligations of U.S. Government, its agencies and other securities	6,757	7,339	20,787	23,718
Obligations of states and political subdivisions	1,974	689	5,098	1,653
Other interest income	1,383	321	2,330	844
Total interest income	73,224	68,242	212,455	204,561
Interest expense:				
Interest on deposits:				
Demand and savings deposits	2,882	1,094	6,787	2,851
Time deposits	2,521	2,352	7,139	7,128
Interest on borrowings	6,270	6,263	18,248	18,745
Total interest expense	11,673	9,709	32,174	28,724

Net interest income	61,551	58,533	180,281	175,837
Provision for (recovery of) loan losses	3,283	(7,366)	8,740	(3,819)
Net interest income after provision for (recovery of) loan losses	58,268	65,899	171,541	179,656
Other income	22,089	20,535	58,847	56,660
Other expense	49,811	46,756	145,379	141,961
Income before income taxes	30,546	39,678	85,009	94,355
Income taxes	8,434	12,229	23,598	28,222
Net income	\$ 22,112	\$ 27,449	\$ 61,411	\$ 66,133
Per Common Share:				
Net income - basic	\$ 1.45	\$ 1.79	\$ 4.01	\$ 4.31
Net income - diluted	\$ 1.44	\$ 1.78	\$ 3.99	\$ 4.29
Weighted average shares - basic	15,287,974	15,330,791	15,299,039	15,330,802
Weighted average shares - diluted	15,351,590	15,399,707	15,394,199	15,401,825
Cash Dividends Declared	\$ 0.94	\$ 0.94	\$ 2.82	\$ 2.82

PARK NATIONAL CORPORATION
Consolidated Balance Sheets

(in thousands, except share data)	September 30, 2017	December 31, 2016
Assets		
Cash and due from banks	\$ 118,884	\$ 122,811
Money market instruments	331,468	23,635
Investment securities	1,571,038	1,579,783
Loans	5,365,877	5,271,857
Allowance for loan losses	(55,232)	(50,624)
Loans, net	5,310,645	5,221,233
Bank premises and equipment, net	56,179	57,971
Goodwill	72,334	72,334
Other real estate owned	14,366	13,926
Other assets	387,781	375,893
Total assets	\$ 7,862,695	\$ 7,467,586
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest bearing	\$ 1,568,177	\$ 1,523,417
Interest bearing	4,406,145	3,998,539
Total deposits	5,974,322	5,521,956
Borrowings	1,056,888	1,134,076
Other liabilities	72,118	69,314
Total liabilities	\$ 7,103,328	\$ 6,725,346

Shareholders' Equity:

Preferred shares (200,000 shares authorized; no shares outstanding at September 30, 2017 and December 31, 2016)

	\$	—	\$	—
Common shares (No par value; 20,000,000 shares authorized in 2016 and 2015; 16,150,769 shares issued at September 30, 2017 and 16,150,807 shares issued at December 31, 2016)		307,143		305,826
Accumulated other comprehensive loss, net of taxes		(13,005)		(17,745)
Retained earnings		553,434		535,631
Treasury shares (873,708 shares at September 30, 2017 and 810,089 shares at December 31, 2016)		(88,205)		(81,472)
Total shareholders' equity	\$	759,367	\$	742,240
Total liabilities and shareholders' equity	\$	7,862,695	\$	7,467,586

PARK NATIONAL CORPORATION
Consolidated Average Balance Sheets

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Assets				
Cash and due from banks	\$ 114,313	\$ 116,069	\$ 114,060	\$ 115,588
Money market instruments	427,157	247,475	271,778	220,461
Investment securities	1,569,237	1,507,484	1,563,020	1,535,235
Loans	5,337,206	5,139,781	5,314,501	5,091,148
Allowance for loan losses	(53,750)	(59,470)	(51,775)	(57,835)
Loans, net	5,283,456	5,080,311	5,262,726	5,033,313
Bank premises and equipment, net	56,497	58,890	57,100	59,252
Goodwill	72,334	72,334	72,334	72,334
Other real estate owned	14,522	17,374	14,245	17,700
Other assets	391,250	368,502	387,869	365,459
Total assets	\$ 7,928,766	\$ 7,468,439	\$ 7,743,132	\$ 7,419,342
Liabilities and Shareholders' Equity				
Deposits:				
Noninterest bearing	\$ 1,534,395	\$ 1,401,201	\$ 1,522,802	\$ 1,386,518
Interest bearing	4,505,040	4,238,301	4,363,065	4,195,328
Total deposits	6,039,435	5,639,502	5,885,867	5,581,846
Borrowings	1,050,524	1,001,761	1,029,627	1,024,175
Other liabilities	77,359	82,556	74,621	79,384
Total liabilities	\$ 7,167,318	\$ 6,723,819	\$ 6,990,115	\$ 6,685,405
Shareholders' Equity:				
Preferred shares	\$ —	\$ —	\$ —	\$ —
Common shares	306,496	304,885	306,101	304,449
Accumulated other comprehensive loss, net of taxes	(11,905)	(350)	(14,298)	(4,584)
Retained earnings	553,746	522,558	547,127	516,545
Treasury shares	(86,889)	(82,473)	(85,913)	(82,473)
Total shareholders' equity	\$ 761,448	\$ 744,620	\$ 753,017	\$ 733,937
Total liabilities and shareholders' equity	\$ 7,928,766	\$ 7,468,439	\$ 7,743,132	\$ 7,419,342

PARK NATIONAL CORPORATION
Consolidated Statements of Income - Linked Quarters

(in thousands, except per share data)	2017 3rd QTR	2017 2nd QTR	2017 1st QTR	2016 4th QTR	2016 3rd QTR
Interest income:					
Interest and fees on loans	\$ 63,110	\$ 61,222	\$ 59,908	\$ 63,633	\$ 59,893
Interest on:					
Obligations of U.S. Government, its agencies and other securities	6,757	6,892	7,138	6,909	7,339
Obligations of states and political subdivisions	1,974	1,664	1,460	979	689
Other interest income	1,383	698	249	176	321
Total interest income	73,224	70,476	68,755	71,697	68,242
Interest expense:					
Interest on deposits:					
Demand and savings deposits	2,882	2,291	1,614	1,228	1,094
Time deposits	2,521	2,457	2,161	2,209	2,352
Interest on borrowings	6,270	5,950	6,028	6,011	6,263
Total interest expense	11,673	10,698	9,803	9,448	9,709
Net interest income	61,551	59,778	58,952	62,249	58,533
Provision for (recovery of) loan losses	3,283	4,581	876	(1,282)	(7,366)
Net interest income after provision for (recovery of) loan losses	58,268	55,197	58,076	63,531	65,899
Other income	22,089	19,251	17,507	22,071	20,535
Other expense	49,811	48,106	47,462	57,062	46,756
Income before income taxes	30,546	26,342	28,121	28,540	39,678
Income taxes	8,434	7,310	7,854	8,538	12,229
Net income	\$ 22,112	\$ 19,032	\$ 20,267	\$ 20,002	\$ 27,449
Per Common Share:					
Net income - basic	\$ 1.45	\$ 1.24	\$ 1.32	\$ 1.30	\$ 1.79
Net income - diluted	\$ 1.44	\$ 1.24	\$ 1.31	\$ 1.30	\$ 1.78

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

(in thousands)	2017 3rd QTR	2017 2nd QTR	2017 1st QTR	2016 4th QTR	2016 3rd QTR
Other income:					
Income from fiduciary activities	\$ 5,932	\$ 6,025	\$ 5,514	\$ 5,534	\$ 5,315
Service charges on deposits	3,216	3,156	3,139	3,461	3,800
Other service income	3,357	3,447	2,804	4,854	3,640
Checkcard fee income	3,974	4,040	3,761	3,877	3,780
Bank owned life insurance income	1,573	1,114	1,103	1,054	1,038
ATM fees	605	561	542	534	581
OREO valuation adjustments	(22)	(272)	(73)	(29)	(233)
Gain on the sale of OREO, net	51	53	100	244	783
Miscellaneous	3,403	1,127	617	2,542	1,831
Total other income	\$ 22,089	\$ 19,251	\$ 17,507	\$ 22,071	\$ 20,535
Other expense:					
Salaries	\$ 23,302	\$ 23,001	\$ 22,717	\$ 22,140	\$ 22,084
Employee benefits	4,656	4,919	5,181	4,522	5,073
Occupancy expense	2,559	2,565	2,635	2,546	2,506
Furniture and equipment expense	3,868	3,640	3,618	3,470	3,437
Data processing fees	1,919	1,676	1,965	1,568	1,450
Professional fees and services	6,100	6,018	4,829	8,757	6,356
Marketing	1,122	1,084	1,056	1,277	1,062
Insurance	1,499	1,517	1,570	1,553	1,423
Communication	1,110	1,155	1,333	1,257	1,154
State tax expense	912	943	1,063	941	895
Debt prepayment penalty	—	—	—	5,554	—
Miscellaneous	2,764	1,588	1,495	3,477	1,316
Total other expense	\$ 49,811	\$ 48,106	\$ 47,462	\$ 57,062	\$ 46,756

PARK NATIONAL CORPORATION
Asset Quality Information

(in thousands, except ratios)	September 30, 2017	June 30, 2017	March 31, 2017	Year ended December 31,			
				2016	2015	2014	2013
Allowance for loan losses:							
Allowance for loan losses, beginning of period	\$ 53,822	\$ 49,922	\$ 50,624	\$ 56,494	\$ 54,352	\$ 59,468	\$ 55,537
Charge-offs	4,377	3,046	3,708	20,799	14,290	24,780	(A) 19,153
Recoveries	2,504	2,365	2,130	20,030	11,442	26,997	19,669
Net charge-offs (recoveries)	1,873	681	1,578	769	2,848	(2,217)	(516)
Provision for (recovery of) loan losses	3,283	4,581	876	(5,101)	4,990	(7,333)	3,415
Allowance for loan losses, end of period	\$ 55,232	\$ 53,822	\$ 49,922	\$ 50,624	\$ 56,494	\$ 54,352	\$ 59,468
(A) 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	\$ 55,232	\$ 53,822	\$ 49,922	\$ 50,624	\$ 56,494	\$ 54,352	\$ 59,468
Specific reserves	5,102	4,145	1,091	548	4,191	3,660	10,451
General reserves	\$ 50,130	\$ 49,677	\$ 48,831	\$ 50,076	\$ 52,303	\$ 50,692	\$ 49,017

Total loans	\$ 5,365,877	\$ 5,365,437	\$ 5,313,641	\$ 5,271,857	\$ 5,068,085	\$ 4,829,682	\$ 4,620,505
Impaired commercial loans	73,550	73,095	70,099	70,415	80,599	73,676	112,304
Total loans less impaired commercial loans	\$ 5,292,327	\$ 5,292,342	\$ 5,243,542	\$ 5,201,442	\$ 4,987,486	\$ 4,756,006	\$ 4,508,201

Asset Quality Ratios:

Net charge-offs (recoveries) as a % of average loans (annualized)	0.14%	0.05%	0.12%	0.02%	0.06%	(0.05%)	(0.01%)
Allowance for loan losses as a % of period end loans	1.03%	1.00%	0.94%	0.96%	1.11%	1.13%	1.29%
General reserves as a % of total loans less impaired commercial loans	0.95%	0.94%	0.93%	0.96%	1.05%	1.07%	1.09%

Nonperforming Assets - Park National Corporation:

Nonaccrual loans	\$ 90,568	\$ 90,378	\$ 84,294	\$ 87,822	\$ 95,887	\$ 100,393	\$ 135,216
Accruing troubled debt restructuring	19,401	18,631	21,153	18,175	24,979	16,254	18,747
Loans past due 90 days or more	1,980	1,895	1,837	2,086	1,921	2,641	1,677
Total nonperforming loans	\$ 111,949	\$ 110,904	\$ 107,284	\$ 108,083	\$ 122,787	\$ 119,288	\$ 155,640
Other real estate owned - Park National Bank	6,701	7,108	5,792	6,025	7,456	10,687	11,412
Other real estate owned - SEPH	7,665	7,773	7,901	7,901	11,195	11,918	23,224
Total nonperforming assets	\$ 126,315	\$ 125,785	\$ 120,977	\$ 122,009	\$ 141,438	\$ 141,893	\$ 190,276
Percentage of nonaccrual loans to period end loans	1.69%	1.68%	1.59%	1.67%	1.89%	2.08%	2.93%
Percentage of nonperforming loans to period end loans	2.09%	2.07%	2.02%	2.05%	2.42%	2.47%	3.37%
Percentage of nonperforming assets to period end loans	2.35%	2.34%	2.28%	2.31%	2.79%	2.94%	4.12%
Percentage of nonperforming assets to period end total assets	1.61%	1.61%	1.56%	1.63%	1.93%	2.03%	2.87%

PARK NATIONAL CORPORATION
Asset Quality Information (continued)

(in thousands, except ratios)	Year ended December 31,						
	September 30, 2017	June 30, 2017	March 31, 2017	2016	2015	2014	2013
Nonperforming Assets - Park National Bank and Guardian:							
Nonaccrual loans	\$ 80,424	\$ 79,688	\$ 72,780	\$ 76,084	\$ 81,468	\$ 77,477	\$ 99,108
Accruing troubled debt restructuring	19,401	18,631	21,153	18,175	24,979	16,157	18,747
Loans past due 90 days or more	1,980	1,895	1,837	2,086	1,921	2,641	1,677
Total nonperforming loans	\$ 101,805	\$ 100,214	\$ 95,770	\$ 96,345	\$ 108,368	\$ 96,275	\$ 119,532
Other real estate owned - Park National Bank	6,701	7,108	5,792	6,025	7,456	10,687	11,412
Total nonperforming assets	\$ 108,506	\$ 107,322	\$ 101,562	\$ 102,370	\$ 115,824	\$ 106,962	\$ 130,944
Percentage of nonaccrual loans to period end loans	1.50%	1.49%	1.37%	1.45%	1.61%	1.61%	2.16%
Percentage of nonperforming loans to period end loans	1.90%	1.87%	1.81%	1.83%	2.14%	2.00%	2.61%
Percentage of nonperforming assets to period end loans	2.03%	2.00%	1.92%	1.95%	2.29%	2.23%	2.86%
Percentage of nonperforming assets to period end total assets	1.39%	1.38%	1.32%	1.38%	1.60%	1.55%	2.01%

Nonperforming Assets - SEPH/Vision Bank (retained portfolio):														
Nonaccrual loans	\$	10,144	\$	10,690	\$	11,514	\$	11,738	\$	14,419	\$	22,916	\$	36,108
Accruing troubled debt restructuring		—		—		—		—		—		97		—
Loans past due 90 days or more		—		—		—		—		—		—		—
Total nonperforming loans	\$	10,144	\$	10,690	\$	11,514	\$	11,738	\$	14,419	\$	23,013	\$	36,108
Other real estate owned - SEPH		7,665		7,773		7,901		7,901		11,195		11,918		23,224
Total nonperforming assets	\$	17,809	\$	18,463	\$	19,415	\$	19,639	\$	25,614	\$	34,931	\$	59,332

New nonaccrual loan information - Park National Corporation														
Nonaccrual loans, beginning of period	\$	90,378	\$	84,294	\$	87,822	\$	95,887	\$	100,393	\$	135,216	\$	155,536
New nonaccrual loans		15,323		21,562		11,733		74,786		80,791		70,059		67,398
Resolved nonaccrual loans		15,133		15,478		15,261		82,851		85,165		86,384		87,718
Sale of nonaccrual loans held for sale		—		—		—		—		132		18,498		—
Nonaccrual loans, end of period	\$	90,568	\$	90,378	\$	84,294	\$	87,822	\$	95,887	\$	100,393	\$	135,216

New nonaccrual loan information - Park National Bank and Guardian														
Nonaccrual loans, beginning of period	\$	79,688	\$	72,780	\$	76,084	\$	81,468	\$	77,477	\$	99,108	\$	100,244
New nonaccrual loans - Ohio-based operations		15,323		21,562		11,733		74,663		80,791		69,389		66,197
Resolved nonaccrual loans		14,587		14,654		15,037		80,047		76,800		78,288		67,333
Sale of nonaccrual loans held for sale		—		—		—		—		—		12,732		—
Nonaccrual loans, end of period	\$	80,424	\$	79,688	\$	72,780	\$	76,084	\$	81,468	\$	77,477	\$	99,108

New nonaccrual loan information - SEPH/Vision Bank														
Nonaccrual loans, beginning of period	\$	10,690	\$	11,514	\$	11,738	\$	14,419	\$	22,916	\$	36,108	\$	55,292
New nonaccrual loans - SEPH/Vision Bank		—		—		—		123		—		670		1,201
Resolved nonaccrual loans		546		824		224		2,804		8,365		8,096		20,385
Sale of nonaccrual loans held for sale		—		—		—		—		132		5,766		—
Nonaccrual loans, end of period	\$	10,144	\$	10,690	\$	11,514	\$	11,738	\$	14,419	\$	22,916	\$	36,108

Impaired Commercial Loan Portfolio Information (period end):														
Unpaid principal balance	\$	83,496	\$	82,225	\$	93,830	\$	95,358	\$	109,304	\$	106,156	\$	175,576
Prior charge-offs		9,946		9,130		23,731		24,943		28,705		32,480		63,272
Remaining principal balance		73,550		73,095		70,099		70,415		80,599		73,676		112,304
Specific reserves		5,102		4,145		1,091		548		4,191		3,660		10,451
Book value, after specific reserve	\$	68,448	\$	68,950	\$	69,008	\$	69,867	\$	76,408	\$	70,016	\$	101,853

Source: Park National Corporation