

# **Park National Corporation**

## **AUDIT COMMITTEE CHARTER**

**Adopted by the Board of Directors  
April 17, 2000**

### **Amended Dates**

January 20, 2004

April 18, 2005

July 17, 2006

March 6, 2007

January 28, 2008

April 20, 2009

April 19, 2010

April 18, 2011

April 23, 2012

July 22, 2013

April 25, 2016

April 24, 2017

April 23, 2018

## **Organization**

This Charter governs the operations of the Audit Committee of the Board of Directors (the “Board”) of Park National Corporation (the “Corporation”). The Audit Committee shall review and reassess the adequacy of this Charter at least annually and, as appropriate, make recommendations for amendment to the full Board for review and approval by the full Board.

The members of the Audit Committee shall serve at the pleasure of the Board. The Audit Committee shall consist of at least three members of the Board, each of whom shall be appointed by the Board and may be removed by a majority of the full Board. The Nominating and Corporate Governance Committee of the Board (the “Nominating Committee”) makes recommendations to the full Board regarding assignments to Board committees as well as recommendations for Board committee chairs. Each member of the Audit Committee shall satisfy the independence and experience standards specified in Section 803 and any other applicable sections of the Company Guide of NYSE American or other corporate governance requirements of NYSE American, Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the requirements of any other applicable laws, rules and regulations governing qualification for audit committee membership, including the rules and regulations of the Securities and Exchange Commission (the “SEC”) and the rules and regulations of the Federal Deposit Insurance Corporation (the “FDIC”). All Audit Committee members shall be financially literate and able to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. At least one member of the Audit Committee shall have financial sophistication as determined in accordance with the applicable corporate governance requirements of NYSE American and shall be an “audit committee financial expert” as defined by the applicable rules and regulations of the SEC. The Audit Committee shall include at least two members with banking or related financial management expertise as defined by the FDIC. No member of the Audit Committee shall participate in the preparation of the financial statements of the Corporation or any then current subsidiary of the Corporation (i) at any time during such member’s service on the Audit Committee or (ii) at any other time which would cause such member not to satisfy the independence standards of Section 803 of the NYSE American Company Guide or any other applicable laws, rules and regulations governing the independence of members of the Audit Committee. Additionally, no member of the Audit Committee shall be considered a “large customer” for purposes of the rules and regulations of the FDIC. Audit Committee members may not simultaneously serve on the audit committees of more than three public companies, including the Corporation, without the approval of the Nominating Committee.

The Audit Committee shall meet on at least a quarterly basis and may convene more frequently as circumstances dictate. The Audit Committee shall be chaired by one of its members appointed by the Board. The Audit Committee may fix its own rules of procedure, which shall be consistent with the Corporation’s Regulations and this Charter. The Audit Committee may designate its own Secretary who may be a non-Committee member. Minutes of meetings of the Audit Committee shall be prepared and maintained with the books and records of the Corporation. A majority of the Audit Committee members shall constitute a quorum for the transaction of business. The action of the Audit Committee by a majority of its members at a meeting at which a quorum is present shall be the act of the Audit Committee. The Audit Committee may also act without a meeting if all members of the Audit Committee consent to the action in writing or by means of an electronic or

other transmission permitted under applicable law and the Company's governing documents. The Audit Committee may have in attendance at its meetings such members of the Corporation's management, the Corporation's Internal Audit Department ("Internal Audit") and the Corporation's independent registered public accounting firm or others as the Audit Committee may deem necessary or desirable to provide the information the Audit Committee needs to carry out the Audit Committee's duties and responsibilities. The Audit Committee shall report regularly to the Board about meetings and activities of the Audit Committee.

### **Statement of Policy**

The Audit Committee shall provide assistance to the Board in fulfilling the Board's oversight responsibility to the shareholders and potential shareholders of the Corporation, the investment community, and others relating to the integrity of the Corporation's consolidated financial statements and accounting and financial reporting processes, the Corporation's internal control over financial reporting, the internal audit function, the annual independent audit of the Corporation's consolidated financial statements, and the legal and regulatory compliance and ethics programs as established by the Corporation's management and the Board. In so doing, it is the responsibility of the Audit Committee to maintain free and open communications between and among the Audit Committee, the Corporation's independent registered public accounting firm, Internal Audit and the management of the Corporation. In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention or otherwise within the scope of its duties and responsibilities with full access to all books, records, facilities and personnel of the Corporation and its subsidiaries and the Corporation's independent registered public accounting firm, and the power to retain outside counsel and other advisors as the Audit Committee determines necessary to assist the Audit Committee in carrying out its duties and responsibilities. The Corporation shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for payment of (a) reasonable compensation to the Corporation's independent registered public accounting firm engaged by the Audit Committee for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation or any of its subsidiaries, (b) reasonable compensation to any advisors employed by the Audit Committee and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out the Audit Committee's duties and responsibilities.

### **Responsibilities and Processes**

The primary responsibility of the Audit Committee is to oversee the Corporation's accounting and financial reporting processes on behalf of the Board and report the results of its activities to the Board. The Corporation's management is responsible for the preparation, presentation and integrity of the Corporation's consolidated financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Corporation and its subsidiaries and for the establishment and maintenance of systems of disclosure controls and procedures and internal control over financial reporting. The Corporation's independent registered public accounting firm is responsible for auditing the Corporation's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB"), for issuing an attestation/audit report on the Corporation's internal control over

financial reporting, and for reviewing the Corporation's unaudited interim consolidated financial statements. The Audit Committee in carrying out its duties and responsibilities believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Audit Committee should take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behavior.

The following shall be the principal recurring processes of the Audit Committee in carrying out its oversight responsibility. The processes are set forth as a guide with the understanding that the Audit Committee may supplement them as appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Audit Committee shall also carry out such other duties and responsibilities delegated to it by the Board from time to time that are related to the purpose of the Audit Committee.

- The Audit Committee shall be responsible for ensuring that the Corporation's independent registered public accounting firm submits to the Audit Committee on a periodic basis, and in any event at least annually, the written disclosures and the letter from the Corporation's independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence. The Audit Committee shall also be responsible for actively engaging in a dialogue with the Corporation's independent registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the Corporation's independent registered public accounting firm.
- The Audit Committee shall be directly responsible for the appointment (subject, if applicable, to shareholder ratification), compensation, retention and oversight of the work of the independent registered public accounting firm engaged (including resolution of disagreements between the management of the Corporation or any of its subsidiaries and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation or any of its subsidiaries, and each such independent registered public accounting firm must report directly to the Audit Committee. The Audit Committee should ensure that the proposed audit engagement letter complies with applicable laws, rules and regulations before engaging an independent registered public accounting firm.
- At least annually, the Audit Committee shall obtain and review a report of the Corporation's independent registered public accounting firm regarding (a) the firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control or peer review of the firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, (c) any steps taken to deal with such issues, and (d) an assessment of the independence of the firm and all relationships between the firm (or any affiliates of the firm) and the Corporation or any of the Corporation's officers or directors. The Corporation's independent registered public accounting firm shall also submit such a report

to the Audit Committee promptly after any review, inquiry or investigation referred to in the preceding sentence.

- The Audit Committee shall evaluate the qualifications, performance and independence of the Corporation's independent registered public accounting firm, including considering whether the independent registered public accounting firm's quality controls are adequate and whether the provision of any non-audit services is compatible with maintaining the independence of the independent registered public accounting firm, taking into account the opinions of the Corporation's management and Internal Audit. The Audit Committee shall present its conclusions with respect to the qualifications, performance and independence of the independent registered public accounting firm to the full Board.
- The Audit Committee shall determine hiring policies for employees or former employees of the Corporation's independent registered public accounting firm who participated in or supervised, in any capacity, the audit services or non-audit services provided to the Corporation or any of the Corporation's subsidiaries.
- The Audit Committee shall review and pre-approve all audit services and permitted non-audit services (including the fees and terms thereof) provided by the independent registered public accounting firm to the Corporation or any of its subsidiaries and shall not engage the independent registered public accounting firm to perform the specific non-audit services prohibited by law, rule or regulation. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre-approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting. The Audit Committee may establish pre-approval policies and procedures, in compliance with the rules and regulations promulgated by the SEC. Such pre-approval policies and procedures must be detailed as to the particular services to be provided, insure that the Audit Committee knows what services it is being asked to pre-approve and not include any delegation to management of the Corporation of the Audit Committee's responsibilities under applicable laws, rules and regulations to pre-approve all services provided by the Corporation's independent registered public accounting firm. Approval of a non-audit service to be performed by the Corporation's independent registered public accounting firm and, if applicable, the pre-approval policies and procedures established by the Audit Committee shall be disclosed by the Corporation as required under applicable SEC rules and regulations.
- The Audit Committee shall discuss with Internal Audit and the Corporation's independent registered public accounting firm annually, before each audit begins, the overall scope and plans for their respective audits including the adequacy of staffing and compensation. Also, the Audit Committee shall discuss with the Corporation's management, Internal Audit and the Corporation's independent registered public accounting firm the adequacy and effectiveness of the Corporation's systems of disclosure controls and procedures and internal control over financial reporting and related accounting and financial controls, including the Corporation's systems to monitor and manage business risk, legal and ethical compliance programs, and information technology security and control. Further, the Audit Committee shall meet separately with Internal Audit and the Corporation's independent registered

public accounting firm, with and/or without management of the Corporation present, to discuss the results of their examinations. The Audit Committee shall review with the Corporation's management, Internal Audit and the Corporation's independent registered public accounting firm any difficulties or disagreements encountered during the course of the audits, as well as any improvements that could be made in the audit or internal control procedures. The Audit Committee shall review management's assessment of the effectiveness of the Corporation's internal control over financial reporting as of the end of the Corporation's most recent fiscal year and the attestation/audit report of the Corporation's independent registered public accounting firm on the Corporation's internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 and the applicable rules and regulations of the SEC and of the FDIC.

- The Audit Committee shall review and evaluate the experience and qualifications of the lead partner and other senior members of the audit team of the Corporation's independent registered public accounting firm and ensure that all partner rotations, as required by applicable laws and regulations, are executed. The Audit Committee will also consider whether there should be a rotation of the Corporation's independent registered public accounting firm itself.
- On a regular basis, the Audit Committee shall meet with the Corporation's independent registered public accounting firm to discuss any matters that the Audit Committee or the independent registered public accounting firm believes should be discussed privately.
- The Audit Committee shall review the interim consolidated financial statements and the disclosures to be made under management's discussion and analysis of financial condition and results of operations with the Corporation's management and the Corporation's independent registered public accounting firm prior to the filing of the Corporation's Quarterly Report on Form 10-Q. Also, the Audit Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Audit Committee by the Corporation's independent registered public accounting firm under generally accepted auditing standards, including Statement on Auditing Standards AU-C Sections 260 and 265, and PCAOB Auditing Standard Nos. 1301 and 1305, as those standards may be modified or supplemented. The Audit Committee shall review and discuss earnings press releases (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP financial measures), as well as any other financial information in a Current Report on Form 8-K filing or generally provided to analysts and rating agencies. The Chair of the Audit Committee may represent the entire Audit Committee for the purposes of these reviews.
- The Audit Committee shall review with the Corporation's management and the Corporation's independent registered public accounting firm the consolidated financial statements and the disclosures under management's discussion and analysis of financial condition and results of operations to be included in or incorporated by reference into the Corporation's Annual Report on Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K), including the judgment of the Corporation's independent registered public accounting firm about the quality, not just the acceptability, of the Corporation's accounting principles as applied in its financial reporting, the

consistency of the Corporation's accounting policies and their application, the reasonableness of accounting estimates, the clarity and completeness of the Corporation's consolidated financial statements, including related disclosures, and any other matters required to be discussed with the independent registered public accounting firm by Statement on Auditing Standards AU-C Sections 260 and 265, and PCAOB Auditing Standard Nos. 1301 and 1305, as those standards may be modified or supplemented. Also, the Audit Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Audit Committee by the Corporation's independent registered public accounting firm under generally accepted auditing standards and other applicable laws, rules and regulations, including: (a) all significant accounting policies and practices to be used; (b) all alternative treatments within United States generally accepted accounting principles for policies and practices related to material items that have been discussed with management of the Corporation, including ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent registered public accounting firm; and (c) other material written communications between the independent registered public accounting firm and the management of the Corporation, including but not limited to any management letter, the schedule of uncorrected misstatements related to accounts and disclosure, detail of any material, corrected misstatements that were brought to the attention of management as a result of audit procedures, and the audit engagement letter. The review of uncorrected misstatements will include a summary of the materiality of the known uncorrected misstatements based upon criteria established by SEC Staff Accounting Bulletins 99 and 108 and PCAOB Auditing Standard No. 2810 and AU-C Section 450, as those standards may be modified or supplemented. The Audit Committee shall recommend to the Board whether the Corporation's audited consolidated financial statements should be included in the Annual Report on Form 10-K.

- The Audit Committee shall review disclosures made by the principal executive officer and the principal financial officer of the Corporation during the certification process in respect of each Quarterly Report on Form 10-Q and each Annual Report on Form 10-K, about significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and any fraud that involves management or other employees who have a significant role in the Corporation's internal control over financial reporting. The Audit Committee shall also discuss any changes in the Corporation's internal control over financial reporting which occurred during the fiscal quarter which is the subject of such Quarterly Report on Form 10-Q or the last fiscal quarter covered by such Annual Report on Form 10-K.
- The Audit Committee should review and discuss periodically as it deems appropriate: (a) any major issues regarding accounting principles and financial statement presentations (including significant new implementations or changes to the Corporation's selection or application of accounting principles) and the adequacy of the Corporation's internal controls and special audit steps adopted in light of material control deficiencies; (b) any analyses prepared by the Corporation's management or the Corporation's independent registered public accounting firm setting forth significant financial reporting issues and judgments made in connection with the preparation of the Corporation's consolidated financial

statements (including analyses or reasons for change related to the effects of alternative methods under United States generally accepted accounting principles on the consolidated financial statements); and (c) the effect of new or pending regulatory guidance and accounting standards, as well as off-balance sheet structures, on the Corporation's consolidated financial statements.

- The Audit Committee shall discuss with management the Corporation's processes regarding compliance with applicable laws, rules and regulations, including without limitation, the Federal laws and regulations concerning loans to insiders and the Federal and, if applicable, State laws and regulations concerning dividend restrictions, and communication of and compliance with the Corporation's Code of Business Conduct and Ethics (the "Code of Ethics"). The Audit Committee shall have the authority to investigate any alleged violation of the Code of Ethics by any of the officers or directors of the Corporation or its subsidiaries. In the event that the Audit Committee determines that a violation of the Code of Ethics has occurred, the Audit Committee shall be authorized to take any action it deems appropriate. If the violation involves an executive officer or director of the Corporation, the Audit Committee shall notify the Board. The Audit Committee shall receive attorneys' reports of evidence of a material violation of an applicable United States federal or state securities law, a material breach of fiduciary duty arising under United States federal or state law, or a similar material violation of any United States federal or state law.
- The Audit Committee shall institute procedures for the receipt, retention and treatment of complaints received by the Corporation or any of its subsidiaries regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation or employees of its subsidiaries of concerns regarding questionable accounting or auditing matters.
- The Audit Committee shall review and oversee procedures designed to identify "related person" transactions that are material to the Corporation's consolidated financial statements or otherwise require disclosure under any applicable law or the rules and regulations adopted by the SEC, NYSE American or any other appropriate regulatory agency or body. The Audit Committee shall have the authority to approve any such "related person" transactions.
- The Audit Committee shall prepare the Audit Committee report to be integrated in the Corporation's annual proxy statement, as required by SEC rules and regulations, as well as review any other information related to the duties and responsibilities of the Audit Committee required to be disclosed under applicable laws, rules and regulations, including the rules and regulations of the SEC and the NYSE American corporate governance requirements.
- The Audit Committee shall annually evaluate the Audit Committee's own performance, which evaluation must compare performance of the Audit Committee with the requirements of this Charter. The performance evaluation shall be conducted in such manner as the Audit Committee deems appropriate. The Chair of the Audit Committee or any other member of the Audit Committee designated by the Audit Committee shall make a report to the Board on the evaluation which report shall be made orally.



- The Audit Committee shall be directly responsible for the appointment, annual review, compensation and termination of the Chief Auditor. The Audit Committee Chair shall have lead responsibility for ensuring these duties are complete. The Chief Auditor shall report directly to the Audit Committee, with an administrative reporting relationship to the Corporation's Chief Executive Officer. The Audit Committee, on an annual basis, shall review and approve the Internal Audit budget, resource plan, activities and organizational structure. At least annually, the Chief Auditor must confirm to the Audit Committee the organizational independence of the Internal Audit function.
- Annually, the Audit Committee shall review and approve the Internal Audit Procedures Manual. Internal Audit will operate consistent with The Institute of Internal Auditors' ("IIA") "Core Principles for the Professional Practice of Internal Auditing", "Definition of Internal Auditing", "International Standards for the Professional Practice of Internal Auditing" and the "Code of Ethics". Accordingly, the Internal Audit Procedures Manual will comply with the mandatory guidance included in the IIA's International Professional Practices Framework.
- The Audit Committee shall discuss with the Chief Auditor the overall scope and plans for internal audits including the adequacy of staffing, contingencies to each internal audit plan and approval by the Audit Committee of the annual internal audit plan and related risk assessments. The Audit Committee shall also review any changes in scope to the approved internal audit plan or risk assessments as well as coordination of the activities of Internal Audit with the audit of the Corporation's independent registered public accounting firm.
- On a regular basis, the Audit Committee shall meet with the Chief Auditor to discuss any matters that the Audit Committee or Internal Audit believes should be discussed privately.
- Consulting services are defined as advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and internal control processes without Internal Audit assuming management responsibility. Examples include counsel, advice, facilitation, and training. The Audit Committee shall pre-approve instances where Internal Audit provides consulting services or will participate in significant special projects or unscheduled activities that exceed 50 hours, individually, and receive and review regular reports on the nature and extent of such projects or activities.
- The Audit Committee shall receive and review regular reports from Internal Audit regarding:
  - Quarterly status of the annual audit plan and update on other audit activities;
  - Audits completed, including repeat audit recommendations and variances in audit ratings;
  - Audit recommendations by priority / risk level with management's proposed corrective action;
  - Aging of open audit items, including revisions to audit item implementation dates;
  - Items implemented / items closed;

- Management’s rationale for implementation date extensions;
  - Update on special request projects, regulatory examination findings, and findings of the Corporation’s independent registered public accounting firm; and
  - Budget variance reporting.
- When applicable, the Audit Committee shall discuss completion of attorney-client privileged engagements performed by Internal Audit in executive session with appropriate legal counsel present.
  - The Audit Committee shall review internal and external training plans of the Internal Audit staff annually.
  - The Audit Committee shall receive reports of ongoing internal and periodic external quality assurance reviews relating to Internal Audit.
  - The Audit Committee shall review all significant regulatory examination findings requiring corrective action or relating to the Corporation’s financial statements, internal controls or accounting policies.
  - The Audit Committee shall ensure that Internal Audit has the necessary access to corporate resources and that there are no unjustified restrictions or limitations on the internal audit function.

**Disclaimer**

While the Audit Committee has the duties, responsibilities and powers set forth in this Charter, it is not the duty or responsibility of the Audit Committee to plan or conduct audits or to determine that the Corporation’s consolidated financial statements are complete and accurate and are in accordance with United States generally accepted accounting principles. Those are the duty and responsibility of management of the Corporation and the Corporation’s independent registered public accounting firm.

In performing their duties and responsibilities, Audit Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:

- One or more officers or employees of the Corporation or subsidiaries of the Corporation, whom the Audit Committee members reasonably believe to be reliable and competent in the matters prepared or presented;
- Legal counsel, independent auditors or other persons as to matters which the Audit Committee members reasonably believe to be within the professional or expert competence of such persons; or
- Another committee of the Board as to matters within such other committee’s designated authority, which other committee of the Board the Audit Committee members reasonably believe to merit confidence.