

Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)

April 20, 2018

Park National Corporation

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction
of incorporation)

1-13006

(Commission
File Number)

31-1179518

(IRS Employer
Identification No.)

50 North Third Street, P.O. Box 3500, Newark, Ohio

(Address of principal executive offices)

43058-3500

(Zip Code)

(740) 349-8451

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 - Results of Operations and Financial Condition.

On April 20, 2018, Park National Corporation (“Park”) issued a news release (the “Financial Results News Release”) announcing financial results for the three months ended March 31, 2018. A copy of the Financial Results News Release is included as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

Park's management uses certain non-GAAP (generally accepted accounting principles) financial measures to evaluate Park's performance. Specifically, management reviews return on average tangible equity, return on average tangible assets, tangible equity to tangible assets and tangible book value per share. Management has included in the Financial Results News Release information relating to the annualized return on average tangible equity, annualized return on average tangible assets, tangible equity to tangible assets and tangible book value per share for the three months ended and at March 31, 2018, December 31, 2017 and March 31, 2017. For purposes of calculating the annualized return on average tangible equity, a non-GAAP financial measure, net income for each period is 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. For the purpose of calculating the annualized return on average tangible assets, a non-GAAP financial measure, net income for each period is divided by average tangible assets during the period. Average tangible assets equals average assets during the applicable period less average goodwill during the applicable period. For the purpose of calculating tangible equity to tangible assets, a non-GAAP financial measure, tangible equity is divided by tangible assets. Tangible equity equals total shareholders' equity less goodwill, in each case at period end. Tangible assets equals total assets less goodwill, in each case at period end. For the purpose of calculating tangible book value per share, a non-GAAP financial measure, tangible equity is divided by the number of common shares outstanding at period end. Management believes that the disclosure of return on average tangible equity, return on average tangible assets, tangible equity to tangible assets and tangible book value per share presents additional information to the reader of the consolidated financial statements, which, when read in conjunction with the consolidated financial statements prepared in accordance with GAAP, assists in analyzing Park's operating performance, ensures comparability of operating performance from period to period, and facilitates comparisons with the performance of Park's peer financial holding companies and bank holding companies, while eliminating certain non-operational effects of acquisitions. In the Financial Results News Release, Park has provided a reconciliation of average tangible equity to average shareholders' equity, average tangible assets to average assets, tangible equity to total shareholders' equity and tangible assets to total assets solely for the purpose of complying with SEC Regulation G and not as an indication that return on average tangible equity, return on average tangible assets, tangible equity to tangible assets and tangible book value per share are substitutes for return on average equity, return on average assets, total shareholders' equity to total assets and book value per share, respectively, as determined in accordance with GAAP.

Financial Results by Segment

The table below reflects the net income (loss) by segment for the first quarters of 2018 and 2017 and for the fiscal years ended December 31, 2017 and 2016. Park's segments include The Park National Bank ("PNB"), Guardian Financial Services Company ("GFSC"), SE Property Holdings, LLC ("SEPH") and all other which primarily consists of Park as the "Parent Company."

Net income (loss) by segment

<i>(In thousands)</i>	<i>Q1 2018</i>	<i>Q1 2017</i>	<i>2017</i>	<i>2016</i>
PNB	\$ 26,745	\$ 21,486	\$ 87,315	\$ 84,451
GFSC	57	198	260	(307)
Parent Company	1,465	(1,226)	(2,457)	(4,557)
Ongoing operations	\$ 28,267	\$ 20,458	\$ 85,118	\$ 79,587
SEPH	2,856	(191)	(876)	6,548
Total Park	\$ 31,123	\$ 20,267	\$ 84,242	\$ 86,135

The category "Parent Company" above excludes the results for SEPH, an entity which is winding down commensurate with the disposition of SEPH's nonperforming assets. Management considers the "Ongoing operations" results, which exclude the results of SEPH, to reflect the business of Park and Park's subsidiaries going forward. The discussion below provides additional information regarding the segments that make up the "Ongoing operations", followed by additional information regarding SEPH.

During the first quarter of 2018, Park adopted ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This ASU requires that an employer report the service cost component in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost. This ASU is required to be applied retrospectively to all periods presented. As a result of the adoption of this ASU, all prior periods have been recast to separately record the service cost component and other components of net benefit cost. For Park, this resulted in an increase in other income and an offsetting increase in other expense with no change to net income.

During the first quarter of 2018, Park adopted ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. Changes to the current U.S. GAAP model primarily affect the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. As a result of the adoption of this ASU, Park recorded an increase of \$1.9 million to beginning retained earnings. Additional expense of \$244,000, net of tax, was recorded in the first quarter of 2018 as the result of changes to the accounting for equity investments.

The Park National Bank (PNB)

The table below reflects PNB's net income for the first quarters of 2018 and 2017 and for the fiscal years ended December 31, 2017 and 2016.

<i>(In thousands)</i>	<i>Q1 2018</i>	<i>Q1 2017</i>	<i>2017</i>	<i>2016</i>
Net interest income	\$ 61,441	\$ 57,480	\$ 235,243	\$ 227,576
(Recovery of) provision for loan losses	(67)	720	9,898	2,611
Other income	19,915	19,114	82,742	79,959
Other expense	49,001	45,206	185,891	182,718
Income before income taxes	\$ 32,422	\$ 30,668	\$ 122,196	\$ 122,206
Federal income tax expense	5,677	9,182	34,881	37,755
Net income	\$ 26,745	\$ 21,486	\$ 87,315	\$ 84,451

Net interest income of \$61.4 million for the three months ended March 31, 2018 represented a \$4.0 million, or 6.9%, increase compared to \$57.5 million for the three months ended March 31, 2017. The increase was the result of a \$3.5 million increase in interest income and a \$477,000 decrease in interest expense.

The \$3.5 million increase in interest income was due to a \$3.0 million increase in interest income on loans, along with a \$493,000 increase in interest income on investments. The increase in interest income on loans was the result of a \$35.8 million, or 0.7%, increase in average loans from \$5.24 billion for the three months ended March 31, 2017, to \$5.28 billion for the three months ended March 31, 2018, combined with higher yields on loans. The yield on loans was 4.71% for the three months ended March 31, 2018, compared to 4.53% for the three months ended March 31, 2017. Included in interest income for the three months ended March 31, 2018 and 2017 was \$619,000 and \$80,000 in interest income, respectively, related to PNB participations in legacy Vision Bank ("Vision") assets.

The \$477,000 decrease in interest expense was due to a \$2.1 million increase in interest expense on deposits offset by a \$2.5 decrease in interest expense on borrowings. The increase in interest expense on deposits was partially the result of a \$153.5 million, or 3.7%, increase in average interest-bearing deposits from \$4.21 billion for the three months ended March 31, 2017, to \$4.36 billion for the three months ended March 31, 2018. Additionally, the cost of deposits increased by 18 basis points from 0.36% for the three months ended March 31, 2017 to 0.54% for the three months ended March 31, 2018. The decrease in interest expense on borrowings was the result of a decrease in long-term debt. During the fourth quarter of 2017, Park utilized excess cash to repay \$350 million of long-term debt which matured during November 2017. The effective interest rate on the long-term debt was 3.22%.

The recovery of loan losses of \$67,000 for the three months ended March 31, 2018 represented a decrease of \$787,000, compared to a provision of loan losses of \$720,000 for the three months ended March 31, 2017. Refer to the "Credit Metrics and Provision for (Recovery of) Loan Losses" section for additional details regarding the level of the (recovery of) provision for loan losses recognized in each period presented above.

Other income of \$19.9 million for the three months ended March 31, 2018 represented an increase of \$801,000, or 4.2%, compared to \$19.1 million for the three months ended March 31, 2017. The \$801,000 increase was primarily related to a \$1.5 million increase in gains on sale of OREO, net, a \$881,000 increase in fiduciary income, a \$351,000 increase in other service income, and a \$242,000 increase in check card fee income, offset by a \$2.3 million net loss on sale of securities during the three months ended March 31, 2018 and a \$217,000 decrease in service charges on deposit accounts.

Other expense of \$49.0 million for the three months ended March 31, 2018 represented an increase of \$3.8 million, or 8.4%, compared to \$45.2 million for the three months ended March 31, 2017. The \$3.8 million increase was primarily related to a \$2.3 million increase in salaries expense, a \$567,000 increase in employee benefits expense, a \$510,000 increase in furniture and equipment expense, a \$188,000 increase in non-loan related losses which are included in miscellaneous expense, and a \$303,000 increase in occupancy expense, offset by a \$259,000 decrease in data processing fees.

Federal income tax expense of \$5.7 million for the three months ended March 31, 2018 represented a decrease of \$3.5 million compared to \$9.2 million for the three months ended March 31, 2017. The decrease in federal income tax expense was largely due to a decrease in the corporate federal income tax rate from 35% to 21%, effective January 1, 2018.

PNB's results for the first quarters of 2018 and 2017, and for the fiscal year ended December 31, 2017, included income and expense related to participations in legacy Vision assets. The impact of these participations on particular items within PNB's income and expense for these fiscal periods is detailed in the table below:

<i>(In thousands)</i>	1Q 2018			1Q 2017			2017		
	PNB as reported	Adjustments ⁽¹⁾	PNB as adjusted	PNB as reported	Adjustments ⁽¹⁾	PNB as adjusted	PNB as reported	Adjustments ⁽¹⁾	PNB as adjusted
Net interest income	\$ 61,441	\$ 619	\$ 60,822	\$ 57,480	\$ 80	\$ 57,400	\$ 235,243	\$ 233	\$ 235,010
(Recovery of) provision for loan losses	(67)	(5)	(62)	720	(6)	726	9,898	(5)	9,903
Other income	19,915	1,431	18,484	19,114	—	19,114	82,742	244	82,498
Other expense	49,001	37	48,964	45,206	99	45,107	185,891	492	185,399
Income (loss) before income taxes	\$ 32,422	\$ 2,018	\$ 30,404	\$ 30,668	\$ (13)	\$ 30,681	\$ 122,196	\$ (10)	\$ 122,206
Federal income tax expense (benefit)	5,677	353	5,324	9,182	(4)	9,186	34,881	(3)	34,884
Net income (loss)	\$ 26,745	\$ 1,665	\$ 25,080	\$ 21,486	\$ (9)	\$ 21,495	\$ 87,315	\$ (7)	\$ 87,322

(1) Adjustments consist of the impact on the particular items reported in PNB's income statement of PNB participations in legacy Vision assets.

The table below provides certain balance sheet information and financial ratios for PNB as of or for the three months ended March 31, 2018 and 2017 and the fiscal year ended December 31, 2017.

<i>(In thousands)</i>	<i>March 31, 2018</i>	<i>December 31, 2017</i>	<i>March 31, 2017</i>	<i>% change from 12/31/17</i>	<i>% change from 03/31/17</i>
Loans	\$ 5,274,340	\$ 5,339,255	\$ 5,276,643	(1.22)%	(0.04)%
Allowance for loan losses	46,519	47,607	47,983	(2.29)%	(3.05)%
Net loans	5,227,821	5,291,648	5,228,660	(1.21)%	(0.02)%
Investment securities	1,453,407	1,507,926	1,559,241	(3.62)%	(6.79)%
Total assets	7,455,518	7,467,851	7,667,288	(0.17)%	(2.76)%
Total deposits	6,177,238	5,896,676	6,022,912	4.76 %	2.56 %
Average assets ⁽¹⁾	7,392,786	7,664,725	7,481,810	(3.55)%	(1.19)%
Efficiency ratio	59.72%	57.56%	58.21%	3.75 %	2.59 %
Return on average assets ⁽²⁾	1.47%	1.14%	1.16%	28.95 %	26.72 %

(1) Average assets for the three months ended March 31, 2018 and 2017 and for the fiscal year ended December 31, 2017.

(2) Annualized for the three months ended March 31, 2018 and 2017.

Loans outstanding at March 31, 2018 were \$5.27 billion, compared to \$5.34 billion at December 31, 2017, a decrease of \$64.9 million, or 1.2%. The loan decline in the first quarter of 2018 resulted from a decline in commercial loan balances of \$49.6 million (1.8%), residential loan balances of \$14.2 million (1.2%) and home equity line of credit balances of \$9.0 million (4.4%), offset by consumer loan growth of \$8.3 million (0.7%).

PNB's allowance for loan losses decreased by \$1.1 million, or 2.3%, to \$46.5 million at March 31, 2018, compared to \$47.6 million at December 31, 2017. Net charge-offs were \$1.0 million, or 0.08% of total average loans, for the three months ended March 31, 2018. Refer to the "Credit Metrics and Provision for (Recovery of) Loan Losses" section for additional information regarding PNB's loan portfolio and the level of (recovery of) provision for loan losses recognized in each period presented.

Total deposits at March 31, 2018 were \$6.18 billion, compared to \$5.90 billion at December 31, 2017, an increase of \$280.6 million, or 4.8%. The deposit growth for the three months ended March 31, 2018 consisted of savings deposit growth of \$159.7 million (8.5%) and transaction account growth of \$126.8 million (10.1%), offset by a reduction in non-interest bearing deposits of \$2.2 million (0.1%) and a reduction in time deposits of \$3.7 million (0.4%).

Guardian Financial Services Company (GFSC)

The table below reflects GFSC's net income (loss) for the first quarters of 2018 and 2017 and for the fiscal years ended December 31, 2017 and 2016.

<i>(In thousands)</i>	<i>Q1 2018</i>	<i>Q1 2017</i>	<i>2017</i>	<i>2016</i>
Net interest income	\$ 1,305	\$ 1,478	\$ 5,839	\$ 5,874
Provision for loan losses	503	437	1,917	1,887
Other income	30	16	103	57
Other expense	760	752	3,099	4,515
Income (loss) before income taxes	\$ 72	\$ 305	\$ 926	\$ (471)
Federal income tax expense (benefit)	15	107	666	(164)
Net income (loss)	\$ 57	\$ 198	\$ 260	\$ (307)

The table below provides certain balance sheet information and financial ratios for GFSC as of or for the three months ended March 31, 2018 and 2017 and the fiscal year ended December 31, 2017.

<i>(In thousands)</i>	<i>March 31, 2018</i>	<i>December 31, 2017</i>	<i>March 31, 2017</i>	<i>% change from 12/31/17</i>	<i>% change from 3/31/17</i>
Loans	\$ 32,003	\$ 33,385	\$ 34,327	(4.14)%	(6.77)%
Allowance for loan losses	2,450	2,382	1,939	2.85 %	26.35 %
Net loans	29,553	31,003	32,388	(4.68)%	(8.75)%
Total assets	30,553	32,077	34,574	(4.75)%	(11.63)%
Average assets ⁽¹⁾	31,396	33,509	32,943	(6.31)%	(4.70)%
Return on average assets ⁽²⁾	0.74%	0.78%	2.44%	(5.13)%	(69.67)%

(1) Average assets for the three months ended March 31, 2018 and 2017 and for the fiscal year ended December 31, 2017.

(2) Annualized for the three months ended March 31, 2018 and 2017.

Park Parent Company

The table below reflects the Park Parent Company net income (loss) for the first quarters of 2018 and 2017 and for the fiscal years ended December 31, 2017 and 2016.

<i>(In thousands)</i>	<i>Q1 2018</i>	<i>Q1 2017</i>	<i>2017</i>	<i>2016</i>
Net interest income (expense)	\$ 227	\$ (207)	\$ 588	\$ (138)
Provision for loan losses	—	—	—	—
Other income (loss)	3,371	(204)	3,065	955
Other expense	2,522	2,147	8,805	9,731
Net income (loss) before income tax benefit	\$ 1,076	\$ (2,558)	\$ (5,152)	\$ (8,914)
Federal income tax benefit	(389)	(1,332)	(2,695)	(4,357)
Net income (loss)	\$ 1,465	\$ (1,226)	\$ (2,457)	\$ (4,557)

The net interest income (expense) for Park's parent company included, for all periods presented, interest income on subordinated debt investments in PNB, which were eliminated in the consolidated Park National Corporation totals. For the fiscal year ended December 31, 2016, the net interest income (expense) included interest income on loans to SEPH (paid off on December 14, 2016). Additionally, net interest income (expense) for all periods except the first quarter of 2018, included interest expense related to the \$30.00 million of 7% Subordinated Notes due April 20, 2022 issued by Park to accredited investors on April 20, 2012, which Park prepaid in full (principal plus accrued interest) on April 24, 2017.

Other income of \$3.4 million for the three months ended March 31, 2018 represented an increase of \$3.6 million compared to other loss of \$204,000 for the three months ended March 31, 2017. The \$3.6 million increase was largely due to a \$3.3 million increase in income related to certain equity securities.

Other expense of \$2.5 million for the three months ended March 31, 2018 represented an increase of \$375,000, or 17.5%, compared to \$2.1 million for the three months ended March 31, 2017. The \$375,000 increase was primarily related to an increase of \$295,000 in salaries expense and an increase of \$130,000 in audit and exams expense.

SEPH

The table below reflects SEPH's net income (loss) for the first quarters of 2018 and 2017 and for the fiscal years ended December 31, 2017 and 2016. SEPH holds the remaining assets and liabilities retained by Vision subsequent to the sale of the Vision business on February 16, 2012. Prior to holding the remaining Vision assets, SEPH held OREO assets that were transferred from Vision to SEPH. This segment represents a run-off portfolio of the legacy Vision assets.

<i>(In thousands)</i>	<i>Q1 2018</i>	<i>Q1 2017</i>	<i>2017</i>	<i>2016</i>
Net interest income	\$ 1,877	\$ 201	\$ 2,089	\$ 4,774
Recovery of loan losses	(176)	(281)	(3,258)	(9,599)
Other income	3,587	29	519	3,068
Other expense	2,025	805	5,367	7,367
Income (loss) before income taxes	\$ 3,615	\$ (294)	\$ 499	\$ 10,074
Federal income tax expense (benefit)	759	(103)	1,375	3,526
Net income (loss)	\$ 2,856	\$ (191)	\$ (876)	\$ 6,548

Net interest income increased to \$1.9 million for the three months ended March 31, 2018 from \$201,000 for the three months ended March 31, 2017. The increase was the result of an increase in interest payments received from SEPH impaired loan relationships.

For the three months ended March 31, 2018, SEPH had net recoveries of loan losses of \$176,000, compared to net recoveries of loan losses of \$281,000 for the three months ended March 31, 2017.

The \$3.6 million increase in other income for the three months ended March 31, 2018, compared to the three months ended March 31, 2017, was primarily the result of a \$2.7 million gain on sale of OREO and a \$1.0 million increase in loan fee income as a result of payments received from SEPH impaired loan relationships.

The \$1.2 million increase in other expense for the three months ended March 31, 2018, compared to the three months ended March 31, 2017, was the result of a \$1.2 million increase in management and consulting fees resulting from the collection of payments on certain SEPH impaired loan relationships during the quarter.

Legacy Vision assets at SEPH totaled \$5.0 million as of March 31, 2018, compared to \$18.8 million at December 31, 2017 and \$20.0 million at March 31, 2017. In addition to these SEPH assets, PNB participations in legacy Vision assets totaled \$2.9 million at March 31, 2018, compared to \$9.0 million at December 31, 2017 and \$9.4 million at March 31, 2017.

Park National Corporation

The table below reflects Park's consolidated net income for the first quarters of 2018 and 2017 and for the fiscal years ended December 31, 2017 and 2016.

<i>(In thousands)</i>	<i>Q1 2018</i>	<i>Q1 2017</i>	<i>2017</i>	<i>2016</i>
Net interest income	\$ 64,850	\$ 58,952	\$ 243,759	\$ 238,086
Provision for (recovery of) loan losses	260	876	8,557	(5,101)
Other income	26,903	18,955	86,429	84,039
Other expense	54,308	48,910	203,162	204,331
Income before income taxes	\$ 37,185	\$ 28,121	\$ 118,469	\$ 122,895
Federal income taxes	6,062	7,854	34,227	36,760
Net income	\$ 31,123	\$ 20,267	\$ 84,242	\$ 86,135

Credit Metrics and Provision for (Recovery of) Loan Losses

On a consolidated basis, Park reported a provision for loan losses for the three months ended March 31, 2018 of \$260,000, compared to \$876,000 for the three months ended March 31, 2017. The table below shows a breakdown of the provision for (recovery of) loan losses by reportable segment.

<i>(In thousands)</i>	<i>Q1 2018</i>	<i>Q1 2017</i>	<i>2017</i>	<i>2016</i>
PNB	\$ (67)	\$ 720	\$ 9,898	\$ 2,611
GFSC	503	437	1,917	1,887
Park Parent	—	—	—	—
Total Ongoing Operations	\$ 436	\$ 1,157	\$ 11,815	\$ 4,498
SEPH	(176)	(281)	(3,258)	(9,599)
Total Park	\$ 260	\$ 876	\$ 8,557	\$ (5,101)

PNB had net charge-offs of \$1.0 million, GFSC had net charge-offs of \$434,000, and SEPH had net recoveries of \$176,000 for the three months ended March 31, 2018, resulting in net charge-offs of \$1.3 million for Park, on a consolidated basis.

The table below provides additional information related to specific reserves and general reserves for Park's ongoing operations as of March 31, 2018, December 31, 2017 and March 31, 2017.

<i>(In thousands)</i>	<i>3/31/2018</i>	<i>12/31/2017</i>	<i>3/31/2017</i>
Total allowance for loan losses	\$ 48,969	\$ 49,988	\$ 49,922
Specific reserve	1,207	684	1,091
General reserve	\$ 47,762	\$ 49,304	\$ 48,831
Total loans	\$ 5,291,769	\$ 5,361,593	\$ 5,301,520
Impaired commercial loans	50,292	46,242	58,584
Total loans less impaired commercial loans	\$ 5,241,477	\$ 5,315,351	\$ 5,242,936
General reserve as a % of total loans less impaired commercial loans	0.91%	0.93%	0.93%

Note: The table above includes only those loans at PNB and GFSC, as these are the entities that have an allowance for loan loss balance. The table in the "Asset Quality Information" section of the financial information included with the Financial Results News Release, includes all Park loans (including those at SEPH) and thus shows slightly different information.

The allowance for loan losses of \$49.0 million at March 31, 2018 represented a \$1.0 million, or 2.0%, decrease compared to \$50.0 million at December 31, 2017. This decrease was the result of a \$1.5 million decrease in general reserves, offset by a \$523,000 increase in specific reserves. The decrease in general reserves was largely the result of a decline in loan balances.

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 prepayment penalty income, mortgage banking income, 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 the newly-enacted tax legislation, 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, rent regulation and housing, financial accounting and reporting, environmental protection, insurance, 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, 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 current presidential administration, including the recently enacted Tax Cuts and Jobs Act, and uncertainty or speculation pending the enactment of such changes; uncertainties in Park's preliminary review of, and additional analysis of, the impact of the Tax Cuts and Jobs Act; 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, resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems, including as a result of cyber attacks; operational issues stemming from and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems on which Park and our subsidiaries are highly dependent; 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; the ability to obtain required governmental and shareholder approvals with respect to, and the ability to complete, the proposed merger transaction involving Park, PNB and NewDominion Bank (the "NewDominion Transaction") on the proposed terms within the expected timeframe; the risk that the businesses of PNB and NewDominion Bank will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the NewDominion Transaction may not be fully realized within the expected timeframe; revenues following the NewDominion Transaction may be lower than expected; customer and employee relationships and business operations may be disrupted by the NewDominion Transaction; 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, 2017. 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.

Item 8.01 - Other Events

Declaration of Cash Dividend

As reported in the Financial Results News Release, on April 20, 2018, the Park Board of Directors declared a \$0.96 per common share quarterly cash dividend in respect of Park's common shares and a \$0.25 per common share special cash dividend in respect of Park's common shares. The dividends are payable on June 8, 2018 to common shareholders of record as of the close of business on May 18, 2018. A copy of the Financial Results News Release is included as Exhibit 99.1 and the portion thereof addressing the declaration of the cash dividends by Park's Board of Directors is incorporated by reference herein.

Item 9.01 - Financial Statements and Exhibits.

- (a) Not applicable
- (b) Not applicable
- (c) Not applicable
- (d) Exhibits. The following exhibit is included with this Current Report on Form 8-K:

Exhibit No. Description

[99.1](#) News Release issued by Park National Corporation on April 20, 2018 addressing financial results for the three months ended March 31, 2018.

[Remainder of page intentionally left blank;
signature page follows.]

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PARK NATIONAL CORPORATION

Dated: April 20, 2018

By: /s/ Brady T. Burt

Brady T. Burt

Chief Financial Officer, Secretary and Treasurer

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Section 2: EX-99.1 (EXHIBIT 99.1)



April 20, 2018

Exhibit 99.1

Park National Corporation reports increased net income in first quarter 2018 financial results and raises quarterly dividend

NEWARK, Ohio - Park National Corporation (Park) (NYSE American: PRK) today reported financial results for the first quarter of 2018 (three months ended March 31, 2018), including a rise in net income and dividend news.

Park's board of directors increased the quarterly cash dividend from \$0.94 per common share to \$0.96 per common share. The board also approved a special one-time cash dividend payment of \$0.25 per common share. Both dividends are payable on June 8, 2018 to common shareholders of record as of May 18, 2018. Park last increased its dividend more than ten years ago, and had maintained a consistent dividend throughout the great recession.

"With each decision, we aim to serve the best interests of our clients, associates, shareholders and communities. The results of our local bankers' consistently excellent work plus developments in our country's economic environment permitted us to distribute our earnings in a variety of ways," said Park Chief Executive Officer David L. Trautman. "These dividends thank our shareholders - many of whom are our own associates, retirees and fellow community members. They understand who we are and loyally support our organization year after year."

In February, Park awarded cash bonuses and pay increases to each non-executive associate throughout the organization (1,593 associates or 84 percent of Park's staff). Park also raised its matching contribution for associate retirement savings plan contributions to 50 percent (from 25 percent). In 2017, Park added \$2.5 million to the Park National Corporation Foundation, which funds the bank's major charitable contributions and community support projects each year. Park supported 2,257 community organizations across Ohio in 2017 and its charitable donations totaled \$2.96 million.

Net Income Results

Park's net income for the first quarter of 2018 was \$31.1 million, a 53.6 percent increase from \$20.3 million for the first quarter of 2017. First quarter 2018 net income per diluted common share was \$2.02, compared to \$1.31 in the first quarter of 2017.

Park's community-banking subsidiary, The Park National Bank, reported net income of \$26.7 million for the first quarter of 2018, compared to \$21.5 million for the first quarter of 2017. The bank's total assets were \$7.5 billion at both March 31, 2018 and December 31, 2017.

According to Park Chief Financial Officer Brady T. Burt, federal tax reform, income related to asset recoveries at its SEPH subsidiary, and bank initiatives related to operating efficiency and balance sheet management all contributed to the rise in net income. "A long-term perspective has always been a part of our steady performance and success. This quarter reflects the results of plans we put into motion over the last few years," Burt said.

Headquartered in Newark, Ohio, Park National Corporation had \$7.5 billion in total assets (as of March 31, 2018). The Park organization principally consists of ten 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, 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...

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

Park National Corporation

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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 prepayment penalty income, mortgage banking income, 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 the newly-enacted tax legislation, 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, rent regulation and housing, financial accounting and reporting, environmental protection, insurance, 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, 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 current presidential administration, including the recently enacted Tax Cuts and Jobs Act, and uncertainty or speculation pending the enactment of such changes; uncertainties in Park's preliminary review of, and additional analysis of, the impact of the Tax Cuts and Jobs Act; 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; 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demand for loans in the respective market areas served by Park and our subsidiaries; the ability to obtain required governmental and shareholder approvals with respect to, and the ability to complete, the proposed merger transaction involving Park, PNB and NewDominion Bank (the "NewDominion Transaction") on the proposed terms within the expected timeframe; the risk that the businesses of PNB and NewDominion Bank will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; expected revenue synergies and cost savings from the NewDominion Transaction may not be fully realized within the expected timeframe; revenues following the NewDominion Transaction may be lower than expected; customer and employee relationships and business operations may be disrupted by the NewDominion Transaction; 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, 2017. 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 March 31, 2018, December 31, 2017, and March 31, 2017

<i>(in thousands, except share and per share data)</i>	2018		2017		2017		Percent change vs.	
	1st QTR	4th QTR	1st QTR	4th QTR	1st QTR	4Q '17	1Q '17	
INCOME STATEMENT:								
Net interest income	\$ 64,850	\$ 63,478	\$ 58,952			2.2 %	10.0 %	
Provision for (recovery of) loan losses	260	(183)	876			N.M.	N.M.	
Other income	26,903	23,238	18,955			15.8 %	41.9 %	
Other expense	54,308	53,439	48,910			1.6 %	11.0 %	
Income before income taxes	\$ 37,185	\$ 33,460	\$ 28,121			11.1 %	32.2 %	
Federal income taxes	6,062	10,629	7,854			(43.0)%	(22.8) %	
Net income	\$ 31,123	\$ 22,831	\$ 20,267			36.3 %	53.6 %	

MARKET DATA:

Earnings per common share - basic (b)	\$ 2.04	\$ 1.49	\$ 1.32			36.9 %	54.5 %
Earnings per common share - diluted (b)	2.02	1.48	1.31			36.5 %	54.2 %
Cash dividends per common share	0.94	0.94	0.94			— %	— %
Book value per common share at period end	49.20	49.46	48.64			(0.5)%	1.2 %
Market price per common share at period end	103.76	104.00	105.20			(0.2)%	(1.4)%
Market capitalization at period end	1,587,642	1,589,972	1,609,254			(0.1)%	(1.3)%
Weighted average common shares - basic (a)	15,288,332	15,285,174	15,312,059			— %	(0.2)%
Weighted average common shares - diluted (a)	15,431,328	15,378,825	15,432,769			0.3 %	— %
Common shares outstanding at period end	15,301,103	15,288,194	15,297,087			0.1 %	— %

PERFORMANCE RATIOS: (annualized)

Return on average assets (a)(b)	1.69%	1.17%	1.09%			44.4 %	55.0 %
Return on average shareholders' equity (a)(b)	16.84%	11.85%	11.05%			42.1 %	52.4 %
Yield on loans	4.94%	4.79%	4.62%			3.1 %	6.9 %
Yield on investment securities	2.62%	2.55%	2.42%			2.7 %	8.3 %
Yield on money markets	1.63%	1.29%	0.85%			26.4 %	91.8 %
Yield on earning assets	4.40%	4.19%	4.06%			5.0 %	8.4 %
Cost of interest bearing deposits	0.54%	0.48%	0.36%			12.5 %	50.0 %
Cost of borrowings	1.72%	2.15%	2.36%			(20.0) %	(27.1) %
Cost of paying liabilities	0.71%	0.79%	0.76%			(10.1) %	(6.6) %
Net interest margin (g)	3.87%	3.61%	3.49%			7.2 %	10.9 %
Efficiency ratio (g)	58.74%	60.64%	61.93%			(3.1) %	(5.2) %

OTHER RATIOS (NON - GAAP):

Annualized return on average tangible assets (a)(b)(e)	1.71%	1.18%	1.10%			44.9 %	55.5 %
Annualized return on average tangible equity (a)(b)(c)	18.64%	13.09%	12.24%			42.4 %	52.3 %
Tangible book value per share (d)	\$ 44.47	\$ 44.73	\$ 43.92			(0.6)%	1.3 %

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)

As of or for the three months ended March 31, 2018, December 31, 2017, and March 31, 2017

BALANCE SHEET:				Percent change vs.	
	March 31, 2018	December 31, 2017	March 31, 2017	4Q '17	1Q '17
Investment securities	\$ 1,464,356	\$ 1,512,824	\$ 1,565,668	(3.2) %	(6.5) %
Loans	5,292,349	5,372,483	5,313,641	(1.5) %	(0.4) %
Allowance for loan losses	48,969	49,988	49,922	(2.0) %	(1.9) %
Goodwill	72,334	72,334	72,334	— %	— %
Other real estate owned (OREO)	9,055	14,190	13,693	(36.2) %	(33.9) %
Total assets	7,518,970	7,537,620	7,744,690	(0.2) %	(2.9) %
Total deposits	6,084,294	5,817,326	5,920,560	4.6 %	2.8 %
Borrowings	624,090	906,289	1,010,703	(31.1) %	(38.3) %
Total shareholders' equity	752,774	756,101	744,122	(0.4) %	1.2 %
Tangible equity (d)	680,440	683,767	671,788	(0.5) %	1.3 %
Nonperforming loans	86,205	93,959	107,284	(8.3) %	(19.6) %
Nonperforming assets	99,117	112,998	120,977	(12.3) %	(18.1) %
ASSET QUALITY RATIOS:					
Loans as a % of period end total assets	70.39%	71.28%	68.61%	(1.2) %	2.6 %
Nonperforming loans as a % of period end loans	1.63%	1.75%	2.02%	(6.9) %	(19.3) %
Nonperforming assets as a % of period end loans + OREO + other nonperforming assets	1.87%	2.10%	2.27%	(11.0) %	(17.6) %
Allowance for loan losses as a % of period end loans	0.93%	0.93%	0.94%	— %	(1.1) %
Net loan charge-offs	\$ 1,279	\$ 5,061	\$ 1,578	(74.7) %	(18.9) %
Annualized net loan charge-offs as a % of average loans (a)	0.10%	0.37%	0.12%	(73.0) %	(16.7) %
CAPITAL & LIQUIDITY:					
Total shareholders' equity / Period end total assets	10.01%	10.03%	9.61%	(0.2) %	4.2 %
Tangible equity (d) / Tangible assets (f)	9.14%	9.16%	8.76%	(0.2) %	4.3 %
Average shareholders' equity / Average assets (a)	10.06%	9.88%	9.84%	1.8 %	2.2 %
Average shareholders' equity / Average loans (a)	14.14%	14.24%	14.10%	(0.7) %	0.3 %
Average loans / Average deposits (a)	89.39%	90.73%	92.45%	(1.5) %	(3.3) %

PARK NATIONAL CORPORATION**Financial Highlights (continued)**

(a) Averages are for the three months ended March 31, 2018, December 31, 2017 and March 31, 2017.

(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		
	March 31, 2018	December 31, 2017	March 31, 2017
AVERAGE SHAREHOLDERS' EQUITY	\$ 749,627	\$ 764,211	\$ 744,040
Less: Average goodwill	72,334	72,334	72,334
AVERAGE TANGIBLE EQUITY	\$ 677,293	\$ 691,877	\$ 671,706

(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:

	March 31, 2018	December 31, 2017	March 31, 2017
	TOTAL SHAREHOLDERS' EQUITY	\$ 752,774	\$ 756,101
Less: Goodwill	72,334	72,334	72,334
TANGIBLE EQUITY	\$ 680,440	\$ 683,767	\$ 671,788

(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		
	March 31, 2018	December 31, 2017	March 31, 2017
AVERAGE ASSETS	\$ 7,455,065	\$ 7,734,844	\$ 7,559,691
Less: Average goodwill	72,334	72,334	72,334
AVERAGE TANGIBLE ASSETS	\$ 7,382,731	\$ 7,662,510	\$ 7,487,357

(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:

	March 31, 2018	December 31, 2017	March 31, 2017
	TOTAL ASSETS	\$ 7,518,970	\$ 7,537,620
Less: Goodwill	72,334	72,334	72,334
TANGIBLE ASSETS	\$ 7,446,636	\$ 7,465,286	\$ 7,672,356

(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 21% tax rate for 2018 and a 35% tax rate for 2017. 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		
	March 31, 2018	December 31, 2017	March 31, 2017
Interest income	\$ 73,714	\$ 73,969	\$ 68,755
Fully taxable equivalent adjustment	701	1,413	1,072
Fully taxable equivalent interest income	\$ 74,415	\$ 75,382	\$ 69,827
Interest expense	8,864	10,491	9,803
Fully taxable equivalent net interest income	\$ 65,551	\$ 64,891	\$ 60,024

PARK NATIONAL CORPORATION
Consolidated Statements of Income

	Three Months Ended	
	March 31,	
<i>(in thousands, except share and per share data)</i>	2018	2017
Interest income:		
Interest and fees on loans	\$ 64,402	\$ 59,908
Interest on:		
Obligations of U.S. Government, its agencies and other securities - taxable	6,767	7,138
Obligations of states and political subdivisions - tax-exempt	2,174	1,460
Other interest income	371	249
Total interest income	73,714	68,755
Interest expense:		
Interest on deposits:		
Demand and savings deposits	3,290	1,614
Time deposits	2,551	2,161
Interest on borrowings	3,023	6,028
Total interest expense	8,864	9,803
Net interest income	64,850	58,952
Provision for loan losses	260	876
Net interest income after provision for loan losses	64,590	58,076
Other income	26,903	18,955
Other expense	54,308	48,910
Income before income taxes	37,185	28,121
Federal income taxes	6,062	7,854
Net income	\$ 31,123	\$ 20,267
Per Common Share:		
Net income - basic	\$ 2.04	\$ 1.32
Net income - diluted	\$ 2.02	\$ 1.31
Weighted average shares - basic	15,288,332	15,312,059
Weighted average shares - diluted	15,431,328	15,432,769
Cash Dividends Declared	\$ 0.94	\$ 0.94

Park National Corporation
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www.parknationalcorp.com

PARK NATIONAL CORPORATION
Consolidated Balance Sheets

<i>(in thousands, except share data)</i>	March 31, 2018	December 31, 2017
Assets		
Cash and due from banks	\$ 110,163	\$ 131,946
Money market instruments	166,418	37,166
Investment securities	1,464,356	1,512,824
Loans	5,292,349	5,372,483
Allowance for loan losses	(48,969)	(49,988)
Loans, net	5,243,380	5,322,495
Bank premises and equipment, net	56,239	55,901
Goodwill	72,334	72,334
Other real estate owned	9,055	14,190
Other assets	397,025	390,764
Total assets	\$ 7,518,970	\$ 7,537,620
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest bearing	\$ 1,618,200	\$ 1,633,941
Interest bearing	4,466,094	4,183,385
Total deposits	6,084,294	5,817,326
Borrowings	624,090	906,289
Other liabilities	57,812	57,904
Total liabilities	\$ 6,766,196	\$ 6,781,519
Shareholders' Equity:		
Preferred shares (200,000 shares authorized; no shares outstanding at March 31, 2018 and December 31, 2017)	\$ —	\$ —
Common shares (No par value; 20,000,000 shares authorized in 2018 and 2017; 16,150,740 shares issued at March 31, 2018 and 16,150,752 shares issued at December 31, 2017)	307,249	307,726
Accumulated other comprehensive loss, net of taxes	(52,641)	(26,454)
Retained earnings	583,941	561,908
Treasury shares (849,637 shares at March 31, 2018 and 862,558 at December 31, 2017)	(85,775)	(87,079)
Total shareholders' equity	\$ 752,774	\$ 756,101
Total liabilities and shareholders' equity	\$ 7,518,970	\$ 7,537,620

PARK NATIONAL CORPORATION
Consolidated Average Balance Sheets

<i>(in thousands)</i>	Three Months Ended	
	March 31,	
	2018	2017
Assets		
Cash and due from banks	\$ 118,248	\$ 119,608
Money market instruments	92,533	118,999
Investment securities	1,450,116	1,565,977
Loans	5,302,648	5,278,539
Allowance for loan losses	(50,590)	(50,843)
Loans, net	5,252,058	5,227,696
Bank premises and equipment, net	56,506	57,870
Goodwill	72,334	72,334
Other real estate owned	13,537	13,744
Other assets	399,733	383,463
Total assets	\$ 7,455,065	\$ 7,559,691
Liabilities and Shareholders' Equity		
Deposits:		
Noninterest bearing	\$ 1,569,072	\$ 1,499,355
Interest bearing	4,363,287	4,210,203
Total deposits	5,932,359	5,709,558
Borrowings	711,044	1,034,678
Other liabilities	62,035	71,415
Total liabilities	\$ 6,705,438	\$ 6,815,651
Shareholders' Equity:		
Preferred shares	\$ —	\$ —
Common shares	307,740	305,908
Accumulated other comprehensive loss, net of taxes	(41,677)	(17,232)
Retained earnings	570,629	539,936
Treasury shares	(87,065)	(84,572)
Total shareholders' equity	\$ 749,627	\$ 744,040
Total liabilities and shareholders' equity	\$ 7,455,065	\$ 7,559,691

PARK NATIONAL CORPORATION
Consolidated Statements of Income - Linked Quarters

<i>(in thousands, except per share data)</i>	2018	2017	2017	2017	2017
	1st QTR	4th QTR	3rd QTR	2nd QTR	1st QTR
Interest income:					
Interest and fees on loans	\$ 64,402	\$ 64,447	\$ 63,110	\$ 61,222	\$ 59,908
Interest on:					
Obligations of U.S. Government, its agencies and other securities - taxable	6,767	6,653	6,757	6,892	7,138
Obligations of states and political subdivisions - tax-exempt	2,174	2,112	1,974	1,664	1,460
Other interest income	371	757	1,383	698	249
Total interest income	73,714	73,969	73,224	70,476	68,755
Interest expense:					
Interest on deposits:					
Demand and savings deposits	3,290	2,677	2,882	2,291	1,614
Time deposits	2,551	2,490	2,521	2,457	2,161
Interest on borrowings	3,023	5,324	6,270	5,950	6,028
Total interest expense	8,864	10,491	11,673	10,698	9,803
Net interest income	64,850	63,478	61,551	59,778	58,952
Provision for (recovery of) loan losses	260	(183)	3,283	4,581	876
Net interest income after provision for (recovery of) loan losses	64,590	63,661	58,268	55,197	58,076
Other income	26,903	23,238	23,537	20,699	18,955
Other expense	54,308	53,439	51,259	49,554	48,910
Income before income taxes	37,185	33,460	30,546	26,342	28,121
Federal income taxes	6,062	10,629	8,434	7,310	7,854
Net income	\$ 31,123	\$ 22,831	\$ 22,112	\$ 19,032	\$ 20,267
Per Common Share:					
Net income - basic	\$ 2.04	\$ 1.49	\$ 1.45	\$ 1.24	\$ 1.32
Net income - diluted	\$ 2.02	\$ 1.48	\$ 1.44	\$ 1.24	\$ 1.31

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

	2018	2017	2017	2017	2017
<i>(in thousands)</i>	1st QTR	4th QTR	3rd QTR	2nd QTR	1st QTR
Other income:					
Income from fiduciary activities	\$ 6,395	\$ 6,264	\$ 5,932	\$ 6,025	\$ 5,514
Service charges on deposits	2,922	3,142	3,216	3,156	3,139
Other service income	4,172	3,554	3,357	3,447	2,804
Checkcard fee income	4,002	4,023	3,974	4,040	3,761
Bank owned life insurance income	1,009	1,068	1,573	1,114	1,103
ATM fees	524	545	605	561	542
OREO valuation adjustments	(207)	(91)	(22)	(272)	(73)
Gain on the sale of OREO, net	4,321	47	51	53	100
Net (loss) gain on sale of investment securities	(2,271)	1,794	—	27	—
Unrealized gain on equity securities	3,489	—	—	—	—
Other components of net periodic benefit income	1,705	1,450	1,448	1,448	1,448
Miscellaneous	842	1,442	3,403	1,100	617
Total other income	\$ 26,903	\$ 23,238	\$ 23,537	\$ 20,699	\$ 18,955
Other expense:					
Salaries	\$ 25,320	\$ 23,157	\$ 23,302	\$ 23,001	\$ 22,717
Employee benefits	7,029	6,320	5,943	6,206	6,468
Occupancy expense	2,936	2,442	2,559	2,565	2,635
Furniture and equipment expense	4,149	4,198	3,868	3,640	3,618
Data processing fees	1,773	1,690	1,919	1,676	1,965
Professional fees and services	6,190	7,886	6,100	6,018	4,829
Marketing	1,218	1,112	1,122	1,084	1,056
Insurance	1,428	1,768	1,499	1,517	1,570
Communication	1,250	1,228	1,110	1,155	1,333
State tax expense	1,105	665	912	943	1,063
Miscellaneous	1,910	2,973	2,925	1,749	1,656
Total other expense	\$ 54,308	\$ 53,439	\$ 51,259	\$ 49,554	\$ 48,910

PARK NATIONAL CORPORATION
Asset Quality Information

<i>(in thousands, except ratios)</i>	Year ended December 31,				
	March 31, 2018	2017	2016	2015	2014
Allowance for loan losses:					
Allowance for loan losses, beginning of period	\$ 49,988	\$ 50,624	\$ 56,494	\$ 54,352	\$ 59,468
Charge-offs	3,450	19,403	20,799	14,290	24,780 (A)
Recoveries	2,171	10,210	20,030	11,442	26,997
Net charge-offs (recoveries)	1,279	9,193	769	2,848	(2,217)
Provision for (recovery of) loan losses	260	8,557	(5,101)	4,990	(7,333)
Allowance for loan losses, end of period	\$ 48,969	\$ 49,988	\$ 50,624	\$ 56,494	\$ 54,352
(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	\$ 48,969	\$ 49,988	\$ 50,624	\$ 56,494	\$ 54,352
Specific reserves	1,207	684	548	4,191	3,660
General reserves	\$ 47,762	\$ 49,304	\$ 50,076	\$ 52,303	\$ 50,692
Total loans					
Total loans	\$ 5,292,349	\$ 5,372,483	\$ 5,271,857	\$ 5,068,085	\$ 4,829,682
Impaired commercial loans	50,292	56,545	70,415	80,599	73,676
Total loans less impaired commercial loans	\$ 5,242,057	\$ 5,315,938	\$ 5,201,442	\$ 4,987,486	\$ 4,756,006
Asset Quality Ratios:					
Net charge-offs (recoveries) as a % of average loans (annualized)	0.10%	0.17%	0.02%	0.06%	(0.05) %
Allowance for loan losses as a % of period end loans	0.93%	0.93%	0.96%	1.11%	1.13 %
General reserves as a % of total loans less impaired commercial loans	0.91%	0.93%	0.96%	1.05%	1.07 %
Nonperforming Assets - Park National Corporation:					
Nonaccrual loans	\$ 66,151	\$ 72,056	\$ 87,822	\$ 95,887	\$ 100,393
Accruing troubled debt restructuring	18,682	20,111	18,175	24,979	16,254
Loans past due 90 days or more	1,372	1,792	2,086	1,921	2,641
Total nonperforming loans	\$ 86,205	\$ 93,959	\$ 108,083	\$ 122,787	\$ 119,288
Other real estate owned - Park National Bank	4,846	6,524	6,025	7,456	10,687
Other real estate owned - SEPH	4,209	7,666	7,901	11,195	11,918
Other nonperforming assets - Park National Bank	3,857	4,849	—	—	—
Total nonperforming assets	\$ 99,117	\$ 112,998	\$ 122,009	\$ 141,438	\$ 141,893
Percentage of nonaccrual loans to period end loans	1.25%	1.34%	1.67%	1.89%	2.08 %
Percentage of nonperforming loans to period end loans	1.63%	1.75%	2.05%	2.42%	2.47 %
Percentage of nonperforming assets to period end loans	1.87%	2.10%	2.31%	2.79%	2.94 %
Percentage of nonperforming assets to period end total assets	1.32%	1.50%	1.63%	1.93%	2.03 %

Park National Corporation
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PARK NATIONAL CORPORATION
Asset Quality Information (continued)

(in thousands, except ratios)	Year ended December 31,				
	March 31, 2018	2017	2016	2015	2014
Nonperforming Assets - Park National Bank and Guardian:					
Nonaccrual loans	\$ 66,151	\$ 61,753	\$ 76,084	\$ 81,468	\$ 77,477
Accruing troubled debt restructuring	18,682	20,111	18,175	24,979	16,157
Loans past due 90 days or more	1,372	1,792	2,086	1,921	2,641
Total nonperforming loans	\$ 86,205	\$ 83,656	\$ 96,345	\$ 108,368	\$ 96,275
Other real estate owned - Park National Bank	4,846	6,524	6,025	7,456	10,687
Other nonperforming assets - Park National Bank	3,857	4,849	—	—	—
Total nonperforming assets	\$ 94,908	\$ 95,029	\$ 102,370	\$ 115,824	\$ 106,962
Percentage of nonaccrual loans to period end loans	1.25%	1.15%	1.45%	1.61%	1.61%
Percentage of nonperforming loans to period end loans	1.63%	1.56%	1.83%	2.14%	2.00%
Percentage of nonperforming assets to period end loans	1.79%	1.77%	1.95%	2.29%	2.23%
Percentage of nonperforming assets to period end total assets	1.27%	1.27%	1.38%	1.60%	1.55%
Nonperforming Assets - SEPH/Vision Bank (retained portfolio):					
Nonaccrual loans	\$ —	\$ 10,303	\$ 11,738	\$ 14,419	\$ 22,916
Accruing troubled debt restructuring	—	—	—	—	97
Loans past due 90 days or more	—	—	—	—	—
Total nonperforming loans	\$ —	\$ 10,303	\$ 11,738	\$ 14,419	\$ 23,013
Other real estate owned - SEPH	4,209	7,666	7,901	11,195	11,918
Total nonperforming assets	\$ 4,209	\$ 17,969	\$ 19,639	\$ 25,614	\$ 34,931
New nonaccrual loan information - Park National Corporation					
Nonaccrual loans, beginning of period	\$ 72,056	\$ 87,822	\$ 95,887	\$ 100,393	\$ 135,216
New nonaccrual loans	23,075	58,753	74,786	80,791	70,059
Resolved nonaccrual loans	28,980	74,519	82,851	85,165	86,384
Sale of nonaccrual loans held for sale	—	—	—	132	18,498
Nonaccrual loans, end of period	\$ 66,151	\$ 72,056	\$ 87,822	\$ 95,887	\$ 100,393
New nonaccrual loan information - Park National Bank and Guardian					
Nonaccrual loans, beginning of period	\$ 61,753	\$ 76,084	\$ 81,468	\$ 77,477	\$ 99,108
New nonaccrual loans - Ohio-based operations	23,075	58,753	74,663	80,791	69,389
Resolved nonaccrual loans	18,677	73,084	80,047	76,800	78,288
Sale of nonaccrual loans held for sale	—	—	—	—	12,732
Nonaccrual loans, end of period	\$ 66,151	\$ 61,753	\$ 76,084	\$ 81,468	\$ 77,477
New nonaccrual loan information - SEPH/Vision Bank (retained portfolio)					
Nonaccrual loans, beginning of period	\$ 10,303	\$ 11,738	\$ 14,419	\$ 22,916	\$ 36,108
New nonaccrual loans - SEPH/Vision Bank	—	—	123	—	670
Resolved nonaccrual loans	10,303	1,435	2,804	8,365	8,096
Sale of nonaccrual loans held for sale	—	—	—	132	5,766
Nonaccrual loans, end of period	\$ —	\$ 10,303	\$ 11,738	\$ 14,419	\$ 22,916
Impaired Commercial Loan Portfolio Information (period end):					
Unpaid principal balance	\$ 60,264	\$ 66,585	\$ 95,358	\$ 109,304	\$ 106,156
Prior charge-offs	9,972	10,040	24,943	28,705	32,480
Remaining principal balance	50,292	56,545	70,415	80,599	73,676

Specific reserves		1,207		684		548		4,191		3,660
Book value, after specific reserve	\$	49,085	\$	55,861	\$	69,867	\$	76,408	\$	70,016

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