



# 189

March 6, 2009

VIA Electronic Transmission ([SIGTARP.response@do.treas.gov](mailto:SIGTARP.response@do.treas.gov)) and overnight courier

Mr. Neil M. Barofsky  
Special Inspector General  
Office of the Special Inspector General  
Troubled Asset Relief Program  
1500 Pennsylvania Ave N.W.  
Suite 1064  
Washington, D.C. 20220

Dear Mr. Barofsky,

This letter is in response to your letter dated February 6, 2009 which asked for a report on the \$100 million of funds that Park National Corporation ("Park") received under the Troubled Asset Relief Program ("TARP").

Your letter requested a narrative response specifically outlining the following:

**(1) a.) Park's anticipated use of TARP funds;**

The Board of Directors and senior management of Park made the decision to apply for TARP funds to (I.) improve the regulatory capital ratios of Park and (II.) to increase Park's ability to make loans to qualified borrowers in the markets in which Park's subsidiary banks operate.

**(1) b.) Whether the TARP funds were segregated from other institutional funds;**

On December 23, 2008, Park received \$100 million of TARP funds. These funds were received by Park's Parent Company. Our Parent Company made a \$20 million capital contribution (in the form of a trust preferred security) to our wholly owned subsidiary bank, Park National Bank ("PNB") during the last week of 2008 and deposited the remaining balance of \$80 million in a demand deposit account with PNB.

If Park wanted to repay the \$100 million of TARP funds, our Parent Company would need to withdraw \$80 million from the demand account with PNB and request a \$20 million dividend from PNB. In turn, PNB would need to increase its borrowing position with the Federal Home Loan Bank of Cincinnati by \$100 million to accommodate the \$20 million dividend request and the \$80 million deposit withdraw.

The \$100 million of TARP funds that PNB received from Park's Parent Company were used by PNB to provide funding for loans and investment securities.

**(1.) c.) Park's actual use of TARP funds to date;**

As previously mentioned the Board of Directors and senior management of Park applied for TARP funds for two primary reasons:

- I. To improve the regulatory capital ratios of Park
- II. To increase Park's ability to make loans to qualified borrowers in the markets in which Park's subsidiary banks operate

**I. To Improve the Regulatory Capital Ratios of Park**

The following tables have the regulatory capital ratios for Park and its two principal subsidiaries, Park National Bank and Vision Bank ("VB") at September 30, 2008 and December 31, 2008.

Park and Park National Bank are both headquartered in Newark, Ohio. Vision Bank is headquartered in Panama City, Florida.

Leverage Capital Ratios September 30, 2008			
(In Thousands)	Park	PNB	VB
Regulatory Capital	\$461,520	\$345,113	\$81,868
Assets	\$6,713,787	\$5,853,949	\$924,738
Percentage	6.87%	5.90%	8.85%
Well Capitalized Percentage	5.00%	5.00%	5.00%
Capital Above Well Capitalized Requirement	\$125,831	\$52,416	\$35,631

Leverage Capital Ratios December 31, 2008			
(In Thousands)	Park	PNB	VB
Regulatory Capital	\$560,691	\$350,344	\$85,397
Assets	\$6,706,088	\$5,896,957	\$876,419
Percentage	8.36%	5.94%	9.74%
Well Capitalized Percentage	5.00%	5.00%	5.00%
Capital Above Well Capitalized Requirement	\$225,387	\$55,496	\$41,576

The leverage ratio for Park increased to 8.36% at December 31, 2008 compared to 6.87% at September 30, 2008. The amount of capital above the well capitalized requirement increased to \$225 million at year-end 2008 from \$126 million at September 30, 2008.

Tier 1 Risk Based Capital Ratios September 30, 2008			
(In Thousands)	Park	PNB	VB
Capital	\$461,520	\$345,113	\$81,868
Assets	\$4,708,740	\$4,009,905	\$728,762
Percentage	9.80%	8.61%	11.23%
Well Capitalized Percentage	6.00%	6.00%	6.00%
Capital Above the Well Capitalized Requirement	\$178,996	\$104,519	\$38,142

Tier 1 Risk Based Capital Ratios December 31, 2008			
(In Thousands)	Park	PNB	VB
Capital	\$560,691	\$350,344	\$85,397
Assets	\$4,795,620	\$4,060,219	\$736,218
Percentage	11.69%	8.63%	11.60%
Well Capitalized Percentage	6.00%	6.00%	6.00%
Capital Above the Well Capitalized Requirement	\$272,954	\$106,731	\$41,224

The Tier 1 risk based capital ratio for Park increased to 11.69% at December 31, 2008 compared to 9.80% at September 30, 2008. The amount of capital above the well capitalized requirement increased to \$273 million at year-end 2008 from \$179 million at September 30, 2008.

Total Risk Based Capital Ratios September 30, 2008			
(In Thousands)	Park	PNB	VB
Capital	\$545,754	\$427,924	\$91,148
Assets	\$4,708,740	\$4,009,905	\$728,762
Percentage	11.59%	10.67%	12.51%
Well Capitalized Percentage	10.00%	10.00%	10.00%
Capital Above the Well Capitalized Requirement	\$74,880	\$26,934	\$18,272

Total Risk Based Capital Ratios December 31, 2008			
(In Thousands)	Park	PNB	VB
Capital	\$646,132	\$442,247	\$94,670
Assets	\$4,795,620	\$4,060,219	\$736,218
Percentage	13.47%	10.89%	12.86%
Well Capitalized Percentage	10.00%	10.00%	10.00%
Capital Above the Well Capitalized Requirement	\$166,570	\$36,225	\$21,048

The total risk based capital ratio for Park increased to 13.47% at December 31, 2008 compared to 11.59% at September 30, 2008. The amount of capital above the well capitalized requirement increased to \$167 million at year-end 2008 from \$75 million at September 30, 2008.

Conclusion on Regulatory Capital Ratios: Park applied for \$100 million of TARP funds to improve its regulatory capital ratios. You can easily conclude from reviewing the regulatory capital ratios at September 30, 2008 and December 31, 2008 that this goal was accomplished. Park's regulatory capital in excess of the well capitalized requirement increased by \$99 million for the leverage ratio, \$94 million for the Tier 1 risk based ratio and \$92 million for the total risk based capital ratio.

## **II. To Increase Park's Ability to Make Loans to Qualified Borrowers in the Markets in Which Park's Subsidiary Banks Operate**

The following tables have the balance sheets for Park, PNB, and VB at November 30, 2008 and January 31, 2009. Park received approval for its TARP application on December 1, 2008 and received the \$100 million in TARP funds on December 23, 2008. A review of the change in the balance sheets for the two months ended January 31, 2009 provides the best explanation on the use of the \$100 million in TARP funds.

The summary balance sheets for Park are presented on a consolidated basis and as a result include PNB and VB as well as Park's other subsidiaries.

Park Summary Balance Sheets Assets			
(In Thousands)	November 30, 2008	January 31, 2009	Two Month Change
Cash and Due from Banks	\$112,308	\$140,572	\$28,264
Money Market Instruments	23,927	33,498	9,571
Investment Securities	1,859,633	2,009,655	150,022
Loans	4,468,107	4,552,519	84,412
Allowance for Loan Losses	<89,379>	<101,592>	<12,213>
Net Loans	4,378,728	4,450,927	72,199
Goodwill and Intangible Assets	85,880	85,232	<648>
Premises and Equipment, Net	69,002	68,141	<861>
Other Assets	296,824	279,631	<17,193>
<b>Total Assets</b>	<b>\$6,826,302</b>	<b>\$7,067,656</b>	<b>\$241,354</b>

### Comments on Change in Assets for Park

For the two months ended January 31, 2009, total assets for Park increased by \$241 million to \$7,068 million. Most of this increase was due to an increase in investment securities of \$150 million and an increase in loans of \$84 million.

Park purchased \$201 million of investment securities during the month of December. These securities were all U.S. Agency (FNMA/FHLMC) mortgage-backed or collateralized mortgage obligations. At January 31, 2009, approximately 87% of Park's investment portfolio is invested in FNMA and FHLMC mortgage-backed securities and collateralized mortgage obligations. These holdings almost exclusively consist of residential 15 year mortgage loans that FNMA and FHLMC have packaged into securities.



The growth in Park's loan portfolio was spread among commercial, commercial real estate, consumer and residential loans. Park's management has actively promoted that PNB and VB have plenty of money to lend. (Please see Exhibit A for examples of this promotion.) Park's loans increased by approximately 7% in 2008, exclusive of the sale of the unsecured credit card portfolio.

Park Summary Balance Sheets Liabilities & Equity			
(In Thousands)	November 30, 2008	January 31, 2009	Two Month Change
Demand Deposits	\$765,958	\$784,983	\$19,025
Interest Bearing Deposits	4,033,641	3,942,442	<91,199>
<b>Total Deposits</b>	<b>4,799,599</b>	<b>4,727,425</b>	<b>&lt;72,174&gt;</b>
Short-Term Borrowings	412,226	702,210	289,984
Long-Term Debt	906,473	854,549	<51,924>
Subordinated Debentures	40,000	40,000	-----
<b>Total Borrowings</b>	<b>1,358,699</b>	<b>1,596,759</b>	<b>238,060</b>
Other Liabilities	111,651	110,427	<1,224>
<b>Total Liabilities</b>	<b>\$6,269,949</b>	<b>\$6,434,611</b>	<b>\$164,662</b>
Preferred Stock	-----	\$95,785	\$95,785
Common Stock Warrant	-----	4,297	4,297
Common Stock	\$301,210	\$301,210	-----
Retained Earnings	450,193	432,812	<17,381>
Accumulated Other Comprehensive Income, Net	12,615	6,606	<6,009>
Less: Treasury Stock	<207,665>	<207,665>	-----
<b>Total Stockholders' Equity</b>	<b>\$556,353</b>	<b>\$633,045</b>	<b>\$76,692</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$6,826,302</b>	<b>\$7,067,656</b>	<b>\$241,354</b>

#### Comments on Change in Liabilities and Equity for Park

For the two months ended January 31, 2009, total liabilities and equity for Park increased by \$241 million to \$7,068 million. The TARP funds of \$100 million are shown in preferred stock and the common stock warrant.

Total borrowings for Park increased by \$238 million. Part of this funding was needed for the decrease in deposits of \$72 million and the remaining increase in borrowings assisted in providing funding for the increase in investments and loans.

PNB Summary Balance Sheets Assets			
(In Thousands)	November 30, 2008	January 31, 2009	Two Month Change
Cash and Due from Banks	\$102,499	\$123,137	\$20,638
Money Market Instruments	151,915	200,117	48,202
Investment Securities	1,715,360	1,832,627	117,267
Loans	3,758,785	3,836,377	77,592
Allowance for Loan Losses	<65,890>	<70,881>	<4,991>
Net Loans	3,692,895	3,765,496	72,601
Goodwill and Intangible Assets	76,870	76,576	<294>
Premises and Equipment, Net	49,043	48,402	<641>
Other Assets	212,524	189,445	<23,079>
Total Assets	\$6,001,106	\$6,235,800	\$234,694

#### Comments on Change in Assets for PNB

For the two months ended January 31, 2009, total assets for PNB increased by \$235 million to \$6,236 million. Most of this increase was due to an increase in investment securities of \$117 million and an increase in loans of \$78 million.

PNB Summary Balance Sheets Liabilities & Equity			
(In Thousands)	November 30, 2008	January 31, 2009	Two Month Change
Demand Deposits	\$738,748	\$808,467	\$69,719
Interest Bearing Deposits	3,458,184	3,362,021	<96,163>
Total Deposits	4,196,932	4,170,488	<26,444>
Short-Term Borrowings	363,952	672,209	308,257
Long-Term Debt	904,925	853,010	<51,915>
Sub-Debt with Third Party	25,000	25,000	-----
Sub-Debt with Parent Company	7,500	7,500	-----
Trust Preferred with Parent Company	40,960	60,960	20,000
Total Borrowings	1,342,337	1,618,679	276,342
Other Liabilities	62,136	59,097	<3,039>
Total Liabilities	\$5,601,405	\$5,848,264	\$246,859

Common Stock	\$229,183	\$229,183	-----
Retained Earnings	159,531	154,030	<5,501>
Accumulated Other Comprehensive Income, Net	10,987	4,323	<6,664>
Total Stockholders' Equity	\$399,701	\$387,536	<\$12,165>
Total Liabilities and Stockholders' Equity	\$6,001,106	\$6,235,800	\$234,694

### Comments on Change in Liabilities and Equity for PNB

For the two months ended January 31, 2009, total liabilities and equity for PNB increased by \$235 million to \$6,236 million.

Total deposits for PNB decreased by \$26 million for the two months ended January 31, 2009, but the amount of demand deposits increased by \$70 million. This increase in demand deposits was largely due to Park's Parent Company depositing \$80 million of the TARP funds with PNB.

Total borrowings for PNB increased by \$276 million. This increase was needed to cover the decrease in deposits of \$26 million and to provide funding for the increase in investments of \$117 million and the increase in loans of \$78 million. Included in the increase in borrowings is \$20 million in trust preferred securities from Park's Parent Company.

Park's Parent Company deposited \$80 million of the TARP funds in a demand deposit account with PNB and invested the remaining \$20 million of TARP funds in a trust preferred security with PNB.

VB Summary Balance Sheets Assets			
(In Thousands)	November 30, 2008	January 31, 2009	Two Month Change
Cash and Due from Banks	\$10,603	\$19,665	\$9,062
Money Market Instruments	-----	3,583	3,583
Investment Securities	143,163	176,115	32,952
Loans	698,958	705,809	6,851
Allowance for Loan Losses	<22,379>	<29,603>	<7,224>
Net Loans	676,579	676,206	<373>
Goodwill and Intangible Assets	9,010	8,657	<353>
Premises and Equipment, Net	19,443	19,227	<216>
Other Assets	25,683	31,868	6,185
Total Assets	\$884,481	\$935,321	\$50,840

### Comments on Change in Assets for VB

For the two months ended January 31, 2009, total assets for VB increased by \$51 million to \$935 million. Most of this increase was due to an increase in investment securities of \$33 million and an increase in loans of \$7 million.

VB Summary Balance Sheets Liabilities & Equity			
(In Thousands)	November 30, 2008	January 31, 2009	Two Month Change
Demand Deposits	\$55,875	\$58,890	\$3,015
Interest Bearing Deposits	575,457	580,421	4,964
<b>Total Deposits</b>	<b>631,332</b>	<b>639,311</b>	<b>7,979</b>
Short-Term Borrowings	159,674	200,500	40,826
Long-Term Debt	1,549	1,540	<9>
<b>Total Borrowings</b>	<b>161,223</b>	<b>202,040</b>	<b>40,817</b>
Other Liabilities	<1,807>	<2,405>	<598>
<b>Total Liabilities</b>	<b>\$790,748</b>	<b>\$838,946</b>	<b>\$48,198</b>
Common Stock	\$222,124	\$236,124	\$14,000
Retained Earnings	<129,906>	<142,047>	<12,141>
Accumulated Other Comprehensive Income, Net	1,515	2,298	783
<b>Total Stockholders' Equity</b>	<b>\$93,733</b>	<b>\$96,375</b>	<b>\$2,642</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$884,481</b>	<b>\$935,321</b>	<b>\$50,840</b>

### Comments on Change in Liabilities and Equity for VB

For the two months ended January 31, 2009, total liabilities and equity for VB increased by \$51 million to \$935 million. Most of this increase was due to an increase in borrowings of \$41 million and an increase in deposits of \$8 million.

#### **(1.) d.) Park's Expected Use of Unspent TARP Funds;**

The Board of Directors and senior management of Park have a strong desire to continue to make loans to qualified borrowers in the markets in which Park's subsidiary banks operate.

As discussed previously, Park's loans have increased by \$84 million in the months of December and January. For the calendar year of 2008, Park's loans increased by \$267 million or 6.3%.

During the fourth quarter of 2008, Park sold \$31 million of unsecured credit card balances. Exclusive of the sale of the credit card balances, loan balances grew by \$298 million or 7.0% in 2008.

(b) (4)

(b) (4) Park has reached out to the media in our local markets to ensure that residents of our communities understand that Park is very interested in making loans to qualified borrowers.

Please see the attached Exhibit A for examples of this outreach.

- (2) **Park’s specific plans, and the status of implementation of those plans, for addressing executive compensation requirements associated with the funding. Information provided regarding executive compensation should also include any assessments made of loan risks and their relationship to executive compensation; how limitations on executive compensation will be implemented in line with Department of Treasury guidelines; and whether any such limitations may be offset by other changes to other, longer-term or deferred forms of executive compensation.**

On February, 27, 2009, Park filed its preliminary proxy statement with the Securities and Exchange Commission (“SEC”) for its annual meeting of shareholders to be held on April 20, 2009. Park’s proxy statement includes a detailed discussion and analysis of the executive compensation for Park’s senior officers as submitted by the members of Park’s Compensation Committee. We have included Park’s proxy statement as Exhibit B.

Please review the following pages of the proxy statement:

Page Numbers	Description
7-8	Discussion of compliance with the U.S. Treasury’s standards, for executive compensation under TARP.
7-8	Discussion of the prohibition to pay incentive compensation under the American Recovery and Reinvestment Act of 2009 (ARRA).
17-26	Discussion of the Corporate Governance structure of Park.
28-39	Compensation Discussion and Analysis of Executive Compensation.
40-52	Discussion and disclosure of executive compensation for Park’s executive officers for 2008, 2007 and 2006.

## Summary of Discussion Concerning Executive Compensation Requirements

- On December 23, 2008, Park's named executive officers each signed an agreement pertaining to the restrictions on executive compensation under TARP. Park's named executive officers are C. Daniel DeLawder (Chairman & CEO), David L. Trautman (President and Secretary) and John W. Kozak (CFO).
- Park has not made any changes to other, longer-term or deferred forms of executive compensation to offset any restrictions placed on executive compensation under TARP.
- Per the executive compensation restrictions under ARRA, Park did not pay 2008 incentive compensation to the three named executive officers and the two other most highly paid officers.
- On page 39 of Park's proxy statement, the Compensation Committee certifies that it has reviewed with Park's senior risk officers the incentive compensation arrangements with the executive officers of Park and has made reasonable efforts to ensure that such arrangements do not encourage the executive officers of Park to take unnecessary and excessive risk that threaten the value of Park.
- Park included in its proxy statement the following proposal for shareholders to vote on: "To approve, in a non-binding advisory vote, Park's executive compensation disclosed in the accompanying proxy statement." This proposal was included to meet the new requirements of ARRA.

## Closing Remarks

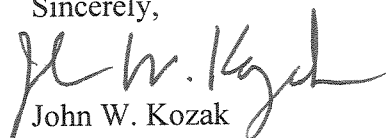
Our Annual Report to Shareholders for 2008 will not be available from our printers until March 13, 2009. We will send you a copy when it becomes available. We filed our year-end Form 10-K with the SEC on February 25, 2009. This document can be viewed at the SEC website or at our website [www.parknationalcorp.com](http://www.parknationalcorp.com).

## Certification

The undersigned, as Chief Financial Officer of Park, has reviewed the foregoing responses and the supporting documents provided in connection therewith, and, based on my knowledge, these responses and the supporting documents do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.

If you have any questions concerning these documents, please call me at (b) (6) or e-mail me at (b) (6)

Sincerely,



John W. Kozak  
CFO

Enclosures

January 9, 2009

For immediate release

## Park National Corporation grows Ohio loans by \$215 million in 2008

### Despite 'credit crunch' myth, banking divisions report sharp increase in loan activity

**NEWARK, Ohio** — Park National Corporation's (Park) (NYSE Alternext US:PRK) 12 community banking divisions in Ohio reported an excellent increase in loans closed in the past month and past year. Park's loans in Ohio increased by more than \$31 million in the past month (November 30, 2008 to December 31, 2008) or 10 percent annualized. Park's Ohio banking divisions grew total loans in the year 2008 by more than \$215 million, or six percent, compared to 2007.

According to Park Chairman C. Daniel DeLawder, significant increases emerged in several loan categories, including commercial loans, residential mortgage loans and installment loans. Installment loans are most often used to purchase vehicles or other large consumer items. Park had an increase in activity lately due to mortgage rates dropping below 5 percent for a 30 year fixed rate mortgage.

"There's a misperception in the public that it is difficult to obtain a good and reliable loan," DeLawder said. "Our performance – throughout economic turbulence and varying rate conditions – illustrates the truth. Banks that have strong capital and consistent underwriting guidelines are steadily lending money to families and businesses in communities across Ohio."

"We're a leading provider of financial services," DeLawder said. "We have lenders in every office with the knowledge and authority to make quick decisions and give trustworthy advice. Current rates are great, local service is valuable and we have plenty of money to lend to qualified borrowers. People choose us because they are comfortable talking with us and confident in our help."

Later this month, Park plans to release complete financial results including deposits, loan loss provisions, and other performance data for the fourth quarter of 2008 and the full year 2008.

Headquartered in Newark, Ohio, Park National Corporation holds \$6.8 billion in assets (as of September 30, 2008). Park consists of 14 community bank divisions, a data processing and information technology division, two specialty finance companies and a title company. Park's Ohio-based banking operations are conducted through Park subsidiary The Park National Bank and its divisions which include Fairfield National Bank, Richland Bank, Century National Bank, First-Knox National Bank, Farmers and Savings Bank, United Bank, Second National Bank, Security National Bank, Unity National Bank, Citizens National Bank and The Park National Bank of Southwest Ohio & Northern Kentucky. Park's other banking subsidiary is Vision Bank (headquartered in Panama City, Florida), and its Vision Bank Division (of Gulf Shores, Alabama). Park also includes Scope Leasing, Inc. (d.b.a. Scope Aircraft Finance), Guardian Finance Company and Park Title Agency.

Media Contacts: Bethany Lewis, Communication Specialist, 740.349.3754 or John Kozak, Chief Financial Officer, 740.349.3792

## Park enjoys 'great' year making loans

January 10, 2009

Kent Mallett, Newark Advocate

NEWARK -- The loan windows at Park National Corp.'s community banks remain open and doing a brisk business, contrary to the national perception that loans are difficult to obtain, the bank said Friday.

The Newark-based corporation reported loans at its 12 Ohio community banking divisions increased by more than \$31 million in December compared to November, and its loan balance increased by more than \$215 million, or 6 percent, at the end of 2008, compared to 2007.

"It was stronger loan growth than in a decade," said Dan DeLawder, Park National Corp.'s chairman and chief executive officer. "It was a great year. We've been working hard to try and make people aware we're lending money."

Significant increases emerged in several loan categories, including commercial loans, residential mortgage loans and installment loans. Installment loans most often are used to buy vehicles or other large consumer items.

"We had a nice, continuous stream of people coming in for loans," said Brady Burt, Park's chief accounting officer. "December was stronger than the first 11 months (of 2008)."

Park's lending policies have not changed, despite the current economic recession. Those who obtained loans two years ago still will get loans today under the same conditions, DeLawder said.

"There's a misperception in the public that it is difficult to obtain a good and reliable loan," DeLawder said. "Our performance throughout economic turbulence and varying rate conditions illustrates the truth."

"Banks that have strong capital and consistent underwriting guidelines are steadily lending money to families and businesses in communities across Ohio."

Park National picked up business from other banks who suffered from making sub-prime loans, and it benefited from the record low interest rates, DeLawder said.

Mortgage rates have dropped to less than 5 percent for a 30-year fixed rate mortgage.

Later this month, Park plans to release complete financial results including deposits, loan loss provisions, and other performance data for the fourth quarter of 2008 and the full year.

Park National Corp. announced Dec. 23 it had received \$100 million of new equity capital from the U.S. Department of the Treasury's Capital Purchase Program, established under the Emergency Economic Stabilization Act of 2008.

The investment by the U.S. Treasury Department comprises \$100 million in preferred shares, with a warrant to buy 227,376 common shares of Park at an exercise price of \$65.97, with a term of 10 years.

The Capital Purchase Program, part of the \$700 billion economic package, provides \$125 billion to healthy banks, which then can lend money to help the economy.

The corporation sought the money from the U.S. Treasury not because it needed it but because it did not want to be put at a competitive disadvantage compared to other banks receiving funds, DeLawder previously said.

"We're a leading provider of financial services," DeLawder said. "We have lenders in every office with the knowledge and authority to make quick decisions and give trustworthy advice."

Park National Corp. held \$6.8 billion in assets, as of Sept. 30.



## Park National Corporation reports year-end 2008 results

Ohio banking divisions post record year despite U.S. economic turbulence

**NEWARK, Ohio** — Park National Corporation (Park) (NYSE Alternext US:PRK) today reported results for the fourth quarter 2008 and for the 12 months ended December 31, 2008.

### Net income results:

Park's net income for the 12 months ended December 31, 2008 was \$13.7 million or \$0.97 per common diluted share, compared to \$22.7 million or \$1.60 per diluted share for the same period in 2007. Park's fourth quarter net income (three months ended December 31, 2008) was \$11.0 million or \$0.77 per common diluted share. For the same period in 2007, Park reported a net loss of \$43.2 million or \$3.08 per diluted share.

These data reflect two impairment charges (fourth quarter 2007 and third quarter 2008) that Park recorded to the goodwill value of its subsidiary Vision Bank. Vision Bank operates in the Gulf Shore region of Florida and Alabama and continues to experience severely depressed real estate market values and credit deterioration. An impairment charge is a special accounting entry that does not affect a financial institution's regulatory capital, cash flow or ability to pay dividends. As previously reported, all goodwill value related to Vision Bank was written off.

Without the goodwill impairment charge in the third quarter of 2008, Park's net income available to common shareholders for 2008 was \$68.6 million or \$4.91 per common diluted share (compared to \$76.7 million or \$5.40 per diluted share for the 12 months ended December 31, 2007 without the goodwill impairment charge in the fourth quarter of 2007). Without the goodwill impairment charge in the fourth quarter of 2007, Park's net income available to common shareholders for that quarter was \$10.9 million or \$0.77 per diluted share, compared to \$10.8 million or \$0.77 per common diluted share in net income in the fourth quarter of 2008.

Park's 12 Ohio-based divisions reported record net income for the 12 months ended December 31, 2008. Net income for this period in 2008 was \$94.9 million, a 13.8 percent increase over 2007's year-end net income of \$83.4 million for the Ohio-based divisions. As reported on January 9, 2009, Park's loans in Ohio increased by more than \$31 million in the past month (November 30, 2008 to December 31, 2008) or ten percent annualized. Park's Ohio-based divisions grew total loans in the year 2008 by more than \$215 million, or six percent, compared to 2007.

### Loan loss data:

Park's loan loss provisions for the year 2008 totaled \$70.5 million compared to \$29.5 million for the year 2007. Vision Bank's loan loss provision for 2008 was \$47 million (compared to \$19.4 million for 2007) and Park's Ohio-based divisions had a loan loss provision of \$23.5 million for 2008 (compared to \$10.1 million in 2007).

Park's net loan charge-offs for the year ended December 31, 2008 were \$57.5 million, or 1.32 percent of total loans. For that same one-year period, Vision Bank had net loan charge-offs of \$38.5 million, or 5.69 percent of total loans and Park's Ohio-based divisions had net loan charge-offs of \$19.0 million, or 0.52 percent of loans.

### Additional information:

On December 23, 2008, Park received \$100 million of new equity capital from the U.S. Department of the Treasury's Capital Purchase Program (CPP) established under the Emergency Economic Stabilization Act of 2008. With the additional capital, Park's total equity to assets ratio improved to 9.09 percent at

December 31, 2008 compared to a ratio of 7.79 percent at September 30, 2008. Park continues to easily exceed the “well capitalized” regulatory capital guidelines for financial institutions and as a result has a keen interest in continuing to make loans to qualified borrowers.

At its meeting earlier today, the Park board of directors declared a cash dividend for the first quarter of 2009 of \$0.94 per share, payable on March 10, 2009 to shareholders of record as of February 26, 2009. This dividend is one cent less than the previous quarter’s dividend and is consistent with Park’s dividend amount in the quarters prior to October 14, 2008 as required of financial institutions which have received U.S. Treasury investments under the CPP.

Headquartered in Newark, Ohio, Park National Corporation holds \$7.1 billion in assets (as of December 31, 2008). Park consists of 14 community bank divisions, a data processing and information technology division, two specialty finance companies and a title company. Park’s Ohio-based banking operations are conducted through Park subsidiary The Park National Bank and its divisions which include Fairfield National Bank, Richland Bank, Century National Bank, First-Knox National Bank, Farmers and Savings Bank, United Bank, Second National Bank, Security National Bank, Unity National Bank, Citizens National Bank and The Park National Bank of Southwest Ohio & Northern Kentucky. Park’s other banking subsidiary is Vision Bank (headquartered in Panama City, Florida), and its Vision Bank Division (of Gulf Shores, Alabama). Park also includes Scope Leasing, Inc. (d.b.a. Scope Aircraft Finance), Guardian Finance Company and Park Title Agency.

*Complete Financial Tables are below...*

###

Media Contacts: Bethany Lewis, Communication Specialist, 740.349.3754 or John Kozak, Chief Financial Officer, 740.349.3792

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

This news release contains forward-looking statements that 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: deterioration in the asset value of Vision Bank’s loan portfolio may be worse than expected; Park’s ability to execute its business plan successfully and within the expected timeframe; general economic and financial market conditions, and weakening in the economy, specifically, the real estate market, either national or in the states in which Park and its subsidiaries do business, are worse than expected; changes in the interest rate environment reduce net interest margins; competitive pressures among financial institutions increase significantly; the nature, timing and effect of changes in banking regulations or other regulatory or legislative requirements affecting the respective businesses of Park and its subsidiaries; demand for loans in the respective market areas served by Park and its subsidiaries, and other risk factors relating to the banking industry as detailed from time to time in Park’s reports filed with the Securities and Exchange Commission 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, 2007 and in our other filings with the Securities and Exchange Commission in “Item 1A. Risk Factors” of Part II of Park’s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date hereof. Park does not undertake, and specifically disclaims any obligation, to publicly release the result 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 is made, or reflect the occurrence of unanticipated events, except to the extent required by law.

## Park's Ohio banks post record year

January 27, 2009

ADVOCATE STAFF REPORT

NEWARK -- Park National Corp. announced Monday its 12 Ohio banking divisions reported a record net income of \$94.9 million in 2008, a 13.8 percent increase over 2007.

The corporation's total net income declined, however, because of impairment charges Park recorded to the goodwill value of its subsidiary Vision Bank, which operates in the Gulf Shore region of Florida and Alabama.

The Florida and Alabama areas continue to experience severely depressed real-estate market values and credit deterioration. An impairment charge is a special accounting entry that does not affect a financial institution's regulatory capital, cash flow or ability to pay dividends.

Park reported its net income for 2008 was \$13.7 million, or \$0.97 per common diluted share, compared to \$22.7 million, or \$1.60 per diluted share, for the same period in 2007.

Park's Ohio banks grew total loans in 2008 by more than \$215 million, or 6 percent, compared to 2007. Its Ohio divisions made \$31 million more in loans in December than in November.

"We're a leading provider of financial services," Park chairman and chief executive officer Dan DeLawder said earlier this month. "We have lenders in every office with the knowledge and authority to make quick decisions and give trustworthy advice."

Park stated it continues to exceed the "well capitalized" regulatory capital guidelines for financial institutions and has a keen interest in continuing to make loans to qualified borrowers.

Park National Corp., which consists of 14 community bank divisions, a data processing and information technology division, two specialty finance companies and a title company, held \$7.1 billion in assets as of Dec. 31.

### PARK'S NUMBERS

With the additional \$100 million of new equity capital Park received Dec. 23 from the federal government as part of the law enacted in response to the global financial crisis, Park's total equity-to-assets ratio improved.

Date: Equity-to-assets ratio

Dec. 319.09 percent

Sept. 307.79 percent

Without the goodwill impairment charges in the third quarter of 2008 and the fourth quarter of 2007, here are the changes in Park National Corp.'s net income available to common shareholders.

Year: Net income available Per common diluted share

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2008 \$68.6 million\$4.91

2007 \$76.7 million\$5.40

## Area bank reports increase despite dismal economy

January 27, 2009

Joe Giessler, Lancaster Eagle-Gazette

LANCASTER - A local bank and its parent company want their customers to know though there is a recession, they are open for business and business as usual.

Fairfield National Bank had nearly triple the number of loans for consumers buying cars in December compared to the previous year, said Steve Wells, president of Fairfield National Bank. An average month might result in \$2 million in loans.

But the bank initiated \$3.5 million in new consumer loans in its record-breaking month of December 2008 with a majority of the loans for automobiles, Wells said. By comparison, Fairfield National Bank issued \$1.2 million in loans in December 2007.

"It's more a function of less lenders competing for a smaller pie, if that happens then each share is larger," Wells said.

The local success parallels that of the local bank's parent company, Park National Corporation. The Newark-based company, which operates 12 community banks in Ohio, reported an increase of \$31 million loaned in December 2008 compared to November 2008.

Park National Corporation Chief Financial Officer John Kozak said he wants to dispel the myth that people who could get credit before the recession can't get it now. The company grew total loans in 2008 by more than \$215 million, or 6 percent, compared to 2007.

"We want to make sure the communities we operate in realize that we are open for business," he said.

Kozak said the increase in loans given is related to bigger banks having to reduce their assets and billings.

"Many of the banks have concerns about capital. We don't have any of those problems," he said.

Kozak said the underwriting standards and qualifications for those seeking loans have not changed. And he wants people to know even if they are in a tough stretch, they still may qualify for a loan.

Wells said the car loans increase that nearly tripled at Fairfield National Bank is evidence of the overall economic situation.

"The market wasn't three times greater, but then there were multiple lenders competing for the same business," he said.

Eric Burns, finance director at Taylor Dealerships, said the business is not having the problems getting credit for willing customers that other auto dealerships are experiencing. He cites as key a good working relationship with local lenders, including Fairfield National Bank.

"We really have been pretty fortunate," Burns said. "It boils down to the credit worthiness of the customer, just like it did two years ago."

Burns said the Lancaster-based dealership, which sells Chevy, Lincoln-Mercury, Buick and Nissan, sold six more cars in December 2008 compared to December 2007.

Burns expects the upward trend of customers coming in to buy cars and getting credit to continue.

"I think the worst is behind us as far as the last four months," he said. "We're planning on selling more (cars) in 2009 than in 2008."

Kozak expects the increase in loans and good business for community banks the company had in 2008 to continue into 2009.

"Most experts are probably thinking the community banks will do better the next five years as a result of the economy," he said. "More folks will continue to go back to community banks and look for the high-touch service."

## Local Banking Official Says There Have Been Tougher Times

Thursday, February 5, 2009  
Eric Brown, WCLT T-100 Radio

A Newark banking official says the economy is bad, but it has been worse.

"We are in the 11th recession since World War II. There have been two of those that have been more severe than the one we are experiencing in terms of unemployment and duration."

Dan DeLawder, Chairman of Park National Bank says unemployment was higher in the recession of the early 70's and early 80's.

"The recession in 1973, 74, 75 was the longest one we had since World War II. The average recession lasts about 11 months. We are now in the 14 month of this one, so we have gone beyond the average recession length. Unemployment was higher in the 73, 74, 75 recession as well as the 1981, '82 recession."

He also says that the recession in the 80's was different in another way than the one today.

"In the 81, 82 recession, interest was at a peak. The Prime Rate was 21.5%, mortgage rates were 14 to 15.5% and today this recession is different in that rates are very, very low. They are really at record lows. We have never seen short term rates as low as they are now. 30-year mortgage rates are like 5%. It's really a great time to borrow money."

DeLawder says despite what you hear from the national media, there is plenty of money for you to borrow.

"Community banks like Park National have plenty of money to loan and we are happy to do it. We encourage people to understand that there are houses for sale and money to lend. There are automobiles for sale, there is money to lend. In my estimation, it is not as bad as you might think of in the national media."

At a time where some banks like Huntington and Fifth-Third have lost money, Park's stocks are growing.

Park National Corporation, delivered an increase to close above \$57 a share Monday.

January 30, 2009



Name  
Address  
City/State/Zip

Have you heard? New low rates & simple refinancing. *Let's talk today!*

Dear LastName Household,

With all the headlines about the financial crisis, many people are unsure if it's the right time to buy a home. What are my options? How do I know what's safe and secure? Is it too hard to get a loan right now? Did I wait too long and miss out on the best deals? Does it make sense to buy or refinance?

*Good news!* It's a perfect time to take advantage of a great home loan. New low interest rates keep monthly payments affordable. Low down payments help you own a home sooner and with less impact to your finances, and prices are the lowest in history. Plus, there are several great programs to help you save!

*What can you count on from The Park National Bank?*

**People.** Experienced professionals are available at every office, when you need them, providing honest advice to help you succeed.

**Decisions.** You can expect rapid, reliable responses from a local banker, based on your goals and customized for your lifestyle – on time, every time.

**Strength.** We're a recognized industry leader, giving you great options and trustworthy lending, with proven success and local service, and we're committed to your community.

**Most especially,** I'll be your one point of contact for your loan. For good advice, answers to your questions, quick approvals, rapid closings, guaranteed local servicing, and a live person every time you need to chat – I'm the one you call. Anytime.

Don't miss out on...

- Low down payments
- Fantastic low rates
- Affordable payments
- Special savings
- Tax benefits
- Local servicing

Our clients can always talk to someone here, there's always someone to answer your questions. We can get answers quickly and we take the time to explain it – on the phone, at our desk, or at your house or office. We do it all the time...gladly! I look forward to being your one point of contact before, during and after the documents are signed! Let's talk soon and see what Park National can do for you.

Sincerely,

ManagerName  
Branch Manager & Home Loan Specialist  
(740) XXX.XXXX



Start • Grow • Expand • Thrive

**“My lender Erin was  
extraordinary in  
achieving the next  
big step in my  
business.”**



**PARK**  
**NATIONAL BANK**

[ParkNationalBank.com](http://ParkNationalBank.com)

I came to Park after my other bank made me feel pushed aside and not taken care of. My experience with Park was a night and day difference. I was respected, given confidence, and continue to receive fast attention even after the loan is done!

~Liz Argyle, Argyle Photography

Columbus • Gahanna • Granville • Heath • Hebron • Kirkersville • Johnstown  
Newark • Pataskala • Reynoldsburg • Utica • Worthington

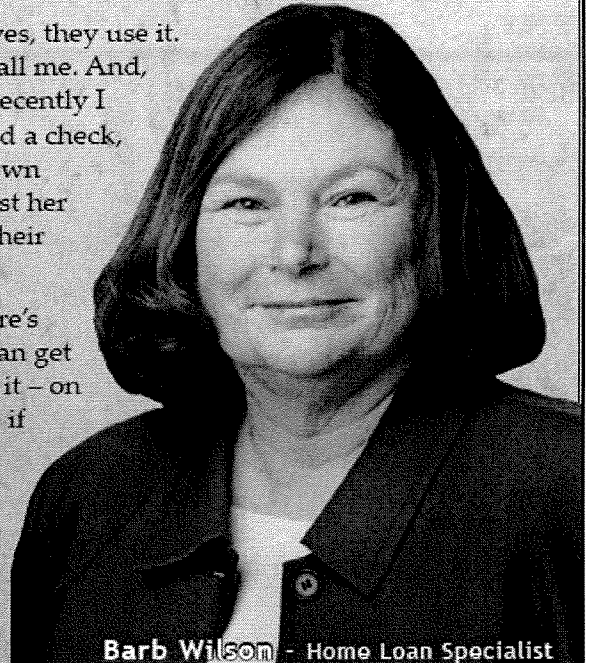
614.228.0063 • 740.349.8451



# People you can count on

Yes, I give clients my home phone number and yes, they use it. Good! I tell my clients - if you have a problem, call me. And, they do. Not just about their home loan either. Recently I helped a young couple who accidentally bounced a check, and a woman whose mother was moving into town and needed to set up a deposit account and invest her retirement money. I'm not just their lender; I'm their banker, and I like that.

Our clients can always talk to someone here, there's always someone to answer their questions. We can get answers quickly and we take the time to explain it - on the phone, at our desk, or at their house or office if necessary. I do it all the time....gladly!



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[ParkNationalBank.com](http://ParkNationalBank.com)

**Barb Wilson** - Home Loan Specialist

**NEW LOW rates & simple Refinance! Let's talk today!**



# Strength you can count on

I just refinanced a mortgage for a woman whose loan was getting sold frequently and she wanted to stay with a local bank she felt was secure. I told her about our proven success and local service. We see so many people whose loans get messed with. I was glad to take care of her.

We paid off some of her debt and lowered her monthly payments! I even went to her house to get some papers signed. At the closing she cried because of the wonderful service she felt she had received. Never had a crier at a closing before. She thought I was a life saver. It's just the way we've always done it.

**PARK**  
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ParkNationalBank.com



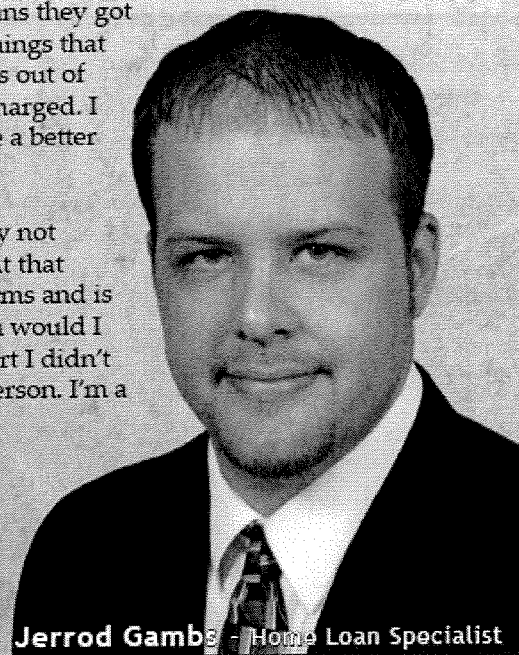
**Judy Young** - Home Loan Specialist

**NEW LOW rates & simple Refinance! Let's talk today!**

# People you can count on

I've had a lot of people come ask questions about home loans they got somewhere else and then found out they were promised things that weren't truthful. They bring in their paperwork and 9 times out of 10 what they were told doesn't line up with what they're charged. I help them get an explanation and tell them if we can create a better deal or not.

I'm happy to compare ourselves to another bank. They may not choose me, but I'm building a relationship for the future. At that point, my job is to make sure the client understands the terms and is getting the best deal for their lifestyle. What kind of person would I be to face them at school or the market if I know in my heart I didn't help them do the right thing? I'm not a commission salesperson. I'm a professional whose job is to help.



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**Jerrod Gamble - Home Loan Specialist**

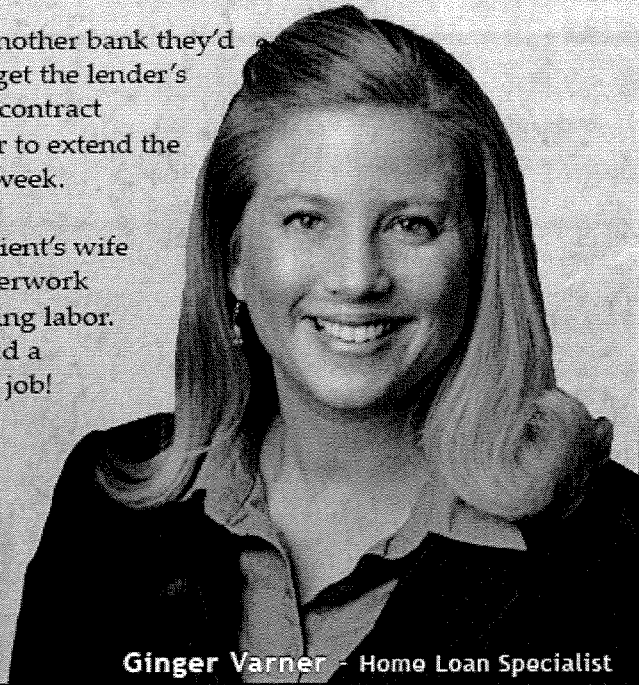
**NEW LOW rates & simple Refinance! Let's talk today!**

# Decisions you can count on

I had a couple who came in frustrated with another bank they'd been working with for weeks. They couldn't get the lender's attention, kept getting put off, and then their contract expired. I called their Realtor and got him/her to extend the contract, then completed the entire loan in a week.

I arranged a quick loan closing because my client's wife was about to have a baby. She signed the paperwork and everything, never knowing she was starting labor. The next day, my client called to tell me he had a healthy baby boy, and a new home! I love my job!

**PARK**  
NATIONAL BANK  
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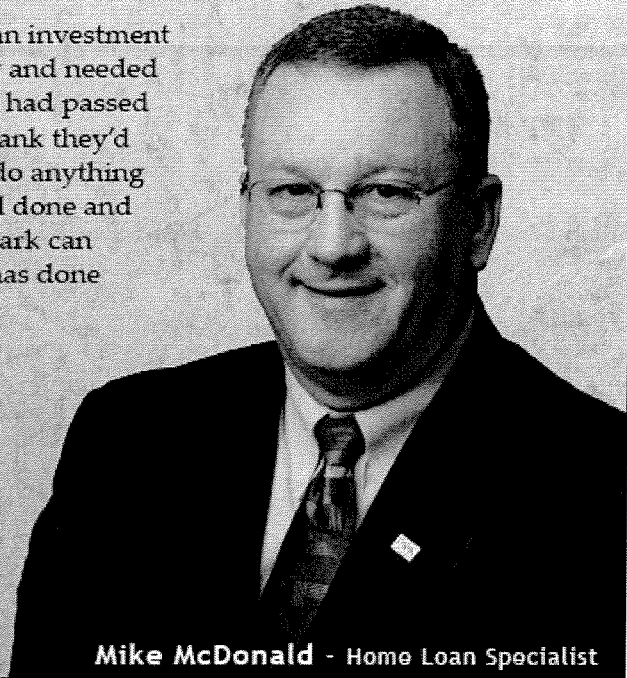
**Ginger Varner - Home Loan Specialist**

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# Decisions you can count on

A couple was trying to get loan approval for an investment property. They had a contract on the property and needed to get it closed within six weeks. Three weeks had passed and they still didn't have approval from the bank they'd used for a long time. They asked if we could do anything for them with such a short notice. We got it all done and closed with a few days to spare. A bank like Park can do that. We do it every day. And that couple has done three loans with us since!

**PARK**  
NATIONAL BANK  
ParkNationalBank.com



**Mike McDonald - Home Loan Specialist**

**NEW LOW rates & simple Refinance! Let's talk today!**

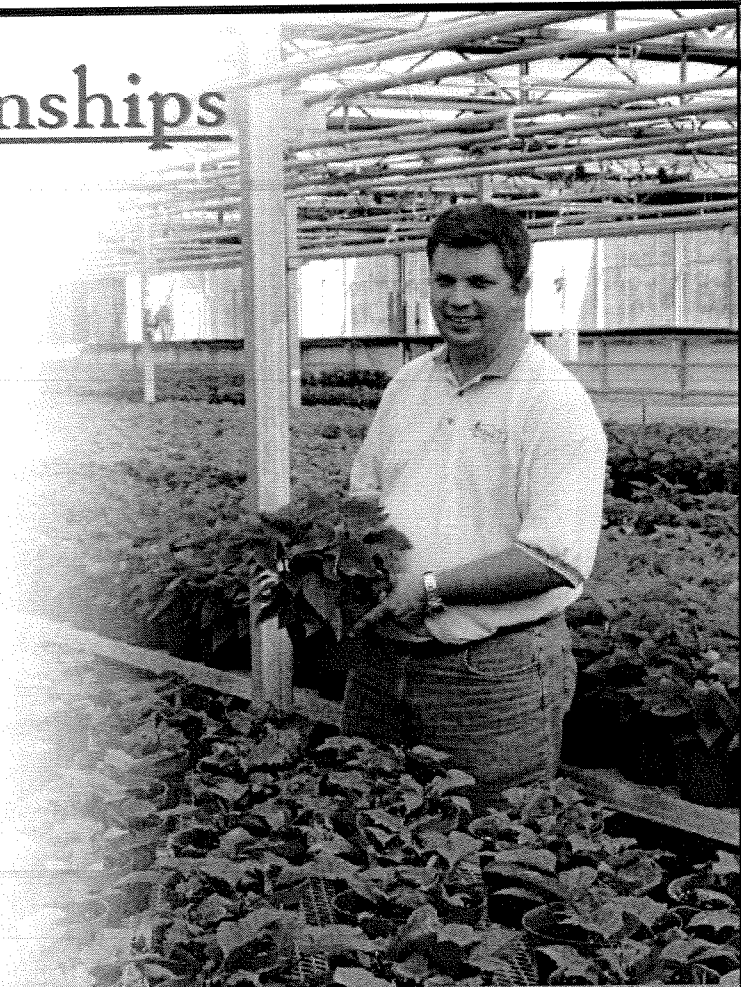


## Real Relationships

**“They help us  
continue to  
achieve our  
dreams.”**

~Jim Gibson, Timbuk Farms

Your dreams are important.  
That's why it pays for us to be  
attentive, accessible and  
interested in helping you find  
your best path for real success.



# PARK NATIONAL BANK

Let Park National take care of you today!

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a long time... let us help.*

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Cell 251-975-7091

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Cell 251-979-4240

Suzi Maddox  
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251-968-4494  
Cell 251-752-6683

Pricilla Jones  
Mortgage Banker  
GULF SHORES  
251-967-2167  
Cell 251-978-6663



Billy LeGrone  
Commercial &  
Mortgage Lender  
FAIRHOPE  
251-928-7854  
Cell 251-979-0706

Gregory Gontarski  
Construction &  
Development  
Lender  
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251 621-5876  
Cell 251-421-1723

Joshua C. Mims  
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Construction Lender  
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Kim McConnell  
Mortgage Banker  
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**Kathy Hallmon**  
636-4971



**Hunter Palmer**  
636-4917



**Irene Wynn**  
636-6639



# Vision Bank

"Your Community Bank"



**Amber Lowry**  
636-7988



**Bobbi Munck**  
636-6627



**Leslie Marcum**  
636-7957

## *Friendly - Personal Old Fashioned Customer Service*

- Construction
- Construction/Permanent Loans
- Permanent Loans
- Fixed and Adjustable Rate Mortgages
- Lot Loans
- FHA/VA/Conventional Loans
- Builder Guidance Lines

**TOLL FREE: 866-334-2200**

**[www.visionbank.net](http://www.visionbank.net)**



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# Vision Bank

"Your Community Bank"



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**Hunter Palmer**  
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**Irene Wynn**  
636-6639



**Leslie Marcum**  
636-7957

## *Friendly - Personal Old Fashioned Customer Service*

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- Construction/Permanent Loans
  - Permanent Loans
- Fixed and Adjustable Rate Mortgages
  - Lot Loans
- FHA/VA/Conventional Loans
- Builder Guidance Lines
- Full Service Banking



**Lisa Nicholas**  
636-4948

*TOLL FREE: 866-334-2200*

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**Amber Lowry**  
636-7988



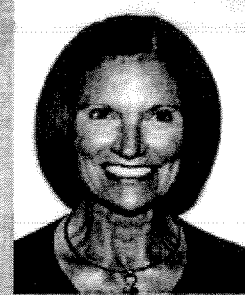


# Vision Bank

"Your Community Bank"



Kathy Hallmon  
Panama City Main  
636-4971



Irene Wynn  
Panama City Main  
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*Friendly - Personal  
Old Fashioned  
Customer Service*



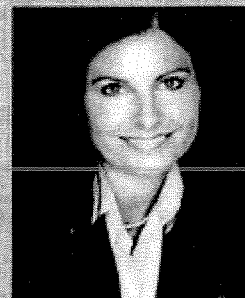
Hunter Palmer  
Beckrich Rd.  
636-4917



Lisa Nicholas  
Panama City Beach  
636-4948



Jeanne Royer  
Panama City Beach  
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