

PARK NATIONAL CORP /OH/
Form 10-Q
May 02, 2018

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

Commission File Number 1-13006

Park National Corporation
(Exact name of registrant as specified in its charter)

Ohio 31-1179518
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

50 North Third Street, Newark, Ohio 43055
(Address of principal executive offices) (Zip Code)

(740) 349-8451
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a Emerging growth company
smaller reporting

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. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes " No ý

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 15,301,101 Common shares, no par value per share, outstanding at May 1, 2018.

PARK NATIONAL CORPORATION

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PARK NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Condensed Balance Sheets (Unaudited)

(in thousands, except share and per share data)

	March 31, 2018	December 31, 2017
Assets:		
Cash and due from banks	\$ 110,163	\$ 131,946
Money market instruments	166,418	37,166
Cash and cash equivalents	276,581	169,112
Investment securities:		
Debt securities available-for-sale, at fair value (amortized cost of \$1,079,745 and \$1,097,645 at March 31, 2018 and December 31, 2017, respectively)	1,046,910	1,091,881
Debt securities held-to-maturity, at amortized cost (fair value of \$346,199 and \$363,779 at March 31, 2018 and December 31, 2017, respectively)	347,622	357,197
Other investment securities	69,824	63,746
Total investment securities	1,464,356	1,512,824
Loans		
Allowance for loan losses	(48,969)	(49,988)
Net loans	5,243,380	5,322,495
Bank owned life insurance	188,952	189,322
Prepaid assets	101,635	97,712
Goodwill	72,334	72,334
Premises and equipment, net	56,239	55,901
Affordable housing tax credit investments	47,818	49,669
Other real estate owned	9,055	14,190
Accrued interest receivable	20,369	22,164
Mortgage loan servicing rights	9,969	9,688
Other	28,282	22,209
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
Short-term borrowings	184,090	391,289
Long-term debt	425,000	500,000
Subordinated notes	15,000	15,000
Unfunded commitments in affordable housing tax credit investments	14,282	14,282
Accrued interest payable	2,024	2,278
Other	41,506	41,344
Total liabilities	\$6,766,196	\$6,781,519
Shareholders' equity:		
Preferred shares (200,000 shares authorized; 0 shares issued)	\$—	\$—
Common shares (No par value; 20,000,000 shares authorized; 16,150,740 shares issued at March 31, 2018 and 16,150,752 shares issued at December 31, 2017)	307,249	307,726

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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)
Accumulated other comprehensive loss, net of taxes	(52,641)	(26,454)
Total shareholders' equity	752,774	756,101
Total liabilities and shareholders' equity	\$7,518,970	\$7,537,620

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

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PARK NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Condensed Statements of Income (Unaudited)

(in thousands, except share and per share data)

	Three Months Ended March 31, 2018 2017	
Interest and dividend income:		
Interest and fees on loans	\$64,402	\$59,908
Interest and dividends 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 and dividend income	73,714	68,755
Interest expense:		
Interest on deposits:		
Demand and savings deposits	3,290	