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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2024

OR

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

For the transition period from ______________________ to __________________________

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, P.O. Box 3500 Newark, Ohio 43058-3500
(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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, without par value	PRK	NYSE American

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 every Interactive Data File required to be submitted 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 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	☐
		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. ☐

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

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 16,151,640 Common Shares, no par value per share, outstanding at August 1, 2024.

PARK NATIONAL CORPORATION

CONTENTS

Glossary of Abbreviations and Acronyms

Park has identified the following list of abbreviations and acronyms that are used in the Unaudited Consolidated Condensed Financial Statements, Notes to Unaudited Consolidated Condensed Financial Statements, and Management's Discussion and Analysis of Financial Condition and Results of Operations.

ACH	Automated clearing house	LDA	Loss driver analysis
ACL	Allowance for credit losses	LGD	Loss given default
AFS	Available-for-sale	LTIP	Long-Term Incentive Plan
Allowance	Allowance for credit losses	MSRs	Mortgage servicing rights
ASC	Accounting Standards Codification	NAV	Net asset value
ASU	Accounting Standards Update	NewDominion	NewDominion Bank
ATM	Automated teller machine	NSF	Non-sufficient funds
Carolina Alliance	CAB Financial Corporation and its subsidiaries	OREO	Other real estate owned
Company	Park National Corporation and its subsidiaries	Park	Park National Corporation and its subsidiaries
Corporation	Park National Corporation and its subsidiaries	Park National Bank	The Park National Bank
COVID-19	Novel coronavirus	PBRSUs	Performance-based restricted stock units
DCF	Discounted cash flow	PCD	Purchased credit deteriorated
DDA	Demand deposit account	PD	Probability of default
EPS	Earnings per common share	PNB	The Park National Bank
FASB	Financial Accounting Standards Board	PPP	CARES Act Paycheck Protection Program
FDIC	Federal Deposit Insurance Corporation	PTPP	Pre-tax, pre-provision
FFIEC	Federal Financial Institutions Examination Council	Registrant	Park National Corporation
FHLB	Federal Home Loan Bank	ROU	Right-of-use
FRB	Federal Reserve Bank	SARs	Stock appreciation rights
FTE	Fully taxable equivalent	SEC	U.S. Securities and Exchange Commission
GDP	Gross domestic product	SERP	Supplemental Executive Retirement Plan
HELOC	Home equity line of credit	TBRSUs	Time-based restricted stock units
HPI	Home price index	TDRs	Troubled debt restructurings
ICS	Insured Cash Sweep	U.S.	United States of America
IRLC	Interest rate lock commitment	U.S. GAAP	United States Generally Accepted Accounting Principles
KSOP	Park's qualified retirement plan that combines an employee stock ownership plan (ESOP) with a 401(k) plan	United States	United States of America
		VOV	Verification of value

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

PARK NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Condensed Balance Sheets (Unaudited)
(in thousands, except common share and per common share data)

	June 30, 2024	December 31, 2023
Assets:		
Cash and due from banks	**$ 142,593**	$ 160,477
Money market instruments	**118,872**	57,791
Cash and cash equivalents	**261,465**	218,268
Investment securities:		
Debt securities available-for-sale, at fair value (amortized cost of $ 1,259,498 and $1,418,770 at June 30, 2024 and December 31, 2023, respectively, and no allowance for credit losses at June 30, 2024 or at December 31, 2023)	**1,170,706**	1,332,842
Other investment securities	**94,152**	96,302
Total investment securities	**1,264,858**	1,429,144
Loans	**7,664,377**	7,476,221
Allowance for credit losses	**(86,575)**	(83,745)
Net loans	**7,577,802**	7,392,476
Bank owned life insurance	**241,414**	231,631
Prepaid assets	**169,931**	165,879
Goodwill	**159,595**	159,595
Other intangible assets	**4,012**	4,652
Premises and equipment, net	**72,131**	74,211
Affordable housing tax credit investments	**68,426**	62,703
OREO	**1,210**	983
Accrued interest receivable	**39,024**	39,236
Operating lease ROU asset	**17,224**	15,715
Mortgage loan servicing rights	**14,271**	14,656
Other	**28,420**	27,304
Total assets	**$ 9,919,783**	$ 9,836,453

PARK NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Condensed Balance Sheets (Unaudited) (Continued)

(in thousands, except common share and per common share data)

	June 30, 2024	December 31, 2023
Liabilities and Shareholders' Equity:		
Deposits:		
Non-interest bearing	**$ 2,542,446**	$ 2,628,234
Interest bearing	**5,770,059**	5,414,332
Total deposits	**8,312,505**	8,042,566
Short-term borrowings	**94,478**	328,182
Subordinated notes	**189,396**	189,147
Unfunded commitments in affordable housing tax credit investments	**31,468**	28,768
Operating lease liability	**17,898**	16,605
Allowance for credit losses on off-balance sheet commitments	**5,183**	5,103
Accrued interest payable	**8,812**	6,860
Other	**76,786**	73,929
Total liabilities	**$ 8,736,526**	$ 8,691,160
Shareholders' equity:		
Preferred shares (No par value; 200,000 shares authorized; No shares issued)	**$ —**	$ —
Common shares (No par value; 20,000,000 shares authorized; 17,623,104 common shares issued at June 30, 2024 and at December 31, 2023)	**460,821**	463,280
Retained earnings	**943,149**	903,877
Treasury shares (1,473,581 common shares at June 30, 2024 and 1,506,625 common shares at December 31, 2023)	**(152,259)**	(155,673)
Accumulated other comprehensive loss, net of taxes	**(68,454)**	(66,191)
Total shareholders' equity	**1,183,257**	1,145,293
Total liabilities and shareholders' equity	**$ 9,919,783**	$ 9,836,453

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

PARK NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Income (Unaudited)
(in thousands, except common share and per common share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Interest and dividend income:				
Interest and fees on loans	**$ 115,318**	$ 96,428	**$ 226,529**	$ 188,042
Interest and dividends on:				
Debt securities - taxable	**10,950**	13,431	**22,849**	26,410
Debt securities - tax-exempt	**1,382**	2,906	**2,792**	5,818
Other interest income	**1,254**	1,909	**3,374**	5,305
Total interest and dividend income	**128,904**	114,674	**255,544**	225,575
Interest expense:				
Interest on deposits:				
Demand and savings deposits	**20,370**	18,068	**40,225**	32,280
Time deposits	**7,525**	1,966	**14,863**	3,313
Interest on borrowings:				
Short-term borrowings	**811**	728	**2,275**	1,552
Subordinated notes	**2,361**	2,340	**4,721**	4,660
Total interest expense	**31,067**	23,102	**62,084**	41,805
Net interest income	**97,837**	91,572	**193,460**	183,770
Provision for credit losses	**3,113**	2,492	**5,293**	2,675
Net interest income after provision for credit losses	**$ 94,724**	$ 89,080	**$ 188,167**	$ 181,095
Other income:				
Income from fiduciary activities	**$ 10,728**	$ 8,816	**$ 20,752**	$ 17,431
Service charges on deposit accounts	**2,214**	2,041	**4,320**	4,282
Other service income	**2,906**	2,639	**5,430**	5,336
Debit card fee income	**6,580**	6,830	**12,823**	13,287
Bank owned life insurance income	**1,565**	1,332	**4,194**	2,517
ATM fees	**458**	553	**954**	1,086
Loss on the sale of debt securities, net	**—**	—	**(398)**	—
Gain (loss) on equity securities, net	**358**	25	**(329)**	(380)
Other components of net periodic pension benefit income	**2,204**	1,893	**4,408**	3,786
Miscellaneous	**1,781**	886	**2,840**	2,057
Total other income	**$ 28,794**	$ 25,015	**$ 54,994**	$ 49,402

PARK NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Income (Unaudited) (Continued)
(in thousands, except common share and per common share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Other expense:				
Salaries	**$ 35,954**	$ 33,649	**$ 71,687**	$ 68,520
Employee benefits	**9,873**	10,538	**21,433**	21,354
Occupancy expense	**2,975**	3,214	**6,156**	6,567
Furniture and equipment expense	**2,454**	3,103	**5,037**	6,349
Data processing fees	**9,542**	9,582	**18,350**	18,332
Professional fees and services	**6,022**	7,365	**12,839**	14,586
Marketing	**1,164**	1,239	**2,905**	2,558
Insurance	**1,777**	1,960	**3,495**	3,774
Communication	**1,002**	1,045	**2,038**	2,082
State tax expense	**1,129**	1,096	**2,239**	2,374
Amortization of intangible assets	**320**	328	**640**	655
Miscellaneous	**2,977**	2,766	**5,598**	5,237
Total other expense	**$ 75,189**	$ 75,885	**$ 152,417**	$ 152,388
Income before income taxes	**$ 48,329**	$ 38,210	**$ 90,744**	$ 78,109
Income taxes	**8,960**	6,626	**16,171**	12,792
Net income	**$ 39,369**	$ 31,584	**$ 74,573**	$ 65,317
Earnings per common share:				
Basic	**$ 2.44**	$ 1.95	**$ 4.62**	$ 4.03
Diluted	**$ 2.42**	$ 1.94	**$ 4.60**	$ 4.01
Weighted average common shares outstanding:				
Basic	**16,149,523**	16,165,119	**16,133,183**	16,203,736
Diluted	**16,239,617**	16,240,600	**16,215,342**	16,282,693
Regular cash dividends declared per common share	**$ 1.06**	$ 1.05	**$ 2.12**	$ 2.10

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

PARK NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Condensed Statements of Comprehensive Income (Unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net income	$ 39,369	$ 31,584	$ 74,573	$ 65,317
Other comprehensive (loss) income, net of tax:				
Unrealized net holding (loss) gain on debt securities available-for-sale, net of income tax effect of $(547) and $(1,795) for the three months ended June 30, 2024 and 2023, respectively, and $(685) and $1,490 for the six months ended June 30, 2024 and 2023, respectively	(2,059)	(6,753)	(2,577)	5,608
Net loss realized on sale of debt securities, AFS, net of income tax effect of $ 84 for the six months ended June 30, 2024	—	—	314	—
Other comprehensive (loss) income	$ (2,059)	$ (6,753)	$ (2,263)	$ 5,608
Comprehensive income	$ 37,310	$ 24,831	$ 72,310	$ 70,925

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

PARK NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Condensed Statements of Changes in Shareholders' Equity (Unaudited)

(in thousands, except common share and per common share data)

	Preferred Shares	Common Shares	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss
Balance at December 31, 2023	$ —	$ 463,280	$ 903,877	$ (155,673)	$ (66,191)
Net income			35,204		
Other comprehensive loss, net of tax					(204)
Dividends on common shares at $ 1.06 per common share			(17,287)		
Issuance of 33,044 common shares under share-based compensation awards, net of 21,937 common shares withheld to pay employee income taxes		(5,701)	(693)	3,414	
Share-based compensation expense		1,953			
Balance at March 31, 2024	$ —	$ 459,532	$ 921,101	$ (152,259)	$ (66,395)
Net income			39,369		
Other comprehensive loss, net of tax					(2,059)
Dividends on common shares at $ 1.06 per common share			(17,321)		
Share-based compensation expense		1,289			
Balance at June 30, 2024	$ —	$ 460,821	$ 943,149	$ (152,259)	$ (68,454)

PARK NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Changes in Shareholders' Equity (Unaudited) (Continued)
(in thousands, except common share and per common share data)

	Preferred Shares	Common Shares	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss
Balance at December 31, 2022	$ —	$ 462,404	$ 847,235	$ (138,019)	$ (102,394)
Cumulative effect of a change in accounting principle			(303)		
Balance at January 1, 2023	$ —	$ 462,404	$ 846,932	$ (138,019)	$ (102,394)
Net income			33,733		
Other comprehensive income, net of tax					12,361
Dividends on common shares at $1.05 per common share			(17,285)		
Issuance of 34,484 common shares under share-based compensation awards, net of 21,981 common shares withheld to pay employee income taxes		(5,309)	(862)	3,564	
Share-based compensation expense		2,336			
Repurchase of 124,000 common shares to be held as treasury shares				$ (15,308)	
Balance at March 31, 2023	$ —	$ 459,431	$ 862,518	$ (149,763)	$ (90,033)
Net income			31,584		
Other comprehensive loss, net of tax					(6,753)
Dividends on common shares at $1.05 per common share			(17,187)		
Issuance of 4358 common shares under share-based compensation awards, net of 1992 common shares withheld to pay employee income taxes		(602)	(85)	450	
Share-based compensation expense		1,749			
Repurchase of 25000 common shares to be held as treasury shares				(2,552)	
Balance at June 30, 2023	$ —	$ 460,578	$ 876,830	$ (151,865)	$ (96,786)

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

PARK NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows (Unaudited)
(in thousands)

	Six Months Ended June 30,	
	2024	**2023**
Operating activities:		
Net income	**$ 74,573**	$ 65,317
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	**5,293**	2,675
Accretion of loan fees and costs, net	**(4,334)**	(4,400)
Depreciation of premises and equipment	**6,138**	7,122
Amortization of investment securities, net	**787**	1,722
Net amortization of purchase accounting adjustments	**21**	263
Loss on the sale of debt securities, net	**398**	—
Loss on equity securities, net	**329**	380
Loan originations to be sold in secondary market	**(46,800)**	(32,720)
Proceeds from sale of loans in secondary market	**46,593**	32,008
Gain on sale of loans in secondary market	**(867)**	(625)
Share-based compensation expense	**3,242**	4,085
Bank owned life insurance income	**(4,194)**	(2,517)
Investment in qualified affordable housing tax credits amortization	**4,277**	4,194
Changes in assets and liabilities:		
Decrease (increase) in prepaid dealer premiums	**704**	(244)
Increase in other assets	**(2,905)**	(7,315)
Increase (decrease) in other liabilities	**1,986**	(12,261)
Net cash provided by operating activities	**$ 85,241**	$ 57,684
Investing activities:		
Proceeds from sales of investment securities	**$ 30,797**	$ —
Proceeds from the redemption/repurchase of FHLB stock	**13,634**	3,605
Proceeds from calls and maturities of:		
Debt securities AFS	**129,390**	71,116
Purchases of:		
Debt securities AFS	**(2,100)**	(908)
Equity securities	**(2,255)**	(2,195)
FHLB stock	**(6,501)**	(1,407)
Net (increase) decrease in other investments	**(557)**	1,114
Net loan originations, portfolio loans	**(185,414)**	(62,399)
Investment in qualified affordable housing tax credits	**(7,300)**	(5,576)
Proceeds from the sale of OREO	**713**	57
Bank owned life insurance death benefits	**4,344**	1,104
Purchases of bank owned life insurance	**(9,933)**	(2,500)
Purchases of premises and equipment	**(5,004)**	(4,047)
Net cash used in investing activities	**$ (40,186)**	$ (2,036)

PARK NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flows (Unaudited) (Continued)

(in thousands)

	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Financing activities:		
Net increase (decrease) in deposits	**$ 268,754**	$ (70,909)
Net decrease in off-balance sheet deposits	**1,185**	195,170
Net decrease in short-term borrowings	**(233,704)**	(83,428)
Value of common shares withheld to pay employee income taxes	**(2,980)**	(2,844)
Repurchase of common shares to be held as treasury shares	**—**	(17,860)
Cash dividends paid	**(35,113)**	(35,108)
Net cash used in financing activities	**$ (1,858)**	$ (14,979)
Increase in cash and cash equivalents	**43,197**	40,669
Cash and cash equivalents at beginning of year	**218,268**	189,728
Cash and cash equivalents at end of period	**$ 261,465**	$ 230,397
Supplemental disclosures of cash flow information:		
Cash paid for:		
Interest	**$ 60,132**	$ 41,243
Federal income tax	**10,600**	7,350
Non-cash items:		
Loans transferred to OREO	**$ 827**	$ 1,051
ROU assets obtained in exchange for lease obligations	**2,450**	179
New commitments in affordable housing tax credits	**10,000**	—
New commitments in other investment securities	**2,500**	2,495

SEE ACCOMPANYING NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

PARK NATIONAL CORPORATION
NOTES TO UNAUDITED CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

The accompanying unaudited consolidated condensed financial statements included in this report have been prepared for Park National Corporation (sometimes also referred to as the “Registrant”) and its subsidiaries. Unless the context otherwise requires, references to "Park", the "Corporation" or the "Company" and similar terms mean Park National Corporation and its subsidiaries. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of operations for the interim periods included herein have been made. The results of operations for the three-month and the six-month periods ended June 30, 2024 are not necessarily indicative of the operating results to be anticipated for the year ending December 31, 2024.

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with the instructions for Quarterly Reports on Form 10-Q and, therefore, do not include all information and footnotes necessary for a fair presentation of the consolidated condensed balance sheets, consolidated condensed statements of income, consolidated condensed statements of comprehensive income, consolidated condensed statements of changes in shareholders’ equity and consolidated condensed statements of cash flows in conformity with U.S. GAAP. These financial statements should be read in conjunction with the consolidated financial statements included in Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA in the Annual Report on Form 10-K of Park National Corporation for the fiscal year ended December 31, 2023 ("Park's 2023 Form 10-K"). Certain prior period amounts have been reclassified to conform to the current period presentation.

Park’s significant accounting policies are described in Note 1. Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements included in Park’s 2023 Form 10-K. For interim reporting purposes, Park follows the same basic accounting policies, as updated by the information contained in this report, and considers each interim period an integral part of an annual period.

Note 2 - Adoption of New Accounting Pronouncements and Issued But Not Yet Effective Accounting Standards

The following is a summary of new accounting pronouncements impacting Park's consolidated financial statements:

Adoption of New Accounting Pronouncements

No significant new pronouncements were adopted during the three months or six months ended June 30, 2024.

Issued But Not Yet Effective Accounting Standards

ASU 2023-06 - Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative: In October 2023, FASB issued *ASU 2023-06 - Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative.* ASU 2023-06 amends the disclosure or presentation requirements related to various subtopics in the FASB Accounting Standards Codification. ASU 2023-06 was issued in response to the SEC's August 2018 final rule that updated and simplified disclosure requirements. In the final rule, the SEC identified 27 disclosure requirements that were incremental to those in the ASC and referred them to the FASB for potential incorporation into US GAAP. To avoid duplication, the SEC intended to eliminate those disclosure requirements from existing SEC regulations if the FASB incorporated them into the relevant ASC subtopics. The disclosure requirements are currently included in either SEC Regulation S-X or SEC Regulation S-K. ASU 2023-06 adds 14 of the 27 identified disclosure or presentation requirements to the ASC.

For entities, like Park that are subject to the SEC's existing disclosure requirements, the effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. The amendments are to be applied prospectively and, if by June 30, 2027 the SEC has not removed the applicable requirement from Regulation S-X or S-K, the pending content of the related amendment will be removed from the ASC and will not become effective for any entity. Management intends to adopt the provisions of ASU 2023-06 on their respective effective dates. The adoption of the provisions of ASU 2023-06 is not expected to have a material impact on Park's consolidated financial statements.

ASU 2023-07 - Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures

In November 2023, FASB issued *ASU 2023-07 -Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* . ASU 2023-07 will require public entities to disclose information about their reportable segments' significant expenses on an interim and annual basis. Public entities will be required to disclose other segment items for each reportable segment and provide a description of its composition. Significant expense categories are derived from expenses that are regularly reported to an entity's chief operating decision-makers and included in a segments' reported measures of profit or loss. ASU 2023-07 will also require for an entity to disclose the title and position of the chief operating decision-maker and explain how the chief operating decision-maker uses the reported measures of profit or loss to assess segment performance. ASU 2023-07 also requires interim disclosures of certain segment-related disclosures that previously were required only on an annual basis and clarifies that entities with a single reportable segment are subject to both new and existing segment reporting requirements under Topic 280.

ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. ASU 2023-07 requires entities to adopt the changes to the segment reporting guidance on a retrospective basis and early adoption is permitted. The adoption of the provisions of ASU 2023-07 is not expected to have an impact on Park's consolidated financial statements.

ASU 2023-09- Income Taxes (Topic 740) Improvement to Income Tax Disclosures

In December 2023, FASB issued *ASU 2023-09 - Income Taxes (Topic 740): Improvements to Income Tax Disclosures.* ASU 2023-09 will require entities to disclose more detailed information in the reconciliation of their statutory tax rate to their effective tax rate. ASU 2023-09 also requires entities to disclose more detailed information about income taxes paid, including by jurisdiction.

ASU 2023-09 is effective for public business entities for annual reporting periods beginning after December 15, 2024 and interim periods beginning after December 15, 2025. The adoption of the provisions of ASU 2023-09 is not expected to have an impact on Park's consolidated financial statements, but will impact disclosures.

Note 3 – Investment Securities

Investment securities at June 30, 2024 and at December 31, 2023, were as follows:

Debt securities AFS (In thousands)	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
June 30, 2024:				
Obligations of states and political subdivisions	**$ 219,431**	**$ 110**	**$ 17,414**	**$ 202,127**
U.S. Government sponsored entities' asset-backed securities	**640,810**	**4**	**69,975**	**570,839**
Collateralized loan obligations	**378,546**	**602**	**152**	**378,996**
Corporate debt securities	**20,711**	**51**	**2,018**	**18,744**
Total	**$ 1,259,498**	**$ 767**	**$ 89,559**	**$ 1,170,706**

Debt securities AFS (In thousands)	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Fair Value
December 31, 2023:				
Obligations of states and political subdivisions	$ 251,531	$ 1,173	$ 11,520	$ 241,184
U.S. Government sponsored entities' asset-backed securities	703,645	23	68,193	635,475
Collateralized loan obligations	443,112	31	4,857	438,286
Corporate debt securities	20,482	—	2,585	17,897
Total	$ 1,418,770	$ 1,227	$ 87,155	$ 1,332,842

Investment securities in an unrealized loss position at June 30, 2024, were as follows:

	Unrealized loss position for less than 12 months		Unrealized loss position for 12 months or longer		Total	
(In thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Debt securities AFS:						
Obligations of states and political subdivisions	**$ 57,246**	**$ 1,588**	**$ 136,200**	**$ 15,826**	**$ 193,446**	**$ 17,414**
U.S. Government sponsored entities' asset-backed securities	**—**	**—**	**569,653**	**69,975**	**569,653**	**69,975**
Collateralized loan obligations	**7,993**	**6**	**143,950**	**146**	**151,943**	**152**
Corporate debt securities	**—**	**—**	**16,582**	**2,018**	**16,582**	**2,018**
Total	**$ 65,239**	**$ 1,594**	**$ 866,385**	**$ 87,965**	**$ 931,624**	**$ 89,559**

Investment securities in an unrealized loss position at December 31, 2023, were as follows:

	Unrealized loss position for less than 12 months		Unrealized loss position for 12 months or longer		Total	
(In thousands)	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Debt securities AFS:						
Obligations of states and political subdivisions	$ 46,685	$ 420	$ 103,993	$ 11,100	$ 150,678	$ 11,520
U.S. Government sponsored entities' asset-backed securities	—	—	634,261	68,193	634,261	68,193
Collateralized loan obligations	—	—	404,019	4,857	404,019	4,857
Corporate debt securities	9,530	702	8,367	1,883	17,897	2,585
Total	$ 56,215	$ 1,122	$ 1,150,640	$ 86,033	$ 1,206,855	$ 87,155

At June 30, 2024, Park's debt securities portfolio consisted of $ 1.2 billion of securities, $931.6 million of which were in an unrealized loss position with aggregate unrealized losses of $89.6 million. Of the $931.6 million of securities in an unrealized loss position, $866.4 million were in an unrealized loss position for 12 months or longer. Of the $89.6 million in unrealized losses, $70.0 million were related to Park's "U.S. Government sponsored entities' asset-backed securities" portfolio. For non-agency debt securities, Park verified that the current credit ratings remain above investment grade. On a quarterly basis, management reviews the credit profile of each non-agency debt security and assesses whether any impairment to the contractually obligated cash flow is likely to occur. Based on these reviews, management has concluded that the underlying creditworthiness for each security remains sufficient to maintain required payment obligations and that changes in value are largely the result of changes in the yield curve, therefore, unrealized losses have not been recognized into net income. Management does not intend to sell, and it is not more likely than not that management would be required to sell, the securities prior to their anticipated recovery in respect of the unrealized losses. Management believes the value will recover as the securities approach maturity or market interest rates change.

There was no allowance for credit losses recorded for debt securities AFS at either June 30, 2024 or December 31, 2023. Additionally, for the three months and the six months ended June 30, 2024 and 2023, there were no credit-related investment impairment losses recognized.

The amortized cost and estimated fair value of investments in debt securities AFS at June 30, 2024, are shown in the following table by contractual maturity, except for asset-backed securities and collateral loan obligations, which are shown as a single total due to the unpredictability of the timing of principal repayments. Expected maturities may differ from contractual maturities if borrowers have the right to call or prepay obligations with or without call or prepayment penalties.

(In thousands)	Amortized cost	Fair value	Tax equivalent yield (1)
Debt Securities AFS			
Obligations of state and political subdivisions:			
Due one through five years	$ **1,499**	$ **1,496**	**3.15** %
Due five through ten years	**87,346**	**83,655**	**3.26** %
Due over ten years	**130,586**	**116,976**	**3.14** %
Total (1)	$ **219,431**	$ **202,127**	**3.19** %
U.S. Government sponsored entities' asset-backed securities	$ **640,810**	$ **570,839**	**1.87** %
Collateralized loan obligations	$ **378,546**	$ **378,996**	**7.25** %
Corporate debt securities			
Due one through five years	$ **950**	$ **916**	**9.67** %
Due five through ten years	**19,761**	**17,828**	**4.10** %
Total	$ **20,711**	$ **18,744**	**4.35** %

(1) The tax equivalent yield for certain obligations of state and political subdivisions includes the effect of a taxable equivalent adjustment using a 21% federal corporate income tax rate.

During the six-month period ended June 30, 2024, Park sold certain AFS debt securities with a book value of $ 31.2 million at a gross loss of $ 398,000. There were no sales of debt securities AFS during the three month period ended June 30, 2024. There were no sales of debt securities AFS during the three month or six-month periods ended June 30, 2023.

Investment securities having a fair value of $ 731.9 million and $ 602.0 million at June 30, 2024 and December 31, 2023, respectively, were pledged to collateralize government and public fund deposits, to secure repurchase agreements and as collateral for FHLB advance borrowings.

Note 4 – Other Investment Securities

Other investment securities consist of restricted stock investments in the FHLB and the FRB, and equity securities. The restricted FHLB and FRB stock investments are carried at their redemption value. Equity securities with a readily determinable fair value are carried at fair value. Equity securities without a readily determinable fair value are recorded at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions ("modified cost"). Park's portfolio of equity investments in limited partnerships which provide mezzanine funding ("Partnership Investments") are valued using the NAV practical expedient in accordance with ASC 820.

The carrying amounts of other investment securities at June 30, 2024 and December 31, 2023 were as follows:

(In thousands)	June 30, 2024	December 31, 2023
FHLB stock	**$ 10,621**	$ 17,754
FRB stock	**14,653**	14,653
Equity investments carried at fair value	**2,870**	2,089
Equity investments carried at modified cost [(1)]	**17,847**	15,921
Equity investments carried at NAV	**48,161**	45,885
Total other investment securities	**$ 94,152**	$ 96,302

(1) There have been no impairments or downward adjustments made to equity investments carried at modified cost. Cumulatively, upward adjustments of $1.4 million have been recorded as a result of observable price changes. There were $571,000 in upward adjustments recorded during the three months and six months ended June 30, 2024 as a result of observable price changes. There were no adjustments recorded during the three months and six months ended June 30, 2023 as a result of observable price changes.

During the three months ended June 30, 2024, Park purchased 62,766 shares of FHLB stock with a book value of $ 6.3 million.
During the six months ended June 30, 2024, Park purchased 65,012 shares of FHLB stock with a book value of $ 6.5 million. During the three and six months ended June 30, 2023, Park purchased 14,075 shares of FHLB stock with a book value of $ 1.4 million.

During the three months ended June 30, 2024, the FHLB repurchased 90,708 shares of FHLB stock with a book value of $ 9.1 million. During the six months ended June 30, 2024, the FHLB repurchased 136,338 shares of FHLB stock with a book value of $ 13.6 million. During the three months ended June 30, 2023, the FHLB repurchased 5,114 shares of FHLB stock with a book value of $ 511,000. During the six months ended June 30, 2023, the FHLB repurchased 36,052 shares of FHLB stock with a book value of $ 3.6 million.

No shares of FRB stock were purchased or sold during the three months or six months ended June 30, 2024 or 2023.

During the three months ended June 30, 2024 and 2023, $ 450,000 and $(112,000), respectively, of gains (losses) on equity investments carried at fair value were recorded within "Gain (loss) on equity securities, net" on the Consolidated Condensed Statements of Income. During the six months ended June 30, 2024 and 2023, $453,000 and $(139,000), respectively, of gains (losses) on equity investments carried at fair value were recorded within "Gain (loss) on equity securities, net" on the Consolidated Condensed Statements of Income.

During the three months ended June 30, 2024 and 2023, $(92,000) and $137,000, respectively, of (losses) gains on equity investments carried at NAV were recorded within “Gain (loss) on equity securities, net” on the Consolidated Condensed Statements of Income. During the six months ended June 30, 2024 and 2023, $(782,000) and $(241,000), respectively, of losses on equity investments carried at NAV were recorded within “Gain (loss) on equity securities, net” on the Consolidated Condensed Statements of Income.

Note 5 – Loans

The composition of the loan portfolio at June 30, 2024 and at December 31, 2023 was as follows:

	June 30, 2024	December 31, 2023
(In thousands)	Amortized Cost	Amortized Cost
Commercial, financial and agricultural: (1)		
Commercial, financial and agricultural (1)	**$ 1,324,853**	$ 1,292,025
PPP loans	**1,404**	2,116
Overdrafts	**4,108**	1,499
Commercial real estate (1)	**1,942,490**	1,875,993
Construction real estate:		
Commercial	**232,736**	209,226
Retail	**102,934**	95,873
Residential real estate:		
Commercial	**616,142**	609,410
Mortgage	**1,286,503**	1,239,861
HELOC	**185,558**	174,349
Installment	**6,060**	5,904
Consumer:		
Consumer	**1,931,173**	1,943,869
Check loans	**1,960**	2,067
Leases	**28,456**	24,029
Total	**$ 7,664,377**	$ 7,476,221
Allowance for credit losses	**(86,575)**	(83,745)
Net loans	**$ 7,577,802**	$ 7,392,476

(1) Included within each of commercial, financial and agricultural loans and commercial real estate loans is an immaterial amount of consumer loans that were not broken out by class.

Loans are shown net of deferred origination fees, costs and unearned income of $ 20.0 million at June 30, 2024, and of $ 19.8 million at December 31, 2023, which represented a net deferred income position at both dates. At June 30, 2024 and December 31, 2023, loans included purchase accounting adjustments of $1.2 million and $1.8 million, respectively, which represented a net deferred income position at each date. This fair market value purchase accounting adjustment is expected to be recognized into interest income on a level yield basis over the remaining expected life of the loans.

Overdrawn deposit accounts of $4.1 million and $1.5 million were reclassified to loans at June 30, 2024 and at December 31, 2023, respectively.

Credit Quality

Nonperforming loans consist of nonaccrual loans and loans past due 90 days or more and still accruing.

The following tables present the amortized cost of nonaccrual loans and loans past due 90 days or more and still accruing, by class of loan, at June 30, 2024 and December 31, 2023.

	June 30, 2024		
(In thousands)	Nonaccrual Loans	Loans Past Due 90 Days or More and Accruing	Total Nonperforming Loans
Commercial, financial and agricultural:			
Commercial, financial and agricultural	$ **26,823**	$ **—**	$ **26,823**
PPP loans	**—**	**—**	**—**
Overdrafts	**—**	**—**	**—**
Commercial real estate	**24,052**	**—**	**24,052**
Construction real estate:			
Commercial	**37**	**—**	**37**
Retail	**173**	**—**	**173**
Residential real estate:			
Commercial	**4,091**	**—**	**4,091**
Mortgage	**13,124**	**576**	**13,700**
HELOC	**813**	**—**	**813**
Installment	**15**	**—**	**15**
Consumer:			
Consumer	**2,200**	**801**	**3,001**
Check loans	**—**	**—**	**—**
Leases	**40**	**—**	**40**
Total loans	$ **71,368**	$ **1,377**	$ **72,745**

(In thousands)	December 31, 2023 Nonaccrual Loans	Loans Past Due 90 Days or More and Accruing	Total Nonperforming Loans
Commercial, financial and agricultural			
Commercial, financial and agricultural	$ 21,284	$ 14	$ 21,298
PPP loans	—	—	—
Overdrafts	—	—	—
Commercial real estate	20,740	—	20,740
Construction real estate:			
Commercial	504	—	504
Retail	—	26	26
Residential real estate:			
Commercial	2,670	—	2,670
Mortgage	11,786	206	11,992
HELOC	815	—	815
Installment	16	—	16
Consumer			
Consumer	2,371	613	2,984
Check loans	—	—	—
Leases	73	—	73
Total loans	$ 60,259	$ 859	$ 61,118

The following tables provide additional detail on nonaccrual loans and the related ACL, by class of loan, at June 30, 2024 and December 31, 2023:

	June 30, 2024		
(In thousands)	Nonaccrual Loans With No ACL	Nonaccrual Loans With an ACL	Related ACL
Commercial, financial and agricultural:			
Commercial, financial and agricultural	$ 14,117	$ 12,706	$ 5,256
PPP loans	—	—	—
Overdrafts	—	—	—
Commercial real estate	22,703	1,349	39
Construction real estate:			
Commercial	37	—	—
Retail	—	173	150
Residential real estate:			
Commercial	3,902	189	18
Mortgage	—	13,124	132
HELOC	—	813	90
Installment	—	15	1
Consumer			
Consumer	—	2,200	515
Check loans	—	—	—
Leases	40	—	—
Total loans	$ 40,799	$ 30,569	$ 6,201

(In thousands)	December 31, 2023 Nonaccrual Loans With No ACL	Nonaccrual Loans With an ACL	Related ACL
Commercial, financial and agricultural:			
Commercial, financial and agricultural	$ 8,634	$ 12,650	$ 4,985
PPP loans	—	—	—
Overdrafts	—	—	—
Commercial real estate	20,175	565	2
Construction real estate:			
Commercial	504	—	—
Retail	—	—	—
Residential real estate:			
Commercial	2,670	—	—
Mortgage	—	11,786	117
HELOC	—	815	25
Installment	—	16	—
Consumer			
Consumer	—	2,371	672
Check loans	—	—	—
Leases	73	—	—
Total	$ 32,056	$ 28,203	$ 5,801

Nonaccrual commercial loans are evaluated on an individual basis and are excluded from the collective evaluation. Management's general practice is to proactively charge down loans individually evaluated to the fair value of the underlying collateral. Nonaccrual consumer loans are collectively evaluated based on similar risk characteristics.

The following tables provide the amortized cost basis of collateral-dependent loans by class of loan, at June 30, 2024 and at December 31, 2023:

(In thousands)	June 30, 2024 Real Estate	Business Assets	Other	Total
Commercial, financial and agricultural				
Commercial, financial and agricultural	**$ 8,685**	**$ 9,240**	**$ 8,522**	**$ 26,447**
Commercial real estate	**25,555**	**13**	**—**	**25,568**
Construction real estate:				
Commercial	**641**	**—**	**—**	**641**
Residential real estate:				
Commercial	**4,307**	**—**	**—**	**4,307**
Mortgage	**80**	**—**	**—**	**80**
Leases	**—**	**40**	**—**	**40**
Total loans	**$ 39,268**	**$ 9,293**	**$ 8,522**	**$ 57,083**

	December 31, 2023			
(In thousands)	Real Estate	Business Assets	Other	Total
Commercial, financial and agricultural				
Commercial, financial and agricultural	$ 8,137	$ 9,377	$ 3,737	$ 21,251
Commercial real estate	22,096	514	—	22,610
Construction real estate:				
Commercial	1,130	—	—	1,130
Residential real estate:				
Commercial	2,910	—	—	2,910
Mortgage	76	—	—	76
Leases	—	73	—	73
Total loans	$ 34,349	$ 9,964	$ 3,737	$ 48,050

Interest income on nonaccrual loans individually evaluated for impairment is recognized on a cash basis only when Park expects to receive the entire recorded investment in the loans. The following table presents interest income recognized on nonaccrual loans for the three-month and the six-month periods ended June 30, 2024 and 2023:

	Interest Income Recognized			
(In thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Commercial, financial and agricultural:				
Commercial, financial and agricultural	**$ 313**	$ 722	**$ 577**	$ 1,327
PPP loans	**—**	—	**—**	—
Overdrafts	**—**	—	**—**	—
Commercial real estate	**310**	200	**565**	360
Construction real estate:				
Commercial	**1**	22	**38**	54
Retail	**—**	—	**—**	—
Residential real estate:				
Commercial	**59**	37	**107**	63
Mortgage	**83**	53	**153**	102
HELOC	**2**	7	**7**	15
Installment	**—**	1	**—**	2
Consumer:				
Consumer	**27**	21	**58**	40
Check loans	**—**	—	**—**	—
Leases	**—**	—	**—**	—
Total loans	**$ 795**	$ 1,063	**$ 1,505**	$ 1,963

The following tables present the aging of the amortized cost in past due loans at June 30, 2024 and at December 31, 2023 by class of loan:

	June 30, 2024				
(In thousands)	Accruing Loans Past Due 30-89 Days	Past Due Nonaccrual Loans and Loans Past Due 90 Days or More and Accruing (1)	Total Past Due	Total Current (2)	Total Amortized Cost
Commercial, financial and agricultural:					
Commercial, financial and agricultural	$ 3,152	$ 16,835	$ 19,987	$ 1,304,866	$ 1,324,853
PPP loans	2	—	2	1,402	1,404
Overdrafts	—	—	—	4,108	4,108
Commercial real estate	3,007	1,969	4,976	1,937,514	1,942,490
Construction real estate:					
Commercial	21	—	21	232,715	232,736
Retail	198	173	371	102,563	102,934
Residential real estate:					
Commercial	—	408	408	615,734	616,142
Mortgage	9,227	5,553	14,780	1,271,723	1,286,503
HELOC	175	662	837	184,721	185,558
Installment	57	3	60	6,000	6,060
Consumer:					
Consumer	8,143	1,247	9,390	1,921,783	1,931,173
Check loans	9	—	9	1,951	1,960
Leases	51	—	51	28,405	28,456
Total loans	$ 24,042	$ 26,850	$ 50,892	$ 7,613,485	$ 7,664,377

(1) Includes an aggregate of $1.4 million of loans past due 90 days or more and accruing. The remaining loans were past due nonaccrual loans.

(2) Includes an aggregate of $45.9 million of nonaccrual loans which were current with respect to contractual principal and interest payments.

(in thousands)	December 31, 2023 Accruing Loans Past Due 30-89 Days	Past Due Nonaccrual Loans and Loans Past Due 90 Days or More and Accruing (1)	Total Past Due	Total Current (2)	Total Amortized Cost
Commercial, financial and agricultural					
Commercial, financial and agricultural	$ 522	$ 11,629	$ 12,151	$ 1,279,874	$ 1,292,025
PPP loans	9	—	9	2,107	2,116
Overdrafts	—	—	—	1,499	1,499
Commercial real estate	1,656	1,839	3,495	1,872,498	1,875,993
Construction real estate:					
Commercial	—	205	205	209,021	209,226
Retail	554	26	580	95,293	95,873
Residential real estate:					
Commercial	295	219	514	608,896	609,410
Mortgage	9,831	6,450	16,281	1,223,580	1,239,861
HELOC	788	611	1,399	172,950	174,349
Installment	52	—	52	5,852	5,904
Consumer					
Consumer	8,974	1,183	10,157	1,933,712	1,943,869
Check loans	5	—	5	2,062	2,067
Leases	—	—	—	24,029	24,029
Total loans	$ 22,686	$ 22,162	$ 44,848	$ 7,431,373	$ 7,476,221

(1) Includes an aggregate of $859,000 of loans past due 90 days or more and accruing. The remaining loans were past due nonaccrual loans.

(2) Includes an aggregate of $39.0 million of nonaccrual loans which were current with respect to contractual principal and interest payments.

Credit Quality Indicators

Management utilizes past due information as a credit quality indicator across the loan portfolio. Past due information at June 30, 2024 and December 31, 2023 is included in the previous tables. The past due information is the primary credit quality indicator within the following classes of loans: (1) overdrafts in the commercial, financial and agricultural portfolio segment; (2) retail loans in the construction real estate portfolio segment; (3) mortgage loans, HELOC and installment loans in the residential real estate portfolio segment; and (4) consumer loans and check loans in the consumer portfolio segment. The primary credit indicator for commercial loans is based on an internal grading system that grades all commercial loans on a scale from 1 to 8. Credit grades are continuously monitored by the responsible loan officer and adjustments are made when appropriate. A grade of 1 indicates little or no credit risk and a grade of 8 is considered a loss. Commercial loans that are pass-rated (graded a 1 through a 4) are considered to be of acceptable credit risk. Commercial loans graded a 5 (special mention) are considered to be watch list credits and a higher PD is applied to these loans. Loans classified as special mention have potential weaknesses that require management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of Park’s credit position at some future date. Commercial loans graded a 6 (substandard), also considered watch list credits, are considered to represent higher credit risk and, as a result, a higher PD is applied to these loans. Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor or the value of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that Park will sustain some loss if the weaknesses are not corrected. Commercial loans graded a 7 (doubtful) are shown as nonaccrual and Park generally charges these loans down to their fair value by taking a partial charge-off or recording an individual reserve. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Certain 6-rated loans and all 7-rated loans are placed on nonaccrual status and included within the individually evaluated category. A commercial loan is deemed nonaccrual, and is individually evaluated, when management determines the borrower's ability to perform in accordance with the contractual loan agreement is in doubt. Any commercial loan graded an 8 (loss) is completely charged off.

Based on the most recent analysis performed, the risk category of commercial loans by class of loans at June 30, 2024 and at December 31, 2023 are detailed in the tables below. Also included in the tables detailing loan balances are gross charge offs for the six months ended June 30, 2024 and for the year ended December 31, 2023.

June 30, 2024	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial, financial and agricultural: Commercial, financial and agricultural [(1)]								
Risk rating								
Pass	$ 117,600	$ 176,443	$ 131,424	$ 99,307	$ 79,138	$ 68,541	$ 588,440	$ 1,260,893
Special Mention	806	1,062	1,870	327	803	1,456	30,775	37,099
Substandard	1,412	457	689	375	672	475	10,660	14,740
Doubtful	29	188	142	833	1,913	8,082	934	12,121
Total	$ 119,847	$ 178,150	$ 134,125	$ 100,842	$ 82,526	$ 78,554	$ 630,809	$ 1,324,853
Current period gross charge-offs	$ —	$ 43	$ —	$ 5	$ 18	$ —	$ —	$ 66
Commercial, financial and agricultural: PPP								
Risk rating								
Pass	$ —	$ —	$ —	$ 715	$ 689	$ —	$ —	$ 1,404
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ 715	$ 689	$ —	$ —	$ 1,404
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate [(1)]								
Risk rating								
Pass	$ 173,547	$ 268,096	$ 310,023	$ 313,080	$ 283,305	$ 511,928	$ 29,009	$ 1,888,988
Special Mention	2,611	1,987	6,251	6,115	6,699	5,354	—	29,017
Substandard	42	3,568	2,294	3,559	2,370	8,851	2,912	23,596
Doubtful	—	889	—	—	—	—	—	889
Total	$ 176,200	$ 274,540	$ 318,568	$ 322,754	$ 292,374	$ 526,133	$ 31,921	$ 1,942,490
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Construction real estate: Commercial								
Risk rating								
Pass	$ 52,511	$ 95,513	$ 46,164	$ 2,894	$ 17,902	$ 3,103	$ 13,639	$ 231,726
Special Mention	—	—	369	—	—	—	—	369
Substandard	—	604	—	37	—	—	—	641
Doubtful	—	—	—	—	—	—	—	—
Total	$ 52,511	$ 96,117	$ 46,533	$ 2,931	$ 17,902	$ 3,103	$ 13,639	$ 232,736
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —

June 30, 2024	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Residential Real Estate: Commercial								
Risk rating								
Pass	$ 53,039	$ 116,948	$ 96,235	$ 99,598	$ 109,364	$ 107,501	$ 22,327	$ 605,012
Special Mention	513	552	1,021	604	1,887	1,397	665	6,639
Substandard	575	95	718	218	1,172	1,403	310	4,491
Doubtful	—	—	—	—	—	—	—	—
Total	$ 54,127	$ 117,595	$ 97,974	$ 100,420	$ 112,423	$ 110,301	$ 23,302	$ 616,142
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Leases								
Risk rating								
Pass	$ 12,567	$ 6,949	$ 4,186	$ 1,873	$ 1,233	$ 561	$ —	$ 27,369
Special Mention	—	51	799	—	197	—	—	1,047
Substandard	—	—	—	—	—	40	—	40
Doubtful	—	—	—	—	—	—	—	—
Total	$ 12,567	$ 7,000	$ 4,985	$ 1,873	$ 1,430	$ 601	$ —	$ 28,456
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total Commercial Loans								
Risk rating								
Pass	$ 409,264	$ 663,949	$ 588,032	$ 517,467	$ 491,631	$ 691,634	$ 653,415	$ 4,015,392
Special Mention	3,930	3,652	10,310	7,046	9,586	8,207	31,440	74,171
Substandard	2,029	4,724	3,701	4,189	4,214	10,769	13,882	43,508
Doubtful	29	1,077	142	833	1,913	8,082	934	13,010
Total	$ 415,252	$ 673,402	$ 602,185	$ 529,535	$ 507,344	$ 718,692	$ 699,671	$ 4,146,081
Current period gross charge-offs	$ —	$ 43	$ —	$ 5	$ 18	$ —	$ —	$ 66

(1) Included within each of commercial, financial and agricultural loans and commercial real estate loans is an immaterial amount of consumer loans that are not broken out by class.

December 31, 2023	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial, financial and agricultural: Commercial, financial and agricultural (1)								
Risk rating								
Pass	$ 204,601	$ 149,386	$ 118,992	$ 93,495	$ 38,205	$ 45,814	$ 600,301	$ 1,250,794
Special Mention	530	1,549	435	128	252	2	16,260	19,156
Substandard	149	894	1,041	1,133	143	582	7,427	11,369
Doubtful	—	—	39	1,771	96	7,848	952	10,706
Total	$ 205,280	$ 151,829	$ 120,507	$ 96,527	$ 38,696	$ 54,246	$ 624,940	$ 1,292,025
Current period gross charge-offs	$ —	$ 13	$ 73	$ —	$ 5	$ 52	$ 19	$ 162
Commercial, financial and agricultural: PPP								
Risk rating								
Pass	$ —	$ —	$ 925	$ 1,191	$ —	$ —	$ —	$ 2,116
Special Mention	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	—	—	—
Doubtful	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ 925	$ 1,191	$ —	$ —	$ —	$ 2,116
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Commercial real estate (1)								
Risk rating								
Pass	$ 278,922	$ 322,096	$ 334,452	$ 318,473	$ 204,740	$ 347,389	$ 17,174	$ 1,823,246
Special Mention	2,092	2,951	4,637	7,629	—	13,043	98	30,450
Substandard	1,828	1,589	2,509	2,668	3,406	7,495	1,584	21,079
Doubtful	889	—	—	—	—	329	—	1,218
Total	$ 283,731	$ 326,636	$ 341,598	$ 328,770	$ 208,146	$ 368,256	$ 18,856	$ 1,875,993
Current period gross charge-offs	$ 224	$ —	$ —	$ —	$ —	$ 530	$ —	$ 754
Construction real estate: Commercial								
Risk rating								
Pass	$ 89,283	$ 77,988	$ 7,480	$ 18,195	$ 1,090	$ 2,718	$ 11,342	$ 208,096
Special Mention	—	—	—	—	—	—	—	—
Substandard	831	236	63	—	—	—	—	1,130
Doubtful	—	—	—	—	—	—	—	—
Total	$ 90,114	$ 78,224	$ 7,543	$ 18,195	$ 1,090	$ 2,718	$ 11,342	$ 209,226
Current period gross charge-offs	$ 546	$ —	$ —	$ —	$ —	$ —	$ —	$ 546

December 31, 2023	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2022	2021	2020	2019	2018	Prior	Revolving Loans Amortized Cost Basis	Total
Residential Real Estate: Commercial								
Risk rating								
Pass	$ 128,589	$ 104,008	$ 105,225	$ 117,442	$ 49,797	$ 71,489	$ 23,535	$ 600,085
Special Mention	—	333	623	1,964	914	1,578	—	5,412
Substandard	195	560	159	1,192	16	1,601	190	3,913
Doubtful	—	—	—	—	—	—	—	—
Total	$ 128,784	$ 104,901	$ 106,007	$ 120,598	$ 50,727	$ 74,668	$ 23,725	$ 609,410
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Leases								
Risk rating								
Pass	$ 11,440	$ 4,404	$ 2,197	$ 1,941	$ 356	$ 623	$ —	$ 20,961
Special Mention	731	1,564	391	297	10	2	—	2,995
Substandard	—	—	—	—	67	6	—	73
Doubtful	—	—	—	—	—	—	—	—
Total	$ 12,171	$ 5,968	$ 2,588	$ 2,238	$ 433	$ 631	$ —	$ 24,029
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Total Commercial Loans								
Risk rating								
Pass	$ 712,835	$ 657,882	$ 569,271	$ 550,737	$ 294,188	$ 468,033	$ 652,352	$ 3,905,298
Special Mention	3,353	6,397	6,086	10,018	1,176	14,625	16,358	58,013
Substandard	3,003	3,279	3,772	4,993	3,632	9,684	9,201	37,564
Doubtful	889	—	39	1,771	96	8,177	952	11,924
Total	$ 720,080	$ 667,558	$ 579,168	$ 567,519	$ 299,092	$ 500,519	$ 678,863	$ 4,012,799
Current period gross charge-offs	$ 770	$ 13	$ 73	$ —	$ 5	$ 582	$ 19	$ 1,462

(1) Included within each of commercial, financial and agricultural loans and commercial real estate loans is an immaterial amount of consumer loans that are not broken out by class.

Park considers the performance of the loan portfolio and its impact on the allowance for credit losses. For residential and consumer loan classes, Park also evaluates credit quality based on the aging status of the loan, which was previously presented, and by performing status. The following tables present the amortized cost in residential and consumer loans based on performing status and gross charge offs for the six months ended June 30, 2024 and for the year ended December 31, 2023. Nonperforming loans consisted of nonaccrual loans and loans past due 90 days or more and still accruing.

June 30, 2024	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial, financial and agricultural: Overdrafts								
Performing	$ 4,108	$ —	$ —	$ —	$ —	$ —	$ —	$ 4,108
Nonperforming	—	—	—	—	—	—	—	—
Total	$ 4,108	$ —	$ —	$ —	$ —	$ —	$ —	$ 4,108
Current period gross charge-offs	$ 440	$ —	$ —	$ —	$ —	$ —	$ —	$ 440
Construction Real Estate: Retail								
Performing	$ 16,058	$ 53,277	$ 16,538	$ 6,985	$ 3,865	$ 5,965	$ 73	$ 102,761
Nonperforming	—	148	—	—	25	—	—	173
Total	$ 16,058	$ 53,425	$ 16,538	$ 6,985	$ 3,890	$ 5,965	$ 73	$ 102,934
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential Real Estate: Mortgage								
Performing	$ 96,859	$ 216,820	$ 256,197	$ 203,478	$ 167,750	$ 331,699	$ —	$ 1,272,803
Nonperforming	183	274	1,495	1,331	1,913	8,504	—	13,700
Total	$ 97,042	$ 217,094	$ 257,692	$ 204,809	$ 169,663	$ 340,203	$ —	$ 1,286,503
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 22	$ —	$ 22
Residential Real Estate: HELOC								
Performing	$ —	$ 146	$ 426	$ 351	$ 61	$ 1,771	$ 181,990	$ 184,745
Nonperforming	—	20	14	—	—	619	160	813
Total	$ —	$ 166	$ 440	$ 351	$ 61	$ 2,390	$ 182,150	$ 185,558
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 9	$ —	$ 9
Residential Real Estate: Installment								
Performing	$ 783	$ 1,924	$ 149	$ —	$ —	$ 3,189	$ —	$ 6,045
Nonperforming	—	—	—	—	2	13	—	15
Total	$ 783	$ 1,924	$ 149	$ —	$ 2	$ 3,202	$ —	$ 6,060
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer: Consumer								
Performing	$ 313,518	$ 547,085	$ 518,743	$ 258,556	$ 166,919	$ 110,281	$ 13,070	$ 1,928,172
Nonperforming	52	704	952	449	324	516	4	3,001
Total	$ 313,570	$ 547,789	$ 519,695	$ 259,005	$ 167,243	$ 110,797	$ 13,074	$ 1,931,173
Current period gross charge-offs	$ 11	$ 1,463	$ 2,065	$ 1,299	$ 457	$ 465	$ 2	$ 5,762

June 30, 2024	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2024	2023	2022	2021	2020	Prior	Revolving Loans Amortized Cost Basis	Total
Consumer: Check loans								
Performing	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 1,960**	**$ 1,960**
Nonperforming	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 1,960**	**$ 1,960**
Current period gross charge-offs	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 38**	**$ 38**
Total Consumer Loans								
Performing	**$ 431,326**	**$ 819,252**	**$ 792,053**	**$ 469,370**	**$ 338,595**	**$ 452,905**	**$ 197,093**	**$ 3,500,594**
Nonperforming	**235**	**1,146**	**2,461**	**1,780**	**2,264**	**9,652**	**164**	**17,702**
Total	**$ 431,561**	**$ 820,398**	**$ 794,514**	**$ 471,150**	**$ 340,859**	**$ 462,557**	**$ 197,257**	**$ 3,518,296**
Current period gross charge-offs	**$ 451**	**$ 1,463**	**$ 2,065**	**$ 1,299**	**$ 457**	**$ 496**	**$ 40**	**$ 6,271**

December 31, 2023	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Commercial, financial and agricultural: Overdrafts								
Performing	$ 1,499	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,499
Nonperforming	—	—	—	—	—	—	—	—
Total	1,499	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,499
Current period gross charge-offs	$ 1,064	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,064
Construction Real Estate: Retail								
Performing	$ 52,904	$ 24,219	$ 7,709	$ 4,251	$ 3,604	$ 2,891	$ 269	$ 95,847
Nonperforming	—	—	—	26	—	—	—	26
Total	$ 52,904	$ 24,219	$ 7,709	$ 4,277	$ 3,604	$ 2,891	$ 269	$ 95,873
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Residential Real Estate: Mortgage								
Performing	$ 209,315	$ 259,076	$ 218,417	$ 177,518	$ 80,627	$ 282,916	$ —	$ 1,227,869
Nonperforming	197	1,144	1,172	406	581	8,492	—	11,992
Total	$ 209,512	$ 260,220	$ 219,589	$ 177,924	$ 81,208	$ 291,408	$ —	$ 1,239,861
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 35	$ —	$ 35
Residential Real Estate: HELOC								
Performing	$ 99	$ 205	$ 379	$ 98	$ 221	$ 1,838	$ 170,694	$ 173,534
Nonperforming	—	—	—	—	32	603	180	815
Total	$ 99	$ 205	$ 379	$ 98	$ 253	$ 2,441	$ 170,874	$ 174,349
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 9	$ —	$ 9

December 31, 2023	Term Loans Amortized Cost Basis by Origination Year							
(In thousands)	2023	2022	2021	2020	2019	Prior	Revolving Loans Amortized Cost Basis	Total
Residential Real Estate: Installment								
Performing	$ 2,225	$ 162	$ —	$ 3	$ 144	$ 3,354	$ —	$ 5,888
Nonperforming	—	—	—	—	—	16	—	16
Total	$ 2,225	$ 162	$ —	$ 3	$ 144	$ 3,370	$ —	$ 5,904
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Consumer: Consumer								
Performing	$ 627,985	$ 613,019	$ 319,161	$ 214,714	$ 81,446	$ 65,955	$ 18,605	$ 1,940,885
Nonperforming	395	891	654	435	216	389	4	2,984
Total	$ 628,380	$ 613,910	$ 319,815	$ 215,149	$ 81,662	$ 66,344	$ 18,609	$ 1,943,869
Current period gross charge-offs	$ 560	$ 3,517	$ 2,371	$ 763	$ 545	$ 480	$ 6	$ 8,242
Consumer: Check loans								
Performing	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,067	$ 2,067
Nonperforming	—	—	—	—	—	—	—	—
Total	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,067	$ 2,067
Current period gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ 51	$ 51
Total Consumer Loans								
Performing	$ 894,027	$ 896,681	$ 545,666	$ 396,584	$ 166,042	$ 356,954	$ 191,635	$ 3,447,589
Nonperforming	592	2,035	1,826	867	829	9,500	184	15,833
Total	$ 894,619	$ 898,716	$ 547,492	$ 397,451	$ 166,871	$ 366,454	$ 191,819	$ 3,463,422
Current period gross charge-offs	$ 1,624	$ 3,517	$ 2,371	$ 763	$ 545	$ 524	$ 57	$ 9,401

Loans and Leases Acquired with Deteriorated Credit Quality

PCD loans are individually evaluated on a quarterly basis to determine if a reserve is necessary. At June 30, 2024 and at December 31, 2023, there was no allowance for credit losses on PCD loans. The carrying amount of accruing loans acquired with deteriorated credit quality at June 30, 2024 and at December 31, 2023 was $2.4 million and $2.8 million, respectively. The carrying amount of nonaccrual loans acquired with deteriorated credit quality was $546,000 and $534,000 at June 30, 2024 and at December 31, 2023, respectively.

Modifications to Borrowers Experiencing Financial Difficulty

Management identifies loans as modifications to borrowers experiencing financial difficulty when a borrower is experiencing financial difficulties and Park has altered the cash flow of the loan as part of a modification or in the loan renewal process. In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of the borrower's debt in the foreseeable future without the modification. This evaluation is performed in accordance with the Company’s internal underwriting policy. Park modifies loans to borrowers experiencing financial difficulty by providing principal forgiveness, a term extension, an other-than-insignificant payment delay or an interest rate reduction.

In some cases, Park provides multiple types of modifications on one loan. Typically, one type of modification, such as a term extension, is granted initially. If the borrower continues to experience financial difficulty, another modification, such as principal forgiveness, may be granted. For the loans included in the combination columns below, multiple types of modifications have been made on the same loan within the current reporting period. The combination is at least two of the following: a term extension, principal forgiveness, an other-than-insignificant payment delay and/or an interest rate reduction.

The starting point for the estimate of the allowance for credit losses is historical loss information, which includes losses from modifications of receivables to borrowers experiencing financial difficulty. As a result, the effect of most modifications made to borrowers experiencing financial difficulty is already included in the allowance for credit losses and a change to the allowance for credit losses is generally not recorded upon modification. When principal forgiveness is provided, the amount of forgiveness is charged off against the allowance for credit losses.

The following tables present the amortized cost basis of loans at June 30, 2024 and 2023 that were both experiencing financial difficulty and modified during the three months and the six months ended June 30, 2024 and 2023 by class and type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial difficulty as compared to the amortized cost basis of each class of financing receivable is also presented below.

	Three Months Ended June 30, 2024							
(Dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Other	Total	Percent of Total Class of Financing Receivable
Commercial, financial and agricultural:								
Commercial, financial and agricultural	$ —	$ —	$ 300	$ —	$ —	$ —	$ 300	0.02 %
PPP loans	—	—	—	—	—	—	—	— %
Overdrafts	—	—	—	—	—	—	—	— %
Commercial real estate	—	—	—	—	—	—	—	— %
Construction real estate:								
Commercial	—	—	—	—	—	—	—	— %
Retail	—	—	—	—	—	—	—	— %
Residential real estate:								
Commercial	—	—	406	—	—	—	406	0.07 %
Mortgage	—	—	46	—	—	—	46	— %
HELOC	—	—	—	—	—	—	—	— %
Installment	—	—	51	—	77	—	128	2.11 %
Consumer:								
Consumer	—	—	—	—	—	—	—	— %
Check loans	—	—	—	—	—	—	—	— %
Leases	—	—	—	—	—	—	—	— %
Total	$ —	$ —	$ 803	$ —	$ 77	$ —	$ 880	0.01 %

	Three Months Ended June 30, 2023							
(Dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Other	Total	Percent of Total Class of Financing Receivable
Commercial, financial and agricultural:								
Commercial, financial and agricultural	$ —	$ —	$ 10,370	$ —	$ —	$ 12	$ 10,382	0.81 %
PPP loans	—	—	—	—	—	—	—	— %
Overdrafts	—	—	—	—	—	—	—	— %
Commercial real estate	—	—	836	—	—	—	836	0.05 %
Construction real estate:								
Commercial	—	—	366	—	—	—	366	0.23 %
Retail	—	—	—	—	—	—	—	— %
Residential real estate:								
Commercial	—	—	—	—	—	—	—	— %
Mortgage	—	—	—	—	135	—	135	0.01 %
HELOC	—	—	—	—	—	—	—	— %
Installment	—	—	4	—	16	—	20	0.47 %
Consumer:								
Consumer	—	—	—	8	—	—	8	— %
Check loans	—	—	—	—	—	—	—	— %
Leases	—	—	—	—	—	—	—	— %
Total	$ —	$ —	$ 11,576	$ 8	$ 151	$ 12	$ 11,747	0.16 %

	Six Months Ended June 30, 2024							
(Dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Other	Total	Percent of Total Class of Financing Receivable
Commercial, financial and agricultural:								
Commercial, financial and agricultural	$ —	$ 54	$ 11,783	$ 9	$ —	$ —	$ 11,846	0.89 %
PPP loans	—	—	—	—	—	—	—	— %
Overdrafts	—	—	—	—	—	—	—	— %
Commercial real estate	—	161	4,813	340	121	—	5,435	0.28 %
Construction real estate:								
Commercial	—	—	—	—	—	—	—	— %
Retail	—	—	—	—	—	—	—	— %
Residential real estate:								
Commercial	—	—	834	—	220	—	1,054	0.17 %
Mortgage	—	—	93	—	—	—	93	0.01 %
HELOC	—	—	—	—	—	—	—	— %
Installment	—	—	107	—	77	—	184	3.04 %
Consumer:								
Consumer	—	—	—	6	—	—	6	— %
Check loans	—	—	—	—	—	—	—	— %
Leases	—	—	—	—	—	—	—	— %
Total	$ —	$ 215	$ 17,630	$ 355	$ 418	$ —	$ 18,618	0.24 %

(Dollars in thousands)	Principal Forgiveness	Payment Delay	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Other	Total	Percent of Total Class of Financing Receivable
	Six Months Ended June 30, 2023							
Commercial, financial and agricultural:								
Commercial, financial and agricultural	$ —	$ —	$ 11,412	$ —	$ —	$ 12	$ 11,424	0.89 %
PPP loans	—	—	—	—	—	—	—	— %
Overdrafts	—	—	—	—	—	—	—	— %
Commercial real estate	—	—	836	—	—	—	836	0.05 %
Construction real estate:								
Commercial	—	—	366	—	—	—	366	0.23 %
Retail	—	—	—	—	—	—	—	— %
Residential real estate:								
Commercial	—	—	162	—	—	—	162	0.03 %
Mortgage	—	—	—	—	135	—	135	0.01 %
HELOC	—	—	—	—	—	—	—	— %
Installment	—	—	4	—	79	—	83	1.95 %
Consumer:								
Consumer	—	—	—	22	—	—	22	— %
Check loans	—	—	—	—	—	—	—	— %
Leases	—	—	—	—	—	—	—	— %
Total	$ —	$ —	$ 12,780	$ 22	$ 214	$ 12	$ 13,028	0.18 %

At June 30, 2024, Park had commitments to lend $ 1.5 million related to loans which were both experiencing financial difficulty and modified during the six months ended June 30, 2024.

The following tables present the financial effect of the loan modifications presented above to borrowers experiencing financial difficulty for the three months and the six months ended June 30, 2024 and 2023:

	Three Months Ended June 30, 2024			
(Dollars in thousands)	Principal Forgiveness	Weighted Average Interest Rate Reduction	Weighted Average Term Extension (years)	Weighted Average Payment Delay (years)
Commercial, financial and agricultural:				
Commercial, financial and agricultural	$ —	— %	0.5	0.0
PPP loans	—	— %	0.0	0.0
Overdrafts	—	— %	0.0	0.0
Commercial real estate	—	— %	0.0	0.0
Construction real estate:				
Commercial	—	— %	0.0	0.0
Retail	—	— %	0.0	0.0
Residential real estate:				
Commercial	—	— %	0.9	0.0
Mortgage	—	— %	0.3	0.0
HELOC	—	— %	0.0	0.0
Installment	—	(1.22) %	10.4	0.0
Consumer:				
Consumer	—	— %	0.0	0.0
Check loans	—	— %	0.0	0.0
Leases	—	— %	0.0	0.0
Total	$ —	(1.22) %	2.1	0.0

(Dollars in thousands)	Three Months Ended June 30, 2023 Principal Forgiveness	Weighted Average Interest Rate Reduction	Weighted Average Term Extension (years)	Weighted Average Payment Delay (years)
Commercial, financial and agricultural:				
Commercial, financial and agricultural	$ —	— %	0.6	0.0
PPP loans	—	— %	0.0	0.0
Overdrafts	—	— %	0.0	0.0
Commercial real estate	—	— %	3.6	0.0
Construction real estate:				
Commercial	—	— %	1.0	0.0
Retail	—	— %	0.0	0.0
Residential real estate:				
Commercial	—	— %	0.0	0.0
Mortgage	—	(1.88) %	0.4	0.0
HELOC	—	— %	0.0	0.0
Installment	—	(4.13) %	10.0	0.0
Consumer:				
Consumer	—	(0.69) %	0.0	0.0
Check loans	—	— %	0.0	0.0
Leases	—	— %	0.0	0.0
Total	$ —	(2.04) %	0.8	0.0

(Dollars in thousands)	Six Months Ended June 30, 2024 Principal Forgiveness	Weighted Average Interest Rate Reduction	Weighted Average Term Extension (years)	Weighted Average Payment Delay (years)
Commercial, financial and agricultural:				
Commercial, financial and agricultural	**$ —**	**(0.50) %**	**0.3**	**0.4**
PPP loans	**—**	**— %**	**0.0**	**0.0**
Overdrafts	**—**	**— %**	**0.0**	**0.0**
Commercial real estate	**—**	**(1.90) %**	**2.9**	**0.4**
Construction real estate:				
Commercial	**—**	**— %**	**0.0**	**0.0**
Retail	**—**	**— %**	**0.0**	**0.0**
Residential real estate:				
Commercial	**—**	**(1.00) %**	**2.2**	**0.0**
Mortgage	**—**	**— %**	**4.2**	**0.0**
HELOC	**—**	**— %**	**0.0**	**0.0**
Installment	**—**	**(1.22) %**	**9.6**	**0.0**
Consumer:				
Consumer	**—**	**(7.54) %**	**0.0**	**0.0**
Check loans	**—**	**— %**	**0.0**	**0.0**
Leases	**—**	**— %**	**0.0**	**0.0**
Total	**$ —**	**(1.61) %**	**1.2**	**0.4**

(Dollars in thousands)	Six Months Ended June 30, 2023 Principal Forgiveness	Weighted Average Interest Rate Reduction	Weighted Average Term Extension (years)	Weighted Average Payment Delay (years)
Commercial, financial and agricultural:				
Commercial, financial and agricultural	$ —	— %	0.6	0.0
PPP loans	—	— %	0.0	0.0
Overdrafts	—	— %	0.0	0.0
Commercial real estate	—	— %	3.6	0.0
Construction real estate:				
Commercial	—	— %	1.0	0.0
Retail	—	— %	0.0	0.0
Residential real estate:				
Commercial	—	— %	0.4	0.0
Mortgage	—	(1.88) %	0.4	0.0
HELOC	—	— %	0.0	0.0
Installment	—	(1.72) %	10.0	0.0
Consumer:				
Consumer	—	(2.92) %	0.0	0.0
Check loans	—	— %	0.0	0.0
Leases	—	— %	0.0	0.0
Total	$ —	(1.92) %	0.9	0.0

Park closely monitors the performance of loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of Park's modification efforts. There were $5.8 million in loans modified to borrowers experiencing financial difficulty that had been modified during the twelve months ended June 30, 2024 that were greater than 90 days past due as of June 30, 2024 in the Commercial, financial, and agricultural loan portfolio segment. There were $19,000 in loans modified to borrowers experiencing financial difficulty that had been modified during the previous twelve months that were 60-89 days past due as of June 30, 2024 in the Residential Real Estate: Installment loan portfolio segment. All other loans modified to borrowers experiencing financial difficulty during the twelve months ended June 30, 2024 were less than 30 days past due as of June 30, 2024. There were $150,000 in loans modified to borrowers experiencing financial difficulty that had been modified during the six months ended June 30, 2023 that were greater than 30-59 days past due as of June 30, 2023 in the Residential Real Estate: Commercial segment.

The following tables present the amortized cost basis of loans that had a payment default subsequent to modification during the three and six months ended June 30, 2024 and were modified in the twelve months prior to that default to borrowers experiencing financial difficulty. For this table, a loan is considered to be in default when it becomes 30 days contractually past due under the modified terms:

	Three Months Ended June 30, 2024			
	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Other
Commercial, financial and agricultural:				
Commercial, financial and agricultural	$ **5,821**	$ —	$ —	$ —
PPP loans	—	—	—	—
Overdrafts	—	—	—	—
Commercial real estate	—	—	—	—
Construction real estate:				
Commercial	—	—	—	—
Retail	—	—	—	—
Residential real estate:				
Commercial	—	—	—	—
Mortgage	**48**	—	—	—
HELOC	—	—	—	—
Installment	**19**	—	—	—
Consumer:				
Consumer	—	—	—	—
Check loans	—	—	—	—
Leases	—	—	—	—
Total loans	$ **5,888**	$ —	$ —	$ —

	Six Months Ended June 30, 2024			
	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Other
Commercial, financial and agricultural:				
Commercial, financial and agricultural	**$ 8,872**	$ —	$ —	$ —
PPP loans	—	—	—	—
Overdrafts	—	—	—	—
Commercial real estate	—	—	—	—
Construction real estate:				
Commercial	—	—	—	—
Retail	—	—	—	—
Residential real estate:				
Commercial	—	—	—	—
Mortgage	**48**	—	—	—
HELOC	—	—	—	—
Installment	**19**	—	—	—
Consumer:				
Consumer	—	—	—	—
Check loans	—	—	—	—
Leases	—	—	—	—
Total loans	**$ 8,939**	$ —	$ —	$ —

The following table presents the amortized cost basis of loans that had a payment default during the three months ended June 30, 2023 and were modified in the six months prior to that default to borrowers experiencing financial difficulty. For this table, a loan is considered to be in default when it becomes 30 days contractually past due under the modified terms:

	Three Months Ended June 30, 2023			
	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Other
Commercial, financial and agricultural:				
Commercial, financial and agricultural	$ —	$ —	$ —	$ —
PPP loans	—	—	—	—
Overdrafts	—	—	—	—
Commercial real estate	—	—	—	—
Construction real estate:				
Commercial	—	—	—	—
Retail	—	—	—	—
Residential real estate:				
Commercial	150	—	—	—
Mortgage	—	—	135	—
HELOC	—	—	—	—
Installment	—	—	—	—
Consumer:				
Consumer	—	8	—	—
Check loans	—	—	—	—
Leases	—	—	—	—
Total loans	$ 150	$ 8	$ 135	$ —

The following table presents the amortized cost basis of loans that had a payment default during the six months ended June 30, 2023 and were modified in the six months prior to that default to borrowers experiencing financial difficulty. For this table, a loan is considered to be in default when it becomes 30 days contractually past due under the modified terms:

	Six Months Ended June 30, 2023			
	Term Extension	Interest Rate Reduction	Combination Term Extension and Interest Rate Reduction	Other
Commercial, financial and agricultural:				
Commercial, financial and agricultural	$ —	$ —	$ —	$ —
PPP loans	—	—	—	—
Overdrafts	—	—	—	—
Commercial real estate	—	—	—	—
Construction real estate:				
Commercial	—	—	—	—
Retail	—	—	—	—
Residential real estate:				
Commercial	**150**	—	—	—
Mortgage	—	—	**135**	—
HELOC	—	—	—	—
Installment	—	—	—	—
Consumer:				
Consumer	—	**8**	—	—
Check loans	—	—	—	—
Leases	—	—	—	—
Total loans	$ **150**	$ **8**	$ **135**	$ —

Upon the determination that a modified loan (or a portion of a loan) has subsequently been deemed uncollectible, the loan (or a portion of the loan) is charged-off. Therefore, the amortized cost basis of the loan is reduced by the uncollectible amount and the allowance for credit losses is adjusted by the same amounts.

Note 6 – Allowance for Credit Losses

The ACL is an estimate of the expected credit losses on financial assets measured at amortized cost, which is measured using relevant information about past events, including historical credit loss experience on financial assets with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the financial assets. A provision for credit losses is charged to operations based on management’s periodic evaluation of these and other pertinent factors.

During the first quarter of 2023, Park adopted ASU 2022-02. This standard was adopted using a modified retrospective transition method on January 1, 2023, resulting in a $383,000 increase to the ACL. A cumulative effect adjustment resulting in a $303,000 decrease to retained earnings and an $ 80,000 increase to deferred tax assets was also recorded as a result of the adoption of ASU 2022-02.

Quantitative Considerations

The ACL is primarily calculated utilizing a DCF model. Key inputs and assumptions used in this model are discussed below:

- Forecast model - For each portfolio segment, a LDA was performed in order to identify appropriate loss drivers and create a regression model for use in forecasting cash flows. The LDA analysis utilized Park's own FFIEC Call Report data for the commercial, financial and agricultural and residential real estate portfolio segments. Peer data was incorporated into the analysis for the commercial real estate, construction real estate, and consumer portfolio segments. Park updated the LDA in the fourth quarter of 2023. Per review of the correlation of data and subsequent results, management refined the peer group in the LDA and maintained the exclusion of periods impacted by COVID-19. Management reviewed and considered the impact of the inclusion of periods impacted by COVID-19 as part of the LDA update, but the correlation of the inclusion of COVID-19 periods was lower.
- Probability of default – PD is the probability that an asset will be in default within a given time frame. Park has defined default to be when a charge-off has occurred, a loan is placed on nonaccrual, or a loan is greater than 90 days past due. Whenever possible, Park utilizes its own loan-level PDs for the reasonable and supportable forecast period. When loan-level data is not available reflecting the forecasted economic conditions, the LDA is utilized to estimate PDs. In all cases, the LDA is then utilized to determine the long-term historical average, which is reached over the reversion period.
- Loss given default – LGD is the percentage of the asset not expected to be collected due to default. Whenever possible, Park utilizes its own loan-level LGDs for the reasonable and supportable forecast period. When it is not possible to use Park's own LGDs, the LGD is derived using a method referred to as Frye Jacobs. In all cases, the Frye Jacobs method is utilized to calculate LGDs during the reversion period and long-term historical average.
- Prepayments and curtailments – Prepayments and curtailments are calculated based on Park’s own data utilizing a three-year average. This analysis is updated annually in the fourth quarter and was last updated in the fourth quarter of 2023.
- Forecast and reversion – Park has established a one-year reasonable and supportable forecast period with a one-year straight line reversion to the long-term historical average.
- Economic forecast - Park utilizes a third party to provide economic forecasts under various scenarios, which are weighted in order to reflect model risk in the current economic environment. The scenario weighting is evaluated by management on a quarterly basis.
    - As of December 31, 2023, the "most likely" scenario forecasted Ohio unemployment between 4.05% and 4.66% during the next four quarters. In determining the appropriate weighting of scenarios at December 31, 2023, management considered the range of forecasted unemployment as well as a number of economic indicators. The continued elevated levels of inflation, volatile levels of consumer confidence, continued elevated interest rates, financial system stress and geopolitical conflict (including the conflicts between Russia and Ukraine and between Israel and Hamas) and stress in the commercial real estate sector, continued to cause uncertainty as to the overall economic environment. Considering these factors, management determined it was appropriate to maintain the existing weighting, and weigh the "most likely" scenario 50% and the "moderate recession" scenario 50% at December 31, 2023.
    - As of March 31, 2024, the "most likely" scenario forecasted Ohio unemployment between 4.31% and 4.79% during the next four quarters. In determining the appropriate weighting of scenarios at March 31, 2024, management considered the range of forecasted unemployment as well as a number of economic indicators. The continued elevated levels of inflation, volatile levels of consumer confidence, continued elevated interest rates, financial system stress and geopolitical conflict (including the conflicts between Russia and Ukraine and between Israel and Hamas) and stress in the commercial real estate sector, continued to cause uncertainty as to the overall economic environment. Considering these factors, management determined it was appropriate to maintain the existing weighting, and weigh the "most likely" scenario 50% and the "moderate recession" scenario 50% at March 31, 2024.
    - As of June 30, 2024, the "most likely" scenario forecasted Ohio unemployment between 4.33% and 4.56% during the next four quarters. In determining the appropriate weighting of scenarios at June 30, 2024, management considered the range of forecasted unemployment as well as a number of economic indicators. The continued elevated levels of inflation, volatile levels of consumer confidence, continued elevated interest rates, financial system stress and geopolitical conflict (including the conflicts between Russia and Ukraine and between Israel and Hamas) and stress in the commercial real estate sector, continued to cause uncertainty as to the overall economic environment. Considering these factors, management determined it was appropriate to maintain the existing weighting, and weigh the "most likely" scenario 50% and the "moderate recession" scenario 50% at June 30, 2024.

Qualitative Considerations

Park reviews various internal and external factors to consider the need for any qualitative adjustments to the quantitative model. Factors considered include the following:

- The nature and volume of Park's financial assets; the existence, growth, and effect of any concentrations of credit and the volume and severity of past due financial assets, the volume of nonaccrual assets, and the volume and severity of adversely classified or graded assets. Specifically, management considers:
  - Trends (e.g., growth, reduction) in specific categories of the loan portfolio, as well as adjustments to the types of loans offered by Park.
  - Level of and trend in loan delinquencies, troubled loans, commercial watch list loans and nonperforming loans.
  - Level of and trend in new nonaccrual loans.
  - Level of and trend in loan charge-offs and recoveries.
- Park's lending policies and procedures, including changes in lending strategies, underwriting standards and practices for collections, charge-offs, and recoveries.
- The quality of Park's credit review function.
- The experience, ability, and depth of Park's lending, investment, collection, and other relevant management and staff.
- The effect of other external factors such as the regulatory, legal and technological environments; competition; geopolitical conflict; and events such as natural disasters or pandemics.
- Actual and expected changes in international, national, regional, and local economic and business conditions and developments in the markets in which Park operates that affect the collectability of financial assets.
- Where the U.S. economy is within a given credit cycle.
- The extent that there is government assistance (stimulus).

Qualitative adjustments amounted to $432,000 and $417,000 at June 30, 2024 and December 31, 2023, respectively.

ACL Activity

The activity in the ACL for the three-month and the six-month periods ended June 30, 2024 and June 30, 2023 is summarized in the following tables:

	Three Months Ended June 30, 2024						
(In thousands)	Commercial, financial and agricultural	Commercial real estate	Construction real estate	Residential real estate	Consumer	Leases	Total
ACL:							
Beginning balance	**$ 14,971**	**$ 17,181**	**$ 5,742**	**$ 19,633**	**$ 27,394**	**$ 163**	**$ 85,084**
Charge-offs	**286**	**—**	**—**	**30**	**2,781**	**—**	**3,097**
Recoveries	**90**	**5**	**119**	**185**	**1,076**	**—**	**1,475**
Net charge-offs/(recoveries)	**$ 196**	**$ (5)**	**$ (119)**	**$ (155)**	**$ 1,705**	**$ —**	**$ 1,622**
Provision for (recovery of) credit losses	**1,888**	**(331)**	**6**	**(338)**	**1,890**	**(2)**	**3,113**
Ending balance	**$ 16,663**	**$ 16,855**	**$ 5,867**	**$ 19,450**	**$ 27,579**	**$ 161**	**$ 86,575**

	Three Months Ended June 30, 2023						
(In thousands)	Commercial, financial and agricultural	Commercial real estate	Construction real estate	Residential real estate	Consumer	Leases	Total
ACL:							
Beginning balance	$ 16,572	$ 17,946	$ 5,362	$ 17,889	$ 28,053	$ 124	$ 85,946
Charge-offs	188	530	—	14	1,953	—	2,685
Recoveries	84	—	12	114	1,243	—	1,453
Net charge-offs/(recoveries)	$ 104	$ 530	$ (12)	$ (100)	$ 710	$ —	$ 1,232
(Recovery of) provision for credit losses	(190)	1,725	(488)	430	1,027	(12)	2,492
Ending balance	$ 16,278	$ 19,141	$ 4,886	$ 18,419	$ 28,370	$ 112	$ 87,206

(In thousands)	Six Months Ended June 30, 2024 Commercial, financial and agricultural	Commercial real estate	Construction real estate	Residential real estate	Consumer	Leases	Total
ACL:							
Beginning balance	**$ 15,496**	**$ 16,374**	**$ 5,227**	**$ 18,818**	**$ 27,713**	**$ 117**	**$ 83,745**
Charge-offs	**506**	**—**	**—**	**31**	**5,800**	**—**	**$ 6,337**
Recoveries	**261**	**27**	**1,033**	**267**	**2,286**	**—**	**3,874**
Net charge-offs/(recoveries)	**$ 245**	**$ (27)**	**$ (1,033)**	**$ (236)**	**$ 3,514**	**$ —**	**$ 2,463**
Provision for (recovery of) credit losses	**1,412**	**454**	**(393)**	**396**	**3,380**	**44**	**5,293**
Ending balance	**$ 16,663**	**$ 16,855**	**$ 5,867**	**$ 19,450**	**$ 27,579**	**$ 161**	**$ 86,575**

(In thousands)	Six Months Ended June 30, 2023 Commercial, financial and agricultural	Commercial real estate	Construction real estate	Residential real estate	Consumer	Leases	Total
ACL:							
Beginning balance	$ 16,987	$ 17,829	$ 5,550	$ 16,831	$ 28,021	$ 161	$ 85,379
Impact of Adoption of ASU 2022-02	222	181	—	(20)	—	—	$ 383
Charge-offs	537	530	—	43	3,810	—	$ 4,920
Recoveries	130	232	508	471	2,348	—	3,689
Net charge-offs/(recoveries)	$ 407	$ 298	$ (508)	$ (428)	$ 1,462	$ —	$ 1,231
(Recovery of) provision for credit losses	(524)	1,429	(1,172)	1,180	1,811	(49)	2,675
Ending balance	$ 16,278	$ 19,141	$ 4,886	$ 18,419	$ 28,370	$ 112	$ 87,206

ACL Summary

Loans collectively evaluated for impairment in the following tables include all performing loans at June 30, 2024 and at December 31, 2023, as well as nonperforming loans internally classified as consumer loans. Nonperforming consumer loans are not typically individually evaluated for impairment, but receive a portion of the statistical allocation of the ACL. Loans individually evaluated for impairment include all internally classified commercial nonaccrual loans which are individually evaluated for impairment in accordance with U.S. GAAP (see Note 1 - Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements included in Park's 2023 Form 10-K).

The composition of the ACL at June 30, 2024 and at December 31, 2023 was as follows:

	June 30, 2024						
(In thousands)	Commercial, financial and agricultural	Commercial real estate	Construction real estate	Residential real estate	Consumer	Leases	Total
ACL:							
Ending allowance balance attributed to loans:							
Individually evaluated for impairment	$ 5,253	$ 40	$ —	$ 18	$ —	$ —	$ 5,311
Collectively evaluated for impairment	11,410	16,815	5,867	19,432	27,579	161	81,264
Accruing loans acquired with deteriorated credit quality	—	—	—	—	—	—	—
Total ending allowance balance	$ 16,663	$ 16,855	$ 5,867	$ 19,450	$ 27,579	$ 161	$ 86,575
Loan balance:							
Loans individually evaluated for impairment	$ 26,773	$ 24,052	$ 37	$ 4,091	$ —	$ 40	$ 54,993
Loans collectively evaluated for impairment	1,303,588	1,916,922	335,029	2,089,876	1,933,133	28,416	7,606,964
Accruing loans acquired with deteriorated credit quality	4	1,516	604	296	—	—	2,420
Total ending loan balance	$ 1,330,365	$ 1,942,490	$ 335,670	$ 2,094,263	$ 1,933,133	$ 28,456	$ 7,664,377
ACL as a percentage of loan balance:							
Loans individually evaluated for impairment	19.62 %	0.17 %	— %	0.44 %	— %	— %	9.66 %
Loans collectively evaluated for impairment	0.88 %	0.88 %	1.75 %	0.93 %	1.43 %	0.57 %	1.07 %
Accruing loans acquired with deteriorated credit quality	— %	— %	— %	— %	— %	— %	— %
Total	1.25 %	0.87 %	1.75 %	0.93 %	1.43 %	0.57 %	1.13 %

(In thousands)	December 31, 2023 Commercial, financial and agricultural	Commercial real estate	Construction real estate	Residential real estate	Consumer	Leases	Total
ACL:							
Ending allowance balance attributed to loans:							
Individually evaluated for impairment	$ 4,980	$ 3	$ —	$ —	$ —	$ —	$ 4,983
Collectively evaluated for impairment	10,516	16,371	5,227	18,818	27,713	117	78,762
Accruing loans acquired with deteriorated credit quality	—	—	—	—	—	—	—
Total ending allowance balance	$ 15,496	$ 16,374	$ 5,227	$ 18,818	$ 27,713	$ 117	$ 83,745
Loan balance:							
Loans individually evaluated for impairment	$ 21,228	$ 20,740	$ 504	$ 2,670	$ —	$ 73	$ 45,215
Loans collectively evaluated for impairment	1,274,390	1,853,383	303,969	2,026,537	1,945,936	23,956	7,428,171
Accruing loans acquired with deteriorated credit quality	22	1,870	626	317	—	—	2,835
Total ending loan balance	$ 1,295,640	$ 1,875,993	$ 305,099	$ 2,029,524	$ 1,945,936	$ 24,029	$ 7,476,221
ACL as a percentage of loan balance:							
Loans individually evaluated for impairment	23.46 %	0.01 %	— %	— %	— %	— %	11.02 %
Loans collectively evaluated for impairment	0.83 %	0.88 %	1.72 %	0.93 %	1.42 %	0.49 %	1.06 %
Accruing loans acquired with deteriorated credit quality	— %	— %	— %	— %	— %	— %	— %
Total	1.20 %	0.87 %	1.71 %	0.93 %	1.42 %	0.49 %	1.12 %

Note 7 – Loans Held For Sale

Mortgage loans held for sale are carried at their fair value. At June 30, 2024 and at December 31, 2023, respectively, Park had $ 4.3 million and $3.2 million in mortgage loans held for sale. These amounts are included in loans on the Consolidated Condensed Balance Sheets and in the residential real estate loan portfolio segment in Note 5 - Loans, and Note 6 - Allowance for Credit Losses. The contractual balance was $4.2 million and $3.2 million at June 30, 2024 and at December 31, 2023, respectively. The gain expected upon sale was $74,000 and $53,000 at June 30, 2024 and at December 31, 2023, respectively. None of these loans were 90 days or more past due or on nonaccrual status at June 30, 2024 or at December 31, 2023.

Note 8 – Goodwill and Other Intangible Assets

The following table shows the activity in goodwill and other intangible assets for the three-month and six-month periods ended June 30, 2024 and 2023.

(in thousands)	Goodwill	Other intangible assets	Total
April 1, 2023	$ 159,595	$ 5,648	$ 165,243
Amortization	—	328	328
June 30, 2023	$ 159,595	$ 5,320	$ 164,915
April 1, 2024	**$ 159,595**	**$ 4,332**	**$ 163,927**
Amortization	**—**	**320**	**320**
June 30, 2024	**$ 159,595**	**$ 4,012**	**$ 163,607**

(in thousands)	Goodwill	Other intangible assets	Total
December 31, 2022	$ 159,595	$ 5,975	$ 165,570
Amortization	—	655	655
June 30, 2023	$ 159,595	$ 5,320	$ 164,915
December 31, 2023	**$ 159,595**	**$ 4,652**	**$ 164,247**
Amortization	**—**	**640**	**640**
June 30, 2024	**$ 159,595**	**$ 4,012**	**$ 163,607**

Park evaluates goodwill for impairment during the second quarter of each year, with financial data as of the immediately prior March 31. Based on the qualitative analysis performed as of April 1, 2024, the Company determined that goodwill for Park's reporting unit, PNB, was not impaired.

Acquired Intangible Assets

The following table shows the balance of acquired intangible assets at June 30, 2024 and at December 31, 2023:

	June 30, 2024		December 31, 2023	
(in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Other intangible assets:				
Core deposit intangible assets	**$ 14,456**	**$ 10,444**	$ 14,456	$ 9,804

Core deposit intangible assets are being amortized, on an accelerated basis, over a period of ten years. Aggregate amortization expense was $ 320,000 and $328,000 for the three months ended June 30, 2024 and 2023, respectively and was $ 640,000 and $655,000 for the six months ended June 30, 2024 and 2023, respectively.

Estimated amortization expense related to core deposit intangible assets for the remainder of 2024 and the next four years follows:

(in thousands)	Total
Six months ending December 31, 2024	$ 574
2025	1,042
2026	887
2027	754
2028	618

Note 9 – Investment in Qualified Affordable Housing

Park makes certain equity investments in various limited partnerships that sponsor affordable housing projects. The purposes of these investments are to achieve a satisfactory return on capital, help create affordable housing opportunities, and assist the Company to achieve its goals associated with the Community Reinvestment Act.

The table below details the balances of Park's affordable housing tax credit investments and related unfunded commitments at June 30, 2024 and December 31, 2023.

(in thousands)	June 30, 2024	December 31, 2023
Affordable housing tax credit investments	**$ 68,426**	$ 62,703
Unfunded commitments	**31,468**	28,768

Commitments are funded when capital calls are made by the general partner. Park expects that the current commitments will be funded between the remainder of 2024 through 2035.

Park recognized amortization expense of $2.1 million for both the three months ended June 30, 2024 and 2023, and $4.3 million and $4.2 million, respectively for the six months ended June 30, 2024 and 2023, which were included within the provision for income taxes. Additionally, during each of the three months ended June 30, 2024 and 2023, Park recognized tax credits and other benefits from its affordable housing tax credit investments of $2.6 million and during the six months ended June 30, 2024 and 2023, recognized $5.2 million and $5.0 million respectively, which were included within the provision for income taxes.

Note 10 – Foreclosed and Repossessed Assets

Park typically transfers a loan to OREO at the time that Park takes deed/title to the real estate property asset. The carrying amounts of foreclosed real estate properties held at June 30, 2024 and December 31, 2023 are listed below, as well as the recorded investment of loans secured by residential real estate properties for which formal foreclosure proceedings were in process at those dates.

(in thousands)	**June 30, 2024**	December 31, 2023
OREO:		
Commercial real estate	**$ 938**	$ 983
Residential real estate	**272**	—
Total OREO	**$ 1,210**	$ 983
Loans in process of foreclosure:		
Residential real estate	**$ 2,507**	$ 1,957

In addition to real estate, Park may also repossess different types of collateral. At June 30, 2024 and December 31, 2023, Park had $1.0 million and $1.1 million, respectively, in other repossessed assets which are included in "Other assets" on the consolidated condensed balance sheets.

Note 11 – Loan Servicing

Park serviced sold mortgage loans of $ 1.89 billion at June 30, 2024, $1.93 billion at December 31, 2023 and $ 1.99 billion at June 30, 2023. At June 30, 2024, $2.7 million of the sold mortgage loans were sold with recourse, compared to $ 2.9 million at December 31, 2023 and $ 3.1 million at June 30, 2023. Management closely monitors the delinquency rates on the mortgage loans sold with recourse. At June 30, 2024 and December 31, 2023, management had established reserves of $50,000 and $54,000, respectively, to account for expected losses on loan repurchases.

When Park sells mortgage loans with servicing rights retained, these servicing rights are initially recorded at fair value. Park has selected the “amortization method” as permissible within U.S. GAAP, whereby the servicing rights capitalized are amortized in proportion to and over the period of estimated future servicing income with respect to the underlying loan. At the end of each reporting period, the carrying value of MSRs is assessed for impairment with a comparison to fair value. MSRs are carried at the lower of their amortized cost or fair value. The amortization of MSRs is included within "Other service income" in the consolidated condensed statements of income.

Activity for MSRs and the related valuation allowance follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	**2024**	2023	**2024**	2023
Mortgage servicing rights:				
Carrying amount, net, beginning of period	**$ 14,435**	$ 15,505	**$ 14,656**	$ 15,792
Additions	**255**	144	**398**	268
Amortization	**(460)**	(479)	**(849)**	(904)
Change in valuation allowance	**41**	67	**66**	81
Carrying amount, net, end of period	**$ 14,271**	$ 15,237	**$ 14,271**	$ 15,237
Valuation allowance:				
Beginning of period	**$ 69**	$ 168	**$ 94**	$ 182
Change in valuation allowance	**(41)**	(67)	**(66)**	(81)
End of period	**$ 28**	$ 101	**$ 28**	$ 101

Servicing fees included in "Other service income" were $1.2 million and $1.3 million for the three months ended June 30, 2024 and 2023, respectively, and were $2.5 million and $2.6 million for the six months ended June 30, 2024 and 2023, respectively.

Note 12 - Leases

Park is a lessee in several noncancellable operating lease arrangements, primarily for retail branches, administrative and warehouse buildings, ATMs, and certain office equipment within its Ohio, North Carolina, South Carolina, and Kentucky markets. Certain of these leases contain renewal options for periods ranging from one year to five years. Park’s leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease arrangements include fixed payments plus, for many of Park’s real estate leases, variable payments such as Park's proportionate share of property taxes, insurance and common area maintenance.

Park's operating lease ROU asset and lease liability are presented in “Operating lease ROU asset" and "Operating lease liability," respectively, on Park's Consolidated Condensed Balance Sheets. The carrying amounts of Park's ROU asset and lease liability at June 30, 2024 were $17.2 million and $17.9 million, respectively. At December 31, 2023, the carrying amounts of Park's ROU asset and lease liability were $15.7 million and $16.6 million, respectively. Park's operating lease expense is recorded in "Occupancy expense" on the Company's Consolidated Condensed Statements of Income.

Other information related to operating leases for the three-month and the six-month periods ended June 30, 2024 and 2023 follows:

	Three Months Ended		Six Months Ended	
(in thousands)	**June 30, 2024**	June 30, 2023	**June 30, 2024**	June 30, 2023
Lease cost				
Operating lease cost	**$ 618**	$ 728	**$ 1,240**	$ 1,460
Sublease income	**—**	(63)	**(10)**	(126)
Total lease cost	**$ 618**	$ 665	**$ 1,230**	$ 1,334
Other information				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	**$ 577**	$ 921	**$ 1,371**	$ 1,844
ROU assets obtained in exchange for new operating lease liabilities	**$ 1,903**	$ 43	**$ 2,450**	$ 179
Reductions to ROU assets resulting from reductions to lease obligations	**$ (437)**	$ (777)	**$ (1,095)**	$ (1,554)

Park's operating leases had a weighted average remaining term of 10.2 years and 10.1 years at June 30, 2024 and at December 31, 2023, respectively. The weighted average discount rate of Park's operating leases was 3.8% and 3.5% at June 30, 2024 and at December 31, 2023, respectively.

Undiscounted cash flows included in lease liabilities have expected contractual payments as follows:

(in thousands)	June 30, 2024
Six months ending December 31, 2024	**$ 637**
2025	**2,432**
2026	**2,432**
2027	**2,340**
2028	**2,359**
Thereafter	**12,158**
Total undiscounted minimum lease payments	**$ 22,358**
Present value adjustment	**(4,460)**
Total lease liabilities	**$ 17,898**

Note 13 – Repurchase Agreement Borrowings

Securities sold under agreements to repurchase ("repurchase agreements") with customers represent funds deposited by customers, generally on an overnight basis, that are collateralized by investment securities owned by Park. Repurchase agreements with customers are included in "Short-term borrowings" on the consolidated condensed balance sheets.

All repurchase agreements are subject to terms and conditions of repurchase/security agreements between Park and the customer and are accounted for as secured borrowings. Park's repurchase agreements consist of customer accounts and securities which are pledged on an individual security basis.

At June 30, 2024 and at December 31, 2023, Park's repurchase agreement borrowings totaled $ 94.5 million and $108.2 million, respectively. These borrowings were collateralized with U.S. Government sponsored entities' asset-backed securities with a fair value of $124.6 million and $180.8 million at June 30, 2024 and at December 31, 2023, respectively. Declines in the value of the collateral would require Park to pledge additional securities. At June 30, 2024 and at December 31, 2023, Park had $534.9 million and $847.5 million, respectively, of available unpledged securities.

The table below shows the remaining contractual maturity of repurchase agreements by collateral pledged at June 30, 2024 and at December 31, 2023:

	June 30, 2024				
(in thousands)	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 days	30 - 90 days	Greater than 90 days	Total
U.S. government and agency securities	**$ 94,478**	**$ —**	**$ —**	**$ —**	**$ 94,478**

	December 31, 2023				
(in thousands)	Remaining Contractual Maturity of the Agreements				
	Overnight and Continuous	Up to 30 days	30 - 90 days	Greater than 90 days	Total
U.S. government and agency securities	$ 108,182	$ —	$ —	$ —	$ 108,182

Note 14 - Derivatives

Park uses certain derivative financial instruments (or "derivatives") to meet the needs of Park's customers while managing the interest rate risk associated with certain transactions. Park does not use derivatives for speculative purposes. A summary of derivative financial instruments utilized by Park follows.

Interest Rate Swaps

Park utilizes interest rate swap agreements (or "interest rate swaps") as part of its asset-liability management strategy to help manage its interest rate risk position and as a means to meet the financing, interest rate and other risk management needs of qualifying commercial banking customers. The notional amount of the interest rate swaps does not represent the amount exchanged by the parties. The amount exchanged is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

In conjunction with the Carolina Alliance acquisition, Park acquired interest rate swaps related to certain commercial loans. Simultaneously with borrowers entering into interest rate swaps, Carolina Alliance entered into offsetting interest rate swaps executed with a third party, such that Carolina Alliance minimized its net interest rate risk exposure resulting from such transactions. These interest rate swaps had a notional amount totaling $16.6 million and $18.2 million at June 30, 2024 and at December 31, 2023, respectively.

All of the Company's interest rate swaps were determined to be fully effective during each of the three-month and the six-month periods ended June 30, 2024 and June 30, 2023. As such, no amount of ineffectiveness has been included in net income. Therefore, the aggregate fair value of the interest rate swaps is recorded in "Other assets" and "Other liabilities" with changes in fair value recorded in "Other comprehensive (loss) income". The amount included in "Accumulated other comprehensive loss, net of tax" would be reclassified to net income should the hedges no longer be considered effective. Park expects the outstanding hedges to remain fully effective during the remaining respective terms of the interest rate swaps.

Summary information about Park's interest rate swaps at June 30, 2024 and at December 31, 2023 follows:

	June 30, 2024	December 31, 2023
(In thousands, except weighted average data)	**Loan Derivatives**	Loan Derivatives
Notional amounts	**$ 16,598**	$ 18,199
Weighted average pay rates	**4.486 %**	4.517 %
Weighted average receive rates	**4.486 %**	4.517 %
Weighted average maturity (years)	**5.9**	6.5
Unrealized losses	**$ —**	$ —

The following table reflects the interest rate swaps included in the consolidated condensed balance sheets at June 30, 2024 and at December 31, 2023.

	June 30, 2024		December 31, 2023	
(In thousands)	**Notional Amount**	**Fair Value**	Notional Amount	Fair Value
Included in "Other assets":				
Loan derivatives - instruments associated with loans				
Matched interest rate swaps with borrower	**$ —**	**$ —**	$ —	$ —
Matched interest rate swaps with counterparty	**16,598**	**1,221**	18,199	1,069
Total included in "Other assets"	**$ 16,598**	**$ 1,221**	$ 18,199	$ 1,069
Included in "Other liabilities":				
Loan derivatives - instruments associated with loans				
Matched interest rate swaps with borrower	**$ 16,598**	**$ (1,221)**	$ 18,199	$ (1,069)
Matched interest rate swaps with counterparty	**—**	**—**	—	—
Total included in "Other liabilities"	**$ 16,598**	**$ (1,221)**	$ 18,199	$ (1,069)

Mortgage Banking Derivatives

Commitments to fund mortgage loans (interest rate locks) to be sold into the secondary market and forward commitments for the future delivery of these mortgage loans are accounted for as free-standing derivatives. In order to hedge the change in interest rates resulting from its commitments to fund the loans, the Company enters into forward commitments for the future delivery of mortgage loans when interest rate locks are entered into. These mortgage banking derivatives are not designated as hedge relationships. The fair value of an interest rate lock is recorded at the time the commitment to fund the mortgage loan is executed and is adjusted for the expected exercise of the commitment before the loan is funded. Fair values of these mortgage banking derivatives are estimated based on changes in mortgage interest rates from the date the interest on the loan is locked. Changes in the fair values of these derivatives are included in "Other service income" in the condensed consolidated statements of income.

At June 30, 2024 and at December 31, 2023, Park had $4.9 million and $4.0 million, respectively, of interest rate lock commitments. The fair value of these mortgage banking derivatives was reflected by a derivative asset of $102,000 and $87,000 at June 30, 2024 and at December 31, 2023, respectively.

Other Derivatives

In connection with the sale of Park’s Class B Visa shares during 2009, Park entered into a swap agreement with the purchaser of the shares. The swap agreement adjusts for dilution in the conversion ratio of Class B Visa shares resulting from certain Visa litigation. At both June 30, 2024 and December 31, 2023, the fair value of the swap agreement liability of $123,000 represented an estimate of the exposure based upon probability-weighted potential Visa litigation losses.

Note 15 – Accumulated Other Comprehensive Loss

Other comprehensive income (loss) components, net of tax, are shown in the following table for the three-month and the six-month periods ended June 30, 2024 and 2023:

(in thousands)	Changes in pension plan assets and benefit obligations	Unrealized losses on debt securities AFS	Total
Beginning balance at April 1, 2024	**$ 1,692**	**$ (68,087)**	**$ (66,395)**
Other comprehensive loss before reclassifications	—	**(2,059)**	**(2,059)**
Net current period other comprehensive loss	**—**	**(2,059)**	**(2,059)**
Ending balance at June 30, 2024	**$ 1,692**	**$ (70,146)**	**$ (68,454)**
Beginning balance at April 1, 2023	$ (6,680)	$ (83,353)	$ (90,033)
Other comprehensive loss before reclassifications	—	(6,753)	(6,753)
Net current period other comprehensive loss	—	(6,753)	(6,753)
Ending balance at June 30, 2023	$ (6,680)	$ (90,106)	$ (96,786)

(in thousands)	Changes in pension plan assets and benefit obligations	Unrealized (losses) gains on debt securities AFS	Total
Beginning balance at January 1, 2024	**$ 1,692**	**$ (67,883)**	**$ (66,191)**
Other comprehensive loss before reclassifications	**—**	**(2,577)**	**(2,577)**
Amounts reclassified from accumulated other comprehensive loss	**—**	**314**	**314**
Net current period other comprehensive loss	**—**	**(2,263)**	**(2,263)**
Ending balance at June 30, 2024	**$ 1,692**	**$ (70,146)**	**$ (68,454)**
Beginning balance at January 1, 2023	$ (6,680)	$ (95,714)	$ (102,394)
Other comprehensive income before reclassifications	—	5,608	5,608
Net current period other comprehensive income	—	5,608	5,608
Ending balance at June 30, 2023	$ (6,680)	$ (90,106)	$ (96,786)

During the six-month period ended June 30, 2024, there was $398,000 ($314,000 net of tax) reclassified out of accumulated other comprehensive loss due to a net loss on the sale of debt securities. This loss was recorded within "Loss on the sale of debt securities, net" on the consolidated condensed statements of income. During the three-month period ended June 30, 2024, there were no reclassifications out of accumulated other comprehensive loss. During the three-month and six-month periods ended June 30, 2023, there were no reclassifications out of accumulated other comprehensive loss.

Note 16 – Earnings Per Common Share

The following table sets forth the computation of basic and diluted earnings per common share for the three months and six months ended June 30, 2024 and 2023.

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands, except common share and per common share data)	**2024**	2023	**2024**	2023
Numerator:				
Net income	**$ 39,369**	$ 31,584	**$ 74,573**	$ 65,317
Denominator:				
Weighted-average common shares outstanding	**16,149,523**	16,165,119	**16,133,183**	16,203,736
Effect of dilutive PBRSUs and TBRSUs	**90,094**	75,481	**82,159**	78,957
Weighted-average common shares outstanding adjusted for the effect of dilutive PBRSUs and TBRSUs	**16,239,617**	16,240,600	**16,215,342**	16,282,693
Earnings per common share:				
Basic earnings per common share	**$ 2.44**	$ 1.95	**$ 4.62**	$ 4.03
Diluted earnings per common share	**$ 2.42**	$ 1.94	**$ 4.60**	$ 4.01

Park awarded 59,165 PBRSUs and 54,698 PBRSUs to certain employees during the six months ended June 30, 2024 and 2023, respectively. No PBRSUs were awarded during either of the three months ended June 30, 2024 and 2023

Park repurchased an aggregate of 25,000 and 149,000 common shares during the three months and six months ended June 30, 2023, respectively, to fund the PBRSUs, the TBRSUs and the common shares to be awarded to directors of Park and to directors of Park's subsidiary PNB (and its divisions) as well as pursuant to Park's previously announced stock repurchase authorizations. No common shares were repurchased during the three months or the six months ended June 30, 2024.

Note 17 - Share-Based Compensation

The Park National Corporation 2017 Long-Term Incentive Plan for Employees (the "2017 Employees LTIP") was adopted by the Board of Directors of Park on January 23, 2017 and was approved by Park's shareholders at the Annual Meeting of Shareholders on April 24, 2017. The 2017 Employees LTIP makes equity-based awards and cash-based awards available for grant to employee participants in the form of incentive stock options, nonqualified stock options, SARs, restricted stock, restricted stock units, other stock-based awards and cash-based awards. Under the 2017 Employees LTIP, 750,000 common shares are authorized to be delivered in connection with grants under the 2017 Employees LTIP. The common shares to be delivered under the 2017 Employees LTIP are to consist of either common shares currently held or common shares subsequently acquired by Park as treasury shares, including common shares purchased in the open market or in private transactions. At June 30, 2024, 240,835 common shares were available for future grants under the 2017 Employees LTIP.

The Park National Corporation 2017 Long-Term Incentive Plan for Non-Employee Directors (the "2017 Non-Employee Directors LTIP") was adopted by the Board of Directors of Park on January 23, 2017 and was approved by Park's shareholders at the Annual Meeting of Shareholders on April 24, 2017. The 2017 Non-Employee Directors LTIP makes equity-based awards and cash-based awards available for grant to non-employee director participants in the form of nonqualified stock options, SARs, restricted stock, restricted stock units, other stock-based awards, and cash-based awards. Under the 2017 Non-Employee Directors LTIP, 150,000 common shares are authorized to be delivered in connection with grants under the 2017 Non-Employee Directors LTIP. The common shares to be delivered under the 2017 Non-Employee Directors LTIP are to consist of either common shares currently held or common shares subsequently acquired by Park as treasury shares, including common shares purchased in the open market or in private transactions. At June 30, 2024, 60,000 common shares were available for future grants under the 2017 Non-Employee Directors LTIP.

During the six months ended June 30, 2024 and 2023, the Compensation Committee of the Board of Directors of Park granted awards of PBRSUs, under the 2017 Employees LTIP, covering an aggregate of 59,165 common shares and 54,698 common shares, respectively, to certain employees of Park and its subsidiaries. No awards were granted during either of the three months ended June 30, 2024 or 2023.

At June 30, 2024, Park reported 189,620 nonvested PBRSUs. The number of PBRSUs earned or settled will depend on the level of achievement with respect to certain performance criteria over a three-year period. The PBRSUs are also subject to subsequent service-based vesting.

A summary of changes in the common shares subject to nonvested PBRSUs for the six months ended June 30, 2024 follows:

	Common shares subject to PBRSUs
Nonvested at January 1, 2024	186,936
Granted	59,165
Vested	(54,981)
Forfeited	(1,500)
Adjustment for performance conditions of PBRSUs [(1)]	—
Nonvested at June 30, 2024 [(2)]	**189,620**

(1) The number of PBRSUs earned depends on the level of achievement with respect to certain performance criteria. Adjustment herein, if any, represents the difference between the maximum number of common shares which could be earned and the actual number earned for those PBRSUs as to which the performance period was completed.
(2) Nonvested amount herein represents the maximum number of nonvested PBRSUs. As of June 30, 2024, an aggregate of 185,318 PBRSUs were expected to vest.

A summary of awards vested during the three months and six months ended June 30, 2024 and 2023 follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	**2024**	2023
PBRSUs vested	**—**	6,350	**54,981**	62,815
Common shares withheld to satisfy employee income tax withholding obligations	**—**	1,992	**21,937**	23,973
Net common shares issued	**—**	4,358	**33,044**	38,842

Share-based compensation expense of $1.3 million and $1.7 million was recognized for the three-month periods ended June 30, 2024 and 2023, respectively, and share-based compensation expense of $3.2 million and $4.1 million was recognized for the six-month periods ended June 30, 2024 and 2023, respectively.

The following table details expected additional share-based compensation expense related to PBRSUs outstanding at June 30, 2024:

(In thousands)		
Six months ending December 31, 2024	$	3,076
2025		4,927
2026		3,232
2027		1,347
2028		217
Total	**$**	**12,799**

Note 18 – Benefit Plans

Park has a noncontributory defined benefit pension plan (the "Pension Plan") covering substantially all of its employees. The Pension Plan provides benefits based on an employee’s years of service and compensation.

There were no Pension Plan contributions for any of the three-month or the six-month periods ended June 30, 2024 or 2023. Additionally, no contributions are expected to be made during the remainder of 2024.

The following table shows the components of net periodic pension benefit income:

(In thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Affected Line Item in the Consolidated Condensed Statements of Income
Service cost	**$ 1,750**	$ 1,559	**$ 3,500**	$ 3,118	Employee benefits
Interest cost	**1,719**	1,631	**3,438**	3,262	Other components of net periodic pension benefit income
Expected return on plan assets	**(3,935)**	(3,536)	**(7,870)**	(7,072)	Other components of net periodic pension benefit income
Recognized prior service cost	**12**	12	**24**	24	Other components of net periodic pension benefit income
Net periodic pension benefit income	**$ (454)**	$ (334)	**$ (908)**	$ (668)	

Park has entered into Supplemental Executive Retirement Plan Agreements (the “SERP Agreements”) with certain key officers of Park and its subsidiaries which provide defined pension benefits in excess of limits imposed by federal tax law. The expense for the Corporation related to the SERP Agreements for the three months and the six months ended June 30, 2024 and 2023 was as follows:

(In thousands)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023	Affected Line Item in the Consolidated Condensed Statements of Income
Service cost	**$ 769**	$ 234	**$ 985**	$ 468	Employee benefits
Interest cost	**155**	175	**310**	351	Miscellaneous expense
Total SERP expense	**$ 924**	$ 409	**$ 1,295**	$ 819	

Note 19 – Fair Value

The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that Park uses to measure fair value are as follows:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that Park has the ability to access as of the measurement date.
- Level 2: Level 1 inputs for assets or liabilities that are not actively traded. Also consists of an observable market price for a similar asset or liability. This includes the use of “matrix pricing” to value debt securities absent the exclusive use of quoted prices.
- Level 3: Consists of unobservable inputs that are used to measure fair value when observable market inputs are not available. This could include the use of internally developed models, financial forecasting and similar inputs.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the balance sheet date. When possible, the Company looks to active and observable markets to price identical assets or liabilities. When identical assets and liabilities are not traded in active markets, the Company looks to observable market data for similar assets and liabilities. However, certain assets and liabilities are not traded in observable markets and Park must use other valuation methods to develop a fair value. The fair value of individually evaluated collateral dependent loans is typically based on the fair value of the underlying collateral, which is estimated through third-party appraisals in accordance with Park's valuation requirements under its commercial and real estate loan policies.

Assets and Liabilities Measured at Fair Value on a Recurring Basis :

The following table presents assets and liabilities measured at fair value on a recurring basis:

Fair Value Measurements at June 30, 2024 using:				
(In thousands)	Level 1	Level 2	Level 3	Balance at June 30, 2024
Assets				
Investment securities:				
Obligations of states and political subdivisions	$ —	$ 202,127	$ —	$ 202,127
U.S. Government sponsored entities' asset-backed securities	—	570,839	—	570,839
Collateralized loan obligations	—	378,996	—	378,996
Corporate debt securities	—	12,317	6,427	18,744
Equity securities	2,375	—	495	2,870
Mortgage loans held for sale	—	4,309	—	4,309
Mortgage IRLCs	—	102	—	102
Loan interest rate swaps	—	1,221	—	1,221
Liabilities				
Fair value swap	$ —	$ —	$ 123	$ 123
Loan interest rate swaps	—	1,221	—	1,221

Fair Value Measurements at December 31, 2023 using:				
(In thousands)	Level 1	Level 2	Level 3	Balance at December 31, 2023
Assets				
Investment securities:				
Obligations of states and political subdivisions	$ —	$ 241,184	$ —	$ 241,184
U.S. Government sponsored entities' asset-backed securities	—	635,475	—	635,475
Collateralized loan obligations	—	438,286	—	438,286
Corporate debt securities	—	11,548	6,349	17,897
Equity securities	1,616	—	473	2,089
Mortgage loans held for sale	—	3,235	—	3,235
Mortgage IRLCs	—	87	—	87
Loan interest rate swaps	—	1,069	—	1,069
Liabilities				
Fair value swap	$ —	$ —	$ 123	$ 123
Loan interest rate swaps	—	1,069	—	1,069

The following methods and assumptions were used by the Company in determining the fair value of the financial assets and liabilities discussed above:

Investment securities: Fair values for investment securities are based on quoted market prices, where available (Level 1). If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments (Level 2).

For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows (Level 3).

Mortgage loans held for sale: Mortgage loans held for sale are carried at their fair value. Mortgage loans held for sale are estimated using market prices for similar product types and, therefore, are classified in Level 2.

Mortgage interest rate lock commitments: Mortgage IRLCs are based on current secondary market pricing and are classified as Level 2.

Interest rate swaps: The fair values of interest rate swaps are based on valuation models using observable market data as of the measurement date (Level 2).

Fair value swap: The fair value of the swap agreement entered into with the purchaser of the Visa Class B shares represents an internally developed estimate of the exposure based upon probability-weighted potential Visa litigation losses and is classified as Level 3.

The following tables present a reconciliation of the beginning and ending balances of the Level 3 inputs for the three-month and the six-month periods ended June 30, 2024 and 2023, for financial instruments measured on a recurring basis and classified as Level 3:

Level 3 Fair Value Measurements			
Three months ended June 30, 2024 and 2023			
(In thousands)	Corporate debt securities	Equity securities	Fair value swap
Balance at April 1, 2024	**$ 6,372**	**$ 495**	**$ (123)**
Transfer into (out of) level 3	**—**	**—**	**—**
Total gains			
Included in other income	**—**	**—**	**—**
Included in other comprehensive income	**55**	**—**	**—**
Balance at June 30, 2024	**$ 6,427**	**$ 495**	**$ (123)**
Balance at April 1, 2023	$ 6,855	$ 449	$ (121)
Transfer into (out of) level 3, net	(611)	—	—
Total (losses) / gains			
Included in other income / other (expense)	—	6	(175)
Included in other comprehensive income	(128)	—	—
Balance at June 30, 2023	**$ 6,116**	**$ 455**	**$ (296)**

Level 3 Fair Value Measurements						
Six months ended June 30, 2024 and 2023						
(In thousands)	Corporate debt securities		Equity securities		Fair value swap	
Balance at January 1, 2024	**$**	**6,349**	**$**	**473**	**$**	**(123)**
Transfer into (out of) level 3		**—**		**—**		**—**
Total gains						
Included in other income		**—**		**22**		**—**
Included in other comprehensive income		**78**		**—**		**—**
Balance at June 30, 2024	**$**	**6,427**	**$**	**495**	**$**	**(123)**
Balance at January 1, 2023	$	7,000	$	439	$	(243)
Transfers into (out of) level 3, net		11		—		—
Total (losses) / gains						
Included in other income / other (expense)		—		16		(175)
Included in other comprehensive income		(895)		—		—
Purchases, sales, issuances and settlements, other, net		**—**		**—**		122
Balance at June 30, 2023	**$**	**6,116**	**$**	**455**	**$**	**(296)**

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis:

The following methods and assumptions were used by the Company in determining the fair value of assets and liabilities measured at fair value on a nonrecurring basis as described below:

Individually evaluated collateral dependent loans: When a loan is individually evaluated, it is valued at the lower of cost or fair value. Collateral dependent loans which are individually evaluated and carried at fair value have been partially charged off or receive allocations of the allowance for credit losses. For collateral dependent loans, fair value is generally based on real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including the comparable sales approach and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments result in a Level 3 classification of the inputs for determining fair value. Collateral is then adjusted or discounted based on management's historical knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the customer and the customer's business, resulting in a Level 3 fair value classification. Individually evaluated loans are evaluated on a quarterly basis for additional impairment and adjusted accordingly. Additionally, valuations for all collateral dependent loans are updated annually, either through independent valuations by a licensed appraiser or a VOV performed by an internal licensed appraiser, in accordance with Company policy. A VOV can only be used in select circumstances and verifies that the original appraised value has not deteriorated through property inspection, consideration of market conditions, and performance of all valuation methods utilized in a prior valuation.

Loans individually evaluated for impairment include all internally classified commercial nonaccrual loans.

OREO: Assets acquired through or in lieu of loan foreclosure are initially recorded at fair value less costs to sell when acquired. The carrying value of OREO is not re-measured to fair value on a recurring basis, but is subject to fair value adjustments when the carrying value exceeds the fair value, less estimated selling costs. Fair value is based on recent real estate appraisals and is updated at least annually. These appraisals may utilize a single valuation approach or a combination of approaches including the comparable sales approach and the income approach. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available. Such adjustments result in a Level 3 classification of the inputs for determining fair value.

Appraisals for both individually evaluated collateral dependent loans and OREO are performed by licensed appraisers. Appraisals are generally obtained to support the fair value of collateral. In general, there are three types of appraisals received by the Company: real estate appraisals, income approach appraisals, and lot development loan appraisals. These are discussed below:

- Real estate appraisals typically incorporate measures such as recent sales prices for comparable properties. Appraisers may make adjustments to the sales prices of the comparable properties as deemed appropriate based on the age, condition or general characteristics of the subject property. Management generally applies a 15% discount to real estate appraised values which management expects will cover all disposition costs (including selling costs). This 15% discount is based on historical discounts to appraised values on sold OREO.

- Income approach appraisals typically incorporate the annual net operating income of the business divided by an appropriate capitalization rate, as determined by the appraiser. Management generally applies a 15% discount to income approach appraised values which management expects will cover all disposition costs (including selling costs).

- Lot development loan appraisals are typically performed using a discounted cash flow analysis. Appraisers determine an anticipated absorption period and a discount rate that takes into account an investor’s required rate of return based on recent comparable sales. Management generally applies a 6% discount to lot development appraised values, which is an additional discount above the net present value calculation included in the appraisal, to account for selling costs.

MSRs: MSRs are carried at the lower of cost or fair value. MSRs do not trade in active, open markets with readily observable prices. For example, sales of MSRs do occur, but precise terms and conditions typically are not readily available. As such, management, with the assistance of a third-party specialist, determines fair value based on the discounted value of the future cash flows estimated to be received. Significant inputs include the discount rate and assumed prepayment speeds. The calculated fair value is then compared to market values where possible to ascertain the reasonableness of the valuation in relation to current market expectations for similar products. Accordingly, MSRs are classified as Level 2.

The following tables present assets and liabilities measured at fair value on a nonrecurring basis. Individually evaluated collateral dependent loans secured by real estate are carried at fair value if they have been charged down to fair value or if a specific valuation allowance has been established. At June 30, 2024 and December 31, 2023, there were no PCD loans carried at fair value. A new cost basis is established at the time a property is initially recorded in OREO. OREO are carried at fair value if a devaluation has been taken with respect to the property's value subsequent to the initial measurement.

	Fair Value Measurements at June 30, 2024 using:			
(In thousands)	Level 1	Level 2	Level 3	Balance at June 30, 2024
Individually evaluated collateral dependent loans recorded at fair value:				
Commercial real estate	$ —	$ —	$ 2,078	$ 2,078
Residential real estate	—	—	191	191
Total individually evaluated collateral dependent loans recorded at fair value	$ —	$ —	$ 2,269	$ 2,269
MSRs	$ —	$ 499	$ —	$ 499
OREO recorded at fair value:				
Commercial real estate	$ —	$ —	$ 938	$ 938
Total OREO recorded at fair value	$ —	$ —	$ 938	$ 938

(In thousands)	Fair Value Measurements at December 31, 2023 using: Level 1	Level 2	Level 3	Balance at December 31, 2023
Individually evaluated collateral dependent loans recorded at fair value:				
Commercial real estate	$ —	$ —	$ 2,315	$ 2,315
Residential real estate	—	—	182	182
Total individually evaluated collateral dependent loans recorded at fair value	$ —	$ —	$ 2,497	$ 2,497
MSRs	$ —	$ 866	$ —	$ 866
OREO recorded at fair value:				
Commercial real estate	$ —	$ —	$ 938	$ 938
Total OREO recorded at fair value	$ —	$ —	$ 938	$ 938

The following table provides additional detail on those individually evaluated loans which are recorded at fair value as well as the remaining individually evaluated loan portfolio not included above. The remaining individually evaluated loans consist of 1) loans which are not collateral dependent, 2) loans which are not secured by real estate, and 3) loans carried at cost as the fair value of the underlying collateral or the present value of expected future cash flows on each of the loans exceeded the book value for each respective credit.

	June 30, 2024			
(In thousands)	Loan Balance	Prior Charge-Offs	Specific Valuation Allowance	Carrying Balance
Total individually evaluated collateral dependent loans recorded at fair value	**$ 2,327**	**$ 1,948**	**$ 58**	**$ 2,269**
Remaining individually evaluated loans	**52,666**	**243**	**5,253**	**47,413**
Total individually evaluated loans	**$ 54,993**	**$ 2,191**	**$ 5,311**	**$ 49,682**

	December 31, 2023			
(In thousands)	Loan Balance	Prior Charge-Offs	Specific Valuation Allowance	Carrying Balance
Total individually evaluated collateral dependent loans recorded at fair value	$ 2,499	$ 2,048	$ 2	$ 2,497
Remaining individually evaluated loans	42,716	301	4,981	37,735
Total individually evaluated loans	$ 45,215	$ 2,349	$ 4,983	$ 40,232

The expense from credit adjustments related to individually evaluated loans carried at fair value was $ 23,000 and $551,000 for the three-month periods ended June 30, 2024 and 2023, respectively, and was $58,000 and $658,000 for the six-month periods ended June 30, 2024 and 2023, respectively.

MSRs totaled $14.3 million at June 30, 2024. Of this $14.3 million MSR carrying balance, $0.5 million was recorded at fair value and included a valuation allowance of $28,000. The remaining $13.8 million was recorded at cost, as the fair value exceeded cost at June 30, 2024. At December 31, 2023, MSRs totaled $14.7 million. Of this $14.7 million MSR carrying balance, $0.9 million was recorded at fair value and included a valuation allowance of $ 94,000. The remaining $13.8 million was recorded at cost, as the fair value exceeded cost at December 31, 2023. The income related to MSRs carried at fair value during the three-month periods ended June 30, 2024 and 2023 was $41,000 and $67,000, respectively, and was $66,000 and $81,000 for the six-month periods ended June 30, 2024 and 2023, respectively.

Total OREO held by Park at June 30, 2024 and December 31, 2023 was $ 1.2 million and $1.0 million, respectively. At both June 30, 2024 and December 31, 2023 there was $938,000 of OREO held by Park that was carried at fair value due to fair value adjustments made subsequent to the initial OREO measurement. There was no net income (expense) related to OREO fair value adjustments for the three-month or the six-month periods ended June 30, 2024. The net expense related to OREO fair value adjustments was $77,000 for both the three-month and the six-month periods ended June 30, 2023.

The following tables present qualitative information about Level 3 fair value measurements for financial instruments measured at fair value on a nonrecurring basis at June 30, 2024 and December 31, 2023:

June 30, 2024					
(In thousands)		Fair Value	Valuation Technique	Unobservable Input(s)	Range (Weighted Average)
Individually evaluated collateral dependent loans:					
Commercial real estate	**$**	**2,078**	Sales comparison approach	Adj to comparables	**0.4% - 52.0% (19.9%)**
			Income approach	Capitalization rate	**6.3% - 9.5% (8.2%)**
Residential real estate	**$**	**191**	Sales comparison approach	Adj to comparables	**0.0% - 78.6% (3.4%)**
Other real estate owned:					
Commercial real estate	**$**	**938**	Sales comparison approach	Adj to comparables	**5.0% - 10.0% (7.5%)**
			Cost approach	Entrepreneurial profit	**5.0% 5.0%**
			Cost approach	Accumulated depreciation	**50.0% 50.0%**

December 31, 2023					
(In thousands)		Fair Value	Valuation Technique	Unobservable Input(s)	Range (Weighted Average)
Individually evaluated collateral dependent loans:					
Commercial real estate	$	2,315	Sales comparison approach	Adj to comparables	0.2% - 89.0% (21.2%)
			Income approach	Capitalization rate	7.5% - 9.5% (8.9%)
Residential real estate	$	182	Sales comparison approach	Adj to comparables	1.2% - 78.6% (7.6%)
Other real estate owned:					
Commercial real estate	$	938	Sales comparison approach	Adj to comparables	5.0% - 10.0% (7.5%)
			Cost approach	Entrepreneurial profit	5.0% (5.0%)
			Cost approach	Accumulated depreciation	50.0% (50.0%)

Assets Measured at Net Asset Value:

Park's portfolio of Partnership Investments is valued using the NAV practical expedient in accordance with ASC 820.

At June 30, 2024 and at December 31, 2023, Park had Partnership Investments with a NAV of $ 28.0 million and $27.5 million, respectively. At June 30, 2024 and at December 31, 2023, Park had $20.1 million and $18.4 million, respectively, in unfunded commitments related to these Partnership Investments. For the three-month periods ended June 30, 2024 and 2023, Park recogniz ed (expense) income of $(92,000) and $137,000, respectively, and for the six-month periods ended June 30, 2024 and 2023, Park recognized (expense) of $(782,000) and $(241,000), respectively, related to these Partnership Investments.

Fair Value Balance Sheet:

The fair value of certain financial instruments at June 30, 2024 and at December 31, 2023, was as follows:

	June 30, 2024				
		Fair Value Measurements			
(In thousands)	Carrying value	Level 1	Level 2	Level 3	Total fair value
Financial assets:					
Cash and money market instruments	$ 261,465	$ 261,465	$ —	$ —	$ 261,465
Investment securities (1)	1,170,706	—	1,164,279	6,427	1,170,706
Other investment securities (2)	2,870	2,375	—	495	2,870
Mortgage loans held for sale	4,309	—	4,309	—	4,309
Mortgage IRLCs	102	—	102	—	102
Individually evaluated loans carried at fair value	2,269	—	—	2,269	2,269
Other loans, net	7,571,122	—	—	7,399,488	7,399,488
Loans receivable, net	$ 7,577,802	$ —	$ 4,411	$ 7,401,757	$ 7,406,168
Financial liabilities:					
Time deposits	$ 682,207	$ —	$ 682,949	$ —	$ 682,949
Brokered deposits and Bid Ohio CDs	176,199	—	176,133	—	176,133
Other	3,520	3,520	—	—	3,520
Deposits (excluding demand deposits)	$ 861,926	$ 3,520	$ 859,082	$ —	$ 862,602
Short-term borrowings	$ 94,478	$ —	$ 94,478	$ —	$ 94,478
Subordinated notes	189,396	—	178,474	—	178,474
Derivative financial instruments - assets:					
Loan interest rate swaps	$ 1,221	$ —	$ 1,221	$ —	$ 1,221
Derivative financial instruments - liabilities:					
Fair value swap	$ 123	$ —	$ —	$ 123	$ 123
Loan interest rate swaps	1,221	—	1,221	—	1,221

(1) Includes debt securities AFS.

(2) Excludes FHLB stock and FRB stock which are carried at their respective redemption values, investment securities accounted for at modified cost as these investments do not have a readily determinable fair value, and Partnership Investments valued using the NAV practical expedient.

(In thousands)	December 31, 2023 Carrying value	Fair Value Measurements Level 1	Level 2	Level 3	Total fair value
Financial assets:					
Cash and money market instruments	$ 218,268	$ 218,268	$ —	$ —	$ 218,268
Investment securities (1)	1,332,842	—	1,326,493	6,349	1,332,842
Other investment securities (2)	2,089	1,616	—	473	2,089
Mortgage loans held for sale	3,235	—	3,235	—	3,235
Mortgage IRLCs	87	—	87	—	87
Individually evaluated loans carried at fair value	2,497	—	—	2,497	2,497
Other loans, net	7,386,657	—	—	7,200,851	7,200,851
Loans receivable, net	$ 7,392,476	$ —	$ 3,322	$ 7,203,348	$ 7,206,670
Financial liabilities:					
Time deposits	$ 641,615	$ —	$ 641,180	—	$ 641,180
Brokered deposits and Bid Ohio CDs	164,985	—	165,059	—	165,059
Other	1,261	1,261	—	—	1,261
Deposits (excluding demand deposits)	$ 807,861	$ 1,261	$ 806,239	$ —	$ 807,500
Short-term borrowings	$ 328,182	$ —	$ 328,182	$ —	$ 328,182
Subordinated notes	189,147	—	172,059	—	172,059
Derivative financial instruments - assets:					
Loan interest rate swaps	$ 1,069	$ —	$ 1,069	$ —	$ 1,069
Derivative financial instruments - liabilities:					
Fair value swap	$ 123	$ —	$ —	$ 123	$ 123
Loan interest rate swaps	1,069	—	1,069	—	1,069

(1) Includes debt securities AFS.

(2) Excludes FHLB stock and FRB stock which are carried at their respective redemption values, investment securities accounted for at modified cost as these investments do not have a readily determinable fair value, and Partnership Investments valued using the NAV practical expedient.

Note 20 - Revenue from Contracts with Customers

All of Park's revenue from contracts with customers within the scope of ASC 606 is recognized within "Other income" in the consolidated condensed statements of income. All of Park's operations are considered by management to be aggregated in one reportable segment.

The following table presents the Corporation's sources of other income by revenue stream for the three-month and six-month periods ended June 30, 2024 and June 30, 2023:

	Three Months Ended June 30,	
Revenue by Operating Segment (in thousands)	**2024**	2023
Income from fiduciary activities		
Personal trust and agency accounts	**$ 3,480**	$ 2,571
Employee benefit and retirement-related accounts	**2,675**	2,467
Investment management and investment advisory agency accounts	**4,017**	3,273
Other	**556**	505
Service charges on deposit accounts		
Non-sufficient funds (NSF) fees	**777**	860
Demand deposit account (DDA) charges	**1,331**	1,069
Other	**106**	112
Other service income [1]		
Credit card	**670**	730
HELOC	**114**	108
Installment	**40**	35
Real estate	**1,853**	1,510
Commercial	**229**	256
Debit card fee income	**6,580**	6,830
Bank owned life insurance income [2]	**1,565**	1,332
ATM fees	**458**	553
Loss on the sale of debt securities, net [2]	**—**	—
Gain on equity securities, net [2]	**358**	25
Other components of net periodic pension benefit income [2]	**2,204**	1,893
Miscellaneous [3]	**1,781**	886
Total other income	**$ 28,794**	$ 25,015

[1] "Other Service Income" totaled $2.9 million and $2.6 million for the three months ended June 30, 2024 and 2023, respectively. Of this aggregate revenue approximately $1.3 million in each period was within the scope of ASC 606 in each period presented, with the remaining $1.6 million and $1.3 million consisting primarily of certain residential real estate loan fees which were out of scope for the three months ended June 30, 2024 and 2023, respectively.

[2] Not within the scope of ASC 606.

[3] "Miscellaneous Income" included brokerage income, safe deposit box rentals, gains/losses on asset sales and miscellaneous bank fees totaling $1.8 million and $0.9 million for the three months ended June 30, 2024 and 2023, respectively, all of which were within the scope of ASC 606.

Revenue by Operating Segment (in thousands)	Six Months Ended June 30, 2024	2023
Income from fiduciary activities		
Personal trust and agency accounts	**$ 6,434**	$ 5,075
Employee benefit and retirement-related accounts	**5,326**	4,939
Investment management and investment advisory agency accounts	**7,817**	6,435
Other	**1,175**	982
Service charges on deposit accounts		
Non-sufficient funds (NSF) fees	**1,569**	1,921
Demand deposit account (DDA) charges	**2,539**	2,107
Other	**212**	254
Other service income [1]		
Credit card	**1,281**	1,413
HELOC	**196**	197
Installment	**60**	84
Real estate	**3,350**	2,965
Commercial	**543**	677
Debit card fee income	**12,823**	13,287
Bank owned life insurance income [2]	**4,194**	2,517
ATM fees	**954**	1,086
Loss on the sale of debt securities, net [2]	**(398)**	—
Loss on equity securities, net [2]	**(329)**	(380)
Other components of net periodic pension benefit income [2]	**4,408**	3,786
Miscellaneous [3]	**2,840**	2,057
Total other income	**$ 54,994**	$ 49,402

(1) "Other Service Income" totaled $5.4 million and $5.3 million for the six months ended June 30, 2024 and 2023, respectively. Of this aggregate revenue approximately $2.5 million and $2.7 million was within the scope of ASC 606, with the remaining $2.9 million and $2.6 million consisting primarily of certain residential real estate loan fees which were out of scope for the six months ended June 30, 2024 and 2023, respectively.

(2) Not within the scope of ASC 606.

(3) "Miscellaneous Income" included brokerage income, safe deposit box rentals, gains/losses on asset sales and miscellaneous bank fees totaling $2.8 million and $2.1 million for the six months ended June 30, 2024 and 2023, respectively, all of which were within the scope of ASC 606.

A description of Park's material revenue streams accounted for under ASC 606 follows:

Income from fiduciary activities (gross): Park earns fiduciary fee income and investment brokerage fees from its contracts with trust customers for various fiduciary and investment-related services. These fees are earned over time as the Company provides the contracted monthly and quarterly services and are generally assessed based on the market value of the trust assets.

Service charges on deposit accounts and ATM fees: The Corporation earns fees from the Corporation's deposit customers for transaction-based, account maintenance, and overdraft services. Fees for transaction-based services, which include services such as ATM use fees, stop payment charges, statement rendering fees, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Corporation fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are generally recognized at the end of the month, representing the period over which the Corporation satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

Other service income: Other service income includes income from (1) the sale and servicing of loans sold to the secondary market, (2) incentive income from third-party credit card issuers, and (3) loan customers for various loan-related activities and services. Income related to the sale and servicing of loans sold to the secondary market is included within "Other service income", but is not within the scope of ASC 606. Services that fall within the scope of ASC 606 are recognized as revenue when the Company satisfies the Company's performance obligation to the customer.

Debit card fee income: Park earns interchange fees from debit cardholder transactions conducted primarily through the Visa payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, net of card network fees, concurrently with the transaction processing services provided to the cardholder.

ITEM 2 – MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management’s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements as that term is used in the Private Securities Litigation Reform Act of 1995, as amended. Such forward-looking statements are provided to assist in the understanding of anticipated future financial performance. Forward-looking statements provide current expectations, estimates, 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 as well as our ability to manage strategic initiatives;
- current and future economic and financial market conditions, either nationally or in the states in which Park does business, that may reflect deterioration in business and economic conditions, including the effects of higher unemployment rates or labor shortages, the impact of persistent inflation, the impact of continued elevated interest rates, changes in the economy or global supply chain, supply-demand imbalances affecting local real estate prices, U.S. fiscal debt, budget and tax matters, geopolitical matters (including the impact of the Russia-Ukraine conflict and associated sanctions and export controls as well as the Israel-Hamas conflict), and any slowdown in global economic growth, any of which may result in adverse impacts on the demand for loan, deposit and other financial services, delinquencies, defaults and counterparties' inability to meet credit and other obligations and the possible impairment of collectability of loans;
- factors that can impact the performance of our loan portfolio, including changes in real estate values and liquidity in our primary market areas, the financial health of our commercial borrowers and the success of construction projects that we finance;
- the effect of monetary and other fiscal policies (including the impact of money supply, ongoing increasing market interest rate policies and policies impacting inflation, of the Federal Reserve Board, the U.S. Treasury and other governmental agencies) as well as disruption in the liquidity and functioning of U.S. financial markets, may adversely impact prepayment penalty income, mortgage banking income, income from fiduciary activities, the value of securities, deposits and other financial instruments, in addition to the loan demand and the performance of our loan portfolio, and the interest rate sensitivity of our consolidated balance sheet as well as reduce net interest margins;
- changes in the federal, state, or local tax laws 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 and otherwise negatively impact our financial performance;
- the impact of the changes in federal, state and local governmental policy, including the regulatory landscape, capital markets, elevated government debt, potential changes in tax legislation that may increase tax rates, government shutdown, infrastructure spending and social programs;
- changes in laws or requirements imposed by Park's regulators impacting Park's capital actions, including dividend payments and stock repurchases;
- changes in consumer spending, borrowing and saving habits, whether due to changes in retail distribution strategies, consumer preferences and behaviors, changes in business and economic conditions, legislative and regulatory initiatives, or other factors may be different than anticipated;
- changes in customers', suppliers', and other counterparties' performance and creditworthiness, and Park's expectations regarding future credit losses and our allowance for credit losses, may be different than anticipated due to the continuing impact of and the various responses to inflationary pressures and continued elevated interest rates;
- Park may have more credit risk and higher credit losses to the extent there are loan concentrations by location or industry of borrowers or collateral;
- the volatility from quarter to quarter of mortgage banking income, whether due to interest rates, demand, the fair value of mortgage loans, or other factors;
- the adequacy of our internal controls and risk management program in the event of changes in the market, economic, operational (including those which may result from our associates working remotely), asset/liability repricing, legal, compliance, strategic, cybersecurity, liquidity, credit and interest rate risks associated with Park's business;
- competitive pressures among financial services organizations could increase significantly, including product and pricing pressures (which could in turn impact our credit spreads), changes to third-party relationships and revenues, changes in the manner of providing services, customer acquisition and retention pressures, and Park's ability to attract, develop and retain qualified banking professionals;

- uncertainty regarding the nature, timing, cost and effect of changes in banking regulations or other regulatory or legislative requirements affecting the respective businesses of Park, including major reform of the regulatory oversight structure of the financial services industry and changes in laws and regulations concerning taxes, FDIC insurance premium levels, pensions, bankruptcy, consumer protection, rent regulation and housing, financial accounting and reporting, environmental protection, insurance, bank products and services, bank and bank holding company capital and liquidity standards, fiduciary standards, securities and other aspects of the financial services industry;
- Park's ability to meet heightened supervisory requirements and expectations;
- 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, may adversely affect Park's reported financial condition or results of operations;
- Park's assumptions and estimates used in applying critical accounting estimates and modeling which may prove unreliable, inaccurate or not predictive of actual results;
- the possibility that future credit losses may be higher than currently expected due to changes in economic assumptions;
- Park's ability to anticipate and respond to technological changes and Park's reliance on, and the potential failure of, a number of third-party vendors to perform as expected, including Park's primary core banking system provider, which can impact Park's ability to respond to customer needs and meet competitive demands;
- 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 is highly dependent;
- Park's ability to secure confidential information and deliver products and services through the use of computer systems and telecommunications networks, including those of Park's third-party vendors and other service providers, which may prove inadequate, and could adversely affect customer confidence in Park and/or result in Park incurring a financial loss;
- a failure in or breach of Park's 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;
- the impact on Park's business and operating results of any costs associated with obtaining rights in intellectual property claimed by others and of the adequacy of Park's intellectual property protection in general;
- the existence or exacerbation of general geopolitical instability and uncertainty as well as the effect of trade policies (including the impact of potential or imposed tariffs, a U.S. withdrawal from or significant renegotiation of trade agreements, trade wars and other changes in trade regulations, closing of border crossings and changes in the relationship of the U.S. and its global trading partners);
- 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 growth rates and financial stability of certain sovereign governments, supranationals and financial institutions in Europe and Asia and the risk they may face difficulties servicing their sovereign debt;
- the effect of a fall in stock market prices on Park's asset and wealth management businesses;
- our litigation and regulatory compliance exposure, including the costs and effects of any adverse developments in legal proceedings or other claims, the costs and effects of unfavorable resolution of regulatory and other governmental examinations or other inquiries, and liabilities and business restrictions resulting from litigation and regulatory investigations;
- continued availability of earnings and excess capital sufficient for the lawful and prudent declaration of dividends;
- the impact on Park's business, personnel, facilities or systems of losses related to acts of fraud, scams and schemes of third parties;
- the impact of widespread natural and other disasters, pandemics, dislocations, regional or national protests and civil unrest (including any resulting branch closures or damages), military or terrorist activities or international hostilities (especially in light of the Russia-Ukraine conflict and the Israel-Hamas conflict) on the economy and financial markets generally and on us or our counterparties specifically;
- the potential further deterioration of the U.S. economy due to financial, political, or other shocks;
- the effect of healthcare laws in the U.S. and potential changes for such laws which may increase our healthcare and other costs and negatively impact our operations and financial results;
- the impact of larger or similar-sized financial institutions encountering problems which may adversely affect the banking industry and/or Park's business generation and retention, funding and liquidity, including potential increased regulatory requirements and increased reputational risk and potential impacts to macroeconomic conditions;
- Park's continued ability to grow deposits or maintain adequate deposit levels due to changing customer behaviors;
- unexpected outflows of deposits which may require Park to sell assets at a loss; and
- other risk factors included in the current and periodic reports filed by Park with the SEC from time to time.

Forward-looking statements should be construed in the light of such risks. It is impossible to predict or identify all potential risk factors. Consequently, readers should not consider the foregoing list to be a complete set of all potential risks and uncertainties. Readers are cautioned not to place undue reliance on any forward-looking statements. Any forward looking statement in this Form 10-Q are based on current information as of the date of this Form 10-Q, and 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 whether as a result of new information, future developments or otherwise, or reflect the occurrence of unanticipated events, except to the extent required by law.

Non-U.S. GAAP Financial Measures

This Management's Discussion and Analysis of Financial Condition and Results of Operations (or "MD&A") contains non-U.S. GAAP financial measures where management believes them to be helpful in understanding Park’s results of operations or financial position. Where non-U.S. GAAP financial measures are used, the comparable U.S. GAAP financial measures, as well as the reconciliation from the comparable U.S. GAAP financial measures, can be found herein.

Items Impacting Comparability of Period Results

From time to time, revenue, expenses and/or taxes are impacted by items judged by management of Park to be outside of ordinary banking activities and/or by items that, while they may be associated with ordinary banking activities, are so unusually large that their impact is believed by management of Park at that time to be infrequent or short-term in nature. Most often, these items impacting comparability of period results are due to merger and acquisition activities and revenue and expenses related to former Vision Bank loan relationships. In other cases, they may result from management's decisions associated with significant corporate actions outside of the ordinary course of business.

Even though certain revenue and expense items are naturally subject to more volatility than others due to changes in market and economic environment conditions, as a general rule volatility alone does not result in the inclusion of an item as one impacting comparability of period results. For example, changes in the provision for credit losses (aside from those related to former Vision Bank loan relationships), (losses) gains on equity securities, net, and asset valuation adjustments, reflect ordinary banking activities and are, therefore, typically excluded from consideration as items impacting comparability of period results.

Management believes the disclosure of items impacting comparability of period results provides a better understanding of Park's performance and trends and allows management to ascertain which of such items, if any, to include or exclude from an analysis of Park's performance; i.e., within the context of determining how that performance differed from expectations, as well as how, if at all, to adjust estimates of future performance taking such items into account.

Items impacting comparability of the results of particular periods are not intended to be a complete list of items that may materially impact current or future period performance.

Non-U.S. GAAP Financial Measures

Park's management uses certain non-U.S. GAAP financial measures to evaluate Park's performance. Specifically, management reviews the return on average tangible equity, the return on average tangible assets and pre-tax, pre-provision net income.

Management has included in the tables included within the "Items Impacting Comparability" section of this MD&A information relating to the annualized return on average tangible equity, the annualized return on average tangible assets and pre-tax, pre-provision net income for the three months ended and at June 30, 2024 and June 30, 2023 and for the six months ended June 30, 2024 and June 30, 2023. For the purpose of calculating the annualized return on average tangible equity, a non-U.S. 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 and other intangible assets during the applicable period. For the purpose of calculating the annualized return on average tangible assets, a non-U.S. 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 and other intangible assets during the applicable period. For the purpose of calculating pre-tax, pre-provision net income, a non-U.S. GAAP financial measure, income taxes and the provision for credit losses are added back to net income, in each case during the applicable period.

Management believes that the disclosure of the annualized return on average tangible equity, the annualized return on average tangible assets and pre-provision net income presents additional information to the reader of the condensed consolidated financial statements, which, when read in conjunction with the condensed consolidated financial statements prepared in accordance with U.S. 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 tables included within the "Items Impacting Comparability" section of this MD&A, Park has provided a reconciliation of average tangible equity from average shareholders' equity, average tangible assets from average assets and pre-tax, pre-provision net income from net income solely for the purpose of complying with SEC Regulation G and not as an indication that the annualized return on average tangible equity, the annualized return on average tangible assets and pre-tax, pre-provision net income are substitutes for the annualized return on average equity, the annualized return on average assets and net income, respectively, as determined in accordance with U.S. GAAP.

FTE (fully taxable equivalent) Financial Measures
Interest income, yields, and ratios on a FTE basis are considered non-U.S. GAAP financial measures. Management believes net interest income on a FTE basis provides an insightful picture of the interest margin for comparison purposes. The FTE basis also allows management to assess the comparability of revenue arising from both taxable and tax-exempt sources. The FTE basis assumes a federal corporate income tax rate of 21 percent. In the tables included within the "Items Impacting Comparability" section of this MD&A, Park has provided a reconciliation of FTE interest income solely for the purpose of complying with SEC Regulation G and not as an indication that FTE interest income, yields and ratios are substitutes for interest income, yields and ratios, as determined in accordance with U.S. GAAP.

Critical Accounting Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Allowance for Credit Losses: Park believes the determination of the allowance for credit losses involves a higher degree of judgment and complexity than its other significant accounting policies. The allowance for credit losses is calculated with the objective of maintaining a reserve level believed by management to be sufficient to absorb estimated credit losses over the life of an asset or an off-balance sheet credit exposure. Management's determination of the adequacy of the allowance for credit losses is based on periodic evaluations of past events, including historical credit loss experience on financial assets with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the financial assets. However, this evaluation has subjective components requiring material estimates, including expected default probabilities, the expected loss given default, the amounts and timing of expected future cash flows on individually evaluated loans, and estimated losses based on historical loss experience and forecasted economic conditions. All of these factors may be susceptible to significant change. To the extent that actual results differ from management estimates, additional provisions for credit losses may be required that would adversely impact earnings in future periods.

One of the significant judgments impacting the ACL is the economic forecasts for Ohio unemployment, Ohio GDP, and Ohio HPI. These economic forecasts inform the regression model used to calculate cash flows during the reasonable and supportable forecast period. Additionally, multiple economic forecast scenarios are weighted to arrive at the quantitative reserve. Changes in the economic forecast or weighting could significantly affect the estimated credit losses which could potentially lead to materially different allowance levels from one reporting period to the next.

As noted above, in calculating the ACL, management weighs different scenarios, including a baseline (most likely) scenario and an adverse scenario. At June 30, 2024, management applied a 50% weighting to the baseline scenario and applied a 50% weighting to the adverse scenario. To create hypothetical sensitivity analyses, management calculated a quantitative allowance using a 100% weighting applied to a baseline scenario and a quantitative allowance using a 100% weighting applied to an adverse scenario. The adverse scenario assumes among other things that: (1) tensions with China and Taiwan increase, China briefly interrupts trade through the Taiwan Strait, the Russian invasion lasts longer than expected, and the Hamas-Israel conflict will lead to a wider conflict; (2) the FRB keeps the fed funds rate at the terminal range of 5.25-5.50% through the second quarter of 2024 and, as a downturn persists, the FRB begins to lower rates; (3) Europe goes into a recession. Populism in Europe rises, raising uncertainties about the longevity of the Euro and causes financial stress to highly indebted nations; (4) the U.S. election in November 2024 results in a democratic President and a divided House of Representatives and Senate that will allow for policy status quo to endure. Political divide will be intense, causing business and consumer sentiment to decline sharply; (5) concerns about bank failures raise fears of further collapse in the banking industry, reducing consumer confidence and causing banks to tighten lending standards; (6) a recession occurs in the third quarter of 2024 and lasts through the first quarter of 2025 resulting in real GDP declining by 2.6%, unemployment rates rising to a peak of 8.0% in the third quarter of 2025, and the stock market falling 35% from the third quarter of 2024 to the first quarter of 2025. The adverse scenario also forecasts Ohio unemployment for the next twelve months to range from 6.4% to 9.1%. Excluding consideration of qualitative adjustments, this sensitivity analysis would result in a hypothetical increase in Park's ACL of $24.8 million as of June 30, 2024

if only the adverse scenario was used. Excluding consideration of qualitative adjustments, a corresponding $24.8 million decrease in Park's ACL would occur in a hypothetical scenario if only the baseline (most likely) scenario was used.
Refer to the "Credit Metrics and Provision for Credit Losses" section of this MD&A for additional discussion.

Pension Plan: The determination of Pension Plan obligations and related expenses requires the use of assumptions to estimate the amount of benefits that employees will earn while working, as well as the present value of those benefits. Annual pension expense is principally based on four components: (1) the value of benefits earned by employees for working during the year (service cost), (2) the increase in the liability due to the passage of time (interest cost), and (3) other gains and losses, reduced by (4) the expected return on plan assets for our Pension Plan.

Significant assumptions used to measure our annual pension expense include:

- the interest rate used to determine the present value of liabilities (discount rate);
- certain employee-related factors, such as turnover, retirement age and mortality;
- the expected return on assets in our funded Pension Plan; and
- the rate of salary increases where benefits are based on earnings.

Our assumptions reflect our historical experience and management's best judgment regarding future expectations. Due to the significant management judgment involved, our assumptions could have a material impact on the measurement of our Pension Plan expense and obligation.

Comparison of Results of Operations
For the Three and Six Months Ended June 30, 2024 and 2023

Summary Discussion of Results

Net income for the three months ended June 30, 2024 of $39.4 million represented a $7.8 million, or 24.6%, increase compared to $31.6 million for the three months ended June 30, 2023. Pre-tax, pre-provision net income for the three months ended June 30, 2024 of $51.4 million represented a $10.7 million, or 26.4%, increase compared to $40.7 million for the three months ended June 30, 2023. Weighted average diluted common shares outstanding were 16,239,617 for the second quarter of 2024, compared to 16,240,600 weighted average diluted common shares outstanding for the second quarter of 2023.

Net income for the six months ended June 30, 2024 of $74.6 million represented a $9.3 million, or 14.2%, increase compared to $65.3 million for the six months ended June 30, 2023. Pre-tax, pre-provision net income for the six months ended June 30, 2024 of $96.0 million represented a $15.2 million, or 18.9%, increase compared to $80.8 million for the six months ended June 30, 2023. Weighted average diluted common shares outstanding were 16,215,342 for the first half of 2024, compared to 16,282,693 weighted average diluted common shares outstanding for the first half of 2023.

The following discussion provides additional information regarding Park.

Park National Corporation (Park)

The following table reflects the net income and financial ratios for the first and second quarters of 2024, for the first half of 2024 and 2023 (the six months ended June 30) and for the years ended December 31, 2023 and 2022.

(In thousands)	*Q2 2024*	*Q1 2024*	*Six months YTD 2024*	*Six months YTD 2023*	*2023*	*2022*
Net interest income	$ 97,837	$ 95,623	$ 193,460	$ 183,770	$ 373,113	$ 347,059
Provision for credit losses	3,113	2,180	5,293	2,675	2,904	4,557
Other income	28,794	26,200	54,994	49,402	92,634	135,935
Other expense	75,189	77,228	152,417	152,388	309,239	297,978
Income before income taxes	$ 48,329	$ 42,415	$ 90,744	$ 78,109	$ 153,604	$ 180,459
Income tax expense	8,960	7,211	16,171	12,792	26,870	32,108
Net income	$ 39,369	$ 35,204	$ 74,573	$ 65,317	$ 126,734	$ 148,351
Return on average assets (1)	1.61 %	1.44 %	1.52 %	1.32 %	1.27 %	1.48 %
Return on average equity (1)	13.52 %	12.23 %	12.88 %	12.07 %	11.55 %	13.78 %

(1) Annualized for the three months and six months ended June 30, 2024 and 2023.

Net interest income of $193.5 million for the six months ended June 30, 2024 represented a $9.7 million, or 5.3%, increase compared to $183.8 million for the six months ended June 30, 2023. The increase was a result of a $30.0 million increase in interest income, partially offset by a $20.3 million increase in interest expense.

The $30.0 million increase in interest income was due to a $38.5 million increase in interest income on loans, partially offset by a $8.5 million decrease in investment income. The $38.5 million increase in interest income on loans was primarily the result of a $419.2 million (or 5.89%) increase in average loans, from $7.12 billion for the six months ended June 30, 2023 to $7.53 billion for the six months ended June 30, 2024, as well as an increase in the yield on loans, which increased 72 basis points to 6.06% for the six months ended June 30, 2024, compared to 5.34% for the six months ended June 30, 2023. The $8.5 million decrease in investment income was primarily the result of a $581.1 million (or 28.0%) decrease in average investments, including money market investments, from $2.08 billion for the six months ended June 30, 2023 to $1.50 billion for the six months ended June 30, 2024. The decrease in average investments was partially offset by an increase in the yield on investments, including money market investments, which increased 21 basis points to 4.00% for the six months ended June 30, 2024, compared to 3.79% for the six months ended June 30, 2023.

The $20.3 million increase in interest expense was due to a $19.5 million increase in interest expense on deposits, as well as a $0.8 million increase in interest expense on borrowings. The increase in interest expense on deposits was the result of a $142.4 million (or 2.59%) increase in average on-balance sheet interest bearing deposits from $5.49 billion for the six months ended June 30, 2023, to $5.64 billion for the six months ended June 30, 2024, as well as an increase in the cost of deposits of 66 basis points, from 1.31% for the six months ended June 30, 2023 to 1.97% for the six months ended June 30, 2024. The increase in on-balance sheet interest bearing deposits was due to an increase in brokered deposits, bid CD deposits and time deposits, which was partially offset by decreases in savings accounts and transaction accounts.

The provision for credit losses of $5.3 million for the six months ended June 30, 2024 represented an increase of $2.6 million, compared to $2.7 million for the six months ended June 30, 2023. Refer to the “Credit Metrics and Provision for Credit Losses” section for additional details regarding the level of the provision for credit losses recognized in each period presented.

The table below reflects Park's total other income for the six months ended June 30, 2024 and 2023.

(Dollars in thousands)	2024	2023	$ change	% change
Other income:				
Income from fiduciary activities	$ 20,752	$ 17,431	$ 3,321	19.1 %
Service charges on deposit accounts	4,320	4,282	38	0.9 %
Other service income	5,430	5,336	94	1.8 %
Debit card fee income	12,823	13,287	(464)	(3.5)%
Bank owned life insurance income	4,194	2,517	1,677	66.6 %
ATM fees	954	1,086	(132)	(12.2)%
Loss on sale of debt securities, net	(398)	—	(398)	N.M.
Loss on equity securities, net	(329)	(380)	51	(13.4)%
Other components of net periodic benefit income	4,408	3,786	622	16.4 %
Miscellaneous	2,840	2,057	783	38.1 %
Total other income	$ 54,994	$ 49,402	$ 5,592	11.3 %

Other income of $55.0 million for the six months ended June 30, 2024 represented an increase of $5.6 million, or 11.3%, compared to $49.4 million for the six months ended June 30, 2023. The $3.3 million increase in income from fiduciary activity was largely due to an increase in the market value of assets under management as well as updates to the fee structure. The $464,000 decrease in debit card fee income was partially due to a decrease in the average blended interchange rate per transaction, which is influenced by various factors, including the average spend per transaction. The $1.7 million increase in bank owned life insurance income was primarily related to an increase in death benefits received during the six months ended June 30, 2024. The change in loss on sale of debt securities, net was due to net losses on the sale of debt securities of $398,000 recorded during the six months ended June 30, 2024. No loss on sale of debt securities, net was recorded during the six months ended June 30, 2023. The $622,000 increase in other components of net periodic benefit income was largely due to an increase in the expected return on plan assets, and was partially offset by an increase in interest cost. The increase in miscellaneous income was largely due to an increase in net gain on sale of assets.

The table below reflects Park's total other expense for the six months ended June 30, 2024 and 2023.

(Dollars in thousands)	2024	2023	$ change	% change
Other expense:				
Salaries	$ 71,687	$ 68,520	$ 3,167	4.6 %
Employee benefits	21,433	21,354	79	0.4 %
Occupancy expense	6,156	6,567	(411)	(6.3)%
Furniture and equipment expense	5,037	6,349	(1,312)	(20.7)%
Data processing fees	18,350	18,332	18	0.1 %
Professional fees and services	12,839	14,586	(1,747)	(12.0)%
Marketing	2,905	2,558	347	13.6 %
Insurance	3,495	3,774	(279)	(7.4)%
Communication	2,038	2,082	(44)	(2.1)%
State tax expense	2,239	2,374	(135)	(5.7)%
Amortization of intangible assets	640	655	(15)	(2.3)%
Miscellaneous	5,598	5,237	361	6.9 %
Total other expense	$ 152,417	$ 152,388	$ 29	— %

Total other expense of $152.4 million for the six months ended June 30, 2024 represented an increase of $29,000 compared to $152.4 million for the six months ended June 30, 2023. The increase in salaries expense was primarily related to increases in base salary expense and officer incentive compensation expense, partially offset by decreases in share-based compensation expense and additional compensation expense. The decrease in occupancy expense was primarily due to decreases in lease expense and utilities expense. The decrease in furniture and equipment expense was primarily due to decreases in depreciation expense and maintenance and repairs expense. The decrease in professional fees and services expense was primarily due to decreases in legal expenses, consulting expenses and other fees expense, partially offset by increases in credit services expense and IntraFi deposit fee expense.

The table below provides certain balance sheet information and financial ratios for Park as of or for the six months ended June 30, 2024 and 2023 and the year ended December 31, 2023.

(Dollars in thousands)	*June 30, 2024*	*December 31, 2023*	*June 30, 2023*	*% change from 12/31/23*	*% change from 6/30/23*
Loans	7,664,377	7,476,221	7,208,109	2.52 %	6.33 %
Allowance for credit losses	86,575	83,745	87,206	3.38 %	(0.72)%
Net loans	7,577,802	7,392,476	7,120,903	2.51 %	6.42 %
Investment securities	1,264,858	1,429,144	1,756,953	(11.50)%	(28.01)%
Total assets	9,919,783	9,836,453	9,899,551	0.85 %	0.20 %
Total deposits	8,312,505	8,042,566	8,358,976	3.36 %	(0.56)%
Average assets (1)	9,837,352	9,957,554	9,987,953	(1.21)%	(1.51)%
Efficiency ratio (2)	61.05 %	65.87 %	64.84 %	(7.32)%	(5.85)%
Return on average assets (3)	1.52 %	1.27 %	1.32 %	19.69 %	15.15 %

(1) Average assets for the six months ended June 30, 2024 and 2023 and for the year ended December 31, 2023.
(2) 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 includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustments were $1.2 million and $1.8 million for the six months ended June 30, 2024 and 2023 and $3.7 million for the year ended December 31, 2023.
(3) Annualized for the six months ended June 30, 2024 and 2023.

Loans

Loans outstanding at June 30, 2024 were $7.66 billion, compared to (i) $7.48 billion at December 31, 2023, an increase of $188.2 million, and (ii) $7.21 billion at June 30, 2023, an increase of $456.3 million. The table below breaks out the change in loans outstanding, by loan type.

(Dollars in thousands)	*June 30, 2024*	*December 31, 2023*	*June 30, 2023*	*$ change from 12/31/23*	*% change from 12/31/23*	*$ change from 6/30/23*	*% change from 6/30/23*
Home equity	$ 185,635	$ 174,621	$ 168,256	$ 11,014	6.3 %	$ 17,379	10.3 %
Installment	1,943,108	1,950,304	1,945,190	(7,196)	(0.4) %	(2,082)	(0.1) %
Real estate	1,394,468	1,340,169	1,252,243	54,299	4.1 %	142,225	11.4 %
Commercial	4,135,595	4,007,941	3,838,318	127,654	3.2 %	297,277	7.7 %
Other	5,571	3,186	4,102	2,385	74.9 %	1,469	35.8 %
Total loans	$ 7,664,377	$ 7,476,221	$ 7,208,109	$ 188,156	2.5 %	$ 456,268	6.3 %

Loans outstanding at June 30, 2024 were $7.66 billion, compared to $7.53 billion at March 31, 2024, an increase of $139.4 million. The $139.4 million increase represented a 1.9% (7.4% annualized) increase during the three months ended June 30, 2024. The table below breaks out the change in loans outstanding, by loan type.

(Dollars in thousands)	*June 30, 2024*	*March 31, 2024*	*$ change from 3/31/24*	*% change from 3/31/24*
Home equity	$ 185,635	$ 177,094	$ 8,541	4.8 %
Installment	1,943,108	1,947,215	(4,107)	(0.2) %
Real estate	1,394,468	1,359,193	35,275	2.6 %
Commercial	4,135,595	4,038,327	97,268	2.4 %
Other	5,571	3,176	2,395	75.4 %
Total loans	$ 7,664,377	$ 7,525,005	$ 139,372	1.9 %

Park's allowance for credit losses was $86.6 million at June 30, 2024, compared to $83.7 million at December 31, 2023, an increase of $2.8 million, or 3.4%. Refer to the “Credit Metrics and Provision for Credit Losses” section for additional information regarding Park's loan portfolio and the level of provision for credit losses recognized in each period presented.

Deposits

Total deposits at June 30, 2024 were $8.31 billion, compared to (i) $8.04 billion at December 31, 2023, an increase of $269.9 million and (ii) $8.36 billion at June 30, 2023, a decrease of $46.5 million.

(Dollars in thousands)	*June 30, 2024*	*December 31, 2023*	*June 30, 2023*	*$ change from 12/31/23*	*% change from 12/31/23*	*$ change from 6/30/23*	*% change from 6/30/23*
Non-interest bearing deposits	$ 2,542,446	$ 2,628,234	$ 2,796,009	$ (85,788)	(3.3) %	$ (253,563)	(9.1) %
Transaction accounts	2,146,457	2,064,512	2,238,131	81,945	4.0 %	(91,674)	(4.1) %
Savings	2,765,196	2,543,220	2,756,228	221,976	8.7 %	8,968	0.3 %
Certificates of deposit	682,207	641,615	568,608	40,592	6.3 %	113,599	20.0 %
Brokered and bid CD deposits	176,199	164,985	—	11,214	6.8 %	176,199	N.M.
Total deposits	$ 8,312,505	$ 8,042,566	$ 8,358,976	$ 269,939	3.4 %	$ (46,471)	(0.6) %

Park's deposits grew during the COVID pandemic and declined toward pre-pandemic levels throughout 2022 and 2023. In order to manage the impact of this growth on its balance sheet, Park utilized a program where certain deposit balances are transferred off balance sheet while maintaining the customer relationship. Park is able to increase or decrease the amount of deposit balances transferred off balance sheet based on its balance sheet management strategies and liquidity needs. The balance of deposits transferred off balance sheet has declined as deposit balances declined toward pre-pandemic levels.

The table below breaks out the change in deposit balances, by deposit type, for Park.

(Dollars in thousands)	*June 30, 2024*	*December 31, 2023*	*December 31, 2022*	*December 31, 2021*	*December 31, 2020*	*December 31, 2019*
Retail deposits	$ 3,968,739	$ 4,080,372	$ 4,388,394	$ 4,416,228	$ 4,025,852	$ 3,748,039
Commercial deposits	4,167,567	3,797,209	3,846,321	3,488,300	3,535,578	3,233,269
Brokered and bid CD deposits	176,199	164,985	—	—	10,928	71,304
Total deposits	$ 8,312,505	$ 8,042,566	$ 8,234,715	$ 7,904,528	$ 7,572,358	$ 7,052,612
Off balance sheet deposits	—	1,185	195,937	983,053	710,101	—
Total deposits including off balance sheet deposits	$ 8,312,505	$ 8,043,751	$ 8,430,652	$ 8,887,581	$ 8,282,459	$ 7,052,612
$ change from prior period end	$ 268,754	$ (386,901)	$ (456,929)	$ 605,122	$ 1,229,847	
% change from prior period end	3.3 %	(4.6)%	(5.1)%	7.3 %	17.4 %	

During the six months ended June 30, 2024, total deposits including off balance sheet deposits increased by $268.8 million, or 3.3%. This increase consisted of a $370.4 million increase in total commercial deposits and a $11.2 million increase in brokered and bid CD deposits, partially offset by a $111.6 million decrease in total retail deposits and a $1.2 million decrease in off balance sheet deposits. The majority of off balance sheet deposits were commercial and thus impact the increase in commercial deposits as the deposits are moved back onto the balance sheet.

The table below breaks out the change in deposit balance, by deposit type, for June 30, 2024 compared to June 30, 2023.

(Dollars in thousands)	*June 30, 2024*	*June 30, 2023*	*$ change from 6/30/23*	*% change from 6/30/23*
Retail deposits	$ 3,968,739	$ 4,136,401	$ (167,662)	(4.1)%
Commercial deposits	4,167,567	4,222,575	(55,008)	(1.3)%
Brokered and bid CD deposits	176,199	—	176,199	N.M.
Total deposits	$ 8,312,505	$ 8,358,976	$ (46,471)	(0.6)%
Off balance sheet deposits	$ —	$ 767	$ (767)	(100.0)%
Total deposits including off balance sheet deposits	$ 8,312,505	$ 8,359,743	$ (47,238)	(0.6)%

At June 30, 2024, total deposits, including off balance sheet deposits, decreased by $47.2 million, or 0.6%, to $8.31 billion compared to $8.36 billion at June 30, 2023. This decrease consisted of a $167.7 million decrease in total retail deposits and a $55.0 million decrease in total commercial deposits, partially offset by a $176.2 million increase in brokered and bid CD deposits.

Included in the total commercial deposits and off balance sheet deposits shown in the previous tables are public fund deposits. These balances fluctuate based on seasonality and the cycle of collection and remittance of tax funds. Public funds are also included in Bid Ohio CDs. The following table details the change in public funds held on Park's balance sheet.

(Dollars in thousands)	*June 30, 2024*	*December 31, 2023*	*June 30, 2023*	*December 31, 2022*	*December 31, 2021*	*December 31, 2020*	*December 31, 2019*
Public funds included in commercial deposits	$ 1,555,841	$ 1,198,418	$ 1,573,684	$ 1,335,400	$ 1,548,217	$ 1,406,101	$ 1,293,090
Bid Ohio CDs	135,000	15,000	—	—	—	—	—
Total public fund deposits	$ 1,690,841	$ 1,213,418	$ 1,573,684	$ 1,335,400	$ 1,548,217	$ 1,406,101	$ 1,293,090
$ change from prior period end	$ 477,423	$ (360,266)	$ 238,284	$ (212,817)	$ 142,116	$ 113,011	
% change from prior period end	39.3 %	(22.9)%	17.8 %	(13.7)%	10.1 %	8.7 %	

As of June 30, 2024, Park had approximately $1.4 billion of uninsured deposits, which was 16.9% of total deposits. Uninsured deposits of $1.4 billion included $455.0 million of deposits that were over $250,000 but were fully collateralized by Park's investment securities portfolio.

Net Interest Income

Park’s principal source of earnings is net interest income, the difference between total interest income and total interest expense. Net interest income results from average balances outstanding for interest earning assets and interest bearing liabilities in conjunction with the average rates earned and paid on them.

Comparison for the Second Quarters of 2024 and 2023

Net interest income increased by $6.3 million, or 6.8%, to $97.8 million for the second quarter of 2024, compared to $91.6 million for the second quarter of 2023. See the discussion under the table below.

(Dollars in thousands)	Three months ended June 30, 2024 Average balance	Interest	Tax equivalent yield/cost	Three months ended June 30, 2023 Average balance	Interest	Tax equivalent yield/cost
Loans [1]	$ 7,587,127	$ 115,555	6.13 %	$ 7,132,025	$ 96,575	5.43 %
Taxable investments	1,115,461	10,950	3.95 %	1,418,617	13,431	3.80 %
Tax-exempt investments [2]	219,659	1,750	3.20 %	421,936	3,679	3.50 %
Money market instruments	94,658	1,254	5.33 %	149,745	1,909	5.11 %
Interest earning assets	$ 9,016,905	$ 129,509	5.78 %	$ 9,122,323	$ 115,594	5.08 %
Interest bearing deposits	$ 5,626,577	$ 27,895	1.99 %	$ 5,509,022	$ 20,034	1.46 %
Short-term borrowings	123,628	811	2.64 %	158,345	728	1.84 %
Long-term debt	189,335	2,361	5.02 %	188,846	2,340	4.97 %
Interest bearing liabilities	$ 5,939,540	$ 31,067	2.10 %	$ 5,856,213	$ 23,102	1.58 %
Excess interest earning assets	$ 3,077,365			$ 3,266,110		
Tax equivalent net interest income		$ 98,442			$ 92,492	
Net interest spread			3.68 %			3.50 %
Net interest margin			4.39 %			4.07 %

(1) Loan interest income includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustment was $237,000 for the three months ended June 30, 2024 and $147,000 for the same period of 2023.
(2) Interest income on tax-exempt investment `securities includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustment was $368,000 for the six months ended June 30, 2024 and $773,000 for the same period of 2023.

Average interest earning assets for the second quarter of 2024 decreased by $105.4 million, or 1.2%, to $9,017 million for the second quarter of 2024, compared to $9,122 million for the second quarter of 2023. The average yield on interest earning assets increased by 70 basis points to 5.78% for the second quarter of 2024, compared to 5.08% for the second quarter of 2023.

Average interest bearing liabilities for the second quarter of 2024 increased by $83.3 million, or 1.4%, to $5,940 million, compared to $5,856 million for the second quarter of 2023. The average cost of interest bearing liabilities increased by 52 basis points to 2.10% for the second quarter of 2024, compared to 1.58% for the second quarter of 2023.

Yield on Loans: Average loan balances increased $455.1 million, or 6.4%, to $7,587 million for the second quarter of 2024, compared to $7,132 million for the second quarter of 2023. The average yield on the loan portfolio increased by 70 basis points to 6.13% for the second quarter of 2024, compared to 5.43% for the second quarter of 2023.

The table below shows the average balance and tax equivalent yield by type of loan for the three months ended June 30, 2024 and 2023.

	Three months ended June 30, 2024		Three months ended June 30, 2023	
(Dollars in thousands)	Average balance	Tax equivalent yield	Average balance	Tax equivalent yield
Home equity loans	$ 180,012	8.52 %	$ 166,806	8.20 %
Installment loans	1,946,319	6.36 %	1,926,504	5.26 %
Real estate loans	1,375,013	5.00 %	1,228,725	4.27 %
Commercial loans (1)	4,082,282	6.28 %	3,806,110	5.77 %
Other	3,501	9.39 %	3,880	9.17 %
Total loans before allowance	$ 7,587,127	6.13 %	$ 7,132,025	5.43 %

(1) Commercial loan interest income includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustment was $237,000 for the three months ended June 30, 2024 and $147,000 for the same period of 2023.

Cost of Deposits: Average interest bearing deposit balances increased $117.6 million, or 2.1%, to $5,627 million for the second quarter of 2024, compared to $5,509 million for the second quarter of 2023. The average cost of funds on deposit balances increased by 53 basis points to 1.99% for the second quarter of 2024, compared to 1.46% for the second quarter of 2023. The table below shows for the three months ended June 30, 2024 and 2023, the average balance and cost of funds by type of deposit.

	Three months ended June 30, 2024		Three months ended June 30, 2023	
(Dollars in thousands)	Average balance	Cost of funds	Average balance	Cost of funds
Transaction accounts	$ 2,161,072	1.74 %	$ 2,212,568	1.47 %
Savings deposits and clubs	2,625,611	1.69 %	2,754,020	1.45 %
Time deposits	672,892	3.23 %	542,434	1.45 %
Brokered/bid CD deposits	167,002	5.12 %	—	N.A.
Total interest bearing deposits	$ 5,626,577	1.99 %	$ 5,509,022	1.46 %

Comparison for the First Half of 2024 and 2023

Net interest income increased by $9.7 million, or 5.3%, to $193.5 million for the first half of 2024, compared to $183.8 million for the first half of 2023. See the discussion under the table below.

(Dollars in thousands)	Six months ended June 30, 2024 Average balance	Interest	Tax equivalent yield/cost	Six months ended June 30, 2023 Average balance	Interest	Tax equivalent yield/cost
Loans [1]	$ 7,534,889	$ 227,008	6.06 %	$ 7,115,723	$ 188,342	5.34 %
Taxable investments	1,150,985	22,849	3.99 %	1,435,414	26,410	3.71 %
Tax-exempt investments [2]	221,596	3,534	3.21 %	422,381	7,364	3.52 %
Money market instruments	125,084	3,374	5.42 %	220,951	5,305	4.84 %
Interest earning assets	$ 9,032,554	$ 256,765	5.72 %	$ 9,194,469	$ 227,421	4.99 %
Interest bearing deposits	$ 5,635,332	$ 55,088	1.97 %	$ 5,492,931	$ 35,593	1.31 %
Short-term borrowings	148,060	2,275	3.09 %	181,280	1,552	1.73 %
Long-term debt	189,273	4,721	5.02 %	188,787	4,660	4.98 %
Interest bearing liabilities	$ 5,972,665	$ 62,084	2.09 %	$ 5,862,998	$ 41,805	1.44 %
Excess interest earning assets	$ 3,059,889			$ 3,331,471		
Tax equivalent net interest income		$ 194,681			$ 185,616	
Net interest spread			3.63 %			3.55 %
Net interest margin			4.33 %			4.07 %

(1) Loan interest income includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustment was $479,000 for the six months ended June 30, 2024 and $300,000 for the same period of 2023.

(2) Interest income on tax-exempt investment securities includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustment was $742,000 for the six months ended June 30, 2024 and $1.5 million for the same period of 2023.

Average interest earning assets for the first half of 2024 decreased by $161.9 million, or 1.8%, to $9,033 million for the first half of 2024, compared to $9,194 million for the first half of 2023. The average yield on interest earning assets increased by 73 basis points to 5.72% for the first half of 2024, compared to 4.99% for the first half of 2023.

Average interest bearing liabilities for the first half of 2024 increased by $109.7 million, or 1.9%, to $5,973 million, compared to $5,863 million for the first half of 2023. The average cost of interest bearing liabilities increased by 65 basis points to 2.09% for the first half of 2024, compared to 1.44% for the first half of 2023.

Yield on Loans: Average loan balances increased $419.2 million, or 5.9%, to $7,535 million for the first half of 2024, compared to $7,116 million for the first half of 2023. The average yield on the loan portfolio increased by 72 basis points to 6.06% for the first half of 2024, compared to 5.34% for the first half of 2023.

The table below shows the average balance and tax equivalent yield by type of loan for the six months ended June 30, 2024 and 2023.

(Dollars in thousands)	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Average balance	Tax equivalent yield	Average balance	Tax equivalent yield
Home equity loans	$ 177,453	8.54 %	$ 166,728	7.97 %
Installment loans	1,945,320	6.27 %	1,919,147	5.15 %
Real estate loans	1,360,025	4.93 %	1,213,362	4.20 %
Commercial loans [(1)]	4,048,234	6.23 %	3,812,390	5.68 %
Other	3,857	8.71 %	4,096	8.75 %
Total loans before allowance	$ 7,534,889	6.06 %	$ 7,115,723	5.34 %

(1) Commercial loan interest income includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustment was $479,000 for the six months ended June 30, 2024 and $300,000 for the same period of 2023.

Cost of Deposits: Average interest bearing deposit balances increased $142.4 million, or 2.6%, to $5,635 million for the first half of 2024, compared to $5,493 million for the first half of 2023. The average cost of funds on deposit balances increased by 66 basis points to 1.97% for the first half of 2024, compared to 1.31% for the first half of 2023. The table below shows for the six months ended June 30, 2024 and 2023, the average balance and cost of funds by type of deposit.

(Dollars in thousands)	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Average balance	Cost of funds	Average balance	Cost of funds
Transaction accounts	$ 2,164,917	1.72 %	$ 2,184,675	1.31 %
Savings deposits and clubs	2,629,155	1.66 %	2,765,704	1.32 %
Time deposits	665,628	3.12 %	542,552	1.23 %
Brokered/bid CD deposits	175,632	5.19 %	—	N.A.
Total interest bearing deposits	$ 5,635,332	1.97 %	$ 5,492,931	1.31 %

Yield on Average Interest Earning Assets: The following table shows the tax equivalent yield on average interest earning assets for the six months ended June 30, 2024 and for the years ended December 31, 2023, 2022 and 2021.

	Loans [(1)]	Investments [(2)]	Money Market Instruments	Total
2021 - year	4.53 %	2.22 %	0.13 %	3.86 %
2022 - year	4.65 %	2.66 %	2.07 %	4.14 %
2023 - year	5.55 %	3.73 %	5.00 %	5.18 %
2024 - first six months	6.06 %	3.87 %	5.42 %	5.72 %

(1) Loan interest income includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustment was $479,000 for the six months ended June 30, 2024, and $811,000, $627,000, and $704,000 for the years ended December 31, 2023, 2022 and 2021, respectively.

(2) Interest income on tax-exempt investment securities includes the effects of taxable equivalent adjustments using a 21% federal corporate income tax rate. The taxable equivalent adjustment was $742,000 for the six months ended June 30, 2024, and $2.9 million, $2.9 million, and $2.2 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Cost of Average Interest Bearing Liabilities: The following table shows the cost of funds on average interest bearing liabilities for the six months ended June 30, 2024 and for the years ended December 31, 2023, 2022 and 2021.

	Interest bearing deposits	Short-term borrowings	Long-term debt	Total
2021 - year	0.12 %	0.27 %	4.32 %	0.28 %
2022 - year	0.39 %	0.67 %	4.69 %	0.54 %
2023 - year	1.52 %	2.58 %	4.97 %	1.67 %
2024 - first six months	1.97 %	3.09 %	5.02 %	2.09 %

Credit Metrics and Provision for Credit Losses

The provision for credit losses is the amount subtracted from/added to the allowance for credit losses to ensure the allowance is sufficient to absorb estimated credit losses over the life of a loan. The amount of the provision for credit losses is determined by management based on relevant information about past events, including historical credit loss experience on financial assets with similar risk characteristics, current conditions, and reasonable and supportable forecasts that affect the collectability of the remaining cash flows over the contractual term of the financial assets.

The adoption of ASU 2022-02 on January 1, 2023 resulted in a $383,000 increase to the allowance for credit losses. A cumulative effect adjustment resulting in a $303,000 decrease to retained earnings and an $80,000 increase to deferred tax assets was also recorded. Additionally, as a result of the adoption of this ASU and elimination of the concept of TDRs, total nonperforming loans decreased by $20.1 million effective January 1, 2023 and individually evaluated loans decreased by $11.5 million effective January 1, 2023.

The table below provides additional information on the provision for credit losses for the three-month and six-month periods ended June 30, 2024 and 2023.

	Three Months Ended June 30,		Six Months Ended June 30,	
(Dollars in thousands)	2024	2023	2024	2023
Allowance for credit losses:				
Beginning balance	$ 85,084	$ 85,946	$ 83,745	$ 85,379
Cumulative change in accounting principle; adoption of ASU 2022-02	—	—	—	383
Charge-offs	3,097	2,685	6,337	4,920
Recoveries	1,475	1,453	3,874	3,689
Net charge-offs	1,622	1,232	2,463	1,231
Provision for credit losses	3,113	2,492	5,293	2,675
Ending balance	$ 86,575	$ 87,206	$ 86,575	$ 87,206
Net charge-offs as a % of average loans (annualized)	0.09 %	0.07 %	0.07 %	0.03 %

The following table provides additional information related to the allowance for credit losses for Park including information related to individual reserves and general reserves, at June 30, 2024, March 31, 2024, December 31, 2023, and June 30, 2023.

(Dollars in thousands)	6/30/2024	3/31/2024	12/31/2023	6/30/2023
Total allowance for credit losses	$ 86,575	$ 85,084	$ 83,745	$ 87,206
Allowance on accruing PCD loans	—	—	—	—
Reserves on individually evaluated loans	5,311	5,032	4,983	4,132
General reserves on collectively evaluated loans	$ 81,264	$ 80,052	$ 78,762	$ 83,074
Total loans	$ 7,664,377	$ 7,525,005	$ 7,476,221	$ 7,208,109
Accruing PCD loans	2,420	2,454	2,835	4,455
Individually evaluated loans	54,993	54,742	45,215	43,887
Collectively evaluated loans	$ 7,606,964	$ 7,467,809	$ 7,428,171	$ 7,159,767
Allowance for credit losses as a % of period end loans	1.13 %	1.13 %	1.12 %	1.21 %
General reserve as a % of collectively evaluated loans	1.07 %	1.07 %	1.06 %	1.16 %

The total allowance for credit losses of $86.6 million at June 30, 2024 represented a $1.5 million, or 1.8%, increase compared to $85.1 million at March 31, 2024. The increase was due to a $1.2 million increase in general reserves and a $279,000 increase in specific reserves.

The total allowance for credit losses of $86.6 million at June 30, 2024 represented a $2.8 million, or 3.4%, increase compared to $83.7 million at December 31, 2023. The increase was due to a $2.5 million increase in general reserves and a $328,000 increase in specific reserves.

Generally, valuations for all nonperforming loans are updated at least annually, either through independent valuations by a licensed appraiser or a VOV performed by an internal licensed appraiser, in accordance with Company policy. A VOV can only be used in select circumstances and verifies that the original appraised value has not deteriorated through property inspection, consideration of market conditions, and performance of all valuation methods utilized in a prior valuation. As new valuation information is received, management performs an evaluation and applies a discount for anticipated disposition costs to determine the net realizable value of the collateral, which is compared against the outstanding principal balance to determine if additional write-downs are necessary.

Nonperforming Assets: Non-performing assets include: (1) loans whose interest is accounted for on a nonaccrual basis; (2) loans which are contractually past due 90 days or more as to principal or interest payments but whose interest continues to accrue; and (3) OREO which results from taking possession of property that served as collateral for a defaulted loan.

The following table compares Park's nonperforming assets at June 30, 2024, December 31, 2023 and June 30, 2023.

(In thousands)	June 30, 2024	March 31, 2024	December 31, 2023	June 30, 2023
Nonaccrual loans	$ 71,368	$ 70,189	$ 60,259	$ 57,279
Loans past due 90 days or more	1,377	1,570	859	950
Total nonperforming loans	$ 72,745	$ 71,759	$ 61,118	$ 58,229
OREO	1,210	1,674	983	2,267
Total nonperforming assets	$ 73,955	$ 73,433	$ 62,101	$ 60,496
Percentage of nonaccrual loans to total loans	0.93 %	0.93 %	0.81 %	0.79 %
Percentage of nonperforming loans to total loans	0.95 %	0.95 %	0.82 %	0.81 %
Percentage of nonperforming assets to total loans	0.96 %	0.98 %	0.83 %	0.84 %
Percentage of nonperforming assets to total assets	0.75 %	0.74 %	0.63 %	0.61 %

Nonperforming loans as of June 30, 2024 of $72.7 million represented a $1.0 million, or 1.37%, increase from $71.8 million at March 31, 2024 and represented a $11.6 million, or 19.0%, increase from $61.1 million at December 31, 2023. A majority of the increase occurred in the three months ended March 31, 2024 and included the downgrade of a $5.6 million loan to a non-bank consumer financial company as well as several smaller downgrades.

Park classifies loans as nonaccrual when a loan (1) is maintained on a cash basis because of deterioration in the financial condition of the borrower, (2) payment in full of principal or interest is not expected, or (3) principal or interest has been in default for a period of 90 days for commercial loans and 120 days for all other loans. As a result, loans may be classified as nonaccrual despite being current with their contractual terms. The following table details the delinquency status of nonaccrual loans at June 30, 2024, December 31, 2023 and June 30, 2023. Loans are classified as current if they are less than 30 days past due.

	June 30, 2024		December 31, 2023		June 30, 2023	
(In thousands)	Balance	Percent of Total Loans	Balance	Percent of Total Loans	Balance	Percent of Total Loans
Nonaccrual loans - current	$ 45,895	0.60 %	$ 38,956	0.52 % 1	$ 36,618	0.51 %
Nonaccrual loans - past due	25,473	0.33 %	21,303	0.29 %	20,661	0.28 %
Total nonaccrual loans	$ 71,368	0.93 %	$ 60,259	0.81 %	$ 57,279	0.79 %

Credit Quality Indicators: When determining the quarterly credit loss provision, Park reviews the grades of commercial loans. These loans are graded from 1 to 8. A grade of 1 indicates little or no credit risk and a grade of 8 is considered a loss. Commercial loans that are pass-rated (graded an 1 through a 4) are considered to be of acceptable credit risk. Commercial loans graded a 5 (special mention) are considered to be watch list credits and a higher PD is applied to these loans. Commercial loans graded a 6 (substandard), also considered to be watch list credits, represent higher credit risk than those rated special mention and, as a result, a higher PD is applied to these loans. Commercial loans that are graded a 7 (doubtful) are shown as nonperforming and Park charges these loans down to their fair value by taking a partial charge-off or recording an individual reserve. Certain 6-rated loans and all 7-rated loans are placed on nonaccrual status and included within the individually evaluated category. Any commercial loan graded an 8 (loss) is completely charged off.

The following table highlights the credit trends within the commercial loan portfolio.

Commercial loans * (In thousands)	June 30, 2024	December 31, 2023	June 30, 2023
Pass-rated	$ 4,018,735	$ 3,905,673	$ 3,694,097
Special mention	73,383	57,236	101,387
Substandard	739	3,414	1,868
Individually evaluated for impairment	54,993	45,215	43,887
Accruing PCD	2,339	2,760	4,373
Total	$ 4,150,189	$ 4,014,298	$ 3,845,612

* Commercial loans include (1) Commercial, financial and agricultural loans, (2) Commercial real estate loans, (3) Commercial related loans in the construction real estate portfolio, (4) Commercial related loans in the residential real estate portfolio and (5) Leases.

Park's watch list includes all criticized and classified commercial loans defined by Park as loans rated special mention or worse. Park had $74.1 million of collectively evaluated commercial loans included on the watch list at June 30, 2024, compared to $60.7 million at December 31, 2023, and $103.3 million at June 30, 2023. The existing conditions of these loans do not warrant classification as nonaccrual. However, these loans have shown some weakness and management performs additional analysis regarding each borrower's ability to comply with payment terms.

The increase in watch list credits during the first six months of 2024 was largely due to a $20.3 million loan to a non-bank consumer finance company which was downgraded to special mention, partially offset by problem loan resolutions. The downgraded loan was current in respect to its contractual terms at June 30, 2024.

Park considers a loan delinquent when it reaches 30 days past due. Delinquent and accruing loans were $25.4 million, or 0.33%, of total loans at June 30, 2024, compared to $23.5 million, or 0.31% of total loans at December 31, 2023, and $18.7 million or 0.26% of total loans at June 30, 2023.

Individually Evaluated Loans: Loans that do not share risk characteristics are evaluated on an individual basis. Park has determined that any commercial loans which have been placed on nonaccrual status will be individually evaluated. Individual analysis will establish a reserve for loans in scope. Reserves on individually evaluated commercial loans are typically based on management's best estimate of the fair value of collateral securing these loans. The amount ultimately charged off for these loans may be different from the reserve as the ultimate liquidation of the collateral may be for an amount different from management's estimate.

Individually evaluated commercial loans were $55.0 million at June 30, 2024, an increase of $9.8 million, compared to $45.2 million at December 31, 2023 and an increase of $11.1 million, compared to $43.9 million at June 30, 2023. At June 30, 2024, Park had taken partial charge-offs of $2.2 million related to the $55.0 million of individually evaluated commercial loans, compared to partial charge-offs of $2.3 million related to the $45.2 million of individually evaluated commercial loans at December 31, 2023.

Loans Acquired with Deteriorated Credit Quality: PCD loans are individually evaluated on a quarterly basis to determine if a reserve is necessary. At June 30, 2024 and at December 31, 2023, there was no allowance for credit losses on PCD loans. The carrying amount of accruing loans acquired with deteriorated credit quality at June 30, 2024 and at December 31, 2023 was $2.4 million and $2.8 million, respectively. The carrying amount of nonaccrual loans acquired with deteriorated credit quality at June 30, 2024 and at December 31, 2023 was $546,000 and $534,000, respectively.

Additional Considerations: As part of its quarterly allowance process, Park evaluates certain industries which are more likely to be under economic stress in the current environment. The office sector continues to face challenges as it adjusts to the new normal of work from home brought on by the pandemic. Nationally, office properties in downtown and urban business districts are seeing the most stress. As of June 30, 2024, Park had $226.4 million of loans which were fully or partially secured by non-owner-occupied office space, $224.9 million of which were accruing. This portfolio is not currently exhibiting signs of stress, but Park continues to monitor this portfolio, and others, for signs of deterioration.

Other Income

Other income increased by $3.8 million to $28.8 million for the quarter ended June 30, 2024, compared to $25.0 million for the second quarter of 2023 and increased $5.6 million to $55.0 million for the first half of 2024 compared to $49.4 million for the first half of 2023.

The increase for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 was primarily due to increases in income from fiduciary activities, miscellaneous income, bank owned life insurance income, gain (loss) on equity securities, net, other components of net periodic pension benefit income and other service income, partially offset by a decrease in debit card fee income.

The increase for the six months ended June 30, 2024 compared to the six months ended June 30, 2023 was primarily due to increases in income from fiduciary activities, bank owned life insurance income, miscellaneous income, and other components of net periodic pension benefit income, partially offset by decreases in debit card fee income, and a loss on the sale of debt securities, net.

The following table provides a summary of the changes in the components of other income:

	Three months ended June 30,			Six months ended June 30,		
(In thousands)	2024	2023	Change	2024	2023	Change
Income from fiduciary activities	$ 10,728	$ 8,816	$ 1,912	$ 20,752	$ 17,431	$ 3,321
Service charges on deposit accounts	2,214	2,041	173	4,320	4,282	38
Other service income	2,906	2,639	267	5,430	5,336	94
Debit card fee income	6,580	6,830	(250)	12,823	13,287	(464)
Bank owned life insurance income	1,565	1,332	233	4,194	2,517	1,677
ATM fees	458	553	(95)	954	1,086	(132)
Loss on the sale of debt securities, net	—	—	—	(398)	—	(398)
Gain (loss) on equity securities, net	358	25	333	(329)	(380)	51
Other components of net periodic pension benefit income	2,204	1,893	311	4,408	3,786	622
Miscellaneous	1,781	886	895	2,840	2,057	783
Total other income	$ 28,794	$ 25,015	$ 3,779	$ 54,994	$ 49,402	$ 5,592

Income from fiduciary activities increased by $1.9 million, or 21.7%, to $10.7 million for the three months ended June 30, 2024, compared to $8.8 million for the same period of 2023 and increased $3.3 million, or 19.1%, to $20.7 million for the six months ended June 30, 2024 compared to $17.4 million for the same period of 2023. The increase in income from fiduciary activities was largely due to an increase in the market value of assets under management as well as updates to the fee structure. The average market value of assets under management for the three months ended June 30, 2024 was $8,373 million compared to $7,646 million for the same period in 2023. The average market value of assets under management for the six months ended June 30, 2024 was $8,373 million compared to $7,554 million for the same period in 2023.

Other service income increased by $267,000, or 10.1%, to $2.9 million for the three months ended June 30, 2024, compared to $2.6 million for the same period of 2023. The primary reasons for the increase for the three months ended June 30, 2024 compared to the same period of 2023 was an increase in fee income related to mortgage loan originations to be sold in the secondary market of $255,000 and an increase in mortgage servicing rights income of $106,000, partially offset by a decrease in real estate investor fees of $70,000 and a decrease in merchant fees of $57,000.

Debit card fee income decreased by $250,000, or 3.7%, to $6.6 million for the three months ended June 30, 2024, compared to $6.8 million for the same period of 2023 and decreased $464,000, or 3.5%, to $12.8 million for the six months ended June 30, 2024, compared to $13.3 million for the same period of 2023. The decrease for both the three-month and six-month periods was partially due to a decrease in the average blended interchange rate per transaction, which is influenced by various factors, including the average spend per transaction.

Bank owned life insurance income increased by $233,000 to $1.6 million for the three months ended June 30, 2024, compared to $1.3 million for the same period of 2023, and increased $1.7 million to $4.2 million for the six months ended June 30, 2024, compared to $2.5 million for the same period of 2023. The increase for the three-month period ended June 30, 2024 compared to the three-month period ended June 30, 2023 was primarily due to an increase in monthly income on the bank owned life insurance policies, as well as an increase in received death benefits. The increase for the six-month period ended June 30, 2024 compared to June 30, 2023 was primarily related to an increase in received death benefits as well as an increase in monthly income on the bank owned life insurance policies.

During the six-month period ended June 30, 2024, Park sold certain AFS debt securities with a book value of $31.2 million at a gross loss of $398,000. There were no sales of debt securities during the three-month period ended June 30, 2024 or the three-month and six-month periods ended June 30, 2023.

Gain (loss) on equity securities, net, changed by $333,000, to a net gain of $358,000 for the three months ended June 30, 2024 compared to a net gain of $25,000 for the same period in 2023. The $333,000 change for the three months ended June 30, 2024 compared to the three months ended June 30, 2023 was related to a $561,000 change in the gain (loss) on other equity securities which went from a net loss of $112,000 for the three months ended June 30, 2023 to a net gain of $449,000 for the three months ended June 30, 2024, and a $228,000 change in the gain (loss) on equity securities held at NAV, which went from a $136,000 net gain for the three months ended June 30, 2023 to a $92,000 net loss for the three months ended June 30, 2024.

Other components of net periodic pension benefit income increased $311,000 to $2.2 million for the three months ended June 30, 2024 compared to $1.9 million for the same period in 2023 and increased $622,000 to $4.4 million for the six months ended June 30, 2024 compared to $3.8 million for the same period in 2023. The increase was largely due to an increase in the expected return on plan assets, partially offset by an increase in interest cost.

Miscellaneous income increased $895,000, or 101.0%, to $1.8 million for the three months ended June 30, 2024, compared to $886,000 million for the same period in 2023. The increase for the three-month period ended June 30, 2024 compared to the same period of 2023 was primarily the result of an increase in the net gain on the sale of assets of $767,000.

Miscellaneous income increased $783,000, or 38.1%, to $2.8 million for the six months ended June 30, 2024, compared to to $2.1 million for the same period in 2024. The increase for the six-month period ended June 30, 2024 compared to the same period of 2023 was primarily the result of an increase in the net gain on the sale of assets of $612,000.

Other Expense

Other expense decreased by $696,000 to $75.2 million for the three months ended June 30, 2024 compared to $75.9 million for the same period of 2023 and increased by $29,000, to remain at $152.4 million, for the six months ended June 30, 2024 compared to the same period of 2023

The following table is a summary of the changes in the components of other expense:

	Three months ended June 30,			Six months ended June 30,		
(In thousands)	2024	2023	Change	2024	2023	Change
Salaries	$ 35,954	$ 33,649	$ 2,305	$ 71,687	$ 68,520	$ 3,167
Employee benefits	9,873	10,538	(665)	21,433	21,354	79
Occupancy expense	2,975	3,214	(239)	6,156	6,567	(411)
Furniture and equipment expense	2,454	3,103	(649)	5,037	6,349	(1,312)
Data processing fees	9,542	9,582	(40)	18,350	18,332	18
Professional fees and services	6,022	7,365	(1,343)	12,839	14,586	(1,747)
Marketing	1,164	1,239	(75)	2,905	2,558	347
Insurance	1,777	1,960	(183)	3,495	3,774	(279)
Communication	1,002	1,045	(43)	2,038	2,082	(44)
State tax expense	1,129	1,096	33	2,239	2,374	(135)
Amortization of intangible assets	320	328	(8)	640	655	(15)
Miscellaneous	2,977	2,766	211	5,598	5,237	361
Total other expense	$ 75,189	$ 75,885	$ (696)	$ 152,417	$ 152,388	$ 29

Salaries increased by $2.3 million, or 6.9%, to $36.0 million for the three months ended June 30, 2024, compared to $33.6 million for the same period in 2023. The increase for the three months ended June 30, 2024 compared to the same period of 2023 was due to an increase of $1.7 million in incentive compensation expense and an increase of $1.1 million in base salary expense. These increases were partially offset by a decrease in share-based compensation expense of $459,000.

Salaries increased by $3.2 million, or 4.6%, to $71.7 million for the six months ended June 30, 2024, compared to $68.5 million for the same period in 2023. The increase for the six months ended June 30, 2024 compared to the same period of 2023 was due to an increase of $2.7 million in base salary expense and an increase of $1.4 million in incentive compensation expense. These increases were partially offset by a decrease in share-based compensation expense of $842,000.

Employee benefits decreased $665,000, or 6.3%, to $9.9 million for the three months ended June 30, 2024, compared to $10.5 million for the same period in 2023. The $665,000 decrease for the three months ended June 30, 2024 compared to the same period in 2023 was primarily due to a decrease in group insurance costs of $1.6 million and a decrease in payroll tax expense of $193,000, partially offset by an increase in SERP expense of $535,000, an increase in other employee benefits expense of $352,000 and an increase in pension plan expense of $191,000.

Occupancy expense decreased $239,000, or 7.4%, to $3.0 million for the three months ended June 30, 2024, compared to $3.2 million for the same period in 2023 and decreased $411,000, or 6.3%, to $6.2 million for the six months ended June 30, 2024, compared to $6.6 million for the same period in 2023. The decrease for the three-month period ended June 30, 2024 compared to the same period in 2023 was primarily due to decreases in expense for the rental of leased space, depreciation expense, and parking expense. The decrease for the six-month period ended June 30, 2024 compared to the same period in 2023 was due to decreases in utilities expense and expense for the rental of leased space.

Furniture and equipment expense decreased $649,000, or 20.9%, to $2.5 million for the three months ended June 30, 2024 compared to $3.1 million for the same period in 2023 and decreased $1.3 million, or 20.7%, to $5.0 million for the six months ended June 30, 2024 compared to $6.3 million for the same period in 2023. The decrease for both the three-month and six-month periods ended June 30, 2024 compared to the same periods in 2023 related to decreases in depreciation and maintenance and repairs expense.

Professional fees and services expense decreased $1.3 million, or 18.2%, to $6.0 million for the three months ended June 30, 2024 compared to $7.4 million for the same period in 2023. The decrease for the three-month period ended June 30, 2024 compared to the same period in 2023 primarily related to a $777,000 decrease in consulting fees and a $719,000 decrease in legal expenses.

Professional fees and services expense decreased $1.8 million, or 12.0%, to $12.8 million for the six months ended June 30, 2024 compared to $14.6 million for the same period in 2023. The decrease for the six-month period ended June 30, 2024 compared to the same period in 2023 primarily related to a $1.5 million decrease in legal expense and a $674,000 decrease in consulting fees.

Marketing expense increased $347,000, or 13.6%, to $2.9 million for the six months ended June 30, 2024 compared to $2.6 million for the same period in 2023. The increase for the six-month period ended June 30, 2024 compared to the same period in 2023 related to an increase in advertising expense and community relations and donations expense.

Insurance expense decreased $183,000 or 9.3%, to $1.8 million for the three months ended June 30, 2024 compared to $2.0 million for the same period in 2023 and decreased $279,000, or 7.4%, to $3.5 million for the six months ended June 30, 2024 compared to $3.8 million for the same period in 2023. The decrease for both the three-month and the six-month periods ended June 30, 2024 compared to the periods ended June 30, 2023 related to a decrease in FDIC insurance assessment expense.

Items Impacting Comparability (Non-U.S. GAAP)

From time to time, revenue, expenses, and/or taxes are impacted by items judged by management of Park to be outside of ordinary banking activities and/or by items that, while they may be associated with ordinary banking activities, are so unusually large that their outsized impact is believed by management of Park at that time to be infrequent or short-term in nature. Most often, these items impacting comparability of period results relate to merger and acquisition activities and revenue and expenses related to former Vision Bank loan relationships. In other cases, they may result from management's decisions associated with significant corporate actions outside of the ordinary course of business.

The following table details those items which management believes impact the comparability of current and prior period amounts.

	THREE MONTHS ENDED		SIX MONTHS ENDED		
(in thousands except per common share data)	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	Affected Line Item
Net interest income	$ 97,837	$ 91,572	$ 193,460	$ 183,770	
less purchase accounting accretion related to NewDominion and Carolina Alliance acquisitions	271	164	623	364	Interest and fees on loans
less interest income on former Vision Bank relationships	5	13	7	587	Interest and fees on loans
Net interest income - adjusted	$ 97,561	$ 91,395	$ 192,830	$ 182,819	
Provision for credit losses	$ 3,113	$ 2,492	$ 5,293	$ 2,675	
less recoveries on former Vision Bank relationships	(117)	(25)	(1,070)	(748)	Provision for credit losses
Provision for credit losses - adjusted	$ 3,230	$ 2,517	$ 6,363	$ 3,423	
Total other income	$ 28,794	$ 25,015	$ 54,994	$ 49,402	
less loss on sale of debt securities, net	—	—	(398)	—	Loss on the sale of debt securities, net
less write-downs on strategic initiatives	813	—	658	—	Miscellaneous
less Vision related gain on the sale of OREO, net	(7)	—	114	—	Miscellaneous
less other service income related to former Vision Bank relationships	6	—	13	135	Other service income
Total other income - adjusted	$ 27,982	$ 25,015	$ 54,607	$ 49,267	
Total other expense	$ 75,189	$ 75,885	$ 152,417	$ 152,388	
less direct expenses related to collection of payments on former Vision Bank loan relationships	—	—	—	100	Professional fees and services
less core deposit intangible amortization related to NewDominion and Carolina Alliance acquisitions	320	328	640	655	Amortization of intangible assets
Total other expense - adjusted	$ 74,869	$ 75,557	$ 151,777	$ 151,633	
Tax effect of adjustments to net income identified above (7)	$ (186)	$ 26	$ (304)	$ (227)	
Net income - reported	$ 39,369	$ 31,584	$ 74,573	$ 65,317	
Net income - adjusted (6)	$ 38,670	$ 31,684	$ 73,430	$ 64,465	
Diluted EPS	$ 2.42	$ 1.94	$ 4.60	$ 4.01	
Diluted EPS- adjusted (6)	$ 2.38	$ 1.95	$ 4.53	$ 3.96	
Annualized return on average assets (1)(2)	1.61 %	1.28 %	1.52 %	1.32 %	
Annualized return on average assets- adjusted (1)(2)(6)	1.59 %	1.28 %	1.50 %	1.30 %	
Annualized return on average tangible assets (1)(2)(4)	1.64 %	1.30 %	1.55 %	1.34 %	
Annualized return on average tangible assets- adjusted (1)(2)(4)(6)	1.61 %	1.30 %	1.53 %	1.32 %	
Annualized return on average shareholders' equity (1)(2)	13.52 %	11.61 %	12.88 %	12.07 %	
Annualized return on average shareholders' equity- adjusted (1)(2)(6)	13.28 %	11.65 %	12.68 %	11.92 %	
Annualized return on average tangible equity (1)(2)(3)	15.72 %	13.68 %	14.98 %	14.23 %	
Annualized return on average tangible equity- adjusted (1)(2)(3)(6)	15.44 %	13.73 %	14.76 %	14.04 %	
Efficiency ratio (5)	59.09 %	64.58 %	61.05 %	64.84 %	
Efficiency ratio- adjusted (5)(6)	59.35 %	64.40 %	61.04 %	64.82 %	
Annualized net interest margin (5)	4.39 %	4.07 %	4.33 %	4.07 %	
Annualized net interest margin- adjusted (5)(6)	4.38 %	4.06 %	4.32 %	4.05 %	

Financial Reconciliations

(1) Reported measure uses net income.

(2) Averages are for the three months and six months ended June 30, 2024 and June 30, 2023, as appropriate.

(3) 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 and other intangible assets during the applicable period.

RECONCILIATION TO AVERAGE SHAREHOLDERS' EQUITY OF AVERAGE TANGIBLE EQUITY:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
AVERAGE SHAREHOLDERS' EQUITY	$ 1,171,347	$ 1,091,016	$ 1,164,765	$ 1,090,985
Less: Average goodwill and other intangible assets	163,816	165,129	163,977	165,292
AVERAGE TANGIBLE EQUITY	$ 1,007,531	$ 925,887	$ 1,000,788	$ 925,693

(4) Net income for each period divided by average tangible assets during the period. Average tangible assets equals average assets less average goodwill and other intangible assets, in each case during the applicable period.

RECONCILIATION TO AVERAGE ASSETS OF AVERAGE TANGIBLE ASSETS:

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
AVERAGE ASSETS	$ 9,811,326	$ 9,917,805	$ 9,837,352	$ 9,987,953
Less: Average goodwill and other intangible assets	163,816	165,129	163,977	165,292
AVERAGE TANGIBLE ASSETS	$ 9,647,510	$ 9,752,676	$ 9,673,375	$ 9,822,661

(5) Efficiency ratio is calculated by dividing total other expense by the sum of FTE net interest income and other income. The reconciliation of FTE net interest income to net interest income is shown below assuming a 21% federal corporate income tax rate. Additionally, net interest margin is calculated on a fully taxable equivalent basis by dividing FTE net interest income by average interest earning assets, in each case during the applicable period.

RECONCILIATION TO FTE NET INTEREST INCOME OF NET INTEREST INCOME

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Interest income	$ 128,904	$ 114,674	$ 255,544	$ 225,575
FTE adjustment	605	920	1,221	1,846
FTE interest income	$ 129,509	$ 115,594	$ 256,765	$ 227,421
Interest expense	31,067	23,102	62,084	41,805
FTE net interest income	$ 98,442	$ 92,492	$ 194,681	$ 185,616

(6) Adjustments to net income for each period presented are detailed in the non-GAAP reconciliations of net interest income, provision for credit losses, total other income, and total other expense, as well as the disclosure of the "Tax effect of adjustments to net income identified above."

(7) The tax effect of adjustments to net income was calculated assuming a 21% federal corporate income tax rate.

(8) Pre-tax, pre-provision ("PTPP") net income is calculated as net income, plus income taxes, plus the provision for credit losses, in each case during the applicable period. PTPP net income is a common industry metric utilized in capital analysis and review. PTPP is used to assess the operating performance of Park while excluding the impact of the provision for credit losses.

RECONCILIATION TO NET INCOME OF PRE-TAX, PRE-PROVISION NET INCOME

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	June 30, 2024	**June 30, 2023**	**June 30, 2024**	**June 30, 2023**
Net income	$ 39,369	$ 31,584	$ 74,573	$ 65,317
Plus: Income taxes	8,960	6,626	16,171	12,792
Plus: Provision for credit losses	3,113	2,492	5,293	2,675
Pre-tax, pre-provision net income	$ 51,442	$ 40,702	$ 96,037	$ 80,784

Income Tax

Income tax expense was $9.0 million for the second quarter of 2024 and consisted of federal income tax expense of $8.7 million and state income tax expense of $273,000. This compares to income tax expense of $6.6 million for the second quarter of 2023, which consisted of federal income tax expense of $6.3 million and state income tax expense of $345,000. The effective income tax rate for the second quarter of 2024 was 18.5%, compared to 17.3% for the same period in 2023. Income tax expense was $16.2 million for the first half of 2024 and consisted of federal income tax expense of $15.6 million and state income tax expense of $595,000. This compares to income tax expense of $12.8 million for the first half of 2023, which consisted of federal income tax expense of $12.7 million and state income tax expense of $111,000. The effective income tax rate for the first half of 2024 was 17.8%, compared to 16.4% for the same period in 2023.

The difference between the statutory federal corporate income tax rate of 21% and Park's effective income tax rate reflects permanent tax differences, primarily consisting of tax-exempt interest income from municipal investments and loans, qualified affordable housing and historical tax credits, bank owned life insurance income, and dividends paid on the common shares held within Park's KSOP, offset by the impact of state income taxes. Park expects permanent federal income tax differences for the 2024 year will be approximately $6.3 million.

Comparison of Financial Condition
At June 30, 2024 and at December 31, 2023

Changes in Financial Condition

Total assets increased by $83.3 million during the first six months of 2024 to $9,920 million at June 30, 2024, compared to $9,836 million at December 31, 2023. This increase was primarily due to the following:

- Cash and cash equivalents increased by $43.2 million, or 19.8%, to $261.5 million at June 30, 2024, compared to $218.3 million at December 31, 2023. Money market instruments increased by $61.1 million and cash and due from banks decreased by $17.9 million.
- Loans increased by $188.2 million, or 2.5%, to $7,664 million at June 30, 2024, compared to $7,476 million at December 31, 2023.
- Total investment securities decreased by $164.3 million, or 11.5%, to $1,265 million at June 30, 2024, compared to $1,429 million at December 31, 2023.

Total liabilities increased by $45.4 million, or 0.5%, during the first six months of 2024 to $8,737 million at June 30, 2024, compared to $8,691 million at December 31, 2023. This change was primarily due to the following:

- Total deposits increased by $269.9 million, or 3.4%, to $8,313 million at June 30, 2024, compared to $8,043 million at December 31, 2023. This increase was primarily due to the seasonal increase in public funds.
- Short-term borrowings decreased by $233.7 million, or 71.2%, to $94.5 million at June 30, 2024, compared to $328.2 million at December 31, 2023.

Total shareholders’ equity increased by $38.0 million, or 3.3%, to $1,183 million at June 30, 2024, from $1,145 million at December 31, 2023. This change was primarily due to the following:

- Retained earnings increased by $39.3 million during the period primarily as a result of net income of $74.6 million, partially offset by cash dividends on common shares of $34.6 million.
- Treasury shares decreased by $3.4 million during the period as a result of the issuance of treasury shares under share-based compensation awards (net of common shares withheld to pay employee income taxes).
- Common shares decreased by $2.5 million during the period as a result of the issuance of treasury shares under share-based compensation awards (net of common shares withheld to pay employee income taxes), partially offset by an increase due to share-based compensation expense.

Increases or decreases in the investment securities portfolio, short-term borrowings and long-term debt are greatly dependent upon the growth in loans and deposits. The primary objective of management is to grow loan and deposit totals. To the extent that management is unable to grow loan totals at a desired growth rate, additional investment securities may be acquired. Likewise, both short-term borrowings and long-term debt are utilized to fund the growth in earning assets if the growth in deposits and cash flow from operations are not sufficient to do so.

Liquidity

Cash provided by operating activities was $85.2 million and $57.7 million for the six months ended June 30, 2024 and 2023, respectively. Net income was the primary source of cash from operating activities for each of the six-months periods ended June 30, 2024 and 2023.

Cash used in investing activities was $40.2 million and $2.0 million for the six months ended June 30, 2024 and 2023, respectively. Proceeds from the sale, repayment, or maturity of investment securities provide cash and purchases of investment securities use cash. Net investment securities transactions provided cash of $162.4 million for the six months ended June 30, 2024 and $71.3 million for the six months ended June 30, 2023. Another major use or source of cash in investing activities is the net increase or decrease in the loan portfolio. Cash used by the net increase in the loan portfolio was $185.4 million and $62.4 million for the six months ended June 30, 2024 and 2023, respectively.

Cash used in financing activities was $1.9 million and $15.0 million for the six months ended June 30, 2024 and 2023, respectively. A major source of cash for financing activities is the net change in deposits. Deposits (net of off-balance sheet deposits) increased and provided $269.9 million and $124.3 million of cash for the six months ended June 30, 2024 and 2023, respectively. Another major source/use of cash from financing activities is borrowings in the form of short-term borrowings, long-term debt and subordinated notes. For the six months ended June 30, 2024 and 2023, net short-term borrowings decreased and used $233.7 million and $83.4 million in cash, respectively. For the six months ended June 30, 2023, cash declined by $17.9 million due to the repurchase of common shares to be held as treasury shares; while there were no repurchases of common shares during the six months ended June 30, 2024. Finally, cash declined by $35.1 million for both of the six months ended June 30, 2024 and 2023, respectively, from the payment of dividends.

Effective liquidity management ensures that the cash flow requirements of depositors and borrowers, as well as the operating cash needs of the Corporation, are met. Funds are available from a number of sources, including the capital markets, the investment securities portfolio, the core deposit base, FHLB borrowings and the capability to securitize or package loans for sale. The most easily accessible forms of liquidity, Fed Funds Sold, unpledged investment securities and available FHLB borrowing capacity, totaled $2.09 billion at June 30, 2024. The Corporation’s loan to asset ratio was 77.26% at June 30, 2024, compared to 76.01% at December 31, 2023 and 72.81% at June 30, 2023. Cash and cash equivalents were $261.5 million at June 30, 2024, compared to $218.3 million at December 31, 2023 and $230.4 million at June 30, 2023. Management believes that the present funding sources provide more than adequate liquidity for the Corporation to meet its cash flow needs.

Capital Resources

Total shareholders’ equity at June 30, 2024 was $1,183 million, or 11.9% of total assets, compared to $1,145 million, or 11.6% of total assets, at December 31, 2023 and $1,089 million, or 11.0% of total assets, at June 30, 2023.

Financial institution regulators have established guidelines for minimum capital ratios for banks, thrifts and bank holding companies. Park has elected not to include the net unrealized gain or loss on debt securities AFS in computing regulatory capital. Park has adopted the Basel III regulatory capital framework as approved by the federal banking agencies. Under the Basel III regulatory capital framework, in order to avoid limitations on capital distributions, including dividend payments and stock repurchases, and certain discretionary bonus payments to executive officers, Park must hold a capital conservation buffer of 2.5% above the adequately capitalized risk-based capital ratios. The amounts shown below as the adequately capitalized ratio plus capital conservation buffer include the 2.50% buffer. The Federal Reserve Board has also adopted capital requirements Park must maintain to be deemed "well capitalized" and remain a financial holding company.

Park and PNB met each of the well capitalized ratio guidelines applicable to them at June 30, 2024. The following table indicates the capital ratios for PNB and Park at June 30, 2024 and December 31, 2023.

	At June 30, 2024			
	Leverage	Tier 1 Risk-Based	Common Equity Tier 1	Total Risk-Based
The Park National Bank	9.62 %	11.23 %	11.23 %	12.64 %
Park National Corporation	11.29 %	13.22 %	13.04 %	16.41 %
Adequately capitalized ratio	4.00 %	6.00 %	4.50 %	8.00 %
Adequately capitalized ratio plus capital conservation buffer	4.00 %	8.50 %	7.00 %	10.50 %
Well capitalized ratio (PNB)	5.00 %	8.00 %	6.50 %	10.00 %
Well capitalized ratio (Park)	N/A	6.00 %	N/A	10.00 %

	At December 31, 2023			
	Leverage	Tier 1 Risk-Based	Common Equity Tier 1	Total Risk-Based
The Park National Bank	9.11 %	10.95 %	10.95 %	12.35 %
Park National Corporation	10.74 %	12.97 %	12.79 %	16.19 %
Adequately capitalized ratio	4.00 %	6.00 %	4.50 %	8.00 %
Adequately capitalized ratio plus capital conservation buffer	4.00 %	8.50 %	7.00 %	10.50 %
Well capitalized ratio (PNB)	5.00 %	8.00 %	6.50 %	10.00 %
Well capitalized ratio (Park)	N/A	6.00 %	N/A	10.00 %

Contractual Obligations and Commitments

In the ordinary course of operations, Park enters into certain contractual obligations. Such obligations include the funding of operations through debt issuances as well as leases for premises. See page 70 of Park's 2023 Form 10-K (Table 32) for disclosure concerning contractual obligations and commitments at December 31, 2023. There were no significant changes in contractual obligations and commitments during the first six months of 2024.

Financial Instruments with Off-Balance Sheet Risk

PNB is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include loan commitments and standby letters of credit. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements.

The exposure to credit loss (for PNB) in the event of nonperformance by the other party to the financial instrument for loan commitments and standby letters of credit is represented by the contractual amount of those instruments. PNB uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. Since many of the loan commitments may expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan commitments to customers.

The total amounts of off-balance sheet financial instruments with credit risk were as follows:

(In thousands)	June 30, 2024	December 31, 2023
Loan commitments	$ 1,584,439	$ 1,527,577
Standby letters of credit	$ 32,599	$ 31,261

ITEM 3 – QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management reviews interest rate sensitivity on a quarterly basis by modeling the consolidated financial statements under various interest rate scenarios. The primary reason for these efforts is to guard Park from adverse impacts of unforeseen changes in interest rates. With the shift in deposit mix and other balance sheet composition changes, Park has experienced a moderation in earnings risk exposure to either rising or falling interest rate environments, and management views its risk profile as being relatively interest rate risk neutral. Management actively monitors changes in the sensitivity position and has ample tools to adjust exposure as needed. As a result, management expects further changes in interest rates to have a modest impact on net income.

On page 69 (Table 31) of Park's 2023 Form 10-K, management reported that Park's twelve-month cumulative rate sensitivity gap was a positive (assets exceeding liabilities) $782.9 million or 8.7% of total interest earning assets at December 31, 2023. At June 30, 2024, Park's twelve-month cumulative rate sensitivity gap was a positive (assets exceeding liabilities) $592.1 million or 6.48% of total interest earning assets.

Management supplements the interest rate sensitivity gap analysis with periodic simulations of balance sheet sensitivity under various interest rate and what-if scenarios to better forecast and manage the net interest margin. Management uses a 50 basis point change in market interest rates per quarter for a total of 200 basis points per year in evaluating the impact of changing interest rates on net interest income and net income over a twelve-month horizon.

On page 70 of Park's 2023 Form 10-K, management reported that at December 31, 2023, the earnings simulation model projected that net income would increase by 1.5% using a rising interest rate scenario and decrease by 1.9% using a declining interest rate scenario over the next year. At June 30, 2024, the earnings simulation model projected that net income would decrease by 0.3% using a rising interest rate scenario and would decrease by 0.1% in a declining interest rate scenario. At June 30, 2024, management continues to believe that it has the tools necessary to mitigate gradual changes in interest rates (50 basis points per quarter for a total of 200 basis points per year) such that the overall impact to net income will be modest.

ITEM 4 – CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

With the participation of the Chairman of the Board and Chief Executive Officer (the principal executive officer) and the Chief Financial Officer, Secretary and Treasurer (the principal financial officer) of Park, Park's management has evaluated the effectiveness of Park's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of June 30, 2024 (the end of the quarterly period covered by this Quarterly Report on Form 10-Q). Based on that evaluation, Park's Chairman of the Board and Chief Executive Officer and Park's Chief Financial Officer, Secretary and Treasurer have concluded that:

- information required to be disclosed by Park in this Quarterly Report on Form 10-Q and the other reports that Park files or submits under the Exchange Act would be accumulated and communicated to Park's management, including its principal executive officer and its principal financial officer, as appropriate to allow timely decisions regarding required disclosure;
- information required to be disclosed by Park in this Quarterly Report on Form 10-Q and the other reports that Park files or submits under the Exchange Act would be recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms; and
- Park's disclosure controls and procedures were effective as of June 30, 2024 (the end of the quarterly period covered by this Quarterly Report on Form 10-Q).

Changes in Internal Control Over Financial Reporting

There were no changes in Park's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during Park's fiscal quarter ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, Park's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are routinely engaged in various litigation and other legal matters that are part of, or incidental to, our ordinary course of business and we have a number of unresolved lawsuits and open matters pending resolution. While the ultimate liability with respect to these matters and claims cannot be determined at this time, we believe that losses, damages, or liabilities, if any, and other amounts relating to pending matters, individually or in the aggregate, are not likely to have a material adverse effect on our business, consolidated financial position, results of operations, or cash flows.

Item 1A. Risk Factors

There are certain risks and uncertainties in our business that could cause Park's actual results to differ materially from those anticipated. In "ITEM 1A. RISK FACTORS" of Part I of Park's 2023 Form 10-K, we included a detailed discussion of our risk factors. All of these risk factors should be read carefully in connection with evaluating Park's business and in connection with the forward-looking statements contained in this Quarterly Report on Form 10-Q. There have been no material changes to the risk factors set forth in Park's 2023 Form 10-K. Any of the risks described in Park's 2023 Form 10-K could materially adversely affect our business, financial condition or future results and the actual outcome of matters as to which forward-looking statements are made. These are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

(a) Not applicable
(b) Not applicable
(c) The following table provides information concerning purchases of Park's common shares ("Common Shares") made by or on behalf of Park or any "affiliated purchaser" as defined in Rule 10b-18(a)(3) under the Exchange Act, during the three months ended June 30, 2024, as well as the maximum number of Common Shares that may be purchased under Park's previously announced stock repurchase authorizations to fund the 2017 Employees LTIP and the 2017 Non-Employee Directors LTIP and Park's previously announced 2017 and 2019 stock repurchase authorizations:

Period	Total number of Common Shares purchased	Average price paid per Common Share	Total number of Common Shares purchased as part of publicly announced plans or programs	Maximum number of Common Shares that may yet be purchased under the plans or programs (1)
April 1 through April 30, 2024	—	$ —	—	996,088
May 1 through May 31, 2024	—	—	—	996,088
June 1 through June 30, 2024	—	—	—	996,088
Total	—	$ —	—	996,088

(1) The number shown represents, as of the end of each period, the maximum number of Common Shares that may yet be purchased as part of Park's publicly announced stock repurchase authorizations to fund the 2017 Employees LTIP and the 2017 Non-Employee Directors LTIP, which announcement was made on April 24, 2017; Park's publicly announced stock repurchase authorization covering 500,000 Common Shares which was announced on January 23, 2017; and Park's stock repurchase authorization covering 500,000 Common Shares which was announced on January 28, 2019 and as to which approval from the Federal Reserve was obtained in the form of correspondence from the Federal Reserve Bank of Cleveland dated April 19, 2019.

At the 2017 Annual Meeting of Shareholders held on April 24, 2017, Park's shareholders approved the 2017 Employees LTIP and the 2017 Non-Employee Directors LTIP. The Common Shares to be issued and delivered under the 2017 Employees LTIP and the 2017 Non-Employee Directors LTIP may consist of either Common Shares currently held or Common Shares subsequently acquired by Park as treasury shares. No newly-issued Common Shares will be delivered under the 2017 Employees LTIP or the 2017 Non-Employee Directors LTIP. On April 24, 2017, Park's Board of Directors authorized the purchase, from time to time, of up to 750,000 Park Common Shares and 150,000 Park Common Shares, respectively, to be held as treasury shares for subsequent issuance and delivery under the 2017 Employees LTIP and the 2017 Non-Employee Directors LTIP. No awards shall be granted under the 2017 Employees LTIP and the 2017 Non-Employee Directors LTIP after the tenth anniversary of these plans.

On January 23, 2017, the Park Board of Directors authorized Park to purchase, from time to time, up to an aggregate of 500,000 Park Common Shares. On January 28, 2019, the Park Board of Directors authorized Park to repurchase, from time to time following receipt of any required approval from the Federal Reserve, up to 500,000 Park Common Shares in addition to the 500,000 Park Common Shares which had been authorized for repurchase by the Park Board of Directors on January 23, 2017 and remained available for repurchase as of January 28, 2019. The required approval was received by Park in the form of correspondence from the Federal Reserve Bank of Cleveland dated April 19, 2019. These programs do not have a termination date.

Purchases may be made through NYSE American, in the over-the-counter market or in privately negotiated transactions, in each case in compliance with the Ohio General Corporation Law, applicable federal and state securities laws, the rules applicable to issuers having securities listed on NYSE American, regulations promulgated by the Federal Reserve Board and all other applicable laws and regulations, each as in effect at the time of each such purchase. Purchases will be made upon such terms and conditions and at such times and in such amounts as any one or more of the authorized officers of Park deem to be appropriate, subject to market conditions, regulatory requirements, any contractual obligations of Park and Park's subsidiaries and other factors, and in the best interest of Park and Park's shareholders. The January 23, 2017 stock repurchase authorization and the January 28, 2019 stock repurchase authorization are distinct from the stock repurchase authorizations to fund the 2017 Employees LTIP and the 2017 Non-Employee Directors LTIP.

Item 3. Defaults Upon Senior Securities

(a), (b) Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None
(b) None
(c) During the three months (the quarterly period) ended June 30, 2024, no director and no officer of Park (as defined in Rule 16a-1(f) under the Exchange Act) of Park adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of SEC Regulation S-K.

Item 6. Exhibits

3.1	Articles of Incorporation of Park National Corporation [This document represents the Articles of Incorporation of Park National Corporation in compiled form incorporating all amendments. This compiled document has not been filed with the Ohio Secretary of State.] (Incorporated herein by reference to Exhibit 3.1(i) to Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (File No. 1-13006))
3.2	Regulations of Park National Corporation [This document represents the Regulations of Park National Corporation in compiled form incorporating all amendments, including the amendments adopted and approved by the Board of Directors of Park National Corporation on October 23, 2023] (Incorporated herein by reference to Exhibit 3.1(b) to Park National Corporation's Current Report on Form 8-K dated and filed October 27, 2023 (File No. 1-13006))
31.1	Rule 13a – 14(a) / 15d – 14(a) Certifications (Principal Executive Officer) (Filed herewith)
31.2	Rule 13a – 14(a) / 15d – 14(a) Certifications (Principal Financial Officer) (Filed herewith)

32.1	Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code (Principal Executive Officer) (Filed herewith)
32.2	Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code (Principal Financial Officer) (Filed herewith)
101	The following information from Park National Corporation's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 formatted in Inline XBRL (eXtensible Business Reporting Language) pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Condensed Balance Sheets as of June 30, 2024 and December 31, 2023 (unaudited); (ii) the Consolidated Condensed Statements of Income for the three months and the six months ended June 30, 2024 and 2023 (unaudited); (iii) the Consolidated Condensed Statements of Comprehensive Income for the three months and the six months ended June 30, 2024 and 2023 (unaudited); (iv) the Consolidated Condensed Statements of Changes in Shareholders' Equity for the three months and the six months ended June 30, 2024 and 2023 (unaudited); (v) the Consolidated Condensed Statements of Cash Flows for the six months ended June 30, 2024 and 2023 (unaudited); and (vi) the Notes to Unaudited Consolidated Condensed Financial Statements (electronically submitted herewith). *
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the Inline XBRL document with applicable taxonomy extension information contained in Exhibit 101)

* The instance document does not appear in the interactive data file because its XBRL tags are imbedded within the Inline XBRL document.

SIGNATURES

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 thereunto duly authorized.

	PARK NATIONAL CORPORATION
August 2, 2024	/s/ David L. Trautman
	David L. Trautman
	Chairman of the Board and Chief Executive Officer
	(Principal Executive Officer and Duly Authorized Officer)
August 2, 2024	/s/ Brady T. Burt
	Brady T. Burt
	Chief Financial Officer, Secretary and Treasurer
	(Principal Financial Officer and Duly Authorized Officer)

Exhibit 31.1

CERTIFICATIONS

I, David L. Trautman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024, of Park National Corporation;
2. Based on my knowledge, this report does 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 with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 2, 2024

/s/ David L. Trautman

David L. Trautman
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Brady T. Burt, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024, of Park National Corporation;
2. Based on my knowledge, this report does 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 with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 2, 2024

/s/ Brady T. Burt

Brady T. Burt
Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS PURSUANT TO SECTION 1350 OF
CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE*

In connection with the Quarterly Report of Park National Corporation (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David L. Trautman, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company and its subsidiaries.

/s/ David L. Trautman
David L. Trautman
Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)
August 2, 2024

*These certifications are being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section.

These certifications shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates these certifications by reference.

Exhibit 32.2

CERTIFICATIONS PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE*

In connection with the Quarterly Report of Park National Corporation (the “Company”) on Form 10-Q for the quarterly period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brady T. Burt, Chief Financial Officer, Secretary and Treasurer, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition and results of operations of the Company and its subsidiaries.

/s/ Brady T. Burt
Brady T. Burt
Chief Financial Officer, Secretary and Treasurer
(Principal Financial Officer)
August 2, 2024

*These certifications are being furnished as required by Rule 13a-14(b) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section.

These certifications shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates these certifications by reference.