

PARK NATIONAL CORP /OH/  
Form S-4/A  
November 15, 2018  
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**As filed with the Securities and Exchange Commission on November 15, 2018**

**Registration No. 333-228145**

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

**AMENDMENT NO. 1  
TO THE  
FORM S-4  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

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

**Ohio**  
(State or Other Jurisdiction of  
Incorporation or Organization)  
**50 North Third Street, P.O. Box 3500  
Newark, Ohio 43058  
(740) 349-8451**

**6021**  
(Primary Standard Industrial  
Classification Code Number)

**31-1179518**  
(I.R.S. Employer  
Identification Number)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**David L. Trautman**  
**Chief Executive Officer and President**  
**50 North Third Street**  
**Newark, Ohio 43055**  
**(740) 349-8451**

(Name, address, including zip code, and telephone number, including area code, of agent for service of process)

***With copies to:***

**James J. Barresi, Esq.**  
**Squire Patton Boggs (US) LLP**  
**201 E. Fourth Street, Suite 1900**  
**Cincinnati, Ohio 45202**  
**(513) 361-1260**

**Benjamin A. Barnhill, Esq.**  
**Nelson Mullins Riley & Scarborough LLP**  
**104 South Main Street, Suite 900**  
**Greenville, South Carolina 29601**  
**(864) 373-2246**

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting 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. (Check one):

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="radio"/>
Emerging growth company	<input type="radio"/>		

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 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**PRELIMINARY – SUBJECT TO COMPLETION – DATED NOVEMBER 15, 2018**

**Proxy Statement of CAB Financial Corporation**

**Prospectus of Park National Corporation**

**MERGER PROPOSAL — YOUR VOTE IS IMPORTANT**

**DEAR CAB FINANCIAL CORPORATION SHAREHOLDERS:**

You are cordially invited to attend a special meeting of shareholders of CAB Financial Corporation ( CABF ) which will be held on January 14, 2019, at 10:00 a.m., local time, at CABF 's headquarters located at 200 South Church Street, Spartanburg, South Carolina 29306.

At the meeting, you will be asked to approve an Agreement and Plan of Merger and Reorganization (the Merger Agreement ), by and between CABF and Park National Corporation, an Ohio corporation ( Parent ) that provides for Parent 's acquisition of CABF through the merger of CABF with and into Parent (the Merger ). Pursuant to the Merger, each share of common stock of CABF, par value \$1.00 per share (except for specified shares of CABF common stock held by CABF or Parent, which we refer to as excluded shares, and shares of CABF common stock held by shareholders who properly exercise dissenters ' rights), will be converted into the right to receive (i) \$3.80 in cash, which we refer to as the cash consideration and (ii) 0.1378 shares of Parent common stock, without par value, which we refer to as the stock consideration. The cash consideration and the stock consideration is referred to collectively as the merger consideration. Following the completion of the Merger, Carolina Alliance Bank ( Carolina Alliance Bank ), a South Carolina state-chartered bank and wholly-owned subsidiary of CABF, will merge with and into The Park National Bank ( Park National ), a national banking association and wholly-owned subsidiary of Parent, in a transaction we refer to as the Bank Merger. Park National will be the surviving entity in the Bank Merger and, following the Bank Merger, the separate corporate existence of Carolina Alliance Bank will cease.

**The value of the cash consideration per share is fixed at \$3.80, but the value of the stock consideration will fluctuate as the market price of Parent common stock fluctuates before the completion of the Merger, and may be more or less than the value of the stock consideration on the date of the special meeting and at the completion of the Merger.** Based on the average closing stock price of Parent common stock on the NYSE American stock exchange, which we refer to as the NYSE American, for the twenty trading days ending on September 7, 2018, the third trading day before the execution of the Merger Agreement, of \$110.34, the value of the stock consideration plus the cash consideration represented approximately \$19.00 in value for each share of CABF common stock. Based on the closing stock price of Parent common stock on the NYSE American on November 13, 2018, the latest practicable date before the mailing of this proxy statement/prospectus, of \$93.54, the value of the stock consideration plus the cash consideration represented approximately \$16.69 in value for each share of CABF common stock. You should obtain current stock price quotations for Parent common stock before you vote. Parent common stock is quoted on the NYSE American under the symbol PRK. CABF common stock is quoted on the OTCQX market of the OTC

Markets Group, Inc. (the OTCQX ) under the symbol CABF.

Based on the number of shares of CABF common stock and equity awards outstanding on November 13, 2018, we expect that the payment of the stock portion of the merger consideration will require Parent to issue approximately 1,038,106 shares of Parent common stock in connection with the Merger. Holders of shares of CABF common stock as of immediately prior to the closing of the Merger will hold, in the aggregate, approximately 6% of the issued and outstanding shares of Parent common stock immediately following the closing of the Merger (including shares received in respect of equity awards and without giving effect to any shares of Parent common stock held by CABF shareholders prior to the Merger).

The Merger cannot be completed unless the holders of at least two-thirds of the voting power of the outstanding shares of CABF common stock affirmatively vote in favor of the Merger Agreement. **Accordingly, the CABF board of directors has unanimously approved and adopted the Merger Agreement and recommends that you vote FOR the approval of the Merger Agreement at the special meeting.** In considering the recommendation of the board of directors of CABF, you should be aware that certain directors and executive officers of CABF will have interests in the Merger that may be different from, or in addition to, the interests of CABF shareholders generally. See the section entitled The Merger—Interests of certain persons in the Merger beginning on page 46 of the accompanying proxy statement/prospectus.

**Your vote is very important, regardless of the number of shares of CABF common stock you own. To ensure your representation at the CABF special meeting, please take time to vote by following the instructions contained in this proxy statement/prospectus and on your proxy card.** Please vote promptly whether or not you expect to attend the CABF special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the CABF special meeting.

Additional information regarding the Merger, the Merger Agreement, CABF and Parent is set forth in the attached proxy statement/prospectus. This document also serves as the prospectus for up to 1,052,804 shares of Parent common stock that may be issued by Parent in connection with the Merger. **We urge you to read this entire document carefully, including the section entitled Risk Factors beginning on page 18.**

Sincerely,

John D. Kimberly  
Chief Executive Officer & President  
CAB Financial Corporation

**Neither the Securities and Exchange Commission nor any state securities regulatory body has approved or disapproved of the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.**

**The securities to be issued in connection with the Merger are not savings or deposit accounts or other obligations of any bank or nonbank subsidiary of any of the parties, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

**This proxy statement/prospectus is dated , , and is first being mailed to CABF shareholders on or about November 28, 2018.**

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**REFERENCES TO ADDITIONAL INFORMATION**

As permitted by the rules of the Securities and Exchange Commission (the SEC), this proxy statement/prospectus incorporates important business and financial information about Parent from other documents that are not included in or delivered with this proxy statement/prospectus. These documents are available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus without charge through the SEC's website at [www.sec.gov](http://www.sec.gov), from Parent's website at [www.parknationalcorp.com](http://www.parknationalcorp.com) or by requesting them in writing or by telephone at the following address and telephone number:

**Park National Corporation**  
**50 North Third Street, P.O. Box 3500**  
**Newark, OH 43058-3500**  
**Attention: Brady Burt**  
**(740) 322-6844**

**In order to ensure timely delivery of these documents, you should make your request by January 7, 2019 to receive them before the special meeting.**

In addition, if you have questions about the Merger or the special meeting, need additional copies of this proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, you may contact CABF, at the following address or by calling the following telephone number:

**CAB Financial Corporation**  
**PO Box 932**  
**Spartanburg, SC 29304**  
**Attention: Lamar Simpson**  
**(864) 208-2265**

You may also contact CABF's proxy solicitor, D.F. King & Co., Inc., at the following address or by calling the following telephone number:

**D.F. King & Co., Inc.**  
**48 Wall Street, 22<sup>nd</sup> Floor**  
**New York, New York 10005**  
**Email: [cabf@dfking.com](mailto:cabf@dfking.com)**  
**Banks and Brokers Call: (212) 269-5550**  
**All Others Call Collect: (866) 829-0135**

CABF does not have a class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, is not subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act and accordingly does not file documents or reports with the SEC.

**PLEASE NOTE**

We have not authorized anyone to provide you with any information other than the information included in this document and the documents to which we refer you. If someone provides you with other information, please do not rely on it as being authorized by us.

See Where You Can Find More Information and Incorporation of Certain Information by Reference beginning on page 76.

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**CAB FINANCIAL CORPORATION**

**200 South Church Street**

**Spartanburg, South Carolina 29306**

**Notice of Special Meeting of Shareholders**

**Date:** January 14, 2019

**Time:** 10:00 a.m., local time

**Place:** 200 South Church Street, Spartanburg, South Carolina 29306

TO CAB FINANCIAL CORPORATION SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that CAB Financial Corporation ( CABF ) will hold a special meeting of shareholders on January 14, 2019 at CABF 's headquarters located at 200 South Church Street, Spartanburg, South Carolina 29306, at 10:00 a.m. local time. The purpose of the meeting is to consider and vote on the following matters:

- a proposal to approve the Agreement and Plan of Merger and Reorganization (the Merger Agreement ), dated as of September 12, 2018, by and between Park National Corporation and CAB Financial Corporation. A copy of the Merger Agreement is included as Annex A to the proxy statement/prospectus accompanying this notice;
- the approval to adjourn the special meeting to permit further solicitation in the event that an insufficient number of shares are present in person or by proxy to approve the Merger Agreement and the transactions it contemplates; and
- to transact any other business that properly comes before the special meeting, or any adjournments or postponements thereof.

Holders of record of CABF common stock at the close of business on November 19, 2018 are entitled to receive this notice and to vote at the special meeting and any adjournments or postponements thereof. Shareholders of CABF may exercise appraisal rights and dissent from the transactions contemplated by the Merger Agreement and, instead, obtain payment in cash of the appraised fair value of their shares of CABF common stock as determined under Chapter 13 of the South Carolina Business Corporation Act of 1988, as amended (the SCBCA ). In order for a shareholder of CABF to perfect such holder 's appraisal rights, the shareholder must carefully follow the procedures set forth under Chapter 13 of the SCBCA. The full text of Chapter 13 of the SCBCA is included as Annex B to the accompanying proxy statement/prospectus, and a summary of these provisions can be found under the caption The Merger Agreement—CABF shareholder dissenters ' rights.

**The board of directors of CABF unanimously recommends that you vote FOR approval of the Merger Agreement and FOR approval to adjourn the special meeting to permit further solicitation in the event that an insufficient number of shares are present in person or by proxy to approve the Merger Agreement and the transactions it contemplates.**

Your vote is important. To ensure that your shares are voted at the special meeting, please promptly complete, sign and return the proxy form in the enclosed prepaid envelope (or follow the instructions for voting by telephone or internet) whether or not you plan to attend the meeting in person. Shareholders of record who attend the special meeting may revoke their proxies and vote in person, if they so desire.

By Order of the Board of Directors

Terry L. Cash

Chairman of the Board

Spartanburg, South Carolina

\_\_\_\_\_, 20\_\_



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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**Q: What am I being asked to vote on? What is the proposed transaction?**

You are being asked to vote on the approval and adoption of the Agreement and Plan of Merger and Reorganization (the Merger Agreement ) that provides for the merger (the Merger ) of CAB Financial Corporation A: ( CABF ) with and into Park National Corporation ( Parent ). Shareholders of CABF will become shareholders of Parent as a result of the Merger. A copy of the Merger Agreement is included in this proxy statement/prospectus as Annex A.

Following the completion of the Merger, Carolina Alliance Bank ( Carolina Alliance Bank ), a South Carolina state-chartered bank and wholly-owned subsidiary of CABF, will merge with and into The Park National Bank ( Park National ), a national banking association and wholly-owned subsidiary of Parent, in a transaction we refer to as the Bank Merger.

**Q: Why am I receiving this proxy statement/prospectus?**

We are delivering this document to you because it is a proxy statement being used by CABF's board of directors to solicit proxies of its shareholders in connection with the adoption of the Merger Agreement and related matters. A: CABF has called a special meeting of its shareholders to adopt the Merger Agreement. This document serves as the proxy statement for the CABF special meeting and describes the proposals to be presented at the CABF special meeting.

This document is also a prospectus that is being delivered to CABF shareholders because, in connection with the Merger, Parent is offering, in addition to cash consideration, shares of its common stock to CABF shareholders.

This proxy statement/prospectus contains important information about the Merger and important information to consider in connection with an investment in Parent common stock. You should read it carefully and in its entirety. The enclosed materials allow you to have your shares of common stock voted by proxy without attending the CABF special meeting. Your vote is important and we encourage you to submit your proxy as soon as possible.

**Q: What will CABF shareholders be entitled to receive in the Merger?**

If the Merger is completed, each share of CABF common stock outstanding immediately prior to the effective time of the Merger, except for dissenters' shares and shares of CABF common stock owned by CABF or Parent (in each case other than shares held in trust accounts, managed accounts and the like, or otherwise held in a fiduciary or agency capacity, that are beneficially owned by third parties and shares held, directly or indirectly, by A: Parent, CABF or any wholly-owned subsidiary of Parent or CABF in respect of a debt previously contracted), which we refer to collectively as excluded shares, will be converted into the right to receive (i) \$3.80 in cash and (ii) 0.1378 shares of Parent common stock. See the sections entitled Description of The Merger Agreement—Consideration to be received in the Merger. Cash will be paid in lieu of fractional shares. See the section entitled Description of the Merger Agreement—Fractional shares.

**Q: Can I make an election to select the form of merger consideration I desire to receive?**

No. If the Merger is completed, each share of CABF common stock outstanding immediately prior to the A: effective time of the Merger (other than excluded shares and dissenters' shares), will be converted into the right to receive (i) \$3.80 in cash and (ii) 0.1378 shares of Parent common stock.

**Q: Will the value of the merger consideration change between the date of this proxy statement/prospectus and the time the merger is completed?**

Yes. Although the merger consideration is fixed, the value of the stock consideration will fluctuate between the date of this proxy statement/prospectus and the completion of the Merger based upon the market value of Parent A: common stock. Any fluctuation in the market price of Parent common stock after the date of this proxy statement/prospectus will change the value of the shares of Parent common stock that CABF shareholders will receive.



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**Q: Why do CABF and Parent want to engage in the transaction?**

CABF believes that the Merger will provide CABF shareholders and its customers with substantial benefits, including the opportunity to participate in a stronger and more diversified organization, and Parent believes that the Merger will provide a platform for its continued strategic growth in the Carolinas. As a larger company, A: Parent can provide CABF's customers with an expanded product set, including larger and more specialized loans and wealth management capabilities. To review the reasons for the Merger in more detail, see The Merger—Parent's reasons for the Merger on page 35 and The Merger—CABF's reasons for the Merger; recommendation of CABF's board of directors on page 33.

**Q: What does the CABF board of directors recommend?**

CABF's board of directors unanimously recommends that you vote FOR approval of the Merger Agreement and FOR the approval to adjourn the special meeting to permit further solicitation in the event that an insufficient A: number of shares are present in person or by proxy to approve the Merger Agreement and the transactions it contemplates. CABF's board of directors has determined that the Merger Agreement and the Merger are in the best interests of CABF and its shareholders. To review the background and reasons for the Merger in greater detail, see pages 28 to 35.

**Q: What constitutes a quorum for the CABF special meeting?**

The presence at the CABF special meeting, in person or by proxy, of holders of a majority of the CABF shares A: issued and outstanding and entitled to vote thereat will constitute a quorum for the transaction of business. Abstentions will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

**Q: What vote is required to approve the Merger Agreement?**

For the Merger to be approved, the Merger Agreement must be approved by the affirmative vote of the holders A: owning at least two-thirds of the shares of common stock outstanding and entitled to vote at the CABF special meeting. Abstentions and broker non-votes have the effect of votes against the approval and adoption of the Merger Agreement. CABF's directors and executive officers, along with certain executive officers of Carolina Alliance Bank, who own shares of CABF common stock have agreed to vote their shares in favor of the Merger at the special meeting. These directors and executive officers and their affiliates beneficially owned 822,635 shares of CABF common stock (inclusive of shares underlying exercisable stock options), or approximately 11.0% of CABF's common stock outstanding, as of November 13, 2018. Parent's shareholders will not be voting on the Merger Agreement. See The Merger—Voting agreements on page 50.

**Q: What vote is required to approve the proposal to adjourn the special meeting to permit further solicitation in the event that an insufficient number of shares are present in person or by proxy to approve the Merger Agreement and the transactions it contemplates?**

The proposal to adjourn the special meeting, if necessary or appropriate to solicit additional proxies, will be A: approved if the votes cast at the special meeting, in person or by proxy, in favor of the proposal exceed the votes cast against the proposal. Abstentions and broker non-votes are not included in calculating votes cast with respect to the adjournment proposal, and therefore will have no effect on the outcome of the vote on such proposal.

**Q: Why is my vote important?**

CABF shareholders are being asked to approve the Merger Agreement and thereby approve the Merger. If you do A: not submit your proxy or vote in person at the special meeting, it will be more difficult for CABF to obtain the necessary quorum to hold the special meeting. In addition, your failure to submit your proxy or attend the special meeting will have the same effect as a vote against the Merger Agreement and make it more difficult to obtain the requisite approval of the Merger Agreement.

**Q: What do I need to do now? How do I vote?**

A: You may vote at the special meeting if you own shares of CABF common stock of record at the close of business on the record date for the special meeting, November 19, 2018. After you have carefully read and

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considered the information contained in this proxy statement/prospectus, please complete, sign, date and mail your proxy card in the enclosed prepaid return envelope as soon as possible. Registered shareholders may also appoint the proxies to vote their shares by telephone or electronically by Internet by following the instructions contained on the enclosed proxy card. Appointing the proxies named on the proxy card to vote your shares for you will enable your shares to be represented at the special meeting, even if you are unable to attend. Registered shareholders may also vote in person at the special meeting if they so elect. If you do not return a properly executed proxy card (or appoint the proxies to vote for you by telephone or Internet) and are unable to vote in person at the special meeting, this will have the same effect as a vote against the approval of the Merger Agreement. Holders of CABF common stock as of the record date may also vote in person at the special meeting.

### **Q: How will my proxy be voted?**

If you complete, sign, date and mail your proxy form or validly appoint the proxies to vote by telephone or Internet, your proxy will be voted in accordance with your instructions. If you sign, date and send in your proxy form, but you do not indicate how you want to vote, your proxy will be voted FOR approval of the Merger Agreement and FOR the proposal granting authority to adjourn the special meeting if additional votes are needed to approve the Merger Agreement. By appointing the proxies to vote your shares at the special meeting, you will also be granting the appointed proxies discretion to vote your shares in accordance with their best judgment on any other matters (procedural or otherwise) that may properly come before the special meeting for action by the shareholders.

### **Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me?**

No. If you hold your shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), your broker, bank or other nominee will not vote your shares of common stock unless you provide instructions to your broker, bank or other nominee on how to vote. You should instruct your broker, bank or other nominee to vote your shares by following the instructions provided by the broker, bank or nominee with this proxy statement/prospectus. Please note that you may not vote shares held in street name by returning a proxy card directly to CABF or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your bank, broker or nominee.

### **Q: Can I revoke my proxy and change my vote?**

A shareholder of record may change such holder's vote or revoke a proxy prior to the special meeting by filing with the secretary of CABF a duly executed revocation of proxy or submitting a new proxy form dated as of a later date. A shareholder of record may also revoke a prior proxy by voting in person at the special meeting. A shareholder beneficially owning shares through a broker, bank or other nominee, should follow the instructions provided by such nominee for revoking or changing such shareholder's vote.

### **Q: Will CABF be required to submit the proposal to adopt the Merger Agreement to its shareholders even if the CABF board of directors has withdrawn, modified, or qualified its recommendation?**

Yes. Unless the Merger Agreement is terminated before the CABF special meeting, CABF is required to submit the proposal to adopt the Merger Agreement to its shareholders even if the CABF board of directors has withdrawn or modified its recommendation.

### **Q: What if I oppose the Merger? Do I have dissenters' rights?**

CABF shareholders who do not vote in favor of approval of the Merger Agreement and otherwise comply with all of the procedures of Chapter 13 of the South Carolina Business Corporation Act of 1988, as amended (the SCBCA ) will be entitled to receive payment in cash of the fair value of their shares of CABF common stock as ultimately determined under the statutory process. A copy of Chapter 13 of the SCBCA is attached as Annex B to this proxy statement/prospectus. The fair value, as determined under the statute, could be more than the merger consideration but could also be less. The provisions of South Carolina law governing dissenters' rights are complex, and you should study them carefully if you wish to exercise these rights. Multiple steps must be taken to properly exercise and perfect such rights.





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**Q: What are the tax consequences of the Merger to me?**

In general, the conversion of your shares of CABF common stock into Parent common stock in the Merger will be tax-free for United States federal income tax purposes. You generally will recognize gain in an amount up to the cash you receive in the Merger, but you may not recognize loss if you receive any Parent common stock in the Merger. Additionally, you will recognize gain or loss on any cash that you receive in lieu of fractional shares of Parent's common stock. You should consult with your tax adviser for the specific tax consequences of the Merger to you. For a detailed discussion of the tax consequences to you of the Merger, see *The Merger—Material U.S. federal income tax consequences of the Merger* on page 42.

**Q: When and where is the special meeting?**

The CABF special meeting will take place on January 14, 2019, at 10:00 a.m., local time, at CABF's headquarters located at 200 South Church Street, Spartanburg, South Carolina 29306.

**Q: Who may attend the meeting?**

Only CABF shareholders as of the record date may attend the special meeting. If you are a shareholder of record, you will need to present the proxy card that you received or a valid proof of identification to be admitted into the meeting. If you hold your CABF shares in street name, you will need to present a legal proxy or other acceptable documentation from your bank, broker or nominee and valid proof of identification to be admitted into the meeting.

**Q: Should I send in my stock certificates now?**

No. Either at the time of closing or shortly after the Merger is completed, the exchange agent for the Merger will send you a letter of transmittal with instructions informing you how to surrender your stock certificates and/or book-entry shares to the exchange agent. You should use the letter of transmittal to exchange your CABF stock certificates for the merger consideration. Do not send in your stock certificates with your proxy form.

**Q: When is the Merger expected to be completed?**

We will try to complete the Merger as soon as reasonably possible. Before that happens, the Merger Agreement must be approved by CABF's shareholders and we must obtain the necessary regulatory approvals. Assuming CABF shareholders vote to approve the Merger and adopt and approve the Merger Agreement and we obtain the other necessary approvals and satisfaction or waiver of the other conditions to the closing described in the Merger Agreement, we expect to complete the Merger in the first half of 2019. See *Description of the Merger Agreement—Conditions to completion of the Merger* on page 60.

**Q: Is completion of the Merger subject to any conditions besides shareholder approval?**

Yes. The Merger must receive the required regulatory approvals, and there are other closing conditions that must be satisfied. See *Description of the Merger Agreement—Conditions to completion of the Merger* on page 60.

**Q: Are there risks I should consider in deciding how to vote on the Merger Agreement?**

Yes, in evaluating the Merger Agreement, you should read this proxy statement/prospectus carefully, including the factors discussed in the section titled *Risk Factors* beginning on page 18.

**Q: What happens if the Merger is not completed?**

If the Merger is not completed, CABF shareholders will not receive any consideration for their shares of CABF common stock in connection with the Merger. Instead, CABF will remain an independent company and CABF common stock will continue to be quoted over-the-counter on the OTCQX market of the OTC Markets Group, Inc. (the OTCQX). In addition, if the Merger Agreement is terminated in certain circumstances, CABF may be required to pay a termination fee. See *Description of the Merger Agreement—Termination fee*, beginning on page 62, for a complete discussion of the circumstances under which a termination fee will be required to be paid.

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**Q: Who can answer my other questions?**

A: If you have any questions concerning the Merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus, or need help voting your shares of CABF common stock, please contact CAB Financial Corporation, PO Box 932, Spartanburg, SC 29304, Attention: Lamar Simpson, or CABF's proxy solicitor, D.F. King & Co., Inc., by mail at 48 Wall Street, 22<sup>nd</sup> Floor, New York, New York 10005, by email at cabf@dfking.com, or by telephone at (212) 269-5550 (for banks and brokers) or (866) 829-0135 (for all others, collect).

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### SUMMARY

*This summary highlights selected information in this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the Merger more fully, you should read this entire proxy statement/prospectus carefully, including the annexes and the documents referred to or incorporated by reference into this proxy statement/prospectus. A copy of the Merger Agreement is attached as Annex A to this proxy statement/prospectus and is incorporated by reference herein. See *Where You Can Find More Information* beginning on page 76.*

### **Information about Parent and CABF (See page 27)**

#### ***Park National Corporation***

**50 North Third Street, P.O. Box 3500**

**Newark, Ohio 43058**

**(740) 349-8451**

Park National Corporation, an Ohio corporation ( Parent, we, our or us ), is a financial holding company subject to regulation under the Bank Holding Company Act of 1956, as amended (the Bank Holding Company Act ). Parent was initially incorporated under Delaware law in 1986 and began operations as a bank holding company in 1987. In 1992, Parent changed its state of incorporation to Ohio.

Headquartered in Newark, Ohio, Parent had \$7.8 billion in total assets as of September 30, 2018. Parent organization principally consists of 11 community bank divisions, a non-bank subsidiary and two specialty finance companies. Parent s banking operations are conducted through its subsidiary, The Park National Bank, and its divisions, which include Park National Bank Division, Fairfield National Bank Division, Richland Bank Division, Century National Bank Division, First-Knox National Bank Division, United Bank, N.A. Division, Second National Bank Division, Security National Bank Division, Unity National Bank Division, The Park National Bank of Southwest Ohio & Northern Kentucky Division and NewDominion Bank Division; and Scope Leasing, Inc. (d.b.a. Scope Aircraft Finance). The Parent organization also includes Guardian Financial Services Company (d.b.a. Guardian Finance Company) and SE Property Holdings, LLC.

Parent s principal executive offices are located at 50 North Third Street, Newark, Ohio 43055. Its telephone number is (740) 349-8451 and its website is [www.parknationalcorp.com](http://www.parknationalcorp.com). Parent s common shares, each without par value, are listed on NYSE American, under the symbol PRK.

The Park National Bank, a national banking association, is a wholly-owned subsidiary of Parent ( Park National ). Park National has its main office in Newark, Ohio and financial service offices in Ashland, Athens, Butler, Champaign, Clark, Clermont, Coshocton, Crawford, Darke, Fairfield, Franklin, Greene, Guernsey, Hamilton, Hocking, Holmes, Knox, Licking, Madison, Marion, Mercer, Miami, Morrow, Muskingum, Perry, Richland, Tuscarawas, Warren and Wayne Counties in Ohio and in Jefferson County, Kentucky and Iredell and Mecklenburg Counties in North Carolina. Park National engages in the commercial banking and trust business, generally in small and medium population Ohio communities in addition to operations within the metropolitan areas of Columbus and Cincinnati, Ohio, Louisville, Kentucky and Charlotte, North Carolina. Park National operates 112 financial service offices, including 109 branches, through its 11 banking divisions. Park National has a network of 136 automated teller machines, as well as telephone and internet-based banking through both personal computers and mobile devices.

#### ***CAB Financial Corporation***

**200 South Church Street**

**Spartanburg, South Carolina 29306**

**(864) 208-2265**

CABF, a South Carolina corporation ( CABF ), is a bank holding company registered under the Bank Holding Company Act and formed in 2017 to serve as the holding company for Carolina Alliance Bank.

Carolina Alliance Bank is a state-chartered commercial banking institution incorporated under the laws of the State of South Carolina in 2007. Carolina Alliance Bank conducts a general banking business in the upstate region of South Carolina and western region of North Carolina. Carolina Alliance Bank presently has seven banking offices located in Spartanburg, Greenville, Powdersville, Easley and Anderson, South Carolina and

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Asheville and Hendersonville, North Carolina, as well as a loan and lease production office in Charlotte, North Carolina. Carolina Alliance Bank provides full-service banking services to individuals and businesses, including accepting demand and time deposits, providing consumer and commercial loans, and offering commercial lease financing.

CABF's principal executive offices are located at 200 South Church Street, Spartanburg, South Carolina 29306. Its telephone number is (864) 208-2265, and its website is [www.carolinaalliancebank.com](http://www.carolinaalliancebank.com). CABF common stock is quoted on the OTCQX under the symbol CABF.

### **The Merger and the Merger Agreement (See pages 27, 54 and Annex A)**

The Merger of CABF with and into Parent is governed by the Merger Agreement. The Merger Agreement provides that, if all of the conditions set forth in the Merger Agreement are satisfied or waived, CABF will be merged with and into Parent and will cease to exist. Following the completion of the Merger, Carolina Alliance Bank will merge with and into Park National. After the consummation of the Bank Merger, Park National will continue as the surviving bank and remain a wholly-owned subsidiary of Parent. The Merger Agreement is included as Annex A to this proxy statement/prospectus and is incorporated by reference herein. We urge you to read the Merger Agreement carefully and fully, as it is the legal document that governs the Merger.

### **What CABF shareholders will receive (See page 54)**

If the Merger is completed, each share of CABF's common stock (except for excluded shares and dissenters' shares) will be converted into the right to receive (i) \$3.80 in cash, which we refer to as the cash consideration, and (ii) 0.1378 shares of Parent common stock, which we refer to as the stock consideration. The cash consideration and the stock consideration are referred to collectively as the merger consideration.

Each CABF stock option that has an exercise price per share that is less than \$19.00 will be canceled and converted automatically into the right to receive (without interest) the merger consideration with respect to each net share. A net share means with respect to a CABF stock option, the quotient obtained by dividing (i) the product of (x) the excess, if any, of \$19.00 over the per share exercise price of such CABF stock option multiplied by (y) the number of shares of CABF common stock subject to such CABF stock option, by (ii) \$19.00. At the effective time, each award in respect of a share of CABF common stock subject to vesting, repurchase or other lapse restriction that is outstanding immediately prior to the effective time (which we refer to as a CABF restricted stock award) will fully vest and be converted into the right to receive, without interest, the merger consideration payable under the Merger Agreement.

Including payment to be made for cancelling the stock options, the fully diluted total merger consideration is valued at approximately \$143 million (based on the number of CABF stock options and common shares outstanding on November 13, 2018 and Parent's 20-day average closing price of \$110.34 through September 7, 2018).

The value of the cash consideration is fixed at \$3.80 per share. However, the implied value of the stock consideration will fluctuate as the market price of Parent common stock fluctuates before the completion of the Merger. This price will not be known at the time of the special meeting and may be more or less than the current price of Parent common stock or the price of Parent common stock at the time of the special meeting.

### **Exchange of CABF common stock (See page 55)**

Once the Merger is complete, the exchange agent will mail you transmittal materials and instructions for exchanging your CABF stock certificates for shares of Parent common stock to be issued by book-entry transfer.

**Material U.S. federal income tax consequences of the Merger (See page 42)**

The Merger is intended to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code ). As a condition to the completion of the Merger, Squire Patton Boggs (US) LLP, counsel to Parent, and Nelson Mullins Riley & Scarborough LLP, counsel to CABF, must deliver opinions, dated the closing date of the Merger, to the effect that the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. Assuming the Merger qualifies as a tax-free reorganization, subject to the limitations and more detailed discussion set forth below in the section entitled Material U.S. federal income tax consequences of the Merger, a CABF shareholder that is a U.S.

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holder (defined below in the section entitled “Material U.S. federal income tax consequences of the Merger”) and that exchanges all of its shares of CABF common stock for Parent common stock and cash pursuant to the Merger will recognize gain (but not loss), and such shareholder’s taxable gain in that case will not exceed the cash received in the Merger.

**Tax matters are complicated, and the tax consequences of the Merger to a particular CABF shareholder will depend in part on such shareholder’s individual circumstances. Accordingly, you are urged to consult your own tax advisor for a full understanding of the tax consequences of the Merger to you, including the applicability and effect of federal, state, local and foreign income and other tax laws. For a more complete discussion of the material U.S. federal income tax consequences of the Merger, see the section entitled, “The Merger—Material U.S. federal income tax consequences of the Merger” beginning on page 42.**

### **Reasons for the Merger (See pages 33 and 35)**

CABF’s board of directors believes that the Merger is in the best interests of CABF and its shareholders, has unanimously adopted the Merger Agreement and unanimously recommends that its shareholders vote FOR approval of the Merger Agreement and the Merger contemplated therein.

In its deliberations and in making its determination, CABF’s board of directors considered numerous factors, including the following:

- the business strategy and strategic plan of CABF, its prospects for the future, projected financial results and expectations relating to the proposed Merger;
- the prospect of CABF’s shareholders becoming shareholders of a company with a much larger shareholder base resulting in a much more liquid common stock listed on the NYSE American;
- the board of directors’ knowledge of and deliberation with respect to CABF’s business, operations, financial condition, earnings and prospects, and of Parent’s business, operations, financial condition, earnings and prospects, taking into account the results of CABF’s due diligence review of Parent and information provided by FIG Partners, LLC (FIG);
- a review of the prospects, challenges and risks of CABF remaining independent versus merging with Parent given the current and prospective environment in the financial services industry, including national and local economic conditions, competition and consolidation in the financial services industry and the regulatory and compliance environment;
- the ability of CABF’s shareholders to benefit from potential appreciation of Parent common stock, and the expectation that the combined entity will have superior future earnings and prospects compared to CABF’s earnings and prospects on an independent basis;
- the expected cash dividend payments to be received by CABF’s shareholders, as shareholders of Parent following the Merger, due to the current quarterly cash dividend payment of \$0.96 per share paid by Parent (while considering that Parent has no obligation to pay dividends in any particular amounts or at any particular times);
- the advantages of being part of a larger entity, including the expectation of cost savings and operating efficiencies and the ability of a larger institution to compete in the banking environment and to leverage overhead costs, including the cost of financial technology, which the CABF board believes is likely to continue to increase in the future;
- the transaction multiples of the Merger consideration to CABF’s tangible book value and earnings and the premium over the recent trading price of CABF’s stock;
- the financial analyses presented by FIG to the board of directors of CABF with respect to the Merger and the opinion delivered to the board of directors by FIG on September 11, 2018 to the effect that, as of the date of FIG’s opinion, the merger consideration set forth in the Merger Agreement was fair to the holders of CABF

common stock from a financial point of view;

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- the value of Parent common stock and information concerning the financial performance and condition, business operations, capital levels, asset quality, loan portfolio breakdown, and prospects of Parent and Park National, taking into account the results of CABF's due diligence investigation of Parent and Park National;
- the familiarity of CABF's board of directors and management team with Park National and its business, operations, culture, customers, directors, executive officers and employees;
- the compatibility of CABF's business, operations and culture with those of Park National;
- the possible effects of the proposed Merger on CABF's employees and customers; and
- the likelihood that the Merger will be completed on a timely basis, including the likelihood that the Merger will receive all necessary regulatory approvals in a timely manner.

Parent's board of directors concluded that the Merger is in the best interests of Parent and its shareholders. In deciding to approve the Merger, Parent's board of directors considered a number of factors, including:

- management's view that the acquisition of CABF by Parent provides continued growth opportunities in the attractive Carolinas market;
- a review of the demographic, economic and financial characteristics of the markets in which CABF operates, including existing and potential competition and history of the market areas with respect to financial institutions;
- Parent management's view of the people, culture, credit underwriting standards and overall conservative nature of CABF;
- Parent management's review of CABF's business, operations, earnings and financial condition, including its management, capital levels and asset quality;
- its review and discussions with Parent's management concerning the due diligence examination of CABF; efficiencies to come from integrating CABF's operations into Parent's existing operations, including the potential to leverage Parent's capital, liquidity and operational strengths, product set and capabilities to accelerate growth of CABF;
- the financial and other terms of the Merger Agreement, including merger consideration, tax treatment and deal protection and termination fee provisions, which it reviewed with its outside financial and legal advisors;
- the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating CABF's business, operations and workforce with those of Parent;
- the potential risk of diverting management attention and resources from the operation of Parent's business and towards the completion of the Merger and the integration of the two companies;
- the likelihood that the Merger will be approved by the relevant bank regulatory authorities without undue burden and in a timely manner; and
- the anticipated pro forma financial impact of the Merger on the combined company, including the expected impact on earnings, return on assets, return on equity, tangible book value dilution (and earn-back period) and regulatory capital levels.

### **Opinion of CABF's financial advisor (See page 35 and Annex C)**

On September 11, 2018, FIG rendered its oral opinion to the CABF board of directors, which was subsequently confirmed in writing, to the effect that, as of September 11, 2018 and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by FIG as set forth in its opinion, the merger consideration set forth in the Merger Agreement was fair, from a financial point of view, to CABF shareholders.

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FIG's opinion was directed to the CABF board of directors and relates only to the fairness of the merger consideration to be received by CABF shareholders, from a financial point of view. FIG's opinion does not address any other aspect of the Merger and is not a recommendation to any CABF shareholder as to how such shareholder should vote at the special meeting.

The full text of FIG's September 11, 2018 opinion is included as Annex C to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by FIG in rendering its opinion. FIG shareholders are urged to read the entire opinion carefully in connection with their consideration of the Merger Agreement.

### **Board recommendation to CABF shareholders (See page 33)**

CABF's board of directors believes that the Merger of CABF with and into Parent is in the best interests of CABF and its shareholders. **CABF's board of directors unanimously recommends that you vote FOR approval of the Merger Agreement and the Merger contemplated therein.**

### **Interests of officers and directors of CABF in the Merger may be different from, or in addition to, yours (See page 46)**

When you consider the CABF board of directors' recommendation to vote in favor of the approval of the Merger Agreement, you should be aware that some of CABF's directors and officers may have interests in the Merger that are different from, or in addition to, your interests as shareholders. CABF's board of directors was aware of these interests and took them into account in approving the Merger. These interests include, among others, proposed employee benefits for those who become employees of Parent or Park National after the Merger, benefits provided pursuant to employment agreements entered into between Park National and certain executive officers of CABF and Carolina Alliance Bank, benefits payable to certain executive officers of CABF and Carolina Alliance Bank under existing employment and change in control agreements, the appointment of certain CABF directors to the CABF divisional advisory board of Park National, and the provision of merger consideration in exchange for the cancellation of outstanding CABF stock options and shares subject to CABF restricted stock awards.

Parent has agreed to use its reasonable best efforts to maintain in effect the current directors' and officers' liability insurance policies maintained by CABF or otherwise provide insurance policies of at least the same coverage, subject to limits on availability and cost, for six years. Parent has also agreed to indemnify and hold harmless the current and former directors, officers and employees of CABF and its subsidiaries for all actions taken by them in such capacities prior to the effective time of the Merger, and assume all obligations of CABF and its subsidiaries to such directors, officers and employees in respect of indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the effective time as provided in their organizational documents.

### **CABF shareholders will have dissenters' rights in connection with the Merger (See page 51)**

CABF shareholders may assert dissenters' rights with respect to the Merger and, upon complying with the requirements of Chapter 13 of the SCBCA, will be entitled to receive the fair value of their shares in cash instead of the merger consideration.

In general, to preserve their dissenters' rights, CABF shareholders who wish to exercise these rights must:

- be entitled to vote on the Merger;
- deliver to CABF, before CABF's special meeting of shareholders, written notice of the shareholder's intent to demand payment if the Merger is effectuated;

- not vote their shares for approval of the Merger Agreement; and
- comply with the other procedures set forth in Chapter 13, Article 2 the SCBCA.

A copy of Chapter 13 of the SCBCA pertaining to dissenters' rights is attached as Annex B to this proxy statement/prospectus. You should read the text of the statutes carefully and consult with your legal counsel if you intend to exercise these rights.

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### **The Merger and the performance of the surviving entity are subject to a number of risks (See page 18)**

There are a number of risks relating to the Merger and to the businesses of Parent, CABF and the surviving entity following the Merger. See the Risk Factors beginning on page 18 of this proxy statement/prospectus for a discussion of these and other risks and see also the documents that Parent has filed with the SEC and which are incorporated by reference into this proxy statement/prospectus.

### **CABF shareholder approval will be required to complete the Merger and approve the other proposals set forth in the notice of special meeting (See page 24)**

For the Merger to be approved, the Merger Agreement must be approved by the affirmative vote of the holders owning at least two-thirds of the shares of common stock outstanding and entitled to vote at the special meeting. Approval of the proposal to adjourn the special meeting, if necessary, will be approved if the votes cast at the special meeting, in person or by proxy, in favor of the proposal exceed the votes cast against the proposal. To establish a quorum, shareholders holding at least a majority of the shares of CABF common stock issued and outstanding and entitled to vote at the special meeting must be present in person or by proxy at the special meeting. Shareholders may vote their shares in person at the special meeting or by signing and returning the enclosed proxy form (or by appointing the proxies to vote their shares by telephone or Internet).

CABF's directors and executive officers, and certain Carolina Alliance Bank executive officers, who own shares of CABF common stock have agreed to vote their shares in favor of the Merger at the special meeting. These CABF directors and executive officers and Carolina Alliance Bank executive officers and their affiliates beneficially owned 822,635 shares of CABF common stock (inclusive of shares underlying exercisable stock options), or approximately 11.0% of CABF's common stock outstanding, as of November 13, 2018. Parent's shareholders will not be voting on the Merger Agreement. See The Merger—Voting agreements on page 50.

### **CABF special meeting (See page 24)**

The special meeting of shareholders will be held at CABF's headquarters located at 200 South Church Street, Spartanburg, South Carolina 29306, on January 14, 2019 at 10:00 a.m., local time. CABF's board of directors is soliciting proxies for use at the special meeting. At the special meeting, CABF shareholders will be asked to vote on a proposal to approve the Merger Agreement.

### **Record date for the special meeting; revocability of proxies (See pages 24 and 25)**

You may vote at the special meeting if you own shares of CABF common stock of record at the close of business on November 19, 2018. You will have one vote for each share of CABF common stock you owned on that date. Shareholders of record may change their vote or revoke a previously given proxy prior to the special meeting by filing with the secretary of CABF a duly executed revocation of proxy or submitting a new proxy form with a later date. Shareholders of record may also vote in person at the special meeting.

### **Completion of the Merger is subject to regulatory approvals (See page 45)**

The Merger cannot be completed until Parent and Park National receive the necessary regulatory approvals, waivers, or consents from the Board of Governors of the Federal Reserve System (the Federal Reserve Board), the Office of the Comptroller of the Currency (the OCC) and the South Carolina State Board of Financial Institutions (the SCBFI). Parent submitted a waiver request to the Federal Reserve Board and an application with the SCBFI on November 2, 2018. Park National submitted an application with the OCC on November 2, 2018. The Merger also is subject to the United States Department of Justice's competitive review process.

**Conditions to the Merger (See page 60)**

*Closing Conditions for the Benefit of All Parties.* Each of Parent's and CABF's obligations to complete the Merger are subject to fulfillment of certain conditions, including:

- no applicable law or order by governmental authority making illegal or preventing or prohibiting the consummation of the Merger;
- receipt of all regulatory approvals containing no unduly burdensome conditions and expiration of all statutory waiting periods;

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- all required consents, authorizations, waivers or approvals having been obtained; and the registration statement having been declared effective by the SEC and continuing to be effective, and all
- necessary approvals under securities laws relating to the issuance of the shares of Parent common stock pursuant to the Merger having been received.

*Closing Conditions for the Benefit of Parent.* Parent's obligations to complete the Merger are subject to fulfillment of certain conditions, including:

- accuracy of representations and warranties of CABF in the Merger Agreement as of the closing date, except as otherwise set forth in the Merger Agreement;
- performance by CABF in all material respects of its agreements under the Merger Agreement;
- adoption of the Merger Agreement at the special meeting by CABF shareholders holding the requisite voting power under its charter documents and applicable law;
- delivery by CABF of duly executed option cancellation agreements, certificates and documents as provided in the Merger Agreement;
- no new enforcement actions initiated against CABF by any regulatory agency which, individually or in the aggregate, would reasonably be expected to materially affect CABF's ability to conduct its business as currently being conducted;
- holders of no more than 10% of the CABF common stock having taken the actions required under the SCBCA to qualify their CABF common stock as appraisal shares;
- Parent receiving a written opinion of Squire Patton Boggs (US) LLP to the effect that the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code; and
- Since June 30, 2018, there shall not have occurred any change, state of facts, event, development or effect that has had, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on CABF.

*Closing Conditions for the Benefit of CABF.* CABF's obligations to complete the Merger are subject to fulfillment of certain conditions, including:

- accuracy of representations and warranties of Parent in the Merger Agreement as of the closing date, except as otherwise set forth in the Merger Agreement;
- performance by Parent in all material respects of its agreements under the Merger Agreement;
- delivery by Parent of certain other certificates and documents as provided in the Merger Agreement;
- CABF receiving a written opinion of Nelson Mullins Riley & Scarborough LLP to the effect that the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code; and
- Since June 30, 2018, there shall not have occurred any change, state of facts, event, development or effect that has had, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on Parent.

### **How the Merger Agreement may be terminated by Parent and CABF (See page 61)**

Parent and CABF may mutually agree to terminate the Merger Agreement and abandon the Merger at any time. Subject to conditions and circumstances described in the Merger Agreement, Parent, on the one hand, or CABF, on the other hand, as the case may be, may terminate the Merger Agreement as follows:

- by either party if the Merger is not completed by September 12, 2019; provided, that this right to terminate the Merger Agreement shall not be available to any party whose failure to fulfill any obligation under the Merger Agreement shall have been the cause of, or shall have resulted in, the failure of the Merger to close on or prior to such date;
- by either party in the event of a material breach by the other party of its representation or warranty or obligations contained in the Merger Agreement, which breach cannot be or has not been cured within

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30 days after the giving of written notice to the breaching party of such breach, and which breach or breaches would result in a failure to satisfy any applicable closing condition; provided that the terminating party is not in material breach of any covenant or agreement under the Merger Agreement;

- by either party if final action has been taken by a regulatory agency whose approval is required for the Merger, which final action has become final and nonappealable and does not approve the Merger;
- by either party if any governmental authority has enacted, issued, promulgated, enforced or entered any law, or final nonappealable judgment which has the effect of making illegal the consummation of the Merger;
- by Parent if the board of directors of CABF fails to make a recommendation to CABF shareholders to adopt the Merger Agreement or withdraws or modifies its recommendation in a manner adverse to Parent, or CABF has materially breached its covenant not to solicit alternative acquisition proposals or its obligation to hold a special meeting of shareholders to obtain approval of the Merger Agreement by CABF's shareholders;
- in certain circumstances, by either party if CABF has received and would accept a superior acquisition proposal from a third party; or
- by either party if the CABF shareholders fail to adopt the Merger Agreement.

### **Termination fees may be payable under some circumstances (See page 62)**

If the Merger Agreement is terminated (i) by Parent because the board of directors of CABF fails to make recommendation to CABF shareholders to adopt the Merger Agreement or withdraws or modifies its recommendation in a manner adverse to Parent, or CABF has materially breached its covenant not to solicit alternative acquisition proposals or its obligation to hold a special meeting of shareholders to obtain approval of the Merger Agreement by CABF's shareholders, or (ii) by either party if CABF has received and would accept a superior alternative proposal from a third party, Parent may be owed a termination fee from CABF in the amount of \$5,317,500. See Description of the Merger Agreement—Termination fee.

### **Voting agreements (See page 50)**

CABF's directors and executive officers, and certain executive officers of Carolina Alliance Bank, who own shares of CABF common stock have agreed to vote their shares in favor of the Merger at the special meeting. These CABF directors and executive officers and Carolina Alliance Bank executive officers and their affiliates beneficially owned 822,635 shares of CABF common stock (inclusive of shares underlying exercisable stock options), or approximately 11.0% of CABF's common stock outstanding, as of November 13, 2018. Parent's shareholders will not be voting on the Merger Agreement.

The voting agreements will terminate at the earliest to occur of: termination of the Merger Agreement, effectiveness of the Merger, a material modification to the Merger Agreement that adversely impacts the consideration payable to CABF shareholders, and 18 months following execution of the voting agreements.

### **Accounting treatment of the Merger**

The Merger will be accounted for as a purchase transaction in accordance with accounting principles generally accepted in the United States.

### **Certain differences in Parent shareholder rights and CABF shareholder rights (See page 65)**

Parent is an Ohio corporation and a financial holding company registered under the Bank Holding Company Act, while CABF is a South Carolina corporation and a bank holding company registered under the Bank Holding Company Act. Although the rights of the holders of Parent common shares and those of holders of CABF common shares are similar in many respects, there are some differences. These differences relate to differences between the

provisions of Ohio law governing corporations and the provisions of South Carolina law governing corporations, as well as differences between provisions of Parent's articles of incorporation and regulations and CABF's articles of incorporation and bylaws. Certain of these differences are described in detail in the section entitled "Comparison of rights of Parent shareholders and CABF shareholders" beginning on

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page 65. After completion of the Merger, CABF shareholders who receive shares of Parent common stock in exchange for their shares of CABF common stock will become Parent shareholders and their rights will be governed by Parent's articles of incorporation and regulations, in addition to laws and requirements that apply to public companies.

**Parent shares will be listed on NYSE American (See page 63)**

The shares of Parent common stock to be issued pursuant to the Merger will be listed on NYSE American under the symbol PRK.

**Comparative per share market price and dividend information**

Parent's common shares, each without par value, are listed on NYSE American, under the symbol PRK. As of November 13, 2018, the last date prior to distribution of this proxy statement/prospectus for which it was practicable to obtain this information, there were 15,698,181 shares of Parent common stock outstanding and Parent had approximately 3,616 shareholders of record.

CABF common shares are quoted on the OTCQX under the symbol CABF, however, the shares do not have an active trading market and are not traded frequently. As of November 13, 2018, the last date prior to distribution of this proxy statement/prospectus for which it was practicable to obtain this information, there were 7,409,533 CABF common shares outstanding, which were held by approximately 210 holders of record.

The table below shows, for the quarters indicated, based on published financial sources, the reported high and low sales prices of Parent common stock during the periods indicated and the cash dividends declared per share of Parent common stock.

	<b>High</b>	<b>Low</b>	<b>Dividend Declared</b>
<b>Year Ended December 31, 2015</b>			
First Quarter	\$ 88.39	\$ 79.46	\$ 0.94
Second Quarter	90.00	81.01	0.94
Third Quarter	90.92	80.15	0.94
Fourth Quarter	99.68	84.27	0.94
<b>Year Ended December 31, 2016</b>			
First Quarter	\$ 91.80	\$ 79.01	\$ 0.94
Second Quarter	95.45	85.35	0.94
Third Quarter	97.20	87.55	0.94
Fourth Quarter	122.88	94.05	0.94
<b>Year Ended December 31, 2017</b>			
First Quarter	\$ 120.66	\$ 102.20	\$ 0.94
Second Quarter	111.55	97.85	0.94
Third Quarter	109.48	92.42	0.94
Fourth Quarter	114.33	103.70	0.94
<b>Year Ended December 31, 2018</b>			
First Quarter	\$ 116.75	\$ 97.70	\$ 0.94

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Second Quarter	119.00	101.00	1.21
Third Quarter	114.62	104.28	0.96
Fourth Quarter (through November 13, 2018)	106.94	84.60	0.96

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The table below shows, for the quarters indicated, based on published financial sources, the reported high and low sales prices of CABF common stock as quoted on the OTCQX during the periods indicated and the cash dividends declared per share of CABF common stock. Sales prices reported prior to October 23, 2017 are for shares of common stock of Carolina Alliance Bank, which were traded on the OTCQX under the symbol CRLN prior to the formation of CABF and consummation of a reorganization that made Carolina Alliance Bank a wholly-owned subsidiary of CABF.

	<b>High</b>	<b>Low</b>	<b>Dividend Declared</b>
<b>Year Ended December 31, 2015</b>			
First Quarter	\$ 10.88	\$ 9.30	\$ —
Second Quarter	10.88	10.20	—
Third Quarter	10.86	9.66	—
Fourth Quarter	10.34	9.57	—
<b>Year Ended December 31, 2016</b>			
First Quarter	\$ 9.65	\$ 8.44	\$ —
Second Quarter	9.48	9.00	—
Third Quarter	9.52	9.14	—
Fourth Quarter	11.67	9.43	—
<b>Year Ended December 31, 2017</b>			
First Quarter	\$ 11.95	\$ 10.95	\$ —
Second Quarter	11.85	11.62	—
Third Quarter	12.40	11.67	—
Fourth Quarter	12.50	11.75	—
<b>Year Ended December 31, 2018</b>			
First Quarter	\$ 12.65	\$ 12.16	\$ —
Second Quarter	12.70	12.17	—
Third Quarter	17.95	11.50	—
Fourth Quarter (through November 13, 2018)	17.70	15.50	—

The following table presents the closing prices of CABF common stock and Parent common stock on September 12, 2018, the last trading day before the public announcement of the Merger Agreement, and November 13, 2018, the last practicable trading day prior to the mailing of this proxy statement/prospectus. The table also shows the implied value of the merger consideration payable for each share of CABF common stock, which we calculated by multiplying the closing price of Parent common stock on those dates by the exchange ratio of 0.1378 shares of Parent common stock per share of CABF common stock and then adding the cash consideration of \$3.80.

	<b>CABF Closing Price</b>	<b>Parent Closing Price</b>	<b>Cash Consideration</b>	<b>Estimated Equivalent Per Share Value (for Stock Consideration)</b>
September 12, 2018	\$ 12.15	\$ 108.51	\$ 3.80	\$ 18.75
November 13, 2018	\$ 15.99	\$ 93.54	\$ 3.80	\$ 16.69

The above table shows only historical comparisons. These comparisons may not provide meaningful information to CABF shareholders in determining whether to approve the Merger Agreement. CABF shareholders are urged to

obtain current market quotations for shares of Parent common stock and CABF common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to approve the Merger Agreement. The market prices of Parent common stock and CABF common stock will fluctuate between the date of this proxy statement/prospectus and the date of completion of the Merger. No assurance can be given concerning the market prices of CABF common stock or Parent common stock before or after the effective date of the Merger. Changes in the market price of Parent common stock prior to the completion of the Merger will affect the market value of the merger consideration that CABF shareholders will receive upon completion of the Merger.

TABLE OF CONTENTS**Comparative per share data**

The following table presents selected comparative per share data for Parent common stock and CABF common stock. You should read this information in conjunction with the selected historical financial information included elsewhere in this proxy statement/prospectus, and the historical financial statements of Parent and related notes that are incorporated by reference in this proxy statement/prospectus by reference. The historical per share data is derived from unaudited financial statements as of and for the nine months ended September 30, 2018 and audited financial statements as of and for the year ended December 31, 2017.

	<b>Nine Months Ended September 30, 2018</b>	<b>Year Ended December 31, 2017</b>
<b>Parent:</b>		
Diluted Earnings per share	\$ 5.41	\$ 5.47
Cash dividends declared per share	3.11	3.76
Book value per common share (at period end)	51.58	49.46
<b>CABF:</b>		
Diluted Earnings per share	\$ 0.49	\$ 0.65
Cash dividends declared per share	—	—
Book value per common share (at period end)	10.99	10.86

**Selected historical financial data of Parent**

The following table summarizes selected historical consolidated financial data of Parent for the periods and as of the dates indicated. This information has been derived from Parent's consolidated financial statements filed with the SEC. Historical financial data as of and for the nine months ended September 30, 2018 and September 30, 2017 are unaudited and include, in management's opinion, all normal recurring adjustments considered necessary to present fairly the results of operations and financial condition Parent. You should not assume the results of operations for past periods and for the nine months ended September 30, 2018 and September 30, 2017 indicate results for any future period.

You should read this information in conjunction with Parent's consolidated financial statements and related notes thereto included in Parent's Annual Report on Form 10-K as of and for the year ended December 31, 2017, and in Parent's Quarterly Report on Form 10-Q for the nine months ended September 30, 2018, which are incorporated by reference into this proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 76 of this proxy statement/prospectus.

**SELECTED FINANCIAL DATA**

<b>(Dollars in thousands, except per share data)</b>	<b>Nine Months Ended September 30, (unaudited)</b>		<b>December 31,</b>				
	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>

**Results of Operations:**

Interest income	\$ 228,634	\$ 212,455	\$ 286,424	\$ 276,258	\$ 265,074	\$ 265,143	\$ 262,947
Interest expense	31,366	32,174	42,665	38,172	37,442	40,099	41,922
Net interest income	197,268	180,281	243,759	238,086	227,632	225,044	221,025
Provision for (recovery of) loan losses	4,586	8,740	8,557	(5,101 )	4,990	(7,333 )	3,415
Net interest income after provision for (recovery of) loan losses	192,682	171,541	235,202	243,187	222,642	232,377	217,610
Non-interest income <sup>(1)</sup>	74,209	63,191	86,429	84,039	83,624	81,822	75,867
Non-interest expense <sup>(1)</sup>	166,158	149,723	203,162	204,331	192,687	193,783	184,105
Net income	84,126	61,411	84,242	86,135	81,012	83,957	76,869
Net income available to common shareholders	84,126	61,411	84,242	86,135	81,012	83,957	76,869

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(Dollars in thousands, except per share data)	Nine Months Ended September 30, (unaudited)		December 31,				
	2018	2017	2017	2016	2015	2014	2013
<b>Per common share:</b>							
Net income per common share basic	\$ 5.46	\$ 4.01	\$ 5.51	\$ 5.62	\$ 5.27	\$ 5.45	\$ 4.99
Net income per common share - diluted	5.41	3.99	5.47	5.59	5.26	5.45	4.99
Cash dividends declared	3.11	2.82	3.76	3.76	3.76	3.76	3.76
<b>Average Balances:</b>							
Loans	\$ 5,401,631	\$ 5,314,501	\$ 5,327,507	\$ 5,122,862	\$ 4,909,579	\$ 4,717,297	\$ 4,514,781
Investment securities	1,507,248	1,562,340	1,557,156	1,504,667	1,478,208	1,432,692	1,377,887
Money market instruments and other	79,256	271,778	262,100	198,197	342,997	204,874	272,851
<b>Total earning assets</b>	6,988,135	7,148,619	7,146,763	6,825,726	6,730,784	6,354,863	6,165,519
Non-interest bearing deposits	1,626,370	1,522,802	1,544,986	1,414,885	1,311,628	1,196,625	1,117,379
Interest bearing deposits	4,467,206	4,363,065	4,348,110	4,165,919	4,155,196	3,820,928	3,742,361
<b>Total deposits</b>	6,093,576	5,885,867	5,893,096	5,580,804	5,466,824	5,017,553	4,859,740
Short-term borrowings	\$ 225,310	\$ 223,043	\$ 229,193	\$ 240,457	\$ 258,717	\$ 263,270	\$ 253,123
Long-term debt	424,615	806,584	788,491	776,465	793,469	867,615	870,538

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Shareholders' equity	771,907	753,017	755,839	737,737	710,327	680,449	643,609
Common shareholders' equity	771,907	753,017	755,839	737,737	710,327	680,449	643,609
<b>Total assets</b>	<b>7,581,798</b>	<b>7,743,132</b>	<b>7,741,043</b>	<b>7,416,519</b>	<b>7,306,460</b>	<b>6,893,302</b>	<b>6,701,049</b>

**Ratios:**

Return on average assets <sup>(x)</sup>	1.48 %	1.06 %	1.09 %	1.16 %	1.11 %	1.22 %	1.15 %
Return on average common equity <sup>(x)</sup>	14.57 %	10.90 %	11.15 %	11.68 %	11.40 %	12.34 %	11.94 %
Net interest margin <sup>(2)</sup>	3.81 %	3.44 %	3.48 %	3.52 %	3.39 %	3.55 %	3.61 %
Efficiency ratio <sup>(1)(2)</sup>	60.73 %	60.61 %	60.62 %	62.96 %	61.73 %	62.98 %	61.74 %
Dividend payout ratio <sup>(3)</sup>	57.49 %	70.68 %	68.71 %	67.29 %	71.51 %	69.02 %	75.39 %
Average shareholders' equity to average total assets	10.18 %	9.72 %	9.76 %	9.95 %	9.72 %	9.87 %	9.60 %
Common equity tier 1 capital	12.93 %	12.76 %	12.94 %	12.83 %	12.54 %	N/A	N/A
Leverage capital	9.79 %	9.08 %	9.44 %	9.56 %	9.22 %	9.25 %	9.48 %
Tier 1 capital	13.19 %	13.03 %	13.22 %	13.11 %	12.82 %	13.39 %	13.27 %
Risk-based capital	14.06 %	14.07 %	14.14 %	14.63 %	14.49 %	15.14 %	15.91 %

- During the first quarter of 2018, Parent adopted ASU 2017-07, Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost, pursuant to which an employer is required to report the service cost component in the same line item as other compensation costs arising from services rendered by the pertinent employees during the period. All other components of net benefit cost are required to be presented in the income statement separately from the service cost. For Parent, this resulted in an increase in non-interest income and an offsetting increase in non-interest expense with no change to net income as well as increase to the efficiency ratio. This ASU is required to be applied retrospectively to all periods presented and therefore non-interest income, non-interest expense and the efficiency ratio for the five annual periods ending December 31, 2017 have been adjusted from the figures presented in Parent's Annual Report on Form 10-K as of and for the year ended December 31, 2017.
- (1) Calculated utilizing fully taxable equivalent net interest income which includes the effects of taxable equivalent adjustments using a 21% corporate federal income tax rate for 2018 and using a 35% corporate federal income tax



rate for 2013-2017. The taxable equivalent adjustments were \$2.1 million and \$3.5 million for the nine months ended September 30, 2018 and 2017, respectively, and \$5.0 million for 2017, \$2.4 million for 2016, \$865,000 for 2015, \$845,000 for 2014, and \$1.3 million for 2013.

(3) Cash dividends paid divided by net income.

(x) Reported measure uses net income available to common shareholders.

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### **RISK FACTORS**

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, including the matters addressed under the caption "Special Notes Concerning Forward-Looking Statements" on page 22, you should consider the following risk factors carefully in deciding whether to vote to approve the Merger Agreement. Additional risks and uncertainties not presently known to Parent and CABF or that are not currently believed to be important to you, if they materialize, also may adversely affect the Merger and Parent.

In addition, Parent's and CABF's respective businesses are subject to numerous risks and uncertainties, including the risks and uncertainties described, in the case of Parent, in its Annual Report on Form 10-K for the year ended December 31, 2017, which are incorporated by reference into this proxy statement/prospectus.

#### **Risks relating to the Merger**

***Because the market price of Parent common stock may fluctuate, you cannot be certain of the precise value of the stock portion of the merger consideration you may receive in the Merger.***

At the time the Merger is completed, each issued and outstanding share of CABF common stock (except for excluded shares and dissenters' shares) will be converted into the right to receive (i) \$3.80 in cash and (ii) 0.1378 shares of Parent common stock.

There will be a time lapse between each of the date of this proxy statement/prospectus, the date on which CABF shareholders vote to approve the Merger Agreement at the special meeting and the date on which CABF shareholders entitled to receive shares of Parent common stock under the Merger Agreement actually receive such shares. The market value of Parent common stock may fluctuate during these periods as a result of a variety of factors, including general market and economic conditions, changes in Parent's businesses, operations and prospects and regulatory considerations. Many of these factors are outside of the control of CABF and Parent. Consequently, at the time CABF shareholders must decide whether to approve the Merger Agreement, they will not know the actual market value of the shares of Parent common stock they may receive when the Merger is completed. The value of the cash consideration is fixed at \$3.80, but the actual value of the shares of Parent common stock received by the CABF shareholders will depend on the market value of shares of Parent common stock on that date. This value will not be known at the time of the special meeting and may be more or less than the current price of Parent common stock or the price of Parent common stock at the time of the special meeting.

***Because CABF common stock is traded infrequently, it is difficult to determine how the fair value of CABF common stock compares with the merger consideration.***

CABF common stock is quoted on the OTCQX. The market for CABF common stock has historically been illiquid and irregular. This lack of liquidity makes it difficult to determine the fair value of CABF common stock. Because the merger consideration was determined based on negotiations between the parties, it may not be indicative of the fair value of the shares of CABF common stock.

***Regulatory approvals may not be received, may take longer than expected, or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the merger.***

Before the Merger and the Bank Merger may be completed, Parent and Park National must obtain the necessary approvals, waivers, or consents from the Board of Governors of the Federal Reserve Board, the OCC, and the SCBFI. Other approvals, waivers, or consents from regulators may also be required. In determining whether to grant these approvals, the relevant governmental entities consider a variety of factors, including the regulatory standing of each

party, the effect of the Merger and the Bank Merger on competition and the factors described under The Merger—Regulatory approvals. An adverse development in either party's regulatory standing or these factors could result in an inability to obtain approval or delay receipt of required approvals. The relevant governmental entities may impose conditions, limitations, obligations or restrictions on the conduct of the combined company's business or require branch divestitures or changes to the terms of the Merger or the Bank Merger. There can be no assurance that relevant government entities will not impose conditions, limitations, obligations or restrictions and that such conditions, limitations, obligations or restrictions will not have the effect of delaying the completion of the Merger or the Bank Merger, imposing additional material costs on or materially limiting the revenues of the combined company following the Merger or otherwise reduce the

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anticipated benefits of the Merger or the Bank Merger. Additionally, the completion of the Merger and the Bank Merger is conditioned on the absence of certain orders, injunctions or decrees by any court or regulatory agency of competent jurisdiction that would prohibit or make illegal the completion of the Merger or the Bank Merger.

In a recent approval order, the Federal Reserve Board has stated that if material weaknesses are identified by examiners before a banking organization applies to engage in expansionary activity, the Federal Reserve Board will not in the future allow the application to remain pending while the banking organization addresses its weaknesses. The Federal Reserve Board explained that, in the future, if issues arise during processing of an application, a banking organization will be required to withdraw its application pending resolution of any supervisory concerns. Accordingly, if there is an adverse development in either party's regulatory standing, Parent may be required to withdraw the application for approval of the proposed Merger and, if possible, resubmit it after the applicable supervisory concerns have been resolved.

***The opinion that CABF has obtained from FIG Partners, LLC has not been, and is not expected to be, updated to reflect any changes in circumstances that may have occurred since the date of such opinion.***

The opinion issued to the CABF board of directors by FIG, financial advisor to CABF, with respect to the fairness of the merger consideration to be received by CABF shareholders, from a financial point of view, speaks only as of September 11, 2018. Changes in the operations and prospects of Parent or CABF, general market and economic conditions and other factors which may be beyond the control of Parent and CABF, and on which the opinion was based, may have altered the value of Parent or CABF or the sale prices of shares of Parent common stock as of the date of this proxy statement/prospectus, or may alter such values and sale prices by the time the Merger is completed. FIG does not have any obligation to update, revise or reaffirm its opinion to reflect subsequent developments and has not done so. Because CABF does not currently anticipate asking FIG to update its opinion, the opinion will not address the fairness of the merger consideration from a financial point of view at the time the Merger is completed. The CABF board of directors' recommendation that CABF shareholders vote FOR approval of the Merger Agreement, however, is made as of the date of this proxy statement/prospectus. See The Merger— Opinion of CABF's financial advisor and Annex C to this proxy statement/prospectus.

***Parent may be unable to successfully integrate CABF's operations and may not realize the anticipated benefits of acquiring CABF.***

Parent and CABF entered into the Merger Agreement with the expectation that Parent would be able to successfully integrate CABF's operations and that the Merger would result in various benefits, including, among other things, enhanced revenues and revenue synergies, an expanded market reach and operating efficiencies. Achieving the anticipated benefits of the Merger is subject to a number of uncertainties, including whether Parent is able to integrate and operate CABF in an efficient and effective manner, and general competitive factors in the market place. The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of the surviving entity's businesses or the loss of key personnel. The diversion of management's attention and any delays or difficulties encountered in connection with the Merger and the integration of the two entities' operations could have an adverse effect on the business, financial condition, operating results and prospects of the surviving entity after the Merger. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could have an adverse effect on the surviving entity's business, financial condition, operating results and prospects.

Among the factors considered by the boards of directors of Parent and CABF in connection with their respective approvals of the Merger Agreement were the benefits that could result from the Merger. We cannot give any assurance that these benefits will be realized within the time periods contemplated or even that they will be realized at all.

***CABF will be subject to business uncertainties while the Merger is pending, which could adversely affect its business.***

Uncertainty about the effect of the Merger on employees and customers may have an adverse effect on CABF, and, consequently, the surviving entity. Although CABF intends to take steps to reduce any adverse effects, these uncertainties may impair CABF's ability to attract, retain and motivate key personnel until the Merger is consummated and for a period of time thereafter, and could cause customers and others that deal with

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CABF to seek to change their existing business relationships with CABF. Employee retention at CABF may be particularly challenging during the pendency of the Merger, as employees may experience uncertainty about their roles with the surviving entity following the Merger.

### ***Some of the directors and executive officers of CABF and Carolina Alliance Bank have interests and arrangements that could have affected their respective decisions to support or approve the Merger.***

The interests of some of the directors and executive officers of CABF and Carolina Alliance Bank in the Merger are different from, and may be in addition to, those of CABF shareholders generally and could have affected their respective decisions to support or approve the Merger. These interests include:

- Each employee who, in Parent's sole discretion, continues employment with the surviving entity will be provided wages or salaries and employee benefits (excluding equity plans) that in the aggregate are substantially comparable to what he or she receives at CABF immediately prior to the closing date, subject to certain restrictions;
- Certain executive officers of CABF and Carolina Alliance Bank have entered into employment agreements with Park National which provide for continued employment with Park National and certain other benefits;
- Certain executive officers of CABF and Carolina Alliance Bank are entitled to benefits under existing employment and change in control agreements with CABF and Carolina Alliance Bank in the event of termination following the Merger;
- Certain executive officers of CABF and Carolina Alliance Bank are entitled to benefits under an existing supplemental executive retirement plan upon closing of the Merger;
- Following the Merger, a CABF divisional advisory board will be created and certain directors from the current board of directors of CABF, as agreed among the parties, will be appointed to serve on such CABF divisional advisory board;
- Provision of merger consideration in exchange for the cancellation of outstanding CABF stock options and shares subject to CABF restricted stock awards;
- Parent's agreement to provide officers and directors of CABF with continuing indemnification rights for six years following the Merger; and
- Parent's agreement to provide directors' and officers' insurance to the officers and directors of CABF for six years following the Merger.

In addition, the directors and executive officers of CABF and certain executive officers of Carolina Alliance Bank who own shares of CABF common stock have entered into voting agreements that require them to vote all of their shares of CABF common stock in favor of the Merger Agreement at the special meeting. The voting agreements cover, in the aggregate, approximately 11.0% of CABF's outstanding shares of common stock as of November 13, 2018. As a result, these directors and officers of CABF and Carolina Alliance Bank may be more likely to recommend to CABF's shareholders the approval of the Merger Agreement than if they did not have these interests.

### ***Termination of the Merger Agreement could negatively impact Parent or CABF.***

If the Merger Agreement is terminated, there may be various consequences. For example, Parent's or CABF's businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the Merger, without realizing any of the anticipated benefits of completing the Merger. Additionally, if the Merger Agreement is terminated, the market price of Parent's or CABF's common stock could decline to the extent that the current market prices reflect a market assumption that the Merger will be completed. If the Merger Agreement is terminated under certain circumstances, CABF may be required to pay to Parent a termination fee of approximately \$5.3 million.

***If the Merger is not completed, Parent and CABF will have incurred substantial expenses without realizing the expected benefits of the Merger.***

Each of Parent and CABF has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the Merger Agreement, as well as the costs and

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expenses of filing, printing, and mailing this proxy statement/prospectus, and all filing and other fees paid to the SEC in connection with the Merger. If the Merger is not completed, Parent and CABF would have to recognize these expenses without realizing the expected benefits of the Merger.

### **Risks relating to the businesses of Parent and CABF**

#### ***CABF's shareholders will not control Parent's future operations.***

Currently, CABF's shareholders own 100% of CABF and have the power to approve or reject any matters requiring shareholder approval under South Carolina law and CABF's articles of incorporation and bylaws. After the Merger, CABF shareholders are expected to become owners of approximately 6% of the outstanding shares of Parent common stock. Even if all former CABF shareholders voted together on all matters presented to Parent's shareholders, from time to time, the former CABF shareholders most likely would not have a significant impact on the approval or rejection of future Parent proposals submitted to a shareholder vote.

#### ***The market price of Parent common stock after the Merger may be affected by factors different from those affecting the shares of CABF or Parent currently.***

Upon completion of the Merger, holders of CABF common stock will become holders of Parent common stock. Parent's business differs in important respects from that of CABF and, accordingly, the results of operations of the combined company and the market price of Parent common stock after the completion of the Merger may be affected by factors different from those currently affecting the independent results of operations of each of Parent and CABF. For example, Parent operates branches in certain states of the United States, including Ohio, where CABF does not. Accordingly, the results of operations of Parent will be affected by business and other developments in certain areas of the country to a larger extent than those of CABF. For a discussion of the businesses of Parent and CABF and of some important factors to consider in connection with those businesses, please see Summary—Information About Parent and CABF and see also the documents incorporated by reference into this proxy statement/prospectus and referred to under Where You Can Find More Information.

#### ***Parent and Park National have not previously operated in many of CABF and Carolina Alliance Bank's market areas.***

CABF's and Carolina Alliance Bank's primary market areas are the upstate South Carolina and western North Carolina markets. The banking business in these markets is extremely competitive, and the level of competition may increase further in the future. Park National has not previously achieved substantial penetration into these market areas and there may be unexpected challenges and difficulties in doing so that could adversely affect Park National following the completion of the merger.

#### ***The shares of Parent common stock to be received by CABF's shareholders as a result of the Merger will have different rights from the shares of CABF common stock.***

Upon completion of the Merger, CABF shareholders will become Parent shareholders and their rights as shareholders will be governed by Ohio law and Parent's articles of incorporation and regulations. The rights associated with CABF common stock are different from the rights associated with Parent common stock. Please see the section entitled Comparison of rights of Parent shareholders and CABF shareholders beginning on page 65 for a discussion of the different rights associated with Parent common stock.



TABLE OF CONTENTS**SPECIAL NOTES CONCERNING FORWARD-LOOKING STATEMENTS**

This document contains, and the documents into which it may be incorporated by reference may contain, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not limited to, statements relating to the expected timing and benefits of the Merger, including future financial and operating results, cost savings, enhanced revenues, and accretion/dilution to reported earnings that may be realized from the Merger, as well as other statements of expectations regarding the Merger, and other statements of Parent's and CABF's goals, intentions and expectations; statements regarding Parent's business plan and growth strategies; and estimates of Parent's and CABF's risks and future costs and benefits, whether with respect to the Merger or otherwise. Words like believe, continue, pattern, estimate, project, intend, anticipate, expect and similar expressions or future or conditional verbs such as will, would, should, could, might, can and similar expressions and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements and information are not historical facts, are premised on many factors and assumptions, and represent only management's expectations, estimates and projections regarding future events. Similarly, these statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, which may include, but are not limited to, those listed below and the Risk Factors discussed under Item 1A of Parent's Annual Report on Form 10-K for the year ended December 31, 2017 and in any of Parent's subsequent SEC filings. Parent and CABF intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and is including this statement for purposes of invoking these safe harbor provisions. Management's analysis contains forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- the inability to close the Merger in a timely manner;
- the failure to complete the Merger due to the failure of CABF shareholders to approve the merger proposal;
- failure to obtain applicable regulatory approvals and meet other closing conditions to the Merger on the expected terms and schedule;
- the potential impact of announcement or consummation of the Merger on relationships with third parties, including customers, employees, and competitors;
- business disruption following the Merger;
- difficulties and delays in integrating the CABF business or fully realizing cost savings and other benefits;
- Parent's potential exposure to unknown or contingent liabilities of CABF;
- the challenges of integrating, retaining, and hiring key personnel;
- failure to attract new customers and retain existing customers in the manner anticipated;
- the outcome of pending or threatened litigation, or of matters before regulatory agencies, whether currently existing or commencing in the future, including litigation related to the Merger;
- any interruption or breach of security resulting in failures or disruptions in customer account management, general ledger, deposit, loan, or other systems;
- changes in Parent's stock price before closing, including as a result of the financial performance of CABF prior to closing;
- operational issues stemming from, and/or capital spending necessitated by, the potential need to adapt to industry changes in information technology systems, on which Parent and CABF are highly dependent;

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- changes in legislation, regulation, policies, or administrative practices, whether by judicial, governmental, or legislative action, including, but not limited to, the Dodd-Frank Wall Street Reform and Consumer Protection Act, which we refer to as the Dodd-Frank Act, and other changes pertaining to banking, securities, taxation, rent regulation and housing, financial accounting and reporting, environmental protection, and insurance, and the ability to comply with such changes in a timely manner;
- changes in the monetary and fiscal policies of the U.S. Government, including policies of the U.S. Department of the Treasury and the Federal Reserve Board;
  - changes in interest rates, which may affect Parent's or CABF's net income, prepayment penalty income, mortgage banking income, and other future cash flows, or the market value of Parent's or CABF's assets, including its investment securities;
  - changes in accounting principles, policies, practices, or guidelines;
  - changes in Parent's ability to access the capital markets;
  - natural disasters, war, or terrorist activities; and
  - other economic, competitive, governmental, regulatory, technological, and geopolitical factors affecting Parent's or CABF's operations, pricing, and services.

Therefore, there can be no assurances that future actual results will correspond to these forward-looking statements.

The reader is cautioned not to place undue reliance on any forward-looking statement made by Parent or CABF.

Forward-looking statements speak only as of the date they are made and, except as required by law, neither Parent nor CABF undertakes any obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made. Persons are advised, however, to consult further disclosures management makes on related subjects in its reports filed with the SEC and in its press releases.

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### **INFORMATION ABOUT THE SPECIAL MEETING OF CABF SHAREHOLDERS**

CABF's board of directors is using this proxy statement/prospectus to solicit proxies from the holders of CABF common stock for use at the special meeting of CABF's shareholders or any adjournment thereof.

#### **Date, time and place of the special meeting**

The special meeting will be held at CABF's headquarters located at 200 South Church Street, Spartanburg, South Carolina 29306, on January 14, 2019 at 10:00 a.m., local time.

#### **Purpose of the special meeting**

At the special meeting, CABF's board of directors will ask you to vote upon the following:

- a proposal to approve the Merger Agreement and thereby approve the Merger;
- a proposal to approve an adjournment of the special meeting to permit further solicitation in the event that an insufficient number of shares are present in person or by proxy to approve the Merger Agreement and the transactions it contemplates; and
- any other business that properly comes before the special meeting and any adjournment or postponement thereof.

In accordance with applicable law, no other business may come before the special meeting, except for business that properly comes within the purposes described in the notice of meeting, which purposes are described above.

#### **Record date and voting rights for the special meeting**

CABF has set the close of business on November 19, 2018, as the record date for determining the holders of its common stock entitled to notice of and to vote at the special meeting. Only CABF shareholders at the close of business on the record date are entitled to notice of and to vote at the special meeting. As of the record date, there were \_\_\_\_\_ shares of CABF common stock outstanding and entitled to vote at the special meeting. Each share of CABF common stock entitles the holder thereof to one vote on each matter submitted to the shareholders of CABF for consideration.

#### **Quorum**

The presence in person or by proxy of at least a majority of the shares issued and outstanding and entitled to vote at the special meeting is required for a quorum to be present at the special meeting. Abstentions are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the special meeting.

With respect to shares held in \_\_\_\_\_ street name, the holders of record have the authority to vote shares for which their customers do not provide voting instructions only on certain routine, uncontested items. In the case of non-routine or contested items, the nominee institution holding \_\_\_\_\_ street name shares cannot vote the shares if it has not received voting instructions from the beneficial owner. When a nominee institution returns a proxy on one or more routine matters, but does not vote on a non-routine matter, these are considered to be \_\_\_\_\_ broker non-votes. Since there are no routine items to be voted on at the special meeting, nominee record holders that do not receive voting instructions from the beneficial owners of such shares will not be able to return a proxy card with respect to such shares; as a result, these shares will not be considered present at the special meeting and will not count towards the satisfaction of a quorum. If you hold your shares in \_\_\_\_\_ street name, please give your broker, bank or other nominee instructions on how to vote your shares to ensure your shares are counted as present for purposes of establishing a quorum at the special meeting.

**Vote required**

For the Merger to be approved, the Merger Agreement must be approved by the affirmative vote of the holders owning at least two-thirds of the shares of common stock outstanding and entitled to vote at the special meeting. Approval of the proposal to adjourn the special meeting to permit further solicitation in the event that an insufficient number of shares are present in person or by proxy to approve the Merger Agreement and the transactions it contemplates requires the votes cast at the special meeting, in person or by proxy, in favor of the proposal exceed the votes cast against the proposal.

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The failure of a CABF shareholder to vote or to instruct his or her broker, bank or nominee to vote if his or her shares are held in street name, which is referred to herein as a broker non-vote, will have the same effect as voting against the proposal to approve the Merger Agreement but will not effect the meeting adjournment proposal. For purposes of the shareholder vote, an abstention, which occurs when a shareholder attends a meeting, either in person or by proxy, but abstains from voting, will have the same effect as voting against the proposal to approve the Merger Agreement but will not effect the meeting adjournment proposal.

### **Shares held by CABF directors and executive officers; voting agreements**

CABF directors and executive officers and certain executives of Carolina Alliance Bank who own shares of CABF common stock, whose aggregate ownership (inclusive of shares underlying exercisable stock options) represents approximately 11.0% of the outstanding shares of CABF common stock as of November 13, 2018, have committed to vote their shares in favor of the Merger. Parent's shareholders will not be voting on the Merger Agreement. See The Merger—Voting agreements on page 50 for a description of the provisions of the voting agreements.

### **How to vote**

Shareholders of record may vote in person at the special meeting or by proxy. To ensure your representation at the special meeting, we recommend you vote by proxy even if you plan to attend the special meeting. If you are a holder of record, you can change your vote at the special meeting if you so desire.

The enclosed appointment of proxy, or proxy card, is solicited by the board of directors of CABF. The board of directors of CABF has selected the individuals named in the enclosed proxy card, or any of them, to act as proxies with full power of substitution. Shareholders of record may vote their shares by proxy at the special meeting by:

- completing, signing, dating and returning the proxy card in the enclosed envelope provided for that purpose; or
- by following the instructions included on the enclosed proxy card for voting your shares by phone or electronically by Internet.

If you properly complete and timely submit your proxy, your shares will be voted as you have directed. You may vote for, against, or abstain with respect to the approval of the Merger and the other proposals. If you are the record holder of your shares and submit your proxy without specifying a voting instruction, your shares will be voted as the CABF board of directors recommends and will be voted FOR approval of the Merger Agreement and FOR the adjournment of the special meeting to permit further solicitation in the event that an insufficient number of shares are present in person or by proxy to approve the Merger Agreement and the transactions it contemplates.

If your shares are held in street name by a bank, broker or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares if you wish them to be counted. Please follow the voting instructions provided by your bank, broker or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to CABF or by voting in person at the meeting unless you provide a legal proxy, which you must obtain from your bank, broker or other nominee. If you are a CABF shareholder and you do not instruct your broker on how to vote your shares, your broker will not vote your shares at the special meeting and, accordingly, your failure to vote will effectively be a vote against the Merger.

### **Revocability of proxies**

Shareholders of record may revoke a prior given proxy at any time before it is voted by:

- filing with CABF's secretary a duly executed revocation of proxy;

- submitting a new proxy card (in person or by Internet) with a later date; or
- voting in person at the special meeting.

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Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to: CAB Financial Corporation, PO Box 932, Spartanburg, SC 29304, Attention: Lamar Simpson. If you own your shares of CABF common stock beneficially through a broker, bank or other nominee, you should follow the instructions provided by such nominee with respect to revoking or changing your voting instructions.

### **Proxy solicitation**

In addition to this mailing, proxies may be solicited by directors, officers or employees of CABF in person or by telephone or electronic transmission. None of such directors, officers or employees will be directly compensated for such services. CABF will pay the costs associated with the solicitation of proxies for the special meeting. These costs may include reasonable out-of-pocket expenses in forwarding proxy materials to beneficial owners. CABF will reimburse brokers and other persons for their reasonable expenses in forwarding proxy materials to customers who are beneficial owners of the common stock of CABF registered in the name of nominees.

CABF has also made arrangements with D.F. King & Co., Inc. to assist it in soliciting proxies and has agreed to pay D.F. King & Co., Inc. approximately \$6,000 plus reasonable expenses for these services.

### **Other business; adjournments**

CABF is not currently aware of any other business to be acted upon at the CABF special meeting. If, however, other matters are properly brought before the special meeting, or any adjournment or postponement thereof, your proxies include discretionary authority on the part of the individuals appointed to vote your shares to act on those matters according to their best judgment.

Adjournments may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time if the votes cast at the special meeting, in person or by proxy, in favor of the adjournment proposal exceed the votes cast against the proposal.

### **Assistance**

If you have any questions concerning the Merger or this proxy statement/prospectus, would like additional copies of this proxy statement/prospectus, or need help voting your shares of CABF common stock, please contact CAB Financial Corporation, PO Box 932, Spartanburg, SC 29304, Attention: Lamar Simpson, or CABF's proxy solicitor, D.F. King & Co., Inc., by mail at 48 Wall Street, 22<sup>nd</sup> Floor, New York, New York 10005, by email at [cabf@dfking.com](mailto:cabf@dfking.com), or by telephone at (212) 269-5550 (for banks and brokers) or (866) 829-0135 (for all others, collect).

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### **THE MERGER**

*This section of the proxy statement/prospectus describes material aspects of the Merger. While Parent and CABF believe that the description covers the material terms of the Merger and the related transactions, this summary may not contain all of the information that is important to you. You should carefully read this entire proxy statement/prospectus, the attached Annexes, and the other documents to which this proxy statement/prospectus refers for a more complete understanding of the Merger. The Merger Agreement attached hereto as Annex A, not this summary, is the legal document which governs the Merger.*

#### **General**

The CABF board of directors is using this proxy statement/prospectus to solicit proxies from the holders of CABF common stock for use at the CABF special meeting, at which CABF shareholders will be asked to vote on the approval of the Merger Agreement and thereby approve the Merger. When the Merger is consummated, CABF will merge with and into Parent and will cease to exist. At the effective time of the Merger, holders of CABF common stock will exchange each share of CABF common stock for (i) \$3.80 in cash, which we refer to as the cash consideration, and (ii) 0.1378 shares of Parent common stock, which we refer to as the stock consideration. See Description of the Merger Agreement—Consideration to be received in the Merger for a detailed description of the merger consideration. Following the completion of the Merger, Carolina Alliance Bank will merge with and into Park National. After the consummation of the Bank Merger, Park National will continue as the surviving bank and remain a wholly-owned subsidiary of Parent.

Only whole shares of Parent common stock will be issued in the Merger. As a result, any fractional shares of Parent common stock that CABF holders would otherwise be entitled to receive will be exchanged for a cash payment equal to the product of (i) the average closing price of Parent common stock as reported on the NYSE American over the twenty (20) consecutive trading day period ending on the business day immediately prior to the closing date of the Merger and (ii) the fraction of a share of Parent common stock that such holder would otherwise be entitled to receive.

Neither (i) excluded shares, nor (ii) shares of CABF common stock held by CABF shareholders who elect to exercise their dissenters' rights will be converted into merger consideration.

#### **The companies**

##### *Parent*

Parent, an Ohio corporation, is a financial holding company subject to regulation under the Bank Holding Company Act of 1956, as amended (the Bank Holding Company Act). Parent was initially incorporated under Delaware law in 1986 and began operations as a bank holding company in 1987. In 1992, Parent changed its state of incorporation to Ohio.

Headquartered in Newark, Ohio, Parent had \$7.8 billion in total assets as of September 30, 2018. Parent organization principally consists of 11 community bank divisions, a non-bank subsidiary and two specialty finance companies. Parent's banking operations are conducted through its subsidiary, The Park National Bank, and its divisions, which include Park National Bank Division, Fairfield National Bank Division, Richland Bank Division, Century National Bank Division, First-Knox National Bank Division, United Bank, N.A. Division, Second National Bank Division, Security National Bank Division, Unity National Bank Division, The Park National Bank of Southwest Ohio & Northern Kentucky Division and NewDominion Bank Division; and Scope Leasing, Inc. (d.b.a. Scope Aircraft Finance). The Parent organization also includes Guardian Financial Services Company (d.b.a. Guardian Finance Company) and SE Property Holdings, LLC.



Parent's principal executive offices are located at 50 North Third Street, Newark, Ohio 43055. Its telephone number is (740) 349-8451 and its website is [www.parknationalcorp.com](http://www.parknationalcorp.com). Parent's common shares, each without par value, are listed on NYSE American, under the symbol PRK.

Financial and other information relating to Parent, including information relating to Parent's current directors and executive officers, is set forth in Parent's Annual Report on Form 10-K for the year ended December 31, 2017, Quarterly Reports on Form 10-Q filed during 2018 and Current Reports on Form 8-K filed during 2018

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(other than information in such documents that are deemed not to have been filed), which are incorporated by reference to this proxy statement/prospectus. Copies of these documents may be obtained from Parent as indicated under *Where You Can Find More Information* on page 76. See *Incorporation of Certain Information by Reference* on page 77.

Park National, a national banking association, is a wholly-owned subsidiary of Parent. Park National has its main office in Newark, Ohio and financial service offices in Ashland, Athens, Butler, Champaign, Clark, Clermont, Coshocton, Crawford, Darke, Fairfield, Franklin, Greene, Guernsey, Hamilton, Hocking, Holmes, Knox, Licking, Madison, Marion, Mercer, Miami, Morrow, Muskingum, Perry, Richland, Tuscarawas, Warren and Wayne Counties in Ohio and in Jefferson County, Kentucky and Iredell and Mecklenburg Counties in North Carolina. Park National engages in the commercial banking and trust business, generally in small and medium population Ohio communities in addition to operations within the metropolitan areas of Columbus and Cincinnati, Ohio, Louisville, Kentucky and Charlotte, North Carolina. Park National operates 112 financial service offices, including 109 branches, through its 11 banking divisions. Park National has a network of 136 automated teller machines, as well as telephone and internet-based banking through both personal computers and mobile devices.

### *CABF*

CABF is a bank holding company registered under the Bank Holding Company Act and formed in 2017 to serve as the holding company for Carolina Alliance Bank.

Carolina Alliance Bank is a state-chartered commercial banking institution incorporated under the laws of the State of South Carolina in 2007. Carolina Alliance Bank conducts a general banking business in the upstate region of South Carolina and western region of North Carolina. Carolina Alliance Bank presently has seven banking offices located in Spartanburg, Greenville, Powdersville, Easley and Anderson, South Carolina and Asheville and Hendersonville, North Carolina, as well as a loan and lease production office in Charlotte, North Carolina. Carolina Alliance Bank provides full-service banking services to individuals and businesses, including accepting demand and time deposits, providing consumer and commercial loans, and offering commercial lease financing.

CABF's principal executive offices are located at 200 South Church Street, Spartanburg, South Carolina 29306. Its telephone number is (864) 208-2265, and its website is [www.carolinaalliancebank.com](http://www.carolinaalliancebank.com). CABF common stock is quoted on the OTCQX under the symbol CABF.

### **CABF's proposals**

At the CABF special meeting, holders of shares of CABF common stock will be asked to vote on the approval of the Merger Agreement and thereby approve the Merger. **The Merger will not be completed unless CABF's shareholders approve the Merger Agreement and thereby approve the Merger.**

### **Background of the Merger**

As part of its consideration and assessment of CABF's long-term alternatives, prospects and strategies, the CABF board of directors periodically discussed and reviewed strategic opportunities to maximize value for its shareholders. These opportunities have included, among other alternatives, continuing as an independent institution, growing internally, establishing loan production offices, or affiliating with another institution. CABF had been periodically approached by larger banks and by investment groups looking to enter or expand in and around the upstate region of South Carolina and Western North Carolina. Until the post-November 2016 increase in valuation for community bank stock, CABF had determined to build value through making its own acquisitions, but began to reexamine this strategy after its acquisition of Pinnacle Bank of South Carolina in 2017.

In recent years, Parent's management and board of directors have discussed a strategy of continuing to pursue organic growth and selected possible in-market mergers, while also considering mergers in certain specifically-identified markets, including the Carolinas, offering the possibility of greater growth than many of Park National's more rural markets. On January 23, 2018, Parent and Park National entered into an Agreement and Plan of Merger and Reorganization with NewDominion Bank, a North Carolina state-chartered bank (NewDominion), which provided for the merger of NewDominion with and into Park National (the NewDominion Merger). The NewDominion Merger closed on July 1, 2018.

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In April 2016, based on Parent's indication of interest in engaging with financial institutions in the Carolinas, a representative of FIG Partners, LLC ( FIG ), a nationally known and experienced investment banking firm, accompanied Dan DeLawder, Chairman of Parent's board of directors, Brady Burt, Parent's Chief Financial Officer, and Bryan Campolo, Parent's Vice President, Commercial Lending during a visit to CABF's offices in Spartanburg, South Carolina for an introductory meeting with CABF's then-current Chief Executive Officer, John Poole, and Chief Financial Officer, Lamar Simpson. At this meeting the parties discussed their respective institutions and their respective history, culture and operating models. Parent expressed its interest in certain high growth markets, including the Carolinas, and interest in possible loan participations with CABF. FIG had represented CABF in its two previous mergers and from time to time over the years had provided investment banking advice and strategic planning assistance to CABF.

On September 16, 2016, Mr. DeLawder and Parent's Chief Executive Officer, David Trautman, met with both Mr. Poole and CABF's then-current President, John Kimberly, again in Spartanburg, South Carolina. The purpose of this meeting was to introduce Mr. Trautman to Mr. Poole and Mr. Kimberly. The group engaged in a general discussion regarding the respective culture and strategy of their institutions.

On May 23, 2017, Mr. DeLawder, Mr. Campolo and Parent's Executive Vice President, Matthew Miller, met with Mr. Poole and Mr. Simpson in Spartanburg, South Carolina. Similar to previous meetings, the purpose of the meeting was to continue to learn more about each of the respective institutions and to further the relationship between Parent and CABF.

In August 2017, Mr. Campolo met with Mr. Kimberly and Jeffrey Covington, CABF's Chief Credit Officer in Asheville, North Carolina. The group discussed CABF's lending culture and credit practices, as well as Park National's credit culture and standards. Additionally, the parties discussed potential participation opportunities that might exist.

Following the integration of Pinnacle Bank of South Carolina after its acquisition by CABF in 2017, the CABF board of directors held an extensive strategic planning discussion on December 11, 2017 facilitated by a representative of FIG. During the discussion, the CABF board of directors considered its strategic options related to organic growth, bank acquisition and/or merger of equals opportunities, and partnership opportunities that might exist with larger banks. With an understanding that size and scale may provide increased long-term shareholder value, the CABF board of directors determined that growing internally or merely establishing loan production offices would likely not achieve the scale, and therefore the shareholder value, that was desired. However, a potential merger or strategic combination with a similar-sized or larger institution would likely achieve economies of scale to absorb increased regulatory compliance costs and additional operating costs and provide CABF with a better currency in the form of its common stock for future acquisitions. The CABF board of directors discussed approximately a dozen potential merger or strategic combination partners, each of which had been part of a universe of financial institutions identified by FIG as potential candidates for a strategic transaction. Some of these institutions were immediately eliminated due to illiquid currencies or heightened execution risk due to those institutions' current involvement with other transactions. During the meeting, the CABF board of directors requested that the Strategic Planning Committee work with management and FIG to determine likely partnership scenarios with one or more of these institutions.

During December of 2017, a member of management of another potential strategic merger partner, which we refer to as Institution B, reached out to Mr. Poole to explore any interest CABF may have in considering such a partnership. Mr. Poole agreed to set up a meeting that would include Messrs. Kimberly and Simpson.

In early January of 2018, Messrs. Kimberly, and Simpson met with two senior representatives of a third potential strategic merger partner. This was an introductory meeting designed to explore interest in a business combination and did not result in an indication of interest from the potential strategic merger partner.

On January 3, 2018, Messrs. Trautman and Campolo met with Messrs. Kimberly and Simpson in Spartanburg, South Carolina. The group continued to discuss the respective organizational cultures and joint opportunities such as loan participations.

On January 15, 2018, Messrs. Poole, Kimberly, and Simpson met with a representative of Institution B in Spartanburg, South Carolina. This was an introductory meeting designed to familiarize the parties with the operations and cultures of the respective companies and to explore interest in a business combination.

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Following the January 23, 2018 announcement of the transaction between NewDominion and Parent, Mr. Kimberly contacted Mr. Trautman to discuss the NewDominion transaction and to understand the level of interest that Parent may have in the region of the Carolinas served by CABF and, more specifically, CABF. Mr. Kimberly and Mr. Trautman were in contact periodically from late January 2018 through February 2018 discussing a possible strategic transaction between their respective institutions.

On January 29, 2018, a joint meeting of the CABF Executive Committee and Strategic Planning Committee was held in Spartanburg, South Carolina. Management provided the committees an update on strategic conversations that had transpired to date and next steps needed in order to advance those discussions.

On February 7, 2018, Messrs. Kimberly and Simpson, along with Terry Cash, Chairman of the CABF board of directors, met with a representative of management of Institution B in Spartanburg, South Carolina. The purpose of the meeting was to learn more about Institution B's vision for a potential partnership.

On March 8, 2018, Parent and CABF entered into a Mutual Non-Disclosure Agreement for the purpose of exchanging confidential information that would allow both Parent and CABF to further explore a possible business relationship. An online dataroom was established to facilitate the exchange of confidential information between the two parties. Additionally, members of management of both Parent and CABF were available to each other to provide for further due diligence.

On April 2, 2018, Mr. Kimberly met in person with a member of management from Institution B. The purpose of the meeting was to express an interest in working to shape a potential partnership. Mr. Kimberly indicated that access to an online dataroom would be established for Institution B and that members of the CABF management team would be available to address due diligence questions. Similarly, CABF was to have access to like information from Institution B. The parties agreed to execute a Mutual Non-Disclosure Agreement, which agreement was executed promptly thereafter.

Additional meetings to address due diligence and organizational questions occurred between members of CABF management and Institution B management on April 6, April 30, May 9, and June 7, 2018.

On April 11, 2018, Mr. Trautman met with Mr. Kimberly and Mr. Simpson in Spartanburg, South Carolina. At this meeting, Mr. Kimberly informed Mr. Trautman that CABF was evaluating several strategic options, including whether to engage in a strategic transaction or whether to continue to operate independently. Mr. Kimberly presented Mr. Trautman with a preliminary indicative price of \$21.00 per share of CABF common stock.

On April 18, 2018, Mr. Trautman called Mr. Kimberly to express that the implied purchase price conveyed by Mr. Kimberly was not acceptable to Parent. The parties agreed to remain in contact.

On April 27, 2018, Mr. Trautman met with Mr. Kimberly in Asheville, North Carolina to further discuss a possible strategic transaction and the implied purchase price related thereto. Mr. Trautman conveyed that, upon further analysis, Parent was comfortable continuing conversations with CABF and suggested a meeting to discuss potential cost savings that might be realized through the strategic combination.

On May 18, 2018, Mr. Kimberly, Mr. Simpson, and a representative of FIG met with Mr. Miller, Mr. Burt and Mr. Campolo in Spartanburg, South Carolina to further discuss the specifics of a potential combination between Parent and CABF. In particular, the parties spent time discussing potential cost savings that might be realized through a strategic combination.

After the May 18<sup>th</sup> meeting, Parent management determined that it would be in the best interests of Parent to explore a possible strategic transaction with CABF, subject to further input and approval by Parent's board of directors.

On May 29, 2018, Parent's Risk Committee met to discuss a possible transaction with CABF. Parent's management presented to the Risk Committee financial modeling of a potential transaction and a general discussion of the merits of the transaction.

On May 31, 2018, Mr. Kimberly, Mr. Simpson, and a representative of FIG met with representatives of Institution B and representatives of its financial advisor in Spartanburg, South Carolina to further discuss the specifics of a potential combination between CABF and Institution B as well as conduct reciprocal due diligence

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review on each party. On June 8, 2018, Institution B presented a Letter of Intent for a proposed merger which contemplated an implied purchase price of \$18.00 per share of CABF common stock with merger consideration to be paid entirely in the form of Institution B's common stock and a fixed exchange ratio.

In early June, Parent began drafting a proposed Letter of Intent to be submitted to CABF. On June 8, 2018, Parent submitted to CABF the Letter of Intent for the proposed Merger. The Letter of Intent contemplated an implied purchase price of \$18.50 per share of CABF common stock, with 80% of the merger consideration to be paid in Parent common stock and 20% to be paid in cash. The Letter of Intent also provided that CABF shareholders would have the right, subject to proration and adjustment, to elect to receive either stock consideration, cash consideration or some combination thereof.

On June 11, 2018, Mr. Trautman met with Mr. Kimberly in Asheville, North Carolina to discuss the Letter of Intent. On June 12, 2018, the Executive Committee of CABF's board of directors met to review the Letter of Intent. After that meeting, Mr. Kimberly called Mr. Trautman to inform him that, contingent on slight modifications, including an increase in the purchase price to \$19.00 per share of CABF common stock, the Executive Committee was prepared to recommend that the full CABF board of directors approve the Letter of Intent. A revised Letter of Intent reflecting the requested changes was delivered by Mr. Trautman to Mr. Kimberly on June 15, 2018. The revised Letter of Intent also provided that Parent would be granted exclusivity with respect to the proposed transaction for a period of 75 days after execution of the Letter of Intent.

Likewise, on June 15, 2018, Institution B presented a revised Letter of Intent for a proposed merger which contemplated the same form of consideration and same fixed exchange ratio, yet, due to an increase in Institution B's stock price, the price was worth more than \$18.00 per share (but less than Parent's offer of \$19.00 per share). The revised Letter of Intent also increased other nonfinancial benefits.

CABF's full board of directors met on June 18, 2018 to review the Letters of Intent presented by Parent and Institution B. Upon review and discussion, the CABF board of directors approved the Letter of Intent presented by Parent, which was executed by CABF on June 19, 2018. A representative of FIG was present at the meeting to provide an analysis of each of the offers. At this same meeting, CABF formally retained FIG to serve as its financial advisor and also formally retained the law firm of Nelson Mullins Riley & Scarborough LLP (Nelson Mullins) to serve as legal counsel in connection with the proposed transaction. From July 2018 through September 2018, Parent performed due diligence on CABF and CABF performed reverse due diligence on Parent. The parties concurrently worked to finalize the drafting of a definitive merger agreement during this period. FIG continued to provide advice, analysis, and recommendations to CABF during the due diligence process and the drafting of the definitive merger agreement. Parent formally retained Sandler O'Neill & Partners, L.P. on June 29, 2018 to serve as Parent's financial advisor.

On July 22, 2018, Squire Patton Boggs (US) LLP, counsel to Parent, delivered the initial draft of the Merger Agreement to Parent's management for review. After review, Parent management delivered the draft of the Merger Agreement to CABF management on July 30, 2018. The initial draft of the Merger Agreement provided a mechanism whereby CABF shareholders could elect to receive stock consideration, cash consideration or a combination thereof. For the next two weeks, CABF management reviewed the initial draft with FIG and Nelson Mullins as they continued their reverse due diligence review of Parent.

On August 2, 2018 and August 3, 2018, CABF management, including Messrs. Kimberly, Covington, and Simpson, visited Parent's headquarters in Newark, Ohio to complete certain on-site reverse due diligence. The CABF management team also met with Parent's senior executives during this time.

On August 10, 2018, Nelson Mullins provided CABF's comments to the Merger Agreement to Parent's legal counsel. Throughout the month of August 2018 and early September 2018, the parties continued to negotiate the terms of the



Merger Agreement to resolve the remaining legal and business matters between them, which included confirmation of the implied merger consideration of \$19.00 per share of CABF common stock. During this time, the parties also agreed to modify the merger consideration mechanics to provide for a fixed amount of stock consideration and cash consideration in exchange for each share of CABF common stock.

During meetings in Charlotte, North Carolina that took place August 16 – 17, 2018, members of CABF management and the CABF board of directors met with representatives of Parent's management, including Mr. Trautman, Mr. DeLawder, and Mr. Miller, to review the findings of certain due diligence items and to introduce members of the CABF board of directors to Parent's team.

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On August 20, 2018 at a special meeting of the CABF board of directors, management, along with representatives of FIG and Nelson Mullins, provided an initial review of the Merger Agreement and reverse due diligence findings regarding Parent.

On August 29, 2018, Mr. Trautman met with Mr. Kimberly to discuss various cultural and operational matters. On August 30<sup>th</sup>, Mr. Trautman, Mr. DeLawder and Mr. Miller met with senior management and three members of the CABF board of directors to further discuss the cultural fit of Parent and CABF as well as certain other operational items related to the possible strategic transaction. Following such meeting, Parent's senior management reaffirmed their desire to continue to explore and work toward a strategic transaction with CABF.

On September 5, 2018, the Risk Committee of Parent held a special meeting at which, management and Squire Patton Boggs (US) LLP were present. The committee members and management, along with Squire Patton Boggs (US) LLP, discussed various due diligence matters. Squire Patton Boggs (US) LLP also presented a summary of the material terms of the Merger Agreement. Written copies of such presentations were provided to the committee members for their review in advance of this meeting.

With the input, and under the direction, of the respective management teams, Squire Patton Boggs (US) LLP, as legal counsel to Parent, and Nelson Mullins Riley & Scarborough LLP, as legal counsel to CABF, continued to negotiate and refine the Merger Agreement throughout early September 2018. On September 10, 2018, the parties agreed in principle to the final form of the Merger Agreement.

On September 11, 2018, the CABF board of directors held a special meeting to discuss the draft Merger Agreement and related issues. Also present in addition to the directors were representatives of FIG and Nelson Mullins. Nelson Mullins representatives discussed the purpose of the meeting and the legal standards and responsibilities of the directors with regard to matters before them, including the directors' fiduciary duties under South Carolina law and the directors' duties of care, loyalty and good faith. Nelson Mullins representatives reviewed the Merger Agreement and related ancillary documents with the CABF board of directors and responded to questions, and engaged in discussion, regarding various transaction terms, including the circumstances under which the CABF board of directors would have the right to entertain superior third-party offers prior to the closing of the merger, the termination fee that would be payable by CABF if the Merger Agreement were terminated under certain circumstances, and the affirmative and negative covenants that would be applicable to CABF and Carolina Alliance Bank prior to the closing of the merger. A FIG representative reviewed with the CABF board of directors the background of the process which had been undertaken to that point, and presented a financial analysis of Parent and of the proposed merger consideration. FIG delivered to the CABF board of directors its oral opinion, which was subsequently confirmed in writing, that, based on and subject to the assumptions, limitations, qualifications and conditions set forth in its written opinion, as of September 11, 2018, the merger consideration to be received in the merger by CABF shareholders was fair, from a financial point of view, to such holders. Nelson Mullins representatives then requested and received confirmation from the directors that each of the directors present had reviewed the draft Merger Agreement, resolutions and other ancillary material provided to the directors prior to the special meeting, and addressed additional questions. The Nelson Mullins representatives also reiterated that pursuant to the Merger Agreement, the directors would need to sign shareholder support agreements, which would require them to vote their shares in favor of the merger. Thereafter, the board received and considered resolutions concerning the transaction. The members of the CABF board of directors unanimously approved the Merger Agreement and transactions set forth therein and authorized Mr. Kimberly to execute and deliver the Merger Agreement and take the other actions necessary to effect the transaction.

On September 12, 2018, the boards of directors of Parent and Park National held a joint board meeting at which Squire Patton Boggs (US) LLP made a detailed presentation regarding the directors' fiduciary duties under Ohio law, including the directors' duties of care, loyalty and good faith. Management and Squire Patton Boggs (US) LLP also provided the boards of directors with a presentation summarizing the material terms of the Merger Agreement.

Detailed written materials, including due diligence memoranda and an updated draft of the Merger Agreement and the Squire Patton Boggs (US) LLP presentation summarizing the Merger Agreement, were provided to the Parent and Park National boards for their review in advance of the September 12, 2018 board meeting. Based upon review and discussion of the Merger Agreement by the boards of directors of Parent and Park National, the Parent board and the Park National board unanimously approved the Merger Agreement.

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The Merger Agreement was entered into by the appropriate officers of Parent and CABF after the closing of the financial markets on September 12, 2018. Parent and CABF issued a joint press release on September 13, 2018 announcing the execution of the Merger Agreement.

### **CABF's reasons for the Merger; recommendation of CABF's board of directors**

**After extensive review and discussion and careful consideration, CABF's board of directors, at a meeting held on September 11, 2018, unanimously determined that the Merger Agreement is in the best interests of CABF and its shareholders. Accordingly, CABF's board of directors adopted and approved the Merger Agreement and unanimously recommends that CABF shareholders vote FOR the approval of the Merger proposal and FOR the approval of the adjournment proposal.**

In reaching its decision to adopt and approve the Merger Agreement and to recommend that its shareholders approve the Merger Agreement, the CABF board of directors consulted with CABF management, as well as its financial and legal advisors, and considered a number of factors, including, without limitation, the following material factors:

- the business strategy and strategic plan of CABF, its prospects for the future, projected financial results and expectations relating to the proposed Merger;
- the prospect of CABF's shareholders becoming shareholders of a company with a much larger shareholder base resulting in a much more liquid common stock listed on the NYSE American;
- the board of directors' knowledge of and deliberation with respect to CABF's business, operations, financial condition, earnings and prospects, and of Parent's business, operations, financial condition, earnings and prospects, taking into account the results of CABF's due diligence review of Parent and information provided by FIG;
- a review of the prospects, challenges and risks of CABF remaining independent versus merging with Parent given the current and prospective environment in the financial services industry, including national and local economic conditions, competition and consolidation in the financial services industry and the regulatory and compliance environment;
- the ability of CABF's shareholders to benefit from potential appreciation of Parent common stock, and the expectation that the combined entity will have superior future earnings and prospects compared to CABF's earnings and prospects on an independent basis;
- the expected cash dividend payments to be received by CABF's shareholders, as shareholders of Parent following the Merger, due to the current quarterly cash dividend payment of \$0.96 per share paid by Parent (while considering that Parent has no obligation to pay dividends in any particular amounts or at any particular times);
- the advantages of being part of a larger entity, including the expectation of cost savings and operating efficiencies and the ability of a larger institution to compete in the banking environment and to leverage overhead costs, including the cost of financial technology, which the CABF board believes is likely to continue to increase in the future;
- the transaction multiples of the Merger consideration to CABF's tangible book value and earnings and the premium over the recent trading price of CABF's stock;
- the financial analyses presented by FIG to the board of directors of CABF with respect to the Merger and the opinion delivered to the board of directors by FIG on September 11, 2018 to the effect that, as of the date of FIG's opinion, the merger consideration set forth in the Merger Agreement was fair to the holders of CABF common stock from a financial point of view;
- the value of Parent common stock and information concerning the financial performance and condition, business operations, capital levels, asset quality, loan portfolio breakdown, and prospects of Parent and Park National, taking into account the results of CABF's due diligence investigation of Parent and Park National;
-

the familiarity of CABF's board of directors and management team with Park National and its business, operations, culture, customers, directors, executive officers and employees;

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- the compatibility of CABF's business, operations and culture with those of Park National;
- the possible effects of the proposed Merger on CABF's employees and customers; and
- the likelihood that the Merger will be completed on a timely basis, including the likelihood that the Merger will receive all necessary regulatory approvals in a timely manner.

The CABF board also considered the risks and potential negative factors outlined below, but concluded that the anticipated benefits of the Merger were likely to substantially outweigh these risks and factors. These risks included:

- the fact that certain of CABF's directors and officers have interests in the Merger that are in addition to their interests generally as CABF shareholders, which have the potential to influence such directors' and officers' views and actions in connection with the Merger;
- the challenges of integrating CABF's business, operations and employees with those of Parent;
- the risk that the benefits and cost savings sought in the Merger would not be fully realized;
- the risk that the Merger would not be consummated;
- the effect of the public announcement of the Merger on CABF's customer relationships, its ability to retain employees and the potential for disruption of CABF's ongoing business;
- the potential risk of diverting management attention and resources from the operation of CABF's business and towards the completion of the Merger;
- that while the Merger is pending, CABF will be subject to restrictions on how it conducts business that could delay or prevent CABF from pursuing business opportunities or preclude it from taking actions that would be advisable if it was to remain independent; and
- the termination fee payable, under certain circumstances, by CABF to Parent, including the risk that the termination fee might discourage third parties from offering to acquire CABF by increasing the cost of a third party acquisition.

The foregoing discussion of the information and factors considered by CABF's board of directors is not exhaustive, but includes the material factors that the board of directors considered and discussed in approving and recommending the Merger. In view of the wide variety of factors considered and discussed by CABF's board of directors in connection with its evaluation of the Merger and the complexity of these factors, the board of directors did not quantify, rank or assign any relative or specific weight to the foregoing factors. Rather, it considered all of the factors as a whole. The board of directors discussed the foregoing factors, including asking questions of CABF's management and legal and financial advisors, and reached general consensus that the Merger was in the best interests of CABF and its shareholders. In considering the foregoing factors, individual directors may have assigned different weights to different factors. The board of directors did not undertake to make any specific determination as to whether any factor, or particular aspect of any factor, supported or did not support its ultimate decision to approve the Merger Agreement and the Merger.

**The foregoing explanation of CABF's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled Special Notes Concerning Forward-Looking Statements.**

Certain directors and officers of CABF and executive officers of Carolina Alliance Bank have interests in the Merger different from or in addition to their interests as shareholders generally. You may wish to consider these interests in evaluating CABF's board of directors' recommendation that you vote in favor of the Merger. See The Merger—Interests of certain persons in the Merger. CABF directors and executive officers, along with certain executive officers of Carolina Alliance Bank, who own shares of CABF common stock have agreed to vote their shares in favor of the Merger at the special meeting.

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### **Parent's reasons for the Merger**

After extensive review and discussion and careful consideration, Parent's board of directors, at a meeting held on September 12, 2018, unanimously determined that the Merger Agreement is in the best interests of Parent and its shareholders. In deciding to approve the Merger and adopt the Merger Agreement, Parent's board of directors considered a number of factors, including:

- management's view that the acquisition of CABF by Parent provides continued growth opportunities in the attractive Carolinas market;
- a review of the demographic, economic and financial characteristics of the markets in which CABF operates, including existing and potential competition and history of the market areas with respect to financial institutions;
- Parent management's view of the people, culture, credit underwriting standards and overall conservative nature of CABF;
- Parent management's review of CABF's business, operations, earnings and financial condition, including its management, capital levels and asset quality;
- its review and discussions with Parent's management concerning the due diligence examination of CABF; efficiencies to come from integrating CABF's operations into Parent's existing operations, including the
- potential to leverage Parent's capital, liquidity and operational strengths, product set and capabilities to accelerate growth of CABF;
- the financial and other terms of the Merger Agreement, including merger consideration, tax treatment and deal protection and termination fee provisions, which it reviewed with its outside financial and legal advisors;
- the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating CABF's business, operations and workforce with those of Parent;
- the potential risk of diverting management attention and resources from the operation of Parent's business and towards the completion of the Merger and the integration of the two companies;
- the likelihood that the Merger will be approved by the relevant bank regulatory authorities without undue burden and in a timely manner; and
- the anticipated pro forma financial impact of the Merger on the combined company, including the expected impact on earnings, return on assets, return on equity, tangible book value dilution (and earn-back period) and regulatory capital levels.

The above discussion of the information and factors considered by Parent's board of directors is not intended to be exhaustive, but includes a description of the material factors considered by Parent's board. In view of the wide variety of factors considered by the Parent board of directors in connection with its evaluation of the Merger, the Parent board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered. In considering the factors described above, individual directors may have given differing weights to different factors. Parent's board of directors collectively made its determination with respect to the Merger based on the conclusion reached by its members, based on the factors that each of them considered appropriate, that the Merger is in the best interests of Parent's shareholders.

**The foregoing explanation of Parent's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "Special Notes Concerning Forward-Looking Statements."**

### **Opinion of CABF's financial advisor**

CABF retained FIG to act as an independent financial advisor to the CABF board of directors in connection with CABF's consideration of a possible business combination. FIG is a nationally recognized investment banking firm

whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, FIG is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.



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FIG acted as an independent financial advisor in connection with the proposed Merger and participated in certain of the negotiations leading to the execution of the Merger Agreement. At the September 11, 2018 meeting at which the CABF board of directors considered and discussed the terms of the Merger Agreement and the Merger, FIG delivered to the CABF board of directors its oral opinion, which was subsequently confirmed in writing, to the effect that, as of September 11, 2018, the merger consideration provided for in the Merger Agreement was fair to the holders of CABF common stock from a financial point of view. **The full text of FIG's opinion is attached as Annex C to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by FIG in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of CABF common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed Merger.**

**FIG's opinion speaks only as of the date of the opinion. The opinion was directed to the CABF board of directors in connection with its consideration of the Merger Agreement and the Merger and does not constitute a recommendation to any shareholder of CABF as to how any such shareholder should vote at any meeting of shareholders called to consider and vote upon the approval of the Merger Agreement and the Merger. FIG's opinion was directed only to the fairness, from a financial point of view, of the merger consideration to the holders of CABF common stock and does not address the underlying business decision of CABF to engage in the Merger, the form or structure of the Merger or any other transactions contemplated in the Merger Agreement, the relative merits of the Merger as compared to any other alternative transactions or business strategies that might exist for CABF or the effect of any other transaction in which CABF might engage.** FIG did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the Merger by any officer, director or employee of CABF or Parent, or any class of such persons, if any, relative to the compensation to be received in the Merger by any other shareholder, including the merger consideration to be received by the holders of CABF common stock. FIG's opinion was approved by FIG's fairness opinion committee.

FIG has acted as financial advisor to CABF in connection with the Merger and received a \$25,000 retainer fee upon execution of its engagement letter and a \$125,000 fee upon rendering its fairness opinion to the CABF board of directors. In addition to the fairness fee, upon the successful completion of the Merger, FIG will be paid a success fee equal to 1.0% of the value of the merger consideration, less the retainer and fairness fees. CABF has also agreed to indemnify FIG and its affiliates and their respective partners, directors, officers, employees and agents against certain expenses and liabilities, including liabilities under applicable federal or state law. FIG's opinion has been reviewed by FIG's compliance officer consistent with internal policy. Other than as set forth above, FIG has not had a material relationship with or received compensation from either Parent or CABF during the two years preceding the date of FIG's opinion.

**FIG's opinion is directed only to the fairness, from a financial point of view, of the merger consideration, and, as such, does not constitute a recommendation to any CABF shareholder as to how the shareholder should vote at the CABF shareholder meeting. The summary of the opinion of FIG set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion.**

The following is a summary of the analyses performed by FIG in connection with its fairness opinion. Certain analyses were confirmed in a presentation to the CABF board of directors by FIG. The summary set forth below does not purport to be a complete description of either the analyses performed by FIG in rendering its opinion or the presentation delivered by FIG to the CABF board of directors, but it does summarize all of the material analyses performed and presented by FIG.

The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances. In arriving at its opinion,

FIG did not attribute any particular weight to any analysis and factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. FIG may have given various analyses more or less weight than other analyses. Accordingly, FIG believes that its analyses and the following summary must be considered as a whole and that selecting portions of its analyses, without considering all factors, could create an incomplete view of the process underlying the analyses set forth in its report to the CABF board of directors and its fairness opinion.

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In performing its analyses, FIG made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of CABF or Parent. The analyses performed by FIG are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. Such analyses were prepared solely as part of FIG's analysis of the fairness of the merger consideration, from a financial point of view, to CABF shareholders. The analyses do not purport to be an appraisal or to reflect the prices at which a company might actually be sold or the prices at which any securities may trade at the present time or at any time in the future. FIG's opinion does not address the relative merits of the Merger as compared to any other business combination in which CABF might engage. In addition, as described above, FIG's opinion to the CABF board of directors was one of many factors taken into consideration by the CABF board of directors in making its determination to approve the Merger Agreement.

During the course of its engagement, and as a basis for arriving at its opinion, FIG reviewed and analyzed numerous materials bearing upon the financial and operating conditions of CABF and Parent and materials and agreements prepared in connection with the Merger. As part of its review and analysis, FIG, among other things,

- reviewed the final draft of the Merger Agreement;
- reviewed certain historical publicly-available business and financial information concerning CABF and Parent including, among other things, quarterly and annual reports filed with the SEC, the Federal Reserve and the FDIC;
- reviewed certain financial statements and other financial and operating data concerning CABF and Parent;
- reviewed recent trading activity and the market for CABF and Parent common stock;
- utilized publicly-available analyst consensus earnings estimates for Parent for the years ending December 31, 2018 and 2019;
- held discussions with members of the senior managements of CABF and Parent for the purpose of reviewing the future prospects of CABF and Parent, including discussions related to their respective businesses, earnings, assets, liabilities and the amount and timing of cost savings (the Synergies) expected to be achieved as a result of the Merger (but, such discussions did not include CABF or Parent management providing FIG with specific earnings projections);
- reviewed the terms of recent merger and acquisition transactions, to the extent publicly available, involving banks and bank holding companies that FIG considered and deemed relevant; and
- performed such other analyses and considered such other factors as FIG deemed relevant and appropriate.

FIG also took into account its assessment of general economic, market and financial conditions and experience in other transactions as well as its knowledge of the banking industry and general experience in securities valuation.

In rendering its opinion, FIG assumed and relied on, without independent verification, the accuracy and completeness of the financial and other information and representations contained in the materials provided to it by CABF and Parent and conveyed in the discussions with CABF and Parent. In that regard, FIG assumed that senior managements discussions of the future prospects of CABF and Parent expected to be achieved as a result of the Merger, including, without limitation, the Synergies, were based upon the best currently-available information and judgments and estimates of CABF and Parent. FIG is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto and it assumed that such allowances for CABF and Parent were in the aggregate adequate to cover such losses. FIG was not retained to and did not conduct a physical inspection of any of the properties or facilities of CABF and Parent. In addition, FIG has not reviewed individual credit files nor has it made an independent evaluation or appraisal of the assets and liabilities of CABF and Parent or any of their respective subsidiaries and it was not furnished with any such evaluations or appraisals.

TABLE OF CONTENTS**Pro forma financial impact**

FIG compared the estimated future earnings per share ( EPS ) and tangible book value per share ( TBV ) for CABF as a standalone entity to the future pro forma EPS and TBV resulting from the Merger. As a baseline, FIG estimated future EPS and TBV for CABF derived from projections developed by FIG. FIG also developed estimates of EPS and TBV for the combined company using assumptions regarding the anticipated cost savings resulting from the Merger, estimated purchase accounting adjustments, estimated merger-related expenses, and publicly-available consensus EPS estimates for Parent. Then FIG compared the pro forma EPS and TBV for the combined company with the EPS and TBV for CABF as a standalone entity. This analysis indicated that the Merger should be accretive to CABF 's estimated EPS in 2019 through 2022. The analysis also suggested that the TBV dilution resulting from the Merger should be recovered prior to the year-ending December 31, 2022 through higher EPS. However, the actual results achieved by the combined company following the Merger may vary from the projected results, and the variations may be material.

**Contribution analysis**

FIG analyzed the relative contribution of CABF and Parent to the pro forma balance sheet and income of the combined entity, assuming 80% of the merger consideration consists of Parent common stock. This analysis excluded purchase accounting adjustments. To perform this analysis, FIG used historical balance sheet and net income data for both companies as of June 30, 2018. The results of FIG 's analysis are set forth in the following table, which also compares the results of the analysis with the implied pro forma ownership percentages of CABF and Parent respective shareholders in the combined company:

	<b>Parent</b>	<b>CABF</b>
Pro Forma Shares Outstanding <sup>(1)</sup>	94.0 %	6.0 %
Total Assets	91.4 %	8.6 %
Total Loans	90.8 %	9.2 %
Total Deposits	91.3 %	8.7 %
Equity	91.0 %	9.0 %
Tangible Common Equity <sup>(2)</sup>	90.3 %	9.7 %
Net Income (trailing four quarters)	95.6 %	4.4 %

(1) Includes restricted stock units that vest prior to closing

(2) Common equity less goodwill and other intangible assets

FIG noted that the ownership interest of CABF 's shareholders in the combined company was generally in line with CABF 's contribution to the balance sheet and income of the combined company.

**Comparable transaction analysis**

As part of its analysis, FIG reviewed two groups of comparable merger transactions, Comparable Transactions—National and Comparable Transactions—Southeast.

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The Comparable Transactions—National peer group included selected transactions, which have been announced since January 1, 2018, that involved target banks nationally with total assets between \$500 million and \$1 billion. All consideration types were included. The group was also limited to transactions where pricing was disclosed. This group consisted of the following 14 transactions:

<b>Date Announced</b>	<b>Acquiror</b>	<b>Acquiror State</b>	<b>Target</b>	<b>Target State</b>
07/25/18	Banner Corporation	WA	Skagit Bancorp Inc.	WA
07/12/18	ConnectOne Bancorp, Inc.	NJ	Greater Hudson Bank	NY
06/11/18	Seacoast Banking Corporation of Florida	FL	First Green Bancorp Inc.	FL
05/22/18	German American Bancorp Inc.	IN	First Security Inc.	KY
05/10/18	Stifel Financial Corporation	MO	Business Bancshares Inc.	MO
04/25/18	First Interstate BancSystem	MT	Northwest Bancorp.	WA
04/24/18	National Commerce Corporation	AL	Landmark Bancshares Inc.	GA
04/18/18	BancorpSouth Bank	MS	Icon Capital Corporation	TX
04/18/18	QCR Holdings Inc.	IL	Springfield Bancshares Inc.	MO
04/09/18	Triumph Bancorp Inc.	TX	First Bancorp of Durango Inc.	IL
03/14/18	HarborOne Bancorp Inc (MHC)	MA	Coastway Bancorp, Inc.	RI
03/12/18	Civista Bancshares Inc.	OH	United Community Bancorp	IN
02/12/18	Mechanics Bank	CA	Learner Financial Corporation	CA
01/16/18	Mid Penn Bancorp Inc.	PA	First Priority Financial Corporation	PA

FIG calculated the median multiples for the following transaction ratios in the Comparable Transactions—National: the percentage of the offer value to the acquired company's tangible common equity, capital adjusted tangible common equity, last twelve months ( LTM ) earnings, total assets, and the tangible book value premium to core deposits. FIG used these median multiples to estimate the value of CABF's common stock by applying each median multiple to CABF's tangible common equity, capital adjusted tangible common equity, net income for the twelve months ended June 30, 2018, total assets, and core deposits as of June 30, 2018, respectively. The results of this analysis are as follows:

*Dollars in thousands, except per share amounts*

<b>Valuation Metric</b>	<b>CABF Value (\$000s)</b>	<b>Comparable Transactions—National</b>		
		<b>Median Multiple</b>	<b>Aggregate Value (\$000s)</b>	<b>Value Per Share</b>
Tangible common equity	\$ 73,916	181.0 %	\$ 133,766	\$ 18.46
Capital-adjusted tangible common equity	\$ 65,319	195.8 %	\$ 136,504	\$ 18.84
LTM Earnings	\$ 4,857	30.2 x	\$ 146,633	\$ 20.24
Total assets	\$ 730,731	18.4 %	\$ 134,637	\$ 18.58
Core deposits <sup>(1)</sup>	\$ 513,168	13.4 %	\$ 142,732	\$ 19.70

Ranges of Values:	Minimum	\$ 133,766	\$ 18.46
	Maximum	\$ 146,633	\$ 20.24

(1) Excludes certificates of deposits greater than \$100,000

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The Comparable Transactions—Southeast peer group included selected transactions, which have been announced since January 1, 2017, that involved target banks in the Southeast with total assets between \$400 million and \$1.1 billion. For the purposes of the analysis, the Southeast includes AL, AR, FL, GA, LA, MS, NC, SC, and TN. All consideration types were included. The group was also limited to transactions where pricing was disclosed. This group consisted of the following 13 transactions:

<b>Date Announced</b>	<b>Acquiror</b>	<b>Acquiror State</b>	<b>Target</b>	<b>Target State</b>
07/24/18	First Bancshares Inc.	MS	FMB Banking Corporation	FL
06/11/18	CapStar Financial Holdings Inc.	TN	Athens Bancshares Corporation	TN
06/11/18	Seacoast Banking Corporation of Florida	FL	First Green Bancorp Inc.	FL
04/25/18	Private Investor – Gaylon Lawrence Jr.	—	Volunteer State Bancshares Inc.	TN
04/24/18	National Commerce Corporation	AL	Landmark Bancshares Inc.	GA
11/27/17	FCB Financial Holdings Inc.	FL	Floridian Community Holdings Inc.	FL
11/17/17	Ameris Bancorp	GA	Atlantic Coast Financial Corporation	FL
08/16/17	National Commerce Corporation	AL	FirstAtlantic Financial Holdings Inc	FL
08/14/17	CenterState Bank Corporation	FL	Sunshine Bancorp Inc	FL
06/27/17	United Community Banks Inc.	GA	Four Oaks Fincorp Inc.	NC
06/12/17	Carolina Financial Corporation	SC	First South Bancorp Inc.	NC
05/22/17	SmartFinancial Inc.	TN	Capstone Bancshares Inc.	AL
05/01/17	First Bancorp	NC	ASB Bancorp Inc	NC

FIG calculated the median multiples for the following transaction ratios in the Comparable Transactions—Southeast: the percentage of the offer value to the acquired company's tangible common equity, capital adjusted tangible common equity, LTM earnings, total assets, and the tangible book value premium to core deposits. FIG used these median multiples to estimate the value of CABF's common stock by applying each median multiple to CABF's tangible common equity, capital adjusted tangible common equity, net income for the twelve months ended June 30, 2018, total assets, and core deposits as of June 30, 2018, respectively. The results of this analysis are as follows:

*Dollars in thousands, except per share amounts*

<b>Valuation Metric</b>	<b>CABF Value (\$000s)</b>	<b>Comparable Transactions—Southeast</b>			
		<b>Median Multiple</b>	<b>Aggregate Value (\$000s)</b>	<b>Value Per Share</b>	
Tangible common equity	\$ 73,916	185.3 %	\$ 136,981	\$ 18.91	
Capital-adjusted tangible common equity	\$ 65,319	200.4 %	\$ 139,490	\$ 19.25	
LTM Earnings	\$ 4,857	25.1 x	\$ 121,911	\$ 16.83	
Total assets	\$ 730,731	18.5 %	\$ 135,039	\$ 18.64	
Core deposits <sup>(1)</sup>	\$ 513,168	12.9 %	\$ 140,115	\$ 19.34	

Ranges of Values:	Minimum	\$ 121,911	\$ 16.83
	Maximum	\$ 140,115	\$ 19.34

(1) Excludes certificates of deposits greater than \$100,000

The Comparable Transactions—National analysis suggested a range of value of \$18.46 to \$20.24 per share of CABF common stock, with a midpoint of \$19.35. The Comparable Transactions—Southeast analysis suggested a range of value of \$16.83 to \$19.34 per share of CABF common stock, with a midpoint of \$18.08.



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FIG noted that the implied value of the merger consideration of \$19.00 per share (based on 80% stock consideration, a .1378 exchange ratio and Parent's twenty-day average closing stock price of \$110.34 as of September 7, 2018, and 20% cash consideration valued at \$3.80 per share) was at the upper end of the range of values suggested by the comparable transaction analysis.

**Franchise valuation**

FIG used a franchise value analysis to estimate the value of CABF's common stock based on the composition of its balance sheet at June 30, 2018. The franchise value analysis involves calculating the net asset value of the company and adding a core deposit premium to the net asset value to determine the overall value of the company. In order to calculate CABF's net asset value, FIG made certain adjustments to CABF's tangible common equity. The deposit premium was calculated by assigning a premium to each deposit account type based on the perceived value of each type of deposit to a potential acquirer.

*Dollars in thousands*

	<b>6/30/18 Balance</b>	<b>(%)</b>	<b>Premium (\$)</b>
Non-interest bearing deposits	\$ 119,788	14.0 %	\$ 16,770
NOW accounts	\$ 85,876	10.0 %	\$ 8,588
Savings and money market accounts	\$ 227,194	8.0 %	\$ 18,176
Certificates of deposit	\$ 166,889	6.0 %	\$ 10,013
<b>Total deposits</b>	<b>\$ 599,747</b>	<b>8.93 %</b>	<b>\$ 53,547</b>

FIG selected premiums of 6% for certificates of deposit, 8% for savings and money market accounts, 10% for NOW accounts, and 14% for noninterest-bearing deposits. The overall deposit premium for CABF was 8.93%, or \$53.5 million. FIG noted that deposit premiums paid in bank merger transactions vary. Accordingly, FIG selected a range of deposit premiums from 7% to 11%. The franchise value analysis suggested an overall range of value of \$16.00 to \$19.31 per share for CABF's common stock. The value suggested by an 8.93% deposit premium was \$17.59 per share. The following chart provides a summary of the franchise value analysis:

*Dollars in thousands, except per share amounts*

	<b>Amount</b>	<b>Per Share</b>
Tangible common equity	\$ 73,916	\$ 10.20
Add: deposit premium	\$ 53,547	\$ 7.39
<b>Indicated franchise value</b>	<b>\$ 127,463</b>	<b>\$ 17.59</b>
Minimum franchise value – (7% deposit premium)	\$ 115,898	\$ 16.00
Maximum franchise value – (11% deposit premium)	\$ 139,888	\$ 19.31

FIG noted that the merger consideration of \$19.00 per share was on the higher end of the range of values suggested by the franchise value analysis.

TABLE OF CONTENTS**Discounted cash flow analysis**

FIG estimated the value of CABF's common stock using a discounted cash flow analysis by calculating the present value of projected future cash dividends and the present value of the stock price at the end of a five-year period. The analysis was based on projections developed by FIG. In order to estimate the ending stock value, FIG considered a variety of terminal values based on multiples of tangible book value and multiples of earnings at the end of the five-year period. FIG applied price to tangible book value multiples ranging from 170% to 210% of CABF's estimated tangible book value in 2022 and price to earnings multiples ranging 24 to 28 times CABF's 2022 estimated earnings to derive two unique terminal values. The present values of these terminal values were then calculated based on a range of discount rates of 10% to 14%. The discount rates selected by FIG were intended to reflect different assumptions regarding the required rates of return for holders of CABF's common stock. The present value of the terminal values were then added to the present value of the dividend stream for 2018 through 2022 to derive a total value based on discounted cash flows. The two analyses and the underlying assumptions yielded a range of values for CABF's common stock as follows.

## Price / Tangible Book Value Terminal Multiples—Sensitivity Table

		1.70x	1.80x	1.90x	2.00x	2.10x
Discount Rate	10.0 %	\$ 15.87	\$ 16.80	\$ 17.74	\$ 18.67	\$ 19.60
	11.0 %	\$ 15.24	\$ 16.13	\$ 17.03	\$ 17.92	\$ 18.82
	12.0 %	\$ 14.63	\$ 15.49	<b>\$ 16.35</b>	\$ 17.22	\$ 18.08
	13.0 %	\$ 14.06	\$ 14.89	\$ 15.71	\$ 16.54	\$ 17.37
	14.0 %	\$ 13.51	\$ 14.31	\$ 15.10	\$ 15.90	\$ 16.69

## Price / Earnings Acquisition Multiples—Sensitivity Table

		24.0x	25.0x	26.0x	27.0x	28.0x
Discount Rate	10.0 %	\$ 15.76	\$ 16.41	\$ 17.07	\$ 17.73	\$ 18.38
	11.0 %	\$ 15.13	\$ 15.76	\$ 16.39	\$ 17.02	\$ 17.65
	12.0 %	\$ 14.53	\$ 15.14	<b>\$ 15.74</b>	\$ 16.35	\$ 16.95
	13.0 %	\$ 13.96	\$ 14.54	\$ 15.12	\$ 15.71	\$ 16.29
	14.0 %	\$ 13.42	\$ 13.98	\$ 14.54	\$ 15.09	\$ 15.65

FIG noted that the merger consideration of \$19.00 fell within the range of values for price/tangible book and above the range of values for price/earnings derived from the discounted cash flow analysis.

**Based upon the foregoing analyses and other investigations and assumptions set forth in its opinion, without giving specific weightings to any one factor or comparison, FIG determined that the merger consideration was fair, from a financial point of view, to the holders of CABF common stock.**

**Material U.S. federal income tax consequences of the Merger**

The following summary describes the material U.S. federal income tax consequences of the Merger to U.S. holders (as defined below) of CABF common stock. The summary is based upon the Code, applicable Treasury Regulations, judicial decisions and administrative rulings and practice, all as in effect as of the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not address any tax consequences of the Merger under state, local or foreign laws, or any federal laws other than those pertaining to income tax.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner that is: an individual citizen or resident of the United States; a corporation (or other entity taxable as a corporation for U.S. federal

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income tax purposes) created or organized under the laws of the United States or any of its political subdivisions; a trust that (1) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or an estate that is subject to U.S. federal income taxation on its income regardless of its source.

This discussion addresses only those U.S. holders of CABF common stock that hold their CABF common stock as a capital asset within the meaning of Section 1221 of the Code. It does not address all the U.S. federal income tax consequences that may be relevant to particular holders of CABF common stock in light of their individual circumstances or to holders of CABF common stock that are subject to special rules, such as:

- financial institutions;
- investors in pass-through entities;
- persons who are subject to alternative minimum tax;
- insurance companies;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting;
- persons that hold CABF common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- regulated investment companies;
- real estate investment trusts;
- persons whose functional currency is not the U.S. dollar;
- persons who are not citizens or residents of the United States; and
- holders who acquired their shares of CABF common stock through the exercise of an employee stock option or otherwise as compensation.

If a partnership (or other entity that is taxed as a partnership for federal income tax purposes) holds CABF common stock, the tax treatment of a partner in that partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and partners in partnerships should consult their own tax advisors about the tax consequences of the Merger to them.

### **CABF SHAREHOLDERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE MERGER IN THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL (INCLUDING THE ALTERNATIVE MINIMUM TAX), STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND OF CHANGES IN THOSE LAWS.**

*Tax Consequences of the Merger.* As a condition to the completion of the Merger, Squire Patton Boggs (US) LLP must have delivered an opinion to Parent and Nelson Mullins Riley & Scarborough LLP must have delivered an opinion to CABF, each dated the closing date of the Merger, to the effect that the Merger will be treated as a reorganization for U.S. federal income tax purposes within the meaning of Section 368(a) of the Code. The opinion will assume that the Merger will be completed according to the terms of the Merger Agreement and that the parties will report the transaction in a manner consistent with the opinion. The opinion will rely on the facts as stated in the Merger agreement, the Registration Statement on Form S-4 (of which this proxy statement/prospectus is a part) and certain other documents. In rendering the tax opinion, counsel will rely on representations of CABF and Parent, to be updated as of the effective time of the Merger (and will assume that any such representation that is qualified by belief, knowledge or materiality is true, correct and complete without such qualification). If any such assumption or representation is or becomes inaccurate, the U.S. federal income tax consequences of the Merger could be adversely affected. The opinion will be based on statutory, regulatory and judicial authority existing as of the date of the opinion, any of which may be changed at any time with retroactive effect.



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An opinion of counsel represents counsel's best legal judgment but is not binding on the United States Internal Revenue Service (the IRS) or on any court. Neither of CABF or Parent intends to request any ruling from the IRS as to the U.S. federal income tax consequences of the Merger. Consequently, no assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the tax consequences set forth below or any of the tax consequences described in the tax opinion.

Based on representations contained in representation letters of officers of CABF and Parent, all of which must continue to be true and accurate in all material respects as of the effective time of the Merger, and subject to the other matters set forth above, it is the opinion of Squire Patton (US) Boggs, LLP and Nelson Mullins Riley & Scarborough LLP that the Merger will qualify as a reorganization within the meaning of Section 368(a) of the Code, in which event each of CABF and Parent will be a party to such reorganization. Based upon the foregoing, the material U.S. federal income tax consequences of the Merger will be as described below:

- no gain or loss will be recognized by Parent or CABF as a result of the Merger;
- gain (but not loss) will be recognized by a U.S. holder of CABF common stock that receives shares of Parent common stock and cash in exchange for shares of CABF common stock pursuant to the Merger, and the amount of taxable gain will equal the lesser of (i) the amount by which the sum of the fair market value of the Parent common stock and cash received (other than cash received in lieu of a fractional share of Parent common stock) by the U.S. holder of CABF common stock exceeds such U.S. holder's tax basis in its CABF common stock and (ii) the amount of cash received by such U.S. holder of CABF common stock;
- the aggregate tax basis of the Parent common stock received by a U.S. holder of CABF common stock in the Merger (including fractional shares of Parent common stock deemed received as described below) will be the same as the aggregate tax basis of the CABF common stock for which it is exchanged, decreased by the amount of cash received in the Merger (other than cash received in lieu of a fractional share of Parent common stock), and increased by the amount of gain recognized on the exchange (other than with respect to cash received in lieu of a fractional share in Parent common stock) (regardless of whether such gain is classified as capital gain or as dividend income, as discussed below under —Potential Recharacterization of Gain as a Dividend); and
- the holding period of Parent common stock received in exchange for shares of CABF common stock (including fractional shares of Parent common stock deemed received as described below) will include the holding period of the CABF common stock for which it is exchanged.

If a U.S. holder of CABF common stock acquired different blocks of CABF common stock at different times or at different prices, any gain or loss will generally be determined separately with respect to each block of CABF common stock, and the cash and shares of Parent common stock received will be allocated pro rata to each such block of stock. A loss realized on the exchange of one block of shares cannot be used to offset a gain realized on the exchange of another block of shares, but a U.S. holder will be able to reduce its recognized capital gains by recognized capital losses in determining its income tax liability. Each U.S. holder should consult its own tax advisor with regard to identifying the bases or holding periods of the particular shares of Parent common stock received in the Merger.

*Taxation of Gain.* Except as described under —Potential Recharacterization of Gain as a Dividend below, gain that a U.S. holder of CABF common stock recognizes in connection with the Merger generally will constitute capital gain and will constitute long-term capital gain if such U.S. holder has held (or is treated as having held) its CABF common stock for more than one year as of the date of the Merger.

For a non-corporate U.S. holder of CABF common stock, the maximum U.S. federal income tax rate on long-term capital gains generally is 20%.

*Potential Recharacterization of Gain as a Dividend.* All or part of the gain that a particular U.S. holder of CABF common stock recognizes could be treated as having the effect of the distribution of a dividend to such U.S. holder

under the tests set forth in Section 302 of the Code. These tests are complex and dependent upon the specific factual circumstances particular to each U.S. holder and, in particular, the U.S. holder's level of direct or indirect ownership of Parent common stock. As such, it is not possible to provide an opinion as to the potential impact of these tests. If the results of these tests were to treat the receipt of cash as having the effect of the

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distribution of a dividend, then all or a portion of the recognized gain would be treated as ordinary dividend income, rather than capital gain. Consequently, each U.S. holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder.

*Cash Received Instead of a Fractional Share of Parent Common Stock.* A U.S. holder of CABF common stock that receives cash in lieu of a fractional share of Parent common stock will be treated as having received the fractional share pursuant to the Merger and then as having exchanged the fractional share for cash in a redemption by Parent. As a result, such U.S. holder of CABF common stock will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in the U.S. holder's fractional share interest as set forth above. The gain or loss recognized by the U.S. holders described in this paragraph will generally be capital gain or loss and will be long-term capital gain or loss if, as of the effective date of the Merger, the U.S. holder's holding period for the relevant shares is greater than one year. The deductibility of capital losses is subject to limitations.

*Medicare Tax on Unearned Income.* A U.S. holder that is an individual is subject to a 3.8% tax on the lesser of (i) his or her net investment income for the relevant taxable year or (ii) the excess of his or her modified gross income for the taxable year over a certain threshold (\$125,000, \$200,000 or \$250,000 depending on the individual's U.S. federal income tax filing status). A similar regime applies to estates and trusts. Net investment income generally would include any capital gain recognized in connection with the Merger (including any gain treated as dividend).

*Backup Withholding and Information Reporting.* Payments of cash to a U.S. holder of CABF common stock pursuant to the Merger may, under certain circumstances, be subject to information reporting and backup withholding unless the holder provides proof of an applicable exemption or, in the case of backup withholding, furnishes its taxpayer identification number and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a U.S. holder under the backup withholding rules are not additional tax and generally will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

A U.S. holder of CABF common stock that receives Parent common stock as a result of the Merger will be required to retain records pertaining to the Merger. Each U.S. holder of CABF common stock that is required to file a U.S. federal income tax return and that is a significant holder receiving Parent common stock in the Merger will be required to file a statement with such U.S. federal income tax return in accordance with Treasury Regulations Section 1.368-3 setting forth such holder's basis in the CABF common stock surrendered and the fair market value of the Parent common stock and cash received in the Merger. A significant holder is a holder of CABF common stock that, immediately before the Merger, owned at least 1% (by vote or value) of the outstanding stock of CABF or securities of CABF with a tax basis of \$1 million or more.

This discussion does not address tax consequences that may vary with, or are contingent upon, individual circumstances. Moreover, it does not address any non-income tax or any foreign, state or local tax consequences of the Merger. Tax matters are very complicated, and the tax consequences of the Merger to you will depend upon the facts of your particular situation. **Accordingly, we strongly urge you to consult with a tax advisor to determine the particular federal, state, local or foreign income or other tax consequences to you of the Merger.**

### **Regulatory approvals**

The Merger and Bank Merger cannot proceed without obtaining all requisite regulatory approvals. Parent and CABF have agreed to take all appropriate actions necessary to obtain the required approvals.

The Merger and certain of the transactions contemplated thereby, including the Bank Merger, are subject to prior approval, waiver, or consent of the Federal Reserve Board, the OCC and SCBFI. Parent submitted a waiver request to



the Federal Reserve Board and an application with the SCBFI on November 2, 2018 seeking the necessary approval. Park National also submitted an application with the OCC on November 2, 2018. As of the date of this proxy statement/prospectus, OCC approval has not been obtained. Approval of the Bank Merger by the OCC reflects only the OCC's view that the transaction does not contravene applicable competitive standards imposed by law and is consistent with regulatory policies relating to safety and soundness. OCC approval is not

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an OCC opinion that the Bank Merger is financially favorable to the shareholders or that the OCC has considered the adequacy of the terms of the Bank Merger. **OCC approval is not an endorsement of, or recommendation for, the Merger.** As a transaction subject to the Bank Merger Act, approval of the Bank Merger by the Federal Reserve Board is not required.

The Merger may not be consummated until 30 days, which may be shortened to 15 days by the OCC, after receipt of OCC approval, during which time the United States Department of Justice may challenge the Merger on antitrust grounds. The commencement of an antitrust action would stay the effectiveness of the OCC's approval, unless a court specifically orders otherwise.

### **Interests of certain persons in the Merger**

*General.* Some members of the board of directors and executive officers of CABF and Carolina Alliance Bank may have interests in the Merger that are different from, or are in addition to, the interests of CABF shareholders generally. These interests include, among others, proposed employee benefits for those who become employees of Parent or Park National after the Merger, the entry into employment agreements between Park National and certain of CABF's and Carolina Alliance Bank's executive officers, the appointment of certain CABF directors to the CABF divisional advisory board, exchange of merger consideration for the cancellation of outstanding CABF stock options, exchange of merger consideration for the cancellation of outstanding CABF common stock granted pursuant to a CABF restricted stock award and indemnification and insurance coverage for CABF's directors and officers, each as further described below.

The CABF board of directors was aware of these interests and considered them, among other matters, in approving the Merger Agreement and determining to recommend to CABF shareholders to vote for the approval of the Merger Agreement. As of November 13, 2018, CABF's directors and executive officers beneficially owned (inclusive of shares underlying exercisable stock options), in the aggregate, 822,635 shares of CABF's common stock, representing approximately 11.0% of CABF's outstanding shares of common stock. For more information, see the section entitled Security Ownership of Certain Beneficial Owners and Management of CABF.

*Employee Benefits.* As described under the caption Description of the Merger Agreement—Employee benefit matters, the Merger Agreement generally provides that each employee who, in Parent's sole discretion, continues employment with the surviving entity will be provided wages or salaries and employee benefits (excluding equity plans) that in the aggregate are substantially comparable to what he or she receives at CABF immediately prior to the closing date (but in no event greater than the base wages, salaries or employee benefits provided to Parent's similarly situated employees). Each employee of CABF who does not continue employment with the surviving entity will be provided with severance benefits under CABF's existing severance policies or pursuant to the terms of any applicable employment agreement with CABF or Carolina Alliance Bank in existence as of the date of the Merger Agreement, credited with his or her years of service with CABF.

*Creation of Advisory Board.* As described above under the caption Description of the Merger Agreement—Management of Parent and CABF after the Merger, at or promptly following the effective time of the Merger, a CABF divisional advisory board, which shall act as an advisory board to Park National, will be created and certain directors from the current board of directors of CABF, as agreed among Parent and CABF, will be appointed to serve thereon. Such advisory board members will be entitled to compensation that is commensurate with Park National's historic advisory board compensation practice.

*Cancellation of Stock Options in Exchange for Merger Consideration.* As described below under the caption Description of the Merger Agreement—Treatment of CABF Equity Awards—CABF Stock Options, at the effective time of the Merger, CABF stock options, whether vested or unvested, with an exercise price less than \$19.00 will be

canceled and converted into the right to receive the merger consideration for each net share underlying such stock options. Net share means, with respect to a CABF stock option, the quotient obtained by dividing (i) the product of (x) the excess, if any, of \$19.00 over the per share exercise price of such CABF stock option multiplied by (y) the number of shares of CABF common stock subject to such CABF stock option, by (ii) \$19.00. The Merger Agreement requires CABF enter into option cancellation agreements with certain of its stock option holders to ensure that, immediately prior to the effective time, each CABF stock option that is being converted into merger consideration will be canceled at the effective time and only entitle the holders to receive merger consideration.

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The table below describes the outstanding CABF stock options held by CABF's directors and executive officers as of November 13, 2018 and the estimated net proceeds to be received in the Merger in exchange for such stock options. As described below, all outstanding stock options have an exercise price below \$19.00 and will be exchanged for merger consideration pursuant to the terms of the Merger Agreement.

	<b>Shares Underlying CABF Stock Options</b>	<b>Per Share Exercise Price</b>	<b>Net Shares</b>	<b>Estimated Net Proceeds<sup>(1)</sup></b>
<b>Executive Officers:</b>				
None				
<b>Directors:</b>				
Terry L. Cash	9,096	\$ 7.83	5,347	\$ 101,602
T. Alexander Evins	9,096	7.83	5,347	101,602
Marsha H. Gibbs	9,096	7.83	5,347	101,602
George M. Groome	13,185	10.01	6,239	118,533
Samuel H. Maw, Jr.	9,096	7.83	5,347	101,602
Susan H. McClinton	9,096	7.83	5,347	101,602
D. Byrd Miller III	9,096	7.83	5,347	101,602
L. Terell Sovey	9,096	7.83	5,347	101,602

(1) Assumes implied merger consideration of \$19.00 per share of CABF common stock.

*Cancellation of Restricted Stock Awards in Exchange for Merger Consideration.* As described above under the caption "Description of the Merger Agreement—Treatment of CABF Equity Awards—CABF Restricted Stock Awards," immediately prior to the effective time of the Merger, each award in respect of a share of CABF common stock subject to vesting, repurchase or other lapse restriction granted under a CABF equity incentive plan that is unvested or contingent and outstanding immediately prior to the effective time (a "CABF Restricted Stock Award") shall fully vest and shall be canceled and converted automatically into the right to receive the merger consideration for the shares of CABF common stock underlying such CABF Restricted Stock Award. As of November 13, 2018 there are 19,200 outstanding, unvested CABF Restricted Stock Awards, none of which are held by CABF's directors and executive officers.

*New Employment Agreements.*

In connection with the Merger, Park National has entered into employment agreements (the "Employment Agreements") with certain of CABF's executive officers. The Employment Agreements, which will become effective upon closing of the Merger, were offered to and accepted by each of John Kimberly, President and Chief Executive Officer of CABF, Timothy Camp, Executive Vice President of Carolina Alliance Bank, and Jeff Covington, Executive Vice President of Carolina Alliance Bank. The Employment Agreements provide that, upon consummation of the Merger, the employment agreements or change in control agreements currently existing between each such executive officer and Carolina Alliance Bank will terminate and the executive will not be entitled to any benefits thereunder.

Pursuant to the new Employment Agreements, each executive officer will retain a role with the Carolina Alliance Bank division of Park National that is identical to the executive's current role with CABF. Unless otherwise terminated pursuant to their terms, the Employment Agreements have a term ending on the fourth anniversary of the effective date of the Merger. Each executive officer is entitled to: (i) a base salary, (ii) discretionary annual bonuses consistent with those received by Park National's similarly situated employees, (iii) a cash signing bonus and (iv) shares of

Parent's restricted stock granted pursuant to Parent's long-term incentive plan. The executives are also entitled to other standard benefits such as participation in Park National's fringe benefit plans and paid vacation time.

Under the Employment Agreements, in the event Park National terminates the executive's employment without Cause or executive resigns for Good Reason (as each such term is defined in the Employment Agreements), and such termination or resignation is not in connection with a change in control, executive will be entitled to (i) a lump sum severance payment equal to the executive's then-current base salary and (ii) 12 months of COBRA coverage. In the event Park National terminates the executive's employment without Cause or

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executive resigns for Good Reason, and such termination occurs within 24 months after a change in control, executive will be entitled to (i) a lump sum severance payment equal to one and a half times the sum of (a) the executive's then current base salary and (b) the average of the executive's last two annual discretionary bonuses, and (ii) 12 months of COBRA coverage. If Park National terminates the executive's employment for Cause or the executive resigns without Good Reason or if employment is terminated upon death or disability, executive will only be entitled to accrued obligations as of the date of termination or resignation.

Subject to certain terms and limitations, each Employment Agreement further provides that while employed and for a period of 18 months thereafter, the executive may not (i) solicit or hire employees or independent contractors of Parent or Park National or (ii) induce, or attempt to induce, any client or customer of Parent or Park National to cease or reduce the business conducted with Parent or Park National. Furthermore, subject to certain terms and limitations, each Employment Agreement provides that while employed and for a period of 12 months thereafter, the executive may not compete with Parent or Park National.

In connection with the Merger, Park National also entered into employment agreements with the following officers of Carolina Alliance Bank: Barry Mason, Executive Vice President and Commercial Market Leader; John A. York, Executive Vice President and Commercial Market Leader; and Dustin Green, Senior Vice President and Commercial Market Leader.

### *Existing CABF Employment and Change in Control Agreements.*

Messrs. Kimberly, Simpson, and Covington previously entered into employment agreements with Carolina Alliance Bank that provide that if the employment of any of these executives is terminated without cause or if such executive resigns for Good Reason (as such term is defined in each such employment agreement) within one year following a change in control, the executive will be entitled to certain change in control benefits. The discussion that follows summarizes the terms of these agreements.

*Employment Agreements with for Messrs. Kimberly, Simpson and Covington.* The employment agreements for Messrs. Kimberly and Simpson have three-year terms, and for Mr. Covington, a two-year term, each with automatic one-year extensions on the anniversary of the agreement. The agreements with Messrs. Kimberly, Simpson and Covington establish the terms and conditions of the employment relationship and the executives' initial base salary, and also grant miscellaneous fringe benefits such as an automobile allowance (for Messrs. Kimberly and Simpson), payment of club dues (for Messrs. Kimberly and Simpson), and reimbursement of reasonable business expenses. The executives' monthly base salaries until February 28, 2019 are \$19,601 for Mr. Kimberly, \$19,283 for Mr. Simpson, and \$16,455 for Mr. Covington.

The employment agreements provide for severance benefits after involuntary termination without cause, as well as benefits that become payable after a change in control. Severance benefits are not payable in the event of involuntary termination with cause. If the executive's employment terminates involuntarily but without cause, the executive would be entitled to an amount equal to executive's then-current monthly base salary for 24 months (for Messrs. Kimberly and Simpson) or 12 months (for Mr. Covington) and any unpaid bonus or incentive compensation for the most recently ended performance period. The employment agreements also restrict each executive's ability to compete with CABF or solicit its customers or employees during the term of employment and for 18 months (for Messrs. Kimberly and Simpson) or 12 months (for Mr. Covington) following the termination of the employment agreement.

Pursuant to the employment agreements, following a change in control, upon the termination of employment by CABF without cause and upon delivery of a notice of termination to the executive, or by the executive for Good Reason (as defined in the employment agreements) following delivery of a notice of termination and CABF's failure to remedy the condition within 30 days, CABF must pay the executive a single lump sum cash payment equal to the

executive's then current monthly base salary multiplied by 36 (for Messrs. Kimberly and Simpson) or 18 (for Mr. Covington), plus any bonus earned or accrued through the date of termination. Additionally, following the change in control, the executives may continue participation, in accordance with the terms of the applicable benefits plans, in CABF's group health plan pursuant to plan continuation rules under COBRA. In accordance with COBRA, assuming the executive is covered under CABF's group health plan as of the executive's date of termination, the executive will be entitled to elect COBRA continuation coverage for the legally required COBRA period. Lastly, any outstanding incentive awards granted to such executives under CABF's incentive plans shall lapse and become 100% vested and if applicable, immediately exercisable.

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The employment agreements provide that a change in control and good reason are defined by reference to Treasury Regulation § 1.409A-1(n)(2)(ii). The Merger will constitute a change in control under the existing CABF employment agreements.

As noted above, the new employment agreements entered into between Park National and each of Mr. Kimberly and Mr. Covington, which will become effective upon closing of the Merger, provide that, upon consummation of the Merger, the employment agreements described above that currently exist between each such executive officer and Carolina Alliance Bank will terminate and the executive will not be entitled to any benefits thereunder.

*Change in Control Agreement with Mr. Camp.* Pursuant to Mr. Camp's change in control agreement, following a change in control, upon his termination of employment by CABF without cause and upon delivery of a notice of termination to the executive, or by the executive for good reason (following delivery of a notice of termination and CABF's failure to remedy the condition within 30 days), CABF shall pay the executive a single lump sum cash payment equal to the executive's then current monthly base salary multiplied by 12, plus any bonus earned or accrued through the date of termination. Mr. Camp's monthly base salary until February 28, 2019 is \$16,873.

Following a change in control, good reason for Mr. Camp's voluntary termination will exist if adverse changes specified in his change in control agreement occur without his consent, such as a material reduction in pay, benefits or responsibilities or a material change in the geographic location (25-mile radius) at which he must perform services for CABF.

While the Merger will constitute a change in control under Mr. Camp's change in control agreement, the new employment agreement entered into between Park National and Mr. Camp, which will become effective upon closing of the Merger, provides that, upon consummation of the Merger, the change in control agreement described above will terminate and Mr. Camp will not be entitled to any benefits thereunder.

*Change in Control Payments.* Section 280G of the Code provides that severance payments that equal or exceed three times an individual's annual average base compensation over the prior five years are deemed to be excess parachute payments if they are contingent upon a change in control, such as the Merger. Individuals receiving excess parachute payments are subject to a 20% excise tax on the amount of the payment in excess of the base amount, and CABF would not be entitled to deduct such amount. Accordingly, the existing employment arrangements with Messrs. Kimberly, Simpson, Covington and Camp, and those outlined below for other CABF officers, provide that in the event the aggregate payments and benefits received by an executive would constitute an excess parachute payment, then such payments or benefits are to be reduced to the extent necessary to avoid treatment as an excess parachute payment.

Upon completion of the Merger and followed by a termination event, Mr. Simpson will be entitled to receive a lump sum payment of approximately \$694,206. As discussed above, pursuant to the Merger Agreement, each of Messrs. Kimberly, Covington and Camp have entered into the Employment Agreements with the surviving bank that supersede the terms of their existing employment agreements, including with respect to any right to receive cash change-in-control payments to which they could otherwise be entitled as a result of the Merger. If the new Employment Agreements were not enacted upon completion of the Merger and followed by a termination event, Messrs. Kimberly, Camp and Covington would have been entitled to receive lump sum payments of approximately \$705,641, \$202,486, and \$296,193 respectively.

In addition to the executive officers mentioned above, the following officers of CABF previously entered into employment agreements: Mr. David Barnett, Mr. Steve Brown, Mr. John Buice, Mr. David Weaver, and Mr. Larry Weiss. Upon the termination of each such officer's employment by CABF without cause following a change in control and upon delivery of a notice of termination to the officer, or by the officer for good reason within one year following



a change in control (following delivery of a notice of termination and CABF's failure to remedy the condition within 30 days), CABF must pay the officer a single lump sum cash payment equal to the officer's then current monthly base salary multiplied by 18 (for Messrs. Barnett, Brown, and Weiss) or 12 (for Messrs. Buice and Weaver), plus any bonus earned or accrued through the date of termination. Additionally, the officers may continue participation, in accordance with the terms of the applicable benefits plans, in CABF's group health plan pursuant to plan continuation rules under COBRA. In accordance with COBRA, assuming the

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officer is covered under the CABF's group health plan as of the officer's date of termination, the officer will be entitled to elect COBRA continuation coverage for the legally required COBRA period. Any outstanding incentive awards granted to such officers under CABF's incentive plans shall lapse and become 100% vested and if applicable, immediately exercisable.

If each such officer's employment were terminated immediately following completion of the Merger, CABF's officers (excluding CABF's named executive officers) will be entitled to payments and benefits pursuant to the terms of the employment agreements with an aggregate value of approximately \$1.2 million.

*Existing Supplemental Executive Retirement Plan (SERP).* Carolina Alliance Bank previously entered into supplemental executive retirement plan agreements with Messrs. Kimberly, Simpson, Covington and Camp. These agreements are summarized below.

The supplemental executive retirement plan agreements promise a specified annual retirement benefit to each executive when he attains the normal retirement age of 65, or a reduced annual benefit if the executive's employment terminates before age 65 for reasons other than death or disability. An executive forfeits his salary continuation agreement benefits if his employment terminates involuntarily for cause. Benefits for termination before age 65 are determined solely by the amount of the liability accrual balance maintained by Carolina Alliance Bank. Carolina Alliance Bank's liability accrual balance increases incrementally each month so that the final