DICCIANI NANCE K
Form 4
January 03, 2018

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DICCIANI NANCE K

(Last) (First) (Middle)

439 DRESHERTOWN ROAD

(Street)

FORT WASHINGTON, PA 19034

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HALLIBURTON CO [HAL]

3. Date of Earliest Transaction (Month/Day/Year)
12/31/2017

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								19,843	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Stock Equivalent Units	(1)	12/31/2017		A		50.83 (2)		(3)	(3)	Common Stock	50.83
2017 Restricted Stock Units	(5)							(6)	(6)	Common Stock	4,269
2016 Restricted Stock Units	(5)							(6)	(6)	Common Stock	4,274.298 (7)
2015 Restricted Stock Units	(5)							(6)	(6)	Common Stock	4,645.503 (7)
2014 Restricted Stock Units	(5)							(6)	(6)	Common Stock	2,756.042 (7)
2013 Restricted Stock Units	(5)							(6)	(6)	Common Stock	3,853.949 (7)
2012 Restricted Stock Units	(5)							(6)	(6)	Common Stock	5,703.455 (7)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DICCIANI NANCE K 439 DRESHERTOWN ROAD FORT WASHINGTON, PA 19034	X			

Signatures

/s/ Bruce A. Metzinger, by Power of Attorney	01/03/2018
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The security converts to common stock on a one-for-one basis.

(2) Stock equivalents acquired under the Halliburton Company Directors' Deferred Compensation Plan reported on a pro rata basis to reflect Issuer's Plan quarter. Said Plan is an ongoing securities acquisition plan.

(3) The stock equivalent units were accrued under the Company's Directors' Deferred Compensation Plan and are settled in the Company's common stock following cessation as a director.

(4) The additional stock equivalents are attributable to quarterly dividends based on the closing price on December 28, 2017 of $48.57.

(5) Each restricted stock unit represents a right to receive one share of the Company's common stock.

(6) The restricted stock units vest in four equal annual installments beginning with the first anniversary of the award. Shares will be delivered to the reporting person either upon vesting, or if reporting person elected to defer receipt, following cessation as a director.

(7) Includes dividend equivalent units through dividend payment date December 31, 2017.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of March 6, 2017 as to the common stock of the Corporation owned of record or beneficially by any person who is known to the Corporation to be the beneficial owner of more than 5% of the common stock of the Corporation.

Name and Address of Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
McGuirk Investments LLC P.O. Box 222 Mt. Pleasant, MI 48804-0222	401,684	5.13 %

(1) Beneficial ownership is defined by rules of the SEC and includes shares that the person has or shares voting or investment power over and shares that the person has a right to acquire within 60 days from March 6, 2017.

The following table sets forth certain information as of March 6, 2017 as to our common stock owned beneficially by each director and director nominee, by each named executive officer, and by all directors, director nominees and executive officers as a group.

Name of Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Dennis P. Angner	28,073	0.35 %
Dr. Jeffrey J. Barnes	19,072	0.24 %

Richard J. Barz	33,098	0.41	%
Jae A. Evans	12,988	0.16	%
G. Charles Hubscher	184,429	2.31	%
Thomas L. Kleinhardt	77,138	0.97	%
Joseph LaFramboise	12,638	0.16	%
David J. Maness	32,927	0.41	%
W. Joseph Manifold	24,421	0.31	%
W. Michael McGuire	106,219	1.33	%
Sarah R. Opperman	8,120	0.10	%
Gregory V. Varner	8,824	0.11	%
David J. Reetz	10,181	0.13	%
Jerome E. Schwind	3,375	0.04	%
Peggy L. Wheeler	10,385	0.13	%
All Directors, nominees and Executive Officers as a Group (15) persons	571,888	7.17	%

(1) Beneficial ownership is defined by rules of the SEC and includes shares that the person has or shares voting or investment power over and shares that the person has a right to acquire within 60 days from March 6, 2017. Totals for directors include shares of stock credited under the Directors Plan as of March 6, 2017 as disclosed in the table on page 18. Totals for named executive officer Jerome E. Schwind include shares of stock credited under the Directors Plan as of March 6, 2017 as follows: Mr. Schwind 1,101 shares. Participants in the Directors Plan have a right to acquire shares credited to their accounts upon a distributable event. A description of the Directors Plan under which these shares of stock were issued is set forth above in "Director Compensation."

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Independent Registered Public Accounting Firm

The Audit Committee has appointed Rehmann Robson LLC as our independent auditors for the year ending December 31, 2017.

A representative of Rehmann Robson LLC is expected to be present at the Annual Meeting to respond to appropriate questions from shareholders and to make any comments Rehmann Robson LLC believes are appropriate.

Fees for Professional Services Provided by Rehmann Robson LLC

The following table shows the aggregate fees billed by Rehmann Robson LLC for the audit and other services provided for:

	2016	2015
Audit fees	$295,094	$286,388
Audit related fees	28,500	32,560
Tax fees	24,410	28,484
Total	$348,004	$347,432

The audit fees were for performing the integrated audit of our consolidated annual financial statements and the internal control attestation report related to the Federal Deposit Insurance Corporation Improvement Act, review of interim quarterly financial statements included in our Forms 10-Q, and services that are normally provided by Rehmann Robson LLC in connection with statutory and regulatory filings or engagements.

The audit related fees are typically for various discussions related to the adoption and interpretation of new accounting pronouncements. During 2016, this includes fees for procedures related to nonrecurring regulatory filings. Also included are fees for auditing of our employee benefit plans.

The tax fees were for the preparation of our state and federal tax returns and for consultation on various tax matters.

The Audit Committee has considered whether the services provided by Rehmann Robson LLC, other than the audit fees, are compatible with maintaining Rehmann Robson LLC's independence and believes that the other services provided are compatible.

Pre-Approval Policies and Procedures

All audit and non-audit services over $5,000 to be performed by Rehmann Robson LLC must be approved in advance by the Audit Committee if those fees are reasonably expected to exceed 5.0% of the current year agreed upon fee for independent audit services. As permitted by SEC rules, the Audit Committee has authorized its chairperson to pre-approve audit, audit-related, tax and non-audit services, provided that such approved service is reported to the full Audit Committee at its next meeting.

As early as practicable in each calendar year, the independent auditor provides to the Audit Committee a schedule of the audit and other services that the independent auditor expects to provide or may provide during the next twelve months. The schedule will be specific as to the nature of the proposed services, the proposed fees, timing, and other details that the Audit Committee may request. The Audit Committee will by resolution authorize or decline the proposed services. Upon approval, this schedule will serve as the budget for fees by specific activity or service for the next twelve months.

A schedule of additional services proposed to be provided by the independent auditor, or proposed revisions to services already approved, along with associated proposed fees, may be presented to the Audit Committee for their consideration and approval at any time. The schedule will be specific as to the nature of the proposed service, the proposed fee, and other details that the Audit Committee may request. The Audit Committee will by resolution authorize or decline authorization for each proposed new service.

Applicable SEC rules and regulations permit waiver of the pre-approval requirements for services other than audit, review or attest services if certain conditions are met. Out of the services characterized above as audit-related, tax and professional services, none were billed pursuant to these provisions in 2016 and 2015 without pre-approval.

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Shareholder Proposals

Any proposals which you intend to present at the next Annual Meeting must be received before November 20, 2017 to be considered for inclusion in our Proxy Statement and proxy for that meeting. Proposals should be made in accordance with Securities and Exchange Commission Rule 14a-8.

Directors' Attendance at the Annual Meeting of Shareholders

Our directors are encouraged to attend the Annual Meeting. At the 2016 Annual Meeting, all directors were in attendance.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and certain officers and persons who own more than 10% of our common stock, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. These officers, directors, and greater than 10% shareholders are required by SEC regulation to furnish us with copies of these reports.

To our knowledge, based solely on review of the copies of such reports furnished, during the year ended December 31, 2016 all Section 16(a) filing requirements were satisfied, with respect to the applicable officers, directors, and greater than 10% beneficial owners with the exception of the following: Director Opperman filed one late report for one reportable transaction and executive officer Schwind filed one late report for one reportable transaction.

Other Matters

We will bear the cost of soliciting proxies. In addition to solicitation by mail, officers and other employees may solicit proxies by telephone or in person, without compensation other than their regular compensation.

As to Other Business Which May Come Before the Meeting

We do not intend to bring any other business before the meeting for action. However, if any other business should be presented for action, it is the intention of the persons named in the enclosed form of proxy to vote in accordance with their judgment on such business.

By order of the Board of Directors

Debra Campbell, Secretary

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Forward Looking Statements

This report contains certain forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend 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 are included in this statement for purposes of these safe harbor provisions. Forward looking statements, which are based on certain assumptions and describe future plans, strategies and expectations, are generally identifiable by use of the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project similar expressions. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors which could have a material adverse effect on the operations and future prospects include, but are not limited to, changes in: interest rates, general economic conditions, monetary and fiscal policy, the quality or composition of the loan or investment portfolios, demand for loan products, fluctuation in the value of collateral securing our loan portfolio, deposit flows, competition, demand for financial services in our market area, and accounting principles, policies and guidelines. These risks and uncertainties should be considered in evaluating forward looking statements and undue reliance should not be placed on such statements. Further information concerning our business, including additional factors that could materially affect our consolidated financial results, is included in our filings with the SEC.

The acronyms and abbreviations identified below may be used throughout this report or in our other SEC filings. You may find it helpful to refer back to this page while reading this report.

AFS: Available-for-sale
ALLL: Allowance for loan and lease losses
AOCI: Accumulated other comprehensive income (loss)
ASC: FASB Accounting Standards Codification
ASU: FASB Accounting Standards Update
ATM: Automated Teller Machine
BHC Act: Bank Holding Company Act of 1956
CFPB: Consumer Financial Protection Bureau
CIK: Central Index Key
CRA: Community Reinvestment Act
DIF: Deposit Insurance Fund
DIFS: Department of Insurance and Financial Services
Directors Plan: Isabella Bank Corporation and Related Companies Deferred Compensation Plan for Directors
Dividend Reinvestment Plan: Isabella Bank Corporation Stockholder Dividend Reinvestment Plan and Employee Stock Purchase Plan
Dodd-Frank Act: Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
ESOP: Employee stock ownership plan
Exchange Act: Securities Exchange Act of 1934
FASB: Financial Accounting Standards Board
FDI Act: Federal Deposit Insurance Act
FDIC: Federal Deposit Insurance Corporation
GAAP: U.S. generally accepted accounting principles
GLB Act: Gramm-Leach-Bliley Act of 1999
IFRS: International Financial Reporting Standards
IRR: Interest rate risk
JOBS Act: Jumpstart our Business Startups Act
LIBOR: London Interbank Offered Rate
N/A: Not applicable
N/M: Not meaningful
NASDAQ: NASDAQ Stock Market Index
NASDAQ Banks: NASDAQ Bank Stock Index
NAV: Net asset value
NOW: Negotiable order of withdrawal
NSF: Non-sufficient funds
OCI: Other comprehensive income (loss)
OMSR: Originated mortgage servicing rights
OREO: Other real estate owned
OTTI: Other-than-temporary impairment
PBO: Projected benefit obligation
PCAOB: Public Company Accounting Oversight Board
Rabbi Trust: A trust established to fund the Directors Plan

FFIEC: Federal Financial Institutions Examinations Council

FRB: Federal Reserve Bank
FHLB: Federal Home Loan Bank

Freddie Mac: Federal Home Loan Mortgage Corporation

FTE: Fully taxable equivalent

SEC: U.S. Securities & Exchange Commission
SOX: Sarbanes-Oxley Act of 2002
TDR: Troubled debt restructuring
XBRL: eXtensible Business Reporting Language

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Common Stock and Dividend Information

Our authorized common stock consists of 15,000,000 shares, of which 7,821,069 shares are issued and outstanding as of December 31, 2016. As of that date, there were 3,082 shareholders of record.

Our common stock is traded in the over-the-counter market. Our common stock is quoted on the OTCQX market tier of the OTC Markets Group Inc.'s ("OTC Markets") electronic quotation system (www.otcmarkets.com) under the symbol "ISBA". Other trades in our common stock occur in privately negotiated transactions from time-to-time of which we may have little or no information.

We have reviewed the information available as to the range of reported high and low bid quotations, including high and low bid information as reported by OTC Markets. The following table sets forth our compilation of that information for the periods indicated. Price information obtained from OTC Markets reflects inter-dealer prices, without retail mark-up, mark-down, or commissions and may not necessarily represent actual transactions. The following compiled data is provided for information purposes only and should not be viewed as indicative of the actual or market value of our common stock.

	Number of Common Shares	Sale Price	
		Low	High
2016			
First Quarter	81,184	$27.25	$29.90
Second Quarter	47,680	27.63	28.25
Third Quarter	71,614	27.60	28.08
Fourth Quarter	53,496	27.60	28.35
	253,974		
2015			
First Quarter	81,754	$22.00	$23.50
Second Quarter	94,019	22.70	23.80
Third Quarter	143,183	22.75	23.85
Fourth Quarter	109,276	23.50	29.90
	428,232		

The following table sets forth the cash dividends paid for the following quarters:

	Per Share	
	2016	2015
First Quarter	$0.24	$0.23
Second Quarter	0.24	0.23
Third Quarter	0.25	0.24
Fourth Quarter	0.25	0.24
Total	$0.98	$0.94

We have adopted and publicly announced a common stock repurchase plan. The plan was last amended on December 21, 2016, to allow for the repurchase of an additional 200,000 shares of common stock after that date. These authorizations do not have expiration dates. As shares are repurchased under this plan, they are retired and revert back to the status of authorized, but unissued shares.

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The following table provides information for the unaudited three month period ended December 31, 2016, with respect to our common stock repurchase plan:

	Common Shares Repurchased		Total Number of Common Shares Purchased as Part of Publicly Announced Plan or Program	Maximum Number of Common Shares That May Yet Be Purchased Under the Plans or Programs
	Number	Average Price Per Common Share		
Balance, September 30				60,575
October 1 - 31	19,538	$ 27.79	19,538	41,037
November 1 - 30	19,821	27.80	19,821	21,216
December 1-21	11,659	28.13	11,659	9,557
Additional Authorization (200,000 shares)				209,557
December 22 - 31	9,600	28.02	9,600	199,957
Balance, December 31	60,618	$ 27.90	60,618	199,957

Information concerning securities authorized for issuance under equity compensation plans appears under Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Stock Performance

The following graph compares the cumulative total shareholder return on our common stock for the last five years with the cumulative total return on (1) NASDAQ, which is comprised of all United States common shares traded on the NASDAQ and (2) the NASDAQ Banks, which is comprised of bank and bank holding company common shares traded on the NASDAQ over the same period. The graph assumes the value of an investment in the Corporation's common stock and each index was $100 at December 31, 2011 and all dividends are reinvested.

Year	ISBA	NASDAQ	NASDAQ Banks
12/31/2011	$100.00	$ 100.00	$ 100.00
12/31/2012	95.00	117.70	118.55
12/31/2013	107.70	164.65	167.52
12/31/2014	105.60	188.87	175.58
12/31/2015	145.80	202.25	190.97
12/31/2016	140.60	220.13	262.04

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Results of Operations (Dollars in thousands except per share amounts)
The following table outlines the results of operations and provides certain key performance measures as of, and for the years ended, December 31:

	2016	2015	2014	2013	2012
INCOME STATEMENT DATA					
Interest income	$53,666	$51,502	$51,148	$50,418	$53,123
Interest expense	10,865	10,163	9,970	11,021	13,423
Net interest income	42,801	41,339	41,178	39,397	39,700
Provision for loan losses	(135)	(2,771)	(668)	1,111	2,300
Noninterest income	11,108	10,359	9,325	10,175	11,530
Noninterest expenses	37,897	36,051	35,103	33,755	34,361
Federal income tax expense	2,348	3,288	2,344	2,196	2,363
Net Income	$13,799	$15,130	$13,724	$12,510	$12,206
PER SHARE					
Basic earnings	$1.77	$1.95	$1.77	$1.63	$1.61
Diluted earnings	$1.73	$1.90	$1.74	$1.59	$1.56
Dividends	$0.98	$0.94	$0.89	$0.84	$0.80
Tangible book value*	$18.16	$17.30	$16.59	$15.62	$14.72
Quoted market value					
High	$29.90	$29.90	$24.00	$26.00	$24.98
Low	$27.25	$22.00	$21.73	$21.12	$21.75
Close*	$27.85	$29.90	$22.50	$23.85	$21.75
Common shares outstanding*	7,821,069	7,799,867	7,776,274	7,723,023	7,671,846
PERFORMANCE RATIOS					
Return on average total assets	0.82 %	0.95 %	0.90 %	0.86 %	0.88 %
Return on average shareholders' equity	7.12 %	8.33 %	8.06 %	7.67 %	7.60 %
Return on average tangible shareholders' equity	9.95 %	11.46 %	10.80 %	10.71 %	11.41 %
Net interest margin yield (FTE)	3.00 %	3.10 %	3.24 %	3.22 %	3.43 %
BALANCE SHEET DATA*					
Gross loans	$1,010,615	$850,492	$836,550	$810,777	$774,627
AFS securities	$558,096	$660,136	$567,534	$512,062	$504,010
Total assets	$1,732,151	$1,668,112	$1,549,543	$1,493,137	$1,430,639
Deposits	$1,195,040	$1,164,563	$1,074,484	$1,043,766	$1,017,667
Borrowed funds	$337,694	$309,732	$289,709	$279,326	$241,001
Shareholders' equity	$187,899	$183,971	$174,594	$160,609	$164,489
Gross loans to deposits	84.57 %	73.03 %	77.86 %	77.68 %	76.12 %
ASSETS UNDER MANAGEMENT*					
Loans sold with servicing retained	$272,882	$287,029	$288,639	$293,665	$303,425
Assets managed by our Investment and Trust Services Department	$427,693	$405,109	$383,878	$351,420	$319,301
Total assets under management	$2,432,726	$2,360,250	$2,222,060	$2,138,222	$2,053,365
ASSET QUALITY*					
Nonperforming loans to gross loans	0.17 %	0.09 %	0.50 %	0.42 %	1.00 %
Nonperforming assets to total assets	0.11 %	0.07 %	0.33 %	0.32 %	0.68 %
ALLL to gross loans	0.73 %	0.87 %	1.21 %	1.42 %	1.54 %
CAPITAL RATIOS*					
Shareholders' equity to assets	10.85 %	11.03 %	11.27 %	10.76 %	11.50 %
Tier 1 leverage	8.56 %	8.52 %	8.59 %	8.46 %	8.29 %

Common equity tier 1 capital	12.39 %	13.44 %	N/A	N/A	N/A
Tier 1 risk-based capital	12.39 %	13.44 %	14.08 %	13.68 %	13.24 %
Total risk-based capital	13.04 %	14.17 %	15.19 %	14.93 %	14.49 %

* At end of year

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The following table outlines our interim results of operations and key performance measures as of, and for the unaudited periods ended:

	Quarter to Date							
	December 31 2016	September 30 2016	June 30 2016	March 31 2016	December 31 2015	September 30 2015	June 30 2015	March 31 2015
Total interest income	$13,760	$ 13,607	$13,218	$13,081	$ 13,023	$ 12,967	$12,759	$12,753
Total interest expense	2,826	2,747	2,678	2,614	2,577	2,580	2,518	2,488
Net interest income	10,934	10,860	10,540	10,467	10,446	10,387	10,241	10,265
Provision for loan losses	(320)	17	12	156	(772)	(738)	(535)	(726)
Noninterest income	3,187	2,946	2,752	2,223	2,501	3,101	2,629	2,128
Noninterest expenses	10,166	9,433	9,218	9,080	9,885	9,161	8,330	8,675
Federal income tax expense	493	763	655	437	538	1,002	977	771
Net income	$3,782	$ 3,593	$3,407	$3,017	$ 3,296	$ 4,063	$4,098	$3,673
PER SHARE								
Basic earnings	$0.48	$ 0.46	$0.44	$0.39	$ 0.43	$ 0.52	$0.53	$0.47
Diluted earnings	0.47	0.45	0.43	0.38	0.41	0.51	0.52	0.46
Dividends	0.25	0.25	0.24	0.24	0.24	0.24	0.23	0.23
Quoted market value*	27.85	27.70	27.90	28.25	29.90	23.69	23.75	22.90
Tangible book value*	18.16	17.93	17.72	17.47	17.30	17.06	17.17	16.84

* At end of period

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Management's Discussion and Analysis of Financial Condition and Results of Operations
ISABELLA BANK CORPORATION FINANCIAL REVIEW
(Dollars in thousands except per share amounts)
The following is management's discussion and analysis of the financial condition and results of our operations. This discussion and analysis is intended to provide a better understanding of the consolidated financial statements and statistical data included elsewhere in this Annual Report on Form 10-K.
Executive Summary
We reported net income of $13,799 and earnings per common share of $1.77 for the year ended December 31, 2016. Our earnings have primarily been the result of increased interest income driven by outstanding loan growth during 2016. Our strong credit quality resulted in a decline in the level of the ALLL in both amount and as a percentage of gross loans, resulting in a reversal of provision for loan losses of $135 for the year ended December 31, 2016. Net loan recoveries during 2016 were $135 as compared to net loan recoveries of $71 in 2015.
During the year, total assets grew by 3.84% to $1,732,151, and assets under management increased to $2,432,726 which includes loans sold and serviced and assets managed by our Investment and Trust Services Department of $700,575. In 2016, we had total loan growth of $160,123 which was driven by commercial and agricultural loan growth of $137,864. Also contributing to this growth in 2016 were increases in both residential real estate and consumer loans of $22,259.
Our net yield on interest earning assets of 3.00% remains at historically low levels. While the FRB increased short term interest rates in December 2016 and projects increases in 2017, we do not anticipate significant improvements in our net yield on interest earning assets as the rates paid on interest bearing liabilities will likely increase faster than those of interest earning assets. Net interest income will increase only through continued strategic growth in loans, investments, and other income earning assets. We are committed to increasing earnings and shareholder value through growth in our loan portfolio, growth in our investment and trust services, and increasing our geographical presence while managing operating costs.
Recent Legislation
The Health Care and Education Act of 2010, the Patient Protection and Affordable Care Act, the Dodd-Frank Act, and the JOBS Act, have already had, and are expected to continue to have, a negative impact on our operating results. Of these four acts, the Dodd-Frank Act has had the most significant impact. The Dodd-Frank Act established the CFPB which has made significant changes in the regulation of financial institutions aimed at strengthening the oversight of the federal government over the operation of the financial services sector and increasing the protection of consumers. New regulations issued by the CFPB regarding consumer lending, including residential mortgage lending, have increased our compensation and outside advisor costs and this trend is expected to continue.
On July 2, 2013, the FRB published revised BASEL III Capital standards for banks. The rules redefine what is included or deducted from equity capital, changes risk weighting for certain on and off-balance sheet assets, increases the minimum required equity capital to be considered well capitalized, and introduces a capital cushion buffer. The rules, which will be gradually phased in between 2015 and 2019, are not expected to have a material impact on the Corporation but will require us to hold more capital than we have historically.
Reclassifications
Certain amounts reported in management's discussion and analysis of financial condition and results of operations for 2015 and 2014 have been reclassified to conform with the 2016 presentation.
Other
We have not received any notices of regulatory actions as of February 23, 2017.
CRITICAL ACCOUNTING POLICIES
Our significant accounting policies are set forth in "Note 1 – Nature of Operations and Summary of Significant Accounting Policies" of the "Notes to Consolidated Financial Statements" in Item 8. Financial Statements and Supplementary Data. Of these significant accounting policies, we consider our policies regarding the ALLL, acquisition intangibles and goodwill, and the determination of the fair value and assessment of OTTI of investment securities to be our most critical accounting policies.

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Explanation of Responses:

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The ALLL requires our most subjective and complex judgment. Changes in economic conditions can have a significant impact on the ALLL and, therefore, the provision for loan losses and results of operations. We have developed policies and procedures for assessing the appropriateness of the ALLL, recognizing that this process requires a number of assumptions and estimates with respect to our loan portfolio. Our assessments may be impacted in future periods by changes in economic conditions, and the discovery of information with respect to borrowers which is not known to us at the time of the issuance of the consolidated financial statements. For additional discussion concerning our ALLL and related matters, see the detailed discussion to follow under the caption "Allowance for Loan and Lease Losses" and "Note 5 – Loans and ALLL" of the "Notes to Consolidated Financial Statements" in Item 8. Financial Statements and Supplementary Data.

U.S. generally accepted accounting principles require that we determine the fair value of the assets and liabilities of an acquired entity, and record their fair value on the date of acquisition. We employ a variety of measures in the determination of the fair value, including the use of discounted cash flow analysis, market appraisals, and projected future revenue streams. For certain items that we believe we have the appropriate expertise to determine the fair value, we may choose to use our own calculations of the value. In other cases, where the value is not easily determined, we consult with outside parties to determine the fair value of the identified asset or liability. Once valuations have been adjusted, the net difference between the price paid for the acquired entity and the net value of assets acquired on our balance sheet, including identifiable intangibles, is recorded as goodwill. Acquisition intangibles and goodwill are qualitatively evaluated to determine if it is more likely than not that the carrying balance is impaired on at least an annual basis.

AFS securities are carried at fair value with changes in the fair value included as a component of other comprehensive income. Declines in the fair value of AFS securities below their cost that are other-than-temporary are reflected as realized losses in the consolidated statements of income. We evaluate AFS securities for indications of losses that are considered other-than-temporary, if any, on a regular basis. The market values for most AFS investment securities are typically obtained from outside sources and applied to individual securities within the portfolio. Municipal securities for which no readily determinable market values are available are priced using fair value curves which most closely match the security's credit ratings and maturities.

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Average Balances, Interest Rate, and Net Interest Income

The following schedules present the daily average amount outstanding for each major category of interest earning assets, non-earning assets, interest bearing liabilities, and noninterest bearing liabilities for the last three years. These schedules also present an analysis of interest income and interest expense for the periods indicated. All interest income is reported on a FTE basis using a 34% federal income tax rate. Loans in nonaccrual status, for the purpose of the following computations, are included in the average loan balances. FRB and FHLB restricted equity holdings are included in accrued income and other assets.

	Year Ended December 31								
	2016			2015			2014		
	Average Balance	Tax Equivalent Interest	Average Yield / Rate	Average Balance	Tax Equivalent Interest	Average Yield / Rate	Average Balance	Tax Equivalent Interest	Average Yield / Rate
INTEREST EARNING ASSETS									
Loans	$922,333	$ 38,537	4.18 %	$829,903	$ 35,853	4.32 %	$816,105	$ 36,629	4.49 %
Taxable investment securities	392,810	8,746	2.23 %	395,981	9,053	2.29 %	357,250	8,092	2.27 %
Nontaxable investment securities	205,450	9,351	4.55 %	205,242	9,870	4.81 %	194,751	9,877	5.07 %
Other	25,557	668	2.61 %	25,947	600	2.31 %	25,784	519	2.01 %