OLD NATIONAL BANCORP /IN/
Form 10-Q
August 01, 2017
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission File Number 1-15817

OLD NATIONAL BANCORP

(Exact name of Registrant as specified in its charter)

INDIANA	**35-1539838**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
One Main Street Evansville, Indiana	**47708**
(Address of principal executive offices)	**(Zip Code)**

(812) 464-1294

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to the filing requirements for at least the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (s232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes No

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

Indicate the number of shares outstanding of each of the issuer s classes of common stock. The registrant has one class of common stock (no par value) with 135,516,000 shares outstanding at June 30, 2017.

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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

As used in this report, references to Old National, we, our, us, and similar terms refer to the consolidated entity consisting of Old National Bancorp and its wholly-owned affiliates. Old National Bancorp refers solely to the parent holding company, and Old National Bank refers to Old National s bank subsidiary.

The acronyms and abbreviations identified below are used in the Notes to Consolidated Financial Statements (Unaudited) as well as in the Management s Discussion and Analysis of Financial Condition and Results of Operations. You may find it helpful to refer to this page as you read this report.

Anchor: Anchor BanCorp Wisconsin Inc.

AnchorBank: AnchorBank, fsb

AOCI: accumulated other comprehensive income (loss)

AQR: asset quality rating

ASC: Accounting Standards Codification

ASU: Accounting Standards Update

ATM: automated teller machine

CDO: collateralized debt obligation

Common Stock: Old National Bancorp common stock, $1 per share stated value

CReED: Indiana Community Revitalization Enhancement District Tax Credit

DTI: debt-to-income

EITF: Emerging Issues Task Force

FASB: Financial Accounting Standards Board

FDIC: Federal Deposit Insurance Corporation

FHLB: Federal Home Loan Bank

FHTC: Federal Historic Tax Credit

FICO: Fair Isaac Corporation

GAAP: generally accepted accounting principles

LGD: loss given default

LIBOR: London Interbank Offered Rate

LIHTC: Low Income Housing Tax Credit

LTV: loan-to-value

N/A: not applicable

N/M: not meaningful

NASDAQ: The NASDAQ Stock Market LLC

NOW: negotiable order of withdrawal

ONI: ONB Insurance Group, Inc.

OTTI: other-than-temporary impairment

PCI: purchased credit impaired

PD: probability of default

TBA: to be announced

TDR: troubled debt restructuring

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OLD NATIONAL BANCORP

CONSOLIDATED BALANCE SHEETS

(dollars and shares in thousands, except per share data)	June 30, 2017 (unaudited)	December 31, 2016	June 30, 2016 (unaudited)
Assets			
Cash and due from banks	**$ 230,809**	$ 209,381	$ 205,973
Money market and other interest-earning investments	**31,932**	46,138	61,947
Total cash and cash equivalents	**262,741**	255,519	267,920
Trading securities, at fair value	**5,235**	4,982	4,838
Investment securities - available-for-sale, at fair value:			
U.S. Treasury	**5,634**	7,103	12,269
U.S. government-sponsored entities and agencies	**580,624**	493,956	540,775
Mortgage-backed securities	**1,462,111**	1,525,019	1,336,605
States and political subdivisions	**431,874**	436,684	417,163
Other securities	**334,095**	334,412	342,089
Total investment securities - available-for-sale	**2,814,338**	2,797,174	2,648,901
Investment securities - held-to-maturity, at amortized cost (fair value $749,363; $784,172; and $939,855, respectively)	**695,139**	745,090	865,957
Federal Home Loan Bank/Federal Reserve Bank stock, at cost	**109,715**	101,716	90,742
Loans held for sale, at fair value	**27,425**	90,682	44,422
Loans:			
Commercial	**2,001,621**	1,917,099	1,893,700
Commercial real estate	**3,259,998**	3,130,853	2,943,525
Residential real estate	**2,099,374**	2,087,530	2,099,770
Consumer credit, net of unearned income	**1,871,047**	1,875,030	1,893,163
Total loans	**9,232,040**	9,010,512	8,830,158
Allowance for loan losses	**(50,986)**	(49,808)	(51,804)
Net loans	**9,181,054**	8,960,704	8,778,354
Premises and equipment, net	**413,933**	429,622	231,656
Accrued interest receivable	**79,830**	81,381	79,536
Goodwill	**655,018**	655,018	655,523
Other intangible assets	**31,876**	37,677	44,237
Company-owned life insurance	**354,875**	352,956	350,193
Net deferred tax assets	**146,780**	181,863	179,448
Loan servicing rights	**25,023**	25,561	25,756
Assets held for sale	**11,725**	5,970	4,867
Other real estate owned and repossessed personal property	**11,071**	18,546	24,254

Other assets	**131,503**	115,776	123,658
Total assets	**$ 14,957,281**	$ 14,860,237	$ 14,420,262
Liabilities			
Deposits:			
Noninterest-bearing demand	**$ 3,011,156**	$ 3,016,093	$ 2,883,917
Interest-bearing:			
NOW	**2,639,813**	2,596,595	2,456,963
Savings	**2,924,689**	2,954,709	2,616,365
Money market	**672,391**	707,748	1,015,336
Time	**1,435,665**	1,468,108	1,479,021
Total deposits	**10,683,714**	10,743,253	10,451,602
Federal funds purchased and interbank borrowings	**227,029**	213,003	263,536
Securities sold under agreements to repurchase	**298,094**	367,052	354,123
Federal Home Loan Bank advances	**1,515,628**	1,353,092	1,099,240
Other borrowings	**219,167**	218,939	218,656
Accrued expenses and other liabilities	**127,055**	150,481	221,988
Total liabilities	**13,070,687**	13,045,820	12,609,145
Shareholders Equity			
Preferred stock, 2,000 shares authorized, no shares issued or outstanding			
Common stock, $1.00 per share stated value, 300,000 shares authorized, 135,516; 135,159; and 135,005 shares issued and outstanding, respectively	**135,516**	135,159	135,005
Capital surplus	**1,352,411**	1,348,338	1,342,393
Retained earnings	**429,787**	390,292	357,336
Accumulated other comprehensive income (loss), net of tax	**(31,120)**	(59,372)	(23,617)
Total shareholders equity	**1,886,594**	1,814,417	1,811,117
Total liabilities and shareholders equity	**$ 14,957,281**	$ 14,860,237	$ 14,420,262

The accompanying notes to consolidated financial statements are an integral part of these statements.

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OLD NATIONAL BANCORP

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

(dollars and shares in thousands, except per share data)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Interest Income				
Loans including fees:				
Taxable	**$ 92,189**	$ 86,527	**$ 184,390**	$ 158,099
Nontaxable	**3,236**	2,991	**6,415**	5,995
Investment securities:				
Taxable	**15,501**	13,585	**31,186**	27,307
Nontaxable	**7,228**	7,119	**14,600**	14,101
Money market and other interest-earning investments	**55**	21	**86**	70
Total interest income	**118,209**	110,243	**236,677**	205,572
Interest Expense				
Deposits	**4,724**	4,254	**9,107**	7,747
Federal funds purchased and interbank borrowings	**422**	217	**778**	340
Securities sold under agreements to repurchase	**334**	391	**590**	764
Federal Home Loan Bank advances	**6,017**	3,610	**11,329**	7,027
Other borrowings	**2,379**	2,431	**4,739**	4,711
Total interest expense	**13,876**	10,903	**26,543**	20,589
Net interest income	**104,333**	99,340	**210,134**	184,983
Provision for loan losses	**1,355**	1,319	**1,702**	1,410
Net interest income after provision for loan losses	**102,978**	98,021	**208,432**	183,573
Noninterest Income				
Wealth management fees	**9,679**	9,355	**18,678**	17,476
Service charges on deposit accounts	**10,040**	10,437	**19,883**	20,076
Debit card and ATM fees	**4,436**	4,471	**8,672**	8,256
Mortgage banking revenue	**5,186**	5,203	**9,412**	8,123
Insurance premiums and commissions	**160**	7,122	**267**	20,243
Investment product fees	**5,004**	4,724	**9,993**	8,629
Capital markets income	**2,747**	794	**3,778**	1,413
Company-owned life insurance	**2,117**	2,080	**4,266**	4,118
Net securities gains (losses)	**3,075**	1,856	**4,575**	2,962
Recognition of deferred gain on sale leaseback transactions	**538**	1,038	**1,075**	2,090
Gain on sale of ONB Insurance Group, Inc.		41,864		41,864
Change in FDIC indemnification asset		888		233

Other income	**6,289**	3,553	**11,592**	7,353
Total noninterest income	**49,271**	93,385	**92,191**	142,836
Noninterest Expense				
Salaries and employee benefits	**57,606**	62,715	**114,170**	119,687
Occupancy	**10,539**	13,568	**22,673**	26,412
Equipment	**3,350**	3,316	**6,577**	6,209
Marketing	**3,673**	5,111	**6,723**	7,597
Data processing	**8,226**	8,676	**15,834**	15,799
Communication	**2,288**	2,535	**4,702**	4,399
Professional fees	**4,077**	5,181	**6,728**	8,549
Loan expense	**1,693**	2,123	**3,324**	3,456
Supplies	**594**	598	**1,173**	1,181
FDIC assessment	**2,130**	2,030	**4,617**	3,949
Other real estate owned expense	**1,009**	2,099	**2,124**	2,523
Amortization of intangibles	**2,781**	3,365	**5,801**	6,012
Other expense	**4,845**	10,155	**10,256**	14,054
Total noninterest expense	**102,811**	121,472	**204,702**	219,827
Income before income taxes	**49,438**	69,934	**95,921**	106,582
Income tax expense	**10,584**	30,812	**21,075**	40,483
Net income	**$ 38,854**	$ 39,122	**$ 74,846**	$ 66,099
Net income per common share basic	**$ 0.28**	$ 0.31	**$ 0.55**	$ 0.55
Net income per common share diluted	**0.28**	0.31	**0.55**	0.55
Weighted average number of common shares outstanding basic	**135,085**	127,508	**134,999**	120,753
Weighted average number of common shares outstanding diluted	**135,697**	127,973	**135,641**	121,273
Dividends per common share	**$ 0.13**	$ 0.13	**$ 0.26**	$ 0.26

The accompanying notes to consolidated financial statements are an integral part of these statements.

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OLD NATIONAL BANCORP

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(dollars in thousands)	**2017**	**2016**	**2017**	**2016**
Net income	**$ 38,854**	$ 39,122	**$ 74,846**	$ 66,099
Other comprehensive income (loss):				
Change in securities available-for-sale:				
Unrealized holding gains (losses) for the period	**30,627**	12,671	**46,407**	30,528
Reclassification adjustment for securities gains realized in income	**(3,075)**	(1,856)	**(4,575)**	(2,962)
Income tax effect	**(10,017)**	(3,809)	**(15,277)**	(9,977)
Unrealized gains (losses) on available-for-sale securities	**17,535**	7,006	**26,555**	17,589
Change in securities held-to-maturity:				
Amortization of fair value for securities held-to-maturity previously recognized into accumulated other comprehensive income	**453**	466	**902**	931
Income tax effect	**(155)**	(159)	**(309)**	(318)
Changes from securities held-to-maturity	**298**	307	**593**	613
Cash flow hedges:				
Net unrealized derivative gains (losses) on cash flow hedges	**(2,387)**	(4,483)	**(1,807)**	(15,613)
Reclassification adjustment for losses realized in net income	**1,734**	1,585	**3,533**	2,858
Income tax effect	**248**	1,101	**(656)**	4,847
Changes from cash flow hedges	**(405)**	(1,797)	**1,070**	(7,908)
Defined benefit pension plans:				
Amortization of net loss recognized in income	**27**	730	**54**	1,430
Income tax effect	**(10)**	(278)	**(20)**	(544)
Changes from defined benefit pension plans	**17**	452	**34**	886
Other comprehensive income (loss), net of tax	**17,445**	5,968	**28,252**	11,180
Comprehensive income	**$ 56,299**	$ 45,090	**$ 103,098**	$ 77,279

The accompanying notes to consolidated financial statements are an integral part of these statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS EQUITY (unaudited)

(dollars in thousands)	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders Equity
Balance at December 31, 2015	$ 114,297	$ 1,087,911	$ 323,759	$ (34,797)	$ 1,491,170
Net income			66,099		66,099
Other comprehensive income				11,180	11,180
Acquisition Anchor BanCorp Wisconsin Inc.	20,415	253,150			273,565
Dividends common stock ($0.26 per share)			(32,391)		(32,391)
Common stock issued	17	185			202
Common stock repurchased	(120)	(1,426)			(1,546)
Stock-based compensation expense		3,391			3,391
Stock activity under incentive compensation plans	396	(818)	(131)		(553)
Balance at June 30, 2016	$ 135,005	$ 1,342,393	$ 357,336	$ (23,617)	$ 1,811,117
Balance at December 31, 2016	**$ 135,159**	**$ 1,348,338**	**$ 390,292**	**$ (59,372)**	**$ 1,814,417**
Net income			**74,846**		**74,846**
Other comprehensive income				**28,252**	**28,252**
Dividends common stock ($0.26 per share)			**(35,219)**		**(35,219)**
Common stock issued	**11**	**177**			**188**
Common stock repurchased	**(104)**	**(1,748)**			**(1,852)**
Stock-based compensation expense		**3,184**			**3,184**
Stock activity under incentive compensation plans	**450**	**2,460**	**(132)**		**2,778**
Balance at June 30, 2017	**$ 135,516**	**$ 1,352,411**	**$ 429,787**	**$ (31,120)**	**$ 1,886,594**

The accompanying notes to consolidated financial statements are an integral part of these statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(dollars in thousands)	Six Months Ended June 30, 2017	2016
Cash Flows From Operating Activities		
Net income	**$ 74,846**	$ 66,099
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	**10,406**	7,462
Amortization of other intangible assets	**5,801**	6,012
Net premium amortization on investment securities	**7,529**	9,198
Amortization of FDIC indemnification asset		(458)
Stock-based compensation expense	**3,184**	3,391
Excess tax (benefit) expense on stock-based compensation	**160**	
Provision for loan losses	**1,702**	1,410
Net securities (gains) losses	**(4,575)**	(2,962)
Recognition of deferred gain on sale leaseback transactions	**(1,075)**	(2,090)
Gain on sale of ONB Insurance Group, Inc.		(41,864)
Net gains on sales of loans and other assets	**(5,398)**	(2,689)
Increase in cash surrender value of company-owned life insurance	**(4,266)**	(4,118)
Residential real estate loans originated for sale	**(179,025)**	(238,184)
Proceeds from sale of residential real estate loans	**246,549**	219,854
(Increase) decrease in interest receivable	**1,551**	(3,130)
(Increase) decrease in other real estate owned	**7,475**	6,487
(Increase) decrease in other assets	**3,707**	22,266
Increase (decrease) in accrued expenses and other liabilities	**(20,504)**	6,345
Total adjustments	**73,221**	(13,070)
Net cash flows provided by (used in) operating activities	**148,067**	53,029
Cash Flows From Investing Activities		
Cash portion of bank purchase price, net of cash acquired		(62,532)
Proceeds from sale of ONB Insurance Group, Inc.		91,771
Purchases of investment securities available-for-sale	**(414,742)**	(799,597)
Purchases of Federal Home Loan Bank/Federal Reserve Bank stock	**(8,008)**	
Proceeds from maturities, prepayments, and calls of investment securities available-for-sale	**252,486**	721,414
Proceeds from sales of investment securities available-for-sale	**186,277**	107,451
Proceeds from maturities, prepayments, and calls of investment securities held-to-maturity	**48,204**	2,842
Proceeds from redemption of Federal Home Loan Bank/Federal Reserve Bank stock	**9**	
Proceeds from sales of trading securities	**127**	

Reimbursements under FDIC loss share agreements		10,000
Net principal collected from (loans made to) loan customers	**(222,052)**	(246,987)
Proceeds from settlements on company-owned life insurance	**2,347**	2,497
Proceeds from sale of premises and equipment and other assets	**10,120**	5,707
Purchases of premises and equipment and other assets	**(9,461)**	(12,317)
Net cash flows provided by (used in) investing activities	**(154,693)**	(179,751)
Cash Flows From Financing Activities		
Net increase (decrease) in:		
Deposits	**(59,539)**	198,029
Federal funds purchased and interbank borrowings	**14,026**	(27,555)
Securities sold under agreements to repurchase	**(68,958)**	(36,417)
Payments for maturities of Federal Home Loan Bank advances	**(892,298)**	(575,554)
Payments for maturities of other borrowings	**(97)**	(34)
Proceeds from Federal Home Loan Bank advances	**1,055,000**	650,000
Cash dividends paid on common stock	**(35,219)**	(32,391)
Common stock repurchased	**(1,852)**	(1,546)
Proceeds from exercise of stock options	**2,597**	90
Common stock issued	**188**	202
Net cash flows provided by (used in) financing activities	**13,848**	174,824
Net increase (decrease) in cash and cash equivalents	**7,222**	48,102
Cash and cash equivalents at beginning of period	**255,519**	219,818
Cash and cash equivalents at end of period	**$ 262,741**	$ 267,920
Supplemental cash flow information:		
Total interest paid	**$ 26,534**	$ 19,824
Total taxes paid (net of refunds)	**$ 3,000**	$ 8,800

The accompanying notes to consolidated financial statements are an integral part of these statements.

OLD NATIONAL BANCORP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include the accounts of Old National Bancorp and its wholly-owned affiliates (hereinafter collectively referred to as Old National) and have been prepared in conformity with accounting principles generally accepted in the United States of America and prevailing practices within the banking industry. Such principles require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, the consolidated financial statements contain all the normal and recurring adjustments necessary for a fair statement of the financial position of Old National as of June 30, 2017 and 2016, and December 31, 2016, and the results of its operations for the three and six months ended June 30, 2017 and 2016. Interim results do not necessarily represent annual results. These financial statements should be read in conjunction with Old National s Annual Report for the year ended December 31, 2016.

All significant intercompany transactions and balances have been eliminated. Certain prior year amounts have been reclassified to conform to the 2017 presentation. Such reclassifications had no effect on net income or shareholders equity and were insignificant amounts.

NOTE 2 RECENT ACCOUNTING PRONOUNCEMENTS

FASB ASC 606 In May 2014, the FASB issued an update (ASU No. 2014-09, *Revenue from Contracts with Customers*) creating FASB Topic 606, *Revenue from Contracts with Customers*. The guidance in this update affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance provides steps to follow to achieve the core principle. An entity should disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. We are finalizing our in-depth assessment and have identified the revenue line items within the scope of this new guidance. We do not expect the new standard, or any of the amendments detailed below, to result in a material change from our current accounting for revenue because the majority of the Company s financial instruments are not within the scope of Topic 606. We have elected to implement using the modified retrospective application, with the cumulative effect recorded as an adjustment to opening retained earnings at January 1, 2018. While certain implementation issues relevant to our industry are still pending resolution, such as the applicability of interchange revenues, our preliminary conclusions reached as to the application of this new guidance are not expected to be significantly affected. We will continue to evaluate any impact, including changes to related disclosures, as additional guidance is issued and as our internal assessment progresses.

In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. The amendments relate to when another party, along with the entity, is involved in providing a good or service to a customer. Topic 606 requires an entity to determine whether the nature of its promise is to provide that good or service to the customer (that is, the entity is a principal) or to arrange for the good or service to be provided to the customer by the other party (that is, the entity is an agent). This determination is based upon whether the entity controls the good or the service before it is transferred to the customer. Topic 606 includes indicators to assist in this evaluation. The amendments in this update affect the guidance in ASU No. 2014-09 above, which is not yet effective. The effective date will be the same as the effective date of ASU No. 2014-09.

In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing*. The amendments clarify the following two aspects of Topic 606: identifying performance obligations, and the licensing implementation guidance. Before an entity can identify its performance obligations in a contract with a customer, the entity first identifies the promised goods or services in the contract. The amendments in this update are expected to reduce the cost and complexity of applying the guidance on identifying promised goods or services. To identify performance obligations in a contract, an entity evaluates whether promised goods and services are distinct. Topic 606 includes two criteria for assessing whether promises to transfer goods or services are distinct. One of those criteria is that the promises are separately identifiable. This update will improve the guidance on assessing that criterion. Topic 606 also includes implementation guidance on determining whether as entity s promise to grant a license provides a customer with either a right to use the entity s intellectual property, which is satisfied at a point in time, or a right to access the entity s intellectual property, which is satisfied over time. The amendments in this update are intended to improve the operability and understandability of the licensing implementation guidance. The amendments in this update affect the guidance in ASU No. 2014-09 above, which is not yet effective. The effective date will be the same as the effective date of ASU No. 2014-09.

In May 2016, the FASB issued ASU No. 2016-12, *Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients*. The amendments do not change the core revenue recognition principle in Topic 606. The amendments provide clarifying guidance in certain narrow areas and add some practical expedients.

In December 2016, the FASB issued ASU No. 2016-20, *Revenue from Contracts with Customers (Topic 606): Technical Corrections and Improvements*. The FASB board decided to issue a separate update for technical corrections and improvements to Topic 606 and other Topics amended by ASU No. 2014-09 to increase awareness of the proposals and to expedite improvements to ASU No. 2014-09. The amendment affects narrow aspects of the guidance issued in ASU No. 2014-09.

FASB ASC 944 In May 2015, the FASB issued an update (ASU No. 2015-09, *Disclosures about Short-Duration Contracts*). This update applies to all insurance entities that issue short-duration contracts as defined in Topic 944, Financial Services Insurance. The amendment requires insurance entities to disclose for annual reporting periods information about the liability for unpaid claims and claim adjustment expenses, and information about significant changes in methodologies and assumptions used to calculate the liability for unpaid claims and claim adjustment expenses, including reasons for the change and the effects on the financial statements. Additionally, the amendments require insurance entities to disclose for annual and interim reporting periods a roll-forward of the liability for unpaid claims and claim adjustment expenses. The amendments in this update became effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016, and did not have a material impact on the consolidated financial statements.

FASB ASC 825 In January 2016, the FASB issued an update (ASU No. 2016-01, *Financial Instruments Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities)*. The amendments in this update impact public business entities as follows: 1) Require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. 2) Simplify the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment. When a qualitative assessment indicates that impairment exists, an entity is required to measure the investment at fair value. 3) Eliminate the requirement to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet. 4) Require entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. 5) Require an entity to present separately in other comprehensive income the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. 6) Require separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (that is, securities or loans and receivables) on the balance sheet or the accompanying notes to the financial statements. 7) Clarify that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity s other deferred tax assets. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

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FASB ASC 842 In February 2016, the FASB issued its new lease accounting guidance in ASU No. 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees will be required to recognize the following for all leases, with the exception of short-term leases, at the commencement date: (1) a lease liability, which is a lessee s obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee s right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2018. Based on leases outstanding at June 30, 2017, we do not expect the new standard to have a material impact on our income statement, but anticipate an $80 million to $100 million increase in our assets and liabilities. Decisions to repurchase, modify, or renew leases prior to the implementation date will impact this level of materiality.

FASB ASC 405 In March 2016, the FASB issued ASU No. 2016-04, *Liabilities Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products*. The amendments of this ASU narrowly address breakage, which is the monetary amount of the card that ultimately is not redeemed by the cardholder for prepaid stored-value products that are redeemable for monetary values of goods or services but may also be redeemable for cash. Examples of prepaid stored-value products included in this amendment are prepaid gift cards issued by specific payment networks and redeemable at network-accepting merchant locations, prepaid telecommunication cards, and traveler s checks. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

FASB ASC 815 In March 2016, the FASB issued ASU No. 2016-05, *Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships*. The amendments apply to all reporting entities for which there is a change in the counterparty to a derivative instrument that has been designated as a hedging instrument. The amendments clarify that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument does not, in and of itself, require de-designation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The amendments in this update became effective for annual periods and interim periods within those annual periods beginning after December 15, 2016, and did not have a material impact on the consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-06, *Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments*. The amendments apply to all entities that are issuers of or investors in debt instruments (or hybrid financial instruments that are determined to have a debt host) with embedded call (put) options. Topic 815, *Derivatives and Hedging*, requires that embedded derivatives be separated from the host contract and accounted for separately as derivatives if certain criteria are met. One of those criteria is that the economic characteristics and risks of the embedded derivatives are not clearly and closely related to the economic characteristics and risks of the host contract. The amendments clarify what steps are required when assessing clearly and closely related . The amendments in this update became effective for annual periods and interim periods within those annual periods beginning after December 15, 2016, and did not have a material impact on the consolidated financial statements.

FASB ASC 323 In March 2016, the FASB issued ASU No. 2016-07, *Investments Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting*. The amendments affect all entities that have an investment that becomes qualified for the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence. The amendments eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor s previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The amendments also require that an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. The amendments in this update became effective for annual periods and interim periods within those annual periods beginning after December 15, 2016, and did not have a material impact on the consolidated financial statements.

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FASB ASC 718 In March 2016, the FASB issued ASU No. 2016-09, *Compensation Stock Compensation (Topic 718): Improvements to Employee Shared-Based Payment Accounting*. The amendments are intended to improve the accounting for employee shared-based payments and affects all organizations that issue share-based payment awards to their employees. Several aspects of the accounting for share-based payment award transactions are simplified, including the income tax consequences, the classification of awards as either equity or liabilities, and the classification on the statement of cash flows. The amendments in this update became effective on January 1, 2017 and resulted in a $0.2 million expense during the six months ended June 30, 2017.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation Stock Compensation (Topic 718): Scope of Modification Accounting*. The amendments in this update provide guidance about which changes to the terms and conditions of a shared-based payment award require an entity to apply modification accounting. An entity should account for the effect of a modification unless all the following are met: (1) the fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified. If the modification does not affect any of the inputs to the valuation technique that the entity uses to value the award, the entity is not required to estimate the value immediately before and after the modification; (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award is modified; (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

FASB ASC 326 In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The main objective of this amendment is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendment requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to enhance their credit loss estimates. The amendment requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of an organization s portfolio. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2019. Early adoption will be permitted beginning after December 15, 2018. We have formed a cross functional committee that is assessing our data and system needs and are evaluating the impact of adopting the new guidance. We expect to recognize a one-time cumulative effect adjustment to the allowance for loan losses as of the beginning of the first reporting period in which the new standard is effective, but cannot yet determine the magnitude of any such one-time adjustment or the overall impact of the new guidance on the consolidated financial statements.

FASB ASC 740 In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. Current guidance prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party. This prohibition on recognition is an exception to the principle of comprehensive recognition of current and deferred income taxes in generally accepted accounting principles. The exception has led to diversity in practice and is a source of complexity in financial reporting. FASB decided that an entity should recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. Consequently, the amendments in this update eliminate the exception for an intra-entity transfer of an asset other than inventory. The amendments in this update do not include new disclosure requirements; however, existing disclosure requirements might be applicable when accounting for the current and deferred income taxes for an intra-entity transfer of an asset other than inventory. For public business entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within those annual reporting periods. The amendments in this update should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

FASB ASC 810 In October 2016, the FASB issued ASU No. 2016-17, *Consolidation (Topic 810): Interests Held through Related Parties that are under Common Control*. This update amends the consolidation guidance on how a reporting entity that is the single decision maker of a variable interest entity (VIE) should treat indirect interests in the entity held through related parties that are under common control with the reporting entity when determining whether it is the primary beneficiary of that VIE. The primary beneficiary of a VIE is the reporting entity that has a controlling financial interest in a VIE and, therefore, consolidates the VIE. A reporting entity has an indirect interest in a VIE if it has a direct interest in a related party that, in turn, has a direct interest in the VIE. The amendments in this update became effective for annual periods and interim periods within those annual periods beginning after December 15, 2016, and did not have a material impact on the consolidated financial statements.

FASB ASC 805 In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. The amendments in this update provide a more robust framework to use in determining when a set of assets and activities is a business. Because the current definition of a business is interpreted broadly and can be difficult to apply, stakeholders indicated that analyzing transactions is inefficient and costly and that the definition does not permit the use of reasonable judgment. The amendments provide more consistency in applying the guidance, reduce the costs of application, and make the definition of a business more operable. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

FASB ASC 350 In January 2017, the FASB issued ASU No. 2017-04, *Intangibles: Goodwill and Other: Simplifying the Test for Goodwill Impairment*. To simplify the subsequent measurement of goodwill, the amendments eliminate Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. In addition, the income tax effects of tax deductible goodwill on the carrying amount of the reporting unit should be considered when measuring the goodwill impairment loss, if applicable. The amendments also eliminate the requirements for any reporting unit with a zero or negative carrying amount to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the qualitative impairment test is necessary. The amendments should be applied on a prospective basis. The nature of and reason for the change in accounting principle should be disclosed upon transition. The amendments in this update should be adopted for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted on testing dates after January 1, 2017. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

FASB ASC 610 In February 2017, the FASB issued ASU No. 2017-05, *Other Income Gains and Losses from the Derecognition of Nonfinancial Assets (Topic 610): Clarifying the Scope of Asset Derecognition Guidance and Accounting for Partial Sales of Nonfinancial Assets*. Subtopic 610-20 was originally issued as part of ASU No. 2014-09 to provide guidance for recognizing gains and losses from the transfer of nonfinancial assets in contracts with noncustomers. This update was issued to help clarify uncertainties and complexities of ASU 2014-09. The amendments in this update define the term in substance nonfinancial asset, in part, as a financial asset promised to a counterparty in a contract if substantially all of its fair value of the assets (recognized and unrecognized) that are promised to the counterparty in the contract is concentrated in nonfinancial assets. If substantially all of the fair value of the assets that are promised to the counterparty in a contract is concentrated in nonfinancial assets, then all of the financial assets promised to the counterparty are in substance nonfinancial assets. The amendments in this update also clarify that nonfinancial assets within the scope of Subtopic 610-20 may include nonfinancial assets transferred within a legal entity to a counterparty. The amendment in this update require an entity to derecognize a distinct nonfinancial asset or distinct in substance nonfinancial asset in a partial sale transaction when it (1) does not have (or ceases to have) a controlling financial interest in the legal entity that holds the asset in accordance with Topic 810 and (2) transfers control of the asset in accordance with Topic 606. Once an entity transfers control of a distinct nonfinancial asset or distinct in substance nonfinancial asset, it is required to measure any noncontrolling interest it receives (or retains) at fair value. The amendments are effective at the same time as the amendments in ASU 2014-09. Therefore, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

FASB ASC 715 In March 2017, the FASB issued ASU No. 2017-07, *Compensation Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. The amendments in this update require that an employer disaggregate the service cost component from the other components of net benefit cost. The amendments also provide explicit guidance on how to present the service cost component and the other components of net benefit cost in the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization. The amendments in this update improve the consistency, transparency, and usefulness of financial information to users that have communicated that the service cost component generally is analyzed differently from the other components of net benefit cost. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2017. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

FASB ASC 310 In March 2017, the FASB issued ASU No. 2017-08, *Receivables Nonrefundable Fees and Other Costs (Subtopic 310-20): Premium Amortization on Purchased Callable Debt Securities*. This update amends the amortization period for certain purchased callable debt securities held at a premium. FASB is shortening the amortization period for the premium to the earliest call date. Under current GAAP, entities generally amortize the premium as an adjustment of yield over the contractual life of the instrument. Concerns were raised that current GAAP excludes certain callable debt securities from consideration of early repayment of principal even if the holder is certain that the call will be exercised. As a result, upon the exercise of a call on a callable debt security held at a premium, the unamortized premium is recorded as a loss in earnings. There is diversity in practice (1) in the amortization period for premiums of callable debt securities and (2) in how the potential for exercise of a call is factored into current impairment assessments. The amendments in this update become effective for annual periods and interim periods within those annual periods beginning after December 15, 2018. We are currently evaluating the impact of adopting the new guidance on the consolidated financial statements, but it is not expected to have a material impact.

NOTE 3 ACQUISITION AND DIVESTITURE ACTIVITY

Acquisitions

Anchor BanCorp Wisconsin Inc.

Effective May 1, 2016 (the Closing Date), Old National completed the acquisition of Madison, Wisconsin-based Anchor. through a stock and cash merger. Anchor was a savings and loan holding company with AnchorBank as its wholly-owned subsidiary. AnchorBank operated 46 banking centers, including 32 banking centers in the Madison, Milwaukee, and Fox Valley triangle. Old National achieved cost savings by integrating the two companies and combining accounting, data processing, retail and lending support, and other administrative functions after the merger, which enabled Old National to achieve economies of scale in these areas.

Pursuant to the merger agreement, shareholders of Anchor could elect to receive either 3.5505 shares of Old National common stock or $48.50 in cash for each share of Anchor they held, subject to a maximum of 40% of the purchase price in cash. The total fair value of consideration paid for Anchor was $459.8 million, consisting of $186.2 million of cash and the issuance of 20.4 million shares of Old National Common Stock valued at $273.6 million. This acquisition was accounted for under the acquisition method of accounting. Accordingly, the Company recognized amounts for identifiable assets acquired and liabilities assumed at their estimated acquisition date fair values, while $15.9 million of transaction and integration costs were expensed as incurred.

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As of April 30, 2017, the Company finalized its valuation of all assets acquired and liabilities assumed, resulting in no material change to acquisition accounting adjustments. A summary of the consideration paid was allocated as follows (in thousands):

Cash and cash equivalents	$ 123,657
Investment securities	235,240
Federal Home Loan Bank stock	4,596
Loans held for sale	9,334
Loans	1,637,806
Premises and equipment	35,721
Accrued interest receivable	7,308
Other real estate owned	17,349
Company-owned life insurance	7,278
Other assets	126,210
Deposits	(1,852,713)
Securities sold under agreements to repurchase	(3,132)
Other borrowings	(123)
Accrued expenses and other liabilities	(36,957)
Net tangible assets acquired	311,574
Definite-lived intangible assets acquired	21,559
Loan servicing rights	15,274
Goodwill	111,347
Total consideration paid	$ 459,754

The portion of the consideration paid allocated to goodwill will not be deductible for tax purposes.

The estimated fair value of the core deposit intangible is $21.6 million and is being amortized over an estimated useful life of 7 years.

Acquired loan data for Anchor can be found in the table below:

(in thousands)	**Fair Value of Acquired Loans at Acquisition Date**	**Gross Contractual Amounts Receivable at Acquisition Date**	**Best Estimate at Acquisition Date of Contractual Cash Flows Not Expected to be Collected**
Acquired receivables subject to ASC 310-30	$ 20,174	$ 29,544	$ 6,153
Acquired receivables not subject to ASC 310-30	$ 1,617,632	$ 2,143,532	$ 274,155

Divestitures

On May 31, 2016, the Company sold its insurance operations, ONI. The Company received approximately $91.8 million in cash resulting in a pre-tax gain of $41.9 million and an after-tax gain of $17.6 million. Goodwill and intangible assets of approximately $47.5 million were eliminated as part of this transaction. ONI was an ancillary business and did not meet the criteria to be treated as a discontinued operation as defined in Accounting Standards Update 2014-08 *Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*.

Based on an ongoing assessment of our service and delivery network, the Company consolidated five branches during 2016 and an additional fifteen in January 2017.

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NOTE 4 NET INCOME PER SHARE

Basic and diluted net income per share are calculated using the two-class method. Net income is divided by the weighted-average number of common shares outstanding during the period. Adjustments to the weighted average number of common shares outstanding are made only when such adjustments will dilute net income per common share. Net income is then divided by the weighted-average number of common shares and common share equivalents during the period.

The following table reconciles basic and diluted net income per share for the three and six months ended June 30, 2017 and 2016:

(dollars and shares in thousands, except per share data)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Basic Earnings Per Share				
Net income	**$ 38,854**	$ 39,122	**$ 74,846**	$ 66,099
Weighted average common shares outstanding	**135,085**	127,508	**134,999**	120,753
Basic Net Income Per Share	**$ 0.28**	$ 0.31	**$ 0.55**	$ 0.55
Diluted Earnings Per Share				
Net income	**$ 38,854**	$ 39,122	**$ 74,846**	$ 66,099
Weighted average common shares outstanding	**135,085**	127,508	**134,999**	120,753
Effect of dilutive securities:				
Restricted stock (1)	**523**	425	**543**	480
Stock options (2)	**89**	40	**99**	40
Weighted average shares outstanding	**135,697**	127,973	**135,641**	121,273
Diluted Net Income Per Share	**$ 0.28**	$ 0.31	**$ 0.55**	$ 0.55

(1) 17 thousand shares and 0.1 million shares of restricted stock at June 30, 2017 and 2016, respectively, were not included in the computation of net income per diluted share for the three months ended June 30, 2017 and 2016, respectively, because the effect would be antidilutive. 17 thousand shares and 0.2 million shares of restricted stock at June 30, 2017 and 2016, respectively, were not included in the computation of net income per diluted share for the six months ended June 30, 2017 and 2016, respectively, because the effect would be antidilutive.

(2) Options to purchase 0.1 million shares and 0.8 million shares outstanding at June 30, 2017 and 2016, respectively, were not included in the computation of net income per diluted share for the three months ended June 30, 2017 and 2016 because the exercise price of these options was greater than the average market price of the common shares and, therefore, the effect would be antidilutive. Options to purchase 0.1 million shares and 0.8 million shares outstanding at June 30, 2017 and 2016, respectively, were not included in the computation of net income per diluted share for the six months ended June 30, 2017 and 2016, respectively, because the exercise price of these options was greater than the average market price of the common shares and, therefore, the effect would be antidilutive.

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NOTE 5 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes within each classification of AOCI, net of tax, for the three and six months ended June 30, 2017 and 2016:

(dollars in thousands)	Unrealized Gains and Losses on Available-for-Sale Securities	Unrealized Gains and Losses on Held-to-Maturity Securities	Gains and Losses on Cash Flow Hedges	Defined Benefit Pension Plans	Total
Three Months Ended June 30, 2017					
Balance at April 1, 2017	**$ (29,992)**	**$ (13,015)**	**$ (5,240)**	**$ (318)**	**$ (48,565)**
Other comprehensive income (loss) before reclassifications	**19,492**		**(1,480)**		**18,012**
Amounts reclassified from AOCI (a)	**(1,957)**	**298**	**1,075**	**17**	**(567)**
Net other comprehensive income (loss)	**17,535**	**298**	**(405)**	**17**	**17,445**
Balance at June 30, 2017	**$ (12,457)**	**$ (12,717)**	**$ (5,645)**	**$ (301)**	**$ (31,120)**
Three Months Ended June 30, 2016					
Balance at April 1, 2016	$ 6,777	$ (14,174)	$ (15,387)	$ (6,801)	$ (29,585)
Other comprehensive income (loss) before reclassifications	8,208		(2,780)		5,428
Amounts reclassified from AOCI (a)	(1,202)	307	983	452	540
Net other comprehensive income (loss)	7,006	307	(1,797)	452	5,968
Balance at June 30, 2016	$ 13,783	$ (13,867)	$ (17,184)	$ (6,349)	$ (23,617)
Six Months Ended June 30, 2017					
Balance at January 1, 2017	**$ (39,012)**	**$ (13,310)**	**$ (6,715)**	**$ (335)**	**$ (59,372)**
Other comprehensive income (loss) before reclassifications	**29,459**		**(1,120)**		**28,339**
Amounts reclassified from AOCI (a)	**(2,904)**	**593**	**2,190**		