UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year-ended December 31, 2024

OR

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

For the transition period from to

Commission file number 1-35015

ACNB CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2233457**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
16 Lincoln Square, Gettysburg, Pennsylvania	**17325**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(717) 334-3161**

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $2.50 par value per share	ACNB	The NASDAQ Stock Market, LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting stock held by nonaffiliates of the registrant at June 30, 2024, was approximately $299.1 million.

The number of shares of the registrant's common stock outstanding on March 5, 2025, was 10,542,732.

Documents Incorporated by Reference

Portions of the registrant's 2025 definitive Proxy Statement are incorporated by reference into Part III of this report.

ACNB CORPORATION

Table of Contents

Glossary

ACL	Allowance for Credit Losses
ACNB Insurance Services	ACNB Insurance Services, Inc.
ACNB, Corporation or Company	ACNB Corporation
AFS	Available for Sale
AI	Artificial Intelligence
ALCO	Asset Liability Committee
ASC	Accounting Standard Codification
ASU	Accounting Standard Update
ATM	Automatic Teller Machine
Bank	ACNB Bank
Basel III	Risk-based requirements and rules issued by federal banking agencies
Board	ACNB Corporation Board of Directors
BSA	Bank Secrecy Act
CECL	Current Expected Credit Loss
CFPB	Consumer Financial Protection Bureau
CME	Chicago Mercantile Exchange
CODM	Chief Operating Decision Maker
COVID-19	Coronavirus Disease 2019
CRA	Community Reinvestment Act of 1977
DCF	Discounted Cash Flow
Dodd-Frank	Dodd-Frank Wall Street Reform and Consumer Protection Act
ERISA	Employee Retirement Income Security Act
ETR	Effective Tax Rate
Exchange Act	Securities Exchange Act of 1934
FASB	Financial Accounting Standards Board
FCB	Frederick County Bank
FCBI	Frederick County Bancorp, Inc.
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act of 1991
FHLB	Federal Home Loan Bank
FINRA	Financial Industry Regulatory Authority
FOMC	Federal Open Market Committee
GAAP	U.S. Generally Accepted Accounting Principles
GLBA	Gramm-Leach-Bliley Act of 1999
Hockley & O'Donnell	Hockley & O'Donnell Insurance Agency, LLC
HTM	Held to Maturity
JOBS Act	Jumpstart Our Business Startups Act
LGD	Loss Given Default
Market Area	Southcentral Pennsylvania and Northern Maryland
MSA	Metropolitan statistical area
N/A	Not Applicable
N/M	Not Meaningful (percentage changes greater than +/- 150% not considered meaningful)
NWSB	New Windsor State Bank

OBS	Off-Balance Sheet
PCD	Purchased credit-deteriorated
PD	Probability of Default
Purchasers	Institutional accredited investors and qualified institutional buyers
ROU	Right of Use
SBIC	Small Business Investment Company
SEC	Securities and Exchange Commission
SOA	Sarbanes-Oxley Act of 2002
SOFR	Secured Overnight Financing Rate
Subordinated Notes	4.00% fixed-to-floating rate subordinated notes due March 31, 2031
TDR	Trouble Debt Restructuring
Traditions	Traditions Bancorp, Inc.
Traditions Acquisition	The acquisition of Traditions Bancorp, Inc. and Traditions Bank which closed effective February 1, 2025
USA Patriot Act	USA PATRIOT ACT OF 2001

PART I

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Form 10-K may contain forward-looking statements. Examples of forward-looking statements include, but are not limited to, (a) projections or statements regarding future earnings, expenses, net interest income, other income, earnings or loss per share, asset mix and quality, growth prospects, capital structure, and other financial terms, (b) statements of plans and objectives of Management or the Board of Directors, and (c) statements of assumptions, such as economic conditions in the Corporation's Market Areas. Such forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "intends", "will", "should", "anticipates", or the negative of any of the foregoing or other variations thereon or comparable terminology, or by discussion of strategy. Forward-looking statements are subject to certain risks and uncertainties such as national, regional and local economic conditions, competitive factors, and regulatory limitations. Actual results may differ materially from those projected in the forward-looking statements. Such risks, uncertainties, and other factors that could cause actual results and experience to differ from those projected include, but are not limited to, the following: short-term and long-term effects of inflation and rising costs on the Corporation, customers and economy; legislative and regulatory changes; banking system instability caused by failures and financial uncertainty of various banks which may adversely impact the Corporation and its securities and loan values, deposit stability, capital adequacy, financial condition, operations, liquidity, and results of operations; effects of governmental and fiscal policies, as well as legislative and regulatory changes; effects of new laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) and their application with which the Corporation and its subsidiaries must comply; impacts of the capital and liquidity requirements of the Basel III standards or any similar standards; effects of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Financial Accounting Standards Board and other accounting standard setters; ineffectiveness of the business strategy due to changes in current or future market conditions; future actions or inactions of the United States government, including the effects of short-term and long-term federal budget and tax negotiations and a failure to increase the government debt limit or a prolonged shutdown of the federal government; effects of economic conditions particularly with regard to the negative impact of any pandemic, epidemic or health-related crisis and the responses thereto on the operations of the Corporation and current customers, specifically the effect of the economy on loan customers' ability to repay loans; effects of competition, and of changes in laws and regulations on competition, including industry consolidation and development of competing financial products and services; inflation, securities market and monetary fluctuations; risks of changes in interest rates on the level and composition of deposits, loan demand, and the values of loan collateral, securities, and interest rate protection agreements, as well as interest rate risks; difficulties in acquisitions and integrating and operating acquired business operations, including information technology difficulties; challenges in establishing and maintaining operations in new markets; effects of technology changes; effects of general economic conditions and more specifically in the Corporation's Market Areas; failure of assumptions underlying the establishment of reserves for loan losses and estimations of values of collateral and various financial assets and liabilities; acts of war or terrorism or geopolitical instability; disruption of credit and equity markets; ability to manage current levels of impaired assets; loss of certain key officers; ability to maintain the value and image of the Corporation's brand and protect the Corporation's intellectual property rights; continued relationships with major customers; and, potential impacts to the Corporation from continually evolving cybersecurity and other technological risks and attacks, including additional costs, reputational damage, regulatory penalties, and financial losses. We caution readers not to place undue reliance on these forward-looking statements. They only reflect Management's analysis as of this date. The Corporation does not revise or update these forward-looking statements to reflect events or changed circumstances. Please carefully review the risk factors described in other documents the Corporation files from time to time with the Securities and Exchange Commission, including the Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

ITEM 1—BUSINESS

ACNB CORPORATION

ACNB Corporation, headquartered in Gettysburg, Pennsylvania, is the financial holding company for the wholly-owned subsidiaries of ACNB Bank, Gettysburg, Pennsylvania, and ACNB Insurance Services, Westminster, Maryland. Originally founded in 1857, ACNB Bank serves its marketplace with banking and wealth management services, including trust and retail brokerage, via a network of 27 community banking offices and two loan offices located in the Pennsylvania counties of Adams, Cumberland, Franklin, Lancaster and York and the Maryland counties of Baltimore, Carroll and Frederick. ACNB Insurance Services, the Corporation's insurance subsidiary, is a full-service agency licensed to do business in 46 states. The agency offers a broad range of property, casualty, health, life and disability insurance serving personal and commercial clients through office locations in Westminster, Maryland, and Gettysburg, Pennsylvania.

ACNB Corporation was formed in 1982, and became the bank holding company for ACNB Bank (formerly Adams County National Bank) in 1983. On July 1, 2017, ACNB Corporation completed the acquisition of New Windsor Bancorp, Inc. and its wholly-owned subsidiary, New Windsor State Bank, a Maryland state-chartered, FDIC-insured community bank headquartered in Taneytown, Maryland. On January 11, 2020, ACNB completed its acquisition of Frederick County Bancorp, Inc. and its wholly-owned subsidiary, Frederick County Bank, a Maryland state-chartered, FDIC-insured community bank headquartered in Frederick, Maryland. On July 23, 2024, ACNB entered into an agreement and plan of reorganization to acquire Traditions Bancorp, Inc. and its banking subsidiary Traditions Bank, a Pennsylvania state-chartered community bank headquartered in York, Pennsylvania which operated eight community banking offices located in the Pennsylvania counties of Lancaster and York and a loan production office in Lemoyne, Pennsylvania. The Traditions Acquisition was closed effective February 1, 2025.

The Corporation purchased its insurance subsidiary, ACNB Insurance Services (formerly Russell Insurance Group, Inc.) in 2005. On February 28, 2022, ACNB Insurance Services, completed the acquisition of the business and assets of Hockley & O'Donnell, located in Gettysburg, Pennsylvania.

ACNB's major source of unconsolidated operating funds is dividends that it receives from its subsidiaries. ACNB's unconsolidated expenses consist principally of interest expense on long-term borrowings and general expenses related to corporate governance. Dividends that ACNB pays to stockholders consist primarily of dividends declared and paid to ACNB by its subsidiary bank, ACNB Bank.

ACNB and its subsidiaries are not dependent upon a single customer or a small number of customers, the loss of which would have a material adverse effect on the Corporation. ACNB does not depend on foreign sources of funds, nor does it make foreign loans.

The common stock of ACNB is listed on The NASDAQ Capital Market under the symbol ACNB.

BANKING SUBSIDIARY

ACNB Bank

ACNB Bank is a full-service commercial bank operating under charter from the Pennsylvania Department of Banking and Securities. The Bank's principal Market Areas include Adams County, Pennsylvania, and its environs in southcentral Pennsylvania, as well as Carroll and Frederick Counties in northern Maryland. This geographic area depends on agriculture, industry, tourism, education and healthcare to provide employment for its residents. No single sector dominates the area's economy. At December 31, 2024, ACNB Bank had total assets of $2.38 billion, total loans, net of unearned income of $1.68 billion, total deposits of $1.81 billion, and total equity capital of $284.4 million. In October 2010, the Bank converted from a national banking association to a Pennsylvania state-chartered bank and trust company.

The main community banking office of the Bank is located at 16 Lincoln Square, Gettysburg, Pennsylvania. As of December 31, 2024 the Bank has a total of 27 community banking offices. The Bank serves its local marketplace in Pennsylvania thru 18 community banking offices, including 10 offices in Adams County, five offices in York County, one office in Cumberland County, one office in Franklin County and one limited-service office in Lancaster County. In Maryland the Bank serves its local marketplace via a network of nine community banking offices including five located in Carroll County and four located in Frederick County. There are also loan production offices located in York, Pennsylvania, and Hunt Valley, Maryland. Effective January 1, 2023, NWSB Bank and FCB Bank formally adopted the ACNB Bank name and brand identity in the counties of Carroll and Frederick in northern Maryland, respectively. The Bank's service delivery channels for its customers also include the ATM network, Customer Contact Center, and Online, Telephone and Mobile Banking. The Bank is subject to regulation and periodic examination by the Pennsylvania Department of Banking and Securities and the Federal Deposit Insurance Corporation. The FDIC, as provided by law, insures the Bank's deposits.

Commercial lending includes commercial mortgages, real estate development and construction loans, accounts receivable and inventory financing, and agricultural and governmental loans. Consumer lending programs include home equity loans and lines of credit, automobile and recreational vehicle loans, manufactured housing loans, and personal lines of credit. Mortgage lending programs include personal residential mortgages, residential construction loans, and investment mortgage loans.

The Bank, through its trust and investment services group, under the umbrella of ACNB Wealth Management is named as trustee of financial assets. A trust is a legal fiduciary agreement whereby as trustee, the Bank invests, protects, manages and distributes financial assets as defined in the agreement. Estate settlement governed by the last will and testament of an individual constitutes another line of business for ACNB Wealth Management. One purpose of having a will is to name an executor to settle the estate. ACNB Wealth Management has the knowledge and expertise to act as executor. Other services include, but are not limited to, those related to testamentary trusts, life insurance trusts, charitable remainder trusts, guardianships, powers of attorney, custodial accounts, and investment management and advisory accounts. Total trust assets under management and administration were $379.9 million and $20.7 million, respectively at December 31, 2024.

The Bank, through the wealth advisory services group, also under the umbrella of ACNB Wealth Management, offers retail brokerage services through a third-party provider. This third-party provider is a broker/dealer, unaffiliated with the Bank or ACNB Wealth Management. At December 31, 2024, total assets under management and administration with the broker/dealer were $264.1 million and $19.1 million, respectively.

NONBANKING SUBSIDIARY

ACNB Insurance Services

ACNB Corporation’s wholly-owned subsidiary, ACNB Insurance Services, is a full-service insurance agency, licensed to do business in 46 states that offers a broad range of property, casualty, health, life and disability insurance to both commercial and individual clients. Based in Westminster, Maryland, ACNB Insurance Services, has served the needs of its clients since its founding as an independent insurance agency by Frank C. Russell, Jr. in 1978. The agency was purchased by the Corporation in 2005. ACNB Insurance Services operates additional locations in Jarrettsville, Maryland, and Gettysburg, Pennsylvania. Total assets of ACNB Insurance Services as of December 31, 2024, were $22.0 million.

ACNB Insurance Services is managed separately from the Bank and is reported as a separate operating segment. Financial information on this segment is included in Note 19 - “Segment and Related Information” in the Notes to Consolidated Financial Statements under Part II, Item 8, “Financial Statements and Supplementary Data”.

HUMAN CAPITAL

Workforce Composition and Demographics

As of December 31, 2024, ACNB had 391 full-time and 25 part-time employees. None of these employees are represented by a collective bargaining agreement, and ACNB believes it enjoys good relations with its personnel. As of December 31, 2024, approximately 66% of ACNB’s workforce was female and 34% were male. The average tenure of ACNB employees is approximately eight years.

ACNB believes that it is critically important that its employee base reflects the communities that we serve. We work hard to recruit and retain the best talent to meet ACNB customers’ needs, using multiple sourcing methods to ensure we attract the most diverse and qualified candidate pool.

Talent Development and Training

The growth and development of ACNB employees is encouraged and supported. Continuous learning and career development is reinforced through ongoing performance and development conversations with employees, internally-created training programs, including comprehensive compliance and community banking training. New community banking employees attend two weeks of training onsite, with an additional week of mentoring support on the job. Training opportunities are available both online and in-person, and all employees have online access to courses for professional development provided by a third party.

Employee evaluations are conducted on at least an annual basis. Those evaluations focus on job performance against job specific and organizational competencies, and employee and career development. In addition, we monitor employee engagement through periodic employee surveys followed by a thorough action planning process.

Benefits and Wellness

Work life balance and the safety, health and wellness of employees are top priorities. During the COVID-19 pandemic, the Company learned how to balance hybrid/remote work with maintaining successful operations. Currently, many of ACNB employees effectively work a hybrid schedule from ACNB offices and remote locations. Employees are continually introduced to wellness initiatives, to reinforce the importance of overall health and well-being. An Employee Assistance Program that provides free, confidential counseling services is available to all employees.

Talent Attraction and Retention

Competitive compensation is offered to support ACNB employee recruitment and retention efforts. Compensation packages include a market-competitive salary, healthcare and retirement benefits, paid time off, and may also include bonuses or sales commissions and short-term and long-term equity incentives.

Culture and Engagement

The Company deploys numerous methods to foster employee engagement and connection, including regular company-wide video calls, bi-monthly service recognition breakfasts that provide connection and discussion with executive leaders, leadership visits and recognition on Employee Appreciation Day, community involvement events, and an annual picnic for all employees to attend.

Community Involvement

ACNB is dedicated to supporting charitable community organizations within the communities it serves. Employees are encouraged to participate in various community events such as parades, walks and 5k runs, farm shows, fund raising events and community donation drives. In 2024, employees supported over 250 community organizations by collectively contributing more than 2,500 volunteer hours in the Company's Market Areas.

MARKET AREA ECONOMIC FEATURES AND CONDITIONS

ACNB Corporation's headquarters is in Gettysburg, Pennsylvania. A material amount of land surrounding Gettysburg, Pennsylvania, is under the control of the National Park Service, limiting certain types of development. The Corporation's major operations are in Adams County, Pennsylvania, and its environs in southcentral Pennsylvania, as well as all of Carroll and Frederick Counties in northern Maryland. This geographic area depends on industry, education, healthcare, agriculture, tourism and transportation/warehousing, as well as local governments to provide employment for its residents. No single sector dominates the area's economy. Unemployment figures in the subsidiary Bank's market recently, and historically, have been better than those for Pennsylvania and Maryland as a whole, and similar to the United States. Per capita and household incomes are generally under Pennsylvania averages. The unemployment rate during 2024 averaged 3.0% in the Bank's eight-county market area, while it averaged 3.2% overall in Pennsylvania and Maryland, and 4.0% in the United States.

COMPETITION

The financial services industry in ACNB's Market Area is highly competitive, including competition for similar products and services from commercial banks, thrifts, credit unions, finance and mortgage companies, and other nonbank providers of financial services. Several of ACNB's competitors have legal lending limits that exceed those of ACNB's subsidiary bank, as well as funding sources in the capital markets that exceed ACNB's availability. The high level of competition has resulted from changes in the legal and regulatory environment, as well as from the economic climate, customer expectations, and service alternatives via the internet.

SUPERVISION AND REGULATION

Regulation of Bank Holding Company and Subsidiaries

BANK HOLDING COMPANY ACT OF 1956 — ACNB is a financial holding company and is subject to the regulations of the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956. Bank holding companies are required to file periodic reports with and are subject to examination by the Federal Reserve.

The Federal Reserve has issued regulations under the Bank Holding Company Act that require a financial holding company to serve as a source of financial and managerial strength to its subsidiary bank. As a result, the Federal Reserve may require ACNB to stand ready to use its resources to provide adequate capital funds to the Bank during periods of financial stress or adversity. In addition, the Federal Reserve may require a financial holding company to end a nonbanking business if the nonbanking business constitutes a serious risk to the financial soundness and stability of any banking subsidiary of the financial holding company.

The Bank Holding Company Act prohibits ACNB from acquiring direct or indirect control of more than 5% of the outstanding voting stock of any bank, or substantially all of the assets of any bank, or merging with another bank holding company, without the prior approval of the Federal Reserve. The Bank Holding Company Act allows interstate bank acquisitions and interstate branching by acquisition and consolidation in those states that had not elected to opt out by the required deadline. The Pennsylvania Department of Banking and Securities also must approve any similar consolidation. Pennsylvania law permits Pennsylvania financial holding companies to control an unlimited number of banks.

Further, the Bank Holding Company Act restricts ACNB's nonbanking activities to those that are determined by the Federal Reserve Board to be financial in nature, incidental to such financial activity, or complementary to a financial activity. The Bank Holding Company Act does not place territorial restrictions on the activities of nonbanking subsidiaries of financial holding companies.

GRAMM-LEACH-BLILEY ACT OF 1999 — The Gramm-Leach-Bliley Act of 1999 eliminated many of the restrictions placed on the activities of bank holding companies that become financial holding companies. Among other things, the GLBA repealed certain Glass-Steagall Act restrictions on affiliations between banks and securities firms, and amended the Bank Holding Company Act to permit bank holding companies that are financial holding companies to engage in activities, and acquire companies engaged in activities, that are: financial in nature (including insurance underwriting, insurance company portfolio investment, financial advisory, securities underwriting, dealing and market-making, and merchant banking activities); incidental to financial activities; or, complementary to financial activities if the Federal Reserve determines that they pose no substantial risk to the safety or soundness of depository institutions or the financial system in general.

REGULATION W — Transactions between a bank and its "affiliates" are quantitatively and qualitatively restricted under the Federal Reserve Act. The Federal Deposit Insurance Act applies Sections 23A and 23B to insured nonmember banks in the same manner and to the same extent as if they were members of the Federal Reserve System. The Federal Reserve has also issued Regulation W, which codifies prior regulations under Sections 23A and 23B of the Federal Reserve Act, and interpretative guidance with respect to affiliate transactions. Regulation W incorporates the exemption from the affiliate transaction rules, but expands the exemption to cover the purchase of any type of loan or extension of credit from an affiliate. Affiliates of a bank include, among other entities, the bank's holding company and companies that are under common control with the bank. ACNB Corporation and ACNB Insurance Services are considered to be affiliates of ACNB Bank.

USA PATRIOT ACT OF 2001 — In October 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 was enacted in response to the terrorist attacks in New York, Pennsylvania and Washington, D.C., which occurred on September 11, 2001. The USA Patriot Act is intended to strengthen U.S. law enforcement's and the intelligence communities' abilities to work cohesively to combat terrorism on a variety of fronts. The impact of the USA Patriot Act on financial institutions of all kinds is significant and wide ranging. The USA Patriot Act contains sweeping anti-money laundering and financial transparency laws and imposes various regulations, including standards for verifying customer identification at account opening, and rules to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering.

SARBANES-OXLEY ACT OF 2002 — In 2002, the Sarbanes-Oxley Act of 2002 became law. The stated goals of the SOA are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly-traded companies, and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities law.

The SOA generally applies to all companies, both U.S. and non-U.S., that file or are required to file periodic reports with the SEC under the Securities Exchange Act of 1934, or the Exchange Act.

The SOA includes very specific additional disclosure requirements and corporate governance rules, as well as requires the SEC and securities exchanges to adopt extensive additional disclosure, corporate governance, and other related rules. The SOA represents significant federal involvement in matters traditionally left to state regulatory systems, such as the regulation of the accounting profession, and to state corporate law, such as the relationship between a board of directors and management and between a board of directors and its committees.

The SOA addresses, among other matters:

- Audit committees for all reporting companies;
- Certification of financial statements by the chief executive officer and the chief financial officer;
- The forfeiture of bonuses or other incentive-based compensation and profits from the sale of an issuer's securities by directors and senior officers in the twelve-month period following initial publication of any financial statements that later require restatement;
- A prohibition on insider trading during pension plan blackout periods;

- Disclosure of OBS transactions;
- A prohibition on personal loans to directors and officers;
- Expedited filing requirements for SEC Forms 4;
- Disclosure of a code of ethics and filing an SEC Form 8-K for a change or waiver of such code;
- "Real time" filing of periodic reports;
- Formation of a public accounting oversight board;
- Auditor independence; and,
- Increased criminal penalties for violations of securities laws.

The SEC has been delegated the task of enacting rules to implement various provisions of the SOA with respect to, among other matters, disclosure in periodic filings pursuant to the Exchange Act.

BANK SECRECY ACT — Under the Bank Secrecy Act, banks and other financial institutions are required to report to the Internal Revenue Service currency transactions of more than $10 thousand or multiple transactions of which a bank is aware in any one day that aggregate in excess of $10 thousand and to report suspicious transactions under specified criteria. Civil and criminal penalties are provided under the BSA for failure to file a required report, for failure to supply information required by the BSA, or for filing a false or fraudulent report.

The Bank Secrecy Act, as amended by the USA Patriot Act, imposes obligations on U.S. financial institutions, including banks and broker-dealer subsidiaries, to implement policies, procedures and controls which are reasonably designed to detect and report instances of money laundering and the financing of terrorism. Financial institutions also are required to respond to requests for information from federal banking agencies and law enforcement agencies. Information sharing among financial institutions for the above purposes is encouraged by an exemption granted to complying financial institutions from the privacy provisions of the GLBA and other privacy laws. Financial institutions that hold correspondent accounts for foreign banks or provide banking services to foreign individuals are required to take measures to avoid dealing with certain foreign individuals or entities, including foreign banks with profiles that raise money laundering concerns and are prohibited from dealing with foreign "shell banks" and persons from jurisdictions of particular concern. The primary federal banking agencies and the Secretary of the Treasury have adopted regulations to implement several of these provisions. Since 2018, the Bank has complied with the new Customer Due Diligence Rule, which clarified and strengthened the existing obligations for identifying new and existing customers and includes risk-based procedures for conducting ongoing customer due diligence. All financial institutions are also required to establish internal anti-money laundering programs. The effectiveness of a financial institution in combating money laundering activities is a factor to be considered in any application submitted by the financial institution under the Bank Merger Act. The Corporation's banking subsidiary has a BSA and USA Patriot Act compliance program commensurate with its risk profile and appetite.

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT — In 2010, Dodd-Frank was signed into law. Dodd-Frank was intended to affect a fundamental restructuring of federal banking regulation. Among other things, Dodd-Frank created the Financial Stability Oversight Council to identify systemic risks in the financial system and gives federal regulators new authority to take control of and liquidate financial firms. Dodd-Frank additionally created a new independent federal regulator to administer federal consumer protection laws. Dodd-Frank has had and will continue to have a significant impact on ACNB's business operations as its provisions take effect. It is expected that, as various implementing rules and regulations are released, they will increase ACNB's operating and compliance costs and could increase the Bank's interest expense. Among the provisions that are likely to affect ACNB are the following:

Holding Company Capital Requirements

Dodd-Frank requires the Federal Reserve to apply consolidated capital requirements to bank holding companies that are no less stringent than those currently applied to depository institutions. Under these standards, trust preferred securities are excluded from Tier 1 capital unless such securities were issued prior to May 19, 2010, by a bank holding company with less than $15 billion in assets as of December 31, 2009. Dodd-Frank additionally requires that bank regulators issue countercyclical capital requirements so that the required amount of capital increases in times of economic expansion, consistent with safety and soundness. For further information, please refer to *Regulatory Capital Requirements* in Management's Discussion and Analysis.

Deposit Insurance

Dodd-Frank permanently increased the maximum deposit insurance amount for banks, savings institutions, and credit unions to

$250 thousand per depositor. Dodd-Frank also broadened the base for FDIC insurance assessments. Assessments are now based on the average consolidated total assets less tangible equity capital of a financial institution. Dodd-Frank required the FDIC to increase the reserve ratio of the Deposit Insurance Fund from 1.15% to 1.35% of insured deposits by 2020 and eliminated the requirement that the FDIC pay dividends to insured depository institutions when the reserve ratio exceeds certain thresholds. Dodd-Frank also eliminated the federal statutory prohibition against the payment of interest on business checking accounts.

Corporate Governance

Dodd-Frank requires publicly-traded companies to give stockholders a non-binding vote on executive compensation at least every three years, a non-binding vote regarding the frequency of the vote on executive compensation at least every six years, and a non-binding vote on "golden parachute" payments in connection with approvals of mergers and acquisitions unless previously voted on by stockholders. Additionally, Dodd-Frank directs the federal banking regulators to promulgate rules prohibiting excessive compensation paid to executives of depository institutions and their holding companies with assets in excess of $1.0 billion, regardless of whether the company is publicly traded. Dodd-Frank also gives the SEC authority to prohibit broker discretionary voting on elections of directors and executive compensation matters.

Prohibition Against Charter Conversions of Troubled Institutions

Dodd-Frank prohibits a depository institution from converting from a state to a federal charter, or vice versa, while it is the subject of a cease and desist order or other formal enforcement action or a memorandum of understanding with respect to a significant supervisory matter unless the appropriate federal banking agency gives notice of the conversion to the federal or state authority that issued the enforcement action and that agency does not object within 30 days. The notice must include a plan to address the significant supervisory matter. The converting institution must also file a copy of the conversion application with its current federal regulator, which must notify the resulting federal regulator of any ongoing supervisory or investigative proceedings that are likely to result in an enforcement action and provide access to all supervisory and investigative information relating thereto.

Interstate Branching

Dodd-Frank authorizes national and state banks to establish branches in other states to the same extent as a bank chartered by that state would be permitted. Previously, banks could only establish branches in other states if the host state expressly permitted out-of-state banks to establish branches in that state. Accordingly, banks are able to enter new markets more freely.

Limits on Interstate Acquisitions and Mergers

Dodd-Frank precludes a bank holding company from engaging in an interstate acquisition—the acquisition of a bank outside its home state—unless the bank holding company is both well capitalized and well managed. Furthermore, a bank may not engage in an interstate merger with another bank headquartered in another state unless the surviving institution will be well capitalized and well managed. The previous standard in both cases was adequately capitalized and adequately managed.

Limits on Interchange Fees

Dodd-Frank amended the Electronic Fund Transfer Act to, among other things, give the Federal Reserve the authority to establish rules regarding interchange fees charged for electronic debit transactions by payment card issuers having assets over $10 billion and to enforce a new statutory requirement that such fees be reasonable and proportional to the actual cost of a transaction to the issuer.

Consumer Financial Protection Bureau

Dodd-Frank created the independent federal agency called the CFPB, which is granted broad rulemaking, supervisory and enforcement powers under various federal consumer financial protection laws, including the Equal Credit Opportunity Act, Truth in Lending Act, Real Estate Settlement Procedures Act, Fair Credit Reporting Act, Fair Debt Collection Act, Consumer Financial Privacy provisions of the Gramm-Leach-Bliley Act, and certain other statutes. The CFPB has examination and primary enforcement authority with respect to depository institutions with $10 billion or more in assets. Smaller institutions are subject to rules promulgated by the CFPB, but continue to be examined and supervised by federal banking regulators for consumer compliance purposes. The CFPB has authority to prevent unfair, deceptive or abusive practices in connection with the offering of consumer financial products. Dodd-Frank authorizes the CFPB to establish certain minimum standards for the origination of residential mortgages including a determination of the borrower's ability to repay. In addition, Dodd-Frank allows borrowers to raise certain defenses to foreclosure if they receive any loan other than a "qualified mortgage" as defined by the CFPB. Dodd-Frank permits states to adopt consumer protection laws and standards that are more stringent than those adopted at the federal level and, in certain circumstances, permits state attorneys general to enforce compliance with both the state and federal laws and regulations.

ABILITY-TO-REPAY AND QUALIFIED MORTGAGE RULE — Pursuant to Dodd-Frank as highlighted above, the CFPB issued a final rule on January 10, 2013 (effective on January 10, 2014), amending Regulation Z as implemented by the Truth in Lending Act, requiring mortgage lenders to make a reasonable and good faith determination based on verified and documented information that a consumer applying for a mortgage loan has a reasonable ability to repay the loan according to its terms. Mortgage lenders are required to determine the consumer's ability to repay in one of two ways. The first alternative requires the mortgage lender to consider the following eight underwriting factors when making the credit decision: (1) current or reasonably expected income or assets; (2) current employment status; (3) the monthly payment on the covered transaction; (4) the monthly payment on any simultaneous loan; (5) the monthly payment for mortgage-related obligations; (6) current debt obligations, alimony, and child support; (7) the monthly debt-to-income ratio or residual income; and, (8) credit history. Alternatively, the mortgage lender can originate "qualified mortgages", which are entitled to a presumption that the creditor making the loan satisfied the ability-to-repay requirements. In general, a "qualified mortgage" is a mortgage loan without negative amortization, interest-only payments, balloon payments, or terms exceeding 30 years. In addition, to be a qualified mortgage, the points and fees paid by a consumer cannot exceed 3% of the total loan amount. Loans which meet these criteria will be considered qualified mortgages and, as a result, generally protect lenders from fines or litigation in the event of foreclosure. Qualified mortgages that are "higher-priced" (e.g., subprime loans) garner a rebuttable presumption of compliance with the ability-to-repay rules, while qualified mortgages that are not "higher-priced" (e.g., prime loans) are given a safe harbor of compliance. The impact of the final rule, and the subsequent amendments thereto, on the Corporation's lending activities and the Corporation's statements of income or condition has had little or no impact; however, management will continue to monitor the implementation of the rule for any potential effects on the Corporation's business.

DEPARTMENT OF DEFENSE MILITARY LENDING RULE — In 2015, the U.S. Department of Defense issued a final rule which restricts pricing and terms of certain credit extended to active duty military personnel and their families. This rule, which was implemented effective October 3, 2016, caps the interest rate on certain credit extensions to an annual percentage rate of 36% and restricts other fees. The rule requires financial institutions to verify whether customers are military personnel subject to the rule. The impact of this final rule, and any subsequent amendments thereto, on the Corporation's lending activities and the Corporation's statements of income or condition has had little or no impact; however, management will continue to monitor the implementation of the rule for any potential effects on the Corporation's business.

FEDERAL DEPOSIT INSURANCE CORPORATION ACT OF 1991 — Under the Federal Deposit Insurance Corporation Act of 1991, any depository institution, including the subsidiary bank, is prohibited from paying any dividends, making other distributions or paying any management fees if, after such payment, it would fail to satisfy the minimum capital requirement.

FEDERAL RESERVE ACT — A subsidiary bank of a bank holding company is subject to certain restrictions and reporting requirements imposed by the Federal Reserve Act, including:

- Extensions of credit to the bank holding company, its subsidiaries, or principal stockholders;
- Investments in the stock or other securities of the bank holding company or its subsidiaries; and,
- Taking such stock or securities as collateral for loans.

COMMUNITY REINVESTMENT ACT OF 1977 — Under the Community Reinvestment Act of 1977, the FDIC is required to assess the record of all financial institutions regulated by it to determine if these institutions are meeting the credit needs of the community, including low- and moderate-income neighborhoods, which they serve and to take this record into account in its evaluation of any application made by any of such institutions for, among other things, approval of a branch or other deposit facility, office relocation, merger, or acquisition of bank shares. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 amended the CRA to require, among other things, that the FDIC make publicly available the evaluation of a bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods. This evaluation includes a descriptive rating like "outstanding", "satisfactory", "needs to improve" or "substantial noncompliance" and a statement describing the basis for the rating. These ratings are publicly disclosed.

FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991 — The FDICIA requires that institutions be classified, based on their risk-based capital ratios, into one of five defined categories as follows and as illustrated below: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, or critically undercapitalized.

	Total Risk-Based Ratio	Tier 1 Risk-Based Ratio	Tier 1 Leverage Ratio	Under a Capital Order or Directive
Capital Category				
Well capitalized	≥10.0 %	≥8.0 %	≥5.0 %	NO
Adequately capitalized	≥8.0 %	≥6.0 %	≥4.0 %	
Undercapitalized	<8.0 %	<6.0 %	≥4.0 %	
Significantly undercapitalized	<6.0 %	<4.0 %	<3.0 %	
Critically undercapitalized			<2.0 %	

In the event an institution's capital deteriorates to the undercapitalized category or below, FDICIA prescribes an increasing amount of regulatory intervention, including the institution of a capital restoration plan and a guarantee of the plan by a parent institution and the placement of a hold on increases in assets, number of branches, or lines of business. If capital reaches the significantly or critically undercapitalized levels, further material restrictions can be imposed, including restrictions on interest payable on accounts, dismissal of management, and, in critically undercapitalized situations, appointment of a receiver. For well capitalized institutions, FDICIA provides authority for regulatory intervention when the institution is deemed to be engaging in unsafe or unsound practices or receives a less than satisfactory examination report rating for asset quality, management, earnings or liquidity. All but well capitalized institutions are prohibited from accepting brokered deposits without prior regulatory approval. Under FDICIA, financial institutions are subject to increased regulatory scrutiny and must comply with certain operational, managerial and compensation standards established by Federal Reserve Board regulations.

In July 2013, the federal banking agencies issued final rules to implement the Basel III regulatory capital reforms and changes required by the Dodd-Frank. The phase-in period for community banking organizations began January 1, 2015, while larger institutions (generally those with assets of $50 billion or more) began compliance on January 1, 2014. The final rules call for the following capital requirements which remain in effect:

- A minimum ratio of common equity Tier 1 capital to total risk-weighted assets of 4.5%.
- A minimum ratio of Tier 1 capital to risk-weighted assets of 6.0%.
- A minimum ratio of total capital ratio of total capital to total risk-weighted assets of 8.0%.
- A minimum leverage ratio of Tier 1 capital to average total consolidated assets of 4.0%.

A discussion of how these capital rules affect ACNB Corporation appears under Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations.

Dividends

ACNB is a legal entity separate and distinct from its subsidiary bank and insurance agency subsidiary. ACNB's revenues, on a parent company only basis, result primarily from dividends paid to the Corporation by its subsidiaries. Federal and state laws regulate the payment of dividends by ACNB's subsidiary bank and state laws effect dividends paid by ACNB's insurance subsidiary. ACNB's dividends to shareholders is governed by the Pennsylvania Business Corporation Law. For further information, please refer to *Regulation of Bank* below and Note 14 — "Regulatory Matters", to the Consolidated Financial Statements under Part II, Item 8, "Financial Statements and Supplementary Data".

Regulation of Bank

The operations of the subsidiary bank are subject to statutes applicable to banks and trust companies chartered under the banking laws of Pennsylvania, to state nonmember banks of the Federal Reserve, and to banks whose deposits are insured by the FDIC. The subsidiary bank's operations are also subject to regulations of the Pennsylvania Department of Banking and Securities, Federal Reserve, and FDIC.

The Pennsylvania Department of Banking and Securities, which has primary supervisory authority over banks chartered in Pennsylvania, regularly examines banks in such areas as reserves, loans, investments, management practices, and other aspects of operations. The subsidiary bank is also subject to examination and supervision by the FDIC for safety and soundness, as well as consumer compliance. These examinations and supervision are designed for the protection of the subsidiary bank's depositors rather than ACNB's stockholders. The subsidiary bank must file quarterly and annual reports to the Federal Financial Institutions Examination Council, or FFIEC.

Monetary and Fiscal Policy

ACNB and its subsidiary bank are affected by the monetary and fiscal policies of government agencies, including the Federal Reserve and FDIC. Through open market securities transactions and changes in its discount rate and reserve requirements, the Board of Governors of the Federal Reserve exerts considerable influence over the cost and availability of funds for lending and investment. The nature and impact of monetary and fiscal policies on future business and earnings of ACNB cannot be predicted at this time. From time to time, various federal and state legislation is proposed that could result in additional regulation of, and restrictions on, the business of ACNB and the subsidiary bank, or otherwise change the business environment. Management cannot predict whether any of this legislation will have a material effect on the business of ACNB.

AVAILABLE INFORMATION

The Corporation maintains a website on the Internet at investor.acnb.com. The Corporation makes available free of charge, on or through its website, its proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports as soon as reasonably practicable after such material is electronically filed with the SEC. This reference to the Corporation's Internet address shall not, under any circumstances, be deemed to incorporate the information available at such Internet address into this Form 10-K or other SEC filings. The information available at the Corporation's Internet address is not part of this Form 10-K or any other report filed by the Corporation with the SEC. The Corporation's SEC filings can also be obtained on the SEC's website on the Internet at https://www.sec.gov.

ACQUISITIONS

ACNB Corporation and its subsidiaries have pursued organic and inorganic growth strategies. In pursuit of the inorganic growth strategy, on July 1, 2017, ACNB acquired New Windsor Bancorp, Inc. and its wholly-owned subsidiary, New Windsor State Bank, headquartered in Taneytown, Maryland. Additionally, on January 11, 2020, ACNB acquired Frederick County Bancorp, Inc. and its wholly-owned subsidiary, Frederick County Bank, headquartered in Frederick, Maryland. On July 23, 2024, ACNB entered into an agreement and plan of reorganization to acquire Traditions Bancorp, Inc. and its banking subsidiary Traditions Bank, headquartered in York, Pennsylvania. The acquisition of Traditions was closed effective February 1, 2025.

On February 28, 2022, ACNB Insurance Services, the wholly-owned insurance subsidiary of ACNB Corporation, acquired the business and assets of Hockley & O'Donnell, located in Gettysburg, Pennsylvania.

ITEM 1A—RISK FACTORS

CREDIT RISKS

ACNB IS SUBJECT TO INTEREST RATE RISK.

ACNB's earnings and cash flows are largely dependent upon its net interest income. Net interest income is the difference between interest income earned on interest-earning assets, such as loans and securities, and interest expense paid on interest-bearing liabilities, such as deposits and borrowed funds. Interest rates are highly sensitive to many factors that are beyond ACNB's control, including general economic conditions and policies of various governmental and regulatory agencies and, in particular, the Board of Governors of the Federal Reserve System. Changes in monetary policy, including changes in interest rates, could influence not only the amount of interest ACNB receives on loans and securities and the amount of interest it pays on deposits and borrowings, but such changes could also affect (i) ACNB's ability to originate loans and obtain deposits, (ii) the fair value of ACNB's financial assets and liabilities, and (iii) the average duration of ACNB's mortgage-backed securities portfolio. If the interest rates paid on deposits and other borrowings increase at a faster rate than the interest rates received on loans and other investments, ACNB's net interest income, and therefore earnings, could be adversely affected. Earnings could also be adversely affected if the interest rates received on loans and other investments fall more quickly than the interest rates paid on deposits and other borrowings.

Although management believes it has implemented effective asset and liability management strategies to reduce the potential effects of changes and volatility in interest rates on ACNB's results of operations, any substantial, unexpected or prolonged change in market interest rates could have a material adverse effect on ACNB's financial condition and results of operations.

ACNB IS SUBJECT TO CREDIT RISK.

As of December 31, 2024, approximately 71% of ACNB's loan portfolio consisted of commercial and industrial, construction, and commercial real estate loans. These types of loans are generally viewed as having more risk of default than residential real estate loans or consumer loans. These types of loans are also typically larger than residential real estate loans and consumer loans. Because ACNB's loan portfolio contains a significant number of commercial and industrial, construction, and commercial real estate loans with relatively large balances, the deterioration of one or a few of these loans could cause a significant increase in non-performing loans. An increase in non-performing loans could result in a net loss of earnings from these loans, an increase in the provision for credit losses, and an increase in loan charge-offs, all of which could have a material adverse effect on ACNB's financial condition and results of operations.

ACNB IS ALSO SUBJECT TO COMMERCIAL REAL ESTATE VOLATILITY.

The commercial real estate market nationally, regionally, and locally has recently been subject to increased levels of volatility. Many believe that commercial real estate in the commercial office sector is undergoing a fundamental transformation and change that started during the recent pandemic but also continues due to evolving workplace environments. These changes in the marketplace affect the demand for commercial office space which in turn may affect the credit status, profitability, and collectability, of existing and future commercial real estate office sector loans. As explained above in greater detail in the risk factor for Credit Risk, volatility and increases in non-performing loans could have an adverse impact on ACNB's financial condition and results of operations.

ACNB'S ALLOWANCE FOR CREDIT LOSSES MAY BE INSUFFICIENT.

ACNB maintains an ACL, which is a reserve established through a provision for credit losses charged to expense, that represents management's best estimate of expected credit losses associated with the Corporation's financial instruments over the life of those instruments as of the balance sheet date. Management utilizes a variety of inputs in the calculation of its estimate, based on the evaluation of the size and current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts of future economic conditions and prepayment experience. Management's use of a third-party service provider which provided historical loss data in the calculation of its CECL provision may not approximate its own historical loss data. Management's ability to accurately forecast future losses under this methodology may be impaired by significant uncertainties such as:

- Surrounding rapid increases in inflation and interest rates, which have disrupted financial markets and adversely affected commercial real estate and other sectors in the economy.
- Related to the identification of the appropriate economic indicators.
- Related to the data utilized to build models and draw assumptions.
- Limitations related to the different sources of data: internal data, peer data, market data, macroeconomic data, geopolitical data, etc.
- Related to the need to make difficult and complex judgments that are often interrelated.

The allowance, in the judgment of management, is necessary to reserve for expected credit losses and risks inherent in the loan portfolio. The determination of the appropriate level of the ACL inherently involves a high degree of subjectivity and requires ACNB to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans, and other factors, both within and outside of ACNB's control, may require an increase in the ACL. In addition, bank regulatory agencies periodically review ACNB's ACL and may require an increase in the provision for credit losses or the recognition of further loan charge-offs, based on judgments different than those of management. Further, if charge-offs in future periods exceed the ACL, ACNB will need additional provisions to increase the ACL. Any increases in the ACL will result in a decrease in net income, and possibly capital, and may have a material adverse effect on ACNB's financial condition and results of operations.

BUSINESS RISKS

COMPETITION FROM OTHER FINANCIAL INSTITUTIONS MAY ADVERSELY AFFECT ACNB'S PROFITABILITY.

ACNB's banking subsidiary faces substantial competition in originating both commercial and consumer loans. This competition comes principally from other banks, credit unions, mortgage banking companies, and other lenders. Many of its competitors enjoy advantages, including greater financial resources with higher lending limits, wider geographic presence, more aggressive marketing campaign, better brand recognition, more branch office locations, the ability to offer a wider array of services or more favorable pricing alternatives, and lower origination and operating costs. This competition could reduce the

Corporation's net income by decreasing the number and size of loans that its banking subsidiary originates and the interest rates it may charge on these loans.

In attracting business and consumer deposits, its banking subsidiary faces substantial competition from other insured depository institutions such as banks, savings institutions, and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. These competitors may offer higher interest rates than ACNB, which could decrease the deposits that it attracts or require it to increase its rates to retain existing deposits or attract new deposits. Increased deposit competition could adversely affect the subsidiary's ability to generate the funds necessary for lending operations. As a result, it may need to seek other sources of funds that may be more expensive to obtain and could increase its cost of funds.

ACNB's banking subsidiary also competes with nonbank providers of financial services, such as brokerage firms, consumer finance companies, credit unions, insurance companies and agencies, and governmental organizations which may offer more favorable terms. Some of its nonbank competitors are not subject to the same extensive regulations that govern ACNB's banking operations. As a result, such nonbank competitors may have advantages over ACNB's banking subsidiary in providing certain products and services. This competition may reduce or limit ACNB's margins on banking services, reduce its market share, and adversely affect its earnings and financial condition.

THE BASEL III CAPITAL REQUIREMENTS OR OTHER REGULATORY CAPITAL STANDARDS OR CHANGES MAY REQUIRE ACNB TO MAINTAIN HIGHER LEVELS OF CAPITAL, WHICH COULD REDUCE ACNB'S PROFITABILITY.

Basel III targets higher levels of base capital, certain capital buffers, and a migration toward common equity as the key source of regulatory capital. Although the new capital requirements are phased in over future years and may change substantially before final implementation, Basel III signals a growing effort by domestic and international bank regulatory agencies to require financial institutions, including depository institutions, to maintain higher levels of capital. The direction of the Basel III implementation activities or other regulatory standards or changes could require additional capital to support the Corporation's business risk profile prior to final implementation of the Basel III standards. If ACNB and the subsidiary bank are required to maintain higher levels of capital, ACNB and the subsidiary bank may have fewer opportunities to invest capital into interest-earning assets, which could limit the profitable business operations available to ACNB and the subsidiary bank and adversely impact ACNB's financial condition and results of operations.

ACNB'S OPERATIONS OF ITS BUSINESS, INCLUDING ITS TRANSACTIONS WITH CUSTOMERS, ARE INCREASINGLY DONE ELECTRONICALLY, AND THIS HAS INCREASED ITS RISKS RELATED TO CYBERSECURITY.

Increasingly, financial transactions are processed electronically, both by ACNB and its customers, via online, mobile, and cloud technologies. Operational systems are progressively becoming cloud-based. Conducting business in this environment depends on secure transmission and storage of data in digital form as well as procedures and systems to prevent or ensure the resiliency against system failures, interruptions or breaches in security. As a result, ACNB is exposed to the risk of cyber-attacks in the normal course of business, which may be perpetrated against ACNB, or its third-party service providers and its customers.

In general, cyber incidents can result from deliberate attacks or unintentional events. ACNB has observed an increased level of attention in the industry focused on cyber-attacks that include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. While ACNB maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover or ameliorate certain financial aspects of cyber risks, such insurance coverage may be insufficient to cover all losses.

ACNB maintains policies and procedures designed to prevent or limit the effects of possible security breaches of its information systems. However, the techniques used for cyber-attacks are becoming increasingly sophisticated, including the use of AI, and there can be no assurance that preventive and detective measures are fail-safe.

While ACNB has not incurred any material losses related to cyber-attacks, nor is it aware of any specific or threatened material cyber incidents as of the date of this report, it may incur substantial costs and suffer other negative consequences if it falls victim to successful cyber-attacks. Such negative consequences could include remediation costs that may include liability for stolen assets or information and repairing system damage that may have been caused; deploying additional personnel and protection technologies, training employees, and engaging third-party experts and consultants; lost revenues resulting from unauthorized use of proprietary information or the failure to retain or attract customers following an attack; disruption or failures of physical infrastructure, operating systems or networks that support ACNB's business and customers resulting in the loss of customers and business opportunities; additional regulatory scrutiny and possible regulatory penalties; litigation; and, reputational damage adversely affecting customer or investor confidence.

ACNB'S CONTROLS AND PROCEDURES MAY FAIL OR BE CIRCUMVENTED.

Management regularly reviews and updates ACNB's internal controls, disclosure controls, and procedures, as well as corporate governance policies and procedures. Any system of controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of ACNB's controls and procedures or failure to comply with regulations related to controls and procedures could have a material adverse effect on ACNB's business, financial condition, and results of operations.

ACNB'S ABILITY TO PAY DIVIDENDS DEPENDS PRIMARILY ON DIVIDENDS FROM ITS BANKING SUBSIDIARY, WHICH ARE SUBJECT TO REGULATORY LIMITS AND THE BANKING SUBSIDIARY PERFORMANCE.

ACNB is a financial holding company and its operations are conducted by its subsidiaries. Its ability to pay dividends depends on its receipt of dividends from its subsidiaries. Dividend payments from its banking subsidiary are subject to legal and regulatory limitations, generally based on net profits and retained earnings, imposed by the various banking regulatory agencies. The ability of its subsidiaries to pay dividends is also subject to their profitability, financial condition, capital expenditures, and other cash flow requirements. There is no assurance that its subsidiaries will be able to pay dividends in the future or that ACNB will generate adequate cash flow to pay dividends in the future. ACNB's failure to pay dividends on its common stock could have a material adverse effect on the market price of its common stock.

NEW LINES OF BUSINESS OR NEW PRODUCTS AND SERVICES MAY SUBJECT ACNB TO ADDITIONAL RISKS.

From time to time, ACNB may implement new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, ACNB may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting market preferences, may also impact the successful implementation of a new line of business and/or a new product or service. Furthermore, any new line of business and/or new product or service could have a significant impact on the effectiveness of ACNB's system of internal controls. Failure to successfully manage these risks in the development and implementation of new lines of business and new products or services could have a material adverse effect on ACNB's business, financial condition, and results of operations.

ACNB MAY NOT BE ABLE TO ATTRACT AND RETAIN SKILLED PEOPLE.

ACNB's success depends, in large part, on its ability to attract and retain key people. Competition for the best people in most activities engaged in by ACNB can be intense, and ACNB may not be able to hire people or to retain them. The unexpected loss of services of one or more of ACNB's key personnel could have a material adverse impact on ACNB's business because the Corporation would no longer have the benefit of their skills, knowledge of ACNB's market, as well as years of industry experience, and it would be difficult to promptly find qualified replacement personnel.

ACNB IS SUBJECT TO CLAIMS AND LITIGATION PERTAINING TO FIDUCIARY RESPONSIBILITY.

From time to time, customers make claims and take legal action pertaining to ACNB's performance of its fiduciary responsibilities. Whether customer claims and legal action related to ACNB's performance of its fiduciary responsibilities are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to ACNB, they may result in significant financial liability and/or adversely affect the market perception of ACNB and its products and services, as well as impact customer demand for those products and services. Any financial liability or reputation damage could have a material adverse effect on ACNB's business, which, in turn, could have a material adverse effect on ACNB's financial condition and results of operations.

IF ACNB CONCLUDES THAT THE DECLINE IN VALUE OF ANY OF ITS AFS OR HTM INVESTMENT SECURITIES HAVE CREDIT QUALITY ISSUES, ACNB IS REQUIRED TO WRITE DOWN THE VALUE OF AFS SECURITIES THROUGH A CHARGE TO EARNINGS AND BOOK A RESERVE TO THE ACL FOR HTM SECURITIES.

ACNB reviews its investment securities portfolio at each quarter-end to determine whether the fair value is below the current carrying value. When the fair value of any of its investment securities has declined below its carrying value, ACNB is required to assess whether the decline is an impairment due to credit deterioration. If ACNB determines that the decline in value is impaired due to credit deterioration, it is required to write down the value of AFS securities through a charge to earnings and book a reserve for any HTM securities to the allowance for credit losses. Non-credit related reductions in the value of a security do not require a write down of the value through earnings unless ACNB intends to, or is required to, sell the security. Changes in the expected cash flows related to the credit related piece of the investment of a security in ACNB's investment portfolio or a prolonged price decline may result in ACNB's conclusion in future periods that a security is to be deemed impaired, which would require a charge to earnings to write down the security to fair value for AFS securities or book a reserve to the allowance for credit losses for HTM securities. Due to the complexity of the calculations and assumptions used in determining whether an asset is impaired, the impairment disclosed may not accurately reflect the actual impairment in the future.

ACNB IS SUBJECT TO POTENTIAL IMPAIRMENT OF GOODWILL AND INTANGIBLES.

ACNB has certain long-lived assets including purchased intangible assets subject to amortization and associated goodwill assets which are reviewed for impairment annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statement of condition and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated.

Accounting rules permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The goodwill impairment analysis involves comparing the reporting unit's estimated fair value to its carrying value, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value of goodwill assigned to the reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. Subsequent reversal of goodwill impairment losses is not permitted.

Goodwill, which has an indefinite useful life, is evaluated pursuant to ASC Topic 350, *Intangibles — Goodwill and Other*, for impairment annually and is evaluated for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. The goodwill impairment analysis involves comparing the reporting unit's estimated fair value to its carrying value, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value of goodwill assigned to the reporting unit exceeds the implied fair value of the goodwill, an impairment charge is recorded for the excess. Subsequent reversal of goodwill impairment losses is not permitted. ACNB performs an annual evaluation to determine if there is goodwill impairment.

ACNB IS SUBJECT TO ENVIRONMENTAL LIABILITY RISK ASSOCIATED WITH LENDING ACTIVITIES.

A significant portion of ACNB's banking subsidiary loan portfolio is secured by real property. During the ordinary course of business, ACNB may foreclose on and take title to properties securing certain loans. In doing so, there is a risk that hazardous or toxic substances could be found on these properties. If hazardous or toxic substances are found, ACNB may be liable for remediation costs, as well as for personal injury and property damage. Environmental laws may require ACNB to incur substantial expense and may materially reduce the affected property's value or limit ACNB's ability to use or sell the affected property. In addition, future laws or more stringent interpretations or enforcement policies with respect to existing laws may increase ACNB's exposure to environmental liability. Although ACNB has policies and procedures to perform an environmental review before initiating any foreclosure action on real property, these reviews may not be sufficient to detect all potential environmental hazards. The remediation costs and any other financial liabilities associated with an environmental hazard could have a material adverse effect on ACNB's financial condition and results of operations.

ACNB'S COMMUNICATIONS, INFORMATION, AND TECHNOLOGY SYSTEMS MAY EXPERIENCE A FAILURE, INTERRUPTION OR BREACH IN SECURITY.

ACNB relies heavily on communications, information, and technology systems to conduct its business. Any failure, interruption or breach in security of these systems at ACNB, or at its third-party service provider of these systems, could result in the reduced ability to operate effectively; disruption in service to its customers; or corruption, loss or compromise of confidential corporate or customer data. The risks are greater if the issue is extensive, long-lasting, or results in financial losses to its customers. Such failures, interruptions or breaches in security may arise from events such as severe weather, acts of vandalism, telecommunications outages, human error, or cyber-attacks.

These risks also arise to the extent ACNB's third-party service providers experience failures, interruptions and breaches in security. ACNB is also exposed to the risk of a disruption at a common service provider used by ACNB's third-party service providers. Even with attempts to diversify the reliance upon any one third-party, ACNB may not be able to mitigate the risk of its vendors' use of common service providers.

While ACNB has policies and procedures designed to prevent or limit the effect of the failure, interruption or security breach of its communication, information, and technology systems, there can be no assurance that any such failures, interruptions or security breaches will not occur or, if they do occur, that they will be adequately addressed. Although ACNB maintains insurance coverage that may, subject to policy terms and conditions including significant self-insured deductibles, cover or ameliorate certain financial aspects of these risks, such insurance coverage may be insufficient to cover all losses. The occurrence of any failures, interruptions or security breaches of ACNB's communications, information, and technology systems could damage ACNB's reputation adversely affecting customer or investor confidence, result in a loss of customer business, subject ACNB to additional regulatory scrutiny and possible regulatory penalties, or expose ACNB to civil litigation and possible financial liability, any of which could have a material adverse effect on ACNB's financial condition and results of operations.

ACNB MAY USE AI IN ITS BUSINESS, AND CHALLENGES WITH PROPERLY MANAGING ITS USE COULD RESULT IN DISRUPTION OF ITS INTERNAL OPERATIONS, REPUTATIONAL HARM, COMPETITIVE HARM, LEGAL LIABILITY AND ADVERSELY AFFECT ACNB'S RESULTS OF OPERATIONS AND STOCK PRICE.

ACNB may incorporate AI solutions into platforms that deliver products and services to its customers, including solutions developed by third parties whose AI is integrated into its products and services. ACNB's business could be harmed and it may be exposed to legal liability and reputational risk if the AI it uses is or is alleged to be deficient, inaccurate, or biased because the AI algorithms are flawed, insufficient, of poor quality, or reflect unwanted forms of bias, particularly if third party AI integrated with its platforms produces false or "hallucinatory" inferences.

Data practices by ACNB or others that result in controversy could impair the acceptance of AI, which could undermine the decisions, predictions, or analysis that AI applications produce. ACNB's customers and potential customers may express adverse opinions concerning its use of AI and machine learning that could result in brand or reputational harm, competitive harm, or legal liability. If ACNB develops Generative AI, its content creation may require additional investment as testing for bias, accuracy and unintended, harmful impact is often complex and may be costly. As a result, ACNB may need to increase the cost of its products and services which may make it less competitive, particularly if its competitors incorporate AI more quickly or successfully.

Governmental bodies have implemented laws and are considering further regulation of AI (including machine learning), which could negatively impact ACNB's ability to use and develop AI. ACNB is unable to predict how application of existing laws, including federal and state privacy and data protection laws, and adoption of new laws and regulations applicable to AI will affect it but it is likely that compliance with such laws and regulations will increase its compliance costs and such increase may be substantial and adversely affect its results of operations. Furthermore, its use of Generative AI and other forms of AI may expose us to risks relating to intellectual property ownership and licensing rights, including copyright of Generative AI and other AI output as these issues have not been fully interpreted by federal courts or been fully addressed by federal or state legislation or regulations.

STRATEGIC AND EXTERNAL RISKS

ACNB'S PROFITABILITY DEPENDS SIGNIFICANTLY ON ECONOMIC CONDITIONS IN ITS MARKET AREA AND IN THE COMMONWEALTH OF PENNSYLVANIA AND THE STATE OF MARYLAND.

ACNB's success depends primarily on the general economic conditions of the Commonwealth of Pennsylvania, the State of Maryland, and the specific local markets in which ACNB operates. Unlike larger national or other regional banks that are more geographically diversified, ACNB provides banking and financial services to customers primarily in the southcentral Pennsylvania and northern Maryland region of the country. The local economic conditions in these areas have a significant impact on the demand for ACNB's products and services, as well as the ability of ACNB's customers to repay loans, the value of the collateral securing the loans, and the stability of ACNB's deposit funding sources. A significant decline in general economic conditions caused by inflation, recession, acts of terrorism, outbreak of hostilities or other international or domestic occurrences and instability, unemployment, changes in securities markets, epidemics and pandemics (such as COVID-19) and governmental responses thereto, or other factors could impact these local economic conditions and, in turn, have a material adverse effect on ACNB's financial condition and results of operations.

THE EARNINGS OF FINANCIAL SERVICES COMPANIES ARE SIGNIFICANTLY AFFECTED BY GENERAL BUSINESS AND ECONOMIC CONDITIONS.

ACNB's operations and profitability are impacted by general business and economic conditions in the United States and abroad. These conditions include short-term and long-term interest rates, inflation, money supply, political issues, legislative and regulatory changes, fluctuations in both debt and equity capital markets, broad trends in industry and finance, and the strength of the U.S. economy and the local economies in which ACNB operates, all of which are beyond ACNB's control. Deterioration in economic conditions could result in an increase in loan delinquencies and non-performing assets, decreases in loan collateral values, and a decrease in demand for ACNB's products and services, among other things, any of which could have a material adverse impact on ACNB's financial condition and results of operations.

The regulatory environment for the financial services industry is being significantly impacted by financial regulatory reform initiatives in the United States and elsewhere, and regulations promulgated to implement them, including Dodd-Frank.

THE TRADING VOLUME IN ACNB'S COMMON STOCK IS LESS THAN THAT OF OTHER LARGER FINANCIAL SERVICES COMPANIES.

ACNB's common stock trades on NASDAQ, and the trading volume in its common stock is less than that of other larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of willing buyers and sellers of ACNB's common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which ACNB has no control. Given the lower trading volume of ACNB's common stock, significant sales of ACNB's common stock, and the expectation of these sales, could cause ACNB's stock price to fall.

ACNB OPERATES IN A HIGHLY REGULATED ENVIRONMENT AND MAY BE ADVERSELY AFFECTED BY CHANGES IN FEDERAL, STATE AND LOCAL LAWS AND REGULATIONS.

ACNB, primarily through its banking subsidiary, is subject to extensive regulation, supervision and/or examination by federal and state banking authorities. Any change in applicable regulations or federal, state or local legislation could have a substantial impact on ACNB and its operations. Additional legislation and regulations that could significantly affect ACNB's powers, authority and operations may be enacted or adopted in the future, which could have a material adverse effect on its financial condition and results of operations. Further, regulators have significant discretion and authority to prevent or remedy unsafe or unsound practices or violations of laws by banks and bank and financial holding companies in the performance of their supervisory and enforcement duties. The exercise of regulatory authority may have a negative impact on ACNB's financial condition and results of operations.

Like other financial holding companies and financial institutions, ACNB must comply with significant anti-money laundering and anti-terrorism laws. Under these laws, ACNB is required, among other things, to enforce a customer identification program and file currency transaction and suspicious activity reports with the federal government. Government agencies have substantial discretion to impose significant monetary penalties on institutions which fail to comply with these laws or make required reports. While ACNB has policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur.

THE SOUNDNESS OF OTHER FINANCIAL INSTITUTIONS MAY ADVERSELY AFFECT ACNB.

Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. ACNB has exposure to many different industries and counterparties, and routinely executes transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks, and institutional clients. Many of these transactions expose ACNB to credit risk in the event of a default by a counterparty or customer. In addition, ACNB's credit risk may be exacerbated when the collateral held by ACNB cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the credit exposure due to ACNB. Any such losses could have a material adverse effect on ACNB's financial condition and results of operations.

MARKET VOLATILITY AND OTHER CONDITIONS AND FACTORS MAY HAVE MATERIALLY ADVERSE EFFECTS ON ACNB'S LIQUIDITY AND FINANCIAL CONDITION.

The capital and credit markets may experience extreme volatility and disruption. In the past, in some cases, the markets have exerted downward pressure on stock prices, security prices, and credit capacity for certain issuers without regard to those issuers' underlying financial strength. In addition, other conditions and factors that could materially adversely affect ACNB's liquidity and funding including a lack of market or customer confidence in, or negative news about, ACNB or the financial services industry generally which also may result in a loss of deposits and/or negatively affect ACNB's ability to access the capital markets; the loss of customer deposits to alternative investments; counterparty availability; interest rate fluctuations; general economic conditions; and the legal, regulatory, accounting and tax environments governing ACNB's funding transactions. Many of the above conditions and factors may be caused by events over which ACNB has little or no control. There can be no assurance that significant disruption and volatility in the financial markets will not occur in the future. Further, ACNB's customers may be adversely impacted by such conditions, which could have a negative impact on ACNB's business, financial condition and results of operations.

ACNB MAY NEED OR BE COMPELLED TO RAISE ADDITIONAL CAPITAL IN THE FUTURE WHICH COULD DILUTE STOCKHOLDERS OR BE UNAVAILABLE WHEN NEEDED OR AT UNFAVORABLE TERMS.

ACNB's regulators or market conditions may require it to increase its capital levels. If ACNB raises capital through the issuance of additional shares of its common stock or other securities, it would likely dilute the ownership interests of current investors and would likely dilute the per share book value and earnings per share of its common stock. Furthermore, it may have an adverse impact on ACNB's stock price. New investors may also have rights, preferences and privileges senior to ACNB's current stockholders, which may adversely impact its current stockholders. ACNB's ability to raise additional capital will depend on conditions in the capital markets at that time, which are outside its control, and on its financial performance. Accordingly, ACNB cannot be assured of its ability to raise additional capital on terms and/or in time frames acceptable to it, or to raise additional capital at all. If ACNB cannot raise additional capital in sufficient amounts when needed, its ability to comply with regulatory capital requirements could be materially impaired. Additionally, the inability to raise capital in sufficient amounts may adversely affect ACNB's operations, financial condition, and results of operations.

PENNSYLVANIA BUSINESS CORPORATION LAW AND VARIOUS ANTI-TAKEOVER PROVISIONS UNDER ACNB'S ARTICLES AND BYLAWS COULD IMPEDE THE TAKEOVER OF ACNB.

Various Pennsylvania laws affecting business corporations may have the effect of discouraging offers to acquire ACNB, even if the acquisition would be advantageous to stockholders. In addition, ACNB has various anti-takeover measures in place under its articles of incorporation and bylaws, including a supermajority vote requirement for mergers, a staggered Board of Directors, and the absence of cumulative voting. Any one or more of these measures may impede the takeover of ACNB without the approval of the Board of Directors and may prevent stockholders from taking part in a transaction in which they could realize a premium over the current market price of ACNB common stock.

THE SEVERITY AND DURATION OF A FUTURE ECONOMIC DOWNTURN AND THE COMPOSITION OF THE BANKING SUBSIDIARY'S LOAN PORTFOLIO COULD IMPACT THE LEVEL OF LOAN CHARGE-OFFS AND THE PROVISION FOR CREDIT LOSSES AND MAY AFFECT ACNB'S NET INCOME OR LOSS.

Lending money is a substantial part of ACNB's business through its banking subsidiary. However, every loan that ACNB makes carries a certain risk of non-payment. ACNB cannot assure that its allowance for credit losses will be sufficient to absorb actual loan losses. ACNB also cannot assure that it will not experience significant losses in its loan portfolio that may require significant increases to the allowance for credit losses in the future.

Although ACNB evaluates every loan that it makes against its underwriting criteria, ACNB may experience losses by reasons of factors beyond its control. Some of these factors include changes in market conditions affecting the value of real estate and unexpected problems affecting the creditworthiness of ACNB's borrowers.

ACNB determines the adequacy of its ACL by considering various factors, including:

- An analysis of the risk characteristics of various classifications of loans;
- Previous loan loss experience;
- Specific loans that would have loan loss potential;
- Delinquency trends;
- Estimated fair value of the underlying collateral;
- Current economic conditions;
- The views of ACNB's regulators;
- Reports of internal auditors;
- Reports of external auditors;
- Reports of loan reviews conducted by independent organizations; and,
- Geographic and industry loan concentrations.

Local economic conditions could impact the loan portfolio of ACNB. For example, an increase in unemployment, a decrease in real estate values, or increases in interest rates, as well as other factors, could weaken the economies of the communities ACNB serves. Weakness in the Market Areas served by ACNB could depress the Corporation's earnings and, consequently, its financial condition because:

- Borrowers may not be able to repay their loans;
- The value of the collateral securing ACNB's loans to borrowers may decline; and/or,
- The quality of ACNB's loan portfolio may decline.

Although, based on the aforementioned procedures implemented by ACNB, management believes the current ACL is adequate, ACNB may have to increase its provision for credit losses should local economic conditions deteriorate which could negatively impact its financial condition and results of operations.

CHANGES IN REAL ESTATE VALUES MAY ADVERSELY IMPACT ACNB'S BANKING SUBSIDIARY LOANS THAT ARE SECURED BY REAL ESTATE.

A significant portion of ACNB's banking subsidiary loan portfolio consists of residential and commercial mortgages, as well as consumer loans, secured by real estate. These properties are concentrated in ACNB's Market Area. Real estate values and real estate markets generally are affected by, among other things, changes in national, regional or local economic conditions, fluctuations in interest rates, the availability of loans to potential purchasers, changes in the tax laws and other government statutes, regulations and policies, and acts of nature. If real estate prices decline, particularly in ACNB's Market Area, the value of the real estate collateral securing ACNB's loans could be reduced. This reduction in the value of the collateral could increase the number of non-performing loans and could have a material adverse impact on ACNB's financial condition and results of operations.

ACNB CONTINUALLY ENCOUNTERS TECHNOLOGICAL CHANGE.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to better serve customers and to reduce costs. ACNB's future success depends, in part, upon its ability to address the needs of its customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in ACNB's operations. Many of ACNB's competitors have substantially greater resources to invest in technological improvements. ACNB may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its customers. Failure to successfully keep pace with technological change affecting the financial services industry could have a material adverse impact on ACNB's business and, in turn, ACNB's financial condition and results of operations.

FINANCIAL SERVICES COMPANIES DEPEND ON THE ACCURACY AND COMPLETENESS OF INFORMATION ABOUT CUSTOMERS AND COUNTERPARTIES.

In deciding whether to extend credit or enter into other transactions, ACNB may rely on information furnished by or on behalf of customers and counterparties, including financial statements, credit reports, and other financial information. ACNB may also rely on representations of those customers, counterparties or other third parties, such as independent auditors, as to the accuracy and completeness of that information. Reliance on inaccurate or misleading financial statements, credit reports, or other financial information could have a material adverse impact on ACNB's business and, in turn, ACNB's financial condition and results of operations.

CONSUMERS MAY DECIDE NOT TO USE BANKS TO COMPLETE THEIR FINANCIAL TRANSACTIONS.

Technology and other changes are allowing parties to complete financial transactions that historically have involved banks through alternative methods. For example, consumers can now maintain funds in brokerage accounts or mutual funds that would have historically been held as bank deposits. Consumers can also complete transactions such as paying bills and/or transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries, known as "disintermediation", could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost deposits as a source of funds could have a material adverse effect on ACNB's financial condition and results of operations.

FUTURE ECONOMIC CONDITIONS MAY ADVERSELY AFFECT SECONDARY SOURCES OF LIQUIDITY.

In addition to primary sources of liquidity in the form of deposits and principal and interest payments on outstanding loans and investments, ACNB maintains secondary sources that provide it with additional liquidity. These secondary sources include secured and unsecured borrowings from sources such as the Federal Reserve Bank, Federal Home Loan Bank of Pittsburgh, and third-party commercial banks. However, market liquidity conditions have been negatively impacted by past disruptions in the capital markets and could, in the future, have a negative impact on ACNB's secondary sources of liquidity.

SEVERE WEATHER, NATURAL DISASTERS, ACTS OF WAR OR TERRORISM, GEOPOLITICAL RISKS/ EVENTS, AND OTHER EXTERNAL EVENTS COULD SIGNIFICANTLY IMPACT ACNB'S BUSINESS.

The unpredictable nature of events such as severe weather, natural disasters, acts of war or terrorism (international or domestic), geopolitical risks/events, and other adverse external events could have a significant impact on ACNB's ability to conduct business. If any of its financial, accounting, network or other information processing systems fail or have other significant shortcomings due to external events, ACNB could be materially adversely affected. Third parties with which ACNB does business could also be sources of operational risk to ACNB, including the risk that the third parties' own network and information processing systems could fail. Any of these occurrences could materially diminish ACNB's ability to operate one or more of the Corporation's businesses, or result in potential liability to customers, reputational damage, and regulatory intervention, any of which could materially adversely affect ACNB. Such events could affect the stability of ACNB's deposit base, impair the ability of borrowers to repay outstanding loans, impair the value of collateral securing loans, impair ACNB's liquidity, cause significant property damage, result in loss of revenue, and/or cause ACNB to incur additional expenses.

ACNB may be subject to disruptions or failures of the financial, accounting, network and/or other information processing systems arising from events that are wholly or partially beyond ACNB's control, which may include, for example, computer viruses, electrical or telecommunications outages, natural disasters, disease pandemics, damage to property or physical assets, or terrorist acts. ACNB has developed a comprehensive business continuity plan which includes plans to maintain or resume operations in the event of an emergency, such as a power outage or disease pandemic, and contingency plans in the event that operations or systems cannot be resumed or restored. The business continuity plan is updated as needed, periodically reviewed, and components are regularly tested. ACNB also reviews and evaluates the business continuity plans of critical third-party service providers. While ACNB believes its business continuity plan and efforts to evaluate the business continuity plans of critical third-party service providers help mitigate risks, disruptions or failures affecting any of these systems may cause interruptions in service to customers, damage to ACNB's reputation, and loss or liability to the Corporation.

CHANGES IN CONTROL OF THE UNITED STATES GOVERNMENT AND ISSUES RELATING TO DEBT AND THE DEFICIT MAY ADVERSELY AFFECT THE CORPORATION.

Changes in elected officials in the federal government could result in significant changes or uncertainty in governmental policies, regulatory environments, spending sentiment, and many other factors and conditions, some of which could adversely impact the Corporation's business, financial condition, and results of operations. In addition, should the federal government encounter difficulties in reaching agreement over federal debt and issues connected with the debt ceiling, certain rating agencies may place the United States government's long-term sovereign debt rating on their equivalent of negative watch and possibly assign a rating downgrade. As a result, the rating agencies, due to constraints related to the rating of the United States, may also place government-sponsored enterprises in which the Corporation invests and receives lines of credit on negative watch, and a downgrade of the Unites States government's credit rating would trigger a similar downgrade in the credit rating of these government-sponsored enterprises. Furthermore, the credit rating of other entities, such as state and local governments, may also be downgraded should the United States government's credit rating be downgraded. The impact that a credit rating downgrade may have on the national and local economy could have an adverse effect on ACNB's financial condition and results of operations.

NEGATIVE DEVELOPMENTS AFFECTING THE BANKING INDUSTRY, INCLUDING BANK FAILURES OR CONCERNS REGARDING LIQUIDITY, MAY ERODE CUSTOMER CONFIDENCE IN THE BANKING SYSTEM AND MAY HAVE A MATERIAL ADVERSE EFFECT ON ACNB.

In the past, events impacting the banking industry, including the high-profile failures or instability of certain banking institutions, resulted in general uncertainty and eroded confidence in the safety, soundness, and financial strength of the financial services sector. In particular, the bank failures highlighted the potential serious impact of a financial institution unable to meet withdrawal requests by depositors. This resulted in a growing concern about liquidity in the banking industry, access to and volatile capital markets and reduced stock valuations for certain financial institutions. Similar future events, including additional bank failures or bank instability, could directly or indirectly adversely impact ACNB's own liquidity, access to capital markets, stock price, financial condition and results of operations. Further, such events may also result in: greater regulatory scrutiny and enforcement; additional and more stringent laws and regulations for the financial services industry; increased FDIC deposit insurance premiums or special FDIC assessments; and higher capital ratio requirements, which as a result could have a material negative impact and adverse effect on ACNB's business, financial condition and results of operations.

ACNB'S BANKING SUBSIDIARY MAY BE REQUIRED TO PAY HIGHER FDIC INSURANCE PREMIUMS OR SPECIAL ASSESSMENTS WHICH MAY ADVERSELY AFFECT ITS EARNINGS.

In the past, poor economic conditions and the resulting bank failures have increased and in the future may increase the costs of the FDIC and adversely impacted its Deposit Insurance Fund. Any additional bank failures may prompt the FDIC to increase its premiums or to issue special assessments. ACNB is generally unable to control the amount of premiums or special assessments that its banking subsidiary is required to pay for FDIC insurance. Any future changes in the calculation or assessment of FDIC insurance premiums may have a material adverse effect on ACNB's financial condition and results of operations.

THE INCREASING USE OF SOCIAL MEDIA PLATFORMS PRESENTS NEW RISKS AND CHALLENGES AND THE INABILITY OR FAILURE TO RECOGNIZE, RESPOND TO, AND EFFECTIVELY MANAGE THE ACCELERATED IMPACT OF SOCIAL MEDIA COULD MATERIALLY ADVERSELY IMPACT ACNB'S BUSINESS.

There has been a marked increase in the use of social media platforms, including weblogs (blogs), social media websites, and other forms of internet-based communications which allow individuals access to a broad audience of consumers and other interested persons. Social media practices in the banking industry are evolving, which creates uncertainty and risk of noncompliance with regulations applicable to ACNB's business. Consumers value readily-available information concerning businesses and their goods and services, and often act on such information without further investigation and without regard to its accuracy. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to ACNB's interests and/or may be inaccurate. The dissemination of information online could harm ACNB's business, prospects, financial condition, and results of operations, regardless of the information's accuracy. The harm may be immediate without affording ACNB an opportunity for redress or correction.

Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about ACNB's business, exposure of personally identifiable information, fraud, out-of-date information, and improper use by employees and customers. The inappropriate use of social media by ACNB's employees or customers could result in negative consequences such as remediation costs including training for employees, additional regulatory scrutiny, and possible regulatory penalties, litigation, or negative publicity that could damage ACNB's reputation adversely affecting customer or investor confidence.

LITIGATION AND REGULATORY ACTIONS, INCLUDING POSSIBLE ENFORCEMENT ACTIONS, COULD SUBJECT ACNB AND ITS SUBSIDIARIES TO SIGNIFICANT FINES, PENALTIES, JUDGMENTS, OR OTHER REQUIREMENTS RESULTING IN INCREASED EXPENSES OR RESTRICTIONS ON BUSINESS ACTIVITIES.

In the normal course of business, from time to time, ACNB or its subsidiaries may be named as a defendant in various legal actions, arising in connection with their current and/or prior business activities. Legal actions could include claims for substantial compensatory or punitive damages or claims for indeterminate amounts of damages. Further, ACNB or its subsidiary bank may in the future be subject to consent orders or other formal or informal enforcement agreements with their regulators. They may also, from time to time, be the subject of subpoenas, requests for information, reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding current and/or prior business activities. Any such legal or regulatory actions may subject ACNB or its subsidiaries to substantial compensatory or punitive damages, significant fines, penalties, obligations to change business practices, or other requirements resulting in increased expenses, diminished income, and damage to their reputation. Involvement in any such matters, whether tangential or otherwise, and even if the matters are ultimately determined in their favor, could also cause significant harm to their reputation and divert management attention from the operation of their business. Further, any settlement, consent order, other enforcement agreement or adverse judgment in connection with any formal or informal proceeding or investigation by governmental agencies may result in litigation, investigations or proceedings as other litigants and governmental agencies begin independent reviews of the same activities. As a result, the outcome of legal and regulatory actions could have a material adverse effect on ACNB's business, financial condition, and results of operations.

RISKS RELATING TO THE MERGER OF TRADITIONS BANCORP, INC. INTO ACNB CORPORATION

ACQUISITIONS MAY DISRUPT ACNB'S BUSINESS AND DILUTE STOCKHOLDER VALUE.

ACNB regularly evaluates opportunities to acquire and invest in banks and in other complementary businesses. As a result, ACNB may engage in negotiations or discussions that, if they were to result in a transaction, could have a material effect on ACNB's operating results and financial condition, including short- and long-term liquidity and capital structure. ACNB's acquisition activities could be material to ACNB. For example, ACNB could issue additional shares of common stock in a purchase transaction, which could dilute current stockholders' ownership interest. These activities could require ACNB to use a substantial amount of cash, other liquid assets, and/or incur debt. In addition, if goodwill recorded in connection with ACNB's prior or potential future acquisitions were determined to be impaired, then ACNB would be required to recognize a charge against its earnings, which could materially and adversely affect ACNB's results of operations during the period in which the impairment was recognized. Any potential charges for impairment related to goodwill would not impact cash flow, tangible capital or liquidity but would decrease stockholders' equity.

ACNB's acquisition activities could involve a number of additional risks, including the risks of:

- Incurring time and expense associated with identifying and evaluating potential acquisitions and negotiating potential transactions;
- Using inaccurate estimates and judgments to evaluate credit, operations, management, and market risks with respect to the target institution or its assets;
- The time and expense required to integrate the operations and personnel of the combined businesses;
- Creating an adverse short-term effect on ACNB's results of operations; and,
- Losing key employees and customers as a result of an acquisition that is poorly received.

ACNB may not be successful in overcoming these risks or any other problems encountered in connection with potential acquisitions. ACNB's inability to overcome these risks could have an adverse effect on ACNB's ability to achieve its business strategy and maintain its market value.

ACNB INCURRED AND WILL CONTINUE TO INCUR SIGNIFICANT TRANSACTION AND MERGER-RELATED COSTS IN CONNECTION WITH THE MERGER.

ACNB incurred and expects to continue to incur costs associated with combining the operations of the two companies. ACNB is formulating and executing on detailed integration plans to deliver planned synergies. Additional unanticipated costs may be incurred in the integration of the businesses of ACNB and Traditions. Although ACNB expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

THE MERGER MAY DISTRACT ACNB'S MANAGEMENT TEAM FROM THEIR OTHER RESPONSIBILITIES.

The merger could cause the management of ACNB to focus their time and energies on matters related to the merger that otherwise would be directed to the Corporation's business and operations. Any such distraction on the part of management, if significant, could affect management's ability to service existing business, develop new business, and adversely affect the combined company's business and earnings following the merger.

POST-MERGER INTEGRATION AND CHANGE OF ACNB'S HISTORICAL BUSINESS MODEL MAY FAIL TO ACHIEVE EXPECTED RESULTS.

The success of the transaction depends heavily on a smooth integration and post-merger operations of the combined company. Benefits of the transaction to shareholders may not be realized if the post-merger integration is not well executed or well received by each company's historical customers.

ACNB MAY FAIL TO REALIZE THE COST SAVINGS IT EXPECTS TO ACHIEVE FROM THE MERGER.

The success of the merger will depend, in part, on ACNB's ability to realize the estimated cost savings from combining the businesses of ACNB and Traditions. While ACNB believes that the cost savings estimates are achievable, it is possible that the potential cost savings could be more difficult to achieve than ACNB anticipates. ACNB's cost savings estimates also depend on its ability to combine the businesses of ACNB and Traditions in a manner that permits those cost savings to be realized. If ACNB's estimates are incorrect or it is unable to combine the two companies successfully, the anticipated cost savings may not be realized fully or at all, or may take longer to realize than expected.

COMBINING ACNB AND TRADITIONS MAY BE MORE DIFFICULT, COSTLY, OR TIME-CONSUMING THAN EXPECTED.

ACNB and Traditions have operated and, until the completion of the merger, will continue to operate independently. The integration process could result in the loss of key employees, disruption of each company's ongoing business, and inconsistencies in standards, controls, procedures and policies that adversely affect either company's ability to maintain relationships with customers and employees or achieve the anticipated benefits of the merger. As with any merger of financial institutions, there also may be disruptions that cause ACNB and Traditions to lose customers or cause customers to withdraw their deposits from ACNB or Traditions, or have other unintended consequences, that could have a material adverse effect on ACNB’s financial condition and results of operations.

THE STOCK MARKET CAN BE VOLATILE, AND FLUCTUATIONS IN ACNB’S OPERATING RESULTS AND OTHER FACTORS COULD CAUSE ACNB’S STOCK PRICE TO DECLINE.

The stock market has experienced, and may continue to experience, fluctuations that significantly impact the market prices of securities issued by many companies and financial institutions specifically. Market fluctuations could adversely affect ACNB’s stock price. These fluctuations have often been unrelated or disproportionate to the operating performance of particular companies. These broad market fluctuations, as well as general economic, systemic, political and market conditions, such as recessions, loss of investor confidence, interest rate changes, government shutdowns, trade wars, pandemics or epidemics, or international currency fluctuations, may negatively affect the market price of ACNB’s common stock. Moreover, ACNB’s operating results may fluctuate and vary from period to period due to the risk factors set forth herein. As a result, period-to-period comparisons should not be relied upon as an indication of future performance. ACNB’s stock price could fluctuate significantly in response to ACNB’s quarterly or annual results, annual projections and the impact of these risk factors on ACNB’s operating results or financial position.

Although ACNB’s common stock is quoted on the Nasdaq Capital Market, the volume of trades on any given day has been limited historically, as a result of which stockholders might not have been able to sell or purchase ACNB’s common stock at the volume, price, or time desired. From time to time, ACNB’s common stock may be included in certain and various stock market indices. Inclusion in these indices may positively impact the price, trading volume, and liquidity of ACNB’s common stock, in part, because index funds or other institutional investors often purchase securities that are in these indices. Conversely, if ACNB’s market capitalization falls below the minimum necessary to be included in any of the indices at any annual reconstitution date, the opposite could occur. Further, ACNB’s inclusion in indices may be weighted based on the size of ACNB’s market capitalization, so even if ACNB’s market capitalization remains above the amount required to be included on these indices, if ACNB’s market capitalization is below the amount it was on the most recent reconstitution date, ACNB’s common stock could be weighted at a lower level. If ACNB’s common stock is weighted at a lower level, holders attempting to track the composition of these indices will be required to sell ACNB’s common stock to match the reweighting of the indices.

WEALTH MANAGEMENT AND INSURANCE INDUSTRY RISKS

REVENUES AND PROFITABILITY FROM ACNB’S WEALTH MANAGEMENT BUSINESS MAY BE ADVERSELY AFFECTED BY ANY REDUCTION IN ASSETS UNDER MANAGEMENT AND SUPERVISION AS A RESULT OF EITHER A DECLINE IN MARKET VALUE OF SUCH ASSETS OR NET OUTFLOWS, WHICH COULD REDUCE TRUST, INVESTMENT ADVISORY AND BROKERAGE, AND OTHER SERVICING FEES EARNED.

The wealth management business derives the majority of its revenue from noninterest income which consists of trust, investment advisory and brokerage, and other servicing fees. Substantial revenues are generated from investment management contracts with clients. Under these contracts, the investment advisory fees paid to us are typically based on the market value of assets under management. Assets under management and supervision may decline for various reasons including declines in the market value of the assets in the funds and accounts managed or supervised, which could be caused by price declines in the securities markets generally or by price declines in specific market segments. Assets under management may also decrease due to redemptions and other withdrawals by clients or termination of contracts. This could be in response to adverse market conditions or in pursuit of other investment opportunities. Any reduction in assets under management and supervision may adversely impact ACNB’s profitability.

THE WEALTH MANAGEMENT INDUSTRY IS SUBJECT TO EXTENSIVE REGULATION, SUPERVISION AND EXAMINATION BY REGULATORS, AND ANY ENFORCEMENT ACTION OR ADVERSE CHANGES IN THE LAWS OR REGULATIONS GOVERNING ACNB’S WEALTH MANAGEMENT BUSINESS COULD DECREASE ACNB’S REVENUES AND PROFITABILITY.

The wealth management business is subject to regulation by a number of regulatory agencies that are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets. In the event of noncompliance with an applicable regulation, governmental regulators, including the SEC and FINRA, may institute administrative or judicial proceedings that may result in censure, fines, civil penalties, issuance of cease-and-desist orders, deregistration or suspension of the noncompliant broker-dealer or investment advisor, or other adverse consequences. The imposition of any such penalties or orders could have a material adverse effect on the wealth management segment’s operating results and financial condition. ACNB may also be adversely affected as a result of new or revised legislation or regulations. Regulatory changes have imposed and may continue to impose additional costs, which may adversely impact ACNB’s profitability.

REVENUES AND PROFITABILITY FROM ACNB'S INSURANCE BUSINESS MAY BE ADVERSELY AFFECTED BY MARKET CONDITIONS AND COMPETITION, WHICH COULD REDUCE INSURANCE COMMISSIONS AND FEES EARNED.

The revenues of ACNB's fee-based insurance business are derived primarily from commissions from the sale of insurance policies, which commissions are generally calculated as a percentage of the policy premium. These insurance policy commissions can fluctuate as insurance carriers from time to time increase or decrease the premiums on the insurance products sold. Due to the cyclical nature of the insurance market and the impact of other market and macroeconomic conditions on insurance premiums, commission levels may vary. The reduction of these commission rates, along with general volatility and/or declines in premiums, may adversely impact ACNB's profitability. The fee-based insurance business is extremely competitive. ACNB competes in the fee-based insurance business with regional and national companies many of which have greater resources than ACNB. This competition may adversely impact ACNB's fee-based insurance business.

ITEM 1B—UNRESOLVED STAFF COMMENTS

None.

ITEM 1C - CYBERSECURITY

ACNB recognizes the critical importance of identifying, assessing and managing material risks from cybersecurity threats and is committed to implementing and maintaining a comprehensive information security program to manage such risks and safeguard its systems and data. Governance of cybersecurity risk is based on the Corporation's Information Security Program and related policies and procedures, which are designed in conformance with industry standards and compliance with Section 39 of the Federal Deposit Insurance act and sections 501 and 505(b) of GLBA, and to protect the confidentiality, integrity and availability of its information assets. The Corporation's Board of Directors is responsible for overseeing the development, implementation and maintenance of the Corporation's overall information security standards. The Audit Committee of the Board of Directors has enterprise risk management oversight responsibilities, which includes information security. Information Security-related functions are performed by both ACNB Bank Risk Management and Technology Services personnel. The Information Security Committee is an ACNB Bank management committee which is responsible for providing oversight and direction for information security matters and standards and meets periodically throughout the year with minutes of their meetings provided to the Corporation's Board of Directors. ACNB Bank's Information Security Officer is responsible for managing and monitoring the Information Security Program, and is a part of the Risk Management department, which ultimately reports to the Chief Risk Officer. Additionally, the Information Security Program is supported by ACNB Bank's Technology Services Department which is led by the Technology Services Manager who reports to the Chief Credit and Operations Officer.

The Information Security Program includes Information Security strategy, an incident response plan for incident management; access rights management; threat and vulnerability management; security training; risk and maturity assessments; security systems controls and standards; data use, reproduction, storage and destruction standards, intrusion prevention management, patch management, physical and environmental protections, encryption standards, malicious code prevention, intelligence sharing, and Information Security Monitoring, including architecture considerations, activity monitoring and condition monitoring. On an annual basis, Information Security-related risk assessments and a maturity analysis are performed and reported to the Board of Directors or the Board Audit Committee. Risks from cybersecurity threats associated with use of third-party service providers are addressed as part of the vendor management program, in initial and ongoing assessment of service providers. Information Security training is conducted for both employees and the Board of Directors annually. Training includes sharing educational communications to increase employee awareness of cybersecurity risks.

ACNB engages independent third-party assessors and auditors in connection with its information security program, including to conduct external and internal penetration testing and internal vulnerability scanning, independent audits and risk assessments. Technology Services personnel perform internal security practices, including periodic internal vulnerability scanning using commercial software tools and follow-up with corrective measures as required, monitoring for unauthorized access attempts, uses dynamically updated Endpoint Detection and Response for anti-malware, and deploying dynamically updated firewalls to protect against unknown actors. Platforms are in place with the ability to automate containment without the risk of employee response delays and a third party provider performs additional external vulnerability scanning, network threat detection and automated containment, risk analysis and continuous monitoring. The Information Security Officer performs monthly phishing exercises with the reporting of results to the Information Security Committee and an annual summary of results to the Audit Committee. ACNB Bank also utilizes third-party service providers in the ordinary course of business. As part of ACNB Bank's management program, initial and ongoing information security due diligence is reviewed and assessed on ACNB Bank's service providers as appropriate, based on level of access to, storage of and processing of corporate and customer confidential information. Such due diligence may include review of service organization control reports and other independent testing, information security and incident response programs.

As a regulated financial institution, ACNB Bank is also subject to financial privacy laws and its cybersecurity practices are subject to oversight by the federal banking agencies. For additional information, see "Supervision and Regulation" included in Part I. Item 1 – Business of this report.

Although ACNB has not, as of the date of this Annual Report on Form 10-K, experienced a cybersecurity threat or incident that materially affected its business strategy, results of operations or financial condition, there can be no guarantee that ACNB will not experience such an incident in the future or the potential impact thereof. For additional information regarding the risk ACNB faces from cybersecurity threats, please see the risk factors titled "ACNB's operations of its business, including its transactions with customers, are increasingly done electronically, and this has increased its risks related to cybersecurity". and "ACNB's communications, information, and technology systems may experience a failure, interruption or breach in security". included in Part I. Item 1A. — Risk Factors of this report.

ITEM 2—PROPERTIES

The Corporation's main operations center is located in Gettysburg, Pennsylvania. There are 26 owned and 8 leased buildings, including Community Banking, Insurance and Loan Production offices.

ITEM 3—LEGAL PROCEEDINGS

As of December 31, 2024, there were no material pending legal proceedings, other than ordinary routine litigation incidental to and in the ordinary course of the business, to which ACNB or its subsidiaries are a party or by which any of their assets are the subject, which could have a material adverse effect on ACNB or its subsidiaries or their results of operations. In addition, no material proceedings are pending or are known to be threatened or contemplated against the Corporation or its subsidiaries by governmental authorities.

ITEM 4—MINE SAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5—MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Common Stock

ACNB Corporation's common stock trades on NASDAQ under the symbol ACNB. At December 31, 2024 and 2023, there were 20,000,000 shares of common stock authorized, 8,945,293 and 8,896,119 shares issued, respectively, and 8,553,785 and 8,511,453 shares outstanding, respectively. As of December 31, 2024, ACNB had approximately 2,300 stockholders of record.

On May 5, 2009, stockholders approved and adopted the amendment to the Articles of Incorporation of ACNB Corporation to authorize up to 20,000,000 shares of preferred stock, par value $2.50 per share. As of December 31, 2024, there were no issued or outstanding shares of preferred stock.

Restrictions on the Payments of Dividends

ACNB is restricted as to the amount of dividends that it can pay to stockholders by virtue of the restrictions on the banking subsidiary's ability to pay dividends to ACNB under the Pennsylvania Banking Code, the Federal Deposit Insurance Corporation Act, and the regulations of the FDIC. For further information, please refer to Note 14 — "Regulatory Matters" and Note 17 — "Stockholders' Equity" in the Notes to Consolidated Financial Statements under Item 8, "Financial Statements and Supplementary Data".

Dividend Reinvestment and Stock Purchase Plans

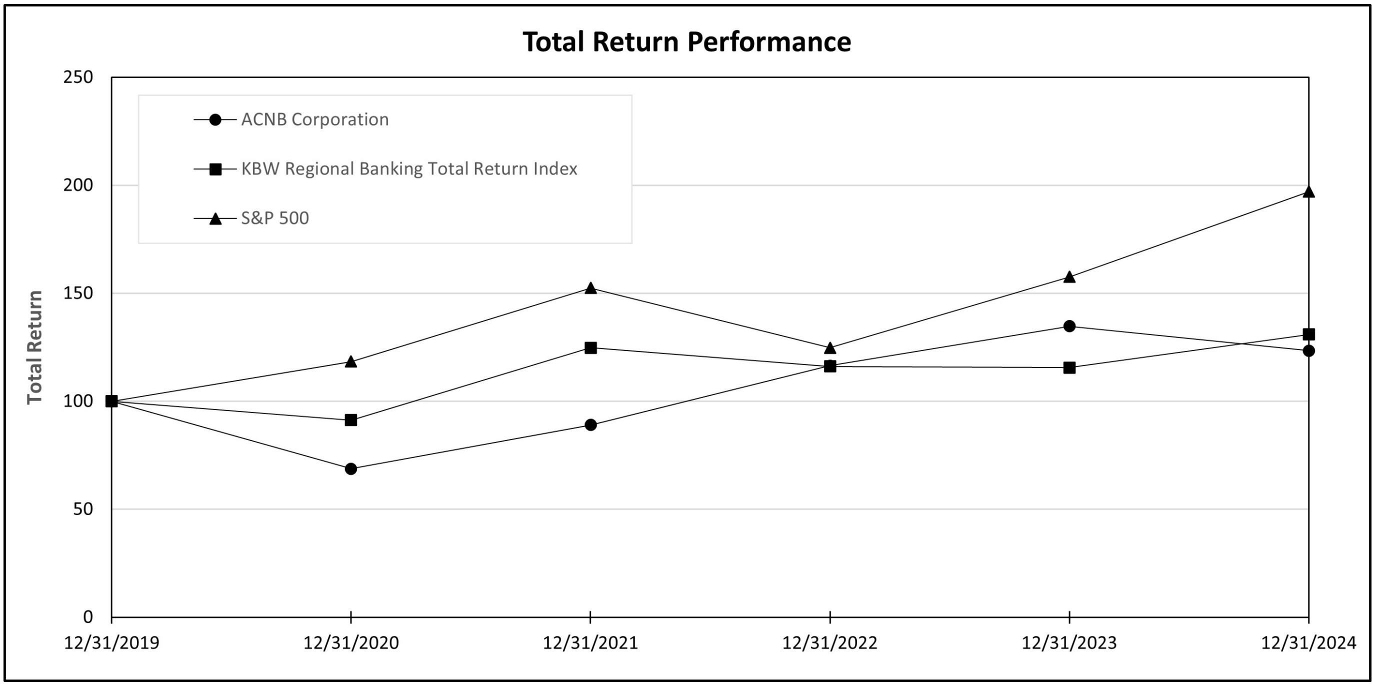
On January 24, 2011, the ACNB Corporation Dividend Reinvestment and Stock Purchase Plan was introduced for stockholders of record. This plan provides registered holders of ACNB Corporation common stock with a convenient way to purchase additional shares of common stock by permitting participants in the plan to automatically reinvest cash dividends on all or a portion of the shares owned and to make quarterly voluntary cash payments under the terms of the plan. Participation in the plan is voluntary, and there are eligibility requirements to participate in the plan. As of December 31, 2024, there were 277,514 shares of common stock issued through the ACNB Corporation Dividend Reinvestment and Stock Purchase Plan.

On May 5, 2009, stockholders approved and ratified the ACNB Corporation 2009 Restricted Stock Plan, effective as of February 24, 2009, in which awards shall not exceed, in the aggregate, 200,000 shares of common stock. As of December 31, 2024, there were 25,945 shares of common stock granted as restricted stock awards to employees of the subsidiary bank. The restricted stock plan expired by its own terms after 10 years on February 24, 2019, and no further shares may be issued under the plan. The Corporation's Registration Statement under the Securities Act of 1933 on Form S-8 for the ACNB Corporation 2009 Restricted Stock Plan was filed with the Securities and Exchange Commission on January 4, 2013. Post-Effective Amendment No. 1 to this Form S-8 was filed with the Commission on March 8, 2019, effectively transferring the 174,055 authorized, but not issued, shares under the ACNB Corporation 2009 Restricted Stock Plan to the ACNB Corporation 2018 Omnibus Stock Incentive Plan.

On May 1, 2018, stockholders approved and ratified the ACNB Corporation 2018 Omnibus Stock Incentive Plan, effective as of March 20, 2018, in which awards shall not exceed, in the aggregate, 400,000 shares of common stock, plus any shares that are authorized, but not issued, under the ACNB Corporation 2009 Restricted Stock Plan. As of December 31, 2024, there were 138,019 shares issued under this plan. The maximum number of shares that may yet be granted under this plan is 436,036. The Corporation's Registration Statement under the Securities Act of 1933 on Form S-8 for the ACNB Corporation 2018 Omnibus Stock Incentive Plan was filed with the Securities and Exchange Commission on March 8, 2019. In addition, on March 8, 2019, the Corporation filed Post-Effective Amendment No. 1 to the Registration Statement on Form S-8 for the ACNB Corporation 2009 Restricted Stock Plan to add the ACNB Corporation 2018 Omnibus Stock Incentive Plan to the registration statement to reflect that the remaining unissued shares under the 2009 Restricted Stock Plan may instead be issued under the 2018 Omnibus Stock Incentive Plan.

Performance Graph

The following graph shows the cumulative total shareholder return on ACNB's common stock with the cumulative total shareholder return of the KBW Regional Banking Total Return Index and the S&P 500 Index assuming a $100 investment in each on December 31, 2019 and the reinvestment of dividends during the five years ended December 31, 2024. The graph is not indicative of future price performance.



	Year Ending December 31,					
Index	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
ACNB Corporation	$ 100.00	$ 68.79	$ 88.98	$ 116.52	$ 134.78	$ 123.44
KBW Regional Banking Total Return Index	$ 100.00	$ 91.29	$ 124.74	$ 116.10	$ 115.64	$ 130.90
S&P 500	$ 100.00	$ 118.40	$ 152.39	$ 124.79	$ 157.59	$ 197.02

Source: S&P Global Market Intelligence

In accordance with the rules of the SEC, this section captioned "Performance Graph" is not to be incorporated by reference into any of the Company's future filings made under the Securities Exchange Act of 1934 or the Securities Act of 1933. The Performance Graph, including its accompanying table, is not deemed to be soliciting material or to be considered filed under the Exchange Act or the Securities Act.

Purchases of Equity Securities

On October 24, 2022, the Corporation announced that the Board of Directors approved on October 18, 2022, a plan to repurchase, in open market and privately negotiated transactions, up to 255,575, or approximately 3%, of the outstanding shares of the Corporation's common stock. This new common stock repurchase program replaces and supersedes any and all earlier announced repurchase plans. There were 6,842 treasury shares purchased under this plan during the year ended December 31, 2024 and as of December 31, 2024, 67,908 common stock had been repurchased under this new plan.

There were no shares purchased during the fourth quarter of 2024 as shown in the summary of the Corporation's purchases of common stock in the following table:

	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plan	Maximum number of shares that may yet be purchased under the plan
October 1 - October 31, 2024	**—**	**$ —**	**67,908**	**187,667**
November 1 - November 30, 2024	**—**	**$ —**	**67,908**	**187,667**
December 1 - December 31, 2024	**—**	**$ —**	**67,908**	**187,667**

Sales of Unregistered Securities

There have been no unregistered sales of stock in 2024, 2023 or 2022.

ITEM 6— [Reserved]

ITEM 7—MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management’s discussion and analysis of the significant changes in the financial condition, results of operations, capital resources, and liquidity presented in its accompanying Consolidated Financial Statements for ACNB Corporation, a financial holding company. Please read this discussion in conjunction with the Consolidated Financial Statements and disclosures included herein. Current performance does not guarantee, assure or indicate similar performance in the future.

Discussion of the earliest of the three years covered by the Consolidated Financial Statements presented in this report has been omitted as that disclosure is included in the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 in Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” within that report.

EXECUTIVE OVERVIEW

ACNB Corporation is the financial holding company for the wholly-owned subsidiaries of ACNB Bank and ACNB Insurance Services. ACNB Bank provides a full range of retail and commercial financial services in Pennsylvania and Maryland primarily through its network of 27 community banking offices. ACNB Insurance Services offers a broad range of property, casualty, health, life and disability insurance serving personal and commercial clients through office locations in Westminster and Jarrettsville, Maryland, and Gettysburg, Pennsylvania and is licensed to do business in 46 states.

The primary source of the Corporation’s revenues is net interest income derived from interest earned on loans and investments, less deposit and borrowing funding costs. Revenues are influenced by general economic factors, including market interest rates, the economy of the markets served, stock market conditions, as well as competitive forces within the markets. The Corporation also generates revenue through commissions and fees earned on various services and financial products offered to its customers and through gains on sales of assets, such as loans, investments and properties. The Corporation incurs expenses to generate the revenue through provision for credit losses, noninterest expense and income taxes.

The Corporation’s overall strategy is to increase loan growth in its local markets, while maintaining a reasonable funding base by offering competitive deposit products and services. ACNB reported earnings of $31.8 million in 2024 impacted by $1.6 million merger-related expenses, net of tax impact, incurred as a result of the acquisition of Traditions. In addition, the financial results for the year ended December 31, 2024 were impacted by a $2.8 million reversal of the provisions for credit losses and unfunded commitments.

The following table presents a summary of the Corporation’s earnings and selected performance and asset quality ratios for the years ended December 31:

(Dollars in thousands, except per share data)	**2024**	2023	2022
Net income	**$ 31,846**	$ 31,688	$ 35,752
Diluted earnings per share	**$ 3.73**	$ 3.71	$ 4.15
Cash dividends declared	**$ 1.26**	$ 1.14	$ 1.06
Return on average assets	**1.31 %**	1.32 %	1.31 %
Return on average equity	**10.94 %**	12.23 %	14.35 %
Net interest margin [1]	**3.79 %**	4.07 %	3.36 %
Non-performing assets to total assets	**0.30 %**	0.19 %	0.17 %
Net charge-offs to average loans outstanding	**0.02 %**	0.02 %	0.08 %
Allowance for credit losses to total loans	**1.03 %**	1.23 %	1.16 %

[1] Income on interest-earning assets has been computed on a fully taxable equivalent basis using the 21% federal income tax statutory rate.

Traditions Acquisition

On July 23, 2024, ACNB entered into an agreement and plan of reorganization to acquire Traditions Bancorp, Inc. and its banking subsidiary Traditions Bank, a Pennsylvania state-chartered community bank headquartered in York, Pennsylvania which operated eight community banking offices located in South Central Pennsylvania. The Traditions Acquisition was closed effective February 1, 2025.

As of December 31, 2024 and 2023, Traditions had total assets of $870.1 million and $840.1 million, respectively, total loans of $674.4 million and $668.8 million, respectively, and total deposits of $749.3 million and $731.1 million, respectively. Common shares outstanding totaled 2,788,164 and 2,736,544 at December 31, 2024 and 2023, respectively.

Summary Financial Results for the year ended December 31, 2024

- *Net Income* — Net income was $31.8 million, a $158 thousand, or 0.5%, increase compared to $31.7 million for the same period in 2023. The 2024 financial results were impacted by $2.0 million in merger-related expenses related to the Traditions Acquisition offset by a $2.8 million reversal of the provisions for credit losses and unfunded commitments. The 2023 financial results were impacted by an after-tax loss of approximately $3.5 million on the repositioning of the investment securities portfolio.

- *Net Interest Income* — Net interest income was $83.6 million in 2024 compared to $88.3 million in 2023, a decrease of $4.7 million, or 5.3%, driven primarily by a higher cost of funds and an increase in long-term borrowings.

    - *Net Interest Margin* — The Corporation's FTE net interest margin decreased to 3.79% in 2024 compared to 4.07% in 2023, a decrease of 28 basis points.

    - *Yield on Average Interest-earning Assets* — 4.86% for 2024, an increase of 41 basis points compared to the same period of 2023.

    - *Loan Growth* — Average loans grew $94.9 million, or 6.0%, compared to the same period of 2023. The growth was largely driven by increases in commercial real estate and residential mortgages.

    - *Deposit Decline* — Average interest-bearing deposits decreased $113.8 million, or 7.8%, compared to the same period of 2023. The overall decrease in average interest-bearing deposits was partially offset by a $28.1 million, or 12.2%, increase in time deposits as a result of ongoing promotions and brokered time deposits issued by the Bank. During the same period, average noninterest-bearing deposits decreased $65.3 million, or 12.0%.

- *Asset Quality* — Asset quality metrics continue to be stable despite increases in non-performing loans during the year. The provision for credit losses was a reversal of $2.4 million and the provision for unfunded commitments was a reversal of $326 thousand for the year ended December 31, 2024 compared to the $860 thousand provision for credit losses and the reversal of $16 thousand for unfunded commitments for the year ended December 31, 2023.

    - Non-performing loans were $6.8 million, or 0.40% of total loans at December 31, 2024 compared to $4.2 million, or 0.26% of total loans at December 31, 2023. The increase in non-performing loans at December 31, 2024 compared to the prior year was primarily the result of one long-standing commercial relationship in the healthcare industry comprised of both owner-occupied commercial real estate and commercial and industrial loans.

    - Annualized net charge-offs for the year ended December 31, 2024 were 0.04% of total average loans compared to 0.02% for the year ended December 31, 2023.

- *Noninterest income* — Noninterest income was $24.7 million and $18.4 million in 2024 and 2023, respectively. The increase was driven primarily by the net loss on sales of securities as a result of the repositioning of the investment securities portfolio in 2023. In addition, higher wealth management income, insurance commissions and gain from mortgage loans held for sale in 2024 compared to 2023 contributed to the increase.

- *Noninterest expenses* — Noninterest expenses totaled $70.7 million, an increase of $4.6 million, or 7.0%, in 2024 compared to $66.1 million in 2023. The increase was driven primarily by merger-related, salary and employee benefits and equipment expenses.

A more thorough discussion of the Corporation's results of operations and financial condition is included in the following pages.

CRITICAL ACCOUNTING POLICIES

The accounting policies that the Corporation's management deems to be most important to the presentation of its financial condition and results of operations, because they require management's most difficult, subjective or complex judgment, often result in the need to make estimates about the effect of such matters which are inherently uncertain. The following accounting estimate is deemed to be critical by management:

Allowance for Credit Losses - The ACL represents an amount which, in management's judgment, is adequate to absorb expected credit losses on outstanding loans at the balance sheet date based on the evaluation of the size and current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts of future economic conditions and prepayment experience. The ACL is measured and recorded upon the initial recognition of a financial asset. The

ACL is reduced by charge-offs, net of recoveries of previous losses, and is increased or decreased by a provision for (reversal of) credit losses, which is recorded as a current period operating expense.

Determination of an appropriate ACL is inherently complex and requires the use of significant and highly subjective estimates. The reasonableness of the ACL is reviewed quarterly by management.

Management believes it uses relevant information available to make determinations about the ACL and that it has established the existing allowance in accordance with GAAP. However, the determination of the ACL requires significant judgment, and estimates of expected credit losses in the loan portfolio can vary from the amounts actually observed. While management uses available information to recognize expected credit losses, future additions to the ACL may be necessary based on changes in the loans comprising the portfolio, changes in the current and forecasted economic conditions, changes in the interest rate environment which may directly impact prepayment and curtailment rate assumption, and changes in the financial condition of borrowers.

RESULTS OF OPERATIONS

Net income for the year ended December 31, 2024 was $31.8 million, an increase of $158 thousand, or 0.5%, compared to net income of $31.7 million for the same period of 2023. Diluted earnings per share for the years ended December 31, 2024 and 2023 were $3.73 and $3.71, respectively.

Net Interest Income

The primary source of ACNB’s traditional banking revenue is net interest income, which represents the difference between interest income on earning assets and interest expense on liabilities used to fund those assets. Earning assets include loans, securities, and interest-bearing deposits with banks. Interest-bearing liabilities include deposits and borrowings. Net interest income is affected by changes in interest rates, volume of interest-bearing assets and liabilities, and the composition of those assets and liabilities. The Corporation manages the risk associated with changes in interest rates through the techniques described within Item 7a, “Quantitative and Qualitative Disclosures About Market Risk”.

The following table provides a comparative average Consolidated Statement of Condition and net interest income analysis for the years ended December 31. Interest income and yields are presented on a FTE basis. The discussion following this table is based on these tax equivalent amounts.

	2024			2023			2022		
(Dollars in thousands)	**Average Balance**	**Interest [1]**	**Yield/ Rate**	**Average Balance**	**Interest [1]**	**Yield/ Rate**	**Average Balance**	**Interest [1]**	**Yield/ Rate**
ASSETS									
Loans									
Taxable	**$ 1,605,976**	**$ 90,547**	**5.64 %**	$ 1,499,635	$ 79,433	5.30 %	$ 1,428,150	$ 68,898	4.82 %
Tax-exempt	**62,532**	**1,559**	**2.49**	73,993	1,778	2.40	78,204	1,706	2.18
Total Loans [2]	**1,668,508**	**92,106**	**5.52**	1,573,628	81,211	5.16	1,506,354	70,604	4.69
Investment Securities									
Taxable	**445,531**	**11,718**	**2.63**	491,208	11,316	2.30	516,126	9,799	1.90
Tax-exempt	**54,596**	**1,438**	**2.63**	57,670	1,478	2.56	53,242	1,448	2.72
Total Investment Securities [3]	**500,127**	**13,156**	**2.63**	548,878	12,794	2.33	569,368	11,247	1.98
Interest-bearing deposits with banks	**53,482**	**2,832**	**5.30**	66,246	3,318	5.01	427,706	5,860	1.37
Total Earning Assets	**2,222,117**	**108,094**	**4.86**	2,188,752	97,323	4.45	2,503,428	87,711	3.50
Cash and due from banks	**20,920**			30,684			31,511		
Premises and equipment	**25,873**			26,582			29,205		
Other assets	**185,037**			165,175			175,492		
Allowance for credit losses	**(18,589)**			(18,915)			(18,679)		
Total Assets	**$ 2,435,358**			$ 2,392,278			$ 2,720,957		
LIABILITIES									
Interest-bearing demand deposits	**$ 516,033**	**$ 1,603**	**0.31 %**	$ 569,357	$ 757	0.13 %	$ 600,366	$ 749	0.12 %
Money markets	**248,733**	**2,588**	**1.04**	283,918	1,192	0.42	346,498	342	0.10
Savings deposits	**324,034**	**118**	**0.04**	377,498	122	0.03	409,839	167	0.04
Time deposits	**258,560**	**6,885**	**2.66**	230,431	1,624	0.70	370,766	1,303	0.35
Total Interest-Bearing Deposits	**1,347,360**	**11,194**	**0.83**	1,461,204	3,695	0.25	1,727,469	2,561	0.15
Short-term borrowings	**36,492**	**859**	**2.35**	49,433	898	1.82	35,882	77	0.21
Long-term borrowings	**253,671**	**11,801**	**4.65**	78,262	3,727	4.76	24,814	986	3.97
Total Borrowings	**290,163**	**12,660**	**4.36**	127,695	4,625	3.62	60,696	1,063	1.75
Total Interest-Bearing Liabilities	**1,637,523**	**23,854**	**1.46**	1,588,899	8,320	0.52	1,788,165	3,624	0.20
Noninterest-bearing demand deposits	**478,534**			543,843			609,622		
Other liabilities	**28,276**			442			74,096		
Stockholders' Equity	**291,025**			259,094			249,074		
Total Liabilities and Stockholders' Equity	**$ 2,435,358**			$ 2,392,278			$ 2,720,957		
Taxable Equivalent Net Interest Income		**84,240**			89,003			84,087	
Taxable Equivalent Adjustment		**(629)**			(683)			(662)	
Net Interest Income		**$ 83,611**			$ 88,320			$ 83,425	
Cost of Funds			**1.13 %**			0.39 %			0.15 %
FTE Net Interest Margin			**3.79 %**			4.07 %			3.36 %

[1] Income on interest-earning assets has been computed on a fully taxable equivalent basis using the 21% federal income tax statutory rate.
[2] Average balances include non-accrual loans and are net of unearned income.
[3] Average balance of investment securities is computed at fair value.

FTE net interest income totaled $84.2 million for the year ended December 31, 2024 compared to $89.0 million for the same period of 2023, a decrease of $4.8 million, or 5.4%. The decrease was driven primarily by higher deposit costs, primarily in the form of special product offerings, and an increase in long-term borrowings. The FTE net interest margin for 2024 was 3.79%, a decrease of 28 basis points from 4.07% for the same period of 2023.

The following table analyzes the relative impact on FTE net interest income attributed to changes in the volume of interest-earning assets and interest-bearing liabilities and changes in yields and rates:

	2024 versus 2023			2023 versus 2022		
	Increase (Decrease)			Increase (Decrease)		
(In thousands)	Volume	Yield/Rate [1]	Net	Volume	Yield/Rate [1]	Net
INTEREST EARNING ASSETS						
Loans						
Taxable	**$ 5,636**	**$ 5,478**	**$ 11,114**	$ 2,505	$ 8,030	$ 10,535
Tax-exempt	**(275)**	**56**	**(219)**	(148)	220	72
Total Loans [2]	**5,361**	**5,534**	**10,895**	2,357	8,250	10,607
Investment Securities						
Taxable	**(1,051)**	**1,453**	**402**	(873)	2,390	1,517
Tax-exempt	**(79)**	**39**	**(40)**	155	(125)	30
Total Investment Securities [3]	**(1,130)**	**1,492**	**362**	(718)	2,265	1,547
Interest-bearing deposits with banks	**(639)**	**153**	**(486)**	(12,664)	10,122	(2,542)
Total Interest Income	**$ 3,592**	**$ 7,179**	**$ 10,771**	$ (11,025)	$ 20,637	$ 9,612
INTEREST-BEARING LIABILITIES						
Interest-bearing demand deposits	**$ (69)**	**$ 915**	**$ 846**	$ (47)	$ 55	$ 8
Money markets	**(148)**	**1,544**	**1,396**	(95)	945	850
Savings deposits	**(16)**	**12**	**(4)**	(49)	4	(45)
Time deposits	**197**	**5,064**	**5,261**	(212)	533	321
Total Interest-Bearing Deposits	**(36)**	**7,535**	**7,499**	(403)	1,537	1,134
Short-term borrowings	**(236)**	**197**	**(39)**	20	801	821
Long-term borrowings	**8,349**	**(275)**	**8,074**	81	2,660	2,741
Total Borrowings	**8,113**	**(78)**	**8,035**	101	3,461	3,562
Total Interest Expense	**8,077**	**7,457**	**15,534**	(302)	4,998	4,696
Change in Net Interest Income	**$ (4,485)**	**$ (278)**	**$ (4,763)**	$ (10,723)	$ 15,639	$ 4,916

[1] The effect of changing volume and rate, which cannot be segregated, has been allocated entirely to the rate column.
[2] Based on average balances and includes non-accrual loans and are net of unearned income.
[3] Average balance of investment securities is computed at fair value.

FTE total interest income increased $10.8 million, or 11.1%, during 2024 compared to 2023. ACNB experienced a $7.2 million increase in interest income due to an increase in the yield on interest earning assets and a $3.6 million increase attributable to growth of interest earning assets. The average yield on interest-earning assets was 4.86% for 2024, an increase of 41 basis points from 2023. FTE interest income on loans increased $10.9 million, or 13.4%, compared to 2023 due to an increase in the yield and loan growth. The yield increased 36 basis points while average loans increased $94.9 million, or 6.0%. FTE interest income on investment securities increased $362 thousand, or 2.8%, due to an increase in the yield partially offset by a lower volume of investment securities. The higher FTE interest income on loans and investment securities was partially offset by a decrease in interest income from interest-bearing deposits with banks of $486 thousand, or 14.6%.

Total interest expense increased $15.5 million, or 186.7%, during 2024 compared to 2023. The increase was primarily due to a higher cost of funds and an increase in long-term borrowings. The average rate paid on interest-bearing deposits was 0.83%, an increase of 58 basis points during 2024. The largest increases in rates were in time deposits and money markets which increased 196 and 62 basis points, respectively. The average rate paid on total borrowings was 4.36% during 2024, an increase of 74 basis points compared to 2023. Total average borrowings increased $162.5 million, or 127.2%, during 2024 compared to 2023 and were used primarily to fund loan growth and deposit outflows during 2024.

Provision for Credit Losses and Unfunded Commitments

For the year ended December 31, 2024, there were reversals to the provisions for credit losses and unfunded commitments of $2.4 million and $326 thousand, respectively, compared to a provision for credit losses of $860 thousand and a $16 thousand reversal to the provision for unfunded commitments for the year ended December 31, 2023. The decrease in the provisions for credit losses and unfunded commitments for the year ended December 31, 2024 compared to the prior year was driven primarily by updated estimates utilized as input assumptions within the CECL model calculation. These estimates, which were based on more current information available during 2024, drive input assumptions which are used in the determination of the Corporation's allowance for credit losses and the reserve for unfunded commitments.

The determination of the provisions was a result of the analysis of the adequacy of the allowances for credit losses and unfunded commitments calculations. Each quarter, the Corporation assesses risks and reserves required compared with the balances in the allowance for credit losses and unfunded commitments. Nonaccrual loans increased $2.9 million during 2024 primarily the result of one long-standing commercial relationship in the healthcare industry, comprised of both owner-occupied commercial real estate and commercial and industrial loans. This relationship is adequately secured and did not impact the allowances for credit losses. For additional discussion of the provision and the associated loans, please refer to the *Asset Quality* section of this Management's Discussion and Analysis.

Noninterest Income

(In thousands)	2024	2023	2022	$ Variance 2024 vs. 2023	% Variance 2024 vs. 2023	$ Variance 2023 vs. 2022	% Variance 2023 vs. 2022
NONINTEREST INCOME							
Insurance commissions	**$ 9,754**	$ 9,319	$ 8,307	$ 435	4.7 %	$ 1,012	12.2 %
Wealth management	**4,226**	3,644	3,160	582	16.0	484	15.3
Service charges on deposits	**4,144**	3,958	4,066	186	4.7	(108)	(2.7)
ATM debit card charges	**3,303**	3,348	3,322	(45)	(1.3)	26	0.8
Earnings on investment in bank-owned life insurance	**1,979**	1,878	1,532	101	5.4	346	22.6
Gain from mortgage loans held for sale	**301**	56	487	245	N/M	(431)	(88.5)
Net gains (losses) on sales or calls of investment securities	**69**	(5,240)	(234)	5,309	101.3	(5,006)	N/M
Net (losses) gains on equity securities	**(9)**	18	(298)	(27)	(150.0)	316	106.0
Net gains on sales of low-income housing partnership	**—**	—	421	—	—	(421)	(100.0)
Gain on assets held for sale	**—**	337	—	(337)	(100.0)	337	100.0
Other	**963**	1,127	1,044	(164)	(14.6)	83	8.0
Total Noninterest Income	**$ 24,730**	$ 18,445	$ 21,807	$ 6,285	34.1 %	$ (3,362)	(15.4)%

Total noninterest income, excluding net gains (losses) on sales or calls of investment securities, totaled $24.7 million in 2024 compared to $23.7 million in 2023, a $976 thousand, or 4.1% increase. On December 15, 2023, ACNB completed a repositioning of the investment securities portfolio by selling $51.1 million in book value of AFS debt securities, consisting of lower-yielding agency debt securities, for an estimated after-tax loss of $3.5 million. The more significant fluctuations in noninterest income are explained below:

- Insurance commissions in 2024 increased $435 thousand, or 4.7%, compared to 2023 driven primarily by growth in commissions on policy renewals and new business.
- Wealth management income for 2024 increased $582 thousand, or 16.0%, compared to 2023 driven primarily by portfolio market appreciation, estate income and new business generation.
- Gain from mortgage loans held for sale increased $245 thousand as a result of a higher volume of mortgage loans sold.
- There were no gains on assets held for sale in 2024 compared to $337 thousand in 2023 due to the sale of three community banking offices during 2023.

Noninterest Expenses

(In thousands)	2024	2023	2022	$ Variance 2024 vs. 2023	% Variance 2024 vs. 2023	$ Variance 2023 vs. 2022	% Variance 2023 vs. 2022
NONINTEREST EXPENSES							
Salaries and employee benefits	**$ 42,929**	$ 40,931	$ 35,979	$ 1,998	4.9 %	$ 4,952	13.8 %
Equipment	**7,321**	6,514	6,612	807	12.4	(98)	(1.5)
Net occupancy	**4,162**	3,908	4,076	254	6.5	(168)	(4.1)
Professional services	**2,140**	2,320	2,086	(180)	(7.8)	234	11.2
Other tax	**1,446**	1,269	1,632	177	13.9	(363)	(22.2)
FDIC and regulatory	**1,425**	1,388	1,128	37	2.7	260	23.0
Intangible assets amortization	**1,244**	1,424	1,492	(180)	(12.6)	(68)	(4.6)
Merger-related	**2,045**	—	—	2,045	100.0	—	—
Other	**7,973**	8,318	7,276	(345)	(4.1)	1,042	14.3
Total Noninterest Expenses	**$ 70,685**	$ 66,072	$ 60,281	$ 4,613	7.0 %	$ 5,791	9.6 %

Noninterest expenses increased to $70.7 million in 2024 compared to $66.1 million in 2023, a $4.6 million, or 7.0%, increase. The more significant fluctuations in noninterest expenses by category are explained below:

- Salaries and employee benefits, the largest component of noninterest expenses, increased 4.9% in 2024 compared to 2023, driven primarily by higher employee health insurance expense and higher base wages.
- Equipment increased $807 thousand, or 12.4%, driven primarily by higher core processing and software maintenance expenses coupled with incremental purchases of office equipment related to the Traditions Acquisition of $355 thousand.
- Net occupancy increased $254 thousand, or 6.5%, driven primarily by higher lease expense and general maintenance.
- Other tax increased $177 thousand, or 13.9%, driven primarily by an increase in PA shares taxes. PA shares tax is an equity based tax and increased due to a higher equity base compared to 2023.
- Professional services decreased $180 thousand, or 7.8%, driven primarily by a decrease in consulting expenses.
- Merger-related expenses, which include legal, external auditing, loan review and advisory fees, occurred due to the Traditions Acquisition.

Provision for Income Taxes

The Corporation recognized income taxes of $8.6 million during 2024 compared to $8.2 million during 2023. The provision for income taxes reflects an ETR of 21.2% for 2024 and 20.5% for 2023. The variances from the federal statutory rate of 21% are generally due to tax-free income, which includes interest income on tax-free loans, investment securities and income from life insurance policies, federal income tax credits, and the impact of non-tax deductible expenses such as certain merger-related costs incurred during 2024. Note 13 — "Income Taxes", to the Consolidated Financial Statements under Part II, Item 8, "Financial Statements and Supplementary Data," includes a reconciliation of the federal statutory tax rate to the Corporation's ETR, which measures income tax expense as a percentage of pretax income.

FINANCIAL CONDITION

Total assets were $2.39 billion at December 31, 2024 compared to $2.42 billion at December 31, 2023, a decrease of 1.0%. The decrease was driven primarily by a reduction in cash and cash equivalents of $18.7 million and investment securities of $57.7 million partially offset by loan growth.

Investment Securities

ACNB uses investment securities to manage interest rate risk, provide collateral for certain funding products, provide liquidity and generate interest and dividend income. These securities provide the appropriate characteristics with respect to credit quality, yield and maturity relative to the management of the overall Consolidated Statement of Condition.

CECL Adoption

On January 1, 2023, the Corporation adopted ASU 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", universally referred to as CECL. ASU 2016-13 applies to all financial instruments carried at amortized cost, including HTM securities, and makes targeted improvements to the accounting for credit losses on AFS securities. In addition, Topic 326 amends the accounting for credit losses on certain other debt securities. The Corporation did not record any allowance for credit losses on its HTM debt securities and did not record any impairment on its AFS debt securities as a result of adopting Topic 326.

The table below presents the carrying amount of investment securities:

			Increase (Decrease)	
(In thousands)	**December 31, 2024**	**December 31, 2023**	**$**	**%**
Available for Sale				
U.S. Government and agencies	**$ 143,193**	$ 156,795	$ (13,602)	(8.7)%
Collateralized mortgage obligations	**35,654**	41,084	(5,430)	(13.2)
Residential mortgage-backed securities	**138,540**	158,830	(20,290)	(12.8)
Commercial mortgage-backed securities	**60,785**	65,290	(4,505)	(6.9)
Corporate bonds	**15,803**	29,694	(13,891)	(46.8)
Total AFS investment securities	**$ 393,975**	$ 451,693	$ (57,718)	(12.8)%
Held to Maturity				
State and municipal	**$ 62,838**	$ 62,133	$ 705	1.1 %
Residential mortgage-backed securities	**1,740**	2,467	(727)	(29.5)
Total HTM investment securities	**$ 64,578**	$ 64,600	$ (22)	— %

Total AFS investment securities were $394.0 million at December 31, 2024 compared to $451.7 million at December 31, 2023, a decrease of 12.8%. The Corporation sold securities and allowed the portfolio to naturally cash flow to support loan growth and offset deposit outflows during 2024 as a result of general balance sheet management. At December 31, 2024, the investment securities balance included a net unrealized loss on AFS investment securities of $38.2 million, net of taxes, on amortized cost of $441.6 million compared to a net unrealized loss of $41.0 million, net of taxes, on amortized cost of $501.9 million at December 31, 2023. The changes in value are deemed to be related solely to changes in market interest rates as the credit quality of the portfolio remained stable.

At December 31, 2024, the securities balance included HTM investment securities with an amortized cost of $64.6 million and a fair value of $56.9 million as compared to an amortized cost of $64.6 million and a fair value of $59.1 million at December 31, 2023.

The Corporation does not own investments consisting of pools of Alt-A or subprime mortgages, private label mortgage-backed securities, or trust preferred investments.

The following table discloses AFS and HTM investment securities at the scheduled maturity date and weighted average yield at amortized cost at December 31, 2024. Mortgage-backed securities are allocated based upon scheduled maturities. Expected maturities may differ from contractual maturities because debt issuers may have the right to call or prepay obligations without call or prepayment penalties. Therefore, the stated yield may not be recognized in future periods. Additionally, residential mortgage-backed securities, which are collateralized by residential mortgage loans, typically prepay at a rate faster than the stated maturity. See "Note 3 — Investment Securities" for additional details.

	Maturing									
	1 Year or Less		Over 1 - 5 Years		Over 5 - 10 Years		Over 10 Years or No Maturity		Total	
(Dollars in thousands)	Amortized Cost	Weighted Average Yield[1]	Amortized Cost	Weighted Average Yield[1]	Amortized Cost	Weighted Average Yield[1]	Amortized Cost	Weighted Average Yield[1]	Amortized Cost	Weighted Average Yield[1]
Available for Sale										
U.S. Government and agencies	$ 18,009	0.74 %	$ 100,083	1.06 %	$ 41,707	1.16 %	$ —	— %	$ 159,799	1.05 %
Collateralized mortgage obligations	—	—	85	2.22	282	2.53	39,173	2.76	39,540	2.76
Residential mortgage-backed securities	86	2.16	1,443	2.25	11,029	2.24	146,791	2.18	159,349	2.18
Commercial mortgage-backed securities	—	—	22,514	4.68	10,007	5.02	32,829	2.89	65,350	3.83
Corporate bonds	—	—	2,000	3.82	13,600	4.55	2,000	5.25	17,600	4.55
Total	$ 18,095	0.75 %	$ 126,125	1.76 %	$ 76,625	2.48 %	$ 220,793	2.41 %	$ 441,638	2.16 %
Held to Maturity										
State and municipal	$ —	— %	$ 4,188	1.51 %	$ 27,266	2.47 %	$ 31,384	2.35 %	$ 62,838	2.41 %
Residential mortgage-backed securities	—	—	1,484	2.04	256	2.50	—	—	1,740	2.11
Total	$ —	— %	$ 5,672	1.65 %	$ 27,522	2.62 %	$ 31,384	2.35 %	$ 64,578	2.41 %

[1] Weighted Average Yield has been computed on a fully taxable equivalent basis using the 21% federal income tax statutory rate.

The fair value of CRA Mutual Fund equity security has a readily determinable fair value of $919 thousand at December 31, 2024 with no stated maturity.

Loans

The following table presents the composition of the loan portfolio:

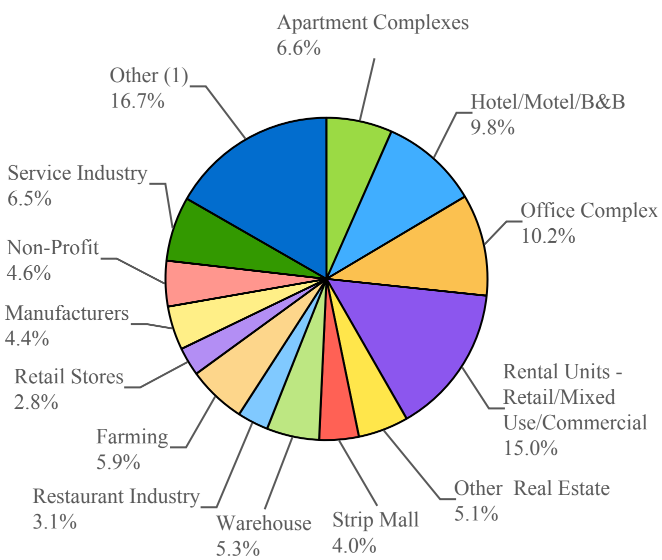
			Increase (Decrease)	
(In thousands)	December 31, 2024	December 31, 2023	$	%
Commercial real estate	**$ 969,514**	$ 898,709	$ 70,805	7.9 %
Residential mortgage	**401,950**	394,189	7,761	2.0
Commercial and industrial	**140,906**	152,344	(11,438)	(7.5)
Home equity lines of credit	**85,685**	90,163	(4,478)	(5.0)
Real estate construction	**76,773**	84,341	(7,568)	(9.0)
Consumer	**9,318**	9,954	(636)	(6.4)
Gross loans	**1,684,146**	1,629,700	54,446	3.3
Unearned income	**(1,236)**	(1,712)	476	27.8
Total Loans, Net of Unearned Income	**$ 1,682,910**	$ 1,627,988	$ 54,922	3.4 %

Total loans, net of unearned income, outstanding increased $54.9 million, or 3.4%, in 2024. The increase was driven mainly by growth in the commercial real estate and residential mortgage portfolios. Growth in both portfolios was spread throughout ACNB's geographic footprint and across various property types. The collateral for these loans is primarily spread across our Pennsylvania and Maryland market areas. Despite the intense competition in the Corporation's Market Areas, management continues to focus on asset quality and disciplined underwriting standards in the loan origination process. ACNB does not have a significant concentration of credit risk with any single borrower, industry or geographic location. Most of the Corporation's lending activities are with customers located within the Bank's Market Area.

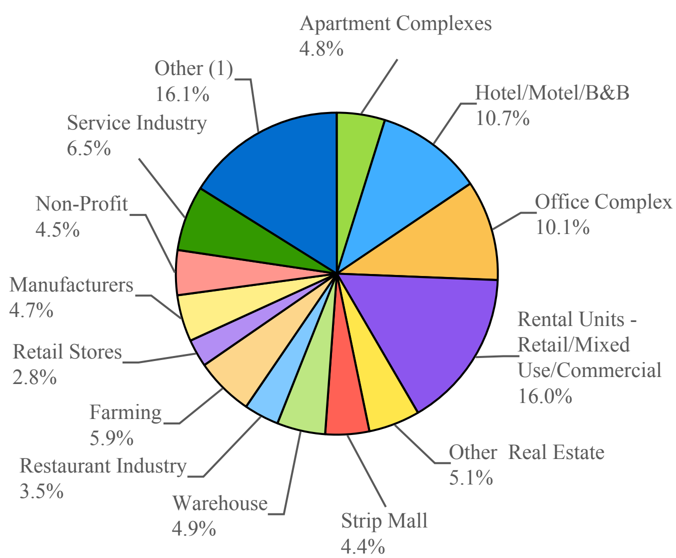
The commercial real estate portfolio grew $70.8 million, or 7.9%, in 2024. The collateral for these loans is primarily spread across Pennsylvania and Maryland, 56.0% and 42.1%, respectively, at December 31, 2024 compared to 54.0% and 44.0%, respectively, at December 31, 2023. Less than 3% of the portfolio is for real estate in Urban areas such as Baltimore, Maryland and Philadelphia, Pennsylvania. The largest sectors of the commercial real estate portfolio are retail and mixed-use commercial rental units, hotels, motels and bed and breakfast entities and office complexes. Non-owner occupied commercial real estate represented 62.3% of the commercial real estate portfolio at December 31, 2024, compared to 60.9% at December 31, 2023. Non-owner occupied commercial real estate borrowers are geographically dispersed throughout ACNB's Market Area and are leasing commercial properties to a varied group of tenants including medical offices, retail space, and other commercial purpose facilities. Because of the varied nature of the tenants in aggregate, management believes that these loans present an acceptable risk when compared to commercial loans in general.

The following chart details the percentage of the various segments included in the portfolio:

Commercial Real Estate Portfolio Breakout - December 31, 2024



Commercial Real Estate Portfolio Breakout - December 31, 2023



[1] Constitutes over 40 loan categories that do not fit into the categories presented above

The concentration of non-owner occupied commercial real estate, construction, and multi-family was 207.0% of total risk-based capital of the Bank.

Residential real estate mortgages totaled $402.0 million, an increase of $7.8 million, or 2.0%, in 2024. Included in the residential real estate mortgages were $45.5 million in junior liens. Junior liens inherently have more credit risk by virtue of the fact that another financial institution may have a senior security position in the case of foreclosure liquidation of collateral to extinguish the debt.

Commercial and industrial loans totaled $140.9 million, a decrease of $11.4 million, or 7.5% in 2024. This segment includes loans to school districts, municipalities (including townships) and essential purpose authorities. In many cases, these loans are obtained through a bid process that includes other local and regional banks and are especially subject to refinancing in certain rate environments.

The following table presents the maturity schedule of the loan portfolio, segmented based on the underlying collateral, at December 31, 2024. Loans with variable rates or floating interest rates include adjustable rate instruments that may have a remaining period of fixed rate interest, and in some instances, multiple years of a fixed rate interest period.

LOANS MATURING

(In thousands)	Due in One Year or Less	Due After One Year to Five Years	Due After Five Years to Fifteen Years	Due After Fifteen Years	Total
Loans with predetermined (fixed) interest rates					
Commercial real estate	$ 17,505	$ 54,943	$ 31,179	$ 464	$ 104,091
Residential mortgage	5,745	11,499	78,750	78,425	174,419
Commercial and industrial	3,534	49,593	6,454	—	59,581
Home equity lines of credit	360	90	33	167	650
Real estate construction	14,147	10,628	1,400	6,467	32,642
Consumer	298	4,190	2,076	36	6,600
Total predetermined (fixed) interest rates	$ 41,589	$ 130,943	$ 119,892	$ 85,559	$ 377,983
Loans with variable or floating interest rates					
Commercial real estate	$ 22,358	$ 27,867	$ 337,755	$ 477,443	$ 865,423
Residential mortgage	797	2,056	52,890	171,788	227,531
Commercial and industrial	36,078	2,079	31,111	12,057	81,325
Home equity lines of credit	6,412	197	20,799	57,627	85,035
Real estate construction	12,921	3,089	7,393	20,728	44,131
Consumer	48	958	1,181	531	2,718
Total variable or floating interest rates	$ 78,614	$ 36,246	$ 451,129	$ 740,174	$ 1,306,163
Total fixed and floating interest rates	$ 120,203	$ 167,189	$ 571,021	$ 825,733	$ 1,684,146

Asset Quality

The ACNB loan portfolio is subject to varying degrees of credit risk. Credit risk is mitigated through prudent and disciplined underwriting standards, ongoing credit review, and monitoring and reporting asset quality measures. Additionally, loan portfolio diversification, limiting exposure to a single industry or borrower, and requiring collateral also reduces ACNB's credit risk. ACNB's commercial, consumer and residential mortgage loans are principally to borrowers in ACNB's Market Area. As the majority of ACNB's loans are located in this area, a substantial portion of the debtor's ability to honor the obligation may be affected by the level of economic activity in the Market Area.

The accrual of interest on residential mortgage and commercial loans is discontinued at the time the loan is 90 days past due unless the credit is well secured and in the process of collection. Consumer loans (consisting of home equity lines of credit and consumer loan categories) are typically charged off no later than 120 days past due. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. ACNB occasionally returns nonaccrual loans to performing status when the borrower brings the loan current and performs in accordance with contractual terms for a reasonable period of time.

The following table sets forth the Corporation's nonperforming assets as of December 31:

(Dollars in thousands)	**2024**	2023
Nonaccrual loans	**$ 5,871**	$ 3,011
Greater than or equal to 90 days past due and accruing	**941**	1,162
Total Nonperforming Loans	**6,812**	4,173
Foreclosed assets	**438**	467
Total Nonperforming Assets	**$ 7,250**	$ 4,640
Ratios:		
Nonperforming loans to total loans	**0.40 %**	0.26 %
Nonperforming assets to total assets	**0.30**	0.19
Allowance for credit losses to nonperforming loans	**253.67**	478.53

Nonperforming assets include nonaccrual loans, loans greater than or equal to 90 days past due and accruing and foreclosed assets held for resale. The increase in nonperforming loans was primarily the result of one long-standing commercial relationship in the healthcare industry, comprised of both owner-occupied commercial real estate and commercial and industrial loans that is adequately secured.

For loans to borrowers with commercial purposes, an internal risk rating process is used to monitor credit quality. For a complete description of the Corporation's risk ratings, refer to the "Allowance for Credit Losses" section within "Note 1 — Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements in Item 8. "Financial Statements and Supplementary Data".

Total internally risk rated loans were $1.36 billion as of December 31, 2024 with a related allowance for credit losses of $15.1 million.

Foreclosed assets held for resale consist of the fair value of real estate acquired through foreclosure on real estate loan collateral or the acceptance of ownership of real estate in lieu of the foreclosure process. Fair values are based on appraisals that consider the sales prices of similar properties in the proximate vicinity less estimated selling costs. Foreclosed assets held for resale totaled $438 thousand, consisting of two properties, at December 31, 2024 compared to one property totaling $467 thousand at December 31, 2023.

Allowance for Credit Losses

The Corporation adopted ASU 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which replaced the incurred loss methodology and is referred to as CECL in 2023. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loans, HTM securities and purchased financial assets, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. It also applies to OBS credit exposures, such as loan commitments, standby letters of credit, financial guarantees and other similar instruments. Financial institutions and other organizations will now use forecasted information to better inform their credit loss estimates. Many of the loss estimation techniques applied previously are still permitted, although the inputs to those techniques changed to reflect the full amount of expected credit losses.

CECL requires estimated credit losses on loans to be determined based on an expected life of loan model as compared to an incurred loss model, which was in effect for periods prior to 2023. Accordingly, ACL disclosures subsequent to January 1, 2023 are not always comparable to prior periods. As a result, the tables that follow present the appropriate method for each period.

ACNB maintains the allowance for credit losses at a level believed to be adequate by management to absorb current expected losses in the loan portfolio, and it is funded through a provision for credit losses charged to earnings.

A summary of ACNB's activity in the ACL as of December 31:

(Dollars in thousands)	2024	2023	2022
Beginning balance	**$ 19,969**	$ 17,861	$ 19,033
Impact of CECL adoption	**—**	1,618	—
(Reversal of) provision for credit losses	**(2,437)**	860	—
Loans charged-off:			
Commercial and industrial	**138**	110	238
Commercial real estate and construction	**—**	—	831
Residential mortgage and home equity lines of credit	**—**	—	36
Consumer	**218**	396	181
Total Loans Charged-Off	**356**	506	1,286
Recoveries:			
Commercial and industrial	**26**	64	58
Residential mortgage and home equity lines of credit	**—**	—	27
Consumer	**78**	72	29
Total Recoveries	**104**	136	114
Net charge-offs	**252**	370	1,172
Ending balance	**$ 17,280**	$ 19,969	$ 17,861
Ratios:			
Net charge-offs to average loans	**0.02 %**	0.02 %	0.08 %
Allowance for credit losses to total loans	**1.03 %**	1.23 %	1.16 %

The provision for 2024 was a reversal of $2.4 million compared to $860 thousand for 2023 and none for 2022. The decrease in the provisions for credit losses and unfunded commitments for the year ended December 31, 2024 compared to the prior year was driven primarily by updated estimates utilized as input assumptions within the CECL model calculation. These estimates, which were based on more current information available during 2024, drive input assumptions which are used in the determination of the Corporation's allowance for credit losses and the reserve for unfunded commitments. These updated estimates were the primary drivers for the $2.4 million reversal of the provision for credit losses for the year ended December 31, 2024. The ACL as a percentage of total loans was at 1.03% December 31, 2024 compared to 1.23% and 1.16% at December 31, 2023 and 2022, respectively.

The allocation of the allowance for credit losses as of December 31:

	2024		2023	
(Dollars in thousands)	Amount	Percent of Loan Type to Total Loans	Amount	Percent of Loan Type to Total Loans
Commercial real estate	**$ 10,578**	**57.6 %**	$ 12,010	55.2 %
Residential mortgage	**2,976**	**23.9**	3,303	24.2
Commercial and industrial	**1,416**	**8.4**	2,048	9.3
Home equity lines of credit	**294**	**5.1**	397	5.5
Real estate construction	**1,918**	**4.5**	2,070	5.2
Consumer	**98**	**0.5**	141	0.6
Total	**$ 17,280**	**100.0 %**	$ 19,969	100.0 %

Additional information on nonaccrual loans is as follows:

(Dollars in thousands)	Number of Credit Relationships	Balance	Current Specific Loss Allocations	Current Year Charge-Offs	Location	Originated
December 31, 2024						
Owner occupied commercial real estate	**6**	**$ 3,564**	**$ 138**	**$ —**	**In market**	**2006-2022**
Commercial and industrial	**4**	**2,307**	**569**	**—**	**In market**	**2009-2023**
Total	**10**	**$ 5,871**	**$ 707**	**$ —**		
December 31, 2023						
Owner occupied commercial real estate	7	$ 1,822	$ 175	$ —	In market	2006-2019
Commercial and industrial	4	1,004	901	—	In market	2014-2021
Home equity line of credit	1	185	—	—	In market	2009
Total	12	$ 3,011	$ 1,076	$ —		

All nonaccrual loans are to borrowers located within the Market Area served by the Corporation in southcentral Pennsylvania and northern Maryland. All nonaccrual individually evaluated loans were originated by the Bank.

Deposits

The following table presents ending deposits, by type as of December 31:

			Increase (Decrease)	
(In thousands)	**2024**	**2023**	**$**	**%**
Noninterest-bearing demand deposits	**$ 451,503**	$ 500,332	$ (48,829)	(9.8)%
Interest-bearing demand deposits	**505,096**	524,289	(19,193)	(3.7)
Money market	**251,667**	264,907	(13,240)	(5.0)
Savings	**311,207**	340,134	(28,927)	(8.5)
Total demand and savings	**1,519,473**	1,629,662	(110,189)	(6.8)
Time	**273,028**	232,151	40,877	17.6
Total Deposits	**$ 1,792,501**	$ 1,861,813	$ (69,312)	(3.7)%

The Bank relies on deposits as a primary source of funds for lending activities. The Bank's deposit pricing function employs a disciplined approach based upon liquidity needs and alternative funding rates, but also strives to price deposits to be competitive with relevant local competition, including local government investment trusts, credit unions and larger regional banks.

Total deposits were $1.79 billion at December 31, 2024, a decrease of $69.3 million, or 3.7%, since December 31, 2023. Total demand and savings deposits decreased $110.2 million, or 6.8%, partially offset by time deposits which increased $40.9 million, or 17.6%. Included in time deposits was $24.1 million in brokered time deposits issued by the Bank. Total deposits as of December 31, 2024, were comprised of approximately 63% consumer deposits and 37% commercial deposits, compared to approximately 59% consumer deposits and 41% commercial deposits as of December 31, 2023. Interest-bearing deposit costs for 2024 were 0.83% compared to 0.25% for 2023. Despite the decline in deposits in 2024, the loan-to-deposit ratio was 93.89% at December 31, 2024.

Included in total deposits at December 31, 2024 were municipal deposits totaling $111.0 million, or 6.2%, of total deposits compared to $176.6 million, or 9.5%, of total deposits at December 31, 2023. The decrease in public funds was the result of public entities reinvesting excess funds in alternative investment products outside the Corporation. Uninsured and non-collateralized deposits to total Bank deposits was 16.3% compared to 17.3% at December 31, 2024 and 2023, respectively. As of December 31, 2024, cash on hand, the fair value of unencumbered investment securities and collateralized borrowing capacities at the FHLB and the Federal Reserve discount window at the Bank were 368.8% of uninsured and non-collateralized Bank deposits. At December 31, 2024 deposits from the 20 largest depositors, excluding internal accounts, of the Bank totaled $143.4 million, or 7.9%, of total Bank deposits compared to $192.7 million, or 10.3%, of total Bank deposits at December 31, 2023. See Note 9 — "Deposits", to the Consolidated Financial Statements under Part II, Item 8. "Financial Statements and Supplementary Data," for more information.

Borrowings

The Corporation’s borrowings as of December 31:

(In thousands)	2024	2023	Increase (Decrease) $	Increase (Decrease) %
Securities sold under repurchase agreements	**$ 15,826**	$ 26,882	$ (11,056)	(41.1)%
Short-term FHLB advances	**—**	30,000	(30,000)	(100.0)
Total short-term borrowings	**15,826**	56,882	(41,056)	(72.2)
Long-term FHLB advances	**235,000**	175,000	60,000	34.3
Trust preferred subordinated debt[1]	**5,333**	5,292	41	0.8
Subordinated debt	**15,000**	15,000	—	—
Total long-term borrowings	**255,333**	195,292	60,041	30.7
Total Borrowings	**$ 271,159**	$ 252,174	$ 18,985	7.5 %

[1]Net of purchase accounting fair value mark.

Short-term borrowings are comprised primarily of securities sold under agreements to repurchase and short-term borrowings from the FHLB. As of December 31, 2024, short-term borrowings were $15.8 million, a decrease of $41.1 million, or 72.2%, from December 31, 2023. Agreements to repurchase accounts are within the commercial and local government customer base and have attributes similar to core deposits. Investment securities are pledged in sufficient amounts to collateralize these agreements. Compared to December 31, 2023, repurchase agreement balances were down due to normal changes in the cash flow position of ACNB’s commercial and local government customer base. There were no short-term FHLB borrowings at December 31, 2024 compared to $30.0 million at December 31, 2023. Short-term FHLB borrowings are used to supplement Bank funding from seasonal and daily fluctuations in the deposit base.

Long-term borrowings consist of longer-term advances from the FHLB, trust preferred subordinated debt and subordinated debt. Long-term borrowings totaled $255.3 million at December 31, 2024 compared to $195.3 million at December 31, 2023. During 2024 the Bank borrowed $60.0 million from the FHLB at a weighted average fixed rate of 4.30% for a weighted average term of 4.00 years to fund loan growth and deposit outflows. Further borrowings will be used when necessary for a variety of risk management and funding purposes. Please refer to the *Liquidity* discussion below for more information on the Corporation’s ability to borrow.

Capital

ACNB’s capital management strategies have been developed to provide an appropriate rate of return, in the opinion of management, to stockholders, while maintaining levels above its internal minimums and “well capitalized” regulatory position in relationship to its risk exposure. Total stockholders’ equity was $303.3 million at December 31, 2024 compared to $277.5 million at December 31, 2023. The primary source of additional capital to ACNB is earnings retention, which represents net income less dividends declared. During 2024, ACNB retained $21.1 million, or 66.4%, of its net income compared to $22.0 million, or 69.4%, in 2023. Quarterly cash dividends paid to ACNB Corporation stockholders in 2024 totaled $10.7 million, or $1.26 per common share, compared to $9.7 million, or $1.14 per common share in 2023, an increase of 10.5%. Stockholders’ equity also increased primarily due to a $3.2 million change in unrealized gains in AFS investment securities and pension plan assets.

ACNB has a Dividend Reinvestment and Stock Purchase Plan that provides registered holders of ACNB common stock with a convenient way to purchase additional shares of common stock by permitting participants in the plan to automatically reinvest cash dividends on all or a portion of the shares owned and to make quarterly voluntary cash payments under the terms of the plan. Participation in the plan is voluntary, and there are eligibility requirements to participate in the plan. Cumulative to December 31, 2024, 277,514 shares were issued under this plan. Proceeds from the plan are used for general corporate purposes.

On October 24, 2022, the Corporation announced that the Board of Directors approved on October 18, 2022 a new plan to repurchase, in open market and privately negotiated transactions, up to 255,575, or approximately 3%, of the outstanding shares of the Corporation’s common stock. This new common stock repurchase program replaces and supersedes any and all earlier announced repurchase plans. There were 6,842 shares repurchased during 2024. As of December 31, 2024, 67,908 shares of common stock have been repurchased under this plan.

Regulatory Capital Requirements

The Corporation and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation's Consolidated Financial Statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain OBS items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Minimum regulatory capital requirements established by Basel III rules require the Corporation and the Bank to:

- Meet a minimum Tier 1 leverage capital ratio of 4.0% of average assets;
- Meet a minimum Common Equity Tier 1 capital ratio of 4.5% of risk-weighted assets;
- Meet a minimum Tier 1 capital ratio of 6.0% of risk-weighted assets;
- Meet a minimum Total capital ratio of 8.0% of risk-weighted assets;
- Maintain a "capital conservation buffer" of 2.5% above the minimum risk-based capital requirements, which must be maintained to avoid restrictions on capital distributions and certain discretionary bonus; and,
- Comply with the definition of capital to improve the ability of regulatory capital instruments to absorb losses.

ACNB considers the capital ratios of the banking subsidiary to be the relevant measurement of capital adequacy. The banking subsidiary's capital ratios are as follows:

	2024	**2023**	**To be Well Capitalized under Prompt Corrective Action Regulations**
Tier 1 leverage ratio (to average assets)	**12.03 %**	11.12 %	5.00 %
Common Tier 1 capital (to risk-weighted assets)	**16.03 %**	14.86 %	6.50 %
Tier 1 risk-based capital ratio (to risk-weighted assets)	**16.03 %**	14.86 %	8.00 %
Total risk-based capital ratio (to risk-weighted assets)	**17.02 %**	15.99 %	10.00 %

Quantitative measures established by regulation to ensure capital adequacy require ACNB to maintain minimum amounts and ratios of total and Tier 1 capital to average and risk adjusted assets. Management believes, as of December 31, 2024 and 2023, that ACNB's banking subsidiary met all minimum capital adequacy requirements to which it is subject and is categorized as "well capitalized" for regulatory purposes. There are no subsequent conditions or events that management believes have changed the banking subsidiary's category.

For further information on the actual and required capital amounts and ratios, please refer to Note 14 — "Regulatory Matters" in the Notes to Consolidated Financial Statements.

Liquidity

Effective liquidity management ensures the cash flow requirements of depositors and borrowers, as well as the operating cash needs of the Corporation, are met. ACNB's funds are available from a variety of sources, including assets that are readily convertible such as interest-bearing deposits with banks, maturities and repayments from the securities portfolio, scheduled repayments of loans receivable, the core deposit base, the ability to raise brokered deposits, and the ability to borrow from the FHLB and Federal Reserve Discount Window and unsecured Federal Funds line providers.

At December 31, 2024, ACNB's banking subsidiary could borrow $926.5 million from the FHLB of which $690.4 million was available. At December 31, 2024, ACNB's banking subsidiary could borrow approximately $54.0 million from the Discount Window, of which the full amount was available. The underlying collateral at the Discount Window is made up of eligible loan collateral held in a joint-custody account under the Bank's name.

ACNB's banking subsidiary maintains several unsecured Fed Funds lines with correspondent banks. As of December 31, 2024, Fed Funds line capacity at the banking subsidiary was $192.0 million, of which the full amount was available. In 2018, ACNB Corporation executed a guaranty for a note related to a $1.5 million commercial line of credit from a local bank, with customary terms and conditions for such a line, for ACNB Insurance Services, the borrower and wholly-owned subsidiary of ACNB

Corporation. The commercial line of credit is for general working capital needs as they arise by ACNB Insurance Services. The Corporation maintains a $5.0 million unsecured line of credit with a correspondent bank, all of which was available for borrowing at December 31, 2024.

Another source of liquidity is securities sold under repurchase agreements to customers of the Bank totaling $15.8 million and $26.9 million at December 31, 2024 and 2023, respectively. These agreements vary in balance according to the cash flow needs of customers and competing accounts at other financial organizations.

The liquidity of the parent company also represents an important aspect of liquidity management. The parent company's cash outflows consist principally of dividends to stockholders and corporate expenses. The main source of funding for the parent company is the dividends it receives from its subsidiaries. Federal and state banking regulations place certain legal restrictions and other practicable safety and soundness restrictions on dividends paid to the parent company from the subsidiary bank. For a discussion of ACNB's dividend restrictions, please refer to Item 1 — "Business" and Note 14 — "Regulatory Matters" in the Notes to Consolidated Financial Statements.

ACNB manages liquidity by monitoring projected cash inflows and outflows on a daily basis, and believes it has sufficient funding sources to maintain sufficient liquidity under varying degrees of business conditions for liquidity and capital resource requirements for all material short- and long-term cash requirements from known contractual and other obligations.

Off-Balance Sheet Arrangements

The Corporation is party to financial instruments with OBS risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and, to a lesser extent, standby letters of credit. At December 31, 2024 the Corporation had unfunded outstanding commitments to extend credit of $372.8 million and outstanding standby letters of credit of $15.1 million. Because these commitments generally have fixed expiration dates and many will expire without being drawn upon, the total commitment level does not necessarily represent future cash requirements. Please refer to Note 15 — "Commitments and Contingencies" in the Notes to Consolidated Financial Statements for a discussion of the nature, business purpose, and importance of the Corporation's OBS arrangements.

New Accounting Pronouncements

See Note 1 — "Summary of Significant Accounting Policies" in the Notes to Consolidated Financial Statements for a summary of these new accounting pronouncements not yet adopted.

ITEM 7A—QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

The primary objective of ACNB's ALCO with direct oversight from the Board is to maximize net interest income within established policy parameters. This objective is accomplished through the management of the statement of condition composition and duration, market risk exposures arising from changing economic conditions, and liquidity risk.

Market risk comprises exposure to interest rate risk, foreign currency exchange rate risk, commodity price risk, and other relevant market rate or price risks. Specific to the banking industry, one of the greatest risk exposures is to that of changing market interest rates. The primary objective of monitoring ACNB's interest rate sensitivity risk is to provide management the flexibility necessary to manage the statement of condition to minimize adverse changes in net interest income as a result of changes in the direction and level of interest rates. FOMC monetary policy, economic uncertainty, and fiscal policy changes have been significant factors affecting the task of managing interest rate sensitivity positions in recent years.

ACNB's ALCO is a management committee responsible for monitoring and managing interest rate risk within approved policy limits, utilizing earnings sensitivity simulation and economic value-at-risk models. These models are highly dependent on various assumptions, which change regularly as the statement of condition composition and market interest rates change. The key assumptions and strategies employed are analyzed, reviewed and documented at least annually by the ALCO as well as provided to the Board.

Interest Rate Risk

Interest rate risk is the exposure to fluctuations in the Bank's future earnings (earnings at risk) and value (value at risk) resulting from changes in interest rates. This exposure results from differences between the amounts of interest-earning assets and interest-bearing liabilities that reprice within a specified time period as a result of scheduled maturities, scheduled and unscheduled repayments, the propensity of borrowers and depositors to react to changes in their economic interests, and contractual loan interest rate changes.

Management attempts to manage the level of repricing and maturity mismatch through its asset/liability management processes so that fluctuations in net interest income are maintained within policy limits across a range of market conditions while satisfying liquidity and capital requirements. Management recognizes that a certain amount of interest rate risk is inherent, appropriate, and necessary to ensure the Bank's profitability. Thus, the goal of the Bank's interest rate risk management is to minimize the fluctuations of net interest income across all interest rate scenarios.

Management endeavors to control the exposure to changes in interest rates by understanding, reviewing, and making decisions based on its risk position. The Bank primarily uses its securities portfolio, FHLB advances and brokered deposits to manage its interest rate risk position. Additionally, pricing, promotion, and product development activities are directed in an effort to emphasize the loan and deposit repricing characteristics that best meet current interest rate risk objectives.

ACNB uses simulation analysis to assess earnings at risk and net present value analysis to assess value at risk. These methods allow management to regularly monitor both the direction and magnitude of its interest rate risk exposure. These analyses require numerous assumptions including, but are not limited to, changes in the statement of condition mix, prepayment rates on loans and securities, cash flows and repricing of all financial instruments, changes in volumes and pricing, future shapes of the yield curve, relationship of market interest rates to each other (basis risk), credit spread, and deposit sensitivity. Assumptions are based on management's best estimates, but may not accurately reflect actual results under certain changes in interest rates due to the timing, magnitude, and frequency of rate changes and changes in market conditions and management strategies, among other factors. However, the analyses are useful in quantifying risk and providing a relative gauge of the Corporation's interest rate risk position over time.

ACNB'S ALCO operates under management policies, approved by the Board, which define guidelines and limits on the level of risk. ALCO meets regularly and reviews its interest rate risk position and monitors various liquidity ratios to ensure a satisfactory liquidity position. By utilizing the analyses, management can determine changes that may need to be made to the asset and liability mixes to mitigate the change in net interest income under various interest rate scenarios. Management continually evaluates the condition of the economy, the pattern of market interest rates, and other economic data to inform the committee. Regulatory authorities also monitor the Corporation's interest rate risk position along with other liquidity ratios.

Net Interest Income Sensitivity

Simulation analysis evaluates the effect of upward and downward changes in market interest rates on future net interest income. The analysis involves changing the interest rates used in determining net interest income over the next twelve months. The resulting percentage change in net interest income in various rate scenarios is an indication of Corporation's short-term interest rate risk. The analysis assumes recent pricing trends in new loan and deposit volumes will continue while balances remain constant. Additional assumptions are applied to modify pricing under the various rate scenarios.

The simulation analysis results are presented in the table below. At December 31, 2024, results in the falling interest rate scenario of 100 or 200 basis point or a rising of 200 basis point scenario project a decrease in net interest income. The Bank is currently modestly asset-sensitive according to the model as interest-earning assets are expected to reprice faster than interest-bearing liabilities.

Economic Value

Net present value analysis provides information on the risk inherent in the statement of condition that might not be considered in the simulation analysis due to the short time horizon used. The net present value of the statement of condition incorporates the discounted present value of expected asset cash flows minus the discounted present value of expected liability cash flows. The analysis involves changing the interest rates used in determining the expected cash flows and in discounting the cash flows. The resulting percentage change in net present value in various rate scenarios is an indication of the longer-term repricing risk and options embedded in the statement of condition.

The results at December 31, 2024 and 2023 are reflected below. Funding cost and repricing speed will continue to be a factor in the results of the model. The behavior of the business and retail clients also varies across the rate scenarios, which is reflected in the results. To improve comparability across periods, the Bank strives to follow best practices related to the assumption setting and maintains the size and mix of the period end statement of condition; thus, the results do not reflect actions management may take through the normal course of business that would impact results.

12-Month Earnings at Risk Ramps

Change in Market Interest Rates (bps)	% Change in Net Interest Income		Policy Limits
	December 31, 2024	December 31, 2023	
(200)	(1.7)%	(2.9)%	(10.0)%
(100)	(1.0)%	(1.6)%	(5.0)%
100	0.3 %	0.3 %	(5.0)%
200	(0.3)%	0.4 %	(10.0)%

Value at Risk Ramps

Change in Market Interest Rates (bps)	% Change in Market Value		Policy Limits
	December 31, 2024	December 31, 2023	
(200)	(10.8)%	(17.8)%	(35.0)%
(100)	(3.7)%	(6.4)%	(20.0)%
100	(1.2)%	1.9 %	(20.0)%
200	(4.8)%	1.1 %	(35.0)%

ITEM 8—FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(a) The following audited Consolidated Financial Statements and related documents are set forth in this Annual Report on Form 10-K on the following pages:

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Shareholders and the Board of Directors of ACNB Corporation
Gettysburg, PA

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of condition of ACNB Corporation (the "Company") as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income (loss), changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Company changed its method for accounting for credit losses effective January 1, 2023, due to the adoption of Financial Accounting Standards Board (FASB) Accounting Standards Codification No. 326, Financial Instruments - Credit Losses (ASC 326). The Company adopted the new credit loss standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses on Loans

As described in Notes 1 and 4, the Company's methodology for estimating the allowance for credit losses on loans includes quantitative and qualitative components of the calculation. The Company's loan portfolio is segmented by loan types that behave similarly during economic cycles. The quantitative analysis includes using a discounted cash flow (DCF) model for determining the allowance for credit losses. Economic forecasts are used in the model to estimate the probability of default and loss given default through regression which are key inputs into the DCF model calculation. Quantitative model assumptions include, but are not limited to the discount rate, prepayment speeds, and curtailments. The quantitative model output is adjusted with qualitative adjustments. Management develops a qualitative framework that serves as the basis for determining the reasonableness of the model's output and makes qualitative adjustments as necessary. The allowance methodology is inherently complex and requires the use of significant management judgment.

We determined that auditing the allowance for credit losses on loans was a critical audit matter because of the extent of auditor judgment applied and significant audit effort to evaluate the significant subjective and complex judgments made by management throughout the initial adoption and subsequent application processes, including segmentation, the economic forecasts used to calculate the regressions within the DCF model, the quantitative model assumptions as mentioned above, and the qualitative adjustments made using the qualitative framework. In addition, we used individuals with specialized skill or knowledge to assist us in auditing the judgments made by management.

The primary procedures performed to address this critical audit matter included the following:

- Tested the operating effectiveness of the Company's controls that addressed the following:
    - Management's selection and application of the DCF model, including the evaluation of the reasonableness of the segmentation, the reasonable and supportable economic forecasts, the significant model assumptions, and the relevance and reliability of data used in the model, and the validation of the DCF model outputs.
    - Management's review of the appropriateness of the qualitative framework, the reasonableness of significant assumptions applied, the relevance and reliability of data used in the qualitative adjustments, and the mathematical accuracy of the qualitative adjustments calculation.

- Evaluated the reasonableness of management's judgments related to the selection of the segmentation, DCF model, the reasonable and supportable economic forecasts, the significant model assumptions, and the relevance and reliability of the data used in the DCF model
- Tested the mathematical accuracy and application of the DCF model including engaging individuals with specialized skills in to validate the DCF model outputs.
- Evaluated the reasonableness of qualitative adjustments, including evaluating the appropriateness of the qualitative framework, the assumptions and judgments applied in the determination of the qualitative adjustments, the relevance and reliability of data used in the qualitative adjustments, and the mathematical accuracy of the qualitative adjustments calculation.

/s/ Crowe LLP

We have served as the Company's auditor since 2022.

Washington, D.C.
March 14, 2025

ACNB CORPORATION
CONSOLIDATED STATEMENTS OF CONDITION

(In thousands, except per share data)	December 31, 2024	December 31, 2023
ASSETS		
Cash and due from banks	**$ 16,352**	$ 21,442
Interest-bearing deposits with banks	**30,910**	44,516
Total Cash and Cash Equivalents	**47,262**	65,958
Equity securities with readily determinable fair values	**919**	928
Investment securities available for sale, at estimated fair value	**393,975**	451,693
Investment securities held to maturity, at amortized cost (fair value $56,924, $59,057)	**64,578**	64,600
Loans held for sale	**426**	280
Total loans, net of unearned income	**1,682,910**	1,627,988
Less: Allowance for credit losses	**(17,280)**	(19,969)
Loans, net	**1,665,630**	1,608,019
Premises and equipment, net	**25,454**	26,283
Right of use asset	**2,663**	2,615
Restricted investment in bank stocks	**10,853**	9,677
Investment in bank-owned life insurance	**81,850**	79,871
Investments in low-income housing partnerships	**877**	1,003
Goodwill	**44,185**	44,185
Intangible assets, net	**7,838**	9,082
Foreclosed assets held for resale	**438**	467
Other assets	**47,882**	54,186
Total Assets	**$ 2,394,830**	$ 2,418,847
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	**$ 451,503**	$ 500,332
Interest-bearing	**1,340,998**	1,361,481
Total Deposits	**1,792,501**	1,861,813
Short-term borrowings	**15,826**	56,882
Long-term borrowings	**255,333**	195,292
Lease liability	**2,764**	2,615
Allowance for unfunded commitments	**1,394**	1,719
Other liabilities	**23,739**	23,065
Total Liabilities	**2,091,557**	2,141,386
Stockholders' Equity:		
Preferred stock, $2.50 par value; 20,000,000 shares authorized; no shares outstanding at December 31, 2024 and 2023	**—**	—
Common stock, $2.50 par value; 20,000,000 shares authorized; 8,945,293 and 8,896,119 shares issued; 8,553,785 and 8,511,453 shares outstanding at December 31, 2024 and 2023, respectively	**22,357**	22,231
Treasury stock, at cost 391,508 and 384,666 shares at December 31, 2024 and 2023, respectively	**(11,203)**	(10,954)
Additional paid-in capital	**99,163**	97,602
Retained earnings	**234,624**	213,491
Accumulated other comprehensive loss	**(41,668)**	(44,909)
Total Stockholders' Equity	**303,273**	277,461
Total Liabilities and Stockholders' Equity	**$ 2,394,830**	$ 2,418,847

The accompanying notes are an integral part of the Consolidated Financial Statements.

ACNB CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share data)	Years Ended December 31, 2024	2023	2022
INTEREST AND DIVIDEND INCOME			
Loans, including fees:			
Taxable	**$ 90,547**	$ 79,433	$ 68,898
Tax-exempt	**1,232**	1,405	1,348
Investment Securities:			
Taxable	**10,748**	10,985	9,799
Tax-exempt	**1,136**	1,168	1,144
Dividends	**970**	331	104
Other	**2,832**	3,318	5,756
Total Interest and Dividend Income	**107,465**	96,640	87,049
INTEREST EXPENSE			
Deposits	**11,194**	3,695	2,561
Short-term borrowings	**859**	898	77
Long-term borrowings	**11,801**	3,727	986
Total Interest Expense	**23,854**	8,320	3,624
Net Interest Income	**83,611**	88,320	83,425
(Reversal of) provision for credit losses	**(2,437)**	860	—
Reversal of unfunded commitments	**(326)**	(16)	—
Net Interest Income after (Reversal of) Provisions for Credit Losses and Unfunded Commitments	**86,374**	87,476	83,425
NONINTEREST INCOME			
Insurance commissions	**9,754**	9,319	8,307
Wealth management	**4,226**	3,644	3,160
Service charges on deposits	**4,144**	3,958	4,066
ATM debit card charges	**3,303**	3,348	3,322
Earnings on investment in bank-owned life insurance	**1,979**	1,878	1,532
Gain from mortgage loans held for sale	**301**	56	487
Net gains (losses) on sales or calls of investment securities	**69**	(5,240)	(234)
Net (losses) gains on equity securities	**(9)**	18	(298)
Net gains on sales of low income housing partnership	**—**	—	421
Gain on assets held for sale	**—**	337	—
Other	**963**	1,127	1,044
Total Noninterest Income	**24,730**	18,445	21,807
NONINTEREST EXPENSES			
Salaries and employee benefits	**42,929**	40,931	35,979
Equipment	**7,321**	6,514	6,612
Net occupancy	**4,162**	3,908	4,076
Professional services	**2,140**	2,320	2,086
Other tax	**1,446**	1,269	1,632
FDIC and regulatory	**1,425**	1,388	1,128
Intangible assets amortization	**1,244**	1,424	1,492
Merger-related	**2,045**	—	—
Other	**7,973**	8,318	7,276
Total Noninterest Expenses	**70,685**	66,072	60,281
Income Before Income Taxes	**40,419**	39,849	44,951
Provision for income taxes	**8,573**	8,161	9,199
Net Income	**$ 31,846**	$ 31,688	$ 35,752
PER SHARE DATA			
Basic earnings	**$ 3.75**	$ 3.72	$ 4.15
Diluted earnings	**$ 3.73**	$ 3.71	$ 4.15
Weighted average shares basic	**8,503,473**	8,507,803	8,623,012
Weighted average shares diluted	**8,536,965**	8,536,125	8,623,012

The accompanying notes are an integral part of the Consolidated Financial Statements.

ACNB CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)	Years Ended December 31, 2024	2023	2022
NET INCOME	**$ 31,846**	$ 31,688	$ 35,752
OTHER COMPREHENSIVE INCOME (LOSS)			
INVESTMENT SECURITIES			
Unrealized gains (losses) arising during the period, net of income tax expense (benefit) of $633, $1,814 and $(14,499) respectively	**1,992**	6,814	(46,441)
Reclassification adjustment for net AFS investment securities (gains) losses included in net income, net of income tax effect of $(16), $1,188 and $55, respectively	**(53)**	4,052	193
Total unrealized gain (loss) on AFS investment securities	**1,939**	10,866	(46,248)
Unrealized losses on securities previously transferred to HTM, net of income tax benefit of $—, $— and $(1,072), respectively	**—**	—	(3,751)
Amortization of unrealized losses on AFS investment securities transferred to HTM, net of income tax expense of $254, $203 and $211, respectively	**853**	916	739
PENSION			
Amortization of pension net loss, net of income tax expense of $18, $76 and $90	**60**	258	317
Unrecognized net gain, net of income tax expense of $114, $312 and $15, respectively	**389**	1,063	476
Total unrealized gain on pension	**449**	1,321	793
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**3,241**	13,103	(48,467)
TOTAL COMPREHENSIVE INCOME (LOSS)	**$ 35,087**	$ 44,791	$ (12,715)

The accompanying notes are an integral part of the Consolidated Financial Statements.

ACNB CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Dollars in thousands, except per share data)	Common Stock	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity
BALANCE – December 31, 2021	$ 21,978	$ (2,245)	$ 94,688	$ 167,238	$ (9,545)	$ 272,114
Net income	—	—	—	35,752	—	35,752
Other comprehensive loss, net of taxes	—	—	—	—	(48,467)	(48,467)
Common stock shares issued (20,908 shares)	52	—	661	—	—	713
Repurchased shares (206,929 shares)	—	(6,682)	—	—	—	(6,682)
Restricted stock grants, net of forfeitures and withheld for taxes (21,935 shares)	56	—	673	—	—	729
Cash dividends declared ($1.06 per share)	—	—	—	(9,117)	—	(9,117)
BALANCE - December 31, 2022	22,086	(8,927)	96,022	193,873	(58,012)	245,042
Net income	—	—	—	31,688	—	31,688
Cumulative effect for adoption of Topic 326, net of tax	—	—	—	(2,368)	—	(2,368)
Other comprehensive income, net of taxes	—	—	—	—	13,103	13,103
Common stock shares issued (20,361 shares)	51	—	670	—	—	721
Repurchased shares (61,066 shares)	—	(2,027)	—	—	—	(2,027)
Restricted stock grants, net of forfeitures and withheld for taxes (43,074 shares)	94	—	(94)	—	—	—
Compensation expense for restricted shares	—	—	1,004	—	—	1,004
Cash dividends declared ($1.14 per share)	—	—	—	(9,702)	—	(9,702)
BALANCE - December 31, 2023	**22,231**	**(10,954)**	**97,602**	**213,491**	**(44,909)**	**277,461**
Net income	**—**	**—**	**—**	**31,846**	**—**	**31,846**
Other comprehensive income, net of taxes	**—**	**—**	**—**	**—**	**3,241**	**3,241**
Common stock shares issued (21,750 shares)	**55**	**—**	**777**	**—**	**—**	**832**
Repurchased shares (6,842 shares)	**—**	**(249)**	**—**	**—**	**—**	**(249)**
Restricted stock grants, net of forfeitures and withheld for taxes (27,424 shares)	**71**	**—**	**(479)**	**—**	**—**	**(408)**
Compensation expense for restricted shares	**—**	**—**	**1,263**	**—**	**—**	**1,263**
Cash dividends declared ($1.26 per share)	**—**	**—**	**—**	**(10,713)**	**—**	**(10,713)**
BALANCE – December 31, 2024	**$ 22,357**	**$ (11,203)**	**$ 99,163**	**$ 234,624**	**$ (41,668)**	**$ 303,273**

The accompanying notes are an integral part of the Consolidated Financial Statements.

ACNB CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31, 2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 31,846**	$ 31,688	$ 35,752
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sales of loans originated for sale	**(301)**	(56)	(487)
Gain on sales of assets held for sale	**—**	(337)	—
Loss on sale of premises and equipment	**—**	—	41
Earnings on investment in bank-owned life insurance	**(1,979)**	(1,878)	(1,532)
(Gain) loss on sales or calls of securities	**(69)**	5,240	234
Loss (gain) on equity securities	**9**	(18)	298
Gain on sale of low-income housing partnership	**—**	—	(421)
Restricted stock compensation expense	**1,263**	1,004	729
Depreciation and amortization	**3,033**	3,362	3,796
(Reversal of) provision for credit losses and reversal of unfunded commitments	**(2,763)**	844	—
Net amortization of investment securities premiums	**1,702**	690	2,156
Increase in interest receivable	**(109)**	(1,165)	(1,395)
Increase (decrease) in interest payable	**757**	743	(58)
Mortgage loans originated for sale	**(13,090)**	(2,646)	(36,664)
Proceeds from sales of loans originated for sale	**13,245**	2,545	39,221
Decrease (increase) in other assets	**5,351**	(7,449)	(4,303)
Deferred income tax	**779**	2,376	924
Increase in other liabilities	**108**	5,659	910
Net Cash Provided by Operating Activities	**39,782**	40,602	39,201
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from calls/maturities of investment securities held to maturity	**727**	1,097	2,903
Proceeds from calls/maturities of investment securities available for sale	**44,707**	32,594	58,578
Proceeds from sales of investment securities held to maturity	**—**	—	1,054
Proceeds from sales of investment securities available for sale	**14,336**	125,241	3,129
Proceeds from sales of equity securities	**—**	592	811
Purchase of investment securities available for sale	**—**	(48,838)	(284,336)
Purchase of investment securities held to maturity	**—**	—	(22,204)
Purchase of equity securities	**—**	—	(206)
(Purchase)/redemption of restricted investment in bank stocks	**(1,176)**	(8,048)	674
Net increase in loans	**(55,206)**	(89,589)	(71,829)
Proceeds from sale of low-income housing partnerships	**—**	—	421
Purchase of bank-owned life insurance	**—**	—	(12,200)
Acquisition of insurance books of business/agency	**—**	(174)	(7,800)
Capital expenditures	**(960)**	(1,168)	(1,811)
Proceeds from sales of premises and equipment	**—**	—	1,093
Proceeds from sales of assets held for sale	**—**	3,730	—
Net Cash Provided by (Used in) Investing Activities	**2,428**	15,437	(331,723)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in noninterest-bearing deposits	**(48,829)**	(94,717)	(28,311)
Net decrease in interest-bearing deposits	**(20,483)**	(242,445)	(199,103)
Net (decrease) increase in short-term borrowings	**(41,056)**	14,928	6,752

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

(In thousands)	Years Ended December 31, 2024	2023	2022
Proceeds from long-term borrowings	**60,000**	175,000	1,500
Repayments on long-term borrowings	**—**	—	(15,200)
Dividends paid	**(10,713)**	(9,702)	(9,117)
Common stock repurchased	**(249)**	(2,027)	(6,682)
Common stock issued, net of restricted stock forfeitures and withheld for taxes	**424**	721	713
Net Cash Used In Financing Activities	**(60,906)**	(158,242)	(249,448)
Net Decrease in Cash and Cash Equivalents	**(18,696)**	(102,203)	(541,970)
CASH AND CASH EQUIVALENTS — BEGINNING	**65,958**	168,161	710,131
CASH AND CASH EQUIVALENTS — ENDING	**$ 47,262**	$ 65,958	$ 168,161
Supplemental disclosures of cash flow information:			
Cash paid for interest	**$ 23,097**	$ 7,155	$ 3,682
Cash paid for income taxes	**6,628**	10,030	7,225
Supplemental disclosures of certain noncash activities:			
Recognition of operating lease right of use assets	**$ —**	$ 126	$ 472
Recognition of operating lease liabilities	**—**	126	472
Investments transferred from available for sale to held to maturity	**—**	—	39,683
Premises and equipment transferred to fixed assets held for sale	**—**	—	3,393
Loans transferred to foreclosed assets held for resale and other foreclosed transactions	**32**	—	474

The accompanying notes are an integral part of the Consolidated Financial Statements.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

ACNB Corporation, headquartered in Gettysburg, Pennsylvania, provides banking, wealth management and insurance services to businesses and consumers through its wholly-owned subsidiaries, ACNB Bank and ACNB Insurance Services. The Bank engages in full-service commercial and consumer banking and wealth management services, including trust and retail brokerage, through its 27 community banking offices, including 18 community banking office locations in Adams, Cumberland, Franklin, Lancaster and York Counties, Pennsylvania, and nine community banking office locations in Carroll and Frederick Counties, Maryland. There are also loan production offices in York, Pennsylvania, and Hunt Valley, Maryland.

ACNB Insurance Services, Inc. is a full-service insurance agency based in Westminster, Maryland, with additional locations in Jarrettsville, Maryland, and Gettysburg, Pennsylvania. The agency offers a broad range of property, casualty, health, life and disability insurance to both individual and commercial clients.

Basis of Financial Statements

The Consolidated Financial Statements have been prepared in accordance with GAAP and include the accounts of the Corporation and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated.

Certain amounts in the prior years' Consolidated Financial Statements and notes have been reclassified to conform to the current presentation. The Corporation evaluates subsequent events through the filing of this report with the SEC.

Recent Merger

Effective February 1, 2025, ACNB closed the acquisition of Traditions Bancorp, Inc., holding company for Traditions Bank, York, Pennsylvania. Traditions was merged with and into a wholly-owned subsidiary of ACNB Corporation immediately followed by the merger of Traditions Bank with and into ACNB Bank. ACNB Bank is operating the former Traditions Bank offices as "Traditions Bank, A Division of ACNB Bank". Traditions Bank operated eight community banking offices in South Central Pennsylvania which were included in the acquisition. In connection with the close of the acquisition, Traditions stockholders received 0.7300 shares of ACNB Corporation common stock for each share of Traditions common stock that they owned as of the closing date, with cash paid in lieu of fractional shares. ACNB issued 2,035,270 shares of its common stock, and cash in exchange for fractional shares based on $41.10 per whole share of ACNB common stock. The transaction is valued at $83.8 million. ACNB is currently finalizing the accounting for this transaction and expects to complete the preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the first quarter of 2025.

As of December 31, 2024 and 2023, Traditions had total assets of $870.1 million and $840.1 million, respectively, total loans of $674.4 million and $668.8 million, respectively, and total deposits of $749.3 million and $731.1 million, respectively. Common shares outstanding totaled 2,788,164 and 2,736,544 at December 31, 2024 and 2023, respectively.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided, and actual results could differ. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances due from banks, and federal funds sold, all of which mature within 90 days and interest-bearing deposits with banks. Net cash flows are reported for customer loan and deposit transactions, interest-bearing deposits in other financial institutions, and federal funds purchased and repurchase agreements. Interest-bearing deposits in other financial institutions are carried at cost.

Investment Securities

On January 1, 2023 the Corporation adopted ASU 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", universally referred to as CECL. ASU 2016-13 applies to all financial instruments carried at amortized cost, including HTM securities, and makes targeted improvements to the accounting for credit losses on

AFS securities. In addition, Topic 326 amends the accounting for credit losses on certain other debt securities. The Corporation did not record any allowance for credit losses on its HTM debt securities and did not record any impairment on its AFS debt securities as a result of adopting Topic 326.

ACNB conducted a review of its investment portfolio and determined that for certain classes of securities it would be appropriate to assume the expected credit loss to be zero. This zero-credit loss assumption applies to direct debt issuances of the U.S. Treasury and U.S. agencies. The reasons behind the adoption of the zero-credit loss assumption are as follows:

- High credit rating;
- Long history with no credit losses;
- Guaranteed by a sovereign entity;
- Widely recognized as “risk-free rate”;
- Can print its own currency;
- Currency is routinely held by central banks, used in international commerce, and commonly viewed as reserve currency; and,
- Currently under the U.S. Government conservatorship or receivership.

ACNB continuously monitors any changes in economic conditions, credit downgrades, changes to explicit or implicit guarantees granted to certain debt issuers, and any other relevant information that would indicate potential credit deterioration and prompt ACNB to reconsider its zero-credit loss assumption. As of December 31, 2024, no HTM debt securities required an ACL.

ACNB monitors non-U.S. Treasury and non-U.S. agency debt for potential credit deterioration on a quarterly basis. An analysis of the materiality of the impact to the ACL is performed. If it is determined there is a material impact, ACNB will book a reserve to the ACL or record an impairment. As of December 31, 2024 no reserves or impairment were booked related to these securities.

Equity securities with readily determinable fair values are recorded at fair value with changes in fair value recognized in net income. Debt securities that management has the positive intent and ability to hold to maturity are classified as “held to maturity” and recorded at amortized cost. Debt securities not classified as HTM or trading are classified as “available for sale” and recorded at fair value, with unrealized gains and losses excluded from earnings and reported, net of tax, in other comprehensive income (loss).

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. In relation to HTM securities, any declines in the fair value that are assumed to impair the credit quality of such debt instruments are evaluated and the estimated loss is incorporated into the Banks’ expected credit losses for any given period. In estimating impairment losses on debt securities, management considers (1) whether management intends to sell the security, or (2) if it is more likely than not that management will be required to sell the security before recovery, or (3) if management does not expect to recover the entire amortized cost basis. In assessing potential impairment for equity securities, consideration is given to management’s intention and ability to hold the securities until recovery of unrealized losses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Transfers of debt securities into the HTM category from the AFS category are made at fair value at the date of transfer. The unrealized holding gain or loss at the date of transfer is retained in other comprehensive income (loss) and in the carrying value of the HTM securities. Such amounts are amortized over the remaining expected life of the security.

Loans Held for Sale

Loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by aggregate outstanding commitments from investors or current investor yield requirements. Net unrealized losses are recognized through a valuation allowance by charges to income.

Mortgage loans held for sale are sold with the mortgage servicing rights released to another financial institution through a correspondent relationship. The correspondent financial institution absorbs all of the risk related to rate lock commitments. Gains or losses on sales of mortgage loans are recognized based on the difference between the selling price and the carrying value of the related mortgage loans sold.

Loans

The Corporation grants commercial, residential, and consumer loans to customers. A substantial portion of the loan portfolio is represented by commercial real estate and residential mortgage loans throughout southcentral Pennsylvania and northern Maryland. The ability of the Corporation's debtors to honor their contracts is dependent upon the real estate values and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

The loans receivable portfolio is segmented into commercial, residential mortgage, home equity lines of credit, and consumer loans. Commercial loans consist of the following classes: commercial real estate, commercial and industrial and real estate construction.

The accrual of interest on commercial loans and residential mortgage is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Consumer loans, including home equity lines of credit, are typically charged off no later than 120 days past due. Past due status is based on the contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. Facts and circumstances can arise that cause a loan to be placed on nonaccrual if payment capacity is insufficient.

All interest accrued, but not collected, for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual status. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Credit Losses

As mentioned above, in 2023 the Corporation adopted CECL which replaced the incurred loss methodology. The measurement of expected credit losses under CECL is applicable to financial assets measured at amortized cost, including loans, HTM securities and purchased financial assets, held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. It also applies to OBS credit exposures, such as loan commitments, standby letters of credit, financial guarantees and other similar instruments. Financial institutions and other organizations will now use forecasted information to better inform their credit loss estimates. Many of the loss estimation techniques applied previously are still permitted, although the inputs to those techniques changed to reflect the full amount of expected credit losses.

The Corporation maintains an ACL at a level determined to be adequate to absorb expected credit losses associated with the Corporation's financial instruments over the life of those instruments as of the balance sheet date. As part of its process of adopting CECL, management implemented a third-party software solution and determined appropriate loan segments, methodologies, model assumptions and qualitative components. The Corporation's systematic ACL methodology is based on the following portfolio segments: Commercial Real Estate, Residential Mortgage, Commercial and Industrial, Home Equity Lines of Credit, Real Estate Construction and Consumer. The loan portfolio is segmented by loan types that have similar risk characteristics and types of collateral and that behave similarly during economic cycles. The calculation includes both a quantitative and qualitative component which incorporates the forecasting of certain economic variables. The Bank engaged a third-party to assist in developing the CECL model and to assist with evaluation of data and methodologies related to this standard. The Bank's CECL Committee, which includes members from Credit Administration, Accounting/Finance, Risk Management and Internal Audit, has oversight by the Chief Executive Officer, Chief Financial Officer, and Chief Credit Officer. The Bank's implementation plan also included the assessment and documentation of appropriate processes, policies and internal controls. Management had a third-party independent consultant review and validate the CECL model.

The ultimate impact of adopting Topic 326, and at each subsequent reporting period, is highly dependent on credit quality, macroeconomic forecasts and conditions, composition of the loans and securities portfolio, along with other management judgments. The Corporation adopted Topic 326 using the modified retrospective method.

The segmentation in the CECL model is different from the segmentation in the incurred loss model, however there was minimal impact on the presentation of the financial statement disclosures. The following is a discussion of the key risks by portfolio segment that management assesses in preparing the ACL.

Commercial Real Estate — The Corporation engages in commercial real estate lending in its primary market and surrounding areas. The portfolio is secured primarily by commercial retail space, office buildings, and hotels. Generally, commercial real estate loans have terms that do not exceed 20 years, have loan-to-value ratios of up to 80% of the appraised value of the property, and are typically secured by personal guarantees of the borrowers.

In underwriting these loans, the Corporation performs a thorough analysis of the financial condition of the borrower, the borrower's credit history, and the reliability and predictability of the cash flow generated by the property securing the loan. Appraisals on properties securing commercial real estate loans originated by the Corporation are performed by independent appraisers.

Commercial real estate loans generally present a higher level of risk than other types of loans due primarily to the effect of general economic conditions and the complexities involved in valuing the underlying collateral.

Residential Mortgage — One-to-four family residential mortgage loan originations, including home equity closed-end loans, are generated by the Corporation's marketing efforts, its present customers, walk-in customers, and referrals. These loans originate primarily within the Corporation's Market Area or with customers primarily from the Market Area.

The Corporation offers fixed-rate and adjustable-rate mortgage loans with terms up to a maximum of 30 years for both permanent structures and those under construction. The Corporation's one-to-four family residential mortgage originations are secured primarily by properties located in its primary Market Area and surrounding areas. The majority of the Corporation's residential mortgage loans originate with a loan-to-value of 80% or less. Loans in excess of 80% are required to have private mortgage insurance.

In underwriting one-to-four family residential real estate loans, the Corporation evaluates both the borrower's financial ability to repay the loan as agreed and the value of the property securing the loan. Properties securing real estate loans made by the Corporation are appraised by independent appraisers. The Corporation generally requires borrowers to obtain an attorney's title opinion or title insurance, as well as fire and property insurance (including flood insurance, if necessary) in an amount not less than the amount of the loan. The Corporation has not engaged in subprime residential mortgage originations.

Residential mortgage loans are subject to risk due primarily to general economic conditions, as well as periods of weak housing markets.

Commercial and Industrial — The Corporation originates commercial and industrial loans primarily to businesses located in its primary Market Area and surrounding areas. These loans are used for various business purposes which include short-term loans and lines of credit to finance machinery and equipment purchases, inventory, and accounts receivable. Generally, the maximum term for loans extended on machinery and equipment is based on the projected useful life of such machinery and equipment. Most business lines of credit are written on demand and may be renewed annually.

Commercial and industrial loans are generally secured with short-term assets; however, in many cases, additional collateral such as real estate is provided as additional security for the loan. Loan-to-value maximum values have been established by the Corporation and are specific to the type of collateral. Collateral values may be determined using invoices, inventory reports, accounts receivable aging reports, collateral appraisals, etc.

In underwriting commercial and industrial loans, an analysis is performed to evaluate the borrower's capacity to repay the loan, the adequacy of the borrower's capital and collateral, as well as the conditions affecting the borrower. Evaluation of the borrower's past, present and future cash flows is also an important aspect of the Corporation's analysis. Commercial loans generally present a higher level of risk than other types of loans due primarily to the effect of general economic conditions.

Home Equity Lines of Credit — The Corporation originates home equity lines of credit primarily within the Corporation's Market Area or with customers primarily from the Market Area. Home equity lines of credit are generated by the Corporation's marketing efforts, its present customers, walk-in customers, and referrals.

Home equity lines of credit are secured by the borrower's primary residence with a maximum loan-to-value of 90% and a maximum term of 20 years. In underwriting home equity lines of credit, the Corporation evaluates both the value of the property securing the loan and the borrower's financial ability to repay the loan as agreed. The ability to repay is determined by the borrower's employment history, current financial condition, and credit background.

Home equity lines of credit generally present a moderate level of risk due primarily to general economic conditions, as well as periods of weak housing markets. Junior liens inherently have more credit risk by virtue of the fact that another financial institution may have a higher security position in the case of foreclosure liquidation of collateral to extinguish the debt. Generally, foreclosure actions could become more prevalent if the real estate markets are weak and property values deteriorate.

Real Estate Construction — The Corporation engages in real estate construction lending in its primary market and surrounding areas. The Corporation's real estate construction lending consists of commercial and residential site development loans, as well as commercial building construction and residential housing construction loans. The Corporation's real estate construction loans are generally secured with the subject property. Terms of construction loans depend on the specifics of the project, such as estimated absorption rates, estimated time to complete, etc.

In underwriting real estate construction loans, the Corporation performs a thorough analysis of the financial condition of the borrower, the borrower's credit history, and the reliability and predictability of the cash flow generated by the project using feasibility studies, market data, etc. Appraisals on properties securing real estate construction loans originated by the Corporation are performed by independent appraisers.

Real estate construction loans generally present a higher level of risk than other types of loans due primarily to the effect of general economic conditions and the uncertainties surrounding total construction costs.

Consumer — The Corporation offers a variety of secured and unsecured consumer loans, including those for vehicles and mobile homes and loans secured by savings deposits. These loans originate primarily within the Corporation's Market Area or with customers primarily from the Market Area.

Consumer loan terms vary according to the type and value of collateral and the creditworthiness of the borrower. In underwriting consumer loans, a thorough analysis of the borrower's financial ability to repay the loan as agreed is performed. The ability to repay is determined by the borrower's employment history, current financial condition, and credit background.

Consumer loans may entail greater credit risk than residential mortgage loans or home equity lines of credit, particularly in the case of consumer loans which are unsecured or are secured by rapidly depreciable assets such as automobiles or recreational equipment. In such cases, any repossessed collateral for a defaulted consumer loan may not provide an adequate source of repayment of the outstanding loan balance as a result of the greater likelihood of damage, loss or depreciation. In addition, consumer loan collections are dependent on the borrower's continuing financial stability, and thus are more likely to be affected by adverse personal circumstances. Furthermore, the application of various federal and state laws, including bankruptcy and insolvency laws, may limit the amount which can be recovered on such loans.

The adoption of Topic 326 resulted in a Day 1 adjustment of $3.3 million, including an increase to the ACL of $1.6 million and a $1.6 million reserve on unfunded loan commitments recorded in the liabilities section on the Consolidated Statements of Condition on January 1, 2023. As of January 1, 2023, the Corporation recorded a cumulative effect adjustment of $2.4 million to decrease retained earnings related to the adoption of Topic 326. Upon CECL adoption, the Corporation elected to implement the regulatory agencies' capital transition relief over the permissible three-year period. The following table illustrates the impact of Topic 326:

	January 1, 2023		
(In thousands)	**Pre Topic 326**	**As Reported Under Topic 326**	**Impact of Topic 326 Adoption**
Allowance for Credit Losses on Loans:			
Commercial and industrial	$ (2,848)	$ (2,086)	$ 762
Commercial real estate	(10,016)	(11,122)	(1,106)
Real estate construction	(1,000)	(2,347)	(1,347)
Residential mortgage	(3,029)	(3,326)	(297)
Home equity lines of credit	(347)	(364)	(17)
Consumer	(376)	(234)	142
Unallocated	(245)	—	245
Allowance for credit losses on loans	$ (17,861)	$ (19,479)	$ (1,618)
Assets:			
Total Loans, net of allowance for credit losses	$ 1,520,749	$ 1,519,131	$ 1,618
Net deferred tax asset	17,718	18,452	734
Liabilities:			
Allowance for unfunded commitments	92	1,735	1,643
Equity:			
Retained earnings	245,042	242,674	2,368

The ACL represents an amount which, in management's judgment, is adequate to absorb expected losses on outstanding loans at the balance sheet date based on the evaluation of the size and current risk characteristics of the loan portfolio, past events, current conditions, reasonable and supportable forecasts of future economic conditions and prepayment experience. The ACL is measured and recorded upon the initial recognition of a financial asset. The ACL is reduced by charge-offs, net of recoveries of previous losses, and is increased or decreased by a provision for credit losses, which is recorded as a current period operating expense.

The adoption of CECL did not result in a significant change to any other credit risk management and monitoring processes, including identification of past due or delinquent borrowers, nonaccrual practices or charge-off policies.

The Corporation's methodology for estimating the ACL includes:

Segmentation — The Corporation's loan portfolio is segmented by loan types that have similar risk characteristics and types of collateral and behave similarly during economic cycles.

Specific Analysis — A specific reserve analysis is applied to certain individually evaluated loans. These loans are evaluated quarterly generally based on collateral value, observable market value or the present value of expected future cash flows. A specific reserve is established if the fair value is less than the loan balance. A charge-off is recognized when the loss is quantifiable.

Quantitative Analysis — The Corporation elected to use DCF and chose unemployment rate as the driving factor of their economic forecasts. In regards to unemployment rates, the Corporation elected to forecast economic factors over the period of the next four quarters. The Corporation chose not to extend beyond four quarters given the inherent risks associated with forecasting. The Corporation utilizes relevant third-party forecasts as a basis and support for its own forecast. These forecasts are assumed to revert to the long-term average and utilized in the model to estimate the PD and LGD through regression. The Corporation elected a reversion period of four quarters. The Corporation deemed four quarters to be a reasonable time period to ensure it did not include irrelevant information, but also not too short to introduce unnecessary volatility. Model assumptions include, but are not limited to, the discount rate, prepayment speeds, funding rates, PD, LGD and curtailments. The product of the PD and the LGD is the estimated loss rate, which varies over time. The estimated loss rate is applied within the appropriate periods in the cash flow model to determine the net present value. Net present value is also impacted by assumptions related to the duration between default and recovery. The reserve is based on the difference between the summation of the principal balances taking amortized costs into consideration and the summation of the net present values.

Qualitative Analysis — Based on management's review and analysis of internal, external and model risks, management may adjust the model output. Management reviews the peaks and troughs of the model's calibration, considering economic forecasts to develop guardrails that serve as the basis for determining the reasonableness of the model's output and makes adjustments as necessary. This process challenges unexpected variability resulting from outputs beyond the model's calibration that appear to be unreasonable. Additionally, management may adjust the economic forecast if it is incompatible with known market conditions based on management's experience and perspective.

Credit Quality Indicators

The Corporation's portfolio risk rating analysis estimates the capability of the borrower to repay the contractual obligations of the loan agreements as scheduled or at all. The Corporation's internal credit risk rating system is based on debt service coverage, collateral values and other subjective factors. Non-commercial-purpose loans are defaulted to a performing classification until a loan migrates to past due status.

Special Mention — Considered "Other Assets Especially Mentioned" these loans are currently protected, but are potentially weak. Loans in this rating category constitute an undue and unwarranted credit risk, but not to the point of justifying a classification of substandard. The credit risk may be relatively minor, yet constitutes an unwarranted risk in light of the circumstances surrounding a specific loan.

Substandard — Loans in this category are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual loans classified as substandard.

Doubtful — Loans in this category have all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonable specific pending factors which may work to strengthen the credit, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral, and refinancing plans.

Loss — Loans classified as a loss are considered uncollectible and are charged to the ACL.

Loans not meeting the criteria above that are analyzed individually as part of the above described process are considered to be pass-rated loans.

In addition, federal and state regulatory agencies, as an integral part of their examination process, periodically review the Corporation's ACL and may require the Corporation to recognize additions to the allowance based on their judgments about information available to them at the time of their examination, which may not be currently available to management. Based on management's comprehensive analysis of the loan portfolio and economic conditions, management believes the current level of the allowance for credit losses is adequate.

Concentration of Credit Risk

Most of the Corporation's lending activities are with customers located within southcentral Pennsylvania and northern Maryland. The types of lending in which the Corporation engages are outlined above. The Corporation's exposure to credit risk is significantly affected by changes in the economy in those areas. Although the Company maintains a diversified loan portfolio, a significant portion of its customers' ability to honor their contracts is dependent upon economic sectors for commercial real estate, including mixed use properties, office complexes, hospitality, multi-family and residential complexes and agriculture. Management evaluates each clients' creditworthiness on an individual basis.

The types of securities in which the Corporation invests are discussed in "Note 3 — Investment Securities".

Collateral-Dependent Loans

A loan is considered to be collateral-dependent when the debtor is experiencing financial difficulty and repayment is expected to be provided substantially through the sale or operation of the collateral. For all classes of loans deemed collateral-dependent, the Corporation elected the practical expedient to estimate expected credit losses based on the collateral's fair value less cost to sell. In most cases, the Corporation records a partial charge-off to reduce the collateral-dependent loan's carrying value to the fair value of the collateral less cost to sell. Substantially all of the collateral supporting collateral-dependent loans consists of various types of real estate, including residential properties, commercial properties, such as retail centers, office buildings, and lodging, agriculture land, and vacant land. Changes in the fair value of the collateral for individually evaluated loans are reported as provision for credit losses or a reversal of provision for credit losses in the period of change.

Acquired Loans

Under CECL acquired loans or pools of loans that have experienced more-than-insignificant credit deterioration are deemed to be PCD loans, and are grossed-up on day 1 by the initial credit estimate through the ACL as opposed to a reduction in the loan's amortized cost. The credit mark on acquired loans deemed not to be PCD loans are reflected as a reduction in the loan's amortized cost, with an ACL and corresponding provision for credit losses recorded in the first reporting period after acquisition through current period earnings, while the net loan mark will amortize through interest income over the life of such loans. At acquisition ACNB will consider several factors as indicators that an acquired loan or pool of loans has experienced more-than-insignificant credit deterioration. These factors may include, but are not limited to, loans 30 days or more past due, loans with an internal risk grade of below average or lower, or loans classified as non-accrual. Upon the adoption of CECL acquired loans from prior acquisitions that met the guidelines under ASC 310-30 (formerly known as "purchased credit-impaired") were reclassified as PCD loans. The accretable portion of the loan mark as of adoption date continues to accrete into interest income. However, the non-accretable portion of the loan mark was added to the ACL upon adoption, and any reversals of such mark will flow through the ACL in future periods.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Corporation, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Corporation does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Premises and Equipment

Land is carried at cost. Buildings, furniture, fixtures, equipment and leasehold improvements are carried at cost, less accumulated depreciation. Depreciation is computed principally by the straight-line method over the assets' estimated useful lives. Normally, a building's useful life is 40 years, except for building remodels and additions, which are depreciated over fifteen years. Bank equipment, including furniture and fixtures, is normally depreciated over three - fifteen years depending upon the nature of the purchase. Maintenance and normal repairs are charged to expense when incurred while major additions and improvements are capitalized. Gains and losses on disposals are reflected in current operations. Amortization of leasehold improvements is computed by straight line over the shorter of the assets' useful life or the related lease term.

Leases

All leases with an initial term greater than 12 months recognize: (1) a ROU 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; and (2) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, each measured on a discounted basis.

As a lessee, the majority of the operating lease portfolio consists of real estate leases for the Bank's community banking offices. The operating leases have remaining lease terms of less than one year to less than twelve years, some of which include options to renew at varying durations. See "Note 7 - Leases" for additional information.

Restricted Investment in Bank Stocks

Restricted investment in bank stocks, which represents required investments in the common stock of correspondent banks, is carried at cost as of December 31, 2024 and 2023, and consists of common stock in the Atlantic Community Bankers Bank, Community Bankers Bank and Federal Home Loan Bank.

Management believes no impairment charge was necessary related to the restricted investment in bank stocks during 2024, 2023 or 2022.

Bank-Owned Life Insurance

The Corporation's banking subsidiary maintains nonqualified compensation plans for selected senior officers. To fund the benefits under these plans, the Bank is the owner of single premium life insurance policies on participants in the nonqualified retirement plans. Investment in bank-owned life insurance policies was used to finance the nonqualified compensation plans and provide tax-exempt income to the Corporation.

ASC Topic 715, *Compensation—Retirement Benefits*, requires a liability to be recorded during the service period when a split-dollar life insurance agreement continues after participants' employment or retirement. The required accrued liability is based on either the post-employment benefit cost for continuing life insurance or based on the future death benefit depending on the contractual terms of the underlying agreement. The Corporation's liability is based on the post-employment benefit cost for continuing life insurance. The Corporation incurred approximately $165 thousand, $214 thousand and $81 thousand of expense in 2024, 2023 and 2022, respectively, related to these benefits.

Investments in Low-Income Housing Partnerships

The Corporation's investments in low-income housing partnerships are accounted for using the "equity method" prescribed by ASC Topic 323, *Investments—Equity Method*. In accordance with ASC Topic 740, *Income Taxes*, tax credits are recognized as they become available. Any residual loss is amortized as the tax credits are received.

Goodwill and Intangible Assets

The Corporation accounts for its acquisitions using the acquisition accounting method required by ASC Topic 805, *Business Combinations.* Acquisition accounting requires the total purchase price to be allocated to the estimated fair values of assets and liabilities acquired, including certain intangible assets that must be recognized. Generally, this results in a residual amount in excess of the net fair values, which is recorded as goodwill.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. ASC Topic 350, *Intangibles—Goodwill and Other,* requires that goodwill is not amortized to expense, but rather that it be assessed or tested for impairment at least annually. If certain events occur which might indicate goodwill has been impaired, the goodwill is tested for impairment when such events occur. Impairment write-downs are charged to results of operations in the period in which the impairment is determined. The Corporation did not identify any impairment on the Bank's or ACNB Insurance Services' outstanding goodwill from its most recent goodwill impairment analysis which was completed as of November 30, 2024 using the qualitative approach. If certain events occur which indicate goodwill might be impaired between annual assessments, the goodwill would be evaluated for impairment when such events occur.

Other intangible assets represent purchased assets that lack physical substance but can be distinguished from goodwill because of contractual or other legal rights. These assets that have finite lives, such as core deposit intangibles, customer lists and non-compete covenants, are amortized over their estimated useful lives and subject to periodic impairment testing. Core deposit intangibles are primarily amortized over ten years using accelerated methods. Customer lists are amortized using the straight line method over their estimated useful lives which range from eight to fifteen years. Non-compete covenants are amortized using the straight line method over the term of the agreement.

The fair value of customer lists intangibles was based upon an income approach which included estimated financial projections developed by the Corporation and included other fair value assumptions for attrition, present value discount rates using market participant assumptions. The fair value of the non-compete covenants intangible was based upon an income approach which compared the present value impact of various non-compete scenarios and other fair value assumptions including present value discount rates using market participant assumptions.

Foreclosed Assets

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value, less costs to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are adjusted to the fair value, less costs to sell as necessary. Revenue and expenses from operations and changes in the valuation allowance are included in net expenses from foreclosed assets. Foreclosed assets held for resale were $438 thousand and $467 thousand at December 31, 2024 and 2023, respectively.

Income Taxes

The Corporation accounts for income taxes in accordance with income tax accounting guidance ASC Topic 740, *Income Taxes*.

Current income tax accounting guidance results in two components of income tax expense, current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Corporation determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of the evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Corporation accounts for uncertain tax positions if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more-likely-than-not means a likelihood of more than 50%; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment.

The Corporation recognizes interest and penalties on income taxes, if any, as a component of income tax expense.

Defined Benefit Pension Plan

Net periodic pension costs are funded based on the requirements of federal laws and regulations. The determination of net periodic pension costs is based on assumptions about future events that will affect the amount and timing of required benefit payments under the plan. These assumptions include demographic assumptions such as retirement age and mortality, a discount rate used to determine the current benefit obligation, form of payment election and a long-term expected rate of return on plan assets. Net periodic pension expense includes interest cost, based on the assumed discount rate, an expected return on plan assets, amortization of prior service cost or credit and amortization of net actuarial gains or losses. Pension expense is the net of service and interest cost, return on plan assets and amortization of gains and losses not immediately recognized. For additional details, see "Note 12 — Retirement Plans".

Stock-based Compensation

On May 1, 2018, stockholders approved and ratified the ACNB Corporation 2018 Omnibus Stock Incentive Plan, effective as of March 20, 2018, in which awards shall not exceed, in the aggregate, 400,000 shares of common stock, plus any shares that are authorized, but not issued, under the ACNB Corporation 2009 Restricted Stock Plan. The ACNB Corporation 2009 Restricted Stock Plan expired by its own terms after 10 years on February 24, 2019. No further shares may be issued under this plan. The remaining 174,055 shares were transferred to the ACNB Corporation 2018 Omnibus Stock Incentive Plan.

Stock-based compensation awards granted, comprised of time-based restricted stock awards, are valued at fair value on the date of grant and compensation expense is recognized on a straight-line basis over the requisite service period of each award. The Company recognizes forfeitures as they occur.

Advertising Costs

Costs of advertising, which are included in other expenses, are expensed when incurred.

Off-Balance Sheet Credit-Related Financial Instruments

In the ordinary course of business, the Corporation has entered into commitments to extend credit, including commitments under commercial lines of credit, and standby letters of credit. Such financial instruments are recorded when they are funded.

Loss Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there are such matters that will have a material effect on the financial statements.

Restrictions on Cash

Cash on hand or on deposit with the Federal Reserve Bank was required to meet regulatory reserve and clearing requirements.

Dividend Restriction

Pursuant to the Pennsylvania Banking Code of 1965, as amended, and the regulations of the FDIC, the Bank is required to maintain certain capital levels and is restricted in the dividends that may be paid by the bank to the holding company. In addition, pursuant to the Pennsylvania Business Corporation Law, as amended, and the rules and regulations of the Board of Governors of the Federal Reserve System, the holding company is subject to restrictions on dividends that the holding company may pay to stockholders.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions. Fair value estimates involve uncertainties and matters of significant judgement regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates. See “Note 11 — Fair Value Measurements” for additional information.

Revenue Recognition

ACNB generally fully satisfies its performance obligations on its contracts with customers as services are rendered and the transaction prices are typically fixed; charged either on a periodic basis or based on activity. Because performance obligations are satisfied as services are rendered and the transaction prices are fixed, there is little judgment involved that significantly affects the determination of the amount and timing of revenue from contracts with customers. The sources of revenue for ACNB are interest income from loans and investments and noninterest income. Noninterest income is earned from various banking and financial services that ACNB offers through its subsidiaries.

Insurance Commissions — Commission income is earned based on customers transactions. The commission income is recognized when the transaction is complete.

Wealth Management — The Bank provides wealth management services under the umbrella of ACNB Wealth Management which includes trust and investment services and wealth advisory services. The trust and investment group provides a wide range of financial services, including trust administration and estate settlement services, and investment management for individuals, businesses and non-profit entities. Other services include, but are not limited to, those related to testamentary trusts, life insurance trusts, charitable remainder trusts, guardianships, power of attorney, custodial accounts and investment management and advisory accounts. In addition, ACNB Wealth Management offers retail brokerage-services through a networking agreement with a third-party provider. ACNB Wealth Management clients are located primarily within the Corporation’s Market Area.

The majority of trust and investment services revenue is earned and collected monthly, with the amount determined based on the market value of assets in each account multiplied by a fee schedule for that account. Each account has one integrated set of performance obligations so no allocation is required. The performance obligation is met by performing the identified fiduciary service, investment management service, or custodial service. Successful performance is confirmed by ongoing internal and regulatory control, measurement is by valuing the account assets at month-end to which a fee schedule is applied. Trust and investment services fees are contractually agreed upon with each client in instances where the client has control over the assets, and fee levels vary based mainly on the size of assets under management. Fees for trust administration or estate settlement are assessed based on the permissions granted within each governing document and in accordance with state law; estate settlement fees are generally assessed at the conclusion of estate administration.

The wealth advisory revenue is predominantly realized through commissions generated from client transactions. Commission income is recognized when the transaction is completed, and may be paid as a single upfront payment, or as recurring income in the form of trailing commissions. A small portion of the overall revenue is derived from fee-based advisory relationships; contractually agreed upon fees are assessed based on the market value of assets in the account. Net revenue based on the terms of the networking agreement are received on a monthly basis.

Service charges on deposit accounts — Deposits are included as liabilities in the Statement of Condition. Service charges on deposit accounts include: overdraft fees; ATM fees charged for withdrawals by deposit customers from other financial institutions' ATMs; and a variety of other monthly or transactional fees for services provided to retail and business customers, mainly associated with checking accounts. All deposit liabilities are considered to have one-day terms and therefore related fees are recognized in income at the time when the services are provided to the customers.

ATM debit card charges — The Bank issues debit cards to consumer and business customers with checking, savings or money market deposit accounts. Debit card and ATM transactions are processed via electronic systems that involve several parties. The Corporation's debit card and ATM transaction processing is executed via contractual arrangements with payment processing networks, a processor and a settlement bank. As described above, all deposit liabilities are considered to have one-day terms and therefore interchange revenue from customers' use of their debit cards to initiate transactions are recognized in income at the time when the services are provided and related fees received in the Corporation's deposit account with the settlement bank.

Other — Consists of safe deposit rental income, money order fees, check cashing and cashiers' check fees, wire transfer fees, letter of credit fees, check order income, and other miscellaneous fees. These fees are largely transaction-based; therefore, the Corporation's performance obligation is satisfied and the resultant revenue is recognized at the point in time the service is rendered. Payments for transaction-based fees are generally received immediately or in the following month by a direct charge to a customer's account.

Segment Reporting

The Corporation evaluates and monitors the revenue streams of its various products and services and manages operations and financial performance on a consolidated basis. The Bank offers banking and wealth management services, including trust and retail brokerage. ACNB Insurance Services offers a broad range of property and casualty, life and health insurance to both commercial and consumer clients. Segment determination considers organizational structure and is consistent with the presentation of financial information to the CODM to evaluate segment performance, develop strategy, and allocate resources. Management has determined that the Corporation has two reportable segments consisting of Banking and Insurance. The President and CEO of ACNB Corporation is the CODM for both the Bank and the Corporation's wholly-owned insurance subsidiary. See "Note 19 — Segment and Related Information" for segment-specific information and reconciliation.

Recently Adopted Accounting Standards

In December 2022, the FASB issued ASU 2022-06, "Deferral of the Sunset Date of Reference Rate Reform (Topic 848)". This ASU extends the sunset date of ASC Topic 848 (Reference Rate Reform) to December 31, 2024, in response to the United Kingdom's Financial Conduct Authority (FCA) extension of the intended cessation date of LIBOR in the United States. The standard became effective for the Corporation upon issuance and its adoption did not have a material impact on its Consolidated Financial Statements.

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280)". The amendments in this ASU are expected to improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments of ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments in ASU 2023-07 should be applied retrospectively to all periods presented on the financial statements. The Corporation adopted the amendments of ASU 2023-07 related to annual disclosure requirements effective January 1, 2024. Adoption of this standard did not have a material impact on the Corporation's Consolidated Financial Statements.

Accounting Standards Pending Adoption

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740)". This ASU is intended to improve the disclosures for income taxes to address requests from investors, lenders, creditors and other allocators of capital that use the financial statements to make capital allocation decisions. The amendments in ASU 2023-09 will require consistent categories and greater disaggregation of information in the rate reconciliation disclosure as well as disclosure of income taxes paid disaggregated by jurisdiction. The amendments of ASU 2023-09 are effective for annual periods beginning after December 15, 2024, and early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The Corporation intends to adopt the amendments of ASU 2023-09 effective January 1, 2025, and will include the required disclosures in its Annual Report on Form 10-K for the year ending December 31, 2025. The Corporation is currently evaluating the impact of this standard, and believes that its adoption will not have a material impact on the Corporation's Consolidated Financial Statements.

In November 2024, the FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses (Subtopic 220-40)". This ASU is intended to improve the decision usefulness of expense information on public business entities' income statements through the disaggregation of relevant expense captions in the notes to the financial statements. The amendments of ASU 2024-03 are effective for annual periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, and early adoption is permitted. The Corporation is currently evaluating the impact of this standard, and believes that its adoption will not have a material impact on the Corporation's Consolidated Financial Statements.

NOTE 2 — RESTRICTIONS ON CASH AND CASH EQUIVALENTS

The Corporation is required to maintain cash balances at certain correspondent banks in exchange for services obtained through those banks. At December 31, 2024 and 2023, these balances were included in interest-bearing deposits with banks.

NOTE 3 — INVESTMENT SECURITIES

Fair value of equity securities with readily determinable fair values at December 31 are as follows:

(In thousands)	Fair Value at January 1	Purchases	Sales/ reclassification	(Losses)/ Gains	Losses on sales of securities	Fair Value at December 31
2024						
CRA Mutual Fund	**$ 928**	**$ —**	**$ —**	**$ (9)**	**$ —**	**$ 919**
2023						
CRA Mutual Fund	$ 915	$ —	$ —	$ 13	$ —	$ 928
Canapi Ventures SBIC Fund	206	—	206	—	—	—
Stock in other banks	598	—	592	5	(11)	—
Total	$ 1,719	$ —	$ 798	$ 18	$ (11)	$ 928
2022						
CRA Mutual Fund	$ 1,036	$ —	$ —	$ (121)	$ —	$ 915
Canapi Ventures SBIC Fund	—	206	—	—	—	206
Stock in other banks	1,573	—	811	(177)	13	598
Total	$ 2,609	$ 206	$ 811	$ (298)	$ 13	$ 1,719

Amortized cost and fair value of investment securities were as follows:

(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
December 31, 2024				
Available for Sale				
U.S. Government and agencies	**$ 159,799**	**$ —**	**$ 16,606**	**$ 143,193**
Collateralized mortgage obligations	**39,540**	**—**	**3,886**	**35,654**
Residential mortgage-backed securities	**159,349**	**2**	**20,811**	**138,540**
Commercial mortgage-backed securities	**65,350**	**—**	**4,565**	**60,785**
Corporate bonds	**17,600**	**—**	**1,797**	**15,803**
Total	**$ 441,638**	**$ 2**	**$ 47,665**	**$ 393,975**
Held to Maturity				
State and municipal	**$ 62,838**	**$ —**	**$ 7,586**	**$ 55,252**
Residential mortgage-backed securities	**1,740**	**—**	**68**	**1,672**
Total	**$ 64,578**	**$ —**	**$ 7,654**	**$ 56,924**
December 31, 2023				
Available for Sale				
U.S. Government and agencies	$ 176,458	$ —	$ 19,663	$ 156,795
Collateralized mortgage obligations	45,189	—	4,105	41,084
Residential mortgage-backed securities	178,441	19	19,630	158,830
Commercial mortgage-backed securities	69,498	344	4,552	65,290
Corporate bonds	32,326	202	2,834	29,694
Total	$ 501,912	$ 565	$ 50,784	$ 451,693
Held to Maturity				
State and municipal	$ 62,133	$ —	$ 5,419	$ 56,714
Residential mortgage-backed securities	2,467	—	124	2,343
Total	$ 64,600	$ —	$ 5,543	$ 59,057

The following table shows the Corporation's investments' gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2024 and 2023:

	Less than 12 Months		12 Months or More		Total	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2024						
Available for Sale						
U.S. Government and agencies	**$ —**	**$ —**	**$ 143,193**	**$ 16,606**	**$ 143,193**	**$ 16,606**
Collateralized mortgage obligations	**—**	**—**	**35,654**	**3,886**	**35,654**	**3,886**
Residential mortgage-backed securities	**2,692**	**26**	**135,626**	**20,785**	**138,318**	**20,811**
Commercial mortgage-backed securities	**31,860**	**73**	**28,925**	**4,492**	**60,785**	**4,565**
Corporate bonds	**—**	**—**	**15,803**	**1,797**	**15,803**	**1,797**
Total	**$ 34,552**	**$ 99**	**$ 359,201**	**$ 47,566**	**$ 393,753**	**$ 47,665**
Held to Maturity						
State and municipal	**$ —**	**$ —**	**$ 55,252**	**$ 7,586**	**$ 55,252**	**$ 7,586**
Residential mortgage-backed securities	**—**	**—**	**1,672**	**68**	**1,672**	**68**
Total	**$ —**	**$ —**	**$ 56,924**	**$ 7,654**	**$ 56,924**	**$ 7,654**
December 31, 2023						
Available for Sale						
U.S. Government and agencies	$ —	$ —	$ 156,795	$ 19,663	$ 156,795	$ 19,663
Collateralized mortgage obligations	—	—	41,085	4,104	41,085	4,104
Residential mortgage-backed securities	—	—	156,295	19,630	156,295	19,630
Commercial mortgage-backed securities	—	—	33,063	4,553	33,063	4,553
Corporate bonds	—	—	15,279	2,834	15,279	2,834
Total	$ —	$ —	$ 402,517	$ 50,784	$ 402,517	$ 50,784
Held to Maturity						
State and municipal	$ —	$ —	$ 56,714	$ 5,419	$ 56,714	$ 5,419
Residential mortgage-backed securities	—	—	2,343	124	2,343	124
Total	$ —	$ —	$ 59,057	$ 5,543	$ 59,057	$ 5,543

All mortgage-backed securities, and those of a similar asset class, are government-sponsored enterprise pass-through instruments issued by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation or they are issued by the Government National Mortgage Association which is backed by the U.S. government which guarantees the timely payment of principal on these investments.

The Company evaluates AFS debt securities for impairment in unrealized loss positions at each measurement date to determine whether the decline in the fair value below the amortized cost basis is due to credit-related factors or noncredit-related factors. There was no impairment on AFS debt securities as of December 31, 2024 and 2023. The Company evaluates HTM debt securities for expected credit losses at each measurement date to determine if an ACL is required. The Corporation did not have an ACL for HTM investment securities as of December 31, 2024 and 2023. In estimating credit events, management considers whether it intends to sell the security or if it is more likely than not that it will be required to sell the security before anticipated recovery or if it does not expect to recover the entire amortized cost basis.

Amortized cost and fair value at December 31, 2024, by contractual maturity, where applicable, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay with or without penalties.

	Available for Sale		Held to Maturity	
(In thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
1 year or less	**$ 18,009**	**$ 17,592**	**$ —**	**$ —**
Over 1 year through 5 years	**102,083**	**93,188**	**4,188**	**3,735**
Over 5 years through 10 years	**55,307**	**46,670**	**27,266**	**25,927**
Over 10 years	**2,000**	**1,546**	**31,384**	**25,590**
Mortgage-backed securities	**264,239**	**234,979**	**1,740**	**1,672**
	$ 441,638	**$ 393,975**	**$ 64,578**	**$ 56,924**

The proceeds from sales and calls of securities and the associated gains and losses are listed below:

	Years Ended December 31,		
(In thousands)	**2024**	**2023**	**2022**
Proceeds from sales	**$ 14,336**	$ 125,241	$ 4,994
Proceeds from calls	**1,984**	—	—
Gross gains	**87**	230	14
Gross losses	**18**	5,470	248

At December 31, 2024 and 2023, securities with a carrying value of $157.3 million and $233.7 million, respectively, were pledged as collateral as required by law on public and trust deposits, repurchase agreements, and for other purposes.

NOTE 4 - LOANS AND ALLOWANCE FOR CREDIT LOSSES

The following table presents the composition of the loan portfolio:

(In thousands)	**December 31, 2024**	**December 31, 2023**
Commercial real estate	**$ 969,514**	$ 898,709
Residential mortgage	**401,950**	394,189
Commercial and industrial	**140,906**	152,344
Home equity lines of credit	**85,685**	90,163
Real estate construction	**76,773**	84,341
Consumer	**9,318**	9,954
Gross loans	**1,684,146**	1,629,700
Unearned income	**(1,236)**	(1,712)
Total loans, net of unearned income	**$ 1,682,910**	$ 1,627,988

The Bank has granted loans to certain of its executive officers, directors and their related interests. These loans were made on substantially the same basis, including interest rates and collateral as those prevailing for comparable transactions with other borrowers at the same time. None of these loans were past due, in nonaccrual status, or restructured at December 31, 2024. The following table is a summary of the activity for these related-party loans:

(In thousands)	**2024**
Balance at January 1	**$ 5,307**
Repayments	**548**
Balance at December 31	**$ 4,759**

One of the factors used to monitor the performance and credit quality of the loan portfolio is to analyze the age of the loans receivable as determined by the length of time a recorded payment is past due. The following tables present the classes of the loan portfolio summarized by the past due status:

(In thousands)	30–59 Days Past Due	60–89 Days Past Due	≥ 90 Days Past Due	Total Past Due	Current	Total Loans Receivable	Loans Receivable ≥ 90 Days and Accruing
December 31, 2024							
Commercial real estate	**$ 763**	**$ 527**	**$ 314**	**$ 1,604**	**$ 967,910**	**$ 969,514**	**$ —**
Residential mortgage	**953**	**987**	**850**	**2,790**	**399,160**	**401,950**	**850**
Commercial and industrial	**437**	**24**	**155**	**616**	**140,290**	**140,906**	**—**
Home equity lines of credit	**161**	**—**	**91**	**252**	**85,433**	**85,685**	**91**
Real estate construction	**15**	**11**	**—**	**26**	**76,747**	**76,773**	**—**
Consumer	**47**	**18**	**—**	**65**	**9,253**	**9,318**	**—**
Total Loans	**$ 2,376**	**$ 1,567**	**$ 1,410**	**$ 5,353**	**$ 1,678,793**	**$ 1,684,146**	**$ 941**
December 31, 2023							
Commercial real estate	$ 150	$ 347	$ —	$ 497	$ 898,212	$ 898,709	$ —
Residential mortgage	1,293	388	849	2,530	391,659	394,189	505
Commercial and industrial	50	—	159	209	152,135	152,344	—
Home equity lines of credit	414	—	654	1,068	89,095	90,163	654
Real estate construction	12	—	—	12	84,329	84,341	—
Consumer	8	—	3	11	9,943	9,954	3
Total Loans	$ 1,927	$ 735	$ 1,665	$ 4,327	$ 1,625,373	$ 1,629,700	$ 1,162

Nonaccrual and Nonperforming Loans

Loans individually evaluated consist of nonaccrual loans, presented in the following table:

	December 31, 2024			**December 31, 2023**		
(In thousands)	**With a Related Allowance**	**Without a Related Allowance**	**Total**	**With a Related Allowance**	**Without a Related Allowance**	**Total**
Commercial real estate	**$ 314**	**$ 3,250**	**$ 3,564**	$ 315	$ 1,164	$ 1,479
Residential mortgage	**—**	**—**	**—**	—	343	343
Commercial and industrial	**2,081**	**226**	**2,307**	1,004	—	1,004
Home equity lines of credit	**—**	**—**	**—**	—	185	185
Total	**$ 2,395**	**$ 3,476**	**$ 5,871**	$ 1,319	$ 1,692	$ 3,011

No additional funds are committed to be advanced in connection with individually evaluated loans. If interest on all nonaccrual loans had been accrued at original contract rates, interest income would have increased by $299 thousand in 2024, $302 thousand in 2023, and $410 thousand in 2022.

Total nonperforming loans at December 31 are as follows:

(In thousands)	**2024**	**2023**
Nonaccrual loans	**$ 5,871**	$ 3,011
Greater than or equal to 90 days past due and accruing	**941**	1,162
Total nonperforming loans	**$ 6,812**	$ 4,173

Collateral-Dependent Loans

The amortized cost basis of individually evaluated loans by type of collateral as of December 31:

	2024		2023	
(In thousands)	**Business Assets**	**Real Estate**	**Business Assets**	**Real Estate**
Commercial real estate	**$ —**	**$ 3,564**	$ —	$ 1,479
Residential mortgage	**—**	**—**	—	343
Commercial and industrial	**2,307**	**—**	1,004	—
Home equity lines of credit	**—**	**—**	—	185
Total	**$ 2,307**	**$ 3,564**	$ 1,004	$ 2,007

Consumer residential mortgages and home equity lines of credit which are well secured by residential real estate properties and are in the process of collection are not considered nonaccrual, however, formal foreclosure proceedings are in process. These loans totaled $373 thousand and $1.3 million at December 31, 2024 and 2023, respectively, and are included in nonperforming loans if they are greater than or equal to 90 days past due.

Loan Modifications

The Corporation evaluates all loan restructurings according to the accounting guidance for loan modifications to determine if the restructuring results in a new loan or a continuation of the existing loan. Loan modifications to borrowers experiencing financial difficulty that result in a direct change in the timing or amount of contractual cash flows include situations where there is principal forgiveness, interest rate reductions, other-than-insignificant payment delays, term extensions, and combinations of the above. Therefore, the disclosures related to loan restructurings are only for modifications that directly affect cash flows.

The following tables present the amortized cost basis of loans that were both experiencing financial difficulty and modified during the years ended December 31, 2024 and 2023, by class and by type of modification. The percentage of the amortized cost basis of loans that were modified to borrowers in financial distress as compared to the amortized cost basis of each class of financing receivable is also presented below:

(In thousands)	**Combination Payment Deferral and Interest-Only Payments**	**Percent of Class of Financing Receivable**
2024		
Commercial real estate	**$ 2,293**	**0.2 %**
Commercial and industrial	**1,748**	**1.2 %**
Total	**$ 4,041**	

The loan modifications made during 2024 did not result in term extensions.

(In thousands)	**Term Extension**	**Percent of Class of Financing Receivable**	**Financial Effect**
2023			
Commercial and industrial	**$ 549**	**0.4 %**	Added a weighted-average 4.95 years to the life of loans, which decreased the borrower's monthly payment amounts.

The following presents the performance of loans modified in the previous twelve months as of December 31, 2024:

(In thousands)	**Current**	**30-89 Days Past Due**	**≥ 90 Days Past Due**	**Total Past Due**
Commercial real estate	**$ 2,293**	**$ —**	**$ —**	**$ —**
Commercial and industrial	**1,748**	**—**	**—**	**—**
Total	**$ 4,041**	**$ —**	**$ —**	**$ —**

As of December 31, 2024, the Corporation had no commitments to lend any additional funds on modified loans. During the years ended December 31, 2024 and 2023, there were no loans modified due to financial difficulty that defaulted subsequent to the modification. For purposes of this disclosure, a default occurs when, within 12 months of the original modification, either a full or partial charge-off occurs or the loan becomes 90 days or more past due.

Allowance for Credit Losses

The Corporation maintains an ACL at a level determined to be adequate to absorb expected credit losses associated with the Corporation’s financial instruments over the life of those instruments as of the balance sheet date. The ACL consists of loans evaluated collectively and individually for expected credit losses. The Corporation considers the performance of the loan portfolio and its impact on the ACL and does not assign internal risk ratings to smaller balance, homogeneous loans such as certain residential mortgage, home equity lines of credit, construction loans to individuals secured by residential real estate and consumer loans. For these loans, the Corporation evaluates credit quality based on the aging status of the loan and designates as performing and nonperforming.

The following summarizes designated internal risk categories by portfolio segment for loans assigned a risk rating and those evaluated based on the performance status:

	December 31, 2024							
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	
(In thousands)	2024	2023	2022	2021	2020	Prior		Total
Internally Risk Rated:								
Commercial real estate								
Pass	$ 120,989	$ 135,995	$ 164,167	$ 121,092	$ 55,408	$ 312,999	$ 17,276	$ 927,926
Special Mention	1,887	3,826	2,880	6,639	2,177	11,613	1,303	30,325
Substandard	—	—	2,332	342	1,485	7,059	45	11,263
Total Commercial real estate	$ 122,876	$ 139,821	$ 169,379	$ 128,073	$ 59,070	$ 331,671	$ 18,624	$ 969,514
Residential mortgage								
Pass	$ 27,887	$ 35,566	$ 23,095	$ 38,848	$ 13,446	$ 31,784	$ 466	$ 171,092
Special Mention	130	1,692	167	146	366	3,246	115	5,862
Substandard	—	237	188	—	—	68	—	493
Total Residential Mortgage	$ 28,017	$ 37,495	$ 23,450	$ 38,994	$ 13,812	$ 35,098	$ 581	$ 177,447
Commercial and industrial								
Pass	$ 10,000	$ 10,067	$ 19,584	$ 29,673	$ 13,162	$ 18,976	$ 30,015	$ 131,477
Special Mention	165	109	246	192	78	459	2,554	3,803
Substandard	—	526	468	335	2	979	3,316	5,626
Total Commercial and industrial	$ 10,165	$ 10,702	$ 20,298	$ 30,200	$ 13,242	$ 20,414	$ 35,885	$ 140,906
Year-to-date gross charge-offs	$ —	$ 38	$ —	$ —	$ —	$ 100	$ —	$ 138
Home equity lines of credit								
Pass	$ —	$ 294	$ 92	$ —	$ —	$ 501	$ 5,729	$ 6,616
Special Mention	—	—	—	—	—	—	696	696
Substandard	—	—	—	—	—	6	—	6
Total Home equity lines of credit	$ —	$ 294	$ 92	$ —	$ —	$ 507	$ 6,425	$ 7,318
Real estate construction								
Pass	$ 21,227	$ 24,463	$ 7,719	$ 1,209	$ 298	$ 1,060	$ 6,086	$ 62,062
Special Mention	—	168	5,100	—	—	667	45	5,980
Substandard	—	—	—	—	—	62	—	62
Total Real estate construction	$ 21,227	$ 24,631	$ 12,819	$ 1,209	$ 298	$ 1,789	$ 6,131	$ 68,104
Performance Rated:								
Residential mortgage								
Performing	$ 14,786	$ 41,275	$ 39,943	$ 13,523	$ 13,876	$ 100,601	$ 72	$ 224,076
Nonperforming	—	—	—	—	—	427	—	427
Total Residential Mortgage	$ 14,786	$ 41,275	$ 39,943	$ 13,523	$ 13,876	$ 101,028	$ 72	$ 224,503
Home equity lines of credit								
Performing	$ —	$ 18	$ 34	$ —	$ 12	$ 2,591	$ 75,621	$ 78,276
Nonperforming	—	—	—	—	—	—	91	91
Total Home equity lines of credit	$ —	$ 18	$ 34	$ —	$ 12	$ 2,591	$ 75,712	$ 78,367
Real estate construction								
Performing	$ 6,486	$ 222	$ 725	$ 160	$ 188	$ 888	$ —	$ 8,669
Total Real estate construction	$ 6,486	$ 222	$ 725	$ 160	$ 188	$ 888	$ —	$ 8,669
Consumer								
Performing	$ 2,000	$ 1,521	$ 1,694	$ 465	$ 276	$ 778	$ 2,584	$ 9,318
Total Consumer	$ 2,000	$ 1,521	$ 1,694	$ 465	$ 276	$ 778	$ 2,584	$ 9,318
Year-to-date gross charge-offs	$ —	$ 4	$ 9	$ —	$ 1	$ 7	$ 197	$ 218
Total Portfolio loans								
Pass	$ 180,103	$ 206,385	$ 214,657	$ 190,822	$ 82,314	$ 365,320	$ 59,572	$ 1,299,173
Special Mention	2,182	5,795	8,393	6,977	2,621	15,985	4,713	46,666
Substandard	—	763	2,988	677	1,487	8,174	3,361	17,450
Performing	23,272	43,036	42,396	14,148	14,352	104,858	78,277	320,339
Nonperforming	—	—	—	—	—	427	91	518
Total Portfolio loans	$ 205,557	$ 255,979	$ 268,434	$ 212,624	$ 100,774	$ 494,764	$ 146,014	$ 1,684,146
Year-to-date gross charge-offs	$ —	$ 42	$ 9	$ —	$ 1	$ 107	$ 197	$ 356

	December 31, 2023								
	Term Loans Amortized Cost Basis by Origination Year						Revolving Loans Amortized Cost Basis	Total
(In thousands)	2023	2022	2021	2020	2019	Prior		
Internally Risk Rated:								
Commercial real estate								
Pass	$ 136,158	$ 152,767	$ 130,994	$ 60,918	$ 65,856	$ 287,026	$ 13,636	$ 847,355
Special Mention	1,927	6,385	5,920	1,904	8,222	16,244	1,994	42,596
Substandard	—	—	—	1,530	704	6,524	—	8,758
Total Commercial real estate	$ 138,085	$ 159,152	$ 136,914	$ 64,352	$ 74,782	$ 309,794	$ 15,630	$ 898,709
Residential mortgage								
Pass	$ 39,146	$ 27,612	$ 41,031	$ 14,758	$ 10,492	$ 27,274	$ 402	$ 160,715
Special Mention	588	82	593	397	826	2,457	62	5,005
Substandard	—	—	—	—	—	218	—	218
Total Residential Mortgage	$ 39,734	$ 27,694	$ 41,624	$ 15,155	$ 11,318	$ 29,949	$ 464	$ 165,938
Commercial and industrial								
Pass	$ 12,319	$ 24,259	$ 34,830	$ 15,614	$ 13,922	$ 17,780	$ 25,147	$ 143,871
Special Mention	128	303	290	529	140	459	2,014	3,863
Substandard	7	135	499	91	9	1,597	2,272	4,610
Total Commercial and industrial	$ 12,454	$ 24,697	$ 35,619	$ 16,234	$ 14,071	$ 19,836	$ 29,433	$ 152,344
Year-to-date gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ 110	$ —	$ 110
Home equity lines of credit								
Pass	$ 300	$ 99	$ —	$ —	$ —	$ 131	$ 5,235	$ 5,765
Special Mention	—	—	—	—	—	—	727	727
Substandard	—	—	—	—	—	362	—	362
Total Home equity lines of credit	$ 300	$ 99	$ —	$ —	$ —	$ 493	$ 5,962	$ 6,854
Real estate construction								
Pass	$ 19,766	$ 39,758	$ 3,953	$ 1,160	$ —	$ 2,604	$ 8,003	$ 75,244
Special Mention	—	465	—	92	—	725	—	1,282
Substandard	—	—	—	—	—	69	—	69
Total Real estate construction	$ 19,766	$ 40,223	$ 3,953	$ 1,252	$ —	$ 3,398	$ 8,003	$ 76,595
Performance Rated:								
Residential mortgage								
Performing	$ 33,884	$ 45,221	$ 14,878	$ 16,184	$ 9,059	$ 108,021	$ 156	$ 227,403
Nonperforming	—	—	—	—	—	848	—	848
Total Residential Mortgage	$ 33,884	$ 45,221	$ 14,878	$ 16,184	$ 9,059	$ 108,869	$ 156	$ 228,251
Home equity lines of credit								
Performing	$ 23	$ 38	$ —	$ 13	$ 94	$ 4,742	$ 77,745	$ 82,655
Nonperforming	—	—	—	—	—	92	562	654
Total Home equity lines of credit	$ 23	$ 38	$ —	$ 13	$ 94	$ 4,834	$ 78,307	$ 83,309
Real estate construction								
Performing	$ 5,571	$ 753	$ 175	$ 210	$ 170	$ 867	$ —	$ 7,746
Total Real estate construction	$ 5,571	$ 753	$ 175	$ 210	$ 170	$ 867	$ —	$ 7,746
Consumer								
Performing	$ 2,351	$ 2,685	$ 778	$ 522	$ 271	$ 1,085	$ 2,259	$ 9,951
Nonperforming	—	—	—	—	—	—	3	3
Total Consumer	$ 2,351	$ 2,685	$ 778	$ 522	$ 271	$ 1,085	$ 2,262	$ 9,954
Year-to-date gross charge-offs	$ 48	$ 83	$ 42	$ 55	$ 23	$ 78	$ 67	$ 396
Total Portfolio loans								
Pass	$ 207,689	$ 244,495	$ 210,808	$ 92,450	$ 90,270	$ 334,815	$ 52,423	$ 1,232,950
Special Mention	2,643	7,235	6,803	2,922	9,188	19,885	4,797	53,473
Substandard	7	135	499	1,621	713	8,770	2,272	14,017
Performing	41,829	48,697	15,831	16,929	9,594	114,715	80,160	327,755
Nonperforming	—	—	—	—	—	940	565	1,505
Total Portfolio loans	$ 252,168	$ 300,562	$ 233,941	$ 113,922	$ 109,765	$ 479,125	$ 140,217	$ 1,629,700
Year-to-date gross charge-offs	$ 48	$ 83	$ 42	$ 55	$ 23	$ 188	$ 67	$ 506

In 2024, the Corporation revised estimates utilized as input assumptions within the CECL model calculation. These estimates, which were based on more current information available during 2024, drive input assumptions which are used in the determination of the Corporation’s allowance for credit losses and the reserve for unfunded commitments. These updated estimates were the primary drivers for a $2.4 million and $326 thousand reversal of the provisions for credit losses and for unfunded commitments, respectively, for the year ended December 31, 2024.

The following table presents the ACL by loan portfolio segment for the years ended 2024, 2023 and 2022:

(In thousands)	Commercial Real Estate	Residential Mortgage	Commercial and Industrial	Home Equity Lines of Credit	Real Estate Construction	Consumer	Unallocated	Total
Beginning balance - January 1, 2024	**$ 12,010**	**$ 3,303**	**$ 2,048**	**$ 397**	**$ 2,070**	**$ 141**	**$ —**	**$ 19,969**
Charge-offs	**—**	**—**	**(138)**	**—**	**—**	**(218)**	**—**	**(356)**
Recoveries	**—**	**—**	**26**	**—**	**—**	**78**	**—**	**104**
(Reversal of) provisions	**(1,432)**	**(327)**	**(520)**	**(103)**	**(152)**	**97**	**—**	**(2,437)**
Ending balance - December 31, 2024	**$ 10,578**	**$ 2,976**	**$ 1,416**	**$ 294**	**$ 1,918**	**$ 98**	**$ —**	**$ 17,280**
Beginning balance - January 1, 2023	$ 10,016	$ 3,029	$ 2,848	$ 347	$ 1,000	$ 376	$ 245	$ 17,861
Impact of CECL adoption	1,106	297	(762)	17	1,347	(142)	(245)	1,618
Charge-offs	—	—	(110)	—	—	(396)	—	(506)
Recoveries	—	—	64	—	—	72	—	136
Provisions (reversal of)	888	(23)	8	33	(277)	231	—	860
Ending balance - December 31, 2023	$ 12,010	$ 3,303	$ 2,048	$ 397	$ 2,070	$ 141	$ —	$ 19,969
Beginning balance - January 1, 2022	$ 10,716	$ 3,235	$ 3,176	$ 501	$ 616	$ 408	$ 381	$ 19,033
Charge-offs	(831)	(3)	(238)	(33)	—	(181)	—	(1,286)
Recoveries	—	5	58	22	—	29	—	114
Provisions (reversal of)	131	(208)	(148)	(143)	384	120	(136)	—
Ending balance - December 31, 2022	$ 10,016	$ 3,029	$ 2,848	$ 347	$ 1,000	$ 376	$ 245	$ 17,861

The ACL may include qualitative adjustments intended to capture the impact of uncertainties not reflected in the quantitative models. In determining qualitative adjustments, management considers current conditions, reasonable and supportable forecasts of future economic conditions and prepayment experience.

NOTE 5 — PREMISES AND EQUIPMENT

Premises and equipment were as follows at December 31:

(In thousands)	**2024**	**2023**
Land	**$ 5,418**	$ 5,418
Buildings and improvements	**33,390**	33,249
Furniture and equipment	**14,717**	14,813
Construction in process	**74**	81
Total premises and equipment	**53,599**	53,561
Accumulated depreciation	**(28,145)**	(27,278)
Premises and equipment, net	**$ 25,454**	$ 26,283

Depreciation expense, included in other noninterest expense on the Consolidated Statements of Income, was $1.8 million, $1.9 million and $2.3 million for the years ended December 31, 2024, 2023 and 2022, respectively.

NOTE 6 — INVESTMENTS IN LOW-INCOME HOUSING PARTNERSHIPS

ACNB Corporation is a limited partner in two partnerships, whose purpose is to develop, manage and operate residential low-income properties. At December 31, 2024 and 2023, the carrying value of these investments was $877 thousand and $1.0 million, respectively.

NOTE 7 — LEASES

The Corporation enters into noncancellable lease arrangements primarily for some of its community banking offices. Certain lease arrangements contain clauses requiring increasing rental payments over the lease term, which are generally contractually stipulated. Many of these lease arrangements provide the Corporation with the option to renew the lease arrangement after the initial lease term. These options are included in determining the lease term used to establish the right-of-use assets and lease liabilities, when it is reasonably certain the Corporation will exercise its renewal option. As most of the Corporation's leases do not have a readily determinable implicit rate, the incremental borrowing rate is primarily used to determine the discount rate for purposes of measuring the right-of-use assets and lease liabilities. The Corporation's lease arrangements do not contain any material residual value guarantees or material restrictive covenants.

The following ROU assets and lease liabilities are reported within the Consolidated Statements of Condition as follows:

(Dollars in thousands)	**December 31, 2024**	December 31, 2023
Operating Leases:		
ROU assets	**$ 2,663**	$ 2,615
Lease liabilities	**2,764**	2,615
Weighted average remaining lease term	**5.7 years**	4.7 years
Weighted average discount rate	**2.63 %**	5.61 %

Supplemental cash flow information related to operating leases for the years ended December 31:

(In thousands)	**2024**	2023	2022
Operating cash flows from operating leases	**$ 917**	$ 924	$ 964

As of December 31, 2024, the Corporation did not have any significant additional operating or finance leases that had not yet commenced.

The following summarizes the remaining scheduled future minimum lease payments for operating leases as of December 31, 2024:

Year	*(In thousands)*
2025	**$ 712**
2026	**592**
2027	**469**
2028	**434**
2029	**294**
Thereafter	**488**
Total minimum lease payments	**2,989**
Less: amount representing interest [1]	**225**
Present value of net minimum lease payments	**$ 2,764**

[1]Amount necessary to reduce net minimum lease payments to present value calculated at the Corporation's incremental borrowing rate.

NOTE 8 — GOODWILL AND INTANGIBLE ASSETS

Goodwill totaled $44.2 million as of both December 31, 2024 and 2023. Goodwill, which has an indefinite useful life, is evaluated for impairment annually or more frequently if events and circumstances indicate that the asset might be impaired. The Corporation did not identify any goodwill impairment on the Bank or ACNB Insurance Services from its most recent testing performed as of November 30, 2024 using the qualitative approach. There were no impairment losses or accumulated impairment losses associated with goodwill as of December 31, 2024 and 2023.

The carrying value and accumulated amortization of the intangible assets and core deposit intangibles are as follows:

	2024		2023	
(In thousands)	**Gross Carrying Amount**	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**
ACNB Insurance Services - amortized intangible assets	**$ 16,331**	**$ 9,658**	$ 16,331	$ 8,956
Core deposit intangibles	**5,978**	**4,813**	5,978	4,271
	$ 22,309	**$ 14,471**	$ 22,309	$ 13,227

Amortization expense was $1.2 million, $1.4 million and $1.5 million for the years ended December 31, 2024, 2023 and 2022, respectively.

The following table shows the amortization expense of the intangible assets for future periods:

Year	*(In thousands)*
2025	$ 1,115
2026	1,004
2027	857
2028	711
2029	646
Thereafter	3,505
	$ 7,838

NOTE 9 — DEPOSITS

Deposits were comprised of the following as of December 31:

(In thousands)	**2024**	**2023**
Noninterest-bearing demand deposits	**$ 451,503**	$ 500,332
Interest-bearing demand deposits	**505,096**	524,289
Money market	**251,667**	264,907
Savings	**311,207**	340,134
Total demand and savings	**1,519,473**	1,629,662
Time	**273,028**	232,151
Total deposits	**$ 1,792,501**	$ 1,861,813

Time deposits include brokered deposits totaling $24.1 million at December 31, 2024 and none at December 31, 2023.

Scheduled maturities of time certificates of deposit at December 31, 2024, were as follows (*in thousands*):

	Time Deposits	
Year	**Less than $250,000**	**$250,000 or more**
2025	**$ 194,777**	**$ 40,592**
2026	**24,917**	**778**
2027	**7,585**	**—**
2028	**1,940**	**—**
2029	**2,436**	**—**
Thereafter	**3**	**—**
Total time deposits	**$ 231,658**	**$ 41,370**

NOTE 10 — BORROWINGS

Short-term borrowings and weighted-average interest rates at December 31 are as follows:

(Dollars in thousands)	2024 Amount	2024 Rate	2023 Amount	2023 Rate
Securities sold under repurchase agreements	**$ 15,826**	**0.23 %**	$ 26,882	0.15 %
FHLB advance	**—**	**—**	30,000	5.64
Total	**$ 15,826**	**0.23 %**	$ 56,882	3.05 %

Borrowings with original maturities of one year or less are classified as short-term. Securities sold under repurchase agreements are comprised of customer repurchase agreements, which are sweep accounts with next-day maturities utilized by larger commercial customers to earn interest on their funds. Securities are pledged to these customers in an amount at least equal to the outstanding balance. Under an agreement with the FHLB, the Bank has short-term borrowing capacity included within its maximum borrowing capacity. All FHLB advances are collateralized by a security agreement covering qualifying loans, which consist of 1-4 family mortgage loans and other real estate secured loans. In addition, all FHLB advances are secured by the FHLB capital stock owned by the Bank having a par value of $10.6 million at December 31, 2024. The Bank also has unsecured lines of credit that total $192.0 million with correspondent banks for overnight federal funds borrowings. There were no advances on these lines at December 31, 2024 and 2023. The Corporation maintains a $5.0 million unsecured line of credit with a correspondent bank and the Corporation guarantees a note related to a $1.5 million commercial line of credit with a correspondent bank for ACNB Insurance Services. There were no advances on these lines at December 31, 2024 and 2023.

A summary of long-term borrowings and their weighted-average contractual rates as of December 31 is as follows:

(Dollars in thousands)	2024 Amount	2024 Rate	2023 Amount	2023 Rate
FHLB fixed-rate advances maturing:				
2026	**$ 80,000**	**4.71 %**	$ 80,000	4.71 %
2027	**90,000**	**4.55**	60,000	4.64
2028	**35,000**	**4.23**	35,000	4.23
2029	**30,000**	**4.25**	—	—
Trust preferred subordinated debt [1]	**5,333**	**6.25**	5,292	7.28
Subordinated debt	**15,000**	**4.00**	15,000	4.00
	$ 255,333	**4.52 %**	$ 195,292	4.62 %

[1] Net of purchase accounting fair value mark.

The long-term FHLB advances are collateralized by the assets defined in the security agreement, which included loans totaling $1.33 billion, and FHLB capital stock described previously. Based on this collateral and ACNB's holding of FHLB stock, ACNB is eligible to borrow up to $926.5 million, of which $690.4 million was available at December 31, 2024.

The trust preferred subordinated debt is comprised of debt securities issued by FCBI in December 2006 and assumed by ACNB Corporation through the acquisition of FCBI. FCBI completed the private placement of an aggregate of $6.0 million of trust preferred securities. The interest rate on the subordinated debentures is adjusted quarterly to 163 basis points over three-month CME Term SOFR plus applicable tenor spread adjustment. On December 16, 2024 the most recent interest rate reset date, the interest rate was adjusted to 6.25% for the period ending March 16, 2025. The trust preferred securities mature on December 15, 2036, and may be redeemed at par, at the Corporation's option, on any interest payment date. The trust preferred subordinated debt is considered Tier 1 capital for the consolidated capital ratios.

On March 30, 2021, ACNB entered into Subordinated Note Purchase Agreements with certain Purchasers pursuant to which the Corporation sold and issued $15.0 million in aggregate principal amount of its 4.00% fixed-to-floating rate Subordinated Notes due March 31, 2031. The Subordinated Notes bear interest at a fixed rate of 4.00% per year, from and including March 30, 2021 to, but excluding, March 31, 2026 or earlier redemption date. From and including March 31, 2026 to, but excluding the maturity date or earlier redemption date, the interest rate will reset quarterly at a variable rate equal to the then current 90-day average SOFR plus 329 basis points. As provided in the Subordinated Notes, the interest rate on the Subordinated Notes during the applicable floating rate period may be determined based on a rate other than the 90-day average SOFR. The Subordinated Notes were issued by the Corporation to the Purchasers at a price equal to 100% of their face amount. The Subordinated Notes have a stated maturity of March 31, 2031, are redeemable by the Corporation at its option, in whole or in part, on or after March

30, 2026, and at any time upon the occurrences of certain events. The Subordinated Notes are considered Tier 2 capital for the consolidated capital ratios.

NOTE 11 — FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received to sell the asset or transfer the liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions.

Fair value measurement establishes a fair value hierarchy that prioritizes the inputs to valuation methods used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

> Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
>
> Level 2 - Quoted prices for similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.
>
> Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported with little or no market activity).

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present assets measured at fair value and the basis of measurement used at December 31:

		2024			
(In thousands)	**Basis**	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity securities with readily determinable fair values	**Recurring**	**$ 919**	**$ —**	**$ —**	**$ 919**
AFS Investment Securities:					
U.S. Government and agencies		**—**	**143,193**	—	**143,193**
Collateralized mortgage obligations		—	**35,654**	—	**35,654**
Residential mortgage-backed securities		**—**	**138,540**	—	**138,540**
Commercial mortgage-backed securities		**—**	**60,785**	—	**60,785**
Corporate bonds		**—**	**15,803**	—	**15,803**
Total AFS Investment Securities	**Recurring**	**$ —**	**$ 393,975**	**$ —**	**$ 393,975**
Loans held for sale	**Recurring**	**—**	**426**	**—**	**426**
Individually evaluated loans	**Non-recurring**	**—**	**—**	**1,690**	**1,690**
Foreclosed assets held for resale	**Non-recurring**	**—**	**—**	**438**	**438**

(In thousands)	Basis	2023 Level 1		Level 2		Level 3		Total	
Equity securities with readily determinable fair values	Recurring	$	928	$	—	$	—	$	928
AFS Investment Securities:									
U.S. Government and agencies			—		156,795		—		156,795
Collateralized mortgage obligations			—		41,084		—		41,084
Residential mortgage-backed securities			—		158,830		—		158,830
Commercial mortgage-backed securities			—		65,290		—		65,290
Corporate bonds			—		29,694		—		29,694
Total AFS Investment Securities	Recurring	$	—	$	451,693	$	—	$	451,693
Loans held for sale	Recurring		—		280		—		280
Individually evaluated loans	Non-recurring		—		—		242		242
Foreclosed assets held for resale	Non-recurring		—		—		467		467

The valuation techniques used to measure fair value for the items in the preceding tables are as follows:

Equity securities - The fair value of equity securities with readily determinable fair values is recorded on the Consolidated Statement of Condition, with realized and unrealized gains and losses reported in noninterest income on the Consolidated Statements of Income.

Available for sale investment securities – Included in this asset category are debt securities. Level 2 investment securities are valued by a third-party pricing service. The pricing service uses pricing models that vary based on asset class and incorporate available market information, including quoted prices of investment securities with similar characteristics. Because many fixed income securities do not trade on a daily basis, pricing models use available information, as applicable, through processes such as benchmark yield curves, benchmarking of like securities, sector groupings and matrix pricing. Standard market inputs include: benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data, including market research publications. For certain security types, additional inputs may be used, or some of the standard market inputs may not be applicable.

- *U.S. Government and agencies* – These debt securities are classified as Level 2. Fair values are determined by a third-party pricing service, as detailed above.
- *Collateralized mortgage obligations and Mortgage-backed securities* – These debt securities are classified as Level 2. Fair values are determined by a third-party pricing service, as detailed above.
- *Corporate bonds* – This category consists of subordinated and senior debt issued by financial institutions and are classified as Level 2 investments. The fair values for these corporate debt securities are determined by a third-party pricing service, as detailed above.

Loans held for sale – This category includes mortgage loans held for sale that are measured at fair value utilizing Level 2 measurements. Fair values as of December 31, 2024 and 2023, were measured as the price that secondary market investors were offering for loans with similar characteristics. See “Note 1 - Summary of Significant Accounting Policies” for details related to the Corporation’s election to measure assets and liabilities at fair value.

Individually evaluated loans – This category consists of loans that were individually evaluated for impairment and have a specific reserve. They are classified as Level 3 assets.

Foreclosed assets held for resale – This category consists of foreclosed assets that are held for resale and classified as Level 3 assets, for which the fair values were based on estimated selling prices less estimated selling costs for similar assets in active markets.

The following table presents additional quantitative information about assets measured at fair value on a nonrecurring basis for which the Corporation has utilized Level 3 inputs to determine fair value as of December 31:

(Dollars in thousands)		Fair Value Estimate	Valuation Technique[1]	Unobservable Input[2]	Range	Weighted Average
2024						
Individually evaluated loans	**$**	**1,690**	**Appraisal of collateral**	**Appraisal adjustments**	**16%-100%**	**47%**
Foreclosed assets held for resale		**438**	**Appraisal of collateral**	**Appraisal adjustments**	**17%-53%**	**50%**
2023						
Individually evaluated loans	$	242	Appraisal of collateral	Appraisal adjustments	33%-100%	94%
Foreclosed assets held for resale		467	Appraisal of collateral	Appraisal adjustments	56%	56%

[1] Fair value is generally determined through management's estimate or independent third-party appraisals of the underlying collateral, which generally includes various Level 3 inputs which are not observable.

[2] Appraisals may be adjusted downward by management for qualitative factors such as economic conditions and estimated liquidation expenses. The range of liquidation expenses and other appraisal adjustments are presented as a percentage of the appraisal. Higher downward adjustments are caused by negative changes to the collateral or conditions in the real estate market, actual offers or sales contracts received, and/or age of the appraisal.

The following information should not be interpreted as an estimate of the fair value of the entire Corporation since a fair value calculation is only provided for a limited portion of the Corporation's assets and liabilities. Management uses its best judgment in estimating the fair value of the Corporation's financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Corporation could have realized in a sales transaction on the dates indicated. The estimated fair value amounts have been measured as of their respective reporting dates and have not been reevaluated or updated for purposes of these Consolidated Financial Statements subsequent to those respective dates. As such, the estimated fair values of these financial instruments subsequent to the respective reporting dates may be different than the amounts reported at each period end. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Corporation's disclosures and those of other companies may not be meaningful.

The following tables present the carrying amount and the estimated fair value of the Corporation's financial instruments as of December 31:

	2024				
		Estimated Fair Value			
(In thousands)	Carrying Amount	Total	Level 1	Level 2	Level 3
Financial assets:					
Cash and due from banks	**$ 16,352**	**$ 16,352**	**$ 16,352**	**$ —**	**$ —**
Interest-bearing deposits with banks	**30,910**	**30,910**	**30,910**	**—**	**—**
Equity securities with readily determinable fair values	**919**	**919**	**919**	**—**	**—**
Investment securities available for sale	**393,975**	**393,975**	**—**	**393,975**	**—**
Investment securities held to maturity	**64,578**	**56,924**	**—**	**56,924**	**—**
Loans held for sale	**426**	**426**	**—**	**426**	**—**
Loans, net	**1,665,630**	**1,635,351**	**—**	**—**	**1,635,351**
Accrued interest receivable	**8,189**	**8,189**	**—**	**8,189**	**—**
Restricted investment in bank stocks	**10,853**	**N/A**	**—**	**N/A**	**—**
Financial liabilities:					
Demand deposits, savings, and money markets	**1,519,473**	**1,269,889**	**—**	**1,269,889**	**—**
Time deposits	**273,028**	**267,336**	**—**	**267,336**	**—**
Securities sold under repurchase agreements	**15,826**	**16,435**	**—**	**16,435**	**—**
FHLB Advances	**235,000**	**235,290**	**—**	**235,290**	**—**
Trust preferred and subordinated debt	**20,333**	**18,420**	**—**	**18,420**	**—**
Accrued interest payable	**1,551**	**1,551**	**—**	**1,551**	**—**

	2023				
		Estimated Fair Value			
(In thousands)	Carrying Amount	Total	Level 1	Level 2	Level 3
Financial assets:					
Cash and due from banks	$ 21,442	$ 21,442	$ 7,063	$ 14,379	$ —
Interest-bearing deposits with banks	44,516	44,516	44,516	—	—
Equity securities with readily determinable fair values	928	928	928	—	—
Investment securities available for sale	451,693	451,693	—	451,693	—
Investment securities held to maturity	64,600	59,057	—	59,057	—
Loans held for sale	280	280	—	280	—
Loans, net	1,608,019	1,562,703	—	—	1,562,703
Accrued interest receivable	8,080	8,080	—	8,080	—
Restricted investment in bank stocks	9,677	N/A	—	N/A	—
Financial liabilities:					
Demand deposits, savings, and money markets	1,629,662	1,391,709	—	1,391,709	—
Time deposits	232,151	221,770	—	221,770	—
Securities sold under repurchase agreements	26,882	23,666	—	23,666	—
Long-term FHLB advances	205,000	206,950	—	206,950	—
Trust preferred and subordinated debt	20,292	16,992	—	16,992	—
Accrued interest payable	794	794	—	794	—

NOTE 12 — RETIREMENT PLANS

Defined-Contribution 401(k) Retirement Plans

The Bank maintains a 401(k) retirement plan for the benefit of eligible employees. The plan allows employees to contribute up to 100% of their compensation subject to certain limits based on federal tax laws. The plan also provides for the Bank to match 100% of the employee's contribution to the plan up to 3% of the employee's compensation, plus 50% the employee's contribution to the plan on the next 2% of the employee's compensation. Matching contributions vest immediately to the employee. Bank contributions to the plan were $1.1 million, $999 thousand and $901 thousand for 2024, 2023 and 2022, respectively, and were included as a component of salaries and employee benefits expense.

ACNB Insurance Services has a similar but separate 401(k) plan with the match of 6% for non-highly compensated employees and 3% match for highly compensated employees. ACNB Insurance Services contributions to the plan for 2024, 2023 and 2022 were $202 thousand, $183 thousand and $157 thousand, respectively, and were included as a component of salaries and employee benefits expense.

Nonqualified Compensation Plans

The Bank maintains nonqualified compensation plans for selected senior officers. The estimated present value of future benefits is accrued over the period from the effective date of the agreements until the expected retirement dates of the individuals. The balance accrued for these plans included in other liabilities as of December 31, 2024 and 2023, totaled $5.1 million and $4.5 million, respectively. The annual expense included in salaries and employee benefits expense totaled $946 thousand, $953 thousand and $628 thousand during the years ended December 31, 2024, 2023 and 2022, respectively. To fund the benefits under these plans, the Bank is the owner of single premium life insurance policies on participants in the nonqualified retirement plans.

Defined Benefit Pension Plan

The Bank has a non-contributory, defined benefit pension plan. No employee hired after March 31, 2012 is eligible to participate in the plan. Retirement benefits are a function of both years of service and compensation. As of the last annual census, the Bank had a combined 331 active, vested terminated and retired persons in the plan. The funding policy is to contribute annually the amount that is sufficient to meet the minimum funding requirements set forth by ERISA. The Bank uses a measurement date of December 31 for this plan.

The following table summarized the changes in the projected benefit obligation and fair value of plan assets for the plan years ended December 31:

(In thousands)	2024	2023
Change in benefit obligation:		
Projected Benefit obligation at beginning of year	**$ 31,494**	$ 30,226
Service cost	**428**	495
Interest cost	**1,494**	1,493
Actuarial (gain) loss	**(1,544)**	983
Benefits paid	**(1,830)**	(1,703)
Projected benefit obligation at end of year	**30,042**	31,494
Change in plan assets, at fair value:		
Fair value of plan assets at beginning of year	**46,427**	43,119
Actual return on plan assets	**1,806**	5,011
Benefits paid	**(1,830)**	(1,703)
Fair value of plan assets at end of year	**46,403**	46,427
Funded Status, included in other assets	**$ 16,361**	$ 14,933

The amounts recognized in accumulated other comprehensive income (loss) are as follows:

(In thousands)	2024	2023	2022
Total net actuarial loss (pre-tax)	**$ 4,539**	$ 5,120	$ 6,887

For the years ended December 31, 2024 and 2023, the assumptions used to determine the benefit obligation are as follows:

	2024	2023
Discount rate	**5.50 %**	4.90 %
Rate of compensation increase	**3.50 %**	3.50 %

The components of net periodic benefit cost (income) related to the non-contributory, defined benefit pension plan are as follows for the years ended December 31:

(In thousands)	2024	2023	2022
Components of net periodic benefit cost (income):			
Service cost	**$ 428**	$ 495	$ 777
Interest cost	**1,494**	1,493	1,052
Expected return on plan assets	**(2,848)**	(2,653)	(3,136)
Recognized net actuarial loss	**78**	392	407
Net Periodic Benefit Income	**(848)**	(273)	(900)
Net gain	**(503)**	(1,375)	(491)
Amortization of net loss	**(78)**	(392)	(407)
Total recognized in other comprehensive income (loss)	**(581)**	(1,767)	(898)
Total recognized in net periodic benefit cost (income) and other comprehensive income	**$ (1,429)**	$ (2,040)	$ (1,798)

The assumptions used to determine the net periodic benefit cost (income) are as follows for the years ended December 31:

	2024	2023	2022
Discount rate	**4.90 %**	5.10 %	2.75 %
Expected long-term rate of return on plan assets	**6.75 %**	6.75 %	6.75 %
Rate of compensation increase	**3.50 %**	3.50 %	3.50 %

For the year ended December 31, 2024 the mortality assumption was updated to reflect the most recently published mortality information. Estimated future benefit payments are as follows:

Year	*(In thousands)*
2025	**$ 2,080**
2026	**2,110**
2027	**2,090**
2028	**2,100**
2029	**2,120**
2030-2034	**11,040**

The Corporation's overall investment strategy is to achieve a mix of investments to meet the long-term rate of return assumption and near-term pension obligations with a diversification of asset types, fund strategies and fund managers. The mix of investments is adjusted periodically by retaining an advisory firm to recommend appropriate allocations after reviewing the Corporation's risk tolerance on contribution levels, funded status and plan expense, and any applicable regulatory requirements. The weighted-average assets' allocation in the following table represents the Corporation's conclusion on the appropriate mix of investments. The specific investment vehicles are institutional separate accounts from a variety of fund managers which are regularly reviewed by the Corporation for acceptable performance.

The Corporation's pension plan weighted-average assets' allocations at December 31, 2024 and 2023, are as follows:

	2024	2023
Equity securities	**42 %**	43 %
Debt securities	**55**	54
Real property	**3**	3
	100 %	100 %

Equity securities consisted of $3.6 million of the Corporation's common stock, or 8% of total plan assets, and $3.9 million, or 8% of total plan assets, at December 31, 2024 and 2023, respectively.

Fair value measurements were as follows:

(In thousands)	Total	Level 1	Level 2	Level 3
December 31, 2024				
Equity securities	**$ 19,286**	**$ 3,565**	**$ 15,721**	**$ —**
Debt securities	**25,730**	**—**	**25,730**	**—**
Real estate	**1,387**	**—**	**1,387**	**—**
Total	**$ 46,403**	**$ 3,565**	**$ 42,838**	**$ —**
December 31, 2023				
Equity securities	$ 20,123	$ 3,876	$ 16,247	$ —
Debt securities	24,891	—	24,891	—
Real estate	1,413	—	1,413	—
Total	$ 46,427	$ 3,876	$ 42,551	$ —

NOTE 13 — INCOME TAXES

The components of income tax expense were as follows:

(In thousands)	2024	2023	2022
Current:			
Federal	**$ 6,780**	$ 7,924	$ 7,461
State	**1,014**	755	1,259
Total	**7,794**	8,679	8,720
Deferred:			
Federal	**806**	(534)	592
State	**(27)**	16	(113)
Total	**779**	(518)	479
Provision for income taxes	**$ 8,573**	$ 8,161	$ 9,199

The differences between the ETR and the federal statutory income tax rate are as follows:

	2024	2023	2022
Federal income tax at statutory rate	**21.0 %**	21.0 %	21.0 %
State income taxes, net of federal benefit	**1.9**	1.5	1.8
Tax-exempt income	**(1.0)**	(1.3)	(1.1)
Earnings on investment in bank-owned life insurance	**(1.0)**	(1.0)	(0.7)
Tax credit benefits	**—**	—	(0.6)
Nondeductible merger-related costs	**0.7**	—	—
Other	**(0.4)**	0.3	0.1
Effective income tax rate	**21.2 %**	20.5 %	20.5 %

The net deferred tax asset recorded by the Corporation is included in other assets and consists of the following tax effects of temporary differences as of December 31:

(In thousands)	2024	2023
Deferred tax assets:		
Investment securities available for sale	**$ 11,178**	$ 12,052
Allowance for credit losses	**3,909**	4,533
Accrued deferred compensation	**1,436**	1,166
Deferred director fees	**1,153**	1,097
Defined benefit pension plan	**1,031**	1,162
Other	**837**	783
Lease liability	**592**	742
Allowance for unfunded commitments	**315**	390
Nonaccrual interest	**246**	740
Accumulated depreciation	**59**	3
Total gross deferred tax assets	**20,756**	22,668
Deferred tax liabilities:		
Prepaid defined benefit pension plan cost	**4,729**	4,552
Goodwill and intangible assets, net	**1,449**	1,439
Right of use asset	**592**	742
Prepaid expenses	**50**	67
Purchase accounting	**25**	25
Deferred loan fees	**(46)**	57
Total gross deferred tax liabilities	**6,799**	6,882
Net deferred tax asset	**$ 13,957**	$ 15,786

The Corporation follows accounting guidance related to accounting for uncertainty in income taxes. Under the "more likely than not" threshold guidelines, the Corporation believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. The Corporation did not have any material uncertain tax positions at December 31, 2024 or 2023. The Corporation's policy is to recognize interest and penalties as a discrete item in income tax expense in the Consolidated Statements of Income.

The Corporation and its subsidiaries are subject to U.S. federal income tax as well as income tax of the states for which income is derived. The Corporation is no longer subject to examination by taxing authorities for years before 2020.

NOTE 14 — REGULATORY MATTERS

Regulatory Capital Requirements

The Corporation and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet the minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Corporation's Consolidated Financial Statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Corporation and the Bank must meet specific capital guidelines that involve quantitative measures of their assets, liabilities and certain OBS items as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Minimum regulatory capital requirements established by Basel III rules require the Corporation and the Bank to:

- Meet a minimum Tier 1 leverage capital ratio of 4.0% of average assets;
- Meet a minimum Common Equity Tier 1 capital ratio of 4.5% of risk-weighted assets;
- Meet a minimum Tier 1 capital ratio of 6.0% of risk-weighted assets;
- Meet a minimum Total capital ratio of 8.0% of risk-weighted assets;

- Maintain a "capital conservation buffer" of 2.5% above the minimum risk-based capital requirements, which must be maintained to avoid restrictions on capital distributions and certain discretionary bonus; and,

- Comply with the definition of capital to improve the ability of regulatory capital instruments to absorb losses.

Management believes, as of December 31, 2024, that the Corporation and the Bank meet all capital adequacy requirements to which they are subject. There are no subsequent conditions or events that management believes have changed the Bank's category.

The actual and required regulatory capital levels, leverage ratios and risk-based capital ratios as of December 31:

	Actual		For Capital Adequacy Purposes		To be Well Capitalized under Prompt Corrective Action Provisions [2]	
(Dollars in thousands)	Amount	Ratio	Amount [1]	Ratio [1]	Amount	Ratio
CORPORATION						
2024						
Tier 1 Leverage Capital (to average assets)	**$ 303,105**	**12.52%**	**$ 96,871**	**4.0%**	**N/A**	**N/A**
Common Equity Tier 1 Capital (to risk-weighted assets)	**297,772**	**16.27**	**82,343**	**4.5**	**N/A**	**N/A**
Tier 1 Capital (to risk-weighted assets)	**303,105**	**16.56**	**109,791**	**6.0**	**N/A**	**N/A**
Total Capital (to risk-weighted assets)	**335,949**	**18.36**	**146,388**	**8.0**	**N/A**	**N/A**
2023						
Tier 1 Leverage Capital (to average assets)	$ 280,135	11.57%	$ 96,822	4.0%	N/A	N/A
Common Equity Tier 1 Capital (to risk-weighted assets)	274,844	15.16	81,562	4.5	N/A	N/A
Tier 1 Capital (to risk-weighted assets)	280,135	15.46	108,749	6.0	N/A	N/A
Total Capital (to risk-weighted assets)	315,564	17.41	144,999	8.0	N/A	N/A
ACNB BANK						
2024						
Tier 1 Leverage Capital (to average assets)	**$ 290,567**	**12.03%**	**$ 96,652**	**4.0%**	**$ 120,815**	**5.0%**
Common Equity Tier 1 Capital (to risk-weighted assets)	**290,567**	**16.03**	**81,565**	**4.5**	**117,816**	**6.5**
Tier 1 Capital (to risk-weighted assets)	**290,567**	**16.03**	**108,753**	**6.0**	**145,005**	**8.0**
Total Capital (to risk-weighted assets)	**308,412**	**17.02**	**145,005**	**8.0**	**181,256**	**10.0**
2023						
Tier 1 Leverage Capital (to average assets)	$ 268,314	11.12%	$ 96,494	4.0%	$ 120,618	5.0%
Common Equity Tier 1 Capital (to risk-weighted assets)	268,314	14.86	81,260	4.5	117,375	6.5
Tier 1 Capital (to risk-weighted assets)	268,314	14.86	108,346	6.0	144,462	8.0
Total Capital (to risk-weighted assets)	288,742	15.99	144,462	8.0	180,577	10.0

[1] Amounts and ratios do not include capital conservation buffer.
[2] N/A - Not applicable as "well capitalized" applies only to banks.

Dividend Restrictions

Dividend payments by the Bank to the Corporation are subject to certain legal and regulatory limitations. As of December 31, 2024 $51.9 million of undistributed earnings of the Bank, included in consolidated retained earnings, was available for distribution to the Corporation as dividends without prior regulatory approval. Additionally, dividends paid by the Bank to the Corporation would be prohibited if the effect thereof would cause the Bank's capital to be reduced below applicable minimum capital requirements.

NOTE 15 — COMMITMENTS AND CONTINGENCIES

Commitments

The Corporation is a party to financial instruments with OBS risk in the normal course of business to meet the financing needs of its customers. These financial instruments consist primarily of commitments to extend credit (typically mortgages and commercial loans) and, to a lesser extent, standby letters of credit. To varying degrees, these instruments involve elements of credit and interest rate risk in excess of the amount recognized on the Consolidated Statements of Condition.

The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Corporation uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments. The Corporation does not anticipate any material losses from these commitments.

Commitments to extend credit, including commitments to grant loans and unfunded commitments under lines of credit, are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Corporation evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Corporation upon extensions of credit, is based on management's credit evaluation of the customer. Collateral held varies but may include accounts receivable, inventory, property and equipment and income-producing commercial properties. On loans secured by real estate, the Corporation generally requires loan to value ratios of no greater than 80%.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third-party. Those guarantees are primarily issued to support public and private borrowing arrangements and similar transactions. The terms of the letters of credit vary and may have renewal features. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to customers. The Corporation generally holds collateral and/or personal guarantees supporting those commitments for which collateral is deemed necessary. Management believes that the proceeds obtained through a liquidation of such collateral and the enforcement of guarantees would be sufficient to cover the maximum potential amount of future payments required under the corresponding guarantees.

The Corporation maintains a $5.0 million unsecured line of credit with a correspondent bank. The Corporation guarantees a note related to a $1.5 million commercial line of credit with a correspondent bank, with normal terms and conditions for such a line, for ACNB Insurance Services, the borrower. The commercial line of credit is for general working capital needs as they arise by the ACNB Insurance Services. The liability is recorded for the net drawn amount of this line, no further liability is recorded for the remaining line as to the guarantor's obligation as the guarantor would have full recourse from all assets of its wholly-owned subsidiary. There were no advances on these lines at December 31, 2024 and 2023.

The Corporation has not been required to perform on any financial guarantees, and has not incurred any losses on its commitments, during the past three years.

A summary of the Corporation's commitments at December 31 were as follows:

(In thousands)	**2024**	2023
Commitments to extend credit	**$ 372,839**	$ 403,300
Standby letters of credit	**15,103**	21,029

Contingencies

The Corporation is subject to claims and lawsuits which arise primarily in the ordinary course of business. Based on information presently available and advice received from legal counsel representing the Corporation in connection with any such claims and lawsuits, it is the opinion of management that the disposition or ultimate determination of any such claims and lawsuits will not have a material adverse effect on the consolidated financial position, consolidated results of operations or liquidity of the Corporation.

NOTE 16 — EARNINGS PER SHARE

The Corporation has a simple capital structure. Basic earnings per share of common stock is calculated as net income available to common shareholders divided by the weighted average number of shares outstanding less unvested restricted stock at the end of the period. Diluted earnings per share is calculated as net income available to common shareholders divided by the weighted average number of shares outstanding.

	Years Ended December 31,		
	2024	**2023**	**2022**
Weighted average shares outstanding (basic)	**8,503,473**	8,507,803	8,623,012
Dilutive effect of unvested shares	**33,492**	28,322	—
Weighted average shares outstanding (diluted)	**8,536,965**	8,536,125	8,623,012
Per share:			
Basic	**$ 3.75**	$ 3.72	$ 4.15
Diluted	**3.73**	3.71	4.15

There were no antidilutive instruments at December 31, 2024, 2023 and 2022.

NOTE 17 — STOCKHOLDERS' EQUITY

Accumulated Other Comprehensive Loss

Other comprehensive income includes unrealized gains and losses on investment securities AFS and unrealized gains and losses on changes in funded status of the pension plan which are also recognized as separate components of equity. The components of the accumulated other comprehensive loss, net of taxes, are as follows:

(In thousands)	**Unrealized (Losses) Gains on Securities**	**Pension Liability**	**Accumulated Other Comprehensive Loss**
Balance at December 31, 2021	$ (3,474)	$ (6,071)	$ (9,545)
Unrealized losses on AFS securities, net of income tax	(50,192)	—	(50,192)
Realized losses on securities, net of income tax	193	—	193
Amortization of unrealized losses on securities transferred to HTM, net of income tax	739	—	739
Amortization of pension net loss, net of income tax	—	317	317
Unrecognized pension net gain, net of income tax	—	476	476
Net current period other comprehensive (loss) income	$ (49,260)	$ 793	$ (48,467)
Balance at December 31, 2022	$ (52,734)	$ (5,278)	$ (58,012)
Unrealized gain on AFS securities, net of income tax	6,814	—	6,814
Realized losses on securities, net of income tax	4,052	—	4,052
Amortization of unrealized losses on securities transferred to HTM, net of income tax	916	—	916
Amortization of pension net loss, net of income tax	—	258	258
Unrecognized pension net gain, net of income tax	—	1,063	1,063
Net current period other comprehensive income	$ 11,782	$ 1,321	$ 13,103
Balance at December 31, 2023	$ (40,952)	$ (3,957)	$ (44,909)
Unrealized gain on AFS securities, net of income tax	**1,992**	**—**	**1,992**
Realized gains on securities, net of income tax	**(53)**	**—**	**(53)**
Amortization of unrealized losses on securities transferred to HTM, net of income tax	**853**	**—**	**853**
Amortization of pension net loss, net of income tax	**—**	**60**	**60**
Unrecognized pension net gain, net of income tax	**—**	**389**	**389**
Net current period other comprehensive income	**$ 2,792**	**$ 449**	**$ 3,241**
Balance at December 31, 2024	**$ (38,160)**	**$ (3,508)**	**$ (41,668)**

Dividend Reinvestment Plan

In January 2011, the Corporation offered stockholders the opportunity to participate in the ACNB Corporation Dividend Reinvestment and Stock Purchase Plan. The plan provides registered holders of ACNB Corporation common stock with a convenient way to purchase additional shares of common stock by permitting participants in the plan to automatically reinvest cash dividends on all or a portion of the shares owned and to make quarterly voluntary cash payments under the terms of the plan. Participation in the plan is voluntary, and there are eligibility requirements to participate in the plan. During 2024, 2023 and 2022, 21,750, 20,361 and 20,908 shares, respectively, were issued under this plan with proceeds in the amount of $832 thousand, $721 thousand and $713 thousand, respectively. Proceeds are used for general corporate purposes.

Stock Incentive Plan

On May 1, 2018, stockholders approved and ratified the ACNB Corporation 2018 Omnibus Stock Incentive Plan, effective as of March 20, 2018, in which awards shall not exceed, in the aggregate, 400,000 shares of common stock, plus any shares that were authorized, but not issued, under the ACNB Corporation 2009 Restricted Stock Plan. The ACNB Corporation 2009 Restricted Stock Plan expired by its own terms after 10 years on February 24, 2019. No further shares may be issued under this plan. The remaining 174,055 shares were transferred to the ACNB Corporation 2018 Omnibus Stock Incentive Plan.

As of December 31, 2024, 138,019 shares were issued under this plan, of which 38,438 were unvested. Plan expense is recognized over the vesting period of the stock issued and resulted in $1.3 million, $1.0 million and $729 thousand of compensation expense during the years ended December 31, 2024, 2023 and 2022, respectively.

Share Repurchase Plan

On October 24, 2022, the Corporation announced that the Board of Directors approved on October 18, 2022, a plan to repurchase, in open market and privately negotiated transactions, up to 255,575, or approximately 3%, of the outstanding shares of the Corporation's common stock. This new common stock repurchase program replaces and supersedes any and all earlier announced repurchase plans. There were 6,842 treasury shares purchased under this plan during the year ended December 31, 2024. As of December 31, 2024, 67,908 shares had been repurchased under this plan.

NOTE 18 — PARENT COMPANY ONLY FINANCIAL INFORMATION

CONDENSED STATEMENTS OF CONDITION

	December 31,	
(In thousands)	**2024**	**2023**
ASSETS		
Cash	**$ 19,826**	$ 16,647
Investment in banking subsidiary	**284,416**	258,748
Investment in other subsidiaries	**19,331**	20,023
Securities and other assets	**191**	1,107
Receivable from banking subsidiary	**63**	1,355
Total Assets	**$ 323,827**	$ 297,880
LIABILITIES AND STOCKHOLDERS' EQUITY		
Long-term borrowings	**$ 20,333**	$ 20,292
Other liabilities	**221**	127
Stockholders' equity	**303,273**	277,461
Total Liabilities and Stockholders' Equity	**$ 323,827**	$ 297,880

CONDENSED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)

(In thousands)	Years Ended December 31, 2024	2023	2022
Dividends from banking subsidiary	**$ 10,713**	$ 9,702	$ 9,117
Net (loss) gain on sales of securities	**—**	(7)	13
Other Income	**31**	41	519
	10,744	9,736	9,649
Expenses	**2,859**	1,934	1,653
	7,885	7,802	7,996
Income tax benefit	**426**	413	516
	8,311	8,215	8,512
Equity in undistributed earnings of subsidiaries	**23,535**	23,473	27,240
Net Income	**$ 31,846**	$ 31,688	$ 35,752
Comprehensive Income (Loss)	**$ 35,087**	$ 44,791	$ (12,715)

CONDENSED STATEMENTS OF CASH FLOWS

(In thousands)	Years Ended December 31, 2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 31,846**	$ 31,688	$ 35,752
Equity in undistributed earnings of subsidiaries	**(23,535)**	(23,473)	(27,240)
Decrease (increase) in receivable from banking subsidiary	**1,292**	153	(311)
Gain on sale of equity securities	**—**	(7)	(13)
Mark-to-market gain on equity securities	**—**	—	177
Gain on sale of low-income housing partnership	**—**	—	(421)
Other	**2,314**	439	(308)
Net Cash Provided by Operating Activities	**11,917**	8,800	7,636
CASH FLOWS FROM INVESTING ACTIVITIES			
Return on investment from subsidiary	**1,800**	—	13,000
Proceeds from sale of low-income housing partnership	**—**	—	421
Proceeds from sale of equity securities	**—**	592	811
Net Cash Used in Investing Activities	**1,800**	592	14,232
CASH FLOWS USED IN FINANCING ACTIVITIES			
Repayments on long-term borrowings	—	—	(2,700)
Dividends paid	**(10,713)**	(9,702)	(9,117)
Common stock repurchased	**(249)**	(2,027)	(6,681)
Common stock issued	**424**	721	1,442
Net Cash Used in Financing Activities	**(10,538)**	(11,008)	(17,056)
Net Increase (Decrease) in Cash and Cash Equivalents	**3,179**	(1,616)	4,812
CASH AND CASH EQUIVALENTS — BEGINNING	**16,647**	18,263	13,451
CASH AND CASH EQUIVALENTS — ENDING	**$ 19,826**	$ 16,647	$ 18,263

NOTE 19 — SEGMENT AND RELATED INFORMATION

The Corporation adopted the amendments of ASU 2023-07, “Segment Reporting (Topic 280)” related to annual disclosure requirements effective January 1, 2024. The Corporation’s reportable segments are determined by the ACNB Board of Directors. The reportable segments are determined by how operating decisions are made and performance is assessed. The CODM evaluates the financial performance of the various business components by evaluating revenue streams, significant expenses and budget to actual results in assessing the performance of the Corporation’s segments and in order to determine the allocation of resources. The ACNB Board of Directors has determined that the Corporation has two reporting segments, the Bank and ACNB Insurance Services and considers the President and CEO of ACNB Corporation to be the CODM of both reporting segments. Key measurements of performance in the banking segment are the net interest margin and the provision for credit losses, both which indicate the Bank’s ability to manage risk, and also the Bank’s ability to grow noninterest income and manage the largest noninterest expense, salaries and employee benefits. AIS Insurance Services is a subsidiary of the Corporation and is governed by its own Board of Directors. Key measurements of performance are revenues from commissions on insurance policies and the significant expense associated with those revenues are salaries and employee benefits. These two factors are significant in assessing the performance of the agency.

Reportable segment information and reconciliations to the consolidated financial information for the years ended December 31:

(In thousands)	Banking	Insurance	Other[1]	Total
2024				
Interest income	**$ 107,456**	**$ 4**	**$ 5**	**$ 107,465**
Noninterest income	**14,976**	**9,754**	**—**	**24,730**
Total consolidated revenues				**132,195**
Interest expense	**22,803**	**—**	**1,051**	**23,854**
Reversal of credit losses and unfunded commitments	**(2,763)**	**—**	**—**	**(2,763)**
Depreciation and amortization expense	**2,246**	**787**	**—**	**3,033**
Salaries and employee benefits	**36,670**	**5,869**	**390**	**42,929**
Other noninterest expense[2]	**21,758**	**1,574**	**1,391**	**24,723**
Income before income taxes	**41,718**	**1,528**	**(2,827)**	**40,419**
Provision for income taxes	**8,579**	**420**	**(426)**	**8,573**
Net income (loss)	**$ 33,139**	**$ 1,108**	**$ (2,401)**	**$ 31,846**
Total assets	**$ 2,377,180**	**$ 22,026**	**$ (4,376)**	**$ 2,394,830**
Goodwill	**$ 35,800**	**$ 8,385**	**$ —**	**$ 44,185**
Capital expenditures	**$ 929**	**$ 31**	**$ —**	**$ 960**
2023				
Interest income	$ 96,600	$ 3	$ 37	$ 96,640
Noninterest income	9,133	9,319	(7)	18,445
Total consolidated revenues				115,085
Interest expense	7,268	—	1,052	8,320
Provision for credit losses and unfunded commitments	844	—	—	844
Depreciation and amortization expense	2,515	847	—	3,362
Salaries and employee benefits	35,322	5,609	—	40,931
Other noninterest expense[2]	19,736	1,165	878	21,779
Income before income taxes	40,048	1,701	(1,900)	39,849
Provision for income taxes	8,139	435	(413)	8,161
Net income (loss)	$ 31,909	$ 1,266	$ (1,487)	$ 31,688
Total assets	$ 2,397,992	$ 23,187	$ (2,332)	$ 2,418,847
Goodwill	$ 35,800	$ 8,385	$ —	$ 44,185
Capital expenditures	$ 424	$ 744	$ —	$ 1,168
2022				
Interest income	$ 86,952	$ 2	$ 95	$ 87,049
Noninterest income	13,242	8,307	258	21,807
Total consolidated revenues				108,856
Interest expense	2,672	35	917	3,624
Depreciation and amortization expense	2,995	801	—	3,796
Salaries and employee benefits	30,941	5,038	—	35,979
Other noninterest expense[2]	18,826	1,123	557	20,506
Income before income taxes	44,760	1,312	(1,121)	44,951
Provision for income taxes	9,353	362	(516)	9,199
Net income (loss)	$ 35,407	$ 950	$ (605)	$ 35,752
Total assets	$ 2,487,272	$ 21,414	$ 16,821	$ 2,525,507
Goodwill	$ 35,800	$ 8,385	$ —	$ 44,185
Capital expenditures	$ 1,783	$ 28	$ —	$ 1,811

[1] Includes the holding company and intercompany eliminations, including the intersegment elimination of interest income and interest expense.
[2] Other noninterest expense for Banking includes equipment, net occupancy, professional services, other tax, FDIC and regulatory and merger-related expenses. Other noninterest expense for Insurance includes equipment, net occupancy and professional services expenses.

ITEM 9—CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A—CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Corporation carried out an evaluation, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective in timely alerting them to material information relating to the Corporation (including its consolidated subsidiaries) required to be included in periodic SEC filings.

Based on the evaluation of the effectiveness of the design and operation of the disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures were effective as of December 31, 2024. The Corporation believes that the accompanying Consolidated Financial Statements fairly present the financial condition and results of operations for the fiscal years presented in this report on Form 10-K.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no changes made to the Corporation's internal control over financial reporting that materially affected, or would be reasonably likely to materially affect, the Corporation's internal control over financial reporting.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

ACNB is responsible for the preparation, integrity, and fair presentation of the Consolidated Financial Statements included in this annual report. The Consolidated Financial Statements and notes included in this annual report have been prepared in conformity with GAAP and, as such, include some amounts that are based on management's best estimates and judgments.

ACNB's management is responsible for establishing and maintaining effective internal control over financial reporting. The system of internal control over financial reporting, as it relates to the Consolidated Financial Statements, is evaluated for effectiveness by management and tested for reliability through a program of internal audits and management testing and review. Actions are taken to correct potential deficiencies as they are identified. Any system of internal control, no matter how well designed, has inherent limitations, including the possibility that a control can be circumvented or overridden and misstatements due to error or fraud may occur and not be detected. Also, because of changes in conditions, internal control effectiveness may vary over time. Accordingly, even an effective system of internal control will provide only reasonable assurance with respect to financial statement preparation.

The Board of Directors of ACNB, through its Audit Committee, meets regularly with management, internal auditors and the independent registered public accounting firm. The Audit Committee provides oversight to ACNB by reviewing audit plans and results, and evaluates management's actions for internal control, accounting and financial reporting matters. The internal auditors and independent registered public accounting firm have direct and confidential access to the Audit Committee to discuss the results of their examinations.

Management assessed the effectiveness of ACNB's internal control over financial reporting as of December 31, 2024. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its *Internal Control—Integrated Framework (2013)*. Based on our assessment, management concluded that as of December 31, 2024, ACNB's internal control over financial reporting is effective and meets the criteria of the *Internal Control—Integrated Framework (2013)*.

ACNB's independent registered public accounting firm, which audited the Consolidated Financial Statements included in this annual report, has issued an attestation report on ACNB's internal control over financial reporting as of December 31, 2024 that appears in Item 8 of this Form 10-K and is incorporated into this item by reference.

/s/ JAMES P. HELT	/s/ JASON H. WEBER
James P. Helt President & Chief Executive Officer	Jason H. Weber Executive Vice President/Treasurer & Chief Financial Officer

ITEM 9B—OTHER INFORMATION

During the three months ended December 31, 2024, no director or officer of the Corporation adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C—DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

PART III

ITEM 10—DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item 10, relating to directors, executive officers, and control persons, is set forth in sections "Information as to Nominees and Directors", "Executive Officers of ACNB Corporation and its subsidiaries", "Meetings and Committees of the Board of Directors", "Audit Committee Report", "Delinquent Section 16(a) Reports" and "Insider Trading Policies and Procedures" of ACNB Corporation's definitive Proxy Statement to be used in connection with the 2025 Annual Meeting of Stockholders, which pages are incorporated herein by reference.

The Corporation first adopted a Code of Ethics that applies to directors, officers and employees of the Corporation and its subsidiaries in 2003. A copy of the Code of Ethics, as most recently approved by the Corporation's Board of Directors on February 20, 2024, is available under the Governance Documents section of the Corporation's Investor Relations website at investor.acnb.com. A request for the Corporation's Code of Ethics can be made either in writing to Chief Governance Officer, ACNB Corporation, 16 Lincoln Square, P.O. Box 3129, Gettysburg, Pennsylvania 17325 or by telephone at 717-334-3161.

There have been no material changes to the procedures by which stockholders may recommend nominees to the Corporation's Board of Directors.

ITEM 11—EXECUTIVE COMPENSATION

Incorporated by reference in response to this Item 11 is the information appearing under the headings "Director Compensation," "Executive Compensation", "Potential Payments Upon Termination or Change In Control" and "Pay versus Performance table" in ACNB Corporation's 2025 definitive Proxy Statement.

ITEM 12—SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference in response to this Item 12 is the information appearing under the heading "Share Ownership" in ACNB Corporation's 2025 definitive Proxy Statement which the Corporation intends to file with the SEC not later than 120 days after the end of the 2024 fiscal year.

The following table provides information about shares of the Corporation's stock that may be issued under existing equity compensation plans as of December 31, 2024:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	—	$ —	**436,036**
Equity compensation plans not approved by security holders	—	—	—
Total	—	$ —	**436,036**

ITEM 13—CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Incorporated by reference in response to this Item 13 is the information appearing under the headings "Transactions with Directors and Executive Officers" and "Governance of the Corporation" in ACNB Corporation's 2025 definitive Proxy Statement.

ITEM 14—PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated by reference in response to this Item 14 is the information appearing under the heading "Independent Auditors" in ACNB Corporation's 2025 definitive Proxy Statement.

PART IV

ITEM 15—EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. FINANCIAL STATEMENTS

The following financial statements are filed as part of this report:

Report of Independent Registered Public Accounting Firm

Consolidated Statements of Condition

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income (Loss)

Consolidated Statements of Changes in Stockholders' Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

2. FINANCIAL STATEMENT SCHEDULES

Financial statement schedules are omitted because the required information is either not applicable, not required, or is shown in the respective Consolidated Financial Statements or in the notes thereto.

3. THE EXHIBITS FILED HEREWITH OR INCORPORATED BY REFERENCE AS A PART OF THIS ANNUAL REPORT ARE SET FORTH IN (b) BELOW.

(b) EXHIBITS

The following exhibits are included in this report:

Exhibit 2.1 Agreement and Plan of Reorganization by and among ACNB Corporation, ACNB South Acquisition Subsidiary, LLC, ACNB Bank, New Windsor Bancorp, Inc., and New Windsor State Bank dated as of November 21, 2016, as amended. (Incorporated by reference to Annex A of the Registrant's Registration Statement No. 333-215914 on Form S-4, filed with the Commission on February 6, 2017.) Schedules are omitted; the Registrant agrees to furnish copies of Schedules to the Securities and Exchange Commission upon request.

Exhibit 2.2 Amendment No. 2 to Agreement and Plan of Reorganization by and among ACNB Corporation, ACNB South Acquisition Subsidiary, LLC, ACNB Bank, New Windsor Bancorp, Inc., and New Windsor State Bank dated as of April 18, 2017. (Incorporated by reference to Exhibit 2.2 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, filed with the Commission on August 4, 2017.)

Exhibit 2.3 Agreement and Plan of Reorganization by and among ACNB Corporation, ACNB South Acquisition Subsidiary, LLC, ACNB Bank, Frederick County Bancorp, Inc. and Frederick County Bank dated as of July 1, 2019. (Incorporated by reference to Annex A of the Registrant's Registration Statement No. 333-233791 on Form S-4, filed with the Commission on September 16, 2019.) Schedules are omitted; the Registrant agrees to furnish copies of Schedules to the Securities and Exchange Commission upon request.

Exhibit 2.4 Agreement and Plan of Reorganization by and among ACNB Corporation, ACNB South Acquisition Subsidiary, LLC, ACNB Bank, Traditions Bancorp, Inc. and Traditions Bank dated as of July 23, 2024. (Incorporated by reference to Annex A of the Registrant's Registration Statement No. 333-282412 on Form S-4, filed with the Commission on October 23, 2024.) Schedules are omitted; the Registrant agrees to furnish copies of Schedules to the Securities and Exchange Commission upon request.

Exhibit 3(i) Amended and Restated Articles of Incorporation of ACNB Corporation. (Incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K, filed with the Commission on May 7, 2018.)

Exhibit 3(ii) Amended and Restated Bylaws of ACNB Corporation. (Incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K, filed with the Commission on February 21, 2024.)

Exhibit 4.1	Form of ACNB Corporation 4.00% Fixed-to-Floating Rate Subordinated Note due March 31, 2031. (Incorporated by reference to Exhibit 4.1 of the Registrant's Current Report on Form 8-K, filed with the Commission on March 30, 2021.)
Exhibit 10.1	ACNB Bank Amended and Restated Executive Supplemental Life Insurance Plan — Applicable to James P. Helt, Douglas A. Seibel and Laurie A. Laub. (Incorporated by reference to Exhibit 10.3 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Commission on March 6, 2015.)
Exhibit 10.2	ACNB Bank Amended and Restated Director Supplemental Life Insurance Plan — Applicable to Kimberly S. Chaney, Frank Elsner, III, Todd L. Herring, Scott L. Kelley, James J. Lott, Donna M. Newell, Daniel W. Potts, D. Arthur Seibel, Jr. and Alan J. Stock. (Incorporated by reference to Exhibit 10.4 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Commission on March 6, 2015.)
Exhibit 10.3	ACNB Bank Amended and Restated Director Deferred Fee Plan — Applicable to Kimberly S. Chaney, Frank Elsner, III, Todd L. Herring, Scott L. Kelley, James J. Lott, Donna M. Newell, Marian B. Schultz, D. Arthur Seibel, Jr. and Alan J. Stock. (Incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K, filed with the Commission on January 6, 2012.)
Exhibit 10.4	ACNB Bank Salary Savings Plan. (Incorporated by reference to Exhibit 10.4 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, filed with the Commission on November 4, 2022.)
Exhibit 10.5	Group Pension Plan for Employees of ACNB Bank. (Incorporated by reference to Exhibit 10.5 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022, filed with the Commission on November 4, 2022.)
Exhibit 10.6	ACNB Corporation 2009 Restricted Stock Plan. (Incorporated by reference to Appendix C of the Registrant's Definitive Proxy Statement on Schedule 14A, filed with the Commission on March 25, 2009.)
Exhibit 10.7	Salary Continuation Agreement by and between ACNB Bank and James P. Helt dated as of March 28, 2012. (Incorporated by reference to Exhibit 10.20 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the Commission on March 7, 2014.)
Exhibit 10.8	ACNB Bank Variable Compensation Plan effective January 1, 2014, as amended. (Incorporated by reference to Exhibit 10.16 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Commission on March 14, 2022.)
Exhibit 10.9	Amended and Restated Employment Agreement by and among ACNB Corporation, ACNB Bank and James P. Helt dated as of October 5, 2022. (Incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K, filed with the Commission on October 7, 2022.)
Exhibit 10.10	ACNB Corporation 2018 Omnibus Stock Incentive Plan. (Incorporated by reference to Exhibit A of the Registrant's Definitive Proxy Statement on Schedule 14A, filed with the Commission on March 27, 2018.)
Exhibit 10.11	Form of Exhibit B Split Dollar Policy Endorsement to ACNB Bank Amended and Restated Director Supplemental Life Insurance Plan dated November 27, 2018. (Incorporated by reference to Exhibit 99.4 of the Registrant's Current Report of Form 8-K, filed with the Commission on November 28, 2018.)
Exhibit 10.12	Salary Continuation Agreement by and between ACNB Bank and James P. Helt dated as of November 27, 2018. (Incorporated by reference to Exhibit 99.1 of the Registrant's Current Report on Form 8-K, filed with the Commission on November 28, 2018.)
Exhibit 10.13	Form of Subordinated Note Purchase Agreement dated March 30, 2021, by and among ACNB Corporation and the Purchasers. (Incorporated by reference to Exhibit 10.1 of the Registrant's Current Report on Form 8-K, filed with the Commission on March 30, 2021.)
Exhibit 10.14	Amended and Restated Employment Agreement by and among ACNB Corporation, ACNB Bank and Jason H. Weber dated as of October 5, 2022. (Incorporated by reference to Exhibit 99.2 of the Registrant's Current Report on Form 8-K, filed with the Commission on October 7, 2022.)
Exhibit 10.15	Form of ACNB Bank Variable Compensation Plan Restricted Stock Agreement for Employees dated as of March 15, 2022. (Incorporated by reference to Exhibit 99.3 of the Registrant's Current Report on Form 8-K, filed with the Commission on March 21, 2022.)
Exhibit 10.16	Form of ACNB Bank Variable Compensation Plan Restricted Stock Agreement for Non-Employee Directors dated as of March 15, 2022. (Incorporated by reference to Exhibit 99.4 of the Registrant's Current Report on Form 8-K, filed with the Commission on March 21, 2022.)

Exhibit 10.17	Salary Continuation Agreement by and between ACNB Bank and James P. Helt dated as of October 5, 2022. (Incorporated by reference to Exhibit 99.3 of the Registrant's Current Report on Form 8-K, filed with the Commission on October 7, 2022.)
Exhibit 10.18	Salary Continuation Agreement by and between ACNB Bank and Jason H. Weber dated as of October 5, 2022. (Incorporated by reference to Exhibit 99.4 of the Registrant's Current Report on Form 8-K, filed with the Commission on October 7, 2022.)
Exhibit 10.19	First Amendment to ACNB Bank Salary Continuation Agreement by and between ACNB Bank and James P. Helt dated as of October 5, 2022. (Incorporated by reference to Exhibit 99.5 of the Registrant's Current Report on Form 8-K, filed with the Commission on October 7, 2022.)
Exhibit 10.20	First Amendment to ACNB Bank Salary Continuation Agreement by and between ACNB Bank and Jason H. Weber dated as of October 5, 2022. (Incorporated by reference to Exhibit 99.7 of the Registrant's Current Report on Form 8-K, filed with the Commission on October 7, 2022.)
Exhibit 10.21	Salary Continuation Agreement by and between ACNB Bank and Jason H. Weber dated as of January 31, 2022. (Incorporated by reference to Exhibit 99.8 of the Registrant's Current Report on Form 8-K, filed with the Commission on October 7, 2022.)
Exhibit 10.22	Amended and Restated Employment Agreement between ACNB Bank and Douglas A. Seibel dated as of October 20, 2022. (Incorporated by reference to Exhibit 10.31 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Commission on March 3, 2023.)
Exhibit 10.23	Supplemental Executive Retirement Plan by and between ACNB Bank and Douglas A. Seibel dated as of November 27, 2018. (Incorporated by reference to Exhibit 99.2 of the Registrant's Current Report on Form 8-K, filed with the Commission on November 28, 2018.)
Exhibit 10.24	Supplemental Executive Retirement Plan by and between ACNB Bank and Douglas A. Seibel dated as of October 20, 2022. (Incorporated by reference to Exhibit 10.33 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2022, filed with the Commission on March 3, 2023.)
Exhibit 10.25	Form of ACNB Bank Variable Compensation Plan Restricted Stock Agreement for Employees dated as of March 15, 2023. (Incorporated by reference to Exhibit 99.3 of the Registrant's Current Report on Form 8-K, filed with the Commission on March 21, 2023.)
Exhibit 10.26	Amended and Restated Employment Agreement between ACNB Bank and Laurie A. Laub dated as of October 6, 2022. (Incorporated by reference to Exhibit 10.31 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Commission on March 14, 2024.)
Exhibit 10.27	First Amendment to ACNB Bank Salary Continuation Agreement by and between ACNB Bank and Laurie A. Laub dated as of October 6, 2022. (Incorporated by reference to Exhibit 10.32 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Commission on March 14, 2024.)
Exhibit 10.28	Salary Continuation Agreement by and between ACNB Bank and Laurie A. Laub dated as of October 6, 2022. (Incorporated by reference to Exhibit 10.33 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Commission on March 14, 2024.)
Exhibit 10.29	First Amendment to ACNB Bank Amended and Restated Executive Supplemental Life Insurance Plan dated December 31, 2014. (Incorporated by reference to Exhibit 99.2 of the Registrant's Current Report on Form 8-K, filed with the Commission on November 3, 2023.)
Exhibit 10.30	ACNB Bank 2023 Executive Supplemental Life Insurance Plan dated November 1, 2023 and Participant Election Form. (Incorporated by reference to Exhibit 99.3 of the Registrant's Current Report on Form 8-K, filed with the Commission on November 3, 2023.)
Exhibit 10.31	Form of ACNB Bank Variable Compensation Plan Restricted Stock Agreement for Employees dated as of March 15, 2024. (Incorporated by reference to Exhibit 99.3 of the Registrant's Current Report on Form 8-K, filed with the Commission on March 20, 2024.)
Exhibit 10.32	Employment Agreement by and between ACNB Corporation, ACNB Bank and Brett D. Fulk dated as of September 6, 2022.
Exhibit 10.33	Salary Continuation Agreement by and between ACNB Bank and Brett D. Fulk dated as of September 6, 2022.
Exhibit 10.34	Deferred Compensation Agreement by and between ACNB Bank and Brett D. Fulk dated as of September 6, 2022.
Exhibit 19	Insider Trading Policy
Exhibit 21	Subsidiaries of the Registrant.
Exhibit 23.1	Consent of Crowe LLP

Exhibit 31.1	Chief Executive Officer Certification of Annual Report on Form 10-K.
Exhibit 31.2	Chief Financial Officer Certification of Annual Report on Form 10-K.
Exhibit 32.1	Chief Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2	Chief Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 97	Excess Incentive Compensation Recovery Policy Statement. (Incorporated by reference to Exhibit 97 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Commission on March 14, 2024.)
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase.
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase.
Exhibit 101.INS	XBRL Instance Document – The Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
Exhibit 101.SCH	XBRL Taxonomy Extension Schema.
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase.
Exhibit 104	Cover Page Interactive Date File (formatted as Inline XBRL and contained in Exhibit 101).

ITEM 16—FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ACNB CORPORATION	March 14, 2025
(Registrant)	Date

By: /s/ JAMES P. HELT
James P. Helt
President & Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed on March 14, 2025, by the following persons in the capacities indicated.

/s/ JASON H. WEBER
Jason H. Weber
Executive Vice President/
Treasurer & Chief Financial Officer
(Principal Financial Officer)

/s/ JAMES P. HELT
James P. Helt
Director and President & Chief Executive Officer

/s/ ELIZABETH F. CARSON
Elizabeth F. Carson
Director

/s/ JAMES J. LOTT
James J. Lott
Director

/s/ KIMBERLY S. CHANEY
Kimberly S. Chaney
Director

/s/ DONNA M. NEWELL
Donna M. Newell
Director

/s/ ALEXANDRA C. CHIARUTTINI
Alexandra C. Chiaruttini
Director

/s/ JOHN M. POLLI
John M. Polli
Director

/s/ EUGENE J. DRAGANOSKY
Eugene J. Draganosky
Director

/s/ DANIEL W. POTTS
Daniel W. Potts
Director

/s/ FRANK ELSNER, III
Frank Elsner, III
Director

/s/ D. ARTHUR SEIBEL, JR.
D. Arthur Seibel, Jr.
Director

/s/ TODD L. HERRING
Todd L. Herring
Director and Vice Chairman of the Board

/s/ ALAN J. STOCK
Alan J. Stock
Director and Chairman of the Board

/s/ SCOTT L. KELLEY
Scott L. Kelley
Director