

## Report to Stockholders

ACNB Corporation reported year-to-date net income of \$3,550,000 for the six months ended June 30, 2009, compared to \$4,538,000 over the same six-month period in 2008, a decrease of \$988,000 or 22%. Net income on a per share basis amounted to \$.60 for the first half of 2009 and was \$.76 for the same period in 2008.

The Corporation reported net income of \$1,433,000 for the three months ended June 30, 2009, compared to \$2,330,000 for the same quarter in 2008, a decrease of \$897,000 or 38%. Net income on a per share basis amounted to \$.24 for the second quarter of 2009 and was \$.39 for the same period in 2008.

The corporate balance sheet continued to produce solid net interest income, which improved by \$1,892,000, or nearly 14%, when comparing the first half of 2009 to the first half of 2008. However, earnings were negatively impacted by increases of \$1,680,000 in the provision for loan losses and \$1,128,000 in FDIC insurance expense when comparing these same periods.

In maintaining the payment of regular quarterly cash dividends in support of ACNB Corporation stockholders, dividends paid for the second quarter of 2009 totaled more than \$1,100,000, or \$.19 per share. This cash dividend of \$.19 per share was paid on June 15, 2009, to stockholders of record on June 1, 2009. Aggregate dividends paid to stockholders year-to-date in 2009 were more than \$2,200,000, or \$.38 per share, as of June 30, 2009. In comparison to a year ago, ACNB Corporation also paid \$.38 in dividends per share during the first six months of 2008.

Total assets of ACNB Corporation on June 30, 2009, were \$961 million, an increase of 3% from June 30, 2008. Total deposits increased by 4% over the previous year to \$726 million. Total loans not held for sale rose by 8% to \$647 million, as compared to June 30, 2008. An increase of 1% in stockholders'

equity resulted in an aggregate of \$85.1 million on June 30, 2009—fortifying the position of the banking subsidiary as remaining well capitalized by regulatory standards.

Working each business day within ACNB Corporation's subsidiaries, there are more than 300 people. These are people who serve our organization with dedication and energy. We sincerely thank our coworkers for their daily endeavors to further the mission of ACNB Corporation.

We also commend the members of the Board of Directors for their individual and collective contributions in guiding the path of ACNB Corporation's future. Their continued commitment is essential during these times.

To you, as stockholders in our business, we also extend our humble gratitude. Thank you for your investment and confidence in ACNB Corporation as we move forward.



**Ronald L. Hankey**  
Chairman



**Thomas A. Ritter**  
President & Chief Executive Officer



**Lynda L. Glass**  
Executive Vice President & Secretary



**David W. Cathell**  
Executive Vice President,  
Treasurer & Chief Financial Officer

## Boards of Directors

### **ACNB CORPORATION AND ADAMS COUNTY NATIONAL BANK BOARDS OF DIRECTORS**

|                   |                    |
|-------------------|--------------------|
| Philip P. Asper   | John R. Schnitzer  |
| Frank Elsner, III | Marian B. Schultz  |
| Ronald L. Hankey  | Alan J. Stock      |
| James J. Lott     | Jennifer L. Weaver |
| Robert W. Miller  | Harry L. Wheeler   |
| Daniel W. Potts   | James E. Williams  |
| Thomas A. Ritter  |                    |

### **ADAMS COUNTY NATIONAL BANK DIRECTORS EMERITI**

|                  |                   |
|------------------|-------------------|
| Guy F. Donaldson | Edgar S. Heberlig |
| D. Richard Guise | Wayne E. Lau      |

### **ADAMS COUNTY NATIONAL BANK HONORARY DIRECTORS**

|                    |                    |
|--------------------|--------------------|
| Dana P. Brandt     | William B. Lower   |
| J. Thomas Derick   | Mervin J. Morrison |
| Frank C. Egger     | W. Irvin Nelson    |
| Richard L. Galusha | Ralph S. Sandoe    |
| Philip M. Jones    | L. Robert Snyder   |

### **RUSSELL INSURANCE GROUP, INC. BOARD OF DIRECTORS**

|                  |                       |
|------------------|-----------------------|
| Lynda L. Glass   | Thomas A. Ritter      |
| Ronald L. Hankey | Frank C. Russell, Jr. |
| Daniel W. Potts  |                       |

## Officers

### **ACNB CORPORATION**

Ronald L. Hankey, Chairman  
Thomas A. Ritter, President & Chief Executive Officer  
Lynda L. Glass, Executive Vice President & Secretary  
David W. Cathell, Executive Vice President, Treasurer & Chief Financial Officer

### **ADAMS COUNTY NATIONAL BANK**

Ronald L. Hankey, Chairman  
Thomas A. Ritter, President & Chief Executive Officer  
David W. Cathell, Executive Vice President, Cashier & Chief Financial Officer  
Lynda L. Glass, Executive Vice President & Chief Operating Officer  
James P. Helt, Executive Vice President/Banking Services  
Sandra A. Deaner, Senior Vice President/Human Resources  
Paul H. Ketterman, Jr., Senior Vice President & Senior Trust Officer  
John M. Kiehl, Senior Vice President & Chief Risk Officer  
Laurie A. Laub, Senior Vice President & Chief Credit Officer  
Dorothy K. Puhl, Senior Vice President/Information Systems  
Carl L. Ricker, Senior Vice President/Retail Lending  
Douglas A. Seibel, Senior Vice President/Commercial Lending  
Thomas R. Stone, Senior Vice President/Retail Banking

## Officers CONTINUED

### **FIRST VICE PRESIDENTS**

|                    |                     |
|--------------------|---------------------|
| Gina D. Digirolamo | Dennis R. Hollinger |
| L. John Hicks      | R. Mark Purdy       |

### **VICE PRESIDENTS**

|                     |                       |
|---------------------|-----------------------|
| Timothy A. Berwager | William D. Kough, Jr. |
| Wayne G. Crum       | Barbara A. Lang       |
| David W. Deaner     | Beth W. Lesko         |
| Barry C. Dillman    | Scott A. Miller       |
| Michael D. Farley   | Jeffrey A. Pottorff   |
| Ryan A. Fox         | Gary W. Rappoldt      |
| Robert A. Hahn      | Wendy D. Roth         |
| Kathy S. Hansel     | Debra T. Sites        |
| Stephen C. Hawbaker | Rhonda L. Winterstein |
| Helen A. Jahn       | Merle J. Zehr         |

### **ASSISTANT VICE PRESIDENTS**

|                        |                     |
|------------------------|---------------------|
| Karen B. Arthur        | Ginny L. Huntsberry |
| Kevin L. Cook          | William A. Kauffman |
| Steven E. Ebersole     | George F. Marguglio |
| Kim D. Elmo            | Celeste M. Miller   |
| Kimberly S. Flickinger | Shelby L. Pentz     |
| Carolyn E. Groft       | Karen J. Redding    |
| Barbara D. Guise       | Susan M. Saylor     |
| Jane E. Gwyn           | Christine R. Settle |
| Scott E. Hartlaub      | Lisa A. Smith       |
| Nancy E. Helwig        | Tina M. Steckler    |

### **FARMERS NATIONAL BANK OF NEWVILLE A DIVISION OF ADAMS COUNTY NATIONAL BANK**

Carolyn H. Kough, Executive Vice President  
James E. Showvaker, Vice President  
Douglas R. Lindsay, Assistant Vice President

### **RUSSELL INSURANCE GROUP, INC.**

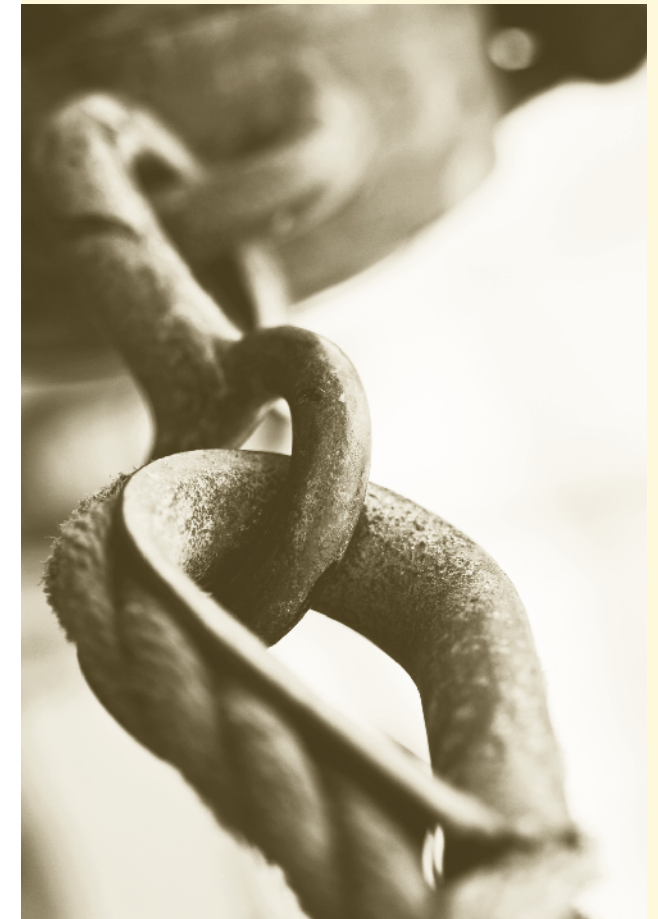
Frank C. Russell, Jr., President & Chief Executive Officer  
Daniel J. Coughlin, Vice President  
David W. Cathell, Vice President & Treasurer  
Lynda L. Glass, Vice President & Secretary



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**Q2**  
**2009**  
**REVIEW**





ACNB Corporation, headquartered in Gettysburg, PA, is the financial holding company for the wholly-owned subsidiaries of Adams County National Bank, Gettysburg, PA, and Russell Insurance Group, Inc., Westminster, MD.

Through its banking subsidiary of Adams County National Bank, ACNB Corporation provides a wide array of consumer, commercial and fiduciary services to fulfill the financial needs of individuals, businesses, public entities, and community organizations in its trading area. Originally founded in 1857, Adams County National Bank serves its marketplace via a network of 18 retail banking offices located throughout Adams County, PA, and in Dillsburg and Hanover, York County, PA. In addition, the Bank operates loan offices in Hanover, York County, and Chambersburg, Franklin County, PA. Farmers National Bank of Newville, a division of Adams County National Bank, serves customers at three retail banking offices in the Newville, Cumberland County, PA, area.

Russell Insurance Group, Inc., the insurance subsidiary of ACNB Corporation, offers a broad range of commercial and personal insurance lines through licenses in 36 states, including Maryland and Pennsylvania. This full-service insurance agency has office locations in Westminster, Carroll County, MD, and Germantown, Montgomery County, MD.

## Consolidated Statements of Condition UNAUDITED

| ASSETS <small>DOLLARS IN THOUSANDS</small>   | JUNE 30          |                  |
|--|------------------|------------------|
|  | 2009             | 2008             |
| Cash and due from banks  | \$ 19,424        | \$ 21,458        |
| Investment securities:   |                  |                  |
| Securities held-to-maturity, fair value<br>(\$10,191 and \$0 in 2009 and 2008, respectively) | 10,064           | —                |
| Securities available-for-sale  | 211,504          | 246,347          |
| Total investment securities  | 221,568          | 246,347          |
| Loans  | 653,290          | 599,380          |
| Less: Allowance for possible loan losses   | 9,860            | 6,337            |
| Net loans  | 643,430          | 593,043          |
| Premises and equipment   | 14,892           | 14,375           |
| Restricted investments in bank stocks  | 9,170            | 7,401            |
| Investment in bank-owned life insurance  | 25,798           | 24,799           |
| Other assets   | 26,665           | 23,973           |
| <b>TOTAL ASSETS</b>  | <b>\$960,947</b> | <b>\$931,396</b> |

### LIABILITIES

|                          |                |                |
|--------------------------|----------------|----------------|
| Deposits:                |                |                |
| Non-interest bearing     | \$ 90,568      | \$ 90,526      |
| Interest bearing         | 634,949        | 604,498        |
| <b>TOTAL DEPOSITS</b>    | <b>725,517</b> | <b>695,024</b> |
| Short-term borrowings    | 52,017         | 39,351         |
| Long-term borrowings     | 85,496         | 105,100        |
| Other liabilities        | 12,789         | 7,738          |
| <b>TOTAL LIABILITIES</b> | <b>875,819</b> | <b>847,213</b> |

### STOCKHOLDERS' EQUITY

|  |                  |                  |
|--|------------------|------------------|
| Common stock (par value \$2.50; 20,000,000 shares authorized; 5,990,943 shares issued; 5,928,343 and 5,990,943 shares outstanding for 2009 and 2008, respectively) | 14,977           | 14,977           |
| Treasury stock, at cost (62,600 and 0 shares in 2009 and 2008, respectively)   | (728)            | —                |
| Additional paid-in capital   | 8,787            | 8,787            |
| Retained earnings  | 64,206           | 62,955           |
| Accumulated other comprehensive loss   | (2,114)          | (2,536)          |
| <b>TOTAL STOCKHOLDERS' EQUITY</b>  | <b>85,128</b>    | <b>84,183</b>    |
| <b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>  | <b>\$960,947</b> | <b>\$931,396</b> |

In addition to historical information, this Quarterly Review may contain forward-looking statements which 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. Actual results may differ materially from those projected in such forward-looking statements due to various risks and uncertainties such as economic conditions, competitive factors, and regulatory limitations. For a discussion of specific factors that may adversely affect financial results and condition and cause actual results to differ from expectations, please refer to ACNB Corporation's Annual Report on Form 10-K for the year ended December 31, 2008, and the most recent Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission and available on the SEC's website at [www.sec.gov](http://www.sec.gov).

## Consolidated Statements of Income UNAUDITED

| DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA                  | SIX MONTHS ENDED JUNE 30 |                 |
|--|--------------------------|-----------------|
|  | 2009                     | 2008            |
| Interest income  | \$23,195                 | \$23,977        |
| Less: Interest expense                                       | 7,356                    | 10,030          |
| Net interest income  | 15,839                   | 13,947          |
| Less: Provision for possible loan losses                     | 2,350                    | 670             |
| Net interest income after provision for possible loan losses | 13,489                   | 13,277          |
| Add: Other income  | 6,211                    | 5,321           |
| Less: Other expense  | 15,463                   | 12,919          |
| Income before income taxes                                   | 4,237                    | 5,679           |
| Less: Applicable income taxes                                | 687                      | 1,141           |
| <b>NET INCOME</b>  | <b>\$ 3,550</b>          | <b>\$ 4,538</b> |
| <b>EARNINGS PER SHARE</b>                                    | <b>\$ 0.60</b>           | <b>\$ 0.76</b>  |
| <b>DIVIDENDS PER SHARE</b>                                   | <b>\$ 0.38</b>           | <b>\$ 0.38</b>  |

## Common Stock Market Prices and Dividends

ACNB Corporation's common stock trades on the Over The Counter Bulletin Board under the symbol ACNB. As of June 30, 2009, the approximate number of stockholders of record of the Corporation's common stock was 2,598.

The following table reflects the quarterly high and low prices of ACNB Corporation's common stock for the last eight quarters and the cash dividends paid on the common stock for the same periods.

| QUARTER ENDED      | PRICE RANGE<br>PER SHARE |         | PER SHARE DIVIDEND |
|--------------------|--------------------------|---------|--------------------|
|                    | HIGH                     | LOW     |                    |
| June 30, 2009      | \$12.10                  | \$ 9.25 | \$ 0.19            |
| March 31, 2009     | 12.48                    | 7.75    | 0.19               |
| December 31, 2008  | 15.00                    | 10.40   | 0.19               |
| September 30, 2008 | 16.40                    | 14.50   | 0.19               |
| June 30, 2008      | 16.40                    | 13.52   | 0.19               |
| March 31, 2008     | 15.75                    | 14.12   | 0.19               |
| December 31, 2007  | 16.85                    | 14.80   | 0.19               |
| September 30, 2007 | 17.60                    | 15.95   | 0.19               |

All 2007 amounts restated for the 5% common stock dividend distributed in December 2007.