

ACNB CORP
Form 8-K
January 24, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 24, 2018**

ACNB Corporation

(Exact name of Registrant as specified in its charter)

Pennsylvania
(State or other
jurisdiction of
incorporation)

1-35015
(Commission
File Number)

23-2233457
(IRS Employer
Identification No.)

16 Lincoln Square, Gettysburg, PA
(Address of principal executive offices)

17325
(Zip Code)

717.334.3161

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(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the Registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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. ☐

CURRENT REPORT ON FORM 8-K

ITEM 8.01 Other Events

On December 22, 2017, the United States government enacted comprehensive federal tax legislation, known as the Tax Cuts and Jobs Act (the Tax Act). The Tax Act made broad and complex changes to the U.S. tax code, including a reduction in the base federal corporate tax rate from the prior existing statutory rate, which was 35% for ACNB Corporation (the Company), to 21%. The Company continues to analyze the Tax Act to determine the full effects of the new law, including a new lower corporate tax rate, on its financial condition and results of operations.

Based on preliminary estimates and current accounting guidance, the Company estimates that the Tax Act will result in a one-time, noncash charge against 2017 net income of approximately \$1.7 million, primarily due to the write-down of the Company's net deferred tax assets due to the Tax Act's reduction in the base corporate tax rate to 21%. This estimate is based on a preliminary review and analysis of the Company's net deferred tax assets at December 31, 2017, as well as expected adjustments to various deferred tax assets and deferred tax liabilities in the fourth quarter, including those accounted for in accumulated other comprehensive income. The write-down is expected to result in a reduction of net income of approximately \$0.24 per share based on estimated fourth quarter weighted average shares of approximately 7,020,000. The actual amount of this adjustment may vary from the estimate.

While the Tax Act will negatively impact earnings for the fourth quarter of 2017, the Company expects to remain well capitalized under the regulatory framework, and it is not expected to adversely impact the Company's dividend policy, dividend payments, or future ability to pay dividends. The lower corporate tax rate is expected to be a significant ongoing benefit that should increase the Company's future capacity to generate capital through an anticipated increase in organic earnings.

These preliminary estimates of the impact of the Tax Act on the Company should not be viewed as a substitute for full financial statements prepared in accordance with U.S. generally accepted accounting principles, and are not necessarily indicative of the results to be achieved for future periods. The estimates have been prepared by management and the Company's independent auditors have not completed their audit or review of the information. The actual write-down may vary materially from the estimates due to a number of uncertainties and factors, including completion of the Company's consolidated financial statements as of and for the year ending December 31, 2017, and is subject to further clarification of the new law that cannot be reasonably estimated at this time.

FORWARD-LOOKING STATEMENTS - This Current Report on Form 8-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 Company'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 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: the effects of governmental and fiscal policies, as well as legislative and regulatory changes; the effects of new laws and regulations, specifically the impact of the Tax Cuts and Jobs Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act; impacts of the new capital and liquidity requirements of the Basel III standards; the 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- 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; the effects of economic deterioration and the prolonged economic malaise on current customers, specifically the effect of the economy on loan customers ability to repay loans; the effects of competition, and of changes in laws and regulations on competition, including industry consolidation and development of competing financial products and services; the 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; the effects of technology changes; volatilities in the securities markets; slow economic conditions; the 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; disruption of credit and equity markets; the ability to manage current levels of impaired assets; the loss of certain key officers; the ability to maintain the value and image of the Company's brand and protect the Company's intellectual property rights; continued relationships with major customers; and, potential impacts to the Company 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 Company 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 Company files from time to time with the SEC, including the Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Please also carefully review any Current Reports on Form 8-K filed by the Company with the SEC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

ACNB CORPORATION
(Registrant)

Dated: January 24, 2018

/s/ Lynda L. Glass
Lynda L. Glass
Executive Vice President/
Secretary & Chief Governance Officer