



Orrstown Financial Services, Inc. (ORRF)

Updated October 21st, 2025, by Kody Kester

Key Metrics

Current Price:	\$34	5 Year CAGR Estimate:	13.0%	Market Cap:	\$667M
Fair Value Price:	\$42	5 Year Growth Estimate:	6.0%	Ex-Dividend Date:	11/04/25 ¹
% Fair Value:	81%	5 Year Valuation Multiple Estimate:	4.3%	Dividend Payment Date:	11/11/25 ¹
Dividend Yield:	3.2%	5 Year Price Target	\$56	Years Of Dividend Growth:	10
Dividend Risk Score:	B	Sector:	Financials	Rating:	Buy

Overview & Current Events

Founded in 1919, Orrstown Financial Services, Inc. is a community bank. ORRF serves as the holding company for its operating bank subsidiary, Orrstown Bank.

The company provides banking and financial advisory services to customers located in the south-central Pennsylvania counties of Berks, Cumberland, Dauphin, Franklin, Lancaster, Perry, and York. ORRF also serves customers in Anne Arundel, Baltimore, Howard, and Washington counties in Maryland.

Its savings products include money market accounts, savings accounts, certificates of deposit, and checking accounts. Loan products offered consist of residential mortgages, home equity lines of credit, commercial mortgages, construction loans, and commercial loans. Financial advisory services provided include fiduciary, investment advisory, and brokerage services.

In December 2023, the company announced a “merger of equals” with Codorus Valley Bancorp, which owns the bank subsidiary, PeoplesBank. This bank also serves customers in Pennsylvania and Maryland. On July 1st, 2024, the merger was finalized. For each share of Codorus Valley Bancorp that was owned just before that date, shareholders received 0.875 shares of ORRF. This explains the recent uptick in the share count. As of September 30th, 2025, ORRF’s total assets were \$5.4 billion.

On October 21st, ORRF shared its financial results for the third quarter ended September 30th, 2025. The company’s net interest income decreased by 1.4% year-over-year to \$51 million in the quarter. A marginal decline in earning assets and a three-basis-point contraction in the net interest margin to 4.11% during the quarter were the factors that contributed to these results. ORRF’s noninterest income grew by 8% over the year-ago period to \$13.4 million for the quarter. That was fueled by higher service charges and wealth management income in the quarter. The bank swung from a diluted loss per share of \$0.41 in Q3 2024 to \$1.13 in diluted EPS during the quarter. This came in \$0.09 ahead of the analyst consensus for the quarter.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$0.83	\$0.81	\$1.30	\$1.81	\$1.89	\$2.21	\$2.91	\$3.25	\$3.51	\$3.76	\$4.22	\$5.65
DPS	\$0.22	\$0.35	\$0.42	\$0.51	\$0.60	\$0.68	\$0.74	\$0.76	\$0.80	\$0.86	\$1.08	\$1.45
Shares²	8.3	8.3	8.3	9.4	11.2	11.2	11.2	10.7	10.6	19.4	19.5	24.9

Over the last decade, ORRF’s adjusted diluted EPS has compounded at a solidly double-digit rate annually. Moving forward, we believe that adjusted diluted EPS will grow by at least 6% annually, off an anticipated 2025 base of \$4.22. This is due to the company having more flexibility to drive growth through acquisitions. That’s why we still think that the share count will moderately expand over the medium term.

¹ Estimated dates based on past dividend dates.

² Share count is in millions.



Orrstown Financial Services, Inc. (ORRF)

Updated October 21st, 2025, by Kody Kester

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	21.5	27.7	19.5	10.1	11.7	7.5	8.7	7.1	8.4	9.5	8.1	10.0
Avg. Yld.	1.2%	1.6%	1.7%	2.8%	2.7%	4.1%	2.9%	3.3%	2.7%	2.3%	3.2%	2.6%

Since 2015, ORRF's valuation has varied from as little as a P/E ratio of seven to as much as a P/E ratio in the upper 20s. The average P/E ratio over this time was 13.2. The most recent five-year average is just 8.2. We continue to believe that a P/E ratio of 10 is sensible for ORRF. That's because, accounting for the larger earnings base, the company's fundamentals seem to be intact. Relative to the current P/E ratio of 8.1, this points to a double-digit percentage discount to our fair value estimate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	27%	43%	32%	28%	32%	31%	25%	23%	23%	23%	26%	26%

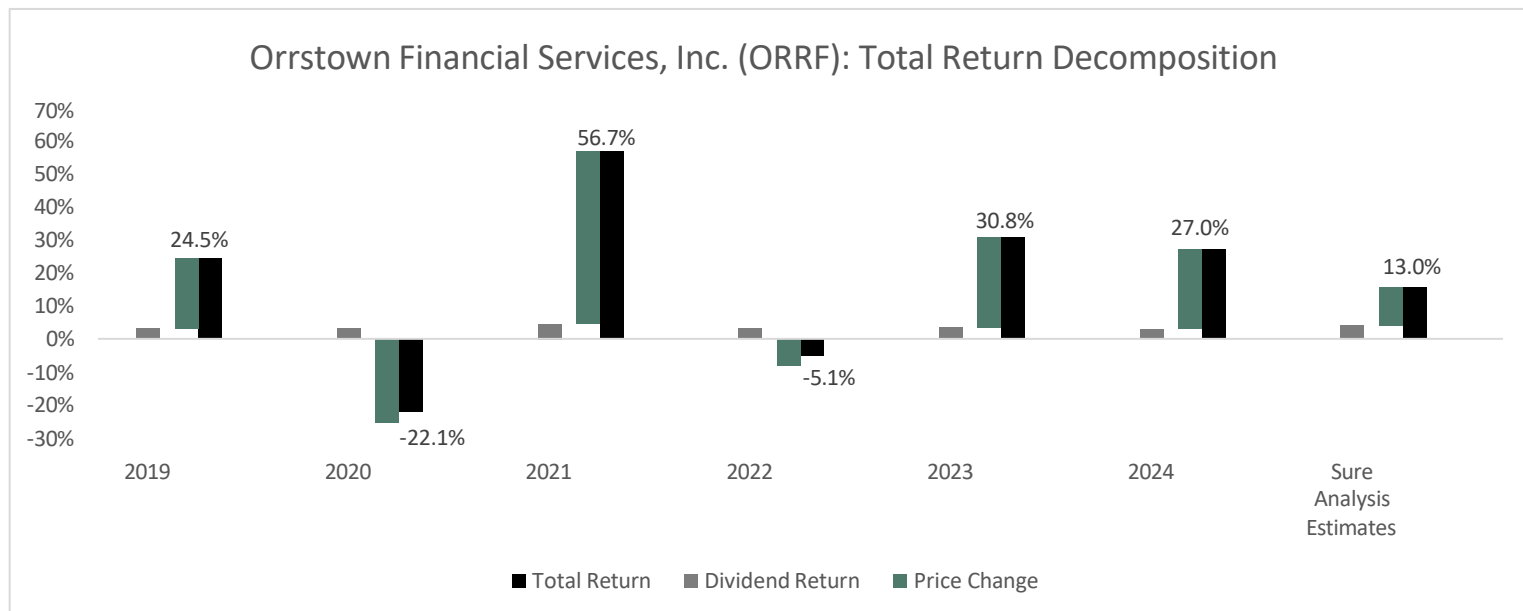
In its 106-year operating history, ORRF has fostered extensive relationships with its customers. This is helping it to retain existing customers and to gain new customers. Coupled with the improving macroeconomic environment, that should help adjusted diluted EPS to compound over time.

As of September 30th, ORRF's NPAs/assets ratio was 0.48%. Even with a six basis point deterioration sequentially, the company's credit quality remains solid. Furthermore, ORRF's payout ratio remains at around a quarter of its profits. Put another way, the bank could withstand a downturn in corporate profits and keep paying dividends to its shareholders. That sets up ORRF to likely extend its 10-year dividend growth streak in the years ahead.

Final Thoughts & Recommendation

ORRF's 3.2% dividend yield, 6.0% annual adjusted diluted EPS growth prospects, and 4.3% annual valuation multiple expansion potential could generate 13.0% annual total returns for shareholders through 2030. This is why we're reiterating our Buy rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Orrstown Financial Services, Inc. (ORRF)

Updated October 21st, 2025, by Kody Kester

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	53	56	63	72	97	111	115	125	129	176
SG&A Exp.	30	34	36	38	46	47	48	52	56	79
D&A Exp.	3	3	3	4	6	7	5	5	4	10
Net Profit	8	7	8	13	17	26	33	22	36	22
Net Margin	14.9%	11.9%	12.8%	17.7%	17.5%	23.9%	28.6%	17.6%	27.6%	12.5%
Free Cash Flow	11	2	14	18	6	29	40	35	41	33
Income Tax	2	1	4	2	3	6	8	5	9	6

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,293	1,415	1,559	1,934	2,383	2,751	2,835	2,922	3,064	5,442
Cash & Equivalents	28	30	30	72	56	125	209	61	65	249
Accounts Receivable	4	5	5	6	6	9	8	11	14	21
Goodwill & Int.				17	27	24	23	22	21	68
Total Liabilities	1,160	1,280	1,414	1,761	2,160	2,504	2,563	2,694	2,799	4,925
Long-Term Debt	84	76	134	170	242	90	34	138	170	184
Shareholder's Equity	133	135	145	173	223	246	272	229	265	517
LTD/E Ratio	0.64	0.56	0.92	0.98	1.08	0.37	0.12	0.60	0.64	0.36

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.6%	0.5%	0.5%	0.7%	0.8%	1.0%	1.2%	0.8%	1.2%	0.5%
Return on Equity	6.0%	4.9%	5.8%	8.0%	8.5%	11.3%	12.7%	8.8%	14.4%	5.6%
Shares Out.	8.3	8.3	8.3	9.4	11.2	11.2	11.2	10.7	10.6	14.9
Revenue/Share	6.47	6.82	7.66	6.56	9.21	10.05	10.35	11.70	12.39	11.81
FCF/Share	1.31	0.27	1.67	1.60	0.59	2.62	3.56	3.30	3.97	2.21

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.