Orrstown Financial Services, Inc. (ORRF)

Updated January 29th, 2026, by Kody Kester

Key Metrics

Current Price:	$35	**5 Year CAGR Estimate:**	12.7%	**Market Cap:**	$691M
Fair Value Price:	$43	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	02/10/26
% Fair Value:	83%	**5 Year Valuation Multiple Estimate:**	3.7%	**Dividend Payment Date:**	02/17/26
Dividend Yield:	3.4%	**5 Year Price Target**	$57	**Years Of Dividend Growth:**	11
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 December 31st, 2025, ORRF's total assets were $5.5 billion.

On January 27th, ORRF released its earnings report for the fourth quarter ended December 31st, 2025. The company's net interest income was $50.5 million during the quarter, which was basically flat (but an improvement in provision for credit losses from $2.6 million to less than $0.1 million). ORRF's net interest margin contracted by five basis points to 4.00% in the quarter, which was offset by a slight uptick in the average earning assets balance. The company's noninterest income jumped 28.0% year-over-year to $14.4 million for the quarter. This was due to greater service charges, wealth management income, and swap fee income in the quarter. ORRF's adjusted diluted EPS climbed 28% higher over the year-ago period to $1.11 during the quarter. That was $0.05 above the analyst consensus for the quarter. On the same day, ORRF boosted its quarterly dividend per share by 11.1% to $0.30. This marked its 11th consecutive year of dividend growth.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.81	$1.30	$1.81	$1.89	$2.21	$2.91	$3.25	$3.51	$3.76	$4.28	***$4.25***	***$5.69***
DPS	$0.35	$0.42	$0.51	$0.60	$0.68	$0.74	$0.76	$0.80	$0.86	$1.06	***$1.20***	***$1.68***
Shares[1]	8.3	8.3	9.4	11.2	11.2	11.2	10.7	10.6	19.4	19.5	***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 2026 base of $4.25. This is due to the company having more flexibility to drive growth through acquisitions. That's why we continue to think that the share count will moderately expand over the medium term.

[1] Share count is in millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	27.7	19.5	10.1	11.7	7.5	8.7	7.1	8.4	9.7	8.3	***8.3***	***10.0***
Avg. Yld.	1.6%	1.7%	2.8%	2.7%	4.1%	2.9%	3.3%	2.7%	2.3%	3.0%	***3.4%***	***3.0%***

Since 2016, ORRF's valuation has ranged from as low as a P/E ratio of seven to as high as a P/E ratio in the upper 20s. The average P/E ratio over this time was around 12. The most recent five-year average is just 8.4. We continue to argue that a P/E ratio of 10 is realistic for ORRF. That's because, accounting for the larger earnings base, the company's fundamentals seem to be holding up. Relative to the current P/E ratio of 8.3, this suggests shares are moderately undervalued.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	43%	32%	28%	32%	31%	25%	23%	23%	23%	25%	***28%***	***30%***

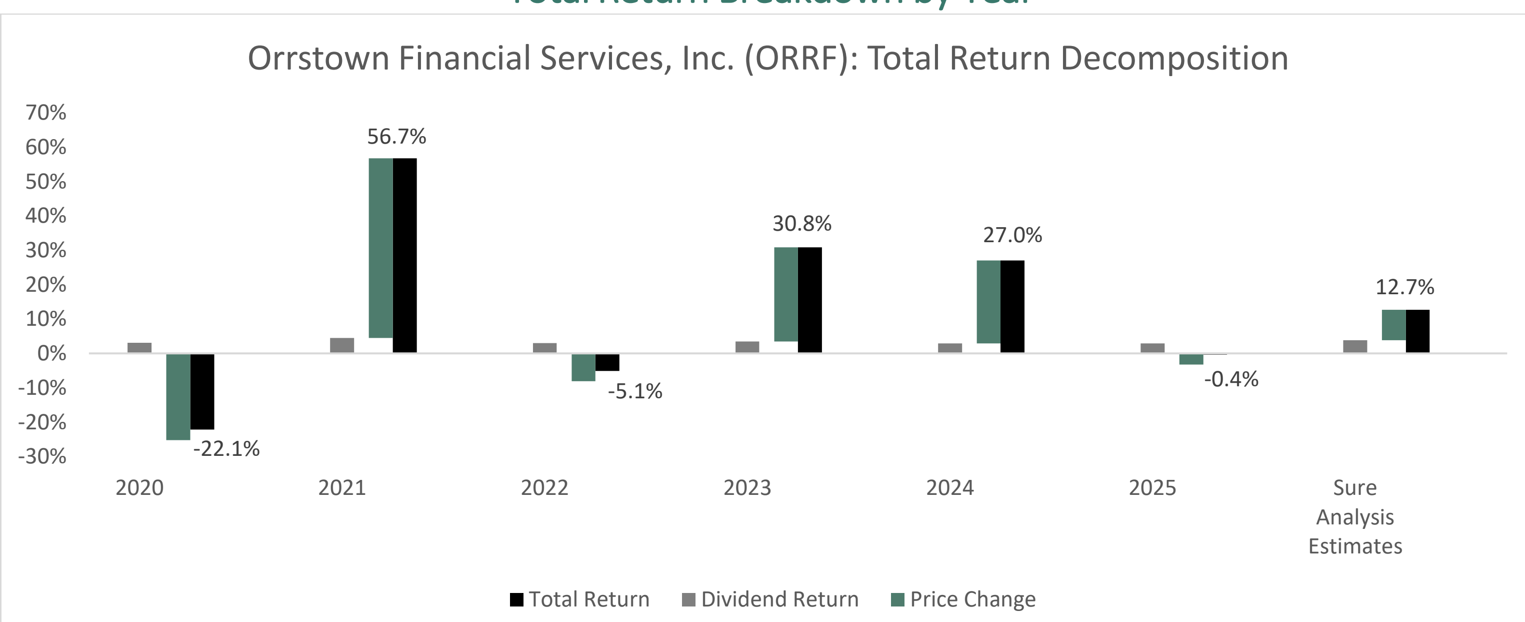
In its 107-year operating history, ORRF has fostered extensive relationships with its customers. This is helping it to retain existing customers and to gain new customers. Coupled with the improving macroeconomic environment, that should help adjusted diluted EPS to compound over time.

As of December 31st, 2025, ORRF's NPAs/assets ratio was 0.51%. Even with a three basis point deterioration sequentially, the company's credit quality remains solid. Furthermore, ORRF's payout ratio is likely to be in the high-20% range in 2026. 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 11-year dividend growth streak in the years ahead.

Final Thoughts & Recommendation

ORRF's 3.4% dividend yield, 6.0% annual adjusted diluted EPS growth prospects, and 3.7% annual valuation multiple expansion potential could generate 12.7% annual total returns for shareholders through 2031. As a result, we're maintaining 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.

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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.