Orrstown Financial Services, Inc. (ORRF)

Updated April 25th, 2026, by Kody Kester

Key Metrics

Current Price:	$37	**5 Year CAGR Estimate:**	12.1%	**Market Cap:**	$716M
Fair Value Price:	$43	**5 Year Growth Estimate:**	6.0%	**Ex-Dividend Date:**	05/05/26
% Fair Value:	85%	**5 Year Valuation Multiple Estimate:**	3.2%	**Dividend Payment Date:**	05/12/26
Dividend Yield:	3.3%	**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 March 31st, 2026, ORRF's total assets were $5.6 billion.

On April 21st, ORRF shared its financial results for the first quarter ended March 31st, 2026. The company's net interest income after provision for credit losses decreased by 1.3% year-over-year to $48.7 million in the quarter. That was mostly due to a swing from a recovery of $554k in Q1 2025 to a provision expense of $728k in Q1 2026, as well as a 10-basis-point contraction in the net interest margin to 3.9% during the quarter. ORRF's noninterest income surged 34% higher over the year-ago period to $15.6 million for the quarter, which was fueled by an uptick in income from life insurance and swap fee income. The company's diluted EPS rose by 20.4% year-over-year to $1.12 in the quarter. This topped the analyst consensus during the quarter by $0.11.

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	***$4.28***	***$5.73***
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	***19.6***	***25.0***

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 $4.28. 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	***8.5***	***10.0***
Avg. Yld.	1.6%	1.7%	2.8%	2.7%	4.1%	2.9%	3.3%	2.7%	2.3%	3.0%	***3.3%***	***2.9%***

Since 2016, ORRF's valuation has varied from as little 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 appear to be intact. Relative to the current P/E ratio of 8.5, this suggests shares are moderately discounted.

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%***	***29%***

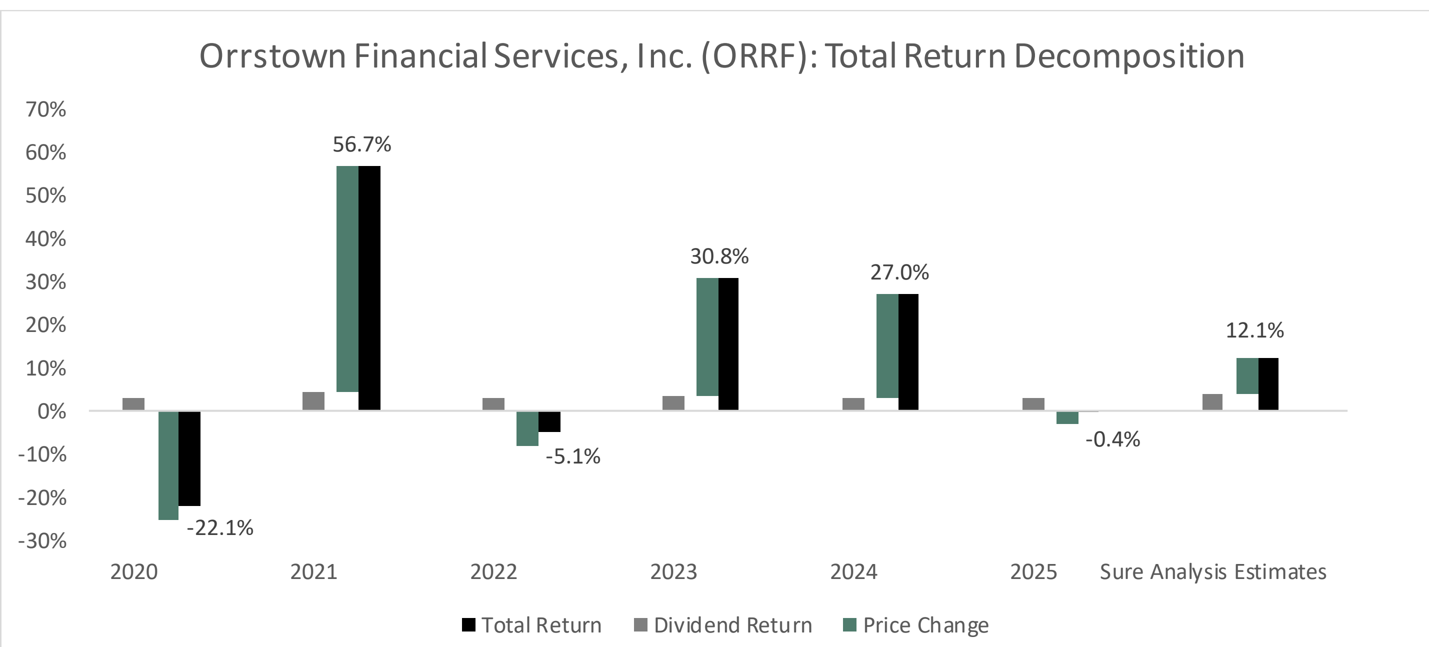
In its 107-year operating history, ORRF has fostered extensive relationships with its customers. This is helping it to retain existing customers and to gain new customers. Coupled with the improving macroeconomic environment, that should help adjusted diluted EPS to compound over time.

As of March 31st, 2026, ORRF's NPAs/assets ratio was 0.56%. Even with a five-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 3.3% dividend yield, 6.0% annual adjusted diluted EPS growth prospects, and 3.2% annual valuation multiple expansion potential could generate 12.1% annual total returns for shareholders through 2031. This is why we're reiterating our Hold 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	62	72	87	122	128	123	136	176	286	356
D&A Exp.	3	3	4	6	7	5	5	4	10	15
Net Profit	7	8	13	17	26	33	22	36	22	81
Net Margin	10.7%	11.3%	14.7%	13.9%	20.7%	26.8%	16.2%	20.3%	7.7%	22.7%
Free Cash Flow	(1)	14	12	3	25	40	37	42	28	70
Income Tax	1	4	2	3	6	8	5	9	6	22

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,417	1,561	1,937	2,386	2,756	2,840	2,927	3,069	5,463	5,559
Cash & Equivalents	16	22	26	26	26	21	28	33	51	42
Goodwill & Int.	-	-	17	27	24	23	22	21	116	108
Total Liabilities	1,282	1,416	1,763	2,163	2,510	2,569	2,698	2,804	4,946	4,967
Long-Term Debt	24	84	115	95	42	44	42	82	122	110
Shareholder's Equity	135	145	173	223	246	272	229	265	517	592
LTD/E Ratio	0.83	1.23	1.03	1.12	0.48	0.25	0.72	0.72	0.43	0.59

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.5%	0.5%	0.7%	0.8%	1.0%	1.2%	0.8%	1.2%	0.5%	1.5%
Return on Equity	4.9%	5.8%	8.0%	8.5%	11.3%	12.7%	8.8%	14.4%	5.6%	14.6%
Shares Out.	8.3	8.3	9.4	11.2	11.2	11.2	10.7	10.6	19.4	19.5
Revenue/Share	7.62	8.71	10.19	11.56	11.59	11.06	12.71	16.87	19.21	18.41
FCF/Share	(0.11)	1.76	1.45	0.28	2.29	3.56	3.43	3.98	1.90	3.64

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