

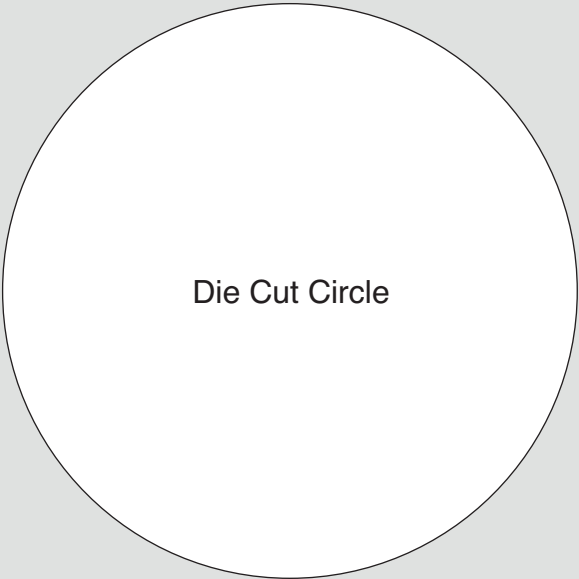


2014 ANNUAL REPORT

ORRSTOWN
FINANCIAL SERVICES, INC.

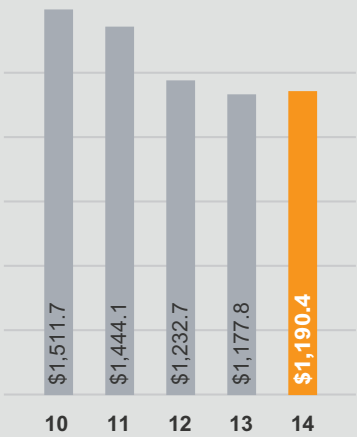
Financial Results

Consolidated Financial Statements

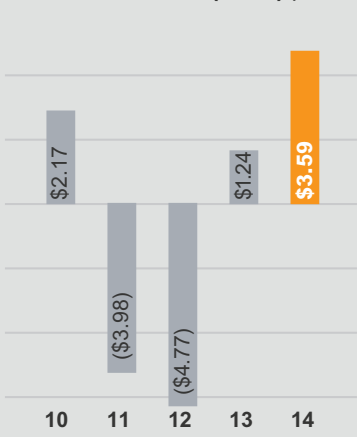


Die Cut Circle

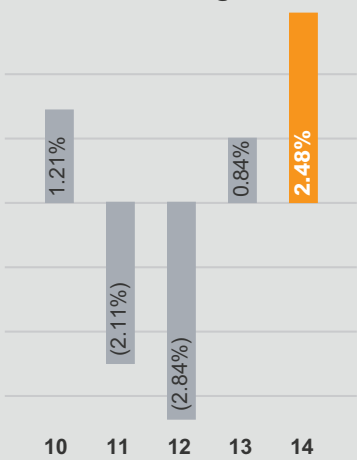
Total Assets in millions



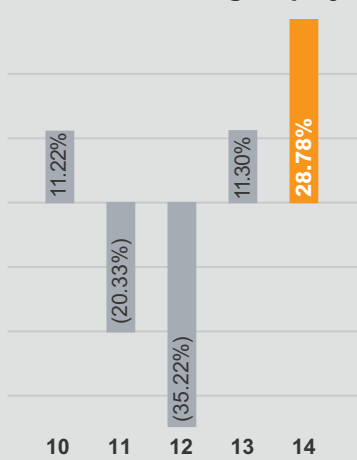
Diluted Net Income (Loss) per share



Return on Average Assets



Return on Average Equity





ON THE SPOT



To our Shareholders, Customers and Friends

In 2014, Orrstown Financial Services, Inc. demonstrated significant progress as we continued the momentum established the previous year. Over the past two years we have weathered the effects of the economic downturn and intermittent recovery and returned the company to sustained profitability. As always, on behalf of the Board of Directors and the entire Orrstown Team, thank you for your continued loyalty and support.



A handwritten signature in blue ink that reads "Thomas R. Quinn, Jr." with a stylized flourish at the end.

Thomas R. Quinn, Jr.
President and Chief Executive Officer



ON THE S

FINANCIAL PERFORMANCE

(for the year ended December 31, 2014)

- Earnings of \$29.1 million.
- Improved net interest margin of 3.20% compared to 3.03% for the same period in 2013.
- Continued strong contributions from our trust and wealth management group, Orrstown Financial Advisors, with over \$1 billion in total assets under management and \$6.8 million in total revenue.
- Loan growth of 5.1%.



ASSET QUALITY

(as of December 31, 2014)

- Allowance for loan losses (ALLL) as a percent of total loans outstanding of 2.09% and ALLL/nonperforming loans coverage ratio of 102% at December 31, 2014.
- Classified loans to Tier 1 capital plus allowance of 23.2%, the lowest since 2010.
- Total risk assets decreased 37.5% during 2014.

ENTERPRISE RISK MANAGEMENT

- In 2014 we completed the transformation of our culture to one that views risk through an enterprise-wide lens and manages all risk elements proactively and appropriately.
- On February 6, 2015, all enforcement actions imposed by the Pennsylvania Department of Banking and Securities were terminated.

CUSTOMER FOCUS

- In 2014 we leveraged our customer relationship system to gain a better understanding of our customers' complete financial pictures. The use of "smart data", coupled with unequalled levels of customer attention, enabled us to strengthen existing relationships and attract new customers to Orrstown Bank.
- 2014 was the first full year of operation for our loan production office in Lancaster County, Pennsylvania. The demographics of Lancaster County are strong and our results exceeded all internal forecasts. We intend to build on that success in 2015 and beyond.

IN THE COMMUNITY

- The Orrstown Bank Foundation continued to award scholarships to worthy graduating high school seniors and since its inception has provided more than 100 students with \$105,000 in scholarships.
- In 2014 we supported numerous educational institutions with more than \$147,000 in donations through the Commonwealth of Pennsylvania's Educational Improvement Tax Credit (EITC) program.
- In total, Orrstown Bank and the Orrstown Bank Foundation donated more than \$340,000 to deserving organizations in 2014.

ANTICIPATING AND RESPONDING TO EVOLVING CUSTOMER PREFERENCES

- Deployed a new website with strong focus on ease of use, the mobile experience and transactional capabilities.
- Expansion of digital channels including person to person banking, enhanced smartphone applications and more.
- The first community bank in the region to provide access to local home listings in an easy to search database.
- We plan to open our first full service branch in Lancaster county in 2015 and are committed to future expansion in this attractive market.

SPOT:



Above left: Small Business Saturday, November 2014, Downtown Chambersburg. Three branch managers volunteered at the table to reward shoppers with "Downtown Dollars" from Orrstown Bank.



Above right: Cyber Monday, December 2014. Ben Wallace, EVP of Technology and Operations at Orrstown Bank, shared tips for protecting your information online on WITF SmartTalk.

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The return to sustained profitability is a testament to the dedication of the Board of Directors, Management team and 300 plus employees.

Financial support of groups that benefit the communities where we work, live and play will always be important. However, looking beyond the numbers, the leadership and volunteer roles of our team members are equally critical to our mission.

Industry-wide, face-to-face teller transactions at financial centers are down and digital connectivity, particularly utilizing smart phones, is way up. We believe that the physical branch network and alternative delivery channels are complimentary and we will continue to invest in multiple delivery channels in 2015 and beyond.

The community banking landscape has changed dramatically over the past several years. However, what has not changed is the importance of meeting and exceeding customer expectations and providing a service experience that is best-in-class. Orrstown Bank made significant investments in technology, infrastructure and people in 2014 to ensure that in 2015 and beyond we are a leading financial institution that rewards its shareholders and delights its customers. Once again, on behalf of the Board of Directors and entire Orrstown Bank team, thank you for your continued belief in this great company.



Thomas R. Quinn, Jr.
President and Chief Executive Officer

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Board of Directors *(Pictured left to right)*

Floyd E. Stoner

Senior Advisor - Consultant, Alliance Partners
Former EVP of Congressional Relations and
Public Policy, American Bankers Association

Gregory A. Rosenberry

President and General Partner,
Rosenberry Family Limited Partnership
President and Owner, Tri-Valley Forestry, Inc.
Director, Secretary and Shareholder,
Rosenberry Brothers Lumber, Inc.

Dr. Anthony F. Ceddia

Secretary, Orrstown Financial Services, Inc.
Visiting Professor, various institutions
President Emeritus, Shippensburg University
Leadership and Management Consultant

Mark K. Keller

State Representative 86th District

Eric A. Segal

Managing Director, head of the Banking and
Financial Institutions Group, CFO Consulting
Partners, LLC



Thomas R. Quinn, Jr.

President and Chief Executive Officer,
Orrstown Financial Services, Inc.

Glenn W. Snoke

President, Snoke's Excavating & Paving, Inc.

Andrea Pugh

President and Sole Member, PharmCare
Consultants LLC

Joel R. Zullinger

Chairman, Orrstown Financial Services, Inc.
Attorney, Zullinger-Davis, PC

Jeffrey W. Coy

Vice Chairman, Orrstown Financial Services, Inc.
Former Commissioner, PA Gaming Control Board—
2005-2011
Former State Representative 89th District—
1983-2004

Executive Officers *(Pictured left to right)*



Jeffrey M. Seibert

Executive Vice President,
Chief Operating Officer

Robert G. Coradi

Executive Vice President,
Chief Credit and Risk Officer

Philip E. Fague, CPA

Executive Vice President,
Trust and Mortgage Officer

Thomas R. Quinn, Jr.

President and
Chief Executive Officer

Benjamin W. Wallace

Executive Vice President,
Operations and Technology

David P. Boyle

Executive Vice President,
Chief Financial Officer

Directors Emeriti

Frank S. Heberlig
William O. Hykes

Galen L. Myers
Raymond I. Pugh

Kenneth R. Shoemaker
Denver L. Tuckey

John S. Ward
Peter C. Zimmerman



Financial Highlights

For the Years Ended December 31,

(Dollars in thousands, except per share data)

	2014	2013
For the Years Ended December 31,		
Interest income	\$38,183	\$37,098
Interest expense	4,159	5,011
Net interest income	34,024	32,087
Provision for loan losses	(3,900)	(3,150)
Noninterest income (excluding securities gains)	16,919	17,476
Securities gains	1,935	332
Noninterest expense	43,768	43,247
Pre-tax income	13,010	9,798
Income tax benefit	(16,132)	(206)
Net income	29,142	10,004
At Year End		
Assets	\$1,190,443	\$1,177,812
Loans	704,946	671,037
Deposits	949,704	1,000,390
Repurchase agreements	21,742	9,032
Shareholders' equity	127,265	91,439
Trust and brokerage assets under management	1,017,013	1,085,216
Per Share Data		
Net income - basic	\$3.59	\$1.24
Net income - diluted	3.59	1.24
Cash dividends	0.00	0.00
Book value at year end	15.40	11.28
Performance Statistics		
Return on average equity	28.78%	11.30%
Return on average assets	2.48%	0.84%
Equity / assets at year end	10.69%	7.76%

With approximately \$1.2 billion in assets, Orrstown Financial Services, Inc. and its wholly-owned subsidiary, Orrstown Bank, provide a full range of consumer and business financial services through 22 locations in Cumberland, Franklin, Lancaster and Perry Counties, Pennsylvania and Washington County, Maryland. Orrstown Financial Services, Inc.'s stock is traded on the NASDAQ Capital Market under the symbol ORRF.

Market and Investor Information

Market Information

The common stock of Orrstown Financial Services, Inc. is traded on the NASDAQ Capital Market under the symbol ORRF. At the close of business on December 31, 2014, there were approximately 3,100 shareholders of record, with a total of 8,263,737 shares outstanding.

Investor Information

Annual Meeting

The Annual Meeting of Shareholders of Orrstown Financial Services, Inc. is scheduled for April 28, 2015 at 9:00 a.m. at the H. Ric Luhrs Performing Arts Center, 1871 Old Main Drive, Shippensburg, PA 17257. All shareholders are cordially invited to attend.

Annual and Quarterly Reports

Copies of our Annual and Quarterly Reports may be obtained at any office of Orrstown Bank, by writing to Computershare, or by contacting David Boyle, Orrstown Bank, P.O. Box 250, Shippensburg, PA 17257.

Form 10-K

A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2014, as filed with the Securities and Exchange Commission, may be obtained by writing to Orrstown Bank, P.O. Box 250, Shippensburg, PA 17257. The Notice of Annual Meeting of Shareholders, Proxy Statement, Annual Report on Form 10-K and Form of Proxy are available free of charge at <http://www.edocumentview.com/ORRF>.

Transfer Agent

The transfer agent for Orrstown Financial Services, Inc. is Computershare, Inc., P.O. Box 30170 College Station, TX 77842 phone: 800 368 5948.

Cautionary Note Regarding Forward-looking Statements

Certain statements in this annual report may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that include projections, predictions, expectations, or beliefs about events or results or otherwise are not statements of historical facts, including, without limitation, statements related to management's belief that we have returned to safe and sound footing; ability to maintain sustained profitability; our completion of our transformation to a culture that views risk through an enterprise-wide lens and manages risk elements proactively and appropriately; our ability to use technology to understand the needs of our customers and strengthen customer relationships and attract new customers and enhance our customers experience; our ability to expand in attractive markets and invest in alternate delivery channels; and our ability to turn investments in technology, infrastructure and people to reward our shareholders and delight our customers. Actual results and trends could differ materially from those set forth in such statements and there can be no assurances that we have returned to a safe and sound footing; that we will be able to maintain sustained profitability; that we will be able to maintain our culture to one that views risk through an enterprise-wide lens and manage risk elements proactively and appropriately; that we will be able to continue to use technology and meet the needs of our customers and strengthen relationships and attract new customers; be able to continue our expansion into attractive markets and invest in alternate deliver channels; and be able to continue to invest in technology, infrastructure and people to reward our shareholders and delight our customers. Factors that could cause actual results to differ from those expressed or implied by the forward looking statements include, but are not limited to, the following: ineffectiveness of the Company's business strategy due to changes in current or future market conditions; the effects of competition, including industry consolidation and development of competing financial products and services; changes in laws and regulations, including the Dodd-Frank Wall Street Reform and Consumer Protection Act; interest rate movements; changes in credit quality; inability to raise capital, if necessary, under favorable conditions; volatilities in the securities markets; deteriorating economic conditions; and other risks and uncertainties, including those detailed in Orrstown Financial Services, Inc.'s Form 10-K for the fiscal year ended December 31, 2014 under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" and in other filings made with the Securities and Exchange Commission. The statements are valid only as of the date hereof and Orrstown Financial Services, Inc. disclaims any obligation to update this information.

ORRSTOWN
FINANCIAL SERVICES, INC.