

ORRSTOWN FINANCIAL SERVICES INC

Form 424B3

February 27, 2019

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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-229581**

PROSPECTUS

Orrstown Financial Services, Inc.

Offer to Exchange

\$32,500,000 aggregate principal amount of

6.0% Fixed-to-Floating Rate Subordinated Notes due 2028

that have been registered under the Securities Act of 1933

for any and all outstanding unregistered

6.0% Fixed-to-Floating Rate Subordinated Notes due 2028

The exchange offer will expire at 5:00 p.m., New York City time, on April 2, 2019, unless extended.

We are offering to exchange 6.0% Fixed-to-Floating Rate Subordinated Notes due 2028 that have been registered under the Securities Act of 1933, as amended (Securities Act), which we refer to in this prospectus as the New Notes, for any and all of our outstanding unregistered 6.0% Fixed-to-Floating Rate Subordinated Notes due 2028 that we issued in a private placement on December 19, 2018, which we refer to in this prospectus as the Old Notes. We are making this offer to exchange the New Notes for the Old Notes to satisfy our obligations under a registration rights agreement that we entered into with the purchasers of the Old Notes in connection with our issuance of the Old Notes to those purchasers.

We will not receive any cash proceeds from this exchange offer. The issuance of the New Notes in exchange for the Old Notes will not result in any increase in our outstanding indebtedness. Old Notes that are not exchanged for New Notes in this exchange offer will remain outstanding. The exchange offer is not subject to any minimum tender condition, but is subject to certain customary conditions.

Upon expiration of the exchange offer, all Old Notes that have been validly tendered and not withdrawn will be exchanged for an equal principal amount of New Notes. The terms of the New Notes are identical in all material respects to the terms of the Old Notes, except that the New Notes are registered under the Securities Act and are generally not subject to transfer restrictions, are not entitled to registration rights under the registration rights

agreement that we entered into with the initial purchasers of the Old Notes and do not have the right to additional interest under the circumstances described in that registration rights agreement relating to our fulfillment of our registration obligations. The New Notes evidence the same debt as the Old Notes and are governed by the same indenture under which the Old Notes were issued.

There is no existing public market for the Old Notes or the New Notes and we do not expect any public market to develop in the future for either the Old Notes or the New Notes. The Old Notes are not listed on any national securities exchange or quotation system and we do not intend to list the New Notes on any national securities exchange or quotation system.

You may withdraw your tender of Old Notes at any time prior to the expiration of the exchange offer. We will exchange all of the outstanding Old Notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer for an equal principal amount of New Notes.

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes. A broker-dealer that acquired Old Notes because of market-making or other trading activities may use this prospectus, as supplemented or amended from time to time, in connection with resales of the New Notes for a period of 180 days after the completion of the exchange offer. See Plan of Distribution.

Investing in our securities involves certain risks. See Risk Factors beginning on page 9, as well as the risk factors contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, and in the other reports filed by us with the Securities and Exchange Commission and incorporated by reference into this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense. These securities are not savings or deposit accounts or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this prospectus is February 26, 2019.

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This prospectus is a part of a registration statement that we have filed with the Securities and Exchange Commission (the "SEC") under the Securities Act. This prospectus does not contain all the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us, the exchange offer and the securities offered by this prospectus, reference is made to the registration statement, including the exhibits to the registration statement and the documents incorporated by reference.

We are providing this prospectus to holders of Old Notes in connection with our offer to exchange Old Notes for New Notes. We are not making this exchange offer in any jurisdiction where the exchange offer is not permitted.

You should rely only on the information contained or incorporated by reference in this prospectus and in the accompanying exchange offer transmittal documents filed by us with the SEC. We have not authorized any other person to provide you with any other information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information contained or incorporated by reference in this prospectus is accurate as of any date other than the date of the applicable document that contains that information. Our business, financial condition, results of operations and prospects may have changed since that date.

You should not consider any information in this prospectus to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the exchange offer and ownership of these securities.

Each broker-dealer that receives New Notes for its own account in exchange for Old Notes acquired by the broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such New Notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer in connection with resales of New Notes received in exchange for Old Notes. We have agreed in the letter of transmittal to make this prospectus, as amended or supplemented, available to any such broker-dealer that requests copies of this prospectus for use in connection with any such resale. See Plan of Distribution.

References in this prospectus to the Corporation, the Company, we, us, our, or similar references refer to Orrstown Financial Services, Inc., a Pennsylvania corporation, and its subsidiaries on a consolidated basis, except where the

context otherwise requires or as otherwise indicated. References in this prospectus to the Bank refer to Orrstown Bank, a Pennsylvania chartered bank.

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This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus. Such information is available without charge to holders of Old Notes upon written or oral request made to:

Orrstown Financial Services, Inc.

Attention: Chief Financial Officer

77 East King Street

Shippensburg, PA 17257

Telephone: (717) 530-2602

To ensure timely delivery of any requested information, holders of Old Notes must make any request no later than March 26, 2019, which is five business days before the expiration date of the exchange offer, or, if we decide to extend the expiration date of the exchange offer, no later than five business days before such extended expiration date.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act and file with the SEC proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as required of a U.S. listed company. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or on our website at www.orrstown.com. However, other than our available SEC filings, the information on, or that can be accessible through, our website does not constitute a part of, and is not incorporated by reference in, this prospectus. Written requests for copies of the documents we file with the SEC should be directed to Orrstown Financial Services, Inc., 77 East King Street, Shippensburg, Pennsylvania 17257, telephone: (717) 530-2602.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus. These documents may include periodic reports, such as our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as definitive Proxy Statements. Any documents that we subsequently file with the SEC will automatically update and replace the information previously filed with the SEC. Therefore, in the case of a conflict or inconsistency between information set forth in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later.

This prospectus incorporates by reference the documents listed below that we have previously filed with the SEC, except to the extent that any information in such filings is deemed furnished but not filed in accordance with SEC rules:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, filed with the SEC on March 9, 2018;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, filed with the SEC on May 8, 2018, June 30, 2018, filed with the SEC on August 7, 2018, and September 30, 2018, filed with the SEC on November 6, 2018;

our Current Reports on Form 8-K filed with the SEC on each of January 16, 2018, January 30, 2018, March 15, 2018, May 3, 2018, May 9, 2018, June 7, 2018, August 8, 2018, September 26, 2018, October 24, 2018, November 20, 2018, December 20, 2018 and January 2, 2019 (in each case, except to the extent any portion of any such Current Report on Form 8-K is furnished but not filed); and

our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 15, 2018.

We are also incorporating by reference all other documents that we subsequently file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act), after the date of the initial registration statement of which this prospectus is a part but prior to the effectiveness of the registration statement and between the date of this prospectus and the later of (i) the termination or completion of the exchange offer and (ii) the termination of the period of time described under Plan of Distribution during which we have agreed

to make available this prospectus to broker-dealers in connection with certain resales of the New Notes.

You may obtain a copy of any or all of the documents incorporated by reference in this prospectus (other than an exhibit to a document unless that exhibit is specifically incorporated by reference into that document) from the SEC through the SEC's Internet site at <http://www.sec.gov>. You also may obtain these documents from us without charge by visiting our website at www.orrstown.com or by requesting them in writing, by e-mail or by telephone from us at the following address:

Orrstown Financial Services, Inc.

Attention: Chief Financial Officer

770 East King Street

Shippensburg, Pennsylvania 17257

Telephone: (717) 530-2602

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, any related prospectus supplement and the documents we incorporate by reference in this prospectus and any related prospectus supplement contain statements that constitute forward-looking statements within the meaning of the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the use of words such as estimate, project, predict, believe, intend, anticipate, assume, plan, seek, expect, may, might, should, indicate, contemplate, continue, intend, target and words of similar meaning. These forward-looking statements are not historical facts and include statements of our goals, intentions, expectations, business plans, and operating strategies. Forward-looking statements are subject to significant risks and uncertainties, and our actual results may differ materially from the results discussed in such forward-looking statements. The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

adverse changes in economic conditions in our market area;

adverse changes in the financial services industry and national and local real estate markets (including real estate values);

competition among depository and other financial institutions;

credit risks of lending activities, including changes in the level and trend of loan delinquencies and write-offs and in our allowance for loan losses and provision for loan losses;

changes in U.S. monetary policy, the level and volatility of interest rates, the capital markets and other market conditions that may affect, among other things, our liquidity, our net interest margin, our funding sources and the value of our assets and liabilities;

our success in introducing new financial products;

our ability to attract and maintain deposits;

fluctuations in the demand for loans, which may be affected by numerous factors, including commercial conditions in our market areas and by declines in the value of real estate in our market areas;

changes in consumer spending, borrowing and saving habits that may affect deposit levels;

costs or difficulties related to the integration of the business of acquired entities and the risk that the anticipated benefits, cost savings and any other savings from such transactions may not be fully realized or may take longer than expected to realize;

our ability to enter new markets successfully and capitalize on growth opportunities;

any negative perception of our reputation or financial strength;

our ability to raise additional capital on acceptable terms when needed;

changes in laws or government regulations or policies affecting financial institutions, including increased costs of compliance with such laws and regulations;

changes in accounting policies and practices;

our ability to retain key members of our senior management team;

the failure or security breaches of computer systems on which we depend;

the ability of key third-party service providers to perform their obligations to us;

the impact of any claims or legal actions, including any effect on our reputation; and

each of the factors and risks identified in the Risk Factors section included under Item 1A. of Part I of our most recent Annual Report on Form 10-K, any risk factors included in our Quarterly Reports on Form 10-Q and in the Risk Factors sections of this prospectus and any applicable prospectus supplement.

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These statements are only current predictions and are subject to known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from those anticipated by the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Forward-looking statements are made only as of the date of this report, and we do not undertake any obligation to update any forward-looking statements contained in this report to reflect new information or events or conditions after the date hereof.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus and in the documents we incorporate by reference into this prospectus. This summary does not contain all of the information that you should consider before deciding to exchange your Old Notes for New Notes. You should read this prospectus carefully, including the Risk Factors sections contained in this prospectus and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated by reference herein, as updated by our subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, our financial statements and the related notes and the other documents incorporated by reference herein, which are described under the heading Information Incorporated by Reference in this prospectus before making a decision about whether to exchange your Old Notes for New Notes.

Orrstown Financial Services, Inc.

Orrstown Financial Services, Inc. (the Company), is the holding company for its wholly-owned subsidiaries Orrstown Bank (the Bank) and Wheatland Advisors, Inc (Wheatland). The Company's principal executive offices are located at 77 East King Street, Shippensburg, Pennsylvania, 17257, with additional executive and administrative offices at 4750 Lindle Road, Harrisburg, Pennsylvania, 17111.

The Company was organized on November 17, 1987, for the purpose of acquiring the Bank and such other banks and bank-related activities as are permitted by law and desirable. The Company provides banking and bank-related services through branches located in south central Pennsylvania, principally in Berks, Cumberland, Dauphin, Franklin, Lancaster, and Perry Counties and in Washington County, Maryland. Wheatland was acquired in December 2016 and provides services as a registered investment advisor through its office in Lancaster County, Pennsylvania.

The Company's common stock is traded on the NASDAQ stock market under the symbol ORRF.

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Summary of the Exchange Offer

The following provides a summary of certain terms of the exchange offer. Please refer to the section "The Exchange Offer" appearing elsewhere in this prospectus for a more complete description of the exchange offer and the section "Description of the Notes" for a more complete description of the terms of the Old Notes and New Notes.

Old Notes	\$32,500,000 in aggregate principal amount of 6.0% Fixed-to-Floating Rate Subordinated Notes due 2028.
New Notes	Up to \$32,500,000 in aggregate principal amount of 6.0% Fixed-to-Floating Rate Subordinated Notes due 2028 which have terms that are identical in all material respects to the terms of the Old Notes, except that the New Notes are registered under the Securities Act and are generally not subject to transfer restrictions, are not entitled to registration rights under the registration rights agreement and do not have the right to additional interest under the circumstances described in the registration rights agreement relating to our fulfillment of our registration obligations.
Exchange Offer	We are offering to exchange the New Notes for a like principal amount of Old Notes. Subject to the terms of this exchange offer, promptly following the termination of the exchange offer, we will exchange New Notes for all Old Notes that have been validly tendered and not validly withdrawn prior to the expiration of the exchange offer.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on April 2, 2019, unless extended.
Withdrawal Rights	You may withdraw the tender of your Old Notes at any time before the expiration date.
Conditions to Exchange Offer	This exchange offer is subject to customary conditions, which we may waive. See "The Exchange Offer Conditions."
Procedures for Tendering Old Notes	Since the Old Notes are represented by global book-entry notes, the Depository Trust Company ("DTC"), as depository, or its nominee is treated as the registered holder of the Old Notes and will be the only entity that can tender your Old Notes for New Notes.

In order to participate in the Exchange Offer, you must follow the procedures established by DTC for tendering Old Notes held in book-entry form. These procedures, which we call ATOP (Automated Tender Offer Program) procedures, require that (i) the exchange agent receive, prior to the expiration date of the Exchange Offer, a computer generated message known as an agent s message that is transmitted through ATOP, and (ii) DTC has received (a) your instructions to exchange your Old Notes, and (b) your agreement to be bound by the terms of the accompanying letter of transmittal.

Please note that by signing, or agreeing to be bound by, the letter of transmittal, you will be making a number of important representations to us. See The Exchange Offer Eligibility; Transferability.

Certain United States Federal Income Tax Considerations

The exchange of Old Notes for New Notes in the exchange offer generally should not constitute a taxable event for U.S. federal income tax purposes.

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See Certain United States Federal Income Tax Considerations. You should consult your own tax advisor as to the tax consequences of exchanging your Old Notes for New Notes.

Registration Rights

Under the terms of the registration rights agreement that we entered into with the initial purchasers of the Old Notes at the time we issued the Old Notes, we agreed to register the New Notes and undertake this exchange offer. This exchange offer is intended to satisfy the rights of holders of Old Notes under that registration rights agreement. After the exchange offer is completed, we will have no further obligations, except under certain limited circumstances, to provide for any exchange or undertake any further registration with respect to the Old Notes.

Transferability

Based upon existing interpretations of the Securities Act by the staff of the SEC contained in several no-action letters issued to third parties, we believe that the New Notes may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act, provided that:

you are acquiring the New Notes in the ordinary course of your business;

you are not participating or engaged in, do not intend to participate or engage in, and have no arrangement or understanding with any person to participate in, the distribution of the New Notes issued to you;

you are not an affiliate of ours within the meaning of Rule 405 under the Securities Act; and

you are not acting on behalf of any person who could not truthfully make these statements.

Our belief that transfers of New Notes would be permitted without registration or prospectus delivery under the conditions described above is based on interpretations by the staff of the SEC given to other, unrelated issuers in similar exchange offers. The staff of the SEC has not considered this exchange offer in the context of a no-action letter, and we cannot assure you that the staff of the SEC would make a similar interpretation with respect to our exchange offer.

If our belief is not accurate and you transfer a New Note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from such requirements, you may incur liability under the Securities Act. We do not and will not assume, or indemnify you against, such liability.

Each broker-dealer that receives New Notes for its own account under the exchange offer in exchange for Old Notes that were acquired by the broker-dealer as a result of market-making or other trading activity must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the New Notes.

See The Exchange Offer Eligibility; Transferability and Plan of Distribution.

Consequences of Failing to Exchange Old Notes	Any Old Notes that are not exchanged in the exchange offer will continue to be governed by the indenture relating to the Old Notes and the terms of the Old Notes. Old Notes that are not exchanged will remain subject to the restrictions on transfer described in the Old Notes, and you will not be able
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to offer or sell the Old Notes except under an exemption from the requirements of the Securities Act or unless the Old Notes are registered under the Securities Act. Upon the completion of the exchange offer, we will have no further obligations, except under limited circumstances, to provide for registration of the Old Notes under the U.S. federal securities laws. If you do not participate in the exchange offer, the liquidity of your Old Notes could be adversely affected. See [The Exchange Offer](#) [Consequences of Failure to Exchange](#).

Use of Proceeds

We will not receive any cash proceeds from the exchange of Old Notes for New Notes as a result of the exchange offer.

Cancellation of Exchanged Old Notes

Old Notes that are surrendered in exchange for New Notes will be retired and cancelled by us upon receipt and will not be reissued. Accordingly, the issuance of the New Notes under this exchange offer will not result in any increase in our outstanding indebtedness.

Exchange Agent

U.S. Bank, National Association is serving as the exchange agent for this exchange offer. See [The Exchange Offer](#) [Exchange Agent](#) for the address and telephone number of the exchange agent.

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The following provides a summary of certain terms of the New Notes. The New Notes have terms that are identical in all material respects to the terms of the Old Notes, except that the New Notes are registered under the Securities Act and are generally not subject to transfer restrictions, are not entitled to registration rights under the registration rights agreement and do not have the right to additional interest under the circumstances described in the registration rights agreement relating to our fulfillment of our registration obligations. The New Notes will evidence the same debt as the Old Notes and will be governed by the same indenture under which the Old Notes were issued. Please refer to the section "Description of the Notes" for a more complete description of the terms of the New Notes. References in this prospectus to the "notes" include both the Old Notes and the New Notes unless otherwise specified or the context otherwise requires.

Issuer	Orrstown Financial Services, Inc.
Securities Offered	6.0% Fixed-to-Floating Rate Subordinated Notes due December 30, 2028.
Aggregate Principal Amount	Up to \$32,500,000.
Maturity Date	December 30, 2028, unless previously redeemed.
Form and Denomination	The New Notes will be issued only in fully registered form without interest coupons, in minimum denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. Unless otherwise required for institutional accredited investors, the New Notes will be evidenced by a global note deposited with the trustee for the New Notes, as custodian for The Depository Trust Company, or DTC, and transfers of beneficial interests will be facilitated only through records maintained by DTC and its participants.
Interest Rate and Interest Rate Payment Dates During Fixed-Rate Period	From and including December 19, 2018 to but excluding December 30, 2023 or any earlier redemption date, the New Notes will bear interest at a fixed rate equal to 6.0% per year, payable semi-annually in arrears on June 30 and December 30 of each year, beginning on June 30, 2019.
Interest Rate and Interest Rate Payment Dates During Floating-Rate Period	From and including December 30, 2023 to but excluding the maturity date or earlier redemption date, the New Notes will bear interest at an annual floating rate, reset quarterly, equal to LIBOR determined for the applicable interest period plus a spread of 316 basis points (3.16%), payable quarterly in arrears on March 30, June 30, September 30 and

December 30 of each year commencing on December 30, 2023.

LIBOR LIBOR means, with respect to any Interest Period, the rate for deposits in US dollars for the three-month period which appears on Bloomberg screen HP US0003M (as defined below) at approximately 11:00 a.m., London time, on the applicable LIBOR Determination Date; provided, however, that if the three-month USD LIBOR is less than zero then the three-month USD LIBOR shall be deemed to be zero. Notwithstanding the foregoing: if at any time while any Subordinated Notes are outstanding, the calculation agent determines on the applicable second day on which dealings in deposits in US dollars are transacted in the London interbank market immediately preceding the first day of the relevant interest period (the Determination Date) (as that LIBOR has been discontinued, then the calculation agent will use, at the direction of the Company, for each LIBOR Determination Date, the substitute or successor reference rate for LIBOR

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that has been selected by a central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) and whose use is consistent with then-accepted market practice for debt obligations such as the Subordinated Notes (the Alternative Rate) and may, after consultation with the Company, determine what business day convention to use, the definition of business day, the reference rate determination date to be used and any other relevant methodology for calculating such substitute or successor reference rate, including any adjustment factor needed to make such Alternative Rate comparable to the LIBOR in a manner that is consistent with industry-accepted practices for the use of such Alternative Rate for debt obligations such as the Subordinated Notes. However, if the calculation agent determines, following consultation with the Company and the holders of the Subordinated Notes, that there is no clear market consensus as to whether any rate has replaced LIBOR in customary market usage, the Company will use reasonable endeavors to appoint in its sole discretion an independent financial advisor to determine an appropriate substitute reference rate, and the decision of the independent financial advisor will be binding on the Company, the calculation agent and the holders of the Subordinated Notes. If the Company is unable to appoint an independent financial advisor, or the independent financial advisor appointed by it fails to determine an appropriate substitute reference rate, then the Company (in consultation with the holders of the Subordinated Notes to the extent practicable) may determine in good faith a substitute reference rate for purposes of determining the rate of interest for the applicable Interest Period; provided, however, that if the Company is unable or unwilling to determine a substitute reference rate prior to a LIBOR Determination Date in accordance with the immediately preceding clause, the rate of interest will be equal to the rate of interest in effect with respect to the immediately preceding LIBOR Determination Date or, in the case of the initial LIBOR Determination Date, the rate of interest will be equal to 6.0%; provided further, however, that if the Company is notified by Holders of a majority of the Subordinated Notes within five (5) business days after the receipt by all Holders of notice of such Alternative Rate selection that such Holders reasonably believe that such Alternative Rate is not consistent with the successor for LIBOR, including any spread adjustments, generally used in quarterly pay floating rate obligations, then the Alternative Rate shall be the rate selected by the Holders of majority of the Subordinated Notes, each using their commercially reasonable judgment in identifying an alternative rate that is consistent with the successor for LIBOR, including any spread adjustments, generally used in quarterly pay floating rate obligations. In the event the Holders of a majority of the Subordinated Notes cannot reach agreement on such Alternative Rate within fifteen (15) business days of the Company's notification of its proposed Alternative Rate, the Alternative Rate shall be the rate identified by the Holder of the largest principal amount of Subordinated Notes, selected based on such Holder's commercially reasonable judgment as to the an alternative rate that is consistent with the successor for LIBOR, including any spread adjustments, generally used in quarterly pay floating rate obligations. The Company will appoint an independent calculation agent for the Subordinated Notes prior to the commencement of the floating interest rate period; provided, however, the holders of a majority in principal amount of the then Outstanding Subordinated Notes may replace the calculation agent. The Company may not appoint an affiliate of it as calculation agent.

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Bloomberg screen HP US0003M means the display page currently so designated on the Bloomberg screen HP US0003M (or such other service as may be nominated by the ICE Benchmark Administration Limited (ICE) or its successor, or such other entity assuming the responsibility of ICE or its successor in the event ICE or its successor no longer does so, as the successor service, for the purpose of displaying London interbank offered rates for US dollar deposits of major banks). LIBOR Determination Date means the second London Banking Day (as defined below) immediately preceding the first day of the relevant Interest Period. London Banking Day means any day on which dealings in deposits in US dollars are transacted in the London interbank market. In determining LIBOR during a particular Interest Period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market. Those reference banks and dealers may include the calculation agent itself and the Company s affiliates.

Day Count Convention	30-day month/360-day year to but excluding December 30, 2023, and thereafter, a 360-day year and the number of days actually elapsed.
Record Dates	Each interest payment will be made to the holders of record who held the New Notes at the close of business on the fifteenth calendar day prior to the applicable interest payment date.
Subordination; Ranking	<p>The New Notes will be our general unsecured, subordinated obligations and:</p> <p style="padding-left: 40px;">will rank junior in right of payment to all of our existing and future senior indebtedness (as defined herein);</p> <p style="padding-left: 40px;">will rank equally in right of payment with all of our existing and future unsecured subordinated indebtedness; and</p> <p style="padding-left: 40px;">will be effectively subordinated to all of the existing and future indebtedness, liabilities and other obligations of the Bank and our other current and future subsidiaries, including without limitation the Bank s deposit liabilities and claims of other creditors of the Bank.</p>
Optional Redemption	We may, at our option, redeem the New Notes (i) in whole or in part, beginning with the interest payment date of December 30, 2023 and on any interest payment date thereafter and (ii) in whole but not in part, at any time upon the occurrence of a Tier 2 Capital Event, Tax Event or an Investment Company Event (each as described in Description of the Notes Redemption).

Any redemption of the New Notes will be subject to prior approval of the Federal Reserve, to the extent such approval is then required. Any redemption of the New Notes will be at a redemption price equal to 100% of the principal amount of the New Notes being redeemed plus accrued and unpaid interest to, but excluding, the date of redemption.

The New Notes are not subject to repayment at the option of the holders and there is no sinking fund for the New Notes.

No Limitations On Indebtedness

The terms of the New Notes do not limit the amount of additional indebtedness the Company, the Bank or any of our respective subsidiaries may incur or the amount of other obligations ranking senior or equal to the New Notes that we may incur.

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Limited Indenture Covenants

The indenture governing the New Notes contains no financial covenants requiring us to achieve or maintain any minimum financial results relating to our financial position or results of operations or meet or exceed any financial ratios as a general matter or in order to incur additional indebtedness or obligations or to maintain any reserves.

Moreover, neither the indenture nor the New Notes contain any covenants prohibiting us from, or limiting our right to, grant liens on our assets to secure our indebtedness or other obligations that are senior in right of payment to the New Notes, to repurchase our stock or other securities, including any of the New Notes, or to pay dividends or make other distributions to our shareholders (except, in the case of dividends or other distributions on junior securities, upon our failure to timely pay the principal of or interest on the New Notes, when the same becomes due and payable).

Listing; No Public Market

The New Notes are a new issue of securities with no established trading market and we do not expect any public market to develop in the future for the New Notes. We do not intend to list the New Notes on any national securities exchange or quotation system.

Risk Factors

See **Risk Factors** beginning on page 9 of this prospectus, as well as in our reports filed with the SEC, and other information included or incorporated by reference in this prospectus for a discussion of factors you should consider carefully before deciding to participate in the exchange offer.

Trustee

U.S. Bank, National Association, or successor if replaced in accordance with the applicable provisions of the Indenture.

Governing Law

The New Notes and the indenture will be governed by and construed in accordance with the laws of the State of New York.

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RISK FACTORS

In consultation with your own advisors, you should carefully consider, among other matters, the factors set forth below as well as the other information included or incorporated by reference in this prospectus before deciding whether to participate in the exchange offer. In particular, you should carefully consider, among other things, the factors described under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which is incorporated herein by reference, as updated by our subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. If any of the risks contained in or incorporated by reference into this prospectus develop into actual events, our business, financial condition, liquidity, results of operations and prospects could be materially and adversely affected, the value of the New Notes could decline, our ability to repay the New Notes may be impaired, and you may lose all or part of your investment. Some statements in this prospectus, including statements in the following risk factors, constitute forward-looking statements. See the "Special Note Regarding Forward-Looking Statements" section in this prospectus.

Risks Related to Our Business

For a discussion of certain risks applicable to our business and operations, please refer to the section entitled "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Risks Related to the Exchange Offer

If you do not properly tender your Old Notes, you will continue to hold unregistered Old Notes and your ability to transfer Old Notes will be adversely affected.

We will only issue New Notes in exchange for Old Notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the Old Notes and you should carefully follow the instructions on how to tender your Old Notes. Neither we nor the exchange agent are required to tell you of any defects or irregularities with respect to your tender of Old Notes. See "The Exchange Offer Procedures for Tendering Old Notes."

If you do not exchange your Old Notes for New Notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your Old Notes described in the legend on the certificates for your Old Notes. In general, you may only offer or sell the Old Notes if they are registered under the Securities Act and applicable state securities laws, or you offer and sell under an exemption from these requirements. We do not plan to register any sale of the Old Notes under the Securities Act.

The tender of Old Notes under the exchange offer will reduce the principal amount of the Old Notes outstanding, which may have an adverse effect upon, and increase the volatility of, the market price of the Old Notes due to reduction in liquidity.

You may not receive New Notes in the exchange offer if you do not properly follow the exchange offer procedures.

We will issue New Notes in exchange for your Old Notes only if you properly tender the Old Notes before expiration of the exchange offer. Neither we nor the exchange agent are required to tell you of any defects or irregularities with respect to your tender of Old Notes. If you are the beneficial holder of Old Notes that are held through your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender such Old Notes in the exchange offer, you should promptly contact the person through whom your Old Notes are held and instruct that person to tender on your behalf in accordance with the procedures described in this prospectus and the accompanying

transmittal letter.

Some holders who exchange their Old Notes may be deemed to be underwriters.

Based on interpretations of the staff of the SEC contained in certain no action letters addressed to other parties, we believe that you may offer for resale, resell or otherwise transfer the New Notes without compliance with the registration and prospectus delivery requirements of the Securities Act. However, in some instances described in this prospectus under Plan of Distribution, certain holders of New Notes will remain obligated to comply with the registration and prospectus delivery requirements of the Securities Act to transfer the New Notes. If such a holder transfers any New Notes without delivering a prospectus meeting the requirements of the Securities Act or without an applicable exemption from registration under the Securities Act, such a holder may incur liability under the Securities Act. We do not and will not assume, or indemnify such a holder against, such liability.

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Risks Related to the Notes

The notes are unsecured and subordinated to our existing and future senior indebtedness.

Although the New Notes will rank on par with the Old Notes, the notes will be unsecured, subordinated obligations of Orrstown Financial Services, Inc. and, consequently, will rank junior in right of payment to all of our secured and unsecured senior indebtedness now existing or that we incur in the future, as described under Description of the Notes Subordination. As a result, upon any payment or distribution of assets to creditors in the case of liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors or any bankruptcy, insolvency or similar proceeding, the holders of the senior indebtedness will be entitled to have the senior indebtedness paid in full prior to the holders of the notes receiving any payment of principal of, or interest on, the notes.

As of September 30, 2018, the Company and our subsidiaries had outstanding indebtedness, total deposits and other liabilities of \$1.6 billion, excluding intercompany liabilities, all of which would rank structurally senior to the notes. As of September 30, 2018, the Bank had \$ 1.6 billion in aggregate principal amount of senior indebtedness outstanding on a consolidated basis, which consisted entirely of the outstanding indebtedness, total deposits and other liabilities of our subsidiaries. The notes do not limit the amount of additional indebtedness or senior indebtedness that we or any of our subsidiaries, including the Bank, may incur. Accordingly, in the future, we and our subsidiaries may incur other indebtedness, which may be substantial in amount, including senior indebtedness, indebtedness ranking equally with the notes and indebtedness ranking effectively senior to the notes, as applicable. Any additional indebtedness and liabilities that we and our subsidiaries incur may adversely affect our ability to pay our obligations on the notes.

As a consequence of the subordination of the notes to our existing and future senior indebtedness, an investor in the notes may lose all or some of its investment upon our liquidation, dissolution, winding up, reorganization, assignment for the benefit of creditors or any bankruptcy, insolvency or similar proceeding. In such an event, our assets would be available to pay the principal of, and any accrued and unpaid interest on, the notes only after all of our senior indebtedness had been paid in full. In such an event, any of our other general, unsecured obligations that do not constitute senior indebtedness, depending upon their respective preferences, will share pro rata in our remaining assets after we have paid all of our senior indebtedness in full.

The notes are obligations only of Orrstown Financial Services, Inc. and not obligations of the Bank or any of our other subsidiaries and will be effectively subordinated to the existing and future indebtedness, deposits of the Bank, and other liabilities of the Bank and our other subsidiaries.

The notes are obligations solely of Orrstown Financial Services, Inc. and are not obligations of the Bank or any of our other subsidiaries. The Bank and our other subsidiaries are separate and distinct legal entities from Orrstown Financial Services, Inc. The rights of Orrstown Financial Services, Inc. and the rights of its creditors, including the holders of the notes, to participate in any distribution of the assets of the Bank or any other subsidiary (either as a shareholder or as a creditor) upon an insolvency, bankruptcy, liquidation, dissolution, winding up or similar proceeding of the Bank or such other subsidiary (and the consequent right of the holders of the notes to participate in those assets after repayment of our existing or future senior indebtedness), will be subject to the claims of the creditors of the Bank, including depositors of the Bank, or such other subsidiary. Accordingly, the notes are effectively subordinated to all of the existing and future indebtedness, deposits and other liabilities and preferred equity of the Bank and our other subsidiaries, to the extent that those liabilities, including deposit liabilities, equal or exceed their respective assets.

As of September 30, 2018, the Company and our subsidiaries had outstanding indebtedness, total deposits and other liabilities of \$1.6 billion, excluding intercompany liabilities, all of which would rank structurally senior to the notes.

The notes do not limit the amount of indebtedness or other liabilities that the Bank or any of our other subsidiaries may incur, all of which would rank structurally senior to the notes. Any additional indebtedness and liabilities that our subsidiaries incur may adversely affect our ability to pay our obligations on the notes.

The notes include limited covenants and do not restrict our ability to incur additional debt.

The notes do not contain any financial covenants that would require us to achieve or maintain any minimum financial results relating to our financial condition, liquidity or results of operations or meet or exceed certain financial ratios as a general matter or to incur additional indebtedness or obligations or to maintain any reserves. Moreover, the notes do not contain any covenants prohibiting us or our subsidiaries from, or limiting our or our subsidiaries' right to, grant liens on

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assets to secure indebtedness or other obligations, to repurchase our stock or other securities, including any of the notes, or to pay dividends or make other distributions to our shareholders. The notes do not contain any provision that would provide protection to the holders of the notes against a material decline in our credit quality.

In addition, the notes do not limit the amount of additional indebtedness the Company, the Bank or any of our other subsidiaries may incur or the amount of other obligations that the Company or the Bank may incur ranking senior or equal to the indebtedness evidenced by the notes. The issuance or guarantee of any such securities or the incurrence of any such other liabilities may reduce the amount, if any, recoverable by holders of the notes in the event of our insolvency, bankruptcy, liquidation, dissolution, winding up or similar proceeding, and may limit our ability to meet our obligations under the notes.

To service our debt, we will require a significant amount of cash. Our ability to generate cash depends on many factors.

Our ability to make payments on or to refinance our indebtedness, including our ability to meet our obligations under the notes, and to fund our operations depends on our ability to generate cash and our access to the capital markets in the future. These will depend on our financial and operating performance, which, to a certain extent, are subject to general economic, financial, competitive, legislative, regulatory, capital market conditions and other factors that are beyond our control. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be unable to obtain new financing or to fund our obligations to our customers and business partners, implement our business plans, sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. As a result, we may be unable to meet our obligations under the notes. In the absence of sufficient capital resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet debt service and other obligations. We may not be able to consummate those dispositions of assets or to obtain the proceeds that they could realize from them and these proceeds may not be adequate to meet any debt service obligations then due, including obligations under the notes. Additionally the Company's ability to service its debt is dependent, in part, on the receipt of dividends from the Bank. Various federal and state laws limit the amount of dividends the Bank can pay to the us without regulatory approval. In addition, federal bank regulatory agencies have authority to prohibit the Bank from engaging in an unsafe or unsound practice in conducting its business. The payment of dividends, depending upon the financial condition of the Bank in the future, could be deemed to constitute an unsafe or unsound practice. The ability of the Bank to pay dividends in the future may be influenced by bank regulatory policies and capital guidelines.

The notes are subject to limited rights of acceleration.

Payment of principal of the notes may be accelerated only in the case of certain bankruptcy-related events with respect to us. As a result, you have no right to accelerate the payment of principal of the notes if we fail to pay principal of or interest on the notes or if we fail in the performance of any of our other obligations under the notes.

The amount of interest payable on the notes will vary beginning December 30, 2023, and interest after that date may be less than the initial fixed annual rate of 6.0% in effect until December 30, 2023.

Because LIBOR is a floating rate, the interest rate on the notes will vary beginning December 30, 2023 at an annual floating rate equal to LIBOR, as determined quarterly on the determination date for the applicable interest period, plus 316 basis points. The interest rate that is determined on the relevant determination date will apply to the entire interest period following such determination date, even if LIBOR increases during that interest period. The floating rate may be volatile over time and could be substantially less than the fixed rate. This could result in holders of the notes experiencing a decline in their receipt of interest and also could cause a decline in the market price of the notes. We

have no control over a number of factors that may affect market interest rates, including geopolitical conditions and economic, financial, political, regulatory, judicial or other events that affect the markets generally and that are important in determining the existence, magnitude and longevity of market rate risk.

In the past, the level of LIBOR has experienced significant fluctuations. Historical levels, fluctuations and trends of LIBOR are not necessarily indicative of future levels. Any historical upward or downward trend in LIBOR is not an indication that LIBOR is more or less likely to increase or decrease at any time during the floating rate period, and you should not take the historical levels of LIBOR as an indication of its future performance.

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The floating interest rates described herein refer to LIBOR as a benchmark and LIBOR may be discontinued or reformed, which may adversely affect the value of and return on the notes.

The LIBOR is deemed to be a benchmark and is the subject of ongoing national and international regulatory scrutiny and reform. Some of these reforms are already effective, while others are still to be implemented or formulated. These reforms may cause LIBOR to perform differently than it has performed in the past or to be discontinued entirely and may have other consequences that cannot be predicted. Any such consequences could adversely affect the value of and return on the notes, which are linked to LIBOR to calculate interest or other payments due on the notes during the floating-rate interest period.

Any of the international, national or other proposals for reform or the general increased regulatory scrutiny of LIBOR could increase the costs and risks of administering or otherwise participating in the setting of LIBOR or a similar benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain benchmarks, trigger changes in the rules or methodologies used in certain benchmarks or lead to the discontinuance or unavailability of quotes of certain benchmarks.

To the extent that LIBOR is discontinued or is no longer quoted, the applicable floating interest rate for the notes will be determined using the alternative methods described in DESCRIPTION OF THE NOTES Principal, Maturity and Interest. Any of these alternative methods may result in interest payments that are lower than or that do not otherwise correlate over time with the payments that would have been made on the notes if LIBOR was available in its current form. Further, the same costs and risks that may lead to the discontinuation or unavailability of LIBOR may make one or more of the alternative methods impossible or impracticable to determine. The final alternative method described herein sets the interest rate for a floating-rate interest period at the same rate as the immediately preceding floating-rate interest period or, in the case of the initial floating-rate interest period, the rate of interest will be 6.0%. Any of the foregoing may have an adverse effect on the value of the notes.

The interest on the notes during the floating-rate interest period will be determined using alternative methods if LIBOR is no longer available on the designated LIBOR page and will be calculated using a substitute or successor reference rate selected by a Company appointed calculation agent if LIBOR is discontinued.

If, during the floating-rate period, LIBOR is no longer quoted on the designated LIBOR page described in DESCRIPTION OF THE NOTES Principal, Maturity and Interest below, the relevant LIBOR will be determined using the alternative methods described in DESCRIPTION OF THE NOTES Principal, Maturity and Interest below. Any of these alternative methods may result in interest payments on the notes that are lower than or do not otherwise correlate over time with the interest payments that would have been made on the notes if the designated LIBOR page had remained available. Any of the foregoing may have an adverse effect on the value of and return on the notes.

Additionally, if during the floating-rate interest period of the notes, the Company appointed calculation agent (which may be an affiliate of the Company) determines that LIBOR has been discontinued, the calculation agent, following consultation with the Company, will use a substitute or successor reference rate for LIBOR that has been selected by a central bank, reserve bank, monetary authority or any similar institution and whose use is consistent with then-accepted market practice for debt obligations such as the notes. However, if the calculation agent determines, following consultation with the Company, that there is no clear market consensus as to whether any rate has replaced LIBOR in customary market usage, the Company will use reasonable endeavors to appoint in its sole discretion an independent financial advisor to determine an appropriate substitute reference rate, and the decision of the independent financial advisor will be binding on the Company, the calculation agent and the holders of the notes. The interests of the calculation agent, which may be an affiliate of the Company, in making the determinations described

above may be adverse to your interests as a holder of the notes and may have an adverse effect on the value of and return on the notes.

Beginning on December 30, 2023, or at any time in the case of a regulatory capital treatment event, the notes may be redeemed at our option, which limits the ability of holders of the notes to accrue interest over the full stated term of the notes.

We may, at our option, redeem the notes (i) in whole or in part, beginning with the interest payment date of December 30, 2023 and on any interest payment date thereafter and (ii) in whole but not in part, at any time upon the

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occurrence of a Tier 2 Capital Event, Tax Event or an Investment Company Event, in each case at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest to, but not including, the date of redemption. Any redemption of the notes will be subject to prior approval of the Federal Reserve, to the extent such approval is then required. There can be no assurance that the Federal Reserve will approve any redemption of the notes that we may propose. Furthermore, you should not expect us to redeem any notes when they first become redeemable or on any particular date thereafter. If we redeem the notes for any reason, you will not have the opportunity to continue to accrue and be paid interest to the stated maturity date and you may not be able to reinvest the redemption proceeds you receive in a similar security or in securities bearing similar interest rates or yields.

There may be no active trading market for the notes.

The notes are a new issue of securities with no established trading market. We are not obligated to and do not intend to apply for listing of the notes on any national securities exchange or quotation system. A liquid or active trading market for the notes may not develop. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors. Accordingly, we cannot assure you that you will be able to sell any notes or the prices, if any, at which holders may be able to sell their notes.

Our indebtedness could adversely affect our financial results and prevent us from fulfilling our obligations under the notes.

In addition to our currently outstanding indebtedness, we may be able to borrow substantial additional indebtedness in the future. If new indebtedness is incurred in addition to our current debt levels, the related risks that we now face could increase. Our indebtedness, including the indebtedness we may incur in the future, could have important consequences for the holders of the notes, including:

limiting our ability to satisfy our obligations with respect to the notes;

increasing our vulnerability to general adverse economic industry conditions;

limiting our ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

requiring a substantial portion of our cash flow from operations for the payment of principal of and interest on our indebtedness and thereby reducing our ability to use our cash flow to fund working capital, capital expenditures and general corporate requirements;

limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and

putting us at a disadvantage compared to competitors with less indebtedness.

Changes in our credit ratings may adversely affect your investment in the notes.

The credit ratings on the notes are an assessment by rating agencies of our ability to pay our debts when due. These ratings are not recommendations to purchase, hold or sell the notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor, are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the view of each rating agency at the t