

ORRSTOWN FINANCIAL SERVICES, INC.

Nominating and Governance Committee Charter

General Statement of Purpose

The Nominating and Governance Committee of the Board of Directors (the “Nominating and Governance Committee”) of Orrstown Financial Services, Inc. (the “Company”), on behalf of the Board of Directors (the “Board”), exercises general oversight with respect to the corporate governance of the Company.

Committee Membership

The number of individuals serving on the Nominating and Governance Committee shall be fixed by the Board from time to time but shall consist of no fewer than three members.

Each member of the Nominating and Governance Committee shall meet the independence requirements set forth in NASDAQ Stock Market Rule 5605(a)(2). In determining the members of the Nominating and Governance Committee, the Board will consider whether the members qualify as “non-employee directors” as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and as “outside directors” as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended.

The members of the Nominating and Governance Committee shall be appointed annually by the Board and may be replaced or removed by the Board at any time, with or without cause. Resignation or removal of a Director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from this committee. Vacancies occurring, for whatever reason, may be filled by the Board.

The Board shall designate one member of the Nominating and Governance Committee to serve as Chairman of the Nominating and Governance Committee.

Authorities and Responsibilities

The Nominating and Governance Committee exercises general oversight with respect to corporate governance of the Company. More specifically, the Nominating and Governance Committee is authorized, on behalf of the Board, to do any of the following, as the Nominating and Governance Committee deems necessary or appropriate in its discretion:

A. Corporate Governance Guidelines

- Develop and recommend to the Board a set of Corporate Governance Guidelines applicable to the Company.
- Review and reassess the adequacy of the Corporate Governance Guidelines annually and recommend any proposed changes to the Board for approval.

B. Composition of Board and Selection of Directors

- Make recommendations to the Board regarding the Board's size and composition and the tenure of directors.
- Recommend to the Board criteria for Board membership, which shall include a description of any specific, minimum qualifications that the Nominating and Governance Committee believes must be met by a Nominating and Governance Committee-recommended nominee, a description of any specific qualities or skills that the Nominating and Governance Committee believes are necessary for one or more of the Company's directors to possess, and a review of the duties and composition of the Board, and annually reassess the adequacy of such criteria and submit any proposed changes to the Board for approval. The current policy governing director qualifications and nominations is appended to this Charter as **Appendix A**.
- Establish a process for identifying and evaluating nominees for the Board, including evaluating nominees recommended by shareholders. The current process for identifying and evaluating nominees for the Board is as follows:
 - a. The Nominating and Governance Committee may solicit recommendations from any or all of the following sources: directors and officers of the Company and its wholly-owned subsidiary, Orrstown Bank, third-party search firms, or any other source it deems appropriate.
 - b. The Nominating and Governance Committee will review and evaluate the qualifications of any such proposed director candidate, and conduct inquiries it deems appropriate.
 - c. The Nominating and Governance Committee will evaluate all such proposed director candidates in the same manner, with no regard to the source of the initial recommendation of such proposed director candidate.
 - d. In identifying and evaluating proposed director candidates, the Nominating and Governance Committee may consider, in addition to the minimum qualifications and other criteria for Board membership approved by the Board from time to time, all facts and circumstances that it deems appropriate or advisable, including, among other things, the skills of the proposed director candidate, his or her depth and breadth of business experience or other background characteristics, his or her independence and the needs of the Board.
 - e. Consider all recommendations in light of the requirement that a majority of the Board be comprised of directors who meet the independence requirements set forth in NASDAQ Stock Market Rule 5605(a)(2).
- Upon identifying individuals qualified to become members of the Board, consistent with the minimum qualifications and other criteria approved by the

Board from time to time, recommend that the Board select the director nominees to fill vacancies on the Board or for election at each annual meeting of shareholders (or, if applicable, a special meeting of shareholders); *provided, however*, that, if the Company is legally required by contract or otherwise to provide third parties with the ability to nominate individuals for election as a member of the Board (pursuant, for example, to the rights of holders of preferred stock to elect directors upon a dividend default or in accordance with shareholder agreements or management agreements), the selection and nomination of such director nominees shall be governed by such contract or other arrangement and shall not be the responsibility of the Nominating and Governance Committee.

- Establish a policy with regard to the consideration of director candidates recommended by shareholders and establish procedures to be followed by shareholders in submitting recommendations for director candidates to the Nominating and Governance Committee. The current procedures to be followed by shareholders are set forth in **Appendix B** to this Charter.
- Review all shareholder nominations and proposals submitted to the Company (including any proposal relating to the procedures for making nominations or electing directors), determine whether the nomination or proposal was submitted in a timely manner and, in the case of a director nomination, whether the nomination and the nominee satisfy all applicable eligibility requirements, and recommend to the Board appropriate action on each such nomination or proposal.

C. Selection of Members of Committees of the Board

- Review the duties and composition of committees of the Board and identify and recommend to the Board, directors qualified to become members of each Board committee, taking into account such listing and regulatory criteria (if applicable) as well as such other factors as the Committee deems appropriate.

D. Evaluation of Board of Directors

- Oversee evaluations of the performance of the Board and its committees and lead self-evaluation discussions at least annually.

E. Matters Relating to Retention and Termination of Search Firms

- Exercise sole authority to retain and terminate any search firm that is to be used by the Company to assist in identifying director candidates. The Nominating and Governance Committee shall also have sole authority to approve any such search firm's fees and other retention terms.

Annual Review of Charter

The Nominating and Governance Committee shall review and reassess the adequacy of this Charter annually and submit any proposed changes to the Board for approval.

Meetings and Minutes

The Nominating and Governance Committee shall meet as often as it determines is appropriate to carry out its responsibilities, which meetings may be in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Each member of the Committee is expected to use his or her best efforts to attend all regularly scheduled and special meetings of the Committee in person and to participate in all special meetings held via telephone conference.

A majority of the members of the Nominating and Governance Committee shall constitute a quorum for purposes of holding a meeting and the Nominating and Governance Committee may act by a vote of a majority of members present at such meeting. In lieu of a meeting, the Nominating and Governance Committee may act by unanimous written consent in accordance with the Company's by-laws.

The Chairman of the Nominating and Governance Committee, in consultation with the appropriate members of management and staff, may establish the agenda for each Committee meeting. Each Nominating and Governance Committee member is free to suggest the inclusion of item(s) on the agenda. Management will be responsible for assuring that, as a general rule, information and data that are important to the Nominating and Governance Committee's understanding of the matters within the Nominating and Governance Committee's authority and the matters to be considered and acted upon by the Nominating and Governance Committee are distributed in writing to each member of the Nominating and Governance Committee sufficiently in advance of each such meeting or action taken by written consent to provide a reasonable time for review and evaluation of such information and data. Management will make every attempt to see that this material is as concise as feasible, while still providing sufficient information to permit the Nominating and Governance Committee to be appropriately informed of material matters to be considered at each Committee meeting or other Committee action.

It is recognized that circumstances will arise when it is not feasible to provide information relating to certain agenda items in advance (or at least not very much in advance) of a Committee meeting or an action to be taken by written consent. In such event, reasonable steps shall be taken (which may include extending the length of the Nominating and Governance Committee meeting to allow more discussion, adjourning the meeting for a brief period to allow directors time to review such information, deferring a vote until a follow-up telephonic meeting, or other measures as appropriate) to permit the Nominating and Governance Committee members to become reasonably informed as to the matter before voting on it.

Additional meetings may occur as the Nominating and Governance Committee or its Chairman deem advisable. The Nominating and Governance Committee shall keep regular minutes of the transactions of its meetings and shall cause them to be recorded in books kept for that purpose in the office of the Company.

Resources

In carrying out its responsibilities, the Nominating and Governance Committee may use reasonable amounts of time of, and shall be entitled to rely upon advice and information that it receives from management and such experts, advisors and professionals with whom the Nominating and Governance Committee may consult. The Nominating and Governance Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Nominating and Governance Committee or meet with any members of or advisors to the Nominating and Governance Committee.

The Nominating and Governance Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities and shall have sole authority to approve any such advisor's fees and other retention terms. The Nominating and Governance Committee shall keep the Accounting Department of the Company advised as to the general range of anticipated expenses for outside consultants hired by the Committee.

General Matters

The Nominating and Governance Committee may establish and delegate authority to one or more subcommittees consisting of one or more of its members, when the Nominating and Governance Committee deems it appropriate to do so in order to carry out its responsibilities.

The Nominating and Governance Committee shall make regular reports to the Board concerning areas of the Nominating and Governance Committee's responsibility.

The Nominating and Governance Committee may perform such other functions as may be requested by the Board from time to time.

ADOPTED: 1/25/2018

APPENDIX A

Policy Governing Director Qualifications and Nominations

The Nominating and Governance Committee of Orrstown Financial Services, Inc. (the “Company”), believes that it is in the best interests of the Company and its shareholders to obtain highly qualified individuals to serve as members of the Board.

At a minimum, the Nominating and Governance Committee must be satisfied that each Nominating and Governance Committee-selected nominee meets the following qualifications:

- The nominee shall possess excellent decision-making ability, business experience, personal integrity and reputation.
- The nominee shall have experience at a strategic or policymaking level in a business, government, non-profit or academic organization of high standing.
- The nominee shall be highly accomplished in his or her respective field, with superior credentials and recognition.
- The nominee shall be well regarded in the community and shall have a long-term reputation for the highest ethical and moral standards.
- The nominee shall have sufficient time and availability to devote to the affairs of the Company, particularly in light of the number of boards on which the nominee may serve.
- To the extent such nominee serves or has previously served on other boards, the nominee shall have a demonstrated history of actively contributing at board meetings.

In addition to the minimum qualifications for each nominee set forth above, the Nominating and Governance Committee shall select persons for nomination to help ensure that:

- A majority of the Board shall be “independent” in accordance with the standards established pursuant to NASDAQ Stock Market Rule 5605(a)(2).
- The Company’s Audit Committee, Compensation Committee and Nominating and Governance Committee shall be comprised entirely of independent directors.
- At least one member of the Audit Committee shall have such experience, education and other qualifications necessary to qualify as an “audit committee financial expert” as defined by the rules of the Securities and Exchange Commission.

Finally, in addition to any other standards the Nominating and Governance Committee may deem appropriate from time to time for the overall structure and composition of the Board, the Nominating and Governance Committee may consider the following factors when selecting persons for nomination:

- Whether the nominee has direct experience in the financial services industry or in the markets in which the Company or its subsidiaries operates.
- Whether the nominee, if elected, assists in achieving a mix of Board members that represents a diversity of background and experiences.

APPEXDIX B

Procedures for Shareholder Nominations of Directors

The Nominating and Governance Committee of Orrstown Financial Services, Inc. (the “Company”), has established the following procedures to be followed by shareholders in submitting recommendations for director candidates to the Nominating and Governance Committee:

In accordance with Article II, Section 2-3 of the Company’s by-laws, to be considered in the selection of Board nominees, recommendations from shareholders must be delivered to, or mailed and received at, the principal executive offices of the Company not less than 120 days prior to the anniversary date of the immediately preceding annual meeting of shareholders of the Company.

All recommendations should set forth:

- the name, age, business and residential address, educational background, current principal occupation or employment, and principal occupation or employment for the preceding five (5) full fiscal years of the proposed director candidate;
- a representation that the shareholder is a record holder of the Company’s securities, or if the shareholder is not a record holder, evidence of ownership in accordance with Rule 14a-8(b)(2) of the Exchange Act by such person on the date of such shareholder notice;
- a description of the qualifications and background of the proposed director candidate which addresses the minimum qualifications and other criteria for Board membership approved by the Board from time to time and set forth in this Charter;
- a description of all arrangements or understandings between the shareholder and the proposed director candidate;
- the consent of the proposed director candidate (a) to be named in the proxy statement relating to the Company’s annual meeting of shareholders and (b) to serve as a director if elected at such annual meeting; and
- any other information relating to such person that is required to be disclosed in solicitations of proxies with respect to nominees for election as directors pursuant to Regulation 14A under the Exchange Act.

At the request of the Board, any person nominated by, or at the direction of, the Board for election as a director at an annual meeting shall furnish to the Secretary of the Company that information required to be set forth in a shareholder’s notice of nomination which pertains to the nominee. Deficiencies in shareholder nominations will be subject to the provisions of Article II, Section 2-3(c) of the Company’s by-laws.

Persons recommended for consideration as Board nominees should meet the director qualification requirements set forth in Article III, Sections 3-12 to 3-14 of the Company's by-laws, which require that all directors hold at least 3,500 shares of the Company's common stock, that no one may be nominated to serve as a director of the Company that: (a) is under indictment or has been convicted of a crime involving a breach of trust with a penalty of imprisonment for more than one year; (b) has been issued within the past 10 years a non-appealable cease and desist order by a federal or state bank regulatory agency related to conduct involving dishonesty or breach of trust; (c) has been found guilty in a final decision, either by any federal or state regulatory agency of: (i) committing a willful violation of any law governing banking, securities, commodities or insurance, or any final cease and desist order issued by a banking, securities, commodities or insurance regulatory agency, or (ii) breaching a fiduciary duty involving personal profit; or (d) has been nominated by someone who is ineligible to serve as a director of the Company under requirements (a)-(c) listed above. In addition, the age of members of the Board is limited to 75 years, provided, however, if approved by the Board of Directors, a director who reaches such age during his or her term of office may continue to serve on the Board until the expiration of such term.