UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 0-12508

S&T BANCORP INC.

(Exact name of registrant as specified in its charter)

Pennsylvania	**25-1434426**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
800 Philadelphia Street Indiana PA	**15701**
(Address of principal executive offices)	**(zip code)**

800-325-2265

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address, and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $2.50 par value	STBA	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, $2.50 Par Value - 38,235,882 shares as of April 30, 2024

S&T BANCORP, INC. AND SUBSIDIARIES

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S&T BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except share and per share data)	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Cash and due from banks, including interest-bearing deposits of $143,927 and $160,802 at March 31, 2024 and December 31, 2023	$ 207,462	$ 233,612
Securities available for sale, at fair value	970,728	970,391
Loans held for sale	—	153
Portfolio loans, net of unearned income	7,656,034	7,653,341
Allowance for credit losses	(104,802)	(107,966)
Portfolio loans, net	7,551,232	7,545,375
Bank owned life insurance	83,900	84,008
Premises and equipment, net	47,956	49,006
Federal Home Loan Bank and other restricted stock, at cost	13,703	25,082
Goodwill	373,424	373,424
Other assets	290,698	270,475
Total Assets	**$ 9,539,103**	**$ 9,551,526**
LIABILITIES		
Deposits:		
Noninterest-bearing demand	$ 2,188,927	$ 2,221,942
Interest-bearing demand	848,729	825,787
Money market	1,882,157	1,941,842
Savings	936,056	950,546
Certificates of deposit	1,744,478	1,581,652
Total Deposits	**7,600,347**	**7,521,769**
Short-term borrowings	285,000	415,000
Long-term borrowings	39,156	39,277
Junior subordinated debt securities	49,373	49,358
Other liabilities	270,153	242,677
Total Liabilities	**8,244,029**	**8,268,081**
SHAREHOLDERS' EQUITY		
Common stock ($2.50 par value) Authorized—50,000,000 shares Issued—41,449,444 shares at March 31, 2024 and December 31, 2023 Outstanding—38,233,280 shares at March 31, 2024 and 38,232,806 shares at December 31, 2023	103,623	103,623
Additional paid-in capital	409,857	409,034
Retained earnings	977,195	959,604
Accumulated other comprehensive loss	(97,697)	(90,901)
Treasury stock — 3,216,164 shares at March 31, 2024 and 3,216,638 shares at December 31, 2023, at cost	(97,904)	(97,915)
Total Shareholders' Equity	**1,295,074**	**1,283,445**
Total Liabilities and Shareholders' Equity	**$ 9,539,103**	**$ 9,551,526**

See Notes to Consolidated Financial Statements

S&T BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
(dollars in thousands, except per share data)	**2024**	**2023**
INTEREST AND DIVIDEND INCOME		
Loans, including fees	$ 118,577	$ 102,724
Investment Securities:		
Taxable	8,595	7,457
Tax-exempt	193	214
Dividends	389	508
Total Interest and Dividend Income	**127,754**	**110,903**
INTEREST EXPENSE		
Deposits	36,662	14,903
Borrowings, junior subordinated debt securities and other	7,615	7,209
Total Interest Expense	**44,277**	**22,112**
NET INTEREST INCOME	**83,477**	**88,791**
Provision for credit losses	2,627	922
Net Interest Income After Provision for Credit Losses	**80,850**	**87,869**
NONINTEREST INCOME		
Debit and credit card	4,235	4,373
Service charges on deposit accounts	3,828	4,076
Wealth management	3,042	2,948
Mortgage banking	277	301
Other	1,448	1,492
Total Noninterest Income	**12,830**	**13,190**
NONINTEREST EXPENSE		
Salaries and employee benefits	29,512	27,601
Data processing and information technology	4,954	4,258
Occupancy	3,870	3,835
Furniture, equipment and software	3,472	2,861
Marketing	1,943	1,853
Other taxes	1,871	1,790
Professional services and legal	1,720	1,821
FDIC insurance	1,049	1,012
Other	6,129	6,668
Total Noninterest Expense	**54,520**	**51,699**
Income Before Taxes	**39,160**	**49,360**
Income tax expense	7,921	9,561
Net Income	**$ 31,239**	**$ 39,799**
Earnings per share—basic	$ 0.82	$ 1.02
Earnings per share—diluted	$ 0.81	$ 1.02
Dividends declared per share	$ 0.33	$ 0.32
Comprehensive Income	**$ 24,443**	**$ 55,266**

See Notes to Consolidated Financial Statements

S&T BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

	Three Months Ended March 31, 2023					
(dollars in thousands, except share and per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at January 1, 2023	**$ 103,623**	**$ 406,283**	**$ 863,948**	**$ (112,125)**	**$ (77,070)**	**$ 1,184,659**
Net income for the three months ended March 31, 2023	—	—	39,799	—	—	39,799
Other comprehensive income, net of tax	—	—	—	15,467	—	15,467
Impact of adoption of ASU 2022-02	—	—	(447)	—	—	(447)
Cash dividends declared ($0.32 per share)	—	—	(12,494)	—	—	(12,494)
Forfeitures of restricted stock awards (1,577 shares)	—	—	34	—	(53)	(19)
Recognition of restricted stock compensation expense	—	830	—	—	—	830
Balance at March 31, 2023	**$ 103,623**	**$ 407,113**	**$ 890,840**	**$ (96,658)**	**$ (77,123)**	**$ 1,227,795**

See Notes to Consolidated Financial Statements

	Three months ended March 31, 2024					
(dollars in thousands, except share and per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at January 1, 2024	**$ 103,623**	**$ 409,034**	**$ 959,604**	**$ (90,901)**	**$ (97,915)**	**$ 1,283,445**
Net Income for the three months ended March 31, 2024	—	—	31,239	—	—	31,239
Other comprehensive loss, net of tax	—	—	—	(6,796)	—	(6,796)
Impact of adoption of ASU 2023-02	—	—	(1,002)	—	—	(1,002)
Cash dividends declared ($0.33 per share)	—	—	(12,661)	—	—	(12,661)
Treasury stock issued for restricted stock awards (2,062 shares)	—	(63)	—	—	63	—
Forfeitures of restricted stock awards (1,588 shares)	—	—	15	—	(52)	(37)
Recognition of restricted stock compensation expense	—	886	—	—	—	886
Balance at March 31, 2024	**$ 103,623**	**$ 409,857**	**$ 977,195**	**$ (97,697)**	**$ (97,904)**	**$ 1,295,074**

See Notes to Consolidated Financial Statements

S&T BANCORP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended March 31,	
(dollars in thousands)	**2024**	**2023**
OPERATING ACTIVITIES		
Net Cash Provided by Operating Activities	**$ 46,378**	**$ 44,255**
INVESTING ACTIVITIES		
Purchases of securities	(34,243)	(11,226)
Proceeds from maturities, prepayments and calls of securities	27,018	28,140
Proceeds from sales of securities	74	—
Redemption (purchases) of Federal Home Loan Bank stock	11,379	(7,227)
Net increase in loans	(18,004)	(63,646)
Proceeds from sale of portfolio loans	8,923	1,947
Purchases of premises and equipment	(643)	(1,439)
Proceeds from the sale of premises and equipment	110	57
Proceeds from life insurance settlement	584	—
Net payments from cash flow hedge	(3,536)	(2,351)
Net Cash Used in Investing Activities	**(8,338)**	**(55,745)**
FINANCING ACTIVITIES		
Net decrease in demand, money market and savings deposits	(84,247)	(307,521)
Net increase in certificates of deposit	162,831	240,664
Net (decrease) increase in short-term borrowings	(130,000)	125,000
Repayments on long-term borrowings	(121)	(113)
Repurchase of shares for taxes on restricted stock	(37)	(19)
Cash dividends paid to common shareholders	(12,616)	(12,378)
Net Cash (Used in) Provided by Financing Activities	**(64,190)**	**45,633**
Net (decrease) increase in cash and due from banks	(26,150)	34,143
Cash and due from banks at beginning of period	233,612	210,009
Cash and Due From Banks at End of Period	**$ 207,462**	**$ 244,152**

Supplemental Disclosures		
Right of use assets obtained in exchange for lease obligations	$ —	$ 1,270
Cash paid for interest	$ 40,656	$ 18,095
Cash paid for income taxes, net of refunds	$ 140	$ (7)
Transfers of loans to other real estate owned	$ 65	$ 11

See Notes to Consolidated Financial Statements

NOTE 1. BASIS OF PRESENTATION

Principles of Consolidation

The interim Consolidated Financial Statements include the accounts of S&T Bancorp, Inc., or S&T, and its wholly owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation. Investments of 20 percent to 50 percent of the outstanding common stock of investees are accounted for using the equity method of accounting.

Basis of Presentation

The accompanying unaudited interim Consolidated Financial Statements of S&T have been prepared in accordance with generally accepted accounting principles, or GAAP, in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission, or SEC, on February 27, 2024 (2023 Form 10-K). In the opinion of management, the accompanying interim financial information reflects all adjustments, consisting of normal recurring adjustments, necessary to present fairly our financial position and the results of operations for each of the interim periods presented. Results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for a full year or any future period.

Reclassification

Amounts in prior period financial statements and footnotes are reclassified whenever necessary to conform to the current period presentation. Reclassifications had no effect on our results of operations or financial condition.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Recently Adopted Accounting Standards

Investments Equity Method and Joint Ventures (Topic 323) Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method

In March 2023, the FASB issued ASU 2023-02, Investments Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method, or PAM, to allow reporting entities to consistently account for equity investments made primarily for the purpose of receiving income tax credits and other income tax benefits. If certain conditions are met, a reporting entity may elect to account for its tax equity investments using the PAM regardless of the program from which it receives income tax credits, instead of only using it for low-income-housing tax credit, or LIHTC, structures. This amendment also eliminates the ability to account for LIHTC investments using the cost method. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. We adopted this ASU, as of January 1, 2024, using a modified retrospective transition approach, which resulted in a $1.0 million cumulative effect adjustment being recorded to retained earnings related to the transition of the cost method to the proportional amortization method on LIHTC partnerships. We also elected to apply PAM to our qualifying historic tax credit, or HTC, equity investments. Results for reporting periods beginning after January 1, 2024 are presented using the PAM, while prior period amounts continue to be reported in accordance with previously applicable GAAP. Under the previously applicable accounting guidance, tax credit investments were accounted for using the cost method. The investment was amortized on a straight-line basis over a maximum of 10 years, which represents the period over which the tax credits will be utilized. The amortization expense was recognized in other noninterest expense and the tax credits offset income tax expense. Under the PAM, the equity investment is amortized in proportion to the income tax credits and other income tax benefits received. The amortization expense and the income tax credits are required to be presented on a net basis in income tax expense on the Condensed Consolidated Statements of Comprehensive Income. Refer to Note 7 Tax Credit Equity Investments for additional disclosures.

Recently Issued Accounting Standards Not Yet Adopted

Segment Reporting (Topic 280) Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures to improve disclosure requirements, primarily through enhanced disclosures about significant segment expenses. This update does not change how a public entity identifies its operating segments; however, it does require that an entity that has a single reportable segment provide all the disclosures required by the amendments in this update. The amendments in this update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. A public entity should apply the amendments in this update retrospectively to all prior periods presented in the consolidated financial statements. Early adoption is permitted. We currently have one reportable operating segment, Community Banking. This ASU will not impact our consolidated financial statements and will have minimal impact to our disclosures, requiring identification of the chief operating decision maker and the information used to make operating decisions and to allocate resources.

Income Taxes (Topic 740) Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures to enhance the transparency and decision usefulness of the disclosures. The amendments in this update address investor requests for more transparency about income tax information through improvements to disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this update are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual consolidated financial statements that have not yet been issued. This ASU is not expected to have a significant impact on disclosures, and will not impact our consolidated financial statements.

NOTE 2. EARNINGS PER SHARE

Diluted EPS is calculated using both the two-class and the treasury stock methods with the more dilutive method used to determine diluted EPS. The two-class method was used to determine EPS for the three months ended March 31, 2024 and the treasury stock method was used to determined earnings per share for the three months ended March 31, 2023.

The following table reconciles the numerators and denominators of basic and diluted EPS calculations for the periods presented:

	Three months ended March 31,	
(in thousands, except share and per share data)	**2024**	**2023**
Numerator for Earnings per Share—Basic and Diluted:		
Net income—Treasury Stock Method—Basic and Diluted	$ 31,239	$ 39,799
Less: Income allocated to participating shares	12	45
Net Income Allocated to Shareholders—Two-Class Method—Basic and Diluted	**$ 31,227**	**$ 39,754**
Denominator for Earnings per Share—Treasury Stock Method—Basic and Diluted:		
Weighted Average Shares Outstanding—Basic	38,192,235	38,865,669
Add: Potentially dilutive shares	239,514	166,393
Denominator for Treasury Stock Method—Diluted	**38,431,749**	**39,032,062**
Denominator for Earnings per Share—Two-Class Method—Basic and Diluted:		
Weighted Average Shares Outstanding—Basic	38,192,235	38,865,669
Add: Average participating shares outstanding	225,850	108,991
Denominator for Two-Class Method—Diluted	**38,418,085**	**38,974,660**
Earnings per share—basic	$ 0.82	$ 1.02
Earnings per share—diluted	$ 0.81	$ 1.02
Restricted stock considered anti-dilutive excluded from potentially dilutive shares	71	1,133

NOTE 3. FAIR VALUE MEASUREMENTS

We use fair value measurements when recording and disclosing certain financial assets and liabilities. Debt securities, equity securities and derivative financial instruments are recorded at fair value on a recurring basis. Additionally, from time to time, we may be required to record other financial instruments at fair value on a nonrecurring basis, such as loans held for sale, individually assessed loans, other real estate owned, or OREO, and other repossessed assets, mortgage servicing rights, or MSRs, and certain other assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. An orderly transaction is a transaction that assumes exposure to the market for a period prior to the measurement date to allow for marketing activities that are usual and customary for transactions involving such assets or liabilities; it is not a forced transaction. In determining fair value, we use various valuation approaches, including market, income and cost approaches. The fair value standard establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing an asset or liability, which are developed based on market data that we have obtained from independent sources. Unobservable inputs reflect our estimates of assumptions that market participants would use in pricing an asset or liability, which are developed based on the best information available in the circumstances.

The fair value hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The fair value hierarchy is broken down into three levels based on the reliability of inputs as follows.

Level 1: valuation is based upon unadjusted quoted market prices for identical instruments traded in active markets.

Level 2: valuation is based upon quoted market prices for similar instruments traded in active markets, quoted market prices for identical or similar instruments traded in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by market data.

Level 3: valuation is derived from other valuation methodologies, including discounted cash flow models and similar techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect estimates of assumptions that market participants would use in determining fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

There have been no changes in our valuation methodologies during the three months ended March 31, 2024. Refer to Note 1 Summary of Significant Accounting Policies of the Notes to Consolidated Financial Statements in our 2023 Form 10-K for more information on the valuation methodologies that we use for financial instruments recorded at fair value on a recurring or nonrecurring basis.

Assets and Liabilities Recorded at Fair Value on a Recurring Basis

The following tables present our assets and liabilities that are measured at fair value on a recurring basis by fair value hierarchy level at the dates presented:

	March 31, 2024			
(dollars in thousands)	Level 1	Level 2	Level 3	Total
ASSETS				
Available-for-sale debt securities:				
U.S. Treasury securities	$ 132,586	$ —	$ —	$ 132,586
Obligations of U.S. government corporations and agencies	—	32,593	—	32,593
Collateralized mortgage obligations of U.S. government corporations and agencies	—	467,198	—	467,198
Residential mortgage-backed securities of U.S. government corporations and agencies	—	36,662	—	36,662
Commercial mortgage-backed securities of U.S. government corporations and agencies	—	275,749	—	275,749
Obligations of states and political subdivisions	—	25,005	—	25,005
Total Available-for-Sale Debt Securities	**132,586**	**837,207**	**—**	**969,793**
Equity securities	935	—	—	935
Total Securities Available for Sale	**133,521**	**837,207**	**—**	**970,728**
Securities held in a deferred compensation plan	10,257	—	—	10,257
Derivative financial assets:				
Interest rate swaps - commercial loans	—	72,093	—	72,093
Total Assets	**$ 143,778**	**$ 909,300**	**$ —**	**$ 1,053,078**
LIABILITIES				
Derivative financial liabilities:				
Interest rate swaps - commercial loans	$ —	$ 72,578	$ —	$ 72,578
Interest rate swaps - cash flow hedge	—	18,404	—	18,404
Total Liabilities	**$ —**	**$ 90,982**	**$ —**	**$ 90,982**

	December 31, 2023			
(dollars in thousands)	Level 1	Level 2	Level 3	Total
ASSETS				
Available-for-sale debt securities:				
U.S. Treasury securities	$ 133,786	$ —	$ —	$ 133,786
Obligations of U.S. government corporations and agencies	—	32,513	—	32,513
Collateralized mortgage obligations of U.S. government corporations and agencies	—	460,939	—	460,939
Residential mortgage-backed securities of U.S. government corporations and agencies	—	38,177	—	38,177
Commercial mortgage-backed securities of U.S. government corporations and agencies	—	273,425	—	273,425
Obligations of states and political subdivisions	—	30,468	—	30,468
Total Available-for-Sale Debt Securities	**133,786**	**835,522**	**—**	**969,308**
Equity securities	1,010	73	—	1,083
Total Securities Available for Sale	**134,796**	**835,595**	**—**	**970,391**
Securities held in a deferred compensation plan	9,399	—	—	9,399
Derivative financial assets:				
Interest rate swaps - commercial loans	—	63,018	—	63,018
Total Assets	**$ 144,195**	**$ 898,613**	**$ —**	**$ 1,042,808**
LIABILITIES				
Derivative financial liabilities:				
Interest rate swaps - commercial loans	$ —	$ 63,554	$ —	$ 63,554
Interest rate swaps - cash flow hedge	—	14,739	—	14,739
Total Liabilities	**$ —**	**$ 78,293**	**$ —**	**$ 78,293**

Assets Recorded at Fair Value on a Nonrecurring Basis

We may be required to measure certain assets and liabilities at fair value on a nonrecurring basis. Nonrecurring assets are recorded at the lower of cost or fair value in our consolidated financial statements. There were no liabilities measured at fair value on a nonrecurring basis at either March 31, 2024 or December 31, 2023. There were no Level 3 assets measured at fair value on a nonrecurring basis as of March 31, 2024 or December 31, 2023. There was one Level 2 individually assessed loan measured at fair value on a nonrecurring basis for $13.4 million at March 31, 2024 and $5.9 million at December 31, 2023.

Fair Value of Financial Instruments

The following tables present the carrying values and fair values of our financial instruments at the dates presented:

	Carrying	Fair Value Measurements at March 31, 2024			
(dollars in thousands)	Value[1]	Total	Level 1	Level 2	Level 3
ASSETS					
Cash and due from banks, including interest-bearing deposits	$ 207,462	$ 207,462	$ 207,462	$ —	$ —
Securities available for sale	970,728	970,728	133,521	837,207	—
Portfolio loans, net	7,551,232	7,247,276	—	—	7,247,276
Collateral receivable	6,770	6,770	6,770	—	—
Securities held in a deferred compensation plan	10,257	10,257	10,257	—	—
Mortgage servicing rights	6,153	8,809	—	—	8,809
Interest rate swaps - commercial loans	72,093	72,093	—	72,093	—
LIABILITIES					
Deposits	$ 7,600,347	$ 7,588,523	$ 5,855,869	$ 1,732,654	$ —
Collateral payable	58,587	58,587	58,587	—	—
Short-term borrowings	285,000	284,631	—	284,631	—
Long-term borrowings	39,156	38,924	—	38,924	—
Junior subordinated debt securities	49,373	49,373	—	49,373	—
Interest rate swaps - commercial loans	72,578	72,578	—	72,578	—
Interest rate swaps - cash flow hedge	18,404	18,404	—	18,404	—

[1] *As reported in the Consolidated Balance Sheets*

	Carrying	Fair Value Measurements at December 31, 2023			
(dollars in thousands)	Value[1]	Total	Level 1	Level 2	Level 3
ASSETS					
Cash and due from banks, including interest-bearing deposits	$ 233,612	$ 233,612	$ 233,612	$ —	$ —
Securities available for sale	970,391	970,391	134,796	835,595	—
Loans held for sale	153	153	—	153	—
Portfolio loans, net	7,545,375	7,263,270	—	—	7,263,270
Collateral receivable	5,356	5,356	5,356	—	—
Securities held in a deferred compensation plan	9,399	9,399	9,399	—	—
Mortgage servicing rights	6,345	8,704	—	—	8,704
Interest rate swaps - commercial loans	63,018	63,018	—	63,018	—
LIABILITIES					
Deposits	$ 7,521,769	$ 7,511,598	$ 5,940,117	$ 1,571,481	$ —
Collateral payable	50,920	50,920	50,920	—	—
Short-term borrowings	415,000	415,000	—	415,000	—
Long-term borrowings	39,277	38,995	—	38,995	—
Junior subordinated debt securities	49,358	49,358	—	49,358	—
Interest rate swaps - commercial loans	63,554	63,554	—	63,554	—
Interest rate swaps - cash flow hedge	14,739	14,739	—	14,739	—

[1] *As reported in the Consolidated Balance Sheets*

NOTE 4. SECURITIES

The following table presents the fair values of our securities portfolio at the dates presented:

(dollars in thousands)	March 31, 2024	December 31, 2023
Debt securities	$ 969,793	$ 969,308
Equity securities	935	1,083
Total Securities Available for Sale	**$ 970,728**	**$ 970,391**

The following tables present the amortized cost and fair value of available-for-sale debt securities as of the dates presented:

	March 31, 2024				December 31, 2023			
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$ 144,009	$ —	$ (11,423)	$ 132,586	$ 144,292	$ —	$ (10,506)	$ 133,786
Obligations of U.S. government corporations and agencies	33,302	—	(709)	32,593	33,342	—	(829)	32,513
Collateralized mortgage obligations of U.S. government corporations and agencies	517,555	405	(50,762)	467,198	507,942	1,068	(48,071)	460,939
Residential mortgage-backed securities of U.S. government corporations and agencies	43,714	4	(7,056)	36,662	44,707	7	(6,537)	38,177
Commercial mortgage-backed securities of U.S. government corporations and agencies	293,868	214	(18,333)	275,749	290,775	458	(17,808)	273,425
Obligations of states and political subdivisions	25,133	—	(128)	25,005	30,255	213	—	30,468
Total Available-for-Sale Debt Securities[(1)]	**$ 1,057,581**	**$ 623**	**$ (88,411)**	**$ 969,793**	**$ 1,051,313**	**$ 1,746**	**$ (83,751)**	**$ 969,308**

[(1)] *Excludes interest receivable of $3.4 million at March 31, 2024 and $3.8 million at December 31, 2023. Interest receivable is included in other assets in the Consolidated Balance Sheets.*

The following tables present the fair value and the age of gross unrealized losses on available-for-sale debt securities by investment category as of the dates presented:

	March 31, 2024								
	Less Than 12 Months			12 Months or More			Total		
(dollars in thousands)	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
U.S. Treasury securities	1	$ 9,956	$ (119)	13	$ 122,630	$ (11,304)	14	$ 132,586	$ (11,423)
Obligations of U.S. government corporations and agencies	—	—	—	5	32,593	(709)	5	32,593	(709)
Collateralized mortgage obligations of U.S. government corporations and agencies	8	74,366	(741)	58	355,094	(50,021)	66	429,460	(50,762)
Residential mortgage-backed securities of U.S. government corporations and agencies	11	91	(1)	14	36,394	(7,055)	25	36,485	(7,056)
Commercial mortgage-backed securities of U.S. government corporations and agencies	1	10,274	(74)	28	241,659	(18,259)	29	251,933	(18,333)
Obligations of states and political subdivisions	4	25,005	(128)	—	—	—	4	25,005	(128)
Total	**25**	**$ 119,692**	**$ (1,063)**	**118**	**$ 788,370**	**$ (87,348)**	**143**	**$ 908,062**	**$ (88,411)**

	December 31, 2023								
	Less Than 12 Months			12 Months or More			Total		
(dollars in thousands)	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
U.S. Treasury securities	1	$ 10,036	$ (52)	13	$ 123,750	$ (10,454)	14	$ 133,786	$ (10,506)
Obligations of U.S. government corporations and agencies	—	—	—	5	32,513	(829)	5	32,513	(829)
Collateralized mortgage obligations of U.S. government corporations and agencies	4	35,161	(318)	57	351,220	(47,753)	61	386,381	(48,071)
Residential mortgage-backed securities of U.S. government corporations and agencies	10	100	(1)	14	37,877	(6,536)	24	37,977	(6,537)
Commercial mortgage-backed securities of U.S. government corporations and agencies	—	—	—	29	249,005	(17,808)	29	249,005	(17,808)
Total	**15**	**$ 45,297**	**$ (371)**	**118**	**$ 794,365**	**$ (83,380)**	**133**	**$ 839,662**	**$ (83,751)**

We evaluate securities with unrealized losses quarterly to determine if the decline in fair value has resulted from credit impairment or other factors. We do not believe any individual unrealized loss as of March 31, 2024 represents a credit impairment. There were 143 debt securities in an unrealized loss position at March 31, 2024 and 133 debt securities in an unrealized loss position at December 31, 2023. The unrealized losses on debt securities were attributable to changes in interest rates and not related to the credit quality of the issuers. All debt securities were determined to be investment grade and paying principal and interest according to the contractual terms of the security. We do not intend to sell, and it is more likely than not that we will not be required to sell, the securities in an unrealized loss position before recovery of their amortized cost.

The following table presents net unrealized gains and losses, net of tax, on available-for-sale debt securities included in accumulated other comprehensive income (loss), for the periods presented:

	March 31, 2024			December 31, 2023		
(dollars in thousands)	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Losses	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Losses
Total unrealized gains (losses) on available-for-sale debt securities	$ 623	$ (88,411)	$ (87,788)	$ 1,746	$ (83,751)	$ (82,005)
Income tax (expense) benefit	(134)	19,041	18,907	(372)	17,824	17,452
Net Unrealized Gains (Losses), Net of Tax Included in Accumulated Other Comprehensive Income (Loss)	**$ 489**	**$ (69,370)**	**$ (68,881)**	**$ 1,374**	**$ (65,927)**	**$ (64,553)**

The amortized cost and fair value of available-for-sale debt securities at March 31, 2024 by contractual maturity are included in the table below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	March 31, 2024	
(dollars in thousands)	Amortized Cost	Fair Value
Obligations of the U.S. Treasury, U.S. government corporations and agencies and obligations of states and political subdivisions		
Due in one year or less	$ 22,976	$ 22,705
Due after one year through five years	156,965	145,090
Due after five years through ten years	22,503	22,389
Due after ten years	—	—
Available-for-Sale Debt Securities With Fixed Maturities	**202,444**	**190,184**
Debt Securities without a single maturity date		
Collateralized mortgage obligations of U.S. government corporations and agencies	517,555	467,198
Residential mortgage-backed securities of U.S. government corporations and agencies	43,714	36,662
Commercial mortgage-backed securities of U.S. government corporations and agencies	293,868	275,749
Total Available-for-Sale Debt Securities	**$ 1,057,581**	**$ 969,793**

Debt securities are pledged in order to meet various regulatory and legal requirements. Restricted pledged securities had a carrying value of $194.4 million at March 31, 2024 and $ 18.4 million at December 31, 2023. Unrestricted pledged securities had a carrying value of $ 207.7 million at March 31, 2024 and $214.0 million at December 31, 2023. Any changes to restricted pledged securities require approval of the pledge beneficiary. Approval is not required for unrestricted pledged securities.

NOTE 5. LOANS AND ALLOWANCE FOR CREDIT LOSSES

Loans and Loans Held for Sale

Loans are presented net of unearned income. Unearned income consisted of net deferred loan fees and costs of $ 5.8 million at March 31, 2024 and $6.6 million at December 31, 2023 and a discount related to purchase accounting fair value adjustments of $ 2.9 million at March 31, 2024 and $3.1 million at December 31, 2023.

The following table summarizes the composition of originated and acquired loans as of the dates presented:

(dollars in thousands)	March 31, 2024	December 31, 2023
Commercial real estate	$ 2,699,782	$ 2,659,135
Commercial and industrial	1,410,517	1,436,183
Commercial construction	347,375	350,583
Business banking	1,307,155	1,360,765
Consumer real estate	1,782,973	1,731,778
Other consumer	108,232	114,897
Total Portfolio Loans	**$ 7,656,034**	**$ 7,653,341**
Loans held for sale	—	153
Total Loans[(1)]	**$ 7,656,034**	**$ 7,653,494**

[(1)] Excludes interest receivable of $36.1 million at March 31, 2024 and $35.3 million at December 31, 2023. Interest receivable is included in other assets in the Consolidated Balance Sheets.

Modifications to Borrowers Experiencing Financial Difficulty

The following tables present the amortized cost of loans to borrowers experiencing financial difficulty by portfolio segment and type of modification during the periods presented:

	Three Months Ended March 31, 2024			
(dollars in thousands)	Term Extension	Term Extension and Interest Rate Reduction	Total	% of Portfolio Segment
Commercial real estate	$ 833	$ —	$ 833	0.03 %
Total	**$ 833**	**$ —**	**$ 833**	**0.01 %**

	Three Months Ended March 31, 2023			
(dollars in thousands)	Term Extension	Term Extension and Interest Rate Reduction	Total	% of Portfolio Segment
Commercial real estate	$ 15,849	$ —	$ 15,849	0.63 %
Commercial and industrial	594	—	594	0.04 %
Consumer real estate	63	196	259	0.02 %
Total	**$ 16,506**	**$ 196**	**$ 16,702**	**0.23 %**

The following tables describe the effect of loan modifications made to borrowers experiencing financial difficulty during the periods presented:

	Three Months Ended March 31, 2024	
	Weighted-Average Term Extension (in months)	Weighted-Average Interest Rate Reduction
Commercial real estate	6	—

	Three Months Ended March 31, 2023	
	Weighted-Average Term Extension (in months)	Weighted-Average Interest Rate Reduction
Commercial real estate	6	—
Commercial and industrial	72	—
Consumer real estate	168	2%

We closely monitor the performance of the loans that are modified to borrowers experiencing financial difficulty to understand the effectiveness of the modification efforts.

The following tables present the aging analysis of modifications to borrowers experiencing financial difficulty in the last 12 months as of the date presented:

	March 31, 2024				
(dollars in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Commercial real estate	$ 8,579	$ —	$ —	$ —	$ 8,579
Commercial and industrial	—	2,105	7,998	—	10,103
Business banking	115	—	—	—	115
Total	**$ 8,694**	**$ 2,105**	**$ 7,998**	**$ —**	**$ 18,797**

	March 31, 2023				
(dollars in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Commercial real estate	$ 15,849	$ —	$ —	$ —	$ 15,849
Commercial and industrial	594	—	—	—	594
Consumer real estate	259	—	—	—	259
Total	**$ 16,702**	**$ —**	**$ —**	**$ —**	**$ 16,702**

A payment default is defined as a loan having a payment past due 90 days or more. There were no payment defaults during the three months ended March 31, 2024 and March 31, 2023 related to loans that were modified within the 12 months prior to default. Additionally, we had three commitments to lend an additional $0.5 million to borrowers experiencing financial difficulty that had a modification during the three months ended March 31, 2024 and three commitments to lend an additional $ 1.6 million to borrowers experiencing financial difficulty that had a modification during 2023.

The effect of modifications made to borrowers experiencing financial difficulty is already included in the ACL because of the measurement methodologies used to estimate the ACL, therefore, a change to the ACL is generally not recorded upon modification. If principal forgiveness is provided, that portion of the loan will be charged-off, resulting in a reduction of the amortized cost basis and a corresponding adjustment to the ACL. An assessment of whether the borrower is experiencing financial difficulty is made on the date of a modification.

The following table is a summary of nonperforming assets as of the dates presented:

	Nonperforming Assets	
(dollars in thousands)	March 31, 2024	December 31, 2023
Nonperforming Assets		
Nonaccrual Loans	$ 33,209	$ 22,947
OREO	140	75
Total Nonperforming Assets	**$ 33,349**	**$ 23,022**

Allowance for Credit Losses

We maintain an Allowance for Credit Losses, or ACL, at a level determined to be adequate to absorb estimated expected credit losses within the loan portfolio over the contractual life of an instrument that considers our historical loss experience, current conditions and forecasts of future economic conditions as of the balance sheet date. We develop and document a systematic ACL methodology based on the following portfolio segments: 1) CRE, 2) C&I, 3) Commercial Construction, 4) Business Banking, 5) Consumer Real Estate and 6) Other Consumer.

The following are key risks within each portfolio segment:

CRE—Loans secured by commercial purpose real estate, including both owner-occupied properties and investment properties for various purposes such as hotels, retail, multifamily and health care. Operations of the individual projects and global cash flows of the debtors are the primary sources of repayment for these loans. The condition of the local economy is an important indicator of risk, but there are also more specific risks depending on the collateral type and the business prospects of the lessee, if the project is not owner-occupied.

C&I—Loans made to operating companies or manufacturers for the purpose of production, operating capacity, accounts receivable, inventory or equipment financing. Cash flow from the operations of the company is the primary source of repayment for these loans. The condition of the local economy is an important indicator of risk, but there are also more specific risks depending on the industry of the company. Collateral for these types of loans often does not have sufficient value in a distressed or liquidation scenario to satisfy the outstanding debt.

Commercial Construction—Loans made to finance construction of buildings or other structures, as well as to finance the acquisition and development of raw land for various purposes. While these loans are generally confined to the construction/development period, if there are problems, the project may not be completed, and as such, may not provide sufficient cash flow on its own to service the debt or have sufficient value in a liquidation to cover the outstanding principal. The condition of the local economy is an important indicator of risk, but there are also more specific risks depending on the type of project and the experience and resources of the developer.

Business Banking—Commercial purpose loans made to small businesses that are standard, non-complex products evaluated through a streamlined credit approval process that has been designed to maximize efficiency while maintaining high credit quality standards that meet small business market customers' needs. The business banking portfolio is monitored by utilizing a standard and closely managed process focusing on behavioral and performance criteria. The condition of the local economy is an important indicator of risk, but there are also more specific risks depending on the collateral type and business.

Consumer Real Estate—Loans secured by first and second liens such as 1-4 family residential mortgages, home equity loans and home equity lines of credit. The primary source of repayment for these loans is the income and assets of the borrower. The condition of the local economy, in particular the unemployment rate, is an important indicator of risk for this segment. The state of the local housing market can also have a significant impact on this segment because low demand and/or declining home values can limit the ability of borrowers to sell a property and satisfy the debt.

Other Consumer—Loans made to individuals that may be secured by assets other than 1-4 family residences, as well as unsecured loans. This segment includes auto loans, unsecured loans and lines of credit. The primary source of repayment for these loans is the income and assets of the borrower. The condition of the local economy, in particular the unemployment rate, is an important indicator of risk for this segment. The value of the collateral, if there is any, is less likely to be a source of repayment due to less certain collateral values.

Management monitors various credit quality indicators for the commercial, business banking and consumer loan portfolios, including changes in risk ratings, nonperforming status and delinquency on a monthly basis.

We monitor the commercial loan portfolio through an internal risk rating system. Loan risk ratings are assigned based upon the creditworthiness of the borrower and are reviewed on an ongoing basis according to our internal policies. Loans within the pass rating generally have a lower risk of loss than loans risk rated as special mention or substandard.

Our risk ratings are consistent with regulatory guidance and are as follows:

Pass—The loan is currently performing and is of high quality.

Special Mention—A special mention loan has potential weaknesses that warrant management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects or in the strength of our credit position at some future date.

Substandard—A substandard loan is not adequately protected by the net worth and/or paying capacity of the borrower or by the collateral pledged, if any. Substandard loans have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. These loans are characterized by the distinct possibility that we will sustain some loss if the deficiencies are not corrected.

Doubtful—Loans classified doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

The following tables present loan balances by year of origination and internally assigned risk rating for our portfolio segments as of the dates presented:

(dollars in thousands)	2024	2023	2022	2021	2020	2019 and Prior	Revolving	Revolving-Term	Total
	March 31, 2024								
	Risk Rating								
Commercial Real Estate									
Pass	$ 25,970	$ 281,115	$ 349,797	$ 458,810	$ 226,569	$ 1,144,226	$ 34,138	$ —	$ 2,520,625
Special mention	—	—	1,429	5,984	—	95,502	—	—	102,915
Substandard	—	—	—	—	2,330	73,912	—	—	76,242
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial Real Estate	**25,970**	**281,115**	**351,226**	**464,794**	**228,899**	**1,313,640**	**34,138**	**—**	**2,699,782**
Year-to-date Gross Charge-offs	**—**	**—**	**—**	**—**	**—**	**5,205**	**—**	**—**	**5,205**
Commercial and Industrial									
Pass	13,824	173,323	226,390	165,616	50,753	212,441	482,770	—	1,325,117
Special mention	—	1,375	949	9,849	—	9,831	15,485	—	37,489
Substandard	—	—	224	13,404	1,500	6,099	26,684	—	47,911
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial and Industrial	**13,824**	**174,698**	**227,563**	**188,869**	**52,253**	**228,371**	**524,939**	**—**	**1,410,517**
Year-to-date Gross Charge-offs	**—**	**—**	**—**	**537**	**—**	**91**	**500**	**—**	**1,128**
Commercial Construction									
Pass	13,086	90,954	141,982	65,353	14,758	4,048	12,234	—	342,415
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	—	4,960	—	—	4,960
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial Construction	**13,086**	**90,954**	**141,982**	**65,353**	**14,758**	**9,008**	**12,234**	**—**	**347,375**
Year-to-date Gross Charge-offs	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Business Banking									
Pass	32,910	252,607	241,227	186,203	84,354	392,973	94,920	508	1,285,702
Special mention	—	1,689	54	1,344	222	3,311	44	165	6,829
Substandard	—	—	78	2,492	495	10,848	104	607	14,624
Doubtful	—	—	—	—	—	—	—	—	—
Total Business Banking	**32,910**	**254,296**	**241,359**	**190,039**	**85,071**	**407,132**	**95,068**	**1,280**	**1,307,155**
Year-to-date Gross Charge-offs	**—**	**—**	**—**	**—**	**—**	**98**	**—**	**—**	**98**
Consumer Real Estate									
Pass	46,543	327,577	336,058	144,925	101,267	245,620	548,769	23,048	1,773,807
Special mention	—	—	—	—	—	109	—	—	109
Substandard	—	—	582	196	41	5,054	713	2,471	9,057
Doubtful	—	—	—	—	—	—	—	—	—
Total Consumer Real Estate	**46,543**	**327,577**	**336,640**	**145,121**	**101,308**	**250,783**	**549,482**	**25,519**	**1,782,973**
Year-to-date Gross Charge-offs	**—**	**—**	**—**	**—**	**9**	**14**	**—**	**116**	**139**
Other Consumer									
Pass	3,026	9,488	10,789	5,528	3,259	1,101	71,612	3,210	108,013
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	30	12	163	—	14	219
Doubtful	—	—	—	—	—	—	—	—	—
Total Other Consumer	**3,026**	**9,488**	**10,789**	**5,558**	**3,271**	**1,264**	**71,612**	**3,224**	**108,232**
Year-to-date Gross Charge-offs	**191**	**9**	**27**	**38**	**8**	**9**	**—**	**87**	**369**
Pass	135,359	1,135,064	1,306,243	1,026,435	480,960	2,000,409	1,244,443	26,766	7,355,679
Special mention	—	3,064	2,432	17,177	222	108,753	15,529	165	147,342
Substandard	—	—	884	16,122	4,378	101,036	27,501	3,092	153,013
Doubtful	—	—	—	—	—	—	—	—	—
Total Loan Balance	**$ 135,359**	**$ 1,138,128**	**$ 1,309,559**	**$ 1,059,734**	**$ 485,560**	**$ 2,210,198**	**$ 1,287,473**	**$ 30,023**	**$ 7,656,034**
Year-to-date Gross Charge-offs	**$ 191**	**$ 9**	**$ 27**	**$ 575**	**$ 17**	**$ 5,417**	**$ 500**	**$ 203**	**$ 6,939**

(dollars in thousands)	2023	2022	2021	2020	2019	2018 and Prior	Revolving	Revolving-Term	Total
	December 31, 2023								
	Risk Rating								
Commercial Real Estate									
Pass	$ 276,677	$ 323,463	$ 433,308	$ 237,901	$ 383,799	$ 781,465	$ 32,418	$ —	$ 2,469,031
Special mention	—	1,006	6,000	—	24,887	75,428	—	—	107,321
Substandard	—	—	—	2,355	10,685	69,743	—	—	82,783
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial Real Estate	**276,677**	**324,469**	**439,308**	**240,256**	**419,371**	**926,636**	**32,418**	**—**	**2,659,135**
Year-to-date Gross Charge-offs	**—**	**—**	**—**	**—**	**—**	**1,706**	**—**	**—**	**1,706**
Commercial and Industrial									
Pass	171,672	231,114	185,884	53,101	47,063	183,165	482,490	—	1,354,489
Special mention	189	620	10,242	—	—	8,848	4,126	—	24,025
Substandard	—	244	14,510	1,595	5,795	1,892	33,633	—	57,669
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial and Industrial	**171,861**	**231,978**	**210,636**	**54,696**	**52,858**	**193,905**	**520,249**	**—**	**1,436,183**
Year-to-date Gross Charge-offs	**—**	**—**	**—**	**—**	**3,412**	**15,842**	**—**	**—**	**19,254**
Commercial Construction									
Pass	75,596	154,456	82,313	14,845	151	4,054	14,208	—	345,623
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	—	—	4,576	384	—	—	4,960
Doubtful	—	—	—	—	—	—	—	—	—
Total Commercial Construction	**75,596**	**154,456**	**82,313**	**14,845**	**4,727**	**4,438**	**14,208**	**—**	**350,583**
Year-to-date Gross Charge-offs	**—**	**—**	**—**	**—**	**451**	**—**	**—**	**—**	**451**
Business Banking									
Pass	270,129	262,535	204,874	87,346	96,371	321,360	96,618	523	1,339,756
Special mention	—	55	251	224	33	3,508	37	172	4,280
Substandard	—	16	2,486	448	3,170	9,898	99	612	16,729
Doubtful	—	—	—	—	—	—	—	—	—
Total Business Banking	**270,129**	**262,606**	**207,611**	**88,018**	**99,574**	**334,766**	**96,754**	**1,307**	**1,360,765**
Year-to-date Gross Charge-offs	**—**	**67**	**43**	**1**	**88**	**1,073**	**34**	**—**	**1,306**
Consumer Real Estate									
Pass	311,887	334,879	147,652	101,999	67,402	183,283	551,368	22,206	1,720,676
Special mention	—	—	—	—	—	189	—	—	189
Substandard	—	583	198	42	488	6,322	712	2,568	10,913
Doubtful	—	—	—	—	—	—	—	—	—
Total Consumer Real Estate	**311,887**	**335,462**	**147,850**	**102,041**	**67,890**	**189,794**	**552,080**	**24,774**	**1,731,778**
Year-to-date Gross Charge-offs	**—**	**1**	**—**	**5**	**1**	**43**	**75**	**296**	**421**
Other Consumer									
Pass	11,286	11,965	6,483	3,842	1,062	526	76,426	3,109	114,699
Special mention	—	—	—	—	—	—	—	—	—
Substandard	—	—	24	5	20	146	—	3	198
Doubtful	—	—	—	—	—	—	—	—	—
Total Other Consumer	**11,286**	**11,965**	**6,507**	**3,847**	**1,082**	**672**	**76,426**	**3,112**	**114,897**
Year-to-date Gross Charge-offs	**830**	**146**	**175**	**19**	**37**	**5**	**—**	**288**	**1,500**
Pass	1,117,247	1,318,412	1,060,514	499,034	595,848	1,473,853	1,253,528	25,838	7,344,274
Special Mention	189	1,681	16,493	224	24,920	87,973	4,163	172	135,815
Substandard	—	843	17,218	4,445	24,734	88,385	34,444	3,183	173,252
Doubtful	—	—	—	—	—	—	—	—	—
Total Loan Balance	**$ 1,117,436**	**$ 1,320,936**	**$ 1,094,225**	**$ 503,703**	**$ 645,502**	**$ 1,650,211**	**$ 1,292,135**	**$ 29,193**	**$ 7,653,341**
Year-to-date Gross Charge-offs	**$ 830**	**$ 214**	**$ 218**	**$ 25**	**$ 3,989**	**$ 18,669**	**$ 109**	**$ 584**	**$ 24,638**

We monitor the delinquent status of the commercial and consumer portfolios on a monthly basis. Loans are considered nonaccrual when interest and principal are 90 days or more past due or management has determined that a material deterioration in the borrower's financial condition exists. The risk of loss is generally highest for nonaccrual loans.

The following tables present loan balances by year of origination and accrual and nonaccrual status for our portfolio segments as of the dates presented:

	March 31, 2024								
(dollars in thousands)	2024	2023	2022	2021	2020	2019 and Prior	Revolving	Revolving-Term	Total
Commercial Real Estate									
Accrual	$ 25,970	$ 281,115	$ 351,226	$ 464,794	$ 228,899	$ 1,296,487	$ 34,138	$ —	$ 2,682,629
Nonaccrual	—	—	—	—	—	17,153	—	—	17,153
Total Commercial Real Estate	**25,970**	**281,115**	**351,226**	**464,794**	**228,899**	**1,313,640**	**34,138**	**—**	**2,699,782**
Commercial and Industrial									
Accrual	13,824	174,698	227,563	188,869	52,253	227,989	524,709	—	1,409,905
Nonaccrual	—	—	—	—	—	382	230	—	612
Total Commercial and Industrial	**13,824**	**174,698**	**227,563**	**188,869**	**52,253**	**228,371**	**524,939**	**—**	**1,410,517**
Commercial Construction									
Accrual	13,086	90,954	141,982	65,353	14,758	4,048	12,234	—	342,415
Nonaccrual	—	—	—	—	—	4,960	—	—	4,960
Total Commercial Construction	**13,086**	**90,954**	**141,982**	**65,353**	**14,758**	**9,008**	**12,234**	**—**	**347,375**
Business Banking									
Accrual	32,910	254,296	241,359	190,039	84,986	403,333	95,068	1,257	1,303,248
Nonaccrual	—	—	—	—	85	3,799	—	23	3,907
Total Business Banking	**32,910**	**254,296**	**241,359**	**190,039**	**85,071**	**407,132**	**95,068**	**1,280**	**1,307,155**
Consumer Real Estate									
Accrual	46,543	327,577	336,103	145,084	100,671	247,704	549,221	23,699	1,776,602
Nonaccrual	—	—	537	37	637	3,079	261	1,820	6,371
Total Consumer Real Estate	**46,543**	**327,577**	**336,640**	**145,121**	**101,308**	**250,783**	**549,482**	**25,519**	**1,782,973**
Other Consumer									
Accrual	3,026	9,488	10,789	5,552	3,202	1,133	71,612	3,224	108,026
Nonaccrual	—	—	—	6	69	131	—	—	206
Total Other Consumer	**3,026**	**9,488**	**10,789**	**5,558**	**3,271**	**1,264**	**71,612**	**3,224**	**108,232**
Accrual	135,359	1,138,128	1,309,022	1,059,691	484,769	2,180,694	1,286,982	28,180	7,622,825
Nonaccrual	—	—	537	43	791	29,504	491	1,843	33,209
Total Loan Balance	**$ 135,359**	**$ 1,138,128**	**$ 1,309,559**	**$ 1,059,734**	**$ 485,560**	**$ 2,210,198**	**$ 1,287,473**	**$ 30,023**	**$ 7,656,034**

S&T BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2023								
(dollars in thousands)	2023	2022	2021	2020	2019	2018 and Prior	Revolving	Revolving-Term	Total
Commercial Real Estate									
Accrual	$ 276,677	$ 324,469	$ 439,308	$ 240,256	$ 419,371	$ 920,316	$ 32,418	$ —	$ 2,652,815
Nonaccrual	—	—	—	—	—	6,320	—	—	6,320
Total Commercial Real Estate	**276,677**	**324,469**	**439,308**	**240,256**	**419,371**	**926,636**	**32,418**	**—**	**2,659,135**
Commercial and Industrial									
Accrual	171,861	231,978	210,636	54,696	52,858	193,257	520,019	—	1,435,305
Nonaccrual	—	—	—	—	—	648	230	—	878
Total Commercial and Industrial	**171,861**	**231,978**	**210,636**	**54,696**	**52,858**	**193,905**	**520,249**	**—**	**1,436,183**
Commercial Construction									
Accrual	75,596	154,456	82,313	14,845	151	4,054	14,208	—	345,623
Nonaccrual	—	—	—	—	4,576	384	—	—	4,960
Total Commercial Construction	**75,596**	**154,456**	**82,313**	**14,845**	**4,727**	**4,438**	**14,208**	**—**	**350,583**
Business Banking									
Accrual	270,129	262,606	207,611	87,979	99,354	330,902	96,754	1,283	1,356,618
Nonaccrual	—	—	—	39	220	3,864	—	24	4,147
Total Business Banking	**270,129**	**262,606**	**207,611**	**88,018**	**99,574**	**334,766**	**96,754**	**1,307**	**1,360,765**
Consumer Real Estate									
Accrual	311,887	335,086	147,689	101,518	67,577	186,909	551,858	22,942	1,725,466
Nonaccrual	—	376	161	523	313	2,885	222	1,832	6,312
Total Consumer Real Estate	**311,887**	**335,462**	**147,850**	**102,041**	**67,890**	**189,794**	**552,080**	**24,774**	**1,731,778**
Other Consumer									
Accrual	11,286	11,965	6,499	3,656	1,082	541	76,426	3,112	114,567
Nonaccrual	—	—	8	191	—	131	—	—	330
Total Other Consumer	**11,286**	**11,965**	**6,507**	**3,847**	**1,082**	**672**	**76,426**	**3,112**	**114,897**
Accrual	1,117,436	1,320,560	1,094,056	502,950	640,393	1,635,979	1,291,683	27,337	7,630,394
Nonaccrual	—	376	169	753	5,109	14,232	452	1,856	22,947
Total Loan Balance	**$ 1,117,436**	**$ 1,320,936**	**$ 1,094,225**	**$ 503,703**	**$ 645,502**	**$ 1,650,211**	**$ 1,292,135**	**$ 29,193**	**$ 7,653,341**

The following tables present the age analysis of past due loans segregated by class of loans as of the dates presented:

	March 31, 2024					
(dollars in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	Nonaccrual	Total Past Due Loans	Total Loans
Commercial real estate	$ 2,682,629	$ —	$ —	$ 17,153	$ 17,153	$ 2,699,782
Commercial and industrial	1,399,799	2,109	7,997	612	10,718	1,410,517
Commercial construction	342,415	—	—	4,960	4,960	347,375
Business banking	1,297,451	5,487	310	3,907	9,704	1,307,155
Consumer real estate	1,769,518	6,204	880	6,371	13,455	1,782,973
Other consumer	107,615	219	192	206	617	108,232
Total	**$ 7,599,427**	**$ 14,019**	**$ 9,379**	**$ 33,209**	**$ 56,607**	**$ 7,656,034**

	December 31, 2023					
(dollars in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	Nonaccrual	Total Past Due Loans	Total Loans
Commercial real estate	$ 2,649,412	$ —	$ 3,403	$ 6,320	$ 9,723	$ 2,659,135
Commercial and industrial	1,435,301	4	—	878	882	1,436,183
Commercial construction	345,623	—	—	4,960	4,960	350,583
Business banking	1,351,048	3,525	2,045	4,147	9,717	1,360,765
Consumer real estate	1,719,751	3,352	2,363	6,312	12,027	1,731,778
Other consumer	114,138	366	63	330	759	114,897
Total	**$ 7,615,273**	**$ 7,247**	**$ 7,874**	**$ 22,947**	**$ 38,068**	**$ 7,653,341**

The following tables present loans on nonaccrual status by class of loan for the year-to-date periods presented:

	March 31, 2024			
(dollars in thousands)	Beginning of Period Nonaccrual	End of Period Nonaccrual	Nonaccrual With No Related Allowance	Interest Income Recognized on Nonaccrual[(1)]
Commercial real estate	$ 6,320	$ 17,153	$ 16,783	$ 61
Commercial and industrial	878	612	—	—
Commercial construction	4,960	4,960	4,576	—
Business banking	4,147	3,907	—	44
Consumer real estate	6,312	6,371	—	83
Other consumer	330	206	—	—
Total	**$ 22,947**	**$ 33,209**	**$ 21,359**	**$ 188**

[(1)] *Represents only cash payments received and applied to interest on nonaccrual loans.*

	December 31, 2023			
(dollars in thousands)	Beginning of Period Nonaccrual	End of Period Nonaccrual	Nonaccrual With No Related Allowance	Interest Income Recognized on Nonaccrual[(1)]
Commercial real estate	$ 7,100	$ 6,320	$ 5,940	$ 46
Commercial and industrial	283	878	—	38
Commercial construction	384	4,960	4,576	—
Business banking	4,490	4,147	—	209
Consumer real estate	6,526	6,312	—	308
Other consumer	269	330	—	2
Total	**$ 19,052**	**$ 22,947**	**$ 10,516**	**$ 603**

[(1)] *Represents only cash payments received and applied to interest on nonaccrual loans.*

The following tables present collateral-dependent loans as of the dates presented:

	March 31, 2024		
	Type of Collateral		
(dollars in thousands)	Real Estate	Business Assets	Other
Commercial real estate	$ 16,783	$ —	$ —
Commercial and industrial	—	—	—
Commercial construction	4,576	—	—
Business banking	—	—	—
Consumer real estate	—	—	—
Total	**$ 21,359**	**$ —**	**$ —**

	December 31, 2023		
	Type of Collateral		
(dollars in thousands)	Real Estate	Business Assets	Other
Commercial real estate	$ 5,940	$ —	$ —
Commercial and industrial	—	—	—
Commercial construction	4,576	—	—
Business banking	—	—	—
Consumer real estate	—	—	—
Total	**$ 10,516**	**$ —**	**$ —**

The following tables present activity in the ACL for the periods presented:

	Three Months Ended March 31, 2024						
(dollars in thousands)	**Commercial Real Estate**	**Commercial and Industrial**	**Commercial Construction**	**Business Banking**	**Consumer Real Estate**	**Other Consumer**	**Total Loans**
Allowance for credit losses on loans:							
Balance at beginning of period	$ 37,886	$ 34,538	$ 5,382	$ 12,858	$ 14,663	$ 2,639	$ 107,966
Provision for credit losses on loans[(1)]	2,838	680	(233)	(995)	859	276	3,425
Charge-offs	(5,205)	(1,128)	—	(98)	(139)	(369)	(6,939)
Recoveries	93	117	—	33	27	80	350
Net Charge-offs	**(5,112)**	**(1,011)**	**—**	**(65)**	**(112)**	**(289)**	**(6,589)**
Balance at End of Period	**$ 35,612**	**$ 34,207**	**$ 5,149**	**$ 11,798**	**$ 15,410**	**$ 2,626**	**$ 104,802**

[(1)] *Excludes the provision for credits losses for unfunded commitments.*

	Three Months Ended March 31, 2023						
(dollars in thousands)	**Commercial Real Estate**	**Commercial and Industrial**	**Commercial Construction**	**Business Banking**	**Consumer Real Estate**	**Other Consumer**	**Total Loans**
Allowance for credit losses on loans:							
Balance at beginning of period	$ 41,428	$ 25,710	$ 6,264	$ 12,547	$ 12,105	$ 3,286	$ 101,340
Impact of ASU 2022-02	—	75	215	251	278	(251)	568
Provision for credit losses on loans[(1)]	(1,011)	(476)	412	1,497	488	180	1,090
Charge-offs	—	(3,412)	—	(652)	(77)	(318)	(4,459)
Recoveries	9	9,400	2	37	61	65	9,574
Net Recoveries/(Charge-offs)	**9**	**5,988**	**2**	**(615)**	**(16)**	**(253)**	**5,115**
Balance at End of Period	**$ 40,426**	**$ 31,297**	**$ 6,893**	**$ 13,680**	**$ 12,855**	**$ 2,962**	**$ 108,113**

[(1)] *Excludes the provision for credits losses for unfunded commitments.*

NOTE 6. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives Designated as Hedging Instruments

The following table indicates the amounts representing the value of derivative assets and derivative liabilities as of the dates presented:

	Derivative Assets (Included in Other Assets)				Derivative Liabilities (Included in Other Liabilities)			
	March 31, 2024		December 31, 2023		March 31, 2024		December 31, 2023	
(dollars in thousands)	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**	**Notional Amount**	**Fair Value**
Derivatives Designated as Hedging Instruments								
Interest rate swap contracts - cash flow hedge	$ —	$ —	$ —	$ —	$ 500,000	$ 18,404	$ 500,000	$ 14,739
Derivatives Not Designated as Hedging Instruments								
Interest rate swap contracts - commercial loans	871,064	72,093	892,712	63,018	871,064	72,578	892,712	63,554
Total Derivatives	**$ 871,064**	**$ 72,093**	**$ 892,712**	**$ 63,018**	**$ 1,371,064**	**$ 90,982**	**$ 1,392,712**	**$ 78,293**

The following table indicates the gross amounts of interest rate swap derivative assets and derivative liabilities, the amounts offset and the carrying values in the Consolidated Balance Sheets at the dates presented:

	Derivatives (included in Other Assets)		Derivatives (included in Other Liabilities)	
(dollars in thousands)	**March 31, 2024**	**December 31, 2023**	**March 31, 2024**	**December 31, 2023**
Gross amounts recognized	$ 72,093	$ 63,018	$ 90,982	$ 78,293
Gross amounts offset	—	—	—	—
Net amounts presented in the Consolidated Balance Sheets	72,093	63,018	90,982	78,293
Netting adjustments[(1)]	(12,220)	(10,424)	(12,220)	(10,424)
Cash collateral[(2)]	(58,587)	(50,920)	(6,770)	(5,356)
Net Amount	**$ 1,286**	**$ 1,674**	**$ 71,992**	**$ 62,513**

[(1)] Netting adjustments represent the amounts recorded to convert derivative assets and liabilities from a gross basis to a net basis in accordance with the applicable accounting guidance.

[(2)] Cash collateral represents the amount that cannot be used to offset our derivative assets and liabilities from a gross basis to a net basis in accordance with the applicable accounting guidance. The application of the cash collateral cannot reduce the net derivative position below zero. Therefore, excess cash collateral, if any, is not reflected above.

The following table presents the effect, net of tax, of the cash flow hedges on Other Comprehensive Income, or OCI and on the Condensed Consolidated Statements of Comprehensive Income for the three month periods presented:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss)		Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Interest Income	
(dollars in thousands)	**March 31, 2024**	**March 31, 2023**	**March 31, 2024**	**March 31, 2023**
Derivatives in Cash Flow Hedging Relationships:				
Interest rate swap contracts - cash flow hedge	$ (2,838)	$ 4,782	$ (2,738)	$ (1,849)
Total	**$ (2,838)**	**$ 4,782**	**$ (2,738)**	**$ (1,849)**

Amounts reported in OCI related to derivatives that are designated as hedging instruments are reclassified to interest income as interest payments are received on variable rate assets. During the next twelve months, we estimate that an additional $11.7 million will be reclassified as a decrease to interest income. Our current interest rate swap agreements have 3-5 year terms with maturity dates extending into 2027.

The following table indicates the gain (loss) recognized in income on derivatives not designated as hedging instruments for the periods presented:

	Three months ended March 31,	
(dollars in thousands)	**2024**	**2023**
Derivatives not Designated as Hedging Instruments		
Interest rate swap contracts—commercial loans	$ 34	$ —
Interest rate lock commitments—mortgage loans	—	1
Forward sale contracts—mortgage loans	—	(2)
Total Derivatives Gain (Loss)	**$ 34**	**$ (1)**

NOTE 7. TAX CREDIT EQUITY INVESTMENTS

As part of our responsibilities under the Community Reinvestment Act and due to their favorable federal income tax benefits, we invest in LIHTC and HTC partnerships. As a limited partner in these operating partnerships, we receive tax credits and tax deductions for losses incurred by the underlying properties. Effective January 1, 2024, we adopted ASU 2023-02 and elected to apply the PAM to both LIHTC and HTC equity investments. The adoption of this ASU resulted in a $1.0 million cumulative effect adjustment, which decreased retained earnings and other assets. Tax credit equity investment balances of $44.4 million were included in other assets in the Consolidated Balance Sheets at March 31, 2024. Unfunded commitments of $ 7.2 million were included in other liabilities in the Consolidated Balance Sheets at March 31, 2024.

For the three months ended March 31, 2024, amortization expense of $ 0.8 million, tax credits of $0.8 million and other tax benefits of $0.1 million were recognized in income tax expense in the Condensed Consolidated Statements of Comprehensive Income. No impairment losses were recognized for the three months ended March 31, 2024.

Prior to the adoption of ASU 2023-02, we used the cost method to account for our investments in tax credit equity investments. For the three months ended March 31, 2023, amortization expense of $0.5 million was included in other expense and LIH tax credits of $0.5 million was recognized as a reduction to income tax expense on our Consolidated Statements of Comprehensive Income. Other tax benefits of $3.1 million were included in deferred tax assets on our Consolidated Balance Sheets at March 31, 2023.

NOTE 8. COMMITMENTS AND CONTINGENCIES

Commitments

In the normal course of business, we offer off-balance sheet credit arrangements to enable our customers to meet their financing objectives. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated financial statements. Our exposure to credit loss, in the event the customer does not satisfy the terms of the agreement, equals the contractual amount of the obligation less the value of any collateral. We apply the same credit policies in making commitments and standby letters of credit that are used for the underwriting of loans to customers. Commitments generally have fixed expiration dates, annual renewals or other termination clauses and may require payment of a fee. Because many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

The following table sets forth our commitments and letters of credit as of the dates presented:

(dollars in thousands)	March 31, 2024	December 31, 2023
Commitments to extend credit	$ 2,477,920	$ 2,566,154
Standby letters of credit	64,847	61,889
Total	**$ 2,542,767**	**$ 2,628,043**

Allowance for Credit Losses on Unfunded Loan Commitments

We maintain an ACL on unfunded commercial and consumer lending commitments and letters of credit to provide for the risk of loss inherent in these arrangements. The allowance is computed using a methodology similar to that used to determine the ACL for loans, modified to take into account the probability of a draw-down on the commitment. The provision for credit losses on unfunded loan commitments is included in the provision for credit losses on our Condensed Consolidated Statements of Comprehensive Income. The allowance for unfunded commitments is included in other liabilities in the Consolidated Balance Sheets.

The following table presents activity in the ACL on unfunded loan commitments for the periods presented:

	Three months ended March 31,	
(dollars in thousands)	2024	2023
Balance at beginning of period	$ 6,848	$ 8,196
Provision for credit losses	(799)	(168)
Total	**$ 6,049**	**$ 8,028**

Litigation

In the normal course of business, we are subject to various legal and administrative proceedings and claims. While any type of litigation contains a level of uncertainty, we believe that the outcome of such proceedings or claims pending will not have a material adverse effect on our consolidated financial position or results of operations.

NOTE 9. OTHER COMPREHENISVE INCOME (LOSS)

The following tables present the change in components of other comprehensive (loss) income for the periods presented, net of tax effects.

	Three Months Ended March 31, 2024			Three Months Ended March 31, 2023		
(dollars in thousands)	**Pre-Tax Amount**	**Tax Benefit (Expense)**	**Net of Tax Amount**	**Pre-Tax Amount**	**Tax Benefit (Expense)**	**Net of Tax Amount**
Change in net unrealized gains (losses) on available-for-sale debt securities	$ (5,783)	$ 1,455	$ (4,328)	$ 14,060	$ (3,001)	$ 11,059
Change in interest rate swap	(3,665)	827	(2,838)	6,080	(1,298)	4,782
Adjustment to funded status of employee benefit plans	410	(40)	370	(475)	101	(374)
Other Comprehensive (Loss) Income	**$ (9,038)**	**$ 2,242**	**$ (6,796)**	**$ 19,665**	**$ (4,198)**	**$ 15,467**

Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, represents an overview of our consolidated results of operations and financial condition and highlights material changes in our financial condition and results of operations for the three months ended March 31, 2024 and 2023. Our MD&A should be read in conjunction with our Consolidated Financial Statements and Notes. The results of operations reported in the accompanying Consolidated Financial Statements are not necessarily indicative of results to be expected in future periods.

Important Note Regarding Forward-Looking Statements

This quarterly Report on Form 10-Q contains or incorporates statements that we believe are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to our financial condition, results of operations, plans, objectives, outlook for earnings, revenues, expenses, capital and liquidity levels and ratios, asset levels, asset quality, financial position and other matters regarding or affecting S&T and its future business and operations. Forward-looking statements are typically identified by words or phrases such as "will likely result," "expect," "anticipate," "estimate," "forecast," "project," "intend," "believe," "assume," "strategy," "trend," "plan," "outlook," "outcome," "continue," "remain," "potential," "opportunity," "comfortable," "current," "position," "maintain," "sustain," "seek," "achieve" and variations of such words and similar expressions, or future or conditional verbs such as will, would, should, could or may. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. The matters discussed in these forward-looking statements are subject to various risks, uncertainties and other factors that could cause actual results and trends to differ materially from those made, projected or implied in or by the forward-looking statements depending on a variety of uncertainties or other factors including, but not limited to: credit losses and the credit risk of our commercial and consumer loan products; changes in the level of charge-offs and changes in estimates of the adequacy of the allowance for credit losses, or ACL; cyber-security concerns; rapid technological developments and changes; operational risks or risk management failures by us or critical third parties, including fraud risk; our ability to manage our reputational risks; sensitivity to the interest rate environment, a rapid increase in interest rates or a change in the shape of the yield curve; a change in spreads on interest-earning assets and interest-bearing liabilities; any remaining uncertainties with the transition from LIBOR as a reference rate; regulatory supervision and oversight, including changes in regulatory capital requirements and our ability to address those requirements; unanticipated changes in our liquidity position; unanticipated changes in regulatory and governmental policies impacting interest rates and financial markets; changes in accounting policies, practices or guidance; legislation affecting the financial services industry as a whole, and S&T, in particular; developments affecting the industry and the soundness of financial institutions and further disruption to the economy and U.S. banking system; the outcome of pending and future litigation and governmental proceedings; increasing price and product/service competition; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; managing our internal growth and acquisitions; the possibility that the anticipated benefits from acquisitions cannot be fully realized in a timely manner or at all, or that integrating the acquired operations will be more difficult, disruptive or costly than anticipated; containing costs and expenses; reliance on significant customer relationships; an interruption or cessation of an important service by a third-party provider; our ability to attract and retain talented executives and employees; general economic or business conditions, including the strength of regional economic conditions in our market area; ESG practices and disclosures, including climate change, hiring practices, the diversity of the work force, and racial and social justice issues; deterioration of the housing market and reduced demand for mortgages; deterioration in the overall macroeconomic conditions or the state of the banking industry that could warrant further analysis of the carrying value of goodwill and could result in an adjustment to its carrying value resulting in a non-cash charge to net income; the stability of our core deposit base and access to contingency funding; re-emergence of turbulence in significant portions of the global financial and real estate markets that could impact our performance, both directly, by affecting our revenues and the value of our assets and liabilities, and indirectly, by affecting the economy generally and access to capital in the amounts, at the times and on the terms required to support our future businesses and geopolitical tensions and conflicts between nations.

Many of these factors, as well as other factors, are described elsewhere in this report, and in our 2023 Form 10-K, including Part I, Item 1A, Risk Factors and any of our subsequent filings with the SEC. Forward-looking statements are based on beliefs and assumptions using information available at the time the statements are made. We caution you not to unduly rely on forward-looking statements because the assumptions, beliefs, expectations and projections about future events may, and often do, differ materially from actual results. Any forward-looking statement speaks only as to the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect developments occurring after the statement is made.

Critical Accounting Policies and Estimates

We view critical accounting policies to be those which are highly dependent on subjective or complex estimates, assumptions and judgments and where changes in those estimates and assumptions could have a significant impact on the Consolidated Financial Statements. Further, we view critical accounting estimates as those estimates made in accordance with GAAP that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. Our critical accounting policies and estimates as of March 31, 2024 remained unchanged from the disclosures presented in our 2023 Form 10-K under Part II, Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Explanation of Use of Non-GAAP Financial Measures

In addition to traditional financial measures presented in accordance with GAAP, our management uses, and this report contains or references, certain non-GAAP financial measures discussed below. We believe these non-GAAP financial measures provide information useful to investors in understanding our underlying business, operational performance and performance trends as they facilitate comparisons with the performance of other companies in the financial services industry. Although we believe that these non-GAAP financial measures enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered alternatives to GAAP or considered to be more important than financial results determined in accordance with GAAP, nor are they necessarily comparable with non-GAAP measures which may be presented by other companies.

The interest income on interest-earning assets, net interest income and net interest margin are presented on an FTE basis (non-GAAP). The FTE basis (non-GAAP) adjusts for the tax benefit of income on certain tax-exempt loans and securities and the dividend-received deduction for equity securities using the federal statutory tax rate of 21 percent for each period. We believe this to be the preferred industry measurement of net interest income that provides a relevant comparison between taxable and non-taxable sources of interest income.

The following table reconciles interest and dividend income and net interest income per the Condensed Consolidated Statements of Comprehensive Income to interest income, net interest income and net interest margin on an FTE basis (non-GAAP) for the periods presented:

	Three Months Ended March 31,	
(dollars in thousands)	**2024**	**2023**
Interest and dividend income	$ 127,754	$ 110,903
Plus: taxable equivalent adjustment	692	555
Interest Income on an FTE Basis (Non-GAAP)	**$ 128,446**	**$ 111,458**
Interest and dividend income	$ 127,754	$ 110,903
Less: Interest expense	44,277	22,112
Net Interest Income	83,477	88,791
Plus: taxable equivalent adjustment	692	555
Net Interest Income on an FTE Basis (Non-GAAP)	**$ 84,169**	**$ 89,346**
Net interest margin	3.81 %	4.29 %
Plus: taxable equivalent adjustment	0.03 %	0.03 %
Net Interest Margin on an FTE Basis (Non-GAAP)	**3.84 %**	**4.32 %**

Return on average tangible shareholders' equity (non-GAAP) is a key profitability metric used by management to measure financial performance. The following table provides a reconciliation of return on average tangible shareholders' equity (non-GAAP) by reconciling net income (GAAP) per the Condensed Consolidated Statements of Comprehensive Income to net income before amortization of intangibles and average shareholder's equity to average tangible shareholders' equity for the periods presented:

	Three Months Ended March 31,	
(dollars in thousands)	**2024**	**2023**
Net income (annualized)	$ 125,643	$ 161,407
Plus: amortization of intangibles (annualized), net of tax	944	1,085
Net income before amortization of intangibles (annualized)	$ 126,587	$ 162,492
Average shareholders' equity	$ 1,290,514	$ 1,206,358
Less: average goodwill and other intangible assets, net of deferred tax liability	(376,518)	(377,576)
Average tangible shareholders' equity	$ 913,996	$ 828,782
Return on Average Tangible Shareholders' Equity (non-GAAP)	**13.85 %**	**19.61 %**

Executive Overview

We are a bank holding company that is headquartered in Indiana, Pennsylvania with assets of $9.5 billion at March 31, 2024. We operate in Pennsylvania and Ohio providing a full range of financial services with retail and commercial banking products, cash management services, trust and brokerage services. Our common stock trades on the NASDAQ Global Select Market under the symbol "STBA".

We earn revenue primarily from interest on loans and securities and fees charged for financial services provided to our customers. We incur expenses for the cost of deposits and other funding sources, provision for credit losses and other operating costs such as salaries and employee benefits, data processing, occupancy and tax expense.

Our purpose is building a better future together through people-forward banking. We believe that all banking should be personal. We cultivate relationships rooted in trust, strengthened by going above and beyond and renewed with every interaction. Our strategic priorities for 2024 and beyond will be focused on our deposit franchise, core profitability, asset quality and talent and engagement.

Earnings Summary

The following table presents a summary of key profitability metrics for the periods presented:

	Three Months Ended March 31,	
(dollars in thousands)	**2024**	**2023**
Net income	$ 31,239	$ 39,799
Earnings per share - diluted	$ 0.81	$ 1.02
Return on average assets	1.32 %	1.77 %
Return on average shareholders' equity	9.74 %	13.38 %
Return on average tangible shareholders' equity (non-GAAP)[(1)]	13.85 %	19.61 %

[(1)] *Reconciled to GAAP in the "Explanation of Use of Non-GAAP Financial Measures" section of this MD&A.*

We recognized net income of $31.2 million, or $0.81 per diluted share, for the three months ended March 31, 2024, compared to net income of $39.8 million, or $1.02 per diluted share, for the same period in 2023. Net income decreased by $8.6 million for the three months ended March 31, 2024, compared to the same period in 2023. The decrease in net income was primarily due to a decrease in net interest income of $5.3 million, an increase in provision for credit losses of $1.7 million and an increase in noninterest expense of $2.8 million, which was offset by a decrease in income tax expense of $1.7 million.

Net interest income decreased $5.3 million for the three months ended March 31, 2024, compared to the same period in 2023. The net interest margin, or NIM, on an FTE basis (non-GAAP) decreased 48 basis points to 3.84% for the three months ended March 31, 2024, compared to 4.32% for the same period in 2023. The decrease in net interest income and NIM on an FTE basis (non-GAAP) were primarily due to higher cost of funds in the current period compared to the same period in 2023. NIM is reconciled to net interest margin adjusted to an FTE basis (non-GAAP) in the "Explanation of Use of Non-GAAP Financial Measures" section of this MD&A.

The provision for credit losses increased $1.7 million to $2.6 million for the three months ended March 31, 2024, compared to $0.9 million for the same period in 2023. The increase in the provision for credit losses is primarily due to an increase in net loan charge-offs, which was partially offset by reductions in our specific reserve for loans individually evaluated and our qualitative reserve.

Noninterest income decreased by $0.4 million to $12.8 million for the three months ended March 31, 2024, compared to the same period in 2023. The decrease in noninterest income was primarily attributed to a decrease in service charges on deposit accounts of $0.2 million for the three months ended March 31, 2024 resulting from decreases in returned check fees and the elimination of non-sufficient funds, or NSF fees, compared to the same period in 2023. Noninterest expense increased $2.8 million to $54.5 million for the three months ended March 31, 2024, compared to the same period in 2023. The increase in noninterest expense can be attributed to increases in salaries and employee benefits of $1.9 million for the three months ended March 31, 2024 due to annual merit increases, inflationary wage pressure and the acquisition of new talent. The increase to noninterest expense is further related to increases in data processing and information technology of $0.7 million due to additional services provided through our third party provider. Furniture, equipment and software also increased $0.6 million as a result of software and technology investments.

The provision for income taxes decreased $1.7 million to $7.9 million for the three months ended March 31, 2024, compared to $9.6 million for the same period in 2023, primarily due to a $10.2 million decrease in income before taxes in 2024 compared to 2023. Our effective tax rate was 20.2 percent for the three months ended March 31, 2024 compared to 19.4 percent for the three months ended March 31, 2023. The increase in our effective tax rate for the three month period ended March 31, 2024 was primarily due to the adoption of new accounting guidance on January 1, 2024.

RESULTS OF OPERATIONS

**Three Months Ended March 31, 2024 Compared to
Three Months Ended March 31, 2023**

Net Interest Income

Our principal source of revenue is net interest income. Net interest income represents the difference between the interest and fees earned on interest-earning assets and the interest paid on interest-bearing liabilities. Net interest income is affected by changes in the average balance of interest-earning assets and interest-bearing liabilities and changes in interest rates and spreads. The level and mix of interest-earning assets and interest-bearing liabilities is managed by our Asset and Liability Committee, or ALCO, in order to mitigate interest rate and liquidity risks of the balance sheet. A variety of ALCO strategies were implemented, within prescribed ALCO risk parameters, to produce what we believe is an acceptable level of net interest income.

Average Balance Sheet and Net Interest Income Analysis (FTE) (non-GAAP)

The following tables provide information regarding the average balances, interest and rates earned on interest-earning assets and the average balances, interest and rates paid on interest-bearing liabilities for the periods presented:

	Three months ended March 31, 2024			Three months ended March 31, 2023		
(dollars in thousands)	**Average Balance**	**Interest**	**Rate**	**Average Balance**	**Interest**	**Rate**
ASSETS						
Interest-bearing deposits with banks	$ 144,637	$ 2,066	5.75 %	$ 140,499	$ 1,482	4.22 %
Securities, at fair value[(1)(2)]	966,703	6,798	2.81 %	1,000,609	6,269	2.51 %
Loans held for sale	176	3	7.12 %	126	2	6.39 %
Commercial real estate	3,365,142	49,557	5.92 %	3,132,382	42,104	5.45 %
Commercial and industrial	1,626,633	29,768	7.36 %	1,711,113	28,515	6.76 %
Commercial construction	365,088	6,993	7.70 %	388,795	6,932	7.23 %
Total Commercial Loans	**5,356,863**	**86,318**	**6.48 %**	**5,232,290**	**77,551**	**6.01 %**
Residential mortgage	1,478,609	18,187	4.93 %	1,144,821	12,613	4.43 %
Home equity	648,265	11,269	6.99 %	650,385	10,067	6.28 %
Installment and other consumer	110,899	2,384	8.64 %	122,873	2,364	7.80 %
Consumer construction	69,676	970	5.60 %	45,870	528	4.67 %
Total Consumer Loans	**2,307,449**	**32,810**	**5.71 %**	**1,963,949**	**25,572**	**5.26 %**
Total Portfolio Loans	7,664,312	119,128	6.25 %	7,196,239	103,123	5.81 %
Total Loans[(1)(3)]	**7,664,488**	**119,131**	**6.25 %**	**7,196,365**	**103,125**	**5.81 %**
Total other earning assets	25,335	451	7.12 %	34,720	581	6.71 %
Total Interest-earning Assets	**8,801,163**	**$ 128,446**	**5.86 %**	**8,372,193**	**$ 111,458**	**5.39 %**
Noninterest-earning assets	737,742			754,677		
Total Assets	**$ 9,538,905**			**$ 9,126,870**		
LIABILITIES AND SHAREHOLDERS' EQUITY						
Interest-bearing demand	$ 829,095	$ 2,319	1.12 %	$ 824,623	$ 673	0.33 %
Money market	1,920,009	15,061	3.15 %	1,670,988	7,748	1.88 %
Savings	939,467	1,483	0.63 %	1,090,137	806	0.30 %
Certificates of deposit	1,639,059	17,798	4.37 %	1,052,460	5,676	2.19 %
Total Interest-bearing Deposits	**5,327,630**	**36,661**	**2.77 %**	**4,638,208**	**14,903**	**1.30 %**
Short-term borrowings	408,351	5,460	5.37 %	451,668	5,487	4.93 %
Long-term borrowings	39,221	442	4.53 %	14,689	98	2.71 %
Junior subordinated debt securities	49,364	1,010	8.23 %	54,458	1,007	7.50 %
Total Borrowings	**496,936**	**6,912**	**5.59 %**	**520,815**	**6,592**	**5.13 %**
Other interest-bearing liabilities	52,239	703	5.42 %	54,669	617	4.58 %
Total Interest-bearing Liabilities	**5,876,805**	**44,276**	**3.03 %**	**5,213,692**	**22,112**	**1.72 %**
Noninterest-bearing liabilities	2,371,586			2,706,820		
Shareholders' equity	1,290,514			1,206,358		
Total Liabilities and Shareholders' Equity	**$ 9,538,905**			**$ 9,126,870**		
Net Interest Income[(1)(2)]		**$ 84,169**			**$ 89,346**	
Net Interest Margin[(1)(2)]			**3.84 %**			**4.32 %**

[(1)] Tax-exempt interest income is on an FTE basis (non-GAAP) using the statutory federal corporate income tax rate of 21 percent.

[(2)] Taxable investment income is adjusted for the dividend-received deduction for equity securities.

[(3)] Nonaccruing loans are included in the daily average loan amounts outstanding.

Net interest income on an FTE basis (non-GAAP) decreased $5.2 million, or 5.8 percent, for the three months ended March 31, 2024, compared to the same period in 2023. The net interest margin, or NIM, on an FTE basis (non-GAAP) decreased 48 basis points for the three months ended March 31, 2024, compared to the same period in 2023. The decreases in net interest income and NIM on an FTE basis (non-GAAP) were primarily due to higher interest rates and a shift in our funding mix to higher cost money market and certificates of deposits.

Interest income on an FTE basis (non-GAAP) increased $17.0 million for the three months ended March 31, 2024, compared to the same period in 2023. The increased interest income on an FTE basis (non-GAAP) was primarily due to higher interest rates. Average loan balances increased $468.1 million for the three months ended March 31, 2024, compared to the same period in 2023. The average yield on loan balances increased 44 basis points for the three months ended March 31, 2024 compared to the same period in 2023, due to increased interest rates. Overall, the FTE rate (non-GAAP) on interest-earning assets increased 47 basis points for the three months ended March 31, 2024, compared to the same period in 2023.

Interest expense increased $22.2 million for the three months ended March 31, 2024, compared to the same period in 2023. The increase in interest expense was primarily due to higher interest rates and a shift in our funding mix to higher cost products. Average interest-bearing deposits increased $689.4 million, of which $377.8 million was brokered deposits, for the three months ended March 31, 2024, compared to the same period in 2023. The average rate paid on interest-bearing deposits increased 147 basis points for the three months ended March 31, 2024, compared to the same period in 2023, due to higher interest rates. Certificates of deposits increased $586.6 million and the average rate paid on certificates of deposits increased 218 basis points. The increase to certificate of deposits was due to higher interest rates resulting in customers moving deposits to higher yield accounts and the addition of $199.8 million of brokered certificates of deposits. The average rate paid on borrowings increased 46 basis points for the three months ended March 31, 2024, compared to the same period in 2023, primarily due to increased interest rates. Overall, the cost of interest-bearing liabilities increased 131 basis points for the three months ended March 31, 2024, compared to the same period in 2023.

The following table sets forth a summary of the changes in interest earned and interest paid resulting from changes in volume and changes in rates for the periods presented:

	Three Months Ended March 31, 2024 Compared to March 31, 2023		
(dollars in thousands)	**Volume [4]**	**Rate [4]**	**Total**
Interest earned on:			
Interest-bearing deposits with banks	$ 44	$ 540	$ 584
Securities, at fair value[1][2]	(212)	741	529
Loans held for sale	1	—	1
Commercial real estate	3,129	4,324	7,453
Commercial and industrial	(1,408)	2,661	1,253
Commercial construction	(423)	484	61
Total Commercial Loans	**1,298**	**7,469**	**8,767**
Residential mortgage	3,677	1,896	5,573
Home equity	(33)	1,236	1,203
Installment and other consumer	(230)	250	20
Consumer construction	274	167	441
Total Consumer Loans	**3,688**	**3,549**	**7,237**
Total Portfolio Loans	4,986	11,018	16,004
Total Loans[1][3]	**4,987**	**11,018**	**16,005**
Total other earning assets	(157)	27	(130)
Change in Interest Earned on Interest-earning Assets	**$ 4,662**	**$ 12,326**	**$ 16,988**
Interest paid on:			
Interest-bearing demand	$ 4	$ 1,642	$ 1,646
Money market	1,153	6,159	7,310
Savings	(111)	788	677
Certificates of deposit	3,164	8,959	12,123
Total Interest-bearing Deposits	**4,210**	**17,548**	**21,756**
Short-term borrowings	(526)	500	(26)
Long-term borrowings	164	179	343
Junior subordinated debt securities	(94)	97	3
Total Borrowings	**(456)**	**776**	**320**
Other interest-bearing liabilities	(27)	113	86
Change in Interest Paid on Interest-bearing Liabilities	**3,727**	**18,437**	**22,162**
Change in Net Interest Income	**$ 935**	**$ (6,111)**	**$ (5,174)**

(1) Tax-exempt income is on an FTE basis (non-GAAP) using the statutory federal corporate income tax rate of 21 percent.

(2) Taxable investment income is adjusted for the dividend-received deduction for equity securities.

(3) Nonaccruing loans are included in the daily average loan amounts outstanding.

(4) Changes to rate/volume are allocated to both rate and volume on a proportionate dollar basis.

Provision for Credit Losses

The provision for credit losses includes a provision for losses on loans and on unfunded commitments. The provision for credit losses fluctuates based on changes in loan balances, risk ratings, net loan charge-offs/recoveries, the macro environment and our Current Expected Credit Loss, or CECL, forecast. The provision for credit losses increased $1.7 million to $2.6 million for the three months ended March 31, 2024, compared to $0.9 million for the same period in 2023. The increase in the provision for credit losses for the three months ended March 31, 2024, compared to the same period in 2023 was primarily due to an increase in net loan charge-offs, which was partially offset by reductions in our specific reserve for loans individually evaluated due to the resolution of a $6.0 million commercial relationship and in our healthcare segment specific reserve due to reduced exposure. The provision for credit losses included a reduction of $0.8 million for the reserve for unfunded commitments for the three months ended March 31, 2024, compared to a reduction of $0.2 million for the same period in 2023.

Net loan charge-offs for the three months ended March 31, 2024 were $6.6 million, or 0.35 percent of average loans, compared to net recoveries of $5.1 million, or 0.29 percent of average loans, for the same period in 2023. Net loan charge-offs for the three months ended March 31, 2024 were primarily related to two commercial real estate, or CRE, relationships totaling $5.3 million and a commercial and industrial, or C&I, relationship totaling $1.1 million. Offsetting loan charge-offs of $4.5 million during the three months ended March 31, 2023 was a $9.3 million recovery related to a 2020 customer fraud. Refer to the "Allowance for Credit Losses" section of this MD&A for further details.

Noninterest Income

	Three Months Ended March 31,			
(dollars in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Debit and credit card	$ 4,235	$ 4,373	$ (138)	(3.2)%
Service charges on deposit accounts	3,828	4,076	(248)	(6.1)%
Wealth management	3,042	2,948	94	3.2 %
Mortgage banking	277	301	(24)	(8.0)%
Other noninterest income	1,448	1,492	(44)	(2.9)%
Total Noninterest Income	**$ 12,830**	**$ 13,190**	**$ (360)**	**(2.7)%**

Noninterest income decreased $0.4 million to $12.8 million for the three months ended March 31, 2024, compared to the same period in 2023. Service charges on deposit accounts decreased $0.2 million for the three months ended March 31, 2024 due to decreases in returned check fees and the elimination of NSF fees in April 2023. Debit and credit card income decreased $0.1 million due to decreased customer activity and merchant referral revenue.

Noninterest Expense

	Three Months Ended March 31,			
(dollars in thousands)	**2024**	**2023**	**$ Change**	**% Change**
Salaries and employee benefits	$ 29,512	$ 27,601	$ 1,911	6.9 %
Data processing and information technology	4,954	4,258	696	16.3 %
Occupancy	3,870	3,835	35	0.9 %
Furniture, equipment and software	3,472	2,861	611	21.4 %
Professional services and legal	1,720	1,821	(101)	(5.5)%
Other taxes	1,871	1,790	81	4.5 %
Marketing	1,943	1,853	90	4.9 %
FDIC insurance	1,049	1,012	37	3.7 %
Other	6,129	6,668	(539)	(8.1)%
Total Noninterest Expense	**$ 54,520**	**$ 51,699**	**$ 2,821**	**5.5 %**

Noninterest expense increased $2.8 million to $54.5 million for the three months ended March 31, 2024 compared to the same period in 2023. Salaries and employee benefits increased $1.9 million for the three months ended March 31, 2024 due to annual merit increases, inflationary wage pressure and the acquisition of new talent. Data processing and information technology increased $0.7 million due to additional services provided through our third party provider. Furniture, equipment and software expenses increased $0.6 million as a result of software and technology investments, which further contributed to the overall increase in noninterest expense. Other noninterest expense decreased $0.5 million primarily due to the adoption of new accounting guidance on January 1, 2024. Amortization expense of $0.8 million related to tax credit equity investments is included in income tax expense for the three months ended March 31, 2024, compared to amortization expense of $0.5 million included in other noninterest expense for the same period in 2023.

Provision for Income Taxes

The provision for income taxes decreased $1.7 million to $7.9 million for the three months ended March 31, 2024, compared to $9.6 million for the three months ended March 31, 2023. The decrease in our income tax provision was primarily due to a $10.2 million decrease in income before taxes in 2024 compared to 2023.

The effective tax rate, which is total tax expense as a percentage of income before taxes, increased to 20.2 percent for the three months ended March 31, 2024, compared to 19.4 percent in the same period in 2023. The increase in the effective tax rate for the three months ended March 31, 2024 was primarily due to the adoption of the proportional amortization method, or PAM, related to tax credit equity investments on January 1, 2024. Under the PAM, amortization expense related to tax credit equity investments is included in income tax expense for the three months ended March 31, 2024, compared to other noninterest expense for the same period in 2023.

Financial Condition as of March 31, 2024

Total assets were $9.5 billion at March 31, 2024, compared to $9.6 billion at December 31, 2023. Total portfolio loans remained unchanged at $7.7 billion at March 31, 2024, compared to December 31, 2023. The commercial loan portfolio decreased $38.1 million at March 31, 2024, compared to December 31, 2023, primarily due to a decrease of $45.0 million in C&I loans, offset by an increase of $10.1 million in CRE.

Securities remained unchanged at $1.0 billion at March 31, 2024 and December 31, 2023. The bond portfolio was in a net unrealized loss position of $87.8 million at March 31, 2024, compared to a net unrealized loss position of $82.0 million at December 31, 2023. The increase in the net unrealized loss portion of the bond portfolio of $5.8 million was due to a change in interest rates.

Our total deposits increased $78.6 million at March 31, 2024, compared to December 31, 2023. Customer deposits increased $77.8 million compared to December 31, 2023, as a result of our focus on deposit franchise. The pace of customers moving deposits to higher costing deposit types has moderated compared to the prior year

Total borrowings decreased $130.1 million to $373.5 million at March 31, 2024 compared to $503.6 million at December 31, 2023 primarily due to deposit growth.

Total shareholders' equity increased by $11.6 million to $1.3 billion at March 31, 2024, compared to December 31, 2023. The increase was primarily due to net income of $31.2 million, offset by other comprehensive loss of $6.8 million and dividends of $12.7 million.

Securities Activity

(dollars in thousands)	March 31, 2024	December 31, 2023	$ Change
U.S. Treasury securities	$ 132,586	$ 133,786	$ (1,200)
Obligations of U.S. government corporations and agencies	32,593	32,513	80
Collateralized mortgage obligations of U.S. government corporations and agencies	467,198	460,939	6,259
Residential mortgage-backed securities of U.S. government corporations and agencies	36,662	38,177	(1,515)
Commercial mortgage-backed securities of U.S. government corporations and agencies	275,749	273,425	2,324
Obligations of states and political subdivisions	25,005	30,468	(5,463)
Available-for-Sale Debt Securities	**969,793**	**969,308**	**485**
Equity securities	935	1,083	(148)
Total Securities Available for Sale	**$ 970,728**	**$ 970,391**	**$ 337**

We invest in various securities in order to maintain a source of liquidity, to satisfy various pledging requirements, to increase net interest income and as a tool of ALCO to reposition the balance sheet for interest rate risk purposes. Securities are subject to market risks that could negatively affect the level of liquidity available to us. Security purchases are subject to an investment policy approved annually by our Board of Directors and administered through ALCO and our treasury function. Securities remained unchanged at $1.0 billion at March 31, 2024 compared to December 31, 2023.

At March 31, 2024, our bond portfolio was in a net unrealized loss position of $87.8 million compared to a net unrealized loss position of $82.0 million at December 31, 2023. At March 31, 2024, our bond portfolio had gross unrealized losses of $88.4 million and $0.6 million in gross unrealized gains, compared to December 31, 2023, when total gross unrealized losses were $83.8 million offset by gross unrealized gains of $1.8 million.

Loan Composition

The following table summarizes our loan portfolio as of the dates presented:

	March 31, 2024		December 31, 2023			
(dollars in thousands)	Amount	% of Total	Amount	% of Total	$ Change	% Change
Commercial						
Commercial real estate	$ 3,367,722	44.0 %	$ 3,357,603	43.9 %	$ 10,119	0.3 %
Commercial and industrial	1,597,119	20.9 %	1,642,106	21.5 %	(44,987)	(2.7) %
Commercial construction	360,086	4.7 %	363,284	4.7 %	(3,198)	(0.9) %
Total Commercial Loans	**5,324,927**	**69.6 %**	**5,362,993**	**70.1 %**	**(38,066)**	**(0.7) %**
Consumer						
Consumer real estate	2,222,875	29.0 %	2,175,451	28.4 %	47,424	2.2 %
Other consumer	108,232	1.4 %	114,897	1.5 %	(6,665)	(5.8) %
Total Consumer Loans	**2,331,107**	**30.4 %**	**2,290,348**	**29.9 %**	**40,759**	**1.8 %**
Total Portfolio Loans	**$ 7,656,034**	**100.0 %**	**$ 7,653,341**	**100.0 %**	**2,693**	**— %**

The loan portfolio represents the most significant source of interest income for us. The risk that borrowers will be unable to pay such obligations is inherent in the loan portfolio. Other conditions, such as downturns in the borrower's industry or the overall economic climate, can significantly impact the borrower's ability to pay.

Total portfolio loans remained unchanged at $7.7 billion at March 31, 2024 and December 31, 2023. As of March 31, 2024, 64 percent of our total loans were variable rate loans and 36 percent were fixed rate loans, compared to 65 percent variable rate and 35 percent fixed rate at December 31, 2023. Commercial loans, including CRE, C&I and commercial construction, comprised 69.6 percent of total portfolio loans at March 31, 2024 and 70.1 percent at December 31, 2023. The commercial loan portfolio decreased $38.1 million at March 31, 2024 compared to December 31, 2023, primarily due to a decrease of $45.0 million in C&I, offset by an increase of $10.1 million in CRE. Loan volume has slowed due to higher interest rates and an uncertain macro environment.

Our multifamily and office segments are the most significant CRE and commercial construction concentrations within our portfolio. Approximately 95 percent of multifamily and office CRE loans are located within our market area, which includes Pennsylvania and the contiguous states of Ohio, New York, West Virginia, New Jersey, Delaware and Maryland

In the CRE segment, multifamily represented $580.8 million, or 7.6 percent of total portfolio loans, at March 31, 2024, compared to $569.4 million, or 7.4 percent, at December 31, 2023. The average loan size of multifamily CRE is $1.0 million, with an average loan-to-value of 56 percent. There were no special mention loans and $6.9 million substandard in the multifamily CRE segment at March 31, 2024, compared to special mention loans of $3.8 million and substandard of $13.0 million at December 31, 2023.

Office CRE was $482.0 million, or 6.3 percent of total portfolio loans, at March 31, 2024, compared to $480.5 million, or 6.3 percent, at December 31, 2023. The average loan size within the office CRE portfolio is $1.1 million, with an average loan-to-value of approximately 55 percent. Special mention loans in the office CRE segment were $12.3 million and substandard were $2.1 million at March 31, 2024, compared to special mention loans of $9.1 million and substandard of $2.5 million at December 31, 2023. Approximately 90 percent of the office portfolio is located in non-central business districts, with the remaining 10 percent in central business districts within our market area.

In addition, within the commercial construction segment, multifamily represented $115.3 million, or 1.5 percent of total portfolio loans, at March 31, 2024, compared to $119.0 million, or 1.6 percent, at December 31, 2023. Commercial construction office was $29.5 million, or 0.4 percent of total portfolio loans, at December 31, 2024, compared to $36.0 million, or 0.5 percent, at December 31, 2023. There were no special mention or substandard commercial construction loans within our multifamily or office segments for the periods presented.

Consumer loans represent 30.4 percent of our total portfolio loans at March 31, 2024 and 29.9 percent at December 31, 2023. The consumer loan portfolio increased $40.8 million at March 31, 2024, primarily due to growth in our consumer real estate portfolio of $47.4 million compared to December 31, 2023. Consistent with 2023, we continue to retain consumer real estate loans on our balance sheet as portfolio loans, versus selling these loans due to the loan pricing in the secondary market.

Allowance for Credit Losses

We maintain an ACL at a level determined to be adequate to absorb estimated expected credit losses within the loan portfolio over the contractual life of an instrument that considers our historical loss experience, current conditions and forecasts of future economic conditions as of the balance sheet date. We develop and document a systematic ACL methodology based on the following portfolio segments: 1) CRE, 2) C&I, 3) Commercial Construction, 4) Business Banking, 5) Consumer Real Estate and 6) Other Consumer. Refer to Part 1. Financial Information, Note 5 Loans and Allowance for Credit Losses for details on our portfolio segments.

The following table presents activity in the ACL for the periods presented:

	Three Months Ended March 31, 2024						
(dollars in thousands)	**Commercial Real Estate**	**Commercial and Industrial**	**Commercial Construction**	**Business Banking**	**Consumer Real Estate**	**Other Consumer**	**Total Loans**
Allowance for credit losses on loans:							
Balance at beginning of period	$ 37,886	$ 34,538	$ 5,382	$ 12,858	$ 14,663	$ 2,639	$ 107,966
Provision for credit losses on loans[(1)]	2,838	680	(233)	(995)	859	276	3,425
Charge-offs	(5,205)	(1,128)	—	(98)	(139)	(369)	(6,939)
Recoveries	93	117	—	33	27	80	350
Net Charge-offs	**(5,112)**	**(1,011)**	**—**	**(65)**	**(112)**	**(289)**	**(6,589)**
Balance at End of Period	**$ 35,612**	**$ 34,207**	**$ 5,149**	**$ 11,798**	**$ 15,410**	**$ 2,626**	**$ 104,802**

[(1)] *Excludes the provision for credit losses for unfunded commitments.*

The following table presents key ACL ratios for the periods presented:

	March 31, 2024	December 31, 2023
Ratio of net charge-offs to average loans outstanding[(1)]	0.35 %	0.18 %
Allowance for credit losses as a percentage of total portfolio loans	1.37 %	1.41 %
Allowance for credit losses to nonaccrual loans	316 %	471 %

[(1)] *Year-to-date net charge-offs annualized*

Net loan charge-offs were $6.6 million, or 0.35 percent of average loans, for the three months ended March 31, 2024. Refer to the "Provision for Credit Losses" section of this MD&A for further details.

The ACL was $104.8 million, or 1.37 percent of total portfolio loans, at March 31, 2024, compared to $108.0 million, or 1.41 percent of total portfolio loans, at December 31, 2023. The decrease in the ACL of $3.2 million was primarily related to decreased exposure in our healthcare portfolio.

Substandard loans decreased $20.3 million to $153.0 million at March 31, 2024, compared to $173.3 million at December 31, 2023. The decrease in substandard loans was primarily due to loan payoffs and commercial charge-offs of $6.6 million. Special mention loans increased $11.5 million to $147.3 million at March 31, 2024, compared to $135.8 million at December 31, 2023. The increase in special mention loans was primarily due to risk rating downgrades in our C&I portfolio.

Our allowance on unfunded loan commitments and letters of credit provide for the risk of expected loss in these arrangements. The allowance is computed using a methodology similar to that used to determine the ACL for loans, modified to take into account the probability of a draw-down on the commitment. The provision for credit losses on unfunded loan commitments is included in the provision for credit losses on the Condensed Consolidated Statements of Comprehensive Income. The allowance for unfunded loan commitments decreased $0.8 million to $6.0 million at March 31, 2024, compared to $6.8 million at December 31, 2023. The decrease was due to decreased loss rates and a reduction in unused commitments in our construction portfolio. The allowance for unfunded commitments is included in other liabilities in the Consolidated Balance Sheets.

Nonperforming assets, or NPA's, consist of nonaccrual loans and OREO. The following represents NPA's as of the dates presented:

(dollars in thousands)	March 31, 2024	December 31, 2023	$ Change
Nonaccrual Loans			
Commercial real estate	$ 18,082	$ 7,267	$ 10,815
Commercial and industrial	3,092	3,244	(152)
Commercial construction	4,960	4,960	—
Consumer real estate	6,869	7,146	(277)
Other Consumer	206	330	(124)
Total Nonaccrual Loans	**33,209**	**22,947**	**10,262**
OREO	140	75	65
Total Nonperforming Assets	**$ 33,349**	**$ 23,022**	**$ 10,327**
Asset Quality Ratios:			
Nonaccrual loans as a percent of total portfolio loans	0.43 %	0.30 %	
Nonperforming assets as a percent of total portfolio loans plus OREO	0.44 %	0.30 %	

Our policy is to place loans in all categories in nonaccrual status when collection of interest or principal is doubtful, or generally when interest or principal payments are 90 days or more past the contractual due date. Nonaccrual loans increased $10.3 million to $33.2 million at March 31, 2024, compared to $22.9 million at December 31, 2023. The increase in nonaccrual loans primarily related to the addition of a $16.4 million CRE loan, which was written down to the value of an asset sale agreement and a $3.2 million partial charge-off was processed. The sale is expected to take place later in 2024. Partially offsetting the increase in nonaccrual loans for the three months ended March 31, 2024, was the payoff of a $5.9 million CRE loan.

Deposits

Deposits are our primary source of funds. We have a well-diversified deposit base with a balance mix of 58.3 percent personal, 32.1 percent business, 4.6 percent public funds and 5.0 percent brokered at March 31, 2024.

	March 31, 2024		December 31, 2023			
(dollars in thousands)	Amount	% of Deposits	Amount	% of Deposits	$ Change	% Change
Personal	$ 4,429,093	58.3 %	$ 4,244,387	56.4 %	$ 184,706	4.4 %
Business	2,443,009	32.1 %	2,565,853	34.1 %	(122,844)	(4.8) %
Public funds	351,806	4.6 %	335,876	4.5 %	15,930	4.7 %
Brokered	376,439	5.0 %	375,653	5.0 %	786	0.2 %
Total Deposits	**$ 7,600,347**	**100.0 %**	**$ 7,521,769**	**100.0 %**	**$ 78,578**	**1.0 %**

The following table presents the composition of deposits for the periods presented:

(dollars in thousands)	March 31, 2024	December 31, 2023	$ Change
Customer Deposits			
Noninterest-bearing demand	$ 2,188,927	$ 2,221,942	$ (33,015)
Interest-bearing demand	848,729	825,787	22,942
Money market	1,781,718	1,741,189	40,529
Savings	936,056	950,546	(14,490)
Certificates of deposit	1,468,478	1,406,652	61,826
Total Customer Deposits	**7,223,908**	**7,146,116**	**77,792**
Brokered Deposits			
Money market	100,439	200,653	(100,214)
Certificates of deposit	276,000	175,000	101,000
Total Brokered Deposits	**376,439**	**375,653**	**786**
Total Deposits	**$ 7,600,347**	**$ 7,521,769**	**$ 78,578**

Our total deposits increased $78.6 million at March 31, 2024, compared to December 31, 2023. Customer deposits increased $77.8 million compared to December 31, 2023, as a result of our focus on deposit franchise. While we are still seeing movement by customers to higher cost certificate of deposits, the rate of customers moving deposits to higher costing deposit types has moderated compared to the prior year.

As a member of the IntraFi network, we are able to offer our customers insurance coverage on interest-bearing demand, money market and certificate of deposit balances in excess of the FDIC insurance limits. IntraFi balances increased $29.1 million to $306.8 million at March 31, 2024, compared to $277.7 million at December 31, 2023. We had total uninsured deposits of $2.3 billion, or 30 percent of our total deposit base, at both March 31, 2024 and December 31, 2023.

Borrowings

(dollars in thousands)	March 31, 2024	December 31, 2023	$ Change
Short-term borrowings	$ 285,000	$ 415,000	$ (130,000)
Long-term borrowings	39,156	39,277	(121)
Junior subordinated debt securities	49,373	49,358	15
Total Borrowings	**$ 373,529**	**$ 503,635**	**$ (130,106)**

Borrowings are an additional source of funding for us. Total borrowings decreased $130.1 million to $373.5 million at March 31, 2024, compared to $503.6 million at December 31, 2023, primarily due to deposit growth.

Information pertaining to short-term borrowings is summarized in the table below for the three months ended March 31, 2024 and the twelve months ended December 31, 2023.

	Short-Term Borrowings	
(dollars in thousands)	March 31, 2024	December 31, 2023
Balance at the period end	$ 285,000	$ 415,000
Average balance during the period	$ 408,351	$ 500,421
Average interest rate during the period	5.37 %	5.44 %
Maximum month-end balance during the period	$ 465,000	$ 630,000
Average interest rate at the period end	5.11 %	5.65 %

Information pertaining to long-term borrowings and junior subordinated debt securities is summarized in the tables below for the three months ended March 31, 2024 and the twelve months ended December 31, 2023.

	Long-Term Borrowings	
(dollars in thousands)	March 31, 2024	December 31, 2023
Balance at the period end	$ 39,156	$ 39,277
Average balance during the period	$ 39,221	$ 31,706
Average interest rate during the period	4.53 %	4.20 %
Maximum month-end balance during the period	$ 39,237	$ 39,589
Average interest rate at the period end	4.47 %	4.52 %

	Junior Subordinated Debt Securities	
(dollars in thousands)	March 31, 2024	December 31, 2023
Balance at the period end	$ 49,373	$ 49,358
Average balance during the period	$ 49,364	$ 52,215
Average interest rate during the period	8.23 %	7.87 %
Maximum month-end balance during the period	$ 49,373	$ 54,483
Average interest rate at the period end	7.92 %	7.98 %

Liquidity and Capital Resources

Liquidity is defined as a financial institution’s ability to meet its cash and collateral obligations at a reasonable cost. Our primary future cash needs are centered on the ability to (i) satisfy the financial needs of depositors who may want to withdraw funds or of borrowers needing to access funds to meet their credit needs and (ii) to meet our future cash commitments under contractual obligations with third parties. In order to manage liquidity risk, our Board of Directors has delegated authority to ALCO for the formulation, implementation and oversight of liquidity risk management for S&T. The ALCO’s goal is to maintain adequate levels of liquidity at a reasonable cost to meet funding needs in both a normal operating environment and for potential liquidity stress events. The ALCO monitors and manages liquidity through various ratios, reviewing cash flow projections, performing stress tests and having a detailed contingency funding plan. The ALCO policy guidelines define graduated risk tolerance levels. If our liquidity position moves to a level that has been defined as high risk, specific actions are required, such as increased monitoring or the development of an action plan to reduce the risk position.

Our primary funding and liquidity source is a stable customer deposit base. We believe S&T has the ability to retain existing deposits and attract new deposits, mitigating any funding dependency on other more volatile funding sources. Refer to the "Financial Condition as of March 31, 2024 - Deposits" section of this MD&A, for additional discussion on deposits. Although deposits are the primary source of funds, we have identified various other funding sources that can be used as part of our normal funding program. Additional funding sources accessible to S&T include borrowing availability at the Federal Home Loan Bank of Pittsburgh, or FHLB, federal funds lines with other financial institutions and the brokered deposit market. We also have availability at the Federal Reserve Discount Window through the Borrower-in-Custody Program.

In response to the bank failures in March 2023, the Federal Reserve authorized additional funding availability to eligible depository institutions through the Federal Reserve Bank Term Funding Program, or BTFP. The temporary program was intended to help assure depositors that their institutions have an additional source of liquidity to meet their needs. Under the program, any collateral eligible for purchase by the Federal Reserve Banks in open market operations could be pledged, including U.S. Treasury securities, U.S. Agencies and U.S. Agency mortgage-backed securities. Collateral advances were equal to 100 percent of the par value of the collateral pledged with a term of up to one year. Interest was charged at a fixed rate equal to the one-year overnight index swap rate plus 10 basis points with no prepayment penalty. The BTFP ceased making new loans as scheduled on March 11, 2024.

Available borrowing capacity exceeds uninsured deposits of $2.3 billion. The following table summarizes funding sources available as of the dates presented:

	March 31, 2024			December 31, 2023		
(dollars in thousands)	**Borrowing Capacity**	**Balance**	**Available**	**Borrowing Capacity**	**Balance**	**Available**
FHLB	$ 3,323,321	$ 255,706	$ 3,067,615	$ 3,241,098	$ 552,136	$ 2,688,962
Borrower-in-Custody Program	775,278	—	775,278	769,653	—	769,653
Federal Reserve BTFP[(1)]	200,000	200,000	—	636,963	—	636,963
Total	**$ 4,298,599**	**$ 455,706**	**$ 3,842,893**	**$ 4,647,714**	**$ 552,136**	**$ 4,095,578**

[(1)] *Lending program created by the Federal Reserve in March 2023, new loans under the program ended March 11, 2024.*

We have contractual obligations representing required future payments on certificates of deposit, junior subordinated debt securities, short-term borrowings, long-term borrowings, operating and capital leases, funding commitments on tax credit equity investments and purchase obligations. See the Liquidity and Capital Resources portion of our Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2023 Form 10-K for more information on these future cash outflows. Customer certificates of deposit increased $61.8 million to $1.5 billion at March 31, 2024, compared to December 31, 2023 and short-term borrowings decreased $130.0 million to $285.0 million at March 31, 2024, compared to December 31, 2023. Other than these changes, there have been no material changes to the contractual obligations previously disclosed in our 2023 Form 10-K.

An important component of our ability to effectively respond to potential liquidity stress events is maintaining a cushion of highly liquid assets. Highly liquid assets are those that can be converted to cash quickly to meet financial obligations. ALCO policy guidelines define a ratio of highly liquid assets to total assets by graduated risk tolerance levels of minimal, moderate and high. At March 31, 2024, S&T Bank had $711.0 million in highly liquid assets, which consisted primarily of $143.3 million in interest-bearing deposits with banks and $567.7 million in unpledged securities. This resulted in a highly liquid assets to total assets ratio of 7.5 percent at March 31, 2024.

We continue to maintain a strong capital position with o ur leverage ratio at 11.30 percent at March 31, 2024, compared to 11.21 percent at December 31, 2023, both in excess of the well-capitalized regulatory guideline of 5.00 percent. We continue to be well-capitalized with a risk-based Common Equity Tier 1 ratio of 13.59 percent at March 31, 2024, compared to 13.37 percent at December 31, 2023, both in excess of the well-capitalized regulatory guideline of 6.50 percent.

The following table summarizes capital amounts and ratios for S&T and S&T Bank as of the dates presented :

	Adequately	Well-	March 31, 2024		December 31, 2023	
(dollars in thousands)	Capitalized	Capitalized	Amount	Ratio	Amount	Ratio
S&T Bancorp, Inc.						
Tier 1 leverage	4.00 %	5.00 %	$ 1,047,165	11.30 %	$ 1,034,828	11.21 %
Common equity tier 1 to risk-weighted assets	4.50 %	6.50 %	1,023,165	13.59 %	1,010,828	13.37 %
Tier 1 capital to risk-weighted assets	6.00 %	8.00 %	1,047,165	13.91 %	1,034,828	13.69 %
Total capital to risk-weighted assets	8.00 %	10.00 %	1,166,371	15.49 %	1,154,376	15.27 %
S&T Bank						
Tier 1 leverage	4.00 %	5.00 %	$ 1,005,771	10.86 %	$ 995,824	10.79 %
Common equity tier 1 to risk-weighted assets	4.50 %	6.50 %	1,005,771	13.37 %	995,824	13.18 %
Tier 1 capital to risk-weighted assets	6.00 %	8.00 %	1,005,771	13.37 %	995,824	13.18 %
Total capital to risk-weighted assets	8.00 %	10.00 %	1,124,941	14.95 %	1,115,315	14.76 %

On March 27, 2020, the regulators issued interim final rule, or IFR, "Regulatory Capital Rule: Revised Transition of the Current Expected Credit Losses Methodology for Allowances" in response to the disrupted economic activity due to the COVID-19 pandemic. The IFR provides financial institutions that adopted CECL during 2020 with the option to delay for two years the estimated impact of CECL on regulatory capital, followed by a three-year transition period to phase out the aggregate amount of the capital benefit provided by the initial two-year delay ("five-year transition"). We adopted CECL effective January 1, 2020 and elected to implement the five-year transition.

We have filed a shelf registration statement on Form S-3 under the Securities Act of 1933, as amended, with the SEC, which allows for the issuance of a variety of securities including debt and capital securities, preferred and common stock and warrants. We may use the proceeds from the sale of securities for general corporate purposes, which could include investments at the holding company level, investing in, or extending credit to subsidiaries, possible acquisitions and stock repurchases. As of March 31, 2024, we had not issued any securities pursuant to this shelf registration statement.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is defined as the degree to which changes in interest rates, foreign exchange rates, commodity prices or equity prices can adversely affect a financial institution's earnings or capital. For most financial institutions, including S&T, market risk primarily reflects exposures to changes in interest rates. Interest rate fluctuations affect earnings by changing net interest income and other interest-sensitive income and expense levels. Interest rate changes also affect capital by changing the net present value of a bank's future cash flows, and the cash flows themselves, as rates change. Accepting this risk is a normal part of banking and can be an important source of profitability and enhancing shareholder value. However, excessive interest rate risk can threaten a bank's earnings, capital, liquidity and solvency. Our sensitivity to changes in interest rate movements is continually monitored by the ALCO. The ALCO monitors and manages market risk through rate shock analyses, economic value of equity, or EVE, analyses and by performing stress tests and simulations to mitigate earnings and market value fluctuations due to changes in interest rates.

Rate shock analyses results are compared to a base case to provide an estimate of the impact that market rate changes may have on 12 and 24 months of pretax net interest income. The base case and rate shock analyses are performed on a static balance sheet. A static balance sheet is a no growth balance sheet in which all maturing and/or repricing cash flows are reinvested in the same product at the existing product spread. Rate shock analyses assume an immediate parallel shift in market interest rates and also include management assumptions regarding the impact of interest rate changes on non-maturity deposit products (noninterest-bearing demand, interest-bearing demand, money market and savings) and changes in the prepayment behavior of loans and securities with optionality. S&T policy guidelines limit the change in pretax net interest income over 12 and 24 month horizons using rate shocks in increments of +/- 100 basis points. Policy guidelines define the percentage change in pretax net interest income by graduated risk tolerance levels of minimal, moderate and high.

In order to monitor interest rate risk beyond the 24 month time horizon of rate shocks on pretax net interest income, we also perform EVE analyses. EVE represents the present value of all asset cash flows minus the present value of all liability cash flows. EVE change results are compared to a base case to determine the impact that market rate changes may have on our EVE. As with rate shock analyses on pretax net interest income, EVE analyses incorporate management assumptions regarding prepayment behavior of fixed rate loans and securities with optionality and the behavior and value of non-maturity deposit products. S&T policy guidelines limit the change in EVE using rate shocks in increments of +/- 100 basis points. Policy guidelines define the percentage change in EVE by graduated risk tolerance levels of minimal, moderate and high.

The table below reflects the rate shock analyses results for the 1-12 and 13-24 month periods of pretax net interest income and EVE.

	March 31, 2024			December 31, 2023		
	1 - 12 Months	13 - 24 Months		1 - 12 Months	13 - 24 Months	
Change in Interest Rate (basis points)	% Change in Pretax Net Interest Income	% Change in Pretax Net Interest Income	% Change in EVE	% Change in Pretax Net Interest Income	% Change in Pretax Net Interest Income	% Change in EVE
400	7.0	6.5	(31.7)	3.5	7.6	(31.4)
300	4.8	4.4	(23.8)	2.4	5.4	(23.5)
200	2.6	2.3	(15.5)	1.2	3.4	(15.2)
100	0.8	0.9	(7.1)	0.2	1.6	(7.3)
-100	(4.2)	(5.1)	3.6	(3.5)	(5.1)	3.7
-200	(6.0)	(7.4)	4.3	(4.2)	(6.7)	3.8
-300	(9.0)	(12.0)	—	(6.6)	(11.2)	(0.5)
-400	(12.7)	(17.2)	(10.5)	(9.3)	(15.1)	(13.7)

The results from the rate shock analyses on net interest income are consistent with having an asset sensitive balance sheet. Having an asset sensitive balance sheet means more assets than liabilities will reprice during the measured time frames. The implications of an asset sensitive balance sheet will differ depending upon the change in market interest rates. For example, with an asset sensitive balance sheet in a declining interest rate environment, more assets than liabilities will decrease in rate. This situation could result in a decrease in net interest income and operating income. Conversely, with an asset sensitive balance sheet in a rising interest rate environment, more assets than liabilities will increase in rate. This situation could result in an increase in net interest income and operating income.

Our rate shock analyses show more improvement in the percentage change in pretax net interest income in the rates up scenarios when comparing March 31, 2024 to December 31, 2023 primarily due to changes in our funding mix. The percentage change in pretax net interest income in the rates down scenario shows a decline when comparing March 31, 2024 to December 31, 2023 primarily due to changes in our funding mix. Our EVE analyses remain relatively unchanged in the rates up scenarios. The percentage change in our EVE show improvement in rates down scenarios when comparing March 31, 2024 to December 31, 2023. These changes are mainly the result of changes to our funding mix.

In addition to rate shocks and EVE analyses, we perform a market risk stress test at least annually. The market risk stress test includes sensitivity analyses and simulations. Sensitivity analyses are performed to help us identify which model assumptions cause the greatest impact on pretax net interest income. Sensitivity analyses may include changing prepayment behavior of loans and securities with optionality and the impact of interest rate changes on non-maturity deposit products. Simulation analyses may include the potential impact of rate changes other than the policy guidelines, yield curve shape changes, significant balance mix changes and various growth scenarios.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of S&T's Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO (its principal executive officer and principal financial officer, respectively), management has evaluated the effectiveness of the design and operation of S&T's disclosure controls and procedures as of March 31, 2024. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods required by the Securities and Exchange Commission, or the SEC, and that such information is accumulated and communicated to S&T's management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Based on and as of the date of such evaluation, our CEO and CFO concluded that the design and operation of our disclosure controls and procedures were effective in all material respects, as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

During the quarter ended March 31, 2024, there were no changes made to S&T's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that materially affected, or are reasonably likely to materially affect, S&T's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 1A. Risk Factors

There have been no material changes to the risk factors that we have previously disclosed in Part I, Item 1A – “Risk Factors” in our 2023 Form 10-K for the year ended December 31, 2023, as filed with the SEC on February 27, 2024.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities

The following table is a summary of our purchases of common stock during the first quarter of 2024:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plan[1]	Approximate dollar value of shares that may yet be purchased under the plan
				$50,000,000
01/01/2024-01/31/2024	—	$—	—	50,000,000
02/01/2024-02/29/2024	—	—	—	50,000,000
03/01/2024-03/31/2024	—	—	—	$50,000,000

[1] On January 24, 2024, our Board of Directors authorized a new $50 million share repurchase plan. The new plan replaced the existing share repurchase plan effective immediately and is set to expire May 30, 2025. This repurchase authorization permits S&T to repurchase shares of S&T's common stock from time to time through a combination of open market and privately negotiated repurchases up to the authorized $50 million aggregate value of S&T's common stock. The specific timing, price and quantity of repurchases will be at the discretion of S&T and will depend on a variety of factors, including general market conditions, the trading price of the common stock, legal and contractual requirements and S&T's financial performance. The repurchase plan does not obligate S&T to repurchase any particular number of shares. S&T expects to fund any repurchases from cash on hand and internally generated funds. Any share repurchases will not begin until permissible under applicable laws.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

(c) During the three months ended March 31, 2024, no director or Section 16 officer of the Company adopted, terminated or modified a ‘Rule 10b5-1 trading arrangement’ or ‘non-Rule 10b5-1 trading arrangement,’ as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

31.1	Rule 13a-14(a) Certification of the Chief Executive Officer
31.2	Rule 13a-14(a) Certification of the Chief Financial Officer
32	Rule 13a-14(b) Certification of the Chief Executive Officer and Chief Financial Officer
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

S&T Bancorp, Inc.
(Registrant)

May 2, 2024

/s/ Mark Kochvar

Mark Kochvar
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer and Duly Authorized Signatory)

Exhibit 31.1

CERTIFICATION

I, Christopher J. McComish, certify that:

1. I have reviewed this quarterly report on Form 10-Q of S&T Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ Christopher J. McComish

Christopher J. McComish, Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Mark Kochvar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of S&T Bancorp, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation;
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2024

/s/ Mark Kochvar

Mark Kochvar, Chief Financial Officer (Principal Financial Officer)

Exhibit 32

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER
SARBANES-OXLEY ACT SECTION 906

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the S&T Bancorp, Inc. (the “Company”) quarterly Report on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Christopher J. McComish, Chief Executive Officer of the Company, and I, Mark Kochvar, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the dates and period covered by the Report.

This certificate is being made for the exclusive purpose of compliance by the Chief Executive Officer and Chief Financial Officer of the Company with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be disclosed, distributed or used by any person or for any reason other than as specifically required by law.

Date: May 2, 2024

/s/ Christopher J. McComish	/s/ Mark Kochvar
Christopher J. McComish, Chief Executive Officer (Principal Executive Officer)	Mark Kochvar, Chief Financial Officer (Principal Financial Officer)