S&T BANCORP INC
Form S-4/A
January 08, 2015

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As Filed with the Securities and Exchange Commission on January 7, 2015

Registration No. 333-200974

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

S&T BANCORP, INC.

(Exact name of Registrant as specified in its charter)

Pennsylvania	**6022**	**25-1434426**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(IRS Employer Identification No.)**

800 Philadelphia Street

Indiana, PA 15701

(800) 325-2265

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Mark Kochvar

Chief Financial Officer

S&T Bancorp, Inc.

800 Philadelphia Street

Indiana, PA 15701

(724) 465-4826

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box ¨.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer x	Accelerated filer ¨
Non- accelerated filer (Do not check if a smaller reporting company) ¨	Smaller reporting company ¨

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨

Exchange Act Rule 14d-1(d) (Cross Border Third-Party Tender Offer) ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. S&T Bancorp, Inc. may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.

PRELIMINARY SUBJECT TO COMPLETION DATED JANUARY 7, 2015

Prospectus of S&T Bancorp, Inc. **Proxy Statement of Integrity Bancshares, Inc.**

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On October 29, 2014, Integrity Bancshares, Inc., or Integrity, agreed to merge with S&T Bancorp, Inc., or S&T. Integrity is sending you this proxy statement/prospectus to invite you to attend a special meeting of Integrity shareholders being held to vote on the merger and to ask you to vote at the special meeting in favor of adopting the agreement and plan of merger, or the merger agreement.

If the merger is completed, Integrity will merge with and into S&T, and you will be entitled to elect to receive your merger consideration in the form of S&T common stock, cash or a combination of both. Subject to the election and adjustment procedures described in this proxy statement/prospectus, you will be entitled to receive, in exchange for each share of Integrity common stock you hold at the time of the merger, consideration, without interest, with a value equal to either (i) a cash payment of $52.50 or (ii) 2.0627 shares of S&T common stock. The federal income tax consequences of the merger to you will depend on whether you receive cash, S&T common stock, or a combination of cash and S&T common stock in exchange for your shares of Integrity common stock.

Pursuant to the terms of the merger agreement, at least 80% of the total number of shares of Integrity common stock to be converted in the merger will be converted into stock consideration, and the remaining outstanding shares of Integrity common stock (excluding the shares of Integrity common stock to be cancelled) will be converted into cash consideration. As a result, if more Integrity shareholders make valid elections to receive either S&T common stock or cash than is available as merger consideration under the merger agreement, those Integrity shareholders electing the over-subscribed form of consideration may have the over-subscribed consideration proportionately reduced and substituted with consideration in the other form, despite their election.

The market prices of both S&T common stock and Integrity common stock will fluctuate before the completion of the merger. You should obtain current stock price quotations for S&T common stock and Integrity common stock. S&T common stock trades on the NASDAQ Global Select Market under the symbol STBA and Integrity common stock is quoted on the OTC Markets Group OTCQB, or OTCQB, under the symbol ITBC.

The special meeting of the shareholders of Integrity will be held on Tuesday, February 24, 2015 at 5:45 pm, local time, at the West Shore Country Club, 100 Brentwater Drive, Camp Hill, PA, 17011. **Your vote is important**. The affirmative vote of two-thirds of all outstanding shares of Integrity common stock is required to adopt the merger agreement. A majority of the outstanding Integrity common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting.

Regardless of whether you plan to attend the special shareholders meeting, please take the time to vote your shares in accordance with the instructions contained in this proxy statement/prospectus. **The Integrity board of directors recommends that Integrity shareholders vote FOR adoption of the merger agreement and FOR approval to adjourn the special meeting, if necessary, to solicit additional proxies.**

This proxy statement/prospectus describes the special meeting, the merger, the documents related to the merger and other related matters. Please carefully read this entire proxy statement/prospectus, including Risk Factors beginning on page 17, for a discussion of the risks relating to the proposed merger. You also can obtain information about S&T from documents that it has filed with the Securities and Exchange Commission, or the SEC.

Sincerely,

James T. Gibson
Chairman, President and CEO
Integrity Bancshares, Inc.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the S&T common stock to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this proxy statement/prospectus is , 2015, and it is first being mailed or otherwise delivered to Integrity shareholders on or about , 2015.

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INTEGRITY BANCSHARES, INC.

3314 Market Street, Suite 301

Camp Hill, PA 17011

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Integrity Bancshares, Inc. will hold a special meeting of shareholders at the West Shore Country Club located at 100 Brentwater Drive, Camp Hill, PA, 17011, at 5:45 pm local time, on Tuesday, February 24, 2015 to consider and vote upon the following proposals:

to adopt the Agreement and Plan of Merger, dated October 29, 2014, by and between Integrity Bancshares, Inc. and S&T Bancorp, Inc., which provides for, among other things, the merger of Integrity Bancshares, Inc. with and into S&T Bancorp, Inc.;

to approve a proposal to authorize the board of directors to adjourn the special meeting, if necessary, to solicit additional proxies, in the event there are not sufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement; and

to transact any other business as may properly be brought before the special meeting or any adjournments or postponements of the special meeting.

The Integrity board of directors has fixed the close of business on January 7, 2015 as the record date for the special meeting. Only Integrity shareholders of record at that time are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement of the special meeting.

The affirmative vote of two-thirds of all outstanding shares of Integrity common stock entitled to vote at the Integrity special meeting is required to adopt the merger agreement.

Regardless of whether you plan to attend the special meeting, please submit your proxy with voting instructions. Please vote as soon as possible as failure to vote has the same effect as a vote AGAINST the merger. If you hold stock in your name as a shareholder of record, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. If you hold your stock in street name through a bank or broker, please direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. This will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any holder of Integrity common stock who is present at the special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before its exercise at the special meeting in the manner described in the accompanying document.

The Integrity board of directors has unanimously approved the merger agreement and recommends that Integrity shareholders vote FOR adoption of the merger agreement and FOR approval to adjourn the special meeting, if necessary, to solicit additional proxies.

BY ORDER OF THE BOARD OF DIRECTORS

James T. Gibson

Chairman, President and CEO

, 2015

Camp Hill, Pennsylvania

YOUR VOTE IS IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY, REGARDLESS OF WHETHER YOU PLAN TO ATTEND THE SPECIAL MEETING. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

The questions and answers below highlight only selected procedural information from this proxy statement/prospectus. They do not contain all of the information that may be important to you. You should read carefully the entire proxy statement/prospectus to fully understand the voting procedures for the special meeting.

Q: What is the purpose of this proxy statement/prospectus?

A: This proxy statement/prospectus serves as both a proxy statement of Integrity and a prospectus of S&T. As a proxy statement, it is being provided to you because the Integrity board of directors is soliciting your proxy for use at the Integrity special meeting of shareholders at which the Integrity shareholders will consider and vote on (i) adoption of the merger agreement between S&T and Integrity and (ii) authorization of the board of directors to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of adoption of the merger agreement or vote on other matters properly before the special meeting. As a prospectus, it is being provided to you because S&T is offering to exchange shares of its common stock for your shares of Integrity common stock upon completion of the merger.

Q: What is the proposed transaction for which I am being asked to vote?

A: You are being asked to vote upon proposals to (i) adopt the Agreement and Plan of Merger, dated October 29, 2014, by and between S&T and Integrity which provides for, among other things, the merger of Integrity with and into S&T and (ii) adjourn the special meeting, if necessary, to solicit additional proxies.

Q: What do I need to do now?

A: With respect to the special meeting after you have carefully read this proxy statement/prospectus and decided how you wish to vote your shares, please vote your shares promptly. You must complete, sign, date and mail your proxy card in the enclosed postage paid return envelope as soon as possible. Submitting your proxy card will ensure that your shares are represented and voted at the special meeting.

With respect to the merger you should complete and return the election form to American Stock Transfer and Trust Company, the exchange agent for the merger, according to the instructions printed on the forms which will be mailed to you separately. Holders of record of Integrity shares who hold such shares as nominees, trustees or in other representative capacities, or a representative, may submit multiple election forms, provided that such representative certifies that each such election form covers all the shares of Integrity common stock held by that representative for a particular beneficial owner.

Q: If my broker holds my shares in street name will my broker automatically vote my shares for me?

A: No. Your broker will not be able to vote your shares on the merger agreement without instruction from you. You should instruct your broker to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker.

Q: What if I fail to instruct my broker?

A:

If you do not provide your broker with instructions, your broker generally will not be permitted to vote your shares on the merger proposal, which is referred to as a broker non-vote. For purposes of determining the number of votes cast with respect to the merger proposal, only those votes cast for or against the proposal are counted. Broker non-votes, if any, submitted by brokers or nominees in connection with the special meeting will not be counted as votes for or against for purposes of determining the number of votes cast (thus having the effect of a vote **against** the proposal to adopt the merger agreement), and will be treated as present for quorum purposes only if such shares have been voted at the meeting on a matter other than a procedural motion.

Q: When and where is the Integrity special meeting of shareholders?

A: The special meeting of Integrity shareholders will be held at the West Shore Country Club, 100 Brentwater Drive, Camp Hill, PA, 17011 at 5:45 pm, local time, on February 24, 2015. All shareholders of Integrity as of the record date, or their duly appointed proxies, may attend the Integrity special meeting.

Q: How do I vote?

A: If you are a shareholder of record of Integrity as of January 7, 2015, which is referred to as the Integrity record date, you may submit a proxy before the special meeting by completing, signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

You may also cast your vote in person at the special meeting.

Q: When must I elect the type of merger consideration that I prefer to receive?

A: If you wish to elect the type of merger consideration you receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is being separately mailed to Integrity shareholders following the mailing of this proxy statement/prospectus. You will need to sign, date and complete the election form and transmittal materials and return them to the exchange agent, American Stock Transfer and Trust Company, at the address given in the materials. The Election Deadline is 5:00 p.m. eastern standard time on the business day that is five (5) business days preceding the Closing Date. S&T and Integrity will publicly announce the anticipated Election Deadline at least seven business days before the anticipated Election Deadline. Because of the way the election and proration procedures work, even if you submit a properly completed and signed form of election, it is still possible that you may not receive exactly the type of consideration you have elected. If you do not submit a properly completed and signed form of election to the exchange agent by the Election Deadline, you will have no control over the type of merger consideration you may receive, and consequently, may receive only cash, only S&T common stock or a combination of cash and S&T common stock in the merger. If you hold shares in street name, you will have to follow your broker s instructions to make an election.

Q: If I am an Integrity shareholder, should I send in my Integrity stock certificates with my proxy card?

A: No. **PLEASE DO NOT SEND YOUR INTEGRITY STOCK CERTIFICATES WITH YOUR PROXY CARD.** You should carefully review and follow the instructions set forth in the form of election, which is being mailed to Integrity shareholders separately following the mailing of this proxy statement/prospectus, regarding the surrender of your share certificates. You should then, prior to the Election Deadline, send your Integrity common stock certificates to the exchange agent, together with your completed, signed form of election.

Q: Whom can I contact if I cannot locate my Integrity stock certificates?

A: If you are unable to locate your original Integrity stock certificate(s), you should contact Laurel L. Leitzel, Chief Financial Officer of Integrity, at 717-920-4900.

Q: Why is my vote important?

A: Because the merger cannot be completed without the affirmative vote of two-thirds of all outstanding shares of Integrity common stock entitled to vote at the special meeting, and because a majority of the outstanding Integrity common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting, every shareholder s vote is important. The Integrity board of directors recommends that you vote FOR adoption of the merger agreement.

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Q: How does the Integrity board of directors recommend that I vote?

A: The Integrity board of directors recommends that you vote FOR adoption of the agreement and plan of merger. The members of the board of directors and the executive officers of Integrity, and their affiliates, in the aggregate have the power to vote approximately 39.02% of the outstanding shares of Integrity common stock. Integrity currently expects that its directors and executive officers will vote their shares in favor of the proposals to be considered at the Integrity special meeting, as each of them has entered into a voting agreement with S&T obligating them to do so. In addition, a significant shareholder holding approximately 138,596 shares of Integrity common stock, or 4.74% of the outstanding Integrity common stock, as of the record date has entered into a voting agreement with S&T to vote for the proposals at the Integrity special meeting.

Q: Can I attend the Integrity special meeting and vote my shares in person?

A: Yes. All shareholders, including shareholders of record and shareholders who hold their shares through nominees or any other holder of record, are invited to attend the special meeting. Holders of record of Integrity common stock can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. Integrity reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

Q: Can I change my vote or revoke my proxy after I have delivered my proxy?

A: Yes. You may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to the Secretary of Integrity or (3) attending the special meeting in person, notifying the Secretary and voting by ballot at the special meeting. The Integrity Secretary s mailing address is Integrity Bancshares, Inc., 3314 Market Street, Suite 301, Camp Hill, PA 17011.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and such vote will revoke any previous proxy, but the mere presence (without notifying the Secretary of Integrity) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Q: When do you expect to complete the merger?

A: S&T and Integrity expect to complete the merger in the first quarter of 2015. However, S&T and Integrity cannot assure you when or if the merger will occur. Among other things, S&T and Integrity cannot complete the merger until S&T and Integrity obtain the approval of Integrity shareholders at the special meeting, receive all necessary regulatory approvals and consents and satisfy the closing conditions described in the merger agreement.

Q: What are the material U.S. federal income tax consequences of the merger to me?

A: The merger has been structured to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code. As a result of the merger s qualification as a reorganization, it is anticipated that you will not recognize gain or loss on the exchange of Integrity common stock solely for S&T common stock in the merger except with respect to the cash you receive in lieu of a fractional share interest in S&T common stock. If you receive only cash in exchange for your Integrity common stock in the merger, it is anticipated that you will recognize gain or loss equal to the

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difference between the amount of cash you receive and your adjusted tax basis in the shares of Integrity common stock you surrender. If you exchange your Integrity common stock for a combination of S&T common stock and cash, it is anticipated that you will recognize taxable gain equal to the amount of cash you receive (not counting cash received in lieu of a fractional share interest in S&T common stock) or the amount of taxable gain you realize, whichever is lower, but you will not be permitted to recognize any loss for federal income tax purposes. If you receive cash instead of a fractional share interest in S&T common stock, you will recognize gain or loss on your receipt of that cash. Exceptions to these conclusions or other considerations may apply. Some of these are discussed beginning on page 73.

Tax matters are very complicated, and the tax consequences of the merger to a particular shareholder will depend in part on such shareholder s circumstances, on whether such shareholder elects to receive common stock, cash or a mix of common stock and cash, on whether such shareholder s election is effective or must be changed under the proration provisions of the merger agreement, and on many variables which are not within S&T and Integrity s control. Accordingly, you should consult your tax advisor for a full understanding of the tax consequences of the merger to you, including the applicability and effect of federal, state, local and foreign income and other tax consequences. For more information, please see the section entitled *Material United States Federal Income Tax Consequences of the Merger* beginning on page 73 of this proxy statement/prospectus.

Q: Who will be the directors and executive officers of the company following the merger?

A: Following the merger, the current members of the board of directors of S&T will continue to serve and James T. Gibson, currently Chairman, President and Chief Executive Officer of Integrity, and one additional member of the Integrity board of directors, will be appointed to join the board of directors of S&T. William K. Poole and Thomas John Sposito, II, current Executive Vice Presidents of Integrity Bank, will be appointed to the executive management team of S&T Bank as Executive Vice President and Senior Executive Vice President, respectively.

Q: What risks should I consider in deciding whether to vote in favor of the proposals?

A: You should carefully review the section of this proxy statement/prospectus entitled *Risk Factors* beginning on page 17, which sets forth certain risks and uncertainties related to the merger and the business and operations of S&T.

Q: Do I have rights to dissent from the merger?

A: Yes. Under Pennsylvania law, Integrity shareholders have the right to dissent from the merger agreement and the merger and to receive a payment in cash for the fair value of their shares of Integrity common stock as determined by an appraisal process. This value may be more or less than the value you would receive in the merger if you do not dissent. If you dissent, you will receive a cash payment for the value of your shares that will be fully taxable to you. To perfect your dissenters rights, you must follow precisely the required statutory procedures. See *The Merger Integrity Shareholders Have Dissenters Rights in the Merger*, beginning on page 48, and the information at *Annex C*.

Q: How will the merger affect stock options for Integrity common stock?

A: Upon consummation of the merger, each outstanding vested and unvested option to acquire a share of Integrity common stock will be cancelled in exchange for the right to receive, on the terms and conditions set forth in the merger agreement, an amount in cash equal to the excess, if any, of the per-share cash consideration of $52.50 over the option s exercise price per share.

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Q: Whom should I call with questions about the shareholders meeting or the merger?

A: Integrity shareholders should call Laurel L. Leitzel, Chief Financial Officer of Integrity, at 717-920-4900 with any questions about the merger and related transactions.

Q: Whom should I call with questions regarding completing the form of election?

A: Integrity shareholders with questions regarding the form of election should call Laurel L. Leitzel, Chief Financial Officer of Integrity, at 717-920-4900.

SUMMARY

This summary highlights information contained elsewhere in this proxy statement/prospectus and may not contain all of the information that is important to you. S&T and Integrity urge you to carefully read the entire proxy statement/prospectus and the other documents to which S&T and Integrity refer in order to fully understand the merger and the related transactions. See ***Where You Can Find More Information*** **on page 208. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.**

Information about the Parties (page 78)

S&T Bancorp, Inc.

S&T is a Pennsylvania corporation and a financial holding company with its headquarters located in Indiana, Pennsylvania with assets of $4.9 billion at September 30, 2014. S&T provides a full range of financial services through offices in 12 Pennsylvania counties with retail and commercial banking products, cash management services, insurance and trust and discount brokerage services. S&T also has two loan production offices, or LPOs, in Northeast and Central Ohio. S&T s common stock trades on the NASDAQ Global Select Market under the symbol STBA.

The principal executive offices of S&T are located at S&T Bancorp, Inc., 800 Philadelphia Street, Indiana, PA, 15701, and its telephone number is (800) 325-2265.

Integrity Bancshares, Inc.

Integrity is a Pennsylvania corporation and a bank holding company headquartered in Camp Hill, Pennsylvania, and operates eight branches in south central Pennsylvania. Integrity had approximately $860.4 million in assets as of September 30, 2014.

Integrity s common stock is quoted on the OTCQB under the symbol ITBC.

The principal executive offices of Integrity are located at 3314 Market Street, Suite 301, Camp Hill, PA 17011 and its telephone number is 717-920-4900.

The Merger (page 32)

The terms and conditions of the merger are contained in the merger agreement, which is attached as *Annex A* to this proxy statement/prospectus and incorporated by reference herein. Please carefully read the merger agreement as it is the legal document that governs the merger.

Integrity Will Merge into S&T

S&T and Integrity are proposing the merger of Integrity with and into S&T. As a result, S&T will continue as the surviving company.

Integrity Will Hold Its Special Meeting on February 24, 2015 (page 29)

The special meeting will be held on February 24, 2015, at 5:45 pm, local time, at the West Shore Country Club located at 100 Brentwater Drive, Camp Hill, PA, 17011. At the special meeting, Integrity shareholders will be asked to:

1. adopt the merger agreement; and

2. approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

Record Date. Only holders of record of Integrity common stock at the close of business on January 7, 2015 will be entitled to vote at the special meeting. Each share of Integrity common stock is entitled to one vote. As of the record date of January 7, 2015, there were 2,924,576 shares of Integrity common stock entitled to vote at the special meeting.

Required Vote. The affirmative vote of two-thirds of all outstanding shares of Integrity common stock is required to adopt the merger agreement and the affirmative vote of a majority of the shares of Integrity common stock present in person or by proxy is required to adjourn the special meeting, in certain circumstances, to solicit additional proxies. A majority of the outstanding Integrity common stock entitled to vote is necessary to constitute a quorum in order to transact business at the special meeting.

As of the record date, directors and executive officers of Integrity and their affiliates had the right to vote 1,161,575 shares of Integrity common stock, or 39.02% of the outstanding Integrity common stock entitled to be voted at the special meeting. The directors and executive officers have entered into voting agreements with S&T to vote for the proposals at the special meeting. In addition, a significant shareholder holding approximately 138,596 shares of Integrity common stock, or 4.74% of the outstanding Integrity common stock, as of the record date has entered into a voting agreement with S&T to vote for the proposals at the Integrity special meeting.

Integrity Shareholders Will Receive Cash and/or Shares of S&T Common Stock in the Merger Depending on Their Election and Any Proration (page 59)

You will have the right to elect to receive merger consideration, without interest, for each of your shares of Integrity common stock. You will have the opportunity to elect to receive in exchange for each share of Integrity common stock you own immediately prior to completion of the merger either: (i) a cash payment of $52.50 per share or (ii) 2.0627 shares of S&T common stock.

Your election will be subject to allocation and proration procedures in the merger agreement, which are intended to ensure that, in the aggregate, at least 80% of the Integrity shares of common stock outstanding will be exchanged for S&T common stock. S&T has the right to permit greater than 80% of the Integrity common shares to be exchanged for shares of S&T common stock. However, if more than 20% of Integrity shareholders elect to receive cash for their shares of Integrity common stock, then shareholders will receive shares of S&T common stock in accordance with the proration procedures and the other requirements set forth in the merger agreement.

Record holders may specify different elections with respect to different shares that you hold (if, for example, you own 100 shares of Integrity common stock, you could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

Because the tax consequences of receiving cash in the merger will differ from the tax consequences of receiving S&T common stock, you should carefully read *Material United States Federal Income Tax Consequences of the Merger* beginning on page 73.

Regardless of Whether You Make an Election, You May Not Receive the Consideration You Elected (page 60)

Pursuant to the terms of the merger agreement, a minimum of 80% of the total number of shares of Integrity common stock outstanding at the effective time of the merger will be converted into stock consideration, and the remaining outstanding shares of Integrity common stock (excluding the shares of Integrity common stock to be cancelled) not converted into shares of S&T common stock will be converted into cash consideration. S&T has the right to permit greater than 80% of the total number of shares of Integrity common stock to be converted into shares of S&T common stock. As a result, if more Integrity shareholders make valid elections to receive either S&T common stock or cash than is available as merger consideration under the merger agreement, those

Integrity shareholders electing the over-subscribed form of consideration may have the over-subscribed consideration proportionately reduced and substituted with consideration in the other form, despite their election.

The Integrity Stock Options Will Be Cancelled in Exchange for a Cash Payment (page 61)

Upon completion of the merger, each outstanding option to purchase shares of Integrity common stock, whether or not then exercisable, will be cancelled in exchange for the right to receive a lump sum cash payment equal to the difference between $52.50 and the exercise price of such Integrity stock option. The lump sum cash payment will be subject to applicable tax withholding.

In Order to Make a Valid Election, You Must Properly Complete and Deliver the Election Form (page 61)

If you wish to elect the type of merger consideration you prefer to receive in the merger, you should carefully review and follow the instructions set forth in the form of election, which is being mailed to Integrity shareholders separately. You will need to sign, date and complete the election form and transmittal materials and return them to American Stock Transfer and Trust Company at the address given in the materials, together with the certificates representing shares of Integrity common stock prior to the Election Deadline. **You should NOT send your stock certificates with your proxy card.**

The Election Deadline is 5:00 p.m. eastern standard time on the business day that is five (5) business days preceding the Closing Date. S&T and Integrity will publicly announce the anticipated Election Deadline at least seven business days before the anticipated Election Deadline. If you do not submit a properly completed and signed form of election to the exchange agent by the Election Deadline, you will have no control over the type of merger consideration you may receive, and, consequently, at the discretion of S&T, may receive only cash, only S&T common stock or a combination of cash and S&T common stock in the merger.

Once you have tendered your Integrity stock certificates to the exchange agent, you may not transfer your shares of Integrity common stock represented by those stock certificates until the merger is completed, unless you revoke your election by written notice to the exchange agent that is received prior to the Election Deadline. If the merger is not completed and the merger agreement is terminated, your stock certificates will be returned by the exchange agent.

Your Expected Material United States Federal Income Tax Treatment as a Result of the Merger (page 73)

S&T and Integrity have structured the merger to be treated as a reorganization for United States federal income tax purposes. Each of S&T and Integrity has conditioned the consummation of the merger on its receipt of a legal opinion that this will be the case. Your federal income tax treatment will depend primarily on whether you exchange your Integrity common stock solely for S&T common stock (with cash received instead of a fractional share of S&T common stock), solely for cash, or for a combination of S&T common stock and cash.

Generally, you will not recognize gain or loss on the exchange of Integrity common stock solely for S&T common stock in the merger except with respect to the cash you receive in lieu of a fractional share interest in S&T common stock. If you receive only cash in exchange for your Integrity common stock in the merger, then you generally will recognize gain or loss equal to the difference between the amount of cash you receive and your adjusted tax basis in the shares of Integrity common stock you surrender. If you exchange your Integrity common stock for a combination of S&T common stock and cash, it is anticipated that you will recognize taxable gain equal to the amount of cash you receive (not counting cash received in lieu of a fractional share interest in S&T common stock) or the amount of taxable gain you realize, whichever is lower, but you will not be permitted to recognize any loss for federal income tax purposes. If you receive cash instead of a fractional share interest in S&T common stock, you will recognize gain or loss on your receipt of that cash.

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Exceptions to these conclusions or other considerations may apply. Some of these are discussed beginning on page 73. Determining the actual tax consequences of the merger to you can be complicated. Those consequences will depend on your specific situation, on whether you elect to receive common stock, cash or a mix of common stock and cash, on whether your election is effective or must be changed under the proration provisions of the merger agreement, and on many variables which are not within S&T s or Integrity s control. For further information, please refer to *Material United States Federal Income Tax Consequences of the Merger* on page 73. **You should also consult your own tax advisor for a full understanding of the merger s federal income tax and other tax consequences as they apply specifically to you**.

Accounting Treatment of the Merger (page 72)

The merger will be treated as a business combination using the acquisition method of accounting with S&T treated as the acquiror under generally accepted accounting principles, or GAAP.

Sandler O Neill + Partners, LP Has Provided an Opinion to the Integrity Board of Directors Regarding the Fairness of the Merger Consideration (page 37)

Integrity s financial advisor, Sandler O Neill + Partners, LP, or Sandler O Neill, has conducted financial analyses and delivered an opinion to Integrity s board of directors that, as of October 29, 2014, the consideration to be received by Integrity shareholders was fair from a financial point of view to Integrity shareholders.

The full text of Sandler O Neill s opinion is attached as Annex B to this proxy statement/prospectus. Integrity shareholders should read that opinion and the summary description of Sandler O Neill s opinion contained in this proxy statement/prospectus in their entirety. The opinion of Sandler O Neill does not reflect any developments that may have occurred or may occur after the date of its opinion and prior to the completion of the merger. Integrity does not expect that it will request an updated opinion from Sandler O Neill.

Integrity agreed to pay Sandler O Neill a fee of $150,000 in connection with the delivery of its fairness opinion, which will be credited in full against an additional transaction fee that becomes due and payable upon the closing of the merger.

The Integrity Board of Directors Recommends That Integrity Shareholders Vote FOR Adoption of the Agreement and Plan of Merger (page 37)

The Integrity board of directors believes that the merger is in the best interests of Integrity and has unanimously approved the merger and the merger agreement. The Integrity board of directors recommends that Integrity shareholders vote FOR adoption of the agreement and plan of merger. The Integrity board also recommends that Integrity shareholders vote FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies.

Integrity s Directors and Executive Officers Have Financial Interests in the Merger That May Differ from Your Interests (page 51)

In considering the information contained in this proxy statement/prospectus, you should be aware that Integrity s executive officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of Integrity shareholders. These additional interests of Integrity s executive officers and directors may create potential conflicts of interest and cause some of these persons to view the proposed transaction differently than you may view it as a shareholder.

Integrity s board of directors was aware of these interests and took them into account in its decision to approve the agreement and plan of merger. For information concerning these interests, please see the discussion under the caption *The Merger Integrity s Directors and Executive Officers Have Financial Interests in the Merger* on page 51.

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Holders of Integrity Common Stock Have Dissenters Rights (page 48)

If you are an Integrity shareholder, you have the right under Pennsylvania law to dissent from the merger agreement and the merger, and to demand and receive cash for the fair value of your shares of Integrity common stock. For a complete description of the dissenters rights of Integrity shareholders, please see the discussion under the caption *Integrity Shareholders Have Dissenters Rights in the Merger* and Annex C to this proxy statement/prospectus. In order to assert dissenters rights, you must:

- file a written notice of intent to dissent with Integrity prior to the shareholder vote at the special meeting of shareholders;
- make no change in your beneficial ownership of Integrity common stock after you give notice of your intention to demand fair value of your shares of Integrity common stock;
- not vote to adopt the merger agreement at the special meeting;
- file a written demand for payment and deposit any certificates representing the Integrity shares for which dissenters rights are being asserted as requested by the notice that will be sent by Integrity or S&T after the completion of the merger; and
- comply with certain other statutory procedures set forth in Pennsylvania law.

If you are an Integrity shareholder and you sign and return your proxy without voting instructions, Integrity will vote your proxy in favor of the transaction and you will lose any dissenters rights that you may have. A copy of the relevant provisions of Pennsylvania law related to dissenters rights are attached to this proxy statement/prospectus as Annex C.

Conditions That Must Be Satisfied or Waived for the Merger to Occur (page 68)

Currently, S&T and Integrity expect to complete the merger in the first quarter of 2015. As more fully described in this proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval by the requisite vote of the Integrity shareholders; the receipt of all required regulatory approvals from the Federal Reserve Board, or the Federal Reserve, and the Pennsylvania Department of Banking and Securities, all without a condition or a restriction that S&T reasonably determines would have a material adverse effect on S&T or would be unduly burdensome; the right to demand appraisal rights under the Pennsylvania Business Corporation Law having expired or been unavailable with respect to at least 90% of the outstanding Integrity common shares; and the receipt of a legal opinion from S&T s counsel regarding the tax treatment of the merger.

S&T and Integrity cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

No Solicitation of Other Offers

In addition to terminating any ongoing discussions with third parties regarding an alternative acquisition proposal, Integrity has agreed that it, its subsidiaries, its directors and officers and those of its subsidiaries will not, and Integrity will use reasonable best efforts to cause its and each of its subsidiaries employees and agents not to, between the date of the merger agreement and the closing of the merger:

- initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any alternative acquisition proposal; or

except to the extent that the Integrity board of directors determines, in good faith, after consultation with its outside financial and legal advisors, that such action is required in order for the Integrity board

of directors to comply with its fiduciary duties, engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to an alternative acquisition proposal, or otherwise facilitate any effort or attempt to implement or make an alternative acquisition proposal.

For further discussion of the restrictions on solicitation of acquisition proposals from third parties, see *The Merger Agreement Agreement Not to Solicit Other Offers* beginning on page 66.

The Rights of Integrity Shareholders Who Receive the Stock Consideration Will Be Governed by Pennsylvania Law and the S&T Articles of Incorporation and By-laws after the Merger (page 202)

The rights of Integrity shareholders will change as a result of the merger due to differences in S&T s and Integrity s governing documents. A description of shareholder rights under each of the S&T and Integrity governing documents, and the material differences between them, is included in the section entitled *Comparison of Shareholders Rights* found on page 202.

Board of Directors and Executive Officers of S&T After the Merger (page 48)

Following the merger, the current members of the board of directors of S&T will continue to serve and James T. Gibson, currently Chairman, President and Chief Executive Officer of Integrity, and one additional member of the Integrity board of directors, will be appointed to the board of directors of S&T. William K. Poole and Thomas John Sposito, II, current Executive Vice Presidents of Integrity Bank, will be appointed to the executive management team of S&T Bank as Executive Vice President and Senior Executive Vice President, respectively.

Termination of the Merger Agreement (page 69)

S&T and Integrity may mutually agree to terminate the merger agreement before completing the merger, even after shareholder approval. In addition, either of S&T and Integrity may decide to terminate the merger agreement, even after shareholder approval, if a governmental entity issues a final order that is not appealable prohibiting the merger, if a bank regulator which must grant a regulatory approval as a condition to the merger denies such approval of the merger and such denial has become final and is not appealable, or if the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to cure the breach within 30 days following written notice. Either of S&T and Integrity may terminate the merger agreement if the merger has not been completed by May 31, 2015, unless the reason the merger has not been completed by that date is a breach of the merger agreement by the company seeking to terminate the merger agreement.

S&T may terminate the merger agreement if the Integrity board of directors (1) fails to recommend that Integrity shareholders adopt the agreement and plan of merger, (2) withdraws or modifies its recommendation (or proposes to do so) in a manner adverse to S&T, or (3) recommends a competing merger proposal in a manner adverse to S&T. S&T may also terminate the merger agreement if Integrity breaches its covenant to (1) convene the Integrity special meeting, or (2) to use its reasonable best efforts to cause its representatives not to initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any competing merger proposal.

Integrity may terminate the merger agreement if the Integrity board of directors determines, by majority vote, at any time during the five business day period beginning with the later of (i) the date on which the last required approval of a governmental authority is obtained with respect to the merger without regard to any requisite waiting period or (ii) February 24, 2015, the date of the Integrity special meeting, or the Determination Date, if both of the following conditions are satisfied: (1) if the average daily closing price of S&T common

stock for the 15 consecutive trading days prior to the Determination Date declines by more than 20% from $25.45, which was the volume weighted average price of S&T common stock over the seven-day period ending October 28, 2014, the last trading day prior to execution of the merger agreement and (2) S&T s common stock underperforms the Nasdaq Bank Index by more than 20% based on difference of the closing price of S&T s common stock on the date prior to the execution of the merger agreement and the Determination Date; unless S&T exercises its option to increase the number of S&T common shares to be received by Integrity shareholders such that the implied value of the merger would be equivalent to the minimum implied value that would have had to exist for the above price-based termination right not to have been triggered.

Termination Fee (page 70)

Integrity will pay S&T a termination fee of $6,250,000 in the event that the merger agreement is terminated:

- by S&T, (1) if the Integrity board of directors fails to recommend that Integrity shareholders adopt the agreement and plan of merger; withdraws or materially modifies, or proposes to withdraw or materially modify, in a manner adverse to S&T, its recommendation of the merger to Integrity shareholders; or recommends a competing merger proposal; or (2) if Integrity breaches its covenant to convene the Integrity special meeting, or its covenant to use its reasonable best efforts to cause its representatives not to initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any competing merger proposal;

- by S&T or Integrity, if the common shareholders of Integrity fail to adopt the agreement and plan of merger at the special meeting, and prior to the special meeting, (1) the Integrity board of directors fails to recommend that Integrity shareholders adopt the agreement and plan of merger; withdraws or materially modifies, or proposes to withdraw or materially modify, in a manner adverse to S&T, its recommendation of the merger to Integrity shareholders; or recommends a competing merger proposal; or (2) Integrity breaches its covenant to convene the Integrity special meeting, or its covenant to use its reasonable best efforts to cause its representatives not to initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any competing merger proposal; or

- (1) by S&T, if there is a breach by Integrity that would cause the failure of the closing conditions, unless the breach is capable of being, and is, cured within 30 days of notice of the breach and S&T is not itself in material breach, (2) by S&T or Integrity, if the merger has not been completed by May 31, 2015, unless the failure to complete the merger by that date arises out of or results from the knowing action or inaction of the party seeking to terminate, or (3) by S&T or Integrity, if the common shareholders of Integrity fail to adopt the agreement and plan of merger at the special meeting; provided, however, that before such termination, an alternative acquisition proposal with respect to Integrity was commenced, received by Integrity, publicly proposed or publicly disclosed and within 12 months after such termination, Integrity enters into a definitive written agreement relating to an alternative acquisition proposal or consummates a transaction contemplated by an alternative acquisition proposal.

Regulatory Approvals Required for the Merger (page 50)

In order for the merger to be completed, S&T and Integrity must first receive approval from the Federal Reserve and the Pennsylvania Department of Banking and Securities. S&T has filed the required applications and notices. The merger will not proceed in the absence of such regulatory approvals. Although S&T does not know of any reason why it would not obtain regulatory approvals in a timely manner, S&T cannot be certain when such approvals will be obtained or if they will be obtained.

Bank Merger (page 66)

S&T and Integrity have agreed to enter into a merger agreement pursuant to which Integrity Bank, a wholly-owned subsidiary of Integrity will merge with and into S&T Bank, a wholly-owned subsidiary of S&T, as soon as practicable after the execution of the parent merger agreement. The bank merger is intended to become effective as promptly as practicable following the closing of the merger of the parent companies. Until the bank merger is effective, Integrity Bank will continue to operate as a separate subsidiary bank of S&T. In the merger agreement, S&T has agreed to operate under the name Integrity Bank in the markets in which Integrity Bank currently operates for a period of three years following the merger. Therefore, after the bank merger, S&T Bank intends to operate under the name Integrity Bank, A Division of S&T Bank in such markets until the third anniversary of the closing of the parent merger.

Market Price and Dividend Information (page 207)

S&T common stock is quoted on the NASDAQ Global Select Market under the symbol STBA. Integrity common stock is quoted on the OTCQB under the symbol ITBC.

The following table shows the closing prices of S&T common stock as reported on NASDAQ Global Select Market, and of Integrity common stock as quoted on the Over-The-Counter Markets, on October 29, 2014, the last trading day before S&T and Integrity announced the merger, and on , 2015, the last practicable trading day prior to mailing this proxy statement/prospectus.

	S&T Common Stock	**Integrity Common Stock**
Prior to execution of the merger agreement	$ 26.99(1)	$ 27.00(2)
At , 2015		

(1) Closing price as of October 29, 2014.
(2) Closing price as of October 27, 2014 (no shares of Integrity common stock were traded on October 28 or 29, 2014)

The market price of S&T common stock will fluctuate prior to the merger. You should obtain current stock price quotations for the shares.

Upon completion of the merger, if as contemplated 80% of the outstanding Integrity shares of common stock are converted into shares of S&T common stock, the Integrity shareholders will own approximately ____% of the outstanding shares of S&T common stock.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF S&T BANCORP, INC.

Set forth below are highlights from S&T s consolidated financial data as of and for the years ended December 31, 2009 through 2013 and as of and for the nine months ended September 30, 2014 and 2013. The results of operations for the nine months ended September 30, 2014 and 2013 are not necessarily indicative of the results of operations for the full year or any other interim period. S&T management prepared the unaudited information on the same basis as it prepared S&T s audited consolidated financial statements. In the opinion of S&T management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with S&T s consolidated financial statements, which are included herein. See *Index to Financial Statements* on page F-1.

	Nine Months Ended September 30,		**Year Ended December 31,**				
(dollars in thousands, except per share data)	**2014**	**2013**	**2013**	**2012**	**2011**	**2010**	**2009**
Balance Sheet Data							
Total assets	$ 4,906,744	$ 4,588,128	$ 4,533,190	$ 4,526,702	$ 4,119,994	$ 4,114,339	$ 4,170,475
Securities available-for-sale, at fair value	615,657	488,162	509,425	452,266	356,371	286,887	353,722
Loans held for sale	3,126	3,695	2,136	22,499	2,850	8,337	6,073
Portfolio loans, net of unearned income	3,801,189	3,511,335	3,566,199	3,346,622	3,129,759	3,355,590	3,398,334
Goodwill	175,820	175,820	175,820	175,733	165,273	165,273	165,167
Total deposits	3,901,101	3,694,203	3,672,308	3,638,428	3,335,859	3,317,524	3,304,541
Securities sold under repurchase agreements	23,084	33,290	33,847	62,582	30,370	40,653	44,935
Short-term borrowings	265,000	175,000	140,000	75,000	75,000		51,300
Long-term borrowings	20,042	22,390	21,810	34,101	31,874	29,365	85,894
Junior subordinated debt securities	45,619	45,619	45,619	90,619	90,619	90,619	90,619
Preferred stock, series A						106,137	105,370
Total shareholders equity	605,897	555,428	571,306	537,422	490,526	578,665	553,318
Income Statement Data							
Interest income	$ 119,142	$ 114,977	$ 153,756	$ 156,251	$ 165,079	$ 180,419	$ 195,087
Interest expense	9,167	11,438	14,563	21,024	27,733	34,573	49,105
Provision for loan losses	608	6,749	8,311	22,815	15,609	29,511	72,354
Net Interest Income After Provision for Loan Losses	**109,367**	**96,790**	**130,882**	**112,412**	**121,737**	**116,335**	**73,628**
Noninterest income	35,118	40,215	51,527	51,912	44,057	47,210	38,580
Noninterest expense	87,519	87,945	117,392	122,863	103,908	105,633	108,126
Net Income Before Taxes	**56,966**	**49,060**	**65,017**	**41,461**	**61,886**	**57,912**	**4,082**
Provision (benefit) for income taxes	13,552	10,380	14,478	7,261	14,622	14,432	(3,869)
Net Income	**43,414**	**38,680**	**50,539**	**34,200**	**47,264**	**43,480**	**7,951**
Preferred stock dividends and discount amortization					7,611	6,201	5,913
Net Income Available to Common Shareholders	**$ 43,414**	**$ 38,680**	**$ 50,539**	**$ 34,200**	**$ 39,653**	**$ 37,279**	**$ 2,038**
Per Share Data							
Earnings per common share basic	1.46	1.30	$ 1.70	$ 1.18	$ 1.41	$ 1.34	$ 0.07
Earnings per common share diluted	1.46	1.30	1.70	1.18	1.41	1.34	0.07
Dividends declared per common share	0.50	0.45	0.61	0.60	0.60	0.60	0.61
Dividend payout ratio	34.25%	34.62%	35.89%	50.75%	42.44%	44.75%	
Common book value	20.33	18.68	19.21	18.08	17.44	16.91	16.14
Profitability Ratios							
Common return on average assets	1.23%	1.15%	1.12%	0.79%	0.97%	0.90%	0.05%
Common return on average equity	9.83%	9.49%	9.21%	6.62%	6.78%	6.58%	0.37%
Capital Ratios							
Common equity/assets	12.35%	12.11%	12.60%	11.87%	11.91%	11.48%	10.74%
Tier 1 leverage ratio	9.88%	9.61%	9.75%	9.31%	9.17%	11.07%	10.26%
Risk-based capital Tier 1	12.35%	12.26%	12.37%	11.98%	11.63%	13.28%	12.10%
Risk-based capital total	14.29%	14.27%	14.36%	15.39%	15.20%	16.68%	15.43%
Asset Quality Ratios							
Nonaccrual loans/loans	0.35%	1.04%	0.63%	1.63%	1.79%	1.90%	2.67%

Nonperforming assets/loans plus OREO	0.36%	1.05%	0.64%	1.66%	1.92%	2.07%	2.80%
Allowance for loan losses/loans	1.24%	1.37%	1.30%	1.38%	1.56%	1.53%	1.75%
Allowance for loan losses/nonperforming loans	350%	132%	206%	85%	87%	80%	66%
Net loan charge-offs/average loans	(0.02%)	0.21%	0.25%	0.78%	0.56%	1.11%	1.60%

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF INTEGRITY BANCSHARES, INC.

The following table presents Integrity s selected consolidated financial data. The balance sheet and income statement data for the years ended December 31, 2013 and 2012 are derived from Integrity s audited financial statements for the periods then ended. The results of operations for the nine months ended September 30, 2014 and 2013 are not necessarily indicative of the results of operations for the full year or any other interim period. Integrity management prepared the unaudited information on the same basis as it prepared Integrity s audited consolidated financial statements. In the opinion of Integrity management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with Integrity s consolidated financial statements, which are included herein. See *Index to Financial Statements* on page F-1.

	As of or for the Nine Months Ended September 30,		As of or for the Years Ended December 31,	
	2014	2013	2013	2012
	(unaudited)		(audited)	
	(dollars in thousands, except per share data)			
Income Statement Data				
Interest income	$ 24,461	$ 21,832	$ 28,795	$ 27,652
Interest expense	3,987	4,142	5,466	6,316
Net interest income	20,474	17,690	23,329	21,336
Provision for loan losses	949	1,426	2,016	755
Net interest income after provision for loan losses	19,525	16,264	21,313	20,581
Other operating income	3,060	3,080	4,406	4,287
Other operating expense	10,861	10,819	14,021	17,369
Income before income taxes	11,724	8,525	11,698	7,499
Income tax expense	3,793	2,791	3,799	2,352
Net income	7,931	5,734	7,899	5,147
Preferred stock dividends	420	420	560	560
Net income to common	$ 7,511	$ 5,314	$ 7,339	$ 4,587
Per Share Data				
Net earnings basic	$ 2.89	$ 2.29	$ 3.10	$ 2.19
Net earnings diluted	$ 2.58	$ 1.94	$ 2.66	$ 1.77
Book value per share	$ 20.51	$ 18.31	$ 19.13	$ 17.82
Weighted average common shares outstanding basic (000 s)	2,602	2,322	2,365	2,092
Weighted average common shares outstanding diluted (000 s)	2,916	2,745	2,764	2,596
Balance Sheet Data				
Assets	$ 860,434	$ 728,561	$ 761,905	$ 674,133
Investment securities	12,238	14,962	14,308	17,536
Loans, net	756,458	635,817	665,120	535,612
Deposits	764,007	650,056	691,008	602,001
Other liabilities	28,466	24,906	15,119	25,167
Shareholders equity	67,961	53,599	55,778	46,965
Shares outstanding (000 s)	2,924	2,490	2,497	2,187
Performance Ratios				
Return on average assets	1.26%	1.05%	1.07%	0.72%
Return on average shareholders equity	16.56%	14.41%	14.51%	10.96%
Net interest margin	3.62%	3.69%	3.56%	3.50%
Noninterest expense as a percentage of average assets	1.37%	1.61%	2.04%	2.74%
Efficiency ratio	46.15%	52.09%	50.55%	67.79%
Asset Quality				
Allowance for loan losses to loans	1.24%	1.32%	1.33%	1.39%

Net charge-offs to average loans outstanding	0.08%	0.11%	0.10%	0.08%
Non-performing loans to total loans	0.54%	0.15%	0.20%	0.81%
Allowance for loan losses to non-performing assets	130.48%	196.71%	229.02%	76.09%
Liquidity and Capital Ratios				
Average loans to average deposits	99.29%	97.03%	97.91%	93.33%
Average equity to average assets	7.63%	7.30%	7.36%	6.60%
Tier 1 leverage ratio	7.21%	6.51%	6.56%	5.91%
Tier 1 risk based capital ratio	7.93%	7.28%	7.19%	7.24%
Total risk based capital ratio	10.15%	10.64%	9.96%	10.99%

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COMPARATIVE PER SHARE DATA

The following table sets forth certain historical and pro forma combined per share data for each of S&T and Integrity. The pro forma data gives effect to the merger and is derived from the S&T unaudited pro forma combined per share data included in this proxy statement/prospectus.

This data should be read together with the selected historical financial data of S&T and Integrity included in this proxy statement/prospectus. The per share data is not necessarily indicative of the operating results that S&T would have achieved had it completed the merger as of the beginning of the periods presented and should not be considered as representative of future operations. The pro forma combined information set forth below was determined based upon the issuance of an aggregate of 4,825,655 shares by S&T. This number of shares represents the assumed conversion of 80% of the outstanding shares of Integrity common stock, as of September 30, 2014, to shares of S&T common stock.

	For the Nine Months Ended September 30, 2014	For the Year Ended December 31, 2013
Per Share Data available to common shareholders		
Basic net income per share		
S&T historical	$ 1.46	$ 1.70
Integrity historical	2.89	3.10
Pro forma combined	1.45	1.70
Diluted net income per share		
S&T historical	$ 1.46	$ 1.70
Integrity historical	2.58	2.66
Pro forma combined	1.45	1.69
Cash dividends declared per share (1)		
S&T historical	$ 0.50	$ 0.61
Integrity historical	0.00	0.00
Pro forma combined	0.50	0.61
Book value per share		
S&T historical	$ 20.33	$ 19.21
Integrity historical	20.51	19.13
Pro forma combined	20.96	20.00

(1) S&T has historically paid quarterly dividends, and S&T expects to continue to declare dividends in accordance with historical practice.

RISK FACTORS

In addition to general investment risks and the other information contained in this proxy statement/prospectus, including the matters under the caption Cautionary Statement Regarding Forward-Looking Statements, Integrity shareholders should carefully consider the following factors in deciding whether to vote for adoption of the agreement and plan of merger.

Risks Related to the Merger

Because the market price of S&T common stock will fluctuate, Integrity shareholders cannot be sure of the value of the stock portion of the merger consideration they may receive.

Upon completion of the merger, each share of Integrity common stock will be converted into the right to receive merger consideration consisting of either 2.0627 shares of S&T common stock or $52.50 in cash pursuant to the terms of the merger agreement. The value of the stock portion of the merger consideration to be received by Integrity shareholders as of the closing date will depend on the price of S&T common stock at that time. This price may vary from the price of S&T common stock on the date S&T and Integrity announced the merger, on the date this proxy statement/prospectus was mailed to Integrity shareholders and on the date of the special meeting of the Integrity shareholders. Any change in the market price of S&T common stock prior to the closing date will affect the value of the stock portion of the merger consideration that Integrity shareholders will receive upon completion of the merger. Depending on the market price of S&T common stock as of the closing date, the value of 2.0627 shares of S&T common stock may be less than, greater than or equal to the cash consideration of $52.50 per share of Integrity common stock.

Integrity is not permitted to resolicit the vote of Integrity shareholders solely because of changes in the market price of either company s stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in S&T s and Integrity s respective businesses, operations and prospects and regulatory considerations. Many of these factors are beyond S&T s and Integrity s control. You should obtain current market quotations for shares of S&T common stock.

The market price of S&T common stock after the merger may be affected by factors different from those currently affecting the shares of S&T.

The businesses of S&T and Integrity differ and, accordingly, the results of operations of the combined company and the market price of the combined company s shares of common stock may be affected by factors different from those currently affecting the independent results of operations of S&T. For a discussion of the business of S&T, see the section entitled *Information About S&T Bancorp., Inc. Business* beginning on page 78 of this proxy statement/prospectus.

Integrity shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Integrity s shareholders currently have the right to vote in the election of the board of directors of Integrity and on other matters affecting Integrity. When the merger occurs, each Integrity shareholder that receives shares of S&T common stock will become a shareholder of S&T with a percentage ownership of the combined organization that is much smaller than the shareholder s percentage ownership of Integrity. Upon completion of the merger, if as contemplated 80% of the outstanding Integrity shares of common stock are converted into shares of S&T common stock, the Integrity shareholders will own approximately % of the outstanding shares of S&T common stock.

Because of this, Integrity s shareholders will have less influence on the management and policies of S&T than they now have on the management and policies of Integrity.

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The merger agreement limits Integrity s ability to pursue alternatives to the merger.

The merger agreement contains no shop provisions that, subject to specified exceptions, limit Integrity s ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of Integrity. In addition, a termination fee is payable by Integrity under certain circumstances, generally involving the board of directors of Integrity failing to recommend that the Integrity shareholders vote to adopt the merger agreement or modifying or withdrawing such recommendation, Integrity failing to call the special meeting, breach of the no shop provisions and/or consummation of an alternative transaction in certain circumstances following termination of the merger agreement. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of Integrity from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share value than that proposed in the merger, or might result in a potential competing acquiror proposing to pay a lower per share price to acquire Integrity than it might otherwise have proposed to pay.

Integrity shareholders may receive aggregate consideration in a form different from what they elect.

While each Integrity shareholder may elect to receive all cash, all S&T common stock or a mix of cash and stock in the merger, the amount of cash and S&T common stock available for all Integrity shareholders will be subject to the allocation and proration provisions of the merger agreement, and at least 80% of the Integrity shares will be exchanged for shares of S&T common stock. As a result, you might receive a portion of your consideration in the form you did not elect.

If you are an Integrity shareholder and you tender shares of Integrity common stock to make an election, you will not be able to sell those shares, unless you revoke your election prior to the Election Deadline.

If you are a registered Integrity shareholder and want to make a valid cash or stock election, you will have to deliver your stock certificates, and a properly completed and signed form of election to the exchange agent. For further details on the determination of the Election Deadline, see *The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration Form of Election.* The Election Deadline will be five business days in advance of the closing of the merger. You will not be able to sell any shares of Integrity common stock that you have delivered as part of your election unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in Integrity common stock for any reason until you receive cash and/or S&T common stock in the merger or the merger agreement is terminated and the certificates are returned to you. In the time between the Election Deadline and the closing of the merger, the trading price of S&T common stock may decrease, and you might otherwise want to sell your shares of Integrity common stock to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment.

The merger is subject to the receipt of consents and approvals from governmental and regulatory entities that may impose conditions that could have an adverse effect on S&T.

Before the merger may be completed, various waivers, approvals or consents must be obtained from the Federal Reserve and the Pennsylvania Department of Banking and Securities. These governmental entities may impose conditions on the completion of the merger or require changes to the terms of the merger. Such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on, or limiting the revenues of, S&T following the merger, any of which might have an adverse effect on S&T following the merger. S&T is not obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger include any condition or restrictions that S&T reasonably determines would have a material adverse effect on S&T or would be unduly burdensome, but S&T could choose to waive this condition.

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Integrity executive officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of Integrity shareholders.

Integrity s officers and directors have financial interests in the merger that may be different from, or in addition to, the interests of Integrity shareholders. For example, certain executive officers and employees of Integrity may receive severance payments upon the change of control of Integrity or payments with respect to the cancellation of outstanding equity awards. In addition, certain executive officers of Integrity have entered into employment agreements with Integrity Bank providing for their continued employment after the merger is completed.

Integrity s board of directors was aware of these interests and took them into account in its decision to approve and adopt the agreement and plan of merger. For information concerning these interests, please see the discussion under the caption *The Merger Integrity s Directors and Executive Officers Have Financial Interests in the Merger.*

The shares of S&T common stock to be received by Integrity shareholders receiving the stock consideration as a result of the merger will have different rights from the shares of Integrity common stock.

Upon completion of the merger, Integrity shareholders who receive the stock consideration will become S&T shareholders. Their rights as shareholders will be governed by Pennsylvania corporate law and the articles of incorporation and by-laws of S&T. The rights associated with Integrity common stock are different from the rights associated with S&T common stock. See the section of this proxy statement/prospectus titled *Comparison of Shareholders Rights* beginning on page 202 for a discussion of the different rights associated with S&T common stock.

If the merger is not consummated by May 31, 2015, either S&T or Integrity may choose not to proceed with the merger.

Either S&T or Integrity may terminate the merger agreement if the merger has not been completed by May 31, 2015, unless the failure of the merger to be completed by such date has resulted from the failure of the party seeking to terminate the merger agreement to perform its obligations.

The fairness opinion obtained by Integrity from its financial advisor will not reflect changes in circumstances subsequent to the date of the merger agreement.

Integrity has obtained a fairness opinion dated as of October 29, 2014, from its financial advisor, Sandler + O Neill. Integrity has not obtained and will not obtain an updated opinion as of the date of this proxy statement/prospectus from Sandler + O Neill. Changes in the operations and prospects of S&T or Integrity, general market and economic conditions and other factors that may be beyond the control of S&T and Integrity, and on which the fairness opinion was based, may alter the value of S&T or Integrity or the price of shares of S&T common stock or Integrity common stock by the time the merger is completed. The opinion does not speak to the time the merger will be completed or to any other date other than the date of such opinion. As a result, the opinion will not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed. For a description of the opinion that Integrity received from Sandler + O Neill, please see *The Merger Opinion of Integrity s Financial Advisor* beginning on page 37 of this proxy statement/prospectus.

S&T and Integrity may fail to realize all of the anticipated benefits of the merger.

The success of the merger will depend, in part, on S&T s and Integrity s ability to realize the anticipated benefits and cost savings from combining the businesses of S&T and Integrity. However, to realize these anticipated benefits and cost savings, S&T and Integrity must successfully combine the businesses of S&T and Integrity. If S&T and Integrity are not able to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all, or may take longer to realize than expected.

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S&T and Integrity have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect S&T s and Integrity s ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on S&T and/or Integrity during the transition period.

If the merger is not completed, S&T and Integrity will have incurred substantial expenses without realizing the expected benefits of the merger.

S&T and Integrity have incurred substantial expenses in connection with the merger described in this proxy statement/prospectus. The completion of the merger depends on the satisfaction of specified conditions and the receipt of regulatory approvals. If the merger is not completed, these expenses would have to be recognized currently and S&T and Integrity would not have realized the expected benefits of the merger.

Integrity will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Integrity and consequently on S&T. These uncertainties may impair Integrity s ability to attract, retain and motivate key personnel until the merger is consummated, and could cause customers and others that deal with Integrity to seek to change existing business relationships with Integrity. Retention of certain employees may be challenging during the pendency of the merger, as certain employees may experience uncertainty about their future roles with S&T. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with S&T, S&T s business following the merger could be harmed. In addition, the merger agreement restricts Integrity from making certain acquisitions and taking other specified actions until the merger occurs without the consent of S&T. These restrictions may prevent Integrity from pursuing attractive business opportunities that may arise prior to the completion of the merger. Please see the section entitled *The Merger Agreement Covenants and Agreements* beginning on page 64 of this proxy statement/prospectus for a description of the restrictive covenants to which Integrity is subject under the merger agreement.

Risks Related to Owning S&T Stock

The market price of S&T common stock may fluctuate significantly in response to a number of factors.

S&T quarterly and annual operating results have varied significantly in the past and could vary significantly in the future, which makes it difficult for S&T to predict its future operating results. S&T s operating results may fluctuate due to a variety of factors, many of which are outside of S&T s control, including the changing U.S. economic environment and changes in the commercial and residential real estate market, any of which may cause its stock price to fluctuate. If S&T s operating results fall below the expectations of investors or securities analysts, the price of its common stock could decline substantially. S&T s stock price can fluctuate significantly in response to a variety of factors including, among other things:

- volatility of stock market prices and volumes in general;
- changes in market valuations of similar companies;
- changes in conditions in credit markets;
- changes in accounting policies or procedures as required by the Financial Accounting Standards Board, or FASB, or other regulatory agencies;

legislative and regulatory actions (including the impact of the Dodd-Frank Act and related regulations) subjecting S&T to additional regulatory oversight which may result in increased compliance costs and/or require S&T to change its business models;

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- government intervention in the U.S. financial system and the effects of and changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the Federal Reserve Board;
- additions or departures of key members of management;
- fluctuations in its quarterly or annual operating results; and
- changes in analysts estimates of its financial performance.

S&T s outstanding warrant may be dilutive to holders of its common stock.

The ownership interest of the existing holders of S&T s common stock may be diluted to the extent its outstanding warrant is exercised. The warrant will remain outstanding until 2019. The shares of common stock underlying the warrant represent approximately 1.71 percent of the shares of S&T s common stock outstanding as of January 31, 2014 (including the shares issuable upon exercise of the warrant in total shares outstanding). The warrant holder has the right to vote any of the shares of common stock it receives upon exercise of the warrant.

S&T s ability to pay dividends on its common stock may be limited.

Holders of S&T s common stock will be entitled to receive only such dividends as the S&T board of directors may declare out of funds legally available for such payments. Although S&T has historically declared cash dividends on its common stock, S&T is not required to do so and its board of directors could reduce, suspend or eliminate its dividend at any time. Any decrease or elimination to the dividends on S&T s common stock could adversely affect the market price of its common stock.

Risks Related to Credit

S&T s ability to assess the credit-worthiness of its customers may diminish, which may adversely affect its results of operations.

S&T takes credit risk by virtue of making loans and extending loan commitments and letters of credit. S&T s exposure to credit risk is managed through the use of consistent underwriting standards that emphasize in-market lending while avoiding highly leveraged transactions as well as excessive industry and other concentrations. S&T s credit administration function employs risk management techniques to ensure that loans adhere to corporate policy and problem loans are promptly identified. There can be no assurance that such measures will be effective in avoiding undue credit risk. If the models and approaches S&T uses to select, manage and underwrite its consumer and commercial loan products become less predictive of future charge-offs (due, for example, to rapid changes in the economy, including the unemployment rate), its credit losses may increase.

The value of the collateral used to secure S&T s loans may not be sufficient to compensate for the amount of an unpaid loan and S&T may be unsuccessful in recovering the remaining balance from its customers.

Decreases in real estate values, particularly with respect to S&T s commercial lending and mortgage activities, could adversely affect the value of property used as collateral for S&T s loans and its customers ability to repay these loans, which in turn could impact S&T s profitability. Repayment of S&T s commercial loans is often dependent on the cash flow of the borrower, which may become unpredictable. If the value of the assets, such as real estate, serving as collateral for the loan portfolio were to decline materially, a significant part of the loan portfolio could become under-collateralized. If the loans that are secured by real estate become troubled when real estate market conditions are declining or have declined, in the event of foreclosure, S&T may not be able to realize the amount of collateral that was anticipated at the time of originating the loan. This could result in higher charge-offs which could have a material adverse effect on S&T s operating results and financial condition.

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Changes in the overall credit quality of S&T s portfolio can have a significant impact on its earnings.

Like other lenders, S&T faces the risk that its customers will not repay their loans. S&T reserves for losses in its loan portfolio based on its assessment of inherent credit losses. This process, which is critical to S&T s financial results and condition, requires complex judgment including its assessment of economic conditions, which are difficult to predict. Through a periodic review of the loan portfolio, management determines the amount of the allowance for loan loss, or ALL, by considering historical losses combined with qualitative factors including general and regional economic conditions, asset quality trends, loan policy and underwriting and changes in loan concentrations and collateral values. The amount of future losses is susceptible to changes in economic, operating and other conditions, including changes in interest rates, which may be beyond S&T s control. S&T may underestimate its inherent losses and fail to hold an ALL sufficient to account for these losses. Incorrect assumptions could lead to material underestimates of inherent losses and an inadequate ALL. As S&T s assessment of inherent losses changes, it may need to increase or decrease its ALL, which could impact its financial results and profitability.

S&T s loan portfolio is concentrated in Western Pennsylvania, and its lack of geographic diversification increases S&T s risk profile.

The regional economic conditions in Western Pennsylvania affect the demand for S&T s products and services as well as the ability of its customers to repay their loans and the value of the collateral securing these loans. S&T is less able than a larger institution to spread the risks of unfavorable local economic conditions across a large number of diversified economies. A significant decline in the regional economy caused by inflation, recession, unemployment or other factors could negatively affect S&T s customers, the quality of its loan portfolio and the demand for its products and services. Any sustained period of increased payment delinquencies, foreclosures or losses caused by adverse market or economic conditions in S&T s market area could adversely affect the value of its assets, revenues, results of operations and financial condition. Moreover, S&T cannot give any assurance that it will benefit from any market growth or favorable economic conditions in its primary market area.

S&T s loan portfolio has a significant concentration of commercial real estate loans.

The majority of S&T s loans are to commercial borrowers. The commercial real estate, or CRE, segment of S&T s loan portfolio is typically more impacted by economic fluctuations. CRE lending typically involves higher loan principal amounts, and the repayment of these loans is generally dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Because payments on loans secured by CRE often depend upon the successful operation and management of the properties, repayment of these loans may be affected by factors outside the borrower s control, including adverse conditions in the real estate market or the economy. Additionally, S&T has a number of significant credit exposures to commercial borrowers, and while the majority of these borrowers have numerous projects that make up the total aggregate exposure, if one or more of these borrowers default or have financial difficulties, S&T could experience higher credit losses, which could adversely impact its financial condition and results of operations.

Risks Related to S&T s Operations

An interruption or security breach of S&T s information systems may result in financial losses or in a loss of customers.

S&T depends upon data processing, communication and information exchange on a variety of computing platforms and networks, including the internet. S&T has experienced cyber security incidents in the past, which it did not deem material, and may experience them in the future. S&T believes that it has implemented appropriate measures to mitigate potential risks to its technology and its operations from these information technology disruptions. However, S&T cannot be certain that all of its systems are entirely free from vulnerability to attack,

despite safeguards it has instituted. The occurrence of any failures, interruptions or security breaches of its information systems could disrupt its continuity of operations or result in the disclosure of sensitive, personal customer information which could have a material adverse impact on S&T s business, financial condition and results of operations through damage to its reputation, loss of customer business, remedial costs, additional regulatory scrutiny or exposure to civil litigation and possible financial liability. Losses arising from such a breach could materially exceed the amount of insurance coverage S&T has, which could adversely affect its results of operation.

S&T relies on third-party providers and other suppliers for a number of services that are important to S&T s business. An interruption or cessation of an important service by any third party could have a material adverse effect on S&T s business.

S&T is dependent for the majority of its technology, including its core operating system, on third party providers. If these companies were to discontinue providing services to S&T, S&T may experience significant disruption to its business. If any of S&T s third party service providers experience financial, operational or technological difficulties, or if there is any other disruption in its relationships with them, S&T may be required to locate alternative sources of such services. Certain of S&T s products, its commercial banking products, for example, may be used as a method of payment at third-party retailers. S&T is dependent on these third-party retailers securing their information systems, over which S&T has no control, and a breach of their information systems could result in the disclosure of sensitive, personal customer information, which could have a material adverse impact on its business through damage to S&T s reputation, loss of customer business, remedial costs, additional regulatory scrutiny or exposure to civil litigation and possible financial liability. Assurance cannot be provided that S&T could negotiate terms with alternative service sources that are as favorable or could obtain services with similar functionality as found in existing systems without the need to expend substantial resources, if at all, thereby resulting in a material adverse impact on its business and results of operations.

Risks Related to Interest Rates and Investments

S&T s net interest income could be negatively affected by interest rate changes which may adversely affect its financial condition.

S&T s results of operations are largely dependent on net interest income, which is the difference between the interest and fees earned on interest-earning assets and the interest paid on interest-bearing liabilities. There may be mismatches between the maturity and repricing of S&T s assets and liabilities that could cause the net interest rate spread to compress, depending on the level and type of changes in the interest rate environment. Interest rates could remain at historical low levels causing rate spread compression over an extended period of time. Interest rates are highly sensitive to many factors that are beyond S&T s control, including general economic conditions and the policies of various governmental agencies. In addition, some of S&T s customers often have the ability to prepay loans or redeem deposits with either no penalties, or penalties that are insufficient to compensate S&T for the lost income. A significant reduction in S&T s net interest income will adversely affect its business and results of operations. If S&T is unable to manage interest rate risk effectively, its business, financial condition and results of operations could be materially harmed.

Declines in the value of investment securities held by S&T could require write-downs, which would reduce its earnings.

In order to diversify earnings and enhance liquidity, S&T owns both debt and equity instruments of government agencies, municipalities and other companies. S&T may be required to record impairment charges on its investment securities if they suffer a decline in value that is considered other-than-temporary. Additionally, the value of these investments may fluctuate depending on the interest rate environment, general economic conditions and circumstances specific to the issuer. Volatile market conditions may detrimentally affect the value of these securities, such as through reduced valuations due to the perception of heightened credit or liquidity risks. Changes in the value of these instruments may result in a reduction to earnings and/or capital, which may adversely affect S&T s results of operations.

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Risks Related to Regulatory Compliance and Legal Matters

S&T s deposit insurance premiums may increase in the future, which could have a material adverse impact on its future earnings and financial condition.

The FDIC insures deposits at FDIC-insured financial institutions, including S&T Bank. The FDIC charges insured financial institutions premiums to maintain the Deposit Insurance Fund, or DIF, at a specific level. Integrity Bank s FDIC insurance premiums recently decreased after substantial increases beginning in 2009, but S&T may pay significantly higher premiums in the future. Recent economic conditions increased bank failures, which decreased the DIF. The Dodd-Frank Act increased the minimum target DIF ratio from 1.15 percent of estimated insured deposits to 1.35 percent of estimated insured deposits. The FDIC must seek to achieve the 1.35 percent ratio by September 30, 2020. Insured institutions with assets of $10 billion or more are supposed to fund the increase.

The FDIC has issued regulations to implement these provisions of the Dodd-Frank Act. It has, in addition, established a higher reserve ratio of 2 percent as a long-term goal beyond what is required by statute. There is no implementation deadline for the 2 percent ratio. The FDIC may increase the assessment rates or impose additional special assessments in the future to keep the DIF at or above the statutory minimum target. Any increase in S&T s FDIC premiums could have an adverse effect on Integrity Bank s profits and financial condition. Refer to Supervision and Regulation within page 79 of this proxy statement/prospectus for additional information.

Future governmental regulation and legislation could limit S&T s growth.

S&T is subject to extensive state and federal regulation, supervision and legislation that govern nearly every aspect of our operations. The regulations are primarily intended to protect depositors, customers and the banking system as a whole, not shareholders. Failure to comply with applicable regulations could lead to penalties and damage to our reputation. Furthermore, as shown through the Dodd-Frank Act, the regulatory environment is constantly undergoing changes. New laws, new regulations, and the interpretation of such laws or regulations or other actions by existing or new regulatory agencies could make regulatory compliance more difficult or expensive, and thus could either affect our ability to deliver or expand services or diminish the value of our business. The recent increase in government intervention in the U.S. financial system could also adversely affect us. Refer to Supervision and Regulation within Part I, Item 1 of this proxy statement/prospectus for additional information.

Negative public opinion could damage S&T s reputation and adversely impact its earnings and liquidity.

Reputational risk, or the risk to S&T s business, earnings, liquidity and capital from negative public opinion, could result from its actual or alleged conduct in a variety of areas, including legal and regulatory compliance, lending practices, corporate governance, litigation, ethical issues or inadequate protection of customer information. S&T is dependent on third-party providers for a number of services that are important to its business. Refer to the risk factor titled, S&T relies on third-party providers and other suppliers for a number of services that are important to S&T s business. An interruption or cessation of an important service by any third party could have a material adverse effect on S&T s business for additional information. A failure by any of these third-party service providers could cause a disruption in S&T s operations, which could result in negative public opinion about S&T or damage to its reputation. S&T expends significant resources to comply with regulatory requirements, and the failure to comply with such regulations could result in reputational harm or significant legal or remedial costs. Damage to S&T s reputation could adversely affect its ability to retain and attract new customers and adversely impact its earnings and liquidity.

S&T may be a defendant from time to time in a variety of litigation and other actions, which could have a material adverse effect on its financial condition and results of operations.

From time to time, customers and others make claims and take legal action pertaining to the performance of our responsibilities. Whether customer claims and legal action related to the performance of our responsibilities

are founded or unfounded, if such claims and legal actions are not resolved in a manner favorable to us, they may result in significant expenses, demands on management attention and financial liability. Any financial liability or reputational damage could have a material adverse effect on our business, which, in turn, could have a material adverse effect on S&T s financial condition and results of operations.

Risks Related to S&T s Business Strategy

S&T s strategy includes growth plans through organic growth, market expansion and acquisitions. S&T s financial condition and results of operations could be negatively affected if it fails to grow or fail to manage its growth effectively.

S&T intends to continue pursuing a growth strategy, which may include organic growth within our current footprint or through market expansion, or acquisitions. S&T cannot give assurance that it will be able to expand its existing market presence, or successfully enter new markets or that any such expansion will not adversely affect its results of operations. Failure to manage S&T s growth effectively could have a material adverse effect on its business, future prospects, financial condition or results of operations and could adversely affect its ability to successfully implement its business strategy.

S&T s failure to find suitable acquisition candidates, or successfully bid against other competitors for acquisitions, could adversely affect its ability to fully implement its business strategy. If S&T is successful in acquiring other entities, the process of integrating such entities will divert significant management time and resources. S&T may not be able to integrate efficiently or operate profitably any entity S&T may acquire. S&T may experience disruption and incur unexpected expenses in integrating acquisitions. These failures could adversely impact S&T s future prospects and results of operation.

S&T is subject to competition from both banks and non-banking companies.

The financial services industry is highly competitive, and S&T encounters strong competition for deposits, loans and other financial services in its market area. S&T s principal competitors include commercial banks of all types, finance companies, credit unions, mortgage brokers, insurance agencies, trust companies and various sellers of investments and investment advice. Many of S&T s non-bank competitors are not subject to the same degree of regulation that S&T is and have advantages over S&T in providing certain services. Additionally, many of S&T s competitors are significantly larger than it is and have greater access to capital and other resources. Failure to compete effectively for deposit, loan and other financial service customers in S&T s markets could cause it to lose market share, slow its growth rate and have an adverse effect on its financial condition and results of operations.

S&T may be required to raise capital in the future, but that capital may not be available or may not be on acceptable terms when it is needed.

S&T is required by federal regulatory authorities to maintain adequate capital levels to support operations. S&T s ability to raise additional capital is dependent on capital market conditions at that time and on its financial performance and outlook. New regulations to implement Basel III and the Dodd-Frank Act require S&T to have more capital. While S&T believes that it currently has sufficient capital, if it cannot raise additional capital when needed, S&T may not be able to meet these requirements, and its ability to further expand its operations through organic growth within our current footprint or through market expansion and acquisitions may be adversely affected.

Risks Related to Liquidity

S&T relies on a stable core deposit base as its primary source of liquidity.

S&T is dependent for its funding on a stable base of core deposits. S&T s ability to maintain a stable core deposit base is a function of its financial performance, its reputation and the security provided by FDIC insurance, which combined, gives customers confidence in S&T. If any of these items are damaged or come into question, the stability of S&T s core deposits could be harmed.

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S&T s ability to meet contingency funding needs, in the event of a crisis that causes a disruption to its core deposit base, is dependent on access to wholesale markets, including funds provided by the FHLB of Pittsburgh.

S&T owns stock in the Federal Home Loan Bank, or FHLB, in order to qualify for membership in the FHLB system, which enables it to borrow on its line of credit with the FHLB that is secured by a blanket lien on a significant portion of S&T s loan portfolio. Changes or disruptions to the FHLB or the FHLB system in general may materially impact S&T s ability to meet short and long-term liquidity needs or meet growth plans. Additionally, S&T cannot be assured that the FHLB will be able to provide funding to it when needed, nor can S&T be certain that the FHLB will provide funds specifically to it, should its financial condition and/or its regulators prevent access to S&T s line of credit. The inability to access this source of funds could have a materially adverse effect on S&T s ability to meet its customer s needs. S&T s financial flexibility could be severely constrained if it was unable to maintain its access to funding or if adequate financing is not available at acceptable interest rates.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus contains statements that S&T believes are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements generally relate to S&T s financial condition, results of operations, plans, objectives, future performance or business. They usually can be identified by the use of forward-looking language such as will likely result, may, are expected to, is anticipated, estimate, forecast, projected, intends to or other similar words. You should not place undue reliance on these statements, as they are subject to risks and uncertainties, including but not limited to, those identified under Risk Factors beginning on page 17 of this proxy statement/prospectus or other important factors disclosed in this proxy statement/prospectus and from time to time in S&T s other filings with the Securities and Exchange Commission, or SEC. When considering these forward-looking statements, you should keep in mind these risks and uncertainties, as well as any cautionary statements S&T may make. Moreover, you should treat these statements as speaking only as of the date they are made and based only on information actually known to S&T at that time. S&T undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

These forward-looking statements are based on current expectations, estimates and projections about S&T s business and beliefs and assumptions made by management. These Future Factors, as defined below, are not guarantees of S&T s future performance and involve certain risks, uncertainties and assumptions, which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in these forward-looking statements.

Future Factors include:

- credit losses;
- cyber-security concerns, including an interruption or breach in the security of S&T s information systems;
- rapid technological developments and changes;
- changes in interest rates, spreads on interest-earning assets and interest-bearing liabilities, the shape of the yield curve and interest rate sensitivity;
- a prolonged period of low interest rates;
- a rapid increase in interest rates;
- regulatory supervision and oversight, including Basel III required capital levels, and public policy changes, including environmental regulations;
- legislation affecting the financial services industry as a whole, and/or S&T or S&T Bank, in particular, including the effects of the Dodd-Frank Act;
- the outcome of pending and future litigation and governmental proceedings;
- increasing price and product/service competition, including new entrants;

the ability to continue to introduce competitive new products and services on a timely, cost-effective basis;

managing S&T s internal growth and acquisitions;

containing costs and expenses;

reliance on significant customer relationships;

the possibility that the anticipated benefits from the merger and other acquisitions cannot be fully realized in a timely manner or at all, or that integrating future acquired operations will be more difficult, disruptive or costly than anticipated;

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general economic or business conditions, either nationally or regionally in Western Pennsylvania and S&T s other market areas, may be less favorable than expected, resulting in among other things, a reduced demand for credit and other services;

deterioration of the housing market and reduced demand for mortgages;

a deterioration in the overall macroeconomic conditions or the state of the banking industry may 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;

a reemergence of turbulence in significant portions of the global financial and real estate markets could impact S&T s performance, both directly, by affecting its revenues and the value of its 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 S&T s future businesses.

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THE INTEGRITY SPECIAL MEETING

This section contains information about the special meeting of Integrity shareholders that has been called to consider and adopt the merger agreement which provides for the merger of Integrity with and into S&T, with S&T as the surviving corporation in the merger.

Together with this proxy statement/prospectus, Integrity is also sending you a notice of the special meeting and a form of proxy that is solicited by the Integrity board of directors. The special meeting will be held on February 24, 2015, at 5:45 pm local time, at the West Shore Country Club located at 100 Brentwater Drive, Camp Hill, PA, 17011, subject to any adjournments or postponements.

Matters to be Considered

The purpose of the special meeting is to vote on a proposal for adoption of the merger agreement.

You also will be asked to vote upon a proposal for the adjournment of the special meeting, if necessary. Integrity has no plans to adjourn the special meeting at this time, but intends to do so, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

Proxies

Each copy of this proxy statement/prospectus mailed to holders of Integrity common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a shareholder of record, you should complete and return the proxy card accompanying this proxy statement/prospectus to ensure that your vote is counted at the special meeting, or at any adjournment or postponement of the special meeting, regardless of whether you plan to attend the special meeting in person.

If you hold your stock in street name through a bank or broker, you must direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker.

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by: (1) signing and returning a proxy card with a later date; (2) delivering a written revocation letter to Integrity s Secretary; or (3) attending the special meeting in person, notifying the Secretary, and voting by ballot at the special meeting. If you hold your stock in street name through a bank or broker, you must follow your bank s or broker s instructions to revoke your proxy.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, and, provided notice has been given to the Secretary, such vote will revoke any previous proxy but the mere presence (without notifying Integrity s Secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy may be addressed to:

Integrity Bancshares, Inc.

3314 Market Street, Suite 301

Camp Hill, PA 17011

Attention: Laurel L. Leitzel, Secretary

All shares represented by valid proxies that Integrity receives through this solicitation, that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted FOR adoption of the merger agreement and FOR approval of the proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

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Solicitation of Proxies

Integrity will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Integrity will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Integrity common stock and secure their voting instructions. Integrity will reimburse the record holders for their reasonable expenses in taking those actions. If necessary, Integrity may use several of its regular employees, who will not be specially compensated, to solicit proxies from Integrity shareholders, either personally or by telephone, facsimile, letter or other electronic means.

S&T and Integrity will each bear all expenses incurred by it in connection with the copying, printing and distribution of this proxy statement/prospectus, except that if the merger agreement is terminated under certain circumstances, then each of S&T and Integrity will bear and pay one-half of the expenses incurred in connection with the copying, printing and distribution of this proxy statement/prospectus.

Record Date

The Integrity board of directors has fixed the close of business on January 7, 2015 as the record date for the special meeting. Only Integrity shareholders of record at that time are entitled to notice of, and to vote at, the special meeting, or any adjournment or postponement of the special meeting. At that time, 2,924,576 shares of Integrity common stock were outstanding, held by approximately 505 holders of record.

Voting Rights and Vote Required

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Integrity common stock entitled to vote is necessary to constitute a quorum at the special meeting. Abstentions will be counted for the purpose of determining whether a quorum is present.

Pursuant to Integrity s articles of incorporation, the affirmative vote of two-thirds of all outstanding shares of Integrity stock entitled to vote at the Integrity special meeting is required to adopt the merger agreement. For purposes of determining the number of votes cast with respect to the proposal to adopt the merger agreement, only those votes cast for and against a proposal are counted. Abstentions and any broker non-votes treated as shares that are present for purposes of determining the presence of a quorum will have the same effect as votes against the proposal to adopt the merger agreement.

The affirmative vote of a majority of the votes cast by holders of shares of Integrity common stock at the Integrity special meeting is required to adopt the proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement. For purposes of determining the number of votes cast with respect to the proposal to adopt the merger agreement, only those votes cast for and against a proposal are counted. Abstentions and any broker non-votes treated as shares that are present for purposes of determining the presence of a quorum will not count as votes for or against the proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

As of the record date, directors and executive officers of Integrity and their affiliates had the right to vote approximately 1,161,575 shares of Integrity common stock, or 39.02% of the outstanding Integrity common stock at that date. The directors and executive officers of Integrity have entered into voting agreements with S&T to vote for the proposals at the special meeting. In addition, a significant shareholder holding approximately 138,596 shares of Integrity common stock, or 4.74% of the outstanding Integrity common stock, as of the record date has entered into a voting agreement with S&T to vote for the proposals at the special meeting.

Recommendation of the Integrity Board of Directors

The Integrity board of directors has unanimously approved the merger agreement and the transactions it contemplates, including the merger. The Integrity board of directors determined that the merger, merger agreement and the transactions contemplated by the merger agreement are advisable and in the best interests of

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Integrity and recommends that you vote FOR adoption of the merger agreement and FOR approval of the proposal to adjourn the special meeting, if necessary, to solicit additional proxies. See *The Merger Integrity s Reasons for the Merger* and *Recommendation of Integrity s Board of Directors* for a more detailed discussion of the Integrity board of directors recommendation.

Attending the Meeting

All holders of Integrity common stock, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership and you must bring a form of personal photo identification with you in order to be admitted. Integrity reserves the right to refuse admittance to anyone without both proper proof of share ownership and proper photo identification.

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PROPOSAL 1 THE MERGER

Background of the Merger

The board of directors and senior management of Integrity regularly review and evaluate Integrity s business plan and strategic alternatives for enhancing long term shareholder value, including organic growth and de novo branching, acquisitions of branches or other institutions or business lines, and strategic partnerships or affiliations with other institutions. As a result of this ongoing evaluation process, Integrity has successfully executed an organic growth strategy, supported in large part by its issuance of preferred stock and subordinated debt. This growth strategy and capital structure has allowed Integrity to generate a high return on equity of 15.0% in 2011, 14.1% in 2012, and 17.0% in 2013 and, for the first three quarters of 2014, 16.5%, 19.2%, and 21.4%, respectively.

In evaluating Integrity s business plan and strategic alternatives, Integrity s board and senior management also review its financial performance and return to shareholders, as well as trends in the financial marketplace, including merger and acquisition and capital market activity. These reviews often included information provided by various financial advisors, investment bankers and other consultants.

During regular strategic planning sessions in 2013 and 2014, Integrity s senior management and board of directors regularly discussed the impact of $8,000,000 in Integrity preferred stock which was subject to mandatory redemption on October 28, 2014. They also considered certain external factors on Integrity s prospects for continued high performance, including the anticipated effect of additional regulation and oversight of the financial services industry resulting from the Dodd-Frank Act and the expected impact of such regulation on future revenues, expenses and capital requirements, the historical and anticipated outlook for small cap financial institutions to efficiently access capital markets and the impact of a capital raise on shareholders, and the continuing challenges and risks posed by regional and national economic and industry conditions.

In May 2013, James T. Gibson, Chairman, President and Chief Executive Officer of Integrity, and Todd D. Brice, President and Chief Executive Officer of S&T, were introduced to each other by William K. Poole, Executive Vice President of Integrity. Throughout the remainder of 2013 and the first few months of 2014, Mr. Gibson and Mr. Brice periodically exchanged phone calls during which they would discuss the respective financial performances of their companies and their views on developments in the financial services industry. From time to time during these calls the potential of Integrity and S&T engaging in a merger transaction was discussed in a general way, but no specific proposals were made by either Mr. Brice or Mr. Gibson.

Mr. Gibson, while at the Pennsylvania Bankers Association meeting the week of May 12, 2014, had discussions with Mr. Brice and one other bank president regarding their possible interest in replacing the $8,000,000 preferred stock due for redemption with a new subordinated debenture issued by Integrity to one of their financial institutions.

Both S&T and the other bank expressed an interest in potentially providing financing to Integrity to enable it to replace its maturing preferred stock. Mr. Gibson provided S&T and the other bank with certain financial information of Integrity, including historical financial statements, 2014 budget, a 2014 budget vs. actual comparison, capital plans, a five-year forecast, asset quality reports and several other reports.

After evaluating the information provided by Integrity, S&T approved Integrity s financing request and issued a commitment letter on July 30, 2014. S&T approved the request faster and with more favorable terms than the other bank that had expressed an interest in providing the requested financing to Integrity. Integrity executed the S&T commitment letter for the proposed financing to replace the maturing Integrity preferred stock on July 31, 2014, though Integrity did not intend to close on the financing until late October 2014 when the preferred stock was due for redemption.

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On August 7, 2014, Mr. Gibson and Mr. Poole joined Mr. Brice and a representative of Keefe Bruyette & Woods, Inc., or KBW, S&T s financial advisor, for an informal meeting at which time non-binding terms for a potential merger of S&T and Integrity were presented by Mr. Brice to Messrs. Gibson and Poole. At this meeting, Mr. Brice provided his perspective on the benefits of a merger of Integrity with S&T, including S&T s strong financial performance, S&T s and Integrity s complementary business models and the relative attractiveness of S&T s stock price to other potential merger partners. Under the proposal presented by Mr. Brice, Integrity shareholders would have received a mix of stock and cash consideration valued at $50.00 per Integrity common share, or approximately $147 million in the aggregate. After his initial review of this proposal, Mr. Gibson committed to present this information to the Integrity Board of Directors, but he informed Mr. Brice he did not expect this proposal would be acceptable to the Integrity Board of Directors at the price level presented. In addition, on August 8, 2014, S&T and Integrity executed a mutual non-disclosure agreement allowing S&T and Integrity to begin to exchange non-public information related to a potential transaction between the two companies.

Over the next ten days, Mr. Gibson, Mr. Poole and Mr. Brice had several discussions regarding the proposed transaction.

On August 19, 2014, S&T orally communicated a second non-binding proposal to Integrity based upon preliminary financial information received from Integrity subject to the non-disclosure agreement. Under this second proposal, Integrity shareholders would have received a mix of stock and cash consideration valued at $50.65 per Integrity common share, or approximately $150 million in the aggregate. On August 20, 2014, S&T provided Integrity with a presentation providing information regarding the assumptions S&T used in preparing this proposal.

Mr. Gibson informed Mr. Brice he had previously scheduled lunch with the president of a second interested party (Bank B) and wanted to fulfill that commitment before the Integrity board of directors considered S&T s second proposal. On August 19, 2014, Mr. Gibson and Thomas J. Sposito, II, Executive Vice President and Chief Operating Officer of Integrity Bank, met with Bank B and its financial advisor. Bank B submitted a non-binding merger proposal that valued Integrity at $54.00 per share.

The Integrity board held a special meeting on August 20, 2014 to review and discuss information in a presentation prepared by Sandler O Neill + Partners, L.P., or Sandler O Neill. At this meeting the Integrity board approved pursuing discussions with S&T and other potential purchasers, as well as the retention of Sandler O Neill as the investment banker for Integrity, and Rhoads & Sinon LLP as special counsel.

During the period from August 19, 2014 through September 17, 2014, several meetings were held with representatives of, Sandler O Neill and the Integrity Board of Directors regarding both the Bank B and S&T proposals. A significant exchange of information occurred between Bank B s management team and the Integrity executive team. After considerable evaluation with Bank B, it was mutually agreed by Bank B and Integrity the business models of Integrity and Bank B did not align and negotiations regarding a potential merger ceased.

During the period when Integrity was exploring a possible merger with Bank B, Integrity encouraged S&T to submit a higher offer. On August 22, 2014, Mr. Gibson and Mr. Brice had a telephone call in which Mr. Gibson asked for clarification regarding a number of the assumptions underlying S&T s proposal submitted on August 19, 2014. On August 25, 2014, Mr. Gibson and Mr. Brice met in person to discuss the assumptions underlying S&T s proposal.

On August 26, 2014, S&T sent a written indication of interest to Integrity which included the same proposed price terms orally communicated to Integrity on August 19, 2014.

During the period between August 26, 2014 and September 15, 2014, further discussions took place between Mr. Gibson and Mr. Brice, and S&T continued its diligence evaluation of Integrity based on the information regarding Integrity available to S&T at that time.

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On September 16, 2014, S&T submitted a final offer to Integrity of either $53.00 per share with a consideration mix of 80% stock and 20% cash or $53.50 per share with a consideration mix of 85% stock and 15% cash. An Integrity board of directors meeting was held on September 17, 2014 to discuss the final S&T proposal. As between the two options presented by S&T, the Integrity board of directors determined the $53.00 per share offer, with a consideration mix of 80% stock and 20% cash, would be more attractive to shareholders of Integrity. The Integrity board of directors, with the advice of Sandler O Neill, agreed to enter into a second confidentiality agreement with S&T, which included an exclusivity provision which would expire on November 16, 2014, and began due diligence.

During the period September 16, 2014 through October 24, 2014, both S&T and Integrity performed their respective due diligence reviews of the other party, which consisted of extensive document and credit review as well as management interviews. Also during this period, commencing October 3, 2014, S&T and Integrity and their respective legal counsel and financial advisors negotiated the terms of a definitive merger agreement and employment agreements for certain of the executives of Integrity, which would provide for their continued employment with Integrity Bank through and following the merger of Integrity Bank with S&T Bank.

As part of its analysis, the Integrity board of directors also reviewed recent information that had been presented to it by two investment banking firms, other than Sandler O Neill, identifying who they believed to be possible acquirers of Integrity and what they believed to be the maximum price each could pay. The information from these two other investment banking firms indicated that S&T s final offer would make the multiple to book value the second highest of all bank mergers in the United States since the end of 2008.

On October 22, 2014, the Integrity board of directors held a meeting to review the most recent draft of the definitive merger agreement. Representatives of Sandler O Neill and Rhoads & Sinon were present at the meeting. Representatives of Rhoads & Sinon reviewed with the Integrity board of directors their fiduciary duties under Pennsylvania law in connection with a proposed merger, and presented the principal terms of the draft definitive merger agreement. Representatives of Sandler O Neill made a presentation to the Board with respect to the financial terms of the proposed merger transaction. Discussion among the directors occurred throughout the presentations, during which representatives of Rhoads & Sinon and Sandler O Neill responded to questions.

As a result of the diligence performed by S&T, on October 24, 2014, S&T informed Integrity their management had determined the anticipated expense reductions assumed in its $53.00 per share offer could not be attained without disrupting Integrity Bank s performance following the closing of the merger. It was then agreed to reduce the offer price to $52.25 per share, subject to Integrity preparing and presenting to S&T an additional expense savings analysis demonstrating additional expense reduction could be attained without disrupting Integrity Bank s performance following the closing of the merger.

On October 27, 2014, the S&T board of directors held a meeting at which it unanimously approved the Agreement and Plan of Merger, and authorized S&T management to agree to increase the then proposed $52.25 per share price if, in the judgment of S&T management, the additional expense savings analysis being prepared by Integrity would support an increase in the per share price.

On October 28, 2014, Integrity and S&T reviewed and discussed the additional expense savings analysis prepared by Integrity. After this discussion, S&T management agreed to increase the per share price to be paid in the merger from $52.25 to $52.50.

On October 29, 2014, the Integrity board of directors held a meeting to consider the Agreement and Plan of Merger. At this meeting the Integrity board of directors extensively discussed the merits of the proposed merger with S&T, and received presentations from Sandler O Neill and Rhoads & Sinon. Following these presentations and discussions, and consideration of the factors described under Integrity s Reasons for the Merger beginning on page 35, the Integrity board of directors determined it was in the best interests of Integrity to enter into the Agreement and Plan of Merger pursuant to which Integrity would be merged with and into S&T and each outstanding share of Integrity common stock would be converted into the right to receive either 2.0627 shares of the common stock of S&T or $52.50 cash, and unanimously approved the Agreement and Plan of Merger.

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Integrity and S&T executed the Agreement and Plan of Merger on October 29, 2014. The parties issued a joint press release publicly announcing the merger on October 30, 2014.

Integrity s Reasons for the Merger

After careful consideration, the Integrity board of directors determined it was in the best interests of Integrity for Integrity to enter into the merger agreement with S&T.

In the process of making the recommendation to approve the merger with S&T, the Integrity board of directors consulted with its legal and financial advisors, as well as Integrity s executive management team. In determining that a business combination, generally, and the proposed merger with S&T, specifically, is in the best interests of Integrity, Integrity s board considered the following material factors, which are not necessarily all-inclusive:

The current and future performance expectations of Integrity relative to its market area and regional competition;

The current relative size of Integrity, its growth over its 11 year history and the expected scale that would be necessary going forward for Integrity to continue as a high-performing community banking institution in comparison to the benefits of aligning with a larger, high-performing institution;

Integrity s growth prospects, both organically and through the acquisition of other community banking organizations (and non-bank companies), from both a capital perspective to support the growth and also the perspective of target organizations that might be available to Integrity as a buyer;

The anticipated increased compliance and regulatory costs and risk, including those related to the Dodd Frank Act, and their anticipated significant impact on Integrity s future performance;

The ability to maintain adequate capital levels if the subordinated debt issued by Integrity matured and was not renewed or refinanced, resulting in Integrity having to immediately raise capital, possibly through issuance of common stock, which would dilute earnings per share and significantly reduce the return on equity to Integrity s shareholders;

Information recently presented by multiple financial advisors identifying the institutions that Integrity, its shareholders and customers might find most attractive as a business combination partner, which included a consideration of both large organizations and peers, within and outside Integrity s market;

The consideration offered in the transaction, valued at approximately $155 million, which represents a 94% premium to the market price per share of Integrity common stock and a premium to book value multiple of approximately 2.6 times, the second highest of all bank mergers in the United States since the end of 2008;

The 80% stock/20% cash consideration;

The fact that Integrity shareholders will have the opportunity to receive shares of S&T common stock in the merger, which would allow Integrity shareholders to participate in the future performance of the combined company s businesses and synergies resulting from the merger;

The Integrity board s perception that S&T common stock, with continued solid earnings performance by S&T, could yield significant upside possibility for Integrity shareholders;

The increased liquidity for Integrity shareholders who receive S&T common stock in the transaction;

The ability for Integrity shareholders to participate in cash dividends declared on S&T common stock, currently yielding approximately 2.6%;

The fact that up to $30.7 million of the merger consideration would be composed of cash at $52.50 per share, thereby permitting Integrity shareholders who wish to receive cash to elect an all cash exchange or an exchange comprised of part S&T common stock and part cash, subject to the election, allocation and pro ration provisions of the merger agreement;

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- The opportunity to expand relationships with Integrity s existing customer base through the increased lending capacity afforded by the combined institution, as evidenced by the fact that, as of September 30, 2014, Integrity had sold approximately $54 million in participation loans to other banks;

- The anticipated impact on employees of Integrity, including the fact that a merger with S&T, which does not currently operate in Integrity s market area, will result in fewer reductions in staff, as well as better benefits being offered for continuing employees;

- The anticipated positive impact to Integrity s existing customers, resulting from S&T having a business model similar to Integrity, and the retention of the vast majority of Integrity s customer-facing employees;

- The proposed board and management arrangements which would enhance the depth and experience of S&T s existing leadership, including S&T s commitment to appoint James T. Gibson, Chairman, President and Chief Executive Officer of Integrity, and another Integrity board member to the S&T board of directors, and to retain four key executives of Integrity as employees of S&T;

- S&T s commitment to operate under the name Integrity Bank in the markets in which Integrity Bank currently operates for a period of three years following the merger, maintaining its brand, look, and appearance;

- S&T s previous acquisition experience, including its successful completion of four mergers since 2008 with a combined total assets of over $2 billion, leading the Integrity board to believe integration risk associated with this merger is lessened;

- Aligning with S&T would provide more robust technology and systems, broader product offerings, more favorable terms with vendors and more sophisticated marketing;

- The mutual understanding that Integrity and S&T share similar operating cultures, core values and approaches to servicing their respective markets; and

- The Integrity board s belief that multiple areas of risk, including regulatory, financial, legal, servicing, and customer retention, could be substantially reduced by combining with a larger institution having access to greater financial and operational resources.

The Integrity board also considered a variety of potential risks associated with the merger, including the following:

- The possibility the merger might not close and the negative impact that could have on Integrity s reputation, earnings and current momentum;

- The risk that potential benefits and synergies sought in the merger may not be realized or may not be realized within the expected time period, and the risks associated with the integration of Integrity and S&T;

- The fact that because the stock consideration in the merger is based upon a fixed exchange ratio of shares of S&T common stock to Integrity common stock, Integrity shareholders who receive S&T common stock could be adversely affected by a decrease in the trading price of S&T common stock during the pendency of the merger;

The fact that certain provisions of the merger agreement prohibit Integrity from soliciting, and limit its ability to respond to, proposals for alternative transactions, and the obligation to pay a termination fee of $6.25 million in the event that the merger agreement is terminated in certain circumstances, including if Integrity terminates the merger agreement to accept a superior offer;

The potential for diversion of management and employee attention, and for employee attrition, during the period prior to the completion of the merger and the potential effect on Integrity s business and relations with customers, service providers and other stakeholders, whether or not the merger is consummated; and

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- The fact that pursuant to the merger agreement, Integrity must generally conduct its business in the ordinary course and Integrity is subject to a variety of other restrictions on the conduct of its business prior to the completion of the merger or termination of the merger agreement, which may delay or prevent Integrity from undertaking business opportunities that may arise pending completion of the merger.

Integrity s board of directors realizes there can be no assurance about future results, including results expected or considered in the factors listed above. However, the Integrity board concluded the potential positive factors outweighed the potential risks of completing the merger.

During its consideration of the merger, Integrity s board of directors was also aware that some of its directors and executive officers may have interests in the merger that are different from or in addition to those of its shareholders generally, as described under *Integrity s Directors and Executive Officers Have Financial Interests in the Merger* beginning on page 51.

The foregoing discussion of the factors considered by the Integrity board of directors in evaluating the transaction is not intended to be exhaustive, but, rather, includes all material factors considered by the Integrity board of directors. In reaching its decision to approve the transaction, the Integrity board of directors did not quantify or assign relative weights to the factors considered, and individual directors may have given different weights to different factors. The Integrity board of directors evaluated the factors described above, including asking questions of Integrity management and legal and financial advisors, and determined that the transaction was in the best interests of Integrity. In reaching its determination, the Integrity board of directors relied on the experience of its financial advisors for quantitative analysis of the financial terms of the merger. See *Opinion of Integrity s Financial Advisor* below. It should be noted that this explanation of the reasoning of Integrity s board of directors and all other information in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Cautionary Statement Regarding Forward-Looking Statements on page 27.

Recommendation of Integrity s Board of Directors

Integrity s board of directors believes that the terms of the transaction are in the best interests of Integrity and has unanimously approved the merger agreement. **Accordingly, Integrity s board of directors unanimously recommends that Integrity shareholders vote FOR adoption of the merger agreement.**

Opinion of Sandler O Neill & Partners, L.P.

By letter dated August 13, 2014, Integrity retained Sandler O Neill, to act as financial advisor to Integrity s board of directors in connection with Integrity s consideration of a possible business combination involving Integrity and a second party. Sandler O Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O Neill acted as financial advisor to Integrity in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At the October 29, 2014, meeting at which Integrity s board of directors considered and approved the merger agreement, Sandler O Neill delivered to the board its written opinion that, as of such date, the merger consideration was fair to the holders of Integrity common stock from a financial point of view. Sandler O Neill s fairness opinion was approved by Sandler O Neill s Fairness Opinion Committee. **The full text of Sandler O Neill s opinion is attached as Annex B to this proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Holders of Integrity common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

Sandler O Neill s opinion speaks only as of the date of the opinion and was necessarily based on financial, economic, market and other conditions as they existed on, and the information made available to Sandler O Neill as of, that date. Events occurring or information available after that date could materially affect its opinion. Sandler O Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of its opinion. The opinion was directed to Integrity s board of directors and is directed only to the fairness of the merger consideration to the holders of Integrity common stock from a financial point of view. It does not address the underlying business decision of Integrity to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of Integrity s common stock as to how such stockholder should vote at the special meeting with respect to the merger, the form of consideration a stockholder should elect in the merger or any other matter. Sandler O Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by Integrity s officers, directors or employees, or class of such persons, relative to the per share consideration to be received by Integrity s shareholders.

In connection with rendering its opinion, Sandler O Neill reviewed and considered, among other things:

- the merger agreement;
- certain publicly available financial statements and other historical financial information of Integrity that they deemed relevant;
- certain publicly available financial statements and other historical financial information of S&T that they deemed relevant;
- internal financial estimates for Integrity for the fiscal years ending December 31, 2014, through December 31, 2018, as provided by senior management of Integrity;
- publicly available analyst earnings estimates for S&T for the years ending December 31, 2014, 2015 and 2016, and an estimated long-term growth rate for the years thereafter;
- the pro forma financial impact of the merger on S&T based on assumptions relating to transaction expenses, purchase accounting adjustments, cost savings and other synergies as determined by the senior management of S&T and discussed with Integrity s senior management;
- a comparison of certain financial and other information for Integrity and S&T with similar publicly available information for certain other publicly traded commercial banks;
- the financial terms and structures for certain other recent merger and acquisition transactions in the banking sector;
- the current market environment generally and the banking environment in particular; and
- such other information, financial studies, analyses and investigations and financial, economic and market criteria as they considered relevant.

Sandler O Neill also discussed with certain members of the senior management of Integrity the business, financial condition, results of operations and prospects of Integrity and held similar discussions with the senior management of S&T regarding the business, financial condition, results of operations and prospects of S&T.

In performing its reviews and analyses and in rendering its opinion, Sandler O Neill relied upon the accuracy and completeness of all of the financial and other information that was available to them from public sources, that was provided to them by Integrity and S&T or their respective representatives or that was otherwise reviewed by them and they assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O Neill further relied on the assurances of senior management of each Integrity and S&T that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading in any material respect. Sandler O Neill was not asked to, and did not, undertake an independent verification of any of such information and did not assume any responsibility or liability for the accuracy or completeness thereof.

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Sandler O Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of Integrity or S&T or any of their respective subsidiaries. Sandler O Neill did not review any individual credit files of Integrity or S&T or make an independent evaluation of the adequacy of the allowance for loan losses of Integrity or S&T, and assumed, with Integrity s consent, that the respective allowances for loan losses for both Integrity and S&T were adequate to cover any such losses.

In preparing its analyses, Sandler O Neill used earnings guidance from senior management of Integrity, which senior management of Integrity confirmed reflected the best judgments of management of the future financial performance of Integrity. With respect to S&T, Sandler O Neill used publicly available earnings estimates as discussed with the senior management of S&T. Sandler O Neill also received and used in its analyses certain projections of transaction costs, purchase accounting adjustments and expected cost savings which were prepared by and/or reviewed with senior management of S&T. With respect to these projections, Sandler O Neill assumed that they had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of such management, and Sandler O Neill assumed that such performance would be achieved. Sandler O Neill expressed no opinion as to such estimates or projections or the assumptions on which they were based. Sandler O Neill also assumed that there had been no material change in the respective assets, financial condition, results of operations, business or prospects of Integrity or S&T since the date of the most recent financial data made available to them as of the date of their opinion.

Sandler O Neill assumed in all respects material to its analysis that Integrity and S&T will remain as going concerns for all periods relevant to its analyses, that the parties to the merger agreement will comply with all material terms of the merger agreement, that all of the representations and warranties contained in the merger agreement are true and correct, that each party to the merger agreement will perform all of the covenants required to be performed by such party under the agreement and that the conditions precedent in the merger agreement will not be waived, that no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Integrity, S&T or the merger, and that the merger will be consummated in accordance with the terms of the merger agreement without any waiver, modification or amendment of any material term, condition or agreement thereof and in compliance with all applicable laws and other requirements. Finally, with Integrity s consent, Sandler O Neill relied upon the advice Integrity received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the other transactions contemplated by the merger agreement. Sandler O Neill expressed no opinion as to any such matters.

In rendering its opinion, Sandler O Neill performed a variety of financial analyses. The summary below is not a complete description of all the analyses underlying Sandler O Neill s opinion or the presentation made by Sandler O Neill to Integrity s board of directors, but is a summary of all material analyses performed and presented by Sandler O Neill. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Also, no company included in Sandler O Neill s comparative analyses described below is identical to Integrity or S&T and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Integrity and S&T and the companies to which they are being compared. In arriving at its opinion, Sandler O Neill did not attribute any particular weight to any analysis or factor that it considered. Rather, it made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinions; rather, Sandler O Neill made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole.

In performing its analyses, Sandler O Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Integrity, S&T and Sandler O Neill. The analyses performed by Sandler O Neill are not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to Integrity s board of directors at its October 29, 2014, meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O Neill s analyses do not necessarily reflect the value of Integrity s common stock or the prices at which Integrity s or S&T s common stock may be sold at any time. The analyses of Sandler O Neill and its opinion were among a number of factors taken into consideration by Integrity s board of directors in making its determination to approve the merger agreement and the analyses described below should not be viewed as determinative of the decision of Integrity s board of directors or management with respect to the fairness of the merger.

Summary of Proposal

Sandler O Neill reviewed the financial terms of the proposed transaction. As described in the merger agreement, Integrity shareholders will receive, subject to proration, in exchange for each share of Integrity stock either: (i) 2.0627 shares of S&T common stock or (ii) $52.50 in cash. Using S&T s October 28, 2014, closing stock price of $26.27, and based upon 2,924,356 common shares outstanding and options to purchase 63,053 Integrity shares with a weighted average strike price of $23.03 per share, Sandler O Neill calculated a per share consideration of $53.85 and aggregate consideration of approximately $159.3 million. Based upon financial information for Integrity as of the twelve months ended September 30, 2014, Sandler O Neill calculated the following transaction ratios:

Transaction Value / Book Value Per Share:	263%
Transaction Value / Tangible Book Value Per Share:	263%
Transaction Value / LTM Earnings Per Share:	16.8x
Tangible Book Premium to Core Deposits[1]:	15.3%
Market Premium:	99.4%

1 Excludes CDs greater than $100,000

Stock Trading History

Sandler O Neill reviewed the history of the publicly reported trading prices of S&T s common stock for the one-year and three-year periods ended October 24, 2014. Sandler O Neill then compared the relationship between the movements in the price of S&T s common stock to movements in certain stock indices. During the one-year and three-year periods, S&T s common stock underperformed the NASDAQ Bank Index and the S&P 500 Index.

S&T s One Year Stock Performance

	Beginning Index Value October 28, 2013	Ending Index Value October 28, 2014
S&T	100%	102.0%
S&P 500 Index	100%	112.7%
NASDAQ Bank Index	100%	104.0%

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S&T s Three Year Stock Performance

	Beginning Index Value October 28, 2011	Ending Index Value October 28, 2014
S&T	100%	134.5%
S&P 500 Index	100%	154.5%
NASDAQ Bank Index	100%	157.7%

Review of Analyst Recommendations and Estimates

Sandler O Neill reviewed publicly available research analyst estimates and recommendations to outline the current analyst views of S&T. The analysis compared published recommendations and earnings per share estimates for the years ending December 31, 2014, 2015 and 2016. As of October 29, 2014, six research analysts had published recommendations for S&T, composed of three neutral or hold recommendations and three outperform or buy recommendations. The table below sets forth the median of the estimates:

2014 earnings per share	$ 1.92
2015 earnings per share	$ 2.00
2016 earnings per share	$ 2.19

Comparable Company Analysis

Sandler O Neill used publicly available information to compare selected financial information for Integrity with a group of financial institutions selected by Sandler O Neill. The Integrity peer group consisted of publicly-traded commercial banks headquartered in the Mid-Atlantic region with assets between $500 million and $1.2 billion and a last-twelve-months return on average assets greater than 1.05% as of the date of the most recent information reported, excluding companies that were merger targets. The Integrity peer group consisted of the following companies:

1st Summit Bancorp of Johnstown, Inc.[1]	Honat Bancorp, Inc.[1]
Bank of Utica[1]	Marlin Business Services Corp.[1]
CCFNB Bancorp, Inc.[1]	Norwood Financial Corp.
Citizens Financial Services, Inc.	Orrstown Financial Services, Inc.
Fidelity D & D Bancorp, Inc.[1]	Parke Bancorp, Inc.
First National Community Bancorp, Inc.[1]	Somerset Trust Holding Company[1]

[1] Financial information based on GAAP or regulatory financial data as of or for the twelve months ended June 30, 2014.

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The analysis compared publicly available financial information for Integrity with the comparable data for the Integrity peer group as of or for the twelve months ended September 30, 2014 (unless otherwise noted above), with pricing data as of October 28, 2014. The table below sets forth the data for Integrity and the median and mean data for the Integrity peer group.

Integrity Comparable Company Analysis

	Integrity	Peer Group Median	Peer Group Mean
Total assets (in millions)	$ 860	$ 844	$ 827
Tangible common equity/Tangible assets	6.97%	10.34%	11.61%
Leverage ratio	7.21%	11.01%	11.88%
Total risk-based capital ratio	10.38%	17.66%	17.99%
LTM Return on average assets	1.30%	1.21%	1.35%
LTM Return on avg. tangible common equity	18.7%	12.4%	14.3%
Net interest margin	3.66%	3.84%	4.04%
Efficiency ratio	43.8%	55.3%	59.0%
Loan loss reserves/Gross loans	1.24%	1.72%	1.97%
Non-performing assets[1]/Total assets	0.84%[(2)]	0.93%	1.77%
Net charge-offs/Average loans	0.05%	0.15%	0.26%
Price/Tangible book value	132%	118%	129%
Price/Earnings per share	8.4x	10.5x	10.8x
Current dividend yield	0.0%	2.6%	2.3%
Market value (in millions)	$ 79	$ 99	$ 117

(1) Nonperforming assets include nonaccrual loans and leases, renegotiated loans and leases and real estate owned.

(2) Excludes renegotiated loans and leases; Integrity s ratio inclusive of renegotiated loans and leases would have been 1.54%.

Sandler O Neill used publicly available information to perform a similar analysis for S&T and a group of financial institutions as selected by Sandler O Neill. The S&T peer group consisted of publicly-traded commercial banks in the Mid-Atlantic region with assets between $3 billion and $8 billion, excluding companies that were merger targets. The S&T peer group consisted of the following companies:

Bancorp, Inc.[1]	Flushing Financial Corporation
Customers Bancorp, Inc.	Hudson Valley Holding Corp.
Community Bank System, Inc.	Lakeland Bancorp, Inc.
ConnectOne Bancorp, Inc.	NBT Bancorp Inc.
Eagle Bancorp, Inc.	Sandy Spring Bancorp, Inc.
Financial Institutions, Inc.	Sterling Bancorp
First Commonwealth Financial Corporation[1]	Tompkins Financial Corporation

1 Financial information based on GAAP or regulatory financial data as of or for the twelve months ended June 30, 2014.

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The analysis compared publicly available financial information for S&T with the comparable data for the S&T peer group as of or for the twelve months ended September 30, 2014 (unless otherwise noted), with pricing data as of October 28, 2014. The table below sets forth the data for S&T and the median and mean data for the S&T peer group.

S&T Comparable Company Analysis

	S&T	Peer Group Median	Peer Group Mean
Total assets (in millions)	$ 4,907	$ 4,604	$ 5,092
Tangible common equity/Tangible assets	9.09%	8.30%	8.30%
Leverage ratio	9.88%	9.07%	9.10%
Total risk-based capital ratio	14.29%	13.69%	13.91%
LTM Return on average assets	1.18%	0.93%	0.87%
LTM Return on average equity	9.49%	8.93%	8.32%
Net interest margin	3.52%	3.47%	3.45%
Efficiency ratio	58.8%	59.7%	59.9%
Loan loss reserves/Gross loans	1.24%	1.16%	1.13%
Non-performing assets [1]/Total assets	1.04%	0.83%	0.83%
Net charge-offs/Average loans	0.08%	0.10%	0.34%
Price/Tangible book value	183%	169%	173%
Price/Earnings per share	14.2x	15.3x	16.7x
Price/2014 Earnings per share [2]	13.8x	15.0x	16.7x
Price/2015 Earnings per share [2]	13.1x	13.8x	14.1x
Current dividend yield	2.6%	2.9%	2.2%
Market value (in millions)	$ 783	$ 597	$ 716

(1) Nonperforming assets include nonaccrual loans and leases, renegotiated loans and leases and real estate owned.
(2) Based on median analyst estimates.

Analysis of Selected Merger Transactions

Sandler O Neill reviewed two groups of comparable merger and acquisition transactions. The first group consisted of 13 transactions in the Mid-Atlantic region, announced between January 1, 2011 and October 28, 2014, involving commercial banks, with transaction values greater than $25 million and the selling institution having total assets greater than $500 million, and a non-performing assets/total assets ratio less than 5% (the Regional Precedent M&A Transactions). The second group consisted of 11 transactions announced between January 1, 2013 and October 29, 2014 involving commercial bank and thrift institutions as sellers, with announced deal values between $125 million and $200 million and the selling institution having total assets between $500 million and $1 billion (the Nationwide M&A Transactions).

The Regional Precedent M&A Transactions group was composed of the following transactions:

Bank of the Ozarks, Inc./ Intervest Bancshares Corporation

BankUnited, Inc./ Herald National Bank

Bryn Mawr Bank Corporation/ Continental Bank Holdings, Inc.

Center Bancorp, Inc./ ConnectOne Bancorp, Inc.

F.N.B. Corporation/ BCSB Bancorp, Inc.

Industrial and Commercial Bank / Bank of East Asia (USA), National Association

Investors Bancorp, Inc. (MHC)/ Marathon Banking Corporation

NBT Bancorp Inc./ Alliance Financial Corporation

Peoples Financial Services Corp./ Penseco Financial Services Corporation

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Provident New York Bancorp/ Sterling Bancorp

Susquehanna Bancshares, Inc./ Tower Bancorp, Inc.

Tompkins Financial Corporation/ VIST Financial Corp.

Valley National Bancorp/ State Bancorp, Inc.

The Nationwide M&A Transactions group was composed of the following transactions:

Columbia Banking System, Inc./ Intermountain Community Bancorp

Eagle Bancorp, Inc./ Virginia Heritage Bank

Eastern Bank Corporation/ Centrix Bank & Trust

HomeStreet, Inc./ Simplicity Bancorp, Inc.

IBERIABANK Corporation/ Teche Holding Company

Independent Bank Corp./ Peoples Federal Bancshares, Inc.

Independent Bank Group, Inc./ BOH Holdings, Inc.

National Penn Bancshares, Inc./ TF Financial Corporation

Old National Bancorp/ United Bancorp, Inc.

Peoples Financial Services Corp./ Penseco Financial Services Corporation

TriCo Bancshares/ North Valley Bancorp

Sandler O Neill reviewed the following multiples: transaction price to last-twelve-months earnings per share, transaction price to book value per share, transaction price to tangible book value per share, tangible book premium to core deposits, and 1-day market premium. Sandler O Neill compared the indicated transaction multiples to the median and mean multiples of the comparable transaction groups.

	Integrity / S&T	**Mean Regional Transactions**	**Median Regional Transactions**
Transaction value/LTM earnings per share	16.8x	27.1x	23.7x
Transaction value/Book value per share:	263%	139%	134%
Transaction value/Tangible book value per share:	263%	156%	151%
Core deposit premium[1]:	15.3%	9.0%	7.9%
1-Day market premium:	99.4%	29.1%	25.7%

1 Tangible book premium to core deposits calculated as (deal value tangible equity) / (core deposits)

	Integrity / S&T	**Mean Nationwide**	**Median Nationwide**

		Transactions	Transactions
Transaction value/LTM earnings per share	16.8x	18.6x	17.9x
Transaction value/Book value per share:	263%	168%	166%
Transaction value/Tangible book value per share:	263%	172%	173%
Core deposit premium[1]:	15.3%	12.6%	12.5%
1-Day market premium:	99.4%	32.1%	33.1%

[1] Tangible book premium to core deposits calculated as (deal value tangible equity) / (core deposits)

Net Present Value Analysis

Sandler O Neill performed an analysis that estimated the net present value per share of Integrity common stock assuming Integrity performed in accordance with earnings estimates reviewed with management of Integrity. The analysis also assumed that Integrity would not pay any dividends through 2018. To approximate the terminal value of Integrity common stock at December 31, 2018, Sandler O Neill applied price to earnings multiples ranging from 8.0x to 14.0x and multiples of tangible book value ranging from 140% to 180%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 15.0%

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chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Integrity s common stock. Using a 20-year normalized treasury yield of 4.00%, an equity risk premium of 5.00% and a size premium of 3.87%, Sandler O Neill calculated a 12.87% discount rate for Integrity. As illustrated in the following tables, the analysis indicates an imputed range of values per share of Integrity common stock of $27.31 to $60.83 when applying multiples of earnings to the applicable amounts indicated in the Integrity projections and $31.68 to $51.85 when applying multiples of tangible book value to the applicable amounts indicated in the Integrity projections.

Earnings Per Share Multiples

Discount Rate	8.0x	9.5x	11.0x	12.5x	14.0x
9.0%	$ 34.76	$ 41.28	$ 47.80	$ 54.31	$ 60.83
10.0%	$ 33.36	$ 39.62	$ 45.87	$ 52.13	$ 58.38
11.0%	$ 32.03	$ 38.03	$ 44.04	$ 50.05	$ 56.05
12.0%	$ 30.76	$ 36.53	$ 42.30	$ 48.07	$ 53.83
13.0%	$ 29.56	$ 35.10	$ 40.64	$ 46.18	$ 51.72
14.0%	$ 28.41	$ 33.73	$ 39.06	$ 44.39	$ 49.71
15.0%	$ 27.31	$ 32.43	$ 37.55	$ 42.68	$ 47.80

Tangible Book Value Multiples

Discount Rate	140%	150%	160%	170%	180%
9.0%	$ 40.32	$ 43.20	$ 46.09	$ 48.97	$ 51.85
10.0%	$ 38.70	$ 41.47	$ 44.23	$ 46.99	$ 49.76
11.0%	$ 37.16	$ 39.81	$ 42.46	$ 45.12	$ 47.77
12.0%	$ 35.69	$ 38.24	$ 40.78	$ 43.33	$ 45.88
13.0%	$ 34.29	$ 36.74	$ 39.19	$ 41.63	$ 44.08
14.0%	$ 32.95	$ 35.31	$ 37.66	$ 40.02	$ 42.37
15.0%	$ 31.68	$ 33.95	$ 36.21	$ 38.47	$ 40.74

Sandler O Neill also considered and discussed with the Integrity board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O Neill performed a similar analysis assuming Integrity s net income varied from 15% above projections to 15% below projections. This analysis resulted in the following range of per share values for Integrity common stock, using the same price to earnings multiples of 8.0x to 14.0x.

Earnings Per Share Multiples

Annual Budget Variance	8.0x	9.5x	11.0x	12.5x	14.0x
(15.0%)	$ 25.25	$ 29.99	$ 34.72	$ 39.46	$ 44.19
(10.0%)	$ 26.74	$ 31.75	$ 36.77	$ 41.78	$ 46.79
(5.0%)	$ 28.22	$ 33.52	$ 38.81	$ 44.10	$ 49.39
0.0%	$ 29.71	$ 35.28	$ 40.85	$ 46.42	$ 51.99
5.0%	$ 31.20	$ 37.04	$ 42.89	$ 48.74	$ 54.59
10.0%	$ 32.68	$ 38.81	$ 44.94	$ 51.06	$ 57.19
15.0%	$ 34.17	$ 40.57	$ 46.98	$ 53.38	$ 59.79

Sandler O Neill also performed an analysis that estimated the net present value per share of S&T common stock assuming that S&T performed in accordance with publicly available analyst earnings estimates for the years ending December 31, 2014, 2015, and 2016 and thereafter grew at an annual rate of 8%. To approximate the terminal value of S&T common stock at December 31, 2018, Sandler O Neill applied price to earnings multiples ranging from 12.0x to 16.0x and multiples of tangible book value ranging from 130% to 210%. The

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terminal values were then discounted to present values using different discount rates ranging from 7.0% to 13.0% chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of S&T s common stock. As illustrated in the following tables, the analysis indicates an imputed range of values per share of S&T common stock of $19.80 to $32.47 when applying earnings multiples to the applicable amounts indicated in the S&T projections and $17.98 to $35.01 when applying multiples of tangible book value to the applicable amounts indicated in the S&T projections.

Earnings Per Share Multiples

Discount Rate	12.0x	13.0x	14.0x	15.0x	16.0x
7.0%	$ 25.02	$ 26.88	$ 28.74	$ 30.60	$ 32.47
8.0%	$ 24.04	$ 25.82	$ 27.61	$ 29.39	$ 31.18
9.0%	$ 23.11	$ 24.82	$ 26.53	$ 28.24	$ 29.96
10.0%	$ 22.22	$ 23.86	$ 25.50	$ 27.15	$ 28.79
11.0%	$ 21.37	$ 22.95	$ 24.53	$ 26.11	$ 27.68
12.0%	$ 20.57	$ 22.08	$ 23.60	$ 25.11	$ 26.63
13.0%	$ 19.80	$ 21.25	$ 22.71	$ 24.17	$ 25.62

Tangible Book Value Multiples

Discount Rate	130%	150%	170%	190%	210%
7.0%	$ 22.70	$ 25.78	$ 28.86	$ 31.93	$ 35.01
8.0%	$ 21.81	$ 24.76	$ 27.72	$ 30.67	$ 33.62
9.0%	$ 20.97	$ 23.80	$ 26.63	$ 29.47	$ 32.30
10.0%	$ 20.17	$ 22.88	$ 25.60	$ 28.32	$ 31.04
11.0%	$ 19.40	$ 22.01	$ 24.62	$ 27.23	$ 29.84
12.0%	$ 18.67	$ 21.18	$ 23.69	$ 26.20	$ 28.70
13.0%	$ 17.98	$ 20.39	$ 22.80	$ 25.21	$ 27.62

Sandler O Neill also considered and discussed with the Integrity board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O Neill performed a similar analysis assuming S&T s net income varied from 15% above projections to 15% below projections. This analysis resulted in the following range of per share values for S&T common stock, using the same price to earnings multiples of 12.0x to 16.0x and a discount rate of 10.10%, based on a 4.00% 20-year normalized treasury yield, a two-year beta of S&T s common stock of 122.00%, and an equity risk premium of 5.00%

Earnings Per Share Multiples

Annual Budget Variance	12.0x	13.0x	14.0x	15.0x	16.0x
(15.0%)	19.26	20.66	22.05	23.45	24.85
(10.0%)	20.24	21.72	23.20	24.68	26.16
(5.0%)	21.23	22.79	24.35	25.91	27.48
0.0%	22.22	23.86	25.50	27.15	28.79
5.0%	23.20	24.93	26.65	28.38	30.11
10.0%	24.19	26.00	27.81	29.61	31.42
15.0%	25.18	27.07	28.96	30.85	32.74

In connection with its analyses, Sandler O Neill considered and discussed with the Integrity board of directors how the present value analyses would be affected by changes in the underlying assumptions. Sandler O Neill noted that the net present value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

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Pro Forma Merger Analysis

Sandler O Neill analyzed certain potential pro forma effects of the merger, based on the following: (i) the merger closes in the first calendar quarter of 2015; (ii) 80% of the outstanding shares of Integrity common stock are converted into S&T s common stock at the exchange ratio of 2.0627 and 20% of the outstanding shares of Integrity common stock are converted into cash at $52.50 per share; (iii) all outstanding Integrity options are cashed out by S&T at closing; and (iv) S&T s stock price is $26.27. Sandler O Neill also incorporated the following assumptions in consultation with S&T s financial advisor: (a) purchase accounting adjustments of a credit mark on loans equal to $9.5 million, an interest rate mark on loans equal to positive $1.5 million and an interest rate mark on deposits equal to negative $1.5 million; (b) cost savings equal to approximately 20% of Integrity s projected non-interest expense, which would be 75% realized in 2015; (c) pre-tax transaction costs and expenses of approximately $9.7 million; and (d) a pre-tax opportunity cost of cash of 1.50%. The analysis indicated that the merger would be accretive to S&T s earnings per share (excluding transaction expenses in 2015) and dilutive tangible book value per share in each of the four years ending December 31, 2018.

In connection with this analyses, Sandler O Neill considered and discussed with the Integrity board of directors how the analysis would be affected by changes in the underlying assumptions, including the impact of final purchase accounting adjustments determined at the closing of the transaction, and noted that the actual results achieved by the combined company may vary from projected results and the variations may be material.

Sandler O Neill s Relationship

Sandler O Neill acted as the financial advisor to Integrity s board of directors in connection with the merger and will receive a transaction fee in connection with the merger, contingent on the closing of the merger. The fee is based on the total transaction value of the consideration received. Sandler O Neill s fee is equal to 1.05% of that value at the time of closing. Sandler O Neill has also received a fee of $150,000 in connection with the delivery of its fairness opinion, which will be credited in full against the transaction fee that becomes due and payable upon the closing of the merger. Integrity has also agreed to reimburse Sandler O Neill for its reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O Neill and its affiliates and their respective partners, directors, officers, employees and agents against certain expenses and liabilities, including liabilities under applicable federal or state law.

In the past, Sandler O Neill has provided certain other investment banking services for Integrity and has received compensation of approximately $16,000 for such services. In the ordinary course of our business as a broker-dealer, we may also purchase securities from and sell securities to Integrity and S&T and their affiliates. We may also actively trade the securities of Integrity and S&T for our own account and for the accounts of our customers and, accordingly, may at any time hold a long or short position in such securities.

S&T s Reasons for the Merger

S&T has an ongoing growth strategy within the western Pennsylvania market area and other close market areas, including south central Pennsylvania, through new branches, LPO s and acquisitions of other strong financial institutions.

S&T entered into the merger agreement with Integrity to further implement this strategy, and to improve future earnings. Integrity is a commercial bank with a culture focused on strong asset quality, customer service and earnings, making it similar to S&T s business model. S&T expects that the merger will further its strategic expansion into south central Pennsylvania markets that it does not currently serve and will provide new opportunities for S&T to expand its community bank franchise following the merger.

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Board of Directors and Management of S&T Following Completion of the Merger

Following the merger, the current members of the board of directors of S&T will continue to serve and James T. Gibson, currently Chairman, President and Chief Executive Officer of Integrity, and one additional member of the Integrity board of directors, will be appointed to the board of directors of S&T. William K. Poole and Thomas John Sposito, II, current Executive Vice Presidents of Integrity Bank, will be appointed to the executive management team of S&T Bank as Executive Vice President and Senior Executive Vice President, respectively.

Public Trading Markets

S&T common stock trades on the NASDAQ Global Select Market under the symbol STBA. The S&T common stock issued in the merger will continue to be listed on the NASDAQ Global Select Market, and upon the effectiveness of the registration statement, of which this proxy statement/prospectus forms a part, the shares will be freely transferable under the Securities Act of 1933, as amended, or the Securities Act.

Integrity Shareholders Have Dissenters Rights in the Merger

General

If you are an Integrity shareholder, under Pennsylvania law you have the right to dissent from the merger agreement and obtain the fair value of your Integrity shares in cash as determined by an appraisal process in accordance with the procedures under Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988. Following is a summary of the rights of dissenting shareholders. The summary is qualified in its entirety by reference to *Annex C* which sets forth the applicable dissenters rights provisions of Pennsylvania law. If you are considering exercising your dissenters rights, you should read carefully the summary below and the full text of the law set forth in *Annex C*.

In the discussion of dissenters rights, the term fair value means the value of a share of Integrity common stock immediately before the day of the effective date of the merger, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the merger.

Before the effective date of the merger, send any written notice or demand required in order to exercise your dissenters rights to Integrity Bancshares, Inc., 3314 Market Street, Suite 301, Camp Hill, PA 17011 (Attn: Laurel L. Leitzel, Executive Vice President, Chief Financial Officer and Secretary). After the effective date of the merger, send any correspondence to S&T Bancorp, Inc., 800 Philadelphia Street, Indiana, PA 15701-3921 (Attn: Ernest J. Draganza, Senior Executive Vice President, Chief Risk Officer and Secretary).

Notice of Intention to Dissent

If you wish to dissent from the merger, you must do the following:

- prior to the vote on the merger agreement by Integrity shareholders at the Integrity special meeting, file a written notice of your intention to demand payment of the fair value of your shares of Integrity common stock if the merger with S&T is completed;

- make no change in your beneficial ownership of Integrity common stock from the date you give notice of your intention to demand fair value of your shares of Integrity common stock through the day of the merger; and

- not vote your Integrity common stock to adopt the merger agreement at the special meeting.

Simply providing a proxy against or voting against the proposed merger at the special meeting of shareholders will not constitute notice of your intention to dissent. Further, if you submit a proxy but do not indicate how you wish to vote, you will be deemed to have voted in favor of the merger and your right to dissent will be lost.

Notice to Demand Payment

If the merger is adopted by the required vote of Integrity shareholders, Integrity or S&T will mail a notice to all those dissenting shareholders who gave due notice of their intention to demand payment of the fair value of their shares and who did not vote to adopt the merger agreement. The notice will state where and when dissenting Integrity shareholders must deliver a written demand for payment and where such dissenting shareholder must deposit certificates for Integrity common stock in order to obtain payment. The notice will include a form for demanding payment and a copy of the relevant provisions of Pennsylvania law. The time set for receipt of the demand for payment and deposit of stock certificates will be not less than 30 days from the date of mailing of the notice.

Failure to Comply with Required Steps to Dissent

You must take each step in the indicated order and in strict compliance with Pennsylvania law in order to maintain your dissenters rights. If you fail to follow these steps, you will lose the right to dissent and you will receive the same merger consideration as those Integrity shareholders who do not dissent.

Payment of Fair Value of Shares

Promptly after the effective date of the merger, or upon timely receipt of demand for payment if the closing of the merger has already taken place, S&T will send each dissenting shareholder who has deposited his, her or its stock certificates, the amount that S&T estimates to be the fair value of the Integrity common stock held by such dissenting shareholder. The remittance or notice will be accompanied by:

- a closing balance sheet and statement of income of Integrity for the fiscal year ending not more than 16 months before the date of remittance or notice, together with the latest available interim financial statements;
- a statement of S&T s estimate of the fair value of Integrity common stock; and
- a notice of the right of the dissenting shareholder to demand supplemental payment, accompanied by a copy of the relevant provisions of Pennsylvania law.

Estimate by Dissenting Shareholder of Fair Value of Shares

If a dissenting shareholder believes that the amount stated or remitted by S&T is less than the fair value of the Integrity common stock, the dissenting shareholder must send its estimate of the fair value (deemed a demand for the deficiency) of the Integrity common stock to S&T within 30 days after S&T mails its remittance. If the dissenting shareholder does not file its estimated fair value within 30 days after the mailing by S&T of its remittance, the dissenting shareholder will be entitled to no more than the amount remitted by S&T.

Valuation Proceedings

If any demands for payment remain unsettled within 60 days after the latest to occur of:

- the effective date of the merger;
- timely receipt by Integrity or S&T, as the case may be, of any demands for payment; or
- timely receipt by Integrity or S&T, as the case may be, of any estimates by dissenters of the fair value,

then, S&T may file an application, in the Court of Common Pleas of Cumberland County, Pennsylvania, requesting that the court determine the fair value of the Integrity common stock. If this happens, all dissenting shareholders whose demands have not been settled, no matter where they reside, will become parties to the proceeding. In addition, a copy of the application will be delivered to each dissenting shareholder.

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If S&T were to fail to file the application, then any dissenting shareholder, on behalf of all dissenting shareholders who have made a demand and who have not settled their claim against S&T, may file an application in the name of S&T at any time within the 30-day period after the expiration of the 60-day period and request that the Cumberland County Court of Common Pleas determine the fair value of the shares. The fair value determined by the Cumberland County Court of Common Pleas may, but need not, equal the dissenting shareholders estimates of fair value. If no dissenter files an application, then each dissenting shareholder entitled to do so shall be paid no more than S&T s estimate of the fair value of the Integrity common stock, and may bring an action to recover any amount not previously remitted, plus interest at a rate the Cumberland County Court of Common Pleas finds fair and equitable.

S&T intends to negotiate in good faith with any dissenting shareholder. If, after negotiation, a claim cannot be settled, then S&T will file an application requesting that the fair value of the Integrity common stock be determined by the Cumberland County Court of Common Pleas.

Cost and Expenses

The costs and expenses of any valuation proceedings performed by the Cumberland County Court of Common Pleas, including the reasonable compensation and expenses of any appraiser appointed by such court to recommend a decision on the issue of fair value, will be determined by such court and assessed against S&T, except that any part of the costs and expenses may be apportioned and assessed by such court against any or all of the dissenting shareholders who are parties and whose action in demanding supplemental payment is dilatory, obdurate, arbitrary, vexatious or in bad faith, in the opinion of such court.

Integrity shareholders wishing to exercise their dissenters rights should consult their own counsel to ensure that they fully and properly comply with applicable requirements.

Regulatory Approvals Required for the Merger

The merger and the bank merger are subject to certain regulatory approvals as set forth below.

The merger is subject to the approval of the Federal Reserve under the Bank Holding Company Act. The merger of Integrity Bank into S&T Bank, or the bank merger, is subject to the approval of the Federal Deposit Insurance Corporation, or the FDIC, under the Bank Merger Act. In addition, both the merger and the bank merger are subject to the approval of the Pennsylvania Department of Banking and Securities under the Pennsylvania Banking Code.

In reviewing S&T s application under the Bank Holding Company Act, the Federal Reserve must consider, among other factors, the competitive effect of the merger, the managerial and financial resources and future prospects of S&T, the effect of the merger on the convenience and needs of the communities to be served, including the records of performance of the subsidiary banks of the merging companies in meeting the credit needs of the communities under the Community Reinvestment Act, the effectiveness of S&T in combating money laundering activities, and the extent to which the merger would result in greater or more concentrated risks to the stability of the United States banking or financial system. Applicable regulations require publication of notice of the application and an opportunity for the public to comment on the application in writing and to request a hearing.

In reviewing S&T Bank s application under the Bank Merger Act, the FDIC must consider, among other factors, the competitive effect of the bank merger, the managerial and financial resources and future prospects of S&T Bank, the effect of the bank merger on the convenience and needs of the communities to be served, including the records of performance of the merging banks in meeting the credit needs of the communities under the Community Reinvestment Act, the effectiveness of S&T Bank in combating money laundering activities, and the risk that would be posed by the bank merger to the stability of the United States banking or financial system. Applicable regulations require publication of notice of the application and an opportunity for the public to comment on the application in writing.

The merger and the bank merger are also subject to the approval of the Pennsylvania Department of Banking and Securities under the Pennsylvania Banking Code. The Pennsylvania Banking Code authorizes the acquisition of a bank holding company by another bank holding company. It also authorizes the merger of a Pennsylvania-chartered bank, such as Integrity Bank, into another Pennsylvania-chartered bank, such as S&T Bank. In reviewing an application for approval of a bank merger, the Pennsylvania Department of Banking and Securities will consider, among other things, whether the plan of merger adequately protects the interests of the depositors, other creditors and shareholders, and whether the bank merger would be consistent with adequate and sound banking practices and in the public interest on the basis of the financial history and condition of the banks involved, their future prospects, the character of their management, the potential effect of the bank merger on competition, and the convenience and needs of the areas primarily to be served by the resulting institution. Public comments submitted timely in writing will also be considered

S&T has filed or will file the required applications. The merger will not proceed in the absence of regulatory approvals. Although S&T does not know of any reason why it would not obtain regulatory approvals in a timely manner, S&T cannot be certain when such approvals will be obtained or if they will be obtained.

The parties are not aware of any other governmental approvals or actions that may be required to consummate the merger. If any other approval or action is required, it is contemplated that such approval or action would be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Integrity s Directors and Executive Officers Have Financial Interests in the Merger

In considering the recommendation of the Integrity board of directors that you vote to adopt the merger agreement and plan, you should be aware that Integrity s directors and executive officers may have financial interests in the merger that are different from, or in addition to, the interests of the Integrity shareholders generally. Integrity s board of directors was aware of and considered these interests, among other matters, in approving and adopting the merger agreement.

As described in more detail below, these interests include certain payments and benefits that may be provided to Integrity s executive officers upon completion of the merger, including accelerated vesting of stock options, enhanced cash severance and continued health and welfare benefits. Additionally, for the non-employee directors, these interests include the accelerated vesting of stock options.

Board Positions and Compensation

S&T has agreed in the merger agreement that upon completion of the merger James T. Gibson, current Chairman, President and Chief Executive Officer of Integrity, and one additional member of Integrity s board of directors to be designated prior to the closing of the merger, will be appointed to serve on the board of directors of S&T. Additionally, such individuals will become directors of S&T Bank on the effective date of the merger. Each appointee to the S&T and S&T Bank board of directors will be compensated in accordance with the policies of S&T, which are described on page 146 under the heading Compensation Discussion and Analysis.

S&T has also agreed to establish a south central Pennsylvania regional advisory board, and will consult with the members of Integrity s board of directors regarding the composition of such board.

Share Ownership

As of January 7, 2015, the record date for the special meeting of Integrity shareholders, the directors and executive officers of Integrity may be deemed to be the beneficial owners of 1,161,575 shares, representing 39.02% of the outstanding shares of Integrity common stock. See *Security Ownership of Certain Beneficial Holders of Integrity* beginning on page 200.

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Treatment of Integrity Stock Options

Pursuant to the terms of the merger agreement, each outstanding option to purchase shares of Integrity common stock, whether or not vested, will be cancelled and the option holder will receive from S&T in exchange an amount equal to the product of (i) the number of shares covered by the option and (ii) the difference between $52.50 and the exercise price of the option.

The following table reflects the number of options held by each director and executive officer of Integrity and the payment that each will receive in exchange for the cancellation of their options (before deduction of any applicable withholding taxes), assuming the individuals do not exercise any options prior to the merger closing.

Name and Position	Number of Shares	Total Cash Payment for Options
James T. Gibson Chairman, President and Chief Executive Officer		
Michael C. Manning Vice Chairman of the Board	2,362	$ 63,278
Jean Ann Capello Director	1,312	$ 35,148
Ronald J. Drnevich Director	1,312	$ 35,148
Jerry Hostetter Director	1,312	$ 35,148
James David Novinger Director	1,312	$ 35,148
Anthony J. Schiano Director	1,312	$ 35,148
Larry L. Sollenberger, MD Director	1,312	$ 35,148
Steven J. Weingarten Director		
Laurel L. Leitzel Treasurer, Secretary, Executive Vice President & Chief Financial Officer		
Thomas J. Sposito, II Executive Vice President & Chief Operating Officer	9,711	$ 276,859
William K. Poole Executive Vice President	2,100	$ 56,259
E. Dennis Ginder Senior Vice President & Chief Credit Officer	3,150	$ 84,389
Jordan D. Space Senior Vice President & Chief Lending Officer	4,338	$ 122,798
Joseph C. Lieb Senior Vice President & Chief Technology Officer	3,202	$ 89,121

Employment and Supplemental Executive Retirement Plan Agreements

Integrity is party to employment agreements with James T. Gibson, Laurel L. Leitzel, and Thomas J. Sposito, II, and a letter agreement with William K. Poole, each of whom are executive officers of Integrity. Integrity is also a party to a supplemental executive retirement plan agreement with Mr. Gibson. Pursuant to the merger agreement, Integrity has entered into new employment agreements with Messrs. Poole and Sposito, as well as E. Dennis Ginder and Jordan D. Space, who are also executive officers of Integrity. In connection with the merger, Integrity and Mr. Gibson have amended Mr. Gibson s existing employment and supplemental executive retirement plan agreements.

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Pursuant to the merger agreement, S&T has agreed to permit Integrity to terminate, immediately prior to the closing of the merger, the severance benefit provisions of the existing employment agreements with Messrs. Gibson and Sposito and Mrs. Leitzel, as well as the supplemental retirement plan agreement with Mr. Gibson, and pay out certain cash benefits under such agreements.

The following describes the material terms of such agreements.

Existing Employment and Supplemental Retirement Plan Agreements

Integrity is a party to employment agreements with James T. Gibson, Chairman, President and Chief Executive Officer, Laurel L. Leitzel, Chief Financial Officer, and Thomas J. Sposito, II, Executive Vice President and Chief Operating Officer, which provide for certain benefits in connection with the merger.

Amended Employment and Supplemental Retirement Plan Agreements with James T. Gibson

In connection with the execution of the merger agreement, Integrity and Mr. Gibson agreed to amend Mr. Gibson s existing employment and supplemental executive retirement plan agreements as described below.

Pursuant to Mr. Gibson s employment agreement, as amended, upon termination of Mr. Gibson s employment following a change of control (the merger will constitute a change of control) by Mr. Gibson for any reason during the one-year period following the change in control, Mr. Gibson will be entitled to a lump sum payment equal to $1,674,400, payable within thirty days of termination, the continuation of certain employee benefits for twenty-four months, and certain outplacement and career counseling services.

Pursuant to Mr. Gibson s supplemental executive retirement plan agreement, as amended, upon a separation from service prior to normal retirement age following a change in control (the merger will constitute a change of control), Mr. Gibson will be entitled to an annual benefit, payable in equal monthly installments commencing the month following the separation from service and continuing for ten years, that has an aggregate lump-sum present value equal to $1,000,000.

This amendment agreement between Mr. Gibson and Integrity Bank further provides for a cash payment of $10,000 within five days of the signing of the new agreement, for services rendered in 2014. The amendment provides for this bonus to be taken into account in determining the amount of any annual bonus that may be paid to Mr. Gibson for 2014.

The amended employment agreement also includes non-compete and non-solicitation provisions, which are applicable for three years following Mr. Gibson s termination of employment. The non-compete provision applies to all areas within 50 miles of any office of Integrity Bank and its subsidiaries, and extends to any banking, financial services or trust related business. In addition, Mr. Gibson will be prohibited from soliciting employees and customers of Integrity Bank and its affiliates for the same time period.

S&T has agreed to permit Integrity to terminate the severance benefit provisions under Mr. Gibson s employment agreement and his supplemental executive retirement agreement effective as of immediately prior to the closing of the merger. In such event, Mr. Gibson will be entitled to a lump sum payment of $1,781,150 and the transfer of the title to a company automobile to Mr. Gibson, each within fifteen days of closing of the merger, in satisfaction of his severance benefit rights under his employment agreement, and a lump sum payment of $1,000,000 within five business days prior to the first anniversary of the closing of the merger in full satisfaction and termination of all of his benefit rights under his supplemental executive retirement plan agreement. Such benefits are payable in lieu of any other benefits payable under the employment and supplemental executive retirement plan agreements; however, the non-compete and non-solicitation provisions of such agreements described above will remain in effect for three years.

Employment Agreement with Laurel L. Leitzel

Pursuant to the terms of her existing employment agreement, upon termination of Mrs. Leitzel s employment by Integrity Bank for any reason other than cause or by Mrs. Leitzel for good reason, which includes the lessening of Mrs. Leitzel s job responsibilities, Mrs. Leitzel will be entitled to a lump sum payment equal to the product of the higher of one or a fraction (the numerator of which is the number of full calendar months remaining in the current term of her agreement and the denominator of which is 36) times the sum of her highest annual base salary during the immediately preceding three calendar years and the highest annual incentive award earned by her during the three calendar years immediately preceding the year of termination, and the continuation of certain employee benefits for twenty-four months. If Mrs. Leitzel terminates her employment for good reason within two years of a change of control, or terminates employment for any reason within the 30-day period following one year after a change of control, Mrs. Leitzel will be entitled to a lump sum payment equal to two and one-half times the sum of her highest annual base salary during the immediately preceding three calendar years and the highest annual incentive award earned by her during the three calendar years immediately preceding the year of termination, the continuation of certain employee benefits for twenty-four months, and outplacement and career counseling services. In addition, any restricted stock, stock option, and/or performance share awards or grants held by Mrs. Leitzel will become fully vested and she will have six months from the date of termination to exercise stock options.

S&T has agreed to permit Integrity to terminate such severance benefit provisions under Mrs. Leitzel s employment agreement effective immediately prior to the closing of the merger. In such event, Mrs. Leitzel will be entitled to a lump sum payment of $580,500 within fifteen days of closing of the merger in full satisfaction and termination of all of her severance rights under her employment agreement.

Employment Agreement with Thomas J. Sposito, II

Pursuant to the terms of his existing employment agreement, upon termination of Mr. Sposito s employment by Integrity Bank for any reason other than cause or by Mr. Sposito for good reason, which includes the lessening of Mr. Sposito s job responsibilities, Mr. Sposito will be entitled to a lump sum payment equal to two times the sum of his annual base salary during the calendar year immediately preceding his termination and the annual incentive award earned by him during the calendar year immediately preceding the year of termination, and the continuation of certain employee benefits for twenty-four months. If Mr. Sposito terminates his employment for good reason within one year of a change of control, or terminates employment for any reason within the 30-day period following one year after a change of control, in addition to the lump sum and employee benefits, Mr. Sposito will also receive outplacement and career counseling services, and any restricted stock, stock option, and/or performance share awards or grants held by Mr. Sposito will become fully vested and he will have six months from the date of termination to exercise stock options.

Mr. Sposito has entered into a new employment agreement with Integrity that, except as described below, is effective as of the effective time of the merger. S&T has agreed to permit Integrity to terminate the severance benefit provisions under his existing employment agreement effective immediately prior to the closing of the merger. In such event, Mr. Sposito will be entitled to a lump sum payment of $650,500 within fifteen days of closing of the merger in full satisfaction and termination of all of his severance rights under his employment agreement. Following consummation of the merger, Mr. Sposito will be entitled to the benefits set forth under his new employment agreement, described below.

New Employment Agreements

The new employment agreements with Messrs. Ginder, Poole, Space and Sposito will become effective as of the effective time of the merger. If the merger is not consummated, the new employment agreements will, with the exception of the 2014 Bonuses described below, become void and the aforementioned executives will continue to be subject to their prior agreements, if any.

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New Employment Agreement with E. Dennis Ginder, William K. Poole, Jordan D. Space and Thomas J. Sposito, II

Pursuant to the new employment agreements, Messrs. Ginder, Poole, Space and Sposito are to be employed in the position of Senior Vice President, Executive Vice President, Senior Vice President and Senior Executive Vice President, respectively, for a term of thirty (30) months after the closing date of the merger.

The agreements each provide for a cash payment of $10,000 within five (5) days of the signing of the new agreement for services rendered in 2014 (the 2014 Bonus), $15,000 within thirty (30) days of the effective time of the merger (the Effective Time Bonus), and a retention bonus equal to the executive s then current base salary less the $15,000 effective time bonus if the executive remains in the continuous employ of S&T Bank for thirty (30) months following the merger (the Retention Payment), unless a change in control of S&T occurs, in which case the Retention Payment is not reduced by the Effective Time Bonus. The initial annual base salary for Messrs. Ginder, Poole, Space and Sposito under their employment agreements is $175,000, $150,000, $165,000 and $300,000, respectively. Mr. Sposito s agreement also entitles him to a lump sum payment of $650,000, and certain continued welfare benefits, upon termination of Mr. Sposito s service period under his new agreement for any reason. He is not entitled to this benefit, however, if he has previously received the $650,500 payment and/or benefits upon a termination of his severance benefit rights under his original employment agreement, as described above, or if it would result in a duplication of such payments or benefits. Integrity is also party to a separate a letter agreement, dated April 18, 2013, with Mr. Poole, which entitles him to a lump sum payment of $250,000, payable upon completion of the merger. The 2014 Bonus for Mr. Gibson, as explained above, will be taken into account in determining the amount of any annual bonus that may be paid to Mr. Gibson for 2014.

Each executive will also be entitled to other benefits offered to executives of S&T Bank, including participation in incentive compensation plans, life insurance and disability benefits, health benefits, the use of a company-owned automobile, a country club membership and other benefits generally available to employees of S&T Bank.

The agreements provide for certain payments in the event that the executive s employment is terminated by S&T Bank other than for cause or by the executive for good reason , each as defined in the agreement, prior to the end of the initial thirty (30) month term. In such an event, the executive is entitled to receive any unpaid portion of his base salary through the date of termination, any accrued and vested benefits to which the executive is otherwise entitled, the continuation of his base salary through the end of the initial term of the agreement payable in accordance with normal payroll practices, and, if the termination occurs before the end of the initial term and before a change in control of the bank, a cash payment equal to the Retention Payment that would have been made had the executive remained employed by the bank through the end of the initial term.

The new employment agreements also include non-compete and non-solicitation provisions, which are applicable until the earlier of the expiration of the initial term of the agreement and the date of a change in control. The non-compete provision applies to any county within Pennsylvania in which the holding company or bank (or any of their affiliates) conducts operations during the term of his employment, and applies to any business in which S&T or any of its affiliates engages at the time the executive is terminated. In addition, the executive will be prohibited from soliciting employees and customers of S&T and its affiliates for the same time period.

Summary of Cash Compensation to Executive Officers of Integrity in Connection with the Merger

Each of Integrity s executive officers is eligible to receive compensation that is based on or otherwise relates to the merger with S&T, which is summarized in the table below. Messrs. Gibson and Sposito and Mrs. Leitzel will be entitled to receive compensation under their existing agreements with Integrity, described above under *Existing Employment and Supplement Executive Retirement Plan Agreements* and Messrs. Ginder, Poole, Space and Sposito will be entitled to receive compensation under their new employment agreements with Integrity, described above under *New Employment Agreements* .

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In addition to the amounts payable under their employment agreements, and with respect to Mr. Gibson, supplemental executive retirement plan, and, with respect to Mr. Poole, his letter agreement, each of the executive officers who hold outstanding Integrity stock options will be entitled to accelerated vesting of such stock options and the payment of cash therefore. Executive officers who hold outstanding, exercisable Integrity stock options may elect to exercise such options prior to closing, in which event such individuals may receive stock, cash or a mix of stock and cash for such shares in accordance with the merger agreement. Therefore, the amounts received with respect to such shares will likely differ from the amounts reflected in the Equity column of the table below. For more information, please see the sections entitled *Treatment of Integrity Stock Options* above.

The following table summarizes the compensation that each executive officer of Integrity would receive that is based on or otherwise relates to the merger, assuming the following:

the merger closed on December 14, 2014, the latest practicable date prior to the filing of this proxy statement/prospectus;

the employment agreements of Messrs. Gibson and Sposito and Mrs. Leitzel, and the supplemental executive retirement plan agreement of Mr. Gibson, are terminated by Integrity immediately prior to the closing of the merger, and the employment of Messrs. Ginder, Poole, Space and Sposito does not terminate and there is no change in control of S&T prior to thirty (30) months following the effective date of the merger; and

the individuals do not exercise any options prior to the merger closing.

Executive Name	Cash (1)	Equity (2)	Pension/ NQDC (3)	Other (4)	Total
James T. Gibson	$ 1,781,150		$ 1,000,000	$ 10,000	$ 2,791,150
Dennis Ginder		$ 84,389		$ 170,000	$ 254,389
Laurel L. Leitzel	$ 580,500				$ 580,500
William K. Poole		$ 56,259		$ 395,000	$ 451,259
Jordan D. Space		$ 122,797		$ 160,000	$ 282,797
Thomas J. Sposito	$ 650,500	$ 276,859		$ 295,000	$ 1,222,359
Joseph C. Lieb	$ 105,000	$ 89,121			$ 194,121

(1) For all individuals except Mr. Lieb, the amounts in this column represent cash payments owing under existing employment agreements upon termination of the executive s employment agreement immediately prior to the merger closing, and are payable in a lump sum within fifteen days after the closing date. With respect to Mr. Lieb, such amount represents the amount payable in the event his employment is terminated by S&T within six months following the closing date.

(2) The amounts in this column represent the payment that each will receive in exchange for the cancellation of their options (before deduction of any applicable withholding taxes), assuming the individuals do not exercise any options prior to the merger closing.

(3) The amounts in this column represent cash payments owing under an existing supplemental retirement plan agreement upon termination of such agreement immediately prior to the merger closing that is payable within five days of the first anniversary of the closing.

(4) The amounts in this column represent: (i) with respect to all executives except Mrs. Leitzel, the $10,000 2014 Bonus; (ii) with respect to Messrs. Ginder, Poole, Space and Sposito, the $15,000 Effective Time Bonus; (iii) with respect to Messrs. Ginder, Poole, Space and Sposito, the Retention Payment; and (iv) with respect to Mr. Poole, a cash payment of $250,000 payable upon completion of the merger payable pursuant to his letter agreement with Integrity. The 2014 Bonus has been paid in a lump sum; the Effective Time Bonus is payable in a lump sum within thirty days following the effective time of the merger; and the Retention Payments are payable in a lump sum if the executive remains in the continuous employ of S&T Bank for thirty (30) months following the merger. Please refer to *Existing Employment and Supplement Executive Retirement Plan Agreements* and *New Employment Agreements* beginning at page 53 and 54, respectively, for additional information regarding the existing and new employment and supplemental executive retirement plan agreements.

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Indemnification and Insurance

The merger agreement requires S&T to maintain in effect for six years after completion of the merger the current indemnification rights and limitations on liability in favor of the directors, officers and employees of Integrity and its subsidiaries under their respective articles of incorporation, by-laws or similar governing documents. The merger agreement also provides that, upon completion of the merger, S&T will indemnify and hold harmless, and provide advancement of expenses to, all past and present officers and directors of Integrity and its subsidiaries in their capacities as such against all losses, claims, damages, costs, expenses, liabilities, judgments or amounts paid in settlement to the fullest extent permitted by applicable laws.

The merger agreement provides that S&T will maintain for a period of six years after completion of the merger Integrity s current directors and officers liability insurance policies, or policies of at least the same coverage and amount and containing terms and conditions that are not less advantageous than the current policy, with respect to acts or omissions occurring prior to the effective time of the merger, except that S&T is not required to incur an annual premium expense greater than 200% of Integrity s current annual directors and officers liability insurance premium.

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THE MERGER AGREEMENT

The following describes certain aspects of the merger, including material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this proxy statement/prospectus as Annex A and is incorporated by reference in this proxy statement/prospectus. S&T and Integrity urge you to read the merger agreement carefully and in its entirety, as it is the legal document governing this merger.

Terms of the Merger

Each of the Integrity board of directors and the S&T board of directors has unanimously adopted the agreement and plan of merger, which provides for the merger of Integrity with and into S&T. S&T will be the surviving corporation in the merger. Each share of S&T common stock issued and outstanding immediately prior to completion of the merger will remain issued and outstanding as one share of common stock of S&T. Each share of Integrity common stock issued and outstanding at the effective time of the merger (with the exception of Company-Owned Stock, as defined below, and shares for which dissenters rights are exercised) will be converted into either cash or S&T common stock, as described below. See *Consideration to Be Received in the Merger*. Company-Owned Stock means shares of Integrity stock held by Integrity or any of its subsidiaries or by S&T or any of its subsidiaries, in each case other than in a fiduciary capacity or as a result of debts previously contracted in good faith. Each share of Integrity common stock held as Company-Owned Stock immediately prior to the effective time of the merger will be canceled and retired and no consideration will be issued in exchange.

The S&T articles of incorporation will be the articles of incorporation, and the S&T by-laws will be the by-laws, of the combined company after completion of the merger. The merger agreement provides that S&T may change the method of effecting the merger if and to the extent it deems such change to be necessary, appropriate, or desirable. No such change will alter the amount or kind of merger consideration to be provided under the merger agreement, adversely affect the tax treatment of the merger as a reorganization under Section 368(a) of the Internal Revenue Code, or materially impede or delay completion of the merger.

Closing and Effective Time of the Merger

The merger will be completed only if all of the following occur:

- the agreement and plan of merger is adopted by Integrity shareholders;
- all required governmental and regulatory consents and approvals have been obtained without a condition or restriction that S&T reasonably determines would have a material adverse effect on S&T or would be unduly burdensome; and
- all other conditions to the merger discussed in this proxy statement/prospectus and the merger agreement are either satisfied or waived.

The merger will become effective when articles of merger are filed with the Department of State of the Commonwealth of Pennsylvania. However, S&T and Integrity may agree to a later time for completion of the merger and specify that time in accordance with Pennsylvania law. In the merger agreement, S&T and Integrity have agreed to cause the completion of the merger to occur on the date designated by S&T that is within fifteen (15) days following the satisfaction or waiver of the conditions specified in the merger agreement (other than those conditions that by their nature are to be satisfied at the closing, or on another mutually agreed date). It currently is anticipated that the effective time of the merger will occur in the first quarter of 2015, but S&T and Integrity cannot guarantee when or if the merger will be completed.

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Consideration to be Received in the Merger

As a result of the merger each Integrity shareholder will have the right, with respect to each share of Integrity common stock held (excluding Company-Owned Stock and shares for which dissenters rights are exercised), to elect to receive merger consideration consisting of either cash or shares of S&T common stock, in accordance with the election and allocation procedures provided for in the merger agreement.

The merger agreement provides that at the effective time of the merger, each share of Integrity common stock (excluding Company-Owned Stock and shares for which dissenters rights are exercised) will be converted into either the right to receive $52.50 in cash without interest or 2.0627 shares of S&T common stock, as described below.

Under the terms of the merger agreement, at least 80% of the total number of shares of Integrity common stock outstanding at the effective time of the merger (excluding Company-Owned Stock and shares for which dissenters rights are exercised) will be converted into stock consideration, and the remaining outstanding shares of Integrity common stock (excluding Company-Owned Stock and shares for which dissenters rights are exercised) will be converted into cash consideration. To the extent necessary to satisfy these relative proportion of types of consideration, certain allocation and proration procedures, described below in *Proration Procedures*, will be used.

Integrity shareholders must return their properly completed and signed form of election to the exchange agent prior to the Election Deadline, in accordance with the instructions provided with the election form. If you are an Integrity shareholder and you do not return your form of election by the Election Deadline or improperly complete or do not sign your form of election, you will receive cash, shares of S&T common stock or a mixture of cash and shares of S&T common stock, based on what is available after giving effect to the valid elections made by other shareholders, as well as the adjustment described below.

If you are an Integrity shareholder, you may specify different elections with respect to different shares held by you (for example, if you have 100 shares, you could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

Cash Election

The merger agreement provides that each Integrity shareholder who makes a valid cash election will have the right to receive, in exchange for each share of Integrity common stock held by such holder, an amount in cash equal to $52.50 without interest, or the cash consideration. However, because the maximum percentage of the total number of shares of Integrity common stock to be converted into cash is 20%, an Integrity shareholder who makes a cash election may nevertheless receive a mix of cash and stock.

Stock Election

The merger agreement provides that each Integrity shareholder who makes a valid stock election will have the right to receive, in exchange for each share of Integrity common stock held, 2.0627 shares of S&T common stock. S&T and Integrity sometimes refer to such shares of S&T common stock as the stock consideration. Because the percentage of the total number of shares of Integrity common stock to be converted into S&T common stock is capped, an Integrity shareholder who makes a stock election may nevertheless receive a mix of cash and stock. At least 80% of the total number of shares of Integrity common stock will be converted into S&T common stock.

No fractional shares of S&T common stock will be issued to any holder of Integrity common stock upon completion of the merger. For each fractional share that would otherwise be issued, S&T will pay cash in an amount equal to the fraction multiplied by $52.50. No interest will be paid or accrued on cash payable to holders in lieu of fractional shares.

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Non-Election Shares

If an Integrity shareholder does not make an election to receive cash or S&T common stock in the merger, your elections are not received by the exchange agent by the Election Deadline, your forms of election are improperly completed and/or are not signed, or you do not send together with your forms of elections your certificates representing shares of Integrity common stock (or a properly completed notice of guaranteed delivery), you will be deemed to not have made an election. Shareholders not making an election may be paid in only cash, only S&T common stock or a mix of cash and shares of S&T common stock depending on, and after giving effect to, the number of valid cash elections and stock elections that have been made by other Integrity shareholders using the proration adjustment described below.

Proration Procedures

If, after taking into account all valid elections, Integrity shareholders elect to convert exactly 80% of the total outstanding shares of Integrity common stock into S&T common stock, then any Integrity shareholders who elected to receive any portion of the merger consideration in cash will be entitled to receive that portion in cash and any Integrity shareholders who did not make an election will be entitled to receive only cash. If Integrity shareholders elect to convert exactly 20% of the total outstanding shares of Integrity common stock into cash, then any Integrity shareholders who elected to receive any portion of the merger consideration in stock will be entitled to receive that portion in stock and any Integrity shareholders who did not make an election will be entitled to receive only stock.

If, after taking into account all valid elections, Integrity shareholders elect to convert more than 20% of the total outstanding shares of Integrity common stock into S&T common stock into cash, then any Integrity shareholders who elected to receive any portion of the merger consideration in S&T common stock will be entitled to receive that portion in stock, and, as a group, any Integrity shareholders who elected to receive a portion of the merger consideration in cash and any Integrity shareholders who did not make an election will be subject to a proration process that will result in the holder receiving shares of S&T common stock in lieu of some cash. Notwithstanding the foregoing, record holders of less than 100 shares of Integrity common stock on the date of the merger agreement who elect to receive cash will not be required to take any stock.

If, after taking into account all valid elections, Integrity shareholders elect to convert more than 80% of the total outstanding shares of Integrity common stock into S&T common stock, then S&T, at its sole discretion, may increase the percentage of shares convertible into S&T common stock. To the extent that Integrity shareholders make elections to convert more than 80% of the total outstanding shares of Integrity common stock into S&T common stock and S&T does not decide to increase the number of shares convertible into Integrity common stock to accommodate the excess elections, the elections will be treated as follows: (i) any Integrity shareholder who elected to receive any portion of the merger consideration in cash will be entitled to receive that portion in cash; (ii) any Integrity shareholders who did not make an election will be entitled to receive only cash; and (iii) any Integrity shareholders who elected to receive all or a portion of the merger consideration in S&T common stock, will be subject to a proration process that will result in the holder receiving cash in lieu of some S&T common stock.

If Integrity shareholders elect to convert 100% of the total outstanding shares of Integrity common stock into S&T common stock, then the merger consideration will be distributed on a pro rata basis to all shareholders such that 80% of the shares are converted into S&T common stock and 20% of the shares are converted into cash; provided, however, that S&T, in its sole discretion, may decide to increase the percentage of shares convertible into S&T common stock to accommodate all or a portion of the elections in excess of 80%.

Finally, if Integrity shareholders elect to convert 100% of the total outstanding shares of Integrity common stock into cash, the merger consideration will be distributed on a pro rata basis to all shareholders such that 20% of the shares are converted into cash and 80% are converted into stock.

Notwithstanding these proration rules, in order that the tax opinion described under *Material United States Federal Income Tax Consequences of the Merger* (page 73) can be rendered, it may be necessary for S&T to reduce the number of Integrity common shares that will be converted into the right to receive cash and correspondingly increase the number of Integrity common shares that will be converted into S&T common stock above the number otherwise determined under the terms of the merger agreement.

S&T is not making any recommendation as to whether Integrity shareholders should elect to receive only S&T common stock, only cash or a combination of both types of consideration. S&T is also not making any recommendation as to whether Integrity shareholders should elect to receive a specific ratio of cash or S&T common stock. Each Integrity shareholder must make his or her own decision with respect to the election to receive S&T common stock, cash or a combination thereof for his or her shares of Integrity stock. In addition, because the tax consequences of receiving cash will differ from the tax consequences of receiving S&T common stock, each shareholder should carefully read the discussion included below under *Material United States Federal Income Tax Consequences of the Merger* (page 73) and consult their personal tax advisor.

Treatment of Integrity Stock Options

Each outstanding option to purchase shares of Integrity common stock granted under any Integrity stock option plan, whether or not then exercisable, will be cancelled in exchange for the right to receive an amount equal to the difference between $52.50 and the exercise price of such Integrity stock options.

Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration

The conversion of Integrity common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. As soon as reasonably practicable after completion of the merger but in any event within five business days, the exchange agent will exchange certificates representing shares of Integrity common stock for the merger consideration, without interest, to be received in the merger pursuant to the terms of the merger agreement. However, if you have not previously submitted your stock certificates, you will be required to submit your certificates before you will receive your merger consideration. American Stock Transfer and Trust Company will be the exchange agent in the merger and will receive your form of election, exchange certificates for the merger consideration and perform other duties as explained in the merger agreement.

Form of Election

The form of election and related transmittal materials are being mailed to Integrity shareholders separately from the mailing of this proxy statement/prospectus. The form of election and related documents will allow you to make cash or stock elections or a combination of both.

The Election Deadline will be on the business day that is five (5) business days preceding the Closing Date. S&T and Integrity will publicly announce the anticipated Election Deadline at least seven business days before the anticipated Election Deadline.

If you wish to elect the type of merger consideration you will receive in the merger, you should carefully review and follow the instructions that will be set forth in the form of election. Shareholders who hold their shares of Integrity common stock in street name or through a bank, broker or other nominee should follow the instructions of the bank, broker or other nominee for making an election with respect to such shares of Integrity common stock. Shares of Integrity common stock as to which the holder has not made a valid election prior to the Election Deadline will be treated as non-election shares.

To make a valid election, each Integrity shareholder must submit a properly completed form of election, together with stock certificates, so that it is actually received by the exchange agent at or prior to the Election Deadline in accordance with the instructions on the form of election. A form of election will be properly

completed only if accompanied by certificates representing all shares of Integrity common stock covered by the form of election (or appropriate evidence as to the loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification, as will be described in the form of election). If you are an Integrity shareholder and you cannot deliver your stock certificates to the exchange agent by the Election Deadline, you may deliver a notice of guaranteed delivery promising to deliver your stock certificates, as will be described in the form of election, so long as (1) the guarantee of delivery is from a firm which is a member of any registered national securities exchange or a commercial bank or trust company in the United States and (2) the actual stock certificates are in fact delivered to the exchange agent by the time set forth in the guarantee of delivery.

Generally, an election may be revoked or changed, but only by written notice received by the exchange agent by 5:00 p.m. local time for the exchange agent, on the business day prior to the Election Deadline accompanied by a properly completed and signed revised form of election. Integrity shareholders will not be entitled to revoke or change their elections following the Election Deadline. As a result, if you have made elections, you will be unable to revoke your elections or sell your shares of Integrity common stock during the interval between the Election Deadline and the date of completion of the merger.

Shares of Integrity common stock as to which the holder has not made a valid election prior to the Election Deadline, including as a result of revocation, will be deemed non-election shares. If it is determined that any purported cash election or stock election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis.

Letter of Transmittal

Soon after the completion of the merger, the exchange agent will mail a letter of transmittal to only those persons who were Integrity shareholders at the effective time of the merger and who have not previously submitted a form of election and properly surrendered shares of Integrity common stock to the exchange agent. This mailing will contain instructions on how to surrender shares of Integrity common stock (if these shares have not already been surrendered) in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

If a certificate for Integrity common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon receipt of appropriate evidence as to that loss, theft or destruction, appropriate evidence as to the ownership of that certificate by the claimant, and appropriate and customary indemnification.

Dividends and Distributions

Until Integrity common stock certificates are surrendered for exchange, any dividends or other distributions declared after the effective time with respect to S&T common stock into which shares of Integrity common stock may have been converted will accrue but will not be paid. S&T will pay to former Integrity shareholders any unpaid dividends or other distributions, without interest, only after they have duly surrendered their Integrity stock certificates.

Prior to the effective time of the merger, Integrity and its subsidiaries may not make, declare, pay or set aside any dividend or distribution on its capital stock or repurchase any shares of its capital stock, other than, if permitted by applicable law or regulation or otherwise by the FDIC, Pennsylvania Department of Banking and Securities, or other regulatory authority, dividends paid by any wholly-owned Integrity subsidiary to its parent company.

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Representations and Warranties

The merger agreement contains customary representations and warranties of Integrity and S&T relating to their respective businesses. The representations must be true and correct in all material respects, as of the date of the merger agreement and as of the effective date as though made on and as of the effective date (except that representations and warranties that by their terms speak as of the date of the merger agreement or some other date will be true and correct in all material respects as of such date). The representations and warranties in the merger agreement do not survive the effective time of the merger.

Each of S&T and Integrity has made representations and warranties to the other regarding, among other things:

- corporate matters, including organization, standing and authority;
- capitalization;
- subsidiaries;
- authority relative to execution and delivery of the merger agreement and the absence of breach or violations of governing documents or other obligations as a result of the merger;
- required governmental filings and consents;
- the timely filing of reports with governmental entities, and the absence of investigations by regulatory agencies;
- financial statements, internal controls and accounting;
- the absence of circumstances and events reasonably likely to have a material adverse effect;
- legal proceedings;
- regulatory matters;
- compliance with applicable laws;
- material contracts, exclusivity arrangements, and other certain types of contracts;
- absence of actions giving rise to any valid claim for a brokerage commission or finder s fee;

employee matters, including employee benefit plans;

labor matters;

compliance with requirements of state takeover laws;

environmental matters;

tax matters;

risk management arrangements;

maintenance of books and records;

insurance coverage;

off-balance-sheet transactions;

properties;

investment and loan portfolios;

allowance for loan losses;

repurchase agreements; and

Bank Secrecy Act and anti-money laundering compliance matters.

In addition, Integrity has made other representations and warranties about itself to S&T as to:

- deposit insurance;
- repayment of debt;
- the entry by each member of the board of directors of Integrity into a voting agreement with S&T;
- the entry into agreements with certain executives for continued employment with Integrity Bank following the closing of the merger agreement; and
- the receipt of a financial advisor s fairness opinion.

In addition, S&T has made other representations and warranties about itself to Integrity as to its financial capacity to fulfill its obligations with respect to the merger consideration, and the administration of its trust accounts in all material respects in accordance with the terms of its governing documents and applicable laws and regulations.

S&T also has made representations and warranties to Integrity regarding the availability of cash to pay the cash portion of the merger consideration and the authorization and valid issuance of the S&T common stock to pay the stock portion of the merger consideration.

The representations and warranties described above and included in the merger agreement were made by each of S&T and Integrity to the other party. These representations and warranties were made as of specific dates, may be subject to important qualifications and limitations agreed to by S&T and Integrity in connection with negotiating the terms of the merger agreement, and may have been included in the merger agreement for the purpose of allocating risk between S&T and Integrity rather than to establish matters as facts. The merger agreement is described herein, and included as *Annex A*, only to provide you with information regarding its terms and conditions, and not to provide any other factual information regarding Integrity, S&T or their respective businesses. Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read only in conjunction with the information provided elsewhere in this proxy statement/prospectus. See *Where You Can Find More Information* on page 208.

Covenants and Agreements

Each of Integrity and S&T has undertaken customary covenants that place restrictions on it and its subsidiaries until the effective time of the merger. In general, each of S&T and Integrity agreed to use its reasonable best efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, so as to permit consummation of the merger as promptly as practicable.

Integrity has agreed to operate its business only in the ordinary course and to use reasonable best efforts to preserve intact its business organization and assets and maintain its rights, franchises, and existing relations with customers, suppliers, employees and business associates. In addition, Integrity has agreed that, with certain exceptions and except with S&T s prior written consent (which is not to be unreasonably withheld), Integrity will not, and will not permit any of its subsidiaries to, among other things, undertake the following extraordinary actions:

- enter into any new material line of business or change its lending, investment, underwriting, risk, asset liability management or other banking and operating policies, except as required by applicable law, regulation, or policies imposed by any governmental authority;

issue, sell or otherwise permit to become outstanding, or authorize the creation of, any additional shares of Integrity common stock other than pursuant to rights outstanding, or permit any additional shares of Integrity common stock to become subject to new grants of employee or director stock options or similar stock-based employee rights;

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make, declare or pay any dividends or other distributions on any shares of its capital stock, except as set forth above in *Dividends and Distributions* ;

take specified actions relating to director and employee compensation, benefits, hiring and promotion;

undertake extraordinary corporate transactions, such as mergers and acquisitions, or other transactions, such as sales of assets outside the ordinary course of business;

amend any provision of its articles of incorporation, by-laws or similar governing documents;

implement or adopt any change in its accounting principles, practices or methods, other than as may be required by United States generally accepted accounting principles or regulatory accounting principles;

other than in the ordinary course of business consistent with past practice, enter into, amend or modify in any material respect or terminate any material contract;

other than in the ordinary course of business consistent with past practice, settle any claim other than payments in cash in an amount that is not material to Integrity and its subsidiaries, and that do not create negative precedent for any other material claim, action or proceeding;

take any action that would, or is reasonably likely to, prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

take any action that would result in any of the representations and warranties becoming untrue or that would cause the failure of a closing condition or violation of any provision of the merger agreement, except as required by applicable law or regulation;

except pursuant to applicable law or regulation or as required by the FDIC, Pennsylvania Department of Banking and Securities or other regulatory authority, implement or adopt any material change in its risk management policies, procedures or practices, or fail to follow its existing policies or practices with respect to risk management, or fail to use commercially reasonable means to avoid any material increase in its aggregate exposure to risk;

incur any indebtedness for borrowed money in excess of $200,000 other than in the ordinary course of business consistent with past practice;

make any capital expenditures or commitments in excess of $50,000 individually, or $200,000 in the aggregate, other than as previously committed;

close or relocate any offices at which business is conducted or open any new offices or ATMs, except as previously disclosed;

- make, change or revoke any material tax election, adopt or change an annual tax accounting period, change any tax accounting method, file any material amended tax return, enter into any closing agreement with respect to taxes, settle any material tax claim or surrender any material claim for a refund of taxes; or

- agree or commit to do any of the actions prohibited by the preceding bullets.

S&T has agreed that, except with Integrity s prior written consent (which is not to be unreasonably withheld), S&T will not take any action that would: (i) result in any of the conditions to the merger not being satisfied; (ii) prevent or impede the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; or (iii) cause any of its representations or warranties to become untrue.

The merger agreement also contains mutual covenants relating to the preparation of this proxy statement/prospectus, the regulatory application and the holding of the special meeting of Integrity shareholders, access to information of the other company and public announcements with respect to the transactions contemplated by the merger agreement. Integrity and S&T have also agreed to use all reasonable best efforts to take all actions needed to obtain necessary governmental and third-party consents and to consummate the transactions contemplated by the merger agreement.

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Bank Merger

S&T and Integrity have agreed to enter into a merger agreement pursuant to which Integrity Bank will merge with and into S&T Bank as soon as practicable after the execution of the parent merger agreement. The bank merger is intended to become effective as promptly as practicable following the closing of the merger of the parent companies. Until the bank merger is effective, Integrity Bank will continue to operate as a separate subsidiary bank of S&T. In the merger agreement, S&T has agreed to operate under the name Integrity Bank in the markets in which Integrity Bank currently operates for a period of three years following the merger. Therefore, after the bank merger, S&T Bank intends to operate under the name Integrity Bank, A Division of S&T Bank in such markets until the third anniversary of the closing of the merger.

Reasonable Best Efforts of Integrity to Obtain the Required Shareholder Vote

Integrity has agreed to hold a meeting of its shareholders as soon as is reasonably practicable for the purpose of obtaining shareholder adoption of the agreement and plan of merger. Integrity will use all reasonable lawful action to obtain such approval. Subject to its fiduciary duties, as determined in good faith after consultation with its outside legal counsel, Integrity s board of directors has agreed to recommend that its shareholders vote in favor of the agreement and plan of merger.

Agreement Not to Solicit Other Offers

Integrity also has agreed that it, its subsidiaries and their officers, directors, employees, representatives, agents or affiliates will not, directly or indirectly:

- initiate, solicit, or encourage any inquiry or proposal that constitutes an Acquisition Proposal (as defined below) or enter into or maintain or continue any discussions or negotiations with respect to such inquiry; or

- enter into any agreement regarding any Acquisition Proposal or authorize or permit any of its officers, directors, employees, subsidiaries or any representative to take any such action.

However, Integrity may consider and participate in discussions and negotiations with respect to an unsolicited Acquisition Proposal if the Integrity board of directors determines in good faith (after consultation with outside legal counsel and financial advisors) that failure to take these actions would be reasonably likely to violate its fiduciary duties. In addition, Integrity must not provide confidential information or data to any person in connection with an Acquisition Proposal unless the person has executed a confidentiality agreement on terms at least as favorable as the terms contained in the confidentiality agreement between Integrity and S&T.

Integrity has agreed:

- to notify S&T within two business days after receipt of any Acquisition Proposal or any inquiry which could reasonably be expected to lead to an Acquisition Proposal, or any material change to any Acquisition Proposal, or any request for nonpublic information relating to Integrity or any of its subsidiaries or for access to the properties, books or records of Integrity or any of its subsidiaries by any person or entity that informs the board of directors of Integrity that it is considering making, or has made, an Acquisition Proposal, and to provide S&T with relevant information regarding such inquiry, proposal, modification or amendment;

- to keep S&T fully informed of the status and details of any such proposal or inquiry and any developments with respect thereto;

- not to release any third party from the confidentiality and standstill provisions of any agreement to which Integrity or its subsidiaries is or may become a party and to take all steps necessary to terminate any approval that may have been given under any such provisions authorizing any person to make an Acquisition Proposal; and

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- to cease any existing discussions or negotiations with any persons with respect to any Acquisition Proposal and to use reasonable best efforts to cause all persons other than S&T who have been furnished with confidential information in connection with an Acquisition Proposal within the 12 months prior to the date of the merger agreement to return or destroy such information.

Acquisition Proposal means any proposal or offer as to any of the following (other than the merger with S&T) involving Integrity or any of its subsidiaries:

- any merger, consolidation, share exchange, business combination or other similar transaction;
- any sale, lease, exchange, pledge, transfer or other disposition of 25% or more of its consolidated assets or liabilities in a single transaction or series of transactions;
- any tender offer or exchange offer for, or other acquisition of, 25% or more of the outstanding shares of capital stock; or
- any public announcement of a proposal, plan or intention to do, or any agreement to engage in, any of the actions listed in the foregoing bullets.

Expenses and Fees

In general, each of S&T and Integrity will be responsible for all expenses incurred by it in connection with the negotiation and completion of the transactions contemplated by the merger agreement.

Employee Matters

All employees of Integrity and its subsidiaries as of immediately prior to the merger will be employed by S&T or one or more of its subsidiaries after the merger and their employment will be subject to S&T s and its subsidiaries usual terms, conditions and policies of employment. To the extent that Integrity employees do not continue to be covered after the merger by Integrity plans that provide medical, dental and other welfare benefits, (i) for the calendar year including the date of merger, Integrity employees will not have to satisfy any deductible, co-payment, out-of-pocket maximum, or similar requirements under the benefit plans maintained by S&T or its subsidiaries that provide medical, dental and other welfare benefits to the extent of amounts previously credited for such purposes under Integrity s corresponding plans, and (ii) S&T has agreed to waive any waiting periods, pre-existing conditions exclusions and requirements to show evidence of good health under applicable S&T benefit plans, except to the extent any such waiting period, pre-existing condition, exclusion or requirement to show evidence of good health applied under the corresponding Integrity plan. Integrity employees will be given credit for their service with Integrity and its subsidiaries for purposes of eligibility and vesting purposes (but not for benefit accrual purposes) under the S&T benefit plans, solely to the extent permitted under such plans and to the extent that S&T makes such plans available to Integrity employees. S&T and its subsidiaries have no obligation to continue the employment of any Integrity employee for any period following the merger and may amend or terminate employee benefits programs from time to time as they deem appropriate.

Integrity has agreed to terminate its 401(k) plan prior to the effective date of the merger. The merger agreement provides that none of the employment provisions discussed in this section create any third party beneficiary rights in any employee or former employee of Integrity or any of its subsidiaries.

Additionally, Integrity has agreed to take all actions requested by S&T that may be necessary or appropriate to: (i) terminate Integrity benefit plans; (ii) cause benefit accruals and entitlements under any plan to cease; (iii) cause the continuation of any contract, arrangement, or insurance policy relating to any plan for a period requested by S&T; or (iv) facilitate the merger of any plan into an employee benefit plan maintained by S&T.

Indemnification and Insurance

The merger agreement provides that in the event of any threatened or actual claim, action, suit, proceeding or investigation in which any person who is or has been a director or officer of Integrity or is threatened to be made party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he is

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or was a director, officer or employee of Integrity or any of its subsidiaries or predecessors, or (ii) the merger agreement, Integrity and S&T will cooperate and use their reasonable best efforts to defend against and respond thereto. S&T has agreed to indemnify and hold harmless each such indemnified party against any losses, claims, damages, liabilities, costs, expenses (including reasonable attorney s fees and expenses in advance of the final disposition of any claim, suit, proceeding or investigation to each party to the fullest extent permitted by law), judgments, fines and amounts paid in settlement in connection with any such threatened or actual claim, action, suit proceeding or investigation. Additionally, the indemnified parties may retain counsel reasonably satisfactory to them after consultation with S&T. However, S&T retains the right to assume the defense thereof and upon such assumption S&T will not be liable to any indemnified party for any legal expenses of other counsel or any other expenses subsequently incurred in connection with the defense thereof, except that if S&T elects not to assume such defense or counsel or the indemnified party reasonably advises that there are issues which raise conflicts of interest between S&T and the indemnified party, the indemnified party may retain counsel reasonably satisfactory to him after notification and S&T will pay the reasonable fees and expenses. Under the merger agreement, S&T is obligated to pay for only one firm of counsel for all indemnified parties, and S&T is not liable for any settlement effected without its prior written consent (which will not be unreasonably withheld). S&T will have no further obligation to any indemnified party when and if a court of competent jurisdiction ultimately determines, and such determination is final and non-appealable, that indemnification is prohibited by law or to any indemnified party that commits fraud. S&T s indemnification obligations continue for six years after completion of the merger, but the right to indemnification in respect of any claim asserted within that time period continues until the final disposition of the claim.

The merger agreement requires S&T to maintain in effect for six years after completion of the merger the current rights of Integrity directors, officers and employees to indemnification under the Integrity articles of incorporation or the Integrity by-laws or similar governing documents. The merger agreement also provides that, upon completion of the merger, S&T will indemnify and hold harmless, and provide advancement of expenses to, all past and present officers, directors and employees of Integrity and its subsidiaries in their capacities as such against all losses, claims, damages, costs, expenses, liabilities, judgments or amounts paid in settlement to the fullest extent permitted by applicable laws.

The merger agreement provides that S&T will maintain for a period of six years after completion of the merger Integrity s current directors and officers liability insurance policies, or policies of at least the same coverage and amount and containing terms and conditions that are not less advantageous than the current policy, with respect to acts or omissions occurring prior to the effective time of the merger, except that S&T is not required to incur an annual premium expense greater than 200% of Integrity s current annual directors and officers liability insurance premium.

Conditions to Complete the Merger

S&T s and Integrity s respective obligations to complete the merger are subject to the fulfillment or waiver of certain conditions, including:

- the adoption of the agreement and plan of merger by the requisite vote of Integrity shareholders;
- the approval of the listing of S&T common stock to be issued in the merger on NASDAQ Global Select Market, subject to official notice of issuance;
- the effectiveness of the registration statement of which this proxy statement/prospectus is a part with respect to the S&T common stock to be issued in the merger under the Securities Act and the absence of any stop order or proceedings initiated or threatened by the SEC for that purpose;
- the receipt by each of S&T and Integrity of a legal opinion with respect to certain United States federal income tax consequences of the merger;
- the receipt and effectiveness of all governmental and other approvals, registrations and consents on terms and conditions that would not have a material adverse effect or be unduly burdensome on S&T, and the expiration of all related waiting periods required to complete the merger; and

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- the absence of any law, statute, regulation, judgment, decree, injunction or other order in effect by any court or other governmental entity that prohibits completion of the transactions contemplated by the merger agreement.

Each of S&T s and Integrity s obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of conditions including:

- the absence of a material adverse effect on the other party; and
- the truth and correctness of the representations and warranties of each other party in the merger agreement, subject to the materiality standard provided in the merger agreement, and the performance by each other party in all material respects of their obligations under the merger agreement and the receipt by each party of certificates from the other party to that effect.

In addition, the obligation of S&T to complete the merger is subject to the expiration or unavailability of rights to demand appraisal under the Pennsylvania Business Corporation Law with respect to at least 90% of the outstanding shares of Integrity common stock (excluding Company-Owned Stock).

S&T and Integrity cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party. As of the date of this proxy statement/prospectus, S&T and Integrity have no reason to believe that any of these conditions will not be satisfied.

Termination of the Merger Agreement

The merger agreement can be terminated at any time prior to completion by mutual consent or by either party in the following circumstances:

- if there is a breach by the other party that would cause the failure of the closing conditions, unless the breach is capable of being, and is, cured within 30 days of notice of the breach and the terminating party is not itself in material breach;
- if the merger has not been completed by May 31, 2015, unless the failure to complete the merger by that date arises out of or results from the knowing action or inaction of the party seeking to terminate;
- if any of the required regulatory approvals are denied (and the denial is final and non-appealable); or
- if the common shareholders of Integrity fail to adopt the agreement and plan of merger at the special meeting.

In addition, S&T may terminate the merger agreement if the Integrity board of directors fails to recommend that Integrity shareholders adopt the agreement and plan of merger; withdraws or materially modifies, or proposes to withdraw or materially modify, in a manner adverse to S&T, its recommendation of the merger to shareholders; or recommends a competing merger proposal. S&T may also terminate the merger agreement if Integrity breaches its covenant to convene the Integrity special meeting, or to use its reasonable best efforts to cause its representatives not to initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any competing merger proposal.

Integrity may terminate the merger agreement within five business days of the Determination Date (Determination Date means the later of (i) the date on which all regulatory approvals, and waivers, if applicable, necessary for consummation of the merger and the transactions contemplated by the merger agreement have been received or (ii) the date of the meeting of Integrity shareholders to consider the merger) if its board of directors determines that both of the following conditions have occurred and gives written notice to S&T of such determination:

- the volume weighted average price of a share of S&T common stock as reported on Nasdaq during the 15 consecutive trading days immediately preceding the Determination Date is less than 80% of the Initial Purchaser Market Value, which is specified in the

merger agreement as $25.45; and

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- the average of the daily closing sales prices of a share of S&T common stock as reported on Nasdaq for the 15 consecutive trading days immediately preceding the Determination Date is such that the price performance of S&T common stock is lower than the price performance of the Nasdaq Bank Index minus 20%.

However, Integrity may not terminate in these circumstances if S&T exercises its option to increase the number of S&T common shares to be received by Integrity shareholders such that the implied value of the merger would be equivalent to the lesser of $52.50 or $52.50 multiplied by the percentage by which the Nasdaq Bank Index declines over the period starting on the last trading date before the date of the merger agreement and ending on the Determination Date.

Effect of Termination. If the merger agreement is terminated, it will become void, and there will be no liability on the part of S&T or Integrity, except that (1) both S&T and Integrity will remain liable for any willful breach of the merger agreement and (2) designated provisions of the merger agreement, including the payment of fees and expenses, the confidential treatment of information and publicity restrictions, will survive the termination.

Termination Fee

Integrity will pay S&T a $6,250,000 termination fee in the event that the merger agreement is terminated:

- by S&T, (1) if the Integrity board of directors fails to recommend that Integrity shareholders adopt the agreement and plan of merger; withdraws or materially modifies, or proposes to withdraw or materially modify, in a manner adverse to S&T, its recommendation of the merger to Integrity shareholders; or recommends a competing merger proposal; or (2) if Integrity breaches its covenant to convene the Integrity special meeting, or its covenant to use its reasonable best efforts to cause its representatives not to initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any competing merger proposal;

- by S&T or Integrity, if the common shareholders of Integrity fail to adopt the agreement and plan of merger at the special meeting, and prior to the special meeting, (1) the Integrity board of directors fails to recommend that Integrity shareholders adopt the agreement and plan of merger; withdraws or materially modifies, or proposes to withdraw or materially modify, in a manner adverse to S&T, its recommendation of the merger to Integrity shareholders; or recommends a competing merger proposal; or (2) Integrity breaches its covenant to convene the Integrity special meeting, or its covenant to use its reasonable best efforts to cause its representatives not to initiate, solicit or encourage, directly or indirectly, any inquiries or the making or implementation of any competing merger proposal; or

- (1) by S&T, if there is a breach by Integrity that would cause the failure of the closing conditions, unless the breach is capable of being, and is, cured within 30 days of notice of the breach and S&T is not itself in material breach, (2) by S&T or Integrity, if the merger has not been completed by May 31, 2015, unless the failure to complete the merger by that date arises out of or results from the knowing action or inaction of the party seeking to terminate, or (3) by S&T or Integrity, if the common shareholders of Integrity fail to adopt the agreement and plan of merger at the special meeting; provided, however, that before such termination, an alternative acquisition proposal with respect to Integrity was commenced, received by Integrity, publicly proposed or publicly disclosed and within 12 months after such termination, Integrity enters into a definitive written agreement relating to an alternative acquisition proposal or consummates a transaction contemplated by an alternative acquisition proposal.

Amendment, Waiver and Extension of the Merger Agreement

Subject to applicable law, the parties may amend the merger agreement by written agreement between Integrity and S&T executed in the same manner as the merger agreement.

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At any time prior to the completion of the merger, each of the parties, by action taken or authorized by their respective board of directors, to the extent legally allowed, may:

- extend the time for the performance of any of the obligations or other acts of the other party;
- waive any inaccuracies in the representations and warranties of the other party; or
- waive compliance by the other party with any of the other agreements or conditions contained in the merger agreement.

However, after any approval of the transactions contemplated by the agreement and plan of merger by the Integrity shareholders, no amendments or waivers may be made that would require resubmission of the agreement and plan of merger to the Integrity shareholders.

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ACCOUNTING TREATMENT

S&T will account for the merger using the acquisition method under U.S. generally accepted accounting principles. Under the acquisition method of accounting, the tangible and identifiable intangible assets and liabilities of Integrity will be recorded, as of completion of the merger, at their respective fair values. The excess of the purchase price over the net assets acquired will be recorded as goodwill to the extent not allocated to core deposit or other intangibles. Goodwill resulting from the merger will not be amortized but will be reviewed for impairment at least annually. Core deposits and other intangibles with finite useful lives recorded in connection with the merger will be amortized.

Financial statements and reported results of operations of S&T issued after completion of the merger will not be restated retroactively to reflect the historical financial position or results of operations of Integrity.

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MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

General

The following is a summary of the anticipated material United States federal income tax consequences of the merger generally applicable to a holder of Integrity common stock. This discussion is based upon provisions of the Internal Revenue Code, applicable current and proposed United States Treasury Regulations, judicial authorities, and administrative rulings and practice, all as in effect as of the date of this proxy statement/prospectus, as well as representations and facts provided by S&T and Integrity to Arnold & Porter LLP, or Arnold & Porter, counsel to S&T. Future legislative, judicial, or administrative changes or interpretations which may or may not be retroactive, or the failure of any such facts or representations to be true, accurate and complete, may affect the statements and conclusions described in this discussion.

This discussion is not intended to be a complete description of all of the United States federal income tax consequences of the merger and no information is provided with respect to the tax consequences of the merger under any other tax laws, including applicable state, local and foreign tax laws. Further, the following discussion may not apply to a holder of Integrity common stock subject to special treatment under the Internal Revenue Code, including but not limited to a holder of Integrity common stock that is:

- a financial institution;
- an insurance company;
- a dealer or broker in securities or foreign currencies;
- a trader in securities who elects mark-to-market accounting;
- a tax-exempt organization;
- a mutual fund;
- a trust;
- an estate;
- a person who holds shares of Integrity common stock in an individual retirement account (IRA), 401(k) plan or similar tax-favored account;
- a person who acquired shares of Integrity common stock on exercise of an employee stock option or otherwise as compensation;
- a person whose functional currency for United States federal income tax purposes is not the United States dollar;

- a person who is a United States expatriate;
- a partnership or other pass-through entity (or a person holding Integrity common stock through a partnership or other pass-through entity); or
- a person who holds shares of Integrity common stock as part of a hedge, straddle, conversion or constructive sale transaction.

In addition, this discussion applies only to a holder of Integrity common stock who is holding such stock as a capital asset and who is a United States person as defined in Section 7701(a)(30) of the Internal Revenue Code.

No ruling has been or will be requested from the Internal Revenue Service regarding the tax consequences of the merger. Moreover, the opinion of Arnold & Porter described in this discussion is not binding on the Internal Revenue Service, and this opinion would not prevent the Internal Revenue Service from challenging the United States federal income tax treatment of the merger. Because of the complexities of the tax laws in general,

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and the complexities of the tax consequences associated with the receipt of cash in the merger in particular, holders of Integrity common stock should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the merger as they apply to their specific situations. This section is not intended to be tax advice to any shareholder.

Arnold & Porter s Tax Opinion

In connection with the filing with the SEC of the registration statement of which this proxy statement/prospectus is a part, Arnold & Porter has delivered its opinion addressing the United States federal income tax consequences of the merger as described below. This opinion is based upon the facts, representations and assumptions set forth or referred to in such opinion. In rendering this opinion, Arnold & Porter has relied on representations and facts provided by S&T and Integrity. This opinion is to the effect that:

- the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

- holders of Integrity common stock who receive S&T common stock in the merger in exchange for all of their shares of Integrity common stock will not recognize any gain or loss with respect to shares of S&T common stock received (except with respect to cash received instead of a fractional share interest in S&T common stock);

- holders of Integrity common stock who receive only cash in the merger in exchange for all of their shares of Integrity common stock will recognize gain or loss equal to the difference between the amount of cash received and the shareholder s adjusted tax basis in the shares of Integrity common stock exchanged therefor;

- each holder of Integrity common stock who receives S&T common stock and cash (other than cash in lieu of a fractional share interest in S&T common stock) in the merger in exchange for the holder s shares of Integrity common stock will recognize the gain, if any, realized by the holder, in an amount not in excess of the amount of cash received (other than cash received instead of a fractional share interest in S&T common stock), but will not recognize any loss on the exchange; and

- holders of Integrity common stock who receive cash instead of a fractional share interest in S&T common stock will recognize gain or loss equal to the difference between the cash received and the portion of the basis of the holders shares of Integrity common stock allocable to that fractional share interest.

S&T and Integrity s obligations to consummate the merger are conditioned on the receipt by S&T and Integrity of an additional opinion of Arnold & Porter, dated the closing date of the merger, substantially to the foregoing effect. That opinion will be subject to and based on facts, representations and assumptions set forth or referred to in the opinion. In rendering its closing date opinion, Arnold & Porter may rely on representations and facts provided by S&T and Integrity.

Character of Gain Where Integrity Common Stock is Exchanged in the Merger Solely for Cash

If, pursuant to the merger, all of the shares of Integrity common stock actually owned by a shareholder are exchanged solely for cash, the shareholder generally will recognize capital gain or loss equal to the difference between the amount of cash received and the shareholder s adjusted tax basis in the shares of Integrity common stock exchanged therefor. This gain or loss will generally be long-term capital gain or loss if the shareholder s holding period with respect to the shares of Integrity common stock exchanged is more than one year as of the effective date of the merger. If, however, any such shareholder actually or constructively (through the constructive ownership rules of the Internal Revenue Code) owns shares of S&T stock immediately after the merger, part or all of the cash received may be treated as dividend income if the exchange has the effect of a distribution of a dividend with respect to the shareholder. The application of the law to a shareholder described in the previous sentence is particularly complex; accordingly, any such shareholder should consult his or her tax advisor.

Character of Gain Where Integrity Common Stock Is Exchanged in the Merger for S&T Common Stock and Cash

For purposes of calculating gain in this transaction, if a shareholder receives S&T common stock and cash (other than cash received instead of a fractional interest in S&T common stock), gain or loss must be calculated by the shareholder separately for each identifiable block of shares exchanged, and is equal to the sum of the amount of cash and the fair market value of S&T common stock received with respect to that block of shares minus the shareholder s adjusted tax basis in that block of shares. In addition, a loss realized on one block of shares may not be used to offset a gain realized on another block of shares.

As noted above, in the case of an Integrity shareholder that exchanges his or her shares of Integrity common stock for a combination of S&T common stock and cash pursuant to the merger, such shareholder will recognize the gain, if any, realized by such shareholder in the exchange but not in excess of the amount of cash received. In general, the determination of whether any gain recognized in the exchange should be treated as capital gain or has the effect of a distribution of a dividend depends upon whether, and to what extent, the exchange reduces the shareholder s deemed percentage stock ownership of S&T. For purposes of this determination, the shareholder is treated as if he or she first exchanged all of his or her shares of Integrity common stock solely for S&T common stock and then S&T immediately redeemed (in a deemed redemption) a portion of such S&T common stock in exchange for the cash the shareholder actually received. The gain recognized in the exchange will be treated as capital gain if the deemed redemption (i) is substantially disproportionate with respect to the shareholder or (ii) is not essentially equivalent to a dividend.

The deemed redemption should generally be substantially disproportionate with respect to a shareholder if the percentage of the outstanding stock of S&T the shareholder owns, actually and constructively, immediately after the deemed redemption is less than 80% of the percentage of the outstanding stock of S&T the shareholder is deemed to own, actually and constructively, immediately before the deemed redemption.

Whether the deemed redemption is not essentially equivalent to a dividend with respect to a shareholder will depend on the shareholder s particular circumstances. In order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the shareholder s actual and constructive percentage stock ownership of S&T. In general, that determination requires a comparison of the percentage of the outstanding stock of S&T the shareholder is deemed to own, actually and constructively, immediately before the deemed redemption and the percentage of the outstanding stock of S&T the shareholder actually and constructively owns immediately after the deemed redemption. The Internal Revenue Service has ruled that a minority shareholder (*i.e*., a shareholder whose relative stock interest is minimal in relation to the number of shares outstanding and who exercises no control with respect to corporate affairs) generally is treated as having a meaningful reduction in interest if a cash payment results in at least a relatively minor reduction in the shareholder s actual and constructive percentage ownership.

Tax Basis and Holding Period

The aggregate tax basis of the S&T common stock received by an Integrity shareholder in the merger (including fractional shares deemed received and redeemed as described below) will be the same as the aggregate tax basis of the shares of Integrity common stock surrendered by such shareholder for the S&T common stock, decreased by the amount of any cash received (other than cash received instead of a fractional share interest in S&T common stock) by the shareholder and increased by the amount of income or gain recognized by the shareholder in the exchange (which does not include gain recognized in respect of fractional shares deemed received and redeemed (as described below)).

Each Integrity shareholder s holding period in any shares of S&T common stock received in the merger (including any fractional shares deemed received and redeemed as described below) will, in each instance, include the period during which the shares of Integrity common stock surrendered in exchange therefor were held, provided that those shares of Integrity common stock were held as capital assets on the effective date of the merger.

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Cash Received in Lieu of a Fractional Share Interest

Cash received by an Integrity shareholder in lieu of a fractional share interest in S&T common stock will be treated as though the fractional share had been received and then redeemed for cash, and in general gain or loss will be recognized, measured by the difference between the amount of cash received and the portion of the basis of the shares of Integrity common stock allocable to such fractional interest. Such gain or loss generally will be long-term capital gain or loss if the holding period for such shares of Integrity common stock was more than one year as of the effective date of the merger. If, however, the receipt of cash instead of a fractional share of S&T common stock has the effect of the distribution of a dividend with respect to a shareholder, part or all of the cash received may be treated as a dividend.

S&T and Integrity

S&T and Integrity will each be a party to the reorganization within the meaning of Section 368(b) of the Internal Revenue Code. As a result, no gain or loss will be recognized by S&T or Integrity as a result of the merger (except for amounts resulting from any required change in accounting methods or any income or deferred gain recognized under the relevant consolidated return regulations).

Backup Withholding

Backup withholding at a 28% rate will generally apply to merger consideration that includes cash if the exchanging Integrity shareholder fails to properly certify that it is not subject to backup withholding, generally on Internal Revenue Service Form W-9. Certain holders, including, among others, United States corporations, are not subject to backup withholding, but they may still need to furnish a Form W-9 or otherwise establish an exemption. Any amounts withheld from payments to an Integrity shareholder under the backup withholding rules are not additional taxes and will be allowed as a refund or credit against the shareholder s United States federal income tax liability, provided that the required information is timely furnished to the Internal Revenue Service.

Tax matters are very complicated, and the tax consequences of the merger to each holder of Integrity common stock will depend on the facts of that shareholder s particular situation. The discussion set forth above does not address all United States federal income tax consequences that may be relevant to a particular holder of Integrity common stock and may not be applicable to holders in special situations. Holders of Integrity common stock are urged to consult their own tax advisors regarding the specific tax consequences of the merger.

PROPOSAL 2 AUTHORIZATION TO VOTE ON ADJOURNMENT OR OTHER MATTERS

General

If, at the Integrity special meeting, the number of shares of Integrity common stock, present in person or by proxy, is insufficient to constitute a quorum or the number of shares of Integrity common stock voting in favor is insufficient to adopt the merger agreement, Integrity management intends to move to adjourn the special meeting in order to enable the Integrity board of directors more time to solicit additional proxies. In that event, Integrity will ask its shareholders to vote only upon the adjournment proposal and not the proposal relating to adoption of the merger agreement.

In this proposal, Integrity is asking you to grant discretionary authority to the holder of any proxy solicited by the Integrity board of directors so that such holder can vote in favor of the proposal to adjourn the special meeting to solicit additional proxies. If the shareholders of Integrity approve the adjournment proposal, Integrity could adjourn the special meeting, and any adjourned session of the special meeting, and use the additional time to solicit additional proxies, including the solicitation of proxies from shareholders who have previously voted.

Generally, if the special meeting is adjourned, no notice of the adjourned meeting is required to be given to shareholders, other than an announcement at the special meeting of the place, date and time to which the meeting is adjourned.

Vote Required

Pursuant to Integrity s by-laws, the adjournment proposal requires the affirmative vote of a majority of the votes cast by shares of Integrity common stock present in person or represented by proxy at the special meeting. Abstentions and broker non-votes will not affect the vote on the adjournment proposal.

Recommendation of the Integrity Board of Directors

The Integrity board of directors recommends a vote FOR the proposal to authorize the board of directors to adjourn the special meeting of shareholders to allow time for the further solicitation of proxies to approve the adoption of the merger agreement.

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INFORMATION ABOUT S&T BANCORP, INC.

Within this section of the proxy statement/prospectus, entitled Information About S&T Bancorp, Inc. , references to S&T , we, , us , or our refer to S&T Bancorp, Inc., including, on a consolidated basis with our subsidiaries where appropriate.

Business

S&T was incorporated on March 17, 1983 under the laws of the Commonwealth of Pennsylvania as a bank holding company and has three wholly owned subsidiaries, S&T Bank, 9th Street Holdings, Inc. and STBA Capital Trust I. We also own a one-half interest in Commonwealth Trust Credit Life Insurance Company, or CTCLIC. We are registered as a financial holding company with the Board of Governors of the Federal Reserve System, or the Federal Reserve Board, under the Bank Holding Company Act of 1956, as amended, or the BHCA. As of September 30, 2014, we had approximately $4.9 billion in assets, $3.8 billion in loans, $3.9 billion in deposits and our shareholders equity was $605.9 million.

S&T Bank is a full service bank with its main office at 800 Philadelphia Street, Indiana, Pennsylvania, providing services to its customers through offices located in Allegheny, Armstrong, Blair, Butler, Cambria, Clarion, Clearfield, Indiana, Jefferson, Washington and Westmoreland counties of Pennsylvania. We also have two loan production offices, or LPOs, in Ohio, with our most recent LPO established in Central Ohio on January 21, 2014. S&T Bank deposits are insured by the Federal Deposit Insurance Corporation, or FDIC, to the maximum extent provided by law.

S&T Bank has three wholly owned operating subsidiaries: S&T Insurance Group, LLC, S&T Bancholdings, Inc. and Stewart Capital Advisors, LLC. S&T Insurance Group, LLC, through its subsidiaries, offers a variety of insurance products. S&T Bancholdings, Inc. is an investment company. Stewart Capital Advisors, LLC, is a registered investment advisor that manages private investment accounts for individuals and institutions and advises the Stewart Capital Mid Cap Fund.

We operate three reportable operating segments including Community Banking, Wealth Management and Insurance. Our Community Banking segment offers services which include accepting time and demand deposits, originating commercial and consumer loans, and providing letters of credit and credit card services. We believe that we have a relatively stable deposit base and no material amount of deposits is obtained from a single depositor or group of depositors.

The Wealth Management segment offers discount brokerage services, services as executor and trustee under wills and deeds, guardian and custodian of employee benefits and other trust services, as well as a registered investment advisor that manages private investment accounts for individuals and institutions. Total Wealth Management assets under management and administration were approximately $2.3 billion at September 30, 2014.

The Insurance segment includes a full-service insurance agency offering commercial property and casualty insurance, group life and health coverage, employee benefit solutions and personal insurance lines.

Refer to the financial statements beginning on page F-1 of this proxy statement/prospectus for further details pertaining to our operating segments.

Employees

As of September 30, 2014, we had 931 full-time equivalent employees.

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Supervision and Regulation

General

S&T and S&T Bank are each extensively regulated under federal and state law. The following describes certain aspects of that regulation and does not purport to be a complete description of all regulations that affect S&T and S&T Bank or all aspects of any regulation discussed here.

To the extent statutory or regulatory provisions are described the description is qualified in its entirety by reference to the particular statutory or regulatory provisions. Proposals to change the laws and regulations governing the banking industry are frequently raised in Congress, in state legislatures and before the various bank regulatory agencies. The likelihood and timing of any changes and the impact such changes might have on S&T or S&T Bank is impossible to determine with any certainty.

Any change in applicable laws or regulations, or in the way such laws or regulations are interpreted by regulatory agencies or courts, may have a material impact on our business, operations and earnings.

S&T

We are a bank holding company subject to regulation under the BHCA and the examination and reporting requirements of the Federal Reserve Board. Under the BHCA, a bank holding company may not directly or indirectly acquire ownership or control of more than five percent of the voting shares or substantially all of the assets of any additional bank, or merge or consolidate with another bank holding company, without the prior approval of the Federal Reserve Board. We have maintained a passive ownership position in Allegheny Valley Bancorp, Inc. (14.3 percent) pursuant to approval from the Federal Reserve Board.

As a bank holding company, we are expected under statutory and regulatory provisions to serve as a source of financial and managerial strength to our subsidiary bank. A bank holding company is also expected to commit resources, including capital and other funds, to support its subsidiary bank.

We elected to become a financial holding company under the BHCA in 2001 and thereby engage in a broader range of financial and other activities than are permissible for traditional bank holding companies. In order to maintain our status as a financial holding company, we must remain well-capitalized and well-managed and the depository institutions controlled by us must remain well-capitalized, well-managed (as defined in federal law) and have at least a satisfactory Community Reinvestment Act, or CRA rating. Refer to page [ ] of this proxy statement/prospectus for information concerning the current capital ratios of S&T and S&T Bank. No prior regulatory approval is required for a financial holding company with total consolidated assets less than $50 billion to acquire a company, other than a bank or savings association, engaged in activities that are financial in nature or incidental to activities that are financial in nature, as determined by the Federal Reserve Board, unless the total consolidated assets to be acquired exceed $10 billion. The BHCA identifies several activities as financial in nature including, among others, securities underwriting, dealing and market making; sponsoring mutual funds and investment companies; insurance underwriting and sales agency; investment advisory activities; merchant banking activities; and activities that the Federal Reserve Board has determined to be closely related to banking. Banks may also engage in, subject to limitations on investment, activities that are financial in nature, other than insurance underwriting, insurance company portfolio investment, real estate development and real estate investment, through a financial subsidiary of the bank, if the bank is well-capitalized, well-managed and has at least a satisfactory CRA rating.

If S&T or S&T Bank ceases to be well-capitalized or well-managed, we will not be in compliance with the requirements of the BHCA regarding financial holding companies. If a financial holding company is notified by the Federal Reserve Board of such a change in the ratings of any of its subsidiary banks, it must take certain corrective actions within specified time frames. Furthermore, if S&T Bank was to receive a CRA rating of less than satisfactory, then we would be prohibited from engaging in certain new activities or acquiring companies engaged in certain financial activities until the rating is raised to satisfactory or better.

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We are presently engaged in nonbanking activities through the following five entities:

9th Street Holdings, Inc. was formed in June 1988 to hold and manage a group of investments previously owned by S&T Bank and to give us additional latitude to purchase other investments.

S&T Bancholdings, Inc. was formed in August 2002 to hold and manage a group of investments previously owned by S&T Bank and to give us additional latitude to purchase other investments.

CTCLIC is a joint venture with another financial institution, acting as a reinsurer of credit life, accident and health insurance policies sold by S&T Bank and the other institution. S&T Bank and the other institution each have ownership interests of 50 percent in CTCLIC.

S&T Insurance Group, LLC distributes life insurance and long-term disability income insurance products. During 2001, S&T Insurance Group, LLC and Attorneys Abstract Company, Inc. entered into an agreement to form S&T Settlement Services, LLC, or STSS, with respective ownership interests of 55 percent and 45 percent. STSS is a title insurance agency servicing commercial customers. During 2002, S&T Insurance Group, LLC expanded into the property and casualty insurance business with the acquisition of S&T-Evergreen Insurance LLC.

Stewart Capital Advisors, LLC was formed in August 2005 and is a registered investment advisor that manages private investment accounts for individuals and institutions and advises the Stewart Capital Mid Cap Fund.

S&T Bank

As a Pennsylvania-chartered, FDIC-insured commercial bank, S&T Bank is subject to the supervision and regulation of the Pennsylvania Department of Banking and Securities, or PADB, and the FDIC. We are also subject to various requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types, amount and terms and conditions of loans that may be granted and limits on the types of other activities in which S&T Bank may engage and the investments it may make.

In addition, S&T Bank is subject to affiliate transaction rules in Sections 23A and 23B of the Federal Reserve Act that limit the amount of transactions between itself and S&T or S&T s nonbank subsidiaries. Under these provisions, transactions between a bank and its parent company or any single nonbank affiliate generally are limited to 10 percent of the bank subsidiary s capital and surplus, and with respect to all transactions with affiliates, are limited to 20 percent of the bank subsidiary s capital and surplus. Loans and extensions of credit from a bank to an affiliate generally are required to be secured by eligible collateral in specified amounts. The Dodd-Frank Act Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, expands the affiliate transaction rules to broaden the definition of affiliate and to apply to securities borrowing or lending, repurchase or reverse repurchase agreements and derivatives activities that we may have with an affiliate, as well as to strengthen collateral requirements and limit Federal Reserve exemptive authority. Also, the definition of extension of credit for transactions with executive officers, directors and principal shareholders was expanded to include credit exposure arising from a derivative transaction, a repurchase or reverse repurchase agreement and a securities lending or borrowing transaction. These expansions became effective July 21, 2012. These provisions have not had a material effect on S&T or S&T Bank.

Insurance of Accounts; Depositor Preference

The deposits of S&T Bank are insured up to applicable limits per insured depositor by the FDIC. The Dodd-Frank Act codified FDIC deposit insurance coverage per separately insured depositor for all account types at $250,000. The Dodd-Frank Act also maintained federal deposit insurance coverage for noninterest-bearing transaction accounts at an unlimited amount from December 31, 2010 until this part of the Act expired on December 31, 2012. Deposits held in noninterest-bearing transaction accounts are now aggregated with any interest-bearing deposits the owner may hold in the same ownership category, and the combined total is insured up to at least $250,000.

As an FDIC-insured bank, S&T Bank is also subject to FDIC insurance assessments, which are imposed based upon the risk the institution poses to the Deposit Insurance Fund, or DIF. Under this assessment system, risk is defined and measured using an institution s supervisory ratings with other risk measures, including financial ratios. The current total base assessment rates on an annualized basis range from 2.5 basis points for certain well-capitalized, well-managed banks, with the highest ratings, to 45 basis points for institutions posing the most risk to the DIF. The FDIC may raise or lower these assessment rates on a quarterly basis based on various factors to achieve a reserve ratio, which the Dodd-Frank Act has mandated to be no less than 1.35 percent of insured deposits.

In February 2011, the FDIC board of directors adopted a final rule, Deposit Insurance Assessment Base, Assessment Rate Adjustments, Dividends, Assessment Rates and Large Bank Pricing Methodology. This final rule redefined the deposit insurance assessment base to equal average consolidated total assets minus average tangible equity as required by the Dodd-Frank Act, altered assessment rates, implemented the Dodd-Frank Act s DIF dividend provisions and revised the risk-based assessment system for all large insured depository institutions (those with at least $10.0 billion in total assets). Many of the changes were made as a result of provisions of the Dodd-Frank Act that were intended to shift more of the cost of raising the reserve ratio from institutions with less than $10.0 billion in assets (such as S&T Bank) to the larger banks. Except for the future assessment rate schedules, all changes went into effect April 1, 2011, which lowered our FDIC expense in 2013 and 2012 compared to 2011. In addition to DIF assessments, the FDIC assesses all insured deposits a special assessment to fund the repayment of debt obligations of the Financing Corporation, or FICO. FICO is a government-sponsored entity that was formed to borrow the money necessary to carry out the closing and ultimate disposition of failed thrift institutions by the Resolution Trust Corporation in the 1990s.

Under federal law, deposits and certain claims for administrative expenses and employee compensation against insured depository institutions are afforded a priority over other general unsecured claims against such an institution, including federal funds and letters of credit, in the liquidation or other resolution of such an institution by a receiver. Such priority creditors would include the FDIC.

Capital

The Federal Reserve Board and FDIC have issued substantially similar risk-based and leverage capital guidelines applicable to banking organizations they supervise. Under current capital guidelines (which will be replaced by a new regulatory capital rule effective January 1, 2015, for smaller banking organizations such as S&T and S&T Bank, as discussed below), S&T and S&T Bank are required to maintain certain capital standards based on ratios of capital to average assets and capital to risk weighted assets. The guidelines define a bank s total qualifying capital as having two components. Tier 1 capital, which must be at least 50 percent of total qualifying capital, is mainly comprised of common equity, retained earnings and qualifying preferred stock, less certain intangibles. Tier 2 capital may include the allowance for loan losses, or ALL, up to a maximum of 1.25 percent of risk weighted assets, qualifying subordinated debt, qualifying preferred stock, hybrid capital instruments and up to 45 percent of net unrealized gains on available-for-sale equity securities. The guidelines also define the weights assigned to assets and off-balance sheet items to determine the risk weighted asset component of the risk-based capital ratios.

The Federal Reserve Board and FDIC have established minimum and well-capitalized standards for banks and bank holding companies. The minimum capital standards are defined as a Tier 1 ratio of at least 4.00 percent, a total capital ratio of at least 8.00 percent and a leverage ratio of at least 3.00 percent. The leverage ratio of 3.00 percent is for those bank and bank holding companies that meet certain specified criteria, including having received the highest regulatory rating and are not experiencing significant growth or expansion. All other banks and bank holding companies generally are required to maintain a leverage ratio of at least 4.00 percent. S&T and S&T Bank maintain capital levels to meet the well-capitalized regulatory standards, which are defined as a Tier 1 ratio of at least 6.00 percent and a total capital ratio of at least 10.00 percent. S&T Bank must also maintain a leverage ratio of at least 5.00 percent to meet the well-capitalized regulatory standards. At September 30, 2014,

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S&T s Tier 1 risk-based capital ratio was 12.35 percent, total risk-based capital ratio was 14.29 percent and Tier 1 leverage ratio was 9.88 percent. S&T Bank s Tier 1 risk-based capital, total risk-based capital and Tier 1 leverage ratios were 11.33 percent, 13.26 percent, and 9.06 percent.

Both the Federal Reserve Board and the FDIC s risk-based capital standards explicitly identify concentrations of credit risk and the risk arising from non-traditional activities, as well as an institution s ability to manage these risks, as important factors to be taken into account by the agency in assessing an institution s overall capital adequacy. The capital guidelines also provide that an institution s exposure to a decline in the economic value of its capital due to changes in interest rates be considered by the agency as a factor in evaluating a bank s capital adequacy. The Dodd-Frank Act contains a number of provisions intended to strengthen capital, including requiring minimum leverage and risk-based capital that are at least as stringent as those currently in effect.

In addition to the Dodd-Frank Act, the international oversight body of the Basel Committee on Banking Supervision reached agreements to require more and higher-quality capital, known as Basel III, in July 2010. The federal banking agencies issued a final rule to implement Basel III as well as the minimum leverage and risk-based capital requirements of the Dodd-Frank Act in July 2013. The final rule establishes a comprehensive capital framework that will revise and replace the current capital guidelines. The rule will go into effect on January 1, 2015, for smaller banking organizations such as S&T and S&T Bank. It introduces a common equity Tier 1 capital ratio requirement of 4.50 percent, increases the minimum Tier 1 capital ratio to 6.00 percent, and requires a leverage ratio of 4.00 percent for all banks. Common equity Tier 1 capital consists of common stock instruments that meet the eligibility criteria in the final rules, retained earnings, accumulated other comprehensive income and common equity Tier 1 minority interest. The rule also requires a banking organization to maintain a capital conservation buffer composed of common equity Tier 1 capital in an amount greater than 2.50 percent of total risk-weighted assets. The capital conservation buffer will be phased in beginning in 2016, at 25%, increasing to 50% in 2017, 75% in 2018 and 100% in 2019 and beyond. As a result, a banking organization must maintain a common equity Tier 1 capital ratio greater than 7.00 percent, a Tier 1 capital ratio greater than 8.50 percent and a Total risk-based capital ratio greater than 10.50 percent; otherwise, it will be subject to restrictions on capital distributions and discretionary bonus payments. By 2019, when the new rule is fully phased in, the minimum capital requirements plus the capital conservation buffer will exceed the well-capitalized regulatory requirements. To be well-capitalized, a banking organization must have a common equity Tier 1 capital ratio of at least 6.50 percent, a Tier 1 capital ratio of at least 8.00 percent and a total capital ratio of at least 10.00 percent. The rule also disqualifies certain financial instruments from inclusion in regulatory capital and requires more deductions from capital.

The new regulatory capital rule also revises the calculation of risk-weighted assets. It includes a new framework under which the risk weight will increase for most credit exposures that are 90 days or more past due or on nonaccrual, high-volatility commercial real estate loans, and certain equity exposures, and changes to the credit conversion factors of off-balance sheet items, such as the unused portion of a loan commitment.

Federal regulators periodically propose amendments to the risk-based capital guidelines and the related regulatory framework and consider changes to the capital standards that could significantly increase the amount of capital needed to meet applicable standards. The timing of adoption, ultimate form and effect of any such proposed amendments cannot be predicted.

Capital Purchase Program

On December 7, 2011, we redeemed all of the preferred stock that we sold to the federal government as part of the Capital Purchase Program, or CPP. As a participant in the CPP, we completed the $108.7 million capital raise on January 16, 2009.

In connection with the issuance of the preferred stock to the U.S. Treasury in 2009, we also issued the U.S. Treasury a warrant to purchase 517,012 shares of our common stock at an initial per share exercise price of $31.53, with an estimated fair value of $4.0 million on the date of issuance. We did not repurchase the warrant

concurrently with the redemption of the preferred stock. The warrant remains outstanding as of the date of this proxy statement/prospectus. The warrant provides for the adjustment of the exercise price and the number of shares of our common stock issuable upon exercise pursuant to customary anti-dilution provisions. The U.S. Treasury agreed not to exercise voting power with respect to any shares of common stock issued upon exercise of the warrant, but sold the warrant in 2013, and the buyer is not under any restrictions with regard to voting power of the stock if the warrant is exercised. The warrant will remain outstanding until January 2019 or until it is exercised by the owner at the exercise price of $31.53 per share.

Payment of Dividends

S&T is a legal entity separate and distinct from its banking and other subsidiaries. A substantial portion of our revenues consist of dividend payments we receive from S&T Bank. S&T Bank, in turn, is subject to federal and state laws and regulations that limit the amount of dividends it can pay to S&T. In addition, both S&T and S&T Bank are subject to various general regulatory policies relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Federal Reserve Board has indicated that banking organizations should generally pay dividends only if (i) the organization s net income available to common shareholders over the past year has been sufficient to fully fund the dividends and (ii) the prospective rate of earnings retention appears consistent with the organization s capital needs, asset quality and overall financial condition. Thus, under certain circumstances based upon our financial condition, our ability to declare and pay quarterly dividends may require consultation with the Federal Reserve Board and may be prohibited by applicable Federal Reserve Board regulations.

Other Safety and Soundness Regulations

There are a number of obligations and restrictions imposed on bank holding companies such as us and our depository institution subsidiary by federal law and regulatory policy. These obligations and restrictions are designed to reduce potential loss exposure to the FDIC s deposit insurance fund in the event an insured depository institution becomes in danger of default or is in default. Under current federal law for example, the federal banking agencies possess broad powers to take prompt corrective action to resolve problems of insured depository institutions. The extent of these powers depends upon whether the institution in question is well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized or critically undercapitalized, as defined by the law. Under regulations established by the federal banking agencies, a well-capitalized institution must have a Tier 1 risk-based capital ratio of at least 6.00 percent, a Total risk-based capital ratio of at least 10.00 percent and a leverage ratio of at least 5.00 percent and must not be subject to a capital directive or order. An adequately capitalized institution must have a Tier 1 risk-based capital ratio of at least 4.00 percent, a Total risk-based capital ratio of at least 8.00 percent and a leverage ratio of at least 4.00 percent. The most highly-rated financial institutions minimum requirement for the leverage ratio is 3.00 percent. In the federal banking agencies final rule to implement Basel III and the minimum leverage and risk-based capital requirements of the Dodd-Frank Act, the federal banking agencies have also changed the definitions of these categories, including the introduction of a common equity Tier 1 capital ratio in each definition, which are to become effective as of January 1, 2015. As of December 31, 2013, S&T and S&T Bank were classified as well-capitalized. The classification of depository institutions is primarily for the purpose of applying the federal banking agencies prompt corrective action provisions and is not intended to be and should not be interpreted as a representation of overall financial condition or prospects of any financial institution.

The federal banking agencies prompt corrective action powers (which increase depending upon the degree to which an institution is undercapitalized) can include, among other things, requiring an insured depository institution to adopt a capital restoration plan which cannot be approved unless guaranteed by the institution s parent company; placing limits on asset growth and restrictions on activities, including restrictions on transactions with affiliates; restricting the interest rates the institution may pay on deposits; prohibiting the payment of principal or interest on subordinated debt; prohibiting the holding company from making capital distributions without prior regulatory approval; and, ultimately, appointing a receiver for the institution. For example, only a well-capitalized depository institution may accept brokered deposits without prior regulatory approval.

The federal banking agencies have also adopted guidelines prescribing safety and soundness standards relating to internal controls and information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, fees and compensation and benefits. In general, the guidelines require appropriate systems and practices to identify and manage specified risks and exposures. The guidelines prohibit excessive compensation as an unsafe and unsound practice and characterize compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder. In addition, the agencies have adopted regulations that authorize, but do not require, an agency to order an institution that has been given notice by an agency that it is not in compliance with any of such safety and soundness standards to submit a compliance plan. If, after being so notified, an institution fails to submit an acceptable compliance plan, the agency must issue an order directing action to correct the deficiency and may issue an order directing other actions of the types to which an undercapitalized institution is subject under the prompt corrective action provisions described above.

Regulatory Enforcement Authority

The enforcement powers available to federal banking agencies are substantial and include, among other things and in addition to other powers described herein, the ability to assess civil money penalties, to issue cease-and-desist or removal orders and to initiate injunctive actions against banks and bank holding companies and institution affiliated parties, as defined in the Federal Deposit Insurance Act. In general, these enforcement actions may be initiated for violations of laws and regulations, as well as engagement in unsafe or unsound practices. Other actions or inactions may provide the basis for enforcement action, including misleading or untimely reports filed with regulatory authorities.

At the state level, the PADB also has broad enforcement powers over S&T Bank, including the power to impose fines and other civil and criminal penalties and to appoint a conservator or receiver.

Interstate Banking and Branching

The BHCA currently permits bank holding companies from any state to acquire banks and bank holding companies located in any other state, subject to certain conditions, including certain nationwide and state-imposed deposit concentration limits. In addition, because of changes to law made by the Dodd-Frank Act, S&T Bank may now establish de novo interstate branches in any state to the same extent that a bank chartered in that state could establish a branch.

Community Reinvestment and Consumer Protection Laws

In connection with its lending activities, S&T Bank is subject to a number of federal laws designed to protect borrowers and promote lending to various sectors of the economy and population. These include, among other laws, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Home Mortgage Disclosure Act, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act and the CRA. In addition, rules of the Consumer Financial Protection Bureau pursuant to federal law require disclosure of privacy policies to consumers and in some circumstances, allow consumers to prevent the disclosure of certain personal information to nonaffiliated third parties.

The CRA requires the appropriate federal banking agency, in connection with its examination of a bank, to assess the bank s record in meeting the credit needs of the communities served by the bank, including low and moderate-income neighborhoods. Furthermore, such assessment is required of any bank that has applied, among other things, to merge or consolidate with or acquire the assets or assume the liabilities of an insured depository institution, or to open or relocate a branch office. In the case of a bank holding company (including a financial holding company) applying for approval to acquire a bank or bank holding company, the Federal Reserve Board will assess the record of each subsidiary bank of the applicant bank holding company in considering the application. Under the CRA, institutions are assigned a rating of outstanding, satisfactory, needs to improve or unsatisfactory. S&T Bank was rated satisfactory in its most recent CRA evaluation.

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Anti-Money Laundering Rules

S&T Bank is subject to the Bank Secrecy Act, its implementing regulations and other anti-money laundering laws and regulations, including the USA Patriot Act of 2001. Among other things, these laws and regulations require S&T Bank to take steps to prevent the bank from being used to facilitate the flow of illegal or illicit money, to report large currency transactions and to file suspicious activity reports. S&T Bank is also required to develop and implement a comprehensive anti-money laundering compliance program. Banks must also have in place appropriate know your customer policies and procedures. Violations of these requirements can result in substantial civil and criminal sanctions. In addition, provisions of the USA Patriot Act of 2001 require the federal financial institution regulatory agencies to consider the effectiveness of a financial institution s anti-money laundering activities when reviewing bank mergers and bank holding company acquisitions.

Government Actions and Legislation

The Dodd-Frank Act is significantly changing the current bank regulatory structure and affecting the lending, deposit, investment, trading and operating activities of financial institutions and their holding companies, including S&T and S&T Bank. The Dodd-Frank Act contains a number of provisions intended to strengthen capital. Refer to Capital beginning on page 81 for additional information.

The Dodd-Frank Act requires various federal agencies to adopt a broad range of new rules and regulations and to prepare numerous studies and reports for Congress. The federal agencies are given significant discretion in drafting the implementing rules and regulations, and consequently, many of the details and much of the impact of the Act depend on the actions of regulatory agencies. The Dodd-Frank Act also contains provisions that expand the deposit insurance assessment base and increase the scope of deposit insurance coverage.

Among other provisions, the SEC has enacted rules, required by the Dodd-Frank Act, giving stockholders a non-binding vote on executive compensation and so-called golden parachute payments and allowing certain stockholders to nominate their own candidates for election as directors using a company s proxy materials. The legislation also directs the federal financial institution regulatory agencies to promulgate rules prohibiting excessive compensation being paid to financial institution executives. In addition, in December of 2013, federal regulators adopted final regulations regarding the so-called Volcker Rule established in the Dodd-Frank Act. The Volcker Rule generally prohibits banks and their affiliates from engaging in proprietary trading and investing in and sponsoring certain unregistered investment companies (defined as hedge funds and private equity funds, subject to certain exemptions). The new rules are complex and it is not clear how they will be implemented over time. However, S&T does not currently anticipate that they will have a material effect on S&T Bank or its affiliates, because we do not engage in the prohibited activities.

The Dodd-Frank Act also created the Consumer Financial Protection Bureau, or CFPB, that took over rulemaking responsibility on July 21, 2011 for the principal federal consumer financial protection laws, such as the Truth in Lending Act, the Equal Credit Opportunity Act, the Real Estate Settlement Procedures Act and the Truth in Savings Act, among others. Institutions that have assets of $10.0 billion or less, such as S&T Bank, will continue to be supervised in this area by their state and primary federal regulators (in the case of S&T Bank, the FDIC). The Act also gives the CFPB expanded data collection powers for fair lending purposes for both small business and mortgage loans, as well as expanded authority to prevent unfair, deceptive and abusive practices. The consumer complaint function also has been consolidated into the CFPB with respect to the institutions it supervises. The CFPB established an Office of Community Banks and Credit Unions, with a mission to ensure that the CFPB incorporates the perspectives of small depository institutions into the policy-making process, communicates relevant policy initiatives to community banks and credit unions, and works with community banks and credit unions to identify potential areas for regulatory simplification. In addition, the Dodd-Frank Act required the Federal Reserve Board to adopt a rule addressing interchange fees applicable to debit card transactions. This rule, Regulation II, effective October 1, 2011, does not apply to banks with less than $10.0 billion in assets.

In January 2013, the CFPB issued a series of final rules related to mortgage loan origination and mortgage loan servicing. In particular, on January 10, 2013, the CFPB issued a final rule implementing the ability-to-repay and qualified mortgage (QM) provisions of the Truth in Lending Act, as amended by the Dodd-Frank Act (the QM Rule). The ability-to-repay provision requires creditors to make reasonable, good faith determinations that borrowers are able to repay their mortgages before extending the credit based on a number of factors and consideration of financial information about the borrower from reasonably reliable third-party documents. Under the Dodd-Frank Act and the QM Rule, loans meeting the definition of qualified mortgage are entitled to a presumption that the lender satisfied the ability-to-repay requirements. The presumption is a conclusive presumption/safe harbor for prime loans meeting the QM requirements, and a rebuttable presumption for higher-priced/subprime loans meeting the QM requirements. The definition of a qualified mortgage incorporates the statutory requirements, such as not allowing negative amortization or terms longer than 30 years. The QM Rule also adds an explicit maximum 43% debt-to-income ratio for borrowers if the loan is to meet the QM definition, though some mortgages that meet government-sponsored enterprise, or GSE, Federal Housing Administration, or FHA, and Veterans Affairs, or VA, underwriting guidelines may, for a period not to exceed seven years, meet the QM definition without being subject to the 43% debt-to-income limits. The QM Rule became effective on January 10, 2014. We do not believe these rules will have a material impact on our mortgage business.

The federal agencies responsible for implementing the provisions of the Dodd-Frank Act have issued a substantial number of rules. Some of the rules have not taken effect, and more rules will be issued. Not all of the Dodd-Frank Act provisions and their implementing regulations apply to banks the size of S&T Bank. We cannot predict the ultimate impact of the Act on S&T or S&T Bank at this time, including the extent to which it could increase costs or limit our ability to pursue business opportunities in an efficient manner, or otherwise adversely affect our business, financial condition and results of operations. Nor can we predict the impact or substance of other future legislation or regulation. However, it is expected that they, at a minimum, will increase our operating and compliance costs.

In 2012, Pennsylvania enacted three bills known as the Banking Law Modernization Package. The bills became effective on December 24, 2012. The overall goal of the Banking Law Modernization Package was to modernize the banking laws of Pennsylvania and reduce regulatory burden at the state level.

Federal and state regulatory agencies consistently propose and adopt changes to their regulations or change the manner in which existing regulations are applied. We cannot predict the substance or impact of pending or future legislation or regulation, or the application thereof, although enactment of the proposed legislation could affect how S&T and S&T Bank operate and could significantly increase costs, impede the efficiency of internal business processes, or limit our ability to pursue business opportunities in an efficient manner, any of which could materially and adversely affect our business, financial condition and results of operations.

Competition

S&T Bank competes with other local, regional and national financial service providers, such as other financial holding companies, commercial banks, savings associations, credit unions, finance companies and brokerage and insurance firms. Some of our competitors are not subject to the same level of regulation and oversight that is required of banks and bank holding companies, and are thus able to operate under lower cost structures.

Changes in bank regulation, such as changes in the products and services banks can offer and permitted involvement in non-banking activities by bank holding companies, as well as bank mergers and acquisitions, can affect our ability to compete with other financial service providers. Our ability to do so will depend upon how successfully we can respond to the evolving competitive, regulatory, technological and demographic developments affecting our operations.

We face significant competition in both originating loans and attracting deposits. The Western Pennsylvania area has a high density of financial institutions, some of which are significantly larger institutions with greater financial resources than us, and many of which are our competitors to varying degrees. Our competition for loans

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comes principally from commercial banks, savings associations, mortgage banking companies, credit unions and other financial service companies. Our most direct competition for deposits has historically come from commercial banks, savings banks and credit unions. We face additional competition for deposits from non-depository competitors such as the mutual fund industry, securities and brokerage firms and insurance companies. Because larger competitors have advantages in attracting business from larger corporations, we do not generally attempt to compete for that business. Instead, we concentrate our efforts on attracting the business of individuals, and small and medium-size businesses. We consider our competitive advantages to be customer service and responsiveness to customer needs, the convenience of banking offices and hours, and the availability and pricing of our products and services. We emphasize personalized banking and the advantage of local decision-making in our banking business.

The financial service industry is likely to become more competitive as further technological advances enable more companies to provide financial services on a more efficient and convenient basis. Technological innovations have lowered traditional barriers to entry and enabled many companies to compete in financial services markets. Many customers now expect a choice of banking options for the delivery of services, including traditional banking offices, telephone, mail, internet, mobile, ATMs, self-service branches, and/or in-store branches. These delivery channels are offered by traditional banks and savings associations, as well as credit unions, brokerage firms, asset management groups, finance and insurance companies, internet-based companies, and mortgage banking firms. We believe that our current market area, consisting primarily of Western Pennsylvania and Northeast Ohio, provides long-term opportunity for growth in deposits and loans. Commercial and residential real estate values in our market have improved during 2013. Nevertheless, certain other regional and local economies remain more fragile, and uncertainty in those economies could affect, to some extent, consumer and corporate spending in our area.

Properties

We own a four-story building in Indiana, Pennsylvania, located at 800 Philadelphia Street, which serves as our headquarters and executive and administrative offices. Our Community Banking, Insurance and Wealth Management segments are also located at our headquarters. In addition, we own a two-story building in Indiana, Pennsylvania that serves as additional administrative offices. We lease a building in Indiana, Pennsylvania that houses both our data processing and technology center as well as one of our branches. Community Banking has 58 locations, including 55 branches located in eleven counties in Pennsylvania, of which 40 are owned and 15 are leased, including the aforementioned building that shares space with our data center. The other three Community Banking locations include two separate drive up facilities and one leased loan production office in Akron, Ohio. In January 2014, we signed a lease for a loan production office in Columbus, Ohio. We lease two offices to our Insurance segment, one in Indiana County, Pennsylvania and one in Cambria County, Pennsylvania. The Insurance segment leases one additional office, and has staff located within the Community Banking offices in Jefferson, Blair and Washington counties. Wealth Management leases two offices, one in Allegheny County, Pennsylvania and one in Westmoreland County, Pennsylvania. Wealth Management also has several staff located within the Community Banking offices to provide their services to our retail customers. Our operating leases and the one capital lease for Community Banking, Wealth Management and Insurance expire at various dates through the year 2054 and generally include options to renew. For additional information regarding the lease commitments, refer to *Index to Financial Statements* on page F-1.

Legal Proceedings

The nature of our business generates a certain amount of litigation which arises in the ordinary course of business. However, in management s opinion, there are no proceedings pending that we are a party to or our property is subject to that would be material in relation to our financial condition or results of operations. In addition, no material proceedings are pending nor are known to be threatened or contemplated against us by governmental authorities or other parties.

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Supplemental Financial Information

Consolidated Balance Sheets

			December 31,		
(dollars in thousands)	**2013**	**2012**	**2011**	**2010**	**2009**
Total assets	$ 4,533,190	$ 4,526,702	$ 4,119,994	$ 4,114,339	$ 4,170,475
Securities available-for-sale, at fair value	509,425	452,266	356,371	286,887	353,722
Loans held for sale	2,136	22,499	2,850	8,337	6,073
Portfolio loans, net of unearned income	3,566,199	3,346,622	3,129,759	3,355,590	3,398,334
Goodwill	175,820	175,733	165,273	165,273	165,167
Total deposits	3,672,308	3,638,428	3,335,859	3,317,524	3,304,541
Securities sold under repurchase agreements	33,847	62,582	30,370	40,653	44,935
Short-term borrowings	140,000	75,000	75,000		51,300
Long-term borrowings	21,810	34,101	31,874	29,365	85,894
Junior subordinated debt securities	45,619	90,619	90,619	90,619	90,619
Preferred stock, series A				106,137	105,370
Total shareholders equity	571,306	537,422	490,526	578,665	553,318

Consolidated Statements Of Net Income

			Years Ended December 31,		
(dollars in thousands, except per share data)	**2013**	**2012**	**2011**	**2010**	**2009**
Interest income	$ 153,756	$ 156,251	$ 165,079	$ 180,419	$ 195,087
Interest expense	14,563	21,024	27,733	34,573	49,105
Provision for loan losses	8,311	22,815	15,609	29,511	72,354
Net Interest Income After Provision for Loan Losses	**130,882**	**112,412**	**121,737**	**116,335**	**73,628**
Noninterest income	51,527	51,912	44,057	47,210	38,580
Noninterest expense	117,392	122,863	103,908	105,633	108,126
Net Income Before Taxes	**65,017**	**41,461**	**61,886**	**57,912**	**4,082**
Provision (benefit) for income taxes	14,478	7,261	14,622	14,432	(3,869)
Net Income	**50,539**	**34,200**	**47,264**	**43,480**	**7,951**
Preferred stock dividends and discount amortization			7,611	6,201	5,913
Net Income Available to Common Shareholders	**$ 50,539**	**$ 34,200**	**$ 39,653**	**$ 37,279**	**$ 2,038**

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Selected Per Share Data And Ratios

Refer to *Explanation of Use of Non-GAAP Financial Measures* beginning on page 90 for a discussion of common return on average tangible assets, common return on average tangible common equity and the ratio of tangible common equity to tangible assets as non-GAAP financial measures.

	December 31,				
	2013	2012	2011	2010	2009
Per Share Data					
Earnings per common share basic	$ 1.70	$ 1.18	$ 1.41	$ 1.34	$ 0.07
Earnings per common share diluted	1.70	1.18	1.41	1.34	0.07
Dividends declared per common share	0.61	0.60	0.60	0.60	0.61
Dividend payout ratio	35.89%	50.75%	42.44%	44.75%	
Common book value	19.21	18.08	17.44	16.91	16.14
Profitability Ratios					
Common return on average assets	1.12%	0.79%	0.97%	0.90%	0.05%
Common return on average tangible assets	1.17%	0.83%	1.02%	0.94%	0.05%
Common return on average equity	9.21%	6.62%	6.78%	6.58%	0.37%
Common return on average tangible common equity	13.72%	10.07%	12.62%	12.98%	0.76%
Capital Ratios					
Common equity/assets	12.60%	11.87%	11.91%	11.48%	10.74%
Tangible common equity / tangible assets	9.00%	8.20%	8.09%	7.61%	6.84%
Tier 1 leverage ratio	9.75%	9.31%	9.17%	11.07%	10.26%
Risk-based capital Tier 1	12.37%	11.98%	11.63%	13.28%	12.10%
Risk-based capital total	14.36%	15.39%	15.20%	16.68%	15.43%
Asset Quality Ratios					
Nonaccrual loans/loans	0.63%	1.63%	1.79%	1.90%	2.67%
Nonperforming assets/loans plus OREO	0.64%	1.66%	1.92%	2.07%	2.80%
Allowance for loan losses/loans	1.30%	1.38%	1.56%	1.53%	1.75%
Allowance for loan losses/nonperforming loans	206%	85%	87%	80%	66%
Net loan charge-offs/average loans	0.25%	0.78%	0.56%	1.11%	1.60%

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Reconciliations of GAAP To Non-GAAP Ratios

December 31 *(dollars in thousands)*	**2013**	**2012**	**2011**	**2010**	**2009**
Common return on average tangible assets (non-GAAP)					
Net income	$ 50,539	$ 34,200	$ 39,653	$ 37,279	$ 2,038
Total average assets (GAAP Basis)	4,505,792	4,312,538	4,072,608	4,123,455	4,259,288
Less: average goodwill and average other intangible assets	(180,338)	(177,511)	(171,839)	(173,656)	(174,832)
Tangible average assets (non-GAAP)	**$ 4,325,454**	**$ 4,135,027**	**$ 3,900,769**	**$ 3,949,799**	**$ 4,084,456**
Common return on average tangible assets (non-GAAP)	**1.17%**	**0.83%**	**1.02%**	**0.94%**	**0.05%**
Common return on average tangible common equity (non-GAAP)					
Net income	$ 50,539	$ 34,200	$ 39,653	$ 37,279	$ 2,038
Total average shareholders equity (GAAP Basis)	548,771	516,812	585,186	566,670	544,535
Less: average goodwill, average other intangible assets, and average preferred equity	(180,338)	(177,511)	(271,053)	(279,410)	(275,561)
Tangible average common equity (non-GAAP)	**$ 368,433**	**$ 339,301**	**$ 314,133**	**$ 287,260**	**$ 268,974**
Common return on average tangible common equity (non-GAAP)	**13.72%**	**10.07%**	**12.62%**	**12.98%**	**0.76%**
Tangible common equity/tangible assets (non-GAAP)					
Total shareholders equity (GAAP basis)	$ 571,306	$ 537,422	$ 490,526	$ 578,665	$ 553,318
Less: goodwill and other intangible assets and preferred equity	(179,579)	(181,083)	(171,001)	(278,874)	(279,945)
Tangible common equity (non-GAAP)	**$ 391,727**	**$ 356,339**	**$ 319,525**	**$ 299,791**	**$ 273,373**
Total assets (GAAP basis)	4,533,190	4,526,702	4,119,994	4,114,339	4,170,475
Less: goodwill and other intangible assets and preferred equity	(179,579)	(181,083)	(171,001)	(172,738)	(174,575)
Tangible assets (non-GAAP)	**$ 4,353,611**	**$ 4,345,619**	**$ 3,948,993**	**$ 3,941,601**	**$ 3,995,900**
Tangible common equity/tangible assets (non-GAAP)	**9.00%**	**8.20%**	**8.09%**	**7.61%**	**6.84%**

Management s Discussion and Analysis of Financial Condition and Results of Operations

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 at and for the three and nine month periods ended September 30, 2014 and 2013, and our financial condition for each of the past two years and results of operations for each of the past three years. Certain reclassifications have been made to prior periods to place them on a basis comparable with the current period presentation. Some tables may include additional time periods to illustrate trends within our financial statements. Our MD&A should be read in conjunction with our Consolidated Financial Statements and notes thereto. The results of operations reported in the

accompanying Consolidated Financial Statements are not necessarily indicative of results to be expected in future periods.

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Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with U.S. generally accepted accounting principles, or GAAP. Application of these principles requires management to make estimates, assumptions and judgments that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. These estimates, assumptions and judgments are based on information available as of the date of the Consolidated Financial Statements; accordingly, as this information changes, the Consolidated Financial Statements could reflect different estimates, assumptions and judgments. Certain policies inherently are based to a greater extent on estimates, assumptions and judgments of management and, as such, have a greater possibility of producing results that could be materially different than originally reported.

Our most significant accounting policies are presented beginning on page F-48 of this proxy statement/prospectus. These policies, along with the disclosures presented in the Notes to Consolidated Financial Statements, provide information on how significant assets and liabilities are valued in the Consolidated Financial Statements and how those values are determined.

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. We currently view the determination of the allowance for loan losses, or ALL, income taxes, securities valuation and goodwill and other intangible assets to be critical accounting policies. During 2013, we did not significantly change the manner in which we applied our critical accounting policies or developed related assumptions or estimates. We have reviewed these related critical accounting estimates and related disclosures with the Audit Committee.

Allowance for Loan Losses

Our loan portfolio is our largest category of assets on our Consolidated Balance Sheets. We have designed a systematic ALL methodology which is used to determine our provision for loan losses and ALL on a quarterly basis. The ALL represents management s estimate of probable losses inherent in the loan portfolio at the balance sheet date and is presented as a reserve against loans in the Consolidated Balance Sheets. The ALL is increased by a provision charged to expense and reduced by charge-offs, net of recoveries. Determination of an adequate ALL is inherently subjective, as it requires estimations of the occurrence of future events. The ALL may be subject to significant changes from period to period.

The methodology for determining the ALL has two main components: evaluation and impairment tests of individual loans and evaluation and impairment tests of certain groups of homogeneous loans with similar risk characteristics.

We individually evaluate all substandard and nonaccrual commercial loans greater than $0.5 million for impairment. A loan is impaired when, based on current information and events, it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. For all troubled debt restructurings, or TDRs, regardless of size, as well as all other impaired loans, we conduct further analysis to determine the probable loss and assign a specific reserve to the loan if deemed appropriate. Specific reserves are established based upon the following three impairment methods: 1) the present value of expected future cash flows discounted at the loan s effective interest rate, 2) the loan s observable market price or 3) the estimated fair value of the collateral if the loan is collateral dependent. These analyses involve a high degree of judgment in estimating the amount of loss associated with specific impaired loans, including estimating the amount and timing of future cash flows, the current estimated fair value of the loan and collateral values. Our impairment evaluations consist primarily of the fair value of collateral method because most of our loans are collateral dependent. We obtain appraisals on impaired loans greater than $0.5 million annually.

The ALL methodology for groups of homogeneous loans, known as the general reserve or reserve for loans collectively evaluated for impairment, is comprised of both a quantitative and qualitative analysis. We first apply

historical loss rates to pools of loans with similar risk characteristics. Loss rates are calculated using historical charge-offs that have occurred within each pool of loans over the loss emergence period, or LEP. The LEP is an estimate of the average amount of time from the point at which a loss is incurred on a loan to the point at which the loss is confirmed. In general, the LEP will be shorter in an economic slowdown or recession and longer during times of economic stability or growth, as customers are better able to delay loss confirmation after a potential loss event has occurred.

Due to the recent improvement in economic conditions, we completed an internal study utilizing our loan charge-off history to recalibrate the LEPs of the commercial portfolio segments. Consistent with the improved economic conditions, the LEPs have lengthened, and as a result, we lengthened our LEP assumption for each of the commercial portfolio segments. We estimate the LEP to be three and a half years for commercial real estate, or CRE, two and a half years for commercial and industrial, or C&I, and two years for commercial construction. This is an increase from the prior LEPs of two years for CRE and one year for C&I and commercial construction. We believe that the LEPs for the consumer portfolio segments have also lengthened as they are influenced by the same improvement in economic conditions that impacted the commercial portfolio segments. We therefore also lengthened the LEP assumption for the consumer portfolio to one and a half years. This is an increase from prior LEPs of one year for the consumer portfolio segment. The look-back period represents the historical data period utilized in the ALL to calculate the estimated loss rates. We use a two to five year look-back period to calculate the historic loss rates depending on the portfolio segment. After consideration of the loss calculations, management applies additional qualitative adjustments so that the ALL is reflective of the inherent losses that exist in the loan portfolio at the balance sheet date. Qualitative adjustments are made based upon changes in economic conditions, loan portfolio and asset quality data and credit process changes, such as credit policies or underwriting standards. The evaluation of the various components of the ALL requires considerable judgment in order to estimate inherent loss exposures.

The LEP changes made to the ALL assumptions were applied prospectively and did not result in a material change to the total ALL. Lengthening the LEP does increase the historical loss rates and therefore the quantitative component of the ALL. We believe this makes the quantitative component of the ALL more reflective of inherent losses that exist within the loan portfolio, which resulted in a decrease in the qualitative component of the ALL. The changes to the LEPs also improved our insight into the inherent risk of the individual commercial portfolio segments. As the economic conditions have improved, our data indicates that the CRE segment has less inherent loss and that the C&I segment contains greater inherent loss. The ALL at December 31, 2013 reflects these changes within the CRE and C&I portfolio segments.

At December 31, 2013, approximately 84 percent of the ALL related to the commercial loan portfolio. Commercial loans represent 73 percent of total portfolio loans. Commercial loans have been more impacted by the economic slowdown in our markets. The ability of customers to repay commercial loans is more dependent upon the success of their businesses, continuing income and general economic conditions. The risk of loss is higher on such loans compared to consumer loans, which have incurred lower losses in our market.

Our ALL Committee meets quarterly to verify the overall adequacy of the ALL. Additionally, on an annual basis, the ALL Committee meets to validate certain aspects of our ALL model. This validation includes reviewing the pools of loans to ensure the segmentation results in relevant homogeneous pools of loans. The ALL Committee reviews the LEP and look-back periods used to calculate the loss rates. Further, the ALL Committee reviews the qualitative factors for reasonableness. As a result of this ongoing monitoring process, we may make changes to our ALL methodology to be responsive to the economic environment.

Although we believe our process for determining the ALL adequately considers all of the factors that would likely result in credit losses, the process includes subjective elements and may be susceptible to significant change. To the extent actual losses are higher than management estimates, additional provisions for loan losses could be required and could adversely affect our earnings or financial position in future periods.

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Income Taxes

We estimate income tax expense based on amounts expected to be owed to the tax jurisdictions where we conduct business. The laws are complex and subject to different interpretations by us and various taxing authorities. On a quarterly basis, we assess the reasonableness of our effective tax rate based upon our current estimate of the amount and components of pre-tax income, tax credits and the applicable statutory tax rates expected for the full year.

We determine deferred income tax assets and liabilities using the asset and liability method, and we report them in other assets or other liabilities, as appropriate, in the Consolidated Balance Sheets. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities and recognizes enacted changes in tax rate and laws. When deferred tax assets are recognized, they are subject to a valuation allowance based on management s judgment as to whether realization is more likely than not.

Accrued taxes represent the net estimated amount due to taxing jurisdictions and are reported in other assets or other liabilities, as appropriate, in the Consolidated Balance Sheets. We evaluate and assess the relative risks and appropriate tax treatment of transactions and filing positions after considering statutes, regulations, judicial precedent and other information and maintain tax accruals consistent with the evaluation of these relative risks and merits. Changes to the estimate of accrued taxes occur periodically due to changes in tax rates, interpretations of tax laws, the status of examinations being conducted by taxing authorities and changes to statutory, judicial and regulatory guidance. These changes, when they occur, can affect deferred taxes and accrued taxes, as well as the current period s income tax expense and can be significant to our operating results.

Tax positions are recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50 percent likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded.

Securities Valuation

We determine the appropriate classification of securities at the time of purchase. All securities, including both debt and equity securities, are classified as available-for-sale. These securities are carried at fair value with net unrealized gains and losses deemed to be temporary and are reported separately as a component of other comprehensive income (loss), net of tax. Realized gains and losses on the sale of available-for-sale securities and other-than-temporary impairment, or OTTI, charges are recorded within noninterest income in the Consolidated Statements of Net Income. Realized gains and losses on the sale of securities are determined using the specific-identification method.

We perform a quarterly review of our securities to identify those that may indicate an OTTI. Our policy for OTTI within the marketable equity securities portfolio generally requires an impairment charge when the security is in a loss position for 12 consecutive months, unless facts and circumstances would suggest the need for an OTTI prior to that time. Our policy for OTTI within the debt securities portfolio is based upon a number of factors, including but not limited to, the length of time and extent to which the estimated fair value has been less than cost, the financial condition of the underlying issuer, the ability of the issuer to meet contractual obligations, the best estimate of the impairment charge representing credit losses, the likelihood of the security s ability to recover any decline in its estimated fair value and whether we intend to sell the investment security or if it is more likely than not that we will be required to sell the security prior to the security s recovery. If the impairment is considered other-than-temporary based on management s review, the impairment must be separated into credit and non-credit portions. The credit component is recognized in the Consolidated Statements of Net Income and the non-credit component is recognized in other comprehensive income (loss), net of applicable taxes. If the financial markets experience deterioration, charges to income could occur in future periods.

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Goodwill and Other Intangible Assets

As a result of acquisitions, we have recorded goodwill and identifiable intangible assets in our Consolidated Balance Sheets. Goodwill represents the excess of the purchase price over the fair value of net assets acquired. We account for business combinations using the acquisition method of accounting.

Goodwill relates to value inherent in the Community Banking and Insurance reporting units and that value is dependent upon our ability to provide quality, cost-effective services in the face of competition from other market participants. This ability relies upon continuing investments in processing systems, the development of value-added service features and the ease of use of our services. As such, goodwill value is supported ultimately by profitability that is driven by the volume of business transacted. A decline in earnings as a result of a lack of growth or the inability to deliver cost-effective services over sustained periods can lead to impairment of goodwill, which could adversely impact our earnings in future periods.

We have three reporting units: Community Banking, Insurance and Wealth Management. The carrying value of goodwill is tested annually for impairment each October 1 or more frequently if it is determined that a triggering event has occurred. We first assess qualitatively whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Our qualitative assessment considers such factors as macroeconomic conditions, market conditions specifically related to the banking industry, our overall financial performance and various other factors. If we determine that it is more likely than not that the fair value is less than the carrying amount, we proceed to test for impairment. The evaluation for impairment involves comparing the current estimated fair value of each reporting unit to its carrying value, including goodwill. If the current estimated fair value of a reporting unit exceeds its carrying value, no additional testing is required and an impairment loss is not recorded. If the estimated fair value of a reporting unit is less than the carrying value, further valuation procedures are performed that could result in impairment of goodwill being recorded. Further valuation procedures would include allocating the estimated fair value to all assets and liabilities of the reporting unit to determine an implied goodwill value. If the implied value of goodwill of a reporting unit is less than the carrying amount of that goodwill, an impairment loss is recognized in an amount equal to that excess. We completed the annual goodwill impairment assessment as required in 2013, 2012 and 2011; the results indicated that the fair value of each reporting unit exceeded the carrying value.

Based upon our qualitative assessment performed for our annual impairment analysis, we concluded that it is more likely than not that the fair value of the reporting units exceeds the carrying value. Both the national economy and the local Western Pennsylvania economy where our business is concentrated improved over the past year. General economic activity and key indicators such as housing and unemployment also showed improvement. While still challenging, the banking environment also improved with fewer bank failures, better asset quality, improved earnings and generally better stock prices. Activity in mergers and acquisitions demonstrated that there is premium value of banking franchises and a number of banks of our size have been able to access the capital markets over the past year. Our stock price has increased, and our stock has generally traded above book value throughout 2013. Additionally, our overall performance has improved, and we have not identified any other facts or circumstances that would cause us to conclude that it is more likely than not that the fair value of each of the reporting units would be less than the carrying value of the reporting unit.

We determine the amount of identifiable intangible assets based upon independent core deposit and insurance contract valuations at the time of acquisition. Intangible assets with finite useful lives, consisting primarily of core deposit and customer list intangibles, are amortized using straight-line or accelerated methods over their estimated weighted average useful lives, ranging from 10 to 16 years. Intangible assets with finite useful lives are evaluated for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. No such events or changes in circumstances occurred during the years ended December 31, 2013, 2012 and 2011.

The financial services industry and securities markets can be adversely affected by declining values. If economic conditions result in a prolonged period of economic weakness in the future, our business segments,

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including the Community Banking segment, may be adversely affected. In the event that we determine that either our goodwill or finite lived intangible assets are impaired, recognition of an impairment charge could have a significant adverse impact on our financial position or results of operations in the period in which the impairment occurs.

Recent Accounting Pronouncements and Developments

Note 1 Summary of Significant Accounting Policies in the Notes to the Consolidated Financial Statements, which is included on page F-48 of this proxy statement/prospectus, discusses new accounting pronouncements that we adopted and the expected impact of accounting pronouncements recently issued or proposed, but not yet required to be adopted.

Overview

We are a bank holding company headquartered in Indiana, Pennsylvania with assets of $4.9 billion at September 30, 2014. We provide a full range of financial services through offices in 12 Pennsylvania counties with retail and commercial banking products, cash management services, insurance and trust and discount brokerage services. We also have two loan production offices, or LPOs, in Northeast and Central Ohio. 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. Offsetting these revenues are the cost of deposits and other funding sources, provision for loan losses and other operating costs such as salaries and employee benefits, data processing, occupancy and tax expense.

Our mission is to become the financial services provider of choice within the markets that we serve. We strive to do this by delivering exceptional service and value, one customer at a time. Our strategic plan focuses on organic growth, which includes growth within our current footprint and growth through market expansion. We also actively evaluate acquisition opportunities, which if successful can be another source of growth. Our strategic plan includes a collaborative model that combines expertise from all of our business segments and focuses on satisfying each customer s individual financial objectives.

Our financial performance improved significantly in 2013 compared to the prior year. Full year 2013 earnings increased $16.3 million, or 48 percent, to $50.5 million compared to $34.2 million for 2012. This marked increase in earnings is a result of our ability to execute on our key strategic initiatives of loan growth, improving asset quality and expense control and improved economic conditions in our markets.

Loan growth was strong throughout 2013 with portfolio loans increasing $219.6 million, or 6.6 percent, compared to December 31, 2012. This growth was primarily in our CRE, C&I, and residential mortgage loan portfolios. Our Northeast Ohio LPO has performed well since its opening, adding approximately $95.0 million of commercial loans in 2013. Further driving loan growth was the expansion of our sales team with the addition of commercial lenders in various markets throughout 2013.

Asset quality improved significantly throughout 2013 resulting in a $14.5 million, or 64 percent, decline in the provision for loan losses from the prior year. Net charge-offs decreased $16.6 million, or 66 percent, from the prior year. Total nonperforming loans decreased 59 percent to $22.5 million, or 0.63 percent of total loans at December 31, 2013, from $55.0 million, or 1.63 percent of total loans at December 31, 2012. Special mention and substandard commercial loans also decreased $146.0 million, or 47 percent, to $163.0 million from $309 million at December 31, 2012. This significant improvement in asset quality was due to the continued improvement of the economic conditions in our markets and a strategic focus on actively managing and bringing to resolution our problem loans.

We benefited from various expense control initiatives and operational efficiencies implemented throughout 2013, including our branch consolidation efforts with the closure of two branches and two drive-up facilities, our branch capture initiative which improved operating efficiencies around check processing and the sale of our merchant card servicing business which allowed us to maintain referral revenue while eliminating much of the associated cost with running this business.

We sold our merchant card servicing business during the first quarter of 2013 resulting in a $3.1 million gain. While this was a successful business, we determined that it would be difficult to compete in this business in the future due to intense competition and technological advances. We entered into a marketing and sales alliance agreement with the purchaser for an initial term of ten years. Future revenue is dependent on the number of referrals, number of new merchant accounts and volume of activity. We are now able to offer a more robust suite of merchant related services through our partner while maintaining relationships with our customers.

Our Total risk-based capital ratio decreased by 103 basis points to 14.36 percent at December 31, 2013 from 15.39 percent at December 31, 2012, due primarily to the repayment of subordinated debt. During 2013, we repaid $45.0 million of subordinated debt due to its diminishing regulatory capital benefit and the future positive impact on net interest income. Our other capital ratios improved and all remain significantly above the well capitalized thresholds of federal bank regulatory agencies, with a leverage ratio of 9.75 percent and a Tier 1 risk-based capital ratio of 12.37 percent at December 31, 2013.

During the nine months ended September 30, 2014, we successfully executed on our organic growth strategy through growth in our current footprint and by expanding into new markets. On January 21, 2014, we announced the opening of an LPO in Central Ohio. On June 18, 2014, we opened a new branch with a team of experienced banking professionals in State College, Pennsylvania. During the nine months ended September 30, 2014, we grew our business organically with portfolio loans increasing $235.0 million, or 6.6% percent, compared to December 31, 2013. This growth was primarily in our commercial loan portfolio.

On October 29, 2014, we entered into a definitive agreement to acquire Integrity. The acquisition will expand our footprint into south-central Pennsylvania. The transaction was valued at approximately $155 million and is expected to close in the first quarter of 2015 after satisfaction of customary closing conditions, including regulatory approvals and the approval of the shareholders of Integrity.

Our focus continues to be on loan and deposit growth and implementing opportunities to increase fee income while maintaining a strong expense discipline. The low interest rate environment will continue to challenge our net interest income, but our organic growth will help to mitigate the impact. We plan to evaluate new markets and strive to replicate the success of our LPOs in Northeast and Central Ohio. Our focus is also on maintaining and attracting new sales personnel to execute on our loan and fee growth strategies. Our capital position remains strong and we are well positioned to take advantage of acquisition opportunities as they arise.

Explanation of Use of Non-GAAP Financial Measures

In addition to the results of operations presented in accordance with generally accepted accounting principles, or GAAP, management uses, and this proxy statement/prospectus contains or references, certain non-GAAP financial measures, such as net interest income on a fully taxable equivalent, or FTE, basis and operating revenue. Management believes 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 others in the financial services industry. Although management believes that these non-GAAP financial measures enhance investors understanding of our business and performance, these non-GAAP financial measures should not be considered an alternative 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.

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We believe the presentation of net interest income on a FTE basis ensures the comparability of net interest income arising from both taxable and tax-exempt sources and is consistent with industry practice. Interest income per the Consolidated Statements of Comprehensive Income is reconciled to net interest income adjusted to a FTE basis in the next section for the three and nine months ended September 30, 2014 and 2013.

Operating revenue is the sum of net interest income and noninterest income less non-recurring income and expenses. In order to understand the significance of net interest income to our business and operating results, we believe it is appropriate to evaluate the significance of net interest income as a component of operating revenue.

Results of Operations

Three and Nine Months Ended September 30, 2014 Compared to Three and Nine Months Ended September 30, 2013

Earnings Summary

Net income available to common shareholders for the three months ended September 30, 2014 was $14.7 million, or diluted earnings per share of $0.49, compared to $12.2 million, or $0.41, for the same period in 2013. Net income for the nine months ended September 30, 2014 was $43.4 million, or diluted earnings per share of $1.46, compared to $38.7 million, or $1.30, for the same period in 2013. The increase in net income was primarily driven by an increase in net interest income and a lower provision for loan losses in both the three and nine months ended September 30, 2014.

Net interest income increased $2.3 million, or 6.4 percent, and $6.4 million, or 6.2 percent, for the three and nine month periods ended September 30, 2014 compared to the same periods in 2013. The increase in net interest income for both periods is mainly due to interest earning asset growth. Total average interest earning assets increased $276.5 million, or 6.7 percent, and $234.7 million, or 5.7 percent, for the three and nine month periods ended September 30, 2014 compared to the same periods in 2013. The increase was driven by higher average loans, which is due to our successful efforts in growing our loan portfolio organically over the past year.

The provision for loan losses decreased $1.9 million for the three months ended September 30, 2014 and decreased $6.1 million for the nine months ended September 30, 2014 compared to the same periods in 2013. The lower provision in both the three and nine months ended September 30, 2014 was due to improving economic conditions which have positively impacted our asset quality metrics in all categories, including decreases in loan charge-offs, nonaccrual loans, special mention and substandard loans and the delinquency status of our loan portfolio. Net charge-offs were $0.7 million for the three months ended September 30, 2014 compared to $1.5 million for the three months ended September 30, 2013 and we had net recoveries of $0.5 million for the nine months ended September 30, 2014 compared to net charge-offs of $5.3 million for the nine months ended September 30, 2013.

Our total noninterest income decreased $0.6 million to $11.9 million for the three months ended September 30, 2014 and $5.1 million to $35.1 million for the nine months ended September 30, 2014 compared to the same periods in 2013. The decrease in noninterest income for the three months ended September 30, 2014 was primarily due to a decrease in fees related to interest rate swaps with our commercial customers, consumer loan fees and letters of credit. The decrease in noninterest income for the nine months ended September 30, 2014 was primarily related to a $3.1 million gain on the sale of our merchant card servicing business that occurred in the first quarter of 2013 and decreases in mortgage banking income, debit and credit card fees, insurance fees, interest rate swap fees with our commercial customers and consumer loan fees. The decreases for the nine months ended September 30, 2014 were partially offset by an increase in our wealth management fees due to new business development efforts and certain fee increases.

Total noninterest expense increased $0.5 million to $28.4 million for the three months ended September 30, 2014 and decreased $0.4 million to $87.5 million for the nine months ended September 30, 2014 compared to the same periods in 2013. The increase for the three months ended September 30, 2014 primarily related to the

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reversal during 2013 of a contingent liability for an IRS proposed penalty. The decrease for the nine months ended September 30, 2014 was due to no merger related expenses in 2014 compared to $0.8 million in 2013, and lower professional services and legal, data processing expense, other taxes and Federal Deposit Insurance Corporation, or FDIC, insurance. These decreases were offset by the above mentioned reversal of a contingent liability and increased salaries and employee benefit expenses.

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. Maintaining consistent spreads between interest-earning assets and interest-bearing liabilities is significant to our financial performance because net interest income comprised 76 percent of operating revenue (net interest income plus noninterest income, excluding non-recurring income and expenses) for the three and nine month periods ended September 30, 2014. 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 maintain an acceptable net interest margin on interest-earning assets.

The interest income on interest-earning assets and the net interest margin are presented on a FTE basis. The FTE basis adjusts for the tax benefit of income on certain tax-exempt loans and securities using the federal statutory tax rate of 35 percent for each period and the dividend-received deduction for equity securities. We believe this measure to be the preferred industry measurement of net interest income that provides a relevant comparison between taxable and non-taxable amounts.

The following table reconciles interest income and interest rates per the Consolidated Statements of Comprehensive Income to net interest income and rates adjusted to a FTE basis for the periods presented:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(dollars in thousands)	**2014**	**2013**	**2014**	**2013**
Total interest income	$ 40,605	$ 38,581	$ 119,142	$ 114,977
Total interest expense	3,076	3,307	9,167	11,438
Net interest income per consolidated statements of comprehensive income	37,529	35,274	109,975	103,539
Adjustment to FTE basis	1,373	1,229	4,090	3,570
Net Interest Income (FTE) (non-GAAP)	**$ 38,902**	**$ 36,503**	**$ 114,065**	**$ 107,109**
Net interest margin	3.38%	3.38%	3.40%	3.38%
Adjustment to FTE basis	0.12%	0.12%	0.12%	0.12%
Net Interest Margin (FTE) (non-GAAP)	**3.50%**	**3.50%**	**3.52%**	**3.50%**

Income amounts are annualized for rate calculations.

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Average Balance Sheet and Net Interest Income Analysis

The following table provides 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 September 30, 2014			Three Months Ended September 30, 2013		
(dollars in thousands)	**Average Balance**	**Interest**	**Rate**	**Average Balance**	**Interest**	**Rate**
ASSETS						
Loans [(1)(2)]	$ 3,755,862	$ 38,052	4.02%	$ 3,476,914	$ 36,461	4.16%
Interest-bearing deposits with banks	58,033	33	0.23%	162,381	110	0.27%
Taxable investment securities [(3)]	458,378	2,292	2.00%	378,678	1,879	1.98%
Tax-exempt investment securities [(2)]	129,400	1,482	4.58%	108,982	1,331	4.88%
Federal Home Loan Bank and other restricted stock	15,740	119	3.02%	13,910	29	0.83%
Total Interest-earning Assets	**4,417,413**	**41,978**	**3.77%**	**4,140,865**	**39,810**	**3.82%**
Noninterest-earning assets:						
Cash and due from banks	52,172			51,177		
Premises and equipment, net	36,200			36,978		
Other assets	338,486			350,933		
Less allowance for loan losses	(47,568)			(48,087)		
Total Assets	**$ 4,796,703**			**$ 4,531,866**		
LIABILITIES AND SHAREHOLDERS EQUITY						
Interest-bearing demand	$ 326,711	$ 16	0.02%	$ 311,369	$ 19	0.02%
Money market	308,166	129	0.17%	323,671	111	0.14%
Savings	1,035,281	404	0.15%	1,019,647	396	0.15%
Certificates of deposit	888,163	1,707	0.76%	962,492	2,127	0.88%
CDARS and brokered deposits	249,659	224	0.36%	88,462	64	0.28%
Total Interest-bearing deposits	**2,807,980**	**2,480**	**0.35%**	**2,705,641**	**2,717**	**0.40%**
Securities sold under repurchase agreements	21,243	1	0.01%	59,390	14	0.09%
Short-term borrowings	172,228	135	0.31%	127,174	91	0.28%
Long-term borrowings	20,282	152	2.97%	22,625	172	3.01%
Junior subordinated debt securities	45,619	308	2.68%	45,619	313	2.72%
Total Interest-bearing Liabilities	**3,067,352**	**3,076**	**0.40%**	**2,960,449**	**3,307**	**0.44%**
Noninterest-bearing liabilities:						
Noninterest-bearing demand	1,074,564			955,337		
Other liabilities	53,860			67,639		
Shareholders equity	600,927			548,441		
Total Liabilities and Shareholders Equity	**$ 4,796,703**			**$ 4,531,866**		
Net Interest Income [(2)(3)]		**$ 38,902**			**$ 36,503**	
Net Interest Margin [(2)(3)]			**3.50%**			**3.50%**

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(1) Nonaccruing loans are included in the daily average loan amounts outstanding.
(2) Tax-exempt income is on a FTE basis using the statutory federal corporate income tax rate of 35 percent for 2014 and 2013.
(3) Taxable investment income is adjusted for the dividend-received deduction for equity securities.

	Nine Months Ended September 30, 2014			Nine Months Ended September 30, 2013		
(dollars in thousands)	**Average Balance**	**Interest**	**Rate**	**Average Balance**	**Interest**	**Rate**
ASSETS						
Loans [1][2]	$ 3,661,456	$ 111,928	4.09%	$ 3,418,571	$ 108,651	4.25%
Interest-bearing deposits with banks	97,666	181	0.25%	186,248	363	0.26%
Taxable investment securities [3]	427,731	6,372	1.99%	366,025	5,609	2.04%
Tax-exempt investment securities [2]	126,867	4,418	4.64%	108,556	3,867	4.75%
Federal Home Loan Bank and other restricted stock	13,970	333	3.18%	13,582	57	0.56%
Total Interest-earning Assets	**4,327,690**	**123,232**	**3.81%**	**4,092,982**	**118,547**	**3.87%**
Noninterest-earning assets:						
Cash and due from banks	49,713			51,799		
Premises and equipment, net	35,844			37,202		
Other assets	338,872			356,278		
Less allowance for loan losses	(48,023)			(47,716)		
Total Assets	**$ 4,704,096**			**$ 4,490,545**		
LIABILITIES AND SHAREHOLDERS EQUITY						
Interest-bearing demand	$ 317,333	$ 52	0.02%	$ 308,335	$ 56	0.02%
Money market	328,561	382	0.16%	329,830	348	0.14%
Savings	1,028,469	1,196	0.16%	998,410	1,342	0.18%
Certificates of deposit	899,240	5,269	0.78%	986,061	7,004	0.95%
CDARS and brokered deposits	223,647	567	0.34%	61,290	120	0.26%
Total Interest-bearing deposits	**2,797,250**	**7,466**	**0.36%**	**2,683,926**	**8,870**	**0.44%**
Securities sold under repurchase agreements	29,463	2	0.01%	63,382	61	0.13%
Short-term borrowings	136,378	313	0.31%	86,813	169	0.26%
Long-term borrowings	20,869	471	3.01%	25,077	580	3.09%
Junior subordinated debt securities	45,619	915	2.68%	72,853	1,758	3.23%
Total Interest-bearing Liabilities	**3,029,579**	**9,167**	**0.40%**	**2,932,051**	**11,438**	**0.52%**
Noninterest-bearing liabilities:						
Noninterest-bearing demand	1,031,430			942,610		
Other liabilities	52,704			70,829		
Shareholders equity	590,383			545,055		
Total Liabilities and Shareholders Equity	**$ 4,704,096**			**$ 4,490,545**		
Net Interest Income [2][3]		**$ 114,065**			**$ 107,109**	
Net Interest Margin [2][3]			**3.52%**			**3.50%**

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

(2) Tax-exempt income is on a FTE basis using the statutory federal corporate income tax rate of 35 percent for 2014 and 2013.
(3) Taxable investment income is adjusted for the dividend-received deduction for equity securities.

Net interest income on a FTE basis increased $2.4 million, or 6.6 percent, for the three months ended September 30, 2014 and $7.0 million, or 6.5 percent, for the nine months ended September 30, 2014 compared to the same periods in 2013. The net interest margin on a FTE basis remained unchanged for the three months ended September 30, 2014 and increased 2 basis points for the nine months ended September 30, 2014 compared to the same periods in 2013. The increase in net interest income is mainly due to interest earning asset growth.

Interest income on a FTE basis increased $2.2 million, or 5.4 percent, and $4.7 million, or 4.0 percent, to $42.0 million and $123.2 million for the three and nine months ended September 30, 2014 compared to the same periods in 2013. The increase in interest income was mainly driven by the $276.5 million and $234.7 million increases in interest-earning assets for the three and nine month periods ended September 30, 2014 compared to the same periods in 2013. The interest-earning asset balance increase is mainly attributable to loan growth. Average loan balances increased by $278.9 million and $242.9 million for the three and nine months ended September 30, 2014 compared to the same periods in 2013 as a result of organic growth, primarily in our commercial loan portfolio. Due to the continued low interest rate environment our rate earned on loans decreased 14 basis points and 16 basis points for the three and nine months ended September 30, 2014 when compared to the three and nine months ended September 30, 2013. Average interest-bearing deposits with banks, which is primarily cash at the Federal Reserve, decreased $104.3 million for the three months and $88.6 million for the nine months ended September 30, 2014 when compared to the same periods in 2013. Average investment securities, including Federal Home Loan Bank, or FHLB, and other restricted stock, increased $101.9 million for the three months and $80.4 million for the nine months ended September 30, 2014 compared to the same periods in 2013. Deployment of excess cash at the Federal Reserve to higher yielding investment securities and an increase in the FHLB dividend rate had a positive impact on the interest-earning asset rate. Overall, the FTE rate on total interest-earning assets decreased 5 basis points to 3.77 percent for the three months ended September 30, 2014 and decreased 6 basis points to 3.81 percent for the nine months ended September 30, 2014 as compared to 3.82 percent and 3.87 percent for the same periods in 2013.

Interest expense decreased $0.2 million and $2.3 million to $3.1 million and $9.2 million for the three and nine months ended September 30, 2014 compared to the same periods in 2013. The decrease in interest expense for the three months ended September 30, 2014 is mainly due to a shift in the mix of our interest-bearing liabilities from higher rate certificates of deposit, or CDs, to lower cost deposits and borrowings. In addition to a shift in the mix of our interest-bearing liabilities, the decrease in interest expense for the nine month period ending September 30, 2014 was impacted by the redemption of $45.0 million of subordinated debt during the second quarter of 2013. Total interest-bearing deposits increased $102.3 million and $113.3 million for the three months and nine months ended September 30, 2014 compared to the same periods in 2013. Higher interest-bearing deposits are due to an increase of $161.2 million and $162.4 million in Certificate of Deposit Account Registry Services, or CDARS, One-Way-Buy, or OWB, and brokered deposits and an increase of $15.5 million and $37.8 million in interest-bearing demand, money market and savings balances offset by a decrease in CDs of $74.3 million and $86.8 million for the three and nine month periods ended September 30, 2014 compared to the same periods in 2013. The cost of total interest-bearing deposits was 0.35 percent and 0.36 percent for the three and nine month periods ended September 30, 2014, compared to 0.40 percent and 0.44 percent for the three and nine month periods ended September 30, 2013. The decrease in the cost of interest-bearing deposits was mainly due to the maturity of higher rate CDs being replaced by lower rate deposits. Interest expense on average borrowings remained relatively unchanged over the three month period ended September 30, 2014 and decreased $0.9 million over the nine month period ended September 30, 2014 compared to the same periods in 2013. The $0.9 million decrease over the nine month period was primarily a result of the redemption of $45.0 million of subordinated debt during the second quarter of 2013. Overall, the cost of interest-bearing liabilities decreased 4 basis points and 12 basis points for the three months and nine months ended September 30, 2014 compared to the same periods in 2013.

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

(dollars in thousands)	Three Months Ended September 30, 2014 Compared to September 30, 2013			Nine Months Ended September 30, 2014 Compared to September 30, 2013		
	Volume [4]	Rate [4]	Net	Volume [4]	Rate [4]	Net
Interest earned on:						
Loans [1][2]	$ 2,925	$ (1,334)	$ 1,591	$ 7,719	$ (4,442)	$ 3,277
Interest-bearing deposits with banks	(71)	(6)	(77)	(173)	(9)	(182)
Taxable investment securities [3]	395	18	413	946	(183)	763
Tax-exempt investment securities [2]	249	(98)	151	652	(101)	551
Federal Home Loan Bank and other restricted stock	4	86	90	2	274	276
Total Interest-earning Assets	**3,502**	**(1,334)**	**2,168**	**9,146**	**(4,461)**	**4,685**
Interest paid on:						
Interest-bearing demand	1	(4)	(3)	2	(6)	(4)
Money market	(5)	23	18	(1)	35	34
Savings	6	2	8	40	(186)	(146)
Certificates of deposit	(164)	(256)	(420)	(617)	(1,118)	(1,735)
CDARS and brokered deposits	116	44	160	318	129	447
Securities sold under repurchase agreements	(9)	(4)	(13)	(33)	(26)	(59)
Short-term borrowings	32	12	44	96	48	144
Long-term borrowings	(18)	(2)	(20)	(97)	(12)	(109)
Junior subordinated debt securities		(5)	(5)	(657)	(186)	(843)
Total Interest-bearing Liabilities	**(41)**	**(190)**	**(231)**	**(949)**	**(1,322)**	**(2,271)**
Net Change in Net Interest Income	**$ 3,543**	**$ (1,144)**	**$ 2,399**	**$ 10,095**	**$ (3,139)**	**$ 6,956**

(1) Nonaccruing loans are included in the daily average loan amounts outstanding.
(2) Tax-exempt income is on a FTE basis using the statutory federal corporate income tax rate of 35 percent for 2014 and 2013.
(3) Taxable investment income is adjusted for the dividend-received deduction for equity securities.
(4) Changes to rate/volume are allocated to both rate and volume on a proportionate dollar basis.

Provision for Loan Losses

The provision for loan losses is the adjustment to the allowance for loan losses, or ALL, after considering loan charge-offs and recoveries to bring the ALL to a level determined to be appropriate in management s judgment to absorb probable losses inherent in the loan portfolio. The provision for loan losses decreased $1.9 million from $3.4 million to $1.5 million for the three months ended September 30, 2014 and decreased $6.1 million from $6.7 million to $0.6 million for the nine months ended September 30, 2014 compared to the same periods in 2013. We continue to experience favorable asset quality trends with decreases in loan charge-offs, nonaccrual loans, special mention and substandard loans and the delinquency status of our loan portfolio. Net loan charge-offs decreased $0.8 million to $0.7 million for the three months ended September 30, 2014 compared to a net charge-off of $1.5 million for the three months ended September 30, 2013 and improved $5.8 million to a net recovery of $0.5 million for the nine months ended September 30, 2014 compared to a net charge-off of $5.3 million for the nine months ended September 30, 2013. Nonaccrual loans decreased 63 percent to $13.5 million at September 30, 2014 compared to $36.4 million at September 30, 2013. Total special mention and substandard commercial loans have decreased $67.5 million, or 34 percent, over the last twelve months to $130.9 million at September 30, 2014. The ALL was 1.24 percent of total loans at September 30, 2014 compared to 1.37 percent at September 30, 2013. Refer to Allowance for Loan Losses in the MD&A of this proxy statement/prospectus for additional information.

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Noninterest Income

	Three Months Ended September 30,				Nine Months Ended September 30,			
(dollars in thousands)	**2014**	**2013**	**$ Change**	**% Change**	**2014**	**2013**	**$ Change**	**% Change**
Securities gains, net	$	$ 3	$ (3)	*(100.0)%*	$ 41	$ 5	$ 36	*NM*
Debit and credit card fees	2,909	2,764	145	5.2	8,135	8,365	(230)	(2.7)
Service charges on deposit accounts	2,799	2,801	(2)	(0.1)	7,882	7,744	138	1.8
Wealth management fees	2,756	2,747	9	0.3	8,548	8,143	405	5.0
Insurance fees	1,722	1,738	(16)	(0.9)	4,824	5,156	(332)	(6.4)
Mortgage banking	270	265	5	1.9	666	1,658	(992)	(59.8)
Gain on sale of merchant card servicing business						3,093	(3,093)	(100.0)
Other	1,475	2,224	(749)	(33.7)	5,022	6,051	(1,029)	(17.0)
Total Noninterest Income	**$ 11,931**	**$ 12,542**	**$ (611)**	**(4.9)%**	**$ 35,118**	**$ 40,215**	**$ (5,097)**	**(12.7)%**

NM- percentage not meaningful

Noninterest income decreased $0.6 million, or 4.9 percent, and $5.1 million, or 12.7 percent, to $11.9 million and $35.1 million for the three and nine month periods ended September 30, 2014 compared to the same periods in 2013. The decrease related to other noninterest income for both periods. Additional decreases in the nine month period ended September 30, 2014 related to the sale of our merchant card servicing business, declines in fees from mortgage banking, debit and credit cards and insurance offset by an increase in wealth management fees.

The decrease in other noninterest income of $0.7 million and $1.0 million for the three and nine month periods ended September 30, 2014, as compared to the same periods in 2013, was primarily due to a decrease in fees related to interest rate swaps with our commercial customers, consumer loan fees and letters of credit.

During the first quarter of 2013, we sold our merchant card servicing business for $4.8 million and paid deconversion and termination fees of $1.7 million to the merchant processor resulting in a net gain of $3.1 million. In conjunction with the sale of the merchant card servicing business, we entered into a marketing and sales alliance agreement with the purchaser, providing transition fees, royalties and referral revenue. Income from the marketing and sales alliance agreement is included in debit and credit card fees. The decrease in debit and credit card fees for the nine month period ended September 30, 2014 primarily relates to transition fees that we received during the first five months after the sale of the merchant card servicing business that did not recur during 2014, combined with the timing of referral revenue. Mortgage banking income decreased $1.0 million for the nine month period ended September 30, 2014 compared to the same period in 2013. The decrease in mortgage banking income relates to the increase in mortgage rates that occurred in the second quarter of 2013, resulting in a decrease in the volume of loans originated for sale in the secondary market and less favorable pricing on loan sales. During the nine months ended September 30, 2014, we sold 50 percent fewer mortgages with $27.9 million in loan sales compared to $56.0 million during the same period in 2013. Insurance fees decreased $0.3 million for the nine month period ended September 30, 2014 compared to the same period in 2013 due to increased competition.

Wealth management fees increased $0.4 million for the nine month period ended September 30, 2014, as compared to the same period in 2013, due to higher assets under management, new business development efforts and certain fee increases.

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Noninterest Expense

(dollars in thousands)	Three Months Ended September 30, 2014	2013	$ Change	% Change	Nine Months Ended September 30, 2014	2013	$ Change	% Change
Salaries and employee benefits [(1)]	$ 14,823	$ 14,910	$ (87)	(0.6)%	$ 45,971	$ 45,646	$ 325	0.7%
Data processing [(1)]	2,152	2,137	15	0.7	6,466	6,180	286	4.6
Net occupancy [(1)]	2,004	1,910	94	4.9	6,218	6,032	186	3.1
Furniture and equipment	1,308	1,084	224	20.7	3,856	3,623	233	6.4
Marketing	757	607	150	24.7	2,335	2,088	247	11.8
Other Taxes	839	1,039	(200)	(19.2)	2,363	2,953	(590)	(20.0)
Professional services and legal [(1)]	950	996	(46)	(4.6)	2,488	3,139	(651)	(20.7)
FDIC insurance	607	629	(22)	(3.5)	1,817	2,112	(295)	(14.0)
Other noninterest expense [(1)]	5,000	4,631	369	8.0	16,005	15,334	671	4.4
Merger related expense						838	(838)	(100.0)
Total Noninterest Expense	**$ 28,440**	**$ 27,943**	**$ 497**	**1.8%**	**$ 87,519**	**$ 87,945**	**$ (426)**	**(0.5)%**

(1) Excludes one-time merger related expense for 2013.

Noninterest expense increased $0.5 million to $28.4 million for the three months ended September 30, 2014. This increase was attributable to increases in furniture and equipment, marketing and other noninterest expenses offset by a decrease in other taxes.

Furniture and equipment expenses increased $0.2 million primarily due to purchases of furniture and equipment for newly opened locations during the quarter. Increased marketing expenses of $0.2 million were incurred resulting from the timing of our various promotional programs.

Other noninterest expense increased $0.4 million due to the reversal of a contingent liability for an IRS proposed penalty in 2013. The contingent liability was assumed with the acquisition of Mainline Bancorp in 2012 and was reversed when we received notice during 2013 that the IRS had waived the $0.5 million penalty. The decrease in other taxes of $0.2 million was primarily related to legislative changes that have resulted in a reduction in Pennsylvania share tax expense.

Noninterest expense decreased $0.4 million to $87.5 million for the nine months ended September 30, 2014. This decrease was attributable to no merger related expenses in 2014, and decreases in professional services and legal expenses, FDIC insurance and other taxes offset by increases in salaries and employee benefits, data processing, furniture and equipment, marketing and other noninterest expenses.

The $0.8 million of merger related expense recognized in the nine months ended September 30, 2013 related primarily to the data processing system conversion of Gateway Bank. Although the Gateway Bank acquisition occurred in August 2012, the merger with S&T Bank and the system conversion was completed on February 8, 2013.

Professional services and legal expense decreased $0.7 million primarily due to additional external accounting and consulting charges that were incurred in 2013 while the decrease in other taxes of $0.6 million was primarily related to legislative changes that have resulted in a reduction in Pennsylvania share tax expense.

FDIC insurance charges are based in part on our financial ratios which have improved, resulting in a decrease in expense of $0.3 million.

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Salaries and employee benefits expense increased $0.3 million primarily due to an increase in incentive expense offset by a decrease in pension expense. Incentive expense increased $1.8 million due to strong performance in 2014. Offsetting this increase to incentive expense was a reduction in our pension expense of $1.6 million due to a decrease in our pension liability primarily resulting from a change in actuarial assumptions.

Data processing increased $0.3 million primarily due to the implementation of a new teller platform and software that strengthens the authentication of our customers that use our online banking product. Furniture and equipment expenses increased $0.2 million primarily due to purchases of furniture and equipment for newly opened locations. Increased marketing expenses of $0.2 million were incurred resulting from the timing of our various promotional programs.

Other noninterest expense increased $0.7 million primarily related to the reversal of a contingent liability for an IRS proposed penalty in 2013. The contingent liability was assumed with the acquisition of Mainline Bancorp in 2012 and was reversed when we received notice during 2013 that the IRS had waived the $0.5 million penalty.

Provision for Income Taxes

The provision for income taxes increased $0.7 million to $4.9 million for the three month period and increased $3.2 million to $13.6 million for the nine month period ended September 30, 2014 compared to a provision of $4.2 million and $10.4 million for the same periods in 2013. The increases to the provision for income taxes for the three and nine month periods ended September 30, 2014 were primarily due to increases of $3.1 million for the three month period and $7.9 million for the nine month period in pre-tax income. The effective tax rate for the nine months ended September 30, 2014 increased to 23.8 percent compared to 21.2 percent for the same period in 2013. The increase in our effective tax rate was primarily due to increases in projected pre-tax income.

Fiscal Year Ended December 31, 2013 Compared to the Fiscal Year Ended December 31, 2012

Earnings Summary

Net income available to common shareholders increased $16.3 million, or 48 percent, to $50.5 million or $1.70 per share in 2013 compared to $34.2 million or $1.18 per share in 2012. The increase in net income was primarily due to higher net interest income of $4.0 million, or three percent, a $14.5 million, or 64 percent, decrease in the provision for loan losses and a $5.5 million, or four percent, decrease in noninterest expense. The common return on average assets increased from 0.79 percent at December 31, 2012 to 1.12 percent at December 31, 2013, and the common return on average equity rose to 9.21 percent at December 31, 2013, from 6.62 percent at December 31, 2012.

Net interest income increased $4.0 million to $139.2 million compared to $135.2 million in 2012 due to improvement in our funding costs along with an increase in average interest earning assets of $203.5 million, or 5.2 percent. The increase in earning assets resulted from higher average loans outstanding due to strong organic loan growth in 2013 and our two acquisitions in 2012.

The provision for loan losses decreased $14.5 million to $8.3 million during 2013 compared to $22.8 million in 2012. The decrease in the provision for loan losses for the year is a result of the improving economic conditions which have positively impacted our asset quality metrics in all categories, including decreases in loan charge-offs, nonaccrual loans, special mention and substandard loans and the delinquency status of our loan portfolio. Net loan charge-offs decreased 66 percent to $8.5 million in 2013 compared to $25.2 million in 2012.

Total noninterest income was relatively unchanged at $51.5 million for the year ended December 31, 2013 compared to $51.9 million for 2012. The decrease of $0.4 million was primarily due to a $3.0 million gain on the sale of securities in 2012, $0.8 million decrease in mortgage banking and $1.0 million decrease other noninterest income. These decreases were offset by a $3.1 million net gain from the sale of our merchant card servicing business and other increases in wealth management income, services charges on deposits and insurance income.

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Total noninterest expense decreased $5.5 million to $117.4 million for the year ended 2013 compared to $122.9 million for 2012. Professional services and legal decreased $1.5 million, data processing decreased $0.6 million and other noninterest expense decreased $4.1 million. These decreases were primarily a result of a $5.1 million decrease in merger related expenses that were incurred in 2012 as well as expense control initiatives implemented throughout 2013. The decrease in other noninterest expense was primarily in other real estate owned, or OREO, and unfunded loan commitments. These decreases were offset by increases in salaries and benefits, which increased $0.6 million, net occupancy, which increased $0.4 million and other taxes, which increased $0.5 million from 2012. These increases are due to growth from our acquisitions and the expansion of loan production into Ohio in 2012.

The $23.6 million increase in pretax net income resulted in an increase of $7.2 million in the provision for income taxes of $14.5 million in 2013 compared to $7.3 million in 2012.

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. Maintaining consistent spreads between interest-earning assets and interest-bearing liabilities is significant to our financial performance because net interest income comprised 74 percent of operating revenue (net interest income plus noninterest income, excluding security gains/losses and non-recurring income and expenses) in 2013 and 73 percent of operating revenue in 2012. Refer to [*Explanation of Use of Non-GAAP Financial Measures]* beginning on page [   ] for a discussion of operating revenue as a non-GAAP financial measure. The level and mix of interest-earning assets and interest-bearing liabilities are 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 maintain an acceptable net interest margin.

The interest income on interest-earning assets and the net interest margin are presented on a fully taxable-equivalent, or FTE, basis. The FTE basis adjusts for the tax benefit of income on certain tax-exempt loans and investments using the federal statutory tax rate of 35 percent for each period. We believe this measure to be the preferred industry measurement of net interest income that provides a relevant comparison between taxable and non-taxable amounts.

The following table reconciles net interest income and net interest margin from a GAAP to a non-GAAP basis for the years presented:

	Years Ended December 31,		
(dollars in thousands)	**2013**	**2012**	**2011**
Total interest income	$ 153,756	$ 156,251	$ 165,079
Total interest expense	14,563	21,024	27,733
Net interest income per consolidated statements of net income	139,193	135,227	137,346
Adjustment to FTE basis	4,850	4,471	4,154
Net Interest Income (FTE) (non-GAAP)	**$ 144,043**	**$ 139,698**	**$ 141,500**
Net interest margin	3.39%	3.45%	3.72%
Adjustment to FTE basis	0.11	0.12	0.11
Net Interest Margin (FTE) (non-GAAP)	**3.50%**	**3.57%**	**3.83%**

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Average Balance Sheet and Net Interest Income Analysis

The following table provides 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 years ended December 31:

	2013			2012			2011		
(dollars in thousands)	**Average Balance**	**Interest**	**Rate**	**Average Balance**	**Interest**	**Rate**	**Average Balance**	**Interest**	**Rate**
ASSETS									
Loans [1][2]	$ 3,448,529	$ 145,366	4.22%	$ 3,213,018	$ 147,819	4.59%	$ 3,216,856	$ 156,845	4.88%
Interest-bearing deposits with banks	167,952	444	0.26%	289,947	718	0.25%	123,714	302	0.24%
Taxable investment securities [3]	371,099	7,458	2.01%	291,483	7,346	2.52%	270,805	8,471	3.13%
Tax-exempt investment securities [2]	110,009	5,231	4.76%	95,382	4,802	5.03%	64,357	3,611	5.61%
Federal Home Loan Bank and other restricted stock	13,692	107	0.78%	17,945	37	0.21%	20,856	4	0.02%
Total Interest-earning Assets	**4,111,281**	**158,606**	**3.86%**	**3,907,775**	**160,722**	**4.10%**	**3,696,588**	**169,233**	**4.58%**
Noninterest-earning assets:									
Cash and due from banks	51,534			53,517			50,458		
Premises and equipment, net	37,087			38,460			38,425		
Other assets	353,857			361,982			344,378		
Less allowance for loan losses	(47,967)			(49,196)			(57,241)		
Total Assets	**$ 4,505,792**			**$ 4,312,538**			**$ 4,072,608**		
LIABILITIES AND SHAREHOLDERS EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand	$ 309,748	$ 75	0.02%	$ 306,994	$ 146	0.05%	$ 286,588	$ 363	0.13%
Money market	319,831	446	0.14%	308,719	528	0.17%	249,497	376	0.15%
Savings	1,001,209	1,735	0.17%	902,889	2,356	0.26%	761,274	1,267	0.17%
Certificates of deposit	1,054,451	9,150	0.87%	1,104,262	13,766	1.24%	1,181,823	20,946	1.77%
Total Interest-bearing deposits	**2,685,239**	**11,406**	**0.42%**	**2,622,864**	**16,796**	**0.64%**	**2,479,182**	**22,952**	**0.93%**
Securities sold under repurchase agreements	54,057	62	0.12%	47,388	82	0.17%	41,584	53	0.13%
Short-term borrowings	101,973	279	0.27%	50,212	123	0.24%	551	2	0.32%
Long-term borrowings	24,312	746	3.07%	33,841	1,107	3.26%	31,651	1,091	3.45%
Junior subordinated debt securities	65,989	2,070	3.14%	90,619	2,916	3.21%	90,619	3,635	4.01%
Total Interest-bearing Liabilities	**2,931,570**	**14,563**	**0.50%**	**2,844,924**	**21,024**	**0.74%**	**2,643,587**	**27,733**	**1.05%**
Noninterest-bearing liabilities:									
Noninterest-bearing demand	955,475			877,056			792,911		
Other liabilities	69,976			73,746			50,924		

Shareholders equity	548,771			516,812			585,186		
Total Liabilities and Shareholders Equity	**$ 4,505,792**			**$ 4,312,538**			**$ 4,072,608**		
Net Interest Income [2] [3]		**$ 144,043**			**$ 139,698**			**$ 141,500**	
Net Interest Margin [2] [3]			**3.50%**			**3.57%**			**3.83%**

(1) Nonaccruing loans are included in the daily average loan amounts outstanding.
(2) Tax-exempt income is on a FTE basis using the statutory federal corporate income tax rate of 35 percent for 2013, 2012 and 2011.
(3) Taxable investment income is adjusted for the dividend-received deduction for equity securities.

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

	2013 Compared to 2012 Increase (Decrease) Due to			2012 Compared to 2011 Increase (Decrease) Due to		
(dollars in thousands)	**Volume [4]**	**Rate [4]**	**Net**	**Volume [4]**	**Rate [4]**	**Net**
Interest earned on:						
Loans [1][2]	$ 10,835	$ (13,288)	$ (2,453)	$ (187)	$ (8,839)	$ (9,026)
Interest-bearing deposits with bank	(302)	28	(274)	407	9	416
Taxable investment securities [3]	2,007	(1,895)	112	647	(1,772)	(1,125)
Tax-exempt investment securities [2]	735	(306)	429	1,741	(550)	1,191
Federal Home Loan Bank and other restricted stock	(8)	78	70	(1)	34	33
Total Interest-earning Assets	**13,267**	**(15,383)**	**(2,116)**	**2,607**	**(11,118)**	**(8,511)**
Interest paid on:						
Interest-bearing demand	$ 1	$ (72)	$ (71)	$ 26	$ (243)	$ (217)
Money market	19	(101)	(82)	89	63	152
Savings	257	(878)	(621)	236	853	1,089
Certificates of deposit	(622)	(3,994)	(4,616)	(1,374)	(5,806)	(7,180)
Securities sold under repurchase agreements	12	(32)	(20)	7	22	29
Short-term borrowings	126	30	156	157	(36)	121
Long-term borrowings	(311)	(50)	(361)	75	(59)	16
Junior subordinated debt securities	(792)	(54)	(846)		(719)	(719)
Total Interest-bearing Liabilities	**(1,310)**	**(5,151)**	**(6,461)**	**(784)**	**(5,925)**	**(6,709)**
Net Change in Net Interest Income	**$ 14,577**	**$ (10,232)**	**$ 4,345**	**$ 3,391**	**$ (5,193)**	**$ (1,802)**

(1) Nonaccruing loans are included in the daily average loan amounts outstanding.
(2) Tax-exempt income is on a FTE basis using the statutory federal corporate income tax rate of 35 percent for 2013, 2012 and 2011.
(3) Taxable investment income is adjusted for the dividend-received deduction for equity securities.
(4) Changes to rate/volume are allocated to both rate and volume on a proportionate dollar basis.

Net interest income increased $4.3 million to $144.0 million compared to $139.7 million in 2012. Net interest margin decreased by 7 basis points to 3.50 percent compared to 3.57 percent in 2012. The increase in net interest income is due to the improvement in funding costs coupled with an increase of $203.5 million in average earning assets which helped to offset the impact of declining earning asset rates. The decrease in net interest margin is a result of the current low rate environment, as earning asset rates decreased faster than our ability to offset those decreases on the funding side.

Interest income decreased $2.1 million to $158.6 million in 2013 compared to $160.7 million in 2012. The decrease in interest income was primarily driven by a 37 basis point decrease in average loan rates to 4.22 percent compared to 4.59 percent in 2012. The impact from the decrease in average loan rates was offset in part by the average loan balance increase of $235.5 million. Average investment securities increased $94.2 million and interest income increased $0.5 million on investment securities compared to 2012. The interest-bearing balance with banks, which is primarily funds held at the Federal Reserve, decreased $122.0 million during 2013 as cash was used to fund loan growth and investment securities purchases. Overall, the FTE rate on total interest-earning assets decreased 24 basis points to 3.86 percent in 2013 as compared to 4.10 percent in 2012.

Interest expense decreased $6.4 million to $14.6 million for 2013 compared to $21.0 million for 2012. The primary driver of the decrease in interest expense was the maturities of CDs bearing higher interest rates. For 2013, average interest-bearing deposits increased by $62.4 million to $2.7 billion as compared to $2.6 billion 2012. The increase in average interest-bearing deposits is attributed to a $98.3 million average balance increase

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in savings deposits and a $13.9 million average balance increase in interest-bearing demand and money market accounts, partially offset by an average balance decrease of $49.8 million in CDs. The cost of interest bearing deposits and the cost of total deposits including noninterest bearing demand deposits was 0.42 percent and 0.31 percent, decreases of 22 and 17 basis points from 2012, primarily due to CDs maturing and being replaced by both interest bearing and noninterest bearing demand and other lower interest rate deposits. The $24.6 million and 7 basis point decrease in junior subordinated debt is due to the early repayment of $45.0 million of junior subordinated debt during 2013. Long term borrowings decreased by $9.5 million and 19 basis points in 2013 as a result of maturities of FHLB long-term advances. Customer activity drove the $6.7 million balance increase in the securities sold under repurchase agreements, while the 5 basis point decrease was a result of lowering the product rate. Short term borrowings were utilized to replace the subordinated debt and long term debt resulting in an increase of $51.8 million from 2012. Overall, the cost of interest-bearing liabilities decreased 24 basis points to 0.50 percent for 2013 as compared to 0.74 percent for 2012.

Provision for Loan Losses

The provision for loan losses is the amount to be added to the ALL after adjusting for charge-offs and recoveries to bring the ALL to a level considered appropriate to absorb probable losses inherent in the loan portfolio. The provision for loan losses decreased $14.5 million, or 64 percent, to $8.3 million for 2013 compared to $22.8 million for 2012. The decrease is due to better economic conditions in our markets which resulted in a significant improvement in our asset quality. Net charge-offs decreased $16.6 million, or 66 percent, from the prior year. Net charge-offs were $8.5 million, or 0.25 percent of average loans in 2013, compared to $25.2 million, or 0.78 percent of average loans in 2012. Total nonperforming loans were $22.5 million, or 0.63 percent, of total loans at December 31, 2013, which represents a 59 percent decrease from $55.0 million, or 1.63 percent of total loans at December 31, 2012. Special mention and substandard commercial loans also decreased $146.0 million, or 47 percent, to $163.0 million from $309.0 million at December 31, 2012. Refer to the Allowance for Loan Losses section of this Management s Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, for further details.

Noninterest Income

	Years Ended December 31,			
(dollars in thousands)	**2013**	**2012**	**$ Change**	**% Change**
Securities gains, net	$ 5	$ 3,016	$ (3,011)	(99.8)
Debit and credit card fees	10,931	11,134	(203)	(1.8)
Wealth management fees	10,696	9,808	888	9.1
Service charges on deposit accounts	10,488	9,992	496	5.0
Insurance fees	6,248	6,131	117	1.9
Gain on sale of merchant card servicing business	3,093		3,093	
Mortgage banking	2,123	2,878	(755)	(26.2)
Other Income				
BOLI income	1,856	2,317	(461)	(19.9)
Letter of credit origination fees	1,098	1,417	(319)	(22.5)
Interest rate swap fees	1,012	1,036	(24)	(2.3)
Other	3,977	4,183	(206)	(4.9)
Total Other Noninterest Income	7,943	8,953	(1,010)	(11.3)
Total Noninterest Income	**$ 51,527**	**$ 51,912**	**$ (385)**	**(0.7)**

Noninterest income remained relatively unchanged compared to 2012. Increases in fees from wealth management and insurance, increases in service charges on deposit accounts and the gain on the sale of our merchant card servicing business in January 2013 were offset by decreases in gains on sale of securities, debit and credit card fees, mortgage banking and other noninterest income.

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We sold our merchant card servicing business for $4.8 million and paid deconversion and termination fees of $1.7 million to the merchant processor resulting in a net gain of $3.1 million. In conjunction with the sale of the merchant card servicing business, we entered into a marketing and sales alliance agreement with the purchaser, providing transition fees, royalties and referral revenue. Income from the marketing and sales alliance agreement is included in debit and credit card fees. Revenues from the marketing and sales alliance agreement of $1.7 million for 2013 were comparable to the merchant revenue included in debit and credit card fees of $1.8 million for 2012. The $0.5 million increase in service charges on deposit accounts was primarily due to increases in deposit related fees that occurred throughout 2013. Wealth management fees increased $0.9 million due to higher assets under management, primarily a result of improvements in the stock market. Further, our discount brokerage income increased due to higher commission fees in 2013 compared to 2012 as we hired additional financial advisors in 2012.

The $3.0 million decrease in security gains relates to almost no sales activity in 2013 versus the sales of two equity positions during 2012 as a result of increases in value after merger announcements. Mortgage banking income decreased $0.8 million during 2013 compared to the previous year due to a higher interest rate environment in 2013. Interest rates increased late in the second quarter of 2013 resulting in a decrease in the volume of loans originated for sale in the secondary market and less favorable pricing on loan sales. During the year ended December 31, 2013, we sold 24 percent fewer mortgages with $62.9 million in loan sales compared to $82.9 million during 2012. The decrease in other noninterest income of $1.0 million for year ended December 31, 2013 was primarily attributed to a decrease of $0.5 million in bank owned life insurance, or BOLI, income related to a death benefit received in 2012 and a lower rate of return on BOLI throughout 2013 and a decrease in fee income on letters of credit of $0.3 million.

Noninterest Expense

	Years Ended December 31,			
(dollars in thousands)	**2013**	**2012**	**$ Change**	**% Change**
Salaries and employee benefits [(1)]	$ 60,847	$ 57,920	$ 2,927	5.1
Data processing [(1)]	8,263	7,326	937	12.8
Net occupancy [(1)]	8,018	7,603	415	5.5
Furniture and equipment	4,883	5,262	(379)	(7.2)
Professional services and legal [(1)]	4,184	4,610	(426)	(9.2)
Other taxes	3,743	3,200	543	17.0
Marketing [(1)]	2,929	3,206	(277)	(8.6)
FDIC insurance	2,772	2,926	(154)	(5.3)
Merger related expense	838	5,968	(5,130)	(86.0)
Other expenses:				
Joint venture amortization	4,095	4,199	(104)	(2.5)
Amortization of intangibles	1,591	1,709	(118)	(6.9)
Other real estate owned	445	2,166	(1,721)	(79.5)
Unfunded loan commitments	(60)	1,811	(1,871)	(103.3)
Other [(1)]	14,844	14,957	(113)	(0.8)
Total Other Noninterest Expense	20,915	24,842	(3,927)	(15.8)
Total Noninterest Expense	**$ 117,392**	**$ 122,863**	**$ (5,471)**	**(4.5)**

(1) Excludes merger related expense.

Noninterest expense decreased $5.5 million, or 4.5 percent, to $117.4 million, for the year ended December 31, 2013 compared to 2012. The decrease in noninterest expense was primarily due to a decline in merger related expenses and other noninterest expense. Partially offsetting these decreases was higher expenses in several categories during 2013 due to the full integration of our two acquisitions that occurred in 2012.

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We had $0.8 million in merger related expense for the year ended December 31, 2013 compared to $6.0 million in 2012. The $0.8 million of merger related expense recognized in 2013 primarily related to the data processing system conversion of Gateway Bank. Although the Gateway Bank acquisition occurred in August 2012, the merger with S&T Bank and the system conversion was completed on February 8, 2013. The $6.0 million of merger related expense in 2012 related to our acquisition of Mainline Bancorp, Inc., or Mainline, on March 9, 2012 and Gateway Bank of Pennsylvania, or Gateway, on August 13, 2012.

Salaries and employee benefits increased $2.9 million during 2013 due to additional employees, annual merit increases, higher commissions and incentives and severance. Increases consisted of $1.3 million due to the number of net new employees from our two acquisitions in the prior year and the opening of our LPO in Northeast Ohio in August 2012, as well as to the hiring of additional employees throughout our organization. Adding to the increase was our annual salary merit increase of $0.8 million and $0.5 million in severance. Commission and incentive expense increased by $1.8 million due to increased loan production and strong performance in our other business lines. Offsetting these increases was a decrease in pension expense of $1.1 million, resulting from a change in actuarial assumptions. Stock compensation expense decreased $0.4 million in 2013 because there was no new management incentive plan for 2013.

Data processing, occupancy and other taxes increased for the year ended December 31, 2013. Data processing increased $0.9 million compared to the previous year due to increased processing charges resulting from our acquisitions, the annual increase with our third party data processor and the implementation of software that significantly strengthens the authentication of our customers that use our online banking product. Occupancy increased $0.4 million primarily due to additional branch locations resulting from our two acquisitions. Offsetting this increase was savings from the closure of two branches and two drive-up facilities during 2013. The increase of $0.5 million in other taxes primarily related to the additional shares tax obligations that we assumed with the acquisitions of Mainline and Gateway.

Furniture and equipment, professional services and legal, marketing and FDIC insurance expense decreased during the year ended December 31, 2013 when compared to 2012. Furniture and equipment expense declined $0.4 million due to a decrease in depreciation expense related to assets acquired in 2008 that were fully depreciated during 2013. Marketing expense decreased $0.3 million due to fewer customer promotions in 2013. Federal Deposit Insurance Corporation, or FDIC, charges are based in part on financial ratios which have improved during 2013, resulting in a decrease of $0.2 million when compared with the year ended December 31, 2012. Professional services and legal expense decreased $0.4 million compared to 2012 because additional external accounting and consulting charges were incurred in the first quarter of 2012.

Other noninterest expense decreased $3.9 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The decreases in other noninterest expense were primarily due to decreases of $1.9 million in the reserve for unfunded loan commitments and $1.7 million in OREO expense due to improving asset quality. Other noninterest expense also decreased $0.5 million due to the reversal of a contingent liability for an Internal Revenue Service, or IRS, proposed penalty for tax year 2010. The contingent liability was assumed with the acquisition of Mainline in 2012 and was reversed when we received notice during 2013 that the IRS had waived the $0.5 million penalty.

Our efficiency ratio, which measures noninterest expense as a percent of noninterest income plus net interest income, on a FTE basis, excluding security gains/losses, was 60 percent for 2013 and 65 percent for 2012. Refer to *Explanation of Use of Non-GAAP Financial Measures* beginning on page 90 for a discussion of this non-GAAP financial measure.

Federal Income Taxes

We recorded a federal income tax provision of $14.5 million in 2013 compared to $7.3 million in 2012. The effective tax rate, which is the provision for income taxes as a percentage of pretax income was 22.3 percent in 2013 compared to 17.5 percent in 2012. We ordinarily generate an annual effective tax rate that is less than the

statutory rate of 35 percent due to benefits resulting from tax-exempt interest, excludable dividend income, tax-exempt income on BOLI and tax benefits associated with Low Income Housing Tax Credits. The increase to our effective tax rate was primarily due to an increase of $23.6 million in pre-tax income which diluted the permanent benefits listed above.

Fiscal Year Ended December 31, 2012 Compared to the Fiscal Year Ended December 31, 2011

Net Income

Our net income available to common shareholders decreased $5.5 million to $34.2 million or $1.18 per share in 2012 compared to $39.7 million or $1.41 per share in 2011. The decrease in net income was primarily a result of an increase of $19.0 million in noninterest expense, which includes $6.0 million in one-time merger related expenses. Additionally, our provision for loan losses increased $7.2 million. We also experienced a decline in our net interest income of $2.1 million compared to the prior year, due to lack of organic loan growth and the low interest rate environment. These decreases were partially offset by a $7.9 million increase in noninterest income primarily due to increased mortgage banking and wealth management fees and gains on security sales, and a decrease of $7.4 million in provision for income taxes. Additionally, we did not have preferred dividend payments due to the redemption of $108.7 million of preferred stock from the U.S. Department of Treasury s Capital Purchase Program in December of 2011.

Return on Equity and Assets

The table below presents our consolidated profitability and common equity to assets ratio for each of the last three years:

Years Ended December 31	**2012**	**2011**	**2010**
Common return on average assets	0.79%	0.97%	0.90%
Common return on average equity	6.62%	6.78%	6.58%
Divided payout ratio	50.75%	42.44%	44.75%
Common equity to asset ratio	11.87%	11.91%	11.48%

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. Maintaining consistent spreads between interest-earning assets and interest-bearing liabilities is significant to our financial performance because net interest income comprised 73 percent of operating revenue (net interest income plus noninterest income, excluding security gains/losses) in 2012 and 76 percent of operating revenue in 2011. Refer to *Explanation of Use of Non-GAAP Financial Measures* beginning on page 90 for a discussion of this non-GAAP financial measure. The level and mix of interest-earning assets and interest-bearing liabilities are managed by our 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 maintain an acceptable net yield on interest-earning assets (net interest margin) given the challenges of the current interest rate environment.

The interest income on interest-earning assets and the net interest margin are presented on a FTE basis. The FTE basis adjusts for the tax benefit of income on certain tax-exempt loans and investments using the federal income that provides a relevant comparison between taxable and non-taxable amounts.

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The following table reconciles net interest income, and net interest margin from a GAAP to a non-GAAP basis for the years presented:

(dollars in thousands)	Years Ended December 31, 2012	2011	2010
Total interest income	$ 156,251	$ 165,079	$ 180,419
Total interest expense	21,024	27,733	34,573
Net interest income per consolidated statements of net income	135,227	137,346	145,846
Adjustment to FTE basis	4,471	4,154	4,627
Net Interest Income (FTE) (non-GAAP)	**$ 139,698**	**$ 141,500**	**$ 150,473**
Net interest margin	3.45%	3.72%	3.93%
Adjustment to FTE basis	0.12	0.11	0.12
Net Interest Margin (FTE) (non-GAAP)	**3.57%**	**3.83%**	**4.05%**

Average Balance Sheet and Net Interest Income Analysis

The following table provides 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 years ended December 31:

	2012			2011			2010		
(dollars in thousands)	Average Balance	Interest	Rate	Average Balance	Interest	Rate	Average Balance	Interest	Rate
ASSETS									
Loans [(1)(2)]	$ 3,213,018	$ 147,819	4.59%	$ 3,216,856	$ 156,845	4.88%	$ 3,386,103	$ 172,319	5.09%
Interest-bearing deposits with banks	289,947	718	0.25%	123,714	302	0.24%	49		0.34%
Taxable investment securities [(3)]	291,483	7,346	2.52%	270,805	8,471	3.13%	223,723	8,369	3.74%
Tax-exempt investment securities [(2)]	95,382	4,802	5.03%	64,357	3,611	5.61%	78,933	4,354	5.52%
Federal Home Loan Bank and other restricted stock	17,945	37	0.21%	20,856	4	0.02%	24,101	4	0.01%
Total Interest-earning Assets	**3,907,775**	**160,722**	**4.10%**	**3,696,588**	**169,233**	**4.58%**	**3,712,909**	**185,046**	**4.98%**
Noninterest-earning assets:									
Cash and due from banks	53,517			50,458			90,462		
Premises and equipment, net	38,460			38,425			39,142		
Other assets	361,982			344,378			340,234		
Less allowance for loan losses	(49,196)			(57,241)			(59,292)		
Total Assets	**$ 4,312,538**			**$ 4,072,608**			**$ 4,123,455**		

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	2012			2011			2010		
(dollars in thousands)	**Average Balance**	**Interest**	**Rate**	**Average Balance**	**Interest**	**Rate**	**Average Balance**	**Interest**	**Rate**
LIABILITIES AND SHAREHOLDERS EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand	$ 306,994	$ 146	0.05%	$ 286,588	$ 363	0.13%	$ 267,291	$ 562	0.21%
Money market	308,719	528	0.17%	249,497	376	0.15%	251,092	658	0.26%
Savings	902,889	2,356	0.26%	761,274	1,267	0.17%	749,325	2,127	0.28%
Certificates of deposit	1,104,262	13,766	1.24%	1,181,823	20,946	1.77%	1,300,803	25,370	1.95%
Total Interest-bearing deposits	**2,622,864**	**16,796**	**0.64%**	**2,479,182**	**22,952**	**0.93%**	**2,568,511**	**28,717**	**1.12%**
Securities sold under repurchase agreements	47,388	82	0.17%	41,584	53	0.13%	46,490	64	0.14%
Short-term borrowings	50,212	123	0.24%	551	2	0.32%	32,473	146	0.45%
Long-term borrowings	33,841	1,107	3.26%	31,651	1,091	3.45%	42,920	1,643	3.83%
Junior subordinated debt securities	90,619	2,916	3.21%	90,619	3,635	4.01%	90,619	4,003	4.42%
Total Interest-bearing Liabilities	**2,844,924**	**21,024**	**0.74%**	**2,643,587**	**27,733**	**1.05%**	**2,781,013**	**34,573**	**1.24%**
Noninterest-bearing liabilities:									
Noninterest-bearing demand	877,056			792,911			728,708		
Other liabilities	73,746			50,924			47,064		
Shareholders equity	516,812			585,186			566,670		
Total Liabilities and Shareholders Equity	**$ 4,312,538**			**$ 4,072,608**			**$ 4,123,455**		
Net Interest Income [(2)(3)]		**$ 139,698**			**$ 141,500**			**$ 150,473**	
Net Interest Margin [(2)(3)]			**3.57%**			**3.83%**			**4.05%**

(1) Nonaccruing loans are included in the daily average loan amounts outstanding.
(2) Tax-exempt income is on a FTE basis using the statutory federal corporate income tax rate of 35 percent for 2012, 2011 and 2010.
(3) Taxable investment income is adjusted for the dividend-received deduction for equity securities.

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

	2012 Compared to 2011 Increase (Decrease) Due to			2011 Compared to 2010 Increase (Decrease) Due to		
(dollars in thousands)	Volume (4)	Rate (4)	Net	Volume (4)	Rate (4)	Net
Interest earned on:						
Loans (1)(2)	$ (187)	$ (8,839)	$ (9,026)	$ (8,613)	$ (6,861)	$ (15,474)
Interest-bearing deposits with bank	407	9	416	419	(117)	302
Taxable investment securities (3)	647	(1,772)	(1,125)	1,761	(1,659)	102
Tax-exempt investment securities (2)	1,741	(550)	1,191	(804)	61	(743)
Federal Home Loan Bank and other restricted stock	(1)	34	33			
Total Interest-earning Assets	**2,607**	**(11,118)**	**(8,511)**	**(7,237)**	**(8,576)**	**(15,813)**
Interest paid on:						
Interest-bearing demand	$ 26	$ (243)	$ (217)	$ 41	$ (240)	$ (199)
Money market	89	63	152	(4)	(278)	(282)
Savings	236	853	1,089	34	(894)	(860)
Certificates of deposit	(1,374)	(5,806)	(7,180)	(2,321)	(2,103)	(4,424)
Securities sold under repurchase agreements	7	22	29	(7)	(4)	(11)
Short-term borrowings	157	(36)	121	(143)	(1)	(144)
Long-term borrowings	75	(59)	16	(431)	(121)	(552)
Junior subordinated debt securities		(719)	(719)		(368)	(368)
Total Interest-bearing Liabilities	**(784)**	**(5,925)**	**(6,709)**	**(2,831)**	**(4,009)**	**(6,840)**
Change in Net Interest Income	**$ 3,391**	**$ (5,193)**	**$ (1,802)**	**$ (4,406)**	**$ (4,567)**	**$ (8,973)**

(1) Nonaccruing loans are included in the daily average loan amounts outstanding.
(2) Tax-exempt income is on a FTE basis using the statutory federal corporate income tax rate of 35 percent for 2012, 2011 and 2010.
(3) Taxable investment income is adjusted for the dividend-received deduction for equity securities.
(4) Changes to rate/volume are allocated to both rate and volume on a proportionate dollar basis.

Net interest income and net interest margin decreased by $1.8 million or 26 basis points compared to 2011. The low interest rate environment was a challenge to our net interest income in 2012, as earning assets rates reset faster than our ability to offset those decreases on the funding side.

Interest income decreased $8.5 million to $160.7 million in 2012 compared to $169.2 million in 2011. Rates decreased on almost all earning asset categories due to the low interest rate environment. The decrease in net interest income was primarily driven by a 29 basis point decrease in average loan yields to 4.59 percent compared to 4.88 percent in 2011. Average loan balances were relatively unchanged with a decline of $3.8 million despite the addition of approximately $143.0 million of average loans related to the acquisitions of Mainline and Gateway. Loans from acquisitions were offset by significant loan payoffs throughout the past two years, primarily in our commercial loan portfolio. We retained more residential mortgage loans in the portfolio during the year, rather than selling them in the secondary market. Average investments increased $51.8 million compared to 2011; however, due to declining yields interest income was essentially unchanged. The interest-bearing balance with banks is primarily funds held at the Federal Reserve and increased $166.2 million, or 134.4 percent, during 2012 due to a lack of organic loan growth. Overall, the FTE yield on total interest-earning assets decreased 48 basis points to 4.10 percent in 2012 as compared to 4.58 percent in 2011.

Interest expense decreased $6.7 million to $21.0 million for 2012 compared to $27.7 million for 2011. The primary driver of the decrease in interest expense was the maturities of CDs bearing higher interest rates. For 2012, average interest-bearing deposits increased by $143.7 million to $2.6 billion as compared to $2.5 billion in

2011. The increase in average interest-bearing deposits is attributed to a $141.6 million average balance increase in savings deposits and a $79.6 million average balance increase in interest-bearing demand and money market accounts, partially offset by an average balance decrease of $77.6 million in CDs. The increase in deposits includes the addition of $171.0 million in average deposits related to the acquisitions of Mainline and Gateway. The cost of deposits was 0.48 percent, a decrease of 22 basis points from 2011, primarily due to CDs maturing and being replaced by demand and other lower interest rate deposits. The cost of long-term borrowed funds decreased 64 basis points, to 3.23 percent from 3.87 percent in 2011. However, the cost of securities sold under repurchase agreements, or REPOs, and other short-term borrowed funds increased 8 basis points to 0.21 percent as a result of increased utilization of more expensive short-term borrowings compared to customer repos. Overall, the yield on interest-bearing liabilities decreased 31 basis points to 0.74 percent for 2012 as compared to 2011.

Provision for Loan Losses

The provision for loan losses is the amount to be added to the ALL after adjusting for charge-offs and recoveries to bring the ALL to a level considered appropriate to absorb probable losses inherent in the loan portfolio. The provision for loan losses increased $7.2 million to $22.8 million for 2012 compared to $15.6 million for 2011. Net charge-offs were $25.2 million or 0.78 percent of average loans in 2012, compared to $18.2 million or 0.56 percent of average loans in 2011. During the first half of 2012, we experienced elevated charge-offs primarily in our commercial construction loan portfolio as projects in this portfolio slowed due to the economic environment and as a result, appraised values declined. Refer to the Allowance for Loan Losses section of this MD&A for further details.

Noninterest Income

	Years Ended December 31,			
(dollars in thousands)	**2012**	**2011**	**$ Change**	**% Change**
Security gains (losses), net	$ 3,016	$ (124)	$ 3,140	2,532.3
Debit and credit card fees	11,134	10,889	245	2.2
Service charges on deposit accounts	9,992	9,978	14	0.1
Wealth management fees	9,808	8,180	1,628	19.9
Insurance fees	6,131	6,230	(99)	(1.6)
Mortgage banking	2,878	1,199	1,679	140.0
Other Income				
Interest rate swap fees	1,036		1,036	
Other	7,917	7,705	212	2.8
Total Other Noninterest Income	8,953	7,705	1,248	16.2
Total Noninterest Income	**$ 51,912**	**$ 44,057**	**$ 7,855**	**17.8**

Noninterest income increased $7.9 million in 2012 compared to 2011, with increases in almost all noninterest income categories. The primary drivers were gains on sales of securities, as well as increased fees from wealth management and mortgage banking and increased interest rate swap fee income.

The $3.1 million increase in security gains relates to the sales of two equity positions during the year as a result of increases in value after merger announcements. Mortgage interest rates remained at very attractive levels throughout 2012 driving strong customer demand. As a result, we experienced an increase of $1.7 million in mortgage banking fee activity in 2012 compared to 2011.

During 2012, we sold $82.9 million of 1-4 family mortgage loans to Fannie Mae compared to $67.9 million in 2011 which increased fees by $0.5 million. Additionally, in 2011 we recorded an impairment charge related to mortgage servicing rights of $0.4 million that reflected a decline in the remaining value of the mortgage servicing

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asset compared to no impairment in 2012. The remaining increase in mortgage banking activity primarily related to a net gain on our mortgage derivative due to a strong mortgage pipeline at the end of 2012 compared to a decrease in 2011. During the fourth quarter of 2012, we began to retain 20 year mortgages within the loan portfolio which were previously priced and underwritten using secondary market terms and guidelines. This retention of 20 year mortgages is in addition to the 10 and 15 year mortgages which we have been retaining in the portfolio since the second quarter of 2011.

Wealth management fees increased $1.6 million due to improved brokerage business of $0.8 million as a result of adding new producers, and our trust income increased $0.6 million due to an increase in assets under management of $201.0 million compared to 2011.

Interest rate swap fees increased $1.0 million compared to 2011 as our customers opted to lock in low interest rates for longer terms.

Noninterest Expense

	Years Ended December 31,			
(dollars in thousands)	**2012**	**2011**	**$ Change**	**% Change**
Salaries and employee benefits [1]	$ 57,920	$ 51,078	$ 6,842	13.4
Net occupancy [1]	7,603	6,943	660	9.5
Data processing [1]	7,326	6,853	473	6.9
Furniture and equipment	5,262	4,941	321	6.5
Professional services and legal [1]	4,610	5,437	(827)	(15.2)
Marketing [1]	3,206	3,019	187	6.2
Other taxes	3,200	3,381	(181)	(5.4)
FDIC assessment	2,926	3,570	(644)	(18.0)
Merger related expense	5,968		5,968	
Other expenses:				
Joint venture amortization	4,199	3,302	897	27.2
Other real estate owned	2,166	1,518	648	42.7
Unfunded loan commitments	1,811	(1,474)	3,285	(222.9)
Amortization of intangibles	1,709	1,737	(28)	(1.6)
Other [1]	14,957	13,603	1,354	10.0
Total Other Noninterest Expense	24,842	18,686	6,156	32.9
Total Noninterest Expense	**$ 122,863**	**$ 103,908**	**$ 18,955**	**18.2**

(1) Excludes merger related expense.

We had an increase of $19.0 million in noninterest expense in 2012, compared to 2011, with the largest increases in salaries and employee benefits and one-time merger related expenses.

During the first quarter of 2012, we acquired Mainline, an eight branch institution headquartered in Ebensburg, Pennsylvania and during the third quarter of 2012, we acquired Gateway, a two branch institution headquartered in McMurray, Pennsylvania. In 2012, we incurred one-time merger related expenses of $2.3 million of change in control, severance and other employee costs, $2.3 million in data processing contract termination fees, $1.0 million for professional and legal fees and $0.4 million of other expenses.

Excluding one-time merger related expenses, salaries and employee benefits increased by $6.8 million, or 13.4 percent, compared to 2011. Approximately $2.3 million of the increase related to additional employees added as a result of the acquisitions. We added 53 former Mainline employees to our staff in March 2012 and 19 former Gateway employees in August 2012. Further increasing salary expenses in 2012 were annual merit

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increases of approximately $1.7 million. Our pension expense increased $2.0 million in 2012 due to an increase in our pension liability as a result of a significant decrease of 100 basis points in our discount rate from 2011. Payroll incentives and commissions increased $0.4 million due to increased production in areas including wealth management and mortgage banking.

Excluding one-time merger related expenses, data processing expenses increased by $0.5 million, primarily due to $0.3 million related to an increased customer processing base due to the acquisitions and an additional $0.2 million related to an upgrade to our Wealth Management data processing system. Net occupancy expenses increased by $0.7 million due to the addition of 10 branches from the acquisitions.

We invest in partnerships that provide federal income tax benefits through tax credits. The partnerships are amortized over the life of the expected tax credits. Joint venture amortization increased by $0.9 million year over year due to three new projects going into service during 2012. Further, we recorded impairment charges of $0.3 million during the year where the benefit of the tax credits had been fully utilized and no future benefits were expected to be realized.

We did see decreases in several expense categories. Excluding one-time merger related expenses, legal and professional expense decreased by $0.8 million, due in part to one-time legal and accounting fees incurred in early 2011. FDIC expense decreased by $0.6 million as we benefited from a lower FDIC assessment based on the revisions made by the FDIC that went into effect April 1, 2011.

Within other noninterest expense, the reserve for unfunded loan commitments increased $3.3 million as a result of increased volume in our construction commitments coupled with higher historical loss rates. In 2011 we had a reversal of $1.5 million of unfunded loan commitments. The reversal in 2011 was primarily attributable to the decline in commitments at that time. Additionally, $0.8 million of the reserve reversal in 2011 related to an expense recognized in 2008 for a letter of credit that we were contractually obligated to fulfill. During 2011, the letter of credit was drawn upon and funded and a corresponding loan charge-off was recorded. We also had an increase of $0.6 million in OREO expense, primarily due to two properties that were sold during 2012 at values significantly below the appraised values, as well as increases in selling expenses pertaining to these properties.

Our efficiency ratio, which measures noninterest expense as a percent of noninterest income plus net interest income, on a FTE basis, excluding security gains/losses, was 65 percent for 2012, including the one-time merger related expenses of $6.0 million, and 56 percent for 2011. Refer to *Explanation of Use of Non-GAAP Financial Measures* beginning on page 90 for a discussion of this non-GAAP financial measure.

Federal Income Taxes

We recorded a federal income tax provision of $7.3 million in 2012 compared to $14.6 million in 2011. The effective tax rate, which is the provision for income taxes as a percentage of pretax income was 17.5 percent in 2012 compared to 23.6 percent in 2011. The effective tax rate decreased due to tax-exempt income and tax credits remaining relatively constant on a declining pre-tax income. We ordinarily generate an annual effective tax rate that is less than the statutory rate of 35 percent due to benefits resulting from tax-exempt interest, excludable dividend income, tax-exempt interest on BOLI and tax benefits associated with Low Income Housing Tax Credits and Federal Historic Tax Credit Projects.

Credit Quality

Our Criticized Asset Committee meets quarterly and monitors all special mention loans greater than $1.0 million and all substandard loans greater than $0.5 million, which typically represent the highest risk of loss to us. Action plans are established and these loans will be monitored through regular contact with the customer, review of current financial information and other documentation, review of all loan or potential loan restructures/modifications and the regular re-evaluation of assets held as collateral.

Additional credit risk management practices include periodic review and update to lending policies and procedures regarding sound underwriting practices and portfolio management expectations portfolio stress testing. Further, our Loan Review process serves to independently monitor credit quality and assess the effectiveness of credit risk management practices to provide oversight of all corporate lending activities. Loan Review has the primary responsibility for assessing commercial credit administration and credit decision functions of consumer and mortgage underwriting, as well as providing input to the loan risk rating process.

Nonperforming assets, or NPAs, consist of nonaccrual loans, nonaccrual TDRs, and OREO. The following represents NPAs for the years presented:

(dollars in thousands)	**2013**	**2012**	**2011**	**2010**	**2009**
Nonperforming Loans					
Commercial real estate	$ 6,852	$ 20,972	$ 20,777	$ 14,674	$ 52,380
Commercial and industrial	1,412	5,496	7,570	2,567	7,489
Commercial construction	34	1,454	3,604	5,844	21,674
Residential mortgage	1,982	4,526	2,859	5,996	5,583
Home equity	2,073	3,312	2,936	1,433	2,252
Installment and other consumer	34	40	4	65	20
Consumer construction		218	181	525	
Total Nonperforming Loans	**12,387**	**36,018**	**37,931**	**31,104**	**89,398**
Nonaccrual Troubled Debt Restructurings					
Commercial real estate	3,898	9,584	10,871	29,636	1,409
Commercial and industrial	1,884	939		1,000	
Commercial construction	2,708	5,324	2,943	2,143	
Residential mortgage	1,356	2,752	4,370		
Home Equity	218	341			
Installment and other consumer	3				
Total Nonperforming Troubled Debt Restructurings	**10,067**	**18,940**	**18,184**	**32,779**	**1,409**
Total Nonperforming Loans	**22,454**	**54,958**	**56,115**	**63,883**	**90,807**
OREO	410	911	3,967	5,820	4,607
Total Nonperforming Assets	**$ 22,864**	**$ 55,869**	**$ 60,082**	**$ 69,703**	**$ 95,414**
Nonperforming loans as a percent of total loans	0.63%	1.63%	1.79%	1.90%	2.67%
Nonperforming assets as a percent of total loans plus OREO	0.64%	1.66%	1.92%	2.07%	2.80%

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 due. There were no loans 90 days or more past due and still accruing at December 31, 2013 or December 31, 2012.

NPAs decreased $33.0 million, or 59 percent, to $22.9 million at December 31, 2013 compared to $55.9 million at December 31, 2012. The significant decline in NPAs can be attributed to the continued improvement of economic conditions in our markets and a strategic focus on actively managing and bringing to resolution our problem loans. NPAs decreased primarily due to $20.6 million in nonperforming loan pay downs, $13.1 million of nonperforming loan charge-offs, $9.9 million of nonperforming loans returning to accrual status and the sale of $4.2 million of nonperforming loans. New nonperforming loan formation was $16.5 million for the year ended 2013 compared to $40.8 million for 2012. Our CRE portfolio continues to represent a significant amount of our nonperforming loans at 48 percent of the total.

TDRs are loans where we, for economic or legal reasons related to a borrower s financial difficulties, grant a concession to the borrower that we would not otherwise grant. These modified terms generally include extensions of maturity dates at a stated interest rate lower than the current market rate for a new loan with similar risk characteristics, reductions in contractual interest rates or principal deferment. While unusual there may be

instances of principal forgiveness. Generally these concessions are for a period of at least six months. Additionally, we classify loans where the debt obligation has been discharged through a Chapter 7 Bankruptcy and not reaffirmed by the borrower as TDRs.

TDRs can be returned to accruing status if the following criteria are met: 1) the ultimate collectability of all contractual amounts due, according to the restructured agreement, is not in doubt and 2) there is a period of a minimum of six months of satisfactory payment performance by the borrower either immediately before or after the restructuring. All TDRs will be reported as impaired loans for their remaining lives, unless the restructuring agreement specifies an interest rate equal to or greater than the rate that would be accepted at the time of the restructuring for a new loan with comparable risk and we fully expect that the remaining principal and interest will be collected according to the restructured agreement. All impaired loans are reported as nonaccrual loans unless the loan is a TDR that has met the requirements noted above to be returned to accruing status.

As an example, consider a substandard commercial construction loan that is currently 90 days past due where the loan is restructured to extend the maturity date for a period longer than would be considered an insignificant period of time. The post-modification interest rate is not increased to correspond with the current credit risk of the borrower and all other terms remain the same according to the original loan agreement. This loan will be considered a TDR as the borrower is experiencing financial difficulty and a concession has been granted. The loan will be reported as nonaccrual and as an impaired loan and a TDR. In addition, the loan could be charged down to the fair value of the collateral if a confirmed loss exists. If the loan subsequently performs, by means of making on-time principal and interest payments according to the newly restructured terms for a period of six months, and it is expected that all remaining principal and interest will be collected according to the terms of the restructured agreement, the loan will be returned to accrual status and reported as an accruing TDR. The loan will remain an impaired loan for the remaining life of the loan because the interest rate was not adjusted to be equal to or greater than the rate that would have been accepted at the time of the restructuring for a new loan with comparable risk.

As of December 31, 2013, we had $49.3 million in total TDRs, including $39.2 million that were performing and $10.1 million that were in nonperforming. This is a decrease from December 31, 2012 when we had $60.4 million in TDRs of which $41.5 million were performing and $18.9 million were in nonperforming. For the year ended December 31, 2013 we had $11.9 million of new TDRs, the most significant was a CRE TDR of $4.3 million which had principal forgiveness of $0.1 million and a $0.8 million C&I TDR related to a maturity date extension. Additionally, we had 66 loans totaling $2.5 million related to Chapter 7 bankruptcy filings that were not reaffirmed resulting in discharged debt. For the year ended December 31, 2013 we had six TDRs for $6.9 million that met the above requirements for being returned to performing status.

OREO and other repossessed assets are comprised of properties acquired through foreclosure proceedings or acceptance of a deed in lieu of a foreclosure. At December 31, 2013, OREO consisted of eight properties, none of which had a balance greater than $0.1 million. All OREO properties have current appraisals. It is our policy to obtain appraisals annually or sooner if indications of impairment exist. Foreclosures decreased to 14 in 2013 compared to 22 in 2012.

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The following represents delinquency as of December 31:

	2013		2012		2011		2010		2009	
(dollars in thousands)	**Amount**	**% of Loans**	**Amount**	**% of Loans**	**Amount**	**% of Loans**	**Amount**	**% of Loans**	**Amount**	**% of Loans**
90 days or more:										
Commercial real estate	$ 10,750	0.67%	$ 30,556	2.10%	$ 31,648	2.24%	$ 44,310	2.97%	$ 53,789	3.77%
Commercial and Industrial	3,296	0.39%	6,435	0.81%	7,570	1.10%	3,567	0.49%	7,489	1.07%
Commercial construction	2,742	1.91%	6,778	4.03%	6,547	3.47%	7,987	3.08%	21,674	6.03%
Residential mortgage	3,338	0.69%	7,278	1.70%	7,229	2.01%	5,996	1.67%	5,583	1.56%
Home equity	2,291	0.55%	3,653	0.85%	2,936	0.71%	1,433	0.32%	2,252	0.49%
Installment and other consumer	37	0.05%	40	0.05%	4	0.01%	65	0.09%	20	0.02%
Consumer construction		%	218	8.95%	181	7.42%	525	13.06%		%
Total Loans	**$ 22,454**	**0.63%**	**$ 54,958**	**1.64%**	**$ 56,115**	**1.79%**	**$ 63,883**	**1.90%**	**$ 90,807**	**2.67%**
30 to 89 days:										
Commercial real estate	$ 1,416	0.09%	$ 2,643	0.18%	$ 9,105	0.64%	$ 4,371	0.29%	$ 22,923	1.60%
Commercial and industrial	2,877	0.34%	4,646	0.59%	5,284	0.77%	1,714	0.24%	1,241	0.18%
Commercial construction	1,800	1.25%	10,542	6.27%		%	835	0.32%	899	0.25%
Residential mortgage	2,494	0.51%	3,661	0.86%	2,403	0.67%	1,346	0.37%	5,151	1.44%
Home equity	3,127	0.75%	3,197	0.74%	2,890	0.70%	2,451	0.56%	2,106	0.46%
Installment and other consumer	426	0.63%	501	0.68%	452	0.67%	342	0.46%	852	1.05%
Consumer construction		%		%		%		%		%
Total Loans	**$ 12,140**	**0.34%**	**$ 25,190**	**0.75%**	**$ 20,134**	**0.64%**	**$ 11,059**	**0.33%**	**$ 33,172**	**0.98%**

Closed-end installment loans, amortizing loans secured by real estate and any other loans with payments scheduled monthly are reported past due when the borrower is in arrears two or more monthly payments. Other multi-payment obligations with payments scheduled other than monthly are reported past due when one scheduled payment is due and unpaid for 30 days or more. We monitor delinquency on a monthly basis, including early stage delinquencies of 30 to 89 days past due for early identification of potential problem loans.

Loans past due 90 days or more decreased $32.5 million compared to December 31, 2012 and represent only 0.63 percent of total loans at December 31, 2013. Loans past due by 30 to 89 days decreased $13.1 million, representing only 0.34 percent of total loans at December 31, 2013. Delinquency improved in all loan categories throughout 2013 due to improved economic conditions and management s focus on managing delinquent loans.

Allowance for Loan Losses

We maintain an ALL at a level determined to be adequate to absorb estimated probable credit losses inherent within the loan portfolio as of the balance sheet date. Determination of an adequate ALL is inherently subjective, as it requires estimations of the occurrence of future events. The methodology for determining the ALL has two main components: evaluation and impairment tests of individual loans and impairment tests of certain groups of homogeneous loans with similar risk characteristics.

We monitor our ALL methodology to ensure that it is responsive to the current economic environment. Over the past year, the economic conditions within our markets have improved, and we have experienced significant improvement in our credit quality, including lower net charge-offs, lower delinquency, lower non-performing loans and lower special mention and substandard loans compared to December 31, 2012. Accordingly, the assumptions used within the ALL were reevaluated in the third quarter of 2013 to be responsive to the improved economic environment and the changes in our credit quality.

The ALL methodology for groups of loans collectively evaluated for impairment is comprised of both a quantitative and qualitative analysis. A key assumption in the quantitative component of the reserve is the LEP. The LEP is an estimate of the average amount of time from the point at

which a loss is incurred on a loan to the point at which the loss is confirmed. In general, the LEP will be shorter in an economic slowdown or recession and longer during times of economic stability or growth, as customers are better able to delay loss confirmation

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after a potential loss event has occurred. Due to the recent improvement in economic conditions, we completed an internal study utilizing our loan charge-off history to recalibrate the LEPs of the commercial portfolio segments. Consistent with the improved economic conditions, the LEPs have lengthened, and as a result, we lengthened our LEP assumption for each of the commercial portfolio segments. We believe that the consumer portfolio segment LEPs have also lengthened as they are influenced by the same improvement in economic conditions that impacted the commercial portfolio segments. We therefore also lengthened the LEP assumption for the consumer portfolio to one and a half years.

The changes made to the ALL assumptions were applied prospectively and did not result in a material change to the total ALL. Lengthening the LEP does increase the historical loss rates and therefore the quantitative component of the ALL. We believe this makes the quantitative component of the ALL more reflective of inherent losses that exist within the loan portfolio, which resulted in a decrease in the qualitative component of the ALL. The changes to the LEPs also improved our insight into the inherent risk of the individual commercial portfolio segments. As the economic conditions have improved, our data indicates that the CRE segment has less inherent loss and that the C&I segment contains greater inherent loss. The ALL at December 31, 2013 reflects these changes within the CRE and C&I portfolio segments.

Consumer unsecured loans and secured loans that are not real estate secured are evaluated for charge-off after the loan becomes 90 days past due. At that time, unsecured loans are fully charged-off and secured loans are charged-off to the estimated fair value of the collateral less the cost to sell. Consumer loans secured by real estate are evaluated for charge-off after the loan balance becomes 90 days past due and are charged down to the estimated fair value of the collateral less cost to sell.

Our charge-off policy for commercial loans requires that loans and other obligations that are not collectible be promptly charged-off when a confirmed loss exists, regardless of the delinquency status of the loan. We may elect to recognize a partial charge-off when management has determined that the value of collateral is less than the remaining investment in the loan. A loan or obligation does not need to be charged-off, regardless of delinquency status, if (i) management has determined there exists sufficient collateral to protect the remaining loan balance and (ii) there exists a strategy to liquidate the collateral. Management may also consider a number of other factors to determine when a charge-off is appropriate. These factors may include, but are not limited to:

- The status of a bankruptcy proceeding;
- The value of collateral and probability of successful liquidation; and/or
- The status of adverse proceedings or litigation that may result in collection.

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The following summarizes our loan charge-off experience for each of the five years presented below:

(dollars in thousands)	Years Ended December 31, 2013	2012	2011	2010	2009
ALL Balance at Beginning of Year:	$ 46,484	$ 48,841	$ 51,387	$ 59,580	$ 42,689
Charge-offs:					
Commercial real estate	(4,601)	(9,627)	(8,824)	(23,925)	(8,795)
Commercial and industrial	(2,714)	(5,278)	(8,971)	(7,277)	(29,350)
Commercial construction	(4,852)	(10,521)	(1,720)	(6,353)	(12,397)
Consumer real estate	(2,407)	(2,509)	(2,617)	(2,210)	(4,558)
Other consumer	(1,002)	(1,078)	(1,013)	(1,262)	(1,762)
Total	(15,576)	(29,013)	(23,145)	(41,027)	(56,862)
Recoveries:					
Commercial real estate	3,388	1,259	780	576	70
Commercial and industrial	2,142	1,153	357	328	532
Commercial construction	531	891	2,463	1,748	
Consumer real estate	651	197	1,030	202	276
Other consumer	324	341	360	469	521
Total	7,036	3,841	4,990	3,323	1,399
Net Charge-offs	**(8,540)**	**(25,172)**	**(18,155)**	**(37,704)**	**(55,463)**
Provision for loan losses	8,311	22,815	15,609	29,511	72,354
Acquired loan loss reserve					
ALL Balance at End of Year:	**$ 46,255**	**$ 46,484**	**$ 48,841**	**$ 51,387**	**$ 59,580**

Net loan charge-offs decreased $16.6 million, or 66 percent, to $8.5 million or 0.25 percent of average loans for 2013 as compared to $25.2 million or 0.78 percent of average loans for 2012. The decrease in net charge-offs is due to improved economic conditions which resulted in stabilized collateral valuations, management s focus on workouts with our problem loans and higher recoveries in 2013. All commercial portfolio segments declined with a $7.2 million decrease in CRE, $3.6 million decrease in C&I and $5.3 million decrease in commercial construction. In 2013, we experienced higher recoveries in our CRE and C&I portfolio, including a $0.5 million recovery of a CRE loan and a $0.9 million recovery of a C&I loan.

The following table summarizes net charge-offs as a percentage of average loans and other ratios as of December 31:

	2013	2012	2011	2010	2009
Commercial real estate	0.08%	0.59%	0.55%	1.42%	3.42%
Commercial and industrial	0.07%	0.57%	1.24%	1.62%	0.62%
Commercial construction	2.72%	5.94%	(0.34)%	0.96%	3.74%
Consumer real estate	0.20%	0.28%	0.20%	0.24%	0.50%
Other consumer	0.99%	0.91%	0.94%	1.04%	1.52%
Net charge-offs to average loans outstanding	0.25%	0.78%	0.56%	1.11%	1.60%
Allowance for loan losses as a percentage of total loans	1.30%	1.38%	1.56%	1.53%	1.75%
Allowance for loan losses to total nonperforming loans	206%	85%	87%	80%	66%
Provision for loan losses as a percentage of net loan charge-offs	97%	91%	86%	78%	130%

An inherent risk to the loan portfolio as a whole is the condition of the local economy. In addition, each loan segment carries with it risks specific to the segment. We develop and document a systematic ALL methodology based on the following portfolio segments: 1) CRE, 2) C&I, 3) Commercial Construction, 4) Consumer Real Estate and 5) Other Consumer.

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CRE loans are secured by commercial purpose real estate, including both owner occupied properties and investment properties for various purposes such as hotels, strip malls and apartments. Individual project cash flows, as well as global cash flows, are generally the sources of repayment for these loans. Besides cash flow risks, CRE loans have collateral risk and risks based upon the business prospects of the lessee, if the project is not owner occupied.

C&I loans are made to operating companies or manufacturers for the purpose of production, operating capacity, accounts receivable, inventory or equipment financing. Collateral for these types of loans often do not have sufficient value in a distressed or liquidation scenario to satisfy the outstanding debt. Cash flow from the operations of the company is the primary source of repayment for these loans and the cash flow depends not only on the economy as a whole, but also on the health of the company s industry.

Commercial construction loans are 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 the risk is generally confined to the construction 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. There are also various risks depending on the type of project and the experience and resources of the developer.

Consumer real estate loans are secured by 1-4 family residences, including purchase money mortgages, first and second lien 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 unemployment rate, as well as the state of the local housing markets, has a significant impact on the risk determination, 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 are made to individuals and may be secured by assets other than 1-4 family residences, or may be unsecured. This class of loans includes auto loans, unsecured lines and credit cards. The primary source of repayment for these loans is the income and assets of the borrower so the local unemployment rate is an important indicator of risk. The value of the collateral, if there is any, is less likely to be a source of repayment due to less certain collateral values.

The following is the ALL balance by portfolio segment as of December 31:

	2013		**2012**		**2011**		**2010**		**2009**	
(dollars in thousands)	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**	**Amount**	**% of Total**
Commercial real estate	$ 18,921	41%	$ 25,246	54%	$ 29,804	61%	$ 30,424	59%	$ 27,322	46%
Commercial and industrial	14,443	31%	7,759	17%	11,274	23%	9,777	19%	21,393	36%
Commercial construction	5,374	12%	7,500	16%	3,703	8%	5,905	11%	8,008	13%
Consumer real estate	6,362	14%	5,058	11%	3,166	6%	3,962	8%	2,143	4%
Other consumer	1,165	2%	921	2%	894	2%	1,319	3%	714	1%
Total	**$ 46,255**	**100%**	**$ 46,484**	**100%**	**$ 48,841**	**100%**	**$ 51,387**	**100%**	**$ 59,580**	**100%**

Significant to our ALL is a higher concentration of commercial loans. At December 31, 2013, approximately 84 percent of the ALL related to the commercial loan portfolio, while commercial loans comprised 73 percent of our loan portfolio. We experienced higher losses in our commercial portfolios compared to our consumer portfolio throughout the economic crisis. The ability of customers to repay commercial loans is more dependent upon the success of their business, continuing income and general economic conditions. Accordingly, the risk of loss may be higher on such loans compared to consumer loans, which have incurred lower losses in our market.

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Due to the greater potential for loss within our commercial portfolio, 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. Loans rated special mention or substandard have potential or well-defined weaknesses not generally found in high quality, performing loans, and require attention from management to limit loss. Commercial sub-standard and special mention loans decreased $146.0 million, or 47 percent, from $309.0 million at December 31, 2012 to $163.0 million at December 31, 2013.

The following table summarizes the ALL balance as of December 31:

(dollars in thousands)	**2013**	**2012**	**2011**	**2010**	**2009**
Collectively Evaluated for Impairment	$ 46,158	$ 44,253	$ 43,296	$ 47,756	$ 42,577
Individually Evaluated for Impairment	97	2,231	5,545	3,631	17,003
Total Allowance for Loan Losses	**$ 46,255**	**$ 46,484**	**$ 48,841**	**$ 51,387**	**$ 59,580**

The balance in the ALL decreased $0.2 million to $46.3 million, or 1.30 percent of total loans, at December 31, 2013 as compared to $46.5 million, or 1.38 percent of total loans at December 31, 2012. The slight decrease in the ALL is due to a decrease of $2.1 million in specific reserves associated with loans individually evaluated for impairment offset by an increase of $1.9 million in the general reserve. The December 31, 2013 ALL includes $0.1 million of specific reserves that were allocated for impaired loans of $52.9 million compared to $2.2 million of specific reserves that were allocated for impaired loans of $82.6 million at December 31, 2012. Impaired loans decreased $29.7 million, or 36 percent, from December 31, 2012, primarily a result of loan pay downs, charge-offs and the sale of $4.1million of impaired loans during the third and fourth quarters of 2013. Further, new impaired loan formation has been low during 2013 with only $7.8 million of new impaired loans resulting in minimal specific reserves at December 31, 2013. The reserve for loans collectively evaluated for impairment increased $1.9 million from December 31, 2012. While we have been experiencing improvement in our asset quality, we still believe that there is inherent risk within the portfolio and have maintained the level of the reserve relatively consistent with the prior year.

The composition of the reserve has changed with a shift of reserves from our CRE portfolio to our C&I portfolio. As discussed above, our recent study of the LEP resulted in an improved insight into the inherent risk of the commercial portfolio segments. As the economic conditions have improved, our data indicates that the CRE segment has less risk of inherent loss and that the C&I segment contains a greater risk of inherent loss. In 2012, we experienced stress in our commercial construction portfolio, with net charge-offs of $9.6 million. We continue to experience elevated losses in our commercial construction portfolio with net charge-offs of $4.3 million during 2013, which was primarily the result of one land development project. The losses incurred in this portfolio are primarily related to land development projects that had slowed during the economic downturn, resulting in significant reductions in the appraised values. Many of these loans have been extended resulting in the loan becoming a TDR, and consequently an impaired loan.

Federal Home Loan Bank and Other Restricted Stock

At December 31, 2013 and 2012, we held FHLB stock of $12.8 million and $14.5 million. This investment is carried at cost and evaluated for impairment based on the ultimate recoverability of the par value. We hold FHLB stock because we are a member of the FHLB of Pittsburgh. The FHLB requires members to purchase and hold a specified level of FHLB stock based upon on the members asset values, level of borrowings and participation in other programs offered. Stock in the FHLB is non-marketable and is redeemable at the discretion of the FHLB. Members do not purchase stock in the FHLB for the same reasons that traditional equity investors acquire stock in an investor-owned enterprise. Rather, members purchase stock to obtain access to the products and services offered by the FHLB. Unlike equity securities of traditional for-profit enterprises, the stock of the FHLB does not provide its holders with an opportunity for capital appreciation because, by regulation, FHLB stock can only be purchased, redeemed and transferred at par value.

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On February 22, 2012, the FHLB of Pittsburgh announced that it would pay a dividend on the average capital stock balance held during the three month period ended December 31, 2012 at an annualized rate of 0.10 percent for the first time since late 2008, noting that future dividend payments and capital stock repurchases will continue to be reviewed on a quarterly basis. During 2013, the FHLB continued to declare and pay dividends on a quarterly basis. We received $0.1 million in FHLB dividends and received $6.0 million of stock redemptions from the FHLB, offset with $4.3 million in loan stock purchases throughout 2013. We reviewed and evaluated the FHLB capital stock for OTTI at December 31, 2013. The FHLB reported improved earnings throughout 2013 compared to 2012 and continues to exceed all capital ratios required. Additionally, we considered that the FHLB has been paying dividends and redeeming excess stock during 2012 and throughout 2013. Accordingly, we believe sufficient evidence exists to conclude that no OTTI exists at December 31, 2013.

At December 31, 2013 and 2012, we held Atlantic Community Bankers Bank, or ACBB, stock of $0.8 million for both years. This investment is carried at cost and evaluated for impairment based on the ultimate recoverability of the investment. Like FHLB stock, members purchase ACBB stock to access the products and services offered, as opposed to traditional equity investors who acquire stock for purposes such as appreciation in value. S&T acquired the ACBB stock as a result of bank acquisitions and does not use the bank s member services. ACBB continues to be classified as well capitalized by regulatory guidelines and the current purchase price for new members is $3,500 per share. As of December 31, 2013, the book value of ACBB stock was $2,024 per share; therefore, management believes that no OTTI exists at December 31, 2013.

Deposits

The following table presents the composition of deposits at December 31:

(dollars in thousands)	**2013**	**2012**	**$ Change**
Noninterest-bearing demand	$ 992,779	$ 960,980	$ 31,799
Interest-bearing demand	312,790	316,760	(3,970)
Money market	281,403	361,233	(79,830)
Savings	994,805	965,571	29,234
Certificates of deposit	922,780	1,022,180	(99,400)
CDARs and brokered deposits	167,751	11,704	156,047
Total	**$ 3,672,308**	**$ 3,638,428**	**$ 33,880**

Deposits are the primary source of funds for us. We believe that our deposit base is stable and that we have the ability to attract new deposits, mitigating any funding dependency on other more volatile sources. Total deposits increased $33.9 million to $3.7 billion at December 31, 2013 compared to $3.6 billion at December 31, 2012.

The low interest rate environment impacted the overall mix of our deposits as CD maturities at higher rates shifted into our savings and demand products. Money market deposits decreased mainly as a result of our Wealth Management division reallocating $50.4 million to other types of investments.

Our Certificate of Deposit Account Registry Services, or CDARS, deposits and brokered CD deposits increased $156.0 million from December 31, 2012. We participate in the CDARS reciprocal and OWB programs through the Promontory Interfinancial Network, LLC. Reciprocal deposits are customer funds exchanged among insured depository institutions that are members of the CDARS deposit placement service. The CDARS OWB program allows us to obtain wholesale funding through the CDARs deposit placement service. As of December 31, 2013, we had $15.5 million in CDARs reciprocal deposits and $81.4 million in CDARs OWB deposits, an increase of $5.7 million and $79.6 million from December 31, 2012. As of December 31, 2013, we had $70.8 million in brokered CDs. Participation in the CDARs OWB Program and issuing brokered CDs is an ALCO strategy to increase and diversify funding sources, as well as manage the banks funding costs and structure.

The daily average balance of deposits and rates paid on deposits are summarized for the years ended December 31 in the following table:

	2013		2012		2011	
(dollars in thousands)	**Amount**	**Rate**	**Amount**	**Rate**	**Amount**	**Rate**
Noninterest-bearing demand	$ 955,475		$ 877,056		$ 792,911	
Interest-bearing demand	309,748	0.02%	306,994	0.05%	286,588	0.13%
Money market	319,831	0.14%	308,719	0.17%	249,497	0.15%
Savings	1,001,209	0.17%	902,889	0.26%	761,274	0.17%
Certificates of deposit	980,933	0.91%	1,093,899	1.25%	1,174,855	1.78%
CDARs and brokered deposits	73,518	0.32%	10,363	0.28%	6,967	0.87%
Total	**$ 3,640,714**	**0.31%**	**$ 3,499,920**	**0.48%**	**$ 3,272,092**	**0.70%**

Certificates of deposit of $100,000 and over, including CDARs, accounted for 12 percent of total deposits at December 31, 2013 and ten percent of total deposits at December 31, 2012, and primarily represent deposit relationships with local customers in our market area.

Maturities of certificates of deposit of $100,000 or more outstanding at December 31, 2013, including CDARs and brokered deposits, are summarized as follows:

(dollars in thousands)	**2013**
Three months or less	$ 197,257
Over three through six months	68,240
Over six through twelve months	59,776
Over twelve months	108,548
Total	**$ 433,821**

Borrowings

The following table represents the composition of borrowings for the years ended December 31:

(dollars in thousands)	**2013**	**2012**	**$ Change**
Securities sold under repurchase agreements, retail	$ 33,847	$ 62,582	$ (28,735)
Short-term borrowings	140,000	75,000	65,000
Long-term borrowings	21,810	34,101	(12,291)
Junior subordinated debt securities	45,619	90,619	(45,000)
Total Borrowings	**$ 241,276**	**$ 262,302**	**$ (21,026)**

Borrowings are an additional source of funding for us. Short-term borrowings are for terms under one year and were comprised primarily of FHLB advances. We define repurchase agreements with our local retail customers as retail REPO. Securities pledged as collateral under these REPO financing arrangements cannot be sold or repledged by the secured party and are therefore accounted for as a secured borrowing. FHLB advances are for various terms secured by a blanket lien on residential mortgages and other real estate secured loans. Long-term borrowings are for terms greater than one year and consist of FHLB borrowings. The purpose of long-term borrowings is to match-fund selected new loan originations, to mitigate interest rate sensitivity risks and to take advantage of discounted borrowing rates through the FHLB for community investment projects.

The decrease in borrowings of $21.0 million is primarily within our junior subordinated debt securities following the early repayment of $45.0 million in junior subordinated debt during 2013. We repaid $45.0 million of junior subordinated debt due to its diminishing regulatory capital

benefit and the future positive impact on net interest income. Long term borrowings decreased by $12.3 million mainly as a result of maturities during the

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year. Retail REPOs decreased by $28.7 million due to a change in customer preference following a restructuring of the product. We have replaced the junior subordinated debt and other long-term borrowings with short-term FHLB advances due to lower rates offered on these borrowings.

Information pertaining to short-term borrowings is summarized in the tables below for the dates presented and for the years ended December 31,

	Securities Sold Under Repurchase Agreements		
(dollars in thousands)	**2013**	**2012**	**2011**
Balance at December 31	$ 33,847	$ 62,582	$ 30,370
Average balance during the year	54,057	47,388	41,584
Average interest rate during the year	0.12%	0.17%	0.13%
Maximum month-end balance during the year	$ 83,766	$ 62,582	$ 42,409
Average interest rate at December 31	0.01%	0.20%	0.11%

	Short-Term Borrowings		
(dollars in thousands)	**2013**	**2012**	**2011**
Balance at December 31	$ 140,000	$ 75,000	$ 75,000
Average balance during the year	101,973	50,212	551
Average interest rate during the year	0.27%	0.24%	0.32%
Maximum month-end balance during the year	$ 175,000	$ 75,000	$ 75,000
Average interest rate at December 31	0.30%	0.19%	0.18%

Information pertaining to long-term borrowings is summarized in the tables below for the dates presented and for the years ended December 31,

	Long-Term Borrowings		
(dollars in thousands)	**2013**	**2012**	**2011**
Balance at December 31	$ 21,810	$ 34,101	$ 31,874
Average balance during the year	24,312	33,841	31,651
Average interest rate during the year	3.07%	3.26%	3.45%
Maximum month-end balance during the year	$ 28,913	$ 40,669	$ 33,051
Average interest rate at December 31	3.01%	3.17%	3.40%

	Junior Subordinated Debt Securities		
(dollars in thousands)	**2013**	**2012**	**2011**
Balance at December 31	$ 45,619	$ 90,619	$ 90,619
Average balance during the year	65,989	90,619	90,619
Average interest rate during the year	3.14%	3.21%	4.01%
Maximum month-end balance during the year	$ 90,619	$ 90,619	$ 90,619
Average interest rate at December 31	2.70%	3.01%	3.24%

During 2013, long-term borrowings decreased $12.3 million as compared to December 31, 2012. At December 31, 2013, our long-term borrowings outstanding of $21.8 million included $18.7 million that were at a fixed rate and $3.1 million at a variable rate.

During the third quarter of 2006, we issued $25.0 million of junior subordinated debentures through a pooled transaction at an initial fixed rate of 6.78 percent. Beginning September 15, 2011 and quarterly thereafter, we have had the option to redeem the subordinated debt, subject to a 30 day written notice and prior approval by the FDIC. The subordinated debt converted to a variable rate of 3-month LIBOR plus 160 basis points in September of 2011. The subordinated debt qualifies as Tier 2 capital under regulatory guidelines and will mature on December 15, 2036.

During the first quarter of 2008, we completed a private placement to a financial institution of $20.0 million of floating rate trust preferred securities. The trust preferred securities mature in March 2038, are callable at our option after five years and had an interest rate initially at a rate of 6.44 percent per annum and quarterly adjusts with the three-month LIBOR plus 350 basis points. We began making interest payments to the trustee on June 15, 2008 and quarterly thereafter. The trust preferred securities qualify as Tier 1 capital under regulatory guidelines. To issue these trust preferred securities, we formed STBA Capital Trust I, or the Trust, with $0.6 million of equity, which is owned 100 percent by us. The proceeds from the sale of the trust preferred securities and the issuance of common equity were invested in junior subordinated debt, which is the sole asset of the Trust. The Trust pays dividends on the trust preferred securities at the same rate as the interest we pay on the junior subordinate debt held by the Trust. Because the third-party investors are the primary beneficiaries, the Trust qualifies as a variable interest entity, but is not consolidated in our financial statements.

During the second quarter of 2008, we issued $20.0 million of junior subordinated debt through a private placement with three financial institutions at an initial rate of 6.40 percent that floats quarterly with 3-month LIBOR plus 350 basis points. The subordinated debt qualified as Tier 2 Capital under regulatory guidelines, but if all or any portion of the subordinated debt ceased to be deemed Tier 2 Capital due to a change in applicable capital regulations, we had the right to redeem, on any interest payment date, subject to a 30 day written notice and prior approval by the FDIC, the subordinated debt at the applicable redemption rate. The redemption rate started at a high of 102.82 percent at June 15, 2009 and decreased yearly to 100 percent on June 15, 2013 and thereafter could be called. We received approval from the FDIC to redeem early, and we did so on June 17, 2013. The subordinated debt would have matured on June 15, 2018.

Also during the second quarter of 2008, we issued $25.0 million of junior subordinated debt through a private placement with a financial institution at an initial rate of 5.15 percent that floats quarterly with 3-month LIBOR plus 250 basis points. At any time after May 30, 2013, we had the right to redeem all or a portion of the subordinated debt, subject to a 30-day written notice and prior approval by the FDIC. The subordinated debt qualified as Tier 2 capital under regulatory guidelines and would have matured on May 30, 2018. However, we received approval by the FDIC to redeem this junior subordinated debt early, and redeemed it also on June 17, 2013.

We chose to redeem the $45.0 million of junior subordinated debt early not only because of its diminishing regulatory capital benefit, but also for a future positive impact on net interest income. We have replaced the debt with lower rate short term advances from the FHLB.

Financial Condition at September 30, 2014

Total assets increased by 8.2 percent to $4.9 billion at September 30, 2014 compared to $4.5 billion at December 31, 2013. Loan growth was strong, resulting in an increase to total portfolio loans of $235.0 million, or 6.6 percent, compared to December 31, 2013. Our commercial loan portfolio grew by $227.6 million, or 8.8 percent, to $2.8 billion and our consumer loan portfolio grew by $7.3 million, or 0.8 percent, to $979.7 million at September 30, 2014. Securities increased $106.2 million, or 20.9 percent, compared to December 31, 2013. Our deposit base increased $228.8 million, or 6.2 percent, with total deposits of $3.9 billion at September 30, 2014 compared to $3.7 billion at December 31, 2013. Demand deposits increased $108.7 million, or 8.3 percent, compared to December 31, 2013. Savings deposits also increased $53.4 million, or 5.4 percent, compared to December 31, 2013. While certificates of deposit decreased by $21.6 million, our CDARS OWB, and brokered CDs increased by $74.2 million during the nine month period ended September 30, 2014 compared to December 31, 2013. Borrowings increased by $112.5 million to $353.7 million at September 30, 2014 compared to $241.3 million at December 31, 2013. The short-term borrowing increase of $125.0 million was utilized as a source of funds to support our asset growth during the first nine months of 2014. Total shareholder s equity increased by $34.6 million, or 6.1 percent, during the nine months ended September 30, 2014 compared to December 31, 2013. The increase was primarily due to net income of $43.4 million and an increase to accumulated other comprehensive income of $5.5 million primarily resulting from higher market values on our available-for-sale securities offset by $14.9 million in dividends.

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Securities Activity

(dollars in thousands)	September 30, 2014	December 31, 2013	$ Change
U.S. Treasury securities	$ 14,803	$	$ 14,803
Obligations of U.S. government corporations and agencies	263,406	234,751	28,655
Collateralized mortgage obligations of U.S. government corporations and agencies	111,053	63,774	47,279
Residential mortgage-backed securities of U.S. government corporations and agencies	44,581	48,669	(4,088)
Commercial mortgage-backed securities of U.S. government corporations and agencies	39,380	39,052	328
Obligations of states and political subdivisions	133,945	114,264	19,681
Debt Securities Available-for-Sale	**607,168**	**500,510**	**106,658**
Marketable equity securities	8,489	8,915	(426)
Total Securities Available-for-Sale	**$ 615,657**	**$ 509,425**	**$ 106,232**

We invest in various securities in order to provide a source of liquidity, to satisfy various pledging requirements, increase net interest income and as a tool of the ALCO to reposition the balance sheet for interest rate risk purposes. Securities are subject to market risk that could negatively affect the level of liquidity available to us. Security purchases are subject to investment policies approved annually by our board of directors and administered through ALCO and our treasury function.

The securities portfolio increased $106.2 million, or 20.9 percent, from December 31, 2013. The increase is primarily due to the investment of cash into higher yielding assets.

On a quarterly basis, management evaluates the securities portfolio for other than temporary impairment, or OTTI. The bond portfolio had a net unrealized gain of $5.9 million at September 30, 2014 compared to a net unrealized loss of $2.3 million at December 31, 2013. Net unrealized gains at September 30, 2014 included $9.0 million of unrealized gains offset by $3.1 million of unrealized losses. Net unrealized losses at December 31, 2013 included unrealized gains of $5.5 million offset by $7.8 million of unrealized losses. The changes in unrealized gains and losses during the nine months ended September 30, 2014 was a result of the changing interest rate environment during the period and is not related to the underlying credit quality of the bond portfolio. All debt securities are determined to be investment grade and are paying principal and interest according to the contractual terms of the security. There were no unrealized losses on marketable equity securities as of September 30, 2014. During the three and nine months ended September 30, 2014, no OTTI was recorded. We do not intend to sell and it is not more likely than not that we will be required to sell any of the securities in an unrealized loss position before recovery of their amortized cost.

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Loan Composition

	September 30, 2014		December 31, 2013	
(dollars in thousands)	**Amount**	**% of Loans**	**Amount**	**% of Loans**
Commercial				
Commercial real estate	$ 1,691,649	44.5%	$ 1,607,756	45.1%
Commercial and industrial	946,366	24.9%	842,449	23.6%
Construction	183,509	4.8%	143,675	4.0%
Total Commercial Loans	**2,821,524**	**74.2%**	**2,593,880**	**72.7%**
Consumer				
Residential mortgage	491,404	12.9%	487,092	13.7%
Home equity	418,659	11.0%	414,195	11.6%
Installment and other consumer	66,607	1.8%	67,883	1.9%
Construction	2,995	0.1%	3,149	0.1%
Total Consumer Loans	**979,665**	**25.8%**	**972,319**	**27.3%**
Total Portfolio Loans	**3,801,189**	**100.0%**	**3,566,199**	**100.0%**
Loans Held for Sale	3,126		2,136	
Total Loans	**$ 3,804,315**		**$ 3,568,335**	

Our 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. Conditions such as the overall economic climate can significantly impact a borrower s ability to pay. Total portfolio loans increased $235.0 million, or 6.6 percent, since December 31, 2013 to $3.8 billion at September 30, 2014 primarily due to organic loan growth in our commercial loan portfolios. The increase in loans can be attributed to the execution of our strategic initiative to grow our loan portfolio by adding seasoned lenders to our staff and our expansion through two LPO s in Ohio. Our expansion into new markets continued in the second quarter of 2014 with the opening of a branch in State College, Pennsylvania on June 18, 2014.

Total commercial loans have increased $227.6 million, or 8.8 percent, from December 31, 2013 with growth in all portfolios. C&I loans increased $103.9 million, or 12.3 percent, due to new loan originations and increased line utilization. CRE loans increased $83.9 million, or 5.2 percent, due to improved loan demand. Commercial construction loans increased $39.8 million, or 27.7 percent, due to an increase in activity and seasonality.

Residential mortgages increased $4.3 million, or 0.9 percent, from December 31, 2013 to September 30, 2014. Residential mortgage lending continues to be a strategic focus through a centralized mortgage origination department, ongoing product redesign, secondary market activities and the utilization of commission compensated originators. Management believes that continued adherence to our conservative mortgage lending policies for portfolio loans will be as important in a growing economy as it was during the downturn in recent years. At the end of the second quarter of 2014, we returned to selling all of our mortgage loan production priced for sale into the secondary market. Previously, we had been only selling 30 year mortgages. The rationale for these sales is to mitigate interest-rate risk associated with holding lower rate, long-term residential mortgages in the loan portfolio, generate fee revenue from sales and servicing and maintain the primary customer relationship. During the nine months ended September 30, 2014, we sold 50 percent fewer mortgages with $27.9 million in loan sales compared to $56.0 million during the same period in 2013. We have experienced a decrease in the volume of loan sales from the prior year due to an increase in interest rates in mid-2013 which caused a significant decline in mortgage refinancings. As of September 30, 2014, we serviced $322.5 million of secondary market mortgage loans sold to Fannie Mae.

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Allowance for Loan Losses

We maintain an ALL at a level determined to be adequate in management s judgment to absorb estimated probable credit losses inherent within the loan portfolio as of the balance sheet date. Determination of an adequate ALL is subjective, as it requires estimations of the occurrence of future events, as well as the timing of such events, and it may be subject to significant changes from period to period. The methodology for determining the ALL has two main components: 1) evaluation and impairment tests of individual loans, and 2) evaluation of certain groups of homogeneous loans with similar risk characteristics.

An inherent risk to the loan portfolio as a whole is the condition of the local economy. In addition, each loan segment carries with it risks specific to the segment. The following is a discussion of the key risks by portfolio segment that management assesses in preparing the ALL.

CRE loans are secured by commercial purpose real estate, including both owner occupied properties and investment properties for various purposes such as hotels, strip malls and apartments. Individual project cash flows, as well as global cash flows, are generally the sources of repayment for these loans. Besides cash flow risks, CRE loans have collateral risk and risks based upon the business prospects of the lessee, if the project is not owner occupied.

C&I loans are made to operating companies or manufacturers for the purpose of production, operating capacity, accounts receivable, inventory or equipment financing. Collateral for these types of loans often do not have sufficient value in a distressed or liquidation scenario to satisfy the outstanding debt. Cash flow from the operations of the company is the primary source of repayment for these loans and the cash flow depends not only on the economy as a whole, but also on the health of the company s industry.

Commercial construction loans are made to finance construction of buildings or other structures, as well as to finance the acquisition and development of raw land for various purposes. During the construction phase, a number of factors can result in delays and cost overruns. While the risk is generally confined to the construction and absorption periods, 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 the value of the property securing the loan may not have sufficient value in a liquidation to cover the outstanding principal. There are also various risks depending on the type of project and the experience and resources of the developer.

Consumer real estate loans are secured by 1-4 family residences, including purchase money mortgages, first and second lien 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 unemployment rate, as well as the state of the local housing market, can have a significant impact on the risk determination since low demand and/or declining home values can limit the ability of borrowers to sell a property and satisfy the debt.

Other consumer loans are made to individuals and may be secured by assets other than 1-4 family residences, or may be unsecured. This class of loans includes auto loans, unsecured lines and credit cards. The primary source of repayment for these loans is the income and assets of the borrower so the local unemployment rate is an important indicator of risk. The value of the collateral, if there is any, is less likely to be a source of repayment due to less certain collateral values.

At September 30, 2014, approximately 83 percent of the ALL was related to our commercial loan portfolio, while commercial loans comprised 74 percent of our loan portfolio. We believe that the inherent losses in the commercial portfolio are higher than in the consumer portfolio. Our historical losses in the commercial loan portfolio were higher than in the consumer loan portfolio in the last economic downturn.

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The following tables summarize the ALL and recorded investments in loans by category for the dates presented:

	September 30, 2014					
	Allowance for Loan Losses			Portfolio Loans		
(dollars in thousands)	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Commercial real estate	$	$ 19,977	$ 19,977	$ 21,028	$ 1,670,621	$ 1,691,649
Commercial and industrial		13,898	13,898	9,643	936,723	946,366
Commercial construction		5,178	5,178	8,143	175,366	183,509
Consumer real estate	45	6,718	6,763	7,045	906,013	913,058
Other consumer	10	1,490	1,500	133	66,474	66,607
Total	**$ 55**	**$ 47,261**	**$ 47,316**	**$ 45,992**	**$ 3,755,197**	**$ 3,801,189**

	December 31, 2013					
	Allowance for Loan Losses			Portfolio Loans		
(dollars in thousands)	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Commercial real estate	$	$ 18,921	$ 18,921	$ 26,968	$ 1,580,788	$ 1,607,756
Commercial and industrial		14,433	14,433	9,580	832,869	842,449
Commercial construction	25	5,349	5,374	8,072	135,603	143,675
Consumer real estate	53	6,309	6,362	8,079	896,357	904,436
Other consumer	19	1,146	1,165	157	67,726	67,883
Total	**$ 97**	**$ 46,158**	**$ 46,255**	**$ 52,856**	**$ 3,513,343**	**$ 3,566,199**

	September 30, 2014	December 31, 2013
Ratio of net charge-offs to average loans outstanding	(0.01)%*	0.25%
Allowance for loan losses as a percentage of total loans	1.24%	1.30%
Allowance for loan losses to nonperforming loans	350%	206%

* *Annualized*

The ALL was $47.3 million, or 1.24 percent, of total portfolio loans at September 30, 2014 compared to $46.3 million, or 1.30 percent, of total portfolio loans at December 31, 2013. Overall, the total ALL and the composition of the ALL remained relatively unchanged from December 31, 2013. Impaired loans decreased $6.9 million from December 31, 2013, primarily as a result of loan pay downs. New impaired loan formation has been low during 2014 at only $4.6 million. The reserve for loans collectively evaluated for impairment did not change significantly at September 30, 2014 compared to December 31, 2013.

Our asset quality continued to improve during the nine months ended September 30, 2014 with net recoveries, decreases in nonperforming loans and decreases in special mention and substandard loans. We had gross loan charge-offs of $5.5 million offset by loan recoveries of $6.0 million resulting in net recoveries of $0.5 million for the nine months ended September 30, 2014. Included in the $5.9 million of recoveries was a $2.5 million recovery for one loan in our C&I loan portfolio. Nonperforming loans decreased $8.9 million, or 40 percent, to $13.5 million at September 30, 2014 compared to $22.5 million at December 31, 2013. Commercial special mention and substandard loans decreased by $32.1 million, or 20 percent, to $130.9 million at September 30, 2014 from $163.0 million at December 31, 2013.

During the nine months ended September 30, 2014, we sold a $3.5 million package of smaller commercial loans, $3.2 million of which were on nonaccrual status, resulting in a charge-off of $1.3 million. We also sold two C&I loans totaling $4.8 million which resulted in a charge-off of $1.5 million.

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We determine loans to be impaired when based upon current information and events, it is probable that we will be unable to collect all principal and interest payments due according to the original contractual terms of the loan agreement. Our methodology for evaluating whether a loan is impaired includes risk-rating credits on an individual basis and consideration of the borrower s overall financial condition, payment history and available cash resources. In measuring impairment, we primarily look to the value of the collateral, but may use discounted cash flows or other market data. We may consider the existence of guarantees and the financial strength of the guarantors involved. Guarantees may be considered as a source of repayment; however, absent a verifiable payment capacity, a guarantee alone would not be sufficient to avoid classifying the loan as impaired.

Troubled debt restructurings, or TDRs, whether on accrual or nonaccrual status, are also classified as impaired loans. TDRs are loans where we, for economic or legal reasons related to a borrower s financial difficulties, grant a concession to the borrower that we would not otherwise grant. These modified terms generally include extensions of maturity dates at a stated interest rate lower than the current market rate for a new loan with similar risk characteristics, reductions in contractual interest rates or principal deferment. While unusual there may be instances of principal forgiveness. Generally these concessions are for a period of at least six months. Additionally, we classify loans where the debt obligation has been discharged through a Chapter 7 Bankruptcy and not reaffirmed by the borrower as TDRs.

TDRs can be returned to accruing status if the following criteria are met: 1) the ultimate collectability of all contractual amounts due, according to the restructured agreement, is not in doubt and 2) there is a period of a minimum of six months of satisfactory payment performance by the borrower either immediately before or after the restructuring. All TDRs are considered to be impaired loans and will be reported as impaired loans for their remaining lives, unless the restructuring agreement specifies an interest rate equal to or greater than the rate that would be accepted at the time of the restructuring for a new loan with comparable risk and we fully expect that the remaining principal and interest will be collected according to the restructured agreement. All impaired loans are reported as nonaccrual loans unless the loan is a TDR that has met the requirements noted above to be returned to accruing status.

As an example, consider a substandard commercial construction loan that is currently 90 days past due where the loan is restructured to extend the maturity date for a period longer than would be considered an insignificant period of time. The post-modification interest rate is not increased to correspond with the current credit risk of the borrower and all other terms remain the same according to the original loan agreement. This loan will be considered a TDR as the borrower is experiencing financial difficulty and a concession has been granted. The loan will be reported as nonaccrual and as an impaired loan and a TDR. In addition, the loan could be charged down to the fair value of the collateral if a confirmed loss exists. If the loan subsequently performs, by means of making on-time principal and interest payments according to the newly restructured terms for a period of six months, and it is expected that all remaining principal and interest will be collected according to the terms of the restructured agreement, the loan will be returned to accrual status and reported as an accruing TDR. The loan will remain an impaired loan for the remaining life of the loan because the interest rate was not adjusted to be equal to or greater than the rate that would be accepted at the time of the restructuring for a new loan with comparable risk.

As of September 30, 2014, we had $42.2 million in total TDRs, including $37.3 million that were accruing and $4.9 million that were in nonaccrual. For the nine months ended September 30, 2014, we had $3.3 million of new TDRs, the most significant of which was a Commercial Construction TDR for $1.0 million which had a maturity date extension and 24 loans totaling $1.1 million related to bankruptcy filings that were not reaffirmed resulting in discharged debt. During the nine months ended September 30, 2014, we returned ten TDRs to accrual status for $2.0 million, including one loan for $1.3 million upon a detailed credit evaluation supporting that we fully expect collection of the contractual amounts due and that the borrower had six months of satisfactory payment performance.

The charge-off policy for commercial loans requires that loans and other obligations that are not collectible be promptly charged-off when the loss becomes probable, regardless of the delinquency status of the loan. We

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may elect to recognize a partial charge-off when management has determined that the value of collateral is less than the remaining investment in the loan. A loan or obligation does not need to be charged-off, regardless of delinquency status, if (i) management has determined there exists sufficient collateral to protect the remaining loan balance and (ii) there exists a strategy to liquidate the collateral. Management may also consider a number of other factors to determine when a charge-off is appropriate. These factors may include, but are not limited to:

- The status of a bankruptcy proceeding
- The value of collateral and probability of successful liquidation; and/or
- The status of adverse proceedings or litigation that may result in collection

Consumer unsecured loans and secured loans are evaluated for charge-off after the loan becomes 90 days past due. Unsecured loans are fully charged-off and secured loans are charged-off to the estimated fair value of the collateral less the cost to sell.

Our allowance for lending-related commitments is computed using a methodology similar to that used to determine the ALL. Amounts are added to the allowance for lending-related commitments by a charge to current earnings through noninterest expense. The balance in the allowance for lending-related commitments was relatively unchanged at approximately $2.7 million at September 30, 2014 as compared to $2.9 million at December 31, 2013. The allowance for lending-related commitments is included in other liabilities in the Consolidated Balance Sheets.

Nonperforming assets consist of nonaccrual loans, nonaccrual TDRs and OREO. The following summarizes nonperforming assets for the dates presented:

(dollars in thousands)	**September 30, 2014**	**December 31, 2013**	**$ Change**
Nonaccrual Loans			
Commercial real estate	$ 4,276	$ 6,852	$ (2,576)
Commercial and industrial	983	1,412	(429)
Commercial construction	21	34	(13)
Residential mortgage	1,762	1,982	(220)
Home equity	1,512	2,073	(561)
Installment and other consumer	19	34	(15)
Consumer construction			
Total Nonaccrual Loans	**8,573**	**12,387**	**(3,814)**
Nonaccrual Troubled Debt Restructurings			
Commercial real estate	898	3,898	(3,000)
Commercial and industrial	1,443	1,884	(441)
Commercial construction	1,868	2,708	(840)
Residential mortgage	486	1,356	(870)
Home equity	223	218	5
Installment and other consumer	11	3	8
Total Nonaccrual Troubled Debt Restructurings	**4,929**	**10,067**	**(5,138)**
Total Nonaccrual Loans	**13,502**	**22,454**	**(8,952)**
OREO	200	410	(210)

Total Nonperforming Assets	**$ 13,702**	**$ 22,864**	**$ (9,162)**
Asset Quality Ratios:			
Nonperforming loans as a percent of total loans	0.35%	0.63%	
Nonperforming assets as a percent of total loans plus OREO	0.36%	0.64%	

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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 due. There were no loans 90 days or more past due and still accruing at September 30, 2014 or December 31, 2013.

Nonperforming assets decreased $9.2 million, or 40 percent to $13.7 million at September 30, 2014 compared to $22.9 million at December 31, 2013. The decline in nonperforming assets is primarily the result of the sale of $3.2 million of nonaccrual loans, $6.6 million in nonperforming loan pay downs, $1.6 million of loan charge-offs and $3.4 million of loans returning to accrual status. New nonperforming loans were $6.0 million for the nine months ended September 30, 2014. The new formation primarily consists of smaller loans of less than $0.5 million.

Deposits

(dollars in thousands)	**September 30, 2014**	**December 31, 2013**	**$ Change**
Noninterest-bearing demand	$ 1,077,505	$ 992,779	$ 84,726
Interest-bearing demand	336,720	312,790	23,930
Money market	295,559	281,403	14,156
Savings	1,048,175	994,805	53,370
Certificates of deposit	901,193	922,753	(21,560)
CDARS OWB and brokered CDs	241,949	167,778	74,171
Total Deposits	**$ 3,901,101**	**$ 3,672,308**	**$ 228,793**

Deposits are our primary source of funds. We believe that our deposit base is stable and that we have the ability to attract new deposits, mitigating a funding dependency on other more volatile sources. Total deposits increased $228.8 million at September 30, 2014 compared to December 31, 2013.

Overall, our customer deposits increased by $154.6 million and our CDARS OWB and brokered CDs increased by $74.2 million from December 31, 2013. Customer savings deposits, primarily public funds, increased $53.4 million, or 5.4 percent, compared to December 31, 2013 while non-interest bearing deposits, primarily from business customers, increased $84.7 million or 8.5 percent over the same period. The CDARS, OWB and brokered CDs increased as a result of utilizing this type of funding source to support the strong asset growth during the first nine months of 2014.

Borrowings

(dollars in thousands)	**September 30, 2014**	**December 31, 2013**	**$ Change**
Securities sold under repurchase agreements, retail	$ 23,084	$ 33,847	$ (10,763)
Short-term borrowings	265,000	140,000	125,000
Long-term borrowings	20,042	21,810	(1,768)
Junior subordinated debt securities	45,619	45,619	
Total Borrowings	**$ 353,745**	**$ 241,276**	**$ 112,469**

Borrowings are an additional source of funding for us. Total borrowings increased by $112.5 million from December 31, 2013. The short-term borrowing increase of $125.0 million was utilized as a source of funds to support our asset growth activity during the first nine months of 2014.

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Information pertaining to short-term borrowings is summarized in the tables below for the nine and twelve month periods ended September 30, 2014 and December 31, 2013.

	Securities Sold Under Repurchase Agreements	
(dollars in thousands)	September 30, 2014	December 31, 2013
Balance at the period end	$ 23,084	$ 33,847
Average balance during the period	29,463	54,057
Average interest rate during the period	0.01%	0.12%
Maximum month-end balance during the period	$ 40,983	$ 83,766
Average interest rate at the period end	0.01%	0.01%

	Short-Term Borrowings	
(dollars in thousands)	September 30, 2014	December 31, 2013
Balance at the period end	$ 265,000	$ 140,000
Average balance during the period	136,378	101,973
Average interest rate during the period	0.31%	0.27%
Maximum month-end balance during the period	$ 265,000	$ 175,000
Average interest rate at the period end	0.29%	0.30%

Information pertaining to long-term borrowings is summarized in the tables below for the nine and twelve month periods ended September 30, 2014 and December 31, 2013.

	Long-Term Borrowings	
(dollars in thousands)	September 30, 2014	December 31, 2013
Balance at the period end	$ 20,042	$ 21,810
Average balance during the period	20,869	24,312
Average interest rate during the period	2.97%	3.07%
Maximum month-end balance during the period	$ 21,616	$ 28,913
Average interest rate at the period end	2.97%	3.01%

	Junior Subordinated Debt Securities	
(dollars in thousands)	September 30, 2014	December 31, 2013
Balance at the period end	$ 45,619	$ 45,619
Average balance during the period	45,619	65,989
Average interest rate during the period	2.68%	3.14%
Maximum month-end balance during the period	$ 45,619	$ 90,619
Average interest rate at the period end	2.69%	2.70%

Wealth Management Assets

As of September 30, 2014, the fair value of the S&T Bank Wealth Management assets under management and administration, or AUM, which are not accounted for as part of our assets, increased to $2.0 billion from $1.9 billion as of December 31, 2013. AUM consist of $1.1 billion in S&T Trust, $0.6 billion in S&T Financial Services and $0.3 billion in Stewart Capital Advisors. The increase in 2014 is primarily attributable to the improved performance of the U.S. and global capital markets.

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Liquidity and Capital Resources

Liquidity is defined as a financial institution s ability to meet its cash and collateral obligations at a reasonable cost. This includes the ability to satisfy the financial needs of depositors who want to withdraw funds or of borrowers needing to access funds to meet their credit needs. In order to manage liquidity risk our board of directors has delegated authority to the ALCO for formulation, implementation and oversight of liquidity risk management for S&T and S&T Bank. 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. ALCO monitors and manages liquidity through various ratios, reviewing cash flow projections, performing short-term and long-term stress tests and by having a detailed contingency funding plan. ALCO policy guidelines are in place that define graduated risk tolerances. 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 deposit base. We believe S&T Bank has the ability to retain existing and attract new deposits, mitigating any funding dependency on other more volatile sources. Refer to the Deposits Section beginning on page 61, for additional discussion on deposits. Although deposits are the primary source of funds, we have identified various funding sources that can be used as part of our normal funding program when either a structure or cost efficiency has been identified. These funding sources include borrowing availability at the FHLB, Federal Funds lines with other financial institutions and access to the brokered certificates of deposit market including CDARs.

An important component of S&T s 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, with little or no loss in value, 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 September 30, 2014 S&T Bank had $381.6 million in highly liquid assets, which consisted of $91.9 million in interest-bearing deposits with banks, $286.6 million in unpledged securities and $3.1 million in loans held for sale. The highly liquid assets to total assets resulted in an asset liquidity ratio of 7.8 percent at September 30, 2014. Also, at September 30, 2014, we had a remaining borrowing availability of $1.3 billion with the FHLB of Pittsburgh. In addition, we have access to $60.0 million in Federal Funds lines with other financial institutions. Refer to *Note 16 Long-Term Borrowings and Subordinated Debt* on page F-89 of this proxy statement/prospectus for more details on FHLB borrowings. S&T Bank is considered to be a well capitalized bank according to regulatory guidance, therefore access to brokered CDs is not restricted.

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

			September 30, 2014		December 31, 2013	
(dollars in thousands)	**Adequately Capitalized [1]**	**Well-Capitalized [2]**	**Amount**	**Ratio**	**Amount**	**Ratio**
S&T Bancorp, Inc.						
Tier 1 leverage	4.00%	5.00%	$ 455,815	9.88%	$ 426,234	9.75%
Tier 1 capital to risk-weighted assets	4.00%	6.00%	455,815	12.35%	426,234	12.37%
Total capital to risk-weighted assets	8.00%	10.00%	527,417	14.29%	494,986	14.36%
S&T Bank						
Tier 1 leverage	4.00%	5.00%	$ 416,090	9.06%	$ 389,584	8.95%
Tier 1 capital to risk-weighted assets	4.00%	6.00%	416,090	11.33%	389,584	11.36%
Total capital to risk-weighted assets	8.00%	10.00%	487,075	13.26%	457,540	13.35%

(1) For an institution to qualify as adequately capitalized under regulatory guidelines, Tier 1 leverage, Tier 1 risk-based capital and total risk-based capital ratios must be at least 4 percent, 4 percent and 8 percent. At September 30, 2014, we exceeded those requirements.

(2) For an institution to qualify as well capitalized under regulatory guidelines, Tier 1 leverage, Tier 1 risk-based capital and total risk-based capital ratios must be at least 5 percent, 6 percent and 10 percent. At September 30, 2014, we exceeded those requirements.

In July of 2013, the U.S. federal banking agencies issued a joint final rule that implements the Basel III capital standards effective January 1, 2015 with a phase-in period ending January 1, 2019. The final rule establishes the minimum capital levels required under the Dodd-Frank Act, permanently grandfathers trust preferred securities issued before May 19, 2010 and increases the capital required for certain categories of assets. We have evaluated the impact of the Basel III final capital rule and anticipate that our regulatory capital ratios will continue to exceed the well-capitalized minimum requirements.

In October 2012, we filed a shelf registration statement on Form S-3 under the Securities Act of 1933 as amended, with the Securities and Exchange Commission, or SEC, for the issuance of up to $300 million 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 September 30, 2014 we had not issued any securities pursuant to the shelf registration statement.

Inflation

Management is aware of the significant effect inflation has on interest rates and can have on financial performance. Our ability to cope with this is best determined by analyzing our capability to respond to changing interest rates and our ability to manage noninterest income and expense. We monitor the mix of interest-rate sensitive assets and liabilities through ALCO in order to reduce the impact of inflation on net interest income. We also control the effects of inflation by reviewing the prices of our products and services, by introducing new products and services and by controlling overhead expenses.

Contractual Obligations

Contractual obligations represent future cash commitments and liabilities under agreements with third parties and exclude contingent contractual liabilities for which we cannot reasonably predict future payments. We have various financial obligations, including contractual obligations and commitments that may require future cash payments. The following table presents as of December 31, 2013, significant fixed and determinable contractual obligations to third parties by payment date:

			Payments Due In		
(dollars in thousands)	**2014**	**2015-2016**	**2017-2018**	**Later Years**	**Total**
Deposits without a stated maturity [(1)]	$ 2,581,777	$	$	$	$ 2,581,777
Certificates of deposit [(1)]	677,675	284,356	120,106	8,394	1,090,531
Securities sold under repurchase agreements [(1)]	33,847				33,847
Short-term borrowings [(1)]	140,000				140,000
Long-term borrowings [(1)]	2,368	4,730	4,909	9,803	21,810
Junior subordinated debt securities [(1)]				45,619	45,619
Operating and capital leases	2,233	4,319	4,100	42,244	52,896
Purchase obligations	9,852	20,499	21,615		51,966
Total	**$ 3,447,752**	**$ 313,904**	**$ 150,730**	**$ 106,060**	**$ 4,018,446**

(1) Excludes interest

Operating lease obligations represent short and long-term lease arrangements as described in *Note 10 Premises and Equipment* on page F-84 of the Consolidated Financial Statements. Purchase obligations primarily represent obligations under agreement with our third party data processing servicer and communications charges as described in *Note 17 Commitments and Contingencies* on page F-90 of this proxy statement/prospectus.

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Off-Balance Sheet Arrangements

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 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 the commitments and letters of credit as of December 31:

(dollars in thousands)	**2013**	**2012**
Commitments to extend credit	$ 1,038,529	$ 874,137
Standby letters of credit	78,639	95,399
Total	**$ 1,117,168**	**$ 969,536**

Estimates of the fair value of these off-balance sheet items were not made because of the short-term nature of these arrangements and the credit standing of the counterparties.

Our allowance for unfunded commitments is determined using a methodology similar to that used to determine the ALL. Amounts are added to the allowance for unfunded commitments through a charge to current earnings in noninterest expense. The balance in the allowance for unfunded commitments remained relatively unchanged at $2.9 million at December 31, 2013 compared to $3.0 million at December 31, 2012.

Changes In and Disagreements With Accountants on Accounting and Financial Disclosures

None.

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 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 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 ALCO. ALCO monitors and manages market risk through rate shock analyses, economic value of equity, or EVE, analysis and simulations in order 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 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 level 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 fixed rate loans and securities

with optionality. S&T policy guidelines limit the change in pretax net interest income over a 12 month horizon using rate shocks of +/- 300 basis points. Policy guidelines define the percent change in pretax net interest income by graduated risk tolerance levels of minimal, moderate and high. We have temporarily suspended the -200 and -300 basis point rate shock analyses. Due to the low interest rate environment we believe the impact to net interest income when evaluating the -200 and -300 basis point rate shock scenarios does not provide meaningful insight into our interest rate risk position.

In order to monitor interest rate risk beyond the 12 month time horizon of rate shocks, we also perform EVE analysis. EVE represents the present value of all asset cash flows minus the present value of all liability cash flows. EVE rate 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, EVE incorporates management assumptions regarding prepayment behavior of fixed rate loans and securities with optionality and core deposit behavior and value. S&T policy guidelines limit the change in EVE given changes in rates of +/- 300 basis points. Policy guidelines define the percent change in EVE by graduated risk tolerance levels of minimal, moderate and high. We have also temporarily suspended the EVE -200 and -300 basis point scenarios due to the low interest rate environment.

The table below reflects the rate shock analyses and EVE results. Both are in the minimal risk tolerance level.

Change in Interest Rate (basis points)	December 31, 2013		December 31, 2012	
	% Change in Pretax Net Interest Income	% Change in Economic Value of Equity	% Change in Pretax Net Interest Income	% Change in Economic Value of Equity
+300	7.6	(6.1)	8.2	23.2
+200	5.3	(2.1)	5.0	16.8
+100	2.3	0.0	2.0	9.1
-100	(3.4)	(10.8)	(2.4)	(9.7)

The results from the rate shock analyses 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. As measured by rate shock analyses, there was not a material change in our asset sensitive balance sheet position when comparing December 31, 2013 and December 31, 2012.

When comparing the EVE results for December 31, 2013 and December 31, 2012 the percent change to EVE has decreased significantly. The decrease in EVE results in the +300, +200, and +100 basis point scenarios is mainly due to a change in the assumptions related to core deposit behavior and an increase in long term rates. Our core deposit behavior study was updated as of December 31, 2013 and served as the basis for updating the assumptions used in EVE analysis. The study showed we experienced an increase in the average size of core deposit account balances between 2008 and 2013, as a result of the low interest rate environment and market uncertainty. This increase is commonly referred to as surge balances. When rates rise, these surge balances are more likely to exit core deposit products and seek higher yielding products. The prior core deposit behavior study did not consider the impact of surge balances during a rising rate environment. Overall, the change in core deposit behavior assumptions negatively impacted the +300, +200, and +100 basis point December 31, 2013 EVE results compared to December 31, 2012 by (18.1), (11.0), and (4.9).

In addition to rate shocks and EVE, simulations are performed periodically to assess the sensitivity of assumptions on pretax net interest income. Simulation analyses most often test for sensitivity to yield curve

shape and slope changes, severe rate shocks, changes in prepayment assumptions and significant balance mix changes. Simulations indicate that an increase in rates, particularly if the yield curve steepens, will most likely result in an improvement in pretax net interest income. Some of the benefit reflected in our scenarios may be offset by a change in the competitive environment and a change in product preference by our customers.

Directors and Executive Officers of the Registrant

As of December 1, 2014, the directors of S&T are:

Todd D. Brice, 52, has been a director of S&T since 2005. Mr. Brice has been President and Chief Executive Officer of S&T and S&T Bank since 2008 and was formerly President and Chief Operating Officer of S&T and S&T Bank from 2004 until 2008 and Executive Vice President of Commercial Lending at S&T and S&T Bank from 2002 until 2004. With 29 years of banking experience, including ten years of senior management experience at S&T, we believe that Mr. Brice s deep industry knowledge and his expertise in our operations, commercial lending and corporate strategy provides the S&T Board with significant insight across a broad range of issues critical to our business. As our Chief Executive Officer, Mr. Brice provides unique insight to the S&T Board regarding our day-to-day operations, customer information, competitive intelligence, general trends in national and local banking and issues regarding our financial results.

John J. Delaney, 73, has served as a director of S&T since 1987 and is a member of the Compensation and Benefits Committee and the Nominating Committee. Mr. Delaney has been the president of Delaney Chevrolet, Inc. since 1971 and president of Riehle Chevrolet, Inc. d/b/a Star Chevrolet, Nissan, Volvo since 1983. We believe that Mr. Delaney s 43 years of experience in the retail auto industry provides the S&T Board with important experience regarding consumer lending and loan risk management. Mr. Delaney s extensive board experience during his career, including his service as a director on the board of the Indiana Chamber of Commerce, the Indiana Industrial Development Authority and the Indiana County Airport Authority Board, affords him valuable insight into the local business community. Mr. Delaney s management experience and board service, along with his deep experience as a long-standing member of the S&T Board, also qualify him to serve on our Compensation and Benefits Committee and our Nominating Committee. We also believe that Mr. Delaney s experience operating a series of auto dealerships provides the Compensation and Benefits Committee with experience regarding motivating our executive team through our various compensation plans and policies.

Michael J. Donnelly, 57, has served as a director of S&T since 2001 and is a member of the Compensation and Benefits Committee and the Nominating Committee. Mr. Donnelly has been president of Indiana Printing and Publishing Company, Inc. since 1993. We believe that Mr. Donnelly s deep experience in managing and operating a local business provides the S&T Board with valuable insight into the issues addressing our local corporate and consumer borrowers. Mr. Donnelly s experience in developing appropriate compensation for the executives and senior management of his company qualifies him to serve on our Compensation and Benefits Committee, and his experience on the S&T Board, as well as his management experience with a large publicly traded corporation, provides him with a solid background for service on our Nominating Committee.

William J. Gatti, 73, has been a director of S&T since 1993. Mr. Gatti is the owner of Gatti Medical Supply, Inc., a medical distribution company, and has served as the chief executive officer of Gatti LTC Pharmacy, a long term care provider since 2008. Mr. Gatti was the founder and former chief executive officer and chairman of Millennium Pharmacy Systems, Inc., a long term care provider, from 2003 until 2008. Mr. Gatti was also the owner and operator of Gatti Retail Pharmacy. We believe that Mr. Gatti s experience in the medical industry offers valuable perspective and significant expertise to the S&T Board, and provides the S&T Board with a strategic outlook and management experience into operations and lending opportunities in the medical and medical care industries.

Jeffrey D. Grube, 60, has served as a director of S&T since 1997 and is Chairman of the Compensation and Benefits Committee and a member of the Audit Committee. Mr. Grube has served as President of B.F.G. Electroplating and Manufacturing Company as well as B.F.G. Manufacturing Service, Inc. since 1990. Mr. Grube s

career as an executive in the manufacturing industry includes financial and engineering experience. Mr. Grube s extensive experience working with small and medium-sized businesses provides the S&T Board with valuable experience regarding potential borrowers and customers, customer relations, lending issues and credit risk. Mr. Grube also served as a director on the board of a privately held company that supplies compliance products to lending solutions. Mr. Grube s executive and board experience in the manufacturing sector and experience with financial institutions allow him to bring relevant insight regarding regulatory and financial compliance issues to the S&T Board, including the Audit Committee and the Compensation and Benefits Committee.

Frank W. Jones, 69, has served as a director of S&T since 1997 and is Chairman of the Nominating Committee and a member of the Audit Committee. Mr. Jones is an attorney and has been practicing independently in Allegheny County since 1970. Mr. Jones joined the S&T Board following the acquisition of People s Bank of Unity, a regional financial institution, where he served on the board of directors. Mr. Jones assisted the S&T Board with integration and strategic issues following the acquisition. Mr. Jones legal practice, which focuses on estate administration and estate litigation, allows him to provide valuable insight to the S&T Board specifically with respect to our Wealth Management division, including on such issues as customer acquisition, marketing, strategic considerations, compliance and legal risk. We believe that Mr. Jones experience as a director of a similar bank to S&T, together with his legal experience as it relates to one of our core businesses and his 16 years of experience on the S&T Board, qualifies him to serve as a director and serve on our Audit Committee and Nominating Committee.

Joseph A. Kirk, 75, has served as director of S&T since 1993 and is Chairman of the Audit Committee and a member of the Nominating Committee. Mr. Kirk has been president of Beaver Meadow Creamery, Inc. since 1975 and has served as chief executive officer and chairman of the board since 1992. Mr. Kirk s experience leading Beaver Meadow and his career in manufacturing provide valuable insight to the S&T Board regarding their corporate customer base, lending issues and credit risk. We believe that Mr. Kirk s experience as chief executive officer and his experience with Beaver Meadow s financial matters adds broad experience to our Audit Committee and Nominating Committee.

David L. Krieger, 70, has served as a director of S&T since 2007. Mr. Krieger is retired but was formerly Senior Executive Vice President and Commercial Lending Group Manager of S&T and S&T Bank. We believe that Mr. Krieger s 24 years of experience at S&T, including leading our commercial lending group, adds valuable experience to the S&T Board. Mr. Krieger has deep knowledge of our lending practices and our customer base, and his commercial lending experience, both at S&T and at his prior employer, provides the S&T Board with significant operational insights regarding credit risk.

James C. Miller, 68, has served as a director since 1993, and is a member of the Nominating Committee. Mr. Miller served as Chairman of S&T and S&T Bank from 2004 to 2013. Mr. Miller is retired but was formerly Chief Executive Officer of S&T and S&T Bank from 1998 until 2008 and President of S&T and S&T Bank from 1993 until 2005. We believe that Mr. Miller s banking experience, including 37 years with S&T or a bank acquired by S&T and his service as our former chief executive officer, provides him with a unique perspective of our business, including our markets, customer base, senior management, key employees, potential customers, and operations and finances, and qualifies him to serve on the S&T Board and the Nominating Committee.

Fred J. Morelli, 62, has served as a director since January 2013 and is a member of the Audit Committee and the Compensation and Benefits Committee. Mr. Morelli has been the owner of Morelli Business Advisors since 2002. Mr. Morelli has also served as vice president of finance and director for Consumers Produce, a company that procures and sells produce, since 2011. Previously, Mr. Morelli has held chief executive officer, president, and director positions at wealth management and accounting firms in Pittsburgh. Mr. Morelli s experience serving as a consultant for business owners seeking strategic solutions and as an executive and director provides valuable strategic and operational insights to the S&T Board, and his tax and audit experience, as well as his experience in various executive roles, qualifies him to serve on the S&T Board and on the Audit and Compensation and Benefits Committees.

Frank J. Palermo, 62, has served as a director since January 2013 and is a member of the Audit Committee and the Compensation and Benefits Committee. Mr. Palermo is a Certified Public Accountant and a Certified Valuation Analyst, and has been the owner of Palermo/Kissinger & Associates, P.C. since 1983. Mr. Palermo played an integral role in forming Gateway Bank of Pennsylvania (Gateway), where he served as chairman of the audit committee from its inception in 2004 through the date S&T acquired Gateway in 2012. Mr. Palermo s career also includes 35 years in public accounting and four years as a vice president and controller at a community bank. We believe that Mr. Palermo s background in accounting and finance, as well as his prior bank audit committee experience, brings a valuable perspective to the S&T Board both with respect to accounting, financial and strategic aspects of S&T s business and to the Audit Committee on which he serves as audit committee financial expert. We further believe that Mr. Palermo s extensive board experience qualifies him to be a member of the S&T Board and on the Compensation and Benefits Committee.

Christine J. Toretti, 57, has been Vice Chairman of S&T and S&T Bank since 2013 and a director of S&T since 1984. Ms. Toretti is a member of the Nominating Committee. Ms. Toretti has been the president of Palladio, LLC since 2011 and was the chairman and chief executive officer of S.W. Jack Drilling Company from 1990 through 2010, a partner in C&N Company, a gas driller and production company since 1971 and the president of The Jack Company since 1988. Ms. Toretti s deep industrial and energy experience provides the S&T Board with a strategic outlook regarding lending and other commercial opportunities in these sectors, her experience of leading a family business allows her to offer the S&T Board valuable management perspective and credit risk assessment with respect to our industrial and oil and gas borrowers, and her board experience, including in the role of chairman, qualifies her to serve as Vice Chairman of the S&T Board and on the Nominating Committee.

Charles G. Urtin, 67, has been Chairman of S&T and S&T Bank since 2013 and was formerly Vice Chairman of S&T and S&T Bank from 2008 to 2013. Mr. Urtin is retired but was formerly president and chief executive officer of IBT Bancorp, Inc. and Irwin Bank. We believe that Mr. Urtin s 40 years of banking experience, including serving as chief executive officer of IBT Bancorp and Irwin Bank, provides the S&T Board with valuable industry, strategic, financial and operational insight, and his long-standing presence as a leader of a regional bank operating in our geographic market assists the S&T Board with customer acquisition, credit risk analysis and loan portfolio management. Mr. Urtin assisted the S&T Board with transition and integration issues following our acquisition of IBT Bancorp in 2008.

As of December 1, 2014, the executive officers of S&T are:

Mark Kochvar, 54, has been an officer of S&T since 2008, and has served as Senior Executive Vice President and Chief Financial Officer since February 2010; and Executive Vice President, Treasury and Investments, from January 2008 to January 2010.

David G. Antolik, 48, has been an officer of S&T since 2004, and has served as Senior Executive Vice President and Chief Lending Officer since January 2008; and Executive Vice President, Commercial Lending, from August 2004 to December 2007.

Ernest J. Draganza, 49, has been an officer of S&T since 2010, and has served as Senior Executive Vice President, Chief Risk Officer and Secretary since January 2012; Executive Vice President, Chief Risk Officer and Secretary from February 2010 to December 2011; and Senior Vice President and Risk Management Officer from January 2006 to January 2010.

Stephen A. Drahnak, 44, has been an officer of S&T since 2012, and has served as Executive Vice President and Commercial Loan Officer V since January 2012; and Senior Vice President and Commercial Loan Officer V from January 2006 to December 2011.

Richard A Fiscus, 58, has been an officer of S&T since 2012, and has served as Executive Vice President and Retail Banking Division Manager since January 2012; and Senior Vice President and Retail Banking Division Manager from January 1999 to December 2011.

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Patrick J. Haberfield, 47, has been an officer of S&T since 2010, and has served as Senior Executive Vice President and Chief Credit Officer since July 2013; and Executive Vice President and Chief Credit Officer from May 2010 to June 2013. Prior to joining S&T, Mr. Haberfield served as Senior Special Assets Officer with Synovus Financial from March 2009 to May 2010, and as Regional Credit Officer with FirstMerit Bank from March 2001 to March 2009.

William Kametz, 61, has been an officer of S&T since assuming the role of Executive Vice President and Deputy Chief Credit Officer in 2014, and previously served in various roles at S&T beginning in 2008. Prior to that, Mr. Kametz served in roles of increasing responsibility, ultimately as Executive Vice President and Chief Lending Officer, of VIST Financial Corporation from 2006 to 2008.

Malcolm E. Polley, 52, has been an officer of S&T since 2006, and has served as Executive Vice President and Chief Investment Officer of Wealth Management of S&T and S&T Bank since January 2006. In addition, Mr. Polley has served as President and Chief Investment Officer Stewart Capital Advisors, LLC, since August 2005, and as Chairman & President of Stewart Capital Mutual Funds since November 2006.

David Z. Richards, 54, has been an officer of S&T since 2014, and has served as Executive Vice President, State College Region since March 2014. Prior to joining S&T, Mr. Richards was the President of the Nittany Region of National Penn Bank from February 2008 to February 2014.

David P. Ruddock, 53, has been an officer of S&T since 2004, and has served as Senior Executive Vice President and Chief Operating Officer since April 2013; Senior Executive Vice President and Chief Administrative Officer for Market Sales, Bank Operations and Corporate Technology from January 2011 to March 2013; and Executive Vice President, Information Technology and Operations, from January 2004 to December 2010.

Rebecca A. Stapleton, 52, has been an officer of S&T since 2012, and has served as Executive Vice President, Human Resources and Employee Communications since January 2012; Senior Vice President and Employee Services Manager from January 2009 to December 2011; and Vice President, Employee Services from January 2005 to December 2008.

LaDawn D. Yesho, 40, has been an officer of S&T since 2013, and has served as Executive Vice President and Chief Audit Executive since January 2013; and Senior Vice President and Chief Audit Executive from May 2009 to December 2012. Prior to joining S&T, Ms. Yesho was Vice President and Finance Manager with PNC Financial Services Group from August 2008 to May 2009.

Pursuant to the terms of the merger agreement, James T. Gibson, currently Chairman, President and Chief Executive Officer of Integrity, and a sceond member of the Integrity board of directors to be designated prior to the closing date, will be appointed to join the board of directors of S&T.

James T. Gibson, 59, has served as Chairman, President and Chief Executive Officer of Integrity and Integrity Bank since its inception in June 2003. Mr. Gibson has over 37 years of banking experience, having previously served as Chief Executive Officer of Commerce Bank/Harrisburg (now Metro Bank) from 1988 to 2002; Regional Vice President of Pennsylvania National Bank; Asset Liability Manager of Commonwealth National Bank; and Vice President of Citizens Deposit Bank and Trust.

Director Independence

The S&T Board determines annually that a majority of directors serving on the S&T Board are independent as defined in the NASDAQ listing standards. In 2013, the S&T Board also considered all direct and indirect transactions described in Transactions with Related Parties and Compensation Committee Interlocks and Insider Participation in determining whether the director is independent. Finally, the S&T Board considered whether a director has any other material relationships with S&T and concluded that none of these directors has a relationship that impairs the director s independence. There were no other related party transactions other than

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those described in the aforementioned sections of this Proxy Statement. The Nominating Committee has the delegated responsibility to evaluate each director s qualifications for independence for the S&T Board and for the committees of the S&T Board. Following review of the objective measures, the Nominating Committee and S&T Board also consider on a subjective basis each director s personal, familial and/or business relationships, regardless of dollar amount.

On March 17, 2014, the S&T Board determined the following 12 directors are independent under the NASDAQ listing rules: Mr. Delaney, Mr. Donnelly, Mr. Grube, Mr. Jones, Mr. Kirk, Mr. Krieger, Mr. Miller, Mr. Morelli, Mr. Palermo, Mr. Spadafora, Ms. Toretti and Mr. Urtin. As discussed below, all members of the Compensation and Benefits Committee and the Nominating Committee are independent under the NASDAQ rules. In addition, the S&T Board determined that each of the members of the Audit Committee is independent under applicable SEC and NASDAQ rules.

Compensation Discussion and Analysis

This section of the Proxy Statement is divided into the following sections:

- Introduction
- Executive Summary
- Say on Pay and Shareholder Engagement
- Overview of the Compensation Program for Named Executive Officers
- Components of the Compensation Program
  - Base Salary
  - Management Incentive Awards
  - Long-Term Incentive Plan
  - Certain Other Benefits
- Process for Determining Named Executive Officer Compensation
- Pay for Performance
- 2013 Named Executive Officer Compensation Decisions and Performance Considerations

Change in Control

Other Compensation-Related Provisions

Effect of Taxation on Compensation Programs

Compensation and Benefits Committee Report

Introduction

As the Compensation and Benefits Committee (the Compensation Committee), we provide the following overview of S&T s executive compensation principles, specific executive compensation programs and pay decisions that we have made in 2013 and early 2014. In addition, we describe the process that we oversee and in which we participate to arrive at specific compensation policies and decisions involving program design and pay for S&T s Named Executive Officers (NEOs), who are listed below.

Name	**Title**
Todd D. Brice	President and Chief Executive Officer
Mark Kochvar	Senior Executive Vice President and Chief Financial Officer
David Antolik	Senior Executive Vice President and Chief Lending Officer
David Ruddock [(1)]	Senior Executive Vice President and Chief Operating Officer
Gary Small [(2)]	Senior Executive Vice President and Chief Banking Officer

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(1) Mr. Ruddock assumed the role of Chief Operating Officer in March 2013.
(2) Mr. Small resigned from S&T, effective March 31, 2014.

Executive Summary

We made notable changes to the executive compensation program for 2013, due to lower earnings in 2012, which created a lower base from which future performance could be measured. As disclosed in the Compensation Discussion and Analysis section from the proxy statement for the 2013 Annual Shareholders Meeting, S&T s senior management recommended, and we approved, that there be no salary increases or incentive opportunities under either the Management Incentive Plan (MIP) or the Long-Term Incentive Plan (LTIP) for executives in 2013. The executives continued to have opportunities to benefit from improved performance through their outstanding restricted stock awards under the 2011 and 2012 LTIPs, as well as potential future pay actions.

S&T s performance in 2013, however, far exceeded the expectations of management and the Board, with net income increasing by 48% and earnings per share increasing by 44%. In addition, S&T s stock price appreciated by 40% during 2013. This better than expected performance was due to much improved asset quality, solid loan growth, successful integration of 2012 mergers and the implementation of expense control initiatives. In light of this significant improvement in S&T s performance in 2013, we determined that a discretionary bonus of 10% of the 2013 base salary earned would be an appropriate award to each of the 12 S&T executives, including S&T s Chief Executive Officer (CEO), S&T s Chief Financial Officer (CFO) and the other Named Executive Officers (collectively, the NEOs). The value of the bonus was considerably less than what would have been received by these executives if there had been incentive awards similar to S&T s MIP and LTIP in 2011 and 2012. Also, there were no salary increases for these executives in 2013.

For 2014, we evaluated and approved the following pay adjustments and awards for NEOs:

- Average salary increase of 6.2%.

- An annual incentive award with a target of 35% and 30% of base salary for the CEO and the other NEOs, respectively, under the terms of the 2014 MIP.

- Subject to S&T shareholder approval of the S&T Bancorp, Inc. 2014 Incentive Plan in Proposal 4 of this Proxy Statement, a long-term incentive award with a target of 40% and 35% of base salary for the CEO and the other NEOs, respectively, that will be granted in the form of time- and performance-based restricted shares under the terms of the 2014 LTIP.

Say on Pay and Shareholder Engagement

S&T is required to provide a separate non-binding shareholder advisory vote on the compensation of S&T s executive officers. At the 2013 annual meeting of S&T shareholders, the holders of 18,214,730 shares, or 93.8% of the shares voting on the proposal, voted to approve the non-binding, advisory proposal on the compensation of S&T s executive officers. Because not all shareholders voted their shares, this amounted to 61.3% of the then outstanding common shares.

The vote reflects solid support for S&T s executive compensation policies and practices among shareholders. As a consequence, the Compensation Committee expects to continue to adhere to the compensation policies, principles and programs described below in future years.

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Overview of the Compensation Program for Named Executive Officers

During 2010, in tandem with an intensive strategic planning process, S&T revamped its management compensation programs to optimize their alignment with S&T s strategic direction and business environment within which it must create value for shareholders. The primary program objectives have been and continue to be as follows:

- The pay package is structured to cost efficiently attract, retain and reinforce engagement among the leadership team and S&T key contributors;
- Compensation programs are aligned with shareholder interests for an appropriate balance between risk and reward;
- Both individual plan features and the overall pay program are built on principles of sound risk management and effective controls critical to successful navigation of an uncertain environment for financial services; and,
- Reward programs are designed to emphasize adherence to strong pay for performance principles.

After careful deliberation in 2010, the Compensation Committee adopted and continues to support a pay program with four major program components. The Compensation Committee continues to use this framework to help guide compensation decisions:

- **Base Salary:** A base salary position near the median of relevant competitive practices (i.e., calibrated to be consistent with base salary levels for comparable positions in other similar enterprises of similar scope).
- **Management Incentive Plan (MIP):** An annual incentive plan with an incentive opportunity that is moderate relative to competitive practices for similar positions at potential competitors for talent. Target annual incentives should drive desired positioning for total compensation to the middle of the market.
- **Long-Term Incentive Plan (LTIP):** A long-term incentive program that serves two purposes: (1) to help ensure leadership retention and management continuity as S&T continues to execute its longer-term strategic plan; and (2) to reward management for strong sustained value creation and financial performance.
- **Supplemental Benefits**: Limited additional supplemental benefits that are either consistent with that provided to other employees, or directly created to reinforce a singular commitment from the management team to S&T and its business imperatives.

The Compensation Committee considers overall corporate performance as well as individual initiative and achievements when reviewing and approving all compensation decisions relating to S&T s NEOs: the CEO, the CFO and the three other executive officers named in the Summary Compensation Table. The policy of the Compensation Committee is to provide compensation that is competitive within the banking industry of financial institutions of similar size and product offerings.

The Compensation Committee is actively involved in the oversight of not only NEO compensation but all remuneration programs that have a material cost profile, that could materially affect S&T s risk profile or influence the focus of key contributors on achievement of strategic and tactical objectives.

For NEOs, the Compensation Committee reviews a number of analyses of compensation practices to help facilitate its executive compensation decisions. These include:

Pay mix representing the effectiveness of balancing long-term versus short-term performance imperatives;

Wealth accumulation opportunities in light of existing programs and outstanding rewards;

Current pay relative to peer group practices;

Selective review of compensation data for positions of similar scope and focus; and

Detailed formal review of overall performance and specific performance contributions made to S&T by each NEO.

Total Direct Compensation Position

S&T s target pay mix is built on competitive base salaries, with generally moderate annual and long-term incentive targets. The moderate positioning of annual incentives and long-term incentives reflects our commitment to introducing pay program modifications that are both sensitive to the Bank s proactive risk management culture while, at the same time, responding appropriately to the importance of retaining a strong and committed leadership team at the Bank. The Compensation Committee reviews this posture periodically with the help of outside advisors, and continues to believe that the opportunities provided under the incentive plans reflect an appropriate balance between risk and reward, and provide sufficient incentives to align management to achieving S&T s short-term and longer-term objectives.

Components of the Compensation Program

Base Salary

The purpose of base salary is to provide competitive and fair base compensation that recognizes the executives roles, responsibilities, contributions, experiences and performance. Base salary represents a fixed and guaranteed element of compensation that reflects executives long-term performance and market pay level for the role. S&T s base salary policy targets the median of relevant competitive practices. Relevant competitive practices are determined using both a proprietary survey of pay practices at community and regional banks similar in size and scope to S&T and an examination of Peer Bank executive pay practices. The Peer Banks are listed on page 154 of this proxy statement/prospectus. The Compensation Committee sets each executive s individual pay annually to reflect individual experiences, expertise, performance and contributions in the role. As such, actual base salaries range above and below the median of relevant competitive practices in recognition of these factors, including tenure in role, historical performance and specific bank talent needs.

Management Incentive Awards

The purpose of the MIP is to align management s interests to the achievement of S&T s financial, operational and strategic objectives for the year. The MIP provides senior management with an annual incentive opportunity designed to: (i) create focus on specific planned performance goals, (ii) deliver a portion of a competitive pay package in a form that is not fixed but varies in relation to the performance of S&T and (iii) serve as a vehicle for recruitment and retention.

For 2013, the Compensation Committee accepted senior management s recommendation to exclude S&T s executive officers from participation in the MIP. Consequently, the top 12 executive officers, including the NEOs, did not participate in the MIP for 2013. The Compensation Committee, however, did include selected senior vice presidents, who are a level below executive officer, to participate in the MIP for 2013.

The 2014 MIP has the following features:

The target annual incentive payout is 35% and 30% of base salary for the CEO and the other NEOs, respectively.

The distinguished incentive payout is 45.5% and 39% of base salary for the CEO and the other NEOs, respectively.

70% of each participant s award is earned based on corporate results, and 30% is based on performance relative to individual/unit goals.

Corporate results are determined based on earnings per share (EPS) and Revenue (defined as the total of net interest income on a fully taxable equivalent basis plus noninterest income not including securities gains in the plan year).

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Each participant has multiple individual goals against which individual performance is evaluated. The framework for establishing these goals is based largely on execution of elements of S&T s strategic plan, including activities centered around: multi-faceted growth, profit improvement, operational effectiveness, corporate culture, effective brand and enterprise risk management (i.e., balanced risk and reward).

The formula used to determine awards is defined as follows:

Award opportunities for 2014 for the NEOs are shown in the table below and reflect the amount payable to NEOs if S&T were to achieve target financial results and individual objectives for 2014.

Named Executive Officer	MIP Target % of Base Salary	MIP Target $ of Base Salary
Todd Brice, President, President and Chief Executive Officer	35%	$ 192,500
Mark Kochvar, Senior Executive Vice President and Chief Financial Officer	30%	$ 88,500
David Antolik, Senior Executive Vice President and Chief Lending Officer	30%	$ 96,600
David Ruddock, Senior Executive Vice President and Chief Operating Officer	30%	$ 83,700
Gary Small, Senior Executive Vice President and Chief Banking Officer (1)	30%	$ 85,500

(1) Mr. Small resigned from S&T, effective March 31, 2014, and will, therefore, not be eligible to earn the MIP award.

The corporate performance measures for 2014, EPS and Revenue, are each assigned specific weighting factors, and actual earnings opportunities are based on the Performance Level actually achieved relative to the performance ranges shown in the table below:

Performance Level	Payout Level Percentage
Below Threshold	0% of Allocated Target
Threshold	25% of Allocated Target
Target	100% of Allocated Target
Distinguished	150% of Allocated Target

Allocated Target equals the participant s MIP incentive target multiplied by the weighting for each performance category (i.e., 60% for EPS, 10% for Revenue, and 30% for individual objectives.)

The Revenue Performance Measure is an all-or-nothing performance standard in which 100% of the Allocated Target is earned only if the Target Performance Level is met.

The Payout Level Percentages relating to the EPS Performance Measure vary depending on Actual Performance, and its payout curve rises continuously from Threshold to Target and from Target to Distinguished. Therefore, to determine awards between Threshold and Target and Target and Distinguished, linear interpolation would be utilized.

To further strengthen the linkage between the MIP award, risk management and shareholder value creation, the MIP contains a Shareholder Protection Feature in which payouts will not occur for any plan year if S&T falls below well capitalized capital ratio requirements established by regulatory authorities, determined as of and up to the date that any payment would ordinarily occur pursuant to the MIP s provisions. In addition to the

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Shareholder Protection Feature of the MIP, the MIP is operational only if S&T achieves Return on Average Equity (ROAE) for 2014 of at least 5% (the Minimum Gateway Requirement). The Compensation Committee believes that these features, coupled with the clawback requirements and the use of multiple performance measures, provide for substantial protection against excessive or unnecessary risk-taking by any plan participant.

Long-Term Incentive Plan

The LTIP is designed to: (i) create focus on specific long-term goals aligned with shareholder interests, (ii) deliver a portion of a competitive pay package in a form that is not fixed but varies in relation to the long-term performance of S&T and (iii) serve as a vehicle for recruitment and retention.

The Compensation Committee accepted senior management s recommendation not to grant LTIP awards in 2013. Consequently, the top 12 executive officers, including the NEOs, did not participate in the LTIP for the cycle starting in 2013.

The 2014 LTIP is comprised of the following features:

- The target incentive payout is 40% and 35% of base salary for the CEO and other NEOs, respectively.

- The incentive payout will be denominated in long-term restricted stock by dividing the target incentive by a grant date share value.

- One half of the shares will be earned based on remaining with S&T for two to three years (time-based restricted share awards vest on the second and third anniversaries of their grant date).

- The other half will be earned based on performance relative to the Peer Banks and is referred to as the Performance-Based Restricted Share (PBRS) Target.

- In aggregate, the number of shares in the PBRS Target earned may rise to 150% of a participant s PBRS Target for outstanding performance as summarized above or can fall to zero shares if S&T s performance is below threshold.

The 2014 LTIP contains the same Shareholder Protection Feature and Minimum Gateway Requirement as described above for the 2014 MIP. The Compensation Committee believes that these features, coupled with the long-term restricted stock and clawback requirements, provide for substantial protection against excessive or unnecessary risk-taking by any plan participant. The 2014 LTIP puts a greater focus on performance and serves to create a balance between long-term and short-term performance imperatives, beyond that offered by the annual cash incentive under the MIP.

Two metrics are used to determine the percentage of the PBRS Target earned through vesting of the PBRS awards (also referred to as performance shares):

(1) Return on Average Equity for 2014 through 2016 relative to Peer Banks

Participants can earn from 0% to 120% of their PBRS Target based on this metric as summarized below:

Performance Level	ROAE for 3-year Performance Period Relative to Peer Banks	Vesting Percentage[a]

Below Threshold	Below the 40th percentile of the Peer Banks	0% of Target
Threshold	40th percentile of the Peer Banks	25% of Target
Target	60th percentile of the Peer Banks	100% of Target
Distinguished	75th percentile of the Peer Banks	120% of Target

(a) The Vesting Percentage for ROAE will vary depending on actual performance. The payout curve rises continuously from Threshold to Target and from Target to Distinguished. Therefore, to determine awards between Threshold and Target and Target and Distinguished, linear interpolation would be utilized.

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(2) Cumulative Total Shareholder Return for 2014 through 2016 Relative to Peer Banks

Participants can earn an additional 30% of their PBRS Target if S&T s cumulative Total Shareholder Return (TSR) for the three year performance period exceeds the cumulative TSR for more than half of S&T s peers (i.e. exceeds 50th percentile of the Peer Banks)

Certain Other Benefits

S&T provides other benefits, or perquisites, to the NEOs that are comparable to the other benefits provided at the Peer Banks. The Compensation Committee believes that perquisites should be appropriately limited in scope and value. The primary perquisites for the NEOs are the company contributions to a qualified defined contribution plan and a nonqualified deferred compensation plan, a defined benefit program, a company car or car allowance, payment of the initiation fees and dues for social or country club memberships and a welfare benefit plan.

S&T maintains the Thrift Plan for Employees of S&T Bank (the Thrift Plan), which is a qualified defined contribution plan. All employees may participate in the Thrift Plan with elective salary deferrals, or 401(k) contributions. During 2013, S&T made matching contributions equal to 100% of the first 1% of the employees eligible compensation and 50% of the next 5% of the employees eligible compensation, up to a maximum of 3.5% of the employees eligible compensation. S&T considers the matching contributions to the Thrift Plan as an important incentive for employees to contribute toward their own retirement savings. In 2013, S&T made the following matching contributions to the Thrift Plan for each NEO: Mr. Brice, $8,925; Mr. Kochvar, $8,050; Mr. Antolik, $8,925; Mr. Ruddock, $8,719; and Mr. Small $7,700.

S&T established the S&T Bancorp, Inc. Supplemental Savings and Make-Up Plan (the Nonqualified Plan) in 1995 in order to provide certain management employees, including executives, the ability to make up for certain benefits that would normally be provided under S&T s qualified plans except for federal tax laws setting annual compensation limits for qualified plans and additional limitations related to highly-compensated employees. The Nonqualified Plan was amended for compliance with Section 409A of the Internal Revenue Code of 1986, as amended (the Code), and the regulations and other guidance promulgated thereunder (Section 409A) in December 2008. S&T makes employer contributions to this plan that cannot be made to the qualified plans due to the aforementioned limits. During 2013, S&T contributed to the Nonqualified Plan for Mr. Brice $7,518; Mr. Kochvar, $0; Mr. Antolik, $4,898; Mr. Ruddock, $0; and Mr. Small $0.

S&T maintains a defined benefit pension program for eligible employees hired before January 1, 2008, including NEOs hired before that date. The NEOs defined benefit pension benefit is determined from two sources: (1) the qualified defined benefit retirement plan; and (2) a nonqualified supplemental plan. The benefits provided under these two sources are described beginning on page 163 of this proxy statement/prospectus. The value of such defined benefit pension benefits changes as compensation, service length, interest rates and mortality assumptions change. Consequently, the value credited to each NEO in the Summary Compensation Table on page 160 of this proxy statement/prospectus as Change in Pension Value is a function of a number of assumptions required to calculate the present value of benefits. The present value of the pension can change without the accrual of additional benefits to the NEO, but as a result of a change in interest rates. More specifically, 48% of the Change in Pension Value amount shown for 2012 in the Summary Compensation Table is due to lower interest rates, which increased the present value of pension benefits. In 2013, interest rates rose, so the inverse occurred, resulting in a negative Change in Pension Value for the NEOs, except for Mr. Kochvar who had a $16,200 Change in Pension Value due to his compensation increases over the past five years. A negative Change in Pension Value is treated as a zero change for purposes of the Summary Compensation Table.

S&T s executives frequently drive vehicles on company business. Therefore, S&T provides either a company car or a car allowance to executives. Executives are responsible for reporting the amount of personal

use of company cars to S&T, so that the taxable income from such use can be reported in the executives compensation. Executives who do not have a company car receive an annual car allowance of $6,000 or $7,200, depending upon the frequency that the executive drives. The car allowance is fully taxable compensation.

S&T pays for certain members of senior management to belong to one or more private clubs, if the member of management has significant customer contact and involvement in the community. S&T considers a social or country club to be an appropriate venue to entertain customers and to participate in various community functions. Expenses of a personal nature or related to a spouse are not paid by S&T.

Other benefits generally provided to all officers and full-time employees include the S&T Bank Welfare Benefit Plan. This plan has provisions for medical reimbursement, dental coverage, vision care coverage, long-term disability income, a flexible spending account, a health reimbursement account and life insurance. In 2014, a health savings account replaced the health reimbursement account. Relocation benefits also are reimbursed but are individually negotiated when they occur. If S&T hires or initiates a transfer of an employee, including an NEO, with special skills and requires a relocation of more than 35 miles, the employee may be eligible for reimbursement of the costs of house hunting trips, closing on the sale of the old home and the purchase of the new home, temporary living quarters and moving household goods and furniture. In these circumstances S&T will also gross up taxable relocation reimbursements for federal taxes.

Process for Determining Named Executive Officer Compensation

Compensation Approval Process

Executive compensation decisions are made by the Compensation Committee. Each member of the Compensation Committee is a non-employee director and qualifies as an independent director under the NASDAQ listing standards. The Compensation Committee independently decides the compensation that S&T will pay the CEO. For the remaining executive officers, the CEO makes recommendations to the Compensation Committee, which reviews, approves or adjusts the recommendations. The Compensation Committee meets in an executive session to discuss and finalize its decisions regarding the CEO s compensation. The S&T Board reviews all decisions relating to the compensation of executive officers, except for decisions about awards under the S&T Bancorp, Inc. 2003 Incentive Stock Plan (the 2003 Plan), the S&T Bancorp, Inc. 2014 Incentive Plan (the 2014 Plan), the MIP and the LTIP, which are made solely by the Compensation Committee with input from the CEO on all other NEOs. The Compensation Committee may delegate to its chairperson such power and authority as the Compensation Committee deems to be appropriate, except such powers and authorities required by law or regulation to be exercised by the whole Compensation Committee or a subcommittee of at least two members.

The Compensation Committee operates under a written charter approved by the S&T Board, which it reviews, modifies as necessary and reaffirms on an annual basis. The Compensation Committee charter is available in the Corporate Governance section of our website at: www.stbancorp.com.

Role of the Executive Compensation Advisor to the Compensation and Benefits Committee

The Compensation Committee engaged Buck Consultants, LLC (Buck) and Aon Hewitt at different times during 2013 to serve as advisors to the Compensation Committee and to provide consultative services and assistance to S&T s Chief Risk Officer with regard to evaluating its compensation programs. The Compensation Committee has carefully reviewed the relationship with Buck and Aon Hewitt, and has determined that because the Compensation Committee takes an active role in many compensation and benefits decisions beyond those affecting the NEOs, that it needs an advisor that can provide advice on a wider range of pay decisions than those that solely affect the NEOs. Buck has worked with the Compensation Committee to separate the adviser to the Committee on NEO pay from advisers addressing other compensation and benefits areas for which Buck provides advice. The Compensation Committee has monitored this relationship carefully and has determined that

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the advice provided on NEO pay meets the highest standards of internal and external defensibility. In October 2013, however, the Compensation Committee engaged Aon Hewitt in place of Buck for executive compensation advisory services to continue its relationship with the principal who moved from Buck to Aon Hewitt. Buck continues to provide S&T with services for company-wide benefit plans for its employees.

Role of Management (CEO)

The Compensation Committee reviews and approves the salary of Mr. Brice, the President and Chief Executive Officer, annually. The salaries for the other NEOs are reviewed by Mr. Brice, and are presented for approval to the Compensation Committee on an annual basis, typically in December. For 2013, the Compensation Committee accepted senior management s recommendation that executives, including the NEOs, not receive salary increases.

Use of Competitive Data

The Compensation Committee reviews comparisons of the compensation programs established by peer banks for executives having similar responsibilities to S&T s executives to establish competitive benchmarks for S&T s compensation program. Buck and Aon Hewitt prepared the comparisons for 2013 and 2014, respectively. For 2013, the peer banks were based on similar size and scope to S&T, operating both inside and outside S&T s geographic market and included the following banks for pay comparison purposes (collectively, the Peer Banks):

1st Source Corporation	First Merchants Corporation
BancFirst Corporation	Independent Bank Corporation
Berkshire Hills Bancorp, Inc.	NBT Bancorp, Inc.
Chemical Financial Corporation	Peoples Bancorp, Inc.
City Holding Company	Renasant Corporation
Community Bank System, Inc.	Sandy Spring Bancorp, Inc.
F.N.B. Corporation	Univest Corporation of Pennsylvania
First Busey Corporation	Union First Market Bankshares
First Commonwealth Financial Corporation	WesBanco, Inc.
	WSFS Financial Corporation

In addition, the Compensation Committee considers general financial services industry peer group information contained in other relevant surveys to supplement and extend its assessment of relevant competitive practices attributable to the leadership team.

For 2014, the Peer Banks will include the above banks, except for F.N.B. Corporation, which was eliminated due to its larger asset size.

Pay for Performance

Pay for Performance Alignment

As described in the preceding discussions of the MIP and LTIP, based on S&T s senior management s recommendation, the Compensation Committee did not approve incentive opportunities under either the MIP or the LTIP for executives in 2013. The executives, however, continued to have opportunities to benefit from improved performance through their restricted stock awards under the 2011 and 2012 LTIPs. However, due to significant improvement in S&T s performance in 2013, the Compensation Committee awarded a discretionary bonus of 10% of the 2013 base salary earned to executive officers.

2013 Named Executive Officer Compensation Decisions and Performance Considerations

The following summarizes the pay actions and decisions made for 2013 for each component of pay for each NEO.

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Base Salary Decisions

As described earlier, based on S&T s senior management s recommendation, the Compensation Committee did not approve increases to base salaries in 2013, due to lower earnings in 2012. When appropriate, the Compensation Committee increases base salaries to both ensure consistency with market competitive practices, and also to recognize the critical value of each senior executive s management of S&T.

In 2014, base salary increases were provided to NEOs in recognition of better than expected financial results in 2013, due to much improved asset quality, solid loan growth, successful integration of 2012 mergers and the implementation of expense control initiatives. The following table summarizes base salary decisions made for NEOs for 2013 and 2014.

Name	2012 Salary	2013 Salary (Effective 1/01/2013)	2014 Salary (Effective 1/01/2014)
Todd D. Brice	$ 525,000	$ 525,000	$550,000 (4.76% increase)
Mark Kochvar	$ 278,000	$ 278,000	$295,000 (6.12% increase)
David Antolik	$ 302,000	$ 302,000	$322,000 (6.62% increase)
David Ruddock	$ 265,000	$ 265,000	$279,000 (5.28% increase)
Gary Small	N/A	$ 260,000	$285,000 (9.62% increase)

The increase in 2014 for Mr. Small is higher than for the other NEOs to compensate him for his oversight role in the S&T retail, insurance and wealth management business lines. Mr. Small resigned, effective March 31, 2014.

Summary of Management Annual Incentive Decisions for 2013 Performance

Based on S&T s senior management s recommendation, the Compensation Committee did not approve an annual incentive opportunity under the MIP, due to lower earnings in 2012, which created a lower base from which future performance could be measured. S&T s performance in 2013, however, far exceeded the expectations of management and the Board, with net income increasing by 48% and earnings per share increasing by 44%. In addition, S&T s stock price appreciated by 40% during 2013. This better than expected performance was due to much improved asset quality, solid loan growth, successful integration of 2012 mergers and the implementation of expense control initiatives. In light of this significant improvement in S&T s performance in 2013, the Compensation Committee elected to award a discretionary bonus of 10% of each executive officer s 2013 base salary earned, including the NEOs. The value of the bonus is considerably less than what these executives officers would have received had they been eligible for awards under the MIP and LTIP at historical targets. The bonus amounts for the NEOs are disclosed in the Summary Compensation Table on page 160 of this proxy statement/prospectus.

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2013 Long-Term Incentive Awards

Based on S&T s senior management s recommendation, the Compensation Committee did not approve a long-term incentive opportunity under the LTIP, due to lower earnings in 2012, which created a lower base from which future performance could be measured.

As of March 31, 2014 and projected as of December 31, 2014, NEOs have the following outstanding restricted shares under the 2011 and 2012 LTIPs.

Named Executive Officer	Outstanding Restricted Shares March 31, 2014	Outstanding Restricted Shares December 31, 2014
Todd Brice	1,175	1,175
Mark Kochvar	622	622
David Antolik	676	676
David Ruddock	593	593
Gary Small [(1)]	0	0

(1) Mr. Small did not have outstanding restricted shares from the 2011 or 2012 LTIP, but held the remaining 1,377 unvested shares granted to him in January 2013 that were scheduled to vest on January 28, 2015. The original grant of 2,754 shares on January 28, 2013 was part of Mr. Small s employment package upon his hiring in January 2013. The shares were granted at $18.155, vesting 50% on the first and second anniversary dates of the grant. Mr. Small forfeited the 1,377 unvested shares due to his resignation, effective March 31, 2014.

Change in Control

Effective January 1, 2007, S&T entered into change in control agreements with selected officers in senior management, including all the NEOs. Mr. Small entered into a change of control agreement, effective upon his employment in January 2013. These agreements were put in place to help ensure that S&T s leadership team remains engaged and focused should the organization ever become the target of a change in control where their jobs or ongoing compensation could be at risk. On December 31, 2008, S&T restated these change in control agreements to comply with the requirements of Section 409A. The primary terms and compensation payments contemplated by the agreements remain unchanged. The agreements provide for the following:

S&T s CEO will receive a lump sum payment of 300% of his base salary if: (1) his employment is involuntarily terminated without cause within six months preceding a change in control; (2) his employment is involuntarily terminated without cause within three years following a change in control (as defined below); or (3) he voluntarily terminates his employment for good reason (as defined below) within three years following a change in control.

The other NEOs will receive a lump sum payment of 200% of his base salary if: (1) the NEO s employment is involuntarily terminated without cause within six months preceding a change in control; (2) the NEO s employment is involuntarily terminated without cause within two years following a change in control (as defined below); or (3) the NEO voluntarily terminates his employment for good reason (as defined below) within two years following a change in control.

The agreements define good reason as the occurrence of any of the following (without the executive s consent) after a change in control:

A material diminution of the executive s duties, authority or responsibility, or any material change in the geographic location at which the executive must perform services (in this case, a material change means any location more than 40 land miles from the location prior to the change in control);

S&T s failure to continue to provide the executive with benefits substantially similar to those enjoyed by the executive under any of S&T s pension, life insurance, medical, health and accident, disability or

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other welfare plans, but not including any incentive or equity-based compensation plans, in which the executive was participating at the time of the change in control, unless the nature of the change in benefit levels is consistent with changes to benefits levels provided to employees at the same or equivalent level or title as the executive; or the failure by S&T to provide the executive with the number of paid vacation days to which the executive is entitled to on the basis of years of service with S&T in accordance with S&T s normal vacation policy in effect at the time of a change in control;

Any failure by any successor of S&T to adhere to the terms of the agreement; or

A reduction of more than 10% in the executive s annual base salary by S&T;

An executive may not terminate his or her employment for good reason more than six months after the initial existence of the conditions constituting good reason.

A change in control is defined in the agreements as the occurrence of any of the following:

Any person, other than a pension, profit-sharing or other employee benefit plan established by S&T or S&T Bank, is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of S&T representing 25% or more of the combined voting power of S&T s then outstanding securities;

During any period of two consecutive years, individuals who at the beginning of such period constitute the S&T Board cease for any reason to constitute at least a majority thereof, unless the election of each director who was not a director at the beginning of such period has been approved in advance by directors representing at least a majority of the directors then in office who were directors at the beginning of the period;

The shareholders of S&T approve a merger or consolidation of S&T with any other corporation, other than a merger or consolidation which would result in the voting securities of S&T outstanding immediately prior thereto continuing to represent at least 50% of the total voting power represented by the voting securities of S&T or the surviving entity outstanding immediately after such merger or consolidation;

The S&T shareholders or the S&T Board or S&T Bank approve a plan of complete liquidation or an agreement for the sale of or disposition of all or substantially all of the S&T s or S&T Bank s assets;

Any person shall have commenced a tender or exchange offer to purchase shares of Common Stock such that upon consummation of such offer such person would own or control 25% or more of the outstanding shares of Common Stock;

Any person shall have filed an application or notice with any federal or state regulatory agency for clearance or approval to (i) merge or consolidate, or enter into any similar transaction, with S&T or S&T Bank, (ii) purchase, lease or otherwise acquire all or substantially all of the assets of S&T or S&T Bank or (iii) purchase or otherwise acquire (including by way of merger, consolidation, share exchange or any similar transaction) securities representing 25% or more of the voting power of S&T or S&T Bank; or

Any other event that constitutes a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act or any successor provision.

The agreements specifically exclude public stock offerings by S&T and convertible debt offerings by S&T from the definition of change in control.

Payments under the agreements will be made no later than ten business days after the date of termination, subject to a six-month delay for compliance with Section 409A, if necessary. (See Tax Considerations below).

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Each agreement provides that if the executive s employment is terminated, without cause, within the three or two years of a change in control, as applicable for that particular executive, he will receive life insurance, health, disability and other welfare benefits substantially similar in all respects to those which the executive was receiving immediately prior to the triggering event. These additional benefits will continue for three years for the president and chief executive officer and for two years for the other NEOs. Each agreement provides that, in the event any benefit received by a Named Executive in connection with a change in control or in connection with the termination of the Named Executive s employment (whether pursuant to the agreement or any other plan, arrangement or agreement) (collectively, the Total Benefits) would be subject to the excise tax imposed under Section 4999 of the Code (the golden parachute excise tax), then the Total Benefits will be reduced to the extent necessary so that no portion of the Total Benefits is subject to such excise tax. The Compensation Committee believes that the agreement provides reasonable protection to the individual members on the senior management team and thereby aligns senior management s interest with S&T s shareholders.

Other Compensation-Related Provisions

Stock Ownership Guidelines

The Compensation Committee continues to believe that stock ownership in S&T is important to align shareholder and management interests. On December 17, 2007, the Compensation Committee adopted stock ownership guidelines for certain executives, including the NEOs, beginning on January 1, 2008. Under the guidelines, the CEO, senior executive vice presidents, executive vice presidents and senior vice presidents should own Common Stock having a market value equal to the following multiple of the individual s base salary:

Role	Fair Market Value of Common Stock
President and Chief Executive Officer	3 times base salary
SEVPs and EVPs	2 times base salary
SVPs	1 times base salary

Currently, Messrs. Brice, Kochvar and Ruddock meet the ownership guidelines. Mr. Antolik does not currently meet the ownership guidelines. Mr. Small did not meet the ownership guidelines as of the effective date of his resignation on March 31, 2014. The guidelines do not establish a deadline for compliance with the stock ownership requirements; however, the Compensation Committee established additional guidelines that limit senior management to the right to liquidate only the number of the vesting restricted shares of common stock sufficient for paying current tax liabilities on the vesting shares, until the officer achieves the stock ownership guidelines.

Claw-Back Feature

The Compensation Committee adopted a claw-back feature in 2010. All payments are subject to claw-back provisions that can result in the awards being canceled or prior payments recouped. These claw-back provisions allow S&T to claw back any bonus, retention award or incentive compensation paid (or under a legally binding obligation to be paid) to an NEO or any of our next 20 most highly-compensated employees if the payment was based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.

Risk Mitigation in Plan Design

The Compensation Committee considers, in establishing and reviewing the executive compensation program, whether the program encourages any unnecessary or excessive risk taking and concludes:

S&T s compensation plans do not encourage executives to take unnecessary and excessive risks that could threaten the value of S&T;

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- The compensation plans are structured so that their potential for generating unacceptable risk that could materially affect the value of S&T is limited; and

- The compensation plans are not structured to create substantial opportunities to benefit due to material manipulation of financial results.

In addition, at least annually, the Compensation Committee discusses, evaluates, and reviews with S&T s CRO the compensation arrangements to ensure that: (i) the compensation plans for senior management (senior vice presidents or higher) do not encourage the members of senior management to take unnecessary and excessive risks that threaten the value of the S&T, (ii) the employee compensation plans do not pose unnecessary risks to S&T, and (iii) the employee compensation plans do not encourage the manipulation of reported earnings to enhance the compensation of any of S&T s employees.

Employment Agreements

S&T does not provide employment agreements for any of the NEOs. S&T believes in a policy of at will employment arrangements.

Effect of Taxation on Compensation Programs (Tax Considerations)

Code Sections 162(m) and 409A

The Compensation Committee believes that it has structured the compensation program to comply with Code Sections 162(m) and 409A. Section 162(m) of the Code generally denies a deduction to any publicly held corporation for compensation paid to its chief executive officer and its three other highest paid executive officers (other than the chief financial officer) to the extent that any such individual s compensation exceeds $1 million.

Qualified Performance-based compensation (as defined for purposes of Section 162(m)) is not taken into account for purposes of calculating the $1 million compensation limit, provided certain disclosure, shareholder approval and other requirements are met. The Compensation Committee is monitoring the effects of S&T s compensation programs with regard to Section 162(m). To date, S&T has not suffered a loss of compensation deduction as a result of the $1 million limitation, and the Compensation Committee intends to take actions to minimize S&T s exposure to nondeductible compensation expense under Section 162(m) of the Code. While keeping this goal in mind, however, the Compensation Committee reserves the right to maintain flexibility with respect to S&T s executive compensation programs, including the awarding of compensation that may not be deductible when it believes that such payments are appropriate and in the best interests of the shareholders.

If an executive is entitled to nonqualified deferred compensation benefits that are subject to Section 409A of the Code, and such benefits do not comply with Section 409A of the Code, the executive would be subject to adverse tax treatment, including accelerated income recognition (in the first year that benefits are no longer subject to a substantial risk of forfeiture) and a 20% penalty tax pursuant to Section 409A of the Code. Compensation and benefit arrangements were required to be amended to comply with Section 409A of the Code as of January 1, 2009. S&T adopted Section 409A compliance amendments prior to January 1, 2009 (as required) and will continue to monitor its existing and future plans and arrangements for continued compliance with Section 409A of the Code.

Gross-ups and IRC Section 280G

S&T does not provide any tax gross-ups to any NEOs or any other employee that may have the right to a payment upon a change in control.

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Executive Compensation

The following table provides information concerning remuneration of the NEOs during 2011-2013.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus ($) (1)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compensation ($) (4)	Change in Pension Value ($) (5)	All Other Compensation ($) (7)	Total ($)
Todd D. Brice	2013	525,000	52,500	0	0	0	0	53,088	630,588
President and Chief Executive	2012	525,000	0	104,997	0	19,060	481,200	56,839	1,187,096
Officer	2011	475,000	0	95,030	0	66,640	400,900	48,069	1,085,639
Mark Kochvar	2013	278,000	27,800	0	0	0	16,200	20,222	342,222
Sr. Executive Vice President	2012	278,000	0	55,592	0	5,053	197,500	21,009	557,154
and Chief Financial Officer	2011	262,000	0	52,403	0	32,903	165,900	19,478	532,684
David G. Antolik	2013	302,000	30,200	0	0	0	0	25,980	358,180
Sr. Executive Vice President	2012	302,000	0	60,394	0	12,947	208,400	28,696	612,437
and Chief Lending Officer	2011	285,000	0	56,993	0	37,551	176,600	25,337	581,481
David P. Ruddock	2013	265,000	26,500	0	0	0	0	24,824	316,324
Sr. Executive Vice President	2012	265,000	0	53,001	0	11,266	226,600	27,861	583,728
and Chief Operating Officer	2011	250,000	0	50,023	0	35,813	202,000	25,304	563,140
Gary Small (6)	2013	252,000	25,200	50,000	0	0	0	23,445	350,645
Sr. Executive Vice President									
and Chief Banking Officer									

(1) The Compensation Committee awarded a discretionary bonus to executives, including the NEOs, in the amount of 10% of base salary earned. No management incentive bonuses were earned during fiscal years 2011 or 2012. The 2011 MIP replaced the 2010 MIP as an annual incentive award. The 2012 MIP replaced the 2011 MIP. See Summary of Management Annual Incentive Decisions for 2013 Performance in the Compensation Discussion and Analysis on page 155.

(2) No grants of restricted stock were awarded in 2013, except for a grant of 2,754 shares on January 28, 2013 to Mr. Small as part of his employment package upon his hiring in January 2013. The shares were granted at $18.155, vesting 50% on the first and second anniversary dates of the grant. On March 19, 2012, the Compensation Committee granted long-term restricted stock at a grant price of $22.335, the average of the high and low price of the Common Stock on the grant date, to the NEOs. The grants were in accordance with the 2012 LTIP, pursuant to its authority under the 2003 Plan. On March 21, 2011, the Compensation Committee granted long-term restricted stock at a grant price of $21.25, the average of the high and low price of the Common Stock on the grant date, to the NEOs. The grants were in accordance with the 2011 LTIP, pursuant to its authority under the 2003 Plan, and are subject to transferability restrictions as required by Troubled Asset Relief Program (TARP). See Long-Term Incentive Plan and 2013 Long-Term Incentive Awards in the Compensation Discussion and Analysis on pages 151 and 156, respectively.

(3) There were no option awards in 2011, 2012 and 2013.

(4) This column includes the incentive payments resulting from the MIPs for 2011 and 2012, which the Compensation Committee approved on March 19, 2012 and March 15, 2013, respectively, for performance during the previously completed fiscal year. Due to TARP restrictions, the payments for the MIP in 2011 were paid in long-term restricted shares instead of cash, subject to a two-year vesting schedule and certain transferability restrictions. The recipients received the number of shares equal to the value of the cash

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awards, based upon the average of the high and low prices of the Common Stock over the preceding 30 trading days, including the date of the grant. The 2012 MIP was paid in cash. See Management Incentive Awards in the Compensation Discussion and Analysis on page 149.

(5) This column shows the aggregate year-to-year change in the actuarial present value of the NEOs accrued pension benefit under all qualified and non-qualified defined benefit plans based on the assumptions used or ASC 715 Compensation Retirement Benefits accounting purposes at each measurement date. As such, the change reflects changes in value due to an increase or decrease in the ASC 715 discount rate as well as changes due to the accrual of plan benefits. The change in pension value during 2013 for Messrs. Brice, Antolik, and Ruddock are negative $74,300, negative $63,500, and negative $33,700, respectively (negative amounts are not reflected in the amounts disclosed above).

(6) Mr. Small resigned from S&T, effective March 31, 2014.

(7) The compensation represented by the amounts for 2011, 2012 and 2013 as set forth in the All Other Compensation column for the NEOs is detailed in the following table.

Name	Year	Company Contributions to Qualified Defined Contribution Plan [(a)]	Company Contributions to Nonqualified Defined Contribution Plan [(b)]	Company Car or Car Allowance [(c)]	Country Club Dues [(d)]	Company Paid Life Insurance Premiums [(e)]	Restricted Stock Dividends [(f)]	All Other Compensation
Todd D. Brice	2013	$ 8,925	$ 7,518	$ 15,087	$ 11,453	$ 2,348	$ 7,757	$ 53,088
	2012	8,500	9,899	15,054	11,430	2,348	9,608	56,839
	2011	8,420	8,335	14,138	10,608	1,531	5,037	48,069
Mark Kochvar	2013	8,050		6,000		2,165	4,007	20,222
	2012	7,875		6,000		2,165	4,969	21,009
	2011	7,966		6,000		2,025	3,487	19,478
David G. Antolik	2013	8,925	4,898	6,173		1,531	4,453	25,980
	2012	5,950	4,620	11,182		1,531	5,413	28,696
	2011	6,788	3,355	10,885		1,448	2,861	25,337
David P. Ruddock	2013	8,719		8,640	1,524	2,058	3,883	24,824
	2012	8,750		11,130	1,531	2,058	4,392	27,861
	2011	8,781		11,011	1,404	1,924	2,184	25,304
Gary Small	2013	7,700		6,923	5,203	1,939	1,680	23,445

(a) Contributions by S&T Bank to the Thrift Plan, which is a qualified defined contribution plan. S&T Bank made matching contributions equal to 100% of the first 1% of the employee s eligible compensation and 50% of the next 5% of the employee s eligible compensation, up to 3.5% of the employee s eligible compensation. The employee s eligible compensation was $245,000 in 2011, $250,000 in 2012, and $255,000 in 2013.

(b) Contributions by S&T Bank to the Nonqualified Plan that was established in order that certain management employees, including the NEOs, not lose benefits that would normally have accrued in qualified plans except for federal tax laws setting annual compensation limits for qualified plans and additional limitations related to highly-compensated employees.

(c) This column represents the aggregate incremental cost to S&T for providing a car to the NEO. The cost includes the expense of depreciation, insurance, registration fees, maintenance and fuel. Messrs. Kochvar and Small received car allowances, in lieu of company cars.

(d) Membership dues paid to country clubs and social clubs. Expenses of a personal nature or related to a spouse are not paid by S&T.

(e) This column includes the excess premiums reported as taxable compensation on the NEO s W-2 for life insurance at three times salary. This insurance benefit is provided to all full time employees on a nondiscriminatory basis.

(f) Dividends on unvested restricted Common Stock, which are reported as taxable compensation on the NEO s W-2.

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Grants of Plan-Based Awards for Fiscal Year 2013

There were no plan-based awards for Fiscal Year 2013, due to the Compensation Committee s decision to suspend grants of awards in 2013.

Outstanding Equity Awards at 2013 Fiscal Year

The following table sets forth information regarding the number of unexercised stock options and the number and value of unvested shares of restricted stock outstanding on December 31, 2013 for our NEOs. The market value of the stock awards is based on the closing price of S&T Common Stock as reported on The NASDAQ Stock Market on December 31, 2013 which was $25.31.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Options Unexercisable (#)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#) [1]	Market Value of Shares or Units of Stock That Have Not Vested ($) [2]
Todd D. Brice						
Granted 12/20/2004	12,500	0	37.08	12/20/2014		
Granted 12/19/2005	12,500	0	37.86	12/19/2015		
Granted 03/21/2011					3,354	84,890
Granted 03/19/2012					7,685	194,507
Mark Kochvar						
Granted 12/20/2004	6,500	0	37.08	12/20/2014		
Granted 12/19/2005	6,500	0	37.86	12/19/2015		
Granted 03/21/2011					1,849	46,798
Granted 03/19/2012					3,962	100,278
David G. Antolik						
Granted 12/20/2004	10,000	0	37.08	12/20/2014		
Granted 12/19/2005	10,000	0	37.86	12/19/2015		
Granted 03/21/2011					2,011	50,898
Granted 03/19/2012					4,385	110,984
David P. Ruddock						
Granted 12/20/2004	10,000	0	37.08	12/20/2014		
Granted 12/19/2005	10,000	0	37.86	12/19/2015		
Granted 03/21/2011					1,765	44,672
Granted 03/19/2012					3,976	100,633
Gary Small						
Granted 01/28/2013					2,754	69,704

(1) The S&T Board awarded the restricted shares of Common Stock, as follows: on March 19, 2012 with 50% vesting on the third anniversary, based on achievement of corporate performance goals, and 25% vesting on the second and third anniversaries, respectively, pursuant to the 2012 LTIP. On March 19, 2012, there was an additional grant that vested 100% on the second anniversary of the grant, pursuant to the 2011 MIP. The grant on March 21, 2011 was pursuant to the 2011 LTIP. On January 28, 2013, as part of a hiring package, the S&T Board awarded a grant of shares to Mr. Small with 50% vesting on the first anniversary and the remaining 50% vesting on the second anniversary. One half of Mr. Small s grant vested on January 28, 2014, while the remaining shares were forfeited upon the effective date of his resignation on March 31, 2014.

(2) Calculated based on $25.31, which was the closing price of S&T s Common Stock on December 31, 2013.

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Option Exercises and Stock Vested in Fiscal Year 2013

The following table sets forth information regarding the number and value of stock options exercised and restricted stock vested during 2013 for our Named Executive Officers.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting ($) (1)**
Todd D. Brice	0	$ 0	6,895	$ 153,587
Mark Kochvar	0	0	3,111	69,153
David G. Antolik	0	0	3,722	82,891
David P. Ruddock	0	0	2,573	57,177
Gary M. Small	0	0	0	0

(1) S&T Bancorp Restricted Stock Grant of 2008 vested 25% on January 1, 2013, and was fully vested on that date. The Restricted Stock Grant on March 15, 2011 was fully vested on March 15, 2013. The Restricted Stock Grant on March 21, 2011 vested 25% on March 21, 2013 and 25% were fully vested on March 21, 2014. The value realized on vesting is based on the average of the high and low price of S&T Bancorp, Inc. stock on the close of the market on the date of the vesting.

Pension Benefits

Name	**Plan Name**	**Number of years of Credited Service (#)**	**Present Value of Accumulated Benefit ($)**	**Payments During Last Fiscal Year ($)**
Todd D. Brice		29	$ 807,000	
	Employees Retirement Plan of S&T Bank S&T Bancorp, Inc. Supplemental Savings and Make-up Plan	29	$ 821,300	
Mark Kochvar		22	$ 646,000	
	Employees Retirement Plan of S&T Bank S&T Bancorp, Inc. Supplemental Savings and Make-up Plan	22	$ 41,100	
David G. Antolik		24	$ 541,800	
	Employees Retirement Plan of S&T Bank S&T Bancorp, Inc. Supplemental Savings and Make-up Plan	24	$ 18,100	
David P. Ruddock		29	$ 807,600	
	Employees Retirement Plan of S&T Bank S&T Bancorp, Inc. Supplemental Savings and Make-up Plan	29	$ 30,000	
Gary M. Small	N/A			

The present values shown above are based on benefits earned as of December 31, 2013 under the terms of the Employees Retirement Plan of S&T Bank (the Retirement Plan) and the S&T Bancorp, Inc. Supplemental Savings and Make-up Plan (the Nonqualified Plan) as summarized below. Present values are determined in accordance with the assumptions used for purposes of measuring S&T Bank s pension obligations under ASC 715 as of December 31, 2013, including a discount rate of 4.75%, with the exception that benefit payments are assumed to commence at age 62, the earliest age at which unreduced benefits are payable. Mr. Small was hired in January 2013 and was not eligible to participate in these defined benefit plans.

Employees Retirement Plan of S&T Bank

The Employees Retirement Plan of S&T Bank (Plan) is a defined benefit pension plan that covers substantially all employees hired prior to 2008. The Plan provides benefits that are based on years of service and compensation. Benefits payable under the Plan at normal retirement, age 65, are determined under the following formula.

1.0% of Average Final Compensation up to Covered Compensation, times Benefit Service

Plus

1.5% of Average Final Compensation in excess of Covered Compensation, times Benefit Service

For purposes of determining the normal retirement benefit, the terms used above have the following meanings:

Average Final Compensation is the average compensation received during the highest 5 consecutive years out of the last 10 years prior to retirement or termination of employment. Compensation generally means total cash remuneration determined before reductions for employee contributions for 401(k) or other pre-tax benefits, but does not include amounts deferred under the S&T Bancorp, Inc. Supplemental Savings and Make-up Plan. Compensation is limited each year as required by Federal law (limit was $255,000 for 2013).

Covered Compensation is the average of the Social Security taxable wage bases in effect for each year in the 35-year period ending with the calendar year in which a participant retires or terminates employment.

Benefit Service generally means an employee s period of employment with S&T Bank after attainment of age 21.

Participants benefits under the Plan are 100% vested after completion of five years of service. Participants who terminate employment prior to age 55 with a vested benefit are entitled to receive their full accrued benefit at normal retirement, age 65, or upon election, can receive actuarially reduced benefits as early as age 55. Participants who terminate employment after age 55 with at least 10 years of service are eligible to receive early retirement benefits under the Plan. For participants who met certain age and service requirements as of December 31, 2007, early retirement benefits are reduced 5/12 of 1% for each month by which the date benefit payments commence precedes age 62. For participants who did not meet these requirements, early retirement benefits are reduced 5/12 of 1% for each month by which the date benefit payments commence precedes age 65.

Accrued benefits under the Plan are payable in the form of a ten-year certain and life annuity that provides equal monthly payments for the participant s life with a minimum of 120 monthly payments guaranteed. Married participants must receive their benefit in the form of a 50% joint and survivor annuity with 120 monthly payments guaranteed unless their spouse consents to a different form of a payment. A 50% joint and survivor annuity provides a reduced monthly payment for the participant s life with 50% of the payment continuing for the spouse s life following the participant s death. Various optional annuity forms of payment are available under the Plan, including a single lump sum payment. All forms of payment are actuarially equivalent in value.

S&T Bancorp, Inc. Supplemental Savings and Make-up Plan

As noted above under the definition of Average Final Compensation for the Employees Retirement Plan of S&T Bank, compensation deferred under the S&T Bancorp, Inc. Supplemental Savings and Make-up Plan (the Nonqualified Plan) is not included as eligible compensation and includable compensation is limited as a result of maximums imposed by law. The Nonqualified Plan restores benefits that are not payable by the Retirement Plan as a result of the executive s election to defer compensation or as a result of the compensation limit. The

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provisions described above for the Retirement Plan apply to this plan as well, with the exception that upon termination or retirement participants automatically receive their benefit in the form of an actuarially equivalent lump sum, which is credited to their account under this plan and paid out in accordance with their distribution election.

Nonqualified Deferred Compensation

The following table provides information with respect to the Nonqualified Plan and the Named Executive Officers. The amounts shown include compensation earned and deferred in prior years, and earnings on, or distributions of, such amounts.

Name	Executive Contributions in Last Fiscal Year ($)	Registrant Contributions in Last Fiscal Year ($) (1)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
Todd D. Brice	15,036	7,518	73,419	0	313,629
Mark Kochvar	0	0	46,907	0	185,907
David G. Antolik	13,995	4,898	35,496	0	157,690
David P. Ruddock	0	0	0	0	0
Gary M. Small	0	0	0	0	0

(1) The amounts in this column have been included in the All Other Compensation column of the Summary Compensation Table on page 160.

The Nonqualified Plan offers certain management employees, including the Named Executive Officers, the opportunity to continue to defer income on a tax deferred basis that exceeds annual contribution or compensation limits for qualified plans. In addition, the Nonqualified Plan can be used by highly-compensated employees who are limited to the salary deferral limit to the Thrift Plan. The employee may elect to defer a percentage of compensation from each payroll under the Supplemental Savings provision. The employee may also elect to contribute at the same deferral rate as for the Thrift Plan after reaching a contribution or compensation limit under the Make-up provision.

S&T Bank makes employer matching and year end profit sharing contributions to the Nonqualified Plan that cannot be made to the qualified plans due to the aforementioned limits. The match is 3.5% of the deferral amount, except the match on deferrals under the Make-up provision, which are matched 100% of the first 1% of the employee s eligible compensation and 50% of the next 5% of the employee s eligible compensation, up to 3.5% of the employee s eligible compensation. The year end profit sharing bonus is at the same percentage as for the Thrift Plan and applies to eligible compensation that exceeds the compensation limit for qualified plans.

The participants may elect the allocation percentages for employee deferrals and employer contributions into two large capitalization mutual funds and a money market mutual fund in a Rabbi Trust. The Thrift Plan Committee at S&T Bank determines the investment vehicles in the Rabbi Trust, which currently are Vanguard 500 Index Fund, Selected American Shares D and Federated Prime Obligations Fund.

As described earlier, distributions from the Nonqualified Plan are in accordance with the participant s distribution election. The Nonqualified Plan is subject to the provisions of Section 409A of the Code.

Termination of Employment and Change-in-Control Arrangements

As described above, our NEOs do not have employment agreements. The NEOs would receive payments from S&T in connection with a termination from employment pursuant to their change-in-control agreements.

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The amount of the payment would vary, depending upon whether the termination was due to resignation, retirement, severance, good cause or change in control of S&T. In the event of death, the NEO s beneficiary, heirs or estate would be entitled to certain payments.

Resignation. There are no employment agreements between S&T and any of the NEOs; therefore, in the event of resignation, the NEO would receive salary payments and participate in S&T s benefit plans through the date of separation from employment. There would be no additional payments. The NEO would forfeit any unexercised nonstatutory stock options under the under the 2003 Plan if not exercised within one month of separation from service.

Retirement. Upon retirement, the NEOs would receive pension benefits as described above in the Retirement Plan and the Nonqualified Plan. Married participants must receive their benefit in the form of a 50% joint and survivor annuity with 120 monthly payments guaranteed unless their spouse consents to a different form of a payment. Various optional annuity forms of payment are available under the Retirement Plan, including a single lump sum payment. All forms of payment are actuarially equivalent in value.

	The Retirement Plan		The Nonqualified Plan, Lump Sum Benefit as of 1/1/2014 (3)
	Date Payable (1)	Annual Benefit (2)	
Todd D. Brice	age 65	$ 93,700	$ 312,600
Mark Kochvar	age 65	$ 66,500	$ 17,000
David G. Antolik	age 65	$ 76,000	$ 39,400
David P. Ruddock	age 65	$ 85,300	$ 11,900
Gary M. Small (4)	N/A	N/A	N/A

(1) Messrs. Brice, Kochvar, Antolik, and Ruddock were not eligible for early retirement as of December 31, 2013, and are presented at what their respective benefit would be upon retirement at age 65 if they had terminated employment on December 31, 2013.

(2) The NEOs are married participants and must receive their benefit in the form of a 50% joint and survivor annuity with 120 monthly payments guaranteed unless their spouse consents to a different form of a payment. The annual benefits shown in this column are payable for the participant s life with a minimum of 120 monthly payments guaranteed. After 120 monthly payments have been made, 50% of the amount shown continues for the spouse s life following the participant s death. If the NEO became deceased prior to retiring, the NEO s surviving spouse would receive the amount shown for 10 years commencing as of the date shown, reducing to 50% of the amount shown after 10 years and continuing for the remainder of her lifetime.

(3) The NEO receives a lump sum payment upon retirement or termination as described above in the Nonqualified Plan. The lump sum payment is determined as the present value of a 10-year certain and life annuity based on an interest rate of 8.0% and a mortality table specified by the terms of the plan, and is deposited into the NEO s Nonqualified Plan deferred compensation account. Currently, the NEOs have elected to receive a lump sum distribution at age 70, but may change their elections to an earlier date, for the amount of their payments accrued prior to January 1, 2005. The NEOs individually elected a time and form of payment for payments accrued after December 31, 2004, as allowed by the Nonqualified Plan and permitted by Section 409A.

(4) Mr. Small is not a participant in the Retirement Plan or the Nonqualified Plan, due to his hiring occurring subsequent to December 31, 2007, when eligibility for participation in these benefits was discontinued for subsequent hires.

The NEO continues to hold any unexercised nonstatutory stock options granted under the 2003 Plan until the normal expiration date of the option. Unvested options continue to vest according to the original vesting schedule for the grant.

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Severance, constructive termination and change in control. As described in the CD&A, during 2013, S&T had change in control agreements in effect with each of the NEOs. The agreement for Mr. Brice provided that if he was terminated: (i) without cause within six months preceding a change in control; (ii) within three years following the occurrence of certain changes in control of S&T or of S&T Bank that were not pre-approved by the S&T Board; or (iii) if he voluntarily terminated his employment with S&T under certain specified circumstances following a change in control (for good reason), Mr. Brice would be entitled to receive a lump sum cash payment based on 300 percent of his salary immediately preceding the change in control and to receive certain continuing S&T employee benefits for three years. Each agreement for the other NEOs provide that if the executive was terminated: (i) without cause within six months preceding a change in control; (ii) within two years following the occurrence of certain changes in control of S&T or of S&T Bank that were not pre-approved by the S&T Board; or (iii) if the executive voluntarily terminated his employment with S&T under certain specified circumstances following a change in control (for good reason), the NEO would be entitled to receive a lump sum cash payment based on 200 percent of his salary immediately preceding the change in control and to receive certain continuing S&T employee benefits for two years. The definition of change in control, as used in the change in control agreements, is fully described on page 156 of this proxy statement/prospectus under the section Change in Control. In addition, unvested nonstatutory stock options would immediately vest and become exercisable, under the 2003 Plan.

The following table provides the payments that each NEO would have received in connection with severance, constructive termination or upon a change in control of S&T at December 31, 2013:

Name	Multiple of Salary	Lump Sum Payment	Value of Vesting Nonstatutory Stock Options (1)	Value of Welfare Benefits (2)	Total Value of Payments
Todd D. Brice	3X	$ 1,650,000	$ 0	$ 50,265	$ 1,700,265
Mark Kochvar	2X	590,000	0	21,283	611,283
David G. Antolik	2X	644,000	0	13,140	657,140
Gary Small	2X	570,000	0	33,334	603,334
David Ruddock	2X	558,000	0	31,608	589,608

(1) The unvested nonstatutory options were not in the money as of December 31, 2013; therefore, the NEO would have realized no value resulting from the vesting.

(2) The value of welfare benefits is comprised of health benefits at the COBRA premium rate and of life insurance, accidental death and disability insurance and long-term disability insurance at the current premiums paid by S&T. The amount represents the aggregate value of the welfare benefits received for two or three years, as applicable and in accordance with the terms of the executive s change in control/severance agreement.

Death. Upon the death of an NEO, except for what is described above for termination due to retirement, there are no payments above the life and accidental death and dismemberment insurance proceeds through the S&T Bank Welfare Benefit Plan. The heirs or estate of the NEO will receive any unexercised nonstatutory stock options for the remaining term of the option. Unvested options continue to vest according to the original vesting schedule for the grant.

Director Compensation

The Nominating Committee annually reviews the S&T director compensation. S&T s director compensation is designed to align the board of directors with its shareholders and to attract, motivate and retain high performing members critical to our company s success.

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The following table provides information concerning compensation paid by S&T to its non-employee directors during 2013.

Director Compensation Table for Fiscal Year 2013

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (2)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Changes in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
John N. Brenzia (4)	3,200	0	0	0	0	0	3,200
John J. Delaney	31,000	27,006	0	0	0	0	58,006
Michael J. Donnelly	27,000	27,006	0	0	0	0	54,006
William J. Gatti	27,700	27,006	0	0	0	0	54,706
Jeffrey D. Grube	35,600	27,006	0	0	0	0	62,606
Frank W. Jones	33,700	27,006	0	0	0	0	60,706
Joseph A. Kirk	40,600	27,006	0	0	0	0	67,606
David L. Krieger	27,300	27,006	0	0	0	0	54,306
James C. Miller	38,800	27,006	0	0	0	0	65,806
Fred J. Morelli, Jr. (1)	31,200	33,762	0	0	0	0	64,962
Frank J. Palermo, Jr (1)	49,600	33,762	0	0	0	0	83,362
Alan Papernick (4)	2,900	0	0	0	0	0	2,900
Charles A. Spadafora	27,600	27,006	0	0	0	0	54,606
Christine J. Toretti	28,400	27,006	0	0	0	0	55,406
Charles G. Urtin	56,000	27,006	0	0	0	0	83,006

(1) The S&T Board awarded 371 restricted shares of Common Stock to new directors Messrs. Morelli and Palermo on January 29, 2013, with such shares vesting in full on May 20, 2013. The fair market value of the Common Stock granted on January 29, 2013 was $18.21 per share.

(2) The S&T Board awarded 1,400 restricted shares of Common Stock to each director on the S&T Board on May 20, 2013, with such shares vesting in full on May 19, 2014. The fair market value of the Common Stock granted on May 20, 2013 was $19.29 per share. The values for stock awards in this column represent the grant date fair value of the restricted shares granted in 2013, computed in accordance with FASB ASC Topic 718. Information about the assumptions used to value these awards can be found in Note 21 Incentive and Restricted Stock Plan and Dividend Reinvestment Plan beginning on page F-97. This column includes the value of these stock awards, all of which were issued under the 2003 Plan.

(3) As of December 31, 2013, each director had restricted stock awards of 1,400 shares except for Messrs. Brenzia and Papernick, who retired from the S&T Board effective May 20, 2013. Also, the following directors had outstanding options to purchase the indicated number of shares of Common Stock: John Delaney, 5,000 shares; Michael Donnelly, 5,000 shares; William Gatti, 5,000 shares; Jeffrey Grube, 5,000 shares; Frank Jones, 5,000 shares; Joseph Kirk, 5,000 shares; David Krieger, 22,000 shares; James Miller, 30,000 shares; Charles Spadafora, 5,000 shares; and Christine Toretti, 5,000 shares.

(4) Messrs. Brenzia and Papernick retired from the S&T Board following the 2013 annual meeting.

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Directors Compensation

Employee members of the S&T Board receive no additional compensation for participation on the S&T Board. In 2013, our non-employee directors received compensation for attending board and committee meetings, or training sessions, in the amounts described below.

Directors	
Annual Cash Retainer	$ 18,000
Stock Award [(1)]	27,006
Board Committee Fee	800
Board Committee Fee (phone)	500
Training/Seminar Fee (Internal per day)	800
Training/Seminar Fee (External per day)	1,000
Committee Chairperson Retainer Fee	
Chairman Retainer	$ 20,000
Vice Chairman Retainer	2,500
Audit	10,000
Audit Committee Financial Expert	10,000
Compensation and Benefits	7,500
Directors Credit Risk	7,500
Nominating and Corporate Governance	7,500
Revenue Oversight Committee	2,500
Wealth Management Oversight	2,500

(1) The number of shares granted is based on the fair market value of the Common Stock on the date of grant. The S&T Board awarded 1,400 restricted shares of Common Stock on May 20, 2013 with 100% vesting on May 19, 2014. The fair market value of Common Stock on May 20, 2013 was $19.29 per share.

Related Person Transactions

Transactions with Related Parties

S&T Bank has made, and expects to make in the future, extensions of credit in the ordinary course of business to certain directors and officers. These loans are made on substantially the same terms, including interest rates, collateral and repayment terms, as those prevailing at the same time for comparable loans with persons not related to the lender. Such loans do not involve more than normal risk of collectability or present unfavorable features.

On January 31, 1992, S&T Bank entered into a limited partnership arrangement with RCL Partners, Inc. for the construction of 30 apartments in Indiana, Pennsylvania targeted for senior citizens. The total investment by S&T Bank in 1992 was $1,761,766 and entitled S&T Bank to certain tax credits, tax depreciation benefits and a share of cash flows under the Code Section 42 program. Messrs. Delaney (and affiliated parties) and Gatti (and affiliated parties), members of the S&T Board, each hold a one-third interest in RCL Partners, Inc.

During 2013, S&T Bank made payments of $153,154 to Ms. Toretti (and affiliated parties), a member of the S&T Board, for the lease of operations, branch and administrative facilities and parking spaces. On October 1, 1986, S&T Bank entered into an agreement to lease, from Ms. Toretti and Michael Toretti as trustees under an irrevocable trust, a building and land used as S&T Bank s North Fourth Street branch and operations center. The terms of the agreement provide for payment of $10,000 per month for the first five years and options to renew for four five-year terms with rent for each option term to be the rent from the previous term, plus 5%. On October 1, 2006, S&T Bank exercised its fourth renewal option at $12,155 per month. Additionally, in September 2006, S&T Bank exercised an extension agreement beginning October 1, 2011 at $12,763 per month providing for four five-year terms at the same terms and conditions of the original lease. On December 29, 2010, S&T entered into

a sublet agreement for parking spaces with Palladio, LLC, a related entity of Ms. Toretti, to lease 14 parking spaces for $9,818 from January 1, 2011 through September 15, 2011. On June 27, 2011, written consent was given by landlord to tenant to sublet the 14 spaces to S&T, effective September 16, 2012, for $14,280 per year, increasing $420 per year over the remaining five-year term. S&T prepaid $15,120 for parking spaces through September 15, 2014. S&T also paid $4,950 for snow removal for the leased parking spaces. Total payment for 2013 was $20,070.

See also Compensation Committee Interlocks and Insider Participation on page 171.

Review, Approval or Ratification of Transactions with Related Persons

S&T has a written policy for the review, approval or ratification of transactions with Related Persons and Related Parties (collectively, the Related Parties). On an annual basis, each director and executive officer must submit a Director and Executive Officers Questionnaire (the Questionnaire) for the purpose of assisting in the administration of this policy. The Questionnaire requests the identification of the Related Parties.

Any person nominated to stand for election as a director must submit a Questionnaire no later than the date of his or her nomination. Any person who is appointed as a director or an executive officer must submit a Questionnaire prior to such person s appointment as a director or executive officer, except in the case of an executive officer where due to the circumstances it is not practicable to submit the Questionnaire in advance, in which case the Questionnaire must be submitted as soon as reasonably practicable following the appointment.

Directors and executive officers are expected to notify the CRO of any updates to the list of Related Parties. The CRO disseminates a Related Party master list as appropriate within S&T. The recipients of the master list utilize the information contained therein in connection with their respective business units, departments and areas of responsibility to effectuate this policy.

The S&T Board has determined that the Nominating Committee is best suited to review and approve Related Party Transactions.

At each calendar year s first regularly scheduled Nominating Committee meeting, management recommends Related Party Transactions to be entered into by S&T for that calendar year, including the proposed aggregate value of such transactions if applicable. In addition, the Nominating Committee reviews any previously approved or ratified Related Party Transactions that remain ongoing. Based on all relevant facts and circumstances, taking into consideration S&T s contractual obligations, the Nominating Committee determines if it is in the best interests of S&T and its shareholders to approve or disapprove such proposed transactions or to continue, modify or terminate ongoing Related Party Transactions.

At each subsequently scheduled meeting, management updates the Committee as to any material change regarding approved Related Party Transactions.

In the event management recommends any further Related Party Transactions subsequent to the first calendar year meeting, such transactions may be presented to the Committee for approval or preliminarily entered into by management subject to consultation with the Committee Chairperson, and ratification by the Committee at the next scheduled meeting; provided that if ratification shall not be forthcoming, management will make all reasonable efforts to cancel or annul such transaction.

The Nominating Committee has reviewed the types of Related Party Transactions described below and determined that each of the following Related Party Transactions will be deemed to be pre-approved by the Committee:

1. Any compensation paid to executive officers provided S&T s Compensation Committee approved or recommended that the S&T Board approve such compensation.

2. Any compensation paid to a director if the compensation is required to be reported in S&T s proxy statement under Item 402 of the SEC s compensation disclosure requirements.

3. Any transaction where the Related Party s interest arises solely from ownership of Common Stock and all shareholders received the same benefit on a pro rata basis (e.g., dividends).

4. Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

5. Any transaction with a Related Party involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee during 2013 were John Delaney, Michael Donnelly, Jeffrey Grube, Fred Morelli and Frank Palermo. During 2013 S&T Bank made the following payments to members of the Compensation Committee:

S&T Bank made payments of $174,825 for the purchase of printing services and promotional items from companies owned or controlled by Director Donnelly.

S&T Bank made aggregate payments of $61,146 for the purchase and maintenance of vehicles and the lease of a parking lot from companies owned or controlled by Director Delaney. The terms of the parking lot lease agreement provided for a monthly payment of $4,000 until April 30, 2010 with additional four successive renewal options of five years each and one successive renewal option of four years. S&T exercised the first option extending the lease from May 1, 2010 to April 30, 2015. The monthly rental shall be increased for each renewal term based on the Consumer Price Index. The monthly payment for the months of January through December of 2013 was $4,975.

In addition, S&T Bank may make extensions of credit to members of the Compensation Committee in the ordinary course of business and on the same terms as available to other non-related parties. See Transactions with Related Parties.

No member of the Compensation Committee was at any time during fiscal 2013 an officer or employee of S&T or any of our subsidiaries, and no member has ever served as an executive officer of S&T. None of our executive officers serves or, during fiscal 2013, served as a member of the board of directors or the compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or Compensation Committee.

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INFORMATION ABOUT INTEGRITY BANCSHARES, INC.

Within this section of the proxy statement/prospectus, entitled Information About Integrity Bancshares, Inc. , references to Integrity , we, , us , or our refer to Integrity Bancshares Inc., including, on a consolidated basis with our subsidiary where appropriate.

Business

Integrity is a Pennsylvania corporation headquartered in Camp Hill, Pennsylvania, which provides a full range of commercial and retail banking services through its wholly-owned banking subsidiary, Integrity Bank, a Pennsylvania bank headquartered at 3314 Market Street, Suite 301, Camp Hill, PA 17011 (tel. (717) 920-4900)). As of September 30, 2014, Integrity had total consolidated assets of $860.4 million, deposits of $764.0 million and shareholders equity of $68.0 million. Integrity s common stock is quoted on the OTCQB under the symbol ITBC. Integrity s website is http://www.integritybankonline.com.

Integrity Bank was originally incorporated on November 26, 2002 and commenced operations on June 7, 2003 under the laws of Pennsylvania as a commercial bank. Integrity Bank now engages in a full-service mortgage, commercial and consumer banking business and operates from eight branch offices located in Cumberland, Dauphin, Lancaster and York Counties in Pennsylvania.

Integrity Bank s primary market area consists of Cumberland, Dauphin, Lancaster and York Counties, Pennsylvania, with a small amount of business being conducted in contiguous counties as well. Competition for deposit and loan products comes from other insured financial institutions such as commercial banks, thrift institutions and credit unions in Integrity Bank s market area as well as from out-of-market financial institutions that offer deposits and loans over the internet and through other delivery channels. Deposit competition also includes a number of insurance products such as annuities sold by local agents and investment products such as mutual funds and other securities sold by local and regional brokers.

Integrity Bank originates loans to commercial businesses, governmental entities and individuals. As of September 30, 2014, Integrity Bank s loan portfolio included commercial and multi-family real estate loans, commercial business loans and lines of credit, loans to municipalities, not-for-profit organizations and other governmental entities, residential first mortgage loans, home equity term loans and lines of credit, residential construction loans, automobile loans and personal loans. Substantially all of Integrity Bank s borrowers are located in Cumberland, Dauphin, Lancaster, York and contiguous counties.

Integrity Bank had 116 full-time employees and 11 part-time employees as of September 30, 2014. Management considers relations with its employees to be good. Integrity Bank is not a party to any collective bargaining agreement.

Properties

The following table summarizes Integrity s branch and office properties, by county, as of September 30, 2014.

	State	Owned	Leased	Total
Bank Branches				
County				
Cumberland	PA	1	1	2
Dauphin	PA			