

Risk Factors Comparison 2025-03-03 to 2024-02-27 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

Investments in our common stock involve risk. The following discussion highlights the risks that we believe are material to S & T, potentially impacting our business, results of operations, financial condition and cash flows. However, other factors not discussed below or elsewhere in this Annual Report on Form 10- K could adversely affect our businesses, results of operations and financial condition. Therefore, the risk factors below do not necessarily include all risks that we may face. **S & T BANCORP, INC. AND SUBSIDIARIES**

Risks Related to Credit Our ability to assess the credit- worthiness of our customers may diminish, which may adversely affect our results of operations. We incur credit risk by virtue of making loans and extending loan commitments and letters of credit. Credit risk is one of our most significant risks. We manage our exposure to credit risk through the use of consistent underwriting standards that emphasize “ in- market ” lending while avoiding excessive industry and other concentrations. Our 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 that we use to select, manage and underwrite our consumer and commercial loan products change and our underwriting standards do not reflect or capture the rapid changes in the economy, we may have higher credit losses. The value of the collateral used to secure our loans may not be sufficient to compensate for the amount of unpaid loans and we may be unsuccessful in recovering the remaining balances from our customers. Decreases in **collateral real estate** values, particularly with respect to our commercial real estate, or CRE, and ~~mortgage activities~~ **commercial and industrial, or C & I**, could adversely affect ~~the value of property used as collateral for our loans and~~ our customers’ ability to repay these loans, which in turn could impact our profitability. Repayment of our 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 **or business assets**, 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, we may not be able to realize the amount of collateral that was anticipated at the time of originating the loan. **The underlying business assets that serve as collateral for C & I loans may be specific and unique to the borrowers industry; therefore, when the borrower encounters financial difficulties, the business assets may not have sufficient value.** This could result in higher charge- offs which could have a material adverse effect on our operating results and financial condition. Changes in the overall credit quality of our portfolio can have a significant impact on our earnings. Like other lenders, we face the risk that our customers will not repay their loans. We reserve for losses in our loan portfolio based on our assessment of expected credit losses. Management determines the amount of **allowance for credit losses, or ACL**, through undergoing a periodic review of the loan portfolio, where it considers historical losses, the national unemployment forecast produced by the Federal Reserve combined with qualitative factors around current conditions including changes in lending policies and practices, economic conditions, changes in the loan portfolio, changes in lending management, results of internal loan reviews, asset quality trends, collateral values, concentrations of credit risk and other external factors. This process, which is critical to our financial results and condition, requires complex judgment including our assessment of economic conditions, which are difficult to predict. The amount of future losses is difficult to predict because it is susceptible to changes in economic, operating and other conditions, including changes in interest rates, which may be beyond our control. Although we have policies and procedures in place to determine future losses, due to the subjective nature of this area, there can be no assurance that our management has accurately assessed the level of allowances reflected in our consolidated financial statements. We may underestimate our expected credit losses and fail to hold an ACL sufficient to account for these losses. Incorrect assumptions could lead to material underestimates of expected losses and an inadequate ACL. As our assessment of expected losses changes, we may need to increase or decrease our ACL, which could significantly impact our financial results and profitability. **S & T BANCORP, INC. AND SUBSIDIARIES**

Our loan portfolio is concentrated within our market area, and our lack of geographic diversification increases our risk profile. The regional economic conditions within our market area affect the demand for our products and services as well as the ability of our customers to repay their loans and the value of the collateral securing these loans. A significant decline in the regional economy caused by inflation, recession, unemployment or other factors could negatively affect our customers, the quality of our loan portfolio and the demand for our products and services. Any sustained period of increased payment delinquencies, foreclosures or losses caused by adverse market or economic conditions in our market area could adversely affect the value of our assets, revenues, results of operations and financial condition. Moreover, we cannot give any assurance that we will benefit from any market growth or favorable economic conditions in our primary market area. Our loan portfolio has a significant concentration of commercial loans that have a higher risk of loss. The majority of our loans are to commercial borrowers including commercial and industrial, or C & I, CRE ~~and~~ construction loans. The commercial loan portfolio typically involves a higher degree of credit risk than other types of loans. For the C & I segment this is due to the customer’ s repayment ability being based upon the success of its business operations, the susceptibility of the customer’ s business to changing economic conditions, the dependence of our customer on maintaining sufficient cash flow to make payments on the loan and our reliance on the underlying collateral, which is usually only the business assets that may not have sufficient value when the borrower encounters financial difficulties. For the CRE segment higher risk is due to higher loan principal amounts, where 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, we have 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, we could experience higher credit losses, which could adversely impact our financial condition and results of operations. Further, an individual commercial loan balance is typically larger than other loans in our portfolio, creating the potential for larger credit losses on an individual loan. The deterioration of one or a few of these loans could have a material adverse effect on our financial condition and results of operations. Risks Related to General Economic Conditions General economic conditions may adversely impact our business, financial condition, results of operations or cash flows. Various aspects of our business could be impacted by general macroeconomic conditions including, among others, inflation, ~~which has increased to levels not experienced in years~~, interest rates, rising or elevated unemployment, declines in GDP, consumer spending, property values, supply chain complications and economic uncertainty. These conditions generally have a negative impact on businesses, financial markets and consumers, which may impact the underlying credit quality of our customers. The following could increase the risk of our customers defaulting or becoming delinquent in their obligations to us, which could increase credit losses and adversely affect our credit portfolios and provision for credit losses: (i) increased cost of borrowings, (ii) additional borrowings and increased leverage, (iii) drawdown from savings due to business disruption, (iv) financial difficulties, or (v) business losses, particularly for borrowers in our C & I or CRE portfolio. **Furthermore, the United States has recently enacted significant new tariffs and may enact additional tariffs. Additionally, federal agencies have been instructed to evaluate key aspects of U. S. trade policy and issue reports to the president no later than April 30, 2025. Changes to United States tariffs and / or other trade policies may have a negative effect on the underlying credit quality of our customers, and increase the risk of our customers defaulting or becoming delinquent in their obligations to us.** If the macroeconomic environment worsens, our credit portfolio and ~~ACL allowance for credit losses~~ could be adversely impacted. These unfavorable economic conditions could also impact the demand for loans and other products and services offered by us, the level of customer deposits, the value of our investment securities, loans held for sale or other assets secured by residential or commercial real estate, or the level of net interest income or net interest margin. Any of these developments could adversely impact our business, financial condition, results of operations or cash flows. We may not accurately predict the nature and timing of the policies of the Federal Reserve and other governmental agencies and their impact on interest rates and financial markets, which could negatively impact our financial condition and results of operations. The monetary policies of the Federal Reserve have a significant impact on interest rates, the value of financial instruments and other assets and liabilities, and overall financial market performance. These policies have a significant impact on the activities and results of operations of banks and bank holding companies such as S & T. An important function of the Federal Reserve is to monitor the national supply of bank credit and set certain interest rates. The actions of the Federal Reserve influence the rates of interest that we charge on loans and that we pay on borrowings and interest-bearing deposits. In addition, monetary policy actions by governmental authorities in the European Union or other countries could have an impact on global interest rates, which could affect rates in the U. S. We may not accurately predict the nature or timing of future changes in monetary policies and interest rates or the precise effects that they may have on our activities and financial results, which could negatively impact our financial condition and results of operations. Financial challenges at other banking institutions and further adverse developments affecting the financial services industry, and the soundness of financial institutions, and further disruption to the economy and U. S. banking system may adversely affect our business, results of operations, liquidity and stock price. Several bank receiverships in 2023 caused a state of volatility in the financial services industry and uncertainty with respect to liquidity and the health of the U. S. banking system. Although we were not directly affected by these bank receiverships, this news caused fear among depositors, which caused them to withdraw or attempt to withdraw their funds from these and other financial institutions. Uncertainty may be compounded by the reach and depth of media attention, including social media, and its ability to disseminate concerns or rumors about any events of these kinds or other similar risks, and have in the past and may in the future lead to market-wide liquidity problems. Additionally, the stock prices of many financial institutions dropped and became volatile. While the FDIC resolution of these banks was done in a manner that protected depositors, there remains concern over the U. S. banking system as a result of continued economic volatility. Furthermore, financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships, which may expose us to credit risk and losses in the event of a default by a counterparty or client. As a result of these ~~recent~~ events, we face the potential for reputational risk, deposit outflows and increased credit risk which, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations and liquidity. Furthermore, if such levels of financial market and economic disruption and volatility continue, if actual events or concerns or rumors involving limited liquidity, defaults, or other adverse developments, or if other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened due to market-wide liquidity problems. While we maintain liquidity primarily through customer deposits and through access to other short-term funding sources, including advances from the Federal Home Loan Bank ~~(, or FHLB)~~, our efforts to monitor and manage liquidity risk may not be successful or sufficient to deal with dramatic or unanticipated ~~increase~~ **increases** or reductions in our liquidity, particularly in light of the impact of increased interest rates on the market value of investment securities. This situation could have a material adverse impact on our results of operations and financial condition. Additionally, regulatory pressures and additional regulation of financial institutions as a result of the industry developments could have material adverse effects on our business, results of operations, financial condition and growth prospects. Geopolitical tensions and conflicts between nations has created significant economic and financial disruptions and uncertainties, which could adversely affect our business, financial condition and results of operations. **In late February 2022, The continuing conflict resulting from** Russia's **launched a large**

scale military attack on Ukraine **in February 2022**. In response to the military action by Russia, government actions, including broad-ranging economic sanctions against Russia, have been taken by the United States, the United Kingdom, the European Union and other **armed conflicts such** countries. The U. S. and global markets have experienced volatility and disruption as **that involving Hamas** a result of this military conflict and **Israel beginning in October 2023 may cause detrimental effects** imposition of sanctions, impacting the financial and commodities markets. The continued impact on financial markets, including the level and volatility of interest rates, could impact our earnings. Russian military actions and the resulting sanctions could further adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets. In addition, Russia may take retaliatory actions and other counter measures including cyberattacks against the U. S., its government, infrastructure and businesses, including S & T. Additionally, an armed conflict began in October 2023 involving **Hamas and Israel**. This conflict, as well as further escalation of tensions between Israel and various countries in the Middle East and North Africa may cause additional detrimental effects on the global economy, including **financial and** capital markets, **which could adversely impact our earnings**. Although the extent and duration of these military conflicts and any future escalation of such hostilities, market disruptions and volatility, and the result of any diplomatic negotiations remains uncertain, these consequences, including those we cannot yet predict, may cause our business, financial condition, results of operations and the price of our common stock to be adversely affected. Risks Related to Our Operations Failure to keep pace with technological changes could have a material adverse effect on our results of operations and financial condition. The financial services industry is constantly undergoing rapid technological change with frequent introductions of new technology- driven products and services. The effective use of technology increases efficiency and enables financial institutions to better service customers and reduce costs. Our future success depends, in part, upon our ability to address the needs of our customers by using technology to provide products and services that will satisfy their demands, as well as create additional efficiencies within our operations. Many of our large competitors have substantially greater resources to invest in technological improvements. We may not be able to effectively implement new technology- driven products and services quickly or be successful in marketing these products and services to our customers. Failure to successfully keep pace with technological change affecting the financial services industry, **including but not limited to changes affecting our information systems resulting in incidents, attacks or breaches in cybersecurity**, could have a material adverse impact on our business, financial condition and results of operations. A cyber attack, information or security breach, or a failure of ours or of a third- party' s infrastructure, computer and data management systems could adversely affect our ability to conduct our business or manage our exposure to risk, result in the disclosure or misuse of confidential or proprietary information, increase our costs to maintain and update our operational and security systems and infrastructure, and adversely impact our results of operations, liquidity and financial condition, as well as cause reputational harm. Our business is highly dependent on the security and efficacy of our infrastructure, computer and data management systems, as well as those of third parties with whom we interact. ~~Cyber security~~ **Cybersecurity** risks for financial institutions have significantly increased in recent years in part because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. Our operations rely on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in our computer and data management systems and networks, and in the computer and data management systems and networks of third parties. We rely on digital technologies, computer, database and email systems, software, and networks to conduct our operations. In addition, to access our network and products and services, our customers and third parties may use personal mobile devices or computing devices that are outside of our network environment. We have taken measures to implement backup systems and other safeguards to support our operations, but our ability to conduct business may be adversely affected by any significant disruptions to us or to third parties with whom we interact. **We further issue debit cards which are susceptible to compromise at the point of sale via the physical terminal through which transactions are processed and by other means of hacking. The security and integrity of these transactions are dependent upon the retailers' vigilance and willingness to invest in technology and upgrades. Issuing debit cards to our clients exposes us to potential losses, which, in the event of a data breach at one or more major retailers may adversely affect our business, financial condition, and results of operations.** Financial services institutions, and third parties whom they conduct business with, have been subject to, and are likely to continue to be the target of, cyber attacks, including computer viruses, malicious or destructive code, phishing attacks, denial of service or other security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the institution, its employees or customers or of third parties, or otherwise materially disrupt network access or business operations. For example, denial of service attacks have been launched against a number of large financial institutions and several large retailers have disclosed substantial ~~cyber security~~ **cybersecurity** breaches affecting debit accounts of their customers. We have experienced ~~cyber security~~ **cybersecurity** incidents in the past, such as vendor malware attacks, phishing and other social engineering schemes designed to gain access to confidential information from our employees, customers or vendors and, although not material, we anticipate that we could experience further **incidents of that nature as well as other types of attempts or** incidents. There can be no assurance that we will not suffer material losses or other material consequences relating to technology failure, cyber incidents or other information or security breaches. In addition to external threats, insider threats also present a risk to us. Insiders, having legitimate access to our systems and the information contained in them, have the opportunity to make inappropriate use of the systems and information, or as a result of human error, misconduct or malfeasance, expose us to risk. We have policies, procedures, and controls in place designed to prevent or limit this risk, but we cannot guarantee that these policies, procedures and controls fully mitigate this risk. Additionally, a number of our employees have shifted to working from remote locations, which we expect to remain high for the foreseeable future, increasing the number of surfaces that require protection and the overall risks and exposures to cyber threats. **We have taken and continue to take measures to design, implement and reassess our controls, backup systems and other**

safeguards to support our operations, but no matter how well designed or implemented, we may not be able to anticipate and prevent all potential types of security incidents and breaches, and we may not be able to implement effective preventive measures against such security breaches in a timely manner. As cyber threats continue to evolve, we may also be required to expend significant additional resources to continue to modify or enhance our systems or to investigate and remediate vulnerabilities. System enhancements and updates have further potential to create risks associated with implementing and integrating new systems. Due to the complexity and interconnectedness of information technology systems, the process of enhancing our systems can itself create a risk of systems disruptions and security issues. Any of these matters could result in failure, circumvention of our security systems, or significant disruptions to us or third parties with whom we interact, misappropriation or destruction of our confidential information and / or that of our customers, or damage to our customers' and / or third parties' computers or systems, loss of our customers and business opportunities, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security measures, reputational damage, reimbursement or other compensatory costs, and additional compliance costs. In addition, any of the matters described above could have a material adverse impact on our results of business operations and financial condition. Any of the foregoing risks may cause us to experience a cybersecurity incident, attack or breach. A successful security breach of our information or security systems or those of third parties whom we interact with could incur substantial costs or other negative consequences which cause us to suffer material losses. Examples of such material losses include, but are not limited to: (1) remediation costs, such as liability for stolen assets or information, repairs of system damage, and incentives to customers in an effort to maintain relationships after an attack; (2) violations of applicable privacy and other laws; (3) loss of confidence in its security measures; (4) increased cybersecurity protection costs, such as organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third party experts and consultants; (5) significant litigation exposure; (6) harm to our reputation; (7) financial loss; and (8) damage to our competitiveness, stock price, and long- term shareholder values. There can be no assurance we will not suffer material losses or other material consequences relating to technology failure, cyber incidents or other information or security breaches experienced by us or the third parties whom we interact. While we maintain a cyber insurance policy that is designed to cover a majority of loss resulting from cybersecurity breaches, there is no assurance such coverage or other protective measures we employ will be adequate to address all potential material adverse impacts as cybersecurity incidents increase in frequency and magnitude. Any breach of our system security could result in disruption of our operations, unauthorized access to confidential customer information, significant regulatory costs, litigation exposure and other possible damages, loss or liability. Such costs or losses could exceed the amount of available insurance coverage, if any, and would adversely affect our earnings. Moreover, we are subject to laws and regulations in the United States and other jurisdictions regarding privacy, data protection and data security and there continues to be heightened legislative and regulatory focus in this area. These laws and regulations are rapidly evolving and increasing in complexity and will require us to incur costs, some of which may be significant, to achieve and maintain compliance and could restrict our ability to provide certain products and services which could have an adverse effect on our business, financial condition and results of operations. Furthermore, as cybersecurity incidents increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts and on terms we view as adequate for our operations. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify and enhance our protective measures or **For more** to investigate and remediate any information **on how the Company manages security-cybersecurity risk, please refer to** vulnerabilities or incidents. Any of these **the discussion provided below under " Part I** matters could result in our loss of customers and business opportunities, **Item 1C.** significant disruption to our operations and business, misappropriation or destruction of our confidential information and / or that of our customers, or damage to our customers' and / or third parties' computers or systems, and could result in a violation of applicable privacy laws and other laws, litigation exposure, regulatory fines, penalties or intervention, loss of confidence in our security **Cybersecurity** measures, reputational damage, reimbursement or other compensatory costs, and additional compliance costs. " In addition, any of the matters described above could adversely impact our results of operations and financial condition. Fraudulent activity associated with our products and services could adversely affect our results of operations, financial condition and stock price, negatively impact our brand and reputation and result in regulatory intervention or sanctions. As a financial institution we are exposed to operational risk in the form of fraudulent activity that may be committed by customers, other third parties, or employees, targeting us and our customers. The risk of fraud continues to increase for the financial services industry. Fraudulent activity has escalated, become more sophisticated, and continues to evolve, as there are more options to access financial services. While we believe we have operational risk controls in place to prevent or detect fraud or to mitigate the impact of any fraud, we cannot provide assurance that we can prevent or detect fraud or that we will not experience future fraud losses or incur costs or other damage related to such fraud, at levels that adversely affect our results of operation, financial condition or stock price. Furthermore, fraudulent activity could negatively impact our brand and reputation, which could also adversely affect our results of operation, financial condition or stock price. Fraudulent activity could also lead to regulatory intervention or regulatory sanctions. We rely on certain critical third- party providers for a number of services that are important to our business. An interruption or cessation of an important service by any critical third- party provider could have a material adverse effect on our business. We are dependent for the majority of our technology, including our core operating system, on certain critical third- party providers. If these companies were to discontinue providing services to us, we may experience significant disruption to our business. In addition, each of these third parties faces the risk of cyber attack, information breach or loss, or technology failure. If any of our critical third- party service providers experience such difficulties, or if there is any other disruption in our relationships with them, we may be required to find alternative sources of such services. We are dependent on these critical third- party providers securing

their information systems, over which we have limited control, and a breach of their information systems could adversely affect our ability to process transactions, service our clients or manage our exposure to risk and could result in the disclosure of sensitive, personal customer information, which could have a material adverse impact on our business through damage to our reputation, loss of business, remedial costs, additional regulatory scrutiny or exposure to civil litigation and possible financial liability. Assurance cannot be provided that we 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 our business and results of operations. Failure to continue to attract, develop, and maintain a highly skilled workforce may have an adverse effect on our business. Our business requires that we attract, develop, and maintain a highly skilled workforce. Competition for qualified employees and personnel in the banking industry is strong, and there are a limited number of qualified persons with knowledge of, and experience in, the banking industry where we conduct our business. Our ability to attract and retain skilled personnel cost effectively is subject to a variety of external factors, including the limited availability of qualified personnel in the workforce in the local markets in which we operate, unemployment levels within those markets, prevailing wage rates, which have increased significantly, health and other insurance costs, and changes in employment and labor laws. Furthermore, the complexities introduced into the labor market as a result of the transition to increased work- from- home arrangements have impacted the competitive landscape in our labor market. Based on current conditions in the labor market, we have experienced some difficulty in retaining and attracting personnel and there is no assurance that we will be able to continue to successfully do so.

Risks Related to Our Business Strategy Our strategy includes growth plans through organic growth and by means of acquisitions. Our financial condition and results of operations could be negatively affected if we fail to grow or fail to manage our growth effectively. We intend to continue pursuing a growth strategy through organic growth within our current footprint and through market expansion. We also actively evaluate acquisition opportunities as another source of growth. We cannot give assurance that we will be able to expand our existing market presence, or successfully enter new markets or that any such expansion will not adversely affect our results of operations. Failure to manage our growth effectively could have a material adverse effect on our business, future prospects, financial condition or results of operations and could adversely affect our ability to successfully implement our business strategy. Our failure to find suitable acquisition candidates, or successfully bid against other competitors for acquisitions, could adversely affect our ability to fully implement our business strategy. If we are successful in acquiring other entities, the process of integrating such entities will divert significant management time and resources. We may not be able to integrate efficiently or operate profitably any entity we may acquire. We may experience disruption and incur unexpected expenses in integrating acquisitions. These failures could adversely impact our future prospects and results of operation. We are subject to competition from both banks and non- banking companies. The financial services industry is highly competitive, and we encounter strong competition for deposits, loans and other financial services in our market area, including online providers of these products and services. Our principal competitors include other local, regional and national financial services providers, such as other financial holding companies, commercial banks, **financial technology companies**, credit unions, finance companies and brokerage and insurance firms, including competitors that provide their products and services online. Many of our non- bank competitors are not subject to the same degree of regulation that we are and have advantages over us in providing certain services. Additionally, many of our competitors are significantly larger than we are and have greater access to capital and other resources. Failure to compete effectively for deposit, loan and other financial services customers in our markets could cause us to lose market share, slow our growth rate and have an adverse effect on our financial condition and results of operations. We 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. We are required by federal regulatory authorities to maintain adequate capital levels to support operations. While we believe we currently have sufficient capital, if we cannot raise additional capital when needed, we may not be able to meet these requirements. In addition, our ability to further expand our operations through organic growth, which includes growth within our current footprint and growth through market expansion, may be adversely affected by any inability to raise necessary capital. Our ability to raise additional capital at any given time is dependent on capital market conditions at that time and on our financial performance and outlook.

Risks Related to Interest Rates and Investments Our net interest income could be negatively affected by interest rate changes which may adversely affect our financial condition. Our 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. Therefore, any change in general market interest rates, including changes resulting from the **FRB Federal Reserve Board**' s policies, can have a significant effect on our net interest income and total income. There may be mismatches between the maturity and repricing of our 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 are highly sensitive to many factors that are beyond our control, including general economic conditions and the policies of various governmental agencies. In addition, some of our customers often have the ability to prepay loans or redeem deposits with either no penalties or penalties that are insufficient to compensate us for the lost income. A significant reduction in our net interest income will adversely affect our business and results of operations. If we are unable to manage interest rate risk effectively, our business, financial condition and results of operations could be materially harmed. Declines in the value of investment securities held by us could require write- downs, which would reduce our earnings. In order to diversify earnings and enhance liquidity, we own debt instruments of **the U. S. government, U. S.** government agencies and **U. S.** municipalities. We may be required to record impairment charges on our debt securities if they suffer a decline in value due to the underlying credit of the issuer. 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 our results of operations and financial condition.

Risks Related

to Regulatory Compliance and Legal Matters We are subject to extensive governmental regulation and supervision. As discussed above, under ~~“Supervision and regulation~~ **Regulation**” in Item 1, we are 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. These regulations affect our lending practices, capital structure, investment practices, dividend policy and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. The Dodd- Frank Act, enacted in July 2010, instituted major changes to the banking and financial institutions regulatory regimes. Other changes to statutes, regulations or policies could affect us in substantial and unpredictable ways ~~–The regulatory environment of the current administration may take a more active approach to financial services regulation with respect to its major policy goals, such as climate change, racial equity, and consumer protection–~~. Any regulatory changes could subject us to additional costs of regulatory compliance and of doing business, limit the types of financial services and products we may offer and / or increase the ability of non- banks to offer competing financial services and products, among other things, and could divert management’s time from other business activities. Failure to comply with applicable laws, regulations, policies or supervisory guidance could lead to enforcement and other legal actions by federal or state authorities, including criminal or civil penalties, the loss of FDIC insurance, the revocation of a banking charter, other sanctions by regulatory agencies, and / or damage to our reputation. The ramifications and uncertainties of the level of government intervention **and regulatory changes** in the U. S. financial system could also **adversely affect us. The regulations that we are subject to at this time relate to institutions with assets less than \$ 10 billion. Should our assets cross the \$ 10 billion threshold, we will be subject to different and additional regulations. Failure to comply with the different or additional regulations could further** adversely affect us. Our controls and policies and procedures may fail or be circumvented, which may result in a material adverse effect on our business, financial condition and results of operations. Management regularly reviews and updates our internal controls, disclosure controls and procedures and operating, risk management and corporate governance policies and procedures. Any system of controls, policies and procedures, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of internal controls, disclosure controls and procedures, or operating, risk management and corporate governance policies and procedures, whether as a result of human error, misconduct or malfeasance, or failure to comply with regulations related to controls and policies and procedures could have a material adverse effect on our business, results of operations and financial condition. Furthermore, we may in the future discover areas of our internal controls, disclosure controls and procedures, or operating, risk management and corporate governance policies and procedures that need improvement. Failure to maintain effective controls or to timely implement any necessary improvement of our internal and disclosure controls, or operating, risk management and corporate governance policies and procedures, could, among other things, result in losses from errors, harm our reputation, or cause investors to lose confidence in our reported financial information, all of which could have a material adverse effect on our results of operations and financial condition. Negative public opinion could damage our reputation and adversely impact our earnings and liquidity. Reputational risk, or the risk to our business, earnings, liquidity and capital from negative public opinion, is inherent in our operations. Negative public opinion could result from our actual or alleged conduct in a variety of areas, including legal and regulatory compliance, lending practices, corporate governance **, cybersecurity incident or breach, failures by third parties whom we interact with**, litigation, ethical issues or inadequate protection of customer information. Financial companies are highly vulnerable to reputational damage when they are found to have harmed customers, particularly retail customers, through conduct that is illegal or viewed as unfair, deceptive, manipulative or otherwise wrongful. We are dependent on third- party providers for a number of services that are important to our business. Refer to the risk factor titled, “ We rely on certain critical third- party providers for a number of services that are important to our business. An interruption or cessation of an important service by any third- party provider could have a material adverse effect on our business. ” for additional information. A failure by any of these third- party service providers could cause a disruption in our operations, which could result in negative public opinion about us or damage to our reputation. We expend 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 our reputation could adversely affect our ability to retain and attract new customers and employees, expose us to litigation and regulatory action and adversely impact our earnings and liquidity. Our ability to pay dividends on our common stock may be limited. Holders of our common stock will be entitled to receive only such dividends as our Board of Directors may declare out of funds legally available for such payments. The payment of common stock dividends by S & T is subject to certain requirements and limitations of Pennsylvania law. Although we have historically declared cash dividends on our common stock, we are not required to do so and our Board of Directors could reduce, suspend or eliminate our dividend at any time. Substantial portions of our revenue consist of dividend payments we receive from S & T Bank. The payment of common dividends by S & T Bank is subject to certain requirements and limitations under 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. Any decrease to or elimination of the dividends on our common stock could adversely affect the market price of our common stock. ~~We are subject to remaining uncertainty associated with the transition away from LIBOR. Following publication on June 30, 2023, no settings of the London Interbank Offered Rate (“ LIBOR ”) continue to be published on a representative basis and publication of many non- U. S. dollar LIBOR settings has been entirely discontinued. We had a significant number of loans, derivative contracts, borrowings and other financial instruments with attributes that were either directly or indirectly dependent on LIBOR. While we believe that we have successfully managed our transition from LIBOR to alternative reference rates, given the inherent difference between LIBOR and the alternative reference rates, there remain some uncertainties regarding the transition from LIBOR. In addition, due in part to the limited history of the alternative reference rates, and continued uncertainty regarding~~

their future performance, the impact on interest income and expense, the return on and market value of assets and the impact on certain derivative financial instruments may vary from expectations. While we do not expect the transition from LIBOR and the risks related thereto to have a material adverse effect on us, there remains some uncertainty as to the ultimate impact on our business and results of operations. Our business could be negatively impacted by environmental, social and governance (, or ESG), matters, including climate change and related legislative and regulatory initiatives . **ESG standards, expectations and norms are constantly changing** . There has been an increased focus from regulators, investors, customers, employees and other stakeholders concerning environmental, social and governance, or ESG , practices and disclosure, including climate change, hiring practices, the diversity of the work force, **diversity, equity and inclusion practices**, racial and social justice issues and shareholder rights. With respect to environmental **Environmental** in particular, increased focus and concern over the effects of climate change have resulted in increased political and social initiatives directed toward climate change. Governments have entered into international agreements with respect to climate change, and U. S. federal and state legislatures, regulatory agencies and supervisory authorities, including those with oversight of financial institutions, have proposed initiatives seeking to mitigate the effects of climate change. While many of the current regulatory proposals do not apply directly to S & T, continued focus on climate change may lead to the promulgation of new regulations or supervisory guidance applicable to S & T and, as a result, we may experience increased compliance costs and other compliance- related risks. Furthermore, our customers could be impacted by regulatory initiatives focused on addressing and mitigating the effects of climate change resulting in an adverse impact on their financial condition and creditworthiness. Depending on the nature of the initiative, the business impacted, and the composition of loan portfolio, our business and results of operations could be negatively impacted by climate change initiatives directed at our customers. **In January 2025, an executive order to withdraw the United States from the Paris Agreement was issued. While it is not possible to predict the impact these actions may have on our business or the business of our customers, such actions could prompt more activity from state and local legislatures and administrative agencies to pass new laws or regulations on climate change that could adversely impact our business and the business of our customers.** Additionally, our business and the business of our customers could be negatively impacted by disruptions in economic activity resulting from the physical impacts of climate change. Furthermore, new government regulations with respect to other ESG matters could also result in new or more stringent forms of ESG oversight and expanded mandatory and voluntary reporting, diligence, disclosure and ESG- related compliance costs. In addition, we could be criticized for the scope of such initiatives or **goals or** perceived as not acting responsibly in connection with these matters. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards with respect to ESG matters **or failure to successfully manage varied stakeholder expectations** could have a material adverse impact on our future results of operations, financial position, cash flows, ability to do business with certain third parties and our stock price. **Risks Related to Liquidity** We rely on a stable core deposit base as our primary source of liquidity. We are dependent for our funding on a stable base of core deposits. Our ability to maintain a stable core deposit base is a function of our financial performance, our reputation and the security provided by FDIC insurance, which combined, gives customers confidence in us. If any of these considerations deteriorates, the stability of our core deposits could be harmed. In addition, deposit levels may be affected by factors such as general interest rate levels, rates paid by competitors, returns available to customers on alternative investments and general economic conditions. Accordingly, we may be required from time to time to rely on other sources of liquidity to meet withdrawal demands or otherwise fund operations. Additional funding sources accessible to S & T include borrowing availability **at through** the Federal Home Loan Bank of Pittsburgh **Reserve Borrower- in- Custody Program** , or the FHLB, federal funds lines with other financial institutions , ~~the Federal Reserve Borrower- in- Custody Program~~ and **brokered deposits** ~~the Federal Reserve Bank Term Funding Program, or BTFFP~~. Our ability to meet contingency funding needs, in the event of a crisis that causes a disruption to our core deposit base, is dependent on access to wholesale markets, including funds provided by the **Federal Reserve Borrower- in- Custody Program, the** FHLB of Pittsburgh and other short- term funding sources, including ~~the Federal Reserve Discount Window and~~ brokered deposits. We own stock in the **Federal Home Loan Bank of Pittsburgh, or** FHLB, in order to qualify for membership in the FHLB system, which enables us to borrow on our line of credit ~~with the FHLB~~ that is secured by a blanket lien on a significant portion of our loan portfolio. Changes or disruptions to the FHLB or the FHLB system in general may materially impact our ability to meet short and long- term liquidity needs or meet growth plans. Additionally, we cannot be assured that the FHLB will be able to provide funding to us when needed, nor can we be certain that the FHLB will provide funds specifically to us, should our financial condition and / or our regulators prevent access to our line of credit. We have other funding sources that can be used such as the Federal Reserve Borrower- in- Custody Program , ~~as well as the Federal Reserve BTFFP which is available to us through March 11, 2024~~ and brokered deposits. The inability to access this source of funds could have a materially adverse effect on our ability to meet our customer' s needs. Our financial flexibility could be severely constrained if we were unable to maintain our access to funding or if adequate financing is not available at acceptable interest rates. **Risks Related to Owning Our Stock** The market price of our common stock may fluctuate significantly in response to a number of factors. Our quarterly and annual operating results have varied significantly in the past and could vary significantly in the future, which makes it difficult for us to predict our future operating results. Our operating results may fluctuate due to a variety of factors, many of which are outside of our control, including the changing U. S. economic environment and changes in the commercial and residential real estate market, any of which may cause our stock price to fluctuate. If our operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Additionally, our 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; • the nature and composition of our ownership base; • investor views on the attractiveness of a given sector in the market; • the flow of capital among market sectors; • changes in the conditions of 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, that may subject us to additional regulatory oversight which may result in increased compliance costs and / or require us to change our business model;

- 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 **FRB Federal Reserve Board**;
- additions or departures of key members of management;
- fluctuations in our quarterly or annual operating results; and
- changes in analysts' estimates of our financial performance.

General Risk Factors We may be a defendant from time to time in a variety of litigation and other actions, which could have a material adverse effect on our 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, attention from management 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 our financial condition and results of operations.