SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the fiscal year ended December 31, 1995

Commission file number 0-12508

S&T BANCORP, INC.
(Exact name of registrant as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation of organization)	25-1434426 (I.R.S. Employer Identification No.)
800 Philadelphia Street,Indiana, PA (Address of principal executive offices)	15701 (Zip Code)
Registrant's telephone number, including area code	(412)-349-2900
Securities registered pursuant to Section 12(b) of the Act:	None

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

Common Stock, Par Value $2.50 per share
(Title of class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K ($229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this form 10-K or any amendment to this for 10-K. { }

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 20, 1996:

Common Stock, $2.50 par value - $287,736,904

The number of shares outstanding of the issuer's classes of common stock as of February 20, 1996:

Common Stock, $2.50 par value - 11,213,977 shares

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the annual shareholders report for the year ended December 31, 1995 are incorporated by reference into Part II.

Portions of the proxy statement for the annual shareholders meeting to be held April 15, 1996 are incorporated by reference into Part III.

PART I

ITEM 1. BUSINESS

General

S&T Bancorp, Inc. (Company) was incorporated on March 17, 1983 under the laws of the Commonwealth of Pennsylvania as a bank holding company and has two wholly owned subsidiaries, S&T Bank and S&T Investment Company, Inc. The Company is registered as a bank holding company with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act, as amended.

As of December 31, 1995, the Company had $1.4 billion in total assets, $167 million in total shareholders' equity and $980 million in total deposits. Deposits are insured by the Federal Deposit Insurance Corporation to the full extent provided by law.

Total trust assets were approximately $416 million at December 31, 1995. Trust services include services as executor and trustee under wills and deeds, and as guardian and custodian of employee benefit trusts.

S&T Bank is a full service bank with its main office at 800 Philadelphia Street, Indiana, Pennsylvania, providing service to its customers through a branch network of thirty-four offices located in Armstrong, Allegheny, Indiana, Jefferson, Clearfield and Westmoreland counties.

S&T Bank's services include accepting time and demand deposit accounts, making secured and unsecured commercial and consumer loans, providing letters of credit, and offering discount brokerage services, personal financial planning and credit card services. S&T Bank has a relatively stable deposit base and no material amount of deposits is obtained from a single depositor or group of depositors (including federal, state and local governments). S&T Bank does not experience significant fluctuations in deposits.

Employees

As of December 31, 1995, S&T Bank had a total of 572 full-time equivalent employees. S&T provides a variety of employment benefits and considers its relationship with its employees to be good.

Supervision and Regulation

The Company is under the jurisdiction of the Securities and Exchange Commission and of state securities commissions for matters relating to the offering and sale of its securities. The Company is subject to the Securities and Exchange Commission's rules and regulations relating to periodic reporting to its shareholders, insider trading and proxy solicitation.

The Company is also subject to the provisions of the Bank Holding Company Act of 1956 (the Act), as amended and to supervision by the Federal Reserve Board. The Act requires the company to secure the prior approval of the Federal Reserve Board before it can acquire more than 5% of the voting shares of any bank other than its existing subsidiary. The Act also prohibits acquisition by the Company of more than 5% of the voting shares of, or interest in, or all or substantially all of the assets of any bank located outside Pennsylvania unless such an acquisition is specifically authorized by the laws of the state in which such bank is located.

A bank holding company is prohibited under the Act from engaging in, or acquiring direct or indirect control of more than 5% of the voting shares of any company engaged in nonbanking activities unless the Federal Reserve Board, by order or regulation, has found such activities to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In making determinations, the Federal Reserve Board considers whether the performance of these activities by a bank holding company would offer benefits to the public which outweigh possible adverse effects. See Permitted NonBanking Activities.

As a bank holding company, the Company is required to file with the Federal Reserve Board annual reports or any additional information as the Federal Reserve Board may require pursuant to the Act. The Federal Reserve Board also makes regular examinations of the Company and its subsidiaries.

Subsidiary banks of a bank holding company are subject to certain restrictions imposed by the Act on any extension of credit to the bank holding company or any of its subsidiaries, on investments in the stock or other securities of the bank holding company or its subsidiaries, and on the taking of such stock or securities as collateral for loans to any borrower.

Permitted NonBanking Activities

The Federal Reserve Board permits bank holding companies to engage in nonbanking activities so closely related to banking or managing or controlling banks so as to be a proper incident thereto. The types of permissible activities are subject to change by the Federal Reserve Board.

The Company is presently engaged in two nonbanking activities. The first one is S&T Investment Company, Inc., which is an investment holding company incorporated in the state of Delaware. S&T Investment Company, Inc. was formed in June 1988 for the purpose of holding and managing a group of investments which were previously owned by S&T and to give the Company additional latitude to purchase other investments, such as corporate preferred stocks. The second is Commonwealth Trust Credit Life Insurance Company which is located in Phoenix, Arizona. The company, which is a joint venture with a local financial institution, acts as a reinsurer for credit life, accident and health insurance policies sold by the respective banks. At December 31, 1995, S&T's share of the company's total assets and net income for the year was $2,346,223 and $346,532, respectively.

Federal Reserve Board approval is required before the Company or a nonbank subsidiary of the Company may begin to engage in any of the above activities and before any such business may be acquired. The Federal Reserve Board is empowered to differentiate between activities which are initiated by a bank holding company or a subsidiary and activities commenced by acquisition of a going concern.

Legislation

As a state chartered bank, S&T is subject to regulations of the Federal Deposit Insurance Corporation (FDIC) and the Pennsylvania Department of Banking (PADB). As an insured bank under the Federal Deposit Insurance Act, S&T is also regulated by the FDIC. Some of the aspects of the lending and deposit business of S&T which are regulated include personal lending, mortgage lending, and interest rates, both as they relate to lending and interest paid on deposits and reserve requirements. Representatives of the FDIC and PADB regularly conduct examinations of S&T's affairs and records, and S&T must furnish quarterly reports to the FDIC and the PADB.

Competition

All phases of S&T Bank's business are highly competitive. S&T Bank's market area is western Pennsylvania, with a representation in Indiana, Armstrong, Allegheny, Jefferson, Clearfield and Westmoreland counties. S&T Bank competes with those local commercial banks which have branches and customer calling programs in its market area. S&T Bank considers its major competitors to be National Bank of the Commonwealth, headquartered in Indiana, Pennsylvania; PNC Bank, N.A. headquartered in Pittsburgh, Pennsylvania; Laurel Bank, headquartered in Johnstown, Pennsylvania; People's Bank, headquartered in Ford City, Pennsylvania; Indiana First Savings Bank headquartered in Indiana, Pennsylvania; Deposit Bank, headquartered in DuBois, Pennsylvania; Clearfield Bank and Trust Company, headquartered in Clearfield, Pennsylvania and Marion Center National Bank, headquartered in Marion Center, Pennsylvania. The proximity of Indiana to metropolitan Pittsburgh results in a significant impact on the S&T market because of media influence and penetration by larger financial institutions.

Under the Community Reinvestment Act of 1977, the FDIC is required to assess the records of all financial institutions regulated by it to determine if these institutions meet the credit needs of the community (including low and moderate income neighborhoods) served by them and to take this record into account in its evaluation of any application made by any such institution for, among other things, approval of a branch or other deposit facility, office relocation, or the merger with or acquisition of assets of another bank.

As a consequence of the extensive regulation of commercial banking activities in the United States, S&T's business is particularly susceptible to being affected by federal and state legislation and regulations which may have the effect of increasing the costs of doing business.

A subsidiary bank of a bank holding company, such as S&T, is subject to certain restrictions imposed by the Federal Reserve Act on any extensions of credit to the bank holding company or any of its subsidiaries, on investment in the stock or other securities of the bank holding company or its subsidiaries, and on the taking of such stock or securities as collateral for loans to any borrower. Federal Reserve Board regulations also place certain limitations and reporting requirements on extensions of credit by a bank to principal shareholders of its parent holding company, among others, and to related interests of such principal shareholders. In addition, such legislation and regulations may affect the terms upon which any person becoming a principal shareholder of a bank holding company may obtain credit from banks with which the subsidiary bank maintains a correspondent relationship. Furthermore, federal legislation prohibits acquisition of control of a bank holding company without prior notice to the Federal Reserve Board.

Monetary Policy

The earnings of S&T are affected by the policies of regulatory authorities including the Board of Governors of the Federal Reserve System, the FDIC and PADB. An important function of the Federal Reserve System is to provide an environment that is conducive to stable economic growth. Among the instruments used to implement these objectives are open market operations in U.S. Government securities, changes in reserve requirements against bank deposits and limitations on interest rates that banks may pay on time and savings deposits. These instruments are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may also affect interest rates charged on loans or paid deposits.

The policies and regulations of the Federal Reserve Board have had and will probably continue to have a significant effect on S&T's deposits, loans and investment growth, as well as the rate of interest earned and paid, and are expected to affect S&T's operations in the future. The effect of such policies and regulations upon the future business and earnings of S&T cannot accurately be predicted.

Distribution of Assets, Liabilities and Shareholders' Equity;
Interest Rates and Interest Differential.

The following discussion and analysis is presented so that shareholders may review in further detail the financial condition and results of operations of S&T Bancorp, Inc. and subsidiaries (S&T). This discussion and analysis should be read in conjunction with the consolidated financial statements, selected financial data and management's discussion and analysis incorporated by reference. References to assets and liabilities and changes thereto represent daily average balances for the periods discussed, unless otherwise noted.

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 volume of interest-earning assets and interest-bearing liabilities and changes in interest yields and rates. Interest on loans to and obligations of state, municipalities and other public entities is not subject to federal income tax. As such, the stated (pre-tax) yield on these assets is lower than the yields on taxable assets of similar risk and maturity. In order to make the pre-tax income and resultant yields comparable to taxable loans and investments, a taxable equivalent adjustment was added to interest income in the tables below. This adjustment has been calculated using the U.S. federal statutory income tax rate of 35% for 1995, 1994 and 1993. The following table demonstrates the amount that has been added to interest income per the summary of operations.

Year Ended December 31

	1995	1994	1993
	(In thousands of dollars)		
Interest income per consolidated statements of income	$107,017	$92,654	$86,923
Adjustment to fully taxable equivalent basis	2,871	2,740	2,829
Interest income adjusted to fully taxable equivalent basis	109,888	95,394	89,752
Interest expense	49,998	39,346	36,965
Net interest income adjusted to fully taxable equivalent basis	$59,890	$56,048	$52,787

BUSINESS - Continued

Average Balance Sheet and Net Interest Income Analysis

	December 31,								
	1995			1994			1993		
	Average Balance	Interest	Yield Rate	Average Balance	Interest	Yield Rate	Average Balance	Interest	Yield/ Rate
	(In thousands of dollars)								
ASSETS									
Interest-earning assets:									
Loans (1)	$949,896	$86,428	9.10%	$844,222	$71,575	8.48%	$732,255	$62,628	8.55%
Taxable investment securities	294,575	20,483	6.95%	302,663	20,189	6.67%	314,566	23,061	7.33%
Tax-exempt investment securities	31,132	2,784	8.94%	35,715	3,335	9.34%	39,153	3,734	9.41%
Interest-earning deposits with banks	1,744	143	8.20%	3,267	281	8.60%	3,420	297	8.68%
Federal funds sold	847	50	5.90%	295	13	4.41%	1,032	32	3.10%
Total interest-earning assets	1,278,194	109,888	8.60%	1,186,162	95,393	8.04%	1,090,426	89,752	8.23%
Noninterest-earning assets:									
Cash and due from banks	31,651			32,940			28,716		
Premises and equipment, net	14,719			15,033			13,053		
Other assets	21,423			17,244			20,338		
Less allowance for loan losses	(15,028)			(13,914)			(13,032)		
	$1,330,959			$1,237,465			$1,139,501		
LIABILITIES AND SHAREHOLDERS' EQUITY									
Interest-bearing liabilities:									
Demand deposits	$94,332	$1,502	1.59%	$100,336	$1,650	1.64%	$98,714	$2,121	2.15%
Money market accounts	112,230	4,516	4.02%	110,491	3,346	3.03%	109,252	2,929	2.68%
Savings deposits	133,056	3,173	2.38%	146,284	3,452	2.36%	141,178	3,749	2.66%
Time deposits	484,314	27,494	5.68%	444,521	22,793	5.13%	455,355	23,968	5.26%
Federal funds purchased	7,851	474	6.04%	11,952	524	4.38%	9,294	290	3.12%
Securities sold under agreements to repurchase	88,485	4,978	5.63%	69,141	2,893	4.18%	41,468	1,450	3.50%
Other borrowed funds	135,278	7,861	5.81%	99,453	4,687	4.71%	66,094	2,458	3.72%
Total interest-bearing liabilities	1,055,546	49,998	4.74%	982,178	39,345	4.01%	921,355	36,965	4.01%
Noninterest-bearing liabilities:									
Demand deposits	105,209			102,779			91,339		
Other	15,248			11,001			11,257		
Shareholders' equity	154,956			141,507			115,550		
	$1,330,959			$1,237,465			$1,139,501		
Net interest income	$59,890			$56,048			$52,787		
Net yield on interest-earning assets			4.77%			4.79%			4.84%

(1) For the purpose of these computations, nonaccruing loans are included in the daily average loan amounts outstanding. Loan fees are included in the interest amounts and are not material.

Item 1. BUSINESS--Continued

The following tables set 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:

	1995 Compared to 1994 Increase (Decrease) Due to (1)			1994 Compared to 1993 Increase (Decrease) Due to (1)		
	Volume	Rate	Net	Volume	Rate	Net

(In thousands of dollars)						
Interest earned on:						
Loans	$8,959	$656	$9,615	$9,576	($83)	$9,493
Taxable investment securities	(790)	(44)	(834)	(2,225)	69	(2,156)
Tax-exempt investment securities	(428)	18	(410)	(328)	7	(321)
Interest-earning deposits	(131)	6	(125)	(13)	0	(13)
Federal funds sold	24	8	32	(23)	(10)	(33)
Total interest-earning assets	$7,634	$644	$8,278	$6,987	($17)	$6,970
Interest paid on:						
Demand deposits	($99)	$3	($96)	$35	($8)	$27
Money market accounts	53	17	70	33	4	37
Savings Deposits	(312)	(3)	(315)	136	(15)	121
Time deposits	2,040	219	2,259	(570)	15	(555)
Securities sold under agreements to repurchase	809	279	1,088	968	190	1,158
Other borrowed funds	1,484	364	1,848	1,313	372	1,685
Total interest-bearing liabilities	$3,975	$879	4,854	$1,915	$558	2,473
Change in net interest income			$3,424			$4,497

(1) The change in interest due to both volume and rate has been allocated to volume and rate changes in proportion to the relationship of the absolute dollar amounts of the change in each.

Item 1. BUSINESS--Continued

INFLATION AND CHANGING INTEREST RATES

The majority of assets and liabilities of a financial institution are monetary in nature and therefore differ greatly from most commercial and industrial companies that have significant investments in fixed assets or inventory. Fluctuations in interest rates and the efforts of the Federal Reserve Board to regulate money and credit conditions have a greater effect on a financial institution's profitability than do the effects of higher costs for goods and services. Through its asset/liability management function, S&T is positioned to cope with changing interest rates and inflationary trends.

Interest rate risk at a given point in time is portrayed by the interest rate sensitivity position ("gap"). The cumulative gap represents the net position of assets and liabiities subject to repricing in specified time periods. The gap presented at any point in time is one measure of the risk inherent in the existing balance sheet structure as it relates to potential changes in net interest income. Gap alone does not accurately measure the magnitude of changes in net interest income since changes in interest rates do not affect all categories of assets and liabilities equally or simultaneously. The following table shows the Company's gap position at December 31, 1995.

Interest Rate Sensitivity

	Rate Sensitive (In thousands of dollars)					
	1 to 90 Days	91 to 180 Days	181 to 365 Days	1 to 2 Years	Beyond 2 Years	Total
Loans	$380,702	$45,733	$102,242	$102,415	$329,789	$960,881
Interest-earning deposits	51					51
Investment securities	17,191	29,857	26,204	64,898	212,190	350,340
Other assets					89,430	89,430
Total Assets	$397,944	$75,590	$128,446	$167,313	$631,409	$1,400,702
Demand deposits					$116,054	$116,054
Interest-bearing deposits	$109,629	$192,032	$95,928	$204,125	261,857	863,571
Wholesale repurchase agreements	48,420					48,420
Retail repurchase agreements	74,059	315				74,374
Federal Funds Purchased	325					325

Long-term Borrowing	15,327			36,000	45,618	96,945	
Other Liabilities	2,361				31,705	34,066	
Shareholders' equity					166,947	166,947	Liabilities and
Shareholders' Equity	$250,121	$192,347	$95,928	$240,125	$622,181	$1,400,702	
Interest Rate Sensitivity	$147,823	($116,757)	$32,518	($72,812)	$9,228		
Cumulative gap	($147,823)	($31,066)	($63,584)	$9,228			

Item 1. BUSINESS-- Continued

Securities

The following table sets forth the carrying amount of securities at the dates indicated:

	December 31 1995	1994	1993
Available for Sale	(In thousands of dollars)		
Marketable equity securities	$64,223	$46,418	$30,184
Obligations of U.S. government corporations and agencies	177,582		
Collateralized mortgage obligations of U.S. government corporations and agencies	11,035	4,550	5,165
U.S. Treasury securities	53,198	67,936	107,385
Corporate securities	190		
Other securities	9,115		
TOTAL	$315,343	$118,904	$142,734
Investment Securities			
U.S. Treasury bonds and obligations of U.S. government corporations and agencies		$130,456	$126,435
Collateralized mortgage obligations of U.S. government corporations and agencies		14,451	23,317
Obligations of states and political subdivision	31,412	32,816	38,513
Corporate securities	2,493	4,038	3,937
Other securities	1,092	5,459	4,193
TOTAL	$34,997	$187,220	$196,395

During the fourth quarter of 1995, management reclassified the securities portfolio allowed by the "one time" amnesty per Financial Accounting Standards Board Statement No. 115. The reclassified securities were from the held to maturity category to the available for sale category. The transfered securities had an amortized cost of $154.2 million and a market value of $159.5 million. The resulting net of tax effect of the reclassification to S&T's equity was $3.4 million.

The following table sets forth the maturities of securities at December 31, 1995, and the weighted average yields of such securities (calculated on the basis of the cost and effective yields weighted for the scheduled maturity of each security). Tax-equivalent adjustments (using a 35% federal income tax rate) for 1995 have been made in calculating yields on obligations of state and political subdivisions.

	Maturing Within One Year		After One But Within Five Years		After Five But Within Ten Years		After Ten Years		No Fixed Maturity
	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount
Available for Sale				(In thousands of dollars)					
Marketable equity securities									$64,223
Obligations of U.S. government corporations and agencies	$15,249	6.90%	$87,520	7.21%	$74,813	7.57%			
Collateralized mortgage obligations of U.S. goverment corporations and agencies			11,035	8.38%					
U.S. Treasury securities	21,223	7.09%	25,101	8.28%	6,874	7.81%			
Corporate securities			100	8.10%	90	8.25%			
Other securities									9,115
TOTAL	$36,472		$123,756		$81,777		$0		$73,338
Investment Securities									
Obligations of states and political subdivisions	930	6.47%	8,256	5.87%	$16,915	5.79%	5,311	5.59%	
Corporate securities	496	9.00%			1,997	9.90%			
Other securities									$1,092
TOTAL	$1,426		$8,256		$18,912		$5,311		$1,092

Item 1. BUSINESS-- Continued

Loan Portfolio

The following table shows the Company's loan distribution at the end of each of the last five years:

	December 31 1995	1994	1993	1992	1991
	(In thousands of dollars)				
Domestic Loans:					
Commercial, financial and agricultural	$234,779	$197,028	$178,723	$175,475	$192,991
Real estate-construction	23,712	32,714	23,705	9,400	2,768
Real estate-mortgage	569,143	543,894	457,462	374,055	298,570
Installment	149,185	150,772	136,819	133,124	124,001
TOTAL LOANS	$976,819	$924,408	$796,709	$692,054	$618,330

The following table shows the maturity of loans (excluding residential mortgages of 1-4 family residences and installment loans) outstanding as of December 31, 1995. Also provided are the amounts due after one year classified according to the sensitivity to changes in interest rates.

	Within One Year	After One But Within Five Years	Maturing After Five Years	Total
	(In thousands of dollars)			
Commercial, financial and agricultural	$153,174	$58,394	$23,211	$234,779
Real estate-construction	7,889	6,028	9,795	23,712
Real estate-mortgage	23,762	59,464	108,659	191,885
TOTAL	$184,825	$123,886	$141,665	$450,376
Fixed interest rates		$44,210	$44,266	
Variable interest rates		79,676	97,399	
TOTAL		$123,886	$141,665	

Item 1. Business - Continued

The following table summarizes the Company's nonaccrual, past due and restructured loans:

	December 31 1995	1994	1993	1992	1991
	(In thousands of dollars)				
Nonaccrual loans	$2,844	$1,922	$2,481	$2,983	$3,915
Accruing loans past due 90 days or more	$0	$0	$323	$605	$1,178

At December 31, 1995, $2,844,000 of nonaccrual loans were secured. Interest income that would have been recorded under original terms totaled $242,000. No interest income was recorded on these loans. It is the Company's policy to place loans on nonaccrual status when the interest and principal is 90 days or more past due. There are no foreign loan amounts required to be included in this table. There were no restructured loans in the periods presented.

Potential Problem Loans

At December 31, 1995, the Company had no known mataerial loans where payments were presently current or less than 90 days past due, yet the borrowers were experiencing severe financial difficulties. Management continues to review and evaluate all loans with Senior Loan Committee on an ongoing basis so that potential problems can be addressed immediately.

BUSINESS--Continued

Summary of Loan Loss Experience

This table summarizes the Company's loan loss experience for each of the five years ended December 31:

	Year Ended December 31				
	1995	1994	1993	1992	1991
	(In thousands of dollars)				
Balance at January 1:	$14,331	$13,480	$12,029	$9,321	$8,878
Charge-offs:					
Commercial, financial and agricultural	1,054	2,287	1,185	1,469	2,613
Real estate-mortgage	325	239	644	553	590
Installment	1,510	1,201	835	1,349	1,517
	2,889	3,727	2,664	3,371	4,720
Recoveries:					
Commercial, financial and agricultural	288	505	241	51	52
Real estate-mortgage	104	156	171	19	20
Installment	304	417	103	231	158
	696	1,078	515	301	230
Net charge-offs	2,193	2,649	2,149	3,070	4,490
Provision for loan losses	3,800	3,500	3,600	5,778	4,333
Reserve on acquired loans	0	0	0	0	600
Balance at December 31:	$15,938	$14,331	$13,480	$12,029	$9,321
Ratio of net charge-offs to average loans outstanding	0.23%	0.31%	0.29%	0.48%	0.76%

Management evaluates the degree of loss exposure based on continuous detailed reviews of commercial and real estate loans. Problem loans which are identified are monitored very closely by S&T management. Installment and mortgage loans are monitored using delinquency levels, nonaccrual loan balances and current charge-offs. These analyses and continuous monitoring of other risk elements such as nonaccrual and past due loans are factors considered in determining the amount of the allowance for loan losses.

Management completes the aforementioned review and analysis to determine the adequacy of the allowance for loan losses on a quarterly basis. The provision for loan losses represents an amount that is sufficient to maintain the reserve at a level necessary to meet present and potential risk characteristics of the loan portfolio. Based on continual evaluation of loan quality and assessment of risk characteristics, management believes that the allowance for loan losses is adequate to absorb probable loan losses.

Item 1. BUSINESS--Continued

This table shows allocation of the allowance for loan losses as of the end of each of the last five years:

	December 31,1995		December 31,1994		December 31,1993		December 31,1992		December 31, 1991	
	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loans	Amount	Percent of Loans in Each Category to Total Loan	Amount	Percent of Loans in Each Category to Total Loans
	(In thousands of dollars)									
Commercial, financial and agricultural	$8,335	24%	$9,376	21%	$9,304	23%	$7,249	25%	$5,155	31%
Real estate-constructi	0	3%	0	4%	0	3%	0	1%	0	0%
Real estate-mortgage	701	58%	732	59%	678	57%	606	54%	464	49%
Installment	1,627	15%	1,381	16%	1,193	17%	1,125	19%	868	20%
Unallocated	5,275	0%	2,842	0%	2,305	0%	3,049	1%	2,834	0%

TOTAL	$15,938	100%	$14,331	100%	$13,480	100%	$12,029	100%	$9,321	100%

Deposits

The daily average amount of deposits and rates paid on such deposits is summarized for the periods indicated in the following table:

	Year Ended December 31					
	1995		1994		1993	
	Amount	Rate	Amount	Rate	Amount	Rate
	(In thousands of dollars)					
Noninterest-bearing demand deposits	$105,209		$102,779		$91,339	
Interest-bearing demand deposits	94,332	1.59%	100,336	1.64%	98,714	2.15%
Money market accounts	112,230	4.02%	110,491	3.03%	109,252	2.68%
Savings deposits	133,056	2.38%	146,284	2.36%	141,178	2.66%
Time deposits	484,314	5.68%	444,521	5.13%	455,355	5.26%
TOTAL	$929,141		$904,411		$895,838	

Maturities of time certificates of deposit of $100,000 or more outstanding at December 31, 1995, are summarized as follows:(In thousands of dollars)

3 Months or less	$31,200
Over 3 through 6 months	4,847
Over 6 through 12 months	7,274
Over 12 months	28,700
TOTAL	$72,021

Item 1. BUSINESS--Continued

Return on Equity and Assets

The table below shows consolidated operating and capital ratios of the Company for each of the last three years:

	Year Ended December 31		
	1995	1994	1993
Return on average assets	1.54%	1.49%	1.43%
Return on average equity	13.21%	13.03%	14.14%
Dividend payout ratio	38.43%	34.85%	32.28%
Equity to asset ratio	11.92%	10.94%	10.00%

Short-Term Borrowings

The following table shows the distribution of the Company's short-term borrowings and the weighted average interest rates thereon at the end of each of the last three years. Also provided are the maximum amount of borrowings and the average amounts of borrowings as well as weighted average interest rates for the last three years.

	Federal Funds Purchased and Securities Sold Under Agreements to Repurchase

	(In thousands of dollars)
Balance at December 31:	
1995	$123,119
1994	189,461
1993	149,931
Weighted average interest rate at year end:	
1995	5.57%
1994	5.58%
1993	3.26%
Maximum amount outstanding at any month's end:	
1995	$195,811
1994	219,614
1993	169,391
Average amount outstanding during the year:	
1995	$158,072
1994	160,539
1993	102,862
Weighted average interest rate during the year:	
1995	5.79%
1994	4.25%
1993	3.27%

S&T defines repurchase agreements with its retail customers as retail REPOs; wholesale REPOs are those transacted with other banks and brokerage firms with terms normally ranging from 1 to 14 days.

CAPITAL

The leverage ratio of total equity to total assets and allowance for loan losses, one measure of capital adequacy, was 10.4% in 1995 and 10.2% in 1994. The 1995 regulatory minimum guideline leverage ratio is 3.0%. S&T's risk based capital Tier I and Tier II ratios were 13.7% and 15.0%, respectively, at December 31, 1995, which places S&T well above the Federal Reserve Board's risk-based capital guidelines of 4.0% and 8.0% for Tier I and Tier II, respectively. In addition, management believes that S&T has the ability to raise additional capital if necessary.

S&T sponsors an Employee Stock Ownership Plan (ESOP). The ESOP shares are allocated to employees as part of S&T's contribution to its employee thrift and profit sharing plans. At December 31, 1995, 34,000 unallocated shares were held by the ESOP. During the fourth quarter of 1994, S&T announced a program to annually acquire up to 3% of its common stock as treasury shares. In 1995, S&T acquired 97,689 treasury shares on the open market and used 74,820 treasury shares to fund the employee stock option plan, its dividend reinvestment plan for shareholders and other general corporate purposes. The stock repurchase program was also reaffirmed in the fourth quarter of 1995 for 1996.

S&T adopted an Incentive Stock Plan in 1992 (Stock Plan) that provides for for granting incentive stock options, nonstatutory stock options and stock appreciation rights (SARs). On October 17, 1994, the Stock Plan was amended to include outside directors. The Stock Plan covers a maximum of 600,000 shares of S&T stock and expires ten years from the date of board approval. The following table summarizes the changes in nonstatutory stock options outstanding during 1995, 1994, 1993 and 1992:

Date	Issued	Excercised	12/31/95 Nonstatutory Stock Options Outstanding	Excercise Price/Share
1992	58,000	4,000	54,000	$13.62
1993	70,000		70,000	17.25
1994	122,500		122,500	19.00
1995	165,000		165,000	26.25

Total	415,500	4,000	411,500

As of December 31, 1995, 165,000 nonstatutory stock options are not excercisable.

Risk-Based Capital and Leverage Ratios (as defined by federal regulators)
(In thousands of dollars)
December 31:

CAPITAL COMPONENTS	1995	1994
Tier I	$144,704	$132,666
Total risk-based	157,882	145,361
ASSETS		
Risk Weighted assets	$1,054,204	1,015,630
Average tangible assets	1,330,464	1,236,595
CAPITAL RATIOS		
Tier I risk-based capital	13.73%	13.05%
Total risk-based capital	14.98%	14.30%
Leverage	10.38%	10.21%
MINIMUM REGULATORY GUIDELINES		
Tier I risk-based capital	4.00%	4.00%
Total risk-based capital	8.00%	8.00%
Leverage	3.00%	3.00%

Item 2. PROPERTIES

The Company operates thirty-four banking offices in Indiana, Armstrong, Allegheny, Jefferson, Clearfield, Westmoreland and surrounding counties in Pennsylvania. The Company owns land and banking offices at the following locations: 800 Philadelphia Street, 645 Philadelphia Street and 2175 Route 286, South in Indiana; Route 119 South & Lucerne Road and 34 North Main Street in Homer City; 539 West Mahoning Street, 100 West Mahoning Street and 232 North Hampton Avenue in Punxsutawney; 133 Philadelphia Street in Armagh; Route 119 South in Black Lick; 256 Main Street and Route 36 & I-80 in Brookville; 456 Main Street in Brookway; Route 28 & Carrier Street in Summerville; 602 Salt Street in Saltsburg; 12-14 West Long Avenue, 35 West Scribner Avenue, Treasure Lake and 614 Liberty Boulevard in DuBois; 418 Main Street in Reynoldsville; 205 East Market Street in Blairsville; 85 Greensburg Street in Delmont; 100 Chestnut Street in Derry; Second Avenue and Hicks Street in Leechburg; 109 Grant Avenue in Vandergrift and 100 South Fourth Street in Youngwood. Land is leased where the Company owns the banking office at 1107 Wayne Avenue and remote ATM building at 435 South Seventh Street and 1176 Grant Street, all in Indiana. In addition, the Company leases land and banking offices at the following locations: Chestnut Ridge Plaza in Blairsville; 324 North Fourth Street and 2850 Route 286 South in Indiana; the Mall Office in DuBois, 229 Westmoreland Mall; 2320 Route 286 in Holiday Park; Route 268 Hilltop Plaza in Kittanning and a remote ATM location at the Main Street Mall in DuBois.

Item 3. LEGAL PROCEEDINGS

The nature of the Company's business generates a certain amount of litigation involving matters arising in the ordinary course of business. However, in the opinion of management, there are no proceedings pending to which the Company is a party or to which its property is subject, which, if detemined adverse, would be material in relation to its shareholders' equity or financial condition. In addition,no material proceedings are pending nor are known to be threatened or contemplated against the Company by governmental authorities or other parties.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters during the fourth quarter of the fiscal year covered by this report that were submitted to a vote of the security holders through solicitation of proxies of otherwise.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SHAREHOLDER MATTERS

Stock Prices and Dividend Information on page 47 and Dividend and Loan Restrictions on page 40 of the Annual Report for the year ended December 31, 1995, are incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

Selected Financial Data on page 47 of the Annual Report for the year ended December 31, 1995, is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 49 through 58 of the Annual Report for the year ended December 31, 1995, is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements, Report of Independent Auditors and Quarterly Selected Financial Data on pages 28 through 46 and 48 of the Annual Report for the year ended December 31, 1995, are incorporated herein by reference.

Item 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES

There have been no changes in accountants or disagreements with accountants on accounting and financial disclosures.

PART III

Item 10.DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Election of Directors on pages 12 through 13 of the proxy statement for the April 15, 1996 annual meeting of shareholders are incorporated herein by reference.

Executive Officers

Name	For the Corporation	Officer Since	Number of Shares Beneficially Owned *	Age
Robert D. Duggan	Chairman, President, Chief Executive Officer and Director	1983	76,886	63
James C. Miller	Executive Vice President and Director	1983	48,464	50
James G. Barone	Secretary and Treasurer	1992	20,578	48
Robert E. Rout	Chief Financial Officer	1993	13,922	43
Bruce W. Salome	Vice President	1991	20,491	49
Edward C. Hauck	Vice	1991	16,761	43

President

Executive Officers (continued)

Name	For the Corporation	Officer Since	Number of Shares Beneficially Owned *	Age
David L. Krieger	Vice President	1984	22,625	52
Edward A. Onderick	Vice President	1989	15,328	51
J. Jeffrey Smead	Vice President, Formerly Executive Vice President of First National Bank of Pennsylvania	1992	17,075	44
William H. Klumpp	Vice President, Formerly Senior Vice President of Huntington National Bank	1994	12,015	52

*Includes vested stock options

Item 11.EXECUTIVE COMPENSATION

Remuneration of Executive Officers on pages 6 through 9 of the proxy statement for the April 15, 1996, annual meeting of shareholders is incorporated herein by reference.

Item 12.SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Principal Beneficial Owners of Common Stock on page 4 of the proxy statement for the April 15, 1996, annual meeting of shareholders is incorporated herein by reference.

Item 13.CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Transactions with Management and Others on page 10 and 11 of the proxy statement for April 15, 1996, annual meeting with shareholders is incorporated herein by reference.

PART IV

Item 14.EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) List of financial statements and financial statement schedules

(1) The following Consolidated Financial Statements and Report of Independent Auditors of S&T Bancorp, Inc. and subsidiaries included in the annual report of the registrant to its shareholders for the year ended December 31, 1995, are incorporated by reference in Part II, Item 8:

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tem 14.EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K (Continued)

(2) Schedules to the consolidated financial statements required by Article 9 of Regulation S-X are not required under the related instructions or are inapplicable, and therefore have been omitted.

(3) Listings of Exhibits - See Item 14 (c) below

(b) Reports on Form 8-K

None

(c) Exhibits

(3.1) Articles of Incorporation of S&T Bancorp, Inc. filed as Exhibit B to Registration Statement (No. 2-83565) on Form S-4 of S&T Bancorp, Inc. and incorporated herein by reference.

(3.2) Amendment to Articles of Incorporation of S&T Bancorp, Inc. filed as Exhibit 3.2 to Form S-4 Registration Statement dated January 15, 1986 and incorporated herein by reference.

(3.3) By-laws of S&T Bancorp, Inc., as amended, filed as Exhibit 3.3 to Form S-4 Registration Statement dated January 15, 1986 and incorporated herein by reference.

(10.1) Deferred compensation arrangement with former director filed as Exhibit 10.1 to Form 10-K dated December 31, 1983 and incorporated herein by reference.

(10.3) Employment Agreement dated December 9, 1985 between S&T Bancorp, Inc. and Waid H. Nevins filed as Exhibit 10.1 to Form S-4 Registration Statement dated January 15, 1986 and incorporated herein by reference.

(10.5) Sixth amendment to the Thrift Plan for Employees of S&T Bank to be effective December 31, 1988, approved by the Board of Directors at the November 21, 1988 meeting and incorporated herein by reference.

(13) Annual Report for the year ended December 31, 1995 - incorporated herein by reference.

(22) Subsidiaries of the Registrant - filed herewith

S&T Bank, a bank incorporated under the laws of Pennsylvania.

S&T Investment Company, Inc., an investment holding company incorporated under the laws of Delaware.

(23.1) Consent of Ernst & Young LLP, Independent Auditors - filed herewith.

(d) Financial Statement Schedules
None

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

S&T BANCORP, INC.
(Registrant)

/s/ Robert D. Duggan	03/18/96
Robert D. Duggan, Chairman, President and Chief Executive Officer (Principal Executive Officer)	Date
/s/ James C. Miller	03/18/96
James C. Miller, Executive Vice President (Executive Officer)	Date
/s/ Robert E. Rout	03/18/96
Robert E. Rout, Chief Financial Officer (Principal Financial and Accounting Officer)	Date

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Raymond C. Bachelier Raymond C. Bachelier, Director	03/18/96 Date	/s/ Paul B. Johnston Paul B. Johnston, Director	03/18/96 Date
/s/ Thomas A. Brice Thomas A. Brice, Director	03/18/96 Date	/s/ Joseph A. Kirk Joseph A. Kirk, Director	03/18/96 Date
/s/ Forrest L. Brubaker Forrest L. Brubaker, Director	03/18/96 Date	Samuel Levy, Director	03/18/96 Date
/s/ James L. Carino James L. Carino, Director	03/18/96 Date	/s/ James C. Miller James C. Miller, Executive Vice President and Director	03/18/96 Date
/s/ John J. Delaney John J. Delaney, Director	03/18/96 Date	W. Parker Ruddock, Director	03/18/96 Date
/s/ Robert D. Duggan Robert D. Duggan, Chairman, Pres Chief Executive Officer and Director	03/18/96 Date	/s/ Charles A. Spadafora Charles A. Spadafora, Director	03/18/96 Date
/s/ Thomas W. Garges, Jr. Thomas W. Garges, Jr., Director	03/18/96 Date	/s/ Christine J. Toretti Christine J. Toretti, Director	03/18/96 Date
/s/ William J. Gatti William J. Gatti, Director	03/18/96 Date	/s/ Harold W. Widdowson Harold W. Widdowson, Director	03/18/96 Date
/s/ Herbert L. Hanna Herbert L. Hanna, Director	03/18/96 Date		

FINANCIAL HIGHLIGHTS
S&T Bancorp, Inc and Subsidiaries
(in thousands, except per share data)

For The Year	1995	1994	Change	
Net Interest Income	$57,019	$53,308	$3,711	7%
Net Income	20,469	18,444	2,025	11
Return on Average Assets	1.54%	1.49%	0.05%	3
Return on Average Equity	13.21	13.03	0.18	1
Per Share				
Net Income	$1.82	$1.63	$0.19	12%
Dividends Declared	0.74	0.61	0.13	21
Book Value at December 31	14.85	12.57	2.28	18
Market Value at December 31	30.50	20.50	10.00	49
At Year End				
Assets	$1,400,702	1,304,803	95,899	7%
Net Loans	960,881	910,077	50,804	6
Deposits	979,625	903,240	76,385	8
Shareholders' Equity	166,947	141,587	25,360	18
Trust Assets (at market value)	416,281	346,949	69,332	20
Allowance for Loan Losses/				
Total Loans	1.63%	1.55%	0.08%	5
Nonperforming Loans/Total Loans	0.29	0.21	0.08	38

CONSOLIDATED BALANCE SHEETS
S&T Bancorp, Inc and Subsidiaries
(in thousands)

December 31	1995	1994
Assets		
Cash and due from banks	$39,852	$38,791
Interest-earning deposits with banks	51	3,824
Securities available for sale (carried at fair market value in 1995 and 1994)	315,343	118,904
Investment securities (market value $36,284 in 1995 and $182,655 in 1994)	34,997	187,220
Loans	976,819	924,408
Allowance for loan losses	(15,938)	(14,331)
Net Loans	960,881	910,077
Premises and equipment	14,795	14,690
Other assets	34,783	31,297
Total Assets	$1,400,702	$1,304,803
Liabilities		
Deposits		
Noninterest-bearing	116,054	111,345
Interest-bearing	863,571	791,895
Total Deposits	979,625	903,240
Securities sold under repurchase agreements	122,794	169,871
Federal funds purchased	325	19,590
Long-term borrowing	96,618	43,418
Other borrowed funds	340	430
Other liabilities	34,053	26,667
Total Liabilities	$1,233,755	$1,163,216
Shareholders' Equity		
Common stock ($2.50 par value) Authorized-25,000,000 shares in 1995 and 15,000,000 in 1994 Issued-11,820,944 shares in 1995 and 1994	29,552	29,552
Additional Paid-in Capital	11,009	10,217
Retained earnings	111,980	99,824
Net unrealized holding gain on securities available for sale	21,928	8,406
Treasury stock (578,092 shares in 1995 and 555,223 shares in 1994, at cost)	(7,182)	(5,982)
Deferred compensation	(340)	(430)
Total Shareholders' Equity	166,947	141,587
Total Liabilities and Shareholders' Equity	$1,400,702	$1,304,803

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME
S&T Bancorp, Inc and Subsidiaries

(in thousands, except per share data)

Year Ended December 31	1995	1994	1993
Interest Income			
Loans, including fees	$85,497	$70,911	$61,771
Deposits with banks	143	281	298
Federal funds sold	50	13	31
Investment securities			
Taxable	16,480	16,753	20,355
Tax-exempt	1,809	2,143	2,427
Dividends	3,038	2,553	2,041
Total Interest Income	107,017	92,654	86,923
Interest Expense			
Deposits	36,686	31,241	32,703
Securities sold under repurchase agreements	8,482	6,542	3,278
Federal funds purchased	474	524	290
Long-term borrowing	4,326	990	629
Other borrowed funds	30	49	65
Total Interest Expense	49,998	39,346	36,965
Net Interest Income	57,019	53,308	49,958
Provision for Loan Losses	3,800	3,500	3,600
Net Interest Income After Provision for Loan Losses	53,219	49,808	46,358
Noninterest Income			
Service charges on deposit accounts	2,930	2,464	2,163
Trust fees	2,401	2,212	1,814
Security gains, net	729	421	1,016
Other	2,249	1,817	1,578
Total Noninterest Income	8,309	6,914	6,571
Noninterest Expense			
Salaries and employee benefits	18,062	16,614	15,534
Occupancy, net	2,082	2,013	1,713
Furniture and equipment	1,918	1,912	1,689
Other taxes	868	815	799
Data processing	1,433	1,334	1,872
Amortization of intangibles	343	343	346
FDIC assessment	1,247	2,028	2,016
Other	7,570	6,536	6,799
Total Noninterest Expense	33,523	31,595	30,768
Income Before Income Taxes	28,005	25,127	22,161
Applicable Income Taxes	7,536	6,683	5,818
Net Income	$20,469	$18,444	$16,343
Per Common Share (1)			
Net Income	1.82	1.63	1.45
Dividends Declared	0.74	0.61	0.50
Average Common Shares Outstanding	11,243	11,284	11,235

(1) Per share amounts and average shares outstanding have been restated to record the effect of a two-for-one common stock split in the form of a 100% stock dividend distributed on September 15, 1994. See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareholders' Equity
S&T Bancorp, Inc and Subsidiaries
(in thousands, except per share data)

	Common Stock	Additional Paid-In Capital	Retained Earnings	Net Unrealized Gain on Securities Available for Sale	Treasury Stock	Deferred Compensation
Balance at January 1, 1993	14,776	23,788	77,423		(5,841)	(1,200)
Net income for 1993			16,343			
Cash dividends declared ($0.50 per share)(1)			(5,563)			
Treasury stock acquired (6,705 shares)					(208)	
Treasury stock sold (36,001 shares)		491			684	
Deferred ESOP benefits expense						400
Balance at December 31, 1993	14,776	24,279	88,203		(5,365)	(800)
Net Income for 1994			18,444			
Cash dividends declared ($0.61 per share)			(6,823)			
Treasury stock acquired (70,300 shares)					(1,361)	
Treasury stock sold (75,703 shares)		714			744	
Deferred ESOP benefits expense						370
Transfer to reflect a two-for-one stock split	14,776	(14,776)				

Adoption of FASB No. 115				$14,830		
Net change in unrealized holding losses on securities available for sale				(6,424)		
Balance at December 31, 1994	29,552	10,217	99,824	8,406	(5,982)	(430)
Net income for 1995			20,469			
Cash dividends declared ($0.74 per share)			(8,313)			
Treasury stock acquired (97,689 shares)					(2,076)	
Treasury stock sold (74,820 shares)		792			876	
Deferred ESOP benefits expense						90
Net change in unrealized holding gains on securities available for sale				13,522		
Balance at December 31,1995	29,552	11,009	111,980	21,928	(7,182)	(340)

(1) Per share amounts have been restated to record the effect of a two-for-one common stock split in the form of a 100% stock dividend distributed on September 15, 1994. See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
S&T Bancorp, Inc. and Subsidiaries
(in thousands)

Year Ended December 31	1995	1994	1993
Operating Activities			
Net Income	20,469	18,444	16,343
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for loan losses	3,800	3,500	3,600
Provision for depreciation and amortization	1,337	1,980	1,773
Net amortization of investment security premiums	775	1,256	1,344
Net accretion of loan and deposit discounts	(896)	(1,037)	(1,162)
Deferred income taxes	(324)	375	(414)
Net gains on securities available for sale	(729)	(415)	(547)
Net investment security gains			(469)
(Increase) decrease in interest receivable	(1,023)	(1,661)	853
Increase (decrease) in interest payable	2,749	1,112	(1,232)
Increase in other assets	(1,823)	(2,741)	(1,805)
(Decrease) increase in other liabilities	(3,066)	5,151	(2,099)
Net Cash Provided by Operating Activities	21,269	25,964	16,185
Investing Activities			
Net decrease (increase) in interest-earning deposits with banks	3,773	(671)	999
Net decrease in federal funds sold			4,500
Proceeds from sales of investment securities			26,670
Proceeds from maturities of investment securities	18,244	42,947	79,724
Proceeds from maturities of securities available for sale	19,204	26,000	35,446
Proceeds from sales of securities available for sale	19,532	34,350	1,353
Purchases of investment securities	(25,260)	(31,900)	(89,886)
Purchases of securities available for sale	(55,175)	(26,302)	(37,567)
Net increase in loans	(53,708)	(129,311)	(105,707)
Purchases of premises and equipment	(1,786)	(1,809)	(3,679)
Net Cash Used in Investing Activities	(75,176)	(86,696)	(88,147)
Financing Activities			
Net increase (decrease) in demand, NOW and savings deposits	6,098	(537)	13,672
Net increase (decrease) in certificates of deposit	70,286	5,519	(15,012)
Net (decrease)increase in federal funds purchased	(19,265)	(2,610)	22,200
Net (decrease)increase in repurchase agreements	(47,077)	42,140	42,718
Increase in long-term borrowing	53,200	28,405	15,000
(Acquisition) sale of treasury stock	(407)	97	967
Cash dividends paid to shareholders	(7,867)	(6,427)	(5,275)
Net Cash Provided by Financing Activities	54,968	66,587	74,270
Increase in Cash and Cash Equivalents	1,061	5,855	2,308
Cash and Cash Equivalents at Beginning of Year	38,791	32,936	30,628
Cash and Cash Equivalents at End of Year	39,852	38,791	32,936

See Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements
S&T Bancorp, Inc. and Subsidiaries

Note A - Accounting Policies
The financial statements of S&T Bancorp, Inc. and subsidiaries (S&T) have been prepared in accordance with generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ from those estimates. The more significant accounting policies are described below.

Principles of Consolidation

The consolidated financial statements include the accounts of S&T and its subsidiaries. All significant intercompany transactions have been eliminated in consolidation. The investment in the subsidiaries is carried at S&T Bancorp, Inc's equity in the underlying net assets.

Securities

S&T implemented Financial Accounting Standards Board Statement No. 115, "Statement on Accounting for Certain Investments in Debt and Equity Securities" (Statement No. 115) in 1994. Management determines the appropriate classification of securities at the time of purchase. If management has the intent and S&T has the ability at the time of purchase to hold securities until maturity, they are classified as investment securities and are stated at cost adjusted for amortization of premiums and accretion of discounts. All obligations of states and political subdivisions and corporate securities are classified in this category. Securities to be held for indefinite periods of time are classified as available for sale and are recorded at market value. All U.S. treasury securities, U.S. government corporations and agencies, collateralized mortgage obligations and equity securities are classified in this category. Gains or losses on the disposition of securities are based on the specific identification method. During the fourth quarter of 1995, management reclassified the securities portfolio allowed by the "one time" amnesty per Financial Accounting Standards Board Statement No. 115.

Loans

Interest on loans is accrued and credited to operations based on the principal amount outstanding. Accretion of discount on loans is included in interest income. Loan origination fees and direct loan orgination costs are deferred and amortized as an adjustment of loan yield over the respective lives of the loans. The accrual of interest on loans is discontinued when the collection of interest or principal is doubtful, or generally when interest and principal is 90 days or more past due.

Allowance for Loan Losses

The allowance for loan losses is established through provisions for loan losses charged against income. Loans considered to be uncollectible are charged against the allowance and recoveries, if any, are credited to the allowance. The allowance for loan losses is maintained at a level believed adequate by management to absorb probable losses in the loan portfolio. Management's determination of the adequacy of the allowance is based on periodic evaluations of the loan portfolio, past loan loss experience, current economic condition, volume, growth and composition of the loan portfolio and other relevant factors.

Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation. The provision for depreciation is computed generally by the straight-line method for financial reporting purposes and by accelerated methods for federal income tax purposes.

(all dollar amounts in tables are in thousands)

Other Real Estate

Other real estate is included in other assets and is comprised of properties acquired through foreclosure proceedings or acceptance of a deed in lieu of a foreclosure and loans classified as in-substance foreclosure. These properties are carried at the lower of cost or fair value. Loan losses arising from the acquisition of such property are charged against the allowance for loan losses. Gains or losses realized subsequent to acquisition are recorded in the results of operations.

Income Taxes

Deferred federal income taxes are provided based on temporary differences between the carrying amounts of assets and liabilities for financial reporting and federal income tax purposes.

Trust Assets and Income

Assets held in a fiduciary capacity by the subsidiary bank, S&T Bank (Bank) are not assets of the Bank and are therefore not included in the consolidated financial statements. Trust fee income is reported on the accrual basis.

Pensions

Pension expense for the Bank's defined benefit pension plan is actuarially determined using the projected unit credit actuarial cost method. The funding policy for the plan is to contribute amounts to the plan sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, plus such additional amounts as may be appropriate, subject to federal income tax limitations.

Treasury Stock

The purchase of S&T common stock is recorded at cost. At the time of reissue, the treasury stock account is reduced using the average cost method.

Per Share Amounts

Net income per common share is based on the average number of shares of common stock outstanding during the year. Net income and dividends per share amounts for 1993 have been restated to reflect the two-for-one stock split effective September 15, 1994.

Cash Flow Information

S&T considers cash and due from banks as cash and cash equivalents. For the years ended December 31, 1995, 1994, and 1993, cash paid for interest was $38,915,000, $38,234,000 and $38,197,000, respectively. Cash paid during 1995 for income taxes was $7,662,000 compared to $6,404,000 for 1994 and $5,711,000 for 1993.

Reclassification

Amounts in prior years have been reclassed to conform to presentation in 1995. The reclassification had no effect on financial condition or results of operations.

New Accounting Pronouncements

Financial Accounting Standards Board Statement No. 114, "Accounting by Creditors for Impairment of a Loan" (Statement No.114), as amended by Financial Accounting Standards Board Statement No. 118, requires some loan impairments to be measured using a present value of expected cash flows method. S&T implemented Statements No. 114 and 118 in 1995. Statements No. 114 and No. 118 did not have any material effects on S&T's financial position or results of operations.

Financial Accounting Standards Board Statement No. 121, "Accounting for the Impairment of Long-Lived Assets" (Statement No. 121) requires long-lived assets and identifiable intangibles that are used in operations be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. S&T implemented Statement No. 121 in 1995. Statement No. 121 did not have any material effects on S&T's financial position or results of operations.

Financial Accounting Standards Board Statement No. 122, "Accounting for Mortgage Servicing Rights" (Statement No. 122) requires capitalization of servicing rights on loans originated for sale and measurement of impairment of all capitalized mortgage servicing rights based on their fair values. S&T implemented Statement No. 122 in 1995. Statement No. 122 did not have any impact on S&T's financial position or results of operations as S&T did not sell mortgage loans and retain the servicing during 1995.

Financial Accounting Standards Board Statement No. 123, "Accounting for Stock-Based Compensation" (Statement No. 123) is effective in 1996 and establishes a fair value based method for measuring stock-based compensation plans. Statement No. 123 is not expected to have any material effect on S&T's financial position or results of operations.

Note B - Fair Values of Financial Instruments

S&T utilized quoted market values, where available, to assign fair value to its financial instruments. In cases where quoted market values were not available, S&T used present value methods to estimate the fair value of its financial instruments. These estimates of fair value are significantly affected by the assumptions made and, accordingly, do not necessarily indicate amounts which could be realized in a current market exchange. It is also S&T's general practice and intent to hold the majority of its financial instruments until maturity and therefore, S&T does not expect to realize the estimated amounts disclosed.

The following methods and assumptions were used by S&T in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents and other short-term assets: The carrying amounts reported in the consolidated balance sheet for cash and due from banks, interest-earning deposits with banks and federal funds sold approximate those assets' fair values.

Securities: Fair values for investment securities and securities available for sale are based on quoted market prices.

Loans: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers as measured by net credit losses and the loss of interest income from nonaccrual loans. The carrying amount of accrued interest approximates its fair value.

Deposits: The fair values disclosed for demand deposits (e.g., noninterest and interest-bearing demand, money market and savings accounts) are, by definition, equal to the amount payable on demand. The carrying amounts for variable-rate, fixed-term certificates of deposits and other time deposits approximate their fair value at year-end. Fair values for fixed-rate certificates of deposit and other time deposits are based on the discounted value of contractual cash flows, using interest rates currently being offered for deposits of similar remaining maturities.

Short-term borrowings and other borrowed funds: The carrying amounts of federal funds purchased, borrowings under repurchase agreements and other borrowings approximate their fair values.

Long-term borrowings: The fair values disclosed for long-term borrowings are estimated using current interest rates for long-term borrowings of similar remaining maturities.

Loan commitments and standby letters of credit: Estimates of the fair value of these off-blance sheet items were not made because of the short-term of these arrangements and the credit standing of the counterparties. Also, unfunded loan commitments relate principally to variable rate commercial loans, and fees are not normally assessed on the balance of these unfunded commitments.

Estimates of fair value have not been made for items which are not defined as financial instruments, including such items as S&T's core deposit intangibles and the value of its trust operation. S&T believes it is impracticable to estimate a representational fair value for these types of assets, which represent significant value to S&T.

(all dollar amounts in tables are in thousands)

The following table indicates the estimated fair value of S&T's financial instruments as of December 31:

	1995 Estimated Fair Value	1995 Carrying Value	1994 Estimated Fair Value	1994 Carrying Value
Assets				
Securities available for sale	$315,343	$315,343	$118,904	$118,904
Investment securities	36,284	34,997	182,655	187,220
Loans	974,550	976,819	890,996	924,408
Liabilities				
Deposits	$986,043	$979,625	$894,331	$903,240
Long-term borrowing	97,146	96,618	42,384	43,418
Interest rate swaps	0	0	1,750	0

Note C - Derivative Financial Instruments

S&T has three types of derivatives: interest rate swaps, structured notes and collateralized mortgage obligations (CMOs).

S&T has two interest rate swaps at notional values totaling $23.0 million, paying a fixed rate and receiving a variable rate. The purpose of these transactions is to provide matched, fixed rate funding for newly originated loans, and to mitigate the risk associated with volatile liability funding. The effective rate of these combined swaps was 5.38% at December 31, 1995.

S&T's structured notes are comprised of $30 million of Federal Home Loan Bank (FHLB) step-up notes at December 31, 1995. These notes provide a higher interest rate, but are subject to call after the first step-up period. Lower market interest rates at the step-up period could cause the structured notes to be redeemed earlier than stated maturities. Ranges of expected maturities and interest rates for structured notes are 3 years to 8 years and 4.5% to 8.0%, respectively. Fair values for structured notes were $29.0 million and $37.3 million for 1995 and 1994, respectively.

The CMOs are principally Planned Amortization Class (PAC) tranches of U.S. government agencies and were purchased during 1992 as alternatives to loans in a period of declining interest rates. At December 31, 1995, $11 million are remaining with expected maturity ranges of 1.1 years to 1.6 years and yields of 7.0% to 9.0%.

Note D - Restrictions on Cash and Due from Bank Accounts

The Board of Governors of the Federal Reserve Bank impose certain reserve requirements on all depository institutions. These reserves are maintained in the form of vault cash or as a noninterest-bearing balance with the Federal Reserve Bank. Required reserves averaged $14,647,000 during 1995.

Note E - Securities

1995

Available for Sale			
Amortized Cost	Gross Unrealized Gains	Gross Unrealize Losses	Market Value

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Marketable equity securities	$37,573	$26,926	$(276)	$64,223
Obligations of U.S. government corporations and agencies	172,612	5,113	(143)	177,582
Collateralized mortgage obligations of U.S. government corporations and agencies	10,911	124		11,035
U.S. treasury securities	51,205	1,993		53,198
Corporate securities	190			190
	272,491	34,156	(419)	306,228
Other Securities	9,115			9,115
Total	$281,606	$34,156	$(419)	$315,343
		Investment Securities		
Obligations of states and political subdivisions	$31,412	$949	$(12)	$32,349
Corporate securities	2,493	350		2,843
	33,905	1,299	(12)	35,192
Other securities	1,092			1,092
Total	$34,997	$1,299	$(12)	$36,284

1994		Available for Sale		
	Amortized Cost	Gross Unrealized Gains	Gross Unrealize Losses	Market Value
Marketable equity securities	$32,122	$15,864	$(1,568)	$46,418
Collateralized mortgage obligations of U.S. government corporations and agencies	5,147		(597)	4,550
U.S. treasury securities	68,704	67	(835)	67,936
Total	$105,973	$15,931	$(3,000)	$118,904
		Investment Securities		
U.S. treasury bonds and obligations of U.S. government corporations and agencies	$130,456	$99	$(4,508)	$126,047
Collateralized mortgage obligations of U.S. government corporations and agencies	14,451	30	(68)	14,413
Obligations of states and political subdivisions	32,816	295	(542)	32,569
Corporate securities	4,038	129		4,167
	181,761	553	(5,118)	177,196
Other securities	5,459			5,459
Total	$187,220	$553	$(5,118)	$182,655

During the fourth quarter of 1995, management reclassified the securities portfolio allowed by the "one time" amnesty per Financial Accounting Standards Board Statement No. 115. The reclassified securities were from the held to maturity category to the available for sale category. The transferred securities had an amortized cost of $154.2 million and a market value of $159.5 million. The resulting net of tax effect of the reclassification to S&T's equity was $3.4 million.

There were $1,636,000, $1,136,000 and $550,000 in gross realized gains and $907,000, $721,000 and $3,000 in gross realized losses in 1995, 1994 and 1993, respectively, relative to securities available for sale.

The amortized cost and estimated market value of securities at December 31, 1995, by contractual maturity, are shown below. Collateralized mortgage obligations are included based upon their expected maturity which ranges from 1.1 years to 1.6 years. The weighted average maturity of all collateralized mortgage obligations held was 1.4 years. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Available for Sale	Amortized Cost	Estimated Market Value
Due in one year or less	$ 36,122	$ 36,472
Due after one year through five years	120,120	123,756
Due after five years through ten years	78,676	81,777
Total	$234,918	$242,005

Investment Securities	Amortized Cost	Estimated Market Value
Due in one year or less	$ 1,426	$ 1,449
Due after one year through five years	8,256	8,485

(all dollar amounts in tables are in thousands)

Due after five years through ten years	18,912	19,845
Due after ten years	5,311	5,413
Total	$33,905	$35,192

At December 31, 1995 and 1994 securities with principal amounts of $203,063,000 and $230,171,000 respectively, were pledged to secure repurchase agreements and public and trust fund deposits.

Note F - Loans

The following table indicates the composition of the loan portfolio at December 31:

	1995	1994
Real estate-construction	$23,712	$32,714
Real estate-mortgages:		
Residential	377,258	343,935
Commercial	191,885	199,959
Commercial-industrial and agricultural	234,779	197,028
Consumer installment	149,185	150,772
Total	$976,819	$924,408

S&T maintains a Flexline of credit for 10% of total assets with the Federal Home Loan Bank (FHLB) which expires December 31, 1996, S&T pledged all mortgage-backed securities, 1-4 family and multi-family mortgage loans as collateral for any current or future FHLB advances. The total carrying amount of these loans was $363,569,000 at December 31, 1995.

The Bank has granted loans to certain officers and directors of S&T as well as certain affiliates of the officers and directors in the ordinary course of business. These loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with unrelated persons and did not involve more than normal risk of collectibility, The aggregate dollar amounts of these loans were $27,580,000 and $25,010,000 at December 31, 1995 and 1994, respectively. During 1995, $22,051,000 of new loans were funded and repayments totaled $19,481,000.

The principal balances of loans on nonaccrual were $2,844,000 and $1,922,000 at December 31, 1995 and 1994, respectively. At December 31, 1995 there were no commitments to lend additional funds on nonaccrual loans. Other real estate owned, which is included in other assets, was $542,000 at December 31, 1995 and $366,000 at December 31, 1994.

At December 31, 1995, the recorded investment in loans that are considered to be impaired under Statement No. 114 was $3,420,000 of which $2,300,000 were on a nonaccrual basis. The allowance for loan losses related to these impaired investments was $1,812,000.

Note G - Allowance for Loan Losses

The following presents changes in the allowance for loan losses for the years ended December 31:

	1995	1994	1993
Balance at beginning of year	$14,331	$13,480	$12,029
Charge-offs	(2,889)	(3,727)	(2,664)
Recoveries	696	1,078	515
Net charge-offs	(2,193)	(2,649)	(2,149)
Provision for loan losses	3,800	3,500	3,600
Balance at end of year	$15,938	$14,331	$13,480

Note H - Premises and Equipment

(all dollar amounts in tables are in thousands)

The following is a summary of the premises and equipment accounts at December 31:

	1995	1994
Land	$ 1,987	$ 1,987
Premises	13,140	12,520
Furniture and equipment	9,804	11,087
Leasehold improvements	2,391	2,003
	$27,322	$27,597
Accumulated depreciation	(12,527)	(12,907)
Total	14,795	14,690

Certain banking facilities and equipment are leased under short-term lease arrangements expiring at various dates to the year 2005. All such leases are accounted for as operating leases. Rental expense for premises and equipment amounted to $1,104,000, $1,009,000 and $913,000 in 1995, 1994 and 1993, respectively. Minimum annual rentals for each of the years 1996-2000 are approximately $467,000,$352,000,$261,000, $156,000 and $134,000 respectively, and $509,000 for the years thereafter. Included in the above are leases entered into with a director of S&T for which rental expense totaled $296,400 in 1995 and $292,200 in 1994.

Note I - Deposits

The following table indicates the composition of deposits at December 31:

	1995	1994
Noninterest-bearing demand	$116,054	$111,345
Interest-bearing demand	96,577	97,970
Money market	123,121	104,296
Savings	123,605	139,648
Time deposits	520,268	449,981
Total	$979,625	$903,240

The aggregate of all time deposits over $100,000 amounted to $72,021,000 and $50,016,000 for December 31, 1995 and 1994, respectively.

Note J - Long-Term Debt

The following table is a summary of long-term debt with the Federal Home Loan Bank:

	1995		1994	
		Average		Average
	Balance	Rate	Balance	Rate
Due within one year	$15,000	4.82%	$15,000	4.82%
Due within one to five years	73,500	5.89	25,000	6.12
Due within five to twenty years	8,118	6.63	3,418	6.42
Total	$96,618	5.78%	$43,418	5.69%

The purpose of these borrowings were to match-fund selected new loan originations, to mitigate interest rate sensitivity risks and take advantage of discounted borrowing rates through the Federal Home Loan Bank for community investment projects. The borrowings are collateralized by 1-4 family mortgage loans.

Note K - Dividend and Loan Restrictions

Certain restrictions exist regarding the ability of the subsidiaries to transfer funds to S&T in the form of dividends and loans. Dividends that may be paid by the subsidiaries to S&T are limited to the retained earnings of the subsidiaries which amounted to $115,300,891 at December 31, 1995. The amount of dividends that may be paid to S&T is further restricted by regulatory guidelines concerning minimum capital requirements.

(all dollar amounts in tables are in thousands)

Federal law prohibits S&T from borrowing from the subsidiaries unless such loans are collateralized by specific obligations. Further, such loans are limited to 10% of the subsidiaries' capital and additional paid-in capital, as defined. At December 31, 1995, the maximum amount available for transfer from the subsidiaries to S&T in the form of loans and dividends approximated 72% of consolidated net assets.

Note L - Litigation

S&T, in the normal course of business, is subject to various legal proceedings in which claims for monetary damages are asserted. No material losses are anticipated by management as a result of these legal proceedings.

Note M - Financial Instruments and Credit Risk

S&T, in the normal course of business, commits to extend credit and issue standby letters of credit. The obligations are not recorded in S&T's financial statements. Loan commitments and standby letters of credit are subject to S&T's normal credit underwriting policies and procedures and generally require collateral based upon management's evaluation of each customer's financial condition and ability to satisfy completely the terms of the agreement. S&T's exposure to credit loss in the event the customer does not satisfy the terms of the agreement equals the notional amount of the obligation less the value of any collateral. Unfunded loan commitments totaled $176,919,000 and obligations under standby letters of credit totaled $67,359,000 at December 31, 1995.

S&T attempts to limit its exposure to concentrations of credit risk by diversifying its loan portfolio. S&T defines concentrations of credit risk as loans to a specific industry or group in excess of 10% of total loans. S&T has no concentration of credit risk by industry or group. However, geographic concentrations exist because S&T provides a full range of banking services including commercial, consumer and mortgage loans to individuals and corporate customers in its six-county market area in western Pennsylvania.

Note N - Income Taxes

Income tax expense (credits) for the years ended December 31 are comprised of:

	1995	1994	1993
Current	$7,951	$6,308	$6,232
Deferred	(415)	375	(414)
Total	7,536	6,683	5,818

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before income taxes. The statutory to effective tax rate reconciliation for the years ended December 31 is as follows:

	1995	1994	1993
Statutory tax rate	35%	35%	35%
Tax-exempt interest income and dividend exclusion	(7)	(7)	(9)
All other, net	(1)	(1)	
Effective tax rate	27%	27%	26%

Income taxes applicable to security gains were $255,000 in 1995, $147,000 in 1994 and $356,000 in 1993.

Significant components of S&T's temporary differences were as follows at December 31:

(all dollar amounts in tables are in thousands)

	1995	1994
Deferred tax liabilities:		
Net unrealized holding gains		
on securities available for sale	$(11,808)	$(4,526)
Fixed assets	(501)	(435)
Accretion on acquired loans	(464)	(593)
Prepaid pension	(359)	(269)
Prepaid hospitalization	(102)	(102)
Point recognition	(631)	(431)
Total deferred tax liabilities	(13,865)	(6,356)
Deferred tax assets:		
Allowance on loan losses	5,368	4,806
Loan fees	131	276
Interest expense on increasing rate CDs	161	98
Deferred compensation	353	294
Goodwill	321	241
Other	68	45
Total deferred tax assets	6,402	5,760
Net deferred tax liability	$(7,463)	$(596)

Note O - Employee Benefits

The Bank maintains a defined benefit pension plan covering substantially all employees. The benefits are based on years of service and the employee's compensation during the last ten years of employment. Contributions are intended to provide for benefits attributed to employee service to date and for those benefits expected to be earned in the future. Trusteed pension plan assets consist primarily of equity and fixed income securities and short-term investments.

The following table summarizes the components of net periodic pension expense for the Bank's defined benefit plan:

	1995	1994	1993
Service cost-benefits earned during the period	$671	$687	$652
Interest cost on projected benefit obligation	1,048	917	863
Actual return on plan assets	(3,350)	259	(1,352)
Net amortization and deferral	(14)	(14)	(13)
Difference between expected and actual return on assets	2,242	(1,391)	349
Net periodic pension expense	$597	$458	$499

The following table sets forth the plan's funded status at December 31:

	1995	1994
Actuarial present value of the accumulated benefit obligation, including vested benefits of $12,149 in 1995 and $9,174 in 1994.	$(13,225)	$(9,915)
Actuarial present value of projected benefit obligation	(17,140)	(13,318)
Plan assets at fair value	17,273	13,917
Plan assets in excess of projected benefit obligation	133	599
Unrecognized net gain from past experience different from that assumed and effects of changes in assumptions	322	295
Unamortized prior service cost	(36)	(39)
Balance of initial unrecognized net liability	(57)	(68)
Prepaid pension cost included in other assets	$362	$787

Below are actuarial assumptions used in accounting for the plans:

	1995	1994	1993
Weighted-average discount rate	6.5%	8.0%	6.8%
Rate of increase in future compensation levels	6.0%	5.0%	5.0%
Expected long-term rate of return on plan assets	8.0%	8.0	8.0%

Notes to Consolidated Financial Statements
S&T Bancorp, Inc. and Subsidiaries
(all dollar amounts in tables are in thousands)

S&T also has a supplemental retirement plan (SERP) for certain key employees. The SERP is unfunded. The balance of actuarial present value of projected benefit obligations related to the SERP was $1,289,000 and $724,000 at December 31, 1995 and 1994, respectively. Accrued pension cost related to the SERP was $1,009,000 and $796,000 at December 31, 1995 and 1994. Net periodic pension cost related to the SERP was $201,000, $117,000 and $117,000 at December 31, 1995, 1994 and 1993, respectively. The actuarial assumptions are the same as those used in the previous table.

The Bank maintains a Thrift Plan (Plan) in which substantially all employees are eligible to participate. The Bank makes regular contributions to the Plan equal to 2% of participants' eligible compensation and may make additional contributions as limited by the Plan. Bank contributions to the Plan amounted to $856,000, $537,000 and $455,000 in 1995, 1994 and 1993, respectively.

On December 30, 1988, S&T sold 280,000 shares of common stock, which were held in treasury, to its newly created Employee Stock Ownership Plan (ESOP) for $2,800,000. The funds were obtained by the ESOP through a loan from a bank. S&T has guaranteed the loan which has a maximum term of 10 years and bears interest at 80% of the lender's prime rate. The loan terms require quarterly interest and annual principal payments. The balance of this loan was $340,000 and $430,000 on December 31, 1995 and 1994, respectively, and was included in other borrowed funds with an offsetting reduction in shareholders' equity shown as deferred compensation in the accompanying consolidated balance sheets.

The ESOP covers substantially all regular full-time employees. S&T is obligated to make annual contributions sufficient to enable the ESOP to repay the loan, including interest. Interest expense totaled $30,000 in 1995, $49,000 in 1994 and $65,000 in 1993. Dividends received by the ESOP from S&T amounted to $33,000 in 1995, $48,000 in 1994 and $58,000 in 1993, which were used for debt service. Deferred compensation arising from the guarantee of the ESOP borrowing will be charged to operations as contributions are made to the ESOP.

Note P - Incentive Stock Plan and Dividend Reinvestment Plan

S&T adopted an Incentive Stock Plan in 1992 (Stock Plan) that provides for granting incentive stock options, nonstatutory stock options, and stock appreciation rights (SARs). On October 17, 1994, the Stock Plan was amended to include outside directors. The Stock Plan covers a maximum of 600,000 shares of S&T common stock and expires ten years from the date of board approval.

Options under the Stock Plan are granted at exercise prices not less than the greater of the fair market value of S&T common stock on the date of grant or the par value of a share of S&T common stock. SARs may be granted concurrently with the grant of options (Related SARs) or independently. SARs entitle the holder to receive either cash or that number of shares of S&T common stock having a fair market value equal to the excess of the fair market value of the shares subject to the option over either the fair market value of a share of common stock on the grant date, if it is not a Related SAR, or the option price if it is a Related SAR. Options and SARs granted under the Stock Plan are not exercisable before six months from the date of grant. The following table summarizes the changes in stock options outstanding (all nonstatutory options) during 1995, 1994, 1993 and 1992:

Date	Issued	Excercised	December 31, 1995 Nonstatutory Stock Options Outstanding	Exercise Price/Share
1992	58,000	4,000	54,000	$13.62
1993	70,000		70,000	17.25
1994	122,500		122,500	19.00
1995	165,000		165,000	26.25

(all dollar amounts in tables are in thousands)

Total	415,500	4,000	411,500

As of December 31, 1995, 165,000 nonstatutory stock options are not exercisable.

S&T also sponsors a dividend reinvestment plan (Dividend Plan) whereby shareholders may purchase shares of S&T common stock at market value with reinvested dividends and voluntary cash contribution. The Dividend Plan covers a maximum of 400,000 shares of S&T common stock. At December 31, 1995, 97,218 shares were available for purchase under the Dividend Plan.

Note Q - S&T Bancorp, Inc. (parent company only)
Condensed Financial Information
Balance Sheets at December 31:

	1995	1994
Assets		
Cash	$273	$93
Investments in		
Bank subsidiary	108,184	93,489
Nonbank subsidiaries	61,198	50,357
Other assets		
Total Assets	$169,655	$143,939
Liabilities		
Dividends payable	$2,361	$1,915
Other borrowed funds	340	430
Other liabilities	7	7
Total Liabilities	2,708	2,352
Shareholders' equity		
Capital stock	29,552	29,552
Additional paid-in capital	11,009	10,217
Retained earnings	111,980	99,824
Net unrealized holding gains on securities available for sale	21,928	8,406
Treasury stock	(7,182)	(5,982)
Deferred compensation	(340)	(430)
Total Shareholders' Equity	166,947	141,587
Total Liabilities and Shareholders' Equity	$169,655	$143,939

Statements of Income for the years ended December 31:

	1995	1994	1993
Dividends from bank subsidiary	$8,313	$6,823	$5,563
Investment income	38	38	8
Income before equity in undistributed net income of subsidiaries	8,351	6,861	5,571
Equity in undistributed net income of:			
Bank subsidiary	8,757	8,480	8,771
Nonbank subsidiaries	3,361	3,103	2,001
Net Income	$20,469	$18,444	$16,343

Statements of Cash Flows for the years ended December 31:

	1995	1994	1993
Operating Activities			
Net Income	$20,469	$18,444	$16,343
Equity in undistributed net income of subsidiaries	(12,120)	(11,583)	(10,772)
Change in other assets/liabilities	(445)	(396)	(280)
Total Provided by Operating Activities	7,904	6,465	5,291
Investing Activities			
Distributions from (to) subsidiaries	550	(1,000)	375
Capital contributions to nonbank subsidiaries			(500)

Total Used in Investing Activities	550	(1,000)	(125)
Financing Activities			
Dividends	(7,867)	(6,427)	(5,275)
(Acquisition) sale of treasury stock	(407)	97	967
Total Used in Financing Activities	(8,274)	(6,330)	(4,308)
Increase (decrease) in Cash	180	(865)	858
Cash at Beginning of Year	93	958	100
Cash at End of Year	$273	$93	$958

Report of Ernst & Young LLP, Independent Auditors

Shareholders and Board of Directors
S&T Bancorp, Inc.

We have audited the accompanying consolidated balance sheets of S&T Bancorp,Inc. and subsidiaries (S&T) as of December 31, 1995 and 1994, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of S&T's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the consolidated financial position of S&T Bancorp, Inc. and subsidiaries at December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in comformity with generally accepted accounting principles.

Pittsburgh, Pennsylvania
January 12, 1996

Stock Prices and Dividend Information
Selected Financial Data
S&T Bancorp, Inc. and Subsidiaries
(all dollar amounts in tables are in thousands)

Stock Prices and Dividend Information

S&T Bancorp, Inc.'s common stock is listed on the NASDAQ National Market System. The range of sales prices for the years 1995 and 1994 are as follows and are based upon information obtained from NASDAQ. As of the close of business January 18, 1996, there were 2,507 shareholders of record of S&T Bancorp, Inc. Dividends paid by S&T are provided form the Bank's dividends to S&T. In addition, the payment of dividends by the Bank to S&T is subject to the restrictions described in Note K to the Consolidated Financial Statements. The cash dividends declared shown below represent the historical per share amounts for S&T Bancorp, Inc. common stock. All of the following information has been restated to record the effect of a two-for-one common stock split in the form of a 100% stock dividend distributed on September 15, 1994.

	Price Range of Common Stock		Cash Dividends Declared
1995	Low	High	
	C>		
First Quarter	$19.50	$20.25	$.17
Second Quarter	20.00	23.75	.18
Third Quarter	23.88	25.00	.18
Fourth Quarter	24.63	30.50	.21
1994			
First Quarter	$17.38	$19.50	$.14
Second Quarter	18.75	19.75	.15

Third Quarter	18.88	21.25	.15
Fourth Quarter	19.00	20.75	.17

Selected Financial Data

Years Ended December 31:

	1995	1994	1993	1992	1991
Net interest income	$57,019	$53,308	$49,958	$45,957	$37,653
Provision for loan losses	3,800	3,500	3,600	5,778	4,333
Net income	20,469	18,444	16,343	14,281	11,213
Per share data: (1)					
Net income	$1.82	$1.63	$1.45	$1.28	$1.00
Dividends declared	0.74	0.61	0.50	0.40	0.35
Balance sheet totals:					
Average assets	$1,330,959	$1,237,465	$1,139,501	$1,085,640	$898,276
Average long-term borrowings	73,154	19,254	13,068		
Average other borrowed funds	388	753	910	1,433	2,167
Average equity	154,956	141,507	115,550	103,730	94,290

(1) Per share amounts have been restated to record the effect of a two-for-one common stack split in the form of a 100% stock dividend distributed on September 15, 1994.

Quarterly Selected Financial Data

	1995				1994			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Summary of Operations:								
Interest income	27,473	27,177	26,779	25,588	24,542	23,568	22,695	21,849
Interest expense	12,911	12,823	12,576	11,688	10,705	9,942	9,536	9,163
Net interest income	14,562	14,354	14,203	13,900	13,838	13,626	13,158	12,686
Provision for loan losses	1,200	1,100	750	750	1,400	800	700	600
Net investment security gains	293	317	167	(37)	(26)	(17)	255	209
Net income	5,263	5,207	5,078	4,921	4,621	4,731	4,625	4,467
Per Share Data: (1)								
Net income	$0.47	$0.46	$0.45	$0.44	$0.41	$0.42	$0.41	$0.39
Book Value	14.85	14.08	13.57	13.09	12.57	12.55	12.32	12.12
Average Balance Sheet Highlights:								
Total assets	$1,374	$1,342	$1,319	$1,288	$1,265	$1,244	$1,232	$1,208
Earning assets	1,313	1,292	1,270	1,237	1,212	1,192	1,180	1,160
Investment securities	341	334	321	306	317	336	346	357
Loans, net	955	941	930	913	876	839	816	789
Deposits	959	939	915	902	908	912	907	891
Shareholders' equity	163	158	152	147	143	143	140	139

(1) Per share amounts have been restated to record the effect of a two-for-one common stock split in the form of a 100% stock dividend distributed on September 15, 1994.

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

Financial Condition

The $89.0 million growth of average earning assets in 1995 was primarily the result of an excellent lending year for S&T Bancorp, Inc. (S&T). Average loan balances increased by 12.5% or $105.7 million during 1995. The bulk of funding for this loan growth was provided by a $51.1 million increase in borrowings, $24.7 million increase in deposits, $15.7 million from the maturities and sales of securities and a $13.4 million increase to average earnings retained.

Lending Activity

Increases in average loans for 1995 and 1994 were $105.7 million and $112.0 million, respectively. The 1995 increase was primarily from new loan originations and particularly good success in penetrating new markets in Allegheny and Westmoreland counties. Changes in the average composition of the loan portfolio during 1995 included increases of $65.7 million of commercial loans, $33.5 million of residential mortgages and $6.5 million in installment loans. Composition changes include decreases from the effects of $32.3 million of commercial loans and $12.4

million of student loans that were sold or participated in 1995.

Increases in the commercial loan category include $42.8 million of commercial and industrial loans and $22.9 million of commercial real estate loans. S&T began to expand the participation of select commercial loans in 1995 and has developed a network of banks seeking to participate in larger commercial loans. Total commercial loan participations sold in 1995 were $32.3 million. The rationale for these participations included credit risk diversification, servicing income generation and the development of alternative funding sources.

Commercial real estate loans currently comprise 19.6% of the loan portfolio. Although commercial real estate loans can be an area of higher risk, management believes these risks are mitigated by limiting the percentage amount of portfolio composition, a rigorous underwriting review by loan administration and the fact that many of the commercial real estate loans are owner occupied and/or seasoned properties being refinanced from other banks.

Residential mortgage lending continued to be a strategic focus for 1995 through the establishment of a centralized mortgage origination department, product redesign and the utilization of commission compensated originators. Management believes that if a downturn in the local residential real estate market occurs, the impact of declining values on the real estate loan portfolio will be negligible because of S&T's conservative mortgage lending policies which generally require a maximum term of twenty years for fixed rate mortgages, and private mortgage insurance for loans with less than a 20% down payment. Adjustable rate mortgages with repricing terms of one, three and five years comprised 35% of the residential mortgage portfolio in 1995.

Installment loans continue to benefit from the restructuring and refocus of the indirect lending function as part of a 1994 strategic initiative. Direct installment loan activity increased only slightly in the first nine months of 1995 since consumers continued to favor home equity and mortgage refinancing because of the tax deductibility of interest on these products. The bulk of the student loan portfolio was sold in 1995 because newly issued government regulations and restrictions significantly reduced much of the profit potential associated with the product.

Management intends to continue to pursue quality loans in all lending categories within our market area in order to honor our commitment to provide the best service possible to our customers. S&T's loan portfolio primarily represents loans to businesses and consumers in our market area of Western Pennsylvania rather than to borrowers in other areas of the country or to borrowers in other nations. S&T has not concentrated its lending activities in any industry or group. During the past several years, management has concentrated on building an effective credit and loan administration staff which assists management in evaluating loans before they are made and identifies problem loans early.

Security Activity

Average securities decreased $15.7 million in 1995 and $33.8 million in 1994. The decreases were the result of utilizing funds from the maturities and sales of securities to fund loan growth. Loans typically provide higher yields and have the potential of developing other banking relationships. The largest components of the 1995 decrease included $14.1 million of U.S. treasury and agency securities, $2.7 million of collateralized mortgage obligations (CMOs), $4.6 million in tax-exempt state and municipal securities, and $0.3 million in corporate debt securities, offset by increases of $2.3 million in corporate equities and $3.7 million in Federal Home Loan Bank (FHLB) capital stock.

The CMOs are principally Planned Amortization Class (PAC) tranches of U.S. government agencies and were purchased during 1992 as alternatives to loans in a period of declining loan demand, and due to their attractive rates and reasonable risk factors. Declining interest rates have caused an acceleration of principal prepayments for these securities and $10.9 million are remaining at December 31, 1995. The equity securities portfolio is primarily comprised of Pennsylvania bank holding companies, as well as preferred and utility stocks, to take advantage of the dividends received deduction for corporations. During 1995, the equity portfolio yielded 10.6% on a fully taxable equivalent basis and had unrealized gains, net of nominal unrealized losses, of $26.7 million. The FHLB capital stock is a membership and borrowing requirement.

During the fourth quarter of 1995, management reclassified the securities portfolio allowed by the "one time" amnesty per Financial Accounting Standards Board Statement No. 115, "Statement on Accounting for Certain Investments in Debt and Equity Securities." S&T's new policy for security classification includes U.S. treasuries, U.S. government agencies, mortgage-backed securities, CMOs and corporate equities as available for sale. Municipal securities and other debt securities are classified as held to maturity. At December 31, 1995, unrealized gains, net of nominal unrealized losses, for securities classified as available for sale were approximately $33.7 million.

Nonearning Assets

Average nonearning assets increased $2.6 million in 1995 and $3.1 million in 1994. The 1995 increase can be primarily attributed to low income housing tax credit (LIHTC) limited partnerships entered into during 1995, as well as an increase in accrued interest receivable on a higher earning asset balance.

The 1994 increase can be attributed to the higher float and Federal Reserve requirements resulting from an increase in average transaction account balances and expanding cash management services such as lockbox and sweep arrangements.

Allowance for Loan Losses

The year-end balance in the allowance for loan losses increased to $15.9 million or 1.63% of total loans at December 31, 1995 as compared to $14.3 million or 1.55% of total loans at December 31, 1994. The adequacy of the allowance for loan losses is determined by management through evaluation of the loss potential on individual nonperforming, delinquent and high-dollar loans, review of economic conditions and business trends, historical loss experience, growth and composition of the loan portfolio as well as other relevant factors. The balance of nonperforming loans, which includes nonaccrual loans past due 90 days or more, at December 31, 1995 was $2.8 million or 0.29% of total loans. This compares to nonperforming loans of $1.9 million or 0.21% of total loans at December 31, 1994. Asset quality is the major corporate objective at S&T and management believes that the total allowance for loan losses is adequate to absorb probable loan losses.

Deposits

Average total deposits increased by $24.7 million in 1995 and $8.6 million in 1994. The mix of average deposits in 1995 changed with time deposits increasing $39.8 million, while interest-bearing demand, savings and money market accounts decreased $17.5 million. Noninterest-bearing deposits increased by $2.4 million or 2.4% in 1995 and were approximately 12% of total deposits during 1995 and 1994. These changes can be partially explained by customers shifting funds to higher-yielding, longer-term certificates of deposits as interest rates peak, and the withdrawal of some temporary corporate funds deposited in December 1994. Special rate deposits of $100,000 and over were 7% and 6% of total deposits during 1995 and 1994, respectively, and primarily represent deposit relationships with local customers in our market area.

Management believes that the S&T deposit base is stable and that S&T has the ability to attract new deposits, mitigating a funding dependency on volatile liabilities. In addition, S&T has the ability to access both public and private markets to raise long-term funding if necessary. During 1995, S&T issued $25 million of retail certificates of deposits through two brokerage firms, further broadening the availability of reasonably priced funding sources.

Borrowings

Average borrowings increased $51.1 million in 1995 and were comprised of retail repurchase agreements (REPOS), wholesale REPOS, federal funds purchased and long-term borrowings. S&T defines repurchase agreements with its retail customers as retail REPOS; wholesale REPOS are those transacted with other banks, and brokerage firms with terms normally ranging from 1 to 14 days.

The average balance in retail REPOS increased approximately $19.3 million for 1995 and $27.7 million for 1994. S&T views retail REPOS as a relatively stable source of funds since most of these accounts are with local, long-term customers. The customer preference for this type of account is due to the slightly higher rates that the Bank could make available because Federal Deposit Insurance Corporation (FDIC) insurance premiums are not assessed. In the last quarter of 1995, there was an increase of funds migration from retail REPOS to special rate deposits. The recent reduction in FDIC insurance premiums have allowed these two products to become more comparable in price.

Wholesale REPOS and federal funds purchased averaged $69.6 million in 1995, a decrease of $21.8 million from the 1994 averages. The availability and more favorable pricings of other funding sources has allowed S&T to meet the funding demands of its recent loan growth without depending upon large amounts of wholesale REPOS.

The interest rate risk of various funding strategies is managed through S&T's Asset Liability Committee (ALCO). During 1995, ALCO authorized two additional long-term borrowings of $4.7 million at a fixed rate and $48.5 million at an adjustable rate with the FHLB. At December 31, 1995, S&T had two long-term borrowings outstanding of $23.1 million at a fixed rate and $73.5 million at an adjustable rate with the FHLB. The purpose of these borrowings was to provide matched, fixed rate fundings for newly originated loans, and to mitigate the risk associated with volatile liability fundings.

All other long-term borrowings are related to the funding of the S&T Employee Stock Ownership Plan (ESOP) loan. The loan was used by the ESOP to acquire treasury stock from S&T. This loan is recorded in the financial statements as other borrowed funds, offset by a reduction in shareholders' equity to reflect S&T's guarantee of the ESOP borrowing. The balance of the ESOP loan at December 31, 1995 and 1994 was $0.3 million and $0.4 million, respectively. The terms of this loan require annual principal payments and quarterly interest payments at a rate equal to 80% of the lender's prime rate.

Trust Assets

The year-end carrying value balance of the S&T Bank trust department assets, which are not accounted for as part of the assets of S&T, increased 7.2% in 1995 and 10.0% in 1994. These increases were a result of management's effort to expand the marketing of trust products and services during the periods.

RESULTS OF OPERATIONS
Year Ended December 31, 1995

Net Income

Net income was a record $20.5 million or $1.82 per share in 1995, representing an 11% increase from the $18.4 million or $1.63 per share in 1994. The return on average assets increased to 1.54% for 1995 as compared to 1.49% for 1994. The return on average equity increased to 13.21% for 1995 compared to 13.03% for 1994. Improved net interest margin contributed significantly to this enhanced earnings performance.

Net Interest Income

On a fully taxable equivalent basis, net interest income increased $3.8 million or 7% for 1995 compared to 1994. The net yield on interest-earning assets decreased slightly by 2 basis points to 4.77%, but net interest income was positively affected by the $89.0 million or 8% increase in average earning assets.

Maintaining consistent spreads between earning assets and costing liabilities is very significant to S&T's financial performance since net interest income comprises 89% of operating revenue. A variety of asset/liability management strategies were successfully implemented, within prescribed ALCO risk parameters, that enabled S&T to maintain a net interest margin consistent with historical levels.

During this same period, earning assets increased primarily through new loan originations. The bulk of funding for this loan growth was provided by deposits, maturing securities and retained earnings. The level and mix of funds is continually monitored by ALCO in order to mitigate the interest rate sensitivity and liquidity risks of the balance sheet.

Provision for Loan Losses

The provision for loan losses is an amount added to the allowance against which loan losses are charged. The provision for loan losses was $3.8 million for 1995 compared to $3.5 million in 1994. Provision expense is the result of management's assessment of economic conditions, credit quality statistics, loan administration effectiveness and other factors that would have an impact on probable losses in the loan portfolio. Net loan charge-offs totaled $2.2 million for 1995 compared to $2.6 million for 1994. S&T's allowance for loan losses at December 31, 1995 was $15.9 million, or 1.63% of total loans compared to $14.3 million, or 1.55% of total loans at December 31, 1994. Nonperforming loans to total loans increased 8 basis points or 38% since December 31, 1994 to 0.29% at December 31, 1995.

Noninterest Income

Noninterest income increased $1.4 million or 20% in 1995 compared to 1994. Increases included $0.2 million or 9% in trust income, $0.5 million or 19% in service charges and fees, a $0.2 million or 11% increase in other income, and a $0.5 million or 128% increase in nonrecurring gains.

The increase in trust income was attributable to bankwide incentive programs and expanded marketing efforts designed to develop new trust business. The increase in service charges on deposit accounts was primarily the result of management's continual effort to implement reasonable fees for services performed and to manage closely the collection of these fees. The increase in other income was a result of increased performance for brokerage activities, debit/credit cards and credit insurance. These areas were the focus of several 1995 strategic initiatives and product enhancements implemented in order to expand this source of revenue.

Nonrecurring gains were primarily attributable to the sales of equity securities and a $0.2 million gain from the aforementioned student loan sale.

Noninterest Expense

Noninterest expense increased $1.9 million or 6% in 1995 compared to 1994. The increase is primarily attributable to increased employment and other expenses, offset by a decrease in Federal Deposit Insurance Corporation (FDIC) premiums. S&T's efficiency ratio, which measures noninterest expense as a percent of recurring noninterest income plus net interest income on a fully taxable equivalent basis, was 50.15% and 50.52% in 1995 and 1994, respectively.

Staff expense increased 9% or $1.4 million in 1995. The increase resulted from normal merit increases, higher incentive payments relative to commercial loan activity, several new hires relating to strategic initiatives in the lending, trust and cash management functions and changes in the thrift plan contributions. Offsetting these increases is a higher deferral of loan origination costs resulting from commercial loan activity. Average full-time equivalent staff increased from 552 to 567 in 1995.

S&T maintains a defined benefit retirement plan for employees. Accounting guidelines of the Financial Accounting Standards Board require certain assumptions to be made about long-term interest rates in order to apply present value calculations. S&T utilized a discount rate that approximated the present value yield on long-term treasury bonds of 6.5% in 1995 and 8.0% in 1994.

Other expenses increased 14% or $1.1 million in 1995 as compared to 1994. The increase is primarily attributable to a $0.3 million funding of S&T's Charitable Foundation, $0.3 million increase in marketing and customer relations, and a $0.2 million increase of partnership losses from LIHTC investments. The funding of the Charitable Foundation will allow S&T to fund community contributions well into the future from the Foundation and help control future costs. The LIHTC partnership losses aare offset by tax credits.

During 1995, FDIC premiums were reduced from 23 basis points to 4 basis points resulting in expense savings of $0.8 million for the year. Currently, S&T has $183 million of Oakar deposits subject to the Savings Association Insurance Fund (SAIF) rate of 23 basis points, and a possible surcharge of 80 basis points, or $1.5 million in 1996 if legislation is passed for recapitalization of the SAIF fund.

Federal Income Taxes

Federal income tax expense increased $0.9 million to $7.5 million in 1995 as a result of higher pretax income in 1995. The 1995 effective tax rate of 27% was below the 35% statutory tax rate due to the tax benefits resulting from tax-exempt interest, excludable dividend income and the tax benefits associated from LIHTC projects. S&T currently does not incur any alternative minimum tax.

RESULTS OF OPERATIONS
Year Ended December 31, 1994

Net Income

Net income was a $18.4 million or $1.63 per share in 1994, representing a 13% increase from the $16.3 million or $1.45 per share in 1993. The return on average assets increased to 1.49% for 1994 as compared to 1.43% for 1993. The return on average equity decreased to 13.03% for 1994 compared to 14.14% for 1993. The decrease in return on average equity is attributable to the implementation of FAS #115 in 1994 which increased shareholders' equity. Improved net interest margin and asset quality contributed significantly to this enhanced earnings performance.

Net Interest Income

On a fully taxable equivalent basis, net interest income increased $3.3 million or 6% for 1994 compared to 1993; the net yield on interest-earning assets decreased slightly by 5 basis points to 4.79%, but net interest income was positively affected by a $77.3 million or 7% increase in average earning assets.

Maintaining consistent spreads between earning assets and costing liabilities is very significant to S&T's financial performance since net interest income comprises 89% of revenue. A variety of asset liability management strategies were successfully implemented, within prescribed ALCO risk parameters, that enabled S&T to maintain a net interest margin consistent with historical levels during an unprecedented increase in short-term market rates in 1994.

During this same period, earning assets increased primarily through new loan originations. The bulk of funding for this loan growth was provided by maturing securities and short and long-term borrowings. The level and mix of borrowings is continually monitored by ALCO in order to mitigate the interest rate sensitivity risks of this balance sheet leveraging strategy.

Provision for Loan Losses

The provision for loan losses is an amount added to the allowance against which loan losses are charged. The provision for loan losses was $3.5 million for 1994 compared to $3.6 million in 1993. Provision expense is the result of management's assessment of economic conditions, credit quality statistics, loan administration effectiveness and other factors that would have an impact on probable losses in the loan portfolio. Net loan charge-offs totaled $2.6 million for 1994 compared to $2.1 million for 1993. S&T's allowance for loan losses at December 31, 1994 was $14.3 million, or 1.55% of total loans compared to $13.5 million, or 1.69% of total loans at December 31, 1993. Nonperforming loans to total loans decreased 14 basis points or 40% since December 31, 1993 to 0.21% at December 31, 1994.

Noninterest Income

Noninterest income increased $0.3 million or 5% in 1994 compared to 1993. Increases included $0.4 million or 22% in trust income, $0.3 million or 14% in service charges and fees, a $0.2 million or 16% increase in other income, offset by a $0.6 million or 59% decrease in securities gains.

The increase in trust income was attributable to a bankwide incentive program and expanded marketing efforts designed to develop new trust business. The increase in service charges on deposit accounts was primarily the result of management's continual effort to implement reasonable fees for services performed and to manage closely the collection of these fees. The increase in other income was a result of higher letter of credit issuance as well as increased performance for the relatively new fee-based businesses of mutual funds and annuities sales, discount brokerage activities, security lending, call options, cash management and credit insurance. These areas were the focus of several 1994 strategic initiatives and product enhancements implemented in order to expand this source of revenue.

Security gains were primarily attributable to the sale of equity securities.

Noninterest Expense

Noninterest expense increased $0.8 million or 3% in 1994 compared to 1993. The increase is primarily attributable to increased employment, occupancy expense and furniture and equipment expenses, offset by a decrease in data processing expense and other expenses.

Staff expense increased 7% or $1.1 million in 1994. The increase resulted from normal merit increases, higher overtime and part-time salary costs related to the data processing conversion during the first half of 1994, several new hires as a result of strategic initiatives in the lending, trust and cash management functions, offset by higher deferral of loan origination costs resulting from commercial loan activity. Average full-time equivalent staff increased from 520 to 552 in 1994.

S&T maintains a defined benefit retirement plan for employees that is accounted for under the guidelines of Financial Accounting Standards Board Statement No. 87, "Employers' Accounting for Pensions" (FAS #87). Implementation of FAS #87 requires certain assumptions to be made about long-term interest rates in order to apply present value calculations. S&T utilized a discount rate that approximates the present value yield on long-term treasury bonds of 8% in 1994 and 6.8% in 1993.

Occupancy, furniture and equipment expenses increased 15% or $0.5 million in 1994 compared to 1993. The increase resulted from renovations, higher utility expenses and the addition of three new operational and administrative facilities, including the opening of the new DuBois regional center during the second quarter of 1994.

Data processing decreased 29% or $0.5 million in 1994 compared to 1993. The decrease is attributable to costs associated with the data processing system conversion being expensed in the second quarter of 1993.

Other expenses decreased 4% or $0.3 million in 1994 compared to 1993. The decrease is primarily attributable to a nonrecurring charge of $0.6 million to charitable expense from the establishment of an S&T Charitable Foundation in the third quarter of 1993. Offsetting this decrease are increases attributable to higher cost for supplies and postage expenses due to the data processing conversion in the first quarter of 1994, as well as increased expenses related to higher loan volumes.

Federal Income Taxes

Federal income tax expense increased $0.9 million to $6.7 million in 1994 as a result of higher pretax income in 1994. The 1994 effective tax rate of 27% was below the 35% statutory tax rate due to the tax benefits resulting from tax-exempt interest, excludable dividend income and the tax benefits associated from LIHTC taken during 1994. S&T currently does not incur any alternative minimum tax.

Liquidity and Interest Rate Sensitivity

Liquidity refers to the ability to satisfy the financial needs of depositors who want to withdraw funds or borrowers needing access to funds to meet their credit needs. Interest rate sensitivity management seeks to avoid fluctuating net interest margins and to enhance net interest income through periods of changing interest rates. ALCO is responsible for establishing and monitoring the liquidity and interest rate sensitivity guidelines, procedures and policies.

The principal sources of asset liquidity are cash and due from banks, interest-earning deposits with banks, federal funds, and investment securities that mature in one year or less and the market value of securities available for sale. At December 31, 1995, the total of such assets was approximately $428.5 million or 31% of consolidated assets. However, liability liquidity is much more difficult to quantify, but is further enhanced by a stable core deposit base, access to credit lines at other financial institutions and S&T's ability to renew maturing deposits. Certificates of deposit in denominations of $100,000 or more represented 7% of deposits at December 31, 1995 and were outstanding primarily to local customers. S&T's ability to attract deposits and borrowed funds depends primarily on continued rate competitiveness, profitability, capitalization and overall financial condition.

ALCO monitors and manages interest rate sensitivity through gap, simulation and duration analyses in order to avoid unacceptable earnings fluctuations due to interest rate changes. S&T's gap model includes certain management assumptions based upon past experience and the expected behavior of customers during various interest rate scenarios. The assumptions include principal prepayments for mortgages, installment loans and CMOs and classifying the demand, savings and money market balances by degree of interest rate sensitivity. Utilizing the above assumptions results in ratios of interest rate sensitive assets to interest sensitive liabilities for the six-month and twelve-month intervals ended December 31, 1995 of .96% and 1.02%, respectively. Assuming immediate repricings for interest-bearing demand, savings and money market accounts, these ratios would be .69% and .80%, respectively.

Capital Resources

The primary source of equity growth for S&T is earnings retention. Hence, capital growth is a function of net income less dividends paid to shareholders. Shareholders' equity increased $25.4 million at December 31, 1995 compared to December 31, 1994. The $25.4 million includes $13.5 million related to the change in unrealized holding gains on securities available for sale. Net income was $20.5 million and dividends paid to shareholders were $7.9 million for 1995. S&T paid 38% of 1995 net income in dividends, equating to an annual dividend rate of $0.74 per share.

The book values of S&T's common stock increased 18.0% from $12.57 at December 31, 1994 to $14.85 at December 31, 1995 primarily due to the increase in shareholders' equity from retained earnings and the increase in unrealized holding gains on securities available for sale. The market price of S&T's common stock has increased 49% to $30.50 per share at December 31, 1995 from $20.50 per share at December 31, 1994.

S&T continues to maintain a strong capital position with a leverage ratio of 10.4% as compared to the 1995 minimum regulatory guideline of 3.0%. S&T's risk-based capital Tier 1 and Total ratios were 13.7% and 15.0%, respectively, at December 31, 1995, which places S&T well above the Federal Reserve Board's risk-based capital guidelines of 4.0% and 8.0% for Tier 1 and Total, respectively. In addition, management believes that S&T has the ability to raise additional capital if necessary. S&T sponsors an Employee Stock Ownership Plan (ESOP). The ESOP shares are allocated to employees as part of S&T's contributions to its employee thrift and profit sharing plans. At December 31, 1995, 34,000 unallocated shares were held by the ESOP for future allocation to employees.

During the fourth quarter of 1994, S&T announced a program to annually acquire up to 3% of its common stock as treasury shares. In 1995, S&T acquired 97,689 treasury shares on the open market, and used 74,820 treasury shares to fund the employee stock option plan, its dividend reinvestment plan for shareholders and other general corporate purposes. The stock repurchase program was also reaffirmed in the fourth quarter of 1995 for 1996.

In April 1993, shareholders approved the S&T Incentive Stock Plan authorizing the issuance of a maximum of 600,000 shares of S&T's common stock in order to assist in attracting and retaining employees of outstanding ability and to promote the identification of their interests with those of the shareholders of S&T. On December 19, 1994, the Stock Plan was amended to include outside directors. As of December 31, 1995, 415,500 nonstatutory stock options had been granted to key employees and outside directors; 246,500 of these options are currently exercisable.

On September 27, 1995, S&T entered into an agreement to construct a new branch office located in Greensburg, Pennsylvania. Estimated cost is $1.5 million and the completion date is scheduled for the third quarter of 1996.

Regulatory Matters

S&T and S&T Bank are subject to periodic examinations by one or more of the various regulatory agencies.

During 1995, an examination was conducted by the FDIC. This examination included, but was not limited to, procedures designed to review lending practices, credit quality, liquidity, operations and capital adequacy of S&T and its subsidiaries. No comments were received from the FDIC which would have a material effect on S&T's liquidity, capital resources or operations. S&T's current capital position and results of regulatory examination allows it to pay the lowest possible rate for FDIC deposit insurance.

Inflation

Management is aware of the significant effect inflation has on interest rates and can have on financial performance. S&T's ability to cope with this is best determined by analyzing its capability to respond to changing interest rates and its ability to manage noninterest income and expense. S&T monitors its mix of interest rate sensitive assets and liabilities through ALCO in order to reduce the impact of inflation on net interest income. Management also controls the effects of inflation by reviewing the prices of its products and services, by introducing new products and services and by controlling overhead expenses.

Business Uncertainties

Due to the static economy in S&T's mature market area and the potential for decline, management believes that values of loan collateral and the ability of borrowers to repay could be adversely affected in an economic downturn. However, because of S&T's adequate allowance for loan losses, earnings strength and strong capitalization, as well as the strength of other businesses in our market area, management does not expect a decline in S&T's ability to satisfactorily perform if further decline in our economy occurs. In addition, S&T's recent acquisitions provide expanded market opportunities in areas with better growth potential.

Consent of Independent Audtors

We consent to the incorporation by reference in the Registration Statements (Form S-8, No. 33-60530 and Form S-3, No. 3-44164) pertaining to the 1992 Incentive Stock Option Plan and the Dividend Reinvestment Plan of S&T Bancorp, Inc. and subsidiaries, respectively, and the related Prospectuses of our report dated January 12, 1996, with respect to the consolidated financial statements of S&T Bancorp, Inc. and subsidiaries incorporated by reference in this Annual Report (Form 10-K) for the year ended December 31, 1995.

Ernst & Young

Pittsburgh, Pennsylvania
March 18, 1996

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This schedule contains summary financial information extracted from SEC Form 10-K and is qualified in its entirety by reference to such financial statements.
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