S&T BANCORP INC
Form 10-Q
May 01, 2019
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2019

OR

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

For the transition period from to

Commission file number 0-12508

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

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

800-325-2265
(Registrant’s telephone number, including area code)
Not Applicable
(Former name, former address, and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨
	Emerging growth company ¨

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

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

Common Stock, $2.50 Par Value - 34,329,717 shares as of April 30, 2019

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S&T BANCORP, INC. AND SUBSIDIARIES

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

(dollars in thousands, except per share data)	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Cash and due from banks, including interest-bearing deposits of $61,327 and $82,740 at March 31, 2019 and December 31, 2018	$116,820	$155,489
Securities, at fair value	680,420	684,872
Loans held for sale	2,706	2,371
Portfolio loans, net of unearned income	5,935,452	5,946,648
Allowance for loan losses	(61,409)	(60,996)
Portfolio loans, net	5,874,043	5,885,652
Bank owned life insurance	74,401	73,900
Premises and equipment, net	42,199	41,730
Federal Home Loan Bank and other restricted stock, at cost	19,959	29,435
Goodwill	287,446	287,446
Other intangible assets, net	2,418	2,601
Other assets	128,850	88,725
Total Assets	$7,229,262	$7,252,221
LIABILITIES		
Deposits:		
Noninterest-bearing demand	$1,423,436	$1,421,156
Interest-bearing demand	541,053	573,693
Money market	1,700,964	1,482,065
Savings	767,175	784,970
Certificates of deposit	1,400,773	1,412,038
Total Deposits	5,833,401	5,673,922
Securities sold under repurchase agreements	23,427	18,383
Short-term borrowings	235,000	470,000
Long-term borrowings	70,418	70,314
Junior subordinated debt securities	45,619	45,619
Other liabilities	78,241	38,222
Total Liabilities	6,286,106	6,316,460
SHAREHOLDERS' EQUITY		
Common stock ($2.50 par value)		
Authorized—50,000,000 shares		
Issued—36,130,480 shares at March 31, 2019 and at December 31, 2018	90,326	90,326
Outstanding— 34,330,136 shares at March 31, 2019 and 34,683,874 shares at December 31, 2018		
Additional paid-in capital	210,949	210,345
Retained earnings	716,078	701,819
Accumulated other comprehensive loss	(16,931)	(23,107)
Treasury stock (1,800,344 shares at March 31, 2019 and 1,446,606 shares at December 31, 2018, at cost)	(57,266)	(43,622)

Total Shareholders' Equity	943,156	935,761
Total Liabilities and Shareholders' Equity	$7,229,262	$7,252,221

See Notes to Consolidated Financial Statements

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

	Three Months Ended March 31,	
(dollars in thousands, except per share data)	2019	2018
INTEREST AND DIVIDEND INCOME		
Loans, including fees	$73,392	$63,055
Investment Securities:		
Taxable	3,790	3,429
Tax-exempt	844	874
Dividends	564	671
Total Interest and Dividend Income	78,590	68,029
INTEREST EXPENSE		
Deposits	14,981	7,846
Borrowings and junior subordinated debt securities	3,253	3,251
Total Interest Expense	18,234	11,097
NET INTEREST INCOME	60,356	56,932
Provision for loan losses	5,649	2,472
Net Interest Income After Provision for Loan Losses	54,707	54,460
NONINTEREST INCOME		
Service charges on deposit accounts	3,153	3,241
Debit and credit card	2,974	3,037
Wealth management	2,048	2,682
Mortgage banking	494	602
Gain on sale of a majority interest of insurance business	—	1,873
Other	2,693	2,357
Total Noninterest Income	11,362	13,792
NONINTEREST EXPENSE		
Salaries and employee benefits	20,910	18,815
Data processing and information technology	3,233	2,325
Net occupancy	3,036	2,873
Furniture, equipment and software	2,230	1,957
Other taxes	1,185	1,848
Professional services and legal	1,184	1,051
Marketing	1,141	702
FDIC insurance	516	1,108
Other	5,484	5,403
Total Noninterest Expense	38,919	36,082
Income Before Taxes	27,150	32,170
Provision for income taxes	4,222	6,007
Net Income	$22,928	$26,163
Earnings per share—basic	$0.67	$0.75
Earnings per share—diluted	$0.66	$0.75
Dividends declared per share	$0.27	$0.22
Comprehensive Income	$29,104	$14,637

See Notes to Consolidated Financial Statements

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

(dollars in thousands, except share and per share data)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)/Income	Treasury Stock	Total
Balance at January 1, 2018	$90,326	$216,106	$628,107	$ (18,427)	$(32,081)	$884,031
Net income for the three months ended March 31, 2018	—	—	26,163	—	—	26,163
Other comprehensive income (loss), net of tax	—	—	—	(6,973)	—	(6,973)
Reclassification of tax effects from the Tax Act[1]	—	—	3,691	(3,691)	—	—
Reclassification of net unrealized gains on equity securities[2]	—	—	862	(862)	—	—
Cash dividends declared ($0.22 per share)	—	—	(7,669)	—	—	(7,669)
Treasury stock issued for restricted awards (66,165 shares, net of 37,592 forfeitures)	—	—	(1,229)	—	572	(657)
Recognition of restricted stock compensation expense	—	512	—	—	—	512
Balance at March 31, 2018	$90,326	$216,618	$649,925	$ (29,953)	$(31,509)	$895,407
Balance at January 1, 2019	$90,326	$210,345	$701,819	$ (23,107)	$(43,622)	$935,761
Net Income for the three months ended March 31, 2019	—	—	22,928	—	—	22,928
Other comprehensive income (loss), net of tax	—	—	—	6,176	—	6,176
Impact of new lease standard			167			167
Cash dividends declared ($0.27 per share)	—	—	(9,317)	—	—	(9,317)
Forfeitures of restricted stock awards (39,834 shares)	—	—	481	—	(1,357)	(876)
Repurchase of S&T Stock (313,904 shares)	—	—	—	—	(12,287)	(12,287)
Recognition of restricted stock compensation expense	—	604	—	—	—	604
Balance at March 31, 2019	$90,326	$210,949	$716,078	$ (16,931)	$(57,266)	$943,156

See Notes to Consolidated Financial Statements

(1)Reclassification due to the adoption of ASU No. 2018-02, $(3,924) relates to funded status of pension and $233 relates to net unrealized gains on available-for-sale securities.

(2)Reclassification due to the adoption of ASU No. 2016-01.

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

	Three Months Ended March 31,	
(dollars in thousands)	2019	2018
OPERATING ACTIVITIES		
Net income	$22,928	$26,163
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	5,649	2,472
Net increase (decrease) in unfunded loan commitments	35	(71)
Net depreciation, amortization and accretion	1,420	1,017
Net amortization of discounts and premiums on securities	776	796
Stock-based compensation expense	604	512
Mortgage loans originated for sale	(14,506)	(16,827)
Proceeds from the sale of mortgage loans	14,464	18,326
Gain on the sale of mortgage loans, net	(293)	(296)
Gain on the sale of majority interest of insurance business	—	(1,873)
Net (increase) decrease in interest receivable	(1,963)	336
Net decrease in interest payable	(789)	(720)
Net (increase) decrease in other assets	(3,466)	4,120
Net increase in other liabilities	5,600	3,836
Net Cash Provided by Operating Activities	30,459	37,791
INVESTING ACTIVITIES		
Purchases of securities	(9,437)	(27,565)
Proceeds from maturities, prepayments and calls of securities	20,193	22,104
Net proceeds from sales (purchases) of Federal Home Loan Bank stock	9,477	(499)
Net decrease in loans	4,760	27,717
Proceeds from sale of loans not originated for resale	465	2,060
Purchases of premises and equipment	(1,757)	(309)
Proceeds from the sale of premises and equipment	—	109
Proceeds from the sale of majority interest of insurance business	—	4,540
Net Cash Provided by Investing Activities	23,701	28,157
FINANCING ACTIVITIES		
Net increase in core deposits	170,744	14,793
Net decrease in certificates of deposit	(11,241)	(55,557)
Net increase (decrease) in securities sold under repurchase agreements	5,044	(5,544)
Net decrease in short-term borrowings	(235,000)	(15,000)
Proceeds (repayments), net on long-term borrowings	104	(617)
Treasury shares issued-net	(876)	(657)
Cash dividends paid to common shareholders	(9,317)	(7,669)
Repurchase of common stock	(12,287)	—
Net Cash Used in Financing Activities	(92,829)	(70,251)
Net decrease in cash and cash equivalents	(38,669)	(4,303)
Cash and cash equivalents at beginning of period	155,489	117,152
Cash and Cash Equivalents at End of Period	$116,820	$112,849
Supplemental Disclosures		
Loans transferred to held for sale	$—	$2,060

Leased right-of-use assets and lease liabilities added to the balance sheet	$35,686	$—
Interest paid	$19,023	$11,817
Income taxes paid, net of refunds	$1,432	$108
Transfer net assets to investment in insurance company partnership	$—	$1,917
Transfers of loans to other real estate owned	$80	$2,599

See Notes to Consolidated Financial Statements

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

NOTE 1. BASIS OF PRESENTATION

Principles of Consolidation

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

Basis of Presentation

The accompanying unaudited interim Consolidated Financial Statements of S&T have been prepared in accordance with generally accepted accounting principles, or GAAP, in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission, or SEC, on February 21, 2019. In the opinion of management, the accompanying interim financial information reflects all adjustments, consisting of normal recurring adjustments, necessary to present fairly our financial position and the results of operations for each of the interim periods presented. Results of operations for interim periods are not necessarily indicative of the results of operations that may be expected for a full year or any future period.

On January 1, 2018, we sold a 70 percent majority interest in the assets of our wholly-owned subsidiary S&T Evergreen Insurance, LLC. We transferred our remaining 30 percent ownership interest in the net assets of S&T Evergreen Insurance, LLC to a new entity for a 30 percent ownership interest in a new insurance entity (see Note 15: Sale of a Majority Interest of Insurance Business). We use the equity method of accounting to recognize our partial ownership interest in the new entity.

Reclassification

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

Use of Estimates

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

Recently Adopted Accounting Standards Updates, or ASU or Update

Leases - Section A-Amendments to the FASB Accounting Standards Codification, Section B-Conforming Amendments Related to Leases and Section C-Background Information and Basis for Conclusions

In February 2016, the Financial Accounting Standards Board, or FASB, established ASC Topic 842, by issuing ASU No. 2016-02, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements. The new standard establishes a right-of-use, or ROU, model that requires a lessee to recognize ROU assets and lease liabilities on the balance sheet. Leases will be classified as finance or operating leases, with classification affecting the pattern and classification of expense recognition in the statement of operations. We adopted the new standard on January 1, 2019 (see Note 7: Right-of-Use Assets and Lease Liabilities). The new standard provides a number of optional practical expedients in transition. We have elected the "package of practical expedients," which permit us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We elected the "use-of-hindsight" practical expedient which allows us to use hindsight in judgments that impact the lease term. We have also elected an accounting policy not to restate comparative periods upon adoption.

The most significant effects of adopting the new standard relate to the recognition of ROU assets and lease liabilities on our balance sheet for our real estate leases and providing significant new disclosures about our leasing activities. Upon adoption, we recognized additional finance lease liabilities of approximately $1.2 million and operating lease liabilities, net of deferred rent, of approximately $33.7 million based on the present value of the remaining minimum rental

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

NOTE 1. BASIS OF PRESENTATION - continued

payments under current leasing standards for existing leases. We also recognized corresponding finance ROU assets of $1.2 million and operating ROU assets of approximately $33.4 million. The adoption had no material impact on the Consolidated Statements of Comprehensive Income.

The new standard also provides practical expedients for our ongoing lease accounting. We elected the short-term lease recognition exemption for all leases with terms of 12 months or less. This means that we will not recognize ROU assets or lease liabilities for existing short-term leases of those assets in transition. Beginning in 2019, we made changes to our disclosed lease recognition policies and practices, as well as to other related financial statement disclosures due to the adoption of this standard (See Note 7: Right-of-Use Assets and Lease Liabilities).

Leases - Land Easement Practical Expedient for Transition to Topic 842

In January 2018, the FASB issued ASU No. 2018-01, Leases - Land Easement Practical Expedient for Transition to Topic 842. The amendments in this ASU permit an entity to elect an optional transition practical expedient to not evaluate under Topic 842 land easements that existed or expired before the entity's adoption of Topic 842 and that were not previously accounted for as leases under Topic 840. We have one land easement lease that we previously accounted for under Topic 840; as such, this lease has been recognized as an operating lease under Topic 842. We adopted the amendments in this ASU in conjunction with the adoption of the new lease standard, ASU 2016-02.

Accounting Standards Issued But Not Yet Adopted

Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract

In August 2018, the FASB issued ASU No. 2018-15, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The amendments in this ASU apply to an entity that is a customer in a hosting arrangement that is a service contract. These amendments relate to accounting for implementation costs (e.g., implementation, setup and other upfront costs.) These amendments require an entity in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which costs to capitalize and which costs to expense. These amendments require the entity to expense the capitalized implementation costs of a hosting arrangement that is a service contract over the term of the hosting arrangement. This ASU is effective for annual and interim periods beginning after December 15, 2019. Early adoption of the amendments is permitted, including adoption in any interim period. We are evaluating the amendments in this ASU; however, we do not anticipate that these amendments will materially impact our Consolidated Balance Sheets or Consolidated Statements of Comprehensive Income.

Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans

In August 2018, the FASB issued ASU No. 2018-14, Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Changes to the Disclosure Requirements for Defined Benefit Plans. The amendments in this ASU apply to all employers that sponsor defined benefit pension or other postretirement plans. These amendments remove certain disclosures from Topic 715-20 and require additional disclosures. The amendments in this ASU will require S&T to update our employee benefits disclosures beginning with our Form 10-Q for the period ended March 31, 2021. The amendments in this ASU will have no impact on our Consolidated Balance Sheets or Consolidated Statements of Comprehensive Income.

Fair Value Measurement - Changes to the Disclosure Requirements for Fair Value Measurement

In August 2018, the FASB issued ASU No. 2018-13, Fair Value Measurement - Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this ASU remove certain disclosures from Topic 820, modify disclosures and/or require additional disclosures. The amendments in this Update will require us to change our Fair Value disclosures beginning with our Form 10-Q for the period ended March 31, 2020. The amendments in this ASU will have no impact on our Consolidated Balance Sheets or Consolidated Statements of Comprehensive Income.

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

NOTE 1. BASIS OF PRESENTATION - continued

Intangibles - Goodwill and Other - Simplifying the Test for Goodwill Impairment
In January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other - Simplifying the Test for Goodwill Impairment (Topic 350). The main objective of this ASU is to simplify the current requirements for testing goodwill for impairment by eliminating step two from the goodwill impairment test. The amendments are expected to reduce the complexity and costs associated with performing the goodwill impairment test, which could result in recording impairment charges sooner than under the current guidance. This Update is effective for any interim and annual impairment tests in reporting periods in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments in this ASU is not expected to have any impact on our Consolidated Balance Sheets or Consolidated Statements of Comprehensive Income.
Financial Instruments - Credit Losses
In June 2016, the FASB issued ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments of this Update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to form credit loss estimates. The collective changes to the recognition and measurement accounting standards for financial instruments and their anticipated impact on the allowance for credit losses modeling have been universally referred to as CECL, or current expected credit loss, model. This Update is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2019. Early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We have created a CECL Committee to govern the implementation of these amendments consisting of key stakeholders from Credit Administration, Finance, Risk Management and Internal Audit. We have engaged a third-party to assist us in developing our CECL methodology. We continue to evaluate the provisions of this ASU to determine the potential impact on our Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income.

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

NOTE 2. EARNINGS PER SHARE

Diluted earnings per share is calculated using both the two-class and the treasury stock methods with the more dilutive method used to determine diluted earnings per share. For the three months ended March 31, 2019, the treasury stock method is more dilutive and was used to determine diluted earnings per share. The following table reconciles the numerators and denominators of basic and diluted earnings per share calculations for the periods presented.

	Three Months Ended March 31,	
(in thousands, except share and per share data)	2019	2018
Numerator for Earnings per Share—Basic:		
Net income	$ 22,928	$ 26,163
Less: Income allocated to participating shares	62	80
Net Income Allocated to Shareholders	$ 22,866	$ 26,083
Numerator for Earnings per Share—Diluted:		
Net income	$ 22,928	$ 26,163
Net Income Available to Shareholders	$ 22,928	$ 26,163
Denominators for Earnings per Share:		
Weighted Average Shares Outstanding—Basic	34,414,555	34,756,726
Add: Potentially dilutive shares	128,256	242,439
Denominator for Treasury Stock Method—Diluted	34,542,811	34,999,165
Weighted Average Shares Outstanding—Basic	34,414,555	34,756,726
Add: Average participating shares outstanding	92,659	106,722
Denominator for Two-Class Method—Diluted	34,507,214	34,863,448
Earnings per share—basic	$ 0.67	$ 0.75
Earnings per share—diluted	$ 0.66	$ 0.75
Warrants considered anti-dilutive excluded from potentially dilutive shares - exercise price $31.53 per share, expires January 2019 [(1)]	—	400,722
Restricted stock considered anti-dilutive excluded from potentially dilutive shares	68,314	90,298

[(1)]We repurchased our outstanding warrant on September 11, 2018 for $7.7 million. Prior to the repurchase, the warrant provided the holder the right to 517,012 shares of common stock at a strike price of $31.53 per share via cashless exercise.

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NOTE 3. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Our policy is to recognize transfers between any of the fair value hierarchy levels at the end of the reporting period in which the transfer occurred.

The following are descriptions of the valuation methodologies that we use for financial instruments recorded at fair value on either a recurring or nonrecurring basis.

Recurring Basis

Debt Securities Available-for-Sale

We obtain fair values for debt securities from a third-party pricing service which utilizes several sources for valuing fixed-income securities. We validate prices received from our pricing service through comparison to a secondary pricing service and broker quotes. We review the methodologies of the pricing services which provide us with a sufficient understanding of the valuation models, assumptions, inputs and pricing to reasonably measure the fair value of our debt securities. The market valuation sources for debt securities include observable inputs rather than significant unobservable inputs and are classified as Level 2. The service provider utilizes pricing models that vary by asset class and include available trade, bid and other market information. Generally, the methodologies include broker quotes, proprietary models, vast descriptive terms and conditions databases, and extensive quality control programs.

Equity Securities

Marketable equity securities that have an active, quotable market are classified as Level 1. Marketable equity securities that are quotable, but are thinly traded or inactive, are classified as Level 2. Marketable equity securities that are not readily traded and do not have a quotable market are classified as Level 3.

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

NOTE 3. FAIR VALUE MEASUREMENTS – continued

Deferred Compensation Plan Assets
We use quoted market prices to determine the fair value of our equity security assets. These securities are reported at fair value with the gains and losses included in noninterest income in our Consolidated Statements of Comprehensive Income. These assets are held in a deferred compensation plan and are invested in readily quoted mutual funds. Accordingly, these assets are classified as Level 1. Deferred compensation plan assets are reported in other assets in the Consolidated Balance Sheets.

Derivative Financial Instruments
We use derivative instruments, including interest rate swaps for commercial loans with our customers, interest rate lock commitments and the sale of mortgage loans in the secondary market. We calculate the fair value for derivatives using accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. Each valuation considers the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs, such as interest rate curves and implied volatilities. Accordingly, derivatives are classified as Level 2. We incorporate credit valuation adjustments into the valuation models to appropriately reflect both our own nonperformance risk and the respective counterparties' nonperformance risk in calculating fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements and collateral postings.
Nonrecurring Basis
Loans Held for Sale
Loans held for sale consist of 1-4 family residential loans originated for sale in the secondary market and, from time to time, certain loans transferred from the loan portfolio to loans held for sale, all of which are carried at the lower of cost or fair value. The fair value of 1-4 family residential loans is based on the principal or most advantageous market currently offered for similar loans using observable market data. The fair value of the loans transferred from the loan portfolio is based on the amounts offered for these loans in currently pending sales transactions. Loans held for sale carried at fair value are classified as Level 3.
Impaired Loans
Impaired loans are carried at the lower of carrying value or fair value. Fair value is determined as the recorded investment balance less any specific reserve. We establish specific reserves based on the following three impairment methods: 1) the present value of expected future cash flows discounted at the loan's original effective interest rate; 2) the loan's observable market price; or 3) the fair value of the collateral less estimated selling costs when the loan is collateral dependent and we expect to liquidate the collateral. However, if repayment is expected to come from the operation of the collateral, rather than liquidation, then we do not consider estimated selling costs in determining the fair value of the collateral. Collateral values are generally based upon appraisals by approved, independent state certified appraisers. Appraisals may be discounted based on our historical knowledge, changes in market conditions from the time of appraisal or our knowledge of the borrower and the borrower's business. Impaired loans carried at fair value are classified as Level 3.
OREO and Other Repossessed Assets
OREO and other repossessed assets obtained in partial or total satisfaction of a loan are recorded at the lower of recorded investment in the loan or fair value less cost to sell. Subsequent to foreclosure, these assets are carried at the lower of the amount recorded at acquisition date or fair value less cost to sell. Accordingly, it may be necessary to record nonrecurring fair value adjustments. Fair value, when recorded, is generally based upon appraisals by approved, independent state certified appraisers. Like impaired loans, appraisals on OREO may be discounted based on our historical knowledge, changes in market conditions from the time of appraisal or other information available to

us. OREO and other repossessed assets carried at fair value are classified as Level 3.

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

NOTE 3. FAIR VALUE MEASUREMENTS – continued

Mortgage Servicing Rights
The fair value of MSRs is determined by calculating the present value of estimated future net servicing cash flows, considering expected mortgage loan prepayment rates, discount rates, servicing costs and other economic factors, which are determined based on current market conditions. The expected rate of mortgage loan prepayments is the most significant factor driving the value of MSRs. MSRs are considered impaired if the carrying value exceeds fair value. The valuation model includes significant unobservable inputs; therefore, MSRs are classified as Level 3. MSRs are reported in other assets in the Consolidated Balance Sheets and are amortized into noninterest income in the Consolidated Statements of Comprehensive Income.
Other Assets
We measure certain other assets at fair value on a nonrecurring basis. Fair value is based on the application of lower of cost or fair value accounting, or write-downs of individual assets. Valuation methodologies used to measure fair value are consistent with overall principles of fair value accounting and consistent with those described above.
Financial Instruments
In addition to financial instruments recorded at fair value in our financial statements, fair value accounting guidance requires disclosure of the fair value of all of an entity's assets and liabilities that are considered financial instruments. The majority of our assets and liabilities are considered financial instruments. Many of these instruments lack an available trading market as characterized by a willing buyer and a willing seller engaged in an exchange transaction. Also, it is our general practice and intent to hold our financial instruments to maturity and to not engage in trading or sales activities with respect to such financial instruments. For fair value disclosure purposes, we substantially utilize the fair value measurement criteria as required and explained above. In cases where quoted fair values are not available, we use present value methods to determine the fair value of our financial instruments.
Cash and Cash Equivalents
The carrying amounts reported in the Consolidated Balance Sheets for cash and due from banks, including interest-bearing deposits, approximate fair value.
Loans
With the adoption of ASU No. 2016-01, Accounting for Financial Instruments - Overall: Classification and Measurement, on January 1, 2018, we refined our methodology to estimate the fair value of our loan portfolio to use the exit price notion as required by the standard. The guidance was applied on a prospective basis resulting in prior periods no longer being comparable.
The fair value of variable rate loans that may reprice frequently at short-term market rates is based on carrying values adjusted for liquidity and credit risk. The fair value of variable rate loans that reprice at intervals of one year or longer, such as adjustable rate mortgage products, is estimated using discounted cash flow analyses that utilize interest rates currently being offered for similar loans and adjusted for liquidity and credit risk. The fair value of fixed rate loans is estimated using a discounted cash flow analysis that utilizes interest rates currently being offered for similar loans adjusted for liquidity and credit risk.
Bank Owned Life Insurance
Fair value approximates net cash surrender value of bank owned life insurance, or BOLI.
Federal Home Loan Bank, or FHLB, and Other Restricted Stock
It is not practical to determine the fair value of our FHLB and other restricted stock due to the restrictions placed on the transferability of these stocks; it is presented at carrying value.

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

NOTE 3. FAIR VALUE MEASUREMENTS – continued

Deposits
The fair values disclosed for deposits without defined maturities (e.g., noninterest and interest-bearing demand, money market and savings accounts) are by definition equal to the amounts payable on demand. The carrying amounts for variable rate, fixed-term time deposits approximate their fair values. Estimated fair values for fixed rate and other time deposits are based on discounted cash flow analysis using interest rates currently offered for time deposits with similar terms. The carrying amount of accrued interest approximates fair value.

Short-Term Borrowings
The carrying amounts of securities sold under repurchase agreements, or REPOs, and other short-term borrowings approximate their fair values.

Long-Term Borrowings
The fair values disclosed for fixed rate long-term borrowings are determined by discounting their contractual cash flows using current interest rates for long-term borrowings of similar remaining maturities. The carrying amounts of variable rate long-term borrowings approximate their fair values.

Junior Subordinated Debt Securities
The interest rate on the variable rate junior subordinated debt securities is reset quarterly; therefore, the carrying values approximate their fair values.

Loan Commitments and Standby Letters of Credit
Off-balance sheet financial instruments consist of commitments to extend credit and letters of credit. Except for interest rate lock commitments, estimates of the fair value of these off-balance sheet items are not made because of the short-term nature of these arrangements and the credit standing of the counterparties.

Other
Estimates of fair value are not made for items that are not defined as financial instruments, including such items as our core deposit intangibles and the value of our trust operations.

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

NOTE 3. FAIR VALUE MEASUREMENTS – continued

Assets and Liabilities Recorded at Fair Value on a Recurring Basis
The following tables present our assets and liabilities that are measured at fair value on a recurring basis by fair value hierarchy level at March 31, 2019 and December 31, 2018. There were no transfers between Level 1 and Level 2 for items measured at fair value on a recurring basis during the periods presented.

	March 31, 2019			
(dollars in thousands)	Level 1	Level 2	Level 3	Total
ASSETS				
Debt securities available-for-sale:				
U.S. Treasury securities	$—	$9,837	$ —	$9,837
Obligations of U.S. government corporations and agencies	—	129,369	—	129,369
Collateralized mortgage obligations of U.S. government corporations and agencies	—	154,159	—	154,159
Residential mortgage-backed securities of U.S. government corporations and agencies	—	22,514	—	22,514
Commercial mortgage-backed securities of U.S. government corporations and agencies	—	237,554	—	237,554
Obligations of states and political subdivisions	—	122,489	—	122,489
Total Debt Securities Available-for-Sale	—	675,922	—	675,922
Marketable equity securities	—	4,498	—	4,498
Total Securities	—	680,420	—	680,420
Securities held in a deferred compensation plan	5,343	—	—	5,343
Derivative financial assets:				
Interest rate swaps	—	10,645	—	10,645
Interest rate lock commitments	—	339	—	339
Forward sale contracts - mortgage loans	—	88	—	88
Total Assets	$5,343	$691,492	$ —	$696,835
LIABILITIES				
Derivative financial liabilities:				
Interest rate swaps	$—	$10,602	$ —	$10,602
Total Liabilities	$—	$10,602	$ —	$10,602

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

NOTE 3. FAIR VALUE MEASUREMENTS – continued

	December 31, 2018			
(dollars in thousands)	Level 1	Level 2	Level 3	Total
ASSETS				
Debt securities available-for-sale:				
U.S. Treasury securities	$—	$9,736	$ —	$9,736
Obligations of U.S. government corporations and agencies	—	128,261	—	128,261
Collateralized mortgage obligations of U.S. government corporations and agencies	—	148,659	—	148,659
Residential mortgage-backed securities of U.S. government corporations and agencies	—	24,350	—	24,350
Commercial mortgage-backed securities of U.S. government corporations and agencies	—	246,784	—	246,784
Obligations of states and political subdivisions	—	122,266	—	122,266
Total Debt Securities Available-for-Sale	—	680,056	—	680,056
Marketable equity securities	—	4,816	—	4,816
Total Securities	—	684,872	—	684,872
Securities held in a deferred compensation plan	4,725	—	—	4,725
Derivative financial assets:				
Interest rate swaps	—	5,504	—	5,504
Interest rate lock commitments	—	251	—	251
Forward sale contracts - Mortgage Loans	—	55	—	55
Total Assets	$4,725	$690,682	$ —	$695,407
LIABILITIES				
Derivative financial liabilities:				
Interest rate swaps	$—	$5,340	$ —	$5,340
Total Liabilities	$—	$5,340	$ —	$5,340

Assets Recorded at Fair Value on a Nonrecurring Basis

We may be required to measure certain assets and liabilities at fair value on a nonrecurring basis. Nonrecurring assets are recorded at the lower of cost or fair value in our financial statements. There were no liabilities measured at fair value on a nonrecurring basis at either March 31, 2019 or December 31, 2018.
The following table presents our assets that are measured at fair value on a nonrecurring basis by the fair value hierarchy level as of the dates presented:

	March 31, 2019				December 31, 2018			
(dollars in thousands)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS[(1)]								
Loans held for sale	$—	$ —	$—	$—	$—	$ —	$—	$—
Impaired loans	—	—	30,601	30,601	—	—	21,441	21,441
Other real estate owned	—	—	2,613	2,613	—	—	2,826	2,826
Mortgage servicing rights	—	—	1,089	1,089	—	—	1,197	1,197
Total Assets	$—	$ —	$34,303	$34,303	$—	$ —	$25,464	$25,464

[1]This table presents only the nonrecurring items that are recorded at fair value in our financial statements.

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

NOTE 3. FAIR VALUE MEASUREMENTS – continued

The carrying values and fair values of our financial instruments at March 31, 2019 and December 31, 2018 are presented in the following tables:

	Carrying	Fair Value Measurements at March 31, 2019			
(dollars in thousands)	Value[1]	Total	Level 1	Level 2	Level 3
ASSETS					
Cash and due from banks, including interest-bearing deposits	$116,820	$116,820	$116,820	$—	$ —
Securities	680,420	680,420	—	680,420	—
Loans held for sale	2,706	2,706	—	—	2,706
Portfolio loans, net	5,874,043	5,729,524	—	—	5,729,524
Bank owned life insurance	74,401	74,401	—	74,401	—
FHLB and other restricted stock	19,959	19,959	—	—	19,959
Securities held in a deferred compensation plan	5,343	5,343	5,343	—	—
Mortgage servicing rights	4,313	4,728	—	—	4,728
Interest rate swaps	10,645	10,645	—	10,645	—
Interest rate lock commitments	339	339	—	339	—
Forward sale contracts - mortgage loans	88	88	—	88	—
LIABILITIES					
Deposits	$5,833,401	$5,825,873	$4,432,629	$1,393,244	$ —
Securities sold under repurchase agreements	23,427	23,427	23,427	—	—
Short-term borrowings	235,000	235,000	235,000	—	—
Long-term borrowings	70,418	70,801	39,335	31,467	—
Junior subordinated debt securities	45,619	45,619	45,619	—	—
Interest rate swaps	10,602	10,602	—	10,602	—

[1] As reported in the Consolidated Balance Sheets

	Carrying	Fair Value Measurements at December 31, 2018			
(dollars in thousands)	Value[1]	Total	Level 1	Level 2	Level 3
ASSETS					
Cash and due from banks, including interest-bearing deposits	$155,489	$155,489	$155,489	$—	$ —
Securities	684,872	684,872	—	684,872	—
Loans held for sale	2,371	2,469	—	—	2,469
Portfolio loans, net	5,885,652	5,728,843	—	—	5,728,843
Bank owned life insurance	73,900	73,900	—	73,900	—
FHLB and other restricted stock	29,435	29,435	—	—	29,435
Securities held in a Deferred Compensation Plan	4,725	4,725	4,725	—	—
Mortgage servicing rights	4,464	5,181	—	—	5,181
Interest rate swaps	5,504	5,504	—	5,504	—
Interest rate lock commitments	251	251	—	251	—
Forward sale contracts - mortgage loans	55	55	—	55	—
LIABILITIES					
Deposits	$5,673,922	$5,662,193	$4,261,884	$1,400,309	$ —
Securities sold under repurchase agreements	18,383	18,383	18,383	—	—

Short-term borrowings	470,000	470,000	470,000	—	—
Long-term borrowings	70,314	70,578	38,610	31,968	—
Junior subordinated debt securities	45,619	45,619	45,619	—	—
Interest rate swaps	5,340	5,340	—	5,340	—

(1) As reported in the Consolidated Balance Sheets

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

NOTE 4. SECURITIES

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

(dollars in thousands)	March 31, 2019	December 31, 2018
Debt securities available-for-sale	$675,922	$ 680,056
Marketable equity securities	4,498	4,816
Total Securities	$680,420	$ 684,872

Debt Securities Available-for-Sale

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

	March 31, 2019				December 31, 2018			
(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	$9,961	$—	$(124)	$9,837	$9,958	$—	$(222)	$9,736
Obligations of U.S. government corporations and agencies	129,263	373	(267)	129,369	129,267	68	(1,074)	128,261
Collateralized mortgage obligations of U.S. government corporations and agencies	153,717	1,608	(1,166)	154,159	149,849	795	(1,985)	148,659
Residential mortgage-backed securities of U.S. government corporations and agencies	22,481	229	(196)	22,514	24,564	203	(417)	24,350
Commercial mortgage-backed securities of U.S. government corporations and agencies	239,196	272	(1,914)	237,554	251,660	—	(4,876)	246,784
Obligations of states and political subdivisions	119,020	3,480	(11)	122,489	119,872	2,448	(54)	122,266
Total Debt Securities Available-for-Sale	$673,638	$ 5,962	$(3,678)	$675,922	$685,170	$ 3,514	$(8,628)	$680,056

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

	March 31, 2019								
	Less Than 12 Months			12 Months or More			Total		
(dollars in thousands)	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
U.S. Treasury securities	—	$—	$ —	1	$9,837	$ (124)	1	$9,837	$ (124)
Obligations of U.S. government corporations and agencies	—	—	—	8	65,828	(267)	8	65,828	(267)
Collateralized mortgage obligations of U.S. government corporations and agencies	1	2,367	(5)	14	72,936	(1,161)	15	75,303	(1,166)
Residential mortgage-backed securities of U.S. government corporations and agencies	—	—	—	5	11,297	(196)	5	11,297	(196)
Commercial mortgage-backed securities of U.S. government corporations and agencies	—	—	—	24	215,320	(1,914)	24	215,320	(1,914)
Obligations of states and political subdivisions	—	—	—	1	5,225	(11)	1	5,225	(11)
Total Temporarily Impaired Debt Securities	1	$2,367	$ (5)	53	$380,443	$ (3,673)	54	$382,810	$ (3,678)

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

NOTE 4. SECURITIES – continued

	December 31, 2018								
	Less Than 12 Months			12 Months or More			Total		
(dollars in thousands)	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
U.S. Treasury securities	—	$—	$—	1	$9,736	$(222)	1	$9,736	$(222)
Obligations of U.S. government corporations and agencies	7	67,649	(613)	6	35,760	(461)	13	103,409	(1,074)
Collateralized mortgage obligations of U.S. government corporations and agencies	2	12,495	(44)	14	76,179	(1,941)	16	88,674	(1,985)
Residential mortgage-backed securities of U.S. government corporations and agencies	2	2,327	(45)	3	9,241	(372)	5	11,568	(417)
Commercial mortgage-backed securities of U.S. government corporations and agencies	8	75,466	(1,032)	19	171,318	(3,844)	27	246,784	(4,876)
Obligations of states and political subdivisions	2	9,902	(23)	1	5,247	(31)	3	15,149	(54)
Total Temporarily Impaired Debt Securities	21	$167,839	$(1,757)	44	$307,481	$(6,871)	65	$475,320	$(8,628)

We do not believe any individual unrealized loss as of March 31, 2019 represents an other than temporary impairment, or OTTI. At March 31, 2019 there were 54 debt securities in an unrealized loss position and at December 31, 2018, there were 65 debt securities in an unrealized loss position. The unrealized losses on debt securities were primarily attributable to changes in interest rates and not related to the credit quality of these issuers. All debt securities were determined to be investment grade and paying principal and interest according to the contractual terms of the security. We do not intend to sell and it is more likely than not that we will not be required to sell any of the securities in an unrealized loss position before recovery of their amortized cost.

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

NOTE 4. SECURITIES – continued

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

	March 31, 2019			December 31, 2018		
(dollars in thousands)	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized (Losses)/Gains	Gross Unrealized Gains	Gross Unrealized Losses	Net Unrealized Gains/(Losses)
Total unrealized gains/(losses) on debt securities available-for-sale	$5,962	$ (3,678)	$ 2,284	$3,514	$ (8,628)	$ (5,114)
Income tax (expense) benefit	(1,271)	784	(487)	(746)	1,832	1,086
Net Unrealized Gains/(Losses), Net of Tax Included in Accumulated Other Comprehensive Income/(Loss)	$4,691	$ (2,894)	$ 1,797	$2,768	$ (6,796)	$ (4,028)

The amortized cost and fair value of debt securities available-for-sale at March 31, 2019 by contractual maturity are included in the table below. Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	March 31, 2019	
(dollars in thousands)	Amortized Cost	Fair Value
Obligations of the U.S. Treasury, U.S. government corporations and agencies, and obligations of states and political subdivisions		
Due in one year or less	$30,673	$30,661
Due after one year through five years	137,885	138,709
Due after five years through ten years	66,445	68,060
Due after ten years	23,241	24,265
Debt Securities Available-for-Sale With Maturities	258,244	261,695
Collateralized mortgage obligations of U.S. government corporations and agencies	153,717	154,159
Residential mortgage-backed securities of U.S. government corporations and agencies	22,481	22,514
Commercial mortgage-backed securities of U.S. government corporations and agencies	239,196	237,554
Total Debt Securities Available-for-Sale	$673,638	$675,922

Debt securities with carrying values of $214.1 million at March 31, 2019 and $236.0 million at December 31, 2018 were pledged for various regulatory and legal requirements.

Marketable Equity Securities

The following table presents realized and unrealized net gains and losses for our marketable equity securities for the periods presented:

	Three Months Ended March 31,	
(dollars in thousands)	2019	2018
Marketable Equity Securities		
Net market (losses)/gains recognized	$(318)	$ 52
Less: Net gains recognized for equity securities sold	—	—
Unrealized (Losses)/Gains on Equity Securities Still Held	$(318)	$ 52

Prior to January 1, 2018, net unrealized gains and losses, net of tax, on marketable equity securities were included in AOCI for the periods presented. Net unrealized gains and losses, net of tax, on marketable equity securities of $0.9 million were reclassified from AOCI to retained earnings at January 1, 2018. As of January 1, 2018, gains and losses on marketable equity securities are included in other noninterest income on the Consolidated Statements of Comprehensive Income.

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NOTE 5. LOANS AND LOANS HELD FOR SALE

Loans are presented net of unearned income of $4.7 million and $5.3 million at March 31, 2019 and December 31, 2018.

The following table indicates the composition of loans as of the dates presented:

(dollars in thousands)	March 31, 2019	December 31, 2018
Commercial		
Commercial real estate	$2,901,625	$ 2,921,832
Commercial and industrial	1,513,007	1,493,416
Commercial construction	245,658	257,197
Total Commercial Loans	4,660,290	4,672,445
Consumer		
Residential mortgage	729,914	726,679
Home equity	463,566	471,562
Installment and other consumer	70,960	67,546
Consumer construction	10,722	8,416
Total Consumer Loans	1,275,162	1,274,203
Total Portfolio Loans	5,935,452	5,946,648
Loans held for sale	2,706	2,371
Total Loans	$5,938,158	$ 5,949,019

We attempt to limit our exposure to credit risk by diversifying our loan portfolio by segment, geography, collateral and industry and actively managing concentrations. When concentrations exist in certain segments, we mitigate this risk by reviewing the relevant economic indicators and internal risk rating trends and through stress testing of the loans in these segments. Total commercial loans represented 79 percent of total portfolio loans at both March 31, 2019 and December 31, 2018. Within our commercial portfolio, the Commercial Real Estate, or CRE, and Commercial Construction portfolios combined comprised $3.1 billion or 68 percent of total commercial loans at March 31, 2019 and $3.2 billion or 68 percent of total commercial loans at December 31, 2018 and 53 percent of total portfolio loans at both March 31, 2019 and December 31, 2018. Further segmentation of the CRE and Commercial Construction portfolios by collateral type reveals no concentration in excess of 13.2 percent of both total CRE and Commercial Construction loans at March 31, 2019 and 14.0 percent at December 31, 2018.

We lend primarily in Pennsylvania and the contiguous states of Ohio, West Virginia, New York and Maryland. The majority of our commercial and consumer loans are made to businesses and individuals in this geography, resulting in a concentration. We believe our knowledge and familiarity with customers and conditions locally outweighs this geographic concentration risk. The conditions of the local and regional economies are monitored closely through publicly available data and information supplied by our customers. Our CRE and Commercial Construction portfolios have exposure outside of this geography of 5.7 percent of the combined portfolios and 3.0 percent of total portfolio loans at March 31, 2019. This compares to 5.4 percent of the combined portfolios and 2.9 percent of total portfolio loans at December 31, 2018.

We individually evaluate all substandard commercial loans that have experienced a forbearance or change in terms agreement, and all substandard consumer and residential mortgage loans that entered into an agreement to modify their existing loan, to determine if they should be designated as troubled debt restructurings, or TDRs.

All TDRs are considered to be impaired loans and will be reported as impaired loans for the remaining life of the loan, unless the restructuring agreement specifies an interest rate equal to or greater than the rate that would be accepted at the time of the restructuring for a new loan with comparable risk and it is fully expected that the remaining principal and interest will be collected according to the restructured agreement. Further, all impaired loans are reported as nonaccrual loans unless the loan is a TDR that has met the requirements to be returned to accruing status. TDRs can be returned to accruing status if the ultimate collectability of all contractual amounts due, according to the restructured agreement, is not in doubt and there is a period of a minimum of six months of satisfactory payment performance by the borrower either immediately before or after the restructuring.

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

NOTE 5. LOANS AND LOANS HELD FOR SALE - continued

The following table summarizes restructured loans as of the dates presented:

	March 31, 2019			December 31, 2018		
(dollars in thousands)	Performing TDRs	Nonperforming TDRs	Total TDRs	Performing TDRs	Nonperforming TDRs	Total TDRs
Commercial real estate	$2,019	$ 1,074	$3,093	$2,054	$ 1,139	$3,193
Commercial and industrial	13,447	3,463	16,910	7,026	6,646	13,672
Commercial construction	1,913	406	2,319	1,912	406	2,318
Residential mortgage	2,025	1,520	3,545	2,214	1,543	3,757
Home equity	3,590	1,406	4,996	3,568	1,349	4,917
Installment and other consumer	8	4	12	12	5	17
Total	$23,002	$ 7,873	$30,875	$16,786	$ 11,088	$27,874

There were three TDRs totaling $1.7 million that returned to accruing status during the three months ended March 31, 2019 and no TDRs that returned to accruing status during the three months ended March 31, 2018.

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

NOTE 5. LOANS AND LOANS HELD FOR SALE - continued

The following tables present the restructured loans by loan segment and by type of concession for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31, 2019				Three Months Ended March 31, 2018			
(dollars in thousands)	Number of Loans	Pre-Modification Outstanding Recorded Investment[1]	Post-Modification Outstanding Recorded Investment[1]	Total Difference in Recorded Investment	Number of Loans	Pre-Modification Outstanding Recorded Investment[1]	Post-Modification Outstanding Recorded Investment[1]	Total Difference in Recorded Investment
Totals by Loan Segment								
Commercial and Industrial								
Maturity date extension	—	$ —	$ —	$ —	2	$ 768	$ 708	$ (60)
Maturity date extension and interest rate reduction	1	5,201	5,201	—	—	—	—	—
Principal deferral	—	—	—	—	6	5,355	5,333	(22)
Total Commercial and Industrial	1	5,201	5,201	—	8	6,123	6,041	(82)
Commercial Construction								
Chapter 7 bankruptcy[2]	—	—	—	—	2	158	157	(1)
Total Commercial Construction	—	—	—	—	2	158	157	(1)
Residential Mortgage								
Chapter 7 bankruptcy[2]	1	49	49	—	—	—	—	—
Total Residential Mortgage	1	49	49	—	—	—	—	—
Home equity								
Chapter 7 bankruptcy[2]	7	191	168	(23)	9	578	555	(23)
Interest rate reduction	1	81	81	—	—	—	—	—
Total Home Equity	8	272	249	(23)	9	578	555	(23)
Installment and Other Consumer								
Chapter 7 bankruptcy[2]	—	—	—	—	2	17	17	—
Total Installment and Other Consumer	—	$ —	$ —	$ —	2	$ 17	$ 17	$ —
Totals by Concession Type								
Maturity date extension	—	$ —	$ —	$ —	2	$ 768	$ 708	$ (60)
Maturity date extension and interest rate reduction	1	5,201	5,201	—	—	—	—	—
Principal deferral	—	—	—	—	6	5,355	5,333	(22)
Chapter 7 bankruptcy(2)	8	240	217	(23)	13	753	729	(24)
Interest rate reduction	1	81	81	—	—	—	—	—
Total	10	$ 5,522	$ 5,499	$ (23)	21	$ 6,876	$ 6,770	$ (106)

[1] Excludes loans that were fully paid off or fully charged-off by period end. The pre-modification balance represents the balance outstanding prior to modification. The post-modification balance represents the outstanding balance at period end.
[2] Chapter 7 bankruptcy loans where the debt has been legally discharged through the bankruptcy court and not reaffirmed.

As of March 31, 2019, we had 14 commitments to lend an additional $13.0 million on TDRs. Defaulted TDRs are defined as loans having a payment default of 90 days or more after the restructuring takes place. There were no TDRs that defaulted during the three months ended March 31, 2019 and 2018 that were restructured within the last 12 months prior to defaulting.

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

NOTE 5. LOANS AND LOANS HELD FOR SALE - continued

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

	Nonperforming Assets	
(dollars in thousands)	March 31, 2019	December 31, 2018
Nonperforming Assets		
Nonaccrual loans	$40,077	$ 34,985
Nonaccrual TDRs	7,873	11,088
Total Nonaccrual Loans	47,950	46,073
OREO	2,828	3,092
Total Nonperforming Assets	$50,778	$ 49,165

NOTE 6. ALLOWANCE FOR LOAN LOSSES

We maintain an allowance for loan losses, or ALL, at a level determined to be adequate to absorb estimated probable credit losses inherent within the loan portfolio as of the balance sheet date. We develop and document a systematic ALL methodology based on the following portfolio segments: 1) CRE, 2) Commercial and Industrial, or C&I, 3) Commercial Construction, 4) Consumer Real Estate and 5) Other Consumer.

The following are key risks within each portfolio segment:

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

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

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

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

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

We further assess risk within each portfolio segment by pooling loans with similar risk characteristics. For the commercial loan classes, the most important indicator of risk is the internally assigned risk rating, including pass, special mention and substandard. Consumer loans are pooled by type of collateral, lien position and loan to value, or LTV, for Consumer Real Estate loans. Historical loss rates are applied to these loan pools to determine the reserve for loans collectively evaluated for impairment.

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S&T BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
NOTE 6. ALLOWANCE FOR LOAN LOSSES – continued

The ALL methodology for groups of loans collectively evaluated for impairment is comprised of both a quantitative and qualitative analysis. A key assumption in the quantitative component of the reserve is the loss emergence period, or LEP. The LEP is an estimate of the average amount of time from the point at which a loss is incurred on a loan to the point at which the loss is confirmed. Another key assumption is the look-back period which represents the historical data period utilized to calculate loss rates.

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

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

	March 31, 2019					
(dollars in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	Non - performing	Total Past Due Loans	Total Loans
Commercial real estate	$2,868,403	$ 1,876	$ 2,237	$ 29,109	$ 33,222	$2,901,625
Commercial and industrial	1,504,824	785	588	6,810	8,183	1,513,007
Commercial construction	244,432	—	—	1,226	1,226	245,658
Residential mortgage	719,422	3,695	167	6,630	10,492	729,914
Home equity	457,452	1,714	254	4,146	6,114	463,566
Installment and other consumer	70,645	227	59	29	315	70,960
Consumer construction	10,500	222	—	—	222	10,722
Loans held for sale	2,706	—	—	—	—	2,706
Total	$5,878,384	$ 8,519	$ 3,305	$ 47,950	$ 59,774	$5,938,158

	December 31, 2018					
(dollars in thousands)	Current	30-59 Days Past Due	60-89 Days Past Due	Non - performing	Total Past Due Loans	Total Loans
Commercial real estate	$2,903,997	$ 3,638	$ 2,145	$ 12,052	$ 17,835	$2,921,832
Commercial and industrial	1,482,473	1,000	983	8,960	10,943	1,493,416
Commercial construction	243,004	—	—	14,193	14,193	257,197
Residential mortgage	717,447	1,584	520	7,128	9,232	726,679
Home equity	465,152	2,103	609	3,698	6,410	471,562
Installment and other consumer	67,281	148	75	42	265	67,546
Consumer construction	8,416	—	—	—	—	8,416
Loans held for sale	2,371	—	—	—	—	2,371
Total	$5,890,141	$ 8,473	$ 4,332	$ 46,073	$ 58,878	$5,949,019

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

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

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

Special Mention—A special mention loan has potential weaknesses that warrant management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects or in the strength of our credit position at some future date. Economic and market conditions, beyond the borrower’s control, may in the future necessitate this classification.

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

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S&T BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
NOTE 6. ALLOWANCE FOR LOAN LOSSES – continued

The following tables present the recorded investment in commercial loan classes by internally assigned risk ratings as of the dates presented:

	March 31, 2019							
(dollars in thousands)	Commercial Real Estate	% of Total	Commercial and Industrial	% of Total	Commercial Construction	% of Total	Total	% of Total
Pass	$2,745,156	94.6 %	$ 1,427,120	94.3 %	$ 234,717	95.5 %	$4,406,993	94.6 %
Special mention	56,829	2.0 %	23,945	1.6 %	7,263	3.0 %	88,037	1.9 %
Substandard	99,640	3.4 %	61,942	4.1 %	3,678	1.5 %	165,260	3.5 %
Total	$2,901,625	100.0 %	$ 1,513,007	100.0 %	$ 245,658	100.0 %	$4,660,290	100.0 %

	December 31, 2018							
(dollars in thousands)	Commercial Real Estate	% of Total	Commercial and Industrial	% of Total	Commercial Construction	% of Total	Total	% of Total
Pass	$2,776,292	95.0 %	$ 1,394,427	93.4 %	$ 233,190	90.7 %	$4,403,909	94.3 %
Special mention	54,627	1.9 %	25,368	1.7 %	7,349	2.8 %	87,344	1.8 %
Substandard	90,913	3.1 %	73,621	4.9 %	16,658	6.5 %	181,192	3.9 %
Total	$2,921,832	100.0 %	$ 1,493,416	100.0 %	$ 257,197	100.0 %	$4,672,445	100.0 %

Substandard loans decreased $15.9 million to $165.3 million at March 31, 2019 compared to $181.2 million at December 31, 2018 mainly due to loan pay-offs and upgrades of risk ratings.

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

The following tables present the recorded investment in consumer loan classes by performing and nonperforming status as of the dates presented:

	March 31, 2019									
(dollars in thousands)	Residential Mortgage	% of Total	Home Equity	% of Total	Installment and Other Consumer	% of Total	Consumer Construction	% of Total	Total	% of Total
Performing	$723,284	99.1 %	$459,420	99.1 %	$ 70,931	100.0 %	$ 10,722	100.0 %	$1,264,357	99.2 %
Nonperforming	6,630	0.9 %	4,146	0.9 %	29	— %	—	— %	10,805	0.8 %
Total	$729,914	100.0 %	$463,566	100.0 %	$ 70,960	100.0 %	$ 10,722	100.0 %	$1,275,162	100.0 %

	December 31, 2018									
(dollars in thousands)	Residential Mortgage	% of Total	Home Equity	% of Total	Installment and Other Consumer	% of Total	Consumer Construction	% of Total	Total	% of Total
Performing	$719,551	99.0 %	$467,864	99.2 %	$ 67,504	99.9 %	$ 8,416	100.0 %	$1,263,335	99.1 %
Nonperforming	7,128	1.0 %	3,698	0.8 %	42	0.1 %	—	— %	10,868	0.9 %
Total	$726,679	100.0 %	$471,562	100.0 %	$ 67,546	100.0 %	$ 8,416	100.0 %	$1,274,203	100.0 %

We individually evaluate all substandard and nonaccrual commercial loans greater than $0.5 million for impairment. Loans are considered to be impaired when based upon current information and events it is probable that we will be unable to collect all principal and interest payments due according to the original contractual terms of the loan agreement. A TDR will be reported as an impaired loan for the remaining life of the loan, unless the restructuring agreement specifies an interest rate equal to or greater than the rate that would be accepted at the time of the restructuring for a new loan with comparable risk and it is expected that the remaining principal and interest will be fully collected according to the restructured agreement. For each TDR or other impaired loan, we conduct further analysis to determine the probable loss and assign a specific reserve to the loan if deemed appropriate.

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S&T BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
NOTE 6. ALLOWANCE FOR LOAN LOSSES – continued

The following table summarizes investments in loans considered to be impaired and related information on those impaired loans as of the dates presented:

	March 31, 2019			December 31, 2018		
(dollars in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With a related allowance recorded:						
Commercial real estate	$12,965	$12,965	$ 2,046	$7,733	$7,733	$ 1,295
Commercial and industrial	976	984	873	884	893	360
Commercial construction	489	490	87	489	489	87
Consumer real estate	14	14	9	15	14	10
Other consumer	8	8	8	11	12	11
Total with a Related Allowance Recorded	14,452	14,461	3,023	9,132	9,141	1,763
Without a related allowance recorded:						
Commercial real estate	15,068	17,895	—	3,636	4,046	—
Commercial and industrial	15,934	22,551	—	12,788	14,452	—
Commercial construction	2,319	3,828	—	15,286	19,198	—
Consumer real estate	8,527	9,507	—	8,659	9,635	—
Other consumer	4	10	—	5	18	—
Total without a Related Allowance Recorded	41,852	53,792	—	40,374	47,349	—
Total:						
Commercial real estate	28,033	30,860	2,046	11,369	11,779	1,295
Commercial and industrial	16,910	23,535	873	13,672	15,345	360
Commercial construction	2,808	4,318	87	15,775	19,687	87
Consumer real estate	8,541	9,521	9	8,674	9,649	10
Other consumer	12	18	8	16	30	11
Total	$56,304	$68,252	$ 3,023	$49,506	$56,490	$ 1,763

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S&T BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
NOTE 6. ALLOWANCE FOR LOAN LOSSES – continued

The following tables summarize average recorded investment in and interest income recognized on loans considered to be impaired for the periods presented:

	Three Months Ended			
	March 31, 2019		March 31, 2018	
(dollars in thousands)	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With a related allowance recorded:				
Commercial real estate	$12,983	$ 400	$—	$ —
Commercial and industrial	980	35	586	11
Commercial construction	489	—	—	—
Consumer real estate	14	1	—	—
Other consumer	10	1	42	1
Total with a Related Allowance Recorded	14,476	437	628	12
Without a related allowance recorded:				
Commercial real estate	15,107	144	3,817	43
Commercial and industrial	12,780	209	6,688	110
Commercial construction	2,319	140	3,446	36
Consumer real estate	8,846	417	10,816	138
Other consumer	4	—	12	—
Total without a Related Allowance Recorded	39,056	910	24,779	327
Total:				
Commercial real estate	28,090	544	3,817	43
Commercial and industrial	13,760	244	7,274	121
Commercial construction	2,808	140	3,446	36
Consumer real estate	8,860	418	10,816	138
Other consumer	14	1	54	1
Total	$53,532	$ 1,347	$25,407	$ 339

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S&T BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
NOTE 6. ALLOWANCE FOR LOAN LOSSES – continued

The following tables detail activity in the ALL for the periods presented:

	Three Months Ended March 31, 2019					
(dollars in thousands)	Commercial Real Estate	Commercial and Industrial	Commercial Construction	Consumer Real Estate	Other Consumer	Total Loans
Balance at beginning of period	$33,707	$ 11,596	$ 7,983	$ 6,187	$ 1,523	$60,996
Charge-offs	(1)	(5,477)	—	(162)	(383)	(6,023)
Recoveries	122	417	—	148	100	787
Net Recoveries/(Charge-offs)	121	(5,060)	—	(14)	(283)	(5,236)
Provision for loan losses	1,075	5,460	(1,226)	5	335	5,649
Balance at End of Period	$34,903	$ 11,996	$ 6,757	$ 6,178	$ 1,575	$61,409

	Three Months Ended March 31, 2018					
(dollars in thousands)	Commercial Real Estate	Commercial and Industrial	Commercial Construction	Consumer Real Estate	Other Consumer	Total Loans
Balance at beginning of period	$27,235	$ 8,966	$ 13,167	$ 5,479	$ 1,543	$56,390
Charge-offs	—	(829)	—	(161)	(460)	(1,450)
Recoveries	49	117	1,129	238	101	1,634
Net Recoveries/(Charge-offs)	49	(712)	1,129	77	(359)	184
Provision for loan losses	3,679	2,218	(3,575)	(138)	288	2,472
Balance at End of Period	$30,963	$ 10,472	$ 10,721	$ 5,418	$ 1,472	$59,046

Net loan charge-offs were significantly impacted by two commercial and industrial borrowers that resulted in charge-offs of $5.1 million during the first quarter of 2019.

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S&T BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued
NOTE 6. ALLOWANCE FOR LOAN LOSSES – continued

The following tables present the ALL and recorded investments in loans by category as of the periods presented:

	March 31, 2019					
	Allowance for Loan Losses			Portfolio Loans		
(dollars in thousands)	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total
Commercial real estate	$2,046	$ 32,857	$34,903	$28,033	$ 2,873,592	$2,901,625
Commercial and industrial	873	11,123	11,996	16,910	1,496,097	1,513,007
Commercial construction	87	6,670	6,757	2,808	242,850	245,658
Consumer real estate	9	6,169	6,178	8,541	1,195,661	1,204,202
Other consumer	8	1,567	1,575	12	70,948	70,960
Total	$3,023	$ 58,386	$61,409	$56,304	$ 5,879,148	$5,935,452

	December 31, 2018			
	Allowance for Loan Losses			Portfolio Loans
(dollars in thousands)	Individually Evaluated for Impairment	Collectively Evaluated for Impairment	Total	