Susquehanna Bancshares, Inc.

Investor Presentation
2nd Quarter 2014

Forward-Looking Statements

During the course of this presentation, we may make forward-looking statements regarding priorities and strategic objectives of Susquehanna Bancshares, Inc., as well as capital ratios, efficiency ratios, net income and earnings. Investors should understand that these forward-looking statements are strategic objectives rather than projections of future performance. We wish to caution you that actual results and trends could differ materially from those set forth in such statements due to various risks, uncertainties and other factors. The risks, uncertainties and other factors that could cause actual results and experience to differ from those projected include, but are not limited to, the following: ineffectiveness of Susquehanna's business strategy due to changes in current or future market conditions; the effects of competition, including industry consolidation and development of competing financial products and services; the costs and effects of legal and regulatory developments including the resolution of legal proceedings or regulatory or other governmental inquiries and the results of regulatory examinations or reviews; interest rate movements; changes in credit quality; deteriorating economic conditions; other risks and uncertainties; and our success at managing the risks involved in the foregoing items. For a more detailed description of the factors that may affect Susquehanna's operating results, we refer you to our filings with the Securities & Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2013 and Form 10-Q for the quarter ended September 30, 2013. Susquehanna assumes no obligation to update the forward-looking statements made during this presentation.

For more information, please visit our Website at:

www.susquehanna.net

Why Susquehanna?

Business Strategy	▪ Regional bank with a customer-focused “community bank” delivery model ▪ Grow deposits – attractive markets with rich deposit base and favorable demographics ▪ Commercial loan focus – ample small business opportunities within footprint ▪ Enhance fee income activities – capital markets, cash management, mortgage and wealth ▪ Invest to enhance customer experience, employee engagement and risk management
Management Team	▪ Executive management team with 200+ years of combined banking experience ▪ Deep knowledge of the markets Susquehanna serves ▪ Interests aligned with stockholders through short-term incentives tied to strategic goals and long-term incentives tied to relative total shareholder return and return on tangible common equity (“ROTCE”)
Valuation	▪ Trade at a discount to peers on an earnings and book value basis ▪ Very attractive dividend yield at 3.09%[1]
Long-Term Upside	▪ Execution of strategy builds attractive deposit franchise and enhances the long-term earnings power of Susquehanna ▪ Potential P/E expansion due to higher earnings growth and lower cost of equity ▪ Stronger balance sheet and fee income activities while improving liquidity and interest rate risk profile

[1] Based on current annualized dividend of $0.32 per share and closing price on April 30, 2014.

Table of Contents

Susquehanna Overview

Susquehanna Overview

Susquehanna

Corporate Overview

- Regional bank headquartered in Lititz, PA
- 245 banking offices concentrated in Central PA, Western MD, and Philadelphia and Baltimore MSAs
- 38th largest U.S. commercial bank by assets and 2nd largest headquartered in PA
- Experienced management team with extensive market knowledge
- Franchise is a diversified mix of consumer and business customers, products and revenue sources
- Non-bank affiliates offering products and services in:
  - Wealth management
  - Insurance brokerage and employee benefits
  - Commercial finance
  - Vehicle leasing

Selected Data as of 3/31/2014

Assets:	$18.4 billion
Deposits:	$13.1 billion
Loans & Leases:	$13.6 billion
Assets under management and administration:	$7.7 billion
Market cap[1]:	$1.9 billion
Average daily volume[2]:	~1.3 million shares
Institutional ownership:	>70%
Dividend yield[3]:	3.09%
NASDAQ:	SUSQ

[1] Based on closing price on April 30, 2014.

[2] Over the last 52 weeks.

[3] Based on current annualized dividend of $0.32 per share and closing price on April 30, 2014.

Uniquely Positioned

Deposit Market Share: Counties of Operation				
Rank	**Institution**	**Branch Count**	**Total Deposits in Market ($000)**	**Total Market Share (%)**
1	Wells Fargo	377	41,514,008	14.9%
2	PNC	393	28,419,912	10.2%
3	Bank of America	217	25,180,194	9.1%
4	M&T Bank	324	24,420,075	8.8%
5	Toronto-Dominion Bank	167	20,925,057	7.5%
6	Royal Bank of Scotland	217	18,654,030	6.7%
7	**Susquehanna**	**245**	**12,790,628**	**4.6%**
8	Fulton	191	9,513,532	3.4%
9	Banco Santander	178	9,222,815	3.3%
10	National Penn	120	5,945,401	2.1%
11	BB&T	68	4,327,798	1.6%
12	Beneficial	60	3,777,354	1.4%
13	Citi	13	2,811,745	1.0%
14	First Niagara	61	2,481,487	0.9%
15	Customers	12	2,270,071	0.8%
Total	**(1-15)**	**2,665**	**212,254,107**	**76.4%**
Total	**(1-239)**	**4,146**	**277,747,024**	**100.0%**

- Proven ability to grow share and rank in key markets of operation:
  - Top 3 market share in 11 of 40 counties
  - 10%+ market share in 13 counties
  - Top 5 market share in half the MSAs where we do business
- Largest locally based community bank in our market
- Ample opportunity to grow deposits with small market share gains:
  - Increasing market share 30 bps to 4.9% would bring loan to deposit ratio just below 100%, in-line with our 2014 target

Source: SNL Financial.
Note: Regulatory branch and deposit data as of June 30, 2013; banks and thrifts with deposits in counties SUSQ operates in PA/NJ/MD/WV; traditional and in-store branches only, as defined by SNL.
Counties of operation are listed in the “Quarterly Financial Supplement” slides at the conclusion of this presentation.

Leading Competitive Position

Attractive Market Demographics and Leading Competitive Position

- Better positioned with a stronger market concentration than peers
- Markets of operation are wealthier than peers
- Market presence in 14 of the 20 most affluent counties in PA by median household income
  - Maryland market includes Baltimore and three of the nation's 40 most-affluent counties including no. 3, Howard County

	SUSQ	Peers
% of Deposits in Counties with #1 Rank	31%	22%
% of Deposits in Counties with 25% Market Share	32%	18%

	SUSQ	Peers
Median Household Income[1]	$58,718	$51,374
% of Deposits in Counties with HHI Over $60,000	29%	17%

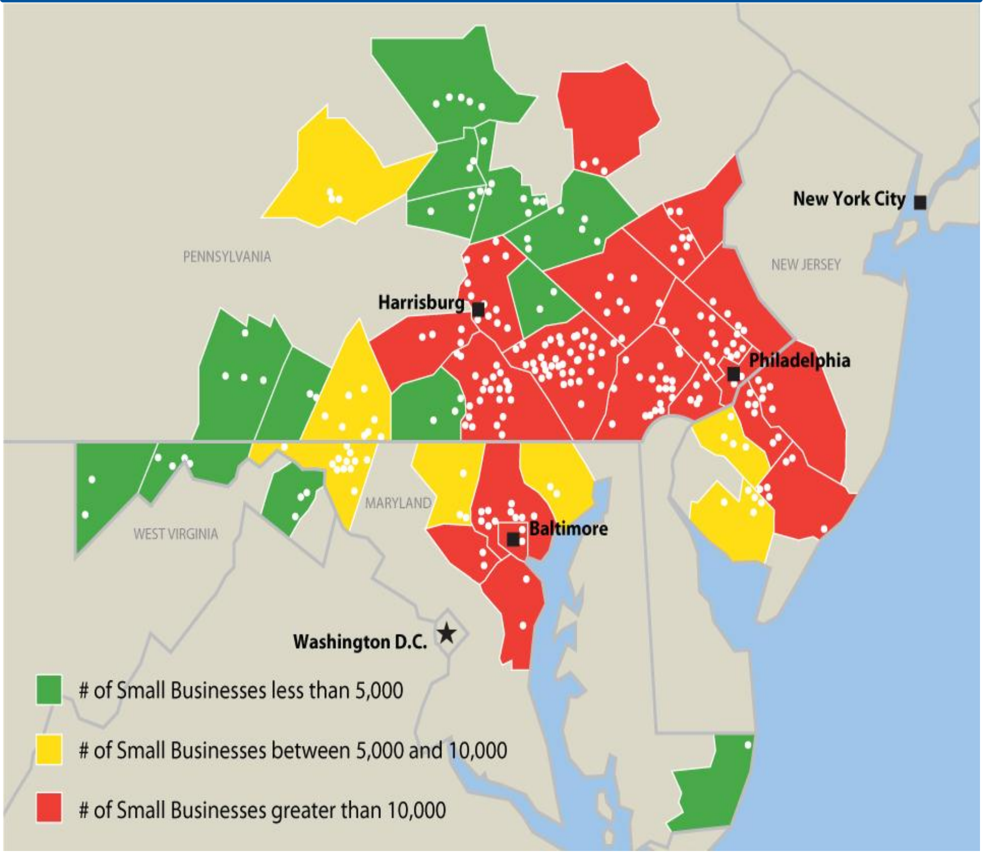
Source: SNL Financial, U.S. Census. Peer data reflects median of peer companies. Identification of peer companies is included in the "Quarterly Financial Supplement" at the conclusion of this presentation. Deposit data as of June 30, 2013

1 Reflects weighted average by deposits at the county level. Household income as of 2013.

Positioned for Further Growth

Susquehanna

Small Business Density Complements Branch Footprint



Pennsylvania Market

- 115 branches
- Foundation for growth with stable commercial and retail banking base providing ample deposits
- Home to distribution hubs for global retailers, manufacturers and distributors serving Northeast and Mid-Atlantic markets

Delaware Valley Market

- 69 branches
- Growth opportunities fueled by world-leading education, health care and research institutions

Maryland Market

- 61 branches
- Growth opportunities fueled by world-leading education, health care and research institutions, as well as major federal agencies and contractors

Source: Bank Intelligence. "Small Business" defined as businesses with less than $10 million in annual sales.
The 16 counties comprising the company's Pennsylvania Market, the 10 counties comprising the company's Delaware Valley Market and the 14 counties comprising the company's Maryland Market are listed in the "Quarterly Financial Supplement" slides at the conclusion of this presentation.

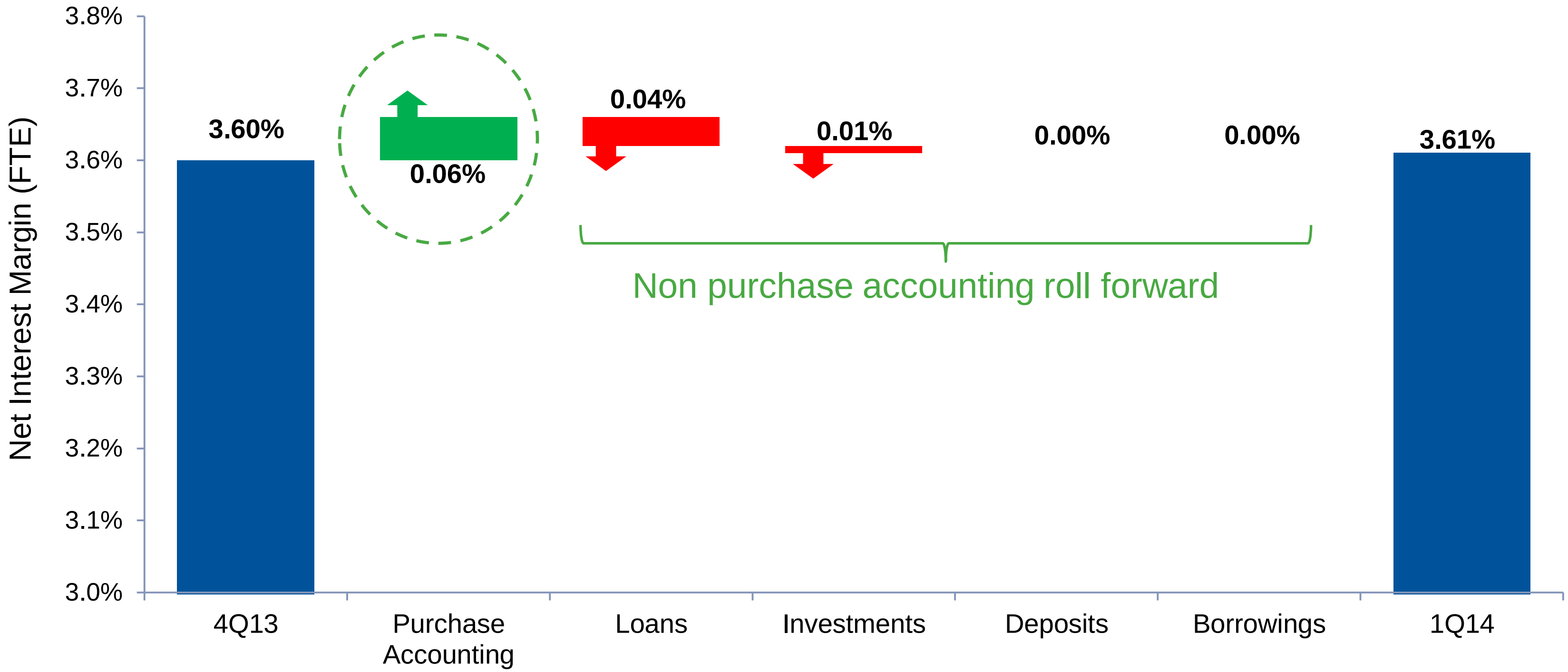
Financial Review: First Quarter 2014

First Quarter 2014 Highlights

GAAP EPS of $0.20	▪ Modestly lower than $0.22 in 4Q13 and $0.23 in 1Q13
Fee Income Impacted by Weather & Seasonality	▪ Capital markets revenue of $1.2 million compared to $3.2 million in the prior quarter; increased 37.5% year-over-year ▪ Wealth revenue declined to $12.7 million compared to $13.0 million in the prior quarter; increased 2.7% year-over-year ▪ Mortgage banking revenue essentially flat at $2.4 million ▪ Service charges and other income impacted by weather and seasonality; service charges increased 3.8% year-over-year
Commercial Loan Growth	▪ Commercial loans grew 0.7% linked quarter and 4.3% year-over-year
Continued Focus on Deposit Growth	▪ Deposits increased by 1.6% linked quarter and 3.1% year-over-year ▪ Interest-bearing deposit costs remained flat at 50bps linked quarter
Focused on Returns	▪ ROAA of 0.82% compared to 0.89% and 0.95% in 4Q13 and 1Q13, respectively ▪ ROATE[1] of 11.08% compared to 12.49% and 13.87% in 4Q13 and 1Q13, respectively
Solid Credit Quality Metrics and Capital Ratios	▪ NPAs moved to 0.89% of loans, leases and foreclosed real estate ▪ Strong coverage ratio with allowance representing 142% of nonaccrual loans and leases ▪ Tangible common ratio[1] of 8.67%; regulatory ratios exceed “well capitalized”

[1] Non-GAAP based financial measures; please refer to the “Quarterly Financial Supplement” slides at the conclusion of this presentation for calculations.

First Quarter Purchase Accounting Impact



- Total purchase accounting benefit was 21 bps in 1Q14 compared to15bps in 4Q13
- Loan amortization was 17bps in 1Q14 compared to 11bps in 4Q13
- Deposit and borrowing amortization was 4bps in 1Q14 compared to 4ps in 4Q13
- Net interest margin, excluding purchase accounting,[1] declined 5bps from 3.45% in 4Q13 to 3.40% in 1Q14
- Tower's purchased credit impaired fair value marks are amortized by pooling like asset classes while Abington's marks are amortized at the loan level
- Non-purchased credit impaired fair value marks are amortized at the loan level
- Predicting future amortization is challenging due to prepayment/refinancing, customer behavior and the overall health of the economy

Note: Additional information on purchase accounting impact is included in the "Quarterly Financial Supplement" slides at the conclusion of this presentation.

[1] Non-GAAP based financial measures; please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for calculations.

1Q14 Performance vs. Peers

Susquehanna

	Susquehanna	Peer Median[5]
ROAA	0.82%	0.88%
ROATE[1]	11.08%	10.71%
Net Interest Margin	3.61%	3.36%
Loans % of Deposits	104%	86%
Loan Growth	(0.01%)	2.2%
Deposit Growth	1.6%	1.4%
Deposit Cost	0.43%	0.24%
C&I % of Total Loans[2]	14.2%	22.9%
Checking Deposits % of Total Deposits[2,3]	23.6%	31.1%
Efficiency Ratio[1]	66.18%	66.04%
Fee Income % of Operating Revenue[4]	23.1%	25.7%
NPAs % of Loans and Leases and Foreclosed Real Estate	0.89%	1.02%
NCOs % of Average Loans and Leases	0.28%	0.23%
Tier 1 Common Ratio[6]	10.84%	10.47%

Comments

- Solid profitability
- Focus on improving loan to deposit ratio
- Working to close the gap to peers by growing checking deposits and commercial loans in attractive markets
- Fee income activities in place to deepen relationships and close the gap to peers
- NCOs/Avg. loans and leases trending towards peers while the Tier 1 common ratio is slightly better than peers

Source: SNL Financial and company filings

1 Non-GAAP based financial measures; please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for calculations.
2 Per 12/31/13 regulatory filings.
3 Interest-bearing and non-interest bearing transaction deposits per regulatory filings.
4 As reported by SNL. Excludes securities gains and losses and other non-recurring items.
5 Please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for the listing of the peer companies.
6 Most recent available data

Business Strategy: Regional Bank With a Customer-Focused “Community Bank” Delivery Model

Strategic Focus: Multi-Year Plan

OBJECTIVE: Transition to a Robust Relationship-Based Customer Model	
1. Shift in Model and Focus	▪ New investments focused on: – Technology – Risk management – Employee engagement – Customer experience – Service delivery – Marketing – Pricing – Products ▪ Evaluating new and existing relationships for relationship profitability
2. Hiring and Talent	▪ Recruiting experienced leaders across the bank ▪ Hiring individuals and teams ▪ Employee engagement at all levels ▪ Building capabilities to foster existing employee development
3. Redesigned Incentive Structure	▪ New profitability model to drive bankers' incentives ▪ Incentives promote cross selling, risk management and total portfolio management

Investing for Tomorrow

Susquehanna

Investments Focused on What We Can Control	
Aligning Infrastructure With Our Growth into Top 50 Bank Rankings	▪ Ensuring systems, processes and capabilities can accommodate growth beyond the $18 billion institution Susquehanna is today
Focus on Scalable Investments	▪ Software and technology ▪ Fee income activities ▪ Risk management ▪ Customer experience ▪ Service delivery *Higher expenses in the near-term*
Investments for Business Demand	▪ 4 of the top 5 budgeted capital expenditures for 2014 are for business demand: – ATMs – Branch relocation – Product software – Commercial Banking online upgrades *Business demand drives 84% of budgeted spend for top 5 capital expenditures in 2014*

Investments today position Susquehanna for future growth and performance

Investing in Talent

WILLIAM REUTER
Chairman and CEO
39 years banking experience, including 23 years with Susquehanna

ANDREW SAMUEL
Bank President and CEO
29 years banking experience
2 years with Susquehanna

MICHAEL HARRINGTON
Chief Financial Officer
27 years banking experience
2 years with Susquehanna

MICHAEL QUICK
Chief Corporate Credit Officer
42 years banking experience
23 years with Susquehanna

KEVIN BURNS
Chief Risk Officer
15 years banking experience
<1 year with Susquehanna

GREGORY DUNCAN
Chief Operating Officer
30 years banking experience
23 years with Susquehanna

CARL LUNDBLAD
Chief Legal & Administrative Officer
16 years banking / legal experience
2 years with Susquehanna

BEVERLY WISE
Chief Human Resources Officer
25 years banking experience
2 years with Susquehanna

- Approximately 45% of Susquehanna's top 60 leaders have joined within the last two years, bringing new ideas and best practices to bear
- Aligning corporate and individual objectives with strategic plan and stockholders' interests
  - Short-term incentives tied to strategic goals
  - Long-term incentive plan tied to relative total shareholder return and ROTCE

Business Strategy

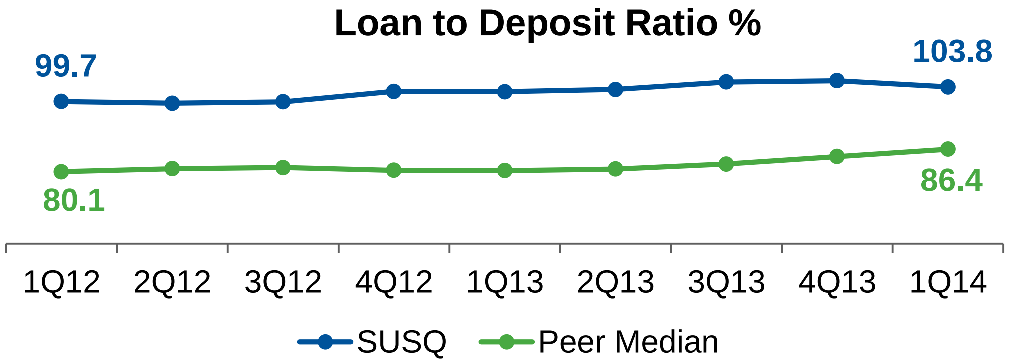
Strategic Priorities for 2014	
Focus on Deposits	▪ Helps achieve balance sheet objectives ▪ Significant opportunity in existing client base ▪ Take share from larger competitors with “community bank” delivery model ▪ Complements strategy to grow commercial loans and success of Stellar Checking retail campaign
Optimize Balance Sheet	▪ Focus on growing commercial loans while limiting indirect auto and selling more mortgage production – Dense population of small businesses in-market – Product offerings position us to compete with small and large banks ▪ Small business relationships provide opportunities in wealth, capital markets and cash management – Growing fee income reduces spread-reliance and promotes stable revenue stream
Customer Experience and Employee Engagement	▪ Delivering a differentiated customer experience with premier service and simplified processes ▪ Fueling customer-centric culture through investments in talent, technology, products and delivery ▪ Aligning compensation around drivers of sustainable and profitable relationships – Incentives tied to full customer relationships, measured through profitability model
Enterprise Risk Management	▪ Investments in people and processes to effectively manage risk commensurate with our size, complexity, strategy and growth ▪ More efficient pricing and capital allocation decisions ▪ Enhanced governance and controls

Focus: Deposits

Rationale
- Ample opportunity to capture greater wallet share and profitability from existing customers while improving liquidity and interest risk profile

Strategic Initiatives
- Enhanced profitability models to inform pricing and investment decisions
- Focus on deposit-rich markets with ample small business opportunities
- Investing in people and technology to streamline loan approval and closing and deposit account opening process
- Sales training and development, emphasizing cross-sell
- Increasing marketing spend

Trade-Off
- Desire to lower loan to deposit ratio is a constraint on loan growth and earnings in the short-term. Long-term benefits will be realized when interest rates rise

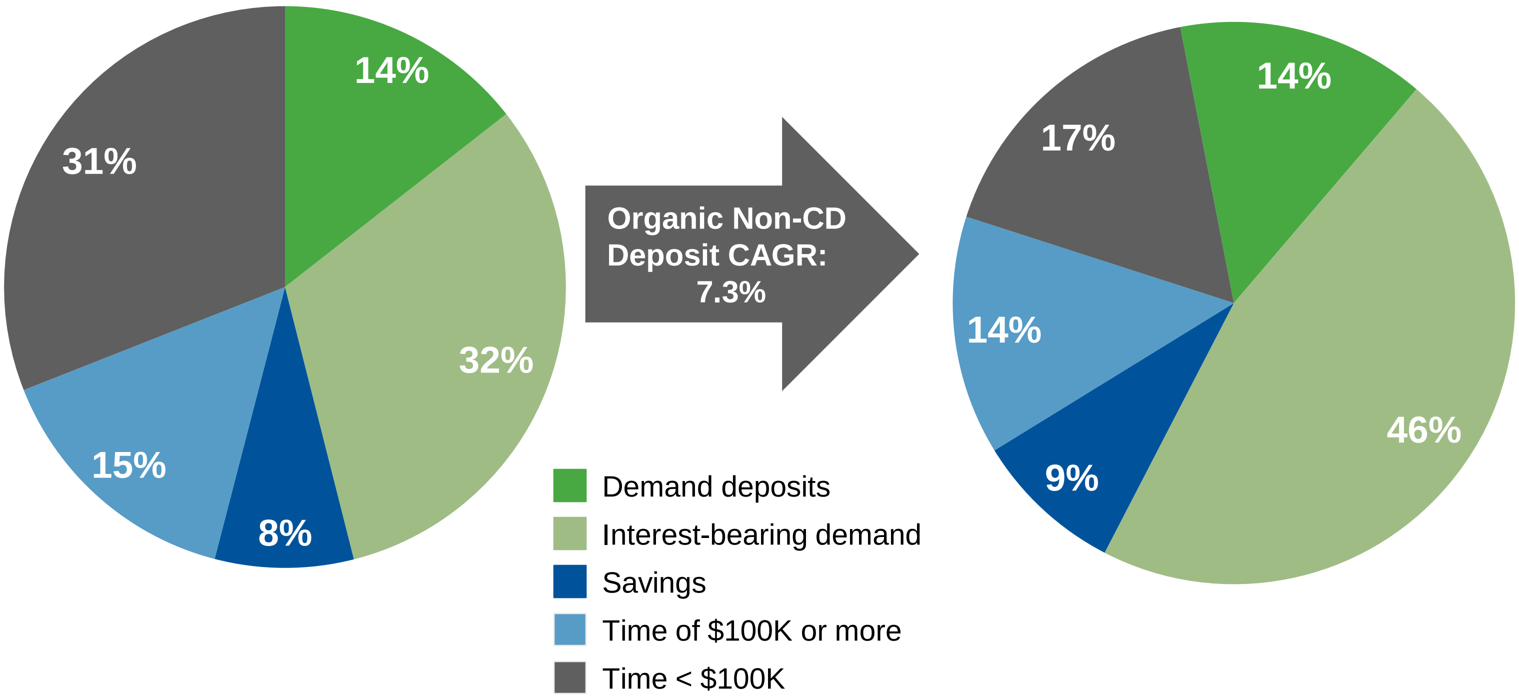


Source: SNL Financial.
Please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for the listing of the peer companies.

Strong Deposit Growth

Total Deposits 12/31/2007
$8.9 Billion

Total Deposits 3/31/2014
$13.1 Billion



Strong Deposit Growth Momentum

- Positive results in mobile deposit services and Stellar Checking account
- Non-CD deposits now account for 70% of total deposits
- Non-CD growth of 2.0% since 1Q13, including strategic exit from certain relationships
- Cost of deposits decreased from 2.86% in 4Q07 to 0.43% in 1Q14

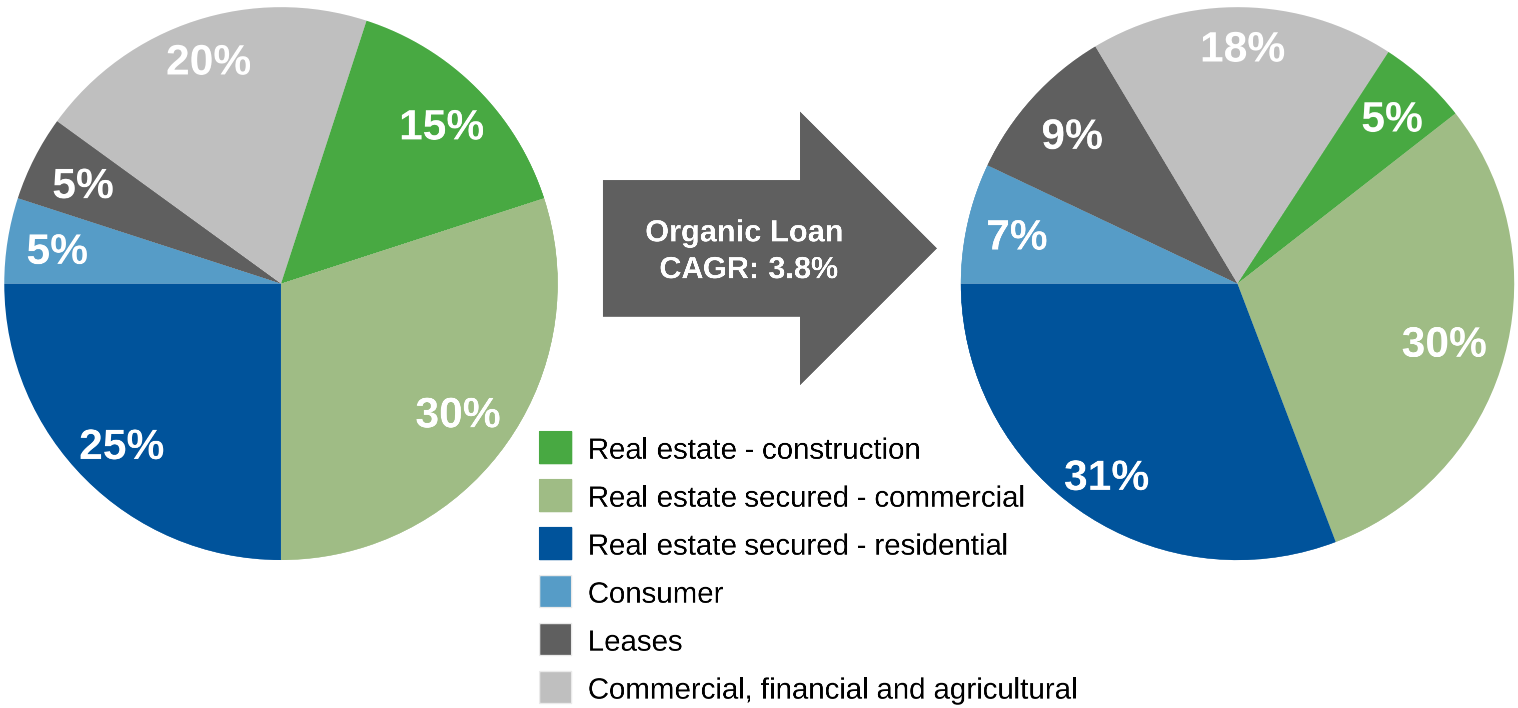
Deposit Initiatives

Innovative Deposit Strategies Driving Growth		
Strategic	▪ Building on 2.3% deposit growth in 2013 to achieve balance sheet objectives ▪ Exiting non-strategic relationships and limiting exception pricing ▪ Lowered deposit cost by 9 bps in 2013	
Streamlined	▪ Focused on cross-sell opportunities and commercial deposits ▪ Three retail checking accounts today vs. 10+ at the start of 2013	
Customer-Centric	▪ Stellar Checking launched in 2013	– 70,610 accounts in first 13 months with $166M in balances and $600,000 in total rewards paid out – 30% from new customers, with higher average balances than converted accounts – Driving new fee income through increased debit card usage
	▪ Digital channel in 1Q14 vs. 1Q13	– Mobile banking users up 72% – E-statements up 29% – Total online banking users up 14%

Disciplined Asset Allocation: Focus on Commercial Loans

12/31/2007 | **$8.8 Billion**

3/31/2013 | **$13.6 Billion**

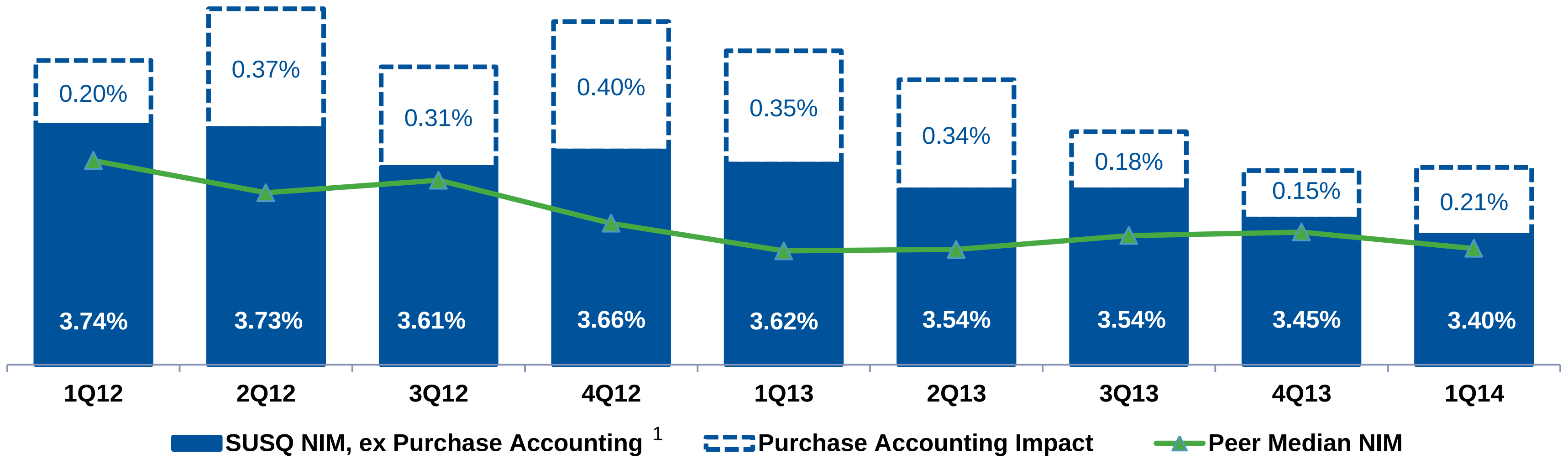


Slowing Loan Growth Momentum, Focus on Mix

- Rotating assets to achieve more valuable mix
- Commercial loan growth of 4.3% since 1Q13, including strategic exit from certain relationships
- Limit indirect portfolio growth while selling more residential production in secondary market
- Average commercial loan yield in 1Q14 was 4.78%, compared to 3.38% for indirect auto leases

Net Interest Margin

Susquehanna



Net Interest Margin

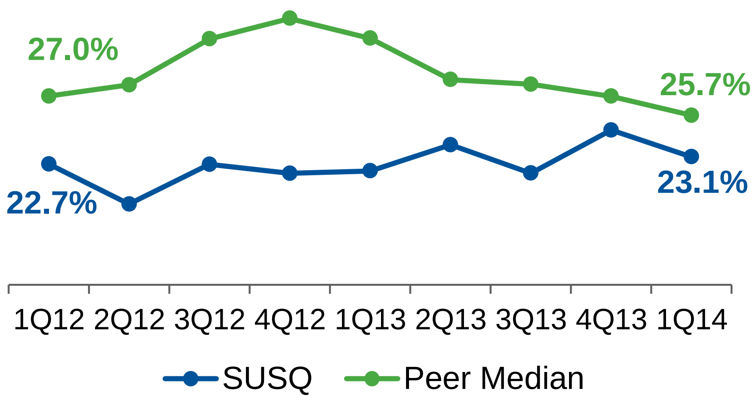
- Net interest margin of 3.61% in the quarter versus 3.60% in the prior quarter
- Net interest margin, excluding purchase accounting, was down 5 bps, but remains in-line with peer reported net interest margin
- The net interest margin decline is a primarily a function of existing loans repricing at lower rates and a change in the mix of loans
- Deposit growth and strategic shift toward commercial lending expected to provide more stability to the net interest margin going forward

Source: SNL Financial. Please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for the listing of the peer companies.
[1] Non-GAAP based financial measure; please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for calculation.

Non-Interest Income

- Focus on cross-sell as commercial loan and deposit relationships grow
  - Closing the gap to peers on fee income/operating revenue
- Diversifying revenue and becoming less reliant on spread revenue
  - Momentum in wealth management, capital markets and cash management
- Wealth management continues to expand
  - Increased 2.7% year-over-year
- Capital markets growing
  - Increased 37.5% year-over-year
- Cash management driving deposit growth and income
  - $52 million in new demand deposits and revenue up 7.4% year-over-year

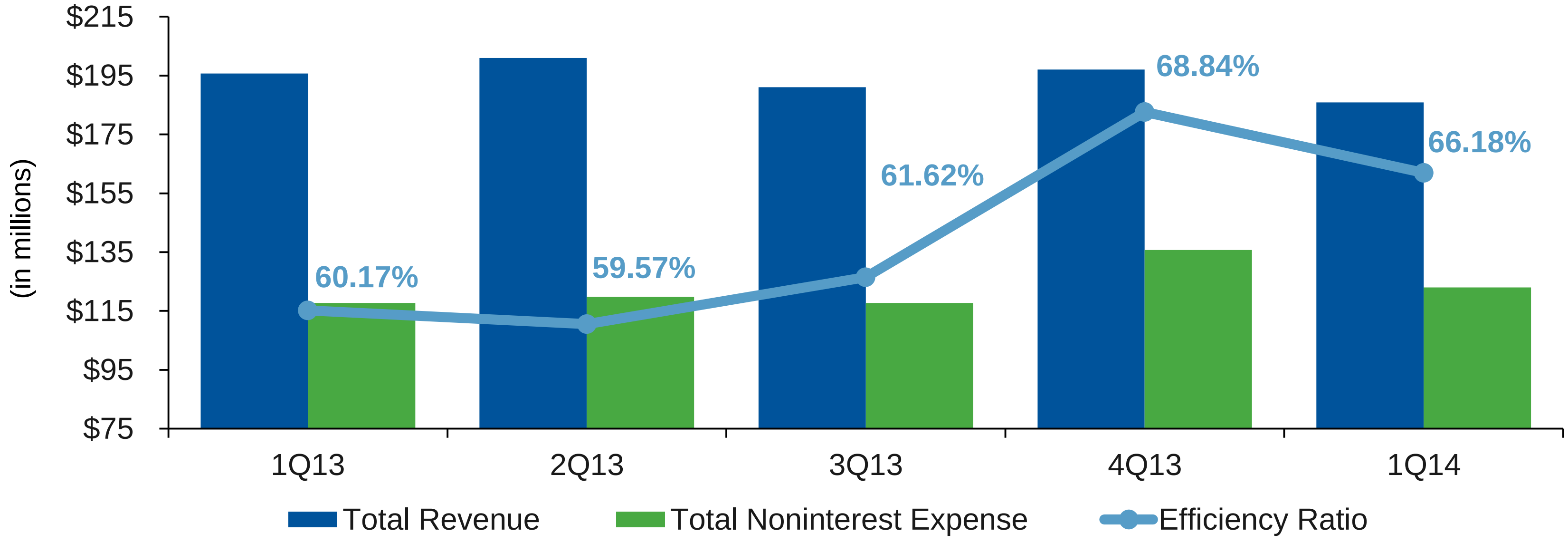
Fee Income % of Operating Revenue[1]



	Non-interest Income ($000) - Quarter Ending		
	Mar. 31, 2013	Dec. 31, 2013	Mar. 31, 2014
Service Charges on Deposit Accounts	8,672	9,456	9,000
Vehicle Origination and Servicing Fees	3,354	3,057	2,968
Wealth Management Commissions and Fees	12,390	13,048	12,719
Commissions on Property and Casualty Insurance Sales	4,542	4,023	5,666
Other Commissions and Fees	4,328	5,077	5,035
Mortgage Banking Revenue	4,110	2,483	2,410

[1] As reported by SNL Financial. Excludes securities gains and losses and other non-recurring items. Please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for the listing of the peer companies.

Expense Management



- Successfully lowered efficiency ratio from 66.83% for 2011 to 62.55% for 2013
  - Recent elevation in efficiency ratio reflects expenses associated with incentive compensation, branch consolidation costs and investments to build out ERM, compliance and other strategic initiatives
  - Targeted long-term efficiency ratio of 60%
  - Efficiency is a part of our culture; always looking for ways to improve expense management

Note: Efficiency ratio excludes net realized gain on acquisition, merger related expenses and loss on extinguishment of debt and is a non-GAAP based financial measure; please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for calculations.

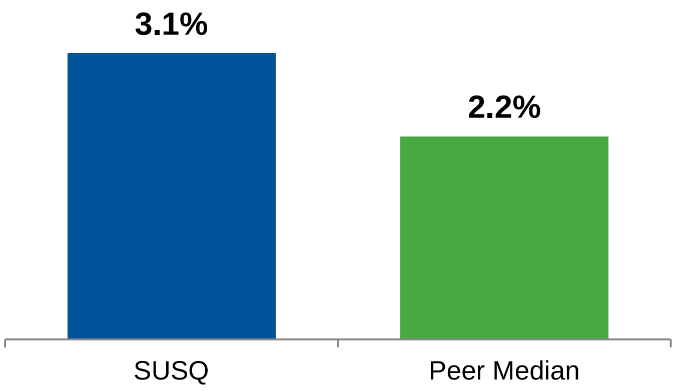
2Q14 Outlook & Current Trends

Strategic Priorities Reflected in Second Quarter 2014 Outlook	
Net Interest Margin	▪ May decline slightly in second quarter due to competitive pressure on existing loan portfolio ▪ Range of 3.36% - 3.40%
Average Earning Assets	▪ Limited average earning asset growth ▪ Commercial loan growth is priority ▪ Focus on rotating the balance sheet mix rather than on total loan growth ▪ Securities portfolio expected to remain relatively flat
Credit	▪ Provision is expected to trend in line with the last four quarters
Expenses	▪ Expenses expected to increase linked quarter as normal inflation factors are fully realized ▪ Measured investments in the franchise continue
Fee Income	▪ Expected to increase linked quarter as capital markets rebounds and we get a lift from the mortgage business as we enter the spring selling season

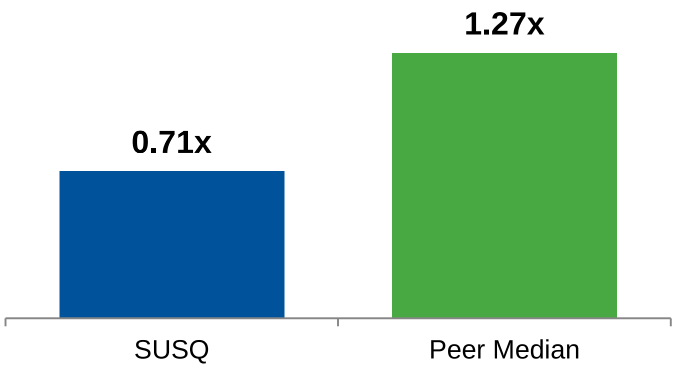
Valuation and Long Term Upside

Valuation

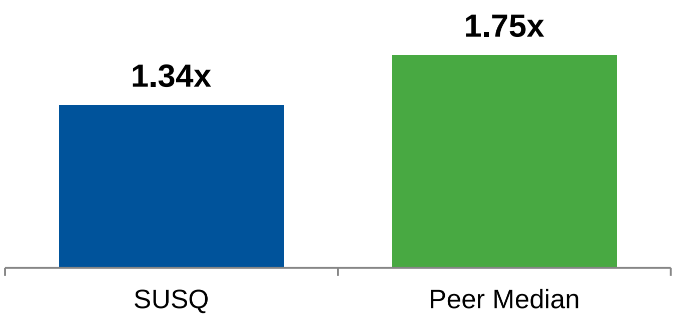
Dividend Yield[1]



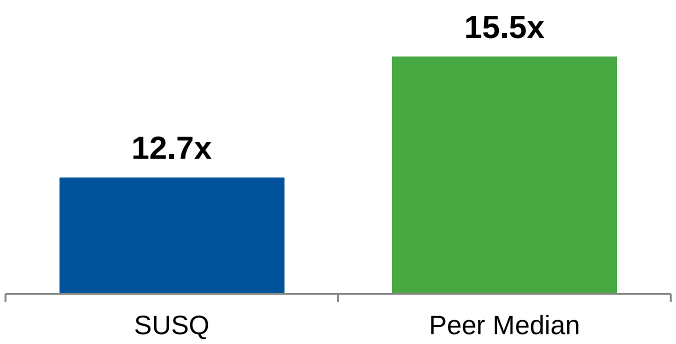
Price / Book Value



Price / Tangible Book Value



Price / Forward Earnings (2014)[2]



- Execution of strategy could result in P/E expansion due to higher earnings growth and lower cost of equity
  - Close the P/E discount to peers
- Attractive dividend yield provides meaningful return in the near-term

Source: SNL Financial. As of April 30, 2014.
Please refer to the “Quarterly Financial Supplement” slides at the conclusion of this presentation for the listing of the peer companies.
[1] Based on current annualized dividend of $0.32 per share and closing price on April 30, 2014.
[2] Reflects mean IBES estimate for 2014.

Solid Capital Generation

At March 31, 2014	Tangible Common Equity[1]	Tier 1 Common / RWA	Tier 1 Leverage	Tier 1 Risk-Based	Total Risk-Based
Susquehanna	8.67%	10.84%	9.72%	11.95%	13.23%
Management Minimum Target	7.50%	8.00%	6.00%	9.50%	11.50%

- Do not expect Basel III to have a material impact to our risk-weighted assets
  - We believe we would be fully compliant with revised capital requirements, including the capital conservation buffer
- Capital generation has benefited from strong profitability and approximately 40% dividend payout ratio
- Status quo until we receive feedback from regulators on stress test
  - If deemed to have capital beyond what is required by regulators and internal capital targets, Susquehanna may look to distribute a portion of its excess capital
  - All capital distribution strategies will be evaluated

[1] The tangible common equity ratio is a non-GAAP based financial measure; please refer to the "Quarterly Financial Supplement" slides at the conclusion of this presentation for calculation.

Quarterly Financial Supplement

Susquehanna Bank Markets

Pennsylvania Market	Maryland Market	Delaware Valley Market
Adams, PA	Allegany, MD	Atlantic, NJ
Berks, PA	Anne Arundel, MD	Bucks, PA
Centre, PA	Baltimore, MD	Burlington, NJ
Cumberland, PA	Baltimore City, MD	Camden, NJ
Dauphin, PA	Bedford, PA	Chester, PA
Lancaster, PA	Berkley, WV	Cumberland, NJ
Lebanon, PA	Carroll, MD	Delaware, PA
Lehigh, PA	Franklin, PA	Gloucester, NJ
Luzerne, PA	Fulton, PA	Montgomery, PA
Lycoming, PA	Garrett, MD	Philadelphia, PA
Northampton, PA	Harford, MD	
Northumberland, PA	Howard, MD	
Schuylkill, PA	Washington, MD	
Snyder, PA	Worcester, MD	
Union, PA		
York, PA		

Peer Companies

- Associated Banc-Corp
- BancorpSouth Inc.
- City National Corp.
- Commerce Bancshares
- Cullen/Frost Bankers Inc.
- F.N.B. Corp.
- First Horizon Nat’l Corp.
- First Niagara Financial Group
- FirstMerit Corp.
- Fulton Financial Corp.
- Hancock Holding Co.
- IBERIABANK Corp.
- People's United Financial
- Prosperity Bancshares Inc.
- Signature Bank
- TCF Financial Corp.
- UMB Financial Corp.
- Valley National Bancorp
- Webster Financial Corp.
- Wintrust Financial Corp.

Loan and Lease Originations

Average Balance*	1Q13		2Q13		3Q13		4Q13		1Q14	
($ in Millions)	Balance	Origina-tions	Balance	Origina-tions	Balance	Origina-tions	Balance	Origina-tions	Balance	Origina-tions
Commercial	$ 1,996	$ 224	$ 2,005	$ 221	$ 1,997	$ 166	$ 1,997	$ 189	$ 2,045	$ 112
Real Estate – Const & Land	797	137	777	148	752	196	736	184	707	76
Real Estate – 1-4 Family Res	2,266	57	2,262	67	2,258	90	2,276	66	2,279	56
Real Estate – Commercial	4,295	206	4,356	263	4,440	267	4,406	180	4,413	131
Real Estate – HELOC	1,235	113	1,285	154	1,358	160	1,450	130	1,478	93
Tax-Free	427	3	420	2	402	42	418	34	438	6
Consumer Loans	820	114	853	149	887	128	908	125	912	110
Commercial Leases	287	78	300	124	319	101	320	89	310	89
Consumer Leases	644	138	698	87	756	122	837	142	922	112
VIE	162	-	156	-	122	-	74	-	71	-
Total Loans	**$ 12,929**	**$ 1,070**	**$ 13,112**	**$ 1,215**	**$ 13,291**	**$ 1,272**	**$13,422**	**$ 1,137**	**$13,575**	**$785**

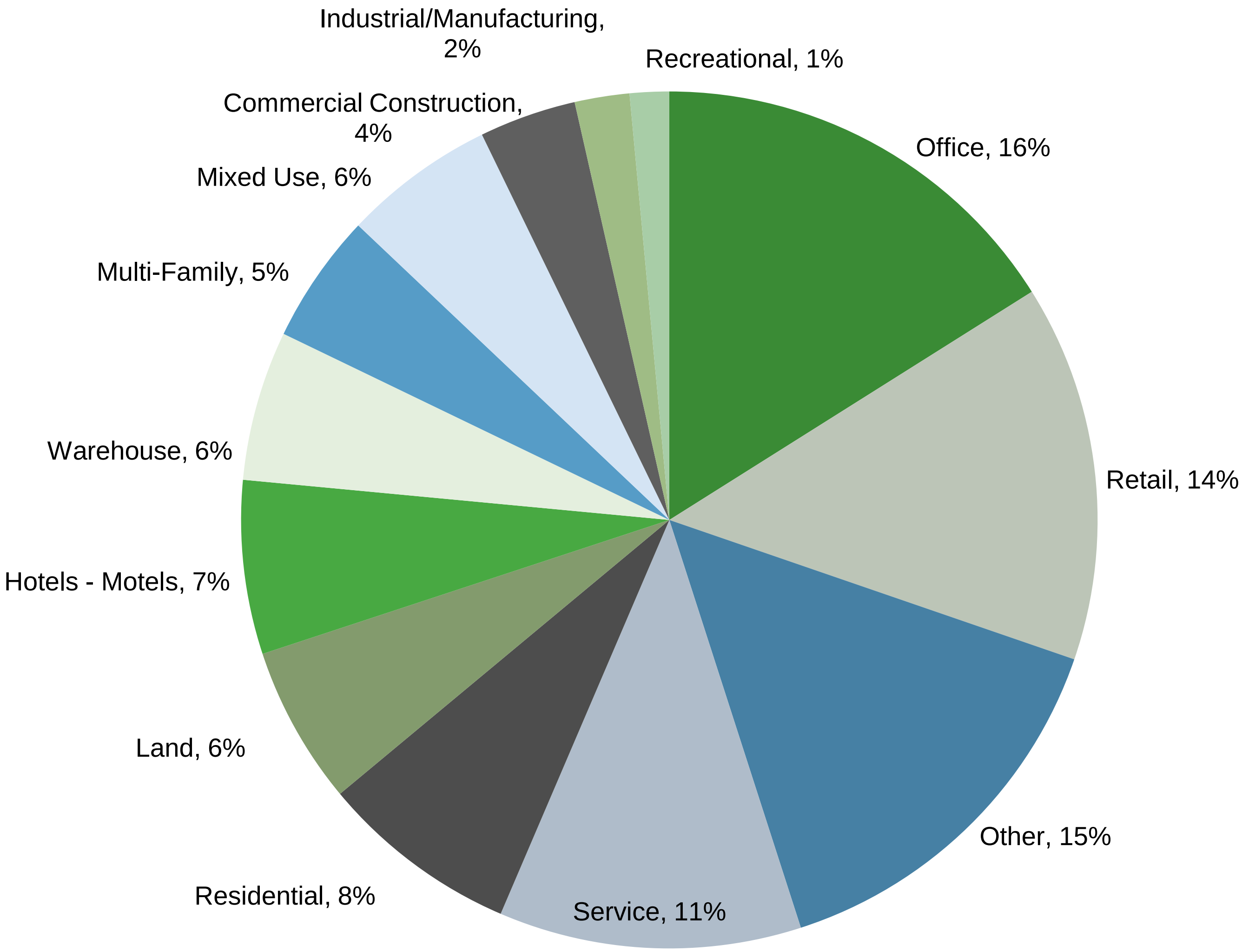
*By collateral type.

Loan Mix & Yield

Average Balance* ($ in Millions) INT % QTR	1Q13		2Q13		3Q13		4Q13		1Q14	
Commercial	$ 1,996	5.28%	$ 2,005	5.03%	$ 1,997	5.00%	$ 1,997	4.81%	$ 2,045	4.78%
Real Estate – Const & Land	797	6.05%	777	6.69%	752	5.21%	736	5.37%	707	5.35%
Real Estate – 1-4 Family Res	2,266	4.91%	2,262	4.82%	2,258	4.60%	2,276	4.69%	2,279	4.63%
Real Estate – Commercial	4,295	5.43%	4,356	5.22%	4,440	4.99%	4,406	4.65%	4,413	4.68%
Real Estate – HELOC	1,235	3.68%	1,285	3.64%	1,358	3.59%	1,450	3.53%	1,478	3.51%
Tax-Free	427	5.10%	420	5.09%	402	5.07%	418	5.02%	438	4.92%
Consumer Loans	820	4.77%	853	4.52%	887	4.33%	908	4.25%	912	4.20%
Commercial Leases	287	7.56%	300	7.15%	319	6.64%	320	6.46%	310	6.67%
Consumer Leases	644	3.88%	698	3.68%	756	3.51%	837	3.39%	922	3.38%
VIE	162	4.36%	156	4.34%	122	4.92%	74	4.88%	71	4.83%
Total Loans	**$ 12,929**	**5.03%**	**$ 13,112**	**4.95%**	**$ 13,291**	**4.70%**	**$ 13,422**	**4.55%**	**$ 13,575**	**4.51%**

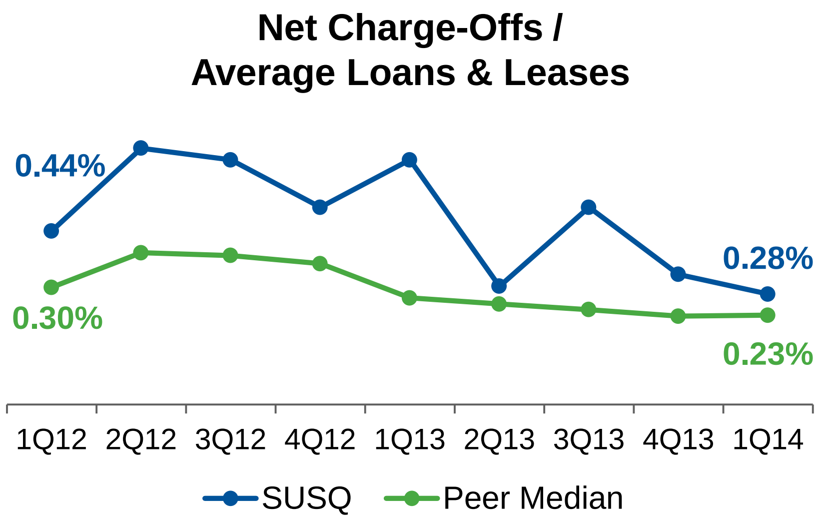
*By collateral type.

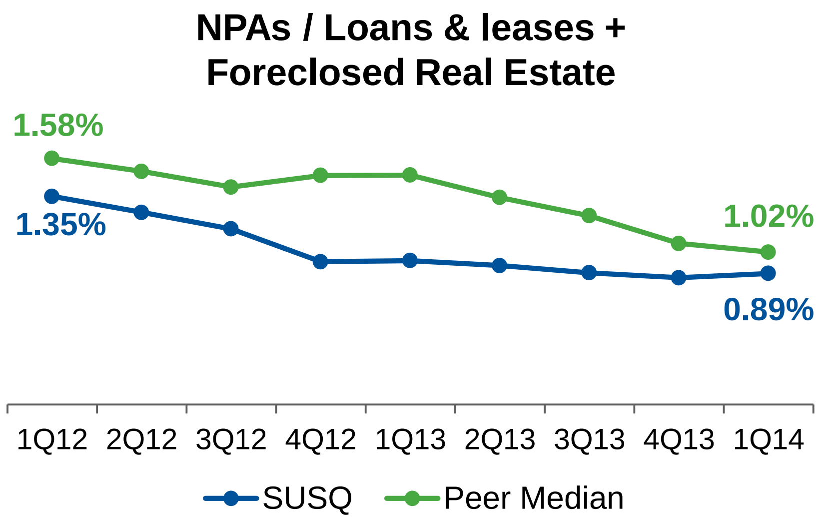
CRE and Construction Composition

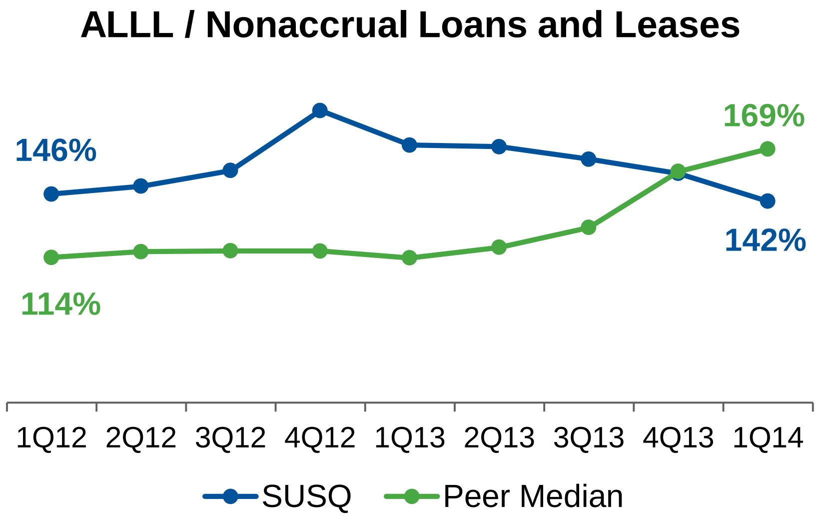


1Q14

Asset Quality

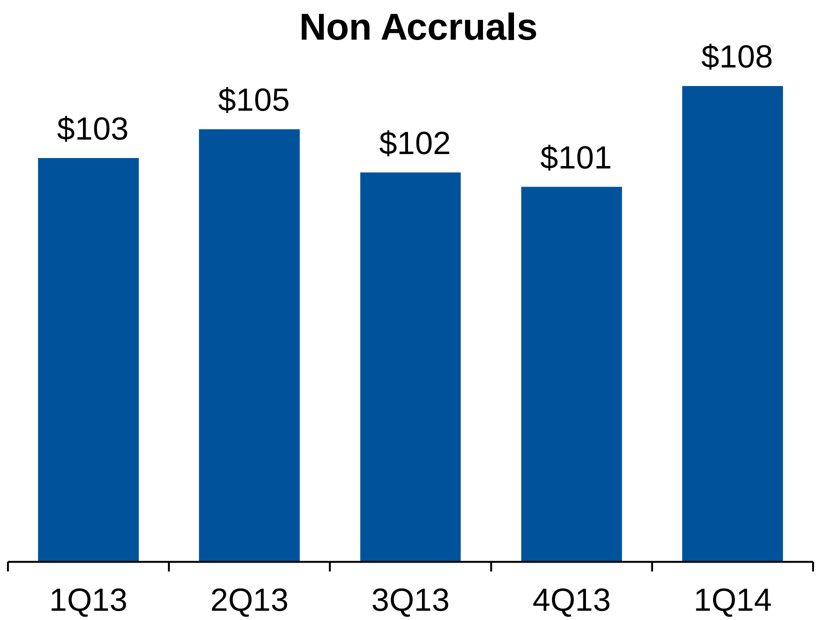


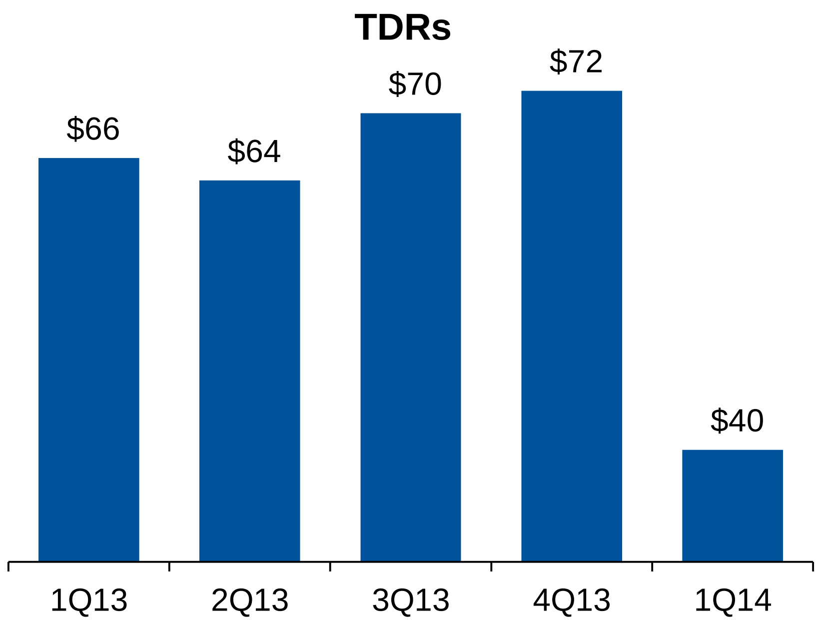




Source: SNL Financial

Asset Quality
($ in Millions)

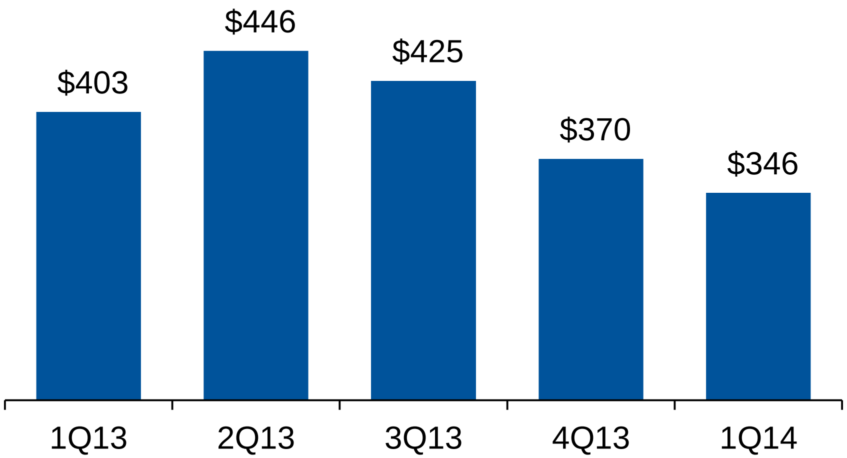




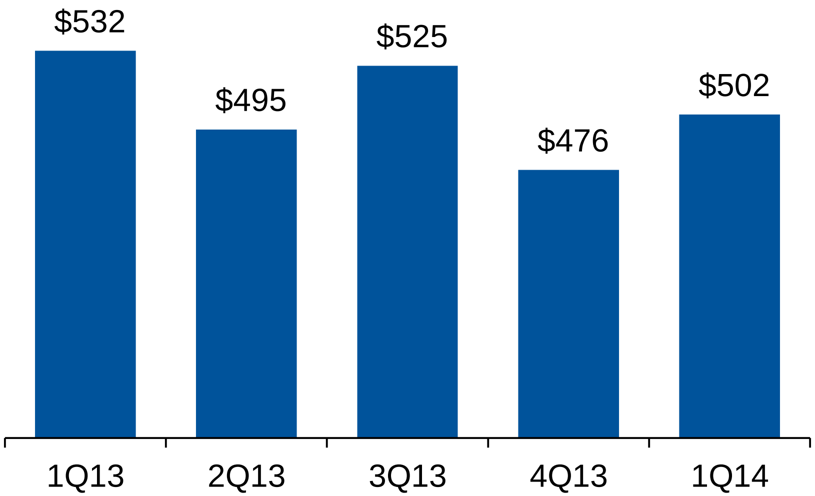
	1Q13	2Q13	3Q13	4Q13	1Q14
NPL's Beginning of Period	$ 97.8	$ 103.4	$ 105.1	$ 102.0	$ 100.8
New Non Accruals	23.1	23.6	23.1	29.4	25.4
Cure/Exits/Other	0.4	(13.4)	(12.6)	(21.7)	(8.3)
Gross Charge-Offs	(15.5)	(5.0)	(8.9)	(5.3)	(7.0)
Transfer to OREO	(2.4)	(3.5)	(4.7)	(3.6)	(2.5)
NPL's End of Period	**$ 103.4**	**$ 105.1**	**$ 102.0**	**$ 100.8**	**$ 108.4**

Asset Quality
($ in Millions)

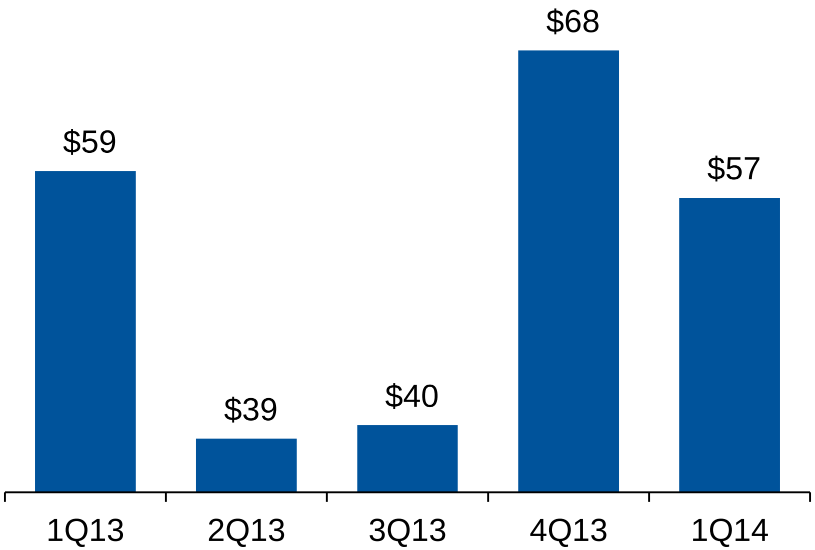
OAEM



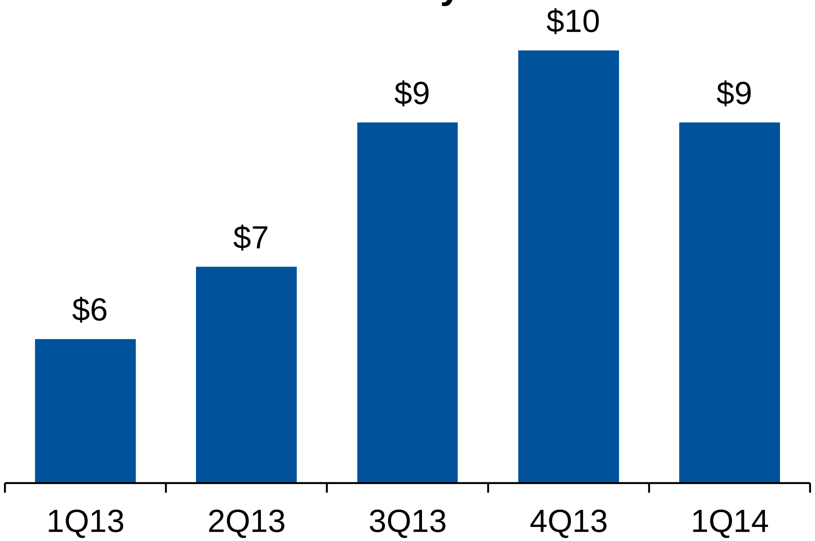
Substandard



Past Due 30-89 Days



Past Due 90 Days or More



Investment Securities

EOP Balance ($ in Millions) QTR Yield	1Q13	2Q13	3Q13	4Q13	1Q14
Total Investment Securities	$2,553	$2,494	$2,644	$2,533	$2,445
Duration (years)	3.6	4.3	4.1	3.5	3.4
Yield	2.64%	2.61%	2.67%	2.65%	2.72%
Unrealized Gain/(Loss)	$50.6	($2.7)	$1.3	($12.0)	$4.1

Deposit Mix & Cost

Susquehanna

Average Balance ($ in Millions) INT % QTR	1Q13			2Q13			3Q13			4Q13			1Q14		
Demand	**$**	**1,918**	**0.00%**	**$**	**1,912**	**0.00%**	**$**	**1,911**	**0.00%**	**$**	**1,881**	**0.00%**	**$**	**1,831**	**0.00%**
Interest Bearing Demand		5,895	0.32%		5,984	0.28%		5,937	0.26%		6,058	0.26%		6,033	0.25%
Savings		1,049	0.11%		1,080	0.11%		1,076	0.11%		1,076	0.11%		1,100	0.11%
Certificates of Deposits		3,778	1.21%		3,892	1.20%		3,871	1.05%		3,792	1.00%		3,911	1.00%
Total Interest-Bearing Deposits	**$**	**10,722**	**0.61%**	**$**	**10,956**	**0.59%**	**$**	**10,884**	**0.53%**	**$**	**10,926**	**0.50%**	**$**	**11,044**	**0.50%**
Non-CD Deposits/Total		70.1%			69.8%			69.7%			70.4%			69.6%	
Loans(excluding VIE)/Deposits		101.0%			100.7%			102.9%			104.2%			104.9%	

Borrowing Mix & Cost

Average Balance ($ in Millions) INT % QTR	1Q13		2Q13		3Q13		4Q13		1Q14	
Short-Term Borrowings	$ 817	0.25%	$ 728	0.26%	$ 758	0.27%	$ 672	0.25%	$ 672	0.25%
FHLB Advances	1,155	0.33%	1,042	0.36%	1,285	0.33%	1,502	0.32%	1,387	0.35%
Long Term Debt	509	3.28%	496	3.32%	476	3.45%	456	3.51%	451	3.46%
Total Borrowings	**$ 2,481**	**0.91%**	**$ 2,266**	**0.98%**	**$ 2,519**	**0.90%**	**$ 2,630**	0.86%	**$ 2,510**	**0.88%**
Off Balance Sheet Swap Impact	927	0.73%	927	0.82%	927	0.78%	1,100	0.80%	1,100	0.87%
Total Borrowing Cost	**1.64%**		**1.80%**		**1.68%**		**1.66%**		**1.75%**	
Total Borrowings / Total Assets	**13.8%**		**12.5%**		**13.8%**		**14.3%**		**13.6%**	

Non-GAAP Reconciliation
($ in thousands)

	1Q14	4Q13	3Q13	2Q13	1Q13
Efficiency Ratio					
Other expense	$ 123,032	$ 135,672	$ 117,701	$ 119,738	$ 117,729
Noninterest operating expense (numerator)	$ 123,032	$ 135,672	$ 117,701	$ 119,738	$ 117,729
Taxable-equivalent net interest income	$ 143,813	$ 146,430	$ 149,683	$ 151,916	$ 153,021
Other income	42,089	50,666	41,343	49,076	42,644
Noninterest operating income (denominator)	$ 185,902	$ 197,096	$ 191,026	$ 200,992	$ 195,665
Efficiency ratio	66.18%	68.84%	61.62%	59.57%	60.17%

The efficiency ratio is a non-GAAP based financial measure. Management excludes merger-related expenses and certain other selected items when calculating this ratio, which is used to measure the relationship of operating expenses to revenues.

	1Q14	4Q13	3Q13	2Q13	1Q13
Tangible Common Ratio					
End of period balance sheet data					
Shareholders' equity	$ 2,755,199	$ 2,717,587	$ 2,679,348	$ 2,644,940	$ 2,639,489
Goodwill and other intangible assets [1]	(1,266,403)	(1,264,839)	(1,263,928)	(1,265,016)	(1,266,610)
Tangible common equity (numerator)	$ 1,488,796	$ 1,452,748	$ 1,415,420	$ 1,379,924	$ 1,372,879
Assets	$18,439,682	$18,473,489	$18,481,150	$18,083,039	$17,967,174
Goodwill and other intangible assets [1]	(1,266,403)	(1,264,839)	(1,263,928)	(1,265,016)	(1,266,610)
Tangible assets (denominator)	$17,173,279	$17,208,650	$17,217,222	$16,818,023	$16,700,564
Tangible common ratio	8.67%	8.44%	8.22%	8.21%	8.22%

The tangible common ratio is a non-GAAP based financial measure using non-GAAP based amounts. The most directly comparable GAAP-based measure is the ratio of common shareholders' equity to total assets. In order to calculate tangible common shareholders equity and assets, our management subtracts the intangible assets from both the common shareholders' equity and total assets. Tangible common equity is then divided by the tangible assets to arrive at the ratio. Management uses the ratio to assess the strength of our capital position.

[1] Net of applicable deferred income taxes

Non-GAAP Reconciliation
($ in thousands)

	1Q14	4Q13	3Q13	2Q13	1Q13
Return on Average Tangible Equity					
Income statement data					
Net income	**$ 37,162**	$ 41,341	$ 44,291	$ 45,648	$ 42,399
Amortization of intangibles, net of taxes at 35%	**1,650**	1,822	1,626	1,984	2,124
Net tangible income (numerator)	**$ 38,812**	$ 43,163	$ 45,917	$ 47,632	$ 44,523
Average balance sheet data					
Shareholders' equity	**$ 2,726,465**	$ 2,679,242	$ 2,642,806	$ 2,648,314	$ 2,614,319
Goodwill and other intangible assets	**(1,306,298)**	(1,308,690)	(1,310,155)	(1,312,257)	(1,312,662)
Tangible common equity (denominator)	**$ 1,420,167**	$ 1,370,552	$ 1,332,651	$ 1,336,057	$ 1,301,657
Return on equity (GAAP basis)	**5.53%**	6.12%	6.65%	6.91%	6.58%
Effect of goodwill and other intangibles	**5.55%**	6.37%	7.02%	7.39%	7.29%
Return on average tangible equity	**11.08%**	12.49%	13.67%	14.30%	13.87%

Return on average tangible equity is a non-GAAP based financial measure calculated using non-GAAP based amounts. The most directly comparable GAAP-based measure is return on average equity. We calculate return on average tangible equity by excluding the balance of intangible assets and their related amortization expense from our calculation of return on average equity. Management uses the return on average tangible equity in order to review our core operating results. Management believes that this is a better measure of our performance. In addition, this is consistent with the treatment by bank regulatory agencies, which excludes goodwill and other intangible assets from the calculation of risk-based capital ratios.

	1Q14	4Q13	3Q13	2Q13	1Q13
Tangible Book Value per Common Share					
End of period balance sheet data					
Shareholders' equity	**$ 2,755,199**	$ 2,717,587	$ 2,679,348	$ 2,644,940	$ 2,639,489
Goodwill and other intangible assets	**(1,305,742)**	(1,307,701)	(1,309,105)	(1,311,176)	(1,313,648)
Tangible common equity (numerator)	**$ 1,449,457**	$ 1,409,886	$ 1,370,243	$ 1,333,764	$ 1,325,841
Common shares outstanding (denominator)	**187,590**	187,363	187,225	187,023	186,800
Tangible book value per common share	**$ 7.73**	$ 7.52	$ 7.32	$ 7.13	$ 7.10

Tangible book value per share is a non-GAAP based financial measure calculated using non-GAAP based amounts. The most directly comparable GAAP based measure is book value per share. In order to calculate tangible book value per share, we divide tangible common equity, which is a non-GAAP based measure calculated as common shareholders' equity less intangible assets, by the number of shares of common stock outstanding. In contrast, book value per share is calculated by dividing total common shareholders' equity by the number of shares of common stock outstanding. Management uses tangible book value per share to assess our capital position and ratios.

Non-GAAP Reconciliation

	1Q14	4Q13	3Q13	2Q13	1Q13
Net Interest Margin (excluding purchase accounting)					
Reported net interest margin (GAAP basis)	**3.61%**	3.60%	3.72%	3.88%	3.97%
Adjustments for purchase accounting:					
Loans and leases	**-0.17%**	-0.11%	-0.13%	-0.27%	-0.27%
Deposits	**-0.03%**	-0.03%	-0.04%	-0.06%	-0.07%
Borrowings	**-0.01%**	-0.01%	-0.01%	-0.01%	-0.01%
Net Interest Margin (excluding purchase accounting)	**3.40%**	3.45%	3.54%	3.54%	3.62%

Net interest margin (excluding purchase accounting) is a non-GAAP based financial measure using non-GAAP based amounts. The most directly comparable GAAP based measure is net interest margin. In order to calculate net interest margin (excluding purchase accounting) we subtract the effects of amortizing/accreting purchase accounting valuation amounts from net interest income, and divide the remainder by average earning assets. Our management uses net interest margin (excluding purchase accounting) to measure and monitor the impact of the current economic environment on our net interest income and believes that this measure is more representative of our ongoing earnings power because it excludes the effect of valuation variables used to arrive at the acquisition fair value recorded on the acquisition date. We believe this non-GAAP measure, when taken together with the corresponding GAAP measure, provides meaningful supplemental information to investors regarding our performance. However, this non-GAAP measure should be considered in addition to, and not as a substitute for or preferable to, net interest margin prepared in accordance with GAAP.