

2021 Letter to Shareholders

Dear Shareholders,

We started 2021 full of optimism that a new COVID vaccine would end the pandemic and lay the foundation for a return to normal. We held out hope that the fear and uncertainty of 2020 would fade away and our economy would grow again. The Paycheck Protection Program had been a resounding success in the depths of the crisis and kept over 20,000 of our small business clients afloat. But continued government stimulus into 2021 raised an important question of how much stimulus is too much?

Over the last two years, we've witnessed an unprecedented experiment in monetary policy that has inflated the size of the Federal Reserve's balance sheet and created excess liquidity on our balance sheet. For perspective, from the Fed's founding in 1913, it took 95 years to grow its balance sheet to \$1 trillion, reaching that level in 2008. Between 2008 and 2019, it grew its balance sheet by another \$3 trillion. But in a short two-year period during the COVID response in 2020 and 2021, the Fed grew its balance sheet by another \$5 trillion. Simply put, in just two years the Fed grew its balance sheet about five times more than it did in its first 95 years of existence.

Over the same two-year period, deposits at SouthState surged 40%, or \$10 billion. And between the PPP program and the surplus liquidity in the financial system, our borrowers were able to successfully navigate the crisis and avoid default.



Soundness

From a soundness perspective, SouthState had another year of excellent asset quality, with net-charge offs of only 0.01% and nonperforming assets down to a low 0.20% at year-end 2021. This follows 2020 with only 0.01% in net charge-offs, so we came through the pandemic recession with virtually no credit losses. Capital levels also remain sound, with a common equity tier 1 ratio of 11.8%, consistent with year-end 2020 levels, in spite of \$4.2 billion of balance sheet growth in 2021.

Profitability

In terms of profitability, SouthState reported earnings of \$475.5 million, or \$6.71 per diluted share. Excluding merger related and other one-time expenses, we earned \$537.3 million, or \$7.58 per diluted share. Adjusted return on tangible common equity was 18.7%, and ending tangible book value per share grew by \$3.46 to \$44.62 in a year in which we repurchased 2.6% of the company. Net income in 2021 benefited from the improved economic outlook with a \$165.3 million release from reserves for credit losses.

Growth

With respect to growth, loan production ramped up considerably in 2021. Our purpose at SouthState is to "invest in the entrepreneurial spirit" and after the COVID vaccine became generally available, the entrepreneurial spirit of our clients was alive and well. Despite the challenges of the pandemic, the Southeast fared far better than the rest of the country. As Americans considered the new flexibility of remote work, coupled with the desire to live in a less regulated geography, people migrated south.

The census bureau released migration data for 2021 and SouthState is situated in four of the six fastest growing states in the country – Florida, Georgia, North Carolina and South Carolina. And as the population swelled, construction activity and loan production grew in tandem. Our team, led by Chief Banking Officer Greg Lapointe, originated a record \$10 billion in loans in 2021, a sizable increase from the \$6 billion to \$7 billion level during 2019 and 2020. Net loan growth (ex PPP) returned in the second quarter and accelerated to 8.5% annualized growth in the back half of 2021.

Faced with a record low yield curve, increasing government regulations, and the need to invest in

digital solutions, the banking industry continues its decades-long march to consolidate. Since the financial crisis in 2008, the SouthState team has been an active participant in the consolidation of the Southeast and created a franchise in the highest growth markets in the country. While we have been active over the last decade, it's likely that the pace of consolidation for SouthState will slow in the years ahead as the number of attractive acquisition opportunities dwindles and our organic opportunities increase.

One of the benefits of scale has been the opportunity to attract seasoned middle-market bankers to the SouthState team from the larger banks, which control two-thirds of the market share in the Southeast. During 2021, we recruited 41 new revenue producers who were attracted to the SouthState culture of local market leadership with a long-term horizon. These new bankers played an important part in propelling the \$10 billion in new loan originations during the year.

Another major achievement in 2021 was the successful completion of the conversion of CenterState Bank. Our merger of equals announced two years ago required over 600,000 accounts to be migrated to a new processing system. The planning, testing and professionalism of our conversion team was truly remarkable and makes us proud to be on their team.

As CenterState and SouthState joined together, we realized our future would be tightly linked strategically to both the Interstate 4 corridor between Tampa and Orlando and the Interstate 85 corridor between Atlanta and Charlotte. These are both large and dynamic super regions. But at the same time, we knew we were below the scale we needed in Atlanta. As we began discussing the merits of a strategic combination with Atlantic Capital CEO Doug Williams, the benefits to both organizations were compelling. Atlantic Capital was the second largest bank headquartered in Atlanta with a team of bankers with deep roots in Atlanta that had worked together for decades.

Under Doug's leadership, they developed a corporate banking focus and an expertise in "Banking as a Service." We closed on the acquisition on March 1, 2022, and on a pro forma basis, SouthState now has \$5 billion in deposits in Atlanta, ranking us 8th in the market (3rd amongst banks with less than \$100 billion in assets). Combined with SouthState's balance sheet scale and capital markets expertise, we're excited to have Doug lead our corporate banking efforts and take us to the next level.



Banking Forward

Looking back, it's been a challenging social, economic and interest rate environment over the last two years and we're ready to turn the page in 2022. We're looking forward to harvesting the benefits of the investments we made during the pandemic.

The work the SouthState team accomplished during the crisis to retool our digital banking suite, recruit new team members and dramatically increase our loan production gives us tremendous confidence in our future. With rising interest rates, fast-growing markets, surplus cash and an energized team, we believe SouthState is positioned to be the premier bank in the Southeast.

As always, we continue to be grateful for the support of our owners. We thank you for your confidence, your trust and your investment in SouthState.

A handwritten signature in black ink that reads "Robert R. Hill, Jr." The signature is written in a cursive, flowing style.

Robert R. Hill, Jr.
Executive Chairman

A handwritten signature in black ink that reads "John C. Corbett". The signature is written in a cursive, flowing style.

John C. Corbett
Chief Executive Officer



SouthState Corporation

Please read the following disclosure along with the annual shareholder letter.

[SouthStateBank.com](https://www.southstatebank.com)

Forward Looking Statement: This Report contains certain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These statements may address issues that involve significant risks and uncertainties. Although we believe that the expectations reflected in this discussion are reasonable, actual results may be materially different. Please refer to the Company's Annual Report on Form 10-K for the year-ended December 31, 2021 ("Form 10-K"), for a thorough description of the types of risks and uncertainties that may affect management's forward-looking statements.