

2022 Letter to Shareholders

Dear fellow SouthState shareholders:

I am pleased to report that SouthState enjoyed a very profitable and successful 2022. As we started the year, we were optimistic that the widespread distribution of the COVID vaccines during 2021 would bring an end to the pandemic and life could return to normal. It wasn't long, however, until Russia invaded Ukraine and mounting inflation (levels not seen since the 1980's), coupled with a near zero percent Federal Funds rate, proved unsustainable. The notion that inflation was "transitory" was no longer the prevailing opinion. By March, the Federal Reserve made an abrupt pivot and began rapidly raising rates and shrinking its balance sheet. What began as a record level of government accommodation in 2020 to fight the "pandemic economy" quickly shifted in 2022 to rapid interest rate increases to fight the "inflation economy." As a result, record levels of industry-wide bank liquidity at the beginning of the year evaporated by the end of the year.

In this rapidly changing environment, the strength of our deposit franchise, our markets, and our team was evident in the company's 2022 performance. For the year, SouthState earned net income of \$496 million or \$6.60 per diluted share and a return on tangible equity* of 17.2%. With the possibility of an upcoming recession, we reserved \$82 million as a provision for future credit losses despite incurring only \$4 million in net charge-offs in 2022 and maintaining very strong credit quality metrics.

Under the new accounting method of credit loss reserves, known as Current Expected Credit Losses ("CECL"), changes in economic forecasts can cause significant

variability in reserves even if actual charge-offs remain low. Due to this inherent volatility from CECL, we consider Pre-Provision Net Revenue ("PPNR") as one important performance metric of core profitability. In 2022, our core profitability, measured as PPNR per share,* increased 36% over 2021's levels.

This meaningful improvement in profitability was due to a significant expansion in our net interest margin as the Federal Reserve increased the Federal Funds rate from near zero at the start of the year to 4.5% at the end the year. This resulted in strong net interest income growth, as reflected in the expansion of our net interest margin from 2.78% in the fourth quarter of 2021 to a high point of 3.96% for the fourth quarter of 2022. Disciplined expense management combined with this revenue growth led to strong operating leverage. Our efficiency ratio hit a low of 48% for the fourth quarter of 2022, down from 61% in the same quarter of 2021.

With the unprecedented fiscal and monetary stimulus added to the economy during the pandemic, the banking industry, including SouthState, experienced significant volatility in loan growth and deposit growth from year to year. In 2020 and 2021, we experienced extraordinary deposit growth but very little loan growth. In 2022, the trends reversed. Excluding the acquisition date balances from the Atlantic Capital merger, deposits shrunk by 5% but loan growth accelerated to 17%.

Realizing that we operate in a cyclical industry, our long-term goal is to grow everything good in the Bank at a compounded rate of 10% per year through an entire economic cycle, realizing growth will vary from year to year. As we consider the macro volatility over the last three years, we were heartened to come very close to our long-term growth goals. During the last three volatile years, loans grew at a 9% compounded annual growth rate and deposits grew at a 13% compounded annual growth rate on a combined business basis including the loans and deposits from the CenterState Bank Corporation ("CenterState") merger.

In a bear market in 2022, SouthState's stock outperformed the KBW Nasdaq Regional Bank Index as well as the broader S&P 500 and the NASDAQ Indices. Bank stocks continue to trade at a discount to their historical earnings multiples on both an absolute basis and on a relative basis versus the S&P 500 Index. Investor fears of a recession and its potential impact on credit costs is a significant factor in this price-to-earnings multiple contraction. As a management team, we cannot control price to earnings multiples, so our focus is doing the right thing every day to maintain our soundness, maximize our profitability, and achieve a level of growth consistent with the great opportunity we face.

*: Non-GAAP financial measures

Return on tangible equity excludes the effect of average intangible assets and related amortization; PPNR per weighted average diluted share excludes the impact of branch consolidation and merger related expense, provision for credit losses, income tax provision and gain on sale of securities.



Regina DeLoach, TM Sales Analyst and
Greg Allen, Commercial Relationship Manager

While we are encouraged with the financial results in 2022 and the significant improvement in profitability, we are equally pleased to report several other non-financial and strategic accomplishments.

In March, we completed the acquisition of Atlantic Capital Bancshares, Inc. ("Atlantic Capital"), bringing a great team of bankers and clients to SouthState. This acquisition greatly enhanced our position in Atlanta, one of the Southeast's most vibrant and important economies. In July, we successfully completed the Atlantic Capital conversion, and our operations and technology team once again did an outstanding job with this complex conversion.

As we step back and reflect on the history of the Bank, it is important to remember the strategic moves made during the 2008 great financial crisis – a defining moment for our team. While others were forced to hunker down for survival, conservative banks like SouthState were able to seize the moment and expand. Today, after a decade of rapid growth, we are now positioned with scale in some of the best markets in America, and we have a unique opportunity to create the best bank in America.

But scale and great markets are not enough. Bigger does not necessarily mean better. We believe that in the banking business, bigger plus better is best. So, after a decade of rapid growth through mergers and acquisitions, we are now in a period where we are focused on getting better. We made significant progress overhauling our digital platform after the merger of equals with CenterState. And we are now focused on improving our internal processes that support the new technology so that the technology is serving our clients and bankers, rather than the other way around. This is painstaking work but will ultimately yield a better client experience and a better team member experience.

The mega banks continue to control the majority of the market share in the Southeast and they do a fine job supporting large Fortune 500 companies. But we believe SouthState is in a unique position to be the true alternative to the mega banks for entrepreneurs, professionals and middle market companies that desire higher touch and local decision making. That high touch is delivered at SouthState by our decentralized model led by 40 regional presidents. These regional presidents, our line of business leaders, and our support teams are our competitive advantage.

We believe companies do not succeed or fail – people do. And at SouthState, we are committed to invest in our people. We will continue to invest in college internships, formal management associate programs, self-awareness training, and executive coaching to develop the next generation of leaders capable of building and leading the best bank in America. During 2022, that leadership was on display not only inside the Bank, but also in the communities where we live. SouthState team members contributed nearly 11,000 service hours to over 700 community organizations. We believe the best way to build our Bank is by investing our time and talents in the communities where we live.



SouthState location in Midtown Atlanta, GA

Banking Forward

I am proud of our team for successfully navigating the volatile environment over the last three years. While there are potential recessionary clouds on the horizon, we are optimistic about the future. We are located in the country's best markets. According to the census bureau, SouthState operates in four of the six fastest growing states in the United States with Florida ranking number one last year as the fastest growing state in the country.

We do not know the economic or interest rate environment we will face in the coming years, but we are confident in our ability to outperform based upon our remarkable teams, our culture, our resilient deposit base, our credit quality, and the fast-growing markets in which we operate.

As always, we thank you, our owners, for your enduring confidence, your support, and your investment.

Sincerely,

A handwritten signature in black ink that reads "John C. Corbett".

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, 2022 ("Form 10-K"), for a thorough description of the types of risks and uncertainties that may affect management's forward-looking statements.