

2024 Letter to Shareholders

Dear fellow SouthState shareholders:

The mood in the banking industry in 2024 started and ended with optimism, although there were a few bumps along the way in the spring. The excess stimulus of the COVID era continued to fade, inflation cooled to more normal levels and the Federal Reserve felt comfortable to begin cutting interest rates in September. As a result, the yield curve is normalizing after its longest inversion in history, and net interest margins are growing again. Widespread concerns of a recession have also diminished. Much of the talk of a hard landing versus a soft landing has been replaced with "no landing" as forecasts point to continued economic growth.

In addition to the rate cuts, our country elected a new President and a new Congress in November on the promise of removing unnecessary regulation and enacting a pro-growth agenda. If you put all these factors together, it is easy to argue that the setup is better than we have had in years for the banking business.

At SouthState, we measure our performance on the three guiding principles of **soundness**, **profitability**, and **growth**. All three are necessary to create a durable bank that can withstand inevitable economic cycles. We have put these fundamentals to the test during both the Great Financial Crisis in 2008 and the COVID crisis of 2020 and proven the resilience of this balanced approach.

- 1 For **soundness**, we ended the year with healthy capital levels and loan loss reserves. Asset quality remained clean. We experienced only six basis points of net charge-offs in 2024, far below industry norms. And as SouthState grows, we continue to make sizable investments in a risk management infrastructure that is appropriate for a company of our size and complexity. We are building staffing, controls, and computer systems that monitor operational risks, liquidity levels, credit quality, and capital adequacy. We are making these investments in close consultation with our regulatory partners and subject-matter experts. This level of sophistication will allow our company to continue growing without getting ahead of our skis.
- 2 **Profitability** was a challenge early in the year as we wrestled with the inverted yield curve. However, our granular, low-cost checking account franchise carried the day and allowed us to end the year with a return on assets of 1.2% and a return on tangible common equity of 15%. As we move into 2025, our profitability will benefit as lower fixed rate assets mature and reset at materially higher interest rates.
- 3 As we contemplated the economics of an inverted yield curve, we decided that a moderate rate of **growth** was appropriate for 2024. We planned on mid-single digit growth in loans, and we landed at 5% growth for the year. As the yield curve begins to steepen, we envision a return to normal growth rates in both loans and deposits. SouthState is positioned in 12 of the 15 fastest growing MSAs in the United States and our prospects for growth are as good as any bank in the country.

As we navigated the COVID era and the sudden increase in interest rates, our balanced approach to soundness, profitability and growth paid off. During 2024, SouthState shares increased in value by 18% compared to the KBW NASDAQ Regional Banking Index that was up 10%. Not only did SouthState shares outperform the benchmark in 2024, but our shares have outperformed the benchmark for three consecutive years in a row. In that period, SouthState shares have outperformed the regional bank index by 29%.

Over the years, our strategy has not changed. Simply put, we are striving to position SouthState in the best geographies, with the best scale, and with the best business model. It feels like a commonsense approach to us but one that requires constant focus and daily



The SouthState Operating Committee rang the Opening Bell at the New York Stock Exchange to commemorate the SSB listing on the NYSE.



nurturing. As we considered our options to advance this strategy, we concluded that a combination with Independent Financial in McKinney, Texas was the best way to further our goals.

The announcement we made in May was a partnership that has been in the works since 2019. David Brooks, Independent Financial founder and CEO, built IBTX with a “shoot where the ducks are flying” strategy. The Texas Triangle of Dallas, Austin, and Houston along with the growing Front Range of Colorado are a perfect complement to SouthState’s fast-growing markets in the Southeast. We are now situated in the four fastest growing states in the country – Florida, Texas, North Carolina, and South Carolina.

As we think about achieving the best scale, we are attempting to remain in the regulatory sweet spot. We need to have the appropriate scale to afford the expensive technology and risk management systems to be relevant, without crossing a more difficult regulatory threshold until we are ready. Today, that more difficult regulatory threshold is \$100 billion in assets. Following our acquisition of IBTX, our assets are approximately \$65 billion. At this scale, we can continue growing organically for several years before we approach \$100 billion. During 2025, our number one priority will be to make our new teammates and customers from Independent Financial feel welcome and at home at SouthState. As we work towards that goal, we will closely monitor the regulatory changes in the new administration to determine our pace of growth in the years to come.

And finally, we are striving to build the best business model that attracts, motivates, compensates, and inspires the best team of bankers in the United States. We are proponents of an ownership culture that aligns

the interests of our shareholders with the interests of our team. We believe we can achieve this alignment with a decentralized, geographic model with high autonomy for our local leaders coupled with high accountability. Autonomy respects the intellect, creativity, and leadership of our local presidents to serve our customers while we maintain accountability to drive sustainable bottom-line earnings growth at each geographic region. It is freedom within a framework. We believe if we prioritize bottom line earnings growth at a geographic level, it permits local leaders to build their bank to best serve the needs of their unique community. If we do this right, SouthState will supply the capital needed to grow local businesses so they will create more jobs and build strong local communities. At the same time, we can provide financial rewards to our team and shareholders. These interests are not mutually exclusive, and we are working every day to refine a business model that creates alignment and value for all our stakeholders.

There are many reasons to be optimistic about the future – a better yield curve, lower regulation, and prospects for economic growth. With this tailwind, SouthState is positioned to be a winner in a consolidating industry. We will remain focused on serving our customers as we build SouthState in the best geographies, with the best scale and the best business model.

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


John C. Corbett
Chief Executive Officer



SouthState
Corporation

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

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, 2024 ("Form 10-K"), for a thorough description of the types of risks and uncertainties that may affect management's forward-looking statements.