

Earnings Call 1Q 2020

Friday, April 24, 2020



SOUTH STATE

Forward Looking Statements

Cautionary Statement Regarding Forward Looking Statements

Statements included in this communication, which are not historical in nature are intended to be, and are hereby identified as, forward looking statements for purposes of the safe harbor provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward looking statements are based on, among other things, management's beliefs, assumptions, current expectations, estimates and projections about the financial services industry, the economy and South State. Words and phrases such as "may," "approximately," "continue," "should," "expects," "projects," "anticipates," "is likely," "look ahead," "look forward," "believes," "will," "intends," "estimates," "strategy," "plan," "could," "potential," "possible" and variations of such words and similar expressions are intended to identify such forward-looking statements. South State cautions readers that forward looking statements are subject to certain risks, uncertainties and assumptions that are difficult to predict with regard to, among other things, timing, extent, likelihood and degree of occurrence, which could cause actual results to differ materially from anticipated results. Such risks, uncertainties and assumptions, include, among others, the following: (1) economic downturn risk, potentially resulting in deterioration in the credit markets, greater than expected noninterest expenses, excessive loan losses and other negative consequences, which risks could be exacerbated by potential negative economic developments resulting from federal spending cuts and/or one or more federal budget-related impasses or actions; (2) increased expenses, loss of revenues, and increased regulatory scrutiny associated with our total assets having exceeded \$10.0 billion; (3) controls and procedures risk, including the potential failure or circumvention of our controls and procedures or failure to comply with regulations related to controls and procedures; (4) ownership dilution risk associated with potential acquisitions in which South State's stock may be issued as consideration for an acquired company; (5) potential deterioration in real estate values; (6) the impact of competition with other financial institutions, including pricing pressures (including those resulting from the Tax Cuts and Jobs Act) and the resulting impact, including as a result of compression to net interest margin; (7) credit risks associated with an obligor's failure to meet the terms of any contract with the bank or otherwise fail to perform as agreed under the terms of any loan-related document; (8) interest risk involving the effect of a change in interest rates on the bank's earnings, the market value of the bank's loan and securities portfolios, and the market value of South State's equity; (9) liquidity risk affecting the bank's ability to meet its obligations when they come due; (10) risks associated with an anticipated increase in South State's investment securities portfolio, including risks associated with acquiring and holding investment securities or potentially determining that the amount of investment securities South State desires to acquire are not available on terms acceptable to South State; (11) price risk focusing on changes in market factors that may affect the value of traded instruments in "mark-to-market" portfolios; (12) transaction risk arising from problems with service or product delivery; (13) compliance risk involving risk to earnings or capital resulting from violations of or nonconformance with laws, rules, regulations, prescribed practices, or ethical standards; (14) regulatory change risk resulting from new laws, rules, regulations, accounting principles, proscribed practices or ethical standards, including, without limitation, the possibility that regulatory agencies may require higher levels of capital above the current regulatory-mandated minimums and including the impact of the recently enacted Tax Cuts and Jobs Act, the Consumer Financial Protection Bureau rules and regulations, and the possibility of changes in accounting standards, policies, principles and practices, including changes in accounting principles relating to loan loss recognition (CECL); (15) strategic risk resulting from adverse business decisions or improper implementation of business decisions; (16) reputation risk that adversely affects earnings or capital arising from negative public opinion; (17) terrorist activities risk that results in loss of consumer confidence and economic disruptions; (18) cybersecurity risk related to the dependence of South State on internal computer systems and the technology of outside service providers, as well as the potential impacts of third party security breaches, subjects each company to potential business disruptions or financial losses resulting from deliberate attacks or unintentional events; (19) greater than expected noninterest expenses; (20) noninterest income risk resulting from the effect of regulations that prohibit financial institutions from charging consumer fees for paying overdrafts on ATM and one-time debit card transactions, unless the consumer consents or opts-in to the overdraft service for those types of transactions; (21) excessive loan losses; (22) failure to realize synergies and other financial benefits from, and to limit liabilities associated with, mergers and acquisitions within the expected time frame; (23) potential deposit attrition, higher than expected costs, customer loss and business disruption associated with merger and acquisition integration, including, without limitation, and potential difficulties in maintaining relationships with key personnel; (24) the risks of fluctuations in market prices for South State common stock that may or may not reflect economic condition or performance of South State; (25) the payment of dividends on South State common stock is subject to regulatory supervision as well as the discretion of the board of directors of South State, South State's performance and other factors; (26) operational, technological, cultural, regulatory, legal, credit and other risks associated with the exploration, consummation and integration of potential future acquisition, whether involving stock or cash consideration; (27) major catastrophes such as earthquakes, floods or other natural or human disasters, including infectious disease outbreaks, including the recent outbreak of a novel strain of coronavirus, a respiratory illness, the related disruption to local, regional and global economic activity and financial markets, and the impact that any of the foregoing may have on South State and its customers and other constituencies; and (28) risks related to the proposed merger of South State and CenterState Bank Corporation ("CenterState"), including, among others, (i) the risk that the cost savings and any revenue synergies from the merger may not be fully realized or may take longer than anticipated to be realized, (ii) disruption to the parties' businesses as a result of the announcement and pendency of the merger, (iii) the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement between CenterState and South State, (iv) the risk that the integration of each party's operations will be materially delayed or will be more costly or difficult than expected or that the parties are otherwise unable to successfully integrate each party's businesses into the other's businesses, (v) the failure to obtain the necessary approvals by the shareholders of South State or CenterState, (vi) the amount of the costs, fees, expenses and charges related to the merger, (vii) the ability of each of South State and CenterState to obtain required governmental approvals of the merger (and the risk that such approvals may result in the imposition of conditions that could adversely affect the combined company or the expected benefits of the transaction), (viii) reputational risk and the reaction of each company's customers, suppliers, employees or other business partners to the merger, (ix) the failure of the closing conditions in the merger agreement to be satisfied, or any unexpected delay in closing the merger, (x) the possibility that the merger may be more expensive to complete than anticipated, including as a result of unexpected factors or events, (xi) the dilution caused by South State's issuance of additional shares of its common stock in the merger and (xii) other factors that may affect future results of South State and CenterState, as disclosed in South State's registration statement on Form S-4, as amended, Annual Report on Form 10-K, as amended, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and CenterState's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, in each case filed by South State or CenterState, as applicable, with the U.S. Securities and Exchange Commission ("SEC") and available on the SEC's website at <http://www.sec.gov>, any of which could cause actual results to differ materially from future results expressed, implied or otherwise anticipated by such forward-looking statements.

All forward-looking statements speak only as of the date they are made and are based on information available at that time. South State does not undertake any obligation to update or otherwise revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by federal securities laws. As forward-looking statements involve significant risks and uncertainties, caution should be exercised against placing undue reliance on such statements.

COVID-19 Response

Team

- Expanded insurance coverage for testing and treatment of COVID-19
- Increased paid leave for team members unable to work due to lack of child or dependent care
- Paid leave for team members under quarantine due to COVID-19 exposure
- Additional compensation for team members with essential in-office jobs

Customers

- Expanded communication through digital channels (online, mobile, app) to adjust to reduced branch interaction
- Record usage of Digital channels with no service interruption
 - 65% increase in Mobile Deposits
 - 30% increase in Consumer Loan Applications
 - 40% increase in Bank to Bank transfers

COVID-19 Impact

- Branches limited to drive-through beginning 3/19
- ~80% of Employees working from home

North Carolina

Shelter in Place until 4/30

24 of 24 branches open

Georgia

Shelter in Place until 4/30

30 of 31 branches open

Virginia

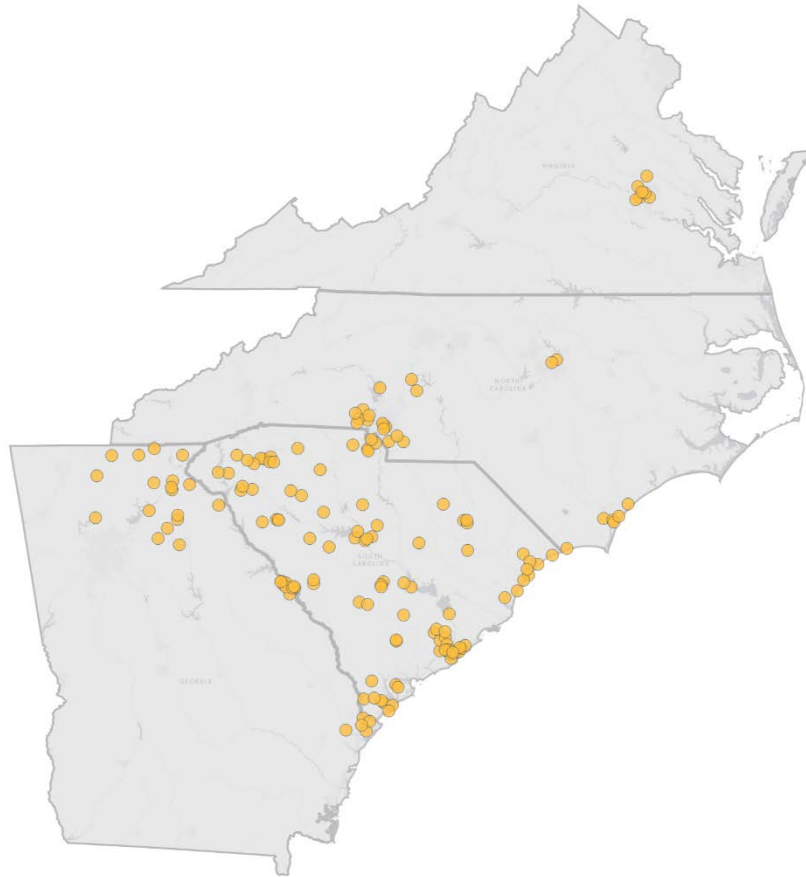
Shelter in Place until 6/10

7 of 7 branches Open

South Carolina

Shelter in Place until
TBD

92 of 93 branches open



Merger Update

Progress

1/28-2/9	Town Halls with Executive Leadership reached ~50% of employees
February	Integration Kickoff and Team selection
Weekly	Integration Team Meetings
Weekly	Executive Team Meetings
March	All Regulatory Applications Filed
3/5/20	Core Provider Selected
3/5/20	Named Line of Business and Market Leaders
4/20/20	S-4 Became Effective

Next Steps

5/21/20	Shareholder Vote
3Q 20	Anticipated Close
2Q 21	Expected System Conversion

Credit Update

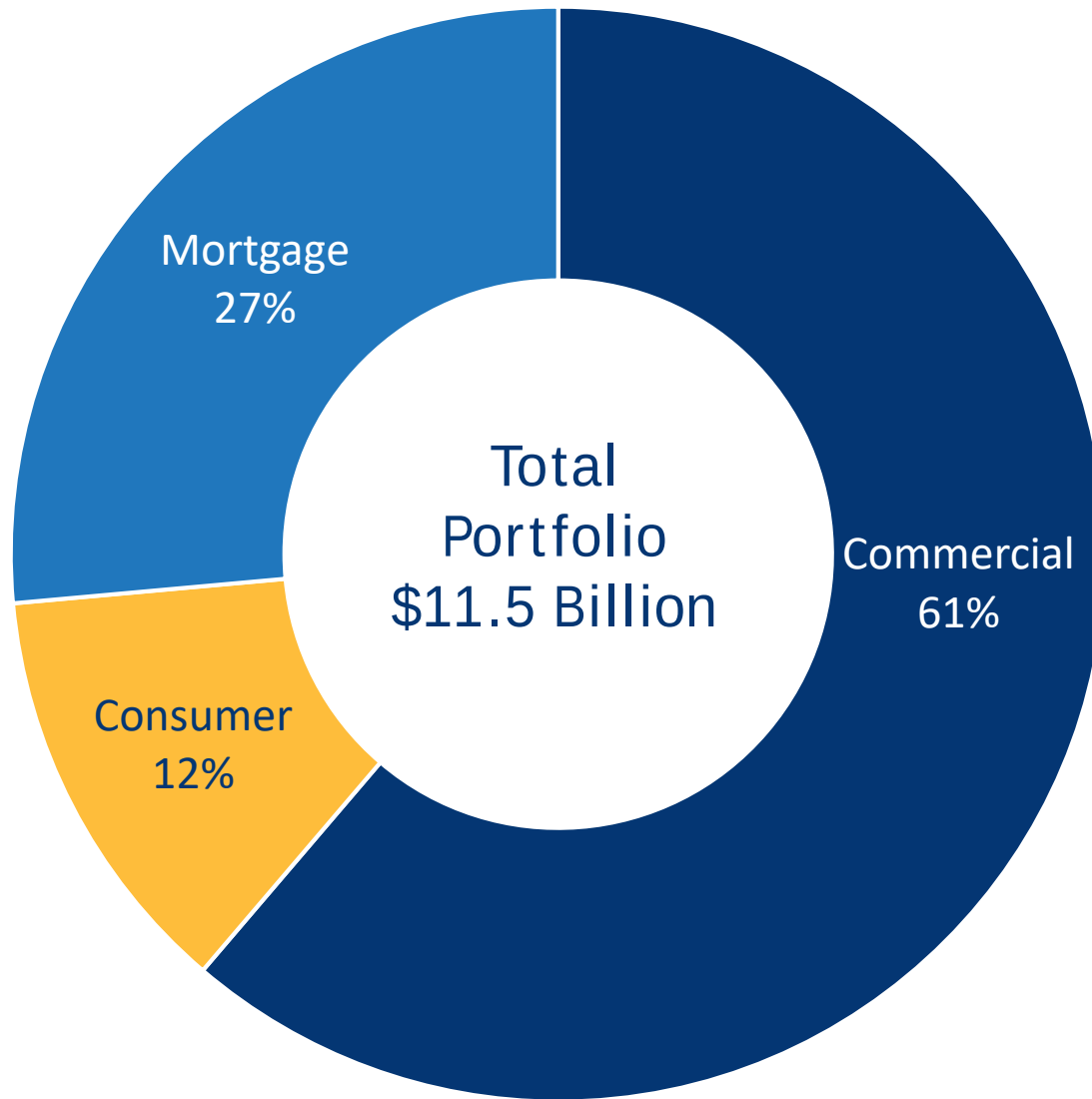
Payroll Protection Program (PPP)

- Extended Credit to Customers and Non-Customers
- Secured funding for nearly 6,000 loans totaling ~\$900 million¹
- Funding through deposit growth and excess liquidity
- Capacity to accommodate additional demand should program be expanded

Loan Portfolio Summary

- Actively managing exposures in Lodging, Restaurants, and Retail
- Minimal exposure to Oil & Gas, Aviation, Steel or Mining
- Shared National Credits and Leveraged Lending combined exposure <\$100 million
- Over 98% of loan portfolio is in footprint
- Granular loan portfolio with average loan size of \$134,000

Industry Exposure



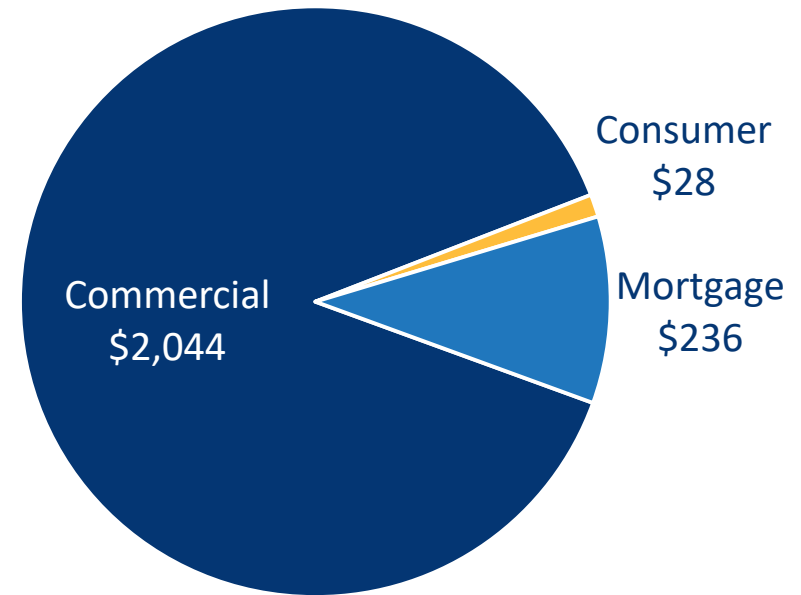
Selected Industries

(% of total loan portfolio)

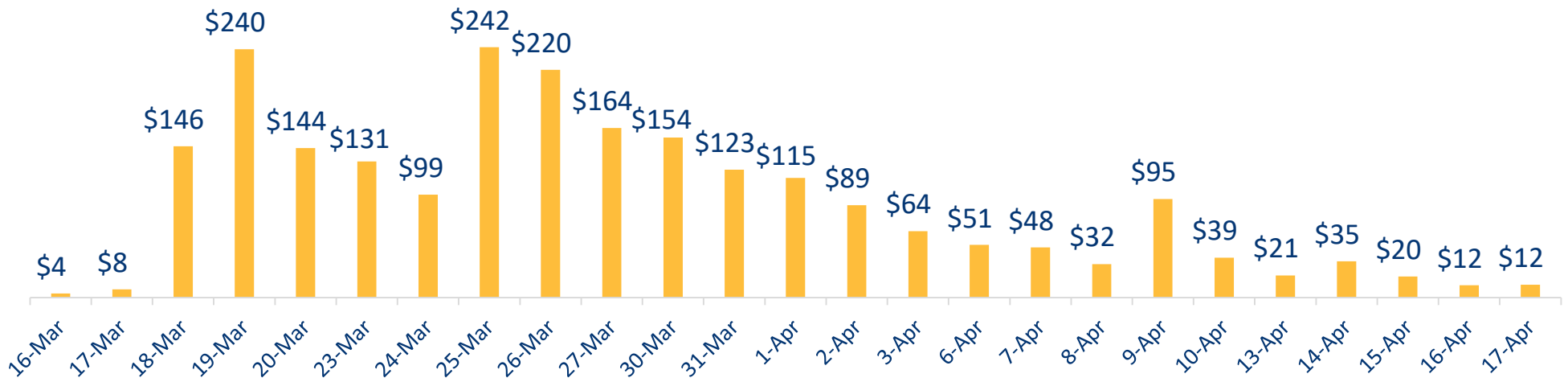
Lodging	\$590	5.1%
Retail CRE	558	4.8
Restaurants	225	2.0

Loan Deferrals⁽¹⁾

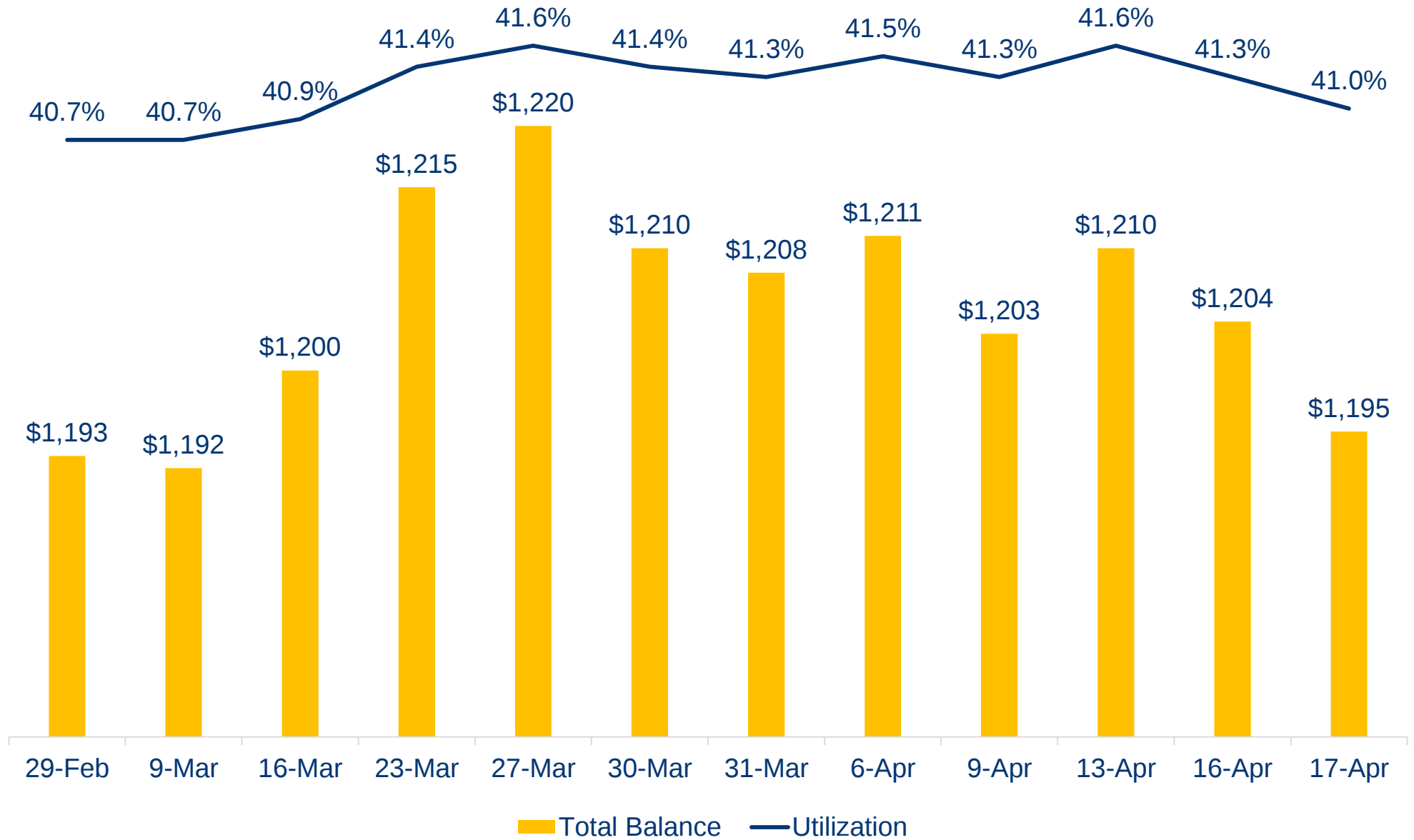
- \$2.3 billion total loans under deferral
- Proactive communication with customers
- Commercial standard deferral is 90 days P & I or 120 days principal
- Consumer and Mortgage standard deferral is 120 days P & I



Daily Request Volume

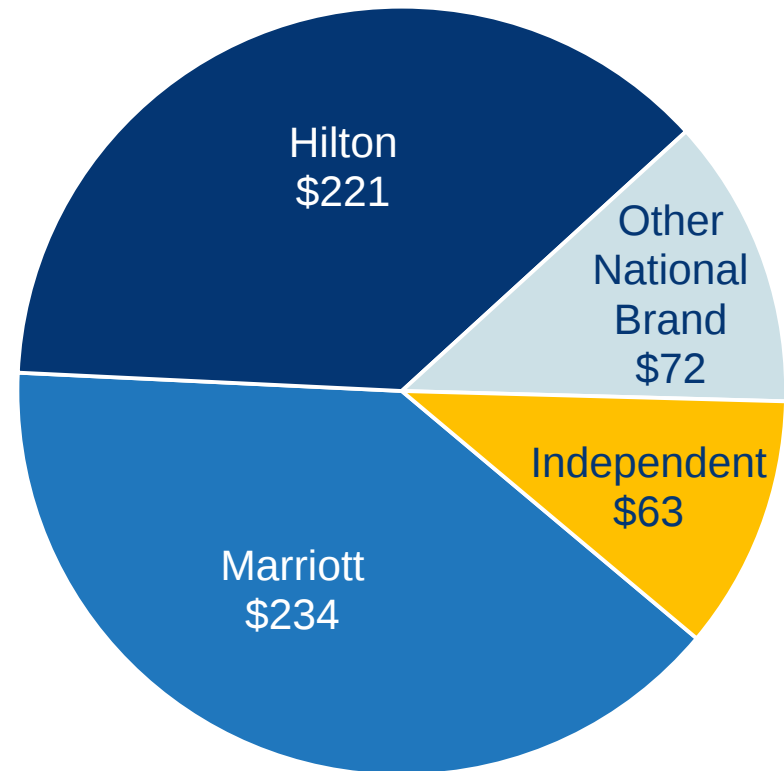


Lines of Credit



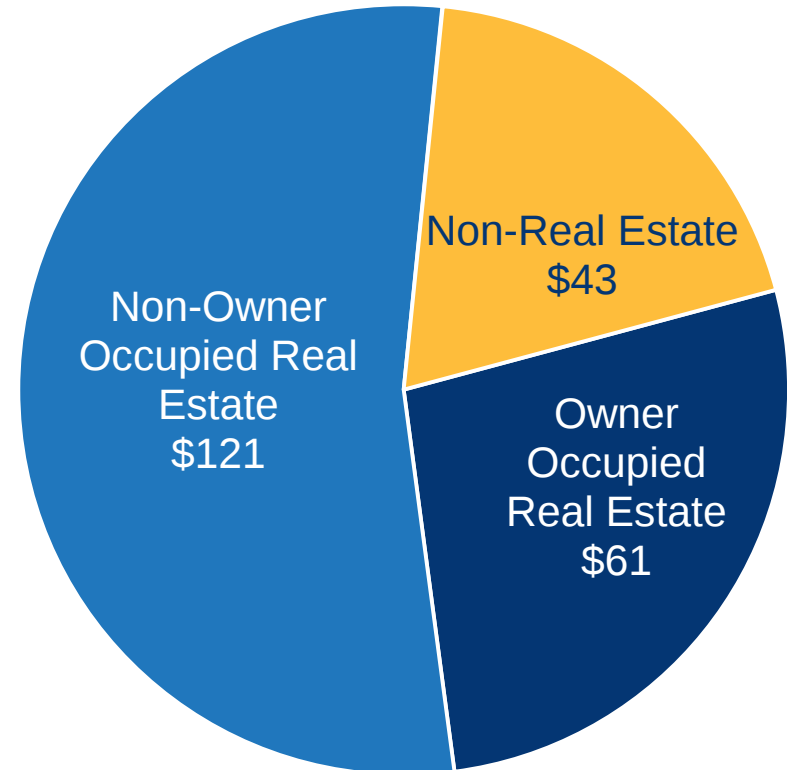
Lodging Portfolio

- Lodging is \$590 million or 5.1% of the total loan portfolio
- Average loan balance is \$8.2 million
- 100% of lodging portfolio under deferral
- Weighted average LTV of 57%



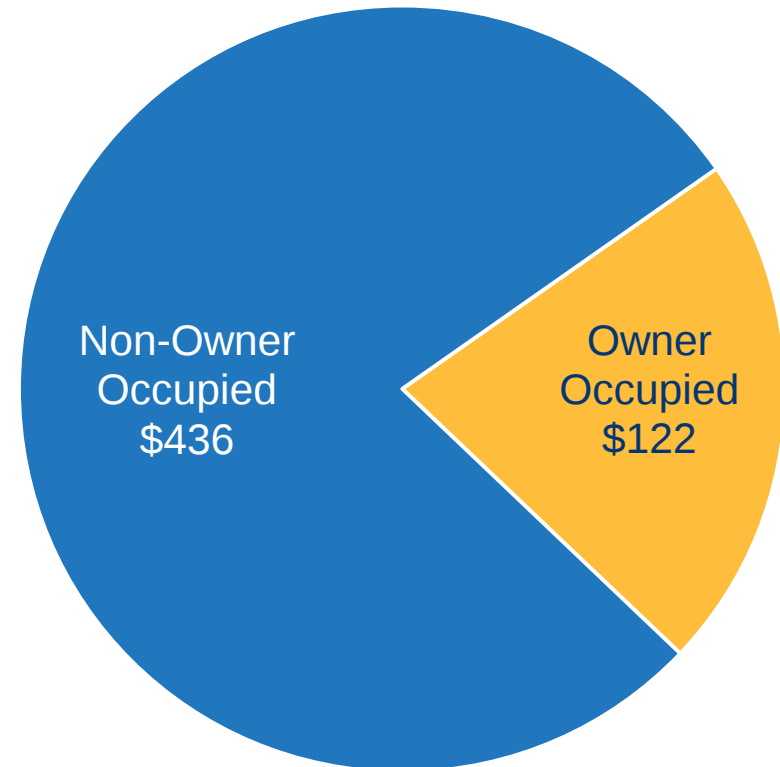
Restaurant Portfolio

- Restaurants are \$225 million or 2.0% of the total loan portfolio
- Average loan balance of real estate secured loans is \$692,000
- 59% of restaurant portfolio is under deferral
- Weighted average LTV of real estate secured loans is 66%



Retail Portfolio

- Retail CRE is \$558 million or 4.8% of the total loan portfolio
- Average loan balance is \$888,000
- 37% of Retail CRE portfolio is under deferral
- Weighted average LTV of 59%

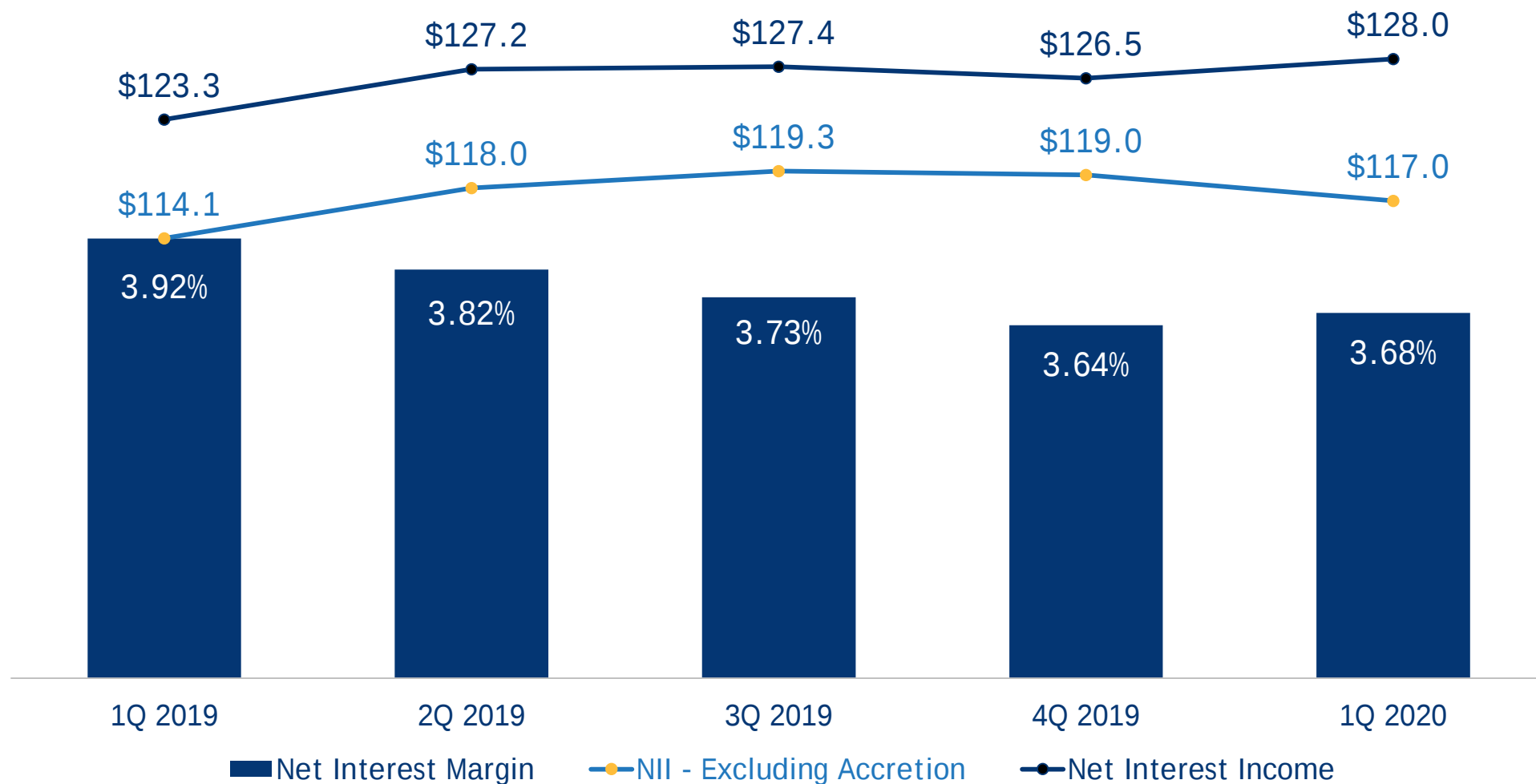


1Q20 Financial Highlights

Highlights – Linked Quarter

	4Q19	1Q20
GAAP		
Net Income	\$49.1	\$24.1
EPS	\$1.45	\$0.71
Return on Average Assets	1.23%	0.60%
Return on Average Tangible Equity	15.79%	8.35%
Adjusted *		
Net Income	\$50.3	\$27.6
EPS	\$1.48	\$0.82
Return on Average Assets	1.26%	0.69%
Return on Average Tangible Equity	16.17%	9.45%
Cash Dividend per common share	\$0.46	\$0.47

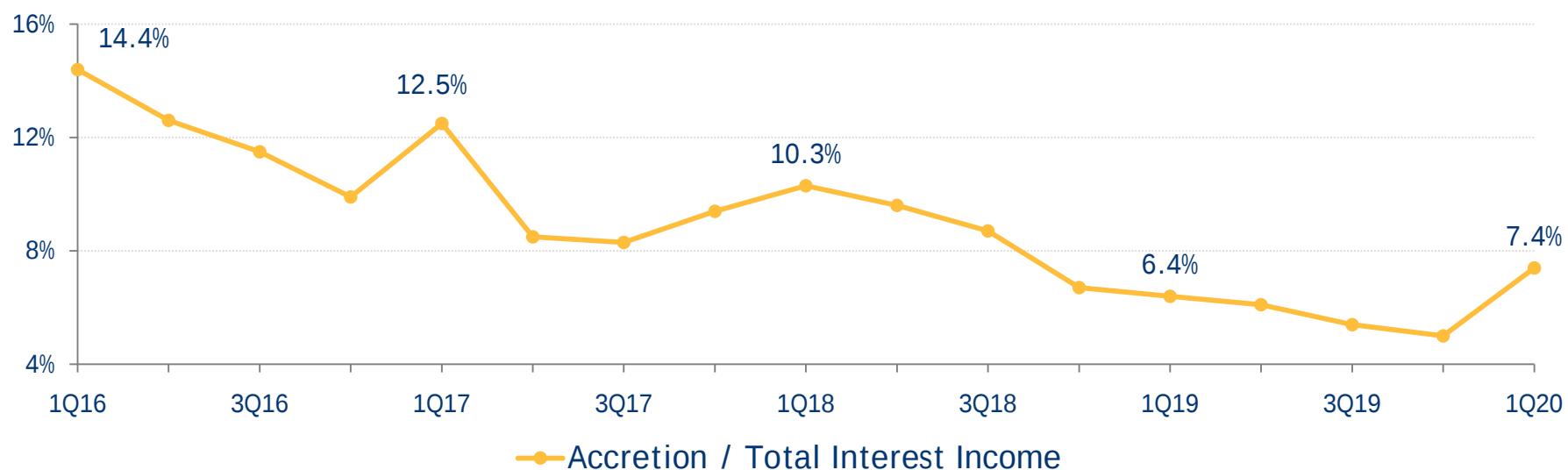
Net Interest Margin



Average Interest Earning Assets

Average Balance	<i>% of Earning Assets</i>	4Q 2019	<i>% of Earning Assets</i>	1Q 2020	Net Change
Short-Term Investments	4.1%	\$ 574	3.8%	\$ 538	\$ (36)
Investment Securities	13.5%	1,889	14.4%	2,023	134
Loans - Acquired	15.8%	2,224	14.4%	2,016	(208)
Loans - Non-Acquired	64.6%	9,073	67.1%	9,424	351
Total Loans	80.4%	\$ 11,297	81.5%	\$ 11,440	\$ 143
Loans Held for Sale	0.5%	74	0.3%	42	(32)
Total Interest Earning Assets		\$ 13,834		\$ 14,043	\$ 209

Acquired Loans



Income Statement (Yields Annualized)	Contractual Interest	Accretion	Total Income	Contractual Yield	Total Yield
1Q 2020	\$24.9	\$10.9	\$35.8	4.96%	7.14%
4Q 2019	\$27.8	\$7.4	\$35.2	4.81%	6.28%

Acquired Loan Portfolio

As of March 31, 2020

Acquired Loans	UPB	Discount ^(A)	Carrying Value	Percentage
Credit Deteriorated	\$344.1	(\$32.8)	\$311.3	9.5%
Non-Credit Deteriorated	1,652.0	(19.4)	1,632.6	1.2%
Total	\$1,996.1	(\$52.2)	\$1,943.9	2.6%

(A) Represents a non-credit discount

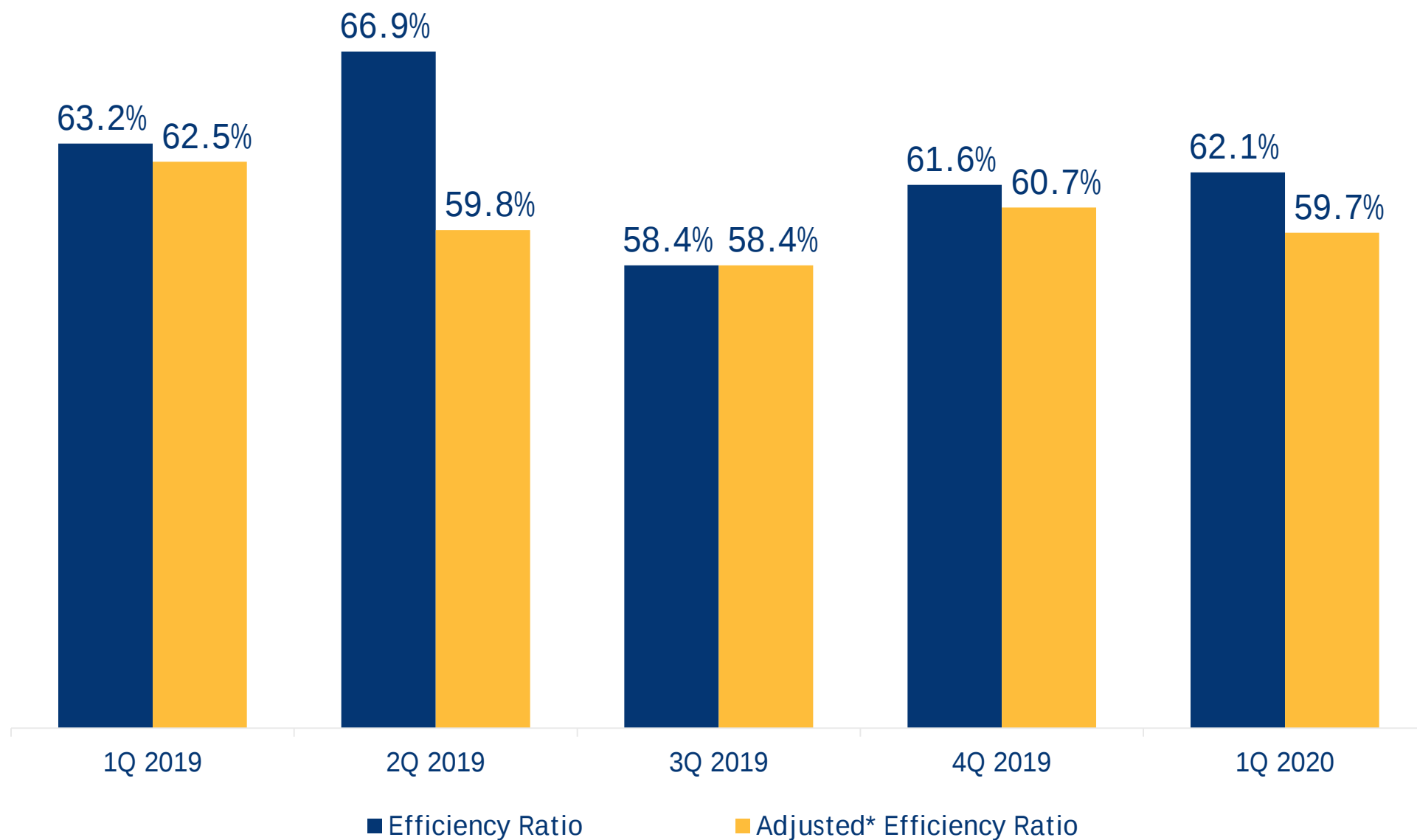
1st Quarter 2020 Highlights

Noninterest Income	4Q 2019	1Q 2020	Net Change
Fees on Deposit Accounts	\$ 19.2	\$ 18.1	\$ (1.1)
Mortgage Banking	3.7	14.6	10.9
Wealth Management	6.9	7.4	0.5
Acquired Loan Recoveries	2.2	- ⁽¹⁾	(2.2)
Other Income	4.3	4.0	(0.3)
Total Noninterest Income	\$ 36.3	\$ 44.1	\$ 7.8

1st Quarter 2020 Highlights

Noninterest Expense	4Q 2019	1Q 2020	Net Change
Salaries and Benefits	\$ 58.2	\$ 61.0	\$ 2.8
Information services expense	8.9	9.3	0.4
OREO and loan related expense	1.0	0.6	(0.4)
Net occupancy expense & FFE	12.1	12.3	0.2
FDIC assessment & regulatory chgs	1.3	2.1	0.8
Bankcard expense	0.6	0.5	(0.1)
Amortization of intangibles	3.3	3.0	(0.3)
Professional fees & marketing	4.4	3.3	(1.1)
Business development and staff related	2.9	2.2	(0.7)
Other	6.4	8.8	2.4
Total Adjusted* Noninterest Expense	\$ 99.1	\$ 103.1	\$ 4.0
Consolidation and merger related costs	1.5	4.1	2.6
Total Noninterest Expense	\$ 100.6	\$ 107.2	\$ 6.6

Efficiency Ratio



Tangible Book Value

