2014 ANNUAL REPORT

South State Corporation

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SOUTH STATE CORPORATION

Dear Shareholders,

It is with great pleasure that we report to you on the progress our team made in 2014. This was certainly a year of change for our company, both with a new brand and a new support infrastructure built for our future. For our customers, the new brand has created a consistent presence across our three-state footprint. The upgraded support systems will allow us to continue to grow our company, serve our customers more efficiently and create increased value for our shareholders. The steps taken this year will have a lasting impact.

While much has changed in 2014, many things have remained constant – our core values, our desire to be a high-performing company and our culture of relationship banking. What makes all of this possible is the dedication of our outstanding team. Our team worked to improve our company and successfully complete a large integration, while retaining and growing valuable customer relationships. Their commitment to our customers, our company and its success was outstanding in 2014.

ROBERT R. HORGER AND ROBERT R. HILL, JR.

During this time of change and expansion, we have continued to reward our shareholders. Net income available to common shareholders increased 55.4% during 2014, and tangible book value per share increased $3.23. Our stock performance over the past several years has been impressive with shareholders earning three-year and five-year total returns of 142.6% and 265.4%, respectively. These returns compare favorably to the NASDAQ composite returns of 89.5% and 222.2%, respectively. We were also able to enhance value for our shareholders with a 10.8% increase in cash dividends in 2014. These increased dividend payments are more meaningful because we did not reduce our dividend during the financial crisis.

In 2014, we also experienced significant economic improvements in the markets we serve. The demographic profile of our company has changed dramatically in the last five years as we have increased market share in attractive regions. Over the next five years, many of our markets will experience population growth rates well above the 3.5% projected in the U.S. These fast-growing markets in the Southeast are having a positive impact on our overall customer growth. This economic improvement shows in our non-acquired loan growth, fee income growth and credit improvement during the year.

Soundness, Profitability and Growth

With all of the changes in 2014, one constant was our continued focus on our three core principles: soundness, profitability and growth. Let us turn to our performance in 2014. In the area of soundness, continued improvement in credit quality and a stronger balance sheet each had a positive impact. Nonperforming assets (NPAs) declined by 26.4%, or $28.6 million, to $79.6 million, which represented 1.02% of total assets. Net loan losses declined to 16 basis points on our non-acquired loans during 2014, compared to 41 basis points during 2013. In 2014, other real estate owned (OREO) declined by $22.2 million, or 34.2%, to $42.7 million by year-end, and our FDIC receivable for loss share agreements declined by $64.3 million, or 74.4%.

JUNE McCOY | MAIL & SUPPLY MANAGER
Celebrating 40 years of dedicated service

We also made progress in managing the loan portfolios that were acquired during our recent mergers. These portfolios had a higher level of problem assets. Improved performance of the acquired credit-impaired loan portfolios had a positive impact on earnings in 2014. These improvements will also have a positive impact on our forward earnings stream.

Our balance sheet also strengthened in 2014. Strong profitability during the year helped generate capital at a noteworthy pace, thus increasing our tangible common equity to assets level from 7.1% in 2013 to 8.3% in 2014. The internally generated capital provided us the opportunity to redeem $65 million in preferred equity acquired during the First Financial Holdings, Inc. (First Financial) merger. This preferred equity required a 9% dividend rate. In January 2015, we also repaid $45 million of 7% fixed-rate Trust Preferred Debt acquired in the First Financial merger. We have been able to replace this hybrid capital with internally generated common equity, which improves our balance sheet and increases earnings.

With all of the changes in 2014, one constant was our continued focus on our three core principles: soundness, profitability and growth.

HELEN FOX | TREASURY SERVICES | *12 years of service*
EDWARD McKELVEY | CRA OFFICER | *19 years of service*

Our balance sheet has also continued to be very liquid with cash and equivalents balance levels of $418 million at December 31, 2014. We have elected to retain a strong cash position for future investments in loans or other investment opportunities as we face an uncertain interest rate environment. We have always managed to maintain our interest rate position close to neutral, and today we are slightly asset sensitive as we prepare for higher rates. Our balance sheet, capital levels and liquidity are even stronger today than they have been in many years. We will use these assets wisely as we look for new opportunities to grow.

The profitability of our company has improved significantly in recent years, as we have generated a 53% increase in operating EPS over the last three years. Multiple factors positively impacted our 2014 earnings, including improvement in credit losses, 21% increase in non-acquired loans, and achieving the merger-related expense savings that were planned. We are especially pleased with our operating ROAA of 1.2% and operating ROTCE of 16%. We have achieved a quarterly operating EPS of $1.00 per quarter, which was announced as a significant goal in conjunction with the First Financial merger. These levels of profitability were achieved in both the 3rd and 4th quarters. However, our overall efficiency is not at the level we expect. We began last fall to implement measures to improve our productivity, efficiency and expense management in order to improve operating leverage and our efficiency ratio. These initiatives will be a major focus for our company in 2015.

Our fee income businesses also continue to build. Fee income in 2014 was up 76%, primarily the result of the First Financial merger. While our wealth management and mortgage areas had a strong year, we still have opportunities to improve. We will continue to focus on building our fee income businesses in 2015.

And, while we achieved a solid level of profitability in 2014, we have many opportunities related to the merger that continue to influence us and ultimately allow us to create a better company. The volume of business we handle today has significantly increased, and we continue to look for ways to improve how efficiently we handle this volume. We will also look for more ways to enhance revenue by continuing to expand our existing banking relationships.

After experiencing several years with significant acquisitions, we spent 2014 structuring a sound foundation for our future. Overall loan growth for the year was flat, due mostly to the reduction

Our company has experienced many opportunities and challenges over the past 80 years. With each milestone we have emerged stronger.

in acquired loans. We continue to work through acquired problem assets that do not fit our credit profile, and we are repositioning the combined loan portfolio to ensure a more desired asset mix. As the asset mix continues to change, we anticipate the runoff in the acquired portfolio to moderate some. We experienced annualized non-acquired loan growth of 20% in the 4th quarter and annualized total loan growth of 4%. We expect to continue this positive momentum in 2015.

The size, market perception and scalability of our company have also enabled us to make steady progress in building relationships with more commercial and industrial customers. Over the past few years, this has been an area where we have seen an excellent opportunity to grow. Building banking relationships with companies like Stevens Towing Company and OOBE, Inc., as are profiled in this annual report, are two great examples of how we have been able to effectively partner with middle market businesses.

In closing, our company has experienced many opportunities and challenges over the past 80 years. With each milestone we have emerged stronger. The year 2014 was pivotal for our company, and our progress should position us well to continue to build shareholder value. We look forward to reporting on our continued progress in 2015.

ROBERT R. HILL, JR., CEO

ROBERT R. HORGER, CHAIRMAN OF THE BOARD

Financial Highlights:

- Operating earnings per share improved 18.7% to $3.75
- Non-acquired loan growth for 2014 was $602.6 million, or 21.0%
- Efficiency ratio improved to 71.41% from 75.85%
- Net loan growth of $28.4 million (non-acquired loan growth offset the acquired loan run off)
- OREO decreased $22.2 million, or 34.2%, to $42.7 million
- Non-interest bearing deposits increased by $153.5 million, or 10.3%
- Tangible book value improved to $25.59 per share, a $3.23 per share increase, or 14.4%
- Tangible common equity to tangible assets improved to 8.28% from 7.13%
- Nonperforming assets (NPAs) declined by 26.4%, or $28.6 million, to $79.6 million

W. Johnson Stevens, III
President
Stevens Towing Company

Thomas Anderson
Commercial Lender
South State Bank

Robert W. G. Stevens
Chief Operations Officer
Stevens Towing Company

STEVENS TOWING COMPANY | YONGES ISLAND, SC

Stevens Towing Company has been a respected name in the maritime industry since 1913. For generations, the Stevens Family has cultivated a viable marine towing business on Yonges Island, SC. Started by two brothers, who began transporting produce, passengers and the U.S. Mail to and from the local sea islands and Charleston, their business was built on relationships founded on trust.

Today, the company does business internationally and operates tugs, barges, a small cargo ship and heavy lift cranes, as well as maintaining a shipyard.

Through the decades, lasting relationships have formed with customers, as well as generations of employees. To the Stevens Family, relationships are a critical part of doing business and remaining successful as a small family-owned company in the constantly changing maritime industry. A deep rooted sense of loyalty among personnel traces back 100 years and employees of Stevens Towing are considered to be part of the Stevens Family.

While a lot has changed in the maritime industry, one thing remains the same – customers know they can trust Stevens Towing with their cargo and Stevens Towing knows it can trust South State Bank.

"When you have a 100-year-old company, you have a different perspective on long-term relationships, including your bank. Stevens Towing has seen many economic ups and downs over its history. We want a bank that sees our relationship as a partnership. Partners stay together through good times and bad. Partners know each other well enough to trust each other – not just their integrity, but also their commitment."

- W. Johnson Stevens III
President, Stevens Towing Company

Abe Swartz
Commercial Lender
South State Bank

Tom Merritt
Founder and Co-CEO
OOBE, Inc.

Mike Pereyo
Founder and Co-CEO
OOBE, Inc.

OOBE, INC. | GREENVILLE, SC

Born of an entrepreneurial spirit, OOBE Founders Mike Pereyo and Tom Merritt have a vision to service the world's best brands with strategically designed apparel for large-scale applications.

The OOBE team understands every customer is different and each partner presents unique and diverse challenges that evolve as their relationship develops. Designing a customized product is not simply a service OOBE provides, it is a passion they live.

"A 'Culture of Stewardship' is a foundational value for us. Our customers entrust us with a finite amount of resources and it is up to us to determine what they can and cannot do with those resources," said OOBE Founder and Co-CEO Tom Merritt.

To make relationships and partnerships really work, OOBE's founders believe you must pursue honesty, integrity, consistency, commitment, flexibility and an understanding of the bigger picture.

"Abe Swartz understands the speed of business. He got the decision makers in the room so we didn't waste time, and then they managed information right on schedule. In our business, we have to deliver product on time, at a price the customer needs, in the right condition and in a manner the customer likes to do business. From the top down, folks at South State Bank listen. More importantly, after they hear us, they act accordingly in order to deliver a healthy solution," said Merritt.

"A battle plan is ideal until the first shot is fired. Business is no different - you must be flexible and agile without compromising your values. Strategically, South State Bank understands us. Our operating mantras are 'Stable, Scalable and Sustainable', and while their language may be slightly different, the basic principles are the same. You must make decisions today, which can work for you tomorrow. Then you monitor, assess and, if needed, take new action."

- Tom Merritt | Founder and Co-CEO, OOBE

Financial Highlights

(Dollars in thousands, except per share data)

Balance Sheet Data at Dec. 31:

	2014	2013	2012
Assets	**$ 7,826,227**	$ 7,931,498	$ 5,136,446
Loans	**5,715,227**	5,686,789	3,613,613
Deposits	**6,461,045**	6,554,144	4,298,443
Shareholders' equity	**984,920**	981,469	507,549
Book value per common share	**40.78**	40.72	29.97
Tangible book value per common share (non-GAAP)[1]	**25.59**	22.36	22.54

Income Statement Data for the year ended Dec. 31:

Net income	**$ 75,437**	$ 49,219	$ 30,032
Net income available to common shareholders	**74,364**	47,865	30,032
Net operating earnings (non-GAAP)[1]	**90,573**	63,379	36,920
Earnings per share - Diluted	**3.08**	2.38	2.03
Operating earnings per share - Diluted (non-GAAP)[1]	**3.75**	3.16	2.49
Dividends per share	**0.82**	0.74	0.69

Key Financial Ratios at Dec. 31:

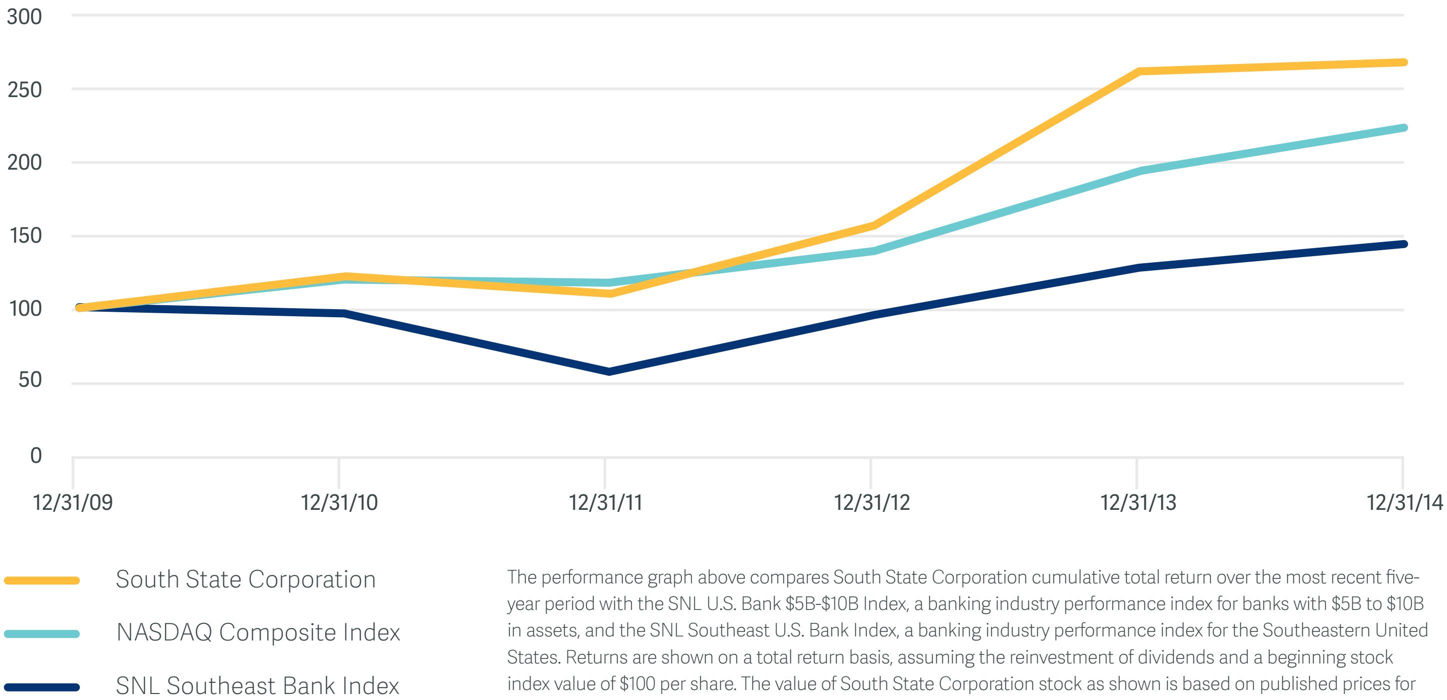
Return on average assets	**0.95 %**	0.77 %	0.70 %
Operating return on average assets (non-GAAP)[1]	**1.15**	1.02	0.86
Return on average equity	**7.79**	6.90	7.15
Operating return on average equity (non-GAAP)[1]	**9.47**	9.08	8.79
Return on average tangible common equity (non-GAAP)[1]	**13.77**	11.54	9.27
Operating return on average tangible common equity (non-GAAP)[1]	**16.56**	15.00	11.30

Other Data at Dec. 31:

Volume of shares traded on exchanges	**18,488,200**	15,928,600	9,796,100
3-year total return to shareholders	**142.6 %**	115.0 %	54.5 %

The financial information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and is qualified in its entirety by reference to the more detailed financial statements and the notes thereto, all of which are contained in South State Corporation's 2014 Annual Report on Form 10-K.

Total Return Performance



The performance graph above compares South State Corporation cumulative total return over the most recent five-year period with the SNL U.S. Bank $5B-$10B Index, a banking industry performance index for banks with $5B to $10B in assets, and the SNL Southeast U.S. Bank Index, a banking industry performance index for the Southeastern United States. Returns are shown on a total return basis, assuming the reinvestment of dividends and a beginning stock index value of $100 per share. The value of South State Corporation stock as shown is based on published prices for transactions in our stock.

Source: SNL Financial LLC. Charlottesville, VA ©2015

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

[1]Non-GAAP measurements

Management believes that non-GAAP measures provide additional useful information; particularly these measures have become widely accepted as meaningful measures during the current economic crisis impacting financial institutions. Non-GAAP measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the company. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the company's results or financial condition as reported under GAAP. Such information should be read in conjunction with the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

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, 2014 (the "Form 10-K"), for a more thorough description of the types of risks and uncertainties that may affect management's forward-looking statements. Such risks and uncertainties include, among others, risks related to the adequacy of our allowance for loan losses and the amount of loan loss provisions required in future periods; risks associated with mergers and acquisitions, including integration and implementation risks; cybersecurity risks relating to our dependence on internal computer systems and the technology of outside service providers and the potential impacts of third-party security breaches resulting from deliberate attacks or unintentional events, which could result in potential business disruptions or financial losses; regulatory change risks resulting from new laws, rules, regulations, proscribed practices or ethical standards, or from changes in regulators' application of existing laws, regulations and standards, including the impact of the new capital rules under Basel III; and other risks and uncertainties discussed in the Form 10-K.

Board of Directors

Standing, L to R: J.W. Williamson III, Alton C. Phillips, B. Ed Shelley, Jr., James W. Roquemore, Robert R. Horger (Chairman), Robert R. Hill, Jr., Cynthia A. Hartley, M. Oswald Fogle, Robert H. Demere, Jr., John C. Pollok, Luther J. Battiste III
Seated, L to R: Thomas J. Johnson, Thomas E. Suggs, Ralph W. Norman, Jr., Paula Harper Bethea (Vice Chairman), Jimmy E. Addison, Kevin P. Walker, R. Wayne Hall, Herbert G. Gray, Richard W. Salmons, Jr. *(Not Pictured)*

Management Team

Standing, L to R: Joseph E. Burns, Greg A. Lapointe, John F. Windley, Robert R. Hill, Jr., John C. Pollok
Seated, L to R: John S. Goettee, Renee R. Brooks

South State Corporation

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Columbia, SC 29201

Analyst Contact

John C. Pollok
Chief Financial Officer and
Chief Operating Officer
South State Corporation
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Stock Information

The Company's common stock is listed on the NASDAQ Global Select Market[SM] under the trading symbol SSB.

SOUTH STATE
CORPORATION