

SOUTH STATE Corp
Form S-4/A
August 18, 2017

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[TABLE OF CONTENTS](#)

[Table of Contents](#)

As filed with the Securities and Exchange Commission on August 18, 2017.

Registration No. 333-219299

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SOUTH STATE CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

South Carolina
(State or other jurisdiction of
incorporation or organization)

6022
(Primary Standard Industrial
Classification Code Number)
520 Gervais Street
Columbia, South Carolina 29201
(800) 277-2175

57-0799315
(I.R.S. Employer
Identification Number)

(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Robert R. Hill, Jr.
Chief Executive Officer
South State Corporation
520 Gervais Street
Columbia, South Carolina 29201
(800) 277-2175

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With copies to:

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Matthew M. Guest, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
(212) 403-1000

James C. Cherry
Chief Executive Officer
Park Sterling Corporation
1043 East Morehead Street, Suite 201
Charlotte, North Carolina 28204
(704) 716-2134

Chris Scheurer, Esq.
McGuireWoods LLP
201 North Tryon Street
Suite 3000
Charlotte, North Carolina 28202
(704) 343-2000

Approximate date of commencement of the proposed sale of the securities to the public:
As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated
filer

Accelerated
filer

Non-accelerated filer
(Do not check if a
smaller reporting
company)

Smaller reporting
company

Emerging growth
company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the SEC, acting pursuant to said Section 8(a), may determine.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED AUGUST 18, 2017

Proxy Statement and Prospectus of South State Corporation

Proxy Statement of Park Sterling Corporation

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Shareholder:

On April 26, 2017, Park Sterling Corporation, or Park Sterling, and South State Corporation, or South State, entered into an Agreement and Plan of Merger (which, as it may be amended, supplemented or modified from time to time, we refer to as the merger agreement), pursuant to which Park Sterling will merge with and into South State. Immediately following the completion of the merger, Park Sterling Bank, a wholly owned bank subsidiary of Park Sterling, will merge with and into South State Bank, South State's wholly owned bank subsidiary, with South State Bank continuing as the surviving bank (which we refer to as the bank merger).

In the merger, each share of Park Sterling common stock will be converted into the right to receive 0.14 shares of South State common stock (which we refer to as the merger consideration). Based on South State's closing price of \$91.90 per share on April 26, 2017, the last trading day before the announcement of the merger agreement, and the number of shares of Park Sterling common stock outstanding as of March 31, 2017, the merger consideration represented approximately \$12.87 for each share of Park Sterling common stock and aggregate consideration of approximately \$691 million. Based on South State's closing price of \$[] per share on [], the last practicable trading day before the date of the enclosed joint proxy statement/prospectus, and the number of shares of Park Sterling common stock outstanding as of such date, the merger consideration represented approximately \$[] for each share of Park Sterling common stock and aggregate consideration of approximately \$[] million. **We encourage you to obtain current market quotations for the common stock of South State and Park Sterling before you vote.** South State common stock is currently quoted on the NASDAQ Global Select Market (which we refer to as the NASDAQ) under the symbol SSB. Park Sterling common stock is currently quoted on the NASDAQ under the symbol PSTB.

The maximum number of shares of South State common stock to be delivered to holders of shares of Park Sterling common stock upon completion of the merger is approximately [] shares, based on [] shares of Park Sterling common stock and [] restricted stock awards in respect of Park Sterling common stock, in each case outstanding as of [], 2017.

South State and Park Sterling will each hold a special meeting of their respective shareholders in connection with the merger. South State shareholders will be asked to vote to adopt the merger agreement and approve related matters, as well as to approve the other matters to be considered at the special meeting, as described in the attached joint proxy statement/prospectus. Park Sterling shareholders will be asked to vote to approve the merger agreement and approve related matters, as described in the attached joint proxy statement/prospectus.

The special meeting of South State shareholders will be held on [], at [] local time, at []. The special meeting of Park Sterling shareholders will be held on [], at [] local time, at [].

Your vote is important. We cannot complete the merger unless South State's shareholders approve the merger agreement and Park Sterling's shareholders approve the merger agreement. Approval of the merger agreement requires (1) the affirmative vote of the holders of two-thirds of the outstanding shares of South State common stock entitled to vote on the proposal and (2) the affirmative vote of the holders of a majority of the outstanding shares of Park Sterling common stock entitled to vote on the proposal. **Regardless of whether or not you plan to attend your special meeting, please take the time to vote your shares in accordance with the instructions contained in the enclosed joint proxy statement/prospectus.**

The South State board of directors unanimously recommends that South State shareholders vote FOR the approval of the merger agreement and FOR the other matters to be considered at the South State special meeting.

The Park Sterling board of directors unanimously recommends that Park Sterling shareholders vote FOR the approval of the merger agreement and FOR the other matters to be considered at the Park Sterling special meeting.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

The enclosed joint proxy statement/prospectus describes the special meetings, the merger, the documents related to the merger and other related matters. **Please carefully read the entire joint proxy statement/prospectus, including the *Risk Factors* section, beginning on page 29, for a discussion of the risks relating to the proposed merger.** You also can obtain information about South State and Park Sterling from documents that each has filed with the Securities and Exchange Commission.

If you have any questions concerning the merger, South State shareholders should please contact William C. Bochette III, Corporate Secretary, 520 Gervais Street, Columbia, South Carolina 29201, at (800) 277-2175, and Park Sterling shareholders should please contact Ralph W. Brewer, Secretary, at 1043 E. Morehead Street, Suite 201, Charlotte, North Carolina 28204, (704) 716-2134. We look forward to seeing you at the meetings.

Robert R. Hill, Jr.
Chief Executive Officer
South State Corporation

James C. Cherry
Chief Executive Officer
Park Sterling Corporation

Neither the Securities and Exchange Commission nor any state securities commission or any other bank regulatory agency has approved or disapproved the securities to be issued in the merger or determined if the enclosed joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

The securities to be issued in the merger are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either South State or Park Sterling, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of the enclosed joint proxy statement/prospectus is [], and it is first being mailed or otherwise delivered to the shareholders of South State and Park Sterling on or about [].

Table of Contents

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the Shareholders of South State Corporation:

South State Corporation (which we refer to as "South State") will hold a special meeting of shareholders at [] local time, on [], at [] to consider and vote upon the following matters:

a proposal to approve the Agreement and Plan of Merger, dated as of April 26, 2017, by and between Park Sterling Corporation (which we refer to as "Park Sterling") and South State Corporation, pursuant to which Park Sterling will merge with and into South State, as more fully described in the enclosed joint proxy statement/prospectus (which we refer to as the "South State merger proposal");

a proposal to approve an amendment, a copy of which is attached as **Annex F**, to South State's Amended and Restated Articles of Incorporation (which we refer to as the "South State articles") to increase South State's authorized shares of common stock from 40 million shares to 80 million shares (which we refer to as the "South State amendment proposal"); and

a proposal to adjourn the South State special meeting, if necessary or appropriate, to solicit additional proxies in favor of the South State merger proposal (which we refer to as the "South State adjournment proposal").

We have fixed the close of business on [], 2017 as the record date for the determination of shareholders entitled to notice of and to vote at the South State special meeting. Only South State common shareholders of record at that time are entitled to notice of, and to vote at, the South State special meeting, or any adjournment or postponement of the South State special meeting.

Approval of each of the South State merger proposal and the South State amendment proposal requires the affirmative vote of holders of two-thirds of the outstanding shares of South State common stock entitled to vote. The South State adjournment proposal will be approved if the number of shares of South State common stock, represented in person or by proxy at the South State special meeting and entitled to vote thereon, voted in favor of the South State adjournment proposal exceeds the number of shares voted against such proposal at the South State special meeting.

The South State board of directors has unanimously approved the merger agreement, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and in the best interests of South State and its shareholders, and unanimously recommends that South State shareholders vote FOR the South State merger proposal, FOR the South State amendment proposal and FOR the South State adjournment proposal.

Your vote is very important. We cannot complete the merger unless South State's common shareholders approve the merger agreement.

You are urged to execute and return the enclosed proxy promptly in the enclosed self-addressed envelope or to vote your shares in advance of the South State special meeting by Internet or phone, as described in the accompanying joint proxy statement/prospectus. In the event you decide to attend the meeting, you may, if you desire, revoke the proxy and vote the shares in person. If you hold your stock in street name through a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished by the record holder.

The enclosed joint proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

statement/prospectus by reference, and its appendices carefully and in their entirety. If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need help voting your shares of South State common stock, please contact William C. Bochette III, Corporate Secretary, 520 Gervais Street, Columbia, South Carolina 29201, at (800) 277-2175.

BY ORDER OF THE BOARD OF DIRECTORS

Robert R. Horgler
Chairman of the Board of Directors

Table of Contents

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To the Shareholders of Park Sterling Corporation:

Park Sterling Corporation will hold a special meeting of shareholders at [] Eastern Time, on [], 2017, at [] for the following purposes:

to approve the Agreement and Plan of Merger, dated as of April 26, 2017, by and between Park Sterling and South State Corporation, pursuant to which Park Sterling will merge with and into South State, as more fully described in the enclosed joint proxy statement/prospectus (which we refer to as the Park Sterling merger proposal);

to adjourn the Park Sterling special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Park Sterling merger proposal (which we refer to as the Park Sterling adjournment proposal); and

to adopt an advisory (non-binding) resolution approving the compensation that certain executive officers of Park Sterling may receive in connection with the merger pursuant to existing agreements or arrangements with Park Sterling (which we refer to as the compensation proposal).

We have fixed the close of business on [], 2017 as the record date for the determination of shareholders entitled to notice of and to vote at the Park Sterling special meeting. Only holders of record of Park Sterling's common stock at the close of business on that date are entitled to notice of, and to vote at, the Park Sterling special meeting or any adjournment or postponement thereof. Approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Park Sterling's common stock entitled to vote on the proposal. Approval of each of the Park Sterling adjournment proposal and the compensation proposal requires the votes cast by Park Sterling shareholders in favor of such proposal to exceed the votes cast by Park Sterling shareholders against such proposal at the Park Sterling special meeting.

The Park Sterling board of directors has unanimously approved the merger agreement and the merger and unanimously recommends that Park Sterling shareholders vote FOR the Park Sterling merger proposal, FOR the Park Sterling adjournment proposal and FOR the compensation proposal.

Your vote is very important. We cannot complete the merger unless Park Sterling's shareholders approve the merger agreement.

Whether or not you plan to attend the Park Sterling special meeting, we encourage you to execute and return the enclosed proxy card promptly in the enclosed self-addressed envelope or to vote your shares in advance of the Park Sterling special meeting by Internet or phone, as described in the accompanying joint proxy statement/prospectus. If you decide to attend the meeting, then you may, if you desire, revoke the proxy and vote the shares in person. If you hold your stock in street name through a bank, broker or other nominee, please follow the instructions on the voting instruction card furnished by the record holder.

The enclosed joint proxy statement/prospectus provides a detailed description of the special meeting, the merger, the documents related to the merger and other related matters. We urge you to read the joint proxy statement/prospectus, including any documents incorporated in the joint proxy statement/prospectus by reference, and its appendices carefully and in their entirety.

If you have any questions concerning the merger or the joint proxy statement/prospectus, would like additional copies of the joint proxy statement/prospectus or need help voting your shares of Park

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

Sterling common stock, please contact Donald K. Truslow, Chief Financial Officer, 1043 E. Morehead Street, Suite 201, Charlotte, North Carolina 28204 at (704) 716-2134.

BY ORDER OF THE BOARD OF DIRECTORS

Leslie M. Baker, Jr.
Chairman of the Board of Directors

Table of Contents

REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about South State Corporation, or South State, and Park Sterling Corporation, or Park Sterling, from documents filed with the Securities and Exchange Commission, or the SEC, that are not included in or delivered with this joint proxy statement/prospectus. You can obtain any of the documents filed with or furnished to the SEC by South State and/or Park Sterling at no cost from the SEC's website at <http://www.sec.gov>. You may also request copies of these documents, including documents incorporated by reference in this joint proxy statement/prospectus, at no cost by contacting the appropriate company at the following address:

South State Corporation

520 Gervais Street
Columbia, South Carolina 29201
Attention: William C. Bochette III, Corporate Secretary
Telephone: (800) 277-2175

Park Sterling Corporation

1043 East Morehead Street, Suite 201
Charlotte, North Carolina 28204
Attention: Ralph W. Brewer, Secretary
Telephone: (704) 716-2134

You will not be charged for any of these documents that you request. To obtain timely delivery of these documents, you must request them no later than five business days before the date of your special meeting. This means that South State shareholders requesting documents must do so by [], in order to receive them before the South State special meeting, and Park Sterling shareholders requesting documents must do so by [], 2017, in order to receive them before the Park Sterling special meeting.

You should rely only on the information contained in or incorporated by reference into this document. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this document. This document is dated [], 2017, and you should assume that the information in this document is accurate only as of such date. You should assume that the information incorporated by reference into this document is accurate as of the date of such document. Neither the mailing of this document to Park Sterling shareholders or South State shareholders nor the issuance by South State of shares of South State common stock in connection with the merger will create any implication to the contrary.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Except where the context otherwise indicates, information contained in this document regarding Park Sterling has been provided by Park Sterling, and information contained in this document regarding South State has been provided by South State.

See *Where You Can Find More Information* for more details.

TABLE OF CONTENTS

	Page
<u>QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SOUTH STATE SPECIAL MEETING AND THE PARK STERLING SPECIAL MEETING</u>	<u>2</u>
<u>SUMMARY</u>	<u>11</u>
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SOUTH STATE</u>	<u>21</u>
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF PARK STERLING</u>	<u>23</u>
<u>COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA (Unaudited)</u>	<u>25</u>
<u>COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION</u>	<u>26</u>
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>27</u>
<u>RISK FACTORS</u>	<u>29</u>
<u>THE SOUTH STATE SPECIAL MEETING</u>	<u>36</u>
<u>SOUTH STATE PROPOSALS</u>	<u>40</u>
<u>THE PARK STERLING SPECIAL MEETING</u>	<u>43</u>
<u>PARK STERLING PROPOSALS</u>	<u>47</u>
<u>INFORMATION ABOUT SOUTH STATE</u>	<u>49</u>
<u>INFORMATION ABOUT PARK STERLING</u>	<u>50</u>
<u>THE MERGER</u>	<u>51</u>
<u>THE MERGER AGREEMENT</u>	<u>98</u>
<u>ACCOUNTING TREATMENT</u>	<u>118</u>
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER</u>	<u>119</u>
<u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS</u>	<u>122</u>
<u>DESCRIPTION OF CAPITAL STOCK OF SOUTH STATE</u>	<u>131</u>
<u>COMPARISON OF SHAREHOLDERS' RIGHTS</u>	<u>133</u>
<u>LEGAL MATTERS</u>	<u>145</u>
<u>EXPERTS</u>	<u>146</u>
<u>OTHER MATTERS</u>	<u>147</u>
<u>HOUSEHOLDING OF PROXY MATERIALS</u>	<u>148</u>
<u>DEADLINES FOR SUBMITTING SHAREHOLDER PROPOSALS</u>	<u>149</u>
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	<u>151</u>
<u>ANNEX A: AGREEMENT AND PLAN OF MERGER</u>	
<u>ANNEX B: OPINION OF SOUTH STATE'S FINANCIAL ADVISOR</u>	
<u>ANNEX C: OPINION OF PARK STERLING'S FINANCIAL ADVISOR</u>	
<u>ANNEX D: FORM OF VOTING AGREEMENT</u>	
<u>ANNEX E: CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF SOUTH STATE CORPORATION AND PARK STERLING CORPORATION</u>	
<u>ANNEX F: FORM OF ARTICLES OF AMENDMENT TO THE AMENDED AND RESTATED ARTICLES OF INCORPORATION OF SOUTH STATE CORPORATION</u>	

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SOUTH STATE SPECIAL MEETING AND THE PARK STERLING SPECIAL MEETING

The following are some questions that you may have about the merger and the South State special meeting or the Park Sterling special meeting, and brief answers to those questions. We urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all of the information that might be important to you with respect to the merger and the South State special meeting or the Park Sterling special meeting. Additional important information is also contained in the documents incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information*.

Q: Why am I receiving this joint proxy statement/prospectus?

A: South State has entered into an Agreement and Plan of Merger, dated as of April 26, 2017, with Park Sterling (which, as it may be amended, supplemented or modified from time to time, we refer to as the merger agreement). Under the merger agreement, Park Sterling will be merged with and into South State (which we refer to as the merger), with South State continuing as the surviving corporation (which we refer to as the surviving corporation). Immediately following the merger, Park Sterling Bank, a wholly owned bank subsidiary of Park Sterling, will merge with and into South State Bank, South State's wholly owned bank subsidiary, with South State Bank continuing as the surviving bank (which we refer to as the bank merger). A copy of the merger agreement is included in this joint proxy statement/prospectus as **Annex A**.

The merger cannot be completed unless, among other things, both South State shareholders and Park Sterling shareholders approve the respective proposals to approve the merger agreement (which we refer to as the South State merger proposal and the Park Sterling merger proposal, respectively).

In addition, South State is soliciting proxies from its shareholders with respect to the following additional proposals, approvals of which are not conditions to the completion of the merger:

a proposal to approve an amendment, a copy of which is attached as **Annex F**, to South State's Amended and Restated Articles of Incorporation (which we refer to as the South State articles) to increase South State's authorized shares of common stock from 40 million shares to 80 million shares (which we refer to as the South State amendment proposal); and

a proposal to adjourn the South State special meeting, if necessary or appropriate, to solicit additional proxies in favor of the South State merger proposal (which we refer to as the South State adjournment proposal).

Furthermore, Park Sterling is soliciting proxies from its shareholders with respect to two additional proposals, approvals of which are not conditions to the completion of the merger:

a proposal to adjourn the Park Sterling special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Park Sterling merger proposal (which we refer to as the Park Sterling adjournment proposal); and

a proposal to adopt an advisory (non-binding) resolution approving the compensation that certain executive officers of Park Sterling may receive in connection with the merger pursuant to agreements or arrangements with Park Sterling (which we refer to as the compensation proposal).

Each of South State and Park Sterling will hold separate special meetings of shareholders to obtain these approvals (which we refer to as the South State special meeting and the Park Sterling special meeting, respectively). This joint proxy statement/prospectus contains important information about the merger and the other proposals being voted on at the special meetings. You

Table of Contents

should read it carefully and in its entirety. The enclosed materials allow you to have your shares voted by proxy without attending your special meeting. Your vote is important. We encourage you to submit your proxy as soon as possible.

Q: What will I receive in the merger?

A: *Park Sterling shareholders:* If the merger is completed, you will receive 0.14 shares of South State common stock for each share of Park Sterling common stock that you hold immediately prior to the merger (which we refer to as the merger consideration). South State will not issue any fractional shares of South State common stock in the merger. Park Sterling shareholders who otherwise would be entitled to a fraction of a share of South State common stock will receive an amount in cash (rounded to the nearest whole cent) equal to the product of (i) the fraction of a share of South State common stock to which the holder would otherwise be entitled and (ii) the average closing price, rounded to the nearest cent, per share of South State common stock on the NASDAQ Global Select Market (which we refer to as NASDAQ) for the consecutive ten trading days immediately preceding (but not including) the closing date of the merger (which we refer to as the South State share value).

As a result of the merger, based on the number of shares of South State and Park Sterling common stock outstanding as of [], the last practicable trading day before the date of this joint proxy statement/prospectus, approximately []% of the outstanding South State common stock following the merger will be held by shareholders that were holders of South State common stock immediately prior to the effectiveness of the merger, and approximately []% of outstanding South State common stock will be held by shareholders that were holders of Park Sterling common stock immediately prior to the effectiveness of the merger (without giving effect to any shares of South State common stock held by Park Sterling shareholders prior to the merger).

Based on South State's closing price of \$91.90 per share on April 26, 2017, the last trading day before the announcement of the merger agreement, and the number of shares of Park Sterling common stock outstanding as of March 31, 2017, the merger consideration represented approximately \$12.87 for each share of Park Sterling common stock and aggregate consideration of approximately \$691 million. Based on South State's closing price of \$[] per share on [], the last practicable trading day before the date of this joint proxy statement/prospectus, and the number of shares of Park Sterling common stock outstanding as of such date, the merger consideration represented approximately \$[] for each share of Park Sterling common stock and aggregate consideration of approximately \$[] million.

South State shareholders: If the merger is completed, you will not receive any merger consideration and will continue to hold the shares of South State common stock that you currently hold. Following the merger, shares of South State common stock will continue to be traded on the NASDAQ.

Q: Will the value of the merger consideration change between the date of this joint proxy statement/prospectus and the time the merger is completed?

A: **The value of the merger consideration may fluctuate between the date of this joint proxy statement/prospectus and the completion of the merger based upon the market value for South State common stock.** In the merger, Park Sterling shareholders will receive 0.14 shares (which we refer to as the exchange ratio) of South State common stock for each share of Park Sterling common stock they hold. Any fluctuation in the market price of South State common stock after the date of this joint proxy statement/prospectus and before the effective time of the merger will

Table of Contents

change the value of the shares of South State common stock that Park Sterling shareholders will receive.

Q:
How will the merger affect the Park Sterling equity awards?

A:
Stock Options. Each outstanding option to acquire shares of Park Sterling common stock, whether or not vested, that is not exercised prior to the effective time will be cancelled by virtue of the merger and converted into a right to receive a cash payment (without interest and less applicable withholding taxes) equal to the product of (i) the number of shares of Park Sterling common stock subject to such Park Sterling stock option and (ii) the excess, if any, of (A) the product of the exchange ratio and the South State share value over (B) the per-share exercise price of such Park Sterling stock option. In the event any Park Sterling option has an exercise price equal to or in excess of the product obtained by the prior sentence, then that Park Sterling stock option will be cancelled for no consideration.

Restricted Stock. Each restricted stock award in respect of Park Sterling common stock shall vest in full and the restrictions thereon will lapse, and will be converted into a right to receive the merger consideration with respect to each share subject to the award.

Q:
How does South State's board of directors recommend that I vote at the South State special meeting?

A:
South State's board of directors (which we refer to as the South State board of directors) unanimously recommends that South State's shareholders vote FOR the South State merger proposal, FOR the South State amendment proposal and FOR the South State adjournment proposal.

Q:
How does Park Sterling's board of directors recommend that I vote at the Park Sterling special meeting?

A:
Park Sterling's board of directors (which we refer to as the Park Sterling board of directors) unanimously recommends that Park Sterling's shareholders vote FOR the Park Sterling merger proposal, FOR the Park Sterling adjournment proposal and FOR the compensation proposal.

Q:
When and where are the special meetings?

A:
The South State special meeting will be held on [], at [] local time, at [].

The Park Sterling special meeting will be held on [], at [] local time, at [].

Q:
What do I need to do now?

A:
After you have carefully read this joint proxy statement/prospectus and have decided how you wish to vote your shares, please vote your shares promptly so that your shares are represented and voted at your special meeting. If you hold your shares in your name as a shareholder of record, you must complete, sign, date and mail your proxy card in the enclosed postage-paid return envelope as soon as possible or vote by Internet or phone, as described in this joint proxy statement/prospectus. If you hold your shares in street name through a bank, broker or nominee, you must direct your bank, broker or nominee how to vote in accordance with the instructions you have received from your bank, broker or nominee. Street name shareholders who wish to vote in person at the special meeting will need to obtain a legal proxy from the institution that holds their shares.

Table of Contents

Q: What constitutes a quorum for the South State special meeting?

A: The presence at the South State special meeting, in person or by proxy, of holders of a majority of the outstanding shares of South State common stock entitled to vote at the South State special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q: What constitutes a quorum for the Park Sterling special meeting?

A: The presence at the Park Sterling special meeting, in person or by proxy, of holders of a majority of the outstanding shares of Park Sterling common stock entitled to vote at the Park Sterling special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes, if any, will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

Q: What is the vote required to approve each proposal?

A: *South State special meeting:*

Approval of the South State merger proposal requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of South State common stock entitled to vote on the proposal. **If you mark ABSTAIN on your proxy card or when voting by Internet or phone, fail to submit a proxy or vote in person at the South State special meeting or fail to instruct your bank, broker or other nominee with respect to the South State merger proposal, it will have the same effect as a vote AGAINST the proposal.**

Approval of the South State amendment proposal requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of South State common stock entitled to vote on the proposal. **If you mark ABSTAIN on your proxy card or when voting by Internet or phone, fail to submit a proxy or vote in person at the South State special meeting or fail to instruct your bank, broker or other nominee with respect to the South State amendment proposal, it will have the same effect as a vote AGAINST the proposal.**

Approval of the South State adjournment proposal requires the votes cast by shareholders of South State in favor of the proposal to exceed the votes cast by shareholders of South State against the proposal at the South State special meeting.

Park Sterling special meeting:

Approval of the Park Sterling merger proposal requires the affirmative vote of at least a majority of the outstanding shares of Park Sterling common stock entitled to vote on the proposal. **If you mark ABSTAIN on your proxy card or when voting by Internet or phone, fail to submit a proxy or vote in person at the Park Sterling special meeting or fail to instruct your bank, broker or other nominee with respect to the Park Sterling merger proposal, it will have the same effect as a vote AGAINST the proposal.**

Approval of each of the Park Sterling adjournment proposal and the compensation proposal requires the votes cast by shareholders of Park Sterling in favor of each proposal to exceed the votes cast by shareholders of Park Sterling against such proposal at the Park Sterling special meeting.

Table of Contents

Q: Will my vote affect the amounts that certain executive officers of Park Sterling may receive in connection with the merger?

A: Certain of Park Sterling's executive officers are entitled, pursuant to the terms of their existing compensation arrangements with Park Sterling, to receive certain payments in connection with the merger. If the merger is completed, South State, as successor to Park Sterling, is contractually obligated to make these payments to these executives (under certain circumstances). Accordingly, even if the Park Sterling shareholders vote not to approve these payments, the compensation will be payable, subject to the terms and conditions of the arrangements and the merger agreement. Park Sterling is seeking your approval of these payments on an advisory (non-binding) basis in order to comply with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and related SEC rules.

Q: Why is my vote important?

A: If you do not return your proxy, it will be more difficult for South State or Park Sterling to obtain the necessary quorum to hold their special meetings. In addition, your failure to submit a proxy or vote in person, or failure to instruct your bank, broker or other nominee how to vote, or abstention will have the same effect as a vote AGAINST approval of the merger agreement, as applicable and, if you are a holder of South State common stock, a vote AGAINST approval of the South State amendment proposal.

The merger agreement must be approved by the affirmative vote of at least a majority of the outstanding shares of Park Sterling common stock entitled to vote on the merger agreement and approved by the affirmative vote of at least two-thirds of the outstanding shares of South State common stock entitled to vote on the merger agreement. The South State amendment proposal must be approved by the affirmative vote of at least two-thirds of the outstanding shares of South State common stock entitled to vote on the South State amendment proposal.

The South State board of directors and the Park Sterling board of directors unanimously recommend that you vote FOR the merger proposals. If you are a holder of South State common stock, the South State board of directors also unanimously recommends that you vote FOR the South State amendment proposal.

Q: If my shares of common stock are held in street name by my bank, broker or other nominee, will my bank, broker or other nominee automatically vote my shares for me?

A: *South State shareholders:* No. Under stock exchange rules, banks, brokers and other nominees who hold shares of South State common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be non-routine, without specific instructions from the beneficial owner. Broker non-votes are shares held by a bank, broker or other nominee that are represented at the South State special meeting, but with respect to which the bank, broker or other nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the bank, broker or other nominee does not have discretionary voting power on such proposal. If your bank, broker or other nominee holds your shares of South State common stock in street name, your bank, broker or other nominee will vote your shares of South State common stock only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your bank, broker or other nominee with this joint proxy statement/prospectus. We believe that the South State merger proposal, the South State amendment proposal and the South State

Table of Contents

adjournment proposal are non-routine proposals and your bank, broker or other nominee can vote your shares of South State common stock only with your specific voting instructions.

Park Sterling shareholders: No. Under stock exchange rules, banks, brokers and other nominees who hold shares of Park Sterling common stock in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, banks, brokers and other nominees are not allowed to exercise their voting discretion with respect to the approval of matters determined to be non-routine, without specific instructions from the beneficial owner. Broker non-votes are shares held by a bank, broker or other nominee that are represented at the Park Sterling special meeting, but with respect to which the bank, broker or other nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the bank, broker or other nominee does not have discretionary voting power on such proposal. If your bank, broker or other nominee holds your shares of Park Sterling common stock in street name, your bank, broker or other nominee will vote your shares of Park Sterling common stock only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your bank, broker or other nominee with this joint proxy statement/prospectus. We believe that the Park Sterling merger proposal, the Park Sterling adjournment proposal and the compensation proposal are non-routine proposals and your bank, broker or other nominee can vote your shares of Park Sterling common stock only with your specific voting instructions.

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. All shareholders of each of South State and Park Sterling, including shareholders of record and shareholders who hold their shares through banks, brokers or other nominees, are invited to attend their respective special meetings. If you are not a shareholder of record, you must obtain a proxy, executed in your favor, from the record holder of your shares, such as a bank, broker or other nominee, to be able to vote in person at the special meetings. If you plan to attend your special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. South State and Park Sterling reserve the right to refuse admittance to anyone without proper proof of share ownership or without proper photo identification.

Q: Can I change my vote?

A: *South State shareholders:* Yes. If you are a holder of record of South State common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to William C. Bochette III, South State's corporate secretary, or (3) attending the South State special meeting in person, notifying the corporate secretary and voting by ballot at the South State special meeting. Attendance at the South State special meeting will not automatically revoke your proxy. A revocation or later-dated proxy received by South State after the vote will not affect the vote. The mailing address of Mr. Bochette, South State's corporate secretary is: William C. Bochette III, Corporate Secretary, South State Corporation, 520 Gervais Street, Columbia, South Carolina 29201. If you hold your shares in street name through a bank, broker or other nominee, you should contact your bank, broker or other nominee to revoke your proxy or change your vote.

Park Sterling shareholders: Yes. If you are a holder of record of Park Sterling common stock, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to Ralph W. Brewer, Park Sterling's corporate secretary, or (3) attending the Park Sterling special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting. Attendance at the Park Sterling

Table of Contents

special meeting by itself will not automatically revoke your proxy or change your vote. A revocation or later-dated proxy received by Park Sterling after the vote will not affect the vote. The mailing address of Park Sterling's corporate secretary is: Park Sterling Corporation 1043 E. Morehead Street, Suite 201, Charlotte, North Carolina 28204, Attention: Ralph W. Brewer, Secretary. If you hold your shares in street name through a bank, broker or other nominee, you should contact your bank, broker or other nominee to revoke your proxy or change your vote.

Q: Will South State be required to submit the proposal to approve the merger agreement to its shareholders even if the South State board of directors has withdrawn, modified or qualified its recommendation?

A: Yes. Unless the merger agreement is terminated before the South State special meeting, South State is required to submit the proposal to approve the merger agreement to its shareholders even if the South State board of directors has withdrawn, modified or qualified its recommendation.

Q: Will Park Sterling be required to submit the proposal to approve the merger agreement to its shareholders even if the Park Sterling board of directors has withdrawn, modified or qualified its recommendation?

A: Yes. Unless the merger agreement is terminated before the Park Sterling special meeting, Park Sterling is required to submit the proposal to approve the merger agreement to its shareholders even if the Park Sterling board of directors has withdrawn, modified or qualified its recommendation.

Q: What are the U.S. federal income tax consequences of the merger to Park Sterling shareholders?

A: The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (which we refer to as the Code), and it is a condition to the respective obligations of South State and Park Sterling to complete the merger that each of South State and Park Sterling receives a legal opinion to that effect. Accordingly, holders of Park Sterling common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of Park Sterling common stock for shares of South State common stock in the merger, except with respect to any cash received instead of fractional shares of South State common stock.

For further information, see *Material U.S. Federal Income Tax Consequences of the Merger*.

The U.S. federal income tax consequences described above may not apply to all holders of Park Sterling common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.

Q: Are Park Sterling shareholders entitled to appraisal or dissenters' rights?

A: No. Under the North Carolina Business Corporation Act, holders of Park Sterling common stock are not entitled to exercise appraisal or dissenters' rights with respect to the proposed merger or the other transactions contemplated by the merger agreement.

Q: If I am a Park Sterling shareholder, should I send in my Park Sterling stock certificates now?

A: No. Please do not send in your Park Sterling stock certificates with your proxy. After the completion of the merger, an exchange agent agreed upon by South State and Park Sterling will send you instructions for exchanging Park Sterling stock certificates for the merger consideration. See *The Merger Agreement Conversion of Shares; Exchange of Certificates*.

Table of Contents

Q: What should I do if I hold my shares of Park Sterling common stock in book-entry form?

A: You are not required to take any special additional actions if your shares of Park Sterling common stock are held in book-entry form. After the completion of the merger, the exchange agent will send you instructions for converting your book-entry shares into the merger consideration, including shares of South State common stock in book-entry form and any cash to be paid instead of fractional shares in the merger.

Q: What should I do if I receive more than one set of voting materials?

A: South State and Park Sterling shareholders may receive more than one set of voting materials, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold shares of South State and/or Park Sterling common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of South State common stock or Park Sterling common stock and your shares are registered in more than one name, you will receive more than one proxy card. In addition, if you are a holder of both South State common stock and Park Sterling common stock, you will receive one or more separate proxy cards or voting instruction cards for each company. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this joint proxy statement/prospectus to ensure that you vote every share of South State common stock and/or Park Sterling common stock that you own.

Q: Whom may I contact if I cannot locate my Park Sterling stock certificate(s)?

A: If you are unable to locate your original Park Sterling stock certificate(s), you should contact Ralph W. Brewer, Secretary, at 1043 E. Morehead Street, Suite 201, Charlotte, North Carolina 28204, (704) 716-2134.

Q: When do you expect to complete the merger?

A: South State and Park Sterling expect to complete the merger in the fourth quarter of 2017. However, neither South State nor Park Sterling can assure you of when or if the merger will be completed. South State and Park Sterling must first obtain the approval of South State shareholders and Park Sterling shareholders for the merger, as well as obtain necessary regulatory approvals and satisfy certain other closing conditions.

Q: What happens if the merger is not completed?

A: If the merger is not completed, Park Sterling common shareholders will not receive any consideration for their shares of Park Sterling common stock in connection with the merger. Instead, Park Sterling will remain an independent, public company and Park Sterling common stock will continue to be traded on the NASDAQ. In addition, if the merger agreement is terminated in certain circumstances, South State or Park Sterling may be required to pay a termination fee. See *The Merger Agreement Termination Fee* for a complete discussion of the circumstances under which a termination fee will be required to be paid.

Q: Where can I find the voting results of the special meetings?

A: The preliminary voting results will be announced at each of the special meetings. In addition, within four business days following certification of the final voting results, South State and Park Sterling will each disclose the final voting results of their respective special meetings on a Current Report on Form 8-K filed with the SEC.

Table of Contents

Q: **Are there any risks that I should consider in deciding whether to vote for the approval of the merger agreement?**

A: Yes. You should read and carefully consider the risk factors set forth in the *Risk Factors* section beginning on page [] of this joint proxy statement/prospectus. You also should read and carefully consider the risk factors of South State and Park Sterling contained in the documents that are incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information*.

Q: **Whom should I call with questions?**

A: *South State shareholders:* If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of South State common stock, you should contact James C. Mabry IV, Executive Vice President, Investor Relations and Mergers & Acquisitions, at 520 Gervais Street, Columbia, South Carolina 29201, (800) 277-2175.

Park Sterling shareholders: If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Park Sterling common stock, you should contact Ralph W. Brewer, Secretary, at 1043 E. Morehead Street, Suite 201, Charlotte, North Carolina 28204, (704) 716-2134.

Table of Contents

SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to read carefully the entire joint proxy statement/prospectus, including the annexes, and the other documents to which we refer in order to fully understand the merger. See *Where You Can Find More Information*. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail.

The Merger and the Merger Agreement (Page [])

The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached as **Annex A** to this joint proxy statement/prospectus. We encourage you to read the merger agreement carefully and in its entirety, as it is the legal document that governs the merger.

Pursuant to the merger agreement, Park Sterling will merge with and into South State, with South State continuing as the surviving corporation. Immediately thereafter, Park Sterling Bank, Park Sterling's wholly owned banking subsidiary, will merge with and into South State's wholly owned banking subsidiary, South State Bank, with South State Bank continuing as the surviving bank.

The Merger Consideration (Page [])

If the merger is completed, Park Sterling common shareholders will receive 0.14 shares of South State common stock for each share of Park Sterling common stock they hold immediately prior to the merger. South State will not issue any fractional shares of South State common stock in the merger. Park Sterling shareholders who otherwise would be entitled to a fraction of a share of South State common stock will receive an amount in cash (rounded to the nearest whole cent) equal to the product of (x) the fraction of a share of South State common stock to which the holder would otherwise be entitled and (y) the average closing price, rounded to the nearest cent, per share of South State common stock on the NASDAQ for the consecutive ten trading days immediately preceding (but not including) the closing date of the merger.

For example, if you hold 125 shares of Park Sterling common stock, you will receive 17 shares of South State common stock and a cash payment instead of the 0.5 shares of South State common stock that you otherwise would have received (125 shares × 0.14 = 17.5 shares).

The market value of the merger consideration will fluctuate with the market price of South State common stock and will not be known at the time Park Sterling shareholders vote on the merger. Any fluctuation in the market price of South State common stock after the date of this joint proxy statement/prospectus will change the value of the shares of South State common stock that Park Sterling shareholders will receive.

Recommendation of South State's Board of Directors (Page [])

The South State board of directors unanimously recommends that South State shareholders vote FOR the South State merger proposal, FOR the South State amendment proposal and FOR the South State adjournment proposal.

The South State board of directors has determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger and the issuance of South State common stock, are advisable and in the best interests of South State and its shareholders and has unanimously approved the merger agreement. For the factors considered by the South State board of directors in reaching its decision to approve the merger agreement, see *The Merger - South State's Reasons for the Merger; Recommendation of the South State Board of Directors*.

Table of Contents

Recommendation of Park Sterling's Board of Directors (Page [])

The Park Sterling board of directors unanimously recommends that Park Sterling shareholders vote FOR the Park Sterling merger proposal, FOR the Park Sterling adjournment proposal and FOR the compensation proposal.

The Park Sterling board of directors has determined that the merger agreement and the merger are advisable and in the best interests of Park Sterling and its shareholders and has unanimously approved the merger agreement. For the factors considered by the Park Sterling board of directors in reaching its decision to approve the merger agreement, see *The Merger Park Sterling's Reasons for the Merger; Recommendation of the Park Sterling Board of Directors*.

Opinion of South State's Financial Advisor (Page [] and Annex B)

In connection with the merger, South State's financial advisor, Keefe, Bruyette & Woods, Inc. (which we refer to as KBW) delivered a written opinion, dated April 26, 2017, to the South State board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to South State of the exchange ratio in the proposed merger. The full text of KBW's opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion, is attached as **Annex B** to this joint proxy statement/prospectus and is incorporated by reference in this joint proxy statement/prospectus in its entirety. See *The Merger Opinion of South State's Financial Advisor*. The opinion was for the information of, and was directed to, the South State board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of South State to engage in the merger or enter into the merger agreement or constitute a recommendation to the South State board of directors in connection with the merger, and it does not constitute a recommendation to any holder of South State common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.

Opinion of Park Sterling's Financial Advisor (Page [] and Annex C)

In connection with the merger, Park Sterling's financial advisor, Stephens Inc. (which we refer to as Stephens) delivered a written opinion, dated April 26, 2017, to the Park Sterling board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to shareholders of Park Sterling of the merger consideration in the proposed merger. The full text of Stephens's opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by Stephens in preparing the opinion, is attached as **Annex C** to this joint proxy statement/prospectus and is incorporated by reference in this joint proxy statement/prospectus in its entirety. See *The Merger Opinion of Park Sterling's Financial Advisor*. The opinion was for the information of, and was directed to, the Park Sterling board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of Park Sterling to engage in the merger or enter into the merger agreement or constitute a recommendation to the Park Sterling board of directors in connection with the merger, and it does not constitute a recommendation to any holder of Park Sterling common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.

Treatment of Park Sterling Equity Awards (Page [])

Options. At the effective time, each outstanding option to acquire shares of Park Sterling common stock, whether or not vested, that is not exercised prior to the effective time will be cancelled by virtue of the merger and converted into a right to receive a cash payment (without interest and less

Table of Contents

applicable withholding taxes) equal to the product of (i) the number of shares of Park Sterling common stock subject to such Park Sterling stock option multiplied by (ii) the excess, if any, of (A) the product of the exchange ratio and the South State share value over (B) the per-share exercise price of such Park Sterling stock option. In the event that the product obtained by the prior sentence is zero or a negative number, then the Park Sterling stock option will be cancelled for no consideration.

Restricted Stock Awards. At the effective time, each restricted stock award in respect of Park Sterling common stock will vest in full and the restrictions thereon will lapse, and will be converted into a right to receive the merger consideration with respect to each share subject to the award.

Information about the South State Special Meeting (Page [])

The South State special meeting to consider and vote upon the approval of the merger agreement will be held on [], at [] local time, at []. At the South State special meeting, South State shareholders will be asked to:

approve the South State merger proposal;

approve the South State amendment proposal; and

approve the South State adjournment proposal.

Only holders of record at the close of business on [], 2017 will be entitled to vote at the South State special meeting. Each share of South State common stock is entitled to one vote on each proposal to be considered at the South State special meeting. As of the record date, there were [] shares of South State common stock entitled to vote at the South State special meeting. As of the record date, Park Sterling and its subsidiaries held [] shares of South State common stock (other than shares held as fiduciary, custodian or agent).

As of the record date, the directors and executive officers of South State and their affiliates beneficially owned and were entitled to vote approximately [] shares of South State common stock representing approximately []% of the shares of South State common stock outstanding on that date.

To approve the South State merger proposal, two-thirds of the shares of South State common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. **Therefore, if you mark ABSTAIN on your proxy, fail to submit a proxy or vote in person at the South State special meeting or fail to instruct your bank, broker or other nominee how to vote with respect to the South State merger proposal, it will have the same effect as a vote against the South State merger proposal.**

To approve the South State amendment proposal, two-thirds of the shares of South State common stock outstanding and entitled to vote thereon must be voted in favor of such proposal. **Therefore, if you mark ABSTAIN on your proxy, fail to submit a proxy or vote in person at the South State special meeting or fail to instruct your bank, broker or other nominee how to vote with respect to the South State amendment proposal, it will have the same effect as a vote against the South State amendment proposal.**

Approval of the South State adjournment proposal requires the votes cast by shareholders of South State in favor of the proposal to exceed the votes cast by shareholders of South State against the proposal at the South State special meeting. Therefore, if you mark ABSTAIN on your proxy card or when voting by Internet or phone, fail to submit a proxy or vote in person at the South State special meeting or fail to instruct your bank, broker or other nominee how to vote with respect to the South State adjournment proposal, it will have no effect on the South State adjournment proposal.

Table of Contents

Neither approval of the South State amendment proposal nor approval of the South State adjournment proposal is a condition to the completion of the merger, and approval of the South State merger proposal is not a condition to the effectiveness of the South State articles amendment.

Information about the Park Sterling Special Meeting (Page [])

The Park Sterling special meeting to consider and vote upon the approval of the merger agreement will be held on [], at [] Eastern Time, at []. At the Park Sterling special meeting, Park Sterling shareholders will be asked to:

approve the Park Sterling merger proposal;

approve the Park Sterling adjournment proposal; and

approve the compensation proposal.

Only holders of record at the close of business on [], 2017 will be entitled to vote at the Park Sterling special meeting. Each share of Park Sterling common stock is entitled to one vote on each proposal to be considered at the Park Sterling special meeting. As of the record date, there were [] shares of Park Sterling common stock entitled to vote at the Park Sterling special meeting. As of the record date, South State and its subsidiaries held [] shares of Park Sterling common stock (other than shares held as fiduciary, custodian or agent).

As of the record date, the directors and executive officers of Park Sterling and their affiliates beneficially owned and were entitled to vote approximately [] shares of Park Sterling common stock representing approximately []% of the shares of Park Sterling common stock outstanding on that date.

To approve the Park Sterling merger proposal, at least a majority of the shares of Park Sterling common stock outstanding and entitled to vote on the merger agreement must be voted in favor of the proposal. **Therefore, if you mark ABSTAIN on your proxy card or when voting by Internet or phone, fail to either submit a proxy or vote in person at the Park Sterling special meeting or fail to instruct your bank, broker or other nominee how to vote with respect to the Park Sterling merger proposal, it will have the same effect as a vote AGAINST the Park Sterling merger proposal.**

To approve the Park Sterling adjournment proposal or the compensation proposal, the votes cast by Park Sterling shareholders in favor of each such proposal must exceed the votes cast by Park Sterling shareholders against such proposal at the Park Sterling special meeting. Therefore, if you indicate ABSTAIN on your proxy card or when voting by Internet or phone, fail to either submit a proxy or vote in person at the Park Sterling special meeting or fail to instruct your bank, broker or other nominee how to vote with respect to the compensation proposal or the Park Sterling adjournment proposal, it will have no effect on such proposals.

Parties to the Merger (Page [])

South State Corporation

South State Corporation is a South Carolina corporation that is a bank holding company (which we refer to as a BHC) registered with the Board of Governors of the Federal Reserve System (which we refer to as the Federal Reserve Board) under the Bank Holding Company Act of 1956, as amended (which we refer to as the BHC Act). South State provides a wide range of banking services and products to its customers through its wholly owned bank subsidiary, South State Bank, a South Carolina banking corporation (which we refer to as South State Bank). South State does not engage in any significant operations other than the ownership of its banking subsidiary.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

South State Bank provides a full range of retail and commercial banking services, mortgage lending services, trust and investment services and consumer finance loans through financial centers in South Carolina, North Carolina, northeast Georgia and coastal Georgia. South State coordinates the financial resources of the consolidated enterprise and thereby maintains financial, operational and administrative systems that allow centralized evaluation of subsidiary operations and coordination of selected policies and activities. South State's operating revenues and net income are derived primarily from cash dividends received from South State Bank.

The principal executive offices of South State are located at 520 Gervais Street, Columbia, South Carolina 29201, and its telephone number is (800) 277-2175. South State's website can be accessed at <http://www.southstatebank.com>. Information contained in South State's website does not constitute part of, and is not incorporated into, this joint proxy statement/prospectus. South State common stock is quoted on the NASDAQ under the symbol SSB.

Additional information about South State and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information*.

Park Sterling Corporation

Park Sterling is a North Carolina corporation that is a BHC registered with the Federal Reserve Board under the BHC Act. Park Sterling was formed in 2010 to serve as the holding company for Park Sterling Bank. Park Sterling Bank was incorporated in September 2006 as a North Carolina-chartered commercial non-member bank. Park Sterling provides a full array of retail and commercial banking services, including wealth management and capital market activities, through its offices located in North Carolina, South Carolina, Georgia and Virginia. Park Sterling's objective since inception has been to provide the strength and product diversity of a larger bank and the service and relationship attention that characterizes a community bank.

The principal executive offices of Park Sterling are located at 1043 E. Morehead Street, Suite 201, Charlotte, North Carolina 28204, and its telephone number is (704) 716-2134. Park Sterling's website can be accessed at <http://www.parksterlingbank.com>. Information contained in Park Sterling's website does not constitute part of, and is not incorporated into, this joint proxy statement/prospectus. Park Sterling common stock is quoted on the NASDAQ under the symbol PSTB.

Additional information about Park Sterling and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information*.

Interests of Park Sterling's Directors and Executive Officers in the Merger (Page [])

In considering the recommendation of the Park Sterling board of directors that you vote to approve the merger agreement, you should be aware that some of Park Sterling's executive officers and directors have financial interests in the merger that are different from, or in addition to, those of Park Sterling shareholders generally. These interests may create potential conflicts of interest. The Park Sterling board of directors was aware of these interests and considered the interests, among other matters, when making its decision to approve the merger agreement and its recommendation that Park Sterling's shareholders vote in favor of the Park Sterling merger proposal.

These interests include:

the accelerated vesting of outstanding Park Sterling restricted stock awards;

the cash payment for all outstanding Park Sterling options, whether vested or unvested;

Table of Contents

the eligibility of each of the executive officers of Park Sterling for severance benefits in the event of a qualifying termination of employment;

benefits under a Consulting and Noncompetition Agreement between South State Bank and James C. Cherry, an Employment and Noncompetition Agreement between South State Bank and each of Donald K. Truslow and Bryan F. Kennedy, III, an Employment Agreement between Park Sterling and Nancy J. Foster and a Letter Agreement among Mark Ladnier, South State Bank and Park Sterling Bank;

the payment of certain incentive bonus compensation; and

the service on the South State board of directors of Mr. Cherry and one current non-employee member of the board of directors of Park Sterling.

For a more complete description of these interests, see *The Merger Interests of Park Sterling's Directors and Executive Officers in the Merger* and *The Merger Agreement Treatment of Park Sterling Equity Awards*.

Dissenters' Rights (Page [])

Under the North Carolina Business Corporation Act (which we refer to as the "NCBCA"), holders of Park Sterling common stock are not entitled to exercise appraisal or dissenters' rights with respect to the proposed merger or the other transactions contemplated by the merger agreement.

Regulatory Approvals Required for the Merger (Page [])

Subject to the terms of the merger agreement, both South State and Park Sterling have agreed to use their reasonable best efforts to obtain all regulatory approvals required or advisable to complete the transactions contemplated by the merger agreement, including the merger and the bank merger. These approvals include, among others, approval from the Federal Reserve Board, the Federal Deposit Insurance Corporation (which we refer to as the "FDIC"), the South Carolina State Board of Financial Institutions and the North Carolina Commissioner of Banks. South State and Park Sterling have filed certain applications and notifications to obtain the required regulatory approvals and will file such additional applications and notifications as may be requested.

Although South State and Park Sterling currently believe that we should be able to obtain all required regulatory approvals in a timely manner, we cannot be certain when or if we will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to South State after the completion of the merger or will contain a materially burdensome regulatory condition. The regulatory approvals to which completion of the merger is subject are described in more detail in *The Merger Regulatory Approvals Required for the Merger*.

Governance Matters (Page [])

Board of Directors

Immediately following the effective time of the merger, South State will appoint James C. Cherry and one current non-employee member of the board of directors of Park Sterling to the South State board of directors. In addition, Mr. Cherry will be appointed to the Executive Committee of the South State board of directors. Following the closing, Mr. Robert R. Horger will continue to serve as Chairman of the board of directors of South State.

Officers

The officers of South State in office immediately prior to the effective time, together with such additional persons as may thereafter be elected or appointed, shall serve as the officers of the surviving

Table of Contents

corporation from and after the effective time of the merger in accordance with the bylaws of South State.

No Solicitation (Page [])

As more fully described in this joint proxy statement/prospectus and in the merger agreement, and subject to certain exceptions summarized below, Park Sterling has agreed not to initiate, solicit, knowingly encourage or knowingly facilitate any inquiries or proposals with respect to, or engage or participate in any negotiations concerning, or provide confidential or nonpublic information or data to, or have or participate in any discussions with, any person relating to an alternative acquisition proposal. Notwithstanding these restrictions, in certain circumstances, the merger agreement provides that Park Sterling may participate in discussions or negotiations regarding an acquisition proposal or furnish nonpublic information regarding Park Sterling in response to an unsolicited bona fide written acquisition proposal if the Park Sterling board of directors concludes in good faith (in accordance with the merger agreement and after consultation with Park Sterling's outside legal counsel and financial advisors) that the failure to take such actions would be reasonably likely to violate the directors' fiduciary duties under applicable law. For a more complete summary of Park Sterling's non-solicitation obligations, see *The Merger Agreement Agreement Not to Solicit Other Offers*.

In connection with its agreement not to solicit other proposals, none of Park Sterling, the Park Sterling board of directors or any of its committees will (1) withhold, withdraw or modify in any manner adverse to South State (or propose publicly to do so) its recommendation of the transactions contemplated under the merger agreement, (2) approve or recommend to its shareholders (or resolve to or publicly propose or announce its intention to do so) any alternative acquisition proposal or (3) within 10 business days after an alternative acquisition proposal is made public or any request by South State (which request may be made once per acquisition proposal (and any material change thereto)), fail to publicly, finally and without qualification recommend against any alternative acquisition proposal or reaffirm its recommendation for Park Sterling shareholders to approve the merger agreement (each of which we refer to as a change in company recommendation).

Conditions to Completion of the Merger (Page [])

Currently, South State and Park Sterling expect to complete the merger in the fourth quarter of 2017. As more fully described in this joint proxy statement/prospectus and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, approval of the merger agreement by the shareholders of each of South State and Park Sterling, effectiveness of the registration statement containing this proxy statement/prospectus, approval of the listing on the NASDAQ of the South State common stock to be issued in the merger, the absence of any law or order prohibiting the merger, the accuracy of the representations and warranties of the other party under the merger agreement (subject to the materiality standards set forth in the merger agreement), the performance by the other party of its respective obligations under the merger agreement in all material respects, receipt of certain required regulatory approvals and receipt of legal opinions by each company regarding the U.S. federal income tax treatment of the merger.

Neither South State nor Park Sterling can be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see *The Merger Agreement Conditions to Completion of the Merger*.

Table of Contents

Termination of the Merger Agreement (Page [])

The merger agreement can be terminated at any time prior to completion of the merger by mutual consent, or by either party in the following circumstances:

the merger has not been completed by April 26, 2018 (which we refer to as the end date), if the failure to complete the merger by the end date is not caused by the terminating party's breach of the merger agreement;

any required regulatory approval has been denied by the relevant regulatory authority and this denial has become final and non-appealable, or a regulatory authority has issued a final, non-appealable injunction or order permanently enjoining or otherwise prohibiting the completion of the merger or the other transactions contemplated by the merger agreement; or

there is a breach by the other party that would cause the failure of certain of the closing conditions described above to be satisfied, and the breach, if continuing on the closing date, is not cured prior to the earlier of the end date and 30 business days following written notice of the breach.

In addition, South State may terminate the merger agreement in the following circumstances:

the Park Sterling board of directors (1) fails to recommend to the Park Sterling shareholders that they approve the merger agreement or (2) effects a change in company recommendation with respect to the merger agreement or the transactions contemplated thereby;

the Park Sterling board of directors fails to comply in any material respect with its non-solicitation obligations described in *The Merger Agreement Agreement Not to Solicit Other Offers* or its obligations with respect to calling the Park Sterling special meeting described in *The Merger Agreement Park Sterling Shareholder Meeting and Recommendation of the Park Sterling Board of Directors*; or

the Park Sterling shareholders do not approve the merger agreement and the transactions contemplated thereby at the Park Sterling special meeting, or any adjournment thereof.

In addition, Park Sterling may terminate the merger agreement in the following circumstances:

the South State board of directors (1) fails to recommend to the South State shareholders that they approve the merger agreement or (2) effects a change in South State recommendation (as defined in *The Merger Agreement Agreement Not to Solicit Other Offers*) with respect to the merger agreement or the transactions contemplated thereby;

the South State board of directors fails to comply in any material respect with its obligations described in the section titled *The Merger Agreement Change in South State Recommendation* with respect to calling the South State special meeting described in *The Merger Agreement South State Shareholder Meeting and Recommendation of the South State Board of Directors*;

(1) if the Park Sterling shareholder meeting has been held, (2) the Park Sterling shareholders do not approve the merger agreement at such meeting, or any adjournment thereof, (3) prior to the Park Sterling shareholder meeting, Park Sterling has received a superior proposal that did not result from a breach of Park Sterling's non-solicitation obligations described in *The Merger Agreement Agreement Not to Solicit Other Offers*, and (4) the Park Sterling board of directors has determined to enter into a definitive agreement providing for such superior proposal upon termination of the merger agreement, and enters into such agreement concurrently with such termination; provided, that Park Sterling shall pay South State the termination fee described in *The Merger Agreement Termination Fee* concurrently with and as a condition to the effectiveness of such

termination; or

Table of Contents

the South State shareholders do not approve the merger agreement and the transactions contemplated thereby at the South State special meeting, or any adjournment thereof.

Termination Fee (Page [])

If the merger agreement is terminated under certain circumstances, Park Sterling may be required to pay to South State, or South State may be required to pay to Park Sterling, a termination fee of \$25 million. The termination fee could discourage other companies from seeking to acquire or merge with Park Sterling.

For a more complete summary of the circumstances in which Park Sterling may be required to pay to South State, or South State may be required to pay to Park Sterling, a termination fee, see *The Merger Agreement Termination Fee*.

Voting Agreements (Page [])

Each director and current named executive officer of Park Sterling has entered into a voting agreement with South State, solely in his or her capacity as a shareholder of Park Sterling, pursuant to which he or she has agreed, among other things, to vote in favor of the Park Sterling merger proposal and the other proposals presented at the Park Sterling special meeting and against any alternative acquisition proposal. For more information regarding the voting agreements, see *The Merger Agreement Voting Agreements*. As of the record date, Park Sterling shareholders who are parties to the voting agreements beneficially owned and were entitled to vote approximately [] shares of Park Sterling common stock representing approximately []% of the shares of Park Sterling common stock outstanding on that date.

Accounting Treatment (Page [])

South State prepares its financial statements in accordance with accounting principles generally accepted in the United States (which we refer to as GAAP). The merger will be accounted for using the acquisition method of accounting. South State will be treated as the acquirer for accounting purposes.

Material U.S. Federal Income Tax Consequences (Page [])

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code, and it is a condition to the respective obligations of South State and Park Sterling to complete the merger that each of South State and Park Sterling receives a legal opinion to that effect. Accordingly, holders of Park Sterling common stock are not expected to recognize any gain or loss for U.S. federal income tax purposes on the exchange of shares of Park Sterling common stock for shares of South State common stock in the merger, except with respect to any cash received instead of fractional shares of South State common stock.

For further information, see *Material U.S. Federal Income Tax Consequences of the Merger*.

The U.S. federal income tax consequences described above may not apply to all holders of Park Sterling common stock. Your tax consequences will depend on your individual situation. Accordingly, we strongly urge you to consult your independent tax advisor for a full understanding of the particular tax consequences of the merger to you.

Amendment to South State's Articles of Incorporation (Page [] and Annex F)

At the South State special meeting, South State is seeking approval to amend the South State articles to increase the number of authorized shares of its common stock from 40 million shares to

Table of Contents

80 million shares. For more information, see *South State Proposals Proposal No. 2: South State Amendment Proposal*.

The Rights of Park Sterling Shareholders Will Change as a Result of the Merger (Page [])

The rights of Park Sterling shareholders will change as a result of the merger due to differences in South State's and Park Sterling's governing documents and states of incorporation. The rights of Park Sterling shareholders are governed by North Carolina law and by Park Sterling's articles of incorporation and bylaws, each as amended to date. Upon the completion of the merger, Park Sterling shareholders will become shareholders of South State, as the continuing legal entity in the merger, and the rights of Park Sterling shareholders will therefore be governed by South Carolina law and South State's articles of incorporation and bylaws, each as amended to date. For more detailed information regarding a comparison of your rights as a shareholder of South State and Park Sterling, see *Comparison of Shareholders' Rights*.

Litigation Related to the Merger (Page [])

On August 14, 2017, a putative class action complaint, captioned *Roskopf v. Park Sterling Corp.*, C.A. No. 3:17-cv-00483 (the Roskopf Action), was filed in the U.S. District Court for the Western District of North Carolina in connection with the merger. On August 15, 2017, a similar class action lawsuit was filed in the same court, captioned *Parshall v. Park Sterling Corp.*, C.A. No. 3:17-cv-00490 (the Parshall Action) (together, the two actions are referred to as the Actions). Both Actions named as defendants Park Sterling and the Park Sterling board of directors, and the Parshall Action also named South State as a defendant.

The complaints in the Actions allege that Park Sterling, the Park Sterling board of directors and, in the Parshall Action, South State omitted and/or provided misleading information in the registration statement on Form S-4 filed with the SEC in connection with the merger in violation of the Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act) and related SEC regulations.

The Actions collectively seek, among other things, an injunction preventing the closing of the merger, rescission of the merger if it is consummated, damages and an award of plaintiffs' attorneys' and experts' fees.

The outcome of these lawsuits is uncertain. Park Sterling, the Park Sterling board of directors and, with respect to the Parshall Action, South State, believe that the claims asserted are without merit.

Risk Factors (Page [])

You should consider all the information contained in or incorporated by reference into this joint proxy statement/prospectus in deciding how to vote for the proposals presented in this joint proxy statement/prospectus. In particular, you should consider the factors described under the *Risk Factors* section beginning on page [] of this joint proxy statement/prospectus.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF SOUTH STATE**

The following table summarizes selected historical consolidated financial data of South State for the periods and as of the dates indicated. This information has been derived from South State's consolidated financial statements filed with the SEC. Historical financial data as of and for the six months ended June 30, 2017 and June 30, 2016 are unaudited and include, in management's opinion, all normal recurring adjustments considered necessary to present fairly the results of operations and financial condition of South State. You should not assume the results of operations for past periods and for the six months ended June 30, 2017 and June 30, 2016 indicate results for any future period.

You should read this information in conjunction with South State's consolidated financial statements and related notes thereto included in South State's Annual Report on Form 10-K for the year ended December 31, 2016, and in South State's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, which are incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information*.

	As of or for the Six Months Ended June 30,		As of or for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
(Dollars in thousands, except per share data)							
Summary of Operations							
Interest income	\$ 203,765	\$ 167,194	\$ 333,163	\$ 338,101	\$ 342,022	\$ 286,348	\$ 187,488
Interest expense	7,372	4,194	8,317	10,328	15,662	12,987	11,094
Net interest income	196,393	163,000	324,846	327,773	326,360	273,361	176,394
Provision for loan losses	6,020	5,286	6,819	5,864	6,590	1,886	13,619
Noninterest income	74,009	62,160	130,330	115,555	94,696	53,720	41,283
Noninterest expenses	191,262	145,883	294,315	287,089	303,038	250,621	158,898
Net income before provision for income taxes	73,120	73,991	154,042	150,375	111,428	74,574	45,160
Provision for income taxes	23,033	24,981	52,760	50,902	35,991	25,355	15,128
Net income	\$ 50,087	\$ 49,010	\$ 101,282	\$ 99,473	\$ 75,437	\$ 49,219	\$ 30,032
Preferred stock dividends					1,073	1,354	
Net income available to common shareholders	\$ 50,087	\$ 49,010	\$ 101,282	\$ 99,473	\$ 74,364	\$ 47,865	\$ 30,032
Per Common Share Information:							
Earnings per share - Basic	\$ 1.73	\$ 2.04	\$ 4.22	\$ 4.15	\$ 3.11	\$ 2.41	\$ 2.04
Earnings per share - Diluted	\$ 1.71	\$ 2.02	\$ 4.18	\$ 4.11	\$ 3.08	\$ 2.38	\$ 2.03
Cash dividends declared	\$ 0.66	\$ 0.58	\$ 1.21	\$ 0.98	\$ 0.82	\$ 0.74	\$ 0.69
Weighted-Average Number of Common Shares (in thousands):							
Basic	28,985	23,977	23,998	23,966	23,897	19,866	14,698
Diluted	29,252	24,205	24,219	24,224	24,154	20,077	14,796
Balance Sheet Data Period End							

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Assets	\$ 11,154,441	\$ 8,723,993	\$ 8,900,592	\$ 8,557,348	\$ 7,826,227	\$ 7,931,498	\$ 5,136,446
Acquired credit impaired loans, net of acquired allowance for loan losses	602,481	658,835	602,546	733,870	919,402	1,220,638	969,395
Acquired noncredit impaired loans	1,585,981	941,886	836,699	1,049,538	1,327,999	1,600,935	73,215
Non-acquired loans	5,992,393	4,816,875	5,241,041	4,220,726	3,467,826	2,865,216	2,571,003
Loans, net of unearned income ⁽¹⁾	8,180,855	6,417,596	6,680,286	6,004,134	5,715,227	5,686,789	3,613,613
Investment securities	1,358,894	1,007,060	1,014,981	1,027,748	826,943	812,603	560,091
FDIC indemnification asset from loss share agreements				4,401	22,161	86,447	146,171
Goodwill and other intangible assets	648,783	381,969	378,188	385,765	366,927	377,596	128,491
Deposits	9,031,654	7,163,926	7,334,423	7,100,428	6,461,045	6,554,144	4,298,443
Nondeposit borrowings	432,165	396,318	369,131	343,389	322,751	313,461	296,518
Shareholders' equity	1,605,485	1,104,343	1,134,588	1,059,384	984,920	981,469	507,549
Number of common shares outstanding	29,259,264	24,195,226	24,230,392	24,162,657	24,150,702	24,104,124	16,937,464
Book value per common share	\$ 54.87	\$ 45.64	\$ 46.82	\$ 43.84	\$ 40.78	\$ 40.72	\$ 29.97
Tangible book value per common share ⁽³⁾	\$ 32.70	\$ 29.86	\$ 31.22	\$ 27.88	\$ 25.59	\$ 22.36	\$ 22.54

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

	As of or for the Six Months Ended June 30,		As of or for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
Balance Sheet Data Averages							
Assets	\$ 10,974,541	\$ 8,624,347	\$ 8,718,671	\$ 8,202,681	\$ 7,938,437	\$ 6,354,973	\$ 4,276,263
Investment securities	1,429,932	998,077	980,916	862,686	813,733	610,252	451,563
Acquired loans, net of acquired allowance for loan losses	2,323,616	1,690,437	1,604,741	1,998,104	2,500,882	1,813,425	481,754
Non-acquired loans	5,590,436	4,477,109	4,741,294	3,785,243	3,151,482	2,677,450	2,484,751
Non-acquired allowance for loan losses	(38,423)	(35,284)	36,351	(34,602)	(35,034)	(40,192)	(47,762)
Deposits	8,863,935	5,091,352	5,082,850	4,933,236	4,938,845	4,037,194	2,758,670
Nondeposit borrowings	452,756	377,374	376,154	347,245	264,143	350,501	275,722
Shareholders' equity	\$ 1,580,195	\$ 1,083,403	\$ 1,104,091	\$ 1,028,623	\$ 968,163	\$ 712,890	\$ 419,849
Annualized Performance Ratios							
Return on average assets	0.92%	1.14%	1.16%	1.21%	0.95%	0.77%	0.70%
Return on average equity	6.39%	9.10%	9.17%	9.67%	7.79%	6.90%	7.15%
Return on average tangible equity ⁽³⁾	11.56%	14.81%	14.72%	15.97%	13.77%	11.54%	9.27%
Net interest margin (taxable equivalent)	4.16%	4.32%	4.22%	4.58%	4.80%	4.99%	4.83%
Efficiency ratio	62.80%	64.30%	64.16%	64.19%	71.41%	75.85%	72.20%
Dividend payout ratio	38.53%	28.63%	28.91%	23.84%	26.61%	31.91%	34.11%
Asset Quality Ratios							
Allowance for loan losses to period end non-acquired loans ⁽²⁾	0.67%	0.77%	0.71%	0.81%	1.00%	1.20%	1.73%
Allowance for loan losses to period end nonperforming loans ⁽²⁾	297.42%	201.06%	250.66%	181.84%	121.12%	81.20%	71.53%
Net charge-offs to average non-acquired loans ⁽²⁾	0.05%	0.07%	0.06%	0.09%	0.16%	0.41%	0.73%
Net charge-offs to average acquired noncredit impaired loans ⁽²⁾	0.09%	0.08%	0.07%	0.20%	0.06%		
Excluding Acquired Loans:							
Nonperforming assets to period end loans and repossessed assets	0.30%	0.52%	0.36%	0.65%	1.05%	1.94%	3.13%
Nonperforming assets to period end total loans	0.16%	0.29%	0.21%	0.32%	0.47%	0.70%	1.58%
Including Acquired Assets:							
Nonperforming assets to period end loans and repossessed assets	0.42%	0.71%	0.58%	0.89%	1.38%	1.88%	3.46%
Nonperforming assets to period end total loans	0.31%	0.53%	0.43%	0.63%	1.02%	1.36%	2.50%
Capital Ratios							
Equity to assets	14.39%	12.66%	12.75%	12.38%	12.58%	11.55%	9.88%
Tangible equity to tangible assets	11.56%	8.66%	8.88%	8.24%	8.28%	7.13%	7.62%

(1) Excludes loans held for sale.

(2) Excludes acquired assets.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

(3)

A reconciliation of non-GAAP measures to GAAP is presented on page 62 of South State's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 and on page 38 of South State's Annual Report on Form 10-K for the year ended December 31, 2016, as applicable.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF PARK STERLING**

The following table summarizes selected historical consolidated financial data of Park Sterling for the periods and as of the dates indicated. This information has been derived from Park Sterling's consolidated financial statements filed with the SEC. Historical financial data as of and for the six months ended June 30, 2017 and June 30, 2016 are unaudited and include, in management's opinion, all normal recurring adjustments considered necessary to present fairly the results of operations and financial condition of Park Sterling. You should not assume the results of operations for past periods and for the six months ended June 30, 2017 and June 30, 2016 indicate results for any future period.

You should read this information in conjunction with Park Sterling's consolidated financial statements and related notes thereto included in Park Sterling's Annual Report on Form 10-K for the year ended December 31, 2016, and in Park Sterling's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, which are incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information*.

	As of or for the Six Months Ended June 30,		As of or for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
(Dollars in thousands, except per share data)							
Summary of Operations							
Interest income	\$ 63,789	\$ 59,860	\$ 119,516	\$ 89,312	\$ 85,297	\$ 78,805	\$ 57,946
Interest expense	8,121	7,214	14,475	7,931	7,655	6,382	6,570
Net interest income	55,668	52,646	105,041	81,381	77,642	72,423	51,376
Provision for loan losses	678	1,438	2,630	723	(1,286)	746	2,023
Noninterest income	10,886	10,102	21,394	18,243	13,953	15,086	11,372
Noninterest expenses	42,091	48,099	94,236	74,153	73,934	64,099	54,076
Net income before provision for income taxes	23,785	13,211	29,569	24,748	18,947	22,664	6,649
Provision for income taxes	7,769	4,919	9,621	8,142	6,058	7,359	2,306
Net income	\$ 16,016	\$ 8,292	\$ 19,948	\$ 16,606	\$ 12,889	\$ 15,305	\$ 4,343
Preferred stock dividends						353	51
Net income available to common shareholders	\$ 16,016	\$ 8,292	\$ 19,948	\$ 16,606	\$ 12,889	\$ 14,952	\$ 4,292
Per Common Share Information:							
Earnings per share - Basic	\$ 0.30	\$ 0.16	\$ 0.38	\$ 0.38	\$ 0.29	\$ 0.34	\$ 0.12
Earnings per share - Diluted	\$ 0.30	\$ 0.16	\$ 0.38	\$ 0.37	\$ 0.29	\$ 0.34	\$ 0.12
Cash dividends declared	\$ 0.08	\$ 0.06	\$ 0.14	\$ 0.12	\$ 0.08	\$ 0.04	N/A
Weighted-Average Number of Common Shares (in thousands):							
Basic	52,762	52,341	52,451	43,939	43,924	43,965	35,101
Diluted	53,459	52,651	52,851	44,305	44,247	44,053	35,108
Balance Sheet Data Period End							
Assets	\$ 3,340,999	\$ 3,174,075	\$ 3,255,395	\$ 2,514,264	\$ 2,359,230	\$ 1,960,827	\$ 2,032,794

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Acquired credit impaired loans, net of acquired allowance for loan losses	75,074	98,670	85,456	94,917	133,241	163,787	234,282
Acquired noncredit impaired loans	425,758	661,932	538,845	283,738	364,790	404,440	614,574
Non-acquired loans	2,001,288	1,566,295	1,787,885	1,363,160	1,082,662	727,581	507,851
Loans, net of unearned income ⁽¹⁾	2,502,120	2,326,897	2,412,186	1,741,815	1,580,693	1,295,808	1,356,707
Investment securities	511,471	509,676	511,754	502,758	502,956	407,368	252,993
FDIC indemnification asset from loss share agreements		1,165		943	3,964	10,025	18,697
Goodwill and other intangible assets	73,847	75,551	74,755	38,768	40,157	35,049	36,078
Deposits	2,537,182	2,473,423	2,513,752	1,952,662	1,851,354	1,599,885	1,632,004
Nondeposit borrowings	408,590	297,890	348,237	239,262	203,583	78,048	101,716
Shareholders equity	369,264	354,450	355,844	284,704	275,105	262,120	275,702
Number of common shares outstanding	53,279,996	53,332,369	53,116,519	44,854,509	44,859,798	44,730,669	44,575,853
Book value per common share	\$ 6.98	\$ 6.53	\$ 6.75	\$ 6.49	\$ 6.26	\$ 5.96	\$ 5.81

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

	As of or for the Six Months Ended June 30,		As of or for the Year Ended December 31,				
	2017	2016	2016	2015	2014	2013	2012
Balance Sheet Data Averages							
Assets	\$ 3,287,787	\$ 3,147,168	\$ 3,171,141	\$ 2,436,415	\$ 2,199,327	\$ 1,962,514	\$ 1,349,190
Investment securities	520,106	514,034	523,843	509,560	459,063	322,970	241,191
Loans	2,451,502	2,286,696	2,332,205	1,658,657	1,445,691	1,328,210	896,769
Allowance for loan losses	(12,571)	(9,912)	(10,655)	(8,700)	(9,535)	(10,797)	(9,788)
Deposits	2,508,205	2,466,835	2,483,426	1,898,729	1,783,087	1,580,333	1,047,013
Nondeposit borrowings	383,335	275,748	289,606	222,290	121,697	82,291	73,527
Shareholders' equity	\$ 362,827	\$ 350,531	\$ 354,678	\$ 281,509	\$ 269,504	\$ 275,742	\$ 215,267
Annualized Performance Ratios							
Return on average assets	0.98%	0.53%	0.63%	0.68%	0.59%	0.76%	0.32%
Return on average equity	8.88%	4.76%	5.62%	5.90%	4.78%	5.42%	1.99%
Net interest margin (taxable equivalent)	3.72%	3.73%	3.66%	3.70%	3.96%	4.20%	4.29%
Efficiency ratio	63.30%	76.54%	74.48%	74.47%	80.88%	73.33%	88.26%
Dividend payout ratio	26.54%	38.47%	37.38%	32.46%	27.80%	11.96%	0.00%
Asset Quality Ratios							
Allowance for loan losses to period end non-acquired loans ⁽²⁾	0.63%	0.69%	0.68%	0.66%	0.76%	1.21%	2.09%
Allowance for loan losses to period end nonperforming loans ⁽²⁾	106.18%	139.99%	93.69%	109.85%	92.79%	71.80%	59.44%
Net charge-offs (recoveries) to average total loans	0.02%	0.06%	0.02%	0.00%	0.07%	0.23%	0.18%
Nonperforming assets to period end loans and repossessed assets	0.60%	0.47%	0.64%	0.78%	1.31%	2.04%	3.10%
Nonperforming assets to period end total loans	0.61%	0.47%	0.64%	0.79%	1.32%	2.07%	3.16%
Capital Ratios							
Equity to assets	11.05%	11.17%	10.93%	11.32%	11.66%	13.37%	13.56%
Tangible equity to tangible assets	9.04%	9.00%	8.84%	9.93%	10.13%	11.79%	10.97%

(1) Excludes loans held for sale.

(2) A reconciliation of non-GAAP measures to GAAP is presented on page 45 of Park Sterling's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 and on page 34 of Park Sterling's Annual Report on Form 10-K for the year ended December 31, 2016, as applicable.

Table of Contents

COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA
(Unaudited)

Presented below for South State and Park Sterling is historical, unaudited pro forma combined and pro forma equivalent per share financial data as of and for the year ended December 31, 2016 and as of and for the six months ended June 30, 2017. The information presented below should be read together with the historical consolidated financial statements of South State and Park Sterling, including the related notes, filed with the SEC and incorporated by reference into this joint proxy statement/prospectus, and with the unaudited pro forma condensed combined financial statements included elsewhere in this joint proxy statement/prospectus. See *Unaudited Pro Forma Condensed Combined Financial Statements* and *Where You Can Find More Information*.

The unaudited pro forma and pro forma equivalent per share information gives effect to the merger as if the merger had been effective on December 31, 2016 or June 30, 2017, in the case of the book value data, and as if the merger and South State's acquisition of Southeastern Bank Financial Corporation had been effective as of January 1, 2016, in the case of the earnings per share and the cash dividends data. The unaudited pro forma data combines the historical results of Park Sterling into South State's consolidated statement of income. While certain adjustments were made for the estimated impact of fair value adjustments and other acquisition-related activity, they are not indicative of what could have occurred had the acquisition taken place on the dates indicated.

In addition, the unaudited pro forma data includes adjustments, which are preliminary and may be revised. The unaudited pro forma data, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the impact of factors that may result as a consequence of the merger or consider any potential impacts of current market conditions or the merger on revenues, expense efficiencies, asset dispositions and share repurchases, among other factors, nor the impact of possible business model changes. As a result, unaudited pro forma data is presented for illustrative purposes only and does not represent an attempt to predict or suggest future results.

	Historical		Pro Forma Combined	Per Equivalent Park Sterling Share ⁽¹⁾
	South State	Park Sterling		
Basic Income (Loss) from Continuing Operations				
For the year ended December 31, 2016	\$ 4.22	\$ 0.38	\$ 4.19	\$ 0.59
For the six months ended June 30, 2017	\$ 1.73	\$ 0.30	\$ 0.67	\$ 0.09
Diluted Income (Loss) from Continuing Operations				
For the year ended December 31, 2016	\$ 4.18	\$ 0.38	\$ 4.16	\$ 0.58
For the six months ended June 30, 2017	\$ 1.71	\$ 0.30	\$ 0.66	\$ 0.09
Cash Dividends				
For the year ended December 31, 2016	\$ 1.21	\$ 0.14	\$ 1.21	\$ 0.17
For the six months ended June 30, 2017	\$ 0.66	\$ 0.08	\$ 0.33	\$ 0.05
Book Value per common share				
As of December 31, 2016	\$ 46.82	\$ 6.75	\$ 61.59	\$ 8.62
As of June 30, 2017	\$ 54.87	\$ 6.98	\$ 60.58	\$ 8.62
Market Value				
As of April 26, 2017 ⁽²⁾	\$ 91.90	\$ 12.52	N/A	\$ 12.87
As of August 17, 2017 ⁽³⁾	\$ 80.65	\$ 11.27	N/A	\$ 11.29

- (1) Reflects Park Sterling common shares at the exchange ratio of 0.14.
- (2) The last trading day before the announcement of the merger agreement.
- (3) A recent practicable date before the date of this joint proxy statement/prospectus.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

South State common stock is listed on the NASDAQ under the symbol SSB, and Park Sterling common stock is listed on the NASDAQ under the symbol PSTB. The following table sets forth the high and low reported intra-day sales prices per share of South State common stock and Park Sterling common stock, and the cash dividends declared per share for the periods indicated.

	South State Common Stock			Park Sterling Common Stock		
	High	Low	Dividend	High	Low	Dividend
2015						
First Quarter	\$ 69.46	\$ 58.84	\$ 0.23	\$ 7.38	\$ 6.45	\$ 0.03
Second Quarter	77.09	66.53	0.24	7.48	6.49	0.03
Third Quarter	80.85	71.21	0.25	7.72	6.78	0.03
Fourth Quarter	81.80	69.54	0.26	8.20	6.58	0.03
2016						
First Quarter	71.69	59.19	0.28	7.63	5.90	0.03
Second Quarter	74.62	61.83	0.30	7.57	6.41	0.03
Third Quarter	77.02	65.69	0.31	8.59	6.83	0.04
Fourth Quarter	91.85	70.75	0.32	11.04	7.95	0.04
2017						
First Quarter	93.40	80.25	0.33	12.37	10.01	0.04
Second Quarter	92.60	80.95	0.33	12.72	11.16	0.04
Third Quarter (through August 17, 2017)	88.00	80.35	0.33	12.11	11.24	0.04

On April 26, 2017, the last full trading day before the announcement of the merger agreement, the high and low sales prices of shares of South State common stock as reported on the NASDAQ were \$92.60 and \$90.45, respectively. On [], 2017, the last practicable trading day before the date of this joint proxy statement/prospectus, the high and low sales prices of shares of South State common stock as reported on the NASDAQ were \$[] and \$[], respectively.

On April 26, 2017, the last full trading day before the announcement of the merger agreement, the high and low sales prices of shares of Park Sterling common stock as reported on the NASDAQ were \$12.65 and \$12.24, respectively. On [], 2017, the last practicable trading day before the date of this joint proxy statement/prospectus, the high and low sales prices of shares of Park Sterling common stock as reported on the NASDAQ were \$[] and \$[], respectively.

As of [], 2017, the last date prior to printing this joint proxy statement/prospectus for which it was practicable to obtain this information for South State and Park Sterling, respectively, there were approximately [] registered holders of South State common stock and approximately [] registered holders of Park Sterling common stock.

Each South State and Park Sterling shareholder is advised to obtain current market quotations for South State common stock and Park Sterling common stock. The market price of South State common stock and Park Sterling common stock will fluctuate between the date of this joint proxy statement/prospectus and the date of completion of the merger. No assurance can be given concerning the market price of South State common stock or Park Sterling common stock before or after the effective date of the merger. Changes in the market price of South State common stock prior to the completion of the merger will affect the market value of the merger consideration that Park Sterling shareholders will receive upon completion of the merger.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this joint proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements about the financial condition, results of operations, earnings outlook and prospects of South State, Park Sterling and the combined company following the proposed transaction and statements for the period following the completion of the merger. Words such as anticipate, believe, feel, expect, estimate, indicate, seek, strive, plan, intend, outlook, forecast, project, position, target, mission, contemplate, assume, achieve, aspiration, outcome, continue, remain, maintain, trend, objective and variations of such words and similar expressions, or future or conditional verbs such as will, would, should, could, might, can, may or similar expressions, as they relate to South State, Park Sterling, the proposed transaction or the combined company following the transaction often identify forward-looking statements.

These forward-looking statements are predicated on the beliefs and assumptions of management based on information known to management as of the date of this joint proxy statement/prospectus and do not purport to speak as of any other date. Forward-looking statements may include descriptions of the expected benefits and costs of the transaction; forecasts of revenue, earnings or other measures of economic performance, including statements of profitability, business segments and subsidiaries; management plans relating to the transaction; the expected timing of the completion of the transaction; the ability to complete the transaction; the ability to obtain any required regulatory, shareholder or other approvals; any statements of the plans and objectives of management for future or past operations, products or services, including the execution of integration plans; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing.

The forward-looking statements contained or incorporated by reference in this joint proxy statement/prospectus reflect the view of management as of this date with respect to future events and are subject to risks and uncertainties. Should one or more of these risks materialize or should underlying beliefs or assumptions prove incorrect, actual results could differ materially from those anticipated by the forward-looking statements or historical results. Such risks and uncertainties, include, among others, the following possibilities: the occurrence of any event, change or other circumstances that could give rise to the right of one or both of the parties to terminate the definitive merger agreement between South State and Park Sterling; the outcome of any legal proceedings that may be instituted against South State or Park Sterling; the failure to obtain necessary regulatory approvals (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), and shareholder approvals or to satisfy any of the other conditions to the transaction on a timely basis or at all; the possibility that the anticipated benefits of the transaction are not realized when expected or at all, including as a result of the impact of, or problems arising from, the integration of the two companies or as a result of the strength of the economy and competitive factors in the areas where South State and Park Sterling do business; the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; diversion of management's attention from ongoing business operations and opportunities; potential adverse reactions or changes to business or employee relationships, including those resulting from the announcement or completion of the transaction; South State's ability to complete the acquisition and integration of Park Sterling successfully; credit risk associated with commercial real estate, commercial business and construction lending; interest risk involving the effect of a change in interest rates on both of South State's and Park Sterling's earnings and the market value of their respective portfolio equity; liquidity risk affecting each bank's ability to meet its obligations when they come due; price risk focusing on changes in market factors that may affect the value of traded instruments; transaction risk arising from problems with service or product delivery; compliance risk involving risk to earnings or capital resulting from violations of or

Table of Contents

nonconformance with laws, rules, regulations, prescribed practices or ethical standards; strategic risk resulting from adverse business decisions or improper implementation of business decisions; reputation risk that adversely affects earnings or capital arising from negative public opinion; cybersecurity risk related to the dependence of South State and Park Sterling on internal computer systems and the technology of outside service providers, as well as the potential impacts of third-party security breaches, which subjects each company to potential business disruptions or financial losses resulting from deliberate attacks or unintentional events; economic downturn risk resulting from changes in the credit markets, greater-than-expected noninterest expenses, excessive loan losses and other factors and the implementation of federal spending cuts currently scheduled to go into effect; and other factors that may affect future results of South State and Park Sterling. In addition, South State's and Park Sterling's respective businesses are subject to numerous risks and uncertainties, including the risks and uncertainties described in this section and their respective Annual Reports on Form 10-K for the year ended December 31, 2016 and subsequent Quarterly Reports on Form 10-Q, each of which are incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information*.

For any forward-looking statements made in this joint proxy statement/prospectus or in any documents incorporated by reference into this joint proxy statement/prospectus, South State and Park Sterling claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus or the date of any document incorporated by reference in this joint proxy statement/prospectus. South State and Park Sterling do not undertake to update forward-looking statements to reflect facts, circumstances, assumptions or events that occur after the date the forward-looking statements are made. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this joint proxy statement/prospectus and attributable to South State, Park Sterling or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this joint proxy statement/prospectus.

Table of Contents

RISK FACTORS

In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, including the matters addressed under the caption *Cautionary Statement Regarding Forward-Looking Statements*, you should consider the following risk factors carefully in deciding whether to vote to approve the merger agreement. Additional risks and uncertainties not presently known to South State or Park Sterling, if they materialize, also may adversely affect the merger and South State as the surviving corporation in the merger.

In addition, South State's and Park Sterling's respective businesses are subject to numerous risks and uncertainties, including the risks and uncertainties described in this section and their respective Annual Reports on Form 10-K for the year ended December 31, 2016 and subsequent Quarterly Reports on Form 10-Q, each of which are incorporated by reference into this joint proxy statement/prospectus. See *Where You Can Find More Information*.

Because the market price of South State common stock will fluctuate, Park Sterling shareholders cannot be certain of the market value of the merger consideration they will receive.

Upon completion of the merger, each share of Park Sterling common stock will be converted into 0.14 shares of South State common stock. The market value of the merger consideration may vary from the closing price of South State common stock on the date the parties announced the merger, on the date that this joint proxy statement/prospectus is mailed to Park Sterling shareholders, on the date of the special meeting of the Park Sterling shareholders and on the date the merger is completed. Any change in the market price of South State common stock prior to the completion of the merger will affect the market value of the merger consideration that Park Sterling shareholders will receive upon completion of the merger, and there will be no adjustment to the merger consideration for changes in the market price of either shares of South State common stock or shares of Park Sterling common stock.

Stock price changes may result from a variety of factors that are beyond the control of South State and Park Sterling, including but not limited to general market and economic conditions, changes in our respective businesses, operations and prospects and regulatory considerations. Therefore, at the time of the Park Sterling special meeting, holders of Park Sterling common stock will not know the precise market value of the consideration they will receive at the effective time of the merger. Shareholders should obtain current market quotations for shares of South State common stock and for shares of Park Sterling common stock.

The market price of South State common stock after the merger may be affected by factors different from those affecting the shares of Park Sterling or South State currently.

Upon completion of the merger, holders of Park Sterling common stock will become holders of South State common stock. South State's business differs in important respects from that of Park Sterling, and, accordingly, the results of operations of the combined company and the market price of South State common stock after the completion of the merger may be affected by factors different from those currently affecting the independent results of operations of each of South State and Park Sterling.

Approvals required to complete the merger may not be received, may take longer than expected or may impose conditions that are not presently anticipated or that could have an adverse effect on the combined company following the merger.

Before the merger and the bank merger may be completed, South State and Park Sterling must obtain approvals from the Federal Reserve Board, the FDIC, the South Carolina State Board of Financial Institutions and the North Carolina Commissioner of Banks, as well as from the shareholders

Table of Contents

of South State and Park Sterling. Other approvals, waivers or consents from regulators may also be required. If these approvals are not obtained or waived, to the extent permitted by law or stock exchange rules, the merger may not occur or may be delayed. Additionally, regulators may impose conditions on the completion of the merger or require changes to the terms of the merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or imposing additional costs on or limiting the revenues of the combined company following the merger, any of which might have an adverse effect on the combined company following the merger. See *The Merger Regulatory Approvals Required for the Merger*.

Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized.

South State and Park Sterling have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on South State's ability to successfully combine the businesses of South State and Park Sterling. To realize these anticipated benefits and cost savings, after the completion of the merger, South State expects to integrate Park Sterling's business into its own.

It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. The loss of key employees could adversely affect South State's ability to successfully conduct its business in the markets in which Park Sterling now operates, which could have an adverse effect on South State's financial results and the value of its common stock. If South State experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected.

As with any merger of financial institutions, there also may be business disruptions that cause South State and/or Park Sterling to lose customers or cause customers to remove their accounts from South State and/or Park Sterling and move their business to competing financial institutions. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of South State and Park Sterling during this transition period and for an undetermined period after completion of the merger on the combined company. In addition, the actual cost savings of the merger could be less than anticipated.

The unaudited pro forma condensed combined financial statements included in this document are preliminary and the actual financial condition and results of operations after the merger may differ materially.

The unaudited pro forma condensed combined financial statements in this document are presented for illustrative purposes only and are not necessarily indicative of what South State's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The unaudited pro forma condensed combined financial statements reflect adjustments to illustrate the effect of the merger had it been completed on the dates indicated, which are based upon preliminary estimates, to record the Park Sterling identifiable assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation for the merger reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Park Sterling as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, see *Unaudited Pro Forma Condensed Combined Financial Statements*.

Table of Contents

The fairness opinions received by each of the South State board of directors and the Park Sterling board of directors from the parties respective financial advisors prior to the signing of the merger agreement do not reflect changes in circumstances since the date of the signing of the merger agreement.

The South State board of directors received a fairness opinion dated April 26, 2017 from KBW and the Park Sterling board of directors received a fairness opinion dated April 26, 2017 from Stephens, and such opinions have not been updated as of the date of this joint proxy statement/prospectus and will not be updated at the time of the completion of the merger. Changes in the operations and prospects of South State or Park Sterling, general market and economic conditions and other factors that may be beyond the control of South State and Park Sterling, may alter the value of South State or Park Sterling or the prices of shares of South State common stock or Park Sterling common stock by the time the merger is completed.

The fairness opinions do not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed or as of any other date than the date of the opinions. The fairness opinions that the South State board of directors and the Park Sterling board of directors received from the parties' respective financial advisors are attached as **Annex B** and **Annex C** to this joint proxy statement/prospectus.

For a description of the opinions, see *The Merger Opinion of South State's Financial Advisor* and *The Merger Opinion of Park Sterling's Financial Advisor*. For a description of the other factors considered by the South State board of directors in determining to approve the merger, see *The Merger South State's Reasons for the Merger; Recommendation of the South State Board of Directors*. For a description of the other factors considered by the Park Sterling board of directors in determining to approve the merger, see *The Merger Park Sterling's Reasons for the Merger; Recommendation of the Park Sterling Board of Directors*.

Certain of Park Sterling's directors and executive officers have interests in the merger that may differ from the interests of Park Sterling's shareholders including, if the merger is completed, the receipt of financial and other benefits.

Park Sterling shareholders should be aware that some of Park Sterling's directors and executive officers have interests in the merger and have arrangements that are different from, or in addition to, those of Park Sterling shareholders generally. These interests and arrangements may create potential conflicts of interest. The Park Sterling board of directors was aware of these interests and considered these interests, among other matters, when making its decision to approve the merger agreement, and in recommending that Park Sterling's shareholders vote in favor of approving the merger agreement.

These interests include:

at the effective time, each outstanding option to acquire shares of Park Sterling common stock, whether or not vested, that is not exercised prior to the effective time will be cancelled by virtue of the merger and converted into a right to receive the product of (i) the number of shares of Park Sterling common stock subject to such Park Sterling stock option multiplied by (ii) the excess, if any, of (A) the product of the exchange ratio and the South State share value over (B) the per-share exercise price of such Park Sterling stock option;

at the effective time, each restricted stock award in respect of Park Sterling common stock will vest in full and the restrictions thereon will lapse, and shall be converted into a right to receive the merger consideration with respect to each share subject to the award;

each of the named executive officers of Park Sterling is party to various agreements with Park Sterling and its affiliates that entitle such officers to certain payments and benefits in the event that such named executive officer experiences a qualifying termination of employment following a change in control of Park Sterling;

Table of Contents

South State Bank has entered into a Consulting and Noncompetition Agreement with Mr. Cherry (the Consulting Agreement) and an Employment and Noncompetition Agreement with each of Messrs. Truslow and Kennedy (which we refer to as the Replacement Agreements) providing for Mr. Cherry's consulting relationship and Messrs. Truslow's and Kennedy's continued employment with South State Bank following the closing of the merger;

The Consulting Agreement and the Replacement Agreements provide Messrs. Cherry, Truslow and Kennedy certain payments and benefits in connection with their performance of services for South State Bank, as well as certain severance benefits upon the cessation of such relationship;

South State has agreed to appoint Mr. Cherry and one current non-employee member of the board of directors of Park Sterling to the South State board of directors;

the payment of certain incentive bonus compensation;

Ms. Foster is party to an Employment Agreement with Park Sterling, pursuant to which she may receive severance payments and benefits upon a qualifying termination of employment; and

South State Bank and Park Sterling Bank have entered into a letter agreement with Mr. Ladnier pursuant to which he may become entitled to a severance benefit if South State Bank is unable to identify a job position for him with South State Bank following the closing of the merger and Mr. Ladnier continues his employment with Park Sterling through the closing.

For a more complete description of these interests, see *The Merger Interests of Park Sterling's Directors and Executive Officers in the Merger* and *The Merger Agreement Treatment of Park Sterling Equity Awards*.

Each director and current named executive officer of Park Sterling has entered into a voting agreement with South State, solely in his or her capacity as a shareholder of Park Sterling, pursuant to which he or she has agreed, among other things, to vote in favor of the Park Sterling merger proposal and the other proposals presented at the Park Sterling special meeting and against any alternative acquisition proposal. For more information regarding the voting agreements, see *The Merger Agreement Voting Agreements*. As of the record date, Park Sterling shareholders who are parties to the voting agreements beneficially owned and were entitled to vote approximately [] shares of Park Sterling common stock representing approximately []% of the shares of Park Sterling common stock outstanding on that date.

Termination of the merger agreement could negatively impact Park Sterling or South State.

There may be various negative consequences if the merger agreement is terminated. For example, Park Sterling's or South State's businesses may have been impacted adversely by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. Additionally, if the merger agreement is terminated, the market price of Park Sterling's or South State's common stock could decline to the extent that the current market prices reflect a market assumption that the merger will be completed. If the merger agreement is terminated under certain circumstances, Park Sterling may be required to pay to South State, or South State may be required to pay to Park Sterling, a termination fee of \$25 million.

Table of Contents

Failure to complete the merger could negatively impact the stock price and the future business and financial results of South State or Park Sterling.

If the merger is not completed for any reason, including as a result of South State or Park Sterling shareholders declining to approve the merger agreement, the ongoing business of South State or Park Sterling may be adversely affected and, without realizing any of the benefits of having completed the merger, South State or Park Sterling would be subject to a number of risks, including the following:

South State or Park Sterling may experience negative reactions from the financial markets, including negative impacts on its stock price;

South State or Park Sterling may experience negative reactions from its customers, vendors and employees;

the merger agreement places certain restrictions on the conduct of South State's and Park Sterling's respective businesses prior to completion of the merger. Such restrictions, the waiver of which is subject to the consent of the other party (not to be unreasonably withheld or delayed), may prevent each company from taking certain specified actions during the pendency of the merger (see *The Merger Agreement Covenants and Agreements Conduct of Businesses Prior to the Completion of the Merger*); and

matters relating to the merger (including integration planning) will require substantial commitments of time and resources by South State and Park Sterling management, which would otherwise have been devoted to other opportunities that may have been beneficial to South State and Park Sterling as an independent company.

Park Sterling will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainty about the effect of the merger on employees and customers may have an adverse effect on Park Sterling. These uncertainties may impair Park Sterling's ability to attract, retain and motivate key personnel until the merger is completed, and could cause customers and others that deal with Park Sterling to seek to change existing business relationships with Park Sterling. Retention of certain employees by Park Sterling may be challenging while the merger is pending, as certain employees may experience uncertainty about their future roles with Park Sterling or South State. If key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with Park Sterling or South State, Park Sterling's business or, following the merger, the combined business could be harmed. In addition, subject to certain exceptions, Park Sterling has agreed to operate its business in the ordinary course prior to closing. See *The Merger Agreement Covenants and Agreements Conduct of Businesses Prior to the Completion of the Merger* for a description of the restrictive covenants applicable to Park Sterling.

If the merger is not completed, South State and Park Sterling will have incurred substantial expenses without realizing the expected benefits of the merger.

Each of South State and Park Sterling has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement, as well as the costs and expenses of filing, printing and mailing this joint proxy statement/prospectus and all filing and other fees paid to the SEC and fees to other regulators in connection with the merger. If the merger is not completed, South State and Park Sterling would have to recognize these and other expenses without realizing the expected benefits of the merger.

Table of Contents

The merger agreement limits Park Sterling's ability to pursue an alternative acquisition proposal and requires it to pay a termination fee of \$25 million under certain circumstances.

The merger agreement prohibits Park Sterling from initiating, soliciting, knowingly encouraging or knowingly facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the merger agreement. See *The Merger Agreement Agreement Not to Solicit Other Offers*. The merger agreement also provides that Park Sterling must pay to South State a termination fee in the amount of \$25 million in the event that the merger agreement is terminated for certain reasons, including circumstances involving a change in company recommendation by the Park Sterling board of directors. These provisions might discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of Park Sterling from considering or proposing such an acquisition. See *The Merger Agreement Termination Fee*.

The merger agreement requires South State to pay a termination fee of \$25 million under certain circumstances.

The merger agreement provides that South State must pay to Park Sterling a termination fee in the amount of \$25 million in the event that the merger agreement is terminated for certain reasons, including circumstances involving a change in South State recommendation by the South State board of directors. See *The Merger Agreement Termination Fee*.

The shares of South State common stock to be received by Park Sterling shareholders as a result of the merger will have different rights from the shares of Park Sterling common stock.

Upon completion of the merger, Park Sterling shareholders will become South State shareholders and their rights as shareholders will be governed by South Carolina law and South State's articles of incorporation and bylaws, each as amended to date. The rights associated with Park Sterling common stock are different from the rights associated with South State common stock. Please see *Comparison of Shareholders' Rights* beginning on page [] for a discussion of the different rights associated with South State common stock.

Park Sterling's shareholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Currently, Park Sterling's shareholders have the right to vote in the election of the Park Sterling board of directors and the power to approve or reject any matters requiring shareholder approval under North Carolina law and Park Sterling's articles of incorporation and bylaws, each as amended to date. Upon the completion of the merger, each Park Sterling shareholder will become a shareholder of South State, with a percentage ownership of South State that is smaller than the shareholder's current percentage ownership of Park Sterling.

After the merger, Park Sterling shareholders in the aggregate are expected to become owners of approximately []% of the outstanding shares of South State common stock (without giving effect to any shares of South State common stock held by Park Sterling shareholders prior to the merger). Even if all former Park Sterling shareholders voted together on all matters presented from time to time to South State's shareholders, the former Park Sterling shareholders would exercise significantly less influence over South State after the merger relative to their influence over Park Sterling prior to the merger, and thus would have a less significant impact on the approval or rejection of future proposals submitted to a shareholder vote.

Table of Contents

Pending litigation against South State or Park Sterling could result in an injunction preventing the completion of the merger or a judgment resulting in the payment of damages.

On August 14, 2017, a putative class action complaint, captioned *Roskopf v. Park Sterling Corp.*, C.A. No. 3:17-cv-00483, was filed in the U.S. District Court for the Western District of North Carolina in connection with the merger. On August 15, 2017, a similar class action lawsuit was filed in the same court, captioned *Parshall v. Park Sterling Corp.*, C.A. No. 3:17-cv-00490. Both Actions named as defendants Park Sterling and the Park Sterling board of directors, and the Parshall Action also named South State as a defendant. Other potential plaintiffs may also file additional lawsuits challenging the proposed merger. The outcome of any such litigation is uncertain. If any case is not resolved, the lawsuit(s) could prevent or delay completion of the merger and result in substantial costs to South State and Park Sterling, including any costs associated with the indemnification of directors and officers. One of the conditions to the completion of the merger is that no court or other governmental authority in a competent jurisdiction (which would include the U.S. District Court for the Western District of North Carolina) has issued an injunction or similar order prohibiting the consummation of the merger or the transactions contemplated by the merger agreement. As such, if the plaintiffs are successful in obtaining an injunction prohibiting the consummation of the merger, then such injunction may prevent the merger from becoming effective or from becoming effective within the expected timeframe. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the combined company's business, financial condition, results of operations and cash flows. For more information, see *The Merger Litigation Related to the Merger*.

Table of Contents

THE SOUTH STATE SPECIAL MEETING

This section contains information for South State shareholders about the special meeting that South State has called to allow its shareholders to consider and vote on the merger agreement. South State is mailing this joint proxy statement/prospectus to you, as a South State shareholder, on or about [], 2017. Together with this joint proxy statement/prospectus, South State is also sending to you a notice of the special meeting of South State shareholders and a form of proxy card that the South State board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the special meeting.

Date, Time and Place of Meeting

The special meeting will be held on [], at [] local time, at [].

Matters to Be Considered

At the special meeting of shareholders, you will be asked to consider and vote upon the following matters:

the South State merger proposal;

the South State amendment proposal; and

the South State adjournment proposal.

Recommendation of the South State Board of Directors

The South State board of directors unanimously recommends that South State shareholders vote FOR the South State merger proposal, FOR the South State amendment proposal and FOR the South State adjournment proposal.

The South State board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger and the issuance of South State common stock, are advisable and in the best interests of South State and its shareholders and has unanimously approved the merger agreement. See *The Merger South State's Reasons for the Merger; Recommendation of the South State Board of Directors* for a more detailed discussion of the recommendation of the South State board of directors.

Record Date and Quorum

The South State board of directors has fixed the close of business on [], 2017 as the record date for determining the holders of South State common stock entitled to receive notice of and to vote at the South State special meeting.

As of the record date, there were [] shares of South State common stock outstanding and entitled to vote at the South State special meeting held by approximately [] holders of record. Each share of South State common stock entitles the holder to one vote at the South State special meeting on each proposal to be considered at the South State special meeting.

The presence at the special meeting, in person or by proxy, of holders of a majority of the outstanding shares of South State common stock entitled to vote at the special meeting will constitute a quorum for the transaction of business. All shares of South State common stock present in person or represented by proxy, including abstentions and broker non-votes, if any, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the South State special meeting.

Table of Contents

Vote Required; Treatment of Abstentions and Failure to Vote

Approval of the South State merger proposal requires the affirmative vote of holders of at least two-thirds of the outstanding shares of South State common stock entitled to vote on such proposal. **If you mark ABSTAIN on your proxy card or when voting by Internet or phone, fail to submit a proxy or vote in person at the South State special meeting or fail to instruct your bank, broker or other nominee with respect to the South State merger proposal, it will have the same effect as a vote AGAINST such proposal.**

Approval of the South State amendment proposal requires the affirmative vote of holders of at least two-thirds of the outstanding shares of South State common stock entitled to vote on such proposal. **If you mark ABSTAIN on your proxy card or when voting by Internet or phone, fail to submit a proxy or vote in person at the South State special meeting or fail to instruct your bank, broker or other nominee with respect to the South State amendment proposal, it will have the same effect as a vote AGAINST such proposal.**

Approval of the South State adjournment proposal requires the votes cast by shareholders of South State in favor of the proposal to exceed the votes cast by shareholders of South State against the proposal at the South State special meeting. If you mark ABSTAIN on your proxy, fail to submit a proxy or vote in person at the South State special meeting or fail to instruct your bank, broker or other nominee how to vote with respect to the South State adjournment proposal, it will have no effect on the proposal.

Shares Held by South State Officers and Directors

As of the record date, there were [] shares of South State common stock entitled to vote at the special meeting. As of the record date, Park Sterling and its subsidiaries held [] shares of South State common stock (other than shares held as fiduciary, custodian or agent).

As of the record date, the directors and executive officers of South State and their affiliates beneficially owned and were entitled to vote approximately [] shares of South State common stock representing approximately []% of the shares of South State common stock outstanding on that date. We currently expect that South State's directors and executive officers will vote their shares in favor of the South State merger proposal, the South State amendment proposal and South State adjournment proposal, although they have no obligation to do so.

Voting of Proxies; Incomplete Proxies

Each copy of this joint proxy statement/prospectus mailed to holders of South State common stock is accompanied by a form of proxy with instructions for voting. If you hold stock in your name as a shareholder of record, you should complete and return the proxy card accompanying this joint proxy statement/prospectus, regardless of whether you plan to attend the special meeting.

If you hold your stock in street name through a bank, broker or other nominee, you must direct your bank, broker or other nominee how to vote in accordance with the instructions you have received from your bank, broker or other nominee.

All shares represented by valid proxies that South State receives through this solicitation, and that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted FOR the South State merger proposal, FOR the South State amendment proposal and FOR the South State adjournment proposal. No matters other than the matters described in this joint proxy statement/prospectus are anticipated to be presented for action at the special meeting or at any adjournment or postponement of the special meeting. However, if other

Table of Contents

business properly comes before the special meeting, the proxy agents will, in their discretion, vote upon such matters in their best judgment.

Shares Held in Street Name ; Broker Non-Votes

A bank, broker or other nominee holding shares in street name for a beneficial owner has discretion (but is not required) to vote the client's shares with respect to routine matters if the client does not provide voting instructions. The bank, broker or other nominee, however, is not permitted to vote the client's shares with respect to non-routine matters without voting instructions from the beneficial owner. A broker non-vote occurs when your bank, broker or other nominee submits a proxy for your shares but does not vote on a particular proposal because the bank, broker or other nominee does not have discretionary voting power for that item and has not received instructions from you.

We believe that the South State merger proposal, the South State amendment proposal and the South State adjournment proposal are non-routine proposals and your bank, broker or other nominee can vote your shares of South State common stock only with your specific voting instructions. Broker non-votes, if any, will be counted for purposes of determining a quorum but will not be treated as votes cast. Because approval of each of the South State merger proposal and the South State amendment proposal requires the affirmative vote of holders of at least two-thirds of the outstanding shares of South State common stock entitled to vote on the proposal, a broker non-vote will have the effect of a vote AGAINST the South State merger proposal and the South State amendment proposal, respectively. Broker non-votes will have no effect on the outcome of the South State adjournment proposal.

Revocability of Proxies and Changes to a South State Shareholder's Vote

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date, (2) delivering a written revocation letter to William C. Bochette III, South State's corporate secretary, or (3) attending the special meeting in person, notifying Mr. Bochette and voting by ballot at the special meeting.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying Mr. Bochette, South State's corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

South State Corporation
520 Gervais Street
Columbia, South Carolina 29201
Attention: William C. Bochette III, Corporate Secretary

If your shares are held in street name by a bank, broker or nominee, you should follow the instructions of your bank, broker or nominee regarding the revocation of proxies.

Solicitation of Proxies

South State is soliciting your proxy in conjunction with the merger. South State will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, South State will request that banks, brokers and other nominees send proxies and proxy material to the beneficial owners of South State common stock and secure their voting instructions. South State will reimburse the record holders for their reasonable expenses in taking those actions. South State has not engaged a

Table of Contents

proxy solicitor to solicit proxies from shareholders. If necessary, South State may use its directors and several of its regular employees, who will not be specially compensated, to solicit proxies from the South State shareholders, either personally or by telephone, facsimile, letter or electronic means.

Attending the Meeting

All holders of South State common stock, including shareholders of record and shareholders who hold their shares through banks, brokers, nominees or any other holder of record, are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a broker, bank or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. South State reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification. The use of cameras, sound recording equipment, communications devices or any similar equipment during the special meeting is prohibited without South State's express written consent.

Assistance

If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of South State common stock, please contact William C. Bochette III, South State's corporate secretary, at the following address or telephone number:

520 Gervais Street
Columbia, South Carolina 29201
(800) 277-2175

Table of Contents

SOUTH STATE PROPOSALS

PROPOSAL NO. 1: SOUTH STATE MERGER PROPOSAL

South State is asking its shareholders to approve the merger agreement and the transactions contemplated thereby, including the merger and the issuance of South State common stock pursuant to the merger agreement. Holders of South State common stock should read this joint proxy statement/prospectus carefully and in its entirety for more detailed information concerning the merger agreement and the merger. A copy of the merger agreement is attached to this joint proxy statement/prospectus as **Annex A**.

The South State board of directors has determined that the merger agreement and the transactions contemplated thereby, including the merger and the issuance of South State common stock, are advisable and in the best interests of South State and its shareholders and has unanimously approved the merger agreement. See *The Merger South State's Reasons for the Merger; Recommendation of the South State Board of Directors* for a more detailed discussion of the recommendation of the South State board of directors.

The South State board of directors unanimously recommends a vote FOR the South State merger proposal.

PROPOSAL NO. 2: SOUTH STATE AMENDMENT PROPOSAL

South State is asking its shareholders to approve an amendment to the South State articles to increase the number of authorized shares of its common stock from 40 million shares to 80 million shares.

South State is currently authorized by the South State articles to issue up to 40 million shares of common stock. As of [], 2017, the record date, South State had [] shares of South State common stock issued and outstanding, [] shares of common stock held in treasury and [] shares of South State common stock reserved for issuance under various compensation and benefits plans, with the remaining [] shares being authorized, unissued and unreserved shares available for other corporate purposes. Based on the current number of shares of Park Sterling common stock outstanding as of [], 2017, the record date, South State expects to issue approximately [] shares of South State common stock in the aggregate upon completion of the merger.

South State currently has a sufficient number of authorized and unissued shares of South State common stock to complete the merger. Therefore, the proposed merger is not contingent upon the approval of the South State amendment proposal.

The South State board of directors considers the proposed increase in the number of authorized shares desirable because it will provide greater flexibility in the capital structure of the combined company following the merger by allowing it to raise capital that may be necessary to further develop its business, to fund potential acquisitions, to have shares available for use in connection with stock plans and to pursue other corporate purposes that may be identified by the South State board of directors in the future. Other than in connection with the merger and pursuant to South State's benefit plans, South State does not have any current plans to issue shares of common stock at this time.

The South State amendment proposal, if approved, would amend Article V of the South State articles to increase the number of authorized shares of South State common stock from 40 million shares to 80 million shares.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

The proposed amendment would amend and restate the first sentence of Article V of the South State articles in its entirety to state:

The aggregate number of shares which the corporation shall have the authority to issue is (i) Eighty Million (80,000,000) shares of one class of Common Stock each of which shall have a par value of Two Dollars Fifty Cents (\$2.50) and (ii) Ten Million (10,000,000) shares of preferred stock, par value \$.01 per share (referred to in these amended and restated Articles of Incorporation as preferred stock).

Each share of South State common stock authorized for issuance has the same rights as, and is identical in all respects with, each other share of common stock. The newly authorized shares of common stock will not affect the rights, such as voting and liquidation rights, of the shares of common stock currently outstanding.

As is the case with South State s currently authorized but unissued shares of common stock, however, adoption of this proposal would permit the South State board of directors to issue additional shares in the future without further approval of South State s shareholders, unless otherwise required by law, the rules of NASDAQ or the South State articles. Under the South State articles, South State shareholders do not have preemptive rights. Therefore, should the South State board of directors elect to issue additional shares of common stock, existing common shareholders would not have any preferential rights to purchase those shares, and such issuance could have a dilutive effect on earnings per share, book value per share and the voting power and percentage of beneficial ownership of current shareholders, depending on the particular circumstances in which the additional shares of common stock are issued.

The proposed amendment is not intended as an anti-takeover provision. However, an increase in the authorized number of shares of South State s common stock could make it more difficult, and thereby discourage, attempts to acquire control of South State in the future. For example, the proposed amendment would permit issuances that would dilute the stock ownership of a person seeking to effect a change in the composition of the South State board of directors or contemplating a tender offer or other transaction for a change in control of South State that the South State board of directors does not believe is in the best interests of South State or its shareholders. The ability of the South State board of directors to cause South State to issue common stock without the need for shareholder approval, upon such terms and conditions as the South State board of directors may determine from time to time in the exercise of its business judgment may, among other things, be used to create voting impediments with respect to changes in control of South State or to dilute the stock ownership of holders of South State common stock seeking to obtain control of South State. The South State articles and South State s bylaws also contain other provisions that may have an anti-takeover effect.

See *Description of Capital Stock of South State* in this joint proxy statement/prospectus for a description of South State capital stock and the rights of South State shareholders.

The foregoing description of the proposed amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the form of Articles of Amendment to the Amended and Restated Articles of Incorporation of South State Corporation (which we refer to as the articles amendment), which is attached **Annex F** to this joint proxy statement/prospectus.

If the South State amendment proposal is approved by the required vote of the South State shareholders, South State intends to file the articles amendment with the Secretary of State of the State of South Carolina. The articles amendment is expected to be effective immediately upon acceptance of filing by the South Carolina Secretary of State. However, the South State board of directors reserves the right to abandon or delay the filing of the articles amendment, even if it is approved by the South State shareholders.

Table of Contents

The vote on the South State amendment proposal is a vote separate and apart from the vote to approve the merger agreement. You may vote for the South State amendment proposal and against the South State merger proposal, and vice versa. The approval of the South State amendment is not a condition to the completion of the merger, and approval of the South State merger proposal is not a condition to the effectiveness of the South State articles amendment.

The South State board of directors unanimously recommends a vote FOR the South State amendment proposal.

PROPOSAL NO. 3: SOUTH STATE ADJOURNMENT PROPOSAL

The South State special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the South State merger proposal.

If, at the South State special meeting, the number of shares of South State common stock present or represented and voting in favor of the South State merger proposal is insufficient to approve such proposal, South State intends to move to adjourn the South State special meeting in order to solicit additional proxies for the approval of the South State merger proposal.

In this proposal, South State is asking its shareholders to authorize the holder of any proxy solicited by the South State board of directors on a discretionary basis to vote in favor of adjourning the South State special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from South State shareholders who have previously voted.

The South State board of directors unanimously recommends a vote FOR the South State adjournment proposal.

Table of Contents

THE PARK STERLING SPECIAL MEETING

This section contains information for Park Sterling shareholders about the special meeting that Park Sterling has called to allow its shareholders to consider and vote on the merger agreement. Park Sterling is mailing this joint proxy statement/prospectus to you, as a Park Sterling shareholder, on or about [], 2017. Together with this joint proxy statement/prospectus, Park Sterling is also sending to you a notice of the special meeting of Park Sterling shareholders and a form of proxy card that Park Sterling's board of directors is soliciting for use at the special meeting and at any adjournments or postponements thereof.

This joint proxy statement/prospectus is also being furnished by South State to Park Sterling shareholders as a prospectus in connection with the issuance of shares of South State common stock as merger consideration upon the consummation of the merger.

Date, Time and Place of Meeting

The special meeting will be held on [], 2017, at [] Eastern Time, at [].

Matters to Be Considered

At the special meeting of shareholders, you will be asked to consider and vote upon the following matters:

the Park Sterling merger proposal;

the Park Sterling adjournment proposal; and

the compensation proposal.

Recommendation of the Park Sterling Board of Directors

The Park Sterling board of directors unanimously recommends that Park Sterling shareholders vote FOR the Park Sterling merger proposal, FOR the Park Sterling adjournment proposal and FOR the compensation proposal.

The Park Sterling board of directors has determined that the merger agreement and the merger are advisable and in the best interests of Park Sterling and its shareholders and has unanimously approved the merger agreement. See *The Merger Park Sterling's Reasons for the Merger; Recommendation of Park Sterling's Board of Directors* for a more detailed discussion of the recommendation of Park Sterling's board of directors.

Record Date and Quorum

Shareholders of record of Park Sterling common stock as of the close of business on [], 2017, the record date established by Park Sterling's board of directors, are entitled to notice of and to vote at the Park Sterling special meeting and any adjournments thereof, either in person or by proxy. Each share of Park Sterling common stock is entitled to one vote on each proposal to be considered at the Park Sterling special meeting. On the record date, there were [] shares of Park Sterling common stock outstanding and entitled to vote at the Park Sterling special meeting.

Park Sterling shareholders may take action on a matter at the Park Sterling special meeting only if a quorum exists with respect to that matter. The presence in person or by proxy of the holders of record of a majority of the votes entitled to be cast on a matter constitutes a quorum for action on that matter. Votes for and against, abstentions and broker non-votes (described below) will all be counted as present for purposes of determining whether a quorum exists. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the

Table of Contents

meeting and for any adjournment (unless a new record date is set for the adjourned meeting). If a quorum is not present at the opening of the Park Sterling special meeting, the meeting may be adjourned from time to time by the vote of the holders of a majority of the votes cast on the motion to adjourn.

Vote Required; Treatment of Abstentions and Failure to Vote

Approval of the Park Sterling merger proposal requires the affirmative vote of at least a majority of the outstanding shares of Park Sterling common stock entitled to vote on the proposal. **Therefore, if you indicate ABSTAIN on your proxy card or when voting by Internet or phone, fail to either submit a proxy or vote in person at the Park Sterling special meeting or fail to instruct your bank, broker or other nominee how to vote with respect to the proposal to approve the merger agreement, it will have the same effect as a vote AGAINST the proposal.**

Approval of each of the Park Sterling adjournment proposal and the compensation proposal requires the votes cast by Park Sterling shareholders in favor of each such proposal to exceed the votes cast by Park Sterling shareholders against such proposal at the Park Sterling special meeting. Abstentions and broker non-votes, if any, will not be treated as a vote cast either for or against either of these matters. The compensation proposal is an advisory vote that will not be binding on Park Sterling's board of directors.

Shares Held by Park Sterling Officers and Directors

As of the record date, there were [] shares of Park Sterling common stock entitled to vote at the special meeting.

As of the record date, South State and its subsidiaries held [] shares of Park Sterling common stock (other than shares held as fiduciary, custodian or agent).

As of the record date, the directors and executive officers of Park Sterling and their affiliates beneficially owned and were entitled to vote approximately [] shares of Park Sterling common stock representing approximately []% of the shares of Park Sterling common stock outstanding on that date. See *The Merger Interests of Park Sterling's Directors and Executive Officers in the Merger*.

Each director and current named executive officer of Park Sterling has entered into a voting agreement with South State, solely in his or her capacity as a shareholder of Park Sterling, in which each such person agreed, among other things, to vote the shares of Park Sterling common stock owned beneficially or of record by him or her in favor of the merger and against any proposal made in competition with the merger, as well as to certain other customary restrictions with respect to the voting and transfer of his or her shares of Park Sterling common stock. For more information regarding the voting agreements, see *The Merger Agreement Voting Agreements*.

Voting of Proxies; Incomplete Proxies

Each copy of this joint proxy statement/prospectus mailed to holders of Park Sterling common stock is accompanied by a form of proxy card with instructions for voting. You may vote at the special meeting: (i) in person, (ii) by phone, (iii) by mail via your proxy card or (iv) on the Internet, in each case in accordance with the instructions on your proxy card. If a bank, broker or other nominee holds your shares, you will receive voting instructions directly from the holder of record. If you hold stock in your name as a shareholder of record, you should complete and return the proxy card accompanying this joint proxy statement/prospectus or otherwise vote by phone or via the Internet, regardless of whether you plan to attend the special meeting.

Table of Contents

If you hold your stock in street name through a bank, broker or other nominee, you must direct your bank, broker or other nominee how to vote in accordance with the instructions you have received from your bank, broker or other nominee.

Do not send your Park Sterling stock certificates with your proxy card. After the merger is completed, you will be mailed a transmittal form with instructions on how to exchange your Park Sterling stock certificates for the merger consideration.

The form of proxy solicited by Park Sterling's board of directors permits you to specify a choice among for, against and abstain with respect to each of the matters to be acted upon at the Park Sterling special meeting. All shares represented by valid proxies that Park Sterling receives through this solicitation and that are not revoked will be voted according to your instructions on the proxy card or as instructed over the phone or via the Internet. If you properly submit a proxy without giving specific voting instructions, your shares will be voted in accordance with the recommendations of Park Sterling's board of directors, namely, FOR the Park Sterling merger proposal, FOR the Park Sterling adjournment proposal and FOR the compensation proposal. If other matters properly come before the Park Sterling special meeting, the persons appointed to vote the proxies will vote on these matters in accordance with their best judgment.

Shares Held in Street Name ; Broker Non-votes

A bank, broker or other nominee holding shares in street name for a beneficial owner has discretion (but is not required) to vote the client's shares with respect to routine matters if the client does not provide voting instructions. The bank, broker or other nominee, however, is not permitted to vote the client's shares with respect to non-routine matters without voting instructions from the beneficial owner. A broker non-vote occurs when your bank, broker or other nominee submits a proxy for your shares but does not vote on a particular proposal because the bank, broker or other nominee does not have discretionary voting power for that item and has not received instructions from you.

We believe that the Park Sterling merger proposal, the Park Sterling adjournment proposal and the compensation proposal are non-routine proposals and your bank, broker or other nominee can vote your shares of Park Sterling common stock only with your specific voting instructions. Broker non-votes, if any, will be counted for purposes of determining a quorum but will not be treated as votes cast. Accordingly, because approval of the Park Sterling merger proposal requires the affirmative vote of at least a majority of the outstanding shares of Park Sterling common stock entitled to vote on the proposal, a broker non-vote will have the effect of a vote AGAINST the Park Sterling merger proposal. Broker non-votes will have no effect on the outcome of the Park Sterling adjournment proposal or the compensation proposal.

Revocability of Proxies and Changes to a Park Sterling Shareholder's Vote

If you hold stock in your name as a shareholder of record, you may revoke any proxy at any time before it is voted by (1) signing and returning a proxy card with a later date or re-voting by phone or over the Internet at a later time, (2) delivering a written revocation letter to Park Sterling's corporate secretary or (3) attending the special meeting in person, notifying the corporate secretary and voting by ballot at the special meeting.

Any shareholder entitled to vote in person at the special meeting may vote in person regardless of whether a proxy has been previously given, but the mere presence (without notifying Park Sterling's corporate secretary) of a shareholder at the special meeting will not constitute revocation of a previously given proxy.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

Written notices of revocation and other communications about revoking your proxy should be addressed to:

Park Sterling Corporation
1043 E. Morehead Street, Suite 201
Charlotte, North Carolina 28204
Attention: Secretary

If your shares are held in street name by a bank, broker or other nominee, you should follow the instructions of your bank, broker or other nominee regarding the revocation of proxies.

Solicitation of Proxies

Park Sterling's board of directors is soliciting your proxy in conjunction with the merger. Park Sterling will bear the entire cost of soliciting these proxies from you. In addition to the delivery of the proxy materials by mail, Park Sterling may request banks, brokers and other record holders, or a proxy solicitor acting on its behalf, to send proxies and proxy materials to the beneficial owners of the Park Sterling common stock and secure their voting instructions and will reimburse them for their reasonable expenses in so doing. Park Sterling has not engaged a proxy solicitor to solicit proxies from shareholders; however, Park Sterling retains the right to do so if it deems such solicitation necessary. Furthermore, Park Sterling may also use one or more of its executive officers, directors or regular employees, who will not be specially compensated, to solicit proxies from shareholders, either in person, by telephone, by e-mail or by special letter.

Attending the Meeting

All holders of Park Sterling common stock, including shareholders of record and shareholders who hold their shares through banks, brokers or other nominees, are invited to attend the special meeting. Shareholders of record can vote in person at the special meeting. If you are not a shareholder of record, you must obtain a proxy executed in your favor from the record holder of your shares, such as a bank, broker or other nominee, to be able to vote in person at the special meeting. If you plan to attend the special meeting, you must hold your shares in your own name or have a letter from the record holder of your shares confirming your ownership. In addition, you must bring a form of personal photo identification with you in order to be admitted. Park Sterling reserves the right to refuse admittance to anyone without proper proof of share ownership and without proper photo identification.

Assistance

If you have any questions concerning the merger or this joint proxy statement/prospectus, would like additional copies of this joint proxy statement/prospectus or need help voting your shares of Park Sterling common stock, please contact Ralph W. Brewer, Secretary, 1043 E. Morehead Street, Suite 201, Charlotte, North Carolina 28204, (704) 716-2134.

Table of Contents

PARK STERLING PROPOSALS

PROPOSAL NO. 1: PARK STERLING MERGER PROPOSAL

Park Sterling is asking its shareholders to approve the merger agreement and the transactions contemplated thereby, including the merger. Holders of Park Sterling common stock should read this joint proxy statement/prospectus carefully and in its entirety for more detailed information concerning the merger agreement and the merger. A copy of the merger agreement is attached to this joint proxy statement/prospectus as **Annex A**.

The Park Sterling board of directors has determined that the merger agreement and the merger are advisable and in the best interests of Park Sterling and its shareholders and has unanimously approved the merger agreement. See *The Merger Park Sterling's Reasons for the Merger; Recommendation of the Park Sterling Board of Directors* for a more detailed discussion of the recommendation of the Park Sterling board of directors.

The Park Sterling board of directors unanimously recommends a vote FOR the Park Sterling merger proposal.

PROPOSAL NO. 2: PARK STERLING ADJOURNMENT PROPOSAL

The Park Sterling special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the Park Sterling merger proposal.

If, at the Park Sterling special meeting, the number of shares of Park Sterling common stock present or represented and voting in favor of the Park Sterling merger proposal is insufficient to approve such proposal, Park Sterling intends to move to adjourn the Park Sterling special meeting in order to solicit additional proxies for the approval of the Park Sterling merger proposal.

In this proposal, Park Sterling is asking its shareholders to authorize the holder of any proxy solicited by the Park Sterling board of directors on a discretionary basis to vote in favor of adjourning the Park Sterling special meeting to another time and place for the purpose of soliciting additional proxies, including the solicitation of proxies from Park Sterling shareholders who have previously voted.

The Park Sterling board of directors unanimously recommends a vote FOR the Park Sterling adjournment proposal.

PROPOSAL NO. 3: COMPENSATION PROPOSAL

In accordance with Section 14A of the Exchange Act, the Park Sterling board of directors is providing shareholders with the opportunity to cast a non-binding advisory vote on the compensation payable to the named executive officers of Park Sterling in connection with the merger. This proposal gives Park Sterling shareholders the opportunity to express their views on the compensation that Park Sterling's named executive officers will be entitled to receive in connection with the proposed merger. This compensation is summarized in the table in the section titled *The Merger Interests of Park Sterling's Directors and Executive Officers in the Merger Potential Payments and Benefits to Park Sterling Named Executive Officers in Connection with a Change in Control*, including the footnotes to the table.

As required by Section 14A of the Exchange Act, Park Sterling is asking its shareholders to vote on the adoption of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to Park Sterling's named executive officers in connection with the merger, as disclosed in the section titled *The Merger Interests of Park Sterling's Directors and Executive Officers in the Merger Potential Payments and Benefits to Park Sterling Named Executive Officers in Connection with a Change in Control*,

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

including the table, associated footnotes and narrative discussion related thereto, is hereby APPROVED.

The vote on the compensation proposal is a vote separate and apart from the vote to approve the merger agreement. You may vote for the compensation proposal and against the Park Sterling merger proposal, and vice versa. Because the vote on the compensation proposal is advisory only, it will not be binding on either Park Sterling or South State. Accordingly, because Park Sterling or South State, as applicable, is contractually obligated to pay the compensation, if the merger is completed, the compensation will be payable, subject to the conditions applicable thereto, regardless of the outcome of the advisory vote.

The Park Sterling board of directors unanimously recommends a vote FOR the compensation proposal.

Table of Contents

INFORMATION ABOUT SOUTH STATE

South State Corporation is a South Carolina corporation that is a BHC registered with the Federal Reserve Board under the BHC Act. South State provides a wide range of banking services and products to its customers through its wholly owned bank subsidiary, South State Bank, a South Carolina banking corporation. South State does not engage in any significant operations other than the ownership of its banking subsidiary.

South State Bank provides a full range of retail and commercial banking services, mortgage lending services, trust and investment services, and consumer finance loans through financial centers in South Carolina, North Carolina, northeast Georgia and coastal Georgia. South State coordinates the financial resources of the consolidated enterprise and thereby maintains financial, operational and administrative systems that allow centralized evaluation of subsidiary operations and coordination of selected policies and activities. South State's operating revenues and net income are derived primarily from cash dividends received from South State Bank. As of June 30, 2017, South State had approximately \$11.2 billion in assets, \$8.1 billion in loans, \$9.0 billion in deposits, \$1.6 billion in shareholders' equity, and a market capitalization of approximately \$2.5 billion.

South State Bank began operating in 1934 and has maintained its ability to provide superior customer service while also leveraging its size to offer many products more common to super-regional banks. South State has pursued a growth strategy that relies primarily on organic growth, supplemented by the acquisition of select financial institutions or branches in certain market areas. In recent years, South State has continued to grow its business in South Carolina, and has expanded into North Carolina and Georgia through, among other things, the following acquisitions:

Community Bank & Trust January 29, 2010 FDIC purchase and assumption agreement

Habersham Bank February 18, 2011 FDIC purchase and assumption agreement

BankMeridian, N.A. July 29, 2011 FDIC purchase and assumption agreement

Peoples Bancorporation, Inc. April 24, 2012 Whole bank acquisition

The Savannah Bancorp, Inc. December 13, 2012 Whole bank acquisition

First Financial Holdings, Inc. July 26, 2013 Whole bank acquisition with FDIC purchase and assumption agreements of Cape Fear Bank and Plantation Federal Bank

Bank of America, N.A. (BOA) August 21, 2015 Branch acquisition, which resulted in the purchase of 12 South Carolina branch locations and one Georgia branch location from BOA

Southeastern Bank Financial Corporation January 3, 2017 Whole bank acquisition.

The principal executive offices of South State are located at 520 Gervais Street, Columbia, South Carolina 29201, and its telephone number is (800) 277-2175. South State's website can be accessed at <http://www.southstatebank.com>. Information contained in South State's website does not constitute part of, and is not incorporated into, this joint proxy statement/prospectus. South State common stock is quoted on the NASDAQ under the symbol SSB.

Additional information about South State and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information*.

Table of Contents

INFORMATION ABOUT PARK STERLING

Park Sterling is a North Carolina corporation that is a BHC registered with the Federal Reserve Board under the BHC Act. Park Sterling was formed in 2010 to serve as the holding company for Park Sterling Bank. Park Sterling Bank was incorporated in September 2006 as a North Carolina-chartered commercial nonmember bank. Park Sterling provides a full array of retail and commercial banking services, including wealth management and capital market activities, through its offices located in North Carolina, South Carolina, Georgia and Virginia. Park Sterling's objective since inception has been to provide the strength and product diversity of a larger bank and the service and relationship attention that characterizes a community bank.

Park Sterling Bank serves its customers through 18 full-service branches in North Carolina, 23 full-service branches in South Carolina, nine full-service branches in Virginia and five full-service branches in North Georgia. Park Sterling Bank maintains 19 branches in the Charlotte-Concord-Gastonia Metropolitan Statistical Area (MSA) in North Carolina, 10 branches in the Greenville-Anderson-Mauldin MSA in South Carolina and 10 branches in the Richmond MSA in Virginia. Additionally, Park Sterling serves its communities through five branches in the Greenwood, South Carolina MSA, two each in the Spartanburg, South Carolina MSA and the Columbia, South Carolina MSA, and one each in the Newberry, South Carolina MSA, the Raleigh, North Carolina MSA, the Wilmington, North Carolina MSA and the Charleston-North Charleston, South Carolina MSA. Park Sterling's five North Georgia branches are not located in an identified MSA. As of June 30, 2017, Park Sterling employed 532 people and had 511 full-time equivalent employees.

The principal executive offices of Park Sterling are located at 1043 E. Morehead Street, Suite 201, Charlotte, North Carolina 28204, and its telephone number is (704) 716-2134. Park Sterling's website can be accessed at <http://www.parksterlingbank.com>. Information contained in Park Sterling's website does not constitute part of, and is not incorporated into, this joint proxy statement/prospectus. Park Sterling common stock is quoted on the NASDAQ Global Select Market under the symbol PSTB.

Additional information about Park Sterling and its subsidiaries is included in documents incorporated by reference in this joint proxy statement/prospectus. See *Where You Can Find More Information*.

Table of Contents

THE MERGER

The following discussion contains certain information about the merger. The discussion is subject, and qualified in its entirety by reference, to the merger agreement attached as **Annex A** to this joint proxy statement/prospectus. We urge you to read carefully this entire joint proxy statement/prospectus, including the merger agreement attached as **Annex A**, for a more complete understanding of the merger.

Terms of the Merger

Each of the South State board of directors and the Park Sterling board of directors has unanimously approved the merger agreement. The merger agreement provides for the merger of Park Sterling with and into South State, with South State continuing as the surviving entity. In the merger, each share of Park Sterling common stock, par value \$1.00 per share, issued and outstanding immediately prior to the completion of the merger, except for specified shares of Park Sterling common stock held by Park Sterling or South State, will be converted into the right to receive 0.14 shares of South State common stock, par value \$2.50 per share.

Immediately following the merger, Park Sterling Bank, a wholly owned bank subsidiary of Park Sterling, will merge with and into South State Bank, with South State Bank continuing as the surviving bank.

No fractional shares of South State common stock will be issued in connection with the merger, and holders of Park Sterling common stock will be entitled to receive, in lieu thereof, an amount in cash, rounded to the nearest whole cent, equal to (x) the fraction of a share of South State common stock to which the holder would otherwise be entitled multiplied by (y) the South State share value. For a discussion of the treatment of awards outstanding under Park Sterling's equity plans outstanding as of the effective time, see *The Merger Agreement Treatment of Park Sterling Equity Awards*.

Park Sterling shareholders and South State shareholders are being asked to approve the merger agreement. See *The Merger Agreement* for additional and more detailed information regarding the legal documents that govern the merger, including information about the conditions to the completion of the merger and the provisions for terminating or amending the merger agreement.

Background of the Merger

As part of the ongoing oversight and management of their respective companies, the South State board of directors and the Park Sterling board of directors each regularly review and assess their respective companies' long-term strategic goals and opportunities, and consider ways to enhance their respective companies' performance and prospects in light of competitive and other relevant developments, all with the goal of enhancing shareholder value. For each company, these reviews have included periodic discussions with respect to strategic alternatives, including potential business combinations, acquisitions and dispositions.

Members of Park Sterling senior management have regularly met with representatives of various investment banking firms experienced in the banking industry to discuss market conditions, current industry trends, Park Sterling's performance and potential acquisition opportunities. In February and March 2016, representatives of Stephens and KBW, on separate occasions, discussed with members of Park Sterling management various topics related to the community banking market and shared their respective strategic observations regarding Park Sterling. One of these observations was a possible business combination, including a potential business combination with South State, which each of Stephens and KBW identified as having the financial capacity and strategic fit to pursue a potential transaction with Park Sterling.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

In February 2016, Messrs. Robert R. Hill, Jr., South State's Chief Executive Officer, and James C. Mabry IV, South State's Executive Vice President, Investor Relations and Mergers & Acquisitions, reached out to Mr. James C. Cherry, Park Sterling's Chief Executive Officer, regarding South State's interest in exploring a combination of South State and Park Sterling. Thereafter, during the first half of 2016, the parties engaged in preliminary discussions regarding a potential strategic transaction with the authorization of their respective boards of directors. In connection with these discussions, in early May 2016, Park Sterling formally engaged Stephens as its financial advisor. The parties ultimately did not reach agreement on transaction terms and determined to cease discussions in late May 2016, with the understanding that they would remain in touch in the future.

In late January 2017, Mr. Hill called Mr. Cherry to request a meeting. During the meeting, which was held on February 1, 2017, Messrs. Hill, Mabry and Cherry discussed, on an informal basis, the operating achievements of both companies during 2016 and the strategic merits of a potential business combination. They agreed that resuming discussions to explore a combination was desirable, and Mr. Cherry indicated that Park Sterling would be willing to provide certain financial information for South State to use in evaluating the consideration that South State might be willing to offer in a strategic business combination transaction.

On February 1, 2017, the parties signed a mutual confidentiality agreement.

On February 1, 2017, South State engaged KBW as its financial advisor.

From February 3 through February 26, 2017, the parties exchanged preliminary due diligence information via an electronic dataroom. Each of the parties, with the assistance of their respective advisors, populated the electronic dataroom with documents responsive to the other party's requests.

On February 23, 2017, at a regular meeting of the Executive Committee of the South State board of directors, Mr. Mabry informed the Executive Committee of renewed discussions with Park Sterling and provided an overview of Park Sterling's recent financial performance and the merits of a potential transaction. The Executive Committee then had a discussion regarding the potential transaction. Following this discussion, the Executive Committee determined to authorize South State management to proceed with a non-binding indication of interest for a strategic business combination transaction with Park Sterling, subject to the completion of due diligence and negotiation of definitive documentation for a potential transaction.

On February 27, 2017, Messrs. Hill and Mabry met with Messrs. Cherry and Donald K. Truslow, Park Sterling's Chief Financial Officer, to present a non-binding indication of interest to acquire Park Sterling. South State's non-binding indication of interest proposed merger consideration consisting of 100% stock at a proposed exchange ratio of 0.14 shares of South State common stock for each share of Park Sterling common stock. Based on South State's closing stock price on February 24, 2017, the last trading day before delivery of the indication of interest, the 0.14 exchange ratio represented an implied offer of \$12.62 per share of Park Sterling common stock.

On March 1, 2017, the Park Sterling board of directors held a special telephonic meeting to discuss South State's non-binding indication of interest. Representatives of McGuireWoods and Stephens attended the meeting. At that meeting, McGuireWoods advised the directors of their fiduciary duties under North Carolina law in connection with a possible transaction. Mr. Cherry then provided the Park Sterling board of directors an overview of the parties' discussions regarding a combination, including the parties' discussions in 2016 and their renewed conversations beginning in February 2017. Stephens then provided a market update and reviewed historical share price and operating performance data for both South State and Park Sterling, South State's recent non-binding indication of interest, pricing on recent comparable community banking transactions and the likelihood that there were other viable parties interested in and capable of acquiring Park Sterling. After thorough discussion, the Park Sterling board of directors made an initial determination that South State's non-binding indication of

Table of Contents

interest and the potential fit between the two companies was potentially compelling and merited further discussions, and it therefore charged Park Sterling management with holding further discussions and continuing due diligence with South State.

Subsequent to that meeting, on March 2, 2017, after individual discussions that Mr. Cherry held with several members of the Park Sterling board of directors, Mr. Cherry called Mr. Hill to suggest that it might be appropriate to delay further discussions regarding a business combination until the Park Sterling board of directors had a chance to hold its annual strategic review meeting, which was scheduled for March 21-22, 2017.

On March 9, 2017, the Executive Committee of the Park Sterling board of directors held a telephonic meeting, in which all directors participated. On that call, management updated the Executive Committee on further conversations with South State senior executives regarding the desire to delay further discussions with South State until after the Park Sterling board of directors had a chance to discuss its strategic options during its upcoming March 21-22, 2017 meeting. The Executive Committee of the Park Sterling board of directors determined to delay discussions with South State until its upcoming annual strategic planning board meeting, during which time it would consider management's presentation which, among other options, included its analysis of a potential merger with South State.

On March 16, 2017, at a regularly scheduled meeting of the South State board of directors, Mr. Mabry informed the directors of renewed discussions with Park Sterling, which had been discussed with the Executive Committee on February 23, 2017. Mr. Mabry presented a proposed timeline for continued engagement with Park Sterling, as well as an overview of the strategic rationale and potential terms of a combination with Park Sterling. The South State board of directors then had a discussion on the potential transaction, including regarding market locations, merger history, growth prospects, leadership and board composition. After discussion, the South State board of directors instructed South State management to proceed with discussions.

In preparation for the upcoming strategic planning session of the Park Sterling board of directors, on March 20 and 21, 2017, Messrs. Cherry and Bryan Kennedy, Park Sterling's President, and Ms. Nancy Foster, Park Sterling's Chief Risk Officer, met with South State senior executives at South State's corporate headquarters in Columbia, South Carolina. At these meetings, the parties discussed the potential strategic fit of the two companies by lines of business.

On March 21 and 22, 2017, the Park Sterling board of directors held its regular annual strategic planning board meeting. At the March 21 portion of the meeting, representatives of Stephens made a presentation on current market conditions, Park Sterling's positioning in the market and its analysis of a potential combination with South State. Stephens noted, among other things, a number of strengths that made a combination with South State attractive, including South State's very respected management team, its very strong deposit base, and its return on average assets. Stephens also noted that South State had closed a transaction in January 2017 that had pushed it over the \$10 billion asset threshold with no significant impact on its share price.

When the meeting reconvened the next morning on March 22, 2017, Park Sterling management presented to the Park Sterling board of directors its outlook and strategic vision. Park Sterling management reviewed the significant financial progress that Park Sterling had made in recent years. The management team then discussed the challenges of continuing to improve returns and to grow the company in the future in light of the consolidation of community banks taking place in Park Sterling's markets, and the fact that Park Sterling now found itself competing more often against larger banks. The management team also discussed the implications that consolidation in Park Sterling's markets would have for winning new business, retaining existing customers and maintaining a high quality offering of products and services, as well as for the ability to afford the infrastructure needed to meet ever-increasing regulatory demands. Messrs. Cherry and Truslow also led a discussion regarding possible

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

attractive candidates for a strategic business combination transaction with Park Sterling, noting that the number of such candidates had decreased significantly in recent years. The Park Sterling board of directors and management then discussed South State's non-binding indication of interest. After discussion, the meeting was adjourned with discussion to be continued in upcoming days.

On March 29, 2017, the Park Sterling board of directors reconvened. Stephens provided an update on its presentation and the Park Sterling board of directors had further discussion regarding the South State non-binding indication of interest. The Park Sterling board of directors concluded that a combination with South State on the terms set forth in the non-binding indication of interest continued to be compelling and charged Park Sterling management to continue discussions and due diligence with South State.

In late March and early April of 2017, due diligence between the parties continued. Members of senior management of each party held periodic discussions regarding the price and terms of a potential strategic transaction, and each party exchanged materials and information and scheduled meetings to facilitate mutual due diligence.

On April 11, 2017, at a special meeting of the South State board of directors, Mr. Hill provided the South State board of directors with an update, among other things, on the proposed merger with Park Sterling, noting that substantial due diligence had been performed. Mr. Hill expressed his view that a transaction with Park Sterling would enable South State to gain meaningful market presence in North Carolina, specifically in and around Charlotte, North Carolina. He also noted that the parties continued to engage in discussions regarding the terms of a potential transaction and that the consideration would be 100% stock, and confirmed that the parties had discussed the possibility of adding two Park Sterling directors to the South State board of directors in connection with the proposed transaction to ensure that Park Sterling shareholders and other constituencies had continued representation on the combined company's board of directors. General discussions were held regarding the parties' markets and competition, the parties' operating systems, the timeline of the proposed merger and the ability and readiness of the South State team for the acquisition and strategic fit.

On April 13, 2017, representatives of Wachtell Lipton, South State's legal counsel, provided McGuireWoods a draft merger agreement and draft form of voting agreement.

On April 17, 2017, to facilitate the completion of South State's and Park Sterling's due diligence, South State and Park Sterling, accompanied by their advisors, including representatives of KBW, Wachtell Lipton, Stephens and McGuireWoods, attended an all-day in-person meeting at South State's corporate headquarters in Columbia, South Carolina. Throughout the day, members of management of each of the companies and their advisors engaged in a series of comprehensive discussions about Park Sterling's and South State's respective business operations and financial condition.

On April 19, 2017, representatives of McGuireWoods provided Wachtell Lipton a revised draft of the merger agreement, and over the course of the following week representatives of McGuireWoods and Wachtell Lipton exchanged several additional drafts of the merger agreement and related transaction documents, and discussed and negotiated the terms and conditions set forth in the merger agreement and related transaction documents.

In the morning of April 26, 2017, the Park Sterling board of directors held its previously scheduled April board meeting at Park Sterling's offices. Members of Park Sterling's senior management, as well as representatives of Stephens and McGuireWoods, participated in the meeting. The Park Sterling board of directors was informed that the South State board of directors was scheduled to meet later that day to approve a merger agreement that would result in the holders of Park Sterling common stock receiving 0.14 shares of South State common stock per share of Park Sterling common stock. Representatives of Stephens reviewed the transaction, provided an overview of Park Sterling and South State, discussed its analysis of the potential combined companies, discussed with the Park Sterling

Table of Contents

board of directors its financial analysis of the proposed transaction with South State and answered the questions of the Park Sterling board of directors. Stephens then delivered its oral opinion to the Park Sterling board of directors, which opinion was confirmed in writing, to the effect that, as of April 26, 2017, and based upon and subject to factors, assumptions, qualifications and limitations set forth therein, the consideration to be paid to the holders of the outstanding shares of Park Sterling common stock in the merger was fair, from a financial point of view, to such holders. Representatives of McGuireWoods reviewed the fiduciary duties of the Park Sterling board of directors under North Carolina law in the context of a strategic transaction and made a presentation to the Park Sterling board of directors concerning the terms and conditions of the final merger agreement that had been negotiated with South State and its counsel and answered the questions of the Park Sterling board of directors. The Park Sterling board of directors then discussed the merger agreement and proposed merger. After considering the proposed terms of the merger agreement and the various presentations of its financial and legal advisors, and taking into consideration the matters discussed during the meeting, including factors described under *Park Sterling's Reasons for the Merger; Recommendation of the Park Sterling Board of Directors*, the Park Sterling board of directors unanimously voted to adopt the merger agreement and to approve the execution of the merger agreement.

In the afternoon of April 26, 2017, the South State board of directors held a special meeting to review the terms of the proposed merger agreement with Park Sterling. Representatives of Wachtell Lipton and KBW also participated in the meeting. Representatives of Wachtell Lipton reviewed the fiduciary duties of the directors in the context of the strategic transaction, and summarized and discussed the material terms and conditions set forth in the draft merger agreement. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered to the South State board of directors an opinion (which was initially rendered verbally and confirmed in a written opinion, dated April 26, 2017) to the effect that, as of that date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to South State. Representatives of Wachtell Lipton then reviewed resolutions to approve and authorize the execution of the merger agreement and the submission of the merger agreement to South State's shareholders for approval. After considering the proposed terms of the merger agreement and the various presentations of its financial and legal advisors, and taking into consideration the matters discussed during the meeting, including factors described under *South State's Reasons for the Merger; Recommendation of the South State Board of Directors*, the South State board of directors unanimously voted to adopt the merger agreement and approve the execution of the merger agreement.

Thereafter, on the evening of April 26, 2017, the merger agreement was executed by South State and Park Sterling and the voting agreements were executed by South State and certain Park Sterling shareholders party thereto, and the transaction was announced the following morning on April 27, 2017 in a joint press release issued by South State and Park Sterling.

South State's Reasons for the Merger; Recommendation of the South State Board of Directors

After careful consideration, the South State board of directors, at a meeting held on April 26, 2017, unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger and the issuance of South State common stock, are advisable and in the best interests of South State and its shareholders.

Accordingly, the South State board of directors unanimously adopted and approved the merger agreement and unanimously recommends that South State shareholders vote (1) FOR the proposal to approve the merger agreement and (2) FOR the proposal to adjourn the South State special meeting, if necessary or appropriate, to solicit additional proxies in favor of the South State merger proposal.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

In reaching its decision to adopt and approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that South State shareholders approve the merger, the South State board of directors evaluated the merger agreement and the merger in consultation with South State management, as well as with South State's outside financial and legal advisors, and considered a number of factors, including the following material factors:

each of South State's, Park Sterling's and the combined company's businesses, operations, financial condition, asset quality, earnings and prospects. In reviewing these factors, the South State board of directors considered its view that Park Sterling's financial condition and asset quality are sound, that Park Sterling's business and operations complement those of South State, and that the merger and the other transactions contemplated by the merger agreement would result in a combined company with a larger market presence and more diversified loan portfolio as well as a more attractive funding base, than South State on a stand-alone basis. The South State board of directors further considered that Park Sterling's earnings and prospects, and the synergies potentially available in the proposed merger, create the opportunity for the combined company to have superior future earnings and prospects compared to South State's earnings and prospects on a stand-alone basis. In particular, the South State board of directors considered the following:

the strategic rationale for the merger, given its potential of extending South State's footprint throughout the Carolinas, Georgia and into Virginia and the close proximity of Park Sterling to South State's existing franchise;

potential growth opportunities through South State's entrance into the growth markets of Richmond, Virginia and Raleigh, North Carolina;

Park Sterling's position in the Charlotte, North Carolina market, which would enable South State to meaningfully enhance its competitive position and ability to attract talent in Charlotte, North Carolina;

the complementary nature of the cultures of the two companies, which management believes should facilitate integration and implementation of the transaction; and

Park Sterling's proven organic growth capabilities;

the anticipated pro forma impact of the merger on the combined company, including the expected positive impact on certain financial metrics;

its understanding of the current and prospective environment in which South State and Park Sterling operate, including national, regional and local economic conditions, the competitive environment for financial institutions generally and the likely effect of these factors on South State both with and without the merger;

its review and discussions with South State's management concerning the due diligence examination of Park Sterling's business;

South State management's expectation that South State will retain its strong capital position and asset quality upon completion of the transaction;

the opinion, dated April 26, 2017, of KBW, South State's financial advisor, to the South State board of directors, to the effect that, as of that date, and based on the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by KBW as set forth in the opinion, the exchange ratio in the proposed merger was fair, from a financial point of view, to South State, as more fully described below in *Opinion of South State's Financial*

Advisor ;

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

its review with its outside legal advisor, Wachtell Lipton, of the terms of the merger agreement, including the tax treatment, deal protection and termination provisions;

the fact that South State's shareholders would have an opportunity to approve the merger;

South State's past record of integrating acquisitions and of realizing projected financial goals and benefits of acquisitions;

the possibility of encountering difficulties in achieving anticipated cost synergies and savings in the amounts estimated or in the time frame contemplated;

the possibility of encountering difficulties in successfully integrating Park Sterling's business, operations and workforce with those of South State;

certain anticipated merger-related costs;

the diversion of management attention and resources from the operation of South State's business and toward the completion of the merger; and

the regulatory and other approvals required in connection with the merger and the bank merger and the risk that such regulatory approvals will not be received in a timely manner or may impose unacceptable conditions.

While the South State board of directors considered the foregoing potentially positive and potentially negative factors, the South State board of directors concluded that, overall, the potentially positive factors outweighed the potentially negative factors. Accordingly, the South State board of directors unanimously determined the merger agreement to be fair, advisable and in the best interests of South State and its shareholders, as well as South State's other constituencies.

The foregoing discussion of the information and factors considered by the South State board of directors is not intended to be exhaustive, but includes the material factors considered by the South State board of directors. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, the South State board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of the South State board of directors may have given different weight to different factors. The South State board of directors considered all these factors as a whole and considered the factors overall to be favorable to, and to support, its determination.

The foregoing explanation of the South State board of directors' reasoning and all other information presented in this section contains information that is forward-looking in nature, and therefore should be read in light of the factors discussed in *Cautionary Statement Regarding Forward-Looking Statements*.

Opinion of South State's Financial Advisor

South State engaged KBW to render financial advisory and investment banking services to South State, including providing an opinion to the South State board of directors as to the fairness, from a financial point of view, to South State of the exchange ratio in the merger. South State selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and familiarity with South State and its business. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

In connection with its engagement, representatives of KBW attended the meeting of the South State board of directors held on April 26, 2017 at which the South State board of directors evaluated the proposed merger. At this meeting, KBW reviewed the financial aspects of the merger and rendered

Table of Contents

an oral opinion (subsequently confirmed in writing) to the South State board of directors to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the exchange ratio in the merger was fair, from a financial point of view, to South State. The South State board of directors approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the written opinion, dated April 26, 2017, which is attached as **Annex B** to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion. South State's shareholders are encouraged to read the opinion in its entirety.

KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the South State board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion addressed only the fairness, from a financial point of view, of the exchange ratio in the merger to South State. It did not address the underlying business decision of South State to engage in the merger or enter into the merger agreement or constitute a recommendation to the South State board of directors in connection with the merger, and it does not constitute a recommendation to any holder of South State common stock or any shareholder of any other entity as to how to vote in connection with the merger or any other matter.

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of South State and Park Sterling and bearing upon the merger, including, among other things:

a draft of the merger agreement, dated April 24, 2017 (the most recent draft made available to KBW);

the audited financial statements and the Annual Reports on Form 10-K for the three fiscal years ended December 31, 2016 of South State;

the audited financial statements and the Annual Reports on Form 10-K for the three fiscal years ended December 31, 2016 of Park Sterling;

certain unaudited quarterly financial results for the quarter ended March 31, 2017 of South State (contained in the Current Report on Form 8-K filed by South State with the Securities and Exchange Commission on April 21, 2017);

certain preliminary and unaudited quarterly financial results for the quarter ended March 31, 2017 of Park Sterling (provided by representatives of Park Sterling);

certain regulatory filings of South State, Park Sterling and their respective subsidiaries, including (as applicable) the semi-annual reports on Form FR Y-9SP and quarterly reports on Form FR Y-9C and quarterly call reports required to be filed with respect to each semi-annual period and quarter (as the case may be) during the three year period ended December 31, 2016;

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

certain other interim reports and other communications of South State and Park Sterling to their respective shareholders; and

other financial information concerning the respective businesses and operations of South State and Park Sterling furnished to KBW by South State and Park Sterling or which KBW was otherwise directed to use for purposes of its analysis.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

the historical and current financial position and results of operations of South State and Park Sterling;

the assets and liabilities of South State and Park Sterling;

the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial and stock market information of South State and Park Sterling with similar information for certain other companies, the securities of which were publicly traded;

publicly available consensus street estimates of Park Sterling for 2017 published by FactSet Research Systems, as well as assumed Park Sterling long-term growth rates provided to KBW by South State management, all of which information was discussed with KBW by South State management and used and relied upon by KBW at the direction of South State management and with the consent of the South State board of directors;

publicly available consensus street estimates of South State for 2017 published by FactSet Research Systems, as well as assumed South State long-term growth rates provided to KBW by South State management, all of which information was discussed with KBW by such management and used and relied upon by KBW at the direction of such management and with the consent of the South State board of directors; and

estimates regarding certain pro forma financial effects of the merger on South State (including without limitation the cost savings and related expenses expected to result or be derived from the merger) that were prepared by South State management, provided to and discussed with KBW by such management, and used and relied upon by KBW at the direction of such management and with the consent of the South State board of directors.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also participated in discussions that were held by the managements of South State and Park Sterling regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as KBW deemed relevant to its inquiry.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information that was provided to it or publicly available and did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the management of South State as to the reasonableness and achievability of the 2017 publicly available consensus street estimates of South State and Park Sterling, the assumed long-term growth rates of South State and Park Sterling, and the estimates regarding certain pro forma financial effects of the merger on South State (including, without limitation, the cost savings and related expenses expected to

Table of Contents

result or be derived from the merger), all as referred to above, as well as the assumptions set forth in and the bases for all such information. KBW assumed, at the direction of South State, that all of the foregoing information was reasonably prepared on bases reflecting, or in the case of the publicly available consensus street estimates of South State and Park Sterling referred to above that such estimates were consistent with, the best currently available estimates and judgments of South State management, and that the forecasts and estimates reflected in such information would be realized in the amounts and in the time periods estimated.

It is understood that the portion of the foregoing financial information of South State and Park Sterling that was provided to KBW was not prepared with the expectation of public disclosure, that all of the foregoing financial information, including the 2017 publicly available consensus street estimates of South State and Park Sterling, was based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such information. KBW assumed, based on discussions with the management of South State and with the consent of the South State board of directors, that all such information provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either South State or Park Sterling since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with South State's consent, that the aggregate allowances for loan and lease losses for each of South State and Park Sterling are adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of South State or Park Sterling, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of South State or Park Sterling under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed, in all respects material to its analyses:

the merger and any related transaction (including the bank merger) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to its analyses from the draft version of the merger agreement referred to above that had been reviewed by KBW) with no adjustments to the exchange ratio;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement were true and correct;

each party to the merger agreement or any of the related documents would perform all of the covenants and agreements required to be performed by such party under such documents;

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

that all conditions to the completion of the merger and any related transaction (including the bank merger) would be satisfied without any waivers or modifications to the merger agreement or any related documents; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger and any related transactions (including the bank merger), no delay, limitation, restriction or condition, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of South State, Park Sterling or the pro forma entity or the contemplated benefits of the merger, including without limitation the cost savings and related expenses expected to result or be derived from the merger.

KBW assumed that the merger will be consummated in a manner that complies with the applicable provisions of the Securities Act of 1933, as amended, the Exchange Act and all other applicable federal and state statutes, rules and regulations. KBW was further advised by representatives of South State that South State relied upon advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to South State, Park Sterling, the merger and any related transaction (including the bank merger), and the merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of such opinion, of the exchange ratio in the merger to South State. KBW expressed no view or opinion as to any other terms or aspects of the merger or any term or aspect of any related transaction (including the bank merger), including without limitation, the form or structure of the merger or any such related transaction, or any consequences of the merger or any such related transaction to South State, its shareholders, creditors or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

the underlying business decision of South State to engage in the merger or enter into the merger agreement;

the relative merits of the merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by South State or the South State board of directors;

the fairness of the amount or nature of any compensation to any of South State's officers, directors or employees, or any class of such persons, relative to any compensation to the holders of South State common stock or relative to the exchange ratio;

the effect of the merger or any related transaction (including the bank merger) on, or the fairness of the consideration to be received by, holders of any class of securities of South State, Park Sterling or any other party to any other transaction contemplated by the merger agreement;

the actual value of South State common stock to be issued in the merger;

the prices, trading range or volume at which South State common stock or Park Sterling common stock might trade following the public announcement of the merger or the prices, trading range or volume at which South State common stock might trade following the consummation of the merger;

Table of Contents

any advice or opinions provided by any other advisor to any of the parties to the merger or any other transaction contemplated by the merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to South State, Park Sterling, any of their respective shareholders, or relating to or arising out of or as a consequence of the merger or any other related transaction (including the bank merger), including whether or not the merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, South State and Park Sterling. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the South State board of directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the South State board of directors with respect to the fairness of the exchange ratio. The type and amount of consideration payable in the merger were determined through negotiation between South State and Park Sterling and the decision to enter into the merger agreement was solely that of the South State board of directors.

Summary of Analysis by KBW

The following is a summary of the material financial analyses presented by KBW to the South State board of directors in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the South State board of directors, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

For purposes of the financial analyses described below, KBW utilized an implied transaction value for the merger of \$680.5 million, or \$12.68 per outstanding share of Park Sterling common stock outstanding as of March 31, 2017, based on the exchange ratio of 0.14 and the closing price of South State common stock on April 25, 2017. In addition to the financial analyses described below, KBW reviewed with the South State board of directors for informational purposes, among other things, the implied transaction multiple for the merger of 18.4x Park Sterling's estimated 2018 earnings per share (EPS), which was taken from publicly available consensus street estimates for Park Sterling published by FactSet Research Systems, based on the implied transaction value for the merger of \$12.68 per outstanding share of Park Sterling common stock.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

South State Selected Companies Analysis. Using publicly available information, KBW compared the financial performance, financial condition and market performance of South State to 13 selected banks that were listed on the NASDAQ, the New York Stock Exchange or NYSE MKT and headquartered in the Southeast with total assets between \$8.0 billion and \$20.0 billion.

The selected companies were as follows:

BancorpSouth, Inc. Capital Bank Financial Corp. FCB Financial Holdings, Inc. Home BancShares, Inc. Bank of the Ozarks, Inc. Pinnacle Financial Partners, Inc. Renasant Corporation	Simmons First National Corporation Trustmark Corporation Union Bankshares Corporation United Bankshares, Inc. United Community Banks, Inc. WesBanco, Inc.
--	--

To perform this analysis, KBW used profitability data and other financial information for, as of, or, in the case of latest 12 months (LTM) information, through, the most recent completed quarter (MRQ) available (which in the case of South State was the fiscal quarter ended March 31, 2017) and market price information as of April 25, 2017. KBW also used 2017 and 2018 EPS estimates, which were taken from publicly available consensus street estimates for South State and the selected companies published by FactSet Research Systems. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in South State's historical financial statements, or the data prepared by Stephens presented under the section *Opinion of Park Sterling's Financial Advisor*, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance of South State and the selected companies:

	South State	25 th Percentile	Selected Companies		75 th Percentile
			Median	Average	
MRQ Core Return on Average Assets (%) ⁽¹⁾	1.23	1.03	1.12	1.25	1.25
MRQ Core Return on Average Equity (%) ⁽¹⁾	8.60	7.87	8.64	9.72	10.55
MRQ Core Return on Average Tangible Common Equity (%) ⁽¹⁾	12.82	11.48	13.12	13.69	15.76
MRQ Net Interest Margin (%)	4.08	3.41	3.61	3.77	3.98
MRQ Efficiency Ratio (%)	62.0 ⁽²⁾	45.4	55.6	54.1	62.3

(1) Core income excluded extraordinary items, non-recurring items and gains / (losses) on sale of securities and non-controlling interests and included amortization of intangibles and goodwill impairment.

(2) Calculated by dividing noninterest expense, excluding branch consolidation cost and merger cost, by net interest income and noninterest income, excluding gains (losses) on sale of securities, other than temporary impairment and FDIC early termination of South State's loss share agreement, which occurred in the second quarter of 2016.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

KBW's analysis also showed the following concerning the financial condition of South State and the selected companies:

	South State	Selected Companies			
		25 th Percentile	Median	Average	75 th Percentile
Tangible Common Equity / Tangible Assets (%)	8.85	8.74	9.49	9.58	10.26
Leverage Ratio (%)	10.00	9.95	10.50	10.53	10.94
CET1 Ratio (%)	11.90	11.23	12.18	11.39	12.16
Total Risk Based Capital Ratio (%)	13.30	12.97	13.59	13.54	14.22
Loans / Deposits (%)	88.1	88.3	91.0	91.4	94.2
Loan Loss Reserve / Gross Loans (%)	0.69 ⁽²⁾	0.88	0.67	0.75	0.58
Nonperforming Assets / Loans + OREO (%) ⁽¹⁾	0.71	1.31	1.05	1.02	0.70
LTM Net Charge-Offs / Average Loans (%)	0.05	0.13	0.12	0.13	0.08

(1) NPAs / Loans + OREO adjusted to exclude loans and other real estate owned (OREO) covered by FDIC loss share agreements. Nonperforming assets otherwise included nonaccrual loans, restructured loans and OREO.

(2) Calculated by dividing the allowance for non-acquired loans by non-acquired loans.

In addition, KBW's analysis showed the following concerning the market performance of South State and the selected companies:

	South State	Selected Companies			
		25 th Percentile	Median	Average	75 th Percentile
One - Year Stock Price Change (%)	30.0	18.8	31.2	28.5	36.1
One - Year Total Return (%)	32.2	20.6	32.6	30.9	40.4
Stock Price / Book Value per Share (%)	168	151	168	173	190
Stock Price / Tangible Book Value per Share (%)	285	211	224	243	259
Stock Price / 2017 EPS Estimate (x)	21.7	17.3	18.6	18.4	19.1
Stock Price / 2018 EPS Estimate (x)	17.9	15.0	15.6	15.7	16.2
Dividend Yield (%) ⁽¹⁾	1.5	1.3	1.6	1.8	2.3
MRQ Dividend Payout Ratio (%) ⁽¹⁾	52.4	26.3	31.7	35.5	44.4

(1) Dividend yield and MRQ dividend payout ratio reflected most recent quarterly dividend annualized as a percentage of stock price and annualized MRQ EPS, respectively. One of the selected companies did not pay dividends in its most recent completed quarter.

No company used as a comparison in the above-selected companies analysis is identical to South State. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Park Sterling Selected Companies Analysis. Using publicly available information, KBW compared the financial performance, financial condition and market performance of Park Sterling to eight selected banks that were listed on the NASDAQ, the New York Stock Exchange or NYSE MKT and headquartered in Georgia, North Carolina, South Carolina or Virginia with total assets between \$2.0 billion and \$5.0 billion. Merger targets were excluded from the selected companies.

Table of Contents

The selected companies were as follows:

Fidelity Southern Corporation	HomeTrust Bancshares, Inc.
State Bank Financial Corporation	Atlantic Capital BancShares, Inc.
First Bancorp	First Community Bancshares, Inc.
Xenith Bankshares, Inc.	WashingtonFirst Bankshares, Inc.

To perform this analysis, KBW used profitability data and other financial information for, as of, or, in the case of LTM information, through, the most recent completed quarter available (which in the case of Park Sterling was the fiscal quarter ended December 31, 2016) and market price information as of April 25, 2017. KBW also used 2017 and 2018 EPS estimates, which were taken from publicly available consensus street estimates for Park Sterling and the selected companies published by FactSet Research Systems. Certain financial data prepared by KBW, as referenced in the tables presented below, may not correspond to the data presented in Park Sterling's historical financial statements, or the data prepared by Stephens presented under the section *Opinion of Park Sterling's Financial Advisor*, as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance of Park Sterling and the selected companies:

	Park Sterling		Selected Companies		
	25 th Percentile	Median	Average	75 th Percentile	
MRQ Core Return on Average Assets (%) ⁽¹⁾	0.93	0.68	0.90	0.84	0.96
MRQ Core Return on Average Equity (%) ⁽¹⁾	8.36	4.86	7.68	7.15	9.26
MRQ Core Return on Average Tangible Common Equity (%) ⁽¹⁾	10.55	5.19	9.49	8.41	10.91
MRQ Net Interest Margin (%)	3.60	3.26	3.40	3.62	3.97
MRQ Efficiency Ratio (%)	66.6	61.2	65.2	67.0	73.4

- (1) Core income excluded extraordinary items, non-recurring items and gains / (losses) on sale of securities and non-controlling interests and included amortization of intangibles and goodwill impairment.

KBW's analysis also showed the following concerning the financial condition of Park Sterling and the selected companies:

	Park Sterling		Selected Companies		
	25 th Percentile	Median	Average	75 th Percentile	
Tangible Common Equity / Tangible Assets (%)	8.84	8.80	10.30	10.56	12.66
Leverage Ratio (%)	9.92	9.67	10.46	10.81	11.35
CET1 Ratio (%)	11.04	10.77	11.61	12.04	14.11
Total Risk Based Capital Ratio (%)	12.48	13.28	13.63	14.14	15.60
Loans / Deposits (%)	96.1	91.5	96.3	95.9	99.4
Loan Loss Reserve / Gross Loans (%)	0.50	0.98	0.91	0.93	0.89
Nonperforming Assets / Loans + OREO (%) ⁽¹⁾	0.58	2.25	1.78	1.56	0.65
LTM Net Charge-Offs / Average Loans (%)	(0.02)	0.17	0.14	0.20	0.11

- (1) NPAs / Loans + OREO adjusted to exclude loans and OREO covered by FDIC loss share agreements. Nonperforming assets otherwise included nonaccrual loans, restructured loans and OREO.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

In addition, KBW's analysis showed the following concerning the market performance of Park Sterling and the selected companies:

	Park		Selected Companies		
	Sterling	25th Percentile	Median	Average	75th Percentile
One-Year Stock Price Change (%)	75.3	29.0	36.8	38.4	42.8
One-Year Total Return (%)	78.4	32.4	37.8	40.1	44.0
Stock Price / Book Value per Share (%)	183	132	163	156	172
Stock Price / Tangible Book Value per Share (%)	232	164	182	179	199
Stock Price / 2017 EPS Estimate (x)	20.7	17.7	19.1	20.9	25.0
Stock Price / 2018 EPS Estimate (x)	17.8	14.4	17.1	17.3	18.6
Dividend Yield (%) ⁽¹⁾	1.3	1.0	2.1	1.7	2.1
MRQ Dividend Payout Ratio (%) ⁽¹⁾	40.0	20.6	30.0	32.5	42.1

(1) Dividend yield and MRQ dividend payout ratio reflected most recent quarterly dividend annualized as a percentage of stock price and annualized MRQ EPS, respectively. Three of the selected companies did not pay dividends in its most recent completed quarter.

No company used as a comparison in the above-selected companies analysis is identical to Park Sterling. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Select Transactions Analysis. KBW reviewed publicly available information related to 24 selected U.S. whole bank and thrift transactions announced since January 1, 2016 with announced deal values between \$200 million and \$1 billion. The selected transactions were as follows:

Acquiror	Acquired Company
PacWest Bancorp	CU Bancorp
Home BancShares, Inc.	Stonegate Bank
First Merchants Corporation	Independent Alliance Banks, Inc.
Heartland Financial USA, Inc.	Citywide Banks of Colorado, Inc.
FB Financial Corporation	American City Bank / Clayton Bank and Trust
First Busey Corporation	First Community Financial Partners, Inc.
Simmons First National Corporation	First Texas BHC, Inc.
Columbia Banking System, Inc.	Pacific Continental Corporation
Simmons First National Corporation	Southwest Bancorp, Inc.
Pacific Premier Bancorp, Inc.	Heritage Oaks Bancorp
Independent Bank Group, Inc.	Carlisle Bancshares, Inc.
First Interstate BancSystem, Inc.	Cascade Bancorp
Access National Corporation	Middleburg Financial Corporation
Community Bank Systems, Inc.	Merchants Bancshares, Inc.
United Bankshares, Inc.	Cardinal Financial Corporation
Cathay General Bancorp	SinoPac Bancorp
First Midwest Bancorp, Inc.	Standard Bancshares, Inc.
People's United Financial, Inc.	Suffolk Bancorp
South State Corporation	Southeastern Bank Financial Corporation
WesBanco, Inc.	Your Community Bankshares, Inc.
Mechanics Bank	California Republic Bancorp
Pinnacle Financial Partners, Inc.	Avenue Financial Holdings, Inc.
Old National Bancorp	Anchor BanCorp Wisconsin Inc.
OceanFirst Financial Corp.	Cape Bancorp, Inc.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

For each selected transaction, KBW derived the following implied transaction statistics, in each case based on the transaction consideration value paid for the acquired company and using financial data based on the acquired company's then latest publicly available financial statements and, to the extent publicly available, publicly available one-year forward year EPS consensus street estimates published by FactSet Research Systems prior to the announcement of the respective transaction:

Price per common share to tangible book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible common equity);

Price per common share to LTM EPS of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by LTM net income);

Price per common share to estimated EPS of the acquired company in the 15 selected transactions in which consensus street estimates for the acquired company were then available; and

Tangible equity premium to core deposits (which was defined as total deposits less time deposits greater than \$100,000) of the acquired company, referred to as the core deposit premium.

KBW also reviewed the price per common share paid for the acquired company for the 15 selected transactions in which the acquired company was publicly traded as a premium/discount to the closing price of the acquired company one day prior to the announcement of the acquisition (expressed as a percentage and referred to as the one-day market premium). The above transaction statistics for the selected transactions were compared with the corresponding transaction statistics for the proposed merger based on the implied transaction value for the merger of \$680.5 million and using historical financial information for Park Sterling as of or for the 12 months ended December 31, 2016 and publicly available 2017 EPS consensus street estimates for Park Sterling published by FactSet Research Systems. The results of the analysis are set forth in the following table (excluding the impact of the LTM EPS multiples for two of the selected transactions, which multiples were considered to be not meaningful because they were greater than 35.0x):

Transaction Price to	South State / Park		Selected Transactions		
	Sterling Merger	25 th Percentile	Average	Median	75 th Percentile
Tangible Book Value (%)	240	185	209	209	233
LTM EPS (x)	26.9	18.4	22.0	21.9	27.2
Estimated EPS (x)	21.6	19.2	22.5	21.8	25.3
Core Deposit Premium (%)	18.5	11.3	14.0	13.7	18.6
One-Day Market Premium (%)	3.1	8.8	20.1	15.9	29.5

No company or transaction used as a comparison in the above-selected transactions analysis is identical to Park Sterling or the merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Relative Contribution Analysis. KBW analyzed the relative standalone contribution of South State and Park Sterling to various pro forma balance sheet and income statement items and the pro forma market value of the combined entity. This analysis did not include purchase accounting adjustments or cost savings. To perform this analysis, KBW used (i) balance sheet and net income data of South State as of or for the twelve-month period ended March 31, 2017 and of Park Sterling as of or for the twelve-month period ended December 31, 2016, (ii) publicly available EPS consensus street estimates of South State and Park Sterling for 2017 published by FactSet Research Systems and assumed long-term growth rates provided by South State management, and (iii) market price data as of April 25,

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

2017. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentages of South State and Park Sterling shareholders in the combined company based on the exchange ratio of 0.14 in the merger:

	South State as a % of Total	Park Sterling as a % of Total
Balance Sheet		
Total Assets	77.4%	22.6%
Gross Loans	76.7%	23.3%
Total Deposits	78.2%	21.8%
Equity	81.6%	18.4%
Tangible Common Equity	76.8%	23.2%
Income Statement		
LTM GAAP Net Income	82.7%	17.3%
2017 Estimated GAAP Net Income	81.8%	18.2%
2018 Estimated GAAP Net Income	81.8%	18.2%
Market Value		
Pro Forma Ownership Based on Merger Exchange Ratio	79.8%	20.2%

Pro Forma Financial Impact Analysis. KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of South State and Park Sterling. Using closing balance sheet estimates as of December 31, 2017 for South State and Park Sterling that were provided by South State management, publicly available EPS consensus street estimates of South State for 2017 published by SNL Financial, publicly available EPS consensus street estimates for Park Sterling for 2017 published by FactSet Research Systems, assumed long-term growth rates provided by South State management and pro forma assumptions (including, without limitation, the cost savings and related expenses expected to result from the merger and certain accounting adjustments assumed with respect thereto) provided by South State management, KBW analyzed the estimated financial impact of the merger on certain projected financial results. This analysis indicated that the merger could be accretive to South State's 2018 estimated EPS and dilutive to South State's estimated tangible book value per share at closing. Furthermore, the analysis indicated that, pro forma for the merger, South State's tangible common equity to tangible assets ratio, leverage ratio, Common Equity Tier 1 Ratio, Tier 1 Risk-Based Capital Ratio, and Total Risk-Based Capital Ratio at closing could be lower. For all of the above analysis, the actual results achieved by South State following the merger may vary from the projected results, and the variations may be material.

Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis to estimate a range for the implied equity value of Park Sterling, taking into account the cost savings and related expenses expected to result from the merger as well as certain accounting adjustments assumed with respect thereto. In this analysis, KBW used publicly available EPS consensus street estimates of Park Sterling for 2017 published by FactSet Research Systems, assumed long-term growth rates provided by South State management, and estimated cost savings and related expenses and accounting adjustments provided by South State management. KBW assumed discount rates ranging from 9.0% to 12.0%. The ranges of values were derived by adding (i) the present value of the estimated excess cash flows that Park Sterling could generate over the five-year period from 2018 to 2022 and (ii) the present value of Park Sterling's implied terminal value at the end of such period, in each case applying estimated cost savings and related expenses and accounting adjustments. KBW assumed that Park Sterling would maintain a tangible-common-equity-to-tangible-assets ratio of 8.00% and Park Sterling would retain sufficient earnings to maintain that level. In calculating the terminal value of Park Sterling, KBW applied a range of 14.0x to 18.0x estimated 2023 earnings. This discounted cash flow analysis resulted in a range of implied values per share of Park Sterling common stock, taking into account the cost savings

Table of Contents

and related expenses expected to result from the merger as well as certain accounting adjustments assumed with respect thereto, of \$12.12 per share to \$16.53 per share.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Park Sterling.

Miscellaneous. KBW acted as financial advisor to South State in connection with the proposed merger and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. KBW and its affiliates, in the ordinary course of its and their broker-dealer businesses (and further to certain existing sales and trading relationships between a KBW affiliate and South State, and between KBW and certain of its affiliates and Park Sterling), may from time to time purchase securities from, and sell securities to, South State and Park Sterling. In addition, as market makers in securities, KBW and its affiliates may from time to time have a long or short position in, and buy or sell, debt or equity securities of South State or Park Sterling for its and their own accounts and for the accounts of its and their respective customers and clients.

Pursuant to the KBW engagement agreement, South State agreed to pay KBW a non-refundable cash fee equal to \$3,000,000, the entire amount of which is contingent upon the consummation of the merger. South State also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its engagement and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. In addition to this present engagement, in the two years preceding the date of KBW's opinion, KBW has provided investment banking and financial advisory services to South State for which compensation was received. KBW acted as financial advisor to South State in connection with its January 2017 acquisition of Southeastern Bank Financial Corporation. In addition, KBW acted as financial advisor to South State in connection with its acquisition of certain branches of Bank of America, National Association, which acquisition was completed in August 2015. In connection with those acquisitions, KBW received fees of approximately \$2.1 million in the aggregate from South State. In the two years preceding the date of KBW's opinion, KBW provided investment banking and financial advisory services to Park Sterling and received compensation for such services. KBW acted as financial advisor to Park Sterling in connection with its January 2016 acquisition of First Capital Bancorp, Inc. In connection with that acquisition, KBW received a fee of approximately \$0.65 million from Park Sterling. KBW may in the future provide investment banking and financial advisory services to South State and receive compensation for such services.

Park Sterling's Reasons for the Merger; Recommendation of the Park Sterling Board of Directors

After careful consideration, Park Sterling's board of directors, at a meeting held on April 26, 2017, unanimously determined that the merger agreement and the merger are in the best interests of Park Sterling and its shareholders.

Accordingly, Park Sterling's board of directors unanimously adopted and approved the merger agreement and unanimously recommends that Park Sterling shareholders vote (1) FOR the approval of the Park Sterling merger proposal, (2) FOR the approval of the Park Sterling adjournment proposal, if necessary or appropriate, and (3) FOR the approval of the compensation proposal.

In reaching its decision to adopt and approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that its shareholders approve the merger, Park Sterling's board of directors consulted with Park Sterling's management, as well as its

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

independent financial and legal advisors, and considered a number of factors, including the following potentially positive material factors:

the value of the consideration to be received by Park Sterling's shareholders relative to recent prices, dividend history, book value and earnings per share of Park Sterling's common stock. The board also considered the historical performance of South State's common stock, South State's liquidity in terms of average daily trading volume and the levels of future cash dividends anticipated to be received by Park Sterling shareholders, and the fact that as a result of the stock consideration to be received in the merger, Park Sterling's shareholders will have the opportunity to participate in the future growth and opportunities of the combined company;

information about South State and Park Sterling, including but not limited to, the business and financial condition, results of operations, earnings and business prospects, and debt service and other existing financial obligations, as well as the competence, experience and integrity of management of both South State and Park Sterling;

the likelihood of successful execution of the proposed merger, in light of, among other things, the conditions to the closing of the merger, the likelihood of obtaining required regulatory approvals and the remedies available to Park Sterling under the merger agreement in the event of various breaches by South State;

the prospects of the combined company and bank relative to those of Park Sterling and Park Sterling Bank as an independent institution, which are influenced by, among other things, the following factors:

the board's view that the combined bank will operate with greater scale and operating efficiency and will, as a result, have enhanced financial performance;

the board's view that the combined bank, given its larger size and increased geographic footprint, will have an enhanced competitive presence through access to new markets, product offerings and legal lending limits;

the board's view that the combined bank will receive greater recognition from potential customers, investors and potential strategic partners; and

the board's view that a combination with South State represented a unique strategic fit given the complementary strengths and market positions of each company and provided an opportunity to fulfill Park Sterling's longstanding strategic objective to become a regional community bank with sufficient scale to afford offering a broad array of commercial and consumer banking services;

the financial terms of recent business combinations involving banks and bank holding companies, particularly in the southeastern United States, and a comparison of the multiples of selected combinations with the terms of the proposed merger with South State, as well as the other terms of the merger agreement and their comparability to those in other recent consolidation transactions;

the risks and uncertainties facing Park Sterling shareholders associated with alternatives to the proposed merger (including potential alternative acquisition proposals and the possibility of remaining independent), and the timing and likelihood of accomplishing such alternatives;

Park Sterling's prospects as an independent entity, including challenges related to increasing regulatory burdens and overhead expense and Park Sterling's ability to successfully compete against banks in its footprint that are becoming significantly larger due to the rapid consolidation taking place in the community bank market;

Table of Contents

the current environment in the financial services industry, including national, regional and local economic conditions, continued consolidation, increased regulatory burdens, evolving trends in technology, increasing nationwide and global competition, current financial market conditions, the current environment for community banks, particularly in the markets in which Park Sterling operates, and the likely effects of these factors on the combined company's potential growth, development, productivity, profitability and strategic options;

the fact that, notwithstanding that the implied value of the merger consideration as of April 25, 2017, the last trading day prior to the execution of the merger agreement, of approximately \$12.68 for each share of Park Sterling common stock, based on South State's closing stock price of \$90.55 on that date, represented a premium of approximately 3.2% over the closing price of Park Sterling's common stock on that date, the implied value of the merger consideration also represented a 16.8% premium over the closing price of Park Sterling's common stock of \$10.86 on January 20, 2017, the last trading day prior to the announcement of the acquisition of BNC Bancorp by Pinnacle Financial Partners, Inc., after which Park Sterling's board of directors believes that Park Sterling's common stock began trading at a higher price due to market perceptions about the likelihood of Park Sterling or another similarly situated community bank in North Carolina undertaking a strategic transaction and the relative scarcity of such community banks that could undertake such a transaction;

the opinion of Stephens delivered to the Park Sterling board of directors on April 26, 2017, and subsequently confirmed in writing, to the effect that, as of April 26, 2017, the merger consideration was fair, from a financial point of view, to the holders of Park Sterling's common stock, as more fully described below in *Opinion of Park Sterling's Financial Advisor* ;

the fact that the merger agreement provides that Park Sterling may take certain actions in response to an unsolicited bona fide written acquisition proposal under specific circumstances, in the event that Park Sterling's board of directors concludes in good faith (in accordance with the merger agreement and after consultation with its outside legal counsel and financial advisors) that the failure to take such actions would be reasonably likely to violate the directors' fiduciary duties under applicable law;

the fact that the proposed merger was structured as a tax-free exchange, providing certain tax benefits to Park Sterling's shareholders;

the continued representation of Park Sterling on South State's board of directors after the closing of the merger through the appointment of two directors currently serving as Park Sterling directors to the board of directors of each of South State and South State Bank; and

South State's commitment in the merger agreement to undertake a balanced selection process in filling positions, honor certain incentive plan payments that were projected as of the date of the merger agreement to be earned by certain Park Sterling employees, provide severance benefits to employees who would not continue with the combined company but who would be critical to see Park Sterling's operations through to closing or conversion and maintain certain benefits to continuing Park Sterling employees for the remainder of the fiscal year following the closing date.

In the course of reaching its decision, Park Sterling's board of directors also considered a number of potentially negative factors including, among others, the following:

the potential risk of diverting management attention and resources from the operation of Park Sterling's business and towards the completion of the merger, and the possibility of employee attrition or adverse effects on client and business relationships as a result of the announcement and pendency of the merger;

Table of Contents

the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating Park Sterling's business, operations and workforce with those of South State;

the fact that, because the merger consideration is a fixed exchange ratio of 0.14 shares of South State common stock for each share of Park Sterling common stock, Park Sterling shareholders could be adversely affected by a decrease in the trading price of South State common stock prior to the completion of the proposed merger;

the fact that some of Park Sterling's directors and executive officers have other interests in the merger that are different from, or in addition to, their interests as Park Sterling shareholders (see *Interests of Park Sterling's Directors and Executive Officers in the Merger*);

the risk that necessary regulatory approvals may be delayed, conditioned or denied;

the restrictions on the conduct of Park Sterling's business prior to the completion of the proposed merger, which could delay or prevent Park Sterling from realizing certain business opportunities or taking certain actions with respect to its operations that it would otherwise take absent the proposed merger;

the fact that the merger agreement prohibits Park Sterling from soliciting alternative proposals; and

the possibility that the termination fee payable to South State if the merger agreement is terminated under certain circumstances might have the effect of discouraging alternative acquisition proposals or reducing the price offered in such proposals.

While Park Sterling's board of directors considered the foregoing potentially positive and potentially negative factors, Park Sterling's board of directors concluded that, overall, the potentially positive factors outweighed the potentially negative factors. Accordingly, Park Sterling's board of directors unanimously determined the merger agreement to be fair, advisable and in the best interests of Park Sterling and its shareholders.

The foregoing discussion of the information and factors considered by the Park Sterling board of directors is not intended to be exhaustive but includes the material factors considered by the Park Sterling board of directors. In view of the wide variety of the factors considered in connection with its evaluation of the merger and the complexity of these matters, the Park Sterling board of directors did not find it useful, and did not attempt, to quantify, rank or otherwise assign relative weights to these factors. In considering the factors described above, the individual members of the Park Sterling board of directors may have given different weight to different factors. The Park Sterling board of directors conducted an overall analysis of the factors described above including thorough discussions with, and questioning of, Park Sterling's management and Park Sterling's legal and financial advisors, and considered the factors overall to be favorable to, and to support, its determination.

The foregoing explanation of Park Sterling's board of directors' reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section *Cautionary Statement Regarding Forward-Looking Statements*.

Opinion of Park Sterling's Financial Advisor

Park Sterling engaged Stephens to render financial advisory and investment banking services to Park Sterling, including an opinion to the Park Sterling board of directors as to the fairness, from a financial point of view, to the holders of Park Sterling common stock, other than the directors, officers, managers and affiliates of Park Sterling (who we refer to as the "public shareholders"), of the merger consideration in the proposed merger of Park Sterling with and into South State. Park Sterling selected Stephens because Stephens is a nationally recognized investment banking firm with substantial

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

experience in transactions similar to the merger. As part of its investment banking business, Stephens is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

At the April 26, 2017 meeting of the Park Sterling board of directors, representatives of Stephens rendered its oral opinion, which was subsequently confirmed by delivery of a written opinion to the Park Sterling board dated April 26, 2017, as to the fairness, as of such date, from a financial point of view, to Park Sterling's public shareholders, of the merger consideration to be received by such shareholders in the transaction pursuant to the merger agreement, based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion.

The full text of the written opinion of Stephens is attached as **Annex C** to this joint proxy statement/prospectus. The summary of the opinion of Stephens set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such written opinion. Holders of Park Sterling common stock are urged to read this opinion in its entirety.

Stephens provided its opinion for the information of the Park Sterling board of directors (solely in its capacity as such) in connection with, and for purposes of, its consideration of the merger transaction and its opinion only addresses whether the merger consideration to be received by Park Sterling's public shareholders, in the transaction pursuant to the merger agreement was fair, from a financial point of view, to such holders. The opinion of Stephens does not address any other term or aspect of the merger agreement or the merger transaction contemplated thereby. The Stephens opinion does not constitute a recommendation to the Park Sterling board or to any holder of Park Sterling common stock as to how the board, such shareholder or any other person should vote or otherwise act with respect to the merger transaction or any other matter. Stephens does not express any opinion as to the likely trading range of South State common stock following the merger, which may vary depending on numerous factors that generally impact the price of securities or on the operations, financial condition or prospects of South State at that time.

In connection with its review of the proposed merger transaction and the preparation of its opinion, Stephens, among other things:

reviewed the most recent draft provided to Stephens of the merger agreement;

analyzed certain publicly available financial statements and reports regarding Park Sterling and South State;

analyzed certain publicly available consensus earnings estimates of Park Sterling and South State for 2017 and 2018, as well as assumed long-term growth rates based thereon, all of which information was discussed with Stephens by Park Sterling and South State management and used and relied upon by Stephens with permission of such management;

analyzed, on a pro forma basis in reliance upon publicly available consensus earnings estimates published by FactSet Research Systems and other information concerning Park Sterling and South State prepared by, and assumptions provided by, the management teams of Park Sterling and South State, the effect of the merger on the balance sheet, capitalization ratios, earnings and book value both in the aggregate and, where applicable, on a per share basis of South State;

reviewed the reported prices and trading activity for the common stock of Park Sterling and South State;

compared the financial performance and trading prices of Park Sterling and South State with that of certain other publicly traded companies that Stephens deemed relevant to its analysis of the merger;

Table of Contents

reviewed the financial terms, to the extent publicly available, of certain merger or acquisition transactions that Stephens deemed relevant to its analysis of the merger;

discussed with management of Park Sterling and management of South State the operations of and future business prospects for Park Sterling and South State and the anticipated financial consequences of the merger to Park Sterling and South State, including potential cost savings or potential synergies;

assisted in Park Sterling deliberations regarding the material terms of the merger and in negotiations with South State; and

performed such other analyses as Stephens deemed appropriate.

Stephens relied on the accuracy and completeness of the information and financial data provided to it by Park Sterling and South State and on the other information reviewed by it in connection with the preparation of its opinion, and its opinion is based upon such information. Stephens has not assumed any responsibility for independent verification of the accuracy or completeness of any of such information or financial data. The managements of Park Sterling and South State informed Stephens that they were not aware of any relevant information that had been omitted or remained undisclosed to Stephens. Stephens has not assumed any responsibility for making or undertaking an independent evaluation or appraisal of any of the assets or liabilities of Park Sterling or of South State, and Stephens was not furnished with any such evaluations or appraisals; nor did Stephens evaluate the solvency or fair value of Park Sterling or of South State under any laws relating to bankruptcy, insolvency or similar matters. Stephens has not received or reviewed any individual credit files nor did Stephens make an evaluation of the adequacy of the allowance for loan losses of Park Sterling or South State. Stephens has not assumed any obligation to conduct any physical inspection of the properties or facilities of Park Sterling or South State. Stephens has further relied, with the consent of Park Sterling, upon Park Sterling and South State management as to the reasonableness and achievability of (i) the publicly available consensus earnings estimates of Park Sterling and South State and the assumed long-term growth rates based thereon that were discussed with Stephens by such management and that it was directed by such management to use and (ii) the projected balance sheet and capital data of Park Sterling and the estimates regarding certain pro forma financial effects of the merger on South State (and the assumptions and bases therefor, including but not limited to cost savings and related expenses expected to result from the merger) that were prepared by South State management and provided to and discussed with Stephens by such management. Stephens has assumed, with the consent of Park Sterling, that all such information is consistent with (in the case of Park Sterling and South State earnings estimates), or was otherwise reasonably prepared on a basis reflecting, the best currently available estimates and judgments of such management and that the forecasts, estimates and projected data reflected in such information will be realized in the amounts and in the time periods currently estimated. Stephens has also assumed that the representations and warranties contained in the merger agreement are true, correct and complete in all material respects. In formulating its opinion, Stephens considered only the merger consideration to be received by Park Sterling's public shareholders, and Stephens did not consider, and its opinion did not address, the fairness of the amount or nature of any compensation to be paid or payable to any of the officers, directors or employees of Park Sterling, or such class of persons, in connection with the merger transaction whether relative to the merger consideration or otherwise. Stephens was not requested to opine as to, and its opinion did not express an opinion as to or otherwise address, among other things: (1) the fairness of the merger transaction to the holders of any class of securities, creditors or other constituencies of Park Sterling, or to any other party, except for Park Sterling's public shareholders; or (2) the fairness of the transaction to any one class or group of Park Sterling's or any other party's security holders or other constituents vis-à-vis any other class or group of Park Sterling's or such other party's security holders or other constituents.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

Material Financial Analyses. The following summarizes the material financial analyses reviewed by Stephens with the Park Sterling board of directors at its meeting on April 26, 2017, which material was considered by Stephens in rendering its opinion. No company or transaction used in the analyses described below is identical or directly comparable to Park Sterling, South State or the contemplated merger transaction. For purposes of the financial analyses described below, Stephens utilized an implied transaction value for the proposed merger of \$12.68 per share of Park Sterling common stock based on the 0.14x exchange ratio in the merger agreement and the closing price of South State common stock on April 25, 2017. In addition to the financial analyses described below, Stephens reviewed with the Park Sterling board for informational purposes, among other things, implied transaction statistics for the proposed merger of 23.5x, 21.5x and 18.4x Park Sterling's LTM, 2017 and 2018 EPS, respectively, using reported LTM EPS and consensus EPS estimates for Park Sterling and 234.3% of Park Sterling's tangible book value (TBV) per share as of March 31, 2017, in each case based on the implied transaction value for the proposed merger of \$12.68 per share of Park Sterling common stock.

Selected Public Companies Analysis. Using publicly available information, Stephens compared the financial performance and financial condition of Park Sterling to 13 selected banks and thrifts headquartered in District of Columbia, Georgia, Maryland, North Carolina, South Carolina, Tennessee and Virginia that were traded on NASDAQ, the New York Stock Exchange or NYSE MKT with total assets between \$2.0 billion and \$5.0 billion. Stephens also reviewed the market performance of the selected companies. The selected companies were as follows:

Access National Corporation

Atlantic Capital Bancshares, Inc.

Carolina Financial Corporation

FB Financial Corporation

Fidelity Southern Corporation

First Bancorp

First Community Bancshares, Inc.

Franklin Financial Network, Inc.

HomeTrust Bancshares, Inc.

Old Line Bancshares, Inc.

Southern National Bancorp of Virginia, Inc.

WashingtonFirst Bankshares, Inc.

Xenith Bankshares, Inc.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

To perform this analysis, Stephens used MRQ profitability data and other financial information as of, or for the fiscal quarter or, where indicated, the LTM ended, March 31, 2017 and market price information as of April 25, 2017. Stephens also used 2017 and 2018 EPS estimates of the selected companies taken from consensus estimates. Certain financial data prepared by Stephens, as referenced in the tables presented below, may not correspond to the data presented in Park Sterling's historical financial statements as a result of the different assumptions and methods used by Stephens to compute the financial data presented.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

Stephens' analysis showed the following concerning the financial performance of Park Sterling and the selected companies:

	MRQ Core ROAA ⁽¹⁾	MRQ Core ROAE ⁽²⁾	MRQ NIM ⁽³⁾	MRQ Efficiency
Median	0.96%	9.29%	3.57%	63.9%
25 th Percentile	0.88%	7.11%	3.30%	59.0%
75 th Percentile	1.08%	11.57%	3.95%	71.0%
Park Sterling	0.93%	8.41%	3.68%	63.6%

- (1) Return on Average Assets. Core income excludes extraordinary items, nonrecurring items and gains / (losses) on sale of securities.
- (2) Return on Average Equity. Core income excludes extraordinary items, nonrecurring items and gains / (losses) on sale of securities.
- (3) Net Interest Margin.

Stephens' analysis also showed the following concerning the financial condition of Park Sterling and the selected companies:

	TCE / TA ⁽¹⁾	Leverage Ratio	Tier 1 Capital Ratio	Total Capital Ratio	NPAs / Assets
Median	9.75%	10.32%	12.29%	13.50%	0.67%
25 th Percentile	8.70%	9.14%	10.61%	13.24%	0.51%
75 th Percentile	10.52%	10.70%	13.74%	15.06%	1.44%
Park Sterling	8.89%	9.99%	12.01%	12.48%	0.46%

- (1) Tangible Common Equity / Tangible Assets.

In addition, Stephens' analysis showed the following concerning the market performance of the selected companies to the extent publicly available:

	Price / TBV ⁽¹⁾ per share	Price / LTM EPS	Price / 2017E EPS	Price / 2018E EPS
Median	199%	19.5x	18.5x	15.4x
25 th Percentile	179%	17.9x	17.3x	13.8x
75 th Percentile	217%	22.3x	20.8x	17.3x
Park Sterling	227%	22.8x	20.8x	17.8x

- (1) Tangible Book Value.

Furthermore, Stephens applied the median, 25th percentile and 75th percentile relative valuation multiples for each of the metrics to Park Sterling's actual and projected financial results and determined the implied equity price per share of Park Sterling common stock and then compared those implied equity values per share to the implied transaction value for the proposed merger of \$12.68 per share. The results of this are summarized below:

	Price / TBV per share	Price / LTM EPS	Price / 2017E EPS	Price / 2018E EPS
Median	\$ 10.75	\$ 10.51	\$ 10.89	\$ 10.61
25 th Percentile	\$ 9.69	\$ 9.67	\$ 10.22	\$ 9.53
75 th Percentile	\$ 11.74	\$ 12.06	\$ 12.28	\$ 11.96
Merger Consideration	\$ 12.68	\$ 12.68	\$ 12.68	\$ 12.68

The low and high price-to-tangible-book-value-per-share multiples of the selected companies compared to Park Sterling were 136% and 328%, respectively. The low and high price-to-LTM-EPS

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

multiples of the selected companies compared to Park Sterling were 13.3x and 34.2x, respectively. The low and high price-to-2017-estimated-EPS multiples of the selected companies compared to Park Sterling were 14.9x and 27.5x, respectively. The low and high stock-price-to-2018-estimated-EPS multiples of the selected companies compared to Park Sterling were 11.6x and 24.3x, respectively.

No company used as a comparison in the above-selected companies analysis is identical to Park Sterling. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning the differences in financial and operating characteristics of the companies involved.

Using publicly available information, Stephens compared the financial performance and financial condition of South State to 14 selected banks and thrifts headquartered in Arkansas, Florida, Georgia, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, South Carolina, Virginia and West Virginia that were traded on NASDAQ, the New York Stock Exchange or NYSE MKT with total assets between \$8.0 billion and \$15.0 billion. Stephens also reviewed the market performance of the selected companies. The selected companies were as follows:

Capital Bank Financial Corp.

Community Bank System, Inc.

Customers Bancorp, Inc.

FCB Financial Holdings, Inc.

Home BancShares, Inc.

NBT Bancorp Inc.

Northwest Bancshares, Inc.

Provident Financial Services, Inc.

Renasant Corporation

Simmons First National Corporation

Trustmark Corporation

Union Bankshares Corporation

United Community Banks, Inc.

WesBanco, Inc.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

To perform this analysis, Stephens used MRQ profitability data and other financial information as of, or for the fiscal quarter or, where indicated, the latest 12 months ended, March 31, 2017 and market price information as of April 25, 2017. Stephens also used 2017 and 2018 EPS estimates of South State and the selected companies taken from consensus estimates. Certain financial data prepared by Stephens, as referenced in the tables presented below, may not correspond to the data presented in South State's historical financial statements as a result of the different assumptions and methods used by Stephens to compute the financial data presented.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

Stephens' analysis showed the following concerning the financial performance for South State and the selected companies:

	MRQ Core ROAA ⁽¹⁾	MRQ Core ROAE ⁽¹⁾	MRQ NIM	MRQ Efficiency
Median	1.08%	8.48%	3.52%	59.4%
25 th Percentile	0.95%	7.75%	3.37%	54.9%
75 th Percentile	1.21%	10.23%	3.69%	62.1%
South State	1.25%	8.67%	4.08%	60.7%

(1)

Core income excludes extraordinary items, non-recurring items and gains / (losses) on sale of securities

Stephens' analysis also showed the following concerning the financial condition of South State and the selected companies:

	TCE / TA	Leverage Ratio	Tier 1 Capital Ratio	Total Capital Ratio	NPAs / Assets
Median	8.87%	10.16%	12.50%	13.45%	0.79%
25 th Percentile	8.34%	9.39%	11.48%	12.84%	0.50%
75 th Percentile	9.32%	10.58%	13.38%	14.36%	0.87%
South State	8.85%	10.00%	12.80%	13.30%	0.35%

In addition, Stephens' analysis showed the following concerning the market performance of the selected companies to the extent publicly available:

	Price / TBV per Share	Price / 2017E EPS	Price / 2018E EPS
Median	225%	18.3x	15.7x
25 th Percentile	210%	17.5x	15.1x
75 th Percentile	260%	19.0x	16.9x
South State	285%	21.7x	17.9x

The low and high price-to-tangible-book-value-per-share multiples of the selected companies compared to South State were 148% and 370%, respectively. The low and high price-to-2017-estimated-EPS multiples of the selected companies compared to South State were 12.3x and 23.4x, respectively. The low and high stock-price-to-2018-estimated-EPS multiples of the selected companies compared to South State were 10.5x and 21.5x, respectively.

No company used as a comparison in the above-selected companies analysis is identical to South State. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning the differences in financial and operating characteristics of the companies involved.

Selected Transaction Analysis. Stephens analyzed publicly available information relating to selected transactions announced since January 1, 2016 involving nationwide targets with total assets between \$1.5 billion and \$5.0 billion. Stephens prepared a summary of the relative valuation multiples paid in these transactions. The selected transactions used in the analysis included (public announcement date of transaction shown in parentheses):

National:

Acquisition of CU Bancorp by PacWest Bancorp (4/6/17)

Acquisition of Stonegate Bank by Home BancShares Inc. (3/27/17)

Acquisition of First Texas BHC Inc. by Simmons First National Corp. (1/23/17)

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

Acquisition of Pacific Continental Corp. by Columbia Banking System Inc. (1/9/17)
Acquisition of Southwest Bancorp Inc. by Simmons First National Corp. (12/14/16)
Acquisition of Heritage Oaks Bancorp by Pacific Premier Bancorp (12/13/16)
Acquisition of Carlisle Bancshares Inc. by Independent Bank Group Inc. (11/21/16)
Acquisition of Cascade Bancorp by First Interstate BancSystem (11/17/16)
Acquisition of Merchants Bancshares Inc. by Community Bank System Inc. (10/24/16)
Acquisition of Cardinal Financial Corp. by United Bankshares Inc. (8/18/16)
Acquisition of Standard Bancshares Inc. by First Midwest Bancorp Inc. (6/28/16)
Acquisition of Suffolk Bancorp by Peoples United Financial Inc. (6/27/16)
Acquisition of Southeastern Bank Financial Corp. by South State Corporation (6/17/16)
Acquisition of Lake Sunapee Bank Group by Bar Harbor Bankshares (5/5/16)
Acquisition of Your Community Bankshares Inc. by WesBanco Inc. (5/3/16)
Acquisition of California Republic Bancorp by Mechanics Bank (4/28/16)
Acquisition of Anchor Bancorp Wisconsin Inc. by Old National Bancorp (1/12/16)
Acquisition of Cape Bancorp Inc. by OceanFirst Financial Corp. (1/5/16)

Stephens examined valuation multiples of transaction value compared to the target companies' MRQ TBV, estimated next-twelve-months (NTM) earnings, LTM earnings, MRQ core deposits and closing stock price prior to transaction announcement, where such information was publicly available. Core deposits are defined as total deposits less time deposits of \$100,000 or more. Stephens reviewed the median, 25th percentile and 75th percentile relative valuation multiples of the selected transactions and compared them to corresponding valuation multiples for Park Sterling implied by the merger consideration. Furthermore, Stephens applied the median, 25th percentile and 75th percentile relative valuation multiples from the nationwide transactions to Park Sterling's MRQ TBV, LTM earnings, estimated NTM earnings, MRQ core deposits and closing stock price on April 25, 2017 to determine the implied equity price per share and then compared those implied equity values per share to the implied transaction value for the proposed merger of \$12.68 per share. The results of the selected transactions analysis are summarized below:

Edgar Filing: SOUTH STATE Corp - Form S-4/A

	Price / TBV per share	Price / LTM EPS	Price / NTM EPS	Premium to Core Deposits	Market Premium
Median	204%	20.7x	20.5x	14.4%	20.7%
25 th Percentile	176%	18.4x	19.2x	11.3%	7.8%
75 th Percentile	236%	23.8x	22.6x	18.8%	33.9%
Merger Consideration	234%	23.5x	20.8x	19.0%	3.1%

	Price / TBV per share	Price / LTM EPS	Price / NTM EPS	Premium to Core Deposits	Market Premium
Median	\$ 11.04	\$ 11.20	\$ 12.50	\$ 10.93	\$ 14.83
25 th Percentile	\$ 9.55	\$ 9.94	\$ 11.74	\$ 9.73	\$ 13.25
75 th Percentile	\$ 12.79	\$ 12.83	\$ 13.79	\$ 12.60	\$ 16.46
Merger Consideration	\$ 12.68	\$ 12.68	\$ 12.68	\$ 12.68	\$ 12.68

The low and high transaction-price-to-tangible-book-value-per-share multiples of the selected transactions were 123% and 306%, respectively. The low and high transaction price-to-LTM-EPS

Table of Contents

multiples of the selected transactions were 12.4x and 27.2x, respectively. The low and high transaction-price-to-NTM-EPS multiples of the selected transactions were 13.6x and 29.4x, respectively. The low and high premium to core deposits of the selected transactions were 5.5% and 21.1%, respectively. The low and high market premiums of the selected transactions were (0.1%) and 50.1%, respectively.

No company or transaction used as a comparison in the above-selected transactions analysis is identical to Park Sterling or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Discounted Cash Flow Analysis. Stephens performed a discounted cash flow analysis to estimate a range for the implied equity value of Park Sterling. In this analysis, Stephens used financial forecasts and projections relating to the earnings and assets of Park Sterling prepared, and provided to Stephens, by Park Sterling management, and assumed discount rates ranging from 11.0% to 15.0%. Stephens utilized the equity build-up method to calculate an appropriate range of discount rates for Park Sterling common stock. As detailed in the following table, which sets forth the calculation of the discount rate utilized, the discount rate equals the sum of the risk-free rate, the equity risk premium and the size premium:

Risk-free rate ⁽¹⁾	2.71%
Equity risk premium ⁽²⁾	7.56%
Size premium ⁽²⁾	2.38%

Discount rate **12.65%**

(1) The risk-free rate is represented as the yield on the twenty-year U.S. Treasury note as of April 25, 2017.

(2) The equity risk premium and size premium were sourced from the Duff & Phelps 2017 Valuation Handbook.

The ranges of implied equity values for Park Sterling were derived by adding (i) the present value of the estimated free cash flows that Park Sterling could generate over the period from 2018 to 2021 as a standalone company and (ii) the present value of Park Sterling's implied terminal value at the end of such period. Stephens assumed that Park Sterling would maintain a tangible common equity to tangible assets ratio of 8.00% and would retain sufficient earnings to maintain that level. In calculating the terminal value of Park Sterling, Stephens applied a range of 16.0x to 20.0x estimated 2022 earnings. Stephens selected these multiples on the basis of its experience and professional judgment, including its review of, among other things, the trading multiples of selected companies that Stephens determined to be comparable to Park Sterling, as discussed above. This discounted cash flow analysis resulted in a range of implied values per share of Park Sterling common stock of approximately \$9.69 per share to \$13.53 per share.

The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Park Sterling.

Relative Contribution Analysis. Stephens analyzed the relative standalone contribution of Park Sterling and South State to various pro forma balance sheet and income statement items of the combined entity. This analysis excluded purchase accounting adjustments. To perform this analysis, Stephens used (i) balance sheet data for Park Sterling and South State as of March 31, 2017 and (ii) operating income consensus estimates for Park Sterling and South State, where operating income is defined as income excluding extraordinary items, nonrecurring items and gains / (losses) on sale of securities. The results of the analysis are set forth in the following table, which also compares the results of the analysis with the implied pro forma ownership percentages of Park Sterling and South

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

State's respective shareholders in the combined company based on the 0.14x exchange ratio in the proposed merger:

	South State % of Total	Park Sterling % of Total
Balance Sheet		
Assets	77.1%	22.9%
Gross Loans	76.3%	23.7%
Deposits	78.3%	21.7%
Equity	81.4%	18.6%
Tangible Common Equity	76.4%	23.6%
Income Statement		
LTM Operating Income	81.1%	18.9%
2017 Estimated Operating Income	81.6%	18.4%
2018 Estimated Operating Income	79.8%	20.2%
Ownership		
100% Common Stock at 0.14x Exchange Ratio	79.7%	20.3%

Pro Forma Financial Impact Analysis. Stephens performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Park Sterling and South State. Using closing balance sheet estimates as of December 31, 2017 for Park Sterling and South State per South State management, 2017 operating income consensus estimates for Park Sterling, 2017 operating income consensus estimates for South State, income growth rates provided by South State management and pro forma assumptions (including certain purchase accounting adjustments, cost savings and related expenses) provided by South State management, Stephens analyzed the potential financial impact of the merger on certain projected financial results of South State. This analysis indicated the merger could be accretive to South State's 2018 estimated EPS, accretive to South State's estimated book value per share as of December 31, 2017 and dilutive to South State's estimated tangible book value per share as of December 31, 2017. Furthermore, the analysis indicated that, pro forma for the proposed merger, each of South State's tangible common equity to tangible assets ratio, Leverage Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio as of December 31, 2017 could be lower. For all of the above, the actual results achieved by South State following the merger may vary from the projected results, and the variations may be material.

Additional Considerations. The preparation of a fairness opinion is a complex process and is not susceptible to a partial analysis or summary description. Stephens believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering the analyses taken as a whole, would create an incomplete view of the process underlying its opinion. In addition, Stephens considered the results of all such analyses and did not assign relative weights to any of the analyses, but rather made qualitative judgments as to significance and relevance of each analysis and factor, so the ranges of valuations resulting from any particular analysis described above should not be taken to be the view of Stephens as to the actual value of Park Sterling.

In performing its analyses, Stephens made numerous assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond the control of Park Sterling. The analyses performed by Stephens are not necessarily indicative of actual values, trading values or actual future results which might be achieved, all of which may be significantly more or less favorable than suggested by such analyses. Such analyses were provided to the Park Sterling board of directors (solely in its capacity as such) and were prepared solely as part of the analysis of Stephens of the fairness, from a financial point of view, to Park Sterling's public shareholders, of the merger consideration to be received by such holders in connection with the proposed merger transaction pursuant to the merger agreement. The analyses do not purport to be

Table of Contents

appraisals or to reflect the prices at which companies may actually be sold, and such estimates are inherently subject to uncertainty. The opinion of Stephens was one of many factors taken into account by the Park Sterling board in making its determination to approve the merger transaction (See *Park Sterling's Reasons for the Merger; Recommendation of the Park Sterling Board of Directors*). Neither Stephens's opinion nor the analyses described above should be viewed as determinative of the Park Sterling board of directors' or Park Sterling management's views with respect to Park Sterling, South State or the proposed merger. Stephens provided advice to Park Sterling with respect to the proposed transaction. Stephens did not, however, recommend any specific amount of consideration to the Park Sterling board or that any specific merger consideration constituted the only appropriate consideration for the merger transaction. Park Sterling placed no limits on the scope of the analysis performed, or opinion expressed, by Stephens.

The Stephens opinion was necessarily based upon market, economic and other circumstances and conditions existing as of, and can be evaluated on, the information made available to Stephens as of April 25, 2017. It should be understood that subsequent developments may affect the opinion of Stephens and that Stephens does not have any obligation to update, revise or reaffirm its opinion. Stephens has assumed that the transaction will be consummated on the terms of the latest draft of the merger agreement provided to it, without material waiver or modification. Stephens has also assumed that in the course of obtaining the necessary regulatory or other consents or approvals (contractual or otherwise) for the transaction, no restrictions, including any divestiture requirements or amendments or modifications, will be imposed that would have a material adverse effect on the contemplated benefits of the transaction to Park Sterling's public shareholders.

Park Sterling has agreed to pay Stephens a fee of \$5.5 million for advisory services in connection with the merger transaction upon the closing of the transaction. For services rendered in connection with the delivery of its opinion, Park Sterling paid Stephens a fee of \$500,000 upon delivery of its opinion, which will be credited against the fee payable upon the closing of the transaction. Park Sterling has also agreed to reimburse Stephens for its expenses incurred in connection with its services, including the fees and expenses of its counsel, and will indemnify Stephens against certain liabilities arising out of its engagement.

Stephens is actively involved in the investment banking business and regularly undertakes the valuation of investment securities in connection with public offerings, private placements, business combinations and similar transactions. In the ordinary course of business, Stephens makes a market in the stock of Park Sterling and South State and may trade in the securities of Park Sterling and South State for its own account and for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities. Stephens may provide investment banking, financial advisory and other financial services to Park Sterling and/or South State or other participants in the merger transaction in the future, for which Stephens may receive compensation. Except as described above, Park Sterling has paid Stephens no other fees or commissions for other services during the two years preceding the date of its opinion. South State has not paid Stephens fees or commissions for investment banking services during the two years preceding the date of its opinion.

Certain South State and Park Sterling Unaudited Prospective Financial Information

South State and Park Sterling do not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, revenues, earnings, financial condition or other results due to, among other reasons, the inherent uncertainty of the underlying assumptions and estimates and the inherent difficulty of accurately predicting financial performance for future periods. South State and Park Sterling have included in this joint proxy statement/prospectus certain limited unaudited prospective financial information for South State and Park Sterling (which we refer to as the *projections*) to give South State and Park Sterling shareholders access to certain information

Table of Contents

provided to the South State board of directors and the Park Sterling board of directors, respectively, and the parties' respective financial advisors in connection with the merger.

The projections provided were considered in good faith by management to be reasonable, based on the best available information at the time, but were not prepared with a view toward public disclosure. As a result, the inclusion of the projections in this joint proxy statement/prospectus should not be regarded as an indication that South State, Park Sterling or any other recipient of the projections considered, or now considers, them to be necessarily predictive of actual future results, or that it should be construed as financial guidance, and it should not be relied on as such. This information was prepared solely for internal use and is subjective in many respects. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to South State's business and Park Sterling's business, all of which are difficult to predict and many of which are beyond South State's and Park Sterling's control. In addition, since the projections cover multiple years, such information by its nature becomes less predictive with each successive year.

The projections also reflect assumptions as to certain business decisions that are subject to change. The projections reflect subjective judgment in many respects and thus are susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. As such, the projections constitute forward-looking information and are subject to risks and uncertainties that could cause actual results to differ materially from the results forecasted in such prospective information, including, but not limited to, South State's performance, Park Sterling's performance, industry performance, general business and economic conditions, customer requirements, competition, adverse changes in applicable laws, regulations or rules, and the various risks set forth in South State's and Park Sterling's respective reports filed with the SEC. For other factors that could cause the actual results to differ, please see the *Risk Factors* section and *Cautionary Statement Regarding Forward-Looking Statements* in this joint proxy statement/prospectus.

The projections were not prepared with a view toward complying with the guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation or presentation of financial information. None of Dixon Hughes Goodman LLP, which serves as South State's and Park Sterling's current independent registered public accounting firm, or any other independent accountants, have compiled, examined or performed any procedures with respect to the projections included below, or expressed any opinion or any other form of assurance on such information or its achievability.

Furthermore, the projections do not take into account any circumstances or events occurring after the date they were prepared, including the transactions contemplated by the merger agreement (other than with respect to certain projections related to the combined company set forth under *Pro Forma Financial Analysis* below). Further, the projections do not take into account the effect of any possible failure of the merger to occur. None of South State, Park Sterling nor any of their financial advisors nor any of their affiliates intends to, and each of them disclaims any obligation to, update, revise or correct the projections if they are or become inaccurate (even in the short term). The inclusion of the projections herein should not be deemed an admission or representation by South State or Park Sterling that they are viewed by South State or Park Sterling as material information of South State or Park Sterling, respectively, particularly in light of the inherent risks and uncertainties associated with such forecasts. The projections included below are not being included to influence your decision whether to vote in favor of the South State merger proposal or the Park Sterling merger proposal or any other proposal to be considered at the special meetings but are being provided solely because they were made available to and considered by South State's and Park Sterling's respective financial advisors and boards of directors in connection with the merger.

Table of Contents

In light of the foregoing, and considering that the South State and Park Sterling special meetings will be held several months after the unaudited prospective financial information was prepared, as well as the uncertainties inherent in any forecasted information, South State shareholders and Park Sterling shareholders are cautioned not to place unwarranted reliance on such information, and South State shareholders and Park Sterling shareholders are urged to review South State's most recent SEC filings for a description of South State's reported financial results and the financial statements of South State included in this joint proxy statement/prospectus and Park Sterling's most recent SEC filings for a description of Park Sterling's reported financial results and the financial statements of Park Sterling included in this joint proxy statement/prospectus. See *Where You Can Find More Information*.

Certain Projections Regarding Park Sterling

Park Sterling provided South State, KBW and Stephens with an estimated EPS (prior to anticipated cost savings) of \$0.59 of Park Sterling for fiscal year 2017. Park Sterling's estimates were the same as the consensus street estimates published by FactSet Research Systems for the period. KBW then used an assumed annual EPS growth rate of 5.0% for fiscal years 2018 through 2023 at the direction of South State management. In addition, South State provided KBW with estimates of total assets as of December 31, 2017 for Park Sterling of \$3.42 billion, which reflected Park Sterling's total assets of \$3.31 billion as of March 31, 2017, extrapolated based on an annual growth rate of 5.0% assumed by KBW at the direction of South State management. KBW then estimated at the direction of South State management the value of Park Sterling's total assets as of December 31, 2018 through 2023, which reflected an assumed year-over-year annual growth rate of 5.0%.

Certain Projections Regarding South State

South State provided Park Sterling, KBW and Stephens, and South State and Park Sterling's management discussed with each party, (1) an estimated EPS of \$4.79 of South State for fiscal year 2017, which reflect consensus street estimates published by SNL Financial, and (2) an assumed annual EPS growth rate of 5.0% for fiscal years 2018 through 2023.

Pro Forma Financial Analysis

For the pro forma merger analysis, South State provided the following assumptions to Park Sterling, KBW and Stephens:

Purchase Accounting Adjustments:

Credit mark to loans of approximately \$61 million

Pro Forma Capital Assumptions:

Tangible-common-equity-to-tangible-assets ratio of approximately 8.7%

Total capital ratio of approximately 12.6%

Cost Savings:

35% of Park Sterling's expected non-interest expense for 2018 of approximately \$84.7 million (75% realized in 2018, 100% thereafter)

Related Expenses:

Approximately \$50 million after-tax

Table of Contents

Other Assumptions:

Includes the full impact of lost interchange revenue caused by the Durbin Amendment

Includes balance sheet repositioning

Core deposit intangible of 1.5%

Interests of Park Sterling's Directors and Executive Officers in the Merger

In considering the recommendation of Park Sterling's board of directors that you vote to approve the merger agreement, you should be aware that some of Park Sterling's executive officers and directors have financial interests in the merger that are different from, or in addition to, those of Park Sterling shareholders generally. The independent members of Park Sterling's board of directors were aware of and considered these interests, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending to the shareholders that the merger agreement be approved. For purposes of all of Park Sterling's agreements and plans described below, the completion of the merger will constitute a change in control.

Board of Directors of South State

Immediately following the effective time, South State will appoint James C. Cherry, Park Sterling's current Chief Executive Officer, and one current non-employee member of the board of directors of Park Sterling to the South State board of directors. South State Bank will also appoint Mr. Cherry and such other Park Sterling director to its board of directors. Mr. Cherry and the other Park Sterling director will serve on the board of directors of each of South State and South State Bank until the next annual meeting of shareholders of such company, at which time Mr. Cherry will be considered in good faith for nomination to a new term on the board of directors of each of South State and South State Bank. Additionally, Mr. Cherry will be appointed to the Executive Committee of the South State board of directors, where he will serve for a period of one year from the date of his appointment. Mr. Cherry and the other Park Sterling director appointed to South State's board of directors will participate in South State's director compensation program, the current terms of which are set forth in South State's annual proxy statement that was filed with the Securities and Exchange Commission on March 6, 2017. See *Where You Can Find More Information*.

Voting Agreements

Each director and current named executive officer of Park Sterling has entered into a voting agreement with South State, solely in his or her capacity as a shareholder of Park Sterling, pursuant to which he or she has agreed, among other things, to vote in favor of the Park Sterling merger proposal and the other proposals presented at the Park Sterling special meeting and against alternative acquisition proposals, as well as certain other customary restrictions with respect to the voting and transfer of his or her shares of Park Sterling common stock.

Director and Officer Indemnification and Insurance

The merger agreement provides that from and after the completion of the merger, the surviving corporation will indemnify and hold harmless all present and former directors and officers of Park Sterling or any of its subsidiaries against all liabilities arising out of the fact that such person is or was a director or officer of Park Sterling or any of its subsidiaries if the claim pertains to any matter of fact arising, existing or occurring at or before the effective time of the merger (including the merger and the other transactions contemplated by the merger agreement), regardless of whether such claims are asserted before or after the effective time, to the fullest extent permitted by applicable law. Further, the merger agreement requires the surviving corporation to use its reasonable best efforts to maintain

Table of Contents

for a period of six years after completion of the merger, directors and officers liability insurance. For additional information, see *The Merger Agreement Covenants and Agreements Director and Officer Indemnification and Insurance*.

Acceleration of Vesting of Restricted Stock

The current executive officers and directors of Park Sterling held an aggregate of 216,188 restricted shares of Park Sterling common stock as of July 6, 2017, the most practicable date before the date of this joint proxy statement/prospectus. As of the effective time, each Park Sterling restricted share will vest in full, become free of all restrictions and the holder of such Park Sterling restricted shares will be entitled to receive the merger consideration in exchange for each Park Sterling restricted share. The following table sets forth the number of Park Sterling restricted shares that are held by each of the current executive officers and directors of Park Sterling as of July 6, 2017, the most practicable date before the date of this joint proxy statement/prospectus, all of which will vest at the effective time of the merger. For information on the value of accelerated vesting of restricted shares held by the named executive officers of Park Sterling, see *Potential Payments and Benefits to Park Sterling Named Executive Officers in Connection with a Change in Control* below. Park Sterling estimates that the aggregate value of the merger consideration that would be received by its non-employee directors for their Park Sterling restricted shares if the effective time of the merger were July 6, 2017, the most practicable date before the date of this joint proxy statement/prospectus, and based on a price per share of Park Sterling common stock of \$12.24 (the average closing price per share of Park Sterling stock for the five trading days after the date the merger was announced), is \$1,276,045.

Name of Current Executive Officer or Director	Outstanding number of restricted shares of Park Sterling common Stock that vest in the merger
Walter C. Ayers	11,253
Leslie M. Baker, Jr.	9,653
Larry W. Carroll	9,653
Jean E. Davis	9,653
Grant S. Grayson	6,387
Patricia C. Hartung	12,720
Thomas B. Henson	9,653
Jeffrey S. Kane	9,653
Kim S. Price	9,587
Ben R. Rudisill, II	9,653
Robert G. Whitten	6,387
<i>All non-employee directors as a group</i>	<i>104,252</i>
James C. Cherry	45,750
Bryan F. Kennedy, III	23,683
Donald K. Truslow	18,817
Nancy J. Foster	23,683
<i>All current executive officers as a group</i>	<i>111,936</i>
<i>Treatment of Park Sterling Stock Options</i>	

The current executive officers and directors of Park Sterling held an aggregate of 995,381 options to purchase shares of Park Sterling common stock as of July 6, 2017, the most practicable date before the date of this joint proxy statement/prospectus. At the effective time, each outstanding option to acquire shares of Park Sterling common stock, whether or not vested, that is not exercised prior to the effective time will be cancelled by virtue of the merger and converted into the right to receive a cash payment (without interest and less applicable withholding taxes) equal to the product of (i) the number

Table of Contents

of shares of Park Sterling common stock subject to such Park Sterling stock option and (ii) the excess, if any, of (A) the product of the exchange ratio and the South State share value minus (B) the per-share exercise price of such Park Sterling stock option. If the product obtained by the prior sentence is zero or a negative number, then the Park Sterling stock option will be cancelled for no consideration. Payments with respect to options to purchase shares of Park Sterling common stock cancelled under the merger agreement will be made as soon as reasonably practicable following the effective time. The following table sets forth the total number of Park Sterling stock options held by each of the current executive officers and directors of Park Sterling as of July 6, 2017, the most practicable date before the date of this joint proxy statement/prospectus. For information on the value of stock options held by the named executive officers being converted into the right to receive cash, see *Potential Payments and Benefits to Park Sterling Named Executive Officers in Connection with a Change in Control* below. Park Sterling estimates that the aggregate amount that would become payable to its non-employee directors in settlement of their options to purchase Park Sterling common stock if the effective time of the merger were July 6, 2017, the most practicable date before the date of this joint proxy statement/prospectus, and based on a price per share of Park Sterling common stock of \$12.24 (the average closing price per share of Park Sterling stock for the five trading days after the date the merger was announced), is \$1,369,222.

Name of Current Executive Officer or Director	Total number of options
Walter C. Ayers	32,340
Leslie M. Baker, Jr.	40,425
Larry W. Carroll	46,090
Jean E. Davis	32,340
Grant S. Grayson	
Patricia C. Hartung	
Thomas B. Henson	46,090
Jeffrey S. Kane	32,340
Kim S. Price	25,000
Ben R. Rudisill, II	4,351
Robert G. Whitten	
<i>All non-employee directors as a group</i>	<i>258,976</i>
James C. Cherry	363,825
Bryan F. Kennedy, III	186,380
Donald K. Truslow	
Nancy J. Foster	186,380
<i>All executive officers as a group</i>	<i>736,585</i>
<i>Terms of Certain Employment Agreements</i>	

Messrs. Cherry, Kennedy and Truslow and Ms. Foster are each parties to various agreements with Park Sterling and its affiliates that provide, among other matters, that each such named executive officer would be entitled to certain benefits in connection with a change in control of Park Sterling (such as the merger) or in the event that such named executive officer experienced a qualifying termination of employment following a change in control of Park Sterling.

Employment Agreement with James C. Cherry

Mr. Cherry is a party to an Employment Agreement with Park Sterling. In the event that Mr. Cherry's employment were terminated without cause, he resigned for good reason or his agreement expired as a result of South State's failure to renew its terms, in each case within the period beginning on the date of the signing of a letter of intent or similar agreement that would result in a change of

Table of Contents

control transaction and ending 12 months following a change of control, Mr. Cherry would be entitled to receive (a) severance in an amount equal to two times Mr. Cherry's annual base salary at the highest rate in effect during the previous 12 months, payable monthly over two years; (b) an amount equal to two times the highest annual bonus Mr. Cherry received or earned during the three years preceding termination, payable in a lump sum, and (c) 18 months of COBRA payments. In addition, Mr. Cherry would be entitled to an amount equal to his annual base salary plus his annual bonus compensation (measured at the highest bonus received during the three years prior to termination), payable in a lump sum. The foregoing severance benefits are subject to Mr. Cherry's execution of a release of claims in favor of Park Sterling and its affiliates. In the event it were determined that Mr. Cherry's payments related to a change of control would be subject to the excise tax imposed by Section 4999 of the Code, then the amount of such payments would be reduced if and to the extent that such reduction would result in a greater after-tax benefit to Mr. Cherry. Mr. Cherry's employment agreement provides that, upon termination of employment, for a term of 12 months thereafter, Mr. Cherry will not compete with Park Sterling and will not solicit, divert or hire away to any competing business any person employed by Park Sterling. The agreement also contains covenants by Mr. Cherry regarding the confidentiality of Park Sterling information.

In connection with the execution of the merger agreement, South State Bank entered into a Consulting and Noncompetition Agreement with Mr. Cherry, the material terms of which are discussed below under *Consulting or Employment Agreements between South State and Certain Executive Officers of Park Sterling*. If the merger is consummated, the Consulting and Noncompetition Agreement by and between Mr. Cherry and South State Bank would replace the existing employment agreement with Mr. Cherry, which would have no further force and effect. Because any payments due upon consummation of the merger would be paid pursuant to the Consulting and Noncompetition Agreement with South State Bank and not the existing employment agreement with Mr. Cherry, the information provided below under *Potential Payments and Benefits to Park Sterling Named Executive Officers in Connection with a Change in Control* is based on the terms of the Consulting and Noncompetition Agreement and not the existing employment agreement with Mr. Cherry.

Employment Agreement with Bryan F. Kennedy, III

Mr. Kennedy is a party to an Employment Agreement with Park Sterling. In the event that Mr. Kennedy's employment were terminated without cause, he resigned for good reason or his agreement expired as a result of South State's failure to renew its terms, in each case within the period beginning on the date of the signing of a letter of intent or similar agreement that would result in a change of control transaction and ending 12 months following a change of control, Mr. Kennedy would be entitled to receive (a) severance in an amount equal to two times Mr. Kennedy's annual base salary at the highest rate in effect during the previous 12 months, payable monthly over two years; (b) an amount equal to two times the highest annual bonus Mr. Kennedy received or earned during the three years preceding termination, payable in a lump sum, and (c) 18 months of COBRA payments. The foregoing severance benefits are subject to Mr. Kennedy's execution of a release of claims in favor of Park Sterling and its affiliates. In the event it were determined that Mr. Kennedy's payments related to a change of control would be subject to the excise tax imposed by Section 4999 of the Code, then the amount of such payments would be reduced if and to the extent that such reduction would result in a greater after-tax benefit to Mr. Kennedy. Mr. Kennedy's employment agreement provides that, upon termination of employment, for a term of 12 months thereafter, Mr. Kennedy will not compete with Park Sterling and will not solicit, divert or hire away to any competing business any person employed by Park Sterling. The agreement also contains covenants by Mr. Kennedy regarding the confidentiality of Park Sterling information.

Table of Contents

In connection with the execution of the merger agreement, South State Bank entered into an Employment and Noncompetition Agreement with Mr. Kennedy, the material terms of which are discussed below under *Consulting or Employment Agreements between South State and Certain Executive Officers of Park Sterling*. If the merger is consummated, the Employment and Noncompetition Agreement by and between Mr. Kennedy and South State Bank would replace the existing employment agreement with Mr. Kennedy, which would have no further force and effect. Because any payments due upon consummation of the merger would be paid pursuant to the Employment and Noncompetition Agreement with South State Bank and not the existing employment agreement with Mr. Kennedy, the information provided below under

Potential Payments and Benefits to Park Sterling Named Executive Officers in Connection with a Change in Control is based on the terms of the Employment and Noncompetition Agreement and not the existing employment agreement with Mr. Kennedy.

Employment Agreement with Donald K. Truslow

Mr. Truslow is a party to an Employment Agreement with Park Sterling. In the event that Mr. Truslow's employment were terminated without cause, he resigned for good reason or his agreement expired as a result of South State's failure to renew its terms, in each case within the period beginning on the date of the signing of a letter of intent or similar agreement that would result in a change of control transaction and ending 12 months following a change of control, Mr. Truslow would be entitled to receive (a) severance in an amount equal to two times Mr. Truslow's annual base salary at the highest rate in effect during the previous 12 months, payable monthly over two years; (b) an amount equal to two times the highest annual bonus Mr. Truslow received or earned during the three years preceding termination, payable in a lump sum, and (c) 18 months of COBRA payments. The foregoing severance benefits are subject to Mr. Kennedy's execution of a release of claims in favor of Park Sterling and its affiliates. In the event it were determined that Mr. Truslow's payments related to a change of control would be subject to the excise tax imposed by Section 4999 of the Code, then the amount of such payments would be reduced if and to the extent that such reduction would result in a greater after-tax benefit. Mr. Truslow's employment agreement provides that upon termination of employment, for a term of 12 months thereafter, Mr. Truslow will not compete with Park Sterling and will not solicit, divert or hire away to any competing business any person employed by Park Sterling. The agreement also contains covenants by Mr. Truslow regarding confidentiality of Park Sterling information.

In connection with the execution of the merger agreement, South State Bank entered into an Employment and Noncompetition Agreement with Mr. Truslow, the material terms of which are discussed below under *Consulting or Employment Agreements between South State and Certain Executive Officers of Park Sterling*. If the merger is consummated, the Employment and Noncompetition Agreement by and between Mr. Truslow and South State Bank would replace the existing employment agreement with Mr. Truslow, which would have no further force and effect. Because any payments due upon consummation of the merger would be paid pursuant to the Employment and Noncompetition Agreement with South State Bank and not the existing employment agreement with Mr. Truslow, the information provided below under

Potential Payments and Benefits to Park Sterling Named Executive Officers in Connection with a Change in Control is based on the terms of the Employment and Noncompetition Agreement and not the existing employment agreement with Mr. Truslow.

Employment Agreement with Nancy J. Foster

Ms. Foster is a party to an Employment Agreement with Park Sterling. In the event that Ms. Foster's employment were terminated without cause, she resigned for good reason or her agreement expired as a result of South State's failure to renew its terms, in each case within the period beginning on the date of the signing of a letter of intent or similar agreement that would result in a

Table of Contents

change of control transaction and ending 12 months following a change of control, Ms. Foster would be entitled to receive (a) severance in an amount equal to two times Ms. Foster's annual base salary at the highest rate in effect during the previous 12 months, payable monthly over two years; (b) an amount equal to two times the highest annual bonus Ms. Foster received or earned during the three years preceding termination, payable in a lump sum, and (c) 18 months of COBRA payments. The foregoing severance benefits are subject to Ms. Foster's execution of a release of claims in favor of Park Sterling and its affiliates. In the event it were determined that Ms. Foster's payments related to a change of control would be subject to the excise tax imposed by Section 4999 of the Code, then the amount of such change-in-control-related payments would be reduced if and to the extent that such reduction would result in a greater after-tax benefit. Ms. Foster's employment agreement provides that upon termination of employment, for a term of 12 months thereafter, Ms. Foster will not compete with Park Sterling and will not solicit, divert or hire away to any competing business any person employed by Park Sterling. The agreement also contains covenants by Ms. Foster regarding the confidentiality of Park Sterling information.

Consulting or Employment Agreements between South State and Certain Executive Officers of Park Sterling

In connection with the execution of the merger agreement, South State Bank entered into the Consulting Agreement with James C. Cherry as well as the Replacement Agreements. The Consulting Agreement and the Replacement Agreements will become effective upon the closing of the merger and will be void if the merger is not consummated.

Mr. Cherry's Consulting Agreement provides for Mr. Cherry to continue providing services as a consultant to South State Bank for a period of three years following the closing of the merger, unless the Consulting Agreement is terminated earlier. Under the Consulting Agreement, Mr. Cherry would be entitled to an annual retainer of \$333,334 per year, would be eligible to receive an incentive bonus for 2017 (if the merger were consummated before Park Sterling pays its 2017 bonuses) and would be entitled to reimbursement for expenses related to his duties under the Consulting Agreement. In addition, Mr. Cherry would be entitled to a one-time payment of \$1,633,854 to be paid no later than ten days following the closing of the merger, a cash payment of \$1,080,000 payable in equal monthly installments over 24 months beginning on the first 15th day of a month that occurs six months following the closing of the merger and a one-time payment of \$3,000,000 to be paid no later than 120 days following the completion of the systems conversion.

The Consulting Agreement provides that, upon a termination of Mr. Cherry's services, Mr. Cherry would receive any portion of the one-time payments of \$1,633,854 and \$1,080,000 not already paid. In addition, the Consulting Agreement provides that, upon a termination of Mr. Cherry's services by South State Bank for other than for cause, including termination for death or disability, or by Mr. Cherry for good reason, Mr. Cherry would receive (i) the one-time payment of \$3,000,000 due upon systems conversion, if not already paid; (ii) any unpaid annual incentive bonus for 2017, if not already paid and the termination occurs on or after January 1, 2018; and (iii) severance that is equal to the annual retainer that would have been payable for the period beginning on the date following Mr. Cherry's termination and ending on the third anniversary of the closing of the merger. The foregoing payments are subject to Mr. Cherry's execution of a release of claims in favor of South State Bank and its affiliates and compliance with covenants not to compete and not to solicit clients or employees for a period of five years following the closing of the merger (regardless of whether he is providing services to South State Bank). The Consulting Agreement also contains covenants by Mr. Cherry regarding the confidentiality of South State information.

The Replacement Agreements provide for Mr. Kennedy and Mr. Truslow to be employed on a full-time basis, at an annual base salary of \$360,000 each, for a period of three years following the closing of the merger, unless the executive's Replacement Agreement is terminated earlier. Each of Mr. Kennedy and Mr. Truslow would be eligible for an incentive bonus in 2017 (if the merger were

Table of Contents

consummated before Park Sterling pays its 2017 bonuses). For fiscal years following 2017, Mr. Kennedy would be eligible to participate in South State's Management Incentive Plan and Mr. Truslow would be eligible to participate in South State's Executive Incentive Plan. In addition, each of Mr. Kennedy and Mr. Truslow would (i) be entitled to participate in employee benefit plans, vacation and sick leave plans, and receive reimbursement for expenses related to their respective duties under the Replacement Agreements, and (ii) receive a one-time payment of \$413,616, which amount would be paid no later than ten days following the closing of the merger, and a one-time contribution of \$720,000 to South State's Deferred Income Plan, which amount would be paid in equal monthly installments over 24 months beginning on the first 15 day of a month that occurs following the executive's termination of employment.

The Replacement Agreements provide that, upon a termination of employment by South State Bank or the executive for any reason, the executive would receive the one-time payment of \$413,616 as well as the one-time contribution of \$720,000 to South State's Deferred Income Plan on the schedule described above, if not already paid or contributed. In addition, if a change of control of South State occurs during the term of the Replacement Agreement and the executive's employment were terminated by South State for any reason other than for cause or as a result of the executive's death or disability, or by the executive for good reason within one year following the change of control, the executive would also receive severance that is equal to the sum his base salary and target annual bonus opportunity as of his termination to be paid within 60 days following his termination. The foregoing payments are subject to the applicable executive's execution of a release of claims in favor of South State and its affiliates and compliance with covenants not to compete and not to solicit clients or employees, with respect to Mr. Kennedy, from the closing of the merger until the later of the fourth anniversary of the closing of the merger and the first anniversary of his termination and, with respect to Mr. Truslow, from the closing of the merger until the first anniversary of his termination. The Replacement Agreements also contain covenants by Mr. Kennedy and Mr. Truslow regarding confidentiality of South State information.

For the purposes of the Consulting Agreement and Replacement Agreements, cause generally means, with respect to Mr. Cherry, Mr. Kennedy, or Mr. Truslow, as applicable (a) a material breach of the terms of the Consulting Agreement or Replacement Agreement, including failure to perform his responsibilities and duties thereunder; (b) the commission of an act constituting fraud against, misappropriation from, or material dishonesty to South State Bank; (c) conviction of a felony or any crime involving breach of trust or moral turpitude; (d) conduct that amounts to willful misconduct, gross and willful insubordination, or gross neglect or inattention to his duties and responsibilities under the Consulting Agreement or Replacement Agreement, including prolonged unexcused absences; (e) behavior related to his services or employment, as applicable, that is materially disruptive to the orderly conduct of South State Bank's business operations; (f) receipt of written notice that any regulatory agency with jurisdiction over South State has made a final determination that Mr. Cherry, Mr. Kennedy, or Mr. Truslow, as applicable, has violated a particular law or regulation; or (g) his removal or permanent prohibition from participating in the conduct of South State Bank's affairs.

For the purposes of the Consulting Agreement, good reason generally means (a) a material breach by South State Bank of the Consulting Agreement, which includes a material reduction by South State Bank in annual retainer or the failure to pay certain amounts due under the Consulting Agreement or (b) South State Bank requiring relocation of his primary office or worksite a distance greater than 25 miles from 1043 E. Morehead Street, Suite 201 Charlotte, North Carolina 28204, each if not corrected by South State Bank within 60 days of receiving notice of such circumstances. For purposes of the Replacement Agreements, good reason generally means, with respect to Mr. Kennedy or Mr. Truslow, as applicable (a) a material reduction in his authority, duties, or responsibilities; (b) a material reduction in the authority, duties, or responsibilities of the supervisor he is required to report, including a requirement that he report directly to a corporate officer or employee instead of the board of directors; (c) a material reduction in the budget (if any) over which he has

Table of Contents

authority; (d) South State Bank reducing his total compensation (except for across-the-board salary reductions); (e) South State Bank requiring him to be based anywhere other than within 50 miles of his last assigned area of responsibility; or (f) South State Bank's failure to pay certain amounts due under the Replacement Agreement or any other material breach by South State Bank of the Replacement Agreement, each if not corrected by South State Bank within 30 days of receiving notice of such circumstances.

In the event it were determined that the payments related to a change of control under the Consulting Agreement or a Replacement Agreement, as applicable, would be subject to the excise tax imposed by Section 4999 of the Code, then the amount of such payments would be reduced if and to the extent that such reduction would result in a greater after-tax benefit to the applicable executive.

In addition, South State Bank and Park Sterling Bank have entered into a letter agreement with Mr. Ladnier pursuant to which he may become entitled to a severance benefit if South State Bank is unable to identify a job position for him with South State Bank following the closing and Mr. Ladnier continues his employment with Park Sterling through the closing.

2017/2018 Incentive Bonuses

Each participant in a Park Sterling annual incentive plan in respect of 2017 will be entitled to the payment of such incentives, based on specific company, business unit and/or personal performance goals, subject to his or her continued employment until the date such incentives would become payable in the ordinary course of business. Notwithstanding the foregoing, in the event a participant's employment is terminated without cause prior to the payment of his or her annual incentive compensation for 2017, such participant will receive full payment of such 2017 incentives within 60 days following his or her termination. If the closing of the merger does not occur prior to January 1, 2018, Park Sterling may award and pay annual incentive compensation for 2018 based on the same factors as applied for 2017, calculated on a pro rata basis and paid within 60 days of the closing.

Potential Payments and Benefits to Park Sterling Named Executive Officers in Connection with a Change in Control

The following table and related footnotes are intended to comply with Item 402(t) of Regulation S-K under the Exchange Act, which requires disclosure of information about the payments and benefits that each of the Park Sterling named executive officers, as determined for the purposes of Park Sterling's most recent Annual Report on Form 10-K, will or may receive that are based on or otherwise relate to the merger, assuming the merger was completed on July 6, 2017. The amounts reported below are estimates based on multiple assumptions that may or may not actually occur on the relevant date, including an assumption that the employment of each of the five named executive officers is terminated without cause immediately following the completion of the merger, and do not reflect certain compensation actions that may occur before the completion of the merger and do not reflect some events that may not occur following the merger.

Table of Contents**Compensation Subject to Compensation Proposal**

Name	Cash (\$)	Equity (\$) ⁽⁸⁾	Pension/Perquisites/ NQDC (\$)	Benefits (\$)	Reimbursemen Tax (\$)	Other (\$)	Total (\$) ⁽¹⁰⁾
James C. Cherry	\$ 6,382,104 ⁽³⁾	\$ 2,649,974	\$	\$	\$	\$	\$ 9,032,078
Bryan F. Kennedy, III	\$ 1,356,366 ⁽⁴⁾	\$ 1,360,541	\$	\$	\$	\$	\$ 2,716,907
Donald K. Truslow	\$ 1,354,819 ⁽⁵⁾	\$ 230,395	\$	\$	\$	\$	\$ 1,585,214
David L. Gaines ⁽¹⁾	\$	\$	\$	\$	\$	\$	\$
Nancy J. Foster	\$ 1,376,721 ⁽⁶⁾	\$ 1,360,542	\$	\$	\$	\$	\$ 2,737,263
Mark S. Ladnier ⁽²⁾	\$ 300,948 ⁽⁷⁾	\$ 54,070	\$	\$	\$	\$	\$ 355,018

- (1) Mr. Gaines stepped down as Executive Vice President and Chief Financial Officer of Park Sterling effective February 5, 2016. As a result, Mr. Gaines will not be employed by Park Sterling at the time of the merger and did not and will not receive any compensation based on or otherwise related to the merger.
- (2) Effective 2017, the Park Sterling board of directors has determined that Mr. Ladnier's role does not involve policy-making for the company and is no longer considered an executive officer position.
- (3) The amount set forth represents (a) a one-time payment of \$1,633,854, which amount would be paid no later than ten days following the closing of the merger; (b) a one-time cash payment of \$1,080,000, which amount would be paid in equal monthly installments over 24 months beginning on the first 15th day of a month that occurs six months following the closing of the merger; (c) a one-time payment of \$3,000,000, which amount would be paid upon the completion of the systems conversion; (d) the annual incentive bonus earned in respect of 2017, which for purposes of this table is estimated to be \$668,250.
- Mr. Cherry's service as an employee will terminate automatically upon the closing of the merger pursuant to the Consulting Agreement and he will become a consultant to South State Bank. Although not included in the amount set forth above, if Mr. Cherry's services as a consultant were terminated by South State Bank for other than for cause, including termination for death or disability, or by Mr. Cherry for good reason following the closing of the merger, he would be entitled to a severance payment that is equal to the annual retainer that would have been payable for the period beginning on the date following his termination and ending on the third anniversary of the closing of the merger (which amount would be \$1,000,002 if his consulting services were terminated immediately following the closing of the merger), which severance payment would be paid in a lump sum on the 55th day following the termination of his services as a consultant.
- (4) The amount set forth represents (a) a one-time cash payment equal to \$413,616, which amount would be paid upon the closing of the merger, whether or not Mr. Kennedy's employment is terminated; (b) a one-time contribution of \$720,000 to South's State Deferred Income Plan, which amount would be paid in equal monthly installments over 24 months beginning on the first 15th day of a month that occurs following the termination of Mr. Kennedy's employment; and (c) the annual incentive bonus earned in respect of 2017, which for purposes of this table is estimated to be \$222,750.
- (5) The amount set forth represents (a) a one-time cash payment equal to \$413,616, which amount would be paid upon the closing of the merger, whether or not Mr. Truslow's employment is terminated; (b) a one-time contribution of \$720,000 to South's State Deferred Income Plan, which amount would be paid in equal monthly installments over 24 months beginning on the first 15th day of a month that occurs following the termination of Mr. Truslow's employment; and (c) the annual incentive bonus earned in respect of 2017, which for purposes of this table is estimated to be \$221,203.
- (6) The amount set forth represents (a) a one-time cash payment equal to \$413,616 representing two times the highest annual incentive bonus earned by Ms. Foster over the last three years; (b) a severance payment of \$720,000 representing two times Ms. Foster's annual base compensation; (c) the annual incentive bonus earned in respect of 2017, which for purposes of this table is estimated to be \$222,750; and (d) 18 months of COBRA payments, which for purposes of this table are estimated to be \$20,355.
- (7) The amount set forth represents (a) severance equal to one year of base compensation of \$225,010 pursuant to a letter agreement entered into among South State Bank, Park Sterling Bank and Mr. Ladnier; and (b) the annual incentive bonus earned in respect of 2017, which for purposes of this table is estimated to be \$75,938.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

(8)

The amounts set forth comprise the value of restricted stock subject to accelerated vesting as a result of the merger, measured as the average closing price of Park Sterling common stock for the five trading days after the merger was announced on April 27, 2017. The estimated equity compensation is as follows:

Name	Vesting Stock Awards		Incentive Stock Options		Total Equity Compensation
	Stock Awards that Vest	Value Realized Upon Vesting(9)	Incentive Stock Options that Vest	Value Realized Upon Vesting(9)	
Cherry	45,750	\$ 560,163	363,825	\$ 2,089,811	\$ 2,649,974
Kennedy	23,683	\$ 289,975	186,380	\$ 1,070,567	\$ 1,360,541
Truslow	18,817	\$ 230,395			\$ 230,395
Gaines		\$			\$
Foster	23,683	\$ 289,975	186,380	\$ 1,070,567	\$ 1,360,542
Ladnier	4,416	\$ 54,070			\$ 54,070

(9)

The Value Realized Upon Vesting of Stock Awards is based on an assumed price of \$12.24 per share of Park Sterling's common stock, the average closing price of Park Sterling's common stock for the five trading days after the date the merger was announced, April 27, 2017. The Value Realized Upon Vesting of Incentive Stock Options is based on the difference between the option exercise price and the assumed price of \$12.24 per share of Park Sterling's common stock.

(10)

Pursuant to the applicable agreements, if any of these amounts are considered excess parachute payments under Code Section 280G, they may be reduced if such reduction would result in the named executive officer receiving a greater after-tax payment.

Public Trading Markets

South State common stock is listed for trading on the NASDAQ under the symbol SSB, and Park Sterling common stock is listed for trading on the NASDAQ under the symbol PSTB. Upon completion of the merger, Park Sterling common stock will no longer be listed for trading on the NASDAQ.

Under the merger agreement, South State will use reasonable best efforts to cause the shares of South State common stock to be issued in connection with the merger to be approved for listing on the NASDAQ, and the merger agreement provides that neither South State nor Park Sterling will be required to complete the merger if such shares are not approved for listing, subject to notice of issuance, on the NASDAQ. Following the merger, South State expects that its common stock will continue to be traded on the NASDAQ.

South State's Dividend Policy

No assurances can be given that any dividends will be paid by South State or that dividends, if paid, will not be reduced or eliminated in future periods. Special cash dividends, stock dividends or returns of capital may, to the extent permitted by the policies and regulations of the Federal Reserve Board, be paid in addition to, or in lieu of, regular cash dividends. Dividends from South State will depend, in large part, upon receipt of dividends from South State Bank, and any other banks which South State acquires, because South State will have limited sources of income other than dividends from South State Bank and earnings from the investment of proceeds from the sale of shares of common stock retained by South State. The South State board of directors may change its dividend policy at any time, and the payment of dividends by financial holding companies is generally subject to legal and regulatory limitations. For further information, see *Comparative Historical and Unaudited Pro Forma Per Share Data*.

Dissenters' Rights in the Merger

Park Sterling is incorporated under North Carolina law. Under the NCBCA, dissenters' rights are not available to holders of shares of any class or series of shares that are traded in an organized market and have at least 2,000 shareholders and a market value of at least \$20,000,000. Because Park Sterling common stock is traded on the NASDAQ, an organized market, and has at least 2,000

Table of Contents

shareholders and a market value of at least \$20,000,000, Park Sterling shareholders do not have the right to dissent from the merger agreement and seek an appraisal in connection with the merger.

Regulatory Approvals Required for the Merger

Completion of the merger is subject to the prior receipt of all approvals and consents required to be obtained from applicable governmental and regulatory authorities, without certain conditions being imposed by any governmental authority as part of a regulatory approval that would reasonably be likely to have a material adverse effect on South State and its subsidiaries, taken as a whole, or Park Sterling and its subsidiaries, taken as a whole, in each case measured on a scale relative to Park Sterling and its subsidiaries, taken as a whole. Subject to the terms and conditions of the merger agreement, South State and Park Sterling have agreed to use their reasonable best efforts and cooperate to prepare and file, as promptly as possible, all necessary documentation and to obtain as promptly as practicable all regulatory approvals required or advisable to complete the transactions contemplated by the merger agreement. These approvals include, among others, approval of the merger and the bank merger, as applicable, by the Federal Reserve Board, the Federal Deposit Insurance Corporation, the South Carolina State Board of Financial Institutions and the North Carolina Commissioner of Banks. South State and Park Sterling have filed certain applications and notifications to obtain the required regulatory approvals and will file such additional applications and notifications as may be requested.

Federal Reserve Board

South State is a bank holding company under Section 3 of the BHC Act. The primary regulator of South State is the Federal Reserve Board. Accordingly, the transactions contemplated by the merger agreement are subject to approval by the Federal Reserve Board under Section 3 of the BHC Act. In considering the approval of a transaction such as the merger, the BHC Act requires the Federal Reserve Board to review, with respect to the bank holding companies and the banks concerned: (1) the competitive impact of the transaction, (2) the financial condition and future prospects, including capital positions and managerial resources, (3) the convenience and needs of the communities to be served and the record of the insured depository institution subsidiaries of the bank holding companies under the Community Reinvestment Act of 1977 (which we refer to as the CRA), (4) the effectiveness of the companies and the depository institutions concerned in combating money-laundering activities, and (5) the extent to which the proposal would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. In connection with its review, the Federal Reserve Board provides an opportunity for public comment on the application and is authorized to hold a public meeting or other proceeding if they determine that such meeting or other proceeding would be appropriate.

Under the CRA, the Federal Reserve Board must take into account the record of performance of the companies and the depository institutions concerned in meeting the credit needs of the entire community, including low- and moderate-income neighborhoods, served by such companies and depository institutions. Depository institutions are periodically examined for compliance with the CRA by their primary federal supervisor and are assigned ratings. In evaluating the record of performance of an institution in meeting the credit needs of the entire community served by the institution, the Federal Reserve Board considers the institution's record of compliance with the CRA, including the most recent rating assigned by its primary federal supervisor. As of their last respective CRA examinations, each of South State Bank and Park Sterling Bank was rated Satisfactory with respect to CRA compliance.

Federal Deposit Insurance Corporation

The applicable federal statute (the Bank Merger Act) mandates that the prior approval of the FDIC, the primary federal regulator of the resulting bank, is required to merge Park Sterling Bank with and into South State Bank. In evaluating an application filed under the Bank Merger Act, the FDIC generally considers: (1) the competitive impact of the transaction, (2) financial and managerial

Table of Contents

resources of the banks party to the bank merger or mergers, (3) the convenience and needs of the community to be served and the record of the banks under the CRA, including their CRA ratings, (4) the banks' effectiveness in combating money-laundering activities and (5) the extent to which the bank merger or mergers would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. In connection with its review, the FDIC provides an opportunity for public comment on the application and is authorized to hold a public meeting or other proceeding if they determine that would be appropriate.

South Carolina State Board of Financial Institutions

The merger of Park Sterling Bank with and into South State Bank must be approved by the South Carolina State Board of Financial Institutions under Section 34-25-230 of the South Carolina Code. In considering a merger application, the South Carolina State Board of Financial Institutions considers if: (i) the proposed transaction will not be detrimental to the safety and soundness of the applicant or the resulting bank, (ii) any new officers and directors of the resulting bank are qualified by character, experience and financial responsibility to direct and manage the resulting bank and (iii) the proposed merger is consistent with the convenience and needs of the communities to be served by the resulting bank in this South Carolina and is otherwise in the public interest.

North Carolina Commissioner of Banks

The mergers of Park Sterling with and into South State and of Park Sterling Bank with and into South State Bank must be approved by the North Carolina Commissioner of Banks under Section 53-211 of the North Carolina General Statutes. To approve an application for a South Carolina bank holding company to acquire a North Carolina bank holding company and a North Carolina bank, the North Carolina Commissioner of Banks must: (a) determine that the laws of South Carolina permit North Carolina bank holding companies to acquire South Carolina bank holding companies and South Carolina banks and (b) make the acquisition subject to any conditions, restrictions, requirements or limitations that would apply to the acquisition by a North Carolina bank holding company of a bank or bank holding company in South Carolina, but that would not apply to the acquisition of a bank or bank holding company in South Carolina by a bank holding company all of the subsidiaries of which are located in South Carolina.

Additional Regulatory Approvals and Notices

Notifications and/or applications requesting approval may be submitted to various other federal and state regulatory authorities and self-regulatory organizations.

South State and Park Sterling believe that the merger does not raise substantial antitrust or other significant regulatory concerns and that we will be able to obtain all requisite regulatory approvals. However, neither South State nor Park Sterling can assure you that all of the regulatory approvals described above will be obtained and, if obtained, we cannot assure you as to the timing of any such approvals, our ability to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals. In addition, there can be no assurance that such approvals will not impose conditions or requirements that, individually or in the aggregate, would or could reasonably be expected to have a material adverse effect on the financial condition, results of operations, assets or business of South State following completion of the merger.

The parties' obligation to complete the merger is conditioned upon the receipt of all required regulatory approvals. South State and Park Sterling will use their respective reasonable best efforts to resolve any objections that may be asserted by any regulatory authority with respect to the merger agreement or the merger or the other transactions contemplated by the merger agreement.

Neither South State nor Park Sterling is aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently

Table of Contents

contemplated that if any such additional governmental approvals or actions are required, those approvals or actions will be sought. There can be no assurance, however, that any additional approvals or actions will be obtained.

Litigation Related to the Merger

On August 14, 2017, the Roskopf Action was filed in the U.S. District Court for the Western District of North Carolina in connection with the merger. On August 15, 2017, a similar class action lawsuit, the Parshall Action, was filed in the same court. Both Actions named as defendants Park Sterling and the Park Sterling board of directors, and the Parshall Action also named South State as a defendant.

The complaints in the Actions allege that Park Sterling, the Park Sterling board of directors and, in the Parshall Action, South State omitted and/or provided misleading information in the registration statement on Form S-4 filed with the SEC in connection with the merger in violation of the Exchange Act and related SEC regulations.

The Actions collectively seek, among other things, an injunction preventing the closing of the merger, rescission of the merger if it is consummated, damages and an award of plaintiffs' attorneys' and experts' fees.

The outcome of these lawsuits is uncertain. Park Sterling, the Park Sterling board of directors and, with respect to the Parshall Action, South State, believe that the claims asserted are without merit. Additional lawsuits arising out of or relating to the merger agreement and the transactions contemplated thereby may be filed in the future. If additional similar complaints are filed, absent new or different allegations that are material, neither South State nor Park Sterling will necessarily announce such additional filings.

Table of Contents

THE MERGER AGREEMENT

The following describes certain aspects of the merger, including certain material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached to this joint proxy statement/prospectus as **Annex A** and is incorporated by reference into this joint proxy statement/prospectus. We urge you to read the merger agreement carefully and in its entirety, as it is the legal document governing the merger.

Explanatory Note Regarding the Merger Agreement

The merger agreement and this summary of terms are included to provide you with information regarding the terms of the merger agreement. Factual disclosures about South State and Park Sterling contained in this joint proxy statement/prospectus or in the public reports of South State and Park Sterling filed with the SEC may supplement, update or modify the factual disclosures about South State and Park Sterling contained in the merger agreement. The merger agreement contains representations and warranties by South State, on the one hand, and by Park Sterling, on the other hand. The representations, warranties and covenants made in the merger agreement by South State and Park Sterling were qualified and subject to important limitations agreed to by South State and Park Sterling in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purpose of establishing circumstances in which a party to the merger agreement may have the right not to consummate the merger if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties also may be subject to a contractual standard of materiality different from that generally applicable to shareholders and reports and documents filed with the SEC and some were qualified by the matters contained in the confidential disclosure schedules that South State and Park Sterling each delivered in connection with the merger agreement and certain documents filed with the SEC. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this joint proxy statement/prospectus, may have changed since the date of the merger agreement.

For the foregoing reasons, the representations and warranties or any descriptions of those provisions should not be read alone or relied upon as characterizations of the actual state of facts or condition of South State or Park Sterling or any of their respective subsidiaries or affiliates. Instead, such provisions or descriptions should be read only in conjunction with the other information provided elsewhere in this document or incorporated by reference into this joint proxy statement/prospectus. Please see *Where You Can Find More Information*. South State and Park Sterling will provide additional disclosures in their public reports to the extent they are aware of the existence of any material facts that are required to be disclosed under federal securities laws and that might otherwise contradict the terms and information contained in the merger agreement and will update such disclosure as required by federal securities laws.

Structure of the Merger

Each of the South State board of directors and the Park Sterling board of directors has unanimously approved the merger agreement. The merger agreement provides for the merger of Park Sterling with and into South State, with South State continuing as the surviving entity in the merger. Immediately following the merger, Park Sterling Bank, a wholly owned bank subsidiary of Park Sterling, will merge with and into South State's wholly owned bank subsidiary, South State Bank, with South State Bank continuing as the surviving bank.

Table of Contents

Merger Consideration

Each share of Park Sterling common stock issued and outstanding immediately prior to the completion of the merger, except for certain specified shares of Park Sterling common stock held by Park Sterling or South State, will be converted into the right to receive 0.14 shares of South State common stock. If the shares of common stock of either South State or Park Sterling are increased, decreased or changed into or exchanged for a different number or kind of shares or securities before the merger is completed as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or similar change in capitalization, or if there is any extraordinary dividend or distribution paid, then the merger consideration will be proportionately adjusted to give holders of Park Sterling common stock the same economic effect as contemplated by the merger agreement prior to such event.

Fractional Shares

South State will not issue any fractional shares of South State common stock in the merger. Instead, a Park Sterling shareholder who otherwise would have received a fraction of a share of South State common stock will receive an amount in cash rounded to the nearest whole cent. This cash amount will be determined by multiplying (x) the fraction of a share of South State common stock to which the holder would otherwise be entitled by (y) the South State share value.

Board of Directors

Immediately following the effective time, South State will appoint James C. Cherry, Park Sterling's current Chief Executive Officer, and one current non-employee member of the board of directors of Park Sterling to the South State board of directors. South State Bank will also appoint Mr. Cherry and such other Park Sterling director to its board of directors. Mr. Cherry and the other Park Sterling director will serve on the board of directors of each of South State and South State Bank until the next annual meeting of shareholders of such company, at which time Mr. Cherry will be considered in good faith for nomination to a new term on the board of directors of each of South State and South State Bank. Additionally, Mr. Cherry will be appointed to the Executive Committee of the South State board of directors, where he will serve for a period of one year from the date of his appointment. Following the closing, Mr. Robert R. Horger will continue to serve as Chairman of the board of directors of South State.

Officers

The officers of South State in office immediately prior to the effective time, together with such additional persons as may thereafter be elected or appointed, shall serve as the officers of the surviving corporation from and after the effective time of the merger in accordance with the bylaws of South State.

Treatment of Park Sterling Equity Awards

Options

At the effective time, each outstanding option to acquire shares of Park Sterling common stock, whether or not vested, that is not exercised prior to the effective time will be cancelled by virtue of the merger and converted into a right to receive a cash payment (without interest and less applicable withholding taxes) equal to the product of (i) the number of shares of Park Sterling common stock subject to such Park Sterling stock option and (ii) the excess, if any, of (A) the product of the exchange ratio and the South State share value over (B) the per-share exercise price of such Park Sterling stock option. In the event that the product obtained by the prior sentence is zero or a negative number, then the Park Sterling stock option will be cancelled for no consideration.

Table of Contents

Restricted Stock Awards

At the effective time, each restricted stock award in respect of Park Sterling common stock will vest in full and the restrictions thereon will lapse, and shall be converted into a right to receive the merger consideration with respect to each share subject to the award.

Closing and Effective Time of the Merger

The merger will be completed only if all conditions to the merger discussed in this joint proxy statement/prospectus and set forth in the merger agreement are either satisfied or waived. See *Conditions to Completion of the Merger*.

The merger will become effective as of the date and time specified in the Articles of Merger filed with the Secretary of State of the State of North Carolina and the Articles of Merger filed with the Secretary of State of the State of South Carolina. The closing of the transactions contemplated by the merger will occur at 10:00 a.m., New York City time on a date no later than three business days after the satisfaction or waiver of the last of the conditions specified in the merger agreement (other than those conditions that by their nature are to be satisfied or waived at the closing, but subject to the satisfaction or waiver of such conditions), or such other date as mutually agreed to by the parties. It currently is anticipated that the completion of the merger will occur in the fourth quarter of 2017, subject to the receipt of regulatory approvals and other customary closing conditions, but neither Park Sterling nor South State can guarantee when or if the merger will be completed.

Conversion of Shares; Exchange of Certificates

The conversion of Park Sterling common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. After completion of the merger, the exchange agent will exchange certificates representing shares of Park Sterling common stock for the merger consideration, any cash in lieu of fractional shares and any unpaid dividends and distributions on the South State common stock deliverable in respect of each share of Park Sterling common stock to be received pursuant to the terms of the merger agreement.

Letter of Transmittal

As soon as reasonably practicable after the completion of the merger, the exchange agent will mail appropriate transmittal materials and instructions to those persons who were holders of Park Sterling common stock immediately prior to the completion of the merger. These materials will contain instructions on how to surrender shares of Park Sterling common stock in exchange for the merger consideration, any cash in lieu of fractional shares and any unpaid dividends and distributions on the South State common stock deliverable in respect of each share of Park Sterling common stock that the holder is entitled to receive under the merger agreement.

If a certificate for Park Sterling common stock has been lost, stolen or destroyed, the exchange agent will issue the merger consideration, any cash in lieu of fractional shares and any unpaid dividends and distributions on the South State common stock deliverable in respect of each share of Park Sterling common stock to which such Park Sterling common stock is entitled upon receipt of (1) an affidavit of that fact by the claimant and (2) if reasonably required, such bond as South State may determine is necessary as indemnity against any claim that may be made against South State with respect to such lost, stolen or destroyed certificate.

After completion of the merger, there will be no further transfers on the stock transfer books of Park Sterling.

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

Withholding

The exchange agent (and following the first anniversary of the effective time, South State) will be entitled to deduct and withhold from the merger consideration otherwise payable to any Park Sterling shareholder such amounts as the exchange agent or South State, as applicable, is required to deduct and withhold under any applicable federal, state, local or foreign tax law. If any such amounts are withheld, these amounts will be treated for all purposes of the merger agreement as having been paid to the shareholders from whom they were withheld.

Dividends and Distributions

Whenever a dividend or other distribution is declared by South State on South State common stock, the record date for which is after the effective time of the merger, the declaration will include dividends or other distributions on all shares of South State common stock issuable under the merger agreement, but such dividends or other distributions will not be paid to the holder thereof until such holder has duly surrendered or transferred his, her or its Park Sterling stock certificates or book-entry shares.

Representations and Warranties

The merger agreement contains customary representations and warranties of South State and Park Sterling relating to their respective businesses. The representations and warranties in the merger agreement will not survive the effective time of the merger.

The merger agreement contains representations and warranties made by Park Sterling to South State relating to a number of matters, including the following:

corporate matters, including due organization and qualification and subsidiaries;

capitalization;

authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

required governmental and other regulatory filings and consents and approvals in connection with the merger;

reports to regulatory authorities, including to the SEC;

financial statements, internal controls, books and records and the absence of off-balance-sheet arrangements ;

the absence of undisclosed liabilities;

the absence of certain changes or events;

legal proceedings;

tax matters;

employee benefit matters;

labor matters;

compliance with applicable laws;

certain material contracts;

the absence of agreements with regulatory authorities;

investment securities;

Table of Contents

derivative instruments and transactions;

environmental matters;

insurance matters;

title to real and personal property;

intellectual property matters;

broker's fees payable in connection with the merger;

the absence of any broker-dealer, investment adviser and insurance matters;

loan matters;

customer relationships;

related-party transactions;

inapplicability of takeover statutes;

the absence of knowledge of any reasons why all required regulatory approvals should not be obtained on a timely basis;

the opinion of Park Sterling's financial advisor; and

the accuracy of information supplied by Park Sterling for inclusion in this joint proxy statement/prospectus and other similar documents.

The merger agreement contains representations and warranties made by South State to Park Sterling relating to a number of matters, including the following:

corporate matters, including due organization and qualification and subsidiaries;

capitalization;

authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

Edgar Filing: SOUTH STATE Corp - Form S-4/A

required governmental and other regulatory filings and consents and approvals in connection with the merger;

reports to regulatory authorities, including to the SEC;

financial statements, internal controls, books and records and absence of off-balance-sheet arrangements ;

the absence of undisclosed liabilities;

the absence of certain changes or events;

legal proceedings;

compliance with applicable laws;

tax matters related to the merger;

the absence of agreements with regulatory authorities;

environmental matters;

intellectual property matters;

certain loan matters;

Table of Contents

broker's fees payable in connection with the merger;

inapplicability of takeover statutes;

the absence of knowledge of any reasons why all required regulatory approvals should not be obtained on a timely basis;

the opinion of South State's financial advisor; and

the accuracy of information supplied by South State for inclusion in this joint proxy statement/prospectus and other similar documents.

Certain representations and warranties of South State and Park Sterling are qualified as to materiality or material adverse effect. For purposes of the merger agreement, a material adverse effect, when used in reference to Park Sterling, South State or the surviving corporation, means any event, circumstance, development, change or effect that, individually or in the aggregate, (1) is, or is reasonably likely to be, material and adverse to the business, operations, financial condition or results of operations of such party and its subsidiaries taken as a whole or (2) prevents or materially impairs, or would be reasonably likely to prevent or materially impair, the ability of such party to timely consummate the closing (including the merger and the other transactions contemplated by the merger agreement) on the terms set forth in the merger agreement or to perform its agreements or covenants under the merger agreement; provided that in the case of clause (1) of this sentence, a material adverse effect will not be deemed to include any event, circumstance, development, change or effect to the extent resulting from:

changes in GAAP, except to the extent that the effects of such changes disproportionately affect the applicable party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which the applicable party operates;

changes in laws generally applicable to companies in the financial services industry, except to the extent that the effects of such changes disproportionately affect the applicable party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which the applicable party operates;

changes in political or regulatory conditions or general economic or market conditions in the United States or any state or territory thereof, in each case generally affecting other companies in the financial services industry, except to the extent that the effects of such changes disproportionately affect the applicable party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which the applicable party operates;

failure, in and of itself, to meet earnings projections or internal financial forecasts, but not including any underlying causes thereof, or changes in the trading price of a party's common stock, in and of itself, but not including any underlying causes thereof;

public disclosure of the merger agreement; or

any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism, except to the extent that the effects of such changes disproportionately affect the applicable party and its subsidiaries, taken as a whole, as compared to other companies in the industry in which the applicable party operates.

Covenants and Agreements

Conduct of Businesses Prior to the Completion of the Merger

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Park Sterling has agreed that, prior to the effective time of the merger, it will, and will cause each of its subsidiaries to, conduct its business in the ordinary course consistent with past practice, use reasonable best efforts to maintain and preserve intact its business organization, rights, franchises and

Table of Contents

other authorizations issued by governmental entities and its current relationships and take no action that is intended to or would reasonably be expected to adversely affect or materially delay the ability of Park Sterling or South State to obtain any required regulatory approvals or, except as set forth in the merger agreement, the Park Sterling shareholder approval, to perform their respective obligations under the merger agreement or to consummate the transactions contemplated by the merger agreement.

Additionally, Park Sterling has agreed that prior to the effective time of the merger, except as expressly required or contemplated by the merger agreement or with the prior written consent of South State (which shall not be unreasonably withheld or delayed), Park Sterling will not, and will not permit any of its subsidiaries to, subject to certain exceptions, undertake the following actions:

(1) create or incur indebtedness for borrowed money, except for certain indebtedness incurred in the ordinary course of business consistent with past practice (and after good faith consultation with South State with respect to any sales of brokered or internet certificates of deposit with a term that exceeds six months) or (2) assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity, except in connection with presentation of items for collection (*e.g.*, personal or business checks) in the ordinary course of business consistent with past practice;

(1) adjust, split, combine or reclassify any capital stock or other equity interest; (2) set any record or payment dates for any dividends or distributions on its capital stock, make, declare or pay any dividend or distribution (other than (A) dividends paid in the ordinary course of business by any direct or indirect wholly owned subsidiary to Park Sterling or any other direct or indirect wholly owned subsidiary, (B) regular quarterly dividends on Park Sterling common stock at a rate not in excess of \$0.04 per share of Park Sterling common stock and on payment dates consistent with past practice and (C) dividends required in respect of the outstanding trust preferred securities as of April 26, 2017) or redeem, purchase or otherwise acquire any securities or obligations convertible into or exchangeable for any shares of its capital stock or other equity interest; (3) grant any equity awards, stock appreciation rights, restricted stock, restricted stock units or other equity-based compensation or grant any right to acquire any shares of its capital stock; (4) issue or commit to issue any additional shares of capital stock or issue, sell, lease, transfer, mortgage, encumber or otherwise dispose of any capital stock in any Park Sterling subsidiary, except for issuances upon the exercise or settlement of Park Sterling options outstanding as of April 26, 2017 in accordance with the terms of such awards, or (5) enter into any agreement, understanding or arrangement with respect to the sale or voting of its capital stock;

sell, lease, transfer, mortgage, encumber or otherwise dispose of any of its properties or assets (other than to a direct or indirect wholly owned subsidiary), except for sales of OREO, loans, loan participations and sales of investment securities in the ordinary course of business consistent with past practice to third parties who are not affiliates of Park Sterling;

(1) acquire direct or indirect control over any business or person or (2) make any other investment in any person, except in connection with a foreclosure of collateral or conveyance of such collateral in lieu of foreclosure taken in connection with collection of a loan in the ordinary course of business consistent with past practice and with respect to loans made to third parties who are not affiliates of Park Sterling, and with respect to (2) only, purchases of equity securities made in connection with Federal Home Loan Bank borrowings that are incurred in accordance with the terms of the merger agreement;

except as required under applicable law or the terms of any Park Sterling employee benefit plan as in effect on April 26, 2017, (1) enter into, adopt, amend or terminate, commence participation in, or agree to enter into, adopt or terminate, any employee benefit plan,

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

(2) increase or agree to increase the compensation or benefits payable to any current or former employee, officer, director or independent contractor of Park Sterling or any of its subsidiaries, (3) enter into any new, or amend any existing, collective bargaining agreement or similar agreement, (4) cause the funding of any rabbi trust or similar arrangement, (5) grant or accelerate the vesting or lapsing of restrictions with respect to any equity-based awards or other incentive compensation under any employee benefit plan, (6) hire or promote any employee, or engage any independent contractor that is a natural person, who has (or with respect to hiring, engaging or promoting, will have) an annual target compensation opportunity of \$200,000 or more (other than internal promotions made in connection with the departure of a former employee) or (7) other than in the ordinary course of business, terminate the employment of any employee, or service of any independent contractor that is a natural person, other than a termination of employment or service for cause;

settle any claim, action or proceeding other than in the ordinary course of business consistent with past practice involving solely money damages where the amounts not reimbursable or recoverable pursuant to insurance policies exceed \$200,000 individually or \$500,000 in the aggregate; waive, compromise, assign, cancel or release any material rights or claims; or agree to any injunction, decree, order or judgment restricting or otherwise affecting its business or operations;

pay, discharge or satisfy any material claims, liabilities or obligations, other than in the ordinary course of business and consistent with past practice;

implement or adopt any change in accounting principles, practices or methods, except as required by GAAP as concurred in by Park Sterling's independent auditors, or by applicable laws;

make, change or revoke any material tax election, change an annual tax accounting period, adopt or change any material tax accounting method, file any amended tax return, enter into any material closing agreement with respect to taxes, or settle any tax claim, audit, assessment or dispute or surrender any right to claim a refund of taxes;

amend the articles of incorporation or bylaws of Park Sterling or comparable organizational documents of its subsidiaries;

except as reasonably required in connection with changes in prevailing market interest rates and in consultation with South State, (1) materially restructure or materially change its investment securities portfolio or its gap position, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported or (2) invest in any mortgage-backed or mortgage-related securities that would be considered high-risk securities under applicable regulatory pronouncements or any collateralized debt obligations or private label (non-agency) mortgage-backed securities;

except with respect to any loans or loan commitments, enter into, modify, amend or terminate any material contract, other than (1) with respect to currency, exchange, commodities or other hedging contracts, in the ordinary course of business consistent with past practice and in consultation with South State, (2) renewals of promissory notes, loan agreements or certain contracts or instruments for the borrowing of money in the ordinary course of business consistent with past practice and (3) normal renewals of real property leases in the ordinary course of business and in consultation with South State;

change in any material respect its credit policies and collateral eligibility requirements and standards;

Table of Contents

except as required by applicable law, enter into any new line of business or change in any material respect its lending, investment, underwriting, risk and asset liability management, interest rate or fee pricing with respect to depository accounts, hedging and other material banking and operating policies or practices, including policies and practices with respect to underwriting, pricing, originating, securitization, acquiring, selling, servicing, or buying or selling rights to service loans;

permit the construction of new structures or facilities upon, or purchase or lease any real property in respect of, any branch or other facility, or file any application or take any other action to establish, relocate or terminate the operation of any banking office, other than normal renewals of real property leases in respect of any branches or other facilities that are utilized by Park Sterling as of April 26, 2017 in the ordinary course of business and in consultation with South State;

make, or commit to make, any capital expenditures in excess of specified amounts;

without previously notifying and consulting with South State, (1) except to the extent approved by Park Sterling and committed to prior to the date of the merger agreement and disclosed to South State, make or acquire any loan or loan participation or issue a commitment (or renew or extend an existing commitment) for any loan relationship aggregating in excess of \$5,000,000, (2) amend, renew, restructure or modify in any material respect any existing loan relationship or loan participation that would result in total credit exposure to the applicable borrower in excess of \$5,000,000, (3) make, acquire or increase the concentrations of its shared national credits, or (4) increase the credit exposure of its loans or loan participations (including any acquisition, development and construction loans or loan participations or commercial real estate loans or loan participations) in excess of the planned concentration line limitations as in effect as of April 26, 2017 and disclosed to South State (with certain agreed upon modifications); provided that for purposes of clauses (1) and (2), with respect to any loan relationship having total credit exposure to the applicable borrower in excess of \$5,000,000 as of April 26, 2017, such loans or loan participations or commitments (or renewals or extensions) or modifications are permitted so long as such loans or commitments (or renewals or extensions) or modifications do not result in an increase in total credit exposure in the aggregate, between April 26, 2017 and the closing of the merger, of greater than \$2,500,000;

take any action that is intended to, would or would be reasonably likely to result in any of the conditions to the completion of the merger not being satisfied or prevent or materially delay the transactions contemplated by the merger agreement, including the merger and the bank merger, except as may be required by applicable law;

take any action, or knowingly fail to take any action, which would prevent or impede, or could reasonably be expected to prevent or impede, the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code; or

agree to take, make any commitment to take or adopt any resolutions of the Park Sterling board of directors in support of, any of the above-prohibited actions.

South State has agreed to a more limited set of restrictions on its business prior to the completion of the merger. Specifically, South State has agreed that prior to the effective time of the merger, except as expressly required or contemplated by the merger agreement or with the prior written consent of Park Sterling (which consent shall not be unreasonably withheld or delayed), South State will not, and will not permit any of its subsidiaries to, subject to certain exceptions, undertake the following actions:

amend the articles of incorporation or bylaws of South State in a manner that would materially and adversely affect the holders of Park Sterling common stock, or adversely affect

Edgar Filing: SOUTH STATE Corp - Form S-4/A

Table of Contents

the holders of Park Sterling common stock relative to other holders of South State common stock;

take any action that is intended to, would or would be reasonably likely to result in any of the conditions to the completion of the merger not being satisfied or prevent or materially delay the transactions contemplated in the merger agreement, including the merger and the bank merger, except as may be required by applicable law;

take any action, or knowingly fail to take any action, which would prevent or impede, or could reasonably be expected to prevent or impede, the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;

adjust, split, combine or reclassify any South State common stock;

take any action that is intended to or would reasonably be likely to adversely affect or materially delay the ability to obtain any necessary regulatory approvals required for the transactions contemplated by the merger agreement or, except as otherwise set forth in the merger agreement, the South State shareholder approval, or to perform its covenants and agreements under the merger agreement or to consummate the transactions contemplated by the merger agreement; or

agree to take, make any commitment to take or adopt any resolutions of the South State board of directors in support of, any of the above-prohibited actions.

Regulatory Matters

South State and Park Sterling have agreed to use, and to cause their respective subsidiaries to use, their respective reasonable best efforts to take, and assist and cooperate with the other party in taking, all actions that are necessary, proper or advisable to comply promptly with all legal requirements with respect to the merger and the other transactions contemplated by the merger agreement and to obtain all permits, consents, authorizations, orders, clearances, waivers or approvals of any regulatory authority required or advisable in connection with the merger and the other transactions contemplated by the merger agreement. However, in no event will South State be required, or will Park Sterling and its subsidiaries be permitted (without South State's prior written consent in its sole discretion), to take any action or agree to any condition or restriction involving South State, Park Sterling or any of their respective subsidiaries if such action, condition or restriction would have, or would be reasonably likely to have, individually or in the aggregate, a material adverse effect on South State and its subsidiaries, taken as a whole, or on Park Sterling and its subsidiaries, taken as a whole, in each case measured on a scale relative to Park Sterling and its subsidiaries, taken as a whole. South State and Park Sterling have also agreed to furnish each other with all information reasonably necessary in connection with any statement, filing, notice or application in connection with the transactions contemplated by the merger agreement, as well as to keep each other apprised of the status of matters related to the completion of the transactions contemplated by the merger agreement.

Tax Matters

South State and Park Sterling have agreed to use their respective reasonable best efforts to cause the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code.

Employee Benefits Matters

For the first year following the closing of the merger, the employees (as a group) of Park Sterling who are actively employed by Park Sterling and its subsidiaries as of the closing of the merger and continue to be actively employed thereafter (which we refer to as the covered employees) will be provided employee benefits that, in the aggregate, are at least substantially comparable to the employee

Table of Contents

benefits (excluding severance benefits) that are generally made available to similarly situated employees of South State or its subsidiaries (other than Park Sterling and its subsidiaries). Notwithstanding the foregoing, until such time as South State has caused the covered employees to participate in the employee benefit plans that are made available to similarly situated employees of South State or its subsidiaries (other than Park Sterling and its subsidiaries), a covered employee's continued participation in the employee benefit plans of Park Sterling and its subsidiaries will be deemed to satisfy the requirements of the merger agreement. If requested by South State prior to the closing, Park Sterling will terminate its tax-qualified 401(k) retirement plan, effective as of the day prior to closing, and distribute all plan assets after the closing. Upon a qualifying termination of employment within the first year following the closing of the merger, a covered employee who is not a party to a severance agreement with Park Sterling or its affiliates will be eligible for severance benefits in the form of continued base salary or wages for a number of weeks equal to the product of (a) two multiplied by (b) his or her completed years of severance with Park Sterling, subject to a minimum of four weeks and a maximum of 16 weeks. In addition, a covered employee whose employment i