

Southeastern Bank Financial Corporation (OTCQB: SBFC; Augusta, GA) has agreed to merge with South State Corporation (NASDAQ: SSB; Columbia, SC)

Deal Value: Approximately \$334.9 million

Sandler O'Neill served as exclusive financial advisor to Southeastern Bank Financial Corporation and rendered a fairness opinion in connection with the transaction. This transaction represents Sandler O'Neill's 82nd bank or thrift transaction nationwide since January 1, 2015, representing \$23.6 billion in aggregate transaction value. Sandler O'Neill has served as a financial advisor on more bank and thrift transactions and for a greater aggregate deal value than any other investment bank during that time period.¹

Since January 1, 2015, Sandler O'Neill has advised on 26 Southeast bank or thrift transactions with an aggregate transaction value of \$4.8 billion, more than any other investment bank during that time period.¹

COLUMBIA, SC & AUGUSTA, GA - (June 17, 2016) – South State Corporation (NASDAQ:SSB) and Southeastern Bank Financial Corporation (OTCQB:SBFC) jointly announced today the signing of a definitive merger agreement. The combination of these two companies creates a premier franchise in the Carolinas and Georgia.

Founded in 1989 and headquartered in Augusta, Georgia, Southeastern is the holding company for Georgia Bank & Trust Company of Augusta and also operates as Southern Bank & Trust in Aiken County, South Carolina. Augusta is the second largest MSA in GA and Georgia Bank & Trust is the largest bank headquartered in the Augusta metro market, where it is ranked second in market share. The opportunity combines two organizations that have a similar culture, offer the same four lines of business and allow for all 12 bank branches to remain open.

As of March 31, 2016, Southeastern Bank Financial Corporation had approximately \$1.9 billion in assets, \$1.6 billion in deposits and \$1.0 billion in loans. Upon completion of the transaction, the combined company will have approximately \$10.5 billion in total assets, \$8.7 billion in total deposits, \$7.2 billion in total loans and a network of 133 branches in the Carolinas and Georgia.

The merger agreement has been unanimously approved by the board of directors of each company. Pending regulatory and shareholder approvals, the closing and system conversion is scheduled to occur in the first quarter of 2017. At the closing, Southeastern Bank Financial Corporation will be merged into South State Corporation, and Southeastern's bank subsidiary, Georgia Bank & Trust Company of Augusta, will be merged into South State's bank subsidiary, South State Bank.

Under the terms of the agreement, shareholders of Southeastern Bank Financial Corporation will receive 0.7307 shares of SSB common stock for each share of SBFC common stock. The stock issuance is valued at approximately \$335 million in the aggregate, based on 6,746,897 shares of SBFC common stock outstanding and on South State's June 15, 2016 closing stock price of \$67.68.

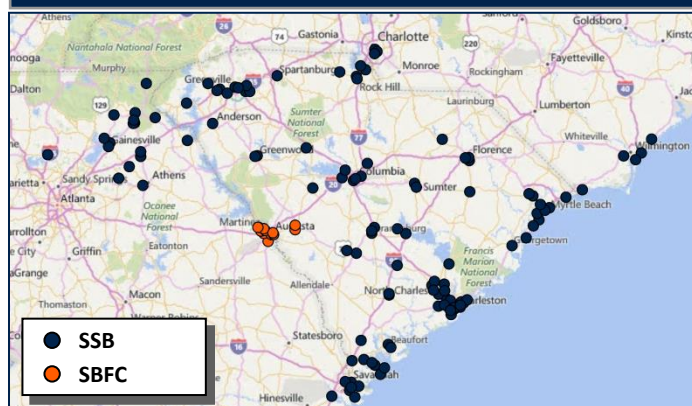
Financial Highlights

(\$ in thousands)

	SSB	SBFC
Total Assets	\$8,670,757	\$1,877,275
Total Net Loans	6,164,161	1,026,976
Total Deposits	7,161,948	1,568,453
Total Equity	1,082,054	178,193
TCE/TA	8.43%	9.49%

(1) Source: SNL Financial; excludes terminated transactions and self-advisory roles
Note: Financial data as of March 31, 2016

Pro Forma Branch Network



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