

RIO TINTO PLC
Form 425
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and BHP Billiton Limited

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: Rio Tinto plc

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The following is gateway language that appears on the Offer for Rio Tinto section of the BHP Billiton website.

IMPORTANT DISCLAIMER

Offers by BHP Billiton Limited for all the outstanding ordinary shares of Rio Tinto plc and Rio Tinto Limited (**Rio Tinto**) (the **Offers**).

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The information contained in this part of the website is subject to, and must be read in conjunction with, all other publicly available information, including, where relevant any fuller disclosure document published by BHP Billiton. Any person at any time acquiring securities must do so only on the basis of such person's own judgment as to the merits or the suitability of the securities for its purposes and only on such information as is contained in such public information having taken all such professional or other advice as it considers necessary or appropriate in the circumstances and not in reliance on the information contained herein.

Access to the Offers

Please read this notice carefully - it applies to all persons who view this part of the website and, depending upon who you are and where you live, it may affect your rights. This part of the site contains information on the Offers. Please note that, as the Offers progress, this disclaimer may be altered or updated. You should read it in full each time you visit this part of the website.

For regulatory reasons, we have to ensure you are aware of the appropriate regulations for the country which you are in. To allow you to view details relating to the Offers, you have to read the following then press I agree . If you are unable to agree you should press I disagree and you will not be able to view any such details.

Overseas persons

Viewing this information may not be lawful in certain jurisdictions. In other jurisdictions, only certain categories of person are allowed to view this information

The distribution of documents in relation to the Offers in jurisdictions other than the United Kingdom, Australia or the United States may be restricted by the laws and/or regulations of those jurisdictions or may subject BHP Billiton or its affiliates to registration requirements within such jurisdictions. Failure to comply with any such restrictions may constitute a violation of the laws and/or regulations of any such jurisdiction.

Accordingly, the information on this part of the website must not be viewed if you are in or a resident of any such jurisdiction where to do so would constitute a breach of securities laws in that jurisdiction or which would subject BHP Billiton or any of its affiliates to any registration requirement within such jurisdiction. For the avoidance of doubt, this applies if you are in or a resident of Japan or Malaysia.

If you are not permitted to view the information on this part of the website, or viewing the information would result in a breach of the above, or you are in any doubt as to whether you are permitted to view the information, please exit this webpage by clicking on the I Disagree box.

Information Relating to the US Offer for Rio Tinto plc

In connection with the offer and sale of securities BHP Billiton would issue to Rio Tinto plc US shareholders and Rio Tinto plc ADS holders, BHP Billiton has filed with the U.S. Securities and Exchange Commission (the **SEC**) a Registration Statement on Form F-4 (the **Registration Statement**), which contains a prospectus (the **Prospectus**), and will file additional relevant materials with the SEC. This communication is not a substitute for the Registration Statement or the Prospectus that BHP Billiton has filed, or any amendments or supplements to these documents BHP Billiton may file, with the SEC.

U.S. INVESTORS AND U.S. HOLDERS OF RIO TINTO PLC SECURITIES AND ALL HOLDERS OF RIO TINTO PLC ADSs ARE URGED TO READ THE REGISTRATION STATEMENT, THE PROSPECTUS AND ANY OTHER DOCUMENTS MADE AVAILABLE TO THEM AND/OR FILED WITH THE SEC REGARDING THE POTENTIAL TRANSACTION, AS WELL AS ANY AMENDMENTS AND SUPPLEMENTS TO THOSE DOCUMENTS, WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

Investors and security holders are able to obtain a free copy of the Registration Statement and the Prospectus as well as other relevant documents filed with the SEC at the SEC's website (<http://www.sec.gov>). Copies of such documents may also be obtained from BHP Billiton without charge.

Information for US Holders of Rio Tinto Limited Shares

BHP Billiton Limited is not required to, and does not plan to, prepare and file with the SEC a registration statement in respect of the Rio Tinto Limited Offer. Accordingly, Rio Tinto Limited shareholders should carefully consider the following:

The Rio Tinto Limited Offer will be an exchange offer made for the securities of a foreign company. Such offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document will be prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

Information Relating to the US Offer for Rio Tinto plc and the Rio Tinto Limited Offer for Rio Tinto shareholders located in the US

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since the issuers are located in a foreign country, and some or all of their officers and directors may be residents of foreign countries. You may not be able to sue a foreign company or its officers or directors in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that BHP Billiton may purchase securities of either Rio Tinto plc or Rio Tinto Limited otherwise than under the Offers, such as in open market or privately negotiated purchases.

Public information

Information about Rio Tinto and Alcan Inc. included in the information contained in this part of the website is based on public information which has not been independently verified. Certain statistical and other information about BHP Billiton included in the information contained in this part of the website has been sourced from publicly available third party sources. As such it presents the views of those third parties, but may not necessarily correspond to the views held by BHP Billiton.

Forward-looking statements

It is possible that this part of the website could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Forward-looking statements include any synergy statements and, without limitation, other statements typically containing words such as *intends*, *expects*, *anticipates*, *targets*, *plans*, *estimates* and words of similar import. Such forward-looking information includes, without limitation, the statements as to the impact of the proposed combination on revenues, costs and earnings. Because of their very nature, they are subject to a number of known and unknown risks and uncertainties that could cause actual results, performance and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding BHP Billiton's present and future business strategies and the environments in which BHP Billiton and Rio Tinto will operate in the future and such assumptions may or may not prove to be correct.

There are several factors which could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements. Factors that could cause actual results or performance to differ materially from those described in the forward-looking statements include, but are not limited to, the presence of a competitive proposal in relation to Rio Tinto, satisfaction of any conditions to the Offers, including the receipt of required regulatory and anti-trust approvals, Rio Tinto's willingness to enter into any proposed transaction, the successful completion of the Offers, as well as additional factors, such as BHP Billiton's ability to successfully combine the businesses of BHP Billiton and Rio Tinto and to realise expected synergies from that combination, changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates, future business combinations or dispositions and the outcome of litigation and government actions. Additional risks and factors that could cause BHP Billiton results to differ materially from those described in the forward-looking statements can be found in BHP Billiton's filings with the SEC, which are available at the SEC's website (<http://www.sec.gov>). Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. The information which is contained in this part of the website is subject to change without notice and BHP Billiton expressly disclaims any obligation (except as required by law, the Listing Rules of ASX Limited or the rules of the UK Listing Authority and the London Stock Exchange) or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this part of the website, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Basis of access to the Offers

Access to the electronic version of any documents relating to the Offers is being made available on this part of the website in good faith and for information purposes only. Any person seeking access to this part of BHP Billiton's website represents and warrants to BHP Billiton that they are doing so for information purposes only.

Rio Tinto shareholders and Rio Tinto ADS holders should seek advice from an independent financial adviser as to the suitability of any action for the individual concerned. Any action required by a shareholder or ADS holder in connection with the Offers will only be set out in documents sent to or made available to Rio Tinto shareholders and Rio Tinto ADS holders and any decision made by such shareholders or ADS holders should be made solely and only on the basis of information provided in those documents.

Responsibility

The directors of BHP Billiton accept responsibility for the information relating to BHP Billiton contained in the documents relating to the Offers available on this part of the website, save that the only responsibility accepted by them in respect of the information relating to Rio Tinto (and its subsidiaries, subsidiary undertakings and controlled companies), which has been compiled from public sources, is to ensure that such information has been correctly and fairly reproduced and represented. Subject as aforesaid, having taken all reasonable care to ensure that such is the case, the information contained in this part of the website for which they are responsible is, to the best of the knowledge and belief of the directors of BHP Billiton, in accordance with the facts and contains no omission likely to affect its import.

Subject to any continuing obligations under applicable law or any relevant listing rules, BHP Billiton expressly disclaims any obligation to disseminate, after the date of the posting of the Offers on this part of the website, any updates or revisions to any statements in the Offers to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

THE INFORMATION RELATING TO THE OFFERS MAY NOT BE DOWNLOADED BY ANY PERSON EITHER IN WHOLE OR IN PART WHERE TO DO SO WOULD OR MAY CONSTITUTE A BREACH OF ANY APPLICABLE LOCAL LAWS OR REGULATIONS.

Confirmation of understanding and acceptance of disclaimer

I have read and understood the disclaimer set out above. I understand that it may affect my rights. I agree to be bound by its terms. I confirm that I am permitted to proceed to this part of the site.

I Disagree / I Agree

font-size: 10pt;">> The Bank is also subject to the regulatory framework for prompt corrective action, which identifies five capital categories for insured depository institutions (well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized) and is based on specified thresholds for each of the three risk-based regulatory capital ratios (CET1, Tier 1 capital and total capital) and for the leverage ratio.

We pay cash dividends to shareholders from funds provided mainly by dividends received from our Bank. Dividends paid by our bank are subject to certain regulatory restrictions. The approval of the SCBFI is required to pay dividends that exceed 100% of net income in any calendar year. As of December 31, 2018, approximately \$31.2 million of the bank’s current year net income was available for distribution to the Company as dividends without prior regulatory approval. No special dividend approval was needed from the SCBFI during 2018, 2017 or 2016. The Federal Reserve Board, the FDIC, and the OCC have issued policy statements which provide that bank holding companies and insured banks should generally only pay dividends out of current earnings.

The following table provides the amount of dividends and payout ratios for the years ended December 31:

Table 24—Dividends Paid to Common Shareholders

(Dollars in thousands)	Year Ended December 31,					
	2018	2017	2016			
Dividend payments to common shareholders	\$ 50,558	\$ 38,623	\$ 29,285			
Dividend payout ratios	28.27	% 44.11	% 28.91	%		

We retain earnings to have capital sufficient to grow our loan and investment portfolios and to support certain acquisitions or other business expansion opportunities. The dividend payout ratio is calculated by dividing dividends paid during the year by net income for the year.

Asset Credit Risk and Concentrations

The quality of our interest earning assets is maintained through our management of certain concentrations of credit risk. We review each individual earning asset including investment securities and loans for credit risk. To facilitate this review, we have established credit and investment policies that include credit limits, documentation, periodic examination, and follow up. In addition, we examine these portfolios for exposure to concentration in any one industry, government agency, or geographic location.

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Loan and Deposit Concentration

We have no material concentration of deposits from any single customer or group of customers. We have no significant portion of our loans concentrated within a single industry or group of related industries. Furthermore, we attempt to avoid making loans that, in an aggregate amount, exceed 10% of total loans to a multiple number of borrowers engaged in similar business activities. At December 31, 2018 and 2017, there were no aggregated loan concentrations of this type. We do not believe there are any material seasonal factors that would have a material adverse effect on us. We do not have foreign loans or deposits.

Concentration of Credit Risk

Each category of earning assets has a certain degree of credit risk. We use various techniques to measure credit risk. Credit risk in the investment portfolio can be measured through bond ratings published by independent agencies. In the investment securities portfolio, the investments consist of U.S. government sponsored entity securities, tax free securities, or other securities having ratings of “AAA” to “Not Rated”. All securities, with the exception of those that are not rated, were rated by at least one of the nationally recognized statistical rating organizations. The credit risk of the loan portfolio can be measured by historical experience. We maintain our loan portfolio in accordance with credit policies that we have established. Although the subsidiary has a diversified loan portfolio, a substantial portion of their borrowers’ abilities to honor their contracts is dependent upon economic conditions within South Carolina, North Carolina, Georgia and the surrounding regions.

We consider concentrations of credit to exist when, pursuant to regulatory guidelines, the amounts loaned to a multiple number of borrowers engaged in similar business activities which would cause them to be similarly impacted by general economic conditions represents 25 percent of total risk based capital. Based on this criteria, we had three such credit concentrations at December 31, 2018, including loans on hotels and motels, loans to lessors of nonresidential buildings (except mini warehouses) and loans to lessors of residential buildings (investment properties and multi-family). The risk for these loans and for all loans is managed collectively through the use of credit underwriting practices developed and updated over time. The loss estimate for these loans is determined using our standard ALLL methodology.

Banking regulators have established guidelines for the construction, land development and other land loans to total less than 100% of total risk-based capital and for total commercial real estate loans to total less than 300% of total risk-based capital. Both ratios are calculated by dividing certain types of loan balances for each of the two categories by the Bank’s total risk-based capital. At December 31, 2018 and 2017, the Bank’s construction, land development and other land loans as a percentage of total risk-based capital were 69.5% and 90.5%, respectively. Commercial real estate loans (which includes construction, land development and other land loans along with other non-owner occupied commercial real estate and multifamily loans) as a percentage of total risk-based capital were 216.0% and 227.3% as of December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, the Bank was below the established regulatory guidelines. When a bank’s ratios are in excess of one or both of these commercial real estate loan ratio guidelines, banking regulators generally require an increased level of monitoring in these lending areas by bank management. Therefore, we monitor these two ratios as part of our concentration management processes.

Off Balance Sheet Arrangements

Through the operations of our bank, we have made contractual commitments to extend credit in the ordinary course of our business activities. These commitments are legally binding agreements to lend money to our customers at predetermined interest rates for a specified period of time. We evaluate each customer’s credit worthiness on a case by case basis. The amount of collateral obtained, if deemed necessary by us upon extension of credit, is based on our credit evaluation of the borrower. Collateral varies but may include accounts receivable, inventory, property, plant

and equipment, commercial and residential real estate. We manage the credit risk on these commitments by subjecting them to normal underwriting and risk management processes.

At December 31, 2018, the bank had issued commitments to extend credit and standby letters of credit and financial guarantees of \$2.8 billion through various types of lending arrangements. We believe that we have adequate sources of liquidity to fund commitments that are drawn upon by the borrowers.

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In addition to commitments to extend credit, we also issue standby letters of credit, which are assurances to third parties that they will not suffer a loss if our customer fails to meet its contractual obligation to the third party. Standby letters of credit totaled \$32.7 million at December 31, 2018. Past experience indicates that many of these standby letters of credit will expire unused. However, through our various sources of liquidity, we believe that we will have the necessary resources to meet these obligations should the need arise.

Except as disclosed in this report, we are not involved in off balance sheet contractual relationships, unconsolidated related entities that have off balance sheet arrangements or transactions that could result in liquidity needs or other commitments that significantly impact earnings.

Effect of Inflation and Changing Prices

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the measure of financial position and results of operations in terms of historical dollars, without consideration of changes in the relative purchasing power over time due to inflation. Unlike most other industries, the majority of the assets and liabilities of a financial institution are monetary in nature. As a result, interest rates generally have a more significant effect on a financial institution's performance than does the effect of inflation. Interest rates do not necessarily change in the same magnitude as the prices of goods and services.

While the effect of inflation on banks is normally not as significant as is its influence on those businesses which have large investments in plant and inventories, it does have an effect. During periods of high inflation, there are normally corresponding increases in money supply, and banks will normally experience above average growth in assets, loans and deposits. Also, general increases in the prices of goods and services will result in increased operating expenses. Inflation also affects our bank's customers and may result in an indirect effect on our bank's business.

Contractual Obligations

The following table presents payment schedules for certain of our contractual obligations as of December 31, 2018. Long term debt obligations totaling \$266.1 million include junior subordinated debt. Operating lease obligations of \$52.0 million pertain to banking facilities and equipment. Certain lease agreements include payment of property taxes and insurance and contain various renewal options. Additional information regarding leases is contained in Note 20 of the audited consolidated financial statements.

Table 25—Obligations

(Dollars in thousands)	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Long term debt obligations*	\$ 266,084	\$ 150,007	\$ 15	\$ 16	\$ 116,046
Operating lease obligations	51,956	7,497	15,003	12,946	16,510
Total	\$ 318,040	\$ 157,504	\$ 15,018	\$ 12,962	\$ 132,556

* Represents principal maturities.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

See "Asset Liability Management and Market Risk Sensitivity" on page 77 in Management's Discussion and Analysis of Financial Condition and Results of Operations for quantitative and qualitative disclosures about market risk.

Item 8. Financial Statements and Supplementary Data.

See Table 1 on page 51 for our unaudited quarterly results of operations and the pages beginning with F 1 for our audited consolidated financial statements.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

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Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2018, in accordance with Rule 13a-15 of the Securities Exchange Act of 1934. We applied our judgment in the process of reviewing these controls and procedures, which, by their nature, can provide only reasonable assurance regarding our control objectives. Based upon that evaluation, our Chief Executive Officer and the Chief Financial Officer concluded that the Company's disclosure controls and procedures as of December 31, 2018, were effective to provide reasonable assurance regarding our control objectives.

Management's Annual Report on Internal Control over Financial Reporting is included on page F-1 of this Report. The report of the Company's independent registered public accounting firm regarding the Company's internal control over financial reporting begins on page F-2 of this Report.

Changes in Internal Controls

There were no changes in our internal controls over financial reporting that occurred during our most recent fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's Report on Internal Controls over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2018 is included in Item 8 of this Report under the heading "Management's Report on Internal Controls Over Financial Reporting."

Our independent auditors have issued an audit report on management's assessment of internal controls over financial reporting. This report entitled "Report of Independent Registered Public Accounting Firm" appears in Item 8.

Item 9B. Other Information.

Not applicable.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required to be disclosed by this item will be disclosed in the Company's definitive proxy statement to be filed no later than 120 days after December 31, 2018 and in connection with the our 2019 Annual Meeting of Shareholders under the caption "Election of Directors," under the caption "The Board of Directors and Committees," in the subsection titled "Audit Committee" under the caption "The Board of Directors and Committees," in the subsection titled "Governance Committee" under the caption "The Board of Directors and Committees," and under the caption "Section 16(a) Beneficial Ownership Reporting Compliance." We incorporate such required information herein by reference.

Item 11. Executive Compensation.

The information required to be disclosed by this item will be disclosed in the Company's definitive proxy statement to be filed no later than 120 days after December 31, 2018 and in connection with our 2019 Annual Meeting of Shareholders under the caption "Executive Compensation," including the sections titled "Compensation Discussion and Analysis," "Summary Compensation Table," "Grants of Plan Based Awards," "Outstanding Equity Awards at Fiscal Year End," "Option Exercises and Stock Vested," "Pension Benefits," "Deferred Compensation Plan," "Compensation Committee Report," "Potential Payments Upon Termination or Change of Control," "Director Compensation," and "Compensation Committee Interlocks and Insider Participation." We incorporate such required information herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table contains certain information as of December 31, 2018, relating to securities authorized for issuance under our equity compensation plans:

	A	B	C
	Number of securities to be issued upon exercise of Outstanding options, warrants, and Rights	Weighted-average exercise price of Outstanding options, warrants, and Rights	Number of Securities remaining available for future issuance under equity Compensation plans (excluding Securities reflected in column "A")
Plan Category			
Equity compensation plans approved by security holders	213,866	\$ 61.28	340,333
Equity compensation plans not approved by security holders	None	n/a	n/a

Included within the 340,333 number of securities available for future issuance in the table above are a total of 268,919 shares remaining from the authorized total of 1,684,000 under the Company's 2012 Stock Incentive Program and 71,414 shares remaining from the authorized total of 363,825 under the Company's 2002 Employee Stock Purchase Plan. Shares issued in respect to restricted stock and restricted stock units granted under the 2012 Stock Incentive Program count against the shares available for grant under the applicable plan as approximately two shares for every share granted. All securities totals for the outstanding and remaining available for future issuance amounts described in this Item 12 have been adjusted to give effect to stock dividends paid on March 23, 2007, January 1, 2005 and December 6, 2002.

Other information required to be disclosed by this item will be disclosed under the captions "Beneficial Ownership of Certain Parties" and "Beneficial Ownership of Directors and Executive Officers" in the definitive proxy statement of the Company to be filed no later than 120 days after December 31, 2018 and in connection with our 2019 Annual Meeting of Shareholders. We incorporate such required other information herein by reference.

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Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required to be disclosed by this item will be disclosed under the caption “Certain Relationships and Related Transactions” in the definitive proxy statement of the Company to be filed no later than 120 days after December 31, 2018 and in connection with our 2019 Annual Meeting of Shareholders. We incorporate such required information herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required to be disclosed by this item will be disclosed under the caption “Audit and Other Fees” in the definitive proxy statement of the Company to be filed no later than 120 days after December 31, 2018 and in connection with our 2019 Annual Meeting of Shareholders. We incorporate such required information herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)1. The financial statements and independent auditors’ report referenced in “Item 8—Financial Statements and Supplementary Data” are listed below:

South State Corporation and Subsidiary

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets

Consolidated Statements of Income

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Shareholders’ Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

2.Financial Schedules Filed: None

3.Exhibits

In most cases, documents incorporated by reference to exhibits that have been filed with the Company’s reports or proxy statements under the Securities Exchange Act of 1934 are available to the public over the Internet from the SEC’s web site at www.sec.gov. You may also read and copy any such document at the SEC’s public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549 under the Company’s SEC file number (001 12669).

Exhibit No.	Description of Exhibit
3.1	<u>Amended and Restated Articles of Incorporation of South State Corporation, filed October 24, 2014 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8 K filed on October 28, 2014)</u>
3.2	<u>Articles of Amendment to the Amended and Restated Articles of Incorporation of South State Corporation, dated October 26, 2017 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8 K filed on October 27, 2017)</u>
3.3	<u>Amended and Restated Bylaws of South State Corporation, dated January 21, 2016 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8 K filed on January 27, 2016)</u>
4.1	<u>Specimen South State Corporation Common Stock Certificate (incorporated by reference as Exhibit 4.1 to the Registrant's Annual Report on Form 10-K filed on February 27, 2015)</u>

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Exhibit No.	Description of Exhibit
4.2	Articles of Incorporation (included as Exhibits 3.1 and 3.2)
4.3	<u>Bylaws (included as Exhibit 3.3)</u>
10.1*	<u>SCBT Financial Corporation Stock Incentive Plan (incorporated by reference to Appendix A to the Registrant's Definitive Proxy Statement filed in connection with its 2004 Annual Meeting of Shareholders)</u>
10.2*	<u>Second Amended and Restated Employment and Noncompetition Agreement between SCBT Financial Corporation and Robert R. Hill, Jr., dated as of December 31, 2008 (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8 K filed on January 6, 2009)</u>
10.3*	<u>Second Amended and Restated Employment and Non Competition Agreement between SCBT Financial Corporation and John C. Pollok, dated and effective as of December 31, 2008 (incorporated by reference to Exhibit 10.6 to the Registrant's Current Report on Form 8 K filed on January 6, 2009)</u>
10.4*	<u>Second Amended and Restated Employment and Non Competition Agreement between SCBT Financial Corporation and Joseph E. Burns, dated and effective as of December 31, 2008 (incorporated by reference to Exhibit 10.7 to the Registrant's Current Report on Form 8 K filed on January 6, 2009)</u>
10.5*	<u>Amended and Restated Employment and Non Competition Agreement between SCBT Financial Corporation and John Windley, dated and effective as of December 31, 2008 (incorporated by reference to Exhibit 10.11 to the Registrant's Current Report on Form 8 K filed on January 6, 2009)</u>
10.6*	<u>Form of Amendment to the Supplemental Executive Retirement Agreements between SCBT, N.A. and Robert R. Hill, Jr., John C. Pollok, and Joseph E. Burns effective as of December 30, 2008 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8 K filed on January 6, 2009)</u>
10.7*	<u>Form of Amendment to the Supplemental Executive Retirement Agreements between SCBT, N.A. and Thomas S. Camp, Richard C. Mathis, Dane H. Murray, and John F. Windley, effective as of December 31, 2008 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8 K filed on January 6, 2009)</u>
10.8*	<u>Amendment to the 2004 Stock Incentive Plan, dated December 18, 2008 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8 K filed on January 6, 2009)</u>
10.9*	<u>Amended and Restated SCBT, N.A. Deferred Income Plan, executed on November 30, 2010, to be effective as of December 1, 2010 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8 K filed on December 6, 2010)</u>
10.10*	<u>Employment and Noncompetition Agreement for Renee R. Brooks, effective January 27, 2011 (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8 K filed on February 2, 2011)</u>
10.11*	<u>Employment and Noncompetition Agreement for John S. Goettee, effective January 31, 2011</u>

- 10.12* Employment and Noncompetition Agreement for Greg A. Lapointe, effective January 31, 2011
- 10.13* Employment and Noncompetition Agreement for Jonathan Kivett, effective May 7, 2018

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Exhibit No.	Description of Exhibit
10.14*	<u>South State Corporation Omnibus Stock and Performance Plan (Originally approved by shareholders on April 24, 2012, as Amended and Restated Effective as of April 20, 2017) (incorporated by reference as Appendix A to the Registrant's Definitive Proxy Statement filed in connection with its 2017 Annual Meeting of Shareholders)</u>
10.15*	<u>Form of Restricted Stock Agreement under the South State Corporation Omnibus Stock and Performance Plan (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8 K filed on January 22, 2013)</u>
10.16*	<u>Form of Stock Option Agreement under the South State Corporation Omnibus Stock and Performance Plan (incorporated by reference as Exhibit 10.2 to the Registrant's Current Report on Form 8 K filed on January 22, 2013)</u>
10.17*	<u>Form of Restricted Stock Unit Agreement under the South State Corporation Omnibus Stock and Performance Plan</u>
10.18*	<u>SCBT Financial Corporation 2002 Employee Stock Purchase Plan (Amended and Restated) (Effective April 30, 2017) (incorporated by reference as Exhibit 10.16 to the Registrant's Annual Report on Form 10 K filed on February 23, 2018)</u>
10.19	<u>Credit Agreement, dated as of October 28, 2013, by and between First Financial Holdings, Inc., as borrower, and U.S. Bank National Association, as lender (incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8 K filed on October 29, 2013)</u>
10.20	<u>Amendment No. 1, dated as of October 27, 2014, to Credit Agreement, dated as of October 28, 2013, by and between South State Corporation, as borrower, and U.S. Bank National Association, as lender (incorporated by reference as Exhibit 10.2 to the Registrant's Current Report on Form 8 K filed on October 31, 2014)</u>
10.21	<u>Amendment No. 2, dated as of November 5, 2015, executed an amendment to its credit agreement with the Lender, U.S. Bank National Association to extend its \$20.0 million unsecured line of credit through November 15, 2015 (incorporated by reference to the information set forth under Item 5. Other information, of South State Corporation's Form 10-Q, filed on November 6, 2015.</u>
10.22	<u>Amendment No. 3, dated as of November 16, 2015, to Credit Agreement, dated as of October 28, 2013, by and between South State Corporation, as borrower, and U.S. Bank National Association, as lender (incorporated by reference as Exhibit 10.4 to the Registrant's Current Report on Form 8 K filed on November 20, 2015)</u>
10.23	<u>Amendment No. 4, dated as of November 15, 2016, to Credit Agreement, dated as of October 28, 2013, by and between South State Corporation, as borrower, and U.S. Bank National Association, as lender (incorporated by reference as Exhibit 10.5 to the Registrant's Current Report on Form 8 K filed on November 17, 2016)</u>
10.24	<u>Amendment No. 5, dated as of November 15, 2017, to Credit Agreement, dated as of October 28, 2013, by and between South State Corporation, as borrower, and U.S. Bank National Association, as lender</u>

(incorporated by reference as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on November 17, 2017)

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Exhibit No.	Description of Exhibit
10.25	<u>Amendment No. 6, dated as of November 15, 2018, to Credit Agreement, dated as of October 28, 2013, by and between South State Corporation, as borrower, and U.S. Bank National Association, as lender (incorporated by reference as Exhibit 10.1 to the Registrant’s Current Report on Form 8 K filed on November 15, 2018)</u>
10.26*	<u>Employment Agreement, effective March 1, 2019, between South State Bank, South State Corporation and John F. Windley (incorporated by reference as Exhibit 10.1 to the Registrant’s Current Report on Form 8 K filed on July 19, 2018)</u>
10.27*	<u>Consulting Agreement, effective September 1, 2019, between South State Bank, South State Corporation and Joseph E. Burns (incorporated by reference as Exhibit 10.2 to the Registrant’s Current Report on Form 8-K filed on July 19, 2018)</u>
10.28*	<u>Annual Incentive Plan dated March 23, 2018 (incorporated by reference as Exhibit 10.1 to the Registrant’s Current Report on Form 8-K filed on March 27, 2018)</u>
21	<u>Subsidiaries of the Registrant</u>
23	<u>Consent of Dixon Hughes Goodman LLP</u>
24.1	Power of Attorney (contained herein as part of the signature pages)
31.1	<u>Rule 13a 14(a) Certification of the Principal Executive Officer</u>
31.2	<u>Rule 13a 14(a) Certification of the Principal Financial Officer</u>
32	<u>Section 1350 Certifications</u>
101	The following financial statements from the Annual Report on Form 10 K of South State Corporation, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2018 and 2017, (ii) Consolidated Statements of Income for the years ended December 31, 2018, 2017 and 2016, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016, (iv) Consolidated Statements of Changes in Shareholders’ Equity and Comprehensive Income for the years ended December 31, 2018, 2017 and 2016, (v) Consolidated Statement of Cash Flows for the years ended December 31, 2018, 2017 and 2016 and (vi) Notes to Consolidated Financial Statements.

* Denotes a management compensatory plan or arrangement.

(b) See Exhibit Index following the Annual Report on Form 10 K for a listing of exhibits filed herewith.

(c) Not Applicable.

The South State Corporation and certain of its consolidated subsidiaries are parties to long-term debt instruments with respect to trust preferred securities under which the total amount of securities authorized does not exceed 10% of the total assets of South State Corporation and its subsidiaries on a consolidated basis. Pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K, South State Corporation agrees to furnish a copy of such instruments to the Securities and Exchange Commission upon request.

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EXHIBIT INDEX

Exhibit No.	Description of Exhibit
10.11*	<u>Employment and Noncompetition Agreement for John S. Goettee, effective January 31, 2011</u>
10.12*	<u>Employment and Noncompetition Agreement for Greg A. Lapointe, effective January 31, 2011</u>
10.13*	<u>Employment and Noncompetition Agreement for Jonathan Kivett, effective May 7, 2018</u>
10.17*	<u>Form of Restricted Stock Unit Agreement under the South State Corporation Omnibus Stock and Performance Plan</u>
21	<u>Subsidiaries of the Registrant</u>
23	<u>Consent of Dixon Hughes Goodman LLP</u>
24.1	<u>Power of Attorney (contained herein as part of the signature pages)</u>
31.1	<u>Rule 13a-14(a) Certification of the Principal Executive Officer</u>
31.2	<u>Rule 13a-14(a) Certification of the Principal Financial Officer</u>
32	<u>Section 1350 Certifications</u>
101	The following financial statements from the Annual Report on Form 10-K of South State Corporation, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2018 and 2017, (ii) Consolidated Statements of Income for the years ended December 31, 2018, 2017 and 2016, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2018, 2017 and 2016, (iv) Consolidated Statements of Changes in Shareholders' Equity and Comprehensive Income for the years ended December 31, 2018, 2017 and 2016, (v) Consolidated Statement of Cash Flows for the years ended December 31, 2018, 2017 and 2016 and (vi) Notes to Consolidated Financial Statements.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Columbia and State of South Carolina, on the 22nd day of February, 2019.

South State Corporation
(Registrant)

By: /s/ Robert R. Hill, Jr.
Robert R. Hill, Jr.
Chief Executive Officer

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert R. Hill, Jr., his true and lawful attorney in fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto attorney in fact and agent full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that attorney in fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated.

Signature	Title	Date
/s/ Robert R. Hill, Jr. Robert R. Hill, Jr.	Chief Executive Officer and Director	February 22, 2019
/s/ John C. Pollok John C. Pollok	Senior Executive Vice President, Chief Financial Officer, and Director	February 22, 2019
/s/ Keith S. Rainwater Keith S. Rainwater	Executive Vice President and Principal Accounting Officer	February 22, 2019
/s/ Robert R. Horger Robert R. Horger	Chairman of the Board of Directors	February 22, 2019
/s/ Jimmy E. Addison Jimmy E. Addison	Director	February 22, 2019
/s/ James C. Cherry		

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James C. Cherry	Director	February 22, 2019
/s/ Jean E. Davis Jean E. Davis	Director	February 22, 2019
/s/ Martin B. Davis Martin B. Davis	Director	February 22, 2019

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Signature	Title	Date
/s/ Paula Harper Bethea Paula Harper Bethea	Director	February 22, 2019
/s/ Robert H. Demere, Jr. Robert H. Demere, Jr.	Director	February 22, 2019
/s/ Cynthia A. Hartley Cynthia A. Hartley	Director	February 22, 2019
/s/ Thomas J. Johnson Thomas J. Johnson	Director	February 22, 2019
/s/ Grey B. Murray Grey B. Murray	Director	February 22, 2019
/s/ James W. Roquemore James W. Roquemore	Director	February 22, 2019
/s/ Thomas E. Suggs Thomas E. Suggs	Director	February 22, 2019
/s/ Kevin P. Walker Kevin P. Walker	Director	February 22, 2019

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MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of South State Corporation (the “Company”) is responsible for establishing and maintaining adequate internal control over financial reporting. Management has assessed the effectiveness of internal control over financial reporting using the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on the testing performed using the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), management of the Company believes that the Company’s internal control over financial reporting was effective as of December 31, 2018.

The effectiveness of our internal control over financial reporting as of December 31, 2018, has been audited by Dixon Hughes Goodman LLP, an independent registered public accounting firm, as stated in their report which is included herein.

/s/ South State Corporation

Columbia, South Carolina

February 22, 2019

www.SouthStateBank.com

(800) 277 2175 | P.O. Box 1030 | Columbia, South Carolina | 29202 1030

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Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of South State Corporation

Opinion on Internal Control Over Financial Reporting

We have audited South State Corporation's (the "Company") internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, South State Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of South State Corporation as of December 31, 2018 and 2017, and for each of the years in the three years ended December 31, 2018, and our report dated February 22, 2019, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance

with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Dixon Hughes Goodman LLP

Atlanta, Georgia

February 22, 2019

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Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders

South State Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of South State Corporation (the "Company") as of December 31, 2018 and 2017, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2018, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Dixon Hughes Goodman LLP

We have served as the Company's auditor since 2007.

Atlanta, Georgia

February 22, 2019

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South State Corporation and Subsidiary

Consolidated Balance Sheets

(Dollars in thousands, except share and par value)

	December 31, 2018	2017
ASSETS		
Cash and cash equivalents:		
Cash and due from banks	\$ 251,411	\$ 255,775
Interest-bearing deposits with banks	124,895	117,635
Federal funds sold and securities purchased under agreements to resell	32,677	4,217
Total cash and cash equivalents	408,983	377,627
Investment securities:		
Securities held to maturity (fair value of \$0 and \$2,556, respectively)	—	2,529
Securities available for sale, at fair value	1,517,067	1,648,193
Other investments	25,604	23,047
Total investment securities	1,542,671	1,673,769
Loans held for sale	22,925	70,890
Loans:		
Acquired credit impaired, net of allowance for loan losses	485,119	618,803
Acquired non-credit impaired	2,594,826	3,507,907
Non-acquired	7,933,286	6,492,155
Less allowance for non-acquired loan losses	(51,194)	(43,448)
Loans, net	10,962,037	10,575,417
Other real estate owned	11,410	11,203
Premises and equipment, net	241,076	255,565
Bank owned life insurance	230,105	225,132
Deferred tax assets	37,128	45,902
Mortgage servicing rights	34,727	31,119
Core deposit and other intangibles	62,900	73,789
Goodwill	1,002,900	999,586
Other assets	119,466	126,590
Total assets	\$ 14,676,328	\$ 14,466,589
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing	\$ 3,061,769	\$ 3,047,432
Interest-bearing	8,585,164	8,485,334
Total deposits	11,646,933	11,532,766
Federal funds purchased and securities sold under agreements to repurchase	270,649	286,857
Other borrowings	266,084	216,385
Other liabilities	126,366	121,661
Total liabilities	12,310,032	12,157,669
Shareholders' equity:		

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Common stock - \$2.50 par value; authorized 80,000,000 shares; 35,829,549 and 36,759,656 shares issued and outstanding, respectively	89,574	91,899
Surplus	1,750,495	1,807,601
Retained earnings	551,108	419,847
Accumulated other comprehensive loss	(24,881)	(10,427)
Total shareholders' equity	2,366,296	2,308,920
Total liabilities and shareholders' equity	\$ 14,676,328	\$ 14,466,589

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Consolidated Statements of Income

(in thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
Interest income:			
Loans, including fees	\$ 521,478	\$ 389,535	\$ 308,461
Investment securities:			
Taxable	35,563	28,165	18,025
Tax-exempt	6,152	5,591	3,884
Federal funds sold and securities purchased under agreements to resell	4,015	2,709	2,793
Total interest income	567,208	426,000	333,163
Interest expense:			
Deposits	45,452	12,353	5,803
Federal funds purchased and securities sold under agreements to repurchase	2,356	1,080	574
Other borrowings	6,184	3,581	1,940
Total interest expense	53,992	17,014	8,317
Net interest income	513,216	408,986	324,846
Provision for loan losses	13,783	11,890	6,819
Net interest income after provision for loan losses	499,433	397,096	318,027
Noninterest income:			
Fees on deposit accounts	81,649	80,764	73,771
Mortgage banking income	13,590	17,954	20,547
Trust and investment services income	30,229	25,401	19,764
Securities gains (losses), net	(655)	1,421	122
Other-than-temporary impairment losses	—	(753)	—
Recoveries on acquired loans	9,117	8,572	6,465
Amortization of FDIC indemnification asset, net	—	—	(5,902)
Other	11,819	6,670	6,437
Total noninterest income	145,749	140,029	121,204
Noninterest expense:			
Salaries and employee benefits	233,130	194,446	164,663
Net occupancy expense	30,816	25,357	21,712
Information services expense	34,322	25,462	20,549
Furniture and equipment expense	18,349	15,568	12,403
OREO expense and loan related	3,510	6,721	6,307
Bankcard expense	1,783	2,180	2,597
Amortization of intangibles	14,209	10,353	7,577
Supplies, printing and postage expense	5,839	6,148	6,279
Professional fees	8,883	5,975	6,702
FDIC assessment and other regulatory charges	8,405	3,924	3,896

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Advertising and marketing	4,221	3,963	3,092
Merger and branch consolidation related expense	29,868	44,503	8,081
Other	27,592	23,720	21,331
Total noninterest expense	420,927	368,320	285,189
Earnings:			
Income before provision for income taxes	224,255	168,805	154,042
Provision for income taxes	45,384	81,251	52,760
Net income	\$ 178,871	\$ 87,554	\$ 101,282
Earnings per common share:			
Basic	\$ 4.90	\$ 2.95	\$ 4.22
Diluted	\$ 4.86	\$ 2.93	\$ 4.18
Dividends per common share	\$ 1.38	\$ 1.32	\$ 1.21
Weighted average common shares outstanding:			
Basic	36,530	29,686	23,998
Diluted	36,776	29,922	24,219

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Consolidated Statements of Comprehensive Income

(Dollars in thousands)

	Year Ended December 31,		
	2018	2017	2016
Net income	\$ 178,871	\$ 87,554	\$ 101,282
Other comprehensive income:			
Unrealized losses on securities:			
Unrealized holding losses arising during period	(17,322)	(3,486)	(6,821)
Tax effect	3,843	1,329	2,600
Reclassification adjustment for (gains) losses and OTTI included in net income	655	(668)	(122)
Tax effect	(145)	255	47
Net of tax amount	(12,969)	(2,570)	(4,296)
Unrealized losses on derivative financial instruments qualifying as cash flow hedges:			
Unrealized holding gains (losses) arising during period	42	(22)	(55)
Tax effect	(9)	9	21
Reclassification adjustment for losses included in interest expense	155	275	275
Tax effect	(34)	(105)	(105)
Net of tax amount	154	157	136
Change in pension plan obligation:			
Change in pension and retiree medical plan obligation during period	490	(589)	(1,202)
Tax effect	(108)	224	453
Reclassification adjustment for changes included in net income	1,187	908	920
Tax effect	(261)	(346)	(351)
Net of tax amount	1,308	197	(180)
Other comprehensive loss, net of tax	(11,507)	(2,216)	(4,340)
Comprehensive income	\$ 167,364	\$ 85,338	\$ 96,942

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Consolidated Statements of Changes in Shareholders' Equity

(Dollars in thousands, except share and per share data)

	Common Stock Shares	Amount	Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2015	24,162,657	\$ 60,407	\$ 703,929	\$ 298,919	\$ (3,871)	\$ 1,059,384
Comprehensive income:						
Net income	—	—	—	101,282	—	101,282
Other comprehensive loss, net of tax effects	—	—	—	—	(4,340)	(4,340)
Total comprehensive income						96,942
Cash dividends declared on common stock at \$1.21 per share	—	—	—	(29,285)	—	(29,285)
Employee stock purchases	14,516	36	889	—	—	925
Stock options exercised	63,527	158	2,046	—	—	2,204
Restricted stock awards	42,226	106	(106)	—	—	—
Stock issued pursuant to restricted stock units	35,903	90	(90)	—	—	—
Common stock repurchased -2004 buyback plan	(32,900)	(82)	(2,048)	—	—	(2,130)
Common stock repurchased	(55,537)	(139)	(3,712)	—	—	(3,851)

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Excess tax benefits in connection with equity awards	—	—	4,178	—	—	4,178
Share-based compensation expense	—	—	6,221	—	—	6,221
Balance, December 31, 2016	24,230,392	\$ 60,576	\$ 711,307	\$ 370,916	\$ (8,211)	\$ 1,134,588
Comprehensive income:						
Net income	—	—	—	87,554	—	87,554
Other comprehensive loss, net of tax effects	—	—	—	—	(2,216)	(2,216)
Total comprehensive income						85,338
Cash dividends declared on common stock at \$1.32 per share	—	—	—	(38,623)	—	(38,623)
Employee stock purchases	12,798	32	1,023	—	—	1,055
Stock options exercised	59,480	149	1,816	—	—	1,965
Restricted stock awards	21,628	53	(53)	—	—	—
Stock issued pursuant to restricted stock units	37,802	95	(95)	—	—	—
Common stock issued for Southeastern Bank Financial Corp. acquisition	4,978,338	12,446	422,163	—	—	434,609
Common stock issued for Park Sterling Corporation acquisition	7,480,343	18,701	669,865	—	—	688,566
Common stock repurchased	(61,125)	(153)	(5,359)	—	—	(5,512)
Share-based compensation expense	—	—	6,934	—	—	6,934
Balance, December 31, 2017	36,759,656	\$ 91,899	\$ 1,807,601	\$ 419,847	\$ (10,427)	\$ 2,308,920
Comprehensive income:						

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Net income	—	—	—	178,871	—	178,871
Other comprehensive loss, net of tax effects	—	—	—	—	(11,507)	(11,507)
Total comprehensive income						167,364
Cash dividends declared at \$1.38 per share	—	—	—	(50,557)	—	(50,557)
AOCI reclassification to retained earnings from adoption of ASU 2018-02	—	—	—	2,947	(2,947)	—
Employee stock purchases	18,110	45	1,286	—	—	1,331
Stock options exercised	33,424	84	948	—	—	1,032
Restricted stock awards	4,069	10	(10)	—	—	—
Stock issued pursuant to restricted stock units	39,541	99	(99)	—	—	—
Common stock repurchased - buyback plan	(1,000,000)	(2,500)	(65,904)	—	—	(68,404)
Common stock repurchased	(25,251)	(63)	(2,110)	—	—	(2,173)
Share-based compensation expense	—	—	8,783	—	—	8,783
Balance, December 31, 2018	35,829,549	\$ 89,574	\$ 1,750,495	\$ 551,108	\$ (24,881)	\$ 2,366,296

The Accompanying Notes are an Integral Part of the Financial Statements.

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South State Corporation and Subsidiary

Consolidated Statements of Cash Flows

(Dollars in thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income	\$ 178,871	\$ 87,554	\$ 101,282
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	35,696	28,704	21,582
Provision for loan losses	13,783	11,890	6,819
Deferred income taxes	15,176	5,640	9,378
Revision of provisional amount related to the revaluation of deferred taxes from the Tax Reform Act	(991)	26,558	—
Other-than-temporary impairment on securities	—	753	—
(Gain) loss on sale of securities, net	655	(1,421)	(122)
Share-based compensation expense	8,783	6,934	6,220
Amortization of FDIC indemnification asset	—	—	3,566
Accretion of discount related to performing acquired loans	(27,756)	(15,893)	(5,187)
(Gain) loss on disposal of premises and equipment	1,568	177	(60)
(Gain) loss on sale of OREO	(1,969)	101	(1,735)
Net amortization of premiums on investment securities	7,567	6,853	5,409
OREO write downs	1,420	2,249	4,401
Fair value adjustment for loans held for sale	(521)	752	495
Originations and purchases of loans held for sale	(631,328)	(682,403)	(771,105)
Proceeds from sales of loans	679,811	745,871	761,688
Net change in:			
Accrued interest receivable	(3,269)	(2,198)	(1,536)
Prepaid assets	1,951	6	(804)
FDIC indemnification asset	—	—	3,177
Miscellaneous other assets	(1,168)	(32,324)	(13,799)
Accrued interest payable	1,930	(948)	(831)
Accrued income taxes	143	1,959	105
Miscellaneous other liabilities	3,359	7,076	9,068
Net cash provided by operating activities	283,711	197,890	138,011
Cash flows from investing activities:			
Proceeds from sales of investment securities available for sale	73,054	374,938	137
Proceeds from maturities and calls of investment securities held to maturity	2,530	3,570	3,225
Proceeds from maturities and calls of investment securities available for sale	224,713	235,757	383,577
Proceeds from sales of other investment securities	15,938	15,302	71
Purchases of investment securities available for sale	(191,313)	(241,274)	(385,813)
Purchases of other investment securities	(18,494)	(4,553)	(660)

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Net increase in loans	(391,428)	(636,836)	(690,495)
Net cash received from acquisitions	—	185,163	—
Payment to terminate FDIC Loss Share Agreements	—	—	(2,342)
Recoveries of loans previously charged off	3,300	3,430	3,552
Purchases of premises and equipment	(14,538)	(15,163)	(25,796)
Proceeds from sale of OREO	13,943	18,751	23,565
Proceeds from sale of premises and equipment	146	15	60
Net cash used in investing activities	(282,149)	(60,900)	(690,919)
Cash flows from financing activities:			
Net increase in deposits	114,779	226,045	233,993
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase and other short-term borrowings	(16,208)	(27,930)	25,542
Proceeds from FHLB advances	590,001	100,000	—
Repayment of other borrowings	(540,007)	(390,811)	(14)
Common stock issuance	1,331	1,055	925
Common stock repurchase	(70,577)	(5,512)	(5,981)
Dividends paid on common stock	(50,557)	(38,623)	(29,285)
Excess tax benefits in connection with equity awards	—	—	4,178
Stock options exercised	1,032	1,965	2,204
Net cash (used in) provided by financing activities	29,794	(133,811)	231,562
Net increase (decrease) in cash and cash equivalents	31,356	3,179	(321,346)
Cash and cash equivalents at beginning of period	377,627	374,448	695,794
Cash and cash equivalents at end of period	\$ 408,983	\$ 377,627	\$ 374,448
Supplemental Disclosures:			
Cash Flow Information:			
Cash paid for:			
Interest	\$ 52,062	\$ 17,962	\$ 9,148
Income taxes	31,941	48,028	39,490
Schedule of Noncash Investing Transactions:			
Acquisitions:			
Fair value of tangible assets acquired	\$ (7,247)	\$ 4,900,334	\$ —
Other intangible assets acquired	3,321	44,295	—
Liabilities assumed	(612)	4,477,801	—
Net identifiable assets acquired over liabilities assumed	(3,314)	466,828	—
Common stock issued in acquisition	—	1,123,175	—
Loans sold that have not settled	—	28,663	—
Real estate acquired in full or in partial settlement of loans	13,391	11,558	13,993

The Accompanying Notes are an Integral Part of the Financial Statements.

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Note 1—Summary of Significant Accounting Policies

Nature of Operations

South State Corporation (the “Company”) is a bank holding company whose principal activity is the ownership and management of its wholly owned subsidiary, South State Bank (the “Bank”). The Bank also operates Minis & Co., Inc. and South State Advisory (formerly First Southeast 401k Fiduciaries), both wholly-owned registered investment advisors. The Bank provides general banking services within 29 counties in South Carolina, 9 counties in North Carolina, 19 counties in Georgia and four counties in Virginia. The accounting and reporting policies of the Company and its consolidated subsidiary conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”). There are thirteen unconsolidated subsidiaries of the Company that were established for the purpose of issuing in the aggregate \$115.0 million of trust preferred securities. The thirteen capital trusts include the following: SCBT Capital Trust I at \$12.0 million; SCBT Capital Trust II at \$8.0 million; SCBT Capital Trust III at \$20.0 million; TSB Statutory Trust I at \$3.0 million; SAVB Capital Trust I at \$6.0 million; SAVB Capital Trust II at \$4.0 million; Southeastern Bank Financial Statutory Trust I at \$10.0 million; Southeastern Bank Financial Statutory Trust II at \$10.0 million; Provident Community Bancshares Capital Trust I at \$4.0 million; FCRV Statutory Trust I at \$5.0 million; Community Capital Statutory Trust I at \$10.0 million; CSBC Statutory Trust I at \$15.0 million and Provident Community Bancshares Capital Trust II at \$8.0 million.

Unless otherwise mentioned or unless the context requires otherwise, references herein to "South State," the "Company" "we," "us," "our" or similar references mean South State Corporation and its consolidated subsidiary. References to the “Bank” means South State Bank, a South Carolina banking corporation.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and other entities in which it has a controlling financial interest. All significant intercompany balances and transactions have been eliminated in consolidation. Assets held by the Company in trust are not assets of the Company and are not included in the accompanying consolidated financial statements.

Segments

The Company, through its subsidiary, provides a broad range of financial services to individuals and companies in South Carolina, North Carolina, Georgia and Virginia. These services include demand, time and savings deposits; lending and credit card servicing; ATM processing; mortgage banking services; and wealth management and trust services. While the Company’s decision makers monitor the revenue streams of the various financial products and services, operations are managed and financial performance is evaluated on an organization wide basis. Accordingly, the Company’s banking and finance operations are not considered by management to constitute more than one reportable operating segment.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated balance sheet and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, fair value of financial instruments, fair values of assets and liabilities acquired in business combinations, loss estimates related to loans and other real estate acquired, evaluating other than temporary impairment of investment

securities, goodwill impairment tests and valuation of deferred tax assets

In connection with the determination of the allowance for loan losses, management has identified specific loans as well as adopted a policy of providing amounts for loan valuation purposes which are not identified with any specific loan but are derived from actual loss experience ratios, loan types, loan volume, economic conditions and industry standards. Management believes that the allowance for loan losses is adequate. While management uses available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. In addition, regulatory agencies, as an integral part of the examination process, periodically review

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the banking subsidiary's allowance for loan losses. Such agencies may require additions to the allowance based on their judgments about information available to them at the time of their examination.

Concentrations of Credit Risk

The Company's subsidiary grants agribusiness, commercial, and residential loans to customers throughout South Carolina, North Carolina, Virginia and Georgia. Although the subsidiary has a diversified loan portfolio, a substantial portion of their borrowers' abilities to honor their contracts is dependent upon economic conditions within South Carolina, North Carolina, Georgia and the surrounding regions.

The Company considers concentrations of credit to exist when, pursuant to regulatory guidelines, the amounts loaned to a multiple number of borrowers engaged in similar business activities which would cause them to be similarly impacted by general economic conditions represents 25% of total risk based capital, or \$375.9 million at December 31, 2018. Based on this criteria, the Company had three such credit concentrations at December 31, 2018, including \$609.3 million of loans to lessors of residential buildings (investment properties and multi-family), \$1.3 billion of loans to lessors of nonresidential buildings (except mini warehouses), and \$457.2 million of loans on hotels and motels.

Cash and Cash Equivalents

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents include cash on hand, cash items in process of collection, amounts due from banks, interest bearing deposits with banks, purchases of securities under agreements to resell, and federal funds sold. Due from bank balances are maintained in other financial institutions. Federal funds sold are generally purchased and sold for one-day periods, but may, from time to time, have longer terms.

The Company enters into purchases of securities under agreements to resell substantially identical securities typically for the purpose of obtaining securities on a short term basis for collateralizing certain customer deposit relationships. Securities purchased under agreements to resell at December 31, 2018 and 2017 consisted of U.S. government sponsored entities and agency mortgage backed securities. It is the Company's policy to take possession of securities purchased under agreements to resell. The securities are delivered into the Company's account maintained by a third party custodian designated by the Company under a written custodial agreement that explicitly recognizes the Company's interest in the securities. The Company monitors the market value of the underlying securities, including accrued interest, which collateralizes the related receivable on agreements to resell. At December 31, 2018, these agreements were considered to be cash equivalents with maturities of three months or less.

Investment Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held to maturity" and carried at amortized cost. Securities not classified as held to maturity, including equity securities with readily determinable fair values, are classified as "available for sale" and carried at fair value with unrealized gains and losses excluded from earnings and reported in other comprehensive income.

Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities. Declines in the fair value of held to maturity and available for sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. Gains and losses realized on sales of securities available for sale are determined using the specific identification method. The Company evaluates securities for other than temporary impairment ("OTTI") at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. In estimating OTTI losses, management considers: (1) the

financial condition and near-term prospects of the issuer, (2) the outlook for receiving the contractual cash flows of the investments, (3) the length of time and the extent to which the fair value has been less than cost, (4) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value or for a debt security whether it is more likely than not that the Company will be required to sell the debt security prior to recovering its fair value, and (5) the anticipated outlook for changes in the general level of interest rates. (see Note 3—Investment Securities).

Other investments include stock acquired for regulatory purposes, investments in unconsolidated subsidiaries and other nonmarketable investment securities. Stock acquired for regulatory purposes include Federal Home Loan Bank

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of Atlanta (“FHLB”) stock. These securities do not have a readily determinable fair value because their ownership is restricted and they lack a market for trading. As a result, these securities are carried at cost and are periodically evaluated for impairment. Investments in unconsolidated subsidiaries represent a minority investment in SCBT Capital Trust I, SCBT Capital Trust II, SCBT Capital Trust III, TSB Statutory Trust I, SAVB Capital Trust I, SAVB Capital Trust II, Southeastern Bank Financial Statutory Trust I, Southeastern Bank Financial Statutory Trust II, Provident Community Bancshares Capital Trust I, FCRV Statutory Trust I, Community Capital Statutory Trust I, CSBC Statutory Trust I and Provident Community Bancshares Capital Trust II. These investments are recorded at cost and the Company receives quarterly dividend payments on these investments. Other nonmarketable investment securities consists of Business Development Corporation stock and stock in Banker’s Banks. These investments also do not have a readily determinable fair value because their ownership is restricted and they lack a market for trading. As a result, these securities are carried at cost and are periodically evaluated for impairment.

Loans Held for Sale

Loans originated and intended for sale are carried at the estimated fair value in the aggregate. Estimated fair value is determined on the basis of existing forward commitments, or the current market value of similar loans. Net unrealized losses, if any, are recognized through a valuation allowance by charges to income. Loans held for sale are sold to investors either under guaranteed delivery or with the best effort intent and ability to sell loans as long as they meet the underwriting standards of the potential investor.

Loans

Loans that management has originated and has the intent and ability to hold for the foreseeable future or until maturity or pay off generally are reported at their unpaid principal balances, less unearned income and net of any deferred loan fees and costs. Unearned income on installment loans is recognized as income over the terms of the loans by methods that generally approximate the interest method. Interest on other loans is calculated by using the simple interest method on daily balances of the principal amount outstanding.

We place non-acquired loans and acquired non-c