

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): October 19, 2023

CASS INFORMATION SYSTEMS, INC.  
(Exact name of registrant as specified in its charter)

Missouri  
(State or other jurisdiction of  
incorporation or organization)

000-20827  
(Commission  
File Number)

43-1265338  
(I.R.S. Employer  
Identification No.)

12444 Powerscourt Drive, Suite 550  
St. Louis, Missouri  
(Address of principal executive offices)

63131  
(Zip Code)

(314) 506-5500  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act.
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act.
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act.
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.50 per share	CASS	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Condition.**

On October 19, 2023, Cass Information Systems, Inc. (the "Company") issued a press release announcing its financial results for the third quarter of fiscal 2023. A copy of this press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Also on October 19, 2023, the Company made available on the Investors section of the Company's website at [www.cassinfo.com](http://www.cassinfo.com), an investor presentation that includes information about the Company's business and developments and certain financial information relating to the third quarter of fiscal 2023. The information contained in the investor presentation is summary information that is intended to be considered in the context of the Company's Securities and Exchange Commission filings and other public announcements that the Company may make, by press release or otherwise, from time to time. A copy of this investor presentation is attached hereto as Exhibit 99.2 and incorporated herein by reference.

The Company has used, and intends to continue using, the Investors portion of its website to disclose material non-public information and to comply with its disclosure obligations under Regulation FD. Accordingly, investors are encouraged to monitor the Company's website in addition to following press releases, SEC filings, and public conference calls and webcasts.

The information reported under this Item 2.02 of Form 8-K, including Exhibit 99.1 and Exhibit 99.2, is being furnished and shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 8.01. Other Events.**

On October 17, 2023, the Company's Board of Directors declared a fourth quarter dividend of \$0.30 per share payable on December 15, 2023 to shareholders of record on December 5, 2023. Additionally, the Board of Directors voted to authorize the repurchase of up to 500,000 shares. Repurchases will be made in the open market or through negotiated transactions from time to time, depending on market conditions. A copy of the press release announcing these matters is attached hereto as Exhibit 99.1 and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press release issued by Cass Information Systems, Inc. dated October 19, 2023.</a>
99.2	<a href="#">Investor presentation made available on the Investors section of the Company's website.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 19, 2023

CASS INFORMATION SYSTEMS, INC.

By: /s/ Martin H. Resch  
Name: Martin H. Resch  
Title: President and Chief Executive Officer

By: /s/ Michael J. Normile  
Name: Michael J. Normile  
Title: Executive Vice President and Chief Financial Officer



Contact: Cass Investor Relations  
ir@cassinfo.com

October 19, 2023

## **Cass Information Systems Reports Third Quarter 2023 Results**

### **Third Quarter Results**

(All comparisons refer to the third quarter of 2022, except as noted)

- Net income of \$7.4 million, or \$0.54 per diluted common share.
- Increase in total revenues of \$2.0 million, or 4.3%.
- Return on average equity of 13.80%.
- Increase in net interest margin to 3.24% from 2.90%.
- Maintained exceptional credit quality, with no non-performing loans or charge-offs.
- Continued to make progress on technology initiatives to increase operational efficiency.
- Signed several new large facility clients.
- Repurchased 73,272 shares of Company stock.
- Increased quarterly dividend to \$0.30 per share.
- Authorized the repurchase of up to 500,000 shares of common stock.

ST. LOUIS – **Cass Information Systems, Inc. (Nasdaq: CASS)**, (the Company or Cass) reported third quarter 2023 earnings of \$0.54 per diluted share, as compared to \$0.64 in the third quarter of 2022 and \$0.52 in the second quarter of 2023. Net income for the period was \$7.4 million, a decrease of 16.0% from \$8.8 million in the same period in 2022 and an increase of \$256,000, or 3.6%, as compared to the second quarter of 2023.

The Company's financial results have been impacted by a decrease in payment float generated from its transportation clients as a result of a decline in freight rates and a decrease in deposit balances generated from its Cass Commercial Bank clients. The lower level of funding provided by these sources has impacted the Company's ability to earn interest income on short-term investments. The Company also continues to invest in updating and upgrading its technology platforms in its payment business. The Company anticipates an improvement in profitability levels as compared to the third quarter of 2023 in future quarters as efficiencies are gained around ingesting and processing invoices, new facility clients are onboarded and net interest income improves as a result of net interest margin expansion via repricing of maturing fixed rate loans and investment securities to current market interest rates.

Martin Resch, the Company's President and Chief Executive Officer, noted, "We continue to update and upgrade the various technology platforms supporting our payments businesses. These technology enhancements, while temporarily increasing expense levels beyond what is necessary to run our business, are creating capacity to meet ongoing business demand, presenting significant revenue opportunities. We have recently signed several new large clients which are expected to increase our facility transaction and dollar volumes by 30-40% over third quarter of 2023 levels and marginally impact freight transaction and dollar volumes. The facilities clients are expected to be fully onboarded by the end of the first quarter of 2024."

### **Third Quarter 2023 Highlights**

**Transportation Dollar Volumes** – Transportation dollar volumes were \$9.3 billion during the third quarter of 2023, a decrease of 19.8% as compared to the third quarter of 2022 and a decrease of 4.6% as compared to the second quarter of 2023. The decrease in dollar volumes was due to a decrease in the average dollars per transaction to \$1,038 during the third quarter of 2023 as compared to \$1,231 in the third quarter of 2022 and \$1,056 in the second quarter of 2023 as a result of lower fuel costs and overall freight rates. Transportation dollar volumes are key to the Company's revenue as higher

volumes generally lead to an increase in payment float, which generates interest income, as well as an increase in payments in advance of funding, which generates financial fees.

**Facility Expense Dollar Volumes** – Facility dollar volumes totaled \$5.1 billion during the third quarter of 2023, a decrease of 7.1% as compared to the third quarter of 2022 and an increase of 11.3% as compared to the second quarter of 2023. The change in dollar volumes period to period are largely reflective of seasonality and energy prices.

**Processing Fees** – Processing fees increased \$975,000, or 5.1%, over the same period in the prior year. The increase in processing fee income was largely driven by an increase in ancillary fees and an increase in facility transaction volumes of 3.1%. The Company has experienced recent success in winning facility clients with high transaction volumes which is expected to contribute to more meaningful growth in processing fees beginning in the first quarter of 2024 as these new clients are onboarded. Transportation invoice volumes decreased 4.9% over the same period. The decline in transportation volumes is due to the on-going freight recession.

**Financial Fees** – Financial fees, earned on a transactional level basis for invoice payment services when making customer payments, increased \$345,000, or 3.1%. The increase in financial fee income was primarily due to the increase in short-term interest rates, partially offset by a decline in transportation dollar volumes of 19.8%.

**Net Interest Income** – Net interest income increased \$577,000, or 3.6%. The Company's net interest margin improved to 3.24% as compared to 2.90% in the same period last year. The increase in net interest income and margin was largely driven by the rise in market interest rates as compared to the same period last year, which is favorable for these financial metrics over the long-term. The positive impact of the increase in the net interest margin was partially offset by a decline in average interest-earning assets of \$183.4 million, or 8.2%.

Net interest income increased \$534,000, or 3.3%, as compared to the second quarter of 2023. The increase was driven by an increase in average interest-earning assets of \$49.0 million, or 2.4%. The Company's net interest margin declined 1 basis point to 3.24% from 3.25% primarily driven by the migration of certain non-interest bearing deposits to interest-bearing. The Company anticipates its net interest margin will expand in future quarters as a result of 72.4% of the Company's average funding sources, consisting of deposits and accounts and drafts payable being non interest-bearing. The Company has \$109.8 million in U.S. Treasury securities with a weighted average yield of 2.43% maturing at various dates from April through July of 2024. In addition, the recent success of winning new facility clients is expected to generate a significant average volume of non-interest bearing payment float which can be invested at current market interest rates.

**Provision for Credit Losses** - The Company recorded a provision for credit losses of \$125,000 during the third quarter of 2023 as compared to \$550,000 in the third quarter of 2022. The provision for credit losses for the third quarter of 2023 was driven by certain changes to assumptions in the Company's CECL model, partially offset by a decrease in total loans of \$16.2 million, or 1.5%, as compared to June 30, 2023.

**Personnel Expenses** - Personnel expenses increased \$2.6 million, or 9.8%. Salaries and commissions increased \$1.4 million, or 6.6%, as a result of merit increases and an increase in average full-time equivalent employees of 8.1% due to strategic investment in various technology initiatives. Pension expense increased \$745,000. Despite the Company's defined benefit pension plan being frozen in the first quarter of 2021 resulting in no service cost in subsequent periods, expense increased as a result of the accounting impact of the decline in plan assets during 2022 and corresponding decline in expected return on plan assets for 2023. Other benefits, such as 401(k) match, health insurance and payroll taxes, increased \$776,000, or 17.6%, primarily due to the 8.1% increase in average FTEs as well as a significant increase in employer health insurance costs over prior year levels.

**Non-Personnel Expenses** - Non-personnel expenses rose \$1.1 million, or 11.9%. Certain expense categories such as equipment, outside service fees and data processing are elevated as the Company invests in, and transitions to, improved technology. Multiple technology platforms are being maintained prior to switching over to what the Company believes will be more efficient technology platforms for data entry processing by the end of 2023.

**Loans** - When compared to December 31, 2022, ending loans decreased \$43.3 million, or 4.0%. The Company has opted to be more selective in booking new loans as a result of the decline in deposits during the first half of 2023, focusing on building new client relationships rather than transactional opportunities like investment grade leases. The Company expects to experience a more normal level of loan growth in future quarters.

**Payments in Advance of Funding** – Average payments in advance of funding decreased \$43.0 million, or 15.5%, primarily due to a 19.8% decrease in transportation dollar volumes, which led to fewer dollars advanced to freight carriers.

**Deposits** – Average deposits decreased \$112.3 million, or 9.5%, when compared to the third quarter of 2022 but increased \$10.0 million, or 0.9% from the second quarter of 2023. Total deposits at September 30, 2023 decreased \$79.9 million, or 6.4% as compared to December 31, 2022. The Company experienced deposit attrition during the first six months of 2023 as larger commercial depository clients moved their funds to higher interest rate alternatives outside of Cass Commercial Bank. The Company has experienced a recent increase in its deposit balances as a result of an increase in its deposit rates and increased depositor confidence across the banking industry. During the third quarter of 2023, as compared to the second quarter of 2023, the Company experienced an increase in average interest-bearing deposits of \$82.2 million and a decrease in non-interest bearing deposits of \$72.2 million as a couple large depository clients transferred funds to interest-bearing accounts.

**Accounts and Drafts Payable** - Average accounts and drafts payable decreased \$112.3 million, or 9.5%. The decrease in these balances, which are non-interest bearing, are primarily reflective of the decrease in transportation dollar volumes of 19.8%. Accounts and drafts payable are a stable source of funding generated by payment float from transportation and facility clients.

**Liquidity** - The Company maintained strong liquidity during the third quarter of 2023 with average short-term investments, primarily consisting of cash in a reserve account at the Federal Reserve Bank, of \$310.8 million. In addition, all of the Company's investment securities are classified as available-for-sale, and there were no outstanding borrowings at September 30, 2023.

**Capital** - The Company's common equity tier 1, total risk-based capital and leverage ratios were 14.53%, 15.30% and 10.61% at September 30, 2023, respectively. Total shareholders' equity has decreased \$89,000 since December 31, 2022 as a result of an increase in accumulated other comprehensive loss of \$7.6 million due to the increase in market interest rates and resulting negative impact on the fair value of available-for-sale investment securities, dividends of \$11.9 million and the repurchase of Company stock of \$5.2 million, partially offset by year-to-date 2023 earnings of \$21.6 million. On October 17, 2023, the Company's Board of Directors approved an increase in the quarterly dividend to \$0.30 per share effective with the dividend payable on December 15, 2023 to shareholders of record on December 5, 2023. The Company's Board of Directors also authorized the repurchase of up to 500,000 shares of common stock in future periods.

#### **About Cass Information Systems**

Cass Information Systems, Inc. is a leading provider of integrated information and payment management solutions. Cass enables enterprises to achieve visibility, control and efficiency in their supply chains, communications networks, facilities and other operations. Disbursing over \$90 billion annually on behalf of clients, and with total assets of \$2.5 billion, Cass is uniquely supported by Cass Commercial Bank. Founded in 1906 and a wholly owned subsidiary, Cass Commercial Bank provides sophisticated financial exchange services to the parent organization and its clients. Cass is part of the **Russell 2000**<sup>®</sup>. More information is available at [www.cassinfo.com](http://www.cassinfo.com).

#### **Forward Looking Information**

This information contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include future financial and operating results, expectations, intentions, and other statements that are not historical facts. Such statements are based on current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties. These risks and uncertainties include the impact of economic and market conditions, inflationary pressures, risks of credit deterioration, interest rate changes, governmental actions, market volatility, security breaches and technology interruptions, energy prices and competitive factors, among others, as set forth in the Company's most recent Annual Report on Form 10-K and subsequent reports filed with the Securities and Exchange Commission. Actual results may differ materially from those set forth in the forward-looking statements.

#### **Note to Investors**

The Company has used, and intends to continue using, the Investors portion of its website to disclose material non-public information and to comply with its disclosure obligations under Regulation FD. Accordingly, investors are encouraged to monitor Cass's website in addition to following press releases, SEC filings, and public conference calls and webcasts.

**Consolidated Statements of Income (unaudited)**

(\$ and numbers in thousands, except per share data)

	Quarter Ended September 30, 2023	Quarter Ended June 30, 2023	Quarter Ended September 30, 2022	Nine-Months Ended September 30, 2023	Nine-Months Ended September 30, 2022
Processing fees	\$ 19,939	\$ 19,386	\$ 18,964	\$ 58,838	\$ 57,184
Financial fees	11,597	11,662	11,252	34,518	32,406
Total fee revenue	\$ 31,536	\$ 31,048	\$ 30,216	\$ 93,356	\$ 89,590
Interest and fees on loans	12,863	12,931	10,006	38,029	27,890
Interest and dividends on securities	4,392	4,677	4,498	13,863	11,546
Interest on federal funds sold and other short-term investments	3,934	2,100	2,249	9,147	3,423
Total interest income	\$ 21,189	\$ 19,708	\$ 16,753	\$ 61,039	\$ 42,859
Interest expense	4,641	3,694	782	11,579	1,344
Net interest income	\$ 16,548	\$ 16,014	\$ 15,971	\$ 49,460	\$ 41,515
(Provision for) release of credit losses	(125)	120	(550)	335	(850)
(Loss) gain on sale of investment securities	—	(199)	13	(160)	15
Other	1,264	1,224	1,555	3,784	3,260
Total revenues	\$ 49,223	\$ 48,207	\$ 47,205	\$ 146,775	\$ 133,530
Salaries and commissions	23,391	23,617	21,953	69,613	62,516
Share-based compensation	938	909	1,260	3,796	4,431
Net periodic pension cost (benefit)	129	138	(616)	402	(1,847)
Other benefits	5,178	4,768	4,402	15,283	12,650
Total personnel expenses	\$ 29,636	\$ 29,432	\$ 26,999	\$ 89,094	\$ 77,750
Occupancy	908	907	970	2,670	2,801
Equipment	1,789	1,749	1,633	5,188	5,004
Other	7,730	7,251	6,719	22,822	16,233
Total operating expenses	\$ 40,063	\$ 39,339	\$ 36,321	\$ 119,774	\$ 101,788
Income from operations before income taxes	\$ 9,160	\$ 8,868	\$ 10,884	\$ 27,001	\$ 31,742
Income tax expense	1,766	1,730	2,085	5,352	6,123
Net income	\$ 7,394	\$ 7,138	\$ 8,799	\$ 21,649	\$ 25,619
Basic earnings per share	\$ .55	\$ .53	\$ .65	\$ 1.60	\$ 1.89
Diluted earnings per share	\$ .54	\$ .52	\$ .64	\$ 1.56	\$ 1.86
Share data:					
Weighted-average common shares outstanding	13,501	13,553	13,542	13,551	13,554
Weighted-average common shares outstanding assuming dilution	13,793	13,854	13,804	13,836	13,807

**Consolidated Balance Sheets**

(\$ in thousands)

	(unaudited) September 30, 2023	(unaudited) June 30, 2023	December 31, 2022
<b>Assets:</b>			
Cash and cash equivalents	\$ 408,435	\$ 270,473	\$ 200,942
Securities available-for-sale, at fair value	615,855	637,513	754,468
Loans	1,039,619	1,055,848	1,082,906
Less: Allowance for credit losses	(13,318)	(13,194)	(13,539)
Loans, net	\$ 1,026,301	\$ 1,042,654	\$ 1,069,367
Payments in advance of funding	258,587	269,180	293,775
Premises and equipment, net	26,257	24,320	19,958
Investments in bank-owned life insurance	48,857	48,564	47,998
Goodwill and other intangible assets	20,849	21,044	21,435
Accounts and drafts receivable from customers	28,710	83,627	95,779
Other assets	71,027	73,421	69,301
<b>Total assets</b>	<b>\$ 2,504,878</b>	<b>\$ 2,470,796</b>	<b>\$ 2,573,023</b>
<b>Liabilities and shareholders' equity:</b>			
<b>Deposits</b>			
Non-interest bearing	\$ 511,292	\$ 679,107	\$ 642,757
Interest-bearing	666,050	512,327	614,460
<b>Total deposits</b>	<b>\$ 1,177,342</b>	<b>\$ 1,191,434</b>	<b>\$ 1,257,217</b>
Accounts and drafts payable	1,082,224	1,021,524	1,067,600
Other liabilities	39,076	42,692	41,881
<b>Total liabilities</b>	<b>\$ 2,298,642</b>	<b>\$ 2,255,650</b>	<b>\$ 2,366,698</b>
<b>Shareholders' equity:</b>			
Common stock	\$ 7,753	\$ 7,753	\$ 7,753
Additional paid-in capital	207,663	206,734	207,422
Retained earnings	141,444	137,996	131,682
Common shares in treasury, at cost	(83,704)	(80,943)	(81,211)
Accumulated other comprehensive loss	(66,920)	(56,394)	(59,321)
<b>Total shareholders' equity</b>	<b>\$ 206,236</b>	<b>\$ 215,146</b>	<b>\$ 206,325</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,504,878</b>	<b>\$ 2,470,796</b>	<b>\$ 2,573,023</b>

**Average Balances (unaudited)**

(\$ in thousands)

	Quarter Ended September 30, 2023	Quarter Ended June 30, 2023	Quarter Ended September 30, 2022	Nine-Months Ended September 30, 2023	Nine-Months Ended September 30, 2022
Average interest-earning assets	\$ 2,059,801	\$ 2,010,771	\$ 2,243,219	\$ 2,077,392	\$ 2,196,704
Average loans	1,045,967	1,075,891	984,105	1,065,915	972,698
Average securities available-for-sale	634,835	686,777	776,162	681,820	740,654
Average short-term investments	310,770	185,230	431,516	263,774	451,562
Average payments in advance of funding	234,684	254,869	277,683	243,458	283,431
Average assets	2,395,264	2,370,359	2,617,814	2,421,274	2,587,760
Average non-interest bearing deposits	480,472	552,718	586,872	528,677	594,994
Average interest-bearing deposits	591,556	509,319	597,458	563,994	598,801
Average borrowings	11	3,199	11	2,993	11
Average interest-bearing liabilities	591,567	512,518	597,469	566,987	598,812
Average accounts and drafts payable	1,070,057	1,049,281	1,182,373	1,071,414	1,135,673
Average shareholders' equity	\$ 212,591	\$ 214,066	\$ 207,247	\$ 212,159	\$ 216,827

**Consolidated Financial Highlights (unaudited)**

(\$ and numbers in thousands, except ratios)

	Quarter Ended September 30, 2023	Quarter Ended June 30, 2023	Quarter Ended September 30, 2022	Nine-Months Ended September 30, 2023	Nine-Months Ended September 30, 2022
Return on average equity	13.80%	13.37%	16.84%	13.64%	15.80%
Net interest margin <sup>(1)</sup>	3.24%	3.25%	2.90%	3.24%	2.61%
Average interest-earning assets yield <sup>(1)</sup>	4.13%	3.98%	3.04%	3.98%	2.69%
Average loan yield	4.88%	4.82%	4.03%	4.77%	3.83%
Average investment securities yield <sup>(1)</sup>	2.62%	2.64%	2.35%	2.63%	2.22%
Average short-term investment yield	5.02%	4.55%	2.07%	4.64%	1.01%
Average cost of total deposits	1.72%	1.38%	0.26%	1.42%	0.15%
Average cost of interest-bearing deposits	3.11%	2.88%	0.52%	2.72%	0.30%
Average cost of interest-bearing liabilities	3.11%	2.89%	0.52%	2.73%	0.30%
Allowance for credit losses to loans	1.28%	1.25%	1.26%	1.28%	1.26%
Non-performing loans to total loans	—%	—%	—%	—%	—%
Net loan charge-offs (recoveries) to loans	—%	—%	—%	—%	—%
Transportation invoice volume	8,925	9,193	9,385	27,216	27,633
Transportation dollar volume	\$ 9,263,453	\$ 9,711,801	\$ 11,549,980	\$ 29,243,706	\$ 33,818,573
Facility expense transaction volume	3,417	3,467	3,315	10,352	9,794
Facility expense dollar volume	\$ 5,096,882	\$ 4,578,490	\$ 5,485,783	\$ 14,988,757	\$ 14,699,903

<sup>(1)</sup> Yields are presented on tax-equivalent basis assuming a tax rate of 21%.



## The Power to Deliver Solutions

Around the world, leading enterprises rely on Cass for our vertical expertise, processing power, and global payment network to execute critical financial transactions while driving greater control and efficiency across critical business expenses.

Q3 2023 INVESTOR PRESENTATION





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## FORWARD LOOKING STATEMENTS

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements contain words such as “anticipate,” “believe,” “can,” “would,” “should,” “could,” “may,” “predict,” “seek,” “potential,” “will,” “estimate,” “target,” “plan,” “project,” “continuing,” “ongoing,” “expect,” “intend” or similar expressions that relate to the Company’s strategy, plans or intentions. Forward-looking statements involve certain important risks, uncertainties, and other factors, any of which could cause actual results to differ materially from those in such statements. Such factors include, without limitation, the “Risk Factors” referenced in our most recent Form 10-K filed with the Securities and Exchange Commission (SEC), other risks and uncertainties listed from time to time in our reports and documents filed with the SEC, and the following factors: ability to execute our business strategy; business and economic conditions; effects of a prolonged government shutdown; economic, market, operational, liquidity, credit and interest rate risks associated with the Company’s business; effects of any changes in trade, monetary and fiscal policies and laws; changes imposed by regulatory agencies to increase capital standards; effects of inflation, as well as, interest rate, securities market and monetary supply fluctuations; changes in the economy or supply-demand imbalances affecting local real estate values; changes in consumer and business spending; the Company’s ability to realize anticipated benefits from enhancements or updates to its core operating systems from time to time without significant change in client service or risk to the Company’s control environment; the Company’s dependence on information technology and telecommunications systems of third-party service providers and the risk of systems failures, interruptions or breaches of security; the Company’s ability to achieve organic fee income, loan and deposit growth and the composition of such growth; changes in sources and uses of funds; increased competition in the payments and banking industries; the effect of changes in accounting policies and practices; the share price of the Company’s stock; the Company’s ability to realize deferred tax assets or the need for a valuation allowance; ability to maintain or increase market share and control expenses; costs and effects of changes in laws and regulations and of other legal and regulatory developments; technological changes; the timely development and acceptance of new products and services; the Company’s continued ability to attract, hire and maintain qualified personnel; ability to implement and/or improve operational management and other internal risk controls and processes and reporting system and procedures; regulatory limitations on dividends from the Company’s bank subsidiary; changes in estimates of future loan reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements; widespread natural and other disasters, pandemics, dislocations, political instability, acts of war or terrorist activities, cyberattacks or international hostilities; impact of reputational risk; and success at managing the risks involved in the foregoing items. The Company can give no assurance that any goal or plan or expectation set forth in forward-looking statements can be achieved, and readers are cautioned not to place undue reliance on such statements. The forward-looking statements are made as of the date of original publication of this presentation, and the Company does not intend, and assumes no obligation, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events or circumstances, except as required by applicable law. This presentation is a high-level summary of our recent and historical financial results and current business developments. For more detailed information, please refer to our press releases and filings with the SEC.



# CASS AT A GLANCE

## OVERVIEW

- + Cass is an information services company that processes freight and facility payments for a number of the largest global companies
- + The information systems business has a 70-year legacy
- + As a result of its \$90B of payments, Cass generates \$1B+ of average non-interest bearing float
- + Cass continues to operate a strong and profitable commercial bank founded in 1906

Market. Cap.  
**\$500M**

Assets  
**\$2.5B**

YTD ROE  
**13.6%**

TTM NI  
**\$30.9M**

YTD % Fees/  
Rev.  
**66.2%**

% NIB  
Funding  
**70.5%**



## INFORMATION SYSTEMS / PAYMENTS

- + Transportation information systems provides freight invoice audit and payment services in the contract market
- + Facilities expense management provides payments for the energy, telecom, and waste services
- + CassPay provides complex treasury management and payment services for fintech and other payment companies

**\$90B**  
Annual  
payments  
volume

**50M**  
Annual invoice  
volume

**\$129M** TTM  
fee revenue

**\$1.1B**  
YTD average  
float

## COMMERCIAL BANK

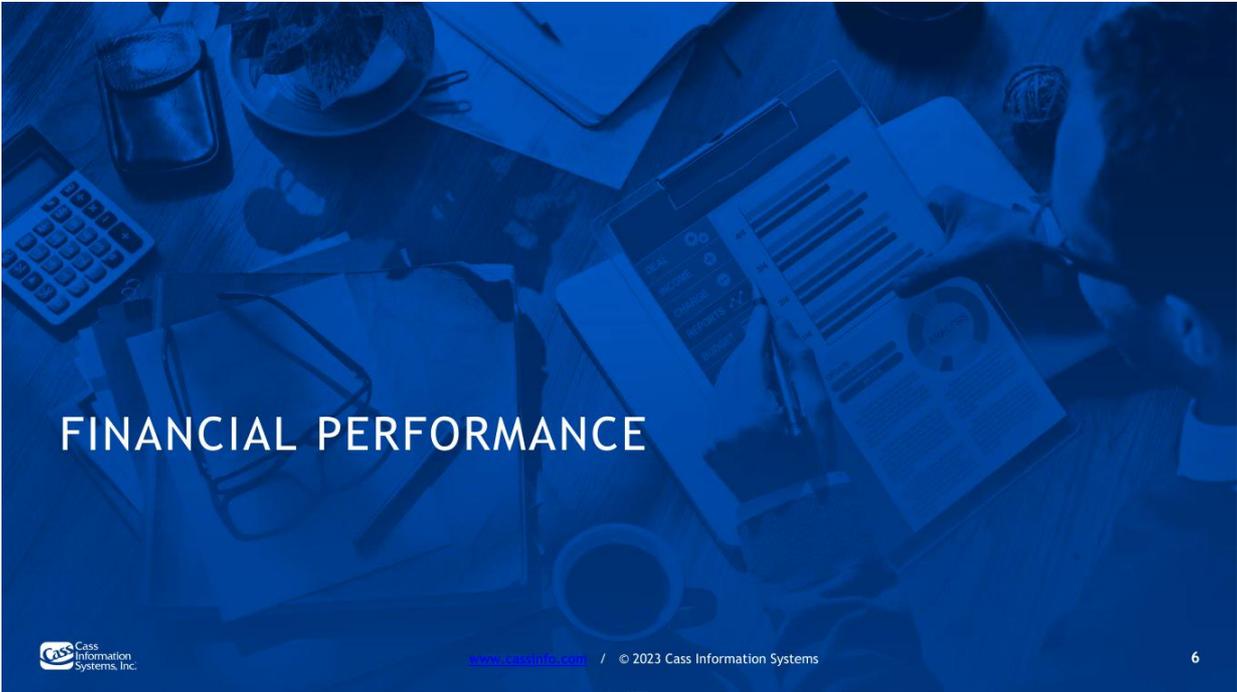
- + Commercial bank operates in three primary niches
  - St. Louis C&I market
  - Faith based organizations across the U.S.
  - McDonalds' franchisees
- + Strong track record of asset quality

**\$1.0B**  
Loans

**\$1.2B**  
Deposits

**1.42%**  
YTD cost of  
deposits

**\$0**  
Charge-offs



# FINANCIAL PERFORMANCE

## Q3 2023 FINANCIAL HIGHLIGHTS

- + Net income of \$7.4 million
- + Diluted EPS of \$0.54
- + Return on average equity of 13.80%
- + Quarterly revenue of \$49.2 million
- + Expanding net interest margin
- + Exceptional credit quality
- + Continued progress on technology initiatives
- + New facilities clients expected to increase facility transaction and dollar volumes 30-40%
- + Repurchased 73,272 shares of stock

NET INCOME



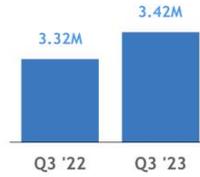
DILUTED EPS



RETURN ON EQUITY



FACILITY TRANSACTION VOLUME



TOTAL REVENUES



NET INTEREST MARGIN



## QUARTERLY FINANCIAL PERFORMANCE

- + Revenue improved in 3Q2023 as compared to 2Q2023 primarily a result of an increase in interest-earning assets and higher processing fees
- + Technology initiatives designed to improve operational efficiency and facilitate client acquisition and growth are driving expenses higher and short-term earnings lower while running duplicate production environments

TOTAL REVENUE



NET INCOME



RETURN ON EQUITY



DILUTED EPS





# REVENUE & EXPENSES

## FINANCIAL FEES

- + Despite a decline in transportation dollar volumes which led to a lower average balance of payments in advance of funding, financial fees were up over the same period last year due to the increase in short-term interest rates
- + Transportation dollar volumes declined due to lower fuel costs and overall freight rates

### FINANCIAL FEES



### TRANSPORTATION DOLLAR VOLUMES



### FACILITY DOLLAR VOLUMES



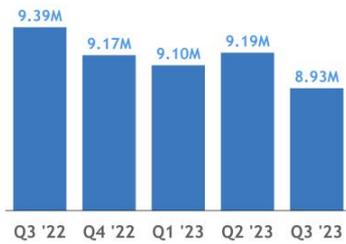
### AVERAGE PAYMENTS IN ADVANCE OF FUNDING



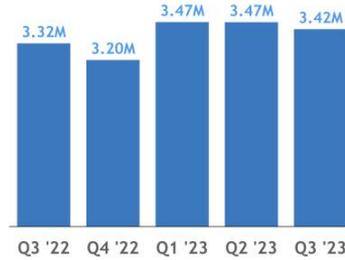
## PROCESSING FEES

- + The change quarter to quarter is generally correlated to transportation and facility invoice volumes.
- + Processing fees increased as compared to 3Q 2022 due to an increase in ancillary fees and facility invoice volumes. The Company has experienced recent success in winning facility clients with high transaction volumes.
- + Transportation invoice volumes declined due to the on-going freight recession.

TRANSPORTATION INVOICE VOLUMES



FACILITY INVOICE VOLUMES



PROCESSING FEES



## NET INTEREST INCOME

- + The increase in short-term interest rates has had a positive impact on net interest income and margin, jumping from 2.90% during 3Q 2022 up to 3.24% in 3Q 2023.
- + Average interest-earning assets have declined as compared to the third quarter of 2022 as a result of a decrease in payment float generated from transportation clients due to a decline in freight rates and a decrease in deposit balances generated from Bank clients.
- + The Company anticipates net interest margin improvement in future quarters as the Company's interest-earning assets, funded by 72.4% noninterest bearing sources, continue to re-price to current market interest rates. In addition, the recent success of winning new facility clients is expected to generate a significant amount of non-interest bearing payment float which can be invested at current market interest rates.

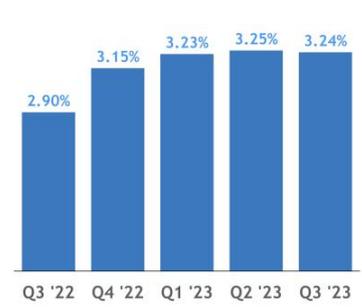
**NET INTEREST INCOME**



**AVERAGE INTEREST-EARNING ASSETS**



**NET INTEREST MARGIN**



## OPERATING EXPENSE

- + Salaries and commissions as well as other benefits have increased due to average FTEs being up 8.1% as compared to 3Q 2022, primarily due to technology initiatives.
- + Despite the pension plan being frozen resulting in no service cost, expense is up due to the accounting impact of the decline in plan assets during 2022.
- + Other operating expenses are also elevated as Cass invests in, and transitions to, improved technology which Cass anticipates will result in improved operating leverage in future quarters.

(\$\$ in millions)

Expense	3Q2022	4Q2022	1Q2023	2Q2023	3Q2023
Salaries and commissions	22.0	23.0	22.6	23.6	23.4
Share-based compensation	1.3	2.3	2.0	0.9	0.9
Net periodic pension cost (benefit)	(0.6)	(0.6)	0.1	0.1	0.1
Other benefits	4.3	4.0	5.3	4.8	5.2
<b>Total personnel expense</b>	<b>27.0</b>	<b>28.7</b>	<b>30.0</b>	<b>29.4</b>	<b>29.6</b>
Occupancy expense	1.0	0.9	0.9	0.9	0.9
Equipment expense	1.6	1.7	1.7	1.7	1.8
Other expense	6.7	6.5	7.8	7.3	7.8
<b>Total operating expense</b>	<b>36.3</b>	<b>37.8</b>	<b>40.4</b>	<b>39.3</b>	<b>40.1</b>



# BALANCE SHEET

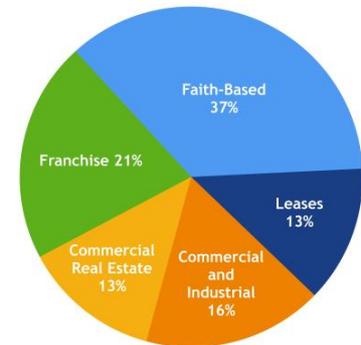
## LOANS

- + Cass has opted to be more selective in booking new loans as a result of the decline in deposits during the first half of 2023, focusing solely on new client relationships.
- + Cass has not incurred a loan charge-off since 2015

(\$ in millions)

Portfolio Composition	9/30/22	12/31/22	3/31/23	6/30/23	9/30/23
Franchise	230.9	223.3	223.7	224.6	221.8
Faith-Based	373.4	395.3	386.2	386.1	385.4
Leases	136.0	160.7	145.0	134.2	127.7
Other C&I	172.4	177.6	180.2	175.3	167.9
Other CRE	124.4	126.0	135.3	135.6	136.8
Ending Loans	1,037.1	1,082.9	1,070.4	1,055.8	1,039.6
Loan Yield	4.03%	4.37%	4.61%	4.82%	4.88%
ACL/Loans	1.26%	1.25%	1.24%	1.25%	1.28%
Net Charge-Offs	—	—	—	—	—
Non-Performing Loans/Loans	—	0.11%	—	—	—

PORTFOLIO COMPOSITION  
9/30/23



## INVESTMENT PORTFOLIO COMPOSITION



- \* All investment securities are classified as available-for-sale. The overall weighted-average repricing term is 4.0 years and the average yield for 3Q2023 was 2.62%. The portfolio had unrealized losses of \$80.5 million at September 30, 2023 resulting in a total fair value for the portfolio of \$615.9 million.
- \* All of the \$109.8 million of U.S. Treasury bonds mature by July 31, 2024.
- \* The asset-backed securities are backed by student loans in the FFELP program with a minimum 97% guaranty by the U.S. Department of Education. These securities have long maturities but are floating rate assets.
- \* Of the total \$111.2 million portfolio of high-quality corporate bonds, \$57.0 million are floating rate.
- \* The mortgage-backed securities portfolio has an estimated average life of 5.2 years.
- \* 99% of the municipal securities are an investment grade of "A" or higher.

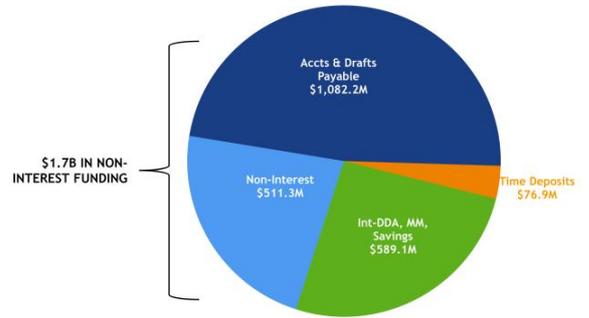
## FUNDING

- + For 3Q 2023, 72.4% of average funding was non-interest bearing, a strategic advantage in current rate environment
- + The Company experienced deposit attrition during the first half of 2023 as larger commercial clients moved their funds to higher interest rate alternatives outside of Cass Commercial Bank. Average deposits improved during the third quarter.
- + Payment float has declined from 3Q2022 due to lower fuel costs and overall freight rates but was up compared to 2Q2023.

**AVERAGE DEPOSITS AND ACCOUNTS & DRAFT PAYABLE**



**FUNDING COMPOSITION**



## KEY FUNDING POINTS

- + Accounts and drafts payable represents float generated by our payments businesses and have proven a very stable source of funding over a long period of time.
- + Deposits are generated from core Bank and CassPay clients. These deposits almost entirely consist of operating accounts from core faith-based and other C&I clients as well as CassPay clients where the Company generates float.
- + The cost of deposits for the third quarter of 2023 was 1.72%.
- + The Bank participates in the CDARS and ICS programs offered by Promontory Interfinancial Network, LLC, enabling FDIC insurance up to \$100 million on money market accounts and \$50 million on certificates of deposit.
- + There are no brokered deposits or wholesale borrowings.
- + The Bank has a \$208 million secured line of credit with the FHLB collateralized by commercial mortgage loans.
- + The Company has \$250.0 million of unused lines of credit collateralized by investment securities.

## CAPITAL

- + Repurchased 73,272 shares of Company stock during 3Q2023
- + Maintain excess capital to support organic balance sheet growth and opportunistic acquisitions
- + Quarterly dividend of \$0.30 per share and Cass has continuously paid regularly scheduled cash dividends since 1934

Tier 1 leverage ratio at 9/30/23	<b>10.61%</b>
Common equity tier 1 risk-based ratio at 9/30/23	<b>14.53%</b>
Tier 1 risk-based ratio at 9/30/23	<b>14.53%</b>
Total risk-based ratio at 9/30/23	<b>15.30%</b>

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) HIGHLIGHTS

During March 2023, we published our annual ESG report, a copy of which is available on our Investor Relations site.



To read more from the Cass  
ESG report, please follow this  
link to [cassinfo.com](https://www.cassinfo.com)





# LEADERSHIP AND SHAREHOLDER INFORMATION

## BOARD OF DIRECTORS

**Eric H. Brunngraber**  
Executive Chairman

**Ralph W. Clermont**  
Retired Managing Partner,  
KPMG LLP, Saint Louis, Missouri

**Robert A. Ebel**  
Retired Chief Executive Officer,  
Universal Printing Company

**Benjamin F. (Tad) Edwards, IV**  
Chairman, Chief Executive Officer,  
and President, Benjamin F. Edwards  
& Company

**Wendy J. Henry**  
Retired Managing Partner,  
BKD, LLP

**James J. Lindemann**  
Retired Executive  
Vice President, Emerson

**Ann W. Marr**  
Executive Vice President of  
Global Human Resources,  
World Wide Technology

**Martin H. Resch**  
President and  
Chief Executive Officer

**Sally H. Roth**  
Retired Area President –  
Upper Midwest, Regions Bank

**Joseph D. Rupp**  
Lead Director and Retired Chairman, President,  
and Chief Executive Officer, Olin Corporation

**Randall L. Schilling**  
Chief Executive Officer,  
OPO Startups, LLC

**Franklin D. Wicks, Jr., Ph.D.**  
Retired Executive Vice President and  
President, Applied Markets, Sigma-Aldrich

## LEADERSHIP COUNCIL

### [Cory J. Bricker](#)

Vice President - CassPay

### [Mark A. Campbell](#)

Senior Vice President

### [James M. Cavellier](#)

Executive Vice President and  
Chief Information Officer

### [Dwight D. Erdbruegger](#)

President, Cass Commercial Bank

### [Carl N. Friedholm](#)

Vice President and General Manager -  
Telecom Expense Management

### [Nicole M. Jennings](#)

Vice President - Internal Audit

### [Teresa D. Meares](#)

Vice President and General Manager -  
Waste Expense Management

### [Ross M. Miller](#)

Vice President and General Manager -  
TouchPoint

### [Sean M. Mullins](#)

Vice President - Infrastructure,  
Security, and Risk

### [Michael J. Normile](#)

Executive Vice President and  
Chief Financial Officer

### [Christi A. Reiter](#)

Vice President - Human  
Resources

### [Martin H. Resch](#)

President and  
Chief Executive Officer

### [Jeanne M. Scannell](#)

Chief Credit Officer - Cass  
Commercial Bank

### [Matthew S. Schuckman](#)

Executive Vice President, General  
Counsel, and Corporate Secretary

### [Anthony G. Urban](#)

Executive Vice President -  
Transportation Information Services

### [Todd J. Wills](#)

Senior Vice President and General  
Manager - Utility Expense Management

## SHAREHOLDER INFORMATION

### CORPORATE HEADQUARTERS

Cass Information Systems, Inc.  
12444 Powerscourt Drive, Suite 550  
Saint Louis, Missouri 63131  
314.506.5500  
[www.cassinfo.com](http://www.cassinfo.com)

### INVESTOR RELATIONS

[ir@cassinfo.com](mailto:ir@cassinfo.com)

### COMMON STOCK

The company's common stock trades on the NASDAQ stock market under the symbol CASS.

### SHAREHOLDER WEBSITE

[www.computershare.com/investor](http://www.computershare.com/investor)

### INDEPENDENT AUDITORS

KPMG LLP  
10 South Broadway, Suite 900  
Saint Louis, Missouri 63102

### SHAREHOLDER ONLINE INQUIRIES

[www-us.computershare.com /investor/Contact](http://www-us.computershare.com/investor/Contact)

### TRANSFER AGENT

Shareholder correspondence should be mailed to:

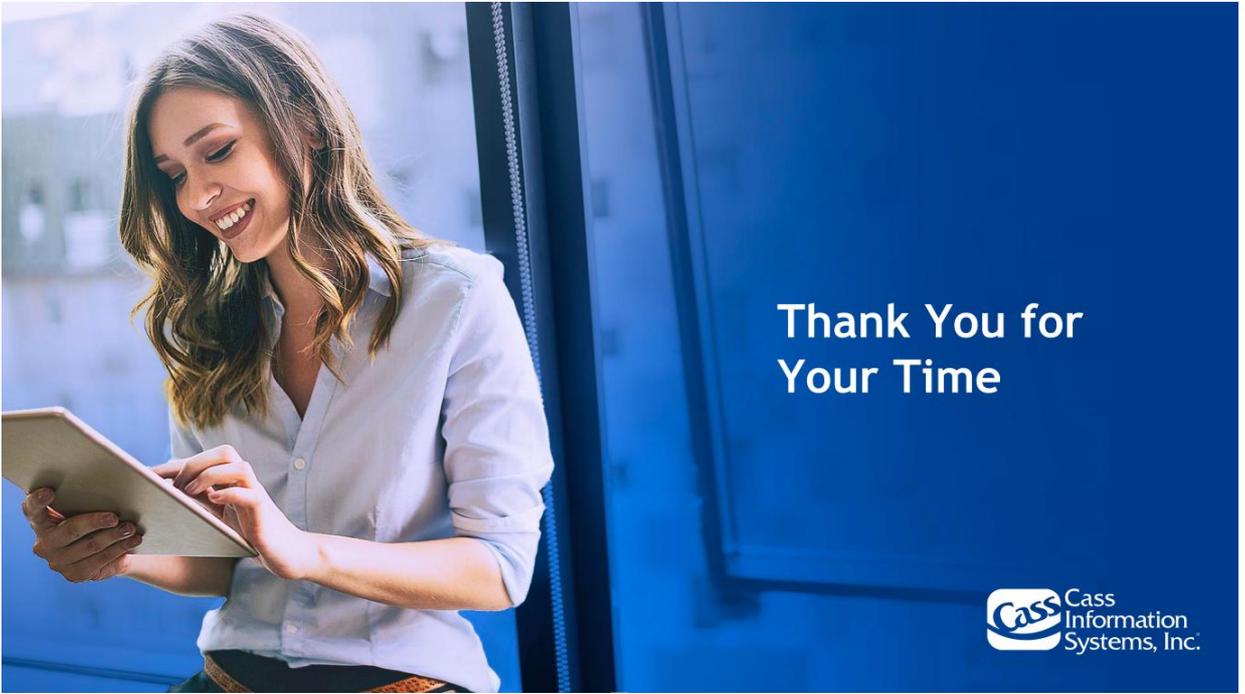
Computershare  
P.O. Box 43006  
Providence, RI 02940-3006

Overnight correspondence should be mailed to:

Computershare  
150 Royall St, Suite 101  
Canton, MA 02021

### TOLL-FREE PHONE

866.323.8170



Thank You for  
Your Time



