

THE POWER TO DELIVER SOLUTIONS





CORPORATE PROFILE

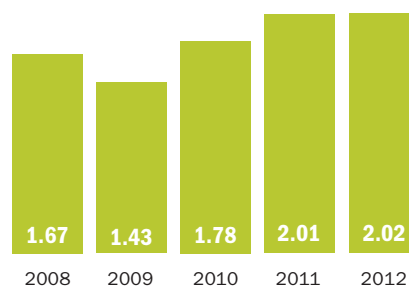
Cass Information Systems, Inc. (NASDAQ: CASS) is a leading provider of transportation, utility, environmental and telecom expense management and related business intelligence services, disbursing \$33 billion annually on behalf of its clients. With total assets of \$1.3 billion, Cass is a business-to-business solutions provider focused on invoice processing, auditing, payment and information services. Cass is uniquely supported by Cass Commercial Bank, founded in 1906. Today, Cass Commercial Bank is a wholly owned subsidiary, providing sophisticated financial exchange services to the parent organization and its clients.

TABLE OF CONTENTS

- 1** 2012 Year in Review
- 2-12** Letter to Shareholders
- 4-5** Client Nearly Doubles in Size, Cass Doesn't Miss a Beat
- 6-7** Transportation Client Leverages Data to Maintain Tight Controls
- 8-9** Cass Helps Client Manage Mobile Workforce with Bring-Your-Own-Device Program
- 10-11** Long-Term Care Facility Cuts Expenses with Waste Management Services from Cass
- 12-13** Over 100 Years of Service, Security and Satisfaction
- 14-15** Condensed Consolidated Statements of Income and Condensed Consolidated Balance Sheets
- 16** Report of Independent Registered Public Accounting Firm, Forward-Looking Statements
- 17** Board of Directors and Executive Officers and Shareholder Information

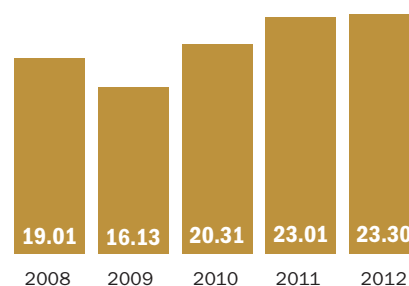
DILUTED EARNINGS PER COMMON SHARE

(IN DOLLARS)



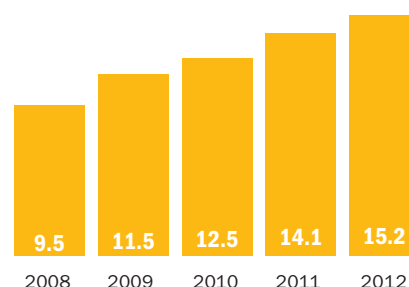
NET INCOME

(IN MILLIONS OF DOLLARS)



BOOK VALUE PER SHARE

(IN DOLLARS)





2012 YEAR IN REVIEW

\$23.3
MILLION NET INCOME

FOR THE YEAR ENDED DECEMBER 31,

	2012	2011
Total Net Revenues	\$ 111,523,000	\$ 106,535,000
Net Income	\$ 23,303,000	\$ 23,009,000
Basic Earnings per Common Share	\$ 2.05	\$ 2.03
Diluted Earnings per Common Share	\$ 2.02	\$ 2.01
Dividends Paid per Common Share	\$ 0.64	\$ 0.55
Total Number of Transactions Processed	47,067,000	45,426,000
Total Dollar Volume Paid	\$ 33,162,412,000	\$ 31,899,494,000
Return on Average Total Shareholders' Equity	13.88%	15.17%
Return on Average Assets	1.73%	1.77%

\$111.5
MILLION TOTAL NET REVENUE

107
YEARS IN BUSINESS

AS OF DECEMBER 31,

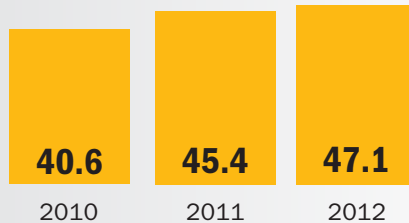
	2012	2011
Total Assets	\$ 1,287,387,000	\$ 1,319,301,000
Total Shareholders' Equity	\$ 174,015,000	\$ 160,548,000
Book Value per Common Share	\$ 15.18	\$ 14.09

“As I reflect on the year’s performance, I am reminded of our commitment to focus on the long term and our belief in maintaining a strong foundation. As we embark upon 2013, we do so knowing we have built a strong foundation.”

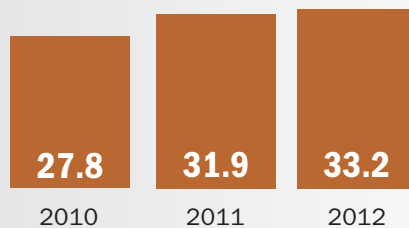
DEAR FELLOW SHAREHOLDERS,

A Letter from Eric Brunngraber
President and Chief Executive Officer

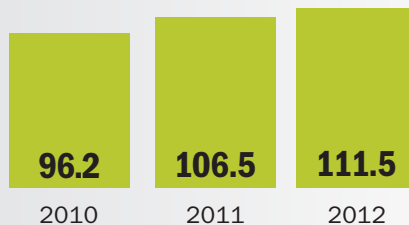
TOTAL INVOICES PROCESSED (IN MILLIONS)



TOTAL DOLLAR VOLUME PAID (IN BILLIONS OF DOLLARS)



TOTAL NET REVENUES (IN MILLIONS OF DOLLARS)



I am pleased to report that 2012 was a year of continued progress and growth for our Company.

We processed more invoices, served more customers in more markets and provided more services than ever before in Cass history.

And we remain focused on our commitments to drive innovation, develop new business solutions and maintain the highest levels of customer satisfaction.

Meanwhile, we have preserved our liquidity and further strengthened our balance sheet to maintain our Company's earnings power and provide a foundation for expansion. All these activities support and demonstrate our progress in executing our long-term strategy.

Despite a dismal operating environment with nominal Gross Domestic Product growth and interest rates near zero percent, our total net revenue rose to \$111,523,000, a 4.7% increase over 2011. Total transactions and dollars processed also reached all-time highs of 47,067,000 and \$33,162,412,000. At the same time, and despite the economic environment and investments made for future growth, Cass delivered \$23.3 million in net income, a modest increase over 2011.

As I reflect on the year's performance, I am reminded of our commitment to focus on the long term and our belief in maintaining a strong foundation.

As we embark upon 2013, we do so knowing we have built a strong foundation:

- The deep industry domain expertise of our people, who are experts within the key, niche markets we serve;
- Our strong liquidity and capital position, with total assets of \$1.3 billion;
- Our capabilities in payment services through our subsidiary, Cass Commercial Bank; and
- Our client base that includes some of the world's largest and strongest companies, such as DuPont, Emerson, Ford Motor Company, Michelin, Nationwide Insurance, Unilever and others.

I think you will share my enthusiasm for the future as you read the following pages, which highlight some of our current activities and the investments we are making to strengthen our position for the long term. First, however, I will summarize our operating results for 2012.

[CONTINUED ON PAGE 4](#)

**Trust in the Lord with all your heart and lean not on your own understanding;
in all your ways acknowledge Him, and He will make your paths straight.**

Proverbs 3:5-6



CASS LEADERSHIP

(LEFT TO RIGHT):

JOHN PICKERING

President, Transportation Information Services

HARRY M. MURRAY

Executive Vice President, Corporate Development

ERIC BRUNNGRABER

President and Chief Executive Officer

KAREN LOWRY

Vice President, Human Resources

ROBERT MATHIAS

President and Chief Operating Officer,
Cass Commercial Bank

GARY LANGFITT

President, Expense Management Services

STEVE APPELBAUM

Executive Vice President and
Chief Financial Officer

FINANCIAL HIGHLIGHTS

During 2012, total net revenues reached \$111,523,000, which represented a 4.7% increase over 2011's record results. Cass' total net revenue is generated from two major sources – fees from our payables and information processing services and net investment income derived from both the balances produced by payment processing as well as net interest income earned by Cass Commercial Bank. Although the historically low interest rate environment has an enormously negative effect on the net interest component of our revenue, the payment and processing fee component grew significantly. These fees grew 9.9% to a record \$66,695,000 despite the sluggish growth in the economy.

The increase in processing fees during 2012 was attributable to the acquisition of Waste Reduction Consultants early in the year, additional services sold to new and existing clients, and increased invoice processing volumes from both new and existing accounts. In 2012 Cass processed 47.1 million transactions, which represented a 3.6% increase over 2011. It should be noted that, although fee revenue was positively impacted by the Waste Reduction Consultants acquisition, the dollar amount of payments processed was not materially affected since payment processing is just now being introduced to environmental expense management clients.

Offsetting much of the growth in fee income was a significant decline in the other major component of our revenue, net investment income. As it has been for the past few years, the prolonged environment of slow economic growth and low interest rates placed downward pressure on our net interest margin. Our net interest margin declined from 4.31% in 2011 to 4.00% in 2012. This is very significant because it applies to the \$1,201,846,000 in average earning assets held during the year. We offset a portion of this deficiency by selectively realizing gains from our investment portfolio as part of our ongoing interest rate management process.

Total operating expenses for 2012 were \$80,333,000, which were up \$5,304,000 or 7.1% from 2011. Most of this increase related to the acquisition of Waste Reduction Consultants, along with additional investments to this new line of business that will allow it to grow at a faster rate in the future. Other increases include expenses related to our global expansion, annual salary increases and employee benefit costs. I am pleased to report that the new methods and technologies we have employed over the past few years to enhance productivity have produced

CONTINUED ON PAGE 6



CLIENT NEARLY DOUBLES IN SIZE, CASS DOESN'T MISS A BEAT

Cass excels at managing high-volume transaction processing for mega-location clients with high service-level expectations. While Cass clients are exceptional in many ways, some distinguish themselves by their impressive size and scope of operations. Consider our longtime client with 30,000 locations that recently merged with another company with 30,000 sites. The combined organization now needed to manage \$20 million in monthly spend for electricity, gas, water, waste hauling and other facilities expenses, and process more than 70,000 facilities-related invoices each month, double the number previously being paid. When the customer decided to centralize all utility invoice management with Cass – and requested an aggressive 90-day implementation – we accepted the challenge.

On-boarding a client of this magnitude – and subsequently managing its high transaction volume in a compressed time frame – is a complex task. The challenges are numerous, including the management of on-time payment to mitigate the possibility of service disruptions. Systems are customized to ensure correct accounting for all payments. While average



**CASS DELIVERS A TRUE UNDERSTANDING
OF CLIENT ENERGY COSTS AND THE
SYSTEMS TO MANAGE THEM EFFECTIVELY**

utility invoice processing speed is less than one business day, Cass must still design processes for late fee management. Utility companies sometimes charge late fees in error even when the payment is received on time. Each month, the clock starts over and the task resumes: efficient, accurate transaction processing with appropriate adjustments made for changes in locations and service providers.

**CASS EXCELS AT MANAGING
HIGH-VOLUME TRANSACTION PROCESSING
FOR MEGA-LOCATION CLIENTS WITH
HIGH SERVICE-LEVEL EXPECTATIONS.**

Because organizations often achieve percentage savings in the double-digits through proactive energy management, clients value accurate visibility to energy costs. Data extraction and reporting to enable the strategic monitoring of energy consumption was an important project deliverable. For some of the 30,000 locations

coming on board, data collection requirements were actually less rigorous than for those that Cass was already managing. Cass therefore developed a unique, two-tiered process that captures the correct level of data for each invoice.

The solutions we provide customers must be able to scale rapidly to meet their growing demands. Because of the advanced and highly scalable methods we use – from EDI, to automated data capture techniques, to systems configuration – we are able to increase processing volumes for clients quickly.

Perhaps the most impressive aspect of this successful post-acquisition integration was the extraordinary timetable in which Cass delivered: the entire assimilation of the newly acquired locations – including process redesign, programming changes and new reporting – was achieved in about 90 days. The customer's accounts payable and facilities teams were thrilled with the smooth transition. And for this newly combined company with many goals, Cass delivered a true understanding of its energy costs and a system to manage them effectively. ■

positive and measurable results as our headcount decreased, outside the acquisition, despite the increases in volumes across all business lines.

In sum, net income for 2012 was \$23,303,000, a modest increase over 2011's record earnings of \$23,009,000. On a diluted earnings per share basis, 2012 net income was \$2.02 compared to \$2.01 last year. I am also very pleased that during this low interest rate environment, our profit margins remained strong with a return on average assets of 1.73% and return on average shareholders' equity of 13.88%. These results are very impressive in the context of our strong liquidity and capital positions. For example, our year-end Tier 1 capital to average assets ratio of 12.26% is more than double the amount regulators use to define institutions as "well capitalized." This strong capital position, combined with the significant generation of cash from our operations, not only allows us the flexibility to take advantage of investment opportunities as they arise, but allows the Board of Directors to increase our dividends. For the second year in a row, the Board increased dividends 16% by raising the cash dividend and declaring a 10% stock dividend.

EXPANDING INTO ENVIRONMENTAL SERVICES

Throughout 2012, Cass continued its post-acquisition integration of Waste Reduction Consultants, which was acquired in January. The acquisition, which expands the Cass portfolio of facilities-related expense management services, supports our long-term vision of extending payment processing services into new markets. Based in Jacksonville, Florida, the waste team recently moved to a new office location, more than doubling its space to accommodate our growth plans.

Cass possesses in-depth understanding of the waste industry, including knowledge of market rates both regionally and through national buying programs. Clients that transition from their own in-house management of waste and recycling to outsourced management through Cass typically realize hard-dollar savings within 60 days. We help clients obtain the best rates in every market, employ service-level optimization strategies, and produce savings from invoice audits. Now that this group is a part of Cass, it is able to leverage corporate infrastructure services, such as human capital management, IT services and marketing.

THE POWER TO DELIVER SOLUTIONS

With our strong balance sheet, experienced workforce and deep domain expertise, Cass has the power to deliver solutions that are scalable – enough to meet the needs of even our largest,

[CONTINUED ON PAGE 8](#)



TRANSPORTATION CLIENT LEVERAGES DATA TO MAINTAIN TIGHT CONTROLS

Clients engage Cass to achieve explicit business results measured in cost savings and other efficiencies. We help them produce these results by enabling stringent operating controls. In addition, Cass delivers transparency – which reinforces the strategic value of the Cass relationship. Management gains greater visibility into complex areas of its operations – a perspective they can trust, given the reliability of the Cass-furnished data.

Deeper understanding of logistical costs is the value driver in many of our relationships with global manufacturers and other shippers. Cass automates most aspects of invoice management, and through the entire process, large amounts of expense data are collected, managed and developed into business intelligence.

Our transportation clients make valuable use of the process metrics to validate the strength of their invoice processing controls. Other strategic uses of the data include: **1** Cost Analysis; **2** Forecasting, Modeling and Planning; **3** Sourcing Decision Analysis; and **4** Continuous Process Improvement.



**THROUGH PARTNERSHIPS WITH CASS,
CLIENTS ARE ASSURED THEY HAVE
THE RIGHT PROCESSES AND ACCURATE
VISIBILITY TO CONTROL
TRANSPORTATION COSTS**

CONTINUOUS IMPROVEMENT PROJECT ACHIEVES SAVINGS

CassPort® is the Web portal that provides our transportation clients with vast amounts of information. A project team at one of our large manufacturing clients decided to focus on these data assets to produce measurable logistics savings.

DEEPER UNDERSTANDING OF LOGISTICAL COSTS IS THE VALUE DRIVER IN MANY OF OUR RELATIONSHIPS WITH GLOBAL MANUFACTURERS AND OTHER SHIPPERS.

The team's goal was to research the current process, look for potential improvement, recommend business changes and measure the results. The team had been trained to identify process waste, but in the enormous complex system of its global logistics operations, where would they find new savings opportunities? The team decided to dive into the details.

Rather than analyze the core costs of moving goods, such as line-haul rates, the team analyzed costs related to surcharges. They looked at which locations and routes had higher surcharges than others. The data provided by Cass empowered them.

The team set a goal of saving a targeted percentage of the total amount spent on surcharges. They then challenged themselves: "Where can we reduce unloading charges?" "Why are this plant's costs the lowest for these charges?" "Why are this location's costs the highest?" Overall, they used the data to create further process efficiencies and managed to hit their goal. Without visibility to these detailed charges, such continuous process improvement would not have been possible.

In the case of this client, tight process controls produced regularly measured savings. Additionally, Cass provided the framework for the customer's own additional process improvement initiatives. Through its partnership with Cass, the client can be assured that it has the right processes and accurate visibility to control its transportation costs. ■

global clients. Among the business highlights of 2012 was the market's enthusiastic adoption of Cass solutions for managing workforce mobility. One such solution is our innovative Bring Your Own Device (BYOD) offering.

THE POWER TO DELIVER MOBILITY MANAGEMENT

The Cass BYOD solution eases the burden that corporate IT managers encounter in their efforts to secure corporate assets while accommodating employees who want to access corporate networks from mobile devices. Traditionally, our telecom expense management services addressed the management of corporate-owned equipment and services. Today, however, our clients must manage a mixed environment – where some employees are issued employer-owned devices and others use their own. In the case of employee-owned devices, employers may offer some level of expense reimbursement. Managing the company's policies, reimbursements and related security is a challenge. Leveraging its expertise in communications lifecycle management as well as its relationships with all major telecom providers, Cass delivers a turnkey platform that can handle these complexities of modern mobility deployment. Using Cass solutions, our clients are rolling out BYOD programs that are not only cost-effective, but that also negate the employees' need to fill out expense reports.

To further support and enable our clients' adoption of next-generation mobility, Cass provided users of our communications lifecycle management services with a universal iOS application for iPhones, iPods and iPads. This mobile app provides access to functionality and data stored in the Cass telecom application, so, for example, designated users can approve invoices from their mobile devices. Other useful features include a corporate directory of employee email addresses and cell phone numbers to make it easy to text, email or call colleagues.

THE POWER TO DELIVER PAPERLESS SOLUTIONS

More than a decade into the new millennium, the age-old topic of eliminating paper still resonates with our customers. Most clients must balance the advantages of electronic transactions with the disadvantages – primarily the associated upfront investment in programming and other costs. A formidable obstacle is the unwillingness or lack of readiness of some suppliers to produce electronic documents. Across all business lines, we help clients seek scalable and cost-effective solutions to reduce paper invoices and related documents without costly impact to the rest of their systems.

CONTINUED ON PAGE 10



CASS HELPS CLIENT MANAGE MOBILE WORKFORCE WITH BRING-YOUR-OWN- DEVICE PROGRAM

The Cass solution for Communications Lifecycle Management (CLM) gives organizations the ability to cost-effectively manage both fixed and mobile communications. The constant evolution of mobile technology in particular, combined with high levels of adoption by consumers, continues to create new challenges for employers. One of these is the increasing number of employees that want to use their personal devices for business. This movement has become widely known as "Bring Your Own Device" (BYOD). While organizations welcome the improvements in productivity, BYOD also creates particular challenges in terms of security, cost and administration.

Stemming from these challenges is one of the newest innovations from Cass: a managed service offering that provides device security and usage management while greatly reducing the administrative burdens of BYOD. A particularly unique feature of the Cass solution is the way in which employees are reimbursed for their mobile expenses. Leveraging the sophistication of the Cass payment network, reimbursement payments are made directly to employee accounts with their wireless carriers. Eligible employees



CASS DELIVERS END-TO-END SOLUTIONS TO REDUCE THE COSTS, RISKS AND BURDEN OF MANAGING THE GROWING COMPLEXITY OF FIXED AND MOBILE COMMUNICATIONS

simply go to a Web portal to enter some information and agree to accept their employer's policies. The rest is automatic: When their monthly service bill arrives, the amount of their employer's reimbursement is already credited to their account.

The security management capabilities include the ability to partition a device (ensuring personal use doesn't impact business use) and to remotely remove any private company information that may have been stored on the device in the event that the device is lost or stolen. All in all, Cass offers an end-to-end solution to reduce the costs, risks and administrative burden of managing the growing complexity of fixed and mobile communications.

A leading North American manufacturer adopted several components of this solution with great success. It knew its mobility program was in need of a major overhaul: All devices were company-issued and antiquated, so its workforce was unable to access the latest technology in mobile applications. In fact, fewer than 100 employees in North America had mobile access to corporate email. In the meantime, many of its 20,000+ employees were clamoring to use their

own personal devices for business purposes and wanted access to corporate systems. The company looked to Cass for a turnkey solution.

Managers from human resources, information technology, finance and legal collaborated with each other and Cass to develop a policy and execute a program that would extend mobile access broadly and fairly, protect corporate network security and control associated costs. The Cass CLM solution delivers tight controls and oversight with little administrative effort. Integration with the client's human resource system further increases efficiency, so that new employees and terminations can be easily managed.

Today, thousands of employees at this company are using their own mobile devices for business purposes, and some receive employer reimbursement payments credited directly to their wireless bill. What's more, the company has added up the savings and factored in the benefits of extending mobile access to a greater number of employees. For both the employer and its employees, the results are exceedingly positive. Cass has delivered another solution to a complex problem. ■

In the world of transportation, we continue to succeed in increasing automation despite a traditionally paper-intensive environment, where many documents are created by over-the-road carriers. While most invoices are processed electronically in the form of XML, EDI and images, our customers also rely on supporting paper documents such as proof of delivery receipts, packing slips, custom forms and re-weigh certificates (that document weight discrepancies). Planned costs of a shipment can differ significantly from actual charges, and these supporting documents provide the data required to analyze and understand unanticipated costs.

To provide complete visibility, we developed the Cass ePaper process – a sophisticated workflow solution that combines EDI invoice files with additional back-up data received as electronic images. The back-up data is requested via an automated, system-to-system request, whereby the Cass system accesses the carriers' online Web application to request all available back-up data, which quite often originated as paper, but has been converted to an image by the carrier. The ePaper solution gives our clients what they want – an integrated, “touchless” process with full transparency.

THE POWER TO DELIVER BEST PRACTICES

We are a company of experts. Cass employs some of the world's most experienced authorities on freight audit and payment, energy expense management, communications lifecycle management and waste expense management. How did we acquire such knowledge? For decades, we have helped clients – including some of the world's largest companies – achieve best practices for invoice management in these discrete areas.

As our clients face new situations and challenges, we work with them to develop new solutions. In doing so, we innovate, grow our deep domain expertise and hone our problem-solving skills. We've highlighted some of these customer stories in this year's annual report to provide you with a deeper understanding of the markets we serve and the problems we solve.

LOOKING TO THE FUTURE

As we look to the future, we can't be sure what new technologies we'll adopt to serve our clients. However, we do know that the solutions we deliver will always be inspired by our clients' business needs – which grow in complexity. Our clients look to us to deliver value beyond a completed transaction – such as an invoice paid on time. Today we deliver the added values our clients demand, such as visibility into their operational processes, access to benchmark data and advisory services.

[CONTINUED ON PAGE 12](#)



LONG-TERM CARE FACILITY CUTS EXPENSES WITH WASTE MANAGE- MENT SERVICES FROM CASS

One of the fastest-growing client segments for our waste expense management team is the long-term care industry, which relies on government-funded Medicare and Medicaid payments for more than half of its revenue and is reeling from spending cuts. Proactive expense management has become an operational imperative as these organizations remain committed to providing quality care for our aging population.

One such client – an innovator in long-term care with nearly 4,000 employees – operates 40 skilled nursing and rehabilitation facilities across three states. The company prides itself on a culture dedicated to improving its residents' quality of life. Although the company had been spending about \$700,000 annually on waste removal services, it had very little buying power and negotiating leverage with its vendors. It had no dedicated waste invoice auditing system and very little visibility to service component details. Complex rate structures made it difficult to understand the exact terms of its contracts. Without dedicated waste-specific expertise and business systems to monitor changing waste regulations, service and pricing details, the company lacked control over this growing operational expense.



CASS DELIVERS COMPLETE SOLUTIONS – ENCOMPASSING STRATEGIC SOURCING, INFORMATION-DRIVEN SERVICE MANAGEMENT AND INVOICE MANAGEMENT

As a result, the company tended to experience steep, unpredictable increases in pricing.

Management recognized the need for specialized expertise and information management systems to gain visibility and control of their medical and solid waste services, contracts and spend. After evaluating several providers, the company chose Cass as its partner.

To transition its waste expense management to Cass, the company needed only to provide Cass with high-level information, such as a list of its locations, copies of its contracts and some additional information from sample invoices. After loading the data into our WasteVision™ technology platform, Cass immediately went to work identifying opportunities for cost and service level optimization.

Using our geographically specific understanding of service costs and aggregate buying power, Cass was able to identify service efficiency and rate reduction opportunities. Next, the Cass team managed negotiations with qualified vendors to renegotiate contracts (most of which were not near expiration). As a procurement agent for hundreds of organizations

representing close to 4,000 service locations, Cass leveraged its buying power to deliver more than \$16,000 in monthly expense savings. Additionally, a historical billing audit for each facility resulted in more than \$20,000 in error recoveries. The client was able to gain clarity on services, contracts, spend details and ongoing savings through reporting from Cass.

In total, the initial implementation delivered more than \$300,000 in total savings: about \$200,000 in annualized fee reduction savings, \$20,000 in historical error recoveries and \$100,000 in error prevention over the coming 12-month period.

Our client was thrilled with the hard-dollar savings, and secure in the knowledge that it had implemented tight controls to protect its financial interests. With Cass as its partner, the client could now focus its resources on core business capabilities. Cass demonstrated its power to deliver a complete solution, encompassing strategic sourcing, information-driven service management and invoice management. ■

Visibility is key in achieving tight controls. Many of our clients attest that they have never really been able to fully understand their true costs of shipping or their expenses for facilities management, energy, environmental services or communications until they became a Cass client. Clients of our freight payment service make excellent use of our benchmark data, which gives them insight into market costs for the routes they use. Cass benchmark data also informs our Cass Advisory Services teams and enables them to assist our freight, telecom and waste clients in negotiating with their suppliers to attain the best market rates.

As I look to the future, I do so with optimism, along with a keen awareness of the difficult economic forecast of low GDP growth and interest rates in the intermediate future. Although Cass is certainly poised for a significant acceleration of earnings when conditions improve, in the meantime we will continue to focus on long-term value creation. We will accomplish this by continually investing in our service lines, seeking out new markets where we can obtain a competitive advantage and by maintaining a strong liquidity and financial position.

THANKS AND GRATITUDE

We are of course indebted to our shareholders. Your loyalty and support over the years has been a key component of our success. It is gratifying to see the number of long-term shareholders that have benefited from holding Cass stock. We thank our Board of Directors for their continued support, commitment and counsel. We thank our customers for their willingness to involve us in the complexities of their businesses, and their invitation to work with them to develop new innovative solutions. Of course, we are also thankful for and proud of our employees for their performance, dedication and desire to serve our clients.

Above all, we recognize and express our gratitude to God for our inspiration to be industrious and creative, as well as forthright and ethical in our business practices. In His grace, He rewards us with more than we deserve.



ERIC H. BRUNGRABER
President and Chief Executive Officer
Cass Information Systems, Inc



OVER 100 YEARS OF SERVICE, SECURITY AND SATISFACTION

Cass Commercial Bank provides a dual role in the organization. Cass Bank serves its traditional banking clients as well as provides the financial exchange infrastructure and investment management capabilities to our payment processing businesses.

Founded in 1906, the Bank has provided financial services for privately held businesses in the St. Louis area and has become an industry leader in providing loans and banking services for faith-based organizations throughout the country. More recently, Cass has capitalized on another market niche through its services to McDonald's franchise owners. We have a long history of providing top-flight cash management services while achieving "trusted advisor" status with our commercial and faith-based clients.

Additionally, the bank manages all corporate assets – including Cass loan, investment and liquidity portfolios – on a daily basis. As a member of the Federal Reserve System, the bank securely moved over \$33 billion on behalf of Cass Information Systems' payment processing clients to third parties in 2012. These third parties include utilities, telecom



PROVIDING CREDIT FOR BUSINESSES AND PROJECT FINANCING FOR RELIGIOUS MINISTRIES, CASS HAS BROUGHT EXPERTISE AND EXPERIENCE TO ITS CUSTOMER RELATIONSHIPS FOR MORE THAN 100 YEARS.

carriers, freight carriers and other supply chain partners. The key role of the bank within the Cass organization gives us a competitive advantage over other payment processors.

AS A MEMBER OF THE FEDERAL RESERVE SYSTEM, THE BANK SECURELY MOVED OVER \$33 BILLION ON BEHALF OF CASS INFORMATION SYSTEMS' PAYMENT PROCESSING CLIENTS TO THIRD PARTIES IN 2012

Cass Commercial Bank strives for a particularly high level of asset quality and financial strength as we are the custodian and payment processor of our clients' funds. Cass Commercial Bank exceeds all measures used by regulators to designate a bank as "well capitalized." For over 100 years, we have succeeded in serving our customers and the business services divisions of Cass with financial strength and secure financial payment services. ■

107
YEARS IN BUSINESS

\$33.2
BILLION PAID IN 2012

\$1.3
BILLION TOTAL ASSETS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(IN THOUSANDS OF DOLLARS, EXCEPT SHARE AND PER SHARE INFORMATION)

FOR THE YEAR ENDED DECEMBER 31,	2012	2011	2010
REVENUES			
Payment and Processing	\$ 66,695	\$ 60,688	\$ 54,183
Net Investment Income	40,385	43,711	40,071
Gains on Sales of Securities	2,635	43	—
Other	1,808	2,093	1,963
Total Net Revenues	111,523	106,535	96,217
EXPENSES			
Salaries and Employee Benefits	62,563	56,573	51,368
Occupancy	2,157	2,318	2,485
Equipment	3,516	3,525	3,561
Other	12,097	12,613	10,870
Total Expenses	80,333	75,029	68,284
Income Before Income Tax Expense	31,190	31,506	27,933
Income Tax Expense	7,887	8,497	7,623
Net Income	\$ 23,303	\$ 23,009	\$ 20,310
EARNINGS PER SHARE			
Basic	\$ 2.05	\$ 2.03	\$ 1.80
Diluted	2.02	2.01	1.78
WEIGHTED AVERAGE SHARES OUTSTANDING			
Basic	11,378,216	11,326,968	11,295,693
Diluted	11,557,214	11,475,620	11,431,566

CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS OF DOLLARS, EXCEPT SHARE AND PER SHARE INFORMATION)

AS OF DECEMBER 31,	2012	2011
ASSETS		
Cash and Cash Equivalents	\$ 141,088	\$ 235,962
Loans and Investments, Net	1,017,311	969,223
Premises and Equipment, Net	10,735	9,587
Other Assets	118,253	104,529
Total Assets	\$ 1,287,387	\$ 1,319,301
LIABILITIES		
Deposits	\$ 563,708	\$ 548,368
Accounts and Drafts Payable	522,761	595,201
Other Liabilities	26,903	15,184
Total Liabilities	\$ 1,113,372	\$ 1,158,753
SHAREHOLDERS' EQUITY		
Preferred Stock, par value \$.50 per share; 2,000,000 shares authorized and no shares issued	—	—
Common Stock, par value \$.50 per share; 20,000,000 shares authorized; 11,931,147 and 10,890,163 shares issued at December 31, 2012 and 2011, respectively	5,966	5,445
Additional Paid in Capital	125,086	80,971
Retained Earnings	60,952	89,853
Common Shares in Treasury, at cost (467,316 and 532,233 shares at December 31, 2012 and 2011, respectively)	(11,896)	(12,968)
Accumulated Other Comprehensive Loss	(6,093)	(2,753)
Total Shareholders' Equity	174,015	160,548
Total Liabilities and Shareholders' Equity	\$ 1,287,387	\$ 1,319,301

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF CASS INFORMATION SYSTEMS, INC.

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cass Information Systems, Inc. and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity for each of the years in the three-year period ended December 31, 2012 (not presented herein); and in our report

dated March 8, 2013, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

Saint Louis, Missouri
March 8, 2013

FORWARD-LOOKING STATEMENTS

FACTORS THAT MAY AFFECT FUTURE RESULTS

This report may contain or incorporate by reference forward-looking statements made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Although we believe that, in making any such statements, our expectations are based on reasonable assumptions, forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors beyond our control, which

may cause future performance to be materially different from expected performance summarized in the forward-looking statements. These risks, uncertainties and other factors are discussed in Part I, Item 1A, "Risk Factors" section of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, or changes to future results over time.

SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS

Cass Information Systems, Inc.
12444 Powerscourt Drive, Suite 550
Saint Louis, Missouri 63131
314-506-5500
cass@cassinfo.com
www.cassinfo.com

COMMON STOCK

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

ANNUAL MEETING

The annual meeting of shareholders will be held Monday, April 15, 2013 at 11 a.m. at the Charles F. Knight Executive Education and Conference Center, Olin Business School at Washington University, Saint Louis, Missouri.

INVESTOR RELATIONS

Security analysts, investment managers and others seeking financial information about the Company should contact:

Investor Relations Department
Cass Information Systems, Inc.
12444 Powerscourt Drive, Suite 550
Saint Louis, Missouri 63131
314-506-5500

10-K AND OTHER PUBLICATIONS

A copy of the company's Form 10-K, as filed with the Securities and Exchange Commission, will be furnished without charge upon written request to the address above or from the Company's website at: www.cassinfo.com

INDEPENDENT AUDITORS

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

TRANSFER AGENT

Shareholder correspondence should be mailed to:

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

Overnight correspondence should be mailed to:

Computershare
250 Royall Street
Canton, MA 02021

Shareholder website:

www.computershare.com/investor

Shareholder online inquiries:

<https://www-us.computershare.com/investor/Contact>

Toll-Free Phone:

866-323-8170

BOARD OF DIRECTORS

LAWRENCE A. COLLETT

Chairman of the Board

K. DANE BROOKSHER

Retired Chairman and Chief Executive Officer, ProLogis

ERIC H. BRUNNGRABER

President and Chief Executive Officer

BRYAN S. CHAPELL

Chancellor, Covenant Theological Seminary

ROBERT A. EBEL

Chief Executive Officer, Universal Printing Company

BENJAMIN F. EDWARDS, IV

Chairman, Chief Executive Officer and President, Benjamin F. Edwards & Company

JOHN L. GILLIS, JR.

Retired, Armstrong Teasdale LLP

WAYNE J. GRACE

Retired Managing Director, UHY Advisors MO, Inc.

JAMES J. LINDEMANN

Executive Vice President, Emerson Electric Co.

RANDALL L. SCHILLING

President and Chief Executive Officer, Candlestiq

ANDREW J. SIGNORELLI

Chairman, Hope Educational & Research Center

FRANKLIN D. WICKS, JR., PH. D.

Executive Vice President and President, Research S.B.U., Sigma-Aldrich

EXECUTIVE OFFICERS

ERIC H. BRUNNGRABER

President and Chief Executive Officer

P. STEPHEN APPELBAUM

Executive Vice President and Chief Financial Officer

HARRY M. MURRAY

Executive Vice President, Corporate Development

JOHN F. PICKERING

President, Transportation Information Services

GARY B. LANGFITT

President, Expense Management Services

ROBERT J. MATHIAS

President and Chief Operating Officer, Cass Commercial Bank



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