

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): July 20, 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 July 20, 2023, Cass Information Systems, Inc. (the “Company”) issued a press release announcing its financial results for the second quarter of fiscal 2023. A copy of this press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Also on July 20, 2023, the Company made available on the Investors section of the Company’s website at www.cassinfo.com, an investor presentation that includes information about the Company’s business and developments and certain financial information relating to the second 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 July 18, 2023, the Company’s Board of Directors declared a third quarter dividend of \$0.29 per share payable on September 15, 2023 to shareholders of record on September 5, 2023.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release issued by Cass Information Systems, Inc. dated July 20, 2023.
99.2	Investor presentation made available on the Investors section of the Company’s website.
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: July 20, 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

July 20, 2023

Cass Information Systems Reports Second Quarter 2023 Results

Second Quarter Results

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

- Net income of \$7.1 million, or \$0.52 per diluted common share.
- Increase in total revenues of \$4.0 million, or 9.0%.
- Return on average equity of 13.37%.
- Increase in net interest margin to 3.25% from 2.54%.
- Increase in facility expense transaction volume of 8.8%.
- Maintained exceptional credit quality.
- Continued to make progress on technology initiatives to increase operational efficiency.
- Repurchased 63,305 shares of Company stock.

ST. LOUIS – **Cass Information Systems, Inc. (Nasdaq: CASS)**, (the Company or Cass) reported second quarter 2023 earnings of \$0.52 per diluted share, as compared to \$0.62 in the second quarter of 2022 and \$0.51 in the first quarter of 2023. Net income for the period was \$7.1 million, a decrease of 16.6% from \$8.6 million in the same period in 2022 and a slight increase of \$21,000 as compared to the first 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 experience an increase in operating expense as a result of updating and upgrading its technology platforms in its payment business. The Company anticipates an improvement in profitability levels as compared to the second quarter of 2023 in future quarters as efficiencies are gained around ingesting and processing invoices, new clients are onboarded and net interest income improves as a result of net interest margin expansion.

Martin Resch, the Company's President and Chief Executive Officer, noted, "The Company has been focused on updating and upgrading the technology platforms used to ingest and process documents received from the vendors/carriers of our clients. Most of 2022 was spent identifying partners and clearly documenting the processes surrounding those platforms. In the first quarter of 2023, we experienced success in implementing a production environment for the Waste line of business well ahead of schedule and therefore we made the decision to accelerate the development across all payment businesses. The Company is currently incurring the cost of running duplicate production environments, with the expectation that we will start to wind down the older platforms in Q4 of 2023. The partners we have chosen to work with have also started to implement generative AI integration into their existing tool sets which we believe will allow us to develop data processing models more quickly but more importantly will be applicable to new client and vendor onboarding improvements underway." Resch continued, "We continue to see high demand for the Cass service offerings, presenting significant revenue opportunities. Our ability to successfully implement improved, more efficient technology platforms will not only reduce our cost of processing invoices but also greatly enhance our growth prospects in future periods."

Second Quarter 2023 Highlights

Transportation Dollar Volumes – Transportation dollar volumes were \$9.7 billion during the second quarter of 2023, a decrease of 14.9% as compared to the second quarter of 2022 and a decrease of 5.4% as compared to the first quarter of

2023. The decrease in dollar volumes was due to a decrease in the average dollars per transaction to \$1,056 during the second quarter of 2023 as compared to \$1,229 in the second quarter of 2022 and \$1,129 in the first 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 \$4.6 billion during the second quarter of 2023, an increase of 0.2% as compared to the second quarter of 2022 and a decrease of 13.8% as compared to the first quarter of 2023. The decrease as compared to the first quarter of 2023 was largely due to seasonality and falling energy prices.

Processing Fees – Processing fees increased \$201,000, or 1.0%, over the same period in the prior year. The increase in processing fee income was largely driven by the increase in facility transaction volumes of 8.8%. Transportation invoice volumes decreased 1.0% over the same period. The Company has experienced recent success in winning facility clients with high transaction volumes.

Financial Fees – Financial fees, earned on a transactional level basis for invoice payment services when making customer payments, increased \$1.0 million, or 9.8%. 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 14.9%.

Net Interest Income – Net interest income increased \$2.4 million, or 17.4%. The Company's net interest margin improved to 3.25% as compared to 2.54% 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 \$211.9 million, or 9.5%.

Net interest income decreased \$884,000, or 5.2%, as compared to the first quarter of 2023. The decrease was driven by a decline in average interest-earning assets of \$152.0 million, or 7.0%. The Company's net interest margin improved 2 basis points to 3.25% from 3.23% as the impact of the rise in the yield on average interest-earning assets of 14 basis points more than offset the impact of the rise in the cost of average interest-bearing liabilities of 69 basis points. The Company anticipates its net interest margin will expand at a greater pace in future quarters. Given that 75.9% of the Company's average funding sources, consisting of deposits and accounts and drafts payable, are non interest-bearing, a higher interest rate environment is good for the Company's net interest income and net interest margin over the long term.

Provision for Credit Losses - The Company recorded a release of credit losses of \$120,000 during the second quarter of 2023 as compared to a provision for credit losses of \$70,000 in the second quarter of 2022. The release of credit losses for the second quarter of 2023 was primarily driven by the decrease in total loans of \$14.5 million, or 1.4%, as compared to March 31, 2023.

Personnel Expenses - Personnel expenses increased \$3.4 million, or 13.1%. Salaries and commissions increased \$2.7 million, or 12.8%, as a result of merit increases, wage pressures, and an increase in average full-time equivalent employees of 10.9% due to strategic investment in various technology initiatives. Pension expense increased \$750,000. 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 \$887,000, or 22.9%, primarily due to the 10.9% 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 \$2.3 million, or 30.3%. 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 facility and transportation data entry processing by the end of 2023.

Loans - Average loans increased \$102.0 million, or 10.5%. The Company has been successful in achieving organic growth in its franchise, faith-based and other commercial and industrial loans. When compared to December 31, 2022, ending loans decreased \$27.1 million, or 2.5%.

Payments in Advance of Funding – Average payments in advance of funding decreased \$38.3 million, or 13.1%, primarily due to a 14.9% decrease in transportation dollar volumes, which led to fewer dollars advanced to freight carriers.

Deposits – Average deposits decreased \$167.7 million, or 13.6%, when compared to the second quarter of 2022. Total deposits at June 30, 2023 decreased \$65.8 million, or 5.2% as compared to December 31, 2022. The Company has experienced deposit attrition as larger commercial depository clients moved their funds to higher interest rate alternatives

outside of Cass Commercial Bank. The Company has experienced recent stabilization in its deposit balances as a result of an increase in deposit rates and increased depositor confidence across the banking industry. Average deposits increased \$7.3 million in June 2023 as compared to May 2023. A high percentage of the Company's deposit base consists of operating accounts of faith-based and commercial clients in addition to payment float generated from CassPay clients.

Accounts and Drafts Payable - Average accounts and drafts payable decreased \$86.2 million, or 7.6%. The decrease in these balances, which are non-interest bearing, are primarily reflective of the decrease in transportation dollar volumes of 14.9%. 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 second quarter of 2023 with average short-term investments, primarily consisting of cash in a reserve account at the Federal Reserve Bank, of \$185.2 million. In addition, all of the Company's investment securities are classified as available-for-sale and there were no outstanding borrowings at June 30, 2023.

Capital - The Company's common equity tier 1, total risk-based capital and leverage ratios were 13.66%, 14.39% and 10.65% at June 30, 2023, respectively. Total shareholders' equity has increased \$8.8 million since December 31, 2022 as a result of year-to-date 2023 earnings of \$14.3 million and a decrease in accumulated other comprehensive loss of \$2.9 million due to the decline in market interest rates and resulting positive impact on the fair value of available-for-sale investment securities, partially offset by dividends of \$7.9 million and the repurchase of Company stock of \$2.4 million.

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**. More information is available at 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 June 30, 2023	Quarter Ended March 31, 2023	Quarter Ended June 30, 2022	Six-Months Ended June 30, 2023	Six-Months Ended June 30, 2022
Processing fees	\$ 19,386	\$ 19,513	\$ 19,184	\$ 38,899	\$ 38,221
Financial fees	11,662	11,259	10,623	22,921	21,155
Total fee revenue	\$ 31,048	\$ 30,772	\$ 29,807	\$ 61,820	\$ 59,376
Interest and fees on loans	12,931	12,235	9,107	25,166	17,884
Interest and dividends on securities	4,677	4,794	3,915	9,471	7,048
Interest on federal funds sold and other short-term investments	2,100	3,113	958	5,213	1,174
Total interest income	\$ 19,708	\$ 20,142	\$ 13,980	\$ 39,850	\$ 26,106
Interest expense	3,694	3,244	339	6,938	562
Net interest income	\$ 16,014	\$ 16,898	\$ 13,641	\$ 32,912	\$ 25,544
Release of (provision for) credit losses	120	340	(70)	460	(300)
(Loss) gain on sale of investment securities	(199)	39	2	(160)	2
Other	1,224	1,296	842	2,520	1,703
Total revenues	\$ 48,207	\$ 49,345	\$ 44,222	\$ 97,552	\$ 86,325
Salaries and commissions	23,617	22,605	20,932	46,222	40,564
Share-based compensation	909	1,950	1,832	2,858	3,172
Net periodic pension cost (benefit)	138	135	(612)	273	(1,231)
Other benefits	4,768	5,336	3,881	10,105	8,246
Total personnel expenses	\$ 29,432	\$ 30,026	\$ 26,033	\$ 59,458	\$ 50,751
Occupancy	907	855	916	1,762	1,831
Equipment	1,749	1,650	1,660	3,399	3,371
Other	7,251	7,841	5,030	15,092	9,514
Total operating expenses	\$ 39,339	\$ 40,372	\$ 33,639	\$ 79,711	\$ 65,467
Income from operations before income taxes	\$ 8,868	\$ 8,973	\$ 10,583	\$ 17,841	\$ 20,858
Income tax expense	1,730	1,856	2,021	3,586	4,038
Net income	\$ 7,138	\$ 7,117	\$ 8,562	\$ 14,255	\$ 16,820
Basic earnings per share	\$.53	\$.52	\$.63	\$ 1.05	\$ 1.24
Diluted earnings per share	\$.52	\$.51	\$.62	\$ 1.03	\$ 1.22
Share data:					
Weighted-average common shares outstanding	13,553	13,599	13,543	13,576	13,560
Weighted-average common shares outstanding assuming dilution	13,854	13,863	13,802	13,859	13,808

Consolidated Balance Sheets

(\$ in thousands)

	(unaudited) June 30, 2023	(unaudited) March 31, 2023	December 31, 2022
Assets:			
Cash and cash equivalents	\$ 270,473	\$ 210,478	\$ 200,942
Securities available-for-sale, at fair value	637,513	703,037	754,468
Loans	1,055,848	1,070,373	1,082,906
Less: Allowance for credit losses	(13,194)	(13,254)	(13,539)
Loans, net	\$ 1,042,654	\$ 1,057,119	\$ 1,069,367
Payments in advance of funding	269,180	259,819	293,775
Premises and equipment, net	24,320	20,967	19,958
Investments in bank-owned life insurance	48,564	48,278	47,998
Goodwill and other intangible assets	21,044	21,240	21,435
Accounts and drafts receivable from customers	83,627	37,288	95,779
Other assets	73,421	69,163	69,301
Total assets	\$ 2,470,796	\$ 2,427,389	\$ 2,573,023
Liabilities and shareholders' equity:			
Deposits			
Noninterest-bearing	\$ 679,107	\$ 585,323	\$ 642,757
Interest-bearing	512,327	530,827	614,460
Total deposits	\$ 1,191,434	\$ 1,116,150	\$ 1,257,217
Accounts and drafts payable	1,021,524	1,051,435	1,067,600
Other liabilities	42,692	42,304	41,881
Total liabilities	\$ 2,255,650	\$ 2,209,889	\$ 2,366,698
Shareholders' equity:			
Common stock	\$ 7,753	\$ 7,753	\$ 7,753
Additional paid-in capital	206,734	206,614	207,422
Retained earnings	137,996	134,822	131,682
Common shares in treasury, at cost	(80,943)	(79,419)	(81,211)
Accumulated other comprehensive loss	(56,394)	(52,270)	(59,321)
Total shareholders' equity	\$ 215,146	\$ 217,500	\$ 206,325
Total liabilities and shareholders' equity	\$ 2,470,796	\$ 2,427,389	\$ 2,573,023

Average Balances (unaudited)

(\$ in thousands)

	Quarter Ended June 30, 2023	Quarter Ended March 31, 2023	Quarter Ended June 30, 2022	Six-Months Ended June 30, 2023	Six-Months Ended June 30, 2022
Average interest-earning assets	\$ 2,010,771	\$ 2,162,734	\$ 2,222,653	\$ 2,086,333	\$ 2,173,060
Average loans	1,075,891	1,076,221	973,871	1,076,055	966,900
Average securities available-for-sale	686,777	724,839	755,803	705,703	722,605
Average short-term investments	185,230	295,150	450,942	239,886	461,750
Average payments in advance of funding	254,869	240,890	293,150	247,918	286,352
Average assets	2,370,359	2,499,341	2,616,220	2,434,494	2,572,485
Average noninterest-bearing deposits	552,718	553,644	623,904	553,178	599,122
Average interest-bearing deposits	509,319	591,102	605,840	549,985	599,484
Average borrowings	3,199	5,834	21	4,509	10
Average interest-bearing liabilities	512,518	596,936	605,861	554,494	599,494
Average accounts and drafts payable	1,049,281	1,095,182	1,135,504	1,072,105	1,111,935
Average shareholders' equity	\$ 214,066	\$ 209,791	\$ 207,828	\$ 211,940	\$ 221,697

Consolidated Financial Highlights (unaudited)

(\$ and numbers in thousands, except ratios)

	Quarter Ended June 30, 2023	Quarter Ended March 31, 2023	Quarter Ended June 30, 2022	Six-Months Ended June 30, 2023	Six-Months Ended June 30, 2022
Return on average equity	13.37%	13.76%	16.53%	13.56%	15.30%
Net interest margin ⁽¹⁾	3.25%	3.23%	2.54%	3.24%	2.45%
Average interest-earning assets yield ⁽¹⁾	3.98%	3.84%	2.60%	3.91%	2.50%
Average loan yield	4.82%	4.61%	3.75%	4.72%	3.73%
Average investment securities yield ⁽¹⁾	2.64%	2.62%	2.19%	2.63%	2.15%
Average short-term investment yield	4.55%	4.28%	0.85%	4.38%	0.51%
Average cost of total deposits	1.38%	1.15%	0.11%	1.25%	0.09%
Average cost of interest-bearing deposits	2.88%	2.18%	0.22%	2.50%	0.19%
Average cost of interest-bearing liabilities	2.89%	2.20%	0.22%	2.52%	0.19%
Allowance for credit losses to loans	1.25%	1.24%	1.31%	1.25%	1.31%
Non-performing loans to total loans	—%	—%	—%	—%	—%
Net loan charge-offs (recoveries) to loans	—%	—%	—%	—%	—%
Transportation invoice volume	9,193	9,098	9,289	18,291	18,247
Transportation dollar volume	\$ 9,711,801	\$ 10,268,451	\$ 11,413,414	\$ 19,980,252	\$ 22,268,594
Facility expense transaction volume ⁽²⁾	3,467	3,468	3,186	6,935	6,479
Facility expense dollar volume	\$ 4,578,490	\$ 5,313,385	\$ 4,570,178	\$ 9,891,875	\$ 9,214,120

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

⁽²⁾ Facility expense transaction volumes have been restated for the current and prior periods to reflect total invoices processed. In prior periods, billing account numbers were utilized in the Telecom division as a proxy for transactions.



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.

Q2 2023 INVESTOR PRESENTATION



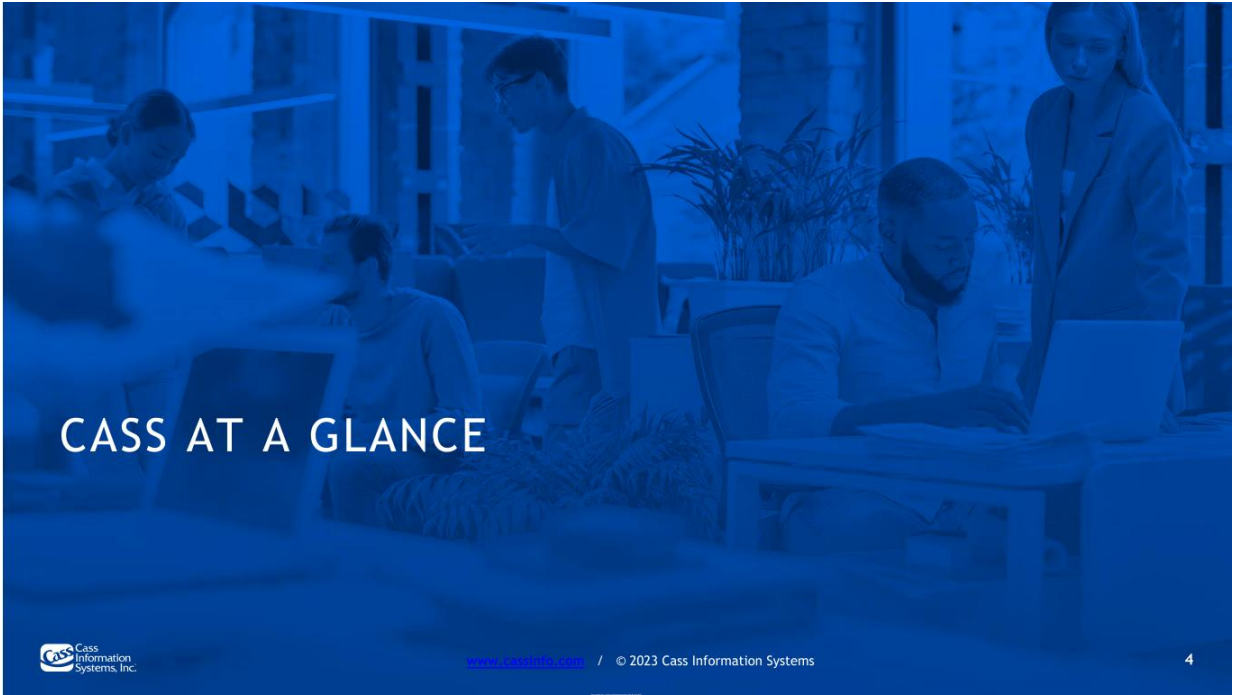


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FORWARD LOOKING STATEMENTS

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.
\$550M

Assets
\$2.5B

YTD ROE
13.6%

TTM NI
\$32.3M

YTD % Fees/
Rev.
65.8%

% NIB
Funding
76.8%



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

\$128M TTM
fee revenue

\$1.1B
YTD average
float

COMMERCIAL BANK

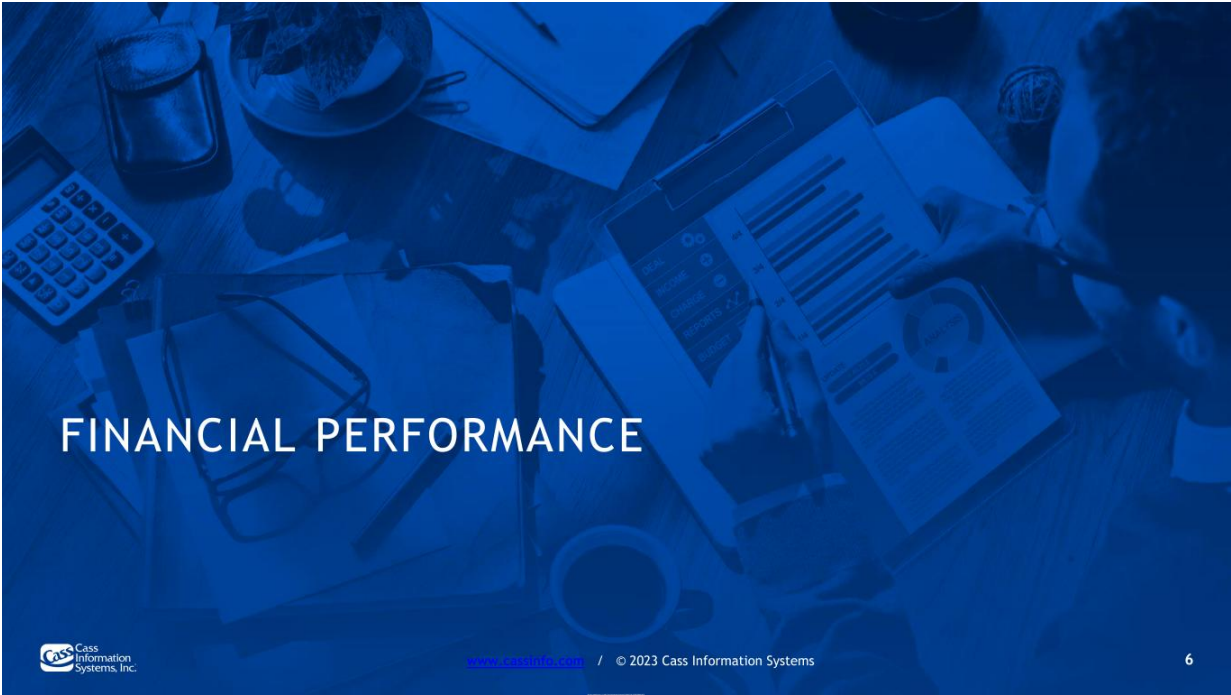
- + Commercial bank operates in three primary niches
 - St. Louis C&I market
 - Faith based organizations across the U.S.
 - McDonalds' franchisees
- + Strong track record of asset quality

\$1.1B
Loans

\$1.2B
Deposits

1.38%
YTD cost of
deposits

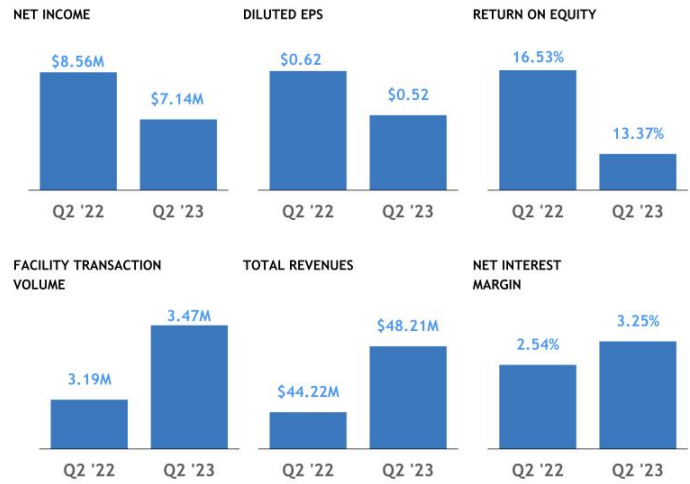
\$0
Charge-offs



FINANCIAL PERFORMANCE

Q2 2023 FINANCIAL HIGHLIGHTS

- + Net income of \$7.1 million
- + Diluted EPS of \$0.52
- + Return on average equity of 13.37%
- + Quarterly revenue of \$48.2 million
- + Expanding net interest margin
- + Strong growth in Facility transaction volumes
- + Exceptional credit quality
- + Continued progress on technology initiatives
- + Repurchased 63,305 shares of stock



QUARTERLY FINANCIAL PERFORMANCE

- + Revenue declined in 2Q2023 as compared to 1Q2023 primarily a result of a decline in interest-earning assets due to declining freight rates and deposits
- + 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

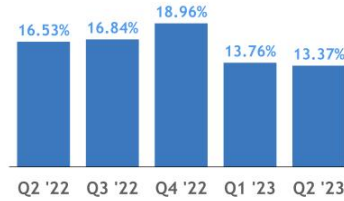
TOTAL REVENUE



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

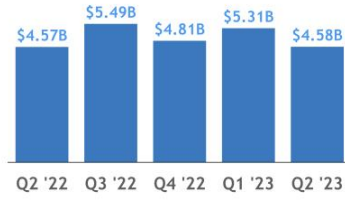
FINANCIAL FEES



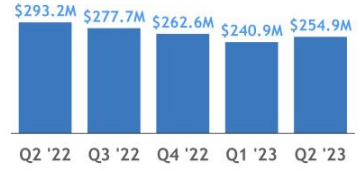
TRANSPORTATION DOLLAR VOLUMES



FACILITY DOLLAR VOLUMES



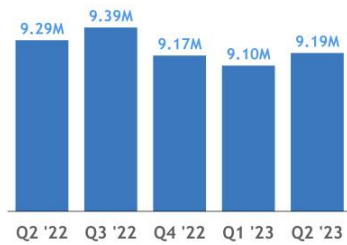
AVERAGE PAYMENTS IN ADVANCE OF FUNDING



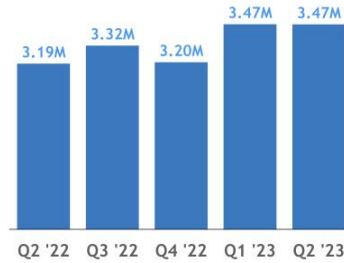
PROCESSING FEES

- + The change quarter to quarter is generally correlated to transportation and facility invoice volumes, although Cass has other processing fee revenue tied to CassPay and Cass Commercial Bank.
- + Processing fees increased as compared to 2Q 2022 due to the increase in facility invoice volumes. The Company has experienced recent success in winning facility clients with high transaction volumes.

TRANSPORTATION INVOICE VOLUMES



FACILITY INVOICE VOLUMES



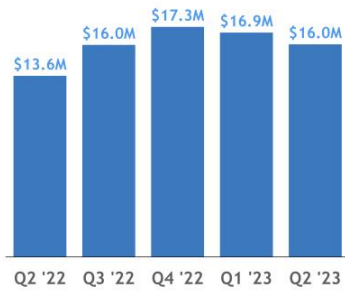
PROCESSING FEES



NET INTEREST INCOME

- + The increase in short-term interest rates has had a positive impact on net interest income and margin, jumping from 2.54% during 2Q 2022 up to 3.25% in 2Q 2023. The Company anticipates further net interest margin improvement in future quarters as the Company's interest-earning assets, funded by 75.9% noninterest bearing sources, continue to re-price to current market interest rates.
- + Average interest-earning assets have declined the first six months of 2023 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.

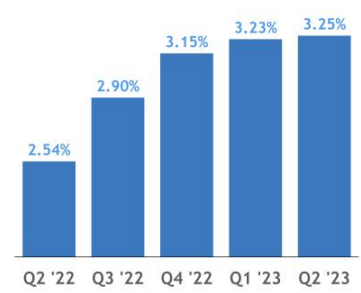
NET INTEREST INCOME



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 10.9% as compared to 2Q 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 beginning in late 2023.

(\$\$ in millions)

Expense	6/30/22	9/30/22	12/31/22	3/31/23	6/30/23
Salaries and commissions	20.9	22.0	23.0	22.6	23.6
Share-based compensation	1.8	1.3	2.3	2.0	0.9
Net periodic pension cost (benefit)	(0.6)	(0.6)	(0.6)	0.1	0.1
Other benefits	3.9	4.3	4.0	5.3	4.8
Total personnel expense	26.0	27.0	28.7	30.0	29.4
Occupancy expense	0.9	1.0	0.9	0.9	0.9
Equipment expense	1.7	1.6	1.7	1.7	1.7
Other expense	5.0	6.7	6.5	7.8	7.3
Total operating expense	33.6	36.3	37.8	40.4	39.3



BALANCE SHEET

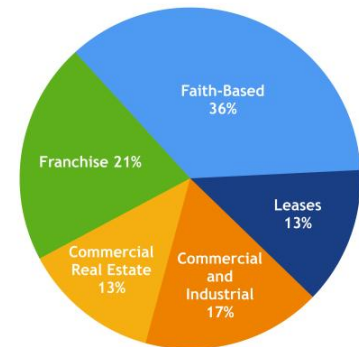
LOANS

- + Cass experienced good organic loan growth in 2022, in particular its specialty franchise, faith-based and investment grade lease niches.
- + Cass has not incurred a loan charge-off since 2015

(\$\$ in millions)

Portfolio Composition	6/30/22	9/30/22	12/31/22	3/31/23	6/30/23
Franchise	189.0	230.9	223.3	223.7	224.6
Faith-Based	369.6	373.4	395.3	386.2	386.1
Leases	92.4	136.0	160.7	145.0	134.2
Other C&I	184.3	172.4	177.6	180.2	175.3
Other CRE	124.2	124.4	126.0	135.3	135.6
Ending Loans	959.5	1,037.1	1,082.9	1,070.4	1,055.8
Loan Yield	3.75%	4.03%	4.37%	4.61%	4.82%
ACL/Loans	1.31%	1.26%	1.25%	1.24%	1.25%
Net Charge-Offs	—	—	—	—	—
Non-Performing Loans/Loans	—	—	0.11%	—	—

PORTFOLIO COMPOSITION
6/30/23



INVESTMENTS

- + The yield on investment securities has been increasing due to the increase in short-term interest rates
- + Cass maintains a high-quality investment portfolio as detailed on the following slide. The decline during 2Q 2023 was due to maturities, amortization and the sale of \$50 million of short-term U.S. Treasury securities

ENDING INVESTMENTS

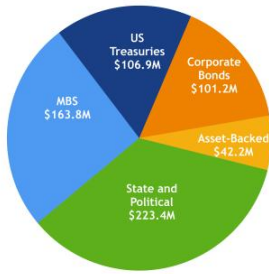


INVESTMENT TAX EQUIVALENT YIELD



INVESTMENT PORTFOLIO COMPOSITION

PORTFOLIO COMPOSITION

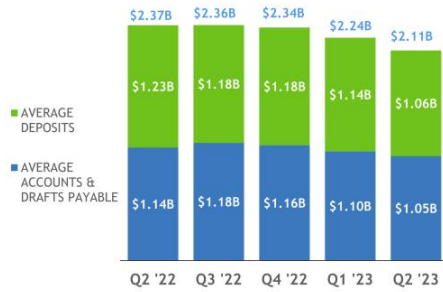


- + All investment securities are classified as available-for-sale. The overall weighted-average repricing term is 4.1 years.
- + All of the \$106.9 million of U.S. Treasury bonds mature by July 31, 2024.
- + The asset-backed securities are backed by student loans in the FFELP program with a minimum 97% guaranty by the U.S. Department of Education. These securities have long maturities but are floating rate assets.
- + All of the corporate securities are investment grade "A" or higher. Of the total portfolio of \$101.2 million, \$55.5 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.

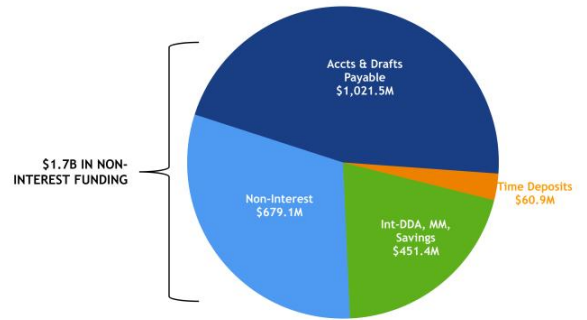
FUNDING

- + For 2Q 2023, **75.9% of average funding was non-interest bearing, a strategic advantage in current rate environment**
- + The Company has experienced deposit attrition as larger commercial clients moved their funds to higher interest rate alternatives outside of Cass Commercial Bank
- + Payment float has declined due to lower fuel costs and overall freight rates

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 second quarter of 2023 was 1.38%.
- + 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 \$214 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 63,305 shares of Company stock during 2Q2023
- + Maintain excess capital to support organic balance sheet growth and opportunistic acquisitions
- + Quarterly dividend of \$0.29 per share and Cass has continuously paid regularly scheduled cash dividends since 1934

Tier 1 leverage ratio at 6/30/23	10.65%
Common equity tier 1 risk-based ratio at 6/30/23	13.66%
Tier 1 risk-based ratio at 6/30/23	13.66%
Total risk-based ratio at 6/30/23	14.39%

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

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Universal Printing Company

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

Wendy J. Henry
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BKD, LLP

James J. Lindemann
Retired Executive
Vice President, Emerson

Ann W. Marr
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Global Human Resources,
World Wide Technology

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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

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Vice President - CassPay

Carl N. Friedholm
Vice President and General Manager -
Telecom Expense Management

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Executive Vice President and
Chief Financial Officer

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Executive Vice President -
Transportation Information Services

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Executive Chairman

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Resources

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Manager - Utility Expense Management

Mark A. Campbell
Senior Vice President

Teresa D. Meares
Vice President and General Manager -
Waste Expense Management

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Chief Executive Officer

James M. Cavellier
Executive Vice President and
Chief Information Officer

Ross M. Miller
Vice President and General Manager -
TouchPoint

Jeanne M. Scannell
Chief Credit Officer - Cass
Commercial Bank

Dwight D. Erdbruegger
President, Cass Commercial Bank

Sean M. Mullins
Vice President - Infrastructure,
Security, and Risk

Matthew S. Schuckman
Executive Vice President, General
Counsel, and Corporate Secretary

SHAREHOLDER INFORMATION

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314.506.5500
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ir@cassinfo.com

COMMON STOCK

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

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www.computershare.com/investor

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Thank You for
Your Time



