



**2024 Annual Report  
and Form 10-K**

## Dear Fellow Shareholders,

For the year ended December 31, 2024, we earned net income of \$19.2 million and diluted earnings per share of \$1.39. These results compare to net income of \$30.1 million and diluted earnings per share of \$2.18 in 2023. Three significant events negatively impacted our financial results as follows:

- We incurred \$7.8 million of bad debt expense on a funding receivable related to a facility client;
- A CassPay client had a cyber event, shuttering the line of business we supported. The result was a decrease of approximately \$100 million of average payment float in the form of accounts and drafts payable, thereby eliminating the interest income we were able to earn on those balances; and
- Net periodic pension cost increased \$3.3 million due to a one-time non-cash expense of \$3.5 million related to the termination of our noncontributory defined-benefit pension plan.

We also continue to operate in a freight recession. Transportation dollar volumes declined an additional 5.7% in 2024 after a 14.4% decline in 2023. Lower dollar volumes negatively impact the overall level of our payment float and our ability to generate financial fees on the payments to freight carriers, as financial fees are in large part tied to dollar volumes. There are, however, recent indications that some freight indices are approaching positive territory for the first time since 2022. ([Cass Transportation Index](#))

The collective impact of these items presented a challenging earnings environment during 2024. The good news is that much of this is behind us. In fact, the termination of the pension plan will save us approximately \$1.0 million of operating expense on an annual basis beginning in 2025. We closed 2024 operationally on a high note and have significant momentum for enhanced profitability as we enter 2025. There are several reasons for this momentum as follows:

### **Higher Interest Rates are Good for Cass Long-Term**

Cass is significantly asset sensitive primarily due to our high level of noninterest bearing funding. Our net interest margin improved to 3.42% in 2024 from 3.25% in 2023 and 2.74% in 2022. During the fourth quarter of 2024, our net interest margin was 3.55%. The longer interest rates stay at current levels, the more our asset portfolio will reprice, continuing this trend.

### **We are Growing our Facility Clients and Revenue**

We experienced a 23.7% increase in facility transaction volumes in 2024 fueled by new client growth. We see significant opportunities in Utility and Waste to continue growth in 2025 and beyond.

### **Our New AI Enabled Technology Platforms Have Begun to Generate Operating Efficiencies**

We have been successful at reducing our full-time equivalent (FTE) count as the new technology platforms have been placed into production. FTEs declined from 1,202 at June 30, 2024 to 1,147 at December 31, 2024. We are optimistic this trend will continue through attrition during 2025.

### **Our Acquisition of AcuAudit, Partnership with Lupeon, Launch of Amplify, and Partnership with FreightWaves SONAR Solidify Our Position as the Market Leader in Freight Audit and Payment**

The acquisition of AcuAudit provides us with the premier freight audit platform for ocean and international air freight. We believe current AcuAudit clients will benefit from Cass payment options and audit capabilities for other freight modes, and current Cass clients will benefit through an opportunity to upgrade to this truly premium solution.

Our partnership with Lupeon allows us to deliver a Brazil specific in-region solution for our global client base.

Our launch of Amplify enables us to support clients by increasing their working capital while allowing their freight carriers to be paid timely. Amplify is an interconnected partnership between Cass, shippers and carriers that provides cash flow efficiency to promote a healthier financial ecosystem within the supply chain.

Finally, our partnership with FreightWaves SONAR allows Cass customers to directly access their data within the SONAR Supply Chain Intelligence platform, streamlining the process for greater efficiency and allowing them to easily benchmark their truckload freight network across both cost and service dynamics, see their level of financial risk, and assess their company's Scope 3 carbon emissions based on the total number of moves.

### **Looking Forward**

As we look forward, we will continue to execute on our corporate strategy. We are well positioned as the market leader in the freight audit and payment space and our newly announced partnerships and product offerings further solidifies this position. We continue to see excellent growth potential in our Facility line of business with strong interest in our Waste and Utility product offerings, both of which we believe are best-in-class.

The current interest rate environment combined with fee growth opportunities presents a good revenue outlook for Cass. We remain optimistic that our ability to generate operating efficiencies through technology will limit operating expense growth. This presents a very solid profitability outlook for 2025 and future years.

As always, I am excited to direct you to the Investor section of our website. Here you will find all of our SEC filings.

On behalf of the Board of Directors and our leadership team, I am thankful for your support and belief in the future success of Cass. I am proud and thankful to work with the outstanding and dedicated Cass team, as well as participating in the success of our growing roster of clients.

Sincerely,



Martin H. Resch  
President and Chief  
Executive Officer

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

**FORM 10-K**

(Mark One)

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2024
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-20827



**CASS INFORMATION SYSTEMS, INC.**

(Exact name of registrant as specified in its charter)

Missouri

43-1265338

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

12444 Powerscourt Drive, Suite 550, St. Louis, Missouri

(314) 506-5500

(Address of principal executive offices) (Zip Code)

(Telephone Number, incl. area code)

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	The Nasdaq Global Select Market

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

Title of each Class

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. Large accelerated filer:  Accelerated filer:  Non-accelerated filer:  Smaller reporting company:  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.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The aggregate market value of the common stock held by non-affiliates of the Registrant was approximately \$529.5 million based on the closing price of the common stock of \$40.07 on June 30, 2024, as reported by The Nasdaq Global Select Market. As of February 21, 2025, the Registrant had 13,503,248 shares outstanding of common stock.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Certain information required for Part III of this report is incorporated by reference to the Registrant's Proxy Statement for the 2025 Annual Meeting of Shareholders.

Auditor Name: KPMG LLP

Auditor Location: St. Louis, MO

Auditor Firm ID: 185

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**CASS INFORMATION SYSTEMS, INC.**  
**FORM 10-K ANNUAL REPORT**  
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**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 the section Part I, Item 1A, “Risk Factors.” 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.



## PART I.

### **ITEM 1. BUSINESS**

#### **Description of Business**

Cass Information Systems, Inc. (“Cass” or the “Company”) provides payment and information processing services to large manufacturing, distribution and retail enterprises across the United States. The Company’s services include freight invoice rating, payment processing, auditing, and the generation of accounting and transportation information. Cass also processes and pays facility-related invoices, which include electricity and gas as well as waste and telecommunications expenses, and is a provider of telecom expense management solutions. Cass solutions include integrated payments, a B2B payment platform for clients that require an agile fintech partner. Additionally, the Company offers a church management software solution and an on-line platform to provide generosity services for faith-based and non-profit organizations. The Company’s bank subsidiary, Cass Commercial Bank (the “Bank”), supports the Company’s payment operations. The Bank also provides banking services to its target markets, which include privately held businesses in the St. Louis metropolitan area and restaurant franchises and faith-based ministries within the United States.

#### **Company Strategy and Core Competencies**

Cass is an information services company with a primary focus on processing payables and payables-related transactions for large corporations located in the United States. Cass possesses four core competencies that encompass most of its processing services.

*Data acquisition* – This refers to the gathering of data elements from diverse, heterogeneous sources and the building of complete databases for our customers. Data is the raw material of the information economy. Cass gathers vital data from complex and diverse input documents, electronic media, proprietary databases and data feeds, including data acquired from vendor invoices as well as customer procurement and sales systems. Through its numerous methods of obtaining streams and pieces of raw data, Cass is able to assemble vital data into centralized data management systems and warehouses, thus producing an engine to create the power of information for managing critical corporate functions and processing systems.

*Data management* – Once data is assembled, Cass is able to utilize the power from derived information to produce significant savings and benefits for its clients. This information is integrated into customers’ unique financial and accounting systems, eliminating the need for internal accounting processing and providing internal and external support for these critical systems. Information is also used to produce management and exception reporting for operational control, feedback, planning assistance and performance measurement.

*Business Intelligence* – Receiving information in the right place at the right time and in the required format is paramount for business survival. Cass’ information delivery solutions provide reports, digital images, data files and retrieval capabilities through the internet or directly into customer internal systems. Cass’ proprietary internet management delivery system is the foundation for driving these critical functions. Transaction, operational, control, status and processing exception information are all delivered through this system creating an efficient, accessible and highly reliable asset for Cass customers.

*Financial exchange* – Since Cass is unique among its competition in that it owns a commercial bank, it is also able to manage the movement of funds from its customers to their suppliers. This is a distinguishing factor, which clearly requires the processing capability, operating systems and financial integrity of a banking organization. Cass provides immediate, accurate, controlled and protected funds management and transfer system capabilities for all of its customers. Old and costly check processing and delivery mechanisms are replaced with more efficient electronic cash management and funds transfer systems.

Cass’ core competencies allow it to perform the highest volumes of transaction processing in an integrated, efficient and systematic approach. Not only is Cass able to process the transaction, it is also able to collect the data defining the transaction and effect the financial payment governing its terms.

These core competencies, enhanced through shared business processes, drive Cass’ strategic business units. Building upon these foundations, Cass continues to explore new business opportunities that leverage these competencies and processes.

## **Marketing, Customers and Competition**

The Company, through its Transportation Information Services business unit, is one of the largest firms in the transportation bill processing and payment industry in the United States based on the total dollars of transportation bills paid and items processed. Competition consists of a few primary competitors and numerous small transportation bill audit firms located throughout the United States. While offering transportation payment services, few of these audit firms compete on a national basis. These competitors compete mainly on price, functionality and service levels. The Company, through its Utility Expense Management business unit, also competes with other companies located throughout the United States that pay utility bills and provide management reporting. Available data indicates that the Company is one of the largest providers of utility information processing and payment services. Cass is unique among these competitors in that it is not exclusively affiliated with any one energy service provider (“ESP”). Various ESPs market the Company’s services, adding value with their unique auditing, consulting and technological capabilities. Many of Cass’ services are customized for the ESPs, providing a full-featured solution without any development costs to the ESP. The Company, through its Telecom Information Services business unit, is a leader in the growing telecom expense management market and competes with other companies located throughout the United States in this market. The Company, through its Waste Expense Management business, is one of the largest providers of waste invoice management solutions and competes against small expense management companies along with large national account programs of major haulers. The Company's TouchPoint division offers a church management software solution and an on-line platform to provide generosity services for faith-based and non-profit organizations, which is a complementary service offering to the Bank’s faith-based customers. Also, the Company, through its CassPay operation, competes with providers of corporate payment solutions.

The Bank is organized as a Missouri trust company with banking powers and was founded in 1906. The Company was originally classified as a bank holding corporation due to its ownership of a federally-insured commercial bank and was originally organized in 1982 as Cass Commercial Corporation under the laws of Missouri. Approval by the Board of Governors of the Federal Reserve System was received in February 1983. The Company changed its name to Cass Information Systems, Inc. in January 2001. In December 2011, the Federal Reserve Bank (“FRB”) of St. Louis approved the election of Cass Information Systems, Inc. to become a financial holding company. As a financial holding company, Cass may engage in activities that are financial in nature or incidental to a financial activity. The Bank encounters competition from numerous banks and financial institutions located throughout the St. Louis, Missouri metropolitan area and other areas in which the Bank competes. The Bank’s principal competitors, however, are large bank holding companies that are able to offer a wide range of banking and related services through extensive branch networks. The Bank targets its services to privately held businesses, restaurant franchises, and faith-based ministries located in St. Louis, Missouri and other selected cities located throughout the United States.

The Company holds several trademarks for the payment and rating services it provides. These include: FreightPay®, Transdata®, Ratemaker®, Best Rate®, Rate Exchange®, CassPort®, Cass Freight Index®, Cass Truckload Linehaul Index®, Cass Intermodal Price Index®, ExpenseSmart®, ExpenseSmart®, TouchPoint®, Gyve®, Generosity Made Simple®, WasteVision™, AcuAudit™ and Direct2Carrier Payments™. The Company holds patents for methods and systems of the following: managing employee-liable expenses, communicating expense management information, electronic auditing, and electronically generating and analyzing shipping parameters. The Company also holds patents for computer readable media for electronic auditing.

The Company and its subsidiaries have a varied client base and are not dependent on any one customer or group of customers for a significant portion of its business.

## **Employees and Human Capital Resources**

The Company and its subsidiaries had 1,027 full-time and 221 part-time employees as of February 21, 2025. Of these employees, the Bank had 64 full-time and no part-time employees.

Cass has long been committed to comprehensive and competitive compensation and benefits programs to attract and retain talent in a competitive environment. Retention of skilled and highly trained employees is critical as the Company’s future operating results depend substantially upon the continued service of executive officers and key personnel. Furthering the philosophy to attract and retain a pool of talented and motivated employees who will continue to advance the Company’s purpose and contribute to overall success, compensation and benefits programs include: a noncontributory profit sharing program for exempt employees; a defined contribution 401(k) plan to provide retirement benefits to eligible employees; a performance-based equity compensation program for executive officers and key personnel; and incentive programs for loan

and sales personnel. Cass also provides comprehensive health, dental, and vision plans to most employees, as well as free employee assistance programs to all employees and members of their families.

The Company invests in its employees' futures by assisting with tuition reimbursement for continued education. Employees are also able to participate in educational seminars run by outside parties to maintain and expand professional knowledge.

In order to develop a workforce that aligns with the Company's corporate values, regularly sponsored campaigns and events occur, such as charitable workplace campaigns, food drives to assist local food banks, and toy drives to support charities during the holidays. The Company offers paid time off for charitable endeavors. Additionally, the Company supports a number of organizations with annual financial contributions.

The Company recognizes the benefits of building a corporate culture that promotes diversity and fosters unique ideas and ways of thinking. Among other things, Cass focuses on cultivating an environment that encourages collaboration, flexibility and fairness to enable all employees to contribute to their full potential.

As of December 31, 2024, 70% of the Company's U.S. employees were female, and 22% were ethnically diverse. Within the management group, 53% were female, and 15% were ethnically diverse. The Company continues to support and provide diversity training to all employees. The Company also continues its commitment to providing a workplace that is free of harassment and discrimination by taking proactive measures and providing all employees with non-discrimination and sexual harassment prevention training on an annual basis. Initiatives are supported and promoted to provide all employees a place where they feel welcomed, appreciated and valued.

Equal opportunities, anti-harassment, non-discrimination, the health and safety of employees and work-life balance are actively promoted as more fully described in the Company's Environmental, Social, and Governance ("ESG") report.

## **Supervision and Regulation**

The Company and its bank subsidiary are extensively regulated under federal and state law. These laws and regulations are intended to primarily protect depositors, not shareholders. The Bank is subject to regulation and supervision by the Missouri Division of Finance, the FRB and the Federal Deposit Insurance Corporation (the "FDIC"). The Company is a financial holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), and as such, it is subject to regulation, supervision and examination by the FRB. Significant elements of the laws and regulations applicable to the Company and the Bank are described below. The description is qualified in its entirety by reference to the full text of the statutes, regulations and policies that are described. Also, such statutes, regulations and policies are continually under review by Congress and state legislatures and federal and state regulatory agencies. A change in statutes, regulations or regulatory policies applicable to the Company and its subsidiaries could have a material effect on the business, financial condition and results of operations of the Company.

*Bank Holding Company Activities* – In general, the BHC Act limits the business of bank holding companies to banking, managing or controlling banks and other related activities. In addition, bank holding companies that qualify and elect to be financial holding companies, such as the Company, may engage in any activity, or acquire and retain the shares of a company engaged in any activity, that is either (i) financial in nature or incidental to such financial activity or (ii) complementary to a financial activity and does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally. Such permitted activities include securities underwriting and dealing, insurance underwriting and making merchant banking investments.

To maintain financial holding company status, a financial holding company and all of its depository institution subsidiaries must be "well capitalized" and "well managed." A depository institution subsidiary is considered to be "well capitalized" if it satisfies the requirements for this status discussed in the section "Prompt Corrective Action" below. A depository institution subsidiary is considered "well managed" if it received a composite rating and management rating of at least "satisfactory" in its most recent examination. A financial holding company's status will also depend upon it maintaining its status as "well capitalized" and "well managed" under applicable FRB regulations. If a financial holding company ceases to meet these capital and management requirements, the FRB may impose limitations or conditions on the conduct of its activities during the non-compliance period, and the company may not commence any of the broader financial activities permissible for financial holding companies or acquire a company engaged in such financial activities without prior approval of the FRB. If the company does not return to compliance within 180 days, the FRB may require divestiture of the holding company's depository institutions.

In order for a financial holding company to commence any new activity permitted by the BHC Act or to acquire a company engaged in any new activity permitted by the BHC Act, each insured depository institution subsidiary of the financial holding company must have received a rating of at least “satisfactory” in its most recent examination under the Community Reinvestment Act. See “Community Reinvestment Act” below.

The FRB has the power to order any bank holding company or its subsidiaries to terminate any activity or to terminate its ownership or control of any subsidiary when the FRB has reasonable grounds to believe that continuation of such activity or such ownership or control constitutes a serious risk to the financial soundness, safety or stability of any bank subsidiary of the bank holding company.

The BHC Act, the Bank Merger Act, and other federal and state statutes regulate acquisitions of banks and banking companies. The BHC Act requires the prior approval of the FRB for the direct or indirect acquisition by the Company of more than 5% of the voting shares or substantially all of the assets of a bank or bank holding company. Under the Bank Merger Act, the prior approval of the FRB or other appropriate bank regulatory authority is required for the Bank to merge with another bank or purchase the assets or assume the deposits of another bank. In reviewing acquisition applications, the bank regulatory authorities will consider, among other things, the competitive effect and public benefits of the transactions, the capital position of the combined organization, the risks to the stability of the U.S. banking or financial system, the applicant’s performance record under the Community Reinvestment Act and its compliance with fair housing laws.

*The Dodd-Frank Act* – The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), enacted in July 2010, significantly restructured the financial regulatory environment in the United States, affecting all bank holding companies and banks, including the Company and the Bank, some of which are described in more detail below. The impact of the Dodd-Frank Act on the Company and the Bank has been substantial.

*Enhanced Prudential Standards* – The FRB is required to monitor emerging risks to financial stability and enact enhanced supervision and prudential standards applicable to large bank holding companies and certain non-bank covered companies designated as systemically important by the Financial Stability Oversight Council. The Dodd-Frank Act mandates that certain regulatory requirements applicable to these systemically important financial institutions be more stringent than those applicable to other financial institutions. In 2019, the FRB adopted new rules impacting certain capital and liquidity requirements and other enhanced prudential standards. The final rules assign all domestic bank holding companies with \$100 billion or more in total consolidated assets to one of four categories of tailored regulatory requirements. The Company and the Bank are generally not impacted by these rules. The enhanced prudential standards rules, as amended in 2019, require publicly traded bank holding companies with \$50 billion or more in total consolidated assets to establish risk committees. Prior to the amendment, the requirement to establish a risk committee was applicable to publicly traded companies with \$10 billion or more in consolidated assets.

*Dividends and Stock Repurchases* – Both the Company and the Bank are subject to various regulations that restrict their ability to pay dividends and the amount of dividends that they may pay. Under the Federal Deposit Insurance Corporation Improvement Act of 1991, a depository institution, such as the Bank, may not pay dividends if payment would cause it to become undercapitalized or if it is already undercapitalized. The payment of dividends by the Company and the Bank may also be affected or limited by other factors, such as the requirement to maintain adequate capital and, under certain circumstances, the ability of federal regulators to prohibit dividend payments as an unsound or unsafe practice.

From time to time, the Company's Board of Directors has authorized stock repurchase plans. Bank holding companies must consult with the Federal Reserve before redeeming any equity or other capital instrument included in tier 1 or tier 2 capital prior to stated maturity, if such redemption could have a material effect on the level or composition of the organization’s capital base. In addition, a bank holding company is unable to repurchase shares equal to 10% or more of its net worth if it would not be well-capitalized (as defined by the Federal Reserve) after giving effect to such repurchase. Bank holding companies experiencing financial weaknesses, or that are at significant risk of developing financial weaknesses, must consult with the Federal Reserve before redeeming or repurchasing common stock or other regulatory capital instruments.

In August 2022, the Inflation Reduction Act of 2022 (the “Inflation Reduction Act”) was enacted. Among other things, the Inflation Reduction Act imposes a new 1% excise tax on the fair market value of stock repurchased after December 31, 2022 by publicly traded U.S. corporations. With certain exceptions, the value of stock repurchased is determined net of stock issued in the year, including shares issued pursuant to compensatory arrangements.

*Capital Requirements* – As a bank holding company, the Company and the Bank are subject to capital requirements pursuant to the FRB’s capital guidelines which include (i) risk-based capital guidelines, which are designed to make capital

requirements more sensitive to various risk profiles and account for off-balance sheet exposure; (ii) guidelines that consider market risk, which is the risk of loss due to change in value of assets and liabilities due to changes in interest rates; and (iii) guidelines that use a leverage ratio which places a constraint on the maximum degree of risk to which a financial holding company may leverage its equity capital base.

The Basel III Capital Rules require the Company and the Bank to maintain the following:

- a minimum ratio of common equity Tier 1 capital to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer (resulting in a minimum common equity Tier 1 capital ratio of 7.0%);
- a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus a 2.5% capital conservation buffer (resulting in a minimum Tier 1 capital ratio of 8.5%);
- a minimum ratio of total capital (that is, Tier 1 plus Tier 2 capital) to risk-weighted assets of at least 8.0%, plus the 2.5% capital conservation buffer (resulting in a minimum total capital ratio of 10.5%); and
- a minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to adjusted average consolidated assets.

The capital conservation buffer is designed to absorb losses during periods of economic stress. Banking institutions with a ratio of common equity Tier 1 capital to risk-weighted assets above the minimum but below the conservation buffer will face limitations on the payment of dividends, common stock repurchases and discretionary cash payments to executive officers based on the amount of the shortfall.

Common equity Tier 1 capital is generally defined as common stockholders' equity and retained earnings. Tier 1 capital is generally defined as common equity Tier 1 and Additional Tier 1 capital. Additional Tier 1 capital generally includes certain noncumulative perpetual preferred stock and related surplus and minority interests in equity accounts of consolidated subsidiaries. Total capital includes Tier 1 capital (common equity Tier 1 capital plus Additional Tier 1 capital) and Tier 2 capital. Tier 2 capital is comprised of capital instruments and related surplus meeting specified requirements. Also included in Tier 2 capital is the allowance for credit losses limited to a maximum of 1.25% of risk-weighted assets and, for non-advanced approaches institutions like Cass that have exercised a one-time opt-out election regarding the treatment of Accumulated Other Comprehensive Income ("AOCI"), up to 45% of net unrealized gains on available-for-sale equity securities with readily determinable fair market values.

The calculation of all types of regulatory capital is subject to deductions and adjustments specified in the regulations. For instance, the Basel III Capital Rules and the capital simplification rules enacted in 2019 provide for a number of deductions from and adjustments to common equity Tier 1 capital. These include, for example, the requirement that certain deferred tax assets and significant investments in non-consolidated financial entities be deducted from Tier 1 capital to the extent that any one such category exceeds 25% of common equity Tier 1 capital.

In determining the amount of risk-weighted assets for purposes of calculating risk-based capital ratios, all assets, including certain off-balance sheet assets, are multiplied by a risk weight factor assigned by the regulations based on the risks believed inherent in the type of asset. Higher levels of capital are required for asset categories believed to present greater risk. For example, a risk weight of 0% is assigned to cash and U.S. government securities, a risk weight of 50% is generally assigned to prudently underwritten first lien one to four-family residential mortgages, a risk weight of 100% is assigned to commercial and consumer loans, a risk weight of 150% is assigned to certain past due loans, and a risk weight of between 0% to 600% is assigned to permissible equity interests, depending on certain specified factors.

The FRB has authority to establish individual minimum capital requirements in appropriate cases upon a determination that an institution's capital level is or may become inadequate in light of the particular risks or circumstances. As of December 31, 2024, the Company and the Bank met all capital adequacy requirements under the Basel III Capital Rules.

In December 2017, the Basel Committee published standards that it described as the finalization of the Basel III post-crisis regulatory reforms (commonly referred to as "Basel IV"). Among other things, these standards revise the Basel Committee's standardized approach for credit risk (including by recalibrating risk weights and introducing new capital requirements for certain "unconditionally cancellable commitments," such as unused credit card lines of credit) and provides a new standardized approach for operational risk capital. Under the Basel framework, these standards went into effect on January 1, 2023, with an aggregate output floor phasing in through January 1, 2027. Under the current U.S. capital rules, operational risk capital requirements and a capital floor apply only to advanced approaches institutions, and not to the Company or the Bank. The impact of Basel IV on the Company will depend on the manner in which it is implemented by the federal bank regulators.

*Source of Strength Doctrine* – FRB and other regulations require bank holding companies to act as a source of financial and managerial strength to their subsidiary banks. Under this requirement, the Company is expected to commit resources to support the Bank. Any capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to depositors and to certain other indebtedness of such subsidiary banks. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to priority of payment.

*Deposit Insurance* – Substantially all of the deposits of the Bank are insured up to applicable limits by the Deposit Insurance Fund (“DIF”) of the FDIC, and the Bank is subject to deposit insurance assessments to maintain the DIF. Deposit insurance assessments are based on average consolidated total assets minus average tangible equity. Under the FDIC's risk-based assessment system, insured institutions with less than \$10 billion in assets, such as the Bank, are assigned to one of four risk categories based on supervisory evaluations, regulatory capital level, and certain other factors, with less risky institutions paying lower assessments. An institution's assessment rate depends upon the category to which it is assigned and certain other factors.

In October 2022, the FDIC adopted a final rule to increase the initial base deposit insurance assessment rate schedules uniformly by 2 basis points beginning with the first quarterly assessment period of 2023. The increased assessment is expected to improve the likelihood that the DIF reserve ratio would reach the statutory minimum of 1.35% by the statutory deadline prescribed under the FDIC's amended restoration plan.

In November 2023, the FDIC issued a final rule to implement a special assessment to recover losses to the DIF incurred as a result of bank failures in early 2023 and the FDIC's use of the systemic risk exception to cover certain deposits that were otherwise uninsured. The special assessment was based on estimated uninsured deposits as of December 31, 2022 (excluding the first \$5.0 billion) and is being assessed at a quarterly rate of 3.36 basis points, over eight quarterly assessment periods, beginning in the first quarter of 2024. As a result of this final rule, the Company is not accruing expense related to this assessment based on the amount of uninsured deposits at December 31, 2022 of less than \$5.0 billion. Under the final rule, the estimated loss pursuant to the systemic risk determination will be periodically adjusted, and the FDIC has retained the ability to cease collection early, extend the special assessment collection period, and impose a final shortfall special assessment on a one-time basis. The extent to which any such additional future assessments will impact the Company's future deposit insurance expense is currently uncertain.

FDIC insurance expense totaled \$638,000, \$603,000 and \$415,700 for the years ended December 31, 2024, 2023 and 2022, respectively.

The FDIC may terminate deposit insurance upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

*Prompt Corrective Action* – The Basel III Capital Rules incorporate new requirements into the prompt correction action framework, described above. The Federal Deposit Insurance Act (“FDIA”) requires that federal banking agencies take “prompt corrective action” against depository institutions that do not meet minimum capital requirements and includes the following five capital tiers: “well-capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” and “critically undercapitalized.” A depository institution's capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors, as established by regulation.

A depository institution is deemed to be (i) “well-capitalized” if the institution has a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 8% or greater, a leverage ratio of 5% or greater, a common equity Tier 1 ratio of 6.5% or greater and is not subject to any regulatory order agreement or written directive to meet and maintain a specific capital level for any capital measure; (ii) “adequately capitalized” if the institution has a total risk-based capital ratio of 8% or greater, a Tier 1 risk-based capital ratio of 6% or greater, a leverage ratio of 4% or greater, a common equity Tier 1 ratio of 4.5% or greater and does not meet the definition of “well capitalized”; (iii) “undercapitalized” if the institution has a total risk-based capital ratio that is less than 8%, a Tier 1 risk-based capital ratio of less than 6%, a leverage ratio of less than 4% or a common equity Tier 1 ratio of less than 4.5%; (iv) “significantly undercapitalized” if the institution has a total risk-based capital ratio of less than 6%, a Tier 1 risk-based capital ratio of less than 4%, a leverage ratio of less than 3% or a common equity Tier 1 ratio of less than 3%; and (v) “critically undercapitalized” if the institution has a ratio of tangible equity (as defined in the regulations) to total assets that is equal to or less than 2%. An institution may be deemed to be in a capital category that is lower than indicated by its capital ratios if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters. A bank's capital category is

determined solely for the purpose of applying prompt corrective action regulations, and the capital category may not constitute an accurate representation of the bank's overall financial condition or prospects for other purposes.

Subject to a narrow exception, a receiver or conservator is required to be appointed for an institution that is "critically undercapitalized" within specified time frames. The regulations also provide that a capital restoration plan must be filed with the FRB within 45 days of the date an institution is deemed to have received notice that it is "undercapitalized," "significantly undercapitalized" or "critically undercapitalized." Compliance with the plan must be guaranteed by any parent holding company up to the lesser of 5% of the institution's total assets when it was deemed to be undercapitalized or the amount necessary to achieve compliance with applicable capital requirements. In addition, numerous mandatory supervisory actions become immediately applicable to an undercapitalized institution including, but not limited to, increased monitoring by regulators and restrictions on growth, capital distributions and expansion. The FRB could also take any one of a number of discretionary supervisory actions, including the issuance of a capital directive and the replacement of senior executive officers and directors. Significantly and critically undercapitalized institutions are subject to additional mandatory and discretionary measures.

As of December 31, 2024, the most recent notification from the regulatory agencies categorized the Company and the Bank as well-capitalized. For further information regarding the capital ratios and leverage ratio of the Company and the Bank, see Item 8, Note 2 of this report.

*Safety and Soundness Regulations* – In accordance with the FDIA, the federal banking agencies adopted guidelines establishing general standards relating to internal controls, information systems, internal audit systems, loan documentation, credit underwriting, interest rate risk exposure, asset growth, asset quality, earnings, compensation, fees and benefits. In general, the guidelines require that institutions maintain appropriate systems and practices to identify and manage the risks and exposures specified in the guidelines. The guidelines prohibit excessive compensation as an unsafe and unsound practice and describe compensation as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder. In addition, regulations adopted by the federal banking agencies authorize the agencies to require that an institution that has been given notice that it is not satisfying any of such safety and soundness standards to submit a compliance plan. If the institution fails to submit an acceptable compliance plan or fails in any material respect to implement an accepted compliance plan, the agency must issue an order directing corrective actions and may issue an order directing other actions of the types to which an undercapitalized institution is subject under the "prompt corrective action" provisions of FDIA. If the institution fails to comply with such an order, the agency may seek to enforce such order in judicial proceedings and to impose civil money penalties.

*Loans-to-One-Borrower* – The Bank generally may not make loans or extend credit to a single or related group of borrowers in excess of 15% of unimpaired capital and surplus. An additional amount may be loaned, up to 10% of unimpaired capital and surplus, if the loan is secured by readily marketable collateral, which generally does not include real estate. As of December 31, 2024, the Bank was in compliance with the loans-to-one-borrower limitations.

*Depositor Preference* – The FDIA provides that, in the event of the "liquidation or other resolution" of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including depositors whose deposits are payable only outside of the United States and the parent bank holding company, with respect to any extensions of credit they have made to such insured depository institution.

*Community Reinvestment Act* – The Community Reinvestment Act of 1977 ("CRA") requires depository institutions to assist in meeting the credit needs of their market areas consistent with safe and sound banking practice. Under the CRA, each depository institution is required to help meet the credit needs of its market areas by, among other things, providing credit to low- and moderate-income individuals and communities. Depository institutions are periodically examined for compliance with the CRA and are assigned ratings that must be publicly disclosed. In order for a financial holding company to commence any new activity permitted by the BHC Act, or to acquire any company engaged in any new activity permitted by the BHC Act, each insured depository institution subsidiary of the financial holding company must have received a rating of at least "satisfactory" in its most recent examination under the CRA. The Bank received a rating of "satisfactory" in its most recent CRA exam.

In October 2023, the OCC, together with the Federal Reserve and FDIC, issued a joint final rule to modernize the CRA regulatory framework. The final rule is intended, among other things, to adapt to changes in the banking industry, including the expanded role of mobile and online banking, and to tailor performance standards to account for differences in bank size and business models. The final rule introduces new tests under which the performance of banks with over \$2 billion in assets will be assessed. The new rule also includes data collection and reporting requirements, some of which are applicable only to banks larger than the Bank and updates the definitions of community development and process by which banks can seek approval of qualifying projects. Most provisions of the final rule will become effective on January 1, 2026, and the data reporting requirements will become effective on January 1, 2027.

*Financial Privacy* – Banks and other financial institutions are subject to regulations that limit their ability to disclose non-public information about consumers to nonaffiliated third parties. These limitations require disclosure of privacy policies to consumers and affect how consumer information is transmitted through diversified financial companies and conveyed to outside vendors.

The Bank is also subject to regulatory guidelines establishing standards for safeguarding customer information and maintaining information security programs. The standards set forth in the guidelines are intended to ensure the security and confidentiality of customer records and information, protect against any anticipated threats or hazards to the security or integrity of such records and protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer.

*Transactions with Affiliates* – Transactions between the Bank and its affiliates are subject to regulations that limit the types and amounts of covered transactions engaged in by the Bank and generally require those transactions to be on an arm’s-length basis. The term “affiliate” is defined to mean any company that controls or is under common control with the Bank and includes the Company and its non-bank subsidiaries. “Covered transactions” include a loan or extension of credit, as well as a purchase of securities issued by an affiliate, certain purchases of assets from the affiliate, certain derivative transactions that create a credit exposure to an affiliate, the acceptance of securities issued by the affiliate as collateral for a loan, and the issuance of a guarantee, acceptance or letter of credit on behalf of an affiliate. In general, these regulations require that any such transaction by the Bank (or its subsidiaries) with an affiliate must be secured by designated amounts of specified collateral and must be limited to certain thresholds on an individual and aggregate basis.

Federal law also limits the Bank’s authority to extend credit to its directors, executive officers and 10% shareholders, as well as to entities controlled by such persons. Among other things, extensions of credit to insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than those prevailing for comparable transactions with unaffiliated persons. Also, the terms of such extensions of credit may not involve more than the normal risk of repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons, individually and in the aggregate, which limits are based, in part, on the amount of the Bank’s capital.

*Cybersecurity* – Federal regulators regularly issue new and updated guidance and standards regarding cybersecurity intended to enhance cyber risk management among financial institutions and public companies generally. Financial institutions are expected to comply with such guidance and standards and develop appropriate risk management processes and security controls. If the Company fails to observe the regulatory guidance, it could be subject to various regulatory sanctions, including financial penalties.

Recently, the federal banking agencies adopted a final rule requiring banking organizations to notify their primary banking regulator within 36 hours of determining that a “computer-security incident” has materially disrupted or degraded, or is reasonably likely to materially disrupt or degrade, the banking organization’s ability to carry out banking operations or deliver banking products and services to a material portion of its customer base, its businesses and operations that would result in material loss, or its operations that would impact the stability of the United States. Banking organizations are also required to notify each affected customer as soon as possible in the event of an incident that results in actual or potential harm to the integrity or availability of information and systems or that violates or threatens to violate the organization’s security for four or more hours.

Risks and exposures related to cybersecurity attacks, including litigation and enforcement risks, are expected to remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, as well as due to the expanding use of internet banking, mobile banking and other technology-based products and services by the Company and its customers. See Item 1A, “Risk Factors” for a further discussion of risks related to cybersecurity.

*Anti-Money Laundering Regulation and the USA PATRIOT Act* - A major focus of governmental policy on financial institutions in recent years has been aimed at combating money laundering and terrorist financing. The Bank Secrecy Act (“BSA”), the USA PATRIOT Act of 2001 (the “USA PATRIOT Act”) and other laws and regulations require financial institutions, among other duties, to institute and maintain an effective Anti-Money Laundering (“AML”) program and to file timely reports such as suspicious activity reports and currency transaction reports that assist government agencies in detecting and preventing money laundering. The USA PATRIOT Act prohibits financial institutions from entering into specified financial transactions and account relationships and requires that the institutions implement customer identification programs and enhance due diligence procedures for certain high-risk customers. Regulatory authorities routinely examine financial institutions for compliance with these obligations. The federal banking agencies and the Financial Crimes Enforcement Network (“FinCEN”) are authorized to impose significant civil money penalties for violations of those requirements and have recently engaged in coordinated enforcement efforts against banks and other financial services providers with the Department of Justice, Drug Enforcement Administration and Internal Revenue Service. The Company is also subject to increased scrutiny of compliance with the rules enforced by the Office of Foreign Assets Control.

The Anti-Money Laundering Act of 2020 (“AMLA”) amended the BSA and was intended to be a comprehensive reform and modernization to U.S. bank secrecy and anti-money laundering laws. Among other things, it codifies a risk-based approach to anti-money laundering compliance for financial institutions; requires the U.S. Department of the Treasury to promulgate priorities for anti-money laundering and countering the financing of terrorism policy; requires the development of standards for testing technology and internal processes for BSA compliance; expands enforcement- and investigation-related authority, including increasing available sanctions for certain BSA violations; and expands BSA whistleblower incentives and protections. Many of the statutory provisions in the AMLA will require additional rulemakings, reports and other measures, and the impact of the AMLA will depend on, among other things, rulemaking and implementation guidance.

In 2021, Congress passed the Corporate Transparency Act as part of the National Defense Authorization Act, which enacted the most significant overhaul of the BSA and related AML laws since the USA PATRIOT Act. Notable amendments include (i) significant changes to the collection of beneficial ownership information and the establishment of a beneficial ownership registry, which requires corporate entities (generally, any corporation, limited liability company or other similar entity with 20 or fewer employees and/or annual gross income of \$5 million or less) to report beneficial ownership information to FinCEN (which information will be maintained by FinCEN and made available upon request to certain government agencies and financial institutions); (ii) enhanced whistleblower provisions, which provide that one or more whistleblowers who voluntarily provide original information leading to the successful enforcement of violations of the AML laws in any judicial or administrative action brought by the Secretary of the Treasury or the Attorney General resulting in monetary sanctions exceeding \$1 million (including disgorgement and interest but excluding forfeiture, restitution, or compensation to victims) will receive not more than 30 percent of the monetary sanctions collected and will receive increased protections; (iii) increased penalties for violations of the BSA; (iv) improvements to existing information sharing provisions that permit financial institutions to share information relating to suspicious activity reports with foreign branches, subsidiaries, and affiliates (except those located in China, Russia, or certain other jurisdictions) for the purpose of combating illicit finance risks; and (v) expanded duties and powers of FinCEN. Many of the requirements included in the AML amendments will require additional rulemakings, reports and other measures, and the impact of these rules will depend on, among other things, rulemaking and implementation guidance. FinCEN proposed three rules to implement changes to the beneficial ownership requirements and related amendments set forth in the Corporate Transparency Act. As of the date of this Form 10-K, two of the three have been finalized. The Beneficial Ownership Reporting Rule took effect on January 1, 2024 and requires certain domestic and foreign companies created, or registered to conduct business, in the United States to report beneficial ownership information to FinCEN. The Access Rule, effective as of February 20, 2024, sets forth the circumstances under which FinCEN can disclose beneficial ownership information to authorized recipients and how FinCEN and recipients of the data will protect that information. It is expected that FinCEN will issue a third rule to revise existing customer due diligence requirements and bring them into conformance with the Corporate Transparency Act and the Access Rule.

*Climate-Related Regulation and Guidance* - In recent years the federal banking agencies have increased their focus on climate-related risks impacting the operations of banks, the communities they serve and the broader financial system. Accordingly, the agencies have begun to enhance their supervisory expectations regarding the climate risk management practices of larger banking organizations, including by encouraging such banks to: ensure that management of climate-related risk exposures has been incorporated into existing governance structures; evaluate the potential impact of climate-related risks on the bank’s financial condition, operations and business objectives as part of its strategic planning process; account for the effects of climate change in stress testing scenarios and systemic risk assessments; revise expectations for

credit portfolio concentrations based on climate-related factors; consider investments in climate-related initiatives and lending to communities disproportionately impacted by the effects of climate change; evaluate the impact of climate change on the bank's borrowers and consider possible changes to underwriting criteria to account for climate-related risks to mortgaged properties; incorporate climate-related financial risk into the bank's internal reporting, monitoring and escalation processes; and prepare for the transition risks to the bank associated with the adjustment to a low-carbon economy and related changes in laws, regulations, governmental policies, technology, and consumer behavior and expectations.

In 2021, the OCC issued proposed principles for climate-related financial risk management for national banks with more than \$100 billion in total assets. In 2022, the FDIC and FRB issued their own proposed principles for climate risk management by larger banking organizations. Although these risk management principles, if adopted as proposed, would not apply to the Bank directly based upon its current size, the regulators have indicated that all banks, regardless of their size, may have material exposures to climate-related financial and other risks that require prudent management. The federal banking agencies are expected to adopt a more formal climate risk management framework for larger banking organizations in the coming months. As climate-related supervisory guidance is considered and formalized for all banks and financial institutions, the Company may be required to expend significant capital and incur compliance, operating, maintenance and remediation costs in order to conform to such requirements.

*Other Regulations* – The operations of the Company and the Bank are also subject to:

- Truth-In-Lending Act, governing disclosures of credit terms to consumer borrowers;
- Fair Credit Reporting Act, governing the provision of consumer information to credit reporting agencies and the use of consumer information;
- Fair Debt Collection Act, governing the manner in which consumer debts may be collected by collection agencies;
- Electronic Funds Transfer Act, governing automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services.
- Fair Housing Act, Home Mortgage Disclosure Act, and Real Estate Settlement Procedures Act, prohibiting discrimination against borrowers seeking housing and mortgages; requiring transparency and public reporting on mortgage and lending activities; and requiring that borrowers for mortgage loans for one- to four-family residential real estate receive various disclosures, including good faith estimates of settlement costs, lender servicing and escrow account practices, and prohibiting certain practices that increase the cost of settlement services;
- Equal Credit Opportunity Act, prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit;
- Check Clearing for the 21st Century Act (also known as "Check 21"), which gives "substitute checks," such as digital check images and copies made from that image, the same legal standing as the original paper check.

Certain of these laws are consumer protection laws that extensively govern the Company's relationship with its customers. Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal bank regulators, state attorneys general and state and local consumer protection agencies may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions, customer rescission rights, action by the state and local attorneys general in each jurisdiction in which the Company operates and civil money penalties. Failure to comply with consumer protection requirements may also result in the Company's inability to pursue merger or acquisition transactions.

### **Website Availability of SEC Reports**

Cass files annual, quarterly and current reports with the Securities and Exchange Commission (the "SEC"). Cass will, as soon as reasonably practicable after they are electronically filed with or furnished to the SEC, make available free of charge on its website each of its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, all amendments to those reports, and its definitive proxy statements. The address of Cass' website is: [www.cassinfo.com](http://www.cassinfo.com).

The reference to the Company's website address does not constitute incorporation by reference of the information contained on the website and should not be considered part of this report.

## **Statistical Disclosure by Bank Holding Companies**

For the statistical disclosure by bank holding companies, refer to Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

### **ITEM 1A. RISK FACTORS**

This section highlights specific risks that could affect the Company’s business. Although this section attempts to highlight key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time, and Cass cannot predict such risks or estimate the extent to which they may affect the Company’s financial performance. In addition to the factors discussed elsewhere or incorporated by reference in this report, the identified risks that could cause actual results to differ materially include the following:

#### **Economic and Market Conditions Risk**

*Negative developments affecting the banking industry, and resulting media coverage, can erode customer confidence in the banking system.*

The high-profile bank failures during 2023 generated significant market volatility among publicly traded bank holding companies. These market developments negatively impacted customer confidence in the safety and soundness of regional banks. As a result, customers may choose to maintain deposits with larger financial institutions or invest in higher yielding short-term fixed income securities, all of which could materially adversely impact the Company’s liquidity, loan funding capacity, net interest margin, capital and results of operations.

*Increased regulatory examination scrutiny or new regulatory requirements arising from the recent events in the banking industry could increase the Company’s expenses and affect the Company’s operations.*

Increased regulatory scrutiny and new regulations designed to address the high profile bank failures in 2023 may increase the Company’s costs of doing business and reduce its profitability. Among other things, there may be an increased focus by regulators on deposit composition and the level of uninsured deposits. As primarily a commercial bank, the Bank has a higher degree of uninsured deposits compared to larger national banks or smaller community banks with a stronger focus on retail deposits. As a result, the Bank could face increased scrutiny or be viewed as higher risk.

*General political, economic or industry conditions may be less favorable than expected.*

Local, domestic, and international economic, political and industry-specific conditions and governmental monetary and fiscal policies affect the industries in which the Company competes, directly and indirectly. Conditions such as inflation, recession, unemployment, volatile interest rates, tight money supply, real estate values, international conflicts, global pandemics, natural disasters, risks related to climate change, and other factors outside of Cass’ control may adversely affect the Company. Economic downturns could result in the delinquency of outstanding loans, which could have a material adverse impact on Cass’ earnings.

*Unfavorable developments concerning customer credit quality could affect Cass’ financial results.*

Although the Company regularly reviews credit exposure related to its customers and various industry sectors in which it has business relationships, default risk may arise from events or circumstances that are difficult to detect or foresee. Under such circumstances, the Company could experience an increase in the level of provision for credit losses, delinquencies, nonperforming assets, net charge-offs and allowance for credit losses.

*Fluctuations in interest rates could affect Cass’ net interest income and balance sheet.*

The operations of financial institutions such as the Company are dependent to a large degree on net interest income, which is the difference between interest income from loans and investments and interest expense on deposits and borrowings. Prevailing economic conditions, the fiscal and monetary policies of the federal government and the policies of various regulatory agencies all affect market rates of interest, which in turn significantly affect financial institutions’ net interest income. Fluctuations in interest rates affect Cass’ financial statements, as they do for all financial institutions. Volatility in interest rates can also result in disintermediation, which is the flow of funds away from financial institutions into direct investments, such as federal government and corporate securities and other investment vehicles, which, because of the absence of federal insurance premiums and reserve requirements, generally pay higher rates of return than financial

institutions. Due in part to a higher market interest rate environment in recent periods, the Company's net interest margin has increased to 3.42% in 2024 from 3.25% in 2023, 2.74% in 2022 and 2.31% in 2021, therefore increasing net interest income. As discussed in greater detail in Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," a decline in market interest rates would be expected to have a negative impact on the Company's net interest income.

***The value of our goodwill and other intangible assets may decline in the future***

As of December 31, 2024, the Company had \$26.4 million of goodwill and other intangible assets. A significant decline in the Company's expected future cash flows, a significant adverse change in the business climate, slower growth rates or a significant and sustained decline in the price of the Company's common stock may necessitate taking charges in the future related to the impairment of goodwill and other intangible assets which could have a material adverse effect on the Company's business, financial condition and results of operations.

***In certain circumstances, Cass remits payment of invoices prior to receiving funds from its customers. As such, Cass could experience losses if such funds are not received from customers after payment is remitted.***

Although the Company regularly reviews credit exposure related to its customers and various industry sectors in which it has business relationships, default risk may arise from events or circumstances that are difficult to detect or foresee. Under such circumstances, the Company could experience losses related to funds remitted for payment to freight carriers, utility companies and other such companies, prior to receiving funds from its customers.

***The Company has lending concentrations, including, but not limited to, faith-based ministries located in selected cities, franchise restaurants, and privately-held businesses located in or near St. Louis, Missouri, that could suffer a significant decline which could adversely affect the Company.***

Cass' customer base consists, in part, of lending concentrations in several segments and geographical areas. If any of these segments or areas is significantly affected by weak economic conditions, the Company could experience increased credit losses, and its business could be adversely affected.

***Operations of the Company's customer base are impacted by macro-economic factors such as a strong dollar and/or volatility in commodity prices. A reduction in its customers' operations could have a material adverse effect on Cass' results of operations.***

A decline in the cost of oil worldwide can have a negative effect on both the number of freight transactions processed and the dollar amount of invoices processed. For example, lower oil prices can cause a significant drop in drilling supplies being transported to fracking operations by domestic railroads and trucks. Lower oil prices can also result in lower gas and fuel prices, negatively affecting the dollar amounts of the invoices that Cass processes for its freight and shipping customers. A decline in oil prices could have an adverse effect on the Company's revenues and could significantly impact its results of operations.

**Business Operations and Strategic Risk**

***Operational difficulties or cybersecurity problems could damage Cass' reputation and business.***

In the ordinary course of business, the Company depends on the reliable operation of its computer operations and network connections from its clients to its systems. Any failure, interruption, or breach in security of these systems would cause Cass to be unable to process transactions for its clients, resulting in decreased revenues. The Company also relies on electronic communications and information systems to store sensitive customer data. Any failure, interruption, breach in security or loss of data, whatever the cause, could reduce client satisfaction with the Company's products and services and harm Cass' financial results. These types of threats may derive from human error, fraud or malice on the part of external or internal parties, or may result from accidental technological failure. Further, to access the Company's products and services, Cass' customers may use computers and mobile devices that are beyond the Company's security control systems. The Company's technologies, systems, networks and software, and those of other financial institutions have been, and are likely to continue to be, the target of cybersecurity threats and attacks, which may range from uncoordinated individual attempts to sophisticated and targeted measures directed at Cass. In addition, the rapid evolution of artificial intelligence technologies may intensify our cybersecurity risks. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, has increased as the number, intensity and sophistication of attempted attacks and intrusions from

around the world have increased. A material security problem affecting Cass could damage its reputation, deter prospects from purchasing its products and services, deter customers from using its products and services or result in liability to Cass.

Cloud technologies are also critical to the operation of the Company's systems, and reliance on cloud technologies is growing. Service disruptions in cloud technologies may lead to delays in accessing, or the loss of, data that is important to the Company's businesses and may hinder customers access to products and services.

Although the Company makes significant efforts to maintain the security and integrity of Cass' information systems and have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that Cass' security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because attempted security breaches, particularly cyber-attacks and intrusions, or disruptions will occur in the future, and because the techniques used in such attempts are constantly evolving and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, the Company may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is virtually impossible to entirely mitigate this risk. While specific "cyber" insurance coverage is maintained, which would apply in the event of various breach scenarios, the amount of coverage may not be adequate in any particular case. Furthermore, because cyber threat scenarios are inherently difficult to predict and can take many forms, some breaches may not be covered under Cass' cyber insurance coverage. A security breach or other significant disruption of Cass' information systems or those related to customers, merchants and third-party vendors, including as a result of cyber-attacks, could i) disrupt the proper functioning of Cass' networks and systems and therefore operations and/or those of certain customers; ii) result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of confidential, sensitive or otherwise valuable information of the Company or its customers; iii) result in a violation of applicable privacy, data breach and other laws, subjecting the Company to additional regulatory scrutiny and expose Cass to civil litigation, governmental fines and possible financial liability; iv) require significant management attention and resources to remedy the damages that result; or v) harm Cass' reputation or cause a decrease in the number of customers that choose to do business with the Company. The occurrence of any of the foregoing could have a material adverse effect on Cass' business, financial condition and results of operations.

***Cass must respond to rapid technological changes and these changes may be more difficult or expensive than anticipated.***

If competitors introduce new products and services embodying new technologies, including those supported by artificial intelligence, or if new industry standards and practices emerge, the Company's existing product and service offerings, technology and systems may become obsolete. Further, if Cass fails to adopt or develop new technologies, including those supported by artificial intelligence, or to adapt its products and services to emerging industry standards, Cass may lose current and future customers. Finally, Cass' ability to adopt these technologies can also be inhibited by intellectual property rights of third parties. Any of these could have a material adverse effect on its business, financial condition and results of operations. The payment processing and financial services industries are changing rapidly and in order to remain competitive, Cass must continue to enhance and improve the functionality and features of its products, services and technologies. These changes may be more difficult or expensive than the Company anticipates.

***Methods of reducing risk exposures might not be effective.***

Instruments, systems and strategies used to hedge or otherwise manage exposure to various types of credit, interest rate, market and liquidity, operational, regulatory/compliance, business risks and enterprise-wide risks could be less effective than anticipated. As a result, the Company may not be able to effectively mitigate its risk exposures in particular market environments or against particular types of risk.

***Customer borrowing, repayment, investment, deposit, and payable processing practices may be different than anticipated.***

The Company uses a variety of financial tools, models and other methods to anticipate customer behavior as part of its strategic and financial planning and to meet certain regulatory requirements. Individual, economic, political and industry-specific conditions and other factors outside of Cass' control could alter predicted customer borrowing, repayment, investment, deposit, and payable processing practices. Such a change in these practices could adversely affect Cass' ability to anticipate business needs, including cash flow and its impact on liquidity, and to meet regulatory requirements.

***The Company's allowance for credit losses ("ACL") is subject to continuing evaluation and may be insufficient.***

The Company maintains an ACL, which is a reserve established through a provision for credit losses charged to expense. The ACL is a valuation account that is deducted from the amortized cost basis to present the net amount expected to be collected on loans. Management uses a systematic, documented approach in determining the appropriate level of ACL, which represents management's estimate of losses in loans and off-balance sheet exposures as of the balance sheet date. Management estimated the allowance balance using relevant available information from internal and external factors, relating to past events, current conditions and reasonable and supportable forecasts based on economic sources, such as Gross Domestic Product ("GDP"). Historical credit loss experience, of both the Company and similar peer banks, provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for asset quality trends, borrower's ability to pay, collateral, and other environmental factors. The ACL is measured on a collective pool basis when similar risk characteristics exist. The determination of the appropriate level of the allowance for credit losses inherently involves a high degree of subjectivity and requires management to make estimates based on risks and trends that are subject to material change. Continuing deterioration in economic conditions, including the possibility of a recession, affecting borrowers and securities issuers; inflation; rising interest rates; new information regarding existing loans, credit commitments and securities holdings; global pandemics; natural disasters and risks related to climate change; and identification of problem loans, ratings down-grades and other factors, both within and outside of the Company's control, may require an increase in the allowances for credit losses on loans, securities and off-balance sheet credit exposures.

The determination and application of the ACL accounting policy involves judgments, estimates, and uncertainties that are subject to change. Changes in these assumptions, estimates or the conditions surrounding them may have a material impact on the Company's financial condition, liquidity or results of operations. Various regulatory agencies, as an integral part of the examination process, periodically review the ACL. Such agencies may require the Company to recognize additions to the ACL or reserve increases to adversely graded classified loans based on information available to them at the time of their examinations.

The application of the model used to determine the ACL could result in volatility in earnings. Additionally, if charge-offs in future periods exceed the ACL, the Company will need additional provisions to increase the ACL. Any increases in the ACL will result in a decrease in net income and, possibly, capital, and may have a material adverse effect on the Company's business, financial condition and results of operations.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Provision and Allowance for Credit Losses and Unfunded Commitments" and Item 8, "Financial Statements and Supplementary Data—Note 1" for additional information.

***Competitive product and pricing pressure within Cass' markets may change.***

The Company operates in a very competitive environment, which is characterized by competition from a number of other vendors and financial institutions in each market in which it operates. The Company competes with large payment processors and national and regional financial institutions and also smaller auditing companies and banks in terms of products and pricing. If the Company is unable to compete effectively in products and pricing in its markets, business could decline.

***Management's ability to maintain and expand customer relationships may differ from expectations.***

The industries in which the Company operates are very competitive. The Company not only competes for business opportunities with new customers, but also competes to maintain and expand the relationships it has with its existing customers. The Company continues to experience pressures to maintain these relationships as its competitors attempt to capture its customers.

***The introduction, withdrawal, success and timing of business initiatives and strategies, including, but not limited to, the expansion of payment and processing activities to new markets, the expansion of products and services to existing markets and opening of new bank branches, may be less successful or may be different than anticipated. Such a result could adversely affect Cass' business.***

The Company makes certain projections as a basis for developing plans and strategies for its payment processing and banking products. If the Company does not accurately determine demand for its products and services, it could result in the

Company incurring significant expenses without the anticipated increases in revenue, which could result in an adverse effect on its earnings.

In addition, there are risks and uncertainties associated with the introduction of new products and services, including substantial investments of time and resources. The introduction and development of new products and services may not be achieved along expected timelines, or at all, and may not be successful as a result of factors beyond the Company's control, including regulatory, competition and external market factors. Failure to successfully manage these risks in the development and implementation of new products or services, and failure to integrate such new products and services into our existing system of internal controls, could have a material adverse effect on our business, financial condition and results of operations.

***The Company and the Bank are subject to liquidity risk.***

The Company requires liquidity to meet deposit and accounts and drafts payable obligations as they come due. Access to funding sources in amounts adequate to finance the Company's commitments and business activities or on terms that are acceptable or favorable to the Company could be impaired by risks and uncertainties that are beyond the Company's control, including those described in this Item 1A, "Risk Factors" section.

The Company's access to deposits and accounts and drafts payable for liquidity purposes may also be adversely affected by the needs of the Company's depositors and customers. A failure to maintain adequate liquidity could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company could experience an unexpected inability to obtain needed liquidity which could adversely affect the Company's business, profitability, and viability as a going concern.***

Liquidity measures the ability to meet current and future cash flow needs as they become due. The liquidity of a financial institution reflects its ability to meet loan requests, to accommodate possible outflows in deposits, and to take advantage of interest rate market opportunities and is essential to a financial institution's business. The ability of a financial institution to meet its current financial obligations is a function of its balance sheet structure, its ability to liquidate assets, and its access to alternative sources of funds. The bank failures in 2023 exemplify the potential serious results of the unexpected inability of insured depository institutions to obtain needed liquidity to satisfy deposit withdrawal requests, including how quickly such requests can accelerate once uninsured depositors lose confidence in an institution's ability to satisfy its obligations to depositors. The Company seeks to ensure funding needs are met by maintaining a level of liquidity through asset and liability management. If the Company becomes unable to obtain funds when needed, it could have a material adverse effect on its business, financial condition, and results of operations.

***Rising interest rates have decreased the value of the Company's available-for-sale securities portfolio, and the Company would realize losses if it were required to sell such securities to meet liquidity needs.***

As a result of inflationary pressures and the resulting rapid increases in interest rates over the last year, the fair value of previously issued government and other fixed income securities has declined significantly, resulting in unrealized losses. If the Company were required to sell such securities to meet liquidity needs, it may incur losses, which could impair the Company's capital, financial condition, and results of operations and require the Company to raise additional capital on unfavorable terms, thereby negatively impacting its profitability. While the Company has taken actions to maximize its funding sources, there is no guarantee that such actions will be successful or sufficient in the event of sudden liquidity needs.

***Management's ability to retain key officers and employees may change.***

Cass' future operating results depend substantially upon the continued service of Cass' executive officers and key personnel. Cass' future operating results also depend in significant part upon Cass' ability to attract and retain qualified management, financial, technical, marketing, sales, and support personnel. Competition for qualified personnel is intense, and the Company cannot ensure success in attracting or retaining qualified personnel. There may be only a limited number of persons with the requisite skills to serve in these positions, and it may be increasingly difficult for the Company to hire personnel over time. Cass' business, financial condition and results of operations could be materially adversely affected by the loss of any of its key employees, by the failure of any key employee to perform in his or her current position, or by Cass' inability to attract and retain skilled employees.

## **Regulatory, Legal and Accounting Risk**

***The Company and the Bank are subject to extensive government regulation and supervision and possible enforcement or other legal actions that could detrimentally affect Cass' business.***

The Company and the Bank are subject to extensive federal and state regulation and supervision, the primary focus of which is to protect customers, depositors, the deposit insurance fund and the safety and soundness of the banking system as a whole, and not shareholders. In addition, since the global financial crisis, financial institutions generally have been subject to increased scrutiny from regulatory authorities, with an increased focus on risk management and consumer compliance. This regulatory structure and heightened focus gives the regulatory authorities extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to capital levels, the timing and amount of dividend payments, the classification of assets and the establishment of adequate loan loss reserves for regulatory purposes. Failure to comply with applicable laws, regulations, policies or guidance could result in enforcement and other legal actions by federal and state authorities, including criminal and civil penalties, the loss of FDIC insurance, revocation of a banking charter, and other regulatory sanctions, as well as reputational damage, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. The substance and impact of pending or future legislation or regulation, or the application thereof, cannot be predicted, although any change could impact the regulatory structure under which the Company or its competitors operate and may significantly increase costs, impede the efficiency of internal business processes, require an increase in regulatory capital, require modifications to the Company's business strategy, and/or limit its ability to pursue business opportunities in an efficient manner. A change in statutes, regulations or regulatory policies applicable to the Company or any of its subsidiaries could have a material, adverse effect on the Company's business, financial condition and results of operations.

See Item 1, "Business—Supervision and Regulation," and Item 8, Note 2 to the consolidated financial statements included elsewhere in this report for additional information.

***The Company may need to raise additional capital or sell assets if it fails to meet regulatory capital requirements or meet commitments and liquidity needs. Such capital may not be available on favorable terms, or at all.***

Fully phased in, the Basel III Capital rules implemented stricter capital requirements and leverage limits and methods for calculating risk-weighted assets, meaning the Company is required to hold more capital against such assets. Complying with these more stringent capital requirements could result in management modifying its business strategy and could limit the Company's ability to make distributions, including paying dividends, or buying back shares.

The Company may also need to raise additional capital in the future to provide it with sufficient capital resources and liquidity to meet commitments and business needs. The ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time and the Company's financial condition, as well as the need for other financial institutions to raise capital at the same time. Economic conditions and the loss of confidence in financial institutions may increase the cost of funding and limit access to certain customary sources of capital, including inter-bank borrowings, repurchase agreements and borrowings from the discount window of the Federal Reserve.

An inability to raise additional capital on acceptable terms when needed could have a materially adverse effect on the Company's business, financial condition and results of operations.

***Legal and regulatory proceedings and related matters with respect to the financial services industry, including those directly involving the Company and its subsidiaries, could adversely affect Cass or the financial services industry in general.***

The Company is subject to various legal and regulatory proceedings. It is inherently difficult to assess the outcome of these matters, and there can be no assurance that the Company will prevail in any proceeding or litigation. Any such matter could result in substantial cost and diversion of Cass' efforts, which by itself could have a material adverse effect on Cass' financial condition and operating results. Further, adverse determinations in such matters could result in actions by Cass' regulators that could materially adversely affect Cass' business, financial condition or results of operations. Please refer to Item 3, "Legal Proceedings."

***The Company's accounting policies and methods are the basis of how Cass reports its financial condition and results of operations, and they require management to make estimates about matters that are inherently uncertain. In addition, changes in accounting policies and practices, as may be adopted by the regulatory agencies, the Financial Accounting Standards Board, or other authoritative bodies, could materially impact Cass' financial statements.***

The Company's accounting policies and methods are fundamental to how Cass records and reports its financial condition and results of operations. Management must exercise judgment in selecting and applying many of these accounting policies and methods in order to ensure that they comply with generally accepted accounting principles and reflect management's judgment as to the most appropriate manner in which to record and report Cass' financial condition and results of operations. In some cases, management must select the accounting policy or method to apply from two or more alternatives, any of which might be reasonable under the circumstances yet might result in the Company reporting materially different amounts than would have been reported under a different alternative.

Cass has identified one accounting policy as being "critical" to the presentation of its financial condition and results of operations because it requires management to make particularly subjective and/or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts would be reported under different conditions or using different assumptions. More information on Cass' critical accounting policies is contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

From time to time, the regulatory agencies, the Financial Accounting Standards Board ("FASB"), and other authoritative bodies change the financial accounting and reporting standards that govern the preparation of the Company's financial statements. These changes can be hard to predict and can materially impact how management records and reports the Company's financial condition and results of operations.

***Cass is subject to examinations and challenges by tax authorities, which, if not resolved in the Company's favor, could adversely affect the Company's financial condition and results of operations.***

In the normal course of business, Cass and its affiliates are routinely subject to examinations and challenges from federal and state tax authorities regarding the amount of taxes due in connection with investments it has made and the businesses in which it is engaged. Recently, federal and state taxing authorities have become increasingly aggressive in challenging tax positions taken by financial institutions. These tax positions may relate to tax compliance, sales and use, franchise, gross receipts, payroll, property and income tax issues, including tax base, apportionment and tax credit planning. The challenges made by tax authorities may result in adjustments to the timing or amount of taxable income or deductions or the allocation of income among tax jurisdictions. If any such challenges are made and are not resolved in the Company's favor, they could have an adverse effect on Cass' financial condition and results of operations.

## **General Risk Factors**

***Cass' stock price can become volatile and fluctuate widely in response to a variety of factors.***

The Company's stock price can fluctuate based on factors that can include actual or anticipated variations in Cass' quarterly results; new technology or services by competitors; unanticipated losses or gains due to unexpected events, including losses or gains on securities held for investment purposes; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; changes in accounting policies or practices; failure to integrate acquisitions or realize anticipated benefits from acquisitions; or changes in government regulations.

General market fluctuations, industry factors and general economic and political conditions, such as economic slowdowns or recessions, governmental intervention, interest rate changes, credit loss trends, low trading volume or currency fluctuations also could cause Cass' stock price to decrease regardless of the Company's operating results.

***Certain events beyond the Company's control, such as severe weather, natural disasters, terrorist activities or other hostilities, may adversely affect the general economy, financial and capital markets, specific industries, and the Company.***

Severe weather, natural disasters, acts of terrorism or other hostilities, and other adverse external events beyond the Company's control, could have a significant impact on the Company's ability to conduct business. Such events could disrupt Cass' operations or those of its customers, affect the stability of the Bank's deposit base, impair the ability of

borrowers to repay outstanding loans, impair the value of collateral securing loans, cause significant property damage, result in loss of revenue and/or cause the Company to incur additional expenses. The occurrence of any such event in the future could have a material adverse effect on the Company's business, which, in turn, could have a material adverse effect on the Company's financial condition and results of operations.

***Climate change could have a material negative impact on the Company and its clients.***

The Company's business, as well as the operations and activities of its clients, could be negatively impacted by climate change. Climate change presents both immediate and long-term risks to Cass and its clients and these risks are expected to increase over time. Climate change presents multi-faceted risks, including (i) operational risk from the physical effects of climate events on facilities and other assets as well as those of clients; (ii) credit risk from borrowers with significant exposure to climate risk; and (iii) reputational risk from stakeholder concerns about practices related to climate change, carbon footprint and business relationships with clients who operate in carbon-intensive industries. The Company's business, reputation and ability to attract and retain employees may also be harmed if the response to climate change is perceived to be ineffective or insufficient.

Climate change exposes Cass to physical risk as its effects may lead to more frequent and more extreme weather events, such as prolonged droughts or flooding, tornados, hurricanes, wildfires and extreme seasonal weather; and longer-term shifts, such as increasing average temperatures, ozone depletion and rising sea levels. Such events and long-term shifts may damage, destroy or otherwise impact the value or productivity of the Company's properties and other assets; reduce the availability of insurance; and/or disrupt operations and other activities through prolonged outages. Such events and long-term shifts may also have a significant impact on Cass customers, which could amplify credit risk by diminishing borrowers' repayment capacity or collateral values, and other businesses and counterparties with whom we transact, which could have a broader impact on the economy, supply chains and distribution networks.

Climate change also exposes Cass to transition risks associated with the transition to a less carbon-dependent economy. Transition risks may result from changes in policies; laws and regulations; technologies; and/or market preferences to address climate change. Such changes could materially, negatively impact our business, results of operations, financial condition and/or our reputation, in addition to having a similar impact on our clients. Cass has clients who operate in carbon-intensive industries that are exposed to climate risks, such as those risks related to the transition to a less carbon-dependent economy, as well as clients who operate in low-carbon industries that may be subject to risks associated with new technologies.

Federal and state banking regulators and supervisory authorities, investors and other stakeholders have increasingly viewed financial institutions as important in helping to address the risks related to climate change both directly and with respect to their clients, which may result in financial institutions coming under increased pressure regarding the disclosure and management of their climate risks and related lending and investment activities. The OCC, FRB and the U.S. Treasury Department have emphasized that climate-related risks are faced by banking organizations of all types and sizes, specifically including physical and transition risks, and is in the process of enhancing supervisory expectations regarding banks' risk management practices. These agencies have indicated increased expectations for larger financial institutions to measure, monitor and manage climate-related risk as part of their enterprise risk management processes. Although any initial policies may not apply to financial institutions of the Bank's size, it is likely that regulators will expect all banks to enhance internal control and risk management programs and processes relating to climate change. To the extent that these initiatives lead to the adoption of new regulations or guidance applicable to the Company and the Bank, compliance costs and risks are expected to increase.

Given that climate change could impose systemic risks upon the financial sector, either via disruptions in economic activity resulting from the physical impacts of climate change or changes in policies as the economy transitions to a less carbon-intensive environment, the Company faces ongoing legislative and regulatory uncertainties and changes regarding climate risk management and practices that if adopted, may result in higher regulatory, compliance, credit and reputational risks and costs.

***The Company is subject to ESG risks that could adversely affect its reputation and the market price of its securities.***

The Company is subject to a variety of risks arising from ESG matters. Risks arising from ESG matters may adversely affect, among other things, reputation and the market price of the Company's securities. Further, the Company may be exposed to negative publicity based on the identity and activities of those to whom it lends and with which it otherwise does business and the public's view of the approach and performance of its customers and business partners with respect to

ESG matters. Any such negative publicity could arise from adverse news coverage in traditional media and could also spread through the use of social media platforms. The Company's relationships and reputation with its existing and prospective customers and third parties with which it does business could be damaged if it were to become the subject of any such negative publicity. This, in turn, could have an adverse effect on the Company's ability to attract and retain customers and employees and could have a negative impact on the market price for securities.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 1C. CYBERSECURITY**

Managing cybersecurity risk within Cass is an ongoing, multifaceted process aimed at safeguarding digital assets and sensitive information. Led by the Company's Chief Information Security Officer ("CISO") and overseen by the Executive IT Council, the Company has a dedicated team of security professionals to implement the Company's information security processes.

The Executive IT Council is comprised of the CEO, CFO, Chief information Officer ("CIO"), CISO, and all heads of business units that serve together to manage and oversee the Company's IT program as a whole. As part of this function and at the direction of the CISO, the Executive IT Council is charged with approving and providing oversight of the IT solutions that enhance the Company's security posture. As more fully described in "Governance" below, the CISO and CIO regularly report the Executive IT Council's findings to the Audit and Risk Committee of the Board, and to the full Board, in an effort to provide a collaborative and multi-point cybersecurity program.

The Company also relies on certain critical third party IT vendors that support processing, transmission, and storage of data, which has become more critical given the information security risks that are intensified through the Company's increased use of remote work arrangements. The Company has also engaged a third party to help monitor and analyze its system activities.

The Company's information security program is comprised of three primary components that guide the activities of employees and advisors tasked with managing the program:

- **Information Security Policy:** The Company maintains an Information Security Policy that aligns with the National Institute of Standards and Technology and ISO 27001 cybersecurity guidelines and frameworks. This policy is reviewed at least annually by the Company's IT Security & Risk team, with updates approved by the Board of Directors. The Information Security Policy addresses the standards, design, scope, testing, and operation of the Company's cybersecurity program. All Company employees are trained both initially and on an annual basis on the information security requirements set by the policy. Employees whose work is more pertinent to cybersecurity management and risk, such as software development, receive additional and more specialized training.
- **Incident Management Policy:** The Company's Incident Management Policy provides the structure and guidance for the Company's cyber incident response operations to ensure the quick detection of security events and vulnerabilities, as well as promote a rapid response to security incidents and mitigation measures. A dedicated security incident response team is tasked with addressing security incidents and driving the Company's response.
- **Cyber Risk Management Program:** The Company performs a comprehensive risk assessment on an annual basis to identify and prioritize potential threats and vulnerabilities, then uses the results to implement and revise policies, assign responsibilities, and deploy security controls to address them on an ongoing, 24-7 basis.

Using the policies and programs described above, Cass has implemented a multi-layered cybersecurity approach, including deployment of advanced endpoint protection, threat intelligence, and anomaly detection tools, continuous monitoring of network traffic through intrusion detection and prevention systems, regular penetration testing and vulnerability assessments, and encryption of sensitive data at rest and in transit.

Cass is dependent on third-party vendors to support operations and business objectives. Recognizing the interconnected nature of the Company's business, Cass places emphasis on managing third-party cybersecurity risk by maintaining a Vendor Management Policy. This policy establishes guidelines for conducting due diligence on vendors' security practices, making ongoing risk assessments and conducting extensive control reviews of identified high-risk vendors.

Because the Company is a bank holding company, its information security program is regularly evaluated by banking examiners and regulators. In addition, the Company undergoes annual Service Organization Controls Type II audits to evaluate information security controls related to specific services offered by the Company.

While the Company continues to face a number of cybersecurity risks in connection with the business, Cass has not experienced any cyber incidents that materially affected business strategy, results of operations or financial condition over the past fiscal year. The Company commits to transparently communicating with stakeholders, including shareholders, regulatory bodies, and law enforcement agencies, as required. To mitigate financial risks associated with cybersecurity incidents, Cass maintains a comprehensive cyber insurance policy. This policy covers various costs, including legal expenses, investigation costs, business interruption, and potential liabilities.

### *Governance*

As described above, the Company's cybersecurity program is led by the CISO, who ultimately reports to the Executive Vice President and CIO. The CISO is supported by an information security team, made up of two security analysts and one IT audit and compliance analyst. The security analysts monitor the Company's security solutions and security event logs and responds to incidents and events when they occur. The IT audit and compliance analyst tracks remediation efforts, manages the Company's third party risk program and works with internal and external auditors on all IT compliance activities. Members of the information security team hold cybersecurity certifications, such as a Certified Information Systems Security Professional ("CISSP") or Certified Information Security Manager certifications. The CIO oversees all IT departments within the Company, including security and risk, and is the primary liaison between IT and the Board of Directors.

Both the CISO and CIO have extensive experience assessing and managing cybersecurity programs and cybersecurity risk. The CIO has a bachelor's degree in Management Information Systems and an MBA from Oakland University, and was previously the Domain CIO at Comerica Bank. The CISO has a bachelor's degree in Computer Science from the University of Illinois, holds the CISSP, Certified in Risk and Information Systems Control and Certified Chief Information Security Officer certifications, and has been active in the management of the Company's security programs for more than a decade, serving in the CISO role since early 2023.

The CISO and CIO provide monthly updates to the Executive IT Council on security incidents, compliance and patching metrics, as well as security related industry updates that might affect the Company's business. Real time updates are also provided to the Executive IT Council as needed. The Executive IT Council approves all security related project expenditures and all members are a part of the Company's incident response team.

The Audit and Risk Committee, together with the full Board of Directors, actively oversees the Company's cybersecurity program. The Audit and Risk Committee receives reports on evolving cybersecurity standards and key metrics, including the number of incidents, response times, and effectiveness of safety controls from the CIO on a quarterly basis, and more frequently when necessary. These reports include updates on the activities of the Executive IT Council. Changes to the Company's information security policies and programs are approved by the Audit and Risk Committee. This information is reported to the full Board of Directors which, together with the Audit and Risk Committee, evaluates and considers the effectiveness of the Company's risk management policies and controls relating to cybersecurity that are described in the section above.

The Company believes that by layering cybersecurity practices and risk management oversight in a way that involves various individuals, teams, and ultimately, the Board of Directors, it fosters a culture of accountability and helps enable Cass to prioritize the safety and security of its and its clients' data.

## **ITEM 2. PROPERTIES**

The Company leases office space in St. Louis County, Missouri, to house the headquarters of the Company and the Bank. The Company's headquarters occupy 7,549 square feet in an office center at 12444 Powerscourt Drive. The Bank's headquarters occupy 16,572 square feet in the same center at 12412 Powerscourt Drive.

The Company owns approximately 61,500 square feet of office space at 13001 Hollenberg Drive in Bridgeton, Missouri where the Company's transportation processing activities are performed.

The Company owns a production facility of approximately 48,300 square feet located at 2675 Corporate Exchange Drive, Columbus, Ohio. Additional facilities are located in Greenville, South Carolina, Wellington, Kansas, Jacksonville, Florida, and Brighton, Michigan. The Company has offices in Breda, Netherlands, Basingstoke, United Kingdom, and Singapore to service its multinational customers.

In addition, the Bank owns a banking facility near downtown St. Louis, Missouri, has an operating branch in the Bridgeton, Missouri location, and has an additional leased facility in Colorado Springs, Colorado.

Management believes that these facilities are suitable and adequate for the Company's operations.

### **ITEM 3. LEGAL PROCEEDINGS**

The Company and its subsidiaries are not involved in any pending proceedings other than ordinary routine litigation incidental to their businesses. Management believes none of these proceedings, if determined adversely, would have a material effect on the business or financial conditions of the Company or its subsidiaries.

### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock is quoted on The Nasdaq Global Select Market® under the symbol "CASS." As of February 21, 2025, there were approximately 6,000 holders of record of the Company's common stock.

The Company has continuously paid regularly scheduled cash dividends since 1934 and expects to continue to pay quarterly cash dividends in the future. However, future dividend payments will depend on the Company's earnings, capital requirements, financial condition, applicable banking regulatory requirements and other factors considered relevant by the Company's Board of Directors.

The Company maintains a treasury stock buyback program approved by the Board of Directors in October 2023 pursuant to which, the Board of Directors has authorized the repurchase of up to 500,000 shares of the Company's common stock and has no expiration date. The Company has repurchased 181,419 shares under this treasury stock buyback program and therefore has 318,581 shares remaining for repurchase.

The Company repurchased a total of 167,455 shares at an aggregate cost of \$7.2 million during the year ended December 31, 2024 and 150,541 shares at an aggregate cost of \$5.8 million during the year ended December 31, 2023. A portion of the repurchased shares may be used for the Company's employee benefit plans and the balance will be available for other general corporate purposes. The pace of repurchase activity will depend on factors such as levels of regulatory capital, net income, dividends, acquisition and divestiture activity, cash generation from operations, cash requirements for investments, repayment of debt, current stock price, business and market conditions, and other factors. The Company may repurchase shares from time to time on the open market or in private transactions, including structured transactions. The stock repurchase program may be modified or discontinued at any time.

During the three months ended December 31, 2024, the Company repurchased shares of its common stock as follows:

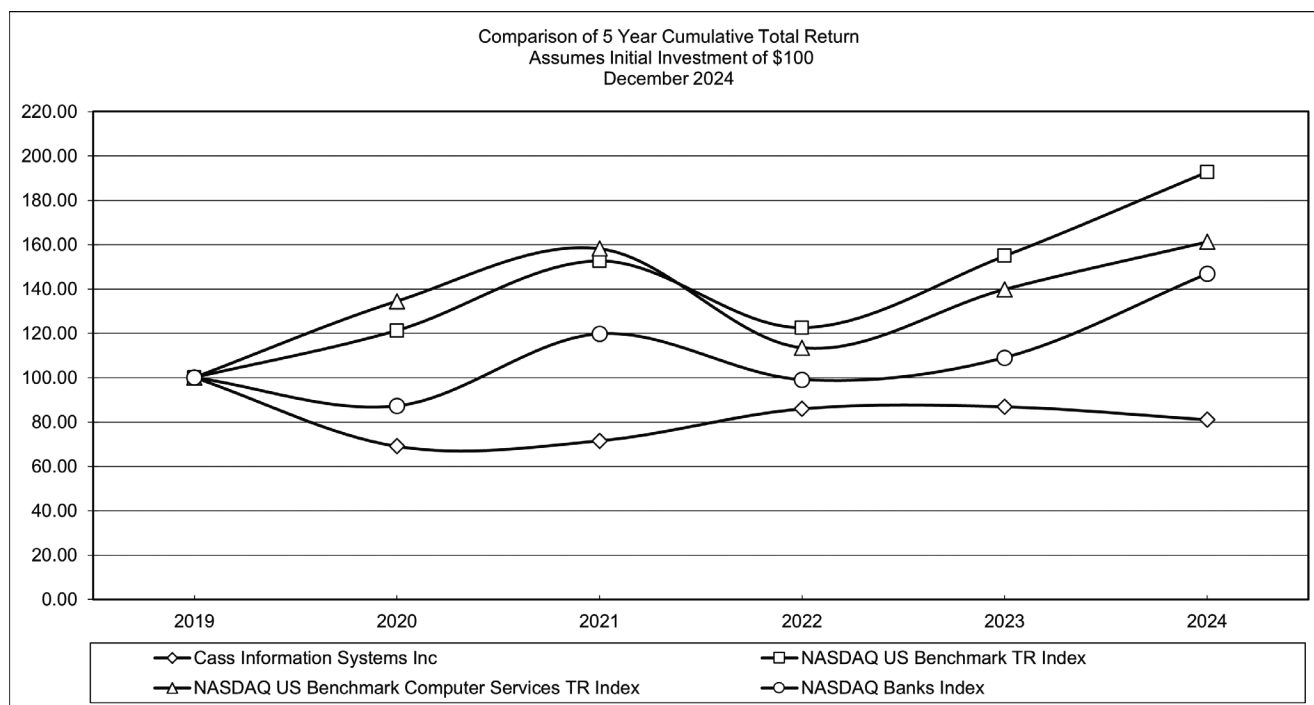
Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(2)</sup>	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1, 2024 – October 31, 2024	8,787	\$ 41.40	8,787	389,507
November 1, 2024 – November 30, 2024	28,514	44.56	28,514	360,993
December 1, 2024 – December 31, 2024	42,412	45.02	42,412	318,581
<b>Total</b>	<b>79,713</b>	<b>\$ 44.46</b>	<b>79,713</b>	<b>318,581</b>

(1) During the quarter ended December 31, 2024, there were 79,713 shares repurchased pursuant to the Company's publicly announced treasury stock buyback program and no shares transferred from employees in satisfaction of tax withholding obligations upon the vesting of restricted stock.

(2) The Board of Directors authorized the treasury stock buyback program on October 17, 2023, announced by the Company on October 19, 2023. The program provides that the Company may repurchase up to an aggregate of 500,000 shares of common stock and has no expiration date.

## **Performance Quoted on The Nasdaq Stock Market for the Last Five Fiscal Years**

The following graph compares the cumulative total returns over the last five fiscal years of a hypothetical investment of \$100 in shares of common stock of the Company with a hypothetical investment of \$100 in The Nasdaq Stock Market (“Nasdaq”), the index of Nasdaq computer and data processing stocks, and the index of Nasdaq bank stocks. The graph assumes \$100 was invested on December 31, 2019, with dividends reinvested. Returns are based on period end prices.



## **ITEM 6. RESERVED**

## **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to promote understanding of the results of operations and financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, the consolidated financial statements and the accompanying Notes to Financial Statements (Part II, Item 8 of this Form 10-K). This section generally discusses the results of operations for 2024 compared to 2023. For discussion related to the results of operations and changes in financial condition for 2023 compared to 2022 refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's 2023 Annual Report on Form 10-K filed with the SEC on February 28, 2024.

The Company intends for the discussion of financial condition and results of operations that follows to provide information that will assist the reader in understanding the Consolidated Financial Statements, the changes in certain key items in those financial statements from year to year, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies, and estimates affect the Consolidated Financial Statements. This discussion should be read in conjunction the Consolidated Financial Statements and the related notes that appear in Part II, Item 8 of this document.

### **Executive Overview**

The specific payment and information processing services provided to each customer are developed individually to meet each customer's requirements, which can vary greatly. In addition, the degree of automation such as electronic data interchange, imaging, work flow, and web-based solutions varies greatly among customers and industries. These factors

combine so that pricing varies greatly among the customer base. In general, however, Cass is compensated for its processing services through service fees, transactional level payment services, and investment of account balances generated during the payment process. The amount, type, and calculation of service fees vary greatly by service offering, but generally follow the volume of transactions processed. Transactional level payment services and interest income from the balances generated during the payment processing cycle are affected by the amount of time Cass holds the funds prior to payment and the dollar volume processed. Both the number of transactions processed and the dollar volume processed are therefore key metrics followed by management. Other factors will also influence revenue and profitability, such as changes in the general level of interest rates, which have a significant effect on net interest income. The funds generated by these processing activities are invested in overnight investments, investment grade securities, advances to payees, and loans generated by the Bank. The Bank earns most of its revenue from net interest income, or the difference between the interest earned on its loans and investments and the interest paid on its deposits and other borrowings. The Bank also assesses fees on other services such as cash management services.

Industry-wide factors that impact the Company include the willingness of large corporations to outsource key business functions such as freight, energy, telecommunication and environmental payment and audit. The benefits that can be achieved by outsourcing transaction processing, and the management information generated by Cass' systems can be influenced by factors such as the competitive pressures within industries to improve profitability, the general level of transportation costs, deregulation of energy costs, and consolidation of telecommunication providers. Economic factors that impact the Company include the general level of economic activity that can affect the volume and size of invoices processed, the ability to hire and retain qualified staff, and the growth and quality of the loan portfolio. The general level of interest rates also has a significant effect on the revenue of the Company. As discussed in greater detail in Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," a decline in the general level of interest rates can have a negative impact on net interest income and conversely, a rise in the general level of interest rates can have a positive impact on net interest income. The cost of fuel is another factor that has a significant impact on the transportation sector. As the price of fuel goes up or down, the Company's earnings increase or decrease with the dollar amount of transportation invoices.

The Company continues to operate profitably, posting a 0.82% return on average assets and 8.37% return on average equity. The Company's common equity Tier 1 capital ratio was 13.84% at December 31, 2024, significantly exceeding regulatory requirements. In addition, the Company has maintained exceptional credit quality with no non-performing loans at December 31, 2024, and no loan charge-offs during the year ended December 31, 2024.

The Company's solid capital and liquidity positions, combined with ongoing earnings, are expected to continue to allow for investment in strategic opportunities when they become available, in addition to return of capital to shareholders. The Company delivered \$16.5 million in dividend payments and \$7.2 million in share repurchases during 2024. The Company continues to invest in the technology, processes, and people required to support its multi-national customer base.

Currently, management views Cass' major opportunity as the continued expansion of its payment and information processing service offerings and customer base. Management intends to accomplish this by maintaining the Company's leadership position in applied technology, which when combined with the security and processing controls of the Bank, makes Cass unique in the industry.

### **Recent Industry Developments**

The transportation industry continues to experience a decline in overall freight rates caused by an ongoing freight recession. The freight recession adversely affects the number of freight transactions and dollar amount of invoices processed. Partially as a result, the Company's transportation invoice and dollar volumes declined 0.6% and 5.7%, respectively during the year ended December 31, 2024 as compared to the same period in 2023. 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.

### **Recent Items of Note**

Average interest-earning assets for December 31, 2024 declined \$65.4 million, or 3.1%, as compared to 2023. The Company had fewer funds to invest due to the loss of approximately \$100.0 million of balances in February 2024 as a result of a cyber attack experienced by a CassPay client. CassPay offers solutions such as integrated payments, a B2B payment platform for clients. The loss of CassPay balances was partially offset by an increase in facility dollar volumes of 8.1%, leading to higher average accounts and drafts payable.

Despite the decline in average interest-earning assets during the year, the Company's liquidity position and balance sheet remains strong. The Company maintained average short-term investments of \$326.2 million during 2024. In addition, all of the Company's investment securities are classified as available-for-sale and there were no outstanding borrowings at December 31, 2024.

The Company recorded bad debt expense of \$7.8 million for the year ended December 31, 2024 on a funding receivable related to a facility client. See Note 15, "Commitments and Contingencies" for further information.

During July 2024, the Company approved an Amendment providing for the termination of its noncontributory defined-benefit pension plan. The Company recorded a one-time termination expense of approximately \$3.5 million through operating expense related to the plan termination during the fourth quarter of 2024 as the plan liabilities were settled. The successful termination of the plan is expected to reduce run rate operating expense by approximately \$1.0 million on an annual basis.

In December 2024, the Company acquired AcuAudit, a freight audit platform for ocean and international air freight, from Acuitive Solutions LLC. The Asset Purchase Agreement reflects a base purchase price of \$3.0 million and an earnout based on annualized recurring revenue at the end of 24 months. Current annualized recurring revenue is approximately \$2.5 million. The Company expects the impact of the acquisition to be EBITDA neutral in 2025 and a minimal negative impact to diluted earnings per share driven by intangible amortization.

## Summary of Results

Various indicators are used by management in evaluating the Company's financial condition and operating performance. Among these indicators are net income and earnings per share, total revenue, operating expense, asset quality indicators such as nonperforming assets to assets and net charge-offs to average loans, and return on average assets and equity.

<i>(In thousands except per share data)</i>	For the Years Ended December 31,			% Change	
	2024	2023	2022	2024 v. 2023	2023 v. 2022
Processing fees	\$ 82,671	\$ 79,566	\$ 76,470	3.9 %	4.0 %
Financial fees	43,297	45,985	43,757	(5.8)%	5.1 %
Net interest income	67,787	66,494	58,844	1.9 %	13.0 %
Provision for (release of) credit losses	447	(550)	1,350	(181.3)%	(140.7)%
Other	5,881	4,916	4,755	19.6 %	3.4 %
Total revenues	199,189	197,511	182,476	0.8 %	8.2 %
Operating expense	174,970	160,155	139,576	9.3 %	14.7 %
Income before income tax expense	24,219	37,356	42,900	(35.2)%	(12.9)%
Income tax expense	5,051	7,297	7,996	(30.8)%	(8.7)%
Net income	\$ 19,168	\$ 30,059	\$ 34,904	(36.2)%	(13.9)%
Diluted earnings per share	\$ 1.39	\$ 2.18	\$ 2.53	(36.2)%	(13.8)%
Return on average assets	0.82 %	1.24 %	1.35 %	—	—
Return on average equity	8.37 %	14.24 %	16.53 %	—	—

The Company recorded revenue of \$199.2 million in December 31, 2024, up 0.8% from the prior year, due to increases in processing fees and net interest income, partially offset by a decrease in financial fees and the negative variance in the provision for (release of) credit losses. Operating expenses increased 9.3% largely driven by \$7.8 million of bad debt expense experienced on a funding receivable related to a facility client as well as a one-time non-cash expense of \$3.5 million in the fourth quarter of 2024 related to the termination of its noncontributory defined-benefit pension plan. Net income was \$19.2 million and diluted EPS was \$1.39 per share, decreases of 36.2% for both from the prior year.

The Company posted a 0.82% return on average assets and 8.37% return on average equity. The Company did not have any nonperforming assets at December 31, 2024 and did not have any loan charge-offs during 2024.

Further detail about the components of revenue and expenses are explained in the sections following.

## Fee Revenue and Other Income

The Company's fee revenue is derived mainly from transportation and facility payment and processing fees. As the Company provides its processing and payment services, it is compensated by service fees which are typically calculated on a per-item basis, discounts received for services provided to carriers and by the accounts and drafts payable balances generated in the payment process which can be used to generate interest income. Processing volumes, average payments in advance of funding, fee revenue and other income were as follows:

<i>(In thousands)</i>	December 31,			% Change	
	2024	2023	2022	2024 v. 2023	2023 v. 2022
Transportation invoice transaction volume	35,729	35,949	36,807	(0.6)%	(2.3)%
Transportation invoice dollar volume	\$ 36,113,169	\$ 38,288,478	\$ 44,749,359	(5.7)%	(14.4)%
Facility transaction volume <sup>(1)</sup>	17,135	13,857	12,990	23.7 %	6.7 %
Facility dollar volume <sup>(1)</sup>	\$ 21,438,282	\$ 19,836,821	\$ 19,514,049	8.1 %	1.7 %
Average payments in advance of funding	\$ 202,860	\$ 234,865	\$ 278,185	(13.6)%	(15.6)%
Processing fees	\$ 82,671	\$ 79,566	\$ 76,470	3.9 %	4.0 %
Financial fees	\$ 43,297	\$ 45,985	\$ 43,757	(5.8)%	5.1 %
Other income	\$ 5,881	\$ 4,916	\$ 4,755	19.6 %	3.4 %

(1) Includes utility, telecom and waste

Processing fees increased \$3.1 million, or 3.9%, during 2024 largely driven by a 23.7% increase in facility transaction volumes. Transportation invoice volumes decreased 0.6% over the same period. The decline in transportation volumes is primarily due to the on-going freight recession.

Financial fees decreased \$2.7 million, or 5.8%, in 2024 primarily attributable to the decline in transportation invoice dollar volumes of 5.7%. The decline in transportation invoice dollar volumes had a direct effect on the 13.6% decrease in average payments in advance of funding, which is the primary generator of financial fees.

Other income increased \$965,000, or 19.6%, in 2024 largely due to higher bank-owned life insurance revenue and TouchPoint fees.

## Net Interest Income

Net interest income is the difference between interest earned on loans, investments, and other earning assets and interest expense on deposits and other interest-bearing liabilities. Net interest income is a significant source of the Company's revenues. The following table summarizes the changes in tax-equivalent net interest income and related factors:

<i>(In thousands)</i>	December 31,			% Change	
	2024	2023	2022	2024 v. 2023	2023 v. 2022
Average earning assets	\$ 2,011,554	\$ 2,076,951	\$ 2,205,792	(3.1)%	(5.8)%
Average interest-bearing liabilities	\$ 634,592	\$ 573,308	\$ 603,262	10.7 %	(5.0)%
Net interest income <sup>(1)</sup>	\$ 68,798	\$ 67,583	\$ 60,533	1.8 %	11.6 %
Net interest margin <sup>(1)</sup>	3.42 %	3.25 %	2.74 %	—	—
Yield on earning assets <sup>(1)</sup>	4.43 %	4.04 %	2.90 %	—	—
Rate on interest bearing liabilities	3.19 %	2.84 %	0.58 %	—	—

(1) Presented on a tax-equivalent basis using a tax rate of 21%.

The increase in net interest income in 2024 as compared to 2023 is primarily due to an increase in the net interest margin to 3.42% as compared to 3.25% in the prior year. The increase in the net interest margin was partially offset by a decrease in average earning assets of \$65.4 million, or 3.1%. The yield on interest-earning assets increased 39 basis points from 4.04%

in 2023 to 4.43% in 2024 while the cost of interest-bearing liabilities increased 35 basis points from 2.84% in 2023 to 3.19% in 2024.

Average loans decreased \$6.9 million, or 0.7%, to \$1.05 billion. This decrease was due to the Company opting to be more selective in booking new loans as a result of a decline in average deposits. The average yield on loans increased 47 basis points to 5.28% in 2024.

Average investment securities decreased \$97.5 million, or 13.3%, due to the sale and maturity of investment securities throughout 2024. The investment portfolio will expand and contract over time as the Company manages its liquidity and interest rate position. The average tax-equivalent yield on investment securities increased 19 basis points to 2.82% in 2024 as a result of purchases of new investment securities at current market interest rates, which are higher than the average interest rate in the current investment portfolio.

Average short-term investments, consisting of interest-bearing deposits in other financial institutions and federal funds sold, increased \$39.0 million, or 13.6%. The increase is primarily a result of the decline in average investment securities and loans, partially offset by a decrease in average funding sources. The average yield on short-term investments increased 5 basis points to 4.83% in 2024 primarily due to the higher short-term market interest rates when comparing the periods. The majority of these short-term investments are held at the Federal Reserve Bank.

The average balance of interest-bearing deposits increased \$63.5 million, or 11.1%. Average non-interest-bearing demand deposits decreased \$97.9 million, or 19.1%. The Company has experienced a migration of client funds from non-interest bearing to interest-bearing driven by the higher interest rate environment prior to the recent 100 basis point decline in the Federal Funds rate. The average rate paid on interest-bearing deposits increased 36 basis points to 3.19% in 2024 due to higher average short-term interest rates.

Average accounts and drafts payable decreased \$50.7 million, or 4.7%. The decrease in these balances, which are non-interest bearing, are primarily reflective of a cyber event at a CassPay client during the first quarter of 2024, which decreased average balances by approximately \$100.0 million, and a decrease in transportation dollar volumes of 0.6%, partially offset by an increase in facility dollar volumes of 8.1%. Accounts and drafts payable are a significant source of funding generated by payment float from transportation and facility clients.

### **Distribution of Assets, Liabilities and Shareholders' Equity; Interest Rate and Interest Differential**

The following table contains condensed average balance sheets for each of the periods reported, the tax-equivalent interest income and expense on each category of interest-earning assets and interest-bearing liabilities, and the average yield on such categories of interest-earning assets and the average rates paid on such categories of interest-bearing liabilities for each of the periods reported:

(In thousands)	2024			2023			2022		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
<b>Assets<sup>(1)</sup></b>									
Interest-earning assets									
Loans <sup>(2)</sup> :	\$1,048,732	\$ 55,362	5.28 %	\$1,055,668	\$ 50,825	4.81 %	\$ 992,004	\$ 39,460	3.98 %
Securities <sup>(4)</sup> :									
Taxable	474,753	13,423	2.83	541,159	14,118	2.61	509,537	10,083	1.98
Tax-exempt <sup>(3)</sup>	161,836	4,519	2.79	192,881	5,186	2.69	279,247	8,043	2.88
Short-term investments	326,233	15,752	4.83	287,243	13,720	4.78	425,004	6,429	1.51
Total interest-earning assets	2,011,554	89,056	4.43 %	2,076,951	83,849	4.04 %	2,205,792	64,015	2.90 %
Non-interest-earning assets									
Cash and due from banks	23,695			24,914			20,772		
Premises and equipment, net	33,309			24,445			19,291		
Payments in advance of funding	202,860			234,865			278,185		
Bank-owned life insurance	49,715			48,540			46,468		
Goodwill and other intangibles	20,314			21,060			19,558		
Unrealized (loss) gain on investment securities	(57,772)			(68,893)			(43,147)		
Other assets	79,091			71,050			51,686		
Allowance for credit losses	(13,369)			(13,324)			(12,527)		
Total assets	\$2,349,397			\$2,419,608			\$2,586,078		
<b>Liabilities and Shareholders' Equity<sup>(1)</sup></b>									
Interest-bearing liabilities									
Interest-bearing demand deposits	\$ 549,164	\$ 17,028	3.10 %	\$ 496,154	\$ 14,056	2.83 %	\$ 549,054	\$ 3,118	0.57 %
Savings deposits	7,148	116	1.62	7,162	113	1.58	13,288	38	0.29
Time deposits >=\$250	27,211	597	2.19	23,912	417	1.74	18,272	102	0.56
Other time deposits	51,058	2,516	4.93	43,839	1,564	3.57	22,637	224	0.99
Total interest-bearing deposits	634,581	20,257	3.19	571,067	16,150	2.83	603,251	3,482	0.58
Short-term borrowings	11	1	9.09	2,241	116	5.18	11	—	—
Total interest-bearing liabilities	634,592	20,258	3.19 %	573,308	16,266	2.84 %	603,262	3,482	0.58 %
Noninterest-bearing liabilities									
Demand deposits	414,711			512,608			588,121		
Accounts and drafts payable	1,030,520			1,081,245			1,141,329		
Other liabilities	40,630			41,378			42,224		
Total liabilities	2,120,453			2,208,539			2,374,936		
Shareholders' equity	228,944			211,069			211,142		
Total liabilities and shareholders' equity	\$2,349,397			\$2,419,608			\$2,586,078		
Net interest income <sup>(3)</sup>		\$ 68,798			\$ 67,583			\$ 60,533	
Net interest margin <sup>(3)</sup>			3.42 %			3.25 %			2.74 %
Interest spread			1.23 %			1.20 %			2.32 %

- (1) Balances shown are daily averages.
- (2) Interest income on loans includes net loan fees of \$477,000, \$686,000, and \$684,000 for 2024, 2023 and 2022, respectively. Loan fees include \$0, \$0, and \$167,000 of Paycheck Protection Program ("PPP") loan fees for 2024, 2023 and 2022, respectively.
- (3) Interest income is presented on a tax-equivalent basis assuming a tax rate of 21%. The tax-equivalent adjustment was approximately \$1.0 million, \$1.1 million, and \$1.7 million for 2024, 2023, and 2022, respectively.
- (4) For purposes of these computations, yields on investment securities are computed as interest income divided by the average amortized cost of the investments.

## Analysis of Net Interest Income Changes

The following table presents the changes in interest income and expense between years due to changes in volume and interest rates.

<i>(In thousands)</i>	2024 Over 2023			2023 Over 2022		
	Volume <sup>(1)</sup>	Rate <sup>(1)</sup>	Total	Volume <sup>(1)</sup>	Rate <sup>(1)</sup>	Total
Increase (decrease) in interest income:						
Loans <sup>(2)</sup> :	\$ (338)	\$ 4,875	\$ 4,537	\$ 2,657	\$ 8,708	\$ 11,365
Securities:						
Taxable	(1,823)	1,128	(695)	658	3,377	4,035
Tax-exempt <sup>(3)</sup>	(862)	195	(667)	(2,351)	(506)	(2,857)
Short-term investments	1,881	151	2,032	(2,671)	9,962	7,291
Total interest income	\$ (1,142)	\$ 6,349	\$ 5,207	\$ (1,707)	\$ 21,541	\$ 19,834
Interest expense on:						
Interest-bearing demand deposits	\$ 1,577	\$ 1,395	\$ 2,972	\$ (329)	\$ 11,267	\$ 10,938
Savings deposits	—	3	3	(25)	100	75
Time deposits >=\$250	63	117	180	40	275	315
Other time deposits	287	665	952	354	986	1,340
Short-term borrowings	(165)	50	(115)	—	116	116
Total interest expense	1,762	2,230	3,992	40	12,744	12,784
Net interest income	\$ (2,904)	\$ 4,119	\$ 1,215	\$ (1,747)	\$ 8,797	\$ 7,050

- (1) The change in interest due to the combined rate/volume variance has been allocated in proportion to the absolute dollar amounts of the change in each.
- (2) Interest income includes net loan fees.
- (3) Interest income is presented on a tax-equivalent basis assuming a tax rate of 21%.

## Loan Portfolio

Interest earned on the loan portfolio is a primary source of income for the Company. The loan portfolio was \$1.08 billion, representing 45.2% of the Company's total assets as of December 31, 2024 and generated \$55.4 million in interest income during the year ended December 31, 2024. The following tables show the composition of the loan portfolio at the end of the periods indicated and remaining maturities for loans as of December 31, 2024.

<i>(In thousands)</i>	December 31,		
	2024	2023	2022
Commercial and industrial	\$ 559,262	\$ 498,502	\$ 561,616
Real estate (commercial and faith-based):			
Mortgage	488,075	499,739	495,280
Construction	34,652	16,023	25,968
Other	—	54	42
Total loans	\$ 1,081,989	\$ 1,014,318	\$ 1,082,906

The Company does not have any foreign loans. The Company's loan portfolio includes \$110,000 of single family real estate mortgages, as the Company does not market its services to retail customers. Also, the Company had no sub-prime mortgage loans or residential development loans in its portfolio in any of the years presented.

## Loans by Maturity as of December 31, 2024

<i>(In thousands)</i>	One Year Or Less		Over 1 Year Through 5 Years		Over 5 Years Through 15 Years <sup>(1)</sup>		Total
	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	
Commercial and industrial	\$ 41,723	\$ 58,439	\$ 204,118	\$ 26,622	\$ 211,391	\$ 16,969	\$ 559,262
Real Estate:							
Mortgage	78,873	25,777	304,990	12,115	66,320	—	488,075
Construction	12,638	27	13,654	8,333	—	—	34,652
Total loans	\$ 133,234	\$ 84,243	\$ 522,762	\$ 47,070	\$ 277,711	\$ 16,969	\$ 1,081,989

(1) The Company did not have any loans with maturities greater than 15 years.

The Company has no concentrations of loans exceeding 10% of total loans, which are not otherwise disclosed in the loan portfolio composition table and as are discussed in Item 8, Note 4, of this report. The Company's primary market niche for banking services is privately held businesses, franchise restaurants, and faith-based ministries.

Loans to commercial entities are generally secured by the business assets of the borrower, including accounts receivable, inventory, machinery and equipment, and the real estate from which the borrower operates. Operating lines of credit to these companies generally are secured by accounts receivable and inventory, with specific percentages of each determined on a customer-by-customer basis based on various factors including the type of business. Intermediate term credit for machinery and equipment is generally provided at some percentage of the value of the equipment purchased, depending on the type of machinery or equipment purchased by the entity. Loans secured exclusively by real estate to businesses and faith-based ministries are generally made with a maximum 80% loan to value ratio, depending upon the Company's estimate of the resale value and ability of the property to generate cash. The Company's loan policy requires an independent appraisal for all loans over \$500,000 secured by real estate. Company management monitors the local economy in an attempt to determine whether it has had a significant deteriorating effect on such real estate loans. When problems are identified, appraised values are updated on a continual basis, either internally or through an updated external appraisal.

Loans increased \$67.7 million, or 6.7%, to \$1.08 billion at December 31, 2024. Franchise restaurant loans, which are included in commercial and industrial loans, increased \$43.1 million during 2024. Faith-based loans increased \$5.2 million, during 2024. Additional details regarding the types and maturities of loans in the loan portfolio are contained in the tables above and in Item 8, Note 4.

Performing loans subject to special monitoring increased from \$5.5 million at December 31, 2023 to \$51.2 million at December 31, 2024. These loans possess some credit deficiency or potential weakness which requires a higher level of management attention. The increase during 2024 is primarily due to a large franchise restaurant relationship that has experienced some level of financial weakness. However, the Company does not believe there is any concern of credit loss at December 31, 2024.

### Provision and Allowance for Credit Losses on Loans and Allowance for Unfunded Commitments

The Company recorded a provision for credit losses and off-balance sheet credit exposures of \$447,000 in 2024 and a release of credit losses of \$550,000 in 2023. The amount of the provision for (release of) credit losses was derived from the Company's CECL model. The amount of the provision will fluctuate as determined by these analyses. The Company had no loan charge-offs or recoveries in 2024 and 2023. The ACL was \$13.4 million at December 31, 2024 compared to \$13.1 million at December 31, 2023. The ACL represented 1.24% and 1.29% of outstanding loans at December 31, 2024 and December 31, 2023, respectively. The allowance for unfunded commitments was \$273,000 at December 31, 2024 and \$132,000 at December 31, 2023. There were no nonperforming loans outstanding at December 31, 2024 or December 31, 2023.

The ACL has been established and is maintained to estimate the lifetime credit losses expected in the loan portfolio. An ongoing assessment is performed to determine if the balance is adequate. Charges or credits are made to expense based on changes in the economic forecast, qualitative risk factors, loan volume, and individual loans. For loans that are individually

evaluated, the Company uses two impairment measurement methods: 1) the present value of expected future cash flows and 2) collateral values.

Federal and state regulatory agencies review the Company's methodology for maintaining the ACL. These agencies may require the Company to adjust the ACL based on their judgments and interpretations about information available to them at the time of their examinations.

The following schedule summarizes activity in the ACL and the allocation of the allowance to the Company's loan categories.

### Summary of Credit Loss Experience

<i>(In thousands)</i>	<b>December 31,</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Allowance at beginning of year	\$ 13,089	\$ 13,539	\$ 12,041	\$ 11,944	\$ 11,279
Loans charged-off:					
Commercial and industrial	—	—	—	—	—
Real estate (commercial and faith-based):					
Mortgage	—	—	—	—	—
Construction	—	—	—	—	—
Other	—	—	—	—	—
Total loans charged-off	—	—	—	—	—
Recoveries of loans previously charged-off:					
Commercial and industrial	—	—	13	12	19
Real estate (commercial and faith-based):					
Mortgage	—	—	—	15	1
Construction	—	—	—	—	—
Other	—	—	—	—	—
Total recoveries of loans previously charged-off	—	—	13	27	20
Net loans recovered	—	—	(13)	(27)	(20)
Provision for (release of) credit losses	306	(450)	1,485	70	645
Allowance at end of year	\$ 13,395	\$ 13,089	\$ 13,539	\$ 12,041	\$ 11,944
Allowance for unfunded commitments at	\$ 132	\$ 232	\$ 367	\$ 567	\$ 402
Provision for (release of) credit losses	141	(100)	(135)	(200)	165
Allowance for unfunded commitments at end of	273	132	232	367	567
Loans outstanding:					
Average	\$ 1,048,732	\$ 1,055,668	\$ 992,004	\$ 887,662	\$ 906,631
December 31	1,081,989	1,014,318	1,082,906	960,567	891,676
Ratio of allowance for credit losses to loans	1.24 %	1.29 %	1.25 %	1.25 %	1.34 %
Ratio of net recoveries to average loans	— %	— %	— %	— %	— %
Allocation of allowance for credit losses <sup>(1)</sup> :					
Commercial and industrial	\$ 5,897	\$ 5,412	\$ 5,977	\$ 5,035	\$ 4,635
Real estate (commercial and faith-based):					
Mortgage	7,281	7,569	7,378	6,714	6,892
Construction	217	108	184	292	417
Total	\$ 13,395	\$ 13,089	\$ 13,539	\$ 12,041	\$ 11,944
Percentage of categories to total loans:					
Commercial and industrial	51.7 %	49.1 %	51.9 %	46.9 %	33.5 %
Real estate (commercial and faith-based):					
Mortgage	45.1	49.3	45.7	48.3	48.7
Construction	3.2	1.6	2.4	4.1	5.5
PPP	—	—	—	0.7	12.3
Total	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

(1) Although specific allocations exist, the entire allowance is available to absorb losses in any particular loan category.

## Nonperforming Assets

Nonperforming loans are defined as loans on non-accrual status and loans 90 days or more past due but still accruing. Nonperforming assets include nonperforming loans plus foreclosed real estate. Loans with modifications to borrowers experiencing financial difficulty are not included in nonperforming loans unless they are on non-accrual status or past due 90 days or more.

It is the policy of the Company to continually monitor its loan portfolio and to discontinue the accrual of interest on any loan for which collection is not probable. Subsequent payments received on such loans are applied to principal if collection of principal is not probable; otherwise, these receipts are recorded as interest income. There was no interest income recognized on nonaccrual loans for the years ended 2024 and 2023.

There were no nonaccrual loans at December 31, 2024 and December 31, 2023. There were no foreclosed assets at December 31, 2024 or December 31, 2023.

The Company does not have any other interest-earning assets which would have been included in nonaccrual, past due or restructured loans if such assets were loans.

### Summary of Nonperforming Assets

<i>(In thousands)</i>	December 31,				
	2024	2023	2022	2021	2020
Commercial and industrial:					
Nonaccrual	\$ —	\$ —	\$ 1,150	\$ —	\$ —
Total nonperforming loans	\$ —	\$ —	\$ 1,150	\$ —	\$ —
Total foreclosed assets	—	—	—	—	—
Total nonperforming assets	\$ —	\$ —	\$ 1,150	\$ —	\$ —

## Operating Expenses

Operating expenses in 2024 compared to 2023 and 2022 include the following significant pre-tax components:

<i>(In thousands)</i>	<b>December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Salaries and commissions	\$ 96,356	\$ 93,474	\$ 85,489
Share-based compensation	3,167	4,139	6,732
Net periodic pension cost (benefit)	4,172	878	(2,453)
Other benefits	19,696	20,203	16,706
Total personnel expense	\$ 123,391	\$ 118,694	\$ 106,474
Occupancy	3,446	3,560	3,676
Equipment	8,305	7,138	6,668
Bad debt expense	7,847	—	—
Amortization of intangible assets	739	780	680
Other operating	31,242	29,983	22,078
Total operating expense	\$ 174,970	\$ 160,155	\$ 139,576

Total operating expenses increased 9.3% in 2024 compared to 2023.

Salaries and commissions increased \$2.9 million, or 3.1%, as a result of merit increases and an increase in average full-time equivalent employees ("FTEs") of 1.6%.

Share-based compensation decreased \$1.0 million, reflecting the Company's financial performance and the impact on performance-based restricted stock between the periods.

Net periodic pension cost increased \$3.3 million. The Company recorded a one-time non-cash expense of \$3.5 million in the fourth quarter of 2024 related to the termination of its noncontributory defined-benefit pension plan. The termination of the plan is expected to reduce run rate operating expense by approximately \$1.0 million on an annual basis.

Other benefits, such as 401(k) match, health insurance and payroll taxes decreased \$507,000, or 2.5%.

Equipment expense increased \$1.2 million, or 16.3%, primarily due to an increase in depreciation expense on software related to recently completed technology initiatives.

The Company recorded bad debt expense during 2024 of \$7.8 million on a funding receivable related to a facility client. While the Company is in the process of litigation to collect the receivable, a full write-off to bad debt expense was recorded as a result of a credit analysis.

Other operating expense increased \$1.3 million, or 4.2%, to \$31.2 million. The Company incurred \$1.3 million of late fees on facility transactions during 2024 driven by a check processing delay with a third-party vendor, the same CassPay client which incurred the cyber attack.

## Income Tax Expense

Income tax expense in 2024 totaled \$5.1 million, compared to \$7.3 million in 2023. When measured as a percent of pre-tax income, the Company's effective tax rate was 20.9% and 19.5% in 2024 and 2023, respectively. The increase in the effective tax rate in 2024 compared to 2023 was primarily due to a lower level of tax-free interest income on municipal securities in the current year, in addition to \$304,000 of tax penalties incurred in 2024 on the surrender and redeployment of bank-owned life insurance policies to increase future noninterest income.

## Investment Portfolio

Investment securities decreased \$99.1 million, or 15.8%, during 2024 to \$528.0 million at December 31, 2024. U.S. Treasury securities decreased \$108.7 million to \$0 at December 31, 2024 compared to \$108.7 million at December 31,

2023. State and political securities decreased \$47.1 million, or 21.5%, to \$172.0 million at December 31, 2024. Mortgage-backed securities increased \$75.5 million, or 47.8%, to \$233.3 million at December 31, 2024. The investment portfolio provides the Company with a significant source of earnings, secondary source of liquidity, and mechanisms to manage the effects of changes in loan demand and interest rates. Therefore, the size, asset allocation and maturity distribution of the investment portfolio will vary over time depending on management's assessment of current and future interest rates, changes in loan demand, changes in the Company's sources of funds and the economic outlook. During 2024, the Company purchased investment securities totaling \$119.7 million and sold investment securities totaling \$60.1 million. The Company generally utilized funds from maturities and sales of U.S. Treasury securities and state and political securities to increase short-term investments and fund purchases of mortgage-backed securities.

There was no single issuer of securities in the investment portfolio at December 31, 2024 for which the aggregate amortized cost exceeded 10% of total shareholders' equity.

### Investments by Type

<i>(In thousands)</i>	December 31,		
	2024	2023	2022
State and political subdivisions	\$ 171,964	\$ 219,035	\$ 295,126
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored enterprises	233,275	157,799	173,939
Corporate bonds	87,786	102,340	85,097
Asset-backed securities issued or guaranteed by U.S. Government agencies or sponsored enterprises	34,996	39,222	45,023
Treasury securities	—	108,721	155,283
Total investments	\$ 528,021	\$ 627,117	\$ 754,468

### Investment Securities by Maturity

(At December 31, 2024)

<i>(In thousands)</i>	Within 1 Year	Over 1 to 5 Years	Over 5 to 10 Years	Over 10 Years	Yield <sup>(1)</sup>
State and political subdivisions	\$ 8,820	\$ 57,494	\$ 92,565	\$ 13,085	2.34 %
Mortgage-backed securities issued or guaranteed by U.S. Government agencies or sponsored enterprises	—	466	45,641	187,169	2.62 %
Corporate bonds	—	44,267	43,519	—	3.12 %
Asset-backed securities issued or guaranteed by U.S. Government agencies or sponsored enterprises	—	—	1,727	33,268	5.58 %
Total investments	\$ 8,820	\$ 102,227	\$ 183,452	\$ 233,522	2.78 %
Weighted average yield <sup>(1)</sup>	3.38 %	3.60 %	2.13 %	3.01 %	2.78 %

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

## Deposits and Accounts and Drafts Payable

<i>(In thousands)</i>	<b>December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Noninterest-bearing demand deposits	\$ 251,230	\$ 524,359	\$ 642,757
Interest-bearing deposits	716,686	616,455	614,460
<b>Total deposits</b>	<b>\$ 967,916</b>	<b>\$ 1,140,814</b>	<b>\$ 1,257,217</b>
<b>Accounts and drafts payable</b>	<b>\$ 1,149,276</b>	<b>\$ 1,071,369</b>	<b>\$ 1,067,600</b>

Total deposits decreased \$172.9 million, or 15.2% during 2024. Noninterest-bearing demand deposits decreased \$273.1 million, or 52.1%, to \$251.2 million at December 31, 2024 and interest-bearing deposits increased \$100.2 million, or 16.3%, to \$716.7 million at December 31, 2024. The Company has experienced a migration of client funds from non-interest bearing to interest-bearing driven by the higher interest rate environment prior to the recent 100 basis point cumulative decline in the Federal Funds rate in the fourth quarter of 2024. The decrease in total deposits between the periods was also driven by timing of customer funds. The average balance of deposits is more indicative of trends period to period.

Accounts and drafts payable generated by the Company in its payment processing operations increased \$77.9 million, or 7.3%, to \$1.15 billion, at December 31, 2024. Due to the Company's payment processing cycle, average balances are much more indicative of the underlying activity than period-end balances since point-in-time comparisons can be misleading if the comparison dates fall on different days of the week. Average accounts and drafts payable decreased \$50.7 million, or 4.7%, to \$1.03 billion during 2024. The decrease in these balances, which are non-interest bearing, are primarily reflective of a cyber event at a CassPay client during the first quarter of 2024, which decreased average balances by approximately \$100.0 million, and a decrease in transportation dollar volumes of 0.6%, partially offset by an increase in facility dollar volumes of 8.1%.

The composition of average deposits and the average rates paid on those deposits is represented in the table entitled "Distribution of Assets, Liabilities and Shareholders' Equity; Interest Rate and Interest Differential" which is included earlier in this discussion. The Company does not have any significant deposits from foreign depositors.

### Maturities of Certificates of Deposit as of December 31, 2024

<i>(In thousands)</i>	<b>\$100 or Less</b>	<b>\$100 to Less Than \$250</b>	<b>\$250 or More</b>	<b>Total</b>
Three months or less	\$ 3,384	\$ 38,468	\$ 8,047	\$ 49,899
Three to six months	731	8,062	4,526	13,319
Six to twelve months	871	6,806	4,733	12,410
Over twelve months	390	1,075	4,371	5,836
<b>Total</b>	<b>\$ 5,376</b>	<b>\$ 54,411</b>	<b>\$ 21,677</b>	<b>\$ 81,464</b>

### Liquidity

The discipline of liquidity management as practiced by the Company seeks to ensure that funds are available to fulfill all payment obligations relating to invoices processed as they become due and meet depositor withdrawal requests and borrower credit demands while at the same time maximizing profitability. This is accomplished by balancing changes in demand for funds with changes in supply of funds. Primary liquidity to meet demand is provided by short-term liquid assets that can be converted to cash, maturing securities and the ability to obtain funds from external sources. The Company's Asset/Liability Committee ("ALCO") has direct oversight responsibility for the Company's liquidity position and profile. Management considers both on-balance sheet and off-balance sheet items in its evaluation of liquidity.

The balance of liquid assets consists of cash and cash equivalents, which includes cash and due from banks, interest-bearing deposits in other financial institutions, federal funds sold, and money market funds. These balances totaled \$349.7 million at December 31, 2024, a decrease of \$22.7 million, or 6.1%, from December 31, 2023. The decrease during

2024 is primarily attributed to a decrease in deposits and an increase in loans, partially offset by decreases in securities available-for-sale and accounts and drafts receivable from customers and an increase in accounts and drafts payable. At December 31, 2024, cash and cash equivalents represented 14.6% of total assets and are the Company's and its subsidiaries' primary source of liquidity to meet future expected and unexpected loan demand, depositor withdrawals or reductions in accounts and drafts payable.

Secondary sources of liquidity include the investment portfolio and borrowing lines. Total investment securities available-for-sale at fair value were \$528.0 million at December 31, 2024, a decrease of \$99.1 million, or 15.8%, from December 31, 2023. Investment securities represented 22.0% of total assets at December 31, 2024. Of the total portfolio, 1.7% mature in one year or less, 19.4% mature after one year through five years and 78.9% mature after five years.

As of December 31, 2024, the Bank had unsecured lines of credit at six correspondent banks to purchase federal funds up to a maximum of \$83.0 million in aggregate. As of December 31, 2024, the Bank had secured lines of credit with the Federal Home Loan Bank of \$183.6 million collateralized by commercial mortgage loans. At December 31, 2024, the Company had lines of credit from three banks up to a maximum of \$250.0 million in aggregate collateralized by state and political subdivision securities. There were no amounts outstanding at December 31, 2024 and 2023 under any of the lines of credit.

The deposits of the Company's banking subsidiary have historically been stable, consisting of a sizable volume of core deposits related to customers that utilize many other commercial products of the Bank. The accounts and drafts payable generated by the Company have also historically been a stable source of funds.

Net cash flows provided by operating activities for the years 2024, 2023 and 2022 were \$38.9 million, \$36.9 million, and \$51.6 million, respectively. Net income plus depreciation and amortization accounts for most of the operating cash provided. Net cash flows from investing and financing activities fluctuate greatly as the Company actively manages its investment and loan portfolios and customer activity influences changes in deposit and accounts and drafts payable balances. Further analysis of the changes in these account balances is discussed earlier in this report. Due to the daily fluctuations in these account balances, management believes that the analysis of changes in average balances, also discussed earlier in this report, can be more indicative of underlying activity than the period-end balances used in the statements of cash flows. Management anticipates that cash and cash equivalents, maturing investments, cash from operations, and borrowing lines will continue to be sufficient to fund the Company's operations and capital expenditures in 2025. The Company estimates that capital expenditures for 2025 should range from \$6 million to \$8 million. Capital expenditures in 2025 are expected to primarily consist of purchases of equipment and software related to the payment and information processing services business.

Net income plus amortization of intangible assets, net amortization of premium/discount on investment securities and depreciation of premises and equipment was \$28.7 million and \$39.5 million for the years ended December 31, 2024 and December 31, 2023, respectively, a decrease of \$10.8 million year over year. The decrease was due to the decrease in net income of \$10.9 million and lower net amortization of premium/discount on investment securities of \$882,000, partially offset by an increase in depreciation of \$1.1 million. The net amortization of premium/discount on investment securities is dependent on the type of securities purchased and changes in the prevailing market interest rate environment.

Other factors impacting the \$2.0 million increase in net cash provided by operating activities include:

- A decrease in share-based compensation expense of \$1.0 million;
- An increase in other operating activities, net of \$8.2 million, primarily due to changes in various accounts receivable and payable;
- An increase in current income tax liability of \$2.3 million;
- A change in the FASB ASC 715 pension adjustment of \$2.6 million; and
- A change in the provision for (release of) credit losses of \$1.0 million primarily due to changes in loans outstanding during the respective periods.

On an overall basis, the Company's \$2.0 million increase in net cash provided by operating activities was primarily due to changes in cash flows from fluctuations in tax and other accounts offset by the decline in net income.

There are several trends and uncertainties that may impact the Company's ability to generate revenues and income at the levels that it has in the past. In addition, these trends and uncertainties may impact available liquidity. Those that could

significantly impact the Company include the general levels of interest rates, business activity, inflation, and energy costs as well as new business opportunities available to the Company.

As a financial institution, a significant source of the Company's earnings is generated from net interest income. Therefore, the prevailing interest rate environment is important to the Company's performance. A major portion of the Company's funding sources are the noninterest-bearing accounts and drafts payable generated from its payment and information processing services. Accordingly, higher levels of interest rates will generally allow the Company to earn more net interest income. Conversely, a lower interest rate environment will generally tend to depress net interest income. The Company actively manages its balance sheet in an effort to maximize net interest income as the interest rate environment changes. This balance sheet management impacts the mix of earning assets maintained by the Company at any point in time. For example, in a low interest rate environment, short-term relatively lower rate liquid investments may be reduced in favor of longer term relatively higher yielding investments and loans. If the primary source of liquidity is reduced in a low interest rate environment, a greater reliance would be placed on secondary sources of liquidity including borrowing lines, the ability of the Bank to generate deposits, and the investment portfolio to ensure overall liquidity remains at acceptable levels.

The overall level of economic activity can have a significant impact on the Company's ability to generate revenues and income, as the volume and size of customer invoices processed may increase or decrease. Lower levels of economic activity decrease both fee income (as fewer invoices are processed) and balances of accounts and drafts payable generated (as fewer or lower average dollar invoices are processed) from the Company's transportation customers.

The relative level of energy costs can impact the Company's earnings and available liquidity. Lower levels of energy costs will tend to decrease transportation and energy invoice amounts resulting in a corresponding decrease in accounts and drafts payable. Decreases in accounts and drafts payable generate lower interest income and reduce liquidity.

New business opportunities are an important component of the Company's strategy to grow earnings and improve performance. Generating new customers allows the Company to leverage existing systems and facilities and grow revenues faster than expenses. During 2024, new business was added in both the transportation and facility expense management operations, driven by both successful marketing efforts and the solid market leadership position held by Cass.

## **Capital Resources**

One of management's primary objectives is to maintain a strong capital base to warrant the confidence of customers, shareholders, and bank regulatory agencies. A strong capital base is needed to take advantage of profitable growth opportunities that arise and to provide assurance to depositors and creditors. The Company and its banking subsidiary continue to exceed all regulatory capital requirements, as evidenced by the capital ratios at December 31, 2024 as shown in Item 8, Note 2 of this report.

Cash dividends paid were \$16.5 million and \$16.0 million in 2024 and 2023, respectively.

Shareholders' equity was \$229.0 million, or 9.6% of total assets, at December 31, 2024, a decrease of \$779,000 as compared to December 31, 2023. The decrease was primarily a result of the payment of cash dividends of \$16.5 million, and the repurchase of treasury shares of \$7.2 million, partially offset by net income of \$19.2 million and the decrease in accumulated other comprehensive loss of \$2.3 million.

Dividends from the Bank are a source of funds for payment of dividends by the Company to its shareholders. The only restrictions on dividends are those dictated by regulatory capital requirements, state corporate laws and prudent and sound banking principles. During 2024, the Bank paid dividends of \$20.0 million to the Company. As of December 31, 2024, unappropriated retained earnings of \$31.4 million were available at the Bank for the declaration of dividends to the Company without prior approval from regulatory authorities.

The Company maintains a treasury stock buyback program approved by the Board of Directors in October 2023 pursuant to which the Board of Directors has authorized the repurchase of up to 500,000 shares of the Company's common stock and has no expiration date. A total of 318,581 shares remain under the buyback program at December 31, 2024.

The Company repurchased a total of 167,455 shares at an aggregate cost of \$7.2 million during the year ended December 31, 2024 and 150,541 shares at an aggregate cost of \$5.8 million during the year ended December 31, 2023. A portion of the repurchased shares may be used for the Company's employee benefit plans and the balance will be available

for other general corporate purposes. The pace of future repurchase activity will depend on factors such as levels of regulatory capital, cash generation from operations, cash requirements for investments, repayment of debt, current stock price, business and market conditions, and other factors. The Company may repurchase shares from time to time on the open market or in private transactions, including structured transactions. The stock repurchase program may be modified or discontinued at any time.

### **Impact of Inflation**

Inflation could have the impact of increasing our operating expenses, such as compensation expense. Inflationary pressures may also have an impact on total assets, earnings and capital, which could impact the Company's ability to grow. An increase in total assets could have the impact of decreasing regulatory capital ratios if earnings and total regulatory capital do not increase at the same rate.

As a result of rising inflation, the Federal Reserve increased the Federal Funds rate throughout 2022 and 2023. The increase in the Federal Funds rate has contributed to the increase in the Company's net interest margin to 3.42% in 2024 from 3.25% in 2023 and 2.74% in 2022, therefore positively impacting net interest income. The Federal Reserve began to decrease the Federal Funds rate during the last four months of 2024 by a cumulative 100 basis points. Further decreases in the Federal Funds rate resulting from softening inflation or other reasons could negatively impact the Company's net interest margin and income in 2025.

### **Critical Accounting Policies**

The Company has prepared the consolidated financial statements in this report in accordance with the FASB Accounting Standards Codification ("ASC"). In preparing the consolidated financial statements, management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates have been generally accurate in the past, have been consistent and have not required any material changes. There can be no assurances that actual results will not differ from those estimates. A summary of significant accounting policies and a summary of recent accounting pronouncements applicable to the Company's Consolidated Financial Statements are included in Item 8, "Financial Statements and Supplementary Data—Note 1."

The accounting policy that requires significant management estimates and is deemed critical to the Company's results of operations or financial position has been discussed with the Audit and Risk Committee of the Board of Directors and is described below.

*Allowance for Credit Losses.* The Company performs periodic and systematic detailed reviews of its loan portfolio to determine management's estimate of the lifetime expected credit losses. The process combines many factors: economic factors, historical credit loss experience, of both the Company and similar peer banks, loan portfolio growth and concentrations, asset quality, and other qualitative and quantitative factors which could affect future credit loss. Given the Company's recent historical loss experience, the impact of the qualitative risk factors related to the collective ACL is a substantial percentage of the overall ACL. Because current economic conditions and forecasts can change and future events are inherently difficult to predict, the anticipated amount of estimated credit losses, and therefore the appropriateness of the ACL, could change significantly. It is difficult to estimate how potential changes in any one economic factor or input might affect the overall allowance because a wide variety of factors and inputs are considered in estimating the ACL and changes in those factors and inputs considered may not occur at the same rate and may not be consistent across all loan types. Additionally, changes in factors and inputs may be directionally inconsistent, such that improvement in one factor may offset deterioration in others. Various regulatory agencies, as an integral part of the examination process, periodically review the ACL. Such agencies may require the Company to recognize additions to the ACL or reserve increases to adversely graded classified loans based on information available to them at the time of their examinations. The Company believes the level of ACL is appropriate. These policies affect both segments of the Company. The impact and associated risks related to these policies on the Company's business operations are discussed in Note 1 "Summary of Significant Accounting Policies" and Note 4 "Loans," as well as the "Provision and Allowance for Credit Losses and Allowance for Unfunded Commitments" section of this report.

### **Commitments, Contractual Obligations and Off-Balance Sheet Arrangements**

In the normal course of business, the Company is party to activities that involve credit, market and operational risk that are not reflected in whole or in part in the Company's consolidated financial statements. Such activities include traditional off-

balance sheet credit-related financial instruments. These financial instruments include commitments to extend credit, commercial letters of credit and standby letters of credit. The Company's maximum potential exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, commercial letters of credit and standby letters of credit is represented by the contractual amounts of those instruments. At December 31, 2024, an allowance for unfunded commitments of \$273,000 had been recorded. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Provision and Allowance for Credit Losses and Unfunded Commitments."

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commercial and standby letters of credit are commitments issued by the Company or its subsidiaries to guarantee the performance of a customer to a third party. These off-balance sheet financial instruments generally have fixed expiration dates or other termination clauses and may require payment of a fee. At December 31, 2024, the balance of loan commitments, standby and commercial letters of credit were \$247.4 million, \$12.0 million and \$400,000, respectively. Since some of the financial instruments may expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. Commitments to extend credit and letters of credit are subject to the same underwriting standards as those financial instruments included on the consolidated balance sheets. The Company evaluates each customer's credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of the credit, is based on management's credit evaluation of the borrower. Collateral held varies, but is generally accounts receivable, inventory, residential or income-producing commercial property or equipment. In the event of nonperformance, the Company or its subsidiaries may obtain and liquidate the collateral to recover amounts paid under its guarantees on these financial instruments. See Note 14 "Disclosures about Fair Value of Financial Instruments" for more information.

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

### **Interest Rate Sensitivity**

The Company faces market risk to the extent that its net interest income is affected by changes in market interest rates. The asset/liability management discipline as applied by the Company seeks to limit the volatility, to the extent possible, that can result from changes in market interest rates. This is accomplished by limiting the concentration of maturities of fixed rate investments, loans, and deposits; matching fixed rate assets and liabilities to the extent possible; and optimizing the mix of fees and net interest income. However, the Company's asset/liability position often differs from other financial holding companies with positive cumulative "gaps." This asset sensitive position is caused primarily by the operations of the Company, which generate large balances of accounts and drafts payable. These balances, which are noninterest-bearing, can cause the Company to become susceptible to changes in interest rates, with a decreasing net interest margin in periods of declining interest rates and an increasing net interest margin in periods of rising interest rates, like the Company experienced in 2024 before the fourth quarter cumulative 100 basis point decline.

The Company's ALCO measures the Company's interest rate risk sensitivity on a quarterly basis to monitor and manage the variability of earnings in various interest rate environments. The ALCO evaluates the Company's risk position to determine whether the level of exposure is significant enough to hedge a potential decline in earnings or whether the Company can safely increase risk to enhance returns. The ALCO uses gap reports, 12-month net interest income simulations, and fair market value of equity analyses as its main analytical tools to provide management with insight into the Company's exposure to changing interest rates.

Management uses a gap report to review any significant mismatch between the re-pricing points of the Company's rate sensitive assets and liabilities in certain time horizons. A negative gap indicates that more liabilities re-price in that particular time frame and, if rates rise, these liabilities will re-price faster than the assets. A positive gap would indicate the opposite. Gap reports can be misleading in that they capture only the re-pricing timing within the balance sheet and fail to capture other significant risks such as basis risk and embedded options risk. Basis risk involves the potential for the spread relationship between rates to change under different rate environments and embedded options risk relates to the potential for the alteration of the level and/or timing of cash flows given changes in rates.

Another measurement tool used by management is net interest income simulation, which forecasts net interest income during the coming 12 months under different interest rate scenarios. Management has set policy limits specifying acceptable levels of interest rate risk given multiple simulated rate movements. These simulations are more informative than gap reports because they are able to capture more of the dynamics within the balance sheet, such as basis risk and

embedded options risk. A table containing simulation results as of December 31, 2024, from an immediate and sustained parallel change in interest rates in three varying scenarios is shown below.

While net interest income simulations do an adequate job of capturing interest rate risk to short term earnings, they do not capture risk within the current balance sheet beyond 12 months. The Company uses fair market value of equity analyses to help identify longer-term risk that may reside on the current balance sheet. The fair market value of equity is represented by the present value of all future income streams generated by the current balance sheet. The Company measures the fair market value of equity as the net present value of all asset and liability cash flows discounted at forward rates suggested by the current U.S. Treasury curve plus appropriate credit spreads. This representation of the change in the fair market value of equity under different rate scenarios gives insight into the magnitude of risk to future earnings due to rate changes. Management has set policy limits relating to declines in the market value of equity.

The table below illustrates the projected impact of interest rate shocks on net interest income as of December 31, 2024:

<b>Change in Interest Rates</b>	<b>% Change in Net Interest Income</b>
+200 basis points	9.0%
+100 basis points	4.4
Flat rates	—
-100 basis points	0.2
-200 basis points	(1.3)%

The Company is generally asset sensitive as average interest-earning assets of \$2.01 billion for 2024 greatly exceeded average interest-bearing liabilities of \$634.6 million. The table above on the projected impact of interest rate shocks results from a static balance sheet at December 31, 2024.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<i>(In thousands except share and per share data)</i>		
<b>Assets</b>		
Cash and due from banks	\$ 19,328	\$ 20,908
Short-term investments	330,400	351,560
Cash and cash equivalents	349,728	372,468
Securities available-for-sale, at fair value	528,021	627,117
<b>Loans</b>	<b>1,081,989</b>	<b>1,014,318</b>
Less allowance for credit losses	13,395	13,089
Loans, net	1,068,594	1,001,229
Payments in advance of funding	208,530	198,861
Premises and equipment, net	34,174	30,093
Investments in bank-owned life insurance	50,325	49,159
Goodwill	21,352	17,309
Other intangible assets, net	5,007	3,345
Accounts and drafts receivable from customers	55,906	110,651
Other assets	73,444	68,390
<b>Total assets</b>	<b>\$ 2,395,081</b>	<b>\$ 2,478,622</b>
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Deposits		
Noninterest-bearing	\$ 251,230	\$ 524,359
Interest-bearing	716,686	616,455
Total deposits	967,916	1,140,814
Accounts and drafts payable	1,149,276	1,071,369
Other liabilities	48,859	36,630
<b>Total liabilities</b>	<b>2,166,051</b>	<b>2,248,813</b>
Shareholders' Equity:		
Preferred stock, par value \$0.50 per share; 2,000,000 shares authorized and no shares issued	—	—
Common stock, par value \$0.50 per share; 40,000,000 shares authorized; 15,505,772 shares issued at December 31, 2024 and 2023; 13,504,104 and 13,582,375 shares outstanding at December 31, 2024 and 2023, respectively.	7,753	7,753
Additional paid-in capital	205,593	208,007
Retained earnings	148,487	145,782
Common shares in treasury, at cost (2,001,668 shares at December 31, 2024 and 1,923,397 shares at December 31, 2023, respectively)	(87,615)	(84,264)
Accumulated other comprehensive loss	(45,188)	(47,469)
<b>Total shareholders' equity</b>	<b>229,030</b>	<b>229,809</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 2,395,081</b>	<b>\$ 2,478,622</b>

See accompanying notes to consolidated financial statements.

**CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

<i>(In thousands except per share data)</i>	<b>For the Years Ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Fee Revenue and Other Income:</b>			
Processing fees	\$ 82,671	\$ 79,566	\$ 76,470
Financial fees	43,297	45,985	43,757
Other	5,881	4,916	4,755
Total fee revenue and other income	131,849	130,467	124,982
<b>Interest Income:</b>			
Interest and fees on loans	55,362	50,825	39,460
Interest and dividends on securities:			
Taxable	13,423	14,118	10,083
Exempt from federal income taxes	3,508	4,097	6,354
Interest on federal funds sold and other short-term investments	15,752	13,720	6,429
Total interest income	88,045	82,760	62,326
<b>Interest Expense:</b>			
Interest on deposits	20,257	16,150	3,482
Interest on short-term borrowings	1	116	—
Total interest expense	20,258	16,266	3,482
Net interest income	67,787	66,494	58,844
Provision for (release of) credit losses	447	(550)	1,350
Net interest income after provision for (release of) credit losses	67,340	67,044	57,494
Total net revenue	199,189	197,511	182,476
<b>Operating Expense:</b>			
Salaries and commissions	96,356	93,474	85,489
Share-based compensation	3,167	4,139	6,732
Net periodic pension cost	4,172	878	(2,453)
Other benefits	19,696	20,203	16,706
Total personnel expenses	123,391	118,694	106,474
Occupancy	3,446	3,560	3,676
Equipment	8,305	7,138	6,668
Bad debt expense	7,847	—	—
Amortization of intangible assets	739	780	680
Other operating	31,242	29,983	22,078
Total operating expense	174,970	160,155	139,576
Income before income tax expense	24,219	37,356	42,900
Income tax expense	5,051	7,297	7,996
Net income	\$ 19,168	\$ 30,059	\$ 34,904
Basic earnings per share	\$ 1.42	\$ 2.22	\$ 2.58
Diluted earnings per share	1.39	2.18	2.53

See accompanying notes to consolidated financial statements.

**CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

<i>(In thousands)</i>	<b>For the Years Ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Comprehensive Income:</b>			
Net income	\$ 19,168	\$ 30,059	\$ 34,904
Other comprehensive income (loss):			
Net unrealized (loss) gain on securities available-for-sale	(1,931)	12,605	(79,746)
Tax effect	459	(3,000)	18,981
Reclassification adjustments for losses (gains) included in net income	45	173	(15)
Tax effect	(10)	(41)	3
FASB ASC 715 pension adjustment	5,191	2,550	1,504
Tax effect	(1,235)	(607)	(358)
Foreign currency translation adjustments, net of tax	(238)	172	(143)
Other comprehensive income (loss)	2,281	11,852	(59,774)
Total comprehensive income (loss)	\$ 21,449	\$ 41,911	\$ (24,870)

See accompanying notes to consolidated financial statements.

**CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(In thousands)</i>	For the Years Ended December 31,		
	2024	2023	2022
<b>Cash Flows From Operating Activities:</b>			
Net income	\$ 19,168	\$ 30,059	\$ 34,904
Adjustments to reconcile net income to net cash provided by operating			
Amortization of intangible assets	739	780	680
Net amortization of premium/discount on investment securities	3,591	4,473	6,275
Depreciation	5,248	4,189	4,021
Losses (gains) on sales of securities	45	173	(15)
Share-based compensation expense	3,167	4,139	6,732
Provision for (release of) credit losses	447	(550)	1,350
Deferred income tax benefit	(1,046)	(284)	(1,163)
Increase (decrease) in current income tax liability	854	(1,481)	724
FASB ASC 715 pension adjustment, net of tax	5,191	2,550	1,504
Increase in accounts receivable	(3,336)	(3,841)	(2,520)
Other operating activities, net	4,881	(3,271)	(884)
Net cash provided by operating activities	38,949	36,936	51,608
<b>Cash Flows From Investing Activities:</b>			
Proceeds from sales of securities available-for-sale	60,126	111,583	3,838
Proceeds from maturities of securities available-for-sale	153,192	39,233	61,209
Purchases of securities available-for-sale	(119,744)	(15,332)	(232,083)
Net (increase) decrease in loans	(67,671)	68,588	(122,326)
Purchase of bank-owned life insurance	—	—	(4,000)
(Increase) decrease in payments in advance of funding	(9,669)	94,914	(2,348)
Purchases of premises and equipment, net	(9,329)	(14,324)	(5,866)
Asset acquisition	(2,954)	—	(4,814)
Net cash provided by (used in) investing activities	3,951	284,662	(306,390)
<b>Cash Flows From Financing Activities:</b>			
Net (decrease) increase in noninterest-bearing demand deposits	(273,129)	(118,398)	60,115
Net increase (decrease) in interest-bearing demand and savings deposits	95,489	(34,106)	(17,838)
Net increase (decrease) in time deposits	4,742	36,101	(6,563)
Net decrease (increase) in accounts and drafts receivable from customers	54,746	(14,872)	(90,787)
Net increase in accounts and drafts payable	77,907	3,769	17,204
Cash dividends paid	(16,463)	(15,959)	(15,442)
Purchase of common shares for treasury	(7,248)	(5,773)	(5,299)
Other financing activities, net	(1,684)	(834)	(594)
Net cash used in financing activities	(65,640)	(150,072)	(59,204)
Net (decrease) increase in cash and cash equivalents	(22,740)	171,526	(313,986)
Cash and cash equivalents at beginning of year	372,468	200,942	514,928
Cash and cash equivalents at end of year	\$ 349,728	\$ 372,468	\$ 200,942
Supplemental cash flow information:			
Cash paid for interest	\$ 20,227	\$ 15,697	\$ 3,431
Cash paid for income taxes	5,509	9,300	8,396
Supplemental noncash disclosures:			
Contingent consideration for asset acquisition	\$ 3,500	\$ —	\$ —

See accompanying notes to consolidated financial statements.

**CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

<i>(In thousands except per share data)</i>	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Treasury Stock</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total</b>
Balance, December 31, 2021	\$ 7,753	\$ 204,276	\$ 112,220	\$ (78,904)	\$ 453	\$ 245,798
Net income			34,904			34,904
Cash dividends (\$1.13 per share)			(15,442)			(15,442)
Issuance of 82,172 common shares pursuant to share-based compensation plan, net		(2,727)		2,414		(313)
Exercise of SARs		(859)		578		(281)
Share-based compensation expense		6,732		—		6,732
Purchase of 130,374 common shares				(5,299)		(5,299)
Other comprehensive loss					(59,774)	(59,774)
Balance, December 31, 2022	\$ 7,753	\$ 207,422	\$ 131,682	\$ (81,211)	\$ (59,321)	\$ 206,325
Net income			30,059			30,059
Cash dividends (\$1.17 per share)			(15,959)			(15,959)
Issuance of 84,366 common shares pursuant to share-based compensation plan, net		(3,334)		2,616		(718)
Exercise of SARs		(238)		122		(116)
Share-based compensation expense		4,157		(18)		4,139
Purchase of 150,541 common shares				(5,773)		(5,773)
Other comprehensive income					11,852	11,852
Balance, December 31, 2023	\$ 7,753	\$ 208,007	\$ 145,782	\$ (84,264)	\$ (47,469)	\$ 229,809
Net income			19,168			19,168
Cash dividends (\$1.21 per share)			(16,463)			(16,463)
Issuance of 126,336 common shares pursuant to share-based compensation plan, net		(5,613)		3,929		(1,684)
Share-based compensation expense		3,199		(32)		3,167
Purchase of 167,455 common shares				(7,248)		(7,248)
Other comprehensive income					2,281	2,281
Balance, December 31, 2024	\$ 7,753	\$ 205,593	\$ 148,487	\$ (87,615)	\$ (45,188)	\$ 229,030

See accompanying notes to consolidated financial statements.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Note 1

#### Summary of Significant Accounting Policies

**Summary of Operations** The Company provides payment and information services, which include processing and payment of transportation, energy, telecommunications and environmental invoices. These services include the acquisition and management of data, information delivery and financial exchange. The consolidated balance sheet captions, "Accounts and drafts payable" and "Payments in advance of funding," represent the Company's resulting financial position related to the payment services that are performed for customers. The Company also provides a full range of banking services to individual, corporate and institutional customers through the Bank, its wholly owned bank subsidiary.

**Basis of Presentation** The accounting and reporting policies of the Company and its subsidiaries conform to U.S. GAAP. The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after elimination of intercompany transactions. Certain amounts in the 2023 and 2022 consolidated financial statements have been reclassified to conform to the 2024 presentation. Such reclassifications have no effect on previously reported net income or shareholders' equity.

**Use of Estimates** In preparing the consolidated financial statements, Company management is required to make estimates and assumptions which significantly affect the reported amounts in the consolidated financial statements.

**Cash and Cash Equivalents** For purposes of the consolidated statements of cash flows, the Company considers cash and due from banks, interest-bearing deposits in other financial institutions, and federal funds sold and other short-term investments to be cash and cash equivalents.

**Investment in Debt Securities** The Company classifies its investment securities as available-for-sale. Securities classified as available-for-sale are carried at fair value. Unrealized gains and losses, net of the related tax effect, are excluded from earnings and reported in accumulated other comprehensive income, a component of shareholders' equity. Securities are periodically evaluated for credit losses in accordance with the guidance provided in FASB ASC Topic 326, *Financial Instruments – Credit Losses* ("ASC 326").

For available for sale investment securities in an unrealized loss position, the entire loss in fair value is required to be recognized in current earnings if the Company intends to sell the securities or believes it is more likely than not that it will be required to sell the security before the anticipated recovery. If neither condition is met, and the Company does not expect to recover the amortized cost basis, the Company determines whether the decline in fair value resulted from credit losses or other factors. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss has occurred, and an allowance for credit losses is recorded. The allowance for credit losses is limited by the amount that the fair value is less than the amortized cost basis. Any impairment not recorded through the provision for credit losses would be recognized in other comprehensive income.

Changes in the allowance for credit losses would be recorded as a provision for credit losses on the consolidated statements of income. Losses would be charged against the allowance for credit losses on securities when management believes the uncollectibility of an available-for-sale security is confirmed or when either of the conditions regarding intent or requirement to sell is met.

Premiums and discounts are amortized or accreted to interest income over the expected lives of the respective securities using the level-yield method. Interest income is recognized when earned. Gains and losses are calculated using the specific identification method.

**Loans** Interest on loans is recognized based upon the principal amounts outstanding. It is the Company's policy to discontinue the accrual of interest when there is reasonable doubt as to the collectability of principal or interest. Subsequent payments received on such loans are applied to principal if there is any doubt as to the collectability of such principal; otherwise, these receipts are recorded as interest income. The accrual of interest on a loan is resumed when the loan is current as to payment of both principal and interest and/or the borrower demonstrates the ability to pay and remain current. Loan origination and commitment fees on originated loans, net of certain direct loan origination costs, are deferred and amortized to interest income using the level-yield method over the estimated lives of the related loans.

***Allowance for Credit Losses*** The ACL is increased by provisions charged to expense and is available to absorb charge-offs, net of recoveries. Management utilizes a systematic, documented approach in determining the appropriate level of the ACL. Management's approach provides for estimated current expected credit losses on loans in accordance with ASC 326. These estimates are based upon a number of factors, such as payment history, financial condition of the borrower, expected future cash flows and collateral exposure.

The ACL is a valuation account that is deducted from the amortized cost basis to present the net amount expected to be collected on the loans. Loans are charged off against the ACL when management believes the uncollectibility of a loan balance is confirmed. Expected recoveries for amounts previously charged off and expected to be charged off do not exceed the aggregate of amounts previously charged off and expected to be charged off.

Management estimated the allowance balance using relevant available information from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts based on economic factors, such as GDP. Historical credit loss experience, of both the Company and similar peer banks, provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for concentration risk, asset quality trends, borrower's ability to pay, collateral, and other environmental factors. It is difficult to estimate how potential changes in any one economic factor or input might affect the overall ACL because a wide variety of factors and inputs are considered in estimating the allowance and changes in those factors and inputs considered may not occur at the same rate and may not be consistent across all loan types. Additionally, changes in factors and inputs may be directionally inconsistent, such that improvement in one factor may offset deterioration in others. The ACL is measured on a collective pool basis when similar risk characteristics exist. Management believes the ACL is adequate to absorb expected losses in the loan portfolio.

#### *Loans*

The Company has identified the following portfolio segments:

*Commercial & Industrial ("C&I")* – C&I loans consist of loans to small and medium-sized businesses in a wide variety of industries, franchise lending, and equipment financing to companies of all sizes. These loans are generally collateralized by inventory, accounts receivable, equipment, and other commercial assets, and may be supported by other credit enhancements such as personal guarantees. Risk arises primarily due to a difference between expected and actual cash flows of the borrower. However, the recoverability of these loans is also dependent on other factors primarily dictated by the type of collateral securing these loans. The fair value of the collateral securing these loans may fluctuate as market conditions change. Included within C&I are revolving loans supported by borrowing bases that fluctuate depending on the amount of underlying collateral.

*Commercial Real Estate ("CRE")* – CRE loans include various types of loans for which the Company holds real property as collateral. Commercial real estate lending activity is typically restricted to owner-occupied properties or to investor properties that are owned by customers with a current banking relationship. The primary risks of CRE loans include the borrower's inability to pay and material decreases in the value of the real estate being held as collateral.

*Faith-based CRE* – Faith-based CRE loans include loans to faith-based ministries for which the Company holds real property as collateral. The primary risks of faith-based CRE loans include the borrower's inability to pay and material decreases in the value of the real estate being held as collateral.

*Construction and Land Development* – The Company originates loans to finance construction projects including faith-based and commercial projects. Construction loans are generally collateralized by first liens on the real estate and have floating interest rates. The primary risks of construction loans are construction completion and timing risk. Adverse economic conditions may negatively impact the borrowers' ability to complete the project. Additionally, the fair value of the underlying collateral may fluctuate as market conditions change.

The ACL is calculated as the difference between the amortized cost basis of the loan portfolio and the projections from the weighted-average remaining maturity ("WARM") model that the Company developed. The WARM model utilizes an attrition analysis, including events such as payoffs, matured loans, and renewals in the borrowers' control, to anticipate the length of time it would take for each portfolio segment to runoff. Management incorporates a one-year GDP forecast and an immediate reversion to peer historical loss rates to determine the annual charge off rates over the estimated life of the loans. After the reasonable and supportable forecast period, the model reverts to long-run /historical average loss rates of its peers. However, for the faith-based CRE ACL, loss rates are determined using the Company's long-run historical averages, as this loan segment is unique to the Company and does not represent a more than nominal percentage of peer loan portfolios. The economic forecast is based on management's assessment of the length and pattern of the current economic

cycle. The resulting annual charge off rate determined for each year in the WARM model is applied to the loan balances estimated in the attrition analysis.

Additionally, the ACL calculation includes subjective adjustments for qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. These qualitative adjustments may increase or reduce reserve levels and include adjustments for lending management experience and risk tolerance, value of underlying collateral, loan review and audit results, asset quality and portfolio trends, loan portfolio growth and loan concentrations. The Company has elected to exclude accrued interest receivable ("AIR") from the allowance for credit losses calculation. When a loan is placed on non-accrual, any recorded AIR is reversed against interest income.

The determination and application of the ACL accounting policy involves judgments, estimates, and uncertainties that are subject to change. Changes in these assumptions, estimates or the conditions surrounding them may have a material impact on the Company's financial condition, liquidity or results of operations. Various regulatory agencies, as an integral part of the examination process, periodically review the ACL. Such agencies may require the Company to recognize additions to the ACL or reserve increases to adversely graded classified loans based on information available to them at the time of their examinations.

The ACL is decreased by net charge-offs and is increased by provisions for credit losses that are charged to the consolidated statements of operations. Charge-offs, if any, are typically measured for each loan based on a thorough analysis of the most probable source of repayment, such as the present value of the loan's expected future cash flows, the loan's estimated fair value, or the estimated fair value of the underlying collateral less costs of disposition for collateral-dependent loans. When it is determined that specific loans, or portions thereof, are uncollectible, these amounts are charged off against the ACL.

#### *Unfunded loan commitments*

In addition to the ACL for funded loans, the Company maintains reserves to cover the risk of loss associated with off-balance sheet unfunded loan commitments. The allowance for off-balance sheet credit losses is maintained within other liabilities in the statements of financial condition. Under the CECL framework, adjustments to this liability are recorded as provision for credit losses in the consolidated statements of operations. Unfunded loan commitment balances are evaluated by loan segment. In order to establish the required level of reserve, the Company applies average historical utilization rates and ACL loan model loss rates for each loan segment to the outstanding unfunded commitment balances.

#### *Investment securities*

Management evaluates all investments in an unrealized loss position on a quarterly basis, and more frequently when economic or market conditions warrant such evaluation. If the Company has the intent to sell the security or it is more likely than not that the Company will be required to sell the security, the security is written down to fair value and the entire loss is recorded in earnings. If either of the above criteria is not met, the Company will evaluate whether the decline in fair value is the result of credit losses or other factors. In making the assessment, the Company may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security and any excess is recorded as an allowance for credit loss. For U.S. agency-backed securities where the risk of nonpayment of the amortized cost basis is zero, the Company will not measure expected credit losses on these securities. When the loss is not considered a result of credit loss, the cost basis of the security is written down to fair value, with the loss charge recognized in AOCI. Credit losses are not estimated for AIR from investment securities as interest deemed uncollectible is written off through interest income.

***Individually Evaluated Loans*** A loan is considered individually evaluated when it is probable that a creditor will be unable to collect all amounts due, both principal and interest, according to the contractual terms of the loan agreement. Individually evaluated loans are generally measured based on the expected future cash flows and discounted at the loan's effective interest rate. Alternatively, reference to an observable market price could be used to individually evaluate loans, if one exists, or the fair value of the collateral for a collateral-dependent loan. Regardless of the historical measurement method used, the Company measures individually evaluated loans based on the fair value of the collateral when the Company determines foreclosure is probable. The Company uses its methods as discussed above for recognizing interest on individually evaluated loans.

**Foreclosed Assets** Real estate acquired as a result of foreclosure is initially recorded at fair value less estimated selling costs. Fair value is generally determined through the receipt of appraisals. Any write down to fair value at the time the property is acquired is recorded as a charge-off to the allowance for credit losses. Any decline in the fair value of the property subsequent to acquisition is recorded as a charge to non-interest expense.

**Premises and Equipment** Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed over the estimated useful lives of the assets, or the respective lease terms for leasehold improvements, using straight-line and accelerated methods. Estimated useful lives do not exceed 40 years for buildings, the lesser of 10 years or the life of the lease for leasehold improvements and range from 3 to 7 years for software, equipment, furniture and fixtures. Maintenance and repairs are charged to expense as incurred.

**Intangible Assets** Cost in excess of fair value of net assets acquired has resulted from business acquisitions. Goodwill and intangible assets with indefinite useful lives are not amortized, but instead are tested for impairment at least annually. Intangible assets with definite useful lives are amortized on a straight-line basis over their respective estimated useful lives.

Periodically, the Company reviews intangible assets for events or changes in circumstances that may indicate that the carrying amount of the assets may not be recoverable. Based on those reviews, adjustments of recorded amounts have not been required.

**Non-marketable Equity Investments** The Company accounts for non-marketable equity investments, in which it holds less than a 20% ownership, as equity investments without readily determinable fair values. As a result, the carrying value of the investment is determined under the measurement alternative of cost, less impairment (if any), adjusted for fair value changes when observable prices are available. The Company periodically evaluates for impairment of these investments. In performing this evaluation, the Company considers various factors including the investee's financial condition, results of operations, operating trends and other financial ratios. Non-marketable equity investments are included in other assets on the consolidated balance sheets.

**Treasury Stock** Purchases of the Company's common stock are recorded at cost. Upon reissuance, treasury stock is reduced based upon the average cost basis of shares held.

**Comprehensive Income** Comprehensive income consists of net income, changes in net unrealized gains (losses) on available-for-sale securities and pension liability adjustments and is presented in the accompanying consolidated statements of shareholders' equity and consolidated statements of comprehensive income.

**Processing Fees** A majority of the Company's fee revenue is attributable to providing services related to processing and payment of invoices. These services include invoice processing, transportation invoice rating, payment processing and services, auditing, and the generation of accounting and transportation information. The Company also processes, pays and generates management information from electric, gas, telecommunications, environmental, and other invoices. The specific payment and information processing services provided to each customer are developed individually to meet each customer's specific requirements. The Company enters into service agreements with customers typically for fixed fees per transaction that are invoiced monthly. Revenues are recognized in the period services are rendered and earned under the service agreements, as long as collection is reasonably assured.

**Financial fees** The Company earns fees on a transaction level basis for invoice payment services when making customer payments. Fees are recognized at the point in time when the payment transactions are made, which is when the performance obligation is satisfied.

**Income Taxes** Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced if necessary, by a deferred tax asset valuation allowance. In the event that management determines it is more likely than not that it will not be able to realize all or part of net deferred tax assets in the future, the Company adjusts the recorded value of deferred tax assets, which would result in a direct charge to income tax expense in the period that such determination is made. Likewise, the Company will reverse the valuation allowance when realization of the deferred tax asset is expected. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company and its subsidiaries file U.S. federal and certain state income tax returns on a consolidated basis. In addition, certain state jurisdictions are filed on a separate company basis by the Company or its subsidiaries.

The Company recognizes and measures income tax benefits using a two-step model: 1) a tax position must be more likely than not to be sustained based solely on its technical merits in order to be recognized; and 2) the benefit must be measured as the largest dollar amount of that position that is more likely than not to be sustained upon settlement. The difference between the benefit recognized for a tax position in this model and the tax benefit claimed on a tax return is treated as an unrecognized tax benefit. The Company recognizes income tax related interest and penalties in income tax expense.

**Earnings Per Share** Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing net income by the sum of the weighted average number of common shares outstanding and the weighted average number of potential common shares outstanding.

**Share-Based Compensation** The Company follows FASB ASC 718, *Accounting for Stock Options and Other Share-based Compensation* ("ASC 718"), which requires that all share-based compensation be recognized as an expense in the financial statements and that such cost be measured at the fair value of the award. ASC 718 also requires that excess tax benefits related to stock option exercises and restricted stock awards be reflected as financing cash inflows instead of operating cash inflows.

**Pension Plans** The amounts recognized in the consolidated financial statements related to the pension plans are determined from actuarial valuations. Inherent in these valuations are assumptions including expected return on plan assets, discount rates at which the liabilities could be settled and mortality rates. These assumptions are updated annually and are disclosed in Note 10. The Company follows FASB ASC 715, *Compensation – Retirement Benefits* ("ASC 715"), which requires companies to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its consolidated balance sheet and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. The funded status is measured as the difference between the fair value of the plan assets and the projected benefit obligation as of the date of its fiscal year-end.

**Fair Value Measurements** The Company follows the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in GAAP, and outlines disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level hierarchy for valuation techniques is used to measure financial assets and financial liabilities at fair value. This hierarchy is based on whether the valuation inputs are observable or unobservable. Financial instrument valuations are considered Level 1 when they are based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instrument valuations use quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. Financial instrument valuations are considered Level 3 when they are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable, and when determination of the fair value requires significant management judgment or estimation. The Company records securities available for sale at their fair values on a recurring basis using Level 2 valuations. Additionally, the Company records individually evaluated credits and other real estate owned at their fair value on a nonrecurring basis. The nonrecurring fair value adjustments typically involve application of lower-of-cost-or-market accounting or impairment write-downs of individual assets.

### **Impact of New and Not Yet Adopted Accounting Pronouncements**

In October 2023, the FASB issued 2023-06, *Disclosure Improvements - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative* ("ASU 2023-06"). This ASU amends the ASC to incorporate certain disclosure requirements from SEC Release No. 33-10532 - Disclosure Update and Simplification that was issued in 2018. The effective date for each amendment will be the date on which the SEC's removal of that related disclosure from Regulation S-X or Regulation S-K becomes effective, with early adoption prohibited. ASU 2023-06 is not expected to have a significant impact on the Company's financial statements.

In November 2023, the FASB issued 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). This ASU expands segment disclosure requirements for public entities to require disclosure of significant segment expenses and other segment items on an annual and interim basis and to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The adoption of ASU 2023-07 did not have a significant impact on the Company's financial statements. See Note 17 to our financial statements.

In December 2023, the FASB issued 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). This ASU requires public business entities to disclose in their rate reconciliation table additional categories of information about federal, state, and foreign income taxes and to provide more details about the reconciling items in some categories if items meet a quantitative threshold. It also requires all entities to disclose income taxes paid, net of refunds, disaggregated by federal, state, and foreign taxes for annual periods and to disaggregate the information by jurisdiction based on a quantitative threshold, among other things. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, though early adoption is permitted. ASU 2023-09 is not expected to have a significant impact on the Company's financial statements.

## **Note 2**

### **Capital Requirements and Regulatory Restrictions**

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can result in certain mandatory, and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Company's and the Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulators to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios of total and Tier I capital and common equity Tier I capital to risk-weighted assets, and of Tier I capital to average assets. Management believes that as of December 31, 2024 and 2023, the Company and the Bank met all capital adequacy requirements to which they are subject.

The Bank is also subject to the regulatory framework for prompt corrective action. As of December 31, 2024, the most recent notification from the regulatory agencies categorized the Bank as well-capitalized. To be categorized as well-capitalized, the Bank must maintain minimum total risk-based, common equity Tier I risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table below. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Company has traditionally paid a quarterly cash dividend to its shareholders. Subsidiary dividends can be a significant source of funds for payment of dividends by the Company to its shareholders. Banking regulations may limit the amount of dividends that may be paid. Approval by regulatory authorities is required if the effect of dividends declared would cause the regulatory capital of the Bank to fall below specified minimum levels. Approval is also required if dividends declared exceed the net profits for that year combined with the retained net profits for the preceding two years. Under the foregoing dividend restrictions and while maintaining its "well capitalized" status, at December 31, 2024, unappropriated retained earnings of \$31.4 million were available at the Bank for the declaration of dividends to the Company without prior approval from regulatory authorities. In addition to regulatory requirements and considerations, any payment of dividends in the future will depend on the Company's earnings, financial condition and other factors considered relevant by the Company's Board of Directors.

There were no restricted funds on deposit used to meet regulatory reserve requirements at December 31, 2024 and 2023.

The Company's and the Bank's actual and required capital amounts and ratios are as follows:

<i>(In thousands)</i>	<b>Actual</b>		<b>Capital Requirements</b>		<b>Requirement to be Well-Capitalized</b>	
	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>	<b>Amount</b>	<b>Ratio</b>
<b>At December 31, 2024</b>						
Total capital (to risk-weighted assets)						
Cass Information Systems, Inc.	\$ 261,021	14.61 %	\$ 142,969	8.00 %	\$ N/A	N/A %
Cass Commercial Bank	207,519	17.68	93,911	8.00	117,389	10.00
Common Equity Tier I Capital (to risk-weighted assets)						
Cass Information Systems, Inc.	247,354	13.84	80,420	4.50	N/A	N/A
Cass Commercial Bank	194,446	16.56	52,825	4.50	76,303	6.50
Tier I capital (to risk-weighted assets)						
Cass Information Systems, Inc.	247,354	13.84	107,226	6.00	N/A	N/A
Cass Commercial Bank	194,446	16.56	70,433	6.00	93,911	8.00
Tier I capital (to average assets)						
Cass Information Systems, Inc.	247,354	10.57	93,625	4.00	N/A	N/A
Cass Commercial Bank	194,446	13.50	57,620	4.00	72,026	5.00
<b>At December 31, 2023</b>						
Total capital (to risk-weighted assets)						
Cass Information Systems, Inc.	\$ 269,580	15.49 %	\$ 139,266	8.00 %	\$ N/A	N/A %
Cass Commercial Bank	204,584	19.04	85,964	8.00	107,455	10.00
Common Equity Tier I Capital (to risk-weighted assets)						
Cass Information Systems, Inc.	256,359	14.73	78,337	4.50	N/A	N/A
Cass Commercial Bank	192,104	17.88	48,355	4.50	69,846	6.50
Tier I capital (to risk-weighted assets)						
Cass Information Systems, Inc.	256,359	14.73	104,449	6.00	N/A	N/A
Cass Commercial Bank	192,104	17.88	64,473	6.00	85,964	8.00
Tier I capital (to average assets)						
Cass Information Systems, Inc.	256,359	10.71	95,760	4.00	N/A	N/A
Cass Commercial Bank	192,104	12.49	61,526	4.00	76,908	5.00

### **Note 3**

#### **Investment Securities**

Investment securities available-for-sale are recorded at fair value on a recurring basis. The Company's investment securities available-for-sale at December 31, 2024 and 2023 are measured at fair value using Level 2 valuations. The market evaluation utilizes several sources which include "observable inputs" rather than "significant unobservable inputs" and therefore falls into the Level 2 category. The table below presents the balances of securities available-for-sale

measured at fair value on a recurring basis. The amortized cost, gross unrealized gains, gross unrealized losses and fair value of debt and equity securities are summarized as follows:

<i>(In thousands)</i>	<b>December 31, 2024</b>			
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
State and political subdivisions	\$ 188,933	\$ 4	\$ (16,973)	\$ 171,964
Mortgage-backed securities issued or guaranteed by U.S. government agencies or sponsored enterprises	267,359	11	(34,095)	233,275
Corporate bonds	95,841	3	(8,058)	87,786
Asset backed securities issued or guaranteed by U.S. Government agencies or sponsored enterprises	35,575	—	(579)	34,996
<b>Total</b>	<b>\$ 587,708</b>	<b>\$ 18</b>	<b>\$ (59,705)</b>	<b>\$ 528,021</b>

<i>(In thousands)</i>	<b>December 31, 2023</b>			
	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
State and political subdivisions	\$ 235,297	\$ 4	\$ (16,266)	\$ 219,035
Mortgage-backed securities issued or guaranteed by U.S. government agencies or sponsored enterprises	188,307	—	(30,508)	157,799
Corporate bonds	111,109	—	(8,769)	102,340
Treasury Securities	109,836	—	(1,115)	108,721
Asset backed securities issued or guaranteed by U.S. government agencies or sponsored enterprises	40,368	—	(1,146)	39,222
<b>Total</b>	<b>\$ 684,917</b>	<b>\$ 4</b>	<b>\$ (57,804)</b>	<b>\$ 627,117</b>

The fair values of securities with unrealized losses are as follows:

<i>(In thousands)</i>	<b>December 31, 2024</b>					
	<b>Less than 12 months</b>		<b>12 months or more</b>		<b>Total</b>	
	<b>Estimated Fair Value</b>	<b>Unrealized Losses</b>	<b>Estimated Fair Value</b>	<b>Unrealized Losses</b>	<b>Estimated Fair Value</b>	<b>Unrealized Losses</b>
State and political subdivisions	\$ 4,082	\$ 8	\$ 163,893	\$ 16,964	\$ 167,975	\$ 16,972
Mortgage-backed securities issued or guaranteed by U.S. government agencies or sponsored enterprises	85,272	2,086	139,676	32,009	224,948	34,095
Corporate bonds	7,901	99	66,860	7,960	74,761	8,059
Asset backed securities issued or guaranteed by U.S. Government agencies or sponsored enterprises	—	—	30,575	579	30,575	579
<b>Total</b>	<b>\$ 97,255</b>	<b>\$ 2,193</b>	<b>\$ 401,004</b>	<b>\$ 57,512</b>	<b>\$ 498,259</b>	<b>\$ 59,705</b>

<i>(In thousands)</i>	<b>December 31, 2023</b>					
	<b>Less than 12 months</b>		<b>12 months or more</b>		<b>Total</b>	
	<b>Estimated Fair Value</b>	<b>Unrealized Losses</b>	<b>Estimated Fair Value</b>	<b>Unrealized Losses</b>	<b>Estimated Fair Value</b>	<b>Unrealized Losses</b>
State and political subdivisions	\$ 63,198	\$ 220	\$ 152,854	\$ 16,046	\$ 216,052	\$ 16,266
Mortgage-backed securities issued or guaranteed by U.S. government agencies or sponsored enterprises	—	—	157,799	30,508	157,799	30,508
Corporate bonds	19,545	455	82,795	8,314	102,340	8,769
Treasury securities	—	—	108,721	1,115	108,721	1,115
Asset backed securities issued or guaranteed by U.S. Government agencies or sponsored enterprises	—	—	39,222	1,146	39,222	1,146
<b>Total</b>	<b>\$ 82,743</b>	<b>\$ 675</b>	<b>\$ 541,391</b>	<b>\$ 57,129</b>	<b>\$ 624,134</b>	<b>\$ 57,804</b>

There were 241 securities, or 96.0%, in an unrealized loss position as of December 31, 2024 compared to 275 securities, or 98.9%, in an unrealized loss position as of December 31, 2023. The unrealized losses at December 31, 2024 were primarily attributable to changes in market interest rates after the securities were purchased. The Company does not currently intend to sell, and based on current conditions, the Company does not believe it will be required to sell these available-for-sale securities before the recovery of the amortized cost basis, which may be the maturity dates of the securities. Therefore, the unrealized losses are recorded in accumulated other comprehensive loss. Of these securities, 215, or 85.7%, were in an unrealized loss position for greater than 12 months at December 31, 2024. At December 31, 2024 and December 31, 2023, the Company had not recorded an allowance for credit losses on securities.

The amortized cost and fair value of debt and equity securities by contractual maturity are shown in the following table. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

<i>(In thousands)</i>	<b>December 31, 2024</b>	
	<b>Amortized Cost</b>	<b>Fair Value</b>
Due in 1 year or less	\$ 8,826	\$ 8,820
Due after 1 year through 5 years	104,272	102,227
Due after 5 years through 10 years	207,253	183,452
Due after 10 years	267,357	233,522
<b>Total</b>	<b>\$ 587,708</b>	<b>\$ 528,021</b>

There were no securities pledged to secure public deposits or for other purposes at December 31, 2024.

Proceeds from sales of investment securities classified as available-for-sale were \$60.1 million in 2024, \$111.6 million in 2023, and \$3.8 million in 2022. Gross realized gains on the sales in 2024, 2023, and 2022 were \$4,000, \$187,000, and \$15,000, respectively. Gross realized losses on the sales in 2024, 2023, and 2022 were \$49,000, \$360,000 and \$0, respectively.

#### **Note 4 Loans**

The Company originates commercial, industrial and real estate loans to businesses and faith-based ministries throughout the metropolitan St. Louis, Missouri area, Colorado Springs, Colorado and other selected cities in the United States. The Company does not have any particular concentration of credit in any one economic sector; however, a substantial portion of the commercial and industrial loans is extended to privately-held commercial companies and franchises in these market areas and are generally secured by the assets of the business. The Company also has a substantial portion of real estate

loans secured by mortgages that are extended to faith-based ministries in its market area and selected cities in the United States.

A summary of loan categories is as follows:

<i>(In thousands)</i>	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Commercial and industrial	\$ 559,262	\$ 498,502
Real estate:		
Commercial:		
Mortgage	119,194	118,371
Construction	9,134	8,233
Faith-based:		
Mortgage	368,881	381,368
Construction	25,518	7,790
Other	—	54
<b>Total loans</b>	<b>\$ 1,081,989</b>	<b>\$ 1,014,318</b>

The following table presents the aging of loans by loan categories at December 31, 2024:

<i>(In thousands)</i>	<b>Performing</b>			<b>Nonperforming</b>		<b>Total Loans</b>
	<b>Current</b>	<b>30-59 Days</b>	<b>60-89 Days</b>	<b>90 Days and Over</b>	<b>Non-accrual</b>	
Commercial and industrial	\$ 559,262	\$ —	\$ —	\$ —	\$ —	\$ 559,262
Real estate						
Commercial:						
Mortgage	119,194	—	—	—	—	119,194
Construction	9,134	—	—	—	—	9,134
Faith-based:						
Mortgage	368,881	—	—	—	—	368,881
Construction	25,518	—	—	—	—	25,518
<b>Total</b>	<b>\$ 1,081,989</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,081,989</b>

The following table presents the aging of loans by loan categories at December 31, 2023:

<i>(In thousands)</i>	Performing			Nonperforming		Total Loans
	Current	30-59 Days	60-89 Days	90 Days and Over	Non-accrual	
Commercial and industrial	\$ 498,502	\$ —	\$ —	\$ —	\$ —	\$ 498,502
Real estate						
Commercial:						
Mortgage	118,371	—	—	—	—	118,371
Construction	8,233	—	—	—	—	8,233
Faith-based:						
Mortgage	381,368	—	—	—	—	381,368
Construction	7,790	—	—	—	—	7,790
Other	54	—	—	—	—	54
Total	\$ 1,014,318	\$ —	\$ —	\$ —	\$ —	\$ 1,014,318

The following table presents the credit exposure of the loan portfolio by internally assigned credit grade as of December 31, 2024:

<i>(In thousands)</i>	Loans Subject to Normal Monitoring <sup>(1)</sup>	Performing Loans Subject to Special Monitoring <sup>(2)</sup>	Nonperforming Loans Subject to Special Monitoring <sup>(2)</sup>	Total Loans
Commercial and industrial	\$ 527,690	\$ 31,572	\$ —	\$ 559,262
Real estate				
Commercial:				
Mortgage	116,063	3,131	—	119,194
Construction	9,134	—	—	9,134
Faith-based:				
Mortgage	352,356	16,525	—	368,881
Construction	25,518	—	—	25,518
Total	\$ 1,030,761	\$ 51,228	\$ —	\$ 1,081,989

- (1) Loans subject to normal monitoring involve borrowers of acceptable-to-strong credit quality and risk and have the apparent ability to satisfy their loan obligation.
- (2) Loans subject to special monitoring possess some credit deficiency or potential weakness which requires a higher level of management attention.

The following table presents the credit exposure of the loan portfolio by internally assigned credit grade as of December 31, 2023:

<i>(In thousands)</i>	<b>Loans Subject to Normal Monitoring<sup>(1)</sup></b>	<b>Performing Loans Subject to Special Monitoring<sup>(2)</sup></b>	<b>Nonperforming Loans Subject to Special Monitoring<sup>(2)</sup></b>	<b>Total Loans</b>
Commercial and industrial	\$ 498,502	\$ —	\$ —	\$ 498,502
Real estate				
Commercial:				
Mortgage	118,371	—	—	118,371
Construction	8,233	—	—	8,233
Faith-based:				
Mortgage	375,865	5,503	—	381,368
Construction	7,790	—	—	7,790
Other	54	—	—	54
<b>Total</b>	<b>\$ 1,008,815</b>	<b>\$ 5,503</b>	<b>\$ —</b>	<b>\$ 1,014,318</b>

- (1) Loans subject to normal monitoring involve borrowers of acceptable-to-strong credit quality and risk and have the apparent ability to satisfy their loan obligation.
- (2) Loans subject to special monitoring possess some credit deficiency or potential weakness which requires a higher level of management attention.

Loan modifications to borrowers experiencing financial difficulty may be in the form of principal forgiveness, an interest rate reduction, an other-than-insignificant payment delay, a term extension, or a combination thereof, among other things. There were no loans modified during the year ended December 31, 2024.

There were three loans modified during the year ended December 31, 2023. The terms were extended by periods of two to four years, and there was not an interest rate reduction associated with the modifications. There were no commitments to lend additional funds to these borrowers at December 31, 2024 or December 31, 2023.

The following table shows the amortized cost of loans at December 31, 2023 that were both experiencing financial difficulty and modified during the year ended December 31, 2023, segregated by category and type of modification.

<i>(In thousands)</i>	<b>Payment Delay</b>	<b>Term Extension</b>	<b>Interest Rate Reduction</b>	<b>Combination Term Extension and Interest Rate Reduction</b>	<b>Percentage of Total Loans Held for Investment</b>
Commercial and industrial	\$ —	\$ 22,354	\$ —	\$ —	4.48 %
<b>Total</b>	<b>\$ —</b>	<b>\$ 22,354</b>	<b>\$ —</b>	<b>\$ —</b>	<b>2.20 %</b>

There were no modified loans that had a payment default during the years ended December 31, 2024 or December 31, 2023 and that had been modified due to the borrower experiencing financial difficulty within the 12 previous months preceding the default.

Upon the Company's determination that a modified loan has subsequently been deemed uncollectible, the loan is written off. There were no loans written off during the years ended December 31, 2024 or December 31, 2023.

The Company had no loans evaluated for expected credit losses on an individual basis as of December 31, 2024 or December 31, 2023.

There were no foreclosed loans recorded as other real estate owned as of December 31, 2024 or December 31, 2023.

A summary of the ACL by category for the period ended December 31, 2024 is as follows:

<i>(In thousands)</i>	C&I	CRE	Faith-based CRE	Construction	Total
Allowance for credit losses on loans:					
Balance at January 1, 2024	\$ 5,412	\$ 1,093	\$ 6,476	\$ 108	\$ 13,089
Provision for (release of) credit losses <sup>(1)</sup>	485	(70)	(218)	109	306
Balance at December 31, 2024	\$ 5,897	\$ 1,023	\$ 6,258	\$ 217	\$ 13,395

(1) For the period ended December 31, 2024, there was a provision for credit losses of \$141,000 for unfunded commitments.

A summary of the ACL by category for the period ended December 31, 2023 is as follows:

<i>(In thousands)</i>	C&I	CRE	Faith-based CRE	Construction	Total
Allowance for credit losses on loans:					
Balance at January 1, 2023	\$ 5,978	\$ 940	\$ 6,437	\$ 184	\$ 13,539
(Release of) provision for credit losses <sup>(1)</sup>	(566)	153	39	(76)	(450)
Balance at December 31, 2023	\$ 5,412	\$ 1,093	\$ 6,476	\$ 108	\$ 13,089

(1) For the period ended December 31, 2023, there was a release of credit losses of \$100,000 for unfunded commitments.

As of December 31, 2024 and 2023, there were no loans to executive officers or directors, or their affiliates.

## Note 5 Premises and Equipment

A summary of premises and equipment is as follows:

<i>(In thousands)</i>	December 31,	
	2024	2023
Land	\$ 873	\$ 873
Buildings	15,176	15,176
Leasehold improvements	2,088	2,052
Furniture, fixtures and equipment	17,266	16,333
Software	52,616	44,345
Total	88,019	78,779
Less accumulated depreciation	53,845	48,686
Total premises and equipment, net	\$ 34,174	\$ 30,093

Total depreciation charged to expense in 2024, 2023 and 2022 amounted to \$5.2 million, \$4.2 million, and \$4.0 million, respectively.

## Note 6 Acquired Intangible Assets

The Company accounts for intangible assets in accordance with FASB ASC 350, *Goodwill and Other Intangible Assets*, which requires that intangibles with indefinite useful lives be tested annually for impairment, or when management deems there is a triggering event, and those with finite useful lives be amortized over their useful lives.

In December 2024, the Company acquired the assets of AcuAudit, a freight audit platform for ocean and international air freight, from Acuitive Solutions LLC. The Company recorded intangible assets of \$6.4 million at December 31, 2024, including goodwill of \$4.0 million, software of \$2.2 million, and a customer list of \$200,000. The amounts for these

intangible assets have been recorded on a provisional basis and will be adjusted upon the completion of a third party valuation during the first quarter of 2025. The goodwill is deductible for tax purposes over 15 years, starting in 2024. The intangible assets and results of AcuAudit are included in the Information Services operating segment.

The purchase price of the acquisition consisted of a cash payment of \$3.0 million and potential contingent consideration in the form of an earn out based on annualized recurring subscription and transactional revenues from the AcuAudit software (ARR) at the end of 24 months. The earn out is to be paid out in two installments, with the first payment made on January 1, 2026 based on ARR multiplied by 110%, multiplied by 80%. The second earn out payment on January 1, 2027 is based on ARR times 110% minus the first earn out payment. The Company valued the contingent earn out component at \$3.5 million. The fair value of the contingent consideration was estimated on the acquisition date as the present value of the expected future contingent payments, which were determined using a Monte Carlo simulation. Any changes in the estimated fair value of the contingent earn out consideration, up to the contracted amount, will be reflected in the results of operations in future periods as they are identified.

Details of the Company's intangible assets are as follows:

	December 31, 2024		December 31, 2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
<i>(In thousands)</i>				
Assets eligible for amortization:				
Customer lists	\$ 6,670	\$ (5,099)	\$ 6,470	\$ (4,851)
Patent	72	(40)	72	(36)
Software	5,412	(2,358)	3,212	(1,933)
Trade Name	373	(98)	373	(70)
Other	500	(425)	500	(392)
Unamortized intangible assets:				
Goodwill	21,352	—	17,309	—
<b>Total intangible assets</b>	<b>\$ 34,379</b>	<b>\$ (8,020)</b>	<b>\$ 27,936</b>	<b>\$ (7,282)</b>

Customer lists are amortized over 5 to 10 years; patents over 18 years, software over 3 years to 7 years, trade name over 10 years to 20 years and other intangible assets over 15 years. Amortization of intangible assets amounted to \$739,000 and \$780,000 for the years ended December 31, 2024, and 2023, respectively. Estimated future amortization of intangibles is \$1,210,000 in 2025, \$1,062,000 in 2026, \$742,000 in 2027, \$734,000 in 2028, and \$703,000 in 2029.

**Note 7****Interest-Bearing Deposits**

Interest-bearing deposits consist of the following:

<i>(In thousands)</i>	December 31,	
	2024	2023
Interest-bearing demand deposits	\$ 628,328	\$ 532,507
Savings deposits	6,894	7,226
Time deposits:		
Less than \$100	5,376	5,266
\$100 to less than \$250	54,411	48,540
\$250 or more <sup>(1)</sup>	21,677	22,916
<b>Total</b>	<b>\$ 716,686</b>	<b>\$ 616,455</b>
Weighted average interest rate	2.51 %	3.16 %

- (1) The scheduled maturities of time deposits not covered by deposit insurance consist of \$17.3 million within one year and \$4.4 million within one to three years.

Interest expense consists of the following:

<i>(In thousands)</i>	December 31,		
	2024	2023	2022
Interest-bearing demand deposits	\$ 17,028	\$ 14,056	\$ 3,118
Savings deposits	116	113	38
Time deposits:			
Less than \$100	226	153	25
\$100 to less than \$250	2,290	1,411	199
\$250 or more	597	417	102
<b>Total</b>	<b>\$ 20,257</b>	<b>\$ 16,150</b>	<b>\$ 3,482</b>

The scheduled maturities of time deposits are summarized as follows:

<i>(In thousands)</i>	December 31,			
	2024		2023	
	Amount	Percent of Total	Amount	Percent of Total
Due within:				
One year	\$ 75,628	92.7 %	\$ 72,616	94.6 %
Two years	5,749	7.1 %	2,941	3.8 %
Three years	26	0.1 %	1,098	1.4 %
Four years	—	— %	39	0.1 %
Five years	61	0.1 %	28	0.1 %
<b>Total</b>	<b>\$ 81,464</b>	<b>100.0 %</b>	<b>\$ 76,722</b>	<b>100.0 %</b>

**Note 8****Unused Available Lines of Credit**

As of December 31, 2024, the Bank had unsecured lines of credit at six correspondent banks to purchase federal funds up to a maximum of \$83.0 million in aggregate. As of December 31, 2024, the Bank had secured lines of credit with the

Federal Home Loan Bank of \$183.6 million collateralized by commercial mortgage loans. As of December 31, 2024, the Company had lines of credit from three banks up to a maximum of \$250.0 million in aggregate collateralized by state and political subdivision securities. There were no amounts outstanding as of December 31, 2024 and 2023 under any of the lines of credit.

## Note 9

### Common Stock and Earnings per Share

The table below shows activity in the outstanding shares of the Company's common stock during 2024.

	2024
Shares outstanding at January 1	13,582,375
Issuance of common stock:	
Employee restricted stock grants	11,167
Employee restricted stock units vested	16,484
Performance-based stock vested	40,213
Directors' stock grants	22,030
Shares repurchased	(167,455)
Shares forfeited	(710)
Shares outstanding at December 31	13,504,104

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing net income by the sum of the weighted average number of common shares outstanding and the weighted average number of potential common shares outstanding. Under the treasury stock method, stock appreciation rights ("SARs") are dilutive when the average market price of the Company's common stock, combined with the effect of any unamortized compensation expense, exceeds the SAR price during a period.

The calculations of basic and diluted earnings per share are as follows:

<i>(In thousands except share and per share data)</i>	December 31,		
	2024	2023	2022
Basic:			
Net income	\$ 19,168	\$ 30,059	\$ 34,904
Weighted average common shares outstanding	13,501,930	13,530,005	13,552,503
Basic earnings per share	\$ 1.42	\$ 2.22	\$ 2.58
Diluted:			
Net income	\$ 19,168	\$ 30,059	\$ 34,904
Weighted average common shares outstanding	13,501,930	13,530,005	13,552,503
Effect of dilutive restricted stock, performance based restricted stock ("PBRs"), and SARs	275,641	286,011	255,526
Weighted average common shares outstanding assuming dilution	13,777,571	13,816,016	13,808,029
Diluted earnings per share	\$ 1.39	\$ 2.18	\$ 2.53

## Note 10

### Employee Benefit Plans

#### Defined Benefit Plan

The Company has a noncontributory defined-benefit pension plan (the "Plan"), which covers eligible employees. Effective December 31, 2016, the Plan was closed to all new participants. Additionally, the Company froze the benefits of the Plan

as of February 28, 2021. As such, subsequent to February 28, 2021, there is no service cost associated with the Plan. During 2024, the Company terminated the Plan.

A summary of the activity in the Plan's projected benefit obligation, assets, funded status and amounts recognized in the Company's consolidated balance sheets is as follows:

<i>(In thousands)</i>	<b>2024</b>	<b>2023</b>
<b>Projected benefit obligation:</b>		
Balance, January 1	\$ 87,127	\$ 85,433
Interest cost	4,280	4,314
Actuarial (gain) loss	(6,047)	865
Benefits paid	(84,576)	(3,485)
Balance, December 31	\$ 784	\$ 87,127
<b>Plan assets:</b>		
Fair value, January 1	\$ 86,754	\$ 83,394
Actual investment return	996	8,097
Expenses paid from plan assets	(1,045)	(1,252)
Benefits paid	(84,576)	(3,485)
Fair value, December 31	\$ 2,129	\$ 86,754
<b>Funded status:</b>		
Accrued pension asset (liability)	\$ 1,345	\$ (373)

The following represent the major assumptions used to determine the projected benefit obligation of the Plan. For 2024, the projected benefit obligation represents actual benefit payments to be made during the first quarter of 2025. During the fourth quarter of 2024, the plan liabilities were settled with lump sum payments and the purchase of annuity contracts. The remaining projected benefit obligation at December 31, 2024 represents benefit payments to be made to retirees prior to the administration of the Plan being taken over by the insurance company that assumed the annuity contracts from the Plan.

For 2024, 2023 and 2022, the Plan's expected benefit cash flows were discounted using the FTSE Above Median Double-A Curve. For 2023 and 2022 the Pri-2012 Mortality Table and MP-2022 Mortality Improvement Scale were used.

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Weighted average discount rate	5.60 %	5.05 %	5.25 %
Rate of increase in compensation levels	N/A	N/A	N/A

The accumulated benefit obligation was \$784,000 and \$87.1 million as of December 31, 2024 and 2023, respectively. The Company made no contributions during 2024 or 2023 to the Plan. The following pension benefit payments, as appropriate, are expected to be paid by the Plan:

	<b>Amount</b>
2025	\$ 784,000
2026 and thereafter	—

The Plan's net periodic pension cost (benefit) included the following components:

<i>(In thousands)</i>	<b>For the Year Ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Service cost – benefits earned during the year	\$ —	\$ —	\$ —
Interest cost on projected benefit obligations	4,280	4,314	3,293
Expected return on plan assets	(3,566)	(3,735)	(5,857)
Net amortization and deferral	3,458	154	—
Net periodic pension cost (benefit)	\$ 4,172	\$ 733	\$ (2,564)

The following represent the major assumptions used to determine the net periodic pension cost (benefit) of the Plan:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Weighted average discount rate	5.05 %	5.25 %	2.85 %
Rate of increase in compensation levels	N/A	N/A	N/A
Expected long-term rate of return on assets	5.00 %	6.00 %	6.00 %

Prior to the Plan termination, the investment objective for the Plan was to maximize total return with a tolerance for average risk. As of December 31, 2024, the remaining Plan assets of \$2.1 million are fully invested in cash.

A summary of the fair value measurements by type of asset is as follows:

<i>(In thousands)</i>	Fair Value Measurements as of December 31,					
	2024			2023		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)
Cash	\$ 2,129	\$ 2,129	\$ —	\$ 614	\$ 614	\$ —
Real estate investment trusts	—	—	—	2,849	—	2,849
Equity securities						
U.S. Small/Mid Cap Growth	—	—	—	987	—	987
Non-U. S. Core	—	—	—	3,811	—	3,811
U.S. Large Cap Passive	—	—	—	3,333	—	3,333
Emerging Markets	—	—	—	1,391	—	1,391
Fixed Income						
U.S. Core	—	—	—	69,710	—	69,710
Opportunistic	—	—	—	4,059	—	4,059
Total	\$ 2,129	\$ 2,129	\$ —	\$ 86,754	\$ 614	\$ 86,140

#### Supplemental Executive Retirement Plan

The Company also has an unfunded supplemental executive retirement plan (“SERP”) which covers key executives of the Company whose benefits are limited by the Internal Revenue Service under the Company’s qualified retirement plan. The SERP is a noncontributory plan in which the Company’s subsidiaries make accruals designed to fund normal service costs on a current basis using the same method and criteria as the Plan.

A summary of the activity in the SERP’s projected benefit obligation and amounts recognized in the Company’s consolidated balance sheets is as follows:

<i>(In thousands)</i>	December 31,	
	2024	2023
Benefit obligation:		
Balance, January 1	\$ 9,501	\$ 9,579
Interest cost	450	472
Benefits paid	(382)	(400)
Actuarial gain	(757)	(150)
Balance, December 31	\$ 8,812	\$ 9,501

The following represent the major assumptions used to determine the projected benefit obligation of the SERP. For 2024, 2023 and 2022, the SERP’s expected benefit cash flows were discounted using the FTSE Above Median Double-A Curve.

	2024	2023	2022
Weighted average discount rate	5.50 %	4.95 %	5.15 %
Rate of increase in compensation levels	N/A	N/A	N/A

The accumulated benefit obligation was \$8.8 million and \$9.5 million as of December 31, 2024 and 2023, respectively. Since this is an unfunded plan, there are no plan assets. Benefits paid were \$382,000 in 2024, \$400,000 in 2023, and \$348,000 in 2022. Expected future benefits payable by the Company over the next ten years are as follows:

	<b>Amount</b>
2025	\$ 792,000
2026	789,000
2027	786,000
2028	781,000
2029	774,000
2030-2034	\$ 3,711,000

Net periodic benefit cost related to the SERP included the following components:

<i>(In thousands)</i>	<b>For the Year Ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Service cost – benefits earned during the year	\$ —	\$ —	\$ —
Interest cost on projected benefit obligations	450	472	318
Net amortization and deferral	—	—	108
Net periodic pension cost	\$ 450	\$ 472	\$ 426

The pretax amounts in accumulated other comprehensive loss as of December 31 were as follows:

<i>(In thousands)</i>	<b>The Plan</b>		<b>SERP</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Prior service cost	\$ —	\$ —	\$ —	\$ —
Net actuarial loss (gain)	—	4,434	(1,044)	(287)
Total	\$ —	\$ 4,434	\$ (1,044)	\$ (287)

The estimated pretax prior service cost and net actuarial loss (gain) in accumulated other comprehensive loss at December 31, 2024 expected to be recognized as components of net periodic benefit cost in 2025 for both the Plan and SERP is \$0.

The Company also maintains a noncontributory profit sharing program, which covers most of its employees. Employer contributions are calculated based upon formulas which relate to current operating results and other factors. Profit sharing expense recognized in personnel expense in the consolidated statements of income in 2024, 2023, and 2022 was \$4.9 million, \$6.8 million, and \$7.9 million, respectively.

The Company also sponsors a defined contribution 401(k) plan to provide additional retirement benefits to substantially all employees. Contributions under the 401(k) plan for 2024, 2023 and 2022 were \$4.1 million, \$5.1 million, and \$4.6 million, respectively.

## **Note 11**

### **Share-based Compensation**

Share-based compensation awards prior to April 17, 2023 were issued under the Company's Amended and Restated Omnibus Stock and Performance Compensation Plan (the "Prior Plan"). On April 18, 2023, shareholders approved the 2023 Omnibus Stock and Performance Compensation Plan (the "2023 Omnibus Plan") to replace the Prior Plan. The 2023 Omnibus Plan permits the issuance of up to 1.0 million shares of the Company's common stock in the form of stock options, SARs, restricted stock, restricted stock units, phantom stock, and performance awards.

#### *Restricted Stock*

Restricted shares granted to Company employees are amortized to expense over the three-year cliff vesting period. Restricted shares granted to members of the Board of Directors are amortized to expense over a one-year service period, with the exception of those shares granted in lieu of cash payments for retainer fees which are expensed in the period earned.

Changes in restricted shares outstanding for the year ended December 31, 2024 were as follows:

	Shares	Weighted Average Grant Date Fair Value
Balance at December 31, 2023	237,780	\$ 42.17
Granted	57,502	44.01
Vested	(39,764)	40.42
Forfeited	(710)	43.70
Balance at December 31, 2024	254,808	\$ 42.87

During 2023 and 2022, 57,837 and 64,151 shares, respectively, were granted with weighted average per share market values at date of grant of \$44.61 in 2023 and \$39.30 in 2022. The fair value of such shares are based on the market price on the date of grant. Amortization of restricted stock bonus awards totaled \$2.1 million for 2024, \$2.2 million for 2023 and \$2.4 million for 2022. As of December 31, 2024, the total unrecognized compensation expense related to non-vested restricted stock awards was \$1.7 million, and the related weighted average period over which it is expected to be recognized is approximately 0.95 years. The total fair value of shares vested during the years ended December 2024, 2023, and 2022 was \$1.6 million, \$1.3 million, and \$1.1 million, respectively.

#### *Performance-Based Restricted Stock*

The Company has granted three-year PBRS awards which are contingent upon the Company's achievement of pre-established financial goals over a three-year cliff vest period. The number of shares issued ranges from 0% to 150% of the target opportunity based on the actual achievement of financial goals for the three-year performance period.

Following is a summary of the activity of the PBRS, based on 100% of target value, for the year ended December 31, 2024:

	Shares	Weighted Average Grant Date Fair Value
Balance at December 31, 2023	159,073	\$ 42.74
Granted	51,261	44.29
Vested	(50,840)	40.74
Forfeited	(1,066)	43.70
Balance at December 31, 2024	158,428	\$ 43.87

The PBRS that vested during the year ended December 31, 2024 achieved weighted average financial goals of 135.4% of target, resulting in the issuance of 68,834 shares of common stock. The PBRS that vested during the year ended December 31, 2023 achieved weighted average financial goals of 86.7% of target, resulting in the issuance of 26,499 shares of common stock. The outstanding PBRS at December 31, 2024 will vest at scheduled vesting dates and the actual number of shares of common stock issued will range from 0% to 150% of the target opportunity based on the actual achievement of financial goals for the respective three-year performance period.

#### *SARs*

During 2024, there were no SARs granted and no expense recognized. As of December 31, 2024, there was no unrecognized compensation expense related to SARs.

Changes in SARs outstanding for the year ended December 31, 2024 were as follows:

	SARs	Weighted Average Exercise Price
Balance at December 31, 2023	30,409	\$ 46.70
Expired	(30,409)	46.70
Balance at December 31, 2024	—	—
Exercisable at December 31, 2024	—	\$ —

The total intrinsic value of SARs exercised during 2024 and 2023 was \$0 and \$508,000, respectively.

The average remaining contractual term for SARs outstanding as of December 31, 2023 was 0.08 years, and the aggregate intrinsic value was \$0.

The total compensation cost for share-based payment arrangements was \$3.2 million, \$4.1 million, and \$6.7 million in 2024, 2023, and 2022, respectively.

**Note 12**  
**Other Operating Expense**

Details of other operating expense are as follows:

<i>(In thousands)</i>	For the Years Ended December 31,		
	2024	2023	2022
Promotional expense	\$ 3,537	\$ 3,252	\$ 2,889
Outside service fees	9,399	9,627	7,874
Data processing services	6,060	6,553	3,365
Other	12,246	10,551	7,950
Total other operating expense	\$ 31,242	\$ 29,983	\$ 22,078

**Note 13**  
**Income Taxes**

The components of income tax expense (benefit) are as follows:

	<b>For the Years Ended December 31,</b>		
<i>(In thousands)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Current:</b>			
Federal	\$ 5,459	\$ 6,378	\$ 7,794
State	639	1,203	1,365
<b>Deferred:</b>			
Federal	(891)	(242)	(990)
State	(156)	(42)	(173)
<b>Total income tax expense</b>	<b>\$ 5,051</b>	<b>\$ 7,297</b>	<b>\$ 7,996</b>

A reconciliation of expected income tax expense (benefit), computed by applying the effective federal statutory rate of 21% for each year to income before income tax expense is as follows:

	<b>For the Years Ended December 31,</b>		
<i>(In thousands)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Expected income tax expense	\$ 5,035	\$ 7,885	\$ 9,035
<b>(Reductions) increases resulting from:</b>			
Tax-exempt income	(1,045)	(1,104)	(1,571)
State taxes, net of federal benefit	382	917	942
Share-based compensation adjustment	316	298	258
Early surrender of bank-owned life insurance	279	—	—
Federal tax credits	(397)	(643)	(473)
Other, net	481	(56)	(195)
<b>Total income tax expense</b>	<b>\$ 5,051</b>	<b>\$ 7,297</b>	<b>\$ 7,996</b>

Income tax expense in 2024 totaled \$5.1 million compared to \$7.3 million in 2023 and \$8.0 million in 2022. When measured as a percent of pre-tax income, the Company's effective tax rate was 20.9% in 2024, 19.5% in 2023, and 18.6% in 2022.

The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

<i>(In thousands)</i>	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Deferred tax assets:</b>		
Allowance for credit losses	\$ 3,188	\$ 3,115
ASC 715 pension funding liability	—	987
Supplemental executive retirement plan accrual	2,345	2,328
Stock compensation	2,623	2,988
Unrealized loss on investment securities available-for-sale <sup>(1)</sup>	14,205	13,756
Research and development expenses	760	604
Lease liability	1,774	2,020
Other	718	330
Total deferred tax assets	\$ 25,613	\$ 26,128
<b>Deferred tax liabilities:</b>		
Premises and equipment	\$ (986)	\$ (1,144)
ASC 715 supplemental executive retirement plan asset	(249)	—
Pension	—	(967)
Intangible assets	(1,900)	(1,828)
Right of use asset	(1,677)	(1,927)
Prepaid expenses	(936)	(765)
Other	(391)	(283)
Total deferred tax liabilities	\$ (6,139)	\$ (6,914)
Net deferred tax assets	\$ 19,474	\$ 19,214

- (1) The deferred tax asset associated with the unrealized losses on securities is mainly a result of changes in interest rates, and the unrealized losses are considered to be temporary as the fair value is expected to recover as the securities approach their respective maturity dates. The issuers of the securities are of high credit quality and all principal amounts are expected to be paid when the securities mature. The Company does not intend to sell and it is more likely than not that the Company will not be required to sell the securities prior to their anticipated recovery.

A valuation allowance would be provided on deferred tax assets when it is more likely than not that some portion of the assets will not be realized. The Company has not established a valuation allowance at December 31, 2024 or 2023, due to management's belief that it is more likely than not that the deferred tax asset is realizable.

The reconciliation of the beginning unrecognized tax benefits balance to the ending balance is presented in the following table:

<i>(In thousands)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 1,397	\$ 1,252	\$ 1,405
Changes in unrecognized tax benefits as a result of tax positions taken during a prior year	(151)	99	(176)
Changes in unrecognized tax benefits as a result of tax position taken during the current year	262	300	222
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	(251)	(254)	(199)
Balance at December 31	\$ 1,257	\$ 1,397	\$ 1,252

At December 31, 2024, 2023 and 2022, the balances of the Company's unrecognized tax benefits which would, if recognized, affect the Company's effective tax rate were \$1.1 million, \$1.3 million and \$1.1 million, respectively. These amounts are net of the offsetting expense from other taxing jurisdictions.

As of December 31, 2024, 2023 and 2022, the Company had \$70,000, \$117,000 and \$84,000, respectively, in accrued interest related to unrecognized tax benefits.

The Company believes it is reasonably possible that the total amount of unrecognized tax benefits will decrease by approximately \$195,000 over the next 12 months. The reduction primarily relates to the anticipated lapse in the statute of limitations. The unrecognized tax benefits relate primarily to apportionment of taxable income among various state tax jurisdictions.

The Company is subject to income tax in the U.S. federal jurisdiction, numerous state jurisdictions, and a foreign jurisdiction. The Company's federal income tax returns for tax years 2021, 2022 and 2023 remain subject to examination by the Internal Revenue Service. In addition, the Company is subject to state tax examinations for the tax years 2020 through 2023.

#### Note 14

#### Disclosures about Fair Value of Financial Instruments

Following is a summary of the carrying amounts and fair values of the Company's financial instruments:

	December 31,			
	2024		2023	
<i>(In thousands)</i>	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Balance sheet assets:</b>				
Cash and cash equivalents	\$ 349,728	\$ 349,728	\$ 372,468	\$ 372,468
Investment securities	528,021	528,021	627,117	627,117
Loans, net	1,068,594	1,046,406	1,001,229	962,223
Accrued interest receivable	7,979	7,979	8,450	8,450
Total	\$ 1,954,322	\$ 1,932,134	\$ 2,009,264	\$ 1,970,258
<b>Balance sheet liabilities:</b>				
Deposits	\$ 967,916	\$ 967,916	\$ 1,140,814	\$ 1,140,814
Accounts and drafts payable	1,149,276	1,149,276	1,071,369	1,071,369
Accrued interest payable	666	666	635	635
Total	\$ 2,117,858	\$ 2,117,858	\$ 2,212,818	\$ 2,212,818

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

*Cash and Cash Equivalents* The carrying amount approximates fair value.

*Investment Securities* The fair value is measured on a recurring basis using Level 2 valuations. Refer to Note 3 - Investment Securities, for fair value and unrealized gains and losses by investment type.

*Loans* The fair value is estimated using present values of future cash flows discounted at risk-adjusted interest rates for each loan category designated by management and is therefore a Level 3 valuation. Management believes that the risk factor embedded in the interest rates along with the allowance for credit losses approximates a fair valuation.

*Accrued Interest Receivable* The carrying amount approximates fair value.

*Deposits* The fair value of demand deposits, savings deposits and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities and therefore, is a Level 2 valuation. The fair value estimates above do not include the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market or the benefit derived from the customer relationship inherent in existing deposits.

*Accounts and Drafts Payable* The carrying amount approximates fair value.

*Accrued Interest* The carrying amount approximates fair value.

*Limitations* Fair value estimates are based on existing on- and off-balance sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets or liabilities that are not considered financial assets or liabilities include premises and equipment and the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market (core deposit intangible). In addition, tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

## **Note 15**

### **Commitments and Contingencies**

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, commercial letters of credit and standby letters of credit. The Company's maximum potential exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, commercial letters of credit and standby letters of credit is represented by the contractual amounts of those instruments. At December 31, 2024, an allowance for unfunded commitments of \$273,000 had been recorded, as compared to \$132,000 at December 31, 2023. See Note 1 "Summary of Significant Accounting Policies" for information related to CECL.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commercial and standby letters of credit are commitments issued by the Company to guarantee the performance of a customer to a third party. These off-balance sheet financial instruments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The approximate remaining terms of commercial and standby letters of credit range from less than one to five years. Since these financial instruments may expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. Commitments to extend credit and letters of credit are subject to the same underwriting standards as those financial instruments included on the consolidated balance sheets. The Company evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of the credit, is based on management's credit evaluation of the borrower. Collateral held varies, but is generally accounts receivable, inventory, residential or income-producing commercial property or equipment. In the event of nonperformance, the Company may obtain and liquidate the collateral to recover amounts paid under its guarantees on these financial instruments.

The following table shows commitments to extend credit, standby letters of credit and commercial letters:

<i>(In thousands)</i>	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
Commitments to extend credit	\$ 247,362	\$ 196,064
Standby letters of credit	12,005	13,614
Commercial letters of credit	400	353

The fair value of commitments to extend credit and standby letters of credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, the likelihood of the counterparties drawing on such financial instruments and the present credit worthiness of such counterparties. The Company believes such commitments have been made at terms which are competitive in the markets in which it operates.

On March 19, 2024, the Company filed a claim against Rubicon Technologies, Inc. ("Rubicon") for failed reimbursement of invoices that were processed and paid by the Company on Rubicon's behalf and unpaid fees for Company services that were due for invoice management services and bill pay services, together with interest and penalties related to the foregoing amounts. The Company recorded a write-off to bad debt expense of \$7.8 million for the year ended December 31, 2024 related to this matter. The Company strongly believes in the merits of its claim against Rubicon.

On April 22, 2024, Rubicon filed a counterclaim against the Company for failure to perform its obligations under the Master Services Agreement between the Company and Rubicon. The Company believes these claims to be without merit and intends to vigorously defend itself against such claims.

## Note 16

### Revenue from Contracts with Customers

Revenue is recognized as the obligation to the customer is satisfied. The following is detail of the Company's revenue from contracts with clients.

*Processing fees* – The Company earns fees on a per-item or monthly basis for the invoice processing services rendered on behalf of customers. Per-item fees are recognized at the point in time when the performance obligation is satisfied. Monthly fees are earned over the course of a month, representing the period over which the performance obligation is satisfied. The contracts have no significant impact of variable consideration and no significant financing components.

*Financial fees* – The Company earns fees on a transaction level basis for invoice payment services when making customer payments. Fees are recognized at the point in time when the payment transactions are made, which is when the performance obligation is satisfied. The contracts have no significant impact of variable consideration and no significant financing components.

*Bank service fees* – Revenue from service fees consists of service charges and fees on deposit accounts under depository agreements with customers to provide access to deposited funds. Service charges on deposit accounts are transaction-based fees that are recognized at the point in time when the performance obligation is satisfied. The contracts have no significant impact of variable consideration and no significant financing components.

The following table presents non-interest income, segregated by revenue streams in-scope and out-of-scope for the years ended December 31, 2024, 2023 and 2022.

<i>(In thousands)</i>	<b>For the Years Ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Fee revenue and other income			
<i>In-scope of ASC 606</i>			
Processing fees	\$ 82,671	\$ 79,566	\$ 76,470
Financial fees	43,297	45,985	43,757
Information services payment and processing revenue	125,968	125,551	120,227
Bank service fees	1,283	1,063	1,430
Fee revenue <i>(in-scope of ASC 606)</i>	127,251	126,614	121,657
Other income <i>(out-of-scope of ASC 606)</i>	4,598	3,853	3,325
Total fee revenue and other income	\$ 131,849	\$ 130,467	\$ 124,982

## Note 17

### Industry Segment Information

The services provided by the Company are classified into two reportable segments: Information Services and Banking Services. Each of these segments provides distinct services that are marketed through different channels and are consistent with the presentation of financial information to the chief operating decision maker to evaluate segment performance, develop strategy, and allocate resources. They are managed separately due to their unique service and processing requirements. The Company's chief operating decision maker is the President and Chief Executive Officer of Cass Information Systems' Inc.

The Information Services segment provides transportation, energy, telecommunication, and environmental invoice processing and payment services to large corporations. In addition, this segment provides church management software and on-line generosity services primarily for faith-based ministries. The Banking Services segment provides banking services primarily to privately held businesses, franchise restaurants and faith-based ministries, as well as supporting the banking needs of the Information Services segment.

The Company's accounting policies for segments are the same as those described in Note 1 of this report. Management and the chief operating decision maker evaluates segment performance based on pre-tax income after allocations for corporate expenses. Transactions between segments are accounted for at what management believes to be fair value.

Substantially all revenue originates from, and all long-lived assets are located within the United States, and no revenue from any customer of any segment exceeds 10% of the Company's consolidated revenue.

Funding sources represent average balances and deposits generated by Information Services and Banking Services and there is no allocation methodology used. Banking Services interest income is determined by actual interest income on loans minus actual interest expense paid on deposits plus/minus an allocation for interest income or expense dependent on the remaining available liquidity of the segment. Information Services interest income is determined by multiplying available liquidity by actual yields on short-term investments and investment securities.

Any difference between total segment interest income and overall total Company interest income is included in Corporate, Eliminations, and Other.

Summarized information about the Company's operations in each industry segment for the years ended December 31, 2024, 2023 and 2022 is as follows:

<i>(In thousands)</i>	<b>Information Services</b>	<b>Banking Services</b>	<b>Corporate, Eliminations and Other</b>	<b>Total</b>
<b>2024</b>				
Fee income	\$ 127,781	\$ 2,643	\$ 1,425	\$ 131,849
Interest income	40,316	59,568	(11,839)	88,045
Interest expense	1,540	33,496	(14,778)	20,258
Provision for credit losses	—	447	—	447
Total net revenue	166,557	28,268	4,364	199,189
Personnel expenses	108,173	15,218	—	123,391
Occupancy	2,780	666	—	3,446
Equipment	7,666	639	—	8,305
Bad debt expense	7,847	—	—	7,847
Intersegment (income) expense	3,896	(3,896)	—	—
Other operating expense	23,078	8,903	—	31,981
Total operating expense	153,440	21,530	—	174,970
Pre-tax income	\$ 13,117	\$ 6,738	\$ 4,364	\$ 24,219
Goodwill	\$ 21,216	\$ 136	\$ —	\$ 21,352
Other intangible assets, net	5,007	—	—	5,007
Total assets	1,720,321	1,143,548	(468,788)	2,395,081
Average funding sources	\$ 1,297,099	\$ 782,714	\$ —	\$ 2,079,813

<i>(In thousands)</i>	Information Services	Banking Services	Corporate, Eliminations and Other	Total
<b>2023</b>				
Fee income	\$ 126,766	\$ 2,713	\$ 988	\$ 130,467
Interest income	39,899	54,696	(11,835)	82,760
Interest expense	1,191	28,029	(12,954)	16,266
Release of credit losses	—	(550)	—	(550)
Total net revenue	165,474	29,930	2,107	197,511
Personnel expenses	106,213	12,481	—	118,694
Occupancy	2,833	727	—	3,560
Equipment	6,566	572	—	7,138
Intersegment (income) expense	4,270	(4,270)	—	—
Other operating expense	21,930	8,833	—	30,763
Total operating expense	141,812	18,343	—	160,155
Pre-tax income	\$ 23,662	\$ 11,587	\$ 2,107	\$ 37,356
Goodwill	\$ 17,173	\$ 136	\$ —	\$ 17,309
Other intangible assets, net	3,345	—	—	3,345
Total assets	1,586,388	1,103,173	(210,939)	2,478,622
Average funding sources	\$ 1,353,499	\$ 810,903	\$ —	\$ 2,164,402

<i>(In thousands)</i>	Information Services	Banking Services	Corporate, Eliminations and Other	Total
<b>2022</b>				
Fee income	\$ 120,234	\$ 3,606	\$ 1,142	\$ 124,982
Interest income	28,528	40,913	(7,115)	62,326
Interest expense	166	4,143	(827)	3,482
Provision for credit losses	—	1,350	—	1,350
Total net revenue	148,596	39,026	(5,146)	182,476
Personnel expenses	94,537	11,937	—	106,474
Occupancy	2,965	711	—	3,676
Equipment	6,082	586	—	6,668
Intersegment (income) expense	3,350	(3,350)	—	—
Other operating expense	15,182	7,576	—	22,758
Total operating expense	122,116	17,460	—	139,576
Pre-tax income	\$ 26,480	\$ 21,566	\$ (5,146)	\$ 42,900
Goodwill	\$ 17,173	\$ 136	\$ —	\$ 17,309
Other intangible assets, net	4,126	—	—	4,126
Total assets	1,595,939	1,182,439	(205,355)	2,573,023
Average funding sources	\$ 1,379,355	\$ 953,346	\$ —	\$ 2,332,701

Intersegment (income) expense primarily relates to payment processing fees paid by the Information Services segment to the Banking services segment. The Corporate elimination for total assets and interest income and interest expense primarily relates to allocated funds and related interest depending on funding needs of the operating segments.

**Note 18**  
**Leases**

The Company leases certain premises under operating leases. As of December 31, 2024, the Company had lease liabilities of \$7.4 million and right-of-use assets of \$7.0 million. Lease liabilities and right-of-use assets are reflected in other liabilities and other assets, respectively. Included in occupancy expense on the consolidated statements of income for 2024 was operating lease cost of \$1.3 million, short-term lease cost of \$356,000, and there was no variable lease cost. The Company paid cash of \$1.3 million for operating lease amounts included in the measurement of lease liabilities for the year ended December 31, 2024. No right-of-use assets were obtained in exchange for lease liabilities during the year ended December 31, 2024.

For the year ended December 31, 2024, the weighted average remaining lease term for the operating leases was 6.4 years and the weighted average discount rate used in the measurement of operating lease liabilities was 3.54%. Certain of the Company's leases contain options to renew the lease; however, these renewal options are not included in the calculation of the lease liabilities as they are not reasonably certain to be exercised.

A maturity analysis of operating lease liabilities and undiscounted cash flows as of December 31, 2024 is as follows:

<i>(In thousands)</i>	<b>December 31, 2024</b>
Lease payments due	
Less than 1 year	\$ 1,345
1-2 years	1,350
2-3 years	1,350
3-4 years	1,314
4-5 years	1,130
Over 5 years	1,774
Total undiscounted cash flows	8,263
Discount on cash flows	835
Total lease liability	\$ 7,428

There were no sale and leaseback transactions, leveraged leases, or lease transactions with related parties during the year ended December 31, 2024. At December 31, 2024, the Company did not have any leases that had not yet commenced.

**Note 19**  
**Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events after the consolidated balance sheet date of December 31, 2024, and there were no events identified that would require additional disclosures to prevent the Company's consolidated financial statements from being misleading.

**Note 20****Condensed Financial Information of Parent Company**

Following are the condensed balance sheets of the Company (parent company only) and the related condensed statements of income and cash flows.

<i>(In thousands)</i>	<b>Condensed Balance Sheets December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and due from banks	\$ 242,693	\$ 17,003
Short-term investments	50,410	186,169
Securities available-for-sale, at fair value	428,422	399,339
Loans, net	53,841	70,833
Payments in advance of funding	208,530	198,861
Investments in subsidiaries	194,102	188,304
Premises and equipment, net	33,909	29,765
Investments in bank-owned life insurance	50,325	49,159
Goodwill	21,216	17,172
Other intangible assets, net	5,007	3,346
Accounts and drafts receivable from customers	55,906	110,651
Other assets	56,872	51,180
Total assets	<u>\$ 1,401,233</u>	<u>\$ 1,321,782</u>
<b>Liabilities and Shareholders' Equity</b>		
Liabilities:		
Accounts and drafts payable	\$ 1,143,661	\$ 1,069,338
Other liabilities	28,542	22,635
Total liabilities	<u>1,172,203</u>	<u>1,091,973</u>
Total shareholders' equity	<u>229,030</u>	<u>229,809</u>
Total liabilities and shareholders' equity	<u>\$ 1,401,233</u>	<u>\$ 1,321,782</u>

	<b>Condensed Statements of Income For the Years Ended December 31,</b>		
<i>(In thousands)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Equity in undistributed income of subsidiaries	\$ 2,349	\$ 19,281	\$ 10,618
Dividends received from subsidiaries	20,000	7,500	15,000
Income from subsidiaries – management fees	4,304	4,230	4,315
Processing fees	80,287	77,219	74,382
Financial fees	41,965	44,436	42,243
Other fees	4,485	3,804	2,606
Net interest income after provision for (release of ) credit losses	20,466	19,287	13,435
Total revenue	173,856	175,757	162,599
Expenses:			
Salaries and employee benefits	106,568	105,114	94,047
Other expenses	50,640	40,440	32,406
Total expenses	157,208	145,554	126,453
Income before income tax expense	16,648	30,203	36,146
Income tax (benefit) expense	(2,520)	144	1,242
Net income	<u>\$ 19,168</u>	<u>\$ 30,059</u>	<u>\$ 34,904</u>

	<b>Condensed Statements of Cash Flows For the Years Ended December 31,</b>		
<i>(In thousands)</i>	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>			
Net income	\$ 19,168	\$ 30,059	\$ 34,904
Adjustments to reconcile net income to net cash provided by operating activities:			
Equity in undistributed income of subsidiaries	(2,349)	(19,281)	(10,618)
Net change in other assets	(6,259)	(4,427)	(4,640)
Net change in other liabilities	1,737	(2,870)	6,462
Share-based compensation expense	3,199	4,139	6,732
Other, net	12,612	10,149	10,412
Net cash provided by operating activities	<u>28,108</u>	<u>17,769</u>	<u>43,252</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales of securities available-for-sale	33,130	86,722	3,838
Proceeds from maturities of securities available-for-sale	49,712	23,032	44,566
Purchases of securities available-for-sale	(119,744)	(15,332)	(45,340)
Net decrease (increase) in loans	16,992	3,977	(34,295)
Net (increase) decrease in payments in advance of funding	(9,669)	94,914	(2,347)
Purchase of bank-owned life insurance	—	—	(4,000)
Purchases of premises and equipment, net	(9,286)	(14,262)	(5,851)
Asset acquisition	(2,954)	—	(4,814)
Net cash (used in) provided by investing activities	<u>(41,819)</u>	<u>179,051</u>	<u>(48,243)</u>
<b>Cash flows from financing activities:</b>			
Net decrease (increase) in accounts and drafts receivable from customers	54,746	(14,872)	(90,787)
Net increase in accounts and drafts payable	74,323	11,875	16,393
Cash dividends paid	(16,463)	(15,959)	(15,442)
Purchase of common shares for treasury	(7,248)	(5,773)	(5,299)
Other financing activities, net	(1,716)	(834)	(594)
Net cash provided by (used in) financing activities	<u>103,642</u>	<u>(25,563)</u>	<u>(95,729)</u>
Net increase (decrease) in cash and cash equivalents	89,931	171,257	(100,720)
Cash and cash equivalents at beginning of year	203,172	31,915	132,635
Cash and cash equivalents at end of year	<u>\$ 293,103</u>	<u>\$ 203,172</u>	<u>\$ 31,915</u>

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Cass Information Systems, Inc.:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Cass Information Systems, Inc. and subsidiaries (the Company) as of December 31, 2024 and 2023, 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, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 5, 2025 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Basis for Opinion*

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matter*

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### *Assessment of the qualitative risk factors related to the allowance for credit losses on loans evaluated on a collective basis*

As discussed in Notes 1 and 4 to the consolidated financial statements, the Company's allowance for credit losses as of December 31, 2024 was \$13.4 million, of which \$13.4 million was related to the allowance for credit losses on loans evaluated on a collective basis (the "collective ACL"). The December 31, 2024 collective ACL includes the measure of expected credit losses on a collective (pooled) basis for those loans that share similar risk characteristics. The Company estimated the collective ACL using a weighted-average remaining maturity ("WARM") model that utilizes expected annual remaining loan balance, historical loss rates, a reasonable and supportable forecast, and reversion adjustments. Additionally, the collective ACL includes subjective qualitative risk factors that are likely to cause estimated credit losses to differ from historical experience. Given the Company's recent historical loss experience, the impact of the qualitative risk factors related to the collective ACL is a substantial percentage of the overall collective ACL. These qualitative risk

factors may increase or reduce reserve levels and include adjustments for assumptions related to loan concentrations, lending management experience and risk tolerance, loan review and audit results, asset quality and portfolio trends, value of underlying collateral, and loan portfolio growth.

We identified the assessment of the qualitative risk factors related to the collective ACL as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the qualitative risk factors related to the collective ACL methodology, including the conceptual soundness and performance of the qualitative framework. The assessment also included the evaluation of qualitative risk factors and the related assumptions. These qualitative risk factors and related assumptions are sensitive to variation, such that minor changes in the assumption can cause significant changes in the estimates.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the qualitative risk factors related to the collective ACL estimate, including controls over the:

- development of the collective ACL methodology
- identification and determination of the assumptions used in the qualitative framework
- continued use and appropriateness of changes made to the qualitative framework
- analysis of the collective ACL results, trends, and ratios

We evaluated the Company's process to develop the qualitative risk factors related to the collective ACL estimate by testing certain sources of data, factors, and assumptions that the Company used, and considered the relevance and reliability of such data, factors, and assumptions. In addition, we involved credit risk professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's collective ACL methodology for compliance with U.S. generally accepted accounting principles
- evaluating judgments made by the Company relative to the assessment of the qualitative framework by comparing it to relevant Company-specific metrics and trends and the applicable industry and regulatory practices
- evaluating the qualitative framework used to develop the qualitative risk factors and the effect of those factors on the collective ACL compared with relevant credit risk factors and consistency with credit trends and identified limitations of the underlying quantitative models.

/s/ KPMG LLP

We have served as the Company's auditor since 1983.

St. Louis, Missouri  
March 5, 2025

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of December 31, 2024. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2024.

#### **Management’s Report on Internal Control Over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentations.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2024.

There have not been changes in our internal control over financial reporting that occurred during our fourth fiscal quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by KPMG LLP, our independent registered public accounting firm. KPMG LLP’s report, which expresses an unqualified opinion on the effectiveness of our internal control over financial reporting as of December 31, 2024, is included below.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Cass Information Systems, Inc.:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Cass Information Systems, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, 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, 2024, and the related notes (collectively, the consolidated financial statements), and our report dated March 5, 2025 expressed an unqualified opinion on those consolidated financial statements.

### *Basis for Opinion*

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

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

### *Definition and Limitations of Internal Control Over Financial Reporting*

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

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

/s/ KPMG LLP

St. Louis, Missouri  
March 5, 2025

**ITEM 9B. OTHER INFORMATION**

- a. None.
- b. During the three months ended December 31, 2024, none of the Company's officers or directors adopted or terminated any "Rule 10b5-1 trading arrangements" or any "non-Rule 10b5-1 trading arrangement," as such terms are defined under Item 408 of Regulation S-K.

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## **PART III.**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

Certain information required by this Item 10 is incorporated herein by reference to the following sections of the Company's definitive Proxy Statement for its 2025 Annual Meeting of Shareholders (the "2025 Proxy Statement"), a copy of which will be filed with the SEC no later than 120 days after the close of the fiscal year: "Election of Directors – Proposal 1," "Executive Compensation and Related Information."

The Company has adopted a Code of Conduct and Business Ethics policy, applicable to all Company directors, executive officers and employees. The policy is publicly available and can be viewed on the Company's website at [www.cassinfo.com](http://www.cassinfo.com). The Company intends to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding the amendment to, or a waiver of, a provision of this policy that applies to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and that relates to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K by posting such information on its website.

The Company has adopted a Treatment and Use of Confidential Information and Prohibition of Insider Trading Policy that governs the purchase, sale, and/or other dispositions of the Company's securities by directors, officers, and employees that is reasonably designed to promote compliance with insider trading laws, rules, and regulations, and any listing standards applicable to the Company. A copy of the Company's Insider Trading Policy is filed as Exhibit 19 to this Form 10-K.

On January 21, 2025, the Board approved and adopted the Third Amended and Restated Bylaws of the Company (as so amended, the "Bylaws"). The amendments include the following principal changes as it relates to shareholder proposals and nominees for Director:

*Advance Notice – Shareholder Proposals.* The amendments modify the existing advance notice disclosure requirements contained in the Bylaws to require that a shareholder proposing business for consideration at an annual meeting must provide (i) certain additional information about the shareholder and, if applicable, the beneficial owner on whose behalf the business is submitted, and any interest such shareholder or owner has in the business submitted; (ii) the text of the proposal or business to be presented; (iii) information required to be provided pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); and (iv) certain representations as to whether the submitting shareholder or beneficial owner is part of a group that intends to deliver or solicit proxies from the requisite number of shareholders to adopt the proposal or pass the business submitted for consideration.

*Advance Notice – Shareholder Nominees for Director.* The amendments add a provision to clarify and expand the advance notice requirements for a shareholder nominating a candidate or candidates for election as director of the Company. The Bylaws require that such nominations by a shareholder be made pursuant to a notice delivered to the Secretary of the Company not less than 60 days nor more than 90 days prior the first anniversary of the preceding year's annual meeting, or as otherwise noted if the annual meeting date has changed by more than 30 days before or after such anniversary date or in the case of a special meeting. The notice must set forth, among other matters, (a) as to each nominee, (i) all information relating to the nominee that is required to be disclosed pursuant to Regulation 14A under the Exchange Act; (ii) the class and number of shares of the Company that are beneficially owned by the nominee; and (iii) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons pursuant to which the nominations are to be made; and (b) as to such shareholder, (i) the name and address of such shareholder and the beneficial owner, if any, on whose behalf the nomination is made; and (ii) the class and number of shares of the Company that are beneficially owned by such shareholder and the beneficial owner, if any, on whose behalf the nomination is made, and any material interest of such shareholder and owner. The chairperson of the meeting may, if the facts warrant, determine that a nomination was not made in accordance with the Bylaws and declare that the defective nomination shall be disregarded.

*Conduct of Nominations and Proposals by Shareholders.* The amendments to the Bylaws also clarify that if a shareholder submitting a notice for proposed business or director nominee (or a qualified representative of the shareholder) does not appear at the meeting of shareholders to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted. In addition, a shareholder submitting notice of proposed business or a director nominee must also comply with all applicable Exchange Act requirements, and nothing in the Bylaws affects the rights of a shareholder to request inclusion of a proposal in the Company's proxy statement under Rule 14a-8 under the Exchange Act.

The foregoing description of the Bylaws, as amended, is qualified in its entirety by the Bylaws, which are attached to this Annual Report Form 10-K as Exhibit 3.5.

**ITEM 11. EXECUTIVE COMPENSATION**

Certain information required pursuant to this Item 11 is incorporated herein by reference to the sections entitled “Election of Directors – Proposal 1” and “Executive Compensation and Related Information” of the Company’s 2025 Proxy Statement, a copy of which will be filed with the SEC no later than 120 days after the close of the fiscal year.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information required pursuant to this Item 12 is incorporated herein by reference to the section entitled “Beneficial Ownership of Securities” of the Company’s 2025 Proxy Statement, a copy of which will be filed with the SEC no later than 120 days after the close of the fiscal year.

**Securities Authorized for Issuance under Equity Compensation Plans**

The following information is as of December 31, 2024:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders <sup>(1)(2)</sup>	129,970	\$ 43.21	868,435
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>129,970</b>	<b>\$ 43.21</b>	<b>868,435</b>

- (1) Amount disclosed relates to awards issued and outstanding under the Amended and Restated Omnibus Stock and Performance Compensation Plan (the “Prior Plan”) and the 2023 Omnibus Stock and Performance Compensation Plan (the “2023 Omnibus Plan”). The 2023 Omnibus Plan was approved by the Board of Directors in February 2023 and adopted by the Company's stockholders at the 2023 Annual Meeting of Shareholders.
- (2) Includes restricted stock units, restricted stock, SARs, and performance-based stock. Performance-based stock is included assuming 100% attainment of the targets. The actual number of shares of performance-based stock to be awarded at the end of applicable performance periods ranges from 0% to 150% of the target amount awarded depending on the Company’s achievement of pre-established financial goals.
- (3) Amount disclosed relates to the shares available for issuance under the 2023 Omnibus Plan. The Prior Plan terminated in accordance with its terms on April 17, 2023, and no shares reserved for issuance under the Prior Plan will be made available for future awards under the 2023 Omnibus Plan.

Refer to Note 11 to the consolidated financial statements for information concerning the Prior Plan and 2023 Omnibus Plan.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

Information required by this Item 13 is incorporated herein by reference to the section entitled “Election of Directors – Proposal 1” of the Company’s 2024 Proxy Statement, a copy of which will be filed with the SEC no later than 120 days after the close of the fiscal year.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Information concerning our principal accountant’s fees and services is incorporated herein by reference to the section entitled “Ratification of Appointment of Independent Registered Public Accounting Firm – Proposal 3” of the Company’s 2025 Proxy Statement, a copy of which will be filed with the SEC no later than 120 days after the close of the fiscal year.

## **PART IV.**

### **ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are incorporated by reference in or filed as an exhibit to this report:

(1) and (2) Financial Statements and Financial Statement Schedules  
Included in Item 8 of this report.

(3) Exhibits listed under (b) of this Item 15.

(b) Exhibits

3.1 Restated Articles of Incorporation of Registrant, incorporated by reference to Exhibit 4.1 to Form S-8 Registration Statement No. 333-44499, filed with the SEC on January 20, 1998.

3.2 Amendment to Restated Articles of Incorporation, incorporated by reference to Exhibit 3.1 to the current report on Form 8-K, filed with the SEC on April 19, 2013.

3.3 Articles of Merger of Cass Commercial Corporation, incorporated by reference to Exhibit 3.1 to the quarterly report on Form 10-Q for the quarter ended September 30, 2006.

3.4 Second Amended and Restated Bylaws of Registrant, incorporated by reference to Exhibit 3.1 to the current report on Form 8-K, filed with the SEC on July 21, 2016.

3.5 Third Amended and Restated Bylaws of Registrant, incorporated by reference to Exhibit 3.1 to the current report on 8-K, filed with the SEC on January 24, 2025.

4.1 Description of the Registrant's securities, incorporated by reference to Exhibit 4.1 to the Annual report on Form 10-K filed with the SEC on February 28, 2020.

10.1 Form of Directors' Indemnification Agreement, incorporated by reference to Exhibit 10.1 to the quarterly report on Form 10-Q for the quarter ended March 31, 2003.\*

10.2 Amended and Restated Omnibus Stock and Performance Compensation Plan, incorporated by reference to Exhibit 10.1 to the current report on Form 8-K, filed with the SEC on April 19, 2013.\*

10.3 Amendment and Restatement of the Supplemental Executive Retirement Plan, incorporated by reference to Exhibit 10.2 to the quarterly report on Form 10-Q for the quarter ended September 30, 2007.\*

10.4 Form of Restricted Stock Award Agreement, incorporated by reference to Exhibit 10.8 to the annual report on Form 10-K for the year ended December 31, 2016.\*

10.5 Form of Restricted Stock Unit Agreement, incorporated by reference to Exhibit 10.9 to the annual report on Form 10-K for the year ended December 31, 2016.\*

10.6	<u>Description of Cass Information Systems, Inc. Profit Sharing Program, incorporated by reference to Exhibit 10.7 to the annual report on Form 10-K for the year ended December 31, 2022*</u>
10.7	<u>Cass Information Systems, Inc. 2023 Omnibus Stock and Performance Compensation Plan, incorporated by reference to Exhibit 10.1 to the current report on Form 8-K, filed with the SEC on April 21, 2023.*</u>
10.8	<u>Form of Restricted Stock Award Agreement for Employees under the Cass Information Systems, Inc. 2023 Omnibus Stock and Performance Compensation Plan, incorporated by reference to Exhibit 10.2 to the current report on Form 8-K, filed with the SEC on April 21, 2023.*</u>
10.9	<u>Form of Restricted Stock Award Agreement for Non-Employee Directors under the Cass Information Systems, Inc. 2023 Omnibus Stock and Performance Compensation Plan, incorporated by reference to Exhibit 10.3 to the quarterly report on Form 10-Q for the quarter ended March 31, 2023.*</u>
10.10	<u>Form of Restricted Stock Unit Award Agreement for Employees under the Cass Information Systems, Inc. 2023 Omnibus Stock and Performance Compensation Plan, incorporated by reference to Exhibit 10.1 to the current report on Form 8-K filed with the SEC on January 24, 2025.*</u>
19	<u>Insider Trading Policy</u>
21	<u>Subsidiaries of registrant.</u>
23	<u>Consent of Independent Registered Public Accounting Firm.</u>
31.1	<u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2	<u>Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2	<u>Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
97	<u>Cass Information Systems, Inc. Clawback Policy, incorporated by reference to Exhibit 97 to the annual report on Form 10-K for the year ended December 31, 2023.</u>
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

101.DEF XBRL Taxonomy Extension Definition Linkbase Document.

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\* Management contract or compensatory plan arrangement

(c) None.

**ITEM 16. FORM 10-K SUMMARY**

None.



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## 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 April 15, 2025 at 8:30 a.m. at The Bogey Club at 9266 Clayton Road, Saint Louis, Missouri, 63124.

*No presentations are planned.*

## 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

### 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  
ir@cassinfo.com

### INDEPENDENT AUDITORS

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

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

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

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

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

**Nicole M. Jennings**  
Vice President, Chief Operational Risk Officer

**Teresa D. Meares**  
President, Waste Expense Management

**Ross M. Miller**  
President, TouchPoint

**Sean M. Mullins**  
Vice President, Infrastructure & Chief Information Security Officer

**Michael J. Normile**  
Executive Vice President and Chief Financial Officer

### 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 Street, Suite 101  
Canton, MA 02021

### SHAREHOLDER WEBSITE:

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

### SHAREHOLDER ONLINE INQUIRIES:

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

### TOLL-FREE PHONE:

866-323-8170

**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

**Christi A. Reiter**  
Senior 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**  
President, Transportation Information Services

**Todd J. Wills**  
President, Utility Expense Management

## Leadership Council

**Cory J. Bricker**  
President, CassPay

**Mark A. Campbell** President, Government Payables

**James M. Cavellier**  
Executive Vice President and Chief Information Officer

**Dwight D. Erdbruegger**  
President, Cass Commercial Bank

**Carl N. Friedholm**  
President, Telecom Expense Management



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