

CASS INFORMATION SYSTEMS INC  
Form DEF 14A  
March 09, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(RULE 14a-101)**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

Cass Information Systems, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**CASS INFORMATION SYSTEMS, INC.**

**12444 Powerscourt Drive, Suite 550**

**St. Louis, Missouri 63131**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be held on**

**April 24, 2018**

**TO THE SHAREHOLDERS:**

The Annual Meeting of Shareholders of Cass Information Systems, Inc. will be held at the location specified below on Tuesday, April 24, 2018, at 8:30 a.m. local time, for the following purposes:

1. To elect three directors to serve, each for a three-year term;
2. To hold a non-binding advisory vote on executive compensation;
3. To ratify the appointment of KPMG LLP as the independent registered public accounting firm for 2018; and
4. To act upon such other matters as may properly come before the Annual Meeting or any adjournment thereof.

The close of business on March 5, 2018 has been fixed as the record date for determining shareholders entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

This year's Annual Meeting will be held at the Company's offices located at 13001 Hollenberg Drive, Bridgeton, Missouri 63044.

All shareholders are cordially invited to attend the Annual Meeting.

This booklet includes the notice and proxy statement, which describes the business we will conduct at the meeting and provides information about the Company that you should consider when you vote your shares. The Company has not planned a communications segment or any presentations for the Annual Meeting.

Whether or not you intend to be present, it is important that your shares be represented and voted at the Annual Meeting. You can vote your shares by one of the following methods: vote over the internet or by telephone using the instructions on your proxy card, or mark, sign, date and promptly return your proxy card. The presence, in person or by properly executed proxy, of a majority of the common stock outstanding on the record date is necessary to constitute a quorum at the Annual Meeting.

Please note that you will be required to present an admission ticket to attend the Annual Meeting. Your admission ticket is attached to your proxy card. If your shares are held in the name of a broker, trust, bank or other nominee, you can request an admission ticket by contacting our Investor Relations department at (314) 506-5500.

By Order of the Board of Directors,

P. Stephen Appelbaum  
Secretary

St. Louis, Missouri  
March 9, 2018

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
SHAREHOLDER MEETING TO BE HELD ON APRIL 24, 2018**

The Company's Proxy Statement and annual report on Form 10-K for the 2017 fiscal year are available at <http://ir.cassinfo.com/phoenix.zhtml?c=97994&p=proxy>.

The Company makes available free of charge through its website [www.cassinfo.com](http://www.cassinfo.com) its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed and furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC).

Table of Contents

<b><u>I. ELECTION OF DIRECTORS – PROPOSAL 1</u></b>	<b><u>3</u></b>
<u>Nominees and Continuing Directors</u>	<u>3</u>
<u>Director Independence</u>	<u>5</u>
<u>Corporate Governance</u>	<u>5</u>
<u>Board Evaluation</u>	<u>5</u>
<u>Board Leadership Structure</u>	<u>6</u>
<u>Risk Management Oversight</u>	<u>6</u>
<u>Communications with the Board of Directors</u>	<u>7</u>
<u>Board Meetings and Committees of the Board</u>	<u>7</u>
<u>Director Compensation</u>	<u>9</u>
<u>Certain Relationships and Related Party Transactions</u>	<u>10</u>
<u>Report of the Audit Committee</u>	<u>11</u>
<b><u>II. ADVISORY VOTE ON EXECUTIVE COMPENSATION - PROPOSAL 2</u></b>	<b><u>11</u></b>
<b><u>III. EXECUTIVE COMPENSATION AND RELATED INFORMATION</u></b>	<b><u>12</u></b>
<u>Compensation Discussion and Analysis</u>	<u>12</u>
<u>Compensation Committee Report</u>	<u>25</u>
<u>Executive Officers</u>	<u>25</u>
<u>Summary Compensation Table</u>	<u>26</u>
<u>Grants of Plan-Based Awards</u>	<u>27</u>
<u>Outstanding Equity Awards at Fiscal Year-End</u>	<u>28</u>
<u>SARs Exercised and Stock Vested</u>	<u>29</u>
<u>Pension Benefits</u>	<u>30</u>
<b><u>IV. BENEFICIAL OWNERSHIP OF SECURITIES</u></b>	<b><u>30</u></b>
<u>Stock Ownership of Directors, Executive Officers, and 5% Beneficial Owners</u>	<u>30</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>32</u>
<b><u>V. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – PROPOSAL 3</u></b>	<b><u>32</u></b>
<u>Fees Incurred for Services Performed by the Independent Registered Public Accountants</u>	<u>32</u>
<b><u>VI. SHAREHOLDER PROPOSALS FOR THE 2019 ANNUAL MEETING</u></b>	<b><u>33</u></b>
<b><u>VII. OTHER MATTERS AND HOUSEHOLDING</u></b>	<b><u>33</u></b>

CASS INFORMATION SYSTEMS, INC.

12444 Powerscourt Drive, Suite 550

St. Louis, Missouri 63131

## PROXY STATEMENT

Annual Meeting of Shareholders to be held April 24, 2018

This Proxy Statement is being furnished to the common shareholders of Cass Information Systems, Inc. (the Company) on or about March 9, 2018 in connection with the solicitation of proxies on behalf of the Board of Directors of the Company (the Board) for use at the annual meeting of shareholders (the Annual Meeting) to be held on April 24, 2018 at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting, and at any adjournment of that meeting.

Holders of common stock, par value \$.50 per share, of the Company at its close of business on March 5, 2018 (the Record Date) are entitled to receive notice of and vote at the Annual Meeting. On the Record Date, there were 12,286,767 shares of common stock outstanding and entitled to vote at the Annual Meeting. Holders of record of common stock are entitled to one vote per share of common stock they held of record on the Record Date on each matter that may properly come before the Annual Meeting. Company management and members of the Board, in the aggregate, directly or indirectly controlled approximately 4.91% of the common stock outstanding on the Record Date.

Shareholders of record on the Record Date are entitled to cast their votes in person or by properly executed proxies at the Annual Meeting. The presence, in person or by properly executed proxy, of a majority of the shares of common stock outstanding on the Record Date is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present at the time the Annual Meeting is convened, the Company may adjourn the Annual Meeting.

If a quorum is present, the affirmative vote of a majority of the shares entitled to vote which are present in person or represented by proxy at the Annual Meeting is required to elect directors; approve, by advisory vote, executive compensation; ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018; and to act on any other matters properly brought before the Annual Meeting. This means that of the shares represented at the Annual Meeting and entitled to vote, a majority of them must be voted "for" a director nominee for such nominee to be elected or "for" such other proposal for it to be approved. Shareholders may not cumulate their votes

in the election of directors.

In tabulating the voting results, abstentions and shares represented by broker non-votes (explained below) will be counted as present and entitled to vote for purposes of determining a quorum. For purposes of determining whether the shareholders have elected a director nominee or approved a matter, abstentions are treated as shares represented and entitled to vote on each proposal and will thus have the same effect as a vote “against” a director nominee or such other proposal. Shares held by brokers that do not have discretionary authority to vote on a proposal and have not received voting instructions from their clients are considered “broker non-votes.” Broker non-votes will not be considered in determining the number of votes necessary for approval of a matter and will have no effect on the outcome of the vote for directors or other proposals. As such, for your vote to be counted, you must submit your voting instruction form to your broker.

**Please note that brokers may no longer use discretionary authority to vote shares on the election of directors if they have not received instructions from their clients. Please vote your proxy so your vote can be counted. The inspector of elections appointed for the Annual Meeting will separately tabulate and certify affirmative and negative votes, abstentions and broker non-votes.**

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Secretary of the Company, at or before the Annual Meeting, a written notice of revocation bearing a date later than the date of the proxy, (ii) duly executing and dating a subsequent proxy relating to the common stock and delivering it to the Secretary of the Company at or before the vote is taken at the Annual Meeting, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice revoking a proxy, or any subsequent proxy, should be sent to Cass Information Systems, Inc., Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131.



All common stock represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting and not properly revoked will be voted at the Annual Meeting in accordance with the instructions indicated in such proxies. If no instructions are indicated, such proxies will be voted FOR the election of the Board's director nominees; FOR approval of executive compensation; FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018; and in the discretion of the proxies with respect to any other matter that is properly brought before the Annual Meeting or any adjournment thereof. The Board does not know of any matters other than the matters described in the Notice of Annual Meeting attached to the Proxy Statement that will come before the Annual Meeting.

The Board solicits the proxies. In addition to the use of the mails, proxies may be solicited personally or by telephone or electronic transmission by directors, officers or regular employees of the Company. It is contemplated that brokerage houses, custodians, nominees and fiduciaries will be requested to forward the soliciting material to the beneficial owners of common stock held of record by such persons, and will be reimbursed by the Company for expenses incurred therewith. The cost of solicitation of proxies will be borne by the Company.

## I. ELECTION OF DIRECTORS – PROPOSAL 1

### Nominees and Continuing Directors

The size of the Company's Board is set at nine members, divided into classes of three directors each. Each director is elected for a three-year term, and the term of each class of directors expires in successive years.

The Board, upon recommendation by the Nominating and Corporate Governance Committee, has nominated incumbent directors Robert A. Ebel, Randall L. Schilling, and Franklin D. Wicks, Jr. for re-election. Each of the nominees has consented to serve if elected. If any of them become unavailable to serve as a director before the Annual Meeting, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board. Proxies cannot be voted for a greater number of nominees than those named in this Proxy Statement.

All the directors and nominees bring to the Board a wealth of executive leadership experience derived from their service as corporate executives. Each possesses individual qualifications and skills that contribute to the Board's effectiveness as a whole. The following information is submitted with respect to the nominees for election to the Board, together with the members of the Board whose terms will continue after the Annual Meeting or until their respective successors are duly elected and qualified:

#### **Nominated to serve until 2021:**

**Robert A. Ebel**, 62, has been a director since 2006. He was Chief Executive Officer (CEO) of Universal Printing Company, a privately-held printing company headquartered in St. Louis, Missouri, until the sale of the company in 2017. Mr. Ebel began his tenure with Universal Printing Company as CFO and Board member in 1986. In 1996, he was appointed to the position of CEO. Mr. Ebel currently serves on the Board of the St. Louis Graphic Arts Joint Health and Welfare Fund and is active in various civic and charitable organizations in the St. Louis metropolitan area.

The Board selected Mr. Ebel to serve as a director because it believes he brings valuable business management and finance expertise to the Board. His duties as CEO of a privately-held business based in St. Louis provided him with a strong knowledge of the local commercial marketplace served by the Company's subsidiary bank.

**Randall L. Schilling**, 55, has been a director since 2009. He is President and CEO of BoardPaq LLC, a privately-held software company based in St. Charles, Missouri. From 1992 to 2010, he was the CEO of Quilogy, Inc., a nationally recognized, privately-held information technology professional services company. Mr. Schilling is currently an Advisory Council member of Arch Grants, a St. Louis based non-profit organization that provides equity-free grants and support services to entrepreneurs. He is also the founder and owner of OPO Startups, a co-working center for digital startups providing space and access to mentors, investors, programming, educational resources, and a community of local entrepreneurs. Additionally, Mr. Schilling has been active in various other civic and charitable organizations in the St. Louis metropolitan area, including Partners for Progress – Education Chairman.

The Board selected Mr. Schilling to serve as a director because he possesses information technology expertise to help address the challenges the Company faces in the rapidly changing information technology arena.

**Franklin D. Wicks, Jr.**, 64, has been a director since 2006. He was Executive Vice President and President of Applied Markets of Sigma-Aldrich Corporation (Sigma-Aldrich), a publicly-traded life science and high technology company located in St. Louis, Missouri, until his retirement in 2015. Dr. Wicks worked for Sigma-Aldrich since 1982, beginning as a research chemist and subsequently working in marketing, then as President of Sigma Chemical and Vice President of Worldwide Operations, Sigma-Aldrich. He served as President, Scientific Research Division, Sigma-Aldrich from 1999 to 2002 and was responsible for operations in 34 countries. Prior to his appointment as Executive Vice President and President of Applied Markets of Sigma-Aldrich, Dr. Wicks served as President-SAFC. After receiving his Ph. D., Dr. Wicks served for four years on the staff of the Navigators at the Air Force Academy and at the University of Colorado at Boulder before joining Sigma-Aldrich. He is currently a member of the CEO Forum and serves as a trustee of Covenant Theological Seminary.

The Board selected Dr. Wicks to serve as a director because of his public company senior management experience, familiarity with corporate governance, and knowledge of local and global marketplace issues.

The Company's Board recommends a vote FOR the three nominees for election to the Board of Directors.

**Directors to serve until 2020:**

**Eric H. Brunngraber**, 61, has been a director since 2003. Mr. Brunngraber is Chairman, President, and CEO of the Company. Prior to his appointment as CEO in 2008, he held the position of President and Chief Operating Officer (COO) since 2006. Mr. Brunngraber served as Chief Financial Officer (CFO) of the Company from 1997 to 2006. He has held numerous positions with the Company since his employment began in 1979, including Executive Vice President of Cass Commercial Bank, the Company's bank subsidiary. Mr. Brunngraber is active in various civic, charitable, and professional organizations in the St. Louis metropolitan area, including the Regional Business Council and the American Diabetes Association – Community Leadership Board.

The Board selected Mr. Brunngraber to serve as a director because he is the Company's President and CEO and is responsible for the strategic direction and day-to-day leadership of the Company.

**Benjamin F. Edwards, IV**, 62, has been a director since 2005. He is Chairman, CEO and President of Benjamin F. Edwards & Company, a St. Louis-based investment firm. Previously, Mr. Edwards was branch manager of the Town & Country, Missouri office of A.G. Edwards/Wachovia Securities LLC, a national investment firm. Mr. Edwards' career with A.G. Edwards began in 1977, where he held numerous positions including Employment Manager, Financial Advisor, Associate Branch Manager, Regional Officer, Director of Sales and Marketing and President, as well as a member of the Board of Directors of A.G. Edwards from 1994 to 2007. He currently is a member of the Board of The Bogey Club in St. Louis and a member of the CEO Forum.

The Board selected Mr. Edwards to serve as a director because it believes he possesses management expertise in investment banking, including experience with capital markets transactions and investments in both public and private companies.

**Joseph D. Rupp**, 67, has been a director since 2016. He is the retired Chairman of the Board of Olin Corporation (Olin), a publicly-traded global manufacturer and distributor of chemical products and a leading U.S. manufacturer of ammunition located in Clayton, Missouri. Mr. Rupp served as the Chairman of the Board of Olin Corporation from

2016 to 2017. Prior to 2016, Mr. Rupp served as Chairman, President, and Chief Executive Officer of Olin since 2005. Prior to his election as Chairman, Mr. Rupp was President and Chief Executive Officer of Olin from 2002 to 2005. Prior to 2002, Mr. Rupp served in various positions with Olin, which he originally joined in 1972. Additionally, Mr. Rupp serves as a director of Quanex Building Products Corporation, a publicly-traded manufacturer of components sold in the building products industry; Dot Foods, Inc., a private foodservice redistribution company; and Owens-Illinois, a publicly-traded glass bottle manufacturer. He earned his bachelor's degree in metallurgical engineering from Missouri University of Science and Technology.

The Board selected Mr. Rupp to serve as a director because it believes he has valuable experience understanding the day-to-day and more complex issues that face multi-faceted, publicly-traded organizations.

**Directors to serve until 2019:**

**Ralph W. Clermont**, 70, has been a director since 2015. Mr. Clermont enjoyed a 39-year career with KPMG LLP, retiring in 2008 as managing partner of its St. Louis office where he led the firm's Midwest financial services practice and managed the audits of numerous banking organizations. He currently serves as Lead Director of National Bank Holdings Corporation, a publicly-traded bank holding company, where he is also Chairman of the Audit and Risk Committee as well as a member of its Compensation Committee and Nominating and Corporate Governance Committee. Mr. Clermont is a certified public accountant and member of both the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants. He earned his bachelor's degree in accounting from Saint Louis University.

The Board selected Mr. Clermont for his clear understanding of the complex financial and accounting issues that face multi-faceted organizations such as Cass.

**Lawrence A. Collett**, 75, has been a director since 1983. He currently serves as Lead Director of the Board, a position he has held since 2015. He previously served as Chairman of the Board from 1992 until his appointment as Lead Director. Mr. Collett retired as CEO of the Company in 2008, having served in that capacity since 1990. He began his career with the Company in 1963 and served as Executive Vice President from 1974 to 1983 and President from 1983 to 1990. He holds numerous positions with civic, charitable, and church-related institutions.

The Board selected Mr. Collett to serve as a director because of his previous tenure with the Company in multiple roles, including CEO, which affords him unique insights into the Company's strategies, challenges and opportunities.

**James J. Lindemann**, 62, has been a director since 2007. He is Executive Vice President of Emerson Electric Co. (Emerson), a publicly-traded manufacturing company based in St. Louis, Missouri. Mr. Lindemann joined Emerson in 1977, where he has held a number of increasingly responsible engineering and marketing positions with its Specialty Motor business unit. In 1992, he was named President of Commercial Cam, and in 1995, he was named President of the Emerson Appliance Motor business unit. In 1996, Mr. Lindemann was promoted to Chairman and CEO of the Emerson Motor Co. He was named Senior Vice President of Emerson in 1999 and Executive Vice President in 2000. Mr. Lindemann served on the Emerson Advisory Board from 2000 to 2016 and has been a Board member of the CEO Forum since 2003.

The Board selected Mr. Lindemann to serve as a director based on his experiences with Emerson, where he has served as a senior manager of a public manufacturing company, obtained international expertise and worked successfully with large corporate enterprises.

#### Director Independence

Based on the independence standards as defined by the marketplace rules of The Nasdaq Stock Market, Inc. (Nasdaq), the Board has determined in its business judgment that all of the directors and director-nominees are independent as such term is defined in the Nasdaq listing standards, except for Mr. Brunngraber. In addition, each of the members of the Audit Committee and Compensation Committee meets the heightened independence standards set forth in the SEC rules and the Nasdaq listing standards. In making these determinations, the Board has reviewed all transactions and relationships between each director (or any member of his or her immediate family) and the Company, including transactions and relationships described in the directors' responses to questions regarding employment, business, family, and other relationships with the Company and its management. As a result of this review, the Board concluded, as to each independent director, that no relationship exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

### Corporate Governance

The Board oversees and guides the Company's management and its business affairs. Committees support the role of the Board on issues that benefit from consideration by a smaller, more focused subset of directors. All committee members are elected by and serve at the pleasure of the Board. In its oversight of the Company, the Board sets the tone for the ethical standards and performance of management, staff, and the Company as a whole. The Board has adopted Corporate Governance Guidelines that capture the long-standing practices of the Company as well as current corporate governance best practices. The guidelines are available at [www.cassinfo.com](http://www.cassinfo.com).

The Company has adopted a Code of Conduct and Business Ethics policy, applicable to all Company directors, executive officers and employees. This policy is publicly available and can be viewed at [www.cassinfo.com](http://www.cassinfo.com).

### Board Evaluation

The Board conducts a self-assessment annually to review its performance over the past year and determine whether it and its committees are functioning effectively. The Chairman of the Nominating and Corporate Governance Committee is responsible for leading the review of the Board and summarizing the overall findings. Each member of the Board conducts a thorough evaluation of the Board as a whole and each member of the Board individually. This assessment seeks to review areas in which the Board and/or management believes a better contribution could be made. The Chairman of the Nominating and Corporate Governance Committee reviews all of the evaluations and presents a summary of findings to the Board. The

Board uses this information to create a set of action items for any areas in which members feel could improve the Board's effectiveness.

Each individual Board committee also conducts its own self-assessment annually and presents a summary to the Board. The Board then determines if there are steps that should be taken to improve the efficiency and effectiveness of each committee.

The purpose of these annual evaluations is not to focus on individual Board members, but the Board and each committee as a whole. A separate assessment of each individual director is made by the Nominating and Corporate Governance Committee when deciding whether to nominate such director for reelection to the Board.

The Nominating and Corporate Governance Committee periodically reviews the self-assessment process and makes changes it deems necessary to improve the process and its effectiveness.

#### Board Leadership Structure

The Company's Corporate Governance Guidelines provide guidance and flexibility that allows the Board to determine the best leadership structure to promote Board effectiveness and ensure that authority and responsibility are effectively allocated between the Board and management. The Board recognizes that no single leadership model is right for all companies and at all times, and depending on the circumstances and personnel, different leadership structures may be appropriate. Accordingly, the Board formally reviews its leadership structure not less than annually as part of its self-evaluation process to ensure that the proper balance is present in the Company's current model.

From July 2008 to April 2015, the Company's leadership structure consisted of separate roles for Chairman and CEO of the Company as performed by Mr. Collett and Mr. Brunngraber, respectively. The Board chose to separate the roles of Chairman and CEO in 2008 as part of the Company's Board and leadership succession planning. In April 2015, Mr. Collett was named Lead Director and Mr. Brunngraber was named Chairman in addition to CEO. In making this decision, the Board determined that the combination of the Chairman and CEO was appropriate at that time due to the strength and independence of the outside directors, that the committees of the Board are comprised entirely of independent directors, and because each committee plays a role in overseeing different material aspects of the Company's risk management program. In the role of Lead Director, Mr. Collett is responsible for creating and maintaining an effective working relationship with the CEO, other members of management and other members of the Board; providing the CEO ongoing direction as to Board needs, interests and opinions; and assuring that the Board agenda is appropriately directed to the matters of greatest importance to the Company. In carrying out his responsibilities, the Lead Director preserves the distinction between management and Board oversight by ensuring



that management develops corporate strategy and risk management practices, and focusing the Board to review and express its judgments on such developments. In the role of Chairman and CEO, Mr. Brunngraber is responsible for presiding over Board meetings as well as setting the strategic direction for the Company and the day-to-day leadership and performance of the Company.

In accordance with the Company's Corporate Governance Guidelines, non-management directors convene quarterly without the presence of management directors or executive officers of the Company.

### Risk Management Oversight

The Board believes that risk is inherent in innovation and the pursuit of long-term growth opportunities. The Company's management is responsible for day-to-day risk management activities. The Board, acting directly and through its committees, is responsible for the oversight of the Company's risk management practices. The Board's role in the Company's risk oversight process includes regular reviews of information from senior management (generally through Board committee presentation) regarding the areas of material risk to the Company. A description of certain material risks affecting the Company can be found in the Annual Report on Form 10-K for the year ended December 31, 2017. The Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee oversees management of financial and information technology risks. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board and potential conflicts of interest. Each committee reports regularly to the full Board on its activities. In addition, the Board participates in regular discussions with the Company's senior management on many core subjects, including strategy, operations, finance, and legal and public policy matters, in which risk oversight is an inherent element.

### Communications with the Board of Directors

The Board has established a process by which shareholders can communicate with the Board. Shareholders may communicate with any and all members of the Board by transmitting correspondence to the following address or fax number: Cass Information Systems, Inc., Name of Director(s), Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131, (314) 506-5560 (fax).

The Secretary will forward all correspondence to the Chairman or the identified director as soon as practicable. Correspondence addressed to the full Board will be forwarded to the Chairman, who will present the correspondence to the full Board or a committee thereof.

### Board Meetings and Committees of the Board

The Board holds regularly scheduled meetings in January, April, July, and October. During the fiscal year ended December 31, 2017, the Board held its four regular meetings and one additional offsite planning meeting was held in November to discuss the Company's strategic plan. All directors attended at least 75% of the aggregate number of meetings of the Board and committees on which they served. The Company's directors are encouraged, but not required, to attend the Company's Annual Meeting. All directors attended the 2017 Annual Meeting of Shareholders.

The Company has three standing committees: the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee. Each of these committees has a written charter approved by the Board. A copy of each charter can be found in the Investor Relations section of the Company's website at [www.cassinfo.com](http://www.cassinfo.com).

The following table represents the current membership of each of the Board committees and number of meetings held by each committee in 2017 (in parentheses). Each of the committees is comprised entirely of independent directors, as defined by Nasdaq and SEC rules:

<b>Audit (5)</b>	<b>Nominating and Corporate Governance (4)</b>	<b>Compensation (4)</b>
Ralph W. Clermont* Robert A. Ebel Randall L. Schilling	Ralph W. Clermont Benjamin F. Edwards, IV Franklin D. Wicks, Jr.*	James J. Lindemann* Joseph D. Rupp Franklin D. Wicks, Jr.

*\*Committee Chairman*

#### Audit Committee

The Audit Committee oversees the accounting and financial reporting processes of the Company and the audits of the Company's financial statements. The Audit Committee is responsible for appointing, determining funding for and overseeing the independent registered public accountants for the Company, and meeting with the independent registered public accountants and other corporate officers to review matters relating to corporate financial reporting and accounting procedures and policies. Among other responsibilities, the Audit Committee reviews financial information provided to shareholders and others, assesses the adequacy of financial and accounting controls, and evaluates the scope of the audits of the independent registered public accountants and reports on the results of such reviews to the Board. In addition, the Audit Committee assists the Board in its oversight of the performance of the Company's internal auditors. The Audit Committee meets with the internal auditors on a quarterly basis to review the scope and results of their work. The Board has determined that Mr. Clermont qualifies as an "audit committee financial expert," as defined by the SEC and in accordance with the Nasdaq listing rules.

#### Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become members of the Board, recommending director-nominees, and developing and addressing corporate governance principles and issues applicable to the Company and its subsidiaries. In recommending director-nominees to the Board, the Nominating

and Corporate Governance Committee solicits candidate recommendations from its own members, other directors, and management. In evaluating candidates, the Nominating and Corporate Governance Committee takes into consideration such factors as it deems appropriate, including any legal requirements or listing standards requirements. The Nominating and Corporate Governance Committee considers a candidate's judgment, skills, integrity, experience with businesses and other organizations of comparable size and complexity, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, it does consider such issues as diversity of education, professional experience, differences of viewpoints, and skills when assessing individual director-nominees. In general, no person who will have reached the age of 75 prior to election date may be nominated for election or re-election to the Board. It is also the Board's practice to limit new directors to no more than two per year in order to maintain Board continuity.

Although the Nominating and Corporate Governance Committee does not specifically solicit suggestions for possible candidates from shareholders, the Nominating and Corporate Governance Committee will consider candidates recommended by shareholders who meet the criteria discussed above and set by the Nominating and Corporate Governance Committee, with the concurrence of the full Board. The criteria will be re-evaluated periodically and will include those criteria set out in the Corporate Governance Guidelines and the Nominating and Corporate Governance Committee's charter. Suggestions together with a description of the proposed nominee's qualifications, other relevant biographical information and an indication of the willingness of the proposed nominee to serve, should be sent to Cass Information Systems, Inc., Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131.

#### Compensation Committee

The Compensation Committee fulfills the Board's responsibilities relating to compensation of the Company's directors, CEO, and other executives. The Compensation Committee also has responsibility for approving, evaluating, and administering the compensation plans, policies, and overall programs of the Company. The Compensation Committee is able to delegate any of its responsibilities to one or more subcommittees as it deems appropriate in its discretion.

#### Compensation Processes and Procedures

As specified in its charter, the Compensation Committee recommends annual retainer fees, Board and committee meeting fees, and terms and awards of stock compensation for non-management directors, subject to appropriate approval by the Board or shareholders.

The Compensation Committee also establishes and administers the Company's executive compensation program and related benefits. While the Compensation Committee may seek input and recommendations from the CEO, CFO, or the Vice President of Human Resources concerning the elements of executive and director compensation, and confer with them on compensation philosophies, all significant matters regarding compensation for executives are ultimately the responsibility of the Compensation Committee. The Compensation Committee annually reviews corporate goals and objectives relative to the CEO's compensation and determines the CEO's compensation level based on this evaluation, subject to Board approval. The Compensation Committee is responsible for recommending to the Board salary levels and incentive stock compensation for executive officers of the Company, and approving incentive stock compensation for other members of management as recommended by the CEO. The responsibility for allocating cash bonuses for executive officers other than himself is delegated to the CEO, in accordance with provisions of the profit sharing program approved by the Board.

Periodically, the Company uses compensation specialists to assist in designing or modifying some components of its overall compensation program and to provide comparison data of compensation at other organizations with which the Company competes for executive management talent. In such circumstances, the Compensation Committee does not rely solely on survey data or the consultant's judgment or recommendation, but considers such data when exercising its judgment in evaluating the Company's compensation program.

#### Compensation Committee Interlocks and Insider Participation

Messrs. Lindemann, Rupp and Wicks served on the Compensation Committee during the entire fiscal year ended December 31, 2017. None of the members of the Compensation Committee during the last fiscal year is or has been an officer or employee of the Company. None of the Company's executive officers currently serves, or in the past fiscal year has served, as a member of the Board of Directors or compensation committee (or other Board committee performing equivalent

functions) of any entity that has one or more of its executive officers serving on the Company's Board of Directors or the Compensation Committee, except as follows: Mr. Edwards, a member of the Company's Board of Directors and member of the Compensation Committee until January 31, 2017, serves as the Chairman, CEO and President of Benjamin Edwards, Inc., the holding company of Benjamin F. Edwards & Company, a St. Louis-based investment firm. Mr. Appelbaum, the Company's Executive-Vice President and CFO, currently serves as a member of the Board of Directors of Benjamin Edwards, Inc. and has served in this position since August 17, 2017. Mr. Appelbaum does not serve on the Compensation Committee of Benjamin Edwards, Inc.

None of the members of the Company's Compensation Committee or other members of the Board of Directors is a person having a relationship requiring disclosure by the Company pursuant to Item 404 of Regulation S-K.

#### Director Compensation

Each director of the Company who is not an officer or employee of the Company receives compensation for his services. Based on recommendation from the Compensation Committee, the Board approved a revision to the fee structure as of April 24, 2018. The following represents the fee structures applicable for the periods indicated:

	Prior to April 24, 2018	On and After April 24, 2018
Regular Board Meeting Fee	\$ 2,500	\$ 2,500
Board Committee Meeting Fee	\$ 1,000	\$ 1,000
Annual Retainer:		
Chairman of the Board*	\$ 50,000	\$ 50,000
Lead Director	\$ 25,000	\$ 25,000
Board Member	\$ 30,000	\$ 32,500
Audit Committee Chair	\$ 10,000	\$ 10,000
Compensation Committee Chair	\$ 7,000	\$ 7,000
Nominating and Corporate Governance Committee Chair	\$ 7,000	\$ 7,000
Restricted Stock Award**	\$ 50,000	\$ 52,500

\* Effective April 20, 2015 this fee is not being paid due to Mr. Brunngraber's position as an executive officer of the Company.

\*\* Directors will receive the equity equivalent of the dollar amounts indicated above.

Restricted stock awards are issued under the Company's Amended and Restated Omnibus Stock and Performance Compensation Plan (the Omnibus Plan). The shares carry voting and dividend rights. Dividends are paid quarterly prior to vesting. Shares vest in full on the first anniversary date of the awards or, if elected by the director, vest at retirement from the Board, as disclosed below. The grant date of awards is typically the day following the Annual Meeting, when the full Board approves the awards. In accordance with the Company's stock ownership guidelines, directors are expected to retain all shares granted to them during their service as Board members and are encouraged to acquire stock in amounts consistent with their financial resources.

The Company maintains a non-employee director compensation election program to allow non-employee directors to receive their annual board member retainer fees in the form of restricted stock and provide for a separate election to defer the vesting of all restricted stock until the date of termination of service as a director. Elections must be made prior to the calendar year for which the election will apply and made annually, with the exception of the first year in which a director becomes eligible to participate, after which the election must be made within 30 days.

#### Summary Compensation - Directors

The table below sets forth the following compensation for each non-executive director for the fiscal year ended December 31, 2017: (i) dollar value of fees earned or paid; (ii) aggregate grant date fair value of restricted stock awards; (iii) all other compensation; and (iv) dollar value of total compensation.

Name (1)	Fees Earned or Paid in Cash \$(2)	Stock Awards \$(3)	All Other Compensation \$(4)	Total (\$)
Ralph W. Clermont	70,500	50,020	2,596	123,116
Lawrence A. Collett	80,700	50,020	778	131,498
Robert A. Ebel	61,300	50,020	3,698	115,018
Benjamin F. Edwards, IV	45,000	50,020	778	95,798
James J. Lindemann	53,500	50,020	5,368	108,888
Joseph D. Rupp	46,500	50,020	1,205	97,725
Randall L. Schilling	47,500	50,020	5,368	102,888
Franklin D. Wicks, Jr.	57,500	50,020	3,840	111,360

Compensation for Mr. Brunngraber is set forth in Executive Officers – Summary Compensation Table and related (1) tables. Because Mr. Brunngraber is an executive officer of the Company, he did not receive any additional compensation for his services as director.

Represents fees paid during 2017 for services, including Board meeting and Board committee meeting attendance, as well as retainers for Board membership and Board committee chair positions. For Mr. Collett, the amount also includes fees received as the Lead Director. Amounts include the following fees for service on the Executive Loan Committee of Cass Commercial Bank, the Company's bank subsidiary: Mr. Clermont, \$9,000; Mr. Collett, (2) \$13,200; and Mr. Ebel, \$13,800. The Executive Loan Committee held 23 meetings during 2017. Attendance fees were \$600 per meeting. Messrs. Clermont, Lindemann, Rupp, Schilling, and Wicks elected to receive their Board retainer fees in the form of restricted stock and each received 498 shares of restricted stock (adjusted for the effect of the stock dividend that occurred on December 15, 2017) in lieu of \$30,000 of cash payments. The restricted stock vests in full on the first anniversary date of the awards or, if elected by the director, vests at retirement from the Board.

Represents the full grant date fair value of shares of restricted stock awarded in 2017 under the Company's Omnibus Plan. All directors were awarded 833 shares of restricted stock (adjusted for the effect of the stock dividend that occurred on December 15, 2017). Shares vest in full on the first anniversary of the grant date or, if elected by the director, upon the director's retirement from the Board. These amounts were computed in accordance with the Financial Accounting Standard Board's Accounting Standard Codification Topic 718 (FASB ASC Topic (3) 718). These amounts do not represent the actual amounts paid to or realized by the directors during fiscal year 2017. The value as of the grant date for restricted stock is recognized over the number of days of service required for the grant to become vested. See Note 11 to the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 for a complete description of the material assumptions applied in determining grant date fair value. The aggregate number of shares of restricted stock awards issued under the Omnibus Plan and outstanding at December 31, 2017 for each director was as follows:

Name	Shares*
Ralph W. Clermont	3,556
Lawrence A. Collett	833
Robert A. Ebel	4,464
Benjamin F. Edwards, IV	833



James J. Lindemann	6,752
Joseph D. Rupp	1,952
Randall L. Schilling	6,752
Franklin D. Wicks, Jr.	4,964

\*If elected, includes shares received for retainer fees and/or deferred until retirement. Share figures adjusted for the 10% stock dividend that occurred on December 15, 2017.

(4) Represents dividends paid on restricted stock awards for all directors.

#### Certain Relationships and Related Party Transactions

Some of the directors and executive officers of the Company, and members of their immediate families and firms and corporations with which they are associated, have had transactions with the Company's subsidiary bank, including borrowings and investments in depository accounts. All such loans and investments have been made in the ordinary course of business, on substantially the same terms, including interest rates charged or paid and collateral required, as those prevailing at the same time for comparable transactions with unaffiliated persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

As provided by the Audit Committee's charter, the Audit Committee must review and approve all transactions between the Company and any related person that are required to be disclosed pursuant to Item 404 of Regulation S-K. "Related person" and "transaction" shall have the meanings given to such terms in Item 404 of Regulation S-K, as amended from time to time.

In determining whether to approve or ratify a particular transaction, the Audit Committee will take into account any factors it deems relevant.

#### Report of the Audit Committee

The Audit Committee assists the Board in providing oversight of the systems and procedures relating to the integrity of the Company's financial statements, the Company's financial reporting process, its systems of internal accounting and financial controls, the internal audit process, risk management, the annual independent audit process of the Company's annual financial statements, the Company's compliance with legal and regulatory requirements, and the qualification and independence of the Company's independent registered public accounting firm. The Audit Committee reviews with management the Company's major financial risk exposures and the steps management has taken to monitor, mitigate, and control such exposures. Management has the responsibility for the implementation of these activities. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, including a discussion of the quality and the acceptability of the Company's financial reporting and controls.

The Company's independent registered public accounting firm is responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles and on the effectiveness of the Company's internal control over financial reporting. The Committee reviewed with the independent registered public accounting firm the firm's judgments as to the quality and the acceptability of the Company's financial reporting and such other matters as are required to be discussed with the Committee under auditing standards of the Public Company Accounting Oversight Board (PCAOB) (United States), including the matters required to be discussed by the Statement on Auditing Standards No. 1301 (Communication with Audit Committees). In addition, the Committee has discussed with the independent registered public accounting firm the firm's independence, including the impact of non-audit-related services provided to the Company, and has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accounting firm's communications with the audit committee concerning independence.

The Committee also discussed with the Company's internal auditors and the independent registered public accounting firm in advance the overall scope and plans for their respective audits. The Committee meets regularly with the internal auditor and the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended

December 31, 2017 for filing with the SEC.

Ralph W. Clermont, Chairman

Robert A. Ebel

Randall L. Schilling

## II. ADVISORY VOTE ON EXECUTIVE COMPENSATION - PROPOSAL 2

The Board is committed to excellence in governance and recognizes that executive compensation is an important matter for our shareholders. The core of the Company's executive compensation philosophy and practice continues to be to pay for performance. The Company's executive officers are compensated in a manner consistent with the Company's strategy, competitive practice, sound corporate governance principles, and shareholder interests and concerns. The Company believes its compensation program is strongly aligned with the long-term interests of shareholders, as exhibited in the Compensation Discussion and Analysis section of this Proxy Statement, which provides additional details on executive compensation, compensation philosophy and objectives, and the 2017 compensation of the named executive officers. Shareholders are asked to vote on the following resolution:

**“RESOLVED**, that the shareholders approve the compensation paid to the Company's named executive officers as disclosed pursuant to the SEC's compensation disclosure rules, including the Compensation Discussion and Analysis, compensation tables and any related material contained in this Proxy Statement.”

The above-referenced disclosures are included in this Proxy Statement under the Executive Compensation and Related Information section.

The Board urges shareholders to endorse the compensation program for our executive officers by voting FOR the above resolution. As discussed in the Compensation Discussion and Analysis contained in this Proxy Statement, the Compensation Committee of the Board believes that the Company's executive compensation is reasonable and appropriate, is justified by the performance of the Company, and is the result of a carefully considered approach.

As an advisory vote, this proposal is non-binding and will not overrule any decision by the Board or require the Board to take any action. However, the Board and the Compensation Committee value the opinions of our shareholders, and will consider the outcome of the vote when making future compensation decisions for the named executive officers.

***The Company's Board recommends a vote FOR the Company's executive compensation program as described in the Compensation Discussion and Analysis, the compensation tables and otherwise in this Proxy Statement.***

### III. EXECUTIVE COMPENSATION AND RELATED INFORMATION

#### Compensation Discussion and Analysis

##### Overview of Compensation Philosophy and Objectives

The Compensation Committee believes that the skill and dedication of executive officers and other management personnel are critical factors affecting the Company's long-term success in meeting its objectives and fostering growth and profitability. In support of this, compensation programs have been designed to attract and retain a high level of talented leadership, reward performance in accordance with results, provide an incentive for future performance and align Company executives' long-term interests with those of the shareholders.

The Compensation Discussion and Analysis (CD&A) describes, in detail, the Company's executive compensation philosophy and programs provided to named executive officers as they are determined under SEC rules. For 2017, named executive officers included the following individuals:

<b>Name</b>	<b>Title</b>
Eric H. Brunngraber	Chairman, President and CEO
P. Stephen Appelbaum	Executive Vice-President, Chief Financial Officer (CFO) & Secretary
Mark A. Campbell	President, Transportation Information Services
Gary B. Langfitt	President, Expense Management Services
Robert J. Mathias	President, Chief Operating Officer (COO) of Cass Commercial Bank

The overall compensation program is designed to result in compensation that is commensurate with Company and individual performance. The Company believes that high levels of performance should yield compensation that is competitive externally and equitable internally. The Compensation Committee periodically assesses the Company's compensation programs to confirm that incentives are in place to retain key management talent, reward attainment of longer term objectives, and assure that these programs do not encourage risky behavior on the part of individuals or the executive management team.

In order to assure that executive compensation is both competitive and appropriate, the Compensation Committee reviews executive compensation in its entirety before determining any adjustments to specific compensation components. In this process, the Compensation Committee primarily considers the value of cash and incentive equity compensation. Benefits, such as perquisites, and the calculated values of any retirement benefits provided under the Company's defined benefit, defined contribution and supplemental retirement plans are also considered, though these elements are given less weight. Gains from prior equity incentive awards are also given less weight, as these were awards earned and granted based on prior performance.

The CEO is eligible to participate in all Company benefit programs including those available to other executive officers, and receives no additional perquisites beyond those available to other executive officers except for a club membership allowance which is also provided to the President and COO of Cass Commercial Bank.

For fiscal 2017, the components of total direct compensation (TDC) for the named executive officers and their purpose were as follows:

Compensation Element	Fixed/ Variable	Key Features	Purpose
Base Salary	Fixed	Reviewed by Compensation Committee annually	Provides a base level of fixed pay to attract and retain executives that is internally equitable and externally competitive
		Varies with experience, duties and scope of responsibility	
		Paid two times a year, based on a pool of funds set at 12.5% of net income before taxes, providing bonuses to all employees unless specifically excluded due to their employment class or failure to meet minimum performance expectations	
Profit Sharing Bonus	Variable	CEO is eligible to receive 4% of the total pool of funds available for distribution not to exceed 70% of base salary	Provides annual incentive opportunity and rewards employees for overall company and individual performance
Long Term Incentive Equity Compensation		Other executive officers receive amounts based on change in net income after taxes and individual performance not to exceed 50% of base salary of any officer	Encourages retention through a 3 year cliff vesting period
		Granted annually with 3-year cliff vesting	
		CEO target = 125% base salary	

	Other executive officer target = 70% base salary	Supports achievement of Company's longer-term financial goals of sustained EPS growth and target ROE
	40% time-based restricted stock/units	
Fixed		
	60% performance-based restricted stock	Aligns interests of executives with shareholders
Variable		

The chart that follows shows the percentages of each component of TDC paid to the CEO and the average percentages of each of the TDC components paid to the other named executive officers for fiscal 2017:

Based on the market data provided by Pay Governance, as part of the annual review of executive compensation, the Committee believes that the composition of TDC is in alignment with companies of a similar size and in similar industries as Cass. Over 60% of the CEO's TDC is in the form of performance-based profit sharing, to emphasize the importance of annual profitability, and long-term incentive compensation (LTIC), to emphasize the importance of long-term strength, profitability and growth in the value of the Company's common stock.

In its determination of the level, composition and administration of executive compensation, the Committee understands the importance of aligning executive compensation with the performance of the Company, the long-term interests of its shareholders and in promoting good corporate governance. It therefore employs the following best practices:

Pay for performance – The profit sharing plan provides annual cash bonuses directly tied to earnings. The LTIC grants are comprised of 60% performance-based awards based on the achievement of preset earnings per share (EPS) and return on equity (ROE) performance targets.

Caps on short and long-term bonuses – Short-term profit sharing bonuses are capped at 70% of base salary for the CEO and 50% of base salary for the other named executive officers. The maximum amount of performance-based LTIC awards ultimately earned is capped at 150% of the target award and no performance-based LTIC awards are earned if performance falls below the threshold achievement level.

“Clawback” policy – The Compensation Committee has the right to rescind, revoke or adjust any profit sharing bonus or LTIC awards if there is a material restatement in financial results and the named executive officers received incentive compensation based on the erroneous data.

Stock ownership guidelines – The CEO must receive approval from the Lead Director of the Company's Board of Directors before selling shares of the Company's stock and the other named executive officers must consult with the CEO and CFO before selling shares of the Company's common stock. Except for special circumstances, such as financial hardship, approval to sell would not be given if such sale would result in holdings of less than five times base salary in the case of the CEO and less than three times base salary in the case of the other named executive officers.

“Double trigger” of LTIC vesting due to change-in-control – LTIC grants will only result in accelerated vesting if a change-in-control results in termination of employment.

Modest perquisites – The total amount of perquisites provided to any executive officer does not exceed \$30,000 each annually. Perquisites include country club dues and automobile allowances only.



No long-term employment agreements – All executives are hired “at-will” and there are no long-term employment arrangements that provide for compensation beyond an employee’s termination date. The only payments beyond termination date are payments from one of the Company’s retirement plans and allowable vesting of LTIC awards upon certain conditions.

No dividends on unearned performance-based LTIC – There are no dividends paid or accrued on unearned performance-based awards until such time the awards are earned and settled.

No tax gross-ups – There are no tax gross-ups on any form of compensation provided to the CEO or any other executive officer.

All share and per share figures included in this CD&A have been adjusted to give effect to the 10% stock dividend that occurred on December 15, 2017. Figures marked with “\*” are non-GAAP figures.

### **Committee Review of Executive Compensation**

For the past several years the Committee has retained Pay Governance as part of its annual review of executive compensation. Pay Governance provides the Committee with external market data on the executive compensation of companies of a similar size and in similar industries as Cass. For the review of executive compensation for 2017, Pay Governance provided data that consisted of annual salary, short-term incentives, long-term incentives, and pay mix. Data was obtained from the following sources:

- Size-adjusted data from Willis Towers Watson’s 2016 Top Management Compensation Survey – U.S., focusing on:
  - Services sector, for the CEO, President Transportation Information Services and President, Expense Management Services; and
  - Financial Services sector for the CFO and President, Cass Commercial Bank.
- Compensation data, including the components of TDC, from similarly-sized publicly-traded companies in the Business Services and Banking industries.

It is the Company’s philosophy that performance, rather than benchmarking, drive executive compensation. Therefore, in reviewing external data, the Committee does not engage in benchmarking to establish compensation levels or make specific compensation decisions. The Committee feels that this is appropriate due to the Company’s unique structure, needs, differences in the size of surveyed companies, and the lack of sufficient appropriate matches to provide statistical relevance. Instead, the Committee reviews survey data only to gain a better understanding of general compensation practices. In establishing executive compensation, the Committee takes into account a number of other considerations, including individual and Company performance, experience, and scope of responsibilities of the executive officers, desire to retain key personnel and the Company’s objective to maintain internal compensation equity. Pay Governance’s overall conclusion confirmed the Committee’s belief that 2017 compensation levels were appropriate for the Company.

The Compensation Committee determines base salary and incentive compensation adjustments for the CEO and other executive officers, subject to Board approval. In evaluating compensation adjustments for the executive officers other than the CEO, the Compensation Committee gives consideration to the CEO's recommendations concerning each executive's performance and related salary and incentive stock levels. Cash bonuses for the CEO and executive officers are allocated in accordance with the Company's board-approved profit sharing program, as further described in Profit Sharing Bonus below.

Finally, in arriving at its decisions on executive compensation for fiscal 2017, the Compensation Committee took into account the shareholder advisory vote approving executive compensation at the 2017 Annual Meeting of Shareholders and continued to apply the same overall principles in determining the amounts and types of executive compensation.

In 2016, the Committee engaged the services of Pay Governance to examine the Company's LTIC program. Pay Governance reviewed the current LTIC program and also provided data reflecting overall market practices with respect to LTIC, as well as comprehensive data on grant levels and LTIC practices of similarly-sized publicly-traded companies in the Business Services and Banking industries. After this comprehensive review, the Committee recommended that the Company's LTIC program be updated to provide LTIC that is more in-line with market practices to help the Company attract and retain key executives and management and better align future compensation with future performance. The Board of Directors approved

the new LTIC program in January 2017 upon the recommendation of the Committee. A detailed explanation of the new LTIC program that governed 2017 LTIC awards to our named executive officers is provided in the Long Term Incentive Compensation section below.

The Committee has determined that the consultants and advisers retained or consulted by the Committee are well qualified, independent and raise no conflict of interest concerns. Pay Governance does not provide any services to the Company other than those services for which it was retained by the Committee.

### **Historical CEO Pay and Performance**

The Committee believes that earnings per share (EPS) is the primary performance measurement to reflect the success of the Company and the performance of executives. As such, this measure is one of the primary factors in the determination of the performance-based awards granted under the LTIC program. The following graph reflects the change in EPS over the last five fiscal years and how it compares to the TDC paid to the CEO.

Adjusted EPS for fiscal 2017 represents EPS of \$2.16\* and excludes the one-time adjustment to tax expense made in fiscal 2017 as a result of the Tax Cuts and Jobs Act (TCJA) enacted in December 2017, as more fully discussed below and in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Prior to 2017, the LTIC awards granted each year to the CEO and other named executive officers were based on a performance look-back period, as explained in the Long Term Incentive Compensation section below. Therefore, there is a lag on the impact performance had on the LTIC included in the TDC.

In 2017, in connection with the reworking of the Company's LTIC program, the LTIC grants were based on a three-year prospective performance period. The LTIC included in the 2017 TDC in the graph above reflects time-based restricted stock that will cliff vest in three years and performance-based restricted stock that will not be earned until 2020, depending on the Company's achievement of EPS and ROE performance targets for the January 1, 2017 through December 31, 2019 performance period. The performance-based portion of the LTIC may not be earned at all should threshold performance targets not be met.

## **Executive Summary of Results**

The Company posted record revenue of \$135.3 million in fiscal 2017, up 8% from the prior year, due primarily to growth in items and dollars processed. The growth was broad-based, stemming from new clients, increased activity from existing accounts and an improving economy. Before a large, one-time, non-cash charge to income taxes made at year-end to account

for the passage of the TCJA, earnings stood at \$26.8 million\*, or \$2.16 per share\*, a 10%\* increase over 2016. After the \$1.8 million charge to income taxes GAAP earnings were \$25.0 million or \$2.01 per share, up 3% from last year.

The Company continues to operate profitably, posting a 1.6% return on average assets and 11.6% return on average equity notwithstanding the low interest rate environment and strong liquidity and capital positions. For example, year-end Tier 1 capital-to-assets ratio was 13.9%, which significantly exceeded that of peers and all regulatory requirements.

Management believes that the Company enters 2018 in a strong position to capitalize on the opportunities presented by an improving economy and dynamic marketplace. The Company's solid financial position combined with the significant amount of cash generated from operations will allow for investment in strategic opportunities when they become available and return capital to shareholders. The Company continues to invest in the technology, processes and people required to support its multi-national customer base. For instance, in fiscal 2017, Cass Information Singapore PTE. LTD. was formed to join the Company's existing North American, South American, and European business entities in order to give customers a more complete and comprehensive solution for its global freight bill processing, audit, payment and information needs. The technology investments that were required to support this global journey have also positioned the Company to explore the broadening of its target markets in 2018.

Based on the Company's performance and outlook for the future, the Board increased cash dividends nearly 15% in 2017 by raising the quarterly cash dividend to \$.24 and declaring a 10% stock dividend.

## Elements of Compensation

The key elements of the Company's executive compensation program include base salary, annual cash bonus awards distributed pursuant to the Company's profit sharing program, and LTIC equity awards. A description of these elements and the Company's benefit plans and perquisites is included below.

### Base Salary

Salaries are established for executive officers by balancing both internal and external factors. Internal equity is determined through comparison with other executives within the Company, taking into account the scope of responsibilities, performance, skills, and experience. Similarly, the Committee considers external data to validate competitiveness and reasonableness in the marketplace. Considerable weight is given to performance of the individual

and his or her associated operating unit, taking into account factors such as revenue growth, cost efficiencies, technological advancements, and leadership. Specific individualized targets and quantitative performance measurements are not utilized. Base salaries are designed to attract and retain high levels of expertise and talent. The Compensation Committee reviews salaries of the CEO and other executive officers at the beginning of each fiscal year. The Compensation Committee determines any adjustments to the CEO's salary and gives consideration to the CEO's recommendation regarding adjustment to executive officer salaries, based on the criteria referenced above.

The Committee believes that base salary increases for 2017 were reflective of the performance of individuals and individual operating units, sustained corporate earnings, overall corporate growth over the past several years, and competitive forces projected by the external market. Base salary levels were adjusted, effective April 2017, for the named executive officers as follows: Mr. Brunngraber, \$615,000, up from \$590,000; Mr. Appelbaum, \$282,000, up from \$274,000; Mr. Langfitt, \$256,000, up from \$248,000; Mr. Mathias, \$293,000, up from \$286,000; and Mr. Campbell \$227,000, up from \$217,000.

#### Profit Sharing Bonus

The Company is unique in having a profit sharing program which has been in existence since 1968. These cash bonuses are paid to all eligible employees of the Company and its subsidiaries, according to the profit sharing program approved by the Board, pursuant to the Company's Omnibus Plan. The purpose of this program is to facilitate the Company's continued growth and success by providing rewards that are commensurate with achievement, thereby creating an incentive for superior performance and improved results for shareholders. The profit sharing program is funded and paid semi-annually based on a target of 12.5% of the Company's profits before taxes. As such, all cash bonuses paid by the Company are capped and are available only when, and to the extent that, the Company is profitable overall.

Total profit sharing funds are divided into pools to be distributed among various employee groups, including the CEO, executives, exempt and non-exempt staff. For fiscal 2017, the target percentage of base salary to be received by the CEO

ranged from 0% to a maximum of 70%. The target percentage of salary to be received by each of the other named executive officers ranged from 0% to a maximum of 45% in the case of Messrs. Langfitt and Campbell and 0% to a maximum of 50% in the case of Messrs. Appelbaum and Mathias.

The terms of the profit sharing program governing 2017 compensation provided that the CEO was eligible to receive a flat 4% of the total profit sharing funds available for distribution during the year, subject to a maximum of 70% of base salary. This percentage was set based on the Committee's desire to achieve the target bonus of between 0% and 70% of the CEO's salary. The Committee believes that the allocation of profit sharing funds to the CEO maintains internal equity and results in a competitive pay package.

For fiscal 2017, the portion of the profit sharing funds allocated to payouts to the other named executive officers was determined based on the change in net income after taxes (NIAT) for fiscal 2017 compared to the prior year. This pool can range from 9% to 16% of the total profit sharing funds available to exempt staff based on a change in the NIAT of -20% to +20% or greater, respectively. While the pool of funds available for distribution to the other named executive officers is dependent on the overall size of the pool and change in NIAT, the individual distributions have historically been, and for fiscal 2017 were, based on a subjective assessment of each executives performance, taking into consideration factors such as performance of each individual and their associated operating unit. When conducting his evaluation of an executive's performance, the CEO considers factors such as revenue growth, cost efficiencies and technological advancements within the executive's operating unit, and leadership skills and other accomplishments during the fiscal year. Consideration is also given to profit sharing payments that an individual has received in the past as well as those received by other named executive officers, in order to help achieve internal compensation equity.

The percentages of the total profit sharing funds available to the CEO and other named executive officers have been set to result in payments that fall within the targeted salary percentages for the CEO and other named executive officers. The targeted percentage salary ranges for the CEO and other named executive officers have, for the most part, been in place since the Company's profit sharing program was established. These ranges were established based on the following factors: (i) the goal to maintain internal equity that reflects the responsibilities of the position relative to other positions within the Company; (ii) the objective to provide incentive compensation that is adequate to attract and retain talent, validated through the Company's recruitment efforts and periodic review of general marketplace survey data; and (iii) the desire to minimize overly risky compensation practices in line with the Company's conservative risk profile.

The target salary percentage payouts and the distributions made to the CEO and other named executive officers are regularly reviewed by the Compensation Committee in accordance with the factors noted above. The Compensation Committee has determined that fiscal 2017 profit sharing payments resulting from the methodology described above fall in line with the Company's compensation philosophies and objectives and reflect the Company's emphasis on performance-based compensation.

Fiscal 2017 bonuses were paid in August 2017 and February 2018, respectively. The CEO's bonus totaled 4% of the funds available for distribution for the year, with the payment made in August 2017 based on the funds available through June 30, 2017 and the balance paid in February 2018 based on the funds available for the year ended December 31, 2017. The funds available for distribution for the year ended December 31, 2017 were \$5,799,300 and resulted in the CEO receiving a total 2017 profit sharing payment of \$232,000.

The total profit sharing pool funds available to other executive officers, including the named executive officers other than the CEO, was based on a 2.73% increase in NIAT for the year ended December 31, 2017 over the year ended December 31, 2016, resulting in 13.36% of the total exempt staff profit sharing pool being available for profit sharing payments to executive officers, including named executive officers other than the CEO. A payment was made in August 2017 based on the results through June 30, 2017, with the balance paid in February 2018 based on the results for the year ended December 31, 2017. As noted above, the amount of these profit sharing funds allocated to individual executive officers, other than the CEO, was primarily determined by the change in NIAT. The CEO then determines individual allocations based on a subjective evaluation considering internal equity among the executive officers and other individual performance factors, including:

- P. Stephen Appelbaum: overall stewardship of corporate financial processes, reporting, and controls.
- Gary B. Langfitt: leadership and growth of the Company's expense management business units.



- Robert J. Mathias: ongoing growth of the Company's banking subsidiary while maintaining excellent credit quality.
- Mark A. Campbell: leadership and growth of the Company's Transportation Information Services business unit.

Payments made to Messrs. Appelbaum, Campbell, Langfitt and Mathias increased in 2017 as compared to 2016, due to the individual performance of these named executive officers and the increase in NIAT which corresponded to an increase in the funds available for distribution to these executive officers. Payments made to the CEO increased due to the increase in Company's profits before taxes and corresponding increase in the total funds available for distribution.

### Long-Term Incentive Compensation

LTIC is awarded to various members of the Company's management team, including all named executive officers, in accordance with the Company's Omnibus Plan. The objectives of the Omnibus Plan are to provide an incentive which aligns executive officers' interests with those of shareholders, assist in recruiting, encourage retention, and reward executive officers for the Company's success.

As explained in the Committee Review of Executive Compensation a new award program was approved by the Board in January 2017. One of the most significant changes was the change from granting time-based awards based on a performance lookback period to granting awards based on target grant levels that include both time-based awards and performance-based awards that will be earned based on a forward-looking performance period. This and other elements of the new award program are described below.

LTIC awards consist of 40% time-based restricted stock or restricted stock units (RSUs) and 60% performance-based restricted stock. The Committee believes that time-based awards reinforce the Company's long-term objectives, serve as a retention incentive and reward the appreciation of the Company's common stock price. The Committee believes that performance-based restricted shares incentivize the named executive officers to meet or exceed the Company's long-term ROE and EPS targets. The LTIC program contains a retirement provision, which allows participants age 65 or older, with at least five years of service, to continue to vest in previously awarded grants after retirement. Due to this provision, and to delay the early taxation of the time-based restricted stock, the Company allows participants who are age 62 or older, with five or more years of service, to elect to receive RSUs in lieu of the time-based restricted stock.

The time-based awards cliff vest three years from the date of grant, and the performance-based awards cliff vest three years from the grant date with the amount earned based on EPS and ROE achievements over a three-year performance period to reinforce a longer-term commitment to sustained growth and profitability. The ultimate number of

performance-based shares earned will range from 0% to 150% of the target award based on the Company's achievement of EPS and ROE performance goals.

The value of target LTIC awards was set at 125% of base salary for the CEO and 70% of base salary for the other named executive officers. The target values were based, in part, on market data provided by Pay Governance and also considered historical grant levels, overall TDC targets and the Company's desire to incentivize performance. The number of shares granted to an executive officer is determined by dividing the officer's target LTIC award dollar value by the fair market value of the Company's common stock using the closing stock price as reported on the Nasdaq on the grant date.

The Committee selected growth of EPS and average ROE as the basis for awarding performance-based restricted stock because these are two key measurements used by the Company to measure the long-term growth and strength of the Company. The target levels of performance for each measurement were established based on the on-going performance level that is expected by the Board, with the threshold representing the minimum acceptable level to earn any additional compensation and the maximum as the level of performance that would be considered an exceptional achievement. These pre-established targets are scheduled for a comprehensive review at least every three years and may be reviewed and adjusted earlier if current business conditions dictate a review is needed.

The performance goals beginning with the 2017 grants are as follows:

Factor	Percent of Target Earned		
	50%	100%	150%
	Threshold	Target	Maximum
EPS annual growth	0 %	8 %	16 %
Average ROE	7 %	11 %	15 %

The EPS growth goal, as shown in the table above, represents a compounding annual growth rate over a base year EPS, which is the year preceding the beginning of the three-year performance period. The EPS performance goals established for each three-year performance period will be presented as a dollar value based on these EPS growth percentages. The ROE goal presented in the table above will be based on the average ROE over the three-year performance period.

To provide an equal balance between profitability and growth, each factor will be weighted 50% to determine the total percentage of performance-based restricted stock earned. For each factor, target performance would result in 100% being earned related to that factor, performance at threshold would result in 50% being earned and maximum or higher performance would result in 150% being earned. Any performance below threshold would result in 0% earned related to that performance factor. Vesting percentages for performance that falls between threshold and target or target and maximum will be prorated between the respective vesting percentages. The percentage earned for each factor will then be multiplied by the 50% weighting and added together to determine the total percentage earned. The number of shares ultimately earned will then be determined by multiplying the number of shares granted at the beginning of the performance period by the total percentage earned, rounded to the nearest whole share.

Achievement of performance goals for performance-based restricted stock shall be determined based on generally accepted accounting principles and may be adjusted for extraordinary items as determined by the Company's Board. Extraordinary items shall mean unusual and/or non-recurring items, including but not limited to: restructuring or restructuring-related charges, gains or losses attributable to the disposition of a business or major asset, resolution and/or settlement of litigation and other legal proceedings or any other such income or expense related item that the Board has determined to be of an unusual or extraordinary nature and not under the reasonable control of the Company's management.

The terms of the LTIC awards are set forth in a restricted stock or RSU award agreement entered into with each executive officer at the time of grant. Time-based restricted stock carries voting and dividend rights and cliff vests on the three-year anniversary of the grant date. Time-based RSUs are settled in shares of common stock on the three-year anniversary of the grant date, have no voting rights and dividends accumulate over the restriction period and will be paid upon vesting. In the event of disability or death of the named executive officer, time-based restricted stock and RSU awards vest immediately and performance-based restricted stock awards vest under the original terms of the

agreement. In the event of change in control, and subsequent termination of service of the named executive officer, all restricted stock awards vest immediately with performance-based restricted stock awards vesting at the target performance level. LTIC awards are not re-priced, in accordance with the Company's long-standing practice.

The Company does not allow the grant of awards to be timed with the release of material non-public information such that it would have an effect on the exercise price that would benefit the executive. Beginning with the LTIC awards granted in 2017, the independent Board members approve the dollar value of such awards. Generally this occurs at the January Board meeting and the grant date is the date the annual financial results are released to the public.

#### 2017 LTIC Awards

The 2017 awards were granted on February 2, 2017 and were valued using the closing stock price as reported on the Nasdaq on the grant date of \$59.20. The number of target shares granted to each named executive officer is as follows:

Name	Time-Based Restricted Shares	Time- Based RSUs	Performance- Based Restricted Shares
Eric H. Brunngraber	4,983		7,474
P. Stephen Appelbaum	1,295		1,943
Mark A. Campbell	1,026		1,540
Gary B. Langfitt	1,172		1,760
Robert J. Mathias		1,353	2,029

The following performance targets were established for the three-year performance period from January 1, 2017 to December 31, 2019:

Factor	Threshold	Target	Maximum
EPS	\$ 5.88	\$ 6.87	\$ 7.97
Average ROE	7 %	11 %	15 %

#### *Clawback Policy*

The Company maintains a clawback policy that allows the Compensation Committee to rescind, revoke, adjust, or otherwise modify any awards granted under the Omnibus Plan that would have been lesser if calculated based on the restated results. The rescission, revocation, adjustment or modification of awards is at the sole discretion of the Compensation Committee and will be made consistently for all recipients in the plan for the restatement year, whether or not the recipient participated in conduct which led to the restatement.

#### 401(k) Defined Contribution Plan

The Company provides retirement benefits to eligible employees, including named executive officers, under the Cass Information Systems, Inc. 401(k) Plan. Eligible employees may enter the plan at the first of the month following one month of service. Employees may voluntarily defer the maximum level allowed by the Internal Revenue Service (IRS), which was \$18,000 for 2017, plus an additional \$6,000 catch-up contribution for employees age 50 or older. The Company matches 50% of the first 3% of employee contributions, subject to IRS limitations. Beginning January 1, 2017 for all employees that are eligible to participate in the Cass Information Systems, Inc. 401(k) Plan but are not eligible to participate in the Company's defined benefit retirement plan, as described below, the Company provides a 3% contribution to the employee's 401(k) and matches 50% of the first 6% of employee contributions, subject to IRS limitations. All employee contributions vest immediately. Company contributions vest for each employee on the employee's third anniversary of employment with the Company.

## Defined Benefit Retirement Plans

### Retirement Plan for Employees of Cass Information Systems, Inc.

The Company provides a noncontributory defined benefit retirement plan to all eligible employees, including named executive officers, under the Retirement Plan for Employees of Cass Information Systems, Inc. Effective December 31, 2016 this plan was closed to all new participants. Upon retirement, participants in this tax qualified defined benefit plan will begin to receive monthly payments equal to 1/12 of the sum of: (i) 0.9% of final average earnings multiplied by the number of years of service, plus (ii) 0.5% of final average earnings in excess of covered compensation multiplied by years of service.

Final average earnings is defined as the average annual total compensation for the five consecutive years of highest earnings during the last 10 years of employment. Covered compensation is defined as the average of the maximum social security taxable wage bases in effect for each calendar year during the 35-year period, ending with the year in which retirement age is attained under the Social Security Act. Earnings covered by the plan equal W-2 earnings, excluding stock based

compensation and other excludable fringe benefits and including any amounts deferred under the Company's 401(k) plan and Section 125 plan, up to the maximum IRS limit of \$270,000 in 2017. Service for benefit accrual purposes is the period beginning on the date of participation in the plan and ending on the severance date.

Normal retirement age under the plan is 65 with five years of vesting service. Early retirement eligibility is age 55 with five years of vesting service. Benefits for early retirement under the defined benefit pension plan would be calculated under the formula described above based on final average earnings and years of service as of the date of retirement, reduced by (i) 5/9 of 1% for each month by which the early retirement date or the first day of the month coinciding with or next following the 60<sup>th</sup> birthday, whichever is later, precedes the normal retirement date, and (ii) 5/18 of 1% for each month, if any, by which the early retirement date precedes the first day of the month coinciding with or next following the 60<sup>th</sup> birthday. Postponed retirement benefits are an amount equal to the greater of (i) the normal retirement benefit determined in accordance with the above formula using service and final average earnings through the postponed retirement date, or (ii) the actuarial equivalent of the normal retirement benefit on the postponed retirement date. The normal form of benefit is a straight-life annuity with 120 months guaranteed.

#### Supplementary Executive Retirement Program

The Company's benefits program also provides for the Cass Information Systems, Inc. Supplemental Executive Retirement Plan (the SERP). The SERP was designed to restore retirement benefits to key executives whose benefits are limited by the IRS under the Company's qualified plan.

Upon retirement, participants in the SERP will receive monthly payments equal to 1/12 of 70% of the final average earnings, reduced proportionately for length of service less than 25 years. Such amount is further reduced by the participant's: (i) qualified retirement plan benefit; (ii) primary social security benefit; and (iii) 401(k) hypothetical annuity.

Final average earnings, normal and early retirement age, years of service, and normal form of payment are the same as under the Retirement Plan for Employees of Cass Information Systems, Inc., as described above.

Early retirement benefits under the SERP are calculated to be an annual amount equal to 70% of the final average earnings multiplied by the number of full years of service divided by 25% (not to exceed 100%), less the sum of the defined pension plan benefit, primary social security benefit, and 401(k) hypothetical annuity, reduced by 1/180 for each of the first 60 calendar months and 1/360 for each of the next 60 calendar months by which commencement of benefits precedes normal retirement date. Benefits are not increased if payment of benefits commences after the normal retirement date.

Employees are generally not eligible for benefits under the SERP if they leave the Company prior to reaching age 55, and they receive a significant increase in benefits if they remain with the Company until age 65; therefore, the Compensation Committee believes that the SERP is an effective executive retention tool.

#### Perquisites and Other Benefits

The Company provides certain executive officers with perquisites that the Compensation Committee believes are reasonable and competitive based on the Compensation Committee's knowledge of other companies with which the Company competes for talent. For 2017, these perquisites included an automobile allowance and, where deemed appropriate, a club membership allowance. Historically, the Company has not benchmarked or set targets for this compensation component. The perquisites' value to the executive, as well as the incremental cost to the Company, is considered when establishing compensation levels; however, the value of this component of compensation is modest and has not been given significant weight by the Compensation Committee when establishing overall levels of executive compensation. Executive officers are eligible to receive the same health, vision, dental, disability, and life insurance benefits as are available to all other full-time employees of the Company and its subsidiaries.

#### Post-Employment Payments

Named executive officers do not have employment agreements, nor are there any provisions for payments following or in connection with any termination or change-in-control, other than for provisions that allow for SERP benefits, stock appreciation rights (SARs), and restricted stock or RSU awards to vest and/or become fully exercisable upon a change in



control and subsequent termination of service, or in some circumstances, upon disability, in accordance with their respective plans.

#### Federal Income Tax Deductibility Limitations

While the Compensation Committee takes into consideration the tax consequences to employees and the Company when considering types of awards and other compensation granted to executives and directors, the accounting and tax treatment of compensation generally has not been a factor in determining the amount of compensation for our named executive officers.

The Compensation Committee has historically considered the potential impact of Section 162(m) of the Internal Revenue Code of 1986, as amended. Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1 million in any taxable year for the CEO and the other senior executive officers, other than compensation that is performance-based under a plan that is approved by the shareholders of the Company and that meets certain other technical requirements. The Compensation Committee has determined that for 2017, Section 162(m) will not prevent the Company from receiving a tax deduction for any of the compensation paid to executive officers. Mr. Brunngraber is the only named executive officer whose compensation exceeds \$1 million.

The TCJA enacted in December 2017 eliminated the exclusion of performance-based compensation from the Section 162(m) deductibility limit, and therefore, all compensation paid to executives covered under Section 162(m) that exceeds \$1 million in any taxable year will not be deductible for tax purposes. While the impact of this change will continue to be evaluated, the Committee has not made any changes to the compensation programs as a result of the TCJA enactment. Under the transition rule of the TCJA, qualified performance-based compensation provided under a written binding contract prior to November 2, 2017 may still be excluded from the \$1 million dollar tax-deductible limit. As such, the Company believes that all performance-based LTIC granted by the Company in 2017 and in prior years is expected to be deductible upon vesting and recognition as compensation to the recipient.

#### CEO Pay Ratio

The Compensation Committee believes executive pay must be both internally equitable and externally competitive to attract and retain the talent necessary to produce exceptional financial results and value for shareholders. The Company is committed to internal pay equity and periodically reviews pay data to ensure it is both internally equitable and in line with similar positions in the external market. Due to the nature of Cass' business a large portion of the employee population is clerical and administrative with over 20% of employees holding part-time positions and working less than 30 hours per week.

In calculating the CEO Pay Ratio, pursuant to Item 402(u) of Regulation S-K, companies are required to disclose the ratio of the CEO's compensation to that of the median employee. The Company used the following methodology to determine who is to be considered the median employee:

Compensation data was compiled as of the last pay period in November 2017 and reflects all cash compensation paid through November 18, 2017.

The compensation data represents all U.S. employees paid for the period ended November 18, 2017. This data excludes non-U.S. employees, as these employees make up less than 2% of the Company's total employee count.

For employees hired during the year, compensation was annualized as of November 18, 2017 by taking total regular pay and overtime pay divided by the number of days actually worked during the period, multiplying this amount by the 240 days paid through November 18, 2017 and adding additional compensation not related to hours worked, such as any cash bonuses or other cash or like-cash awards paid during the year.

No adjustments were made to part-time employees' total compensation except annualizing pay for part-time employees hired during the year, as explained above.

The total cash compensation by employee was then ranked from highest to lowest for all 1,081 employees, excluding the CEO.

The median employee was determined to be an employee holding the title of Senior Data Control Inbound Clerk. We calculated the total annual compensation of the median employee in the same manner we calculated that of the CEO for disclosure in the Summary Compensation Table of this Proxy Statement.

The Company provides the following with respect to the pay ratio for fiscal 2017:

- The median of annual total compensation of all employees of Cass other than Mr. Brunngraber, our CEO, was \$57,776;
- The annual total compensation of Mr. Brunngraber was \$2,347,314 (see the Summary Compensation Table); and
- Based on this information, the ratio of the annual total compensation of our CEO to the median of the annual total compensation of all employees is 40.6:1.

Elements of compensation provided to the CEO that are not included in compensation paid to the median employee include:

- LTIC awards – included at grant value and not earned until 2020, 60% of which will be based on the achievement of performance goals.
- Change in the value of SERP – the retirement plan available to executives that qualify to restore retirement benefits lost under the Company’s qualified plan, due to limits imposed by the IRS, the ultimate value of which will not be paid or determined until after retirement. Changes in the value of the defined benefit plan have been included in both the CEO’s and median employee’s total compensation amounts.
- 401(k) company match – the median employee elected not to participate in the 401(k) plan in 2017 and therefore there was no company match included in total compensation.
- Automobile and country club allowances – only available to certain key executives of the Company.

#### Post-Fiscal Year Compensation Actions

#### Executive Compensation Comparative Data

In 2017, the Compensation Committee performed a review of executive compensation. As part of the review process, the Compensation Committee retained Pay Governance to provide comparative data on cash and total executive compensation. Data reviewed was from the (i) Financial Services sector, including the Banking industry and (ii) Services Sector, including the Business Services industry. Consistent with prior years and the Company’s intent not to engage in benchmarking, the Compensation Committee did not rely solely on comparative data, but did consider such elements when exercising its own judgment in determining 2018 compensation.

#### Base Salary

Base salary increases for 2018 were approved in January based on the factors discussed herein, including overall performance of individuals, individual operating units, corporate earnings, and overall corporate growth over the past several years. Such base salary increases, effective in April 2018, were approved for the following: Mr. Brunngraber, \$615,000 to \$640,000; Mr. Appelbaum, \$282,000 to \$291,000; Mr. Campbell, \$227,000 to \$238,000; Mr. Langfitt, \$256,000 to \$265,000; and Mr. Mathias, \$293,000 to \$301,000.

### *Profit Sharing*

In January 2018, the Committee recommended and the full Board approved modifications to the profit sharing funds allocated to the CEO and executive officers, including other named executive officers. The total funds allocated for distribution to all eligible employees under the profit sharing program remains at 12.5% of net income before taxes. The modified allocation to the CEO and other executive officers now provides for a target percent of base salary paid to the CEO of 45% of base salary, with the range of distributions remaining at 0% to a maximum of 70%, and a target percent of salaries available for distribution to other named executive officers of 40% of total base salaries, with the range of distribution for any one executive officer remaining at 0% to a maximum of 50%. The modifications also provide for a greater fluctuation in funds available for distribution to the CEO and other executive officers for increases or decreases in net income before taxes. A summary of the revised profit sharing program is provided as Exhibit 10.8 in the Company's annual report on Form 10-K for December 31, 2017.

### Long-Term Incentive Compensation

The LTIC awards made in February 2018 were in accordance with the practices of the updated LTIC program pursuant to the Omnibus Plan and were comprised of 40% time-based restricted shares or RSUs and 60% performance-based restricted shares. Both the time-based restricted shares or RSUs and the performance-based restricted shares are scheduled to cliff vest

three years from the grant date, subject to the terms and conditions of the awards. The number of performance-based restricted shares vesting will vary in an amount from 0% to 150% of the amount awarded based on the achievement of pre-established ROE and EPS performance goals over the three-year performance period from January 1, 2018 to December 31, 2020. The awards were granted on February 1, 2018 and were valued using the closing stock price as reported on the Nasdaq on the grant date.

The awards granted on February 1, 2018 to each named executive officer are detailed below.

Name	Time-Based Restricted Shares	Time- Based RSUs	Performance- Based Restricted Shares
Eric H. Brunngraber	5,265		7,898
P. Stephen Appelbaum	1,352		2,028
Mark A. Campbell	1,088		1,633
Gary B. Langfitt	1,227		1,841
Robert J. Mathias		1,405	2,107

#### Compensation Committee Report

In the performance of its oversight function for the year ended December 31, 2017, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based upon such review and discussions, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

James J. Lindemann, Chairman  
Joseph D. Rupp  
Franklin D. Wicks, Jr.

#### Executive Officers

Following are the names, ages and positions held by the Company's current executive officers followed by information on compensation received or earned by the Company's named executive officers during the periods presented.

**Eric H. Brunngraber**, 61, is Chairman, President and CEO of the Company. Additional information on Mr. Brunngraber can be found in the section Election of Directors contained herein.

**P. Stephen Appelbaum**, 60, Executive Vice-President, CFO and Secretary. Mr. Appelbaum, a certified public accountant, joined the Company in 2006 as the CFO and Secretary. Prior to joining the Company, he worked for KPMG LLP for 10 years before becoming a Senior Vice President at US Bank (St. Louis, Missouri), where he spent 16 years holding various positions in the areas of accounting, financial reporting, risk management, and merger and acquisition integration. In August 2017, Mr. Appelbaum was elected to serve on the Board of Directors of Benjamin Edwards, Inc. the holding company of Benjamin F. Edwards & Co., a privately held national wealth management firm.

**Gary B. Langfitt**, 62, President – Expense Management Services. Mr. Langfitt joined the Company in 1999 as Vice President, Sales and Marketing – Utility Information Services and subsequently served as COO – Utility Information Services from 2003 to 2011 when he was appointed to his current position.

**Robert J. Mathias**, 65, President and COO of Cass Commercial Bank, subsidiary of the Company. Mr. Mathias joined the Bank in this role in 2008. Prior to joining the Bank, he served as Senior Banker of the St. Louis loan production office of LaSalle Bank from February 2000 to February 2008. Mr. Mathias has been affiliated with several major financial institutions in the St. Louis metropolitan area since 1974.

**Mark A. Campbell**, 55, President – Transportation Information Services. Mr. Campbell has been with the Company since 1988 and held various positions including serving as Senior Vice President, Sales and Marketing – Transportation Information Services from 2003 to 2010, Senior Vice President – Transportation Information Services from 2010 to September 2014 and Executive Vice President – Transportation Information Services from 2014 to 2015 when he was appointed to his current position.

**James M. Cavellier**, 50, Executive Vice-President and Chief Information Officer. Mr. Cavellier joined the Company in this role in February 2018. Prior to joining the Company, he worked for Comerica Bank since 2001 holding various technology leadership positions ranging from strategic technology planning to operational responsibility for all technology across the U.S. Most recently, Mr. Cavellier was a domain chief information officer for payment and wealth management technologies. Prior to Comerica Bank, Mr. Cavellier held technology leadership positions with The Auto Club Group, Ernst & Young, LLP, and General Motors/Electronic Data Systems.

#### Summary Compensation Table

The following table includes the (i) dollar value of base salaries and bonuses earned; (ii) aggregate grant date fair value of equity compensation; (iii) the change in pension value; (iv) all other compensation; and (v) the dollar value of total compensation for each respective fiscal year for the Company's named executive officers..

Name and Principal Position	Year	Salary (\$)	Bonus (\$)(1)	Stock Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)(1)	Change in Pension Value (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
Eric H. Brunngraber Chairman, President, CEO	2017	609,157	-	737,484	232,000	723,321	45,352	2,347,314
	2016	584,157	-	339,654	214,700	480,524	45,911	1,664,946
	2015	557,874	-	419,890	208,400	86,302	44,282	1,316,748
P. Stephen Appelbaum Exec. Vice President, CFO, Secretary	2017	280,130	100,000	191,778	-	171,321	17,167	760,396
	2016	272,130	86,000	95,934	-	114,448	17,401	585,913
	2015	264,337	83,000	121,982	-	65,118	17,012	551,449
Mark A. Campbell President, Transportation Information Services	2017	224,663	81,000	151,925		153,435	16,717	627,740
	2016	214,663	68,000	93,344	-	126,883	16,869	519,759
	2015	206,157	66,000	92,787	-	12,456	14,864	392,263
Gary B. Langfitt President, Expense	2017	254,130	94,000	173,610	-	230,908	17,296	769,944
	2016	245,897	87,000	107,789	-	154,680	17,801	613,167

Edgar Filing: CASS INFORMATION SYSTEMS INC - Form DEF 14A

Management Services	2015	236,862	83,000	135,367	-	81,401	17,349	553,979
Robert J. Mathias	2017	291,364	98,000	200,244	-	195,196	31,934	816,738
President and COO,	2016	284,130	93,000	125,372	-	138,986	33,445	674,932
Cass Commercial Bank	2015	276,100	88,000	158,904	-	98,625	32,934	654,563

These amounts represent distributions under the Company's profit sharing program as further described in the Compensation Discussion and Analysis section contained herein. Amounts paid to the CEO are reported separately (1) as non-equity incentive plan compensation due to the fact the payments are based on pre-determined targets which are communicated to the CEO prior to the performance period, the outcome of which is uncertain at the time the targets are made.

These amounts represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 for restricted stock awards and RSUs granted in fiscal 2017, fiscal 2016, and fiscal 2015. These amounts do not represent the actual amounts paid to or realized by the named executive officer for these awards. In fiscal 2016 and fiscal 2015, the grants consisted of time-based restricted stock granted based on a three-year lookback performance period, which vested at a rate of one-third per year beginning on the first anniversary of the grant date. Fiscal 2017 grants consisted of 40% time-based restricted stock (in the case of Messrs. Brunngraber, Appelbaum, Campbell (2) and Langfitt) or RSUs (in the case of Mr. Mathias), which vest in total on the third anniversary of the grant date, and 60% performance-based restricted stock that will be earned based on three-year EPS growth and average ROE goals for fiscal 2017, 2018 and 2019, as discussed in the CD&A. The reported grant date fair value of the fiscal 2017 awards assumes that the performance-based restricted stock will be earned at the target achievement level per the instructions to Item 402(c) of Regulation S-K. See Note 11 to the Company's consolidated financial statements filed as part of its Annual Report on Form 10-K for the year ended December 31, 2017 for a discussion of the assumptions used in the valuation of awards. The grant date fair value of the performance-



based restricted stock awards granted in 2017 for each named executive officer assuming that the maximum level of performance conditions is achieved is as follows: Mr. Brunngraber - \$663,691; Mr. Appelbaum - \$172,568; Mr. Campbell - \$136,752; Mr. Langfitt - \$156,288; and Mr. Mathias - \$180,205.

Represents the aggregate change in actuarial present value of accumulated benefits under the Company's defined benefit pension plan and SERP based on a five-year average of current pay. See Note 10 to the Company's audited (3) financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 for a complete description of the material assumptions applied in quantifying the present value of accumulated benefits.

Consists of the Company's incremental cost on perquisite benefits, dividends paid on restricted stock awards, and (4) the Company's matching contributions paid to the Company's 401(k) Plan on behalf of each executive. Perquisite benefits provided in 2017 also consist of an allowance for personal automobile usage for all the named executive officers and club membership allowances for Mr. Brunngraber and Mr. Mathias.

#### Grants of Plan-Based Awards

The following table sets forth information regarding all plan-based awards that were made to the named executive officers during 2017. Disclosure is provided on a separate line for each grant or award made during the year. The information supplements the values of stock awards presented in the Summary Compensation table above.

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1)		Estimated Future Payouts Under Equity Incentive Plan Awards (2)				All Other Stock Awards: Number of		Grant Date Fair Value of Stock Awards (5)
		Threshold (\$)	Target (\$)	Max Threshold (\$)	Target (#)	Max Target (#)	Max (#)	Shares of Stock or Units (#)	Awards (3)	
Eric H. Brunngraber	2/2/2017			3,737	7,474	11,211				442,461
	2/2/2017							4,983	(3)	294,994
	8/4/2017		112,000							
	2/16/2018		120,000							
P. Stephen Appelbaum	2/2/2017			972	1,943	2,915				115,026
	2/2/2017							1,295	(3)	76,664
Mark A. Campbell	2/2/2017			770	1,540	2,310				91,168
	2/2/2017							1,026	(3)	60,739

Gary B. Langfitt	2/2/2017	880	1,760	2,640			104,192
	2/2/2017				1,172	(3)	69,382
Robert J. Mathias	2/2/2017	1,015	2,029	3,044			120,117
	2/2/2017				1,353	(4)	80,098

(1) Target represents amounts earned in 2017 pursuant to the Company's profit-sharing program, as discussed in the CD&A.

Represents performance-based restricted stock awards granted pursuant to the terms of the Company's Omnibus

(2) Plan. Performance-based restricted stock awards earned will vest in full on February 2, 2020 to the extent the Company achieves certain EPS and ROE targets, as discussed in the CD&A of this Proxy Statement.

Represents time-based restricted stock awards granted pursuant to the terms of the Company's Omnibus Plan.

(3) Time-based restricted shares will vest in full on February 2, 2020 and carry voting and dividend rights from the date of the grant.

(4) Represents time-based RSUs granted pursuant to the terms of the Company's Omnibus Plan. RSUs will vest in full on February 2, 2020. Dividends accumulate over the restriction period and will be paid upon vesting.

(5) The grant date fair value is computed in accordance with FASB ASC Topic 718, is based on the target number of performance-based restricted stock and is calculated using the fair market value of the Company's common stock on the date of grant of \$59.20.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information on outstanding restricted stock, RSU and SAR awards held by the named executive officers on December 31, 2017, including the number of shares underlying both exercisable and unexercisable portions of each SAR award as well as the exercise price and the expiration date of each outstanding SAR award, and the market value of stock and RSU awards.

Name	SAR Awards				Stock Awards		Equity Incentive Plan Awards: Number of Unearned Shares That Have Not Vested (#)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares of Stock That Have Not Vested (\$)(2)
	Number of Securities Underlying Unexercisable SARs (#)	Number of Securities Underlying Exercisable SARs (#)	SAR Exercise Price (\$)	SAR Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)		
Eric H. Brunngraber	9,214		27.23	1/24/2021	13,031	758,535	7,474	435,062
	23,010		30.51	1/23/2022				
	22,278		38.31	1/21/2023				
	11,968		56.04	1/27/2024				
P. Stephen Appelbaum	3,792		27.23	1/24/2021	3,593	209,149	1,943	113,102
	7,578		30.51	1/23/2022				
	6,911		38.31	1/21/2023				
	3,569		56.04	1/27/2024				
Mark A. Campbell	1,735		56.04	1/27/2024	3,075	178,996	1,540	89,643
Gary B. Langfitt	7,491		19.36	1/19/2019	3,743	217,880	1,760	102,450
	2,666		22.66	1/25/2020				
	8,182		27.23	1/24/2021				
	8,228		30.51	1/23/2022				
	7,714		38.31	1/21/2023				
	3,964		56.04	1/27/2024				
Robert J. Mathias	9,705		27.23	1/24/2021	4,352	253,330	2,029	118,108
	9,873		30.51	1/23/2022				
	9,065		38.31	1/21/2023				

1,547                      56.04      1/27/2024

Represents time-based restricted stock awards and, in the case of Mr. Mathias, restricted stock and RSU awards issued pursuant to the Company's Omnibus Plan. The awards granted prior to 2017 are subject to a three-year (1) vesting schedule, with one-third of the shares vesting each year on the anniversary of the grant date of the awards. Shares or RSUs granted in 2017 cliff vest on the third anniversary of the grant date. The vesting dates for such awards are as follows:

Name	Vesting Date	Number of Shares
Eric H. Brunngraber	1/26/2018	2,500
	1/27/2018	3,048
	1/26/2019	2,500
	2/2/2020	4,983
P. Stephen Appelbaum	1/26/2018	706
	1/27/2018	885
	1/26/2019	707
	2/2/2020	1,295
Mark A. Campbell	1/26/2018	687
	1/27/2018	674
	1/26/2019	688
	2/2/2020	1,026
Gary B. Langfitt	1/26/2018	793
	1/27/2018	983
	1/26/2019	795
	2/2/2020	1,172
Robert J. Mathias	1/26/2018	922
	1/27/2018	1,153
	1/26/2019*	924
	2/2/2020*	1,353

\*Indicates RSU awards

- Value based on \$58.21 per share, which was the closing market price of the Company's common stock reported on the Nasdaq on December 31, 2017. The market value of the performance-based awards reported in the "Equity (2) Incentive Plan Awards: Market or Payout Value of Unearned Shares of Stock That Have Not Vested" column assumes the achievement of performance goals at the target level.
- (3) Represents unearned performance-based restricted stock awards issued pursuant to the Company's Omnibus Plan assuming the achievement of performance goals at the target level. The awards were granted on February 2, 2017 and will be earned based on the achievement of certain EPS and ROE targets over the three-year performance

period, as discussed in the CD&A. Awards earned will vest in full on the third anniversary of the grant date.

### SARs Exercised and Stock Vested

The following table sets forth the exercise of SARs and vesting of restricted stock during 2017 for the named executive officers.

Name	SAR Awards		Stock Awards	
	Number of Shares Realized on		Number of Shares Realized on	
	Acquired on Exercise	Value (\$)	Acquired on Vesting	Value (\$)
	(#)(1)	(\$)(2)	(#)(1)	(\$)(3)
Eric H. Brunngraber			6,703	410,212
P. Stephen Appelbaum	3,743	231,552	1,935	118,415
Mark A. Campbell			1,527	93,481
Gary B. Langfitt			2,157	132,002
Robert J. Mathias	510	34,236	2,522	154,337

(1) Represents gross amount of shares acquired upon exercise or shares vested, without netting any shares surrendered to pay the exercise price or taxes.

(2) Value is calculated using the closing price of the Company's common stock, as reported on the Nasdaq, on the exercise date.

(3) Value is determined by applying the market value of the stock on the vesting date to the number of shares vested.

Pension Benefits

The following table sets forth for fiscal year ended December 31, 2017 the actuarial present value of each named executive officer's accumulated benefit under defined benefit plans of the Company, the number of years of credited service under each plan, and the amount of pension benefits paid to each named executive officer.

Name (1)	Plan Name	Number of Years Credited Service (#)(2)	Present Value of Accumulated Benefit (\$)(3)	Payments During Last Fiscal Year (\$)
Eric H. Brunngraber	Retirement Plan for Employees of Cass Information Systems, Inc.	37.08	1,477,846	-
	Cass Information Systems SERP	37.08	3,850,491	-
P. Stephen Appelbaum	Retirement Plan for Employees of Cass Information Systems, Inc.	10.50	404,212	-
	Cass Information Systems SERP	10.50	365,751	-
Mark A. Campbell	Retirement Plan for Employees of Cass Information Systems, Inc.	28.58	909,125	-
Gary B. Langfitt	Retirement Plan for Employees of Cass Information Systems, Inc.	17.50	724,545	-
	Cass Information Systems SERP	17.50	471,387	-
Robert J. Mathias	Retirement Plan for Employees of Cass Information Systems, Inc.	8.50	398,018	-
	Cass Information Systems SERP	8.50	520,812	-

Messrs. Brunngraber, Appelbaum, Langfitt, and Mathias were eligible for early retirement benefits under the (1) Company's defined benefit pension plan and SERP as of December 31, 2017. Refer to the CD&A for a description of early retirement benefits.

The number of years of credited service differs from the number of years of actual service for all named executive officers only due to the provisions in the plan governing when employees first become eligible to participate in the (2) plan. Actual years of service for the named executive officers are as follows: Mr. Brunngraber – 38.52 years; Mr. Appelbaum – 11.63 years; Mr. Campbell – 29.68 years; Mr. Langfitt – 18.74; years and Mr. Mathias – 9.84 years.

(3) Represents the actuarial present value of accumulated benefit under the Company's defined benefit pension plan based on a five-year average of current pay. See Note 10 to the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017 for complete description of the material assumptions applied in quantifying the present value of accumulated benefits.

Named executive officers are eligible for participation in the Retirement Plan for Employees of Cass Information Systems, Inc. and the Cass Information Systems, Inc. SERP at December 31, 2017. Details of the plans are further discussed in the CD&A of this Proxy Statement.

#### IV. BENEFICIAL OWNERSHIP OF SECURITIES

##### Stock Ownership of Directors, Executive Officers, and 5% Beneficial Owners

The following table contains information with respect to beneficial ownership of the Company's outstanding common stock as of February 8, 2018, unless otherwise noted, by: (i) each person known to the Company to be the beneficial owner of more than 5% of the Company's common stock, (ii) each director and nominee for director, (iii) each named executive officer, and (iv) directors and executive officers as a group. Unless otherwise indicated, the named person has sole voting and investment rights with respect to such shares. The percent of common stock owned by each person or group has been determined based on a total of 12,291,829 shares outstanding as of February 8, 2018. Except as indicated below, the address of each person listed is c/o Cass Information Systems, Inc., 12444 Powerscourt Drive, Suite 550, St. Louis, MO 63131.



<b>Name of Beneficial Owner</b> <i>(and address for Beneficial Owners over 5%)</i>	<b>Amount of Shares Beneficially Owned (1)</b>	<b>Percent of Class</b>
Kayne Anderson Rudnick Investment Management, LLC 1800 Avenue of the Stars, 2 <sup>nd</sup> Floor Los Angeles, CA 90067	1,184,573	(2) 9.64 %
AJH Investments LLC P.O. Box 680790 Park City, UT 84068	881,100	(3) 7.17 %
Kim Kuehner 533 South Warson Rd. St. Louis, MO 63124	904,783	(3) 7.36 %
BlackRock, Inc. 55 East 52 <sup>nd</sup> Street New York, NY 10022	720,513	(4) 5.86 %
P. Stephen Appelbaum	57,392	(5) *
Eric H. Brunngraber	136,325	(6) 1.11 %
Mark A. Campbell	15,471	(7) *
Ralph W. Clermont	4,556	(8) *
Lawrence A. Collett	220,374	(9) 1.79 %
Robert A. Ebel	11,833	(10) *
Benjamin F. Edwards, IV	10,965	(11) *
Gary B. Langfitt	63,843	(12) *
James J. Lindemann	11,416	(13) *
Robert J. Mathias	47,102	(14) *
Joseph D. Rupp	1,952	(15) *
Randall L. Schilling	10,010	(16) *
Franklin D. Wicks, Jr.	10,537	(17) *
All directors (including nominees) and all executive officers as a group (14 persons)	602,975	(18) 4.91 %

\*Less than 1% of class.

(1) Beneficially owned shares include common stock that directors and executive officers have the right to acquire within 60 days of February 8, 2018 pursuant to the exercise of SARs.

Based on a Schedule 13G/A filed by the reporting person with the SEC on February 13, 2018. The reporting person (2) has sole voting and dispositive power with respect to 895,039 shares and shared voting and dispositive power with respect to 289,534 shares.

(3) Based on shareholder records as of December 29, 2017 obtained from Computershare Shareowner Services and Broadridge.

(4)

Based on a Schedule 13G/A filed by the reporting person with the SEC on January 29, 2018. BlackRock Inc. has sole voting power with respect to 699,628 shares and sole dispositive power with respect to 720,513 shares.

(5) Includes 31,324 shares held in trust over which Mr. Appelbaum has shared voting and investment rights; 3,354 shares of restricted stock subject to forfeiture with respect to which Mr. Appelbaum has voting but no investment rights; and 21,849 shares which can be acquired within 60 days of February 8, 2018 pursuant to the exercise of SARs.

(6) Includes 54,136 shares owned jointly with his spouse over which Mr. Brunngraber has shared voting and investment rights; 12,748 shares of restricted stock subject to forfeiture with respect to which Mr. Brunngraber has voting but no investment rights; and 66,470 shares which can be acquired within 60 days of February 8, 2018 pursuant to the exercise of SARs.

(7) Includes 10,193 shares held in trust over which Mr. Campbell has shared voting and investment rights; 2,802 shares of restricted stock subject to forfeiture with respect to which Mr. Campbell has voting but no investment rights; and 1,735 shares which can be acquired within 60 days of February 8, 2018 pursuant to the exercise of SARs.

(8) Includes 1,000 shares held in trust and 3,556 shares of restricted stock subject to forfeiture with respect to which Mr. Clermont has voting but no investment rights.

- Includes 114,084 shares held in trust; 96,864 shares owned by Mr. Collett's spouse over which Mr. Collet has no (9) voting and investment rights; and 833 shares of restricted stock subject to forfeiture with respect to which Mr. Collett has voting but no investment rights.
- (10) Includes 2,795 shares owned jointly with his spouse; and 4,464 shares of restricted stock subject to forfeiture with respect to which Mr. Ebel has voting but no investment rights.
- (11) Includes 7,341 shares held in trust; 82 shares Mr. Edwards holds as custodian for his minor child; and 833 shares of restricted stock subject to forfeiture with respect to which Mr. Edwards has voting but no investment rights.
- (12) Includes 3,194 shares of restricted stock subject to forfeiture with respect to which Mr. Langfitt has voting but no investment rights; and 38,245 shares which can be acquired within 60 days of February 8, 2018 pursuant to the exercise of SARs.
- (13) Includes 4,664 shares held in trust and 6,752 shares of restricted stock subject to forfeiture with respect to which Mr. Lindemann has voting but no investment rights.
- (14) Includes 924 shares of restricted stock and 2,758 of restricted stock units subject to forfeiture; and 30,190 shares which can be acquired within 60 days of February 8, 2018 pursuant to the exercise of SARs.
- (15) Includes 1,952 shares of restricted stock subject to forfeiture with respect to which Mr. Rupp has voting but no investment rights.
- (16) Includes 6,752 shares of restricted stock subject to forfeiture with respect to which Mr. Schilling has voting but no investment rights.
- (17) Includes 5,573 shares held in trust and 4,964 shares of restricted stock subject to forfeiture with respect to which Mr. Wicks has voting but no investment rights.
- (18) Includes 158,489 shares which may be acquired within 60 days of February 8, 2018 pursuant to the exercise of SARs. Effective February 12, 2018, Mr. Cavellier was appointed as the Company's Executive Vice President and Chief Information Officer. The shares reported include 1,199 shares of restricted stock owned by Mr. Cavellier, which are subject to forfeiture and with respect to which Mr. Cavellier has voting but no investment rights.

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers, directors, and persons who own more than 10% of the Company's common stock to file reports of ownership and changes in ownership with the SEC and Nasdaq. Executive officers, directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based on a review solely of copies of such forms received and written representation from certain reporting persons, the Company believes that all Section 16(a) filing requirements applicable to 2017 for executive officers, directors, and greater than 10% beneficial owners were complied with in a timely manner.

#### V. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – PROPOSAL 3

KPMG LLP has served as the Company's independent registered public accounting firm since 1983, and for the year ended December 31, 2017. The Audit Committee of the Board has selected KPMG LLP to serve as such firm for

2018. A representative of KPMG LLP is expected to be present at the Annual Meeting, will have an opportunity to make a statement and will be available to respond to appropriate questions of shareholders.

Fees Incurred for Services Performed by the Independent Registered Public Accountants

For the years ended December 31, 2017 and 2016, the Company incurred the following fees for services performed by KPMG LLP, all of which were pre-approved by the Audit Committee:

	2017	2016
Audit Fees (1)	\$365,000	\$350,000
Audit-related Fees		
Total	\$365,000	\$350,000

Represents fees for the quarterly review of financial statements and annual audit of the Company's consolidated (1) financial statements and internal controls over financial reporting. Also includes fees for the audit of the Company's subsidiary bank financial statements,

pursuant to the requirements of 12 CFR Part 363, *Annual Independent Audits and Reporting Requirements*. Such fees were \$22,000 and \$20,000 for 2017 and 2016, respectively. All such fees were pre-approved by the Audit Committee.

The Audit Committee pre-approves all auditing services, internal control-related services, and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditors, subject to the de minimis exception for non-audit services that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate to one or more members the authority to grant pre-approvals of audit and permitted non-audit services, provided such decisions to grant pre-approvals are presented to the full Audit Committee at its next scheduled meeting.

The Company's Board recommends a vote FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018.

## VI. SHAREHOLDER PROPOSALS FOR THE 2019 ANNUAL MEETING

In order for a shareholder to bring any business before a meeting of shareholders, the shareholder must have given timely notice thereof in writing to the Company's Secretary and comply with the other notice requirements set forth in the Company's bylaws. To be timely, a shareholder's notice must be delivered to or mailed and received at the Company's principal executive offices not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's Annual Meeting. For the 2019 Annual Meeting, shareholders must submit proposals no earlier than January 24, 2019 and no later than February 23, 2019. If, however, the date of the meeting is changed by more than 30 days before or after such anniversary date, the notice must be received not later than the tenth day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure was made.

A shareholder's notice to the Secretary must set forth as to each matter the shareholder proposes to bring before the Annual Meeting:

- a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting the business at the Annual Meeting,
- the name and address, as they appear on the Company's books, of the proposing shareholder,
- the class and number of shares which are beneficially owned by the shareholder, and
- any material interest of the shareholder in such business.

The requirements contained in the Company's bylaws and summarized above are separate from and in addition to the SEC requirements that a shareholder must meet to have a proposal included in the Company's Proxy Statement. Any shareholder proposal to be considered for inclusion in the Company's Proxy Statement and form of proxy for its next Annual Meeting must be received by the Company no later than November 9, 2018 at the following address: Cass Information Systems, Inc., Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131.

## VII. OTHER MATTERS AND HOUSEHOLDING

Management does not intend to present to the Annual Meeting any business other than the items stated in the Notice of Annual Meeting of Shareholders and does not know of any matters to be brought before the Annual Meeting other than those referred to above. If, however, any other matters properly come before the Annual Meeting, the persons designated as proxies will vote on each such matter in accordance with their best judgment.

The Company may and some banks, brokers, and other nominee record holders may be participating in the practice of house holding proxy statements and annual reports. This means that only one copy of this Proxy Statement may have been sent to multiple shareholders in your household unless you provide us with contrary instructions. A separate copy of this Proxy Statement or the annual report will be delivered to you if you write to: Cass Information Systems, Inc., Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131, or call (314) 506-5500.

By Order of the Board of Directors  
P. Stephen Appelbaum, Secretary

Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. X 02S2EC 1 U PX + Annual Meeting Proxy Card . C Authorized Signatures — This section must be completed for your vote to be counted. — Date and Sign Below NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. Date (mm/dd/yyyy) — Please print date below. Signature 1 — Please keep signature within the box. Signature 2 — Please keep signature within the box. Change of Address — Please print your new address below. Comments — Please print your comments below. B Non-Voting Items Meeting Attendance Mark the box to the right if you plan to attend the Annual Meeting. IMPORTANT ANNUAL MEETING INFORMATION + A For Against Abstain 2. To approve the advisory resolution on executive compensation: Proposals — The Board of Directors recommends a vote FOR all the nominees listed and FOR Proposals 2 and 3. 01 - Robert A. Ebel 02 - Randall L. Schilling 03 - Franklin D. Wicks, Jr. 1. Election of Directors: For Against Abstain For Against Abstain For Against Abstain For Against Abstain 3. To ratify the selection of KPMG LLP to serve as the Company's independent registered public accounting firm for 2018: Admission Ticket qIF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.q Electronic Voting Instructions Available 24 hours a day, 7 days a week! Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy. VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR. Proxies submitted by the Internet or telephone must be received by 11:59 p.m., Central Time, on April 23, 2018. Vote by Internet • Go to [www.investorvote.com/CASS](http://www.investorvote.com/CASS) • Or scan the QR code with your smartphone • Follow the steps outlined on the secure website Vote by telephone • Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone • Follow the instructions provided by the recorded message

. THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF THE COMPANY The undersigned hereby appoints Eric H. Brunngraber and P. Stephen Appelbaum, and each of them, with power to act without the other and with power of substitution, as proxies and attorneys-in-fact and hereby authorizes them to represent and vote, as provided on the other side, all the shares of Cass Information Systems, Inc. Common Stock which the undersigned is entitled to vote, and, in their discretion, to vote upon such other business as may properly come before the Annual Meeting of Shareholders of the Company to be held April 24, 2018 or at any adjournment or postponement thereof, with all powers which the undersigned would possess if present at the Meeting. THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED "FOR" ALL NOMINEES FOR ELECTION AS DIRECTOR AND "FOR" PROPOSALS 2 AND 3. (Continued and to be marked, dated and signed, on the other side) Proxy — Cass Information Systems, Inc. Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Shareholders. The Proxy Statement and the 2017 Annual Report to Shareholders are available at: <http://www.cassinfo.com>. ADMISSION TICKET CASS INFORMATION SYSTEMS, INC. 2018 Annual Meeting of Shareholders Tuesday, April 24, 2018 8:30 A.M. Local Time Cass Information Systems, Inc. 13001 Hollenberg Drive Bridgeton, Missouri 63044 qIF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.q