



Cass Information Systems, Inc. Reports 18% Increase in 4th Quarter 2004 Earnings

02/04/05

ST. LOUIS--(BUSINESS WIRE)--Feb. 4, 2005--Cass Information Systems, Inc. (NASDAQ: CASS), the nation's leading provider of freight and utility invoice payment, rating, auditing and information services, reports that it earned 67 cents per fully diluted share in the fourth quarter of 2004, an 18% increase over 2003 fourth quarter earnings of 57 cents per fully diluted share. Net income for the period was \$2,485,000, a 17% increase over the \$2,123,000 reported in the fourth quarter of 2003.

4th Quarter 2004

Contributing to the higher quarterly earnings was a 7% increase in overall processing fees, driven primarily by the PROFITLAB, INC. acquisition. Completed in August 2004, the acquisition is expanding the company's processing capabilities in the telecommunications arena. A marked increase in freight processing fees also enhanced income.

Investment income was up a strong 13% due primarily to higher balances generated by a 14% increase in freight invoice dollars processed and continued growth in bank deposits. Higher interest rates also contributed to the growth in net investment income.

Finally, the company recorded a \$604,000 gain on the sale of securities in the quarter. No securities were sold in the fourth quarter of 2003.

These positive outcomes were partially offset by the results at the company's software subsidiary, which suffered a \$414,000 revenue decline compared to the fourth quarter of 2003.

The PROFITLAB acquisition and expenses related to the bank's expansion into southern California also impacted quarterly earnings by boosting company-wide operating expenses by 8%.

2004 Summary

For the year ending Dec. 31, 2004, Cass posted earnings of \$2.15 per fully diluted share, compared with the \$2.13 per fully diluted share it earned in 2003. Net income was \$8,005,000 in 2004, compared to \$7,902,000 in 2003.

Highlighting 2004 was the on-going ability of Cass to steadily grow its utility invoice processing operation by registering a 13% increase in the number of items processed and an 11% increase in their dollar value compared to 2003. Company-wide fees from invoice processing grew 8%, while investment income was up 3% owing to higher account balances and rising interest rates. Operating expenses were also held in check, with Cass posting a less than 1% increase.

Overall, gains on the sale of securities were \$409,000 less in 2004 than the previous year.

Selected Consolidated Financial Data

The following table presents selected unaudited consolidated financial data (in thousands, except share and per share data) for the periods ended December 31, 2004 and 2003.

| | Quarter Ended 12/31/04 | Quarter Ended 12/31/03 | Year Ended 12/31/04 | Year Ended 12/31/03 |
|------------------------------------|------------------------------|------------------------------|---------------------------|---------------------------|
| Transportation Invoice Volume | 6,072 | 6,001 | 23,526 | 23,359 |
| Transportation Dollar Volume | \$2,578,590 | \$2,256,947 | \$9,752,203 | \$8,673,993 |
| Utility Transaction Volume | 1,324 | 1,251 | 5,198 | 4,618 |
| Utility Dollar Volume | \$885,203 | \$847,302 | \$3,700,665 | \$3,340,375 |
| Payment and Processing Fees | \$7,822 | \$7,293 | \$30,695 | \$28,440 |
| Software Revenue | 1,411 | 1,825 | 5,157 | 7,696 |
| Net Investment Income | 7,494 | 6,604 | 27,088 | 26,192 |
| Gain on Sale of Debt Securities | 604 | -- | 1,045 | 1,454 |
| Other | 632 | 642 | 2,307 | 2,477 |
| Total Revenues | \$17,963 | \$16,364 | \$66,292 | \$66,259 |
| Salaries and Benefits | \$10,161 | \$9,126 | \$38,198 | \$37,152 |

| | | | | |
|---------------------------------------|------------|------------|------------|------------|
| Occupancy | 486 | 442 | 1,840 | 1,782 |
| Equipment | 804 | 1,128 | 3,692 | 4,478 |
| Other | 2,983 | 2,660 | 11,295 | 11,492 |
| | ----- | ----- | ----- | ----- |
| Total Operating Expenses | \$ 14,434 | \$ 13,356 | \$ 55,025 | \$ 54,904 |
| Income before Income Taxes | \$ 3,529 | \$ 3,008 | \$ 11,267 | \$ 11,355 |
| Provision for Income Taxes | \$ 1,044 | \$ 885 | \$ 3,262 | \$ 3,453 |
| Net Income | \$ 2,485 | \$ 2,123 | \$ 8,005 | \$ 7,902 |
| Average Earning Assets | \$ 682,937 | \$ 606,189 | \$ 643,847 | \$ 563,071 |
| Net Interest Margin | 4.59% | 4.57% | 4.48% | 4.85% |
| Allowance for Loan Losses to Loans | 1.21% | 1.17% | 1.21% | 1.17% |
| Non-performing Loans to Total Loans | .11% | .94% | .11% | .94% |
| | ----- | ----- | ----- | ----- |
| Net Loan Charge-offs to Average Loans | -- | -- | -- | -- |
| Provision for Loan Losses | \$ 50 | \$ 100 | \$ 550 | \$ 190 |
| Non-performing Loans | \$ 538 | \$ 4,393 | \$ 538 | \$ 4,393 |
| Basic Earnings per Share | \$.68 | \$.57 | \$ 2.18 | \$ 2.15 |
| Diluted Earnings per Share | \$.67 | \$.57 | \$ 2.15 | \$ 2.13 |

About Cass Information Systems

Cass has been a leading provider of payables services and information support systems to companies throughout North America since 1956. The company pays over \$13 billion annually in freight and utility invoices on behalf of its customers from processing centers in St. Louis, Mo., Columbus, Ohio and Boston, Mass. The support of its bank subsidiary, Cass Commercial Bank, founded in 1906, makes the company unique in the industry.

Note to Investors

Certain matters set forth in this news release may contain forward-looking statements that are provided to assist in the understanding of anticipated future financial performance. However, such performance involves risks and uncertainties that may cause actual results to differ materially from those referenced in such statements. For a discussion of certain factors that may cause such forward-looking statements to differ materially from the company's actual results, see the company's annual report on Form 10-K for the year ended December 31, 2003.

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