



## Cass Information Systems Announces Record Quarterly Net Income and Diluted Earnings Per Share

April 14, 2022

### First Quarter Results

(All comparisons refer to the first quarter of 2021, except as noted)

- Earned record quarterly net income and diluted earnings per share.
- Increase in diluted earnings per share of 22.4%, to \$.60 from \$.49.
- Increase in net income of 16.8%, to \$8.3 million from \$7.1 million.
- Increase in return on average equity to 14.21% from 11.09%.
- Processed record quarterly transportation dollar volumes of \$10.9 billion, a 37.3% increase.
- Increase in financial fees of \$3.5 million, or 50.5%.
- Increase in average loans, excluding PPP loans, of \$189.0 million, or 24.6%.
- Repurchased 124,874 shares of Company stock.
- Maintained exceptional credit quality.

ST. LOUIS--(BUSINESS WIRE)--Apr. 14, 2022-- **Cass Information Systems, Inc. (Nasdaq: CASS)**, (the Company or Cass) reported record first quarter 2022 earnings of \$.60 per diluted share, an increase of 22.4% from the \$.49 per diluted share it earned in the first quarter of 2021. Net income for the period was \$8.3 million, an increase of 16.8% from the \$7.1 million earned in the same period in 2021, also a record quarter.

Eric Brunngraber, the Company's chairman and chief executive officer, noted, "Achieving record quarterly net income, EPS and dollar volumes is a testament to our strong team and continued execution of our strategic objectives. In addition, a rising interest rate environment should enhance our core profitability metrics in future periods as our funding sources are mainly non-interest bearing. Our strong balance sheet combined with our leading position in the transportation and facility payments and information services industry positions us very well for ongoing success."

### First Quarter 2022 Highlights

**Financial Fees** – Financial fee income, earned on a transactional level basis for invoice payment services when making customer payments, increased \$3.5 million, or 50.5%, over the same period in the prior year. The increase in financial fee income was largely driven by the 57.6% increase in average payments in advance of funding.

**Net Interest Income** – Net interest income increased \$1.6 million, or 15.1%. The Company's net interest margin increased to 2.36% as compared to 2.32% in the same period last year. The increase in net interest income was largely driven by a 12.2% increase in average interest-earning assets, specifically an increase in average loans, excluding PPP loans, of 24.6%. The increase in the net interest margin was driven by an improved mix of interest-earning assets with an increase in average loans and average investment securities and a decrease in average short-term investments.

While the impact of the 25 basis point increase in the federal funds rate on March 16, 2022 had a nominal impact on the Company's first quarter 2022 results, the Company is well positioned for an increase in net interest income in future periods to the extent there are further increases in the federal funds rate as well as longer term interest rates.

**Provision for Credit Losses** – The provision for credit losses was \$230,000 during the first quarter of 2022 as compared to a release of credit losses of \$600,000 in the first quarter of 2021. The provision for the first quarter of 2022 was primarily driven by the increase in total loans, excluding PPP loans, from the end of 2021. Credit quality remains strong with no charge-offs or non-performing loans.

**Operating Expenses** – Consolidated operating expenses rose \$3.3 million, or 11.6% due to a general increase in wages, higher incentive compensation due to Company financial performance, higher transportation invoice volumes and strategic investment in various technology initiatives, including improved rating engine capabilities and investment in optical character recognition, artificial intelligence, machine learning and other processes to consume images and produce data.

**Loans** – Average loans increased \$78.6 million, or 8.9%. Excluding the reduction in average PPP loans of \$110.4 million, average loans increased \$189.0 million, or 24.6%. The Company has been successful in achieving organic growth in its franchise, faith-based and other commercial and industrial loans. When compared to December 31, 2021, ending loans, excluding PPP loans, increased \$21.6 million, or 2.3%, during the first quarter of 2022.

**Payments in Advance of Funding** – Average payments in advance of funding increased 57.6% primarily due to an increase in transportation dollar volumes.

**Deposits** – Average deposits increased 20.2%. The Company continues to experience robust deposit growth.

**Accounts and Drafts Payable** – Average accounts and drafts payable increased 21.1%. The increase in these balances, which are non-interest bearing, are primarily reflective of the increase in transportation and facility expense dollar volumes.

**Transportation Dollar Volumes** – Transportation dollar volumes hit a record level of \$10.9 billion during the first quarter of 2022. The 37.3% increase in dollar volumes was largely due to inflationary pressures, supply chain disruptions, fuel surcharges, and scarcity of carrier supply, among other factors. The increase in dollar volumes is positively impacting the balance of our interest-earning assets which is helping generate interest income. In addition, higher dollar volumes are having a positive impact on financial fees.

**Liquidity** – The Company continues to maintain significant liquidity, with average short-term investments of \$472.7 million during the first quarter of 2022.

**Capital** – During the first quarter of 2022, the Company repurchased 124,874 shares of common stock for a total of \$5.1 million. The Company's common equity tier 1, total risk-based capital and leverage ratios were 13.24%, 13.96% and 9.09% at March 31, 2022, respectively.

### About Cass Information Systems

Cass Information Systems, Inc. is a leading provider of integrated information and payment management solutions. Cass enables enterprises to achieve visibility, control and efficiency in their supply chains, communications networks, facilities and other operations. Disbursing over \$80 billion annually on behalf of clients, and with total assets in excess of \$2.4 billion, Cass is uniquely supported by Cass Commercial Bank. Founded in 1906 and a wholly owned subsidiary, Cass Commercial Bank provides sophisticated financial exchange services to the parent organization and its clients. Cass is part of the **Russell 2000**<sup>®</sup>. More information is available at [www.cassinfo.com](http://www.cassinfo.com).

### 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 in such statements. These risks and uncertainties include the impact of the COVID-19 pandemic as well as economic and market conditions, inflationary pressures, risks of credit deterioration, interest rate changes, governmental actions, market volatility, security breaches and technology interruptions, energy prices and competitive factors, among others, as set forth in the Company's most recent Annual Report on Form 10-K and subsequent reports filed with the Securities and Exchange Commission. The Company has used, and intends to continue using, the Investors portion of its website to disclose material non-public information and to comply with its disclosure obligations under Regulation FD. Accordingly, investors are encouraged to monitor Cass's website in addition to following press releases, SEC filings, and public conference calls and webcasts.*

### Consolidated Statements of Income (unaudited)

(\$ in thousands, except per share data)

|  | Quarter<br>Ended<br>March 31, 2022 | Quarter<br>Ended<br>March 31, 2021 |
|--|------------------------------------|------------------------------------|
| Processing fees                            | \$ 19,036                          | \$ 18,375                          |
| Financial fees                             | 10,532                             | 6,997                              |
| Net interest income                        | 11,903                             | 10,345                             |
| (Provision for) release of credit losses   | (230)                              | 600                                |
| Other                                      | 862                                | 803                                |
| Total revenues                             | <u>\$ 42,103</u>                   | <u>\$ 37,120</u>                   |
| Personnel                                  | \$ 24,718                          | \$ 22,526                          |
| Occupancy                                  | 915                                | 947                                |
| Equipment                                  | 1,711                              | 1,675                              |
| Other                                      | 4,484                              | 3,377                              |
| Total operating expenses                   | <u>\$ 31,828</u>                   | <u>\$ 28,525</u>                   |
| Income from operations before income taxes | \$ 10,275                          | \$ 8,595                           |
| Income tax expense                         | 2,017                              | 1,524                              |
| Net income                                 | <u>\$ 8,258</u>                    | <u>\$ 7,071</u>                    |
| Basic earnings per share                   | <u>\$ .61</u>                      | <u>\$ .49</u>                      |

|                            |    |     |    |     |
|----------------------------|----|-----|----|-----|
| Diluted earnings per share | \$ | .60 | \$ | .49 |
|----------------------------|----|-----|----|-----|

Share data:

|  |        |        |
|--|--------|--------|
| Weighted-average common shares outstanding                   | 13,578 | 14,312 |
| Weighted-average common shares outstanding assuming dilution | 13,814 | 14,533 |

**Consolidated Balance Sheets**

(\$ in thousands)

|   | <b>(unaudited)</b>    | <b>December 31,</b> |
|---|-----------------------|---------------------|
|   | <b>March 31, 2022</b> | <b>2021</b>         |
| <b>Assets:</b>                                |                       |                     |
| Cash and cash equivalents                     | \$ 191,449            | \$ 514,928          |
| Investment securities                         | 774,610               | 673,453             |
| Loans, excluding PPP loans                    | 975,829               | 954,268             |
| PPP loans                                     | 1,373                 | 6,299               |
| Allowance for credit losses                   | (12,406)              | (12,041)            |
| Payments in advance of funding                | 329,622               | 291,427             |
| Premises and equipment, net                   | 19,086                | 18,113              |
| Investments in bank-owned life insurance      | 47,163                | 43,176              |
| Goodwill and other intangible assets          | 16,691                | 16,826              |
| Other assets                                  | 78,626                | 48,452              |
| Total assets                                  | <u>\$ 2,422,043</u>   | <u>\$ 2,554,901</u> |
| <b>Liabilities and shareholders' equity:</b>  |                       |                     |
| Deposits                                      |                       |                     |
| Non-interest bearing                          | \$ 621,819            | \$ 582,642          |
| Interest bearing                              | 555,116               | 638,861             |
| Total deposits                                | 1,176,935             | 1,221,503           |
| Accounts and drafts payable                   | 989,733               | 1,050,396           |
| Other liabilities                             | 38,297                | 37,204              |
| Total liabilities                             | <u>\$ 2,204,965</u>   | <u>\$ 2,309,103</u> |
| Shareholders' equity:                         |                       |                     |
| Common stock                                  | \$ 7,753              | \$ 7,753            |
| Additional paid-in capital                    | 203,149               | 204,276             |
| Retained earnings                             | 116,646               | 112,220             |
| Common shares in treasury, at cost            | (82,348)              | (78,904)            |
| Accumulated other comprehensive (loss) income | (28,122)              | 453                 |
| Total shareholders' equity                    | <u>\$ 217,078</u>     | <u>\$ 245,798</u>   |
| Total liabilities and shareholders' equity    | <u>\$ 2,422,043</u>   | <u>\$ 2,554,901</u> |

**Average Balances (unaudited)**

(\$ in thousands)

|  | <b>Quarter Ended</b>  | <b>Quarter Ended</b>  |
|--|-----------------------|-----------------------|
|  | <b>March 31, 2022</b> | <b>March 31, 2021</b> |
| Average interest-earning assets        | \$ 2,122,915          | \$ 1,891,396          |
| Average loans, excluding PPP loans     | 956,913               | 767,865               |
| Average PPP loans                      | 2,938                 | 113,357               |
| Average payments in advance of funding | 279,479               | 177,295               |
| Average assets                         | 2,528,263             | 2,184,567             |
| Average deposits                       | 1,167,121             | 970,839               |
| Average accounts and drafts payable    | 1,088,105             | 898,378               |
| Average shareholders' equity           | \$ 235,720            | \$ 258,695            |

**Consolidated Financial Highlights (unaudited)**

(\$ and numbers in thousands, except ratios)

|  | <b>Quarter Ended<br/>March 31, 2022</b> | <b>Quarter Ended<br/>March 31, 2021</b> |
|--|---|---|
| Return on average equity                   | 14.21%                                  | 11.09%                                  |
| Net interest margin                        | 2.36%                                   | 2.32%                                   |
| Allowance for credit losses to loans       | 1.27%                                   | 1.32%                                   |
| Non-performing loans to total loans        | —%                                      | —%                                      |
| Net loan charge-offs (recoveries) to loans | —%                                      | —%                                      |
| <br>                                       |   |   |
| Transportation invoice volume              | 8,958                                   | 8,787                                   |
| Transportation dollar volume               | \$ 10,855,180                           | \$ 7,904,639                            |
| Facility expense transaction volume        | 6,641                                   | 6,996                                   |
| Facility expense dollar volume             | \$ 4,643,942                            | \$ 3,717,428                            |

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