

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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (date of earliest event reported): April 21, 2020

CASS INFORMATION SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of
incorporation or organization)

000-20827
(Commission
File Number)

43-1265338
(I.R.S. Employer
Identification No.)

12444 Powerscourt Drive, Suite 550
St. Louis, Missouri
(Address of principal executive offices)

63131
(Zip Code)

(314) 506-5500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act.
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act.
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act.
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act.

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.50 per share	CASS	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On April 23, 2020, Cass Information Systems, Inc. (the “Company”) issued a press release announcing its financial results for the first quarter of fiscal year ending December 31, 2020. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information reported under this Item 2.02 of Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of such section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 5.07. Submission of Matters to a Vote of Security Holders.

On April 21, 2020, the Company held its 2020 Annual Meeting of Shareholders (the “Annual Meeting”). The following is a summary of the matters voted on at the Annual Meeting:

- (a) Election of three directors to serve three-year terms ending in 2023, as follows:

<u>Nominee</u>	<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
Eric H. Brunngraber	9,843,561	145,847	5,664	3,672,942
Benjamin F. Edwards, IV	9,840,799	148,856	5,417	3,672,942
Joseph D. Rupp	9,901,162	88,245	5,665	3,672,942

All director nominees were elected.

- (b) Advisory approval of the Company’s executive compensation:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>
9,847,406	74,264	73,402	3,672,942

The Company’s executive compensation was approved by advisory vote.

- (c) Ratification of the selection of KPMG LLP as the Company’s independent registered public accounting firm for 2020:

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
13,546,979	117,986	3,049

The selection of KPMG LLP to serve as the Company’s independent registered public accounting firm for 2020 was ratified.

Item 8.01. Other Events.

Also on April 23, 2020, the Company announced in its press release that its Board of Directors declared a second quarter dividend of \$0.27 per share payable on June 15, 2020 to shareholders of record on June 5, 2020. The Company also provided certain information regarding its COVID-19 response, including deployment of its remote workforce program. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

The following risk factor supplements Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2019:

The COVID-19 pandemic creates significant risks and uncertainties for the Company's business and results of operations.

In March 2020, the World Health Organization declared novel coronavirus disease 2019 ("COVID-19") as a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and manufacturing, lowered energy prices, lowered equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. In addition, the pandemic has resulted in temporary closures of many businesses and the institution of social distancing and sheltering in place requirements in many states and communities, including those in major markets in which Cass Commercial Bank, the Company's St. Louis, Missouri-based bank subsidiary, is located or does business.

As a result, the demand for the Company's products and services has been, and will continue to be, significantly impacted. Demand for payment and information processing services by manufacturing, distribution, and retail enterprises, and loans and other products and services that the Company and the Bank offer and on which success the Company relies to drive growth, is highly dependent upon the business environment in the primary markets in which the Company operates and in the United States as a whole.

Business closures, including constrictions in the manufacturing sector, have decreased demand for the Company's payment and information processing services due to the decline in customers' business activity. In addition, the dampened demand for oil and resulting plummet in oil prices has had, and can continue to have, a negative effect on both the number of freight transactions processed and the dollar amount of invoices processed. Prolonged low oil prices could have a material, adverse effect on the Company's revenues and could significantly impact its results of operations.

Furthermore, the pandemic could influence the recognition of credit losses in the Company's loan and lease portfolios and increase its allowance for credit losses, as both businesses and consumers are negatively impacted by the economic downturn. Bank regulatory agencies and various governmental authorities are urging financial institutions to work prudently with borrowers who are or may be unable to meet their contractual payment obligations because of the effects of COVID-19. In addition, the Federal Reserve has taken action to lower the Federal Funds rate, which could adversely affect interest income and therefore, the Company's results of operations and financial condition.

The Company's business operations may also be disrupted if significant portions of its workforce are unable to work effectively, including because of quarantines, illness, government actions, or other restrictions in connection with the pandemic, travel restrictions, technology limitations and/or disruptions, including remote working measures and their attendant cybersecurity risks. Furthermore, the business operations of the Company and the Bank may be disrupted due to vendors and third-party service providers being unable to work or provide services effectively, including because of quarantines, illness, government actions, or other restrictions in connection with the pandemic.

The extent to which the COVID-19 pandemic impacts the Company's business, results of operations, and financial condition, as well as its regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain, including the scope and duration of the pandemic and actions taken by governmental authorities and other third parties in response to the pandemic. Moreover, the effects of the COVID-19 pandemic may heighten many of the other risks described in the section entitled "Risk Factors" in the Company's most recent Annual Report on Form 10-K and any subsequent Quarterly Report on Form 10-Q or Current Report on Form 8-K including, but not limited to, risks of credit deterioration, interest rate changes, governmental actions, market volatility, security breaches and technology interruptions.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release issued by Cass Information Systems, Inc. dated April 23, 2020.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 23, 2020

CASS INFORMATION SYSTEMS, INC.

By: /s/ Eric H. Brunngraber
Name: Eric H. Brunngraber
Title: Chairman, President and Chief Executive Officer

By: /s/ P. Stephen Appelbaum
Name: P. Stephen Appelbaum
Title: Executive Vice President and Chief Financial Officer



Contact: Contact Kenn Entringer at Casey Communications, Inc., (314) 721-2828.
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April 23, 2020

Cass Information Systems, Inc. Reports First Quarter Earnings

COVID-19 Update

ST. LOUIS – **Cass Information Systems, Inc. (NASDAQ: CASS)**, a leading provider of integrated information and payment management solutions, is committed to creating a safe and healthy environment for employees while offering assurance that it remains a financially strong service provider possessing the resources necessary to weather this storm in support of its valued customers.

To that end, and in accord with its federally mandated **Pandemic Plan** and **Business Continuity Plan**, Cass, last month, deployed its remote workforce program. Most Cass employees around the globe are now working and conducting business remotely. Only employees necessary to oversee certain business coordination activities or to conduct essential physical activities such as mail handling and scanning operations, remain in offices. In the past several years, Cass has invested in sophisticated technology initiatives that enable employees to operate remotely with full system(s) access along with unified and transparent voice and electronic communications capabilities, ensuring seamless service delivery.

Q1 2020 Earnings

Cass reported first quarter 2020 earnings of \$.52 per diluted share, a decrease of 5% from the \$.55 per diluted share it earned in the first quarter of 2019. Net income for the period was \$7.5 million compared to \$8.2 million in 2019.

	<u>March 31, 2020</u>	<u>March 31, 2019</u>	<u>% Change</u>
Transportation Invoice Volume	8.3 million	8.9 million	(7.5)
Transportation Dollar Volume	\$6.5 billion	\$7.0 billion	(7.4)
Facility Expense Transaction Volume*	6.5 million	7.0 million	(6.9)
Facility Expense Dollar Volume*	\$3.5 billion	\$3.6 billion	(4.4)
Revenues	\$38.1 million	\$38.4 million	(0.6)
Net Income	\$7.5 million	\$8.2 million	(7.6)
Diluted Earnings Per Share	\$.52	\$.55	(5.5)

* Includes Energy, Telecom and Waste

First quarter 2020 revenue decreased 1% with net income down 8%. The impacts of COVID-19 contributed to these declines, including the decision by the **U.S. Federal Reserve** to further lower interest rates after enacting rate reductions in the latter half of 2019. The slowdown in economic activity and lower energy prices also retarded results.

Transportation volumes for both invoices and dollars declined 7%. With manufacturing companies representing an important component of the transportation customer base, the previously reported contraction in this sector, combined with the recent effects of COVID-19, created year-over-year trials for the division. However, the customer base remains stable which should provide a solid foundation for recovery.

Facility-related (electricity, gas, waste and telecom expense management) invoice and dollar volume declined 7% and 4%, respectively, with the impact of COVID-19 again contributing to these declines. As with the Transportation division, the customer base in facility-related businesses remains stable, offering optimism about the prospects for a quick recovery.

Consolidated operating expenses increased \$467,000 (2%) due to on-going strategic investment in the technology and staff required to win and support new business and additional costs incurred in response to the impacts of COVID-19.

“I have been impressed and humbled by the resourcefulness our team has shown in serving clients during this trying time,” noted **Eric H. Brunngraber**, Cass chairman and chief executive officer. “By being a reliable business partner, providing financing and flexible terms, and adapting and accommodating as necessary, we not only assist them but secure our future.”

Cash Dividend Declared

On April 21, 2020, the company’s board of directors declared a second quarter dividend of \$.27 per share payable June 15, 2020 to shareholders of record June 5, 2020. Cass has continuously paid regularly scheduled cash dividends since 1934.

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 \$60 billion annually on behalf of clients, and with total assets of \$1.7 billion, Cass is uniquely supported by **Cass Commercial Bank**. Founded in 1906 and a wholly owned subsidiary, Cass Bank provides sophisticated financial exchange services to the parent organization and its clients. Cass is part of the **Russell 2000®**. More information is available at www.cassinfo.com.

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 scope, duration and ultimate impact of the COVID-19 pandemic as well as economic and market conditions, 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.

Selected Consolidated Financial Data

The following table presents selected unaudited consolidated financial data (in thousands, except per share data) for the periods ended March 31, 2020 and 2019:

	Quarter Ended March 31, 2020	Quarter Ended March 31, 2019
Transportation Invoice Volume	8,280	8,948
Transportation Dollar Volume	\$6,467,051	\$6,985,773
Facility Expense Transaction Volume	6,509	6,994
Facility Expense Dollar Volume	\$3,458,646	\$3,617,428
Payment and Processing Fees	\$ 25,503	\$ 26,457
Net Investment Income	11,048	11,357
Gains on Sales of Securities	1,069	11
Other	523	545
Total Revenues	\$ 38,143	\$ 38,370
Personnel	\$ 22,427	\$ 22,277
Occupancy	941	959
Equipment	1,635	1,469
Other	3,926	3,757
Total Operating Expenses	\$ 28,929	\$ 28,462
Income from Operations before Income Tax Expense	\$ 9,214	\$ 9,908
Income Tax Expense	1,669	1,745
Net Income	\$ 7,545	\$ 8,163
Basic Earnings per Share	\$.52	\$.56
Diluted Earnings per Share	\$.52	\$.55
Average Earning Assets	\$1,487,873	\$1,438,614
Net Interest Margin	3.21%	3.42%
Allowance for Loan Losses to Loans	1.27%	1.40%
Non-performing Loans to Total Loans	—	—
Net Loan (Recoveries) / Charge-offs to Loans	—	—
Provision for Loan Losses	\$ 325	\$ 250