

2000 Summary Annual Report

CASS

data

INFORMATION

transformation

SYSTEMS



CASS INFORMATION SYSTEMS

CORPORATE PROFILE Built upon a solid foundation of over 95 years in business, Cass continues to renew and transform itself to meet current business challenges. Today Cass Information Systems, Inc. is the leading provider of freight invoice payment, audit and rating services. Our Utility Information Services has become the leading back-office provider of energy information in North America. We continue to actively pursue opportunities in information processing and electronic commerce.

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FINANCIAL HIGHLIGHTS

	2000	1999	% CHANGE
FOR THE YEAR			
Net Income	\$ 7,147,000	\$ 6,198,000	15.3%
Earnings per Common Share	\$ 2.05	\$ 1.63	25.8
Diluted Earnings per Common Share	\$ 2.02	\$ 1.61	25.5
Dividends Paid per Common Share	\$ 0.80	\$ 0.76	5.3
Return on Average Common Shareholders' Equity	13.16%	10.85%	21.1
Average Common Shares Issued and Outstanding	3,485,789	3,791,250	(8.1)
Total Invoices Paid	20,559,000	19,718,000	3.2
Total \$ Volume Paid	\$8,475,000,000	\$7,379,000,000	14.7
EDI Partnerships	770	172	347.7
Electronic Commerce Payments	\$ 530,000,000	\$ 391,000,000	35.5
AT YEAR-END			
Total Assets	\$ 576,886,000	\$ 500,845,000	15.2
Total Shareholders' Equity	\$ 53,821,000	\$ 56,563,000	(4.8)
Book Value per Common Share	\$ 16.14	\$ 15.19	6.3
Common Shares Issued and Outstanding	3,334,911	3,722,851	10.4

DILUTED EARNINGS PER SHARE



NET INCOME



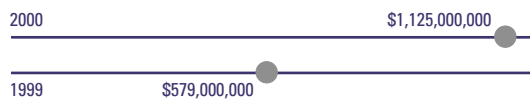
FREIGHT DOLLARS



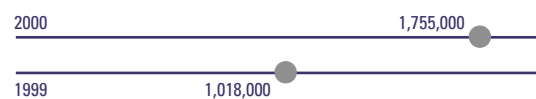
FREIGHT INVOICES



UTILITY DOLLARS



UTILITY INVOICES

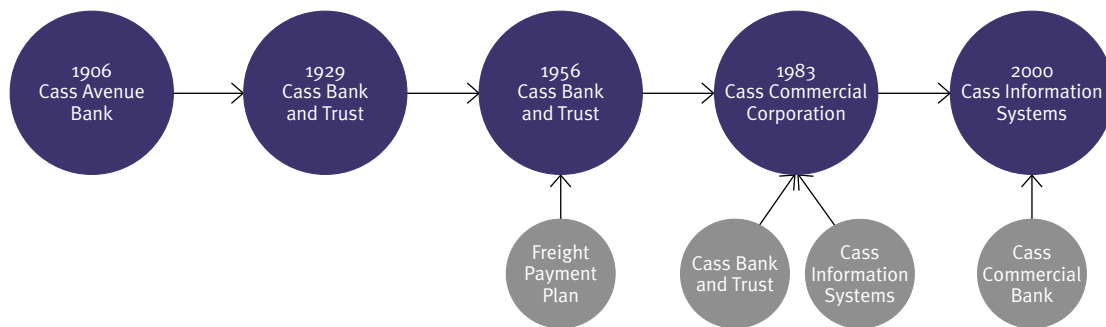


SYMBOLS OF OUR SUCCESS:

These ticker symbols represent a small sampling of the Cass clients that have contributed to our success.

ADK . . . AL . . . ANES . . . AOS . . . APO

TRANSFORMATION: AN ONGOING PROCESS



renewing of our minds and have found the process to be invigorating, motivating and inspiring. The strengthening of our foundation and our continuing strategic investments in information resources are preparing us for an exciting future.

As an organization, we have had to make critical, strategic decisions over the last three years. The willingness of our Board of Directors and staff to confront these decisions in the best interest of long-term growth and improved performance has been commendable. The Cass organization has existed since 1906. The acceptance and recognition that we are not the organization we used to be has been a painful process for some. However, both our Board of Directors and the staff have willingly and actively engaged this process and supported the transformation which has occurred in our company. We thank them for their many significant efforts and hard decisions in this regard.

AS AN ORGANIZATION, WE
HAVE HAD TO MAKE CRITICAL,
STRATEGIC DECISIONS OVER
THE LAST THREE YEARS.

Our shareholders and the investment community have also been supportive in this process. We are grateful for their patience and understanding as we move from a financial services company into an information processing organization. We will continue to trust that improved results and future growth will result in appropriate value being returned to our investors.

We continue to express our thanks and appreciation to God for the grace and faithfulness that has been provided our organization. Over the years, we have clearly seen that God gives strength when we are under pressure, wisdom when problems must be solved and solutions in times of trial and crisis. We will continue to place our trust in Him as we execute the strategy and activities of the organization.

Lawrence A. Collett
Chairman and Chief Executive Officer

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CASS – A NEW CORPORATION

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The transformation of Cass has been occurring gradually since 1956. The introduction of freight payment services, at that time, began a new business that initially was a department of a much larger commercial bank. The growth of those services occurred at a faster rate than traditional

commercial banking. The volume of business soon rivaled that of the parent institution. With the deregulation of transportation in the 1980s and the insatiable demand for information to better manage this critical corporate function, Cass Information Systems, Inc. was formed as a separate wholly owned subsidiary of Cass Commercial Corporation, a

bank holding company. During the 1980s and 1990s, growth accelerated and information services began to dominate overall business activities.

Today we find ourselves in a position where over 75 percent of our revenue is derived from information services activities and is expected to significantly increase in the future.

A SIGNIFICANT CHANGE IN THE CASS ORGANIZATION, AS OUTLINED IN THE CHAIRMAN'S LETTER AND ELSEWHERE IN THIS REPORT, SHOULD NOT BE A SURPRISE TO MANY OF US.

The organization has also changed its approach to technology. The need for advanced technology in information services remains a high priority. Cass has responded to this challenge through significant investments that have changed the entire way information is acquired, warehoused and

delivered. Cass is installing and utilizing Web, Internet and browser technology in all of its systems. Cass continues to be the leading information processor in all of the markets it serves and is committed to expanding its position.



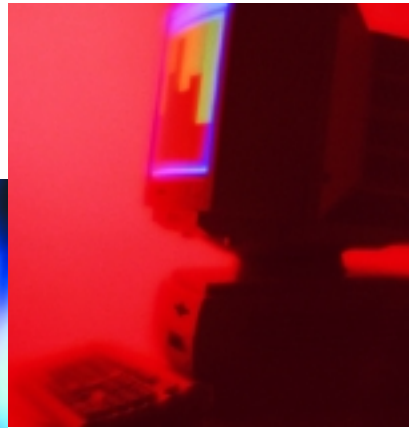
TRANSFORMATION

Another contributor to the transformation of the Cass organization is the way funds are utilized and moved in the business process. While traditional methods of commercial banking are still being utilized, the growth of e-commerce and electronic payment mechanisms has created new challenges to the financial services industry. Cass' unique ability to integrate these new mechanisms with its transaction processing capabilities positions it as an institution that is able to bring financial and transaction components together in a single process. This integrated capability provided the movement of over \$8 billion dollars in funds during 2000.

Thus, a natural growth in information needs, combined with an explosion in new technology and changes in the payments mechanism, have evolved the Cass organization into a full-fledged information services company.

We certainly do not apologize for that change but engage it wholeheartedly. We sincerely believe that this new company is poised to expand its activities in information processing at a faster pace than ever before. While this change will undoubtedly continue to affect our structure and focus, it is clearly the direction we are pursuing. We are excited about our future and the outstanding prospects for growth in the information services industry.

Cass Information Systems has been an electronic commerce provider before the term became popular in the 1990s. In the early 1980s Cass Information Systems initiated services to receive and send client data electronically. In addition, Cass began its Electronic Data Interchange (EDI) program to facilitate payables and information transaction processing. In 1995, recognizing the importance of the Internet, Cass began its strategy to leverage the Internet for its information services.



CASS – A NEW CORPORATION (cont.)

Today, our clients rely on Cass to provide high-quality business solutions, superior service and the most advanced technology. As we begin the 21st century, our information focus builds upon the accomplishments of the past decades. Currently, three areas of information management are critical to our business success:

- *Data Acquisition*
- *Data Warehousing*
- *Data Delivery*

The role of Cass Information Systems is to provide the processing and management of data. Cass facilitates the transfer of payable and information data and integrates the data into a useful management tool. As a Data Acquisition provider, Cass receives data from vendors such as freight carriers, energy providers and other billing entities. Cass also

receives procurement and sales data from its clients to match and integrate with vendor transactions. While much of the data is provided electronically, Cass also accommodates manual processing to acquire all necessary data. Clients benefit not only from complete data but also from cost-efficient data acquisition methods.

CASS FACILITATES THE
TRANSFER OF PAYABLE AND
INFORMATION DATA AND
INTEGRATES THE DATA INTO A
USEFUL MANAGEMENT TOOL.

Data Warehousing provides a repository of integrated information for analysis and management. Cass acquires data from heterogeneous sources. This makes it much easier and more efficient to use the data

by having all relevant components available in one central data repository. The key is to transform operational data required to run businesses into informational data. Information is available through the Cass data warehouse. Our clients receive a solution for creating and maintaining their competitive advantage. Through data warehousing Cass enables information to become an asset.



Acquiring and storing data are only part of the solution. Being able to access the data in meaningful ways is key for an information services provider. As a Data Delivery provider Cass coordinates the generation of complete, seamless, digital databases of information in consistent formats for its clients. This includes providing data in standard and proprietary formats, developing methods and tools for communicating this data to our clients as required, and developing Internet-based methods and tools for analytical processing of data. Cass has provided data delivery since the early 1970s. Today, more and more data is provided via the Internet using browser and File Transfer Protocol (FTP) support. Cass also offers some of its services as an Application Service Provider (ASP) in both Transportation and Energy Information Services.

In addition, Cass Information Systems provides payment for processed transactions. An important component of this service is Cass Commercial Bank. Its financial operations provide the control and stability for handling billions of dollars of payment transactions and the total infrastructure for handling Electronic Funds Transfers (EFT). The payment and information services of Cass, combined with the financial services of its banking operations, provide a ubiquitous solution for our markets.

Business is about information. Exchanging information efficiently and accurately determines the success of business operations. Moving forward, we understand that our transformation will be a continual process. Our charge is to merge technology and business processes to provide a competitive advantage for our clients.

OPPORTUNITY

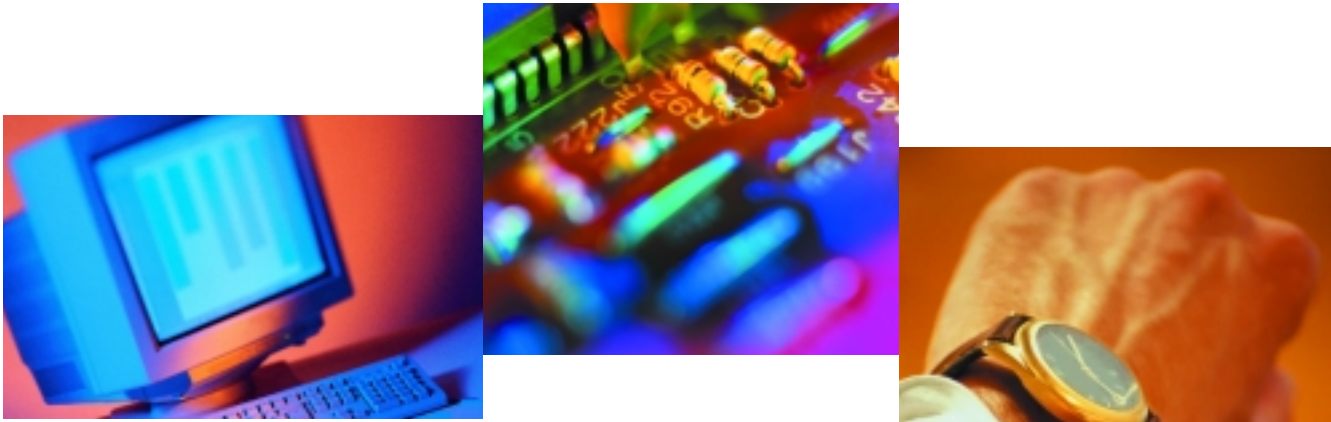


As more companies continue to improve internal processes by installing Enterprise Resource Planning (ERP) systems, the volume of automatic payments to carriers will increase. We have expanded our “auto-pay” business by offering shipment rating through our proprietary Ratemaker services. This process eliminates the need for carrier invoicing and removes another step of the billing/payment cycle. In addition, through automated rate-loading systems, we remove additional cost and improve rate integrity.

INCREASED STORAGE CAPABILITY

The key to using information is to have all of the necessary data stored and available. We have developed a robust database to allow clients complete access to all of their transportation data. To accomplish this, all invoice-related payables, financial and transportation information reside in a common data warehouse. This Structured Query Language (SQL) database provides uniform information access, retrieval and delivery for all customers, yet is flexible enough to support the customization requirements of our client base.

In 2000, we launched Ratemaker.com, the Web-enabled version of Cass’ Rate Management System (RMS). Client-negotiated rates, contracts, discounts and incentives, with applicable rules and shipment conditions for all modes of transportation, are securely stored and maintained in Ratemaker.com. In addition to archiving rates, Ratemaker.com can be used to integrate with ERP and load-planning systems. Ratemaker.com allows company transportation and field traffic personnel to make carrier routing decisions with the convenience of the Internet, including the selection of the most economical carrier using the Best Rate® feature of the service. This is currently the only Web-enabled freight rating service to handle all modes of transportation.



TRANSPORTATION INFORMATION SERVICES (cont.)

USING THE DATA

Our Internet Information Delivery is the most significant initiative that we have undertaken. Our goal is to provide customers with answers to their transportation and financial questions using data drill-down tools, such as On Line Analytical Processing (OLAP) and our Web reporting system, Source.Net. Our customers no longer need paper reports or downloads of data to an enterprise system that was not designed for transportation. In addition, carriers can manage their cash flow by accessing payment detail and downloading individual invoice remittances to their receivables systems.

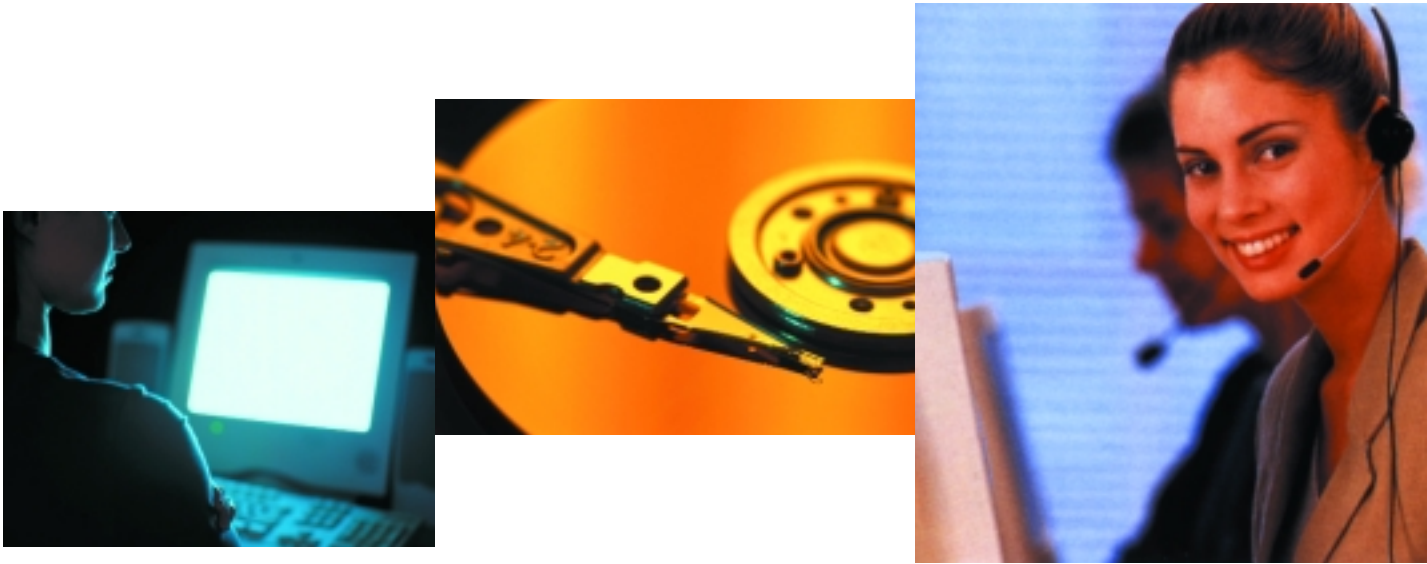
In addition to accessing freight rates in Ratemaker.com, customers can now extract files of all rates they have negotiated with their carriers to help analyze the economics of network pricing and site location.

INVESTING IN THE FUTURE – TECHNOLOGY

Cass Information Systems and its development partner were profiled by Microsoft in a release of one of its Microsoft Certified Solution Provider announcements. Cass was cited for adopting the latest Microsoft tools in the development and deployment of its Internet site. Last year, we also made a major investment in our network infrastructure, including the installation of a Storage Area Network (SAN) for our production database with 400+ Mbps throughput using redundant fiber-channel SCSI-based SAN. We continued to refine application permission protocols by adding Secure Socket Layer (SSL) as a customer option when accessing data, and a new network monitoring system.

TRANSPORTATION INFORMATION SERVICES LOOKS TO THE FUTURE

Cass' reputation, experience and service quality are the highest in our industry. Our vision is to leverage our processing expertise and to invest resources that advance the three components of our strategy. The market for our services is represented by the 1,000 largest manufacturing, food, chemical and personal care products companies in the United States and Canada. We believe that by utilizing technology, we will retain our position as the market leader for our services and seize opportunities that will add significant growth.



UTILITY INFORMATION SERVICES (cont.)

EXTERNAL FORCES THAT ARE CHANGING THE MARKET

2000 was a year when awareness of the importance of energy costs climbed corporate America's organizational charts, from energy managers and operational staffs to CFOs and CEOs. Dramatic gas price increases this winter affected bottom-line results for even the largest of companies, causing many companies to reevaluate risk management strategies and open-market commodity purchases.

California's deregulation debacle created top-of-mind awareness of how critical it is to plan for energy acquisition in states where choices are or will be available. Entering 2001, 18 states have active deregulation programs for electricity and five more are planning to open competition by mid-2002. The gas market is more mature, with 17 states already open and 27 more offering partial choice based on minimum consumption levels. Utility information, as provided by Cass' Utility Division, will be the key to developing sound plans.

2000 also brought the anticipated consolidation of competitors in the Bill Payment and Presentation market. High-profile Energy Service Provider (ESP) spin-offs were either sold or closed down and smaller companies were acquired by larger ones. This trend is expected to continue in the upcoming year.

CASS INVESTS IN THE FUTURE

At the end of 2000, Cass was able to participate in this consolidation with a very strategic purchase. On December 12, 2000, Cass announced that it entered into a letter of agreement for the acquisition of business and substantially all assets of "The Utility Navigator," a division of privately held InSITE Services, Inc. The acquisition of this business, since completed, immediately added nearly 10,000 new customer sites to Cass' customer portfolio. More importantly, it gave Cass nearly a dozen new resellers of its product, putting over 100 new salespeople in front of potential customers, with several resellers focusing on vertical markets not previously served.

INFORMATION



Accompanying the purchase were the technology assets of “The Utility Navigator,” the Web tool and hosting environment that is “private labeled” for ESP customers. Widely regarded as one of the best utility Web presentation tools in the industry, the Web product allows each ESP to customize the look, feel and content of its site to help differentiate its product offering. It provides Cass with a new revenue source from Web hosting and customization.

CASS INVESTS IN THE FUTURE – CLICKS TO BRICKS

Cass’ new Web presence and growth necessitated a much more traditional investment – real estate. To accommodate growth for Utility Information Services, Cass purchased a new building in October 2000. The new headquarters should double the capacity of the Utility operation and is being outfitted with state-of-the-art technology, including a greatly enhanced IT infrastructure.

CASS INVESTS IN THE FUTURE – TECHNOLOGY

Cass announced an exciting development in 2000 – a new way to more efficiently process exception items. For the last two years, utility bills have been scanned using high-speed duplex scanners prior to data entry. This has already yielded tight controls allowing Cass to track a bill from scanning until its ultimate disposition. In 2001, the images will play an even more important role as they form the basis of a new image-based suspense process. Instead of using telephones and faxes to resolve questions, customer service will be using automated e-mails from a rules-based suspense processing engine. The new system will also assist with workload balancing, tracking and cost analysis.

Another encouraging technology front is electronic commerce. Using American National Standards Institute (ANSI) EDI transactions, Cass was able to process over 20 percent of electric bills electronically by the end of the year. This initiative will continue in 2001 as Cass strives to achieve greater accuracy, faster turnaround and reduced costs per transaction.

UTILITY INFORMATION SERVICES LOOKS TO THE FUTURE

Cass finished the year with a 72 percent increase in processed transactions, representing \$1.1 billion in energy expenditures. Three million annual transactions are anticipated in 2001. Many markets are ready for these services including government, education, industry and healthcare. With Cass’ expanded payment processing, Internet information and Web-hosting capabilities, we trust that continued growth will be achieved as businesses seek to control the growing cost of energy.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands of Dollars, Except Share and per Share Information)	Year Ended December 31,	
	2000	1999
REVENUES		
Payment and Processing Revenue	\$19,424	\$20,026
Net Investment Income	31,130	26,509
Other	1,690	1,418
Total	52,244	47,953
EXPENSES		
Salaries and Employee Benefits Expense	28,500	25,974
Occupancy Expense	1,758	1,780
Equipment Expense	3,027	2,714
Other	7,951	7,876
Total	41,236	38,344
Income Before Income Tax Provision	11,008	9,609
Income Tax Provision	3,861	3,411
Net Income	\$ 7,147	\$ 6,198
EARNINGS PER SHARE		
Basic	\$ 2.05	\$ 1.63
Diluted	2.02	1.61
WEIGHTED AVERAGE SHARES OUTSTANDING		
Basic	3,485,789	3,791,250
Diluted	3,530,648	3,848,432

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars, Except Share and per Share Information)	December 31,	
	2000	1999
ASSETS		
Cash and Cash Equivalents	\$115,931	\$124,217
Investments, Net	436,648	357,057
Premises and Equipment, Net	13,914	9,181
Accrued Interest Receivable	3,528	2,764
Other Assets	6,865	7,626
Total Assets	\$576,886	\$500,845
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits	\$212,666	\$188,736
Accounts and Drafts Payable	302,840	249,894
Short-term Borrowings	—	208
Other Liabilities	7,559	5,444
Total Liabilities	523,065	444,282
SHAREHOLDERS' EQUITY		
Preferred Stock, par value \$.50 per share; 2,000,000 shares authorized and no shares issued	—	—
Common Stock, par value \$.50 per share; 20,000,000 shares authorized and 4,000,000 shares issued	2,000	2,000
Surplus	5,059	5,087
Retained Earnings	59,177	54,814
Accumulated Other Comprehensive Income (Loss)	159	(417)
Common Shares in Treasury, at cost (665,089 and 277,149 shares at December 31, 2000 and 1999, respectively)	(12,480)	(4,770)
Unamortized Stock Bonus Awards	(94)	(151)
Total Shareholders' Equity	53,821	56,563
Total Liabilities and Shareholders' Equity	\$576,886	\$500,845

INDEPENDENT AUDITORS' REPORT

THE BOARD OF DIRECTORS AND SHAREHOLDERS
OF CASS INFORMATION SYSTEMS, INC.:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Cass Information Systems, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, cash flows, and shareholders' equity and comprehensive income for the three-years ended December 31, 2000 (not presented herein); and in our report dated January 23, 2001, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statement is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LLP

St. Louis, Missouri

January 23, 2001

BOARD OF DIRECTORS

Lawrence A. Collett
Chairman of the Board,
Chief Executive Officer

John J. Vallina
President,
Cass Commercial Bank

Robert J. Bodine
Chairman Emeritus,
Bodine Aluminum, Inc.

Bryan S. Chapell
President,
Covenant Theological Seminary

Thomas J. Fucoloro
Consultant

Harry J. Krieg
Chairman Emeritus

Howard A. Kuehner
Investor

Jake Nania
Investor

Irving A. Shepard
President,
Venture Consultants, Inc.

A.J. Signorelli
Founder,
Andrews Educational &
Research Center and Hope
Educational & Research Center

Bruce E. Woodruff
Attorney; of counsel to
Armstrong Teasdale LLP

OFFICERS

Lawrence A. Collett
Chairman of the Board,
Chief Executive Officer

Eric H. Brunngraber
Chief Financial Officer

John F. Pickering
Chief Operating Officer,
Transportation Information Services

Terrence J. Cowee
Senior Vice President,
Transportation Information Services

Harry M. Murray
Executive Vice President,
Utility Information Services

John J. Vallina
President,
Cass Commercial Bank

Kenneth A. Witbrodt
Executive Vice President,
Cass Commercial Bank

SHAREHOLDER INFORMATION

CORPORATE HEADQUARTERS
Cass Information Systems, Inc.
13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 506-5500
E-mail: cass@cassinfo.com
Web: www.cassinfo.com

COMMON STOCK
The company's common stock trades on the Nasdaq stock market under the symbol CASS.

ANNUAL MEETING
The annual meeting of shareholders will be held on April 16, 2001, at 11:00 a. m. at the corporate headquarters.

TRANSFER AGENT
Shareholders with inquiries regarding stock accounts, dividends, change of ownership or address, lost certificates or consolidation of accounts should contact:

Mellon Investor Services L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, New Jersey 07660
(888) 213-0965
Web: www.mellon-investor.com

INVESTOR RELATIONS
Security analysts, investment managers and others seeking financial information about the company should contact:

Eric H. Brunngraber
Chief Financial Officer
Cass Information Systems, Inc.
13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 506-5500

10-K AND OTHER PUBLICATIONS
A copy of the company's Form 10-K, as filed with the Securities and Exchange Commission, will be furnished without charge upon written request to the address above or from the company's Web site at www.cassinfo.com.

INDEPENDENT AUDITORS
KPMG LLP
10 South Broadway
Suite 900
St. Louis, Missouri 63102

Do not conform any longer to the pattern of this world,
but be transformed by the renewing of your mind.

ROMANS 12:2



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