



# THE CASS STRATEGIC EDGE

CASS INFORMATION SYSTEMS  
2002 SUMMARY ANNUAL REPORT



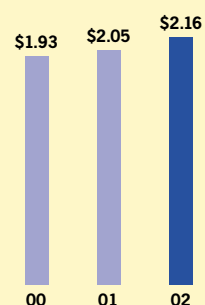
CORPORATE PROFILE: Built upon a solid foundation of over 95 years in business, Cass continues to renew and transform itself to meet current business challenges. Today, Cass Information Systems, Inc. is the leading provider of freight invoice payment, audit and rating services. Our Utility Information Services Group 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.



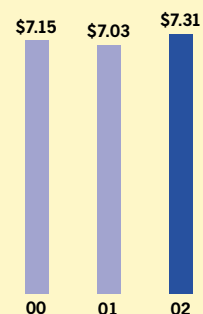
# CASS INFORMATION SYSTEMS 2002 IN REVIEW

FOR THE YEAR	2002	2001	2002 vs. 2001 % Change	2000
Total Revenue	\$ 56,874,000	\$ 55,493,000	2.5%	\$ 52,244,000
Net Income	\$ 7,312,000	\$ 7,025,000	4.1%	\$ 7,147,000
Basic Earnings per Common Share*	\$ 2.18	\$ 2.07	5.3%	\$ 1.95
Diluted Earnings per Common Share*	\$ 2.16	\$ 2.05	5.4%	\$ 1.93
Dividends Paid per Common Share	\$ 0.81	\$ 0.80	1.3%	\$ 0.80
Return on Average Total Shareholders' Equity	12.76%	12.79%	(0.2)%	13.16%
Total Number of Transactions Processed	24,984,000	22,833,000	9.4%	20,657,000
Total Dollar Volume Paid	\$10,350,000,000	\$9,776,000,000	5.9%	\$8,461,000,000
<b>AT YEAR-END</b>				
Total Assets	\$ 572,233,000	\$ 602,377,000	(5.0)%	\$ 576,886,000
Total Shareholders' Equity	\$ 61,046,000	\$ 55,520,000	10.0%	\$ 53,821,000
Book Value per Common Share	\$ 18.15	\$ 17.45	4.0%	\$ 16.14
Common Shares Issued and Outstanding	3,363,832	3,181,815	5.7%	3,334,911

## DILUTED EARNINGS PER COMMON SHARE



## NET INCOME (in millions)



\*Earnings per share amounts have been restated to reflect a 5% stock dividend issued in December 2002.

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# TO OUR SHAREHOLDERS

THEN THE LORD ANSWERED ME AND SAID, "RECORD THE VISION AND INSCRIBE IT ON TABLETS, THAT THE ONE WHO READS IT MAY RUN. FOR THE VISION IS YET FOR THE APPOINTED TIME; IT HASTENS TOWARD THE GOAL AND IT WILL NOT FAIL. THOUGH IT TARRIES, WAIT FOR IT; FOR IT WILL CERTAINLY COME, IT WILL NOT DELAY." HABAKKUK 2:2-3

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## **INTRODUCTION**

The Cass organization faced a challenging year in 2002, as did the entire business community. Last year at this time, we were still working through the repercussions of September 11, perplexed by the far-reaching impact of this event. Twelve months later, we face another defining moment in our history. As we diligently seek to protect our nation and the world against the monster of terrorism, we must overcome numerous economic and political obstacles. The challenges before us appear large and difficult.

Uncertainty is the dominant characteristic of the day, globally, nationally and regionally. It has permeated the American routine to the point where inaction is the most visible response. At times, we seem paralyzed by its presence. Indeed, it clearly has adversely affected the level of business activity.

The truth is that we were born, raised and have prospered in uncertainty. Life is uncertain, almost by definition. Our forefathers, many of whom arrived in this country with nothing more than the clothing on their backs, understood this. They took great risks amid trying circumstances in order to fulfill their vision of freedom and hope for future generations of Americans. The freedoms we take for granted today are a result of

their actions in the face of uncertainty. We have not lost sight of their vision. It has sustained us to this day as we reap the benefits of their commitment, foresight and dedication to establishing and preserving such a nation. In keeping with the legacy of our forefathers, we cannot falter in the face of uncertainty or lose sight of our vision, both as individuals and as a society.

At Cass, we continue to believe that periods of uncertainty provide some of the greatest opportunities. We are actively pursuing these opportunities despite obstacles that may lie in our path. Our corporate vision, shared with you in this year's annual report, guides us to pursue our vision to become a distinct information processing company leveraging its ownership of an outstanding commercial bank to obtain leadership in the markets where it competes. It is the pursuit of that vision which compels us to resist discouragement, disappointment and uncertainty, and reach instead for new opportunities to exploit and expand our information processing capabilities.

## **2002 RESULTS**

We are pleased to report that despite significant roadblocks, Cass Information Systems, Inc. experienced an increase in all of its key indicators during 2002. Net income increased to \$7,312,000, a 4.1% increase

from the \$7,025,000 experienced in 2001. This represents an increase to \$2.16 diluted earnings per share from the \$2.05 achieved last year. Total revenue increased from \$55,493,000 to \$56,874,000, an increase of 2.5%. Most significantly, processing fee revenues increased almost 15% over the previous year, a clear indicator of our quest to execute our vision. Return on average investment was a respectable 12.8%.

In 2002, our Transportation Information Systems business unit experienced one of its most successful years for adding new business. Companies continue to seek an outsourced solution to grasp the information needed to control, manage and reduce their transportation expenses. Ford Motor Company, PPG Industries, Rohm

**“ WE WILL CONTINUE TO PURSUE OUR VISION TO BECOME A DISTINCT INFORMATION PROCESSING COMPANY LEVERAGING ITS OWNERSHIP OF AN OUTSTANDING COMMERCIAL BANK TO OBTAIN LEADERSHIP IN THE MARKETS WHERE IT COMPETES. ”**

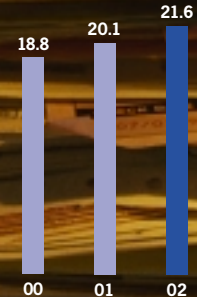
and Haas, Moore Business Forms and Halliburton Company are only some of the large companies that selected Cass as their business partner.

While processing volume decreased for our base business due to the weakness of the economy, our overall volume grew by over 7% as a result of adding new

**FREIGHT DOLLARS**  
(in billions)



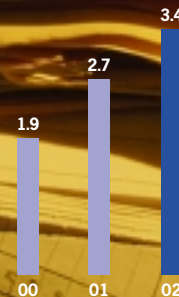
**FREIGHT INVOICES**  
(in millions)



**UTILITY DOLLARS**  
(in billions)



**UTILITY TRANSACTIONS**  
(in millions)



## TO OUR SHAREHOLDERS (CONT.)

customers. In addition to this growth, the number of freight bills that we process electronically continued to increase. On the strength of this year's new business, we are expecting strong growth in transportation processing fees next year.

The Utility Information Systems business unit continued its momentum in building transaction processing volume. Cass provided its utility invoice processing service through a comprehensive group of Energy Service Providers (ESPs) who cover North America. Cass has

utility processing volume grew by nearly 700,000 invoices and \$150 million during 2002.

Our Ratemaker Application Service Provider (ASP) unit performed well in 2002. This was the first full year of operation for this business. It completed the year with a slight profit and the addition of several new clients. Our ability to leverage the rating services provided by Ratemaker will provide significant financial growth for this unit.

Finally, we are also grateful for the outstanding performance of our banking unit last year. Total loans grew over \$50 million. This performance allowed us to withstand the significant impact of the lowest interest rates in over 40 years. This strategic business unit also made a key contribution to our financial exchange capabilities, facilitating significant growth in all aspects of cash management, which is central to our processing strategy.

“ IT IS OUR INTENTION TO CONTINUE TO GROW THE NUMBER OF INFORMATION PROCESSING UNITS THAT INCORPORATE THE CORE PRACTICES OF DATA ACQUISITION, DATA MANAGEMENT, INFORMATION DELIVERY AND FINANCIAL EXCHANGE. ”

become the back-office standard in the industry for collecting data that ESPs need to serve their customers. Customized data collected from utility invoices is provided the ESPs who integrate it into their service offerings such as rate auditing, commodity procurement and demand management. With Cass providing data acquisition services, the ESPs are free to concentrate on their core utility service competencies. Total

### STRATEGY

This year's annual report defines the vision and strategy of Cass Information Systems, Inc. Building on our core competencies, we desire to leverage key corporate resources across our strategic business units to maximize our effectiveness. It is our intention to continue to grow the number of information processing units that incorporate the core

practices of data acquisition, data management, information delivery and financial exchange.

We also seek to protect and enhance a culture focusing on the way business activities are conducted as well as the results. It is critical that we consider the needs of our customers as if they were our own. The manner in which we conduct our affairs is a priority at Cass. Our results are directly related to our ability to deliver our services honestly and forthrightly. Our strategy is dependent on maintaining that posture.

#### **ACKNOWLEDGEMENTS**

The fact we have achieved so much in what initially promised to be a difficult year highlights the dedication and resourcefulness of Cass employees who have once again contributed significantly to our success. I want to thank each of them for their efforts; they are much appreciated.

Our shareholders have again demonstrated their encouragement to our organization. They have stood solidly behind our efforts, and we are, as always, deeply grateful for their continued support of the values and culture established at Cass.

Once again, in the face of a trying economy and negative business environment, our Board of Directors has

provided calming, steadfast leadership, holding us firm to our values and foundational principles. Their wisdom has kept us on course and we thank them for their governance and counsel.

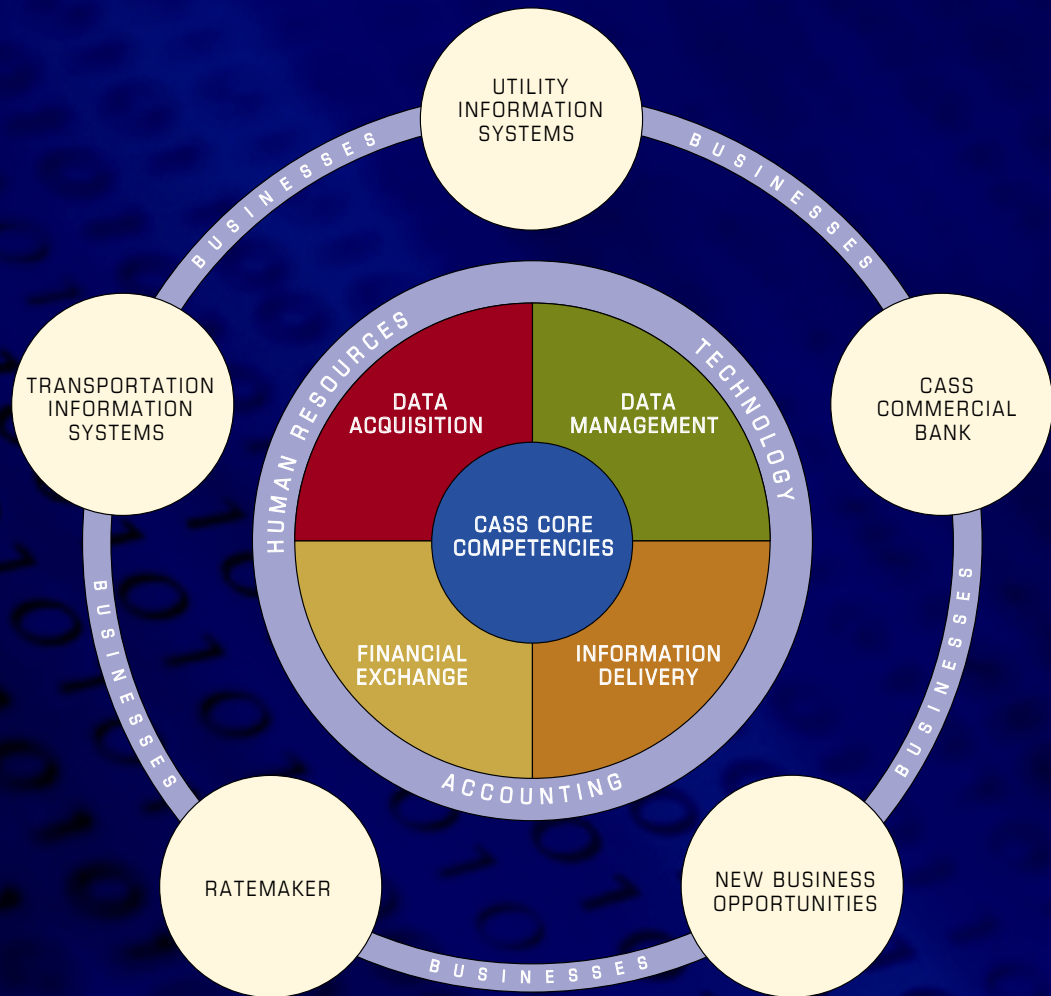
This year, more than ever, we can be thankful for God's faithfulness and direction to help lead us through these difficult and uncertain times. Though we find ourselves surrounded with disheartening news of corporate scandals, terrorist acts and economic threats, God's ever-present love sustains and guides us. Indeed, it is His sovereignty that eliminates the fear of uncertainty.

The response by the prophet Habakkuk to the vision he had received is a good model. Seeking the right goals in the proper manner will produce the appropriate measure of success in the right time frame. While perseverance, patience, dedication and commitment are not necessarily the quickest path to attain short-term results, we believe they are the key to long-term achievement and success.



**LAWRENCE A. COLLETT**  
**CHAIRMAN AND**  
**CHIEF EXECUTIVE OFFICER**

# THE CASS STRATEGIC EDGE



Cass is an information services company with a primary focus on transaction processing in the area of payables and payables-related services for large United States corporations and their international operations.



Cass possesses four core competencies that envelop most of its processing services.

**DATA ACQUISITION** – This refers to the gathering of data elements from diverse, heterogeneous sources and the building of complete databases for our customers. Data is the raw material of the information economy.

Cass gathers vital data from complex and diverse input documents, electronic media, proprietary databases and data feeds, including data acquired from vendor invoices as well as customer procurement and sales systems. Through its numerous methods of obtaining streams and pieces of raw data, Cass is able to assemble vital data into centralized data management systems and warehouses, thus producing an engine to create the power of information for managing critical corporate functions and processing systems.

**DATA MANAGEMENT** – Once data is assembled, Cass is able to utilize the power from derived information to produce significant savings and benefits for its clients. This information is used to integrate into customers' unique financial and accounting systems, eliminating the need for internal accounting processing and to provide internal and external support for these critical systems. Information is also used to produce management and exception reporting for operational control, feedback, planning assistance and performance measurement.

**INFORMATION DELIVERY** – Receiving information in the right place at the right time and in the required format is paramount for business survival. Cass' information delivery solutions provide reports, digital images, data files and retrieval capabilities through the Internet or directly into customer internal systems. Cass' proprietary Internet management delivery system is the foundation for driving these critical functions. Transaction, operational, control, status and processing exception information are all delivered through this system creating an efficient, accessible and highly reliable asset for Cass customers.

**FINANCIAL EXCHANGE** – Since Cass is in the unique position of owning a commercial bank, it is also able to manage the movement of funds from its customers to their suppliers. This is a distinguishing factor which clearly requires the processing capability, operating systems and financial integrity of a banking organization. Cass provides immediate, accurate, controlled and protected funds management and transfer system capabilities for all of its customers. Old and costly check processing and delivery mechanisms are replaced with more efficient electronic cash management and funds transfer systems. Funds are managed and protected by our top-rated financial institution.

Cass' core competencies allow us to perform the highest levels of transaction processing in an integrated, efficient, systematic approach. Not only is Cass able to process the transaction, it is also able to collect the data defining the transaction and effect the financial payment governing its terms. This is a unique capability rarely found in the information services industry.

Our shared business processes – Accounting, Human Resources and Technology – support our core competencies. Our accounting function provides the internal control systems to ensure the highest levels of accountability and protection for our customers. Our human resources provide experienced people dedicated to streamlining business procedures and reducing expenses. Cass' technology is proven and reliable. The need to safeguard data and secure the efficiency, speed and timeliness that governs our business is a priority within the organization. The ability to leverage technology over its strategic units allows Cass the advantage of deploying technology in a proven and reliable manner without endangering our clients' strategic business and system requirements.

These core competencies enhanced through our business processes drive our strategic business units: Transportation Information Systems, Utility Information Systems and Cass Commercial Bank. Building upon these foundations we continue to explore new business opportunities that leverage our competencies and processes.



# DATA ACQUISITION

While data in business is abundant, its collection still relies on multiple processing systems to address a combination of paper- and electronic-based documents. The critical task is to collect relevant data from a variety of sources and formats. Additionally, it is mandatory to supplement available data with that extracted from other databases, archives and proprietary files. Cass' data acquisition services provide the solution.

Despite growth in electronic processing and automated systems, a significant amount of manual data gathering still exists. Cass continues to implement processing solutions designed to reduce this effort. However, the need to enter data from paper documents appears to be a requirement for the near future. This is not a simple process, but one requiring efficient, well-structured systems to address the numerous types of documents and large quantities of data that must be accurately and consistently captured.

The myth that capturing data is a simple process that can be performed by anyone with a personal computer has been completely debunked. It is important to remember that the objective of data acquisition is to provide further information management and delivery. The derived information and its application in management processes and systems will only be as effective as the accuracy and integrity of the data acquired. This mandates that the data not only be captured, but that it be filtered, cleansed, edited and validated to the highest degree possible. This can be equated to the “quality control” aspect of a manufacturing process. If not accomplished, the resulting information system will be useless. Poor and inaccurate information will lead to the same level of decisions. For this reason, Cass treats each item of information acquired as if it were the sole component of the system. In addition to gathering the data, Cass analyzes and introduces processes and procedures to ensure the highest levels of accuracy that can be attained. No other competitor of Cass can match our extensive data acquisition quality and control capabilities.

Not only is the systematic adherence to data integrity necessary, but the flexibility to handle multiple types of input documents and records is also mandated. Data acquisition requires that bits of data be assembled from multiple sources in order to build the information support systems that are designed to utilize the data to the highest magnitude of importance for the client. Cass must also be able to accommodate these numerous sources to ensure proper integration and

**FOLLOWING ARE SOME OF THE MORE COMMON TYPES OF DATA SOURCES UTILIZED BY CASS:**

Paper documents	Bills of lading	Vendor records
Multiple rate tariffs	Proprietary mileage files	Commodity files
EDI data formats	Geographic data files	Bank account records
Delivery receipts	Credit authorization records	Warehouse and location files
Customer-specific order files	Customer information files	Utility terms of payment
Refund authorizations		

assimilation of the necessary data. While the list of sources that provide data is exhaustive, it is noteworthy to mention some of them to provide an idea of the difficulty in acquiring data. The list above highlights just a few of these sources.

These items can be expanded exponentially since there are multiple types of documents and files under each heading. For example, it is estimated that we process over 10,000 different types of paper documents alone. Customer rate and pricing information is contained in over 15,000 different types of tariff paper and electronic records. The degree of difficulty is high. But, the magnitude of importance is critical! Data acquisition is of paramount importance in our transaction processing businesses.

Cass uses a variety of methods to extract data in the acquisition process. A host of automated and electronic methods are conducted at our technology facilities in St. Louis, Missouri and Columbus, Ohio. Extensive data entry capabilities exist at those facilities as well as our Lowell, Massachusetts processing center. A core of full-time data-entry specialists are used to enter data from paper documents. This is supplemented by a number of work-at-home staff members in our utility processing business. The discipline and training required is extensive.

As can be seen, the data acquisition process is not one that can be taken for granted. It is both time consuming and expensive. Yet, if not performed and managed properly, the benefits from management support systems, built on this data, will never be achieved. It is the foundation upon which information processing, management and dissemination is built.



# DATA MANAGEMENT

Data is the raw material of business decisions. Operational data needs to be transformed into a useful information database. Because of its extensive data acquisition capabilities, Cass is able to create data warehouses providing an integrated repository of information. These databases are difficult, if not impossible, to obtain through a company's own internal systems. This convergence of data provides a depository of information that can be used to achieve significant cost improvement, operational efficiency and improved service for our customers. Decisions on product sourcing, warehousing, pricing, vendor selection and product/service profitability are enhanced and achieved through the use of information assembled and managed by Cass.

There are three primary areas affected by the information services provided by Cass. They are finance/accounting, treasury and operations. The information assembled by Cass can be transformed in a variety of ways to provide significant benefits for those areas. In the area of finance and accounting, Cass is able to produce required accounting system entries, subsidiary controls and accruals needed on a scheduled basis. Accounts payable is relieved of the need to perform the daily processes necessary to effect payment and handle related inquiries. Cost accounting systems are able to utilize our information to integrate with key cost measurement systems on a continuous basis. Financial systems receive direct input into client-specified general ledger systems ensuring that tight period deadlines are adhered to and not missed. Most of Cass' customers receive a high degree of integration with their financial and accounting systems.

Cass also drives a significant number of operational and control systems with its information management capability. Scheduled reports or information requirements are provided affecting a variety of operational areas. The selection of vendors for transportation and utility providers is driven by the information provided by Cass. Adherence to contracts and agreements is also obtained through such information. The detection of errors in billing and required services is also a natural outgrowth.

Integration of the information with supply chain or utility cost-control systems is provided. Planning and operational status reporting is consistently available. Once the data warehouse is established, the uses for multiple operating areas are numerous.

“ THE ABILITY TO LEVERAGE DATA DEVELOPED AND ASSEMBLED BY CASS REPRESENTS MAJOR SAVINGS TO OUR CUSTOMERS. ”

The treasury function is also able to utilize information provided by Cass in a variety of ways. The scheduling of cash disbursements is a key area. Cass is able to provide cash management information to assist in maximizing the use of funds by its clients. The disciplined scheduling needed to assure proper time periods for payments is also provided. The ability to integrate individually contracted periods for credit is incorporated into Cass' systems and services. Information regarding the flow of funds and their recipients is readily available from the processing system.

The ability to leverage data developed and assembled by Cass represents major savings for our customers. While we are able to provide significant operational cost improvements, the information developed is the key area where our customers receive returns on their investment, exponentially exceeding the cost of our services.

We will continue to improve our data warehouse to provide our customers with superior analytical tools to help them manage and reduce their costs. All of this has been made possible by developing a comprehensive, standard database and the mining tools to extract meaningful displays of information.



# INFORMATION DELIVERY

Cass provides data access across customer divisions, locations, personnel and suppliers through seamless information delivery systems. The need to deliver, communicate and obtain information immediately, efficiently and easily is a major component of our services.

Cass expanded the breadth of its services to add processing scalability and continued to improve its Internet site with features that create opportunities for customers to better manage and receive their information. Our focus on investing in technology continues to pay dividends and sets us apart from the other companies in our business. Our Internet information systems are the hub of our ability to deliver information and communicate with our customers.

Our Internet delivery system now provides payment status, charting, reporting, extensive operational and accounting information, performance metrics, exception approval, audit recovery analysis and data mining. The 24/7 instant delivery of information via the Internet has proved an invaluable tool for our customers.

We use our Internet systems not only to allow key parties to our services to access and retrieve information, but also to deliver critical information, reports and material. It has become the communications center for our services and we are committed to continue to add new dimensions and features that make it even more valuable. Providing key metric comparisons on our Internet portal will help our customers anticipate costs and lead them to the reasons for deviations from standards. Our customers now have all of their custom

“ OUR OBJECTIVE IS TO ELIMINATE ALL PAPER FLOWING THROUGH OUR SERVICES. THE INTERNET DELIVERY SYSTEM HAS BECOME A KEY INGREDIENT IN OUR ABILITY TO ACCOMPLISH THIS OBJECTIVE. ”

reports delivered to them from our Internet site. And our delivery profile allows customers to select the internal audience for each report.

Our objective is to eliminate all paper flowing through our services. Even if it is necessary to receive some data in paper formats, we desire to eliminate the need for any further distribution of such documents through our services. The Internet delivery system has become a key ingredient in our ability to accomplish this objective. We are now replacing paper with document images which are easily accessible for our customers. Cass now offers its customers document storage and retrieval services as a result of this capability.

The original promises of an information society were grossly exaggerated. However, there is no question that technology now affords us the resources to significantly change the way business processes are conducted. Cass has seen, firsthand, how this can occur and has incorporated many new technologies and system enhancements into our services. The Internet will continue to be a driving force in the future direction of our information delivery competency.



# 🔒 FINANCIAL EXCHANGE

Cass utilizes the services of its Cass Commercial Bank business unit to provide payment for its customers' processed transactions. Cass Commercial Bank supplies the security, stability and control for handling billions of dollars of payment transactions for its Transportation and Utility Information Systems units.



During the past year, Transportation Information Systems accelerated the conversion of carriers to our Direct Deposit Program for payment of freight bills. Electronic Funds Transfer replaces the more costly and less efficient issuance of checks. Not only does this service remove the uncertainty of mail delivery, it also reduces the costs incurred by the carriers of manually processing checks and associated information. When combined with electronic receipt of detail voucher information, the funds transfer and receivable application are completely automated. Our Expedite carrier program was expanded this year. Carriers can receive payment within four days from the day they electronically transmit their freight bills to Cass at a fee that is significantly less than the conventional financing available to them.

Cass is able to achieve significant efficiencies by consolidating payments from several customers to the same supplier on the same remittance. The combining of payments allows the process to be completed in a completely integrated fashion thereby reducing the cost of numerous individual payments to one single transaction. Cass' ability to handle a variety of reimbursement methods from its customers enables it to ensure that the proper funding is available to complete the exchange. Data regarding the financial exchange component of the transaction is immediately available through Cass' Internet data delivery system.

Our ability to protect and safeguard funds assures our customers that the financial component of their transactions is completed in an efficient and timely manner. They also do not have the credit concerns that the

“ CASS' ABILITY TO HANDLE A VARIETY OF REIMBURSEMENT METHODS FROM ITS CUSTOMERS ENABLES IT TO ENSURE THAT THE PROPER FUNDING IS AVAILABLE TO COMPLETE THE EXCHANGE. ”

funds will be mismanaged or an organization with insufficient financial expertise will be in control of their funds. Both our customers and their suppliers have the assuredness that when a transaction is processed through Cass, it will be completed according to terms.

The creditworthiness of some of the firms competing in the transportation and utility markets with Cass have been highlighted, as several companies processing freight transactions have either discontinued operations or become wards of the bankruptcy court. This has primarily been due to their inability to properly manage the flow of funds required by these businesses and the lack of sufficient capital and financial resources to support their customers' payment volumes. These events clearly elevate the financial soundness of Cass and allow its customers to achieve the significant savings of financial exchange through integrated processing systems. The inability to incorporate payment with transaction and information processing significantly reduces the value of the services and forces companies to incur significant internal expenses in order to complete the financial component of the transaction. This does not happen at Cass.

Last year, Cass moved over \$10 billion worth of payments on behalf of its customers in the freight and utility processing businesses. It remains the only viable company for customers to entrust financial exchange.

# CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands of Dollars, Except Share and per Share Information)

	December 31,		
	2002	2001	2000
<b>REVENUES</b>			
Payment and Processing Revenue	\$ 24,622	\$ 21,490	\$ 19,424
Net Investment Income	28,844	32,250	31,130
Gains on Sales of Investment Securities	1,477	—	—
Other	1,931	1,753	1,690
Total	56,874	55,493	52,244
<b>EXPENSES</b>			
Salaries and Employee Benefits Expense	31,405	30,469	28,500
Occupancy Expense	1,500	1,658	1,758
Equipment Expense	4,310	3,831	3,027
Other	9,360	8,771	7,951
Total	46,575	44,729	41,236
Income Before Income Tax Provision	10,299	10,764	11,008
Income Tax Provision	2,987	3,739	3,861
Net Income	\$ 7,312	\$ 7,025	\$ 7,147
<b>EARNINGS PER SHARE *</b>			
Basic	\$ 2.18	\$ 2.07	\$ 1.95
Diluted	2.16	2.05	1.93
<b>WEIGHTED AVERAGE SHARES OUTSTANDING *</b>			
Basic	3,361,625	3,390,035	3,660,078
Diluted	3,382,990	3,433,886	3,707,180

\*Earnings per share and weighted average shares have been restated to reflect a 5% stock dividend issued in December 2002.

# CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars, Except Share and per Share Information)

December 31,

	2002	2001
<b>ASSETS</b>		
Cash and Cash Equivalents	<b>\$ 30,006</b>	\$ 99,855
Loans and Investments, Net	<b>498,767</b>	468,876
Premises and Equipment, Net	<b>15,359</b>	16,798
Accrued Interest Receivable	<b>2,539</b>	2,627
Investment in Bank-owned Life Insurance	<b>10,178</b>	—
Other Assets	<b>15,384</b>	14,221
Total Assets	<b>\$572,233</b>	\$602,377
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits	<b>\$243,518</b>	\$247,978
Accounts and Drafts Payable	<b>223,621</b>	291,794
Short-Term Borrowings	<b>37,438</b>	200
Other Liabilities	<b>6,610</b>	6,885
Total Liabilities	<b>511,187</b>	546,857
<b>SHAREHOLDERS' EQUITY</b>		
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 4,160,110 and 4,000,000 shares issued at December 31, 2002 and 2001, respectively	<b>2,080</b>	2,000
Surplus	<b>8,466</b>	4,997
Retained Earnings	<b>64,607</b>	63,623
Accumulated Other Comprehensive Income	<b>1,193</b>	522
Common Shares in Treasury, at cost (796,278 and 818,185 shares at December 31, 2002 and 2001, respectively)	<b>(15,275)</b>	(15,597)
Unamortized Stock Bonus Awards	<b>(25)</b>	(25)
Total Shareholders' Equity	<b>61,046</b>	55,520
Total Liabilities and Shareholders' Equity	<b>\$572,233</b>	\$602,377

# 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, 2002 and 2001, and the related consolidated statements of income, cash flows, and shareholders' equity and comprehensive income for each of the years in the three-year period ended December 31, 2002 (not presented herein); and in our report dated January 23, 2003, 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, 2003

## BOARD OF DIRECTORS

### **LAWRENCE A. COLLETT**

Chairman of the Board,  
Chief Executive Officer

### **ROBERT J. BODINE**

Chairman Emeritus,  
Bodine Aluminum, Inc.

### **ERIC H. BRUNGRABER**

Chief Financial Officer

### **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. BRUNGRABER**

Chief Financial Officer

### **JOHN F. PICKERING**

Chief Operating Officer,  
Transportation Information Services

### **HARRY M. MURRAY**

Chief Operating Officer,  
Utility Information Services

### **JOHN J. VALLINA**

Vice Chairman,  
Cass Commercial Bank

### **KENNETH A. WITBRODT**

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](mailto:cass@cassinfo.com)  
Web: [www.cassinfo.com](http://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 21, 2003, at 11:00 a.m. at the corporate headquarters.

### **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

### **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.melloninvestor.com](http://www.melloninvestor.com)

### **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](http://www.cassinfo.com).

### **INDEPENDENT AUDITORS**

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

## FORWARD-LOOKING STATEMENTS

### **FACTORS THAT MAY AFFECT FUTURE RESULTS**

This report may contain or incorporate by reference forward-looking statements made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors, including those set forth in this paragraph. Important factors that could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by those statements include, but are not limited to: the failure to successfully execute our corporate plan, the loss of key personnel or inability to attract additional qualified personnel, the loss of key customers, increasing competition, the inability to remain current with rapid technological change, risks related to acquisitions, risks associated with business cycles, utility and system interruptions or processing errors, rules and regulations governing financial institutions and changes in such rules and regulations, credit risk related to borrowers' ability to repay loans, concentration of loans to commercial enterprises, churches and loans in the St. Louis metropolitan area which subjects the Company to risks associated with adverse factors that may affect these groups, risks associated with fluctuations in interest rates, and volatility of the price of our common stock. We undertake no obligation to publicly update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, or changes to future results over time.



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[www.cassinfo.com](http://www.cassinfo.com)

