CASS INFORMATION SYSTEMS INC
Form DEF 14A
March 08, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(RULE 14a-101)**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

o Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
x Definitive Proxy Statement
o Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

Cass Information Systems, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

**CASS INFORMATION SYSTEMS, INC.**

**12444 Powerscourt Drive, Suite 550**

**St. Louis, Missouri 63131**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To be held on**

**April 25, 2017**

TO THE SHAREHOLDERS:

The Annual Meeting of Shareholders of Cass Information Systems, Inc. will be held at the location specified below on Tuesday, April 25, 2017, at 8:30 a.m. local time, for the following purposes:

1. To elect three directors to serve, each for a three-year term;

2. To hold a non-binding advisory vote on executive compensation;

3. To hold a non-binding advisory vote on the frequency of executive compensation advisory votes;

4. To ratify the appointment of KPMG LLP as the independent registered public accounting firm for 2017; and

5. To act upon such other matters as may properly come before the Annual Meeting or any adjournment thereof.

The close of business on March 3, 2017 has been fixed as the record date for determining shareholders entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

This year's Annual Meeting will be held at the Company's offices located at 13001 Hollenberg Drive, Bridgeton, Missouri 63044.

All shareholders are cordially invited to attend the Annual Meeting. Whether or not you intend to be present, it is important that your shares be represented and voted at the Annual Meeting. You can vote your shares by one of the following methods: vote over the internet or by telephone using the instructions on your proxy card, or mark, sign, date and promptly return your proxy card. The presence, in person or by properly executed proxy, of a majority of the common stock outstanding on the record date is necessary to constitute a quorum at the Annual Meeting.

Please note that you will be required to present an admission ticket to attend the Annual Meeting. Your admission ticket is attached to your proxy card. If your shares are held in the name of a broker, trust, bank or other nominee, you can request an admission ticket by contacting our Investor Relations department at (314) 506-5500.

By Order of the Board of Directors,

P. Stephen Appelbaum
Secretary

St. Louis, Missouri

March 8, 2017

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 25, 2017**

The Company’s Proxy Statement and annual report on Form 10-K for the 2016 fiscal year are available at http://ir.cassinfo.com/phoenix.zhtml?c=97994&p=proxy.

The Company makes available free of charge through its website www.cassinfo.com its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed and furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC).

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CASS INFORMATION SYSTEMS, INC.

12444 Powerscourt Drive, Suite 550

St. Louis, Missouri 63131

PROXY STATEMENT

Annual Meeting of Shareholders to be held April 25, 2017

This Proxy Statement is being furnished to the common shareholders of Cass Information Systems, Inc. (the Company) on or about March 8, 2017 in connection with the solicitation of proxies on behalf of the Board of Directors of the Company (the Board) for use at the annual meeting of shareholders (the Annual Meeting) to be held on April 25, 2017 at the time and place and for the purposes set forth in the accompanying Notice of Annual Meeting, and at any adjournment of that meeting.

Holders of common stock, par value $.50 per share, of the Company at its close of business on March 3, 2017 (the Record Date) are entitled to receive notice of and vote at the Annual Meeting. On the Record Date, there were 11,197,226 shares of common stock outstanding and entitled to vote at the Annual Meeting. Holders of record of common stock are entitled to one vote per share of common stock they held of record on the Record Date on each matter that may properly come before the Annual Meeting. Company management and members of the Board, in the aggregate, directly or indirectly controlled approximately 5.07% of the common stock outstanding on the Record Date.

Shareholders of record on the Record Date are entitled to cast their votes in person or by properly executed proxies at the Annual Meeting. The presence, in person or by properly executed proxy, of a majority of the shares of common stock outstanding on the Record Date is necessary to constitute a quorum at the Annual Meeting. If a quorum is not present at the time the Annual Meeting is convened, the Company may adjourn the Annual Meeting.

If a quorum is present, the affirmative vote of a majority of the shares entitled to vote which are present in person or represented by proxy at the Annual Meeting is required to elect directors; approve, by advisory vote, executive compensation; ratify the appointment of KPMG LLP as the Company’s independent registered public accounting firm for 2017; and to act on any other matters properly brought before the Annual Meeting. With respect to Proposal 3, shareholders have the choice of voting to hold an advisory vote on executive compensation every one, two or three years, or abstaining. Shareholders may not cumulate their votes in the election of directors.

Shares represented by proxies which are marked or voted (i) “withhold” for the election of the Board’s director nominee or nominees; (ii) ‘‘abstain’’ to approve executive compensation, determine the frequency of advisory votes on executive compensation or ratify the appointment of the Company’s independent registered public accounting firm; or (iii) to deny discretionary authority on other matters will be counted for the purpose of determining the number of shares represented by proxy at the meeting. Such proxies will thus have the same effect as if the shares represented thereby were voted against such nominee or nominees and against the proposals to approve executive compensation, the frequency of advisory executive compensation votes and ratify the appointment of the Company’s independent registered public accounting firm. Shares held by brokers that do not have discretionary authority to vote on a proposal and have not received voting instructions from their clients are considered “broker non-votes.” Broker non-votes are considered present or represented for purposes of determining a quorum but will not be considered in determining the number of votes necessary for approval and will have no effect on the outcome of the vote for directors or other proposals. As such, for your vote to be counted, you must submit your voting instruction form to your broker.

**Please note that brokers may no longer use discretionary authority to vote shares on the election of directors if they have not received instructions from their clients. Please vote your proxy so your vote can be counted. The inspector of elections appointed for the Annual Meeting will separately tabulate and certify affirmative and negative votes, abstentions and broker non-votes.**

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is voted. Proxies may be revoked by (i) filing with the Secretary of the Company, at or before the Annual Meeting, a written notice of revocation bearing a date later than the date of the proxy, (ii) duly executing and dating a subsequent proxy relating to the common stock and delivering it to the Secretary of the Company at or before the vote is taken at the Annual Meeting, or (iii) attending the Annual Meeting and voting in person (although attendance at the Annual Meeting will not in and of itself constitute a revocation of a proxy). Any written notice revoking a proxy, or any subsequent proxy, should be sent to Cass Information Systems, Inc., Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131.

All common stock represented at the Annual Meeting by properly executed proxies received prior to or at the Annual Meeting and not properly revoked will be voted at the Annual Meeting in accordance with the instructions indicated in such proxies. If no instructions are indicated, such proxies will be voted FOR the election of the Board's director nominees; FOR approval of executive compensation; FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2017; and in the discretion of the proxies with respect to any other matter that is properly brought before the Annual Meeting or any adjournment thereof. If a proxy card is signed and returned without specifying a choice on the vote regarding the frequency of an advisory vote on executive compensation, the shares will be voted to hold such advisory votes every year. The Board does not know of any matters other than the matters described in the Notice of Annual Meeting attached to the Proxy Statement that will come before the Annual Meeting.

The Board solicits the proxies. In addition to the use of the mails, proxies may be solicited personally or by telephone or electronic transmission by directors, officers or regular employees of the Company. It is contemplated that brokerage houses, custodians, nominees and fiduciaries will be requested to forward the soliciting material to the beneficial owners of common stock held of record by such persons, and will be reimbursed by the Company for expenses incurred therewith. The cost of solicitation of proxies will be borne by the Company.

## I. ELECTION OF DIRECTORS – PROPOSAL 1

### Nominees and Continuing Directors

The size of the Company's Board is set at nine members, divided into classes of three directors each. Each director is elected for a three-year term, and the term of each class of directors expires in successive years.

The Board, upon recommendation by the Nominating and Corporate Governance Committee, has nominated incumbent directors Eric H. Brunngraber and Benjamin F. Edwards, IV for re-election and Joseph D. Rupp for election. Mr. Rupp, who was recommended to the Board by the Nominating and Corporate Governance Committee, was appointed to the Board in October 2016 to fill the vacancy created by the retirement of Mr. Wayne J. Grace. Each of the nominees has consented to serve if elected. If any of them become unavailable to serve as a director before the Annual Meeting, the Board may designate a substitute nominee. In that case, the persons named as proxies will vote for the substitute nominee designated by the Board. Proxies cannot be voted for a greater number of nominees than those named in this Proxy Statement.

All the directors and nominees bring to the Board a wealth of executive leadership experience derived from their service as corporate executives. Each possesses individual qualifications and skills that contribute to the Board's effectiveness as a whole. The following information is submitted with respect to the nominees for election to the Board, together with the members of the Board whose terms will continue after the Annual Meeting or until their respective successors are duly elected and qualified:

**Nominated to serve until 2020:**

**Eric H. Brunngraber**, 60, has been a director since 2003. Mr. Brunngraber is Chairman, President, and Chief Executive Officer (CEO) of the Company. Prior to his appointment as CEO in 2008, he held the position of President and Chief Operating Officer (COO) since 2006. Mr. Brunngraber served as Chief Financial Officer (CFO) of the Company from 1997 to 2006. He has held numerous positions with the Company since his employment began in 1979, including Executive Vice President of Cass Commercial Bank, the Company's bank subsidiary. Mr. Brunngraber is active in various civic, charitable, and professional organizations in the St. Louis metropolitan area, including the Regional Business Council and the American Diabetes Association – Community Leadership Board.

The Board selected Mr. Brunngraber to serve as a director because he is the Company’s President and CEO and is responsible for the strategic direction and day-to-day leadership of the Company.

**Benjamin F. Edwards, IV**, 61, has been a director since 2005. He is Chairman, CEO and President of Benjamin F. Edwards & Company, a St. Louis-based investment firm. Previously, Mr. Edwards was branch manager of the Town & Country, Missouri office of A.G. Edwards/Wachovia Securities LLC, a national investment firm. Mr. Edwards’ career with A.G. Edwards began in 1977, where he held numerous positions including Employment Manager, Financial Advisor, Associate Branch Manager, Regional Officer, Director of Sales and Marketing and President, as well as a member of the Board of Directors of A.G. Edwards from 1994 to 2007. He currently is a member of the Board of The Bogey Club in St. Louis and a member of the CEO Forum.

The Board selected Mr. Edwards to serve as a director because it believes he possesses management expertise in investment banking, including experience with capital markets transactions and investments in both public and private companies.

**Joseph D. Rupp, 66**, was appointed to the Board of Directors in October 2016. From 1972 until his retirement in 2016, Mr. Rupp was employed by Olin Corporation (Olin), a publicly-traded global manufacturer and distributor of chemical products and a leading U.S. manufacturer of ammunition located in Clayton, Missouri. During his tenure there, Mr. Rupp held positions of increasing responsibility, serving as President of Olin Brass, Corporate Vice President and Executive Vice President-Operations before being named President and CEO in 2002, a position he held until his retirement in 2016. Mr. Rupp continues as Chairman of Olin’s Board of Directors. Additionally, Mr. Rupp serves as a director of Quanex Building Products Corporation, a publicly-traded manufacturer of components sold in the building products industry, and Dot Foods, Inc., as well as a trustee of Missouri University of Science and Technology. He earned his bachelor’s degree in metallurgical engineering from Missouri University of Science and Technology.

The Board selected Mr. Rupp to serve as a director because it believes he has valuable experience understanding the day-to-day and more complex issues that face multi-faceted, publicly-traded organizations. He has been a welcome addition to the Board.

The Company's Board recommends a vote FOR the three nominees for election to the Board of Directors.

**Directors to serve until 2019:**

**Ralph W. Clermont,** 69, has been a director since 2015. Mr. Clermont enjoyed a 39-year career with KPMG LLP, retiring in 2008 as managing partner of its St. Louis office where he led the firm's Midwest financial services practice and managed the audits of numerous banking organizations. He currently serves as Lead Director for National Bank Holdings Corporation, a publically-traded bank holding company, where he is Chairman of the Audit and Risk Committee as well as a member of its Compensation Committee and Nominating and Corporate Governance Committee. Mr. Clermont is a certified public accountant and member of both the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants. He earned his bachelor's degree in accounting from Saint Louis University.

The Board selected Mr. Clermont for his clear understanding of the complex financial and accounting issues that face multi-faceted organizations such as Cass.

**Lawrence A. Collett**, 74, has been a director since 1983. He currently serves as Lead Director of the Board, a position he has held since 2015. He previously served as Chairman of the Board from 1992 until his appointment as Lead Director. Mr. Collett retired as CEO of the Company in 2008, having served in that capacity since 1990. He began his career with the Company in 1963 and served as Executive Vice President from 1974 to 1983 and President from 1983 to 1990. He holds numerous positions with civic, charitable, and church-related institutions.

The Board selected Mr. Collett to serve as a director because of his previous tenure with the Company in multiple roles, including CEO, which affords him unique insights into the Company's strategies, challenges and opportunities.

**James J. Lindemann**, 61, has been a director since 2007. He is Executive Vice President of Emerson Electric Co. (Emerson), a publicly-traded manufacturing company based in St. Louis, Missouri. Mr. Lindemann joined Emerson in 1977, where he has held a number of increasingly responsible engineering and marketing positions with its Specialty Motor business unit. In 1992, he was named President of Commercial Cam, and in 1995, he was named President of the Emerson Appliance Motor business unit. In 1996, Mr. Lindemann was promoted to Chairman and CEO of the Emerson Motor Co. He was named Senior Vice President of Emerson in 1999 and Executive Vice President in 2000. Mr. Lindemann served on the Emerson Advisory Board from 2000 to 2016 and has been a Board member of the CEO Forum since 2003.

The Board selected Mr. Lindemann to serve as a director based on his experiences with Emerson, where he has served as a senior manager of a public manufacturing company, obtained international expertise and worked successfully with large corporate enterprises.

**Directors to serve until 2018:**

**Robert A. Ebel**, 61, has been a director since 2006. He is CEO of Universal Printing Company, a privately-held printing company headquartered in St. Louis, Missouri. Mr. Ebel began his tenure with Universal Printing Company as CFO and Board member in 1986. In 1996, he was appointed to the position of CEO. Mr. Ebel currently serves on the Board of the St. Louis Graphic Arts Joint Health and Welfare Fund and is active in various civic and charitable organizations in the St. Louis metropolitan area.

The Board selected Mr. Ebel to serve as a director because it believes he brings valuable business management and finance expertise to the Board. His current duties as CEO of a privately-held business based in St. Louis provide him with a strong knowledge of the local commercial marketplace served by the Company’s subsidiary bank.

**Randall L. Schilling**, 54, has been a director since 2009. He is President and CEO of BoardPaq LLC, a privately-held software company based in St. Charles, Missouri. From 1992 to 2010, he was the CEO of Quilogy, Inc., a nationally recognized, privately-held information technology professional services company. Mr. Schilling is currently an Advisory

Council member of Arch Grants, a St. Louis based non-profit organization that provides equity-free grants and support services to entrepreneurs. He is also the founder and owner of OPO Startups, a co-working center for digital startups providing space and access to mentors, investors, programming, educational resources, and a community of local entrepreneurs. Additionally, Mr. Schilling has been active in various other civic and charitable organizations in the St. Louis metropolitan area, including Partners for Progress – Education Chairman.

The Board selected Mr. Schilling to serve as a director because he possesses information technology expertise to help address the challenges the Company faces in the rapidly changing information technology arena.

**Franklin D. Wicks, Jr.**, 63, has been a director since 2006. He was Executive Vice President and President of Applied Markets of Sigma-Aldrich Corporation (Sigma-Aldrich), a publicly-traded life science and high technology company located in St. Louis, Missouri, until his retirement in 2015. Dr. Wicks worked for Sigma-Aldrich since 1982, beginning as a research chemist and subsequently working in marketing, then as President of Sigma Chemical and Vice President of Worldwide Operations, Sigma-Aldrich. He served as President, Scientific Research Division, Sigma-Aldrich from 1999 to 2002 and was responsible for operations in 34 countries. Prior to his appointment as Executive Vice President and President of Applied Markets of Sigma-Aldrich, Dr. Wicks served as President-SAFC. After receiving his Ph. D., Dr. Wicks served for four years on the staff of the Navigators at the Air Force Academy and at the University of Colorado at Boulder before joining Sigma-Aldrich. He is currently a member of the CEO Forum and serves as a trustee of Covenant Theological Seminary.

The Board selected Dr. Wicks to serve as a director because of his public company senior management experience, familiarity with corporate governance, and knowledge of local and global marketplace issues.

## Director Independence

Based on the independence standards as defined by the marketplace rules of The Nasdaq Stock Market, Inc. (Nasdaq), the Board has determined in its business judgment that all of the directors and director-nominees are independent as such term is defined in the Nasdaq listing standards, except for Mr. Collett and Mr. Brunngraber. Under the objective criteria of the Nasdaq standards, Mr. Collett is not deemed independent because he received compensation greater than $120,000 during any consecutive 12-month period within the past three years. In addition, each of the members of the Audit Committee and Compensation Committee meets the heightened independence standards set forth in the SEC rules and the Nasdaq listing standards. In making these determinations, the Board has reviewed all transactions and relationships between each director (or any member of his or her immediate family) and the Company, including transactions and relationships described in the directors’ responses to questions regarding employment, business, family, and other relationships with the Company and its management. As a result of this review, the Board concluded, as to each independent director, that no relationship exists which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Corporate Governance

The Board oversees and guides the Company’s management and its business affairs. Committees support the role of the Board on issues that benefit from consideration by a smaller, more focused subset of directors. All committee members are elected by and serve at the pleasure of the Board. In its oversight of the Company, the Board sets the tone for the ethical standards and performance of management, staff, and the Company as a whole. The Board has adopted Corporate Governance Guidelines that capture the long-standing practices of the Company as well as current corporate governance best practices. The guidelines are available at www.cassinfo.com.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the Company held its first advisory (non-binding) shareholder vote on the compensation of the Company’s named executive officers, and its first shareholder vote on the frequency of such advisory vote, at its 2011 Annual Meeting of Shareholders. At such meeting, the shareholders of the Company approved the overall compensation of the Company’s named executive officers and elected to hold an advisory vote on executive compensation every three years. Accordingly, an advisory vote on executive compensation is included in this Proxy Statement for the 2017 Annual Meeting. Additionally, the rules and regulations of the SEC require shareholders to vote on the frequency of executive compensation advisory votes every six years, and as such, an advisory vote on the frequency of executive compensation advisory votes is included in this Proxy Statement.

The Company has adopted a Code of Conduct and Business Ethics policy, applicable to all Company directors, executive officers and employees. This policy is publicly available and can be viewed at www.cassinfo.com.

### Board Evaluation

The Board conducts a self-assessment annually to review its performance over the past year and determine whether it and its committees are functioning effectively. The Chairman of the Nominating and Corporate Governance Committee is responsible for leading the review of the Board and summarizing the overall findings. Each member of the Board conducts a thorough evaluation of the Board as a whole and each member of the Board individually. This assessment seeks to review areas in which the Board and/or management believes a better contribution could be made. The Chairman of the Nominating and Corporate Governance Committee reviews all of the evaluations and presents a summary of findings to the Board. The Board uses this information to create a set of action items for any areas in which members feel could improve the Board's effectiveness.

Each individual Board committee also conducts its own self-assessment annually and presents a summary to the Board. The Board then determines if there are steps that should be taken to improve the efficiency and effectiveness of each committee.

The purpose of these annual evaluations is not to focus on individual Board members, but the Board and each committee as a whole. A separate assessment of each individual director is made by the Nominating and Corporate Governance Committee when deciding whether to nominate such director for reelection to the Board.

The Nominating and Corporate Governance Committee periodically reviews the self-assessment process and makes changes it deems necessary to improve the process and its effectiveness.

### Board Leadership Structure

The Company's Corporate Governance Guidelines provide guidance and flexibility that allows the Board to determine the best leadership structure to promote Board effectiveness and ensure that authority and responsibility are effectively allocated between the Board and management. The Board recognizes that no single leadership model is right for all companies and at all times, and depending on the circumstances and personnel, different leadership structures may be appropriate. Accordingly, the Board formally reviews its leadership structure not less than annually as part of its self-evaluation process to ensure that the proper balance is present in the Company's current model.

From July 2008 to April 2015, the Company's leadership structure consisted of separate roles for Chairman and CEO of the Company as performed by Mr. Collett and Mr. Brunngraber, respectively. The Board chose to separate the roles of Chairman and CEO in 2008 as part of the Company's Board and leadership succession planning. In April 2015, Mr. Collett was named Lead Director and Mr. Brunngraber was named Chairman in addition to CEO. In making this decision, the Board determined that the combination of the Chairman and CEO was appropriate at this time due to the strength and independence of the outside directors, that the committees of the Board are comprised entirely of independent directors, and because each committee plays a role in overseeing different material aspects of the company's risk management program. In the role of Lead Director, Mr. Collett will be responsible for creating and maintaining an effective working relationship with the CEO, other members of management and other members of the Board; providing the CEO ongoing direction as to Board needs, interests and opinions; and assuring that the Board agenda is appropriately directed to the matters of greatest importance to the Company. In carrying out his responsibilities, the Lead Director preserves the distinction between management and Board oversight by ensuring that management develops corporate strategy and risk management practices, and focusing the Board to review and express its judgments on such developments. In the role of Chairman and CEO, Mr. Brunngraber will be responsible for presiding over Board meetings as well as setting the strategic direction for the Company and the day-to-day leadership and performance of the Company.

In accordance with the Company's Corporate Governance Guidelines, non-management directors convene quarterly without the presence of management directors or executive officers of the Company.

## Risk Management Oversight

The Board believes that risk is inherent in innovation and the pursuit of long-term growth opportunities. The Company's management is responsible for day-to-day risk management activities. The Board, acting directly and through its committees, is responsible for the oversight of the Company's risk management practices. The Board's role in the Company's risk oversight process includes regular reviews of information from senior management (generally through Board committee presentation) regarding the areas of material risk to the Company. A description of certain material risks affecting the Company can be found in the Annual Report on Form 10-K for the year ended December 31, 2016. The Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee oversees management of financial and information technology risks. The Nominating and Corporate Governance Committee manages risks associated with the independence of the Board and potential conflicts of interest. Each committee reports regularly to the full Board on its activities. In addition, the Board participates in regular discussions with the Company's senior management on many core subjects, including strategy, operations, finance, and legal and public policy matters, in which risk oversight is an inherent element.

## Communications with the Board of Directors

The Board has established a process by which shareholders can communicate with the Board. Shareholders may communicate with any and all members of the Board by transmitting correspondence to the following address or fax number: Cass Information Systems, Inc., Name of Director(s), Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131, (314) 506-5560 (fax).

The Secretary will forward all correspondence to the Chairman or the identified director as soon as practicable. Correspondence addressed to the full Board will be forwarded to the Chairman, who will present the correspondence to the full Board or a committee thereof.

## Board Meetings and Committees of the Board

The Board holds regularly scheduled meetings in January, April, July, and October. During the fiscal year ended December 31, 2016, the Board held its four regular meetings and one additional offsite planning meeting was held in November to discuss the Company's strategic plan. All directors attended at least 75% of the aggregate number of meetings of the Board and committees on which they served. The Company's directors are encouraged, but not required, to attend the Company's Annual Meeting. Eight directors attended the 2016 annual meeting of shareholders.

The Company has three standing committees: the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee. Each of these committees has a written charter approved by the Board. A copy of each charter can be found in the Investor Relations section of the Company's website at www.cassinfo.com.

The following table represents the current membership of each of the Board committees and number of meetings held by each committee in 2016 (in parentheses). Each of the committees is comprised entirely of independent directors, as defined by Nasdaq and SEC rules:

| Audit (5) | Nominating and Corporate Governance (4) | Compensation (4) |
|---|---|---|
| Ralph W. Clermont* | Ralph W. Clermont | Benjamin F. Edwards, IV |
| Robert A. Ebel | Benjamin F. Edwards, IV | James J. Lindemann* |
| Randall L. Schilling | Franklin D. Wicks, Jr.* | Joseph D. Rupp |
| | | Franklin D. Wicks, Jr. |

**Committee Chairman*

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## Audit Committee

The Audit Committee oversees the accounting and financial reporting processes of the Company and the audits of the Company's financial statements. The Audit Committee is responsible for appointing, determining funding for and overseeing the independent registered public accountants for the Company, and meeting with the independent registered public accountants and other corporate officers to review matters relating to corporate financial reporting and accounting procedures and policies. Among other responsibilities, the Audit Committee reviews financial information provided to shareholders and others, assesses the adequacy of financial and accounting controls, and evaluates the scope of the audits of the independent registered public accountants and reports on the results of such reviews to the Board. In addition, the Audit Committee assists the Board in its oversight of the performance of the Company's internal auditors. The Audit Committee meets with the internal auditors on a quarterly basis to review the scope and results of their work. The Board has determined that Mr. Clermont qualifies as an "audit committee financial expert," as defined by the SEC and in accordance with the Nasdaq listing rules.

## Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become members of the Board, recommending director-nominees, and developing and addressing corporate governance principles and issues applicable to the Company and its subsidiaries. In recommending director-nominees to the Board, the Nominating and Corporate Governance Committee solicits candidate recommendations from its own members, other directors, and management. In evaluating candidates, the Nominating and Corporate Governance Committee takes into consideration such factors as it deems appropriate, including any legal requirements or listing standards requirements. The Nominating and Corporate Governance Committee considers a candidate's judgment, skills, integrity, experience with businesses and other organizations of comparable size and complexity, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. While the Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity, it does consider such issues as diversity of education, professional experience, differences of viewpoints, and skills when assessing individual director-nominees. In general, no person who will have reached the age of 75 prior to election date may be nominated for election or re-election to the Board. It is also the Board's practice to limit new directors to no more than two per year in order to maintain Board continuity.

Although the Nominating and Corporate Governance Committee does not specifically solicit suggestions for possible candidates from shareholders, the Nominating and Corporate Governance Committee will consider candidates recommended by shareholders who meet the criteria discussed above and set by the Nominating and Corporate Governance Committee, with the concurrence of the full Board. The criteria will be re-evaluated periodically and will include those criteria set out in the Corporate Governance Guidelines and the Nominating and Corporate Governance Committee's charter. Suggestions together with a description of the proposed nominee's qualifications, other relevant biographical information and an indication of the willingness of the proposed nominee to serve, should be sent to Cass

Information Systems, Inc., Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131.

Compensation Committee

The Compensation Committee fulfills the Board's responsibilities relating to compensation of the Company's directors, CEO, and other executives. The Compensation Committee also has responsibility for approving, evaluating, and administering the compensation plans, policies, and overall programs of the Company. The Compensation Committee is able to delegate any of its responsibilities to one or more subcommittees as it deems appropriate in its discretion.

Compensation Processes and Procedures

As specified in its charter, the Compensation Committee recommends annual retainer fees, Board and committee meeting fees, and terms and awards of stock compensation for non-management directors, subject to appropriate approval by the Board or shareholders.

The Compensation Committee also establishes and administers the Company's executive compensation program and related benefits. While the Compensation Committee may seek input and recommendations from the CEO, CFO, or the Vice

President of Human Resources concerning the elements of executive and director compensation, and confer with them on compensation philosophies, all significant matters regarding compensation for executives are ultimately the responsibility of the Compensation Committee. The Compensation Committee annually reviews corporate goals and objectives relative to the CEO’s compensation and determines the CEO’s compensation level based on this evaluation, subject to Board approval. The Compensation Committee is responsible for recommending to the Board salary levels and incentive stock compensation for executive officers of the Company, and approving incentive stock compensation for other members of management as recommended by the CEO. The responsibility for allocating cash bonuses for executive officers other than himself is delegated to the CEO, in accordance with provisions of the profit sharing program approved by the Board.

Periodically, the Company uses compensation specialists to assist in designing or modifying some components of its overall compensation program and to provide comparison data of compensation at other organizations with which the Company competes for executive management talent. In such circumstances, the Compensation Committee does not rely solely on survey data or the consultant’s judgment or recommendation, but considers such data when exercising its judgment in evaluating the Company’s compensation program.

Compensation Committee Interlocks and Insider Participation

Messrs. Edwards, Lindemann and Wicks served on the Compensation Committee during the entire fiscal year ended December 31, 2016, while Mr. Rupp was added to the committee during 2016. No member of the Compensation Committee is, or was during the year ended December 31, 2016, an officer, former officer, employee of the Company or any of its subsidiaries, or a person having a relationship requiring disclosure by the Company pursuant to Item 404 of Regulation S-K. No executive officer of the Company served as a member of (i) the compensation committee or board of directors of another entity of which one of the executive officers of such entity served on the Company’s Compensation Committee or (ii) the compensation committee of another entity of which one of the executive officers of such entity served on the Company’s Board, during the year ended December 31, 2016.

## Director Compensation

Each director of the Company who is not an officer or employee of the Company receives compensation for his services. Based on recommendation from the Compensation Committee, the Board approved a revision to the fee structure as of April 18, 2016. The following represents the fee structures applicable for the periods indicated:

| | Prior to April 19, 2016 | On and After April 19, 2016 |
|---|---|---|
| Regular Board Meeting Fee | $ 2,500 | $ 2,500 |
| Board Committee Meeting Fee | $ 1,000 | $ 1,000 |
| Annual Retainer: | | |
| Chairman of the Board* | $ 50,000 | $ 50,000 |
| Lead Director | $ 25,000 | $ 25,000 |
| Board Member | $ 25,000 | $ 30,000 |
| Audit Committee Chair | $ 10,000 | $ 10,000 |
| Compensation Committee Chair | $ 7,000 | $ 7,000 |
| Nominating and Corporate Governance Committee Chair | $ 7,000 | $ 7,000 |
| Restricted Stock Award** | $ 42,500 | $ 50,000 |

* Effective April 20, 2015 this fee is not being paid due to Mr. Brunngraber's position as an executive officer of the Company.

** Directors will receive the equity equivalent of the dollar amounts indicated above.

Restricted stock awards are issued under the Company's Amended and Restated Omnibus Stock and Performance Compensation Plan (the Omnibus Plan). The shares carry voting and dividend rights. Dividends are paid quarterly prior to vesting. Shares vest in full on the first anniversary date of the awards or, if elected by the director, vest at retirement from the Board, as disclosed below. The grant date of awards is typically the day following the Annual Meeting, when the full Board approves the awards. In accordance with the Company's stock ownership guidelines, directors are expected to retain all shares granted to them during their service as Board members and are encouraged to acquire stock in amounts consistent with their financial resources.

The Company maintains a non-employee director compensation election program to allow non-employee directors to receive their annual board member retainer fees in the form of restricted stock and provide for a separate election to defer the vesting of all restricted stock until the date of termination of service as a director. Elections must be made prior to the calendar year for which the election will apply and made annually, with the exception of the first year in which a director becomes eligible to participate, after which the election must be made within 30 days.

Summary Compensation - Directors

The table below sets forth the following compensation for each non-executive director for the fiscal year ended December 31, 2016: (i) dollar value of fees earned or paid; (ii) aggregate grant date fair value of restricted stock awards; (iii) all other compensation; and (iv) dollar value of total compensation.

| Name (1) | Fees Earned or Paid in Cash ($)(2) | Stock Awards ($)(3) | All Other Compensation ($)(4) | Total ($) |
|---|---|---|---|---|
| Ralph W. Clermont | 63,344 | 50,019 | 1,311 | 114,674 |
| Lawrence A. Collett | 79,450 | 50,019 | 841 | 130,310 |
| Robert A. Ebel | 60,050 | 50,019 | 2,719 | 112,788 |
| Benjamin F. Edwards, IV | 51,250 | 50,019 | 841 | 102,110 |
| Wayne J. Grace (5) | 19,173 | 0 | 1,016 | 20,189 |
| James J. Lindemann | 52,244 | 50,019 | 3,897 | 106,161 |
| Joseph D. Rupp | 12,471 | 25,003 | 106 | 37,581 |
| Randall L. Schilling | 46,244 | 50,019 | 3,897 | 100,161 |
| Franklin D. Wicks, Jr. | 56,250 | 50,019 | 2,719 | 108,988 |

(1) Compensation for Mr. Brunngraber is set forth in Executive Officers – Summary Compensation Table and related tables. Because Mr. Brunngraber is an executive officer of the Company, he did not receive any additional compensation for his services as director.

(2) Represents fees paid during 2016 for services, including Board meeting and Board committee meeting attendance, as well as retainers for Board membership and Board committee chair positions. For Mr. Collett, the amount also includes fees received as the Lead Director. Amounts include the following fees for service on the Executive Loan Committee of Cass Commercial Bank, the Company's bank subsidiary: Mr. Clermont, $9,600; Mr. Collett, $13,200; Mr. Ebel, $13,800; and Mr. Grace, $2,400. The Executive Loan Committee held 24 meetings during 2016. Attendance fees were $600 per meeting. Messrs. Clermont, Lindemann, Rupp and Schilling elected to receive their Board retainer fees in the form of restricted stock. Messrs. Clermont, Lindemann, and Schilling each

received 498 shares of restricted stock in lieu of $28,750 of cash payments, and Mr. Rupp received 101 shares of restricted stock in lieu of $7,500 of cash payments. The restricted stock vests in full on the first anniversary date of the awards or, if elected by the director, vests at retirement from the Board.

(3) Represents the full grant date fair value of shares of restricted stock awarded in 2016 under the Company's Omnibus Plan. Messrs. Clermont, Collett, Ebel, Edwards, Lindemann, Schilling, and Wicks were each awarded 996 shares. Mr. Rupp was awarded a pro-rated amount of 462 shares in connection with his appointment to the Board in October 2016. Shares vest either over one year or at the director's retirement from the Board, based upon their election. These amounts were computed in accordance with the Financial Accounting Standard Board's Accounting Standard Codification Topic 718 (FASB ASC Topic 718). These amounts do not represent the actual amounts paid to or realized by the directors during fiscal year 2016. The value as of the grant date for restricted stock is recognized over the number of days of service required for the grant to become vested. See Note 11 to the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for a complete description of the material assumptions applied in determining grant date fair value. The aggregate number of shares of restricted stock awards issued under the Omnibus Plan and outstanding at December 31, 2016 for each director was as follows:

| Name | Shares* |
|---|---|
| Ralph W. Clermont | 2,021 |
| Lawrence A. Collett | 996 |
| Robert A. Ebel | 3,301 |
| Benjamin F. Edwards, IV | 996 |
| Wayne J. Grace | - |
| James J. Lindemann | 4,927 |
| Joseph D. Rupp | 563 |
| Randall L. Schilling | 4,927 |
| Franklin D. Wicks, Jr. | 3,301 |

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*If elected, includes shares received for retainer fees and/or deferred until retirement.

(4) Represents dividends paid on restricted stock awards for all directors.
(5) Mr. Grace retired from the Board upon the expiration of his term at the 2016 Annual Meeting of Shareholders.

## Certain Relationships and Related Party Transactions

Some of the directors and executive officers of the Company, and members of their immediate families and firms and corporations with which they are associated, have had transactions with the Company's subsidiary bank, including borrowings and investments in depository accounts. All such loans and investments have been made in the ordinary course of business, on substantially the same terms, including interest rates charged or paid and collateral required, as those prevailing at the same time for comparable transactions with unaffiliated persons, and did not involve more than the normal risk of collectability or present other unfavorable features.

As provided by the Audit Committee's charter, the Audit Committee must review and approve all transactions between the Company and any related person that are required to be disclosed pursuant to Item 404 of Regulation S-K. "Related person" and "transaction" shall have the meanings given to such terms in Item 404 of Regulation S-K, as amended from time to time. In determining whether to approve or ratify a particular transaction, the Audit Committee will take into account any factors it deems relevant.

## Report of the Audit Committee

The Audit Committee assists the Board in providing oversight of the systems and procedures relating to the integrity of the Company's financial statements, the Company's financial reporting process, its systems of internal accounting and financial controls, the internal audit process, risk management, the annual independent audit process of the Company's annual financial statements, the Company's compliance with legal and regulatory requirements, and the qualification and independence of the Company's independent registered public accounting firm. The Audit Committee reviews with management the Company's major financial risk exposures and the steps management has taken to monitor, mitigate, and control such exposures. Management has the responsibility for the implementation of these activities. In fulfilling its oversight responsibilities, the Committee reviewed and discussed with management the audited financial statements in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, including a discussion of the quality and the acceptability of the Company's financial reporting and controls.

The Company’s independent registered public accounting firm is responsible for expressing an opinion on the conformity of those audited financial statements with U.S. generally accepted accounting principles and on the effectiveness of the Company’s internal control over financial reporting. The Committee reviewed with the independent registered public accounting firm the firm’s judgments as to the quality and the acceptability of the Company’s financial reporting and such other matters as are required to be discussed with the Committee under auditing standards of the Public Company Accounting Oversight Board (PCAOB) (United States), including the matters required to be discussed by the Statement on Auditing Standards No. 1301 (Communication with Audit Committees). In addition, the Committee has discussed with the independent registered public accounting firm the firm’s independence, including the impact of non-audit-related services provided to the Company, and has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent accounts’ communications with the audit committee concerning independence.

The Committee also discussed with the Company’s internal auditors and the independent registered public accounting firm in advance the overall scope and plans for their respective audits. The Committee meets regularly with the internal auditor and the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of the Company’s internal controls, and the overall quality of the Company’s financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for filing with the SEC.

Ralph W. Clermont, Chairman

Robert A. Ebel

Randall L. Schilling

## II. ADVISORY VOTE ON EXECUTIVE COMPENSATION - PROPOSAL 2

The Board is committed to excellence in governance and recognizes that executive compensation is an important matter for our shareholders. The core of the Company's executive compensation philosophy and practice continues to be to pay for performance. The Company's executive officers are compensated in a manner consistent with the Company's strategy, competitive practice, sound corporate governance principles, and shareholder interests and concerns. The Company believes its compensation program is strongly aligned with the long-term interests of shareholders, as exhibited in the Compensation Discussion and Analysis section of this Proxy Statement, which provides additional details on executive compensation, compensation philosophy and objectives, and the 2016 compensation of the named executive officers. Shareholders are asked to vote on the following resolution:

**"RESOLVED**, that the shareholders approve the compensation paid to the Company's named executive officers as disclosed pursuant to the SEC's compensation disclosure rules, including the Compensation Discussion and Analysis, compensation tables and any related material contained in this Proxy Statement."

The above-referenced disclosures are included in this Proxy Statement under the Executive Compensation and Related Information section.

The Board urges shareholders to endorse the compensation program for our executive officers by voting FOR the above resolution. As discussed in the Compensation Discussion and Analysis contained in this Proxy Statement, the Compensation Committee of the Board believes that the Company's executive compensation is reasonable and appropriate, is justified by the performance of the Company, and is the result of a carefully considered approach.

As an advisory vote, this proposal is non-binding and will not overrule any decision by the Board or require the Board to take any action. However, the Board and the Compensation Committee value the opinions of our shareholders, and will consider the outcome of the vote when making future compensation decisions for the named executive officers.

***The Company's Board recommends a vote FOR the Company's executive compensation program as described in the Compensation Discussion and Analysis, the compensation tables and otherwise in this Proxy Statement.***

## III. ADVISORY VOTE ON FREQUENCY OF EXECUTIVE COMPENSATION ADVISORY VOTES – PROPOSAL 3

The Board asks that shareholders vote on the frequency of holding advisory votes on the Company's executive compensation program. Shareholders have the option of selecting a frequency of one year, two years, three years or abstaining.

The Board has concluded that providing shareholders with an advisory vote on executive compensation every year will enhance shareholder communication by providing another avenue to obtain timely information on investor sentiment about the Company's executive compensation philosophy, policies, and procedures.

As an advisory vote, this proposal is non-binding and will not overrule any decision by the Board or require the Board to take any action. However, the Board and the Compensation Committee value the opinions of our shareholders, and will consider the outcome of the vote when making future decisions for the frequency in which shareholders may vote on executive compensation.

***The Company's Board recommends a vote FOR approval of an ANNUAL advisory vote on executive compensation.***

## IV. EXECUTIVE COMPENSATION AND RELATED INFORMATION

### Compensation Discussion and Analysis

#### Overview of Compensation Philosophy and Objectives

The Compensation Committee believes that the skill and dedication of executive officers and other management personnel are critical factors affecting the Company's long-term success in meeting its objectives and fostering growth and profitability. In support of this, compensation programs have been designed to attract and retain a high level of talented leadership, to reward performance in accordance with results, provide an incentive for future performance and align Company executives' long-term interests with those of the shareholders.

The overall compensation program is designed to result in compensation that is commensurate with Company and individual performance. High levels of performance should yield compensation which is competitive externally and equitable internally. The Compensation Committee periodically assesses the Company's compensation programs to confirm that incentives are in place to retain key management talent, reward attainment of longer term objectives, and assure that these programs do not encourage risky behavior on the part of individuals or the executive management team.

Executive compensation is comprised of three major components: (i) base salaries reviewed annually by the Compensation Committee, (ii) cash bonuses distributed from the Company's profit sharing program based on Company and individual performance, and (iii) long-term equity incentives awarded annually based on Company performance along with an individual officer's level of responsibility. The mix of compensation, provided to the CEO and other named executive officers, is believed to be consistent with compensation provided to similar positions at comparable organizations. The CEO is eligible to participate in all Company benefit programs including those available to other executive officers, and receives no additional perquisites beyond those available to other executive officers except for a club membership allowance which is also provided to the President and COO of Cass Commercial Bank.

In order to assure that executive compensation is both competitive and appropriate, the Compensation Committee reviews executive compensation in its entirety before determining any adjustments to specific compensation components. In this process, the Compensation Committee primarily considers the value of cash and incentive stock compensation. Benefits, such as perquisites, and the calculated values of any retirement benefits provided under the Company's defined benefit, defined contribution and supplemental retirement plans are also considered, though these elements are given less weight. Gains from prior incentive stock awards are also given less weight, as these were awards earned and granted based on prior performance.

The Compensation Committee also periodically reviews external market data on executive compensation in order to obtain a general understanding of current compensation practices. Prior to review and adjustment of executive management compensation for 2016, the Committee retained Pay Governance to gather relevant marketplace data on total compensation for similar executive positions. This data consisted of annual salary, short-term incentives, long-term incentives, and pay mix. Data was obtained from the following sources:

- Size-adjusted data from Tower Watson's 2015 Survey Report on Top Management, focusing on:
  - Services sector, including the Business Support Services industry; and
  - the Financial Services sector.
- Total compensation data from similarly-sized publicly-traded companies in the Business Services and Banking industries.

In reviewing external data, the Company does not engage in benchmarking to establish compensation levels or make specific compensation decisions. This is due to the Company's unique structure, needs, differences in the size of surveyed companies, and the lack of sufficient appropriate matches to provide statistical relevance. Instead, the Company reviews survey data only to gain a better understanding of general compensation practices. In establishing executive compensation, the Committee takes into account a number of considerations, including individual and company performance, experience, responsibilities, retention, and internal equity. Periodic review of external market data is, however, considered to be a necessary point of reference. It is the Company's preference that performance rather than benchmarking data drive executive compensation. Pay Governance's overall conclusion confirmed the Committee's belief that 2016 compensation levels were appropriate for the Company.

The Committee has determined that the consultants retained or consulted by the Committee and its advisers are independent and raise no conflict of interest concerns. Pay Governance does not provide any services to the Company other than those services for which it was retained by the Committee.

The Compensation Committee determines base salary and incentive stock compensation adjustments for the CEO and executive officers, subject to Board approval. In determining executive officer compensation adjustments other than those for the CEO, the Compensation Committee gives consideration to the CEO's recommendations concerning each executive's performance and related salary and incentive stock levels. Cash bonuses for the CEO and executive officers are allocated in accordance with the Company's board-approved profit sharing program, as further described in the section below titled Profit Sharing Bonus.

Finally, in arriving at its decisions on executive compensation, the Compensation Committee took into account the affirmative shareholder advisory vote approving executive compensation at the 2014 Annual Meeting of Shareholders and continued to apply the same principles in determining the amounts and types of executive compensation.

Elements of Compensation

The key elements in the executive compensation program are base salary, cash bonus awards distributed from the Company's profit sharing program, and long-term incentive stock compensation. These elements, as well as benefits plans and perquisites, are described below.

Base Salary

Salaries are established for executive officers by balancing both internal and external factors. Internal equity is determined through comparison with other executives within the Company, taking into account the scope of responsibilities, performance, skills, and experience. Similarly, the Company considers external data to validate competitiveness and reasonableness in the marketplace. Considerable weight is given to performance of the individual and his or her associated operating unit, taking into account factors such as revenue growth, cost efficiencies, technological advancements, and leadership. Specific individualized targets and quantitative performance measurements are not utilized. Base salaries are designed to attract and retain high levels of expertise and talent. The

Compensation Committee reviews salaries of the CEO and other executive officers at the beginning of each fiscal year. The Compensation Committee determines any adjustments to the CEO's salary and gives consideration to the CEO's recommendation regarding adjustment to executive officer salaries, based on the criteria referenced above.

The Company believes that base salary increases for 2016 were reflective of the performance of individuals and individual operating units, sustained corporate earnings, overall corporate growth over the past several years, and competitive forces projected by the external market. Base salary levels were adjusted, effective April 2016, for the named executive officers as follows: Mr. Brunngraber, $590,000, up from $565,000; Mr. Appelbaum, $274,000, up from $266,000; Mr. Langfitt, $248,000, up from $239,000; Mr. Mathias, $286,000, up from $278,000; and Mr. Campbell $217,000, up from $207,000.

Profit Sharing Bonus

The Company is unique in having a profit sharing program which has been in existence since 1968. These cash bonuses are paid to all eligible employees of the Company and its subsidiaries, according to the profit sharing program approved by the Board, pursuant to the Company's Omnibus Plan. The purpose of this program is to facilitate the Company's continued growth and success by providing rewards that are commensurate with achievement, thereby creating an incentive for superior performance and improved results for shareholders. The profit sharing program is funded and paid semi-annually with 12.5% of the Company's profits before taxes. As such, all cash bonuses paid by the Company are capped and are available only when, and to the extent that, the Company is profitable overall.

Total profit sharing funds are divided into "pools" to be distributed among various employee groups, including the CEO, executives, exempt and non-exempt staff. The target percentage of salary to be received by the CEO ranges from 0% to a maximum of 70%. The target percentage of salary to be received by the other named executive officers ranges from 0% to a maximum of 45% in the case of Messrs. Langfitt and Campbell and 0% to a maximum of 50% in the case of Messrs. Appelbaum and Mathias. The CEO receives a flat 4% of the total profit sharing funds available for distribution during the year. This percentage was set based on the Committee's desire to achieve the target bonus of between 0% and 70% of the CEO's salary. The Committee believes this directly ties the CEO's payment to the performance of the Company, as a bonus is only paid if the Company is profitable, while maintaining internal equity and a competitive pay package. The portion of the profit sharing funds allocated to payouts to the named executive officers other than the CEO is determined based on the change in net income after taxes (NIAT) for the current year compared to the prior year. This pool can range from 9% to 16% of the total profit sharing funds available to exempt staff based on a change in the NIAT of -20% to +20% or greater, respectively. While the pool of funds available for distribution to the named executive officers other than the CEO is dependent on the overall size of the pool and change in NIAT, the individual distributions are based on a subjective assessment of performance, considering factors such as performance of the individual and his associated operating unit taking into account factors such as revenue growth, cost efficiencies, technological advancements, and leadership. For named executive officers other than the CEO, consideration is also given to profit sharing payments that an individual has received in the past as well as those received by other named executive officers in order to help ensure internal equity.

The percentages of the total profit sharing funds available to the CEO and other named executive officers have been set to result in payments that fall within the targeted salary percentages for the CEO and other named executive officers. The targeted percentage salary ranges for the CEO and other named executive officers have, for the most part, been in place since the Company's profit sharing program was established. These ranges were established based on the following factors: (i) the goal to maintain internal equity that reflects the responsibilities of the position relative to other positions within the Company; (ii) the objective to provide incentive compensation that is adequate to attract and retain talent, validated through the Company's recruitment efforts and periodic review of general marketplace survey data; and (iii) the desire to minimize overly risky compensation practices in line with the Company's conservative risk strategy.

The target salary percentage payouts and the distributions made to the CEO and other named executive officers are regularly reviewed by the Compensation Committee in accordance with the factors noted above. The Compensation Committee has determined that the profit sharing payments resulting from the methodology described above are desirable based on the Company's past performance and its compensation philosophies and objectives.

Bonuses earned were paid in August 2016 and February 2017, respectively, and were made in accordance with the Company's profit sharing program under the Omnibus Plan. The CEO bonus totaled 4% of the funds available for distribution for the year, with the payment made in August 2016 based on the funds available through June 30, 2016 and the balance paid in February 2017 based on the funds available for the year ended December 31, 2016. The funds available for distribution for the year ended December 31, 2016 were $5,367,400 and resulted in the CEO receiving a total 2016 profit sharing payment of $214,700.

The total profit sharing pool funds available to other executive officers, including the named executive officers other than the CEO, was based on a 1.27% increase in NIAT for the year ended December 31, 2016 over the year ended December 31, 2015, resulting in 13.09% of the total exempt staff profit sharing pool being available for profit sharing payments to executive officers, including named executive officers other than the CEO. A payment was made in August 2016, based on the results for the first six months of the year, with the balance paid in February 2017 based on the results for the year ended December 31, 2016. As noted above, the amount of these profit sharing funds allocated to individual named executive officers, other than the CEO, was determined by the CEO based on a subjective evaluation considering internal equity among the named executive officers and other individual factors, including:

- P. Stephen Appelbaum: overall stewardship of corporate financial processes, reporting, and controls.

- Gary B. Langfitt: leadership and growth of the Company's expense management business units.

- Robert J. Mathias: ongoing growth of the Company's banking subsidiary while maintaining excellent credit quality.

- Mark A. Campbell: leadership and growth of the Company's Transportation Information Services (TIS) business unit.

Payments made to Messrs. Appelbaum, Campbell, Langfitt and Mathias increased slightly in 2016 as compared to 2015, due to the performance of these named executive officers and the increase in NIAT and corresponding increase in the funds available for distribution to executive officers. Payments made to the CEO increased due to the increase in Company's profits before taxes and corresponding increase in the total funds available for distribution.

Long-Term Incentive Stock Compensation

Long-term incentive stock compensation (LTIC) is awarded to various members of the Company's management team, including all named executive officers, in accordance with the Company's Omnibus Plan. The objectives of the Omnibus Plan are to provide an incentive which aligns executive officers' interests with those of shareholders, assist in recruiting, encourage retention, and reward executive officers for the Company's success.

Availability of LTIC is tied to the Company's overall performance over a three-year period. Annual awards are granted each January and are based on the performance of the three prior calendar years. In determining the amount of awards, the Company uses a framework that places equal emphasis on risk and return by balancing growth with profitability while maintaining a strong financial position as well as reduce the risk of excess leveraging. For 2016, awards were based on performance for the calendar years 2015, 2014, and 2013 and on the following financial factors with respective weightings: (i) return on equity (ROE) weighted 40%; (ii) increase in diluted earnings per share (EPS) weighted 20%; (iii) increase in processing fee revenues weighted 20%; and (iv) capital-to-asset ratio weighted 20%. The LTIC earned percentage for each factor is calculated annually based on the targets achieved and prorated when actual performance falls between the percentage ranges, as shown in the following table:

| | LTIC Earned Percentage | | |
|---|---|---|---|
| | 60% | 100% | 125% |
| Factor | Threshold | Target | Maximum |
| ROE | 12% | 16% | 20% |
| EPS growth | 6% | 9% | 12% |
| Processing fee growth | 8% | 10% | 12% |
| Capital-to-asset ratio | 8% | 9% | 10% |

The average percentage earned for the prior calendar year is calculated for each performance factor, appropriately weighted, and totaled to determine the earned percentage for the most recently completed calendar year. The percentage earned for the most recently completed calendar year and the earned percentages of the prior two years are averaged to determine the total LTIC earned percentage for the three-year performance period. The actual amount of annual grants is then determined by applying the total LTIC earned percentage to the target grant amounts, which are set as a percentage of annual salary and vary by executive based on their level of responsibility. For 2016, if the thresholds were met or exceeded for all four performance factors, the plan provided for grant amounts of: (i) between 60% and 125% of total salary for the CEO; (ii) between 45% and 94% of total salary for Messrs. Campbell, Langfitt and Mathias; and (iii) between 36% and 75% of total salary for Mr. Appelbaum. If one or more of the performance factors did not meet the threshold, the grant amounts would fall below these ranges.

The total LTIC earned percentage used in computing the 2016 grants was calculated as follows:

| | 2015 Actual* | Earned % | Weights | LTIC Earned % |
|---|---|---|---|---|
| ROE | 11.65 % | 0 % | 40 % | 0 % |
| EPS growth | 2.91 % | 0 % | 20 % | 0 % |
| Processing fee growth | 1.54 % | 0 % | 20 % | 0 % |
| Capital-to-asset ratio | 13.74 % | 125 % | 20 % | 25 % |
| Earned Percentage for 2015 | | | | 25 % |
| Earned Percentage for 2014 | | | | 78 % |
| Earned Percentage for 2013 | | | | 77 % |
| Total LTIC Earned Percentage 2016 grants | | | | 60 % |

*For a more detailed discussion on the actual results of the financial factors, refer to the Company's Annual Report on Form 10-K for the respective fiscal years ended December 31.

The LTIC Earned Percentage for 2016 grants, calculated above, was lower than the calculation for the grants made in 2015. This lower percentage earned resulted in a decrease in the dollar value of the 2016 grants from the grants made in 2015, which was partially offset by an increase in base salaries, resulting in higher target grant amounts.

In 2015 and 2016, the Board elected to grant LTIC awards as 100% restricted stock. This decision was made to align the cost to the Company of granting the awards with the value received by the participants. The amount of awards granted to each individual executive was based on his target percentage of salary and the achievement of the performance criteria during the prior three-year performance period, as detailed above. The grant date of the awards was the Board approval date. The restricted stock awards were valued at that day's closing stock price as reported on the Nasdaq. Restricted stock awards are for common stock shares carrying voting and dividend rights and are subject to a three-year vesting schedule with 1/3 of the shares vesting each year on the anniversary date of the awards. Dividends are paid quarterly prior to vesting. In the event of disability or death of the participant, or a change in control of the Company, restricted stock awards vest immediately. LTIC awards are not re-priced, in accordance with the Company's long-standing practice.

The Compensation Committee reserves the right, subject to Board approval, to issue or refrain from issuing LTIC awards on a discretionary basis. Influencing factors include economic achievement, ethical standards, financial strength, management effectiveness, and external market forces.

Presently, long-term incentive stock awards outstanding consist of restricted stock bonus awards and SARs issued pursuant to the Company's Omnibus Plan. The Compensation Committee reviews the number of outstanding long-term incentive stock awards held by the Company's executive officers annually and to date, has not considered the overall amount of such awards as a significant factor in determining additional grants or awards.

In accordance with the Company’s stock ownership guidelines, executive officers are expected to retain a majority of the shares granted to them prior to their retirement, net of shares tendered for applicable taxes. Any executive officer wishing to sell shares for purposes other than to pay associated taxes should first consult with the CEO and CFO. Shares sold by the CEO require prior approval by the Lead Director. Generally, approval to sell more than 50% of total shares granted would only be given if the value of shares retained exceeded 3 times current annual salary for the CEO and 2.25 times current annual salary for other executive officers, or in the case of financial hardship.

As part of the Company’s Clawback Policy, in the event the Company materially restates its financial results, including any performance standards, the Compensation Committee has the right to rescind, revoke, adjust, or otherwise modify any awards granted under the Omnibus Plan that would have been lesser if calculated based on the restated results. The rescission, revocation, adjustment or modification of awards is at the sole discretion of the Compensation Committee and will be made consistently for all recipients in the plan for the restatement year, whether or not the recipient participated in conduct which led to the restatement.

The Company does not allow the grant of awards to be timed with the release of material non-public information such that it would have an effect on the exercise price that would benefit the executive. The grant date for LTIC awards is the date independent Board members approve such awards and generally occurs at the January Board meeting.

401(k) Defined Contribution Plan

The Company provides retirement benefits to eligible employees, including named executive officers, under the Cass Information Systems, Inc. 401(k) Plan. Eligible employees may enter the plan at the first of the month following one month of service. Employees may voluntarily defer the maximum level allowed by the Internal Revenue Service (IRS), which was $18,000 for 2016, plus an additional $6,000 catch-up contribution for employees age 50 or older. The Company matches 50% of the first 3% of employee contributions, subject to IRS limitations. All employee contributions vest immediately. Company contributions vest for each employee on the employee’s third anniversary of employment with the Company.

Defined Benefit Retirement Plans

Retirement Plan for Employees of Cass Information Systems, Inc.

The Company provides a noncontributory defined benefit retirement plan to all eligible employees, including named executive officers, under the Retirement Plan for Employees of Cass Information Systems, Inc. Effective December 31, 2016 this plan was closed to all new participants. Upon retirement, participants in this tax qualified defined benefit plan will begin to receive monthly payments equal to 1/12 of the sum of: (i) 0.9% of final average earnings multiplied by the number of years of service, plus (ii) 0.5% of final average earnings in excess of covered compensation multiplied by years of service.

Final average earnings is defined as the average annual total compensation for the five consecutive years of highest earnings during the last 10 years of employment. Covered compensation is defined as the average of the maximum social security taxable wage bases in effect for each calendar year during the 35-year period, ending with the year in which retirement age is attained under the Social Security Act. Earnings covered by the plan equal W-2 earnings, excluding stock based compensation and including any amounts deferred under the Company’s 401(k) plan and Section 125 plan, up to the maximum IRS limit of $265,000 in 2016. Service for benefit accrual purposes is the period beginning on the date of participation in the plan and ending on the severance date.

Normal retirement age under the plan is 65 with five years of vesting service. Early retirement eligibility is age 55 with five years of vesting service. Benefits for early retirement under the defined benefit pension plan would be calculated under the formula described above based on final average earnings and years of service as of the date of retirement, reduced by (i) 5/9 of 1% for each month by which the early retirement date or the first day of the month coinciding with or next following the $60^{th}$ birthday, whichever is later, precedes the normal retirement date, and (ii) 5/18 of 1% for each month, if any, by which the early retirement date precedes the first day of the month coinciding with or next following the $60^{th}$ birthday. Postponed retirement benefits are an amount equal to the greater of (i) the normal retirement benefit determined in accordance with the above formula using service and final average earnings through the postponed retirement date, or (ii) the actuarial equivalent of the normal retirement benefit on the postponed retirement date. The normal form of benefit is a straight-life annuity with 120 months guaranteed.

Supplementary Executive Retirement Program

The Company’s benefits program also provides for the Cass Information Systems, Inc. Supplemental Executive Retirement Plan (the SERP). The SERP was designed to provide additional retirement benefits to key executives whose benefits are limited by the IRS under the Company’s qualified plan.

Upon retirement, participants in the SERP will receive monthly payments equal to 1/12 of 70% of the final average earnings, reduced proportionately for length of service less than 25 years. Such amount is further reduced by the participant’s: (i) qualified retirement plan benefit, (ii) primary social security benefit, and (iii) 401(k) hypothetical annuity.

Final average earnings, normal and early retirement age, years of service, and normal form of payment are the same as under the Retirement Plan for Employees of Cass Information Systems, Inc., as described above.

Early retirement benefits under the SERP are calculated to be an annual amount equal to 70% of the final average earnings multiplied by the number of full years of service divided by 25% (not to exceed 100%), less the sum of the defined pension plan benefit, primary social security benefit, and 401(k) hypothetical annuity, reduced by 1/180 for each of the first 60 calendar months and 1/360 for each of the next 60 calendar months by which commencement of benefits precedes normal retirement date. Benefits are not increased if payment of benefits commences after the normal retirement date.

Employees are generally not eligible for benefits under the SERP if they leave the Company prior to reaching age 55, and they receive a significant increase in benefits if they remain with the Company until age 65; therefore, the Compensation Committee believes that the SERP is an effective executive retention tool.

Perquisites and Other Benefits

The Company provides executive officers with perquisites that the Compensation Committee believes are reasonable and competitive based on the Compensation Committee's knowledge of other companies with which the Company competes for talent. For 2016, these perquisites included an automobile allowance and, where deemed appropriate, a club membership allowance. Historically, the Company has not benchmarked or set targets for this compensation component. The perquisites' value to the executive, as well as the incremental cost to the Company, is considered when establishing compensation levels; however, the value of this component of compensation is modest and has not been given significant weight by the Compensation Committee when establishing overall levels of executive compensation. Executive officers are eligible to receive the same health, vision, dental, disability, and life insurance benefits as are available to all other full-time employees of the Company and its subsidiaries.

Post-Employment Payments

Named executive officers referred to herein do not have employment agreements, nor are there any provisions for payments following or in connection with any termination or change-in-control, other than for provisions that allow for SERP benefits, SARs, and restricted stock awards to vest and/or become fully exercisable upon a change in control or in some circumstances, upon disability, in accordance with their respective plans.

Federal Income Tax Deductibility Limitations

The Compensation Committee takes into consideration the tax consequences to employees and the Company when considering types and levels of awards and other compensation granted to executives and directors.

The Compensation Committee also considers the potential impact of Section 162(m) of the Internal Revenue Code of 1986, as amended. Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding $1 million in any taxable year for the CEO and the other senior executive officers, other than compensation that is performance-based under a plan that is approved by the shareholders of the Company and that meets certain other technical requirements. Based on these requirements, the Compensation Committee has determined that for 2016, Section 162(m) will not prevent the Company from receiving a tax deduction for any of the compensation paid to executive officers. Mr. Brunngraber is the only named executive officer whose compensation exceeds $1 million.

Post-Fiscal Year Compensation Actions

Executive Compensation Comparative Data

In 2016, the Compensation Committee performed a review of executive compensation. As part of the review process, the Compensation Committee retained Pay Governance to provide comparative data on cash and total executive compensation. Data reviewed was from the (i) Financial Services sector, including the Banking industry and (ii) Services Sector, including the Business Services industry. Consistent with prior years and the Company's intent not to engage in benchmarking, the Compensation Committee did not rely solely on comparative data, but did consider such elements when exercising its own judgment in determining 2017 compensation.

Base Salary

Base salary increases for 2017 were approved in January based on the factors discussed herein, including overall performance of individuals, individual operating units, corporate earnings, and overall corporate growth over the past several years. Such base salary increases, effective in April 2017, were approved for the following: Mr. Brunngraber, $590,000 to $615,000; Mr. Appelbaum, $274,000 to $282,000; Mr. Campbell, $217,000 to $227,000; Mr. Langfitt, $248,000 to $256,000; and Mr. Mathias, $286,000 to $293,000.

Long-Term Incentives

In 2016, the Compensation Committee engaged Pay Governance to perform an overall review of the Company's LTIC program and provide a recommendation for a new program that is both market competitive and internally equitable. A new program was designed and approved by the Board in October 2016. The LTIC awards made in February 2017 were granted under the new program in accordance with the Omnibus Plan and were comprised of 40% time-based restricted shares or restricted stock units (RSUs) and 60% performance-based restricted shares. Both the time-based restricted shares or RSUs and the performance-based restricted shares are scheduled to cliff vest three years from the grant date, subject to the terms and conditions of the awards. The number of performance-based restricted shares vesting will vary in an amount from 0% to 150% of the amount awarded based on the achievement of pre-established ROE and EPS performance goals over the three-year performance period from January 1, 2017 to December 31, 2019. The Company granted time-based restricted shares or RSUs to reinforce its long-term objectives and serve as a retention incentive as well as to reward the appreciation of the Company's common stock price. The Company granted performance-based restricted shares to incentivize participants to meet or exceed the Company's long-term ROE and EPS targets. The awards were granted on February 2, 2017 and were valued using the closing stock price as reported on the Nasdaq on the grant date. The awards granted to each named executive officer are detailed below.

| Name | Time-Based Restricted Shares | Time-Based RSUs | Performance-Based Restricted Shares |
|---|---|---|---|
| Eric H. Brunngraber | 4,530 | | 6,795 |
| P. Stephen Appelbaum | 1,178 | | 1,767 |
| Mark A. Campbell | 933 | | 1,400 |
| Gary B. Langfitt | 1,066 | | 1,600 |
| Robert J. Mathias | | 1,230 | 1,845 |

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Compensation Committee Report

In the performance of its oversight function for the year ended December 31, 2016, the Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based upon such review and discussions, the Compensation Committee has recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

James J. Lindemann, Chairman
Benjamin F. Edwards, IV
Joseph D. Rupp
Franklin D. Wicks, Jr.

Executive Officers

Following are the names, ages and positions held by the Company's current executive officers followed by information on compensation received or earned during the periods presented.

**Eric H. Brunngraber**, 60, is Chairman, President and CEO of the Company. Additional information on Mr. Brunngraber can be found in the section Election of Directors – Proposal 1 contained herein.

**P. Stephen Appelbaum**, 59, Executive Vice-President, CFO and Secretary. Mr. Appelbaum, a certified public accountant, joined the Company in 2006 as the CFO and Secretary. Prior to joining the Company, he worked for KPMG LLP for 10 years before becoming a Senior Vice President at US Bank (St. Louis, Missouri), where he spent 16 years holding various positions in the areas of accounting, financial reporting, risk management, and merger and acquisition integration.

**Gary B. Langfitt**, 61, President – Expense Management Services. Mr. Langfitt joined the Company in 1999 as Vice President, Sales and Marketing – Utility Information Services and subsequently served as COO – Utility Information Services from 2003 to 2011 when he was appointed to his current position.

**Robert J. Mathias**, 64, President and COO of Cass Commercial Bank, subsidiary of the Company. Mr. Mathias joined the Bank in this role in 2008. Prior to joining the Bank, he served as Senior Banker of the St. Louis loan production office of LaSalle Bank from February 2000 to February 2008. Mr. Mathias has been affiliated with several major financial institutions in the St. Louis metropolitan area since 1974.

**Mark A. Campbell**, 54, President – TIS. Mr. Campbell has been with the Company since 1988 and held various positions including serving as Senior Vice President, Sales and Marketing – TIS from 2003 to 2010, Senior Vice President – TIS from 2010 to September 2014 and Executive Vice President – TIS from 2014 to 2015 when he was appointed to his current position.

Summary Compensation Table

The following table includes the (i) dollar value of base salaries and bonuses earned; (ii) aggregate grant date fair value of restricted stock and SAR awards; (iii) the change in pension value; (iv) all other compensation; and (v) the dollar value of total compensation for each respective fiscal year.

| Name and Principal Position | Year | Salary ($) | Bonus ($)(1) | Stock Awards ($)(2) | SAR Awards ($)(2) | Non-Equity Incentive Plan Compensation ($)(1) | Change in Pension Value ($)(3) | All Other Compensation ($)(4) | Total ($) |
|---|---|---|---|---|---|---|---|---|---|
| Eric H. Brunngraber | 2016 | 584,157 | - | 339,654 | - | 214,700 | 480,524 | 45,911 | 1,664,946 |
| Chairman, President, | 2015 | 557,874 | - | 419,890 | - | 208,400 | 86,302 | 44,282 | 1,316,748 |
| CEO | 2014 | 527,788 | - | 194,104 | 194,099 | 181,800 | 1,056,092 | 40,589 | 2,194,472 |
| P. Stephen Appelbaum | 2016 | 272,130 | 86,000 | 95,934 | - | - | 114,448 | 17,401 | 585,913 |
| Exec. Vice President, | 2015 | 264,337 | 83,000 | 121,982 | - | - | 65,118 | 17,012 | 551,449 |
| CFO, Secretary | 2014 | 257,077 | 82,000 | 57,880 | 57,891 | - | 156,835 | 15,973 | 627,656 |
| Mark A. Campbell (5) | 2016 | 214,663 | 68,000 | 93,344 | - | - | 126,883 | 16,869 | 519,759 |
| President, TIS | 2015 | 206,157 | 66,000 | 92,787 | - | - | 12,456 | 14,864 | 392,263 |
| Gary B. Langfitt | 2016 | 245,897 | 87,000 | 107,789 | - | - | 154,680 | 17,801 | 613,167 |
| President, Expense | 2015 | 236,862 | 83,000 | 135,367 | - | - | 81,401 | 17,349 | 553,979 |
| Management Services | 2014 | 228,317 | 79,000 | 64,291 | 64,278 | - | 233,508 | 16,195 | 685,589 |
| Robert J. Mathias | 2016 | 284,130 | 93,000 | 125,372 | - | - | 138,986 | 33,445 | 674,932 |
| President and COO, | 2015 | 276,100 | 88,000 | 158,904 | - | - | 98,625 | 32,934 | 654,563 |
| Cass Commercial Bank | 2014 | 267,837 | 86,000 | 75,262 | 75,231 | - | 180,521 | 31,606 | 716,457 |

(1)

These amounts represent distributions under the Company's profit sharing program as further described in the Compensation Discussion and Analysis section contained herein. Amounts paid to the CEO are reported separately as non-equity incentive plan compensation due to the fact the payments are based on pre-determined targets which are communicated to the CEO prior to the performance period, the outcome of which is uncertain at the time the targets are made.

(2) These amounts represent the aggregate grant date fair value of restricted stock and SAR awards granted during the fiscal years ended December 31, 2016, 2015, and 2014, respectively, computed in accordance with FASB ASC Topic 718. These amounts do not represent the actual amounts paid to or realized by the named executive officer for these awards during fiscal years 2016, 2015, and 2014. The value as of the grant date for restricted stock and SAR awards is recognized over the number of days of service required for the grant to become vested. See Note 11 to the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for a complete description of the material assumptions applied in determining grant date fair value.

(3) Represents the aggregate change in actuarial present value of accumulated benefits under the Company's defined benefit pension plan and SERP based on a five-year average of current pay. See Note 10 to the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for a complete description of the material assumptions applied in quantifying the present value of accumulated benefits.

(4) Consists of the Company's incremental cost on perquisite benefits, dividends paid on restricted stock awards, and the Company's matching contributions paid to the Company's 401(k) Plan on behalf of each executive. Perquisite benefits provided in 2016 also consist of an allowance for personal automobile usage for all the named executive officers and club membership allowances for Mr. Brunngraber and Mr. Mathias.

(5) Mr. Campbell's compensation is provided for fiscal years 2015 and 2016 only, as he was appointed to his position as an executive officer effective as of February 1, 2015.

Grants of Plan-Based Awards

The following table sets forth information regarding all plan-based awards that were made to the named executive officers during 2016. Disclosure is provided on a separate line for each grant or award made during the year. The information supplements the values of stock awards presented in the Summary Compensation table above.

| Name | Grant Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1) | | | Estimated Possible Payouts Under Equity Incentive Plan Awards | | | Grant Date Fair Value of Stock Awards ($) |
|---|---|---|---|---|---|---|---|---|
| | | Threshold ($) | Target ($) | Max ($) | Threshold (#) | Target (#) | Max (#) | |
| Eric H. Brunngraber | 1/26/2016 | - | - | | - | 6,819 (2) | - | 339,654 |
| | 8/5/2016 | - | 105,800 | | - | - | - | - |
| | 2/3/2017 | - | 108,900 | | - | - | - | - |
| P. Stephen Appelbaum | 1/26/2016 | | | | - | 1,926 (2) | - | 95,934 |
| Mark A. Campbell | 1/26/2016 | | | | - | 1,874 (2) | - | 93,344 |
| Gary B. Langfitt | 1/26/2016 | | | | - | 2,164 (2) | - | 107,789 |
| Robert J. Mathias | 1/26/2016 | | | | - | 2,517 (2) | - | 125,372 |

(1) Target represents amounts awarded and earned in 2016 pursuant to the Company’s profit-sharing program, as discussed in the Compensation Discussion and Analysis – Profit Sharing Bonus section herein.

(2) Represents restricted stock awards issued pursuant to the terms of the Company’s Omnibus Plan. Restricted stock awards are subject to a three-year vesting schedule, with 1/3 of the shares vesting each year on the anniversary of the grant date of the awards. Dividends are paid quarterly prior to vesting. The 2016 awards were based on criteria further described in the Compensation Discussion and Analysis – Long-Term Incentive Stock Compensation section contained herein.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information on outstanding restricted stock and SAR awards held by the named executive officers on December 31, 2016, including the number of shares underlying both exercisable and unexercisable portions of each SAR award as well as the exercise price and the expiration date of each outstanding SAR award, and the market value of stock awards.

| | SAR Awards | | | | Stock Awards | |
|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised SARs (#)(1) Exercisable | Number of Securities Underlying Unexercised SARs (#)(1) Unexercisable | SAR Exercise Price ($) | SAR Expiration Date | Number of Shares or Units That Have Not Vested (#)(2) | Market Value of Shares or Units of Stock That Have Not Vested ($)(3) |
| Eric H. Brunngraber | 8,376 | | 29.95 | 1/24/2021 | 13,411 | 986,647 |
| | 20,919 | | 33.56 | 1/23/2022 | | |
| | 20,253 | | 42.14 | 1/21/2023 | | |
| | 7,253 | 3,627 | 61.64 | 1/27/2024 | | |
| P. Stephen Appelbaum | 2,318 | | 24.93 | 1/25/2020 | 3,849 | 283,171 |
| | 6,893 | | 29.95 | 1/24/2021 | | |
| | 6,889 | | 33.56 | 1/23/2022 | | |
| | 6,283 | | 42.14 | 1/21/2023 | | |
| | 2,163 | 1,082 | 61.64 | 1/27/2024 | | |
| Mark A. Campbell | 1,052 | 526 | 61.64 | 1/27/2024 | 3,252 | 239,250 |
| Gary B. Langfitt | 6,810 | | 21.30 | 1/19/2019 | 4,299 | 316,277 |
| | 2,424 | | 24.93 | 1/25/2020 | | |
| | 7,439 | | 29.95 | 1/24/2021 | | |
| | 7,480 | | 33.56 | 1/23/2022 | | |
| | 7,013 | | 42.14 | 1/21/2023 | | |
| | 2,402 | 1,201 | 61.64 | 1/27/2024 | | |
| Robert J. Mathias | 8,823 | | 29.95 | 1/24/2021 | 5,022 | 369,469 |
| | 8,976 | | 33.56 | 1/23/2022 | | |
| | 8,241 | | 42.14 | 1/21/2023 | | |
| | 2,811 | 1,406 | 61.64 | 1/27/2024 | | |

(1) Represents SARs issued pursuant to the terms of the Company's Omnibus Plan. SAR awards are subject to a three-year vesting schedule, with 1/3 of the shares vesting each year on the anniversary of the grant date of the awards. SARs become exercisable upon vesting and expire on the tenth anniversary of the grant date. The vesting date for such SARs are as follows:

| Name | Vesting Date | Number of Shares |
|---|---|---|
| Eric H. Brunngraber | 1/28/2017 | 3,627 |
| P. Stephen Appelbaum | 1/28/2017 | 1,082 |
| Mark A. Campbell | 1/28/2017 | 526 |
| Gary B. Langfitt | 1/28/2017 | 1,201 |
| Robert J. Mathias | 1/28/2017 | 1,406 |

(2) Represents restricted stock awards issued pursuant to the Company’s Omnibus Plan. The shares are subject to a three-year vesting schedule, with 1/3 of the shares vesting each year on the anniversary of the grant date of the awards. The vesting dates for such shares are as follows:

| Name | Vesting Date | Number of Shares |
|---|---|---|
| Eric H. Brunngraber | 1/26/2017 | 2,273 |
| | 1/27/2017 | 2,771 |
| | 1/28/2017 | 1,050 |
| | 1/26/2018 | 2,273 |
| | 1/27/2018 | 2,771 |
| | 1/26/2019 | 2,273 |
| P. Stephen Appelbaum | 1/26/2017 | 642 |
| | 1/27/2017 | 805 |
| | 1/28/2017 | 313 |
| | 1/26/2018 | 642 |
| | 1/27/2018 | 805 |
| | 1/26/2019 | 642 |
| Mark A. Campbell | 1/26/2017 | 624 |
| | 1/27/2017 | 612 |
| | 1/28/2017 | 153 |
| | 1/26/2018 | 625 |
| | 1/27/2018 | 613 |
| | 1/26/2019 | 625 |
| Gary B. Langfitt | 1/26/2017 | 721 |
| | 1/27/2017 | 893 |
| | 1/28/2017 | 348 |
| | 1/26/2018 | 721 |
| | 1/27/2018 | 894 |
| | 1/26/2019 | 722 |
| Robert J. Mathias | 1/26/2017 | 839 |
| | 1/27/2017 | 1,049 |
| | 1/28/2017 | 407 |
| | 1/26/2018 | 839 |
| | 1/27/2018 | 1,049 |
| | 1/26/2019 | 839 |

(3) Value based on $73.57 per share, which was the closing market price of the Company's common stock reported on the Nasdaq on December 31, 2016.

SARs Exercised and Stock Vested

The following table sets forth the exercise of SARs and vesting of restricted stock during 2016 for the named executive officers.

| Name | SAR Awards Number of Shares Acquired on Exercise (#)(1) | SAR Awards Value Realized on Exercise ($)(2) | Stock Awards Number of Shares Acquired on Vesting (#)(1) | Stock Awards Value Realized on Vesting ($)(3) |
|---|---|---|---|---|
| Eric H. Brunngraber | 6,276 | 412,394 | 5,534 | 273,845 |
| P. Stephen Appelbaum | 8,126 | 510,352 | 1,650 | 81,683 |
| Mark A. Campbell | 1,002 | 57,224 | 1,025 | 50,618 |
| Gary B. Langfitt | 4,142 | 285,011 | 1,834 | 90,794 |
| Robert J. Mathias | | | 2,152 | 106,539 |

(1) Represents gross amount of shares exercised or vested, without netting any shares surrendered to pay exercise price or taxes.

(2) Value is calculated using the closing price of the Company’s common stock, as reported on the Nasdaq, on the exercise date.

(3) Value is determined by applying the market value of the stock on the vesting date to the number of shares vested.

Pension Benefits

The following table sets forth for fiscal year ended December 31, 2016 the actuarial present value of each named executive officer's accumulated benefit under defined benefit plans of the Company, the number of years of credited service under each plan, and the amount of pension benefits paid to each named executive officer.

| Name (1) | Plan Name | Number of Years of Credited Service (#)(2) | Present Value of Accumulated Benefit ($)(3) | Payments During Last Fiscal Year ($) |
|---|---|---|---|---|
| Eric H. Brunngraber | Retirement Plan for Employees of Cass Information Systems, Inc. | 36.08 | 1,279,477 | - |
| | Cass Information Systems SERP | 36.08 | 3,325,539 | - |
| P. Stephen Appelbaum | Retirement Plan for Employees of Cass Information Systems, Inc. | 9.50 | 323,804 | - |
| | Cass Information Systems SERP | 9.50 | 274,838 | - |
| Mark A. Campbell | Retirement Plan for Employees of Cass Information Systems, Inc. | 27.58 | 755,690 | - |
| Gary B. Langfitt | Retirement Plan for Employees of Cass Information Systems, Inc. | 16.50 | 610,624 | - |
| | Cass Information Systems SERP | 16.50 | 354,400 | - |
| Robert J. Mathias | Retirement Plan for Employees of Cass Information Systems, Inc. | 7.50 | 317,996 | - |
| | Cass Information Systems SERP | 7.50 | 405,638 | - |

(1) Messrs. Brunngraber, Appelbaum, Langfitt, and Mathias were eligible for early retirement benefits under the Company's defined benefit pension plan and SERP as of December 31, 2016. Refer to the Compensation Discussion and Analysis for a description of early retirement benefits.

(2) The number of years of credited service differs from the number of years of actual service for all named executive officers only due to the provisions in the plan regarding when employees first become eligible to participate in the plan.

(3) Represents the actuarial present value of accumulated benefit under the Company's defined benefit pension plan based on a five-year average of current pay. See Note 10 to the Company's audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for complete description of the

material assumptions applied in quantifying the present value of accumulated benefits.

Named executive officers are eligible for participation in the Retirement Plan for Employees of Cass Information Systems, Inc. and the Cass Information Systems, Inc. SERP at December 31, 2016. Details of the plans are further discussed in the Compensation Discussion and Analysis contained herein.

## V. BENEFICIAL OWNERSHIP OF SECURITIES

### Stock Ownership of Directors, Executive Officers, and 5% Beneficial Ownership

The following table contains information with respect to beneficial ownership of the Company's outstanding common stock as of February 10, 2017, unless otherwise noted, by: (i) each person known to the Company to be the beneficial owner of more than 5% of common stock, (ii) each director and nominee for director, (iii) each executive officer, and (iv) directors and executive officers as a group. Unless otherwise indicated, the named person has sole voting and investment rights with respect to such shares. The percent of common stock owned by each person or group has been determined based on a total of 11,331,719 shares outstanding as of February 10, 2017. Except as indicated below, the address of each person listed is c/o Cass Information Systems, Inc., 12444 Powerscourt Drive, Suite 550, St. Louis, MO 63131.

| Name of Beneficial Owner<br>*(and address for Beneficial Owners over 5%)* | Amount of Shares Beneficially Owned (1) | | Percent of Class | |
|---|---|---|---|---|
| Kayne Anderson Rudnick Investment Management, LLC<br>*1800 Avenue of the Stars, 2nd Floor*<br>Los Angeles, CA 90067 | 1,032,425 | (2) | 9.24 | % |
| Ann Nania<br>1700 S. Ocean Blvd.<br>Pompano Beach, FL 33062 | 876,076 | (3) | 7.73 | % |
| Kim Kuehner<br>533 South Warson Rd.<br>St. Louis, MO 63124 | 828,834 | (3) | 7.31 | % |
| BlackRock Inc.<br>*55 East 52nd Street*<br>New York, NY 10022 | 663,868 | (4) | 5.90 | % |
| P. Stephen Appelbaum | 55,442 | (5) | * | |
| Eric H. Brunngraber | 124,461 | (6) | 1.10 | % |
| Mark A. Campbell | 13,630 | (7) | * | |
| Ralph W. Clermont | 2,021 | (8) | * | |
| Lawrence A. Collett | 207,599 | (9) | 1.83 | % |
| Robert A. Ebel | 10,001 | (10) | * | |
| Benjamin F. Edwards, IV | 9,186 | (11) | * | |
| Gary B. Langfitt | 59,023 | (12) | * | |
| James J. Lindemann | 9,107 | (13) | * | |
| Robert J. Mathias | 42,901 | (14) | * | |
| Joseph D. Rupp | 563 | (15) | * | |
| Randall L. Schilling | 7,889 | (16) | * | |
| Franklin D. Wicks, Jr. | 8,368 | (17) | * | |
| All directors (including nominees) and all executive officers as a group (13 persons) | 567,673 | (18) | 5.01 | % |

**Less than 1% of class.*

(1) Beneficially owned shares include common stock that directors and executive officers have the right to acquire within 60 days of February 10, 2017 pursuant to the exercise of SARs.

(2) Based on a Schedule 13G/A filed by the reporting person with the SEC on February 8, 2017. The reporting person has sole voting and dispositive power with respect to 806,211 shares and shared voting and dispositive power with respect to 226,214 shares.

(3) Based on shareholder records obtained from Computershare Shareowner Services and Broadridge on January 10, 2017.

(4) Based on Schedule 13G/A filed with the SEC on January 23, 2017. BlackRock Inc. has sole voting power with respect to 642,518 shares and sole dispositive power with respect to 663,868 shares.

(5) Includes 25,590 shares held in trust over which Mr. Appelbaum has shared voting and investment rights; 3,267 shares of restricted stock subject to forfeiture with respect to which Mr. Appelbaum has voting but no investment rights; and 25,628 shares which can be acquired within 60 days of February 10, 2017 pursuant to the exercise of SARs.

(6) Includes 45,823 shares owned jointly with his spouse over which Mr. Brunngraber has shared voting and investment rights; 11,847 shares of restricted stock subject to forfeiture with respect to which Mr. Brunngraber has voting but no investment rights; and 60,428 shares which can be acquired within 60 days of February 10, 2017 pursuant to the exercise of SARs.

(7) Includes 8,514 shares held in trust over which Mr. Campbell has shared voting and investment rights; 2,796 shares of restricted stock subject to forfeiture with respect to which Mr. Campbell has voting but no investment rights; and 1,578 shares which can be acquired within 60 days of February 10, 2017 pursuant to the exercise of SARs.

(8) Includes 2,021 shares of restricted stock subject to forfeiture with respect to which Mr. Clermont has voting but no investment rights.

(9) Includes 110,189 shares held in trust; 88,059 shares owned by Mr. Collett's spouse over which Mr. Collet has no voting and investment rights; and 996 shares of restricted stock subject to forfeiture with respect to which Mr. Collett has voting but no investment rights.

(10) Includes 2,541 shares owned jointly with his spouse; and 3,301 shares of restricted stock subject to forfeiture with respect to which Mr. Ebel has voting but no investment rights.

(11) Includes 3,923 shares held in trust; 194 shares Mr. Edwards holds as custodian for his minor children; and 996 shares of restricted stock subject to forfeiture with respect to which Mr. Edwards has voting but no investment rights.

(12) Includes 3,403 shares of restricted stock subject to forfeiture with respect to which Mr. Langfitt has voting but no investment rights; and 34,769 shares which can be acquired within 60 days of February 10, 2017 pursuant to the exercise of SARs.

(13) Includes 4,180 shares held in trust and 4,927 shares of restricted stock subject to forfeiture with respect to which Mr. Lindemann has voting but no investment rights.

(14) Includes 2,727 shares of restricted stock and 1,230 of restricted stock units subject to forfeiture with respect to which Mr. Mathias has voting but no investment rights; and 27,446 shares which can be acquired within 60 days of February 10, 2017 pursuant to the exercise of SARs.

(15) Includes 563 shares of restricted stock subject to forfeiture with respect to which Mr. Rupp has voting but no investment rights.

(16) Includes 4,927 shares of restricted stock subject to forfeiture with respect to which Mr. Schilling has voting but no investment rights.

(17) Includes 5,067 shares held in trust and 3,301 shares of restricted stock subject to forfeiture with respect to which Mr. Wicks has voting but no investment rights.

(18) Includes 149,849 shares which may be acquired within 60 days of February 10, 2017 pursuant to the exercise of SARs.

## Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers, directors, and persons who own more than 10% of the Company's common stock to file reports of ownership and changes in ownership with the SEC and Nasdaq. Executive officers, directors and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. Based on a review solely of copies of such forms received and written representation from certain reporting persons, the Company believes that all Section 16(a) filing requirements applicable to 2016 for executive officers, directors, and greater than 10% beneficial owners were complied with in a timely manner except for the following: one Form 4 reporting an exercise of SARs by Mr. Campbell was filed one day late due to an administrative issue.

## VI. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – PROPOSAL 4

KPMG LLP has served as the Company's independent registered public accounting firm since 1983, and for the year ended December 31, 2016. The Audit Committee of the Board has selected KPMG LLP to serve as such firm for 2017. A representative of KPMG LLP is expected to be present at the Annual Meeting, will have an opportunity to make a statement and will be available to respond to appropriate questions of shareholders.

Fees Incurred For Services Performed by the Independent Registered Public Accountants

For the years ended December 31, 2016 and 2015, the Company incurred the following fees for services performed by KPMG LLP, all of which were pre-approved by the Audit Committee:

| | 2016 | 2015 |
|---|---|---|
| Audit Fees (1) | $350,000 | $350,000 |
| Audit-related Fees | | |
| Total | $350,000 | $350,000 |

(1) Represents fees for the quarterly review of financial statements and annual audit of the Company's consolidated financial statements and internal controls over financial reporting. Also includes fees for the audit of the Company's subsidiary bank financial statements,

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pursuant to the requirements of 12 CFR Part 363, *Annual Independent Audits and Reporting Requirements.* Such fees were $20,000 and $18,000 for 2016 and 2015, respectively. All such fees were pre-approved by the Audit Committee.

The Audit Committee pre-approves all auditing services, internal control-related services, and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditors, subject to the de minimis exception for non-audit services that are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate to one or more members the authority to grant pre-approvals of audit and permitted non-audit services, provided such decisions to grant pre-approvals are presented to the full Audit Committee at its next scheduled meeting.

The Company's Board recommends a vote FOR the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2017.

## VII. SHAREHOLDER PROPOSALS FOR THE 2018 ANNUAL MEETING

In order for a shareholder to bring any business before a meeting of shareholders, the shareholder must have given timely notice thereof in writing to the Company's Secretary and comply with the other notice requirements set forth in the Company's bylaws. To be timely, a shareholder's notice must be delivered to or mailed and received at the Company's principal executive offices not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's Annual Meeting. For the 2018 Annual Meeting, shareholders must submit proposals no earlier than January 25, 2018 and no later than February 23, 2018. If, however, the date of the meeting is changed by more than 30 days before or after such anniversary date, the notice must be received not later than the tenth day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure was made.

A shareholder's notice to the Secretary must set forth as to each matter the shareholder proposes to bring before the Annual Meeting:

- a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting the business at the Annual Meeting,
- the name and address, as they appear on the Company's books, of the proposing shareholder,
- the class and number of shares which are beneficially owned by the shareholder, and
- any material interest of the shareholder in such business.

The requirements contained in the Company's bylaws and summarized above are separate from and in addition to the SEC requirements that a shareholder must meet to have a proposal included in the Company's Proxy Statement. Any shareholder proposal to be considered for inclusion in the Company's Proxy Statement and form of proxy for its next Annual Meeting must be received by the Company no later than November 8, 2017 at the following address: Cass Information Systems, Inc., Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131.

## VIII. OTHER MATTERS AND HOUSEHOLDING

Management does not intend to present to the Annual Meeting any business other than the items stated in the Notice of Annual Meeting of Shareholders and does not know of any matters to be brought before the Annual Meeting other than those referred to above. If, however, any other matters properly come before the Annual Meeting, the persons designated as proxies will vote on each such matter in accordance with their best judgment.

The Company may and some banks, brokers, and other nominee record holders may be participating in the practice of house holding proxy statements and annual reports. This means that only one copy of this Proxy Statement may have been sent to multiple shareholders in your household unless you provide us with contrary instructions. A separate copy of this Proxy Statement or the annual report will be delivered to you if you write to: Cass Information Systems, Inc., Attn: P. Stephen Appelbaum, Secretary, 12444 Powerscourt Drive, Suite 550, St. Louis, Missouri 63131, or call (314) 506-5500.

By Order of the Board of Directors
P. Stephen Appelbaum, Secretary

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