

CASS INFORMATION SYSTEMS INC
Form DEF 14A
March 08, 2019

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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

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):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(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 23, 2019

TO THE SHAREHOLDERS:

The Annual Meeting of Shareholders of Cass Information Systems, Inc. will be held at the location specified below on Tuesday, April 23, 2019, 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 ratify the appointment of KPMG LLP as the independent registered public accounting firm for 2019; and
4. To act upon such other matters as may properly come before the Annual Meeting or any adjournment thereof.

The close of business on March 5, 2019 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.

This booklet includes the notice and proxy statement, which describes the business we will conduct at the meeting and provides information about the Company that you should consider when you vote your shares. The Company has not planned a communications segment or any presentations for 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, 2019

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON APRIL 23, 2019

The Company's Proxy Statement and annual report on Form 10-K for the 2018 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).

Table of Contents

<u>I. ELECTION OF DIRECTORS – PROPOSAL 1</u>	<u>3</u>
<u>Nominees and Continuing Directors</u>	<u>3</u>
<u>Director Independence</u>	<u>5</u>
<u>Corporate Governance</u>	<u>5</u>
<u>Board Evaluation</u>	<u>5</u>
<u>Board Leadership Structure</u>	<u>6</u>
<u>Risk Management Oversight</u>	<u>6</u>
<u>Communications with the Board of Directors</u>	<u>7</u>
<u>Board Meetings and Committees of the Board</u>	<u>7</u>
<u>Director Compensation</u>	<u>9</u>
<u>Certain Relationships and Related Party Transactions</u>	<u>11</u>
<u>Report of the Audit Committee</u>	<u>11</u>
<u>II. ADVISORY VOTE ON EXECUTIVE COMPENSATION - PROPOSAL 2</u>	<u>12</u>
<u>III. EXECUTIVE COMPENSATION AND RELATED INFORMATION</u>	<u>12</u>
<u>Compensation Discussion and Analysis</u>	<u>12</u>
<u>Compensation Committee Report</u>	<u>26</u>
<u>Executive Officers</u>	<u>26</u>
<u>Summary Compensation Table</u>	<u>27</u>
<u>Grants of Plan-Based Awards</u>	<u>28</u>
<u>Outstanding Equity Awards at Fiscal Year-End</u>	<u>29</u>
<u>SARs Exercised and Stock Vested</u>	<u>30</u>
<u>Pension Benefits</u>	<u>31</u>
<u>IV. BENEFICIAL OWNERSHIP OF SECURITIES</u>	<u>31</u>
<u>Stock Ownership of Directors, Executive Officers, and 5% Beneficial Owners</u>	<u>31</u>
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	<u>33</u>
<u>V. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM – PROPOSAL 3</u>	<u>33</u>
<u>Fees Incurred for Services Performed by the Independent Registered Public Accountants</u>	<u>34</u>
<u>VI. SHAREHOLDER PROPOSALS FOR THE 2019 ANNUAL MEETING</u>	<u>34</u>
<u>VII. OTHER MATTERS AND HOUSEHOLDING</u>	<u>34</u>

CASS INFORMATION SYSTEMS, INC.

12444 Powerscourt Drive, Suite 550

St. Louis, Missouri 63131

PROXY STATEMENT

Annual Meeting of Shareholders to be held April 23, 2019

This Proxy Statement is being furnished to the common shareholders of Cass Information Systems, Inc. (the Company) on or about March 8, 2019 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 23, 2019 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 5, 2019 (the Record Date) are entitled to receive notice of and vote at the Annual Meeting. On the Record Date, there were 14,525,419 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 4.59% 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 2019; and to act on any other matters properly brought before the Annual Meeting. This means that of the shares represented at the Annual Meeting and entitled to vote, a majority of them must be voted "for" a director nominee for such nominee to be elected or "for" such other proposal for it to be approved. Shareholders may not cumulate their votes

in the election of directors.

In tabulating the voting results, abstentions and shares represented by broker non-votes (explained below) will be counted as present and entitled to vote for purposes of determining a quorum. For purposes of determining whether the shareholders have elected a director nominee or approved a matter, abstentions are treated as shares represented and entitled to vote on each proposal and will thus have the same effect as a vote “against” a director nominee or such other proposal. 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 will not be considered in determining the number of votes necessary for approval of a matter 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 2019; 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. 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.

Lawrence A. Collett is currently serving a three-year term that expires on the date of the Annual Meeting. He will not stand for re-election, having reached the Board's mandatory retirement age. The Nominating and Corporate Governance Committee has nominated Sally H. Roth for election and incumbent directors Ralph W. Clermont and James J. Lindemann for re-election. 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 2022:

Ralph W. Clermont, 71, 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 of National Bank Holdings Corporation, a publicly-traded bank holding company, where he is also 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.

Sally H. Roth, 71, has been nominated to serve as a first-time director of Cass. Ms. Roth served as Area President-Upper Midwest for Regions Bank from 2007 until her retirement in 2014. Prior to her appointment as Area President, Ms. Roth served as Regions Bank's Commercial Banking Executive for the Saint Louis metropolitan market. Her banking career began at Mercantile Bank (now U.S. Bank) in 1985 where she held various positions including Group Manager - Large Corporate Banking and Community Bank President until 1997. Ms. Roth served in various roles at Bank of America from 1997 to 2002. She holds a Master of Business Administration degree from Washington University in Saint Louis.

The Board selected Ms. Roth to serve as a director because of her extensive commercial banking experience and expertise and her unique knowledge of the banking markets in which the Company does business.

James J. Lindemann, 63, has been a director since 2007. Until his retirement in 2018, he was 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 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.

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

Directors to serve until 2021:

Robert A. Ebel, 63, has been a director since 2006. He was Chief Executive Officer (CEO) of Universal Printing Company, a privately-held printing company headquartered in St. Louis, Missouri, until the sale of the company in 2017. 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 duties as CEO of a privately-held business based in St. Louis provided him with a strong knowledge of the local commercial marketplace served by the Company's subsidiary bank.

Randall L. Schilling, 56, 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., 65, 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 for 33 years, 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.

Directors to serve until 2020:

Eric H. Brunngraber, 62, has been a director since 2003. Mr. Brunngraber is Chairman, President, and 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, 63, 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, 68, has been a director since 2016. Upon Mr. Collett's retirement from the Board at the Annual Meeting, Mr. Rupp will serve as Lead Director of the Board. He is the retired Chairman of the Board of 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. Mr. Rupp served as the Chairman of the Board of Olin Corporation from 2016 to 2017. Prior to 2016, Mr. Rupp served as Chairman, President, and Chief Executive Officer of Olin since 2005. Prior to his election as Chairman, Mr. Rupp was President and Chief Executive Officer of Olin from 2002 to 2005. Prior to 2002, Mr. Rupp served in various positions with Olin, which he originally joined in 1972. Additionally, Mr. Rupp serves as a director of Quanex Building Products Corporation, a publicly-traded manufacturer of components sold in the building products industry; Dot Foods, Inc., a private foodservice redistribution company; and Owens-Illinois, a publicly-traded glass bottle manufacturer. 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.

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. Brunngraber. 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.

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.

Prior 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 that 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 January 2019, Mr. Rupp was appointed to succeed Mr. Collett as Lead Director in conjunction with Mr. Collett's retirement following the Annual Meeting.

The Company's Corporate Governance Guidelines provide that the Lead Director must qualify as independent in accordance with the Guidelines. It is the Lead Director's role to promote the appropriate involvement of the independent directors in governance matters and ensure the effectiveness of the independent directors in their role on behalf of the shareholders while avoiding the risk of confusion about the primary business leadership role of the Chairman and CEO. In particular, the Lead Director will be responsible for (a) staying regularly informed about the strategy of the Company and about critical issues and performance of the Company; (b) working with the Chairman to set the agendas for Board meetings; (c) calling meetings of the independent directors when needed; (d) providing Board leadership in times of crisis; (e) setting the agenda for and chairing executive sessions of the independent directors; (f) acting as liaison between the independent directors and the Chairman for matters raised in executive sessions; (g) chairing meetings of the Board or shareholders when the Chairman is not in attendance; (h) attending meetings of the committees of the Board when necessary or at his/her discretion and communicating regularly with the chairs of the Board committees; (i) working with the Chairman to ensure the conduct of Board meetings provides adequate time for serious discussion of important issues and that appropriate information is made available to Board members on a timely basis; (j) being available on request for consultation and direct communication with major shareholders; and (k) performing such other duties as may be requested from time to time by the Board or by a majority of the independent directors.

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, 2018. 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, 2018, 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. All directors attended the 2018 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 2018 (in parentheses). Each of the committees is comprised entirely of independent directors, as defined by Nasdaq and SEC rules:

Nominating and Corporate

Audit (5)

Governance (4)

Compensation (4)

Ralph W. Clermont*	Ralph W. Clermont	James J. Lindemann*
Robert A. Ebel	Benjamin F. Edwards, IV	Joseph D. Rupp
Randall L. Schilling	Franklin D. Wicks, Jr.*	Franklin D. Wicks, Jr.

*Committee Chairman

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 Audit Committee also has primary responsibility for overseeing risks related to data protection and cybersecurity, although the full Board also exercises oversight over these risks. This oversight includes receiving reports from the Company's CIO on data protection and cybersecurity matters and strategies.

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 overall diversity of education, viewpoints, professional experience, skills and other demographics when evaluating director nominees and has focused on the importance of Board diversity, as well as desired qualifications and experience identified by the Board, in its director recruitment efforts.

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. Lindemann, Rupp and Wicks served on the Compensation Committee during the entire fiscal year ended December 31, 2018. None of the members of the Compensation Committee during the last fiscal year is or has been an officer or employee of the Company. None of the Company's executive officers currently serves, or in the past fiscal year has served, as a member of the Board of Directors or compensation committee (or other Board committee performing equivalent functions) of any entity that has one or more of its executive officers serving on the Company's Board of Directors or the Compensation Committee.

None of the members of the Company's Compensation Committee or other members of the Board of Directors is a person having a relationship requiring disclosure by the Company pursuant to Item 404 of Regulation S-K.

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 23, 2019. The following represents the fee structures applicable for the periods indicated:

	Prior to	On and After
	April 23, 2019	April 23, 2019
Regular Board Meeting Fee	\$ 2,500	\$ 2,500
Board Committee Meeting Fee	\$ 1,000	\$ 1,000
Annual Retainer:		

Edgar Filing: CASS INFORMATION SYSTEMS INC - Form DEF 14A

Lead Director	\$ 25,000	\$ 25,000
Board Member	\$ 32,500	\$ 35,000
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*	\$ 52,500	\$ 55,000

* 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, 2018: (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	Stock	All Other	Total
	Paid in Cash	Awards	Compensation	
	(\$)(2)	(\$)(3)	(\$)(4)	(\$)
Ralph W. Clermont	73,575	52,504	4,740	130,819
Lawrence A. Collett	82,575	52,504	917	135,996
Robert A. Ebel	61,975	52,504	5,503	119,982
Benjamin F. Edwards, IV	48,375	52,504	917	101,796
James J. Lindemann	55,375	52,504	8,166	116,045
Joseph D. Rupp	44,875	52,504	3,021	100,400
Randall L. Schilling	49,375	52,504	8,166	110,045
Franklin D. Wicks, Jr.	59,375	52,504	6,250	118,129

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

Represents fees paid during 2018 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, \$10,200; Mr. Collett, \$13,800; and Mr. Ebel, \$12,600. The Executive Loan Committee held 22 meetings during 2018. Attendance fees were \$600 per meeting. Messrs. Clermont, Lindemann, Rupp, Schilling, and Wicks elected to receive their Board retainer fees in the form of restricted stock and each received 599 shares of restricted stock (adjusted for the effect of the stock dividend that was paid on December 14, 2018) in lieu of \$32,500 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 2018 under the Company's Omnibus Plan. All directors were awarded 1,034 shares of restricted stock (adjusted for the effect of the stock dividend that was paid on December 14, 2018). Shares vest in full on the first anniversary of the grant date or, if elected by the director, upon the director's retirement from the Board. 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 2018. 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, 2018 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, 2018 for each director was as follows:

Name	Shares*
Ralph W. Clermont	5,901
Lawrence A. Collett	1,034
Robert A. Ebel	6,391
Benjamin F. Edwards, IV	1,034
James J. Lindemann	9,736
Joseph D. Rupp	3,976
Randall L. Schilling	9,736
Franklin D. Wicks, Jr.	7,591

*If elected, includes shares received for retainer fees and/or deferred until retirement. Share figures adjusted for the 20% stock dividend that was paid on December 14, 2018.

(4) Represents dividends paid on restricted stock awards for all directors.

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, 2018, 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 accounting firm's 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, 2018 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 2018 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.”