# Cass Information Systems, Inc (CASS)

*Updated February 13th, 2026, by Yiannis Zourmpanos*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $45 | **5 Year Annual Expected Total Return:** | 12.8% | **Market Cap:** | $584.6 M |
| **Fair Value Price:** | $65 | **5 Year Growth Estimate:** | 3.0% | **Ex-Dividend Date:** | 03/03/26 |
| **% Fair Value:** | 70% | **5 Year Valuation Multiple Estimate:** | 7.5% | **Dividend Payment Date:** | 03/13/26 |
| **Dividend Yield:** | 2.8% | **5 Year Price Target:** | $75 | **Years Of Dividend Growth:** | 25 |
| **Dividend Risk Score:** | C | **Sector:** | Financials | **Rating:** | Hold |

## Overview & Current Events

Cass Information Systems, Inc. (CASS) offers payment and data processing services to US-based manufacturing, distribution, and retail businesses. In addition, Cass offers invoice rating, payment processing, auditing, accounting, and transportation information services. The company operates in two segments: Information Services and Banking Services, generating most of its revenue from the Information Services segment. The Information Services sector offers transportation, energy, telecommunications, and environmental invoice processing and payment services to major enterprises. The Financial Services sector provides banking services to privately held businesses and restaurant franchises and supports the Information Services segment's banking requirements.

Cass Information Systems has a high-quality investment portfolio, which has continued to increase in recent quarters due to a rise in deposits at the Cass Commercial Bank. In addition to the deposits at the Cass Commercial Bank, the company earns net interest income from the float generated by its payment business. The low interest-rate environment after COVID-19 was on a drag on the company's profitability as the net interest margin deteriorated during this time.

On January 22nd, 2025, Cass Information Systems announced its Q4 2025 results, posting non-GAAP EPS of $0.68, which beats eastimates by $0.04, and total revenues of $49.89 million.

Cass Information Systems ended 2025 with record results, reporting full-year net income of $35.1 million, nearly doubling the prior year's $19.2 million. Return on average equity reached 14.98% and return on average assets 1.43%, underscoring improved profitability across the platform. Net interest income climbed 19.8% for the year, fueled by balance sheet growth and margin expansion, while facility dollar volumes rose 14.7% and average accounts and drafts payable increased 14.9%. Even as business volumes expanded, salaries and commissions edged up just 0.4% thanks to a 5.4% reduction in average full-time equivalents. The company also returned capital to shareholders, repurchasing 617,415 shares at a weighted average price of $41.59.

Fourth-quarter net income totaled $8.2 million, while adjusted earnings from continuing operations rose to $0.68 per share, up sharply year over year. Net interest margin improved to 3.93% from 3.55%, reflecting higher loan and securities yields alongside lower deposit costs. Asset quality remained solid, with no charge-offs and an allowance ratio of 1.28%, aided by the full payoff of a $27.9 million modified loan. During the quarter, Cass repurchased 201,450 shares at $40.59 on average and consolidated its Waste and Utility units into a unified Facility division, a move expected to enhance efficiency and client experience heading into 2026.

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $1.63 | $1.68 | $2.03 | $2.07 | $1.73 | $2.00 | $2.53 | $2.04 | $1.39 | $2.31 | ***$2.81*** | ***$3.26*** |
| **DPS** | $0.68 | $0.72 | $0.89 | $1.05 | $1.08 | $1.09 | $1.13 | $1.17 | $1.21 | $1.25 | ***$1.28*** | ***$1.63*** |
| **Shares[1]** | 14.8 | 14.7 | 14.6 | 14.5 | 14.4 | 13.7 | 12.1 | 11.8 | 13.5 | 13.6 | ***13.5*** | ***13.0*** |

[1] In millions.

*Disclosure: This analyst has no position in the security discussed in this research report, but may initiate a beneficial long position within the next 72 hours.*

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Cass Information Systems, Inc. has continued to do well over the past two years, benefiting from high inflation and rising interest rates. The company benefits from rising inflation as the company's main business of processing payments sees higher transaction dollar volumes during periods of high inflation due to a rise in utilities and labor costs for businesses. Management estimates that a 2% rise in interest rates increases the company's net interest income by 24%. Hence, we note that the company will likely continue to benefit from the persisting macro-environment in the coming few years and are forecasting a modest 3.0% growth in EPS through 2031. However, we maintain the EPS forecast for 2025 being the midpoint of analysts' estimates of $2.63. In addition, we believe the company will be able to grow its dividends at a healthy pace in the future and have assumed a dividend growth rate of 5.0% for the next five years.

## Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 25.0 | 29.3 | 26.3 | 24.6 | 23.8 | 21.6 | 15.3 | 24.0 | 29.4 | 18.0 | ***16.0*** | ***23.0*** |
| **Avg. Yld.** | 1.7% | 1.5% | 1.7% | 2.1% | 2.6% | 2.5% | 2.9% | 2.4% | 3.0% | 3.0% | ***2.8%*** | ***2.2%*** |

Cass Information Systems is trading at a forward P/E of 16.0, which is lower than the five-year average of 21.6. The stock trades at a discount likely due to the possibility of rate cuts in the future. However, we believe the interest rates will normalize from 2025 to 2026. Eventually, we expect the valuation to reach a P/E of 23.0 by 2031, slightly below the ten-year average P/E of 23.7. Accordingly, the stock has a price target of $75.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

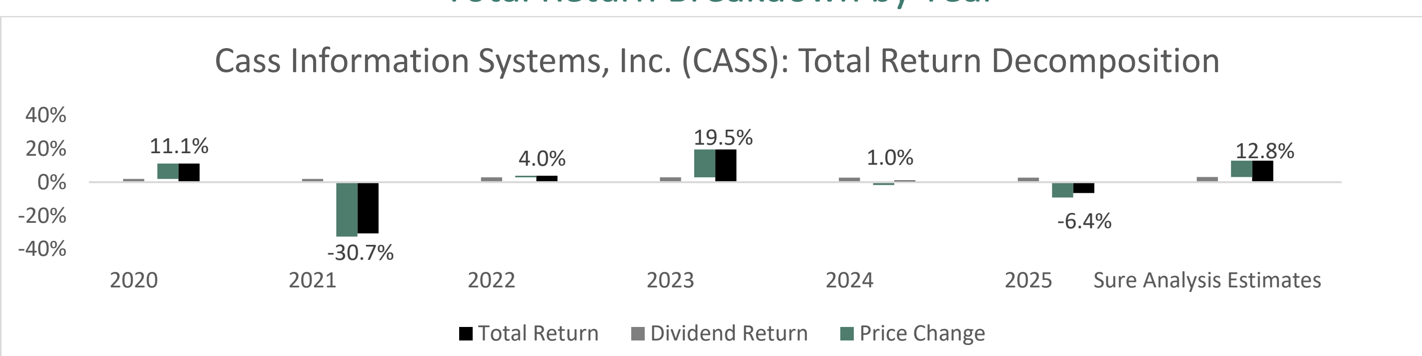
| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 42% | 43% | 44% | 51% | 62% | 55% | 45% | 57% | 87% | 54% | ***46%*** | ***50%*** |

Cass Information Systems has a healthy payout ratio and has increased the dividends at a CAGR of 7.3% from 2015 to 2024. The Company has continuously paid regularly scheduled cash dividends since 1934 and has increased its annual dividend for the past 24 years. During Q4, the Company repurchased 201,450 shares of its common stock at a weighted average price of $40.59 per share, totaling approximately $8.2 million in capital returned to shareholders.

## Final Thoughts & Recommendation

Cass Information Systems is benefiting from macro-tailwinds of late and has also successfully driven growth in its organic loan portfolio in recent quarters, particularly its specialty franchise, faith-based, and investment-grade lease niches. Cass has operated as a strong and profitable commercial bank since 1906. However, we maintain the rating to hold as the company has a stable dividend and decent fundamentals, but lacks a high dividend risk score needed to trigger a "buy" rating. Our expectation for medium-term annualized total returns is 12.8%, consisting of forecasted earnings-per-share growth of 3.0%, a 2.8% dividend yield, and a potential valuation tailwind.

## Total Return Breakdown by Year

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## Income Statement Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 117 | 121 | 131 | 143 | 152 | 140 | 147 | 176 | 187 | 190 |
| SG&A Exp. | 76 | 78 | 84 | 93 | 99 | 94 | 100 | 109 | 122 | 127 |
| D&A Exp. | 9 | 9 | 11 | 11 | 5 | 5 | 5 | 5 | 5 | 6 |
| Net Profit | 23 | 24 | 25 | 30 | 30 | 25 | 29 | 35 | 30 | 19 |
| Net Margin | 19.7% | 20.2% | 19.1% | 21.1% | 20.0% | 18.0% | 19.5% | 19.9% | 16.0% | 10.0% |
| Free Cash Flow | 28 | 31 | 35 | 44 | 39 | 46 | 30 | 46 | 22.6 | 30 |
| Income Tax | 8 | 8 | 10 | 6 | 7 | 5 | 5 | 8 | 7.3 | 5.1 |

## Balance Sheet Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 1,456 | 1,505 | 1,657 | 1,695 | 1,764 | 2,203 | 2,555 | 2,573 | 2,479 | 2,395 |
| Cash & Equivalents | 185 | 149 | 169 | 194 | 190 | 31 | 12 | 21 | 372 | 350 |
| Goodwill & Int. | 14 | 14 | 15 | 14 | 19 | 18 | 17 | 21 | 21 | 26 |
| Total Liabilities | 1,248 | 1,297 | 1,432 | 1,465 | 1,520 | 1,942 | 2,309 | 2,367 | 2,249 | 2,166 |
| Accounts Payable | 577 | 642 | 716 | 694 | 684 | 835 | 1,050 | 1,068 | 1,071 | 1,149 |
| Long-Term Debt | - | - | - | - | 18 | - | - | - | - | - |
| Total Equity | 207 | 208 | 225 | 230 | 244 | 261 | 246 | 206 | 230 | 229 |
| LTD/E Ratio | - | - | - | - | 0.07 | - | - | - | - | - |

## Profitability & Per Share Metrics

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 1.6% | 1.6% | 1.6% | 1.8% | 1.8% | 1.3% | 1.2% | 1.4% | 1.2% | 0.8% |
| Return on Equity | 11.3% | 11.7% | 11.6% | 13.3% | 12.8% | 10.0% | 11.3% | 15.4% | 13.8% | 8.4% |
| ROIC | 11.3% | 11.7% | 11.6% | 13.3% | 12.4% | 9.6% | 11.3% | 15.4% | 13.8% | 8.4% |
| Shares Out. | 15.0 | 14.8 | 14.7 | 14.6 | 14.5 | 14.4 | 13.7 | 13.8 | 13.8 | 13.8 |
| Revenue/Share | 7.70 | 8.09 | 8.77 | 9.61 | 10.34 | 9.61 | 10.23 | 12.7 | 13.56 | 13.81 |
| FCF/Share | 1.82 | 2.04 | 2.33 | 2.95 | 2.68 | 3.14 | 2.11 | 3.31 | 1.64 | 2.15 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*