JACK IN THE BOX INC /NEW/
Form 4
March 20, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
RUDOLPH PHILLIP H

(Last) (First) (Middle)

9330 BALBOA AVENUE

(Street)

SAN DIEGO, CA 92123

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
JACK IN THE BOX INC /NEW/ [JACK]

3. Date of Earliest Transaction (Month/Day/Year)
03/18/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP, GEN COUNSEL & SECRETARY

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
COMMON STOCK	03/18/2014		M		9,000	A	$ 18.67	84,195	D	
COMMON STOCK	03/18/2014		S (1)		9,000	D	$ 62	75,195	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amou Underlying Secur (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	A o N o S
NON QUALIFIED STOCK OPTION	$ 18.67	03/18/2014		M			9,000	11/25/2012 (2)	11/25/2018	COMMON STOCK	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RUDOLPH PHILLIP H 9330 BALBOA AVENUE SAN DIEGO, CA 92123			EVP, GEN COUNSEL & SECRETARY	

Signatures

PHILLIP H RUDOLPH	03/18/2014
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This transaction was executed pursuant to a Rule 10b5-1 Plan.

(2) The stock option becomes exercisable in three equal installments commencing one year after the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. idth="1%" bgColor=#c0c0c0>172,781169,625Total liabilities and shareholders equity$1,363,700$1,374,000Net interest income$10,519$11,922Net interest margin3.45%3.86%Interest spread2.993.34

1. Balances shown are daily averages.
2. For purposes of these computations, nonaccrual loans are included in the average loan amounts outstanding. Interest on nonaccrual loans is recorded when received as discussed further in Note 1 to the Company's 2012 consolidated financial statements, filed with the Company s 2012 Annual Report on Form 10-K.
3. Interest income on loans includes net loan fees of $63,000 and $70,000 for the Third Quarter of 2013 and 2012, respectively.
4.

Interest income is presented on a tax-equivalent basis assuming a tax rate of 35%. The tax-equivalent adjustment was approximately $1,159,000 and $1,312,000 for the Third Quarter of 2013 and 2012, respectively.

5. For purposes of these computations, yields on investment securities are computed as interest income divided by the average amortized cost of the investments.

Explanation of Responses:

(Dollars in thousands)	**Nine Months Ended 2013** Average Balance	Interest Income/ Expense	Yield/ Rate	**Nine Months Ended 2012** Average Balance	Interest Income/ Expense	Yield/ Rate
Assets[1]						
Earning assets						
Loans[2, 3]:						
Taxable	$ 665,041	$ 24,521	4.93%	$ 684,512	$ 26,719	5.21%
Tax-exempt[4]	609	4	.88	686	4	.78
Investment securities[5]:						
Taxable	1,062	11	1.38	1,009	16	2.12
Tax-exempt[4]	285,042	10,124	4.75	296,755	11,366	5.12
Certificates of deposit	5,699	23	.54	5,875	23	.52
Interest-bearing deposits in other financial institutions	106,398	266	.33	117,319	272	.31
Federal funds sold and other short-term investments	120,811	113	.13	93,794	94	.13
Total earning assets	1,184,662	35,062	3.96	1,199,950	38,494	4.29
Non-earning assets						
Cash and due from banks	12,676			12,361		
Premises and equipment, net	12,020			9,472		
Bank-owned life insurance	15,093			14,558		
Goodwill and other intangibles	15,143			14,814		
Other assets	108,833			101,480		
Allowance for loan losses	(11,569)			(12,841)		
Total assets	$ 1,336,858			$ 1,339,794		
Liabilities and Shareholders Equity[1]						
Interest-bearing liabilities						
Interest-bearing demand deposits	$ 278,746	$ 1,282	.61%	$ 252,938	$ 1,293	.68%
Savings deposits	20,038	99	.66	23,456	122	.69
Time deposits >= $100	33,970	269	1.06	41,252	357	1.16
Other time deposits	75,631	453	.80	82,887	611	.98
Total interest-bearing deposits	408,385	2,103	.69	400,533	2,383	.79
Non-interest bearing liabilities						
Demand deposits	135,340			136,101		
Accounts and drafts payable	592,906			619,349		
Other liabilities	25,807			18,386		
Total liabilities	1,162,438			1,174,369		
Shareholders equity	174,420			165,425		
Total liabilities and shareholders equity	$ 1,336,858			$ 1,339,794		
Net interest income		$ 32,959			$ 36,111	
Net interest margin			3.72%			4.02%
Interest spread			3.27			3.50

1. Balances shown are daily averages.
2. For purposes of these computations, nonaccrual loans are included in the average loan amounts outstanding. Interest on nonaccrual loans is recorded when received as discussed further in Note 1 to the Company's 2012 consolidated financial statements, filed with the Company s 2012 Annual Report on Form 10-K.
3. Interest income on loans includes net loan fees of $191,000 and $219,000 for the Nine Months Ended 2013 and 2012, respectively.
4. Interest income is presented on a tax-equivalent basis assuming a tax rate of 35%. The tax-equivalent adjustment was approximately $3,501,000 and $3,980,000 for the Nine Months Ended 2013 and 2012, respectively.
5. For purposes of these computations, yields on investment securities are computed as interest income divided by the average amortized cost of the investments.

Analysis of Net Interest Income Changes

The following tables present the changes in interest income and expense between periods due to changes in volume and interest rates. That portion of the change in interest attributable to the combined rate/volume variance has been allocated to rate and volume changes in proportion to the absolute dollar amounts of the change in each.

	Third Quarter of 2013 Over Third Quarter of 2012		
(In thousands)	**Volume**	**Rate**	**Total**
Increase (decrease) in interest income:			
Loans[1, 2]:			
Taxable	$ (448)	$ (607)	$ (1,055)
Tax-exempt[3]		1	1
Investment securities:			
Taxable		(1)	(1)
Tax-exempt[3]	(332)	(105)	(437)
Certificates of deposit	(7)	(3)	(10)
Interest-bearing deposits in other financial institutions	7	6	13
Federal funds sold and other short-term investments	13	10	23
Total interest income	(767)	(699)	(1,466)
Interest expense on:			
Interest-bearing demand deposits	51	(47)	4
Savings deposits	(6)	(2)	(8)
Time deposits of >=$100	(16)	4	(12)
Other time deposits	(26)	(21)	(47)
Total interest expense	3	(66)	(63)
Net interest income	$ (770)	$ (633)	$ (1,403)

1. Average balances include nonaccrual loans.
2. Interest income includes net loan fees.
3. Interest income is presented on a tax-equivalent basis assuming a tax rate of 35%.

	Nine Months Ended 2013 Over Nine Months Ended 2012		
(In thousands)	**Volume**	**Rate**	**Total**
Increase (decrease) in interest income:			
Loans[1, 2]:			
Taxable	$ (746)	$ (1,452)	$ (2,198)
Tax-exempt[3]			
Investment securities:			
Taxable	1	(6)	(5)
Tax-exempt[3]	(437)	(805)	(1,242)
Certificates of deposit	(1)	1	
Interest-bearing deposits in other financial institutions	(26)	20	(6)
Federal funds sold and other short-term investments	26	(7)	19
Total interest income	(1,183)	(2,249)	(3,432)
Interest expense on:			
Interest-bearing demand deposits	125	(136)	(11)
Savings deposits	(17)	(6)	(23)
Time deposits of >=$100	(59)	(29)	(88)
Other time deposits	(50)	(108)	(158)
Total interest expense	(1)	(279)	(280)
Net interest income	$ (1,182)	$ (1,970)	$ (3,152)

1. Average balances include nonaccrual loans.
2. Interest income includes net loan fees.
3. Interest income is presented on a tax-equivalent basis assuming a tax rate of 35%.

Provision and Allowance for Loan Losses

A significant determinant of the Company's operating results is the provision for loan losses. There was no provision for loan losses during the Third Quarter of 2013 or the Third Quarter of 2012. During the Nine Months Ended 2013 and the Nine Months Ended 2012, the provision for loan losses was $500,000 and $800,000, respectively. As discussed below, the Company continually analyzes the outstanding loan portfolio based on the performance, financial condition and collateralization of the credits. Net loan recoveries during the Third Quarter of 2013 were $311,000 and net loan charge-offs during the Third Quarter of 2012 were $302,000. Net loan charge-offs during the Nine Months Ended 2013 and the Nine Months Ended 2012, were $1,194,000 and $1,433,000, respectively.

The allowance for loan losses at September 30, 2013 was $11,663,000 and at December 31, 2012 was $12,357,000. The ratio of allowance for loan losses to total loans outstanding at September 30, 2013 was 1.84% compared to 1.80% at December 31, 2012. Nonperforming loans were $1,908,000, or .30%, of total loans at September 30, 2013 compared to $6,572,000, or .96%, of total loans at December 31, 2012. These loans, which are also considered impaired, consisted of seven nonaccrual loans at September 30, 2013. Total nonaccrual loans decreased $2,985,000 from September 30, 2012 to September 30, 2013, primarily due to a large payment received on one loan.

In addition to the loans discussed above, at September 30, 2013, loans totaling $13,049,000 not included in the table below were identified by management as subject to special monitoring. These loans possess some credit deficiency or potential weakness which requires a high level of management attention.

The allowance for loan losses has been established and is maintained to absorb probable losses in the loan portfolio. An ongoing assessment of risk of loss is performed to determine if the current balance of the allowance is adequate to cover probable losses in the portfolio. A charge or credit is made to expense to cover any deficiency or reduce any excess. The current methodology employed to determine the appropriate allowance consists of two components, specific and general. The Company develops specific allowances on commercial, commercial real estate, and construction loans based on individual review of these loans and an estimate of the borrower s ability to repay the loan given the availability of collateral, other sources of cash flow and collection options available. The general component relates to all other loans, which are evaluated based on loan grade. The loan grade assigned to each loan is typically evaluated on an annual basis, unless circumstances require interim evaluation. The Company assigns an allowance amount consistent with each loan's rating category. The allowance amount is based on derived loss experience over prescribed periods. In addition to the amounts derived from the loan grades, a portion is added to the general allowance to take into account other factors including national and local economic conditions; downturns in specific industries including loss in collateral value; trends in credit quality at the Company and in the banking industry; and trends in risk rating changes. As part of their examination process, federal and state agencies review the Company's methodology for maintaining the allowance for loan losses and the related balance. These agencies may require the Company to increase the allowance for loan losses based on their judgments and interpretations about information available to them at the time of their examination.

Summary of Asset Quality

The following table presents information on the Company's provision for loan losses and analysis of the allowance for loan losses:

	Third Quarter of		**Nine Months Ended**	
(In thousands)	**2013**	**2012**	**2013**	**2012**
Allowance at beginning of period	$ 11,352	$ 12,623	$ 12,357	$ 12,954
Provision charged to expense			500	800
Loans charged off		(303)	(1,529)	(1,542)
Recoveries on loans previously charged off	311	1	335	109
Net (loans charged off) recoveries	311	(302)	(1,194)	(1,433)
Allowance at end of period	$ 11,663	$ 12,321	$ 11,663	$ 12,321
Loans outstanding:				
Average	$ 643,399	$ 679,043	$ 665,650	$ 687,151
September 30	635,036	681,174	635,036	681,174
Ratio of allowance for loan losses to loans outstanding:				
Average	1.81%	1.81%	1.75%	1.80%
September 30	1.84	1.81	1.84	1.81
Impaired loans:				
Nonaccrual loans	$ 1,908	$ 4,893	$ 1,908	$ 4,893
Loans past due 90 days or more				
Troubled debt restructurings				
Total impaired loans	$ 1,908	$ 4,893	$ 1,908	$ 4,893
Foreclosed assets	$	1,322	$	1,322
Impaired loans as percentage of average loans	.30%	.72%	.29%	.71%

-24-

The Bank had no property carried as other real estate owned as of September 30, 2013 and two properties carried as other real estate owned of $1,322,000 as of September 30, 2012.

Operating Expenses

Total operating expenses for the Third Quarter of 2013 were up 7.30%, or $1,455,000, compared to the Third Quarter of 2012.

Salaries and benefits expense for the Third Quarter of 2013 increased $541,000 to $16,460,000 compared to the Third Quarter of 2012 and increased $2,020,000 to $48,998,000 for the Nine Months Ended 2013 compared to the Nine Months Ended 2012 due to increases in processing volumes plus additional new business which resulted in higher payroll expenses.

Occupancy expense for the Third Quarter of 2013 increased $268,000 to $765,000 from the Third Quarter of 2012 and increased $521,000, or 32.81%, for the Nine Months Ended 2013 from the Nine Months Ended 2012 due to the expansion of the Company s processing facilities and new headquarters for the Bank and corporate offices.

Equipment expense for the Third Quarter of 2013 increased $91,000, or 10.35%, compared to the Third Quarter of 2012 and increased $175,000, or 6.66%, for the Nine Months Ended 2013 from the Nine Months Ended 2012 due to depreciation on the recently introduced global software platform.

Amortization of intangible assets decreased $26,000 in the Third Quarter of 2013 as compared to the prior year period and decreased $18,000 for the Nine Months Ended 2013 from the Nine Months Ended 2012.

Other operating expenses for the Third Quarter of 2013 increased $581,000, or 23.36%, compared to the Third Quarter of 2012 due primarily to the receipt of state escheatment refunds for uncashed checks and other credits received in the Third Quarter of 2012. Other operating expense decreased $418,000 for the Nine Months Ended 2013 compared to the Nine Months Ended 2012 primarily due to lower legal expenses.

Income tax expense for the Third Quarter of 2013 decreased $357,000 compared to the Third Quarter of 2012 and decreased $628,000 for the Nine Months Ended 2013 compared to the Nine Months Ended 2012 due to the reversal of tax reserves related to previously uncertain tax positions. The effective tax rate was 20.0% and 23.7% for the Third Quarters of 2013 and 2012, respectively, and was 23.7% and 25.9% for the Nine Months Ended 2013 and 2012, respectively.

Financial Condition

Total assets at September 30, 2013 were $1,329,327,000, an increase of $41,940,000, or 3.26%, from December 31, 2012. The most significant changes in asset balances during this period were an increase of $99,219,000 in cash and cash equivalents and an increase in payment in excess of funding of $24,517,000 offset by a decrease of $33,214,000 in securities available for sale and a decrease of $52,003,000 in loans. Changes in cash and cash equivalents reflect the Company s daily liquidity position and are affected by the changes in the other asset balances and changes in deposit and accounts and drafts payable balances.

Total liabilities at September 30, 2013 were $1,150,631,000, an increase of $37,259,000, or 3.35%, from December 31, 2012. Total deposits at September 30, 2013 were $560,836,000, a decrease of $2,872,000, or less than 1%, from December 31, 2012. Accounts and drafts payable at September 30, 2013 were $564,731,000, an increase of $41,970,000, or 8.03%, from December 31, 2012. Total shareholders equity at September 30, 2013 was $178,696,000, a $4,681,000, or 2.69%, increase from December 31, 2012.

Accounts and drafts payable will fluctuate from period-end to period-end due to the payment processing cycle, which results in lower balances on days when checks clear and higher balances on days when checks are issued. For this reason, average balances are a more meaningful measure of accounts and drafts payable (for average balances refer to the tables under the Distribution of Assets, Liabilities and Shareholders Equity; Interest Rate and Interest Differential section of this report).

The increase in total shareholders equity of $4,681,000 resulted primarily from net income of $18,243,000 offset by $7,910,000 in other comprehensive loss and dividends paid of $6,207,000.

Liquidity and Capital Resources

The balance of liquid assets consists of cash and cash equivalents, which include cash and due from banks, interest-bearing deposits in other financial institutions, federal funds sold and money market funds, and was $240,307,000 at September 30, 2013, an increase of $99,219,000, or 70.32%, from December 31, 2012. At September 30, 2013, these assets represented 18.08% of total assets. These funds are the Company s and its subsidiaries primary source of liquidity to meet future expected and unexpected loan demand, depositor withdrawals or reductions in accounts and drafts payable.

Secondary sources of liquidity include the investment portfolio and borrowing lines. Total investment in securities was $308,721,000 at September 30, 2013, a decrease of $33,214,000 from December 31, 2012. These assets represented 23.22% of total assets at September 30, 2013. Of this total, 99% were state and political subdivision securities. Of the total portfolio, 4.20% mature in one year, 23.77% mature in one to five years, and 72.03% mature in five or more years.

The Bank has unsecured lines of credit at correspondent banks to purchase federal funds up to a maximum of $88,000,000 at the following banks: Bank of America, $20,000,000; US Bank, $20,000,000; Wells Fargo Bank, $15,000,000; Frost National Bank, $10,000,000; PNC Bank, $12,000,000; UMB Bank, $5,000,000; and JPM Chase Bank, $6,000,000. The Bank also had secured lines of credit with the Federal Home Loan Bank of $172,447,000 collateralized by commercial mortgage loans. The Company also has a secured line of credit of $50,000,000 with UMB Bank. There were no amounts outstanding under any line of credit as of September 30, 2013 or December 31, 2012.

The deposits of the Company's banking subsidiary have historically been stable, consisting of a sizable volume of core deposits related to customers that utilize other commercial products of the Bank. The accounts and drafts payable generated by the Company has also historically been a stable source of funds. The Company is part of the Certificate of Deposit Account Registry Service (CDARS). Time deposits include $71,413,000 of CDARS deposits which offer the Bank s customers the ability to maximize Federal Deposit Insurance Corporation (FDIC) insurance coverage. The Company uses this program to retain or attract deposits from existing customers.

Net cash flows provided by operating activities were $21,887,000 for the Nine Months Ended 2013, compared with $24,995,000 for the Nine Months Ended 2012, a decrease of $3,108,000. Net cash flows from investing and financing activities fluctuate greatly as the Company actively manages its investment and loan portfolios and customer activity influences changes in deposit and accounts and drafts payable balances. Other causes for the changes in these account balances are discussed earlier in this report. Due to the daily fluctuations in these account balances, the analysis of changes in average balances, also discussed earlier in this report, can be more indicative of underlying activity than the period-end balances used in the statements of cash flows. Management anticipates that cash and cash equivalents, maturing investments and cash from operations will continue to be sufficient to fund the Company s operations and capital expenditures in 2013, which are estimated to be less than $6,000,000.

The Company faces market risk to the extent that its net interest income and fair market value of equity are affected by changes in market interest rates. For information regarding the market risk of the Company s financial instruments, see Item 3, Quantitative and Qualitative Disclosures about Market Risk.

There are several trends and uncertainties that may impact the Company s ability to generate revenues and income at the levels that it has in the past. In addition, these trends and uncertainties may impact available liquidity. Those that could significantly impact the Company include the general levels of interest rates, business activity, and energy costs as well as new business opportunities available to the Company.

As a financial institution, a significant source of the Company s earnings is generated from net interest income. Therefore, the prevailing interest rate environment is important to the Company s performance. A major portion of the Company s funding sources are the non-interest bearing accounts and drafts payable generated from its payment and information processing services. Accordingly, higher levels of interest rates will generally allow the Company to earn more net interest income. Conversely, a lower interest rate environment will generally tend to depress net interest income. The Company actively manages its balance sheet in an effort to maximize net interest income as the interest rate environment changes. This balance sheet management impacts the mix of earning assets maintained by the Company at any point in time. For example, in the lower interest rate environment currently faced by the Company, short-term, relatively lower rate liquid investments are reduced in favor of longer-term relatively higher yielding investments and loans.

The overall level of economic activity can have a significant impact on the Company s ability to generate revenues and income, as the volume and size of customer invoices processed may increase or decrease. Higher levels of economic activity increase both fee income (as more invoices are processed) and balances of accounts and drafts payable.

The relative level of energy costs can impact the Company s earnings and available liquidity. Higher levels of energy costs will tend to increase transportation and utility invoice amounts resulting in a corresponding increase in accounts and drafts payable. Increases in accounts and drafts payable generate higher interest income and improve liquidity.

New business opportunities are an important component of the Company s strategy to grow earnings and improve performance. Generating new customers allows the Company to leverage existing systems and facilities and grow revenues faster than expenses.

Risk-based capital guidelines require the Company to meet a minimum total capital ratio of 8.0%, of which at least 4.0% must consist of Tier 1 capital. Tier 1 capital generally consists of (a) common shareholders' equity (excluding the unrealized market value adjustments on the available-for-sale securities), (b) qualifying perpetual preferred stock and related surplus subject to certain limitations specified by the FDIC, (c) minority interests in the equity accounts of consolidated subsidiaries less (d) goodwill, (e) mortgage servicing rights within certain limits, and (f) any other intangible assets and investments in subsidiaries that the FDIC determines should be deducted from Tier 1 capital. The FDIC also requires a minimum leverage ratio of 3.0%, defined as the ratio of Tier 1 capital less purchased mortgage servicing rights to total assets, for banking organizations deemed the strongest and most highly rated by banking regulators. A higher minimum leverage ratio is required of less highly-rated banking organizations. Total capital, a measure of capital adequacy, includes Tier 1 capital, allowance for loan losses, and debt considered equity for regulatory capital purposes.

The Company and the Bank continue to exceed all regulatory capital requirements, as evidenced by the following capital amounts and ratios:

	September 30, 2013		**December 31, 2012**	
(Dollars in thousands)	**Amount**	**Ratio**	**Amount**	**Ratio**
Total capital (to risk-weighted assets)				
Cass Information Systems, Inc.	$ 188,536	21.89%	$ 175,802	19.87%
Cass Commercial Bank	80,970	15.43%	75,300	13.41%
Tier I capital (to risk-weighted assets)				
Cass Information Systems, Inc.	$ 177,759	20.64%	$ 164,729	18.62%
Cass Commercial Bank	74,396	14.18%	68,261	12.16%
Tier I capital (to average assets)				
Cass Information Systems, Inc.	$ 177,759	13.18%	$ 164,729	12.26%
Cass Commercial Bank	74,396	11.43%	68,261	10.64%

Inflation

The Company s assets and liabilities are primarily monetary, consisting of cash, cash equivalents, securities, loans, payables and deposits. Monetary assets and liabilities are those that can be converted into a fixed number of dollars. The Company's consolidated balance sheet reflects a net positive monetary position (monetary assets exceed monetary liabilities). During periods of inflation, the holding of a net positive monetary position will result in an overall decline in the purchasing power of a company. Management believes that replacement costs of equipment, furniture, and leasehold improvements will not materially affect operations. The rate of inflation does affect certain expenses, such as those for employee compensation, which may not be readily recoverable in the price of the Company s services.

Impact of New and Not Yet Adopted Accounting Pronouncements

None.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As described in the Company s Annual Report on Form 10-K for the year ended December 31, 2012, the Company manages its interest rate risk through measurement techniques that include gap analysis and a simulation model. As part of the risk management process, asset/liability management policies are established and monitored by management. The policy objective is to limit the change in annualized net interest income to 15% from an immediate and sustained parallel change in interest rates of 200 basis points. Based on the Company's most recent evaluation, management does not believe the Company's risk position at September 30, 2013 has changed materially from that at December 31, 2012.

ITEM 4. CONTROLS AND PROCEDURES

The Company s management, under the supervision and with the participation of the principal executive officer and the principal financial officer, evaluated the effectiveness of the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report and concluded that, as of such date, these controls and procedures were effective.

There were no changes in the Third Quarter of 2013 in the Company's internal control over financial reporting identified by the Company s principal executive officer and principal financial officer in connection with their evaluation that materially affected or are reasonably likely to materially affect the Company s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended).

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
We are the subject of various pending or threatened legal actions and proceedings, including those arise in the ordinary course of our business. Management believes the outcome of all such proceedings will not have a material effect on the businesses or financial conditions of the Company or its subsidiaries.

ITEM 1A. RISK FACTORS
The Company has included in Part I, Item 1A of its Annual Report on Form 10-K for the year ended December 31, 2012, a description of certain risks and uncertainties that could affect the Company s business, future performance or financial condition (the Risk Factors). There are no material changes to the Risk Factors as disclosed in the Company s 2012 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS
None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES
None.

ITEM 4. MINE SAFETY DISCLOSURES
Not applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) There have been no material changes to the procedures by which security holders may recommend nominees to the Company s Board of Directors implemented in the Third Quarter of 2013.

ITEM 6. EXHIBITS

Exhibit 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 101.INS XBRL Instance Document.

Exhibit 101.SCH XBRL Taxonomy Extension Schema Document.

Exhibit 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.

Exhibit 101.LAB XBRL Taxonomy Extension Label Linkbase Document.

Exhibit 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

Exhibit 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CASS INFORMATION SYSTEMS, INC.

DATE: November 1, 2013 By /s/ Eric H. Brunngraber
Eric H. Brunngraber
President and Chief Executive Officer
(Principal Executive Officer)

DATE: November 1, 2013 By /s/ P. Stephen Appelbaum
P. Stephen Appelbaum
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

-30-