SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)
/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1996

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal period from ------------ to -----------

Commission file number 2-80070

CASS COMMERCIAL CORPORATION
(Exact name of registrant specified in its charter)

Missouri	43-1265338
(State or other jurisdiction of incorporation or organization)	(I.R.A. Employer identification No.)

3636 South Geyer Road, Sunset Hills, Missouri	63127
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (314) 821-1500

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock par value $.50
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

As of March 15, 1997, 3,858,548 shares of common stock of the registrant were outstanding; the aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately $59,424,552 based upon the NASDAQ Stock Market closing price of $21.50 for March 15, 1997.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1996 are incorporated by reference in Part I and II hereof.

2. Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on April 21, 1997 is incorporated by reference in Part III hereof.

PART I.

ITEM 1. BUSINESS

Cass Commercial Corporation

Registrant, Cass Commercial Corporation (the "Company"), is a bank holding corporation organized in 1982 under the laws of Missouri and approved by the Board of Governors of the Federal Reserve system in February 1983 and is governed by regulations of the Board of Governors of the Federal Reserve system applying to bank holding companies. As of December 31, 1996, the Company owned 100% of the outstanding shares of common stock of Cass Bank & Trust Company ("Cass Bank") and Cass Information Systems, Inc. ("CIS"), a nonbanking subsidiary, formerly named Cass Logistics, Inc. The business of the Company is providing supervisory assistance to its subsidiaries in the form of centralized accounting, human resources and internal auditing services.

The Company and its subsidiaries had 558 full-time and 14 part-time employees as of March 15, 1997.

Total net revenue, income before income tax, identifiable assets, depreciation and amortization expense and capital expenditures attributable to each business segment, for the three years ended December 31, 1996 are set forth in Note Thirteen of the Notes to Consolidated Financial Statements on page 22 of the Cass Commercial Corporation 1996 Annual Report, which note is hereby incorporated by reference.

Recent Development

Cass Commercial Corporation announced a two-for-one stock split in the form of a 100% stock dividend payable March 15, 1997 to stockholders of record as of March 5, 1997. All per share data in this report has been adjusted to reflect such stock dividend.

Cass Bank & Trust Company

Cass Bank was organized as a Missouri Trust Company with banking powers in 1906. Its principal banking office is located at 3636 South Geyer Road, Sunset Hills, Missouri.

Cass Bank provides banking services to the commercial, industrial and residential areas it serves. However, its primary focus is small, privately owned businesses. Services include commercial, real estate and personal loans; checking, savings and time deposit accounts; lockbox operations and other financial management services. Although Cass Bank has trust powers, it does not operate a trust department. At December 31, 1996, Cass Bank had total assets of $212,776,000, deposits of $187,340,000 and aggregate capital accounts of $21,612,000 and for the year ended December 31, 1996, had net income of $2,503,000.

Cass Bank encounters substantial competition in its banking business, both from other banks in St. Louis, Missouri and from banks throughout the St. Louis metropolitan area. Savings and loan associations, credit unions and other financial institutions also provide competition. However, the principal competition is represented by bank holding company affiliates, many of which are larger and have greater resources than Cass Bank, and are able to offer a wide range of banking and related services.

Cass Information Systems, Inc.

CIS, formerly operated as a division of Cass Bank, conducts information and payment operations. In 1956, Cass Bank began the operation of a freight payment service to meet the needs of shippers and receivers of freight and transportation companies in the St. Louis metropolitan area. This service was well received and, in 1967, its marketing was expanded to cover the entire United States. The range and scope of the services have been expanded significantly over the years, and today many Fortune 500 companies in the United States utilize the broad array of services provided by CIS.

In June 1994, CIS acquired substantially all the assets and assumed substantially all the liabilities of the Freight Management Division of the Bank of Boston, which increased CIS's freight payment dollar volume by approximately 25%.

The headquarters and operations of CIS are at 13001 Hollenberg Drive, Bridgeton, Missouri where 41,000 square feet of space is utilized. Other operating locations are in Columbus, Ohio; Chicago, Illinois and Boston, Massachusetts.

CIS's competition comes from both within and outside the banking industry. Many banks, which had provided freight payment services in the past, have ceased providing such services or have sold those operations during the last several years. CIS also competes with several nonbanking companies throughout the United States. The Company believes CIS to be the largest firm in the freight bill payment industry in terms of the total dollars of freight bills paid; the total number of employees on staff; total revenues and total assets employed. Nonbank competition consists of five primary competitors and numerous small freight bill audit firms located in cities throughout the United States. While offering freight payment services, few of these audit firms compete on a national basis.

CIS owns several service marks for the freight payment services and logistics information software it provides. Those marks deemed the most valuable are:

Freightpay- The basic freight payment services provided by CIS

Ratemaker- The rate maintenance software product which is provided to customers on a service basis as well

First Rate- The carrier selection software product which is also available in a service environment

In addition, CIS either owns or has applied for nine other service marks.

CIS continues to expand its Electronic Data Interchange ("EDI") capabilities. CIS currently processes over 40% of its freight payment transactions via EDI and anticipates a continuing increase in this method of processing.

CIS is not dependent on any one customer for a large portion of its business. It has a varied client base with no individual client exceeding 5% of total revenue.

For the year 1996, CIS had net income of $4,130,000. Total assets at December 31, 1996 were $237,963,000.

REGULATION AND SUPERVISION

General

The Company and Cass Bank are extensively regulated under federal and state law. These laws and regulations are intended to protect depositors, not stockholders. To the extent that the following information describes statutory or regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions. Any change in applicable laws or regulations may have a material effect on the business and prospects of the Company. The operations of the Company may be affected by legislative changes and by the policies of various regulatory authorities. The Company is unable to predict the nature or the extent of the effects on its business and earnings that fiscal or monetary policies, economic control or new federal or state legislation may have in the future.

Federal Bank Holding Company Regulation

The Company is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), and as such, it is subject to regulation, supervision and examination by the Federal Reserve Bank (the "FRB"). The Company is required to file quarterly and annual reports with the FRB and to provide to the FRB such additional information as the FRB may require.

The BHC Act requires every bank holding company to obtain the prior approval of the FRB before (1) acquiring, directly or indirectly, ownership or control of any voting shares of another bank or bank holding company if, after such acquisition, it would own or control more than 5% of such shares (unless it

already owns or controls the majority of such shares); (2) acquiring all or substantially all of the assets of another bank or bank holding company; or (3) merging or consolidating with another bank holding company. The FRB will not approve any acquisition, merger or consolidation that would have a substantially anticompetitive result, unless the anticompetitive effects of the proposed transaction are clearly outweighed by a greater public interest in meeting the convenience and needs of the community to be served. The FRB also considers capital adequacy and other financial and managerial factors in reviewing acquisitions or mergers.

With certain exceptions, the BHC Act also prohibits a bank holding company from acquiring or retaining direct or indirect ownership or control of more than 5% of the voting shares of any company which is not a bank or bank holding company, or from engaging directly or indirectly in activities other than those of banking, managing or controlling banks or providing services for its subsidiaries. The principal exceptions to these prohibitions involve certain non-bank activities which, by statute or by FRB regulation or order, have been identified as activities closely related to the business of banking or of managing or controlling banks. In making this determination, the FRB considers whether the performance of such activities by a bank holding company can be expected to produce benefits to the public such as greater convenience, increased competition or gains in efficiency in resources, which can be expected to outweigh the risks of possible adverse effects such as decreased or unfair competition, conflicts of interest or unsound banking practices.

Subsidiary banks of a bank holding company are subject to certain restrictions imposed by the Federal Reserve Act on extensions of credit to the bank holding company or its subsidiaries, on investments in their securities and on the use of their securities as collateral for loans to any borrower. These regulations and restrictions may limit the Company's ability to obtain funds from Cass Bank for its cash needs, including funds for payment of dividends, interest and operating expenses. Further, under the BHC Act and certain regulations of the FRB, a bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit, lease or sale of property or furnishing of services. For example, Cass Bank may not generally require a customer to obtain other services from Cass Bank or the Company, and may not require that customer to promise not to obtain other services from a competitor, as a condition to an extension of credit to the customer.

State Bank Holding Company Regulation

The Company, as a Missouri bank holding company, is also subject to regulation by the Division of Finance of the State of Missouri (the "Division of Finance"). Under the Missouri banking laws, prior approval of the Division of Finance is required before a bank holding company may acquire control of a Missouri chartered bank or a bank holding company incorporated in Missouri. In addition, under the Missouri banking laws, it is unlawful for any bank holding company to obtain control of any bank if the total deposits in the bank together with the total deposits in all banks in Missouri controlled by such bank holding company exceed 13% of the total deposits held by all depository financial institutions in Missouri. In computing deposits for purposes of this calculation, certificates of deposit in the face amount of $100,000 or more, deposits from outside the United States and deposits from banks not controlled by the bank holding company are excluded. Depository financial institution is defined as any financial institution which accepts deposits and which can insure such deposits through an agency of the Federal government. As of December 31, 1996, the Company's consolidated Missouri deposits represented less than 1% of the total deposits held by all Missouri depository financial institutions.

Federal and State Bank Regulation

Cass Bank is a Federally-insured Missouri bank and became a member of the Federal Reserve System in November 1994. Cass Bank is subject to the supervision and regulation of the Division of Finance, and to the supervision and regulation of the FRB. These agencies may prohibit Cass Bank from engaging in what they believe constitutes unsafe or unsound banking practices.

The maximum legal rate of interest which Cass Bank may charge on a particular loan depends on a variety of factors such as the type of borrower, the purpose of the loan, the amount of the loan and the date the loan is made. There are several state and federal statutes which set maximum legal rates of interest for various kinds of loans.

The Community Reinvestment Act requires that, in connection with examinations of financial institutions within their jurisdiction, the FRB shall evaluate the record of the financial institutions in meeting the credit needs of their local communities, including low and moderate income neighborhoods, consistent with the safe and sound operation of those banks. These factors are also considered in evaluating mergers, acquisitions and applications to open a branch or facility.

On September 23, 1994, the Riegle Community Development and Regulatory Improvement Act of 1994 (the "CDB Act") was enacted. The CDB Act includes more than 50 regulatory relief provisions designed to streamline the regulatory process for banks and thrifts and to eliminate certain duplicative regulations and paperwork requirements established after, and largely as a result of, the savings and loan debacle. Well run community banks with less than $250 million in assets will be examined every 18 months rather than annually. The application process for forming a bank holding company has been greatly reduced. Also, the requirement that call report data be published in local newspapers has been eliminated. The CDB Act establishes dual programs and provides funding in the amount of $382 million to provide for development services, lending and investment in distressed urban and rural areas by community development financial institutions and banks. In addition, the CDB Act also includes provisions relating to flood insurance reform, money laundering, regulation of high-cost mortgages, and small business and commercial real estate securitization.

Cass Bank is also subject to certain restrictions imposed by the Federal Reserve Act on extensions of credit to executive officers, directors, principal shareholders or any related interest of such persons. Extensions of credit (i) must be made on substantially the same terms, including interest rates and collateral as, and follow credit underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with persons not covered above and who are not employees, and (ii) must not involve more than the normal risk of repayment or present other unfavorable features. Cass Bank is also subject to certain lending limits and restrictions on overdrafts to such persons. A violation of these restrictions may result in the assessment of substantial civil monetary penalties on Cass Bank or any officer, director, employee, agent or other person participating in the conduct of the affairs of Cass Bank, the imposition of a cease and desist order and other regulatory sanctions.

Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), each federal banking agency is required to prescribe, by regulation, non-capital safety and soundness standards for institutions under its authority. These standards are to cover internal controls, information systems and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, such other operational and managerial standards as the agency determines to be appropriate and standards for asset quality, earnings and stock valuation. An institution which fails to meet these standards must develop a plan acceptable to the agency, specifying the steps that the institution will take to meet the standards. Failure to submit or implement such a plan may subject the institution to regulatory sanctions. The Company believes that Cass Bank meets all the standards of FDICIA. FDICIA also imposed new capital standards on insured depository institutions, all of which are met by Cass Bank.

Deposit Insurance and Assessments

As a Federal Depository Insurance Corporation ("FDIC") member institution, the deposits of Cass Bank are currently insured to a maximum of $100,000 per depositor through the Bank Insurance Fund ("BIF"), administered by the FDIC, and Cass Bank is required to pay semiannual deposit insurance premium assessments to the FDIC.

The FDIC has adopted a risk-based assessment system. Under the risk-based assessment system, BIF members pay varying assessment rates depending upon the level of the institution's capital and the degree of supervisory concern over the institution. The assessment rates are set by the FDIC semiannually. The FDIC reduced the assessment rates for 1996 to a range of zero (0) cents to 31 cents per $100 of insured deposits. The Bank qualified for the $0 assessment rate for 1996, and was required to pay the statutory minimum deposit premium of $2,000 for the year. The FDIC has authority to increase the annual assessment rate if it determines that a higher assessment rate is necessary to increase BIF's reserve ratio. There is no cap on the annual assessment rate which the FDIC may impose.

Under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), a depository institution insured by the FDIC can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default (the "Cross Guarantee"). "Default" is defined generally as the appointment of a conservator or receiver and "in danger of default" is defined generally as the existence of certain conditions indicating either that there is no reasonable prospect that the institution will be able to meet the demands of its depositors or pay its obligations in the absence of regulatory assistance, or that its capital has been depleted and there is no reasonable prospect that it will be replenished in the absence of regulatory assistance. The Cross Guarantee thus enables the FDIC to assess a holding company's healthy BIF members for the losses of any of such holding company's failed BIF members. Cross Guarantee liabilities are generally superior in priority to obligations of the depository institution to its shareholders, due solely to their status as shareholders, and obligations to other affiliates. Under FIRREA, failure to meet applicable capital guidelines could subject a banking institution to a variety of enforcement remedies available to federal regulatory authorities, including the termination of deposit insurance by the FDIC and a prohibition on the taking of "brokered deposits."

Dividends

The principal source of the Company's cash revenues is dividends received from Cass Bank and CIS. The Missouri banking laws impose certain limitations on the payment of dividends by Missouri state chartered banks such as Cass Bank, as follows: (1) no dividends may be paid which would impair capital; (2) until the surplus fund of a bank is equal to 40% of its capital, no dividends may be declared unless there has been carried to the surplus account no less than one-tenth of its net profits for the dividend period; and (3) dividends are payable only out of a bank's undivided profits. In addition, the appropriate regulatory authorities are authorized to prohibit banks and bank holding companies from paying dividends which would constitute an unsafe and unsound banking practice.

Capital Adequacy

The federal bank regulatory agencies use capital adequacy guidelines in their examination and regulation of bank holding companies and banks. If the capital falls below the minimum levels established by these guidelines, the bank holding company or bank may be denied approval to acquire or establish additional banks or non-bank businesses or to open facilities.

The FRB and FDIC have adopted risk-based capital guidelines for banks and bank holding companies. The risk-based capital guidelines are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks and bank holding companies, to account for off-balance sheet exposure and to minimize disincentives for holding liquid assets. Assets and off-balance sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items. The guidelines are minimums, and the FRB has noted that bank holding companies contemplating significant expansion programs should not allow expansion to diminish their capital ratios and should maintain ratios well in excess of the minimum. The current guidelines require all bank holding companies and federally-regulated banks to maintain a minimum risk-based total capital ratio equal to 8%, of which at least 4% must be Tier 1 capital (see description of Tier 1 capital and Tier 2 capital below). Bank holding companies are required under such guidelines to deduct all intangibles except purchased mortgage servicing rights from capital.

Tier 1 capital for bank holding companies includes common shareholders' equity, qualifying perpetual preferred stock (up to 25% of total Tier 1 capital, if cumulative; under a FRB rule, redeemable perpetual preferred stock may not be counted as Tier 1 capital unless the redemption is subject to the prior approval of the FRB) and minority interests in equity accounts of consolidated subsidiaries, less intangibles except as described above. Tier 2 capital includes: (i) the allowance for loan losses up to 1.25% of risk-weighted assets; (ii) any qualifying perpetual preferred stock which exceeds the amount which may be included in Tier 1 capital; (iii) hybrid capital instruments; (iv) perpetual debt; (v) mandatory convertible securities and (vi) subordinated debt and intermediate term preferred stock of up to 50% of Tier 1 capital. Total capital is the sum of Tier 1 and Tier 2 capital less reciprocal holdings of other banking organizations, capital instruments and investments in unconsolidated subsidiaries.

Banks' and bank holding companies' assets are given risk-weights of 0%, 20%, 50% or 100%, depending on the type of asset. In addition, certain off-balance sheet items are given credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight will apply. These computations result in the total risk-weighted assets. Most loans are assigned to the 100% risk-weight category, except for first mortgage loans fully secured by residential property, which carry a 50% rating. Most investment securities are assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% risk-weight, and direct obligations of or obligations guaranteed by the United States Treasury or United States Government agencies, which have a 0% risk-weight. In converting off-balance sheet items, direct credit substitutes, including general guarantees and standby letters of credit backing financial obligations, are given a 100% conversion factor. Transaction related contingencies such as bid bonds, other standby letters of credit and undrawn commitments, including commercial credit lines with an initial maturity of more than one year, have a 50% conversion factor. Short-term, self-liquidating trade contingencies are converted at 20%, and short-term commitments have a 0% factor.

The FRB also has implemented a leverage ratio, which is Tier 1 capital as a percentage of total average assets less intangibles, to be used as a supplement to the risk-based guidelines. The principal objective of the leverage ratio is to place a constraint on the maximum degree to which a bank holding company may leverage its equity capital base. The FRB requires a minimum leverage ratio of 3%. However, for all but the most highly rated bank holding companies and for bank holding companies seeking to expand, the FRB expects an additional cushion of at least 100 to 200 basis points.

As of December 31, 1996, the Company and the Bank's risk-based Tier 1 Capital and Total Capital ratios, and Leverage ratio, were as follows:

	Company Consolidated	Cass Bank
Tier 1 Capital to Risk-Weighted Assets	19.92%	13.46%
Total Capital to Risk-Weighted Assets	21.17%	14.71%
Leverage Ratio	10.05%	11.06%

FDICIA

The Federal Deposit Insurance Corporation Improvement Act of 1992 ("FDICIA") made extensive changes to the federal banking laws. FDICIA instituted certain changes to the supervisory process, including provisions that mandate certain regulatory agency actions against undercapitalized institutions within specified time limits. FDICIA contains various other provisions that may affect the operations of banks and savings institutions.

The prompt corrective action provision of FDICIA requires the federal banking regulators to assign each insured institution to one of five capital categories ("well capitalized", "adequately capitalized" or one of three "undercapitalized" categories) and to take progressively more restrictive actions based on the capital categorization, as specified below. Under FDICIA, capital requirements would include a leverage limit, a risk-based capital requirement and any other measure of capital deemed appropriate by the federal banking regulators for measuring the capital adequacy of an insured depository institution. All institutions, regardless of their capital levels, are restricted from making any capital distribution or paying any management fees that would cause the institution to fail to satisfy the minimum levels for any relevant capital measure.

The FDIC and the Federal Reserve Board adopted capital-related regulations under FDICIA. Under those regulations, a bank will be well capitalized if it: (i) had a risk-based capital ratio of 10% or greater; (ii) had a ratio of Tier I capital to risk-adjusted assets of 6% or greater; (iii) had a ratio of Tier I capital to average assets of 5% or greater; and (iv) was not subject to an order, written agreement, capital directive, or prompt corrective action directive to meet and maintain a specific capital for any capital measure. A bank will be adequately capitalized if it was not "well capitalized" and; (i) had a risk-based capital ratio of 8% or greater; (ii) had a ratio of Tier I capital to risk-adjusted assets of 4% or greater; and (iii) had a ratio of Tier I capital to average assets of 4% or greater (except that certain associations rated "Composite 1" under the federal banking agencies' CAMEL rating system may be adequately capitalized if their ratios of core capital to average assets were 3% or greater). At December 31, 1996 Cass Bank is categorized as "well capitalized".

FDICIA makes extensive changes in existing rules regarding audits, examinations and accounting. It generally requires annual on-site, full scope examinations by each bank's primary federal regulator. It also imposes new responsibilities on managment, the independent audit committee and outside accountants to develop or approve reports regarding the effectiveness of internal controls, legal compliance and off-balance-sheet liabilities and assets.

Monetary Policy

The earnings of a bank holding company are affected by the policies of regulatory authorities, including the FRB, in connection with the FRB's regulation of the money supply. Various methods employed by the FRB are open market operations in United States Government securities, changes in the discount rate on member bank borrowings and changes in reserve requirements against member bank deposits. These methods are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may also affect interest rates charged on loans or paid on deposits. The monetary policies of the FRB have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future.

Branching Act

On September 29, 1994, the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Branching Act") was enacted. Under the Branching Act, beginning September 29, 1995, adequately capitalized and adequately managed bank holding companies are allowed to acquire banks accross state lines, without regard to whether the transaction is prohibited by state law; however, they are required to maintain the acquired institutions as separately chartered institutions. Any state law relating to the minimum age of target banks (not to exceed five years) has been preserved. Under the Branching Act, the Federal Reserve Board is not permitted to approve any acquisition if, after the acquisition, the bank holding company would control more than 10% of the deposits of insured depository institutions nationwide or 30% or more of the deposits in the state where the target bank is located. The Federal Reserve Board could approve an acquisition, notwithstanding the 30% limit, if the state waives the limit either by statute, regulation or order of the appropriate state official.

In addition, under the Branching Act beginning on June 1, 1997, banks will be permitted to merge with one another across state lines and thereby create a main bank with branches in separate states. After establishing branches in a state through an interstate merger transaction, the bank could establish and acquire additional branches at any location in the state where any bank involved in the merger could have established or acquired branches under applicable federal or state law.

The responsible federal agency will not be permitted to approve any merger if, after the merger, the resulting entity would control more than 10% of the deposits of insured depository institutions nationwide or 30% or more of the deposits in any state affected by the merger. The responsible agency could approve a merger, notwithstanding the 30% limit, if home state waives the limit either by statute, regulation or order of the appropriate state official.

Under the Branching Act, states may adopt legislation permitting interstate mergers before June 1, 1997. In contrast, states may adopt legislation before June 1, 1997, subject to certain conditions, opting-out of interstate branching. If a state opts-out of interstate branching, no out-of-state bank may establish a branch in that state through an acquisition or de novo, and a bank whose home state opts-out may not participate in an interstate merger.

I. DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY: INTEREST RATES AND INTEREST DIFFERENTIAL

The following table shows the condensed average balance sheets for each of the periods reported, the interest income and expense on each category of interest-earning assets and interest-bearing liabilities, and the average yield on such categories of interest-earning assets and the average rates paid on such categories of interest-bearing liabilities for each of the periods reported.

For the year ended December 31 (Dollars expressed in thousands)

	1996			1995			1994		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
ASSETS									
Earning assets:									
Loans:									
Taxable	$190,634	$16,096	8.44%	$157,638	$13,949	8.85%	$140,828	$11,412	8.10%
Tax-exempt	1,462	147	10.05	1,299	141	10.85	1,868	191	10.22
Debt and equity securities:									
Taxable	158,884	9,729	6.12	160,193	9,741	6.08	153,317	8,701	5.68
Tax-exempt	1,407	110	7.82	854	70	8.20	947	106	11.19
Federal funds sold and other short-term investments	40,639	2,132	5.25	51,602	2,972	5.76	47,128	1,963	4.17
Total earning assets	393,026	28,214	7.18	371,586	26,873	7.23	344,088	22,373	6.50
Nonearning assets:									
Cash and due from banks	17,945			15,645			14,639		
Premises and equipment	8,091			7,731			7,428		
Other assets	10,196			12,459			9,340		
Allowance for loan losses	(6,305)			(6,504)			(6,369)		
Total assets	$422,953			$400,917			$369,126		

(continued)

AVERAGE BALANCES, INTEREST AND RATES, Continued

	For the year ended December 31								
	1996			1995			1994		
	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
	(Dollars expressed in thousands)								
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand deposits	$ 24,895	$ 826	3.32%	$ 20,791	$ 639	3.07%	$ 23,856	$ 610	2.56%
Savings deposits	68,565	3,139	4.58	57,832	2,858	4.94	49,834	1,685	3.38
Time deposits of $100,000 or more	4,512	242	5.36	4,715	267	5.66	3,352	127	3.79
Other time deposits	5,790	296	5.11	5,584	272	4.87	6,286	219	3.48
Total interest-bearing deposits	103,762	4,503	4.34	88,922	4,036	4.54	83,328	2,641	3.17
Short-term borrowings	3,090	139	4.50	2,121	92	4.34	1,147	42	3.66
Total interest-bearing liabilities	106,852	4,642	4.34	91,043	4,128	4.53	84,475	2,683	3.18
Noninterest-bearing liabilities:									
Demand deposits	57,833			54,079			57,642		
Accounts and drafts payable	206,269			207,424			183,113		
Other liabilities	6,749			7,447			6,835		
Total liabilities	377,703			359,993			332,065		
Stockholders' equity	45,250			40,924			37,061		
Total liabilities and stockholders' equity	$422,953			$400,917			$369,126		
Net interest income		$23,572			$22,745			$19,690	
Net interest margin			6.00%			6.12%			5.72%

(continued)

AVERAGE BALANCES, INTEREST AND RATES, Continued

NOTES:

Balances shown are daily averages.

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 One to the Company's 1996 Consolidated Financial Statements, incorporated by reference herein.

Interest income on loans includes net loan fees of $8,000, $26,000 and $67,000 for 1996, 1995 and 1994, respectively.

Income is presented on a tax-equivalent basis assuming a tax rate of 34% for 1996, 1995 and 1994. The tax-equivalent adjustment was approximately $88,000, $72,000 and $100,000 for 1996, 1995 and 1994, respectively.

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

INTEREST VOLUME AND RATE VARIANCE

The following table presents the changes in interest income and expense between years 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.

	For the year ended December 31					
	1996 Compared to 1995 Increase (Decrease) Due to Change in:			1995 Compared to 1994 Increase (Decrease) Due to Change in:		
	Volume	Rate	Net Change	Volume	Rate	Net Change
	(Dollars expressed in thousands)					
Interest earned on:						
Loans :						
Taxable	$2,810	$ (663)	$2,147	$1,433	$1,104	$2,537
Tax-exempt	17	(11)	6	(61)	11	(50)
Debt and equity securities:						
Taxable	(80)	68	(12)	401	639	1,040
Tax-exempt	43	(3)	40	(10)	(26)	(36)
Federal funds sold and other short-term investments	(591)	(249)	(840)	201	808	1,009
Total interest income	2,199	(858)	1,341	1,964	2,536	4,500
Interest expense on:						
Interest-bearing demand deposits	133	54	187	(85)	114	29
Savings deposits	502	(221)	281	304	869	1,173
Time deposits of $100,000 or more	(11)	(14)	(25)	63	77	140
Other time deposits	10	14	24	(27)	80	53
Short-term borrowings	44	3	47	41	9	50
Total interest expense	678	(164)	514	296	1,149	1,445
Net interest income	$1,521	$ (694)	$ 827	$1,668	$1,387	$3,055

Average balances include nonaccrual loans.

Interest income includes net loan fees.
Information is presented on a tax-equivalent basis assuming a tax rate of 34% for 1996, 1995 and 1994.

II. INVESTMENT PORTFOLIO

The carrying value of investments in debt and equity securities by category of securities for each year, is as follows:

	December 31		
	1996	1995	1994
	(Dollars expressed in thousands)		
U.S. Government Treasury securities	$121,461	$102,992	$120,199
Obligations of U.S. Government corporations and agencies	36,513	43,751	49,794
States and political subdivisions	1,492	916	566
Stock of the Federal Reserve Bank	201	201	201
Total investments	$159,667	$147,860	$170,760

At December 31, 1996, the maturity of investments in debt securities is as follows:

	One Year or Less	After One Year Through Five Years	After Five Years Through Ten Years	After Ten Years	Weighted Average Yield
	(Dollars expressed in thousands)				
U.S. Government Treasury securities	$24,094	$ 97,367	$ --	$ --	6.26%
Obligations of U.S. Government corporations and agencies	--	19,414	2,408	14,691	5.92
States and political subdivisions	--	448	533	511	5.13
Total investments	$24,094	$117,229	$2,941	$15,202	6.17%
Weighted average yield	6.33%	6.18%	6.19%	5.93%	

Rates on obligations of states and political subdivisions have been adjusted to pretax equivalent rates using the incremental statutory federal income tax rate of 34%. While yields by range of maturity are routinely provided by the Company's accounting system on a tax equivalent basis, the individual amounts of adjustments are not so provided. In total, at an assumed federal income tax rate of 34%, the adjustment amounted to approximately $38,000.

There was no single issuer of securities in the investment portfolio at December 31, 1996 other than the U.S. Government and U.S. Government corporations and agencies, for which the aggregate amortized cost exceeded ten percent of total stockholders' equity.

III. LOAN PORTFOLIO

The composition of the loan portfolio is as follows:

	December 31				
	1996	1995	1994	1993	1992
	(Dollars expressed in thousands)				
Commercial and industrial	$ 94,962	$ 98,641	$ 91,500	$ 88,726	$110,276
Real estate:					
Mortgage	85,360	58,746	48,997	51,225	50,352
Construction	9,164	11,057	4,253	6,478	10,426
Industrial revenue bonds	2,851	1,117	1,561	2,208	2,772
Installment, net	3,794	3,954	5,226	4,738	4,996
Other	1,644	678	929	552	913
Total loans	$197,775	$174,193	$152,466	$153,927	$179,735

Loans at December 31, 1996 mature as follows:

		Over One Year Through Five Years		Over Five Years		
	One Year or Less	Fixed Rate	Floating Rate	Fixed Rate	Floating Rate	Total
	(Dollars expressed in thousands)					
Commercial and industrial	$76,049	$16,580	$ 1,960	$373	$ --	$ 94,962
Real estate:						
Mortgage	11,293	64,136	9,881	50	--	85,360
Construction	8,131	1,033	--	--	--	9,164
Industrial revenue bonds	678	2,173	--	--	--	2,851
Installment, net	1,702	2,092	--	--	--	3,794
Other	1,644	--	--	--	--	1,644
Total loans	$99,497	$86,014	$11,841	$423	$ --	$197,775

Loans have been classified as having "floating" interest rates if the rate specified in the loan varies with the prime commercial rate of interest.

RISK ELEMENTS INCLUDED IN LENDING ACTIVITIES

The following are nonperforming assets:

	December 31				
	1996	1995	1994	1993	1992
	(Dollars expressed in thousands)				
Commercial, industrial and industrial revenue bonds:					
Nonaccrual	$480	$151	$247	$ 810	$3,269
Contractually past due 90 days or more	--	186	--	--	--
Renegotiated loans	--	278	213	975	472
Real estate-construction contractually past due 90 days or more	--	15	--	--	--
Real estate-mortgage:					
Nonaccrual	--	--	--	43	177
Contractually past due 90 days or more	306	--	--	--	--
Installment:					
Nonaccrual	--	--	--	104	369
Contractually past due 90 days or more	--	--	--	--	44
Total nonperforming loans	786	630	460	1,932	4,331
Other real estate	--	--	--	--	608
Total nonperforming assets	$786	$630	$460	$1,932	$4,939

(1) Nonaccrual Loans

It is the policy of the Company to continually monitor its loan portfolio and to discontinue the accrual of interest on any loan on which payment of principal or interest in a timely manner in the normal course of business is doubtful. Subsequent payments received on such loans are applied to principal if there is any doubt as to the collectibility of such principal; otherwise, these receipts are recorded as interest income. Interest on nonaccrual loans, which would have been recorded under the original terms of the loans, was approximately $299,000 for the year ended December 31, 1996. Of this amount, approximately $221,000 was actually recorded as interest income on such loans.

(2) Potential Problem Loans

At December 31, 1996, after review of potential problem loans identified by management including those noted above, management of the Company concluded the allowance for loan losses was adequate. As of December 31, 1996, approximately $2,829,000 of loans not included in the table above were identified by management as having potential credit problems which raised doubts as to the ability of the borrowers to comply with the present loan repayment terms. Of this balance of potential problem loans, $2,440,000 are deemed to be impaired as defined by Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan. While these borrowers are currently meeting all of the terms of the applicable loan agreements, their financial condition has caused management to believe that their loans may result in disclosure at some future time as nonaccrual, past due or restructured.

(3) Foreign Loans

The Company does not have any foreign loans.

(4) Loan Concentrations

The Company has no concentrations of loans exceeding 10% of total loans which are not otherwise disclosed in the loan portfolio composition table. As can be seen in the loan composition table above and discussed in Note Four to the Company's 1996 Consolidated Financial Statements (included in the Company's 1996 Annual Report to Stockholders incorporated herein by reference), the Company's primary market niche is the small, privately held commercial company. Loans to these entities are generally secured by the business assets of the company, including accounts receivable, inventory, machinery and equipment, and the building(s)/plant(s) from which the company operates. Operating lines of credit to these companies generally are secured by accounts receivable and inventory, with specific percentages of each determined on a customer by customer basis, based on the business in which the customer operates. Intermediate term credit for machinery and equipment is generally loaned at some percentage of the value of the equipment purchased, again depending on the type of machinery or equipment purchased by the entity (e.g. less funds would be loaned on restaurant equipment which has a lower resale value than certain types of machinery which tend to hold their value). Long term credits are secured by the entity's building(s)/ plant(s) and are generally loaned with a maximum 80% loan to value ratio.

Loans secured exclusively by commercial real estate are generally made with a maximum 80% loan to value ratio, again depending upon the Company's estimate of the resale value and ability for the property to cash flow. The Company's loan policy requires an independent appraisal for all loans over $250,000 secured by real estate. Company management monitors the local economy in an attempt to determine whether it has had a significant deteriorating effect on such commercial real estate credits. When problems are identified, appraised values are updated on a continual basis, either internally or through ordering an updated external appraisal.

The Company's loan portfolio does not include a significant amount of single family real estate mortgage or installment credits, as the Company has not concentrated on the consumer side of the business.

(5) Other Interest-Earning Assets

The Company does not have any other interest-earning assets which would have been included in nonaccrual, past due or restructured loans if such assets were loans.

IV. SUMMARY OF LOAN LOSS EXPERIENCE

The following is a summary of loan loss experience:

	For the year ended December 31				
	1996	1995	1994	1993	1992
	(Dollars expressed in thousands)				
Allowance at beginning of year	$ 6,358	$ 6,334	$ 6,446	$ 6,953	$ 3,387
Loans charged-off:					
Commercial, industrial and IRB's	2,120	183	436	1,179	7,031
Real estate:					
Mortgage	--	--	--	--	--
Construction	--	--	--	--	--
Installment	1	3	24	8	1
Total	2,121	186	460	1,187	7,032
Recoveries of loans previously charged-off:					
Commercial, industrial and IRB's	152	708	348	559	341
Real estate:					
Mortgage	--	--	--	--	--
Construction	--	--	--	--	--
Installment	7	2	--	--	--
Total	159	710	348	559	341
Net loans charged-off (recovered)	1,962	(524)	112	628	6,691
Provision charged to expense	--	(500)	--	121	10,257
Allowance at end of year	$ 4,396	$ 6,358	$ 6,334	$ 6,446	$ 6,953
Loans outstanding:					
Average	$192,096	$158,937	$142,696	$158,164	$203,166
December 31	197,775	174,193	152,466	153,927	179,735
Ratio of allowance for loan losses to loans outstanding:					
Average	2.29%	4.00%	4.44%	4.08%	3.42%
December 31	2.22%	3.65%	4.15%	4.19%	3.87%
Ratio of net charge-offs to average loans outstanding	1.02%	(.33)%	.08%	.40%	3.29%
Allocation of allowance for loan losses:					
Commercial, industrial and IRB's	$ 3,825	$ 5,582	$ 5,485	$ 5,956	$ 6,006
Real estate:					
Mortgage	119	502	492	143	284
Construction	173	7	101	--	--
Installment	279	267	256	347	663
Total	$ 4,396	$ 6,358	$ 6,334	$ 6,446	$ 6,953
Percent of categories to total loans:					
Commercial and industrial and IRB's	49.5%	57.3%	61.0%	59.1%	62.9%
Real estate:					
Mortgage	43.2	33.7	32.2	33.3	28.0
Construction	4.6	6.3	2.8	4.2	5.8
Installment	1.9	2.3	3.4	3.1	2.8
Other	.8	.4	.6	.3	.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%

See notes and on the following page.

IV. SUMMARY OF LOAN LOSS EXPERIENCE, Continued

Factors which influence management's determination of the provision for loan losses charged to expense for each of the years presented above, among other things, include evaluation of each nonperforming and/or classified loan to determine the estimated loss exposure under existing circumstances known to management; evaluation of all potential problem loans identified in light of possible loss exposure based upon existing circumstances known to management; an analysis of the loan portfolio with regard to potential future loss exposure on loans to specific customers and/or industries; current economic conditions and an overall review of the remainder of the portfolio in light of past loan loss experience.

The Company allocated its allowance for loan losses to the various loan categories at December 31, 1996 based on the ratio of total nonperforming loans over the last 5 years. Management views the allowance for loan losses as being available for all potential or presently unidentified loan losses which may occur in the future. The risk of future losses that is inherent in the loan portfolio is not precisely attributable to a particular loan or category of loans.

Allocations estimated for the categories do not specifically represent that loan charge-offs of this magnitude will be required. The allocation does not restrict future loan losses attributable to a particular category of loans from being absorbed by the portion of the allowance attributable to other categories of loans. The risk factors considered when determining the overall level of the allowance are the same when estimating the allocation by major category, as specified in the above summary.

V. DEPOSITS

Certificates of deposit and other time deposits of $100,000 and more at December 31, 1996 mature as follows:

	Amount (Dollars expressed in thousands)
Three months or less	$1,421
Three to six months	506
Six to twelve months	1,638
Over twelve months	229
Total	$3,794

The composition of average deposits and the average rates paid on those deposits is represented in Table I included earlier in this discussion. The Company does not have any significant deposits from foreign depositors.

VI. RETURN ON EQUITY AND ASSETS

The percent of net income to average assets and average stockholders' equity and other data is presented below.

	For the year ended December 31		
	1996	1995	1994
Return on average total assets	1.54%	1.55%	1.51%
Return on average total stockholders' equity	14.41	15.18	15.06
Ratio of average total stockholders' equity to average total assets	10.70	10.21	10.04
Ratio of total dividends declared to net income	35.22	33.18	34.65

ITEM 2. PROPERTIES

Cass Commercial Corporation

The Company is currently headquartered at 3636 South Geyer, Sunset Hills, Missouri where it shares space leased by Cass Bank. The Company will move its headquarters in April, 1997 to a new facility being added on to the CIS headquarters located in Bridgeton, Missouri.

Cass Bank & Trust Company

Cass Bank currently leases its main banking offices at Geyer & Watson Roads, Sunset Hills, Missouri consisting of approximately 25,000 square feet, under an operating lease which expires in 2000. This lease will be taken over by an unaffiliated major corporation in April, 1997. Cass Bank's obligation under the lease will be terminated at that time. Cass Bank will move its headquarters in April, 1997 to a new facility being constructed on land owned by CIS in Bridgeton, Missouri. The new premises will consist of approximately 20,500 square feet.

Cass Bank also leases approximately 1,500 square feet of office space on the first floor of the 1015 Locust Building, St. Louis, Missouri. Cass Bank owns its facility at 1420 Thirteenth Street, St. Louis, which consists of approximately 1,600 square feet with adjoining drive-up facilities. Cass Bank has an additional facility in Maryland Heights, Missouri consisting of approximately 2,500 square feet of leased space with adjoining drive-up facilities. Cass Bank will open a new facility in April, 1997 in Fenton, Missouri under an operating lease expiring in 2002 with two five-year renewal options. Cass Bank will open a new facility in May, 1997 in Chesterfield, Missouri under an operating lease expiring in 2007.

Cass Information Systems, Inc.

CIS moved its headquarters and operations to 13001 Hollenberg Drive, Bridgeton, Missouri in April 1993. This property is owned by CIS, and includes a building with approximately 41,000 square feet of office space.

CIS also operates at an additional production facility located in Columbus, Ohio where approximately 20,000 square feet are leased through the year 2000. The space is located at 2545 Farmers Drive, Columbus, Ohio. CIS also leases approximately 25,800 square feet of space for its Boston facility located at 900 Chelmsford Street in Lowell, Massachusetts. This lease expires October 31, 2005. CIS also leases approximately 15,000 square feet for its rating and software division in Chicago, Illinois. This lease expires in 1998.

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are not involved in any pending proceedings other than ordinary routine litigation incidental to their business. Management believes none of these proceedings, if determined adversely, would have a material effect on the business or financial condition of the Company or its subsidiaries.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 1996.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

As of March 15, 1997, there were 314 holders of record of the Company's common stock.

The Company's common stock was listed on the NASDAQ Stock Market effective July 1, 1996. The high and low sales prices of the Company's common stock for the third and fourth quarters of 1996 were as follows:

	1996	
	High	Low
3rd Quarter	$18 7/8	$18
4th Quarter	19 3/4	18 3/4

Prior to July 1, 1996, shares of the Company's common stock were not listed or publicly traded on any securities exchange, or actively traded in the over-the-counter market. However, there were occasional sales of the Company's stock. High and low bid prices as reported by the National Association of Securities Dealers' automated system for reporting non-NASDAQ quotes for each quarterly period during 1995 and the first two quarters of 1996 were as listed below. However, there may have been transactions at higher or lower prices of which the Company is not aware.

	1996		1995	
	High	Low	High	Low
1st Quarter	$16 1/2	$13 3/4	$10 7/8	$ 9 3/4
2nd Quarter	17 1/2	12 1/2	11 3/16	10 1/2
3rd Quarter	--	--	12 1/2	10 5/8
4th Quarter	--	--	13 3/4	10 5/8

Dividends paid by the Company during the two most recent fiscal years were as follows:

	Dividends Per Share	
	1996	1995
March 15	$.115	$.105
June 15	.115	.105
September 15	.115	.105
December 15	.250	.220

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following table sets forth certain selected consolidated financial information of the Company.

	For the year ended December 31				
	1996	1995	1994	1993	1992
	(Dollars expressed in thousands)				
Interest income:					
Loans	$16,193	$14,042	$11,538	$12,315	$15,939
Investments in debt securities	9,801	9,787	8,772	6,896	4,802
Other	2,132	2,972	1,963	1,462	1,533
Total interest income	28,126	26,801	22,273	20,673	22,274
Interest expense:					
Deposits	4,503	4,036	2,641	2,392	3,596
Short-term borrowings	139	92	42	48	78
Total interest expense	4,642	4,128	2,683	2,440	3,674
Net interest income	23,484	22,673	19,590	18,233	18,600
Provision for loan losses	--	(500)	--	121	10,257
Net interest income after provision for loan losses	23,484	23,173	19,590	18,112	8,343
Noninterest income	22,091	23,794	21,826	16,892	14,761
Noninterest expense	35,964	37,693	33,325	29,240	27,764
Income (loss) before income tax expense (benefit)	9,611	9,274	8,091	5,764	(4,660)
Income tax expense (benefit)	3,092	3,060	2,509	1,554	(1,943)
Income (loss) before cumulative effect of change in accounting principle	6,519	6,214	5,582	4,210	(2,717)
Cumulative effect of change in accounting principle	--	--	--	74	--
Net income (loss)	$ 6,519	$ 6,214	$ 5,582	$ 4,284	$(2,717)

(Continued)

Interest income on loans includes net loan fees.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA, Continued

	For the year ended December 31				
	1996	1995	1994	1993	1992
	(Dollars expressed in thousands, except per share data)				
Per share of common stock:					
Income (loss)	$ 1.670	$ 1.615	$ 1.460	$ 1.120	$ (.710)
Dividends	.595	.535	.505	.475	.390
Average balances:					
Total assets	422,953	400,917	369,126	342,039	338,547
Net loans	185,791	152,433	136,327	151,313	195,401
Investments in debt and equity securities	160,291	161,047	154,264	110,127	66,528
Total deposits	161,595	143,001	140,970	144,819	158,775
Total stockholders' equity	45,250	40,924	37,061	34,714	34,358
Selected ratios:					
Return on average total assets	1.54%	1.55%	1.51%	1.25%	(.80)%
Return on average total stockholders' equity	14.41	15.18	15.06	12.34	(7.91)
Total stockholders' equity to total assets at year-end	10.90	10.12	9.52	9.73	9.23
Allowance for loan losses to loans at year-end	2.22	3.65	4.15	4.19	3.87
Nonperforming assets to loans and other real estate at year-end	.40	.36	.30	1.26	2.74
Net loan charge-offs to average loans	1.02	(.33)	.08	.40	3.29

1993 income per share includes $.02 per share relating to the cumulative effect of a change in accounting principle.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

HIGHLIGHTS

Net income for the year ended December 31, 1996 was $6,519,000 or $1.670 per share. These results compare to net income of $6,214,000 or $1.615 per share for 1995, and $5,582,000 or $1.460 per share for 1994. At December 31, 1996 total assets were $438,322,000 compared to $428,058,000 at December 31, 1995; loans were $197,775,000 compared to $174,193,000 and deposits were $177,505,000 compared to $161,726,000. The following paragraphs more fully discuss these highlights and other significant changes and trends as they relate to the Company's financial condition, results of operations, capital resources and liquidity during the three-year period ended December 31, 1996. This discussion should be read in conjunction with the Company's Consolidated Financial Statements and Notes which are hereby incorporated by reference from the Company's 1996 Annual Report to Stockholders.

RESULTS OF OPERATIONS

Net Income

Net income of $6,519,000 in 1996 increased from net income of $6,214,000 in 1995 and $5,582,000 in 1994. Net income of $1.670 per share in 1996 increased from net income of $1.615 per share for 1995 and $1.460 per share in 1994. The Company's return on average assets was 1.54% in 1996 compared to 1.55% in 1995 and 1.51% in 1994. Return on average equity was 14.41% in 1996 compared to 15.18% in 1995 and 15.06% in 1994.

The main factor contributing to the increase in net income in 1996 over 1995 was the increase in average earning assets net of interest-bearing liabilities from $280,543,000 in 1995 to $286,174,000 in 1996. The main factors contributing to the increase in net income in 1995 over 1994 were the increase in net average earning assets from $259,613,000 in 1994 to $280,543,000 in 1995; an improvement in the net interest margin from 5.72% in 1994 to 6.12% in 1995 and a negative provision for loan losses of $500,000 in 1995. See Table I beginning on page 8.

Net Interest Income

The Company's tax-equivalent net interest margin on earning assets decreased in 1996 to 6.00% from 6.12% in 1995 and was 5.72% in 1994. The prime rate increased from 6.00% at the beginning of 1994 to 8.75% by the end of 1994 before climbing to a high of 9.00% in February, 1995, and declined to 8.25% by February 1, 1996 where it remained throughout 1996. The average yield on earning assets decreased to 7.18% in 1996 from 7.23% in 1995 and was 6.50% in 1994 (See Table I on pages 8 and 9). The Company is adversely affected by decreases in the level of interest rates due to the fact that its rate sensitive assets significantly exceed its rate sensitive liabilities. Conversely, the Company is positively affected by increases in the level of interest rates. This is primarily due to the noninterest-bearing liabilities generated by CIS in the form of accounts and drafts payable (See interest sensitivity gap measurement under the section entitled "Asset/Liability Management Program"), as well as a significant portion of the Company's loan portfolio bearing a floating rate of interest.

The increase of $5,631,000 in average net earning assets was the primary contributor to the increase in net tax-equivalent interest income of $827,000 in 1996 over 1995. The increase of nearly $21,000,000 in average net earning assets coupled with an increase in the net interest margin resulted in the increase in net tax-equivalent interest income of $3,055,000 in 1995 over 1994. The mix of earning assets changed somewhat in 1996 with an increase of over $33,000,000 in the average balance of loans and a decrease of approximately $750,000 in investment securities. The increase in average total earning assets of over $21,400,000 from $371,586,000 in 1995 to $393,026,000 in 1996 was funded mainly by an increase of over $15,800,000 in average interest-bearing liabilities. The interest volume and rate variance analysis presented on page 11 provides a detailed explanation of the changes in net interest income for 1996 compared to 1995 and 1995 compared to 1994, respectively.

Provision for Loan Losses

There was no provision for loan loss in 1996. The Company recorded a negative provision for loan loss of $500,000 in 1995. There was no provision for loan loss in 1994. Loan charge-offs, net of recoveries, experienced by the Company were $1,962,000 in 1996, $(524,000) in 1995 and $112,000 in 1994. Loan charge-offs in 1996 included $2,000,000 in loans to two borrowers, one in the printing industry and one in the wholesale supply business, which discontinued operations abruptly in late 1996. Net recoveries of $524,000 recorded in 1995 included $500,000 recovered on one loan which was charged off in 1992. Based on the existing level of the allowance for loan losses and the level of nonperforming loans, the Company deemed it appropriate to make no provision for loan loss in 1996.

The allowance for loan losses was $4,396,000 at December 31, 1996, compared to $6,358,000 at December 31, 1995 and $6,334,000 at December 31, 1994. The year-end 1996 allowance represents 2.22% of net outstanding loans.

At December 31, 1996, the level of nonperforming assets has increased slightly from $630,000 at December 31, 1995 to $786,000. The total past due over 90 days and nonaccrual loans of $786,000 at December 31, 1996 represents .40% of outstanding loans which is well below industry standards.

Noninterest Income

Noninterest income is derived mainly from service fees generated by CIS's Payment Systems and Software Systems Groups.

Total noninterest income decreased $1,703,000 (7.2%) in 1996 from 1995. CIS's Payment Systems Group experienced a decrease in processing revenue of $1,188,000 (6.3%) in 1996 from 1995. CIS acquired the Freight Management Division of The First National Bank of Boston effective June 1, 1994. The accounts of this division were converted to CIS's processing systems in two phases. The first phase of conversion was completed in May, 1995 and the second phase was completed in December, 1995. These conversions resulted in a number of lost accounts which were generally expected and generally represented accounts which were previously processed on an unprofitable basis. The Boston operation accounted for a decrease in processing revenues of $1,350,000 in 1996 compared to 1995. Once again, the Payment Systems Group had a record processing year in paying over 20 million freight invoices with a value of over $6.1 billion. CIS has continued to show strong earnings in this line of business as more companies, particularly large Fortune 500 companies, seek to outsource this process. The volume of accepted new business proposals remains strong and should result in increasing revenues in CIS's Payment Systems Group as new accounts are placed in service throughout 1997.

CIS's Software Systems Group experienced a decrease in revenue of $429,000 (11.5%) in 1996 compared to 1995. This decrease resulted primarily from a decline in software sales. The client server version of the rating system software was not brought to market until later than anticipated in 1996 which dampened sales revenue.

Total noninterest income increased $1,968,000 (9.0%) in 1995 over 1994. CIS's Payment Systems Group experienced an increase in processing revenue of $1,826,000 (10.7%) in 1995 over 1994 which resulted from a combination of new business added and fee revenue generated by the Boston operation which was acquired June 1, 1994.

Noninterest Expense

Noninterest expense decreased $1,729,000 (4.6%) in 1996 from 1995. This decrease resulted primarily from decreased operating expenses at CIS's operation in Boston upon completion of account conversions as described above. Total noninterest operating expense excluding intercompany charges of the Boston facility decreased $2,019,000 in 1996 compared to 1995.

Salaries and benefits expense decreased $814,000 (3.3%) in 1996 compared to 1995. CIS's Boston operation accounted for a decrease of $979,000 resulting from staff attrition and adjustments as account conversions were completed throughout 1995. The Company experienced an increase of $165,000 (.8%) in the remainder of its operations in 1996.

Equipment expense decreased $101,000 (3.7%) in 1996 compared to 1995. CIS's Boston operation accounted for this decrease entirely.

Other noninterest expense decreased $807,000 (9.9%) in 1996 compared to 1995. CIS's Boston operation accounted for a decrease of $832,000 which included a write-off of approximately $300,000 of systems and equipment in 1995 resulting from the completion of systems conversions.

Noninterest expense increased $4,368,000 (13.1%) in 1995 over 1994. This increase resulted primarily from CIS's addition of its Boston facility. Noninterest expense of the Boston facility for 1994 included only 7 months of expense compared to 12 months in 1995.

Salaries and benefits expense increased $2,944,000 (13.5%) in 1995 over 1994. This increase is largely attributable to the Boston operation. Cass Bank's salary and benefit expense remained relatively stable increasing less than 3% over 1994.

Occupancy expense increased $196,000 (10.2%) in 1995 over 1994. This increase was also due to CIS's Boston facility which had occupancy expense of $392,000 in 1995 compared to $241,000 in 1994.

Equipment expense increased $151,000 (5.9%) in 1995 over 1994. The Boston operation's equipment expense increased $199,000 (64.6%) in 1995. Once again this increase is due primarily to 1994 expense including only 7 months of expense and 1995 including 12 months of expense.

Other noninterest expense increased $1,077,000 (15.2%) in 1995 over 1994. CIS's Boston operation accounted for an increase of approximately $700,000 which included a write-off of approximately $300,000 of systems and equipment resulting from systems conversions. CIS's operations, other than Boston, accounted for an increase of approximately $600,000 which was consistent with the increase in processing volume. Cass Bank's other noninterest expenses decreased approximately $220,000 from 1994 which resulted primarily from reduced FDIC assessment rates.

Balance Sheet Analysis

Federal funds sold and other short-term investments decreased from $81,813,000 at December 31, 1995 to $56,900,000 at December 31, 1996. The average balance of these accounts decreased $10,963,000 (21.2%) from $51,602,000 in 1995 to $40,639,000 in 1996. The decrease in the average balance of these accounts resulted from a deployment of funds to increased loan balances. See Table I, page 8 for a presentation of average balances.

Total loans increased $23,582,000 (13.5%) from $174,193,000 at December 31, 1995 to $197,775,000 at December 31,1996. The average balances of loans increased $33,159,000 (20.9%) in 1996 over 1995. Loan demand and new business volume increased throughout 1996 and should continue into 1997.

Investments in debt and equity securities increased $11,807,000 (8.0%) from $147,860,000 at December 31, 1995 to $159,667,000 at December 31, 1996. The average balance of investments in securities decreased $756,000 (.5%) from $161,047,000 in 1995 to $160,291,000 in 1996.

Total earning assets increased $10,476,000 (2.6%) from $403,866,000 at December 31, 1995 to $414,342,000 at December 31, 1996. The average balance of earning assets increased $21,440,000 (5.8%) from $371,586,000 in 1995 to $393,026,000 in 1996. This increase was largely funded by an increase of $15,809,000 in the average balance of interest-bearing liabilities.

Noninterest-bearing demand deposits decreased $1,862,000 (2.9%) from $64,106,000 at December 31, 1995 to $62,244,000 at December 31, 1996. The average balance of these accounts increased $3,754,000 (6.9%) from $54,079,000 in 1995 to $57,833,000 in 1996.

Interest-bearing deposits increased from $97,620,000 at December 31, 1995 to $115,261,000 at December 31, 1996. The average balances of these deposits increased $14,840,000 (16.7%) from $88,922,000 in 1995 to $103,762,000 in 1996. The most significant increase in these deposits occurred in interest-bearing commercial savings accounts.

Accounts and drafts payable generated by CIS in its freight payment operations decreased $6,686,000 (3.2%) from $211,376,000 at December 31, 1995 to $204,690,000 at December 31, 1996. The average balances of these funds decreased $1,155,000 (.6%) from $207,424,000 in 1995 to $206,269,000 in 1996. This decrease has resulted from a change in the mix of accounts with a greater number of accounts being priced with a higher component of fee revenue relative to revenue generated from balances in accounts and drafts payable.

INFLATION

Inflation can impact the financial position and results of the operations of banks because banks hold monetary assets and monetary liabilities. Monetary assets and liabilities are those which can be converted into a fixed number of dollars, and include cash, investments, loans and deposits. The Company's consolidated balance sheets, as is typical of financial institutions, reflects a net positive monetary position (monetary assets exceeding 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 bank.

A substantial part of the funds of the Company supporting loans and investments do not require the payment of interest. Therefore, when market interest rates decline, the decrease in interest income significantly exceeds the reduction in interest expense. When interest rates increase, the reverse effect will be experienced.

It is the policy of the Company to limit fixed rate loans to a maximum term of five years to limit its exposure to interest rate risk.

LIQUIDITY

At December 31, 1996 approximately 49% of the Company's loan portfolio was composed of commercial and industrial loans, of which approximately 78% represented loans maturing within one year. As of the same date, real estate loans represented approximately 48% of the total and of these, approximately 21% represented balances maturing within one year. Approximately 3% of the loan portfolio is represented by installment loans.

The liquidity of the Company is further exemplified by cash and due from banks of $10,256,000 and federal funds sold and other short-term investments of $56,900,000 at December 31, 1996.

Total investments in debt and equity securities represented approximately 36% of total assets at year-end. Average total securities as a percent of average total assets has decreased slightly in 1996 compared to 1995. This occurred as a result of an increase in loan demand. Of the U.S. Government securities in the Company's investment portfolio, which represented approximately 76% of the total, approximately 20% have maturities of less than one year. Obligations of U.S. Government corporations and agencies comprise approximately 23% of the portfolio. Obligations of states and political subdivisions and other security investments made up approximately 1% of the investment portfolio at December 31, 1996. Of the total portfolio, approximately 89% of the securities had maturities of five years or less.

The deposits of the Company's banking subsidiary have also been stable, consisting of a sizable volume of core deposits. Historically, the Company has been a net provider of federal funds. Net federal funds sold averaged $10,166,000 in 1996 and $8,252,000 in 1995. Additionally, the Company averaged $30,473,000 in other short-term investments in 1996 and $43,350,000 in 1995. These investments were in money market funds backed by U.S. Government and agency issues.

Cass Bank has unsecured lines at correspondent banks to purchase federal funds up to a maximum of $14,200,000. Additionally, Cass Bank and CIS have separate lines of credit at an unaffiliated financial institution in the maximum amounts of $20,000,000 and $30,000,000, respectively.

Asset/Liability Management Program

The primary goal of the Company's asset/liability management program is to maintain an appropriate balance between rate-sensitive assets and liabilities. The Company's Investment Committee monitors the sensitivity of its subsidiaries' assets and liabilities with respect to changes in interest rates and repricing opportunities, and directs the overall acquisition and allocation of funds.

The following table presents the Company's rate sensitive position at December 31, 1996 for the various time frames indicated.

	Variable Rate	Three Months or Less	Over Three Through Six Months	Over Six Through Twelve Months	Over One Through Five Years	Over Five Years	Total
	(Dollars expressed in thousands)						
Earning assets:							
Loans:							
Taxable	$ 91,119	$ 5,699	$ 2,633	$ 11,209	$ 83,841	$ 423	$ 194,924
Tax-exempt	--	233	248	197	2,173	--	2,851
Debt and equity securities:							
Taxable	--	5,999	6,018	12,077	116,781	17,099	157,974
Tax-exempt	--	--	--	--	448	1,044	1,492
Other	201	--	--	--	--	--	201
Federal funds sold and other short term investments	56,900	--	--	--	--	--	56,900
Total earning assets	148,220	11,931	8,899	23,483	203,243	18,566	414,342
Interest-sensitive liabilities:							
Money market deposit accounts	21,463	--	--	--	--	--	21,463
Interest-bearing demand accounts	11,816	--	--	--	--	--	11,816
Savings deposits	72,589	--	--	--	--	--	72,589
Time deposits:							
$100,000 and more	--	1,421	506	1,638	229	--	3,794
Less than $100,000	--	1,604	1,296	1,438	1,261	--	5,599
Short-term borrowings	2,476	--	--	--	--	--	2,476
Total interest-bearing liabilities	$ 108,344	$ 3,025	$ 1,802	$ 3,076	$ 1,490	$ --	$ 117,737
Interest sensitivity gap:							
Periodic	$ 39,876	$ 8,906	$ 7,097	$ 20,407	$ 201,753	$ 18,566	$ 296,605
Cumulative	39,876	48,782	55,879	76,286	278,039	296,605	296,605
Ratio of interest-bearing assets to interest-bearing liabilities:							
Periodic	1.37x	3.94x	4.94x	7.63x	136.40x	--	3.52x
Cumulative	1.37x	1.44x	1.49x	1.66x	3.36x	3.52x	3.52x

As can be seen from the above table, the Company's asset/liability mix is substantially different than most bank holding companies, with positive "gaps" shown for every time horizon. This phenomenon demonstrates the dramatic effect CIS, with its growing business and increasing levels of accounts and drafts payable has on the net interest income of the Company. As such, the Company is susceptible to changes in interest rates, with a decreasing net interest margin experienced in periods of declining interest rates, and correspondingly, an increase in the net interest margin in periods of rising interest rates. While this situation is largely out of the control of Company management, it is important to note that the overall net interest margin of 6.00% for 1996 is still substantially higher than the average margin experienced by most bank holding companies, due to the higher percentage of interest earning assets to interest bearing liabilities maintained by the Company than its bank holding company competitors.

CAPITAL RESOURCES

Stockholders' equity was $47,781,000 at December 31, 1996, an increase of $4,468,000 (10.3%) from the amount at the end of 1995. This increase resulted from net income of $6,519,000, the payment of $2,296,000 in dividends, the recognition of a net unrealized holding gain on debt and equity securities available-for-sale of $135,000 and the amortization of stock bonus plan awards of $110,000.

Total dividends paid to shareholders increased to $.595 per share in 1996 from $.535 per share in 1995.

Subsidiary dividends are the principal source of funds for payment of dividends by the Company to its stockholders. The Missouri banking laws impose certain limitations on the payment of dividends by Missouri state chartered banks such as Cass Bank, as follows: (1) no dividends may be paid which would impair capital; (2) until the surplus fund of a bank is equal to 40% of its capital, no dividends may be declared unless there has been carried to the surplus account no less than one-tenth of its net profits for the dividend period; and (3) dividends are payable only out of a bank's undivided profits. In addition, the appropriate regulatory authorities are authorized to prohibit banks and bank holding companies from paying dividends which would constitute an unsafe and unsound banking practice.

The Company and its banking subsidiary continue to exceed all regulatory capital requirements, as evidenced by the following capital ratios at December 31, 1996:

	Company Consolidated	Cass Bank
Leverage Ratio	10.05%	11.06%
Tangible Capital Ratio	11.78	11.11
Primary Capital	11.89	12.06
Risk Based Capital:		
Tier I	19.92	13.46
Tier II	21.17	14.71

EFFECT OF PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

During June 1996, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS 125). SFAS 125 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities based on consistent application of a financial components approach that focuses on control. It distinguishes transfers of financial assets that are sales from transfers that are secured borrowings. Under the financial components approach, after a transfer of financial assets, an entity recognizes all financial and servicing assets it controls and liabilities it has incurred and derecognizes financial assets it no longer controls and liabilities that have been extinguished. The financial components approach focuses on the assets and liabilities that exist after the transfer. Many of these assets and liabilities are components of financial assets that existed prior to the transfer. If a transfer does not meet the criteria for a sale, the transfer is accounted as a secured borrowing with pledge of collateral.

SFAS 125 extends the "available-for-sale" or "trading" approach in Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities (SFAS 115) to nonsecurity financial assets that can contractually be prepaid or otherwise settled in such a way that the holder of the asset would not recover substantially all of its recorded investment. Thus, nonsecurity financial assets (no matter how acquired) such as loans, other receivables, interest-only strips or residual interests in securitization trusts that are subject to prepayment risk that could prevent recovery of substantially all of the recorded amount are to be reported at fair value with the change in fair value accounted for depending on the asset's classification as "available-for-sale" or "trading". SFAS 125 also amends SFAS 115 to prevent a security from being classified as held-to-maturity if the security can be prepaid or otherwise settled in such a way that the holder of the security would not recover substantially all of its recorded investment.

SFAS 125 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996, and is to be applied prospectively. Earlier or retroactive application is not permitted. Also, the extension of the SFAS 115 approach to certain nonsecurity financial assets and the amendment to SFAS 115 is effective for financial assets held on or acquired after January 1, 1997. Reclassifications that are necessary because of the amendment do not call into question an entity's intent to hold other debt securities to maturity in the future. The adoption of SFAS 125 is not expected to have a material impact on the Company's financial statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related footnotes of the Company and its subsidiaries on pages 8 through 23 of its Annual Report to Stockholders and the report thereon of KPMG Peat Marwick LLP on page 23 of the Annual Report to Stockholders are hereby incorporated by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning directors of the Registrant is incorporated herein by reference from the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, a copy of which will be filed no later than 120 days after the close of the fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is incorporated herein by reference from the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning security ownership of certain beneficial owners and management is incorporated herein by reference from the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and transactions is incorporated herein by reference from the Company's definitive Proxy Statement for its 1997 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

PART IV.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this Report:

(1) Financial Statements:

	Annual Report Page Number
CASS COMMERCIAL CORPORATION AND SUBSIDIARIES	
Consolidated Balance Sheets, December 31, 1996 and 1995	8
Consolidated Statements of Income for the years ended December 31, 1996, 1995 and 1994	9
Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994	10
Consolidated Statements of Stockholders' Equity for the years ended December 31, 1996, 1995 and 1994	11
Notes to Consolidated Financial Statements	12-23
Independent Auditors' Report	23

(2) Financial Statement Schedules:

None other than those included as Notes to Consolidated Financial Statements.

(3) Exhibits

3.1 Articles of Incorporation of Registrant filed as Exhibit 3 to Registration Statement No. 2-80070 and incorporated herein by reference

3.2 By Laws of Registrant filed as Exhibit 3.2 to the Company's 1995 Annual Report on Form 10-K and incorporated herein by reference

10.1 1995 Restricted Stock Bonus Plan filed as Exhibit 10.1 to the Company's 1995 Annual Report on Form 10-K and incorporated herein by reference

10.2 1995 Performance-Based Stock Option Plan filed as Exhibit 10.2 to the Company's 1995 Annual Report on Form 10-K and incorporated herein by reference

13 1996 Annual Report to Stockholders (only those portions of such Annual Report as are incorporated by reference in parts I and II hereof shall be deemed a part of this Report)

21 Subsidiaries of registrant, incorporated by reference to Item 1, Business

23 Consent of KPMG Peat Marwick LLP

(b) Reports on Form 8-K

There were no reports on Form 8-K filed during the quarter ended December 31, 1996.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CASS COMMERCIAL CORPORATION

Date: March 18, 1997 By /s/ Lawrence A. Collett
Lawrence A. Collett
Chairman and Chief Executive Officer

Date: March 18, 1997 By /s/ Lawrence L. Frieben
Lawrence L. Frieben
Vice President-Secretary
(Chief Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on the dates indicated by the following persons on behalf of the Company and in their capacity as a member of the Board of Directors of the Company.

Date: March 18, 1997 By /s/ Lawrence A. Collett
Lawrence A. Collett

Date: March 18, 1997 By /s/ Robert J. Bodine
Bobert J. Bodine

Date: March 18, 1997 By /s/ Thomas J. Fucoloro
Thomas J. Fucoloro

Date: March 18, 1997 By /s/ Harry J. Krieg
Harry J. Krieg

Date: March 18, 1997 By /s/ Jake Nania
Jake Nania

Date: March 18, 1997 By /s/ Irving A. Shepard
Irving A. Shepard

Date: March 18, 1997 By /s/ John J. Vallina
John J. Vallina

CASS COMMERCIAL CORPORATION
Exhibit Index
Form 10-K
1996

Exhibit Number	Description of Exhibit
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CONSOLIDATED BALANCE SHEET

Assets (In Thousands of Dollars, Except per Share Data)	December 31 1996	1995
Cash and due from banks	$ 10,256	$ 8,529
Federal funds sold and other short-term investments	56,900	81,813
Cash and cash equivalents	67,156	90,342
Investments in debt and equity securities:		
Held-to-maturity, estimated market value of $118,362 and $131,378 at December 31, 1996 and 1995, respectively	118,313	130,172
Available-for-sale, at estimated market value	41,354	17,688
Total investments in debt and equity securities	159,667	147,860
Loans, net of unearned income	197,775	174,193
Less: Allowance for loan losses	4,396	6,358
Loans, net	193,379	167,835
Premises and equipment, net	8,079	8,267
Accrued interest receivable	3,366	3,788
Other assets	6,675	9,966
Total assets	$438,322	$428,058

Liabilities and Stockholders' Equity	1996	1995
Liabilities:		
Deposits:		
Noninterest-bearing	$ 62,244	$ 64,106
Interest-bearing	115,261	97,620
Total deposits	177,505	161,726
Accounts and drafts payable	204,690	211,376
Short-term borrowings	2,476	4,947
Other liabilities	5,870	6,696
Total liabilities	390,541	384,745
Stockholders' Equity:		
Preferred stock, par value $.50 per share; 2,000,000 shares authorized and no shares issued	--	--
Common stock, par value $.50 and $2.50 per share; shares authorized 20,000,000 and 4,000,000 at December 31, 1996 and 1995, respectively; 2,000,000 shares issued	1,000	5,000
Surplus	5,740	1,740
Retained earnings	42,376	38,153
Unrealized holding gain (loss) on investments in debt and equity securities available-for-sale	105	(30)
Common shares in treasury, at cost (70,726 shares at December 31, 1996 and 1995)	(1,284)	(1,284)
Unamortized stock bonus awards	(156)	(266)
Total stockholders' equity	47,781	43,313
Total liabilities and stockholders' equity	$438,322	$428,058

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands of Dollars, Except per Share Data)	Year Ended December 31 1996	1995	1994
Interest income:			
Interest and fees on loans	$16,193	$14,042	$11,538
Interest on debt securities:			
Taxable	9,729	9,741	8,701
Exempt from federal income taxes	72	46	71
Interest on federal funds sold and other short-term investments	2,132	2,972	1,963
Total interest income	28,126	26,801	22,273
Interest expense:			
Interest on deposits	4,503	4,036	2,641
Interest on short-term borrowings	139	92	42
Total interest expense	4,642	4,128	2,683
Net interest income	23,484	22,673	19,590
Provision for loan losses	--	(500)	--
Net interest income after provision for loan losses	23,484	23,173	19,590
Noninterest income:			
Information services revenue:			
Freight payment and processing revenue	17,698	18,886	17,060
Freight rating services income	3,297	3,726	3,447
Service charges on deposit accounts	532	431	387
Other	564	751	932
Total noninterest income	22,091	23,794	21,826
Noninterest expense:			
Salaries and employee benefits	23,887	24,701	21,757
Occupancy expense	2,115	2,122	1,926
Equipment expense	2,611	2,712	2,561
Other	7,351	8,158	7,081
Total noninterest expense	35,964	37,693	33,325
Income before income tax expense	9,611	9,274	8,091
Income tax expense	3,092	3,060	2,509
Net income	$ 6,519	$ 6,214	$ 5,582
Net income per share:			
Net income	$ 3.34	$ 3.23	$ 2.92

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)	Year Ended December 31 1996	1995	1994
Cash flows from operating activities:			
Net income	$ 6,519	$ 6,214	$ 5,582
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,583	2,544	2,529
Amortization of stock bonus awards	110	64	--
Provision for loan losses	--	(500)	--
Deferred income tax expense (benefit)	854	(111)	(66)
Decrease (increase) in accrued interest receivable	(422)	72	(1,232)
Other operating activities, net	(82)	1,020	(105)
Net cash provided by operating activities	9,562	9,303	6,708
Cash flows from investing activities:			
Acquisition of freight management business	--	--	(1,250)
Proceeds from sales of debt securities available-for-sale	--	--	152
Proceeds from maturities of debt securities:			
Held-to-maturity	20,192	16,197	25,071
Available-for-sale	6,918	7,175	--
Purchases of debt and equity securities:			
Held-to-maturity	(8,608)	(347)	(60,693)
Available-for-sale	(30,632)	--	--
Net (increase) decrease in loans	(25,544)	(21,203)	1,349
Purchases of premises and equipment, net	(1,747)	(3,004)	(1,542)
Net cash used in investing activities	(39,421)	(1,182)	(36,913)
Cash flows from financing activities:			
Net increase (decrease) in noninterest-bearing demand, interest-bearing demand and savings deposits	16,277	16,267	(385)
Net increase (decrease) in time deposits	(498)	(481)	328
Net increase (decrease) in accounts and drafts payable, net	(4,339)	(4,720)	40,234
Net increase (decrease) in short-term borrowings	(2,471)	2,435	(395)
Purchases of treasury stock	--	(24)	(14)
Cash dividends paid	(2,296)	(2,062)	(1,934)
Net cash provided by financing activities	6,673	11,415	37,834
Net increase (decrease) in cash and cash equivalents	(23,186)	19,536	7,629
Cash and cash equivalents at beginning of year	90,342	70,806	63,177
Cash and cash equivalents at end of year	$ 67,156	$ 90,342	$ 70,806
Supplemental information:			
Interest paid	$ 4,669	$ 4,043	$ 2,665
Income taxes paid	2,295	3,221	3,035
Debt securities transferred from held-to-maturity to available-for-sale	--	3,993	37,230

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In Thousands of Dollars, Except per Share Data)	Common Stock	Surplus	Retained Earnings	Unrealized Holding Gain (Loss) on Securities Available-for-Sale	Treasury Stock	Unamortized Stock Bonus Awards	Total
Balance, December 31, 1993	$ 5,000	$1,700	$30,353	$ --	$(1,536)	$ --	$35,517
Net income	--	--	5,582	--	--	--	5,582
Change in accounting for investments in debt and equity securities, net of tax effect of $18	--	--	--	36	--	--	36
Cash dividends ($1.01 per share)	--	--	(1,934)	--	--	--	(1,934)
Purchase of 693 common shares for Treasury	--	--	--	--	(14)	--	(14)
Change in unrealized holding gains and losses on investments in debt and equity securities available-for-sale	--	--	--	(441)	--	--	(441)
Balance, December 31, 1994	5,000	1,700	34,001	(405)	(1,550)	--	38,746
Net income	--	--	6,214	--	--	--	6,214
Cash dividends ($1.07 per share)	--	--	(2,062)	--	--	--	(2,062)
Purchase of 1,133 common shares for Treasury	--	--	--	--	(24)	--	(24)
Change in unrealized holding gains and losses on investments in debt and equity securities available-for-sale	--	--	--	375	--	--	375
Issuance of 16,000 common shares pursuant to Stock Bonus Plan	--	40	--	--	290	(330)	--
Amortization of Stock Bonus Plan awards	--	--	--	--	--	64	64
Balance, December 31, 1995	5,000	1,740	38,153	(30)	(1,284)	(266)	43,313
Net income	--	--	6,519	--	--	--	6,519
Cash dividends ($1.19 per share)	--	--	(2,296)	--	--	--	(2,296)
Change in unrealized holding gains and losses on investments in debt and equity securities available-for-sale	--	--	--	135	--	--	135
Reduction in par value of common stock	(4,000)	4,000	--	--	--	--	--
Amortization of Stock Bonus Plan awards	--	--	--	--	--	110	110
Balance, December 31, 1996	$ 1,000	$5,740	$42,376	$ 105	$(1,284)	$(156)	$47,781

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note One
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass Commercial Corporation (the Company) provides a full range of banking services to individual, corporate and institutional customers through its wholly owned subsidiary bank, Cass Bank & Trust Company (the Bank). The Bank is subject to competition from other financial and nonfinancial institutions throughout the metropolitan St. Louis, Missouri area. Additionally, the Company and the Bank are subject to the regulations of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

The Company also provides information services through its wholly owned subsidiary, Cass Information Systems, Inc. (CIS). These logistics-related services include processing and payment of freight charges, preparation of transportation management reports, auditing of freight charges and rating of freight shipments. CIS is subject to competition from other commercial concerns providing similar services to companies throughout the United States and Canada. The consolidated balance sheet caption, "Accounts and Drafts Payable," consists of obligations related to freight bill payment services which are performed for customers.

The accounting and reporting policies of the Company and its subsidiaries conform to generally accepted accounting principles. The following is a description of the more significant of those policies:

Basis of Presentation The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after elimination of intercompany transactions.

In preparing the consolidated financial statements, Company management is required to make estimates and assumptions which significantly affect the reported amounts in the consolidated financial statements. A significant estimate which is particularly susceptible to change in a short period of time is the determination of the allowance for loan losses.

Investments in Debt and Equity Securities At the time of purchase, debt securities are classified into one of two categories: available-for-sale or held-to-maturity. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. All equity securities, and debt securities not classified as held-to-maturity, are classified as available-for-sale.

Available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization of premiums or discounts. Unrealized gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and reported as a separate component of stockholders' equity until realized. Gains and losses on the sale of available-for-sale securities are determined using the specific identification method.

A decline in the market value of any available-for-sale or held-to-maturity security below cost that is deemed other than temporary is charged to earnings and results in the establishment of a new cost basis for the security.

The Bank is required to maintain an investment in the capital stock of the Federal Reserve Bank. The stock is recorded at cost, which represents redemption value.

Interest on Loans Interest on loans is recognized based upon the principal amounts outstanding. It is the Company's policy to discontinue the accrual of interest when there is reasonable doubt as to the collectibility of principal or interest. Subsequent payments received on such loans are applied to principal if there is any doubt as to the collectibility of such principal; otherwise, these receipts are recorded as interest income. The accrual of interest on a loan is resumed when the loan is current as to payment of both principal and interest and/or the borrower demonstrates the ability to pay and remain current.

Information Services Revenue Revenue from logistics-related services is recognized when fees are billed to customers, generally monthly.

Allowance for Loan Losses The allowance for loan losses is increased by provisions charged to expense and reduced by net charge-offs. The provisions charged to expense are based on economic conditions, past losses, collection experience, risk characteristics of the portfolio and such other factors which, in management's judgment, deserve current recognition.

Management believes the allowance for loan losses is adequate to absorb losses in the loan portfolio. While management uses all available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. Additionally, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses. Such agencies may require the Bank to increase the allowance for loan losses based on their judg-

ments and interpretations about information available to them at the time of their examination.

Premises and Equipment Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed over the estimated useful lives of the assets, or the respective lease terms for leasehold improvements, using straight-line and accelerated methods. Estimated useful lives are 31 1/2 years for buildings, 8 to 10 years for leasehold improvements and 3 to 10 years for furniture, fixtures and equipment. Maintenance and repairs are charged to expense as incurred.

Intangible Assets Cost in excess of fair value of net assets acquired and fair value in excess of cost of net assets acquired have resulted from business acquisitions which were accounted for using the purchase method.

Cost in excess of fair value of net assets acquired and fair value in excess of cost of net assets acquired are amortized on a straight-line basis over 3 to 15 years.

Assets and liabilities acquired in business acquisitions accounted for by the purchase method were recorded at their estimated fair value at date of acquisition. The premiums and discounts related to the fair value adjustments are amortized using a method which approximates the level-yield method.

Lines of Credit At December 31, 1996, the Bank has $14,200,000 of unsecured federal funds lines of credit in place with unaffiliated financial institutions. Additionally, at December 31, 1996, the Bank and CIS have separate lines of credit of $20,000,000 and $30,000,000, respectively, under securities sold under repurchase agreements with an unaffiliated financial institution.

Income Taxes Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Net Income Per Share Net income per share is computed based upon the weighted average number of shares of common stock outstanding during each year. The weighted average number of shares was 1,951,906, 1,922,982 and 1,914,861 in 1996, 1995 and 1994, respectively.

Cash Flows For purposes of the consolidated statements of cash flows, the Company considers due from banks, federal funds sold and other short-term investments to be cash equivalents.

Reclassifications Certain amounts in the 1995 and 1994 consolidated financial statements have been reclassified to conform with the 1996 presentation. Such reclassifications have no effect on previously reported net income.

Note Two

CAPITAL REQUIREMENTS

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary actions, by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company and the Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulators to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets (as defined). Management believes, as of December 31, 1996, the Company and the Bank meet all capital adequacy requirements to which they are subject.

The Bank is also subject to the regulatory framework for prompt corrective action. The most recent notification from the regulatory agencies, dated December 11, 1996, categorized the Bank as well capitalized. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

Note Two continued

The Company and the Bank's actual and required capital amounts and ratios as of December 31, 1996 are as follows:

(Dollars In Thousands)	Actual Amount	Actual Ratio	Capital Requirements Amount	Capital Requirements Ratio	Requirement To Be Well-Capitalized Under Prompt Corrective Action Provisions Amount	Requirement To Be Well-Capitalized Under Prompt Corrective Action Provisions Ratio
Total capital (to risk-weighted assets):						
Cass Commercial Corporation	$49,920	21.17%	$18,864	8.00%	$ N/A	N/A%
Cass Bank & Trust Company	23,505	14.71	12,783	8.00	15,978	10.00
Tier I capital (to risk-weighted assets):						
Cass Commercial Corporation	$46,955	19.92%	$ 9,428	4.00%	$ N/A	N/A%
Cass Bank & Trust Company	21,505	13.46	6,390	4.00	9,586	6.00
Tier I capital (to average assets):						
Cass Commercial Corporation	$46,955	10.05%	$14,016	3.00%	$ N/A	N/A%
Cass Bank & Trust Company	21,505	11.06	5,833	3.00	9,721	5.00

Note Three
INVESTMENTS IN DEBT AND EQUITY SECURITIES

Debt and equity securities have been classified in the consolidated balance sheets according to management's intent.

The amortized cost and estimated market values of debt securities classified as held-to-maturity at December 31, 1996 and 1995 are as follows:

1996 (In Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government Treasury securities	$ 90,646	$761	$(218)	$ 91,189
Obligations of U.S. Government corporations and agencies	26,175	--	(520)	25,655
States and political subdivisions	1,492	33	(7)	1,518
	$118,313	$794	$(745)	$118,362

1995 (In Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government Treasury securities	$ 98,988	$1,809	$(107)	$100,690
Obligations of U.S. Government corporations and agencies	30,268	4	(535)	29,737
States and political subdivisions	916	35	--	951
	$130,172	$1,848	$(642)	$131,378

The amortized cost and estimated market value of investments in debt securities classified as held-to-maturity at December 31, 1996 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

1996 (In Thousands)	Amortized Cost	Estimated Market Value

Due in 1 year or less	$ 24,094	$ 24,208
Due after 1 year through 5 years	86,414	86,365
Due after 5 years through 10 years	532	530
Due after 10 years	7,273	7,259
	$118,313	$118,362

The amortized cost and estimated market values of debt and equity securities classified as available-for-sale at December 31, 1996 and 1995 are summarized as follows:

(In Thousands)	1996			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government Treasury securities	$30,558	$287	$ (30)	$30,815
Obligations of U.S. Government corporations and agencies	10,437	40	(139)	10,338
Total debt securities	40,995	327	(169)	41,153
Stock of the Federal Reserve Bank	201	--	--	201
	$41,196	$327	$(169)	$41,354

(In Thousands)	1995			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government Treasury securities	$ 3,993	$11	$ --	$ 4,004
Obligations of U.S. Government corporations and agencies	13,541	16	(74)	13,483
Total debt securities	17,534	27	(74)	17,487
Stock of the Federal Reserve Bank	201	--	--	201
	$17,735	$27	$(74)	$17,688

The amortized cost and estimated market value of debt securities classified as available-for-sale at December 31, 1996 by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

(In Thousands)	1996	
	Amortized Cost	Estimated Market Value
Due in 1 year or less	$ --	$ --
Due after 1 year through 5 years	30,558	30,815
Due after 5 years through 10 years	2,408	2,409
Due after 10 years	8,029	7,929
	$40,995	$41,153

The amortized cost of debt securities pledged to secure public deposits, securities sold under agreements to repurchase and for other purposes was approximately $18,026,000 and $17,908,000 at December 31, 1996 and 1995, respectively.

No debt or equity securities were sold in 1996 or 1995. Proceeds from the sales of debt securities classified as available-for-sale during 1994 were $152,000. Gross gains of $5,100 and gross losses of $6,900 were realized on those sales.

Note Four

LOANS

A summary of loan categories at December 31, 1996 and 1995 is as follows:

(In Thousands)	1996	1995
Commercial and industrial	$ 94,962	$ 98,641
Real estate:		
Mortgage	85,360	58,746
Construction	9,164	11,057
Industrial revenue bonds	2,851	1,117
Installment, net	3,794	3,954
Other	1,644	678
	$197,775	$174,193

The Company grants commercial, industrial, residential and consumer loans to customers throughout the metropolitan St. Louis area. The Company does not have any particular concentration of credit in any one economic sector; however, a substantial portion of the commercial and industrial loans are extended to small- and medium-sized, closely held commercial companies in this market area, and are generally secured by the assets of the business. Such loans are subject to the economic changes inherent in the St. Louis marketplace.

Note Four continued

Aggregate loan transactions involving executive officers and directors of the Company and its subsidiaries and loans to associates of executive officers and directors for the year ended December 31, 1996 are summarized below. Such loans were made in the normal course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility.

(In Thousands)	
Aggregate balance, January 1, 1996	$3,234
New loans	--
Payments	(597)
Aggregate balance, December 31, 1996	$2,637

A summary of the activity in the allowance for loan losses for 1996, 1995 and 1994 is as follows:

(In Thousands)	1996	1995	1994
Balance, January 1	$ 6,358	$6,334	$6,446
Provision charged to expense	--	(500)	--
Loans charged off	(2,121)	(186)	(460)
Recoveries of loans previously charged off	159	710	348
Net loan recoveries (charge offs)	(1,962)	524	(112)
Balance, December 31	$ 4,396	$6,358	$6,334

A summary of impaired loans at December 31, 1996 and 1995 is as follows:

(In Thousands)	1996	1995
Nonaccrual loans	$ 480	$ 151
Impaired loans continuing to accrue interest	2,746	1,161
Total impaired loans	$3,226	$1,312

The allowance for loan losses on impaired loans was $892,000 and $505,000 at December 31, 1996 and 1995, respectively. Impaired loans with no related allowance for loan losses totaled $2,243,000 and $132,000 at December 31, 1996 and 1995, respectively. The average balance of impaired loans during 1996 and 1995 was $1,157,000 and $1,486,000, respectively.

A summary of interest income on impaired loans for 1996 and 1995 is as follows:

	1996		
(In Thousands)	Nonaccrual Loans	Impaired Loans Continuing to Accrue Interest	Total
Income recognized	$221	$260	$481
Interest income if interest had accrued	299	279	578

	1995		
(In Thousands)	Nonaccrual Loans	Impaired Loans Continuing to Accrue Interest	Total
Income recognized	$ 4	$109	$113
Interest income if interest had accrued	18	112	130

Note Five
PREMISES AND EQUIPMENT

A summary of premises and equipment at December 31, 1996 and 1995 is as follows:

(In Thousands)	1996	1995
Land	$ 367	$ 367
Buildings	3,082	3,084
Leasehold improvements	2,025	2,371
Furniture, fixtures and equipment	15,709	15,867
Construction in progress	435	--
	21,618	21,689
Less accumulated depreciation and amortization	13,539	13,422
	$ 8,079	$ 8,267

Construction in progress relates to improvements to the CIS facility in Bridgeton, Missouri due to the pending move of the Company and the Bank's headquarters to this location. The facility is expected to be completed in April 1997 with an anticipated total cost of $2,800,000.

Depreciation charged to expense in 1996, 1995 and 1994 amounted to $1,913,000, $1,960,000 and $1,907,000, respectively.

The Company's subsidiaries lease various premises and equipment under operating lease agreements which expire at various dates through 2005. The following is a schedule, by years, of future minimum

rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 1996:

(In Thousands)	
1997	$1,018
1998	595
1999	564
2000	568
2001	271
2002 and thereafter	981
	$3,997

Rental expenses for 1996, 1995 and 1994 are as follows:

(In Thousands)	1996	1995	1994
Minimum rentals	$1,712	$1,725	$1,590
Less sublease rentals	--	(16)	(23)
Net rental expense	$1,712	$1,709	$1,567

Note Six

INTEREST-BEARING DEPOSITS

Interest-bearing deposits consist of the following at December 31, 1996 and 1995:

(In Thousands)	1996	1995
NOW and Money Market Demand Accounts	$ 33,279	$23,896
Savings deposits	72,589	63,833
Time deposits:		
Less than $100,000	5,599	5,541
$100,000 and more	3,794	4,350
	$115,261	$97,620

Interest on deposits consists of the following for 1996, 1995 and 1994:

(In Thousands)	1996	1995	1994
NOW and Money Market Demand Accounts	$ 826	$ 639	$ 610
Savings deposits	3,139	2,858	1,685
Time deposits:			
Less than $100,000	296	272	219
$100,000 and more	242	267	127
	$4,503	$4,036	$2,641

The scheduled maturities of certificates of deposit are summarized as follows:

	December 31			
	1996		1995	
	Amount	Percent of Total	Amount	Percent of Total
Due within:				
One year	$7,903	84.1%	$8,899	90.0%
Two years	893	9.5	757	7.6
Three years	413	4.4	66	0.7
Four years	184	2.0	107	1.1
Five years	--	--	62	0.6
	$9,393	100.0%	$9,891	100.0%

Note Seven

EMPLOYEE BENEFITS

The Company has a noncontributory defined benefit pension plan which covers substantially all of its employees. The Company's subsidiaries accrue and make contributions designed to fund normal service costs on a current basis using the projected unit credit with service proration method to amortize prior service costs arising from improvements in pension benefits and qualifying service prior to the establishment of the plan over a period of approximately 30 years.

Note Seven continued

The pension cost for 1996, 1995 and 1994 was $478,000, $616,000 and $570,000, respectively, and included the following components:

(In Thousands)	1996	1995	1994
Service cost - benefits earned during the year	$ 682	$ 675	$ 682
Interest cost on projected benefit obligations	492	432	372
Actual (return) loss on plan assets	(656)	(1,076)	212
]et amortization and deferral	(40)	585	(696)
Net periodic pension cost	$ 478	$ 616	$ 570

The plan's funded status and amounts recognized in the Company's consolidated balance sheets at December 31, 1996 and 1995 are as follows:

(In Thousands)	1996	1995
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of $4,818 in 1996 and $3,575 in 1995	$(4,942)	$(3,729)
Effect of increase in compensation levels	(3,034)	(2,423)
Projected benefit obligation for service rendered through December 31	(7,976)	(6,152)
Plan assets at fair value	7,487	6,241
Plan assets greater (less) than projected benefit obligation	(489)	89
Unfunded projected benefit obligation	(489)	--
Unrecognized prior service cost	155	162
Unrecognized net gains	(1,354)	(2,001)
Unrecognized net assets	--	(98)
Accrued pension cost	$(1,688)	$(1,937)

The weighted-average discount rate and the rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.50% and 5.00% in 1996, 8.00% and 5.00% in 1995 and 7.50% and 5.00% in 1994. The expected long-term rate of return on assets was 8.00% in 1996 and 1995 and 7.25% in 1994.

The Company maintains a noncontributory profit sharing plan which covers substantially all of its employees. Employer contributions are calculated based upon formulas which relate to current operating results and other factors. Profit sharing expense recognized in the consolidated statements of income in 1996, 1995 and 1994 was $1,433,000, $1,377,000 and $1,187,000, respectively.

The Company sponsors a defined contribution 401(k) plan to provide additional retirement benefits to substantially all employees. Contributions under the 401(k) plan for 1996, 1995 and 1994 were $227,000, $220,000 and $190,000, respectively.

During May 1995, the Company implemented a restricted stock bonus plan which provides for the issuance of up to 50,000 shares of the Company's common stock. During 1995, 16,000 shares of common stock were awarded to five officers of the Company. At the time of the awards, the price per share of Company common stock was $20.63, which resulted in the establishment of a contra stockholders' equity account with a balance of $330,000. Amortization of the restricted stock bonus awards totaled $110,000 and $64,000 for 1996 and 1995, respectively. The shares of common stock awarded vest over a three-year period.

Also during May 1995, the Company implemented a performance-based stock option plan which provides for the granting of options on up to 200,000 shares of Company common stock. During 1995, options for 60,000 shares of common stock were awarded at an option price of $20.63 per share. These options vest over a period not to exceed seven years, but the vesting period can be less based on the Company's attainment of certain financial operating performance criteria. No options have vested or been exercised at December 31, 1996.

The Company accounts for stock-based compensation under the plan in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and, accordingly, recognizes no compensation expense as the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant. In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). The Company elected not to adopt the recognition provisions of SFAS 123. However, under the provisions of SFAS 123, an entity that continues to apply APB 25 shall disclose certain pro forma information as if the fair value based accounting method in SFAS 123 had been used to account for stock-based compensation costs. The pro forma effects were calculated and are immaterial to the results of operations of the Company.

Note Eight

OTHER NONINTEREST EXPENSE

Details of other noninterest expense for 1996, 1995 and 1994 are as follows:

(In Thousands)	1996	1995	1994
Postage, printing and supplies	$2,114	$2,340	$1,899
Advertising and business development	1,441	1,392	1,170
Professional fees	903	918	1,381
Data processing services	655	741	787
FDIC insurance premiums	2	155	309
Other	2,236	2,612	1,535
Total other noninterest expense	$7,351	$8,158	$7,081

Note Nine

REGULATORY RESTRICTIONS

Subsidiary dividends are the principal source of funds for payment of dividends by the Company to its stockholders. The Company's subsidiary bank is subject to regulations which require the maintenance of minimum capital levels. At December 31, 1996, unappropriated retained earnings of $12,023,000 were available for the declaration of dividends to the Company without prior approval from regulatory authorities.

Restricted funds on deposit used to meet regulatory reserve requirements amounted to approximately $2,719,000 and $2,004,000 at December 31, 1996 and 1995, respectively.

Note Ten

INCOME TAXES

The components of income tax expense for 1996, 1995 and 1994 are as follows:

(In Thousands)	1996	1995	1994
Current	$2,238	$3,171	$2,575
Deferred	854	(111)	(66)
	$3,092	$3,060	$2,509

A reconciliation of expected income tax expense, computed by applying the effective federal statutory rate of 34% for 1996, 1995 and 1994 to income before income tax expense, to reported income tax expense, is as follows:

(In Thousands)	1996	1995	1994
Expected income tax expense	$3,268	$3,153	$2,751
(Reductions) increases resulting from:			
Tax-exempt interest	(53)	(43)	(64)
Amortization of intangibles	(98)	(98)	(98)
Other, net	(25)	48	(80)
Income tax expense	$3,092	$3,060	$2,509

The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1996 and 1995 are presented below:

(In Thousands)	1996	1995
Deferred tax assets:		
Allowance for loan losses	$1,011	$1,720
Accrued pension cost	581	665
Premises and equipment	123	64
Unrealized loss on investments in debt and equity securities available-for-sale	--	17
Other	141	117
Total deferred tax assets	1,856	2,583

Deferred tax liabilities:		
Unrealized gain on investments in debt and equity securities available-for-sale	(53)	--
Discount accretion	(271)	(164)
Other	(56)	(18)
Total deferred tax liabilities	(380)	(182)
Net deferred tax asset	$1,476	$2,401

A valuation allowance would be provided on deferred tax assets when it is more likely than not that some portion of the assets will not be realized. The Company has not established a valuation allowance as of December 31, 1996 or 1995, due to management's belief that all criteria for recognition have been met, including the existence of a history of taxes paid sufficient to support the realization of deferred tax assets.

Note Eleven
CONTINGENCIES
The Company's subsidiaries are involved in various pending legal actions and proceedings in which claims for damages are asserted. Management, after discussion with legal counsel, believes the ultimate resolution of these legal actions and proceedings will not have a material effect upon the Company's consolidated financial position or results of operations.

Note Twelve
DISCLOSURES ABOUT FINANCIAL INSTRUMENTS
The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, commercial letters of credit and standby letters of credit. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, commercial letters of credit and standby letters of credit is represented by the contractual amounts of those instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commercial and standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. These off-balance-sheet financial instruments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the financial instruments may expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. Commitments to extend credit and letters of credit are subject to the same underwriting standards as those financial instruments included on the consolidated balance sheets. The Company evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of the credit, is based on management's credit evaluation of the borrower. Collateral held varies, but is generally accounts receivable, inventory, residential or income-producing commercial property or equipment.

Conditional commitments to extend credit, commercial letters of credit and standby letters of credit totaled approximately $76,575,000, $233,000 and $4,353,000, respectively, at December 31, 1996.

Following is a summary of the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1996 and 1995:

(In Thousands)	1996 Carrying Amount	1996 Estimated Fair Value
Balance sheet assets:		
Cash and cash equivalents	$ 67,156	$ 67,156
Investments in debt and equity securities	159,667	159,716
Loans, net	193,379	193,726
Accrued interest receivable	3,366	3,366
	$423,568	$423,964
Balance sheet liabilities:		
Deposits	$177,505	$177,509
Accounts and drafts payable	204,690	204,690
Short-term borrowings	2,476	2,476
Accrued interest payable	146	146
	$384,817	$384,821

(In Thousands)	1995 Carrying Amount	1995 Estimated Fair Value
Balance sheet assets:		
Cash and cash equivalents	$ 90,342	$ 90,342
Investments in debt and equity securities	147,860	149,066
Loans, net	167,835	170,794
Accrued interest receivable	3,788	3,788
	$409,825	$413,990
Balance sheet liabilities:		
Deposits	$161,726	$161,754

Accounts and drafts payable	211,376	211,376
Short-term borrowings	4,947	4,947
Accrued interest payable	173	173
	$378,222	$378,250

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Cash and Other Short-Term Instruments For cash and due from banks, federal funds sold, short-term investments, accrued interest receivable, short-term borrowings, accounts and drafts payable and accrued interest payable, the carrying amount is a reasonable estimate of fair value because of the demand nature or short maturities of these instruments.

Investments in Debt and Equity Securities Fair values are based on quoted market prices or dealer quotes.

Loans The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

Deposits The fair value of demand deposits, savings accounts and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities. The fair value estimates above do not include the benefit that results from the low-cost funding provided by the depositliabilities compared to the cost of borrowing funds in the market nor the benefit derived from the customer relationship inherent in existing deposits.

Commitments to Extend Credit and Standby Letters of Credit The fair value of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, the likelihood of the counterparties drawing on such financial instruments and the present credit-worthiness of such counterparties. The Company believes such commitments have been made at terms which are competitive in the markets in which it operates; however, no premium or discount is offered thereon and, accordingly, the Company has not assigned a value to such instruments for purposes of this disclosure.

Limitations Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets or liabilities that are not considered financial assets or liabilities include premises and equipment and the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market (core deposit intangible). In addition, tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Management is concerned that reasonable comparability between financial institutions may not be likely due to the wide range of permitted valuation techniques and numerous estimates which must be made given the absence of active secondary markets for many of the financial instruments. This lack of uniform valuation methodologies also introduces a greater degree of subjectivity to these estimated fair values.

Fair value estimates are made as of a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on management's judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Note Thirteen

INDUSTRY SEGMENT INFORMATION

The services provided by the Company are classified into two industry segments: Information Services and Banking Services which are more fully discussed in note one. Total net revenue is comprised of total interest income and total noninterest income, less provision for loan losses. Intersegment revenues or transfers were not significant.

Summarized information about the Company's operations in each industry as of and for the years ended December 31, 1996, 1995 and 1994 is as follows:

	Total Net Revenue		
(In Thousands)	1996	1995	1994
Information Services	$ 35,501	$ 37,226	$ 31,881
Banking Services	14,823	13,995	12,301
Eliminations	(107)	(126)	(83)
Total	$ 50,217	$ 51,095	$ 44,099

	Income (Loss) Before Income Tax		
(In Thousands)	1996	1995	1994
Information Services	$ 6,044	$ 6,134	$ 5,314
Banking Services	3,740	3,280	2,843
Corporate Items	(173)	(140)	(66)
Total	$ 9,611	$ 9,274	$ 8,091

	Identifiable Assets		
(In Thousands)	1996	1995	1994
Information Services	$237,963	$238,762	$239,723
Banking Services	212,776	195,562	165,516
Corporate Items	47,909	43,505	39,012
Eliminations	(60,326)	(49,771)	(37,155)
Total	$438,322	$428,058	$407,096

	Depreciation and Amortization Expense		
(In Thousands)	1996	1995	1994
Information Services	$ 2,057	$ 2,120	$ 1,990
Banking Services	494	395	517
Corporate Items	32	29	22
Total	$ 2,583	$ 2,544	$ 2,529

	Capital Expenditures		
(In Thousands)	1996	1995	1994
Information Services	$ 1,509	$ 2,888	$ 1,815
Banking Services	249	251	166
Corporate Items	21	56	11
Total	$ 1,779	$ 3,195	$ 1,992

Note Fourteen

CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

Following are the condensed balance sheets of the Company (parent company only) as of December 31, 1996 and 1995 and the related condensed schedules of income and cash flows for each of the years in the three-year period ended December 31, 1996.

Condensed Balance Sheets

(In Thousands)	December 31 1996	1995
Assets:		
Cash	$ 130	$ 250
Investment in Cass Bank & Trust Company	21,612	20,889
Investment in Cass Information Systems, Inc.	25,617	21,952
Other assets	550	414
Total assets	$47,909	$43,505
Liabilities and Stockholders' Equity:		
Total liabilities	$ 128	$ 192
Total stockholders' equity	47,781	43,313
Total liabilities and stockholders' equity	$47,909	$43,505

Condensed Schedules of Income

(In Thousands)	December 31 1996	1995	1994
Income:			
Dividends received from subsidiaries	$2,380	$2,140	$1,980
Management fees from subsidiaries	954	949	1,008
Total income	3,334	3,089	2,988
Expenses:			
Salaries and employee benefits	835	883	915
Other expenses	292	206	159
Total expenses	1,127	1,089	1,074
Income before income taxes and equity in undistributed income of subsidiaries	2,207	2,000	1,914
Income tax benefit	(59)	(48)	(22)
	2,266	2,048	1,936
Equity in undistributed income of subsidiaries	4,253	4,166	3,646
Net income	$6,519	$6,214	$5,582

Condensed Schedules of Cash Flows

(In Thousands)	December 31 1996	1995	1994
Cash flows from operating activities:			
Net income	$ 6,519	$ 6,214	$ 5,582
Adjustments to reconcile net income to net cash provided by operating activities:			
Net income of subsidiaries exclusive of management fees	(7,587)	(7,255)	(6,634)
Dividends from subsidiaries	2,380	2,140	1,980
Management fees from subsidiaries	954	949	1,008
Amortization of stock bonus plan	110	64	--
Other, net	(200)	(192)	32
Net cash provided by operating activities	2,176	1,920	1,968
Cash flows from financing activities:			
Cash dividends paid	(2,296)	(2,062)	(1,934)
Purchases of treasury stock	--	(24)	(14)
Net cash used in financing activities	(2,296)	(2,086)	(1,948)
Net increase (decrease) in cash and cash equivalents	(120)	(166)	20
Cash and cash equivalents at beginning of year	250	416	396
Cash and cash equivalents at end of year	$ 130	$ 250	$ 416

Note Fifteen

EVENT SUBSEQUENT TO DATE OF INDEPENDENT AUDITORS' REPORT (UNAUDITED)

Cass Commercial Corporation announced a two-for-one stock split in the form of a 100% stock dividend payable March 15, 1997 to stockholders of record as of March 5, 1997.

Independent Auditors' Report

THE BOARD OF DIRECTORS AND STOCKHOLDERS
CASS COMMERCIAL CORPORATION:

We have audited the accompanying consolidated balance sheets of Cass Commercial Corporation and subsidiaries (the Company) as of December 31, 1996 and 1995, and the related consolidated statements of income, cash flows and stockholders' equity for each of the years in the three-year period ended December 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cass Commercial Corporation and subsidiaries as of December 31, 1996 and 1995, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP

St. Louis, Missouri
January 24, 1997

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BOARD OF DIRECTORS AND SHAREHOLDER INFORMATION

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Directors

Cass Commercial
Corporation, Cass Bank
& Trust Company and
Cass Information
Systems, Inc.

Lawrence A. Collett
Chairman of the Board -
Chief Executive Officer,
Cass Commercial Corporation
John J. Vallina
President, Cass Bank &
Trust Company
Robert J. Bodine
Chairman Emeritus,
Bodine Aluminum, Inc.
Thomas J. Fucoloro
Consultant
Harry J. Krieg
Chairman Emeritus
Howard A. Kuehner
Investor
Jake Nania
Investor
Irving A. Shepard
President, Venture
Consultants, Inc.
A. J. Signorelli
Founder, Andrews Educational &
Research Center and
Hope Educational & Research Center
Bruce E. Woodruff
Attorney; of counsel to
Armstrong, Teasdale,
Schlafly & Davis

Officers

Cass Commercial
Corporation

Lawrence A. Collett
Chairman of the Board-
Chief Executive Officer
Lawrence L. Frieben
Vice President-Secretary-
Chief Financial Officer
William C. Bouchein
Vice President-Treasurer
Wayne D. Muskopf
Vice President-
Human Resources

Locations

Cass Commercial
Corporation

3636 South Geyer
Sunset Hills, Missouri 63127
(314) 821-1500

Cass Bank & Trust
Company

Main Bank
3636 South Geyer
Sunset Hills, Missouri 63127
(314) 821-1500

Downtown Facilities
1015 Locust Street
St. Louis, Missouri 63101
(314) 621-5999

1420 N. 13th Street
St. Louis, Missouri 63106
(314) 421-4943

West Port Facility
11657 Adie Road
Maryland Heights,
Missouri 63043
(314) 569-2277

Cass Information
Systems Inc.

Payment Systems Group
13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 770-2231

2545 Farmers Drive
Columbus, Ohio 43235
(614) 766-2277

900 Chelmsford Street
Lowell, Massachusetts 10151
(508) 446-0101

Software Systems Group
One Northwestern Center
Suite 900
165 North Canal Street
Chicago, Illinois 60606
(312) 454-9000

10-K
A copy of the Company's 1996 Annual Report filed with the Securities and Exchange Commission on Form 10-K is available to stockholders without charge. To obtain a copy, direct your request to Investor Relations, 3636 South Geyer, Sunset Hills, Missouri 63127.

Independent Auditors' Consent

The Board of Directors
Cass Commercial Corporation:

We consent to incorporation by reference in the registration statements No. 33-91456 and No. 33-91568 on Form S-8 of Cass Commercial Corporation (Cass) of our report dated January 24, 1997, relating to the consolidated balance sheets of Cass Commercial Corporation and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1996, which report appears in the December 31, 1996 annual report on Form 10-K of Cass.

/s/ KPMG Peat Marwick LLP

St. Louis, Missouri
March 26, 1997

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JAN-01-1996
DEC-31-1996
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4,396
0
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Information available only at year-end.