SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTER ENDED SEPTEMBER 30, 1996
COMMISSION FILE NO. 2-80070

CASS COMMERCIAL CORPORATION

INCORPORATED UNDER THE LAWS OF MISSOURI
I.R.S. EMPLOYER IDENTIFICATION NO. 43-1265338

3636 SOUTH GEYER ROAD, SUNSET HILLS, MISSOURI 63127

TELEPHONE: (314) 821-1500

Indicate by check mark whether the registrant 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, and has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares outstanding of registrant's only class of stock as of September 30, 1996: Common stock, par value $.50 per share - 1,929,274 shares outstanding.

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

PART I, ITEM 1

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)	
	SEPTEMBER 30 1996	DECEMBER 31 1995
ASSETS		
Cash and due from banks	$ 14,297	$ 8,529
Federal funds sold and other short-term investments	44,177	81,813
Cash and cash equivalents	58,474	90,342
Investments in debt and equity securities:		
Held-to-maturity, estimated market value of $124,539 and $131,378 at September 30, 1996 and December 31, 1995, respectively	125,585	130,172
Available-for-sale, at estimated market value	41,100	17,688
Total investments in debt and equity securities	166,685	147,860
Loans, net of unearned income	201,284	174,193
Less: Allowance for loan losses	6,342	6,358
Loans, net	194,942	167,835
Premises and equipment, net	7,903	8,267
Accrued interest receivable	3,551	3,788
Other assets	7,769	7,619
Total assets	$ 439,324	$ 425,711
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	67,328	64,106
Interest-bearing	112,517	97,620
Total deposits	179,845	161,726
Accounts and drafts payable	201,825	209,029
Securities sold under repurchase agreements and other short-term borrowings	4,974	4,947
Other liabilities	6,220	6,696
Total liabilities	392,864	382,398
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 and 20,000,000 and 4,000,000 shares authorized at September 30, 1996 and December 31, 1995, respectively, and 2,000,000 shares issued	1,000	5,000
Surplus	5,740	1,740
Retained earnings	41,498	38,153
Unamortized stock bonus awards	(183)	(266)
Unrealized holding loss on investments in debt and equity securities available-for-sale	(311)	(30)
Common shares in treasury, at cost (70,726 shares at September 30, 1996 and December 31, 1995)	(1,284)	(1,284)
Total stockholders' equity	46,460	43,313
Total liabilities and stockholders' equity	$ 439,324	$ 425,711

See accompanying notes to consolidated financial statements.

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	1996	1995	1996	1995
	(In Thousands Except Per Share Data)			
INTEREST INCOME:				
Interest and fees on loans	$4,168	$3,532	$12,004	$10,321
Interest on debt securities:				
Taxable	2,519	2,418	7,214	7,480
Exempt from Federal income taxes	19	12	53	33
Interest on Federal funds sold and other short-term investments	442	684	1,415	1,995
Total interest income	7,148	6,646	20,686	19,829
INTEREST EXPENSE:				
Interest on deposits	1,154	1,094	3,324	2,860
Interest on short-term borrowings	38	18	111	54
Total interest expense	1,192	1,112	3,435	2,914
Net interest income	5,956	5,534	17,251	16,915
Provision for loan losses	--	--	--	--
Net interest income after provision for loan losses	5,956	5,534	17,251	16,915
NONINTEREST INCOME:				
Information services revenues:				
Freight payment and processing revenue	4,381	4,453	13,291	14,457
Freight rating services income	779	880	2,474	2,780
Service charges on deposit accounts	135	113	409	299
Other	138	167	509	673
Total noninterest income	5,433	5,613	16,683	18,209
NONINTEREST EXPENSE:				
Salaries and employee benefits	5,997	6,091	18,122	18,780
Occupancy expense	548	544	1,592	1,602
Equipment expense	660	632	1,894	1,974
Other	1,641	1,610	5,274	5,711
Total noninterest expense	8,846	8,877	26,882	28,067
Income before income tax expense	2,543	2,270	7,052	7,057
Income tax expense	829	798	2,376	2,494
Net income	$1,714	$1,472	$ 4,676	$ 4,563
Net income per share	$ .88	$ .76	$ 2.40	$ 2.37

See accompanying notes to consolidated financial statements.

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

	(IN THOUSANDS) NINE MONTHS ENDED SEPTEMBER 30	
	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 4,676	$ 4,563
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,958	1,835
Decrease in accrued interest receivable	237	275
Amortization of stock bonus awards	83	32
Other operating activities, net	(544)	415
Net cash provided by operating activities	6,410	7,120
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of and principal payments made on debt securities	19,536	14,472
Purchases of debt securities	(39,240)	(347)
Net increase in loans	(27,091)	(7,975)
Net loan (charge-offs) recoveries	(16)	156
Purchases of premises and equipment	(1,078)	(1,982)
Net cash provided by (used in) investing activities	(47,889)	4,324
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in demand, interest-bearing demand and savings deposits	17,652	9,020
Net increase (decrease) in time deposits	467	(421)
Net increase (decrease) in accounts and drafts payable	(7,204)	3,520
Net increase in securities sold under repurchase agreements and other short-term borrowings	27	200
Treasury stock purchased	--	(24)
Dividends paid	(1,331)	(1,212)
Net cash provided by financing activities	9,611	11,083
Net increase (decrease) in cash and cash equivalents	(31,868)	22,527
Cash and cash equivalents at beginning of period	90,342	70,806
Cash and cash equivalents at end of period	$ 58,474	$93,333
Supplemental information:		
Cash paid for interest	$ 3,482	$ 2,854
Net taxes paid	$ 2,235	$ 2,426

See accompanying notes to consolidated financial statements.

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
SEPTEMBER 30, 1996

Note 1 - Basis of Presentation

Cass Commercial Corporation (the Company) provides a full range of banking services to individual, corporate and institutional customers, with a primary focus on privately held companies, 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 accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation, have been included. Operating results for the period ended September 30, 1996 are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1995.

Note 2 - Impact Of New Accounting Pronouncements

The Company adopted the provisions of Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan (SFAS 114), as amended by Statement of Financial Accounting Standards No. 118, Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures (SFAS 118), on January 1, 1995.

SFAS 114 (as amended by SFAS 118) defines the recognition criterion for loan impairment and the measurement methods for certain impaired loans and loans for which the terms have been modified in troubled debt restructurings (a restructured loan). Specifically, a loan is considered impaired when it is probable a creditor will be unable to collect all amounts due - both principal and interest - according to the contractual terms of the loan agreement. When measuring impairment, the expected future cash flows of an impaired loan must be discounted at the loan's effective interest rate. Alternatively, impairment can be measured by reference to an observable market price, if one exists, or the fair value of the collateral for a collateral-dependent loan. SFAS 114 requires a creditor to measure impairment based on the fair value of the collateral when the creditor has determined foreclosure is probable. Additionally, impairment of a restructured loan is measured by discounting the total expected future cash flows at the loan's effective rate of interest as stated in the original loan agreement.

SFAS 118 amends SFAS 114 to allow a creditor to use existing methods for recognizing interest income on loans for which the accrual of income has been discontinued, which the the Company has opted to do.

The adoption of SFAS 114 and SFAS 118 resulted in no adjustment to the allowance for loan losses.

During March 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of (SFAS 121). SFAS 121 provides guidance for the recognition and measurement of impairment of long-lived assets, certain identifiable intangibles and goodwill related both to assets to be held and used and assets to be disposed of. SFAS 121 requires entities to perform separate calculations for assets to be held and used to determine whether recognition of an impairment loss is required and, if so, to measure the impairment. SFAS 121 requires long-lived assets and certain assets and certain identifiable intangibles to be disposed of to be reported at the lower of carrying amount or fair value less costs to sell, except for assets covered by the provisions of APB Opinion No. 30. SFAS 121 is effective for financial statements issued for fiscal years beginning after December 15, 1995, although earlier application is encouraged. The Company does not anticipate that the adoption of SFAS 121 will have a significant impact on its financial statements.

During May 1995, the FASB issued Statement of Financial Accounting Standards No. 122, Accounting for Mortgage Servicing Rights (SFAS 122). SFAS 122 requires that an institution which sells or securitizes loans it has originated or purchased and maintains the servicing rights to capitalize the cost of the rights to service such loans. SFAS 122 also requires that an enterprise assess its capitalized mortgage servicing rights for impairment based on the fair value of those rights. SFAS No. 122 should be applied prospectively for fiscal years beginning after December 15, 1995. As the Company is not currently selling or securitizing any loans that it has originated or purchased, SFAS 122 will not have any impact on the Company's financial statements.

During October 1995, the FASB issued Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123). SFAS 123 establishes financial accounting and reporting standards for stock-based employee compensation plans and also applies to transactions in which an entity issues its equity instruments to acquire goods or services from nonemployees. SFAS 123 defines a fair value-based method of accounting for an employee stock option or similar equity instrument and encourages all entities to adopt that method of accounting. However, it also allows an entity to continue to measure compensation cost for those plans using the intrinsic value-based method of accounting prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25). SFAS 123 is effective for transactions entered into in fiscal years beginning after December 15, 1995. Pro forma disclosures required for entities that elect to continue to measure compensation cost using APB 25 must include the effect of all awards granted in fiscal years that begin after December 15, 1994. The Company plans to continue to measure compensation cost using APB 25, therefore the adoption of SFAS No. 123 will not have any impact on the Company's statements.

On June 28, 1996, the 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 prior to the transfer. If a transfer does not meet the criteria for a sale, the transfer is accounted for as a secured borrowing with pledge of collateral.

SFAS 125 extends the "available-for-sale" or "trading" approach in 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, non-security financial assets (no matter how acquired) such as loans, other receivables, interest-only strips or residual interests in securitization trusts (for example, tranches subordinate to other tranches, cash reserve accounts or rights to future interest from serviced assets that exceed contractually specified servicing fees) 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 requires that a liability be derecognized if and only if either (a) the debtor pays the creditor and is relieved of its obligation for the liability or (b) the debtor is legally released from being the primary obligor under the liability either judicially or by the creditor. Therefore, a liability is not considered extinguished by an in-substance defeasance.

SFAS 125 provides implementation guidance for accounting for (1) securitizations, (2) transfers of partial interests, (3) servicing of financial assets, (4) securities lending transactions, (5) repurchase agreements including "dollar rolls", (5) "wash sales," (6) loan syndications and participations, (7) risk participations in banker's acceptances, (8) factoring arrangements, (9) transfers of receivables with recourse, (10) transfers of sales-type and direct financing lease receivables and (11) extinguishments of liabilities.

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. Management is currently reviewing SFAS 125 to determine the effect it will have on the Company's financial statements.

Note 3 - Earnings Per Share

Average common and common stock equivalents outstanding for the nine month periods ended September 30, 1996 and 1995 were 1,949,822 and 1,925,522, respectively. Average common and common stock equivalents outstanding for the three month periods ended September 30, 1996 and 1995 were 1,955,378 and 1,935,748, respectively. The weighted average number of common stock equivalents is calculated using the treasury stock method.

Note 4 - Stock Option Plan / Stock Bonus Plan

During May 1995, the Company's Board of Directors established the 1995 Performance-Based Stock Option Plan (the Option Plan) and the 1995 Restricted Stock Bonus Plan (the Bonus Plan). These plans were adopted to aid the Company in securing and retaining qualified personnel. The Option Plan provides for the granting of options on up to 200,000 shares of the Company's common stock. As of September 30, 1996, options for 60,000 shares had been awarded under the Option Plan 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. The Bonus Plan provides for the issuance of up to 50,000 shares of the Company's common stock. As of September 30, 1996, an aggregate of 16,000 shares of the Company's common stock had been awarded to five participants. Interest in the shares of common stock awarded under the Bonus Plan are subject to forfeiture and vest ratably over a three year period. Common stock awarded under the Bonus Plan is accounted for through the establishment of a contra stockholders' equity account. This contra stockholders' equity account is amortized against income over the vesting period of the stock awards.

Note 5 - Reclassifications

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

Note 6 - Change in Authorized Capital Stock

The authorized common stock was increased from 4,000,000 shares to 20,000,000 shares by a majority vote of stockholders at the Shareholders' Annual Meeting on April 15, 1996. As a result, the par value of common stock has been changed from $2.50 per share to $.50 per share. The common stock and surplus amounts presented in the Consolidated Balance Sheet at September 30, 1996 reflect the above noted change. Additionally, the shareholders authorized 2,000,000 shares of preferred stock with a par value of $.50 per share. No shares of preferred stock have been issued as of September 30, 1996.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net Income

Cass Commercial Corporation (the Company) operates in two primary business segments through its two wholly owned subsidiaries, Cass Bank and Trust Company (Cass Bank), which operates as a commercial bank, and Cass Information Systems, Inc. (CIS), an information services company, whose operations include the processing and payment of freight charges, preparation of transportation management reports, auditing of freight charges and rating of freight shipments. The Company had net income of $4,676,000 for the nine-month period ended September 30, 1996 (the "First Nine Months of 1996") compared to net income of $4,563,000 for the nine-month period ended September 30, 1995 (the "First Nine Months of 1995").

The Company had net income of $1,714,000 for the three-month period ended September 30, 1996 ("Third Quarter of 1996") compared to net income of $1,472,000 for the three-month period ended September 30, 1995 ("Third Quarter of 1995").

The following paragraphs more fully discuss the changes in financial condition and results of operations for the First Nine Months of 1996 compared to the First Nine Months of 1995 and for the Third Quarter of 1996 compared to the Third Quarter of 1995. Such information is provided on a consolidated basis for the Company, Cass Bank and CIS, with expanded disclosures for specific effects CIS's operations have on particular account captions.

Net Interest Income

The Company's tax-equivalent net interest margin on earning assets decreased in the First Nine Months of 1996 to 6.01% from 6.19% in the First Nine Months of 1995. The prime rate decreased from 9.00% in February, 1995 to 8.25% in February, 1996. 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.

Average earning assets increased $18,398,000 in the First Nine Months of 1996 compared to the First Nine Months of 1995; however, average interest-bearing liabilities increased $17,376,000 over the same period compared to 1995 resulting in an increase in net earning assets of $1,022,000. The mix of earning assets changed in the First Nine Months of 1996 compared to the First Nine Months of 1995 with an increase of $33,563,000 in the average balance of loans and a decrease of $5,356,000 in debt and equity securities. These improvements more than offset the decrease in the net interest margin. See Table 1 on page 8 for further explanation of the changes in net interest income.

The Company's tax-equivalent net interest income for the Third Quarter of 1996 increased $427,000 (7.7%) compared to the Third Quarter of 1995. Average earning assets increased $29,042,000 in the Third Quarter of 1996 compared to the Third Quarter of 1995, while average interest-bearing liabilities increased $15,847,000. The mix of average earning assets also improved with an increase of $36,880,000 in average loans and a decrease of $13,933,000 in average Federal funds sold and short-term investments. These improvements more than offset the decrease in the net interest margin from 6.00% in the Third Quarter of 1995 to 5.98% in the Third Quarter of 1996. See Table 2 on page 9 for further explanation of the changes in net interest income.

TABLE 1: CONSOLIDATED AVERAGE BALANCE SHEETS AND NET INTEREST INCOME ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995
(TAX-EQUIVALENT BASIS, IN THOUSANDS)

	AVERAGE BALANCE		AVERAGE YIELD/RATE		INTEREST INCOME/EXPENSE			INCREASE(DECREASE) DUE TO CHANGE IN	
	1996	1995	1996	1995	1996	1995	NET CHANGE	VOLUME	RATE
ASSETS									
Interest-earning assets:									
Loans	$188,931	$155,368	8.51%	8.91%	$12,030	$10,358	$1,672	$2,154	$(482)
Investment in debt and equity securities	159,578	164,934	6.11	6.09	7,295	7,514	(219)	(245)	26
Federal funds sold and other short-term investments	36,244	46,053	5.22	5.79	1,415	1,995	(580)	(396)	(184)
Total interest-earning assets	384,753	366,355	7.21	7.25	20,740	19,867	873	1,513	(640)
Nonearning assets:									
Cash and due from banks	17,893	15,288							
Premises and equipment	8,180	7,522							
Other assets	10,166	10,201							
Allowance for loan losses	(6,397)	(6,441)							
Total assets	414,595	392,925							
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand deposits	23,141	20,504	3.29	3.01	569	461	108	63	45
Savings deposits	67,783	54,716	4.63	4.88	2,349	1,996	353	457	(104)
Time deposits of $100,000 or more	4,545	4,841	5.35	5.66	182	205	(23)	(12)	(11)
Other time deposits	5,841	5,588	5.13	4.74	224	198	26	9	17
Total interest-bearing deposits	101,310	85,649	4.39	4.46	3,324	2,860	464	517	(53)
Federal funds purchased and securities sold under repurchase agreements	3,239	1,524	4.58	4.74	111	54	57	59	(2)
Total interest-bearing liabilities	104,549	87,173	4.39	4.47	3,435	2,914	521	576	(55)
Noninterest-bearing liabilities:									
Demand deposits	56,671	52,618							
Accounts and drafts payable	201,898	205,677							
Other liabilities	6,779	7,157							
Total liabilities	369,897	352,625							
Stockholders' equity	44,698	40,300							
Total liabilities and stockholders' equity	$414,595	$392,925							
Net interest income					$17,305	$16,953	$ 352	$ 937	$(585)
Net yield on interest-earning assets			6.01%	6.19%					

TABLE 2: CONSOLIDATED AVERAGE BALANCE SHEETS AND NET INTEREST INCOME ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1996 AND 1995
(TAX-EQUIVALENT BASIS, IN THOUSANDS)

	AVERAGE BALANCE		AVERAGE YIELD/RATE		INTEREST INCOME/EXPENSE		NET CHANGE	INCREASE(DECREASE) DUE TO CHANGE IN	
	1996	1995	1996	1995	1996	1995		VOLUME	RATE
ASSETS									
Interest-earning assets:									
Loans	$196,670	$159,790	8.43%	8.80%	$ 4,177	$ 3,544	$ 633	$ 789	$(156)
Investment in debt and equity securities	165,536	159,441	6.11	6.05	2,548	2,432	116	94	22
Federal funds sold and other short-term investments	33,991	47,924	5.16	5.66	442	684	(242)	(185)	(57)
Total interest-earning assets	396,197	367,155	7.18	7.20	7,167	6,660	507	698	(191)
Nonearning assets:									
Cash and due from banks	17,705	16,056							
Premises and equipment	8,063	7,742							
Other assets	10,052	9,897							
Allowance for loan losses	(6,426)	(6,483)							
Total assets	425,591	394,367							
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand deposits	24,105	21,846	3.49	2.98	212	164	48	18	30
Savings deposits	72,654	60,624	4.42	5.16	810	788	22	143	(121)
Time deposits of $100,000 or more	4,558	4,722	5.14	5.71	59	68	(9)	(2)	(7)
Other time deposits	5,756	5,687	5.03	5.16	73	74	(1)	1	(2)
Total interest-bearing deposits	107,073	92,879	4.28	4.67	1,154	1,094	60	160	(100)
Federal funds purchased and securities sold under repurchase agreements	3,245	1,592	4.65	4.49	38	18	20	19	1
Total interest-bearing liabilities	110,318	94,471	4.29	4.67	1,192	1,112	80	179	(99)
Noninterest-bearing liabilities:									
Demand deposits	57,185	51,953							
Accounts and drafts payable	206,007	199,390							
Other liabilities	6,375	6,947							
Total liabilities	379,885	352,761							
Stockholders' equity	45,706	41,606							
Total liabilities and stockholders' equity	$425,591	$394,367							
Net interest income					$ 5,975	$ 5,548	$ 427	$ 519	$ (92)
Net yield on interest-earning assets			5.98%	6.00%					

Provision for Loan Losses

A significant determinant of the Company's operating results is the level of loan losses and the provision for loan losses. There was no charge to earnings to provide for loan losses for the First Nine Months of 1996 or the First Nine Months of 1995. Management determined there was no need for any provision for loan losses during these periods. This determination was based on the low level of nonperforming loans compared to the existing balance of the allowance for loan losses, and the Company experiencing a net loss of only $16,000 in the First Nine Months of 1996 and a net recovery of $156,000 in the First Nine Months of 1995.

Factors which influence management's determination of the provision for loan losses charged to expense, 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; 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 loan portfolio in light of past loan loss experience.

At September 30, 1996, nonperforming loans, including nonaccrual loans and loans past due 90 days or more, totalled $310,000. This represents .16% of average total loans, which is below industry averages.

At September 30, 1996, impaired loans totalled $1,292,000 which includes $296,000 of nonaccrual loans. The allowance for loan losses on impaired loans was $795,000 at September 30, 1996. The average balance of impaired loans during the First Nine Months of 1996 was $1,304,000.

The allowance for loan losses at September 30, 1996 was $6,342,000 and at December 31, 1995 was $6,358,000. The allowance for loan losses at September 30, 1996 represents 3.15% of total loans outstanding compared to 3.65% at December 31, 1995. The allowance covers nonperforming loans at September 30, 1996 approximately 20.5 times compared to 10.1 times at December 31, 1995.

The following table presents information as of and for the three- and nine-month periods ended September 30, 1996 and 1995 pertaining to the Company's provision for loan losses and analysis of the allowance for loan losses.

	Three Months Ended September 30		Nine Months Ended September 30	
	1996	1995	1996	1995
	(dollars in thousands)			
Allowance at beginning of period	$ 6,421	$ 6,473	$ 6,358	$ 6,334
Provision for loan losses charged to expense	--	--	--	--
Loans charged off	(119)	--	(121)	(35)
Recoveries on loans previously charged off	40	17	105	191
Net loan (charge-offs) recoveries	(79)	17	(16)	156
Allowance at end of period	$ 6,342	$ 6,490	$ 6,342	$ 6,490
Loans outstanding:				
Average	$196,670	$159,790	$188,931	$155,368
September 30	201,284	160,441	201,284	160,441
Ratio of allowance for loan losses to loans outstanding:				
Average	3.22%	4.06%	3.36%	4.18%
September 30	3.15%	4.05%	3.15%	4.05%
Nonperforming loans:				
Nonaccrual loans	$ 296	$ 217	$ 296	$ 217
Loans past due 90 days or more	14	776	14	776
Total	$ 310	$ 993	$ 310	$ 993
Nonperforming loans as a percent of average loans	.16%	.62%	.16%	.64%

Noninterest Income

Noninterest income is principally derived from service fees generated by CIS's Payment Systems and Software Systems Groups. Total noninterest income for the the First Nine Months of 1996 and the Third Quarter of 1996 decreased $1,526,000 (8.4%) and $180,000 (3.2%), respectively, from the corresponding periods of 1995.

CIS's Payment Systems Group experienced a decrease in processing revenues of $1,166,000 (8.1%) and $72,000 (1.6%) in the First Nine Months of 1996 and the Third Quarter of 1996, respectively, compared to the corresponding periods of 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 $1,363,000 in the First Nine Months of 1996 compared to the First Nine Months of 1995. The Boston operation accounted for a decrease in processing revenues of $138,000 in the Third Quarter of 1996 compared to the Third Quarter of 1995. 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 the remainder of 1996.

CIS's Software Systems Group experienced a decrease in freight rating services income of $306,000 (11.0%) and $101,000 (11.5%) in the First Nine Months of 1996 and the Third Quarter of 1996, respectively, compared to the corresponding periods of 1995. This decrease resulted mainly from a decline in software package sales.

Noninterest Expense

Total noninterest expense for the First Nine Months of 1996 decreased $1,185,000 (4.2%) from the First Nine Months of 1995. Total noninterest expense for the Third Quarter of 1996 decreased $31,000 (.3%) from the Third Quarter of 1995. These decreases 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 $1,373,000 in the First Nine Months of 1996 and decreased $112,000 in the Third Quarter of 1996 compared to the corresponding periods of 1995.

Salaries and benefits expense decreased $658,000 (3.5%) in the First Nine Months of 1996 compared to the First Nine Months of 1995. CIS's Boston operation accounted for a decrease of $931,000 resulting from staff attrition and adjustments as account conversions were completed throughout 1995. The Company experienced an increase of $273,000 (1.8%) in salary and benefits expense in the remainder of its operations resulting from salary increases effective January 1, 1996. Salaries and benefits expense decreased $94,000 (1.5%) in the Third Quarter of 1996 compared to the Third Quarter of 1995. CIS's Boston operation accounted for a decrease of $162,000. The Company experienced an increase of $68,000 (1.4%) in salary and benefits expense in the remainder of its operations in the Third Quarter of 1996 compared to the same period in 1995.

Equipment expense decreased $80,000 (4.1%) in the First Nine Months of 1996 and increased $28,000 (4.4%) in the Third Quarter of 1996, respectively, compared to the corresponding periods of 1995. CIS's Boston operation accounted for a decrease of $50,000 in the First Nine Months of 1996 compared to the same period in 1995.

Other noninterest expense decreased $437,000 (7.7%) in the First Nine Months of 1996 compared to the First Nine Months of 1995. Other noninterest expense increased $31,000 (1.9%) in the Third Quarter of 1996 over the Third Quarter of 1995. Cass Bank experienced a decrease of $141,000 in FDIC insurance expense in the First Nine Months of 1996 compared to the First Nine Months of 1995 resulting from a reduction in Cass Bank's assessment rate to a minimum of $2,000 per year for 1996. CIS's Boston operation expenses decreased $428,000 in the First Nine Months of 1996 compared to the First Nine Months of 1995.

Balance Sheet Analysis

Federal funds sold and other short-term investments decreased from $81,813,000 at December 31, 1995 to $44,177,000 at September 30, 1996. The average balance of these accounts was $36,244,000 in the First Nine Months of 1996 compared to $46,053,000 in the First Nine Months of 1995. The decrease in the average balance of these accounts has resulted from a deployment of funds to increased loan balances. See Table 1 and Table 2 on pages 8 and 9 for a presentation of average balances.

Total loans increased $27,091,000 (15.6%) from $174,193,000 at December 31, 1995 to $201,284,000 at September 30, 1996. The average balances of loans increased $33,563,000 (21.6%) from $155,368,000 in the First Nine Months of 1995 to $188,931,000 in the First Nine Months of 1996. Loan demand and new business volume increased throughout 1995 and has continued into the First Nine Months of 1996.

Investments in debt and equity securities increased $18,825,000 (12.7%) from $147,860,000 at December 31, 1995 to $166,685,000 at September 30, 1996. The average balance of investment securities decreased $5,356,000 (3.2%) from $164,934,000 in the First Nine Months of 1995 to $159,578,000 in the First Nine Months of 1996.

Total earning assets increased $8,280,000 (2.1%) from $403,866,000 at December 31, 1995 to $412,146,000 at September, 1996. The average balance of earning assets increased $18,398,000 (5.0%) from $366,355,000 in the First Nine Months of 1995 to $384,753,000 in the First Nine Months of 1996. This increase was funded by an increase of $17,376,000 in the average balance of interest-bearing liabilities.

Interest-bearing deposits increased from $97,620,000 at December 31, 1995 to $112,517,000 at September 30, 1996. The average balances of these deposits increased $15,661,000 (18.3%) from $85,649,000 in the First Nine Months of 1995 to $101,310,000 in the First Nine Months of 1996. The most significant increase in these deposits occurred in interest-bearing commercial savings accounts.

Noninterest-bearing deposits increased $3,222,000 (5.0%) from $64,106,000 at December 31, 1995 to $67,328,000 at September 30, 1996. The average balance of these accounts increased $4,053,000 (7.7%) from $52,618,000 in the First Nine Months of 1995 to $56,671,000 in the First Nine Months of 1996.

Accounts and drafts payable generated by CIS in its freight payment operations decreased $7,204,000 (3.4%) from $209,029,000 at December 31, 1995 to $201,825,000 at September 30, 1996. The average balances of these funds decreased $3,779,000 (1.8%) from $205,677,000 for the First Nine Months of 1995 to $201,898,000 in the First Nine Months of 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 revenue generated from fees relative to revenue generated from balances in accounts and drafts payable.

Liquidity

As of September 30, 1996, approximately 58% of the Company's loan portfolio was composed of commercial loans, of which 78% represented loans maturing within one year. As of the same date, real estate loans, primarily commercial, represented approximately 40% of the total and of these, 26% represented balances maturing within one year. Approximately 2% of the loan portfolio is represented by installment loans.

The liquidity of the Company is primarily represented by cash and due from banks of $14,297,000 and Federal funds sold and other short-term investments of $44,177,000 at September 30, 1996. Included in this caption are $24,000,000 invested in money market funds consisting of short-term U.S. Government and agency issues.

Investments in debt and equity securities represented approximately 38% of total assets at September 30, 1996. Of the U.S. Government securities in the Company's investment portfolio, which represented 76% of the total, 19% have maturities of less than one year. U.S. Government Agencies and Corporations represented 23% of the total. Obligations of states and political subdivisions constituted 1% of the investment portfolio at September 30, 1996. There were no sales of debt securities in the First Nine Months of 1996. Of the total portfolio, over 87% of the securities have maturities of five years or less. These securities provide the Company longer term liquidity than its primary sources, cash and due from banks and other short-term instruments. Additionally, short-term liquidity could be satisfied, if necessary, by the sale of certain debt securities maintained as available-for-sale; however, the Company does not foresee any such short-term liquidity needs.

The funds provided by Cass Bank consist of a sizable volume of core deposits. Historically, the Company has been a net provider of Federal funds. During the First Nine Months of 1996, the Company was a net provider of Federal funds, averaging nearly $9,285,000 in net funds sold. The Company was able to meet its liquidity requirements in the First Nine Months of 1996 through the growth of deposit accounts and the liquid nature of Federal funds sold and other short-term investments.

Asset/Liability Management Program

The Company's earning assets significantly exceed its interest-bearing liabilities. This is primarily due to the noninterest-bearing liabilities generated by CIS in the form of accounts and drafts payable. Within this framework, the Company's asset/liability management program strives to maintain an appropriate balance between rate-sensitive assets and liabilities. The primary goal of the Company is to maintain a level of earning assets net of interest-bearing liabilities which will produce a relatively high net interest margin compared to other financial institutions. 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 September 30, 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)				
Interest-earning assets:							
Loans	$ 94,679	$ 7,779	$ 6,256	$ 5,467	$ 84,827	$ 2,276	$201,284
Investment in debt and equity securities	--	6,003	5,998	12,029	122,030	20,625	166,685
Federal funds sold and other short-term investments	44,177	--	--	--	--	--	44,177
Total interest-earning assets	$138,856	$13,782	$12,254	$17,496	$206,857	$ 22,901	$412,146
Interest-bearing liabilities:							
Interest-bearing transaction accounts	$102,158	$ --	$ --	$ --	$ --	$ --	$102,158
Time deposits-$100,000 or more	--	2,334	803	1,423	107	--	4,667
Other time deposits	--	1,290	1,467	1,760	1,175	--	5,692
Federal funds purchased and securities sold under repurchase agreements	4,974	--	--	--	--	--	4,974
Total interest-bearing liabilities	$107,132	$ 3,624	$ 2,270	$ 3,183	$ 1,282	$ --	$117,491
Interest sensitivity gap:							
Periodic	$ 31,724	$10,158	$ 9,984	$14,313	$205,575	$ 22,901	$294,655
Cumulative	31,724	41,882	51,866	66,179	271,754	294,655	
Ratio of interest-sensitive assets to interest-sensitive liabilities:							
Periodic	1.30x	3.80x	5.40x	5.50x	161.35x	--	3.51x
Cumulative	1.30x	1.38x	1.46x	1.57x	3.31x	3.51x	3.51x

Capital Resources

Stockholders' equity was $46,460,000 or 10.58% of total assets at September 30, 1996, an increase of $3,147,000 over the amount outstanding at December 31, 1995. This increase resulted from net income of $4,676,000; dividends paid of $1,331,000 ($.69 per share); increase in unrealized holding losses of $281,000; and the amortization of the stock bonus plan of $83,000. Primary capital, including the allowance for loan losses, reached $52,802,000 at September 30, 1996 or 12.02% of total assets compared to $49,671,000 or 11.67% of total assets at December 31, 1995.

Subsidiary dividends are the principal source of funds for payment of dividends by the Company to its stockholders. The only restrictions on dividends are those dictated by regulatory capital requirements and prudent and sound banking principles.

The Company and its banking subsidiary continue to significantly exceed all regulatory capital requirements, as evidenced by the following capital ratios at September 30, 1996:

	Company Consolidated	Cass Bank
Leverage Ratio	11.11%	11.20%
Tangible Capital Ratio	12.00	11.90
Primary Capital	12.02	11.90
Risk Based Capital:		
Tier I	19.47	13.68
Tier II	20.73	14.38

Inflation

Inflation can impact the financial position and results of the operations of financial institutions because financial institutions 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, reflect 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 financial institution.

PART II

Item 1. LEGAL PROCEEDINGS

None

Item 2. CHANGES IN SECURITIES

None

Item 3. DEFAULTS IN SENIOR SECURITIES

None

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

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) None

(b) Cass Commercial Corporation did not file any reports on Form 8-K during the three months ended September 30, 1996.

SIGNATURES

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

CASS COMMERCIAL CORPORATION

DATE: October 31, 1996 By Lawrence A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

DATE: October 31, 1996 By Lawrence L. Frieben

Lawrence L. Frieben
Vice President-Secretary
(Chief Financial and Accounting Officer)

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JAN-01-1996
SEP-30-1996
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41,100
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2.40
2.40
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296
14
0
0
6,358
121
105
6,342
6,342
0
0

Information available only at year-end.