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 March 31, 1998
Commission File No. 2-80070

CASS COMMERCIAL CORPORATION

Incorporated under the laws of MISSOURI
I.R.S. Employer Identification No. 43-1265338

13001 HOLLENBERG DRIVE, BRIDGETON, MISSOURI 63044

Telephone: (314) 506-5500

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 March 31, 1998: Common stock, par value $.50 per share - 3,861,248 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 of Dollars Exept Per Share Data)	
	March 31 1998	December 31 1997
Assets		
Cash and due from banks	$ 30,070	$ 10,849
Federal funds sold and other short-term investments	88,825	88,275
Cash and cash equivalents	118,895	99,124
Investment in debt and equity securities:		
Held-to-maturity, estimated market value of $83,436 and $90,389 at March 31, 1998 and December 31, 1997, respectively	83,064	90,139
Available-for-sale, at estimated market value	35,158	36,112
Total investment in debt and equity securities	118,222	126,251
Loans, net of unearned income	203,265	196,478
Less: Allowance for loan losses	4,503	4,484
Loans, net	198,762	191,994
Premises and equipment, net	9,587	9,957
Accrued interest receivable	3,064	3,137
Other assets	8,992	7,864
Total assets	$457,522	$438,327
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 74,690	$ 61,958
Interest-bearing	116,912	103,899
Total deposits	191,602	165,857
Accounts and drafts payable	207,082	213,755
Short-term borrowings	--	406
Other liabilities	5,094	5,656
Total liabilities	403,778	385,674
Stockholders' Equity:		
Preferred stock, par value $.50 per share; 2,000,000 shares authorized and no shares issued	--	--
Common stock, par value $.50 per share; 20,000,000 shares authorized and 4,000,000 shares issued	2,000	2,000
Surplus	4,743	4,740
Retained earnings	47,856	46,879
Common shares in treasury, at cost (138,752 shares at March 31,1998 and 141,452 shares at December 31, 1997)	(1,259)	(1,284)
Accumulated other comprehensive income - unrealized holding gain (loss) on debt and equity securities available-for-sale, net of tax	422	364
Unamortized stock bonus awards	(18)	(46)
Total stockholders' equity	53,744	52,653
Total liabilities and stockholders' equity	$457,522	$438,327

See accompanying notes to consolidated financial statements.

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

	(In Thousands of Dollars Except Per Share Data)	
	Three Months Ended March 31	
	1998	1997
Interest Income:		
Interest and fees on loans	$4,209	$4,220
Interest on debt securities:		
Taxable	1,798	2,385
Exempt from federal income taxes	19	19
Interest on federal funds sold and other short-term investments	1,305	427
Total interest income	7,331	7,051
Interest Expense:		
Interest on deposits	1,053	1,003
Interest on short-term borrowings	3	25
Total interest expense	1,056	1,028
Net interest income	6,275	6,023
Provision for loan losses	--	245
Net interest income after provision for loan losses	6,275	5,778
Noninterest Income:		
Information services revenues:		
Freight payment and processing revenue	4,760	4,240
Freight rating services income	655	592
Service charges on deposit accounts	162	141
Other	275	171
Total noninterest income	5,852	5,144
Noninterest Expense:		
Salaries and employee benefits	6,594	5,814
Occupancy expense	435	533
Equipment expense	644	661
Other	1,863	1,739
Total noninterest expense	9,536	8,747
Income before income tax expense	2,591	2,175
Income tax expense	918	752
Net income	$1,673	$1,423
Earnings per share:		
Basic	$ .43	$ .37
Diluted	$ .43	$ .36

See accompanying notes to consolidated financial statements.

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

	(In Thousands of Dollars) Three Months Ended March 31	
	1998	1997
Cash Flows From Operating Activities:		
Net income	$ 1,673	$ 1,423
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	589	600
Amortization of stock bonus awards	28	28
Provision for loan losses	--	245
(Increase) decrease in accrued interest receivable	73	(55)
Other operating activities, net	(1,741)	(4,098)
Net cash provided by (used in) operating activities	622	(1,857)
Cash Flows From Investing Activities:		
Proceeds from maturities of debt securities:		
Held-to-maturity	7,059	6,766
Available-for-sale	993	267
Purchases of debt and equity securities available-for-sale	--	(9,835)
Net increase in loans	(6,768)	(10,288)
Purchases of premises and equipment	(133)	(1,590)
Net cash provided by (used in) investing activities	1,151	(14,680)
Cash Flows From Financing Activities:		
Net increase in noninterest-bearing demand, interest-bearing demand and savings deposits	25,340	882
Net increase (decrease) in time deposits	405	(591)
Net decrease in accounts and drafts payable	(6,673)	(5,610)
Net increase (decrease) in short-term borrowings	(406)	785
Cash proceeds from exercise of stock options	28	--
Cash dividends paid	(696)	(502)
Net cash provided by (used in) financing activities	17,998	(5,036)
Net increase (decrease) in cash and cash equivalents	19,771	(21,573)
Cash and cash equivalents at beginning of period	99,124	67,156
Cash and cash equivalents at end of period	$118,895	$ 45,583
Supplemental information:		
Cash paid for interest	$ 1,044	$ 1,074
Income taxes paid	$ 935	$ 170

See accompanying notes to consolidated financial statements.

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
March 31, 1998

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 and church-related ministries, 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 payment processing and information services through its wholly owned subsidiary, Cass Information Systems, Inc. (CIS). These services include processing and payment of freight and utility charges, preparation of management reports, auditing of freight charges, rating of freight shipments and other payment related activities. 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 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 March 31, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. 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, 1997.

Note 2 - Impact Of New Accounting Pronouncements

In February 1997, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 129, Disclosure of Information about Capital Structure (SFAS 129) which establishes standards for disclosing information about an entity's capital structure. SFAS 129 is effective for financial statements for periods ending after December 15, 1997. Since SFAS 129 is a disclosure requirement, it will have no impact on the Company's consolidated financial position and results of operations.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information (SFAS 131) which establishes standards for the way that public enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim reports issued to shareholders. SFAS 131 is effective for financial statements for periods beginning after December 15, 1997. Since SFAS 131 is a disclosure requirement, it will have no impact on the Company's consolidated financial position and results of operations.

In February 1998, the FASB issued Statement of Financial Accounting Standards No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits (SFAS 132) which standardizes the disclosure requirements for presenting information about pensions and other postretirement benefits. SFAS 132 is effective for the years beginning after December 15, 1997. Since SFAS 132 is a disclosure requirement, it will have no impact on the Company's consolidated financial position and results of operations.

Note 3 - Comprehensive Income

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income (SFAS 130) which establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. Under SFAS 130, comprehensive income is divided into net income and other comprehensive income. For the three-month periods ended March 31, 1998 and 1997, unrealized holding gain (loss) on debt and equity securities available-for-sale is the Company's only other comprehensive income component. Comprehensive income for the three-month periods ended March 31, 1998 and 1997 is summarized as follows:

	(In Thousands) Three Months Ended March 31	
	1998	1997
Net Income	$ 1,673	$ 1,423
Other comprehensive income - unrealized holding gain (loss) on debt and equity securities available-for-sale, net of tax	58	(311)
	$ 1,731	$ 1,112

Note 4 - Earnings Per Share

Average common and common stock equivalents outstanding for the three month periods ended March 31, 1998 and 1997 were 3,860,954 and 3,858,548, respectively. The only dilutive instruments are stock options with a dilutive effect of 73,218 and 60,318 for the three month periods ended March 31, 1998 and 1997, respectively, which resulted in weighted average shares and dilutive potential common shares of 3,934,172 and 3,918,866 in 1998 and 1997, respectively.

Note 5 - Reclassifications

Certain amounts in the 1997 consolidated financial statements have been reclassified to conform with the 1998 presentation. Such reclassifications have no effect on previously reported net income.

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), a commercial bank, and Cass Information Systems, Inc. (CIS), a payment processing and information services company, whose operations include the processing and payment of freight and utility charges, preparation of management reports, auditing of freight charges, rating of freight shipments and other payment related activities. The Company had net income of $1,673,000 for the three-month period ended March 31,1998 (the "First Three Months of 1998") compared to net income of $1,423,000 for the three-month period ended March 31,1997 (the "First Three Months of 1997").

The following paragraphs more fully discuss the changes in financial condition and results of operations for the First Three Months of 1998 compared to the First Three Months of 1997. 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

An increase of $25,629,000 in average earning assets, net of interest-bearing liabilities, was the primary contributor of the increase in net tax-equivalent interest income of $248,000 in the First Three Months of 1998 compared to the First Three Months of 1997. The mix of earning assets changed in the First Three Months of 1998 compared to the First Three Months of 1997 with an increase of $63,544,000 in the average balance of federal funds sold and other short-term investments and a decrease of $35,757,000 in debt and equity securities.

The Company's tax-equivalent net interest margin on earning assets decreased in the First Three Months of 1998 to 6.05% from 6.23% in the First Three Months of 1997. This decrease is primarily due to the maturity of higher-yielding debt securities and an increased investment in federal funds sold and other short-term investments. See Table 1 on page 7 for further explanation of the changes in net interest income for the First Three Months of 1998 compared to the First Three Months of 1997.

TABLE 1: CONSOLIDATED AVERAGE BALANCE SHEETS AND NET INTEREST INCOME ANALYSIS
For the Three Months Ended March 31, 1998 and 1997
(tax-equivalent basis, in thousands)

	Average Balance		Average Yield/Rate		Interest Income/Expense		Net	Increase(Decrease) Due to Change in	
	1998	1997	1998	1997	1998	1997	Change	Volume	Rate
ASSETS									
Interest-earning assets:									
Loans	$204,268	$203,814	8.40%	8.44%	$4,229	$4,243	$ (14)	$ 9	$(23)
Investment in debt and equity securities	120,960	156,717	6.12	6.25	1,826	2,414	(588)	(541)	(47)
Federal funds sold and other short-term investments	97,391	33,847	5.43	5.12	1,305	427	878	850	28
Total interest-earning assets	422,619	394,378	7.06	7.28	7,360	7,084	276	318	(42)
Nonearning assets:									
Cash and due from banks	17,954	16,517							
Premises and equipment	9,838	8,893							
Other assets	12,746	10,202							
Allowance for loan losses	(4,498)	(4,447)							
Total assets	458,659	425,543							
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand deposits	34,494	30,861	3.57	3.43	304	261	43	32	11
Savings deposits	60,080	59,219	4.27	4.31	633	629	4	9	(5)
Time deposits of $100,000 or more	3,821	3,385	5.73	5.27	54	44	10	6	4
Other time deposits	4,965	5,569	5.06	5.02	62	69	(7)	(8)	1
Total interest-bearing deposits	103,360	99,034	4.13	4.11	1,053	1,003	50	39	11
Short-term borrowings	266	1,980	4.57	5.12	3	25	(22)	(20)	(2)
Total interest-bearing liabilities	103,626	101,014	4.13	4.13	1,056	1,028	28	19	9
Noninterest-bearing liabilities:									
Demand deposits	65,811	62,173							
Accounts and drafts payable	230,059	207,300							
Other liabilities	6,299	6,652							
Total liabilities	405,795	377,139							
Stockholders' equity	52,864	48,404							
Total liabilities and stockholders' equity	$458,659	$425,543							
Net interest income					$6,304	$6,056	$ 248	$ 299	$(51)
Net yield on interest-earning assets			6.05%	6.23%					

AVERAGE BALANCES, INTEREST AND RATES, Continued

NOTES:

(1) For purposes of these computations, nonaccrual loans are included in the average loan amounts outstanding.

(2) Interest income on loans includes net fees of $2,000 and $1,000 for the First Three Months of 1998 and 1997, respectively.

(3) Income is presented on a tax-equivalent basis assuming a tax rate of 34%. The tax-equivalent adjustment was approximately $29,000 and $33,000 for the First Three Months of 1998 and 1997, respectively.

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 Three Months of 1998; however the Company charged $245,000 to the provision for loan losses in the First Three Months of 1997. The quality of the loan portfolio has continued to remain strong. The level of nonperforming loans, at .39% of average loans, remains well below industry standards. Nonperforming loans are covered over 5 times by the allowance for loan losses at March 31, 1998. The Company experienced a net recovery of $19,000 in the First Three Months of 1998. Management made the decision to make a provision for loan losses in the First Three Months of 1997 based on loan growth experienced.

Factors which influence management's determination of the adequacy of the allowance for loan losses, 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 March 31, 1998, impaired loans totalled $1,401,000 which includes $746,000 of nonaccrual loans. The allowance for loan losses on impaired loans was $722,000 at March 31, 1998. The average balance of impaired loans during the First Three Months of 1998 was $1,412,000.

The allowance for loan losses at March 31, 1998 was $4,503,000 and at December 31, 1997 was $4,484,000. The allowance for loan losses at March 31, 1998 represents 2.22% of total loans outstanding compared to 2.28% at December 31, 1997.

The following table presents information as of and for the three-month period ended March 31, 1998 and 1997 pertaining to the Company's provision for loan losses and analysis of the allowance for loan losses.

	Three Months Ended March 31	
	1998	1997
	(dollars expressed in thousands)	
Allowance at beginning of period	$ 4,484	$ 4,396
Provision for loan losses charged to expense	--	245
Loans charged off	--	--
Recoveries on loans previously charged off	19	90
Net loan recoveries	19	90
Allowance at end of period	$ 4,503	$ 4,731
Loans outstanding:		
Average	$204,268	$203,814
March 31	203,265	208,153
Ratio of allowance for loan losses to loans outstanding:		
Average	2.20%	2.32%
March 31	2.22%	2.27%
Nonperforming loans:		
Nonaccrual loans	$ 746	$ 294
Loans past due 90 days or more	45	--
Total	$ 791	$ 294
Nonperforming loans as a percent of average loans	.39%	.14%

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 Three Months of 1998 increased $708,000 (13.8%) from the First Three Months of 1997.

CIS's Payment Systems Group experienced an increase in processing revenues of $520,000 (12.3%) in the First Three Months of 1998 compared to the First Three Months of 1997. This increase resulted primarily from increased processing volume in the First Three Months of 1998. The volume of accepted new business proposals should result in increasing revenues in CIS's Payment Systems Group as new accounts are placed in service throughout the remainder of 1998.

CIS's Freight Rating Services Group experienced an increase in revenues of $63,000 (10.6%) in the First Three Months of 1998 compared to the First Three Months of 1997. This increase resulted primarily from price increases charged to rating customers in the First Three Months of 1998.

Noninterest Expense

Total noninterest expense for the First Three Months of 1998 increased $789,000 (9.0%) from the First Three Months of 1997.

Salaries and benefits expense increased $780,000 (13.4%) in the First Three Months of 1998 compared to the First Three Months of 1997. The increase relates primarily to separation costs associated with streamlining and integration of operations in the freight rating services group which were expensed in the First Three Months of 1998, combined with annual pay increases.

Occupancy expense decreased $98,000 (18.4%) in the First Three Months of 1998 compared to the First Three Months of 1997. The decrease was due primarily to the Company and the Bank moving their headquarters in April 1997 to a new facility which was added on to the property owned by CIS in Bridgeton, Missouri. This consolidation of facilities resulted in occupancy expense savings. Additionally, CIS's Chicago location also relocated in 1997 which resulted in reduced rental expense in the First Three Months of 1998.

Other noninterest expense increased $124,000 (7.1%) in the First Three Months of 1998 compared to the First Three Months of 1997. This increase is attributable to several items including an increase of $60,000 in advertising, $61,000 in postage expense, $50,000 in printing and supply expense and is partially offset by a decrease of $46,000 in professional expenses.

Balance Sheet Analysis

Cash and due from banks increased from $10,849,000 at December 31, 1997 to $30,070,000 at March 31, 1998. The average balance of cash and due from banks increased $1,437,000 (8.7%) from $16,517,000 in the First Three Months of 1997 to $17,954,000 in the First Three Months of 1998.

Federal funds sold and other short-term investments increased from $88,275,000 at December 31, 1997 to $88,825,000 at March 31, 1998. The average balance of these accounts was $97,391,000 in the First Three Months of 1998 compared to $33,847,000 in the First Three Months of 1997. The increase in the average balance of these accounts resulted from maturities of debt securities and increased average balances in accounts and drafts payable. See Table 1 on page 7 for a presentation of average balances.

Total loans increased $6,787,000 (3.5%) from $196,478,000 at December 31, 1997 to $203,265,000 at March 31, 1998. The average balances of loans in the First Three Months of 1998 remained relatively unchanged from the First Three Months of 1997. Loan demand and new business volume increased throughout 1997 and has continued into the First Three Months of 1998. Outstanding loans remained at relatively similar levels in 1997 as a result of several loan customers selling their businesses or requesting credit extensions higher than the Company could provide.

Investment in debt and equity securities decreased $8,029,000 (6.4%) from $126,251,000 at December 31, 1997 to $118,222,000 at March 31, 1998. The average balance of investment securities decreased $35,757,000 (22.8%) from $156,717,000 in the First Three Months of 1997 to $120,960,000 in the First Three Months of 1998 as a result of the Company's ongoing asset/liability management program.

Total earning assets decreased $692,000 (0.2%) from $411,004,000 at December 31, 1997 to $410,312,000 at March 31, 1998. The average balance of earning assets increased $28,241,000 (7.2%) from $394,378,000 in the First Three Months of 1997 to $422,619,000 in the First Three Months of 1998. This increase was funded primarily by an increase of $22,759,000 in the average balance of accounts and drafts payable.

Interest-bearing deposits increased from $103,899,000 at December 31, 1997 to $116,912,000 at March 31, 1998. The average balances of these deposits increased $4,326,000 (4.4%) from $99,034,000 in the First Three Months of 1997 to $103,360,000 in the First Three Months of 1998. The most significant increase in these deposits occurred in interest-bearing commercial money market accounts.

Noninterest-bearing deposits increased $12,732,000 (20.5%) from $61,958,000 at December 31, 1997 to $74,690,000 at March 31, 1998. The average balance of these accounts increased $3,638,000 (5.9%) from $62,173,000 in the First Three Months of 1997 to $65,811,000 in the First Three Months of 1998 which reflects the results of increased business development efforts at Cass Bank.

Accounts and drafts payable generated by CIS in its freight payment operations decreased $6,673,000 (3.1%) from $213,755,000 at December 31, 1997 to $207,082,000 at March 31, 1998. The average balances of these funds increased $22,759,000 (11.0%) from $207,300,000 for the First Three Months of 1997 to $230,059,000 in the First Three Months of 1998. This increase has resulted from successful sales efforts leading to the addition of new processing volume.

Liquidity

As of March 31, 1998, approximately 51% of the Company's loan portfolio was composed of commercial loans, of which 72% represented loans maturing within one year. As of the same date, real estate loans, primarily commercial, represented approximately 48% of the total and of these, 40% represented balances maturing within one year. Approximately 1% of the loan portfolio is represented by installment loans.

The liquidity of the Company is primarily represented by cash and due from banks of $30,070,000 and federal funds sold and other short-term investments of $88,825,000 at March 31, 1998. Included in this caption are $65,000,000 invested in money market funds consisting of short-term U.S. Government and agency issues.

Debt and equity securities represented approximately 26% of total assets at March 31, 1998. Of the U.S. Government securities in the Company's investment portfolio, which represented 74% of the total, 24% have maturities of less than one year. U.S. Government Agencies and Corporations represented 25% of the total. Obligations of states and political subdivisions constituted 1% of the investment portfolio at March 31, 1998. There were no sales of debt securities in the First Three Months of 1998. 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 Three Months of 1998, the Company was a net provider of federal funds, averaging nearly $22,918,000 in net funds sold. The Company was able to meet its liquidity requirements in the First Three Months of 1998 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 March 31, 1998 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	$ 85,187	$ 6,927	$10,330	$ 14,331	$ 85,125	$ 1,365	$203,265
Investment in debt and equity securities	--	8,068	8,062	11,985	74,757	15,350	118,222
Federal funds sold and other short-term investments	88,825	--	--	--	--	--	88,825
Total interest-earning assets	$174,012	$14,995	$18,392	$ 26,316	$159,882	$ 16,715	$410,312
Interest-bearing liabilities:							
Interest-bearing transaction accounts	$107,883	$ --	$ --	$ --	$ --	$ --	$107,883
Time deposits-$100,000 or more	--	2,030	851	1,100	117	--	4,098
Other time deposits	--	1,345	1,339	1,049	1,198	--	4,931
Short-term borrowings	--	--	--	--	--	--	--
Total interest-bearing liabilities	$107,883	$ 3,375	$ 2,190	$ 2,149	$ 1,315	$ --	$116,912
Interest sensitivity gap:							
Periodic	$ 66,129	$11,620	$16,202	$ 24,167	$158,567	$ 16,715	$293,400
Cumulative	66,129	77,749	93,951	118,118	276,685	293,400	
Ratio of interest-sensitive assets to interest-sensitive liabilities:							
Periodic	1.61x	4.44x	8.40x	12.25x	121.58x	--	3.51x
Cumulative	1.61x	1.70x	1.83x	2.02x	3.37x	3.51x	3.51x

Capital Resources

Stockholders' equity was $53,744,000 or 11.75% of total assets at March 31, 1998, an increase of $1,091,000 over the amount at December 31, 1997. This increase resulted from net income of $1,673,000; dividends paid of $696,000 ($.18 per share); unrealized holding gains of $58,000; the amortization of the stock bonus plan of $28,000; and cash received from the exercise of stock options of $28,000. Primary capital, including the allowance for loan losses, reached $58,247,000 at March 31, 1998 or 12.73% of total assets compared to $57,137,000 or 13.04% of total assets at December 31, 1997.

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 March 31, 1998:

	Company Consolidated	Cass Bank
Total capital (to risk-weighted assets)	21.54%	14.86%
Tier I capital (to risk-weighted assets)	20.28	13.60
Tier I capital (to average assets)	11.61	11.54

The Year 2000 Issue

Management has initiated a company-wide program to prepare the Company and its subsidiaries' systems for Year 2000 compliance. The Year 2000 issue relates to systems that were designed to use two digits rather than four to define the applicable year. The Company and its subsidiaries have budgeted, and will incur charges for testing and correcting its computer systems to be Year 2000 compliant. These charges relate to internal staff costs as well as outside service fees and other expenses. Programming changes and testing of systems and software packages are scheduled to be substantially completed by December 31, 1998. In addition, the Company's credit risk assessment is being modified to include the consideration of incremental risk that may be posed by customers' inability, if any, to address Year 2000 issues. If modifications to existing systems and conversions to new systems proceed as scheduled, management presently believes that the Year 2000 issue will not pose a substantial internal operating risk to the Company. Assessments of the readiness of internal systems is ongoing. There can be no guarantee, however, that the systems of customers, vendors and other third parties on which the Company relies, will be remediated on a timely basis. There is also no assurance that a failure to remediate by one of these parties, would not have a material adverse effect on the corporation.

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

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: May 7, 1997 By /s/ Lawrence A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

DATE: May 7, 1997 By /s/ Eric H. Brunngraber

Eric H. Brunngraber
Vice President-Secretary
(Chief Financial and Accounting Officer)

9
1,000
3-MOS
DEC-31-1998
JAN-01-1998
MAR-31-1998
30,070
65,000
23,825
0
35,158
83,064
83,436
203,265
4,503
457,522
191,602
0
212,176
0
0
0
2,000
51,744
457,522
4,209
1,817
1,305
7,331
1,053
1,056
6,275
0
0
9,536
2,591
2,591
0
0
1,673
.43
.43
6.05
746
45
533
1,401
4,484
0
19
4,503
0
0
0

To be documented in the Dec-31-1998 statements.