UNITED STATES
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 year ended December 31, 1998

/ / 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.S. Employer Identification No.)

13001 Hollenberg Drive, Bridgeton, Missouri	63044
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (314) 506-5500

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, 1999, 3,873,711 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 $75,590,623 based upon the NASDAQ Stock Market closing price of $24.875 for March 15, 1999.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's Annual Report to Shareholders for the year ended December 31, 1998 are incorporated by reference in Part I and II hereof.

2. Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on April 19, 1999 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, 1998, the Company owned 100% of the outstanding shares of common stock of Cass Commercial Bank ("Cass Bank"), formerly known as Cass Bank and Trust Company and Cass Information Systems, Inc. ("CIS"), a nonbanking subsidiary. 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 33 part-time employees as of March 15, 1999.

Total interest income, net revenue, income (loss) before income tax, income tax expense (benefit), identifiable assets, depreciation and amortization expense and capital expenditures attributable to each business segment, for the three years ended December 31, 1998 are set forth in Note 12 of the Notes to Consolidated Financial Statements on page 29 of the Cass Commercial Corporation 1998 Annual Report, which note is hereby incorporated by reference.

Cass Commercial Bank

Cass Bank was organized as a Missouri Trust Company with banking powers in 1906. Its principal banking office is located at 13001 Hollenberg Drive, Bridgeton, Missouri and it has five other banking branches in Missouri.

Cass Bank provides banking services in the commercial, industrial and residential areas it serves. Its primary focus is privately owned businesses and churches and church-related ministries. Services include commercial, real estate and personal loans; checking, savings and time deposit accounts and other cash management services. Although Cass Bank has trust powers, it does not operate a trust department. At December 31, 1998, Cass Bank had total assets of $228,032,000, deposits of $196,450,000 and aggregate capital accounts of $25,364,000 and for the year ended December 31, 1998, had net income of $3,199,000.

Cass Bank encounters substantial competition from other banks located throughout the St. Louis metropolitan area. Savings and loan associations, credit unions, other financial institutions and non-bank providers of financial services 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 provides information and payment related services. 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. Today many Fortune 500 companies in the United States utilize the broad array of services provided by CIS. These services now include the processing of freight, utility and other payments, delivery of management reports, voice response systems and the internet, and other services such as auditing, rating and other payment related activities.

The headquarters and main operating location of CIS is at 13001 Hollenberg Drive, Bridgeton, Missouri. Other operating locations are in Columbus, Ohio; Chicago, Illinois and Boston, Massachusetts.

CIS's competition comes from 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. CIS also competes with several nonbank 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 other service marks.

CIS continues to expand its Electronic Data Interchange ("EDI") capabilities. CIS currently processes approximately 50% 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 1998, CIS had net income of $4,291,000. Total assets at December 31, 1998 were $285,397,000.

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 shareholders. 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 Board of Governors of the Federal Reserve System (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, and it is subject to regular inspections by the FRB. The FRB also has extensive enforcement authority over bank holding companies, including, among other things, the ability to assess civil money penalties, to issue cease and desist or removal orders and to require that a holding company divest subsidiaries (including its bank subsidiaries). In general, enforcement actions may be initiated for violations of law or regulations or for unsafe or unsound practices.

Under FRB policy, a bank holding company must serve as a source of strength for its subsidiary banks. Under this policy the FRB may require, and has required in the past, a bank holding company to contribute additional capital to an undercapitalized subsidiary bank.

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 5% or more 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 5% or more 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. The scope of permissible nonbanking activities may be expanded from time to time by the FRB by regulation or order. Such activities may also be affected by Federal legislation.

The FRB has issued a policy statement on the payment of cash dividends by bank holding companies, which expresses the FRB's view that a bank holding company should pay cash dividends only to the extent that its net income for the past year is sufficient to cover both the cash dividends and a rate of earning retention that is consistent with the holding company's capital needs, asset quality and overall financial condition. The FRB also indicated that it would be inappropriate for a company experiencing serious financial problems to borrow funds to pay dividends. Furthermore, under the prompt corrective regulations adopted by the FRB, the FRB may prohibit a bank holding company from paying any dividends if the holding company's bank subsidiary is classified as "undercapitalized."

A bank holding company is required to give the FRB prior written notice of any purchase or redemption of its outstanding equity securities if the gross consideration for the purchase or redemption, when combined with the net consideration paid for all such purchases or redemptions during the preceding 12 months, is equal to 10% or more of its consolidated net worth. The FRB may disapprove such a purchase or redemption if it determines that the proposal would constitute an unsafe or unsound practice or would violate any law, regulation, FRB order, written agreement with the FRB, or any condition imposed by the FRB. This notification requirement does not apply to any company that is "well-capitalized" and "well-managed" as defined in the regulation and is not subject to any unresolved supervisory issues.

Additional aspects of the regulation of bank holding companies under Federal law are discussed below.

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, 1998, 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 state-chartered bank and is a member of the Federal Reserve System. 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 ability of banks and bank holding companies to operate in multiple locations or in more than one state is regulated by both Federal and state law. Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Riegle-Neal Act"), "adequately capitalized and adequately managed" bank holding companies may acquire bank subsidiaries located in any state notwithstanding any state laws to the contrary, and adequately capitalized and adequately managed national and state-chartered banks may merge across state lines and keep the branches of the merging banks. The Riegle-Neal Act permits states to require banks to be in existence for a specified period of time up to five years before they can be acquired (either by purchase or through an interstate bank merger) by out-of-state bank holding companies, and to impose state wide market share limits on out-of-state bank holding companies after their initial entry into the state. The Riegle-Neal Act does not authorize interstate branching other than by a bank merger, such as by opening a new branch in another state or by acquiring a branch in another state (without acquiring the entire bank); however, any state may opt to permit out-of-state banks to branch within the state by those methods.

The Community Reinvestment Act requires that, in connection with examinations of financial institutions within its 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. Banks having branch offices in two or more states will receive both an overall CRA performance rating and separate CRA ratings for each of the states in which they have branches.

Section 23A of the Federal Reserve Act is designed to protect banks from abuse in financial transactions with companies with which the bank is affiliated, by (i) limiting a bank's extensions of credit and other covered transactions with any single affiliate to no more than 10% of the bank's capital and surplus, and with all affiliates to no more than 20% of the bank's capital and surplus, (ii) requiring that all of the bank's extensions of credit to an affiliate be appropriately secured by collateral, (iii) requiring that all transactions between a bank and its affiliates be on terms and conditions consistent with safe and sound banking practices, and (iv) prohibiting a bank or its subsidiaries from purchasing low-quality loans or other assets from the bank's affiliates.

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 has adopted, by regulation, guidelines on non-capital safety and soundness standards for institutions under its authority. These cover, among other things, 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 periodic 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 1997 to a range of zero (0) cents to 27 cents per $100 of insured deposits and this rate remained the same in 1998. The Bank qualified for the $0 assessment rate for 1998, however the Bank paid approximately $21,000 in assessments from the Financing Corporation (FICO). The FICO debt service assessment became applicable to all insured institutions as of January 1, 1997, in accordance with the Deposit Insurance Act of 1996. 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.

In assessing a bank's capital adequacy, the FRB and FDIC also take into consideration market risks, i.e., the risk of loss from the change in value of assets and liabilities due to changes in interest rates, and may require an institution to increase its capital level to address such risks. These agencies have also adopted a policy statement that provides guidance to institutions on the management of interest rate risk.

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, 1998, the Company and the Bank's risk-based Total Capital and Tier 1 Capital ratios, and Leverage ratio, were as follows:

	Company Consolidated	Cass Bank
Total Capital to Risk-Weighted Assets	21.14%	15.12%
Tier 1 Capital to Risk-Weighted Assets	19.89%	13.86%
Tier 1 Capital to Average Assets	12.05%	12.04%

FDICIA

FDICIA made extensive changes to the federal banking laws and 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 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 is well capitalized if it: (i) has a risk-based capital ratio of 10% or greater; (ii) has a ratio of Tier I capital to risk-adjusted assets of 6% or greater; (iii) has a ratio of Tier I capital to average assets of 5% or greater; and (iv) is 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 is adequately capitalized if it is not "well capitalized" and: (i) has a risk-based capital ratio of 8% or greater; (ii) has a ratio of Tier I capital to risk-adjusted assets of 4% or greater; and (iii) has 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 asset are 3% or greater). At December 31, 1998 Cass Bank was categorized as "well capitalized".

FDICIA generally requires annual on-site, full scope examinations by each bank's primary federal regulator. It also requires management, 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.

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								
	1998			1997			1996		
	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)								
ASSETS									
Earning assets:									
Loans :									
Taxable	$210,168	$17,404	8.28%	$199,633	$16,781	8.41%	$190,634	$16,096	8.44%
Tax-exempt	2,907	266	9.15	2,647	257	9.71	1,462	147	10.05
Debt and equity securities :									
Taxable	107,924	6,538	6.06	146,534	9,074	6.19	158,884	9,729	6.12
Tax-exempt	1,351	103	7.62	1,493	114	7.64	1,407	110	7.82
Federal funds sold and other short-term investments	110,805	5,858	5.29	57,900	3,181	5.49	40,639	2,132	5.25
Total earning assets	433,155	30,169	6.96	408,207	29,407	7.20	393,026	28,214	7.18
Nonearning assets:									
Cash and due from banks	21,124			17,665			17,945		
Premises and equipment, net	9,516			7,902			8,091		
Other assets	10,283			14,645			10,196		
Allowance for loan losses	(4,472)			(4,519)			(6,305)		
Total assets	$469,606			$443,900			$422,953		

(continued)

AVERAGE BALANCES, INTEREST AND RATES, CONTINUED

	FOR THE YEAR ENDED DECEMBER 31								
	1998			1997			1996		
	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 SHAREHOLDERS' EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand deposits	$ 34,296	$ 1,198	3.49%	$ 31,873	$ 1,130	3.55%	$ 24,895	$ 826	3.32%
Savings deposits	62,246	2,624	4.22	59,918	2,562	4.28	68,565	3,139	4.58
Time deposits of $100,000 or more	3,928	222	5.65	3,984	222	5.57	4,512	242	5.36
Other time deposits	4,665	227	4.87	5,296	267	5.04	5,790	296	5.11
Total interest-bearing deposits	105,135	4,271	4.06	101,071	4,181	4.14	103,762	4,503	4.34
Short-term borrowings	280	10	3.57	1,241	67	5.40	3,090	139	4.50
Total interest-bearing liabilities	105,415	4,281	4.06	102,312	4,248	4.15	106,852	4,642	4.34
Noninterest-bearing liabilities:									
Demand deposits	71,649			60,707			57,833		
Accounts and drafts payable	231,655			223,990			206,269		
Other liabilities	5,641			6,926			6,749		
Total liabilities	414,360			393,935			377,703		
Shareholders' equity	55,246			49,965			45,250		
Total liabilities and shareholders' equity	$469,606			$443,900			$422,953		
Net interest income		$25,888			$25,159			$23,572	
Net interest margin			5.98%			6.16%			6.00%
Interest spread			2.90%			3.05%			2.84%

(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 1 to the Company's 1998 Consolidated Financial Statements, incorporated by reference herein.

Interest income on loans includes net loan fees of $27,000, $6,000 and $8,000 for 1998, 1997 and 1996, respectively.

Income is presented on a tax-equivalent basis assuming a tax rate of 34% for 1998, 1997 and 1996. The tax-equivalent adjustment was approximately $125,000, $124,000 and $88,000 for 1998, 1997 and 1996, 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					
	1998 COMPARED TO 1997 INCREASE (DECREASE) DUE TO CHANGE IN:			1997 COMPARED TO 1996 INCREASE (DECREASE) DUE TO CHANGE IN:		
	VOLUME	RATE	NET CHANGE	VOLUME	RATE	NET CHANGE
	(DOLLARS EXPRESSED IN THOUSANDS)					
Interest earned on:						
Loans :						
Taxable	$ 875	$(252)	$ 623	$ 757	$ (72)	$ 685
Tax-exempt	24	(15)	9	115	(5)	110
Debt and equity securities:						
Taxable	(2,343)	(193)	(2,536)	(764)	109	(655)
Tax-exempt	(11)	--	(11)	7	(3)	4
Federal funds sold and other short-term investments	2,801	(124)	2,677	944	105	1,049
Total interest income	1,346	(584)	762	1,059	134	1,193
Interest expense on:						
Interest-bearing demand deposits	85	(17)	68	244	60	304
Savings deposits	99	(37)	62	(379)	(198)	(577)
Time deposits of $100,000 or more	(3)	3	--	(29)	9	(20)
Other time deposits	(31)	(9)	(40)	(25)	(4)	(29)
Short-term borrowings	(40)	(17)	(57)	(96)	24	(72)
Total interest expense	110	(77)	33	(285)	(109)	(394)
Net interest income	$ 1,236	$(507)	$ 729	$1,344	$ 243	$1,587

NOTES:

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 1998, 1997 and 1996.

II. INVESTMENT PORTFOLIO

THE CARRYING VALUE OF DEBT AND EQUITY SECURITIES BY CATEGORY OF SECURITIES FOR EACH YEAR, IS AS FOLLOWS:

	DECEMBER 31		
	1998	1997	1996
	(DOLLARS EXPRESSED IN THOUSANDS)		
U.S. Government Treasury securities	$58,976	$ 93,148	$121,461
Obligations of U.S. Government corporations and agencies	23,519	31,410	36,513
States and political subdivisions	1,278	1,492	1,492
Stock of the Federal Reserve Bank	201	201	201
Total investments	$83,974	$126,251	$159,667

AT DECEMBER 31, 1998, THE MATURITY AND WEIGHTED AVERAGE YIELD ON 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	$24,009	$34,967	$ --	$ --	6.19%
Obligations of U.S. Government corporations and agencies	1,792	10,571	6,484	4,672	5.76
States and political subdivisions	25	210	1,043	--	5.02
Total investments	$25,826	$45,748	$7,527	$4,672	6.05%
Weighted average yield	6.17%	6.08%	6.29%	7.08%	

There was no single issuer of securities in the investment portfolio at December 31, 1998 other than the U.S. Government and U.S. Government corporations and agencies, for which the aggregate amortized cost exceeded ten percent of total shareholders' equity.

III. LOAN PORTFOLIO

THE COMPOSITION OF THE LOAN PORTFOLIO IS AS FOLLOWS:

	DECEMBER 31				
	1998	1997	1996	1995	1994
	(DOLLARS EXPRESSED IN THOUSANDS)				
Commercial and industrial	$ 95,663	$ 93,633	$ 94,962	$ 98,641	$ 91,500
Real estate:					
Mortgage	101,468	87,573	85,360	58,746	48,997
Construction	16,547	7,893	9,164	11,057	4,253
Industrial revenue bonds	5,951	2,520	2,851	1,117	1,561
Installment	2,458	3,066	3,794	3,954	5,226
Other	2,801	1,793	1,644	678	929
Total loans	$224,888	$196,478	$197,775	$174,193	$152,466

LOANS AT DECEMBER 31, 1998 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	$ 71,177	$17,735	$ 6,417	$ 334	$ --	$ 95,663
Real estate:						
Mortgage	20,974	74,823	4,232	1,439	--	101,468
Construction	12,938	751	2,858	--	--	16,547
Industrial revenue bonds	119	1,832	--	4,000	--	5,951
Installment	1,086	1,372	--	--	--	2,458
Other	2,801	--	--	--	--	2,801
Total loans	$109,095	$96,513	$13,507	$5,773	$ --	$224,888

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 IS A SUMMARY OF NONPERFORMING ASSETS:

	DECEMBER 31				
	1998	1997	1996	1995	1994
	(DOLLARS EXPRESSED IN THOUSANDS)				
Commercial, industrial and industrial revenue bonds:					
Nonaccrual	$477	$285	$480	$151	$247
Contractually past due 90 days or more and still accruing	179	3	--	186	--
Renegotiated loans	134	449	--	278	213
Real estate-construction contractually past due 90 days or more and still accruing	--	--	--	15	--
Real estate-mortgage contractually past due 90 days or more and still accruing	--	24	306	--	--
Total nonperforming loans	790	761	786	630	460
Other real estate	--	--	--	--	--
Total nonperforming assets	$790	$761	$786	$630	$460

(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 $78,000 for the year ended December 31, 1998. Of this amount, approximately $17,000 was actually recorded as interest income on such loans.

(2) Potential Problem Loans

At December 31, 1998, 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, 1998, approximately $2,302,700 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, $92,000 are deemed to be impaired. 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 4 to the Company's 1998 Consolidated Financial Statements (included in the Company's 1998 Annual Report to Shareholders incorporated herein by reference), the Company's primary market niche is the privately held commercial company and churches and church-related ministries. Loans to the commercial 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 entities' building(s)/plant(s) and are generally loaned with a maximum 80% loan to value ratio.

Loans secured exclusively by real estate to businesses and churches 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 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				
	1998	1997	1996	1995	1994
	(DOLLARS EXPRESSED IN THOUSANDS)				
Allowance at beginning of year	$ 4,484	$ 4,396	$ 6,358	$ 6,334	$ 6,446
Loans charged-off:					
Commercial, industrial and IRB's	365	412	2,120	183	436
Real estate:					
Mortgage	--	--	--	--	--
Construction	--	--	--	--	--
Installment	--	--	1	3	24
Total	365	412	2,121	186	460
Recoveries of loans previously charged-off:					
Commercial, industrial and IRB's	309	200	152	708	348
Real estate:					
Mortgage	--	--	--	--	--
Construction	--	--	--	--	--
Installment	--	--	7	2	--
Total	309	200	159	710	348
Net loans charged-off (recovered)	56	212	1,962	(524)	112
Provision charged to expense	--	300	--	(500)	--
Allowance at end of year	$ 4,428	$ 4,484	$ 4,396	$ 6,358	$ 6,334
Loans outstanding:					
Average	$213,075	$202,280	$192,096	$158,937	$142,696
December 31	224,888	196,478	197,775	174,193	152,466
Ratio of allowance for loan losses to loans outstanding:					
Average	2.08%	2.22%	2.29%	4.00%	4.44%
December 31	1.97%	2.28%	2.22%	3.65%	4.15%
Ratio of net charge-offs (recoveries) to Average loans outstanding	.03%	.10%	1.02%	(.33)%	.08%
Allocation of allowance for loan losses :					
Commercial, industrial and IRB's	$ 3,982	$ 4,001	$ 3,825	$ 5,582	$ 5,485
Real estate:					
Mortgage	19	366	119	502	492
Construction	427	15	173	7	101
Installment	--	102	279	267	256
Total	$ 4,428	$ 4,484	$ 4,396	$ 6,358	$ 6,334
Percent of categories to total loans:					
Commercial and industrial and IRB's	45.2%	48.9%	49.5%	57.3%	61.0%
Real estate:					
Mortgage	45.1	44.6	43.2	33.7	32.2
Construction	7.4	4.0	4.6	6.3	2.8
Installment	1.1	1.6	1.9	2.3	3.4
Other	1.2	.9	.8	.4	.6
Total	100.0%	100.0%	100.0%	100.0%	100.0%

See notes (1) and (2) 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, 1998 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, 1998 mature as follows:

	AMOUNT (DOLLARS EXPRESSED IN THOUSANDS)
Three months or less	$ 736
Three to six months	1,098
Six to twelve months	1,300
Over twelve months	300
Total	$3,434

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 shareholders' equity and other data is presented below.

	FOR THE YEAR ENDED DECEMBER 31		
	1998	1997	1996
Return on average total assets	1.58%	1.58%	1.54%
Return on average total shareholders' equity	13.41	14.03	14.41
Ratio of average total shareholders' equity to average total assets	11.77	11.26	10.70
Ratio of total dividends declared to net income	37.55	35.77	35.22

ITEM 2. PROPERTIES

Cass Commercial Corporation

The Company is headquartered at 13001 Hollenberg Drive, Bridgeton, Missouri.

Cass Commercial Bank

Cass Bank moved its main banking office to 13001 Hollenberg Drive, Bridgeton, Missouri in April, 1997. Cass Bank occupies approximately 20,500 square feet out of 61,500 square feet of property owned by CIS. 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 additional leased facilities in Maryland Heights, Missouri (2,500 square feet); Fenton, Missouri (1,250 square feet); Chesterfield, Missouri (2,850 square feet) and St. Louis, Missouri (1,500 square feet).

Cass Information Systems, Inc.

CIS is currently headquartered at 13001 Hollenberg Drive, Bridgeton, Missouri. This property is owned by CIS, and includes a building with approximately 61,500 square feet of office space, 20,500 of which is occupied by Cass Bank.

CIS also operates a production facility located in Columbus, Ohio where approximately 20,000 square feet are leased through the year 2000. This space is located at 2545 Farmers Drive, Columbus, Ohio. CIS operates an additional production facility in Lowell, Massachusetts where approximately 25,800 square feet of office space is leased through October 31, 2005. CIS also operates a production facility for its rating and software group in Chicago, Illinois where approximately 10,000 square feet of office space is leased through the year 2004.

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 1998.

PART II

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

As of March 15, 1999, there were 286 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. High and low bid prices for each quarter of 1998 and 1997 were as follows:

	1998		1997	
	High	Low	High	Low
1st Quarter	$35 1/4	$24 3/4	$23	$19 1/4
2nd Quarter	34 3/4	30	27 1/4	20
3rd Quarter	30 3/4	23 7/8	26 1/2	24 3/4
4th Quarter	26 3/4	24 5/8	25 3/8	24 3/4

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

DIVIDENDS PER SHARE

	1998	1997
March 15	$.18	$.13
June 15	.18	.13
September 15	.18	.13
December 15	.18	.26

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				
	1998	1997	1996	1995	1994
	(DOLLARS EXPRESSED IN THOUSANDS)				
Interest income:					
Loans	$ 17,579	$ 16,951	$ 16,193	$ 14,042	$ 11,538
Debt and equity securities	6,607	9,151	9,801	9,787	8,772
Other	5,858	3,181	2,132	2,972	1,963
Total interest income	30,044	29,283	28,126	26,801	22,273
Interest expense:					
Deposits	4,271	4,181	4,503	4,036	2,641
Short-term borrowings	10	67	139	92	42
Total interest expense	4,281	4,248	4,642	4,128	2,683
Net interest income	25,763	25,035	23,484	22,673	19,590
Provision for loan losses	--	300	--	(500)	--
Net interest income after provision for loan losses	25,763	24,735	23,484	23,173	19,590
Noninterest income	22,447	21,813	22,091	23,794	21,826
Noninterest expense	36,625	35,911	35,811	37,366	33,325
Income before income tax expense	11,585	10,637	9,764	9,601	8,091
Income tax expense	4,177	3,626	3,245	3,387	2,509
Net income	$ 7,408	$ 7,011	$ 6,519	$ 6,214	$ 5,582

(Continued)

Interest income on loans includes net loan fees.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA, CONTINUED

	FOR THE YEAR ENDED DECEMBER 31				
	1998	1997	1996	1995	1994
	(DOLLARS EXPRESSED IN THOUSANDS EXCEPT PER SHARE DATA)				
Per share of common stock:					
Basic earnings	$ 1.92	$ 1.82	$ 1.69	$ 1.62	$ 1.46
Diluted earnings	1.89	1.79	1.66	1.61	1.46
Dividends	.720	.650	.595	.535	.505
Average balances:					
Total assets	469,606	443,900	422,953	400,197	369,126
Net loans	208,603	197,761	185,791	152,433	136,327
Debt and equity securities	109,275	148,027	160,291	161,047	154,264
Total deposits	176,784	161,778	161,595	143,001	140,970
Total shareholders' equity	55,246	49,965	45,250	40,924	37,061
Selected ratios:					
Return on average total assets	1.58%	1.58%	1.54%	1.55%	1.51%
Return on average total shareholders' equity	13.41	14.03	14.41	15.18	15.06
Total shareholders' equity to total assets at year-end	11.39	12.01	10.90	10.12	9.52
Allowance for loan losses to loans at year-end	1.97	2.28	2.22	3.65	4.15
Nonperforming assets to loans and other real estate at year-end	.35	.39	.40	.36	.30
Net loan charge-offs (recoveries) to average loans outstanding	.03	.10	1.02	(.33)	.08

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

HIGHLIGHTS

Net income for the year ended December 31, 1998 was $7,408,000 or $1.92 and $1.89 on a basic and diluted earnings per share basis, respectively. These results compare to net income of $7,011,000 or $1.82 and $1.79 on a basic and diluted earnings per share basis for 1997, and $6,519,000 or $1.69 and $1.66 on a basic and diluted earnings per share basis for 1996. At December 31, 1998 total assets were $503,912,000 compared to $438,327,000 at December 31, 1997; loans were $224,888,000 compared to $196,478,000 and deposits were $190,982,000 compared to $165,857,000. 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, 1998. This discussion should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, which are hereby incorporated by reference from the Company's 1998 Annual Report to Shareholders.

RESULTS OF OPERATIONS

Net Income

Net income of $7,408,000 in 1998 increased from net income of $7,011,000 in 1997 and $6,519,000 in 1996. Diluted net income of $1.89 per share in 1998 increased from $1.79 per share in 1997 and $1.66 per share in 1996. The Company's return on average assets was 1.58% in 1998 and 1997 and 1.54% in 1996. Return on average equity was 13.41% in 1998 compared to 14.03% in 1997 and 14.41% in 1996.

The main factors contributing to the increase in net income in 1998 over 1997 were the increase in average earning assets net of interest-bearing liabilities from $305,895,000 in 1997 to $327,740,000 in 1998 and an increase in fee revenue generated by CIS which was partially offset by the decrease in net interest margin from 6.16% in 1997 to 5.98% in 1998. The main factors contributing to the increase in net income in 1997 over 1996 were the increase in net average earning assets from $286,174,000 in 1996 to $305,895,000 in 1997; an improvement in the net interest margin from 6.00% in 1996 to 6.16% in 1997; and reduced occupancy expenses for 1997. See Table I beginning on page 8.

Net Interest Income

The Company's tax-equivalent net interest margin on earning assets decreased in 1998 to 5.98% from 6.16% in 1997 and was 6.00% in 1996. The prime rate declined from 9.00% in January, 1996 to 8.25% in February, 1996, increased to 8.50% in March, 1997 and declined in 1998 to 8.00% in October and again to a low of 7.75% in November. The average yield on earning assets decreased to 6.96% in 1998 from 7.20% in 1997 and was 7.18% in 1996 (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 Rate Sensitivity Gap Table under the section entitled "Interest Rate Sensitivity").

The increase of $21,845,000 in average net earning assets was the primary contributor to the increase in net tax-equivalent interest income of $729,000 in 1998 over 1997. The increase of $19,721,000 in average net earning assets resulted in the increase in net tax-equivalent interest income of $1,587,000 in 1997 over 1996. The mix of earning assets changed somewhat in 1998 with an increase of $10,795,000 in the average balance of loans, a decrease of approximately $38,752,000 in debt and equity securities and an increase of $52,905,000 in average federal funds sold and other short-term investments. The increase in average total earning assets of $24,948,000 from $408,207,000 in 1997 to $433,155,000 in 1998 was funded mainly by an increase of $17,322,000 in average noninterest-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 1998 compared to 1997 and 1997 compared to 1996, respectively.

Provision for Loan Losses

The Company recorded no provision for loan losses in 1998 or 1996 and recorded a provision of $300,000 in 1997. Loan charge-offs, net of recoveries, experienced by the Company were $56,000 in 1998, $212,000 in 1997 and $1,962,000 in 1996. 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.

The allowance for loan losses was $4,428,000 at December 31, 1998, compared to $4,484,000 at December 31, 1997 and $4,396,000 at December 31, 1996. The year-end 1998 allowance represents 1.97% of net outstanding loans.

At December 31, 1998, the level of nonperforming assets has increased slightly from $761,000 at December 31, 1997 to $790,000. The total past due over 90 days and nonaccrual loans of $656,000 at December 31, 1998 represents .30% of outstanding loans which is well below industry standards.

Noninterest Income

Noninterest income is derived mainly from service fees generated by CIS.

Total noninterest income increased $634,000 (2.9%) in 1998 over 1997. CIS experienced an increase in processing revenue of $946,000 (5.3%) in 1998 over 1997. Once again, CIS had a record processing year in paying over 25 million freight invoices with a value of over $7 billion. CIS has continued to show strong earnings as more companies, particularly large Fortune 500 companies, seek to outsource this process. CIS's freight rating software service and sales group experienced a decrease in revenue of $138,000 (5.4%) in 1998 compared to 1997.

Other noninterest income decreased $361,000 (55.9%) in 1998 over 1997 due primarily to the negative goodwill related to a prior acquisition by CIS being fully amortized in 1997. Also in 1997, the Bank received a buyout of its headquarters lease in excess of the remaining net book value of leasehold improvements which resulted in a one-time gain of $95,000.

Total noninterest income decreased $278,000 (1.3%) in 1997 from 1996. CIS experienced an increase in processing revenue of $165,000 (.9%) in 1997 over 1996. CIS's freight rating software service and sales group experienced a decrease of $733,000 (22.2%) in 1997 from 1996. This decrease resulted primarily from a decline in software sales due to increased competition from broad based providers of logistics software in the marketplace.

Noninterest Expense

Total noninterest expense increased $714,000 (2.0%) in 1998 over 1997.

Salaries and benefits expense increased $902,000 (3.7%) in 1998 compared to 1997. The increase relates primarily to separation costs associated with the streamlining and integration of operations in the freight rating software service and sales group combined with annual pay increases.

Occupancy expense increased $79,000 (4.9%) in 1998 compared to 1997. The increase was due primarily to CIS's Chicago location receiving a $72,000 reimbursement for rent expense to vacate their building by the end of 1997.

Total noninterest expense increased $100,000 (.3%) in 1997 compared to 1996.

Salaries and benefits expense increased $96,000 (.4%) in 1997 compared to 1996. This increase represents the net of normal annual pay increases and a decrease in the number of employees.

Occupancy expense decreased $496,000 (23.5%) in 1997 compared to 1996. 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 received a $72,000 reimbursement of rent expense for its Chicago location in 1997. Rent payments for the last four months of 1997 were also abated, resulting in total decreased rent expense of $160,000 for 1997 for the CIS Chicago location.

Other noninterest expense increased $457,000 (6.4%) in 1997 compared to 1996. Expenses incurred for contract programming in CIS's payment processing group accounted for $200,000 of the increase. Consulting expense for product development incurred by CIS's freight rating group accounted for $150,000 of the increase. Expenses associated with the headquarters move of the Company and Bank in April, 1997 accounted for an increase of approximately $40,000.

Balance Sheet Analysis

Federal funds sold and other short-term investments increased from $88,275,000 at December 31, 1997 to $156,827,000 at December 31, 1998. The average balance of these accounts increased $52,905,000 (91.4%) from $57,900,000 in 1997 to $110,805,000 in 1998. The increase in the average balance of these accounts resulted from increased balances in accounts and drafts payable and the maturities of investments in debt securities. The reinvestment of maturing debt securities into federal funds sold and other short-term investments was part of management's ongoing asset-liability management program. See Table I, page 8 for a presentation of average balances.

Total loans increased $28,410,000 (14.5%) from $196,478,000 at December 31, 1997 to $224,888,000 at December 31, 1998. The average balances of loans increased $10,795,000 (5.3%) in 1998 over 1997. Loan demand and new business volume increased throughout 1998 and should continue into 1999.

Investments in debt and equity securities decreased $42,277,000 (33.5%) from $126,251,000 at December 31, 1997 to $83,974,000 at December 31, 1998. The average balance of investment in debt and equity securities decreased $38,752,000 (26.2%) from $148,027,000 in 1997 to $109,275,000 in 1998.

Total earning assets increased $54,685,000 (13.3%) from $411,004,000 at December 31, 1997 to $465,689,000 at December 31, 1998. The average balance of earning assets increased $24,948,000 (6.1%) from $408,207,000 in 1997 to $433,155,000 in 1998. This increase was largely funded by an increase in the average balance of demand deposits and accounts and drafts payable.

Noninterest-bearing demand deposits increased $20,953,000 (33.8%) from $61,958,000 at December 31, 1997 to $82,911,000 at December 31, 1998. The average balance of these accounts increased $10,942,000 (18.0%) from $60,707,000 in 1997 to $71,649,000 in 1998. New business volume increased throughout 1998 and should continue into 1999.

Interest-bearing deposits increased from $103,899,000 at December 31, 1997 to $108,071,000 at December 31, 1998. The average balances of these deposits increased $4,064,000 (4.0%) from $101,071,000 in 1997 to $105,135,000 in 1998.

Accounts and drafts payable generated by CIS in its payment processing operations increased $36,763,000 (17.2%) from $213,755,000 at December 31, 1997 to $250,518,000 at December 31, 1998. The average balances of these funds increased $7,665,000 (3.4%) from $223,990,000 in 1997 to $231,655,000 in 1998. This increase resulted from successful sales efforts leading to the conversion of new customers.

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.

LIQUIDITY
- ---------

At December 31, 1998 approximately 46% of the Company's loan portfolio was composed of commercial and industrial loans, of which approximately 71% represented loans maturing within one year. As of the same date, real estate loans represented approximately 53% of the total and of these, approximately 29% represented balances maturing within one year. Approximately 1% of the loan portfolio is represented by installment loans.

The strong liquidity of the Company is further exemplified by cash and due from banks of $22,558,000 and federal funds sold and other short-term investments of $156,827,000 at December 31, 1998.

Total investment in debt and equity securities represented approximately 17% of total assets at year-end. Average total securities as a percent of average total assets has decreased in 1998 compared to 1997. This occurred as a result of an increase in loan demand and federal funds sold and other short-term investments. Of the U.S. Government securities in the Company's investment portfolio, which represented approximately 70% of the total, approximately 41% have maturities of less than one year. Obligations of U.S. Government corporations and agencies comprise approximately 28% of the portfolio. Obligations of states and political subdivisions and other security investments made up approximately 2% of the investment portfolio at December 31, 1998. Of the total portfolio, approximately 85% 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's banking subsidiary has been a net provider of federal funds. Net federal funds sold averaged $23,037,000 in 1998 and $21,731,000 in 1997. Additionally, the Company averaged $87,768,000 in other short-term investments in 1998 and $36,169,000 in 1997. 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 has a line of credit at an unaffiliated financial institution in the maximum amount $50,000,000 under securities sold under repurchase agreements.

INTEREST RATE SENSITIVITY
- -------------------------

The Company faces market risk to the extent that its net interest income and its fair market value of equity are affected by changes in market interest rates. The asset/liability management discipline as applied at the Company seeks to limit the volatility, to the extent possible, of both net interest income and the fair market value of equity that can result from changes in market interest rates. This is accomplished by limiting the maturities of fixed rate investments, loans, and deposits; matching fixed rate assets and liabilities to the extent possible; and optimizing the mix of non-interest fee and net interest income. However, as discussed below, the Company's asset/liability position differs significantly from most other bank holding companies with positive "gaps" shown for each time horizon presented. This asset sensitive position is caused primarily by the operations of CIS, which generates large balances of accounts and drafts payable. These balances, which are noninterest bearing, contributes to the Company's high net interest margin but causes the Company to become susceptible to changes in interest rates, with a decreasing net interest margin and fair market value of equity in periods of declining interest rates and an increasing net interest margin and fair market value of equity in periods of rising interest rates.

The Company's Asset/Liability Management Committee (ALCO) measures the Company's interest rate risk sensitivity on a Quarterly basis to monitor and manage the variability of earnings and fair market value of equity in various interest rate environments. The ALCO evaluates the Company's risk position to determine whether the level of exposure is significant enough to hedge a potential decline in earnings and value or whether the Company can safely increase risk to enhance returns. The ALCO uses gap reports, twelve-month net interest income simulations, and fair market value of equity analyses as its main analytical tools to provide management with insight into the Company's exposure to changing interest rates.

A gap report is used by management to review any significant mismatch between the repricing points of the Company's rate sensitive assets and liabilities in certain time horizons. A negative gap indicates that more liabilities reprice in that particular time frame and, if rates rise, these liabilities will reprice faster than the assets. A positive gap would indicate the opposite. Management has set policy limits specifying acceptable levels of interest

rate risk as measured by the gap report. Gap reports can be misleading in that they capture only the repricing timing within the balance sheet, and fail to capture other significant risks such as basis risk and embedded options risk. Basis risk involves the potential for the spread relationship between rates to change under different rate environments and embedded options risk relates to the potential for the alteration of the level and/or timing of cash flows given changes in rates.

Another measurement tool used by management is net interest income simulation, which forecasts net interest income during the coming twelve months under different interest rate scenarios in order to quantify potential changes in short term accounting income. Management has set policy limits specifying acceptable levels of interest rate risk given multiple simulated rate movements. These simulations are more informative than gap reports because they are able to capture more of the dynamics within the balance sheet, such as basis risk and embedded options risk. Simulation results illustrate that the Company's net interest income over the next twelve months is more vulnerable to declining rates than rising rates.

While net interest income simulations do a good job of capturing interest rate risk to short term earnings, they do not capture risk within the current balance sheet beyond twelve months. The Company uses fair market value of equity analyses to help identify longer-term risk that may reside on the current balance sheet. The fair market value of equity is represented by the present value of all future income streams generated by the current balance sheet. The Company measures the fair market value of equity as the net present value of all asset and liability cash flows discounted at forward rates suggested by the current Treasury curve plus appropriate credit spreads. This representation of the change in the fair market value of equity under different rate scenarios gives insight into the magnitude of risk to future earnings due to rate changes. Management has set policy limits relating to declines in the market value of equity. The results of these analyses indicate that the Company's fair market value of equity declines as rates decline and increases as rates increase.

INTEREST RATE SENSITIVITY GAP TABLE

The following table presents the Company's gap or interest rate risk position at December 31, 1998 for the various time periods 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	$ 91,237	$ 9,341	$ 6,450	$ 15,455	$ 94,681	$ 1,773	$218,937
Tax-exempt	--	15	34	70	1,832	4,000	5,951
Debt and equity securities:							
Taxable	--	11,179	6,007	14,328	45,538	5,443	82,495
Tax-exempt	--	25	--	--	210	1,043	1,278
Other	201	--	--	--	--	--	201
Federal funds sold and other short term investments	156,827	--	--	--	--	--	156,827
Total earning assets	248,265	20,560	12,491	29,853	142,261	12,259	465,689
Interest-sensitive liabilities:							
Money market deposit accounts	25,798	--	--	--	--	--	25,798
Interest-bearing demand accounts	11,901	--	--	--	--	--	11,901
Savings deposits	62,569	--	--	--	--	--	62,569
Time deposits:							
$100,000 and more	--	736	1,098	1,300	300	--	3,434
Less than $100,000	--	1,313	1,095	1,321	640	--	4,369
Short-term borrowings	323	--	--	--	--	--	323
Total interest-bearing liabilities	$100,591	$ 2,049	$ 2,193	$ 2,621	$ 940	$ --	$108,394
Interest sensitivity gap:							
Periodic	$147,674	$ 18,511	$ 10,298	$ 27,232	$141,321	$ 12,259	$357,295
Cumulative	147,674	166,185	176,483	203,715	345,036	357,295	357,295
Ratio of interest-bearing assets to interest-bearing liabilities:							
Periodic	2.47x	10.03x	5.70x	11.39x	151.34x	--	4.30x
Cumulative	2.47x	2.62x	2.68x	2.90x	4.18x	4.30x	4.30x

Balances shown reflect earliest repricing date.

CAPITAL RESOURCES

Shareholders' equity was $57,404,000 at December 31, 1998, an increase of $4,751,000 (9.0%) from the amount at the end of 1997. The net increase resulted from net income of $7,408,000, the payment of $2,782,000 in dividends, the recognition of a net unrealized holding gain on debt and equity securities available-for-sale of $23,000, an increase due to the net effect of the exercise of stock options of $52,000 and the amortization of stock bonus plan awards of $50,000. Total dividends paid to shareholders increased to $.72 per share in 1998 from $.65 per share in 1997.

Subsidiary dividends are the principal source of funds for payment of dividends by the Company to its shareholders. 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, 1998:

	Company Consolidated	Cass Bank
Total Capital to Risk-Weighted Assets	21.14%	15.12%
Tier 1 Capital to Risk-Weighted Assets	19.89	13.86
Tier I Capital to Average Assets	12.05	12.04

THE YEAR 2000 ISSUE

The Company's operations are heavily dependent on the use of computer systems. The Year 2000 issue centers around the inability of some computer systems to properly read and interpret dates because many existing computers and computer programs have been developed to use two digits rather than four to refer to a year. The risk of system failure and data processing errors may be the result of this issue.

The Company estimates it will incur costs of approximately $ 2.9 million to prepare for the century date change. As of December 31, 1998, direct and indirect expenditures have been close to $1.9 million. This includes internal and external costs that will be expensed as well as capital expenditures that will be capitalized. Costs include, but are not limited to: salary expenses, outside service fees (i.e., legal, audit, consulting), hardware and software expenditures, and equipment costs. Funding for Year 2000 costs have been, and will continue to be, derived from normal operating cash flow. As a result, Year 2000 expenses are not expected to have a material impact on the Company's income.

The Company has focused its efforts on addressing those systems it deems to be critical to ongoing operations. The Company-wide project for addressing the Year 2000 issue was segmented into five phases, as recommended by banking regulators. With regard to internal, mission critical systems, the present state of each phase was estimated at December 31, 1998 as follows:

Phase	Expected Completion Date	Percent Complete
Awareness	02/01/1998	100%
Assessment	05/31/1998	100%
Renovation	12/31/1998	95%
Testing	03/31/1999	85%
Implementation	06/30/1999	75%

In addition to addressing the readiness of internal systems, the Company continues to assess the readiness of its major vendors, suppliers, customers and business partners. This process has been accomplished through such avenues as user acceptance testing, interface testing, risk analysis and periodic correspondence. Although our

efforts have been diligent, there can be no guarantee that the systems of these outside parties will be fully functional in the Year 2000. Such failures could have a material adverse effect on the Company.

The Company is developing business resumption contingency plans for the purpose of assuring that core business processes will continue to operate into the Year 2000. The plan will address failures such as payment system failures, data processing system failures, increased cash withdrawals, telecommunication failures, disruption in services provided by outside parties and customer failures. The contingency plan provides for reasonable alternatives to potential failures and the establishment of an implementation strategy, including timelines and responsibility assignments.

The foregoing discussion of Year 2000 issues is based on management's most current assessment and estimates. The information utilizes multiple assumptions of future events, including, but not limited to, the continued availability of certain resources, third party efforts, and other factors. There can be no guarantee that the estimates included herein will be achieved, and actual costs and results could differ materially from the estimates currently anticipated by the Company.

EFFECT OF RECENT AND PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board (FASB) issued 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. The Company adopted SFAS 130 on January 1, 1998. SFAS 130 is a disclosure requirement and had 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. The Company adopted SFAS 131 in 1998 and has disclosed the required information in Note 12 to the Notes to Consolidated Financial Statements on page 29 of the Cass Commercial 1998 Annual Report. SFAS 131 is a disclosure requirement and had 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. The Company adopted SFAS 132 and has disclosed the required information in Note 7 to the Notes to Consolidated Financial Statements on pages 24 through 26 of the Cass Commercial 1998 Annual Report. SFAS 132 is a disclosure requirement and had no impact on the Company's consolidated financial position and results of operations.

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS 133) which establishes standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS 133 is effective for all fiscal years beginning after June 15, 1999. Earlier application of SFAS 133 is encouraged but should not be applied retroactively to financial statements of prior periods. The Company is currently evaluating the requirements and impact of SFAS 133.

In October 1998, the FASB issued Statement of Financial Accounting Standards No. 134, Accounting for Mortgage-Backed Securities Retained after the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise (SFAS 134) which conforms the subsequent accounting for securities retained after the securitization of mortgage loans by a mortgage banking enterprise with the subsequent accounting for securities retained after the securitization of other types of assets by a nonmortgage banking enterprise. SFAS 134 is effective for the first fiscal quarter beginning after December 15, 1998. Since the Company has not

securitized any mortgage loans, SFAS 134 will have no impact on the Company's consolidated financial position and results of operations.

FACTORS THAT MAY AFFECT FUTURE RESULTS

Statements in Management's Discussion and Analysis of Financial Condition and Results of Operations and the other sections of this Report that are not statements of historical fact are forward-looking statements. Such statements are subject to important risks and uncertainties which could cause the Company's actual results to differ materially from those expressed in any such forward-looking statements made herein. The aforesaid uncertainties include, but are not limited to: burdens imposed by federal and state regulators, credit risk related to borrowers' ability to repay loans from Cass Bank, concentration of loans in the St. Louis Metropolitan area which subjects Cass Bank to risks associated with changes in the local economy, risks associated with fluctuations in interest rates, competition from other banks and other financial institutions, some of which are not as heavily regulated as Cass Bank and, particularly in the case of CIS, risks associated with breakdowns in data processing systems and competition from other providers of similar services.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding the market risk of the Company's financial instruments, see "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - INTEREST RATE SENSITIVITY". The Company's primary market risk exposure is to interest rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related footnotes of the Company and its subsidiaries on pages 14 through 30 of its Annual Report to Shareholders and the report thereon of KPMG LLP on page 31 of the Annual Report to Shareholders 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 and executive officers of the Registrant is incorporated herein by reference from the Company's definitive Proxy Statement for its 1999 Annual Meeting of Shareholders, 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 1999 Annual Meeting of Shareholders, 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 1999 Annual Meeting of Shareholders, 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 1999 Annual Meeting of Shareholders, 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 incorporated by reference in or filed as an exhibit to this Report:

(1) Financial Statements:

	Annual Report Page Number
CASS COMMERCIAL CORPORATION AND SUBSIDIARIES	
Consolidated Balance Sheets, December 31, 1998 and 1997	14
Consolidated Statements of Income for the years ended December 31, 1998, 1997 and 1996	15
Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996	16
Consolidated Statements of Shareholders' Equity And Comprehensive Income for the years ended December 31, 1998, 1997 and 1996	17
Notes to Consolidated Financial Statements	18-30
Independent Auditors' Report	31

(2) Financial Statement Schedules:

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

(3) Exhibits

3.1 Restated Articles of Incorporation of Registrant, incorporated by reference to Exhibit 4.1 to Form S-8 Registration Statement No. 333-44499, filed with the SEC on January 20, 1998

3.2 By Laws of Registrant, incorporated by reference to Exhibit 4.2 to Form S-8 Registration Statement No. 333-44499, filed with the SEC on January 20, 1998

10.1 1995 Restricted Stock Bonus Plan, as amended, to January 19, 1999, including form of Restriction Agreement, incorporated by reference to Exhibit 4.3 to Post-Effective Amendment No. 2 to Form S-8 Registration Statement No. 33-91456, filed with the SEC on February 16, 1999

10.2 1995 Performance-Based Stock Option Plan, as amended to January 19, 1999, including forms of Option Agreements, incorporated by reference to Exhibit 4.3 to Post-Effective Amendment No. 2 to Form S-8 Registration Statement No. 33-91568, filed with the SEC on February 16, 1999

13 1998 Annual Report to Shareholders (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

23 Consent of KPMG LLP

(b) Reports on Form 8-K

There were no reports on Form 8-K filed during the quarter ended December 31, 1998.

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 23, 1999 By /s/ Lawrence A. Collett
Lawrence A. Collett
Chairman and Chief Executive Officer

Date: March 23, 1999 By /s/ Eric H. Brunngraber
Eric H. Brunngraber
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 23, 1999 By /s/ Bryan S. Chappel
Bryan S. Chappel

Date: March 23, 1999 By /s/ Lawrence A. Collett
Lawrence A. Collett

Date: March 23, 1999 By /s/ Thomas J. Fucoloro
Thomas J. Fucoloro

Date: March 23, 1999 By /s/ Harry J. Krieg
Harry J. Krieg

Date: March 23, 1999 By /s/ A. J. Signorelli
A. J. Signorelli

Date: March 23, 1999 By /s/ John J. Vallina
John J. Vallina

Date: March 23, 1999 By /s/ Bruce E. Woodruff
Bruce E. Woodruff

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Four Pillars
One Foundation

Cass Commercial
Corporation

[CASS LOGO]

Annual Report 98

"HE IS LIKE A MAN BUILDING A HOUSE,
who dug deep and laid a foundation
upon the rock; and when a flood rose,
the torrent burst against that house and
could not shake it; because it had been
well built." Luke 6:48

Four Pillars

One Foundation

PRIVATELY HELD
BUSINESSES
BANKING SERVICES

CHURCHES AND
CHURCH-RELATED
BANKING SERVICES

FREIGHT PAYMENT
PROCESSING SERVICES

UTILITY PAYMENT
PROCESSING SERVICES

Chairman's Letter to Shareholders

Financial Highlights

1998 provided another record year of profits for Cass Commercial Corporation. Net income was $7,408,000, an increase of 5.7% over the corresponding level in 1997. Basic earnings per share were $1.92 compared to $1.82 in 1997. We are indeed grateful for this continued growth in income, especially considering the decreased level of interest rates in the last quarter of the year.

At year-end, the company's total assets exceeded $500 million for the first time in its history. Average assets grew at a rate of 5.8% over 1997. Additionally, the company's loan portfolio increased an average of $10.8 million, representing a 5.5% increase over corresponding levels in 1997. At year-end total capital represented 12.2% of average assets for the year. The company continues to experience a strong capital position, providing additional safety and the capability to exploit future growth opportunities. Loan quality continues to improve. The ratio of our total non-accrual loans to total loans at year-end stood at only .2%.

These results again demonstrate excellent asset quality, outstanding capital protection and a solid base for continued growth and profitability. We are grateful to be able to provide these results for our shareholders.

Business Highlights

All of the company's business units contributed growth in 1998.

PRIVATELY HELD BUSINESSES

This core banking unit produced substantial new relationships with well managed, capable companies during the past year. This growth is attributed to the functional team structure developed in 1997 and an increase in the number of businesses utilizing Cass' business banking services. The growth experienced in earning assets and deposits reflects our success in attracting a growing number of business customers.

CHURCHES AND CHURCH-RELATED INSTITUTIONS

This unit, formed in 1997, showed significant growth during the last year. Not only were a sizable number of new relationships developed, but outstanding loan volume to these institutions was increased during the year. We are excited by the reception of our services from these important institutions.

FREIGHT PAYMENT PROCESSING
The number of companies utilizing our freight payment services increased during the past year. This growth was slowed somewhat due to the high level of Y2K remediation occurring in the marketplace. Nevertheless, new client volume continued to increase. Cass' leadership in this core business unit is represented by its large market share and leadership in providing high-quality transaction processing for over 2,000 customers. No other firm can match Cass' quality, dollar volume processed and market share. The trend to outsourcing administrative functions is continuing and we believe over 50% of the market is still processing their freight internally. This trend should allow for continued future growth.

UTILITY PAYMENT PROCESSING
This new business unit also showed significant progress in 1998. This was attributed to a new Sales and Marketing staff operating the entire year, and the increased availability and knowledge of Cass' processing services throughout the industry. Cass' volume grew to over $500 million annually during 1998. We reacted quickly and decisively to market needs, developed services to meet customer requirements and were one of the first companies to begin providing these services. We anticipate significant growth in this area of transaction processing as energy deregulation continues throughout the country.

We continue to look favorably upon opportunities for growth in each of our primary business units. We shall continue to focus our resources and capital expenditures to improve market share, operating capabilities and performance in each of these key areas.

The Cass Strategy

Our strategy of combining the operations of a uniquely focused transaction processing business with the activities of a commercial banking enterprise is working and continues to provide the basis for future growth and profitability.

These businesses integrate at key junctions that promote the efficiency and performance of each other. Together they generate higher levels of fee income, greater returns on invested funds and larger levels of available funds than could have been achieved independently. The results provide Cass Commercial Corporation with a history of excellent performance, sustained growth and strong capabilities.

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The New Millennium

As we enter 1999, we will be completing the last year of this century. The Cass organization began with the formation of the Cass Avenue Bank in 1906, shortly after the beginning of the current century. Cass Commercial Corporation now prepares to move into the next century, anticipating new challenges and exciting opportunities. We are determined to continue to grow the investment of our forefathers, providing long-term benefits for shareholders and employees by providing excellent quality and responsive services that produce significant value to our customers.

The year 2000 provides us with a host of opportunities, although not without some concerns. Obviously, there is great concern about the Y2K problem, requiring the remediation of significant computer systems. This effort has caused our nation's business enterprises to spend billions of dollars and millions of hours to correct and prepare corporate systems for the future. Along with the effort to make these corrections has come dire predictions of disaster, gloom and doom for the near future.

At Cass, we prefer to view the year 2000 from the perspective of the Old Testament model of Caleb. Caleb, along with Joshua, was sent by Moses, with 10 other individuals, to scout the Promised Land for the nation of Israel. After returning from their task, the other 10 felt the inhabitants of the land were too big and too strong to conquer and Israel should not make an attempt at claiming what God had promised them. Caleb, however, was not overcome by fear of the inhabitants, but instead focused on the beauty and productivity of the land and the great opportunities it would provide their nation. He looked beyond the problems and ultimately became part of God's chosen vehicle to claim those lands.

It is our belief that the next millennium will be filled with tremendous opportunities for businesses in our country. Cass will listen to the marketplace and respond to future needs with innovative services and products. We will train and develop our staff to be more flexible and effective. Our technology will be used to provide even better services and higher quality. We must grasp the opportunity and utilize the God-given abilities and resources we have been provided and accept the great challenges before us. Cass is indeed excited about the opportunities awaiting the new millennium.

The Foundation

Obviously, there has been and will continue to be a great deal of change in the years ahead. However, all things do not change. The foundation upon which the Cass organization was built and upon which it currently rests will not change. The four pillars, on the cover of our annual report, represent our current four business units. However, they all rest upon the same foundation. When the number of business units increase in the years ahead, there will still be one foundation.

Our business foundation consists of an ongoing commitment to maintaining a strong capital position, capable staff, effective systems and technology, and high-quality performance that will lead to excellent results over long-term periods. These traits have been characteristic of the Cass organization and continue to drive our activities. Our business objectives and goals are built on this business foundation.

Of greater importance and significance, however, is our dependence on God for the future. No matter what we achieve or how well we perform, our most important objective is to please God. Indeed, long-term significance, long-term value and ultimate success are not determined by business results. They are driven by a loving God who daily dispenses grace and mercy to an undeserving humanity. Again, in 1998, we have tasted this grace and the loving hand of a Creator who cares about all aspects of life. The Cass foundation shall, indeed, be built upon a desire to conduct our affairs and activities in a manner that upholds His righteousness and seeks to honor and glorify Him by what we do and how it is accomplished.

/s/ L. A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

Privately Held Businesses

1998 BUSINESS RESULTS

1998 was an excellent year in this core banking unit which provides financial services to privately held businesses. As of December 31, 1998, loans outstanding to privately held businesses were $193,500,000, representing 86% of our total loan portfolio of $224,900,000. Total net loan growth was 14.8% over the prior year-end balance. This is excellent considering the overall economy is growing at an annual rate of approximately 3.5%.

The majority of our new clients in 1998 came from large national banks which have acquired local banks causing many customers to consider alternatives. We believe our operating strategies are continuing to be effective in pursuing these under-served privately held companies while satisfying the financial needs of our existing clients.

In light of this strong growth, it is important to note that credit quality in our overall loan portfolio has continued to strengthen from already superior levels. As of December 31, 1998, nonperforming loans represented just .3% of total loans outstanding. As a point of reference, under 1% is considered to be very strong. Our levels of loan delinquencies, loans charged off and other important credit quality factors continue to register historic low levels as well.

Total Impaired Loans (as of Dec. 31)

(In Thousands)

[GRAPH]

Total Loans (as of Dec. 31)

(In Millions)

[GRAPH]

BUSINESS STRATEGY

Our main strategy has been to focus on our strenghts ... providing high levels of expertise and personal attention to our clients balanced with electronic technology, specifically tailored for privately held companies. This continuing dedication to focus on our specialty was reflected in our decision in 1998 to change our legal name from Cass Bank & Trust Company to Cass Commercial Bank. We have differentiated Cass

by listening to private business owners and making a sincere attempt to service their banking needs.

Relationship Continuity -- We strive to provide continuity in account management by creating teams of bankers, each having a specific role to play on behalf of our client. This team of specialists provides better responsiveness and multiple points of contact. Clients have immediate access to the appropriate person to solve their problem. Further, should there be any change in staff, our clients are assured continuity of the service relationship. We also make it a special point to involve Cass' executive management with our customers in the credit and relationship process.

Know How -- The experience level of our bankers is also a key attribute and a major factor in our success. Private business owners want more than just access to funds. They want helpful direction and advice when it comes to financing decisions. With low turnover in our banking staff and many years of experience in this particular niche, our bankers have the opportunity to share firsthand experience and to add valuable insight. It is important that our clients never feel they have to train their Cass banker.

Independence -- Now in our 93rd year of operations, Cass possesses a long history and a strong commitment to remaining independent. The dislocation caused by the recent banking consolidations will continue over the next several years. Our clients place a premium on doing business with a bank that has a long history of independence and clearly desires to remain independent.

Operating Competence -- The high quality of our back room operations is a strength and a key commitment to our valued clients. As banks have grown and cut staff to achieve cost reductions, we hear many business owners concerned about the quality of banking operations. Fundamentals such as accurate check and statement processing or timely response to inquiries can no longer be taken for granted. Further, we know that errors waste valuable time and should be unnecessary. Business owners expect and deserve more from their bank. Cass' operations staff focuses solely on commercial accounts which allows us to minimize operating errors and to offer superior response delivered through our service teams.

Tailored and Affordable Products -- Having products that work well is very important, but clients also want these products at moderate cost. Whether it is flexible loan structures, customized to fit the specific needs of each borrower, or treasury management products (such as wholesale lockbox services, controlled disbursement accounts, online information reporting, money fund sweeps, and electronic commerce), we deliver banking services with high technical functionality. Our fees are moderate because our clients do not pay for large capacity enhancements or overhead requirements. Finally, our products and services are specifically designed to meet the needs of our business customers.

Attitude -- Being responsive, helpful and friendly is more than just a good business strategy to us ... it is simply the right way to treat people. This attitude is an outgrowth of our corporate culture. In the final analysis, it is persistence and effort in serving our customers that represents the difference between Cass and other banks.

Churches and Church-Related Institutions

1998 was another outstanding year for Cass Commercial Bank's Church and Ministries' Division. And, in many ways, it was a continuation of the positive trends that have been experienced in our church and ministries' business.

In 1998, we more than doubled our loan outstandings, once again exceeding the previous year's growth in new church and ministry relationships, and our pipeline of new church and ministries' business is stronger than ever.

Our church relationships continue to increase and diversify among small, medium and large-size churches, representing a wide variety of denominations and ministries.

One distinctive feature of Cass Commercial Bank is the way we work with churches. We invest time to get to know each church and its unique needs, building a relationship with each of our church customers. We help assess total project sizes and affordable loan levels. We then partner in building a financial game plan to address the immediate project, as well as the future needs of the church.

Lending alternatives include the financing of a church's current mortgage loan, the expansion of existing facilities and the building of an entirely new church facility. We also offer a variety of term loans for various other church and ministries' needs.

Another feature of our service is our approach to a church's depository, savings and investment needs, both short and longer term. We work closely with each church in understanding its fiscal philosophy and operating approach. We then conduct a comprehensive analysis comparing various operating, savings and investment alternatives to determine the best fit for our customer.

We also provide a "team" approach to building a banking relationship. Each of our customers is provided a team that includes a marketing officer, a lending officer, a depository/cash management officer, and a customer service officer, as well as executive management. This provides relationship continuity and consistency for our church customers.

At Cass, we believe lending to churches and ministries is not just good business; we also believe these ministries are excellent avenues to help address the critical issues facing our communities. The focus on outreach services provided by these organizations addresses society's deepest needs.

By providing financial support to churches and ministries, Cass plays a small part in helping to renew and to restore our city and suburban communities.

[PHOTO]

In 1999, the St. Louis community will be the recipient of two significant events. The visit of Pope John Paul II was an exciting occasion that brought spiritual focus and renewed attention on our need for God's sustenance and support. The Billy Graham Crusade in the fall will continue that focus by bringing together thousands of churches to proclaim the New Testament gospel message and the love of God to hundreds of thousands in this region. Both of these events remind us of the importance of our church and spiritual community to the health and vitality of our nation.

Freight Payment Processing

Cass Information Systems provides audit, payment, cost accounting and financial control of transportation and warehousing transactions for many of the nation's largest manufacturing, chemical, food and personal products companies. Our rating software helps businesses manage carrier rates and integrate them with their decision support systems. The information we provide enables our customers to focus their attention on controlling costs and improving service levels to their customers. In 1998 Cass processed 25 million transactions with a value of $7.0 billion. With processing centers in St. Louis, Missouri; Columbus, Ohio; and Boston, Massachusetts; and a software development group in Chicago, Illinois; we are well-positioned to meet the growth opportunities in the markets we serve.

In today's business climate we are adapting and taking advantage of technology developments to leverage our unique financial strength to create a transaction processing company that is distinctively identified as the market leader. Our business model has been redefined and constructed entirely on an electronic commerce platform.

ELECTRONIC DATA INTERCHANGE (EDI)

For many years Cass has focused on EDI as a very important strategic initiative to reduce costs, improve data integrity and eliminate the inefficiencies inherent in paper processing. Working with our customer base and carrier partners, Cass has converted 50% of the 25 million freight bills processed annually from paper to electronic transactions. And as part of a bank holding company, Cass supports complete financial EDI services for carriers, including Automated Clearing House (ACH) payments and more than 10 million electronic remittance advice transactions. Cass views the conversion to EDI as a major initiative as we seek to reach our next EDI processing milestone of 75% of freight bills processed.

IMAGING

Until Cass fully converts to EDI processing, access to paper transactions by our customers will continue to be a requirement. Archiving and retrieving individual freight bills is expensive and time consuming. Historically, image scanning and storage costs were not competitive with microfilming. But scanning and image storage costs have decreased dramatically allowing Cass to offer our customers the convenience of CD-ROM storage of historical files, as well as easy access to paper and EDI freight bill images via the Internet.

[PHOTO]

INTERNET INFORMATION DELIVERY

Cass provides multiple methods of information delivery to our customers, including file transfers, e-mail and traditional paper reports. Without internal information systems that respond to the unique requirements of supply chain management, our customers rely on Cass to present information in formats that allow them to manage transportation costs and company distribution channels. Much of this information is displayed in paper report formats that are more costly, inefficient and less timely.

The Internet offers ubiquitous, instantaneous access to information. Cass' Internet plan has five phases of development. In addition to payment records and carrier rates, a transportation data base will be included that will accommodate virtually all of the current reporting needs of our customers. Our information delivery system provides flexible query and sorting of data, displays data in report formats, multiple charting options, data export capability and new e-mail delivery services. The integration of imaging will also allow our customers to view freight bill images from report displays and, if necessary, approve transactions without paper copies.

Cass is the only company in the industry committing to the Internet on this scale. The result will be a dramatic distinction of our services to companies seeking to outsource freight bill payment and information delivery services. As companies continue to seek the expertise of third-party service providers to manage activities that are not directly related to their core strengths, Cass is the only provider with the resources to meet the changing demands in the marketplace.

3

Utilities Payment Processing

Cass Information Systems starts the new year with the creation of a new Utility Payments Division. Since its inception, the utility payment business has grown dramatically. In recognition of significant market opportunities, we are now focused on this emerging business with dedicated resources and a long-term capital commitment.

We process and pay utility invoices, including electricity, gas, water, telephone and refuse collection. We also extract key energy information from invoices, assisting our customers' energy managers in making decisions that will reduce their companies' energy costs and prepare them for significant opportunities becoming available with the deregulation of the utility industry.

The utility payments unit of our business provides many of the same benefits for our customers that are achieved through our freight payment services. Our experience in payables outsourcing dates back to the beginning of the industry. The relationship we have with our Bank assures our customers that high levels of internal control and financial accountability are maintained. We have developed a payables processing system that enabled us to pay more than 25 million invoices in 1998. No other company in the utility payment business can match our size and commitment to the payables business. The economies of scale that we apply to the processing of utility invoices allow us to provide our services to the market at a price that is lower than a company's internal cost or any external alternative.

Annualized Utility Dollars Paid

(In Millions)

[GRAPH]

In 1997 we announced our plan to continue the development of our utility payment unit by expanding our sales resources and marketing efforts. Since implementing these steps, our sales growth has exceeded our expectations. We began 1998 with a processing volume of $255 million and 294,000 invoices. The year ended with a 29% increase in dollars and 71% increase in invoices paid on an annual basis. We believe that a great opportunity exists for further growth in this marketplace. We have also made a significant commitment to providing energy management information to our customers via the Internet. We will continue to devote resources to the refinement of our information delivery system to ensure that our customers can take advantage of opportunities to reduce their energy costs.

In 1999 we will focus on continuing to build our leadership position in this market. Our plans for the coming year include providing enhanced energy information capabilities, expanded EDI processing, electronic payments and remittances, Internet invoice retrieval, CD-ROM archival, and expanded energy and payables reporting services via the Internet.

Our goal, since we entered the utility payment business, was to respond to an emerging market for payment processing and energy information with a speed that distances us from companies that are entering the business with little or no experience. We have been fortunate to have leveraged our experience in freight payment while adapting to the unique demands of the energy market.

We expect, by the end of 1998, to be processing more than $1 billion in energy payables on an annualized basis. Our commitment to grow this business and further penetrate the energy processing marketplace is unwavering. By leveraging our freight payment technology and staff resources, while investing in new capabilities, we hope that this business volume will one day rival that achieved by our other transaction processing activities.

Annualized Utility Bills Paid

(In Millions)

[GRAPH]

Consolidated Balance Sheets

(In Thousands of Dollars, Except per Share Data)	December 31 1998	1997
ASSETS		
Cash and due from banks	$ 22,558	$ 10,849
Federal funds sold and other short-term investments	156,827	88,275
Cash and cash equivalents	179,385	99,124
Investment in debt and equity securities:		
Held-to-maturity, fair value of $57,191 and $90,389 at December 31, 1998 and 1997, respectively	56,605	90,139
Available-for-sale, at fair value	27,369	36,112
Total investment in debt and equity securities	83,974	126,251
Loans	224,888	196,478
Less: Allowance for loan losses	4,428	4,484
Loans, net	220,460	191,994
Premises and equipment, net	9,249	9,957
Accrued interest receivable	2,764	3,137
Other assets	8,080	7,864
Total assets	$503,912	$438,327
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Deposits:		
Noninterest-bearing	$ 82,911	$ 61,958
Interest-bearing	108,071	103,899
Total deposits	190,982	165,857
Accounts and drafts payable	250,518	213,755
Short-term borrowings	323	406
Other liabilities	4,685	5,656
Total liabilities	446,508	385,674
SHAREHOLDERS' 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	4,796	4,740
Retained earnings	51,505	46,879
Accumulated other comprehensive income	387	364
Common shares in treasury, at cost (132,123 and 141,452 shares at December 31, 1998 and 1997, respectively)	(1,213)	(1,284)
Unamortized stock bonus awards	(71)	(46)
Total shareholders' equity	57,404	52,653
Total liabilities and shareholders' equity	$503,912	$438,327

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

(In Thousands of Dollars, Except per Share Data)	Year Ended December 31 1998	1997	1996
INTEREST INCOME:			
Interest and fees on loans	$17,579	$16,951	$16,193
Interest and dividends on debt and equity securities:			
Taxable	6,538	9,074	9,729
Exempt from federal income taxes	69	77	72
Interest on federal funds sold and other short-term investments	5,858	3,181	2,132
Total interest income	30,044	29,283	28,126
INTEREST EXPENSE:			
Interest on deposits	4,271	4,181	4,503
Interest on short-term borrowings	10	67	139
Total interest expense	4,281	4,248	4,642
Net interest income	25,763	25,035	23,484
Provision for loan losses	--	300	--
Net interest income after provision for loan losses	25,763	24,735	23,484
NONINTEREST INCOME:			
Information services revenue:			
Freight and utility payment and processing revenue	18,809	17,863	17,698
Freight rating services income	2,426	2,564	3,297
Service charges on deposit accounts	642	524	532
Gain on sale of debt securities	285	216	--
Other	285	646	564
Total noninterest income	22,447	21,813	22,091
NONINTEREST EXPENSE:			
Salaries and employee benefits	24,995	24,093	23,997
Occupancy expense	1,698	1,619	2,115
Equipment expense	2,649	2,654	2,611
Other	7,283	7,545	7,088
Total noninterest expense	36,625	35,911	35,811
Income before income tax expense	11,585	10,637	9,764
Income tax expense	4,177	3,626	3,245
Net income	$ 7,408	$ 7,011	$ 6,519
EARNINGS PER SHARE:			
Basic	$ 1.92	$ 1.82	$ 1.69
Diluted	$ 1.89	$ 1.79	$ 1.66

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(In Thousands of Dollars)	1998	1997	1996
	Year Ended December 31		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 7,408	$ 7,011	$ 6,519
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,359	2,470	2,583
Amortization of stock bonus awards	50	110	110
Provision for loan losses	--	300	--
Deferred income tax expense	131	271	854
Decrease (increase) in accrued interest receivable	373	229	(422)
Gain on sale of debt securities	(285)	(216)	--
Other operating activities, net	(1,422)	(1,884)	(82)
Net cash provided by operating activities	8,614	8,291	9,562
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales of debt securities available-for-sale	6,409	14,235	--
Proceeds from prepayments and maturities of debt securities:			
Held-to-maturity	32,974	28,076	20,192
Available-for-sale	2,905	1,178	6,918
Purchases of debt and equity securities:			
Held-to-maturity	--	--	(8,608)
Available-for-sale	--	(9,835)	(30,632)
Net decrease (increase) in loans	(28,466)	1,085	(25,544)
Purchases of premises and equipment, net	(1,250)	(3,901)	(1,747)
Net cash provided by (used in) investing activities	12,572	30,838	(39,421)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net increase (decrease) in noninterest-bearing demand, interest-bearing demand and savings deposits	25,945	(10,878)	16,277
Net decrease in time deposits	(820)	(770)	(498)
Net increase (decrease) in accounts and drafts payable, net	36,763	9,065	(4,339)
Net decrease in short-term borrowings	(83)	(2,070)	(2,471)
Proceeds from exercise of stock options	52	--	--
Cash dividends paid	(2,782)	(2,508)	(2,296)
Net cash provided by (used in) financing activities	59,075	(7,161)	6,673
Net increase (decrease) in cash and cash equivalents	80,261	31,968	(23,186)
Cash and cash equivalents at beginning of year	99,124	67,156	90,342
Cash and cash equivalents at end of year	$179,385	$ 99,124	$ 67,156
SUPPLEMENTAL INFORMATION:			
Interest paid	$ 4,314	$ 4,301	$ 4,669
Income taxes paid	3,712	2,785	2,295

See accompanying notes to consolidated financial statements.

Statements of Shareholders' Equity and Comprehensive Income

(In Thousands of Dollars, Except per Share Data)	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Unamortized Stock Bonus Awards	Total	Comprehensive Income
Balance, December 31, 1995	$10,000	$(3,260)	$38,153	$(30)	$(1,284)	$(266)	$43,313	
Net income	--	--	6,519	--	--	--	6,519	$6,519
Cash dividends ($.60 per share)	--	--	(2,296)	--	--	--	(2,296)	
Other comprehensive income:								
Net unrealized gain on debt and equity securities available-for-sale, net of tax	--	--	--	135	--	--	135	135
Reduction in par value of common stock	(8,000)	8,000	--	--	--	--	--	
Amortization of Stock Bonus Plan awards	--	--	--	--	--	110	110	
Balance, December 31, 1996	2,000	4,740	42,376	105	(1,284)	(156)	47,781	
Comprehensive income								6,654
Net income	--	--	7,011	--	--	--	7,011	7,011
Cash dividends ($.65 per share)	--	--	(2,508)	--	--	--	(2,508)	
Other comprehensive income:								
Net unrealized gain on debt and equity securities available-for-sale, net of tax								402
Adjustment for gain on sale of debt and equity securities, available-for-sale, net of tax								(143)
Total other comprehensive income	--	--	--	259	--	--	259	259
Amortization of Stock Bonus Plan awards	--	--	--	--	--	110	110	
Balance, December 31, 1997	2,000	4,740	46,879	364	(1,284)	(46)	52,653	
Comprehensive income								7,270
Net income	--	--	7,408	--	--	--	7,408	7,408
Cash dividends ($.72 per share)	--	--	(2,782)	--	--	--	(2,782)	
Other comprehensive income:								
Net unrealized gain on debt and equity securities available-for-sale, net of tax								211
Adjustment for gain on sale of debt and equity securities, available-for-sale, net of tax								(188)
Total other comprehensive income	--	--	--	23	--	--	23	23
Issuance of 3,000 common shares pursuant to Stock Bonus Plan	--	48	--	--	27	(75)	--	
Amortization of Stock Bonus Plan awards	--	--	--	--	--	50	50	
Exercise of Stock Options	--	8	--	--	44	--	52	
Balance, December 31, 1998	$ 2,000	$ 4,796	$51,505	$387	$(1,213)	$ (71)	$57,404	
Comprehensive income								$7,431

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
December 31, 1998 and 1997

Note 1
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 Commercial Bank (the Bank), formerly known as Cass Bank & Trust Company. 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 services include processing and payment of freight and utility 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 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.

Stock Split The Company announced a two-for-one stock split in the form of a 100% stock dividend payable March 15, 1997, to shareholders of record as of March 5, 1997. All per share data for prior years has been restated to give effect to the stock split. As a result of the restatement, surplus in the years prior to 1996 reflected a negative balance.

Investment in Debt and Equity Securities At the time or 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 accumulated other comprehensive income. 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.

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 Company's allowance for loan losses. Such agencies may require the Company to increase the allowance for loan losses based on their judgments and interpretations about information available to them at the time of their examination.

Information Services Revenue Revenue from freight and utility related services is recognized when fees are billed to customers, generally monthly.

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 to 39 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 fair value at the date of acquisition. The premiums and discounts related to the fair value adjustments are amortized using the level-yield method.

Lines of Credit At December 31, 1998, the Bank has $14,200,000 of unsecured federal funds lines of credit in place with unaffiliated financial institutions. Additionally, at December 31, 1998, the Bank has a line of credit of $50,000,000 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 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.

Earnings Per Share Earnings 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 3,862,393, 3,858,548 and 3,858,548 in 1998, 1997 and 1996, respectively.

The only dilutive instruments are stock options and unvested stock awards with an aggregate dilutive effect of 67,281, 59,000 and 46,938 shares in 1998, 1997 and 1996, respectively, which result in weighted average shares and dilutive potential common shares of 3,929,674, 3,917,548 and 3,905,486 in 1998, 1997 and 1996, 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.

Comprehensive Income On January 1, 1998, the Company adopted the provisions of Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130), which established 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. The Company

reports comprehensive income in the consolidated statements of shareholders' equity and comprehensive income.

Reclassifications Certain amounts in the 1997 and 1996 consolidated financial statements have been reclassified to conform with the 1998 presentation. Such reclassifications have no effect on previously reported net income.

Note 2
CAPITAL REQUIREMENTS AND
REGULATORY RESTRICTIONS

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 result in 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 of total and Tier I capital to risk-weighted assets, and of Tier I capital to average assets. Management believes as of December 31, 1998, 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 May 30, 1998, 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.

Subsidiary dividends are the principal source of funds for payment of dividends by the Company to its shareholders. The Bank is subject to regulations which require the maintenance of minimum capital levels. At December 31, 1998, unappropriated retained earnings of $13,352,000 were available at the Bank 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 $3,763,000 and $3,504,000 at December 31, 1998 and 1997, respectively.

The Company and the Bank's actual and required capital amounts and ratios as of December 31, 1998, are as follows:

	Actual		Capital Requirements		Requirement to Be Well Capitalized Under Prompt Corrective Action Provisions	
(Dollars In Thousands)	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets):						
Cass Commercial Corporation	$60,073	21.14%	$22,732	8.00%	$ N/A	N/A%
Cass Commercial Bank	27,526	15.12	14,568	8.00	18,211	10.00
Tier I capital (to risk-weighted assets):						
Cass Commercial Corporation	$56,510	19.89%	$11,366	4.00%	$ N/A	N/A%
Cass Commercial Bank	25,246	13.86	7,284	4.00	10,926	6.00
Tier I capital (to average assets):						
Cass Commercial Corporation	$56,510	12.05%	$14,073	3.00%	$ N/A	N/A%
Cass Commercial Bank	25,246	12.04	6,291	3.00	10,485	5.00

Note 3
INVESTMENT 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 fair values of debt securities classified as held-to-maturity at December 31, 1998 and 1997, are as follows:

(In Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
1998				
U.S. Government Treasury securities	$38,369	$484	$ --	$38,853
Obligations of U.S. Government corporations and agencies	16,958	72	(28)	17,002
States and political subdivisions	1,278	60	(2)	1,336
	$56,605	$616	$ (30)	$57,191

(In Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
1997				
U.S. Government Treasury securities	$66,473	$443	$ (32)	$66,884
Obligations of U.S. Government corporations and agencies	22,174	17	(221)	21,970
States and political subdivisions	1,492	46	(3)	1,535
	$90,139	$506	$(256)	$90,389

The amortized cost and fair value of debt securities classified as held-to-maturity at December 31, 1998, by contractual maturity, are as follows. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

(In Thousands)	1998 Amortized Cost	Fair Value
Due in 1 year or less	$25,747	$25,945
Due after 1 year through 5 years	25,141	25,405
Due after 5 years through 10 years	5,517	5,630
Due after 10 years	200	211
	$56,605	$57,191

The amortized cost and fair values of debt and equity securities classified as available-for-sale at December 31, 1998 and 1997, are summarized as follows:

(In Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
1998				
U.S. Government Treasury securities	$20,055	$552	$ --	$20,607
Obligations of U.S. Government corporations and agencies	6,527	51	(17)	6,561
Total debt securities	26,582	603	(17)	27,168
Stock of the Federal Reserve Bank	201	--	--	201
	$26,783	$603	$(17)	$27,369

1997
Gross Gross

(In Thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Government Treasury securities	$26,271	$404	$ --	$26,675
Obligations of U.S. Government corporations and agencies	9,089	178	(31)	9,236
Total debt securities	35,360	582	(31)	35,911
Stock of the Federal Reserve Bank	201	--	--	201
	$35,561	$582	$(31)	$36,112

The amortized cost and fair value of debt securities classified as available-for-sale at December 31, 1998, by contractual maturity, are shown in the following table. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

(In Thousands)	1998 Amortized Cost	1998 Fair Value
Due in 1 year or less	$ 79	$ 79
Due after 1 year through 5 years	20,055	20,607
Due after 5 years through 10 years	1,983	2,010
Due after 10 years	4,465	4,472
	$26,582	$27,168

The amortized cost of debt securities pledged to secure public deposits, securities sold under agreements to repurchase and for other purposes was approximately $49,813,000 and $13,048,000 at December 31, 1998 and 1997, respectively.

Proceeds from the sales of debt securities classified as available-for-sale were $6,409,000 and $14,235,000 for 1998 and 1997, respectively. Gross gains were realized on those sales of $285,000 and $216,000 for 1998 and 1997, respectively. No debt or equity securities were sold in 1996.

Note 4

LOANS

A summary of loan categories at December 31, 1998 and 1997, is as follows:

(In Thousands)	1998	1997
Commercial and industrial	$ 95,663	$ 93,633
Real estate:		
Mortgage	101,468	87,573
Construction	16,547	7,893
Industrial revenue bonds	5,951	2,520
Installment	2,458	3,066
Other	2,801	1,793
	$224,888	$196,478

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 privately 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.

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, 1998, 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, 1998	$ 2,213
New loans	2,372
Payments	(1,167)
Aggregate balance, December 31, 1998	$ 3,418

A summary of the activity in the allowance for loan losses for 1998, 1997 and 1996 is as follows:

(In Thousands)	1998	1997	1996
Balance, January 1	$4,484	$4,396	$ 6,358
Provision charged to expense	--	300	--
Loans charged off	(365)	(412)	(2,121)
Recoveries of loans previously charged off	309	200	159
Net loan charge offs	(56)	(212)	(1,962)
Balance, December 31	$4,428	$4,484	$ 4,396

A summary of impaired loans at December 31, 1998 and 1997, is as

follows:

(In Thousands)	1998	1997
Nonaccrual loans	$ 477	$ 285
Impaired loans continuing to accrue interest	273	1,046
Total impaired loans	$ 750	$1,331

The allowance for loan losses on impaired loans was $397,000 and $643,000 at December 31, 1998 and 1997, respectively. Impaired loans with no related allowance for loan losses totaled $309,000 and $71,000 at December 31, 1998 and 1997, respectively. The average balance of impaired loans during 1998 and 1997 was $972,000 and $1,362,000, respectively.

A summary of interest income on impaired loans for 1998, 1997 and 1996 is as follows:

(In Thousands)	1998 Nonaccrual Loans	1998 Impaired Loans Continuing to Accrue Interest	1998 Total
Income recognized	$ 17	$ 25	$ 42
Interest income if interest had accrued	78	26	104

(In Thousands)	1997 Nonaccrual Loans	1997 Impaired Loans Continuing to Accrue Interest	1997 Total
Income recognized	$ 1	$ 45	$ 46
Interest income if interest had accrued	27	53	80

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

Note 5
PREMISES AND EQUIPMENT
A summary of premises and equipment at December 31, 1998 and 1997, is as follows:

(In Thousands)	1998	1997
Land	$ 367	$ 367
Buildings	6,250	6,264
Leasehold improvements	1,268	1,278
Furniture, fixtures and equipment	17,558	16,591
	25,443	24,500
Less accumulated depreciation and amortization	16,194	14,543
	$ 9,249	$ 9,957

Depreciation charged to expense in 1998, 1997 and 1996 amounted to $1,953,000, $1,932,000 and $1,913,000, respectively.

The Company's subsidiaries lease various premises and equipment under operating lease agreements which expire at various dates through 2007. The following is a schedule, by year, 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, 1998:

(In Thousands)	
1999	$ 670
2000	670
2001	378
2002	343
2003	345
2004 and thereafter	517
	$2,923

Rental expense for 1998, 1997 and 1996 was $1,161,000, $1,205,000 and $1,712,000, respectively.

Note 6
INTEREST-BEARING DEPOSITS

Interest-bearing deposits consist of the following at December 31, 1998 and 1997:

(In Thousands)	1998	1997
NOW and Money Market Demand Accounts	$ 37,699	$ 32,616
Savings deposits	62,569	62,660
Time deposits:		
Less than $100	4,369	5,112
$100 and more	3,434	3,511
	$108,071	$103,899

Interest on deposits consists of the following for 1998, 1997 and 1996:

(In Thousands)	1998	1997	1996
NOW and Money Market Demand Accounts	$1,198	$1,130	$ 826
Savings deposits	2,624	2,562	3,139
Time deposits:			
Less than $100	227	267	296
$100 and more	222	222	242
	$4,271	$4,181	$4,503

The scheduled maturities of certificates of deposit at December 31, 1998 and 1997, are summarized as follows:

(Dollars In Thousands)	1998 Amount	1998 Percent of Total	1997 Amount	1997 Percent of Total
Due within:				
One year	$6,863	88.0%	$7,043	81.7%
Two years	921	11.8%	1,320	15.3%
Three years	19	0.2%	242	2.8%
Four years	--	--	14	0.1%
Five years	--	--	4	0.1%
	$7,803	100.0%	$8,623	100.0%

Note 7
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.

The pension cost for 1998, 1997 and 1996 was $517,000, $538,000 and $478,000, respectively, and included the following components:

(In Thousands)	1998	1997	1996
Service cost -- benefits earned during the year	$ 763	$ 706	$ 682
Interest cost on projected benefit obligations	617	544	492
Expected return on plan assets	(765)	(622)	(495)
Amortization of transition asset	--	--	(99)
Net amortization and deferral	(98)	(90)	(102)
Net periodic pension cost	$ 517	$ 538	$ 478

A summary of the activity in the defined benefit pension plan's benefit obligation, assets, funded status and amounts recognized in the Company's consolidated balance sheets at December 31, 1998, 1997 and 1996, are as follows:

(In Thousands)	1998	1997	1996
Benefit obligation:			
Balance, January 1	$ 8,561	$ 7,322	$ 6,199
Service cost	763	706	682
Interest cost	617	544	492
Actuarial loss	963	503	740
Benefits paid	(133)	(105)	(137)
Balance, December 31	$10,771	$ 8,970	$ 7,976
Plan assets:			
Fair value, January 1	$ 9,232	$ 7,487	$ 6,241
Actual return	953	1,076	656
Employer contribution	834	774	727
Benefits paid	(133)	(105)	(137)
Fair value, December 31	$10,886	$ 9,232	$ 7,487
Funded Status:			
Unfunded projected benefits obligation	$ 115	$ 262	$ (489)
Unrecognized prior service cost	141	148	155
Unrecognized net gains	(1,390)	(1,861)	(1,354)
Accrued pension cost	$(1,134)	$(1,451)	$(1,688)

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 6.75% and 4.00% in 1998, 7.25% and 4.00% in 1997 and 7.50% and 5.00% in 1996. The expected long-term rate of return on assets was 8.00% in 1998, 1997 and 1996.

In addition to the above funded benefit plan, in 1998 the Company

developed an unfunded supplemental executive retirement plan which covers key executive employees of the Company. This is a noncontributory plan in which the Company's subsidiaries make accruals designed to fund normal service costs on a current basis using the same method and criteria as its defined benefit plan.

The pension cost related to this plan for 1998 was $143,000 and included the following components:

(In Thousands)	
Service cost -- benefits earned during the year	$ 25
Interest cost on projected benefit obligation	59
Net amortization and deferral	59
Net periodic pension cost	$ 143

A summary of the activity in the supplemental executive retirement plan's benefit obligation, funded status and amounts recognized in the Company's consolidated balance sheets at December 31, 1998, is as follows:

(In Thousands)	
Benefit obligation:	
Balance, January 1	$ 822
Service cost	25
Interest cost	59
Actuarial loss	66
Balance, December 31	$ 972
Funded Status:	
Unfunded projected benefits obligation	$(972)
Unrecognized prior service cost	763
Unrecognized actuarial loss	66
Accrued pension cost	$(143)
Minimum liability adjustment	(451)
Adjusted pension cost	$(594)

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 6.75% and 5.00%, respectively, in 1998.

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 1998, 1997 and 1996 was $1,679,000, $1,564,000 and $1,433,000, 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 1998, 1997 and 1996 were $199,000, $220,000 and $227,000, respectively.

The Company maintains a restricted stock bonus plan which provides for the issuance of up to 100,000 shares of the Company's common stock. During 1998 and 1995, the Company awarded 3,000 and 32,000 shares of common stock, respectively, to six officers of the Company. The fair value of such shares has been recorded in the consolidated statements through the establishment of a contra shareholders' equity account which is amortized over the three-year vesting period. Amortization of the restricted stock bonus awards totaled $50,000, $110,000 and $110,000 for 1998, 1997 and 1996, respectively.

The Company also maintains a performance-based stock option plan which provides for the granting of options to acquire up to 400,000 shares of Company common stock. 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 Company's original grant of stock options occurred during May 1995. At that time, options to purchase 120,000 shares were granted at an exercise price of $10.32. The table below summarizes all subsequent activity.

	Shares	Weighted Average Exercise Price
Balance at December 31, 1995 and 1996	120,000	$10.32
Granted	14,500	23.34
Forfeited	(16,000)	10.32
Balance at December 31, 1997	118,500	11.91
Exercised	(7,200)	10.32
Forfeited	(1,400)	10.32
Balance at December 31, 1998	109,900	12.04

At December 31, 1998, 95,400, 6,000 and 8,500 options were outstanding at exercise prices of $10.32, $20.36 and $25.45, respectively, with weighted average remaining contractual lives of 3.9 years, 5.0 years and 5.0 years, respectively. At December 31, 1998, 25,960 shares were exercisable with a weighted average exercise price of $10.32.

The Company accounts for stock-based compensation under the stock option 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. The Company elected not to adopt the recognition provisions of the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (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 8
OTHER NONINTEREST EXPENSE
Details of other noninterest expense for 1998, 1997 and 1996 are as follows:

(In Thousands)	1998	1997	1996
Postage, printing and supplies	$2,161	$2,129	$2,114
Advertising and business development	1,392	1,437	1,441
Professional fees	1,056	1,320	903
Data processing services	590	652	655
Telecommunications	531	518	488
Other	1,553	1,489	1,487
Total other noninterest expense	$7,283	$7,545	$7,088

Note 9
INCOME TAXES
The components of income tax expense for 1998, 1997 and 1996 are as follows:

(In Thousands)	1998	1997	1996
Current:			
Federal	$3,654	$3,114	$2,238
State	392	241	153
Deferred	131	271	854
	$4,177	$3,626	$3,245

A reconciliation of expected income tax expense, computed by applying the effective federal statutory rate of 34% for 1998, 1997 and 1996 to income before income tax expense, to reported income tax expense, is as follows:

(In Thousands)	1998	1997	1996
Expected income tax expense	$3,939	$3,617	$3,320
(Reductions) increases resulting from:			
Tax-exempt interest	(79)	(78)	(53)
State taxes, net of federal benefit	259	159	101
Amortization of intangibles	--	(98)	(98)
Other, net	58	26	(25)
Income tax expense	$4,177	$3,626	$3,245

The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1998 and 1997, are presented below:

(In Thousands)	1998	1997
Deferred tax assets:		
Allowance for loan losses	$ 920	$ 993
Accrued pension cost	390	500
Premises and equipment	13	51
Other	188	206
Total deferred tax assets	1,511	1,750
Deferred tax liabilities:		
Unrealized gain on investment in debt and equity securities available-for-sale	(199)	(187)
Discount accretion	(165)	(355)
Other	(219)	(137)

Total deferred tax liabilities	(583)	(679)
Net deferred tax asset	$ 928	$1,071

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 at December 31, 1998 or 1997, 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 10
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 11
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 $17,921,000, $108,000 and $4,733,000, respectively, at December 31, 1998.

Following is a summary of the carrying amounts and fair values of the Company's financial instruments at December 31, 1998 and 1997:

	1998	
(In Thousands)	Carrying Amount	Fair Value
Balance sheet assets:		
Cash and cash equivalents	$179,385	$179,385
Investment in debt and equity securities	83,974	84,560
Loans, net	220,460	222,877
Accrued interest receivable	2,764	2,764
	$486,583	$489,586
Balance sheet liabilities:		
Deposits	$190,982	$191,035
Accounts and drafts payable	250,518	250,518
Short-term borrowings	323	323
Accrued interest payable	60	60
	$441,883	$441,936

	1997	
(In Thousands)	Carrying Amount	Fair Value
Balance sheet assets:		
Cash and cash equivalents	$ 99,124	$ 99,124
Investment in debt and equity securities	126,251	126,501
Loans, net	191,994	192,531
Accrued interest receivable	3,137	3,137
	$420,506	$421,293
Balance sheet liabilities:		
Deposits	$165,857	$165,880
Accounts and drafts payable	213,755	213,755
Short-term borrowings	406	406
Accrued interest payable	93	93
	$380,111	$380,134

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 cash equivalents, accrued interest receivable, accounts and drafts payable, short-term borrowings 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.

Investment 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 deposits 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 deposit liabilities 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.

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 12
INDUSTRY SEGMENT INFORMATION
In 1998 the Company adopted Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131), which established standards for the way that public enterprises report information about operating segments in annual financial statements. 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.

The Company maintains separate financial statements for each of these segments which identify each segment's assets and net income. Revenue from the Banking Services segment is derived primarily from net interest revenue, which includes both interest income and interest expense, and revenue from the Information Services segment is derived primarily from interest income and fees from its freight and utility payment, rating and processing services. Total net revenue is comprised of total interest income and total noninterest income, less provision for loan losses.

Summarized information about the Company's operations in each industry as of and for the years ended December 31, 1998, 1997 and 1996, is as follows:

	Total Interest Income		
(In Thousands)	1998	1997	1996
Information Services	$ 15,306	$ 15,353	$ 14,211
Banking Services	14,910	14,087	14,022
Eliminations	(172)	(157)	(107)
Total	$ 30,044	$ 29,283	$ 28,126

	Total Net Revenue		
(In Thousands)	1998	1997	1996
Information Services	$ 36,878	$ 35,918	$ 35,501
Banking Services	16,060	15,235	15,019
Eliminations	(447)	(357)	(303)
Total	$ 52,491	$ 50,796	$ 50,217

	Income (Loss) Before Income Tax		
(In Thousands)	1998	1997	1996
Information Services	$ 6,694	$ 6,352	$ 6,069
Banking Services	5,014	4,464	3,868
Corporate Items	(123)	(179)	(173)
Total	$ 11,585	$ 10,637	$ 9,764

	Total Income Tax Expense (Benefit)		
(In Thousands)	1998	1997	1996
Information Services	$ 2,403	$ 2,157	$ 1,939
Banking Services	1,815	1,530	1,365
Corporate Items	(41)	(61)	(59)
Total	$ 4,177	$ 3,626	$ 3,245

	Identifiable Assets		
(In Thousands)	1998	1997	1996
Information Services	$285,397	$246,488	$237,963
Banking Services	228,032	209,485	212,776
Corporate Items	57,809	52,882	47,909
Eliminations	(67,326)	(70,528)	(60,326)
Total	$503,912	$438,327	$438,322

	Depreciation and Amortization Expense		
(In Thousands)	1998	1997	1996
Information Services	$ 2,056	$ 2,024	$ 2,057
Banking Services	283	420	494
Corporate Items	20	26	32
Total	$ 2,359	$ 2,470	$ 2,583

Capital Expenditures

(In Thousands)	1998	1997	1996
Information Services	$ 907	$ 3,427	$ 1,509
Banking Services	294	468	249
Corporate Items	49	6	21
Total	$ 1,250	$ 3,901	$ 1,779

Note 13

CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

Following are the condensed balance sheets of the Company (parent company only) as of December 31, 1998 and 1997, and the related condensed schedules of income and cash flows for each of the years in the three-year period ended December 31, 1998.

(In Thousands)	Condensed Balance Sheets December 31 1998	1997
Assets:		
Cash	$ 694	$ 471
Investment in Cass Commercial Bank	25,364	23,271
Investment in Cass Information Systems, Inc.	31,207	28,666
Other assets	544	474
Total assets	$57,809	$52,882
Liabilities and Shareholders' Equity:		
Total liabilities	$ 405	$ 229
Total shareholders' equity	57,404	52,653
Total liabilities and shareholders' equity	$57,809	$52,882

(In Thousands)	Condensed Schedules of Income December 31 1998	1997	1996
Income:			
Dividends received from subsidiaries	$2,880	$2,680	$2,380
Management fees from subsidiaries	1,328	1,282	954
Total income	4,208	3,962	3,334
Expenses:			
Salaries and employee benefits	1,092	1,130	835
Other expenses	359	331	292
Total expenses	1,451	1,461	1,127
Income before income taxes and equity in undistributed income of subsidiaries	2,757	2,501	2,207
Income tax benefit	(41)	(61)	(59)
	2,798	2,562	2,266
Equity in undistributed income of subsidiaries	4,610	4,449	4,253
Net income	$7,408	$7,011	$6,519

(In Thousands)	Condensed Schedules of Cash Flows December 31 1998	1997	1996
Cash flows from operating activities:			
Net income	$ 7,408	$ 7,011	$ 6,519
Adjustments to reconcile net income to net cash provided by operating activities:			
Net income of subsidiaries exclusive of management fees	(8,818)	(8,411)	(7,587)
Dividends from subsidiaries	2,880	2,680	2,380
Management fees from subsidiaries	1,328	1,282	954
Amortization of stock bonus plan	50	110	110
Other, net	157	177	(200)
Net cash provided by operating activities	3,005	2,849	2,176
Cash flows from financing activities -- cash dividends paid	(2,782)	(2,508)	(2,296)
Net increase (decrease) in cash and cash equivalents	223	341	(120)

Cash and cash equivalents at beginning of year	471	130	250
Cash and cash equivalents at end of year	$ 694	$ 471	$ 130

Independent Auditors' Report

THE BOARD OF DIRECTORS
AND SHAREHOLDERS
CASS COMMERCIAL CORPORATION:

We have audited the accompanying consolidated balance sheets of Cass Commercial Corporation and subsidiaries (the Company) as of December 31, 1998 and 1997, and the related consolidated statements of income, cash flows and shareholders' equity and comprehensive income for each of the years in the three-year period ended December 31, 1998. 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, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

St. Louis, Missouri
February 8, 1999

Board of Directors and Shareholder Information

DIRECTORS
Cass Commercial Corporation, Cass Commercial Bank and Cass Information Systems, Inc.

Lawrence A. Collett
Chairman of the Board,
Chief Executive Officer,
Cass Commercial Corporation

John J. Vallina
President, Cass Commercial Bank

Robert J. Bodine
Chairman Emeritus,
Bodine Aluminum, Inc.

Bryan S. Chapell
President, Covenant
Theological Seminary

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 LLP

OFFICERS
Cass Commercial Corporation

Lawrence A. Collett
Chairman of the Board,
Chief Executive Officer

Eric H. Brunngraber
Vice President, Secretary,
and Chief Financial Officer

William C. Bouchein
Vice President, Treasurer

Wayne D. Muskopf
Vice President, Human Resources

Barbara J. Netherton
Controller

CORPORATE HEADQUARTERS
Cass Commercial Corporation
13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 506-5500

COMMON STOCK
The common stock of Cass Commercial Corporation is listed on the over-the-counter market and quoted on the NASDAQ National Market System under the symbol "CASS." The stock generally appears as "CassCo" or "CassCommrcl" in the newspaper stock tables.

ANNUAL MEETING
The annual meeting of shareholders of Cass Commercial Corporation will be held at the corporate headquarters on April 19, 1999, at 11:00 a.m.

TRANSFER AGENT
Shareholders with inquiries regarding stock accounts, dividends, change of ownership or address, lost certificates or consolidation of accounts should contact:

ChaseMellon Shareholder Services, L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, New Jersey 07660
(888) 213-0965
www.chasemellon.com

INDEPENDENT AUDITORS
KPMG LLP
10 South Broadway
Suite 900
St. Louis, Missouri 63102

INVESTOR RELATIONS
Analysts and others seeking financial information about Cass Commercial Corporation should contact:

Cass Commercial Corporation
Investor Relations Department
13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 506-5500

10K AND OTHER PUBLICATIONS
For additional copies of this annual report and Form 10K and other financial information, please contact the Investor Relations Department at the address and phone number above.

Business Unit Officers

Cass Commercial Bank

Lawrence A. Collett
Chairman of the Board,
Chief Executive Officer

John J. Vallina
President

BANKING SERVICES
Ray E. McCormick
Vice President

Albert R. Buck
Vice President

Douglas J. Hoffman
Vice President, Treasurer

Patsy J. Moffitt
Assistant Vice President

Dana L. Pannett
Assistant Vice President,
Compliance

Dorothy M. Smith
Assistant Vice President

Nancy Elliott
Operations Officer

Sandra L. Hatchett
Operations Officer

LOAN ADMINISTRATION
Emory A. Jackson
Vice President, Secretary

Roberta L. Harrington
Assistant Vice President

BUSINESS DIVISION
Kenneth A. Witbrodt, Jr.
Executive Vice President

Mark A. Benten
Vice President, Team Leader

Edward L. Campbell, Jr.
Vice President

David A. Lucks
Vice President

Jeanne M. Scannell
Vice President

Robert J. Garagiola
Vice President, Team Leader

H. Ely Britton
Senior Vice President

Chris R. Dimond
Vice President

Donald P. Doherty
Vice President

John J. Scherer
Vice President, Team Leader

Robert C. Hockney
Vice President

Rebeckah L. Kenney
Vice President

Francis J. Sommer
Vice President

Alex D. Fennoy
Assistant Vice President

CHURCH DIVISION
Theodore F. Winters
Senior Vice President

Kirk D. Briden
Vice President

Thomas A. Dickson
Vice President

Dorothy M. Jones
Assistant Vice President

Cass Information Systems, Inc.

Lawrence A. Collett
Chairman of the Board,
Chief Executive Officer

Freight Payment Services

OFFICERS
John F. Pickering
President, Chief Operating
Officer

Gus A. Nelson
Senior Vice President,
Secretary

Terrence J. Cowee
Senior Vice President,
Marketing & Sales

Robert V. Delaney
Vice President

Mark A. Campbell
Vice President, General
Manager, St. Louis Facility

Kathleen A. Kehlmeier
Vice President, General
Manager, Columbus Facility

Anthony J. Rubico
Vice President, General
Manager, Boston Facility

OPERATIONS
Steven W. Aylward

Donna W. Bartley

Gunars A. Dunskis

James M. Dwyer

Sheila D. Foston

Ronald S. Franklin

Diane S. Galliers

Gail M. Hart

Barry L. Kitson

Vickie L. Maloney

Susan P. Millman

Nancy L. Moon

Carol A. Reynolds

James B. Rymer

Thomas G. Schaper

Kevin B. Weston

Jerry A. Young

David L. Zike

MARKETING
AND SALES
Richard E. Dekostic

Kim A. Deniszczuk

Stephen W. Johnson

Gregg R. Klein

Louis V. Nowak

Thomas M. Zygmunt

Utility Payment Services

OFFICERS
Harry M. Murray
Executive Vice President

Michael W. Birely
Vice President, General
Manager, Chicago Facility

OPERATIONS
James P. Crowley

Joe A. Getz

John D. McKissack

JoAnn Ross

MARKETING
AND SALES
Phyllis J. Higgins

Mary A. Shaw

Mark R. Summers

Brian D. Thornsberry

Cass Commercial Corporation
13001 Hollenberg Drive
Bridgeton, Missouri 63044

[CASS LOGO]

Exhibit 21

SUBSIDIARIES OF CASS COMMERCIAL CORPORATION

Name & Address	State of Incorporation
Cass Commercial Bank 13001 Hollenberg Drive Bridgeton, Missouri 63044	Missouri
Cass Information Systems, Inc. 13001 Hollenberg Drive Bridgeton, Missouri 63044	Missouri

Exhibit 23
- ----------

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Cass Commercial Corporation:

We consent to the incorporation by reference in the registration statements No. 33-91456, No. 33-91568, No. 333-44497 and No. 333-44499 on Form S-8 of Cass Commercial Corporation (Cass) of our report dated February 8, 1999, relating to the consolidated balance sheets of Cass Commercial Corporation and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of income, shareholders' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 1998, which report appears in the December 31, 1998 annual report on Form 10-K of Cass.

/s/ KPMG LLP

St. Louis, Missouri
March 23, 1999

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1,000

12-MOS
DEC-31-1998
JAN-01-1998
DEC-31-1998

22,558
124,000
32,827
0
27,369
56,605
57,191
224,888
4,428
503,912
190,982
323
4,685
0
0
0
2,000
55,404
503,912
17,579
6,607
5,858
30,044
4,271
4,281
25,763
0
285
36,625
11,585
11,585
0
0
7,408
1.92
1.89
5.98
477
179
134
2,303
4,484
365
309
4,428
4,428
0
0