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, 2000

[ ] 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 INFORMATION SYSTEMS, INC.
(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. ___

As of March 5, 2000, 3,282,449 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 $50,002,000 based upon the Nasdaq Stock Market closing price of $20.00 for March 5, 2001.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of Registrant's Proxy Statement for the Annual Meeting of Shareholders to be held on April 16, 2001 is incorporated by reference in Part III hereof.

PART I.

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

Cass Information Systems, Inc. ("Cass" or "the Company") is a leading provider of information processing services to large manufacturing, chemical, food, personal products, and retail enterprises across the United States. The Company is the nation's largest provider of freight invoice rating, payment, audit, cost accounting and transportation information to many of the nation's largest companies. It is also the largest processor and payer of utility invoices, including electricity, gas, water, telephone and refuse collection. Cass extracts, stores and presents information from freight and utility invoices, assisting our customers' traffic and energy managers in making decisions that will enable them to improve their operating performance. Cass utilizes web, Internet and browser technology in all of its systems. It heavily utilizes electronic commerce in moving over $8 billion of transactions annually. It is able to bring financial and transaction processing components together in a single process. As an information processing company, Cass focuses on these critical business areas: Data Acquisition, Data Warehousing and Data Delivery. The Company receives data from multiple sources, electronic and otherwise, and processes the data to accomplish specific operating requirements of its customers. It then makes the data available in a central repository for access and archiving. Finally, the data is turned into information through the Company's databases that communicate with clients as required and provide internet-based methods and tools for analytical processing. Cass offers some of its services as an Application Service Provider (ASP). In addition, the Company, through its wholly owned bank subsidiary Cass Commercial Bank ("the Bank"), provides banking services in the commercial, industrial and residential areas it serves. Its primary focus is to support the Company's payment operations, and it also provides banking services to its target markets, which include 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.

An important component of the Company's services is the financial control and stability for handling the billions of dollars of payments and the infrastructure for electronic funds transfers (EFT). The Company's wholly owned subsidiary, Cass Commercial 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, 63044 and it has five other branches in the St. Louis, Missouri metropolitan area. Due to its ownership of a federally insured commercial bank, the Registrant is a bank holding corporation originally organized in 1982 as Cass Commercial Corporation, under the laws of Missouri and approved by the Board of Governors of the Federal Reserve System (the "FRB") in February 1983. On January 9, 2001 the Company's subsidiary, Cass Information Systems, Inc. was merged into the parent company, Cass Commercial Corporation, and the parent's name was subsequently changed to Cass Information Systems, Inc. As of December 31, 2000, the Company owned 100% of the outstanding shares of common stock of Cass Commercial Bank. The main operating location of the Company is at 13001 Hollenberg Drive, Bridgeton, Missouri. Other operating locations are in Columbus, Ohio; Chicago, Illinois and Boston, Massachusetts.

MARKETING, CUSTOMERS AND COMPETITION

The Company believes it is the largest firm in the freight bill payment industry based on the total dollars of freight bills paid. Competition consists of five primary competitors and numerous small freight bill audit firms located throughout the United States. While offering freight payment services, few of these audit firms compete on a national basis. The Company also competes with several companies, located throughout the United States, that pay utility bills and provide extensive management reporting. Available data indicates that the Company is also the largest provider of utility information processing and payment services. Due to the fact that this is a new market, the competitive environment for utility bill processing and payment is difficult to assess and is changing rapidly. The Company appears to have five or six firms that provide comparable services. Most of these are regulated subsidiaries of Public Utility companies. There is consolidation occurring among these companies and Cass now provides processing services as an ASP for many Energy Service Providers (ESP). In December 2000, the Company entered into an agreement to purchase the assets of "The Utility Navigator(R)" a division of privately held Insite Services, Inc. (see subsequent events, in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations"). This will add new ESP's for the Company's product as well as provide additional processing growth.

The Company's bank subsidiary encounters substantial competition from other banks located throughout the St. Louis metropolitan area. Savings banks, credit unions, other financial institutions and non-bank providers of financial services also provide competition. The principal competition however, is represented by bank holding

company affiliates, many of which are larger and have greater resources than the Bank, and are able to offer a wide range of banking and related services through extensive branch networks.

The Company 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 service and "Ratemaker", a rate maintenance service. In addition, the Company either owns or has applied for other service marks.

The Company 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 10% of total revenue. The Bank is also not dependent on any one customer. The Bank does however, target its services to privately-held businesses located in the St. Louis, MO area and church and church related institutions located in St. Louis, MO and other selected cities located throughout the United States.

EMPLOYEES

The Company had 618 full-time and 84 part-time employees as of December 31, 2000. Of these employees, the bank subsidiary had 71 full-time and 7 part-time employees.

SUPERVISION AND REGULATION

The Company and its bank subsidiary are extensively regulated under federal and state law. These laws and regulations are intended to protect depositors, not shareholders. The Bank is subject to regulation and supervision by the Missouri Division of Finance, the FRB and the Federal Deposit Insurance Corporation (the "FDIC"). The Company is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, and as such, it is subject to regulation, supervision and examination by 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. 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 agencies may force certain remedial action to be taken. The Capital Adequacy Guidelines are of several types and include risk-based capital guidelines, which are designed to make capital requirements more sensitive to various risk profiles and account for off-balance sheet exposure; guidelines which consider market risk, which is the risk of loss due to change in value of assets and liabilities due to changes in interest rates; and guidelines that use a leverage ratio which places a constraint on the maximum degree of risk to which a bank holding company may leverage its equity capital base. For further discussion of the capital adequacy guidelines and ratio, please see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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. Both the FRB and Missouri Division of Finance also have restrictions on the amount of dividends that banks and bank holding companies may remit.

As a bank holding company, the Company must obtain prior approval from the FRB before acquiring ownership or control of more than 5% of the voting shares of another bank or bank holding company or acquiring all or substantially all of the assets of such a company. In many cases, prior approval is also required for the Company to engage in similar acquisitions involving a non-bank company or to engage in new non-bank activities. Any change in applicable laws or regulations may have a material effect on the business and prospects of the Company.

As a bank holding company, the Company must obtain prior approval from the FRB before acquiring ownership or control of more than 5% of the voting shares of another bank or bank holding company or acquiring all or substantially all of the assets of such a company. In many cases, prior approval is also required for the Company to engage in similar acquisitions involving a non-bank company or to engage in new non-bank activities. Any change in applicable laws or regulations may have a material effect on the business and prospects of the Company.

FINANCIAL INFORMATION ABOUT SEGMENTS

The components of net income (loss) along with depreciation and amortization expense, identifiable assets and capital expenditures attributable to each business segment, for the three years ended December 31, 2000 are set forth in Part II, Item 8, Note 12 of this report.

STATISTICAL DISCLOSURE BY BANK HOLDING COMPANIES

For the statistical disclosure by bank holding companies see Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations".

ITEM 2. PROPERTIES

The Company's headquarters are located at 13001 Hollenberg Drive, Bridgeton, Missouri. This location is owned by the Company, and includes a building with approximately 61,500 square feet of office space, 20,500 of which is occupied by the Bank. In November 2000 the Company purchased a production facility of approximately 45,500 square feet in Columbus, Ohio, which the Company expects to occupy in the early part of 2001. Currently the Company operates a production facility in Columbus where approximately 26,000 square feet are leased. This space is located at 2545 Farmers Drive, Columbus, Ohio. The Company operates an additional production facility in Lowell, Massachusetts where approximately 25,800 square feet of office space is leased through October 31, 2005. The Company also leases a facility for its rating and software group in Chicago, Illinois where approximately 1,285 square feet of office space is leased through the year 2001.

The Company's bank subsidiary's headquarters are located at 13001 Hollenberg Drive, Bridgeton, Missouri, 63044. The Bank leases approximately 20,500 square feet of a 61,500 square foot building owned by the Company. In addition, the Bank owns a banking facility near downtown St. Louis that consists of approximately 1,600 square feet with adjoining drive-up facilities. The 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 downtown St. Louis, Missouri (1,500 square feet).

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are not involved in any pending proceedings other than ordinary routine litigation incidental to their businesses. 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 2000.

PART II.

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

As of March 5, 2001, there were 246 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 2000 and 1999 were as follows:

	2000		1999	
	High	Low	High	Low
1st Quarter	$21.188	$18.625	$25.125	$24.500
2nd Quarter	21.500	19.000	25.000	24.250
3rd Quarter	22.188	17.500	25.500	23.500
4th Quarter	18.875	17.125	25.750	18.625

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

	2000	1999
March 15	$.20	$.19
June 15	.20	.19
September 15	.20	.19
December 15	20	.19

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(Dollars in thousands, except per share data)	2000	1999	1998	1997	1996
Interest income on loans 1	$ 27,716	$ 20,371	$ 17,579	$ 16,951	$ 16,193
Interest income on debt and equity securities	5,264	4,722	6,607	9,151	9,801
Other interest income	4,085	5,782	5,858	3,181	2,132
Total interest income	37,065	30,875	30,044	29,283	28,126
Interest expense on deposits	5,165	4,357	4,271	4,181	4,503
Interest expense on short-term borrowings	20	9	10	67	139
Total interest expense	5,185	4,366	4,281	4,248	4,642
Net interest income	31,880	26,509	25,763	25,035	23,484
Provision for loan losses	750	--	--	300	--
Net interest income after provision	31,130	26,509	25,763	24,735	23,484
Noninterest income	21,114	21,444	22,447	21,813	22,091
Noninterest expense	41,236	38,344	36,625	35,911	35,811
Income before income tax expense	11,008	9,609	11,585	10,637	9,764
Income tax expense	3,861	3,411	4,177	3,626	3,245
Net income	$ 7,147	$ 6,198	$ 7,408	$ 7,011	$ 6,519
Basic earnings per share	$ 2.05	$ 1.63	$ 1.92	$ 1.82	$ 1.69
Diluted earnings per share	2.02	1.61	1.89	1.79	1.66
Dividends per share	.800	.760	.720	.650	.595
Average total assets	$515,308	$491,450	$469,606	$443,900	$422,953
Average net loans	323,515	254,353	208,603	197,761	185,791
Average debt and equity securities	84,276	78,903	109,275	148,027	160,291
Average total deposits	186,684	190,661	176,784	161,778	161,595
Average total shareholders' equity	54,308	57,118	55,246	49,965	45,250
Return on average total assets	1.39%	1.26%	1.58%	1.58%	1.54%
Return on average total shareholders' equity	13.16	10.85	13.41	14.03	14.41
Total shareholders' equity to total assets at year-end	9.33	11.29	11.39	12.01	10.90
Net interest margin	6.70	5.87	5.98	6.16	6.00
Allowance for loan losses to loans at year-end	1.32	1.54	1.97	2.28	2.22
Nonperforming assets to loans and other real estate at year-end	.30	.15	.35	.39	.40
Net loan charge-offs to average loans outstanding	.04	.06	.03	.10	1.02

1. Interest income on loans includes net loan fees.

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

RESULTS OF OPERATIONS

The following discussion and analysis provides information about the financial condition and results of operations of the Company for the years ended December 31, 2000, 1999 and 1998.

NET INCOME

The Company's consolidated net income, earnings per share and selected ratios for 2000, 1999 and 1998 were as follows:

	2000	1999	1998
Net income	$7,147,000	$6,198,000	$7,408,000
Basic earnings per share	$2.05	$1.63	$1.92
Diluted earnings per share	$2.02	$1.61	$1.89
Return on average assets	1.39%	1.26%	1.58%
Return on average equity	13.16%	10.85%	13.41%
Ratio of average total shareholders' equity to average total assets	10.54%	11.62%	11.77%
Ratio of total dividends declared to net income	38.95%	46.61%	37.55%

The 2000 results compared to 1999 include the following significant pre-tax components:

Net interest income after provision for loan losses increased $4,621,000 or 17.4% due to a $22,935,000 increase in average earning assets, a $69,220,000 increase in average loans outstanding and a rise in the general level of interest rates, which more than offset a $750,000 increase in the provision for loan losses.

Total noninterest income decreased $330,000 or 1.5% due to several factors. Total freight and utility payment and processing fees decreased $136,000 or .7% despite a $749,000 increase in revenue from utility payment and processing services. The decrease in revenue from freight payment and processing services was due to several factors. First, there was a decrease in non-recurring other miscellaneous freight fees. Second, there were continued anticipated decreases of some freight payment services that were part of a prior acquisition. Finally, a greater percentage of payment and processing revenue was obtained from investible balances generated rather than from fees. Bank service fees increased $238,000 or 20.7% due to a significant increase in the Bank's customer base.

Total noninterest expense increased $2,892,000 or 7.5% due to several factors. The most significant was the Company's investment in the utility processing area and in new freight processing capabilities. Due to the rapid growth in the utility processing area, the Company was unable to leverage freight processing resources to the extent that was initially envisioned. As a result, a much larger investment in staff and processing support had to be made to accommodate the fast rate of growth. It is estimated that the pre-tax loss on utility payment processing services was approximately $500,000. In addition, the Company invested heavily in Internet system capabilities and internal system development in the freight processing area that will allow greater growth in this area in the future. Finally, annual salary increases and higher benefit expenses accounted for a significant part of the increase.

The 1999 results compared to 1998 include the following significant pre-tax components:

Net interest income after provision for loan losses increased $746,000 or 2.9% due to a $45,667,000 increase in average loans and a $22,032,000 increase in average earning assets, which were partially offset by a decline in the general level of interest rates.

Total noninterest income decreased $1,003,000 or 4.5% due to several factors. Total freight and utility payment and processing revenue decreased $583,000 or 3.1% despite a $726,000 increase in revenue from utility payment and processing services. The decrease in revenue from freight payment and processing services was due to several factors. First, there was a decrease in the volume of freight transactions due largely to the growth in competition for electronic data interchange (EDI) processing of parcel and air shipments. Second, there were continued anticipated decreases of some freight payment services that were

part of a prior acquisition. Finally, the implementation of new prospects, which typically exceed lost business, appeared to be delayed by our prospect's Y2K remediation programs. Freight rating services revenue decreased $346,000 or 16.1% due to a change in Company direction from selling rating software to Internet-based systems. Bank service fees increased $283,000 or 32.8% due to an increase in the Bank's customer base. Finally, the Company recognized a $285,000 gain on the sale of securities in 1998.

Total noninterest expense increased $1,719,000 or 4.7% due to several factors. The most significant was the Company's investment in the utility processing area and in new freight processing capabilities. Due to the rapid growth in the utility processing area, the Company was unable to leverage freight processing resources to the extent that was initially envisioned. As a result, a much larger investment in staff and processing support had to be made to accommodate the fast rate of growth. It is estimated that the pre-tax loss on utility payment processing services exceeded $1,000,000. In addition, the Company invested heavily in Internet system capabilities and internal system development in the freight processing area that will allow greater growth in this area in the future. Finally, annual salary increases and higher benefit expenses accounted for a significant part of the increase.

NET INTEREST INCOME

Net interest income is the difference between interest earned on loans, investments, and other earning assets and interest paid on deposits and other interest-bearing liabilities. Net interest income is a significant source of the Company's revenues.

Net interest income in 2000 compared to 1999:

On a tax-equivalent basis, net interest income for 2000 totaled $32,111,000, an increase of $5,390,000 or 20.2% over 1999. The net interest margin for 2000 was 6.70% compared to 5.87% in 1999. The following factors account for this increase in net interest income and net interest margin:

Total average earning assets increased $22,935,000 or 5.0% to $478,122,000. This increase was due mainly to an increase in accounts and drafts payable resulting from an increase in dollars processed. This increase, combined with a rise in the general level of interest rates, contributed to the increase in net interest income.

Total average loans increased $69,220,000 or 26.8% to $327,962,000. This increase was attributable to new business relationships and funded by the increase in payables along with a decrease in federal funds sold and other short-term investments. This increase in loans increased interest income and had a positive effect on the net interest margin due to the fact that loans are the Company's highest yielding earning asset.

Total average federal funds sold and other short-term investments decreased $51,658,000 or 43.9% to $65,884,000. Since these are the lowest yielding earning assets, decreases in average balances outstanding can decrease interest income, but the reinvestment of these funds in higher yielding assets will increase the average yield on earning assets and therefore interest income and net interest margin.

The net interest margin increased primarily because of the increase in the general level of interest rates and a shift of earning assets from lower yielding federal funds sold and other short-term investments to higher yielding loans and securities. The average yield on earning assets increased to 7.78% in 2000 from 6.83% in 1999. The Company is positively affected by increases 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 adversely affected by decreases in the level of interest rates. This is primarily due to the noninterest-bearing liabilities generated by the Company in the form of accounts and drafts payable. More information is contained in the tables that follow.

Net interest income in 1999 compared to 1998:

On a tax-equivalent basis, net interest income for 1999 totaled $26,721,000, an increase of $833,000 or 3.2% over 1998. The net interest margin for 1999 was 5.87% compared to 5.98% in 1998. The following factors account for this increase in net interest income and decrease in net interest margin:

Total average earning assets increased $22,032,000 or 5.1% to $455,187,000. This increase was due to an increase in non-interest bearing demand and interest bearing deposits at the Bank resulting from new business development efforts and an increase in accounts and drafts payable at the Company from an

increase in dollars processed. This increase in earning assets contributed to the increase in net interest income.

Total average loans increased $45,667,000 or 21.4% to $258,742,000. This increase was funded by the increase in deposits and payables along with the maturity of debt securities. This increase in loans increased interest income and had a positive effect on the net interest margin due to the fact that loans are the Company's highest earning asset.

Total average federal funds sold and other short-term investments increased $6,737,000 or 6.1% to $117,542,000. This increase was also funded by the increase in deposits and payables and maturities of debt securities. Since these are the lowest yielding earning assets, increases in average balances outstanding can increase interest income, but reduce the average yield on earning assets and therefore the net interest margin.

Although net interest income increased, the net interest margin decreased primarily because of the decline in the general level of interest rates. The average yield on earning assets decreased to 6.83% in 1999 from 6.96% in 1998. 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 the Company in the form of accounts and drafts payable. More information is contained in the tables that follow.

DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY; INTEREST RATE AND INTEREST DIFFERENTIAL

The following table shows the condensed average balance sheets for each of the periods reported, the tax-equivalent 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.

	2000			1999			1998		
(DOLLARS IN THOUSANDS)	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE
ASSETS 1									
Earning assets:									
Loans 2,3:									
Taxable	$320,801	$27,322	8.49%	$252,340	$20,022	7.93%	$210,168	$17,404	8.28%
Tax-exempt 4	7,161	596	8.30	6,402	529	8.26	2,907	266	9.15
Debt and equity securities 5:									
Taxable	83,083	5,205	6.25	77,646	4,659	6.00	107,924	6,538	6.06
Tax-exempt 4	1,193	88	7.36	1,257	95	7.56	1,351	103	7.62
Federal funds sold and other short-term investments	65,884	4,085	6.18	117,542	5,782	4.92	110,805	5,858	5.29
Total earning assets	478,122	37,296	7.78	455,187	31,087	6.83	433,155	30,169	6.96
Nonearning assets:									
Cash and due from banks	21,366			22,616			21,124		
Premises and equipment, net	10,444			9,265			9,516		
Other assets	9,823			8,771			10,283		
Allowance for loan losses	(4,447)			(4,389)			(4,472)		
Total assets	$515,308			$491,450			$469,606		
LIABILITIES AND SHAREHOLDERS' EQUITY 1									
Interest-bearing liabilities:									
Interest-bearing demand deposits	$ 44,596	$ 1,961	4.39%	$ 42,207	$ 1,431	3.39%	$ 34,296	$ 1,198	3.49%
Savings deposits	55,979	2,885	5.14	63,164	2,539	4.02	62,246	2,624	4.22
Time deposits of $100,000 or more	2,488	129	5.17	3,479	232	6.67	3,928	222	5.65
Other time deposits	3,872	190	4.89	4,641	155	3.34	4,665	227	4.87
Total interest-bearing deposits	106,935	5,165	4.82	113,491	4,357	3.84	105,135	4,271	4.06
Short-term borrowings	272	20	7.33	275	9	3.27	280	10	3.57
Total interest-bearing liabilities	107,207	5,185	4.82	113,766	4,366	3.84	105,415	4,281	4.06
Noninterest-bearing liabilities:									
Demand deposits	79,749			77,170			71,649		

Accounts and drafts payable	267,963			238,007			231,655		
Other liabilities	6,081			5,389			5,641		
Total liabilities	461,000			434,332			414,360		
Shareholders' equity	54,308			57,118			55,246		
Total liabilities and shareholders' equity	$515,308			$491,450			$469,606		
Net interest income		$32,111			$26,721			$25,888	
Net interest margin			6.70%			5.87%			5.98%
Interest spread			2.96%			2.99%			2.90%

1. Balances shown are daily averages.
2. For purposes of these computations, nonaccrual loans are included in the average loan amounts outstanding. Interest on nonaccrual loans is recorded when received as discussed further in Item 8, Note 1 of this report.
3. Interest income on loans includes net loan fees of $327,000, $91,000 and $27,000 for 2000, 1999 and 1998, respectively.
4. Interest income is presented on a tax-equivalent basis assuming a tax rate of 34% for 2000, 1999 and 1998. The tax-equivalent adjustment was approximately $231,000, $212,000 and $125,000 for 2000, 1999 and 1998, respectively.
5. For purposes of these computations, yields on investment securities are computed as interest income divided by the average amortized cost of the investments.

ANALYSIS OF NET INTEREST INCOME CHANGES

The following 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.

	2000 Over 1999			1999 Over 1998		
(Dollars in thousands)	Volume 1	Rate 1	Total	Volume 1	Rate 1	Total
Increase (decrease) in interest income:						
Loans 2,3:						
Taxable	$ 5,795	$1,505	$ 7,300	$ 3,371	$ (753)	$ 2,618
Tax-exempt 4	65	2	67	291	(28)	263
Debt and equity securities:						
Taxable	344	202	546	(1,817)	(62)	(1,879)
Tax-exempt 4	(5)	(2)	(7)	(7)	(1)	(8)
Federal funds sold and other short-term investments	(2,951)	1,254	(1,697)	345	(421)	(76)
Total interest income	3,248	2,961	6,209	2,183	(1,265)	918
Interest expense on:						
Interest-bearing demand deposits	86	444	530	269	(36)	233
Savings deposits	(311)	657	346	38	(123)	(85)
Time deposits of $100,000 or more	(58)	(45)	(103)	(27)	37	10
Other time deposits	(29)	64	35	(1)	(71)	(72)
Short-term borrowings	--	11	11	--	(1)	(1)
Total interest expense	(312)	1,131	819	279	(194)	85
Net interest income	$ 3,560	$1,830	$ 5,390	$ 1,904	$(1,071)	$ 833

1. The change in interest due to both volume and rate has been allocated proportionately.
2. Average balances include nonaccrual loans.
3. Interest income includes net loan fees.
4. Interest income is presented on a tax-equivalent basis assuming a tax rate of 34% for 2000, 1999 and 1998.

ALLOWANCE AND PROVISION FOR LOAN LOSSES

The Company recorded a provision for loan losses of $750,000 in 2000 and no provision in 1999 or 1998. The Company increased the provision for loan losses based on the increase in average loans outstanding and the increase in nonperforming assets. Loan charge-offs, net of recoveries, experienced by the Company were $135,000 in 2000, $146,000 in 1999 and $56,000 in 1998. The allowance for loan losses was $4,897,000 at December 31, 2000, compared to $4,282,000 at December 31, 1999 and $4,428,000 at December 31, 1998. The year-end 2000 allowance represents 1.32% of outstanding loans, compared to 1.54% at year-end 1999. This decrease relates mainly to the increase in total loans experienced during 2000. From December 31, 1999 to December 31, 2000 the level of nonperforming assets increased $724,000 from $407,000 to

$1,131,000, which represents .30% of outstanding loans. The majority of this increase related to real estate construction loans of two borrowers.

SUMMARY OF LOAN LOSS EXPERIENCE

(Dollars expressed in thousands)	2000	1999	1998	1997	1996
Allowance at beginning of year	$ 4,282	$ 4,428	$ 4,484	$ 4,396	$ 6,358
Loans charged-off:					
Commercial, industrial and IRB's	183	255	365	412	2,120
Real estate:					
Mortgage	--	--	--	--	--
Construction	--	--	--	--	--
Installment	--	1	--	--	1
Total loans charged-off	183	256	365	412	2,121
Recoveries of loans previously charged-off:					
Commercial, industrial and IRB's	48	109	309	200	152
Real estate:					
Mortgage	--	--	--	--	--
Construction	--	--	--	--	--
Installment	--	1	--	--	7
Total recoveries of loans previously charged-off	48	110	309	200	159
Net loans charged-off	135	146	56	212	1,962
Provision charged to expense 1	750	--	--	300	--
Allowance at end of year	4,897	4,282	4,428	4,484	4,396
Loans outstanding:					
Average	$327,962	$258,742	$213,075	$202,280	$192,096
December 31	372,220	278,343	224,888	196,478	197,775
Ratio of allowance for loan losses to loans outstanding:					
Average	1.49%	1.65%	2.08%	2.22%	2.29%
December 31	1.32%	1.54%	1.97%	2.28%	2.22%
Ratio of net charge-offs to average loans outstanding	.04%	.06%	.03%	.10%	1.02%
Allocation of allowance for loan losses 2:					
Commercial, industrial and IRB's	$ 3,159	$ 3,844	$ 3,982	$ 4,001	$ 3,825
Real estate:					
Mortgage	416	19	19	366	119
Construction	1,317	419	427	15	173
Installment	5	--	--	102	279
Total	$ 4,897	$ 4,282	$ 4,428	$ 4,484	$ 4,396
Percent of categories to total loans:					
Commercial and industrial and IRB's	40.9%	40.9%	45.2%	48.9%	49.5%
Real estate:					
Mortgage	49.0	46.5	45.1	44.6	43.2
Construction	7.9	10.6	7.4	4.0	4.6
Installment	.7	.6	1.1	1.6	1.9
Other	1.5	1.4	1.2	.9	.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%

1. 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 probable loss exposure based upon existing circumstances known to management, current economic conditions and an overall review of the remainder of the portfolio in light of past loan loss experience.

2. The Company allocated its allowance for loan losses to the various loan categories at December 31, 2000 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 that 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.

NONPERFORMING ASSETS

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 $123,000 for the year ended December 31, 2000. Of this amount, approximately $19,000 was actually recorded as interest income on such loans.

At December 31, 2000, 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, 2000, approximately $4,691,000 of loans not included in the table below 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 credit problems, $4,263,000 were deemed to be impaired. On January 2, 2001, the Bank foreclosed on certain operating assets relating to one borrower in order to protect the Bank's financial interest in that borrower. A loan to this borrower represented $4,205,000 of the balance of potential credit problems, not included in the table below, at December 31, 2000. The Bank is currently in the process of stabilizing this business and will continue to operate the business until it can be sold or merged into another entity. As of January 2, 2001 the Bank's investment in this company amounted to $4,505,000. All other borrowers identified in this process are currently meeting all of the terms of the applicable loan agreements, however 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.

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 Item 8, Note 4 of this report, the Company's primary market niche for banking services 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 generate 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 does not have any foreign loans. The Company's loan portfolio does not include a significant amount of single family real estate mortgage or installment credits, as the Company does not market to the consumer side of the banking business.

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.

SUMMARY OF NONPERFORMING ASSETS

(Dollars expressed in thousands)	2000	1999	1998	1997	1996
Commercial, industrial and industrial revenue bonds:					
Nonaccrual	$ 84	$170	$477	$285	$480
Contractually past due 90 days or more and still accruing	--	167	179	3	--
Renegotiated loans	--	70	134	449	--
Real estate-construction on nonaccrual	1,043	--	--	--	--
Real estate-mortgage contractually past due 90 days or more and still accruing	--	--	--	24	306
Installment loans contractually past due 90 days or more and still accruing	4	--	--	--	--
Total nonperforming loans	1,131	407	790	761	786
Other real estate	--	--	--	--	--
Total nonperforming assets	$1,131	$407	$790	$761	$786

NONINTEREST INCOME

The Company's noninterest income is derived mainly from fee revenue relating to the payment and processing of freight and utility invoices. As the Company provides its freight and utility processing and payment services, it is compensated by service fees which are typically calculated on a per-item basis and by the accounts and drafts payable generated in the payment process which can be used to generate interest income. In addition to payment processing revenue, the Company also receives fees from the sale, maintenance, and service bureau operations relating to freight rating software. Other noninterest revenue is generated by the Bank in the form of fees that relate to the credit, depository, and cash management products of the Bank. Bank customers compensate the bank through these fees, the maintenance of demand deposit balances, or both.

Noninterest income in 2000 compared to 1999 include the following significant pre-tax components:

Freight and utility payment and processing revenue decreased $136,000 or .7% to $18,090,000. Of the total payment and processing revenue, fees related to utility payment and processing increased $749,000 and fees relating to freight payment and processing services decreased $885,000. The increase in utility payment and processing fees relates the rapid expansion of our customer base. At the end of 2000 the Company was processing 1.8 million utility invoices representing over a billion dollars of invoice value on an annualized basis. The decrease in revenue from freight payment and processing services was due to several factors. First, there was a decrease in non-recurring other miscellaneous freight fees. Second, there were continued anticipated decreases relating to some freight payment services that were part of a prior acquisition. Finally, the balance of compensation relating to the delivery of these services to the existing customer base shifted from service fees to increases in accounts and drafts payable.

Freight rating services revenue decreased $466,000 or 25.9% to $1,334,000 due to a change in the strategic direction of the Company from selling rating software to the development of a new Internet-based delivery system of carrier rates. This system will offer the shipping community an expanded level of features, capabilities and ease of access.

Service charges generated by the Bank increased $238,000 or 20.7% to $1,385,000. This increase was due primarily to the growth of the Bank's customer base.

Other miscellaneous noninterest income increased $34,000 or 12.5% to $305,000. This increase was due primarily to miscellaneous services provided by the Company to its customers.

Noninterest income in 1999 compared to 1998 include the following significant pre-tax components:

Freight and utility payment and processing revenue decreased $583,000 or 3.1% to $18,226,000. Of the total payment and processing revenue, fees related to utility payment and processing increased $726,000 and fees relating to freight payment and processing services decreased $1,309,000. The increase in utility payment and processing fees relates the rapid expansion of our customer base. At the end of 1999 the Company was processing 1.5 million utility invoices representing almost a billion dollars of invoice value

on an annualized basis. The decrease in revenue from freight payment and processing services was due to several factors. First, there was a decrease in the volume of freight transactions due largely to the growth in competition for electronic data interchange (EDI) processing of parcel and air shipments. The entrance in the marketplace of niche companies formed to process the increasing volume of overnight package shipments was caused in part by the increase in e-commerce transactions. Historically, this has not been a strategic market for the Company. A number of customers, while retained by the Company, moved this type of transaction to these new competitors. The Company has since reengineered its processes to handle these transactions more effectively and it is anticipated that these transactions will provide significant growth in the future. Second, there were continued anticipated decreases relating to some freight payment services that were part of a prior acquisition. Finally, the implementation of new prospects, which typically exceed lost business, appeared to be delayed by our prospect's Y2K remediation programs.

Freight rating services revenue decreased $346,000 or 16.1% due to a change in the strategic direction of the company from selling rating software to the development of a new Internet-based delivery system of carrier rates to the shipping community.

Service charges generated by the Bank increased $283,000 or 32.8% to $1,147,000. This increase was due primarily to the growth of the Bank's customer base.

Other variances in total noninterest revenue include the fact that their was a $285,000 gain on the sale of securities in 1998 and that other miscellaneous noninterest income decreased $72,000 or 21.0% to $271,000.

NONINTEREST EXPENSE

Noninterest expense in 2000 compared to 1999 include the following significant pre-tax components:

Salaries and employee benefits increased $2,526,000 or 9.7% to $28,500,000. This increase was caused by several factors. First, additional staff was hired in utility payment processing in order to keep pace with the growth in this area. Second, health insurance premiums increased and the Company changed health insurance carriers to provide additional benefits to employees. Third, an increase in profits resulted in an increase in bonus expenses. Finally, annual salary increases accounted for the remainder.

Occupancy expense decreased $22,000 or 1.2% to $1,758,000. Equipment expense increased $313,000 or 11.5% to $3,027,000. Other noninterest expenses increased $75,000 or 1.0% to $7,951,000. The increases can be attributed mainly to expansion of our utility payment processing capabilities, increased investment in our freight payment processing and Internet capabilities and other normal operating expense fluctuations. More details on the components of other noninterest operating expenses are contained in Item 8, Note 8 of this report.

Noninterest expense in 1999 compared to 1998 include the following significant pre-tax components:

Salaries and employee benefits increased $979,000 or 3.9% to $25,974,000. This increase was caused by several factors. First, additional staff was hired in utility payment processing in order to keep pace with the growth in this area. Second, employee benefits expense increased 15.1% due to increased pension accruals and health insurance costs. Finally, annual salary increases accounted for the remainder.

Occupancy expense increased $82,000 or 4.8% to $1,780,000. Equipment expense increased $65,000 or 2.5% to $2,714,000. Other noninterest expenses increased $593,000 or 8.1% to $7,876,000. These increases can be attributed mainly to expansion of our utility payment processing capabilities, increased investment in our freight payment processing and Internet capabilities and other normal operating expense fluctuations. More details on the components of other noninterest operating expenses are contained in Item 8, Note 8 of this report.

INCOME TAX EXPENSE

Income taxes in 2000 totaled $3,861,000 compared to $3,411,000 in 1999 and $4,177,000 in 1998. When measured as a percent of income before income taxes, the Company's effective tax rate was 35.1% in 2000, 35.5% in 1999 and 36.1% in 1998.

FINANCIAL CONDITION

LIQUIDITY

Cash and cash equivalents, which consist of cash and due from banks, federal funds sold, and money market funds, were $115,931,000 or 20.1% of total assets at December 31, 2000. These funds represent the Company's and the Bank's primary source of liquidity to meet future expected and unexpected loan demand, depositor withdrawls or reductions in accounts and drafts payable.

Secondary sources of liquidity include the investment portfolio and borrowing lines. Total investment in debt and equity securities represented approximately $69,325,000 or 12.0% of total assets at December 31, 2000. Of this total, 44% were U.S. treasury securities, 54% were U.S. government agencies, and 2% were other securities. Of the total portfolio, 27% matures in one year, 62% matures in one to five years, and 11% matures in five or more years. Of the total portfolio, 90% is designated available for sale and 10% is designated held to maturity. On January 2, 2001 the Company transferred all remaining held-to-maturity securities to available-for-sale with the adoption of FASB 133. The investment portfolio provides secondary liquidity through regularly scheduled maturities, the ability to sell securities out of the available-for-sale portfolio, and the ability to use these securities in conjunction with its reverse repurchase lines of credit. As of December 31, 2000 the Company had $19,820,000 in unsecured federal fund lines of credit and $60,000,000 in reverse repurchase agreement lines with unaffiliated financial institutions.

The deposits of the Company's banking subsidiary have historically been stable, consisting of a sizable volume of core deposits related to customers that utilize many other commercial products of the bank. The accounts and drafts payable generated by the Company has also proven to be a stable source of funds.

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 fees 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 the Company, which generates large balances of accounts and drafts payable. These balances, which are noninterest bearing, contribute 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 reproaching 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 would decrease 4.3% from an immediate and sustained parallel decrease in interest rates of 100 basis points and increase 4.2% from a corresponding increase in interest 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 would decrease 4.3% from an immediate and sustained parallel decrease in interest rates of 100 basis points and increase 3.7% from a corresponding increase in interest rates.

INTEREST RATE SENSITIVE POSITION

The following table presents the Company's gap or interest rate risk position at December 31, 2000 for the various time periods indicated.

(Dollars in thousands)	Variable Rate	0-90 days	91-180 days	181-364 days	1-5 years	Over 5 Years	Total
Earning assets:							
Loans:							
Taxable	$121,260	$ 10,107	$ 8,272	$ 27,041	$188,644	$ 1,091	$356,415
Tax-exempt	--	37	56	1,633	1,454	12,625	15,805
Debt and equity securities 1:							
Taxable	--	7,903	4,017	10,028	42,334	3,228	67,510
Tax-exempt	--	141	--	--	415	625	1,181
Other	634	--	--	--	--	--	634
Federal funds sold and other short term investments	94,251	--	--	--	--	--	94,251
Total earning assets	216,145	18,188	12,345	38,702	232,847	17,569	535,796
Interest-sensitive liabilities:							
Money market accounts	39,515	--	--	--	--	--	39,515
Now accounts	9,697	--	--	--	--	--	9,697
Savings deposits	56,441	--	--	--	--	--	56,441
Time deposits:							
$100,000 and more	--	321	958	1,331	434	--	3,044
Less than $100,000	--	1,287	1,098	876	767	--	4,028
Total interest-bearing liabilities	$105,653	$ 1,608	$ 2,056	$ 2,207	$ 1,201	--	$112,725
Interest sensitivity gap:							
Periodic	$110,492	$ 16,580	$ 10,289	$ 36,495	$231,646	$ 17,569	$423,071
Cumulative	110,492	127,072	137,361	173,856	405,502	423,071	423,071
Ratio of interest-bearing assets to interest-bearing liabilities:							
Periodic	2.05x	11.31x	6.00x	17.54x	193.88x	--	4.75x
Cumulative	2.05x	2.18x	2.26x	2.56x	4.60x	4.75x	4.75x

1 Balances shown reflect earliest repricing date.

INVESTMENT SECURITIES

Investment portfolio changes from December 31, 1999 to December 31, 2000:

U.S. Government Treasury securities decreased $12,026,000 or 28.4% to $30,247,000. This decrease was caused by the decision to increase the Company's liquidity given expected loan growth.

U.S. Government corporations and agencies decreased $2,006,000 or 5.1% to $37,263,000. This decrease was also due to the Company's decision to fund expected loan growth.

Investment portfolio changes from December 31, 1998 to December 31, 1999:

U.S. Government Treasury securities decreased $16,703,000 or 28.3% to $42,273,000. This decrease was caused by the decision to allow maturities to exceed reinvestment in this sector in order to improve the yield of the portfolio.

U.S. Government corporations and agencies increased $15,750,000 or 67.0% to $39,269,000. This increase was funded by maturities of U.S. Government Treasury securities.

There was no single issuer of securities in the investment portfolio at December 31, 2000 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.

INVESTMENT BY TYPE (AT BOOK VALUE)

	DECEMBER 31,		
(Dollars in Thousands)	2000	1999	1998
U.S. Treasury securities	$30,247	$42,273	$58,976
Obligations of U.S. Government corporations and agencies	37,263	39,269	23,519
States and political subdivisions	1,181	1,253	1,278
Stock of the Federal Home Loan Bank	433	--	--
Stock of the Federal Reserve Bank	201	201	201
Total investments	$69,325	$82,996	$83,974

INVESTMENT BY MATURITY

(Dollars in Thousands at December 31, 2000)	WITHIN 1 YEAR	OVER 1 TO 5 YEARS	OVER 5 TO 10 YEARS	OVER 10 YEARS	YIELD
U.S. Treasury securities	$18,102	$12,145	$ --	$ --	6.23%
U.S. Government corporations and agencies	598	30,582	3,424	2,659	6.20%
States and political subdivisions 1	140	524	517	--	7.38%
Total investments	$18,840	$43,251	$3,941	$2,659	6.23%
Weighted average yield	6.10%	6.34%	6.95%	6.91%	

1. Interest income is presented on a tax-equivalent basis assuming a tax rate of 34%.

LOAN PORTFOLIO

Loan portfolio changes from December 31, 1999 to December 31, 2000:

Total loans increased $93,877,000 or 33.7% to $372,220,000. This increase was due mainly to the addition of new lending relationships in the Bank's privately held business banking services group and the expansion of church and church-related loans in the St. Louis metropolitan area and selected areas across the United States. At year-end church and church-related real estate and construction credits totaled $84,955,000, which represented a 29% increase over 1999. Additional details regarding the types and maturities of the loan portfolio are contained in the tables below.

Loan portfolio changes from December 31, 1998 to December 31, 1999:

Total loans increased $53,455,000 or 23.7% to $278,343,000. This increase was due mainly to the addition of new lending relationships in the Bank's privately held business banking services group and the expansion of church and church-related loans in the St. Louis metropolitan area and selected cities across the United States. At year-end church and church-related credits totaled $65,956,000, which represented a 90% increase over 1998. Additional details regarding the types and maturities of the loan portfolio are contained in the tables below.

LOANS BY TYPE

(Dollars in Thousands at December 31)	2000	1999	1998	1997	1996
Commercial and industrial	$136,482	$106,444	$ 95,663	$ 93,633	$ 94,962
Real estate:					
Mortgage	182,538	129,482	101,468	87,573	85,360
Construction	29,464	29,633	16,547	7,893	9,164
Industrial revenue bonds	15,804	7,265	5,951	2,520	2,851
Installment	2,533	1,541	2,458	3,066	3,794
Other	5,399	3,978	2,801	1,793	1,644
Total loans	$372,220	$278,343	$224,888	$196,478	$197,775

LOANS BY MATURITY

		OVER ONE YEAR THROUGH FIVE YEARS		OVER FIVE YEARS		
(Dollars in Thousands at December 31, 2000)	ONE YEAR OR LESS	FIXED RATE	FLOATING RATE 1	FIXED RATE	FLOATING RATE 1	TOTAL
Commercial and industrial	$20,744	$ 25,537	$4,019	$ 191	$85,991	$136,482
Real estate:						
Mortgage	21,051	160,505	82	900	--	182,538
Construction	27,245	1,032	4	--	1,183	29,464
Industrial revenue bonds	1,725	1,454	--	12,625	--	15,804
Installment	963	1,570	--	--	--	2,533
Other	5,399	--	--	--	--	5,399
Total loans	$77,127	$190,098	$4,105	$13,716	$87,174	$372,220

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

DEPOSITS AND ACCOUNTS AND DRAFTS PAYABLE

Noninterest-bearing demand deposits increased $8,269,000 or 9.0% from $91,672,000 at December 31, 1999 to $99,941,000 at December 31, 2000. The average balance of these accounts increased $2,579,000 or 3.3% from $77,170,000 in 1999 to $79,749,000 in 2000. New business volume increased throughout 2000 and should continue to increase in 2001.

Interest-bearing deposits increased from $97,064,000 at December 31, 1999 to $112,725,000 at December 31, 2000. The average balances of these deposits, however, decreased $6,556,000 or 5.8% from $113,491,000 in 1999 to $106,935,000 in 2000. The decrease in average balances related mainly to the movement of funds from deposit accounts to non-deposit investment alternatives.

Accounts and drafts payable generated by the Company in its payment processing operations increased $52,946,000 or 21.2% from $249,894,000 at December 31, 1999 to $302,840,000 at December 31, 2000. The average balances of these funds increased $29,956,000 or 12.6% from $238,007,000 in 1999 to $267,963,000 in 2000. Due to the Company's payment processing cycle, average balances are much more indicative of the underlying activity than period-end balances since point-in-time comparisons can be misleading if the comparison dates fall on different days of the week. The increase in average balances can be attributed to the fact that the dollar amount of invoices processed increased.

The composition of average deposits and the average rates paid on those deposits is represented in the table entitled "Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rate and Interest Differential" which is included earlier in this discussion. The Company does not have any significant deposits from foreign depositors.

MATURITIES OF CERTIFICATES OF DEPOSITS OF $100,000 OR MORE

(Dollars in thousands at December 31, 2000)	
Three months or less	$ 321
Three to six months	958
Six to twelve months	1,331
Over twelve months	434
Total	$3,044

CAPITAL RESOURCES

One of the Company's primary objectives is to maintain a strong capital base to warrant the confidence of our customers, shareholders, and bank regulatory agencies. A strong capital base is needed to take advantage of profitable growth opportunities that arise and to provide assurance to depositors and creditors. The Company and its banking subsidiary continue to significantly exceed all regulatory capital requirements, as evidenced by the following capital ratios at December 31, 2000:

	Company Consolidated	Cass Bank
Total capital (to risk-weighted assets)	13.55%	13.38%
Tier I capital (to risk-weighted assets)	12.40	12.13
Tier I capital (to average assets)	10.26	10.52

In 2000, cash dividends declared totaled $2,784,000 or $.80 per share, a $.04 or 5.3% increase over the prior year. On December 21, 1999 the Board of Directors authorized a stock repurchase program that allowed the repurchase of up to 200,000 shares of common stock through December 31, 2000. On March 21, 2000 the Board of Directors authorized a 100,000 increase in the number of shares that could be purchased under the program. Along with the 300,000 shares authorized under the plan, the Board of Directors approved the repurchase of an additional 100,180 shares. During 2000 the Company repurchased 394,510 shares. Repurchases were made in the open market or through negotiated transactions from time to time depending on market conditions.

Shareholders' equity was $53,821,000 or 9.3% of total assets at December 31, 2000, a decrease of $2,742,000 over the balance at December 31, 1999. This decrease resulted from cash dividends paid of $2,784,000, repurchases of stock of $7,828,000, which was partially offset by net income of $7,147,000, a net unrealized gain on available for sale securities of $576,000 and other items of $147,000.

Dividends from the bank subsidiary are a significant source of funds for payment of dividends by the Company to its shareholders. The only restrictions on dividends are those dictated by regulatory capital requirements and prudent and sound banking principles. As of December 31, 2000, unappropriated retained earnings of $424,000 were available at the Bank for the declaration of dividends to the Company without prior approval from regulatory authorities.

SUBSEQUENT EVENTS

On January 18, 2001 the Company announced that it acquired the business and substantially all the assets of "The Utility Navigator(R)" a division of privately held Insite Services, Inc. These assets include all books and records relating to the business, customer and vendor lists, customer contracts, reporting history and databases, marketing and advertising materials, trademarks and other intellectual property, and a license to the software used to process and pay utility bills. This move should solidify the market position of the Company in this emerging market.

EFFECT OF RECENT AND PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (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. In June 1999, the FASB issued Statement of Financial Accounting Standards No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB No. 133, which defers the effective date of SFAS 133 from fiscal years beginning after June 15, 1999 to fiscal years beginning after June 15, 2000. Earlier application of SFAS 133, as amended, is encouraged but should not be applied retroactively to financial statements of prior periods. In June 2000, the

FASB issued

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Statement of Financial Accounting Financial Standards No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities, which addresses certain issues causing implementation difficulties. The Company has adopted SFAS 133, as amended, effective January 1, 2001, but since the Company does not participate in any derivative or hedging activities, SFAS 133, as amended, had no impact on the Company's consolidated financial position and results of operations, except for the transfer of all held-to-maturity securities into available-for-sale as of January 1, 2001.

INFLATION

Inflation can impact the financial position and results of the operations of banks and bank holding companies because these companies 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 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 company.

FORWARD-LOOKING STATEMENTS - 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, concentration of loans in the St. Louis Metropolitan area which subjects the Company 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 the Company and 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 Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations". The Company's primary market risk exposure is to interest rate risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CASS INFORMATIONS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In Thousands of Dollars, Except Share and per Share Data)	DECEMBER 31 2000	1999
ASSETS		
Cash and due from banks	$ 21,680	$ 18,497
Federal funds sold and other short-term investments	94,251	105,720
Cash and cash equivalents	115,931	124,217
Investment in debt and equity securities:		
Held-to-maturity, fair value of $6,682 and $25,381 at December 31, 2000 and 1999, respectively	6,650	25,554
Available-for-sale, at fair value	62,675	57,442
Total investment in debt and equity securities	69,325	82,996
Loans	372,220	278,343
Less: Allowance for loan losses	4,897	4,282
Loans, net	367,323	274,061
Premises and equipment, net	13,914	9,181
Accrued interest receivable	3,528	2,764
Other assets	6,865	7,626
Total assets	$576,886	$500,845
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 99,941	$ 91,672
Interest-bearing	112,725	97,064
Total deposits	212,666	188,736
Accounts and drafts payable	302,840	249,894
Short-term borrowings	--	208
Other liabilities	7,559	5,444
Total liabilities	523,065	444,282
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	5,059	5,087
Retained earnings	59,177	54,814
Accumulated other comprehensive income (loss)	159	(417)
Common shares in treasury, at cost (665,089 and 277,149 shares at December 31, 2000 and 1999, respectively)	(12,480)	(4,770)
Unamortized stock bonus awards	(94)	(151)
Total shareholders' equity	53,821	56,563
Total liabilities and shareholders' equity	$576,886	$500,845

See accompanying notes to consolidated financial statements.

CASS INFORMATIONS SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(In Thousands of Dollars, Except Share and per Share Data)	DECEMBER 31 2000	1999	1998
Interest Income:			
Interest and fees on loans	$ 27,716	$ 20,371	$ 17,579
Interest and dividends on debt and equity securities:			
Taxable	5,205	4,659	6,538
Exempt from federal income taxes	59	63	69
Interest on federal funds sold and other short-term investments	4,085	5,782	5,858
Total interest income	37,065	30,875	30,044
Interest Expense:			
Interest on deposits	5,165	4,357	4,271
Interest on short-term borrowings	20	9	10
Total interest expense	5,185	4,366	4,281
Net interest income	31,880	26,509	25,763
Provision for loan losses	750	--	--
Net interest income after provision for loan losses	31,130	26,509	25,763
Noninterest Income:			
Information services revenue:			
Freight and utility payment and processing fees	18,090	18,226	18,809
Freight rating services fees	1,334	1,800	2,146
Bank service fees	1,385	1,147	864
Gain on sale of debt securities	--	--	285
Other	305	271	343
Total noninterest income	21,114	21,444	22,447
Noninterest Expense:			
Salaries and employee benefits	28,500	25,974	24,995
Occupancy expense	1,758	1,780	1,698
Equipment expense	3,027	2,714	2,649
Other	7,951	7,876	7,283
Total noninterest expense	41,236	38,344	36,625
Income before income tax expense	11,008	9,609	11,585
Income tax expense	3,861	3,411	4,177
Net income	$ 7,147	$ 6,198	$ 7,408
Earnings per share:			
Basic	$2.05	$1.63	$1.92
Diluted	$2.02	$1.61	$1.89
Weighted average shares outstanding:			
Basic	3,485,789	3,791,250	3,862,393
Effect of stock options and awards	44,859	57,182	67,281
Diluted	3,530,648	3,848,432	3,929,674

See accompanying notes to consolidated financial statements.

CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)	DECEMBER 31 2000	1999	1998
Cash Flows From Operating Activities:			
Net income	$ 7,147	$ 6,198	$ 7,408
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,571	2,433	2,359
Amortization of stock bonus awards	81	68	50
Provision for loan losses	750	--	--
Deferred income tax expense (benefit)	(501)	(492)	131
Decrease (increase) in accrued interest receivable	(764)	--	373
Gain on sale of debt securities	--	--	(285)
Increase (decrease) in pension liability	560	834	(203)
Change in other assets	1,444	372	(644)
Change in other liabilities	1,373	499	(769)
Other operating activities, net	(350)	530	194
Net cash provided by operating activities	12,311	10,442	8,614
Cash Flows From Investing Activities:			
Proceeds from sales of debt securities available-for-sale	--	--	6,409
Proceeds from maturities of debt and equity securities:			
Held-to-maturity	20,757	30,819	32,974
Available-for-sale	12,909	1,690	2,905
Purchase of debt and equity securities available-for-sale	(19,322)	(33,091)	--
Net increase in loans	(94,012)	(53,601)	(28,466)
Purchases of premises and equipment, net	(7,041)	(1,923)	(1,250)
Net cash provided by (used in) investing activitie	(86,709)	(56,106)	12,572
Cash Flows From Financing Activities:			
Net increase (decrease) in noninterest-bearing demand, interest-bearing demand and savings deposits	23,332	(918)	25,945
Net increase (decrease) in time deposits	598	(1,328)	(820)
Net increase (decrease) in accounts and drafts payable	52,946	(624)	36,763
Net decrease in short-term borrowings	(208)	(115)	(83)
Cash proceeds from exercise of stock options	56	81	52
Cash dividends paid	(2,784)	(2,889)	(2,782)
Purchase of common shares for treasury	(7,828)	(3,711)	--
Net cash provided by (used in) financing activities	66,112	(9,504)	59,075
Net increase (decrease) in cash and cash equivalents	(8,286)	(55,168)	80,261
Cash and cash equivalents at beginning of period	124,217	179,385	99,124
Cash and cash equivalents at end of period	$115,931	$124,217	$179,385
Supplemental information:			
Cash paid for interest	$ 5,143	$ 4,375	$ 4,314
Cash paid for income taxes	4,382	3,536	3,712

See accompanying notes to consolidated financial statements.

CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES
STATEMENTS OF SHAREHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(In Thousands of Dollars, Except per Share Data)	Common Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Unamortized Stock Bonus Awards	Total	Comp-rehensive Income
Balance, December 31, 1997	$2,000	$4,740	$46,879	$ 364	$ (1,284)	$ (46)	$52,653	
Net Income	--	--	7,408	--	--	--	7,408	7,408
Cash dividends ($.72 per share)	--	--	(2,782)	--	--	--	(2,782)	
Other comprehensive income:								
Net unrealized gain on debt securities available-for-sale, net of tax								211
Adjustment for gain on sale of debt 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 for 1998								7,431
								======
Net income			6,198				6,198	6,198
Cash dividends ($.76 per share)			(2,889)				(2,889)	
Purchase of 160,000 common shares for Treasury					(3,711)		(3,711)	
Other comprehensive income (loss):								
Net unrealized loss on debt securities available-for-sale, net of tax				(804)			(804)	(804)
Issuance of 5,900 common shares pursuant to Stock Bonus Plan		87			61	(148)		
Amortization of Stock Bonus Plan awards						68	68	
Exercise of stock options		(12)			93		81	
Tax benefit on stock awards		216					216	
Balance, December 31, 1999	2,000	5,087	54,814	(417)	(4,770)	(151)	56,563	
Comprehensive income for 1999								5,394
								======

Net income			7,147				7,147	7,147
Cash dividends ($.80 per share)			(2,784)				(2,784)	
Purchase of 394,510 common shares for Treasury					(7,828)		(7,828)	
Other comprehensive income (loss):								
Net unrealized gain on debt securities available-for-sale, net of tax				576			576	576
Issuance of 1,200 common shares pursuant to Stock Bonus Plan		2		22	(24)			
Amortization of Stock Bonus Plan awards						81	81	
Exercise of stock options		(40)			96		56	
Tax benefit on stock awards		10					10	
Balance, December 31, 2000	$2,000	$5,059	$59,177	$ 159	$(12,480)	$ (94)	$53,821	
Comprehensive income for 2000								$7,723

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2000 and 1999

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company provides information services which include processing and payment of freight and utility charges, preparation of transportation management reports, auditing of freight charges and rating of freight shipments. The Company 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 Company also provides a full range of banking services to individual, corporate and institutional customers through its wholly owned subsidiary bank. The Bank is subject to competition from other financial and nonfinancial institutions throughout the metropolitan St. Louis, Missouri area. Additionally, the Company and the Bank are subject to the regulations of certain federal and state agencies and undergo periodic examinations by those regulatory agencies.

On January 9, 2001 the Company's subsidiary, Cass Information Systems, Inc. was merged into the parent company, Cass Commercial Corporation, and the parent's name was subsequently changed to Cass Information Systems, Inc.

The accounting and reporting policies of the Company and its subsidiaries conform to accounting policies generally accepted in the United States of America. 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.

INVESTMENT IN DEBT AND EQUITY SECURITIES At the time of purchase, debt securities are classified into one of two categories: available-for-sale or held-to-maturity. Held-to-maturity securities are those securities which the Company has the ability and intent to hold until maturity. All equity securities, and debt securities not classified as held-to-maturity, are classified as available-for-sale.

Available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization of premiums or discounts. Unrealized gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and reported as 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 fair 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. The Bank has elected to become a member of the Federal Home Loan Bank and invested in its common stock which 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, equipment and software. 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. The premiums and discounts related to the fair value adjustments are amortized using the level-yield 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.

Periodically, the Company reviews its intangible assets for events or changes in circumstances that may indicate that the carrying amount of the assets may not be recoverable. Based on those reviews, adjustments of recorded amounts have not been required.

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

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

RECLASSIFICATIONS Certain amounts in the 1999 and 1998 consolidated financial statements have been reclassified to conform with the 2000 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, 2000, the Company and the Bank meet all capital adequacy requirements to which they are subject.

The Bank is also subject to the regulatory framework for prompt corrective action. The most recent notification from the regulatory agencies, dated December 15, 2000, 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 below. There are no conditions or events since that notification that management believes have changed the Bank's category.

Subsidiary dividends are a 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, 2000, unappropriated retained earnings of $424,000 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 $2,053,000 and $4,522,000 at December 31, 2000 and 1999, respectively.

The Company and the Bank's actual and required capital amounts and ratios as of December 31, 2000 and 1999 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
At December 31, 2000						
Total capital (to risk-weighted assets):						
Cass Information Systems, Inc.	$57,712	13.55%	$34,076	8.00%	$ N/A	N/A%
Cass Commercial Bank	26,064	13.38	15,586	8.00	19,483	10.00
Tier I capital (to risk-weighted assets):						
Cass Information Systems, Inc.	$52,815	12.40%	$17,038	4.00%	$ N/A	N/A%
Cass Commercial Bank	23,624	12.13	7,793	4.00	11,690	6.00
Tier I capital (to average assets):						
Cass Information Systems, Inc.	$52,815	10.26%	$15,448	3.00%	$ N/A	N/A%
Cass Commercial Bank	23,624	10.52	6,737	3.00	11,228	5.00
At December 31, 1999						
Total capital (to risk-weighted assets):						
Cass Information Systems, Inc.	$60,736	18.23%	$26,654	8.00%	$ N/A	N/A%
Cass Commercial Bank	28,014	16.39	13,676	8.00	17,095	10.00
Tier I capital (to risk-weighted assets):						
Cass Information Systems, Inc.	$56,570	16.98%	$13,327	4.00%	$ N/A	N/A%
Cass Commercial Bank	25,873	15.14	6,838	4.00	10,257	6.00
Tier I capital (to average assets):						
Cass Information Systems, Inc.	$56,570	11.53%	$14,717	3.00%	$ N/A	N/A%
Cass Commercial Bank	25,873	11.54	6,725	3.00	11,208	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, 2000 and 1999, are as follows:

	2000			
(In Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government Treasury securities	$2,004	$--	$--	$2,004
Obligations of U.S. Government corporations and agencies	3,465	13	(3)	3,475
States and political subdivisions	1,181	28	(6)	1,203
Total	$6,650	$41	$(9)	$6,682

(In Thousands)	1999			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government Treasury securities	$14,146	$15	$ (7)	$14,154
Obligations of U.S. Government corporations and agencies	10,155	--	(186)	9,969
States and political subdivisions	1,253	19	(14)	1,258
Total	$25,554	$34	$(207)	$25,381

The amortized cost and fair value of debt securities classified as held-to-maturity at December 31, 2000, 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)	2000	
	Amortized Cost	Fair Value
Due in 1 year or less	$2,697	$2,695
Due after 1 year through 5 years	524	527
Due after 5 years through 10 years	3,429	3,460
Total	$6,650	$6,682

The amortized cost and fair values of debt and equity securities classified as available-for-sale at December 31, 2000 and 1999, are summarized as follows:

(In Thousands)	2000			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government Treasury securities	$27,975	$268	$ --	$28,243
Obligations of U.S. Government corporations and agencies	33,825	95	(122)	33,798
Total debt securities	61,800	363	(122)	62,041
Stock in Federal Reserve Bank and Federal Home Loan Bank	634	--	--	634
Total	$62,434	$363	$(122)	$62,675

(In Thousands)	1999			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government Treasury securities	$28,107	$37	$ (17)	$28,127
Obligations of U.S. Government corporations and agencies	29,765	11	(662)	29,114
Total debt securities	57,872	48	(679)	57,241
Stock in Federal Reserve Bank and Federal Home Loan Bank	201	--	--	201
Total	$58,073	$48	$(679)	$57,442

The amortized cost and fair value of debt and equity securities classified as available-for-sale at December 31, 2000, 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)	2000 Amortized Cost	2000 Fair Value
Due in 1 year or less	$16,098	$16,142
Due after 1 year through 5 years	42,503	42,727
Due after 5 years through 10 years	525	512
Due after 10 years	2,674	2,660
No stated maturity	634	634
Total	$62,434	$62,675

The amortized cost of debt securities pledged to secure public deposits, securities sold under agreements to repurchase and for other purposes was approximately $5,596,000 and $55,899,000 at December 31, 2000 and 1999, respectively.

There were no sales of debt and equity securities classified as available-for-sale in 2000 or 1999. In 1998, proceeds from the sale of debt securities classified as available-for-sale were $6,409,000 with a realized gross gain on the sale of $285,000.

NOTE 4
LOANS

A summary of loan categories at December 31, 2000 and 1999, is as follows:

(In Thousands)	2000	1999
Commercial and industrial	$136,482	$106,444
Real estate:		
Mortgage	117,170	86,171
Mortgage - Church & Related	65,368	43,311
Construction	9,877	6,987
Construction - Church & Related	19,587	22,646
Industrial revenue bonds	15,804	7,265
Installment	2,533	1,541
Other	5,399	3,978
Total	$372,220	$278,343

The Company originates commercial, industrial, real estate and installment loans to businesses, churches and consumers throughout the metropolitan St. Louis area. The Company also originates church and church-related loans outside 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. The Company also has a substantial portion of real estate loans that are extended to churches, in this market area and selected cities throughout the United States, which are secured by mortgages.

Loan transactions involving executive officers and directors of the Company and its subsidiaries and loans to affiliates of executive officers and directors for the year ended December 31, 2000, 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, 2000	$1,230
New loans	--
Payments	1,177
Aggregate balance, December 31, 2000	$ 53

A summary of the activity in the allowance for loan losses for 2000, 1999 and 1998 is as follows:

(In Thousands)	2000	1999	1998
Balance, January 1	$4,282	$4,428	$4,484
Provision charged to expense	750	--	--
Loans charged off	(183)	(256)	(365)
Recoveries of loans previously charged off	48	110	309
Net loan charge-offs	(135)	(146)	(56)
Balance, December 31	$4,897	$4,282	$4,428

A summary of impaired loans at December 31, 2000 and 1999, is as follows:

(In Thousands)	2000	1999
Nonaccrual loans	$1,127	$170
Impaired loans continuing to accrue interest	4,267	173
Total impaired loans	$5,394	$343

The allowance for loan losses on impaired loans was $271,000 and $175,000 at December 31, 2000 and 1999, respectively. Impaired loans with no related allowance for loan losses totaled $5,123,000 and $168,000 at December 31, 2000 and 1999, respectively. The average balance of impaired loans during 2000 and 1999 was $1,476,000 and $517,000, respectively. Subsequent to year-end the Bank foreclosed on certain operating assets of one borrower that represented $4,205,000 of the impaired loan balance at December 31, 2000. The Bank is currently in the process of stabilizing this business and will continue to operate the business until it can be sold or merged into another entity.

A summary of interest income on impaired loans for 2000, 1999 and 1998 is as follows:

	2000		
(In Thousands)	Nonaccrual Loans	Impaired Loans Continuing to Accrue interest	Total
Income recognized	$ 19	$87	$106
Interest income if interest had accrued	123	87	210

	1999		
(In Thousands)	Nonaccrual Loans	Impaired Loans Continuing to Accrue interest	Total
Income recognized	$ 1	$1	$ 2
Interest income if interest had accrued	44	1	45

	1998		
(In Thousands)	Nonaccrual Loans	Impaired loans Continuing to Accrue interest	Total
Income recognized	$17	$26	$ 43
Interest income if interest had accrued	78	26	104

NOTE 5
PREMISES AND EQUIPMENT

A summary of premises and equipment at December 31, 2000 and 1999, is as follows:

(In Thousands)	2000	1999
Land	$ 873	$ 367
Buildings	9,101	6,341
Leasehold improvements	1,264	1,264
Furniture, fixtures and equipment	22,963	19,392
	34,201	27,364
Less accumulated depreciation and amortization	20,287	18,183
Total	$13,914	$ 9,181

Depreciation charged to expense in 2000, 1999 and 1998 amounted to $2,275,000, $1,993,000 and $1,953,000, respectively.

The Company and its 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, 2000:

(In Thousands)	
2001	$ 318
2002	243
2003	242
2004	242
2005	209
2006 and thereafter	49
Total	$1,303

Rental expense for 2000, 1999 and 1998 was $1,161,000, $1,271,000 and $1,161,000, respectively.

NOTE 6
INTEREST-BEARING DEPOSITS

Interest-bearing deposits consist of the following at December 31, 2000 and 1999:

(In Thousands)	2000	1999
NOW and Money Market Demand Accounts	$ 49,212	$43,092
Savings deposits	56,441	47,498
Time deposits:		
Less than $100	4,028	3,863
$100 or more	3,044	2,611
Total	$112,725	$97,064

Interest on deposits consists of the following for 2000, 1999 and 1998:

(In Thousands)	2000	1999	1998
NOW and Money Market Demand Accounts	$1,961	$1,431	$1,198
Savings deposits	2,885	2,539	2,624
Time deposits:			
Less than $100	190	207	227
$100 or more	129	180	222
Total	$5,165	$4,357	$4,271

The scheduled maturities of certificates of deposit at December 31, 2000 and 1999, are summarized as follows:

(In Thousands)	2000 Amount	2000 Percent of Total	1999 Amount	1999 Percent of Total
Due within:				
One year	$5,871	83.0%	$5,014	77.4%
Two years	1,037	14.7	938	14.5
Three years	34	.5	382	5.9
Four years	91	1.3	--	--
Five years	39	.5	140	2.2
Total	$7,072	100.0%	$6,474	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 2000, 1999 and 1998 was $386,000, $784,000 and $517,000, respectively, and included the following components:

(In Thousands)	2000	1999	1998
Service cost - benefits earned during the year	$ 747	$ 929	$ 763
Interest cost on projected benefit obligations	778	747	617
Expected return on plan assets	(959)	(899)	(765)
Net amortization and deferral	(180)	7	(98)
Net periodic pension cost	$ 386	$ 784	$ 517

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, 2000 and 1999, is as follows:

(In Thousands)	2000	1999
Benefit obligation:		
Balance, January 1	$10,562	$10,771
Service cost	747	929
Interest cost	778	747
Actuarial loss (gain)	41	(1,733)
Benefits paid	(197)	(152)
Balance, December 31	$11,931	$10,562
Plan assets:		
Fair value, January 1	$11,958	$10,886
Actual return	304	1,017
Employer contribution	24	207
Benefits paid	(197)	(152)
Fair value, December 31	$12,089	$11,958
Funded status:		
Unfunded projected benefits obligation	$ 158	$ 1,396
Unrecognized prior service cost	19	134
Unrecognized net gains	(2,251)	(3,241)
Accrued pension cost	$(2,074)	$(1,711)

The weighted average discount rate and the rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.50% and 4.00% in 2000, 7.75% and 4.00% in 1999 and 6.75% and 4.00% in 1998. The expected long-term rate of return on assets was 8.00% in 2000, 1999 and 1998.

In addition to the above funded benefit plan, in 1998 the Company developed an unfunded supplemental executive retirement plan which covers key executives 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 for 2000, 1999 and 1998 for the supplemental executive retirement plan was $245,000, $257,000 and $143,000 respectively, and included the following components:

(In Thousands)	2000	1999	1998
Service cost - benefits earned during the year	$ 29	$ 38	$ 25
Interest cost on projected benefit obligations	131	113	59
Net amortization and deferral	85	106	59
Net periodic pension cost	$245	$257	$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, 2000 and 1999, is as follows:

(In Thousands)	2000	1999
Benefit obligation:		
Balance, January 1	$ 1,566	$ 972
Service cost	30	38
Interest cost	131	113
Actuarial loss	71	443
Balance, December 31	$ 1,798	$ 1,566
Funded status:		
Unfunded projected benefits obligation	$(1,798)	$(1,566)
Unrecognized prior service cost	645	704
Unrecognized actuarial loss	508	462
Accrued pension cost	(645)	(400)
Minimum liability adjustment	(533)	(581)
Accrued pension cost	$(1,178)	$ (981)

The weighted average discount rate and the rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.50% and 4.00% in 2000, 7.75% and 4.00% in 1999 and 6.75% and 5.00% 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 2000, 1999 and 1998 was $1,617,000, $1,413,000 and $1,679,000, 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 2000, 1999 and 1998 were $247,000, $234,000 and $199,000, 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. The fair value of such shares, which is based on the market price on the date of grant, has been recorded in the consolidated financial 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 $81,000, $68,000 and $50,000 for 2000, 1999 and 1998, respectively.

Changes in stock bonus shares outstanding were as follows:

	Shares	Weighted Average Fair Value Per Share
Balance at December 31, 1997	--	$ --
Granted	3,000	25.00
Balance at December 31, 1998	3,000	25.00
Granted	5,900	25.14
Vested	(1,000)	25.00
Balance at December 31, 1999	7,900	25.10
Granted	1,200	20.00
Vested	(2,967)	25.09
Balance at December 31, 2000	6,133	$24.11

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 following table summarizes stock options outstanding as of December 31, 2000:

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life
$10.32	80,070	3.02
20.36	6,000	3.76
23.00	3,500	5.00
24.63	2,000	5.00
25.25	61,350	5.00
25.45	8,500	3.70

Changes in options outstanding were as follows:

	Shares	Weighted Average Exercise Price
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
Granted	67,100	25.11
Exercised	(9,960)	10.32
Forfeited	(250)	10.32
Balance at December 31, 1999	166,790	17.38
Exercised	(5,370)	10.32
Balance at December 31, 2000	161,420	17.61

At December 31, 2000, 57,337 shares were exercisable with a weighted average exercise price of $11.11.

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 required disclosure provisions of SFAS 123 are provided in the table below. The Company uses the Black-Scholes option pricing model to determine the fair value of the stock options at the date of grant using the related assumptions as presented in the following table:

(In Thousands of Dollars Except Share and per Share Data)	2000	1999	1998
Net earnings as reported	$7,147	$6,198	$7,408
Pro forma net earnings	7,076	6,133	7,347
Diluted earnings per share as reported	2.02	1.61	1.89
Pro forma diluted earnings per share	2.00	1.59	1.87
Weighted average assumptions:			
Expected lives in years	7	7	7
Dividend yield	2.66%	2.64%	2.62%
Expected volatility	7.68%	7.63%	7.25%
Risk-free interest rate	6.30%	6.31%	6.38%

NOTE 8
OTHER NONINTEREST EXPENSE

Details of other noninterest expense for 2000, 1999 and 1998 are as follows:

(In Thousands)	2000	1999	1998
Postage, printing and supplies	$2,375	$2,261	$2,161
Advertising and business development	1,407	1,509	1,392
Professional fees	1,223	1,064	1,056
Outside service fees	792	796	431
Data processing services	499	570	590
Telecommunications	635	612	531
Other	1,020	1,064	1,122
Total other noninterest expense	$7,951	$7,876	$7,283

NOTE 9
INCOME TAXES

The components of income tax expense for 2000, 1999 and 1998 are as follows:

(In Thousands)	2000	1999	1998
Current:			
Federal	$4,035	$3,560	$3,654
State	327	343	392
Deferred	(501)	(492)	131
Total income tax expense	$3,861	$3,411	$4,177

A reconciliation of expected income tax expense, computed by applying the effective federal statutory rate of 34% for 2000, 1999 and 1998 to income before income tax expense, to reported income tax expense is as follows:

(In Thousands)	2000	1999	1998
Expected income tax expense	$3,743	$3,267	$3,939
(Reductions) increases resulting from:			
Tax-exempt interest	(150)	(136)	(79)
State taxes, net of federal benefit	216	226	259
Other, net	52	54	58
Total income tax expense	$3,861	$3,411	$4,177

The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2000 and 1999, are presented below:

(In Thousands)	2000	1999
Deferred tax assets:		
Unrealized loss on investment in debt and equity securities available for sale	$ --	$ 215
Allowance for loan losses	1,180	898
Accrued pension cost	716	590
Premises and equipment	59	39
Other	388	292
Total deferred tax assets	2,343	2,034
Deferred tax liabilities:		
Unrealized gain on investment in debt and equity securities available for sale	(82)	--
Discount accretion	(48)	(57)
Other	(175)	(143)
Total deferred tax liabilities	(305)	(200)
Net deferred tax assets	$2,038	$1,834

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, 2000 or 1999, 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 and its 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 $16,958,000, $22,000 and $3,542,000, respectively, at December 31, 2000 and approximately $24,438,000, $99,000 and $4,756,000, respectively at December 31, 1999.

Following is a summary of the carrying amounts and fair values of the Company's financial instruments at December 31, 2000 and 1999:

	2000		1999	
(In Thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Balance sheet assets:				
Cash and cash equivalents	$115,931	$115,931	$124,217	$124,217
Investment in debt and equity securities	69,325	69,357	82,996	82,823
Loans, net	367,323	365,398	274,061	270,712
Accrued interest receivable	3,528	3,528	2,764	2,764
Total	$556,107	$554,228	$484,038	$480,516
Balance sheet liabilities:				
Deposits	$212,666	$212,666	$188,736	$189,052
Accounts and drafts payable	302,840	302,840	249,894	249,894
Short-term borrowings	--	--	208	208
Accrued interest payable	93	93	51	51
Total	$515,599	$515,599	$438,889	$439,205

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

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 income, which includes both interest income and interest expense. Revenue from the Information Services segment is derived primarily from interest income and fees from its freight and utility payment, rating and processing services.

Summarized information about the Company's operations in each industry as of and for the years ended December 31, 2000, 1999 and 1998, is as follows:

(In Thousands)	2000	1999	1998
Total interest income:			
Information services	$19,906	$ 15,808	$ 15,306
Banking services	16,691	15,215	14,910
Eliminations	468	(148)	(172)
Total interest income	37,065	30,875	30,044
Total interest expense:			
Information services	--	--	--
Banking services	5,549	4,514	4,453
Eliminations	(364)	(148)	(172)
Total interest expense	5,185	4,366	4,281
Provision for loan losses:			
Information services	300	--	--
Banking services	450	--	--
Total provision for loan losses	750	--	--
Net interest income	31,130	26,509	25,763
Total noninterest income:			
Information services	19,728	20,274	21,573
Banking services	2,517	1,338	1,149
Corporate	1,564	1,472	1,328
Eliminations	(2,695)	(1,640)	(1,603)
Total noninterest income	21,114	21,444	22,447
Total noninterest expense:			
Information services	33,315	31,497	30,185
Banking services	8,072	6,883	6,592
Corporate	1,712	1,604	1,451
Eliminations	(1,863)	(1,640)	(1,603)
Total noninterest expense	41,236	38,344	36,625
Income (loss) before taxes:			
Information services	6,019	4,585	6,694
Banking services	5,137	5,156	5,014
Corporate	(148)	(132)	(123)
Total income (loss) before taxes	11,008	9,609	11,585
Income taxes:			
Information services	2,019	1,570	2,403
Banking services	1,891	1,886	1,815
Corporate	(49)	(45)	(41)
Total income taxes	3,861	3,411	4,177

Net income (loss):			
Information services	4,000	3,015	4,291
Banking services	3,246	3,270	3,199
Corporate	(99)	(87)	(82)
Total net income (loss)	$ 7,147	$ 6,198	$ 7,408
Depreciation and amortization:			
Information services	$ 2,093	$ 2,102	$ 2,056
Banking services	445	301	283
Corporate	33	30	20
Total depreciation and amortization	$ 2,571	$ 2,433	$ 2,359
Identifiable assets:			
Information services	$338,098	$284,412	$285,397
Banking services	238,782	214,971	228,032
Corporate	54,671	56,702	57,809
Eliminations	(54,665)	(55,240)	(67,326)
Total identifiable assets	$576,886	$500,845	$503,912
Capital expenditures:			
Information services	$ 6,763	$ 1,425	$ 907
Banking services	256	454	294
Corporate	22	60	49
Total capital expenditures	$ 7,041	$ 1,938	$ 1,250

NOTE 13
CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

Following are the condensed balance sheets of the Company (parent company only) as of December 31, 2000 and 1999, and the related condensed schedules of income and cash flows for each of the years in the three-year period ended December 31, 2000. The following information relates to Cass Commercial Corporation prior to its merger with its subsidiary, Cass Information Systems, Inc., and the adoption of its name as of January 9, 2001.

	Condensed Balance Sheets December 31	
(In Thousands)	2000	1999
Assets:		
Cash	$ 256	$ 280
Investment in Cass Information Systems, Inc.	29,586	30,027
Investment in Cass Commercial Bank	23,681	25,883
Other assets	1,149	512
Total assets	$54,672	$56,702
Liabilities and Shareholders' Equity:		
Total liabilities	$ 851	$ 139
Total shareholders' equity	53,821	56,563
Total liabilities and shareholders' equity	$54,672	$56,702

	Condensed Schedules of Income December 31		
(In Thousands)	2000	1999	1998
Income:			
Dividends received from subsidiaries:			
Cass Information Systems, Inc.	$ 4,969	$ 3,500	$ 1,728
Cass Commercial Bank	5,497	2,642	1,152
Management fees from subsidiaries	1,564	1,473	1,328
Total income	12,030	7,615	4,208

Expenses:			
Salaries and employee benefits	1,277	1,252	1,092
Other expenses	436	352	359
Total expenses	1,713	1,604	1,451
Income before income tax and equity in undistributed income of subsidiaries	10,317	6,011	2,757
Income tax benefit	(49)	(45)	(41)
	10,366	6,056	2,798
Equity in undistributed income (loss) of subsidiaries	(3,219)	142	4,610
Net income	$ 7,147	$ 6,198	$ 7,408

	Condensed Schedules of Cash Flows December 31		
(In Thousands)	2000	1999	1998
Cash flows from operating activities:			
Net income	$ 7,147	$ 6,198	$ 7,408
Adjustments to reconcile net income to net cash provided by operating activities:			
Net income of subsidiaries exclusive of management fees	(8,811)	(7,758)	(8,818)
Dividends from subsidiaries	10,466	6,142	2,880
Management fees from subsidiaries	1,564	1,473	1,328
Amortization of stock bonus plan	81	68	50
Other, net	133	63	157
Net cash provided by operating activities	10,580	6,186	3,005
Cash flows from financing activities:			
Cash dividends paid	(2,784)	(2,889)	(2,782)
Purchase of common shares for treasury	(7,828)	(3,711)	--
Net cash used in financing activities	(10,612)	(6,600)	(2,782)
Net increase (decrease) in cash and cash equivalents	(24)	(414)	223
Cash and cash equivalents at beginning of year	280	694	471
Cash and cash equivalents at end of year	$ 256	$ 280	$ 694

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders Cass Information Systems, Inc.:

We have audited the accompanying consolidated balance sheets of Cass Information Systems, Inc. and subsidiaries (the Company) as of December 31, 2000 and 1999, 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, 2000. 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 auditing standards generally accepted in the United States of America. 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 Information Systems, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

St. Louis, Missouri
January 23, 2001

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 2001 Annual Meeting of Shareholders, a copy of which will be filed with the Securities and Exchange Commission, 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 2001 Annual Meeting of Shareholders, a copy of which will be filed with the Securities and Exchange Commission, 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 2001 Annual Meeting of Shareholders, a copy of which will be filed with the Securities and Exchange Commission, 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 2001 Annual Meeting of Shareholders, a copy of which will be filed with the Securities and Exchange Commission, 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) and (2) Financial Statements and Financial Statement Schedules Submitted as a separate section of this report.

(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

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, 2000.

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 INFORMATION SYSTEMS, INC.

Date: March 13, 2001 By /s/ Lawrence A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

Date: March 13, 2001 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 13, 2001 By /s/ Bryan S. Chapell

Bryan S. Chapell

Date: March 13, 2001 By /s/ Lawrence A. Collett

Lawrence A. Collett

Date: March 13, 2001 By /s/ Thomas J. Fucoloro

Thomas J. Fucoloro

Date: March 13, 2001 By /s/ Harry J. Krieg

Harry J. Krieg

Date: March 13, 2001 By /s/ A.J. Signorelli

A.J. Signorelli

Date: March 13, 2001 By /s/ John J. Vallina

John J. Vallina

Exhibit 21

SUBSIDIARIES OF CASS INFORMATION SYSTEMS, INC.

(f/k/a Cass Commercial Corporation1)

Name & Address	State of Incorporation
Cass Commercial Bank 13001 Hollenberg Drive Bridgeton, Missouri 63044	Missouri
Cass Information Systems, Inc.1 13001 Hollenberg Drive Bridgeton, Missouri 63044	Missouri

[FN]

1. As of January 9, 2001 the Company's subsidiary, Cass Information Systems, Inc. was merged into the parent company, Cass Commercial Corporation, and the parent's name was subsequently changed to Cass Information Systems, Inc.

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, and No. 333-44499 on Form S-8 of Cass Commercial Corporation (Cass) of our report dated January 23, 2001, relating to the consolidated balance sheets of Cass Commercial Corporation and subsidiaries as of December 31, 2000 and 1999, 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, 2000, which report appears in the December 31, 2000 annual report on Form 10-K of Cass.

/s/ KPMG LLP

St. Louis, Missouri
March 19, 2001