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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTER ENDED MARCH 31, 1999
COMMISSION FILE NO. 2-80070

CASS COMMERCIAL CORPORATION

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

13001 HOLLENBERG DRIVE, BRIDGETON, MISSOURI 63044

TELEPHONE: (314) 506-5500

Indicate by check mark whether the registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares outstanding of registrant's only class of stock as of March 31, 1999: Common stock, par value $.50 per share - 3,873,711 shares outstanding.

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

PART I, ITEM 1

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	(DOLLARS IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)	
	MARCH 31 1999	DECEMBER 31 1998
ASSETS		
Cash and due from banks	$ 16,409	$ 22,558
Federal funds sold and other short-term investments	116,521	156,827
Cash and cash equivalents	132,930	179,385
Investment in debt and equity securities:		
Held-to-maturity, fair value of $49,440 and $57,191 at March 31, 1999 and December 31, 1998, respectively	49,078	56,605
Available-for-sale, at fair value	26,573	27,369
Total investment in debt and equity securities	75,651	83,974
Loans	231,489	224,888
Less: Allowance for loan losses	4,438	4,428
Loans, net	227,051	220,460
Premises and equipment, net	9,109	9,249
Accrued interest receivable	2,689	2,764
Other assets	6,978	8,080
Total assets	$454,408	$503,912
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 70,489	$ 82,911
Interest-bearing	108,349	108,071
Total deposits	178,838	190,982
Accounts and drafts payable	211,373	250,518
Short-term borrowings	267	323
Other liabilities	5,843	4,685
Total liabilities	396,321	446,508
Shareholders' Equity:		
Preferred stock, par value $.50 per share; 2,000,000 shares authorized and no shares issued	--	--
Common stock, par value $.50 per share; 20,000,000 shares authorized and 4,000,000 shares issued	2,000	2,000
Surplus	4,803	4,796
Retained earnings	52,288	51,505
Accumulated other comprehensive income	232	387
Common shares in treasury, at cost (126,289 shares at March 31, 1999 and 132,123 shares at December 31, 1998)	(1,172)	(1,213)
Unamortized stock bonus awards	(64)	(71)
Total shareholders' equity	58,087	57,404
Total liabilities and shareholders' equity	$454,408	$503,912

See accompanying notes to consolidated financial statements.

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

	(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA) THREE MONTHS ENDED MARCH 31	
	1999	1998
INTEREST INCOME:		
Interest and fees on loans	$4,332	$4,209
Interest and dividends on debt and equity securities:		
Taxable	1,177	1,798
Exempt from federal income taxes	16	19
Interest on federal funds sold and other short-term investments	1,655	1,305
Total interest income	7,180	7,331
INTEREST EXPENSE:		
Interest on deposits	1,039	1,053
Interest on short-term borrowings	2	3
Total interest expense	1,041	1,056
Net interest income	6,139	6,275
Provision for loan losses	--	--
Net interest income after provision for loan losses	6,139	6,275
NONINTEREST INCOME:		
Freight and utility payment and processing revenue	5,254	5,590
Service charges on deposit accounts	165	162
Other	90	100
Total noninterest income	5,509	5,852
NONINTEREST EXPENSE:		
Salaries and employee benefits	6,268	6,594
Occupancy expense	424	435
Equipment expense	647	644
Other	1,953	1,863
Total noninterest expense	9,292	9,536
Income before income tax expense	2,356	2,591
Income tax expense	837	918
Net income	$1,519	$1,673
Earnings per share:		
Basic	$ .39	$ .43
Diluted	$ .39	$ .43

See accompanying notes to consolidated financial statements.

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

	(DOLLARS IN THOUSANDS) THREE MONTHS ENDED MARCH 31	
	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,519	$ 1,673
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	587	589
Amortization of stock bonus awards	7	28
(Increase) decrease in accrued interest receivable	(75)	73
Other operating activities, net	2,458	(1,741)
Net cash provided by operating activities	4,496	622
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of debt and equity securities:		
Held-to-maturity	7,470	7,059
Available-for-sale	530	993
Net increase in loans	(6,591)	(6,768)
Purchases of premises and equipment	(327)	(133)
Net cash provided by investing activities	1,082	1,151
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in noninterest-bearing demand, interest-bearing demand and savings deposits	(12,424)	25,340
Net increase in time deposits	280	405
Net decrease in accounts and drafts payable	(39,145)	(6,673)
Net decrease in short-term borrowings	(56)	(406)
Cash proceeds from exercise of stock options	48	28
Cash dividends paid	(736)	(696)
Net cash provided by (used in) financing activities	(52,033)	17,998
Net increase (decrease) in cash and cash equivalents	(46,455)	19,771
Cash and cash equivalents at beginning of period	179,385	99,124
Cash and cash equivalents at end of period	$132,930	$118,895
Supplemental information:		
Cash paid for interest	$ 1,023	$ 1,044
Cash paid for income taxes	$ 30	$ 935

See accompanying notes to consolidated financial statements.

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 1999

Note 1 - Basis of Presentation

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

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

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation, have been included. Operating results for the period ended March 31, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

Note 2 - Impact Of New 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. SFAS 133 is effective for all fiscal years beginning after June 15, 1999. Earlier application of SFAS 133 is encouraged but should not be applied retroactively to financial statements of prior periods. The Company is currently evaluating the requirements and impact of SFAS 133.

In October 1998, the FASB issued Statement of Financial Accounting Standards No. 134, Accounting for Mortgage-Backed Securities Retained after the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise (SFAS 134) which conforms the subsequent accounting for securities retained after the securitization of mortgage loans by a mortgage banking enterprise with the subsequent accounting for securities retained after the securitization of other types of assets by a nonmortgage banking enterprise. SFAS 134 is effective for the first fiscal quarter beginning after December 15, 1998. Since the Company does not securitize any mortgage loans, SFAS 134 had no impact on the Company's consolidated financial position and results of operations.

Note 3 - Comprehensive Income

For the three-month periods ended March 31, 1999 and 1998, unrealized holding gain (loss) on debt and equity securities available-for-sale is the Company's only other comprehensive income component. Comprehensive income for the three-month periods ended March 31, 1999 and 1998 is summarized as follows:

	1999	1998
	(In Thousands)	
Net Income	$1,519	$1,673
Other comprehensive income:		
Net unrealized gain (loss) on debt and equity securities available-for-sale, net of tax	(155)	58
	$1,364	$1,731

Note 4 - Earnings Per Share

Average common shares outstanding for the three month periods ended March 31, 1999 and 1998 were 3,872,443 and 3,860,954, respectively. The only dilutive instruments are stock options and unvested stock awards with an aggregate dilutive effect of 55,852 and 73,218 shares for the three month periods ended March 31, 1999 and 1998, respectively.

Note 5 - Industry Segment Information

The services provided by the Company are classified into two industry segments: Banking Services and Information Services which are more fully discussed in Note 1. Total net revenue is comprised of total interest income and total noninterest income, less provision for loan losses. There have been no material changes in assets, changes in the basis of segmentation or changes in the basis of measurement of segment profits from the amounts disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

Summarized information about the Company's operations in each industry segment for the three months ended March 31, 1999 and 1998, is as follows:

	1999	1998
	(In Thousands)	
Total Net Revenue:		
Banking Services	$ 3,856	$ 3,986
Information Services	8,907	9,349
Eliminations	(74)	(152)
Total	$12,689	$13,183
Income (Loss) Before Income Tax:		
Banking Services	$ 1,100	$ 1,194
Information Services	1,277	1,441
Corporate Items	(21)	(44)
Total	$ 2,356	$ 2,591
Income Tax Expense (Benefit):		
Banking Services	$ 406	$ 417
Information Services	438	516
Corporate Items	(7)	(15)
Total	$ 837	$ 918
Net Income (Loss):		
Banking Services	$ 694	$ 777
Information Services	839	925
Corporate Items	(14)	(29)
Total	$ 1,519	$ 1,673

Note 6 - Reclassifications

Certain amounts in the 1998 consolidated financial statements have been reclassified to conform with the 1999 presentation. Such reclassifications have no effect on previously reported net income.

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

Net Income

Cass Commercial Corporation (the Company) operates in two primary business segments through its two wholly owned subsidiaries, Cass Commercial Bank (the Bank), a commercial bank, and Cass Information Systems, Inc. (CIS), a payment processing and information services company, whose operations include the processing and payment of freight and utility charges, preparation of transportation management reports, auditing of freight charges, rating of freight shipments and other payment related activities. The Company had net income of $1,519,000 for the three-month period ended March 31, 1999 (the "First Three Months of 1999") compared to net income of $1,673,000 for the three-month period ended March 31, 1998 (the "First Three Months of 1998").

The following paragraphs more fully discuss the changes in financial condition and results of operations for the First Three Months of 1999 compared to the First Three Months of 1998. Most information is provided on a consolidated basis for the Company, the Bank and CIS, with expanded disclosures for specific effects CIS's operations have on particular account captions.

Net Interest Income

The Company's tax-equivalent net interest margin decreased in the First Three Months of 1999 to 5.64% from 6.05% in the First Three Months of 1998. This decrease was the primary contributor to the decrease in tax-equivalent net interest income of $116,000 in the First Three Months of 1999 compared to the First Three Months of 1998. The average yield on earning assets decreased to 6.59% in the First Three Months of 1999 from 7.06% in the First Three Months of 1998 (See Table I on page 7). This decrease was due primarily to the general decrease in interest rates, the maturity of higher-yielding debt securities and an increased investment in federal funds sold and other short-term investments. The prime rate declined from 8.50% in January, 1998 to 8.00% in October and again to a low of 7.75% in November where it has remained through the First Three Months of 1999. The Company is adversely affected by decreases in the level of interest rates due to the fact that its rate sensitive assets significantly exceed its rate sensitive liabilities. Conversely, the Company is positively affected by increases in the level of interest rates. This is primarily due to the noninterest-bearing liabilities generated by CIS in the form of accounts and drafts payable (See Interest Rate Sensitivity Gap Table under the section entitled "Interest Rate Sensitivity").

Average net earning assets, net of interest-bearing liabilities increased $15,909,000 in the First Three Months of 1999 compared to the First Three Months of 1998. The mix of earning assets changed in the First Three Months of 1999 compared to the First Three Months of 1998 with an increase of $43,363,000 in the average balance of federal funds sold and other short-term investments, an increase of $19,792,000 in the average balance of loans and a decrease of $41,175,000 in debt and equity securities. These changes are a result of the Company's ongoing asset/liability management program.

TABLE 1: CONSOLIDATED AVERAGE BALANCE SHEETS AND NET INTEREST INCOME ANALYSIS
For the Three Months Ended March 31, 1999 and 1998
(TAX=EQUIVALENT BASIS, IN THOUSANDS)

	AVERAGE BALANCE		AVERAGE YIELD/RATE		INTEREST INCOME/EXPENSE			INCREASE (DECRASE) DUE TO CHANGE IN	
	1999	1998	1999	1998	1999	1998	NET CHANGE	VOLUME	RATE
ASSETS									
Interest-earning assets:									
Loans	$224,060	$204,268	7.92%	8.40%	$4,373	$4,229	$144	$395	$(251)
Investment in debt and equity securities	79,785	120,960	6.10	6.12	1,201	1,826	(625)	(620)	(5)
Federal funds sold and other short-term investments	140,754	97,391	4.77	5.43	1,655	1,305	350	525	(175)
Total interest=earning assets	444,599	422,619	6.59	7.06	7,229	7,360	(131)	300	(431)
Nonearning assets:									
Cash and due from banks	20,808	17,954							
Premises and equipment, net	9,217	9,838							
Other assets	9,946	12,746							
Allowance for loan losses	(4,432)	(4,498)							
Total assets	480,138	458,659							
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest=bearing liabilities:									
Interest=bearing demand deposits	37,423	34,494	3.34	3.57	308	304	4	25	(21)
Savings deposits	63,982	60,080	4.01	4.27	633	633	--	40	(40)
Time deposits of $100,000 or more	3,646	3,821	5.23	5.73	47	54	(7)	(2)	(5)
Other time deposits	4,362	4,965	4.74	5.06	51	62	(11)	(7)	(4)
Total interest-bearing deposits	109,413	103,360	3.85	4.13	1,039	1,053	(14)	56	(70)
Short=term borrowings	284	266	2.86	4.57	2	3	(1)	--	(1)
Total interest-bearing liabilities	109,697	103,626	3.85	4.13	1,041	1,056	(15)	56	(71)
Noninterest=bearing liabilities:									
Demand deposits	71,824	65,811							
Accounts and drafts payable	234,430	230,059							
Other liabilities	5,775	6,299							
Total liabilities	421,726	405,795							
Shareholders' equity	58,412	52,864							
Total liabilities and shareholders' equity	$480,138	$458,659							
Net interest income					$6,188	$6,304	$(116)	$244	$(360)
Net interest margin			5.64%	6.05%					
Interest spread			2.74%	2.93%					

AVERAGE BALANCES, INTEREST AND RATES, CONTINUED

NOTES:

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

(2) Interest income on loans includes net fees of $7,000 and $2,000 for the First Three Months of 1999 and 1998, respectively.

(3) Income is presented on a tax=equivalent basis assuming a tax rate of 34%. The tax=equivalent adjustment was approximately $49,000 and $29,000 for the First Three Months of 1999 and 1998, respectively.

Provision for Loan Losses

A significant determinant of the Company's operating results is the level of loan losses and the provision for loan losses. There was no charge to earnings to provide for loan losses for the First Three Months of 1999 or 1998. The quality of the loan portfolio has continued to remain strong. The level of nonperforming loans, at .29% of average loans for the three months ended March 31, 1999, remains well below industry averages. Nonperforming loans are covered approximately 7 times by the allowance for loan losses at March 31, 1999. The Company experienced recoveries of $10,000 with no charge-offs in the First Three Months of 1999.

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

At March 31, 1999, impaired loans totalled $569,000 which includes $503,000 of nonaccrual loans. The allowance for loan losses on impaired loans was $410,000 at March 31, 1999. The average balance of impaired loans during the First Three Months of 1999 and the First Threee Months of 1998 was $693,000 and $1,412,000, respectively.

The allowance for loan losses at March 31, 1999 was $4,438,000 and at December 31, 1998 was $4,428,000. The allowance for loan losses at March 31, 1999 represents 1.92% of total loans outstanding compared to 1.97% at December 31, 1998.

The following table presents information as of and for the three month periods ended March 31, 1999 and 1998 pertaining to the Company's provision for loan losses and analysis of the allowance for loan losses.

	Three Months Ended March 31	
	1999	1998
	(Dollars in Thousands)	
Allowance at beginning of period	$ 4,428	$ 4,484
Provision for loan losses charged to expense	--	--
Loans charged off	--	--
Recoveries on loans previously charged off	10	19
Net loan recoveries	10	19
Allowance at end of period	$ 4,438	$ 4,503
Loans outstanding:		
Average	$224,060	$204,268
March 31	231,489	203,265
Ratio of allowance for loan losses to loans outstanding:		
Average	1.98%	2.20%
March 31	1.92%	2.22%
Nonperforming loans:		
Nonaccrual loans	$ 503	$ 746
Loans past due 90 days or more	139	45
Total	$ 642	$ 791
Nonperforming loans as a percent of average loans	.29%	.39%

Noninterest Income

Noninterest income is principally derived from service fees generated by CIS's Payment Systems and Software Systems Groups. Total noninterest income for the First Three Months of 1999 decreased $343,000 (5.9%) compared to the First Three Months of 1998.

CIS's Payment Systems and Software Group experienced a decrease in revenues of $336,000 (6.0%) in the First Three Months of 1999 compared to the First Three Months of 1998. This decrease is due primarily to decreased shipping volume and a decrease in the number of software package sales during the First Three Months of 1999. The volume of accepted new business proposals remains strong and should result in increasing revenues in CIS's Payment Systems and Software Group as new accounts are placed in service throughout the remainder of 1999.

Other noninterest income decreased $10,000 (10.0%) in the First Three Months of 1999 compared to the First Three Months of 1998. This decrease was due primarily to a decrease in the amount of fees received relating to letters of credit issued.

Noninterest Expense

Total noninterest expense for the First Three Months of 1999 decreased $244,000 (2.6%) over the First Three Months of 1998.

Salaries and benefits expense decreased $326,000 (4.9%) in the First Three Months of 1999 compared to the First Three Months of 1998. The decrease relates primarily to separation costs associated with the streamlining and integration of operations in the freight rating services group which were expensed in the First Three Months of 1998. This decrease was partially offset by normal pay increases and increased expenses related to an increased investment at CIS to support expected future processing volumes.

Occupancy expense decreased $11,000 (2.5%) in the First Three Months of 1999 compared to the First Three Months of 1998. This decrease was primarily attributable to a decrease in depreciation on premises and equipment.

Other noninterest expense increased $90,000 (4.8%) in the First Three Months of 1999 compared to the First Three Months of 1998. This increase is attributable to several items including outside service fees, advertising and telecommunications expense.

Balance Sheet Analysis

Cash and due from banks decreased from $22,558,000 at December 31, 1998 to $16,409,000 at March 31, 1999. The average balance of cash and due from banks increased $2,854,000 (15.9%) from $17,954,000 in the First Three Months of 1998 to $20,808,000 in the First Three Months of 1999.

Federal funds sold and other short-term investments decreased from $156,827,000 at December 31, 1998 to $116,521,000 at March 31, 1999. The average balance of these accounts was $140,754,000 in the First Three Months of 1999 compared to $97,391,000 in the First Three Months of 1998. The increase in the average balance of these accounts resulted primarily from the reinvestment of funds generated from maturities of investments in debt securities. See Table 1 on page 7 for a presentation of average balances.

Total loans increased $6,601,000 (2.9%) from $224,888,000 at December 31, 1998 to $231,489,000 at March 31, 1999. The average balances of loans increased $19,792,000 (9.7%) from $204,268,000 in the First Three Months of 1998 to $224,060,000 in the First Three Months of 1999. Loan demand and new business volume increased throughout 1998 and has continued into the First Three Months of 1999.

Investments in debt and equity securities decreased $8,323,000 (9.9%) from $83,974,000 at December 31, 1998 to $75,651,000 at March 31, 1999. The average balance of investment securities decreased $41,175,000 (34.0%) from $120,960,000 in the First Three Months of 1998 to $79,785,000 in the First Three Months of 1999 as a result of the Company's ongoing asset/liability management program.

Total earning assets decreased $42,028,000 (9.0%) From $465,689,000 at December 31, 1998 to $423,661,000 at March 31, 1999. The average balance of earning assets increased $21,980,000 (5.2%) from $422,619,000 in the First Three Months of 1998 to $444,599,000 in the First Three Months of 1999.

Interest-bearing deposits increased from $108,071,000 at December 31, 1998 to $108,349,000 at March 31, 1999. The average balances of these deposits increased $6,053,000 (5.9%) from $103,360,000 in the First Three Months of 1998 to $109,413,000 in the First Three Months of 1998.

Noninterest-bearing deposits decreased $12,422,000 (15.0%) from $82,911,000 at December 31, 1998 to $70,489,000 at March 31, 1999. The average balance of these accounts increased $6,013,000 (9.1%) from $65,811,000 in the First Three Months of 1998 to $71,824,000 in the First Three Months of 1999 which reflects increased business development efforts at the Bank.

Accounts and drafts payable generated by CIS in its payment operations decreased $39,145,000 (15.6%) from $250,518,000 at December 31, 1998 to $211,373,000 at March 31, 1999. The average balances of these funds increased $4,371,000 (1.9%) from $230,059,000 for the First Three Months of 1998 to $234,430,000 in the First Three Months of 1999. Ending balances of accounts and drafts payable will fluctuate from month to month due to the payment processing cycle, which results in lower balances on days when checks are issued. Since funds generated from accounts and drafts payable are invested, fluctutation caused by the processing cycle also impacts short-term investments, causing them to also be lower on days when checks are issued.

Liquidity

As of March 31, 1999, approximately 50% of the Company's loan portfolio was composed of commercial loans, of which 81% represented loans maturing within one year. As of the same date, real estate loans, primarily commercial, represented approximately 49% of the total and of these, 19% represented balances maturing within one year. Approximately 1% of the loan portfolio is represented by installment loans.

The liquidity of the Company is primarily represented by cash and due from banks of $16,409,000 and federal funds sold and other short-term investments of $116,521,000 at March 31, 1999. Included in this caption are $91,000,000 invested in money market funds consisting of short-term U.S. Government and agency issues.

Investment in debt and equity securities represented approximately 17% of total assets at March 31, 1999. Of the U.S. Government securities in the Company's investment portfolio, which represented 70% of the total, 46% have maturities of less than one year. U.S. Government Agencies and Corporations represented 28% of the total. Obligations of states and political subdivisions constituted 2% of the investment portfolio at March 31, 1999. There were no sales of debt securities in the First Three Months of 1999. Of the total portfolio, approximately 85% of the securities have maturities of five years or less. These securities provide the Company longer term liquidity than its primary sources, cash and due from banks and other short-term instruments. Additionally, short-term liquidity could be satisfied, if necessary, by the sale of certain debt securities maintained as available-for-sale; however, the Company does not foresee any such short-term liquidity needs.

The funds provided by the Bank consist of a sizable volume of core deposits. Historically, the Company has been a net provider of federal funds. During the First Three Months of 1999, the Company was a net provider of federal funds, averaging over $30,012,000 in net funds sold. Additionally, the Company averaged over $110,742,000 in short-term money market funds during the First Three Months of 1999. The Company was able to meet its liquidity requirements in the First Three Months of 1999 through the growth of deposit accounts and the liquid nature of federal funds sold and other short-term investments.

Interest Rate Sensitivity

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

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

A gap report is used by management to review any significant mismatch between the repricing points of the Company's rate sensitive assets and liabilities in certain time horizons. A negative gap indicates that more liabilities reprice in that particular time frame and, if rates rise, these liabilities will reprice faster than the assets. A positive gap would indicate the opposite. Management has set policy limits specifying acceptable levels of interest rate risk as measured by the gap report. Gap reports can be misleading in that they capture only the repricing timing within the balance sheet, and fail to capture other significant risks such as basis risk and embedded options risk. Basis risk involves the potential for the spread relationship between rates to change under different rate environments and embedded options risk relates to the potential for the alteration of the level and/or timing of cash flows given changes in rates.

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

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

Interest Rate Sensitivity Gap Table

The following table presents the Company's gap or interest rate position at March 31, 1999 for the various time frames indicated.

	VARIABLE RATE	THREE MONTHS OR LESS	OVER THREE THROUGH SIX MONTHS	OVER SIX THROUGH TWELVE MONTHS	OVER ONE THROUGH FIVE YEARS	OVER FIVE YEARS	TOTAL
			(Dollars in Thousands)				
Interest-earning assets:							
Loans	$ 88,592	$ 7,221	$ 5,693	$ 15,929	$106,995	$ 7,059	$231,489
Investment in debt and equity securities	--	10,089	9,071	11,019	44,429	1,043	75,651
Federal funds sold and other short-term investments	116,521	--	--	--	--	--	116,521
Total interest-earning assets	$205,113	$ 17,310	$ 14,764	$ 26,948	$151,424	$ 8,102	$423,661
Interest-bearing liabilities:							
Interest-bearing transaction accounts	$100,267	$ --	$ --	$ --	$ --	$ --	$100,267
Time deposits-$100,000 or more	--	1,636	896	1,117	--	--	3,649
Other time deposits	--	1,212	1,338	1,187	696	--	4,433
Short-term borrowings	267	--	--	--	--	--	267
Total interest-bearing liabilities	$100,534	$ 2,848	$ 2,234	$ 2,304	$ 696	$ --	$108,616
Interest sensitivity gap:							
Periodic	$104,579	$ 14,462	$ 12,530	$ 24,644	$150,728	$ 8,102	$315,045
Cumulative	104,579	119,041	131,571	156,215	306,943	315,045	315,045
Ratio of interest-sensitive assets to interest-sensitive liabilities:							
Periodic	2.04x	6.08x	6.61x	11.70x	217.56x	--	3.90x
Cumulative	2.04x	2.15x	2.25x	2.45x	3.83x	3.90x	3.90x

Capital Resources

Shareholders' Equity was $58,087,000 or 12.78% of total assets at March 31, 1999, an increase of $683,000 over the balance at December 31, 1998. This increase resulted from net income of $1,519,000; the amortization of the stock bonus plan of $7,000; cash received from the exercise of stock options of $48,000 and offset by a decrease in other comprehensive income of $155,000 and dividends paid of $736,000 ($.19 per share).

Subsidiary dividends are the principal 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.

The Company and its banking subsidiary continue to significantly exceed all regulatory capital requirements, as evidenced by the following capital ratios at March 31, 1999:

	Company Consolidated	Cass Bank
Total capital (to risk-weighted assets)	21.35%	15.94%
Tier I capital (to risk-weighted assets)	20.10	14.69
Tier I capital (to average assets)	11.96	11.88

The Year 2000 Issue

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

The Company estimates it will incur costs of approximately $ 2.7 million to prepare for the century date change. This includes internal and external costs that will be expensed as well as capital expenditures that will be capitalized. Costs include, but are not limited to: salary expenses, outside service fees (i.E., Legal, audit, consulting), hardware and software expenditures, and equipment costs. As of March 31, 1999, direct and indirect expenditures have been approximately $2.0 million. Funding for year 2000 costs have been, and will continue to be, derived from normal operating cash flow. Year 2000 expenses are not expected to have a material impact on the Company's income.

The Company has focused its efforts on addressing those systems it deems to be critical to ongoing operations. The Company-wide project for addressing the Year 2000 issue was segmented into five phases: awareness, assessment, renovation, testing and implementation. As of March 31, 1999 the Company has completed all phases of the plan for its internal, mission critical systems.

The Company continues to assess the readiness of its major vendors, suppliers, customers and business partners. This process has been accomplished through such avenues as user acceptance testing, interface testing, risk analysis and periodic correspondence. Although our efforts have been diligent and assessment results have been positive, there can be no guarantee that the systems of these outside parties will be fully functional in the Year 2000. Such failures could have a material adverse effect on the Company.

The Company is developing business resumption contingency plans for the purpose of assuring that core business processes will continue to operate into the Year 2000. The plans will address failures such as payment system failures, data processing system failures, increased cash withdrawals, telecommunication failures, disruption in services provided by outside parties and customer failures. The conbtngency plans provides for reasonable alternatives to potential failures and the establishment of an implementation strategy, including timelines and responsibility assignments. The Company anticipates completing its contingency planning by June 30, 1999.

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

Inflation

Inflation can impact the financial position and results of the operations of financial institutions because financial institutions hold monetary assets and monetary liabilities. Monetary assets and liabilities are those which can be converted into a fixed number of dollars, and include cash, investments, loans and deposits. The Company's consolidated balance sheets, as is typical of financial institutions, reflect a net positive monetary position (monetary assets exceeding monetary liabilities). During periods of inflation, the holding of a net positive monetary position will result in an overall decline in the purchasing power of a financial institution.

Factors that may affect future results

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

PART II

Item 1. LEGAL PROCEEDINGS

None

Item 2. CHANGES IN SECURITIES

None

Item 3. DEFAULTS IN SENIOR SECURITIES

None

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

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) None

(b) Cass Commercial Corporation did not file any reports on Form 8-K during the three months ended March 31, 1999.

SIGNATURES

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

CASS COMMERCIAL CORPORATION

DATE: April 27, 1999 By Lawrence A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

DATE: April 27, 1999 By Eric H. Brunngraber

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

SIGNATURES

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

CASS COMMERCIAL CORPORATION

DATE: April 27, 1999 By

Lawrence A. Collett
Chairman and Chief Executive Officer

DATE: April 27, 1999 By

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

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MAR-31-1999

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26,573
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