UNITED STATES
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 quarterly period ended March 31, 2005
Commission File No. 2-80070

CASS INFORMATION SYSTEMS, INC.

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 |_|

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes |X| No |_|

The number of shares outstanding of registrant's only class of stock as of May 4, 2005: Common stock, par value $.50 per share - 3,679,126 shares outstanding.

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

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Forward-looking Statements - Factors That May Affect Future Results

This report may contain or incorporate by reference forward-looking statements made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties, and other factors which may cause future performance to vary from expected performance summarized in the future-looking statements, including those set forth in this paragraph. Important factors that could cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by those statements include, but are not limited to: the failure to successfully execute our corporate plan, the loss of key personnel or inability to attract additional qualified personnel, the loss of key customers, increased competition, the inability to remain current with rapid technological change, risks related to acquisitions, risks associated with business cycles and fluctuations in interest rates, utility and system interruptions or processing errors, rules and regulations governing financial institutions and changes in such rules and regulations, credit risk related to borrowers' ability to repay loans, concentration of loans to certain segments such as commercial enterprises, churches and borrowers in the St. Louis area which creates risks associated with adverse factors that may affect these groups and volatility of the price of our Common Stock. We undertake no obligation to publicly update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, or changes to future results over time.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in Thousands except Share and Per Share Data)

	March 31 2005	December 31 2004
Assets		
Cash and due from banks	$ 21,653	$ 23,131
Federal funds sold and other short-term investments	89,892	64,412
Cash and cash equivalents	111,545	87,543
Investment in debt and equity securities available-for-sale, at fair value	63,952	77,130
Loans	508,997	500,448
Less: Allowance for loan losses	5,806	6,037
Loans, net	503,191	494,411
Premises and equipment, net	11,840	12,187
Investment in bank owned life insurance	11,207	11,090
Payments in excess of funding	8,428	6,998
Goodwill	7,346	7,360
Other intangible assets, net	2,262	2,383
Other assets	16,699	17,419
Total assets	$ 736,470	$ 716,521
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 97,224	$ 96,362
Interest-bearing	195,013	179,267
Total deposits	292,237	275,629
Accounts and drafts payable	360,510	358,473
Short-term borrowings	165	127
Subordinated convertible debentures	3,700	3,700
Other liabilities	9,195	9,003
Total liabilities	665,807	646,932
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 4,494,510 shares issued at March 31, 2005 and December 31, 2004, respectively	2,247	2,247
Additional paid-in capital	18,450	18,370
Retained earnings	66,679	64,685
Common shares in treasury, at cost (817,184 shares at March 31, 2005 and 807,262 shares at December 31, 2004)	(16,550)	(16,096)
Unamortized stock bonus awards	(201)	(160)
Accumulated other comprehensive income	38	543
Total shareholders' equity	70,663	69,589
Total liabilities and shareholders' equity	$ 736,470	$ 716,521

See accompanying notes to unaudited consolidated financial statements.

CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Dollars in Thousands except Share and Per Share Data)

	Three Months Ended March 31 2005	Three Months Ended March 31 2004
Fee Revenue and Other Income:		
Information services payment and processing revenue	$ 8,592	$ 7,598
Software revenue	1,680	1,179
Bank service fees	358	414
Gains on sales of investment securities	547	441
Other	184	135
Total fee revenue and other income	11,361	9,767
Interest Income:		
Interest and fees on loans	7,426	6,454
Interest and dividends on debt and equity securities:		
Taxable	173	97
Exempt from federal income taxes	393	427
Interest on federal funds sold and other short-term investments	526	162
Total interest income	8,518	7,140
Interest Expense:		
Interest on deposits	942	567
Interest on short-term borrowings	1	--
Interest on subordinated convertible debentures	49	--
Total interest expense	992	567
Net interest income	7,526	6,573
Provision for loan losses	200	200
Net interest income after provision for loan losses	7,326	6,373
Operating Expense:		
Salaries and employee benefits	10,344	9,157
Occupancy	500	458
Equipment	837	1,025
Amortization of intangible assets	121	78
Other operating	2,740	2,764
Total operating expense	14,542	13,482
Income before income tax expense	4,145	2,658
Income tax expense	1,378	811
Net income	$ 2,767	$ 1,847
Earnings per share:		
Basic	$ .75	$ .50
Diluted	$ .74	$ .50
Weighted average shares outstanding:		
Basic	3,674,548	3,668,393
Diluted	3,797,034	3,708,419

See accompanying notes to unaudited consolidated financial statements.

CASS INFORMATION SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Thousands)

	Three Months Ended March 31	
	2005	2004
Cash Flows From Operating Activities:		
Net income	$ 2,767	$ 1,847
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	737	1,046
Gains on sales of investment securities	(547)	(441)
Provision for loan losses	200	200
Amortization of stock bonus awards	29	20
Deferred income tax benefit	(260)	(474)
Increase in pension liability	335	296
Increase in income tax liability	754	662
Increase in payments in excess of funding	(1,430)	(1,320)
Change in other assets	1,176	(241)
Change in other liabilities	(897)	(583)
Other operating activities, net	(38)	--
Net cash provided by operating activities	2,826	1,012
Cash Flows From Investing Activities:		
Proceeds from sales of investment securities available-for-sale	12,950	12,052
Proceeds from maturities of debt and equity securities available-for-sale	19,000	3,200
Purchase of debt and equity securities available-for-sale	(19,004)	(10,407)
Net (increase) decrease in loans	(8,980)	8,550
Purchases of premises and equipment, net	(256)	(571)
Net cash provided by investing activities	3,710	12,824
Cash Flows From Financing Activities:		
Net increase (decrease) in noninterest-bearing demand deposits	862	(16,575)
Net increase (decrease) in interest-bearing demand and savings deposits	391	(7,128)
Net increase in time deposits	15,355	19,970
Net increase (decrease) increase in accounts and drafts payable	2,037	(32,823)
Purchase of common shares for treasury	(586)	--
Net increase (decrease) in short-term borrowings	38	(16)
Cash proceeds from exercise of stock options	98	111
Tax benefit from exercise of stock options and bonuses	43	85
Cash paid for stock dividend fractional shares	--	(4)
Cash dividends paid	(772)	(703)
Net cash provided by (used in) financing activities	17,466	(37,083)
Net increase (decrease) increase in cash and cash equivalents	24,002	(23,247)
Cash and cash equivalents at beginning of period	87,543	62,367
Cash and cash equivalents at end of period	$ 111,545	$ 39,120
Supplemental information:		
Cash paid for interest	$ 897	$ 513
Cash paid for income taxes	475	660

See accompanying notes to unaudited consolidated financial statements.

Note 1 - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. 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 U.S. 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. Certain amounts in the 2004 consolidated financial statements have been reclassified to conform to the 2005 presentation. Such reclassifications have no effect on previously reported net income or shareholders' equity. For further information, refer to the audited consolidated financial statements and related footnotes included in Cass Information System, Inc.'s ("the Company" or "Cass") Annual Report on Form 10-K for the year ended December 31, 2004.

Note 2 - Intangible Assets

The Company accounts for intangible assets in accordance with SFAS 142, "Goodwill and Other Intangible Assets," which requires that intangibles with indefinite useful lives be tested annually for impairment and those with finite useful lives be amortized over their useful lives. Intangible assets for the periods ended March 31, 2005 and December 31, 2004 are as follows:

	March 31, 2005		December 31, 2004	
(In Thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Customer list	$ 823	$ (123)	$ 823	$ (110)
Acquired software	1,886	(677)	1,886	(569)
Total amortized intangibles	2,709	(800)	2,709	(679)
Unamortized intangible assets:				
Goodwill	7,573	(227)*	7,587	(227)*
Minimum pension liability	353	--	353	--
Total unamortized intangibles	7,926	(227)	7,940	(227)
Total intangible assets	$10,635	$(1,027)	$10,649	$ (906)

*Amortization through December 31, 2001 prior to adoption of SFAS 142.

Customer list and software are amortized over 15 years and 4-5 years, respectively. The minimum pension liability was recorded in accordance with SFAS 87, "Employers' Accounting for Pensions", which requires the Company to record an additional minimum pension liability by the amount of which the accumulated benefit obligation exceeds the sum of the fair value of plan assets and accrued amount previously recorded and offset this liability by an intangible asset to the extent of previously unrecognized prior service costs. The liability and corresponding intangible asset are adjusted annually.

Amortization of intangible assets amounted to $121,000 and $78,000 for the three month periods ended March 31, 2005 and 2004, respectively. Estimated amortization of intangibles over the next five years is as follows: $483,000 in 2005 and 2006, $227,000 for 2007 and 2008 and $170,000 in 2009.

Note 3 - Equity Investments in Non-Marketable Securities

During 2003, the Company converted a $2,000,000 investment in a private imaging company from a convertible debenture into common stock. As part of the conversion, the Company committed to investing an additional $1,100,000 when certain conditions were met. This additional commitment has funded and the total investment of the Company in this entity was $3,100,000 at March 31, 2005 and December 31, 2004. At March 31, 2005 the Company had a 19.99% ownership interest in this entity and the Chairman and CEO of the Company was a member of the entity's Board of Directors. In addition, the Company has extended a $2,400,000 line of credit for working capital purposes to this entity, with a 50% interest sold to a new non-affiliated majority owner. As of March 31, 2005 the Company's interest in this line amounted to $1,200,000 and all payments are current.

This business has performed poorly during the past few years and the new majority owner is currently in the process of stabilizing the business and improving its financial performance. However, should this business fail to meet its objectives, the Company's investment could be subject to future impairment.

This investment, along with $506,000 of other investments in non-marketable securities, is included in other assets on the Company's consolidated balance sheets.

Note 4 - Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding. Diluted earnings per share is computed by dividing net income, adjusted for the net income effect of the interest expense on the outstanding convertible debentures, by the sum of the weighted-average number of common shares outstanding and the weighted-average number of potential common shares outstanding. The calculations of basic and diluted earnings per share for the periods ended March 31, 2005 and 2004 are as follows:

	Three Months Ended March 31	
(Dollars In Thousands Except Share and Per Share Data)	2005	2004
Calculation of basic earnings per share:		
Net income	$ 2,767	$ 1,847
Weighted-average number of common shares outstanding	3,674,548	3,668,393
Basic earnings per share	$ .75	$ .50
Calculation of diluted earnings per share:		
Net income	$ 2,767	$ 1,847
Net income effect of 5.33% convertible debentures	27	
Net income assuming dilution	$ 2,794	$ 1,847
Weighted-average number of common shares outstanding	3,674,548	3,668,393
Effect of dilutive stock options and awards	45,723	40,026
Effect of 5.33% convertible debentures	76,763	--
Weighted-average number of common shares assuming dilution	3,797,034	3,708,419
Diluted earning per share	$ .74	$ .50

Note 5 - Stock Repurchases

The following table sets forth information about the Company's purchases of its $.50 par value Common Stock, its only class of stock registered pursuant to Section 12 of the Exchange Act.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased As part of Publicly Announced Program	Maximum Number that May Yet Be Purchased Under the Program
January 1-31, 2005	1,545	$34.98	1,545	98,455
February 1 -28, 2005	15,000	35.49	15,000	83,455
March 1-31, 2005	--	--	--	83,455
Total	16,545	$35.44	16,545	83,455

The Company maintains a treasury stock buyback program and repurchases are made in the open market or through negotiated transactions from time to time depending on market conditions. The Company did not repurchase any stock during the three months ended March 31, 2004.

Note 6 - Comprehensive Income

For the three-month periods ended March 31, 2005 and 2004, unrealized gains and losses on debt and equity securities available-for-sale were the Company's only other comprehensive income component. Comprehensive income for the three-month periods ended March 31, 2005 and 2004 is summarized as follows:

(In Thousands)	Three Months Ended March 31 2005	2004
Net income	$ 2,767	$ 1,847
Other comprehensive income:		
Net unrealized (loss) gain on debt and equity securities available-for-sale, net of tax	(144)	552
Less: reclassification adjustment for realized gains on sales of debt and equity securities, available-for-sale, included in net income, net of tax	(361)	(291)
Total other comprehensive (loss) income	(505)	261
Total comprehensive income	$ 2,262	$ 2,108

Note 7 - Industry Segment Information

The services provided by the Company are classified into three reportable segments: Information Services, Banking Services and Government Software Services. Each of these segments provides distinct services that are marketed through different channels. They are managed separately due to their unique service, processing and capital requirements.

The Information Services segment provides freight, utility and telecommunication invoice processing and payment services to large corporations. The Banking Services segment provides banking services primarily to privately-held businesses and churches. The Government Software Services segment provides integrated financial, property and human resource management systems to cities, counties, and other public entities.

The Company's accounting policies for segments are the same as those described in the summary of significant accounting policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2004. Management evaluates segment performance based on net income after allocations for corporate expenses and income taxes. Transactions between segments are accounted for at what management believes to be market value. Information for prior periods has been restated to reflect changes in the composition of the Company's segments.

All revenue originates from and all long-lived assets are located within the United States and no revenue from any customer of any segment exceeds 10% of the Company's consolidated revenue.

Summarized information about the Company's operations in each industry segment for the three-month periods ended March 31, 2005 and 2004, is as follows:

(In Thousands)	Information Services	Banking Services	Government Software Services	Corporate, Eliminations and Other	Total
Quarter Ended March 31, 2005					
Total Revenues:					
Revenue from customers	$ 13,488	$ 3,519	$ 1,680	$ --	$ 18,687
Intersegment revenue	26	351	--	(377)	--
Net income (loss)	1,958	993	(184)	--	2,767
Total assets	412,231	328,913	4,739	(9,413)	736,470
Goodwill	4,263	156	2,927	--	7,346
Other intangible assets, net	761	--	1,148	353	2,262
Quarter Ended March 31, 2004					
Total Revenues:					
Revenue from customers	$ 11,791	$ 3,170	$ 1,179	$ --	$ 16,140
Intersegment revenue	19	355	--	(374)	--
Net income	1,414	859	(426)	--	1,847
Total assets	309,396	301,670	6,175	(5,918)	611,323
Goodwill	223	--	2,927	--	3,150
Other intangible assets, net	--	--	1,458	404	1,862

Note 8 - Loans by Type

(In Thousands)	March 31, 2005	December 31, 2004
Commercial and industrial	$124,726	$117,777
Real estate:		
Mortgage	176,463	182,476
Mortgage - churches & related	170,685	164,235
Construction	17,995	16,694
Construction - churches & related	4,920	9,144
Industrial revenue bonds	4,908	4,955
Installment	1,690	1,741
Other	7,610	3,426
Total loans	$508,997	$500,448

Note 9 - Commitments and Contingencies

In the normal course of business, the Company is party to activities that contain credit, market and operational risk that are not reflected in whole or in part in the Company's consolidated financial statements. Such activities include traditional off-balance sheet credit-related financial instruments and commitments under operating and capital leases. These financial instruments include commitments to extend credit, commercial letters of credit and standby letters of credit. The Company's maximum potential 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. At March 31, 2005, no amounts have been accrued for any estimated losses for these 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 or its subsidiaries 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. At March 31, 2005 the balance of unused loan commitments, standby and commercial letters of credit were $24,014,000, $6,189,000 and $1,040,000, respectively. 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. In the event of nonperformance, the Company or its subsidiaries may obtain and liquidate the collateral to recover amounts paid under its guarantees on these financial instruments.

The following table summarizes contractual cash obligations of the Company related to operating and capital lease commitments and convertible subordinated debentures at March 31, 2005:

		Amount of Commitment Expiration per Period			
(Dollars in thousands at March 31, 2005)	Total	Less than 1 Year	1-3 Years	3-5 Years	Over 5 Years
Operating lease commitments	$4,214	$731	$1,011	$730	$1,742
Capital lease commitments	19	15	4	--	--
Convertible subordinated debentures*	3,700		--	--	3,700
Total	$7,933	$746	$1,015	$730	$5,442

* Includes principal payments only.

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 10 - Stock-Based Compensation

The Company maintains stock bonus and stock option plans. Upon issuance of shares in the stock bonus plan a contra shareholders' equity amount is recorded for the fair value of the shares at the time of issuance and this amount is amortized to expense over the three-year vesting period. The stock option plan is accounted for under APB 25, "Accounting for Stock Issued to Employees", and accordingly the Company recognizes no compensation expense as the 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 SFAS 123, "Accounting for Stock-Based Compensation", as amended. An entity that continues to apply APB 25 must disclose certain pro forma information as if the fair value-based accounting method in SFAS 123 had been used to account for all 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. There were 5,885 options granted in the First Quarter of 2005 and 5,871 options granted in the First Quarter of 2004. The following table represents the effect on basic and diluted earnings per share and weighted average assumptions used for the periods ended March 31, 2005 and 2004:

	Three Months Ended March 31	
(In Thousands)	2005	2004
Net income:		
As reported	$ 2,767	$ 1,847
Add: Stock based compensation expense included in reported net income, net of tax	19	13
Less: Stock based compensation expense determined under the fair value based method for all awards, net of tax	(24)	(20)
Pro forma net income	$ 2,762	$ 1,840
Net income effect of subordinated convertible debentures	27	--
Proforma net income assuming dilution	2,789	1,840
Net income per common share:		
Basic, as reported	$ .75	$ .50
Basic, pro forma	.75	.50
Diluted, as reported	.74	.50
Diluted, pro forma	.73	.50
Weighted average assumptions:		
Risk-free interest rate	3.97%	3.31%
Expected life	7 yrs.	7 yrs.
Expected volatility	15%	15%
Dividend yield	2.32%	2.52%

Note 11 - Defined Pension Plans

The Company has a noncontributory defined benefit pension plan, which covers most of its employees. The Company accrues and makes 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. Disclosure information is based on a measurement date of December 31 of the corresponding year.

The following table represents the components of the net periodic pension costs for 2004 and an estimate for 2005:

(In Thousands)	Estimated 2005	Actual 2004
Service cost - benefits earned during the year	$ 1,245	$ 1,186
Interest cost on projected benefit obligation	1,370	1,237
Expected return on plan assets	(1,393)	(1,233)
Net amortization	115	60
Net periodic pension cost	$ 1,337	$ 1,250

Pension costs recorded to expense were $312,000 and $260,000 for the First Quarter of 2005 and 2004, respectively. The Company has not made any contribution to the plan during the three-month period ended March 31, 2005, but is expecting to contribute approximately $1,221,000 in 2005.

In addition to the above funded benefit plan, the Company has an unfunded supplemental executive retirement plan which covers key executives of the Company. This is a noncontributory plan in which the Company and its 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 following table represents the components of the net periodic pension costs for 2004 and an estimate for 2005:

(In Thousands)	Estimated 2005	Actual 2004
Service cost - benefits earned during the year	$ --	$ (57)
Interest cost on projected benefit obligation	117	117
Net amortization	50	50
Net periodic pension cost	$ 167	$ 110

Pension costs recorded to expense were $30,000 and $36,000 for the First Quarter of 2005 and 2004, respectively.

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

Overview

Cass Information Systems, Inc. (the "Company" or "Cass") provides payment and information processing services to national manufacturing, distribution and retail enterprises from its processing centers in St. Louis, Missouri, Columbus, Ohio, Boston, Massachusetts and Greenville, South Carolina. The Company's services include freight invoice rating, payment processing, auditing, and the generation of cost accounting and transportation information. Cass also processes and pays utility invoices, including electricity, gas and telecommunications. The Company significantly enhanced its telecommunication payment processing and audit capabilities with the acquisition of PROFITLAB, Inc. ("PROFITLAB") located in Greenville, South Carolina during 2004. Cass extracts, stores and presents information from freight, utility and telecommunication invoices, assisting our customers' transportation, energy and information technology managers in making decisions that will enable them to improve operating performance. The Company receives data from multiple sources, electronic and otherwise, and processes the data to accomplish the specific operating requirements of its customers. It then provides the data in a central repository for access and archiving. The data is finally transformed into information through the Company's databases that allow client interaction as required and provide Internet-based tools for analytical processing. The Company also, through its St Louis, Missouri based bank subsidiary, Cass Commercial Bank (the "Bank"), provides banking services in the St Louis metropolitan area and other selected cities in the United States. The Company acquired Franklin Bancorp located in Orange County, California in November 2004 and merged its subsidiary bank, Franklin Bank of California into the Bank. This acquisition will allow the company to establish branches in California to better serve existing customers and expand the Bank's customer base. In addition to supporting the Company's payment operations, the Bank also provides banking services to its target markets, which include privately owned businesses and churches and church-related ministries. The Company, through the Bank's subsidiary, Government e-Management Solutions, Inc. ("GEMS"), also develops and licenses integrated financial, property and human resource management systems to the public sector.

The specific payment and information processing services provided to each customer are developed individually to meet each customer's specific requirements. These requirements can vary greatly from customer to customer. In addition, the degree of automation such as electronic data interchange ("EDI"), imaging, and web-enhanced solutions varies greatly among customers and industries. These factors combine so that pricing varies greatly among the customer base. In general however, Cass is compensated for its processing services through service fees and account balances that are generated during the payment process. The amount, type and calculation of service fees vary greatly by service offering, but generally follow the volume of transactions processed. Interest income from the balances generated during the payment processing cycle is affected by the amount of time Cass holds the funds prior to payment and the dollar volume processed. Both the number of transactions processed and the dollar volume processed are therefore key metrics followed by management. Other factors will also influence revenue and profitability, such as changes in the general level of interest rates which have a significant effect on net interest income. The funds generated by these processing activities are invested in overnight investments, investment grade securities and loans generated by the Bank. The Bank earns most of its revenue from net interest income, or the difference between the interest earned on its loans and investments and the interest expense on its deposits. The Bank also assesses fees on other services such as cash management services. GEMS earns most of its revenue from the license of its enterprise software solutions and its installation and maintenance services.

Industry-wide factors that impact the Company include the acceptance by large corporations of the outsourcing of key business functions such as freight, utility and telecommunication payment and audit. The benefits that can be achieved by outsourcing transaction processing and the management information generated by Cass' systems can be influenced by factors such as the competitive pressures within industries to improve profitability, the general level of transportation costs, deregulation of energy costs and consolidation of telecommunication providers. Economic factors that impact the Company include the general level of economic activity that can affect the volume and size of invoices processed, the ability to hire and retain qualified staff and the growth and quality of our loan portfolio. The general level of interest rates has a significant effect on the revenue of the Company. Finally, the general fiscal condition of the counties and municipalities that can benefit from GEMS' enterprise software can impact licenses sold and related revenue.

Currently, management views Cass' most significant opportunity as the continued expansion of its payment and information processing service offerings and customer base. Management intends to accomplish this by maintaining the Company's lead in applied technology, which, when combined with the security and processing controls of the Bank, makes Cass unique in the industry. This trend has been positive over the past years and management anticipates that this should continue in 2005. The low level of interest rates has had a significant negative impact on net income over the past few years. The general level of interest rates, particularly short term interest rates, began to increase during 2004 and this has had a positive effect on net interest income. If these rates continue to rise, this positive impact on net interest income and net earnings should continue. Management had been pleased prior to 2004 with the growth in revenue generated by GEMS. However, during 2004 the sales of new systems declined sharply due mainly to a sluggish marketplace. In the First Quarter 2005, revenues for GEMS increased 42% or $501,000. The Company continues to invest in GEMS through system improvements and product enhancements and anticipates that the remainder of 2005 should continue to reflect improved results.

Critical Accounting Policies

The Company has prepared all of the consolidated financial information in this report in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). In preparing the consolidated financial statements in accordance with U.S. GAAP, management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates have been generally accurate and consistent in the past and have not required any material changes. There can be no assurances that actual results will not differ from those estimates. Certain accounting policies that require significant management estimates and are deemed critical to our results of operations or financial position have been discussed with the Audit Committee of the Board of Directors and are described below.

Allowance for Loan Losses. The Company performs periodic and systematic detailed reviews of its loan portfolio to assess overall collectability. The level of the allowance for loan losses reflects management's estimate of the collectability of the loan portfolio. Although these estimates are based on established methodologies for determining allowance requirements, actual results can differ significantly from estimated results. These policies affect all segments of the Company with the exception of governmental software services. The impact and associated risks related to these policies on our business operations are discussed in the " Allowance and Provision for Loan Losses" section of this report.

Impairment of Assets. Management periodically evaluates certain long-term assets such as intangible assets including goodwill, foreclosed assets, internally developed software and investments in private equity securities for impairment. Generally, these assets are initially recorded at cost, and recognition of impairment is required when events and circumstances indicate that the carrying amounts of these assets will not be recoverable in the future. If impairment occurs, various methods of measuring impairment may be called for depending on the circumstances and type of asset, including quoted market prices, estimates based on similar assets, and estimates based on valuation techniques such as discounted projected cash flows. Assets held for sale are carried at the lower of cost or fair value less costs to sell. These policies affect all segments of the Company and require significant management assumptions and estimates that could result in materially different results if conditions or underlying circumstances change.

Results of Operations

The following paragraphs more fully discuss the results of operations and changes in financial condition for the three-month periods ended March 31, 2005 (the First Quarter of 2005") compared to the three month period ended March 31, 2004 (the "First Quarter of 2004"). The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes and with the statistical information and financial data appearing in this report as well as the Company's 2004 Annual Report on Form 10-K. Results of operations for the First Quarter of 2005 are not necessarily indicative of the results to be attained for any other period.

Net Income

The following table summarizes the Company's operating results:

	Three Months Ended March 31		
	2005	2004	% Change
Net income (In thousands)	$ 2,767	$ 1,847	49.8%
Diluted earnings per share	$ .74	$ .50	48.0%
Return on average assets	1.52%	1.13%	--
Return on average equity	16.16%	11.52%	--

Fee Revenue and Other Income

The Company's fee revenue is derived mainly from freight and utility payment and processing fees. As the Company provides its 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 balances generated in the payment process which can be used to generate interest income. Processing volumes related to fees and accounts and drafts payable for the First Quarter of 2005 and First Quarter of 2004 are as follows:

	Three Months Ended March 31		
(In Thousands)	2005	2004	% Change
Freight Invoice Transaction Volume	7,132	5,429	31.4%
Freight Invoice Dollar Volume	$2,568,090	$2,221,646	15.6%
Utility Transaction Volume	1,403	1,284	9.3%
Utility Transaction Dollar Volume	$1,029,235	$ 934,361	10.2%
Payment and Processing Fees	$ 8,592	$ 7,598	13.1%

Freight transaction volume for the First Quarter of 2005 increased mainly due to increased activity with existing accounts and a growing customer base. Total dollar volume processed by this division also increased during this period due to increased activity from existing clients and larger average freight charges. Fees for the period grew due to the increased volume and additional services provided. The increase in volume and fees from Utility transactions increased primarily due to new customers as the growth of this market continues. Revenues of PROFITLAB were $486,000 for the First Quarter of 2005.

Software revenue was up $501,000 or 42% from the First Quarter of 2004 primarily due to additional licenses sold. Bank service fees decreased $56,000 or 14% primarily due to a reduction in bank account analysis fees. This decrease was due primarily to the fact that service fees decrease as the credit allowance for non-interest bearing deposits increases with the general level of interest rates. Net gains of $547,000 and $441,000 were recognized on the sales of securities during the First Quarter of 2005 and 2004, respectively. Other income increased $49,000 in the First Quarter of 2005 primarily due to the sale of one property that had been foreclosed on in 2004.

Net Interest Income

Net interest income is the difference between interest earned on loans, investments, and other earning assets and interest expense on deposits and other interest-bearing liabilities. Net interest income is a significant source of the Company's revenues. The following table summarizes the changes in net interest income and related factors for the First Quarter of 2005 and First Quarter of 2004:

	Three Months Ended March 31		
(Dollars In Thousands)	2005	2004	% Change
Average earning assets	$ 664,590	$ 599,227	10.9%
Net interest income*	7,755	6,826	13.6%
Net interest margin	4.73%	4.58%	--
Yield on earning assets	5.34%	4.96%	--
Rate on interest bearing liabilities	2.09%	1.34%	--

*Net interest income is presented on a tax-equivalent basis assuming a tax rate of 34%.

The increase in net interest income was primarily due to a significant increase in earning assets and an increase in yields on earning assets that exceeded the counteracting effect of increases in rates paid on deposit accounts. The increase in earning assets was funded by both an increase in accounts and drafts payable due to the increase in dollar volume processed and an increase in bank deposits due to the expansion of the Banks' customer base. Yields on earning assets and rates paid on deposit accounts both increased as the general level of interest rates increased. However, as the balances of earning assets greatly exceed the balances of interest-bearing deposits, the net effect on net interest margin was positive.

Total average loans increased $38,660,000 or 8% to $502,121,000. This increase was attributable to new business relationships and was funded by the increase in accounts and drafts payable and growth in bank deposits. Total average investment in debt and equity securities increased $5,276,000 or 8% to $69,914,000 as the Company invested part of the increase in deposits and payables. Total average federal funds sold and other short-term investments increased $21,427,000 or 30% to $92,555,000. This increase provides additional liquidity to the Company. For more information on the changes in net interest income please refer to the tables on the pages that follow.

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. This is primarily due to the noninterest-bearing liabilities generated by the Company in the form of accounts and drafts payable. Changes in interest rates will affect some earning assets such as federal funds sold and floating rate loans immediately and some earning assets, such as fixed rate loans and municipal bonds, over time.

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.

(Dollars in thousands)	First Quarter 2005 Average Balance	First Quarter 2005 Interest Income/ Expense	First Quarter 2005 Yield/ Rate	First Quarter 2004 Average Balance	First Quarter 2004 Interest Income/ Expense	First Quarter 2004 Yield/ Rate
Assets (1)						
Earning assets:						
Loans (2),(3):						
Taxable	$497,194	$ 7,375	6.02%	$458,116	$ 6,387	5.61%
Tax-exempt (4)	4,927	78	6.42	5,345	101	7.60
Debt and equity securities (5):						
Taxable	28,569	172	2.44	23,785	97	1.64
Tax-exempt (4)	41,345	596	5.85	40,853	646	6.36
Federal funds sold and other short-term investments	92,555	526	2.30	71,128	162	.92
Total earning assets	664,590	8,747	5.34	599,227	7,393	4.96
Nonearning assets:						
Cash and due from banks	24,051			18,857		
Premises and equipment, net	12,088			13,474		
Bank owned life insurance	11,128			10,752		
Goodwill and other intangibles, net	9,698			5,063		
Other assets	23,539			15,264		
Allowance for loan losses	(6,067)			(5,560)		
Total assets	$739,027			$657,077		
Liabilities And Shareholders' Equity (1)						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 84,055	331	1.60%	$ 56,611	$ 79	.56%
Savings deposits	23,711	84	1.44	30,387	51	.68
Time deposits of $100 or more	48,556	324	2.71	48,454	267	2.22
Other time deposits	32,203	203	2.56	34,672	170	1.97
Total interest-bearing deposits	188,525	942	2.03	170,124	567	1.34
Short-term borrowings	220	1	1.84	118	--	--
Subordinated Debentures	3,700	49	5.37	--	--	--
Total interest-bearing liabilities	192,445	992	2.09	170,242	567	1.34
Noninterest-bearing liabilities:						
Demand deposits	97,349			100,436		
Accounts and drafts payable	370,652			313,593		
Other liabilities	9,139			8,343		
Total liabilities	669,585			592,614		
Shareholders' equity	69,442			64,463		
Total liabilities and shareholders' equity	$739,027			$657,077		
Net interest income		$ 7,755			$ 6,826	
Net interest margin			4.73%			4.58%
Interest spread			3.25%			3.62%

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 Note 1 to the Company's 2004 Consolidated Financial Statements, filed with the Company's 2004 Annual Report on Form 10-K.
3. Interest income on loans includes net loan fees of $36,000 and $41,000 for the First Quarter of 2005 and 2004, respectively.
4. Interest income is presented on a tax-equivalent basis assuming a tax rate of 34%. The tax-equivalent adjustment was approximately $229,000 and $253,000 for the First Quarter of 2005 and 2004, 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 periods 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.

(In Thousands)	First Quarter 2005 Over 2004 Volume	Rate	Total
Increase (decrease) in interest income:			
Loans (1),(2):			
Taxable	$ 533	455	$ 988
Tax-exempt (3)	(8)	(15)	(23)
Debt and equity securities:			
Taxable	22	53	75
Tax-exempt (3)	7	(57)	(50)
Federal funds sold and other short-term investments	60	304	364
Total interest income	614	740	1,354
Interest expense on:			
Interest-bearing demand deposits	51	201	252
Savings deposits	(13)	46	33
Time deposits of $100 or more	1	56	57
Other time deposits	(13)	46	33
Short-term borrowings	--	1	1
Subordinated debentures	24	25	49
Total interest expense	50	375	425
Net interest income	$ 564	$ 365	$ 929

1. Average balances include nonaccrual loans.
2. Interest income includes net loan fees.
3. Interest income is presented on a tax-equivalent basis assuming a tax rate of 34%.

Allowance and Provision for Loan Losses

A significant determinant of the Company's operating results is the provision for loan losses and the level of loans charged off. There was a $200,000 provision made for loan losses during the First Quarter of 2005 and the First Quarter of 2004. As discussed below, the Company continually analyzes the outstanding loan portfolio based on the performance, financial condition and collateralization of the credits. There was $431,000 of net loan charge-offs in the First Quarter of 2005 and $17,000 of net loan recoveries in the First Quarter 2004. Of the amount charged off in 2005, $425,000 was related to one commercial borrower that ceased operations.

The allowance for loan losses at March 31, 2005 was $5,806,000 and at December 31, 2004 was $6,037,000. The ratio of allowance for loan losses to total loans outstanding at March 31, 2005 was 1.14% compared to 1.21% at December 31, 2004. Nonperforming loans were $669,000 or .13% of total loans at March 31, 2005 compared to $538,000 or .11% of total loans at December 31, 2004.

At March 31, 2005, impaired loans totaled $2,839,000 which included $669,000 of nonperforming loans and one other loan with a balance of $2,170,000 that was renegotiated in 2003. Although current under the new terms of the contract, due to the financial condition of the borrower there still remains risk as to the collectibility of all amounts under the renegotiated agreement. Impaired loans at December 31, 2004 were $2,718,000, which included $366,000 of nonaccrual loans, $4,000 of loans contractually past due 90 days or more, $168,000 of renegotiated loans and $2,180,000 related to the loan renegotiated in 2003 mentioned above. The allowance for loan losses on impaired loans was $1,082,000 at March 31, 2005 and there were no impaired loans without an allowance for loan losses.

Total impaired loans decreased $778,000 from March 31, 2004 to March 31, 2005. This decrease was primarily due to one loan that had a balance of $731,000 at March 31, 2004 and is now current under the terms of the loan agreement. The remaining decrease is due primarily to reductions in principal balance of various impaired loans from March 31, 2004 to March 31, 2005. These reductions were partially offset by two loans on nonaccrual and in the process of liquidation at March 31, 2005. The first loan, with a balance of $294,000, is expected to be collected once the company is fully liquidated. The second loan, with a balance of $150,000, has a specific reserve set up for the amount of the expected shortfall.

The allowance for loan losses has been established and is maintained to absorb probable losses in the loan portfolio. An ongoing assessment of risk of loss is performed to determine if the current balance of the allowance is adequate to cover probable losses in the portfolio. A charge or credit is made to expense to cover any deficiency or reduce any excess. The current methodology employed to determine the appropriate allowance consists of two components, specific and general. The Company develops specific valuation allowances on commercial, commercial real estate, and construction loans based on individual review of these loans and our estimate of the borrower's ability to repay the loan given the availability of collateral, other sources of cash flow and collection options available to us. The general component relates to all other loans, which are evaluated based on loan grade. The loan grade assigned to each loan is typically evaluated on an annual basis, unless circumstances require interim evaluation. The Company assigns a reserve amount consistent with each loan's rating category. The reserve amount is based on derived loss experience over prescribed periods. In addition to the amounts derived from the loan grades, a portion is added to the general reserve to take into account other factors including national and local economic conditions, downturns in specific industries including loss in collateral value, trends in credit quality at the Company and the banking industry, and trends in risk rating changes. As part of their examination process, federal and state agencies review the Company's methodology for maintaining the allowance for loan losses and the balance in the account. These 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.

Summary of Asset Quality

The following table presents information as of and for the three-month periods ended March 31, 2005 and 2004 pertaining to the Company's provision for loan losses and analysis of the allowance for loan losses.

(Dollars in Thousands)	Three Months Ended March 31 2005	2004
Allowance at beginning of period	$ 6,037	$ 5,506
Provision charged to expense	200	200
Loans charged off	(448)	(1)
Recoveries on loans previously charged off	17	4
Net loan (charge-offs) recoveries	(431)	3
Allowance at end of period	$ 5,806	$ 5,709
Loans outstanding:		
Average	$ 502,121	$ 463,461
March 31	508,997	460,110
Ratio of allowance for loan losses to loans outstanding:		
Average	1.16%	1.23%
March 31	1.14%	1.24%
Nonperforming loans:		
Nonaccrual loans	$ 669	$ 1,041
Loans past due 90 days or more	--	--
Renegotiated loans	--	2,410
Total non performing loans	$ 669	$ 3,451
Other impaired loans	$ 2,170	$ 166
Foreclosed assets	$ --	$ 1,234
Nonperforming loans as a percent of average loans	.13%	.74%

The Bank sold the two properties it had been carrying as other real estate owned as of March 31, 2004. One property with a balance of $859,000 at March 31, 2004 was sold in December 2004 at a net loss of $59,000. The second property with a balance of $375,000 at March 31,2004 was sold during the First Quarter of 2005 at a net gain of $38,000.

Operating Expense

Total operating expense for the First Quarter of 2005 increased $1,060,000 or 8% to $14,542,000 compared to the First Quarter of 2004 due primarily to operating expenses of PROFITLAB and expenses related to the 27% growth in processing activity.

Salaries and benefits expense increased $1,187,000 or 13% to $10,344,000 in the First Quarter of 2005 compared with the First Quarter of 2004. Salaries and benefits expense related to PROFITLAB was $447,000 for the quarter. The remaining increase for the First Quarter of 2005 was primarily due to an increase in profit-sharing expense and additional salaries and benefits necessary to support the increase in freight processing volume.

Occupancy expense for the First Quarter of 2005 increased $42,000 or 9% to $500,000 from the First Quarter of 2004. Occupancy expense related to PROFITLAB was $20,000 for the quarter. The remaining increase is due primarily to an increase in rent expense from the Bank expansion into Southern California and moving two of its existing bank branches to new locations in Missouri.

Equipment expense for the First Quarter of 2005 decreased $188,000 or 18% compared to the First Quarter of 2004. Equipment expense related to PROFITLAB was $21,000 for the quarter. The decrease relates primarily to software that was capitalized in 2000 and 2001 and is now fully amortized.

Amortization of intangible assets increased $43,000 or 55% to $121,000 for the First Quarter of 2005 compared to the same period of 2004. This increase relates to the software acquired from the acquisition of PROFITLAB.

Other operating expense for the First Quarter of 2005 decreased $24,000, or less than 1% compared to the First Quarter of 2004. Other operating expense related to PROFITLAB was $193,000 for the quarter. The decrease for the quarter was primarily from reductions in postage and other expenses in the Information Services division related to technology initiatives put into place over the past two years and a decrease in promotional expenses.

Income tax expense for the First Quarter of 2005 increased $567,000 or 70% compared to the First Quarter of 2004. The effective tax rate for the First Quarter of 2005 was 33.2% compared with 30.5% in the First Quarter of 2004. The increase in the effective tax rate was due to the lower relative effect of tax-exempt investment income to total income.

Financial Condition

Total assets at March 31, 2005 increased $19,949,000 or 3% from December 31, 2004. The most significant changes in asset balances during this period were federal funds sold and other short-term investments that increased $25,480,000 or 40%, investments in debt and equity securities that decreased $13,178,000 or 17% and loans, net of the allowance for loan losses, that increased $8,780,000 or 2%. Loans increased as the Bank continues to expand its customer base. Investments in debt and equity securities decreased as the Company sold $12,950,000 in securities as part of the Company's ongoing asset/liability program to manage liquidity and interest rate risk. Changes in federal funds sold and other short-term investments reflect the Company's daily liquidity position and is affected by the changes in the asset balances listed above and also changes in deposit and accounts and draft payable balances detailed below.

Total liabilities were $665,807,000, an increase of $18,875,000 or 3% from December 31, 2004. Total deposits at March 31, 2005 were $292,237,000, an increase of $16,608,000 or 6%. Accounts and drafts payable were $360,510,000, an increase of $2,037,000 or less than 1%. Total shareholders' equity at March 31, 2005 was $70,663,000, a $1,074,000 or 2% increase from December 31, 2004.

The increase in deposits reflects the Bank's ongoing marketing efforts to attract deposits. Accounts and drafts payable will fluctuate from period-end to period-end due to the payment processing cycle, which results in lower balances on days when checks clear and higher balances on days when checks are issued. For this reason, average balances are a more meaningful measure of accounts and drafts payable (for average balances refer to the tables under the "Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rate and Interest Differential" section of this report).

The increase in total shareholders' equity resulted from net income of $2,767,000, cash received on the exercise of stock options of $98,000, a $43,000 tax benefit on stock awards, $29,000 from the amortization of stock bonus awards, offset by dividends paid of $772,000 ($.21 per share), the repurchase of 16,545 shares of treasury stock for $586,000 and a decrease in other comprehensive income of $505,000.

Liquidity and Capital Resources

The balances of liquid assets consists of cash and cash equivalents, which include cash and due from banks, federal funds sold and money market funds, and were $111,545,000 at March 31, 2005, an increase of $24,002,000 or 27% from December 31, 2004. At March 31, 2005 these assets represented 15% of total assets. These funds are the Company's and its subsidiaries' primary source of liquidity to meet future expected and unexpected loan demand, depositor withdrawals 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 was $63,952,000 at March 31 2005 a decrease of $13,178,000 from December 31, 2004. These assets represented 9% of total assets at March 31, 2005. Of this total, 56% were state and political subdivision securities, 34% were U.S. Treasury securities, 9% were U.S. government agencies and 1% was other securities. Of the total portfolio, 33% mature in one year, 31% mature in one to five years, and 36% mature in five or more years. During the First Quarter of 2005 the Company sold securities with a market value of $12,950,000 and these funds were reinvested in federal funds sold and short-term investments.

The Bank has unsecured lines at correspondent banks to purchase federal funds up to a maximum of $29,000,000. Additionally, the Bank maintains a line of credit at unaffiliated financial institutions in the maximum amount of $78,328,000 collateralized by U.S. Treasury and agency securities and commercial and residential mortgage loans.

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 other commercial products of the Bank. The accounts and drafts payable generated by the Company has also historically been a stable source of funds.

Net cash flows provided by operating activities were $2,826,000 for the First Quarter of 2005 compared with $1,012,000 for the First Quarter of 2004. This increase is attributable to the significant increase in net income of $920,000, the sale of one foreclosed property and normal fluctuations in asset and liability accounts. Net cash flows from investing and financing activities fluctuate greatly as the Company actively manages its investment and loan portfolios and customer activity influences changes in deposit and accounts and drafts payable balances. Other causes for the changes in these account balances are discussed earlier in this report. Due to the daily fluctuations in these account balances, the analysis of changes in average balances, also discussed earlier in this report, can be more indicative of underlying activity than the period-end balances used in the statements of cash flows. Management anticipates that cash and cash equivalents, maturing investments and cash from operations will continue to be sufficient to fund the Company's operations and capital expenditures in 2005.

The Company faces market risk to the extent that its net interest income and fair market value of equity are affected by changes in market interest rates. For information regarding the market risk of the Company's financial instruments, see Item 3. "QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK".

Risk-based capital guidelines require the Company to meet a minimum total capital ratio of 8.0% of which at least 4.0% must consist of Tier 1 capital. Tier 1 capital generally consists of (a) common shareholders' equity (excluding the unrealized market value adjustments on the available-for-sale securities), (b) qualifying perpetual preferred stock and related surplus subject to certain limitations specified by the FDIC, (c) minority interests in the equity accounts of consolidated subsidiaries less (d) goodwill, (e) mortgage servicing rights within certain limits, and (f) any other intangible assets and investments in subsidiaries that the FDIC determines should be deducted from Tier 1 capital. The FDIC also requires a minimum leverage ratio of 3.0%, defined as the ratio of Tier 1 capital less purchased mortgage servicing rights to total assets, for banking organizations deemed the strongest and most highly rated by banking regulators. A higher minimum leverage ratio is required of less highly rated banking organizations. Total capital, a measure of capital adequacy, includes Tier 1 capital, allowance for loan losses, and debt considered equity for regulatory capital purposes.

The Company and the Bank continue to exceed all regulatory capital requirements, as evidenced by the following capital amounts and ratios at March 31, 2005 and December 31, 2004:

March 31, 2005 (In Thousands)	Amount	Ratio
Total capital (to risk-weighted assets)		
Cass Information Systems, Inc.	$70,718	11.83%
Cass Commercial Bank	36,776	12.01
Tier I capital (to risk-weighted assets)		
Cass Information Systems, Inc.	$61,212	10.24%
Cass Commercial Bank	32,945	10.76
Tier I capital (to average assets)		
Cass Information Systems, Inc.	$61,212	8.39%
Cass Commercial Bank	32,945	9.97

December 31, 2004 (In Thousands)	Amount	Ratio
Total capital (to risk-weighted assets)		
Cass Information Systems, Inc.	$69,238	11.86%
Cass Commercial Bank	36,634	12.01
Tier I capital (to risk-weighted assets)		
Cass Information Systems, Inc.	$59,501	10.19%
Cass Commercial Bank	32,817	10.76
Tier I capital (to average assets)		
Cass Information Systems, Inc.	$59,501	7.91%
Cass Commercial Bank	32,817	9.46

Inflation

The Company's assets and liabilities are primarily monetary, consisting of cash, cash equivalents, securities, loans, payables and deposits. Monetary assets and liabilities are those that can be converted into a fixed number of dollars. The Company's consolidated balance sheet reflects a net positive monetary position (monetary assets exceed 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. Management believes that replacement costs of equipment, furniture, and leasehold improvements will not materially affect operations. The rate of inflation does affect certain expenses, such as those for employee compensation, which may not be readily recoverable in the price of the Company's services.

Impact of New Accounting Pronouncements

In 2003, the Emerging Issues Task Force ("EITF") reached a consensus on, "The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments" ("EITF 03-1"), which provides guidance to assess whether there have been any events or economic circumstances to indicate that a security is impaired on an other-than-temporary basis. Factors to consider include the length of time the security has had a market value less than the cost basis, the intent and ability of the company to hold the security for a period of time sufficient for a recovery in value, recent events specific to the issuer or industry and for debt securities, external credit rating and recent downgrades. Securities on which there is an unrealized loss that is deemed to be other-than-temporary are written down to fair value with the write-down recorded as a realized loss. In December 2004, the Financial Accounting Standards Board ("FASB") announced that it will reconsider in its entirety all guidance on disclosing, measuring and recognizing other-than-temporary impairments of debt and equity securities. Until new guidance is issued, companies must continue to comply with the disclosure requirements of EITF 03-1 and all relevant measurement and recognition requirements in other accounting literature.

In December 2004, the FASB issued SFAS 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"), which replaced, "Accounting for Stock-Based Compensation" ("SFAS 123") and supersedes Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). SFAS 123R requires the measurement of all employee share-based payments to employees, including grants of employee stock options, using a fair-value-based method and the recording of such expense in our consolidated statements of income. The accounting provisions of SFAS 123R are effective for fiscal years beginning after June 15, 2005. The pro forma disclosures previously permitted under SFAS 123 will no longer will be an alternative to financial statement recognition. See Note 10 of this report for the pro forma net income and net income per share amounts, for First Quarter 2005 and 2004, as if we had used a fair-value-based method similar to the methods required under SFAS 123R to measure compensation expense for employee stock incentive awards. Although we have not yet determined whether the adoption of SFAS 123R will result in amounts that are similar to the current pro forma disclosures under SFAS 123, we are evaluating the requirements under SFAS 123R and do not expect the adoption to have a significant adverse impact on our consolidated statements of income and net income per share.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As described in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, the Company manages its interest rate risk through measurement techniques that include gap analysis and a simulation model. As part of the risk management process, asset/liability management policies are established and monitored by management. The policy objective is to limit the change in annualized net interest income to 15% from an immediate and sustained parallel change in interest rates of 200 basis points. Based on the Company's most recent evaluation, management does not believe the Company's risk position at March 31, 2005 has changed materially from that at December 31, 2004.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures designed to ensure that the information it is required to disclose in the reports it files with the Securities and Exchange Commission ("SEC") is recorded, processed, summarized and reported to management, including the Chief Executive Officer and Principal Financial Officer, within the time periods specified in the rules of the SEC. The Company's Chief Executive and Principal Financial Officers have reviewed and evaluated the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of March 31, 2005 and based on their evaluation, believe that these procedures are effective to ensure that the Company is able to collect, process and disclose the information it is required to disclose in the reports it files with the SEC within the required time periods.

There were no changes in the first quarter of 2005 in the Company's internal controls identified by the Chief Executive and Principal Financial Officers in connection with their evaluation that materially affected or are reasonably likely to materially affect the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act).

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company and its subsidiaries are not involved in any pending proceedings other than ordinary routine litigation incidental to its 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 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company maintains a treasury stock buyback program and as of March 31, 2005 was authorized by the Board of Directors to repurchase up to 83,455 shares of its Common Stock. The Company did repurchase 16,545 shares during the First Quarter of 2005 and did not repurchase any shares during the First Quarter of 2004. Repurchases are made in the open market or through negotiated transactions from time to time depending on market conditions. For more information, please see Note 5 of this Report.

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

Exhibit 31.1 Certification Pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification Pursuant to Rules 13a-14 and 15d-14 under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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 INFORMATION SYSTEMS, INC.

DATE: May 9, 2005

By /s/ Lawrence A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

DATE: May 9, 2005

By /s/ Eric H. Brunngraber

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

Exhibit 31.1

CERTIFICATION

I, Lawrence A. Collett, Chairman and Chief Executive Officer of Cass Information Systems, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Cass Information Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13(a)-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Lawrence A. Collett
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Lawrence A. Collett
Chairman and Chief Executive Officer
May 5, 2005

Exhibit 31.2

CERTIFICATION

I, Eric H. Brunngraber, Principal Financial and Accounting Officer of Cass Information Systems, Inc., certify that:

1. I have reviewed this annual report on Form 10-K of Cass Information Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Eric H. Brunngraber
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Eric H. Brunngraber
Vice President - Secretary
(Principal Financial and Accounting Officer)
May 5, 2005

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cass Information Systems, Inc. ("the Company") on Form 10-K for the period ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence A. Collett, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Lawrence A. Collett
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Lawrence A. Collett
Chairman and Chief Executive Officer
May 5, 2005

A signed original of this written statement required by Section 906 has been provided to Cass Information Systems, Inc. and will be retained by Cass Information Systems, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cass Information Systems, Inc. ("the Company") on Form 10-K for the period ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric H. Brunngraber, Principal Financial and Accounting Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(3) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(4) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Eric H. Brunngraber

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Eric H. Brunngraber
Principal Financial and Accounting Officer
May 5, 2005

A signed original of this written statement required by Section 906 has been provided to Cass Information Systems, Inc. and will be retained by Cass Information Systems, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.