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 JUNE 30, 1998
COMMISSION FILE NO. 2-80070

CASS COMMERCIAL CORPORATION

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

13001 HOLLENBERG DRIVE, BRIDGETON, MISSOURI 63044

TELEPHONE: (314) 506-5500

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

Yes X No ___

The number of shares outstanding of registrant's only class of stock as of June 30, 1998: Common stock, par value $.50 per share - 3,862,248 shares outstanding.

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

PART I, ITEM 1

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	(IN THOUSANDS EXCEPT SHARE AND PER SHARE DATA)	
	JUNE 30 1998	DECEMBER 31 1997
ASSETS		
Cash and due from banks	$ 17,911	$ 10,849
Federal funds sold and other short-term investments	79,000	88,275
Cash and cash equivalents	96,911	99,124
Investment in debt and equity securities:		
Held-to-maturity, estimated market value of $74,286 and $90,389 at June 30, 1998 and December 31, 1997, respectively	73,976	90,139
Available-for-sale, at estimated market value	34,444	36,112
Total investment in debt and equity securities	108,420	126,251
Loans, net of unearned income	218,979	196,478
Less: Allowance for loan losses	4,569	4,484
Loans, net	214,410	191,994
Premises and equipment, net	9,328	9,957
Accrued interest receivable	2,965	3,137
Other assets	6,610	7,864
Total assets	$438,644	$438,327
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 75,493	$ 61,958
Interest-bearing	100,240	103,899
Total deposits	175,733	165,857
Accounts and drafts payable	202,507	213,755
Short-term borrowings	374	406
Other liabilities	5,040	5,656
Total liabilities	383,654	385,674
Stockholders' Equity:		
Preferred stock, par value $.50 per share; 2,000,000 shares authorized and no shares issued	--	--
Common stock, par value $.50 per share; 20,000,000 shares authorized and 4,000,000 shares issued	2,000	2,000
Surplus	4,744	4,740
Retained earnings	49,132	46,879
Common shares in treasury, at cost (137,752 shares at June 30, 1998 and 141,452 shares at December 31, 1997)	(1,250)	(1,284)
Accumulated other comprehensive income - unrealized holding gain on debt and equity securities available-for-sale, net of tax	364	364
Unamortized stock bonus awards	--	(46)
Total stockholders' equity	54,990	52,653
Total liabilities and stockholders' equity	$438,644	$438,327

See accompanying notes to consolidated financial statements.

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	1998	1997	1998	1997
	(In Thousands Except Per Share Data)			
INTEREST INCOME:				
Interest and fees on loans	$4,526	$4,309	$ 8,735	$ 8,529
Interest on debt securities:				
Taxable	1,753	2,450	3,551	4,835
Exempt from federal income taxes	18	19	37	38
Interest on federal funds sold and other short-term investments	1,260	449	2,565	876
Total interest income	7,557	7,227	14,888	14,278
INTEREST EXPENSE:				
Interest on deposits	1,072	989	2,125	1,992
Interest on short-term borrowings	3	27	6	52
Total interest expense	1,075	1,016	2,131	2,044
Net interest income	6,482	6,211	12,757	12,234
Provision for loan losses	--	55	--	300
Net interest income after provision for loan losses	6,482	6,156	12,757	11,934
NONINTEREST INCOME:				
Information services revenues:				
Freight payment and processing revenue	4,611	4,354	9,371	8,594
Freight rating services income	561	580	1,216	1,172
Service charges on deposit accounts	152	131	314	272
Other	238	290	513	461
Total noninterest income	5,562	5,355	11,414	10,499
NONINTEREST EXPENSE:				
Salaries and employee benefits	6,267	5,969	12,861	11,783
Occupancy expense	418	405	853	938
Equipment expense	645	653	1,289	1,314
Other	1,659	1,895	3,522	3,634
Total noninterest expense	8,989	8,922	18,525	17,669
Income before income tax expense	3,055	2,589	5,646	4,764
Income tax expense	1,085	882	2,003	1,634
Net income	$1,970	$1,707	$ 3,643	$ 3,130
Earnings per share:				
Basic	$ .51	$ .44	$ .94	$ .81
Diluted	$ .50	$ .44	$ .93	$ .80

See accompanying notes to consolidated financial statements.

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	(IN THOUSANDS) SIX MONTHS ENDED JUNE 30	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 3,643	$ 3,130
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,144	1,184
Amortization of stock bonus awards	46	55
Provision for loan losses	--	300
Decrease in accrued interest receivable	172	14
Other operating activities, net	586	(1,906)
Net cash provided by operating activities	5,591	2,777
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of debt securities:		
Held-to-maturity	16,133	14,046
Available-for-sale	1,566	506
Purchases of debt and equity securities available-for-sale	--	(9,835)
Net increase in loans	(22,416)	(8,421)
Purchases of premises and equipment	(331)	(3,230)
Net cash used in investing activities	(5,048)	(6,934)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in noninterest-bearing demand, interest-bearing demand and savings deposits	9,740	(5,303)
Net increase (decrease) in time deposits	136	(118)
Net decrease in accounts and drafts payable	(11,248)	(6,830)
Net increase (decrease) in short-term borrowings	(32)	902
Cash proceeds from exercise of stock options	38	--
Cash dividends paid	(1,390)	(1,002)
Net cash used in financing activities	(2,756)	(12,351)
Net decrease in cash and cash equivalents	(2,213)	(16,508)
Cash and cash equivalents at beginning of period	99,124	67,156
Cash and cash equivalents at end of period	$ 96,911	$ 50,648
Supplemental information:		
Cash paid for interest	$ 2,141	$ 2,101
Income taxes paid	$ 2,035	$ 1,235

See accompanying notes to consolidated financial statements.

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)
JUNE 30, 1998

Note 1 - Basis of Presentation

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

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

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation, have been included. Operating results for the period ended June 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

Note 2 - Impact Of New Accounting Pronouncements

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

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

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

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

Note 3 - Comprehensive Income

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income (SFAS 130) which establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. Under SFAS 130, comprehensive income is divided into net income and other comprehensive income. For the six-month periods ended June 30, 1998 and 1997, unrealized holding gain (loss) on debt and equity securities available-for-sale is the Company's only other comprehensive income component. Comprehensive income for the six-month periods ended June 30, 1998 and 1997 is summarized as follows:

	(In Thousands) Three Months Ended June 30		(In Thousands) Six Months Ended June 30	
	1998	1997	1998	1997
Net Income	$1,970	$1,707	$3,643	$3,130
Other comprehensive income - increase (decrease) in unrealized holding gain (loss) on debt and equity securities available-for-sale, net of tax	(58)	362	--	51
	$1,912	$2,069	$3,643	$3,181

Note 4 - Earnings Per Share

Average common and common stock equivalents outstanding for the six month periods ended June 30, 1998 and 1997 were 3,861,441 and 3,858,548, respectively. Average common and common stock equivalents outstanding for the three month periods ended June 30, 1998 and 1997 were 3,861,951 and 3,858,548, respectively. The only dilutive instruments are stock options with a dilutive effect of 70,954 and 62,773 for the six month periods ended June 30, 1998 and 1997, respectively, which resulted in weighted average shares and dilutive potential common shares of 3,932,395 and 3,921,321 in 1998 and 1997, respectively.

Note 5 - Reclassifications

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

Note 6 - Supplemental Executive Retirement Plan

During June 1998, the Company's Board of Directors established the Supplemental Executive Retirement Plan for key executive officers of the Company. This Plan was adopted to provide key executive employees through the Plan with retirement benefits that are comparable to those of other Company employees.

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

Net Income

Cass Commercial Corporation (the Company) operates in two primary business segments through its two wholly owned subsidiaries, Cass Bank and Trust Company, a commercial bank, and Cass Information Systems, Inc., a payment processing and information services company, whose operations include the processing and payment of freight and utility charges, preparation of management reports, auditing of freight charges, rating of freight shipments and other payment related activities. The Company had net income of $3,643,000 for the six-month period ended June 30, 1998 (the "First Six Months of 1998") compared to net income of $3,130,000 for the six-month period ended June 30, 1997 (the "First Six Months of 1997").

The Company had net income of $1,970,000 for the three-month period ended June 30, 1998 ("Second Quarter of 1998") compared to net income of $1,707,000 for the three-month period ended June 30, 1997 ("Second Quarter of 1997").

The following paragraphs more fully discuss the changes in financial condition and results of operations for the First Six Months of 1998 compared to the First Six Months of 1997 and for the Second Quarter of 1998 compared to the Second Quarter of 1997. Such 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 increase of $24,796,000 in average earning assets, net of interest-bearing liabilities, was the primary contributor of the increase in net tax-equivalent interest income of $519,000 in the First Six Months of 1998 compared to the First Six Months of 1997. The mix of earning assets changed in the First Six Months of 1998 compared to the First Six Months of 1997 with an increase of $61,997,000 in the average balance of federal funds sold and other short-term investments and a decrease of $38,775,000 in debt and equity securities. This change is a result of the Company's ongoing asset/liability management program.

The Company's tax-equivalent net interest margin on earning assets decreased in the Second Quarter of 1998 to 6.12% from 6.33% in the Second Quarter of 1997. The Company's tax-equivalent net interest margin on earning assets decreased in the First Six Months of 1998 to 6.08% from 6.26% in the First Six Months of 1997. These decreases are primarily due to the maturity of higher-yielding debt securities and an increased investment in federal funds sold and other short-term investments. See Tables 1 and 2 on pages 7 and 9 for further explanation of the changes in net interest income for the respective periods.

TABLE 1: CONSOLIDATED AVERAGE BALANCE SHEETS AND NET INTEREST INCOME ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 1998 AND 1997
(TAX-EQUIVALENT BASIS, IN THOUSANDS)

	AVERAGE BALANCE		AVERAGE YIELD/RATE		INTEREST INCOME/EXPENSE			INCREASE (DECREASE) DUE TO CHANGE IN	
	1998	1997	1998	1997	1998	1997	NET CHANGE	VOLUME	RATE
ASSETS									
Interest-earning assets:									
Loans	$210,177	$204,583	8.42%	8.45%	$ 8,775	$ 8,572	$ 203	$ 234	$ (31)
Investment in debt and equity securities	119,172	157,947	6.10	6.25	3,606	4,892	(1,286)	(1,176)	(110)
Federal funds sold and other short-term investments	95,321	33,324	5.42	5.30	2,565	876	1,689	1,668	21
Total interest-earning assets	424,670	395,854	7.10	7.31	14,946	14,340	606	726	(120)
Nonearning assets:									
Cash and due from banks	18,995	16,871							
Premises and equipment	9,703	9,101							
Other assets	11,468	12,334							
Allowance for loan losses	(4,523)	(4,574)							
Total assets	460,313	429,586							
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand deposits	34,081	31,362	3.55	3.47	600	540	60	48	12
Savings deposits	60,821	57,676	4.28	4.28	1,290	1,225	65	67	(2)
Time deposits of $100,000 or more	3,974	3,488	5.78	5.32	114	92	22	14	8
Other time deposits	4,848	5,431	5.03	5.01	121	135	(14)	(15)	1
Total interest-bearing deposits	103,724	97,957	4.13	4.10	2,125	1,992	133	114	19
Short-term borrowings	302	2,049	4.01	5.12	6	52	(46)	(37)	(9)
Total interest-bearing liabilities	104,026	100,006	4.13	4.12	2,131	2,044	87	77	10
Noninterest-bearing liabilities:									
Demand deposits	68,201	61,589							
Accounts and drafts payable	228,545	212,410							
Other liabilities	5,871	6,829							
Total liabilities	406,643	380,834							
Stockholders' equity	53,670	48,752							
Total liabilities and stockholders' equity	$460,313	$429,586							
Net interest income					$12,815	$12,296	$ 519	$ 649	$(130)
Net yield on interest-earning assets			6.08%	6.26%					

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 $13,000 and $3,000 for the First Six Months of 1998 and 1997, respectively.

(3) Income is presented on a tax-equivalent basis assuming a tax rate of 34%. The tax-equivalent adjustment was approximately $58,000 and $62,000 for the First Six Months of 1998 and 1997, respectively.

TABLE 2: CONSOLIDATED AVERAGE BALANCE SHEETS AND NET INTEREST INCOME ANALYSIS
FOR THE THREE MONTHS ENDED JUNE 30, 1998 AND 1997
(TAX-EQUIVALENT BASIS, IN THOUSANDS)

	AVERAGE BALANCE		AVERAGE YIELD/RATE		INTEREST INCOME/EXPENSE			INCREASE (DECREASE) DUE TO CHANGE IN	
	1998	1997	1998	1997	1998	1997	NET CHANGE	VOLUME	RATE
ASSETS									
Interest-earning assets:									
Loans	$216,023	$204,459	8.44%	8.50%	$4,546	$4,331	$ 215	$ 244	$ (29)
Investment in debt and equity securities	117,404	158,032	6.08	6.29	1,780	2,478	(698)	(618)	(80)
Federal funds sold and other short-term investments	93,274	33,184	5.41	5.43	1,260	449	811	812	(1)
Total interest-earning assets	426,701	395,675	7.13	7.36	7,586	7,258	328	438	(110)
Nonearning assets:									
Cash and due from banks	20,024	16,727							
Premises and equipment	9,570	9,543							
Other assets	10,206	11,318							
Allowance for loan losses	(4,548)	(4,556)							
Total assets	461,953	428,707							
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand deposits	33,671	31,382	3.53	3.57	296	279	17	20	(3)
Savings deposits	61,555	58,237	4.28	4.10	657	595	62	35	27
Time deposits of $100,000 or more	4,131	3,398	5.83	5.78	60	49	11	11	--
Other time deposits	4,726	5,473	5.01	4.84	59	66	(7)	(9)	2
Total interest-bearing deposits	104,083	98,490	4.13	4.03	1,072	989	83	57	26
Short-term borrowings	337	1,981	3.57	5.47	3	27	(24)	(17)	(7)
Total interest-bearing liabilities	104,420	100,471	4.13	4.06	1,075	1,016	59	40	19
Noninterest-bearing liabilities:									
Demand deposits	70,564	61,573							
Accounts and drafts payable	227,046	211,279							
Other liabilities	5,448	6,777							
Total liabilities	407,478	380,100							
Stockholders' equity	54,475	48,607							
Total liabilities and stockholders' equity	$461,953	$428,707							
Net interest income					$6,511	$6,242	$ 269	$ 398	$(129)
Net yield on interest-earning assets			6.12%	6.33%					

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 $11,000 and $2,000 for the Second Quarter of 1998 and 1997, respectively.

(3) Income is presented on a tax-equivalent basis assuming a tax rate of 34%. The tax-equivalent adjustment was approximately $29,000 and $31,000 for the Second Quarter of 1998 and 1997, respectively.

Provision for Loan Losses

A significant determinant of the Company's operating results is the level of loan losses and the provision for loan losses. There was no charge to earnings to provide for loan losses for the First Six Months of 1998; however the Company charged $300,000 to earnings to provide for loan losses for the First Six Months of 1997. Management made the decision to make a provision for loan losses in the First Six Months of 1997 based on the loan growth experienced. The quality of the loan portfolio has continued to remain strong. The level of nonperforming loans, at .79% of average loans, remains well below industry standards. Nonperforming loans are covered over 2 times by the allowance for loan losses at June 30, 1998. The Company experienced net recoveries of $85,000 in the First Six Months of 1998.

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 June 30, 1998, impaired loans totalled $1,231,000 which includes $657,000 of nonaccrual loans. The allowance for loan losses on impaired loans was $637,000 at June 30, 1998. The average balance of impaired loans during the First Six Months of 1998 and the First Six Months of 1997 was $1,253,000 and $1,088,000, respectively.

The allowance for loan losses at June 30, 1998 was $4,569,000 and at December 31, 1997 was $4,484,000. The allowance for loan losses at June 30, 1998 represents 2.09% of total loans outstanding compared to 2.28% at December 31, 1997.

The following table presents information as of and for the three and six-month periods ended June 30, 1998 and 1997 pertaining to the Company's provision for loan losses and analysis of the allowance for loan losses.

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
	(dollars in thousands)			
Allowance at beginning of period	$ 4,503	$ 4,731	$ 4,484	$ 4,396
Provision for loan losses charged to expense	--	55	--	300
Loans charged off	--	(411)	--	(411)
Recoveries on loans previously charged off	66	72	85	162
Net loan (charge-offs) recoveries	66	(339)	85	(249)
Allowance at end of period	$ 4,569	$ 4,447	$ 4,569	$ 4,447
Loans outstanding:				
Average	$216,023	$204,459	$210,177	$204,583
June 30	218,979	205,947	218,979	205,947
Ratio of allowance for loan losses to loans outstanding:				
Average	2.12%	2.18%	2.17%	2.17%
June 30	2.09%	2.16%	2.09%	2.16%
Nonperforming loans:				
Nonaccrual loans	$ 657	$ 225	$ 657	$ 225
Loans past due 90 days or more	1,059	166	1,059	166
Total	$ 1,716	$ 391	$ 1,716	$ 391
Nonperforming loans as a percent of average loans	.79%	.19%	.82%	.19%

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 Second Quarter of 1998 and the First Six Months of 1998 increased $207,000 (3.9%) and $915,000 (8.7%), respectively, from the corresponding periods of 1997.

CIS's Payment Systems Group experienced an increase in processing revenues of $777,000 (9.0%) in the First Six Months of 1998 compared to the First Six Months of 1997. The volume of accepted new business proposals remains strong and should result in increasing revenues in CIS's Payment Systems Group as new accounts are placed in service throughout the remainder of 1998.

CIS's Freight Rating Services Group experienced a decrease in revenues of $19,000 (3.3%) in the Second Quarter of 1998 and an increase in revenues of $44,000 (3.8%) in the First Six Months of 1998 compared to the corresponding periods of 1997.

Other noninterest income decreased $52,000 (17.9%) in the Second Quarter of 1998 and increased $52,000 (11.3%) in the First Six Months of 1998 compared to the corresponding periods of 1997. The Bank received a buyout of its headquarters lease in the Second Quarter of 1997 in excess of the remaining net book value of leasehold improvements which resulted in a one-time gain of $95,000.

Noninterest Expense

Total noninterest expense for the Second Quarter of 1998 increased $67,000 (0.8%) from the Second Quarter of 1997. Total noninterest expense for the First Six Months of 1998 increased $856,000 (4.8%) from the First Six Months of 1997.

Salaries and benefits expense decreased $298,000 (5.0%) in the Second Quarter of 1998 compared to the Second Quarter of 1997. Salaries and benefits expense increased $1,078,000 (9.1%) in the First Six Months of 1998 compared to the First Six Months of 1997. The increase 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 Six months of 1998, combined with annual pay increases.

Occupancy expense decreased $85,000 (9.1%) in the First Six Months of 1998 compared to the First Six Months of 1997.   This decrease was primarily due to the Company and the Bank moving their headquarters in April 1997 to a new facility which was added on to the property owned by CIS in Bridgeton, Missouri. This consolidation of facilities resulted in occupancy expense savings. Additionally, CIS's Chicago location also relocated in 1997 resulting in reduced rental expense in the First Six Months of 1998.

Other noninterest expense decreased $236,000 (12.5%) in the Second Quarter of 1998 compared to the Second Quarter of 1997. Other noninterest expense decreased $112,000 (3.1%) in the First Six Months of 1998 compared to the First Six Months of 1997. These decreases are attributable to several items including decreases in both outside service fees and professional fees.

Balance Sheet Analysis

Cash and due from banks increased from $10,849,000 at December 31, 1997 to $17,911,000 at June 30, 1998. The average balance of cash and due from banks increased $2,124,000 (12.6%) from $16,871,000 in the First Six Months of 1997 to $18,995,000 in the First Six Months of 1998.

Federal funds sold and other short-term investments decreased from $88,275,000 at December 31, 1997 to $79,000,000 at June 30, 1998. The average balance of these accounts was $95,321,000 in the First Six Months of 1998 compared to $33,324,000 in the First Six Months of 1997. The increase in the average balance of these accounts resulted primarily from maturities of debt securities and increased average balances in accounts and drafts payable. See Table 1 and Table 2 on pages 7 and 9 for a presentation of average balances.

Total loans increased $22,501,000 (11.5%) from $196,478,000 at December 31, 1997 to $218,979,000 at June 30, 1998. The average balances of loans increased $5,594,000 (2.7%) from $204,583,000 in the First Six Months of 1997 to $210,177,000 in the First Six Months of 1998. Loan demand and new business volume increased throughout 1997 and has continued into the First Six Months of 1998. Outstanding loans remained at relatively similar levels in 1997 due to loan repayments resulting from several loan customers selling their businesses or requesting credit extensions higher than the Company could provide.

Investments in debt and equity securities decreased $17,831,000 (14.1%) from $126,251,000 at December 31, 1997 to $108,420,000 at June 30, 1998. The average balance of investment securities decreased $38,775,000 (24.5%) from $157,947,000 in the First Six Months of 1997 to $119,172,000 in the First Six Months of 1998 as a result of the Company's ongoing asset/liability management program.

Total earning assets decreased $4,605,000 (1.1%) from $411,004,000 at December 31, 1997 to $406,399,000 at June 30, 1998. The average balance of earning assets increased $28,816,000 (7.3%) from $395,854,000 in the First Six Months of 1997 to $424,670,000 in the First Six Months of 1998. This increase was funded primarily by an increase of $16,135,000 in the average balance of accounts and drafts payable.

Interest-bearing deposits decreased from $103,899,000 at December 31, 1997 to $100,240,000 at June 30, 1998. The average balances of these deposits decreased $5,767,000 (5.9%) from $97,957,000 in the First Six Months of 1997 to $103,724,000 in the First Six Months of 1998.

Noninterest-bearing deposits increased $13,535,000 (21.8%) from $61,958,000 at December 31, 1997 to $75,493,000 at June 30, 1998. The average balance of these accounts increased $6,612,000 (10.7%) from $61,589,000 in the First Six Months of 1997 to $68,201,000 in the First Six Months of 1998 which reflects increased business development efforts at the Bank.

Accounts and drafts payable generated by CIS in its freight payment operations decreased $11,248,000 (5.3%) from $213,755,000 at December 31, 1997 to $202,507,000 at June 30, 1998. The average balances of these funds increased $16,135,000 (7.6%) from $212,410,000 for the First Six Months of 1997 to $228,545,000 in the First Six Months of 1998. This increase has resulted from successful sales efforts leading to the addition of new processing volume.

Liquidity

As of June 30, 1998, approximately 52% of the Company's loan portfolio was composed of commercial loans, of which 77% represented loans maturing within one year. As of the same date, real estate loans, primarily commercial, represented approximately 46% of the total and of these, 43% represented balances maturing within one year. Approximately 2% of the loan portfolio is represented by installment loans.

The liquidity of the Company is primarily represented by cash and due from banks of $17,911,000 and Federal funds sold and other short-term investments of $79,000,000 at June 30, 1998. Included in this caption are $52,000,000 invested in money market funds consisting of short-term U.S. Government and agency issues.

Investments in debt and equity securities represented approximately 25% of total assets at June 30, 1998. Of the U.S. Government securities in the Company's investment portfolio, which represented 73% of the total, 32% have maturities of less than one year. U.S. Government Agencies and Corporations represented 26% of the total. Obligations of states and political subdivisions constituted 1% of the investment portfolio at June 30, 1998. There were no sales of debt securities in the First Six Months of 1998. Of the total portfolio, over 87% of the securities have maturities of five years or less. These securities provide the Company longer term liquidity than its primary sources, cash and due from banks and other short-term instruments. Additionally, short-term liquidity could be satisfied, if necessary, by the sale of certain debt securities maintained as available-for-sale; however, the Company does not foresee any such short-term liquidity needs.

The funds provided by the Bank consist of a sizable volume of core deposits. Historically, the Company has been a net provider of Federal funds. During the First Six Months of 1998, the Company was a net provider of Federal funds, averaging over $18,950,000 in net funds sold. Additionally, the Company averaged over $76,371,000 in short-term money market funds during the First Six Months of 1998. The Company was able to meet its liquidity requirements in the First Six Months of 1998 through the growth of deposit accounts and the liquid nature of Federal funds sold and other short-term investments.

Asset/Liability Management Program

The Company's earning assets significantly exceed its interest-bearing liabilities. This is primarily due to the noninterest-bearing liabilities generated by CIS in the form of accounts and drafts payable. Within this framework, the Company's asset/liability management program strives to maintain an appropriate balance between rate-sensitive assets and liabilities. The primary goal of the Company is to maintain a level of earning assets net of interest-bearing liabilities which will produce a relatively high net interest margin compared to other financial institutions. The Company's Investment Committee monitors the sensitivity of its subsidiaries' assets and liabilities with respect to changes in interest rates and repricing opportunities, and directs the overall acquisition and allocation of funds.

The following table presents the Company's rate sensitive position at June 30, 1998 for the various time frames indicated.

	VARIABLE RATE	THREE MONTHS OR LESS	OVER THREE THROUGH SIX MONTHS	OVER SIX THROUGH TWELVE MONTHS	OVER ONE THROUGH FIVE YEARS	OVER FIVE YEARS	TOTAL
		(Dollars expressed in thousands)					
Interest-earning assets:							
Loans	$ 93,660	$12,925	$ 7,281	$ 19,097	$ 84,720	$ 1,296	$218,979
Investment in debt and equity securities	--	3,180	6,995	15,009	68,764	14,472	108,420
Federal funds sold and other short-term investments	79,000	--	--	--	--	--	79,000
Total interest-earning assets	$172,660	$16,105	$ 14,276	$ 34,106	$153,484	$ 15,768	$406,399
Interest-bearing liabilities:							
Interest-bearing transaction accounts	$ 91,481	$ --	$ --	$ --	$ --	$ --	$ 91,481
Time deposits-$100,000 or more	--	1,786	850	1,050	491	--	4,177
Other time deposits	--	1,433	679	666	1,804	--	4,582
Short-term borrowings	374	--	--	--	--	--	374
Total interest-bearing liabilities	$ 91,855	$ 3,219	$ 1,529	$ 1,716	$ 2,295	$ --	$100,614
Interest sensitivity gap:							
Periodic	$ 80,805	$12,886	$ 12,747	$ 32,390	$151,189	$ 15,768	$305,785
Cumulative	88,805	93,691	106,438	138,828	290,017	305,785	
Ratio of interest-sensitive assets to interest-sensitive liabilities:							
Periodic	1.88x	5.00x	9.34x	19.88x	66.88x	--	4.04x
Cumulative	1.88x	1.99x	2.10x	2.41x	3.88x	4.04x	4.04x

Capital Resources

Stockholders' equity was $54,990,000 or 12.54% of total assets at June 30, 1998, an increase of $2,337,000 over the amount outstanding at December 31, 1997. This increase resulted from net income of $3,643,000; dividends paid of $1,390,000 ($.36 per share); the amortization of the stock bonus plan of $46,000; and cash received from the exercise of stock options of $38,000.

Subsidiary dividends are the principal source of funds for payment of dividends by the Company to its stockholders. The only restrictions on dividends are those dictated by regulatory capital requirements and prudent and sound banking principles.

The Company and its banking subsidiary continue to significantly exceed all regulatory capital requirements, as evidenced by the following capital ratios at June 30, 1998:

	Company Consolidated	Cass Bank
Total capital (to risk-weighted assets)	22.36%	15.32%
Tier I capital (to risk-weighted assets)	21.10	16.58
Tier I capital (to average assets)	11.76	11.75

The Year 2000 Issue

Management has initiated a company-wide program to prepare the Company and its subsidiaries' systems for Year 2000 compliance. The Year 2000 issue relates to systems that were designed to use two digits rather than four to define the applicable year. The Company and its subsidiaries have budgeted and will incur charges for testing and correcting its computer systems to be Year 2000 compliant. These charges relate to internal staff costs as well as outside service fees and other expenses. It is estimated that these costs will total $2.9 million during the period 1997 through 2000. This includes internal and external costs that will be expensed, as well as new hardware and software which will be capitalized. These expenses are not expected to have a material effect on the Company's results of operations. Programming changes and testing of systems and software packages are scheduled to be substantially completed by December 31, 1998. In addition, the Company's credit risk assessment is being modified to include the consideration of incremental risk that may be posed by customers' inability, if any, to address Year 2000 issues. If modifications to existing systems and conversions to new systems proceed as scheduled, management presently believes that the Year 2000 issue will not pose a substantial internal operating risk to the Company. Assessments of the readiness of internal systems is ongoing. There can be no guarantee, however, that the systems of customers, vendors and other third parties on which the Company relies will be remediated on a timely basis. The Company continues to monitor the progress of third-party vendors for critical areas. There is no assurance that a failure to remediate by one of these parties would not have a material adverse effect on 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.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk exposures that affect the "Quantitative and Qualitative Disclosures" presented in the Company's annual report on 10K for the year ended December 31, 1997.

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

At the annual meeting of the shareholders of Cass Commercial Corporation held on April 20, 1998, the following proposals were voted on and approved:

The following is a summary of votes cast. No broker non-votes were received.

	For	Withheld Authority/ Against	Abstentions
1. Proposal to elect four Directors for a term of three years ending 2001;			
Lawrence A. Collett	3,109,796	886	750,566
Irving A. Shepard	3,097,298	13,384	750,566
Andrew J. Signorelli	3,108,626	2,056	750,566
2. Proposal to ratify the selection of KPMG Peat Marwick LLP as independent accountants for 1998.	3,107,092	3,590	750,566

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 June 30, 1998.

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: August 7, 1998 By Lawrence A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

DATE: August 7, 1998 By Eric H. Brunngraber

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

9

1,000

3-MOS
DEC-31-1998
JAN-01-1998
JUN-30-1998
17,911
52,000
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34,444
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2,000
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.50
6.12
657
1,059
602
1,231
0
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TO BE DOCUMENTED IN THE DEC-31-1998 STATEMENTS.

9
1,000

6-MOS
DEC-31-1998
JAN-01-1998
JUN-30-1998
17,911
52,000
27,000
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34,444
73,976
74,286
218,979
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438,644
175,733
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207,921
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2,000
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438,644
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2,565
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2,125
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.93
6.08
657
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602
1,231
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0
85
4,569
0
0
0

TO BE DOCUMENTED IN THE DEC-31-1998 STATEMENTS.