UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)
/x/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the year ended December 31, 1997

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal period from _____ to ______

Commission file number 2-80070

CASS COMMERCIAL CORPORATION
(Exact name of registrant specified in its charter)

Missouri	43-1265338
(State or other jurisdiction of incorporation or organization)	(I.R.A. Employer identification No.)
13001 Hollenberg Drive, Bridgeton, Missouri	63044
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock par value $.50
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

As of March 13, 1998, 3,861,248 shares of common stock of the registrant were outstanding; the aggregate market value of the shares of common stock of the registrant held by non-affiliates was approximately $102,309,325 based upon the NASDAQ Stock Market closing price of $34.06 for March 13, 1998.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's Annual Report to Stockholders for the year ended December 31, 1997 are incorporated by reference in Part I and II hereof.

2. Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on April 20, 1998 is incorporated by reference in Part III hereof.

PART I.

ITEM 1. BUSINESS

Cass Commercial Corporation

Registrant, Cass Commercial Corporation (the "Company"), is a bank holding corporation organized in 1982 under the laws of Missouri and approved by the Board of Governors of the Federal Reserve system in February 1983 and is governed by regulations of the Board of Governors of the Federal Reserve system applying to bank holding companies. As of December 31, 1997, the Company owned 100% of the outstanding shares of common stock of Cass Bank & Trust Company ("Cass Bank") and Cass Information Systems, Inc. ("CIS"), a nonbanking subsidiary. The business of the Company is providing supervisory assistance to its subsidiaries in the form of centralized accounting, human resources and internal auditing services.

The Company and its subsidiaries had 552 full-time and 16 part-time employees as of March 15, 1998.

Total net revenue, income before income tax, identifiable assets, depreciation and amortization expense and capital expenditures attributable to each business segment, for the three years ended December 31, 1997 are set forth in Note Thirteen of the Notes to Consolidated Financial Statements on page 30 of the Cass Commercial Corporation 1997 Annual Report, which note is hereby incorporated by reference.

Cass Bank & Trust Company

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

Cass Bank provides banking services in the commercial, industrial and residential areas it serves. However, its primary focus is privately owned businesses and churches and church-related ministries. Services include commercial, real estate and personal loans; checking, savings and time deposit accounts and other financial management services. Although Cass Bank has trust powers, it does not operate a trust department. At December 31, 1997, Cass Bank had total assets of $209,485,000, deposits of $176,533,000 and aggregate capital accounts of $23,271,000 and for the year ended December 31, 1997, had net income of $2,934,000.

Cass Bank encounters substantial competition in its banking business from other banks located throughout the St. Louis metropolitan area. Savings and loan associations, credit unions and other financial institutions also provide competition. However, the principal competition is represented by bank holding company affiliates, many of which are larger and have greater resources than Cass Bank, and are able to offer a wide range of banking and related services.

Cass Information Systems, Inc.

CIS, formerly operated as a division of Cass Bank, conducts information and payment operations. In 1956, Cass Bank began the operation of a freight payment service to meet the needs of shippers and receivers of freight and transportation companies in the St. Louis metropolitan area. This service was well received and, in 1967, its marketing was expanded to cover the entire United States. The range and scope of the services have been expanded significantly over the years, and today many Fortune 500 companies in the United States utilize the broad array of services provided by CIS.

The headquarters and operations of CIS are at 13001 Hollenberg Drive, Bridgeton, Missouri where 41,000 square feet of space is utilized. Other operating locations are in Columbus, Ohio; Chicago, Illinois and Boston, Massachusetts.

CIS's competition comes from both within and outside the banking industry. Many banks, which had provided freight payment services in the past, have ceased providing such services or have sold those operations. CIS also competes with several nonbank companies throughout the United States. The Company believes CIS to be the largest firm in the freight bill payment industry in terms of the total dollars of freight bills paid, the total number of employees on staff, total revenues and total assets employed. Nonbank competition consists of five primary competitors and numerous small freight bill audit firms

located in cities throughout the United States. While offering freight payment services, few of these audit firms compete on a national basis.

CIS owns several service marks for the freight payment services and logistics information software it provides. Those marks deemed the most valuable are:

Freightpay- The basic freight payment services provided by CIS

Ratemaker- The rate maintenance software product which is provided to customers on a service basis as well

First Rate- The carrier selection software product which is also available in a service environment

In addition, CIS either owns or has applied for nine other service marks.

CIS continues to expand its Electronic Data Interchange ("EDI") capabilities. CIS currently processes over 45% of its freight payment transactions via EDI and anticipates a continuing increase in this method of processing.

CIS is not dependent on any one customer for a large portion of its business. It has a varied client base with no individual client exceeding 5% of total revenue.

For the year 1997, CIS had net income of $4,195,000. Total assets at December 31, 1997 were $249,735,000.

REGULATION AND SUPERVISION

General

The Company and Cass Bank are extensively regulated under federal and state law. These laws and regulations are intended to protect depositors, not stockholders. To the extent that the following information describes statutory or regulatory provisions, it is qualified in its entirety by reference to the particular statutory and regulatory provisions. Any change in applicable laws or regulations may have a material effect on the business and prospects of the Company. The operations of the Company may be affected by legislative changes and by the policies of various regulatory authorities. The Company is unable to predict the nature or the extent of the effects on its business and earnings that fiscal or monetary policies, economic control or new federal or state legislation may have in the future.

Federal Bank Holding Company Regulation

The Company is a bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended (the "BHC Act"), and as such, it is subject to regulation, supervision and examination by the Board of Governors of the Federal Reserve System (the "FRB"). The Company is required to file quarterly and annual reports with the FRB and to provide to the FRB such additional information as the FRB may require, and it is subject to regular inspections by the FRB. The FRB also has extensive enforcement authority over bank holding companies, including, among other things, the ability to assess civil money penalties, to issue cease and desist or removal orders and to require that a holding company divest subsidiaries (including its bank subsidiaries). In general, enforcement actions may be initiated for violations of law or regulations or for unsafe or unsound practices.

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

The BHC Act requires every bank holding company to obtain the prior approval of the FRB before (1) acquiring, directly or indirectly, ownership or control of any voting shares of another bank or bank holding company if, after such acquisition, it would own or control more than 5% of such shares (unless it already owns or controls the majority of such shares); (2) acquiring all or substantially all of the assets of another bank or bank holding company; or (3) merging or consolidating with another bank holding company. The FRB will not approve any acquisition, merger or consolidation that would have a

substantially anticompetitive result, unless the anticompetitive effects of the proposed transaction are clearly outweighed by a greater public interest in meeting the convenience and needs of the community to be served. The FRB also considers capital adequacy and other financial and managerial factors in reviewing acquisitions or mergers.

With certain exceptions, the BHC Act also prohibits a bank holding company from acquiring or retaining direct or indirect ownership or control of more than 5% of the voting shares of any company which is not a bank or bank holding company, or from engaging directly or indirectly in activities other than those of banking, managing or controlling banks or providing services for its subsidiaries. The principal exceptions to these prohibitions involve certain non-bank activities which, by statute or by FRB regulation or order, have been identified as activities closely related to the business of banking or of managing or controlling banks. In making this determination, the FRB considers whether the performance of such activities by a bank holding company can be expected to produce benefits to the public such as greater convenience, increased competition or gains in efficiency in resources, which can be expected to outweigh the risks of possible adverse effects such as decreased or unfair competition, conflicts of interest or unsound banking practices. The scope of permissible nonbanking activities may be expanded from time to time by the FRB by regulation or order. Such activities may also be affected by Federal legislation.

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

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

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

State Bank Holding Company Regulation

The Company, as a Missouri bank holding company, is also subject to regulation by the Division of Finance of the State of Missouri (the "Division of Finance"). Under the Missouri banking laws, prior approval of the Division of Finance is required before a bank holding company may acquire control of a Missouri chartered bank or a bank holding company incorporated in Missouri. In addition, under the Missouri banking laws, it is unlawful for any bank holding company to obtain control of any bank if the total deposits in the bank together with the total deposits in all banks in Missouri controlled by such bank holding company exceed 13% of the total deposits held by all depository financial institutions in Missouri. In computing deposits for purposes of this calculation, certificates of deposit in the face amount of $100,000 or more, deposits from outside the United States and deposits from banks not controlled by the bank holding company are excluded. Depository financial institution is defined as any financial institution which accepts deposits and which can insure such deposits through an agency of the Federal government. As of December 31, 1997, the Company's consolidated Missouri deposits represented less than 1% of the total deposits held by all Missouri depository financial institutions.

Federal and State Bank Regulation

Cass Bank is a Federally-insured Missouri state-chartered bank and is a member of the Federal Reserve System. Cass Bank is subject to the supervision and regulation of the Division of Finance, and to the supervision and regulation of the FRB. These agencies may prohibit Cass Bank from engaging in what they believe constitutes unsafe or unsound banking practices.

The maximum legal rate of interest which Cass Bank may charge on a particular loan depends on a variety of factors such as the type of borrower, the purpose of the loan, the amount of the loan and the date the loan is made. There are several state and federal statutes which set maximum legal rates of interest for various kinds of loans.

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

The Community Reinvestment Act requires that, in connection with examinations of financial institutions within its jurisdiction, the FRB shall evaluate the record of the financial institutions in meeting the credit needs of their local communities, including low and moderate income neighborhoods, consistent with the safe and sound operation of those banks. These factors are also considered in evaluating mergers, acquisitions and applications to open a branch or facility. Banks having branch offices in two or more states will receive both an overall CRA performance rating and separate CRA ratings for each of the states in which they have branches.

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

Cass Bank is also subject to certain restrictions imposed by the Federal Reserve Act on extensions of credit to executive officers, directors, principal shareholders or any related interest of such persons. Extensions of credit (i) must be made on substantially the same terms, including interest rates and collateral as, and follow credit underwriting procedures that are not less stringent than, those prevailing at the time for comparable transactions with persons not covered above and who are not employees, and (ii) must not involve more than the normal risk of repayment or present other unfavorable features. Cass Bank is also subject to certain lending limits and restrictions on overdrafts to such persons. A violation of these restrictions may result in the assessment of substantial civil monetary penalties on Cass Bank or any officer, director, employee, agent or other person participating in the conduct of the affairs of Cass Bank, the imposition of a cease and desist order and other regulatory sanctions.

Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), each federal banking agency has adopted, by regulation, guidelines on non-capital safety and soundness standards for institutions under its authority. These cover, among other things, internal controls, information systems and internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, compensation, fees and benefits, such other operational and managerial standards as the agency determines to be appropriate and standards for asset quality, earnings and stock valuation. An institution which fails to meet these standards must develop a plan acceptable to the agency, specifying the steps that the institution will take to meet the standards. Failure to submit or implement such a plan may subject the institution to regulatory sanctions. The Company believes that Cass Bank meets all the standards of FDICIA. FDICIA also imposed new capital standards on insured depository institutions, all of which are met by Cass Bank.

Deposit Insurance and Assessments

As a Federal Depository Insurance Corporation ("FDIC") member institution, the deposits of Cass Bank are currently insured to a maximum of $100,000 per depositor through the Bank Insurance Fund ("BIF"), administered by the FDIC, and Cass Bank is required to pay periodic deposit insurance premium assessments to the FDIC.

The FDIC has adopted a risk-based assessment system. Under the risk-based assessment system, BIF members pay varying assessment rates depending upon the level of the institution's capital and the degree of supervisory concern over the institution. The assessment rates are set by the FDIC semiannually. The FDIC reduced the assessment rates for 1997 to a range of zero (0) cents to 27 cents per $100 of insured deposits. The Bank qualified for the $0 assessment rate for 1997, however the Bank paid approximately $21,000 in assessments from the Financing Corporation (FICO). The FICO debt service assessment became applicable to all insured institutions as of January 1, 1997, in accordance with the Deposit Insurance Act of 1996. The FDIC has authority to increase the annual assessment rate if it determines that a higher assessment rate is necessary to increase BIF's reserve ratio. There is no cap on the annual assessment rate which the FDIC may impose.

Under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), a depository institution insured by the FDIC can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default (the "Cross Guarantee"). "Default" is defined generally as the appointment of a conservator or receiver and "in danger of default" is defined generally as the existence of certain conditions indicating either that there is no reasonable prospect that the institution will be able to meet the demands of its depositors or pay its obligations in the absence of regulatory assistance, or that its capital has been depleted and there is no reasonable prospect that it will be replenished in the absence of regulatory assistance. The Cross Guarantee thus enables the FDIC to assess a holding company's healthy BIF members for the losses of any of such holding company's failed BIF members. Cross Guarantee liabilities are generally superior in priority to obligations of the depository institution to its shareholders, due solely to their status as shareholders, and obligations to other affiliates. Under FIRREA, failure to meet applicable capital guidelines could subject a banking institution to a variety of enforcement remedies available to federal regulatory authorities, including the termination of deposit insurance by the FDIC and a prohibition on the taking of "brokered deposits."

Dividends

The principal source of the Company's cash revenues is dividends received from Cass Bank and CIS. The Missouri banking laws impose certain limitations on the payment of dividends by Missouri state chartered banks such as Cass Bank, as follows: (1) no dividends may be paid which would impair capital; (2) until the surplus fund of a bank is equal to 40% of its capital, no dividends may be declared unless there has been carried to the surplus account no less than one-tenth of its net profits for the dividend period; and (3) dividends are payable only out of a bank's undivided profits. In addition, the appropriate regulatory authorities are authorized to prohibit banks and bank holding companies from paying dividends which would constitute an unsafe and unsound banking practice.

Capital Adequacy

The federal bank regulatory agencies use capital adequacy guidelines in their examination and regulation of bank holding companies and banks. If the capital falls below the minimum levels established by these guidelines, the bank holding company or bank may be denied approval to acquire or establish additional banks or non-bank businesses or to open facilities.

The FRB and FDIC have adopted risk-based capital guidelines for banks and bank holding companies. The risk-based capital guidelines are designed to make regulatory capital requirements more sensitive to differences in risk profile among banks and bank holding companies, to account for off-balance sheet exposure and to minimize disincentives for holding liquid assets. Assets and off-balance sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items. The guidelines are minimums, and the FRB has noted that bank holding companies contemplating significant expansion programs should not allow expansion to diminish their capital ratios and should maintain ratios well in excess of the minimum. The current guidelines require all bank holding companies and federally-regulated banks to maintain a minimum risk-based total capital ratio equal to 8%, of which at least 4%

must be Tier 1 capital (see description of Tier 1 capital and Tier 2 capital below). Bank holding companies are required under such guidelines to deduct all intangibles except purchased mortgage servicing rights from capital.

Tier 1 capital for bank holding companies includes common shareholders' equity, qualifying perpetual preferred stock (up to 25% of total Tier 1 capital, if cumulative; under a FRB rule, redeemable perpetual preferred stock may not be counted as Tier 1 capital unless the redemption is subject to the prior approval of the FRB) and minority interests in equity accounts of consolidated subsidiaries, less intangibles except as described above. Tier 2 capital includes: (i) the allowance for loan losses up to 1.25% of risk-weighted assets; (ii) any qualifying perpetual preferred stock which exceeds the amount which may be included in Tier 1 capital; (iii) hybrid capital instruments; (iv) perpetual debt; (v) mandatory convertible securities and (vi) subordinated debt and intermediate term preferred stock of up to 50% of Tier 1 capital. Total capital is the sum of Tier 1 and Tier 2 capital less reciprocal holdings of other banking organizations, capital instruments and investments in unconsolidated subsidiaries.

Banks' and bank holding companies' assets are given risk-weights of 0%, 20%, 50% or 100%, depending on the type of asset. In addition, certain off-balance sheet items are given credit conversion factors to convert them to asset equivalent amounts to which an appropriate risk-weight will apply. These computations result in the total risk-weighted assets. Most loans are assigned to the 100% risk-weight category, except for first mortgage loans fully secured by residential property, which carry a 50% rating. Most investment securities are assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% risk-weight, and direct obligations of or obligations guaranteed by the United States Treasury or United States Government agencies, which have a 0% risk-weight. In converting off-balance sheet items, direct credit substitutes, including general guarantees and standby letters of credit backing financial obligations, are given a 100% conversion factor. Transaction related contingencies such as bid bonds, other standby letters of credit and undrawn commitments, including commercial credit lines with an initial maturity of more than one year, have a 50% conversion factor. Short-term, self-liquidating trade contingencies are converted at 20%, and short-term commitments have a 0% factor.

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

The FRB also has implemented a leverage ratio, which is Tier 1 capital as a percentage of total average assets less intangibles, to be used as a supplement to the risk-based guidelines. The principal objective of the leverage ratio is to place a constraint on the maximum degree to which a bank holding company may leverage its equity capital base. The FRB requires a minimum leverage ratio of 3%. However, for all but the most highly rated bank holding companies and for bank holding companies seeking to expand, the FRB expects an additional cushion of at least 100 to 200 basis points.

As of December 31, 1997, the Company and the Bank's risk-based Tier 1 Capital and Total Capital ratios, and Leverage ratio, were as follows:

	Company Consolidated	Cass Bank
Tier 1 Capital to Risk-Weighted Assets	21.48%	14.98%
Total Capital to Risk-Weighted Assets	22.76%	16.23%
Tier 1 Capital to Average Assets	11.72%	11.67%

FDICIA

FDICIA made extensive changes to the federal banking laws and instituted certain changes to the supervisory process, including provisions that mandate certain regulatory agency actions against undercapitalized institutions within specified time limits. FDICIA contains various other provisions that may affect the operations of banks and savings institutions.

The prompt corrective action provision of FDICIA requires the federal banking regulators to assign each insured institution to one of five capital categories ("well capitalized", "adequately capitalized" or one of three "undercapitalized" categories) and to take progressively more restrictive actions based on the capital categorization, as specified below. Under FDICIA, capital requirements include a leverage limit, a risk-based capital requirement and any other measure of capital deemed appropriate by the federal banking regulators for measuring the capital adequacy of an insured depository institution. All institutions, regardless of their capital levels, are restricted from making any capital distribution or paying any management fees that would cause the institution to fail to satisfy the minimum levels for any relevant capital measure.

The FDIC and the Federal Reserve Board adopted capital-related regulations under FDICIA. Under those regulations, a bank is well capitalized if it: (i) has a risk-based capital ratio of 10% or greater; (ii) has a ratio of Tier I capital to risk-adjusted assets of 6% or greater; (iii) has a ratio of Tier I capital to average assets of 5% or greater; and (iv) is not subject to an order, written agreement, capital directive, or prompt corrective action directive to meet and maintain a specific capital for any capital measure. A bank is adequately capitalized if it is not "well capitalized" and: (i) has a risk-based capital ratio of 8% or greater; (ii) has a ratio of Tier I capital to risk-adjusted assets of 4% or greater; and (iii) has a ratio of Tier I capital to average assets of 4% or greater (except that certain associations rated "Composite 1" under the federal banking agencies' CAMEL rating system may be adequately capitalized if their ratios of core capital to average asset are 3% or greater). At December 31, 1997 Cass Bank was categorized as "well capitalized".

FDICIA generally requires annual on-site, full scope examinations by each bank's primary federal regulator. It also requires management, the independent audit committee and outside accountants to develop or approve reports regarding the effectiveness of internal controls, legal compliance and off-balance-sheet liabilities and assets.

Monetary Policy

The earnings of a bank holding company are affected by the policies of regulatory authorities, including the FRB, in connection with the FRB's regulation of the money supply. Various methods employed by the FRB are open market operations in United States Government securities, changes in the discount rate on member bank borrowings and changes in reserve requirements against member bank deposits. These methods are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may also affect interest rates charged on loans or paid on deposits. The monetary policies of the FRB have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future.

I. DISTRIBUTION OF ASSETS, LIABILITIES AND STOCKHOLDERS' EQUITY:
INTEREST RATES AND INTEREST DIFFERENTIAL

THE FOLLOWING TABLE SHOWS THE CONDENSED AVERAGE BALANCE SHEETS FOR EACH OF THE PERIODS REPORTED, THE INTEREST INCOME AND EXPENSE ON EACH CATEGORY OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES, AND THE AVERAGE YIELD ON SUCH CATEGORIES OF INTEREST-EARNING ASSETS AND THE AVERAGE RATES PAID ON SUCH CATEGORIES OF INTEREST-BEARING LIABILITIES FOR EACH OF THE PERIODS REPORTED.

	FOR THE YEAR ENDED DECEMBER 31								
	1997			1996			1995		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE
	(DOLLARS EXPRESSED IN THOUSANDS)								
ASSETS									
Earning assets:									
Loans :									
Taxable	$199,633	$16,781	8.41%	$190,634	$16,096	8.44%	$157,638	$13,949	8.85%
Tax-exempt	2,647	257	9.71	1,462	147	10.05	1,299	141	10.85
Debt and equity securities :									
Taxable	146,534	9,074	6.19	158,884	9,729	6.12	160,193	9,741	6.08
Tax-exempt	1,493	114	7.64	1,407	110	7.82	854	70	8.20
Federal funds sold and other short-term investments	57,900	3,181	5.49	40,639	2,132	5.25	51,602	2,972	5.76
Total earning assets	408,207	29,407	7.20	393,026	28,214	7.18	371,586	26,873	7.23
Nonearning assets:									
Cash and due from banks	17,665			17,945			15,645		
Premises and equipment, net	7,902			8,091			7,731		
Other assets	14,645			10,196			12,459		
Allowance for loan losses	(4,519)			(6,305)			(6,504)		
Total assets	$443,900			$422,953			$400,917		

(continued)

AVERAGE BALANCES, INTEREST AND RATES, CONTINUED

	FOR THE YEAR ENDED DECEMBER 31								
	1997			1996			1995		
	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE
	(DOLLARS EXPRESSED IN THOUSANDS)								
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing liabilities:									
Interest-bearing demand deposits	$ 31,873	$ 1,130	3.55%	$ 24,895	$ 826	3.32%	$ 20,791	$ 639	3.07%
Savings deposits	59,918	2,562	4.28	68,565	3,139	4.58	57,832	2,858	4.94
Time deposits of $100,000 or more	3,984	222	5.57	4,512	242	5.36	4,715	267	5.66
Other time deposits	5,296	267	5.04	5,790	296	5.11	5,584	272	4.87
Total interest-bearing deposits	101,071	4,181	4.14	103,762	4,503	4.34	88,922	4,036	4.54
Short-term borrowings	1,241	67	5.40	3,090	139	4.50	2,121	92	4.34
Total interest-bearing liabilities	102,312	4,248	4.15	106,852	4,642	4.34	91,043	4,128	4.53
Noninterest-bearing liabilities:									
Demand deposits	60,707			57,833			54,079		
Accounts and drafts payable	223,990			206,269			207,424		
Other liabilities	6,926			6,749			7,447		
Total liabilities	393,935			377,703			359,993		
Stockholders' equity	49,965			45,250			40,924		
Total liabilities and stockholders' equity	$443,900			$422,953			$400,917		
Net interest income		$25,159			$23,572			$22,745	
Net interest margin			6.16%			6.00%			6.12%

(continued)

AVERAGE BALANCES, INTEREST AND RATES, CONTINUED

NOTES:

Balances shown are daily averages.

For purposes of these computations, nonaccrual loans are included in the average loan amounts outstanding. Interest on nonaccrual loans is recorded when received as discussed further in Note One to the Company's 1997 Consolidated Financial Statements, incorporated by reference herein.

Interest income on loans includes net loan fees of $6,000, $8,000 and $26,000 for 1997, 1996 and 1995, respectively.

Income is presented on a tax-equivalent basis assuming a tax rate of 34% for 1997, 1996 and 1995. The tax-equivalent adjustment was approximately $124,000, $88,000 and $72,000 for 1997, 1996 and 1995, respectively.

For purposes of these computations, yields on investment securities are computed as interest income divided by the average amortized cost of the investments.

INTEREST VOLUME AND RATE VARIANCE

THE FOLLOWING TABLE PRESENTS THE CHANGES IN INTEREST INCOME AND EXPENSE BETWEEN YEARS DUE TO CHANGES IN VOLUME AND INTEREST RATES. THAT PORTION OF THE CHANGE IN INTEREST ATTRIBUTABLE TO THE COMBINED RATE/VOLUME VARIANCE HAS BEEN ALLOCATED TO RATE AND VOLUME CHANGES IN PROPORTION TO THE ABSOLUTE DOLLAR AMOUNTS OF THE CHANGE IN EACH.

	FOR THE YEAR ENDED DECEMBER 31					
	1997 COMPARED TO 1996 INCREASE (DECREASE) DUE TO CHANGE IN:			1996 COMPARED TO 1995 INCREASE (DECREASE) DUE TO CHANGE IN:		
	VOLUME	RATE	NET CHANGE	VOLUME	RATE	NET CHANGE
	(DOLLARS EXPRESSED IN THOUSANDS)					
Interest earned on:						
Loans :						
Taxable	$ 757	$ (72)	$ 685	$2,810	$(663)	$2,147
Tax-exempt :	115	(5)	110	17	(11)	6
Debt and equity securities:						
Taxable	(764)	109	(655)	(80)	68	(12)
Tax-exempt :	7	(3)	4	43	(3)	40
Federal funds sold and other short-term investments	944	105	1,049	(591)	(249)	(840)
Total interest income	1,059	134	1,193	2,199	(858)	1,341
Interest expense on:						
Interest-bearing demand deposits	244	60	304	133	54	187
Savings deposits	(379)	(198)	(577)	502	(221)	281
Time deposits of $100,000 or more	(29)	9	(20)	(11)	(14)	(25)
Other time deposits	(25)	(4)	(29)	10	14	24
Short-term borrowings	(96)	24	(72)	44	3	47
Total interest expense	(285)	(109)	(394)	678	(164)	514
Net interest income	$1,344	$ 243	$1,587	$1,521	$(694)	$ 827

NOTES:

Average balances include nonaccrual loans.

Interest income includes net loan fees.

Information is presented on a tax-equivalent basis assuming a tax rate of 34% for 1997, 1996 and 1995.

II. INVESTMENT PORTFOLIO

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

	DECEMBER 31		
	1997	1996	1995
	(DOLLARS EXPRESSED IN THOUSANDS)		
U.S. Government Treasury securities	$ 93,148	$121,461	$102,992
Obligations of U.S. Government corporations and agencies	31,410	36,513	43,751
States and political subdivisions	1,492	1,492	916
Stock of the Federal Reserve Bank	201	201	201
Total investments	$126,251	$159,667	$147,860

AT DECEMBER 31, 1997, THE MATURITY OF DEBT SECURITIES IS AS FOLLOWS:

	ONE YEAR OR LESS	AFTER ONE YEAR THROUGH FIVE YEARS	AFTER FIVE YEARS THROUGH TEN YEARS	AFTER TEN YEARS	WEIGHTED AVERAGE YIELD
	(DOLLARS EXPRESSED IN THOUSANDS)				
U.S. Government Treasury securities	$27,872	$65,276	$ --	$ --	6.22%
Obligations of U.S. Government corporations and agencies	140	16,358	4,209	10,703	5.88
States and political subdivisions	214	235	683	360	5.13
Total investments	$28,226	$81,869	$4,892	$11,063	6.13%
Weighted average yield	6.25%	6.09%	6.33%	5.98%	

Rates on obligations of states and political subdivisions have been adjusted to pretax equivalent rates using the incremental statutory federal income tax rate of 34%. While yields by range of maturity are routinely provided by the Company's accounting system on a tax equivalent basis, the individual amounts of adjustments are not. In total, at an assumed federal income tax rate of 34%, the adjustment amounted to approximately $37,000.

There was no single issuer of securities in the investment portfolio at December 31, 1997 other than the U.S. Government and U.S. Government corporations and agencies, for which the aggregate amortized cost exceeded ten percent of total stockholders' equity.

III. LOAN PORTFOLIO

THE COMPOSITION OF THE LOAN PORTFOLIO IS AS FOLLOWS:

	DECEMBER 31				
	1997	1996	1995	1994	1993
	(DOLLARS EXPRESSED IN THOUSANDS)				
Commercial and industrial	$ 93,633	$ 94,962	$ 98,641	$ 91,500	$ 88,726
Real estate:					
Mortgage	87,573	85,360	58,746	48,997	51,225
Construction	7,893	9,164	11,057	4,253	6,478
Industrial revenue bonds	2,520	2,851	1,117	1,561	2,208
Installment, net	3,066	3,794	3,954	5,226	4,738
Other	1,793	1,644	678	929	552
Total loans	$196,478	$197,775	$174,193	$152,466	$153,927

LOANS AT DECEMBER 31, 1997 MATURE AS FOLLOWS:

		OVER ONE YEAR THROUGH FIVE YEARS		OVER FIVE YEARS		
	ONE YEAR OR LESS	FIXED RATE	FLOATING RATE	FIXED RATE	FLOATING RATE	TOTAL
	(DOLLARS EXPRESSED IN THOUSANDS)					
Commercial and industrial	$ 72,750	$19,114	$1,619	$ 150	$ --	$ 93,633
Real estate:						
Mortgage	20,489	58,237	7,581	1,266	--	87,573
Construction	6,243	--	--	1,650	--	7,893
Industrial revenue bonds	515	2,005	--	--	--	2,520
Installment, net	1,310	1,756	--	--	--	3,066
Other	1,793	--	--	--	--	1,793
Total loans	$103,100	$81,112	$9,200	$3,066	$ --	$196,478

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

RISK ELEMENTS INCLUDED IN LENDING ACTIVITIES

THE FOLLOWING ARE NONPERFORMING ASSETS:

	DECEMBER 31				
	1997	1996	1995	1994	1993
	(DOLLARS EXPRESSED IN THOUSANDS)				
Commercial, industrial and industrial revenue bonds:					
Nonaccrual	$285	$480	$151	$247	$ 810
Contractually past due 90 days or more	3	--	186	--	--
Renegotiated loans	449	--	278	213	975
Real estate-construction contractually past due 90 days or more	--	--	15	--	--
Real estate-mortgage:					
Nonaccrual	--	--	--	--	43
Contractually past due 90 days or more	24	306	--	--	--
Installment-nonaccrual	--	--	--	--	104
Total nonperforming loans	761	786	630	460	1,932
Other real estate	--	--	--	--	--
Total nonperforming assets	$761	$786	$630	$460	$1,932

Nonaccrual Loans

It is the policy of the Company to continually monitor its loan portfolio and to discontinue the accrual of interest on any loan on which payment of principal or interest in a timely manner in the normal course of business is doubtful. Subsequent payments received on such loans are applied to principal if there is any doubt as to the collectibility of such principal; otherwise, these receipts are recorded as interest income. Interest on nonaccrual loans, which would have been recorded under the original terms of the loans, was approximately $27,000 for the year ended December 31, 1997. Of this amount, approximately $1,000 was actually recorded as interest income on such loans.

Potential Problem Loans

At December 31, 1997, after review of potential problem loans identified by management including those noted above, management of the Company concluded the allowance for loan losses was adequate. As of December 31, 1997, approximately $2,541,000 of loans not included in the table above were identified by management as having potential credit problems which raised doubts as to the ability of the borrowers to comply with the present loan repayment terms. Of this balance of potential problem loans, $1,046,000 are deemed to be impaired. While these borrowers are currently meeting all of the terms of the applicable loan agreements, their financial condition has caused management to believe that their loans may result in disclosure at some future time as nonaccrual, past due or restructured.

Foreign Loans

The Company does not have any foreign loans.

Loan Concentrations

The Company has no concentrations of loans exceeding 10% of total loans which are not otherwise disclosed in the loan portfolio composition table. As can be seen in the loan composition table above and discussed in Note Four to the Company's 1997 Consolidated Financial Statements (included in the Company's 1997 Annual Report to Stockholders incorporated herein by reference), the Company's primary market niche is the privately held commercial company and churches and church-related ministries. Loans to the commercial entities are generally secured by the business assets of the company, including accounts receivable, inventory, machinery and equipment, and the building(s)/plant(s) from which the company operates. Operating lines of credit to these companies generally are secured by accounts receivable and inventory, with specific percentages of each determined on a customer by customer basis, based on the business in which the customer operates. Intermediate term credit for machinery and equipment is generally loaned at some percentage of the value of the equipment purchased, again depending on the type of machinery or equipment purchased by the entity (e.g. less funds would be loaned on restaurant equipment which has a lower resale value than certain types of machinery which tend to hold their value). Long term credits are secured by the entities' building(s)/plant(s) and are generally loaned with a maximum 80% loan to value ratio.

Loans secured exclusively by commercial real estate are generally made with a maximum 80% loan to value ratio, again depending upon the Company's estimate of the resale value and ability for the property to cash flow. The Company's loan policy requires an independent appraisal for all loans over $250,000 secured by real estate. Company management monitors the local economy in an attempt to determine whether it has had a significant deteriorating effect on such commercial real estate credits. When problems are identified, appraised values are updated on a continual basis, either internally or through ordering an updated external appraisal.

The Company's loan portfolio does not include a significant amount of single family real estate mortgage or installment credits, as the Company has not concentrated on the consumer side of the business.

Other Interest-Earning Assets

The Company does not have any other interest-earning assets which would have been included in nonaccrual, past due or restructured loans if such assets were loans.

IV. SUMMARY OF LOAN LOSS EXPERIENCE

THE FOLLOWING IS A SUMMARY OF LOAN LOSS EXPERIENCE:

	FOR THE YEAR ENDED DECEMBER 31				
	1997	1996	1995	1994	1993
	(DOLLARS EXPRESSED IN THOUSANDS)				
Allowance at beginning of year	$ 4,396	$ 6,358	$ 6,334	$ 6,446	$ 6,953
Loans charged-off:					
Commercial, industrial and IRB's	412	2,120	183	436	1,179
Real estate:					
Mortgage	--	--	--	--	--
Construction	--	--	--	--	--
Installment	--	1	3	24	8
Total	412	2,121	186	460	1,187
Recoveries of loans previously charged-off:					
Commercial, industrial and IRB's	200	152	708	348	559
Real estate:					
Mortgage	--	--	--	--	--
Construction	--	--	--	--	--
Installment	--	7	2	--	--
Total	200	159	710	348	559
Net loans charged-off (recovered)	212	1,962	(524)	112	628
Provision charged to expense	300	--	(500)	--	121
Allowance at end of year	$ 4,484	$ 4,396	$ 6,358	$ 6,334	$ 6,446
Loans outstanding:					
Average	$202,280	$192,096	$158,937	$142,696	$158,164
December 31	196,478	197,775	174,193	152,466	153,927
Ratio of allowance for loan losses to loans outstanding:					
Average	2.22%	2.29%	4.00%	4.44%	4.08%
December 31	2.28%	2.22%	3.65%	4.15%	4.19%
Ratio of net charge-offs to average loans outstanding	.10%	1.02%	(.33)%	.08%	.40%
Allocation of allowance for loan losses :					
Commercial, industrial and IRB's	$ 4,001	$ 3,825	$ 5,582	$ 5,485	$ 5,956
Real estate:					
Mortgage	366	119	502	492	143
Construction	15	173	7	101	--
Installment	102	279	267	256	347
Total	$ 4,484	$ 4,396	$ 6,358	$ 6,334	$ 6,446
Percent of categories to total loans:					
Commercial and industrial and IRB's	48.9%	49.5%	57.3%	61.0%	59.1%
Real estate:					
Mortgage	44.6	43.2	33.7	32.2	33.3
Construction	4.0	4.6	6.3	2.8	4.2
Installment	1.6	1.9	2.3	3.4	3.1
Other	.9	.8	.4	.6	.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%

See notes and on the following page.

IV. SUMMARY OF LOAN LOSS EXPERIENCE, Continued

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

The Company allocated its allowance for loan losses to the various loan categories at December 31, 1997 based on the ratio of total nonperforming loans over the last 5 years. Management views the allowance for loan losses as being available for all potential or presently unidentified loan losses which may occur in the future. The risk of future losses that is inherent in the loan portfolio is not precisely attributable to a particular loan or category of loans.

Allocations estimated for the categories do not specifically represent that loan charge-offs of this magnitude will be required. The allocation does not restrict future loan losses attributable to a particular category of loans from being absorbed by the portion of the allowance attributable to other categories of loans. The risk factors considered when determining the overall level of the allowance are the same when estimating the allocation by major category, as specified in the above summary.

V. DEPOSITS

Certificates of deposit and other time deposits of $100,000 and more at December 31, 1997 mature as follows:

	AMOUNT (DOLLARS EXPRESSED IN THOUSANDS)
Three months or less	$1,138
Three to six months	914
Six to twelve months	1,041
Over twelve months	418
Total	$3,511

The composition of average deposits and the average rates paid on those deposits is represented in Table I included earlier in this discussion. The Company does not have any significant deposits from foreign depositors.

VI. RETURN ON EQUITY AND ASSETS

The percent of net income to average assets and average stockholders' equity and other data is presented below.

	FOR THE YEAR ENDED DECEMBER 31		
	1997	1996	1995
Return on average total assets	1.58%	1.54%	1.55%
Return on average total stockholders' equity	14.03	14.41	15.18
Ratio of average total stockholders' equity to average total assets	11.26	10.70	10.21
Ratio of total dividends declared to net income	35.77	35.22	33.18

ITEM 2. PROPERTIES

CASS COMMERCIAL CORPORATION

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

Cass Bank & Trust Company

Cass Bank moved its main banking office to 13001 Hollenberg Drive, Bridgeton, Missouri in April, 1997. The property is owned by CIS and Cass Bank occupies approximately 20,500 square feet out of 61,500 square feet. Cass Bank owns its facility at 1420 Thirteenth Street, St. Louis, which consists of approximately 1,600 square feet with adjoining drive-up facilities. Cass Bank also leases space on the first floor of the 1015 Locust Building, St. Louis, Missouri (1,500 square feet). Cass Bank has additional leased facilities in Maryland Heights, Missouri (2,500 square feet); Fenton, Missouri (1,250 square feet) and in Chesterfield, Missouri (2,850 square feet).

Cass Information Systems, Inc.

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

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

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are not involved in any pending proceedings other than ordinary routine litigation incidental to their business. Management believes none of these proceedings, if determined adversely, would have a material effect on the business or financial condition of the Company or its subsidiaries.

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

No matters were submitted to a vote of security holders during the fourth quarter of 1997.

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

As of March 15, 1998, there were 301 holders of record of the Company's common stock.

The Company's common stock was listed on the NASDAQ Stock Market effective July 1, 1996. The high and low sales prices of the Company's common stock for the third and fourth quarters of 1996 were from NASDAQ Stock Market quotes. Prior to July 1, 1996, shares of the Company's common stock were not listed or publicly traded on any securities exchange, or actively traded in the over-the-counter market. However, there were occasional sales of the Company's stock. High and low bid prices as reported by the National Association of Securities Dealers' automated system for reporting non-NASDAQ quotes for the first two quarters of 1996 were as listed below. However, there may have been transactions at higher or lower prices of which the Company is not aware.

	1997		1996	
	High	Low	High	Low
1st Quarter	$23	$19 1/4	$16 1/2	$13 3/4
2nd Quarter	27 1/4	20	17 1/2	12 1/2
3rd Quarter	26 1/2	24 3/4	18 7/8	18
4th Quarter	25 3/8	24 3/4	19 3/4	18 3/4

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

	Dividends Per Share	
	1997	1996
March 15	$.130	$.115
June 15	.130	.115
September 15	.130	.115
December 15	.260	.250

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

THE FOLLOWING TABLE SETS FORTH CERTAIN SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY.

	FOR THE YEAR ENDED DECEMBER 31				
	1997	1996	1995	1994	1993
	(DOLLARS EXPRESSED IN THOUSANDS)				
Interest income:					
Loans	$16,951	$16,193	$14,042	$11,538	$12,315
Debt securities	9,151	9,801	9,787	8,772	6,896
Other	3,181	2,132	2,972	1,963	1,462
Total interest income	29,283	28,126	26,801	22,273	20,673
Interest expense:					
Deposits	4,181	4,503	4,036	2,641	2,392
Short-term borrowings	67	139	92	42	48
Total interest expense	4,248	4,642	4,128	2,683	2,440
Net interest income	25,035	23,484	22,673	19,590	18,233
Provision for loan losses	300	--	(500)	--	121
Net interest income after provision for loan losses	24,735	23,484	23,173	19,590	18,112
Noninterest income	21,813	22,091	23,794	21,826	16,892
Noninterest expense	35,911	35,811	37,366	33,325	29,240
Income before income tax expense	10,637	9,764	9,601	8,091	5,764
Income tax expense	3,626	3,245	3,387	2,509	1,554
Income before cumulative effect of change in accounting principle	7,011	6,519	6,214	5,582	4,210
Cumulative effect of change in accounting principle	--	--	--	--	74
Net income	$ 7,011	$ 6,519	$ 6,214	$ 5,582	$ 4,284

(Continued)

Interest income on loans includes net loan fees.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA, CONTINUED

	FOR THE YEAR ENDED DECEMBER 31				
	1997	1996	1995	1994	1993
	(DOLLARS EXPRESSED IN THOUSANDS EXCEPT PER SHARE DATA)				
Per share of common stock:					
Basic	$ 1.82	$ 1.69	$ 1.62	$ 1.46	$ 1.12
Diluted	1.79	1.66	1.61	1.46	1.12
Dividends	.650	.595	.535	.505	.475
Average balances:					
Total assets	443,900	422,953	400,197	369,126	342,039
Net loans	197,761	185,791	152,433	136,327	151,313
Debt and equity securities	148,027	160,291	161,047	154,264	110,127
Total deposits	161,778	161,595	143,001	140,970	144,819
Total stockholders' equity	49,965	45,250	40,924	37,061	34,714
Selected ratios:					
Return on average total assets	1.58%	1.54%	1.55%	1.51%	1.25%
Return on average total stockholders' equity	14.03	14.41	15.18	15.06	12.34
Total stockholders' equity to total assets at year-end	12.01	10.90	10.12	9.52	9.73
Allowance for loan losses to loans at year-end	2.28	2.22	3.65	4.15	4.19
Nonperforming assets to loans and other real estate at year-end	.39	.40	.36	.30	1.26
Net loan charge-offs (recoveries) to average loans	.10	1.02	(.33)	.08	.40

1993 income per share includes $.02 per share relating to the cumulative effect of a change in accounting principle.

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

HIGHLIGHTS

Net income for the year ended December 31, 1997 was $7,011,000 or $1.82 and $1.79 on a basic and dilutive earnings per share basis, respectively. These results compare to net income of $6,519,000 or $1.69 and $1.66 on a basic and dilutive earnings per share basis for 1996, and $6,214,000 or $1.62 and $1.61 on a basic and dilutive earnings per share basis for 1995. At December 31, 1997 total assets were $438,327,000 compared to $438,322,000 at December 31, 1996; loans were $196,478,000 compared to $197,775,000 and deposits were $165,857,000 compared to $177,505,000. The following paragraphs more fully discuss these highlights and other significant changes and trends as they relate to the Company's financial condition, results of operations, capital resources and liquidity during the three-year period ended December 31, 1997. This discussion should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto, which are hereby incorporated by reference from the Company's 1997 Annual Report to Stockholders.

RESULTS OF OPERATIONS

Net Income

Net income of $7,011,000 in 1997 increased from net income of $6,519,000 in 1996 and $6,214,000 in 1995. Dilutive net income of $1.79 per share in 1997 increased from dilutive net income of $1.66 per share in 1996 and $1.61 per share in 1995. The Company's return on average assets was 1.58% in 1997 compared to 1.54% in 1996 and 1.55% in 1995. Return on average equity was 14.03% in 1997 compared to 14.41% in 1996 and 15.18% in 1995.

The main factors contributing to the increase in net income in 1997 over 1996 was the increase in average earning assets net of interest-bearing liabilities from $286,174,000 in 1996 to $305,895,000 in 1997; an improvement in the net interest margin from 6.00% in 1996 to 6.16% in 1997; and reduced occupancy expenses for 1997. The main factor contributing to the increase in net income in 1996 over 1995 were the increase in net average earning assets from $280,543,000 in 1995 to $286,174,000 in 1996. See Table I beginning on page 8.

Net Interest Income

The Company's tax-equivalent net interest margin on earning assets increased in 1997 to 6.16% from 6.00% in 1996 and was 6.12% in 1995. The prime rate declined to 8.25% in February, 1996 from 9.00% in 1995 and remained at 8.25% throughout 1996 before increasing to 8.50% in March, 1997. The average yield on earning assets increased to 7.20% in 1997 from 7.18% in 1996 and was 7.23% in 1995 (See Table I on pages 8 and 9). The Company is adversely affected by decreases in the level of interest rates due to the fact that its rate sensitive assets significantly exceed its rate sensitive liabilities. Conversely, the Company is positively affected by increases in the level of interest rates. This is primarily due to the noninterest-bearing liabilities generated by CIS in the form of accounts and drafts payable (See interest sensitivity gap measurement under the section entitled "Asset/Liability Management Program"), as well as a significant portion of the Company's loan portfolio bearing a floating rate of interest.

The increase of $19,721,000 in average net earning assets was the primary contributor to the increase in net tax-equivalent interest income of $1,587,000 in 1997 over 1996. The increase of $5,631,000 in average net earning assets resulted in the increase in net tax-equivalent interest income of $827,000 in 1996 over 1995. The mix of earning assets changed somewhat in 1997 with an increase of $10,184,000 in the average balance of loans and a decrease of approximately $12,264,000 in debt and equity securities. The increase in average total earning assets of $15,181,000 from $393,026,000 in 1996 to $408,207,000 in 1997 was funded mainly by an increase of over $20,772,000 in average noninterest-bearing liabilities. The interest volume and rate variance analysis presented on page 11 provides a detailed explanation of the changes in net interest income for 1997 compared to 1996 and 1996 compared to 1995, respectively.

Provision for Loan Losses

The Company recorded a provision for loan losses of $300,000 in 1997. There was no provision for loan losses in 1996. The Company recorded a negative provision for loan losses of $500,000 in 1995. Loan charge-offs, net of recoveries, experienced by the Company were $212,000 in 1997, $1,962,000 in 1996 and $(524,000) in 1995. Loan charge-offs in 1996 included $2,000,000 in loans to two borrowers, one in the printing industry and one in the wholesale supply business, which discontinued operations abruptly in late 1996. Net recoveries of $524,000 recorded in 1995 included $500,000 recovered on one loan which was charged off in 1992.

The allowance for loan losses was $4,484,000 at December 31, 1997, compared to $4,396,000 at December 31, 1996 and $6,358,000 at December 31, 1995. The year-end 1997 allowance represents 2.28% of net outstanding loans.

At December 31, 1997, the level of nonperforming assets has decreased slightly from $786,000 at December 31, 1996 to $761,000. The total past due over 90 days and nonaccrual loans of $312,000 at December 31, 1997 represents .16% of outstanding loans which is well below industry standards.

Noninterest Income

Noninterest income is derived mainly from service fees generated by CIS's Payment Systems and Software Systems Groups.

Total noninterest income decreased $278,000 (1.3%) in 1997 from 1996. CIS's Payment Systems Group experienced an increase in processing revenue of $165,000 (.9%) in 1997 from 1996. CIS acquired the Freight Management Division of The First National Bank of Boston effective June 1, 1994. The accounts of this division were converted to CIS's processing systems in two phases. The first phase of conversion was completed in May, 1995 and the second phase was completed in December, 1995. These conversions resulted in a number of lost accounts which were expected and generally represented accounts which were previously processed on an unprofitable basis. The Boston operation accounted for a decrease in processing revenues of $1,350,000 in 1996 compared to 1995. Once again, the Payment Systems Group had a record processing year in paying over 21 million freight invoices with a value of over $6.5 billion. CIS has continued to show strong earnings in this line of business as more companies, particularly large Fortune 500 companies, seek to outsource this process. 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 1998.

CIS's Software Systems Group experienced a decrease in revenue of $733,000 (22.2%) in 1997 compared to 1996. This decrease resulted primarily from a decline in software sales due to increased competition from broad based providers of logistics software in the marketplace.

Total noninterest income decreased $1,703,000 (7.2%) in 1996 over 1995. CIS's Payment Systems Group experienced a decrease in processing revenue of $1,188,000 (6.3%) in 1996 over 1995 which resulted from lost accounts upon completion of the conversion of accounts acquired in the Bank of Boston acquisition.

Noninterest Expense

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

Salaries and benefits expense increased $96,000 (.4%) in 1997 compared to 1996. Normal annual pay increases accounted for the increase.

Occupancy expense decreased $496,000 (23.5%) in 1997 compared to 1996. The decrease was due primarily to the Company and the Bank moving their headquarters in April, 1997 to a new facility which was added on to the property owned by CIS in Bridgeton, Missouri. This consolidation of facilities resulted in occupancy expense savings. Additionally, under arrangements with building management, CIS's Chicago location received $72,000 reimbursement for rent expense to vacate the building by the end of 1997, which was prior to the terms of their lease. Rent payments for the last four months of 1997 were also abated, resulting in total decreased rent expense of $160,000 for 1997 for the CIS Chicago location.

Other noninterest expense increased $457,000 (6.3%) in 1997 compared to 1996. Expenses incurred for contract programming in CIS's Payment Systems Group accounted for $200,000 of the increase. Consulting expense for product development incurred by CIS's Software Systems Group accounted for $150,000 of the increase. Expenses associated with the headquarters move of the Company and Bank in April, 1997 accounted for an increase of approximately $40,000.

Noninterest expense decreased $1,555,000 (4.2%) in 1996 from 1995. This decrease resulted primarily from decreased expenses at CIS's operation in Boston upon completion of account conversions as described above. Total noninterest expense excluding intercompany charges of the Boston facility decreased $2,019,000 in 1996 compared to 1995.

Salaries and benefits expense decreased $814,000 (3.3%) in 1996 compared to 1995. CIS's Boston operation accounted for a decrease of $979,000 resulting from staff attrition and adjustments as account conversions were completed throughout 1995. The Company experienced an increase of $165,000 (.8%) in the remainder of its operations in 1996.

Equipment expense decreased $101,000 (3.7%) in 1996 compared to 1995. CIS's Boston operation accounted for this decrease entirely.

Other noninterest expense decreased $633,000 (8.1%) in 1996 compared to 1995. CIS's Boston operation accounted for a decrease of $832,000 which included a write-off of approximately $300,000 of systems and equipment in 1995 resulting from the completion of systems conversions.

Balance Sheet Analysis

Federal funds sold and other short-term investments increased from $56,900,000 at December 31, 1996 to $88,275,000 at December 31, 1997. The average balance of these accounts increased $17,261,000 (42.5%) from $40,639,000 in 1996 to $57,900,000 in 1997. The increase in the average balance of these accounts resulted from increased balances in accounts and drafts payable and the rolloff of investments in debt securities. See Table I, page 8 for a presentation of average balances.

Total loans decreased $1,297,000 (.7%) from $197,775,000 at December 31, 1996 to $196,478,000 at December 31, 1997. The average balances of loans increased $10,184,000 (5.3%) in 1997 over 1996. Loan demand and new business volume increased throughout 1997 and should continue into 1998.

Investments in debt and equity securities decreased $33,416,000 (20.9%) from $159,667,000 at December 31, 1996 to $126,251,000 at December 31, 1997. The average balance of investment in debt and equity securities decreased $12,264,000 (7.7%) from $160,291,000 in 1996 to $148,027,000 in 1997.

Total earning assets decreased $3,338,000 (.8%) from $414,342,000 at December 31, 1996 to $411,004,000 at December 31, 1997. The average balance of earning assets increased $15,181,000 (3.9%) from $393,026,000 in 1996 to $408,207,000 in 1997. This increase was largely funded by an increase in the average balance of accounts and drafts payable.

Noninterest-bearing demand deposits decreased $286,000 (.5%) from $62,244,000 at December 31, 1996 to $61,958,000 at December 31, 1997. The average balance of these accounts increased $2,874,000 (5.0%) from $57,833,000 in 1996 to $60,707,000 in 1997.

Interest-bearing deposits decreased from $115,261,000 at December 31, 1996 to $103,899,000 at December 31, 1997. The average balances of these deposits decreased $2,691,000 (2.7%) from $103,762,000 in 1996 to $101,071,000 in 1997. The most significant decrease in these deposits occurred in interest-bearing commercial savings accounts with an increase in interest-bearing demand deposits.

Accounts and drafts payable generated by CIS in its freight payment operations increased $9,065,000 (4.4%) from $204,690,000 at December 31, 1996 to $213,755,000 at December 31, 1997. The average balances of these funds increased $17,721,000 (8.6%) from $206,269,000 in 1996 to $223,990,000 in 1997. This increase has resulted from successful sales efforts leading to the conversion of new customers.

INFLATION
- ---------

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

A substantial part of the funds of the Company supporting loans and investments do not require the payment of interest. Therefore, when market interest rates decline, the decrease in interest income significantly exceeds the reduction in interest expense. When interest rates increase, the reverse effect will be experienced.

It is the policy of the Company to limit fixed rate loans to a maximum term of five years to limit its exposure to interest rate risk.

LIQUIDITY
- ---------

At December 31, 1997 approximately 49% of the Company's loan portfolio was composed of commercial and industrial loans, of which approximately 76% represented loans maturing within one year. As of the same date, real estate loans represented approximately 49% of the total and of these, approximately 28% represented balances maturing within one year. Approximately 2% of the loan portfolio is represented by installment loans.

The liquidity of the Company is further exemplified by cash and due from banks of $10,849,000 and federal funds sold and other short-term investments of $88,275,000 at December 31, 1997.

Total investment in debt and equity securities represented approximately 29% of total assets at year-end. Average total securities as a percent of average total assets has decreased slightly in 1997 compared to 1996. This occurred as a result of an increase in loan demand and federal funds sold and other short-term investments. Of the U.S. Government securities in the Company's investment portfolio, which represented approximately 74% of the total, approximately 30% have maturities of less than one year. Obligations of U.S. Government corporations and agencies comprise approximately 25% of the portfolio. Obligations of states and political subdivisions and other security investments made up approximately 1% of the investment portfolio at December 31, 1997. Of the total portfolio, approximately 87% of the securities had maturities of five years or less.

The deposits of the Company's banking subsidiary have also been stable, consisting of a sizable volume of core deposits. Historically, the Company has been a net provider of federal funds. Net federal funds sold averaged $21,731,000 in 1997 and $10,166,000 in 1996. Additionally, the Company averaged $36,169,000 in other short-term investments in 1997 and $30,473,000 in 1996. These investments were in money market funds backed by U.S. Government and agency issues.

Cass Bank has unsecured lines at correspondent banks to purchase federal funds up to a maximum of $14,200,000. Additionally, Cass Bank and CIS have separate lines of credit at an unaffiliated financial institution in the maximum amounts of $20,000,000 and $30,000,000, respectively.

ASSET/LIABILITY MANAGEMENT PROGRAM

The primary goal of the Company's asset/liability management program is to maintain an appropriate balance between rate-sensitive assets and liabilities. 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 December 31, 1997 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)				
Earning assets:							
Loans:							
Taxable	$ 81,259	$11,151	$ 6,301	$ 13,074	$ 79,107	$ 3,066	$193,958
Tax-exempt	--	215	233	67	2,005	--	2,520
Debt and equity securities:							
Taxable	--	6,138	7,962	14,011	81,634	14,912	124,657
Tax-exempt	--	115	--	--	235	1,043	1,393
Other	201	--	--	--	--	--	201
Federal funds sold and other short term investments	88,275	--	--	--	--	--	88,275
Total earning assets	169,735	17,619	14,496	27,152	162,981	19,021	411,004
Interest-sensitive liabilities:							
Money market deposit accounts	21,244	--	--	--	--	--	21,244
Interest-bearing demand accounts	11,372	--	--	--	--	--	11,372
Savings deposits	62,660	--	--	--	--	--	62,660
Time deposits:							
$100,000 and more	--	1,138	914	1,041	418	--	3,511
Less than $100,000	--	1,678	1,132	1,139	1,163	--	5,112
Short-term borrowings	406	--	--	--	--	--	406
Total interest-bearing liabilities	$ 95,682	$ 2,816	$ 2,046	$ 2,180	$ 1,581	$ --	$104,305
Interest sensitivity gap:							
Periodic	$ 74,053	$14,803	$ 12,450	$ 24,972	$161,400	$ 19,021	$306,699
Cumulative	74,053	88,856	101,306	126,278	287,678	306,699	306,699
Ratio of interest-bearing assets to interest-bearing liabilities:							
Periodic	1.77x	6.26x	7.09x	12.46x	103.09x	--	3.94x
Cumulative	1.77x	1.90x	2.01x	2.23x	3.76x	3.94x	3.94x

As can be seen from the above table, the Company's asset/liability mix is substantially different than most bank holding companies, with positive "gaps" shown for every time horizon. This phenomenon demonstrates the dramatic effect CIS, with its growing business and increasing levels of accounts and drafts payable has on the net interest income of the Company. As such, the Company is susceptible to changes in interest rates, with a decreasing net interest margin experienced in periods of declining interest rates, and correspondingly, an increase in the net interest margin in periods of rising interest rates. While this situation is largely out of the control of Company management, it is important to note that the overall net interest margin of 6.16% for 1997 is still substantially higher than the average margin experienced by most bank holding companies, due to the higher percentage of interest earning assets to interest bearing liabilities maintained by the Company than its bank holding company competitors.

CAPITAL RESOURCES

Stockholders' equity was $52,653,000 at December 31, 1997, an increase of $4,872,000 (10.2%) from the amount at the end of 1996. The net increase resulted from net income of $7,011,000, the payment of $2,508,000 in dividends, the recognition of a net unrealized holding gain on debt and equity securities available-for-sale of $259,000 and the amortization of stock bonus plan awards of $110,000. Total dividends paid to shareholders increased to $.65 per share in 1997 from $.60 per share in 1996.

Subsidiary dividends are the principal source of funds for payment of dividends by the Company to its stockholders. The Missouri banking laws impose certain limitations on the payment of dividends by Missouri state chartered banks such as Cass Bank, as follows: (1) no dividends may be paid which would impair capital; (2) until the surplus fund of a bank is equal to 40% of its capital, no dividends may be declared unless there has been carried to the surplus account no less than one-tenth of its net profits for the dividend period; and (3) dividends are payable only out of a bank's undivided profits. In addition, the appropriate regulatory authorities are authorized to prohibit banks and bank holding companies from paying dividends which would constitute an unsafe and unsound banking practice.

The Company and its banking subsidiary continue to exceed all regulatory capital requirements, as evidenced by the following capital ratios at December 31, 1997:

	Company Consolidated	Cass Bank
Tier I Capital to Risk-Weighted Assets	21.48%	14.98%
Total Capital to Risk-Weighted Assets	22.76	16.23
Tier I Capital to Average Assets	11.72	11.67

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 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. Programming changes and testing of systems and software packages are expected to be substantially completed by December 31, 1998. In addition, the Company's credit risk assessment will include the consideration of incremental risk that may be posed by customers' inability, if any, to address Year 2000 issues. The Company has budgeted amounts toward the objective of absorbing incremental costs incurred in addressing 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 operating risk to the Company.

EFFECT OF PROSPECTIVE ACCOUNTING PRONOUNCEMENTS

During June 1996, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities (SFAS 125). SFAS 125 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities based on consistent application of a financial components approach that focuses on control. It distinguishes transfers of financial assets that are sales from transfers that are secured borrowings. Under the financial components approach, after a transfer of financial assets, an entity recognizes all financial and servicing assets it controls and liabilities it has incurred and derecognizes financial assets it no longer controls and liabilities that have been extinguished. Many of these assets and liabilities are components of financial assets that existed prior to the transfer. If a transfer does not meet the criteria for a sale, the transfer is accounted for as a secured borrowing with pledge of collateral. SFAS 125 is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after December 31, 1996, and is to be applied prospectively. Earlier or retroactive application is not permitted. The adoption of SFAS 125 on January 1, 1997 did not have a material impact on the Company's financial statements.

In February 1997, the FASB issued Statement of Financial Accounting Standards No. 128, Earnings per Share (SFAS 128) establishing standards for computing and presenting earnings per share

(EPS). SFAS 128 simplifies existing standards for computing EPS and makes them comparable to international standards. It replaces the presentation of primary EPS with a presentation of basic EPS. It also requires dual presentation of basic and diluted EPS on the face of the income statement for all entities with complex capital structures and requires a reconciliation of the components of basic and diluted EPS. Basic EPS excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. SFAS 128 is effective for financial statements issued for the periods ending after December 15, 1997, including interim periods, and requires restatement of all prior-period EPS data presented. The adoption of SFAS 128 did not have a material effect on the financial condition or results of operations of the Company.

In February 1997, the 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 statements.

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 general-purpose financial statements. SFAS 130 is effective for fiscal years beginning after December 15, 1997. Since SFAS 130 is a reporting and disclosure requirement, it will have no impact on the Company's consolidated financial statements.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, Disclosure about Segment 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 statements.

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 statements.

FACTORS THAT MAY AFFECT FUTURE RESULTS

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company faces market risk to the extent that the fair values of its financial instruments are affected by changes in interest rates. The asset/ liability management discipline as applied at the Company seeks to limit the volatility, to the extent possible, of both earnings and the fair value of equity that can result from changes in market interest rates. This is accomplished by limiting the maturities of fixed rate investments, loans, and deposits; matching fixed rate assets and liabilities to the extent possible; and optimizing the mix of non-interest fee and net interest income. However, as can be seen from the table contained in the Asset Liability Management section, the Company's asset/liability mix is significantly different than most other bank holding companies, with positive "gaps" shown for every time horizon. This phenomenon demonstrates the dramatic effect that CIS, with its large percentage of accounts and drafts payable, has on the net interest income of the Company. As such, the Company is susceptible to changes in interest rates, with a decreasing net interest margin and fair value of equity experienced in periods of declining interest rates, and correspondingly, an increase in the net interest margin and fair value of equity in periods of rising interest rates.

The following table presents the Company's projected change in fair value of equity for various rate shock levels as of December 31, 1997. All market risk sensitive instruments presented in this table are held to maturity or available for sale. The Company has no trading securities.

Change in Basis Points	Fair Value	% Change
-300	$96,291,000	-11%
-200	$100,857,000	-7%
-100	$105,001,000	-3%
-50	$106,872,000	-2%
0	$108,647,000	0
+50	$110,340,000	+2%
+100	$111,966,000	+3%
+200	$115,022,000	+6%
+300	$117,809,000	+8%

The preceding table indicates that at December 31, 1997, in the event of a sudden and sustained increase in prevailing market interest rates, the Company's fair value of equity would be expected to increase. In the event of a sudden and sustained decrease in prevailing market interest rates, the Company's fair value of equity would be expected to decrease.

Computations of prospective effects of hypothetical interest rate changes are based on numerous assumptions including relative levels of market interest rates, loan prepayments, and deposit decay, and should not be relied upon as indicative of actual results. Furthermore, the computations do not contemplate any actions management could undertake in response to such changes in interest rates.

Certain shortcomings are inherent in the method of analysis presented in the computation of fair value of equity. Actual values may differ from the projections presented, should market conditions vary from the assumptions used in the calculations of fair value of equity.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements and related footnotes of the Company and its subsidiaries on pages 14 through 31 of its Annual Report to Stockholders and the report thereon of KPMG Peat Marwick LLP on page 31 of the Annual Report to Stockholders are hereby incorporated by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE

PART III.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning directors and executive officers of the Registrant is incorporated herein by reference from the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, a copy of which will be filed no later than 120 days after the close of the fiscal year.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation is incorporated herein by reference from the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning security ownership of certain beneficial owners and management is incorporated herein by reference from the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships and transactions is incorporated herein by reference from the Company's definitive Proxy Statement for its 1998 Annual Meeting of Stockholders, a copy of which will be filed not later than 120 days after the close of the fiscal year.

PART IV.

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are incorporated by reference in or filed as an exhibit to this report.

(1) Financial Statements:

CASS COMMERCIAL CORPORATION AND SUBSIDIARIES	Annual Report Page Number
Consolidated Balance Sheets, December 31, 1997 and 1996	14
Consolidated Statements of Income for the years ended December 31, 1997, 1996 and 1995	15
Consolidated Statements of Cash Flows for the years ended December 31, 1997, 1996 and 1995	16
Consolidated Statements of Stockholders' Equity for the years ended December 31, 1997, 1996 and 1995	17
Notes to Consolidated Financial Statements	18-31
Independent Auditors Report	31

(2) Financial Statement Schedules:

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

(3) Exhibits

3.1 Restated Articles of Incorporation of Registrant, incorporated by reference to Exhibit 4.1 to Form S-8 Registration Statement No. 333-44499

3.2 By Laws of Registrant, incorporated by reference to Exhibit 4.2 to Form S-8 Registration Statement No. 333-44499

10.1 1995 Restricted Stock Bonus Plan, as amended, including form of Restriction Agreement, incorporated by reference to Exhibit 4.3 to Form S-8 Registration Statement No. 333-44499

10.2 1995 Performance-Based Stock Option Plan, as amended, including form of Option Agreement, incorporated by reference to Exhibit 4.3 to Form S-8 Registration Statement No. 333-44497

13 1997 Annual Report to Stockholders (only those portions of such Annual Report as are incorporated by reference in parts I and II hereof shall be deemed a part of this Report)

21 Subsidiaries of registrant, incorporated by reference to Item 1, Business

23 Consent of KPMG Peat Marwick LLP

(b) Reports on Form 8-K
There were no reports on Form 8-K filed during the quarter ended December 31, 1997.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CASS COMMERCIAL CORPORATION

Date: March 17, 1998 By /s/ Lawrence A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

Date: March 17, 1998 By /s/ Eric H. Brunngraber

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on the dates indicated by the following persons on behalf of the Company and in their capacity as a member of the Board of Directors to the Company.

Date: March 17, 1998 By /s/ Lawrence A. Collett

Lawrence A. Collett

Date: March 17, 1998 By /s/ Thomas J. Fucoloro

Thomas J. Fucoloro

Date: March 17, 1998 By /s/ Harry J. Krieg

Harry J. Krieg

Date: March 17, 1998 By /s/ Jake Nania

Jake Nania

Date: March 17, 1998 By /s/ A. J. Signorelli

A. J. Signorelli

Date: March 17, 1998 By /s/ John J. Vallina

John J. Vallina

Date: March 17, 1998 By /s/ Bruce E. Woodruff

Bruce E. Woodruff

CASS COMMERCIAL CORPORATION
CASS BANK & TRUST COMPANY
CASS INFORMATION SYSTEMS, INC.

The three-strand cord of rope is highly symbolic for Cass Commercial Corporation. Each strand represents one of the key operating companies contributing to the total results of the corporation. This three-part illustration is also appropriate because each of the three operations, working independently, could not reach the same level of performance as can be achieved working in tandem. Our ability to work together, in a highly integrated fashion, is critical to continuing our excellent service and financial performance into the future. The three strands, held together by God's faithfulness and providence, represent the organization's desire to work in unison to achieve excellence in all areas.

A Cord of Three Strands
Is Not Quickly Torn Apart.

Ecclesiastes 4:9-12

CASS COMMERCIAL CORPORATION
AND SUBSIDIARIES

LETTER TO SHAREHOLDERS

1997 marked another year of record earnings for Cass Commercial Corporation. Net income after taxes increased to $7,011,000, an increase of $492,000 or 7.5% from 1996. On a per share basis, net earnings were $1.82 compared to $1.69 in 1996. We are pleased to announce these results for our shareholders and to see the benefits emanating from the unique integration of operations of the holding company and its subsidiaries. As related to assets, net earnings represented 1.59% of average assets outstanding. This continues the trend of high-performance earnings that has been a hallmark of our company. Cass is, once again, among the leaders in the industry in terms of earnings on assets.

Total capital exceeded $52.6 million and approximates 12.0% of assets, placing the company in a very stable financial condition. Capital remains significantly higher than industry averages, providing our customers and shareholders a high level of protection.

Our loan portfolio continues to be conservatively managed. The reserve for losses to loans outstanding was approximately 2.3% at year-end. Non-accrual loans were only $285,000, or .15% of average loans outstanding. Total problem loans were only $1,331,000, representing just .68% of total loans outstanding at year-end. Therefore, despite growth in total assets, the quality of our loan portfolio continues to be outstanding.

These results place Cass in a very profitable, stable, growing and strong financial position at year-end. We thank God for providing these outstanding results.

OPERATING HIGHLIGHTS

Many factors contributed to our performance during 1997. One of the most significant achievements was the sizable amount of new business gained in our payables processing services. 1997 was another record year of new accounts in our freight payment operations. This is the fourth consecutive year in which we experienced record volume. The market for outsourcing freight payables and transportation information activities remains strong and the new business pipeline is good as we enter 1998. Our quality of service, processing integrity and breadth of capabilities continue to be the highest in the industry. Our position of leadership in the industry remains solid.

1997 was also a year of record earnings for our privately held business and church-related banking segments. This was primarily due to the relocation of our headquarters facility which improved our operating efficiencies, and the integration of certain administrative tasks within the organization. The market for financial services remains strong and the company is extremely pleased with the results of its banking operations in 1997.

ORGANIZATIONAL ACTIVITIES

During the year several of our business operations were integrated. The headquarters facility of Cass Bank & Trust Company was integrated with the offices of Cass Information Systems, Inc. in April 1997, producing sizable operating economies and allowing the organizations to work more closely together. All of our companies are now headquartered on our eight-acre campus in Bridgeton, Missouri. These moves are producing the highest level of integrated activities in our recent past, as well as providing our staff with an improved operating facility. We are indeed pleased with the outcome of these activities.

Three new branches opened in the St. Louis region during 1997. Our new facility in Fenton is targeted to serve the commercial customer base in the southwest section of the region. This branch serves privately held companies and churches in this rapidly growing area. We also opened a new facility in Chesterfield Valley to serve the expanding business community in the western corridor of the metropolitan area. Finally, a new branch was opened in Bridgeton to serve businesses in Earth City and the North County areas. These new branches strategically position our banking operations to reach a broader base of commercial customers in the St. Louis region.

Also during the year, we restructured certain functions for added efficiency and growth. The customer service, commercial lending and marketing operations of Cass Bank & Trust Company were merged into distinct operating teams to provide better service and marketing response. We are excited by the outcome of this restructuring and the new staff that has been added to facilitate the Bank's growth.

We have also restructured our financial operations to integrate many activities shared by the holding company and our two subsidiary operations. New information systems and processing technologies are being added in our financial and accounting operations to provide needed management information and to give added controls as the company grows to larger activity levels.

Additionally, our Chicago Software Group was converted from an independent, stand-alone operation and was merged into the Payment Services Group of Cass Information Systems, Inc. (CIS). This change gives significant stability to this operating unit and provides additional technology support to assist CIS in meeting its growth and service challenges. This group will continue supporting its related Rating and Software Service operations. We also moved our Chicago operations into a new, more efficient operating location.

During 1997, we unveiled our new utility processing and information services. The need for information about energy-related costs has accelerated and, in response to market demand, we introduced a line of utility processing and information services for large corporations. The initial growth has been encouraging. A new marketing and sales staff has been added to serve this growing, important market segment.

BUSINESS SETMENTS

As a result of the activities during 1997, Cass Commercial Corporation now operates in four distinct business segments:

PRIVATELY HELD COMPANIES

This business segment serves the financial needs of commercial customers in the metropolitan St. Louis region with sales up to $75 million. This market has been the traditional banking focus for the company. Customer relationships in this business area continued to grow in 1997 and, as a result of our restructuring and marketing activities, we believe that future growth in this business segment appears strong. As we enter 1998, we are better equipped and more capable of serving a larger number of businesses and can provide a broader array of financial services than ever before.

CHURCH AND CHURCH-RELATED MINISTRIES

For the fourth consecutive year, the volume of financial services to this important community continued to grow. We intend to expand our services to this important market and we anticipate continued growth in new relationships.

We believe the expansion of activities among church and para-church organizations will bring about needed changes in moral and ethical behavior in the United States. We have seen this change occurring in the St. Louis region and are pleased that God has allowed us to be a partner with many of these organizations.

FREIGHT BILL PAYMENT, AUDIT, SOFTWARE AND TRANSPORTATION INFORMATION SERVICES

This business segment continues to provide exceptional growth for the company. Our strong position in the marketplace allows us to be a leader in developing new relationships and in serving these important Fortune 500 industrial customers. Our high levels of service - along with our flexibility and breadth of information capabilities - allow us to meet the needs of most organizations that handle these activities internally. Our commitment to grow and nurture this core business continues unabated.

UTILITY PROCESSING AND INFORMATION SERVICES

This emerging market provides us with an opportunity to leverage our parallel activities in the freight bill processing arena. The deregulation of utility companies throughout the country is occurring, and the demand for information services exists. We are meeting this need by providing a new team of marketing and sales professionals. We anticipate significant growth in this new business segment.

We have restructured and positioned Cass to grow its businesses in each of these four important segments. For the near future, we anticipate that improved results from each segment will allow us to achieve above average financial performance.

ACKNOWLEDGEMENTS

During 1997, we added more new customer relationships than in any previous year in our history. We are eager to serve these new relationships and to continue broadening our activities with additional institutions. This growth could not have occurred without the support of our existing customers and their willingness to promote the Cass organization to others. We are honored by their support and we recognize our

responsibility to provide quality service to our customers - service that allows them to be efficient and profitable.

Our staff continues to be highly committed to achieving excellence. It is unfortunate that we are unable to assign a value to our staff on the Balance Sheet. For they are - by far - our most important asset. Their efforts are the key to serving our customers and providing the services necessary to meet market demands. Since we are a service company, the capabilities, competencies and commitment of our staff is critical. We are indeed thankful to all of our employees for their outstanding efforts in 1997.

Our Board of Directors and shareholders continue to support our organization in so many important ways. Their long-standing commitment to Cass Commercial Corporation has been unwavering. We want to thank them for their faithfulness to the company again in 1997.

In May 1997, we experienced a very tragic event as Richard E. Stein, a Senior Commercial Lender in our banking operation, passed away suddenly. Dick had been with the company more than 20 years and provided leadership in growing our commercial lending activities. He was an individual who clearly displayed the conservativeness, excellence and thoroughness that we seek to achieve at Cass. All of us in the Cass organization wish to express once again our condolences to Dick's family and our regret at the loss of his presence.

Like every other year in our history, 1997 would not have been possible were it not for God's divine hand leading us through successes and disappointments. Only my heart can express to God the gratitude I have for his unwavering support of the Cass organization. Words simply are inadequate! In previous annual reports, we have commented on the importance of our culture at Cass in trying to please God through the way we conduct our activities and through our desire to give Him the honor and glory He so richly deserves. Although unworthy of His grace and mercy, we again acknowledge His Lordship and Sovereignty. We hope He, above all, is satisfied with our performance, for in the end, His approval is all that matters.

/s/ L.A. Collett
Lawrence A. Collett
Chairman, Chief Executive Officer

FINANCIAL SERVICES TO PRIVATELY HELD BUSINESSES

QUALITY AND STRENGTH

1997 was a year of solid performance in our core banking services to privately held companies. While our marketing "calling" program yielded new banking relationships, further improvement in credit quality was also achieved in an already strong loan portfolio. The year ended with "Impaired" loans at only .68% of total loans (well below national targets for excellent asset quality). Other quality measures such as loans past due also remain at historic lows. This benefits our clients, as well as shareholders, since clients rely on a lender's experience as an important indicator of safety and soundness in any financing they might be contemplating. Further, these measures show that we are building a strong platform for sustainable growth and are taking a long-term approach to our business objectives.

GROWTH

A continuing objective for our company is to maintain a low ratio of clients-per-bank-officer so that personal attention devoted to each client remains at the very highest levels. In response, we added more bankers to the Cass team in 1997. The ongoing consolidation in the St. Louis banking community has given us the opportunity to improve the Cass talent pool of bankers who are knowledgeable and experienced, and have a service orientation.

In 1997 we took significant steps to support long-term growth in our core commercial niche by expanding our network of bank locations. This is best illustrated by our new headquarters in the Bridgeton/Earth City area. Exemplifying that Cass is not the usual bank, the facility is clearly built for business banking, not retail banking. We also added two new branch locations - in Chesterfield Valley and Fenton - to enhance our capabilities to serve new clients as well as provide convenience for existing ones.

INNOVATION

Innovation and uniqueness in serving privately held companies have been hallmarks of Cass. Some of these innovations include: often maintaining a lower Prime commercial lending rate than our competitors, locating the majority of our bank branches in business parks, putting remote deposit drop boxes throughout the St. Louis metro area and offering specialized Marketing and Customer Relations officers in addition to Lending officers. These services and many more were designed for one primary purpose ... to create a superior banking experience

[MAP--METROPOLITAN ST. LOUIS LOCATIONS]

[PHOTO]

Our new headquarters facility in Bridgeton, Missouri, now provides over 63,000 square feet of space on an eight-acre campus, convenient to the expanding Earth City and North County business communities.

for our business clients. This spirit of innovation continues today as we continually seek to refine and improve our products and our clients' satisfaction. Some of our new innovations include:

CASS BANKING TEAMS - The traditional specialties of Lending, Marketing and Customer Relations have been woven together from separate departments into integrated banking teams under the leadership of a Team Leader. This integration creates a more seamless flow of communications among various internal disciplines and improves responsiveness to our customers. It also allows our clients to have an ongoing relationship with several Bank officers, improving accessibility and service while minimizing the effects of single officer turnover. As many banks strive to dedicate fewer and fewer bankers to their customer base through the use of automated credit scoring programs and centralized call centers, Cass is actually making more minds available, helping its clients with smart solutions.

TAILORED PRODUCTS - At Cass, we continue to provide banking products that are tailored for privately held companies. Our clients benefit from moderate-cost products with very high technical functionality. This is achieved by balancing the in-house technical expertise from our processing lines of business with the knowledge of the needs of our customers. Although we offer most of the banking products used by Fortune 500 companies (electronic commerce, online information reporting, wholesale lockbox services, controlled disbursement accounts, money fund investments, etc.), our banking fees do not reflect the cost of capacity enhancements that only large companies use.

STRONG MOMENTUM

As we go forward, demand for our services is strong. Our level of pending new business is encouraging. This is due, we believe, to an under-met need to serve privately held businesses with high-technology and high-touch products. At Cass,we take the time to listen and develop helpful solutions. We explain why credit is extended or denied in a way that makes sense to business owners. We are a bank that uses its core competencies in innovative ways that add value. Finally, we conduct our business with discipline and integrity - leaving little doubt of our trustworthiness as a financial institution.

FINANCIAL SERVICES TO CHURCHES AND CHURCH-RELATED MINISTRIES

1997 was the fourth consecutive year of solid growth in providing financial services to churches and church-related ministries.

We were intentionally deliberate in developing our church and church-related ministry business segment in order to properly assess and determine its appropriateness within the bank's niche strategy. To date, we are satisfied that this segment is synergistically compatible and is a logical extension of our financial services.

This development period has provided the following insights:

FIRST, lending to churches is solid business. Every one of our church customers has managed its financial responsibilities in a manner that is above reproach.

SECOND, we can adapt our proven "team management" methodology, to successfully market financial services to these important institutions.

THIRD, we can develop and consistently apply appropriate underwriting standards to church lending.

FOURTH, we see a strong demand for church and church-related ministry lending and depository services, both now and into the future.

We have successfully implemented our "Cass team" approach to this business segment, which includes identifying the church's vision; assessing its resources, capabilities and needs; and building a relationship with the church staff and officers. Our team then develops a comprehensive financial plan and banking proposal for each of our prospects.

One of the defining and unique aspects of our approach to churches is taking the time to listen, understand and provide in-depth counsel. We assist in developing a comprehensive financial plan which addresses both the lending and depository needs of the church, and in assisting it to be a better steward of its finances.

Many times this entails "walking with" our churches over a period of years, until they have taken the necessary steps and are prepared to establish a relationship with a financial institution.

"The Psalmist says, what will last? His righteousness will endure forever. "And there's an old fashioned word, consecration, which is the notion of taking that which is common and putting it aside for a holy purpose. We don't make it holy by consecrating it, but we set it aside for greater purposes than are ordinary.

"Cass, by its ideals, is saying, we know that our bank's activities are common things, but we are going to set them aside for a grander purpose. We are going to trust that the Lord will use us, in very ordinary ways, to accomplish extra-ordinary purposes. Even righteous purposes.

"Because, those are things that will endure. It is true you know - all that which is done for man will pass. Only that which is done for God will last, and will last forever. An eternal purpose in an earthly company."

A SEMINARY PRESIDENT

"God has established four major institutions in human life: there is the home or the family; the church or the spiritual family; there is human government; and work.

"I think what stands out in my mind in regard to Cass Bank is that it truly views itself as a divine institution, not inferior to home, or to the family of faith, or government, but rather a partner with these other divine institutions in serving God and the needs of people.

"This is seen in the bank's corporate vision, in its service orientation, in its charitable contributions, in its publications, and most significantly in its people, and in its leadership.

"Cass accepts its role as an institution that is raised up by God and sustained by God, and its future is dependent upon God."

THE SENIOR PASTOR OF ONE OF ST. LOUIS COUNTY'S LEADING CHURCHES

"Cass and I began a relationship about four years ago. They have knocked down walls in the African American community among pastors and businessmen that I have never seen come down in such a way.

"Cass has established many relationships that have matured to this day as strong partnerships that have helped us share trust and belief in one another.

"With man some things may not be possible, but with God all things are possible."

A CASS CUSTOMER, WHO IS BOTH A
BUSINESSMAN AND A PASTOR

In 1997, the growth in our new church relationships was more than double the prior year's. As in previous years, we added a diverse representation of small, medium and larger-size church relationships across a variety of denominations.

To date, we have used our line of banking products and services to address the churches' loan and depository needs. We have gathered research among various-sized church congregations, and analyzed their financial systems and their current and future needs. This research has helped us develop a comprehensive, tailored product and service line.

Perhaps the most effective manner to judge how we approach and serve our customers is from the testimonies of our customers. Some of these are highlighted for your review.

At Cass, we believe lending to churches is an excellent avenue for the restoration and renewal of both city and suburban communities. We believe it is an excellent opportunity to best use the gifts and resources God has entrusted to us. We are indeed thankful that we can play a small part in helping churches and ministries to successfully complete their important work.

TRANSPORTATION/FREIGHT PAYMENT, AUDIT AND INFORMATION SERVICES

Cass Information Systems (CIS) continued to have outstanding success in 1997 selling freight bill payment, auditing, carrier rating and management information systems. When combined with the new business gained in 1996, growth has been at a record pace for the last two years. Processing volume surpassed last year's level and projections for 1998 indicate another record year. Electronic processing (Electronic Data Interchange) was expanded and now represents 45% of our invoice transactions.

Our market is comprised of companies seeking to outsource their freight bill payment and related support activities, and to install management and financial information systems that allow them to respond to the dynamics of the supply chain network. Our strategy is to implement systems that automate invoice payment processing and focus on enhancing imaging and information delivery systems, including the Internet. Access to invoice transactions on the Internet became available to our customers and the carriers they patronize in 1997. Cass now

FREIGHT INDEX FROM 1994 TO 1997

[GRAPH]

Cass is recognized as an authoritative resource for logistics information and trend analysis. For the last 5 years, Cass' Freight Index has been accepted as a leading indicator of the general economy. The index is a regular feature in Traffic World Magazine and is cited periodically by most major trade publications.

supports the most comprehensive invoice and shipment inquiry system in the industry and will continue to expand Internet applications to augment current information delivery systems.

Through CIS, we offer services and capabilities that allow customers to take advantage of comprehensive processing and information systems. This includes our Rate Management Systems that electronically apply the negotiated carrier cost to each shipment transaction. We also provide complete electronic processing of freight bills and associated invoices. Freight bills processed by Cass are automatically audited by an integrated electronic processing system. We integrate with our customers' accounting systems, providing detail to the product and SKU level. Our customers' also have access to freight bill and shipment records using the Internet and an Interactive Voice Response System. Freight bills can be imaged for archival purposes. Management information is available in paper, data files and P/C service based systems.

Our customers are supported by the highest level of customer service, with service professionals assigned to each relationship to ensure high-quality performance and efficiency.

Cass' Rating Software offers the premier rating system in the industry. Cass continues to devote its efforts to enhance the delivery of rating and shipment costing information. This software is now integrated with Cass' processing services to provide more integrated capabilities for our customers.

Cass remains the only company in the industry that customizes its processing and information systems to meet customer-specific transportation and financial requirements. Our flexibility, commitment to providing the latest technology and customer focus distinguish Cass as a market leader.

The demand for our services has never been stronger. Companies continue to seek outsourcing solutions for non-core business activities such as invoice processing and payment. Our strategy is to introduce electronic commerce services and develop information delivery systems that meet the business requirements of this growing market.

UTILITIES PAYMENT PROCESSING AND INFORMATION SERVICES

On March 31, 1998, California will likely become the first state to fully deregulate retail electricity generation - power provided to commercial, industrial and residential customers. Virtually all remaining states are developing their own energy deregulation strategies. Forbes magazine recently reported on the potential industry consolidation:

"The numbers are awesome. Electric power is a $215 billion industry. Natural gas is $90 billion. They're merging into one energy provided business that dwarfs both the local and long distance telephone business and airline business. And soon customers of all stripes will be able to vie for their customers."

In 1995, at the request of several customers, Cass developed a utility payment and management information system. The characteristics of the impending deregulation of the energy industry are similar to those of other industries that have been deregulated in the past.

[PHOTO]

Prior to deregulation, accelerated utility payment schedules are mandated. As virtual monopolies in their franchised territories - wielding the threat of service interruption - utilities assess substantial late fees and interest penalties for delinquent payments.

"It is reasonable to expect that deregulation will cause the nation's $215 billion electric bill to drop by 20% - 30% or more in the next five to ten years."

FORTUNE MAGAZINE

Utility invoice processing is a niche application. Familiarity with units of measure, prices, quantities and types of service requires a specialized expertise that differs from traditional accounts payable.

The processing of utility invoices for the purpose of avoiding disrupted energy service is very important but is not an activity to which companies are inclined to devote special resources.

The electric and natural gas industries are in the throes of a new, deregulated era in which information will be critical for companies to help take advantage of market-driven pricing and vendor selection. The source of this information will come from the utility invoice.

Cass Information Systems (CIS) has been in the business of processing payables for more than 40 years. We believe that the market for

outsourcing of utility payables and energy information is compelling. The business is an extension of our core business.

THE NATION'S UTILITY BILL

[CHART]

The nation's utility bill is estimated as shown in the chart above. Residential customers comprise one-third of this bill or $175 billion.

Cass' potential market for utility payables and energy information is the $350 billion annually paid by commercial and industrial customers.

In late 1995 and in 1996, Cass piloted and implemented three national utility payables accounts. During 1997, a limited marketing program was initiated and eight more companies became customers. The pilot program and limited roll-out have been deliberate and methodical. Without exception, the success of each implementation exceeded our customers' expectations. We are now in the process of launching a national expansion of our Utility Payables and Energy Information Services.

The information needed to manage the demand (supply of energy) resource costs will require companies to rewrite their existing payables applications, integrating payables and energy-related data capture into a single process. They will also need a stand-alone energy information system to manage this significant cost center.

Outsourcing utility and energy information systems to Cass provides faster service at a lower cost than could be achieved internally. Cass has developed an integrated processing system that responds to the accelerated schedules inherent in the industry and provides for the extraction of data. This allows our customers to properly assess and analyze their energy costs and negotiate with an expanding market of energy suppliers.

As more companies outsource utility payables, we will take advantage of the economies of centralized billing and payment consolidation using Electronic Date Interchange (EDI) to automate the payment and information collection process. We will also leverage an information base that will be invaluable as companies seek to reduce their energy bills by 20% - 30%.

CONSOLIDATED BALANCE SHEETS

Assets (In Thousands of Dollars, Except per Share Data)	December 31 1997	December 31 1996
Cash and due from banks	$ 10,849	$ 10,256
Federal funds sold and other short-term investments	88,275	56,900
Cash and cash equivalents	99,124	67,156
Investment in debt and equity securities:		
Held-to-maturity, estimated market value of $90,389 and $118,362 at December 31, 1997 and 1996, respectively	90,139	118,313
Available-for-sale, at estimated market value	36,112	41,354
Total investment in debt and equity securities	126,251	159,667
Loans, net of unearned income	196,478	197,775
Less: Allowance for loan losses	4,484	4,396
Loans, net	191,994	193,379
Premises and equipment, net	9,957	8,079
Accrued interest receivable	3,137	3,366
Other assets	7,864	6,675
Total assets	$438,327	$438,322
Liabilities and Stockholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 61,958	$ 62,244
Interest-bearing	103,899	115,261
Total deposits	165,857	177,505
Accounts and drafts payable	213,755	204,690
Short-term borrowings	406	2,476
Other liabilities	5,656	5,870
Total liabilities	385,674	390,541
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	4,740	4,740
Retained earnings	46,879	42,376
Unrealized holding gain on investment in debt and equity securities available-for-sale, net of tax	364	105
Common shares in treasury, at cost (141,452 shares at December 31, 1997 and 1996)	(1,284)	(1,284)
Unamortized stock bonus awards	(46)	(156)
Total stockholders' equity	52,653	47,781
Total liabilities and stockholders' equity	$438,327	$438,322

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

(In Thousands of Dollars, Except per Share Data)	Year Ended December 31 1997	1996	1995
Interest income:			
Interest and fees on loans	$16,951	$16,193	$14,042
Interest on debt securities:			
Taxable	9,074	9,729	9,741
Exempt from federal income taxes	77	72	46
Interest on federal funds sold and other short-term investments	3,181	2,132	2,972
Total interest income	29,283	28,126	26,801
Interest expense:			
Interest on deposits	4,181	4,503	4,036
Interest on short-term borrowings	67	139	92
Total interest expense	4,248	4,642	4,128
Net interest income	25,035	23,484	22,673
Provision for loan losses	300	--	(500)
Net interest income after provision for loan losses	24,735	23,484	23,173
Noninterest income:			
Information services revenue:			
Freight payment and processing revenue	17,863	17,698	18,886
Freight rating services income	2,564	3,297	3,726
Service charges on deposit accounts	524	532	431
Gain on sale of debt securities	216	--	--
Other	646	564	751
Total noninterest income	21,813	22,091	23,794
Noninterest expense:			
Salaries and employee benefits	23,983	23,887	24,701
Occupancy expense	1,619	2,115	2,122
Equipment expense	2,654	2,611	2,712
Other	7,655	7,198	7,831
Total noninterest expense	35,911	35,811	37,366
Income before income tax expense	10,637	9,764	9,601
Income tax expense	3,626	3,245	3,387
Net income	$ 7,011	$ 6,519	$ 6,214
Earnings per share:			
Basic	$ 1.82	$ 1.69	$ 1.62
Diluted	$ 1.79	$ 1.66	$ 1.61

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of Dollars)	Year Ended December 31 1997	1996	1995
Cash flows from operating activities:			
Net income	$ 7,011	$ 6,519	$ 6,214
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,470	2,583	2,544
Amortization of stock bonus awards	110	110	64
Provision for loan losses	300	--	(500)
Deferred income tax expense (benefit)	271	854	(111)
Decrease (increase) in accrued interest receivable	229	(422)	72
Gain on sale of debt securities	(216)	--	--
Other operating activities, net	(1,884)	(82)	1,020
Net cash provided by operating activities	8,291	9,562	9,303
Cash flows from investing activities:			
Proceeds from sales of debt securities available-for-sale	14,235	--	--
Proceeds from prepayments and maturities of debt securities:			
Held-to-maturity	28,076	20,192	16,197
Available-for-sale	1,178	6,918	7,175
Purchases of debt and equity securities:			
Held-to-maturity	--	(8,608)	(347)
Available-for-sale	(9,835)	(30,632)	--
Net decrease (increase) in loans	1,085	(25,544)	(21,203)
Purchases of premises and equipment, net	(3,901)	(1,747)	(3,004)
Net cash provided by (used in) investing activities	30,838	(39,421)	(1,182)
Cash flows from financing activities:			
Net increase (decrease) in noninterest-bearing demand, interest-bearing demand and savings deposits	(10,878)	16,277	16,267
Net decrease in time deposits	(770)	(498)	(481)
Net increase (decrease) in accounts and drafts payable, net	9,065	(4,339)	(4,720)
Net increase (decrease) in short-term borrowings	(2,070)	(2,471)	2,435
Purchase of treasury stock	--	--	(24)
Cash dividends paid	(2,508)	(2,296)	(2,062)
Net cash provided by (used in) financing activities	(7,161)	6,673	11,415
Net increase (decrease) in cash and cash equivalents	31,968	(23,186)	19,536
Cash and cash equivalents at beginning of year	67,156	90,342	70,806
Cash and cash equivalents at end of year	$ 99,124	$ 67,156	$ 90,342
Supplemental information:			
Interest paid	$ 4,301	$ 4,669	$ 4,043
Income taxes paid	2,785	2,295	3,221
Debt securities transferred from held-to-maturity to available-for-sale	--	--	3,993

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY

(In Thousands of Dollars, Except per Share Data)	Common Stock	Surplus	Retained Earnings	Unrealized Holding Gain (Loss) on Securities Available-for-Sale	Treasury Stock	Unamortized Stock Bonus Awards	Total
Balance, December 31, 1994	$10,000	$(3,300)	$34,001	$(405)	$(1,550)	$ --	$38,746
Net income	--	--	6,214	--	--	--	6,214
Cash dividends ($.54 per share)	--	--	(2,062)	--	--	--	(2,062)
Purchase of 2,266 common shares for Treasury	--	--	--	--	(24)	--	(24)
Change in unrealized holding gains and losses on investment in debt and equity securities available-for-sale	--	--	--	375	--	--	375
Issuance of 32,000 common shares pursuant to Stock Bonus Plan	--	40	--	--	290	(330)	--
Amortization of Stock Bonus Plan awards	--	--	--	--	--	64	64
Balance, December 31, 1995	10,000	(3,260)	38,153	(30)	(1,284)	(266)	43,313
Net income	--	--	6,519	--	--	--	6,519
Cash dividends ($.60 per share)	--	--	(2,296)	--	--	--	(2,296)
Change in unrealized holding gains and losses on investment in debt and equity securities available-for-sale	--	--	--	135	--	--	135
Reduction in par value of common stock	(8,000)	8,000	--	--	--	--	--
Amortization of Stock Bonus Plan awards	--	--	--	--	--	110	110
Balance, December 31, 1996	2,000	4,740	42,376	105	(1,284)	(156)	47,781
Net income	--	--	7,011	--	--	--	7,011
Cash dividends ($.65 per share)	--	--	(2,508)	--	--	--	(2,508)
Change in unrealized holding gains and losses on investment in debt and equity securities available-for-sale	--	--	--	259	--	--	259
Amortization of Stock Bonus Plan awards	--	--	--	--	--	110	110
Balance, December 31, 1997	$ 2,000	$ 4,740	$46,879	$ 364	$(1,284)	$ (46)	$52,653

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE ONE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cass Commercial Corporation (the Company) provides a full range of banking services to individual, corporate and institutional customers through its wholly owned subsidiary bank, Cass 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 information services through its wholly owned subsidiary, Cass Information Systems, Inc. (CIS). These logistics-related services include processing and payment of freight charges, preparation of transportation management reports, auditing of freight charges and rating of freight shipments. CIS is subject to competition from other commercial concerns providing similar services to companies throughout the United States and Canada. The consolidated balance sheet caption, "Accounts and Drafts Payable," consists of obligations related to freight bill payment services which are performed for customers.

The accounting and reporting policies of the Company and its subsidiaries conform to generally accepted accounting principles. The following is a description of the more significant of those policies:

BASIS OF PRESENTATION The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after elimination of intercompany transactions.

In preparing the consolidated financial statements, Company management is required to make estimates and assumptions which significantly affect the reported amounts in the consolidated financial statements. A significant estimate which is particularly susceptible to change in a short period of time is the determination of the allowance for loan losses.

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

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

Available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization of premiums or discounts. Unrealized gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and reported as a separate component of stockholders' equity until realized. Gains and losses on the sale of available-for-sale securities are determined using the specific identification method.

A decline in the market value of any available-for-sale or held-to-maturity security below cost that is deemed other than temporary is charged to earnings and results in the establishment of a new cost basis for the security.

The Bank is required to maintain an investment in the capital stock of the Federal Reserve Bank.

The stock is recorded at cost, which represents redemption value.

INTEREST ON LOANS Interest on loans is recognized based upon the principal amounts outstanding. It is the Company's policy to discontinue the accrual of interest when there is reasonable doubt as to the collectibility of principal or interest. Subsequent payments received on such loans are applied to principal if there is any doubt as to the collectibility of such principal; otherwise, these receipts are recorded as interest income. The accrual of interest on a loan is resumed when the loan is current as to payment of both principal and interest and/or the borrower demonstrates the ability to pay and remain current.

INFORMATION SERVICES REVENUE Revenue from logistics-related services is recognized when fees are billed to customers, generally monthly.

ALLOWANCE FOR LOAN LOSSES The allowance for loan losses is increased by provisions charged to expense and reduced by net charge-offs. The provisions charged to expense are based on economic conditions, past losses, collection experience, risk characteristics of the portfolio and such other factors which, in management's judgment, deserve current recognition.

Management believes the allowance for loan losses is adequate to absorb losses in the loan portfolio. While management uses all available information to recognize losses on loans, future additions to the allowance may be necessary based on changes in economic conditions. Additionally, various regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowance for loan losses. Such agencies may require the Bank to increase the allowance for loan losses based on their judgments and interpretations about information available to them at the time of their examination.

PREMISES AND EQUIPMENT Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is computed over the estimated useful lives of the assets, or the respective lease terms for leasehold improvements, using straight-line and accelerated methods. Estimated useful lives are 31-1/2 to 39 years for buildings, 8 to 10 years fo leasehold improvements and 3 to 10 years for furniture, fixtures and equipment. Maintenance and repairs are charged to expense as incurred.

INTANGIBLE ASSETS Cost in excess of fair value of net assets acquired and fair value in excess of cost of net assets acquired have resulted from business acquisitions which were accounted for using the purchase method.

Cost in excess of fair value of net assets acquired and fair value in excess of cost of net assets acquired are amortized on a straight-line basis over 3 to 15 years.

Assets and liabilities acquired in business acquisitions accounted for by the purchase method were recorded at their estimated fair value at the date of acquisition. The premiums and discounts related to the fair value adjustments are amortized using the level-yield method.

LINES OF CREDIT At December 31, 1997, the Bank has $14,200,000 of unsecured federal funds lines of credit in place with unaffiliated financial institutions. Additionally, at December 31, 1997, the Bank and CIS have separate lines of credit of $20,000,000 and $30,000,000, respectively, under securities sold under repurchase agreements with an unaffiliated financial institution.

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

EARNINGS PER SHARE The Company adopted the provisions of Statement of Financial Accounting Standards No. 128, "Earnings per

Share" (SFAS 128) on December 31, 1997. SFAS 128 replaced the previously reported primary earnings per share and fully-diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effect of stock options. Diluted earnings per share is very similar to fully-diluted earnings per share. All prior-period earnings per share amounts have been restated to conform with the requirements of SFAS 128.

Earnings per share is computed based upon the weighted average number of shares of common stock outstanding during each year. The weighted average number of shares was 3,858,548, 3,858,548 and 3,845,968 in 1997, 1996 and 1995, respectively.

The only dilutive instruments are stock options with a dilutive effect of 59,000, 46,938 and 9,822 in 1997, 1996 and 1995, respectively, which result in weighted average shares and dilutive potential common shares of 3,917,548, 3,905,486 and 3,855,790 in 1997, 1996 and 1995, respectively.

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

RECLASSIFICATIONS Certain amounts in the 1996 and 1995 consolidated financial statements have been reclassified to conform with the 1997 presentation. Such reclassifications have no effect on previously reported net income.

NOTE TWO

CAPITAL REQUIREMENTS

The Company and the Bank are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines, the Company and the Bank must meet specific capital guidelines that involve quantitative measures of assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company and the Bank's capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulators to ensure capital adequacy require the Company and the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier I capital (as defined) to average assets

The Company and the Bank's actual and required capital amounts and ratios as of December 31, 1997, are as follows:

(Dollars In Thousands)	Actual Amount	Actual Ratio	Capital Requirements Amount	Capital Requirements Ratio	Requirement To Be Well Capitalized Under Prompt Corrective Action Provisions Amount	Requirement To Be Well Capitalized Under Prompt Corrective Action Provisions Ratio
Total capital (to risk-weighted assets):						
Cass Commercial Corporation	$54,751	22.76%	$19,246	8.00%	$ N/A	N/A%
Cass Bank & Trust Company	25,140	16.23	12,392	8.00	15,491	10.00
Tier I capital (to risk-weighted assets):						
Cass Commercial Corporation	$51,686	21.48%	$ 9,623	4.00%	$ N/A	N/A%
Cass Bank & Trust Company	23,199	14.98	6,196	4.00	9,294	6.00
Tier I capital (to average assets):						
Cass Commercial Corporation	$51,686	11.72%	$17,643	4.00%	$ N/A	N/A%
Cass Bank & Trust Company	23,199	11.67	7,950	4.00	9,938	5.00

(as defined). Management as of December 31, 1997, the Company and the Bank meet all capital adequacy requirements to which they are subject.

The Bank is also subject to the regulatory framework for prompt corrective action. The most recent notification from the regulatory agencies, dated February 10, 1997, categorized the Bank as well capitalized. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

NOTE THREE

INVESTMENT IN DEBT AND EQUITY SECURITIES

Debt and equity securities have been classified in the consolidated balance sheets according to management's intent.

The amortized cost and estimated market values of debt securities classified as held-to-maturity at December 31, 1997 and 1996, are as follows:

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

	1996			
(In Thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government Treasury securities	$ 90,646	$761	$(218)	$ 91,189
Obligations of U.S. Government corporations and agencies	26,175	--	(520)	25,655
States and political subdivisions	1,492	33	(7)	1,518
	$118,313	$794	$(745)	$118,362

The amortized cost and estimated market value of debt securities classified as held-to-maturity at December 31, 1997, by contractual maturity, are as follows. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

	1997	
(In Thousands)	Amortized Cost	Estimated Market Value
Due in 1 year or less	$28,086	$28,164
Due after 1 year through 5 years	55,194	55,313
Due after 5 years through 10 years	1,776	1,812
Due after 10 years	5,083	5,100
	$90,139	$90,389

NOTE THREE continued

The amortized cost and estimated market values of debt and equity securities classified as available-for-sale at December 31, 1997 and 1996, are summarized as follows:

(In Thousands)	1997			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government Treasury securities	$26,271	$404	$ --	$26,675
Obligations of U.S. Government corporations and agencies	9,089	178	(31)	9,236
Total debt securities	35,360	582	(31)	35,911
Stock of the Federal Reserve Bank	201	--	--	201
	$35,561	$582	$(31)	$36,112

(In Thousands)	1996			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
U.S. Government Treasury securities	$30,558	$287	$ (30)	$30,815
Obligations of U.S. Government corporations and agencies	10,437	40	(139)	10,338
Total debt securities	40,995	327	(169)	41,153
Stock of the Federal Reserve Bank	201	--	--	201
	$41,196	$327	$(169)	$41,354

The amortized cost and estimated market value of debt securities classified as available-for-sale at December 31, 1997, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because borrowers have the right to prepay obligations with or without prepayment penalties.

(In Thousands)	1997	
	Amortized Cost	Estimated Market Value
Due in 1 year or less	$ 140	$ 140
Due after 1 year through 5 years	26,271	26,675
Due after 5 years through 10 years	3,065	3,116
Due after 10 years	5,884	5,980
	$35,360	$35,911

The amortized cost of debt securities pledged to secure public deposits, securities sold under agreements to repurchase and for other purposes was approximately $13,048,000 and $18,026,000 at December 31, 1997 and 1996, respectively.

Proceeds from the sales of debt securities classified as available-for-sale during 1997 were $14,235,000. Gross gains of $216,000 were realized on those sales. No debt or equity securities were sold in 1996 or 1995.

NOTE FOUR

LOANS

A summary of loan categories at December 31, 1997 and 1996, is as follows:

(In Thousands)	1997	1996
Commercial and industrial	$ 93,633	$ 94,962
Real estate:		
Mortgage	87,573	85,360
Construction	7,893	9,164
Industrial revenue bonds	2,520	2,851
Installment, net	3,066	3,794
Other	1,793	1,644
	$196,478	$197,775

The Company grants commercial, industrial, residential and consumer loans to customers throughout the metropolitan St. Louis area. The Company does not have any particular concentration of credit in any one economic sector; however, a substantial portion of the commercial and industrial loans are extended to small- and medium-sized, closely held commercial companies in this market area, and are generally secured by the assets of the business. Such loans are subject to the economic changes inherent in the St. Louis marketplace.

Aggregate loan transactions involving executive officers and directors of the Company and its subsidiaries and loans to associates of executive officers and directors for the year ended December 31, 1997, are summarized below. Such loans were made in the normal course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons, and did not involve more than the normal risk of collectibility.

(In Thousands)	
Aggregate balance, January 1, 1997	$2,637
New loans	6
Payments	(430)
Aggregate balance, December 31, 1997	$2,213

A summary of the activity in the allowance for loan losses for 1997, 1996 and 1995 is as follows:

(In Thousands)	1997	1996	1995
Balance, January 1	$4,396	$ 6,358	$6,334
Provision charged to expense	300	--	(500)
Loans charged off	(412)	(2,121)	(186)
Recoveries of loans previously charged off	200	159	710
Net loan recoveries (charge offs)	(212)	(1,962)	524
Balance, December 31	$4,484	$ 4,396	$6,358

A summary of impaired loans at December 31, 1997 and 1996, is as follows:

(In Thousands)	1997	1996
Nonaccrual loans	$ 285	$ 480
Impaired loans continuing to accrue interest	1,046	2,746
Total impaired loans	$1,331	$3,226

The allowance for loan losses on impaired loans was $643,000 and $892,000 at December 31, 1997 and 1996, respectively. Impaired loans with no related allowance for loan losses totaled $71,000 and $2,243,000 at December 31, 1997 and 1996, respectively. The average balance of impaired loans during 1997 and 1996 was $1,362,000 and $1,157,000, respectively.

A summary of interest income on impaired loans for 1997, 1996 and 1995 is as follows:

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

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

(In Thousands)	1995 Nonaccrual Loans	1995 Impaired Loans Continuing to Accrue Interest	1995 Total
Income recognized	$ 4	$109	$113
Interest income if interest had accrued	18	112	130

NOTE FIVE

PREMISES AND EQUIPMENT

A summary of premises and equipment at December 31, 1997 and 1996, is as follows:

(In Thousands)	1997	1996
Land	$ 367	$ 367
Buildings	6,264	3,082
Leasehold improvements	1,278	2,025
Furniture, fixtures and equipment	16,591	15,709
Construction in progress	--	435
	24,500	21,618
Less accumulated depreciation and amortization	14,543	13,539
	$ 9,957	$ 8,079

Depreciation charged to expense in 1997, 1996 and 1995 amounted to $1,932,000, $1,913,000 and $1,960,000, respectively.

The Company's subsidiaries lease various premises and equipment under operating lease agreements which expire at various dates through 2005. The following is a schedule, by year, of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of December 31, 1997:

(In Thousands)	
1998	$ 676
1999	670
2000	670
2001	378
2002	343
2003 and thereafter	861
	$3,598

Rental expense for 1997, 1996 and 1995 was as follows:

(In Thousands)	1997	1996	1995
Minimum rentals	$1,205	$1,712	$1,725
Less sublease rentals	--	--	(16)
Net rental expense	$1,205	$1,712	$1,709

NOTE SIX

INTEREST-BEARING DEPOSITS

Interest-bearing deposits consist of the following at December 31, 1997 and 1996:

(In Thousands)	1997	1996
NOW and Money Market Demand Accounts	$ 32,616	$ 33,279
Savings deposits	62,660	72,589
Time deposits:		
Less than $100,000	5,112	5,599
$100,000 and more	3,511	3,794
	$103,899	$115,261

Interest on deposits consists of the following for 1997, 1996 and 1995:

(In Thousands)	1997	1996	1995
NOW and Money Market Demand Accounts	$1,130	$ 826	$ 639
Savings deposits	2,562	3,139	2,858
Time deposits:			
Less than $100,000	267	296	272
$100,000 and more	222	242	267
	$4,181	$4,503	$4,036

The scheduled maturities of certificates of deposit are summarized as follows:

	December 31			
	1997		1996	
	Amount	Percent of Total	Amount	Percent of Total
Due within:				
One year	$7,043	81.7%	$7,903	84.1%
Two years	1,320	15.3	893	9.5
Three years	242	2.8	413	4.4
Four years	14	0.1	184	2.0
Five years	4	0.1	--	--
	$8,623	100.0%	$9,393	100.0%

NOTE SEVEN

EMPLOYEE BENEFITS

The Company has a noncontributory defined benefit pension plan which covers substantially all of its employees. The Company's subsidiaries accrue and make contributions designed to fund normal service costs on a current basis using the projected unit credit with service proration method to amortize prior service costs arising from improvements in pension benefits and qualifying service prior to the establishment of the plan over a period of approximately 30 years.

The pension cost for 1997, 1996 and 1995 was $538,000, $478,000 and $616,000, respectively, and included the following components:

(In Thousands)	1997	1996	1995
Service cost - benefits earned during the year	$ 706	$ 682	$ 675
Interest cost on projected benefit obligations	544	492	432
Actual return on plan assets	(622)	(656)	(1,076)
Net amortization and deferral	(90)	(40)	585
Net periodic pension cost	$ 538	$ 478	$ 616

The plan's funded status and amounts recognized in the Company's consolidated balance sheets at December 31, 1997 and 1996 are as follows:

(In Thousands)	1997	1996
Actuarial present value of benefit obligations:		
Accumulated benefit obligation, including vested benefits of $6,139 in 1997 and $4,818 in 1996	$(6,284)	$(4,942)
Effect of increase in compensation levels	(2,686)	(3,034)
Projected benefit obligation for service rendered through December 31	(8,970)	(7,976)
Plan assets at fair value	9,232	7,487
Plan assets greater (less) than projected benefit obligation	262	(489)
Unfunded projected benefit obligation	262	(489)
Unrecognized prior service cost	148	155
Unrecognized net gains	(1,861)	(1,354)
Accrued pension cost	$(1,451)	$(1,688)

The weighted-average discount rate and the rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.25% and 4.00% in 1997, 7.50% and 5.00% in 1996 and 8.00% and 5.00% in 1995. The expected long-term rate of return on assets was 8.00% in 1997, 1996 and 1995.

The Company maintains a noncontributory profit sharing plan which covers substantially all of its employees. Employer contributions are calculated based upon formulas which relate to current operating results and other factors. Profit sharing expense recognized in the consolidated statements of income in 1997, 1996 and 1995 was $1,564,000, $1,433,000 and $1,377,000, respectively.

The Company sponsors a defined contribution 401(k) plan to provide additional retirement benefits to substantially all employees. Contributions under the 401(k) plan for 1997, 1996 and 1995 were $220,000, $227,000 and $220,000, respectively.

NOTE SEVEN continued

During May 1995, the Company implemented a restricted stock bonus plan which provides for the issuance of up to 100,000 shares of the Company's common stock. During 1995, 32,000 shares of common stock were awarded to five officers of the Company. At the time of the awards, the price per share of Company common stock was $10.32, which resulted in the establishment of a contra stockholders' equity account with a balance of $330,000. Amortization of the restricted stock bonus awards totaled $110,000, $110,000 and $64,000 for 1997, 1996 and 1995, respectively. The shares of common stock awarded vest over a three-year period.

Also during May 1995, the Company implemented a performance-based stock option plan which provides for the granting of options on up to 400,000 shares of Company common stock. These options vest over a period not to exceed seven years, but the vesting period can be less based on the Company's attainment of certain financial operating performance criteria. The Company's original grant of stock options occurred during May 1995. At that time, options to purchase 120,000 shares were granted at an exercise price of $10.32. The table below summarizes all subsequent activity.

	Shares	Weighted Average Exercise Price
Balance at December 31, 1996	120,000	$10.32
Granted	14,500	23.34
Forfeited	16,000	10.32
Balance at December 31, 1997	118,500	11.91

No options have vested or been exercised at December 31, 1997. At December 31, 1997, 104,000, 6,000 and 8,500 options were outstanding at exercise prices of $10.32, $20.36 and $25.45, respectively.

The Company accounts for stock-based compensation under the stock option plan in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and, accordingly, recognizes no compensation expense as the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant. In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). The Company elected not to adopt the recognition provisions of SFAS 123. However, under the provisions of SFAS 123, an entity that continues to apply APB 25 shall disclose certain pro forma information as if the fair value based accounting method in SFAS 123 had been used to account for stock-based compensation costs. The pro forma effects were calculated and are immaterial to the results of operations of the Company.

NOTE EIGHT

OTHER NONINTEREST EXPENSE

Details of other noninterest expense for 1997, 1996 and 1995 are as follows:

(In Thousands)	1997	1996	1995
Postage, printing and supplies	$2,129	$2,114	$2,340
Advertising and business development	1,437	1,441	1,392
Professional fees	1,320	903	918
Data processing services	652	655	741
FDIC insurance premiums	21	2	155
Other	2,096	2,083	2,285
Total other noninterest expense	$7,655	$7,198	$7,831

NOTE NINE

REGULATORY RESTRICTIONS

Subsidiary dividends are the principal source of funds for payment of dividends by the Company to its stockholders. The Company's subsidiary bank is subject to regulations which require the maintenance of minimum capital levels. At December 31, 1997, unappropriated retained earnings of $12,878,000 were available for the declaration of dividends to the Company without prior approval from regulatory authorities.

Restricted funds on deposit used to meet regulatory reserve requirements amounted to approximately $3,504,000 and $2,719,000 at December 31, 1997 and 1996, respectively.

NOTE TEN

INCOME TAXES

The components of income tax expense for 1997, 1996 and 1995 are as follows:

(In Thousands)	1997	1996	1995
Current:			
Federal	$3,114	$2,238	$3,171
State	241	153	327
Deferred	271	854	(111)
	$3,626	$3,245	$3,387

A reconciliation of expected income tax expense, computed by applying the effective federal statutory rate of 34% for 1997, 1996 and 1995 to income before income tax expense, to reported income tax expense, is as follows:

(In Thousands)	1997	1996	1995
Expected income tax expense	$3,617	$3,320	$3,264
(Reductions) increases resulting from:			
Tax-exempt interest	(78)	(53)	(43)
State taxes, net of federal benefit	159	101	216
Amortization of intangibles	(98)	(98)	(98)
Other, net	26	(25)	48
Income tax expense	$3,626	$3,245	$3,387

The tax effects of temporary differences which give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 1997 and 1996, are presented below:

(In Thousands)	1997	1996
Deferred tax assets:		
Allowance for loan losses	$ 993	$1,011
Accrued pension cost	500	581
Premises and equipment	51	123
Other	206	141
Total deferred tax assets	1,750	1,856
Deferred tax liabilities:		
Unrealized gain on investment in debt and equity securities available-for-sale	(187)	(53)
Discount accretion	(355)	(271)
Other	(137)	(56)
Total deferred tax liabilities	(679)	(380)
Net deferred tax asset	$1,071	$1,476

A valuation allowance would be provided on deferred tax assets when it is more likely than not that some portion of the assets will not be realized. The Company has not established a valuation allowance at December 31, 1997 or 1996, due to management's belief that all criteria for recognition have been

met, including the existence of a history of taxes paid sufficient to support the realization of deferred tax assets.

NOTE ELEVEN

CONTINGENCIES

The Company's subsidiaries are involved in various pending legal actions and proceedings in which claims for damages are asserted. Management, after discussion with legal counsel, believes the ultimate resolution of these legal actions and proceedings will not have a material effect upon the Company's consolidated financial position or results of operations.

NOTE TWELVE

DISCLOSURES ABOUT FINANCIAL INSTRUMENTS

The Company is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit, commercial letters of credit and standby letters of credit. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit, commercial letters of credit and standby letters of credit is represented by the contractual amounts of those instruments.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commercial and standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. These off-balance-sheet financial instruments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since some of the financial instruments may expire without being drawn upon, the total amounts do not necessarily represent future cash requirements. Commitments to extend credit and letters of credit are subject to the same underwriting standards as those financial instruments included on the consolidated balance sheets. The Company evaluates each customer's credit-worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary upon extension of the credit, is based on management's credit evaluation of the borrower. Collateral held varies, but is generally accounts receivable, inventory, residential or income-producing commercial property or equipment.

Conditional commitments to extend credit, commercial letters of credit and standby letters of credit totaled approximately $96,709,000, $13,000 and $2,164,000, respectively, at December 31, 1997.

Following is a summary of the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 1997 and 1996:

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

	1996	
(In Thousands)	Carrying Amount	Estimated Fair Value
Balance sheet assets:		
Cash and cash equivalents	$ 67,156	$ 67,156
Investment in debt and equity securities	159,667	159,716
Loans, net	193,379	193,726
Accrued interest receivable	3,366	3,366
	$423,568	$423,964
Balance sheet liabilities:		
Deposits	$177,505	$177,509
Accounts and drafts payable	204,690	204,690
Short-term borrowings	2,476	2,476
Accrued interest payable	146	146
	$384,817	$384,821

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

CASH AND OTHER SHORT-TERM INSTRUMENTS For cash and due from banks, federal funds sold, short-term investments, accrued interest

receivable, short-term borrowings, accounts and drafts payable and accrued interest payable, the carrying amount is a reasonable estimate of fair value because of the demand nature or short maturities of these instruments.

INVESTMENT IN DEBT AND EQUITY SECURITIES Fair values are based on quoted market prices or dealer quotes.

LOANS The fair value of loans is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

DEPOSITS The fair value of demand deposits, savings accounts and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities. The fair value estimates above do not include the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market nor the benefit derived from the customer relationship inherent in existing deposits.

COMMITMENTS TO EXTEND CREDIT AND STANDBY LETTERS OF CREDIT The fair value of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, the likelihood of the counterparties drawing on such financial instruments and the present credit-worthiness of such counterparties. The Company believes such commitments have been made at terms which are competitive in the markets in which it operates; however, no premium or discount is offered thereon and, accordingly, the Company has not assigned a value to such instruments for purposes of this disclosure.

LIMITATIONS Fair value estimates are based on existing on- and off-balance-sheet financial instruments without attempting to estimate the value of anticipated future business and the value of assets and liabilities that are not considered financial instruments. Other significant assets or liabilities that are not considered financial assets or liabilities include premises and equipment and the benefit that results from the low-cost funding provided by the deposit liabilities compared to the cost of borrowing funds in the market (core deposit intangible). In addition, tax ramifications related to the realization of the unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of the estimates.

Management is concerned that reasonable comparability between financial institutions may not be likely due to the wide range of permitted valuation techniques and numerous estimates which must be made given the absence of active secondary markets for many of the financial instruments. This lack of uniform valuation methodologies also introduces a greater degree of subjectivity to these estimated fair values.

Fair value estimates are made as of a specific point in time, based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Because no market exists for a significant portion of the Company's financial instruments, fair value estimates are based on management's judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments and other factors. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

NOTE THIRTEEN

INDUSTRY SEGMENT INFORMATION

The services provided by the Company are classified into two industry segments: Information Services and Banking Services which are more

NOTE THIRTEEN continued

fully discussed in Note One. Total net revenue is comprised of total interest income and total noninterest income, less provision for loan losses. Intersegment revenues or transfers were not significant.

Summarized information about the Company's operations in each industry as of and for the years ended December 31, 1997, 1996 and 1995, is as follows:

	Total Net Revenue		
(In Thousands)	1997	1996	1995
Information Services	$35,918	$35,501	$37,226
Banking Services	15,035	14,823	13,995
Eliminations	(157)	(107)	(126)
Total	$50,796	$50,217	$51,095

	Income (Loss) Before Income Tax		
(In Thousands)	1997	1996	1995
Information Services	$ 6,352	$6,069	$6,369
Banking Services	4,464	3,868	3,372
Corporate Items	(179)	(173)	(140)
Total	$10,637	$9,764	$9,601

	Identifiable Assets		
(In Thousands)	1997	1996	1995
Information Services	$246,488	$237,963	$238,762
Banking Services	209,485	212,776	195,562
Corporate Items	52,882	47,909	43,505
Eliminations	(70,528)	(60,326)	(49,771)
Total	$438,327	$438,322	$428,058

	Depreciation and Amortization Expense		
(In Thousands)	1997	1996	1995
Information Services	$2,024	$2,057	$2,120
Banking Services	420	494	395
Corporate Items	26	32	29
Total	$2,470	$2,583	$2,544

	Capital Expenditures		
(In Thousands)	1997	1996	1995
Information Services	$3,427	$1,509	$2,888
Banking Services	468	249	251
Corporate Items	6	21	56
Total	$3,901	$1,779	$3,195

NOTE FOURTEEN

CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

Following are the condensed balance sheets of the Company (parent company only) as of December 31, 1997 and 1996, and the related condensed schedules of income and cash flows for each of the years in the three-year period ended December 31, 1997.

	Condensed Balance Sheets	
	December 31	
(In Thousands)	1997	1996

Assets:		
Cash	$ 471	$ 130
Investment in Cass Bank & Trust Company	23,271	21,612
Investment in Cass Information Systems, Inc.	28,666	25,617
Other assets	474	550
Total assets	$52,882	$47,909
Liabilities and Stockholders' Equity:		
Total liabilities	$ 229	$ 128
Total stockholders' equity	52,653	47,781
Total liabilities and stockholders' equity	$52,882	$47,909

	Condensed Schedules of Income		
	December 31		
(In Thousands)	1997	1996	1995
Income:			
Dividends received from subsidiaries	$2,680	$2,380	$2,140
Management fees from subsidiaries	1,282	954	949
Total income	3,962	3,334	3,089
Expenses:			
Salaries and employee benefits	1,130	835	883
Other expenses	331	292	206
Total expenses	1,461	1,127	1,089
Income before income taxes and equity in undistributed income of subsidiaries	2,501	2,207	2,000
Income tax benefit	(61)	(59)	(48)
	2,562	2,266	2,048
Equity in undistributed income of subsidiaries	4,449	4,253	4,166
Net income	$7,011	$6,519	$6,214

Condensed Schedules of Cash Flows

(In Thousands)	December 31 1996	1995	1994
Cash flows from operating activities:			
Net income	$ 7,011	$ 6,519	$ 6,214
Adjustments to reconcile net income to net cash provided by operating activities:			
Net income of subsidiaries exclusive of management fees	(8,410)	(7,587)	(7,255)
Dividends from subsidiaries	2,680	2,380	2,140
Management fees from subsidiaries	1,282	954	949
Amortization of stock bonus plan	110	110	64
Other, net	176	(200)	(192)
Net cash provided by operating activities	2,849	2,176	1,920
Cash flows from financing activities:			
Cash dividends paid	(2,508)	(2,296)	(2,062)
Purchases of treasury stock	--	--	(24)
Net cash used in financing activities	(2,508)	(2,296)	(2,086)
Net increase (decrease) in cash and cash equivalents	341	(120)	(166)
Cash and cash equivalents at beginning of year	130	250	416
Cash and cash equivalents at end of year	$ 471	$ 130	$ 250

INDEPENDENT AUDITORS REPORT

THE BOARD OF DIRECTORS AND STOCKHOLDERS
CASS COMMERCIAL CORPORATION:

We have audited the accompanying consolidated balance sheets of Cass Commercial Corporation and subsidiaries (the Company) as of December 31, 1997 and 1996, and the related consolidated statements of income, cash flows and stockholders' equity for each of the years in the three-year period ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cass Commercial Corporation and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP

St. Louis, Missouri
January 29, 1998

DIRECTORS

CASS COMMERCIAL
CORPORATION,
CASS BANK & TRUST
COMPANY AND CASS
INFORMATION SYSTEMS, INC.

Lawrence A. Collett
Chairman of the Board,
Chief Executive Officer,
Cass Commercial
Corporation
John J. Vallina
President, Cass Bank &
Trust Company
Robert J. Bodine
Chairman Emeritus,
Bodine Aluminum, Inc.
Thomas J. Fucoloro
Consultant
Harry J. Krieg
Chairman Emeritus
Howard A. Kuehner
Investor
Jake Nania
Investor
Irving A. Shepard
President, Venture
Consultants, Inc.
A.J. Signorelli
Founder, Andrews
Educational &
Research Center and
Hope Educational &
Research Center
Bruce E. Woodruff
Attorney; of counsel to
Armstrong, Teasdale,
Schlafly & Davis

OFFICERS

CASS COMMERCIAL
CORPORATION

Lawrence A. Collett
Chairman of the Board-
Chief Executive Officer
Eric H. Brunngraber
Vice President, Secretary,
& Chief Financial Officer
William C. Bouchein
Vice President, Treasurer
Marla A. Fusz
Controller
Wayne D. Muskopf
Vice President,
Human Resources

LOCATIONS

CASS COMMERCIAL
CORPORATION

13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 506-5500

CASS BANK & TRUST
COMPANY

13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 506-5500

CHESTERFIELD FACILITY
702 Spirit 40 Park Drive
Suite 100
Chesterfield,
Missouri 63005
(314) 506-5595

DOWNTOWN FACILITIES
1015 Locust Street
St. Louis, Missouri 63101
(314) 506-5585

1420 N. 13th Street
St. Louis, Missouri 63106
(314) 506-5580

FENTON FACILITY

509 Rudder Road
Fenton, Missouri 63026
(314) 506-5590

WEST PORT FACILITY
11657 Adie Road
Maryland Heights,
Missouri 63043
(314) 506-5575

CASS INFORMATION
SYSTEMS, INC.

PAYMENT SYSTEMS GROUP

13001 Hollenberg Drive
Bridgeton, Missouri 63044
(314) 506-5500

2545 Farmers Drive
Columbus, Ohio 43235
(614) 766-2277

900 Chelmsford Street
Lowell, Massachusetts
10151
(978) 446-0101

SOFTWARE SYSTEMS GROUP
Hartford Plaza
150 South Wacker Drive
Suite 2600
Chicago, Illinois 60606
(312) 782-6694

10-K

A copy of the Company's 1997 Annual Report filed with the Securities and Exchange Commission on Form 10-K is available to stockholders without charge. To obtain a copy, direct your request to Investor Relations, 13001 Hollenberg Drive, Bridgeton, Missouri 63044.

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Cass Commercial Corporation:

We consent to incorporation by reference in the registration statements No. 33-91456, No. 33-91568, No. 333-44497, and No. 333-44499 on Form S-8 of Cass Commercial Corporation (Cass) of our report dated January 29, 1998, relating to the consolidated balance sheets of Cass Commercial Corporation and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1997, which report appears in the December 31, 1997 annual report on Form 10-K of Cass.

/s/ KPMG Peat Marwick LLP

St. Louis, Missouri
March 13, 1998

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DEC-31-1997
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