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

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarter ended September 30, 2002
Commission File No. 2-80070

CASS INFORMATION SYSTEMS, INC.

Incorporated under the laws of MISSOURI
I.R.S. Employer Identification No. 43-1265338

13001 HOLLENBERG DRIVE, BRIDGETON, MISSOURI 63044

Telephone: (314) 506-5500

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

Yes |X| No |_|

The number of shares outstanding of registrant's only class of stock as of October 31, 2002: Common stock, par value $.50 per share - 3,203,722 shares outstanding.

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

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Forward-looking Statements - Factors That May Affect Future Results

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

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	September 30 2002	December 31 2001
Assets		
Cash and due from banks	$ 32,220	$ 31,915
Federal funds sold and other short-term investments	15,116	67,940
Cash and cash equivalents	47,336	99,855
Investment in debt and equity securities available-for-sale, at fair value	88,255	92,330
Loans	416,473	381,452
Less: Allowance for loan losses	5,204	4,906
Loans, net	411,269	376,546
Premises and equipment, net	16,076	16,798
Accrued interest receivable	2,760	2,627
Foreclosed assets	5,911	5,710
Bank owned life insurance	10,066	--
Other assets	7,086	7,009
Total assets	$ 588,759	$ 600,875
Liabilities and Shareholders' Equity		
Liabilities:		
Deposits:		
Noninterest-bearing	$ 100,329	$ 117,351
Interest-bearing	139,649	130,627
Total deposits	239,978	247,978
Accounts and drafts payable	277,547	291,794
Short-term borrowings	5,000	200
Other liabilities	5,811	5,383
Total liabilities	528,336	545,355
Shareholders' Equity:		
Preferred stock, par value $.50 per share; 2,000,000 shares authorized and no shares issued	--	--
Common stock, par value $.50 per share; 20,000,000 shares authorized and 4,000,000 shares issued	2,000	2,000
Additional paid-in capital	4,848	4,997
Retained earnings	67,052	63,623
Accumulated other comprehensive income	1,827	522
Common shares in treasury, at cost (796,278 shares at September 30, 2002 and 818,185 shares at December 31, 2001)	(15,275)	(15,597)
Unamortized stock bonus awards	(29)	(25)
Total shareholders' equity	60,423	55,520
Total liabilities and shareholders' equity	$ 588,759	$ 600,875

See accompanying notes to unaudited consolidated financial statements.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2002	2001	2002	2001
Interest Income:				
Interest and fees on loans	$ 6,753	$ 7,303	$ 19,541	$ 22,245
Interest and dividends on debt and equity securities:				
Taxable	377	1,186	2,580	2,928
Exempt from federal income taxes	527	12	1,375	39
Interest on federal funds sold and other short-term investments	206	529	485	2,317
Total interest income	7,863	9,030	23,981	27,529
Interest Expense:				
Interest on deposits	575	821	1,686	3,218
Interest on short-term borrowings	4	4	29	5
Total interest expense	579	825	1,715	3,223
Net interest income	7,284	8,205	22,266	24,306
Provision for loan losses	90	60	360	60
Net interest income after provision for loan losses	7,194	8,145	21,906	24,246
Noninterest Income:				
Freight and utility payment and processing revenue	6,279	5,429	17,952	15,895
Bank service fees	403	412	1,239	1,111
Gains (losses) on sales of investment securities	(2)	--	942	--
Other	76	45	129	275
Total noninterest income	6,756	5,886	20,262	17,281
Noninterest Expense:				
Salaries and employee benefits	7,847	7,514	23,350	22,899
Occupancy expense	367	420	1,115	1,308
Equipment expense	1,037	960	3,241	2,678
Other	2,242	2,206	6,824	6,340
Total noninterest expense	11,493	11,100	34,530	33,225
Income before income tax expense	2,457	2,931	7,638	8,302
Income tax expense	683	1,035	2,287	2,881
Net income	$ 1,774	$ 1,896	$ 5,351	$ 5,421
Earnings per share:				
Basic	$ .55	$ .60	$ 1.67	$ 1.67
Diluted	$ .55	$ .59	$ 1.66	$ 1.65
Weighted average shares outstanding:				
Basic	3,202,022	3,184,804	3,201,458	3,245,577
Effect of dilutive stock options and awards	19,875	37,639	20,568	40,707
Diluted	3,221,897	3,222,443	3,222,026	3,286,284

See accompanying notes to unaudited consolidated financial statements.

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

	Nine Months Ended September 30	
	2002	2001
Cash Flows From Operating Activities:		
Net income	$ 5,351	$ 5,421
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,905	2,256
Provision for loan losses	360	60
Amortization of stock bonus awards	18	64
Tax benefit from exercise of stock options and bonuses	186	29
(Increase) decrease in accrued interest receivable	(133)	623
Increase in accounts receivable	(640)	(2,086)
Deferred income tax expense (benefit)	1,104	(117)
(Decrease) increase in income tax liability	(511)	633
Gains on sales of investment securities	(942)	--
Change in other assets	(1,481)	(1,224)
Change in other liabilities	1,005	(1,492)
Other operating activities, net	(49)	(433)
Net cash provided by operating activities	7,173	3,734
Cash Flows From Investing Activities:		
Proceeds from sales of debt securities available-for-sale	52,870	--
Proceeds from maturities of debt and equity securities available-for-sale	27,786	26,040
Purchase of debt and equity securities available-for-sale	(73,850)	(50,461)
Net increase in loans	(35,083)	(2,953)
Purchases of premises and equipment, net	(2,011)	(5,572)
Purchase of bank owned life insurance	(10,000)	--
Net cash used in investing activities	(40,288)	(32,946)
Cash Flows From Financing Activities:		
Net decrease in noninterest-bearing demand deposits	(17,022)	(1,603)
Net decrease in interest-bearing demand and savings deposits	(18,283)	(504)
Net increase in time deposits	27,305	6,367
Net (decrease) increase in accounts and drafts payable	(14,247)	1,763
Net increase in short-term borrowings	4,800	1,000
Cash proceeds from exercise of stock options	348	61
Cash dividends paid	(1,922)	(1,944)
Purchase of common shares for treasury	(383)	(3,280)
Net cash (used in) provided by financing activities	(19,404)	1,860
Net decrease in cash and cash equivalents	(52,519)	(27,352)
Cash and cash equivalents at beginning of period	99,855	115,931
Cash and cash equivalents at end of period	$ 47,336	$ 88,579
Supplemental information:		
Cash paid for interest	$ 1,704	$ 3,200
Cash paid for income taxes	2,356	2,737
Transfer of securites from held-to-maturity to available-for-sale	--	6,682
Transfer of loans to foreclosed assets	--	4,805

See accompanying notes to unaudited consolidated financial statements.

Note 1 - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the period ended September 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. For further information, refer to the consolidated financial statements and related footnotes included in the Cass Information System, Inc.'s ("the Company") Annual Report on Form 10-K for the year ended December 31, 2001.

Note 2 - Impact of New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities", which establishes standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. In June 1999, the FASB issued SFAS 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB No. 133", which defers the effective date of SFAS 133 from fiscal years beginning after June 15, 1999 to fiscal years beginning after June 15, 2000. In June 2000, the FASB issued SFAS 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities", which addresses certain issues causing implementation difficulties. The Company has adopted SFAS 133, as amended, effective January 1, 2001, but since the Company does not participate in any derivative or hedging activities, SFAS 133, as amended, had no impact on the Company's consolidated financial position and results of operations, except for the transfer of all held-to-maturity securities into available-for-sale securities as of January 1, 2001 as permitted by SFAS 133. At the time of the transfer the book value of the securities transferred was $6,650,000 and the fair value was $6,682,000. The difference was an unrealized gain recorded, net of tax, which was reported as an increase to other comprehensive income.

In June 2001, the FASB issued SFAS 142, "Goodwill and Other Intangible Assets", that supersedes Accounting Principles Board (APB) Opinion No. 17. Under SFAS 142, goodwill and intangible assets deemed to have indefinite lives are no longer amortized, but are to be reviewed at least annually for impairment under impairment guidelines established in the statement. SFAS 142 also changes the amortization methodology in intangible assets that are deemed to have finite lives. Finally, SFAS 142 adds to required disclosures regarding goodwill and intangible assets. SFAS 142 is effective for fiscal years beginning after December 15, 2001. The adoption of SFAS 142 on January 1, 2002 did not have a material impact on the consolidated financial statements. In addition, amortization of goodwill previously reported in net income is not material.

In August 2001, the FASB issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", that supersedes SFAS 121 and APB Opinion No. 30. SFAS 144 provides guidance on differentiating between assets held and used, held for sale, and held for disposal other than by sale, and the required valuation of such assets. SFAS 144 is effective for fiscal years beginning after December 15, 2001. The provisions of SFAS 144 have been adopted by the Company as of January 1, 2002 and will require that certain foreclosed assets of the Company be reclassified from held for sale to held and used as of January 1, 2003 if certain conditions are not met.

Note 3 - Loans by Type

(In Thousands)	September 30, 2002	December 31, 2001
Commercial and industrial	$99,145	$115,316
Real estate:		
Mortgage	173,512	128,651
Mortgage - Churches & Related	92,385	86,853
Construction	2,702	16,041
Construction - Churches & Related	35,759	16,674
Industrial revenue bonds	6,031	6,155
Installment	1,828	1,787
Other	5,111	9,975
Total loans	$416,473	$381,452

Note 4 - Stock Repurchase Program

On December 21, 1999 the Board of Directors authorized a stock repurchase program that would allow the repurchase of up to 200,000 shares of its common stock through December 31, 2000. This program was subsequently expanded to include the repurchase of an additional 377,874 shares. The Company repurchased 15,664 shares for $383,000 and repurchased 161,700 shares for $3,280,000 for the nine months ended September 30, 2002 and 2001, respectively. Repurchases were made in the open market or through negotiated transactions from time to time depending on market conditions.

Note 5 - Comprehensive Income

For the three and nine month periods ended September 30, 2002 and 2001, unrealized gains and losses on debt and equity securities available-for-sale were the Company's only other comprehensive income component. Comprehensive income for the three and nine month periods ended September 30, 2002 and 2001 is summarized as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In Thousands)	2002	2001	2002	2001
Net Income	$ 1,774	$ 1,896	$ 5,351	$ 5,421
Other comprehensive income:				
Net unrealized gain on debt and equity securities available-for-sale, net of tax	1,067	504	1,928	850
Less: reclassification adjustment for realized gains on sales of debt and equity securities, available-for-sale, included in net income, net of tax	--	--	(623)	--
Total other comprehensive income	1,067	504	1,305	850
Total comprehensive income	$ 2,841	$ 2,400	$ 6,656	$ 6,271

Note 6 - Industry Segment Information

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

The Transportation Information Services unit provides freight invoice rating, payment, auditing, cost accounting and transportation information services to large corporate shippers. The Utility Information Services unit processes and pays utility invoices, including electricity, gas, water, telephone and refuse, for large corporate entities that have many locations or are heavy users of energy. The Banking Services unit provides banking services primarily to privately-held businesses and churches.

The Company's accounting policies for segments are the same as those described in the summary of significant accounting policies in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. Management evaluates segment performance based on net income after allocations for corporate expenses and income taxes. Transactions between segments are accounted for at what management believes to be market value.

All three segments market their services within the United States and no revenue from any customer of any segment exceeds 10% of the Company's consolidated revenue.

Summarized information about the Company's operations in each industry segment for the three and nine month periods ended September 30, 2002 and 2001, is as follows:

(In Thousands)	Transportation Information Services	Utility Information Services	Banking Services	Corporate	Eliminations	Total
Quarter Ended September 30, 2002						
Total Revenues	$ 7,704	$ 2,556	$ 3,818	$ 543	$ (671)	$13,950
Net Income	377	345	1,052	--	--	1,774
Quarter Ended September 30, 2001						
Total Revenues	$ 8,335	$ 1,969	$ 3,828	$ 521	$ (622)	$14,031
Net Income	816	33	1,060	(13)	--	1,896
Nine Months Ended September 30, 2002						
Total Revenues	$23,853	$ 7,359	$11,360	$ 1,650	$(2,054)	$42,168
Net Income	1,447	802	3,102	--	--	5,351
Nine Months Ended September 30, 2001						
Total Revenues	$25,290	$ 5,640	$10,895	$ 1,451	$(1,749)	$41,527
Net Income	2,560	76	2,822	(37)	--	5,421

Note 7 - Foreclosed assets

On January 2, 2001, the Company's bank subsidiary foreclosed on certain operating assets relating to one borrower in order to protect the financial interest in that borrower. It is accounted for as a foreclosed asset that is held for sale. At September 30, 2002 the investment in this entity was $5,315,000. As previously mentioned, the Company adopted the provisions of SFAS 144 on January 1, 2002. SFAS 144 requires that if certain criteria are not met for long-lived asset (disposal) groups classified as held for sale by the end of the fiscal year in which SFAS 144 is initially applied, the related long-lived assets shall be reclassified as held and used. Therefore, as of January 1, 2003, the Company would be required to reclassify these foreclosed assets as held and used and consolidate its operations into those of the Company.

On August 8, 2001 the Company's bank subsidiary foreclosed on a real estate loan to one borrower and is now carrying the property as a foreclosed asset at what management believes to be fair value less cost to sell of $596,000.

Note 8 - Commitments and Contingencies

The Company provides customers with off-balance sheet credit support through unused loan commitments to extend credit, standby letters of credit and commercial letters of credit. At September 30, 2002 conditional commitments to extend credit and standby letters of credit totaled approximately $26,671,000 and $6,135,000, respectively. Since many of the unused commitments are expected to expire or be only partially used, the total amount of commitments does not necessarily represent future cash requirements.

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

Note 9 - Reclassifications

Certain amounts in the 2001 consolidated financial statements have been reclassified to conform to the 2002 presentation. Such reclassifications have no effect on previously reported net income or shareholders' equity.

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

The Company operates in three primary business segments: Transportation Information Services, Utility Information Services and through the Company's wholly owned subsidiary, Cass Commercial Bank ("the Bank"), Banking Services. The Company is a payment processing and information services company, whose operations include the processing and payment of freight and utility invoices, preparation of management information, auditing and rating of invoices and other payment-related activities for customers located throughout the United States. The Bank provides specialized banking services to privately-held businesses located primarily in the St. Louis, Missouri metropolitan area and church and church-related entities located in the St. Louis metropolitan area and selected cities throughout the United States.

On January 18, 2001 the Company acquired substantially all the utility payment and processing assets of "The Utility Navigator(R)", a division of privately-held InSITE Services, Inc., for $750,000. These assets include books and records relating to the business, customer and vendor lists, customer contracts, reporting history and databases, marketing and advertising materials, trademarks and other intellectual property, and a license to the software used to process and pay utility bills.

Critical Accounting Policies

The Company has prepared all of the consolidated financial information in this report in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In preparing the consolidated financial statements in accordance with U.S. GAAP, management makes estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurances that actual results will not differ from those estimates.

Management has identified the accounting policy related to the allowance for loan losses as critical to the understanding of the Company's results of operations, since the application of this policy requires significant management assumptions and estimates that could result in materially different amounts to be reported if conditions or underlying circumstances were to change. The impact and any associated risks related to these policies on our business operations are discussed in the " Allowance and Provision for Loan Losses" section of this report.

In addition, management evaluates certain long-term assets such as premises and equipment, goodwill, and foreclosed assets for impairment. Generally, recognition of impairment is required when events and circumstances indicate that the carrying amounts of these assets will not be recoverable in the future. If impairment occurs, various methods of measuring impairment may be called for depending on the circumstances and type of asset, including quoted market prices, estimates based on similar assets, and estimates based on valuation techniques such as discounted projected cash flows. Assets held for sale are carried at the lower of cost or fair value less costs to sell. The application of this policy also requires significant management assumptions and estimates that could result in materially different results if conditions or underlying circumstances change.

Results of Operations

The following paragraphs more fully discuss the results of operations and changes in financial condition for the three-month period ended September 30, 2002 (the "Third Quarter of 2002") compared to the three-month period ended September 30, 2001 (the "Third Quarter of 2001") and the nine-month period ended September 30, 2002 ("First Nine Months of 2002") compared to the nine-month period ended September 30, 2001 ("First Nine Months of 2001"). The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes and with the statistical information and financial data appearing in this report as well as the Company's 2001 Annual Report on Form 10-K. Results of operations for the First Nine Months of 2002 are not necessarily indicative of the results to be attained for any other period.

Net Income

The Company's net income was $1,774,000 for the Third Quarter of 2002, a $122,000 or 6.4% decrease compared to net income of $1,896,000 for the Third Quarter of 2001. The Company's net income was $5,351,000 for the First Nine Months of 2002, a $70,000 or 1.3% decrease compared to net income of $5,421,000 for the First

Nine Months of 2001. Diluted earnings per share was $.55 for the Third Quarter of 2002, an 6.8% decrease compared to $.59 for the Third Quarter of 2001. Diluted earnings per share was $1.66 for the First Nine Months of 2002, a .6% increase compared to $1.65 for the First Nine Months of 2001. The decrease in net income in the Third Quarter of 2002 over the Third Quarter of 2001 was primarily a result of a decline in interest income due to the decrease in the general level of interest rates and increases in operating related expenses due to an increase in freight and utility processing volume. These factors were partially offset by an increase in freight and utility processing fee revenue and a decrease in income tax expense due to the purchase of tax-exempt securities. The decrease in net income in the First Nine Months of 2002 from the First Nine Months of 2001 was due primarily to the same factors as the decreases in the Third Quarter of 2002 from the Third Quarter of 2001, but the decrease was also offset by gains on the sales of securities. Return on average assets for the Third Quarter of 2002 was 1.18% compared to 1.31% for the Third Quarter of 2001. Return on average assets for the First Nine Months of 2002 was 1.21% compared to 1.29% for the First Nine Months of 2001. Return on average equity for the Third Quarter of 2002 was 12.16% compared to 13.70% for the Third Quarter of 2001. Return on average equity for the First Nine Months of 2002 was 12.68% compared to 13.24% for the First Nine Months of 2001.

Net Interest Income

Third Quarter of 2002 compared to Third Quarter of 2001:

The Company's tax-equivalent net interest income decreased 8.2% or $680,000 from $8,273,000 to $7,593,000. Average earning assets increased 4.6% or $23,659,000 from $519,270,000 to $542,929,000. The tax-equivalent net interest margin decreased from 6.32% to 5.55%. The average tax-equivalent yield on earning assets decreased from 6.95% to 5.97%. The average rate paid on interest-bearing liabilities decreased from 2.73% to 1.61%.

The average balances of loans increased $34,986,000 from $379,392,000 to $414,378,000, investment in debt and equity securities, at amortized cost, decreased $134,000 from $80,716,000 to $80,582,000, and federal funds sold and other short-term investments decreased $11,193,000 from $59,162,000 to $47,969,000. The average balance of noninterest-bearing demand deposit accounts increased $3,730,000 from $93,587,000 to $97,317,000, accounts and drafts payable decreased $2,870,000 from $298,008,000 to $295,138,000, and interest-bearing liabilities increased $22,476,000 from $119,828,000 to $142,304,000.

The increase in average loan balances during this period was primarily attributable to the Bank's marketing efforts, both in the commercial and church and church-related areas. The decrease in debt and equity securities and decrease in federal funds sold and other short term investments reflects management's asset allocation decisions given projected liquidity requirements, market interest rates and the attractiveness of alternative investments. Although the average balance of securities did not change significantly there was a shift in these investments from taxable securities to tax-exempt securities. Noninterest-bearing demand deposits have increased due to the fact that customers maintain higher noninterest-bearing balances to compensate the Bank for services and to avoid higher service fees in a lower rate environment and the Bank's marketing efforts to attract more deposits. Interest-bearing liabilities increased due to increased deposits by existing customers and new deposit accounts. The moderate decrease in average accounts and drafts payable relates to normal fluctuations in these balances.

The decreases experienced during the Third Quarter of 2002 in net interest income and the net interest margin was due primarily to the decline in the general level of interest rates. The Company partially mitigated the effects of this decline in interest rates by adjusting the allocation of assets in its portfolio to longer-term, higher-yielding assets, including tax-exempt securities, increasing the size of the loan portfolio and increasing earning assets by increasing deposits. Nonetheless, the dramatic decline in interest rates adversely affected the Company's net interest income and margin. The Company is positively affected by increases in the level of interest rates due to the fact that its rate sensitive assets significantly exceed its rate sensitive liabilities. Conversely, the Company is adversely affected by decreases in the level of interest rates. This is primarily due to the noninterest-bearing liabilities generated by the Company in the form of accounts and drafts payable. For more information please refer to the tables on pages 11 and 13.

First Nine Months of 2002 compared to the First Nine Months of 2001:

The Company's tax-equivalent net interest income decreased 6.2% or $1,528,000 from $24,614,000 to $23,086,000. Average earning assets increased 6.0% or $30,486,000 from $510,455,000 to $540,941,000. The tax-equivalent net interest margin decreased from 6.45% to 5.71%. The average tax-equivalent yield on earning assets decreased from 7.29% to 6.13%. The average rate paid on interest-bearing liabilities decreased from 3.57% to 1.63%.

The average balances of loans increased $21,725,000 from $376,621,000 to $398,346,000, investment in debt and equity securities, at amortized cost, increased $40,241,000 from $64,496,000 to $104,737,000, and federal funds sold and other short-term investments decreased $31,480,000 from $69,338,000 to $37,858,000. The average balance of noninterest bearing demand deposit accounts increased $11,750,000 from $88,515,000 to $100,265,000, accounts and drafts payable increased $574,000 from $288,880,000 to $289,454,000, and interest-bearing liabilities increased $20,049,000 from $120,759,000 to $140,808,000.

The increases and decreases experienced in account balances during the First Nine Months of 2002 were mainly attributable to the same factors as those described for the third quarter, although the average balance of accounts and drafts payable and the investment in debt and equity securities increased.

The decreases experienced during the First Nine Months of 2002 in net interest income and the net interest margin were also caused primarily by decreases in the general level of interest rates. For more information please refer to the tables on pages 12 and 14.

Distribution of Assets, Liabilities and Stockholders' Equity; Interest Rate and Interest Differential

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

	Third Quarter 2002			Third Quarter 2001		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
Assets(1)						
Earning assets:						
Loans(2),(3):						
Taxable	$ 408,329	$ 6,679	6.49%	$ 370,721	$ 7,185	7.69%
Tax-exempt(4)	6,049	114	7.48	8,671	178	8.14
Debt and equity securities(5):						
Taxable	33,709	377	4.44	79,676	1,187	5.91
Tax-exempt(4)	46,873	796	6.74	1,040	18	6.87
Federal funds sold and other short-term investments	47,969	206	1.70	59,162	529	3.55
Total earning assets	542,929	8,172	5.97	519,270	9,097	6.95
Nonearning assets:						
Cash and due from banks	24,121			24,764		
Premises and equipment, net	16,276			17,498		
Foreclosed assets	5,623			5,647		
Other assets	15,102			11,642		
Allowance for loan losses	(5,142)			(4,921)		
Total assets	$ 598,909			$ 573,900		
Liabilities And Shareholders' Equity(1)						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 51,047	$ 135	1.05%	$ 58,593	$ 360	2.44%
Savings deposits	38,169	115	1.20	48,672	322	2.62
Time deposits of $100 or more	46,776	282	2.39	7,955	92	4.59
Other time deposits	5,701	43	2.99	3,965	46	4.60
Total interest-bearing deposits	141,693	575	1.61	119,185	820	2.73
Short-term borrowings	611	4	2.60	643	4	2.47
Total interest-bearing liabilities	142,304	579	1.61	119,828	824	2.73
Noninterest-bearing liabilities:						
Demand deposits	97,317			93,587		
Accounts and drafts payable	295,138			298,008		
Other liabilities	6,257			7,553		
Total liabilities	541,016			518,976		
Shareholders' equity	57,893			54,924		
Total liabilities and						

shareholders' equity	$ 598,909		$ 573,900	
Net interest income	$ 7,593		$ 8,273	
Interest spread		4.36%		4.22%
Net interest margin		5.55%		6.32%

1. Balances shown are daily averages.
2. For purposes of these computations, nonaccrual loans are included in the average loan amounts outstanding. Interest on nonaccrual loans is recorded when received as discussed further in Note 1 to the Company's 2001 Consolidated Financial Statements.
3. Interest income on loans includes net loan fees of $101,000 and $84,000 for the Third Quarter of 2002 and 2001, respectively.
4. Interest income is presented on a tax-equivalent basis assuming a tax rate of 34%. The tax-equivalent adjustment was approximately $308,000 and $67,000 for the Third Quarter of 2002 and 2001, respectively.
5. For purposes of these computations, yields on investment securities are computed as interest income divided by the average amortized cost of the investments.

(Dollars in thousands)	First Nine Months of 2002 Average Balance	Interest Income/ Expense	Yield/ Rate	First Nine Months of 2001 Average Balance	Interest Income/ Expense	Yield/ Rate
Assets(1)						
Earning assets:						
Loans(2),(3):						
Taxable	$ 392,256	$ 19,315	6.58%	$ 363,371	$ 21,688	7.98%
Tax-exempt(4)	6,090	344	7.55	13,250	844	8.52
Debt and equity securities(5):						
Taxable	64,125	2,580	5.38	63,426	2,929	6.17
Tax-exempt(4)	40,612	2,077	6.84	1,070	58	7.25
Federal funds sold and other short-term investments	37,858	485	1.71	69,338	2,317	4.47
Total earning assets	540,941	24,801	6.13	510,455	27,836	7.29
Nonearning assets:						
Cash and due from banks	23,817			22,672		
Premises and equipment, net	16,423			16,318		
Foreclosed assets	5,507			5,127		
Other assets	11,060			11,245		
Allowance for loan losses	(5,029)			(4,910)		
Total assets	$ 592,719			$ 560,907		
Liabilities And Shareholders' Equity(1)						
Interest-bearing liabilities:						
Interest-bearing demand deposits	$ 56,733	$ 479	1.13%	$ 55,629	$ 1,315	3.16%
Savings deposits	43,314	422	1.30	55,076	1,533	3.72
Time deposits of $100 or more	33,682	648	2.57	5,976	222	4.97
Other time deposits	5,367	137	3.41	3,839	147	5.12
Total interest-bearing deposits	139,096	1,686	1.62	120,520	3,217	3.57
Short-term borrowings	1,712	29	2.26	239	5	2.80
Total interest-bearing liabilities	140,808	1,715	1.63	120,759	3,222	3.57
Noninterest-bearing liabilities:						
Demand deposits	100,265			88,515		
Accounts and drafts payable	289,454			288,880		
Other liabilities	5,782			8,023		
Total liabilities	536,309			506,177		
Shareholders' equity	56,410			54,730		
Total liabilities and shareholders' equity	$ 592,719			$ 560,907		
Net interest income		$ 23,086			$ 24,614	
Interest spread			4.50%			3.72%
Net interest margin			5.71%			6.45%

1. Balances shown are daily averages.
2. For purposes of these computations, nonaccrual loans are included in the average loan amounts outstanding. Interest on nonaccrual loans is recorded when received as discussed further in Note 1 to the Company's 2001 Consolidated Financial Statements.
3. Interest income on loans includes net loan fees of $359,000 and $95,000 for the First Nine Months of 2002 and 2001, respectively.
4. Interest income is presented on a tax-equivalent basis assuming a tax rate of 34%. The tax-equivalent adjustment was approximately $819,000 and $307,000 for the First Nine Months of 2002 and 2001, respectively.
5. For purposes of these computations, yields on investment securities are computed as interest income divided by the average amortized cost of the investments.

Analysis of Net Interest Income Changes

The following table presents the changes in interest income and expense between periods due to changes in volume and interest rates. That portion of the change in interest attributable to the combined rate/volume variance has been allocated to rate and volume changes in proportion to the absolute dollar amounts of the change in each.

	Third Quarter 2002 Over 2001		
(Dollars in thousands)	Volume	Rate	Total
Increase (decrease) in interest income:			
Loans(1),(2):			
Taxable	$ 684	$(1,190)	$ (506)
Tax-exempt(3)	(50)	(14)	(64)
Debt and equity securities:			
Taxable	(566)	(244)	(810)
Tax-exempt(3)	778	--	778
Federal funds sold and other short-term investments	(86)	(237)	(323)
Total interest income	760	(1,685)	(925)
Interest expense on:			
Interest-bearing demand deposits	(41)	(184)	(225)
Savings deposits	(59)	(148)	(207)
Time deposits of $100 or more	253	(63)	190
Other time deposits	16	(19)	(3)
Short-term borrowings	--	--	--
Total interest expense	169	(414)	(245)
Net interest income	$ 591	$(1,271)	$ (680)

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

(Dollars in thousands)	First Nine Months 2002 Over 2001 Volume	Rate	Total
Increase (decrease) in interest income:			
Loans(1),(2):			
Taxable	$ 1,630	$(4,003)	$(2,373)
Tax-exempt(3)	(413)	(87)	(500)
Debt and equity securities:			
Taxable	32	(381)	(349)
Tax-exempt(3)	2,022	(3)	2,019
Federal funds sold and other short-term investments	(777)	(1,055)	(1,832)
Total interest income	2,494	(5,529)	(3,035)
Interest expense on:			
Interest-bearing demand deposits	26	(862)	(836)
Savings deposits	(275)	(836)	(1,111)
Time deposits of $100 or more	580	(154)	426
Other time deposits	48	(58)	(10)
Short-term borrowings	25	(1)	24
Total interest expense	404	(1,911)	(1,507)
Net interest income	$ 2,090	$(3,618)	$(1,528)

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

Allowance and Provision for Loan Losses

A significant determinant of the Company's operating results is the provision for loan losses and the level of loans charged off. There was a $90,000 provision made for loan losses during the Third Quarter of 2002 compared with a $60,000 provision made during the Third Quarter of 2001. There was a $360,000 provision made during the First Nine Months of 2002 compared with a $60,000 provision made during the First Nine Months of 2001. Net loans recovered for the Third Quarter of 2002 were $5,000 compared to net loans charged-off of $106,000 for the Third Quarter of 2001. Net loans charged off during the First Nine Months of 2002 were $62,000 compared with $56,000 during the First Nine Months of 2001. The provision for loan losses varies over time based on an ongoing assessment of the adequacy of the allowance for loan losses. The increase in the provision made for loan losses during the Third Quarter and First Nine Months of 2002 compared to the corresponding periods in 2001 were due to many factors, the most significant being the increase in the amount of nonperforming loans and the size of the loan portfolio.

The allowance for loan losses at September 30, 2002 was $5,204,000 and at December 31, 2001 was $4,906,000. The ratio of allowance for loan losses to total loans outstanding at September 30, 2002 was 1.25% compared to 1.29% at December 31, 2001. Nonperforming loans were $2,361,000 or .57% of total loans at September 30, 2002 compared to $472,000 or .12% of total loans at December 31, 2001.

At September 30, 2002, impaired loans totaled $7,484,000, which included $450,000 of nonaccrual loans compared with impaired loans at December 31, 2001 of $525,000, which included $454,000 of nonaccrual loans. The allowance for loan losses on impaired loans was $1,025,000 at September 30, 2002. The increase in impaired loans from December 31, 2001 relates to several borrowers. The first is a borrower with an outstanding balance of $4,081,000 which is collateralized by real estate. This borrower is currently making payments, but the payments have been consistently sixty days past due. A second borrower, with an outstanding balance of $1,576,000 collateralized by all business assets, has been current on all payments. This borrower has experienced financial difficulties due to general economic conditions. Should its condition not improve, a shortfall in collection of the full principal balance could result. The probable shortfall has been specifically reserved for in the allowance for loan losses. A third borrower has an outstanding balance of $809,000 collateralized by real estate and with a SBA guarantee. There has been delinquency in loan payments due to slower than expected lease-up of the real estate property. Two other loans totalling $465,000 are secured by marketable securities and real estate, respectively. The loan secured by marketable securities has a moderate shortfall in collateral value which has been specifically reserved for in the allowance for loan losses. There has been some delinquency in interest payments. The loan secured by real estate has been restructured and is current under the new contract terms.

The allowance for loan losses has been established and is maintained to absorb losses inherent in the loan portfolio. An ongoing assessment of risk of loss is performed to determine if the current balance of the allowance is adequate to cover probable losses in the portfolio. A charge or credit is made to the provision for loan losses to cover any deficiency or reduce any excess. The current methodology employed to determine the appropriate allowance consists of two components, specific and general. The specific component includes a review of each loan on the Company's classified or watch list in terms of collateral and probable loss exposure based on existing circumstances known to management and under current economic conditions. The general component relates to all other loans which are evaluated based on the loan grade assigned to the credit with a percentage of each grade allocated to the allowance for loan losses. The percentages are based on historical experience. The loan grades assigned to each credit are evaluated on an annual basis, unless circumstances require interim evaluation. Finally, an amount is added to the general reserve to take into account other factors including national and local economic conditions, downturns in specific industries including loss in collateral value, trends in credit quality at the Company and the banking industry, and trends in risk rating changes.

Summary of Asset Quality

The following table presents information as of and for the three and nine month periods ended September 30, 2002 and 2001 pertaining to the Company's provision for loan losses and analysis of the allowance for loan losses.

	Three Months Ended September 30		Nine Months Ended September 30	
(Dollars in Thousands)	2002	2001	2002	2001
Allowance at beginning of period	$ 5,109	$ 4,947	$ 4,906	$ 4,897
Provision for loan losses	90	60	360	60
Loans charged off	--	110	95	110
Recoveries on loans previously charged off	5	4	33	54
Net loans (recovered) charged-off	(5)	106	62	56
Allowance at end of period	$ 5,204	$ 4,901	$ 5,204	$ 4,901
Loans outstanding:				
Average	$ 414,378	$ 379,392	$ 398,346	$ 376,621
September 30	416,473	370,912	416,473	370,912
Ratio of allowance for loan losses to loans outstanding:				
Average	1.26%	1.29%	1.31%	1.30%
September 30	1.25	1.32	1.25	1.32
Nonperforming loans:				
Nonaccrual loans	$ 450	$ 790	$ 450	$ 790
Loans past due 90 days or more	1,911	46	1,911	46
Total nonperforming loans	2,361	836	2,361	836
Foreclosed assets	5,911	5,710	5,911	5,710
Total nonperforming assets	$ 8,272	$ 6,546	$ 8,272	$ 6,546
Nonperforming loans to total loans	.57%	.23%	.57%	.23%
Nonperforming assets to total assets	1.40%	1.12%	1.40%	1.12%

On January 2, 2001, the Bank foreclosed on certain operating assets relating to one borrower in order to protect the Bank's financial interest in that borrower. The Bank is currently in the process of stabilizing this business and intends to operate the business until it can be merged into another entity or sold. This entity, Government e-Management Solutions, Inc., is a software company that provides the public sector with integrated financial, property and human resource management systems. At September 30, 2002, the Bank's investment in this entity was $5,315,000. This investment is included on the Company's consolidated balance sheets as a component of foreclosed assets. Based on unaudited financial statements, this company generated $1,474,000 in revenues and incurred $1,470,000 in operating expenses during the Third Quarter of 2002. The $4,000 pre-tax income for the Third Quarter of 2002 includes $75,000 of depreciation and amortization. For the First Nine Months of 2002 revenues were $3,986,000 and operating expenses were $4,065,000. The $79,000 pre-tax loss for the First Nine Months of 2002 includes $219,000 of depreciation and amortization. The value of this entity is predicated on its revenues, ability to become profitable, or future prospects. Should one of these not occur, the Company may face a charge against earnings representing a diminished value on its investment. As explained earlier, under the provision of SFAS 144, if this group of assets are still held on January 1, 2003 the Company will be required to reclassify the assets as held and used and consolidate its operations into those of the Company.

On August 8, 2001, the Bank foreclosed on a loan to one borrower and is now carrying the property as other real estate owned at what management believes to be the fair value less cost to sell of the property of $596,000. The remaining balance of the loan of $110,000 was charged against the allowance for loan losses at the time of foreclosure.

Noninterest Income

Noninterest income is principally derived from payment and processing fees. Processing volumes related to these fees for the three and nine-month periods ended September 30, 2002 and 2001 are as follows:

	Three Months Ended September 30			Nine Months Ended September 30		
(In Thousands)	2002	2001	% Change	2002	2001	% Change
Transportation Information Services:						
Invoice Bill Volume	5,639	4,969	13.5%	15,914	14,967	6.3%
Invoice Dollar Volume	$1,989,867	$1,808,261	10.0%	$5,717,571	$5,475,427	4.4%
Utility Information Services:						
Invoice Transaction Volume	870	669	30.0%	2,477	2,024	22.4%
Invoice Dollar Volume	$ 725,695	$ 673,646	7.7%	$1,919,357	$1,832,717	4.7%

Total noninterest income for the Third Quarter of 2002 was $6,756,000, a $870,000 or 14.8% increase compared with the Third Quarter of 2001. Total noninterest income for the First Nine Months of 2002 was $20,262,000, a $2,981,000 or 17.3% increase compared with the First Nine Months of 2001. The Company's payment and processing revenue for the Third Quarter of 2002 was $6,279,000, a $850,000 or 15.7% increase compared to the Third Quarter of 2001. Fees generated from the Transportation Information Services Division in the Third Quarter of 2002 were $4,542,000, a $245,000 or 5.7% increase compared to the Third Quarter of 2001. Processing fees from the Utility Information Services Division in the Third Quarter of 2002 were $1,737,000, a $605,000 or 53.4% increase compared to the Third Quarter of 2001. Payment and processing revenue for the First Nine Months of 2002 was $17,952,000, a $2,057,000 or 12.9% increase compared to the First Nine Months of 2001. Fees generated from the Transportation Information Services Division for the First Nine Months of 2002 were $13,097,000, a $426,000 or 3.4% increase compared to the First Nine Months of 2001. Processing fees from the Utility Information Services Division for the First Nine Months of 2002 were $4,855,000, a $1,631,000 or 50.6% increase compared to the First Nine Months of 2001. The increases in fees from the Transportation Information Services Division during the Third Quarter of 2002 and the First Nine Months of 2002 were due to new customers and new services. The new customers and services more than offset the effects of the drop in national freight activity over last year's levels. The increases in fees from the Utility Information Services Division were primarily due to the addition of new customers from the marketing efforts of this new segment.

Bank service fees for the Third Quarter of 2002 were $403,000, a $9,000 or 2.2% decrease compared to the Third Quarter of 2001. Bank service fees for the First Nine Months of 2002 were $1,239,000, a $128,000 or 11.5% increase compared to the First Nine Months of 2001. The increase in the First Nine Months of 2002 over 2001 is due to the fact that service fees increase as the value of noninterest-bearing deposits, used to compensate the Bank, decrease as the general level of interest rates decrease and to an expansion of the Bank's customer base.

In the First Nine Months of 2002 the Company recorded net gains of $942,000 on the sales of securities with a fair value of $52,870,000. The sales of securities were transacted to adjust the portfolio to reflect the changes in the interest rate environment and growth in the loan portfolio during the past year and to offset the loss in interest income due to the dramatic decline in the general level of interest rates.

Noninterest Expense

Total noninterest expense for the Third Quarter of 2002 was $11,493,000, a $393,000 or 3.5% increase compared to the Third Quarter of 2001. Total noninterest expense for the First Nine Months of 2002 was $34,530,000, a $1,305,000 or 3.9% increase compared to the First Nine Months of 2001.

Salaries and benefits expense for the Third Quarter of 2002 was $7,847,000, a $333,000 or 4.4% increase compared to the Third Quarter of 2001. Salaries and benefits expense for the First Nine Months of 2002 was $23,350,000, a $451,000 or 2.0% increase compared to the Nine Months Half of 2001. These increases were due to both an increased staff in the transportation and utility processing divisions due to an increase in production and to increases in health insurance and pension expense.

Occupancy expense for the Third Quarter of 2002 was $367,000, a $53,000 or 12.6% decrease compared to the Third Quarter of 2001. Occupancy expense for the First Nine Months of 2002 was $1,115,000, a $193,000 or 14.8% decrease compared to the First Nine Months of 2001. These decreases relate primarily to reduced rent and related expenses from the closing of the Company's office in Chicago and one of its bank branches located in St. Louis, Missouri. The decrease in the First Nine Months of 2002 also included a decrease in rent expense the Company experienced after moving its Columbus operations from leased space to a newly acquired building.

Equipment expense for the Third Quarter of 2002 was $1,037,000, an increase of $77,000 or 8.0% compared to the Third Quarter of 2001. Equipment expense for the First Nine Months of 2002 was $3,241,000, an increase of $563,000 or 21.0% compared to the First Nine Months of 2001. These increases were due primarily to increased investments in information technology.

Other noninterest expense for the Third Quarter of 2002 was $2,242,000, an increase of $36,000 or 1.6% compared to the Third Quarter of 2001. Other noninterest expense for the First Nine Months of 2002 was $6,824,000, an increase of $484,000 or 7.6% compared to the First Nine Months of 2001. The increase in the First Nine Months of 2002 were due primarily to increases in production expenses such as postage and outside service fees.

Income tax expense for the Third Quarter of 2002 was $683,000, a decrease of $352,000 or 34.0% compared to the Third Quarter of 2001. Income tax expense for the First Nine Months of 2002 was $2,287,000, a decrease of $594,000 or 20.6% compared with the First Nine Months of 2001. These decreases were primarily due to a shift of investments in debt and equity securities from taxable securities to tax-exempt securities and resulted in an effective tax rate for the Third Quarter of 2002 of 28% compared with 35% in the Third Quarter of 2001 and an effective rate of 30% for the First Nine Months of 2002 compared with 35% for the First Nine Months of 2001.

Financial Condition

Total assets at September 30, 2002 were $588,759,000, a decrease of $12,116,000 or 2.0% from December 31, 2001. Loans, net of the allowance for loan losses, at September 30, 2002 were $411,269,000, an increase of $34,723,000 or 9.2% from December 31, 2001. Total investments in debt and equity securities at September 30, 2002 were $88,255,000, a $4,075,000 or 4.4% decrease from December 31, 2001. Federal funds sold and other short-term investments at September 30, 2002 were $15,116,000 a $52,824,000 or 77.8% decrease from December 31, 2001.

Total deposits at September 30, 2002 were $239,978,000, a $8,000,000 or 3.2% decrease from December 31, 2001. Accounts and drafts payable were $277,547,000, a $14,247,000 or 4.9% decrease from December 31, 2001. Total shareholders' equity at September 30, 2002 was $60,423,000, a $4,903,000 or 8.8% increase from December 31, 2001.

The increase in loans relates primarily to the Bank's marketing efforts, both in the commercial and church and church-related areas. The decrease in debt and equity securities relates to the maturities and sales securities in the First Nine Months of 2002, which was mostly offset by the purchases made during this period. A $10,000,000 investment in bank owned life insurance was made during the Third Quarter of 2002, to offset the increasing cost of employee benefits. The decrease in federal funds sold and other short-term investments was used mainly to fund loan growth. The decrease in deposits reflects normal daily and seasonal fluctuations. The ending balances of accounts and drafts payable decreased due to the fact that these balances will fluctuate from period-end to period-end due to the payment processing cycle, which results in lower balances on days when checks clear and higher balances on days when checks are issued. For this reason, average balances are a more meaningful measure of accounts and drafts payable (for average balances refer to the tables on page 11 to 13). The increase in total shareholders' equity resulted from net income of $5,351,000; cash received from the exercise of stock options of $348,000; the amortization of the stock bonus plan of $18,000; the tax benefit received from the exercise of stock awards of $186,000; and the increase in other comprehensive income of $1,305,000; offset by dividends paid of $1,922,000 ($.60 per share) and the purchase of treasury shares for $383,000 (15,664 shares).

Liquidity and Capital Resources

The balances of liquid assets consists of cash and cash equivalents, which include cash and due from banks, federal funds sold, and money market funds were $47,336,000 at September 30, 2002, a decrease of $52,519,000 or 52.6% from December 31, 2001. At September 30, 2002 these assets represented 8.0% of total assets. These funds are the Company's and its subsidiaries' primary source of liquidity to meet future expected and unexpected loan demand, depositor withdrawals or reductions in accounts and drafts payable.

Secondary sources of liquidity include the investment portfolio and borrowing lines. Total investment in debt and equity securities was $88,255,000 at September 30, 2002, a decrease of $4,075,000 or 4.4% from December 31, 2001. These assets represented 15.0% of total assets at September 30, 2002. Of this total, 57% were state and municipal securities, 25% were mortgage-backed securities, 17% were U.S. government agencies and 1% were other securities. Of the total portfolio, 41% matures in one to five years and 59% matures in five or more years. At January 1, 2001 the Company transferred the remaining balance of held-to-maturity securities into available-for-sale securities. The investment portfolio provides secondary liquidity through regularly scheduled maturities, the ability to sell securities out of the available-for-sale portfolio, and the ability to use these securities in conjunction with repurchase lines of credit.

The Bank has unsecured lines at correspondent banks to purchase federal funds up to a maximum of $24,000,000. Additionally, the Company maintains secured lines of credit at unaffiliated financial institutions in the maximum amount of $40,000,000.

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

Net cash provided by operating activities totaled $7,173,000 for the First Nine Months of 2002, compared to $3,734,000 for the First Nine Months of 2001. Net cash used in investing activities was $40,288,000 for the First Nine Months of 2002, compared with $32,946,000 for the First Nine Months of 2001. Net cash used in financing activities for the First Nine Months of 2002 was $19,404,000, compared with net cash provided of $1,860,000 for the First Nine Months of 2001. The increase in net cash used in investing activities relates primarily to an increase in outstanding loans, increase in the purchase of debt and equity securities and the purchase of bank owned life insurance and was offset by the sales of debt securities. The increase in net cash used in financing activities in the First Nine Months of 2002 over net cash provided in 2001 relates to both a decrease in deposits and accounts and drafts payable.

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

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

The Company and the Bank continue to significantly exceed all regulatory capital requirements, as evidenced by the following capital amounts and ratios at September 30, 2002 and December 31, 2001:

September 30, 2002	Amount	Ratio
Total capital (to risk-weighted assets)		
Cass Information Systems, Inc.	$58,228,000	12.14%
Cass Commercial Bank	26,814,000	11.92
Tier I capital (to risk-weighted assets)		
Cass Information Systems, Inc.	$53,024,000	11.06%
Cass Commercial Bank	24,005,000	10.67
Tier I capital (to average assets)		
Cass Information Systems, Inc.	$53,024,000	9.03%
Cass Commercial Bank	24,005,000	8.90

December 31, 2001	Amount	Ratio
Total capital (to risk-weighted assets)		
Cass Information Systems, Inc.	$54,537,000	12.22%
Cass Commercial Bank	25,363,000	11.41
Tier I capital (to risk-weighted assets)		
Cass Information Systems, Inc.	$49,631,000	11.12%
Cass Commercial Bank	22,608,000	10.17
Tier I capital (to average assets)		
Cass Information Systems, Inc.	$49,631,000	8.75%
Cass Commercial Bank	22,608,000	9.20

Inflation

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As described in the Company's Annual Report on Form 10-K for the year ended December 31, 2001, the Company manages its interest rate risk through measurement techniques that include gap analysis and a simulation model. As part of the risk management process, asset/liability management policies are established and monitored by management. The policy objective is to limit the change in annualized net interest income to 15% from an immediate and sustained parallel change in interest rates of 200 basis points. Based on the Company's most recent evaluation, management does not believe the Company's risk position at September 30, 2002 has changed materially from that at December 31, 2001.

ITEM 4. DISCLOSURES AND CONTROLS

(a) Evaluation of disclosure controls and procedures. The Company maintains controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed within 90 days of the filing date of this report, the chief executive officer and the chief financial officer of the Company concluded that the Company's disclosure controls and procedures were adequate.

(b) Changes in internal controls. The Company made no significant changes in its internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the chief executive officer and chief financial officer.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS IN SENIOR SECURITIES

None

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

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 99.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Cass Information Systems, Inc. did not file any reports on Form 8-K during the three-month period ended September 30, 2002.

SIGNATURES

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

CASS INFORMATION SYSTEMS, INC.

DATE: November 4, 2002 By /s/ Lawrence A. Collett

Lawrence A. Collett
Chairman and Chief Executive Officer

DATE: November 4, 2002 By /s/ Eric H. Brunngraber

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

CERTIFICATIONS

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

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Lawrence A. Collett

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Lawrence A. Collett
Chairman and Chief Executive Officer
November 4, 2002

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

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

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

    b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

/s/ Eric H. Brunngraber
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Eric H. Brunngraber
Vice President - Secretary
(Chief Financial and Accounting Officer)
November 4, 2002

Exhibit 99.1

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

In connection with the Quarterly Report of Cass Information Systems, Inc. ("the Company") on Form 10-Q for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence A. Collett, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Lawrence A. Collett

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Lawrence A. Collett
Chairman and Chief Executive Officer
November 4, 2002

Exhibit 99.2

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

In connection with the Quarterly Report of Cass Information Systems, Inc. ("the Company") on Form 10-Q for the period ended September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Eric H. Brunngraber, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

/s/ Eric H. Brunngraber

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Eric H. Brunngraber
Vice President - Secretary
(Chief Financial and Accounting Officer)
November 4, 2002