UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549
FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1997
Commission File Number 0-12154

THE PEOPLES HOLDING COMPANY
(Exact name of the registrant as specified in its charter)

MISSISSIPPI 64-0676974
(State of Incorporation) (I.R.S. Employer Identification Number)

209 Troy Street, P. O. Box 709, Tupelo, Mississippi 38801
(Address of principal executive offices)

Registrant's telephone number including area code 601-680-1001

Indicate by check 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, and (2) has been subject to such filing requirements for the past 90 days.
YES__X__NO_____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as to the latest practicable date.

Common stock, $5 Par Value, 3,906,675 shares outstanding
as of May 2, 1997

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PART 1. FINANCIAL INFORMATION PAGE

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	MARCH 31 1997 (Unaudited)	DECEMBER 31 1996 (Note 1)
Assets		
Cash and due from banks	$ 36,699,189	$ 38,374,641
Federal funds sold	5,500,000	8,500,000
Cash and cash equivalents	42,199,189	46,874,641
Interest bearing balances with banks	2,304,586	1,824,031
Securities held-to-maturity (market value-$52,371,345 and $52,334,931 at March 31, 1997 and December 31, 1996, respectively)	52,180,136	52,051,251
Securities available-for-sale (amortized cost-$214,355,444 and $193,696,615 at March 31, 1997 and December 31, 1996, respectively)	213,275,231	194,058,997
Loans, net of unearned income	570,958,308	562,752,505
Allowance for loan losses	(9,313,276)	(9,309,354)
Net Loans	561,645,032	553,443,151
Premises and equipment	22,004,088	21,559,955
Other assets	24,200,495	23,277,326
Total Assets	$ 917,808,757	$ 893,089,352
Liabilities		
Deposits:		
Noninterest-bearing	$ 123,217,017	$ 118,638,526
Certificates of deposit exceeding $100,000	92,447,778	89,435,562
Interest bearing	573,859,483	564,767,920
Total Deposits	789,524,278	772,842,008
Treasury tax and loan note account	8,017,715	6,354,142
Borrowings	15,694,562	11,174,638
Other liabilities	13,096,162	12,157,744
Total Liabilities	$ 826,332,717	$ 802,528,532
Shareholders' Equity		
Common Stock, $5 par value-7,500,000 shares authorized, 3,906,675 shares issued and outstanding at March 31, 1997 and December 31, 1996, respectively ...	19,533,375	19,533,375
Additional paid-in capital	39,875,796	39,875,796
Unrealized gains (losses) on securities, available-for-sale, net of tax	(677,397)	227,214
Retained earnings	32,744,266	30,924,435
Total Shareholders' Equity	91,476,040	90,560,820
Total Liabilities and Shareholders' Equity	$ 917,808,757	$ 893,089,352

See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	THREE MONTHS ENDED MARCH 31	
	1997	1996
	(Unaudited)	
Interest Income		
Loans	$ 13,129,673	$ 12,265,259
Securities:		
Taxable	3,203,063	2,979,267
Tax-exempt	719,164	717,022
Other	206,791	298,778
Total interest income	17,258,691	16,260,326
Interest Expense		
Time deposits exceeding $100,000	867,639	865,095
Other deposits	6,266,525	6,054,048
Borrowings	299,077	26,721
Total interest expense	7,433,241	6,945,864
Net interest income	9,825,450	9,314,462
Provision for loan losses	570,000	630,225
Net interest income after provision for loan losses	9,255,450	8,684,237
Noninterest income:		
Service charges on deposit accounts	1,598,356	1,600,496
Fees and commission	440,016	419,300
Trust revenue	149,700	135,000
Securities gains	90,655	108,450
Other	571,700	471,228
Total noninterest income	2,850,427	2,734,474
Noninterest expense:		
Salaries and employee benefits	4,655,620	4,638,228
Net occupancy	684,009	548,005
Equipment	445,062	344,101
Other	2,567,258	2,574,932
Total noninterest expense	$ 8,351,949	$ 8,105,266
Income before income taxes	3,753,928	3,313,445
Income taxes	1,152,762	1,005,977
Net income	$ 2,601,166	$ 2,307,468
Earnings per share	$ .67	$ .59
Weighted average shares outstanding	3,906,675	3,906,675

See Notes to Consolidated Financial Statements.

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED MARCH 31 1997	1996
	(Unaudited)	
Operating Activities		
Net income	$ 2,601,166	$ 2,307,468
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	570,000	630,225
Provision for depreciation and amortization	618,633	473,449
Net amortization (accretion) of securities premiums/discounts	166,494	(139,959)
Gains on sales/calls of securities	(90,655)	(79,192)
Increase in other liabilities	938,418	112,997
Deferred income taxes	(98,387)	39,041
Losses (gains) on sales of premises and equipment	103,693	(4,660)
Increase in other assets	(333,169)	(369,324)
Net Cash Provided by Operating Activities	4,476,193	2,970,045
Investing Activities		
Net decrease (increase) in balances with other banks	(480,555)	8,427,484
Proceeds from maturities/calls of securities held-to-maturity	342,000	634,077
Proceeds from maturities/calls of securities available-for-sale	28,706,824	20,479,617
Proceeds from sales of securities available-for-sale	6,090,655	5,079,192
Purchases of securities held-to-maturity	(462,000)	(2,348,422)
Purchases of securities available-for-sale	(55,541,198)	(61,088,836)
Net increase in loans	(8,909,423)	(3,618,058)
Proceeds from sales of premises and equipment	153,406	22,896
Purchases of premises and equipment	(1,135,786)	(643,474)
Net Cash Used in Investing Activities	(31,236,077)	(33,055,524)
Financing Activities		
Net increase in noninterest-bearing deposits	4,578,491	4,956,336
Net increase in certificates of deposit exceeding $100,000	3,012,216	8,617,061
Net increase in other interest-bearing deposits	9,091,563	11,777,061
Net increase in treasury tax and loan note account	1,663,573	309,571
Increase (decrease) in borrowings	4,519,924	(226,435)
Cash dividends paid	(781,335)	(683,752)
Net Cash Provided by Financing Activities	22,084,432	24,749,842
Decrease in Cash and Cash Equivalents	(4,675,452)	(5,335,637)
Cash and cash equivalents at beginning of period	46,874,641	63,918,819
Cash and cash equivalents at end of period	$ 42,199,189	$ 58,583,182
Non-cash transactions:		
Transfer of loans to other real estate	$ 137,542	$ 338,530

See Notes to Consolidated Financial Statements

Note 1 Basis of Presentation

The consolidated balance sheet at December 31, 1996 has been derived from the audited consolidated financial statements at that date. The accompanying unaudited consolidated financial statements reflect all adjustments (consisting only of normally recurring accruals) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The statements should be read in conjunction with the summary of accounting policies and notes to consolidated financial statements included in the Registrant's annual report for the year ended December 31, 1996. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted in accordance with the rules of the Securities and Exchange Commission.

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

This Form 10-Q may contain or incorporate by reference statements which may constitute "forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21 of the Securities Exchange Act of 1934, as amended. Prospective investors are cautioned that any such forward-looking statements are not guarantees for future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Important factors currently known to management that could cause actual results to differ materially from those in forward-looking statements include significant fluctuations in interest rates, inflation, economic recession, significant changes in the federal and state legal and regulatory environment, significant underperformance in the Company's portfolio of outstanding loans, and competition in the Company's markets. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time.

Financial Condition

Total assets of The Peoples Holding Company grew from $893,089,352 on December 31, 1996, to $917,808,757 on March 31, 1997, or 2.77% for the three month period. Total securities increased from $246,110,248 on December 31, 1996, to $265,455,367 on March 31, 1997, in accordance with management's strategic plan. Loans, net of unearned income, increased $8,205,803 or 1.46%.

Total deposits for the first three months of 1997 grew from $772,842,008 on December 31, 1996 to $789,524,278 on March 31, 1997, or an increase of 2.16%, with the majority of growth in time deposits.

The equity capital to total assets ratio was 9.97% and 10.14% for March 31, 1997 and December 31, 1996, respectively. The decrease is mainly due to the unrealized losses on securities, available-for-sale, at March 31, 1997.

Results of Operations-Quarter Ended March 31, 1997 compared to 1996

The Company's net income for the three month period ending March 31, 1997 was $2,601,166 compared to $2,307,468 from the first quarter of 1996. The increase in net income for the first quarter of 1997 compared to 1996 is due to the increase in volume of loans and securities. The volume increase was slightly affected by a decrease in the net interest margin of eight basis points for the quarter ended March 31, 1997 compared to the same period in 1996. The annualized returns on average assets for the first quarter of 1997 and 1996 were 1.16% and 1.09%, respectively.

Net interest income, the difference between interest earned on assets and the cost of interest-bearing liabilities, is the largest component of the Company's net income. The primary items of concern in managing net interest income are the mix and maturity balance between interest-sensitive assets and related liabilities. Net interest income was $9,825,450 and $9,314,462 for the three months ending March 31, 1997 and 1996, respectively. Earning assets averaged $839.0 million for first quarter ending March 31, 1997 compared to $773.9 million for the same period in 1996. The net interest margin was 4.96% and 5.04% for the three months ending March 31, 1997 and 1996, respectively. The decrease in net interest margin is due to the increase in the volume and rate of costing liabilities in the first quarter of 1997.

The provision for loan losses is an amount which, in the judgement of management, is necessary to maintain the allowance for loan losses at a level that is adequate to absorb inherent losses on the Company's current portfolio of loans. The appropriate level of the allowance is based on a quarterly analysis of the loan portfolio including consideration of such factors as the risk rating of individual credits, size and diversity of the portfolio, economic conditions, prior loss experience, and the results of periodic credit reviews by internal loan review and regulators. The provision for loan losses totalled $570,000 and $630,225 for quarters ending March 31, 1997 and 1996, respectively. The allowance for loan losses as a percentage of net loans outstanding was 1.63% and 1.65% as of March 31, 1997 and 1996, respectively. Net charge-offs to average loans was .10% and .16% for the three months ending March 31, 1997 and 1996, respectively.

Noninterest income, excluding security gains and losses was $2,759,772 for the quarter ending March 31, 1997, compared to $2,626,024 for same period in 1996, or a increase of 5.09%. Fees and commissions were up $20,716, and other operating income was up $100,472. These increases were due in part to an increase in total deposits of the Company.

Noninterest expenses were $8,351,949 for the quarter ending March 31, 1997, compared to $8,105,266 for the same period in 1996, or an increase of 3.04%. The components of noninterest expenses reflect normal increases for personnel related expenses and general inflation in the cost of services and supplies purchased by the Company.

Income tax expense was $1,152,762 for the three months ending March 31, 1997, compared to $1,005,977 for the same period in 1996. The increase is due to increased profits for the first quarter of 1997 compared to 1996. The Company continues to invest in assets whose earnings are given favorable tax treatment.

Liquidity Risk

Liquidity management is the ability to meet the cash flow requirements of customers who may be either depositors wishing to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs.

Core deposits are a major source of funds used to meet cash flow needs. Maintaining the ability to acquire these funds as needed in a variety of money markets is a key to assuring liquidity. The Company has worked toward lowering its dependence on other public funds. This has added more stability to the Company's core deposit base reducing the dependence on highly liquid assets.

Approximately 88% of the Company's deposits are composed of accounts with balances less than $100,000. When evaluating the movement of these funds even during large interest rate changes, it is apparent that the Company continues to attract deposits that can be used to meet cash flow needs.

Other sources available for meeting the Company's liquidity needs includes available-for-sale securities. The available-for-sale portfolio is composed of securities with a readily available market that can be used to convert to cash if the need arises. In addition, the Company maintains a federal funds position that provides day-to-day funds to meet liquidity needs and may also obtain advances from the Federal Home Loan Bank or the treasury tax and loan note account, in order to meet liquidity needs.

Capital Resources

The Bank is 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 Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios. All banks are required to have core capital (Tier I) of at least 4% of risk-weighted assets (as defined), 4% of average assets (as defined), and total capital of 8% of risk-weighted assets (as defined). As of March 31, 1997, the Bank has meet all capital adequacy requirements to which it is subject.

As of March 31, 1997, the most recent notification from the Federal Deposit Insurance Corporation (FDIC) categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based, and Tier I leverage ratios of 10%, 6%, and 5%, respectively. In the opinion of management, there are no conditions or events since the last notification that have changed the institution's category.

The Bank's actual capital amounts and applicable ratios are as follows:

	Actual	
	Amount (000)	Ratio
As of March 31, 1997		
Total Capital .... (to Risk Weighted Assets)	$ 94,818	16.4%
Tier I Capital .... (to Risk Weighted Assets)	$ 87,585	15.1%
Tier I Capital .... (to Average Assets)	$ 87,585	9.7%
As of December 31, 1996		
Total Capital .... (to Risk Weighted Assets)	$ 92,734	16.4%
Tier I Capital .... (to Risk Weighted Assets)	$ 85,618	15.1%
Tier I Capital .... (to Average Assets)	$ 85,618	9.9%

Management recognizes the importance of maintaining a strong capital base. As the above ratios indicate, the Company exceeds the requirements for a well capitalized bank.

Book value per share was $ 23.42 and $23.18 at March 31, 1997 and December 31, 1996, respectively. Quarterly cash dividends were raised to $.20 per share, up from $.18 per share during the first quarter of 1996.

The Company's capital policy is to evaluate future needs based on growth, earnings trends and anticipated acquisitions.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There were no material proceedings pending at March 31 1997, against the registrant or its subsidiary.

Item 6(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the first quarter of 1997.

SIGNATURES

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

THE PEOPLES HOLDING COMPANY

Registrant

DATE: May 2, 1997

/s/ John W. Smith

John W. Smith
President & Chief Executive Officer

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