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 September 30, 1996
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 November 12, 1996

THE PEOPLES HOLDING COMPANY
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[CAPTION]

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

[S]	SEPTEMBER 30 1996 (Unaudited) [C]	DECEMBER 31 1995 (Note 1) [C]
Assets		
Cash and due from banks	$ 48,332,727	$ 46,918,819
Federal Fund Sold		17,000,000
	48,332,727	63,918,819
Interest bearing balances with banks	107,635	8,814,411
Securities held-to-maturity (market value-$50,870,418 and $46,584,144 at September 30, 1996 and December 31, 1995, respectively)	50,812,883	45,837,145
Securities available-for-sale (amortized cost-$196,020,792 and $170,056,282 at September 30, 1996 and December 31, 1995, respectively)	195,597,190	168,381,798
Loans	556,170,624	533,545,333
Unearned Income	(8,705,911)	(11,231,586)
Allowance for loan losses	(9,013,681)	(8,815,130)
Net Loans	538,451,032	513,498,617
Premises and equipment	20,697,570	20,323,492
Other assets	23,639,094	20,925,126
Total Assets	$ 877,638,131	$ 841,699,408
Liabilities		
Deposits:		
Noninterest-bearing	$ 118,639,941	$ 116,894,919
Certificates of deposit exceeding $100,000	75,799,970	62,620,549
Interest bearing	563,295,813	560,029,831
Total Deposits	757,735,724	739,545,299
Treasury tax and loan note account	10,000,000	2,400,495
Borrowings	10,034,954	4,313,109
Other liabilities	11,685,268	10,480,085
Total Liabilities	$ 789,455,946	$ 756,738,988
Shareholders' Equity		
Common Stock, $5 par value-7,500,000 authorized, 3,906,675 and 2,604,760 shares issued and outstanding at September 30, 1996 and December 31, 1995, respectively	19,533,375	13,023,800
Additional paid-in capital	39,875,796	39,875,796
Unrealized gains (losses) on securities available-for-sale, net of tax	(265,596)	1,169,262
Retained earnings	29,038,610	30,891,562
Total Shareholders' Equity	88,182,185	84,960,420
Total Liabilities and Shareholders' Equity	$ 877,638,131	$ 841,699,408

See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	NINE MONTHS ENDED SEPTEMBER 30 1996	1995	THREE MONTHS ENDED SEPTEMBER 30 1996	1995
	(Unaudited)		(Unaudited)	
Interest Income				
Loans	$ 37,534,320	$ 36,520,022	$ 12,764,539	$ 12,648,072
Securities:				
Taxable	9,152,374	7,411,152	3,068,053	2,598,563
Tax-exempt	2,116,570	2,060,993	768,450	700,299
Other	671,362	657,974	126,852	245,598
Total interest income	49,474,626	46,650,141	16,727,894	16,192,532
Interest Expense				
Time deposits exceeding $100,000	2,857,708	2,405,411	1,014,664	866,922
Other deposits	17,730,990	15,837,862	5,842,221	5,649,314
Borrowings	300,842	290,180	157,168	92,669
Total interest expense	20,889,540	18,533,453	7,014,053	6,608,905
Net interest income	28,585,086	28,116,688	9,713,841	9,583,627
Provision for loan losses	1,894,808	2,122,306	634,358	922,306
Net interest income after provision for loan losses	26,690,278	25,994,382	9,079,483	8,661,321
Noninterest income:				
Service charges on deposit accounts	4,888,371	4,488,585	1,676,670	1,432,707
Fees and commissions	1,299,305	1,115,379	462,852	398,583
Trust department	405,000	391,500	135,000	130,500
Security gains(losses)	191,723	(511,221)	30,300	(97,258)
Other	1,176,964	2,390,944	380,427	1,587,357
Total noninterest income	7,961,363	7,875,187	2,685,249	3,451,889
Noninterest expenses:				
Salaries and employee benefits	13,984,828	13,580,649	4,727,575	4,728,227
Net occupancy	1,649,284	1,635,728	530,204	522,460
Equipment	1,146,504	956,898	399,860	312,909
Other	8,075,320	7,641,460	2,843,150	2,741,081
Total noninterest expenses	24,855,936	23,814,735	8,500,789	8,304,677
Income before income taxes	9,795,705	10,054,834	3,263,943	3,808,533
Income taxes	2,946,622	2,989,827	985,198	1,171,772
Net income	$ 6,849,083	$ 7,065,007	$ 2,278,745	$ 2,636,761
Earnings per share	$ 1.75	$ 1.81	$ .58	$ .67
Weighted average shares outstanding	3,906,675	3,906,675	3,906,675	3,906,675

See Notes to Consolidated Financial Statements

[CAPTION]

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

[S]	NINE MONTHS ENDED SEPTEMBER 30 1996 [C]	1995 [C]
	(Unaudited)	
Operating Activities		
Net Income	$ 6,849,083	$ 7,065,007
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,894,808	2,122,306
Provision for depreciation and amortization	1,604,176	1,398,537
Net amortization (accretion) of securities premiums/discounts	84,331	1,579,392
Losses (gains) on sales/calls of securities	(191,723)	511,221
Increase in other liabilities	1,205,183	1,823,888
Deferred income tax (credits)	180,740	(331,727)
Gain on sale of loans		(585,304)
Losses (gains) on sales of premises and equipment	(78,651)	13,917
Increase in other assets	(1,087,010)	(1,952,719)
Net Cash Provided by Operating Activities	10,460,937	11,644,518
Investing Activities		
Net (increase) decrease in balances with other banks	8,706,776	(489,778)
Proceeds from maturities/calls of securities held-to-maturity	2,361,056	1,349,041
Proceeds from maturities/calls of securities available-for-sale	42,748,943	52,003,805
Proceeds from sales of securities available-for-sale	23,691,723	26,511,221
Purchases of securities held-to-maturity	(7,367,988)	(4,726,114)
Purchases of securities available-for-sale	(95,791,972)	(82,796,018)
Net increase in loans	(28,253,132)	(36,526,651)
Proceeds from sales of loans		12,690,078
Proceeds from sales of premises and equipment	84,636	167,504
Purchases of premises and equipment	(1,546,377)	(2,903,074)
Net Cash Used in Investing Activities	(55,366,335)	(34,719,986)
Financing Activities		
Net (increase) decrease in noninterest-bearing deposits	1,745,022	(2,421,374)
Net increase in certificate of deposits exceeding $100,000	13,179,421	7,560,200
Net increase in other interest-bearing deposits	3,265,982	26,596,533
Net increase (decrease) in treasury tax and loan note account	7,599,505	(8,702)
Net increase (decrease) in borrowings	5,721,845	(246,950)
Cash dividends paid	(2,192,469)	(1,992,646)
Net Cash Provided by Financing Activities	29,319,306	29,487,061
Increase (Decrease) in Cash and Cash Equivalents	(15,586,092)	6,411,593
Cash and Cash Equivalents at beginning of period	63,918,819	45,273,177
Cash and Cash Equivalents at end of period	$ 48,332,727	$ 51,684,770
Non-cash transactions:		
Transfer of loans to other real estate	$ 1,405,909	$ 1,912,124

See Notes to Consolidated Financial Statements

Note 1 Basis of Presentation:

The consolidated balance sheet at December 31, 1995, has been derived from the audited 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 presentation 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, 1995. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been omitted in accordance with the rules of the Securities and Exchange Commission.

Note 2 Changes in Accounting Methods:

Beginning in 1995, the Company adopted Financial Accounting Standards Board (FASB) Statement No. 114, "Accounting by Creditors for Impairment of a Loan," which was amended by FASB Statement No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures." Under these new standards, the allowance for loan losses related to loans that are identified for evaluation in accordance with Statement No. 114 is based on discounted cash flows using the loan's initial effective interest rate or fair value of the collateral for certain collateral-dependent loans. The adoption of these new standards did not have a significant effect on the allowance for loan losses or the method of income recognition for impaired loans.

Beginning in 1996, the Company adopted Financial Accounting Standards Board (FASB) Statement No. 122 "Accounting for Mortgage Servicing rights, an Amendment of FASB Statement No. 65." Under this new standard, the company is required to capitalize the cost of mortgage servicing rights separate from the cost of originating the loan, when a definitive plan to sell or securitize the loan and retain the mortgage servicing rights exists. The adoption of this new standard did not have a significant impact on the financial condition or results of operations of the Company.

Note 3 Stock Dividend:

Effective May 20, 1996, for shareholders of record at April 30, 1996, the Company declared a 50% stock dividend. The stock dividend increased the number of shares outstanding from 2,604,760 to 3,906,675, which is net of 465 fractional shares paid in cash by the Company. Per share data has been restated to reflect the stock dividend. The Company also increased the quarterly dividend from $.175 per share for the third quarter of 1995 to $.19 per share for the third quarter of 1996.

Note 4 Reclassifications:

Certain reclassifications have been made to the 1995 consolidated financial statements to conform with the 1996 presentation.

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

Financial Condition

Total assets of The Peoples Holding Company grew from $841,699,408 on December 31, 1995, to $877,638,131 on September 30, 1996, or 4.27% for the nine month period. Total securities increased from $214,218,943 on December 31, 1995, to $246,410,073 on September 30, 1996, in accordance with management's strategic plan. Loans, net of unearned income, increased $25,150,966 or 4.82% comparing September 30, 1996 to December 31, 1995.

Total deposits for the first nine months of 1996 grew from $739,545,299 on December 31, 1995 to $757,735,724 on September 30, 1996, or an increase of 2.46%, with the majority of growth in certificates of deposit exceeding $100,000.

The Treasury tax and loan note account increased $7,599,505 due to short-term borrowings made in September 1996. The Company also borrowed, on a short-term note, approximately $4,000,000 from the Federal Home Loan Bank, which increased borrowings for 1996 compared to 1995. The short-term borrowings were subsequently paid in October 1996.

The equity capital to total assets ratio was 10.05% and 10.09% at September 30, 1996 and December 31, 1995, respectively.

Results of Operations-September 30, 1996 compared to September 30, 1995

The Company's net income for the nine month period ending September 30, 1996 was $6,849,083 compared to $7,065,007 for the same period in 1995. The following factors affect the comparability of net income for the nine month periods ending September 30, 1996 and 1995. Effective September 30, 1996, the Company was assessed a one-time charge of approximately $240,000 ($150,000 net of tax) by the Federal Deposit Insurance Corporation (FDIC) to re-capitalize the Savings Association Insurance Fund (SAIF). All Oakar financial institutions were assessed based on their deposit base at March 31, 1995. Also, during the third quarter of 1995, the Company realized a gain on the sale of loans totalling approximately $330,000, net of tax. These were 25 to 30 year mortgages that were sold based on management's strategic plan. Finally, during the second quarter of 1995, the Bank received a favorable reversal of a legal judgement, net of tax of $348,920, which was previously expenses as a loss in 1991. The annualized returns on average assets for the nine month periods ending September 30, 1996 and 1995 were 1.06% and 1.16%, respectively.

Net income was $2,278,745 and $2,636,761 for the third quarter ending September 30, 1996 and 1995, respectively. The decrease in net income for the third quarter of 1996 compared to 1995 is due to the FDIC assessment in 1996 and gain on loans in 1995, previously mentioned.

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 interest-sensitive liabilities. Net interest income for the nine month periods ending September 30, 1996 and 1995 was $28,585,086 and $28,116,688, respectively. Net interest income was $9,713,841 and $9,583,627 for the three month periods ending September 30, 1996 and 1995, respectively. Earning assets averaged $770.6 million for the nine month period ending September 30, 1996 compared to $740.7 million for the same period in 1995. Net interest margin was 5.08% and 5.24% for the nine month periods ending September 30, 1996 and 1995, respectively. The decrease in net interest margin is due to the increase in the volume and rate of costing liabilities in 1996.

The provision for loan losses charged to operating expense 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 meet the present and potential risks of 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, regulators, and the Company's independent accounting firm. The provision for loan losses totaled $1,894,808 and $2,122,306 for the nine month periods ending September 30, 1996 and 1995, respectively. The allowance for loan losses as a percentage of net loans outstanding was 1.65% and 1.69% as of September 30, 1996 and December 31, 1995, respectively. Net charge-offs to average loans was .32% and .35% for the nine month periods ending September 30, 1996 and 1995, respectively.

Noninterest income was $7,961,363 for the nine month period ending September 30, 1996, compared to $7,875,187 for the same period in 1995. The increase between 1996 and 1995 is due to the net effect of security gains of $191,723 in 1996 compared to security losses of $511,221 in 1995, offset by the gain of approximately $525,000, before tax, from loans sold in the third quarter of 1995. The increase in deposits at September 30, 1996 compared to same period in 1995 resulted in an increase in service charges along with fees and commissions. Noninterest income for the quarter ending September 30, 1996 decreased $766,640 or 22.21% compared to the same period in 1995. The decrease is mainly due to the gain on loans sold in the third quarter of 1995 and the reversal of a legal judgement in second quarter of 1995 of approximately $585,000 that was expensed in 1991. All other categories under noninterest income were up in the third quarter of 1996 compared to 1995 due to increase in deposit base and security gains in 1996 versus security losses in 1995.

Noninterest expenses were $24,855,936 for nine month period ending September 30, 1996, compared to $23,814,735 for the same period 1995, or an increase of 4.37%. 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. Noninterest expenses for the quarter ending September 30, 1996 increased $196,112 or 2.36% compared to the same period in 1995. In the third quarter of 1996, the Company offered an early retirement package to certain employees, which resulted in a lower cost of salaries in the third quarter of 1996 compared to 1995.

Income tax expense was $2,946,622 for the nine month period ending September 30, 1996, compared to $2,989,827 for the same period in 1995. The decrease is due to decreased profits for the nine month period ending September 30, 1996 compared to 1995 and the Company paying State of Mississippi taxes after a net operating loss carryforward was depleted in the first quarter of 1995. 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 the key to assuring liquidity. The Company continues to maintain a satisfactory level of dependency on other public funds. This has added stability to the Company's core deposit base stabilizing the dependency on highly liquid assets.

Approximately 90% of the Company's deposits are composed of accounts withbalances less than $100,000. When evaluating the movement of these funds even during times of 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 include the available-for-sale securities portfolio and Federal Home Loan Bank borrowings. The available-for-sale portfolio is composed of securities with a readily available market and can be used to convert to cash if the need arises. In addition the Company will maintain a federal funds position which provides day-to-day funds to meet liquidity needs.

Capital Resources

The Company is required to comply with the risk-based capital requirements of the Federal Reserve Board, the FDIC, and the OCC. These requirements apply a variety of weighing factors which vary according to the level of risk associated with the particular assets. The Company met the guidelines for a well capitalized bank at September 30, 1996 and December 31, 1995. The table below shows the capital ratios of the Company at the dates indicated:

[CAPTION]

[S]	September 30 1996 [C]	December 31 1995 [C]	Well-Capitalized [C]
Tier 1 Risk-Based Capital	15.11%	14.87%	6% or above
Total Risk-Based Capital	16.37%	16.14%	10% or above
Leverage Ratio	9.69%	9.67%	5% or above

Retained earnings through operations have been the primary source of capital over the past nine months. The ratio of shareholders' equity to total assets was 10.05% as of September 30, 1996, compared to 10.09% at December 31, 1995. Total shareholders' equity of the Company was $88,182,185 and $84,960,420 at September 30, 1996 and December 31, 1995, respectively. This represented an increase of $3,221,765 or 3.79%.

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 $22.57 and $21.75 at September 30, 1996 and December 31, 1995, respectively. Quarterly cash dividends were raised to $.19 per share, up from $.175 per share in 1995.

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 September 30, 1996, against the registrant or its subsidiary.

Item 6(b) Reports on Form 8-K

No reports on Form 8-K were filed in the third quarter ending September 30, 1996.

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: November 12, 1996

/s/ John W. Smith

John W. Smith
President & Chief Executive Officer

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