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 June 30, 1999
Commission File Number 1-13253

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, 6,232,384 shares outstanding
as of August 13, 1999

THE PEOPLES HOLDING COMPANY
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THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	JUNE 30 1999 (Unaudited)	(Restated) DECEMBER 31 1998 (Note 1)
Assets		
Cash and due from banks	$ 38,270	$ 32,453
Federal funds sold	0	0
Cash and cash equivalents	38,270	32,453
Interest bearing balances with banks	22,494	6,104
Securities held-to-maturity (market value-$87,061 and $80,868 at June 30, 1999 and December 31, 1998, respectively)	85,474	79,176
Securities available-for-sale (amortized cost-$203,532 and $213,138 at June 30, 1999 and December 31, 1998, respectively)	200,255	214,463
Loans, net of unearned income	762,903	729,157
Allowance for loan losses	(10,615)	(9,744)
Net Loans	752,288	719,413
Premises and equipment	27,966	26,805
Other assets	33,340	29,381
Total Assets	$ 1,160,087	$ 1,107,795
Liabilities		
Deposits:		
Noninterest-bearing	$ 139,061	$ 152,496
Certificates of deposit exceeding $100,000	126,317	129,347
Interest bearing	712,076	678,452
Total Deposits	977,454	960,295
Treasury tax and loan note account	9,262	2,455
Borrowings	44,688	20,021
Other liabilities	14,465	14,814
Total Liabilities	1,045,869	997,585
Shareholders' Equity		
Common Stock, $5 par value - 15,000,000 shares authorized, 6,232,384 and 6,191,854 shares issued and outstanding at June 30, 1999 and December 31, 1998, respectively	31,162	30,959
Additional paid-in capital	44,365	43,290
Treasury Stock, at cost	(155)	0
Accumulated other comprehensive income	(2,055)	830
Retained earnings	40,901	35,131
Total Shareholders' Equity	114,218	110,210
Total Liabilities and Shareholders' Equity	$ 1,160,087	$ 1,107,795

See Notes to Condensed Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share data)

	SIX MONTHS ENDED JUNE 30		THREE MONTHS ENDED JUNE 30	
		(Restated)		(Restated)
	1999	1998	1999	1998
	(Unaudited)		(Unaudited)	
Interest Income				
Loans	$ 32,977	$ 30,826	$ 16,815	$ 15,530
Securities:				
Taxable	6,114	6,765	3,103	3,564
Tax-exempt	2,029	1,732	1,040	906
Other	420	566	44	185
Total interest income	41,540	39,889	21,002	20,185
Interest Expense				
Time deposits exceeding $100,000	2,050	2,184	1,031	736
Other deposits	15,512	15,305	7,756	8,149
Borrowings	841	734	480	381
Total interest expense	18,403	18,223	9,267	9,266
Net interest income	23,137	21,666	11,735	10,919
Provision for loan losses	2,021	1,289	1,275	644
Net interest income after provision for loan losses	21,116	20,377	10,460	10,275
Noninterest income:				
Service charges on deposit accounts	4,002	3,557	2,069	1,829
Fees and commissions	1,310	1,115	631	571
Trust revenue	420	360	210	180
Gains on sale of securities and loans	4,158	427	3,962	197
Other	1,646	1,364	676	615
Total noninterest income	11,536	6,823	7,548	3,392
Noninterest expenses:				
Salaries and employee benefits	10,599	10,435	5,522	5,198
Net occupancy	1,477	1,344	704	689
Equipment	1,137	997	591	480
Other	7,437	6,349	3,506	3,401
Total noninterest expenses	20,650	19,125	10,323	9,768
Income before income taxes	12,002	8,075	7,685	3,899
Income taxes	3,630	2,310	2,528	1,089
Net income	$ 8,372	$ 5,765	$ 5,157	$ 2,810
Basic and diluted earnings per share	$ 1.35	$ 0.93	$ 0.83	$ 0.45
Weighted average shares outstanding	6,193,430	6,206,854	6,194,988	6,206,854

See Notes to Condensed Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, except share data)

	SIX MONTHS ENDED JUNE 30 1999 (Unaudited)	(Restated) 1998 (Unaudited)
Operating Activities		
Net Cash Provided by Operating Activities	$ 5,639	$ 5,902
Investing Activities		
Net (increase) decrease in balances with other banks	(15,943)	13,894
Proceeds from maturities/calls of securities held-to-maturity	3,687	1,944
Proceeds from maturities/calls of securities available-for-sale	68,589	32,046
Proceeds from sales of securities available-for-sale	4,108	5,078
Purchases of securities held-to-maturity	(9,958)	(17,185)
Purchases of securities available-for-sale	(63,134)	(74,510)
Net increase in loans	(57,104)	(54,004)
Proceeds from sales of loans	26,330	38,227
Proceeds from sales of premises and equipment	232	267
Purchases of premises and equipment	(2,506)	(2,287)
Net Cash Used in Investing Activities	(45,699)	(56,530)
Financing Activities		
Net increase (decrease) in noninterest-bearing deposits	(13,435)	3,691
Net increase in interest-bearing deposits	30,593	42,893
Net increase in treasury tax and loan note account and federal funds purchased	29,808	3,899
Net increase (decrease) in borrowings	1,667	(190)
Acquisition of treasury stock	(155)	0
Cash dividends paid	(2,601)	(2,176)
Net Cash Provided by Financing Activities	45,877	48,117
Increase (Decrease) in Cash and Cash Equivalents	5,817	(2,511)
Cash and Cash Equivalents at beginning of period	32,453	39,349
Cash and Cash Equivalents at end of period	$ 38,270	$ 36,838
Non-cash transactions:		
Transfer of loans to other real estate	$ 369	$ 556

See Notes to Condensed Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 1999
(in thousands, except share data)

Note 1 Basis of Presentation:

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended June 30, 1999 are not necessarily indicative of the results that may be expected for the year ended December 31, 1999.

For further information, refer to the consolidated financial statements and footnotes thereto included in The Peoples Holding Company and Subsidiary's (collectively, the Company) annual report on Form 10-K for the year ended December 31, 1998.

The historical financial information presented in this Form 10-Q has been restated to include the results of Inter-City Federal Bank for Savings (Inter-City). Inter-City was acquired in a pooling-of-interests transaction on March 26, 1999. In accordance with the pooling-of-interests method of accounting, no adjustments have been made to the historical carrying amounts of assets and liabilities of Inter-City. However, the financial information has been restated to include the results of Inter-City for all stated periods prior to the combination.

Note 2 Mergers and Acquisitions

On June 24, 1999, the Company purchased Reed-Johnson Insurance Agency, Inc. (Reed-Johnson) with the issuance of 40,530 shares of the Company's common stock. Located in Tupelo, Mississippi, Reed-Johnson is an independent insurance agency representing property and casualty companies and providing personal and business coverages. Reed-Johnson will retain its name and staff and will operate as a wholly owned subsidiary of The Peoples Bank and Trust Company. The transaction has been accounted for under the purchase method of accounting.

On March 26, 1999, the Company exchanged 347,382 shares of common stock for all of the outstanding shares of Inter-City, which is located in Louisville, Mississippi. The transaction has been accounted for under the pooling-of-interests method of accounting.

The following tables present selected financial information, split between the Company and Inter-City for the six months ended and three months ended June 30, 1999 and 1998, respectively.

	Six Months Ended June 30 1999	1998
Revenue		
The Peoples Holding Company...............	$ 52,212	$ 44,975
Inter-City Federal Bank for Savings (1)...	864	1,737
	$ 53,076	$ 46,712
Net Income		
The Peoples Holding Company...............	$ 8,501	$ 5,570
Inter-City Federal Bank for Savings (1)...	(129)	195
	$ 8,372	$ 5,765

(1) The 1999 amounts reflect the results of operations from January 1, 1999 through March 26, 1999. The results of operations from March 27, 1999 through June 30, 1999 are included in The Peoples Holding Company amounts.

	Three Months Ended June 30 1999	1998
Revenue		
The Peoples Holding Company...............	$ 28,550	$ 22,702
Inter-City Federal Bank for Savings (1)...	0	875
	$ 28,550	$ 23,577
Net Income		
The Peoples Holding Company...............	$ 5,157	$ 2,714
Inter-City Federal Bank for Savings (1)...	0	96
	$ 5,157	$ 2,810

(1) The results of operations from April 1, 1999 through June 30, 1999 are included in The Peoples Holding Company amounts.

Note 3 Comprehensive Income

As of January 1, 1998, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes new rules for the reporting and display of comprehensive income and its components; however, the adoption of this Statement had no impact on the Company's net income or shareholders' equity. SFAS No. 130 requires unrealized gains or losses on the Company's available-for-sale securities, which prior to adoption were reported separately in shareholders' equity, to be included in other comprehensive income.

For the six month periods ended June 30, 1999 and 1998, total comprehensive income amounted to $5,487 and $6,105, respectively. For the quarters ended June 30, 1999 and 1998, total comprehensive income amounted to $2,901 and $3,009, respectively.

Note 4 Segment Reporting

In June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which established standards for the reporting of financial information from operating segments in annual and interim financial statements. SFAS No. 131 requires that financial information be reported on the same basis that it is reported internally for evaluating segment performance and allocating resources to segments. Because SFAS No. 131 addresses how supplemental financial information is disclosed in annual and interim reports, its adoption had no impact on the financial condition or operating results of the Company.

Segment information for the six months ended June 30, 1999 and 1998, is presented below.

Six Months Ended June 30, 1999	Branches	Specialized Products	All Other	Total
Net interest income	$ 20,971	$ 2,129	$ 37	$ 23,137
Provision for loan loss	846	1,091	84	2,021
Net interest income after provision for loan loss ..	20,125	1,038	(47)	21,116
Non-interest income	5,482	5,261	793	11,536
Non-interest expense	12,387	2,377	5,886	20,650
Income before income taxes .	13,220	3,922	(5,140)	12,002
Income taxes	0	0	3,630	3,630
Net income	$ 13,220	$ 3,922	$ (8,770)	$ 8,372
Intersegment revenue (expense)	$ 273	$ (273)	$ 0	$ 0

Six Months Ended June 30, 1998	Branches	Specialized Products	All Other	Total
Net interest income	$ 19,890	$ 1,691	$ 85	$ 21,666
Provision for loan loss	889	327	73	1,289
Net interest income after provision for loan loss ..	19,001	1,364	12	20,377
Non-interest income	4,859	1,460	504	6,823
Non-interest expense	12,133	2,074	4,918	19,125
Income before income taxes .	11,727	750	(4,402)	8,075
Income taxes	0	0	2,310	2,310
Net income	$ 11,727	$ 750	$ (6,712)	$ 5,765
Intersegment revenue (expense)	$ 238	$ (238)	$ 0	$ 0

Segment information for the three months ended June 30, 1999 and 1998, is presented below.

Three Months Ended June 30, 1999

	Branches	Specialized Products	All Other	Total
Net interest income	$ 10,572	$ 1,154	$ 9	$ 11,735
Provision for loan loss	391	845	39	1,275
Net interest income after provision for loan loss ..	10,181	309	(30)	10,460
Non-interest income	2,782	4,462	304	7,548
Non-interest expense	5,553	1,343	3,427	10,323
Income before income taxes .	7,410	3,428	(3,153)	7,685
Income taxes	0	0	2,528	2,528
Net income	$ 7,410	$ 3,428	$ (5,681)	$ 5,157
Intersegment revenue (expense)	$ 180	$ (180)	$ 0	$ 0

Three Months Ended June 30, 1998

	Branches	Specialized Products	All Other	Total
Net interest income	$ 10,007	$ 843	$ 69	$ 10,919
Provision for loan loss	429	176	39	644
Net interest income after provision for loan loss ..	9,578	667	30	10,275
Non-interest income	2,406	735	251	3,392
Non-interest expense	6,048	1,094	2,626	9,768
Income before income taxes .	5,936	308	(2,345)	3,899
Income taxes	0	0	1,089	1,089
Net income	$ 5,936	$ 308	$ (3,434)	$ 2,810
Intersegment revenue (expense)	$ 124	$ (124)	$ 0	$ 0

Note 5 Subsequent Events

As of June 30, 1999, the Company had repurchased 5,000 shares of its common stock in the open market during the year. Subsequent to that time, the Company purchased an additional 4,500 shares of its common stock. As of August 12, 1999, the Company had repurchased a total of 9,500 shares of the Company's stock during the year at an average price of $31.42 per share.

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 21E 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.

The historical financial information presented in this Form 10-Q has been restated to include the results of Inter-City Federal Bank for Savings (Inter-City). Inter-City was acquired in a pooling-of-interests transaction on March 26, 1999. In accordance with the pooling-of-interests method of accounting, no adjustments have been made to the historical carrying amounts of assets and liabilities of Inter-City. However, the financial information has been restated to include the results of Inter-City for all stated periods prior to the combination.

Financial Condition

Total assets of The Peoples Holding Company grew from $1,107,795 on December 31, 1998, to $1,160,087 on June 30, 1999, or 4.72% for the six month period. Total securities decreased from $293,639 on December 31, 1998, to $285,729 on June 30, 1999. While U. S. Government Treasury and Agency securities and mortgage-backed securities have declined within the portfolio, state, county, and municipal securities have increased since the beginning of the year. This change in the mix was used to enhance portfolio yields.

Total loans, net of unearned income, increased $33,746, or 4.63%, from the beginning of the year despite the sale of approximately $18,000 of credit card loans during the second quarter of 1999. Most of the loan growth has come from commercial loan accounts.

Total deposits for the first half of 1999 grew from $960,295 on December 31, 1998 to $977,454 on June 30, 1999, or an increase of 1.79%, with the majority of growth in public fund checking and time deposits. Short-term borrowings were utilized during the second quarter to assist in funding loan demand.

Equity capital to total assets was 9.85% and 9.95% for June 30, 1999 and December 31, 1998, respectively. Capital grew 3.64% from December 31, 1998 to June 30, 1999. While capital was improved by earnings and the acquisition of Reed-Johnson, the growth was curtailed due to the change in accumulated comprehensive income relating to unrealized portfolio losses as interest rates rose and the purchase of 5,000 shares of Company stock. Cash dividends for the first two quarters of 1999 have been $.21 per share, an increase from $.19 per share in December of 1998.

Results of Operations

The Company's net income for the six month period ending June 30, 1999, was $8,372, representing an increase of $2,607, or 45.22%, over net income for the six month period ending June 30, 1998, which totaled $5,765. While improvements in net income were generated from the usual and customary deposit gathering and lending operations and improved efficiencies from the Sheshunoff consulting engagement, the biggest impact was an after tax gain of $2,344 recognized on the sale of credit card loans. The sale of approximately $18,000 in credit card loans was the first step in liquidating the portfolio. The Company also recognized an additional increase of $633 in its loan loss reserve principally related to the remaining portion of the credit card portfolio. Without the effects of the gain and the addition to the reserve, core earnings of $6,414 for the six month period ending June 30, 1999, were up $649, or 11.26%, over the same period of 1998. Net income was $5,157 and $2,810 for the quarters ending June 30, 1999 and 1998, respectively. The annualized return on average assets for the six month periods ending June 30, 1999 and 1998, was 1.31% and 1.11%, 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 concerns in managing net interest income are the mix and the maturities of rate-sensitive assets and liabilities. Net interest margin was 4.69% and 4.76% for the six month periods ending June 30, 1999 and 1998, respectively. The decline in net interest margin is due in large part to the current pricing environment. Despite the decrease in net interest margin, our continued growth in volume has allowed net interest income to increase over prior performance. As average earning assets increased from $968,460 for the six month period ending June 30, 1998, to $1,051,694 for the same period in 1999, net interest income grew from $21,666 for the six month period ending June 30, 1998, to $23,137 for the same period in 1999. For the three month periods ending June 30, 1999 and 1998, net interest income was $11,735 and $10,919, respectively.

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 inherent 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 and regulators. The provision for loan losses totaled $2,021 and $1,289 for the six month periods ending June 30, 1999 and 1998, respectively. For the quarters ending June 30, 1999 and 1998, the provision for loan losses totaled $1,275 and $644, respectively. An additional $633 was charged to the provision for loan losses relating to the remaining portion of the credit card portfolio. The allowance for loan losses as a percentage of loans outstanding was 1.39% and 1.34% as of June 30, 1999 and December 31, 1998, respectively. Net charge-offs to average loans was .16% and .14% for the six month periods ending June 30, 1999 and 1998, respectively.

Including a pre-tax gain of $3,843 on the sale of credit cards, noninterest income increased $4,713, or 69.08%, to $11,536 for the six month period ending June 30, 1999, when compared to $6,823 for the same period in 1998. Excluding gains from the sales of securities and loans, noninterest income was $7,378 for the three month period ending June 30, 1999, compared to $6,396 for the same period in 1998, or an increase of 15.35%. The increase between core noninterest income for 1999 and 1998 is due to fees associated with the increases in loans and deposits and the increased emphasis in sales of miscellaneous services and products such as financial investment alternatives and cash management.

While non-sufficient fund fees accounted for the majority of the increase in service charges, other increases were the result of annuity sales, mortgage loan fees, merchant processing, interchange fees, skip payment fees, and loan document preparation fees. Noninterest income, excluding gains from the sales of securities and loans, for the quarter ending June 30, 1999, increased $391, or 12.24%, compared to the same period in 1998 due in part to the aforementioned items.

Noninterest expenses were $20,650 for the six month period ending June 30, 1999, compared to $19,125 for the same period in 1998, or an increase of 7.97%. Significant increases in noninterest expenses between these periods include depreciation of new premises and equipment, computer processing costs associated with technology enhancements, fees related to the Sheshunoff efficiency consulting engagement, and fees related to the Inter-City acquisition. The remaining components of noninterest expenses reflect normal increases for banking related expenses and general inflation in the cost of services and supplies purchased by the Company. Noninterest expenses for the quarter ending June 30, 1999, increased $555, or 5.68%, compared to the same period in 1998.

Income tax expense was $3,630 for the six month period ending June 30, 1999, compared to $2,310 for the same period in 1998. A net tax adjustment of $1,499 was charged as a result of the sale of credit cards. The Company also continues to invest in assets whose earnings are given favorable tax treatment.

As the year 2000 approaches, an issue impacting all companies has emerged regarding how existing application software programs and operating systems can accommodate this date value. The "year 2000" problem is pervasive and complex as virtually every computer operation will be affected in some way by the rollover of the two digit value to 00. The issue is whether computer systems will properly recognize date sensitive information when the year changes to 2000. Management is in the process of working with its software vendors to assure that the Company is prepared for the year 2000. While the Company believes its planning efforts are adequate to address its year 2000 concerns, there can be no guarantee that the systems of other companies, such as those of our loan customers, will be converted on a timely basis which could have a material effect on the Company. The Company has not incurred significant operating expenses nor will it be required to invest heavily in computer system improvements to be year 2000 compliant.

The Company successfully completed testing for its mission critical applications processed by its third party service provider during the fourth quarter of 1998, following the conversion to the expanded code for year 2000. Nearly all other mission critical applications were successfully tested during the first quarter of 1999 and testing for year 2000 compliance was substantially completed by March 31, 1999. There are three systems still in process of being tested to validate their year 2000 compatibility. Contingency plans for year 2000 issues have been tested with revisions in progress. These contingency plans address potential business interruptions related to the year 2000 as well as liquidity and cash availability contingencies as the millennium approaches.

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. 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. Management continues to monitor the liquidity and potentially volatile liabilities ratios to ensure compliance with Asset-Liability Committee targets. These targets are set to ensure that the Company meets the liquidity requirements deemed necessary by management and regulators.

Another source available for meeting the Company's liquidity needs is 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 (FHLB) or the treasury tax and loan note account. Historically, the Company has not relied upon these sources to meet long-term liquidity needs. Sources of funds derived from the FHLB are used primarily to match mortgage loan originations in order to minimize interest rate risk, but may be used to provide short-term funding.

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 balances 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 June 30, 1999, 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 June 30, 1999		
Total Capital .... (to Risk Weighted Assets)	$ 119,847	15.5%
Tier I Capital .... (to Risk Weighted Assets)	$ 110,169	14.3%
Tier I Capital .... (to Adjusted Average Assets)	$ 110,169	9.7%
As of December 31, 1998		
Total Capital .... (to Risk Weighted Assets)	$ 112,850	15.2%
Tier I Capital .... (to Risk Weighted Assets)	$ 103,577	14.0%
Tier I Capital .... (to Adjusted Average Assets)	$ 103,577	9.8%

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 $18.44 and $17.80 at June 30, 1999 and December 31, 1998, respectively. Quarterly cash dividends were $.21 per share during the first and second quarters of 1999, up from $.19 per share during the fourth quarter of 1998. All per-share figures have been restated to reflect the 50% stock dividend issued January 20, 1998.

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

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no significant changes to our disclosure on quantitative and qualitative disclosures about market risk since December 31, 1998. For additional information, see the Company's Form 10-K for the year ended December 31, 1998.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material proceedings against the Company during the quarter ending June 30, 1999.

Item 2. Changes in Securities

On June 24, 1999, the Company purchased the business of Reed-Johnson Insurance Agency, Inc. with the issuance of 40,530 shares of the Company's common stock. The transaction is being accounted for under the purchase method of accounting, and increased the outstanding shares of common stock of the Company from 6,191,854 to 6,232,384.

Item 4. Submission of Matters to a Vote of Shareholders

The annual meeting of the shareholders of The Peoples Holding Company was held on April 13, 1999, for the purpose of electing four members to the board of directors for a three year term and to ratify the appointment of the independent auditors. Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934.

Election of Directors	For	Withheld	Not Voting
THREE-YEAR TERM			
William M. Beasley	3,882,485	56,751	1,905,236
Marshall H. Dickerson	3,876,219	63,017	1,905,236
Eugene B. Gifford, Jr.	3,883,820	55,416	1,905,236
H. Joe Trulove	3,884,225	55,011	1,905,236

	For	Against	Abstain
Ratify appointment of Ernst & Young LLP as independent auditors for 1999	3,907,248	83	1,937,141

Item 6(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the second quarter of 1999.

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: August 13, 1999

/s/ John W. Smith

John W. Smith

President & Chief Executive Officer

9
1,000

6-MOS
DEC-31-1999
JUN-30-1999
38,270
22,494
0
0
200,255
85,474
87,061
762,903
10,615
1,160,087
977,454
34,762
14,465
19,188
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0
31,162
83,056
1,160,087
32,977
8,143
420
41,540
17,562
18,403
23,137
2,021
34
20,650
12,002
12,002
0
0
8,372
1.35
1.35
4.69
250
6,944
166
0
9,744
1,324
174
10,615
10,615
0
336