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, 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 August 13, 1997

THE PEOPLES HOLDING COMPANY
INDEX

PART 1. FINANCIAL INFORMATION PAGE

Item 1. CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Consolidated Balance Sheets -
June 30, 1997 and December 31, 1996.................. 3
Consolidated Statements of Income - Six Months
Ended June 30, 1997 and 1996......................... 4
Consolidated Statements of Income - Three Months
Ended June 30, 1997 and 1996......................... 4
Consolidated Statements of Cash Flows
Six Months Ended June 30, 1997 and 1996.............. 5
Notes to Consolidated Financial Statements................ 6

Item 2.

Management's Discussion and Analysis of Financial
Condition and Results of Operations.................. 7

PART II. OTHER INFORMATION

Item 1.

Legal Proceedings.. 11

Item 4.

Submission of Matters to a Vote of Shareholders......... 11

Item 6.(b)

Reports on Form 8-K..................................... 11

Signatures.. 12

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	JUNE 30 1997 (Unaudited)	DECEMBER 31 1996 (Note 1)
Assets		
Cash and due from banks	$ 37,041,607	$ 38,374,641
Federal Fund Sold		8,500,000
	37,041,607	46,874,641
Interest bearing balances with banks	6,792,109	1,824,031
Securities held-to-maturity (market value-$52,955,525 and $52,334,931 at June 30, 1997 and December 31, 1996, respectively)	52,525,362	52,051,251
Securities available-for-sale (amortized cost-$215,970,045 and $193,696,615 June 30, 1997 and December 31, 1995, respectively)	216,036,226	194,058,997
Loans	586,873,660	562,752,505
Allowance for loan losses	(9,306,960)	(9,309,354)
Net Loans	577,566,700	553,443,151
Premises and equipment	22,250,582	21,559,955
Other assets	23,973,822	23,277,326
Total Assets	$ 936,186,408	$ 893,089,352
Liabilities		
Deposits:		
Noninterest-bearing	$ 118,283,628	$ 118,638,526
Certificates of deposit exceeding $100,000	96,420,213	89,435,562
Interest bearing	591,558,174	564,767,920
Total Deposits	806,262,015	772,842,008
Treasury tax and loan note account	8,517,494	6,354,142
Borrowings	15,153,335	11,174,638
Other liabilities	12,287,711	12,157,744
Total Liabilities	$ 842,220,555	$ 802,528,532
Shareholders' Equity		
Common Stock, $5 par value-7,500,000 authorized, 3,906,675 shares issued and outstanding at June 30, 1997 and December 31, 1996, respectively	19,533,375	19,533,375
Additional paid-in capital	39,875,796	39,875,796
Unrealized gains on securities available-for-sale, net of tax	41,495	227,214
Retained earnings	34,515,187	30,924,435
Total Shareholders' Equity	93,965,853	90,560,820
Total Liabilities and Shareholders' Equity	$ 936,186,408	$ 893,089,352

See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	SIX MONTHS ENDED JUNE 30 1997	1996	THREE MONTHS ENDED JUNE 30 1997	1996
	(Unaudited)		(Unaudited)	
Interest Income				
Loans	$ 26,764,006	$ 24,769,781	$ 13,634,333	$ 12,504,522
Securities:				
Taxable	6,611,262	6,084,321	3,408,199	3,105,054
Tax-exempt	1,431,272	1,348,120	712,108	631,098
Other	359,996	544,510	153,205	245,732
Total interest income	35,166,536	32,746,732	17,907,845	16,486,406
Interest Expense				
Time deposits exceeding $100,000	2,409,665	1,843,044	1,542,026	977,949
Other deposits	12,265,105	11,888,769	5,998,580	5,834,721
Borrowings	626,694	143,674	327,617	116,953
Total interest expense	15,301,464	13,875,487	7,868,223	6,929,623
Net interest income	19,865,072	18,871,245	10,039,622	9,556,783
Provision for loan losses	1,140,000	1,260,450	570,000	630,225
Net interest income after provision for loan losses	18,725,072	17,610,795	9,469,622	8,926,558
Noninterest income:				
Service charges on deposit accounts	3,287,673	3,211,701	1,689,317	1,611,205
Fees and commissions	991,120	836,453	551,104	417,153
Trust revenue	299,400	270,000	149,700	135,000
Security gains(losses)	77,711	161,423	(12,944)	52,973
Other	1,052,575	796,537	480,875	325,309
Total noninterest income	5,708,479	5,276,114	2,858,052	2,541,640
Noninterest expenses:				
Salaries and employee benefits	9,446,115	9,257,253	4,790,495	4,619,025
Net occupancy	1,247,362	1,119,080	563,353	571,075
Equipment	858,117	746,644	413,055	402,543
Other	5,426,665	5,232,170	2,859,407	2,657,238
Total noninterest expenses	16,978,259	16,355,147	8,626,310	8,249,881
Income before income taxes	7,455,292	6,531,762	3,701,364	3,218,317
Income taxes	2,223,737	1,961,424	1,070,975	955,447
Net income	$ 5,231,555	$ 4,570,338	$ 2,630,389	$ 2,262,870
Earnings per share	$ 1.34	$ 1.17	$ .67	$ .58
Weighted average shares outstanding	3,906,675	3,906,675	3,906,675	3,906,675

See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDED JUNE 30 1997	1996
	(Unaudited)	
Operating Activities		
Net Income	$ 5,231,555	$ 4,570,338
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,140,000	1,260,450
Provision for depreciation and amortization	1,165,995	989,550
Net amortization (accretion) of securities premiums/discounts	1,335,899	(731,941)
Losses (gains) on sales/calls of securities	61,869	(90,899)
Increase (decrease) in other liabilities	129,967	(169,942)
Deferred income taxes (credits)	(124,567)	120,913
Losses (gains) on sales of premises and equipment	106,712	(15,360)
Increase in other assets	(485,867)	(778,462)
Net Cash Provided by Operating Activities	8,561,563	5,154,647
Investing Activities		
Net (increase) decrease in balances with other banks	(4,968,078)	6,010,469
Proceeds from maturities/calls of securities held-to-maturity	1,772,594	669,581
Proceeds from maturities/calls of securities available-for-sale	37,377,232	37,835,540
Proceeds from sales of securities available-for-sale	31,311,869	18,590,899
Purchases of securities held-to-maturity	(2,782,000)	(4,034,555)
Purchases of securities available-for-sale	(91,825,004)	(88,208,602)
Net increase in loans	(25,531,038)	(9,447,845)
Proceeds from sales of premises and equipment	153,406	96,170
Purchases of premises and equipment	(1,824,831)	(1,233,606)
Net Cash Used in Investing Activities	(56,315,850)	(39,721,949)
Financing Activities		
Net decrease in noninterest-bearing deposits	(354,898)	(519,282)
Net increase in certificate of deposits exceeding $100,000	6,984,651	19,818,422
Net increase in other interest-bearing deposits	26,790,254	6,967,951
Net increase in treasury tax and loan note account	2,163,352	725,112
Increase in borrowings	3,978,697	2,594,548
Cash dividends paid	(1,640,803)	(1,450,200)
Net Cash Provided by Financing Activities	37,921,253	28,136,551
Decrease in Cash and Cash Equivalents	(9,833,034)	(6,430,751)
Cash and Cash Equivalents at beginning of period	46,874,641	63,918,819
Cash and Cash Equivalents at end of period	$ 37,041,607	$ 57,488,068
Non-cash transactions:		
Transfer of loans to other real estate	$ 267,489	$ 568,621

See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
JUNE 30, 1997

Note 1 Basis of Presentation:

The consolidated balance sheet at December 31, 1996, 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 statement of the results for the interim periods presented. The statements should be read in conjunction with the 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 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 Earnings Per Share

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share". Statement No. 128 simplifies the calculation of earnings per share (EPS) standards, and is effective for both interim and annual periods ending after December 15, 1997. The Company does not believe that the adoption of this statement will have a material effect on its consolidated financial position or results of operations.

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 $936,186,408 on June 30, 1997, or 4.83% for the six month period. Total securities increased from $246,110,248 on December 31, 1996, to $268,561,588 on June 30, 1997, with the majority of growth in US Government Agencies and Mortgage-backed securities. Loans, net of unearned income, increased $24,121,155 or 4.29%.

Total deposits for the first six months of 1997 grew from $772,842,008 on December 31, 1996 to $806,262,015 on June 30, 1997, or an increase of 4.32%, with the majority of growth in time deposits.

The equity capital to total assets ratio was 10.04% and 10.14% for June 30, 1997 and December 31, 1996, respectively. The decrease is mainly due to the decline in unrealized gains on securities available-for-sale at June 30, 1997.

Results of Operations-June 30, 1997 compared to June 30, 1996

The Company's net income for the six month period ending June 30, 1997, was $5,231,555 representing an increase of $661,217 or 14.47% over net income for the six month period ending June 30, 1996 which totaled $4,570,338. The increase in net income for the six month period came from usual and customary deposit gathering and lending operations. Net income was $2,630,389 and $2,262,870 for the second quarter ending June 30, 1997 and 1996, respectively. The annualized returns on average assets for the six month period ending June 30, 1997 and 1996, was 1.14% and 1.05%, 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. The net interest income for the six month periods ending June 30, 1997 and 1996, was $19,865,072 and $18,871,245, respectively. The net interest income was $10,039,622 and $9,556,783 for the three month periods ending June 30, 1997 and 1996, respectively. Earning assets averaged $846.7 million for the six month period ending June 30, 1997, compared to $782.4 million for the same period in 1996. The increase in average earning assets is mainly due to the increase in loan volume, based on consumer demand, and an increase in the securities portfolio. The net interest margin was 4.94% and 5.06% for the six month periods ending June 30, 1997 and 1996, respectively. The decrease in net interest margin is due to the increase in the volume and rate of costing liabilities in 1997.

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 and regulators. The provision for loan losses totaled $1,140,000 and $1,260,450 for the six month periods ending June 30, 1997 and 1996, respectively. The allowance for loan losses as a percent of net loans outstanding was 1.59% and 1.65% as of June 30, 1997 and December 31, 1996, respectively. Net charge-offs to average loans was .20% and .23% for the six month periods ending June 30, 1997 and 1996, respectively.

Noninterest income was $5,708,479 for the six month period ending June 30, 1997, compared to $5,276,114 for same period in 1996, or an increase of 8.19%. The increase in deposits at June 30, 1997 compared to same period in 1996 resulted in an increase in service charges and fees and commissions. The increase in other income for the six months ending June 30, 1997, compared to the same period in 1996, was attributable to an increase in debit card and merchant activity and mortgage loan servicing. Noninterest income for the quarter ending June 30, 1997 increased $316,412 or 12.45% compared to the same period in 1996. The increase is mainly due to an increase in fees and commissions along with the increased loan and deposit volume, coupled with security losses in the quarter ending June 30, 1997 compared to securities gains in the same quarter of 1996.

Noninterest expenses were $16,978,259 for six month period ending June 30,1997, compared to $16,355,147 for the same period 1996, or an increase of 3.81%. The components of noninterest expenses for the quarter ending and six months ending June 30, 1997 and 1996, 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 June 30, 1997 increased $376,429 or 4.56% compared to the same period in 1996.

Income tax expense was $2,223,737 for the six month period ending June 30, 1997, compared to $1,961,424 for the same period in 1996. The increase is due to increased profits for the six month period ending 1997 compared to 1996. The Company continues to invest in assets whose earnings are given favorable tax treatment, which lowered the indicated tax rate from 30.03% to 29.83%, respectively.

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. 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. 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.

Other sources available for meeting the Company's liquidity needs include 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, in order to meet liquidity needs. 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.

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 June 30, 1997, the Bank has met all capital adequacy requirements to which it is subject.

As of June 30, 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 June 30, 1997		
Total Capital .... (to Risk Weighted Assets)	$ 96,975	16.3%
Tier I Capital .... (to Risk Weighted Assets)	$ 89,504	15.0%
Tier I Capital .... (to Adjusted Average Assets)	$ 89,504	9.8%
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 Adjusted 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 $ 24.05 and $23.18 at June 30, 1997 and December 31, 1996, respectively. Quarterly cash dividends were raised to $.22 per share during the second quarter of 1997, up from $.19 per share during the second 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 have been no material proceding against the Company during the quarter ending June 30, 1997.

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 8, 1997, for the purpose of electing five members to the board of directors for a three year term, and one member to the board of directors for a one 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			
George H. Booth, II	3,118,308	0	788,367
Frank B. Brooks	3,114,693	3,615	788,367
Robert C. Leake	3,118,308	0	788,367
Larry Michael	3,113,162	5,146	788,367
J. Heywood Washburn	3,117,438	870	788,367
ONE-YEAR TERM			
John M. Creekmore	3,117,635	673	788,367

	For	Against	Abstain
Ratify appointment of Ernst & Young LLP as independent auditors for 1997	3,120,481	0	786,194

Item 6(b) Reports on Form 8-K

Form 8-K was not filed during the quarter ending June 30, 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: August 13, 1997

/s/ John W. Smith

John W. Smith
President & Chief Executive Officer

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