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 quarterly period ended March 31, 2002
Commission File Number 1-13253

THE PEOPLES HOLDING COMPANY

(Exact name of the registrant as specified in its charter)

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

209 Troy Street, P. O. Box 709, Tupelo, Mississippi 38802-0709

(Address of principal executive offices)

Registrant's telephone number including area code 662-680-1001

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, 5,621,001 shares outstanding
as of April 19, 2002

THE PEOPLES HOLDING COMPANY
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PART 1. FINANCIAL INFORMATION PAGE

Item 1.

Condensed Consolidated Financial Statements (Unaudited)

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

	MARCH 31 2002 (Unaudited)	DECEMBER 31 2001 (Note 1)
Assets		
Cash and due from banks	$ 43,852	$ 41,475
Federal funds sold		7,000
Interest-bearing balances with banks	8,628	22,937
Cash and cash equivalents	52,480	71,412
Securities available-for-sale	351,108	277,293
Loans, net of unearned income	819,407	827,696
Allowance for loan losses	(11,811)	(11,354)
Net loans	807,596	816,342
Premises and equipment, net	27,948	28,346
Other assets	65,680	61,334
Total assets	$ 1,304,812	$ 1,254,727
Liabilities		
Deposits:		
Noninterest-bearing	$ 154,967	$ 145,690
Interest-bearing	958,447	917,365
Total deposits	1,113,414	1,063,055
Treasury tax and loan note account	2,440	6,181
Advances from the Federal Home Loan Bank	50,275	41,145
Other liabilities	17,697	20,764
Total liabilities	1,183,826	1,131,145
Shareholders' equity		
Common Stock, $5 par value - 15,000,000 shares authorized, 6,212,284 shares issued; 5,621,280 and 5,704,680 shares outstanding at March 31, 2002 and December 31, 2001, respectively	31,061	31,061
Treasury stock, at cost	(15,752)	(12,856)
Additional paid-in capital	39,853	39,850
Retained earnings	64,741	63,391
Accumulated other comprehensive income	1,083	2,136
Total shareholders' equity	120,986	123,582
Total liabilities and shareholders' equity	$ 1,304,812	$ 1,254,727

See Notes to Condensed Consolidated Financial Statements

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

	THREE MONTHS ENDED MARCH 31 2002	2001
	(Unaudited)	
Interest income		
Loans	$ 15,317	$ 18,180
Securities:		
Taxable	3,053	3,117
Tax-exempt	981	1,015
Other	178	361
Total interest income	19,529	22,673
Interest expense		
Deposits	6,504	11,220
Borrowings	586	371
Total interest expense	7,090	11,591
Net interest income	12,439	11,082
Provision for loan losses	1,125	1,125
Net interest income after provision for loan losses	11,314	9,957
Noninterest income		
Service charges on deposit accounts	2,936	2,792
Fees and commissions	2,049	1,788
Trust revenue	231	265
Securities gains		43
Other	1,393	842
Total noninterest income	6,609	5,730
Noninterest expense		
Salaries and employee benefits	6,929	6,077
Data processing	922	858
Net occupancy	807	828
Equipment	804	729
Other	2,836	2,563
Total noninterest expense	12,298	11,055
Income before taxes and cumulative effect of accounting change	5,625	4,632
Income taxes	1,560	1,330
Income before cumulative effect of accounting change	4,065	3,302
Cumulative effect of accounting change	(1,300)	
Net income	$ 2,765	$ 3,302
Basic and diluted earnings per share:		
Income before cumulative effect of accounting change	$ 0.72	$ 0.55
Cumulative effect of accounting change	(0.23)	
Net income	$ 0.49	$ 0.55
Weighted average shares outstanding	5,657,726	6,048,805
Weighted average shares outstanding - diluted	5,660,727	6,048,805

See Notes to Condensed Consolidated Financial Statements

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

	THREE MONTHS ENDED MARCH 31 2002	2001
	(Unaudited)	
Operating activities		
Net cash provided (used) by operating activities	$ (1,100)	$ 6,860
Investing activities		
Purchases of securities available-for-sale	(98,129)	(40,425)
Proceeds from sales of securities available-for-sale	3,097	5,000
Proceeds from calls/maturities of securities available-for-sale	19,284	15,951
Net decrease in loans	6,834	696
Proceeds from sales of premises and equipment	119	
Purchases of premises and equipment	(473)	(728)
Net cash used in investing activities	(69,268)	(19,506)
Financing activities		
Net increase in noninterest-bearing deposits	9,277	15,818
Net increase (decrease) in interest-bearing deposits	41,082	(3,130)
Net (decrease)increase in short-term borrowings	(3,741)	2,726
Proceeds from other borrowings	13,748	
Repayments of other borrowings	(4,618)	(487)
Acquisition of treasury stock	(2,897)	(261)
Cash dividends paid	(1,415)	(1,388)
Net cash provided by financing activities	51,436	13,278
(Decrease) increase in cash and cash equivalents	(18,932)	632
Cash and cash equivalents at beginning of period	71,412	56,817
Cash and cash equivalents at end of period	$ 52,480	$ 57,449
Supplemental disclosures:		
Non-cash transactions:		
Transfer of loans to other real estate	$ 787	$ 608

See Notes to Condensed Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2002
(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 three-month period ended March 31, 2002 are not necessarily indicative of the results that may be expected for the year ended December 31, 2002.

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, 2001.

Note 2 Other Accounting Pronouncements

In the first quarter of 2002, the Company completed the transitional impairment test required by Financial Accounting Standards Board (FASB) Statement No. 142, "Goodwill and Intangible Assets." As a result of this test, the Company recorded a goodwill impairment charge of $1,300 as a cumulative effect of a change in accounting principle. The Company identified its reporting units as banking operations and insurance operations for purposes of measuring impairment of goodwill. The reason we measured in this manner is that the insurance operation is a subsidiary of the bank. The impairment was specific to the insurance subsidiary. The fair value of the insurance reporting unit was estimated using the expected present value of future cash flows. The insurance subsidiary acquisition was a tax-free exchange; therefore, there was no tax offset to the impairment cost booked.

	As of March 31, 2002	
	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:		
Core deposit intangible assets ..	$ 507	$ (318)
Other intangible assets	3,282	(1,786)
Total	$ 3,789	$ (2,104)
Unamortized goodwill	$ 7,190	$ (2,142)

Note 2 Other Accounting Pronouncements (continued)

Aggregate amortization expense:		
For the period ended March 31, 2002	$	123

Estimated amortization expense in future years:		
For the year ended December 31, 2002	$	493
For the year ended December 31, 2003		493
For the year ended December 31, 2004		422
For the year ended December 31, 2005		399
For the year ended December 31, 2006		0

The changes in the carrying amount of intangible assets for the quarter ended March 31, 2002, are as follows:

	Goodwill	Other Intangibles
Balance as of January 1, 2002	$ 6,348	$ 1,808
Impairment losses	(1,300)	
Amortization expense		(123)
Balance as of March 31, 2002	$ 5,048	$ 1,685

The table below presents net income for the prior periods as reported as well as adjusted for the exclusion of goodwill amortization and the cumulative effect of the transitional impairment.

	Quarter ended March 31, 2002	Year ended December 31, 2001	Quarter ended March 31, 2001
Reported net income	$ 2,765	$ 14,587	$ 3,302
Goodwill amortization, net of tax		407	102
Transitional impairment	1,300		
Adjusted net income	$ 4,065	$ 14,994	$ 3,404
Basic and diluted earnings per share:			
Reported net income	$ 0.49	$ 2.48	$ 0.55
Goodwill amortization, net of tax		0.07	0.01
Transitional impairment	0.23		
Adjusted net income	$ 0.72	$ 2.55	$ 0.56

Note 3 Comprehensive Income

For the three month periods ended March 31, 2002 and 2001, total comprehensive income was $1,712 and $5,823, respectively. Total comprehensive income consists of net income and the change in the unrealized gain (loss) on securities available for sale.

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 our portfolio of outstanding loans, and competition in our markets. We undertake 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 increased from $1,254,727 on December 31, 2001, to $1,304,812 on March 31, 2002, or 3.99% for the three month period. Most of the growth in assets occurred in the investment portfolio, which increased from $277,293 on December 31, 2001, to $351,108 on March 31, 2002. Federal funds sold and interest bearing bank balances decreased $21,309 as funds were shifted to the investment portfolio. We invested $98,129 in various securities this quarter. Purchases include mortgage-backed securities, U.S. government agency securities, trust preferred stock issues and municipal securities. The majority (67%) of the purchases were in the mortgage-back sector because of the cash flow provided by the principal and interest payback each month. We believe we are at the bottom of the rate cycle and that the cash flow will be useful in meeting anticipated loan demand. U.S. Treasury securities that matured this quarter were reinvested in other sectors in order to enhance yield. Last year, we changed our investment policy, eliminating the minimum requirement of 18% of the portfolio being invested in Treasury securities. We have steadily replaced investments in Treasury securities with other investments since that time. Treasury security balances have decreased approximately $6,000 since December 31, 2001, and approximately $31,200 since March 31, 2001.

Loan balances have decreased $8,289, from $827,696 at December 31, 2001, to $819,407 at March 31, 2002. Loan demand began to improve at the end of the quarter. A strategic decision to curtail our sales finance division in July, 2000 continues to impact loan volume. The balance at that time was approximately $32 million; it is currently approximately $12 million. The purpose of the decision was twofold - to reduce risk and to enhance yield. The sales finance balance decreased $2,743 from December 31, 2001. The majority of our loan growth this quarter has been in real estate loans. In fact, our loan portfolio is heavily weighted in real estate loans, with approximately 69% of the portfolio in that type. We have experienced declines in retail installment loans and in commercial, financial and agricultural loans. In addition, mortgage loans held for resale are down approximately $7,000 due to a decline in origination volume toward the end of the quarter. The average loan to deposit ratio was 74.89% and 76.68% at March 31, 2002, and December 31, 2001, respectively.

Total deposits for the first three months of 2001 increased from $1,063,055 on December 31, 2001, to $1,113,414 on March 31, 2002, or an increase of 4.74%. The majority of our growth has been in interest bearing demand (63%) and non-interest demand deposit accounts (18%).

The equity capital to total assets ratios were 9.27% and 9.85% at March 31, 2002, and December 31, 2001, respectively. Capital decreased $2,596, or 2.10%, from December 31, 2001, to March 31, 2002. There were a number of factors contributing to the reduction in capital. Normal transactions such as decreases in unrealized portfolio gains, dividends and the purchase of treasury stock all contributed to the decrease in capital. The reduction in the unrealized gains on the investment portfolio was due to decreasing portfolio yields. Cash dividends declared were $.25 per share in the first quarter of 2002, unchanged from dividends declared in the fourth quarter of 2001. We have continued to purchase treasury stock, purchasing 83,400 shares at an average cost of $34.68 per share over the first quarter of 2002.

Results of Operations

Our core operating income for the three month period ended March 31, 2002, was $4,065. This represented an increase of $661, or 19.42% over comparable net income for the three month period ended March 31, 2001. Core operating income excluding goodwill amortization for the period ending March 31, 2001 was $3,404. Core earnings per share for the first quarter of 2002 were $0.72, an increase of 28.57% from $0.56 for the comparable period a year ago. The increase in core operating income for the three month period ended March 31, 2002, compared to the same period of 2001 resulted from usual and customary deposit gathering and lending operations and increases in noninterest income for sales of other products such as insurance, mutual funds and annuities. The annualized return on average assets on the same basis for the three month periods ending March 31, 2002 and 2001, was 1.19% and 1.09%, respectively. Core operating income is defined as income before the effect of the change in accounting priciple and excluding goodwill amortization.

Net interest income, the difference between interest earned on assets and the cost of interest-bearing liabilities, is the largest component of our net income. The primary concerns in managing net interest income are the mix and the repricing of rate-sensitive assets and liabilities. We have maintained steady growth in our asset base. Net interest income has improved due in part to a shift from time deposits to other interest bearing deposits. Total deposits have grown 5.11% over March 31, 2001. Time deposits, the highest cost funding source, represented approximately 55% of total average deposits for the three month period ended March 31, 2001, compared to approximately 50% for the same period during 2002.

Net interest income for the three month periods ending March 31, 2002 and 2001 was $12,439 and $11,082, respectively, while earning assets for the same periods averaged $1,162,968 and $1,119,020, respectively. The bank's repricing position was favorable under the falling rate environment under which we have been operating. The Federal Reserve Bank lowered rates eight times during the last twelve months. This, coupled with our repricing strategy, increased net interest margin.

	Quarter ending March 31, 2002	Year ending December 31, 2001	Quarter ending March 31, 2001
Net interest margin	4.59%	4.54%	4.30%

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 our 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 loan loss provision totaled $1,125 for each of the three month periods ending March 31, 2002 and 2001. The tables below present pertinent data and ratios.

Loans and Credit Quality

	Loans* March 31		Nonperforming Loans March 31		Net Charge-offs Three Months Ended March 31	
	2002	2001	2002	2001	2002	2001
Commercial, financial, agricultural ...	$147,982	$158,096	$ 1,501	$ 595	$ 73	$ 152
Real estate - construction	31,269	25,040	150	332	87	
Real estate - mortgage	536,877	509,829	3,645	6,040	289	123
Consumer	103,279	120,991	403	754	219	319
	$819,407	$813,956	$ 5,699	$ 7,721	$ 668	$ 594

* Net of unearned income.

Allowance for Loan Losses

	2002	2001			
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Balance at beginning of period	$ 11,354	$ 11,166	$ 11,403	$ 11,067	$ 10,536
Loans charged off	985	1,196	1,534	870	702
Recoveries of loans previously charged off ..	317	69	72	81	108
Net Charge-offs	668	1,127	1,462	789	594
Provision for loan losses	1,125	1,315	1,225	1,125	1,125
Balance at end of year	$ 11,811	$ 11,354	$ 11,166	$ 11,403	$ 11,067
Allowance for loan losses to total loans	1.44%	1.37%	1.35%	1.39%	1.36%
Reserve coverage ratio	207.25	178.65	218.20	191.62	143.34
Net charge-offs to total loans	0.08	0.14	0.18	0.10	0.07
Nonperforming loans to total loans	0.70	0.77	0.62	0.73	0.95

Noninterest income, excluding gains from the sales of securities, was $6,609 for the three month period ending March 31, 2002, compared to $5,687 for the same period in 2001, or an increase of 16.21%. While we have continued our emphasis on sales of insurance, annuities and mutal funds, the increase in noninterest income between 2002 and 2001 is due primarily to fees generated from ususal and customary loan and deposit services.

Income derived from the mortgage loan business remained strong during the first quarter of 2002, and fees generated from the sale of annuities and mutual funds also improved compared to the first quarter of 2001. Additionally, we purchased Bank Owned Life Insurance (BOLI) on key mangagement personnel in May of 2001. The additional income derived from BOLI of approximately $300 has been used to offset rising benefits costs, primarily health and life insurance.

We implemented an integration plan in 2001 aimed at improving insurance commissions. Contingency income received through our insurance subsidiary significantly increased over last year, due in part to the success we have had in implementing this plan. Contingency income is a bonus received from the insurance underwriters and is based on both commission income and claims experience on our customers during the previous year.

Noninterest expense was $12,298 for the three month period ended March 31, 2002, compared to $10,913 for the same period in 2001, or an increase of 12.69%. Although expenses are up, on the whole, we have improved our efficiency ratio on a GAAP basis. Almost 20% of the increase in noninterest expense was due to higher employee incentive expenses linked to the improvement in net income for the quarter. Increases in health and life insurance charges caused by higher premiums and claims represented approximately 22% of the total increase in noninterest expense, or $300. It was noted above that BOLI was purchased in part to generate revenue to offset the rising cost of benefits, primarily health and life insurance. Excluding the increases in employee incentive and health and life insurance, noninterest expense increased 7.34% over the first quarter of 2001. In addition to recognizing a loss on the disposal of a building during the first quarter of 2002, we also experienced greater computer equipment depreciation and computer processing costs related to technological enhancements. With our commitment to enhanced productivity and customer service, we invested in computer equipment and software which increased our technology cost.

	Quarter ending March 31, 2002	Quarter ending March 31, 2001
Efficiency ratio	62.03%	62.58%

Income tax expense was $1,560 for the three month period ended March 31, 2002, (with an effective tax rate of 27.73%) compared to $1,370 (with an effective tax rate of 28.70%) for the same period in 2001. We continue 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. When evaluating the movement of these funds even during times of large interest rate changes, it is apparent that we continue 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 we meet the liquidity requirements deemed necessary by management and regulators.

Another source available for meeting our 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, we maintain 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, we have not relied upon these sources to meet long-term liquidity needs. Funds obtained 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

We are 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 our financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. Our 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 us 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 March 31, 2002, we met all capital adequacy requirements to which we are subject.

As of March 31, 2002, the most recent notification from the Federal Deposit Insurance Corporation (FDIC) categorized us as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, we 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 and do not differ materially from that of the Company.

	Actual Amount	Ratio
As of March 31, 2002		
Total Capital .... (to Risk Weighted Assets)	$ 122,454	14.4%
Tier I Capital .... (to Risk Weighted Assets)	$ 111,773	13.1%
Tier I Capital .... (to Adjusted Average Assets)	$ 111,773	8.7%
As of December 31, 2001		
Total Capital .... (to Risk Weighted Assets)	$ 122,162	14.5%
Tier I Capital .... (to Risk Weighted Assets)	$ 111,622	13.3%
Tier I Capital .... (to Adjusted Average Assets)	$ 111,622	9.1%

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

Book value per share was $21.52 and $21.66 at March 31, 2002 and December 31, 2001, respectively.

Our 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, 2001. For additional information, see our Form 10-K for the year ended December 31, 2001.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material proceedings against us during the quarter ending March 31, 2002.

Item 6.(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the first quarter of 2002.

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: April 26, 2002

/s/ E. Robinson McGraw

E. Robinson McGraw
President & Chief Executive Officer