

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

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

For the quarter ended March 31, 1994
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 ☒ 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, 2,417,829 shares outstanding
as of April 29, 1994

THE PEOPLES HOLDING COMPANY
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THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

[CAPTION]

	MARCH 31 1994	DECEMBER 31 1993
	(Unaudited) [C]	(Note 1) [C]
[S] Assets		
Cash and due from banks	\$ 44,200,743	\$ 35,956,431
Federal Fund Sold	13,000,000	8,000,000
	-----	-----
	57,200,743	43,956,431
Interest bearing balances with banks	275,361	77,887
Securities (Market value-		
\$246,820,927 and \$234,979,483 at		
March 31, 1994 and December 31, 1993)	246,366,374	230,904,295
Loans	436,417,193	427,416,747
Unearned Income	(9,657,851)	(9,835,772)
Allowance for loan losses	(6,561,133)	(6,216,854)
	-----	-----
Net Loans	420,198,209	411,364,121
Bank premises and equipment	15,443,252	15,537,825
Other assets	17,432,343	16,669,428
	-----	-----
Total Assets	\$ 756,916,282	\$ 718,509,987
	=====	=====
[S] Liabilities	[C]	[C]
Deposits:		
Non-interest bearing	131,965,607	99,140,347
Interest bearing	538,618,567	537,598,201
	-----	-----
Total Deposits	670,584,174	636,738,548
Treasury tax and loan account	3,125,607	4,000,000
Notes and debentures payable	5,173,578	59,797
Other liabilities	7,046,055	7,787,929
	-----	-----
Total Liabilities	\$ 685,929,414	\$ 648,586,274
Shareholders' Equity		
Common Stock, \$5 par value-		
4,200,000 shares authorized		
2,417,829 shares issued and		
outstanding at March 31, 1994		
and December 31, 1993	12,089,145	12,089,145
Capital surplus	30,000,000	30,000,000
Retained earnings	29,204,724	27,834,568
Adjustment to unrealized losses on		
available-for-sale securities, net		
of tax	(307,001)	0
	-----	-----

Total Shareholders' Equity	70,986,868	69,923,713
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 756,916,282	\$ 718,509,987
	=====	=====

[FN]

See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME

[CAPTION]

	THREE MONTHS ENDED MARCH 31	
	1994	1993
	----	----
	(Unaudited)	
[S]	[C]	[C]
Interest Income		
Interest and fees on loans	\$ 8,470,392	\$ 8,303,468
Interest on balances with banks	21,388	25,351
Interest on federal funds sold	170,142	207,360
Interest on investment securities:		
Taxable	2,374,123	2,369,740
Tax-exempt	631,164	553,600
	-----	-----
Total interest income	11,667,209	11,459,519
Interest Expense		
Interest on time deposits of		
\$100,000 or more	513,469	407,388
Interest on other deposits	3,630,176	3,542,035
Interest on borrowed funds	70,045	30,276
	-----	-----
Total interest expense	4,213,690	3,979,699
	-----	-----
Net interest income	7,453,519	7,479,820
Provision for possible loan losses	491,851	1,158,993
	-----	-----
Net interest income after		
provision for possible		
loan losses	6,961,668	6,320,827
Other income		
Service charges	1,345,036	1,145,855
Fees and commission	378,557	352,319
Trust department income	114,420	107,145
Trading account income	0	135,719
Net investment security gains	2,790	600
Other operating income	599,652	351,691
	-----	-----
Total other income	2,440,455	2,093,329
Other Expenses		
Salaries and employee benefits	3,858,262	3,614,074
Occupancy of bank premises	495,364	459,477
Furniture and equipment depreciation,		
rental cost, servicing, etc..	296,025	255,235
Other operating expense	2,440,110	2,106,240
	-----	-----
Total other expenses	\$ 7,089,761	\$ 6,432,026
	-----	-----
Income before income taxes	2,312,362	1,982,130
Income taxes	386,114	633,763
	-----	-----
Income before cumulative effect of		
changes in accounting principles	1,926,248	1,348,367
Cumulative effect of changes in		
accounting principle, net of income		
taxes	0	522,518
	-----	-----
Net income	\$ 1,926,248	\$ 1,870,885
	=====	=====

[CAPTION]

	1994	1993
	----	----
[S]	[C]	[C]
Earnings per share:		
Income before cumulative effect		
of changes in accounting		
principles	\$.80	\$.55
Cumulative effect of changes in		
accounting principles	.00	.22
	----	----
Total earnings per share	\$.80	\$.77

Cash dividend per share	\$.23	\$.22
-------------------------	--------	--------

Earnings per share data for 1994 and 1993 are based on 2,417,829 shares outstanding. Cash dividend per share is based on actual amounts declared.

[FN]

See Notes to Consolidated Financial Statements.

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

[CAPTION]

	THREE MONTHS ENDED MARCH 31	
	1994	1993
	----	----
	(Unaudited)	
[S]	[C]	[C]
Operating Activities		
Net Income	\$ 1,926,248	\$ 1,870,885
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	491,851	1,158,993
Provision for depreciation and amortization	384,428	322,483
Net amortization accretion of securities' premiums/discounts	595,354	194,451
Increase (decrease) in interest receivable	(528,095)	326,913
Increase in interest payable	44,175	228,563
Gain on sale of trading securities	0	(135,719)
Proceeds from sales of trading securities	0	5,075,625
Gain on sale/call of securities	(2,791)	(600)
Increase (decrease) in other liab.	(786,049)	1,130,505
Deferred income tax	(228,703)	(1,307,076)
Gain on sale of fixed assets	(653)	(2,575)
(Increase) decrease in other assets	133,530	(1,132,232)
	-----	-----
Net Cash Provided by Operating Activities	2,029,295	7,730,216
Investment Activities		
Net increase in balances with other banks	(197,474)	(22,370)
Proceeds from maturities/calls of investment securities	24,310,185	25,552,866
Purchase of investment securities	(40,829,980)	(43,789,976)
Net increase in loans	(9,396,139)	1,117,946
Proceeds from sale of fixed assets	1,314	10,207
Purchase of premises and equipment	(201,802)	(144,229)
	-----	-----
Net cash used in Investment Activities	(26,313,896)	(17,275,556)

[CAPTION]

	1994	1993
	----	----
[S]	[C]	[C]
Financing Activities		
Net increase in demand and savings deposits	35,799,726	16,884,782
Net increase (decrease) in time		

deposits	(1,954,100)	(9,956,122)
Net increase (decrease) in short-term borrowed funds	(874,393)	335,303
Increase (decrease) in long-term debt	5,113,781	(22,437)
Cash dividends paid	(556,101)	(531,922)
	-----	-----
Net Cash Provided by Financing Activities	37,528,913	6,709,604
	-----	-----
Increase (decrease) in Cash and Cash Equivalents	13,244,312	(2,835,736)
Cash and Cash Equivalents at beginning of period	43,956,431	57,062,966
	-----	-----
Cash and Cash Equivalents at end of period	\$ 57,200,743	\$ 54,227,230
	=====	=====
Cash paid for:		
Interest expense	\$ 4,169,515	\$ 3,751,136
Income taxes	315,000	300,000
Non-cash transactions:		
Transfer of loans to other real estate	\$ 70,200	
Unrealized loss on securities held as available for sale:		
Decrease in securities	\$ 465,153	
Increase in deferred taxes	\$ 158,152	
Decrease in equity	\$ 307,001	

[FN]

See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Basis of Presentation

The consolidated balance sheet at December 31, 1993, 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 to a fair statement of the results for the interim periods presented. The statements should be read in conjunction with the summary of accounting policies and notes to financial statements included in the Registrant's annual report for the year ended December 31, 1993. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted in accordance with the rules of the Securities and Exchange Commission.

Note 2 Changes in Accounting Methods

In May 1993, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities", effective for fiscal years beginning after December 15, 1993. Under the new rules, debt securities that the Company has both the positive intent and ability to hold to maturity are carried at amortized cost. Debt securities that the Company does not have the positive intent and ability to hold to maturity and all marketable equity securities are classified as available-for-sale or trading and carried at fair value. Unrealized holding gains and losses on securities classified as available-for-sale are carried as a separate component of shareholders' equity. Unrealized holding gains and losses on securities classified as trading are reported in earnings.

[CAPTION]

Securities are summarized as follows at March 31, 1994:

[S]	[C]
Held to maturity (amortized cost)	\$ 43,033,280
Available for sale (estimated fair value)	203,333,094

Total securities	\$ 246,366,374
	=====

The amortized cost of securities held to maturity at March 31, 1994 was \$43,487,833.

Note 3 Acquisition

During April, 1994, the Company entered into an agreement with The Resolution Trust Corporation to purchase selected assets and assume certain liabilities of the New Albany, Southaven and Hernando branches of the Security Federal Savings and Loan Association. The acquisition was approved by regulatory authorities and consummated on April 15, 1994. Total deposit acquired were approximately \$32 million.

Note 4 Income Taxes

[CAPTION]

Federal income taxes payable (receivable) were as follows:

[S]	[C]
Current	\$ 391,804
Deferred	(1,627,651)

	\$ (1,235,847)
	=====

[CAPTION]

The components of income tax expense (credits) are presented below:

[S]	[C]
Current	\$ 483,890
Deferred	(97,776)

	\$ 386,114
	=====

[CAPTION]

The difference between income tax expense and the amount computed by applying the statutory federal income tax rate to operating earnings results from the following:

[S]	[C]
Federal tax expense at statutory rate	\$ 786,204
Add (deduct) effect of:	
Tax-exempt interest income	(214,596)
Amortization of intangible assets	14,227
Dividends received deduction	(6,022)
Other items-net	(193,699)

	\$ 386,114
	=====

Deferred tax assets resulted largely from temporary differences arising from loan loss provision. Effective January 1, 1993, the Company adopted FASB No. 109, which resulted in a deferred tax rate of 34%.

Historically, the Company has produced taxable income which can fully utilize the deferred tax asset.

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 \$718,509,987 on December 31, 1993, to \$756,916,282 on March 31, 1994, or 5.35% for the three month period. Loans, less unearned income, increased \$9,178,367 or 2.20%. Cash and Due From Banks was up from \$35,956,431 on December 31, 1993, to \$44,200,743 on March 31, 1994, or an increase of \$8,244,312. Securities grew from \$246,364,206 on December 31, 1993, to \$246,754,426 on March 31, 1994. Transaction deposit accounts, which require a 10% reserve balance in cash or on deposit at the Federal Reserve Bank, were up from \$260,709,000 on December 31, 1993, to \$282,977,000 on March 31, 1994.

Total deposits for the first three months of 1993 grew from \$636,738,548 on December 31, 1993 to \$670,584,174 on March 31, 1994, or an increase of \$33,845,626.

The equity capital to total assets ratio was 9.73% and 9.38% for December 31, 1993 and March 31, 1994, respectively.

Results of Operations-Quarter Ended March 31, 1994 compared to 1993

Total interest income was \$11,667,209 for the quarter ended March 31, 1994, compared to \$11,459,519 for the same quarter in 1993, or an increase of \$207,690. Interest and fees on loans were \$8,470,392 for 1994 compared to \$8,303,468 for 1993, or an increase of \$166,924. Average loans were \$416,795,219 and \$385,243,713 for 1994 and 1993, respectfully. This amounted to a 8.19% increase. Average yield on loans was 8.24% for 1994 compared to 8.74% for 1993. Average investments were \$235,828,420 for 1994 compared to \$193,664,096 for 1993. This amounted to a 21.77% increase.

Total interest expense was \$4,213,690 for 1994, compared to \$3,979,699 for 1993 or an increase of \$233,991. Average total interest bearing deposits was \$562,338,032 for 1994 compared to \$515,311,701 for 1993. Interest rates paid on interest bearing deposits were 2.95% for 1994 compared to 3.11% for 1993. Interest on borrowed funds was \$70,045 for 1994 compared to \$30,276 for 1993.

The net interest spread was 4.05% for 1994 compared to 4.58% for 1993.

Provision for possible loan losses was \$491,851 for 1994 compared to \$1,158,993 for 1993. The allowance for loan losses was 1.54% and 1.88% to total loans outstanding, net of unearned discount, on March 31, 1994 and 1993, respectively. Total non-performing loans was \$3,987,660 on March 31, 1994, compared to \$6,207,491 for March 31, 1993. Management felt that with the decrease in non-performing loans the allowance for loan losses could be decreased also. The allowance for loan losses was \$7,294,158 on March 31, 1993, compared to \$6,561,133 on March 31, 1994.

Allowance for Loan Losses:

[CAPTION]

	March 1994	March 1993
	-----	-----
[S]	[C]	[C]
Balance, January 1	\$ 6,216,854	\$ 6,462,925
Provision for Loan losses	491,851	1,158,993
	-----	-----
	6,708,705	7,621,918
	-----	-----
Charge-offs	(241,782)	(407,553)
Recoveries	94,210	79,793
	-----	-----
	(147,572)	(327,760)
	-----	-----
Balance March 31	\$ 6,561,133	\$ 7,294,158
	=====	=====

[CAPTION]

	March 1994	March 1993
	-----	-----
[S]	[C]	[C]
Loan Loss Analysis:		
Net loans-Average	\$ 416,795,219	\$385,243,713
Net loans-Quarter End	426,759,342	387,305,898
Net Charge-Offs	147,572	327,760
Allowance for Loan Losses	6,561,133	7,294,158

Ratios:

Net Charge-Offs to:		
Net Loans-Average	0.04%	0.09%
Allowance for Loan Losses	2.25%	4.49%
Allowance for Loan Losses to:		
Net Loans-Quarter End	1.54%	1.88%
Non-Performing Loans	164.54%	117.51%
Non-Performing Loans to:		
Net Loans-Quarter End	0.93%	1.60%
Net Loans-Average	0.96%	1.61%

[CAPTION]

The following table shows the principal amounts of nonaccrual loans at June 30 for the years indicated.

	March 1994	March 1993
	-----	-----
[S]	[C]	[C]
Non-Performing Loans		
Non-Accruing	1,117,766	1,055,365
Accruing Loans Past Due	2,869,894	5,152,126
90 Days or More	-----	-----
Total Non-Performing Loans	\$ 3,987,660	\$ 6,207,491
	=====	=====

Other income, net of investment security gains and losses and trading account income was \$2,437,665 for 1994 compared to \$1,957,010 for 1993, or an increase of \$480,655. This amounted to 24.56%. Service charges were up \$199,181, fees and commissions were up \$26,238, trust department income was up \$7,275 while other operating income was up \$247,961. Other

operating income included \$165,388 in life insurance proceeds for 1994.

Other expenses were \$7,089,761 for 1994 compared to \$6,432,026 for 1993, or an increase of \$657,735. This amounted to a 10.23% increase. Salaries and employee benefits were up \$244,188, occupancy of bank premises was up \$35,887, furniture and equipment depreciation, rental cost, servicing, etc. were up \$40,790 and other operating expense was up \$333,870.

Income tax expense was \$386,114 for 1994 compared to \$633,763 for 1993.

Statistical Summary
March 31, 1994
[CAPTION]

	1994		
	INCOME OR EXPENSE ----- [C]	AVERAGE BALANCE SHEET AMOUNTS ----- [C]	YIELDS/ RATES ----- [C]
[S] Earnings Assets			
Loans and leases, net of unearned income	8,470,392	416,795,219	8.24%
Interest bearing bank balances and federal funds sold	191,530	25,079,065	3.05%
Taxable investment/trading securities	2,374,123	193,314,300	4.91%
Nontaxable investment securities	631,164	42,514,120	9.00%TE
	-----	-----	-----
Total investment and trading securities	3,005,287	235,828,420	5.65%TE
Total earning assets	11,667,209	677,702,704	7.08%TE
Cash and due from banks		43,672,537	
Other assets, less allowance for loan losses		22,423,852	

Total assets		743,799,083	
		=====	
[S]	[C]	[C]	[C]
Interest bearing liabilities:			
Interest bearing demand deposit accounts	961,605	177,531,010	2.17%
Savings accounts	532,018	96,362,729	2.29%
Time Deposits	2,650,022	288,444,293	3.67%
	-----	-----	-----
Total interest bearing deposits	4,143,645	562,338,032	2.95%

	1994		
	INCOME OR EXPENSE -----	AVERAGE BALANCE SHEET AMOUNTS -----	YIELDS/ RATES -----

	Other costing liabilities	70,045	6,193,148	4.52%
		-----	-----	-----
	Total interest bearing liabilities	4,213,690	568,531,180	2.96%
[S]			[C]	
Non-interest bearing sources:				
	Non-interest bearing deposits		98,242,851	
	Other liabilities		6,993,236	
	Shareholders' equity		70,031,816	

	Total liabilities and shareholders' equity		743,799,083	
			=====	
[S]		[C]		[C]
	Net interest income/Net interest margin	7,453,519		4.65%TE

Statistical Summary
March 31, 1994
[CAPTION]

	1993		
	INCOME OR EXPENSE ----- [C]	AVERAGE BALANCE SHEET AMOUNTS ----- [C]	YIELDS/ RATES ----- [C]
[S]			
Earnings Assets			
Loans and leases, net of unearned income	8,303,468	385,243,713	8.74%
Interest bearing bank balances and federal funds sold	232,711	32,323,951	2.92%
Taxable investment/trading securities	2,369,740	159,408,025	5.95%
Nontaxable investment securities	553,600	34,256,071	9.79%TE
	-----	-----	
Total investment and trading securities	2,923,340	193,664,096	6.63%TE
Total earning assets	11,459,519	611,231,760	7.69%TE
Cash and due from banks		41,876,419	
Other assets, less allowance for loan losses		21,989,737	

Total assets		675,097,916	
		=====	
Interest bearing liabilities:			
Interest bearing demand deposit accounts	1,006,939	174,730,413	2.34%
Savings accounts	451,310	77,813,492	2.35%
Time Deposits	2,491,174	262,767,796	3.84%
	-----	-----	-----
Total interest bearing deposits	3,949,423	515,311,701	3.11%

Statistical Summary
March 31, 1994
[CAPTION]

	1993		
	INCOME OR EXPENSE ----- [C]	AVERAGE BALANCE SHEET AMOUNTS ----- [C]	YIELDS/ RATES ----- [C]
[S]			
Other costing liabilities	30,276	3,334,207	3.68%
	-----	-----	-----
Total interest bearing liabilities	3,979,699	518,645,908	3.11%
[S]	[C]	[C]	[C]
Non-interest bearing sources:			
Non-interest bearing deposits		84,211,304	
Other liabilities		6,775,392	
Shareholders' equity		65,465,312	

Total liabilities and shareholders' equity		675,097,916	
		=====	
Net interest income/Net interest margin	7,479,820		5.15%TE

Liquidity and Interest Rate Sensitivity Management

The primary functions of asset/liability management are to assure adequate liquidity and maintain an appropriate balance between interest sensitive earning assets and interest bearing liabilities. Liquidity management involves the ability to meet the cash flow requirements of customers who may be either depositors wanting to withdraw or borrowers needing assurance that sufficient funds will be available to meet their credit needs. Interest rate sensitivity management seeks to avoid fluctuating net interest margins and to provide for a consistent growth of net interest income through periods of changing interest rates.

Available for sale securities, particularly those of shorter maturities, are the principal source of asset liquidity. Securities maturing in one year or less amounted to \$54,912,000 at March 31, 1994, representing 22.25% of the investment securities portfolio. Other types of assets such as federal funds sold and interest bearing deposits in other banks are sources of liquidity. Loans maturing within one year represented 65.94% of the total loans, net of unearned income, for March 31, 1994. On March 31, 1994, there were \$349,412,000 in interest earning assets which will mature within one year while \$473,103,000 in interest bearing liabilities will mature or will be repriced within one year, which results in a negative interest sensitivity gap.

Rate Sensitive Balance Sheet
March 31, 1994
[CAPTION]

	(In Thousands)			
	LESS THAN ONE YEAR	ONE YEAR TO FIVE YEARS	OVER FIVE YEARS	TOTAL
	----- [C]	----- [C]	----- [C]	----- [C]
[S] ASSETS				
Securities	54,912	112,972	77,480	246,364
Loans	281,422	125,934	19,403	426,759
Federal Funds Sold	13,000			13,000
Interest Bearing Balances with Banks	78			78
Other Assets			70,715	70,715
	-----	-----	-----	-----
Total Assets	349,412	239,906	167,598	756,916
	=====	=====	=====	=====
LIABILITIES				
Non-Interest Bearing Transaction Accounts			131,965	131,965
Interest Bearing Transaction Accounts	151,012			151,012
Money Market and Savings	102,348			102,348
Certificates of Deposit <100,000	143,221	37,625	130	180,976
Certificates of Deposit >100,000	54,289	9,074	330	63,693
Individual Retirement Account	18,295	21,771	524	40,590
Other Borrowed Funds	3,938	3,751	610	8,299
Other Liabilities			7,046	7,046
Equity			71,243	71,243
	-----	-----	-----	-----
Total Liabilities and Equity	473,103	72,221	211,848	757,172
	=====	=====	=====	=====
GAP	(123,691)	167,685	(44,250)	0
GAP/Assets	(35.40%)	69.90%	(26.48%)	0.00%
Cumulative GAP	(123,691)	43,994	0	0
Cumulative GAP/Assets	-35.40%	18.34%	0.00	0.00%

Historically, the overall liquidity of the Company has been enhanced by a significant aggregate of core deposits. The Company's deposit base has changed from a significant dependence on negotiable certificates of deposit to increased dependence on short-term interest bearing accounts which tends to increase the Company's negative GAP position. As a result of this shift in types of deposits, the Company is attempting to shorten the maturity of investments and convert loans, where possible, to a floating rate.

Interest rate sensitivity varies with different types of interest earning assets and interest bearing liabilities. Overnight federal funds on which rates change daily and loans which are tied to the prime lending rate differ considerably from long-term investment securities and fixed rate loans. Similarly, time deposits over \$100,000 and money market certificates are much more interest rate sensitive than savings accounts. The shorter-term interest rate sensitivities are the key to measurement of the interest rate sensitivity gap, or excess interest sensitive earning assets over interest bearing liabilities.

Capital Resources

Retained earnings through operations have been the primary source of capital over the past three months. The ratio of shareholders equity to total assets was 9.38% as of March 31, 1994, compared to 9.73% as of December 31, 1993, and 9.22% as of March 31, 1993.

Total shareholders' equity of the Company was \$70,986,868 and \$69,923,713 for March 31, 1994 and December 31, 1993, respectively. This represented an increase of \$1,063,155 or 1.52%. Guidelines define a well capitalized bank as one whose capital to risk-based assets is at least 10%, or 6% Tier 1 capital ratio, and a 5% leverage ratio.

The table below shows the capital ratios of the Company at the dates indicated.

[CAPTION]

	(In Thousands)	
	March 31 1994	December 31 1993
	-----	-----
[S]	[C]	[C]
Total Tier 1 Capital	\$ 68,192	\$ 63,425
Total Tier 2 Capital	5,379	5,355
	-----	-----
Total Qualifying Capital	73,571	68,780
	=====	=====
Risk-weighted assets on balance sheet, net of intangibles	429,480	426,964
Excess allowance for loan losses	(1,182)	(1,108)
Risk-weighted off balance sheet exposure	860	1,422
	-----	-----
Total Risk-Weighted Assets Inclusive of Off Balance Sheet Exposure and Net of Allowance	429,158	427,278
	=====	=====
Tier 1 Capital Ratio	15.88%	14.84%
Total Capital Ratio	17.14%	16.10%
Leverage Ratio	9.20%	9.48%

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 \$29.47 and \$27.25 at March 31, 1994 and 1993, respectively. Cash dividends were raised to \$.23 per quarter, up from \$.22 per share during the same quarter in 1993.

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

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There were no material proceedings pending at March 31 1994, against the registrant or its subsidiary.

Item 6(b) Reports on Form 8-K

No Form 8-K was filed during the quarter ended March 31, 1994.

SIGNATURES

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

THE PEOPLES HOLDING COMPANY

Registrant

DATE: May 13, 1994

John W. Smith
President & Chief Executive
Officer

DATE: May 13, 1994

E. W. Conwill
Vice President