

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15 (d) of  
The Securities Exchange Act of 1934

Date of Report - July 18, 2002

THE PEOPLES HOLDING COMPANY

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(Exact name of registrant as specified in its charter)

Mississippi	1-13253	64-0676974
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(State or other jurisdiction)	(Commission file number)	(I.R.S. Iden- tification number)

209 Troy Street, Tupelo, Mississippi 38802-0709  
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(Address of principal executive officers) (Zip Code)

Registrant's Telephone Number: (662)680-1001

ITEM 1: CHANGES IN CONTROL OF REGISTRANT.  
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Not applicable

ITEM 2: ACQUISITION OR DISPOSITION OF ASSETS.  
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Not applicable

ITEM 3: BANKRUPTCY OR RECEIVERSHIP.  
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Not applicable

ITEM 4: CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANTS.  
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Not applicable

ITEM 5: OTHER EVENTS.  
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At the close of business on July 17, 2002, The Peoples Holding Company issued a press release concerning its earnings and results for the second quarter of 2002.

ITEM 6: RESIGNATION OF REGISTRANT'S DIRECTORS.  
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Not applicable

ITEM 7: FINANCIAL STATEMENTS AND EXHIBITS.  
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99.1 Press Release, dated July 17, 2002, issued by The Peoples Holding Company.

ITEM 8: CHANGE IN FISCAL YEAR.  
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Not applicable

ITEM 9: SALES OF EQUITY SECURITIES PURSUANT TO REGULATION S.  
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Not applicable

SIGNATURE

Pursuant to the requirements of The Securities 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

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Registrant

/s/ E. Robinson McGraw

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E. Robinson McGraw  
President & Chief Executive Officer

DATE: July 18, 2002

The Peoples Holding Company (AMEX:PHC)  
P.O. Box 709  
Tupelo, MS 38801-0709  
Phone: (662) 680-1001  
Fax: (662) 680-1234  
www.thepeoplesbankandtrust.com

## Press Release

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For additional information, contact:

Jim Gray  
Executive Vice President, Investor Relations and Planning Director  
(662) 680-1217

Stuart Johnson  
Executive Vice President and Chief Financial Officer  
(662) 680-1472

Date: July 17, 2002

## PEOPLES HOLDING COMPANY RECORD QUARTERLY EARNINGS UP 33.3%

The Peoples Holding Company (the Company)(AMEX: PHC) reported today record results for second quarter 2002, bettering the record results posted for the comparable period in 2001. Earnings per share for the second quarter were \$.80, compared to \$.60 for the same period one year ago, an increase of 33.33%, and net income was \$4,489,000 compared to \$3,587,000 for the same period in 2001. Net interest income for second quarter 2002 was up 14.69% while non-interest income increased 13.75% for the same period. These results generated a return on average equity for second quarter 2002 of 14.36% compared to 11.21% for second quarter 2001, and a return on average assets for second quarter 2002 of 1.37% compared to 1.13% for the comparable period in 2001.

We have now had six consecutive quarters of record core earnings, noted E. Robinson McGraw, President & CEO. "These results reflect our strategic focus on asset quality, margin improvement, non-interest income, operating expense control, capital management and growth. Although we are pleased with our earnings results, the progress on our strategic plan and the prospects for continuing our positive performance, we will not be satisfied until we are a top-performing company compared to our peers."

## Stock Price, Dividends And Repurchases

The market price of The Peoples Holding Company shares was \$41.00 per share at June 30, 2002, an increase of 24.20% from \$33.01 at June 30, 2001. "I believe this significant gain in share price to be a direct result of our commitment to both earnings improvement and capital management," McGraw said.

The Company announced an increase in its quarterly dividend to \$.26 per share on June 18, increasing the annual dividend to \$1.04. This marks the sixteenth consecutive year of dividend increases.

Since January 2002, the Company has repurchased 97,806 shares, or 1.71% of shares outstanding, at an average purchase price of \$34.87 per share. Peoples initiated a tender offer on April 16, 2001 to purchase up to 604,312 shares or approximately 10% of its common shares outstanding. Since that time, the Company has repurchased a total of approximately 436,000 shares.

## Financial Details

"For second quarter 2002, the net interest margin improved to 4.75% compared to 4.43% for 2001, continuing to reflect our proactive stance on pricing", noted McGraw.

The provision for loan losses decreased to \$1,075,000 for second quarter 2002 from \$1,125,000 for the same period in 2001. Allowance for loan losses as a percentage of loans remains unchanged at 1.39% at June 30, 2002 and 2001, respectively. Net charge-offs as a percentage of average loans was .15% for second quarter 2002 compared to .10% for the same period in 2001. Non-performing loans decreased to .44% for second quarter 2002 compared with .73% for the same period in 2001. The Company's non-performing loan coverage ratio stood at 317% for the quarter compared to 191% for second quarter 2001. "Our asset quality continues to improve as a result of our commitment to credit scoring, central credit analysis and central collections," McGraw stated.

Total non-interest income for the second quarter ended June 30, 2002 and 2001 was \$6,650,000 and \$5,846,000, respectively, an increase of 13.75%. "With non-interest income representing 33% of net interest income and non-interest income combined, growth of this diversified revenue stream remains strong. It underscores the fact that we are increasingly meeting the total financial needs of our clients through the sale of insurance and investment products as well as traditional banking services. Significant gains in non-interest income have been generated through fees on the sale of insurance and investments, mortgage loan fees, service charges, fiduciary services and bank owned life insurance among others," McGraw said.

Second quarter 2002 non-interest expense increased 10.12% over that of second quarter 2001. This increase was due primarily to increasing health insurance

costs and increases in computer depreciation related to a number of recent technology upgrades. Net non-interest expense as a percentage of assets has remained relatively steady at 1.81% for second quarter 2002 as compared to 1.80% for the same period in 2001. In addition, the efficiency ratio improved for the second quarter from 62.30% in 2001 to 60.54% for 2002.

#### Conference Call Information

A live audio Webcast of a conference call with analysts will be available beginning at 9 A. M. Central time on Monday, July 22 through the Investor Relations page of our website, [www.thepeoplesbankandtrust.com](http://www.thepeoplesbankandtrust.com); through [www.streetevents.com](http://www.streetevents.com) or any of CCBN's distribution network. The event will be archived for 90 days. The conference may also be heard live via telephone by dialing 877-279-3019 and entering the conference I. D. number, 4431755. A digital telephone recording of the conference call, available two hours after the event and available for 48 hours, may be accessed by dialing 1-800-642-1687 or 706-645-9291 and entering the conference I. D. number, 4431755.

#### About The Peoples Holding Company

The Peoples Holding Company is the parent of Mississippi's fourth largest commercial bank headquartered in the state. Through its wholly owned subsidiary, The Peoples Bank & Trust Company, the Company is also parent of The Peoples Insurance Agency, Inc. The Peoples Bank has assets of approximately \$1.3 billion and operates 40 community banking offices in 27 north and north central Mississippi cities.

## Note To Investors

This news release contains forward-looking statements regarding The Peoples Holding Company. All forward-looking statements involve risk and uncertainty and a number of factors could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements. Those factors include, but are not limited to, interest rate fluctuation, regulatory changes, portfolio performance and other factors discussed in our recent filings with the Securities and Exchange Commission (SEC).

The Peoples Holding Company  
Selected Financial Information  
(Dollars in Thousands, Except Share Data)  
Unaudited

Core Earnings Summary *	For The Three Months Ended June 30,			For The Six Months Ended June 30,		
	2002	2001	% Change	2002	2001	% Change
Reported net income .....	\$ 4,489	\$ 3,587	25.15 %	\$ 7,254	\$ 6,889	5.30 %
Goodwill amortization, net of tax .....	-	102	(100.00)	-	204	(100.00)
Transitional goodwill impairment .....	-	-	-	1,300	-	-
Core net income .....	\$ 4,489	\$ 3,689	21.69 %	\$ 8,554	\$ 7,093	20.60 %
Basic and diluted earnings per share:						
Reported net income .....	\$ 0.80	\$ 0.60	33.33 %	\$ 1.29	\$ 1.15	12.17 %
Goodwill amortization, net of tax .....	-	0.02	(100.00)	-	0.03	(100.00)
Transitional goodwill impairment .....	-	-	-	0.23	-	-
Core net income .....	\$ 0.80	\$ 0.62	29.03 %	\$ 1.52	\$ 1.18	28.81 %

\* The table above presents net income for the prior periods as reported as well as core net income, which has been adjusted for the exclusion of goodwill amortization and the cumulative effect of the transitional goodwill impairment.

Earnings Summary	For The Three Months Ended June 30,			For The Six Months Ended June 30,		
	2002	2001	% Change	2002	2001	% Change
Interest income .....	\$ 19,971	\$ 22,422	(10.93)%	\$ 39,500	\$ 45,095	(12.41)%
Interest expense .....	6,720	10,868	(38.17)	13,810	22,459	(38.51)
Net interest income .....	13,251	11,554	14.69	25,690	22,636	13.49
Provision for loan losses .....	1,075	1,125	(4.44)	2,200	2,250	(2.22)
Noninterest income .....	6,650	5,846	13.75	13,259	11,576	14.54
Noninterest expenses .....	12,526	11,375	10.12	24,824	22,430	10.67
Income before taxes and cumulative effect of accounting change .....	6,300	4,900	28.57	11,925	9,532	25.10
Income taxes .....	1,811	1,313	37.93	3,371	2,643	27.54
Net income before cumulative effect of accounting change .....	4,489	3,587	25.15	8,554	6,889	24.17
Cumulative effect of accounting change .....	-	-	-	(1,300)	-	-
Net income .....	\$ 4,489	\$ 3,587	25.15 %	\$ 7,254	\$ 6,889	5.30 %
Common Stock Data	=====	=====	=====	=====	=====	=====
Earnings per share - basic and diluted:						
Income before cumulative effect of accounting change .....	\$ 0.80	\$ 0.60	33.33 %	\$ 1.52	\$ 1.15	32.17 %
Cumulative effect of accounting change .....	-	-	-	(0.23)	-	-
Net income .....	0.80	0.60	33.33	1.29	1.15	12.17
Book value per share .....				22.60	21.13	6.96
Market value per share .....				41.00	33.01	24.20
Cash dividends per share .....	0.26	0.24	8.33	0.51	0.47	8.51
Weighted average shares outstanding .....	5,614,265	5,935,987	(5.42)	5,635,854	5,992,167	(5.95)
Weighted average shares outstanding - diluted ...	5,622,047	5,935,987	(5.29)	5,641,245	5,992,167	(5.86)
End of period shares outstanding .....				5,606,874	5,807,568	(3.46)
Balance Sheet Summary						
Total loans .....				\$ 835,789	\$ 820,475	1.87 %
Allowance for loan losses .....				11,658	11,403	2.24
Total investment securities .....				344,752	283,993	21.39
Total assets .....				1,310,925	1,240,074	5.71
Total deposits .....				1,106,793	1,067,855	3.65
Total borrowings .....				59,416	29,896	98.74
Shareholders' equity .....				126,717	122,688	3.28

Selected Ratios -----	For The Three Months Ended June 30,			For The Six Months Ended June 30,		
	2002	2001	% Change	2002	2001	% Change
Return on average assets * .....	1.37 %	1.13 %	21.24 %	1.19 %	1.11 %	7.21 %
Return on average shareholders' equity * .....	14.36	11.21	28.10	12.50	10.91	14.57
Adjusted for cumulative effect of accounting change:						
Core return on average assets* .....	1.37	1.16	18.10	1.29	1.14	13.16
Core return on average shareholders' equity* .....	14.36	11.54	24.44	13.54	11.24	20.46
Shareholders' equity to assets (actual) .....				9.67	9.89	(2.22)
Net interest margin (TE) * .....	4.75	4.43	7.22	4.67	4.37	6.86
Allowance for loan losses to total loans .....				1.39	1.39	-
Reserve coverage of nonperforming loans .....				317.57	191.62	65.73
Average loans to average deposits .....	74.76	76.52	(2.30)	74.82	76.64	(2.37)
Average earning assets to average assets .....	90.51	91.18	(0.73)	90.43	91.38	(1.04)
Nonperforming loans to total loans .....				0.44	0.73	(39.73)
Net charge-offs to average loans * .....	0.59	0.39	51.28	0.46	0.34	35.29
Noninterest income (less securities gains/losses) to average assets* .....	2.02	1.90	6.32	2.00	1.88	6.38
Noninterest expense to average assets* .....	3.83	3.70	3.51	3.82	3.66	4.37
Overhead ratio * .....	1.81	1.80	0.56	1.82	1.78	2.25
Efficiency ratio .....	60.54	62.30	(2.83)	61.28	62.44	(1.86)

#### Nonperforming Assets

Nonaccruing loans .....	\$ 832	\$ 2,228	(62.66)%
Accruing loans past due 90 days or more .....	2,839	3,723	(23.74)
	-----	-----	-----
Total nonperforming loans .....	3,671	5,951	(38.31)
ORE and repossessions .....	3,092	2,351	31.52
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Total nonperforming assets .....	\$ 6,763	\$ 8,302	(18.54)%
	=====	=====	=====

\* Ratios annualized

TE - taxable equivalent basis

The Peoples Holding Company  
Allowance for Loan Losses  
(Dollars in Thousands)  
Unaudited

	For The Three Months Ended June 30,			For The Six Months Ended June 30,		
	2002	2001	% Change	2002	2001	% Change
Reserve for loan losses at beginning of period ..	\$ 11,811	\$ 11,067	6.72 %	\$ 11,354	\$ 10,536	7.76 %
Provision for loan losses .....	1,075	1,125	(4.44)	2,200	2,250	(2.22)
Loans charged-off .....	1,310	871	50.40	2,296	1,573	45.96
Recoveries of loans previously charged-off .....	82	82	-	400	190	110.53
Reserve for loan losses at end of period .....	\$ 11,658	\$ 11,403	2.24 %	\$ 11,658	\$ 11,403	2.24 %
	=====	=====	=====	=====	=====	=====

The Peoples Holding Company  
Loans and Credit Quality  
(Dollars in Thousands)  
Unaudited

	Loans, Net of Unearned Income As of June 30,		Non-performing Loans As of June 30,		Net Charge-offs For The Six Months Ended June 30,	
	2002	2001	2002	2001	2002	2001
Commercial, financial, agricultural .....	\$ 152,321	\$ 159,469	\$ 563	\$ 601	\$ 463	\$ 367
Real estate - construction .....	31,889	27,542	159	117	88	18
Real estate - mortgage .....	552,541	517,173	2,736	4,518	926	304
Consumer .....	99,038	116,291	213	715	419	694
Total .....	\$ 835,789	\$ 820,475	\$ 3,671	\$ 5,951	\$ 1,896	\$ 1,383
	=====	=====	=====	=====	=====	=====



The Peoples Holding Company  
Condensed Consolidated Statements of Income  
(Dollars in Thousands, Except Share Data)  
Unaudited

	For The Three Months Ended June 30,			For The Six Months Ended June 30,		
	2002	2001	% Change	2002	2001	% Change
Interest income:						
Loans .....	\$ 15,347	\$ 17,966	(14.58)%	\$ 30,664	\$ 36,146	(15.17)%
Securities .....	4,599	4,231	8.70	8,633	8,363	3.23
Other .....	25	225	(88.89)	203	586	(65.36)
Total interest income .....	19,971	22,422	(10.93)	39,500	45,095	(12.41)
Interest expense:						
Deposits .....	6,123	10,508	(41.73)	12,627	21,728	(41.89)
Borrowings .....	597	360	65.83	1,183	731	61.83
Total interest expense .....	6,720	10,868	(38.17)	13,810	22,459	(38.51)
Net interest income .....	13,251	11,554	14.69	25,690	22,636	13.49
Provision for loan losses .....	1,075	1,125	(4.44)	2,200	2,250	(2.22)
Net interest income after provision for loan losses .....	12,176	10,429	16.75	23,490	20,386	15.23
Noninterest income:						
Service charges on deposit accounts .....	3,064	2,816	8.81	6,000	5,608	6.99
Fees and commissions .....	2,226	1,665	33.69	4,275	3,453	23.81
Trust revenue .....	231	265	(12.83)	462	530	(12.83)
Gains on sale of securities .....	8	2	300.00	8	45	(82.22)
Other .....	1,121	1,098	2.09	2,514	1,940	29.59
Total noninterest income .....	6,650	5,846	13.75	13,259	11,576	14.54
Noninterest expenses:						
Salaries and employee benefits .....	7,390	6,346	16.45	14,319	12,423	15.26
Data processing .....	959	869	10.36	1,881	1,727	8.92
Net occupancy .....	777	777	-	1,584	1,605	(1.31)
Equipment .....	790	733	7.78	1,594	1,462	9.03
Other .....	2,610	2,650	(1.51)	5,446	5,213	4.47
Total noninterest expenses .....	12,526	11,375	10.12	24,824	22,430	10.67
Income before taxes and cumulative effect of accounting change .....	6,300	4,900	28.57	11,925	9,532	25.10
Income taxes .....	1,811	1,313	37.93	3,371	2,643	27.54
Net income before cumulative effect of accounting change .....	4,489	3,587	25.15	8,554	6,889	24.17
Cumulative effect of accounting change .....	-	-	-	(1,300)	-	-
Net income .....	\$ 4,489	\$ 3,587	25.15 %	\$ 7,254	\$ 6,889	5.30 %

The Peoples Holding Company  
Average Consolidated Balance Sheet and Net Interest Analysis \*  
(Dollars in Thousands)  
Unaudited

	For The Three Months Ended June 30		For The Six Months Ended June 30	
	2002	2001	2002	2001
<b>Earning Assets:</b>				
Loans and leases:				
Interest (TE) .....	\$ 15,465	\$ 18,121	\$ 30,910	\$ 36,449
Average balance .....	830,748	812,473	824,301	810,862
Yield .....	7.47%	8.95%	7.56%	9.06%
Interest bearing bank balances, federal funds sold and repos:				
Interest .....	25	225	203	586
Average balance .....	4,863	19,617	23,801	23,266
Yield .....	2.06%	4.60%	1.72%	5.08%
Investment securities:				
Interest (TE) .....	5,269	4,936	9,948	9,772
Average balance .....	347,245	288,129	324,861	285,494
Yield .....	6.09%	6.81%	6.18%	6.84%
Total earning assets:				
Interest (TE) .....	20,759	23,282	41,061	46,807
Average balance .....	1,182,856	1,120,219	1,172,963	1,119,622
Yield .....	7.04%	8.32%	7.06%	8.41%
<b>Interest Bearing Liabilities:</b>				
Interest bearing demand deposit accounts:				
Interest .....	422	554	839	1,176
Average balance .....	94,330	77,607	93,453	77,219
Rate .....	1.79%	2.86%	1.81%	3.07%
Savings and money market accounts:				
Interest .....	1,169	1,701	2,343	3,734
Average balance .....	293,261	251,988	291,570	255,172
Rate .....	1.60%	2.71%	1.62%	2.95%
Time deposits:				
Interest .....	4,532	8,253	9,445	16,818
Average balance .....	569,184	586,144	563,882	583,908
Rate .....	3.19%	5.65%	3.38%	5.81%
Total interest bearing deposits:				
Interest .....	6,123	10,508	12,627	21,728
Average balance .....	956,775	915,739	948,905	916,299
Rate .....	2.57%	4.60%	2.68%	4.78%
Other interest bearing liabilities:				
Interest .....	597	360	1,183	731
Average balance .....	55,155	24,000	54,622	24,079
Rate .....	4.34%	6.02%	4.37%	6.12%
Total interest bearing liabilities:				
Interest .....	6,720	10,868	13,810	22,459
Average balance .....	1,011,930	939,739	1,003,527	940,378
Rate .....	2.66%	4.64%	2.78%	4.82%
Net interest income (TE) .....	\$ 14,039	\$ 12,414	\$ 27,251	\$ 24,348
Net interest margin (TE) .....	4.75%	4.43%	4.67%	4.37%

\* Interest amounts annualized for purposes of calculating yields and rates  
TE - taxable equivalent basis