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

(Mark One)
(X) Quarterly Report under Section 13 or 15(d)
of THE SECURITIES EXCHANGE ACT of 1934
For the quarterly period ended March 31, 2003

or

( ) Transition Report Pursuant to Section 13 or 15(d)
of THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____ to ____

Commission File Number 1-13253

THE PEOPLES HOLDING COMPANY
(Exact name of the registrant as specified in its charter)

MISSISSIPPI
(State or other jurisdiction of incorporation or organization)

64-0676974
(I.R.S. Employer Identification Number)

209 Troy Street, P. O. Box 709, Tupelo, Mississippi 38802-0709
(Address of principal executive offices) (Zip code)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES__X__NO_____

Indicate by check whether the registrant is an accellerated filer (as defined in Rule 121-2 of the Exchange Act). 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, 5,561,190 shares outstanding as of May 15, 2003

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PART 1. FINANCIAL INFORMATION PAGE

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

	MARCH 31 2003 (Unaudited)	DECEMBER 31 2002 (Note 1)
Assets		
Cash and due from banks	$ 51,017	$ 46,422
Interest-bearing balances with banks	30,301	12,319
Cash and cash equivalents	81,318	58,741
Securities available-for-sale	375,812	344,781
Loans, net of unearned income	857,004	863,308
Allowance for loan losses	(12,666)	(12,203)
Net loans	844,338	851,105
Premises and equipment, net	29,576	29,289
Other assets	61,843	60,596
Total assets	$ 1,392,887	$ 1,344,512
Liabilities		
Deposits:		
Noninterest-bearing	$ 168,871	$ 147,565
Interest-bearing	989,688	951,483
Total deposits	1,158,559	1,099,048
Treasury tax and loan note account	2,194	5,498
Advances from the Federal Home Loan Bank	81,787	86,308
Other liabilities	15,294	20,880
Total liabilities	1,257,834	1,211,734
Shareholders' equity		
Common Stock, $5 par value - 15,000,000 shares authorized, 6,212,284 shares issued; 5,572,751 and 5,574,733 shares outstanding at March 31, 2003 and December 31, 2002, respectively	31,061	31,061
Treasury stock, at cost	(17,636)	(17,556)
Additional paid-in capital	39,930	39,930
Retained earnings	76,982	73,935
Accumulated other comprehensive income	4,716	5,408
Total shareholders' equity	135,053	132,778
Total liabilities and shareholders' equity	$ 1,392,887	$ 1,344,512

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 2003	2002
	(Unaudited)	
Interest income		
Loans	$ 14,614	$ 15,317
Securities:		
Taxable	2,515	3,053
Tax-exempt	1,035	981
Other	200	178
Total interest income	18,364	19,529
Interest expense		
Deposits	5,090	6,504
Borrowings	793	586
Total interest expense	5,883	7,090
Net interest income	12,481	12,439
Provision for loan losses	767	1,125
Net interest income after provision for loan losses	11,714	11,314
Noninterest income		
Service charges on deposit accounts	3,424	2,936
Fees and commissions	2,415	2,049
Trust revenue	297	231
Securities gains	79	-
BOLI income	305	302
Merchant discounts	294	299
Other	761	792
Total noninterest income	7,575	6,609
Noninterest expense		
Salaries and employee benefits	7,221	6,929
Data processing	950	922
Net occupancy	805	807
Equipment	798	804
Other	3,056	2,836
Total noninterest expense	12,830	12,298
Income before taxes and cumulative effect of accounting change	6,459	5,625
Income taxes	1,907	1,560
Income before cumulative effect of accounting change	4,552	4,065
Cumulative effect of accounting change	-	(1,300)
Net income after cumulative effect of accounting change	$ 4,552	$ 2,765
Basic and diluted earnings per share:		
Income before cumulative effect of accounting change	$ 0.82	$ 0.72
Cumulative effect of accounting change	-	(0.23)
Net Income	$ 0.82	$ 0.49
Weighted average shares outstanding	5,573,528	5,657,726
Weighted average shares outstanding - diluted	5,579,515	5,660,727

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 2003	2002
	(Unaudited)	
Operating activities		
Net cash provided (used) by operating activities	$ 1,063	$ (1,100)
Investing activities		
Purchases of securities available-for-sale	(90,685)	(98,129)
Proceeds from sales of securities available-for-sale	19,365	3,097
Proceeds from calls/maturities of securities available-for-sale	38,358	19,284
Net decrease in loans	5,367	6,834
Proceeds from sales of premises and equipment	1	119
Purchases of premises and equipment	(993)	(473)
Net cash used in investing activities	(28,587)	(69,268)
Financing activities		
Net increase in noninterest-bearing deposits	21,306	9,277
Net increase in interest-bearing deposits	38,205	41,082
Net (decrease) in short-term borrowings	(3,304)	(3,741)
Proceeds from other borrowings	-	13,748
Repayments of other borrowings	(4,521)	(4,618)
Acquisition of treasury stock	(80)	(2,897)
Cash dividends paid	(1,505)	(1,415)
Net cash provided by financing activities	50,101	51,436
Increase (decrease) in cash and cash equivalents	22,577	(18,932)
Cash and cash equivalents at beginning of period	58,741	71,412
Cash and cash equivalents at end of period	$ 81,318	$ 52,480
Supplemental disclosures:		
Non-cash transactions:		
Transfer of loans to other real estate	$ 632	$ 787

See Notes to Condensed Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 2003
(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, 2003 are not necessarily indicative of the results that may be expected for the year ended December 31, 2003.

For further information, refer to the consolidated financial statements and footnotes thereto included in The Peoples Holding Company and Subsidiary's annual report on Form 10-K for the year ended December 31, 2002. For purposes of this quarterly report on Form 10-Q, the term "Company" refers to The Peoples Holding Company and the term "Bank" refers to The Peoples Bank and Trust Company.

Note 2 Other Accounting Pronouncements

In the first quarter of 2002, we 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, we recorded a goodwill impairment charge of $1,300 as a cumulative effect of a change in accounting principles. The impairment was specific to the insurance subsidiary of the Company. The fair value of the insurance subsidiary 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, 2003	
	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:		
Core deposit intangible assets ..	$ 507	$ (413)
Other intangible assets	3,282	(2,184)
Total intangible assets	$ 3,789	$ (2,597)
Goodwill	$ 7,190	$ (2,142)

Aggregate amortization expense:	
For the period ended March 31, 2003	$ 123
Estimated amortization expense in future years:	
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

Note 2 Other Accounting Pronouncements (continued)

The changes in the carrying amount of goodwill and other intangible assets for the quarter ended March 31, 2003 and 2002, are as follows:

	2003		2002	
	Goodwill	Other Intangibles	Goodwill	Other Intangibles
Balance as of January 1, ...	$ 5,048	$ 1,315	$ 6,348	$ 1,808
Impairment losses	-	-	(1,300)	-
Amortization expense	-	(123)	-	(123)
Balance as of March 31, ...	$ 5,048	$ 1,192	$ 5,048	$ 1,685

In January 2003, the FASB issued Interpretation 46, Consolidation of Variable Interest Entities. In general, a variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. Interpretation 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of Interpretation 46 were to be applied immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to older entities in the first fiscal year or interim period beginning after June 15, 2003. Certain of the disclosure requirements are to be applied in all financial statements issued after January 31, 2003, regardless of when the variable interest entity was established. The Company has evaluated the provisions of the Interpretation, and its adoption did not have a material impact on its financial statements.

Effective January 1, 2003, we adopted the disclosure provisions of SFAS 148, "Accounting for Stock-Based Compensation-Transition and Disclosure." This statment amends SFAS 123, "Accounting for Stock-Based Compensation," to provide for alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure provisions of SFAS 123 and Account Principles Board ("APB") Opinion No. 28, "Interim Financial Reporting," to require disclosure in the summary of significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual and interim financial statements. We adopted the fair value method of accounting for stock based compensation effective December 31, 2002. We recorded $128 in compensation expense relating to stock based compensation in the first quarter of 2003.

Note 3 Comprehensive Income

For the three month periods ended March 31, 2003 and 2002, total comprehensive income was $3,860 and $1,712, respectively. Total comprehensive income consists of net income and the change in the unrealized gain (loss) on securities available for sale.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (dollar amounts in thousands, except per share data)

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 $1,344,512 on December 31, 2002, to $1,392,887 on March 31, 2003, or 3.60%. Of the $48,375 increase in total assets, $17,982 and $31,031 were employed in interest bearing bank balances and the investment portfolio, respectively, as a result of soft loan demand. Security purchases during the quarter totaled $90,685, the majority (92%) being in the mortgage-back sector because of the cash flow provided by the principal and interest payback each month. We believe that the cash flow from these securities will be useful in meeting loan demand as the economy improves.

Loan demand for the first quarter of 2003 remained slow. Average loan balances for the first quarter of 2003 were comparable to average loan balances for the fourth quarter of 2002. However, the loan balance at March 31, 2003, was $857,004, representing a decrease of $6,304 from $863,308 at December 31, 2002. Loan volume continues to be impacted by the strategic decision made in 2000 to curtail our sales finance division in order to reduce risk and to enhance yield. The sales finance balance decreased $1,403, from $6,793 on December 31, 2002, to $5,390 on March 31, 2003. The increase in real estate construction loans was offset by decreases in real estate mortgage and consumer loans, lowering the loan to deposit ratio at March 31, 2003, to 73.97%. The average loan to deposit ratio improved from 75.90% at December 31, 2002, to 76.77% at March 31, 2003.

Total deposits increased from $1,099,048 on December 31, 2002, to $1,158,559 on March 31, 2003, or 5.41%. The majority of our growth has been in non-interest demand deposit accounts, public fund interest bearing demand deposit accounts, and savings deposit accounts. Traditionally, we see an increase in public funds checking the first quarter of each year. Our average interest bearing deposits as a percentage of total average deposits have decreased from 86.10% at December 31, 2002, to 85.92% at March 31, 2003.

The treasury tax and loan note account decreased from $5,498 at December 31, 2002, to $2,194 at March 31, 2003. This balance is contingent on the amount of funds we pledge as collateral as well as the Federal Reserve's need for funds.

We also continue to utilize advances from the Federal Home Loan Bank (FHLB) to minimize interest rate risk. We have funded various loans with FHLB borrowings having similar terms, locking in fixed rates based on a spread over the FHLB note rates. In addition, we have funded an arbitrage of mortgage-backed securities with advances from the FHLB. Advances from the FHLB decreased from $86,308 at December 31, 2002, to $81,787 at March 31, 2003.

The equity capital to total assets ratios were 9.70% and 9.88% at March 31, 2003, and December 31, 2002, respectively. Capital increased $2,275, or 1.71%, from December 31, 2002, to March 31, 2003. Several factors contributed to the change in capital. Offsetting the increase in capital from earnings were a decrease in unrealized security portfolio gains, cash dividends declared for the first quarter, and treasury stock purchases. Unrealized portfolio gains decreased as a result of declining portfolio yields. As noted earlier, we purchased approximately $90,000 of securities this quarter, or approximately 24% of the portfolio. Cash dividends declared in the first quarter of 2003 remained unchanged from dividends declared in the fourth quarter of 2002 at $.27 per share. In addition, we purchased 1,982 shares of treasury stock during the first quarter of 2003 at an average price of $40.33 per share.

Results of Operations

Net income for the three month period ended March 31, 2003, was $4,552. This represented an increase of $1,787, or 64.63%, from net income of $2,765 for the three month period ended March 31, 2002, and an increase of $487, or 11.98%, from net income before the cumulative effect of accounting change recognized in the first quarter of 2002. Income before the cumulative effect of accounting change for the three month period ended March 31, 2002 was $4,065. In the first quarter of 2002, we 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, we recorded a goodwill impairment charge of $1,300 as a cumulative effect of a change in accounting principles. The impairment was specific to the insurance subsidiary of the Company.

Earnings per share for the first quarter of 2003 were $0.82. This represented an increase of 67.35% from earnings per share of $0.49 for the comparable period a year ago, and an increase of 13.89% from earnings per share before the cumulative effect of accounting change of $0.72 for the comparable period a year ago.

The increase in net income before cumulative effect of accounting change for the three month period ended March 31, 2003, compared to the same period for 2002 was a result of usual and customary deposit gathering and lending operations and an emphasis on effective and efficient delivery of specialized products. The annualized return on average assets for the three month periods ending March 31, 2003 and 2002, was 1.29% and 1.09%, respectively. The annualized return on average assets before the cumulative effect of accounting change was 1.19% for the first quarter of 2002. The annualized return on average equity for the three month periods ending March 31, 2003 and 2002, was 13.15% and 11.37%, respectively. The annualized return on average equity before the cumulative effect of accounting change was 12.29% for the first quarter of 2002.

Net Interest Income

Net interest income, the difference between interest earned on earning 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. Net interest income has slightly improved due to increases in earning asset volume, risk based pricing of loans, and a shift in the deposit mix from time deposits to transaction and money market accounts.

Net interest income for the three month periods ending March 31, 2003 and 2002 was $12,481 and $12,439, respectively, while earning assets for the same periods averaged $1,222,027 and $1,162,968, respectively. Our net interest margin on a tax equivalent basis for the first quarter of 2003 has declined to 4.39% from 4.59% for the comparable period in 2002 due to repricing at record low interest rates.

	Three Months ending March 31,		Three Months ending December 31,
	2003	2002	2002
Net interest margin	4.39%	4.59%	4.61%

Provision for Loan Losses

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. As a result of the continued improvement in loan quality, the provision for loan losses has been reduced 31.82% from $1,125 in the first quarter of 2002 to $767 in the first quarter of 2003. 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	
	2003	2002	2003	2002	2003	2002
Commercial, financial, agricultural ...	$153,428	$147,982	$ 417	$ 1,501	$ 83	$ 73
Real estate - construction	41,982	31,269	-	150	-	87
Real estate - mortgage	568,569	536,877	2,145	3,645	180	289
Consumer	93,025	103,279	220	403	41	219
	$857,004	$819,407	$ 2,782	$ 5,699	$ 304	$ 668

* Net of unearned income.

Allowance for Loan Losses

	2003	2002			
	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Balance at beginning of period	$ 12,203	$ 12,299	$ 11,658	$ 11,811	$ 11,354
Loans charged off	483	1,299	573	1,310	985
Recoveries of loans previously charged off .	179	178	89	82	317
Net Charge-offs	304	1,121	484	1,228	668
Provision for loan losses	767	1,025	1,125	1,075	1,125
Balance at end of year	$ 12,666	$ 12,203	$ 12,299	$ 11,658	$ 11,811
Allowance for loan losses to total loans ...	1.48%	1.30%	1.44%	1.39%	1.44%
Reserve coverage ratio	455.28	338.22	309.95	317.57	207.25
Net charge-offs to total loans	0.04	0.13	0.06	0.15	0.08
Nonperforming loans to total loans	0.32	0.42	0.46	0.44	0.70

Noninterest Income

Noninterest income, excluding gains from the sales of securities, was $7,496 for the three month period ending March 31, 2003, compared to $6,609 for the same period in 2002, or an increase of 13.42%. Approximately 77% of the increase between 2003 and 2002 was the result of fees generated from usual and customary loan and deposit services.

Fees generated from deposit services increased $566, or 14.28%,from the first quarter of 2002, largely attributable to deposit growth. Deposits, excluding time deposits, increased 12.09%. These deposit services include service charges, overdraft charges, debit card fees, and deposit box rent. Debit card usage was up approximately 19% for the first quarter of 2003 compared to the first quarter of 2002.

Income attributable to loan services increased $126, or 13.27% over the same period in 2002. The mortgage loan business remained strong during the first quarter of 2003. And when comparing first quarter 2003 to 2002, loan origination fees and loan document preparation fees increased $184 and $38, respectively. This increase was primarily due to changes in our pricing structure implemented in late March 2002. Loan prepayment penalties decreased $139 over the same period.

Our continued emphasis on sales of specialized products and services resulted in an increase of $118 in insurance commissions for the three month period ending March 31, 2003, compared to the same period in 2002. Contingency income related to our insurance subsidiary was down $127 from the same time period. Contingency income is a bonus received from the insurance underwriters and is based on claims paid on our customers during the previous year. In addition, trust revenue for the first quarter of 2003 was $66 greater than the first quarter of 2002 due to fees earned on new accounts and changes in the fee structure of investment managed accounts. And during the first quarter of 2003, we received a one-time signing bonus of $75 related to our new official check program.

Noninterest Expense

Noninterest expense was $12,830 for the three month period ended March 31, 2003, compared to $12,298 for the same period in 2002, or an increase of 4.33%. Salaries and commissions for the first quarter of 2003 increased $497 over the same period last year. The increase was related to normal hiring practices and salary increases for employees. Increases in salaries and commissions were offset by lower incentive expenses for the first quarter of 2003 compared to the first quarter of 2002. Stock option expenses accounted for $124 of the increase in noninterest expense over the prior year.

A loss of $56 was recognized on the sale of a building during the first quarter of 2002. We experienced increases of $110 in computer and equipment expenses related to technological enhancements. Fees increased $165 over the first quarter of 2002 due to professional fees paid to a technology consultant, to our accounting firm, and to our legal firms. Insurance costs were $58 greater than the prior year because of rate increases in various liability insurance policies held by the Company.

Noninterest expense as a percentage of average assets improved to 3.79% for the first quarter of 2003 from 3.82% for the comparable period in 2002. Although expenses increased, we have improved our efficiency ratio. The fact that the growth in noninterest income outpaced the growth in noninterest expenses has been a key factor in the improvement of our efficiency ratio.

	Three Months Ended March 31	
	2003	2002
Efficiency ratio	61.49%	62.03%

Income tax expense was $1,907 for the three month period ended March 31, 2003, (with an effective tax rate of 29.52%) compared to $1,560 (with an effective tax rate of 27.73%) for the same period in 2002. The increase in the effective tax rate over 2002 is due in part to a decrease in the tax credit available on Qualified Zone Academy Bonds in our investment portfolio. We continue to seek investing opportunities 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.

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. Other sources available for meeting liquidity needs include federal funds sold and interest bearing balances with the FHLB. In addition, we may obtain advances from the FHLB or the Federal Reserve Bank. Funds obtained from the FHLB are used primarily to match-fund real estate loans in order to minimize interest rate risk, and may be used to meet day to day liquidity needs.

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, 2003, we met all capital adequacy requirements to which we are subject.

As of March 31, 2003, 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 (000)	Ratio
As of March 31, 2003		
Total Capital .... (to Risk Weighted Assets)	$ 130,184	14.7%
Tier I Capital .... (to Risk Weighted Assets)	$ 119,065	13.4%
Tier I Capital .... (to Adjusted Average Assets)	$ 119,065	8.8%
As of December 31, 2002		
Total Capital .... (to Risk Weighted Assets)	$ 127,870	14.5%
Tier I Capital .... (to Risk Weighted Assets)	$ 116,856	13.3%
Tier I Capital .... (to Adjusted Average Assets)	$ 116,856	9.0%

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 $24.23 and $23.82 at March 31, 2003 and December 31, 2002, respectively.

Our capital policy is to evaluate future needs based on growth, earnings trends and anticipated acquisitions.

Item 3. 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, 2002. For additional information, see our Form 10-K for the year ended December 31, 2002.

Item 4. CONTROLS AND PROCEDURES

Based on their evaluation as of a date within 90 days prior to the filing of this quarterly report on Form 10-Q, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended) are effective for timely alerting them to material information required to be included in our periodic SEC reports. Subsequent to the date of their evaluation, there have been no significant changes in our internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

Part II. OTHER INFORMATION

Item 5. OTHER INFORMATION

This disclosure is made pursuant to Rule 104 of Regulation BTR. On February 14, 2003, the plan administrator of The Peoples Bank & Trust Company 401(k) Plan notified the company of an upcoming administrative blackout period for the plan from March 18, 2003 through April 11, 2003. On February 20, 2003, the company notified directors and executive officers of the blackout period and trading restrictions on company common stock during the blackout period. The blackout period was necessary to complete the transfer of the plan's administrative records and account balances to a new recordkeeper, to implement changes in investment options and to make changes necessary to permit investment changes to be made on a daily basis. During the blackout period, participants were restricted from obtaining a plan loan or making investment changes. The blackout period began on March 18, 2003 and ended on April 11, 2003. For inquiries about the blackout period and trading restrictions, contact Stuart Johnson, Chief Financial Officer, The Peoples Bank & Trust Company, 209 Troy Street, Tupelo, Mississippi 38802, (662) 680-1472.

This disclosure is provided under Item 11 of Form 8-K and is made herein under Item 5, of Form 10-Q in the first quarterly report filed by the company after commencement of the blackout period, pursuant to the interim guidance set forth in the transition period provided for under SEC Release No. 34-47225, Part IIB, Section 7(d) (Jan. 26, 2003) and SEC Release No. 33-8216 (Mar. 28, 2003).

Item 6.(a) EXHIBITS

Exhibit No. and Description

3.1 Articles of Incorporation and Articles of Amendment to Articles of Incorporation (filed as Exhibit 3.1 to the Company's Registration Statement on Form S-4 filed on February 17, 1999, as amended, and incorporated herein by reference, Commission File No. 333-72507)

3.2 By-laws of the Company (filed as Exhibit 3.2 to the Company's Form 10-Q filed on November 14, 2002, as amended, and incorporated herein by reference)

10.1 The Peoples Holding Company 2001 Long-Term Incentive Plan, as amended January 21, 2003 (filed as Appendix B to the Company's Proxy Statement filed on March 20, 2003, and incorporated herein by reference)

10.2 The Peoples Holding Company Deferred Compensation Plan and Amentdment No. 1 (filed as Exhibits 4.3 and 4.4 to the Company's Registration Statement on Form S-8 filed on December 23, 2002, and incorporated herein by reference, Commission File No. 333-102152)

10.3 Executive Deferred Compensation Plan A (filed as Exhibit 10.1 to the Company's Form 10-Q filed on November 14, 2002, and incorporated herein by reference)

10.4 Executive Deferred Compensation Plan B (filed as Exhibit 10.2 to the Company's Form 10-Q filed on November 14, 2002, and incorporated herein by reference)

10.5 Directors' Deferred Fee Plan A (filed as Exhibit 10.3 to the Company's Form 10-Q filed on November 14, 2002, and incorporated herein by reference)

10.6 Directors' Deferred Fee Plan B (filed as Exhibit 10.4 to the Company's Form 10-Q filed on November 14, 2002, and incorporated herein by reference)

10.7 Change in Control Employment Agreement dated January 1, 2001, between the Company and Chief Executive Officer, E. Robinson McGraw (filed as Exhibit 10.5 to the Company's Form 10-Q filed on November 14, 2002, and incorporated herein by reference)

10.8 Change in Control Employment Agreement dated February 28, 1998, between the Company and Executive Vice President, Stuart R. Johnson (filed as Exhibit 10(viii) to the Company's Form 10-K filed on March 10, 2003, and incorporated herein by reference)

10.9 Change in Control Employment Agreement dated February 28, 1998, between the Company and Executive Vice President, James W. Gray (filed as Exhibit 10(ix) to the Company's Form 10-K filed on March 10, 2003, and incorporated herein by reference)

10.10 Amendment No. 2 to The Peoples Holding Company Deferred Compensation Plan

99.1 Certifications of the Chief Executive Officer and the Chief Financial Officer, as required pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) REPORTS ON FORM 8-K

On January 23, 2003, the registrant filed on Form 8-K a press release dated January 26, 2003, announcing our fourth quarter 2002 earnings.

On February 27, 2003, the registrant filed on Form 8-K a press release dated February 26, 2003, announcing a quarterly cash dividend of $0.27 per share.

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 15, 2003

/s/ E. Robinson McGraw

E. Robinson McGraw
President & Chief Executive Officer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, E. Robinson McGraw, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Peoples Holding Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: May 15, 2003

/s/ E. Robinson McGraw

E. Robinson McGraw
President & Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Stuart R. Johnson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Peoples Holding Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

DATE: May 15, 2003

/s/ Stuart R. Johnson

Stuart R. Johnson
Executive Vice President &
Chief Executive Officer

Exhibit 10.10

THE PEOPLES HOLDING COMPANY
DEFERRED COMPENSATION PLAN
AMENDMENT NO. 2

Whereas, the Board of Directors of The Peoples Holding Company (the "Company") approved and adopted The Peoples Holding Company Deferred Compensation Plan, a form of nonqualified deferred compensation plan intended to provide for the deferral of compensation by key executives and officers of the Company, for the determination and crediting of gains and loss with respect thereto by reference to the $5.00 par value voting common stock issued by the Company (the "Common Stock"), and for the distribution of benefits in the form of Common Stock, all first effective as of January 1, 2002 (the "Plan");

Whereas, the Company now desires to amend the Plan terms with respect to allocations and to permit Company credits in addition to participant deferrals;

Now, Therefore, the Plan shall be amended as follows:

Article 13
General Provisions

Effective as of April 16, 2003, Section 13.6, Allocation Date, shall be amended and restated to read in its entirety as follows:

13.6 Allocation Date. Notwithstanding any provision of the Plan to the contrary, the number of shares of Common Stock allocated and credited to the Account of a Participant herein shall be determined as follows:

a. With respect to such Participant's Deferrals of Base Salary or Director Compensation, allocate on the last business day of each calendar quarter in which any such Deferrals are made, by dividing (i) the aggregate amount of such Deferrals made during such quarter, by (ii) the average (mean) of the closing sales prices of Common Stock as of each date on which such Base Salary or Director Compensation was otherwise payable to such Participant (or if any such date is not a trading date, then the closing sales price as of the immediately succeeding trading date).

b. With respect to such Participant's Deferral of any Bonus, allocate on the business day immediately following the date on which any such Bonus is otherwise payable to the Participant, determined by dividing (i) the amount of such Deferral, by (ii) the closing sales prices of Common Stock as of the date on which such Bonus was otherwise payable to such Participant (or if any such payment date is not a trading date, then the closing sales price as of the immediately succeeding trading date).

c. With respect to any Company Credit for the benefit of such Participant, allocate on the business day immediately following the date on which any such credit is made by the Board of Directors of the Company (or such later date as may be required by law), a condition of any such credit shall be that if a Participant is an employee, he or she shall be employed as of such date or if a Participant is a director or former director, he or she shall be, or shall have retired in, good standing as of such date. If and to the extent any such credit is made in the form of cash, the number of units allocated to the Participant's Account shall be determined, by dividing (i) the amount of any such credit, by (ii) the closing sales price of Common Stock as of the date on which such credit was made (or if such date is not a trading date, the immediately succeeding trading date).

Article 14
Company Credits

Effective as of April 16, 2003, Article 14, Company Credits, shall be added to the Plan to read in its entirety as follows:

14.1 Company Credits. The Committee, in its sole discretion, may credit additional amounts to the Account of any Participant hereunder; any such credit shall be made to a separate account or subaccount maintained under each affected Participant's Account. The amount of any such credit need not be uniform with respect to all Participants, but may be made with respect to any Participant or group of Participants designated by the Committee.

14.2 Vesting. The Committee, in its discretion, may establish a vesting schedule with respect to any Company Credits made hereunder (including earnings, gains or losses credited to such amount). The Committee shall provide written notice of any such schedule to each affected Participant; any such schedule need not be uniform with respect to all Participants or each Company Credit made hereunder.

14.3 Additional Limits on Company Credits. The Committee, in its sole discretion, may impose additional limitations on the portion of a Participant's Account attributable to Company Credits hereunder. Such limitations may include, but shall not be limited to, a restriction on the time or times at which amounts representing such credits may be distributed and a prohibition against early withdrawals for any purpose. Any such restrictions or limitations shall be evidenced by a written agreement between the Committee and each affected Participant. Such additional restrictions and limitations need not be uniform with respect to all Participants, but may be made with respect to any Participant or group of Participants designated by the Committee.

14.4 Investment, Withdrawals and Distributions of Company Credits. Except to the extent of any restrictions or limitations set forth in a written agreement between the Committee and each affected Participant, including, but not limited to any vesting schedule, the investment of Company Credits, withdrawal of Company Credits and distribution of Company Credits shall be in accordance with the provisions and procedures set forth in the Plan for Participant Deferrals.

This Amendment No. 2 was approved by the Board of Directors of the Company on April 15, 2003.

WITNESSES:	THE PEOPLES HOLDING COMPANY
/s/ Stuart Johnson	By: /s/ Ray Smith
/s/ Karen Dixon	Its: Plan Administrator
	Date: April 15, 2003

Exhibit 99.1

STATEMENT OF THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER
OF THE PEOPLES HOLDING COMPANY
PURSUANT TO 18 U.S.C. SECTION 1350

Each of the undersigned hereby certifies in his capacity as an officer of The Peoples Holding Company and its subsidiary (collectively the "Company") that this Quarterly Report on Form 10-Q for the period ended March 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (this "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in this Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: May 15, 2003

/s/ E. Robinson McGraw

E. Robinson McGraw
Chief Executive Officer

DATE: May 15, 2003

/s/ Stuart R. Johnson

Stuart R. Johnson
Chief Financial Officer