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, 1996
Commission File Number 0-12154

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

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

209 Troy Street, P. O. Box 709, Tupelo, Mississippi 38801
(Address of principal executive offices)

Registrant's telephone number including area code 601-680-1001

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.
YES__X__NO_____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as to the latest practicable date.

Common stock, $5 Par Value, 2,604,760 shares outstanding
as of April 25, 1996

THE PEOPLES HOLDING COMPANY
INDEX

PART 1. FINANCIAL INFORMATION PAGE

Item 1. FINANCIAL STATEMENTS (UNAUDITED)

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	MARCH 31 1996 (Unaudited)	DECEMBER 31 1995 (Note 1)
Assets		
Cash and due from banks	$ 49,583,182	$ 46,918,819
Federal Fund Sold	9,000,000	17,000,000
	58,583,182	63,918,819
Interest bearing balances with banks	386,927	8,814,411
Securities held-to-maturity (market value-$51,488,530 and $50,109,526 at March 31, 1996 and December 31, 1995, respectively)	51,151,250	49,362,527
Securities available-for-sale (amortized cost-$202,205,536 and $166,530,900 at March 31, 1996 and December 31, 1995 respectively)	202,857,542	168,381,798
Loans	531,308,775	530,019,951
Unearned Income	(10,075,123)	(11,231,586)
Allowance for loan losses	(8,611,114)	(8,815,130)
Net Loans	512,622,538	509,973,235
Premises and equipment	20,619,479	20,323,492
Other assets	21,888,240	20,925,126
Total Assets	$ 868,109,158	$ 841,699,408
Liabilities		
Deposits:		
Noninterest-bearing	$ 121,851,255	$ 116,894,919
Certificates of deposit exceeding $100,000	71,237,610	62,620,549
Interest bearing	571,806,892	560,029,831
Total Deposits	764,895,757	739,545,299
Treasury tax and loan note account	2,710,066	2,400,495
Borrowings	4,086,674	4,313,109
Other liabilities	10,593,082	10,480,085
Total Liabilities	$ 782,285,579	$ 756,738,988
Shareholders' Equity		
Common Stock, $5 par value-7,500,000 shares authorized, 2,604,760 shares issued and outstanding at March 31, 1996 and December 31, 1995, respectively ...	13,023,800	13,023,800
Additional paid-in capital	39,875,796	39,875,796
Unrealized gains on securities, net of tax	408,705	1,169,262
Retained earnings	32,515,278	30,891,562
Total Shareholders' Equity	85,823,579	84,960,420
Total Liabilities and Shareholders' Equity	$ 868,109,158	$ 841,699,408

See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

	THREE MONTHS ENDED MARCH 31	
	1996	1995
	(Unaudited)	
Interest Income		
Loans	$ 12,265,259	$ 11,542,108
Securities:		
Taxable	2,979,267	2,334,021
Tax-exempt	717,022	674,900
Other	298,778	161,474
Total interest income	16,260,326	14,712,503
Interest Expense		
Time deposits exceeding $100,000	865,095	705,372
Other deposits	6,054,048	4,797,117
Borrowings	26,721	103,655
Total interest expense	6,945,864	5,606,144
Net interest income	9,314,462	9,106,359
Provision for loan losses	630,225	600,000
Net interest income after provision for loan losses	8,684,237	8,506,359
Noninterest income:		
Service charges on deposit accounts	1,600,496	1,482,839
Fees and commission	419,300	335,444
Trust department	135,000	130,500
Security gains(losses)	108,450	(374,423)
Other income	471,228	457,231
Total noninterest income	2,734,474	2,031,591
Noninterest expense:		
Salaries and employee benefits	4,638,228	4,269,779
Net occupancy	548,005	526,897
Equipment	344,101	337,720
Other	2,574,932	2,757,346
Total noninterest expense	$ 8,105,266	$ 7,891,742
Income before income taxes	3,313,445	2,646,208
Income taxes	1,005,977	758,101
Net income	$ 2,307,468	$ 1,888,107
Earnings per share	$ .89	$ .72
Weighted average shares outstanding	2,604,760	2,604,760

See Notes to Consolidated Financial Statements.

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED MARCH 31 1996	1995
	(Unaudited)	
Operating Activities		
Net Income	$ 2,307,468	$ 1,888,107
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	630,225	600,000
Provision for depreciation and amortization	473,449	455,067
Net amortization (accretion) securities premiums/discounts	(139,959)	2,240,233
Losses (gains) on sales/calls of securities	(79,192)	387,712
Increase in other liabilities	112,997	295,886
Deferred income tax (credits)	39,041	(697,734)
Losses (gains) on sales of premises and equipment	(4,660)	6,420
Increase in other assets	(369,324)	(894,079)
Net Cash Provided by Operating Activities	2,970,045	4,281,612
Investment Activities		
Net decrease (increase) in balances with other banks	8,427,484	(2,975,538)
Proceeds from maturities/calls of securities held-to-maturity	634,077	170,791
Proceeds from maturities/calls of securities available-for-sale	20,479,617	14,264,636
Proceeds from sales of securities available-for-sale	5,079,192	15,482,942
Purchases of securities held-to-maturity	(2,348,422)	(1,935,056)
Purchases of securities available-for-sale	(61,088,836)	(17,674,336)
Net increase in loans	(3,618,058)	(11,124,542)
Proceeds from sale of premises and equipment	22,896	107,945
Purchases of premises and equipment	(643,474)	(757,743)
Net Cash Used in Investment Activities	(33,055,524)	(4,440,901)
Financing Activities		
Net increase (decrease) in noninterest-bearing deposits	4,956,336	(4,106,913)
Net increase in certificates of deposit exceeding $100,000	8,617,061	3,476,538
Net increase in other interest-bearing deposits	11,777,061	17,050,697
Net increase (decrease) in treasury tax and loan note account	309,571	(1,103,347)
Decrease in borrowings	(226,435)	(312,774)
Cash dividends paid	(683,752)	(625,142)
Net Cash Provided by Financing Activities	24,749,842	14,379,059
(Decrease) Increase in Cash and Cash Equivalents	(5,335,637)	14,219,770
Cash and cash equivalents at beginning of period	63,918,819	45,273,177
Cash and cash equivalents at end of period	$ 58,583,182	$ 59,492,947
Non-cash transactions:		
Transfer of loans to other real estate	$ 338,530	$ 70,200

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, 1995, has been derived from the audited financial statements at that date. The accompanying unaudited consolidated financial statements reflect all adjustments (consisting only of normally recurring accruals) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The statements should be read in conjunction with the summary of accounting policies and notes to financial statements included in the Registrant's annual report for the year ended December 31, 1995. 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

Beginning in 1995, the Company adopted Financial Accounting Standards Board (FASB) Statement No. 114, "Accounting by Creditors for Impairment of a Loan," which was amended by FASB Statement No. 118, "Accounting by Creditors for Impairment of a Loan-Income Recognition and Disclosures." Under these new standards, the 1995 allowance for loan losses related to loans that are identified for evaluation in accordance with Statement No. 114 is based on discounted cash flows using the loan's initial effective interest rate or fair value of the collateral for certain collateral-dependent loans. The adoption of these new standards did not have a significant effect on the allowance for loan losses or the method of income recognition for impaired loans.

Note 3 Income Taxes

[CAPTION]

The components of income tax expense for the three months ended March 31, 1996, are presented below:

[S]	[C]
Current	$ 966,936
Deferred	39,041

	$1,005,977
	========

[CAPTION]
The reconciliation of income tax attributable to continuing operations computed at the United States federal statutory tax rates to income tax expense is:

[S]	[C]
Tax at United States statutory rate	$ 1,126,567
Add (deduct) effect of:	
Tax-exempt interest income	(242,028)
State of Mississippi, net of federal tax benefit	62,479
Amortization of intangible assets	18,276
Dividends received deduction	(6,021)
Other items-net	46,704

	$ 1,005,977
	==========

Financial Condition

Total assets of The Peoples Holding Company grew from $841,699,408 on December 31, 1995, to $868,109,158 on March 31, 1996, or 3.14% for the three month period. Total securities increased from $217,744,325 on December 31, 1995, to $254,008,792 on March 31, 1996, in accordance with management's strategic plan. Loans, less unearned income, increased $2,445,287 or .47%.

Total deposits for the first three months of 1996 grew from $739,545,299 on December 31, 1995 to $764,895,757 on March 31, 1996, or an increase of 3.43%, with the majority of growth in time deposits.

The equity capital to total assets ratio was 9.89% and 10.09% for March 31, 1996 and December 31, 1995, respectively.

Results of Operations-Quarter Ended March 31, 1996 compared to 1995

The Company's net income for the first quarter of 1996 was $2,307,468 compared to $1,888,107 from the first quarter of 1995. The increase in net income for 1996 compared to 1995 is primarily due to security losses incurred in first quarter of 1995 based on management's decision to reinvest funds in securities which will yield a higher rate of return for the future. The annualized returns on average assets for the first quarter of 1996 and 1995 were 1.09% and .96%, respectively.

Net interest income, the difference between interest earned on assets and the cost of interest-bearing liabilities, is the largest component of the Company's net income. The primary items of concern in managing net interest revenue are the mix and maturity balance between interest-sensitive assets and related liabilities. The net interest revenue was $9,314,462 and $9,106,359 for the three months ending March 31, 1996 and 1995, respectively. Earning assets averaged $773.9 million for first quarter of 1996 compared to $727.9 million for the same period in 1995. The net interest margin was 5.04% and 5.24% for the three months ending March 31, 1996 and 1995, respectively. The decrease in net interest margin is due to the increase in the volume and rate of costing liabilities in the first quarter of 1996.

The provision for loan losses charged to operating expense is an amount which, in the judgement of management, is necessary to maintain the allowance for loan losses at a level that is adequate to meet the present and potential risks of losses on the Company's current portfolio of loans. The appropriate level of the allowance is based on a quarterly analysis of the loan portfolio including consideration of such factors as the risk rating of individual credits, size and diversity of the portfolio, economic conditions, prior loss experience, and the results of periodic credit reviews by internal loan review, regulators, and the Company's independent accounting firm. The provision for loan losses totalled $630,225 and $600,000 for quarter ending March 31, 1996 and 1995, respectively. The allowance for loan losses as a percent of net loans outstanding was 1.65% and 1.67% as of March 31, 1996 and 1995, respectively. Net charge-offs to average loans was .16% and .05% for the three months ending March 31, 1996 and 1995, respectively.

Noninterest income, excluding security gains and losses was $2,626,024 for the quarter ending March 31, 1996, compared to $2,406,014 for same period in 1995, or a increase of 9.14%. Service charges were up $117,657, fees and commissions were up $83,856, and other operating income was up $13,997. These increases were due in part to an increase in total deposits of the Company.

Noninterest expenses were $8,105,266 for the quarter ending March 31, 1996, compared to $7,891,742 for the same period 1995, or an increase of 2.71%. The components of noninterest expenses reflect normal increases for personnel related expenses and general inflation in the cost of services and supplies purchased by the Company.

Income tax expense was $1,005,977 for the three months ending March 31, 1996, compared to $758,101 for the same period in 1994. The increase is due to increased profits for the first quarter of 1996 compared to 1995 and also due to a net operating loss carryforward in the first quarter of 1995, which reduced state income taxes. The Company continues to invest in assets whose earnings are given favorable tax treatment.

Liquidity Risk

Liquidity management is the ability to meet the cash flow requirements of customers who may be either depositors wishing to withdraw funds or borrowers needing assurance that sufficient funds will be available to meet their credit needs.

Core deposits are a major source of funds used to meet cash flow needs. Maintaining the ability to acquire these funds as needed in a variety of money markets is the key to assuring liquidity. The Company has worked toward lowering its dependence on other public funds. This has added more stability to the Company's core deposit base reducing the dependence on highly liquid assets.

Approximately 90% of the Company's deposits are composed of accounts with balances less than $100,000. When evaluating the movement of these funds even during large interest rate changes, it is apparent that the Company continues to attract deposits that can be used to meet cash flow needs.

Other sources available for meeting the Company's liquidity needs include the available-for-sale securities portfolio. The portfolio is composed of securities with a readily available market that can be used to convert to cash if the need arises. In addition the Company maintains a federal funds position that provides day-to-day funds to meet liquidity needs.

Capital Resources

The Company is required to comply with the risk-based capital requirements of the Federal Reserve Board, the FDIC and the OCC. These requirements apply a variety of weighing factors which vary according to the level of risk associated with the particular assets. The Company met the guidelines for a well capitalized bank for March 31, 1996, and December 31, 1995. The table below shows the capital ratios of the Company at the dates indicated:

[CAPTION]

[S]	March 31 1996 [C]	December 31 1995 [C]	Well-Capitalized [C]
Tier 1 Risk-Based Capital	15.41%	14.87%	6% or above
Total Risk-Based Capital	16.67%	16.14%	10% or above
Leverage Ratio	9.47%	9.67%	5% or above

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 9.89% as of March 31, 1996, compared to 10.09% at December 31, 1995. Total shareholders' equity of the Company was $85,823,579 and $84,960,420 for March 31, 1996 and December 31, 1995, respectively. This represented an increase of $863,159 or 1.02%.

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 $32.95 and $32.62 at March 31, 1996 and December 31, 1995, respectively. Cash dividends were raised to $.2625 per quarter, up from $.24 per share during the first quarter of 1995.

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 1996, against the registrant or its subsidiary.

Item 6(b) Reports on Form 8-K

There were no reports filed on Form 8-K during the first quarter of 1996.

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 9, 1996

/s/ John W. Smith

John W. Smith
President & Chief Executive Officer

9
1000

3-MOS
DEC-31-1996
MAR-31-1996
49583
387
9000
0
202858
51151
51489
521234
8611
868109
764896
2710
10593
4087
13024
0
0
72800
868109
12265
3696
299
16260
6919
6946
9314
630
108
8105
3313
3313
0
0
2307
.89
.89
5.04
2063
2896
0
1500
8815
883
49
8611
8611
0
0