

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 - October 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	(Commission	(I.R.S. Iden-
other	file	tification
jurisdiction)	number)	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 October 16, 2002, The Peoples Holding Company issued a press release concerning its earnings and results for the third 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 October 16, 2002, issued by The Peoples Holding Company.

ITEM 8: CHANGE IN FISCAL YEAR.

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Not applicable

ITEM 9: REGULATION FD DISCLOSURE.

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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).

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: October 18, 2002

The Peoples Holding Company (AMEX:PHC)  
P.O. Box 709  
Tupelo, MS 38801-0709  
Phone: (662) 680-1001  
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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: October 16, 2002

PEOPLES HOLDING REPORTS RECORD CORE EARNINGS FOR SEVENTH CONSECUTIVE QUARTER

The Peoples Holding Company (the Company)(AMEX: PHC) reported today record results for third quarter 2002, showing improved performance over the record earnings announced for the comparable period in 2001. Earnings per share for the third quarter were \$.81, an increase of 22.73% from \$.66 a year ago. Net income for the third quarter was \$4,544,000 compared to \$3,842,000 for the same period in 2001, an increase of 18.27%. Net interest income for third quarter 2002 was up 9.88% while non-interest income increased 13.17% for the same period. Annualized return on average equity for the third quarter of 2002 was 14.00% compared to 12.36% for the third quarter of 2001, an increase of 13.27%. For the same periods, the annualized return on average assets was 1.38% and 1.25% respectively, an increase of 10.40%.

According to Peoples President and CEO, E. Robinson McGraw, "The Company's performance reflects an upward trend in earnings that began in the first quarter of 2001. Our business plan has consistently produced record core earnings for the entire year 2001 as well as for the first three quarters of 2002. Our 24 community banks have performed extremely well in view of the fact that these seven consecutive quarters have been marked by the Federal Reserve's interest rate decreases to 50-year lows in a continuing effort to boost consumer confidence and stimulate a sluggish economy."

STOCK PRICE AND REPURCHASES

The market price of The Peoples Holding Company shares was \$40.75 per share at September 30, 2002, an increase of 21.68% from \$33.49 at September 30, 2001.

The Company continues to repurchase shares, and since January 2002, has acquired 129,247 shares. This represents 2.27% of shares outstanding at an average purchase price of \$36.07. Since initiating a tender offer on April 16, 2001 to purchase up to 604,312 shares, or approximately 10% of its common shares outstanding, the Company has repurchased a total of approximately 467,000 shares.

FINANCIAL DETAILS

For third quarter 2002, the Company's net interest margin improved to 4.68% from 4.58% for the comparable period of 2001.

The provision for loan losses decreased to \$1,125,000 for third quarter 2002 from \$1,225,000 for the same period in 2001. Allowance for loan losses as a percentage of loans was 1.44% at September 30, 2002 and 1.35% for the same period of 2001. Net charge-offs for third quarter 2002 as a percentage of average loans was .06% compared to .18% for the same period in 2001, a decrease of 66.67%. Non-performing loans as a percentage of total loans decreased to .46% for third quarter 2002 compared with .62% for the same period in 2001. The Company's non-performing loan coverage ratio stood at 309.95% for the quarter compared to 218.20% for third quarter 2001. Despite the sluggish economy, asset quality has continued to improve as a result of credit scoring, central credit analysis and central collections.

Total non-interest income has grown quarter to quarter and, for third quarter 2002 and 2001, totaled \$6,985,000 and \$6,172,000 respectively, an improvement of 13.17%. "Our consistent improvement in non-interest income demonstrates that we are meeting the total financial needs of our clients and providing them convenience and value through the sale of insurance and investment products as well as traditional banking services," McGraw stated. The Company's non-interest income has been generated primarily through a diversified revenue stream of commissions on the sale of insurance and investments, loan fees, merchant discount services, debit card income, service charges and fiduciary income.

Third quarter 2002 non-interest expense increased 6.48% over that of third quarter 2001. This was due in part to consulting fees and computer depreciation related to a number of recent technology upgrades; salary increases; and increased insurance premiums. Net non-interest expense as a percentage of assets has improved to 1.74% for third quarter 2002 as compared to 1.86% for the same period in 2001.

The Company's efficiency ratio improved for the third quarter of 2002 to 60.44% from 62.63% for the same period in 2001.

#### CONFERENCE CALL INFORMATION

A live audio Web cast of a conference call with analysts will be available beginning at 9 A. M. Central time on Thursday, October 17 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, 5662233. 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, 5662233.

#### ABOUT THE 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 September 30,			For The Nine Months Ended September 30,		
	2002	2001	% Change	2002	2001	% Change
Reported net income .....	\$ 4,544	\$ 3,842	18.27 %	\$ 11,798	\$ 10,731	9.94 %
Goodwill amortization, net of tax .....	-	102	(100.00)	-	306	(100.00)
Transitional goodwill impairment .....	-	-	-	1,300	-	-
Core net income .....	\$ 4,544	\$ 3,944	15.21 %	\$ 13,098	\$ 11,037	18.67 %
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Basic and diluted earnings per share:						
Reported net income .....	\$ 0.81	\$ 0.66	22.73 %	\$ 2.10	\$ 1.81	16.02 %
Goodwill amortization, net of tax .....	-	0.02	(100.00)	-	0.05	(100.00)
Transitional goodwill impairment .....	-	-	-	0.23	-	-
Core net income .....	\$ 0.81	\$ 0.68	19.12 %	\$ 2.33	\$ 1.86	25.27 %

\* 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 September 30,			For The Nine Months Ended September 30,		
	2002	2001	% Change	2002	2001	% Change
Interest income .....	\$ 19,707	\$ 21,877	(9.92)%	\$ 59,207	\$ 66,972	(11.59)%
Interest expense .....	6,554	9,907	(33.84)	20,364	32,366	(37.08)
Net interest income .....	13,153	11,970	9.88	38,843	34,606	12.24
Provision for loan losses .....	1,125	1,225	(8.16)	3,325	3,475	(4.32)
Noninterest income .....	6,985	6,172	13.17	20,244	17,748	14.06
Noninterest expenses .....	12,642	11,873	6.48	37,466	34,303	9.22
Income before taxes and cumulative effect of accounting change .....	6,371	5,044	26.31	18,296	14,576	25.52
Income taxes .....	1,827	1,202	52.00	5,198	3,845	35.19
Net income before cumulative effect of accounting change .....	4,544	3,842	18.27	13,098	10,731	22.06
Cumulative effect of accounting change .....	-	-	-	(1,300)	-	-
Net income .....	\$ 4,544	\$ 3,842	18.27 %	\$ 11,798	\$ 10,731	9.94 %
Common Stock Data -----	=====	=====	=====	=====	=====	=====
Earnings per share - basic and diluted:						
Income before cumulative effect of accounting change .....	\$ 0.81	\$ 0.66	22.73 %	\$ 2.33	\$ 1.81	28.73 %
Cumulative effect of accounting change .....	-	-	-	(0.23)	-	-
Net income .....	0.81	0.66	22.73	2.10	1.81	16.02
Book value per share .....				23.42	21.76	7.63
Market value per share .....				40.75	33.49	21.68
Cash dividends per share .....	0.26	0.24	8.33	0.77	0.71	8.45
Weighted average shares outstanding .....	5,591,462	5,793,822	(3.49)	5,620,891	5,925,326	(5.14)
Weighted average shares outstanding - diluted ...	5,597,362	5,793,822	(3.39)	5,625,348	5,925,326	(5.06)
End of period shares outstanding .....				5,575,433	5,757,799	(3.17)
Balance Sheet Summary -----				As of September 30,		
				2002	2001	% Change
Total loans .....				\$ 855,415	\$ 827,041	3.43 %
Allowance for loan losses .....				12,299	11,166	10.15
Total investment securities .....				326,344	286,001	14.11
Total assets .....				1,306,640	1,263,504	3.41
Total deposits .....				1,090,396	1,087,599	0.26
Total borrowings .....				67,595	31,155	116.96
Shareholders' equity .....				130,559	125,299	4.20

Selected Ratios -----	For The Three Months Ended September 30,			For The Nine Months Ended September 30,		
	2002	2001	% Change	2002	2001	% Change
Return on average assets * .....	1.38 %	1.25 %	10.40 %	1.23 %	1.16 %	6.03 %
Return on average shareholders' equity * .....	14.00	12.36	13.27	12.77	11.44	11.63
Adjusted for cumulative effect of accounting change:						
Core return on average assets* .....	1.38	1.28	7.81	1.33	1.18	12.71
Core return on average shareholders' equity* .....	14.00	12.68	10.41	13.80	11.68	18.15
Shareholders' equity to assets (actual) .....				9.99	9.92	0.71
Net interest margin (TE) * .....	4.68	4.58	2.18	4.67	4.44	5.18
Allowance for loan losses to total loans .....				1.44	1.35	6.67
Reserve coverage of nonperforming loans .....				309.95	218.20	42.05
Average loans to average deposits .....	75.97	77.27	(1.68)	75.21	76.85	(2.13)
Average earning assets to average assets .....	90.49	90.12	0.41	90.46	90.95	(0.54)
Nonperforming loans to total loans .....				0.46	0.62	(25.81)
Net charge-offs to average loans * .....	0.23	0.71	(67.61)	0.38	0.47	(19.15)
Noninterest income (less securities gains/losses) to average assets* .....	2.12	1.99	6.53	2.06	1.92	7.29
Noninterest expense to average assets* .....	3.86	3.85	0.26	3.84	3.73	2.95
Overhead ratio * .....	1.74	1.86	(6.45)	1.78	1.81	(1.66)
Efficiency ratio .....	60.44	62.63	(3.50)	60.99	62.50	(2.42)
Nonperforming Assets						
-----						
Nonaccruing loans .....				\$ 635	\$ 795	(20.13)%
Accruing loans past due 90 days or more .....				3,333	4,322	(22.88)
Total nonperforming loans .....				3,968	5,117	(22.45)
ORE and reposessions .....				3,518	2,362	48.94
Total nonperforming assets .....				\$ 7,486	\$ 7,479	0.09%
				=====	=====	=====

\* Ratios annualized

TE - taxable equivalent basis



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

	For The Three Months Ended September 30,			For The Nine Months Ended September 30,		
	2002	2001	% Change	2002	2001	% Change
Reserve for loan losses at beginning of period ..	\$ 11,658	\$ 11,403	2.24 %	\$ 11,354	\$ 10,536	7.76 %
Provision for loan losses .....	1,125	1,225	(8.16)	3,325	3,475	(4.32)
Loans charged-off .....	573	1,534	(62.65)	2,869	3,107	(7.66)
Recoveries of loans previously charged-off .....	89	72	23.61	489	262	86.64
Reserve for loan losses at end of period .....	\$ 12,299	\$ 11,166	10.15 %	\$ 12,299	\$ 11,166	10.15 %
	=====	=====	=====	=====	=====	=====

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

	Loans, Net of Unearned Income As of September 30,		Non-performing Loans As of September 30,		Net Charge-offs For The Nine Months Ended September 30,	
	2002	2001	2002	2001	2002	2001
Commercial, financial, agricultural .....	\$ 148,791	\$ 152,621	\$ 1,707	\$ 535	\$ 528	\$ 749
Real estate - construction .....	36,480	33,067	-	103	96	25
Real estate - mortgage .....	572,283	528,718	1,990	3,957	1,200	1,086
Consumer .....	97,861	112,635	271	522	556	985
Total .....	\$ 855,415	\$ 827,041	\$ 3,968	\$ 5,117	\$ 2,380	\$ 2,845
	=====	=====	=====	=====	=====	=====

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

	For The Three Months Ended September 30,			For The Nine Months Ended September 30,		
	2002	2001	% Change	2002	2001	% Change
Interest income:						
Loans .....	\$ 15,363	\$ 17,773	(13.56)%	\$ 46,027	\$ 53,919	(14.64)%
Securities .....	4,270	4,021	6.19	12,903	12,384	4.19
Other .....	74	83	(10.84)	277	669	(58.59)
Total interest income .....	19,707	21,877	(9.92)	59,207	66,972	(11.59)
Interest expense:						
Deposits .....	5,940	9,548	(37.79)	18,567	31,276	(40.63)
Borrowings .....	614	359	71.03	1,797	1,090	64.86
Total interest expense .....	6,554	9,907	(33.84)	20,364	32,366	(37.08)
Net interest income .....	13,153	11,970	9.88	38,843	34,606	12.24
Provision for loan losses .....	1,125	1,225	(8.16)	3,325	3,475	(4.32)
Net interest income after provision for loan losses .....	12,028	10,745	11.94	35,518	31,131	14.09
Noninterest income:						
Service charges on deposit accounts .....	3,220	2,961	8.75	9,220	8,569	7.60
Fees and commissions .....	2,456	1,905	28.92	6,731	5,406	24.51
Trust revenue .....	218	130	67.69	680	660	3.03
Gains on sale of securities .....	22	42	(47.62)	30	87	(65.52)
Other .....	1,069	1,134	(5.73)	3,583	3,026	18.41
Total noninterest income .....	6,985	6,172	13.17	20,244	17,748	14.06
Noninterest expenses:						
Salaries and employee benefits .....	7,290	6,862	6.24	21,609	19,285	12.05
Data processing .....	957	902	6.10	2,838	2,629	7.95
Net occupancy .....	784	797	(1.63)	2,368	2,402	(1.42)
Equipment .....	792	733	8.05	2,386	2,195	8.70
Other .....	2,819	2,579	9.31	8,265	7,792	6.07
Total noninterest expenses .....	12,642	11,873	6.48	37,466	34,303	9.22
Income before taxes and cumulative effect of accounting change .....	6,371	5,044	26.31	18,296	14,576	25.52
Income taxes .....	1,827	1,202	52.00	5,198	3,845	35.19
Net income before cumulative effect of accounting change .....	4,544	3,842	18.27	13,098	10,731	22.06
Cumulative effect of accounting change .....	-	-	-	(1,300)	-	-
Net income .....	\$ 4,544	\$ 3,842	18.27 %	\$ 11,798	\$ 10,731	9.94 %

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

	For The Three Months Ended September 30		For The Nine Months Ended September 30	
	2002	2001	2002	2001
<b>Earning Assets:</b>				
Loans and leases:				
Interest (TE) .....	\$ 15,483	\$ 17,910	\$ 46,393	\$ 54,358
Average balance .....	840,393	822,628	829,724	814,827
Yield .....	7.31%	8.64%	7.48%	8.92%
Interest bearing bank balances, federal funds sold and repos:				
Interest .....	74	83	277	669
Average balance .....	18,079	9,202	21,872	18,528
Yield .....	1.62%	3.54%	1.69%	4.83%
Investment securities:				
Interest (TE) .....	4,929	4,700	14,877	14,472
Average balance .....	326,251	279,051	325,330	283,322
Yield .....	6.04%	6.73%	6.09%	6.81%
Total earning assets:				
Interest (TE) .....	20,486	22,693	61,547	69,499
Average balance .....	1,184,723	1,110,881	1,176,926	1,116,677
Yield .....	6.87%	8.12%	6.99%	8.32%
<b>Interest Bearing Liabilities:</b>				
Interest bearing demand deposit accounts:				
Interest .....	434	497	1,273	1,675
Average balance .....	98,155	75,440	95,037	76,451
Rate .....	1.75%	2.61%	1.79%	2.93%
Savings and money market accounts:				
Interest .....	1,092	1,644	3,435	5,377
Average balance .....	288,769	262,612	290,626	257,855
Rate .....	1.50%	2.48%	1.58%	2.79%
Time deposits:				
Interest .....	4,414	7,407	13,859	24,224
Average balance .....	567,032	581,773	564,944	583,195
Rate .....	3.09%	5.05%	3.28%	5.55%
Total interest bearing deposits:				
Interest .....	5,940	9,548	18,567	31,276
Average balance .....	953,956	919,825	950,607	917,501
Rate .....	2.47%	4.12%	2.61%	4.56%
Other interest bearing liabilities:				
Interest .....	614	359	1,797	1,090
Average balance .....	57,402	26,388	55,559	24,857
Rate .....	4.24%	5.40%	4.32%	5.86%
Total interest bearing liabilities:				
Interest .....	6,554	9,907	20,364	32,366
Average balance .....	1,011,358	946,213	1,006,166	942,358
Rate .....	2.57%	4.15%	2.71%	4.59%
Net interest income (TE) .....	\$ 13,932	\$ 12,786	\$ 41,183	\$ 37,133
Net interest margin (TE) .....	4.68%	4.58%	4.67%	4.44%

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