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 June 30, 1994
Commission File Number 0-12154

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

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

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

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

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.
YES__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, 2,513,534 shares outstanding
as of July 28, 1994

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THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

[CAPTION]

[S]	JUNE 30 1994 (Unaudited) [C]	DECEMBER 31 1993 (Note 1) [C]
Assets		
Cash and due from banks	$ 46,563,587	$ 35,956,431
Federal Funds Sold	0	8,000,000
	46,563,587	43,956,431
Interest bearing balances with banks	560,688	77,887
Securities (Market value- $238,565,457 and $234,979,483 at June 30, 1994 and December 31, 1993)	238,304,623	230,904,295
Loans	457,324,756	427,416,747
Unearned Income	(10,442,439)	(9,835,772)
Allowance for loan losses	(7,383,503)	(6,216,854)
Net Loans	439,498,814	411,364,121
Bank premises and equipment	16,142,355	15,537,825
Other assets	20,179,984	16,669,428
Total Assets	$ 761,250,051	$ 718,509,987

[S]	[C]	[C]
Liabilities and Shareholder's Equity		
Deposits:		
Non-interest bearing	$ 111,291,290	$ 99,140,347
Interest bearing	564,011,525	537,598,201
Total Deposits	675,302,815	636,738,548
Treasury tax and loan account	3,125,607	4,000,000
Notes and debentures payable	4,968,743	59,797
Other liabilities	6,771,901	7,787,929
Total Liabilities	690,169,066	648,586,274

Shareholders' Equity		
Common Stock, $5 par value- 4,200,000 shares authorized 2,417,829 shares issued and outstanding at June 30, 1994 and December 31, 1993	12,089,145	12,089,145
Capital surplus	30,000,000	30,000,000
Retained earnings	30,679,135	27,834,568
Adjustment to unrealized losses on available-for-sale securities, net of tax	(1,687,295)	0
Total Shareholders' Equity	71,080,985	69,923,713
Total Liabilities and Shareholders' Equity	$ 761,250,051	$ 718,509,987

[FN]
See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

[CAPTION]

[S]	SIX MONTHS ENDED JUNE 30 1994 [C]	1993 [C]
	(Unaudited)	
Interest Income		
Interest and fees on loans	$ 17,788,595	$ 16,938,308
Interest on balances with banks	83,568	39,829
Interest on federal funds sold	280,204	326,979
Interest on securities:		
Taxable	4,894,791	4,895,576
Tax-exempt	1,289,312	1,084,428
Total interest income	24,336,470	23,285,120
Interest Expense		
Interest on time deposits of $100,000 or more	1,002,551	830,180
Interest on other deposits	7,528,000	7,113,795
Interest on borrowed funds	150,135	43,956
Total interest expense	8,680,686	7,987,931
Net interest income	15,655,784	15,297,189
Provision for possible loan losses	983,701	1,791,444
Net interest income after provision for possible loan losses	14,672,083	13,505,745
Other income		
Service charges	2,749,478	2,423,081
Fees and commission	801,227	773,143
Trust department income	228,840	194,620
Trading account income	0	137,438
Net gain on investments	115,603	89,802
Other operating income	909,726	710,152
Total other income	4,804,874	4,328,236
Other Expenses		
Salaries and employee benefits	7,861,987	7,430,083
Occupancy of bank premises	999,768	854,201
Furniture and equipment depreciation, rental cost, servicing, etc..	575,233	614,153
Other operating expense	5,175,813	4,361,735
Total other expenses	14,612,801	13,260,172
Income before income taxes	4,864,156	4,573,809
Income taxes	883,209	1,196,595
Income before cumulative effect of changes in accounting principles	3,980,947	3,377,214
Cumulative effect of changes in accounting principle, net of income taxes	0	522,518
Net income	$ 3,980,947	$ 3,899,732

[CAPTION]

[S]	1994 [C]	1993 [C]
Earnings per share:		
Income before cumulative effect of changes in accounting principles	$ 1.65	$ 1.39
Cumulative effect of changes in accounting principles	.00	.22
Total earnings per share	$ 1.65	$ 1.61

Cash dividend per share	$ .47	$ .45

Earnings per share data for 1994 and 1993 are based on 2,417,829 shares outstanding as of June 30, 1994 and December 31, 1993, respectfully. Cash dividend per share is based on actual amounts declared.

[FN]
See Notes to Consolidated Financial Statements.

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME

[CAPTION]

[S]	THREE MONTHS ENDED JUNE 30 1994 [C]	1993 [C]
	(Unaudited)	
Interest Income		
Interest and fees on loans	$ 9,318,203	$ 8,634,840
Interest on balances with banks	62,180	14,478
Interest on federal funds sold	110,062	119,619
Interest on securities:		
Taxable	2,558,197	2,525,836
Tax-exempt	620,619	530,828
Total interest income	12,669,261	11,825,601
Interest Expense		
Interest on time deposits of $100,000 or more	489,082	422,792
Interest on other deposits	3,897,824	3,571,760
Interest on borrowed funds	80,090	13,680
Total interest expense	4,466,996	4,008,232
Net interest income	8,202,265	7,817,369
Provision for possible loan losses	491,850	632,451
Net interest income after provision for possible loan losses	7,710,415	7,184,918
Other income		
Service charges	1,404,442	1,277,226
Fees and commission	422,670	352,329
Trust department income	114,420	87,475
Trading account income	0	1,719
Net gains on investments	112,813	89,202
Other operating income	310,074	424,561
Total other income	2,364,419	2,232,512
Other Expenses		
Salaries and employee benefits	4,003,725	3,816,009
Occupancy of bank premises	504,404	438,952
Furniture and equipment depreciation, rental cost, servicing, etc..	279,208	255,291
Other operating expense	2,735,703	2,315,499
Total other expenses	7,523,040	6,825,751
Income before income taxes	2,551,794	2,591,679
Income taxes	497,095	562,832
Income before cumulative effect of changes in accounting principles	2,054,699	2,028,847
Cumulative effect of changes in accounting principle, net of income taxes	0	0
Net income	$ 2,054,699	$ 2,028,847

[CAPTION]

[S]	1994 [C]	1993 [C]
Earnings per share:		
Income before cumulative effect of changes in accounting principles	$ .85	$ .84
Cumulative effect of changes in accounting principles	.00	.00
Total earnings per share	$ .85	$ .84

Cash dividend per share	$ .24	$ .23

Earnings per share data for 1994 and 1993 are based on 2,417,829 shares outstanding as of June 30, 1994 and December 31, 1993, respectfully. Cash dividend per share is based on actual amounts declared.

[FN]
See Notes to Consolidated Financial Statements.

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

[CAPTION]

[S]	SIX MONTHS ENDED JUNE 30 1994 [C]	1993 [C]
	(Unaudited)	
Operating Activities		
Net Income	$ 3,980,947	$ 3,899,732
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	983,701	1,791,444
Provision for depreciation and amortization	817,931	693,395
Net amortization accretion of securities' premiums/discounts	806,670	337,224
Gain on sale of trading securities	0	(137,438)
Proceeds from sales of trading securities	0	6,101,875
Purchases of trading securities		(1,024,531)
Gain on sale/call of securities held for sale	(2,791)	(89,802)
Increase (decrease)in other liabilities	(1,016,028)	(284,755)
Deferred income tax	(360,940)	(693,603)
Gain on sale of fixed assets	(1,347)	(2,625)
Increase in other assets	(1,980,094)	(870,711)
Net Cash Provided by Operating Activities	3,228,049	9,720,204
Investment Activities		
Net increase in balances with other banks	(482,801)	94,115
Proceeds from sales of securities held for sale	4,301,294	91,190
Proceeds from maturities/calls of securities held to maturity	1,062,199	
Proceeds from maturities/calls of securities held for sale	39,784,414	50,853,384
Purchase of securities held to maturity	(3,033,588)	
Purchase of securities held for sale	(52,875,033)	(76,769,970)
Net increase in loans	(29,638,186)	(23,372,017)
Proceeds from sale of fixed assets	2,505	2,625
Purchase of premises and equipment	(1,204,137)	(1,020,532)
Net cash used in Investment Activities	(42,083,333)	(50,121,205)

[CAPTION]

[S]	1994 [C]	1993 [C]
Financing Activities		
Net increase in demand and savings deposits	21,903,303	22,356,295
Net increase (decrease) in time deposits	16,660,964	(16,127,148)
Net increase (decrease) in short-term borrowed funds	(874,393)	487,120

Increase (decrease) in long-term debt	4,908,946	(10,909)
Acquisition of Sunburst banks		(2,251,330)
Cash dividends paid	(1,136,380)	(1,088,023)
Net Cash Provided by Financing Activities	41,462,440	35,620,301
Increase (decrease) in Cash and Cash Equivalents	2,607,156	(4,780,700)
Cash and Cash Equivalents at beginning of period	43,956,431	57,062,966
Cash and Cash Equivalents at end of period	$ 46,563,587	$ 52,282,266
Cash paid for:		
Interest expense	$ 8,310,530	$ 7,890,882
Income taxes	745,232	1,334,000
Non-cash transactions:		
Transfer of loans to other real estate	$ 519,792	
Unrealized loss on securities held as available for sale:		
Decrease in securities	$ 2,556,507	
Increase in deferred taxes	$ 869,212	
Decrease in equity	$ 1,687,295	

[FN]
See Notes to Consolidated Financial Statements

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Basis of Presentation

The consolidated balance sheet at December 31, 1993, has been derived from the audited financial statements at that date. The accompanying unaudited consolidated financial statements reflect all adjustments (consisting only of normally recurring accruals) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. The statements should be read in conjunction with the summary of accounting policies and notes to financial statements included in the Registrant's annual report for the year ended December 31, 1993. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted in accordance with the rules of the Securities and Exchange Commission.

In May of 1993, the Financial Accounting Standards Board issued SFAS No. 114, "Accounting by Creditors for Impairment of a Loan". This statement requires that impaired loans that are within the scope of SFAS No. 114 be measured on the present value of expected future cash flows, discounted at the loans's effective interest rate or at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. SFAS No. 114 applies to companies with fiscal years beginning after December 15, 1994. The Company has not made a determination as to the effect of the adoption of this statement on the financial condition of the Company.

Note 2 Changes in Accounting Methods

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

[CAPTION]
Securities are summarized as follows at June 30, 1994:

[S]	[C]
Held to maturity (amortized cost)	$ 41,034,250
Available for sale (estimated fair value)	197,270,373

Total securities	$ 238,304,623
	=============

The estimated fair value of securities held to maturity at June 30, 1994 was $41,295,084.

Note 3 Acquisition

During April, 1994, the Company entered into an agreement with The Resolution Trust Corporation to purchase selected assets and assume certain liabilities of the New Albany, Southaven and Hernando branches of the Security Federal Savings and Loan Association. The acquisition was approved by regulatory authorities and consummated on April 15, 1994. The Company acquired approximately $18 million in loans and $32 million in deposits.

Note 4 Income Taxes

[CAPTION]
Federal income taxes payable (receivable) were as follows:

[S]	[C]
Current	$ (68,447)
Deferred	(2,470,948)

	$ (2,539,395)
	===========

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

[S]	[C]
Current	$ 2,061,759
Deferred	(1,178,550)

	$ 883,209
	=========

PAGE

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

[S]	[C]
Federal tax expense at statutory rate	$1,653,811
Add (deduct) effect of:	
Tax-exempt interest income	(401,357)
Amortization of intangible assets	19,850
Dividends received deduction	(27,654)
Other items-net	(361,441)
	$ 883,209

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

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

THE PEOPLES HOLDING COMPANY AND SUBSIDIARY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Financial Condition

The following provides management's discussion of the consolidated financial condition and results of operation of The Peoples Holding Company and Subsidiary, focusing on those factors that have had the most significant impact for the first six months of 1994. This commentary should be read in conjunction with the accompanying financial statements.

Total assets of The Peoples Holding Company grew from $718,509,987 on December 31, 1993, to $761,250,051 on June 30, 1994, or 5.95% for the six month period. The primary increase in assets is due to the acquisition of approximately $33 million dollars in selected assets and liabilities from Security Federal Savings and Loan Association during the second quarter of 1994 which was accounted for as a purchase. Accordingly, the results of operations of this acquisition are included in the consolidated financial statements only from the acquisition date (April 15, 1994), which affects the comparability of the consolidated financial statements. Cash and Due From Banks was up from $35,956,431 on December 31, 1993, to $46,563,587 on June 30, 1994, or an increase of $10,607,156; while Federal Funds sold decreased $8,000,000 since December 31, 1993. Loans, less unearned income, increased $29,301,342 or 7.02% due primarily to assumption of loans from Security Federal Savings and Loan Association. Securities grew from $230,904,295 on December 31, 1993, to $238,304,623 on June 30, 1994, which includes an unrealized loss on securities held for sale at June 30, 1994 of $2,556,507. Transaction deposit accounts, which require a 10% reserve balance in cash or on deposit at the Federal Reserve Bank, were up from $260,709,000 on December 31, 1993, to $319,147,270 on June 30, 1994, while total deposits for the first six months of 1993 grew from $636,738,548 on December 31, 1993 to $675,302,815, or an increase of $38,564,267.

The equity capital to total assets ratio was 9.73% and 9.34% for December 31, 1993 and June 30, 1994, respectively.

Results of Operations-Six months ended June 30, 1994 compared to 1993

The Company reported net income of $3,980,947 as of June 30, 1994 compared to $3,899,732 for the same period in 1993; or an increase of 2.08%. Earnings per share for the first six months of 1994 were $1.65 compared to $1.61 for the first six months in 1993. The net effect of the adoption of SFAS No. 106, "Employer's Accounting for Postretirement Benefits Other than Pensions" and SFAS No. 109, "Accounting for Income Taxes" in 1993 accounted for $ .22 of the six months earning per share on net income of $1.39 for the six month period ending June 30, 1993.

Net interest income is the largest component of the Company's income and represents the amount by which interest income on earning assets exceeds the cost of deposits. The Company's long term objective is to manage those earning assets and interest-bearing liabilities to provide the largest possible amount of income while balancing interest rate, credit, liquidity and capital risk.

Net interest income after provision for loan losses was up $1,166,338 or 8.6% for the period ending June 30, 1994 compared to the same period in 1993 due to an increase in average earning assets of 10.48%. The acquisition of approximately $18 million in earning assets from Security Federal accounted for 29% of the increase. The fully tax-equivalent net interest margin decreased 33 basis points in 1994 to 4.81% compared to 5.14% for six months ending June 30, 1993. The prime lending rate for bank loans declined periodically to 6.00% early in 1993 from 6.50% early in 1992. The prime lending rate increased in March to 6.25%; May to 6.75% and in June to 7.25%, during 1994. The prime rate decrease in 1992 and 1993 was the primary factor in the decrease in yields for June 1994 on the loan portfolio from 8.64% in 1993 to 8.31% in 1994. At June 30, 1994, $284 million in loans or 64% of the loan portfolio is subject to repricing in the next twelve months.

Total interest expense was $8,680,686 for the six months ending June 1994, compared to $7,987,931 for same period in 1993 or an increase of $692,755. Average total interest bearing deposits increased $42,086,595 or 8% while the interest rate yield paid on interest bearing deposits declined slightly to 3.02% in 1994 from 3.06% for same period in 1993.

The net interest spread was 4.27% for 1994 compared to 4.69% for 1993 due to the decrease in yields on loans and securities coupled with little change in the yield paid on interest bearing liabilities.

The growth in non-interest income has become an increasingly important component of the Company's profitability, given the uncertainty of future loan demand and increased competition from nontraditional sources. Non-interest income includes fees for trust services, mortgage loan servicing fees, service charges on deposit accounts, and many other retail products. Non-interest income for the first six months of 1994 increased 11.01% or $476,638 compared to the same period in 1993. The most significant increase in non-interest income is attributable to service charges which increased $326,397 since 1993 due mainly to addition of accounts serviced by the Security Federal Savings and Loan Association.

During recent years, the banking industry has put an increasing emphasis on expense control and improving its efficiency and, ultimately, its profitability. The Company has responded to the need for improved efficiency by emphasizing its commitment to expense control. Non-interest expenses have increased from $13,260,172 for six months ending June 30, 1993 to $14,612,801 in 1994 or 10.20%; and the efficiency ratio has increased from 83.22% to 88.72% for 1993 and 1994, respectfully. The efficiency ratio is non-interest expenses divided by the tax-equivalent net interest income plus non-interest income. The increase in non-interest expenses and the efficiency ratio is a combination between the acquisition of the three locations of the Security Federal Savings and Loan Association and related personnel and expenses and the decline in the yield earned on loans and securities due to decline of interest rates in 1993.

Results of Operations-Three months ended June 30, 1994 compared to 1993

The Company reported net income of $2,054,699 for the quarter ended June 30, 1994 compared to $2,028,847 for the same period in 1993; or an increase of 1.27%. Earnings per share for the second quarter of 1994 were $.85 compared to $.84 for the second quarter in 1993.

Net interest income after provision for loan losses was up $525,497 or 7.3% for the quarter ending June 30, 1994 compared to the same period in 1993 due to an increase in average earning assets for the quarter of 10.52%. The acquisition of approximately $18 million in earning assets from Security Federal accounted for 28% of the increase. The net interest margin for the quarter declined from 4.98% to 4.72% for 1993 and 1994 due to a decrease in the yields earned on loans attributable to the decrease of the prime rate in 1993 and the repricing of variable loans to lower rates in the later part of 1993, without a comparable drop in the cost of deposits. The provision for possible loan losses decreased $140,601 for the quarter compared to previous year's quarter. The most significant increase in interest income was attributable to interest on loans which increased $683,363 or 7.9%. Interest expense increased $458,764 in quarter ended June 1994 compared to same period in 1993 mainly due to acquisition of Security Federal deposits.

Non-interest income for quarter ended June 30,1994 is $2,364,419 compared to $2,232,512 for same period in 1993 or an increase of 5.9%. The increase is mainly due to increased service charges relating to addition of deposits from Security Federal. Non-interest expenses for the quarter are $7,523,040 and $6,825,751 for June 30, 1994 and 1993, respectfully. The increase is due to growth in salaries for personnel acquired through the Security Federal purchase and related operating expenses for the three locations purchased.

Allowance for Loan Losses:

In evaluating the adequacy of the allowance for loan losses, among the issues the Company examines are current economic conditions, results of quantitative analysis of the quality of commercial loans and commercial real estate loans, and the historical rate of charge-offs on all loan types. The provision for loan losses is the amount charged against current earnings which management believes is necessary to maintain the reserve at an adequate level at a point in time, giving consideration to potential problem credits, the collateral adequacy of loans, net charge-offs, asset quality measure, size of the loan portfolio and general trends. The provision for the six months ending June 30, 1994, decreased $140,601 from the same period in the prior year which is reflective of the improvement in the quality of the loan portfolio, decrease in non-performing loans and the net recovery of charge offs at June 30, 1994.

[CAPTION]

[S]	June 1994 [C]	June 1993 [C]
Balance, January 1	$ 6,216,854	$ 6,462,925
Provision for Loan losses	986,701	1,791,444
	7,203,555	8,254,369
Charge-offs	(558,488)	(3,048,271)
Recoveries	738,436	258,989
Net (charge-off)/recovery	179,948	(2,789,282)
Balance June 30	$ 7,383,503	$ 5,465,087

[CAPTION]

[S]	June 1994 [C]	June 1993 [C]
Loan Loss Analysis:		
Net loans-Average	$ 428,109,052	$395,316,462
Net loans-Quarter End	446,882,317	409,310,339
Net Charge-Offs/(Recoveries)	(179,948)	2,789,282
Allowance for Loan Losses	7,383,503	5,465,087

Ratios:

Net Charge-Offs/(Recoveries) to:		
Net Loans-Average	(0.04%)	0.71%
Allowance for Loan Losses	(2.44%)	51.04%
Allowance for Loan Losses to:		
Net Loans-Quarter End	1.65%	1.34%
Non-Performing Loans	306.28%	138.60%
Non-Performing Loans to:		
Net Loans-Quarter End	0.54%	.96%
Net Loans-Average	0.56%	1.00%

[CAPTION]

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

[S]	June 1994 [C]	June 1993 [C]
Non-Performing Loans		
Non-Accruing	$ 324,461	$ 2,198,490
Accruing Loans Past Due 90 Days or More	2,086,224	1,744,514
Total Non-Performing Loans	$ 2,410,685	$ 3,943,004

Statistical Summary
June 30, 1994
[CAPTION]

[S]	INCOME OR EXPENSE	1994 AVERAGE BALANCE SHEET AMOUNTS	YIELDS/ RATES
Earnings Assets			
Loans and leases, net of unearned income	17,788,595	428,109,052	8.31%
Interest bearing bank balances and federal funds sold	363,772	20,902,026	3.48%
Taxable securities	4,894,791	193,418,088	5.10%
Nontaxable securities	1,289,312	42,352,939	9.22%TE
Total investment and trading securities	6,184,103	235,771,027	5.81%TE
Total earning assets	24,336,470	684,782,105	7.30%TE
Cash and due from banks		44,042,919	
Other assets, less allowance for loan losses		26,476,747	
Total assets		755,301,771	

[S]	[C]	[C]	[C]
Interest bearing liabilities:			
Interest bearing demand deposit accounts	1,901,503	170,350,174	2.23%
Savings accounts	1,106,737	99,981,854	2.21%
Time Deposits	5,522,311	294,830,125	3.75%
Total interest bearing deposits	8,530,551	565,162,153	3.02%

	INCOME OR EXPENSE	1994 AVERAGE BALANCE SHEET AMOUNTS	YIELDS/ RATES
Other costing liabilities	150,135	6,945,775	4.27%
Total interest bearing liabilities	8,680,686	572,107,928	3.03%

[S]	[C]
Non-interest bearing sources:	
Non-interest bearing deposits	106,219,679
Other liabilities	6,596,289
Shareholders' equity	70,377,875
Total liabilities and shareholders' equity	755,301,771

[S]	[C]	[C]
Net interest income/Net interest margin	15,655,784	4.77%TE

Statistical Summary
June 30, 1993
[CAPTION]

[S]	INCOME OR EXPENSE [C]	1993 AVERAGE BALANCE SHEET AMOUNTS [C]	YIELDS/ RATES [C]
Earnings Assets			
Loans and leases, net of unearned income	16,938,309	395,316,462	8.64%
Interest bearing bank balances and federal funds sold	366,808	25,699,050	2.88%
Taxable investment/trading securities	4,828,683	165,097,268	5.85%
Nontaxable investment securities	1,151,320	33,688,555	10.30%TE
Total investment and trading securities	5,980,003	198,785,823	6.60%TE
Total earning assets	23,285,120	619,801,335	7.75%TE
Cash and due from banks		42,227,069	
Other assets, less allowance for loan losses		24,426,487	
Total assets		686,454,891	
Interest bearing liabilities:			
Interest bearing demand deposit accounts	1,949,153	173,633,679	2.26%
Savings accounts	939,702	81,721,370	2.32%
Time Deposits	5,055,120	267,720,509	3.81%
Total interest bearing deposits	7,943,975	523,075,558	3.06%

[CAPTION]

[S]	INCOME OR EXPENSE [C]	1993 AVERAGE BALANCE SHEET AMOUNTS [C]	YIELDS/ RATES [C]
Other costing liabilities	43,956	3,166,153	2.80%
Total interest bearing liabilities	7,987,931	526,241,711	3.06%
[S]	[C]	[C]	[C]
Non-interest bearing sources:			
Non-interest bearing deposits		87,125,518	
Other liabilities		6,873,673	
Shareholders' equity		66,213,989	
Total liabilities and shareholders' equity		686,454,891	

	[C]	[C]
Net interest income/Net interest margin	15,297,189	5.13%TE

Liquidity and Interest Rate Sensitivity Management

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

Available for sale securities, particularly those of shorter maturities, are the principal source of asset liquidity. Securities maturing in one year or less amounted to $56,972,000 at June 30, 1994, representing 23.91% of the securities portfolio. Other types of assets such as interest bearing deposits in other banks are sources of liquidity. Loans maturing within one year represented 63.65% of the total loans, net of unearned income, for June 30, 1994. On June 30, 1994, there were $341,981,000 in interest earning assets which will mature within one year while $494,909,000 in interest bearing liabilities will mature or will be repriced within one year, which results in a liability sensitive gap of $152,928 million or 44.72%. Management believes that this range can be effectively managed against interest rate movements while allowing sufficient flexibility to take advantage of opportunities presented by varying interest rate environments. The following table summarizes the Company's gap position at June 30, 1994:

Rate Sensitive Balance Sheet
June 30, 1994
[CAPTION]

(In Thousands)

[S]	LESS THAN ONE YEAR [C]	ONE YEAR TO FIVE YEARS [C]	OVER FIVE YEARS [C]	TOTAL [C]
ASSETS				
Securities	56,972	109,348	71,985	238,305
Loans	284,448	141,359	21,075	446,882
Interest Bearing Balances with Banks	561			561
Other Assets			75,502	75,502
Total Assets	341,981	250,707	168,562	761,250
LIABILITIES				
Non-Interest Bearing Transaction Accounts			111,291	111,291
Interest Bearing Transaction Accounts	159,595			159,595
Money Market and Savings	100,467			100,467
Certificates of Deposit <100,000	159,131	45,965	120	205,216
Certificates of Deposit >100,000	50,603	4,029		54,632
Individual Retirement Account	21,140	22,438	524	44,102
Other Borrowed Funds	3,973	3,755	366	8,094
Other Liabilities			6,772	6,772
Equity			71,081	71,081
Total Liabilities and Equity	494,909	76,187	190,154	761,250
GAP	(152,928)	174,520	(21,592)	0
GAP/Assets	(44.72%)	69.61%	(12.81%)	0.00%
Cumulative GAP	(152,928)	21,592	0	0
Cumulative GAP/Assets	(44.72)%	8.61%	0.00%	0.00%

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

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

Capital Resources

Retained earnings through operations have been the primary source of capital over the past three months. The ratio of shareholders equity to total assets was 9.33% as of June 30, 1994, compared to 9.73% as of December 31, 1993, and 9.60% as of June 30, 1993.

Total shareholders' equity of the Company was $71,080,985 and $69,923,713 for June 30, 1994 and December 31, 1993, respectively. This represented an increase of $1,157,272 or 1.66%. Guidelines define a well capitalized bank as one whose capital to risk-based assets is at least 10%, or 6% Tier 1 capital ratio, and a 5% leverage ratio.

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

[CAPTION]

	(In Thousands) June 30 1994	December 31 1993
[S]	[C]	[C]
Total Tier 1 Capital	$ 67,951	$ 63,425
Total Tier 2 Capital	5,571	5,355
Total Qualifying Capital	73,522	68,780
Risk-weighted assets on balance sheet, net of intangibles	445,292	426,964
Excess allowance for loan losses	(1,813)	(1,108)
Risk-weighted off balance sheet exposure	875	1,422
Total Risk-Weighted Assets Inclusive of Off Balance Sheet Exposure and Net of Allowance	444,354	427,278
Tier 1 Capital Ratio	15.31%	14.84%
Total Capital Ratio	16.56%	16.10%
Leverage Ratio	9.06%	9.48%

Management recognizes the importance of maintaining a strong capital base. As the above ratios indicate, the Company exceeds the requirements for a well capitalized bank.

Book value per share was $29.39 and $27.86 at June 30, 1994 and 1993, respectively. Cash dividends were raised to $.24 per quarter, up from $.23 per share during the same quarter in 1993.

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

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

There were no material proceedings pending at June 30 1994, against the registrant or its subsidiary.

Item 4. Submission of Matters to a Vote of Shareholders

The Annual Meeting of the Shareholders of The Peoples Holding Company was held on April 12, 1994, for the purpose of electing five members to the board of directors for a three year term and to ratify the appointment of the independent auditors. Proxies for the meeting were solicited pursuant to Section 14(a) of the Securities Exchange Act of 1934.

Election of Directors	For	Against	Abstain
George H. Booth II	1,833,948	16,842	567,039
Frank B. Brooks	1,837,189	13,601	567,039
Robert C. Leake	1,840,350	10,440	567,039
David P. Searcy	1,840,350	10,440	567,039
J. Heywood Washburn	1,839,809	10,981	567,039
Ratify appointment of Ernst & Young as the Independent Auditors for 1994	1,849,610	102	568,117

Item 6(b) Reports on Form 8-K - The Company filed two reports on Form 8-K during the quarter ended June 30, 1994.

A report on Form 8-K was filed April 25, 1994 to report Item 2: Acquisition of Assets on April 15, 1994. The Peoples Holding Company assumed the deposits and purchased selected assets of three locations of Security Federal Savings and Loan Association. Upon acquisition, the bank's assets increased from approximately $760 million to $790 million.

A report on Form 8-K was filed June 20, 1994 to report Item 5: Other Events. The Board of Directors voted to pay a 4% stock dividend to shareholders of record June 30, 1994 to be paid July 15, 1994.

No financial statements were filed as a part of either report.

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: July 29, 1994

John W. Smith
President, Chief Executive
and Financial Officer

DATE: July 29, 1994

E. W. Conwill
Vice President