

**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 (Date of earliest event reported): January 20, 2004

Umpqua Holdings Corporation

(Exact Name of Registrant as Specified in Its Charter)

OREGON

(State or Other Jurisdiction of
Incorporation or Organization)

000-25597

(Commission File
Number)

93-1261319

(I.R.S. Employer
Identification Number)

**200 SW Market Street, Suite 1900
Portland, Oregon 97201**

(address of Principal Executive Offices)(Zip Code)

(503) 546-2499

(Registrant's Telephone Number, Including Area Code)

(Former name or former address, if changed since last report)

Item 7. Financial Statements and Exhibits

(c) Exhibits.

The following exhibits are being filed herewith and this list shall constitute the exhibit index:

Exhibit

(99) Earnings Press Release

Item 12. Results of Operations and Financial Condition

On January 20, 2004, Umpqua issued a press release with respect to financial results for the fourth quarter and year-end 2003. A copy of the press release is attached as Exhibit 99.

The press release filed as an exhibit to this report discloses operating earnings (and related per share amounts), which is a non-GAAP financial measure. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles (GAAP). We believe our disclosure of operating earnings provides useful information to both management and investors by excluding merger-related expenses because merger-related expenses are difficult to predict. Management believes presentation of financial measures excluding the impact of such expenses is useful information because it provides information about ongoing business operations.

SIGNATURES

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 hereunto duly authorized.

UMPQUA HOLDINGS CORPORATION
(Registrant)

Dated: January 20, 2004 By: /s/ Kenneth E. Roberts
Kenneth E. Roberts
Assistant Secretary

U M P Q U A H O L D I N G S

C O R P O R A T I O N

Parent company for Umpqua Bank and Strand, Atkinson, Williams & York

FOR IMMEDIATE RELEASE

Contacts:

| | |
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UMPQUA HOLDINGS REPORTS 12% INCREASE IN FULL YEAR 2003 OPERATING EARNINGS PER SHARE

Nonperforming loans drop by thirty-eight percent.

PORTLAND, Ore. - Jan. 20, 2004 - Umpqua Holdings Corporation (NASDAQ: UMPQ), parent company of Umpqua Bank and Strand, Atkinson, Williams & York, Inc., today announced fiscal 2003 operating earnings of \$35.5 million, or \$1.24 per diluted share, compared to \$23.7 million, or \$1.11 per diluted share in the previous year, representing an annual increase of 12%. For the fourth quarter of 2003, operating earnings were \$8.59 million, or \$0.30 per diluted share, down from \$9.27 million, or \$0.32 per diluted share for the third quarter of 2003.

Operating earnings are defined as the Company's earnings before deduction of merger-related expenses, which are reported in periods with merger-related costs. Net income is operating earnings minus merger-related expenses. There were no merger-related expenses recorded in the fourth quarter of 2003.

Net income for the full year was \$34.12 million or \$1.19 per diluted share compared to \$21.97 million or \$1.03 per diluted share for 2002.

Total loans increased by \$68.1 million during the quarter, while nonperforming loans decreased by \$2.0 million, or 15%, during the same period. The Bank's non-performing loans stand at \$11.4 million at December 31, 2003, representing 0.57% of total loans, compared to 1.03% at December 31, 2002.

"Given the state of the economy, we believe the Company's earnings per share growth for 2003 of 12% was outstanding," said Ray Davis, president and chief executive officer of Umpqua Holdings Corporation. "During this past year we were also able to strengthen and prepare our infrastructure for continued growth in 2004, while improving our loan quality to high performance levels."

Umpqua Holdings Corporation Announces Fourth Quarter and Full Year 2003 Earnings

January 20, 2004

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The Company's brokerage subsidiary, Strand, Atkinson, Williams & York, Inc., also reported that gross revenue was up 16% for the quarter compared with the fourth quarter of 2002.

The following table presents a reconciliation of net income to operating earnings, with merger-related expenses displayed for each period presented:

| (Dollars in thousands, except per share data) | <u>Q4 2003</u> | <u>Q3 2003</u> | <u>Total 2003</u> | <u>Total 2002</u> |
|---|------------------------|-----------------|------------------------------|-----------------------|
| Net Income | \$ 8,591 | \$ 9,015 | \$ 34,119 | \$ 21,968 |
| Add Back: Merger related expense, net of tax | <u>--</u> | <u>252</u> | <u>1,332</u> | <u>1,721</u> |
| Operating Earnings | <u>\$ 8,591</u> | <u>\$ 9,267</u> | <u>\$ 35,451</u> | <u>\$ 23,689</u> |
| Earnings per diluted share: | <u>Q4 2003</u> | <u>Q3 2003</u> | <u>Total 2003</u> | <u>Total 2002</u> |
| Net Income | \$ 0.30 | \$ 0.31 | \$ 1.19 | \$ 1.03 |
| Operating Earnings | \$ 0.30 | \$ 0.32 | \$ 1.24 | \$ 1.11 |

The acquisition of Centennial Bancorp, which closed on November 15, 2002, was accounted for under the purchase accounting method, and Centennial Bancorp's results are included from the date of closing.

Total consolidated assets of Umpqua Holdings as of December 31, 2003 were \$2.96 billion, compared to \$2.56 billion at December 31, 2002. Total gross loans and leases, and deposits were \$2.00 billion and \$2.38 billion, respectively, as of December 31, 2003, compared to \$1.78 billion and \$2.10 billion, respectively, as of December 31, 2002.

The following table presents 2003 growth rates:

| (Dollars in thousands) | <u>Dec 31, 2003</u> | <u>Dec 31, 2002</u> | <u>Growth Rate</u> |
|------------------------|----------------------------|---------------------|---------------------------|
| Loans and Leases | \$2,003,587 | \$1,778,315 | 13% |
| Deposits | \$2,378,192 | \$2,103,790 | 13% |
| Assets | \$2,963,815 | \$2,555,964 | 16% |

Non-interest income for the fourth quarter of 2003 decreased to \$7.70 million, due to a decline in mortgage banking revenue. Mortgage banking revenue was \$1.20 million in the fourth quarter of 2003, a decline of \$1.96 million from the \$3.16 million reported in the third quarter of 2003.

Umpqua Bank, Umpqua Holdings largest subsidiary, reports an efficiency ratio before merger-related expenses of 56.89% for the quarter ended December 31, 2003 compared to 55.94% for the quarter ended September 30, 2003 and 52.88% for the quarter ended December 31, 2002.

Certain amounts reported in prior quarters' financial statements have been reclassified to conform to the current presentation. The effects of the reclassifications are not considered material.

About Umpqua Holdings Corporation

Umpqua Holdings Corporation (NASDAQ: UMPQ) is the parent company of Umpqua Bank, an Oregon state-chartered bank recognized for its entrepreneurial approach, innovative use of technology, and distinctive banking solutions. Umpqua Bank has 64 stores throughout Oregon and Southwest Washington. Umpqua Holdings also owns a retail brokerage subsidiary, Strand, Atkinson, Williams & York, Inc. which has 14 locations throughout Oregon and Southwest Washington and offers brokerage services within Umpqua Bank stores. Additionally, Umpqua Holdings' Private Client Services Division provides tailored financial services and products to individual customers. Umpqua Holdings Corporation is headquartered in Portland, Oregon. For more information, visit www.umpquabank.com/investor.

Umpqua Holdings Corporation will conduct a quarterly earnings conference call Tuesday, January 20, 2004, at 10:00 a.m. PST where the Company will discuss operating results for 2003. There will be a question-and-answer session following the presentation. Shareholders, analysts and other interested parties are invited to join the call by dialing 888-373-3590 a few minutes before 10:00 a.m. The password is "UMPQUA." Information to be discussed in the teleconference will be available on the Company's website prior to the call at www.umpquabank.com/investor. A rebroadcast can be found approximately one hour after the conference call by dialing 800-876-6785, or by visiting that website.

This press release includes forward-looking statement within the meaning of the "Safe-Harbor" provisions of the Private Securities Litigation Reform Act of 1995, which management believes are a benefit to shareholders. These statements are necessarily subject to risk and uncertainty and actual results could differ materially due to certain risk factors, including those set forth from time to time in the company's filings with the SEC. You should not place undue reliance on forward looking statements and we undertake no obligation to update any such statements. Specific risks in this press release include the company's expected continued growth in 2004.

Umpqua Holdings Corporation

Consolidated Statements of Income

(unaudited)

| <i>Dollars in thousands, except per share data</i> | Quarter ended: | | |
|--|-------------------|--------------------|-------------------|
| | December 31, 2003 | September 30, 2003 | December 31, 2002 |
| Interest income | | | |
| Loans and leases | \$31,940 | \$32,615 | \$26,340 |
| Investments taxable | 4,166 | 2,720 | 2,659 |
| Investments tax exempt | 442 | 486 | 790 |
| Temporary investments | 45 | 82 | 247 |
| Other interest and dividends | 15 | 24 | 22 |
| Total interest income | 36,608 | 35,927 | 30,058 |
| Interest expense | | | |
| Deposits | 5,405 | 5,455 | 5,769 |
| Repurchase agreements and fed funds purchased | 130 | 154 | 114 |
| Trust preferred securities | 929 | 936 | 839 |
| Other borrowings | 340 | 294 | 213 |
| Total interest expense | 6,804 | 6,839 | 6,935 |
| Net interest income | 29,804 | 29,088 | 23,123 |
| Provision for credit losses | 1,075 | 1,050 | 1,384 |
| Noninterest income | | | |
| Service charges | 3,188 | 3,256 | 2,541 |
| Brokerage fees | 2,554 | 2,635 | 2,208 |
| Mortgage banking revenue | 1,200 | 3,160 | 3,989 |
| Gain on sale of securities | 2 | 10 | 6 |
| Other income | 760 | 455 | 412 |
| Total noninterest income | 7,704 | 9,516 | 9,156 |
| Noninterest expense | | | |
| Salaries and benefits | 13,583 | 13,438 | 10,877 |
| Occupancy and equipment | 3,770 | 3,534 | 2,936 |
| Other | 6,077 | 6,333 | 5,221 |
| Merger related expenses | - | 393 | 1,231 |
| Total noninterest expense | 23,430 | 23,698 | 20,265 |
| Income before income taxes | 13,003 | 13,856 | 10,630 |
| Provision for income tax | 4,412 | 4,841 | 3,915 |
| Net income | \$8,591 | \$9,015 | \$6,715 |
| Weighted average shares outstanding | 28,389,064 | 28,343,696 | 24,054,398 |
| Weighted average diluted shares outstanding | 28,802,165 | 28,702,888 | 24,364,161 |
| Basic earnings per share | \$0.30 | \$0.32 | \$0.28 |
| Diluted earnings per share | \$0.30 | \$0.31 | \$0.28 |

Umpqua Holdings Corporation

Consolidated Statements of Income

(unaudited)

| <i>Dollars in thousands, except per share data</i> | Twelve months ended: | |
|--|----------------------|-------------------|
| | December 31, 2003 | December 31, 2002 |
| Interest income | | |
| Loans and leases | \$126,900 | \$86,967 |
| Investments taxable | 12,255 | 9,493 |
| Investments tax exempt | 2,443 | 2,946 |
| Temporary investments | 465 | 837 |
| Other interest and dividends | 69 | 82 |
| Total interest income | 142,132 | 100,325 |
| Interest expense | | |
| Deposits | 23,608 | 21,545 |
| Repurchase agreements and fed funds purchased | 416 | 372 |
| Trust preferred securities | 3,715 | 856 |
| Other borrowings | 1,121 | 1,024 |
| Total interest expense | 28,860 | 23,797 |
| Net interest income | 113,272 | 76,528 |
| Provision for credit losses | 4,550 | 3,888 |
| Noninterest income | | |
| Service charges | 12,556 | 8,640 |
| Brokerage fees | 9,498 | 9,012 |
| Mortgage banking revenue | 11,473 | 9,075 |
| Gain (loss) on sale of securities | 2,155 | (497) |
| Other income | 3,361 | 2,113 |
| Total noninterest income | 39,043 | 28,343 |
| Noninterest expense | | |
| Salaries and benefits | 53,090 | 37,117 |
| Occupancy and equipment | 14,834 | 9,596 |
| Other | 25,263 | 17,249 |
| Merger related expenses | 2,082 | 2,752 |
| Total noninterest expense | 95,269 | 66,714 |
| Income before income taxes | 52,496 | 34,269 |
| Provision for income tax | 18,377 | 12,301 |
| Net income | \$34,119 | \$21,968 |
| Weighted average shares outstanding | 28,294,291 | 21,054,351 |
| Weighted average diluted shares outstanding | 28,666,070 | 21,306,036 |
| Basic earnings per share | \$1.21 | \$1.04 |
| Diluted earnings per share | \$1.19 | \$1.03 |

Umpqua Holdings Corporation

Consolidated Balance Sheets

(unaudited)

| <i>Dollars in thousands, except per share data</i> | December 31, 2003 | September 30, 2003 | December 31, 2002 |
|---|--------------------------|---------------------------|--------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$134,006 | \$130,747 | \$120,542 |
| Trading account securities | 1,265 | 1,561 | 1,905 |
| Investments available for sale | 501,904 | 404,771 | 331,160 |
| Investments held to maturity | 14,612 | 16,641 | 18,455 |
| Loans held for sale | 37,798 | 51,620 | 62,349 |
| Loans and leases | 2,003,587 | 1,935,482 | 1,778,315 |
| Less: Allowance for credit losses | (25,352) | (25,312) | (24,731) |
| Loans and leases, net | 1,978,235 | 1,910,170 | 1,753,584 |
| Federal Home Loan Bank stock | 7,168 | 6,703 | 6,589 |
| Premises and equipment, net | 63,328 | 63,560 | 58,585 |
| Other real estate owned | 2,529 | 2,452 | 2,209 |
| Mortgage servicing rights, net | 10,608 | 10,732 | 9,316 |
| Goodwill and other intangibles | 159,585 | 160,012 | 160,967 |
| Other assets | 52,777 | 52,226 | 30,303 |
| | \$2,963,815 | \$2,811,195 | \$2,555,964 |
| Liabilities: | | | |
| Deposits | \$2,378,192 | \$2,263,211 | \$2,103,790 |
| Securities sold under agreements to repurchase and fed funds purchased | 83,531 | 63,553 | 36,232 |
| Borrowings | 55,000 | 72,047 | 24,219 |
| Notes payable for Trust preferred securities | 97,941 | 77,321 | 75,000 |
| Other liabilities | 30,182 | 23,076 | 28,564 |
| Total liabilities | 2,644,846 | 2,499,208 | 2,267,805 |
| Shareholders' equity: | | | |
| Common stock | 230,773 | 230,174 | 225,380 |
| Retained earnings | 89,058 | 81,605 | 59,475 |
| Accumulated other comprehensive (loss) income | (862) | 208 | 3,304 |
| Total shareholders' equity | 318,969 | 311,987 | 288,159 |
| Total liabilities and shareholders' equity | \$2,963,815 | \$2,811,195 | \$2,555,964 |
| Common shares outstanding at period end | 28,411,816 | 28,365,814 | 27,980,591 |
| Book value per share | \$11.23 | \$11.00 | \$10.30 |
| Tangible book value per share | \$5.61 | \$5.36 | \$4.55 |
| Tangible equity | \$159,384 | \$151,975 | \$127,192 |

Umpqua Holdings Corporation

Loan Portfolio

| <i>Dollars in thousands</i> | December 31, 2003 | September 30, 2003 | December 31, 2002 |
|--|--|---|--|
| Loans and leases by purpose: | | | |
| Commercial real estate | \$1,072,191 | \$971,775 | \$817,691 |
| Residential real estate | 84,423 | 84,317 | 79,708 |
| Construction | 232,849 | 247,629 | 270,116 |
| Total real estate | 1,389,463 | 1,303,721 | 1,167,515 |
| Commercial | 565,652 | 585,406 | 551,852 |
| Leases | 10,918 | 8,612 | 9,594 |
| Consumer | 36,790 | 37,131 | 48,647 |
| Other | 764 | 612 | 707 |
| Total loans and leases | \$2,003,587 | \$1,935,482 | \$1,778,315 |
| | | | |
| <i>Dollars in thousands</i> | Quarter Ended December 31, 2003 | Quarter Ended September 30, 2003 | Quarter Ended December 31, 2002 |
| Allowance for credit losses | | | |
| Balance beginning of period | \$25,312 | \$25,316 | \$15,039 |
| Provision for credit losses | 1,075 | 1,050 | 1,384 |
| Charge-offs | (1,591) | (2,045) | (1,760) |
| Less: recoveries | 556 | 991 | 212 |
| Net charge-offs | (1,035) | (1,054) | (1,548) |
| Acquisitions | - | - | 9,856 |
| Balance end of period | \$25,352 | \$25,312 | \$24,731 |
| Net charge-offs to average loans and leases (annualized) | 0.21% | 0.22% | 0.44% |
| Recoveries to gross charge-offs | 34.95% | 48.46% | 12.05% |
| Allowance for credit losses to loans and leases | 1.27% | 1.31% | 1.39% |
| Allowance for credit losses to nonperforming loans and leases | 222% | 189% | 134% |
| Nonperforming loans and leases to total loans and leases | 0.57% | 0.69% | 1.03% |
| Nonperforming assets | | | |
| Nonperforming loans and leases | \$11,425 | \$13,394 | \$18,395 |
| Real estate owned | 2,529 | 2,452 | 2,209 |
| Total nonperforming assets | \$13,954 | \$15,846 | \$20,604 |

Umpqua Holdings Corporation

Loan Portfolio

| <i>Dollars in thousands</i> | Year to date December 31, 2003 | Year to date December 31, 2002 |
|--|-----------------------------------|-----------------------------------|
| Allowance for credit losses | | |
| Balance beginning of period | \$24,731 | \$13,221 |
| Provision for credit losses | 4,550 | 3,888 |
| Charge-offs | (6,077) | (2,792) |
| Less: recoveries | 2,148 | 558 |
| Net charge-offs | (3,929) | (2,234) |
| Acquisitions | - | 9,856 |
| Balance end of period | <u>\$25,352</u> | <u>\$24,731</u> |
| Net charge-offs to average loans and leases (annualized) | 0.21% | 0.20% |
| Recoveries to gross charge-offs | 35.35% | 19.99% |
| Allowance for credit losses to loans and leases | 1.27% | 1.39% |
| Allowance for credit losses to nonperforming loans and leases | 222% | 134% |
| Nonperforming loans and leases to total loans and leases | 0.57% | 1.03% |
| Nonperforming assets | | |
| Nonperforming loans and leases | \$11,425 | \$18,395 |
| Real estate owned | 2,529 | 2,209 |
| Total nonperforming assets | <u>\$13,954</u> | <u>\$20,604</u> |

Deposits by Type

| <i>Dollars in thousands</i> | December 31, 2003 | | September 30, 2003 | | December 31, 2002 | |
|------------------------------|--------------------|--------|--------------------|--------|--------------------|--------|
| | Amount | Mix | Amount | Mix | Amount | Mix |
| Demand, non interest bearing | \$589,901 | 24.8% | \$599,939 | 26.5% | \$494,810 | 23.5% |
| Demand, interest bearing | 1,048,733 | 44.1% | 937,606 | 41.4% | 814,494 | 38.7% |
| Savings | 145,960 | 6.1% | 147,849 | 6.5% | 162,043 | 7.7% |
| Time | 593,598 | 25.0% | 577,817 | 25.5% | 632,443 | 30.1% |
| Total Deposits | <u>\$2,378,192</u> | 100.0% | <u>\$2,263,211</u> | 100.0% | <u>\$2,103,790</u> | 100.0% |

Umpqua Holdings Corporation

Selected Ratios

| | Quarter ended: | | |
|---|-------------------|--------------------|-------------------|
| | December 31, 2003 | September 30, 2003 | December 31, 2002 |
| Net Interest Spread: | | | |
| Yield on loans and leases | 6.38% | 6.56% | 7.21% |
| Yield on investments (1) | 3.92% | 3.36% | 4.91% |
| Yield on temporary investments | 0.77% | 1.13% | 1.44% |
| Total yield on earning assets | 5.85% | 5.95% | 6.61% |
| Cost of interest bearing deposits | 1.23% | 1.31% | 1.74% |
| Cost of securities sold under agreements to repurchase and fed funds purchased | 1.01% | 1.03% | 1.44% |
| Cost of borrowings | 1.90% | 2.40% | 3.76% |
| Cost of trust preferred | 4.70% | 4.80% | 5.33% |
| Total cost of interest bearing liabilities | 1.39% | 1.47% | 1.92% |
| Net interest spread | 4.45% | 4.48% | 4.69% |
| Net interest margin | 4.77% | 4.82% | 5.10% |
| <u>Before Merger Related Expenses:</u> | | | |
| Return on average assets | 1.19% | 1.33% | 1.43% |
| Return on average equity | 10.85% | 12.02% | 13.75% |
| Return on average tangible equity | 22.10% | 25.31% | 23.76% |
| <u>After Merger Related Expenses:</u> | | | |
| Return on average assets | 1.19% | 1.30% | 1.29% |
| Return on average equity | 10.85% | 11.70% | 12.36% |
| Return on average tangible equity | 22.10% | 24.62% | 21.38% |
| <u>Bank Only Ratios:</u> | | | |
| Umpqua Bank efficiency ratio before merger expenses | 56.89% | 55.94% | 52.88% |
| Umpqua Bank net interest margin | 4.91% | 4.98% | 5.28% |

(1) Tax exempt interest has been adjusted to a taxable equivalent basis using a 35% tax rate.

Umpqua Holdings Corporation

Selected Ratios

| | Twelve months ended: | |
|---|----------------------|-------------------|
| | December 31, 2003 | December 31, 2002 |
| Net Interest Spread: | | |
| Yield on loans and leases | 6.63% | 7.51% |
| Yield on investments (1) | 3.98% | 5.86% |
| Yield on temporary investments | 1.11% | 1.58% |
| Total yield on earning assets | 6.08% | 7.02% |
| Cost of interest bearing deposits | 1.42% | 2.04% |
| Cost of securities sold under agreements to repurchase and fed funds purchased | 1.17% | 1.43% |
| Cost of borrowings | 2.48% | 3.77% |
| Cost of trust preferred | 4.86% | 5.33% |
| Total cost of interest bearing liabilities | 1.58% | 2.12% |
| Net interest spread | 4.50% | 4.91% |
| Net interest margin | 4.85% | 5.38% |
| <u>Before Merger Related Expenses:</u> | | |
| Return on average assets | 1.31% | 1.47% |
| Return on average equity | 11.68% | 14.64% |
| Return on average tangible equity | 24.80% | 19.76% |
| <u>After Merger Related Expenses:</u> | | |
| Return on average assets | 1.26% | 1.36% |
| Return on average equity | 11.24% | 13.58% |
| Return on average tangible equity | 23.87% | 18.33% |
| <u>Bank Only Ratios:</u> | | |
| Umpqua Bank efficiency ratio before merger expenses | 56.32% | 55.58% |
| Umpqua Bank net interest margin | 5.01% | 5.44% |

(1) Tax exempt interest has been adjusted to a taxable equivalent basis using a 35% tax rate.