UNIONBANK

May 14, 2006

The PHILIPPINE STOCK EXCHANGE, INC.
PSE Centre Exchange Road
Ortigas Center, Pasig City

Attention: ***MS. JURISITA M. QUINTOS***
Senior Vice President-Operations Group
Listing and Disclosure Department

Dear Ms. Quintos:

In compliance with your reportorial requirement, we hereby submit the report under SEC Form 17-Q for the report ended March 31, 2006

Very truly yours,

FE B. MACALINO
SVP-Corporate Secretary

COVER SHEET

3	6	0	7	3							

S.E.C. Registration Number

UNIONBANK OF THE PHILIPPINES

(Company's Full Name)

UNIONBANK PLAZA MERALCO AVENUE
CORNER ONYX STREET
ORTIGAS CENTER, PASIG CITY

(Business Address : No. Street City / Town / Province)

CESAR G. ILAGAN	(632)892-0011
Contact Person	Company Telephone Number

1 2	3 1	S E C - 1 7 Q	0 5	2 6
Month	*Day*	FORM TYPE	*Month*	*Day*
Fiscal Year			Annual Meeting	

UNDERWRITER-SEC

Secondary License Type, If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

6,382

Total No. of Stockholders

Total Amount of Borrowings

Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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Remarks = pls. use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2006**

2. Commission identification number **3607**

3. BIR Tax Identification No. **000-508-271**

UNIONBANK OF THE PHILIPPINES

4. Exact name of registrant as specified in its charter

PHILIPPINES

5. Province, country or other jurisdiction of incorporation or organization

6. Industry Classification Code: ________ (SEC Use Only)

UBP Plaza, Meralco Avenue
Corner Onyx St., Ortigas Center, Pasig City **1605**

7. Address of principal office Postal Code

(632) 892-0011

8. Registrant's telephone number, including area code

Not applicable

9. Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the Code, or Sections 4 and 8 of the SRC

Title of Each Class	Number of Shares of common stock outstanding and amount of debt outstanding
Common Stock P10 par value	551,245,964

11. Common Stocks are listed at the Philippine Stock Exchange.

12. (a) Registrant has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of SRC and SRC Rule 11 (a)-1 thereunder and Section 26 and 141 of the Corporation Code of the Philippines during thepreceding 12 months (or for such shorter period the registrant was required to file such reports)

(b) Registrant has been subject to such filing requirements for the past 90 days

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Attached are the following:

Consolidated Statements of Condition	- Annex "1"
Consolidated Statements of Income	- Annex "2"
Consolidated Statements of Changes in Capital Funds	- Annex "3"
Consolidated Statements of Cash Flows	- Annex "4"
General Notes to Consolidated Financial Statements	- Annex "5"
Aging of Accounts Receivable	- Annex "6"

Items 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Attachment

PART II – OTHER INFORMATION

There are no material disclosures that have not been reported under SEC Form 17 C during the period covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNIONBANK OF THE PHILIPPINES

By:

CESAR G. ILAGAN
Controller

GUIA C. LIM
Executive Vice President

UNIONBANK OF THE PHILIPPINES AND SUBSIDIARIES
STATEMENTS OF CONDITION ANNEX "1"
(Amounts in Thousands)

	CONSOLIDATED	
	March 31, 2006	December 31, 2005
	unaudited	audited
RESOURCES		
Cash and Other Cash items	928,346	980,545
Due from Bangko Sentral ng Pilipinas	2,854,052	2,957,621
Due from Other Banks	998,522	1,547,475
Interbank Loans Receivable	46,595,513	44,970,587
Fin'l Assets at Fair Value Through Profit or Loss	289,482	682,252
Available for Sale Investments	15,346,668	18,958,596
Held to Maturity Investments	14,425,279	12,502,985
Loans and Receivables-net	13,328,208	13,873,010
Bank Premises, Furnitures, Fixtures and Equipment	2,409,770	2,412,589
Investment Properies	5,109,376	5,212,144
Assets Held for Sale	805,405	816,788
Other Resources - net	2,152,405	2,030,617
	105,243,026	106,945,209
LIABILITIES AND CAPITAL FUNDS		
Liabilities		
Deposit Liabilities		
Demand	14,785,054	13,622,069
Savings	14,211,683	27,198,204
Time	29,377,534	19,507,334
	58,374,271	60,327,607
Bills and Acceptances Payable	15,756,679	13,609,432
Bonds Payable	6,394,750	6,632,750
Due to Bangko Sentral ng Pilipinas	44,769	35,521
Manager's Checks and Demand Drafts	1,949,950	1,864,644
Accrued Interest and Other Expenses	400,058	973,511
Accrued Taxes and Licenses Payable	98,640	86,138
Other Liabilities	4,112,702	4,924,871
	87,131,819	88,454,474
Capital Funds		
Common Stock	5,512,460	5,512,460
Capital Paid in Excess of Par Value	1,574,598	1,574,598
Surplus	10,948,114	11,037,647
Surplus Reserve for Trust Business	70,861	70,861
Net Unrealized Gain/(Loss) on Available-for-Sale Investments	5,174	295,169
	18,111,207	18,490,735
Total Liabilities & Capital Accounts	105,243,026	106,945,209

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UNIONBANK OF THE PHILIPPINES AND SUBSIDIARIES

STATEMENTS OF INCOME

Annex "2"

(Amounts in Thousands Except Earnings Per Share)

	UNAUDITED	UNAUDITED
	For the Period Ended March 31	
	2006	2005
INTEREST INCOME ON		
Financial Assets at FVPL and investment securities	551,342	948,819
Loans	191,886	338,790
Interbank loans receivable	336,635	175,965
Deposits with other banks	237,160	99,299
	1,317,023	1,562,873
INTEREST EXPENSE ON		
Deposit Liabilities	636,642	532,761
Bills payable and other borrowings	156,508	164,072
Interbank loans payable	0	0
	793,150	696,833
NET INTEREST INCOME	523,873	866,040
PROVISION FOR PROBABLE LOSSES	75,000	89,931
NET INTEREST INCOME AFTER PROVISION FOR PROBABLE LOSSES	448,873	776,109
OTHER INCOME		
Gain from trading of financial assets at FVPL and investment securities	675,701	434,036
Foreign exchange gain-net	63,536	79,676
Service charges, fees and commissions	123,566	90,954
Gain (loss) on appreciation (depreciation of investment properties	(1,733)	0
Miscellaneous	215,920	94,522
	1,076,990	699,188
OTHER EXPENSES		
Compensation and fringe benefits	281,097	296,237
Taxes and Licenses	87,792	54,405
Depreciation and amortization	44,477	32,509
Occupancy costs	40,700	43,054
Miscellaneous	201,222	232,209
	655,288	658,414
INCOME BEFORE INCOME TAXES	870,575	816,883
PROVISION FOR INCOME TAX	78,114	26,776
NET INCOME	792,461	790,107
Weighted ave. no. of outstanding common shares	551,245,964	551,245,964
Earnings Per Share	5.75	5.73

ANNEX "3"

UNIONBANK OF THE PHILIPPINES AND SUBSIDIARIES
STATEMENTS OF CHANGES IN CAPITAL FUNDS
(Amounts in Thousands Except Par Value and Number of Shares)

	UNAUDITED	UNAUDITED
	FOR THE PERIOD ENDED MARCH 31	
	2006	2005
CAPITAL STOCK		
Common Stock - P10 par value		
Authorized - 670,000,000 shares		
Issued - 551,245,964 shares	**5,512,460**	5,512,460
CAPITAL PAID IN EXCESS OF PAR VALUE	**1,574,598**	1,574,598
SUPLUS		
Balance at beginning of year, as restated	**11,037,647**	9,980,299
Net Income	**792,461**	790,107
Cash dividends	**(881,994)**	
Transfer to surplus reserve for trust business		
Balance at year end	**10,948,114**	10,770,406
RESERVE FOR TRUST BUSINESS		
Balance at beginning of year	**70,861**	66,672
Transfer from surplus		
Balance at year end	**70,861**	66,672
NET UNREALIZED LOSS ON AVAILABLE FOR SALE SECURITIES AND UNDERWRITING		
ACCOUNTS		
Parent	**93,085**	(810,411)
Subsidiary	**(87,911)**	(91,020)
	5,174	(901,431)
	18,111,207	**17,022,705**

UNION BANK OF THE PHILIPPINES AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Amounts in Thousands Pesos)

	UNAUDITED	UNAUDITED
	For the Period Ended March 31	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	870,575	816,883
Adjustments for:		
Provision for loan losses	75,000	89,931
Loss (gain) on decline (appreciation) in fair value of Investment property	1,733	0
Depreciation and amortization	45,783	32,509
Changes in operating resources and liabilities:		
Decrease (increase) in:		
Financial Assets at Fair Value Through Profit and Loss	392,770	(12,384)
Loans and Receivables	469,802	1,078,354
Other Resources	(227,494)	610,375
Increase (decrease) in:		
Deposit Liabilities	(1,953,336)	1,134,850
Manager's Checks	85,306	(594,769)
Accrued Interest and Other Expenses	(573,453)	(181,352)
Accrued Taxes and Licenses Payable	(4,526)	15,588
Other Liabilities	(812,169)	(97,774)
Net cash generated from (used in) operations	(1,630,009)	2,892,211
Income taxes paid	44,620	38,199
Net cash provided by operating activities	(1,585,389)	2,930,410
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Available-for-Sale Investments	3,321,933	(6,028,907)
Held-to-Maturity Investments	(1,922,294)	13,645,945
Investment properties	101,035	(15,343)
Non-current assets held for sale	11,383	
Acquisition of Bank Premises, Furniture, Fixtures and Equipment	(46,097)	(102,098)
Proceeds from disposal of Bank Premises, Furniture, Fixtures and Equipment	3,133	14,731
Net cash provided by (used in) investing activities	1,469,093	7,514,328
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in:		
Bills and acceptances payable	2,147,247	(5,301,485)
Bonds Payable	(238,000)	(199,250)
Due to Bangko Sentral ng Pilipinas	9,248	9,152
Cash dividends paid	(881,994)	0
Net cash provided by (used in) financing activities	1,036,501	(5,491,583)
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	920,205	4,953,155
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	50,456,228	30,567,396
CASH AND CASH EQUIVALENTS AT END OF PERIOD	51,376,433	35,520,551

UNIONBANK OF THE PHILIPPINES
GENERAL NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2006

Corporate Information

UnionBank of the Philippines (the Parent Company) is a universal bank incorporated in the Philippines. Through its network of 111 branches, 117 automated teller machines, a call center and internet banking, the Parent Company and its subsidiaries (the Group) provide a wide range of financial and related products and services. The Parent Company's core businesses are cash management, retail banking, foreign exchange, capital markets, and corporate and consumer finance. Through the Parent Company's subsidiaries, the Group is also engaged in investment management, trust banking, private banking, pre-need products, investment banking and financial advisory and real property development.

Summary of Significant Accounting Policies

Basis of Financial Statement Preparation and Presentation

The Group's financial statements have been prepared in compliance with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

On January 1, 2005, the following new accounting standards became effective and were adopted by the Group:

- PAS 19, *Employee Benefits*, provides for the accounting for long-term and other employee benefits. The standard requires the projected unit credit method in determining the retirement benefits of the employees and a change in the manner of computing benefit expense relating to past service cost and actuarial gains and losses. It requires the Group to determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the statement of condition date.

- PAS 30, *Disclosures in the Financial Statements of Banks and Similar Financial Institutions*, provides for the required disclosure and presentation in respect of the accounts of banks and similar financial institutions. It also provides that provision for general banking risk is treated as appropriation of surplus and should not be included in the determination of net income for the period. In accordance with this standard, new disclosures have been included in the accompanying financial statements, where applicable.

The adoption of this standard resulted in the reallocation of the general loan loss reserves to cover the additional specific reserves required upon the adoption of PAS 39, *Financial Instruments: Recognition and Measurement.*

- PAS 32, *Financial Instruments: Disclosure and Presentation*, covers the disclosure and presentation of all financial instruments. The standard requires more comprehensive disclosures about the Group's financial instruments, whether recognized or unrecognized in the financial statements. In accordance with this standard, new disclosures were included in the financial statements, where applicable.

- PAS 39, *Financial Instruments: Recognition and Measurement*, establishes the accounting and reporting standards for recognizing and measuring the Group's financial assets and financial liabilities. The standard requires a financial asset or a financial liability to be recognized initially at fair value. Subsequent to initial recognition, the Group should continue to measure financial assets at their fair values, except for Loans and Receivables and held-to-maturity (HTM) investments, which are measured at cost or amortized cost using the effective interest rate method. Financial liabilities are subsequently measured at cost or amortized cost, except for liabilities classified as "at fair value through profit and loss" and derivatives, which are subsequently measured at fair value.

  PAS 39 also covers the accounting for derivative instruments. The standard has expanded the definition of a derivative instrument to include derivatives (derivative-like provisions) embedded in nonderivative contracts. Under the standard, every derivative instrument is recorded in the statements of resources, liabilities and capital funds as either an asset or liability measured at its fair value. Derivatives that are not hedges are adjusted to fair value through income. If a derivative is designated and qualifies as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged resources, liabilities, or firm commitments through earnings, or recognized in capital funds until the hedged item is recognized as income.

  The Group adopted the fair value valuation method for all its derivatives transactions.

  PAS 40, *Investment Property,* prescribes the accounting treatment for investment property and related disclosure requirements. This standard permits the Group to choose either the fair value model or cost model in accounting for investment property. Fair value model requires an investment property to be measured at fair value with fair value changes recognized directly in the statements of income. Cost model requires that an investment property should be measured at depreciated cost less any accumulated impairment losses. The Group adopted the fair value in accounting for its investment property.

  PFRS 3, *Business Combination,* results in the cessation of the amortization of goodwill and requires an annual test for goodwill impairment. Any resulting negative goodwill after performing reassessment will be credited to income. Moreover, pooling of interests in accounting for business combination is no longer permitted. The adoption of PFRS 3 did not have any impact on the Group's financial statements.

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and the depreciation on such assets to cease. Furthermore, assets that meet the criteria to be classified as held for sale should be presented separately on the face of the statements of condition and the results of discontinued operations to be presented separately in the statements of income.

The following revised standards which became effective on January 1, 2005 were also adopted by the Group:

- PAS 1, *Presentation of Financial Statements*, provides a framework within which an entity assesses how to present fairly the effects of transactions and other events; provides the base criteria for classifying liabilities as current or noncurrent; prohibits the presentation of income from operating activities and extraordinary items as separate line items in statements of income; and specifies the disclosures about key sources of estimation uncertainty and judgments management has made in the process of applying the Group's accounting policies. It also requires changes in the presentation of minority interest in the statements of condition and statements of income.

- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, removes the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. It defines material omissions or misstatements, and describes how to apply the concept of materiality when applying accounting policies and correcting errors.

- PAS 10, *Events After the Balance Sheet Date*, provides a limited clarification of the accounting for dividends declared after the statement of condition date.

- PAS 16, *Property, Plant and Equipment*, provides additional guidance and clarification on the recognition and measurement of items of property, plant and equipment. It also provides that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

- PAS 17, *Leases*, provides a limited revision to clarify the classification of a lease of land and buildings and prohibits expensing of initial direct costs in the financial statements of lessors.

- PAS 24, *Related Party Disclosures*, provides additional guidance and clarity in the scope of the standard, the definitions and the disclosures for related parties. It also requires disclosure of the total compensation of key management and personnel by benefit types.

- PAS 27, *Consolidated and Separate Financial Statements*, reduces alternatives in accounting for subsidiaries in consolidated financial statements and in accounting for investments in the separate financial statements of a parent, venturer or investor. Investments in subsidiaries are accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting is no longer allowed in the separate financial statements. This standard also requires strict compliance with the adoption of uniform accounting policies and requires the Parent Company to make appropriate adjustments to the subsidiary's financial statements to conform them to the Parent Company's accounting policies for reporting like transactions and other events in similar circumstances.

- PAS 28, *Investments in Associates*, reduces alternatives in accounting for associates in consolidated financial statements and in accounting for investments in the separate financial statements of an investor. Investments in associates are accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting is no longer allowed in the separate financial statements. This standard also requires strict compliance with the adoption of uniform accounting policies and requires the investor to make appropriate adjustments to the associate's financial statements to conform them to the investor's accounting policies for reporting like transactions and other events in similar circumstances.

- PAS 31, *Interests in Joint Ventures*, reduces the alternatives in accounting for interests in joint ventures in consolidated financial statements and in accounting for investments in the separate financial statements of a venturer. Interests in joint ventures will be accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting is no longer allowed in the separate financial statements.

- PAS 33, *Earnings Per Share*, prescribes principals for the determination and presentation of earnings per share for entities with publicly traded shares, entities in the process of issuing ordinary shares to the public, and any entity that calculate and disclose earnings per share. The standard also provides additional guidance in computing earnings per share including the effect of mandatory convertible instruments and contingently issuable shares, among others.

- PAS 36, *Impairment of Assets*, requires annual impairment test of intangible asset with an indefinite useful life or an intangible asset not yet available for use and goodwill acquired in a business combination, whether or not there is an indication of impairment.

- PAS 38, *Intangible Assets*, requires the assessment of the useful life of intangible assets at the individual asset level as having either a finite or indefinite life. Where an intangible asset has a finite life, it has been amortized over its useful life. Amortization years and methods for intangible assets with finite useful lives are reviewed at the earlier of annually or where an indicator of impairment exists. Intangibles assessed as having indefinite useful lives are not amortized, as there is no foreseeable limit to the year over which the asset is expected to generate net cash inflows for the Group. However, intangibles with indefinite useful lives are reviewed annually to ensure the carrying value does not exceed the recoverable amount regardless of whether an indicator of impairment is present.

The adoption of the foregoing revised standards on the accompanying financial statements did not result in the restatement of the financial statements, except PAS 27, as discussed above. Also, in accordance with these standards, new disclosures were included in the financial statements, where applicable.

Management believes that the provisions of PFRS 2, *Share-Based Payments*, and PFRS 4, *Insurance Contract* (see exemption on the application of PAS 39 on pre-need companies) are not applicable to the current operations of the Group.

Management's Use of Estimates

The preparation of the financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of resources, liabilities, income and expenses and disclosure of contingent resources and contingent liabilities. Future events may occur which can cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the financial statements as they become reasonably determinable.

Basis of Consolidation

The Group's financial statements reflect the consolidated accounts of the Parent Company and of the wholly and majority owned subsidiaries that are all incorporated in the Philippines

Subsidiaries except for IVCC are consolidated from the date on which control is transferred to the Group and ceased to be consolidated on the date when control is transferred out of the Group. The results of operations of a disposed subsidiary are included in the statements of income until the date of disposal when the Group ceases to have control on the subsidiary. Accordingly, the accounts of IVCC are not included in the consolidated financial statements of the Group.

All significant intercompany balances and transactions have been eliminated in the consolidation.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Segment Information

The Group's main operating businesses are managed separately according to the nature of services provided and the different markets served, with each segment representing a strategic business unit. The Group's main business segments are as follows:

Consumer Banking- principally handling individual customers' deposits, and providing consumer type loans, such as automobiles and mortgage financing, overdrafts, credit cards facilities and funds transfer facilities;

Corporate Banking – principally handling loans and other credit facilities and deposit and current accounts for corporate and institutional customers;

Headquarters- include treasury operations and other operations that are not specifically identified with either Consumer Banking or Corporate Banking.

	For the Period Ended March 31, 2006			
	Consumer Banking	Corporate Banking	Head-quarters	Total
Results of operations				
Net interest income and other income	481	164	955	1,600
Other expenses	216	51	388	655
Income before provision for probable losses and benefit from income tax	265	113	567	945
Provision for probable losses				(75)
Benefit from income tax				(78)
Net income for the year				**792**
Segment assets	10,337	10,621	84,285	105,243
Segment liabilities	40,290	19,333	27,509	87,132

	For the Period Ended March 31, 2005			
	Consumer Banking	Corporate Banking	Head-quarters	Total
Results of operations				
Net interest income and other income	419	76	1,070	1,565
Other expenses	292	61	305	658
Income before provision for probable losses and benefit from income tax	127	15	765	907
Provision for probable losses				(90)
Benefit from income tax				(27)
Net income for the year				**790**
Segment assets	10,117	9,286	77,998	97,401
Segment liabilities	31,136	16,872	32,370	80,378

Dividends Paid for Ordinary or Other Shares

The Bank’s Board of Directors has declared cash dividends of P1.60 centavos per share to all stockholders of record as of April 03, 2006 and payment date falls on April 28, 2006 after obtaining prior Bangko Sentral ng Pilipinas approval last March 17, 2006.

Changes in Contingent Liabilities or Contingent Assets

In the normal course of operations, the Parent Company and its subsidiaries enter into various commitments and incurs contingent liabilities such as guarantees, commitments to extend credit, forward exchange contracts, etc., which are not reflected in the accompanying financial statements. The Group does not anticipate material losses from these commitments and contingent liabilities.

The following is a summary of Parent Company's financial instruments with off-balance sheet risk at their equivalent peso contracted amounts:

	2006	2005
	(Amount in Thousands Pesos)	
		(audited)
Unused commercial letters of credit	341,525	336,001
Outward bills for collection	50,460	36,281
Unsold travellers' checks	13,122	13,610
Inward bills for collection	17,526	6,847
Late deposits/payment received	8,518	2,330
Others	10,056	1,919

The Parent Company also has a fiduciary responsibility to its customers for the trust business carries at its Trust department. Trust department accounts as of March 31, 2006 and December 31, 2005 amounted to P9.3 billion and P5.2 billion, respectively.

Additional Disclosures to Item I – Financial Statements

a) Seasonality or Cyclicality of Interim Operations

Seasonal or cyclical events and/or conditions do not affect the interim operations of the Bank.

b) Unusual Items Affecting Interim Financial Statements

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows because of their nature, size or incidence.

c) Changes in Estimates of Amounts Reported

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or in estimates of amounts reported in prior financial years.

d) Issuances, Repurchases and Repayments of Debt and Equity Securities

On September 24, 2004, the Bank issued senior debt securities amounting to US$125 million maturing on September 24, 2007 and paying interest of 7.25% p.a. Proceeds will be used for lending and refinancing of maturing obligation.

h) Material Events Subsequent to the End of the Interim period Not Reflected in the Financial Statements

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

i) Changes in the Composition of the Issuer During the Interim Period

There were no changes in the composition of the issuer including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations during the interim period.

UNIONBANK OF THE PHILIPPINES ANNEX "6"
Aging of Accounts Receivable
As of March 31, 2006

Type of Accounts Receivable	Total	Current	90 days or less	91 to 180 days	181 days to 1 year	more than 1 year
a) Trade Receivables						
1) Interbank Loans Receivable	46,595,513	46,595,513				
2) Loans	12,348,265	8,087,746	572,485	170,421	1,118,887	2,398,726
3) Accrued Interest Receivable	555,486	237,816	218,042	25,133	24,861	49,634
4) Sales Contract Receivalbe	1,276,800					
5) Installment Contract Receivable	24,961	10,696				14,265
Less: Allow. For Doubtful Account	3,392,570					
SUB-TOTAL	57,408,455	54,931,771	790,527	195,554	1,143,748	2,448,360
b) Non-Trade Receivables						
1) Accounts Receivable	2,782,080	2,348,875	195,173	39,934	13,657	184,441
Less: Allow for Doubtful Account	266,815					
SUB-TOTAL	2,515,265	2,348,875	195,173	39,934	13,657	184,441
Net Receivables (a + b)	59,923,720	57,280,646	985,700	235,488	1,157,405	2,632,801

ATTACHMENT

UNIONBANK OF THE PHILIPPINES
SEC FORM 17-Q
FOR THE QUARTER ENDED MARCH 31, 2006

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

<u>Statement of Income for the Period Ended 31 March 2006 vs. Same Period 2005</u>

UnionBank posted a net income of Php0.79 billion for the period ending March 31, 2006. This is on top of the Php0.075 billion that the Bank set aside as provision for probable losses during the year, 16.60% lower than the provision for the same period last year. Net interest income slid by 39.51% to Php0.52 billion due to the net effect of the decrease in interest income and increase in interest expense.

Lower interest rate and average daily balance (ADB) accounted for the decrease in interest income on financial assets at FVPL and investment securities by 41.89% to Php0.55 billion, and on loans by 43.36% to Php0.19 billion. Higher interest rate and ADB raised interest income on interbank loans receivable by 91.31% to Php0.34 billion. Higher interest rate resulted in the increase in interest income on deposits with other banks by 138.83% to Php0.24 billion.

Higher deposit ADB and higher weighted average interest rate (WAIR) accounted for the increase in interest expense on deposit liabilities by 19.50% to Php0.64 billion. Lower ADB and WAIR drove the decrease in interest expense on bills payable and other borrowings by 4.61% to Php0.16 billion.

Other income rose by 54.03% to Php1.08 billion. Gains from trading of financial assets at FVPL and investment securities increased by 55.68% to Php0.68 billion as the Bank took profit from the favorable market prices of its investment securities. Foreign exchange gain declined by 20.26% to Php0.07 billion mainly due to lower premium from swap points brought about by narrowing interest rate differentials. Service charges, fees, and commissions went up by 35.86% to Php0.12 billion, mainly coming from higher transaction volumes for UBP visa credit card and GSIS E-Card transactions as well as higher number of corporate clients for bills payments. Miscellaneous income increased by 128.43% to Php0.22 billion due to higher income from increased volume of sales contract receivables and higher interest income from credit cards, brought about by increased number of revolving credit cardholders as well as higher credit card billings and usages.

Compensation and fringe benefits was lower by 5.11% to Php0.28 billion mainly due to reduction in overtime and updating of assumptions for the computation of provision for profit sharing this year vs. last year. Taxes and licenses increased by

61.37% to Php0.09 billion, mainly triggered by the regulatory increase in the gross receipts tax (GRT) rate as well as the rationalization of the documentary stamp tax (DST). Depreciation and amortization increased by 36.81% to Php0.04 billion reflecting the depreciation of the Bank's new core banking system effective April 2005 and the owner-occupied portions of the Bank's new head office building at UBP Plaza in Ortigas beginning January 2006. Occupancy costs went down by 5.47% to Php0.04 billion mainly because of savings incurred from rent as the Bank transferred to its own head office in December 2005. Miscellaneous expense decreased by 13.34% to Php0.20 billion mainly due to cost reduction initiatives for telephone, security, office supplies, and others. Provision for income tax increased by 191.73% to Php0.08 billion due to the three months amortization for expiring deferred tax assets (DTA) on net operating loss carry-over (NOLCO) and minimum corporate income tax (MCIT) this year. For the first three months last year, the Bank set up DTA for NOLCO and MCIT, and there were no amortizations made for expiring DTA on NOLCO and MCIT.

<u>Statement of Condition as of Mar. 31, 2006 vs. Dec. 31, 2005</u>

Cash and other cash items was slightly lower by 5.32% at Php0.93 billion as the Bank strove to maximize its profits by placing its funds in earning assets. Due from other banks decreased by 35.47% to Php1.0 billion due to lower volume of inward remittances from local banks.

Financial assets at fair value through profit or loss (FAVPL) was down by 57.57% at Php0.29 billion due to lower mark-to-market valuations from forward transactions. Available for sale investments (ASI) decreased by 19.05% to Php15.35 billion as the Bank took profit from its sale of bonds. Held to maturity investments (HTM) went up by 15.37% to Php14.42 billion due to higher HTM holdings. Other resources inched up by 6.00% to Php2.15 billion mainly due to the reclassification of deferred tax liabilities from the deferred tax asset account, in compliance with regulatory requirements and new accounting standards.

Deposit liabilities slightly decreased by 3.24% to Php58.37 billion. Demand deposits increased by 8.54% to Php14.79 billion as the Bank continued to encourage acquisition of low-cost funds. Savings deposits decreased by 47.75% to Php14.21 billion as many clients with power savings accounts opted to shift to time deposits where interest rates are higher. As a result, time deposits increased by 50.60% to Php29.38 billion.

Bills and acceptances payable increased by 15.78% to Php15.76 billion due to increased inter-bank borrowings from foreign banks. Due to BSP was up by 26.04% to Php0.04 billion due to the three months accrual of supervision and examination fees this year, on top of fees for 2005. Accrued interest and other expenses went down by 58.91% to Php0.40 billion due to three months accrual of interest and other expenses payables this year vis-à-vis whole year's accrual last year. Accrued taxes and licenses payable increased by 14.51% to Php 0.10 billion due to the three months accrual of minimum corporate income tax (MCIT) this year, on top of the MCIT and FCDU income tax accruals last year. Other liabilities declined by 16.49% to Php4.11 billion because of lower outstanding balances of domestic bills purchased and lower unremitted balance of collection of tax payments for the account of BIR.

Net unrealized gain on ASI dropped by 98.25% to Php0.005 billion due to lower total amount of investments under available for sale portfolio.

For the first quarter this year, the Bank registered a return on average equity (ROE) of 17.3% and a return on average assets (ROA) of 3.0%, much higher than latest industry rates of 9.5% and 1.1%, respectively. The Bank's ratio of non-performing loans to total loans (inclusive of interbank loans receivables) was at 6.9% versus 8.4% as of March 2005 and 8.9% industry average. NPL cover was at 81.3% as against 64.2% in March 2005 and industry average of 79.3%. Earnings per share slightly improved by 0.35% to Php5.75. Consistently among the soundest banks in the country, UnionBank's credit risk-adjusted capital adequacy ratio was at 49.4%, higher than March 2005 figure of 43.9%, four times BSP's minimum requirement of 10% and three times industry average of 12.76%.

Key performance indicators of the Bank are as follows:

	Mar 2006	Dec 2005
Capital to Risk Assets	49.4%	46.0%
Return on Average Assets	3.0%	2.6%
Return on Average Equity	17.3%	15.9%
Non-Performing Loan Ratio	6.9%	6.9%
Non-Performing Loan Cover	81.3%	81.4%
Cost-Income Ratio	40.9%	42.8%

The manner by which the Bank calculates the above indicators is as follows:

Return on Average Assets:	Net income divided by average total resources for the period indicated
Return on Average Equity:	Net income divided by average total capital funds for the period indicated
Non-Performing Loan Ratio:	Total non-performing loans divided by total loans
Non-Performing Loan Cover:	Total allowance for probable loan losses divided by total non-performing loans
Capital Adequacy Ratio:	Total capital divided by total risk-weighted assets
Cost-Income Ratio:	Total operating expenses divided by the sum of net interest income and other income

Earlier, UnionBank announced its planned acquisition of iBank, which shall be implemented within 30 calendar days from May 5, 2006, subject to regulatory and other approvals.

As to material event/s and uncertainties, the Bank has nothing to disclose on the following:

- Any known trends, demands, commitments, events or uncertainties apart from those already disclosed that will have a material impact on the issuer's liquidity.
- Any events that will trigger direct or contingent financial obligation, including any default or acceleration of an obligation.
- Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company
- Any material commitments for capital expenditures, the general purpose of such commitments and the expected sources of funds for such expenditures.
- Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations.
- Any significant elements of income or loss that did not arise from the issuer's continuing operations.
- Any seasonal aspects that had a material effect on the financial condition or results of operations.