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 growth



UnionBanCal Corporation 2005 Annual Report

Financial Highlights

For the Year Ended:	2004	2005
(Amounts in thousands, except per share data)		
Income from Continuing Operations	\$ 710,074	\$ 730,640
Income from Continuing Operations per common share—basic	4.81	5.04
Income from Continuing Operations per common share—diluted	4.72	4.94
Net income	732,534	862,933
Net income per common share—basic	4.96	5.95
Net income per common share—diluted	4.87	5.84
Dividends per common share	1.39	1.59
Weighted average common shares outstanding—basic	147,767	145,109
Weighted average common shares outstanding—diluted	150,303	147,792
Return on average assets:		
Income from continuing operations	1.65%	1.53%
Net Income	1.70%	1.81%
Return on average common equity:		
Income from continuing operations	17.53%	17.07%
Net Income	18.09%	20.16%
Net interest margin ¹	4.17%	4.31%
Efficiency ratio	57.95%	60.75%
At Year End:		
Total loans (gross)	\$ 29,109,415	\$ 33,095,595
Allowance for credit losses ²	481,531	437,907
Total assets	48,098,021	49,416,002
Total deposits	38,719,506	40,082,239
Stockholder's equity	4,292,244	4,559,700
Book value per common share	28.93	31.62
Risk-based capital ratios		
Tier 1	9.71%	9.17%
Total	12.17%	11.10%
Tangible common equity to assets	7.94%	8.31%
Nonperforming assets to total assets	0.31%	0.12%

¹ Taxable-equivalent

² Includes allowance for credit losses related to off-balance sheet commitments.

Dear stockholders, customers, and employees,

If any one word could sum up our guiding principle in 2005, that word would be "focus." Throughout 2005, we continued to focus our efforts on core activities, and execute toward a proven strategic plan.

Focusing primarily on the dynamic California marketplace, our vision is to make Union Bank of California the premier regional bank for consumers and for large, mid-sized, and small businesses. We offer particular expertise in cash management, real estate and energy industry lending, wealth management and investment services. In a fiercely competitive marketplace, we see ourselves as an attractive alternative to major national banks as well as smaller banks in our markets, offering a full menu of business and consumer bank products and services delivered by professionals who are committed to enhancing their customers' banking experience.



Takashi Morimura
President, Chief Executive Officer, and Director

We are gratified by the increased value of our stockholders' investment in our company. Over the course of the year, the total return of an investment in UnionBanCal was 9 percent, outperforming the S&P BIX and the KBW Banks Index. Over the past five years, the total return of an investment in UB stock was 222 percent. In comparison, the total average return from the KBW Banks Index and S&P BIX was 33 percent and the S&P 500 Index, 3 percent.

We returned more than \$600 million to our stockholders in 2005: stock repurchases of \$389 million and \$230 million in dividends (including an increase in April of our quarterly dividend by 14 percent).

Even after returning nearly 85 percent of income from continuing operations in 2005, we maintained a strong tangible equity ratio. We believe that allows sufficient flexibility in our



from left to right:

L. Dale Crandall
*Retired President
and Chief Operating Officer
Kaiser Foundation Health Plan*

Board Committees:
Chair, Audit, Executive Compensation
& Benefits, Finance & Capital

Richard D. Farman
*Chairman Emeritus,
Sempra Energy*

Lead Director
Board Committees:
Chair, Executive Compensation
& Benefits, Corporate Governance

Michael J. Gillfillan
Partner, Meriturn Partners, LLC

Board Committees:
Audit, Finance & Capital, Executive
Compensation & Benefits



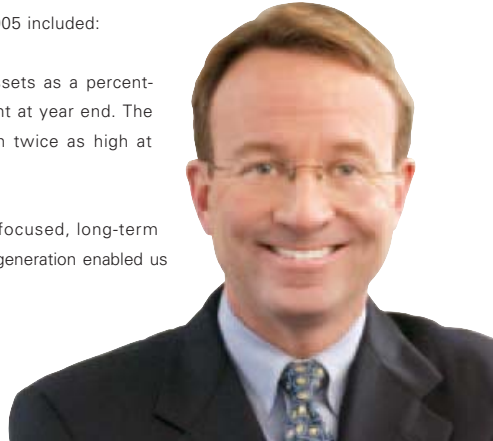
interaction

capital management strategy going forward to continue to invest in our core businesses and pursue strategic acquisitions, while continuing to return capital to stockholders.

Key factors that influenced our results in 2005 included:

Focus on credit quality—Nonperforming assets as a percentage of total loans amounted to 0.19 percent at year end. The average of our peer group was more than twice as high at 0.40 percent.

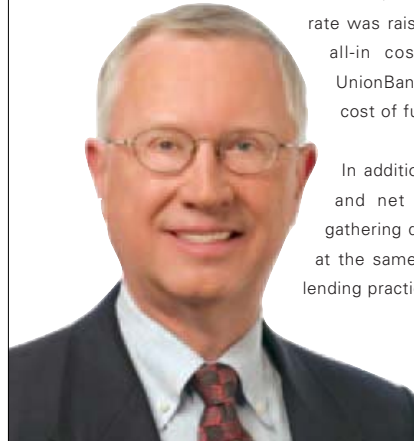
Continued growth of core deposits—Our focused, long-term commitment to non-interest bearing deposit generation enabled us



Philip B. Flynn
Vice Chairman, Chief Operating Officer, and Director

to expand our net interest margin in 2005 by 14 basis points, to 4.31 percent, in a period when most banks' margins were squeezed. Average core deposits grew by more than \$3.5 billion. While the Federal Reserve Board's discount rate was raised 325 basis points in the years 2004 and 2005, our all-in cost of funds increased by only 44 basis points. UnionBanCal finished the year with the lowest annualized all-in cost of funds in our peer group.

In addition to the beneficial effects on our all-in cost of funds and net interest margin, we believe that our success at gathering deposits provides us with flexibility in loan pricing and, at the same time, reduces the pressures that lead to aggressive lending practices.

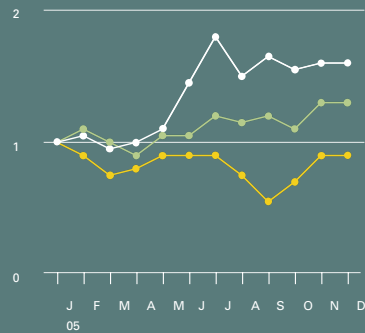


David I. Matson
Vice Chairman and Chief Financial Officer



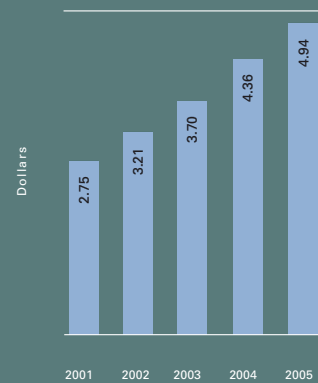
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Stock Performance Comparison



• UBOC Common Stock • S&P Banks Index • S&P 500 Index

Operating Earnings per Share from Continuing Operations



Balanced growth of portfolio—Average loans grew by \$5.4 billion, 18 percent year over year. Reflecting our determination to maintain a less volatile balance sheet, at year-end, 34 percent of our portfolio consisted of residential mortgages. On average, our home loans represent just over 60 percent of property value. Commercial and industrial loans accounted for 34 percent of our loan portfolio. The remaining third was spread over other asset classes.

Continued focus on core strengths—We sold our international correspondent banking business in 2005. We believe the sale enables us to sharpen our focus on core businesses and deploy the transaction proceeds into other growth opportunities.

In the spring and summer of 2005, we implemented a new executive management organization. I advanced from vice chairman to president and chief executive officer. Vice Chairman Philip B. Flynn was elected to the new position of chief operating officer. Chief

Financial Officer David Matson advanced to vice chairman and assumed additional responsibilities for Treasury and Corporate Services. And Masashi Oka joined the company as vice chairman and head of the Administration and Support Group. His group was expanded to include the newly created Enterprise-Wide Risk Analysis and Reporting Division, which provides a universal focus on monitoring many areas of risk. Each vice chairman reports directly to me.

Soon after our reorganization, we launched an initiative to create a consistent culture throughout the organization that encourages all of us to look at enterprise-wide opportunities, address key strategic issues, and optimize our efforts. Through this project, we expect to reduce horizontal, vertical, and geographical boundaries; improve information flow; transfer expertise between commercial and personal finance disciplines; and leverage company synergies.

commitment



opposite page from left to right:

David R. Andrews
Retired Senior Vice President,
Government Affairs,
General Counsel and Secretary,
PepsiCo, Inc.

Board Committees:
Chair, Corporate Governance, Audit

Carl W. Robertson
Managing Director,
Warland Investment Company

UBOC Director
Board Committees:
Trust, Public Policy

Aida M. Alvarez
Former Administrator,
Small Business Administration

Board Committees:
Corporate Governance,
Public Policy, Trust

this page from left to right:

Ronald L. Havner, Jr.
Vice Chairman and CEO
Public Storage, Inc.

Board Committees:
Chair, Finance & Capital,
Corporate Governance

Stanley F. Farrar
Of Counsel,
Sullivan and Cromwell

Board Committees:
Finance & Capital, Trust

resolve



this page from left to right:

Norimichi Kanari
Deputy President and Chief Executive, Global Corporate Banking Business Unit,
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

J. Fernando Niebla
President, International Technology Partners

Board Committees:
Chair, Trust, Public Policy,
Executive Compensation & Benefits

Mary S. Metz
Retired President and CEO
SH Cowell Foundation

Board Committees:
Chair, Public Policy, Audit

In July 2005, we sharpened our focus on the needs of local markets with a new, 10-year commitment to our communities. It increases our investment to 6.5 percent from 4.5 percent, focusing primarily on affordable housing, economic development, and education. We continued to fund the arts, health and human services, and aided communities recovering from disasters, like the Indian Ocean tsunami and Hurricane Katrina. Our new community development commitment includes annual Union Bank of California Foundation grants of 2 percent of net income. Our renewal came early as our initial 10-year commitment was due to expire in April 2006.

Essential to our community commitment is the contribution of our Community Advisory Board, composed

Masashi Oka
Vice Chairman, Administration and Support, and Director



of people representing the full diversity of our markets. Our CAB members have played a key role in the success of our first community commitment and in the creation of our second 10-year commitment. On behalf of the Board of Directors and executive management, I express my appreciation to them for their continued guidance and support.

Norimichi Kanari, who served our company as president, chief executive officer, and director of both the bank and its holding company, returned to Japan in 2005. We continue to benefit from his guidance as a director of UnionBanCal Corporation.

On behalf of our stockholders, Board of Directors, employees, and customers, I express appreciation to Mr. Kanari for his contributions. I am also pleased to extend a warm welcome to two new directors to our Board. They are Masashi Oka, who joined the company as vice chairman, and Mr. Dean A. Yoost, a 32-year veteran of PricewaterhouseCoopers.

Operating Return on Average Common Equity from Continuing Operations



consensus



achievement

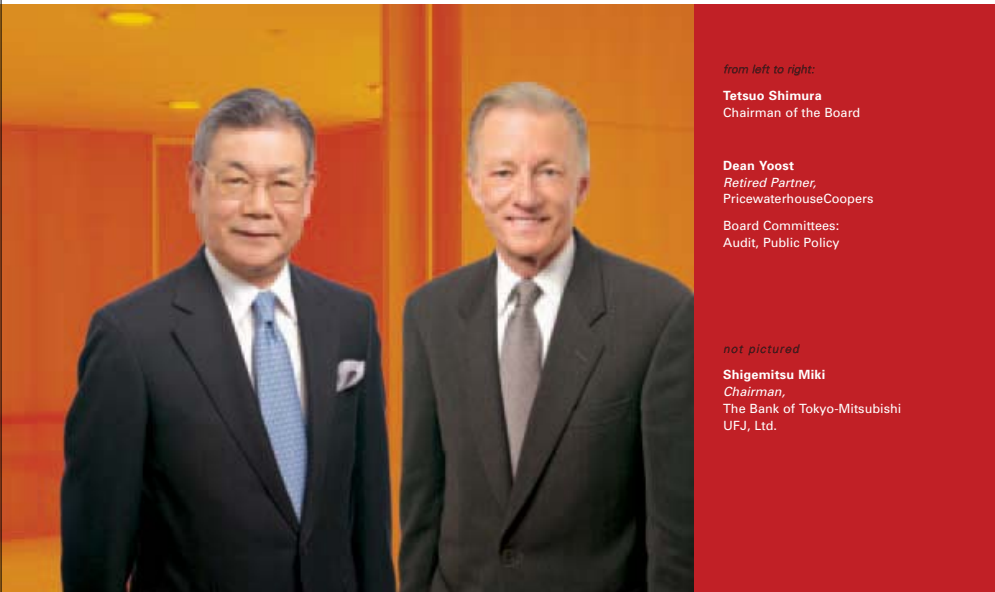


Finally, I would like to express great appreciation to the men and women of our company who focus every day on serving our customers. Together we will face many challenges and, with their continued support, I believe we can continue to enhance stockholder value for many years to come.

Thank you.



Takashi Morimura
President, Chief Executive Officer and Director



from left to right:

Tetsuo Shimura
Chairman of the Board

Dean Yoost
Retired Partner,
PricewaterhouseCoopers

Board Committees:
Audit, Public Policy

not pictured

Shigemitsu Miki
Chairman,
The Bank of Tokyo-Mitsubishi
UFJ, Ltd.

Corporate Information

Common Stock

Stock Exchange Listing: NYSE: UB

Transfer Agent:

ComputerShare Investor Services LLC
2 North LaSalle Street
Chicago, IL 60602
(877) 588-4179

Dividend Reinvestment and Stock Purchase Plan

The UnionBanCal Corporation Dividend Reinvestment and Stock Purchase Plan provides holders of common stock a convenient method of investing cash dividends and cash payments to acquire shares of the company. Participants may reinvest cash dividends to purchase shares of common stock at the market price and may also make optional cash payments of not less than \$25 nor more than \$3,000 per quarter to purchase common stock at the current market price. For more information, contact:

ComputerShare Investor Services LLC
2 North LaSalle Street
Chicago, IL 60602
(877) 588-4179

Independent Registered Public Accounting Firm

Deloitte & Touche LLP
San Francisco, California

Dividend Policy

The UnionBanCal Corporation Board of Directors considers dividends quarterly. The current annualized dividend rate is \$1.64 per share.

Annual Meeting

The annual meeting of stockholders will be held in San Francisco in the Library Room of the Mandarin Oriental Hotel, 222 Sansome Street, on Wednesday, April 26, 2006, at 8:30 a.m.

Additional Information

This publication is intended to provide stockholders, customers, and employees with a general description of UnionBanCal Corporation's results for 2005. The corporation's annual report to the Securities and Exchange Commission (SEC) on Form 10-K is also attached. Supplemental financial information is published in the corporation's quarterly report (SEC Form 10-Q).

Also, financial information and a link to the company's disclosure documents filed with the SEC are available in the Investor Relations section of Union Bank of California's home page at www.uboc.com.

Additional copies of this publication, Form 10-K and Form 10-Q are available without charge and will be mailed upon request. Direct requests to:

John A. Rice, Jr., Senior Vice President and Manager,
Investor Relations Department

UnionBanCal Corporation
400 California Street, 1-001-09
San Francisco, CA 94104 (415) 765-2969

UnionBanCal Corporation also files corporate disclosure documents with the SEC electronically. Interested parties may also acquire financial information about the company from the SEC home page at www.sec.gov.

Cautionary Note Regarding Forward-Looking Information

This publication includes forward-looking statements, which include statements regarding forecasts of UnionBanCal Corporation's financial results and condition, the company's vision and strategies, and the expected benefits of its strategies, the company's competitive position, ability to return capital to investors and enhance shareholder value, expectations for the company's operations and business, and assumptions for those forecasts and expectations. Do not rely unduly on forward-looking statements. Actual results might differ significantly from the company's forecasts and expectations. Please refer to item 1A "Risk Factors" in the Form 10-K for a discussion of some factors that may cause results to differ. All forward-looking information is based on information available as of the date of this report. UnionBanCal Corporation assumes no obligation to update any forward-looking information.

Other Information

As required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, in 2005 UnionBanCal Corporation submitted to the New York Stock Exchange a certificate of the Chief Executive Officer of UnionBanCal Corporation certifying that he is not aware of any violation by the UnionBanCal Corporation of New York Stock Exchange corporate governance listing standards. The certifications required by Section 302 of the Sarbanes-Oxley Act have been filed as exhibits to the Form 10-K.

form 10-K

UnionBanCal Corporation is a commercial bank holding company incorporated in Delaware. The company provides a comprehensive array of personal and commercial financial products and services to individuals, small businesses, middle-market companies, major corporations, government agencies, and not-for-profit organizations, and is an acknowledged leader in trust and investment management services, private banking, and consumer and business lending, with expertise in commercial, middle market, corporate, and real estate lending.

As of December 31, 2005, Union Bank of California, N.A., our banking subsidiary, was among the 25 largest banks in the United States, based on assets. Other subsidiaries include HighMark Capital Management, Inc., a registered investment advisor; UnionBanc Investment Services, LLC, a registered broker/dealer offering a full line of investment products to individuals and institutional clients; and UnionBanc Insurance Services, Inc. which provides brokerage services for a full complement of property and liability insurance products.

At year-end 2005, UnionBanCal Corporation had assets (including discontinued operations) of \$49.4 billion, 10,364 employees (full-time equivalent), and 339 domestic and foreign banking offices, including 315 branches in California, 4 in Washington and Oregon, 20 international offices, and facilities in 6 other states.



400 California Street, San Francisco, CA 94104 . www.uboc.com

This paper contains 10% post-consumer waste  

UnionBanCal Corporation 04900-05