

UAB Aims to deliver Profit Growth.

- * UAB posts Q1 net profit of \$17.8 mln
- * CEO sees pickup in trade and manufacturing sectors
- * UAB to focus on Islamic banking, wealth management -CEO

By Shaheen Pasha

DUBAI, April 19 (Reuters) - Sharjah-based United Arab Bank <UAB.AD> said it aims to deliver profit growth consistent with past performance, as it posted first quarter net profit slightly below the same period last year.

UAB posted first-quarter net profit of 65.5 million dirhams (\$17.84 million) on Monday, just slightly below earnings of \$65.8 million dirhams in the same period last year.

"UAB aims to deliver the sort of solid growth consistently with what we've done in the past," Chief Executive Officer Paul Trowbridge said on Monday. "We believe we can deliver that."

In a separate interview with Reuters last week, Trowbridge said the banking industry still faced challenges in the wake of the global financial crisis, and that it would now have to adjust to "a new normal" after years of experiencing heady growth on the back of a booming real estate market.

Trowbridge said UAB had mostly avoided real estate, opting instead to focus on lending to mostly medium-sized businesses in the UAE in sectors such as trade, services and manufacturing.

"We were not set up as a property bank," he said. "We maintained a prudent and conservative strategy. We didn't lend to the sky."

Abu Dhabi-listed UAB maintained profit gains throughout last year's financial crisis even as other UAE players such as Dubai Islamic Bank <DISB.DU> saw double-digit earnings declines due to exposure to troubled Dubai World and its property units.

Trowbridge said the company had no exposure to Dubai World or any of the Saudi conglomerates. But the trade and manufacturing industry is experiencing its own slowdown, which has dulled some of the sheen of UAB's balance sheet.

"(Our customers) have seen lower demand for cement, steel, and glass," Trowbridge said. "Their revenues have declined and their lending needs have declined. As a result, our balance sheets have declined but this is the 'new normal.'"

However, Trowbridge said there were signs of activity picking up in the trade and manufacturing sectors.

He also said that the lender currently saw no reason to alter its provisioning policy for the year.

In 2009, UAB booked 34 million dirhams in provisions, but Trowbridge said this was done as a precautionary measure and was not related to any specific exposures.

That year, UAB reported earnings of 281 million dirhams, up 12 percent from the year before.

As part of its forward-looking growth strategy, Trowbridge said the company was focusing its attention on building up its niche retail banking businesses, including its newly launched Islamic banking initiative.

UAB entered Islamic banking in March, offering deposit products and Islamic financing options. Trowbridge said the company planned to begin providing Islamic automobile financing later this year, followed by mortgages.

He added that UAB would also focus on its wealth management business by providing more personalised banking attention to high-net worth clients. (Reporting by Shaheen Pasha; Editing by Rupert Winchester)