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S.A. Ibrahim is giving Radian a new outlook



TOM GRALISH / Inquirer Staff Photographer

Sanford A. Ibrahim

Call him: S.A.

Why? "Because it's easier."

Age: 53

Family: Wife, Nina; son, Winston, a college freshman

Education: A bachelor's in engineering from Osmania University, Hyderabad, India. A master's in business administration from the Wharton School

Previous positions: CEO, GreenPoint Mortgage; international troubleshooter for American Express; head of Chemical Bank's mortgage lending

Hobbies: Collects watches as "a beautiful synthesis of engineering and art"

Favorite Indian restaurants: East Coast — Ming, Chinese-Indian fusion, in Edison, N.J.; West Coast — a lunch counter at the Dana Bazar market in Fremont, Calif., serving chaat, or snacks; Philadelphia area — check back.

Least obvious interest: Writing poetry

S.A. Ibrahim has brought new energy and approachability to his post as chief executive officer at Radian Group Inc. "CEOs have to come down from the tower and be one of the troops," the native of India and Wharton School graduate said.

CEO in the mail room

By Todd Mason
INQUIRER STAFF WRITER

Herbert Wender encountered a problem after arriving in the executive suite at Radian Group Inc. one May morning to introduce its new chief executive officer, S.A. Ibrahim.

Ibrahim had arrived much earlier in Radian's Center City offices and had disappeared.

"I found him down on the fifth floor in the mail room" shaking hands with employees,

said Wender, Radian's chairman of the board. "He has brought an energy level to the company that is just astounding," Wender said.

Ibrahim, 53, will need those leadership skills and more to keep Radian growing as a mortgage-insurance company in a post-boom housing market.

The housing boom has stretched the mortgage industry beyond recognition, eroding what was once a cushy job of guaranteeing full repayment to lenders on loans made with small down payments.

"Today, we have to earn our money,"

Ibrahim said. "We don't have any freebies thrown at us."

At the same time, Radian faces heightened competition in a second business of guaranteeing repayment of bond issues.

Bond-rating agencies wonder whether Radian has the heft to exchange volleys of premium discounts with the big guns in the financial-guaranty business.

So does Ibrahim. "The new reality is that ... growth isn't there," he said. Radian is shrinking in this line, in fact, as it turns away business with unacceptably low prices.



TOM GRALISH / Inquirer Staff Photographer

Radian Group chief executive officer S.A. Ibrahim (left) talks to call center employee Ed Pena. "He created an atmosphere where anyone in the company would come up to him," said Shawna Foster, senior vice president at Ibrahim's old company, Green Point Mortgage Corp.



S.A. Ibrahim must guide Radian through a changing mortgage insurance industry. Still, one expert said of the company, "If they are not the most innovative, they are certainly at the forefront."

Even so, there are few furrowed brows at Radian, thanks to its irrepressible, beaming chief executive. Ibrahim's conversational style is fire hose at full blast, but its well is enthusiasm rather than bombast.

"He'd be telling you a story and talking so fast that he would crack himself up," said Shawna Foster, a senior vice president at GreenPoint Mortgage Corp., a subsidiary of North Fork Bancorp Inc. Radian hired Ibrahim away from GreenPoint, where he had been chief executive since 1999.

At GreenPoint, Ibrahim toured every floor of the mortgage bank's three buildings outside San Francisco on a weekly basis, Foster said.

"You could see him in the mail room sorting mail," she said. "He created an atmosphere where anyone in the company would come up to him."

A native of India, Ibrahim came to the Wharton School of the University of Pennsylvania in 1976 to fulfill what he describes as a dream while he was growing up in Hyderabad.

"He wanted to come here," said Steven M. Abreu, who succeeded Ibrahim as chief executive of GreenPoint. "That was his whole deal. He knows more about American history than anyone here."

Equality is a central theme for Ibrahim. "CEOs have to come down from the tower and be one of the troops," he said. "The only way I'm going to succeed around here is through" Radian's employees.

Radian, No. 3 in the U.S. mortgage-insurance industry, has fared better than its rivals in a rapidly changing business, said James Brender, a Standard & Poor's Corp. credit analyst.

"If they are not the most innovative, they are certainly at the forefront," he said.

Before the boom, Fannie Mae and its sister government-sponsored mortgage conduits dictated terms in the mortgage industry. Among them: Loans made with down payments of less than 20 percent must have mortgage insurance.

Losses on these policies have been modest because appreciating home prices typically make lenders whole.

Then some lenders began bypassing Fannie Mae to help borrowers buy increasingly expensive homes. Writing riskier loans, they packaged them in pools and sold them on Wall Street, in competition with Fannie Mae.

Radian, borrowing techniques perfected on the bond side of its business, began helping lenders manage risk on these loan pools.

Radian at a Glance

Name: Radian Group Inc.

Headquarters:

1601 Market St.

Founded: 1999 in a merger of Philadelphia's Commonwealth Mortgage Assurance Co. and Chicago's Amerin Corp.

Stock listing: New York Stock Exchange, under the ticker symbol RDN

2004 revenue: \$1.4 billion

2004 net income:

\$519 million

Employees: 1,200

Key people: Herbert Wender, chairman of the board; Sanford A. "S.A." Ibrahim, chief executive officer; Roy J. Kasmar, president and chief operating officer

52-week share-price range: \$42.90 to \$56.36

Friday's close: \$56.36, a 52-week high.

At GreenPoint, Ibrahim's approach to risk was "to be careful, but not so careful" as to give up growth opportunities, said Leslie Gibin, a GreenPoint senior vice president.

Mortgage insurers should weather a real estate correction with little more than flat earnings, said Bob Partridge, a Standard & Poor's managing director. "It was our analysis that it would be a gradual and slow decline, which would not cause big losses," he said.

The trick is to insure the right loans "and avoid the pieces you don't want," Ibrahim said.

Even so, a flat real estate market would hinder growth, he said. "In the long run, lower originations are not good," Ibrahim said.

Radian employees have an adventure before them, said Abreu, GreenPoint's CEO. Ibrahim led impromptu parties to his latest finds in Indian restaurants. Some were in San Francisco neighborhoods "where you kept your wallet in your front pocket," he said.

At a sales meeting in New Orleans in January, Ibrahim asked to accompany sales executives for a night on Bourbon Street, Foster recalled, even though he doesn't drink.

Apparently uninhibited by sobriety, Ibrahim stopped strangers and dragged the party into bars to engage them in conversations about their mortgages.

Foster read questions in the faces of many startled revelers: "Who is this person? Is he nuts?" she said. "He is just so passionate. He is an incredible leader."

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