

Radian Rising

An Interview with S.A. Ibrahim,
Chief Executive Officer, Radian Group Inc.



Radian Rising, by John Lewis, Radian employee and muralist for the Philadelphia Mural Arts Program

EDITORS' NOTE S.A. Ibrahim joined Radian from GreenPoint Mortgage Funding, Inc. where he served in a number of executive capacities including CEO, COO, President, and Executive Vice President of the company's mortgage businesses and financial corporation. Prior to GreenPoint, Ibrahim headed international reengineering for American Express in Europe, Australia, Asia, and Latin America and was the CEO and COO of Chemical Mortgage



S.A. Ibrahim

Finance. Ibrahim has served as Chairman of the Board of MERSCORP, Inc., on the Mortgage Bankers Association of America Residential Board of Governors, and on the Fannie Mae National Advisory Council. He currently serves on the board of the Institute of International Education, New York, as well as on the organization's Western Regional Advisory Board. Ibrahim also serves on the boards of the California Mortgage Bankers Association and on the Wharton Graduate Executive Board. He holds an M.B.A. in Finance from The Wharton School of the University of Pennsylvania and a BE in Engineering from Osmania University in India.

COMPANY BRIEF Headquartered in Philadelphia, Radian Group Inc. (www.radian.biz) provides private mortgage insurance and related risk management products and services to mortgage lenders nationwide through its principal operating subsidiary, Radian Guaranty Inc. These services help promote and preserve home ownership opportunities for homebuyers, while protecting lenders from default-related losses on residential first mortgages and facilitating the sale of low-down payment mortgages in the secondary market.

Would you give a brief overview of Radian's different business segments?

Our business is all about managing credit risk through credit enhancement, through mortgage insurance, our core business, and through financial guaranty. We have \$150 billion of credit risk that we have exposure to, roughly one third of it being mortgage insurance risk. We insure the risk associated with borrowers who put down less than 20 percent of their home's purchase price.

The second third of our risk involves municipal bonds. We insure the obligations of municipalities who raise money in the public bond markets.

If they cannot pay the investors, we advance those payments until the municipality is in a position to pay them.

The last category is structured finance. In this area, our exposure is to CDO (collateralized debt obligations) and other debt instruments that have been sold to investors. Each of these deals has a relatively high attachment point, which means our exposure is relatively far from the risk.

Is the market more stable today, and are there opportunities to drive business?

We've noticed that our defaults are going up at a slower rate than they did in the past two years and home prices seem to be stabilizing in many regions of the country.

Having said that, default rates are still going up. There is still uncertainty in the environment driven by the high unemployment rate. There is still concern among homeowners who need help. We remain engaged and involved with our customers and in Washington to help resolve those issues.

We're domiciled in Pennsylvania, which never experienced the wild appreciation that other parts of the country did, and therefore, did not experience the wild decline that others did. If the rest of the country had behaved like Pennsylvania, we would not have had as many issues.

During the past two years, we hired more salespeople and invested in new technology and infrastructure. As a result, our market share coming out of these past two years is significantly higher than it was going into this downturn. So as the economy recovers, we will continue to look for growth opportunities.

Radian is broadly engaged from a corporate citizenship point of view. How critical is that as part of the company's culture?

We have extremely motivated employees who care deeply about their communities. Despite a difficult economic environment, we have continued our generous matching gifts program for employees. It encourages our team members to contribute to the causes that are most important to them and they appreciate that the company supports their preferences.

I have always been, and continue to be, involved in community programs. The year before last, I made a personal donation to renovate a theater in Philadelphia. That money was matched by Philadelphia and Pennsylvania.

I sit on the board of a nonprofit organization called the Institute of International Education (IIE). It's an organization that focuses on various international education and training programs sponsored by the U.S. State Department, other governments, and private foundations. Some of these programs enable U.S. college students and teachers to travel abroad and foreign students to come to the U.S. Last year, my family sponsored a project through the IIE, where U.S. college students of mixed faiths traveled to Abu Dhabi, Jordan, and Israel, and came back transformed and energized. I felt good about making a positive contribution while dealing with the economic challenges at work.

I am also very flattered that some of these students at the local Penn Campus have started calling themselves Ibrahim Fellows and are organizing activities on campus on their own. For example, they invited a friend of mine who is a Rabbi in Jerusalem to speak at Penn on interfaith activities.

As the company's leader, is it tough to remain positive with all that is going on?

I may not have slept at night, thinking through the issues we face. But as soon as I approach the building, I have to smile broadly, because as the leader, if I'm not optimistic and giving people hope, it's doomed. And when I am optimistic for the employees, it also makes me feel optimistic. I encourage that same approach for all of our senior leaders.

We wanted to give ourselves the message of hope entering the year 2010, because there are factors in the economy you don't control, but sometimes what you wish for becomes self-fulfilling. So we selected a theme for 2010 – Radian Rising. Philadelphia is recognized internationally for its mural arts program, with over 3,000 works of art scattered throughout the city. The mural creation process has become a uniting force for neighborhoods that want to establish a focal point for the many positive things that are happening in the city. One of the mural artists works at Radian, and I commissioned him to come up with an illustration of Radian Rising. His painting, which now sits in our reception area, has a selection of our team members with their hands raised, looking to the future. When members of the Radian team look at this mural, they start feeling positive about the future. Nothing appeals to me as much as seeing their expressions, and knowing that if they believe in the Radian Rising message, they're the ones that will make it happen. ●