



**RAM Holdings Ltd.
Financial Supplement ⁽¹⁾
Second Quarter 2006
June 30, 2006**

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⁽¹⁾ Information included in this report is unaudited

RAM Holdings Ltd.
Consolidated Balance Sheets
(unaudited)
As at June 30, 2006 and December 31, 2005
(dollars in thousands)

	June 30, 2006	December 31, 2005
<u>Assets</u>		
Investments: Fixed-maturity securities held as available for sale, at fair value (Amortized Cost: \$506,504,586 and \$474,447,225)	\$ 489,285	\$ 469,908
Cash and cash equivalents	9,821	6,070
Accrued investment income	4,601	4,692
Premius receivable	3,214	1,988
Recoverable on paid losses	1,657	1,280
Deferred policy acquisition costs	68,920	66,220
Fixed assets	94	124
Deferred expenses	851	849
Prepaid expenses	1,049	114
Other assets	3,179	2,327
Total Assets	\$ 582,671	\$ 553,572
 <u>Liabilities and Shareholders' Equity</u>		
Liabilities:		
Loss and loss expense reserve	\$ 14,388	\$ 16,595
Unearned premiums	175,334	165,580
Accounts payable and accrued liabilities	3,261	3,108
Long-term debt	40,000	40,000
Accrued interest payable	693	693
Share based compensation liability	771	2,802
Other liabilities	2,998	2,138
Total Liabilities	237,445	230,916
Shareholders' Equity:		
Common stock: \$0.10 par value; authorized shares - 100,000,000 and 45,000,000; Issued and outstanding shares -27,234,755 shares at June 30, 2006 and 25,884,755 shares at December 31, 2005	2,723	2,588
Additional paid-in capital	227,397	211,057
Accumulated other comprehensive income	(17,220)	(4,540)
Retained earnings	132,326	113,551
Total Shareholders' Equity	345,226	322,656
Total Liabilities and Shareholders' Equity	\$ 582,671	\$ 553,572

RAM Holdings Ltd.
Consolidated Statements of Income
(unaudited)

For the three and six months ended June 30, 2006 and 2005

(dollars in thousands except per share amounts)

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenues				
Gross premiums written	\$ 17,486	\$ 15,441	\$ 32,061	\$ 30,627
Change in unearned premiums	(5,884)	(4,223)	(9,754)	(10,422)
Premiums earned	11,602	11,218	22,307	20,205
Net investment income	5,746	4,143	11,141	8,326
Net realized gains (losses) on sale of investments	(544)	(420)	(763)	(753)
Net unrealized gains (losses) on credit derivatives	(3)	(2,836)	(6)	(2,554)
Total revenues	16,801	12,105	32,679	25,224
Expenses				
Losses and loss adjustment expenses	(4,170)	2,128	(3,071)	2,668
Acquisition expenses	4,207	4,068	8,151	7,331
Operating expenses	3,909	4,913	7,449	7,284
Interest expense	693	685	1,375	1,368
Total expenses	4,639	11,794	13,904	18,651
Net Income	\$ 12,162	\$ 311	\$ 18,775	\$ 6,573
Net income per common share:				
Basic	\$ 0.45	\$ 0.01	\$ 0.71	\$ 0.25
Diluted	0.45	0.01	0.71	0.25
Weighted-average number of common shares outstanding:				
Basic	26,774,865	25,917,385	26,332,269	25,917,340
Diluted	26,815,312	25,976,834	26,382,044	26,010,210
Operating Earnings				
Net income	\$ 12,162	\$ 311	\$ 18,775	\$ 6,573
Less: Realized gains (losses) on investments	544	420	763	753
Less: Unrealized gains (losses) on credit derivatives	3	2,836	6	2,554
Operating Earnings	\$ 12,709	\$ 3,567	\$ 19,544	\$ 9,880
Net income per common share	\$ 0.45	\$ 0.01	\$ 0.71	\$ 0.25
Less: Realized gains (losses) on investments	0.02	0.02	0.03	0.03
Less: Unrealized gains (losses) on credit derivatives	0.00	0.11	0.00	0.10
Operating earnings per share	\$ 0.47	\$ 0.14	\$ 0.74	\$ 0.38

Summary Financial Information
(dollars in thousands except per share amounts)

GAAP Basis *	2nd Quarter		Year-to-date	
	2006	2005	2006	2005
<u>Financial Ratios</u>				
Loss and LAE Ratio	-35.9%	19.0%	-13.8%	13.2%
Underwriting Expense Ratio	70.0%	80.1%	69.9%	72.3%
Combined Ratio	34.1%	99.1%	56.1%	85.5%
<u>Per Share Data</u>				
Shareholder's Equity (Book Value)	\$12.68	\$12.31		
Unearned premiums	6.44	5.81		
Deferred Acquisition Costs	(2.53)	(2.38)		
Present Value of Installment Premiums ⁽¹⁾	3.33	3.14		
Unrealized Gains (Losses) on Investments	0.63	(0.14)		
Adjusted Book Value	\$20.55	\$18.72		
Shares outstanding	27,234,755	25,917,255		

* Based on U.S. GAAP Income Statement Data

Statutory Basis (estimated)	2nd Quarter		Year-to-date	
	2006	2005	2006	2005
<u>Financial Ratios</u>				
Loss and LAE Ratio	(22.6)%	15.1%	(36.6)%	17.6%
Underwriting Expense Ratio	60.0%	78.9%	55.4%	96.5%
Combined Ratio	37.4%	94.0%	18.8%	114.1%
<u>Balance Sheet</u>				
	6/30/2006	12/31/2005		
Capital and Surplus	\$248,289	\$221,192		
Contingency Reserve	65,332	63,617		
Capital Base	\$313,621	\$284,809		
Unearned Premium Reserve	202,793	189,135		
Present Value of Installment Premiums ⁽¹⁾	90,739	84,839		
Premium Resources	293,532	273,974		
Loss and LAE Reserves	1,312	4,978		
Soft Capital Credit Facilities	180,000	140,000		
Total Claims-Paying Resources	\$788,465	\$703,761		
Par Outstanding	\$28,552,585	\$27,054,260		
Capital Ratio ⁽²⁾	91:1	95:1		
Claims-Paying Ratio ⁽³⁾	36:1	38:1		

(1) Present value of future installments, net of ceding commissions, are current estimates and may differ. June 30, 2006 and December 31, 2005, the discount rate was 4.30% and 4.36%, respectively.

(2) Par outstanding divided by the capital base.

(3) Par outstanding divided by total claims-paying resources.

RAM Holdings Ltd.
Annual Financial and Statistical Data
(dollars in thousands except per share amounts)

	Q2						
	2006	2005	2004	2003	2002	2001	2000
GAAP Summary Income Statement Data							
Insurance							
Gross Premiums Written	\$ 32,061	\$ 68,147	\$ 66,057	\$ 67,880	\$ 36,205	\$ 26,544	\$ 21,346
Premiums Earned	22,307	42,609	34,721	25,543	17,561	12,898	9,327
Net Investment Income	11,141	18,202	16,824	13,373	11,209	11,121	10,021
Realized Gains/(Losses)	(763)	(1,584)	536	1,097	2,927	535	252
Unrealized Gains/(Losses) on							
Credit Derivatives	(6)	(2,526)	2,757	456	(613)	-	-
Loss and Loss Adjustment							
Expenses	(3,071)	7,204	3,579	3,994	6,110	910	653
Acquisition Expenses	8,151	15,628	13,387	10,223	7,363	5,688	3,927
Operating Expenses	7,448	11,531	11,032	5,042	3,360	2,926	3,087
Interest Expense	1,375	2,750	2,106	-	-	-	-
Net Income	18,775	19,588	24,734	21,210	14,251	15,030	11,933
ROE ⁽²⁾	11.24% *	6.18%	8.23%	8.93%	8.04%	9.41%	8.48%
Operating ROE ⁽³⁾	11.34% *	7.45%	7.23%	8.56%	7.04%	9.24%	8.14%
GAAP Summary Balance Sheet Data							
Total Investments	\$ 489,285	\$ 469,908	\$ 404,906	\$ 345,837	\$ 219,330	\$ 188,978	\$ 163,578
Deferred Acquisition Costs	68,920	66,220	58,653	53,017	38,712	30,387	22,976
Total Assets	582,671	553,572	511,824	426,260	277,121	234,646	201,253
Unearned Premiums	175,334	165,580	140,043	120,182	77,845	59,201	45,555
Loss and Loss Expense Reserves	14,388	16,595	15,493	13,821	10,394	4,382	3,529
Long-term Debt	40,000	40,000	40,000	-	-	-	-
Total Liabilities	237,445	230,916	200,319	137,005	91,530	65,603	50,977
Shares outstanding	27,235	25,885	25,917	25,891	16,774	17,146	17,146
Shareholders' Equity	345,226	322,656	311,505	289,255	185,590	169,042	150,276
Statutory Data							
Net Income	\$ 13,699	\$ 14,127	\$ 9,035	\$ 5,971	\$ 7,047	\$ 7,456	\$ 3,138
Capital and Surplus	248,289	221,192	171,742	151,757	74,678	87,354	92,072
Contingency Reserve	65,332	63,617	102,880	78,537	60,587	44,065	30,929
Capital Base	313,621	284,809	274,622	230,294	135,265	131,419	123,002
Unearned Premium Reserve	202,793	189,135	160,308	131,429	85,575	64,267	49,535
Present Value of Installment Premiums ⁽¹⁾	90,739	84,839	59,546	55,607	34,541	24,214	14,800
Premium Resources	293,532	273,974	219,854	187,036	120,116	88,481	64,335
Loss and LAE Reserves	1,312	4,978	3,982	1,326	601	-	-
Soft Capital Credit Facilities	180,000	140,000	140,000	90,000	70,000	70,000	70,000
Total Claims-Paying Resources	788,465	703,761	638,458	508,656	325,982	289,900	257,337
Financial Ratios							
<u>GAAP</u>							
Loss and LAE Ratio	-13.8%	16.9%	10.3%	15.6%	34.8%	7.1%	7.0%
Underwriting Expense Ratio	69.9%	63.7%	70.3%	59.8%	61.1%	66.8%	75.2%
Combined Ratio	56.1%	80.6%	80.6%	75.4%	95.9%	73.8%	82.2%
<u>Statutory</u>							
Loss and LAE Ratio	-22.6%	18.3%	15.9%	5.8%	18.1%	0.5%	0.0%
Underwriting Expense Ratio	60.0%	50.8%	45.3%	43.7%	53.1%	60.5%	64.9%
Combined Ratio	37.4%	69.1%	61.2%	49.6%	71.2%	61.0%	64.9%
Other Financial Information							
Par Amount Outstanding	\$ 28,552,585	\$ 27,054,260	\$ 22,154,050	\$ 19,775,000	\$ 15,860,000	\$ 12,803,180	\$ 9,864,360
<u>Adjusted Book Value</u>							
Book Value Per Share	\$ 12.68	\$ 12.47	\$ 12.02	\$ 11.17	\$ 11.06	\$ 9.86	\$ 8.76
Shareholder's Equity (Book Value)	345,226	322,656	311,505	289,255	185,590	169,042	150,276
Unearned premiums	175,334	165,580	140,043	120,182	77,845	59,201	45,555
Deferred Acquisition Costs	68,920	66,220	58,653	53,017	38,712	30,387	22,976
Present Value of							
Installment Premiums (1)	90,739	84,839	59,546	55,607	34,541	24,214	14,800
Unrealized Gains (Losses) on Investments	(17,220)	(4,540)	2,787	4,659	11,002	4,733	998
Adjusted Book Value Per Share	\$ 20.55	\$ 19.76	\$ 17.35	\$ 15.73	\$ 14.80	\$ 12.68	\$ 10.89

(1) Present value of future installments, net of ceding commissions, are current estimates and may differ due to additions of new business, changes in prepayment speeds, early terminations or refundings. At June 30, 2006 and December 31, 2005, the discount rate was 4.30% and 4.36%, respectively.

(2) Net income divided by average shareholders' equity

(3) Operating earnings divided by average shareholders' equity, excluding accumulated other comprehensive income

* ROE and Operating ROE is annualized

RAM Holdings Ltd.
Estimated Net Debt Service Amortization ⁽¹⁾

(dollars in thousands)

	Scheduled Net Debt Service Amortization	Ending Net Debt Service Outstanding
2006 - Q1		\$ 42,588,430
2006 - remainder	\$ 1,968,617	\$ 40,619,813
2007	2,519,896	\$ 38,099,917
2008	2,302,073	\$ 35,797,844
2009	2,511,053	\$ 33,286,791
2010	2,280,859	\$ 31,005,932
2011-2015	10,169,609	\$ 20,836,323
2016-2020	7,485,593	\$ 13,350,730
2021-2025	5,491,603	\$ 7,859,127
2026 and thereafter	<u>7,859,127</u>	\$ -
Total	\$ 42,588,430	

**Estimated Net Unearned Premium Amortization and Estimated
Future Installment Premiums ⁽¹⁾**

	Net Unearned Premiums ⁽²⁾	Net Unearned Premium Amortization		Total Premium Earnings ⁽⁴⁾
		Upfront	Installments ⁽³⁾	
2006 - Q1	\$ 167,508			
2006 - remainder	\$ 156,849	\$ 10,659	\$ 18,139	\$ 17,197 ⁽⁵⁾
2007	\$ 143,519	\$ 13,331	\$ 22,008	\$ 35,339
2008	\$ 130,943	\$ 12,576	\$ 19,466	\$ 32,042
2009	\$ 119,078	\$ 11,865	\$ 15,570	\$ 27,435
2010	\$ 107,939	\$ 11,139	\$ 12,994	\$ 24,133
2011-2015	\$ 62,007	\$ 45,932	\$ 42,144	\$ 88,076
2016-2020	\$ 31,925	\$ 30,081	\$ 25,325	\$ 55,406
2021-2025	\$ 13,574	\$ 18,351	\$ 18,548	\$ 36,899
2026 and thereafter	\$ -	<u>\$ 13,574</u>	<u>\$ 25,047</u>	<u>\$ 38,621</u>
Total		<u>\$ 167,508</u>	<u>\$ 199,241</u>	<u>\$ 355,149</u>

(1) Represents the existing insured issues portfolio as of the quarter ended March 31, 2006.

(2) Equals deferred premium revenue for upfront policies only.

(3) Represents future installment premiums undiscounted.

(4) Actual future premium earnings will differ from the current projection due to the addition of new business, changes in prepayment speeds, early terminations and refundings.

(5) Earnings are adjusted to reflect remaining earnings for the year from the quarter ended June 30, 2006.

RAM Holdings Ltd.
Premiums Earned Analysis
(dollars in thousands)

2006	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Public Finance	\$ 4,369	\$ 5,403			\$ 9,772
Structured Finance	6,337	6,199			\$ 12,536
Total	\$ 10,706	\$ 11,602	\$ 0	\$ 0	\$ 22,308
Refundings included in total	\$ 621	\$ 1,938			\$ 2,559

2005	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Public Finance	\$ 4,615	\$ 4,614	\$ 6,570	5,039	\$ 20,838
Structured Finance	4,372	6,604	4,650	6,145	\$ 21,771
Total	\$ 8,987	\$ 11,218	\$ 11,220	\$ 11,184	\$ 42,609
Refundings included in total	\$ 395	\$ 1,149	\$ 759	\$ 990	\$ 3,293

Par Value and Adjusted Premiums ⁽¹⁾
(dollars in thousands)

	2nd Quarter		Year-to-Date	
	2006	2005	2006	2005
Par Written	\$ 1,287,336	\$ 1,727,064	\$ 3,386,936	\$ 4,627,810
GAAP Premiums Written	\$ 17,485	\$ 15,441	\$ 32,061	\$ 30,627
Less: Installment Premiums Written	\$ 6,754	\$ 8,085	\$ 13,589	\$ 14,452
Upfront Premiums Written	\$ 10,731	\$ 7,356	\$ 18,472	\$ 16,175
Plus: PV of Installment Premiums Written	\$ 3,006	\$ 10,867	\$ 15,690	\$ 32,157
Adjusted Premiums Written	\$ 13,737	\$ 18,223	\$ 34,162	\$ 48,332
U.S. Public Finance	\$ 8,309	\$ 7,080	\$ 15,287	\$ 10,982
U.S. Structured Finance	\$ 2,627	\$ 9,511	\$ 6,796	\$ 19,494
U.S. Total	\$ 10,936	\$ 16,591	\$ 22,083	\$ 30,476
International Public Finance	\$ 1,745	\$ 274	\$ 6,103	\$ 10,832
International Structured Finance	\$ 1,056	\$ 1,358	\$ 5,976	\$ 7,024
International Total	\$ 2,801	\$ 1,632	\$ 12,079	\$ 17,856
Total Adjusted Premiums Written	\$ 13,737	\$ 18,223	\$ 34,162	\$ 48,332

(1) Adjusted premiums represent upfront premiums in the period and the estimated present value of installment premiums for new policies issued as reported at a quarter lag.

RAM Holdings Ltd
Investment Portfolio
As of June 30, 2006
(dollars in thousands)

Investments

Fixed Income Securities

U.S.Treasuries

Agencies

Corporate

Municipal

Mortgage and Asset Backed

Total Investments

<u>Market Value</u>	<u>% of Market Value</u>	<u>Amortized Cost</u>	<u>Book Yield</u>	<u>Annualized Income</u>
\$ 45,551	9.3%	\$ 48,433	4.4%	\$ 2,139
81,714	16.7%	83,513	4.3%	3,611
112,332	23.0%	117,325	4.5%	5,284
12,141	2.5%	11,724	7.1%	829
<u>237,547</u>	<u>48.5%</u>	<u>245,510</u>	5.1%	<u>12,573</u>
<u>\$ 489,285</u>	<u>100.0%</u>	<u>\$ 506,505</u>		<u>\$ 24,436</u>

Maturity

Within 1 Year

1 to 5 Years

5 to 10 Years

More than 10 Years

Total Investment Income

<u>Market Value</u>	<u>% of Market Value</u>
\$ 33,752	6.9%
120,437	24.6%
101,354	20.7%
<u>233,742</u>	<u>47.8%</u>
<u>\$ 489,285</u>	<u>100.0%</u>

Average life: 6.46 years

Duration: 4.35 years

**Quality Distribution
of Long-Term Fixed
Income Investments**

<u>Rating</u>	<u>% of Market Value</u>
Aaa	76.9%
Aa	9.1%
A	12.1%
Baa	0.0%
Cash	1.9%
	<u>100.0%</u>

RAM Holdings Ltd.
Loss and Loss Adjustment Expense (LAE) Reserves
(dollars in thousands)

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
2006				
Case Reserves	\$ 7,574	\$ 2,969		
Unallocated Reserves	<u>11,409</u>	<u>11,419</u>		
Total Reserves	<u>\$ 18,983</u>	<u>\$ 14,388</u>	<u>\$ -</u>	<u>\$ -</u>
2005				
Case Reserves	\$ 6,427	\$ 2,300	\$ 2,312	\$ 6,257
Unallocated Reserves	<u>9,425</u>	<u>9,672</u>	<u>9,962</u>	<u>10,338</u>
Total Reserves	<u>\$ 15,852</u>	<u>\$ 11,972</u>	<u>\$ 12,274</u>	<u>\$ 16,595</u>

RAM Holdings Ltd.
Insurance Expense Analysis
(dollars in thousands)

2006	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Acquisition and Operating Expenses:					
Operating expenses	4,208	4,447	-	-	\$ 8,655
Gross acquisition expenses	<u>4,247</u>	<u>5,379</u>	<u>-</u>	<u>-</u>	<u>\$ 9,626</u>
Gross acquisition and operating expenses	\$ 8,455	\$ 9,826	\$ -	\$ -	\$ 18,281
Deferred Expenses:					
Acquisition expenses	(4,135)	(5,251)	-	-	(9,386)
Operating expenses	<u>(669)</u>	<u>(557)</u>	<u>-</u>	<u>-</u>	<u>\$ (1,226)</u>
Total deferred expenses	(4,804)	(5,808)	-	-	(10,612)
Change in deferred acquisition expenses	<u>3,833</u>	<u>4,098</u>	<u>-</u>	<u>-</u>	<u>\$ 7,931</u>
Total acquisition and operating expense, net of deferred expenses	<u>\$ 7,484</u>	<u>\$ 8,116</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,600</u>

2005	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
Acquisition and Operating Expenses:					
Operating expenses	2,978	5,574	2,758	2,777	\$ 14,087
Gross acquisition expenses	<u>4,589</u>	<u>4,597</u>	<u>7,591</u>	<u>3,863</u>	<u>\$ 20,640</u>
Gross acquisition and operating expenses	\$ 7,567	\$ 10,171	\$ 10,349	\$ 6,640	\$ 34,727
Deferred Expenses:					
Acquisition expenses	(4,506)	(4,465)	(7,383)	(3,755)	(20,109)
Operating expenses	<u>(607)</u>	<u>(661)</u>	<u>(651)</u>	<u>(637)</u>	<u>\$ (2,556)</u>
Total deferred expenses	(5,113)	(5,126)	(8,034)	(4,392)	(22,665)
Change in deferred acquisition expenses	<u>3,181</u>	<u>3,935</u>	<u>4,032</u>	<u>3,949</u>	<u>\$ 15,097</u>
Total acquisition and operating expense, net of deferred expenses	<u>\$ 5,635</u>	<u>\$ 8,980</u>	<u>\$ 6,347</u>	<u>\$ 6,197</u>	<u>\$ 27,159</u>

Deferred Expenses to Deferred Premiums Ratio
(dollars in thousands)

	2004	2005	1st Qtr. 2006	2nd Qtr. 2006	3rd Qtr. 2006	4th Qtr. 2006
Deferred Acquisition Costs	\$ 58,653	\$ 66,220	\$ 67,191	\$ 68,744		
Unearned Premiums	140,043	165,580	169,450	175,334		
Present Value of Future Installment Premiums	<u>59,546</u>	<u>84,839</u>	<u>90,741</u>	<u>90,739</u>		
Adjusted Deferred Premiums	<u>\$ 199,589</u>	<u>\$ 249,419</u>	<u>\$ 260,191</u>	<u>\$ 266,073</u>	<u>\$ -</u>	<u>\$ -</u>
Ratio	29.4%	26.5%	25.8%	25.8%		

RAM Holdings Ltd.
Insured Portfolio Profile by Bond Type
Net Par Outstanding*
(dollars in millions)

	Insured YTD, June 30, 2006		Outstanding as of June 30, 2006	
	Net Amount	%	Net Amount	%
US Public Finance				
General Obligation and Lease	\$ 395	11.7%	\$ 5,522	19.3%
Tax backed	195	5.8%	2,112	7.4%
Transportation	137	4.1%	2,435	8.5%
Healthcare	247	7.3%	2,044	7.2%
Utility	217	6.4%	2,812	9.8%
Investor Owned Utilities	24	0.7%	547	1.9%
Higher Education	43	1.3%	363	1.3%
Housing	31	0.9%	354	1.2%
Other	-	0.0%	83	0.3%
Total Public Finance	\$ 1,290	38.1%	\$ 16,271	57.0%
US Structured Finance				
Commercial ABS	\$ 714	21.1%	\$ 3,730	13.1%
Home Equity	226	6.7%	1,314	4.6%
Autos	85	2.5%	543	1.9%
Mortgage Backed Securities	135	4.0%	441	1.5%
Banks and Other Corporate	20	0.6%	103	0.4%
Other Consumer ABS	30	0.9%	470	1.6%
Total Structured Finance	\$ 1,210	35.7%	\$ 6,601	23.1%
International				
Asset Backed	\$ 524	15.5%	\$ 3,273	11.5%
Public Finance	185	5.5%	1,698	5.9%
Investor Owned Utilities and Other	179	5.3%	710	2.5%
Total International	\$ 887	26.2%	\$ 5,681	19.9%
Total	\$ 3,387	100.0%	\$ 28,553	100.0%

* All net par outstanding reported herein is based on a one-quarter lag.

RAM Holdings Ltd.
Insured Portfolio Profile by Geographic Distribution
Net Par Outstanding
(dollars in millions)

	Insured YTD, June 30, 2006		Outstanding as of June 30, 2006	
	Net Amount	%	Net Amount	%
Geographic Distribution				
United States				
California	\$ 320	9.5%	\$ 2,176	7.6%
New York	59	1.8%	1,602	5.6%
Florida	73	2.2%	1,160	4.1%
Illinois	150	4.4%	1,033	3.6%
Texas	61	1.8%	1,033	3.6%
Washington	20	0.6%	642	2.2%
Michigan	25	0.7%	619	2.2%
Pennsylvania	21	0.6%	616	2.2%
New Jersey	51	1.5%	608	2.1%
Massachusetts	11	0.3%	594	2.1%
Other States	464	13.7%	5,754	20.2%
Multi-State	1,245	36.8%	7,034	24.6%
US Sub-total	\$ 2,500	73.8%	\$ 22,871	80.1%
International				
United Kingdom	\$ 264	7.8%	\$ 1,704	6.0%
Australia	30	0.9%	465	1.6%
Germany	-	0.0%	405	1.4%
Italy	79	2.3%	235	0.8%
Canada	27	0.8%	176	0.6%
Korea	13	0.4%	132	0.5%
Mexico	-	0.0%	121	0.4%
Chile	-	0.0%	113	0.4%
France	-	0.0%	90	0.3%
Japan	80	2.4%	89	0.3%
Other Countries	76	2.2%	341	1.2%
Multinational	318	9.4%	1,811	6.3%
Int. Sub-total	\$ 887	26.2%	\$ 5,681	19.9%
Total Par	\$ 3,387	100.0%	\$ 28,553	100.0%

RAM Holdings Ltd.
Largest Exposures
Net Par Outstanding
as of June 30, 2006
(dollars in millions)

Top 10 Largest Public Finance Exposures:	Country	NPO	RAM Re Rating ¹
1 New Jersey (State of) GO / Appropriation	US	\$ 222	AA-
2 California (State of) - GO/Appropriation	US	187	A-
3 New York City, NY	US	185	A
4 Chicago, IL	US	176	A+
5 Detroit (City of), MI GO	US	175	BBB
6 WASHINGTON (State of) - GO/Appropriation	US	174	AA
7 NEW YORK ST THRUWAY AUTH, NY - Gasoline Tax Statewide	US	166	AA-
8 MASSACHUSETTS (State of) - GO Appropriation	US	160	AA-
9 Puerto Rico Electric Power Authority	PRT	145	A-
10 Puerto Rico Highway & Transportation Authority	PRT	<u>140</u>	BBB
Total		\$ 1,731	

Top 10 Largest Structured Finance Exposures:	Country	NPO	RAM Re Rating ¹
1 Super Senior Synthetic Pan European Res and Comm RE	GLB	\$ 138	AAA
2 Super Senior Synthetic Static CDO of IG CMBS	US	125	AAA
3 Hertz Vehicle Financing LLC	US	122	BBB
4 Super Senior Synthetic CDO of IG Corporates	US	120	AAA
5 ARG Funding Corp 2005-1 (Vanguard Car Rental)	US	119	BBB
6 GMACM HEL 2004-HE4	US	116	BBB
7 Pooled Actuarial Insurance Policy Securitization - Reg XXX	US	113	A-
8 German Residential and Commercial Mortgage CDS	DEU	109	AAA
9 Static Emerging Market Sovereign CDO	GLB	103	AAA
10 Fortress Credit Opportunities I LP	US	<u>101</u>	AA
Total		\$ 1,166	

1. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies.

RAM Holdings Ltd.
Insured Portfolio Profile by Credit Quality Distribution
Net Par Outstanding
(dollars in millions)

	Insured YTD, June 30, 2006		Outstanding as of June 30, 2006	
	Net Amount	%	Net Amount	%
Public Finance¹				
AAA	\$ 44	2.6%	\$ 234	1.3%
AA	665	40.3%	6,665	35.7%
A	539	32.6%	8,422	45.1%
BBB	404	24.5%	3,246	17.4%
Below Investment Grade	(0)	0.0%	112	0.6%
Total	\$ 1,651	100.0%	\$ 18,678	100.0%

	Insured YTD, June 30, 2006		Outstanding as of June 30, 2006	
	Net Amount	%	Net Amount	%
Structured Finance¹				
AAA	\$ 821	47.3%	\$ 4,705	47.6%
AA	61	3.5%	879	8.9%
A	231	13.3%	1,509	15.3%
BBB	623	35.9%	2,586	26.2%
Below Investment Grade	-	0.0%	196	2.0%
Total	\$ 1,736	100.0%	\$ 9,874	100.0%

	Insured YTD, June 30, 2006		Outstanding as of June 30, 2006	
	Net Amount	%	Net Amount	%
Total¹				
AAA	\$ 865	25.5%	\$ 4,939	17.3%
AA	726	21.4%	7,544	26.4%
A	770	22.7%	9,930	34.8%
BBB	1,027	30.3%	5,832	20.4%
Below Investment Grade	(0)	0.0%	308	1.1%
Total	\$ 3,387	100.0%	\$ 28,553	100.0%

1. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies.

RAM Holdings Ltd.
Non-Investment Grade Exposures
Net Par Outstanding
as of June 30, 2006
(dollars in millions)

Non-Investment Grade Exposures by:	<u>Net Par Outstanding</u>	<u>Average RAM Re Rating ^{1*}</u>
<u>Asset Type</u>		
Public Finance		
General Obligation and Lease	\$ 5	BB-
Tax backed	5	BB
Transportation	32	BB+
Healthcare	2	B+
Utility	0	B
Investor Owned Utilities	3	BB+
Higher Education	1	BB-
Housing	1	B+
Other	33	B-
Total Public Finance	\$ 80	NA
Structured Finance		
Commercial ABS	\$ 129	BB-
Home Equity	30	B-
Autos	1	BB
Mortgage Backed Securities	32	B-
Banks and Other Corporate	-	NA
Other Consumer ABS	2	B-
Total Structured Finance	\$ 195	NA
International		
Public Finance	\$ 64	BB-
Asset Backed	1	BB-
Total International	\$ 65	NA
Total	\$ 340	NA

Top Ten Non-Investment Grade Exposures as of June 30, 2006¹:

<u>Name or Description</u>	<u>Net Par Outstanding</u>
1 Fixed-Link Finance B.V. (Eurotunnel)	\$ 33
2 Fixed-Link Finance 2 BV Eurotunnel Jr Debt	31
3 US Airways Pass-through Certificates, Series 2001-G1	28
4 Delta Airlines 2002-1 G-1 Pass Through Trust	20
5 San Joaquin Hills 1997A Refunding Toll Road Rev Bonds	17
6 Northwest Airlines Inc. Pass-Through Trust 2000-1	14
7 America West Airlines 1999-1	14
8 US Airways Pass-Through Trust, Series 2000-2	11
9 GreenPoint Mfg'd Hsg 1999-3 1A1-7 2A1-2	11
10 GreenPoint Mfg'd Hsg 1999-1 Class A1-5	9
Total Top Ten Non-Investment Grade Exposures	\$ 187

* Average RAM Re rating is the weighted average RAM Re rating within each asset type.

1. Rating assigned by RAM Re, which takes into consideration ratings assigned by the primaries and the rating agencies.

RAM Holdings Ltd.
Quarterly Operating Supplement

Introductory Notes

This operating supplement presents financial information for RAM Holdings Ltd. and its consolidated subsidiary, RAM Reinsurance Company Ltd. (together the "Company") on a U.S. GAAP basis unless otherwise indicated and includes selected information for RAM Reinsurance Company Ltd. as estimated by management to approximate a U.S. statutory accounting basis. RAM Reinsurance Company Ltd. files Bermuda statutory financial statements and does not file or prepare U.S. statutory financial statements.

This supplement should be read in conjunction with documents filed by RAM Holdings Ltd. with the Securities and Exchange Commission, including our S-1, 10Q's and 10K's, and financial information posted on our website at www.ramre.com. The financial statements included herein do not include all of the information and disclosures required by generally accepted accounting principles.

This supplement should also be read in conjunction with various footnotes and explanatory notes contained herein, including notes regarding non-GAAP measures. Certain measures reported in this Supplement are not in conformity with U.S. GAAP and should not be considered as a substitute for GAAP measures. They are provided with the intent of enhancing information available to analysts and investors. In particular:

1. Adjusted book value (ABV) and ABV per share is reported because it is used by management, analysts, rating agencies and investors as a measure of the estimated net present value of the Company's in-force premium and capital base or the intrinsic value of the Company assuming no new business production. We derive adjusted book value by beginning with shareholders' equity (book value) and then adding or subtracting the value of:
 - a. Net unearned premium reserve;
 - b. Deferred acquisition costs; and
 - c. The present value of estimated future installment premiums net of ceding commissions (discounted at 4.30% at June 30, 2006 and 4.36% at December 31, 2005).

The definition of ABV used by RAM Re may differ from definitions of ABV used by other financial guaranty companies. The adjustments described above will be realized in future periods and may differ materially from amounts used in determining estimated ABV.

2. Adjusted gross premiums (AGP) are reported because it is used by management, analysts, rating agencies and investors as a measure of new business production. AGP is defined as the gross up-front premiums plus the present value of estimated installment premiums from business written during the current period (discounted at 4.30%). AGP as defined by RAM Re may differ from definitions used by other financial guaranty companies.
3. Operating income is reported because it is used by management, analysts, rating agencies and investors as a measure to highlight insurance results. We define operating income as net income excluding (a) realized gains (losses) on investments and (b) unrealized gains (losses) on derivatives. Operating income provides a view of insurance results because realized gains (losses) on investments and unrealized gains (losses) on derivatives are substantially influenced by and fluctuate with factors that generally cannot be controlled or reasonably predicted by management, including interest rates and spreads. Operating return on equity is a useful measure of financial performance

because it excludes the impact of unrealized gains or losses on investments from earnings as well as from shareholders' equity.

Due to the timing of receipt of reports prepared by our ceding companies, par written, par outstanding and associated exposure data, and present value of future installment premiums and estimated future installment premiums are reported on a one quarter lag.

Safe Harbor Statement

Any forward-looking statements made in this supplement reflect the Company's current views and assumptions with respect to future events and financial performance and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. For example, the Company's forward-looking statements regarding future installment premiums and present value of future installment premiums could be affected by a significant reduction in the amount of reinsurance ceded by ceding companies, rating agency action such as a ratings downgrade, general economic conditions, losses in excess of amounts anticipated in the Company's loss reserving, changes in accounting policies or practices, developments in the financial guaranty industry, as well as management's responses to these factors, and other risk factors identified in the Company's filings with the Securities and Exchange Commission. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they are made or on which estimates were prepared. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise.