



**RAM Holdings Ltd.  
Financial Supplement <sup>(1)</sup>  
Third Quarter 2006  
September 30, 2006**

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<sup>(1)</sup> Information included in this report is unaudited

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

	<b>September 30, 2006</b>	<b>December 31, 2005</b>
<b><u>Assets</u></b>		
Investments: Fixed-maturity securities held as available for sale, at fair value (Amortized Cost: \$515,631,193 and \$474,447,225)	\$ 509,992	\$ 469,908
Cash and cash equivalents	17,440	6,070
Accrued investment income	3,895	4,692
Premius receivable	4,347	1,988
Recoverable on paid losses	1,623	1,280
Deferred policy acquisition costs	71,142	66,220
Prepaid reinsurance premiums	417	-
Fixed assets	85	124
Deferred expenses	837	849
Prepaid expenses	589	114
Other assets	3,347	2,327
<b>Total Assets</b>	<b>\$ 613,714</b>	<b>\$ 553,572</b>
 <b><u>Liabilities and Shareholders' Equity</u></b>		
<b>Liabilities:</b>		
Loss and loss expense reserve	\$ 14,523	\$ 16,595
Unearned premiums	183,780	165,580
Accounts payable and accrued liabilities	2,876	3,108
Reinsurance balances payable	296	-
Long-term debt	40,000	40,000
Accrued interest payable	-	693
Share based compensation liability	-	2,802
Other liabilities	3,177	2,138
<b>Total Liabilities</b>	244,652	230,916
<b>Shareholders' Equity:</b>		
Common stock: \$0.10 par value; authorized shares - 100,000,000 and 45,000,000; Issued and outstanding shares -27,234,755 shares at September 30, 2006 and 25,884,755 shares at December 31, 2005	2,723	2,588
Additional paid-in capital	227,409	211,057
Accumulated other comprehensive income	(5,645)	(4,540)
Retained earnings	144,575	113,551
<b>Total Shareholders' Equity</b>	369,062	322,656
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 613,714</b>	<b>\$ 553,572</b>

**RAM Holdings Ltd.**  
**Consolidated Statements of Income**  
(unaudited)

For the three and nine months ended September 30, 2006 and 2005

(dollars in thousands except per share amounts)

	<u>Three Months Ended September 30</u>		<u>Nine Months Ended September 30</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>				
Gross premiums written	\$ 23,509	\$ 24,593	\$ 55,570	\$ 55,220
Ceded Premiums	\$ (423)	\$ -	\$ (423)	\$ -
Net premiums written	<u>\$ 23,086</u>	<u>\$ 24,593</u>	<u>\$ 55,147</u>	<u>\$ 55,220</u>
Change in unearned premiums	<u>(8,029)</u>	<u>(13,372)</u>	<u>(17,783)</u>	<u>(23,795)</u>
Premiums earned	15,057	11,221	37,364	31,425
Net investment income	6,143	4,538	17,284	12,864
Net realized gains (losses) on sale of investments	-	(385)	(764)	(1,137)
Net unrealized gains (losses) on credit derivatives	<u>(9)</u>	<u>11</u>	<u>(14)</u>	<u>(2,544)</u>
Total revenues	21,191	15,385	53,870	40,608
<b>Expenses</b>				
Losses and loss adjustment expenses	(41)	436	(3,112)	3,104
Acquisition expenses	5,401	4,240	13,552	11,571
Operating expenses	2,900	2,107	10,349	9,391
Interest expense	<u>682</u>	<u>689</u>	<u>2,057</u>	<u>2,057</u>
Total expenses	<u>8,942</u>	<u>7,472</u>	<u>22,846</u>	<u>26,123</u>
<b>Net Income</b>	<u>\$ 12,249</u>	<u>\$ 7,913</u>	<u>\$ 31,024</u>	<u>\$ 14,485</u>
Net income per common share:				
<b>Basic</b>	\$ 0.45	\$ 0.31	\$ 1.16	\$ 0.56
<b>Diluted</b>	0.45	0.30	1.16	0.56
Weighted-average number of common shares outstanding:				
Basic	27,234,755	25,884,755	26,636,403	25,906,359
Diluted	27,301,357	25,954,214	26,691,432	25,991,425
<b>Operating Earnings</b>				
Net income	\$ 12,249	\$ 7,913	\$ 31,024	\$ 14,485
Less: Realized gains (losses) on investments	-	385	764	1,137
Less: Unrealized gains (losses) on credit derivatives	<u>9</u>	<u>(11)</u>	<u>14</u>	<u>2,544</u>
<b>Operating Earnings</b>	<u>\$ 12,258</u>	<u>\$ 8,287</u>	<u>\$ 31,802</u>	<u>\$ 18,166</u>
Net income per common share	\$ 0.45	\$ 0.30	\$ 1.16	\$ 0.56
Less: Realized gains (losses) on investments	0.00	0.01	0.03	0.04
Less: Unrealized gains (losses) on credit derivatives	<u>0.00</u>	<u>(0.00)</u>	<u>0.00</u>	<u>0.10</u>
Operating earnings per share	<u>\$ 0.45</u>	<u>\$ 0.14</u>	<u>\$ 1.19</u>	<u>\$ 0.70</u>

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

GAAP Basis *	3rd Quarter		Year-to-date	
	2006	2005	2006	2005
<u>Financial Ratios</u>				
Loss and LAE Ratio	-0.3%	3.9%	-8.3%	9.9%
Underwriting Expense Ratio	55.1%	56.6%	64.0%	66.7%
Combined Ratio	54.9%	60.4%	55.6%	76.6%
<u>Per Share Data</u>				
Shareholder's Equity (Book Value)	\$13.55	\$12.34		
Unearned premiums	6.75	6.33		
Deferred Acquisition Costs	(2.61)	(2.54)		
Present Value of Installment Premiums <sup>(1)</sup>	3.58	3.33		
Unrealized Gains (Losses) on Investments	0.21	0.11		
Adjusted Book Value	\$21.48	\$19.56		
Shares outstanding	27,234,755	25,884,755		
* Based on U.S. GAAP Income Statement Data				

Statutory Basis (estimated)	3rd Quarter		Year-to-date	
	2006	2005	2006	2005
<u>Financial Ratios</u>				
Loss and LAE Ratio	(0.1)%	2.0%	(12.6)%	13.3%
Underwriting Expense Ratio	43.5%	40.6%	53.1%	51.2%
Combined Ratio	43.4%	42.6%	40.5%	64.5%
<u>Balance Sheet</u>				
	<u>9/30/2006</u>	<u>12/31/2005</u>		
Capital and Surplus	\$254,480	\$221,192		
Contingency Reserve	68,683	63,617		
Capital Base	\$323,163	\$284,809		
Unearned Premium Reserve	211,504	189,135		
Present Value of Installment Premiums <sup>(1)</sup>	97,446	84,839		
Premium Resources	308,950	273,974		
Loss and LAE Reserves	1,508	4,978		
Soft Capital Credit Facilities	180,000	140,000		
Total Claims-Paying Resources	\$813,621	\$703,761		
Debt Service Outstanding	\$47,430,097	\$41,535,347		
Capital Ratio <sup>(2)</sup>	147:1	146:1		
Claims-Paying Ratio <sup>(3)</sup>	58:1	59:1		

(1) Present value of future installments, net of ceding commissions, are current estimates and may differ. September 30, 2006 and December 31, 2005, the discount rate was 5.11% and 4.36%, respectively.

(2) Debt service outstanding divided by the capital base.

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

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

	Q3						
	2006	2005	2004	2003	2002	2001	2000
<b>GAAP Summary Income Statement Data</b>							
Insurance							
Gross Premiums Written	\$ 55,570	\$ 68,147	\$ 66,057	\$ 67,880	\$ 36,205	\$ 26,544	\$ 21,346
Premiums Earned	37,364	42,609	34,721	25,543	17,561	12,898	9,327
Net Investment Income	17,284	18,202	16,824	13,373	11,209	11,121	10,021
Realized Gains/(Losses)	(764)	(1,584)	536	1,097	2,927	535	252
Unrealized Gains/(Losses) on							
Credit Derivatives	(14)	(2,526)	2,757	456	(613)	-	-
Loss and Loss Adjustment							
Expenses	(3,112)	7,204	3,579	3,994	6,110	910	653
Acquisition Expenses	13,552	15,628	13,387	10,223	7,363	5,688	3,927
Operating Expenses	10,349	11,531	11,032	5,042	3,360	2,926	3,087
Interest Expense	2,057	2,750	2,106	-	-	-	-
Net Income	31,024	19,588	24,734	21,210	14,251	15,030	11,933
ROE <sup>(2)</sup>	11.96% *	6.18%	8.23%	8.93%	8.04%	9.41%	8.48%
Operating ROE <sup>(3)</sup>	12.08% *	7.45%	7.23%	8.56%	7.04%	9.24%	8.14%
<b>GAAP Summary Balance Sheet Data</b>							
Total Investments	\$ 509,992	\$ 469,908	\$ 404,906	\$ 345,837	\$ 219,330	\$ 188,978	\$ 163,578
Deferred Acquisition Costs	71,142	66,220	58,653	53,017	38,712	30,387	22,976
Total Assets	613,714	553,572	511,824	426,260	277,121	234,646	201,253
Unearned Premiums	183,780	165,580	140,043	120,182	77,845	59,201	45,555
Loss and Loss Expense Reserves	14,523	16,595	15,493	13,821	10,394	4,382	3,529
Long-term Debt	40,000	40,000	40,000	-	-	-	-
Total Liabilities	244,652	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	369,062	322,656	311,505	289,255	185,590	169,042	150,276
<b>Statutory Data</b>							
Net Income	\$ 24,601	\$ 14,127	\$ 9,035	\$ 5,971	\$ 7,047	\$ 7,456	\$ 3,138
Capital and Surplus	254,480	221,192	171,742	151,757	74,678	87,354	92,072
Contingency Reserve	68,683	63,617	102,880	78,537	60,587	44,065	30,929
Capital Base	323,163	284,809	274,622	230,294	135,265	131,419	123,002
Unearned Premium Reserve	211,504	189,135	160,308	131,429	85,575	64,267	49,535
Present Value of Installment Premiums <sup>(1)</sup>	97,446	84,839	59,546	55,607	34,541	24,214	14,800
Premium Resources	308,950	273,974	219,854	187,036	120,116	88,481	64,335
Loss and LAE Reserves	1,508	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	813,621	703,761	638,458	508,656	325,982	289,900	257,337
<b>Financial Ratios</b>							
<u>GAAP</u>							
Loss and LAE Ratio	-8.3%	16.9%	10.3%	15.6%	34.8%	7.1%	7.0%
Underwriting Expense Ratio	64.0%	63.7%	70.3%	59.8%	61.1%	66.8%	75.2%
Combined Ratio	55.6%	80.6%	80.6%	75.4%	95.9%	73.8%	82.2%
<u>Statutory</u>							
Loss and LAE Ratio	-12.6%	18.3%	15.9%	5.8%	18.1%	0.5%	0.0%
Underwriting Expense Ratio	53.1%	50.8%	45.3%	43.7%	53.1%	60.5%	64.9%
Combined Ratio	40.5%	69.1%	61.2%	49.6%	71.2%	61.0%	64.9%
<b>Other Financial Information</b>							
Par Amount Outstanding	\$ 30,324,655	\$ 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	\$ 13.55	\$ 12.47	\$ 12.02	\$ 11.17	\$ 11.06	\$ 9.86	\$ 8.76
Shareholder's Equity (Book Value)	369,062	322,656	311,505	289,255	185,590	169,042	150,276
Unearned premiums	183,780	165,580	140,043	120,182	77,845	59,201	45,555
Deferred Acquisition Costs	71,142	66,220	58,653	53,017	38,712	30,387	22,976
Present Value of							
Installment Premiums (1)	97,446	84,839	59,546	55,607	34,541	24,214	14,800
Unrealized Gains (Losses) on Investments	(5,645)	(4,540)	2,787	4,659	11,002	4,733	998
Adjusted Book Value Per Share	\$ 21.47	\$ 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 September 30, 2006 and December 31, 2005, the discount rate was 5.11% 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** <sup>(1)</sup>

(dollars in thousands)

	Scheduled Net Debt Service Amortization	Ending Net Debt Service Outstanding
2006 - Q2		\$ 47,430,097
2006 - remainder	\$ 1,391,759	\$ 46,038,338
2007	2,841,260	\$ 43,197,077
2008	2,582,305	\$ 40,614,772
2009	2,875,784	\$ 37,738,988
2010	2,513,930	\$ 35,225,058
2011-2015	11,413,938	\$ 23,811,120
2016-2020	8,332,720	\$ 15,478,401
2021-2025	6,163,787	\$ 9,314,613
2026 and thereafter	<u>9,314,613</u>	\$ -
Total	\$ 47,430,097	

**Estimated Net Unearned Premium Amortization and Estimated  
Future Installment Premiums** <sup>(1)</sup>

	Net Unearned Premiums <sup>(2)</sup>	Net Unearned Premium Amortization		Total Premium Earnings <sup>(4)</sup>
		Upfront	Installments <sup>(3)</sup>	
2006 - Q2	\$ 174,223			
2006 - remainder	\$ 167,053	\$ 7,170	\$ 11,429	\$ 10,460 <sup>(5)</sup>
2007	\$ 153,516	\$ 13,537	\$ 21,501	\$ 35,038
2008	\$ 140,718	\$ 12,798	\$ 19,127	\$ 31,925
2009	\$ 128,612	\$ 12,106	\$ 15,355	\$ 27,461
2010	\$ 117,208	\$ 11,404	\$ 12,954	\$ 24,359
2011-2015	\$ 69,636	\$ 47,572	\$ 41,968	\$ 89,540
2016-2020	\$ 37,450	\$ 32,186	\$ 24,648	\$ 56,833
2021-2025	\$ 16,973	\$ 20,477	\$ 17,319	\$ 37,796
2026 and thereafter	\$ -	<u>\$ 16,973</u>	<u>\$ 21,633</u>	<u>\$ 38,606</u>
Total		<u>\$ 174,223</u>	<u>\$ 185,935</u>	<u>\$ 352,018</u>

(1) Represents the existing insured issues portfolio as of the quarter ended June 30, 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, ear terminations and refundings

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

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

2006	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
<b>Public Finance</b>	\$ 4,369	\$ 5,403	\$ 8,714		\$ 18,486
<b>Structured Finance</b>	6,337	6,199	6,343		\$ 18,879
Total	\$ 10,706	\$ 11,602	\$ 15,057	-	\$ 37,365
<b>Refundings included in total</b>	\$ 621	\$ 1,938	\$ 2,847	\$ -	\$ 5,406

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

**Par Value and Adjusted Premiums <sup>(1)</sup>**  
(dollars in thousands)

	3rd Quarter		Year-to-Date	
	2006	2005	2006	2005
<b>Par Written</b>	\$ 2,805,236	\$ 2,343,115	\$ 6,192,172	\$ 6,970,925
<b>GAAP Premiums Written</b>	\$ 23,086	\$ 24,593	\$ 55,147	\$ 55,220
Less: Installment Premiums Written	\$ 9,244	\$ 10,936	\$ 23,319	\$ 24,110
Upfront Premiums Written	\$ 13,842	\$ 13,657	\$ 31,828	\$ 31,110
Plus: PV of Installment Premiums Written	\$ 23,457	\$ 11,127	\$ 39,633	\$ 42,006
<b>Adjusted Premiums Written</b>	\$ 37,299	\$ 24,784	\$ 71,461	\$ 73,116
U.S. Public Finance	\$ 10,081	\$ 8,176	\$ 25,367	\$ 19,158
U.S. Structured Finance	\$ 13,256	\$ 9,866	\$ 20,052	\$ 29,361
U.S. Total	\$ 23,337	\$ 18,042	\$ 45,419	\$ 48,519
International Public Finance	\$ 10,612	\$ 2,661	\$ 16,716	\$ 13,493
International Structured Finance	\$ 3,350	\$ 4,081	\$ 9,326	\$ 11,104
International Total	\$ 13,962	\$ 6,742	\$ 26,042	\$ 24,597
<b>Total Adjusted Premiums Written</b>	\$ 37,299	\$ 24,784	\$ 71,461	\$ 73,116

(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 September 30, 2006  
(dollars in thousands)

<b>Investments</b>	<b>Market Value</b>	<b>% of Market Value</b>	<b>Amortized Cost</b>	<b>Book Yield</b>	<b>Annualized Income</b>
Fixed Income Securities					
U.S.Treasuries	\$ 47,502	9.3%	\$ 48,425	4.4%	\$ 2,139
Agencies	82,970	16.3%	83,580	4.3%	3,614
Corporate	115,435	22.6%	117,228	4.5%	5,281
Municipal	12,450	2.4%	11,719	7.1%	828
Mortgage and Asset Backed	251,629	49.3%	254,679	5.0%	12,691
<b>Total Investments</b>	<b><u>\$ 509,986</u></b>	<b><u>100.0%</u></b>	<b><u>\$ 515,631</u></b>		<b><u>\$ 24,554</u></b>

<b>Maturity</b>	<b>Market Value</b>	<b>% of Market Value</b>
Within 1 Year	\$ 30,148	5.9%
1 to 5 Years	118,461	23.2%
5 to 10 Years	104,307	20.5%
More than 10 Years	257,070	50.4%
<b>Total Investment Income</b>	<b><u>\$ 509,986</u></b>	<b><u>100.0%</u></b>

*Average life: 6.06 years*  
*Duration: 4.03 years*

<b>Quality Distribution of Long-Term Fixed Income Investments</b>	
<b>Rating</b>	<b>% of Market Value</b>
Aaa	73.9%
Aa	10.9%
A	11.9%
Baa	0.0%
Cash	3.3%
	<b><u>100.0%</u></b>

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

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
<b>2006</b>				
Case Reserves	\$ 7,574	\$ 2,969	\$ 3,131	
Unallocated Reserves	<u>11,409</u>	<u>11,419</u>	<u>11,392</u>	
Total Reserves	<u>\$ 18,983</u>	<u>\$ 14,388</u>	<u>\$ 14,523</u>	<u>\$ -</u>
<b>2005</b>				
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
<b>Acquisition and Operating Expenses:</b>					
Operating expenses	4,208	4,447	3,450	-	\$ 12,105
Gross acquisition expenses	<u>4,247</u>	<u>5,379</u>	<u>7,092</u>	<u>-</u>	<u>\$ 16,718</u>
Gross acquisition and operating expenses	\$ 8,455	\$ 9,826	\$ 10,542	\$ -	\$ 28,823
<b>Deferred Expenses:</b>					
Acquisition expenses	(4,135)	(5,251)	(6,919)	-	(16,305)
Operating expenses	<u>(669)</u>	<u>(557)</u>	<u>(530)</u>	<u>-</u>	<u>\$ (1,756)</u>
<b>Total deferred expenses</b>	(4,804)	(5,808)	(7,449)	-	(18,061)
Change in deferred acquisition expenses	<u>3,833</u>	<u>4,098</u>	<u>5,208</u>	<u>-</u>	<u>\$ 13,139</u>
<b>Total acquisition and operating expense, net of deferred expenses</b>	<u>\$ 7,484</u>	<u>\$ 8,116</u>	<u>\$ 8,301</u>	<u>\$ -</u>	<u>\$ 23,901</u>

2005	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.	Year-to-Date
<b>Acquisition and Operating Expenses:</b>					
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
<b>Deferred Expenses:</b>					
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>
<b>Total deferred expenses</b>	(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>
<b>Total acquisition and operating expense, net of deferred expenses</b>	<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	\$ 71,142	
Unearned Premiums	140,043	165,580	169,450	175,334	183,780	
Present Value of Future Installment Premiums	<u>59,546</u>	<u>84,839</u>	<u>90,741</u>	<u>90,739</u>	<u>97,446</u>	
Adjusted Deferred Premiums	<u>\$ 199,589</u>	<u>\$ 249,419</u>	<u>\$ 260,191</u>	<u>\$ 266,073</u>	<u>\$ 281,226</u>	<u>\$ -</u>
Ratio	29.4%	26.5%	25.8%	25.8%	25.3%	

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

	Insured YTD, September 30, 2006		Outstanding as of September 30, 2006	
	Net Amount	%	Net Amount	%
<b>US Public Finance</b>				
General Obligation and Lease	\$ 632	10.2%	\$ 5,551	18.3%
Tax backed	360	5.8%	2,241	7.4%
Transportation	219	3.5%	2,512	8.3%
Healthcare	403	6.5%	2,186	7.2%
Utility	345	5.6%	2,911	9.6%
Investor Owned Utilities	29	0.5%	551	1.8%
Higher Education	68	1.1%	374	1.2%
Housing	31	0.5%	355	1.2%
Other	-	0.0%	83	0.3%
<b>Total Public Finance</b>	<b>\$ 2,087</b>	<b>33.7%</b>	<b>\$ 16,763</b>	<b>55.3%</b>
<b>US Structured Finance</b>				
Commercial ABS	\$ 1,455	23.5%	\$ 4,244	14.0%
Home Equity	473	7.6%	1,363	4.5%
Autos	172	2.8%	558	1.8%
Mortgage Backed Securities	144	2.3%	393	1.3%
Banks and Other Corporate	29	0.5%	94	0.3%
Other Consumer ABS	197	3.2%	526	1.7%
<b>Total Structured Finance</b>	<b>\$ 2,470</b>	<b>39.9%</b>	<b>\$ 7,179</b>	<b>23.7%</b>
<b>International</b>				
Asset Backed	\$ 845	13.7%	\$ 3,532	11.6%
Public Finance	504	8.1%	2,023	6.7%
Investor Owned Utilities and Other	286	4.6%	828	2.7%
<b>Total International</b>	<b>\$ 1,635</b>	<b>26.4%</b>	<b>\$ 6,383</b>	<b>21.0%</b>
<b>Total</b>	<b>\$ 6,192</b>	<b>100.0%</b>	<b>\$ 30,325</b>	<b>100.0%</b>

\* 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)*

	<u>Insured YTD, September 30, 2006</u>		<u>Outstanding as of September 30, 2006</u>	
	Net Amount	%	Net Amount	%
<b>Geographic Distribution</b>				
<b>United States</b>				
CALIFORNIA	\$ 437	7.1%	\$ 2,276	7.5%
NEW YORK	117	1.9%	1,617	5.3%
FLORIDA	165	2.7%	1,249	4.1%
TEXAS	115	1.9%	1,078	3.6%
ILLINOIS	168	2.7%	1,032	3.4%
WASHINGTON	51	0.8%	672	2.2%
PENNSYLVANIA	63	1.0%	634	2.1%
MICHIGAN	134	2.2%	628	2.1%
MASSACHUSETTS	36	0.6%	618	2.0%
NEW JERSEY	68	1.1%	603	2.0%
Other States	813	13.1%	6,030	19.9%
Multi-State	2,389	38.6%	7,504	24.7%
<b>US Sub-total</b>	<b>\$ 4,557</b>	<b>73.6%</b>	<b>\$ 23,941</b>	<b>79.0%</b>
<b>International</b>				
United Kingdom	\$ 496	8.0%	\$ 1,938	6.4%
Australia	125	2.0%	567	1.9%
Germany	-	0.0%	409	1.3%
Italy	150	2.4%	316	1.0%
Canada	28	0.5%	165	0.5%
Chile	0	0.0%	111	0.4%
Korea	29	0.5%	109	0.4%
Mexico	8	0.1%	96	0.3%
France	-	0.0%	94	0.3%
Turkey	20	0.3%	91	0.3%
Other Countries	208	3.4%	409	1.4%
Multinational	571	9.2%	2,078	6.9%
<b>Int. Sub-total</b>	<b>\$ 1,635</b>	<b>26.4%</b>	<b>\$ 6,383</b>	<b>21.0%</b>
<b>Total Par</b>	<b>\$ 6,192</b>	<b>100.0%</b>	<b>\$ 30,325</b>	<b>100.0%</b>

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

<b>Top 10 Largest Public Finance Exposures:</b>	Country	NPO	RAM Re Rating <sup>1</sup>
1 New Jersey (State of) GO / Appropriation	US	\$ 215	AA-
2 FL Citizens Property Insurance Corporation	US	188	A-
3 California (State of) - GO/Appropriation	US	187	A
4 New York City, NY	US	185	A
5 Chicago, IL	US	175	A+
6 Detroit (City of), MI GO	US	175	BBB-
7 WASHINGTON (State of) - GO/Appropriation	US	174	AA
8 MASSACHUSETTS (State of) - GO Appropriation	US	160	AA-
9 NEW YORK ST THRUWAY AUTH, NY - Gasoline Tax Statewide	US	160	AA-
10 Puerto Rico Electric Power Authority	PR	<u>145</u>	A-
<b>Total</b>		<b>\$ 1,765</b>	

<b>Top 10 Largest Structured Finance Exposures:</b>	Country	NPO	RAM Re Rating <sup>1</sup>
1 Super Senior Synthetic Pan European Res and Comm RE	MULTI	\$ 141	AAA
2 Super Senior Synthetic Static CDO of IG CMBS	US	125	AAA
3 Hertz Vehicle Financing LLC	US	121	BBB
4 Super Senior Synthetic CDO of IG Corporates	MULTI	120	AAA
5 ARG Funding Corp 2005-1 (Vanguard Car Rental)	US	119	BBB
6 Pooled Actuarial Insurance Policy Securitization - Reg XXX	US	113	A-
7 Pooled Actuarial Insurance Policy Securitization - Reg XXX	US	108	AA
8 GMACM HEL 2004-HE4	US	107	BBB
9 Super Senior Synthetic CDO of IG Corporates	MULTI	107	AAA
10 Senior Synthetic CLO	US	<u>105</u>	AA
<b>Total</b>		<b>\$ 1,165</b>	

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, September 30, 2006		Outstanding as of September 30, 2006	
	Net Amount	%	Net Amount	%
<b>Public Finance<sup>1</sup></b>				
AAA	\$ 71	2.5%	\$ 266	1.4%
AA	969	33.6%	6,932	35.3%
A	1,041	36.1%	8,795	44.8%
BBB	803	27.8%	3,515	17.9%
Below Investment Grade	-	0.0%	114	0.6%
<b>Total</b>	<b>\$ 2,883</b>	<b>100.0%</b>	<b>\$ 19,623</b>	<b>100.0%</b>

	Insured YTD, September 30, 2006		Outstanding as of September 30, 2006	
	Net Amount	%	Net Amount	%
<b>Structured Finance<sup>1</sup></b>				
AAA	\$ 1,770	53.5%	\$ 5,539	51.8%
AA	289	8.7%	938	8.8%
A	256	7.7%	1,395	13.0%
BBB	994	30.0%	2,652	24.8%
Below Investment Grade	0	0.0%	178	1.7%
<b>Total</b>	<b>\$ 3,309</b>	<b>100.0%</b>	<b>\$ 10,702</b>	<b>100.0%</b>

	Insured YTD, September 30, 2006		Outstanding as of September 30, 2006	
	Net Amount	%	Net Amount	%
<b>Total<sup>1</sup></b>				
AAA	\$ 1,841	29.7%	\$ 5,805	19.1%
AA	1,258	20.3%	7,870	26.0%
A	1,297	20.9%	10,190	33.6%
BBB	1,796	29.0%	6,167	20.3%
Below Investment Grade	0	0.0%	292	1.0%
<b>Total</b>	<b>\$ 6,192</b>	<b>100.0%</b>	<b>\$ 30,325</b>	<b>100.0%</b>

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)*

<b>Non-Investment Grade Exposures by:</b>	<u>Net Par Outstanding</u>	<u>Average RAM Re Rating <sup>1*</sup></u>
<b><u>Asset Type</u></b>		
<b>Public Finance</b>		
General Obligation and Lease	\$ 5	BB-
Tax backed	5	BB
Transportation	32	BB+
Healthcare	2	B+
Utility	-	B
Investor Owned Utilities	3	BB+
Higher Education	1	BB-
Housing	1	B+
Other	1	B-
<b>Total Public Finance</b>	<b>\$ 48</b>	<b>NA</b>
<b>Structured Finance</b>		
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-
<b>Total Structured Finance</b>	<b>\$ 195</b>	<b>NA</b>
<b>International</b>		
Public Finance	\$ 64	BB-
Asset Backed	1	BB-
<b>Total International</b>	<b>\$ 65</b>	<b>NA</b>
<b>Total</b>	<b>\$ 308</b>	<b>NA</b>

**Top Ten Non-Investment Grade Exposures as of June 30, 2006<sup>1</sup>:**

<b><u>Name or Description</u></b>	<b><u>Net Par Outstanding</u></b>
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
<b>Total Top Ten Non-Investment Grade Exposures</b>	<b>\$ 187</b>

\* 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](http://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 5.11% at September 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 premiums written (APW) are reported because it is used by management, analysts, rating agencies and investors as a measure of new business production. APW 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%). APW 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.