

RAM Reinsurance Company Ltd.
Summary of Mortgage and Collateralized Debt Obligation Exposure
April 16, 2010

The following summarizes RAM Re’s exposure to residential mortgage-backed securities, or RMBS, and collateralized debt obligations, or CDOs, as of December 31, 2009¹. RAM Re generally follows the classifications for mortgage and CDO securities used by the primary insurers and reported to RAM Re.

RAM Re Ratings

As a reinsurer we report outstanding exposure on a one quarter lag, which is consistent with the reinsurance industry practice. However, we closely monitor any credit changes on an ongoing basis through discussions with the primaries and rating agencies. The RAM Re ratings shown in the tables below take into consideration the current ratings of the primaries and the rating agencies as of our review on February 28, 2010.

Mortgage Securities Exposure

The following table summarizes RAM Re’s RMBS outstanding par exposure as of December 31, 2009 by loan type and vintage.

Total RMBS Exposure by Vintage

(\$MM)

	<u>Pre-2002</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>Grand Total</u>
Subprime	\$13.1	\$1.0	\$5.8	\$9.7	\$2.1	\$22.8	\$70.4	\$0.8	\$125.7
Other Mortgage	\$5.4	\$0.6	\$0.0	\$22.5	\$25.7	\$64.1	\$440.5	\$0.0	\$558.7
International	\$0.0	\$0.0	\$0.0	\$3.0	\$2.9	\$151.1	\$60.6	\$0.0	\$217.6
	<u>\$18.4</u>	<u>\$1.6</u>	<u>\$5.8</u>	<u>\$35.2</u>	<u>\$30.7</u>	<u>\$238.0</u>	<u>\$571.5</u>	<u>\$0.8</u>	<u>\$902.0</u>

¹ RAM Re reports outstanding exposures on a one-quarter lag basis.

The following table provides the break-down of RAM Re’s mortgage exposure outstanding as of December 31, 2009 for deals closed since January 1, 2005 by product type and RAM Re Rating.

**Mortgage Securities Exposure
Net Par Outstanding as of December 31, 2009
Vintages 2005-2008**

(\$MM)

<u>RMBS</u>	<u>RAM Re Rating</u>				<u>Total</u>
	<u>AAA/AA</u>	<u>A</u>	<u>BBB</u>	<u>BIG*</u>	
Prime 1sts	\$0.0	\$0.0	\$0.0	\$0.6	\$0.6
HELOCs	\$16.0	\$0.0	\$1.4	\$118.1	\$135.5
Closed-End Sec	\$2.1	\$0.0	\$5.5	\$68.2	\$75.7
Alt A	\$0.0	\$11.2	\$12.3	\$248.3	\$271.8
Option ARMs	\$0.0	\$0.0	\$0.0	\$45.6	\$45.6
Subprime	\$23.6	\$0.6	\$8.5	\$63.4	\$96.1
NIMs	\$0.0	\$0.0	\$0.2	\$0.9	\$1.1
International	\$213.9	\$0.0	\$0.7	\$0.0	\$214.6
Total	\$255.6	\$11.8	\$28.5	\$545.0	\$840.9

The typical RMBS securitization originally rated “A” or “BBB” by RAM Re is structured such that RAM Re’s exposure is to the senior-most risk layer. For such exposures, our outstanding par exposure in the table above typically represents a layer of risk starting from the rating shown in the table, up to and including the senior-most AAA risk layer.

The following table lists the top five largest issuers of US mortgage securities in RAM Re’s portfolio by RAM Re par outstanding and provides the outstanding par amount of HELOC, Closed-End Seconds (CES), Sub-prime, Option ARMs and Alt A issued by each as of December 31, 2009.

Total US RMBS Exposure by Issuer and Type

<u>Issuer Name</u>	<u>Outstanding Par</u>					
	<u>Total</u>	<u>Alt A</u>	<u>Opt ARM</u>	<u>HELOC</u>	<u>CES</u>	<u>Subprime</u>
1 Deutsche Bank	\$176.7	\$151.6	\$25.1	\$0.0	\$0.0	\$0.0
2 Countrywide	\$129.4	\$1.0	\$3.1	\$123.6	\$0.0	\$1.7
3 Residential Capital (GMAC-RFC)	\$81.3	\$0.0	\$0.0	\$13.6	\$54.4	\$13.3
4 MortgageIT	\$64.8	\$64.8	\$0.0	\$0.0	\$0.0	\$0.0
5 Impac Funding Corp	\$40.5	\$40.5	\$0.0	\$0.0	\$0.0	\$0.0
	\$492.7	\$257.9	\$28.2	\$137.2	\$54.4	\$15.0

CDO Exposure

RAM Re also has exposure to mortgage collateral in CDOs. RAM Re's exposure to CDOs with significant mortgage collateral is a sub-set of our CDOs backed by multi-sector ("MS") collateral (see definition below). The following table sets forth the RAM Re Rating of the MS CDOs in our portfolio as of December 31, 2009.

Multi-Sector CDOs by RAM Re Rating

(\$MM)

<u>RAM Re Rating</u>	<u>Outsdg Par</u>	<u>Pct</u>
AAA	\$121.8	100.0%
AA	\$0.0	0.0%
A	\$0.0	0.0%
BBB	\$0.0	0.0%
BIG	\$0.0	0.0%
	<u>\$121.8</u>	<u>100.0%</u>

The following table segregates RAM Re's MS CDOs into four classifications:

- HG - which are high grade securities (originally rated single-A or higher),
- CMBS - which are commercial mortgage-backed securities,
- Mez - which are mezzanine securities (rated below single-A, primarily BBB) and
- CDO - which are CDOs backed by CDOs (or "CDO-squared").

Multi-Sector CDOs by Collateral Type

(\$MM)

<u>CDO Type</u>	<u>Outsdg Par</u>	<u>Pct</u>
HG	\$69.1	56.7%
CMBS	\$52.8	43.3%
Mez	\$0.0	0.0%
CDO	\$0.0	0.0%
	<u>\$121.8</u>	<u>100.0%</u>

The vintage distribution, based on closing date of CDO issuance, of RAM Re’s MS CDOs is broken out by CDO Type in the table below:

Multi-Sector CDOs by Vintage and Type

(\$MM)

	<u>HG</u>	<u>CMBS</u>	<u>Mez</u>	<u>CDO</u>	<u>Total</u>
2002	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2003	\$69.1	\$0.0	\$0.0	\$0.0	\$69.1
2004	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2005	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2006	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
2007	\$0.0	\$52.8	\$0.0	\$0.0	\$52.8
	<u>\$69.1</u>	<u>\$52.8</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$121.8</u>

As shown in the following table, RAM Re’s total CDO par exposure was \$3.5billion as of December 31, 2009. The following table breaks down RAM Re’s total CDO exposure by type of CDO:

Total CDO Exposure by Type of CDO

(\$MM)

<u>CDO Type</u>	<u>Outsdg Par</u>	<u>Pct</u>
HY	\$2,807.9	80.1%
DBL	\$248.1	7.1%
IG	\$223.0	6.4%
MS	\$121.8	3.5%
EM	\$103.5	3.0%
	<u>\$3,504.4</u>	<u>100.0%</u>

The definitions of the CDO types in the above table are as follows:

- IG** – Investment grade corporate (predominantly corporate, may include limited ABS)
- HY** – Non-investment grade corporates, predominantly CLOs backed by corporate loans
- MS** – Multi-sector collateral, which may include MBS (including Sub-prime), ABS, CDOs, CMBS and other asset-backed securities
- EM** – Emerging market sovereign debt obligations
- DBL** – “Double-Wrap” or “second-to-default” CDOs that are backed by collateral, but are wrapped by a financial guaranty company.

RAM Re's HY CDOs are further segregated by collateral and structure in the following table:

HY CDO Exposure by Collateral Type

(\$MM)

CLO	Outsdg	
<u>Breakdown</u>	<u>Par</u>	<u>Pct</u>
CF CLO	\$1,825.5	65.0%
MV CLO	\$410.4	14.6%
TRUPs	\$403.1	14.4%
HY Synth	\$168.9	6.0%
	<u>\$2,807.9</u>	<u>100.0%</u>

The definitions of the CLO types in the above table are as follows:

- CF CLO -** Cash Flow CLO transactions secured primarily by secured term loans to large or middle market below investment grade corporations.
- Trups -** Trust Preferred CDO transactions secured primarily by long term (30 year), deeply subordinated securities issued by banks, insurance companies or REITs.
- MV CLO -** Market Value CLO transactions secured by a range of debt and equity securities issued by generally below investment grade corporations. Overcollateralization requirements are set according to a schedule based primarily on asset type. Collateral is valued periodically. If collateral values do not result in the required overcollateralization, manager must sell assets to either rebalance the portfolio or pay down senior notes to bring tests into compliance.
- HY Synth -** High Yield Synthetic credit derivative transactions that reference a static pool of credit default swaps against below investment grade, corporate credits.

The distribution of RAM Re's total outstanding CDO portfolio by RAM Re rating is as follows:

Total CDO Exposure by Rating

(\$MM)

RAM Re	Outsdg	
<u>Rating</u>	<u>Par</u>	<u>Pct</u>
AAA	\$2,577.2	73.5%
AA	\$255.0	7.3%
A	\$260.5	7.4%
BBB	\$164.1	4.7%
BIG	\$247.5	7.1%
	<u>\$3,504.4</u>	<u>100.0%</u>

The distribution of RAM Re's TRUPs portfolio by RAM Re rating is as follows:

Total TRUPs Exposure by Rating

(\$MM)

RAM Re Rating	Outsdg Par	Pct
AAA	\$0.3	0.1%
AA	\$17.2	4.3%
A	\$13.2	3.3%
BBB	\$125.6	31.2%
BIG	\$246.9	61.3%
	<u>\$403.1</u>	<u>100.0%</u>