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SOVEREIGN RISK ANNOUNCES COMPLETION OF A \$500 MILLION CAPITAL MARKETS TRANSACTION IN BRAZIL

Political Risk Insurance Assists Banco Bradesco S.A. Bond Issue in Achieving Baa1 Rating (Moody's)

HAMILTON, Bermuda, November 19, 2003 - Sovereign Risk Insurance Ltd. ("Sovereign") announced the issuance of a political risk insurance policy in connection with a capital markets transaction covering a dollar-denominated bond issue by Banco Bradesco S.A. ("Bradesco"), Brazil's largest private bank. The policy was issued in support of US\$500 million 10-year subordinated notes, issued pursuant to Rule 144A/Regulation S. The proceeds of the bonds will be used to finance Bradesco's growing lending activities in Brazil. The issue, which originally was sized at US\$300 million, was heavily over-subscribed, and was increased to US\$500 million.

The 10-year political risk insurance policy covers up to 18 months of interest payments on the bonds against the risks of currency inconvertibility and non-transfer. Merrill Lynch & Co. acted as sole placement agent for the bonds.

Moody's assigned a "Baa1" rating to the subordinated notes based on the fundamental credit quality of Bradesco, its ability to make payments to subordinated creditors, and to the existence of Sovereign's currency inconvertibility and non-transfer policy. This rating is seven notches above the long-term foreign currency debt rating of the Federative Republic of Brazil (rated "B2" (Moody's)).

Christina Westholm-Schröder, Sovereign's Chief Underwriter commented, "We are pleased to have been able to assist Bradesco in a successful bond issue that has received a great deal of attention from institutional investors. Bradesco is Brazil's largest private bank, and I believe that its successful issue testifies to the renewed interest among investors in Brazilian paper, as well as to the value attributed to the inconvertibility and non-transfer coverage in structuring rated cross-border transactions."

Mr. Jose Guilherme Lembi de Faria, Banco Bradesco's Managing Director noted that, "The issue was so well received that we increased the issue size considerably over our original target. The insurance coverage provided by Sovereign helped Moody's to rate the bonds Baa1, considerably higher than the rating for Brazilian government debt, and we are very pleased with the outcome. These funds will be used to boost our lending activities and to respond to anticipated increase in demand for credit as the Brazilian economy recovers".

Bermuda-based Sovereign is one of the world's leading providers of political risk insurance and reinsurance to financial institutions, national export credit agencies, multilateral developmental agencies and global equity investors. Sovereign has the ability to issue political risk insurance policies for amounts up to \$125 million and for periods up to 15 years. Sovereign is a 50-50 joint venture between ACE Bermuda Insurance, Ltd., a wholly owned subsidiary of ACE Limited (NYSE: ACE) and XL Insurance (Bermuda) Ltd, a wholly owned subsidiary of XL Capital Ltd (NYSE: XL). More information can be found on Sovereign's website: www.sovereignbermuda.com
