



News Release

TORONTO, July 29, 2004

SECOND QUARTER FINANCIAL RESULTS AND DECLARATION OF DIVIDEND

Northbridge Financial Corporation's net earnings in the second quarter of 2004 were \$43.3 million (\$0.85 per share), earning a pre-tax underwriting profit of \$28.7 million and achieving a combined ratio of 90.6%. Earnings for the first six months were \$75.5 million (\$1.49 per share). Our combined ratio for the first six months was 91.7%, producing a pre-tax underwriting profit of \$48.9 million.

Northbridge Financial Corporation also announces that it has declared a dividend of \$0.15 per share on its outstanding common shares, payable on September 30, 2004 to shareholders of record on August 31, 2004.

During the second quarter, net premiums written increased 14.7% to \$354.1 million, while year-to-date the increase was 12.8% to \$617.4 million. Investment income earned was \$39.0 million for the second quarter and \$69.4 million for the six months, including net realized gains on portfolio investments of \$23.3 for the second quarter and \$28.6 million for the six month period. At June 30, 2004 the pre-tax unrealized gain on portfolio investments was \$108.4 million, compared to \$125.7 million at the end of 2003.

The following table presents a summary of the second quarter and six months financial results:

| | <u>THREE MONTHS ENDED</u> | | <u>SIX MONTHS ENDED</u> | |
|------------------------|--|-------------|-------------------------|-------------|
| | <u>JUNE 30</u> | | <u>JUNE 30</u> | |
| | <i>(\$millions except per share amounts and %)</i> | | | |
| | <u>2004</u> | <u>2003</u> | <u>2004</u> | <u>2003</u> |
| Total revenue | 344.5 | 323.4 | 656.4 | 572.8 |
| Underwriting profit | 28.7 | 15.2 | 48.9 | 25.3 |
| Combined ratio | 90.6% | 93.7% | 91.7% | 94.5% |
| Net earnings | 43.3 | 57.5 | 75.5 | 86.5 |
| Net earnings per share | \$0.85 | \$1.16 | \$1.49 | \$1.77 |

Northbridge's interim report for the six months ended June 30, 2004 may be accessed at its website www.northbridgefinancial.com. As previously announced, Northbridge will hold a conference call at 9:30 am ET on Friday, July 30, 2004 to discuss its second quarter financial results.

Northbridge, which through its subsidiaries provides property and casualty insurance products primarily in the Canadian market as well as in selected U.S. and international markets, is one of the largest commercial property and casualty insurers in Canada based on gross premiums written.

-30-

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