



News Release

TORONTO, October 28, 2004

THIRD QUARTER FINANCIAL RESULTS AND DECLARATION OF DIVIDEND

Northbridge Financial Corporation's net earnings for the third quarter of 2004 were \$38.5 million (\$0.76 per share), earning a pre-tax underwriting profit of \$33.0 million and achieving a combined ratio of 89.4%. Our third quarter results reflect the adverse impact of \$32.6 million in weather-related losses from the hurricanes in the U.S. Southeast, the floods in Peterborough, Ontario and hailstorms in Western Canada. Net earnings for the first nine months of 2004 were \$114.1 million (\$2.24 per share). Our combined ratio for the first nine months was 90.9%, producing a pre-tax underwriting profit of \$82.0 million.

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

During the third quarter, net premiums written increased 4.4% to \$295.2 million, while the nine months increase was 9.9% to \$912.6 million. Investment income earned was \$30.5 million for the third quarter and \$99.9 million for the nine months, including net realized gains on portfolio investments of \$13.0 million for the third quarter and \$41.6 million for the nine month period. At September 30, 2004 the pre-tax unrealized gain on portfolio investments was \$91.5 million, compared to \$125.7 million at the end of 2003.

The following table presents a summary of the third quarter and nine months financial results:

	<u>THREE MONTHS ENDED</u> <u>SEPTEMBER 30</u>		<u>NINE MONTHS ENDED</u> <u>SEPTEMBER 30</u>	
	<i>(\$millions except per share amounts and %)</i>			
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Total revenue	343.0	278.5	999.4	851.3
Underwriting profit	33.0	18.9	82.0	44.1
Combined ratio	89.4%	92.7%	90.9%	93.9%
Net earnings	38.5	22.8	114.1	109.3
Net earnings per share	\$0.76	\$0.45	\$2.24	\$2.21

Northbridge's interim report for the third quarter and nine months ended September 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, October 29, 2004 to discuss its third quarter and nine months 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.

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