



## News Release

TORONTO, CANADA, July 28, 2005

### SECOND QUARTER FINANCIAL RESULTS AND DECLARATION OF DIVIDEND

*(Note: All dollar amounts in this news release are expressed in Canadian dollars)*

Northbridge Financial Corporation (TSX:NB) announces net earnings for the second quarter of 2005 of \$68.4 million (\$1.35 per share), an increase of 57.9% over net earnings of \$43.3 million (\$0.85 per share) for the second quarter of 2004. Underwriting profit for the second quarter increased 21.0% year-over-year to \$34.7 million from \$28.7 million, with an improvement in the combined ratio<sup>1</sup> to 88.3% from 90.6%. Net realized gains on sales of portfolio investments of \$40.2 million during the second quarter contributed to total investment income of \$63.8 million compared to \$39.0 million in the year ago quarter.

For the first six months of 2005, earnings grew 65.8% to \$125.2 million (\$2.46 per share) from \$75.5 million (\$1.49 per share) in the first six months of 2004. Underwriting profit for the first half of 2005 was \$59.3 million, a 21.1% increase over underwriting profit of \$48.9 million achieved in the first half of 2004, improving the combined ratio to 89.8% from 91.7% in the same period last year. Total investment portfolio income in the first half of 2005 was \$120.9 million, including \$80.1 million in net realized gains on sales of portfolio investments, compared to \$69.4 million in the first six months of 2004, an increase of 74.2%.

Northbridge also announces that its Board of Directors has declared a dividend of \$0.165 per share on its outstanding common shares, payable on September 30, 2005 to shareholders of record on August 31, 2005.

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

For The Periods Ended June 30 (\$ millions except per share amounts and %)	Second Quarter		Six Months	
	2005	2004	2005	2004
Total revenue	<b>360.9</b>	344.5	<b>707.3</b>	656.3
Underwriting profit	<b>34.7</b>	28.7	<b>59.3</b>	48.9
Combined ratio	<b>88.3%</b>	90.6%	<b>89.8%</b>	91.7%
Net earnings	<b>68.4</b>	43.3	<b>125.2</b>	75.5
Net earnings per share	<b>\$1.35</b>	\$0.85	<b>\$2.46</b>	\$1.49

<sup>1</sup>The combined ratio is the sum of two components: the loss ratio, which represents claims and loss adjustment expenses ("LAE") incurred, net of reinsurance, expressed as a percentage of net premiums earned, and the expense ratio, which represents expenses including commissions, premium taxes and all general and administrative expenses incurred in operating the business during a period, expressed as a percentage of net premiums earned during that period. A combined ratio below 100% indicates profitable underwriting, while a combined ratio over 100% indicates unprofitable underwriting. The combined ratio does not include consideration of investment income. The underwriting ratios (the loss and expense ratios and the combined ratio) are all non-GAAP measures and do not have standard meanings prescribed by GAAP. They may not be comparable to similar measures used by other companies.

As previously announced, Northbridge will hold a conference call and webcast at 9:30 am ET on Friday, July 29, 2005 to discuss its second quarter results. The call, consisting of a presentation by management of the Company followed by a question period, will be broadcast live on the internet through the Company's website at [www.northbridgefinancial.com](http://www.northbridgefinancial.com) or may be accessed by telephone at (416) 695-5261 or (800) 766-6630. Presentation materials will be posted on the Company's website under "Financial Information" prior to the call. A replay will be available following the call on the same website or via telephone at (416) 695-5275 or (866) 518-1010 until midnight on Friday, August 12, 2005.

Northbridge's second quarter report may be accessed on its website under "Financial Information" after the close of markets on Thursday, July 28, 2005.

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. Northbridge common shares are listed and traded under the symbol NB on the Toronto Stock Exchange. Visit Northbridge at [www.northbridgefinancial.com](http://www.northbridgefinancial.com) for more information.

### **Forward-Looking Information**

Statements in this release about future plans, intentions, results, levels of activity, performance, goals, achievements or other future events constitute forward-looking statements. In some cases forward-looking statements may be identified by the use of words such as "may", "will", "should", "could", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts" or "potential" or the negative or other variations of these words, or other comparable words or phrases. Although we believe that the expectations reflected in our forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements or other future events. These statements involve known and unknown risks, uncertainties and other factors about the Company, the economy and the insurance industry generally that may cause actual results or events to differ materially from those expressed, implied or anticipated in such forward-looking statements. These risks, uncertainties and other factors include, but are not limited to, the risk factors described in our annual information form and other securities filings which may be accessed on [www.sedar.com](http://www.sedar.com). We are under no obligation and have no intention to update or alter any of our forward-looking statements as a result of new information, future events or otherwise, except as required by law. Readers should not place undue reliance on forward-looking statements.

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