



News Release

TORONTO, CANADA, November 1, 2007

THIRD QUARTER FINANCIAL RESULTS, DIVIDEND DECLARATION AND NORMAL COURSE ISSUER BID

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

Northbridge Financial Corporation (TSX:NB) today announced net earnings of \$53.9 million (\$1.06 per share) for the third quarter of 2007, which compares to net earnings of \$30.9 million (\$0.61 per share) for the third quarter of 2006. Underwriting profit was \$32.7 million for the third quarter of 2007, improved from \$18.6 million for the third quarter of 2006, and produced a combined ratio of 88.4% for the third quarter of 2007 compared to 93.6% for the same period one year earlier. Underwriting results and the combined ratio for the third quarter of 2007 were affected by favourable foreign exchange movement on translation of claims denominated in U.S. dollars, reducing claims expense and combined ratio by \$20.4 million and 7.2 percentage points, respectively. Net investment income was \$47.6 million for the third quarter of 2007 compared to \$34.9 million for the third quarter of 2006, and included net gains on portfolio investments of \$16.4 million compared to \$3.8 million for the third quarter of 2006.

Net earnings for the first nine months of 2007 were \$215.6 million (\$4.24 per share), which compares to net earnings of \$130.0 million (\$2.56 per share) for the first nine months of 2006. Underwriting profit for the first nine months of 2007 was \$86.3 million, which compares to \$6.6 million for the same period in 2006, and resulted in a combined ratio of 89.6% for the first nine months of 2007 compared to 99.2% for the same period in 2006. The effect of the previously described foreign exchange movement on the first nine months of 2007 resulted in a \$50.5 million reduction in claims expense and a 6.1 percentage point reduction on the combined ratio. Net investment income was \$199.6 million for first nine months of 2007 compared to \$202.5 million for the first nine months of 2006, and included net realized gains on sales of portfolio investments of \$104.7 million compared to \$121.3 million for the first nine months of 2006.

Northbridge also announced that its Board of Directors has declared a dividend of \$0.165 per share on its outstanding common shares, payable on December 31, 2007 to shareholders of record on November 30, 2007.

Northbridge also intends to make a normal course issuer bid, subject to regulatory approval, for up to 2,480,000 of its outstanding common shares through the facilities of the TSX at the prevailing market price at the time of purchase. Northbridge believes that in appropriate circumstances its common shares represent an attractive investment opportunity and that, consequently, purchases under the bid will enhance the value of the shares held by the remaining shareholders.

The normal course issuer bid will begin on November 6, 2007 and will end on the earlier of the date on which purchases under the bid have been completed and November 5, 2008. Up to 200,000 of the common shares available for repurchase under the bid may be purchased and held by an affiliate of Northbridge in respect of outstanding and future stock option grants. All common shares purchased by Northbridge under the bid, other than those purchased and held by such affiliate, will be cancelled. All purchases under the bid will be made through the facilities, and in accordance with the requirements, of the TSX.

As of November 1, 2007, Northbridge had 50,009,359 common shares outstanding. The 2,480,000 common shares available for repurchase under the normal course issuer bid represent approximately 5% of Northbridge's issued and outstanding shares. The average daily trading volume of Northbridge's common shares on the TSX for the six months ended October 31, 2007, calculated in accordance with the rules of the TSX for the purposes of the bid, is 53,534 shares.

Northbridge has purchased 841,947 of its common shares for cancellation at an average price per share of \$34.84 under its normal course issuer bid which commenced November 6, 2006 and will terminate on November 5, 2007.

The following table presents a summary of the third quarter and year to date financial results:

For the Periods Ended September 30 (in \$ millions except per share amounts and percentages)	Third Quarter		Nine Months	
	2007	2006	2007	2006
Total revenue ¹	328.4	326.4	1,026.0	1,070.7
Underwriting profit	32.7	18.6	86.3	6.6
Combined ratio ²	88.4%	93.6%	89.6%	99.2%
Net earnings	53.9	30.9	215.6	130.0
Net earnings per share	\$1.06	\$0.61	\$4.24	\$2.56
Net earnings per diluted share	\$1.06	\$0.61	\$4.23	\$2.55

¹Total revenue consists of net premiums earned, interest and dividend income and net gains on portfolio investments.

²The combined ratio is the sum of two components: the loss ratio, which represents claims and loss adjustment expenses 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, expense and combined ratios) 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 (Toronto time) on Friday, November 2, 2007 to discuss its third quarter results, available on the Company's website at www.norfin.com under "Financial Information". The call, consisting of a presentation by management followed by a question period, will be broadcast live on the internet through the Company's website or may be accessed by telephone at (416) 641-6117 or (866) 225-9256. 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) 695-5800 or (800) 408-3053 (passcode 3239879) until midnight on Friday, November 16, 2007.

Northbridge is the leading commercial property and casualty insurance group in Canada, providing property and casualty insurance products through its subsidiaries primarily in Canada through multiple distribution channels. Northbridge common shares are listed and traded under the symbol NB on the Toronto Stock Exchange. Visit Northbridge's website at www.norfin.com for more information.

This release includes registered and unregistered product names, trade names, trademarks and service marks of Northbridge, Lombard, Markel, Commonwealth, Federated and other companies, each of which is the property of its respective owner.

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”, “would”, “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 Northbridge believes that the expectations reflected in its forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievements or other future events. Readers should not place undue reliance on forward-looking statements as they involve known and unknown risks, uncertainties and other factors about Northbridge, the business environment in which it operates, 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 following factors which are more fully described in Northbridge's Annual Information Form and other filings with Canadian securities regulators (accessible on SEDAR – System for Electronic Document Analysis and Retrieval – at www.sedar.com: the adequacy of claims reserves; unpredictable catastrophic events; ability to alleviate risk through reinsurance coverage; the cyclical nature of the property and casualty insurance industry; competitive market environment; credit risks associated with reinsurers and certain insureds and brokers; ability to achieve investment returns; subsidiaries' ability to maintain their financial strength ratings; changes in the business, economic and political environment; changes in government regulation; periodic negative publicity regarding the insurance industry; litigation and regulatory actions; reliance on independent brokers and third parties to sell certain products; reliance on information technology and telecommunications systems; dependence on operating management; dependence on the financial performance of subsidiaries; uncertainties associated with critical accounting estimates and assumptions; and foreign currency fluctuations. Northbridge is under no obligation and has no intention to update or alter any of its forward-looking statements as a result of new information, future events or otherwise, except as required by law.

In addition, the preparation of Northbridge's financial statements in accordance with Canadian generally accepted accounting principles requires it to make estimates and assumptions about future events which affect certain amounts reported in the financial statements and amounts derived therefrom, including amounts presented in this release. Those critical accounting estimates and assumptions principally relate to the establishment of provisions for claims and expenses, other than temporary impairments of investments,

amounts receivable and recoverable from reinsurers and income taxes. As more information becomes known, these estimates and assumptions could change and impact future results. For a more complete discussion of critical accounting estimates and assumptions, please refer to the Company's filings with Canadian securities regulators (accessible on SEDAR at www.sedar.com).

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