



News Release

TORONTO, CANADA, October 30, 2008

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 \$74.6 million (\$1.52 per share) for the third quarter of 2008, which compares to net earnings of \$53.9 million (\$1.06 per share) for the third quarter of 2007. Underwriting loss for the third quarter of 2008 was \$37.8 million, compared to an underwriting profit of \$32.7 million for the same period in 2007, producing a combined ratio of 113.0% for the third quarter of 2008 compared to 88.4% for the same period in 2007 (108.7% and 95.6%, respectively, after adjusting to exclude the foreign exchange translation impact on U.S. dollar – denominated claims liabilities for those periods). Total net investment income was \$151.7 million for the third quarter of 2008 compared to \$47.6 million for the third quarter of 2007. Investment results for the third quarter of 2008 included net gains on portfolio investments of \$125.2 million compared to net gains of \$16.4 million for the third quarter of 2007.

Net earnings for the first nine months of 2008 were \$97.7 million (\$1.98 per share), which compares to net earnings of \$215.6 million (\$4.24 per share) for the first nine months of 2007. Underwriting loss for the first nine months of 2008 was \$33.4 million, compared to an underwriting profit of \$86.3 million for the same period in 2007, producing a combined ratio of 103.9% for the first nine months of 2008 compared to 89.6% for the same period in 2007 (101.6% and 95.7%, respectively, after adjusting to exclude the foreign exchange translation impact). Total net investment income was \$188.5 million for first nine months of 2008 compared to \$199.6 million for the first nine months of 2007. Investment results for the first nine months of 2008 included net gains on portfolio investments of \$101.6 million compared to net gains of \$104.7 million for the first nine months of 2007.

For the period of October 1, 2008 to October 25, 2008, Northbridge had \$19.3 million of net losses on investments related to its credit default swap portfolio. Proceeds on sales of credit default swaps were \$20.0 million for the same period. As at October 25, 2008, the fair market value of Northbridge's credit default swaps was \$53.4 million compared to \$92.7 million as at September 30, 2008, while the cost of the credit default swaps was \$8.1 million, compared to \$10.1 million as at September 30, 2008, reflecting sales for that period. The values of the credit default swaps can be volatile and may, along with their liquidity, vary dramatically either up or down in short periods. Ultimate proceeds will therefore only be known upon their disposition.

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	
	2008	2007	2008	2007
Total revenue ¹	442.9	328.4	1,040.8	1026.0
Underwriting profit (loss)	(37.8)	32.7	(33.4)	86.3
Combined ratio ²	113.0%	88.4%	103.9%	89.6%
Net earnings	74.6	53.9	97.7	215.6
Net earnings per share	\$1.52	\$1.06	\$1.98	\$4.24
Net earnings per diluted share	\$1.52	\$1.06	\$1.98	\$4.23

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

²The 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. The 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.

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, 2008 to shareholders of record on November 28, 2008.

As of October 30, 2008, Northbridge had completed the normal course issuer bid which it commenced on November 6, 2007. Under the bid, Northbridge purchased 2,340,000 of its common shares for cancellation at an average price per share of \$29.04.

Northbridge intends to make a further normal course issuer bid, subject to regulatory approval, for up to 2,367,000 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, 2008 and will end on the earlier of the date on which purchases under the bid have been completed and November 5, 2009. 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 potential future stock option grants. All purchases under the bid will be made through the facilities, and in accordance with the requirements, of the TSX and shares purchased by Northbridge other than those purchased and held by its affiliate, will be cancelled.

As of October 30, 2008, Northbridge had 47,704,691 common shares outstanding. The 2,367,000 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 September 30, 2008, calculated in accordance with the rules of the TSX for the purposes of the bid, was 58,024 shares.

As previously announced, Northbridge will hold a conference call and webcast at 9:30 am (Toronto time) on Friday, October 31, 2008 to discuss its third quarter results for 2008. The call, consisting of a presentation by management followed by a question period, will be broadcast live on the internet through Northbridge's website at www.norfin.com under "Investor Relations" or may be accessed by telephone at (416) 641-2140 or (800) 952-4972. Northbridge's quarterly report to shareholders and presentation materials will be posted to the "Investor Relations" section of Northbridge's website 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 3273334) until midnight (Toronto time) on Friday November 14, 2008.

Northbridge is the largest commercial property and casualty insurance group in Canada, providing property, automobile, general liability and a wide range of other commercial insurance products to businesses primarily in Canada. 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 its 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; the cyclical nature of the property and casualty insurance industry; competitive market environment; ability to alleviate risk through reinsurance coverage; credit risks associated with reinsurers, 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; 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; adequacy and effectiveness of risk management framework; dependence on operating management

and key personnel; 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 its 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 Northbridge's filings with Canadian securities regulators (accessible on SEDAR at www.sedar.com).

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