

NORTHBRIDGE FINANCIAL CORPORATION
(the “Corporation”)

MANDATE OF THE BOARD OF DIRECTORS

1. PURPOSE

The purpose of this Mandate is to clarify and define the boundaries between the roles and responsibilities of management and the Board of Directors of the Corporation (the “Board”). The Board explicitly assumes responsibility for the stewardship of the Corporation.

2. PRINCIPAL DUTIES OF THE BOARD

(a) General

The fundamental responsibility of the Board is to supervise the management of the business and affairs of the Corporation. In doing so, each director must act honestly and in good faith with a view to the best interests of the Corporation and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board must be fully informed of the Corporation’s affairs, be actively engaged in the development of the Corporation’s strategic direction and must supervise how that direction is conducted by management. In doing so, the Board is responsible for appointing a competent executive management team. The Board will oversee and monitor the management of the business of the Corporation by that team.

To ensure that the decisions and actions of management serve the interests of the Corporation, the Board will carry out its Mandate either directly or through the following committees of the Board: the Audit Committee, the Compensation Committee, and the Corporate Governance and Nominating Committee. The Board may also appoint other committees from time to time.

(b) Integrity of Management

The Board delegates authority to the chief executive officer (“CEO”) for the overall management of the Corporation. This includes strategy and operations to ensure the Corporation’s long term success. To ensure the integrity of the CEO, the Board will:

- approve the position description for the CEO, a position which will be separate from the chair of the Board (“Chair”). This position description will delineate the responsibilities and corporate goals and objectives that the CEO is responsible for meeting;
- assess the performance of the CEO against a set of mutually agreed corporate objectives through a process that includes a comparison of the CEO’s performance

against the duties outlined in the CEO position description and review of the CEO's performance by the Board and the Compensation Committee; and

- approve CEO compensation.

The Board will also satisfy itself as to the integrity of the CEO, senior management and employees of the Corporation through monitoring compliance with the Corporation's Code of Business Conduct and Ethics (the "Code") and its Whistleblower Policy. The Board will satisfy itself that the CEO and senior management create and maintain a culture of integrity throughout the organization.

(c) Strategic Planning Process

The Board will:

- adopt a strategic planning process and periodically review and approve a corporate strategic plan for the operating subsidiaries of the Corporation;
- review operating and financial performance results relative to established strategy, budgets and objectives;
- monitor the progress of the Corporation against the goals addressed in the strategic plan; and
- approve all major corporate transactions.

(d) Principal Risks and Management Systems

The Board will:

- identify and review with management the principal business risks to the Corporation. The Board will ensure that appropriate procedures are implemented to identify, monitor, manage and mitigate those risks;
- ensure that effective systems are in place to monitor the integrity of the Corporation's internal controls and management information systems;
- confirm that management processes are in place to address and comply with applicable laws and regulations, including applicable corporate, securities and regulatory requirements; and
- confirm and monitor that processes are in place to comply with the Corporation's by-laws, the Code and the Whistleblower Policy.

(e) Succession Planning

In meeting its responsibilities relating to succession planning, the Board will satisfy itself that senior management possess the necessary level of integrity, skill and experience to fulfill their respective functions and will:

- appoint senior management and approve their compensation, based on level and amount of responsibility, as recommended by the Compensation Committee;
- monitor the performance of senior management against corporate objectives directed at maximizing the financial value of the Corporation;
- establish a process to adequately provide for management succession, including the selection, recruitment, appointment, development, evaluation and, where necessary, termination of the CEO and other members of senior management.

(f) Communications Policy and Public Disclosure

The Board will confirm that the Corporation has a system for corporate communications to shareholders and the public, including processes for consistent, transparent and timely public disclosure. In doing so, the Board will:

- adopt policies relating to, among other matters, the confidentiality of the Corporation's business information and conflicts of interest;
- ensure the Corporation maintains the communications systems to effectively communicate with its stakeholders and provide full, accurate and timely public disclosure, including a public disclosure policy and whistleblower policy;
- assure themselves that information and reporting systems exist in the Corporation that are reasonably designed to provide timely accurate information sufficient to allow themselves and management to reach informed decisions; and
- review the Corporation's financial statements and oversee its compliance with applicable audit, accounting and reporting requirements.

(g) Corporate Governance and Governance Guidelines

To ensure that the Corporation continues to uphold a high standard in governance practices, the Board will:

- establish appropriate structures and procedures to allow the Board to function independently of management;
- appoint a Corporate Governance and Nominating Committee composed of directors who meet the criteria for independence contained in applicable laws and stock exchange rules and regulations;

- clearly articulate what is expected from a director by developing a position description for directors, the Chair, the CEO and the chair of each Board committee;
- establish boundaries between Board and senior management responsibilities and establish limits of authority delegated to senior management; and
- review and assess the adequacy of the charters of each Board committee on an annual basis.

3. BOARD ORGANIZATION

The Corporation will only recruit Board members who have sufficient time and energy to devote to the task of being a director.

(a) Qualifications

The Board will determine Board member qualifications. In doing so, the Board will first determine the competencies and skills the Board as a whole is expected to possess. The Board will then determine what competencies and skills existing directors have, to ensure the capabilities and qualities of each director contribute to the Board's role in the Corporation.

(b) Composition

The Board will consist of directors who represent diverse personal experiences and backgrounds, particularly amongst the independent directors. At a minimum, each director candidate shall have demonstrated the highest personal and professional integrity; significant achievement in his or her field; experience and expertise relevant to the Corporation's business; a reputation for sound and mature business judgment; the commitment to devote the necessary time and effort in order to conduct his or her duties effectively; and, where required, financial literacy. The Board will also ensure that at least 25% of its members are residents of Canada (so long as this is required under applicable law).

(c) Size

The Board will periodically review the size of the Board with a view to ensuring that it reflects applicable independence requirements and facilitates effective decision-making. The size of the Board will, in any case, be within the minimum and maximum number provided for in the Corporation's articles.

(d) Term of Office

The Board has not established a specific number of years a director may serve on the Board. Directors are generally elected for a term of one year and may stand for re-election at the end of each term. The Corporation Governance and Nominating Committee, in consultation with the Chair, will review each director's nomination for election on an annual basis.

(e) Board Chair and Vice Chair

The directors will select from among their number a Chair and a Vice Chair who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair also manages the affairs of the Board so as to assist the directors in carrying out their responsibilities and enhance the effectiveness of the Board as a whole. The Vice Chair supports the Chair in carrying out these responsibilities, and substitutes for the Chair in the Chair's absence. The specific duties of the Chair and Vice Chair are outlined in the position descriptions for those roles.

(f) Board Committees

The Corporate Governance and Nominating Committee will annually recommend to the Board those directors it considers qualified for appointment, or reappointment as the case may be, to each Board committee. Committee assignments will be reviewed on an annual basis and rotation of assignments will be considered periodically, taking into account the special expertise and knowledge required for each position, applicable regulatory requirements and directors' interest, abilities and prior Committee service. When a vacancy occurs at any time in the membership of any Board committee, the Corporate Governance and Nominating Committee will recommend to the Board a director to fill such vacancy.

(g) Independent Directors

The Board will ensure that director candidates presented for election by shareholders or appointed by the Board to fill vacancies are such that, after giving effect to such election or appointment, the Board is composed of a majority of independent directors. Directors have an ongoing obligation to inform the Board of any changes in their circumstances or relationships that may affect the Board's determination as to their independence.

(h) Change of Occupation or Directorships

Each director should promptly advise the Corporation's Corporate Secretary in writing of (i) each directorship held in relation to a public company in any jurisdiction; and (ii) any material change in their principal employment (including retirement from their principal employment).

(i) Conflict of Interest

A director's business or personal relationships may occasionally give rise to a material personal interest in a business matter or relationship of the Corporation that conflicts, or appears to conflict, with the interests of the Corporation. In such circumstances, the issue should be raised with the Chair. Appropriate steps will then be taken to determine whether an actual or apparent conflict exists, and in accordance with statutory requirements, determine whether it is necessary for the director to be excused from discussions on the issue.

In addition, each director must ensure that he or she is free from any interest and any business or other relationship, which could, or could reasonably be perceived to materially

interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from holding shares of the Corporation.

4. NOMINATION OF DIRECTORS

Although directors may be nominated to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation must be paramount at all times. To this end, the Board will:

- appoint a Corporate Governance and Nominating Committee composed of independent directors; and
- confirm a formal process for selecting directors by the Corporate Governance and Nominating Committee.

5. BOARD INDEPENDENCE

To promote the effective functioning of the Board and its committees, the Board will:

- establish an Audit Committee, a Compensation Committee and a Corporate Governance and Nominating Committee, each composed of independent directors and approve their respective charters and the limits of authority delegated to them; and
- ensure that, at the Corporation's expense, the Board and each of the above committees may retain outside legal and other experts where reasonably required to assist and advise directors in carrying out their duties and responsibilities.

6. EVALUATION

The Board will establish appropriate processes for the regular evaluation of:

- the effectiveness and performance of the Board, Board committees and individual directors; and
- the adequacy and effectiveness of the Board's mandate, committee charters and the position descriptions applicable to individual directors.

7. ORIENTATION OF NEW DIRECTORS

The Corporation will make arrangements for the orientation and education of new directors, which will include a strategic overview session with the CEO and a review of the Corporation's financial statements. New directors will be provided with a range of written materials including those which outline the organization of the Board and its committees, the powers and duties of directors, the required standards of performance for directors, the Code, the Whistleblower Policy and this Mandate.

If requested by a new director, management will also arrange site visits and private meetings with members of senior management.

The Board will consider from time to time appropriate opportunities for continuing education for directors, which may include, among other things, presentations from management, site visits and/or presentations from industry experts. Each director is also expected to maintain the necessary level of expertise to perform his or her responsibilities as a director.

8. BOARD COMPENSATION

The Board will ensure the amount and form of directors' compensation realistically reflects the responsibilities and risks involved in being a director by:

- appointing a Compensation Committee and a Corporate Governance and Nominating Committee, each composed entirely of independent directors; and
- approving the process for determining directors' compensation embodied in the charters of such committees.

9. ETHICAL BUSINESS CONDUCT

To encourage and promote a culture of ethical business conduct throughout the Corporation, the Board will adopt a Code of Business Conduct and Ethics and a Whistleblower Policy for directors, officers and employees, monitor compliance with those policies and make them publicly available.

10. MEASURES FOR RECEIVING FEEDBACK FROM SECURITY HOLDERS

Interested investors and analysts are invited, after all significant public announcements, including the release of interim and annual financial information, to discuss with designated spokespersons the impact of such information on the Corporation. The Corporation also receives feedback via email at Investor.Relations@norfin.com.

Shareholders may contact the Board with any questions or concerns regarding the Corporation by contacting the Corporate Secretary at:

105 Adelaide Street West, 7th Floor
Toronto, Ontario M5H 1P9
tel: (416) 350-4300
fax: (416) 350-4307

All such correspondence will, when received, be promptly reviewed by the Corporate Secretary, who will determine whether the correspondence should be forwarded immediately to the Board as a whole or any particular member or whether the correspondence should be presented to the Board at its next regular meeting. The Corporate Secretary will consult with the Chair and/or the Vice Chair of the Board if there is a

question concerning the need for immediate review by the Board or by any member of the Board.

11. BOARD'S EXPECTATION OF MANAGEMENT

The Board expects management to act in the best interests of the Corporation. To this end, management will uphold the highest standards of ethical behavior, expressed by the values set out in the Code, and will create a culture of integrity throughout the Corporation. Management is expected to strive to enhance the financial value and the long term sustainability of the Corporation.

12. BOARD MEETINGS

The Board will meet as often as the Board considers appropriate to fulfill its duties. The Chair of the Board is responsible for establishing the agenda for each Board meeting. Each director may suggest items for inclusion on the agenda and may raise at any Board meeting subjects that are not on the meeting agenda. The agenda for each Board meeting (and each committee meeting to which members of management have been invited) will afford an opportunity for the independent directors to meet separately without management.

Directors are expected to regularly attend Board meetings and committee meetings (as applicable) and to review in advance all materials for such meetings. The Corporate Secretary, his or her delegate or any other person requested by the Board or a committee shall act as secretary of Board meetings and committee meetings, as applicable, and shall record minutes for such meetings.