

M. Non-IFRS Financial Measures

1. Common Shareholders' View of Reported Net Income

The following table provides the reconciliation of the Drivers of Earnings ("DOE") analysis to the Statement of Operations total net income. The DOE analysis provides additional detail on the sources of earnings, primarily for protection and health businesses, and explains the actual results compared to the longer term expectations. The underlying DOE and reported DOE are both presented on a common shareholders' basis by removing the allocations to participating policyholders.

(\$ millions)		2024					
Statement of Operations	Underlying DOE ⁽¹⁾	Non-underlying adjustments ⁽¹⁾	Common Shareholders' Reported DOE ⁽²⁾⁽³⁾	Adjustment for:		Reported (per IFRS)	
				Par ⁽²⁾	Net ⁽³⁾		
Net insurance service result	2,996	—	2,996	243	(148)	3,091	
Net investment result	1,677	(310)	1,367	(97)	664	1,934	
ACMA ⁽³⁾		86	86	—	(86)		
Fee Income:							
Asset Management	1,762	250	2,012		(2,012)		
Other fee income	321	—	321	(18)	8,278	8,581	
Fee income						8,581	
Other expenses	(1,925)	(701)	(2,626)	—	(6,641)	(9,267)	
Income before taxes	4,831	(675)	4,156	128	55	4,339	
Income tax (expense) benefit	(834)	(120)	(954)	(86)	—	(1,040)	
Total net income	3,997	(795)	3,202	42	55	3,299	
Allocated to Participating and NCI ⁽⁴⁾	(61)	(12)	(73)	(42)	(55)	(170)	
Dividends and Distributions ⁽⁵⁾	(80)	—	(80)	—	—	(80)	
Underlying net income⁽¹⁾	3,856						
Reported net income - Common shareholders		(807)	3,049	—	—	3,049	

(\$ millions)		2023					
Statement of Operations	Underlying DOE ⁽¹⁾	Non-underlying adjustments ⁽¹⁾	Common Shareholders' Reported DOE ⁽²⁾⁽³⁾	Adjustment for:		Reported (per IFRS)	
				Par ⁽²⁾	Net ⁽³⁾		
Net insurance service result	2,979	(29)	2,950	149	(262)	2,837	
Net investment result	1,710	(682)	1,028	94	517	1,639	
ACMA ⁽³⁾		53	53	—	(53)		
Fee income:							
Asset Management	1,677	(270)	1,407		(1,407)		
Other fee income	247	12	259	(15)	7,588	7,832	
Fee income						7,832	
Other expenses	(1,928)	(167)	(2,095)	—	(6,283)	(8,378)	
Income before taxes	4,685	(1,083)	3,602	228	100	3,930	
Income tax (expense) benefit	(811)	404	(407)	(50)	(4)	(461)	
Total net income	3,874	(679)	3,195	178	96	3,469	
Allocated to Participating and NCI ⁽⁴⁾	(67)	37	(30)	(178)	(96)	(304)	
Dividends and Distributions ⁽⁵⁾	(79)	—	(79)	—	—	(79)	
Underlying net income⁽¹⁾	3,728						
Reported net income - Common shareholders		(642)	3,086	—	—	3,086	

⁽¹⁾ For a breakdown of non-underlying adjustments made to arrive at underlying net income as well as the underlying DOE analysis, see the heading "Underlying Net Income and Underlying EPS" below.

⁽²⁾ Removes the components attributable to the participating policyholders.

⁽³⁾ Certain amounts within the Drivers of Earnings are presented on a net basis to reflect how the business is managed, compared to a gross basis in the Consolidated Financial Statements. For more details, refer to "Drivers of Earnings" in section 3 - Additional Non-IFRS Financial Measures. For example, in this document, the reported net income impact of ACMA is shown in aggregate for Net insurance service result and Net investment result, and excludes amounts attributable to participating policyholders and includes non-liability impacts. In contrast, Note 10.B.v of the 2024 Annual Consolidated Financial Statements shows the pre-tax net income impacts of method and assumption changes in aggregate, and CSM Impacts include amounts attributable to participating policyholders.

⁽⁴⁾ Allocated to equity in the participating account and attributable to non-controlling interests.

⁽⁵⁾ Dividends on preferred shares and distributions on other equity instruments.

2. Underlying Net Income and Underlying EPS

Underlying net income is a non-IFRS financial measure that assists in understanding Sun Life's business performance by making certain adjustments to IFRS income. Underlying net income, along with common shareholders' net income (Reported net income), is used as a basis for management planning, and is also a key measure in our employee incentive compensation programs. This measure reflects management's view of the underlying business performance of the company and long-term earnings potential. For example, due to the longer term nature of our individual protection businesses, market movements related to interest rates, equity markets and investment properties can have a significant impact on reported net income in the reporting period. However, these impacts are not necessarily realized, and may never be realized, if markets move in the opposite direction in subsequent periods or in the case of interest rates, the fixed income investment is held to maturity.

Underlying net income removes the impact of the following items from reported net income:

- Market-related impacts reflecting the after-tax difference in actual versus expected market movements, including:
 - i) Net interest impact from risk-free rate, credit spread, swap spread movements, and other impacts, reflecting accounting mismatches between assets and liabilities:
 - a. Differences arising from fair value changes⁽¹⁾ of fixed income assets (including derivatives) measured at FVTPL supporting insurance contracts, compared to fair value changes of the liabilities⁽²⁾;
 - b. Fair value changes of fixed income assets (including derivatives) measured at FVTPL supporting our investment contract liability and surplus portfolios⁽³⁾; and
 - c. Tax-exempt investment⁽⁴⁾ income above or below expected long-term tax savings relating to our Canadian multi-national insurance operations.
 - ii) Non-fixed income investments where the weighted average expected return is approximately 2% per quarter, including:
 - a. Equity investments (including derivatives) supporting insurance contracts and surplus portfolios; and
 - b. Investment properties supporting insurance contracts and surplus portfolios.
- ACMA – captures the impact of method and assumption changes, and management actions on insurance and reinsurance contracts.
- Other adjustments:
 - i) Management's ownership of MFS shares – this adjustment removes the change in fair value and other activity related to MFS common shares owned by management.
 - ii) Acquisition, integration, and restructuring – expense and income related to acquisition or disposal of a business. Also includes expenses related to restructuring activities.
 - iii) Intangible asset amortization – removes the amortization expense associated with finite life intangible assets arising from acquisitions or business combinations excluding amortization of software and distribution agreements.
 - iv) Other – represents items that are unusual or exceptional in nature which management believes are not representative of the long-term performance of the Company.

Underlying EPS (diluted). This measure is used in comparing the profitability across multiple periods and is calculated by dividing underlying net income by weighted average common shares outstanding for diluted EPS, excluding the dilutive impact of convertible instruments. For additional information about the underlying net income, see above. For additional information about the composition of the EPS, please refer to Note 25 of our Interim Consolidated Financial Statements for the period ended December 31, 2024. For additional information about the SLEECs, please refer to Note 12 of our 2024 Annual Consolidated Financial Statements.

⁽¹⁾ For fixed income assets, Underlying Net Income includes credit experience from rating changes on assets measured at FVTPL, and the ECL impact for assets measured at FVOCI.

⁽²⁾ Underlying net income is based on observable discount curves and exchange rates at the beginning of the period.

⁽³⁾ Underlying net income for earnings on surplus includes realized gains (losses) on fixed income assets classified as FVOCI.

⁽⁴⁾ Q4'24 balances are isolated in Other within Other adjustments.

The following table sets out the post-tax amounts that were excluded from our underlying net income (loss) and underlying EPS and provides a reconciliation to our reported net income and EPS based on IFRS.

Reconciliations of Select Net Income Measures

(\$ millions, after-tax)	2024	2023
Underlying net income	3,856	3,728
Market-related impacts		
Equity market impacts	25	(13)
Interest rate impacts ⁽¹⁾	(60)	(14)
Impacts of changes in the fair value of investment properties (real estate experience)	(338)	(427)
Add: Market-related impacts	(373)	(454)
Add: Assumption changes and management actions	56	36
Other adjustments		
Management's ownership of MFS shares	(22)	12
Acquisition, integration and restructuring ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	140	(155)
Intangible asset amortization ⁽⁸⁾	(332)	(132)
Other ⁽⁹⁾⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾⁽¹³⁾	(276)	51
Add: Total of other adjustments	(490)	(224)
Reported net income - Common shareholders	3,049	3,086
Underlying EPS (diluted) (\$)	6.66	6.36
Add: Market-related impacts (\$)	(0.65)	(0.78)
Assumption changes and management actions (\$)	0.10	0.06
Management's ownership of MFS shares (\$)	(0.04)	0.02
Acquisition, integration and restructuring (\$)	0.24	(0.26)
Intangible asset amortization (\$)	(0.57)	(0.23)
Other (\$)	(0.48)	0.09
Reported EPS (diluted) (\$)	5.26	5.26

⁽¹⁾ Our results are sensitive to long term interest rates given the nature of our business and to non-parallel yield curve movements (for example flattening, inversion, steepening, etc.).

⁽²⁾ Amounts relate to acquisition costs for our SLC Management affiliates, BentalGreenOak, InfraRed Capital Partners, Crescent Capital Group LP and Advisors Asset Management, Inc, which include the unwinding of the discount for Other financial liabilities of \$13 million in 2024 (2023 - \$86 million).

⁽³⁾ Primarily reflects a decrease of \$334 million in estimated future payments for options to purchase the remaining ownership interests of SLC Management affiliates in 2024 (2023 - an increase of \$42 million). For additional information, refer to Note 5 of our 2024 Annual Consolidated Financial Statements.

⁽⁴⁾ Includes integration costs associated with DentaQuest, acquired on June 1, 2022.

⁽⁵⁾ Includes a \$65 million gain on the sale of the sponsored markets business in Canada in Q1'23 and a \$19 million gain on the sale of Sun Life UK in Q2'23.

⁽⁶⁾ To meet regulatory obligations, in Q1'24, we sold 6.3% of our ownership interest in ABSLAMC, generating a gain of \$84 million. As a result of the transaction, our ownership interest in ABSLAMC was reduced from 36.5% to 30.2% for gross proceeds of \$136 million. Subsequently in Q2'24, we sold an additional 0.2% of our ownership interest.

⁽⁷⁾ Q2'24 includes a restructuring charge of \$108 million in the Corporate business group.

⁽⁸⁾ Includes an impairment charge of \$186 million on an intangible asset related to bancassurance in Vietnam reflecting updates resulting from changes in regulatory and macro-economic factors in Q4'24.

⁽⁹⁾ On December 27, 2023, Bermuda enacted its Corporate Income Tax Act 2023, which will apply a 15% income tax beginning on January 1, 2025 ("Bermuda Corporate Income Tax Change"). The enacted legislation provides an economic transition adjustment that aligns an entity's starting point for the tax regime more closely with its economic position prior to the application of the Corporate Income Tax 2023. The benefit of this economic transition adjustment was recognized in 2023. As a result, reported net income increased by \$51 million in 2023, reflected in Other adjustments.

⁽¹⁰⁾ Includes the early termination of a distribution agreement in Asset Management in Q1'24.

⁽¹¹⁾ Includes a Pillar Two global minimum tax adjustment in Q2'24. For additional information, refer to Note 19 of our 2024 Annual Consolidated Financial Statements and section D - Profitability in this document.

⁽¹²⁾ Includes a non-recurring provision in U.S. Dental in Q4'24.

⁽¹³⁾ Includes an adjustment for lower tax exempt investment income of \$234 million in the Corporate business group in Q4'24.

The following table shows the pre-tax amount of underlying net income adjustments:

(\$ millions)	2024	2023
Underlying net income (after-tax)	3,856	3,728
Underlying net income adjustments (pre-tax):		
Add: Market-related impacts	(428)	(726)
Assumption changes and management actions ⁽¹⁾	86	53
Other adjustments	(345)	(373)
Total underlying net income adjustments (pre-tax)	(687)	(1,046)
Add: Taxes related to underlying net income adjustments	(120)	404
Reported net income - Common shareholders (after-tax)	3,049	3,086

⁽¹⁾ In this document, the reported net income impact of ACMA excludes amounts attributable to participating policyholders and includes non-liability impacts. In contrast, Note 10.B.v of the 2024 Annual Consolidated Financial Statements shows the pre-tax net income impacts of method and assumption changes in aggregate, and CSM Impacts include amounts attributable to participating policyholders.

Taxes related to underlying net income adjustments may vary from the expected effective tax rate range reflecting the mix of business based on the Company's international operations and other tax-related adjustments.

3. Additional Non-IFRS Financial Measures

Management also uses the following non-IFRS financial measures:

After-tax profit margin for U.S. Group Benefits. This ratio expresses U.S. Group Benefits underlying net income as a percentage of net premiums. It assists in explaining our results from period to period and measures profitability. This ratio is calculated by dividing underlying net income (loss) by net premiums for the trailing four quarters. There is no directly comparable IFRS measure.

Assets under administration (in SLC Management). AUA represents Client assets for which Sun Life provides administrative services. In Asset Management, AUA includes assets distributed by SLC Management's affiliate, Advisors Asset Management, Inc. There is no directly comparable IFRS measure.

Assets under management. AUM is a non-IFRS financial measure that indicates the size of our Company's assets across asset management, wealth, and insurance. There is no standardized financial measure under IFRS. In addition to the most directly comparable IFRS measures, which are the balance of General funds and Segregated funds on our Statements of Financial Position, AUM also includes Third-party AUM and Consolidation adjustments. "Consolidation adjustments" is presented separately as consolidation adjustments apply to all components of total AUM.

AUM not yet earning fees. This measure represents the committed uninvested capital portion of total AUM not currently earning management fees. The amount depends on the specific terms and conditions of each fund. There is no directly comparable IFRS measure.

Capital raising. This measure consists of increases in SLC Management's commitments from fund raising activities for all real estate, infrastructure and alternative credit Clients excluding leverage. Investment-grade fixed income capital raising consists of sales made to new Clients. There is no directly comparable IFRS measure.

Cash and other liquid assets. This measure is comprised of cash, cash equivalents, short-term investments, and publicly traded securities, net of loans related to acquisitions and short-term loans that are held at SLF Inc. (the ultimate parent company), and its wholly owned holding companies. This measure is a key consideration of available funds for capital re-deployment to support business growth.

(\$ millions)	As at December 31, 2024	As at December 31, 2023
Cash and other liquid assets (held at SLF Inc. and its wholly owned holding companies):		
Cash, cash equivalents & short-term securities	479	712
Debt securities ⁽¹⁾	780	1,228
Equity securities ⁽²⁾	112	102
Sub-total	1,371	2,042
Less: Loans related to acquisitions and short-term loans ⁽³⁾ (held at SLF Inc. and its wholly owned holding companies)	(17)	(411)
Cash and other liquid assets (held at SLF Inc. and its wholly owned holding companies)	1,354	1,631

⁽¹⁾ Includes publicly traded bonds.

⁽²⁾ Includes ETF Investments.

⁽³⁾ Includes drawdowns from credit facilities to manage timing of cash flows.

Constant currency. We remove the impacts of foreign exchange translation from certain IFRS and non-IFRS measures to assist in comparing our results from period to period. The impacts of foreign exchange translation is approximated by using the foreign exchange rates in effect during the comparative period, using the average or period end foreign exchange rates, as appropriate.

CSM Movement Analysis includes certain non-IFRS financial measures, detailed below, and also presents certain measures on a net basis to reflect how the business is managed, compared to a gross basis in the Consolidated Financial Statements. Examples include i) The impacts of insurance contracts issued is presented net of reinsurance; ii) Impact of new business is presented net of acquisition expense gain/loss; and iii) Certain methodology changes are presented as an impact of change in assumptions, whereas the Consolidated Financial Statement presentation is a contract modification.

- **Organic CSM Movement** is comprised of the Impact of new insurance business, Expected movements from asset returns & locked-in rates, Insurance experience gains/losses, and CSM recognized for services provided.
- **Impact of new insurance business on CSM**, also referred to as "new business CSM", represents growth from sales activity in the period, including individual protection sales (excluding joint ventures), and defined benefit solutions and segregated fund wealth sales in Canada. New business CSM is presented net of acquisition expense gain/loss.
- **Expected movements from asset returns & locked-in rates** applies to variable fee approach ("VFA") and general measurement approach ("GMA") contracts. For VFA contracts, this component of the CSM movement analysis is comprised of two factors: (i) the expected return on underlying assets and (ii) the measurement of financial guarantees. The difference between actual and expected results are reported as the impact of markets. For GMA contracts, this component of the CSM includes the accretion of the CSM balance at locked-in rates, which refer to the term structure associated with locked-in discount rates, set when the insurance contract was sold or on transition to IFRS 17. Average locked-in rates increase with the passage of time on in-force business and new business added at current rates.
- **Impact of markets & other** includes the difference between actual and expected movement for VFA contracts for: (i) the return on underlying assets and (ii) the measurement of financial guarantees. Also includes other amounts excluded from Organic CSM Movement.
- **Insurance experience gains/losses** represents the current period impacts of insurance experience, resulting in a change in future cash flows that adjust CSM.
- **Impact of change in assumptions** represents the future period impacts of changes in fulfilment cash flows that adjust CSM.
- **CSM market sensitivities.** CSM market sensitivities are non-IFRS financial measures for which there are no directly comparable measures under IFRS so it is not possible to provide a reconciliation of these amounts to the most directly comparable IFRS measures.

Deployment. This measure represents the amount of capital that has been invested in the period, including leverage where applicable. Deployment also includes capital committed in infrastructure deals to be invested in specific assets. There is no directly comparable IFRS measure.

Drivers of Earnings. The Drivers of Earnings ("DOE") analysis provides additional detail on the sources of earnings, primarily for protection and health businesses, and explains the actual results compared to the longer term expectations. The DOE is presented on a reported and underlying common shareholders' basis. Within the net insurance service result, the underlying DOE provides detail on expected insurance earnings, impact of new insurance business and experience gains (losses). Within the net investment result, the underlying DOE provides detail on expected investment earnings, credit experience, earnings on surplus, and joint ventures & other. For more information, refer to the headings "Underlying net income and Underlying EPS", "Earnings on surplus", "Notable items attributable to reported and underlying net income", in this document.

Certain amounts in the DOE are presented on a net basis to reflect how the business is managed, compared to a gross basis in the Consolidated Financial Statements. Examples include: i) Net investment result and Other expenses of the Asset Management operating segment are combined with Fee Income to report the net contribution to earnings; ii) Income for fee-based businesses is reported net of the associated expenses; iii) Carried interest in SLC Management within Fee Income excludes the carried interest that Sun Life does not participate in economically, and nets the non-controlling interest portion of the carried interest against fee income and expenses of consolidated funds; iv) Net investment results include assets returns net of the crediting rate for investment contract liabilities and the unwinding of and changes in the discount rate for insurance contract liabilities; v) Earnings on surplus reflects net spread earned from investment strategies; vi) Earnings attributable to the participating account are excluded; and vii) Assumption changes and management actions combines the amounts included in Net insurance service result and Net investment result.

Earnings on Surplus. This component of the Drivers of Earnings represents the net income earned on a company's surplus funds. Earnings on Surplus is comprised of realized gains on fair value through other comprehensive income assets, as well as net investment returns on surplus, such as investment income, gains (losses) on seed investments and investment properties mark-to-market, and also includes impacts from derivatives, currency and other items.

Experience-related items attributable to reported net income and underlying net income. These notable items attributable to reported net income and underlying net income are components of the Drivers of Earnings represents gains and losses that are due to differences between the actual results during the reporting period and management's estimate of the expected longer-term returns on assets and liabilities (i.e. expected insurance earnings and expected investment earnings) at the start of the reporting period.

Fee earning AUM. FE AUM consists of assets managed by SLC Management, which are beneficially owned by Clients, on which we earn management fees for providing investment management, property management or advisory-related services. There is no directly comparable IFRS measure.

Fee-related earnings and Operating income. **Fee-related earnings** represent profitability of SLC Management's fee-related portfolios, and is calculated as Fee-related revenue less Fee-related expenses. **Operating income** represents profit realized from our business operations, and is calculated as the sum of Fee-related earnings, Investment income (loss) and performance fees, and Interest and other. **Fee-related revenue** represents all fee income, with the exception of performance fees, generated from third-party investors. **Fee-related expenses** represent all expenses directly related to generating fee revenue from third-party investors. **Investment income (loss) and performance fees** represent total income or loss from our seed investments, net of the related expenses. **Interest and other** represents performance fee compensation, our net interest income or expense and income from managing the General Account assets.

Fee-related earnings and **Operating income** are non-IFRS financial measures within SLC Management's Supplemental Income Statement, which enhances the comparability of SLC Management's results with publicly traded alternative asset managers. For more details, see our Supplementary Financial Information package for the quarter.

The following table provides a reconciliation from Fee-related earnings and Operating income to SLC Management's Fee income and Total expenses based on IFRS.

SLC Management		
(\$ millions)	2024	2023
Fee income (per IFRS)	1,938	1,640
Less: Non-fee-related revenue adjustments ⁽¹⁾⁽²⁾	700	444
Fee-related revenue	1,238	1,196
Total expenses (per IFRS)	1,480	1,603
Less: Non-fee-related expense adjustments ⁽²⁾⁽³⁾	527	697
Fee-related expenses	953	906
Fee-related earnings	285	290
Add: Investment income (loss) and performance fees ⁽⁴⁾	112	102
Add: Interest and other ⁽⁵⁾	(112)	(110)
Operating income	285	282

⁽¹⁾ Includes Interest and other - fee income, Investment income (loss) and performance fees - fee income, and Other - fee income.

⁽²⁾ Excludes the income and related expenses for certain property management agreements to provide more accurate metrics on our fee-related business.

⁽³⁾ Includes Interest and other, Placement fees - other, Amortization of intangibles, Acquisition, integration and restructuring, and Other - expenses.

⁽⁴⁾ Investment income (loss) and performance fee in SLC Management's Supplemental Income Statement relates to the underlying results of our seed investments. As such, we have excluded non-underlying market-related impacts as well as the gains or losses of certain non-seed hedges that are reported under Net investment income (loss) under IFRS. The reconciliation is as follows (amounts have been adjusted for rounding):

(\$ millions)	2024	2023
Net investment income (loss) (per IFRS)	138	55
Less: Market-related impacts and Other - Investment income (loss)	50	(14)
Add: Investment income (loss) and performance fees - fee income	24	33
Investment income (loss) and performance fees	112	102

⁽⁵⁾ Includes Interest and other reported under Fee income under IFRS, net of Interest and other reported under Total expenses under IFRS.

Financial leverage ratio. This ratio is an indicator of the Company's balance sheet strength measured by its proportion of capital qualifying debt in accordance with OSFI guidelines. This is calculated as the ratio of total debt plus preferred shares to total capital including the contractual service margin net of taxes, where debt consists of all capital-qualifying debt securities. Capital-qualifying debt securities consist of subordinated debt and innovative capital instruments. The CSM is included net of taxes because debts are repaid and serviced from available after-tax funds.

Impacts of foreign exchange translation. To assist in comparing our results from period-to-period, the favourable or unfavourable impacts of foreign exchange translation are approximated using the foreign exchange rates, in effect during the comparative period, for several IFRS and Non-IFRS financial measures using the average or period end foreign exchange rates, as appropriate. Items impacting a reporting period, such as Revenue, Expenses, and Reported net income (loss) in our Consolidated Statements of Operations, as well as underlying net income (loss), and sales, are translated into Canadian dollars using average exchange rates for the appropriate daily, monthly, or quarterly period. For Assets and Liabilities in our Consolidated Statements of Financial Position, as well as the AUM and certain components of the Drivers of Earnings disclosure, period-end rates are used for currency translation purposes.

LICAT market sensitivities. LICAT market sensitivities are non-IFRS financial measures for which there are no directly comparable measures under IFRS so it is not possible to provide a reconciliation of these amounts to the most directly comparable IFRS measures.

Organic capital generation. This supplementary financial measure provides a view of the Company's ability to generate excess capital under the normal course of business, excluding non-recurring items; where excess capital is defined as LICAT Available Capital and Surplus Allowance above LICAT Base Solvency Buffer at target ratio, as defined and calculated under OSFI-mandated guideline. This amount is determined as follows: underlying net income and organic CSM movement net of shareholder dividends and change in base solvency buffer for new business and aging of in-force. This amount excludes non-recurring impacts to available capital or base solvency buffer from markets, assumption changes, management actions, and other non-underlying items.

Pre-tax fee related earnings margin. This ratio is a measure of SLC Management's profitability in relation to funds that earn recurring fee revenues, while excluding investment income and performance fees. The ratio is calculated by dividing fee-related earnings by fee-related revenues and is based on the last twelve months. There is no directly comparable IFRS measure.

Pre-tax net operating margin. This ratio is a measure of the profitability and there is no directly comparable IFRS measure. For MFS, this ratio is calculated by excluding management's ownership of MFS shares and certain commission expenses that are offsetting. These commission expenses are excluded in order to neutralize the impact these items have on the pre-tax net operating margin and have no impact on the profitability of MFS. For SLC Management, the ratio is calculated by dividing the total operating income by fee-related revenue plus investment Income (loss) and performance fees, and is based on the last twelve months.

The following table provides a reconciliation to calculate MFS' pre-tax net operating margin:

MFS (US\$ millions)	2024	2023
Revenue		
Fee income (per IFRS)	3,370	3,196
Less: Commissions	399	395
Less: Other ⁽¹⁾	(57)	(53)
Adjusted revenue	3,028	2,854
Expenses		
Expenses (per IFRS)	2,391	2,244
Net investment (income)/loss (per IFRS)	(95)	(93)
Less: Management's ownership of MFS shares (net of NCI) ⁽²⁾	57	34
Compensation-related equity plan adjustments	36	16
Commissions	399	395
Other ⁽¹⁾	(51)	(52)
Adjusted expenses	1,855	1,758
Pre-tax net operating margin	38.7%	38.4%

⁽¹⁾ Other includes accounting basis differences, such as sub-advisory expenses and product allowances.

⁽²⁾ Excluding non-controlling interest. For more information on Management's ownership of MFS shares, see the heading Underlying Net Income and Underlying EPS.

Return on equity. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available. To determine reported ROE and underlying ROE, respectively, reported net income (loss) and underlying net income (loss) is divided by the total weighted average common shareholders' equity for the period. The ROE provides an indication of the overall profitability of the Company. The quarterly ROE is annualized.

Sales and flows. Asset Management gross flows includes funds from retail and institutional Clients; SLC Management gross flows include capital raising, such as uncalled capital commitments and fund leverage. Asset Management net flows consist of gross flows less gross outflows; SLC Management's net flows do not include Client distributions from the sale of underlying assets in closed-end funds. In Canada and in Asia, net sales consist of wealth sales & asset management gross flows less redemptions. In Canada, wealth sales & asset management gross flows consist of sales in Group Retirement Services (excluding retained sales) and Individual Wealth; group - health & protection sales consist of workplace benefits sold by Sun Life Health; and individual - protection sales refer to individual insurance sales. In the U.S., group - health & protection sales consist of sales by Group Benefits and Dental. In Asia, wealth sales & asset management gross flows consist of Hong Kong wealth sales & asset management gross flows, Philippines mutual fund sales, wealth sales & asset management gross flows by our India and China joint ventures and associates, and Aditya Birla Sun Life AMC Limited's equity and fixed income mutual fund sales based on our proportionate equity interest, including sales as reported by our bank distribution partners; individual - protection sales consist of the individual insurance sales, by our subsidiaries and joint ventures and associates, based on our proportionate equity interest, in the Philippines, Indonesia, India, China, Malaysia, Vietnam, International, Hong Kong and Singapore. Asia also has group - health & protection sales in the Philippines, Hong Kong and our joint ventures. To provide greater comparability across reporting periods, we exclude the impacts of foreign exchange translation from sales and gross flows. There is no directly comparable IFRS measure.

Third-party AUM. Third-party AUM is composed of retail, institutional, and other third party assets, which includes general fund and segregated fund assets managed by our joint ventures. In Asset Management, third-party AUM includes Client assets for retail and institutional Clients, as well as capital raising, such as uncalled commitments and fund leverage in SLC Management. In Canada, third-party AUM includes Client assets in retail mutual fund products of Sun Life Global Investments. In Asia, third-party AUM includes Client assets in Hong Kong managed fund products, International wealth & asset management products, Philippines mutual and managed fund products, Aditya Birla Sun Life AMC Limited equity and fixed income mutual fund products, Sun Life Everbright Asset Management products and our joint ventures' general fund and segregated fund assets based on our proportionate equity interest. There is no directly comparable IFRS financial measure.

Total weighted premium income ("TWPI"). This measure consists of 100% renewal premiums, 100% of first year premiums, and 10% of single premiums. In contrast to sales, which only includes premiums from new business, TWPI includes renewal premiums, reflecting the strength of the in-force block and providing a better understanding of both new and existing business. There is no directly comparable IFRS measure.

Underlying dividend payout ratio. This is the ratio of dividends paid per share to diluted underlying EPS for the period. The ratio is utilized during the medium-term capital budgeting process to inform our planned capital initiatives. We target an underlying dividend payout ratio of between 40% and 50% based on underlying EPS. For more information, see Section J - Capital and Liquidity Management in this document.

Underlying effective tax rate. This measure is calculated using the pre-tax underlying net income and the income tax expense associated with it. Our statutory tax rate is normally reduced by various tax benefits, such as lower taxes on income subject to tax in foreign jurisdictions, a range of tax-exempt investment income, and other sustainable tax benefits. Our effective tax rate helps in the analysis of the income tax impacts in the period.

4. Reconciliations of Select Non-IFRS Financial Measures

Underlying Net Income to Reported Net Income Reconciliation - Pre-tax by Business Group

Q4'24						
(\$ millions)	Asset Management	Canada	U.S.	Asia	Corporate	Total
Underlying net income (loss)	360	366	161	175	(97)	965
Add: Market-related impacts (pre-tax)	(18)	(142)	(74)	27	(14)	(221)
ACMA (pre-tax)	—	(1)	(1)	15	—	13
Other adjustments (pre-tax)	(34)	(8)	(143)	(193)	—	(378)
Tax expense (benefit)	18	38	50	(13)	(235)	(142)
Reported net income (loss) - Common shareholders	326	253	(7)	11	(346)	237
Q4'23						
Underlying net income (loss)	331	350	253	143	(94)	983
Add: Market-related impacts (pre-tax)	(11)	(223)	(60)	(142)	—	(436)
ACMA (pre-tax)	—	72	(65)	(1)	—	6
Other adjustments (pre-tax)	(39)	(6)	(65)	(8)	—	(118)
Tax expense (benefit)	16	155	38	52	53	314
Reported net income (loss) - Common shareholders	297	348	101	44	(41)	749
2024						
(\$ millions)	Asset Management	Canada	U.S.	Asia	Corporate	Total
Underlying net income (loss)	1,293	1,453	773	701	(364)	3,856
Add: Market-related impacts (pre-tax)	(25)	(211)	(148)	(47)	3	(428)
ACMA (pre-tax)	—	(47)	181	(52)	4	86
Other adjustments (pre-tax)	263	(33)	(323)	(114)	(138)	(345)
Tax expense (benefit)	(3)	55	73	(59)	(186)	(120)
Reported net income (loss) - Common shareholders	1,528	1,217	556	429	(681)	3,049
2023						
Underlying net income (loss)	1,239	1,376	890	600	(377)	3,728
Add: Market-related impacts (pre-tax)	(61)	(433)	(59)	(156)	(17)	(726)
ACMA (pre-tax)	—	82	(66)	34	3	53
Other adjustments (pre-tax)	(172)	90	(272)	(28)	9	(373)
Tax expense (benefit)	61	137	83	61	62	404
Reported net income (loss) - Common shareholders	1,067	1,252	576	511	(320)	3,086

Underlying Net Income to Reported Net Income Reconciliation - Pre-tax by Business Unit - Asset Management

(\$ millions)	Q4'24		Q4'23	
	MFS	SLC Management	MFS	SLC Management
	Underlying net income (loss)	301	59	261
Add: Market-related impacts (pre-tax)	—	(18)	—	(11)
Other adjustments (pre-tax)	4	(38)	(7)	(32)
Tax expense (benefit)	(4)	22	(4)	20
Reported net income (loss) - Common shareholders	301	25	250	47

(\$ millions)	2024		2023	
	MFS	SLC Management	MFS	SLC Management
	Underlying net income (loss)	1,117	176	1,044
Add: Market-related impacts (pre-tax)	—	(25)	—	(61)
Other adjustments (pre-tax)	(4)	267	30	(202)
Tax expense (benefit)	(18)	15	(18)	79
Reported net income (loss) - Common shareholders	1,095	433	1,056	11

Underlying Net Income to Reported Net Income Reconciliation - Pre-tax in U.S. dollars

(US\$ millions)	Q4'24		Q4'23	
	U.S.	MFS	U.S.	MFS
	Underlying net income (loss)	115	216	187
Add: Market-related impacts (pre-tax)	(52)	—	(42)	—
ACMA (pre-tax)	—	—	(49)	—
Other adjustments (pre-tax)	(103)	3	(47)	(5)
Tax expense (benefit)	39	(3)	28	(3)
Reported net income (loss) - Common shareholders	(1)	216	77	183

(US\$ millions)	2024		2023	
	U.S.	MFS	U.S.	MFS
	Underlying net income (loss)	566	817	663
Add: Market-related impacts (pre-tax)	(112)	—	(40)	—
ACMA (pre-tax)	136	—	(48)	—
Other adjustments (pre-tax)	(235)	(4)	(200)	22
Tax expense (benefit)	56	(13)	65	(13)
Reported net income (loss) - Common shareholders	411	800	440	782

Underlying Net Income to Reported Net Income Reconciliation - U.S. Group Benefits - Pre-tax in U.S. dollars

The following table sets out the amounts that were excluded from our reported net income (loss) for U.S. Group Benefits, which is used to calculate the trailing four-quarter after-tax profit margin for U.S. Group Benefits.

(US\$ millions)	Q4'24	Q3'24	Q2'24	Q1'24	Q4'23	Q3'23	Q2'23	Q1'23
Underlying net income (loss) for U.S. Group Benefits	62	118	124	118	138	96	116	128
Add: Market-related impacts (pre-tax)	(18)	17	(11)	(8)	14	(10)	(6)	4
ACMA (pre-tax)	—	8	—	—	(11)	47	—	—
Other adjustments (pre-tax)	(5)	(5)	(6)	(7)	(9)	(6)	(6)	(5)
Tax expense (benefit)	5	(4)	3	3	1	(6)	2	1
Reported net income (loss) - Common shareholders	44	134	110	106	133	121	106	128