



Financial Supplement

First Quarter 2024

This document is a statistical supplement to Aflac's quarterly earnings release. Throughout the presentation, amounts presented may not foot due to rounding. As you review the supplement, please note the non-U.S. GAAP financial measures and definitions found at the back of this document.

The Company adopted the Financial Accounting Standards Board's Accounting Standard Update 2018-12 Financial Services - Insurance: Targeted Improvements to the Accounting for Long-Duration Contracts, as clarified and amended by (i) ASU 2019-09 Financial Services - Insurance: Effective Date, and (ii) ASU 2020-11 Financial Services - Insurance: Effective Date and Early Application (collectively, "LDTI") as of January 1, 2023. The amended guidance is applied as of the beginning of the earliest period presented in the Company's quarterly and annual financial statements, which results in a January 1, 2021 Transition Date. In conjunction with the adoption of LDTI, the Company changed its practice of recording the change in the deferred profit liability (DPL) on products with limited-payment features from the benefits and claims, net line item to the net earned premiums line item in the consolidated statement of earnings. This change in presentation has no impact on net earnings. All quarterly and annual amounts for 2021 and 2022 presented herein reflect these changes for LDTI and DPL.

Aflac Incorporated	<u>Page</u>
Share Data	2
Summary of Adjusted Results by Business Segment	3
Statements of Earnings	4
Analysis of Net Earnings and Net Earnings Per Share	5
Balance Sheets	6
Quarterly Financial Results	7
Quarterly Book Value Per Share	8
Return on Equity	9
Adjusted Earnings Per Share Excluding Current Period Foreign Currency Impact	10
Investment Results	11,12,13
Long-Term Debt Data	14
Ratings	15
Aflac U.S.	
Statement of Pretax Adjusted Earnings	16
Balance Sheets	17
Quarterly Pretax Adjusted Earnings	18
Operating Ratios	19
Sales	20,21
Aflac Japan	
Statement of Pretax Adjusted Earnings	22,23
Balance Sheets	24,25
Quarterly Pretax Adjusted Earnings	26
Operating Ratios	27
Sales	28,29,30
Yen/Dollar Exchange Rates	31
Corporate and Other	
Statement of Pretax Adjusted Earnings	32
Non-U.S. GAAP Financial Measures	33

For more information, contact:

David Young
 Phone. 706.596.3264
Aflacir@aflac.com
investors.aflac.com

Aflac Incorporated and Subsidiaries

Share Data

(In Thousands)

Period		Beginning	Shares Issued		Shares Purchased		Ending	QTD Weighted Avg. Shares			YTD Weighted Avg. Shares		
		Shares	Stk. Bon.	Stk. Opt.	Treas.	Misc.	Shares	Avg.	Dilutive	Avg.	Avg.	Dilutive	Avg.
		Outstanding	& DRP	& Misc.	Shares	Purch. ⁽¹⁾	Outstanding	Shares	Shares	Diluted	Shares	Shares	Diluted
2022	1	652,132	259	1,308	8,007	343	645,349	649,753	3,074	652,827	649,753	3,074	652,827
	2	645,349	269	101	11,185	8	634,526	640,707	2,536	643,243	645,205	2,805	648,010
	3	634,526	258	144	11,057	3	623,868	629,350	2,597	631,946	639,862	2,735	642,597
	4	623,868	222	120	8,938	16	615,256	619,845	3,149	622,994	634,816	2,839	637,655
2023	1	615,256	239	1,152	10,348	347	605,952	611,205	2,745	613,950	611,205	2,745	613,950
	2	605,952	259	225	10,461	6	595,969	600,742	2,187	602,929	605,945	2,466	608,411
	3	595,969	210	115	9,390	7	586,897	591,246	2,350	593,596	600,992	2,427	603,419
	4	586,897	191	94	8,698	5	578,479	581,876	3,005	584,881	596,173	2,572	598,745
2024	1	578,479	212	1,320	9,276	457	570,278	574,886	2,596	577,482	574,886	2,596	577,482

⁽¹⁾ Includes previously owned shares used to purchase options (swapped shares) and/or shares purchased for deferred compensation program

Aflac Incorporated and Subsidiaries

Summary of Adjusted Results by Business Segment

(In Millions, except per-share data and where noted)

	Years Ended December 31,					3 Months Ended March 31,		
	2019	2020	2021	2022	2023	2023	2024	% Change
Aflac Japan	\$ 3,261	\$ 3,263	\$ 3,755	\$ 3,281	\$ 3,234	\$ 788	\$ 810	2.8
Aflac U.S.	1,272	1,268	1,356	1,359	1,501	352	356	1.1
Corporate and other ⁽¹⁾	(72)	(115)	(293)	(218)	(425)	(7)	(3)	
Pretax adjusted earnings	4,461	4,416	4,819	4,422	4,310	1,133	1,163	2.6
Income taxes ⁽¹⁾	1,147	864	893	808	577	180	202	12.2
Adjusted earnings ⁽²⁾	3,314	3,552	3,925	3,614	3,733	953	961	.8
Reconciling items:								
Adjusted net investment gains (losses)	(15)	(229)	462	447	914	209	1,009	
Other and non-recurring income (loss) ⁽³⁾	(1)	(28)	(73)	1	39	—	(2)	
Income tax benefit (expense) ⁽⁴⁾ on items excluded from adjusted earnings	3	72	(83)	357	(26)	26	(89)	
Tax reform adjustment ⁽⁵⁾	4	—	—	—	—	—	—	
Tax valuation allowance release ⁽⁶⁾	—	1,411	—	—	—	—	—	
Net earnings	\$ 3,304	\$ 4,778	\$ 4,231	\$ 4,418	\$ 4,659	\$ 1,188	\$ 1,879	58.2
Effective Tax rate	25.7 %	(14.9) %	18.7 %	9.3 %	11.5	11.5 %	13.4 %	
Earnings per share of common stock:								
Net earnings (basic)	\$ 4.45	\$ 6.69	\$ 6.28	\$ 6.96	\$ 7.81	\$ 1.94	\$ 3.27	68.6
Net earnings (diluted)	4.43	6.67	6.25	6.93	7.78	1.94	3.25	67.5
Adjusted earnings (basic) ⁽²⁾	\$ 4.46	\$ 4.98	\$ 5.83	\$ 5.69	\$ 6.26	\$ 1.56	\$ 1.67	7.1
Adjusted earnings (diluted) ⁽²⁾	4.44	4.96	5.80	5.67	6.23	1.55	1.66	7.1

⁽¹⁾ The change in value of federal historic rehabilitation and solar investments in partnerships of \$32 and \$51 for the three-month periods ended March 31, 2024, and 2023, respectively, is included as a reduction to net investment income. Tax credits on these investments of \$33 and \$52 for the three-month periods ended March 31, 2024, and 2023, respectively, have been recorded as an income tax benefit in the consolidated statement of earnings.

⁽²⁾ See non-U.S. GAAP financial measures for definition of adjusted earnings.

⁽³⁾ Foreign currency gains and losses for all periods have been reclassified from Other and non-recurring income (loss) to Net investment gains and losses.

⁽⁴⁾ Primarily reflects release of \$452 in deferred taxes in 2022

⁽⁵⁾ The impact of Tax Reform was adjusted in 2018 for return-to-provision adjustments, various amended returns filed by the Company, and final true-ups of deferred tax liabilities. Further impacts were recorded in 2019 as a result of additional guidance released by the IRS.

⁽⁶⁾ Tax benefit recognized in 2020 represents the release of valuation allowances on deferred tax benefits related to foreign tax credits.

Aflac Incorporated and Subsidiaries
Consolidated Statements of Earnings - U.S. GAAP

(In Millions, except per-share data)

	Years Ended December 31,					3 Months Ended March 31,		
	2019	2020	2021	2022	2023	2023	2024	% Change
Revenues:								
Net earned premiums								
Gross premiums	\$ 19,122	\$ 18,955	\$ 17,305	\$ 15,025	\$ 14,318	\$ 3,738	\$ 3,482	
Assumed (ceded)	(342)	(333)	(210)	(124)	(195)	(50)	(26)	
Total net earned premiums	18,780	18,622	17,095	14,901	14,123	3,688	3,456	(6.3)
Net investment income	3,578	3,638	3,818	3,656	3,811	943	1,000	6.0
Net investment gains (losses) ⁽¹⁾	(135)	(270)	468	363	590	123	951	
Other income ⁽¹⁾	84	157	173	220	177	46	29	
Total revenues	22,307	22,147	21,554	19,140	18,701	4,800	5,436	13.3
Benefits and Claims:								
Benefits and claims, net								
Incurred claims -direct	9,279	9,364	8,949	8,271	8,005	2,215	2,277	
Incurred claims -assumed (ceded)	(372)	(296)	(147)	(108)	(177)	(41)	(16)	
Increase in FPB ⁽²⁾ -direct	2,952	2,707	1,819	888	594	36	(195)	
Increase in FPB ⁽²⁾ -assumed (ceded)	83	21	3	51	172	(7)	—	
Total net benefits and claims, excluding reserve remeasurement	N/A	N/A	10,623	9,102	8,594	2,203	2,066	
Reserve remeasurement (gain) loss	N/A	N/A	(147)	(215)	(383)	(53)	(56)	
Total net benefits and claims	11,942	11,796	10,476	8,887	8,211	2,150	2,010	(6.5)
Acquisition and operating expenses:								
Amortization of DAC ⁽³⁾	1,282	1,214	835	792	816	205	215	
Insurance commissions	1,321	1,316	1,256	1,117	1,052	280	255	
Insurance expenses	3,089	3,420	3,541	3,249	3,165	775	739	
Interest expense	228	242	238	226	195	48	47	
Total acquisition and operating expenses	5,920	6,192	5,870	5,384	5,228	1,308	1,256	(4.0)
Total benefits and expenses	17,862	17,988	16,346	14,271	13,439	3,458	3,266	(5.6)
Pretax earnings	4,445	4,159	5,208	4,869	5,262	1,342	2,170	
Income tax expense (benefit) ⁽⁴⁾	1,141	(619)	977	451	603	154	291	
Net earnings	\$ 3,304	\$ 4,778	\$ 4,231	\$ 4,418	\$ 4,659	\$ 1,188	\$ 1,879	58.2

⁽¹⁾ Foreign currency gains and losses for all periods have been reclassified from Other income to Net investment gains and losses for consistency with current period presentation.

⁽²⁾ Future policy benefits

⁽³⁾ Deferred acquisition costs

⁽⁴⁾ Primarily reflects release of \$452 in deferred taxes in 2022

Aflac Incorporated and Subsidiaries

Analysis of Net Earnings and Net Earnings Per Diluted Share

(In Millions, except for per-share data)

Period	Net Earnings	Net Investment Gains (Losses) ⁽¹⁾	Other and Non-Recurring Items ⁽¹⁾⁽³⁾⁽⁴⁾	Foreign Currency Impact ⁽²⁾	Net Earnings Per Share	Net Investment Gains (Losses) ⁽¹⁾	Other and Non-Recurring Items Per Share ⁽¹⁾⁽³⁾⁽⁴⁾	Foreign Currency Impact Per Share ⁽²⁾
2019	3,304	(13)	3	15	4.43	(.02)	.01	.02
2020	4,778	(181)	1,407	31	6.67	(.25)	1.96	.04
2021	4,231	365	(59)	(42)	6.25	.54	(.09)	(.06)
2022	4,418	803	1	(262)	6.93	1.26	—	(.41)
2023	4,659	896	31	(113)	7.78	1.50	.05	(.19)
2022 1	1,047	106	(1)	(35)	1.60	.16	—	(.05)
2	1,394	448	—	(59)	2.17	.70	—	(.09)
3	1,781	871	1	(97)	2.82	1.38	—	(.15)
4	196	(621)	—	(70)	.31	(1.00)	—	(.11)
2023 1	1,188	235	—	(41)	1.94	.38	—	(.07)
2	1,634	653	28	(25)	2.71	1.08	.05	(.04)
3	1,569	472	2	(33)	2.64	.80	—	(.06)
4	268	(464)	—	(14)	.46	(.79)	—	(.02)
2024 1	1,879	920	(2)	(44)	3.25	1.59	—	(.08)

⁽¹⁾ Items are presented net of tax.

⁽²⁾ See non-U.S. GAAP financial measures for definition of adjusted earnings excluding current period foreign currency impact

⁽³⁾ Foreign currency gains and losses and amortized hedge costs/income for all periods have been reclassified from Other income to Net investment gains and losses for consistency with current period presentation.

⁽⁴⁾ Tax benefit recognized in the third quarter of 2020 represents the release of valuation allowances on deferred tax benefits related to foreign tax credits.

Aflac Incorporated and Subsidiaries

Consolidated Balance Sheets (In Millions, except per-share data)

Assets:	December 31,					March 31,	
	2019	2020	2021	2022	2023	2023	2024
Investments and cash:							
Securities available for sale:							
Fixed maturity securities available for sale, at fair value	\$ 86,950	\$ 101,286	\$ 94,206	\$ 71,936	\$ 69,578	\$ 74,174	\$ 66,452
Fixed maturity securities available for sale - consolidated variable interest entities, at fair value	4,312	4,596	4,490	3,805	3,712	3,925	3,678
Fixed maturity securities held to maturity, at amortized cost, net of allowance for credit losses	30,085	24,464	22,000	19,056	17,819	18,936	16,689
Equity securities, at fair value	802	1,283	1,603	1,091	1,088	1,087	762
Commercial mortgage and other loans, net of allowance for credit losses	9,569	10,554	11,786	13,496	12,527	13,328	12,360
Other investments	1,477	2,429	3,842	4,070	4,530	5,241	6,677
Cash and cash equivalents	4,896	5,141	5,051	3,943	4,306	3,809	5,098
Total investments and cash	138,091	149,753	142,978	117,397	113,560	120,500	111,716
Receivables, net of allowance for credit losses ⁽¹⁾	816	778	672	647	848	789	1,038
Accrued investment income	772	780	737	745	731	701	693
Deferred policy acquisition costs	10,128	10,441	9,848	9,239	9,132	9,267	8,819
Property and equipment, net	581	601	538	530	445	528	418
Other assets, net of allowance for credit losses ⁽¹⁾⁽²⁾	2,380	2,733	3,377	3,180	2,008	3,181	2,058
Total assets	<u>\$ 152,768</u>	<u>\$ 165,086</u>	<u>\$ 158,150</u>	<u>\$ 131,738</u>	<u>\$ 126,724</u>	<u>\$ 134,966</u>	<u>\$ 124,742</u>
Liabilities and Shareholders' Equity:							
Liabilities:							
Total policy liabilities	\$ 106,554	\$ 114,391	\$ 126,331	\$ 96,910	\$ 91,599	\$ 99,933	\$ 85,364
Notes payable	6,569	7,899	7,956	7,442	7,364	7,420	7,912
Income taxes, primarily deferred	5,370	4,661	30	698	154	647	777
Other liabilities	5,316	4,576	6,802	6,548	5,622	7,182	7,152
Total liabilities	123,809	131,527	141,119	111,598	104,739	115,182	101,205
Shareholders' equity:							
Common stock	135	135	135	135	136	135	136
Additional paid-in capital	2,313	2,410	2,529	2,641	2,771	2,665	2,806
Retained earnings	34,291	37,984	40,963	44,367	47,993	45,555	49,872
Accumulated other comprehensive income (loss):							
Unrealized foreign currency translation gains (losses)	(1,623)	(1,109)	(1,985)	(3,564)	(4,069)	(3,618)	(4,666)
Unrealized gains (losses) on fixed maturity securities	8,548	10,361	9,602	(702)	1,139	1,289	1,092
Unrealized gains (losses) on derivatives	(33)	(34)	(30)	(27)	(22)	(26)	(26)
Effect of change in discount rate assumption(s)	N/A	N/A	(15,832)	(2,100)	(2,560)	(4,894)	(1,495)
Pension liability adjustment	(277)	(284)	(166)	(36)	(8)	(29)	(7)
Treasury stock	(14,395)	(15,904)	(18,185)	(20,574)	(23,395)	(21,293)	(24,175)
Total shareholders' equity	28,959	33,559	17,031	20,140	21,985	19,784	23,537
Total liabilities & shareholders' equity	<u>\$ 152,768</u>	<u>\$ 165,086</u>	<u>\$ 158,150</u>	<u>\$ 131,738</u>	<u>\$ 126,724</u>	<u>\$ 134,966</u>	<u>\$ 124,742</u>

⁽¹⁾ Certain reclassifications have been made to prior-year amounts to conform to current-year reporting classifications. These reclassifications had no impact on net earnings or total shareholders' equity.

⁽²⁾ Includes goodwill of \$265 million in 2024, \$270 million in 2023, \$265 in 2022, \$268 in 2021, \$269 million in 2020 and \$140 million in 2019

Aflac Incorporated and Subsidiaries

Quarterly Financial Results (Dollars In Millions, except per-share data)

Total									Net EPS		Adj. EPS ⁽¹⁾		
	Net Earned	Net Inv.	Total	Benefits &	Acquisitions &	Total	Net	Adjusted					
Period	Premiums	Income	Revenues	Claims, Net	Adj. Exp.	Pretax Earn.	Earn.	Earn. ⁽¹⁾	Basic	Dil.	Basic	Dil.	
2019	18,780	3,578	22,307	11,942	5,920	4,445	3,304	3,314	4.45	4.43	4.46	4.44	
2020	18,622	3,638	22,147	11,796	6,192	4,159	4,778	3,552	6.69	6.67	4.98	4.96	
2021	17,095	3,818	21,554	10,476	5,870	5,208	4,231	3,925	6.28	6.25	5.83	5.80	
2022	14,901	3,656	19,140	8,887	5,384	4,869	4,418	3,614	6.96	6.93	5.69	5.67	
2023	14,123	3,811	18,701	8,211	5,228	5,262	4,659	3,733	7.81	7.78	6.26	6.23	
2022	1	4,079	903	5,173	2,483	1,396	1,294	1,047	942	1.61	1.60	1.45	1.44
	2	3,764	937	5,315	2,274	1,333	1,708	1,394	945	2.18	2.17	1.47	1.47
	3	3,535	920	4,704	2,076	1,299	1,329	1,781	910	2.83	2.82	1.45	1.44
	4	3,523	896	3,948	2,054	1,356	538	196	817	.32	.31	1.32	1.31
2023	1	3,688	943	4,800	2,150	1,308	1,342	1,188	953	1.94	1.94	1.56	1.55
	2	3,573	999	5,172	2,098	1,249	1,825	1,634	954	2.72	2.71	1.59	1.58
	3	3,476	1,004	4,950	1,860	1,285	1,805	1,569	1,095	2.65	2.64	1.85	1.84
	4	3,385	865	3,777	2,103	1,385	289	268	732	.46	.46	1.26	1.25
2024	1	3,456	1,000	5,436	2,010	1,256	2,170	1,879	961	3.27	3.25	1.67	1.66

⁽¹⁾ See non-U.S. GAAP financial measures for definition of adjusted earnings.

Aflac Incorporated and Subsidiaries

Quarterly Book Value Per Share (Dollars In Millions, except per-share data)

Period		Equity BV Per Share	AOCI BV Per Share	Adjusted BV Per Share ⁽¹⁾	Adjusted BV Per Share % Change	Adjusted BV Per Share Incl Foreign Currency Translation G/(L) ⁽¹⁾	Adjusted BV Per Share Incl Foreign Currency Translation G/(L) % Change
2019		39.84	9.10	30.74	8.9%	28.51	10.6%
2020		48.46	12.90	35.56	15.7%	33.96	19.1%
2021		26.12	(12.90)	39.01	9.7%	35.97	5.9%
2022		32.73	(10.45)	43.18	10.7%	37.39	3.9%
2023		38.00	(9.54)	47.55	10.1%	40.51	8.3%
2022	1	27.21	(13.09)	40.31	10.1%	36.53	7.0%
	2	30.82	(11.00)	41.82	11.3%	36.75	4.6%
	3	31.97	(12.03)	44.00	14.6%	36.99	3.4%
	4	32.73	(10.45)	43.18	10.7%	37.39	3.9%
2023	1	32.65	(12.01)	44.66	10.8%	38.69	5.9%
	2	34.30	(12.31)	46.61	11.5%	39.48	7.4%
	3	38.63	(9.81)	48.44	10.1%	40.80	10.3%
	4	38.00	(9.54)	47.55	10.1%	40.51	8.3%
2024	1	41.27	(8.95)	50.22	12.4%	42.04	8.7%

⁽¹⁾ See non-U.S. GAAP financial measures for definition of adjusted book value and adjusted book value including unrealized foreign currency translation gains and losses.

Return on Equity

	Year Ended December 31,					3 Months Ended March 31,	
	2019	2020	2021 ⁽⁴⁾	2022	2023	2023	2024
U.S. GAAP ROE ⁽¹⁾ - Net earnings	12.6 %	15.3 %	26.7 %	23.8 %	22.1 %	23.8 %	33.0 %
Impact of excluding unrealized foreign currency translation gains (losses)	(1.0)	(0.9)	(1.7)	(2.5)	(3.1)	(3.2)	(5.1)
Impact of excluding unrealized gains (losses) on securities and derivatives	3.6	6.2	10.7	4.1	0.2	0.2	1.3
Impact of excluding effect on change in discount rate assumptions	N/A	N/A	(18.5)	(8.2)	(1.9)	(3.1)	(2.4)
Impact of excluding pension liability adjustment	(0.1)	(0.2)	(0.2)	(0.1)	—	—	—
Impact of excluding AOCI	2.5	5.1	(9.7)	(6.8)	(4.9)	(6.1)	(6.2)
U.S. GAAP ROE - less AOCI	15.1	20.3	17.0	17.0	17.2	17.7	26.8
Differences between adjusted earnings and net earnings ⁽²⁾	—	(5.2)	(1.2)	(3.1)	(3.4)	(3.5)	(13.1)
Adjusted ROE - reported ⁽³⁾	15.2	15.1	15.8	13.9	13.8	14.2	13.7

(1) U.S. GAAP ROE is calculated by dividing net earnings (annualized) by average shareholders' equity.

(2) See separate reconciliation of net income to adjusted earnings.

(3) See non-U.S. GAAP financial measures for definition of adjusted return on equity

(4) Return on equity calculations for 2021 use beginning retained earnings and accumulated other comprehensive income adjusted for the adoption of LDTI.

Aflac Incorporated and Subsidiaries

Adjusted Earnings Per Share Excluding Current Period Foreign Currency Impact ⁽¹⁾ (Diluted Basis)

		Adjusted		QTD	YTD	Excluding	Change
	Period	EPS ⁽¹⁾	Growth	Foreign Currency Impact ⁽¹⁾	Foreign Currency Impact ⁽¹⁾	Foreign Currency Impact ⁽¹⁾	Excluding Foreign Currency Impact
	2019	\$ 4.44	6.7 %	N/A	.02	\$ 4.42	6.3 %
	2020	\$ 4.96	11.7 %	N/A	.04	\$ 4.92	10.8 %
	2021	\$ 5.80	16.9 %	N/A	(.06)	\$ 5.86	18.1 %
	2022	\$ 5.67	(2.2)%	N/A	(.41)	\$ 6.08	4.8 %
	2023	\$ 6.23	9.9 %	N/A	(.19)	\$ 6.43	13.4 %
2022	1	\$ 1.44	.7 %	(.05)	(.05)	\$ 1.50	4.9 %
	2	1.47	—	(.09)	(.15)	1.56	6.1
	3	1.44	(8.3)	(.15)	(.30)	1.59	1.3
	4	1.31	(.8)	(.11)	(.41)	1.43	8.3
		<u>\$ 5.67</u>	<u>(2.2)%</u>			<u>\$ 6.08</u>	<u>4.8 %</u>
2023	1	\$ 1.55	7.6 %	(.07)	(.07)	\$ 1.62	12.5 %
	2	1.58	7.5	(.04)	(.11)	1.62	10.2
	3	1.84	27.8	(.06)	(.17)	1.90	31.9
	4	1.25	(4.6)	(.02)	(.19)	1.28	(2.3)
		<u>\$ 6.23</u>	<u>9.9 %</u>			<u>\$ 6.43</u>	<u>13.4 %</u>
2024	1	<u>\$ 1.66</u>	<u>7.1 %</u>	<u>(.08)</u>	<u>(.08)</u>	<u>\$ 1.74</u>	<u>12.3 %</u>
		<u>\$ 1.66</u>	<u>7.1 %</u>			<u>\$ 1.74</u>	<u>12.3 %</u>

⁽¹⁾ See non-U.S.GAAP financial measures for definition of adjusted earnings and adjusted earnings excluding current period foreign currency impact

Aflac Incorporated and Subsidiaries

Composition of Invested Assets

(In Millions)

	December 31,					March 31,	
	2019	2020	2021	2022	2023	2023	2024
Fixed Maturity Securities ⁽¹⁾	\$ 109,456	\$ 116,056	\$ 107,369	\$ 94,525	\$ 88,508	\$ 94,242	\$ 84,283
Commercial mortgage and other loans, net of allowance for credit losses ⁽¹⁾							
Transitional Real Estate (floating rate)	5,450	5,231	5,246	6,455	5,998	6,635	5,964
Middle Market Loans (floating rate)	2,412	3,635	4,601	5,028	4,531	4,935	4,487
Commercial Mortgage Loans	1,707	1,688	1,854	1,775	1,697	1,457	1,634
Other Loans	—	—	20	238	301	301	275
Total Commercial mortgage and other loans, net of allowance for credit losses ⁽¹⁾	9,569	10,554	11,721	13,496	12,527	13,328	12,360
Equity Securities, at FV through net earnings	802	1,283	1,603	1,091	1,088	1,087	762
Alternatives ⁽²⁾	551	919	1,703	2,107	2,619	2,255	2,686
Total Portfolio	\$ 120,378	\$ 128,812	\$ 122,396	\$ 111,219	\$ 104,742	\$ 110,912	\$ 100,091

Unrealized Gains (Losses) on Invested Assets

(In Millions)

	December 31,					March 31,	
	2019	2020	2021	2022	2023	2023	2024
Fixed Maturity Securities							
Available For Sale - Gross Gains	\$ 12,266	\$ 14,771	\$ 13,566	\$ 4,800	\$ 6,050	\$ 5,875	\$ 6,038
Available For Sale - Gross Losses	(375)	(481)	(239)	(4,528)	(3,449)	(3,082)	(3,502)
Total Available For Sale	11,891	14,290	13,327	272	2,601	2,793	2,536
Held to Maturity - Gross Gains	7,519	5,935	4,869	2,154	1,838	2,680	1,556
Held to Maturity - Gross Losses	(10)	—	—	—	—	—	—
Total Held to Maturity	\$ 7,509	\$ 5,935	\$ 4,869	\$ 2,154	\$ 1,838	\$ 2,680	\$ 1,556

Credit Ratings on Fixed Maturities

(At Amortized Cost)

Credit Rating	December 31,					March 31,	
	2019	2020	2021	2022	2023	2023	2024
AAA	1.1 %	1.0 %	1.0 %	1.6 %	1.6 %	1.7 %	1.6 %
AA	4.3	4.5	5.1	5.2	5.7	5.3	6.1
A	68.6	69.3	68.9	68.0	68.1	67.9	67.7
BBB	23.1	21.9	22.5	23.0	22.9	23.0	23.1
BB or Lower	2.9	3.3	2.5	2.2	1.7	2.1	1.5
	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

⁽¹⁾ Presented at amortized cost, net of reserves beginning in 2020

⁽²⁾ Presented at carrying value; includes asset classes such as private equity and real estate funds managed by Global Investments; excludes Corporate driven activity, policy loans, short-term investments, real estate owned assets and FHLB equity balances

Aflac Incorporated and Subsidiaries

Supplemental Investment Data by Segment

	December 31,					3 Months Ended	
	2019	2020	2021	2022	2023	March 31,	2024
Aflac Japan:							
Invested assets (in millions) ⁽¹⁾	¥11,784,586	¥11,936,087	¥12,405,531	¥12,617,181	¥12,127,531	¥12,534,653	¥12,486,906
Return on average invested assets ⁽²⁾	2.33 %	2.38 %	2.72 %	2.78 %	2.90 %	2.57 %	3.14 %
Portfolio book yield at end of period ⁽³⁾	2.64 %	2.59 %	2.60 %	3.06 %	3.18 %	3.13 %	3.24 %
Total purchases for period (in millions) ⁽³⁾	¥ 1,003,885	¥ 714,124	¥ 952,038	¥ 716,964	¥ 378,541	¥ 159,440	¥ 300,570
New money yield ^{(3)/(4)}	3.83 %	3.75 %	3.50 %	4.48 %	5.18 %	5.18 %	5.57 %
Aflac U.S.:							
Invested assets (in millions) ⁽¹⁾	\$ 14,036	\$ 14,848	\$ 15,841	\$ 16,772	\$ 17,075	\$ 16,609	\$ 17,171
Return on average invested assets ⁽²⁾	5.70 %	4.90 %	4.87 %	4.72 %	4.88 %	4.74 %	4.87 %
Portfolio book yield at end of period ⁽³⁾	5.40 %	5.18 %	4.94 %	5.39 %	5.53 %	5.46 %	5.57 %
Total purchases for period (in millions) ⁽³⁾	\$ 1,835	\$ 1,050	\$ 2,130	\$ 1,701	\$ 907	\$ 242	\$ 519
New money yield ^{(3)/(4)}	4.51 %	3.04 %	3.41 %	5.16 %	7.56 %	7.01 %	6.66 %

Hedge Costs/Income Metrics ^{(5)/(6)}

	December 31,					3 Months Ended	
	2019	2020	2021	2022	2023	March 31,	2024
Aflac Japan:							
FX hedged notional at end of period (in billions) - forwards ⁽⁷⁾	\$ 8.8	\$ 6.0	\$ 6.4	\$ 4.1	\$ —	\$ 3.7	\$ —
FX hedged notional at end of period (in billions) - put options	9.2	13.1	11.6	13.5	24.7	9.8	24.7
Amortized hedge costs for period (in millions)	(257)	(206)	(76)	(112)	(157)	(58)	(6)
Corporate and Other (Parent Company):							
FX hedged notional at end of period (in billions) - forwards ⁽⁷⁾	\$ 4.9	\$ 5.0	\$ 5.0	\$ 5.0	\$ 2.6	\$ 5.0	\$ 2.3
FX hedged notional at end of period (in billions) - put options	2.0	2.0	1.9	2.6	0.5	10.4	—
Amortized hedge income (costs) for period (in millions)	89	97	57	68	122	29	28

⁽¹⁾ Invested assets, including cash and short term investments, are stated at amortized cost; except for equities, which are at fair value.

⁽²⁾ Net of investment expenses and amortized hedge costs, year-to-date number reflected on a quarterly average basis

⁽³⁾ Includes fixed maturity securities, commercial mortgage and other loans, equity securities, and excludes alternative investments in limited partnerships, and any impacts from hedging activities

⁽⁴⁾ Reported on a gross yield basis; excludes investment expenses, external management fees, and amortized hedge costs

⁽⁵⁾ See non-U.S. GAAP financial measures for definition of amortized hedge costs/income. Further, the metrics in this table are split to show the hedging of the market value of a portion of the USD investments in Japan Segment's "USD Program" in the "Japan Segment Portfolio Allocation by Currency" table on page 13 of this supplement as well as the corporate hedging activities at Aflac Incorporated

⁽⁶⁾ Aflac Japan and the Parent Company utilize foreign currency forwards and options to hedge foreign currency exchange rate risk. The hedge cost/income on the table above reflects our FX forward protection of the hedged USD portfolio, and hedge costs on one sided options used as caps, and on tail-risk put options.

⁽⁷⁾ Notional is reported net of any offsetting positions within Aflac Japan or the Parent Company, respectively.

Aflac Incorporated and Subsidiaries

Japan Segment Portfolio Allocation by Currency ⁽¹⁾

(Dollars In Millions, U.S. GAAP Basis)

	December 31, 2023		March 31, 2024	
	Amortized Cost ⁽³⁾	Fair Value	Amortized Cost ⁽³⁾	Fair Value
JGB	\$ 39,151	\$ 40,222	\$ 36,641	\$ 37,170
Other	19,517	20,285	17,868	18,647
Total yen denominated	58,668	60,507	54,509	55,817
USD Program	23,384	25,254	24,986	27,053
Other	2,081	2,902	1,948	2,848
US dollar denominated	25,465	28,156	26,934	29,901
Total	<u>\$ 84,133</u>	<u>\$ 88,663</u>	<u>\$ 81,443</u>	<u>\$ 85,718</u>

Distribution of Consolidated Fixed Maturities by Sector ⁽²⁾

	March 31, 2024	
	Amortized Cost ⁽³⁾	% of Total
(In millions)		
Government and agencies	\$ 37,754	44.8 %
Municipalities	2,392	2.8
Mortgage- and asset-backed securities	3,169	3.8
Public utilities	6,909	8.2
Electric	5,704	6.8
Natural Gas	665	.8
Other	540	.6
Sovereign and supranational	835	1.1
Banks/financial institutions	8,517	10.1
Banking	4,895	5.8
Insurance	1,816	2.2
Other	1,806	2.1
Other corporate	24,707	29.2
Basic Industry	2,121	2.5
Capital Goods	3,011	3.6
Communications	2,653	3.1
Consumer Cyclical	1,945	2.3
Consumer Non-Cyclical	5,740	6.8
Energy	2,195	2.6
Other	1,094	1.3
Technology	3,153	3.7
Transportation	2,795	3.3
Total fixed maturity securities	<u>\$ 84,283</u>	<u>100.0 %</u>

⁽¹⁾ The entire U.S. segment investment portfolio is U.S. dollar denominated.

⁽²⁾ In the first quarter of 2023, the Utility/Energy subsector was combined with the Natural Gas subsector to better reflect the risk characteristics of those issuers and align more closely with industry benchmarks.

⁽³⁾ Net of reserves

Aflac Incorporated and Subsidiaries

Long-Term Debt Data

Adjusted Leverage Ratios

(In Millions)

	December 31,					March 31,	
	2019	2020	2021	2022	2023	2023	2024
Notes payable	\$ 6,569	\$ 7,899	\$ 7,956	\$ 7,442	\$ 7,364	\$ 7,420	\$ 7,912
50% of subordinated debentures and perpetual bonds	(408)	(432)	(389)	(337)	(315)	(335)	(295)
Pre-funding of debt maturities	(348)	—	—	—	(211)	—	(198)
Adjusted debt ⁽¹⁾	5,814	7,467	7,568	7,105	6,839	7,086	7,420
Total Shareholders' Equity	28,959	33,559	17,031	20,140	21,985	19,784	23,537
Accumulated other comprehensive (income) loss:							
Unrealized foreign currency translation (gains) losses	1,623	1,109	1,985	3,564	4,069	3,618	4,666
Unrealized (gains) losses on fixed maturity securities	(8,548)	(10,361)	(9,602)	702	(1,139)	(1,289)	(1,092)
Unrealized (gains) losses on derivatives	33	34	30	27	22	26	26
Effect on change in discount rate assumptions	N/A	N/A	15,832	2,100	2,560	4,894	1,495
Pension liability adjustment	277	284	166	36	8	29	7
Adjusted book value ⁽¹⁾	22,344	24,625	25,442	26,569	27,505	27,062	28,639
Adjusted capitalization ex-AOCI ⁽¹⁾⁽²⁾	\$ 28,565	\$ 32,524	\$ 33,398	\$ 34,011	\$ 34,658	\$ 34,482	\$ 36,353
Adjusted debt to adjusted capitalization ex-AOCI	20.4 %	23.0 %	22.7 %	20.9 %	19.7 %	20.5	20.4 %
Adjusted capitalization ⁽¹⁾⁽³⁾	\$ 26,665	\$ 31,131	\$ 31,247	\$ 30,411	\$ 30,581	\$ 30,835	\$ 31,680
Adjusted debt to adjusted capitalization	21.8 %	24.0 %	24.2 %	23.4 %	22.4 %	23.0	23.4 %

Debt Maturities ⁽⁴⁾

(In Millions)

March 31, 2024

	≤ 1 year	1 > 5 years	5 > 10 years	10 > 20 years	20 years +	Total
Senior Notes	\$ —	\$ 1,813	\$ 2,882	\$ 1,074	\$ 1,291	\$ 7,060
Subordinated debt	—	—	—	—	793	793
Total	\$ —	\$ 1,813	\$ 2,882	\$ 1,074	\$ 2,084	\$ 7,853

⁽¹⁾ See non-U.S. GAAP financial measures for definition of: adjusted debt; adjusted book value; adjusted debt, including 50% of subordinated debentures and perpetual bonds; and adjusted book value, including unrealized foreign currency translation gains and losses and pension liability adjustment

⁽²⁾ Adjusted capitalization ex-AOCI is the sum of adjusted debt, including 50% of subordinated debentures and perpetual bonds, plus adjusted book value

⁽³⁾ Adjusted capitalization is sum of adjusted debt, including 50% of subordinated debentures and perpetual bonds, plus adjusted book value, including unrealized foreign currency translation gains and losses and pension liability adjustment

⁽⁴⁾ Debt maturity amounts do not include discounts, premiums, deferred charges, or capital lease obligations.

Aflac Incorporated and Subsidiaries

Insurer Financial Strength Ratings

	<u>AM Best</u>	<u>Moody's</u>	<u>S&P</u>	<u>JCR</u>	<u>R&I</u>
<u>U.S. Operating Companies</u>					
Aflac of Columbus	A+	Aa3	A+	AA	AA
Aflac of New York	A+	—	A+	—	—
Continental American Insurance Company	A+	—	—	—	—
<u>Japan Operating Company</u>					
Aflac Life Insurance Japan Ltd.	A+	Aa3	A+	AA	AA
<u>Bermuda Operating Company</u>					
Aflac Re Bermuda Ltd.	—	—	—	AA	—

Issuer Credit Ratings

	<u>AM Best</u>	<u>Moody's</u>	<u>S&P</u>	<u>JCR</u>	<u>R&I</u>
<u>Aflac Incorporated</u>					
Long-term Senior Debt	a	A3	A-	A+	A+
Junior Subordinated Debt	a-	Baa1	BBB	—	A-
<u>Aflac of Columbus</u>					
Long-term Senior Debt	aa	—	A+	AA	—
<u>Aflac Life Insurance Japan, Ltd.</u>					
Long-term Senior Debt	aa	—	A+	AA	—
Subordinated Bonds	—	—	—	AA-	—

The outlook for all ratings assigned by A.M. Best, S&P, Moody's and R&I is stable. The outlook for all ratings assigned by JCR is positive.

Statements of Pretax Adjusted Earnings

(Before Management Fee)

(In Millions)

	Years Ended December 31,					3 Months Ended March 31,		
	2019	2020	2021	2022	2023	2023	2024	% Change
Revenues:								
Net earned premiums								
Gross premiums	\$ 5,818	\$ 5,762	\$ 5,540	\$ 5,467	\$ 5,669	\$ 1,420	\$ 1,489	
Assumed (ceded)	(11)	(4)	73	103	6	8	(14)	
Total net earned premiums	5,808	5,758	5,614	5,570	5,675	1,428	1,475	3.3
Adjusted net investment income	720	705	754	755	820	197	206	4.6
Other income excl. realized foreign exchange gains (losses)	22	102	121	161	128	35	18	
Total adjusted revenues	6,550	6,565	6,489	6,486	6,623	1,660	1,699	2.3
Benefits and claims:								
Benefits and claims, net								
Incurred claims -direct	2,611	2,498	2,183	2,245	2,423	595	765	
Incurred claims -assumed (ceded)	(5)	(1)	89	104	17	9	(12)	
Increase in FPB -direct	268	271	463	326	280	88	(41)	
Increase in FPB -assumed (ceded)	(2)	(3)	(11)	4	(5)	(1)	2	
Total benefits and claims, net, excluding reserve remeasurement	N/A	N/A	2,724	2,679	2,715	691	715	
Reserve remeasurement (gain) loss	N/A	N/A	(85)	(124)	(283)	(40)	(30)	
Total benefits and claims, net	2,871	2,765	2,639	2,555	2,431	651	686	5.4
Adjusted expenses:								
Amortization of deferred policy acquisition costs	573	570	442	455	490	119	132	10.9
Insurance commissions	590	576	550	553	561	142	141	(.7)
Insurance and other expenses	1,244	1,386	1,502	1,564	1,640	395	384	(2.8)
Total adjusted expenses	2,407	2,532	2,494	2,573	2,691	657	658	
Total benefits and adjusted expenses	5,279	5,297	5,132	5,127	5,122	1,308	1,343	2.7
Pretax adjusted earnings	\$ 1,272	\$ 1,268	\$ 1,356	\$ 1,359	\$ 1,501	\$ 352	\$ 356	1.1

Balance Sheets

(In Millions)

	December 31,					March 31,	
	2019	2020	2021	2022	2023	2023	2024
Assets:							
Investments and cash	\$ 16,141	\$ 17,949	\$ 18,324	\$ 15,987	\$ 16,718	\$ 16,228	\$ 16,667
Receivables, net of allowance for credit losses ⁽¹⁾	650	667	574	584	688	720	710
Accrued investment income	174	172	169	184	183	177	186
Deferred policy acquisition costs	3,544	3,450	3,366	3,463	3,573	3,491	3,585
Other assets ⁽¹⁾	436	626	758	784	698	769	703
Total assets	\$ <u>20,945</u>	\$ <u>22,864</u>	\$ <u>23,191</u>	\$ <u>21,002</u>	\$ <u>21,861</u>	\$ <u>21,385</u>	\$ <u>21,850</u>
Liabilities and Shareholders' Equity:							
Future policy benefits	\$ 9,404	\$ 9,674	\$ 14,212	\$ 10,870	\$ 11,234	\$ 11,199	\$ 10,913
Policy and contract claims	1,779	2,010	151	200	258	225	340
Other policy liabilities	111	126	119	117	107	118	113
Deferred income taxes	51	235	(328)	(243)	(311)	(157)	(223)
Other liabilities	1,803	2,016	2,010	2,080	2,062	2,017	2,091
Shareholders' equity	7,796	8,803	7,027	7,978	8,510	7,984	8,617
Total liabilities & shareholders' equity	\$ <u>20,945</u>	\$ <u>22,864</u>	\$ <u>23,191</u>	\$ <u>21,002</u>	\$ <u>21,861</u>	\$ <u>21,385</u>	\$ <u>21,850</u>

(1) Certain reclassifications have been made to prior-year amounts to conform to current-year reporting classifications. These reclassifications had no impact on net earnings or total shareholders' equity.

Quarterly Statements of Pretax Adjusted Earnings and Percentage Changes

(Restated to conform to current classifications)

(Dollars In Millions)

Period	Net Earned Premiums	% Change	Adjusted NII	% Change	Total Adjusted Revenues	% Change	Benefits & Claims, Net	% Change	Amort.	% Change	Total Adjusted Expenses	% Change	Pretax Adjusted Earn.	% Change
2019	5,808	1.8	720	(1.0)	6,550	1.7	2,871	(.6)	573	7.3	2,407	6.0	1,272	(1.0)
2020	5,758	(.9)	705	(2.1)	6,565	.2	2,765	(3.7)	570	(.5)	2,532	5.2	1,268	(.3)
2021	5,614	(2.5)	754	7.0	6,489	(1.2)	2,639	(4.6)	442	(22.5)	2,494	(1.5)	1,356	6.9
2022	5,570	(.8)	755	.1	6,486	—	2,555	(3.2)	455	2.9	2,573	3.2	1,359	.2
2023	5,675	1.9	820	8.6	6,623	2.1	2,431	(4.9)	490	7.7	2,691	4.6	1,501	10.4
2022 1	1,413	(.6)	184	4.5	1,639	.7	666	(4.3)	114	2.7	640	6.7	333	.6
2	1,394	(1.0)	193	2.1	1,628	.1	658	(4.6)	113	1.8	627	4.7	343	1.5
3	1,375	(1.3)	185	(3.1)	1,598	(1.1)	616	4.1	114	3.6	638	3.2	345	(14.8)
4	1,388	(.2)	192	(2.5)	1,621	.1	614	(7.0)	115	4.5	667	(1.3)	339	20.2
2023 1	1,428	1.1	197	7.1	1,660	1.3	651	(2.3)	119	4.4	657	2.7	352	5.7
2	1,425	2.2	203	5.2	1,663	2.1	645	(2.0)	120	6.2	648	3.3	369	7.6
3	1,419	3.2	209	13.0	1,661	3.9	510	(17.2)	122	7.0	674	5.6	478	38.6
4	1,403	1.1	211	9.9	1,639	1.1	626	2.0	129	12.2	712	6.7	302	(10.9)
2024 1	1,475	3.3	206	4.6	1,699	2.3	686	5.4	132	10.9	658	.2	356	1.1

Operating Ratios
(Before Management Fee)

		12-Mo. Rolling Premium Persistence ⁽¹⁾	Tot. Ben./ Premium	Amort./ Premium	Total Adjusted Expenses/ Total Adj. Rev.	Combined Ratio/ Total Adj. Rev.	Pretax Profit Margin
Period							
	2019	77.7	49.4	9.9	36.7	80.6	19.4
	2020	79.3	48.0	9.9	38.6	80.7	19.3
	2021	79.7	47.0	7.9	38.4	79.1	20.9
	2022	77.3	45.9	8.2	39.7	79.0	21.0
	2023	78.6	42.8	8.6	40.6	77.3	22.7
	2024 YTD	78.7	46.5	8.9	38.7	79.0	21.0
2022	1	78.7	47.1	8.1	39.0	79.7	20.3
	2	78.1	47.2	8.1	38.5	78.9	21.1
	3	77.9	44.8	8.3	39.9	78.4	21.6
	4	77.3	44.2	8.3	41.1	79.1	20.9
2023	1	77.9	45.6	8.3	39.6	78.8	21.2
	2	78.2	45.3	8.4	39.0	77.8	22.2
	3	78.7	35.9	8.6	40.6	71.2	28.8
	4	78.6	44.6	9.2	43.4	81.6	18.4
2024	1	78.7	46.5	8.9	38.7	79.0	21.0

⁽¹⁾ Includes Network Dental & Vision, Consumer Markets, and Group Premier Life, Absence Management, and Disability Solutions products beginning in the first quarter of 2021

Aflac U.S. Sales Results

(Dollars In Millions)

<u>Period</u>		<u>Annul. Prem. In Force</u>	<u>% Change</u>	<u>New Annul. Prem. Sales</u>	<u>% Change</u>
2019		6,301	1.1	1,580	(1.3)
2020		6,099	(3.2)	1,093	(30.8)
2021		6,003	(1.6)	1,278	16.9
2022		5,967	(.6)	1,483	16.1
2023		6,161	3.3	1,558	5.0
2022	1	5,942	(1.4)	299	19.0
	2	5,926	(1.0)	305	15.6
	3	5,889	(.7)	334	11.8
	4	5,967	(.6)	545	17.4
2023	1	6,023	1.4	315	5.3
	2	6,064	2.3	324	6.4
	3	6,062	2.9	359	7.5
	4	6,161	3.3	559	2.6
2024 1		6,211	3.1	298	(5.2)

Aflac U.S. Product Mix

(New Annualized Premium Sales, Dollars in Millions)

Period	Disability	% of Total	Life	% of Total	Accident	% of Total	Critical Care ⁽¹⁾	% of Total	Hospital Indemnity	% of Total	Dental/ Vision	% of Total	Total
2019	355	22.5	97	6.1	450	28.5	346	21.9	263	16.6	69	4.4	1,580
2020	243	22.3	80	7.3	285	26.1	242	22.2	197	18.0	45	4.1	1,093
2021	296	23.1	114	9.0	321	25.1	273	21.3	209	16.4	65	5.1	1,278
2022	378	25.5	156	10.5	338	22.8	299	20.1	226	15.3	85	5.8	1,483
2023	399	25.6	188	12.0	326	20.9	322	20.7	225	14.5	98	6.3	1,558
2022 1	70	23.3	24	7.9	75	25.3	63	21.2	50	16.7	17	5.6	299
2	77	25.2	26	8.3	75	24.6	63	20.6	45	14.9	19	6.4	305
3	97	28.9	33	10.0	76	22.6	60	18.1	47	14.1	21	6.3	334
4	135	24.9	73	13.4	112	20.5	112	20.6	84	15.4	28	5.2	545
2023 1	79	25.2	26	8.3	74	23.5	64	20.5	50	15.9	21	6.6	315
2	80	24.8	35	10.7	73	22.4	66	20.4	46	14.3	24	7.4	324
3	101	28.2	54	15.0	72	19.9	67	18.6	45	12.6	20	5.7	359
4	139	24.8	73	13.0	107	19.2	124	22.2	83	14.9	33	5.9	559
2024 1	69	23.0	32	10.8	67	22.5	66	22.1	45	15.1	19	6.5	298

Aflac U.S. Sales Force Data

		Recruited Agents			Average Weekly Producer Equivalents	Productivity (Production/ Avg. Weekly Producers)
	Period	Career	Broker	Total		
	2019	15,227	3,603	18,830	8,184	193,120
	2020	11,826	1,861	13,687	5,918	184,706
	2021	10,641	5,445	16,086	5,993	213,235
	2022	9,550	1,500	11,050	6,186	239,786
	2023	10,103	1,463	11,566	6,239	249,663
2022	1	1,987	455	2,442	6,061	49,322
	2	2,937	391	3,328	6,067	50,264
	3	2,358	339	2,697	6,010	55,599
	4	2,268	315	2,583	6,607	82,538
2023	1	2,676	348	3,024	6,108	51,525
	2	2,801	399	3,200	6,196	52,361
	3	2,407	431	2,838	6,044	59,425
	4	2,219	285	2,504	6,608	84,645
2024	1	2,330	346	2,676	5,800	51,432

⁽¹⁾ Includes cancer, critical illness, and hospital intensive care products

Statements of Pretax Adjusted Earnings
(Before Management Fee)
(In Millions)

	Years Ended December 31,					3 Months Ended March 31,		
	2019	2020	2021	2022	2023	2023	2024	% Change
Revenues:								
Net earned premiums								
Gross premiums	¥ 1,450,586	¥ 1,409,134	¥ 1,290,527	¥ 1,246,657	¥ 1,212,654	¥ 306,739	¥ 296,056	
Assumed (ceded)	(57,974)	(55,926)	(50,864)	(48,578)	(84,838)	(19,691)	(26,197)	
Total net earned premiums	1,392,612	1,353,208	1,239,663	1,198,079	1,127,816	287,048	269,859	(6.0)
Net investment income ⁽¹⁾								
Yen denominated	142,473	138,397	138,513	149,449	138,073	34,749	34,351	(1.1)
US\$ denominated	157,717	167,541	202,905	215,171	247,277	53,853	62,996	17.0
Net investment income	300,191	305,938	341,419	364,621	385,352	88,602	97,348	9.9
Amortized hedge costs on foreign investments ⁽²⁾	(28,938)	(22,816)	(8,391)	(13,155)	(19,773)	(7,671)	(796)	(89.6)
Adjusted net investment income	271,253	283,122	333,028	351,466	365,579	80,931	96,551	19.3
Other income excl. realized foreign currency gains (losses)	4,869	4,497	4,512	4,442	4,720	1,166	1,183	
Total adjusted revenues	1,668,734	1,640,827	1,577,203	1,553,988	1,498,115	369,145	367,593	(.4)
Benefits and claims:								
Benefits and claims, net								
Incurred claims -direct	727,491	734,471	743,247	788,572	781,774	215,238	224,857	
Incurred claims -assumed (ceded)	(45,657)	(37,806)	(31,798)	(36,141)	(70,748)	(16,877)	(19,407)	
Increase in FPB -direct	292,444	260,200	149,084	73,592	44,121	(7,011)	(23,025)	
Increase in FPB -assumed (ceded)	(6,497)	(11,377)	(11,425)	(5,618)	2,226	2,647	2,331	
Total benefits and claims, net, excluding reserve remeasurement	N/A	N/A	849,108	820,405	757,373	193,997	184,756	
Reserve remeasurement (gain) loss	N/A	N/A	(6,879)	(13,337)	(13,072)	(1,727)	(3,883)	
Total benefits and claims, net	967,782	945,487	842,229	807,068	744,301	192,270	180,873	(5.9)
Adjusted expenses:								
Amortization of deferred policy acquisition costs	77,286	68,818	43,131	44,123	45,840	11,281	12,289	8.9
Insurance commissions	79,661	79,036	77,449	73,482	68,751	18,215	16,988	(6.7)
Insurance and other expenses	189,203	199,606	202,586	198,493	182,364	43,129	36,880	(14.5)
Total adjusted expenses	346,150	347,460	323,166	316,097	296,955	72,625	66,157	
Total benefits and adjusted expenses	1,313,932	1,292,947	1,165,395	1,123,165	1,041,256	264,895	247,029	(6.7)
Pretax adjusted earnings	¥ 354,802	¥ 347,881	¥ 411,808	¥ 430,823	¥ 456,859	¥ 104,251	¥ 120,564	15.6

⁽¹⁾ Includes the net interest cash flows from derivatives associated with certain investment strategies

⁽²⁾ See non-U.S. GAAP financial measures for the definition of amortized hedge costs/income

Statements of Pretax Adjusted Earnings
(Before Management Fee)
(In Millions)

	Years Ended December 31,					3 Months Ended March 31,		
	2019	2020	2021	2022	2023	2023	2024	% Change
Revenues:								
Net earned premiums								
Gross premiums	\$ 13,304	\$ 13,193	\$ 11,765	\$ 9,558	\$ 8,649	\$ 2,318	\$ 1,992	
Assumed (ceded)	(532)	(524)	(463)	(372)	(602)	(148)	(176)	
Total net earned premiums	12,772	12,670	11,301	9,186	8,047	2,170	1,816	(16.3)
Net investment income ⁽¹⁾								
Yen denominated	1,307	1,296	1,262	1,140	985	263	231	(12.2)
US\$ denominated	1,446	1,569	1,845	1,641	1,755	407	424	4.2
Net investment income	2,753	2,865	3,107	2,782	2,739	669	655	(2.1)
Amortized hedge costs on foreign investments ⁽²⁾	(257)	(206)	(76)	(112)	(157)	(58)	(6)	(89.7)
Adjusted net investment income	2,496	2,659	3,031	2,669	2,582	611	648	6.1
Other income excl. realized foreign currency gains (losses)	45	42	41	35	35	9	9	
Total adjusted revenues	15,313	15,371	14,373	11,890	10,664	2,790	2,473	(11.4)
Benefits and claims								
Benefits and claims, net								
Incurred claims -direct	6,671	6,875	6,776	6,038	5,582	1,626	1,512	
Incurred claims -assumed (ceded)	(419)	(354)	(290)	(275)	(502)	(127)	(131)	
Increase in FPB -direct	2,684	2,437	1,356	562	314	(52)	(154)	
Increase in FPB -assumed (ceded)	(60)	(107)	(104)	(43)	15	19	16	
Total benefits and claims, net, excluding reserve remeasurement	N/A	N/A	7,738	6,282	5,409	1,466	1,243	
Reserve remeasurement (gain) loss	N/A	N/A	(62)	(91)	(96)	(13)	(26)	
Total benefits and claims, net	8,877	8,851	7,675	6,191	5,313	1,453	1,217	(16.2)
Adjusted expenses:								
Amortization of deferred policy acquisition costs	709	644	393	338	326	85	83	(2.4)
Insurance commissions	731	740	706	563	491	138	114	(17.4)
Insurance and other expenses	1,734	1,873	1,843	1,517	1,299	326	248	(23.9)
Total adjusted expenses	3,174	3,257	2,942	2,417	2,117	549	445	
Total benefits and adjusted expenses	12,051	12,108	10,618	8,609	7,430	2,002	1,663	(16.9)
Pretax adjusted earnings	\$ 3,261	\$ 3,263	\$ 3,756	\$ 3,281	\$ 3,234	\$ 788	\$ 810	2.8

⁽¹⁾ Includes the net interest cash flows from derivatives associated with certain investment strategies

⁽²⁾ See non-U.S. GAAP financial measures for definition of amortized hedge costs/income

Balance Sheets

(In Millions)

	December 31,					March 31,	
	2019	2020	2021	2022	2023	2023	2024
Assets:							
Investments and cash	¥ 12,847,994	¥ 13,080,154	¥ 13,645,902	¥ 12,777,746	¥ 12,566,939	¥ 12,976,202	¥ 12,993,051
Receivables, net of allowance for credit losses	28,219	20,782	22,439	23,138	24,848	25,467	60,415
Accrued investment income	65,485	62,722	67,493	76,489	74,666	68,075	72,487
Deferred policy acquisition costs	721,341	723,579	745,510	766,506	788,394	771,279	792,504
Other assets	308,411	320,351	386,832	387,065	946,644	682,018	948,349
Total assets	¥ 13,971,450	¥ 14,207,588	¥ 14,868,176	¥ 14,030,944	¥ 14,401,491	¥ 14,523,041	¥ 14,866,806
Liabilities and Shareholders' Equity:							
Future policy benefits	¥ 8,924,868	¥ 9,175,501	¥ 11,755,704	¥ 10,315,140	¥ 10,444,044	¥ 10,768,070	¥ 10,299,213
Policy and contract claims	315,477	328,778	—	28	465	620	653
Unearned premiums	453,133	361,010	284,045	227,732	192,595	218,038	185,338
Other policyholders' funds	801,588	808,429	877,690	880,989	874,854	889,926	882,723
Income taxes (prim. deferred)	618,901	478,969	36,166	114,688	95,297	101,778	167,677
Other liabilities	357,135	253,219	502,633	575,554	576,879	694,739	796,972
Shareholders' equity	2,500,349	2,801,682	1,411,938	1,916,812	2,217,357	1,849,870	2,534,230
Total liabilities & shareholders' equity	¥ 13,971,450	¥ 14,207,588	¥ 14,868,176	¥ 14,030,944	¥ 14,401,491	¥ 14,523,041	¥ 14,866,806

Balance Sheets

(In Millions)

	December 31,					March 31,	
	2019	2020	2021	2022	2023	2023	2024
Assets:							
Investments and cash	\$ 117,269	\$ 126,378	\$ 118,639	\$ 96,290	\$ 88,606	\$ 97,178	\$ 85,814
Receivables, net of allowance for credit losses	258	201	195	174	175	191	399
Accrued investment income	598	606	587	576	526	510	479
Deferred policy acquisition costs	6,584	6,991	6,482	5,776	5,559	5,776	5,234
Other assets	2,815	3,095	3,363	2,917	6,675	5,108	6,263
Total assets	\$ <u>127,523</u>	\$ <u>137,271</u>	\$ <u>129,266</u>	\$ <u>105,734</u>	\$ <u>101,541</u>	\$ <u>108,762</u>	\$ <u>98,189</u>
Liabilities and Shareholders' Equity:							
Future policy benefits	\$ 81,461	\$ 88,652	\$ 102,206	\$ 77,733	\$ 73,638	\$ 80,642	\$ 68,022
Policy and contract claims	2,879	3,177	—	—	3	5	4
Unearned premiums	4,136	3,488	2,470	1,716	1,358	1,633	1,224
Other policyholders' funds	7,316	7,811	7,631	6,639	6,169	6,665	5,830
Income taxes (prim. deferred)	5,650	4,630	314	781	619	681	1,088
Other liabilities	3,260	2,447	4,369	4,337	4,067	5,203	5,264
Shareholders' equity	22,820	27,068	12,276	14,528	15,687	13,935	16,757
Total liabilities & shareholders' equity	\$ <u>127,523</u>	\$ <u>137,271</u>	\$ <u>129,266</u>	\$ <u>105,734</u>	\$ <u>101,541</u>	\$ <u>108,762</u>	\$ <u>98,189</u>

Quarterly Statements of Pretax Adjusted Earnings and Percentage Changes
(Yen In Millions)

Period	Net Earned Premiums	% Change	Adjusted NII	% Change	Total Adjusted Revenues	% Change	Benefits & Claims, Net	% Change	Amort.	% Change	Total Adjusted Expense	% Change	Pretax Adjusted Earn.	% Change
2019	1,392,612	(1.1)	271,253	2.2	1,668,734	(.6)	967,782	(1.6)	77,286	(1.5)	346,150	1.6	354,802	.2
2020	1,353,208	(2.8)	283,122	4.4	1,640,827	(1.7)	945,487	(2.3)	68,818	(11.0)	347,459	.4	347,881	(2.0)
2021	1,239,663	(8.4)	333,028	17.6	1,577,203	(3.9)	842,229	(10.9)	43,131	(37.3)	323,166	(7.0)	411,808	18.4
2022	1,198,079	(3.4)	351,466	5.5	1,553,988	(1.5)	807,068	(4.2)	44,123	2.3	316,097	(2.2)	430,823	4.6
2023	1,127,816	(5.9)	365,579	4.0	1,498,115	(3.6)	744,301	(7.8)	45,840	3.9	296,955	(6.1)	456,859	6.0
2022 1	304,884	(2.8)	79,042	5.9	385,000	(1.2)	206,890	(4.0)	10,886	3.3	77,095	(.8)	101,015	4.7
2	302,213	(3.1)	94,004	8.4	397,358	(.5)	204,807	(3.7)	10,964	2.5	79,022	(.3)	113,529	5.5
3	293,667	(4.5)	92,241	9.8	387,113	(1.4)	196,121	(4.8)	11,073	2.9	77,498	(4.0)	113,494	7.4
4	297,315	(3.1)	86,180	(1.7)	384,517	(2.8)	199,250	(4.3)	11,201	.6	82,482	(3.5)	102,785	.8
2023 1	287,048	(5.9)	80,931	2.4	369,145	(4.1)	192,270	(7.1)	11,281	3.6	72,625	(5.8)	104,251	3.2
2	283,377	(6.2)	87,963	(6.4)	372,544	(6.2)	186,310	(9.0)	11,359	3.6	72,808	(7.9)	113,426	(.1)
3	285,305	(2.8)	98,866	7.2	385,363	(.5)	185,855	(5.2)	11,435	3.3	73,068	(5.7)	126,440	11.4
4	272,085	(8.5)	97,819	13.5	371,063	(3.5)	179,866	(9.7)	11,766	5.0	78,454	(4.9)	112,742	9.7
2024 1	269,859	(6.0)	96,551	19.3	367,593	(.4)	180,873	(5.9)	12,289	8.9	66,157	(8.9)	120,564	15.6

Operating Ratios
(Before Management Fee)

	<u>Period</u>	<u>12-Mo. Rolling Premium Persistency⁽¹⁾</u>	<u>Tot. Ben./ Premium</u>	<u>Tot. Ben./ Premiums (3rd sector)</u>	<u>Amort./ Premium</u>	<u>Tot. Adj. Expenses/ Total Adj. Rev.</u>	<u>Combined Ratio/ Total Adj. Rev.</u>	<u>Pretax Profit Margin</u>
	2019	94.4	69.5	59.3	5.5	20.7	78.7	21.3
	2020	95.1	69.9	59.7	5.1	21.2	78.8	21.2
	2021	94.3	67.9	58.7	3.5	20.5	73.9	26.1
	2022	94.1	67.4	58.5	3.7	20.3	72.3	27.7
	2023	93.4	66.0	56.2	4.1	19.8	69.5	30.5
2022	1	94.3	67.9	58.5	3.6	20.0	73.8	26.2
	2	94.3	67.8	58.5	3.6	19.9	71.4	28.6
	3	94.3	66.8	59.4	3.8	20.0	70.7	29.3
	4	94.1	67.0	57.7	3.8	21.5	73.3	26.7
2023	1	93.9	67.0	57.7	3.9	19.7	71.8	28.2
	2	93.8	65.7	56.2	4.0	19.5	69.6	30.4
	3	93.5	65.1	54.8	4.0	19.0	67.2	32.8
	4	93.4	66.1	56.2	4.3	21.1	69.6	30.4
2024	1	93.4	67.0	57.5	4.6	18.0	67.2	32.8

⁽¹⁾ Premium persistency presented on a 12-month rolling basis for all periods, rather than year to date

Aflac Japan Sales Results
(Yen In Millions, unless otherwise noted)

		Ann. Prem. In Force (Billions)	% Change	Third Sector New Annl. Prem. Sales	% Change	Total New Annual. Premium Sales	% Change
Period							
2019		1,489.3	(2.5)	72,836	(18.0)	79,697	(16.9)
2020		1,426.5	(4.2)	45,110	(38.1)	50,852	(36.2)
2021		1,360.6	(4.7)	48,977	8.6	54,764	7.7
2022		1,301.0	(4.4)	47,998	(2.0)	54,765	—
2023		1,246.4	(4.2)	52,234	8.8	60,730	10.9
2022	1	1,345.6	(4.6)	10,679	(19.0)	11,925	(14.8)
	2	1,332.0	(4.3)	11,372	(6.2)	12,731	(6.4)
	3	1,315.7	(4.3)	12,639	12.1	13,884	10.2
	4	1,301.0	(4.4)	13,308	1.7	16,224	11.4
2023	1	1,281.4	(4.8)	10,952	2.6	13,213	10.8
	2	1,268.4	(4.8)	13,964	22.8	16,112	26.6
	3	1,257.4	(4.4)	13,606	7.7	15,600	12.4
	4	1,246.4	(4.2)	13,711	3.0	15,805	(2.6)
2024	1	1,232.6	(3.8)	10,767	(1.7)	12,534	(5.1)

Aflac Japan

Aflac Japan Product Mix

(New Annualized Premium Sales, Yen In Billions)

		Cancer	% of Total	Medical	% of Total	Income Support	% of Total	Child Endowment	% of Total	WAYS	% of Total	Ordinary Life Other	% of Total	Other	% of Total	Total
Period																
2019		47.2	59.2	24.6	31.0	1.0	1.2	.2	.2	.4	.5	5.9	7.4	.4	.5	79.7
2020		28.8	56.6	15.9	31.2	.5	1.0	.2	.4	.4	.7	4.8	9.5	.3	.6	50.9
2021		27.0	49.2	20.4	37.2	.3	.5	.2	.3	.4	.8	4.9	9.0	1.6	3.0	54.8
2022		30.9	56.5	14.6	26.6	.7	1.3	.2	.3	1.9	3.5	4.5	8.1	2.0	3.7	54.8
2023		38.9	64.1	12.3	20.2	.3	.4	.2	.4	4.1	6.8	3.9	6.5	1.0	1.6	60.7
2022	1	6.4	53.0	3.8	31.4	.1	1.1	.1	.3	.1	.7	1.1	9.0	.5	4.5	11.9
	2	6.8	53.4	3.8	29.9	.3	2.2	—	.2	.1	.8	1.2	9.2	.6	4.3	12.7
	3	8.4	60.1	3.7	26.4	.2	1.2	—	.2	.1	.6	1.0	7.7	.5	3.8	13.9
	4	9.5	58.2	3.4	20.8	.1	.8	.1	.4	1.6	10.1	1.1	7.2	.4	2.5	16.2
2023	1	7.9	59.9	2.7	20.8	.1	.6	.1	.6	1.2	8.9	1.0	7.3	.2	1.9	13.2
	2	10.9	67.7	2.8	17.5	.1	.4	.1	.4	1.0	6.6	1.0	6.1	.2	1.3	16.1
	3	10.3	65.6	3.1	20.0	.1	.4	.1	.4	.9	6.0	.9	6.1	.2	1.5	15.6
	4	9.9	62.5	3.6	22.8	.1	.4	—	.3	.9	6.0	1.1	6.6	.2	1.4	15.8
2024	1	7.9	63.2	2.7	21.1	—	.3	—	.3	.7	5.3	1.0	8.1	.2	1.7	12.5

Aflac Japan Sales Force Data

		Number of Agencies by Type				Sales Contribution by Agency Type				
Period		Individual/ Independent Corporate	Affiliated Corporate	Bank	Total	Individual/ Independent Corporate	Affiliated Corporate	Bank	Licensed Sales Associates ⁽¹⁾	Recruited Agencies
2019		7,683	1,343	367	9,393	45.7	50.0	4.3	109,265	77
2020		7,231	1,312	361	8,904	52.3	42.6	5.1	111,886	48
2021		6,779	1,283	360	8,422	51.1	43.7	5.2	111,854	62
2022		6,159	1,239	359	7,757	49.5	46.5	4.0	110,259	38
2023		5,751	1,203	360	7,314	46.7	50.0	3.3	113,010	24
2024 YTD		5,659	1,191	360	7,210	48.9	48.0	3.1	112,645	12
2022	1	6,447	1,266	360	8,073	48.9	46.5	4.6	109,873	6
	2	6,335	1,255	359	7,949	48.4	48.1	3.5	110,096	12
	3	6,260	1,246	359	7,865	49.3	46.2	4.5	110,400	12
	4	6,159	1,239	359	7,757	51.2	45.4	3.4	110,259	8
2023	1	6,056	1,232	359	7,647	50.9	45.4	3.7	109,769	4
	2	5,947	1,219	360	7,526	44.8	52.5	2.7	112,593	5
	3	5,843	1,211	360	7,414	44.4	51.9	3.7	112,795	6
	4	5,751	1,203	360	7,314	47.7	49.2	3.1	113,010	9
2024	1	5,659	1,191	360	7,210	48.9	48.0	3.1	112,645	12

⁽¹⁾ Excludes Dai-ichi Life, banks, Japan Post Group and Daido Life

Yen/Dollar Exchange Rates

Period	Closing Rate ⁽¹⁾	Qtr Avg	Yearly Cum Avg	% Change
2019	109.56	N/A	109.07	1.2
2020	103.50	N/A	106.86	2.1
2021	115.02	N/A	109.79	(2.7)
2022	132.70	N/A	130.17	(15.7)
2023	141.83	N/A	140.57	(7.4)
2022 1	122.39	116.18	116.18	(8.9)
2	136.68	129.39	122.79	(12.2)
3	144.81	137.08	126.65	(14.3)
4	132.70	141.87	130.17	(15.7)
2023 1	133.53	132.30	132.30	(12.2)
2	144.99	137.53	134.97	(9.0)
3	149.58	144.97	138.38	(8.5)
4	141.83	148.11	140.57	(7.4)
2024 1	151.41	148.67	148.67	(11.0)

⁽¹⁾ Closing rate is based on the latest available and published MUFG Bank Ltd. TTM mid-day exchange rate.

Corporate and Other

Statements of Pretax Adjusted Earnings (Before Management Fee) (In Millions)

	Years Ended December 31,					3 Months Ended March 31,		
	2019	2020	2021	2022	2023	2023	2024	% Change
Revenues:								
Total net earned premiums	\$ 200	\$ 194	\$ 180	\$ 145	\$ 400	\$ 91	\$ 165	81.3
Net investment income ⁽¹⁾	88	80	(73)	30	(77)	7	51	628.6
Amortized hedge income ⁽²⁾	89	97	57	68	121	29	28	(3.4)
Adjusted net investment income	177	177	(16)	98	44	36	79	119.4
Other income	15	13	11	24	15	2	3	50.0
Total adjusted revenues	393	384	175	267	460	129	247	91.5
Benefits and expenses:								
Total net benefits and claims	194	180	161	141	467	46	107	132.6
Interest expense	133	164	165	162	144	33	36	9.1
Other adjusted expenses	137	155	142	181	273	57	107	87.7
Total benefits and adjusted expenses	464	499	469	485	885	136	250	83.8
Pretax adjusted earnings	<u>\$ (72)</u>	<u>\$ (115)</u>	<u>\$ (293)</u>	<u>\$ (218)</u>	<u>\$ (425)</u>	<u>\$ (7)</u>	<u>\$ (3)</u>	57.1

⁽¹⁾ The change in value of federal historic rehabilitation and solar investments in partnerships of \$32 and \$51 for the three-month periods ended March 31, 2024, and 2023, respectively, is included as a reduction to net investment income. Tax credits on these investments of \$33 and \$52 for the three-month periods ended March 31, 2024, and 2023, respectively, have been recorded as an income tax benefit in the consolidated statement of earnings.

⁽²⁾ See non-U.S. GAAP financial measures for the definition of amortized hedge cost/income

Non-U.S. GAAP Financial Measures

This document includes references to the Company's financial performance measures which are not calculated in accordance with United States generally accepted accounting principles (U.S. GAAP) (non-U.S. GAAP). The financial measures exclude items that the Company believes may obscure the underlying fundamentals and trends in insurance operations because they tend to be driven by general economic conditions and events or related to infrequent activities not directly associated with insurance operations.

Due to the size of Aflac Japan, where the functional currency is the Japanese yen, fluctuations in the yen/dollar exchange rate can have a significant effect on reported results. In periods when the yen weakens, translating yen into dollars results in fewer dollars being reported. When the yen strengthens, translating yen into dollars results in more dollars being reported. Consequently, yen weakening has the effect of suppressing current period results in relation to the comparable prior period, while yen strengthening has the effect of magnifying current period results in relation to the comparable prior period. A significant portion of the Company's business is conducted in yen and never converted into dollars but translated into dollars for U.S. GAAP reporting purposes, which results in foreign currency impact to earnings, cash flows and book value on a U.S. GAAP basis. Management evaluates the Company's financial performance both including and excluding the impact of foreign currency translation to monitor, respectively, cumulative currency impacts and the currency-neutral operating performance over time. The average yen/dollar exchange rate is based on the published MUFG Bank, Ltd. telegraphic transfer middle rate (TTM).

The Company defines the non-U.S. GAAP financial measures included in this document as follows:

- **Adjusted book value** is the U.S. GAAP book value (representing total shareholders' equity), less AOCI as recorded on the U.S. GAAP balance sheet. Adjusted book value per common share is adjusted book value at the period end divided by the ending outstanding common shares for the period presented. The Company considers adjusted book value and adjusted book value per common share important as they exclude AOCI, which fluctuates due to market movements that are outside management's control. The most comparable U.S. GAAP financial measures for adjusted book value and adjusted book value per common share are total book value and total book value per common share, respectively.
- **Adjusted book value including unrealized foreign currency translation gains and losses** is adjusted book value plus unrealized foreign currency translation gains and losses. Adjusted book value including unrealized foreign currency translation gains and losses per common share is adjusted book value plus unrealized foreign currency translation gains and losses at the period end divided by the ending outstanding common shares for the period presented. The Company considers adjusted book value including unrealized foreign currency translation gains and losses, and its related per share financial measure, important as they exclude certain components of AOCI, which fluctuate due to market movements that are outside management's control; however, it includes the impact of foreign currency as a result of the significance of Aflac's Japan operation. The most comparable U.S. GAAP financial measures for adjusted book value including unrealized foreign currency translation gains and losses and adjusted book value including unrealized foreign currency translation gains and losses per common share are total book value and total book value per common share, respectively.
- **Adjusted book value including unrealized foreign currency translation gains and losses and pension liability adjustment** is adjusted book value plus unrealized foreign currency translation gains and losses and pension liability adjustment. The Company considers adjusted book value including unrealized foreign currency translation gains and losses and pension liability adjustment important as it excludes certain components of AOCI, which fluctuates due to market movements that are outside management's control; however, it includes the impact of foreign currency as a result of the significance of Aflac's Japan operation. The most comparable U.S. GAAP financial measure for adjusted book value including unrealized foreign currency translation gains and losses and pension liability adjustment is total book value.
- **Adjusted debt** is the sum of notes payable, as recorded on the U.S. GAAP balance sheet, excluding 50% of subordinated debentures and perpetual bonds and all pre-funding of debt maturities. The Company considers adjusted debt important as it measures outstanding debt consistently with expectations of the Company's rating agency stakeholders. The most comparable U.S. GAAP financial measure for adjusted debt is notes payable.
- **Adjusted debt including 50% of subordinated debentures and perpetual bonds** is the sum of notes payable, as recorded on the U.S. GAAP balance sheet, excluding pre-funding of debt maturities. The Company considers adjusted debt including 50% of subordinated debentures and perpetual bonds important as it measures outstanding debt consistently with expectations of the Company's rating agency stakeholders. The most comparable U.S. GAAP financial measure for adjusted debt including 50% of subordinated debentures and perpetual bonds is notes payable.

- **Adjusted earnings** are adjusted revenues less benefits and adjusted expenses. Adjusted earnings per share (basic or diluted) are the adjusted earnings for the period divided by the weighted average outstanding shares (basic or diluted) for the period presented. The adjustments to both revenues and expenses account for certain items that are outside of management's control because they tend to be driven by general economic conditions and events or are related to infrequent activities not directly associated with insurance operations. Adjusted revenues are U.S. GAAP total revenues excluding adjusted net investment gains and losses. Adjusted expenses are U.S. GAAP total acquisition and operating expenses including the impact of interest from derivatives associated with notes payable but excluding any non-recurring or other items not associated with the normal course of the Company's insurance operations and that do not reflect the Company's underlying business performance. Management uses adjusted earnings and adjusted earnings per diluted share to evaluate the financial performance of the Company's insurance operations on a consolidated basis and believes that a presentation of these financial measures is vitally important to an understanding of the underlying profitability drivers and trends of the Company's insurance business. The most comparable U.S. GAAP financial measures for adjusted earnings and adjusted earnings per share (basic or diluted) are net earnings and net earnings per share, respectively.
- **Adjusted earnings excluding current period foreign currency impact** are computed using the average foreign currency exchange rate for the comparable prior-year period, which eliminates fluctuations driven solely by foreign currency exchange rate changes. Adjusted earnings per diluted share excluding current period foreign currency impact is adjusted earnings excluding current period foreign currency impact divided by the weighted average outstanding diluted shares for the period presented. The Company considers adjusted earnings excluding current period foreign currency impact and adjusted earnings per diluted share excluding current period foreign currency impact important because a significant portion of the Company's business is conducted in Japan and foreign exchange rates are outside management's control; therefore, the Company believes it is important to understand the impact of translating foreign currency (primarily Japanese yen) into U.S. dollars. The most comparable U.S. GAAP financial measures for adjusted earnings excluding current period foreign currency impact and adjusted earnings per diluted share excluding current period foreign currency impact are net earnings and net earnings per share, respectively.
- **Amortized hedge costs/income** represent costs/income incurred or recognized as a result of using foreign currency derivatives to hedge certain foreign exchange risks in the Company's Japan segment or in Corporate and other. These amortized hedge costs/income are estimated at the inception of the derivatives based on the specific terms of each contract and are recognized on a straight-line basis over the contractual term of the derivative. The Company believes that amortized hedge costs/income measure the periodic currency risk management costs/income related to hedging certain foreign currency exchange risks and are an important component of net investment income. There is no comparable U.S. GAAP financial measure for amortized hedge costs/income.
- **Adjusted net investment gains and losses** are net investment gains and losses adjusted for i) amortized hedge cost/income related to foreign currency exposure management strategies and certain derivative activity, ii) net interest income/expense from foreign currency and interest rate derivatives associated with certain investment strategies, which are both reclassified to net investment income, and iii) the impact of interest from derivatives associated with notes payable, which is reclassified to interest expense as a component of total adjusted expenses. The Company considers adjusted net investment gains and losses important as it represents the remainder amount that is considered outside management's control, while excluding the components that are within management's control and are accordingly reclassified to net investment income and interest expense. The most comparable U.S. GAAP financial measure for adjusted net investment gains and losses is net investment gains and losses.
- **Adjusted net investment income** is net investment income adjusted for i) amortized hedge cost/income related to foreign currency exposure management strategies and certain derivative activity, and ii) net interest income/expense from foreign currency and interest rate derivatives associated with certain investment strategies, which are reclassified from net investment gains and losses to net investment income. The Company considers adjusted net investment income important because it provides a more comprehensive understanding of the costs and income associated with the Company's investments and related hedging strategies. The most comparable U.S. GAAP financial measure for adjusted net investment income is net investment income.
- **Adjusted return on equity** is adjusted earnings divided by average shareholders' equity, excluding accumulated other comprehensive income (AOCI). Management uses adjusted return on equity to evaluate the financial performance of the Company's insurance operations on a consolidated basis and believes that a presentation of this financial measure is vitally important to an understanding of the underlying profitability drivers and trends of the Company's insurance business. The Company considers adjusted return on equity important as it excludes components of AOCI, which fluctuate due to market movements that are outside management's control. The most comparable U.S. GAAP financial measure for adjusted return on equity is return on average equity (ROE) as determined using net earnings and average total shareholders' equity.