Presentation Notes for the Aflac 2019 Financial Analysts Briefing

September 25, 2019

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FORWARD-LOOKING INFORMATION

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” to encourage companies to provide prospective information, so long as those informational statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. The company desires to take advantage of these provisions. This document contains cautionary statements identifying important factors that could cause actual results to differ materially from those projected herein, and in any other statements made by company officials in communications with the financial community and contained in documents filed with the Securities and Exchange Commission (SEC). Forward-looking statements are not based on historical information and relate to future operations, strategies, financial results or other developments. Furthermore, forward-looking information is subject to numerous assumptions, risks and uncertainties. In particular, statements containing words such as “expect,” “anticipate,” “believe,” “goal,” “objective,” “may,” “should,” “estimate,” “intends,” “projects,” “will,” “assumes,” “potential,” “target,” “outlook” or similar words as well as specific projections of future results, generally qualify as forward-looking. Aflac undertakes no obligation to update such forward-looking statements.

The company cautions readers that the following factors, in addition to other factors mentioned from time to time, could cause actual results to differ materially from those contemplated by the forward-looking statements:

- difficult conditions in global capital markets and the economy
- exposure to significant interest rate risk
- concentration of business in Japan
- foreign currency fluctuations in the yen/dollar exchange rate
- limited availability of acceptable yen-denominated investments
- U.S. tax audit risk related to conversion of the Japan branch to a subsidiary
- deviations in actual experience from pricing and reserving assumptions
- ability to continue to develop and implement improvements in information technology systems
- competitive environment and ability to anticipate and respond to market trends
- ability to protect the Aflac brand and the Company’s reputation
- ability to attract and retain qualified sales associates, brokers, employees, and distribution partners
- interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality or privacy of sensitive data residing on such systems
- failure to comply with restrictions on patient privacy and information security
- extensive regulation and changes in law or regulation by governmental authorities
- tax rates applicable to the Company may change
- defaults and credit downgrades of investments
- decline in creditworthiness of other financial institutions
- significant valuation judgments in determination of amount of impairments taken on the Company’s investments
- subsidiaries’ ability to pay dividends to the Parent Company
- decreases in the Company’s financial strength or debt ratings
- inherent limitations to risk management policies and procedures
- concentration of the Company’s investments in any particular single-issuer or sector
- differing judgments applied to investment valuations
- ability to effectively manage key executive succession
- catastrophic events including, but not necessarily limited to, epidemics, pandemics, tornadoes, hurricanes, earthquakes, tsunamis, war or other military action, terrorism or other acts of violence, and damage incidental to such events
- changes in accounting standards
- increased expenses and reduced profitability resulting from changes in assumptions for pension and other postretirement benefit plans
- level and outcome of litigation
- allegations or determinations of worker misclassification in the United States
Strategic Overview of Aflac Incorporated

Dan Amos
Chairman and Chief Executive Officer, Aflac and Aflac Incorporated
The Need for Aflac’s Products

Rising health care costs in both the U.S. and Japan, continue to drive greater out-of-pocket expenses

Financial Focus

- Strong and stable pretax margins
- Robust capital position
- High-quality, diversified investments
- Leading return on capital paired with an extremely low cost of capital

Address the challenge of top-line growth
Generating Growth With a Measured Approach

**Defending the Core**
- Product Development – Distribution Productivity – Digitizing Platforms

**Expanding the Core**
- Tactical Development

**Evolving the Core**
- Innovating – Venturing – Incubating

Leverage core with a measured approach
My Special Aflac Duck

“The smartest toy of all”
“More meaningful than all other tech combined”
“One of the best gadgets”
“New hope thanks to the Aflac Duck”

Aflac®
Overview of Aflac Japan

Masatoshi Koide
President and Representative Director, Aflac Life Insurance Japan Ltd.

Roadmap

I. Japan Insurance Market: Third Sector
II. Aflac Japan’s Competitive Advantages
III. Aflac Japan’s Vision and Strategy for Growth
Market Catalysts

Third sector market dynamics support further expansion, including:

- Aging Population and Low Birthrate
- Projected Social Security Benefits
- Changing Consumer Needs

Opportunities for the Growing Third Sector
(Cancer & Medical, FSA Basis, Stand-alone, Life Industry Only)

Market more than doubled in 15 years

Source: Life Insurance Association of Japan
Cancer Insurance Market Penetration
(Product Penetration, Individual Basis, Three-year Interval Data)

![Graph showing the market penetration of cancer insurance from 2001 to 2016.](image)

Life insurance does not include annuity insurance or child endowment.

Source: Japan Institute of Life Insurance

Aflac Japan VISION 2024

**Vision**

Being the leading company
"Creating Living in Your Own Way"

**Through VISION 2024 Aflac Japan will:**

- Strengthen Aflac's position as the leading company in the third sector
- Expand into new frontiers consistent with our core capabilities and values
- Cultivate an innovation-driven corporate culture
Leveraging Our Strengths as a Market Leader

As the pioneer of cancer insurance in Japan with 44+ years of experience, Aflac has developed scale, efficiencies and deep expertise

- Innovative Products
- Broad Distribution
- Trusted Brand

Aflac Japan is the leading company for cancer and medical insurance in Japan

Competitive Advantage: Innovative Products

Provide Latest Coverage Based on Customers’ Different Life Stages

- Income Support Coverage
- Death Coverage
- Post-retirement Life Coverage
- Nursing Care/Dementia Care Coverage
- Post-mortem Expense Coverage

Coverage at Different Life Stages

Medical Insurance

- January 2019: Introduced mid-term, lump-sum rider addition system
- June 2019: Introduced special premium rate for medical insurance

Life Stage of Customers

20s 30s 40s 50s 100
### Competitive Advantage: Broad Distribution

<table>
<thead>
<tr>
<th>Core Traditional Channel</th>
<th>Agencies</th>
<th>Count</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Affiliated Corporate</td>
<td>1,300+ agencies,</td>
<td>- 200+ Aflac-exclusive agencies</td>
</tr>
<tr>
<td></td>
<td>Independent Corporate</td>
<td>4,000+ agencies,</td>
<td>- 1,000+ Aflac-exclusive agencies</td>
</tr>
<tr>
<td></td>
<td>Individual</td>
<td>3,900+ agencies,</td>
<td>- 3,500+ Aflac-exclusive agencies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Partners Channel</td>
<td>Japan Post</td>
<td>20,000+ post offices</td>
<td>- Nationwide selling Aflac cancer insurance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>76 branches of Japan Post Insurance Co., Ltd.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Announced strategic alliance with a capital relationship in December 2018</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dai-ichi Life</td>
<td>Nearly 40,000 Dai-Ichi Life sales representatives offer Aflac cancer insurance</td>
<td>19 years of consistent, robust sales results under Business Alliance</td>
</tr>
<tr>
<td></td>
<td>Daido Life</td>
<td>Selling cancer insurance products in SME association market</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Banks</td>
<td>Aflac Japan represented at 360+ banks</td>
<td></td>
</tr>
</tbody>
</table>

### Competitive Advantage: Trusted Brand

**Aflac's brand recognition is over 91%**
- Attractive to consumers and business partners
- Communicates high-quality products and services for “insurance for daily living”

「生きる」を創る。
Business Development Flexibility Following Conversion

### Group structure

- Aflac Payment Services Co., Ltd.
- Aflac Insurance Services Co., Ltd.
- Aflac Heartful Services Co., Ltd.
- Tsusan Co., Ltd.

### Aflac Japan subsidiaries

- Agile-style business processes introduced to provide customers with value in a flexible and speedy manner fitting for an age of rapid changes

### Governance – Business operations

- Implement Agile operations

### Capital management

- Hybrid bond issuance
  - Post-conversion, Aflac Life Insurance Japan Ltd. has flexibility to raise funding:
    - April 2019: Yen-denominated perpetual subordinated corporate bonds

Cultivate an Innovation-Driven Corporate Culture

### Innovation-driven Corporate Culture

- Diversity Promotion
- Work SMART

### Talent Development: Leader Training

- Next Generation Executive Development Program
- U.S. Training Program
Innovation for a Cancer Ecosystem

Cancer Ecosystem

Prevention | Early intervention | Treatment optimization | Living with cancer
---|---|---|---
Identify risk and improve | Screening | Diagnosis | Select doctor/treatment | Treatment | Recovery | Final stage

Insurance

Health Care

Digital Innovation

Product and Service Innovation
- Straight-Through Payment

Data Analytics and Cloud
- AI-Data Analytics
- Private Cloud

Automation and Process Optimization
- AI-OCR
- AI-Search

Culture and Organizational Enablement
- Agile@Aflac

Potential business opportunity
Aflac Japan Adjusted Expense Ratio Outlook

Adjusted Target

- Earned premium normalized for paid-up third and first sector policies
- Efficiencies focused on procurement, space utilization and administrative process improvement
- Annual efficiency economic benefit of ¥2 to ¥3 billion per year compared to 2018 ratio

Expense Ratio Outlook

Expenses to Total Revenue

Expenses to Normalized Earned Premium
Aflac Japan Growth Strategies

Koji Ariyoshi
Director, Executive Vice President; Director of Sales and Marketing, Aflac Life Insurance Japan Ltd.

Outlook for Earned Premium Growth:
All Third Sector and First Sector Protection – Includes the Impact of Paid-up Policies

<table>
<thead>
<tr>
<th>Year</th>
<th>Earned Premium (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>¥1,200</td>
</tr>
<tr>
<td>2017</td>
<td>¥1,100</td>
</tr>
<tr>
<td>2018</td>
<td>¥1,000</td>
</tr>
<tr>
<td>2019e</td>
<td>¥900</td>
</tr>
<tr>
<td>2020e</td>
<td>¥800</td>
</tr>
<tr>
<td>2021e</td>
<td>¥700</td>
</tr>
</tbody>
</table>

Growth in earned premium is projected to be +0.8% to +1.2% CAGR 2016 - 2021.
Competitive Cancer and Medical Insurance Market

Cancer and Medical Insurance Market Share
(as % of new policies)


Top 5

Aflac 25% 25% 24% 25% 26%
Company A 15% 15% 14% 15% 16%
Company B 10% 10% 8% 7% 6%
Company C 9% 9% 6% 4% 4%
Company D 8% 8% 6% 5% 5%
Others 10% 10% 11% 13% 13%

0% 20% 40% 60% 80% 100%
2013 2014 2015 2016 2017

Growing need to prepare for longevity risk

Average Life Span of the Japanese People

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>69.31</td>
<td>74.66</td>
</tr>
<tr>
<td>2018</td>
<td>81.25</td>
<td>87.32</td>
</tr>
</tbody>
</table>

+11.9 yrs +12.7 yrs

Average Life Expectancy of People Age 65

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>12.50</td>
<td>15.34</td>
</tr>
<tr>
<td>2018</td>
<td>19.70</td>
<td>24.50</td>
</tr>
</tbody>
</table>

+7.2 yrs +9.2 yrs

Source: Abridged life table by the Health, Labour and Welfare Ministry

Increasing incidence of cancer and advances in medical technology drive the need for the latest coverage

Number of Cancer Patients

Around 1 million people diagnosed with cancer annually

Source: Number of cancer patients in Japan by the Health, Labour and Welfare Ministry

Growth Opportunities for Protection-type Products: Environment Surrounding Customers
Aflac’s Growth Opportunities Unrivaled by Competitors

Market of over 21 million existing policies
- 15.6 million cancer policies
  - 9 million+ policies without the latest coverage
- 5.9 million medical policies
  - 3 million+ policies without the latest coverage

Corporate group market built on employee benefits packages
- Approach to more than 30,000 groups

Nationwide network of diverse sales channels
- 9,000+ agencies
- 400+ walk-in shops
- 300+ banks
- Strategic partners with 150,000+ sales agents

Product Strategy

External Environment

Customer Needs

Enhance product lineups based on changes in life stage

Strengthen coverage based on advances in health care and medical technology

Example of Coverage to Offer

Coverage at Different Life Stages
- Income Support Coverage
- Post-retirement Life Coverage
- Nursing Care/ Dementia Care Coverage
- Post-mortem Expense Coverage
- Medical Insurance
- Cancer Insurance

Life Stage of Customers

20s 30s 40s 50s 100
Channel Strategy

### Channel Strategy

<table>
<thead>
<tr>
<th>Channel</th>
<th>Strategy</th>
</tr>
</thead>
</table>
| Agencies        | • Better penetration of existing policyholders and corporate group markets  
                   • Enhance support measures for strengthening management foundations and business frameworks  
                   • Form an IT infrastructure for more efficient sales activities |
| Japan Post      | • Secure stable growth based on strategic alliance                        |
| Dai-ichi Life   | • Continue to maintain the long-standing, good relationship, provide training and other sales support to secure stable sales |
| Daido Life      | • Maintain good relationships by engaging the Hojinkai (Corporate Taxpayers Association) or SME market |
| Financial       | • Increase our shares by strengthening relationships, expanding the number of loaned employees and providing training programs |
| Institutions    |                                                                          |

### ¥904.6 Billion of Third Sector Annualized Premium In Force by Channel

- **Agencies**: 89%
- **Strategic Partners**: 11%

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Initiatives in the Agency Channel

### Aflac's growth opportunities

- **Market of over 21 million existing policies**
- **Corporate group market built on employee benefits packages**
- **Increase of productivity in sales channels (agencies, walk-in shops)**

### Initiatives for sustainable growth

- **Agencies which have not thoroughly approached existing policyholders and agencies with more productive sales personnel will cooperate in developing a structure to approach existing policyholders**
- **Provide products for corporate group members' benefits**
- **Simplify enrollment procedures through utilizing corporate intranet systems**
- **Enhance support measures that step into agency management for strengthening management foundations and business frameworks**
- **Increase the number of our productive walk-in shops**
Overview of Aflac U.S.

Teresa L. White
President,
Aflac U.S.
The U.S. Workforce is Changing

We Continue to Execute Our Strategic Playbook Successfully

- Increase GROWTH
  - Distribution expansion
  - Product innovation

- Improve EFFICIENCY
  - Digital system transformation

- Enhance the EXPERIENCE
  - Leveraging technology to focus on positive customer experience

Risk & Regulatory (Foundational)
Aflac U.S. Strategic Investments: One Digital Aflac

Digital Makes it Easier

For **Customers** to buy from Aflac
For the **Distribution** team to sell Aflac
For **Employees** to work at Aflac
For the Aflac **Promise** to be fulfilled

**Themes**
Uses Technology to Make Things Easier
Customer Focused
Single Experience Across Channels

**Outcomes**
New Organizational Model
Architecture Redesign
Wrap & Evolve
Digital Pain Points

**Future Capabilities**

- **Fully Digital**
  - Buy anytime, anywhere - Digital and Self Service options for everything

- **Analytics Driven**
  - Data-driven for operational insights and analytics

- **Automated**
  - Straight-through processing, service + communications via robotics and AI

- **Omni-Channel**
  - Online, Mobile, Chat, Text – optimized and flexible technology

- **Payment Options**
  - Digital wallets, Venmo, PayPal, etc.
Aflac U.S. Adjusted Expense Ratio Outlook

**Adjusted Target**

- Reflects investment in technology, One Digital Aflac and distribution

- Expect our expense ratio to peak in year 2020 in the range of 36 to 37% on a Revenue basis, and 41-42% on an Earned Premium basis

- Expect that our expense ratio will stabilize over time to the range of 34 to 35% on a Revenue basis, and 38 to 40% on an Earned Premium basis
Help with expenses health insurance doesn't cover

Not Auto
Not Home
Not Health
The Aflac Duck  Coach Nick Saban  5-Star Recruits

The Campus Tour Commercial
The Comeback is supplemented by Aflac, who helps you tackle the bills health insurance doesn’t cover.

Our Approach to Growth

<table>
<thead>
<tr>
<th>Growth Strategy Framework</th>
<th>Levers to Capitalize on Market Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximize the Core</td>
<td>Agency</td>
</tr>
<tr>
<td>Grow Producers</td>
<td>U.S. Workforce 174 million</td>
</tr>
<tr>
<td>Improve Win Rate</td>
<td>Broker</td>
</tr>
<tr>
<td>Advance the Model</td>
<td>Product Solutions</td>
</tr>
<tr>
<td>Portfolio Expansion</td>
<td>Account Management</td>
</tr>
<tr>
<td>New Technologies</td>
<td></td>
</tr>
<tr>
<td>New Markets</td>
<td></td>
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<tr>
<td>Innovate</td>
<td></td>
</tr>
<tr>
<td>Framework &amp; Discipline</td>
<td></td>
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</tbody>
</table>
Outlook for Earned Premium\(^1\) Growth
Focus on Access, Participation and Retention

Maintain stable persistency and generate steady earned premium growth of 2.0% to 2.5%

\(^1\)Earned premium calculated on net basis; i.e., after reinsurance.

Aflac U.S. Growth Strategies

Rich Williams
Executive Vice President and Chief Distribution Officer
Cost of Health Care Continues to Rise

Average employee contribution for family coverage has increased 29% since 2012, while workers’ wages increased only 14%.


Aflac’s Significant U.S. Growth Opportunity

U.S. Working Population 174 million

Solving for:

Access
Penetration
Retention

1 Total Aflac policy and certificate holders as of Dec. 31, 2018; Source: 2016 U.S. Census Bureau; Bureau of Labor Statistics
Aflac U.S. Strategic Growth Focus

- SMALL BUSINESS
- BROKERAGE
- EXISTING ACCOUNTS
- CONSUMER MARKETS

Aflac U.S. Distribution Mix

(New AP in Millions)

- Agent
- Broker
- Expansion

<table>
<thead>
<tr>
<th>Year</th>
<th>Agent</th>
<th>Broker</th>
<th>Expansion</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>28%</td>
<td>77%</td>
<td>9%</td>
</tr>
<tr>
<td>2011</td>
<td>25%</td>
<td>74%</td>
<td>1%</td>
</tr>
<tr>
<td>2012</td>
<td>25%</td>
<td>74%</td>
<td>1%</td>
</tr>
<tr>
<td>2013</td>
<td>1%</td>
<td>74%</td>
<td>1%</td>
</tr>
<tr>
<td>2014</td>
<td>1%</td>
<td>39%</td>
<td>1%</td>
</tr>
<tr>
<td>2015</td>
<td>1%</td>
<td>32%</td>
<td>1%</td>
</tr>
<tr>
<td>2016</td>
<td>1%</td>
<td>33%</td>
<td>1%</td>
</tr>
<tr>
<td>2017</td>
<td>1%</td>
<td>33%</td>
<td>2%</td>
</tr>
<tr>
<td>2018</td>
<td>1%</td>
<td>33%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Agency CAGR: -1.5%
Broker CAGR: +10.0%
Broker Sales Trends

Client Expectations
Enrollment Solutions
Increasing Competition
Product Innovation
Technology Solutions

Producer Trends

Average Weekly Producer Equivalents CAGR -2.2%
Productivity CAGR 5.2%

Average Weekly Producer ($)
Productivity ($)
Enhancing Distribution Through Portfolio Expansion

Dental Industry View

- $25.9 billion in-force
- $2.9 billion new sales
- 3-Year 6% PPO CAGR
- 64% small business penetration
- 5-8% PPO profit margin

Aflac Strategic Rationale

- Market expansion opportunity
- Deepen existing account penetration
- Recruit and retain agents
- Consistent financial profile

Source: LIMRA/NADP, Eastbridge; Deloitte

Network Dental and Vision – Argus Acquisition

GO-TO-MARKET STRATEGY

- Simplified offering through agents to small businesses
- Customized offering through brokers to mid-large market
- Direct to Consumer offers simplified products

EXPECTED RESULTS

- Grow producers
- Accelerate small business growth
- Deepen broker network access
- $300 to $500 million in revenue over 5 to 7 years
Increasing Access Through Distribution Expansion

126.6 million without access to Aflac

- 101.8 million Aflac is not offered to employee
- 47.3 million Access to Aflac at the worksite
- 24.8 million Self-employed - no Aflac access

35% of consumers prefer to purchase online, carrier direct
39% of consumers prefer alternative channels


Consumer Markets Approach

**STRATEGY**
- Direct-to-Consumer
- Aflac Brand
- Digital Platform
- Alliances / Partnerships

**EXPECTED OUTCOMES**
- Access New Markets
- Increase Penetration
- Consistent Financial Profile
Aflac Global Investments Update

Eric M. Kirsch
President, Aflac Global Investments
Executive Vice President
Global Chief Investment Officer
Aflac Incorporated
### 2019 Investment Themes

<table>
<thead>
<tr>
<th>Theme</th>
<th>Strategy</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disciplined Investment Process</td>
<td>SAA · TAA · ALM</td>
<td>Strong Performance: NMY¹, NII</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low losses and impairments</td>
</tr>
<tr>
<td>Navigating Low Yen Yields</td>
<td>Minimize JGB investments</td>
<td>Defend NII</td>
</tr>
<tr>
<td></td>
<td>Favor higher yielding yen credit assets</td>
<td></td>
</tr>
<tr>
<td>Hedging Strategies</td>
<td>Hedged USD Program</td>
<td>Stable hedge costs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Floating rate income protection</td>
</tr>
<tr>
<td>Grow Alternatives</td>
<td>Private Equity</td>
<td>Growing variable income</td>
</tr>
<tr>
<td></td>
<td>Real Estate Equity</td>
<td></td>
</tr>
<tr>
<td>Protect the Portfolio</td>
<td>Prudent credit underwriting</td>
<td>Higher quality, lower credit risk</td>
</tr>
<tr>
<td></td>
<td>Up in quality bias</td>
<td></td>
</tr>
<tr>
<td>Aflac Global Investments</td>
<td>Leverage External Management Platform</td>
<td>Asset Manager Partnerships Partnership</td>
</tr>
<tr>
<td>Growth Strategies</td>
<td>Aflac Corporate Ventures</td>
<td>launched 3Q19</td>
</tr>
</tbody>
</table>

¹ New Money Yield

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### Consistent Investment Process and Strong Performance¹

Our balance sheet benefits from expanded asset allocation that includes private market assets, USD assets and geographically diverse investments.

#### Capital Allocation and Risk Appetite

- **Strategic Asset Allocation**
  - Liability Profiling
  - Capital Allocation and Risk Appetite
  - Strategic Asset Allocation
  - Tactical Asset Allocation
  - Security & Manager Selection

#### Asset Class Allocation (4Q11 vs. 2019)

<table>
<thead>
<tr>
<th>Region</th>
<th>Asset Class Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>29% Core ALM, 22% Yield, 16% Floating-rate income, 8% Variable NII</td>
</tr>
<tr>
<td>U.S.</td>
<td>29% Core ALM, 22% Yield, 16% Floating-rate income, 8% Variable NII</td>
</tr>
<tr>
<td>Europe</td>
<td>29% Core ALM, 22% Yield, 16% Floating-rate income, 8% Variable NII</td>
</tr>
<tr>
<td>Americas ex. U.S.</td>
<td>29% Core ALM, 22% Yield, 16% Floating-rate income, 8% Variable NII</td>
</tr>
<tr>
<td>Asia (ex. Japan)</td>
<td>29% Core ALM, 22% Yield, 16% Floating-rate income, 8% Variable NII</td>
</tr>
<tr>
<td>ME, Africa &amp; Australia</td>
<td>29% Core ALM, 22% Yield, 16% Floating-rate income, 8% Variable NII</td>
</tr>
</tbody>
</table>

#### Fixed Maturities Credit Quality (4Q11 vs. 2019)

- **4Q11**
  - AAA: 4%, A: 31%, BBB: 20%, BB or Lower: 6%
- **2019**
  - AAA: 1%, A: 4%, A: 31%, BBB: 20%, BB or Lower: 6%

#### Key Statistics

<table>
<thead>
<tr>
<th>Metric</th>
<th>4Q11</th>
<th>2Q19 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Value:</td>
<td>$99.2 billion</td>
<td>$119.9 billion</td>
</tr>
<tr>
<td>Portfolio Yield - Japan:</td>
<td>3.2%</td>
<td>2.59%</td>
</tr>
<tr>
<td>Portfolio Yield - U.S.:</td>
<td>6.72%</td>
<td>5.43%</td>
</tr>
<tr>
<td>New Money Yield - Japan:</td>
<td>2.08%</td>
<td>3.50%</td>
</tr>
<tr>
<td>New Money Yield - U.S.:</td>
<td>3.36%</td>
<td>4.47%</td>
</tr>
<tr>
<td>Gross Losses from Sales:²</td>
<td>($60 million)</td>
<td>($31 million)</td>
</tr>
<tr>
<td>Impairments (pre-tax)</td>
<td>($61 million)</td>
<td>($4 million)</td>
</tr>
</tbody>
</table>

Note: Percentages may not add to 100 due to rounding. ¹ Excludes Corporate and Other segments. ² Includes G corporates, mezzanine and high yield. ³ Includes bank loans, middle market loans, high yield, real estate loans, commercial mortgage loans and infrastructure debt. ⁴ Includes US equities, Japan equities and alternatives. ⁵ Excludes equities, and alternatives. ⁶ Geographic location is region of service. ⁷ Excludes losses from equities and derivatives/other.
Navigating Japan’s Low Interest Rate Environment

**JGB Yields and Yen Credit Yields(%)**

- 30yr JGB
- 10yr JGB
- Avg. Book Yield

Yen Credit New Purchases

**2019 Aflac Japan New Money Full-Year Forecast**

- JGBs
- Yen Public Credit
- Private Placements
- USD Fixed
- MML
- TRE
- Growth Assets

---

**Aflac Japan Cashflow Outlook ~ 3-5 years**

- Lower new money to invest
  - Increased utilization of cash proceeds from operations
  - Declining maturities of legacy yen privates

**Investment Considerations**

- Strategic asset allocation target
  - Less than 30% yen allocation, focused on private and public credit
  - Modest USD program growth through re-investment

---

**Hedging Strategies**

As of June 30, 2019

**Three-Pronged FX Hedging Program**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Short Hedges</th>
<th>Long Hedges</th>
<th>Unhedged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floaters</td>
<td>3 months</td>
<td>7-10 years</td>
<td>7-10 years</td>
</tr>
<tr>
<td>Fixed and growth</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed and growth</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Hedging Duration**

- 3 month – 1 year forwards
- 3-5 year forwards
- Collars (SMR)

**Call outs**

- Income correlates to hedge costs
- Stable net margin
- NII Hedge & HC Term Out
- Aligned to stressed economic value of Aflac Japan

**USD Portfolio Key Metrics ($ billions)**

<table>
<thead>
<tr>
<th>Assets</th>
<th>Hedges</th>
<th>% HC</th>
<th>% HR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dur (yrs)</td>
<td>Fwds (LB)</td>
<td>Dur (yrs)</td>
<td>Collars (LB)</td>
</tr>
<tr>
<td>Total</td>
<td>26.9</td>
<td>6.3</td>
<td>9.1</td>
</tr>
<tr>
<td>Group 1</td>
<td>6.7</td>
<td>0.3</td>
<td>6.8</td>
</tr>
<tr>
<td>Group 2</td>
<td>2.4</td>
<td>8.0</td>
<td>2.3</td>
</tr>
<tr>
<td>Group 3</td>
<td>17.9</td>
<td>8.3</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: Collars are struck out of the money, providing tail risk protection.
Alternatives Portfolio Growing

**Alternatives Portfolio Build ($ millions)**

- Cum. Program Commit
- Commitment to Underlying
- Cum. Paid-In Capital

<table>
<thead>
<tr>
<th>Year</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
<th>2Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0</td>
<td>500</td>
<td>1,000</td>
<td>1,500</td>
<td>2,000</td>
<td>2,500</td>
<td>3,000</td>
<td>3,500</td>
<td>4,000</td>
</tr>
</tbody>
</table>

**Forecasted Future Build ($ millions)**

- Cum. Paid-In Capital
- Cum. Committed Capital
- % of Invested Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>647</td>
<td>985</td>
<td>1,370</td>
<td>1,807</td>
</tr>
<tr>
<td>%</td>
<td>1.1%</td>
<td>1.6%</td>
<td>2.0%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>

**Variable Net Investment Income ($ millions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2Q17</th>
<th>3Q17</th>
<th>4Q17</th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
<th>2Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>8</td>
<td>6</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Forecasted Future Build is subject to market changes and conditions. 1 Percentage of invested assets is based on cumulative committed capital and assumes constant balance sheet.

Private Equity Investing Cycle

- Systematic annual program commitments
- Selective manager additions
- 3-7 year average call cycle

Vintage Year Diversification

- Annual commitments paced
- Manager and strategy additions market dependent

Performance

- J-curve mitigation strategy
- Co-investments outperformed
- Variable income growing

Protect the Portfolio

**De-risking Activity ($ billions)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$2.6bn</td>
<td>$0.3bn</td>
<td>$3.7bn</td>
<td>$0.7bn</td>
</tr>
</tbody>
</table>

**Fixed Maturities BBB Exposure**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>24.6%</td>
<td>24.0%</td>
<td>23.2%</td>
<td>22.8%</td>
</tr>
<tr>
<td>BBB- exposure (Incl. in above total BBB)</td>
<td>6.0%</td>
<td>5.0%</td>
<td>3.6%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Includes All BBB Fixed Maturities

**Energy Exposure ($ billions, fair value)**

- Total Energy Exposure Face Value (left axis)
- Oil field services % of Energy (right axis)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>$7.2bn</td>
<td>$6.4bn</td>
<td>$6.3bn</td>
<td>$5.5bn</td>
<td>$5.5bn</td>
</tr>
<tr>
<td>%</td>
<td>16%</td>
<td>15%</td>
<td>15%</td>
<td>13%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Over $7 billion of Tactical De-risking

- Reduced energy exposure
- Sold BBB corporates, purchased AA tax-exempt munis
- Reduced legacy private placements
- Improved quality of BBB exposure
- Selective relative value trades

Our BBB Exposure Has a Conservative Bias

- 27% of BBBs are split rated with one A rating
- Average public BBB- position is $25 million
- Over 1/3 of BBB- exposure matures within five years
- 11% of BBB- holdings are HY cross-over names

Reduced Energy Exposure by ~24%, $1.7 billion

- Reduced weaker subsectors, such as Drillers
- Over 70% of BBB energy holdings have positive or stable outlooks
- 20% of energy exposure is in sovereign-linked entities
- Average rating of energy holdings is BBB+
Private Floating Rate Loan Portfolios
As of June 30, 2019
Disciplined credit underwriting focused on senior secured first lien loans

<table>
<thead>
<tr>
<th>Middle Market Loans</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Value Outstanding ($mm)</td>
<td>$1,900</td>
</tr>
<tr>
<td>Unique Issuers</td>
<td>198</td>
</tr>
<tr>
<td>Average Loan Commitment Size ($mm)</td>
<td>$11</td>
</tr>
<tr>
<td>Largest Loan in Portfolio ($mm)</td>
<td>$33</td>
</tr>
<tr>
<td>Weighted Average Spread over LIBOR</td>
<td>467bps</td>
</tr>
<tr>
<td>Book Yield (Gross)</td>
<td>7.30%</td>
</tr>
<tr>
<td>Average Loan Rating</td>
<td>B+</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transitional Real Estate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Value Outstanding ($mm)</td>
<td>$4,591</td>
</tr>
<tr>
<td>Unique Issuers</td>
<td>127</td>
</tr>
<tr>
<td>Average Loan Commitment Size ($mm)</td>
<td>$41</td>
</tr>
<tr>
<td>Largest Loan in Portfolio ($mm)</td>
<td>$178</td>
</tr>
<tr>
<td>Weighted Average Spread over LIBOR</td>
<td>338bps</td>
</tr>
<tr>
<td>Book Yield (Gross)</td>
<td>5.86%</td>
</tr>
<tr>
<td>Average Loan Rating</td>
<td>BBB</td>
</tr>
</tbody>
</table>

External Management Platform Accesses Income Enhancing Strategies

- External Management Platform delivers alpha complementing our core ALM strategy
- Dedicated and specialized 8 person team with over $9B in AUM and on average 17 years of experience
- Provides insights into new investments, reviewed over 400 asset managers
- Led growth in loan portfolio and equity investment in NXT
- Developed in-house alternative funds selection
- 16 mandates with 12 asset managers

<table>
<thead>
<tr>
<th>Externally Managed Portfolio ($ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.4</td>
</tr>
</tbody>
</table>

1 Book Value
2 As of June 30, 2019
3 Includes senior management
4 Bank Loans brought in-house in July 2018
Global Investments Growth Strategies

Our strategy is to identify and invest in specialized asset managers that complement our balance sheet, diversify our revenue streams and have equity growth potential.

1. Aflac Global Investments established a world class investment platform
   - Successful 8 year track record of superior performance during a difficult market environment
   - Lead by a talented senior investment team with an average of 30 years’ experience in NY and Tokyo
   - Core competencies include Credit, FX hedging, SAA, TAA, and private loans
   - Sophisticated External Management Platform

2. “Lower for longer yields” will require strategic focus and capital investment
   - Set course to enhance portfolio return to support our SAA
   - Private market and alternative strategies will continue to grow and provide performance opportunities
   - There will be growing demand to form strategic partnerships with asset owners

3. Aflac GI can identify compelling investment opportunities by leveraging our core strengths
   - Ample capital and stable liabilities, provide long-term orientation
   - Leverage our EMP expertise to access hundred of asset managers
   - Partner with high quality firms with long-term growth potential
     - Team lifts, joint ventures, equity stakes

4. Aflac GI will seek out additional growth opportunities
   - Aflac Corporate Ventures – asset management innovation
   - Explore new product development

Strategy will enable us to defend NII and grow Asset Management earnings; potential for growth in equity value.

Well-Positioned for Continued Growth

- Broaden core and EMP capabilities with
  - New asset classes
  - Additional top-tier managers
  - Dedicated sector specialists

- Grow Aflac Global Investments’ footprint by
  - Increase asset class specialization
  - Expand partnerships with specialized asset managers
  - Adopt asset management innovation

- Create shareholder value through
  - Defending and growing NII
  - Increasing and diversifying revenue streams
  - Realizing appreciation of equity investments
### Aflac Japan Portfolio Asset Allocation

**Based on U.S. GAAP Book Value**

<table>
<thead>
<tr>
<th>Portfolio Asset Allocation</th>
<th>6/30/2018</th>
<th>6/30/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>JGBs</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Yen Private Placements</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Other Yen Fixed Income</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>USD Fixed Income</td>
<td>5%</td>
<td>19%</td>
</tr>
<tr>
<td>USD Floating Rate</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Growth</td>
<td>28%</td>
<td>19%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Book Value: $102 billion</th>
<th>Duration: 13.5 years</th>
<th>Book Yield: 2.59%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Yield: 2.59%</td>
<td>Duration: 13.3 years</td>
<td>Book Yield: 2.39%</td>
</tr>
<tr>
<td>New Money Yield: 2.88%</td>
<td>Duration: 13.3 years</td>
<td>Book Yield: 2.39%</td>
</tr>
<tr>
<td>Quality: A</td>
<td>Duration: 13.3 years</td>
<td>Book Yield: 2.39%</td>
</tr>
</tbody>
</table>

### New Money Asset Allocation

<table>
<thead>
<tr>
<th>New Money Asset Allocation</th>
<th>JGBs</th>
<th>Yen Private Placements</th>
<th>Other Yen Fixed Income</th>
<th>USD Fixed Income</th>
<th>USD Floating Rate</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Book Value: ¥547 billion</td>
<td>¥17</td>
<td>¥106 billion</td>
<td>¥194 billion</td>
<td>¥36 billion</td>
<td>¥34 billion</td>
<td>¥152 billion</td>
</tr>
<tr>
<td>Duration: 13.3 years</td>
<td>1%</td>
<td>3%</td>
<td>14%</td>
<td>14%</td>
<td>28%</td>
<td>1%</td>
</tr>
<tr>
<td>Book Yield: 2.59%</td>
<td>1%</td>
<td>3%</td>
<td>14%</td>
<td>14%</td>
<td>28%</td>
<td>1%</td>
</tr>
<tr>
<td>New Money Yield: 2.88%</td>
<td>1%</td>
<td>3%</td>
<td>14%</td>
<td>14%</td>
<td>28%</td>
<td>1%</td>
</tr>
<tr>
<td>Quality: A</td>
<td>1%</td>
<td>3%</td>
<td>14%</td>
<td>14%</td>
<td>28%</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Asset Allocation Highlights

- New money allocated 63% to USD denominated assets; 37% to yen-denominated assets
- 28% of new money allocated to floaters
- Modest pacing of growth assets – 3%

Note: Percentages may not add to 100 due to rounding. Includes RMBS, Municipal Bonds, Corporate Bonds. Includes HY Corporates, CMLs, Infrastructure. Includes Transitional Real Estate, Middle Market Loans, Bank Loans, Infrastructure. Includes Japan/US Equity and Alternatives.
### Aflac U.S. Portfolio Asset Allocation

Based on U.S. GAAP Book Value

<table>
<thead>
<tr>
<th>Portfolio Asset Allocation</th>
<th>6/30/2018</th>
<th>6/30/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>IG Corporates</td>
<td>81%</td>
<td>77%</td>
</tr>
<tr>
<td>Munis¹</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Other USD Fixed Rate²</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>USD Floating Rate³</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Growth Assets²</td>
<td>4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

- **Book Value:** $13 billion
- **Duration:** 9.6 years
- **Book Yield:** 5.53%
- **New Money Yield:** 4.33%
- **Quality:** BBB+

<table>
<thead>
<tr>
<th>New Money Asset Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.250 billion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Asset Allocation Highlights</th>
</tr>
</thead>
<tbody>
<tr>
<td>- 52% of new money allocated to IG Corporates</td>
</tr>
<tr>
<td>- 15% of new money allocated to floaters</td>
</tr>
<tr>
<td>- Modest pacing of growth assets – 3%</td>
</tr>
</tbody>
</table>

---

1. Note: Percentages may not add to 100 due to rounding. Aflac US Segment; excludes Aflac Inc. and CAIC Retrocession
2. Includes Tax Free and Taxable Munis
3. Other USD fixed rate includes Government, Agency (foreign and supranational), CMLs, Infrastructure, and High Yield Corporates
4. USD floating rate includes Middle Market Loans, Transitional Real Estate
5. Includes US Equity and Alternatives

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*Image of Aflac logo*
Financial Outlook and Capital Management

Max K. Brodén
Senior Vice President; Deputy Chief Financial Officer and Treasurer; Head of Corporate Development, Aflac Incorporated

Aflac Japan: Strength in Core Margins

1 Based on current U.S. GAAP
2 Benefit ratio measured to earned premium
3 Expense ratio measured to total revenue

<table>
<thead>
<tr>
<th></th>
<th>1H 2019</th>
<th>2019e</th>
<th>2019e – 2021e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Ratio</td>
<td>69.0%</td>
<td>~69.0 - 69.5%</td>
<td>68.5 - 70.5%</td>
</tr>
<tr>
<td>Expense Ratio</td>
<td>20.3%</td>
<td>~21.0 - 21.5%</td>
<td>20 - 22%</td>
</tr>
<tr>
<td>Pretax Profit Margin</td>
<td>21.9%</td>
<td>~21.0 - 21.5%</td>
<td>20 - 22%</td>
</tr>
</tbody>
</table>

Revenue CAGR (-1.5 to -2.5%)

Considerations:

- Business mix
- IT and digital investments
Aflac U.S.: Stable Profit Margins

<table>
<thead>
<tr>
<th></th>
<th>1H 2019</th>
<th>2019e</th>
<th>2019e – 2021e</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit Ratio¹</td>
<td>49.7%</td>
<td>~50%</td>
<td>49 - 51%</td>
</tr>
<tr>
<td>Expense Ratio⁴</td>
<td>35.6%</td>
<td>~36.5%</td>
<td>35 - 37%</td>
</tr>
<tr>
<td>Pretax Profit Margin</td>
<td>20.2%</td>
<td>~19%</td>
<td>19 - 21%</td>
</tr>
</tbody>
</table>

Revenue CAGR ~ 2%

Considerations
- Business mix
- IT and digital investments
- Excess capital drawdown

¹ Based on current U.S. GAAP
² Excludes Argus
³ Benefit ratio measured to earned premium
⁴ Expense ratio measured to total revenue

Aflac Japan Capital and FSA Earnings

Solvency Margin Ratio
(Fiscal year ending March 31, %)

FSA Earnings Projection
(Fiscal year ending March 31, ¥ in millions)

Dividend Policy: 80% - 100% of FSA Earnings
- AFS portfolio and foreign currency influences SMR, FSA earnings and ultimate dividend capacity:
  - Retained earnings
  - Other capital reserve
  - Unrealized after-tax net loss on AFS

SMR Sensitivity as of June 30, 2019 (% points)
- Yen rates +1% (58)
- Dollar rates +1% (47)
- Yen strengthens +10% (76)
- Credit spreads +1% (82)

¹ SMR sensitivities to rates, spreads and currency movement are not linear
² Assumes average exchange rate of 110 ¥/$
Aflac U.S. Capital and Statutory Earnings

**Considerations**

- 2019 - 2020 annual statutory net earnings run-rate of $800 to $850 million
- Ordinary dividend of 80% - 100% of U.S. statutory earnings

**Aflac Risk-Based Capital Ratio**

(Fiscal year ending December 31, %)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>560</td>
<td>580</td>
<td>600</td>
<td>620</td>
</tr>
</tbody>
</table>

**U.S. Statutory Earnings Projection**

(Fiscal year ending December 31, $ in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>791</td>
<td>810</td>
<td>830</td>
<td>850</td>
</tr>
</tbody>
</table>

1 RBC ratio for American Family Life Assurance Company of Columbus; projections exclude the impact of proposed C-1 changes
2 U.S. statutory earnings excluding Aflac Japan and includes Aflac (Columbus) and CAIC (Aflac Group)

Expected Impacts of LDTI on U.S. GAAP Financials

Aflac Japan’s $35 Billion of Cancer In Force Drives a Unique Impact

**Adoption Update:**

- Likely to adopt modified retrospective
- Anticipate adoption first quarter 2022
- Implementation costs of $60 million from 2019 to 2021

**Impact Analysis**

- **Income Statement Impact:**
  - Increase in nearer term earnings from lowering net premium reserve ratio

- **Balance Sheet Impact:** (upon transition, assuming current rate environment)
  - AOCl – significant unrealized loss on discount rate applied to Japan liabilities
  - Asset Gains - No offset from unrealized gains on approximately $31 billion of Japan HTM assets
  - ALM - Japan cancer accelerates rate loss component without associated morbidity gains

**Economic Value Impact - Zero**

- No impact to statutory capital or earnings in U.S. or Japan
- No impact to holding company cash flow and excess capital and liquidity
- No impact to gross premium valuation (GPV) margins which take into account all cash flows
Value Creation\(^1\)

- Stable differential between adjusted return on equity and cost of equity
- Building equity and creating value, as measured by the product of equity and the differential between AROE and COE

\(^1\)Value created = (AROE – COE) * equity ex-AOCI

Lowering Enterprise Exposure to Currency

Economic Hedge: Protecting current and future distributions of Japan’s economic value

- Hedging Real Economic Events
  - Cash flows from the foreign subsidiary, Aflac Life Insurance Japan, to the holding company
  - Future expected cash flows on a present value basis

<table>
<thead>
<tr>
<th>Constraints</th>
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<tr>
<td>Unhedged USD</td>
<td>FSA earnings and SMR volatility</td>
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<tr>
<td>Enterprise Hedging Program</td>
<td>Holding company liquidity</td>
</tr>
<tr>
<td>Yen-denominated debt</td>
<td>Japan debt capital market conditions</td>
</tr>
</tbody>
</table>
Aflac Incorporated Strong Capital & Liquidity

Capital Structure and Liquidity Objectives

- Maintain strong capital ratios and investment grade ratings
- Support nimble investment in our strategic growth objectives
- Balanced shareholder distribution policy
- Defend low cost of capital
- Optimize yen and dollar financing mix while managing duration
- Maintain leverage ratios within our current ratings

Aflac Incorporated Liquidity

<table>
<thead>
<tr>
<th>$mm</th>
<th>2017</th>
<th>2018</th>
<th>2019e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Cash¹</td>
<td>$2,683</td>
<td>$2,765</td>
<td>$3,664</td>
</tr>
<tr>
<td>- Capital Buffer²</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>- Liquidity Support³</td>
<td>$500</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Cash Available to Shareholders³</td>
<td>$1,183</td>
<td>$765</td>
<td>$1,664</td>
</tr>
</tbody>
</table>

Notes Payable Maturity Profile ⁴ (In millions)

- Aflac Life Insurance Japan Hybrid
- Aflac Incorporated Subordinated Debt (Call)
- Aflac Incorporated Global Yen
- Aflac Incorporated Samurai Term Loans
- Aflac Incorporated USD Notes

Financial Focus

Earnings profile

Low risk liabilities – Lowered asset risk – Stability in margins and cash flows

Risk reduction

Strong capital ratios – Reduced FX exposure – Reduced investment risk

Modeling

LDTI – Economic modeling – Capital allocation

Economic Value-Based Criteria
Growth Investments & Capital Allocation

Frederick J. Crawford
Executive Vice President;
Chief Financial Officer,
Aflac Incorporated
Capital Deployment Under Stable Conditions

2016-2018
$6.4 billion

2019-2021
~$7.0 - $8.0 billion

Considerations
- Run-rate annualized insurance subsidiary dividends of $2.0 billion to $2.5 billion\(^1\)
- Deployable capital defined as excess capital after reinvestment in core insurance businesses
- 2019-2021 deployable capital range includes U.S. capital drawdown of ~$500 million in 2019
- Opportunistic represents amounts available for incremental growth investments

\(^1\)Assumes average exchange rate of 110 ¥/$ and provision for asset impairments; excludes dividend of excess U.S. capital in 2019.

Opportunistic Capital Deployment

Corporate Development
"Buy-to-Build" strategy leveraging franchise strengths

Model Extension & Ecosystems
Advancing the model, leveraging our leadership position

Aflac Corporate Ventures
$250 million Venture Capital Fund, EMPOWERED

Global Venture
Digital disruption and export of cancer protection – Singapore Life · Southeast Asia · India

Opportunistic ~ $750 million
Corporate Development – “Buy to Build”

<table>
<thead>
<tr>
<th>2009</th>
<th>2015</th>
<th>2019 (Pending)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Price: $100 million</td>
<td>Purchase Price: $40 million</td>
<td>Purchase Price: $96 million¹</td>
</tr>
<tr>
<td>Strategic Rationale: Entry into the supplemental group insurance business</td>
<td>Strategic Rationale: Tech platform supporting small business HR solutions</td>
<td>Strategic Rationale: Entry into the network dental and vision market</td>
</tr>
</tbody>
</table>

Quality platforms with domain expertise leveraging the power of Aflac’s franchise

¹Includes $21 million in contingency payments. Subject to regulatory approval – forecasted to close 4Q 2019.

New Business Incubation

~$200mm of allocated capital through 2021 with measurable revenue contribution in 2022

Leveraging Leadership in an Ecosystem

Advancing the Model: Business Incubation

Cancer in Japan

Japan Consumer Markets (Digital)

U.S. Small Businesses HR Solutions

U.S. Consumer Markets (Digital)

Source: 2016 U.S. Census Bureau; Bureau of Labor Statistics
Aflac Venture Fund - $250 million

- **Total Fund**: $250 million
- **Allocation by Sector**:
  - Direct Investment: $49.9M (19%)
  - Fund Investment: $19.9M (7%)
  - In process: $27.5M (14%)
  - Remaining funds: $143.2M (60%)

- **Allocation by Stage**:
  - Seed: $7.2M (10%)
  - Early Stage: $44.3M (25%)
  - Late Stage: $41.2M (23%)
  - External Fund: $19.9M (29%)

Note: As of September 2019; allocation by stage and security type are as of time of investment and subject to change.

Current Investments

Global Ventures

- **Singapore Life**: $36 million investment

Aflac’s Long-Term Objectives

- Gain exposure to growing Southeast Asia and India digital insurance markets
- Partner with a digitally focused platform seeking to disrupt traditional models
- Export our cancer insurance expertise via reinsurance partnership
- Limit capital-at-risk and commitment of Aflac management time and energy
- Singapore Life: focused on building-out its presence in Singapore with a desire to expand throughout Southeast Asia
Financial Overview

**Strategic Outlook**

- **Investments**: De-risking while defending net investment income
- **Margins**: Stable profit margins while funding growth and digital initiatives
- **Tactical**: Building opportunistic capital and reducing enterprise FX exposure
- **Accounting**: LDTI adoption, rating agency dialogue, and disclosures
- **Capital Deployment**: Balanced with shift toward growth investments

**Guided by Growth & Stability of Economic Value**
Appendix

Glossary of Non-U.S. GAAP Measures

The Company defines adjusted earnings (a non-U.S. GAAP financial measure) as the profits derived from operations. The most comparable U.S. GAAP measure is net earnings. Adjusted earnings are adjusted revenues less benefits and adjusted expenses. The adjustments to both revenues and expenses account for certain items that cannot be predicted or that are outside management’s control. Adjusted revenues are U.S. GAAP total revenues excluding realized investment gains and losses, except for amortized hedge costs/income related to foreign currency exposure management strategies and net interest cash flows from derivatives associated with certain investment strategies. Adjusted expenses are U.S. GAAP total acquisition and operating expenses including the impact of interest cash flows from derivatives associated with notes payable but excluding any nonrecurring 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.

Adjusted earnings excluding current period foreign currency impact are computed using the average yen/dollar exchange rate for the comparable prior-year period, which eliminates fluctuations driven solely by yen-to-dollar currency rate changes.

Adjusted return on equity excluding foreign currency impact is calculated using adjusted earnings excluding the impact of the yen/dollar exchange rate, as reconciled with total U.S. GAAP net earnings, divided by average shareholders’ equity, excluding accumulated other comprehensive income (AOCI). The most comparable U.S. GAAP financial measure is return on average equity (ROE) as determined using net earnings and average total shareholders’ equity.

Adjusted book value is the U.S. GAAP book value (representing total shareholders’ equity), less Accumulated Other Comprehensive Income (AOCI) as recorded on the U.S. GAAP balance sheet. The Company considers adjusted book value important as it excludes AOCI, which fluctuates due to market movements that are outside management’s control.

Amortized hedge costs/income represent costs/income incurred or recognized in using foreign currency forward contracts to hedge certain foreign exchange risks in the company’s Japan segment (costs) or in the Corporate and Other segment (income). These amortized hedge costs/ income are derived from the difference between the foreign currency spot rate at time of trade inception and the contractual foreign currency forward rate, recognized on a straight line basis over the term of the hedge. There is no comparable U.S. GAAP financial measure for amortized hedge costs/income.

A non-U.S. GAAP financial measure, normalized earned premium is adjusted to account for the effect of paid-up policies on earned premium. This normalized effect of paid up policies is not a part of adjusted revenues as previously defined. In reliance on the “unreasonable efforts” exception in 17 CFR §244.100(a)(2), a quantitative reconciliation of adjusted earned premium to the most comparable U.S. GAAP measure, earned premium, is not provided. Forward-looking information with regard to earned premium is not available without unreasonable effort. This is due to the unpredictable and uncontrollable nature of the reconciling items, which would require an unreasonable effort to forecast and we believe would result in such a broad range of projected values that would not be meaningful to investors. For this reason, we believe that the probable significance of such information is low.
### Reconciliation of U.S. GAAP Net Earnings to Adjusted Earnings

<table>
<thead>
<tr>
<th></th>
<th>In Millions</th>
<th>Per Diluted Share</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>Net earnings</td>
<td>$1,745</td>
<td>$2,920</td>
<td>$4,604</td>
<td>$2,659</td>
<td>$2,533</td>
<td>$1,695</td>
<td>$3,226</td>
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<tr>
<td>Items impacting net earnings:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized investment (gains) losses</td>
<td>(70)</td>
<td>297</td>
<td>0</td>
<td>(87)</td>
<td>(94)</td>
<td>(0.09)</td>
<td>0.38</td>
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<tr>
<td>Other and non-recurring (income) loss</td>
<td>1</td>
<td>75</td>
<td>69</td>
<td>137</td>
<td>233</td>
<td>.00</td>
<td>0.10</td>
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<tr>
<td>Income tax (benefit) expense on items excluded from adjusted earnings</td>
<td>18</td>
<td>(83)</td>
<td>(24)</td>
<td>(18)</td>
<td>(48)</td>
<td>0.02</td>
<td>(0.11)</td>
</tr>
<tr>
<td>Tax reform adjustment</td>
<td>18</td>
<td>(1,933)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>.00</td>
<td>(2.42)</td>
</tr>
<tr>
<td>Adjusted earnings</td>
<td>1,695</td>
<td>3,226</td>
<td>2,716</td>
<td>2,691</td>
<td>2,624</td>
<td>2.25</td>
<td>4.16</td>
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<tr>
<td>Current period foreign currency impact</td>
<td>13</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>.02</td>
<td>N/A</td>
</tr>
<tr>
<td>Adjusted earnings excluding current period foreign currency impact</td>
<td>$1,708</td>
<td>$3,226</td>
<td>$2,716</td>
<td>$2,691</td>
<td>$2,624</td>
<td>$2.27</td>
<td>$4.16</td>
</tr>
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</table>

### Reconciliation of U.S. GAAP Return on Equity (ROE) to Adjusted ROE

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>U.S. GAAP ROE</td>
<td>13.5 %</td>
<td>12.2 %</td>
<td>20.4 %</td>
<td>13.9 %</td>
<td>14.1 %</td>
<td></td>
<td></td>
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<tr>
<td>Impact of excluding unrealized foreign currency translation gains</td>
<td>(1.0)%</td>
<td>(1.0)%</td>
<td>(2.0)%</td>
<td>(1.7)%</td>
<td>(2.0)%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impact of excluding unrealized gains (losses) on securities and derivatives</td>
<td>3.9 %</td>
<td>3.0 %</td>
<td>5.8 %</td>
<td>3.1 %</td>
<td>3.2 %</td>
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<tr>
<td>Impact of excluding pension liability adjustment</td>
<td>(0.1)%</td>
<td>(0.1)%</td>
<td>(0.2)%</td>
<td>(0.1)%</td>
<td>(0.1)%</td>
<td></td>
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<tr>
<td>Impact of excluding AOCI</td>
<td>2.7 %</td>
<td>1.8 %</td>
<td>3.6 %</td>
<td>1.3 %</td>
<td>1.1 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. GAAP ROE - less AOCI</td>
<td>16.2 %</td>
<td>13.9 %</td>
<td>24.0 %</td>
<td>15.2 %</td>
<td>15.1 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Differences between adjusted &amp; net earnings</td>
<td>(0.5)%</td>
<td>1.5 %</td>
<td>(9.8)%</td>
<td>0.2 %</td>
<td>0.5 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted ROE - reported</td>
<td>15.7 %</td>
<td>15.4 %</td>
<td>14.2 %</td>
<td>15.4 %</td>
<td>15.7 %</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less impact of foreign currency</td>
<td>(0.1)%</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
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</tr>
<tr>
<td>Adjusted ROE, excluding foreign currency impact</td>
<td>15.8 %</td>
<td>15.4 %</td>
<td>14.2 %</td>
<td>15.4 %</td>
<td>15.7 %</td>
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<td></td>
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