

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-07434



Aflac Incorporated

(Exact name of registrant as specified in its charter)

Georgia

58-1167100

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1932 Wynnton Road

Columbus,

Georgia

31999

(Address of principal executive offices)

(ZIP Code)

706.323.3431

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.10 par value per share	AFL	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 568,222,447 shares of the issuer's common stock were outstanding as of April 24, 2024.

Aflac Incorporated and Subsidiaries
Quarterly Report on Form 10-Q
For the Quarter Ended March 31, 2024

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Items other than those listed above are omitted because they are not required or are not applicable.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Aflac Incorporated and Subsidiaries Consolidated Statements of Earnings

	Three Months Ended March 31,	
(In millions, except for share and per-share amounts - Unaudited)	2024	2023
Revenues:		
Net earned premiums, principally supplemental health insurance	\$ 3,456	\$ 3,688
Net investment income	1,000	943
Net investment gains (losses)	951	123
Other income (loss)	29	46
Total revenues	5,436	4,800
Benefits and expenses:		
Benefits and claims, excluding reserve remeasurement	2,066	2,203
Reserve remeasurement (gains) losses	(56)	(53)
Total benefits and claims, net	2,010	2,150
Acquisition and operating expenses:		
Amortization of deferred policy acquisition costs	215	205
Insurance commissions	255	280
Insurance and other expenses	739	775
Interest expense	47	48
Total acquisition and operating expenses	1,256	1,308
Total benefits and expenses	3,266	3,458
Earnings before income taxes	2,170	1,342
Income taxes	291	154
Net earnings	\$ 1,879	\$ 1,188
Net earnings per share:		
Basic	\$ 3.27	\$ 1.94
Diluted	3.25	1.94
Weighted-average outstanding common shares used in computing earnings per share (In thousands):		
Basic	574,886	611,205
Diluted	577,482	613,950
Cash dividends per share	\$.50	\$.42

See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)

	Three Months Ended March 31,	
(In millions - Unaudited)	2024	2023
Net earnings	\$ 1,879	\$ 1,188
Other comprehensive income (loss) before income taxes:		
Unrealized foreign currency translation gains (losses) during period	(501)	(43)
Unrealized gains (losses) on fixed maturity securities:		
Unrealized holding gains (losses) on fixed maturity securities during period	103	2,578
Reclassification adjustment for (gains) losses on fixed maturity securities included in net earnings	(168)	(57)
Unrealized gains (losses) on derivatives during period	(5)	1
Effect of changes in discount rate assumptions during period	1,348	(3,537)
Pension liability adjustment during period	2	9
Total other comprehensive income (loss) before income taxes	779	(1,049)
Income tax expense (benefit) related to items of other comprehensive income (loss)	361	(200)
Other comprehensive income (loss), net of income taxes	418	(849)
Total comprehensive income (loss)	\$ 2,297	\$ 339

See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Consolidated Balance Sheets

(In millions, except for share and per-share amounts)	March 31, 2024 (Unaudited)	December 31, 2023
Assets:		
Investments and cash:		
Fixed maturity securities available-for-sale, at fair value (no allowance for credit losses in 2024 and 2023, amortized cost \$64,838 in 2024 and \$67,807 in 2023)	\$ 66,452	\$ 69,578
Fixed maturity securities available-for-sale - consolidated variable interest entities, at fair value (amortized cost \$2,756 in 2024 and \$2,882 in 2023)	3,678	3,712
Fixed maturity securities held-to-maturity, at amortized cost, net of allowance for credit losses of \$5 in 2024 and \$5 in 2023 (fair value \$18,245 in 2024 and \$19,657 in 2023)	16,689	17,819
Equity securities, at fair value	762	1,088
Commercial mortgage and other loans, net of allowance for credit losses of \$232 in 2024 and \$274 in 2023 (includes \$9,947 in 2024 and \$10,150 in 2023 of consolidated variable interest entities)	12,360	12,527
Other investments (includes \$2,443 in 2024 and \$2,381 in 2023 of consolidated variable interest entities)	6,677	4,530
Cash and cash equivalents	5,098	4,306
Total investments and cash	111,716	113,560
Receivables	1,038	848
Accrued investment income	693	731
Deferred policy acquisition costs	8,819	9,132
Property and equipment, at cost less accumulated depreciation	418	445
Other	2,058	2,008
Total assets	\$ 124,742	\$ 126,724
Liabilities and shareholders' equity:		
Liabilities:		
Policy liabilities:		
Future policy benefits	\$ 77,867	\$ 83,718
Unpaid policy claims	344	261
Unearned premiums	1,322	1,451
Other policyholders' funds	5,831	6,169
Total policy liabilities	85,364	91,599
Income taxes	777	154
Payables for return of cash collateral on loaned securities	3,366	1,503
Notes payable and lease obligations	7,912	7,364
Other	3,786	4,119
Total liabilities	101,205	104,739
Commitments and contingent liabilities (Note 13)		
Shareholders' equity:		
Common stock of \$.10 par value. In thousands: authorized 1,900,000 shares in 2024 and 2023; issued 1,356,480 shares in 2024 and 1,355,398 shares in 2023	136	136
Additional paid-in capital	2,806	2,771
Retained earnings	49,872	47,993
Accumulated other comprehensive income (loss):		
Unrealized foreign currency translation gains (losses)	(4,666)	(4,069)
Unrealized gains (losses) on fixed maturity securities	1,092	1,139
Unrealized gains (losses) on derivatives	(26)	(22)
Effect of changes in discount rate assumptions	(1,495)	(2,560)
Pension liability adjustment	(7)	(8)
Treasury stock, at average cost	(24,175)	(23,395)
Total shareholders' equity	23,537	21,985
Total liabilities and shareholders' equity	\$ 124,742	\$ 126,724

See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Consolidated Statements of Shareholders' Equity

(In millions, except for per share amounts - Unaudited)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity
Balance at December 31, 2023	\$ 136	\$ 2,771	\$ 47,993	\$ (5,520)	\$ (23,395)	\$ 21,985
Net earnings	0	0	1,879	0	0	1,879
Unrealized foreign currency translation gains (losses) during period, net of income taxes	0	0	0	(597)	0	(597)
Unrealized gains (losses) on fixed maturity securities during period, net of income taxes and reclassification adjustments	0	0	0	(47)	0	(47)
Unrealized gains (losses) on derivatives during period, net of income taxes	0	0	0	(4)	0	(4)
Effect of changes in discount rate assumptions during period, net of income taxes	0	0	0	1,065	0	1,065
Pension liability adjustment during period, net of income taxes	0	0	0	1	0	1
Dividends to shareholders ⁽¹⁾ (\$0.00 per share)	0	0	0	0	0	0
Exercise of stock options	0	4	0	0	0	4
Share-based compensation	0	18	0	0	0	18
Purchases of treasury stock	0	0	0	0	(793)	(793)
Treasury stock reissued	0	13	0	0	13	26
Balance at March 31, 2024	\$ 136	\$ 2,806	\$ 49,872	\$ (5,102)	\$ (24,175)	\$ 23,537

(In millions, except for per share amounts - Unaudited)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Shareholders' Equity
Balance at December 31, 2022	\$ 135	\$ 2,641	\$ 44,367	\$ (6,429)	\$ (20,574)	\$ 20,140
Net earnings	0	0	1,188	0	0	1,188
Unrealized foreign currency translation gains (losses) during period, net of income taxes	0	0	0	(54)	0	(54)
Unrealized gains (losses) on fixed maturity securities during period, net of income taxes and reclassification adjustments	0	0	0	1,991	0	1,991
Unrealized gains (losses) on derivatives during period, net of income taxes	0	0	0	1	0	1
Effect of changes in discount rate assumptions during period, net of income taxes	0	0	0	(2,794)	0	(2,794)
Pension liability adjustment during period, net of income taxes	0	0	0	7	0	7
Dividends to shareholders ⁽¹⁾ (\$0.00 per share)	0	0	0	0	0	0
Exercise of stock options	0	3	0	0	0	3
Share-based compensation	0	14	0	0	0	14
Purchases of treasury stock	0	0	0	0	(732)	(732)
Treasury stock reissued	0	7	0	0	13	20
Balance at March 31, 2023	\$ 135	\$ 2,665	\$ 45,555	\$ (7,278)	\$ (21,293)	\$ 19,784

⁽¹⁾ Dividends to shareholders are recorded in the period in which they are declared.
See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Consolidated Statements of Cash Flows

(In millions - Unaudited)	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities:		
Net earnings	\$ 1,879	\$ 1,188
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Change in receivables and advance premiums	32	(34)
Capitalization of deferred policy acquisition costs	(254)	(270)
Amortization of deferred policy acquisition costs	215	205
Increase in policy liabilities	(41)	9
Change in income tax liabilities	291	154
Net investment (gains) losses	(951)	(123)
Other, net	(322)	(239)
Net cash provided (used) by operating activities	849	890
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Available-for-sale fixed maturity securities	2,286	949
Equity securities	267	126
Commercial mortgage and other loans	379	418
Costs of investments acquired:		
Available-for-sale fixed maturity securities	(2,127)	(1,090)
Equity securities	(73)	(134)
Commercial mortgage and other loans	(251)	(315)
Other investments, net	(2,119)	(1,256)
Settlement of derivatives, net	(256)	(480)
Cash received (pledged or returned) as collateral, net	1,973	1,756
Other, net	148	(51)
Net cash provided (used) by investing activities	227	(77)
Cash flows from financing activities:		
Purchases of treasury stock	(750)	(700)
Proceeds from borrowings	823	0
Dividends paid to shareholders	(278)	(248)
Change in investment-type contracts, net	(50)	(28)
Treasury stock reissued	6	2
Other, net	(7)	41
Net cash provided (used) by financing activities	(256)	(933)
Effect of exchange rate changes on cash and cash equivalents	(28)	(14)
Net change in cash and cash equivalents	792	(134)
Cash and cash equivalents, beginning of period	4,306	3,943
Cash and cash equivalents, end of period	\$ 5,098	\$ 3,809
Supplemental disclosures of cash flow information:		
Income taxes paid	\$ 0	\$ 0
Interest paid	34	37
Noncash interest	13	11
Noncash real estate acquired in satisfaction of debt	35	0
Noncash financing activities:		
Lease obligations	5	18
Treasury stock issued for:		
Associate stock bonus	4	4
Shareholder dividend reinvestment	10	9
Share-based compensation grants	6	5

See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Notes to the Consolidated Financial Statements
(Interim period data - Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Aflac Incorporated (the Parent Company) and its subsidiaries (collectively, the Company) primarily sell supplemental health and life insurance in Japan and the United States (U.S.). The Company's insurance business is marketed and administered through Aflac Life Insurance Japan Ltd. (ALIJ) in Japan and through American Family Life Assurance Company of Columbus (Aflac), American Family Life Assurance Company of New York (Aflac New York), Continental American Insurance Company (CAIC), Tier One Insurance Company (TOIC) and Aflac Benefits Solutions, Inc. (ABS) in the U.S. The Company's operations consist of two reportable business segments: Aflac Japan, which includes ALIJ, and Aflac U.S., which includes Aflac, Aflac New York, CAIC, TOIC and ABS. Aflac New York is a wholly owned subsidiary of Aflac. Most of the Aflac U.S. policies are individually underwritten and marketed through independent agents. With the exception of dental and vision products administered by ABS, and certain group life insurance products, Aflac U.S. markets and administers group products through CAIC, branded as Aflac Group Insurance. Additionally, Aflac U.S. markets its consumer markets products through TOIC. The Company's insurance operations in the U.S. and Japan service the two markets for the Company's insurance business. The Parent Company, other operating business units that are not individually reportable, reinsurance activities, including internal reinsurance activity with Aflac Re Bermuda Ltd. (Aflac Re), and other business activities not included in Aflac Japan or Aflac U.S., as well as intercompany eliminations, are included in Corporate and other.

Basis of Presentation

The Company prepares its financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP). These principles are established primarily by the Financial Accounting Standards Board (FASB). In these Notes to the Consolidated Financial Statements, references to U.S. GAAP issued by the FASB are derived from the FASB Accounting Standards CodificationTM (ASC). The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates based on currently available information when recording transactions resulting from business operations. The most significant items on the Company's balance sheet that involve a greater degree of accounting estimates and actuarial determinations subject to changes in the future are the valuation of investments and derivatives, deferred policy acquisition costs (DAC), liabilities for future policy benefits and income taxes. These accounting estimates and actuarial determinations are sensitive to market conditions, investment yields, interest rates, mortality, morbidity, commission and other acquisition expenses and terminations by policyholders. As additional information becomes available, or actual amounts are determinable, the recorded estimates are revised and reflected in the consolidated financial statements. Although some variability is inherent in these estimates, the Company believes the amounts provided are reasonable and reflective of the best estimates of management.

The unaudited consolidated financial statements include the accounts of the Parent Company, its subsidiaries and those entities required to be consolidated under applicable accounting standards. All material intercompany accounts and transactions have been eliminated.

In the opinion of management, the accompanying unaudited consolidated financial statements of the Company contain all adjustments, consisting of normal recurring accruals, which are necessary to fairly present the consolidated balance sheets as of March 31, 2024 and December 31, 2023, and the consolidated statements of earnings and comprehensive income (loss), shareholders' equity and cash flows for the three-month periods ended March 31, 2024 and 2023. Results of operations for interim periods are not necessarily indicative of results for the entire year. As a result, these financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2023 (2023 Annual Report).

Reclassifications: 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.

For the three-month period ended March 31, 2023, immaterial reclassifications were made to the consolidated statement of cash flows related to investments in limited partnerships and the impact of foreign currency on policy liabilities. The impact of the reclassification related to investments in limited partnerships resulted in an increase to net cash flows provided by operating activities of \$182 million with a corresponding decrease to net cash flows provided by investing activities. There was no impact to net cash flows provided by operating activities as a result of the reclassification related

to the impact of foreign currency on policy liabilities between the increase in policy liabilities and other, net line items within operating activities.

New Accounting Pronouncements

Accounting Pronouncements Pending Adoption

Accounting Standards Update (ASU) 2023-09 Income Taxes (Topic 740) – Improvements to Income Tax Disclosures

In December 2023, the FASB issued amendments that require enhanced income tax disclosures including (1) disclosure of specific categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures.

The amendments are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The adoption of this guidance has no impact on the Company's financial position or results of operations. The Company is evaluating the impact of adoption on its disclosures.

ASU 2023-07 Segment Reporting (Topic 280) – Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued amendments that will add certain segment disclosures related to significant segment expenses and require that a public entity disclose the title and position of the Chief Operating Decision Maker (CODM) and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources.

The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The adoption of this guidance has no impact on the Company's financial position or results of operations. The Company is evaluating the impact of adoption on its disclosures.

Recent accounting guidance not discussed above is not applicable, did not have, or is not expected to have a material impact to the Company's business.

For additional information on new accounting pronouncements and recent accounting guidance and their impact, if any, on the Company's financial position, results of operations or disclosures, see Note 1 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

2. BUSINESS SEGMENT INFORMATION

The Company consists of two reportable insurance business segments: Aflac Japan and Aflac U.S., both of which sell supplemental health and life insurance. In addition, the Parent Company, other operating business units that are not individually reportable, reinsurance activities, including internal reinsurance activity with Aflac Re, and other business activities not included in Aflac Japan or Aflac U.S., as well as intercompany eliminations, are included in Corporate and other. The Company does not allocate corporate overhead expenses to business segments.

Consistent with U.S. GAAP accounting guidance for segment reporting, the Company evaluates and manages its business segments using a financial performance measure called pretax adjusted earnings.

- **Pretax adjusted earnings** are adjusted revenues less benefits and adjusted expenses. The adjustments to both revenues and expenses account for certain items that are outside 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. The Company excludes income taxes related to operations to arrive at pretax adjusted earnings.
 - Adjusted revenues are U.S. GAAP total revenues excluding net investment gains and losses, except for amortized hedge costs/income related to foreign currency exposure management strategies and net interest income/expense from derivatives associated with certain investment strategies, which are reclassified from net investment gains (losses) and included in adjusted earnings as a component of adjusted net investment income when analyzing operations.

- 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.

Aflac Japan's adjusted revenues accounted for 56% and 61% of the Company's total adjusted revenues in the three-month periods ended March 31, 2024 and 2023, respectively. The percentage of the Company's total assets attributable to Aflac Japan was 79% at March 31, 2024, compared with 80% at December 31, 2023.

Information regarding operations by reportable segment and Corporate and other, follows:

	Three Months Ended March 31,	
(In millions)	2024	2023
Revenues:		
Aflac Japan:		
Net earned premiums	\$ 1,816	\$ 2,170
Adjusted net investment income	648	611
Other income	9	9
Total adjusted revenue Aflac Japan	2,473	2,790
Aflac U.S.:		
Net earned premiums	1,475	1,428
Adjusted net investment income	206	197
Other income	18	35
Total adjusted revenue Aflac U.S.	1,699	1,660
Corporate and other ⁽¹⁾	247	129
Total adjusted revenues	4,419	4,579
Net investment gains (losses)	951	123
Reconciling items:		
Amortized hedge costs	6	58
Amortized hedge income	(28)	(29)
Net interest (income) expense from derivatives associated with certain investment strategies	88	69
Total revenues	\$ 5,436	\$ 4,800

⁽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 statements of earnings. See Note 3 for additional information on these investments.

	Three Months Ended March 31,	
(In millions)	2024	2023
Pretax earnings:		
Aflac Japan	\$ 810	\$ 788
Aflac U.S.	356	352
Corporate and other ⁽¹⁾	(3)	(7)
Pretax adjusted earnings	1,163	1,133
Other income (loss)	(2)	0
Net investment gains (losses)	951	123
Reconciling items:		
Amortized hedge costs	6	58
Amortized hedge income	(28)	(29)
Net interest (income) expense from derivatives associated with certain investment strategies	88	69
Impact of interest from derivatives associated with notes payable	(8)	(12)
Total earnings before income taxes	\$ 2,170	\$ 1,342
Income taxes applicable to pretax adjusted earnings	\$ 202	\$ 180
Effect of foreign currency translation on after-tax adjusted earnings	(44)	(41)

⁽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 statements of earnings. See Note 3 for additional information on these investments.

Assets were as follows:

	March 31, 2024	December 31, 2023
(In millions)		
Assets:		
Aflac Japan	\$ 98,189	\$ 101,541
Aflac U.S.	21,850	21,861
Corporate and other	4,703	3,322
Total assets	\$ 124,742	\$ 126,724

3. INVESTMENTS

Investment Holdings

The amortized cost and allowance for credit losses for the Company's investments in fixed maturity securities and the fair values of these investments as well as the fair value of the Company's investments in equity securities are shown in the following tables.

	March 31, 2024				
(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale, carried at fair value through other comprehensive income:					
Fixed maturity securities:					
Yen-denominated:					
Japan government and agencies	\$ 21,577	\$ 0	\$ 874	\$ 1,811	\$ 20,640
Municipalities	907	0	102	59	950
Mortgage- and asset-backed securities	201	0	6	12	195
Public utilities	3,281	0	262	77	3,466
Sovereign and supranational	349	0	24	7	366
Banks/financial institutions	5,546	0	323	285	5,584
Other corporate	5,532	0	663	245	5,950
Total yen-denominated	37,393	0	2,254	2,496	37,151
U.S. dollar-denominated:					
U.S. government and agencies	177	0	1	4	174
Municipalities	1,237	0	72	49	1,260
Mortgage- and asset-backed securities	2,968	0	270	48	3,190
Public utilities	3,595	0	388	136	3,847
Sovereign and supranational	95	0	33	4	124
Banks/financial institutions	2,971	0	385	41	3,315
Other corporate	19,158	0	2,635	724	21,069
Total U.S. dollar-denominated	30,201	0	3,784	1,006	32,979
Total securities available-for-sale	\$ 67,594	\$ 0	\$ 6,038	\$ 3,502	\$ 70,130

December 31, 2023					
(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available-for-sale, carried at fair value through other comprehensive income:					
Fixed maturity securities:					
Yen-denominated:					
Japan government and agencies	\$ 23,067	\$ 0	\$ 1,040	\$ 1,696	\$ 22,411
Municipalities	968	0	115	58	1,025
Mortgage- and asset-backed securities	215	0	6	11	210
Public utilities	3,757	0	325	82	4,000
Sovereign and supranational	373	0	24	7	390
Banks/financial institutions	5,896	0	320	365	5,851
Other corporate	5,898	0	699	294	6,303
Total yen-denominated	40,174	0	2,529	2,513	40,190
U.S. dollar-denominated:					
U.S. government and agencies	191	0	2	4	189
Municipalities	1,246	0	65	38	1,273
Mortgage- and asset-backed securities	2,748	0	184	56	2,876
Public utilities	3,346	0	360	114	3,592
Sovereign and supranational	122	0	33	8	147
Banks/financial institutions	2,676	0	359	51	2,984
Other corporate	20,186	0	2,518	665	22,039
Total U.S. dollar-denominated	30,515	0	3,521	936	33,100
Total securities available-for-sale	\$ 70,689	\$ 0	\$ 6,050	\$ 3,449	\$ 73,290

March 31, 2024						
(In millions)	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities held-to-maturity, carried at amortized cost:						
Fixed maturity securities:						
Yen-denominated:						
Japan government and agencies	\$ 16,002	\$ 2	\$ 16,000	\$ 1,474	\$ 0	\$ 17,474
Municipalities	248	0	248	37	0	285
Public utilities	33	0	33	3	0	36
Sovereign and supranational	394	3	391	40	0	431
Other corporate	17	0	17	2	0	19
Total yen-denominated	16,694	5	16,689	1,556	0	18,245
Total securities held-to-maturity	\$ 16,694	\$ 5	\$ 16,689	\$ 1,556	\$ 0	\$ 18,245

December 31, 2023						
(In millions)	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities held-to-maturity, carried at amortized cost:						
Fixed maturity securities:						
Yen-denominated:						
Japan government and agencies	\$ 17,085	\$ 2	\$ 17,083	\$ 1,746	\$ 0	\$ 18,829
Municipalities	266	0	266	41	0	307
Public utilities	34	0	34	4	0	38
Sovereign and supranational	421	3	418	44	0	462
Other corporate	18	0	18	3	0	21
Total yen-denominated	17,824	5	17,819	1,838	0	19,657
Total securities held-to-maturity	\$ 17,824	\$ 5	\$ 17,819	\$ 1,838	\$ 0	\$ 19,657

		March 31, 2024	December 31, 2023
(In millions)		Fair Value	Fair Value
Equity securities, carried at fair value through net earnings:			
Equity securities:			
Yen-denominated		\$ 522	\$ 751
U.S. dollar-denominated		240	252
Other currencies		0	85
Total equity securities		\$ 762	\$ 1,088

The methods of determining the fair values of the Company's investments in fixed maturity securities and equity securities are described in Note 5.

During the first three months of 2024 and 2023, respectively, the Company did not reclassify any investments from the held-to-maturity category to the available-for-sale category.

Contractual and Economic Maturities

The contractual and economic maturities of the Company's investments in fixed maturity securities at March 31, 2024, were as follows:

(In millions)	Amortized Cost ⁽¹⁾	Fair Value
Available-for-sale:		
Due in one year or less	\$ 1,272	\$ 1,292
Due after one year through five years	6,659	7,480
Due after five years through 10 years	17,904	19,556
Due after 10 years	38,590	38,417
Mortgage- and asset-backed securities	3,169	3,385
Total fixed maturity securities available-for-sale	\$ 67,594	\$ 70,130
Held-to-maturity:		
Due in one year or less	\$ 0	\$ 0
Due after one year through five years	35	36
Due after five years through 10 years	8,901	9,714
Due after 10 years	7,753	8,495
Total fixed maturity securities held-to-maturity	\$ 16,689	\$ 18,245

⁽¹⁾ Net of allowance for credit losses

Economic maturities are used for certain debt instruments with no stated maturity where the expected maturity date is based on the combination of features in the financial instrument such as the right to call or prepay obligations or changes in coupon rates.

Investment Concentrations

The Company's process for investing in credit-related investments begins with an independent approach to underwriting each issuer's fundamental credit quality. The Company evaluates independently those factors that it believes could influence an issuer's ability to make payments under the contractual terms of the Company's instruments. This includes a thorough analysis of a variety of items including the issuer's country of domicile (including political, legal, and financial considerations); the industry in which the issuer competes (with an analysis of industry structure, end-market dynamics, and regulation); company specific issues (such as management, assets, earnings, cash generation, and capital needs); and contractual provisions of the instrument (such as financial covenants and position in the capital structure). The Company further evaluates the investment considering broad business and portfolio management objectives, including asset/liability needs, portfolio diversification, and expected income.

Investment exposures that individually exceeded 10% of shareholders' equity were as follows:

(In millions)	March 31, 2024			December 31, 2023		
	Credit Rating	Amortized Cost	Fair Value	Credit Rating	Amortized Cost	Fair Value
Japan National Government ⁽¹⁾	A+	\$36,641	\$37,170	A+	\$39,151	\$40,222

⁽¹⁾ Japan Government Bonds (JGBs) or JGB-backed securities

Net Investment Gains and Losses

Information regarding pretax net gains and losses from investments is as follows:

	Three Months Ended March 31,	
(In millions)	2024	2023
Net investment gains (losses):		
Sales and redemptions:		
Fixed maturity securities available-for-sale:		
Gross gains from sales	\$ 34	\$ 1
Gross losses from sales	(282)	(3)
Foreign currency gains (losses)	416	59
Other investments:		
Gross gains (losses) from sales and redemptions	5	0
Total sales and redemptions	173	57
Equity securities	76	(3)
Credit losses:		
Fixed maturity securities held-to-maturity	0	1
Commercial mortgage and other loans	(7)	(31)
Impairment losses	0	0
Loan commitments	1	3
Reinsurance recoverables and other	5	(3)
Total credit losses	(1)	(30)
Derivatives and other:		
Derivative gains (losses)	(215)	17
Foreign currency gains (losses)	918	82
Total derivatives and other	703	99
Total net investment gains (losses)	\$ 951	\$ 123

The unrealized holding gains, net of losses, recorded as a component of net investment gains and losses for the three-month period ended March 31, 2024 that relate to equity securities held at the March 31, 2024 reporting date were \$71 million. The unrealized holding losses, net of gains, recorded as a component of net investment gains and losses for the three-month period ended March 31, 2023 that relate to equity securities held at the March 31, 2023 reporting date were \$5 million.

Unrealized Investment Gains and Losses

Effect on Shareholders' Equity

The net effect on shareholders' equity of unrealized gains and losses from fixed maturity securities was as follows:

(In millions)	March 31, 2024	December 31, 2023
Unrealized gains (losses) on securities available-for-sale	\$ 2,536	\$ 2,601
Deferred income taxes	(1,444)	(1,462)
Shareholders' equity, unrealized gains (losses) on fixed maturity securities	\$ 1,092	\$ 1,139

Gross Unrealized Loss Aging

The following tables show the fair values and gross unrealized losses of the Company's available-for-sale investments for the periods ended March 31, 2024 and December 31, 2023, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	March 31, 2024					
	Total		Less than 12 months		12 months or longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(In millions)						
Fixed maturity securities available-for-sale:						
U.S. government and agencies:						
U.S. dollar-denominated	\$ 141	\$ 4	\$ 59	\$ 1	\$ 82	\$ 3
Japan government and agencies:						
Yen-denominated	7,828	1,811	1,628	395	6,200	1,416
Municipalities:						
U.S. dollar-denominated	662	49	9	0	653	49
Yen-denominated	277	59	31	1	246	58
Mortgage- and asset-backed securities:						
U.S. dollar-denominated	754	48	304	4	450	44
Yen-denominated	54	12	1	0	53	12
Public utilities:						
U.S. dollar-denominated	1,383	136	391	9	992	127
Yen-denominated	915	77	351	13	564	64
Sovereign and supranational:						
U.S. dollar-denominated	14	4	0	0	14	4
Yen-denominated	55	7	0	0	55	7
Banks/financial institutions:						
U.S. dollar-denominated	628	41	228	2	400	39
Yen-denominated	2,973	285	62	1	2,911	284
Other corporate:						
U.S. dollar-denominated	6,196	724	1,254	36	4,942	688
Yen-denominated	1,747	245	355	9	1,392	236
Total	\$ 23,627	\$ 3,502	\$ 4,673	\$ 471	\$ 18,954	\$ 3,031

(In millions)	December 31, 2023					
	Total		Less than 12 months		12 months or longer	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturity securities available-for-sale:						
U.S. government and agencies:						
U.S. dollar-denominated	\$ 123	\$ 4	\$ 53	\$ 1	\$ 70	\$ 3
Japan government and agencies:						
Yen-denominated	8,393	1,696	1,657	303	6,736	1,393
Municipalities:						
U.S. dollar-denominated	703	38	31	1	672	37
Yen-denominated	301	58	34	0	267	58
Mortgage- and asset-backed securities:						
U.S. dollar-denominated	925	56	340	6	585	50
Yen-denominated	58	11	0	0	58	11
Public utilities:						
U.S. dollar-denominated	1,120	114	228	4	892	110
Yen-denominated	1,028	82	444	13	584	69
Sovereign and supranational:						
U.S. dollar-denominated	35	8	0	0	35	8
Yen-denominated	60	7	0	0	60	7
Banks/financial institutions:						
U.S. dollar-denominated	655	51	159	4	496	47
Yen-denominated	3,673	365	186	4	3,487	361
Other corporate:						
U.S. dollar-denominated	6,380	665	799	19	5,581	646
Yen-denominated	1,948	294	308	9	1,640	285
Total	\$ 25,402	\$ 3,449	\$ 4,239	\$ 364	\$ 21,163	\$ 3,085

Analysis of Securities in Unrealized Loss Positions

The unrealized losses on the Company's available-for-sale securities have been primarily related to general market changes in interest rates, foreign exchange rates, and/or the levels of credit spreads rather than specific concerns with the issuer's ability to pay interest and repay principal.

For any available-for-sale securities with significant declines in fair value, the Company performs detailed analyses to identify whether the drivers of the declines are due to general market drivers, such as the recent rise in interest rates, or due to credit-related factors. Identifying the drivers of the declines in fair value helps to align and allocate the Company's resources to securities with real credit-related concerns that could impact ultimate collection of principal and interest. For any significant declines in fair value determined to be non-interest rate or market related, the Company performs a more focused review of the related issuers' specific credit profile.

For corporate issuers, the Company evaluates their assets, business profile including industry dynamics and competitive positioning, financial statements and other available financial data. For non-corporate issuers, the Company analyzes all sources of credit support, including issuer-specific factors. The Company utilizes information available in the public domain and, for certain private placement issuers, from consultations with the issuers directly. The Company also considers ratings from Nationally Recognized Statistical Rating Organizations (NRSROs), as well as the specific characteristics of the security it owns including seniority in the issuer's capital structure, covenant protections, or other relevant features. From these reviews, the Company evaluates the issuers' continued ability to service the Company's investment through payment of interest and principal.

Assuming no credit-related factors develop, unrealized gains and losses on available-for-sale securities are expected to diminish as investments near maturity. Based on its credit analysis, the Company believes that the issuers of its available-for-sale investments in the sectors shown in the table above have the ability to service their obligations to the Company. Further, the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be at maturity.

However, from time to time the Company identifies certain available-for-sale securities where the amortized cost basis exceeds the present value of the cash flows expected to be collected due to credit-related factors and as a result, a credit loss allowance will be estimated. Based on an evaluation of its securities currently in an unrealized loss position, the Company has determined that those securities should not have a credit loss allowance as of March 31, 2024. Refer to the Allowance for Credit Losses section below for additional information.

As of March 31, 2024 and December 31, 2023, the Company had an immaterial amount of fixed maturity securities on nonaccrual status.

Commercial Mortgage and Other Loans

The Company classifies its transitional real estate loans (TREs), commercial mortgage loans (CMLs), middle market loans (MMLs), and other loans as held-for-investment and includes them in the commercial mortgage and other loans line on the consolidated balance sheets. The Company carries them on the balance sheet at amortized cost less an estimated allowance for credit losses.

The following table reflects the composition of the carrying value for commercial mortgage and other loans by property type as of the periods presented.

(In millions)	March 31, 2024		December 31, 2023	
	Amortized Cost	% of Total	Amortized Cost	% of Total
Commercial Mortgage and other loans:				
Transitional real estate loans:				
Office	\$ 1,768	14.0 %	\$ 1,807	14.1 %
Retail	335	2.7	473	3.7
Apartments/Multi-Family	2,550	20.3	2,608	20.4
Industrial	152	1.2	157	1.2
Hospitality	818	6.5	814	6.4
Other	455	3.7	255	2.0
Total transitional real estate loans	6,078	48.4	6,114	47.8
Commercial mortgage loans:				
Office	356	2.8	359	2.8
Retail	254	2.0	301	2.4
Apartments/Multi-Family	583	4.6	586	4.6
Industrial	445	3.5	463	3.6
Other	15	.1	0	0.0
Total commercial mortgage loans	1,653	13.0	1,709	13.4
Middle market loans	4,586	36.4	4,677	36.5
Other loans	275	2.2	301	2.3
Total commercial mortgage and other loans	\$ 12,592	100.0 %	\$ 12,801	100.0 %
Allowance for credit losses	(232)		(274)	
Total net commercial mortgage and other loans	\$ 12,360		\$ 12,527	

CMLs and TREs were secured by properties entirely within the U.S. (with the largest concentrations in California (20%), Texas (15%) and Florida (12%)). MMLs are issued only to companies domiciled within the U.S. and Canada.

Transitional Real Estate Loans

TREs are commercial mortgage loans that are typically relatively short-term floating rate instruments secured by a first lien on the property. These loans provide funding for properties undergoing a change in their physical characteristics and/or economic profile and do not typically require any principal repayment prior to the maturity date.

As of March 31, 2024, the Company had \$442 million in outstanding commitments to fund TREs. These commitments are contingent on the final underwriting and due diligence to be performed.

Commercial Mortgage Loans

CMLs are typically fixed rate loans on commercial real estate with partial repayment of principal over the life of the loan with the remaining outstanding principal being repaid upon maturity. This loan portfolio is generally considered higher quality investment grade loans.

Middle Market Loans

MMLs are typically first lien senior secured cash flow loans to small to mid-size companies for working capital, refinancing, acquisition, and recapitalization. These loans are generally considered to be below investment grade. The carrying value for MMLs included \$24 million for a short-term credit facility that is reflected in other liabilities on the consolidated balance sheets at both March 31, 2024 and December 31, 2023.

As of March 31, 2024, the Company had commitments of approximately \$787 million to fund future MMLs. These commitments are contingent upon the availability of MMLs that meet the Company's underwriting criteria.

Other Loans

Other loans are primarily infrastructure loans. Infrastructure loans are typically senior secured, financing operating portfolios of contracted solar and wind assets generating cash flow for loan repayment. The infrastructure loan portfolio weighted average rating is investment grade. As of March 31, 2024, the Company had commitments of approximately \$5 million to fund future other loans. These commitments are contingent upon the availability of other loans that meet the Company's underwriting criteria.

Credit Quality Indicators

For TREs, the Company's key credit quality indicators include performance of the loan and loan-to-value (LTV), which is calculated by dividing the current outstanding loan balance by the estimated property value, primarily using values at origination. Given that TREs involve properties undergoing a repositioning of their commercial profile, LTV provides the most insight into the credit risk of the loan. The Company monitors the performance of the loans periodically, but not less frequently than quarterly. The monitoring process also focuses on higher risk loans, which include those that are delinquent or for which foreclosure or deed in lieu of foreclosure is anticipated.

For CMLs, the Company's key credit quality indicators include LTV and debt service coverage ratios (DSCR). DSCR is the most recently available net operating income of the underlying property compared to the required debt service of the loan.

For MMLs and held-to-maturity fixed maturity securities, the Company's key credit quality indicator is credit ratings. The Company's held-to-maturity portfolio is composed of investment grade securities that are senior unsecured instruments, while its MMLs generally have below-investment-grade ratings but are typically senior secured instruments. The Company monitors the credit ratings periodically, but not less frequently than quarterly.

For other loans, the Company's key credit quality indicator is credit ratings. The Company monitors these credit ratings periodically, but not less frequently than quarterly.

The following tables present as of March 31, 2024 the amortized cost basis of TREs, CMLs, MMLs, and other loans by year of origination and credit quality indicator.

Transitional Real Estate Loans							
(In millions)	2024	2023	2022	2021	2020	Prior	Total
Loan-to-Value Ratio:							
0%-59.99%	\$ 131	\$ 86	\$ 609	\$ 507	\$ 36	\$ 125	1,494
60%-69.99%	34	126	496	637	18	552	1,863
70%-79.99%	0	14	883	900	83	47	1,927
80% or greater	0	0	218	251	80	245	794
Total	\$ 165	\$ 226	\$ 2,206	\$ 2,295	\$ 217	\$ 969	6,078
Current-period gross writeoffs:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

Commercial Mortgage Loans								
(In millions)	2024	2023	2022	2021	2020	Prior	Total	Weighted-Average DSCR
Loan-to-Value Ratio:								
0%-59.99%	\$ 0	\$ 33	\$ 0	\$ 309	\$ 45	\$ 983	1,370	2.57
60%-69.99%	0	0	0	0	0	30	30	1.73
70%-79.99%	0	0	0	0	0	120	120	1.26
80% or greater	0	0	0	0	0	133	133	0.52
Total	\$ 0	\$ 33	\$ 0	\$ 309	\$ 45	\$ 1,266	1,653	2.30
Weighted Average DSCR	0.00	2.58	0.00	2.92	2.26	2.14		
Current-period gross writeoffs:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0	

Middle Market Loans								
(In millions)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
Credit Ratings:								
BBB	\$ 0	\$ 17	\$ 45	\$ 123	\$ 54	\$ 64	\$ 77	380
BB	18	60	308	408	251	287	446	1,778
B	48	53	218	547	302	633	290	2,091
CCC	0	0	20	50	51	136	48	305
CC	0	0	0	0	0	10	0	10
C and lower	0	0	0	0	0	6	16	22
Total	\$ 66	\$ 130	\$ 591	\$ 1,128	\$ 658	\$ 1,136	\$ 877	4,586
Current-period gross writeoffs:	\$ 0	\$ 0	\$ 0	\$ 27	\$ 0	\$ 23	\$ 0	50

Other Loans

(In millions)	2024	2023	2022	2021	2020	Prior	Revolving Loans	Total
Credit Ratings:								
A	\$ 0	\$ 22	\$ 94	\$ 0	\$ 0	\$ 0	\$ 0	116
AA	0	0	5	5	0	0	0	10
BBB	5	68	0	0	0	0	0	73
BB	0	0	76	0	0	0	0	76
Total	\$ 5	\$ 90	\$ 175	\$ 5	\$ 0	\$ 0	\$ 0	275
Current-period gross writeoffs:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

Loan Modifications to Borrowers Experiencing Financial Difficulties

The Company granted certain loan modifications to borrowers experiencing financial difficulty during the first three months of 2024 and 2023. The amount, timing, and extent of modifications granted are considered in determining any credit loss allowance recorded. For the three-month period ended March 31, 2024, 3% of TREs with an amortized cost of \$210 million were modified in the form of interest rate reductions and other-than-insignificant payment delays. The modifications resulted in a reduction in the weighted-average contractual interest rate from 8.3% to 6.9%. Loan modifications for the three-month period ended March 31, 2023 were immaterial.

Past Due and Nonaccrual Loans

The following tables present an aging of past due and nonaccrual loans at amortized cost, before allowance for credit losses, as of the periods presented.

March 31, 2024							
(In millions)	Current	Less Than 90 Days Past Due	90 Days or More Past Due ⁽¹⁾	Total Past Due	Total Loans	Nonaccrual Status	
Transitional real estate loans	\$ 5,152	\$ 97	\$ 829	\$ 926	\$ 6,078	\$ 829	
Commercial mortgage loans	1,598	0	55	55	1,653	55	
Middle market loans	4,560	0	26	26	4,586	26	
Other loans	275	0	0	0	275	0	
Total	\$ 11,585	\$ 97	\$ 910	\$ 1,007	\$ 12,592	\$ 910	

⁽¹⁾ As of March 31, 2024, there were no loans that were 90 days or more past due that continued to accrue interest.

December 31, 2023							
(In millions)	Current	Less Than 90 Days Past Due	90 Days or More Past Due ⁽¹⁾	Total Past Due	Total Loans	Nonaccrual Status	
Transitional real estate loans	\$ 5,481	\$ 108	\$ 525	\$ 633	\$ 6,114	\$ 633	
Commercial mortgage loans	1,676	33	0	33	1,709	0	
Middle market loans	4,592	0	85	85	4,677	85	
Other loans	301	0	0	0	301	0	
Total	\$ 12,050	\$ 141	\$ 610	\$ 751	\$ 12,801	\$ 718	

⁽¹⁾ As of December 31, 2023, there were no loans that were 90 days or more past due that continued to accrue interest.

For the three-month periods ended March 31, 2024 and March 31, 2023, the Company recognized no interest income for TREs, CMLs, MMLs, or other loans on nonaccrual status. Of these loans, TREs with an amortized cost of \$383 million had no credit loss allowance as of March 31, 2024 because these loans are collateral dependent assets for which the estimated fair values of the collateral are in excess of amortized cost. As of March 31, 2024 and December 31, 2023, there were no MMLs on nonaccrual status without an allowance for credit losses.

Allowance for Credit Losses

The Company calculates its allowance for credit losses for held-to-maturity securities, loan receivables, loan commitments and reinsurance recoverable by grouping assets with similar risk characteristics when there is not a specific expectation of a loss for an individual asset. For held-to-maturity securities, MMLs, and MML commitments, the Company groups assets by credit ratings, industry, and country.

The Company groups CMLs and TREs and respective loan commitments by property type, property location and the property's LTV and DSCR. On a quarterly basis, CMLs and TREs within a portfolio segment that share similar risk characteristics are pooled for calculation of credit loss allowance. On an ongoing basis, TREs, CMLs and other loans with dissimilar risk characteristics (i.e., loans with significant declines in credit quality), such as collateral dependent mortgage loans (i.e., when the borrower is experiencing financial difficulty, including when foreclosure is probable), are evaluated individually for credit loss. For example, the credit loss allowance for a collateral dependent loan is established as the excess of amortized cost over the estimated fair value of the loan's underlying collateral, less selling cost when foreclosure is probable. Accordingly, the change in the estimated fair value of the collateral dependent loans, which are evaluated individually for credit loss, is recorded as a change in the credit loss allowance as a component of net investment gains (losses) in the consolidated statements of earnings.

The credit allowance for held-to-maturity fixed maturity securities and loan receivables is estimated using a probability-of-default (PD) / loss-given-default (LGD) method, discounted for the time value of money. For held-to-maturity fixed maturity securities, available-for-sale fixed maturity securities and loan receivables, the Company includes the change in present value due to the passage of time in the change in the allowance for credit losses. The Company's methodology for estimating credit losses utilizes the contractual maturity date of the financial asset, adjusted when necessary to reflect the expected timing of repayment (such as prepayment options, renewal options, call options, or extension options). The Company applies reasonable and supportable forecasts of macroeconomic variables that impact the determination of PD / LGD over a two-year period for held-to-maturity fixed maturity securities and MMLs. The Company reverts to historical loss information over one year, following the two-year forecast period. For the CML and TRE portfolio, the Company applies reasonable and supportable forecasts of macroeconomic variables as well as national and local real-estate market factors to estimate future credit losses where the market factors revert back to historical levels over time with the period being dependent on current market conditions, projected market conditions and difference in the current and historical market levels for each factor. The Company continuously monitors the estimation methodology, due to changes in portfolio composition, changes in underwriting practices and significant events or conditions and makes adjustments as necessary.

The Company's held-to-maturity portfolio includes Japan Government and Agency securities of \$15.9 billion amortized cost as of March 31, 2024 that meet the requirements for zero-credit-loss expectation and therefore these asset classes have been excluded from the current expected credit loss measurement.

An investment in an available-for-sale security may be impaired if the fair value falls below amortized cost. The Company regularly reviews its available-for-sale portfolio for declines in fair value. The Company's available-for-sale impairment model focuses on the ultimate collection of the cash flows from its investments and whether the Company has the intent to sell or if it is more likely than not the Company would be required to sell the security prior to recovery of its amortized cost. The determination of the amount of impairments under this model is based upon the Company's periodic evaluation and assessment of known and inherent risks associated with the respective securities. Such evaluations and assessments are revised as conditions change and new information becomes available.

When determining the Company's intention to sell a security prior to recovery of its fair value to amortized cost, the Company evaluates facts and circumstances such as, but not limited to, future cash flow needs, decisions to reposition its security portfolio, and risk profile of individual investment holdings. The Company performs ongoing analyses of its liquidity needs, which includes cash flow testing of its policy liabilities, debt maturities, projected dividend payments, and other cash flow and liquidity needs.

The Company's methodology for estimating credit losses for available-for-sale securities utilizes the discounted cash flow model, based on past events, current market conditions and future economic conditions, as well as industry analysis and credit ratings of the securities. In addition, the Company evaluates the specific issuer's probability of default and expected recovery of its position in the event of default based on the underlying financial condition and assets of the borrower as well as seniority and/or security of other debt holders in the issuer when developing management's best estimate of expected cash flows.

The following table presents the roll forward of the allowance for credit losses by portfolio segment for loans and by accounting classification for securities.

(In millions)	Transitional Real Estate Loans	Commercial Mortgage Loans	Middle Market Loans	Other Loans and Loan Commitments	Held-to-Maturity Securities	Available-for-Sale Securities	Total
Three Months Ended March 31, 2024:							
Balance at December 31, 2023	\$ (112)	\$ (16)	\$ (146)	\$ (16)	\$ (5)	\$ 0	\$ (295)
(Addition to) release of allowance for credit losses	(2)	(3)	(3)	1	0	0	(7)
Writeoffs, net of recoveries	0	0	50	0	0	0	50
Change in foreign exchange	0	0	0	0	0	0	0
Balance at March 31, 2024	\$ (114)	\$ (19)	\$ (99)	\$ (15)	\$ (5)	\$ 0	\$ (252)
Three Months Ended March 31, 2023:							
Balance at December 31, 2022	\$ (54)	\$ (9)	\$ (129)	\$ (24)	\$ (7)	\$ 0	\$ (223)
(Addition to) release of allowance for credit losses	(11)	0	(20)	3	1	0	(27)
Writeoffs, net of recoveries	0	0	0	0	0	0	0
Change in foreign exchange	0	0	0	0	0	0	0
Balance at March 31, 2023	\$ (65)	\$ (9)	\$ (149)	\$ (21)	\$ (6)	\$ 0	\$ (250)

For the three-month period ended March 31, 2024, the Company completed foreclosure or deed in lieu of foreclosure on TREs collateralized with commercial real estate properties with an amortized cost of \$31 million. As a result of the excess of amortized cost over the estimated fair value of the collateral of the TREs, upon consummating the foreclosures or deed in lieu of foreclosure transactions, the Company recognized a net gain of \$4 million for the three-month period ended March 31, 2024 in net investment gains (losses). The Company did not complete any foreclosure or deed in lieu of foreclosure transactions in the three-month period ended March 31, 2023. Refer to the Other Investments section below for additional information.

As of March 31, 2024, the Company identified additional TREs with an amortized cost of \$601 million in anticipation of potential foreclosure or deed in lieu of foreclosure transactions. As of March 31, 2024, the Company established a credit allowance of \$60 million for \$598 million of loans for which the fair value of the collateral was below the amortized cost of the loans.

Other Investments

The table below reflects the composition of the carrying value for other investments as of the periods presented.

(In millions)	March 31, 2024	December 31, 2023
Other investments:		
Policy loans	\$ 203	\$ 214
Short-term investments ⁽¹⁾	3,341	1,304
Limited partnerships ⁽²⁾	2,838	2,750
Real estate owned	253	227
Other	42	35
Total other investments	\$ 6,677	\$ 4,530

⁽¹⁾ Includes securities lending collateral

⁽²⁾ Includes tax credit investments and asset classes such as private equity and real estate funds

The Parent Company invests in partnerships that specialize in rehabilitating historic structures or the installation of solar equipment in order to receive federal historic rehabilitation and solar tax credits. These investments are classified as limited partnerships and included in other investments in the consolidated balance sheets. The change in value of each investment is recorded as a reduction to net investment income. Tax credits generated by these investments are recorded as an income tax benefit in the consolidated statements of earnings.

Real estate owned (REO) consists of office buildings or other commercial properties obtained through foreclosure or deed in lieu of foreclosure of certain of the Company's TRES. As of March 31, 2024, all REO was classified as held-and-used for the production of income and is carried at cost less accumulated depreciation. As of December 31, 2023, \$210 million of REO was classified as held-and-used with the remaining \$17 million classified as held-for-sale, which is carried at the lower of depreciated cost or fair value less cost to sell and is not further depreciated once classified as such. Depreciation expense was \$1 million for the three-month period ended March 31, 2024. Additionally, as of March 31, 2024 and December 31, 2023, accumulated depreciation was \$2 million and an immaterial amount, respectively.

As of March 31, 2024, the Company had \$2.2 billion in outstanding commitments to fund investments in limited partnerships.

Variable Interest Entities (VIEs)

In the normal course of its activities, the Company invests in legal entities that are VIEs. The Company's debt or ownership interest in VIEs is limited to holding the equity interests and obligations issued by them. With the exception of commitments to limited partnerships and to certain loan investments made in the normal course of business, the Company has not provided any direct or contingent obligations to fund the limited activities of these VIEs or support related to the limited activities of these VIE and does not have any intention to do so in the future, nor does it have any direct or indirect financial guarantees.

The Company's risk of loss related to its interests in any of its VIEs is limited to the carrying value of the related investments, and in certain cases, to any unfunded commitments held in the VIE.

For those VIEs other than certain unit trust structures, the Company's involvement is passive in nature.

VIEs - Consolidated

The Company is the primary beneficiary of a VIE if it has

- the power to direct the activities of the VIE that most significantly impact the economic performance of the entity and
- the obligation to absorb losses of or the right to receive benefits from the entity that could be potentially significant to the VIE.

If the Company determines that it is the VIE's primary beneficiary, it consolidates the VIE. Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have no recourse to the general credit of the Company except to the extent of the unfunded commitments referenced above, as the Company's obligation to each VIE is limited to the amount of its committed investment.

The following table presents carrying value and balance sheet caption in which the assets and liabilities of consolidated VIEs are reported.

Investments in Consolidated Variable Interest Entities

(In millions)	March 31, 2024	December 31, 2023
Assets:		
Fixed maturity securities, available-for-sale	\$ 3,678	\$ 3,712
Commercial mortgage and other loans	9,947	10,150
Other investments ⁽¹⁾	2,443	2,381
Other assets ⁽²⁾	57	55
Total assets of consolidated VIEs	\$ 16,125	\$ 16,298
Liabilities:		
Other liabilities ⁽²⁾	\$ 583	\$ 507
Total liabilities of consolidated VIEs	\$ 583	\$ 507

⁽¹⁾ Consists entirely of alternative investments in limited partnerships

⁽²⁾ Consists entirely of derivatives

The Company is the sole investor in the consolidated VIEs listed in the table above. The Company invests in fixed maturity securities issued by VIEs that in turn hold U.S. dollar-denominated fixed maturity securities coupled with foreign currency swap agreements. The weighted-average lives of the Company's investments in these VIEs are very similar to the underlying collateral held by these VIEs. The activities of these VIEs are limited to holding invested assets and foreign currency swaps and utilizing the cash flows from these securities to service the VIEs' debt. Neither the Company nor any of its creditors are able to obtain the underlying collateral of these VIEs unless there is an event of default or other specified event. The Company is not a direct counterparty to the foreign currency swap contracts and has no control over them. The Company's loss exposure to these VIEs is limited to its original investment. These consolidated VIEs do not rely on outside or ongoing sources of funding to support their activities beyond the underlying collateral and foreign currency swap contracts, if applicable. The underlying collateral assets and funding of these consolidated VIEs are generally static in nature.

The Company also utilizes unit trust structures in its Aflac Japan segment to invest in various asset classes, which include CMLs, MMLs, TREs, other loans and limited partnerships. The limited partnership investments are comprised of private equity and real estate funds. The Company's loss exposure to these VIEs is limited to its original investments, together with any unfunded portion of the Company's commitments made in the normal course of business to fund certain loan investments and limited partnership investments, as described in the Commercial Mortgage and Other Loans and Other Investments sections of this note. Excluding these commitments, the Company does not provide financial or other support to consolidated VIEs.

VIEs - Not Consolidated

The table below reflects the carrying value and balance sheet caption in which the Company's investments in VIEs that are not consolidated are reported.

Investments in Variable Interest Entities Not Consolidated

(In millions)	March 31, 2024	December 31, 2023
Assets:		
Fixed maturity securities, available-for-sale	\$ 6,486	\$ 6,424
Other investments ⁽¹⁾	395	369
Total investments in VIEs not consolidated	\$ 6,881	\$ 6,793

⁽¹⁾ Consists entirely of alternative investments in limited partnerships

Certain investments in VIEs that the Company is not required to consolidate are investments that are in the form of debt obligations issued by the VIEs. These fixed maturity securities include structured securities, primarily asset-backed securities. The Company's involvement in the related VIEs is limited to that of a passive investor in asset-backed securities issued by the VIEs. The Company also invests in VIEs that are the primary financing vehicles used by their corporate sponsors to raise financing in the capital markets. The variable interests created by these VIEs are principally or solely a result of the debt instruments issued by them. The Company does not have the power to direct the activities that most significantly impact the entity's economic performance, nor does it have the obligation to absorb losses of the VIE entity or the right to receive benefits from the entity that could be significant to the entity. As such, the Company is not the primary beneficiary of these VIEs and therefore is not required to consolidate them. The Company's maximum exposure to loss on these investments is limited to the amount of the Company's investment.

The Company also holds equity investments in limited partnerships that have been determined to be VIEs. These partnerships primarily invest in private equity and real estate funds. The Company's maximum exposure to loss on these investments is limited to the amount of its investment and any unfunded commitments. As described in the Other Investments section of this note, the Company makes commitments to fund partnership investments in the normal course of business. Excluding these commitments, the Company did not provide financial or other support to unconsolidated VIEs. The Company is not the primary beneficiary of these VIEs and is therefore not required to consolidate them. The Company classifies these investments as other investments in the consolidated balance sheets.

Securities Lending and Pledged Securities

The Company lends fixed maturity securities and, from time to time, public equity securities to financial institutions in short-term securities lending transactions. These short-term securities lending arrangements increase investment income

with minimal risk. The Company receives cash or other securities as collateral for such loans. The Company's securities lending policy requires that the fair value of the securities received as collateral be 102% or more of the fair value of the loaned securities and that unrestricted cash received as collateral be 100% or more of the fair value of the loaned securities. The securities loaned continue to be carried as investment assets on the Company's balance sheet during the terms of the loans and are not reported as sales. For loans involving unrestricted cash or securities as collateral, the collateral is reported as an asset with a corresponding liability for the return of the collateral. For loans where the Company receives as collateral securities that the Company is not permitted to sell or repledge, the collateral is not reflected on the consolidated financial statements.

Details of collateral by loaned security type and remaining maturity of the agreements were as follows:

Securities Lending Transactions Accounted for as Secured Borrowings								
Remaining Contractual Maturity of the Agreements								
March 31, 2024					December 31, 2023			
(In millions)	Overnight and Continuous⁽¹⁾	Up to 30 days	Total		Overnight and Continuous⁽¹⁾	Up to 30 days	Total	
Securities lending transactions:								
Fixed maturity securities:								
Japan government and agencies	\$ 0	\$ 2,542	\$ 2,542	\$	\$ 0	\$ 737	\$ 737	\$
Public utilities	33	0	33		19	0	19	
Banks/financial institutions	148	0	148		72	0	72	
Other corporate	643	0	643		675	0	675	
Total borrowings	\$ 824	\$ 2,542	\$ 3,366	\$	\$ 766	\$ 737	\$ 1,503	\$
Gross amount of recognized liabilities for securities lending transactions			\$ 3,366					\$ 1,503

⁽¹⁾ The related loaned security, under the Company's U.S. securities lending program, can be returned to the Company at the transferee's discretion; therefore, they are classified as Overnight and Continuous.

In connection with securities lending, in addition to cash collateral received, the Company received from counterparties securities collateral of \$4.5 billion and \$4.3 billion at March 31, 2024 and December 31, 2023, respectively, which may not be sold or re-pledged, unless the counterparty is in default. Such securities collateral is not reflected on the consolidated financial statements.

The Company did not have any repurchase agreements or repurchase-to-maturity transactions outstanding as of March 31, 2024, and December 31, 2023, respectively.

Certain fixed maturity securities can be pledged as collateral as part of derivative transactions, or pledged to support state deposit requirements on certain investment programs. For additional information regarding pledged securities related to derivative transactions, see Note 4.

4. DERIVATIVE INSTRUMENTS

The Company's freestanding derivative financial instruments include:

- foreign currency forwards and options used in hedging foreign exchange risk on U.S. dollar-denominated investments in Aflac Japan's portfolio, with options used on a standalone basis and/or in a collar strategy;
- foreign currency forwards and options used to economically hedge certain portions of forecasted cash flows denominated in yen and hedge the Company's long term exposure to a weakening yen;
- cross-currency interest rate swaps, also referred to as foreign currency swaps, associated with certain senior notes and subordinated debentures;
- foreign currency swaps that are associated with variable interest entity (VIE) bond purchase commitments, and investments in special-purpose entities, including VIEs where the Company is the primary beneficiary;
- interest rate swaps used to economically hedge interest rate fluctuations in certain variable-rate investments;
- interest rate swaptions used to hedge changes in the fair value associated with interest rate fluctuations for certain U.S. dollar-denominated available-for-sale fixed-maturity securities; and
- bond purchase commitments at the inception of investments in consolidated VIEs.

Some of the Company's derivatives are designated as cash flow hedges, fair value hedges or net investment hedges; however, other derivatives do not qualify for hedge accounting or the Company elects not to designate them as accounting hedges.

Derivative Types

Foreign currency forwards and options are executed for the Aflac Japan segment in order to hedge the currency risk on the carrying value of certain U.S. dollar-denominated investments. The average maturity of these forwards and options can change depending on factors such as market conditions and types of investments being held. In situations where the maturity of the forwards and options is shorter than the underlying investment being hedged, the Company may enter into new forwards and options near maturity of the existing derivative in order to continue hedging the underlying investment. In forward transactions, Aflac Japan agrees with another party to buy a fixed amount of yen and sell a corresponding amount of U.S. dollars at a specified future date. The Company also uses one-sided foreign currency put options to mitigate the settlement risk on U.S. dollar-denominated assets related to extreme foreign currency rate changes. From time to time, Aflac Japan also executes foreign currency option transactions in a collar strategy, where Aflac Japan agrees with another party to simultaneously purchase put options and sell call options. In the purchased put transactions, Aflac Japan obtains the option to buy a fixed amount of yen and sell a corresponding amount of U.S. dollars at a specified future date. In the sold call transactions, Aflac Japan agrees to sell a fixed amount of yen and buy a corresponding amount of U.S. dollars at a specified future date. The combination of purchasing the put option and selling the call option results in no net premium being paid (i.e. a costless or zero-cost collar).

From time to time, the Company may also enter into foreign currency forwards and options to hedge the currency risk associated with the net investment in Aflac Japan. In these forward transactions, the Company agrees with another party to buy a fixed amount of U.S. dollars and sell a corresponding amount of yen at a specified price at a specified future date. In the option transactions, the Company may use a combination of foreign currency options to protect expected future cash flows by simultaneously purchasing yen put options (options that protect against a weakening yen) and selling yen call options (options that limit participation in a strengthening yen). The combination of these two actions create a zero-cost collar. Additionally, the Company enters into purchased options to hedge cash flows from the net investment in Aflac Japan.

The Company enters into foreign currency swaps pursuant to which it exchanges an initial principal amount in one currency for an initial principal amount of another currency, with an agreement to re-exchange the principal amounts at a future date. There may also be periodic exchanges of payments at specified intervals based on the agreed upon rates and notional amounts. Foreign currency swaps are used primarily in the consolidated VIEs in the Company's Aflac Japan portfolio to convert foreign-denominated cash flows to yen, the functional currency of Aflac Japan, in order to minimize cash flow fluctuations. The Company also uses foreign currency swaps to economically convert certain of its U.S. dollar-denominated senior note and subordinated debenture principal and interest obligations into yen-denominated obligations.

In order to reduce investment income volatility from its variable-rate investments, the Company enters into receive-fixed, pay-floating interest rate swaps. These derivatives are cleared and settled through a central clearinghouse.

Swaptions are used to mitigate the adverse impact resulting from significant changes in the fair value of U.S. dollar-denominated available-for-sale securities due to fluctuation in interest rates. In a payer swaption, the Company pays a premium to obtain the right, but not the obligation, to enter into a swap contract where it will pay a fixed rate and receive a floating rate. Interest rate swaption collars are combinations of two swaption positions. In order to maximize the efficiency of the collars while minimizing cost, a collar strategy is used whereby the Company purchases a long payer swaption (the Company purchases an option that allows it to enter into a swap where the Company will pay the fixed rate and receive the floating rate of the swap) and sells a short receiver swaption (the Company sells an option that provides the counterparty with the right to enter into a swap where the Company will receive the fixed rate and pay the floating rate of the swap). The combination of purchasing the long payer swaption and selling the short receiver swaption results in no net premium being paid (i.e. a costless or zero-cost collar).

Bond purchase commitments result from repackaged bond structures that are consolidated VIEs whereby there is a delay in the trade date and settlement date of the bond within the structure to ensure completion of all necessary legal agreements to support the consolidated VIE that issues the repackaged bond. Since the Company has a commitment to purchase the underlying bond at a specified price, the agreement meets the definition of a derivative where the value is derived based on the current market value of the bond compared to the fixed purchase price to be paid on the settlement date.

Derivative Balance Sheet Classification

The table below summarizes the balance sheet classification of the Company's derivative fair value amounts, as well as the gross asset and liability fair value amounts. The fair value amounts presented do not include income accruals. Derivative assets are included in other assets, while derivative liabilities are included in other liabilities within the Company's consolidated balance sheets. The notional amount of derivative contracts represents the basis upon which pay or receive amounts are calculated and are not reflective of exposure or credit risk.

(In millions)	March 31, 2024			December 31, 2023		
	Asset Derivatives		Liability Derivatives	Asset Derivatives		Liability Derivatives
	Notional Amount	Fair Value	Fair Value	Notional Amount	Fair Value	Fair Value
Hedge Designation/ Derivative Type						
Cash flow hedges:						
Foreign currency swaps - VIE	\$ 18	\$ 0	\$ 5	\$ 18	\$ 0	\$ 4
Total cash flow hedges	18	0	5	18	0	4
Fair value hedges:						
Foreign currency options	0	0	0	2,158	0	0
Total fair value hedges	0	0	0	2,158	0	0
Net investment hedge:						
Foreign currency forwards	2,339	202	0	2,611	179	27
Foreign currency options	0	0	0	456	0	0
Total net investment hedge	2,339	202	0	3,067	179	27
Non-qualifying strategies:						
Foreign currency swaps	1,200	24	0	1,200	31	0
Foreign currency swaps - VIE	3,417	57	578	3,417	55	503
Foreign currency forwards	0	0	0	7,402	59	477
Foreign currency options	28,715	38	69	22,557	2	0
Interest rate swaps	17,230	0	483	17,230	11	419
Total non-qualifying strategies	50,562	119	1,130	51,806	158	1,399
Total derivatives	\$ 52,919	\$ 321	\$ 1,135	\$ 57,049	\$ 337	\$ 1,430

Cash Flow Hedges

For certain variable-rate U.S. dollar-denominated available-for-sale securities held by Aflac Japan via consolidated VIEs, foreign currency swaps are used to swap the U.S. Dollar (USD) variable rate interest and principal payments to fixed rate Japanese Yen (JPY) interest and principal payments. The Company has designated foreign currency swaps as a hedge of the variability in cash flows of a forecasted transaction or of amounts to be received or paid related to a recognized asset ("cash flow" hedge). The remaining maximum length of time for which these cash flows are hedged is approximately three years. The derivatives in the Company's consolidated VIEs that are not designated as accounting hedges are discussed in the Non-qualifying Strategies section of this note.

Fair Value Hedges

The Company designates and accounts for certain foreign currency forwards, options, and interest rate swaptions as fair value hedges when they meet the requirements for hedge accounting. The Company recognizes gains and losses on these derivatives as well as the offsetting gain or loss on the related hedged items in current earnings.

Foreign currency forwards and options hedge the foreign currency exposure of certain U.S. dollar-denominated available-for-sale fixed-maturity investments held in Aflac Japan. The change in the fair value of the foreign currency forwards related to the changes in the difference between the spot rate and the forward price is excluded from the assessment of hedge effectiveness. The change in fair value of the foreign currency option related to the time value of the option is recognized in current earnings and is excluded from the assessment of hedge effectiveness.

Interest rate swaptions hedge the interest rate exposure of certain U.S. dollar-denominated available-for-sale securities held in Aflac Japan. For these hedging relationships, the Company excludes time value from the assessment of hedge effectiveness and recognizes changes in the intrinsic value of the swaptions in current earnings within net investment income. The change in the time value of the swaptions is recognized in other comprehensive income (loss) and amortized into earnings (net investment income) over its legal term.

The following table presents the gains and losses on derivatives and the related hedged items in fair value hedges. The Company had no fair value hedges during the three-month period ending March 31, 2024.

Fair Value Hedging Relationships

(In millions)		Hedging Derivatives			Hedged Items	
Hedging Derivatives	Hedged Items	Total Gains (Losses)	Gains (Losses) Excluded from Effectiveness Testing ⁽¹⁾	Gains (Losses) Included in Effectiveness Testing ⁽²⁾	Gains (Losses) ⁽²⁾	Net Investment Gains (Losses) Recognized for Fair Value Hedge
Three Months Ended March 31, 2023:						
Foreign currency options	Fixed maturity securities	\$ (39)	\$ (39)	\$ 0	\$ 0	\$ 0
Total gains (losses)		\$ (39)	\$ (39)	\$ 0	\$ 0	\$ 0

⁽¹⁾ Gains (losses) excluded from effectiveness testing includes the forward point on foreign currency forwards and time value change on foreign currency options which are reported in the consolidated statements of earnings as net investment gains (losses). It also includes the change in the fair value of the interest rate swaptions related to the time value of the swaptions which is recognized as a component of other comprehensive income (loss).

⁽²⁾ Gains and losses on foreign currency forwards and options and related hedged items are reported in the consolidated statements of earnings as net investment gains (losses). For interest rate swaptions and related hedged items, gains and losses included in the hedge assessment, premium amortization and time value amortization while the hedge items are still outstanding are reported within net investment income. The time value gains and losses for interest rate swaptions when the related hedged items are redeemed are reported in net investment gains (losses) consistent with the impact of the hedged item. For the three-month period ended March 31, 2023, gains and losses included in the hedge assessment on interest rate swaptions and related hedged items were immaterial.

The following table shows the carrying amounts of assets designated and qualifying as hedged items in fair value hedges of interest rate risk and the related cumulative hedge adjustment included in the carrying amount. The Company had no fair value hedges of interest rate risk as of March 31, 2024 and December 31, 2023; therefore, the amounts presented in the table below are related to previous fair value hedges of interest rate risk that were discontinued.

(In millions)	Carrying Amount of the Hedged Assets/(Liabilities) ⁽¹⁾		Cumulative Amount of Fair Value Hedging Adjustment Included in the Carrying Amount of Hedged Assets/(Liabilities)	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Fixed maturity securities	\$ 1,597	\$ 1,692	\$ 161	\$ 164

⁽¹⁾ The balance includes hedging adjustment on discontinued hedging relationships of \$161 in 2024 and \$164 in 2023.

Net Investment Hedge

The Company's investment in Aflac Japan is affected by changes in the yen/dollar exchange rate. To mitigate this exposure, the Parent Company's yen-denominated liabilities (see Note 9) have been designated as non-derivative hedges and certain foreign currency forwards and options have been designated as derivative hedges of the foreign currency exposure of the Company's net investment in Aflac Japan.

The Company's net investment hedge was effective during the three-month periods ended March 31, 2024 and 2023, respectively.

Non-qualifying Strategies

For the Company's derivative instruments in consolidated VIEs that do not qualify for hedge accounting treatment, all changes in their fair value are reported in current period earnings within net investment gains (losses). The amount of gain or loss recognized in earnings for the Company's VIEs is attributable to the derivatives in those investment structures. While the change in value of the swaps is recorded in current period earnings, the change in value of the available-for-sale fixed maturity securities associated with these swaps is recorded in other comprehensive income.

As of March 31, 2024, the Parent Company had \$1.2 billion notional amount of cross-currency interest rate swap agreements related to certain of its U.S. dollar-denominated senior notes to effectively convert a portion of the interest on the notes from U.S. dollar to Japanese yen. Changes in the values of these swaps are recorded in current period earnings.

The Company uses foreign currency forwards and options to economically mitigate the currency risk of some of its U.S. dollar-denominated loan receivables and U.S. government fixed maturity securities held within the Aflac Japan segment. These arrangements are not designated as accounting hedges, as the foreign currency remeasurement of the loan receivables impacts current period earnings, and substantially offsets gains and losses from foreign currency forwards within net investment gains (losses). The Company also has certain foreign currency forwards on U.S. dollar-denominated available-for-sale securities where hedge accounting is not being applied.

The Company uses interest rate swaps to economically convert the variable rate investment income to a fixed rate on certain variable-rate investments.

Impact of Derivatives and Hedging Instruments

The following table summarizes the impact to earnings and other comprehensive income (loss) from all derivatives and hedging instruments.

	Three Months Ended March 31,					
	2024			2023		
(In millions)	Net Investment Income ⁽¹⁾	Net Investment Gains (Losses)	Other Comprehensive Income (Loss) ⁽²⁾	Net Investment Income ⁽¹⁾	Net Investment Gains (Losses)	Other Comprehensive Income (Loss) ⁽²⁾
Qualifying hedges:						
Cash flow hedges:						
Foreign currency swaps - VIE	\$ 0	\$ (1)	\$ 0	\$ 0	\$ (1)	\$ 1
Total cash flow hedges	0	(1)⁽³⁾	0	0	(1)⁽³⁾	1
Fair value hedges:						
Foreign currency options		0			(39)	
Total fair value hedges		0			(39)	
Net investment hedge:						
Non-derivative hedging instruments		0	236		0	25
Foreign currency forwards		44	145		90	29
Foreign currency options		0	0		(3)	0
Total net investment hedge		44	381		87	54
Non-qualifying strategies:						
Foreign currency swaps		1			1	
Foreign currency swaps - VIE		(88)			(27)	
Foreign currency forwards		17			(51)	
Foreign currency options		(41)			(19)	
Interest rate swaps		(147)			69	
Forward bond purchase commitment - VIE		0			(3)	
Total non-qualifying strategies		(258)			(30)	
Total	\$ 0	\$ (215)	\$ 381	\$ 0	\$ 17	\$ 55

⁽¹⁾ Interest expense/income on cash flow hedges are recorded in net investment income. For interest rate swaptions classified as fair value hedges, the change in the time value of the swaptions is recognized in other comprehensive income (loss) and amortized into net investment income over its legal term. If the swaption is early terminated but the hedge item is still outstanding, the amortization of disposal amount of the swaptions is recorded in net investment income over the remaining life of the hedged items.

⁽²⁾ Gains and losses on cash flow hedges and the change in the fair value of interest rate swaptions related to the time value of the swaptions in fair value hedges are recorded as unrealized gains (losses). Gains and losses on net investment hedges related to changes in foreign currency spot rates are recorded in the unrealized foreign currency translation gains (losses) line in the consolidated statements of comprehensive income (loss).

⁽³⁾ Impact of cash flow hedges reported as net investment gains (losses) includes \$1 of losses reclassified from accumulated other comprehensive income (loss) into earnings during the three-month period ended March 31, 2024, and \$1 of losses during the three-month period ended March 31, 2023.

As of March 31, 2024, \$5 million of deferred losses on derivative instruments recorded in accumulated other comprehensive income are expected to be reclassified into earnings during the next twelve months.

Credit Risk Assumed through Derivatives

For the foreign currency swaps associated with the Company's VIE investments for which it is the primary beneficiary, the Company bears the risk of loss due to counterparty default even though it is not a direct counterparty to those contracts.

The Company is a direct counterparty to the foreign currency swaps that it has entered into in connection with certain of its senior notes and subordinated debentures; foreign currency forwards; and foreign currency options, and therefore the Company is exposed to credit risk in the event of nonperformance by the counterparties in those contracts. The risk of counterparty default for the Company's foreign currency swaps, certain foreign currency forwards, and foreign currency options is mitigated by collateral posting requirements that counterparties to those transactions must meet.

As of March 31, 2024, all of the Company's derivative agreement counterparties were investment grade.

The Company engages in over-the-counter (OTC) bilateral derivative transactions directly with unaffiliated third parties under International Swaps and Derivatives Association, Inc. (ISDA) agreements and other documentation. Most of the ISDA agreements also include Credit Support Annexes (CSAs) provisions, which generally provide for two-way collateral postings at the first dollar of exposure. The Company mitigates the risk that counterparties to transactions might be unable to fulfill their contractual obligations by monitoring counterparty credit exposure and collateral value while generally requiring that collateral be posted at the outset of the transaction. In addition, a significant portion of the derivative transactions have provisions that give the counterparty the right to terminate the transaction upon a downgrade of the Company's financial strength rating. The actual amount of payments that the Company could be required to make depends on market conditions, the fair value of outstanding affected transactions, and other factors prevailing at and after the time of the downgrade.

The Company also engages in OTC cleared derivative transactions through regulated central clearing counterparties. These positions are marked to market and margined on a daily basis (both initial margin and variation margin), and the Company has minimal exposure to credit-related losses in the event of nonperformance by counterparties to these derivatives.

Collateral posted by the Company to third parties for derivative transactions can generally be repledged or resold by the counterparties. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position by counterparty was approximately \$1.0 billion and \$1.2 billion as of March 31, 2024, and December 31, 2023, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on March 31, 2024, the Company estimates that it would be required to post a maximum of \$447 million of additional collateral to these derivative counterparties. The Company is generally allowed to sell or repledge collateral obtained from its derivative counterparties, although it does not typically exercise such rights. See the Offsetting tables below for collateral posted or received as of the reported balance sheet dates.

Offsetting of Financial Instruments and Derivatives

Most of the Company's derivative instruments are subject to enforceable master netting arrangements that provide for the net settlement of all derivative contracts between the Parent Company or its subsidiaries and the respective counterparty in the event of default or upon the occurrence of certain termination events. Collateral support agreements with the master netting arrangements generally provide that the Company will receive or pledge financial collateral at the first dollar of exposure.

The Company has securities lending agreements with unaffiliated financial institutions that post collateral to the Company in return for the use of its fixed maturity and public equity securities (see Note 3). When the Company has entered into securities lending agreements with the same counterparty, the agreements generally provide for net settlement in the event of default by the counterparty. This right of set-off allows the Company to keep and apply collateral received if the counterparty failed to return the securities borrowed from the Company as contractually agreed.

The tables below summarize the Company's derivatives and securities lending transactions, and as reflected in the tables, in accordance with U.S. GAAP, the Company's policy is to not offset these financial instruments in the consolidated balance sheets.

Offsetting of Financial Assets and Derivative Assets

March 31, 2024

(In millions)	Gross Amount of Recognized Assets	Gross Amount Offset in Balance Sheet	Net Amount of Assets Presented in Balance Sheet	Gross Amounts Not Offset in Balance Sheet			Net Amount
				Financial Instruments	Securities Collateral	Cash Collateral Received	
Derivative assets:							
Derivative assets subject to a master netting agreement or offsetting arrangement							
OTC - bilateral	\$ 264	\$ 0	\$ 264	\$ (38)	\$ (78)	\$ (148)	\$ 0
Total derivative assets subject to a master netting agreement or offsetting arrangement	264	0	264	(38)	(78)	(148)	0
Derivative assets not subject to a master netting agreement or offsetting arrangement							
OTC - bilateral	57		57				57
Total derivative assets not subject to a master netting agreement or offsetting arrangement	57		57				57
Total derivative assets	321	0	321	(38)	(78)	(148)	57
Securities lending and similar arrangements							
	3,334	0	3,334	0	0	(3,334)	0
Total	\$ 3,655	\$ 0	\$ 3,655	\$ (38)	\$ (78)	\$ (3,482)	\$ 57

December 31, 2023

				Gross Amounts Not Offset in Balance Sheet			
(In millions)	Gross Amount of Recognized Assets	Gross Amount Offset in Balance Sheet	Net Amount of Assets Presented in Balance Sheet	Financial Instruments	Securities Collateral	Cash Collateral Received	Net Amount
Derivative assets:							
Derivative assets subject to a master netting agreement or offsetting arrangement							
OTC - bilateral	\$ 271	\$ 0	\$ 271	\$ (85)	\$ (53)	\$ (130)	\$ 3
OTC - cleared	11	0	11	(11)	0	0	0
Total derivative assets subject to a master netting agreement or offsetting arrangement	282	0	282	(96)	(53)	(130)	3
Derivative assets not subject to a master netting agreement or offsetting arrangement							
OTC - bilateral	55		55				55
Total derivative assets not subject to a master netting agreement or offsetting arrangement	55		55				55
Total derivative assets	337	0	337	(96)	(53)	(130)	58
Securities lending and similar arrangements	1,480	0	1,480	0	0	(1,480)	0
Total	\$ 1,817	\$ 0	\$ 1,817	\$ (96)	\$ (53)	\$ (1,610)	\$ 58

Offsetting of Financial Liabilities and Derivative Liabilities

March 31, 2024

(In millions)	Gross Amount of Recognized Liabilities	Gross Amount Offset in Balance Sheet	Net Amount of Liabilities Presented in Balance Sheet	Gross Amounts Not Offset in Balance Sheet			Net Amount
				Financial Instruments	Securities Collateral	Cash Collateral Pledged	
Derivative liabilities:							
Derivative liabilities subject to a master netting agreement or offsetting arrangement							
OTC - bilateral	\$ 69	\$ 0	\$ 69	\$ (38)	\$ (31)	\$ 0	\$ 0
OTC - cleared	483	0	483	0	(27)	(456)	0
Total derivative liabilities subject to a master netting agreement or offsetting arrangement	552	0	552	(38)	(58)	(456)	0
Derivative liabilities not subject to a master netting agreement or offsetting arrangement							
OTC - bilateral	583		583				583
Total derivative liabilities not subject to a master netting agreement or offsetting arrangement	583		583				583
Total derivative liabilities	1,135	0	1,135	(38)	(58)	(456)	583
Securities lending and similar arrangements	3,366	0	3,366	(3,334)	0	0	32
Total	\$ 4,501	\$ 0	\$ 4,501	\$ (3,372)	\$ (58)	\$ (456)	\$ 615

December 31, 2023

(In millions)	Gross Amount of Recognized Liabilities	Gross Amount Offset in Balance Sheet	Net Amount of Liabilities Presented in Balance Sheet	Gross Amounts Not Offset in Balance Sheet			Net Amount
				Financial Instruments	Securities Collateral	Cash Collateral Pledged	
Derivative liabilities:							
Derivative liabilities subject to a master netting agreement or offsetting arrangement							
OTC - bilateral	\$ 504	\$ 0	\$ 504	\$ (85)	\$ (381)	\$ (37)	\$ 1
OTC - cleared	419	0	419	(11)	(19)	(389)	0
Total derivative liabilities subject to a master netting agreement or offsetting arrangement	923	0	923	(96)	(400)	(426)	1
Derivative liabilities not subject to a master netting agreement or offsetting arrangement							
OTC - bilateral	507		507				507
Total derivative liabilities not subject to a master netting agreement or offsetting arrangement	507		507				507
Total derivative liabilities	1,430	0	1,430	(96)	(400)	(426)	508
Securities lending and similar arrangements	1,503	0	1,503	(1,480)	0	0	23
Total	\$ 2,933	\$ 0	\$ 2,933	\$ (1,576)	\$ (400)	\$ (426)	\$ 531

For additional information on the Company's financial instruments, see the accompanying Notes 3 and 5 and Notes 1, 3 and 5 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

5. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

U.S. GAAP specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs create three valuation hierarchy levels, as follows:

- Level 1 valuations reflect quoted market prices for identical assets or liabilities in active markets.
- Level 2 valuations reflect quoted market prices for similar assets or liabilities in an active market, quoted market prices for identical or similar assets or liabilities in non-active markets or model-derived valuations in which all significant valuation inputs are observable in active markets.
- Level 3 valuations reflect valuations in which one or more of the significant inputs are not observable in an active market.

The following tables present the fair value hierarchy levels of the Company's assets and liabilities that are measured and carried at fair value on a recurring basis.

March 31, 2024				
(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Securities available-for-sale, carried at fair value:				
Fixed maturity securities:				
Government and agencies	\$ 19,976	\$ 838	\$ 0	\$ 20,814
Municipalities	0	2,210	0	2,210
Mortgage- and asset-backed securities	0	2,526	859	3,385
Public utilities	0	6,806	507	7,313
Sovereign and supranational	0	462	28	490
Banks/financial institutions	0	8,825	74	8,899
Other corporate	0	26,569	450	27,019
Total fixed maturity securities	19,976	48,236	1,918	70,130
Equity securities	603	0	159	762
Other investments	3,341	0	0	3,341
Cash and cash equivalents	5,098	0	0	5,098
Other assets:				
Foreign currency swaps	0	81	0	81
Foreign currency forwards	0	202	0	202
Foreign currency options	0	38	0	38
Total other assets	0	321	0	321
Total assets	\$ 29,018	\$ 48,557	\$ 2,077	\$ 79,652
Liabilities:				
Other liabilities:				
Foreign currency swaps	\$ 0	\$ 583	\$ 0	\$ 583
Foreign currency options	0	69	0	69
Interest rate swaps	0	483	0	483
Total liabilities	\$ 0	\$ 1,135	\$ 0	\$ 1,135

December 31, 2023				
(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Securities available-for-sale, carried at fair value:				
Fixed maturity securities:				
Government and agencies	\$ 21,700	\$ 900	\$ 0	\$ 22,600
Municipalities	0	2,298	0	2,298
Mortgage- and asset-backed securities	0	2,314	772	3,086
Public utilities	0	7,339	253	7,592
Sovereign and supranational	0	507	30	537
Banks/financial institutions	0	8,757	78	8,835
Other corporate	0	27,694	648	28,342
Total fixed maturity securities	21,700	49,809	1,781	73,290
Equity securities	840	0	248	1,088
Other investments	1,304	0	0	1,304
Cash and cash equivalents	4,306	0	0	4,306
Other assets:				
Foreign currency swaps	0	86	0	86
Foreign currency forwards	0	238	0	238
Foreign currency options	0	2	0	2
Interest rate swaps	0	11	0	11
Total other assets	0	337	0	337
Total assets	\$ 28,150	\$ 50,146	\$ 2,029	\$ 80,325
Liabilities:				
Other liabilities:				
Foreign currency swaps	\$ 0	\$ 507	\$ 0	\$ 507
Foreign currency forwards	0	504	0	504
Interest rate swaps	0	419	0	419
Total liabilities	\$ 0	\$ 1,430	\$ 0	\$ 1,430

The following tables present the carrying amount and fair value categorized by fair value hierarchy level for the Company's financial instruments that are not carried at fair value.

March 31, 2024					
(In millions)	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:					
Securities held-to-maturity, carried at amortized cost:					
Fixed maturity securities:					
Government and agencies	\$ 16,000	\$ 17,319	\$ 155	\$ 0	\$ 17,474
Municipalities	248	0	285	0	285
Public utilities	33	0	36	0	36
Sovereign and supranational	391	0	431	0	431
Other corporate	17	0	19	0	19
Commercial mortgage and other loans	12,360	0	0	12,017	12,017
Other investments ⁽¹⁾	42	0	42	0	42
Total assets	\$ 29,091	\$ 17,319	\$ 968	\$ 12,017	\$ 30,304
Liabilities:					
Other policyholders' funds	\$ 5,831	\$ 0	\$ 0	\$ 5,750	\$ 5,750
Notes payable (excluding leases)	7,799	0	6,762	704	7,466
Total liabilities	\$ 13,630	\$ 0	\$ 6,762	\$ 6,454	\$ 13,216

⁽¹⁾ Excludes policy loans of \$203, equity method investments of \$2,838, and REO of \$253, at carrying value.

December 31, 2023					
(In millions)	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:					
Securities held-to-maturity, carried at amortized cost:					
Fixed maturity securities:					
Government and agencies	\$ 17,083	\$ 18,662	\$ 167	\$ 0	\$ 18,829
Municipalities	266	0	307	0	307
Public utilities	34	0	38	0	38
Sovereign and supranational	418	0	462	0	462
Other corporate	18	0	21	0	21
Commercial mortgage and other loans	12,527	0	0	12,217	12,217
Other investments ⁽¹⁾	35	0	35	0	35
Total assets	\$ 30,381	\$ 18,662	\$ 1,030	\$ 12,217	\$ 31,909
Liabilities:					
Other policyholders' funds	\$ 6,169	\$ 0	\$ 0	\$ 6,080	\$ 6,080
Notes payable (excluding leases)	7,240	0	6,178	752	6,930
Total liabilities	\$ 13,409	\$ 0	\$ 6,178	\$ 6,832	\$ 13,010

⁽¹⁾ Excludes policy loans of \$214, equity method investments of \$2,750, and REO of \$227, at carrying value.

Fair Value of Financial Instruments

Fixed maturity and equity securities

The fair values of the Company's public fixed maturity securities are generally based on prices provided by third-party pricing vendors. The Company utilizes internally generated valuations or broker quotes for privately issued fixed maturity securities or fixed maturity securities where there is no price available from a third-party pricing vendor.

The fair values of the Company's public equity securities are generally based on price quotes, including quoted market prices readily available from independent public exchange markets or established security dealer associations. The Company determines the fair values of privately issued equity securities using the following approaches or techniques: price quotes and valuations from third-party pricing vendors, in-house valuations and non-binding price quotes the Company obtains from outside brokers.

The pricing data and market quotes the Company obtains from outside sources, including third-party pricing services, are reviewed internally for reasonableness. If a fair value appears unreasonable, the Company will re-examine the inputs and assess the reasonableness of the pricing data with the provider. Additionally, the Company may compare the inputs to relevant market indices and other performance measurements. Based on management's analysis, the valuation is confirmed or may be revised if there is evidence of a more appropriate estimate of fair value based on available market data. The Company has performed verification of the inputs and calculations in any valuation models, including independent validations and back testing, to confirm that the valuations represent reasonable estimates of fair value. For the periods presented, the Company has not adjusted the quotes or prices it obtains from the pricing services and brokers it uses.

For internally generated valuations, the Company utilizes valuation models developed by a third-party pricing vendor. The models and associated processes and controls are executed by Company personnel.

These models are discounted cash flow (DCF) valuation models but also use information from related markets, specifically public bond markets and the credit default swap (CDS) market, to estimate expected cash flows. The models take into consideration any unique characteristics of the securities and make various adjustments to arrive at an appropriate issuer-specific loss adjusted credit curve using the most appropriate comparable security(ies) of the issuer and issuer-specific CDS spreads. This credit curve is then used with the relevant recovery rates to estimate expected cash flows and modeling of additional features, including illiquidity adjustments, if necessary, to price the security by discounting those loss adjusted cash flows. In cases where a credit curve cannot be developed from market information for the specific issuer, the valuation methodology takes into consideration other market observable inputs, including:

- the most appropriate comparable security(ies) of a guarantor and/or parent
- CDS spreads of a guarantor and/or parent
- bonds of comparable issuers with similar characteristics such as rating, geography, or sector
- CDS spreads of an appropriate index or of comparable issuers with similar characteristics such as rating, geography, or sector
- bond indices that are comparative in rating, industry, maturity, and region.

The following tables present the pricing sources for the fair values of the Company's fixed maturity and equity securities.

March 31, 2024				
(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Securities available-for-sale, carried at fair value:				
Fixed maturity securities:				
Government and agencies:				
Third-party pricing vendor	\$ 19,976	\$ 505	\$ 0	\$ 20,481
Internal	0	333	0	333
Total government and agencies	19,976	838	0	20,814
Municipalities:				
Third-party pricing vendor	0	1,943	0	1,943
Internal	0	267	0	267
Total municipalities	0	2,210	0	2,210
Mortgage- and asset-backed securities:				
Third-party pricing vendor	0	2,420	0	2,420
Internal	0	27	40	67
Broker/other	0	79	819	898
Total mortgage- and asset-backed securities	0	2,526	859	3,385
Public utilities:				
Third-party pricing vendor	0	3,680	0	3,680
Internal	0	3,126	0	3,126
Broker/other	0	0	507	507
Total public utilities	0	6,806	507	7,313
Sovereign and supranational:				
Third-party pricing vendor	0	125	0	125
Internal	0	337	0	337
Broker/other	0	0	28	28
Total sovereign and supranational	0	462	28	490
Banks/financial institutions:				
Third-party pricing vendor	0	4,703	0	4,703
Internal	0	4,122	65	4,187
Broker/other	0	0	9	9
Total banks/financial institutions	0	8,825	74	8,899
Other corporate:				
Third-party pricing vendor	0	21,282	0	21,282
Internal	0	5,277	249	5,526
Broker/other	0	10	201	211
Total other corporate	0	26,569	450	27,019
Total securities available-for-sale	\$ 19,976	\$ 48,236	\$ 1,918	\$ 70,130
Equity securities, carried at fair value:				
Third-party pricing vendor	\$ 603	\$ 0	\$ 0	\$ 603
Broker/other	0	0	159	159
Total equity securities	\$ 603	\$ 0	\$ 159	\$ 762

March 31, 2024				
(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Securities held-to-maturity, carried at amortized cost:				
Fixed maturity securities:				
Government and agencies:				
Third-party pricing vendor	\$ 17,319	\$ 155	\$ 0	\$ 17,474
Total government and agencies	17,319	155	0	17,474
Municipalities:				
Third-party pricing vendor	0	285	0	285
Total municipalities	0	285	0	285
Public utilities:				
Third-party pricing vendor	0	36	0	36
Total public utilities	0	36	0	36
Sovereign and supranational:				
Third-party pricing vendor	0	213	0	213
Internal	0	218	0	218
Total sovereign and supranational	0	431	0	431
Other corporate:				
Third-party pricing vendor	0	19	0	19
Total other corporate	0	19	0	19
Total securities held-to-maturity	\$ 17,319	\$ 926	\$ 0	\$ 18,245

December 31, 2023				
(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Securities available-for-sale, carried at fair value:				
Fixed maturity securities:				
Government and agencies:				
Third-party pricing vendor	\$ 21,692	\$ 808	\$ 0	\$ 22,500
Internal	0	60	0	60
Broker/other	8	32	0	40
Total government and agencies	21,700	900	0	22,600
Municipalities:				
Third-party pricing vendor	0	1,426	0	1,426
Internal	0	256	0	256
Broker/other	0	616	0	616
Total municipalities	0	2,298	0	2,298
Mortgage- and asset-backed securities:				
Third-party pricing vendor	0	2,277	0	2,277
Internal	0	27	105	132
Broker/other	0	10	667	677
Total mortgage- and asset-backed securities	0	2,314	772	3,086
Public utilities:				
Third-party pricing vendor	0	4,570	0	4,570
Internal	0	2,677	0	2,677
Broker/other	0	92	253	345
Total public utilities	0	7,339	253	7,592
Sovereign and supranational:				
Third-party pricing vendor	0	118	0	118
Internal	0	330	0	330
Broker/other	0	59	30	89
Total sovereign and supranational	0	507	30	537
Banks/financial institutions:				
Third-party pricing vendor	0	5,085	0	5,085
Internal	0	3,008	69	3,077
Broker/other	0	664	9	673
Total banks/financial institutions	0	8,757	78	8,835
Other corporate:				
Third-party pricing vendor	0	18,088	4	18,092
Internal	0	4,210	230	4,440
Broker/other	0	5,396	414	5,810
Total other corporate	0	27,694	648	28,342
Total securities available-for-sale	\$ 21,700	\$ 49,809	\$ 1,781	\$ 73,290
Equity securities, carried at fair value:				
Third-party pricing vendor	\$ 800	\$ 0	\$ 0	\$ 800
Internal	0	0	216	216
Broker/other	40	0	32	72
Total equity securities	\$ 840	\$ 0	\$ 248	\$ 1,088

December 31, 2023				
(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Securities held-to-maturity, carried at amortized cost:				
Fixed maturity securities:				
Government and agencies:				
Third-party pricing vendor	\$ 18,662	\$ 167	\$ 0	\$ 18,829
Total government and agencies	18,662	167	0	18,829
Municipalities:				
Third-party pricing vendor	0	307	0	307
Total municipalities	0	307	0	307
Public utilities:				
Third-party pricing vendor	0	38	0	38
Total public utilities	0	38	0	38
Sovereign and supranational:				
Third-party pricing vendor	0	226	0	226
Internal	0	236	0	236
Total sovereign and supranational	0	462	0	462
Other corporate:				
Third-party pricing vendor	0	21	0	21
Total other corporate	0	21	0	21
Total securities held-to-maturity	\$ 18,662	\$ 995	\$ 0	\$ 19,657

The following is a discussion of the determination of fair value of the Company's remaining financial instruments.

Derivatives

The Company uses derivative instruments to manage the risk associated with certain assets. However, the derivative instrument may not be classified in the same fair value hierarchy level as the associated asset. The significant inputs to pricing derivatives are generally observable in the market or can be derived by observable market data. When these inputs are observable, the derivatives are classified as Level 2.

The Company uses present value techniques to value non-option based derivatives. It also uses option pricing models to value option based derivatives. Key inputs are as follows:

Instrument Type	Level 2
Interest rate derivatives	Swap yield curves Basis curves Interest rate volatility ⁽¹⁾
Foreign currency exchange rate derivatives - Non-VIEs (forwards, swaps and options)	Foreign currency forward rates Swap yield curves Basis curves Foreign currency spot rates Cross foreign currency basis curves Foreign currency volatility ⁽¹⁾
Foreign currency exchange rate derivatives - VIEs (swaps)	Foreign currency spot rates Swap yield curves Credit default swap curves Basis curves Recovery rates Foreign currency forward rates Foreign cross-currency basis curves

⁽¹⁾ Option-based only

The fair values of the foreign currency forwards and options are based on observable market inputs, therefore they are classified as Level 2.

The Parent Company has cross-currency swap agreements related to certain of its U.S. dollar-denominated senior notes to effectively convert a portion of the interest on the notes from U.S. dollar to Japanese yen. Their fair values are based on observable market inputs, therefore they are classified as Level 2.

To determine the fair value of its interest rate derivatives, the Company uses inputs that are generally observable in the market or can be derived from observable market data. Interest rate swaps are cleared trades. In a cleared swap contract, the clearinghouse provides benefits to the counterparties similar to contracts listed for investment traded on an exchange since it maintains a daily margin to mitigate counterparties' credit risk. These derivatives are priced using observable inputs, accordingly, they are classified as Level 2.

For derivatives associated with VIEs where the Company is the primary beneficiary, the Company is not the direct counterparty to the swap contracts. Nevertheless, the Company has full transparency into the contracts to properly value the swaps for reporting purposes. For these derivatives, the Company utilizes valuation models developed by independent valuation analytics providers. The models are market standard DCF models and all associated processes and controls are executed by Company personnel. These models take into consideration any unique characteristics of the derivatives in determining the appropriate valuation methodology to estimate expected cash flows. The fair values of these swaps are based on observable market inputs and are classified as Level 2 within the fair value hierarchy.

For forward bond purchase commitments with VIEs, the fair value of the derivative is based on the difference in the fixed purchase price and the current market value of the related bond prior to the settlement date. Since the bond is typically a public bond with readily available pricing, the derivatives associated with the forward purchase commitment are classified as Level 2 within the fair value hierarchy.

Commercial mortgage and other loans

Commercial mortgage and other loans include TREs, CMLs, MMLs and other loans. The Company's loan receivables do not have readily determinable market prices and generally lack market liquidity. Fair values for loan receivables are determined based on the present value of expected future cash flows discounted at the applicable U.S. Treasury or floating-rate benchmark yield plus an appropriate spread that considers other risk factors, such as credit and liquidity risk. The spreads are a significant component of the pricing inputs and are generally considered unobservable. Therefore, these investments are classified as Level 3 within the fair value hierarchy.

Other investments

Other investments includes short-term investments that are measured at fair value where amortized cost approximates fair value.

Other policyholders' funds

The largest component of the other policyholders' funds liability is the Company's annuity line of business in Aflac Japan. The Company's annuities have fixed benefits and premiums. For this product, the Company estimates the fair value to be equal to the cash surrender value. This is analogous to the value paid to policyholders on the valuation date if they were to surrender their policy. The Company periodically checks the cash value against discounted cash flow projections for reasonableness. The Company considers its inputs for this valuation to be unobservable and have accordingly classified this valuation as Level 3.

Notes payable

The fair values of the Company's publicly issued notes payable are determined by utilizing available sources of observable inputs from third-party pricing vendors and are classified as Level 2. The fair values of the Company's yen-denominated loans approximate their carrying values and are classified as Level 3.

Transfers between Hierarchy Levels and Level 3 Rollforward

Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and/or when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant input(s) becoming observable.

The following tables present the changes in fair value of the Company's investments carried at fair value classified as Level 3.

Three Months Ended March 31, 2024								
(In millions)	Fixed Maturity Securities					Equity Securities		Total
	Mortgage- and Asset- Backed Securities	Public Utilities	Sovereign and Supranational	Banks/ Financial Institutions	Other Corporate			
Balance, beginning of period	\$ 772	\$ 253	\$ 30	\$ 78	\$ 648	\$ 248		\$ 2,029
Net investment gains (losses) included in earnings	1	0	0	0	0	(5)		(4)
Unrealized gains (losses) included in other comprehensive income (loss)	(4)	(10)	(2)	(4)	1	0		(19)
Purchases, issuances, sales and settlements:								
Purchases	118	60	0	5	37	0		220
Issuances	0	0	0	0	0	0		0
Sales	0	0	0	0	0	0		0
Settlements	(28)	(22)	0	(5)	(3)	(84)		(142)
Transfers into Level 3	0	226	0	0	0	0		226
Transfers out of Level 3	0	0	0	0	(233)	0		(233)
Balance, end of period	\$ 859	\$ 507	\$ 28	\$ 74	\$ 450	\$ 159		\$ 2,077
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ (3)		\$ (2)

Three Months Ended March 31, 2023								
(In millions)	Fixed Maturity Securities					Equity Securities		Total
	Mortgage- and Asset- Backed Securities	Public Utilities	Sovereign and Supranational	Banks/ Financial Institutions	Other Corporate			
Balance, beginning of period	\$ 343	\$ 497	\$ 37	\$ 159	\$ 742	\$ 209		\$ 1,987
Net investment gains (losses) included in earnings	0	0	0	0	0	2		2
Unrealized gains (losses) included in other comprehensive income (loss)	3	10	0	2	30	0		45
Purchases, issuances, sales and settlements:								
Purchases	192	0	0	0	75	10		277
Issuances	0	0	0	0	0	0		0
Sales	0	0	0	0	0	0		0
Settlements	(120)	(7)	0	0	(2)	0		(129)
Transfers into Level 3	0	18	0	0	0	0		18
Transfers out of Level 3	0	(168)	0	0	(92)	0		(260)
Balance, end of period	\$ 418	\$ 350	\$ 37	\$ 161	\$ 753	\$ 221		\$ 1,940
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3		\$ 3

Fair Value Sensitivity

Level 3 Significant Unobservable Input Sensitivity

The following tables summarize the significant unobservable inputs used in the valuation of the Company's Level 3 investments carried at fair value. Included in the tables are the inputs or range of possible inputs that have an effect on the overall valuation of the financial instruments.

March 31, 2024							
(In millions)	Fair Value	Valuation Technique(s)	Unobservable Input	Range		Weighted Average	
Assets:							
Securities available-for-sale, carried at fair value:							
Fixed maturity securities:							
Mortgage- and asset-backed securities	\$ 859	Consensus pricing	Offered quotes	85.28	- 105.35	(a)	99.24
Public utilities	507	Discounted cash flow	Credit spreads	175 bps	- 225 bps	(c)	208 bps
Sovereign and supranational	28	Consensus pricing	Offered quotes	N/A		(b)	N/A
Banks/financial institutions	74	Discounted cash flow	Credit spreads	N/A		(b)	N/A
Other corporate	450	Discounted cash flow	Credit spreads	69 bps	- 388 bps	(c)	183 bps
Equity securities	159	Adjusted cost	Private financials	N/A		(d)	N/A
Total assets	\$ 2,077						

(a) Represents prices for securities where the Company receives unadjusted broker quotes and for which there is no transparency into the providers' valuation techniques.

(b) Category represents a single security; range not applicable.

(c) Actual or equivalent credit spreads in basis points.

(d) Prices do not utilize credit spreads; therefore, range is not applicable.

December 31, 2023								
(In millions)	Fair Value	Valuation Technique(s)	Unobservable Input	Range			Weighted Average	
Assets:								
Securities available-for-sale, carried at fair value:								
Fixed maturity securities:								
Mortgage- and asset-backed securities	\$ 772	Consensus pricing	Offered quotes	84.81	-	105.89	(a)	99.39
Public utilities	253	Consensus pricing	Offered quotes	94.34	-	102.99	(a)	96.46
Sovereign and supranational	30	Consensus pricing	Offered quotes	N/A			(b)	N/A
Banks/financial institutions	78	Discounted cash flow	Credit spreads	N/A			(b)	N/A
Other corporate	648	Discounted cash flow	Credit spreads	69 bps	-	423 bps	(c)	206 bps
Equity securities	248	Adjusted cost	Private financials	N/A			(d)	N/A
Total assets	\$ 2,029							

(a) Represents prices for securities where the Company receives unadjusted broker quotes and for which there is no transparency into the providers' valuation techniques.

(b) Category represents a single security; range not applicable.

(c) Actual or equivalent credit spreads in basis points.

(d) Prices do not utilize credit spreads; therefore, range is not applicable.

The following is a discussion of the significant unobservable inputs or valuation techniques used in determining the fair value of securities classified as Level 3.

Credit Spreads

The Company holds certain assets that are of a unique, specialized, and/or securitized nature that do not trade on a regular basis in an active market, which makes their fair values difficult to estimate. Most of these assets are managed by external asset managers and the Company utilizes these managers for their expertise when evaluating various inputs used to determine the fair values for these assets, including identifying the appropriate credit or risk spread over risk-free interest rates that incorporates the unique nature or structure of the asset in the valuations. For those assets of a similar nature but not managed by external asset managers, the Company internally estimates the spreads and risk adjustments over risk-free interest rates that reflect the unique nature or structure of the asset as well as the current pricing environment and market conditions for comparable or related investments. Credit or risk spreads are an important input needed to complete the discounted cash flow analyses used to estimate an investment's fair value. Credit or risk spreads underlying these fair values are a significant, unobservable input whose derivation is based on the Company's evaluation of a combination of the external manager's expertise and knowledge, the current pricing environment, and market conditions for the specific asset.

Offered Quotes

In circumstances where the Company's valuation model price is overridden because it implies a value that is not consistent with current market conditions, the Company will solicit bids from a limited number of brokers. The Company also receives unadjusted prices from brokers for certain of its mortgage and asset-backed securities. These quotes are non-binding but are reflective of valuation best estimates at that particular point in time. Offered quotes are an unobservable input in the determination of fair value of mortgage- and asset-backed securities, certain banks/financial institutions, certain other corporate, and equity securities investments.

Private Financials

The Company invests in the debt and equity securities of private companies operating in the cancer, healthtech, insurtech, finance, internet of things, big data and analytics sectors. Due to their private and often small, startup nature, these companies rely on capital provided by institutional and private equity investors for their ongoing operations. They do not have public securities that trade on a regular basis in an active market, which makes their fair values difficult to estimate. The Company values these investments on a cost basis with appropriate adjustments made based on monitoring private financial information provided by these companies. Adjustments to valuations are generally made as new funding tranches are executed or if the financial information provided significantly changes indicating the need for impairment. This private financial information is unobservable and is a significant determinant in the fair value of these corporate venture investments.

For additional information on the Company's investments and financial instruments, see the accompanying Notes 3 and 4 and Notes 1, 3 and 4 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

6. DEFERRED POLICY ACQUISITION COSTS

The following tables present a rollforward of deferred policy acquisition costs by reporting segment and disaggregated by product type.

March 31, 2024											
millions)	Aflac Japan				Aflac U.S.						
	Cancer	Medical and Other Health	Life Insurance	Other	Accident	Disability	Critical Care	Hospital Indemnity	Dental/Vision	Life Insurance	Other
Deferred policy acquisition costs:											
Balance at December 31, 2023	\$ 2,971	2,041	491	\$ 56	917	625	1,336	436	86	172	\$ 9,132
Capitalization	72	29	9	0	32	29	39	19	4	19	254
Amortization expense	(49)	(25)	(8)	(1)	(36)	(29)	(38)	(18)	(4)	(7)	(215)
Foreign currency translation and other	(189)	(129)	(32)	(2)	0	0	0	0	0	0	(352)
Balance at March 31, 2024	\$ 2,805	1,906	460	\$ 53	913	625	1,337	437	86	184	\$ 8,819

December 31, 2023											
millions)	Aflac Japan				Aflac U.S.						
	Cancer	Medical and Other Health	Life Insurance	Other	Accident	Disability	Critical Care	Hospital Indemnity	Dental/Vision	Life Insurance	Other
Deferred policy acquisition costs:											
Balance at December 31, 2022	\$ 3,035	2,161	525	\$ 55	954	613	1,304	418	88	135	\$ 9,239
Capitalization	317	123	33	8	151	125	173	84	10	61	1,086
Amortization expense	(184)	(105)	(34)	(3)	(138)	(113)	(141)	(66)	(12)	(24)	(816)
Foreign currency translation and other	(197)	(138)	(33)	(4)	0	0	0	0	0	0	(377)
Balance at December 31, 2023	\$ 2,971	2,041	491	\$ 56	917	625	1,336	436	86	172	\$ 9,132

The Company uses the following constant level bases to amortize deferred policy acquisition costs:

Policy Type	Constant-level Basis
Life Products (U.S.)	Face Amount
Health Products (U.S.)	Number of Policies in Force
Health & Life Products (Japan)	Units in Force

Face amount is the stated dollar amount that the policy's beneficiaries receive upon the death of the insured. For life and health products issued in Japan, the constant-level basis used is units in force, which is a proxy for face amount and insurance in force, respectively. Future DAC amortization is impacted by persistency.

There were no changes to the inputs, judgments, assumptions and methods used to determine amortization amounts during the three-month periods ended March 31, 2024 and 2023. For additional information on deferred policy acquisition costs, see Notes 1 and 6 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

7. POLICY LIABILITIES

Future Policy Benefits

The liability for future policy benefits is determined as the present value of expected future policy benefits to be paid to or on the behalf of policyholders and certain related expenses less the present value of expected future net premiums receivable under the Company's insurance contracts. Future net premiums receivable are future gross premiums receivable under the contract multiplied by the net premium ratio (NPR).

The following tables present the changes in the present value of expected future net premiums and the present value of expected future policy benefits by reporting segment and disaggregated by product type. The present value of expected future net premiums and the present value of expected future policy benefits are presented gross of internal and external ceded reinsurance.

March 31, 2024

(In millions)	Aflac Japan				Aflac U.S.						
	Cancer	Medical and Other Health	Life Insurance	Other	Accident	Disability	Critical Care	Hospital Indemnity	Dental/Vision	Life Insurance	Other
Present value of expected future net premiums:											
Balance at December 31, 2023	\$ 17,509	\$ 14,697	\$ 6,488	\$ 1,088	\$ 2,488	\$ 1,652	\$ 4,074	\$ 1,107	\$ 206	\$ 853	\$ 277
Beginning balance at original discount rate	16,452	14,040	6,258	1,069	2,630	1,738	4,416	1,193	217	909	272
Effect of changes in cash flow assumptions	0	0	0	0	0	0	0	0	0	0	0
Effect of actual variances from expected experience	(46)	(52)	(19)	(5)	(18)	(10)	(48)	(14)	(4)	(8)	2
Adjusted beginning of period balance	16,406	13,988	6,239	1,064	2,612	1,728	4,368	1,179	213	901	274
Issuances	229	103	58	5	111	121	221	95	18	66	147
Interest accrual	97	77	28	4	26	16	43	11	2	9	3
Net premiums collected ⁽¹⁾	(369)	(290)	(226)	(26)	(117)	(99)	(139)	(58)	(10)	(37)	(8)
Foreign currency translation	(1,041)	(888)	(392)	(66)	0	0	0	0	0	0	0
Other	0	0	0	0	0	(1)	0	(1)	(1)	1	(1)
Ending balance at original discount rate	15,322	12,990	5,707	981	2,632	1,765	4,493	1,226	222	940	415
Effect of changes in discount rate assumptions	895	535	194	14	(173)	(99)	(412)	(99)	(14)	(66)	6
Balance at March 31, 2024	\$ 16,217	\$ 13,525	\$ 5,901	\$ 995	\$ 2,459	\$ 1,666	\$ 4,081	\$ 1,127	\$ 208	\$ 874	\$ 421
Present value of expected future policy benefits:											
Balance at December 31, 2023	\$ 50,161	\$ 25,257	\$ 29,731	\$ 5,178	\$ 3,109	\$ 2,422	\$ 11,290	\$ 1,943	\$ 478	\$ 1,764	\$ 798
Beginning balance at original discount rate	43,626	25,023	30,256	5,444	3,302	2,541	12,120	2,076	506	1,971	769
Effect of changes in cash flow assumptions	0	0	0	0	0	0	0	0	0	0	0
Effect of actual variances from expected experience	(62)	(59)	(20)	(8)	(21)	(17)	(60)	(18)	(5)	(11)	2
Adjusted beginning of period balance	43,564	24,964	30,236	5,436	3,281	2,524	12,060	2,058	501	1,960	771
Issuances	232	105	59	7	115	128	233	99	16	70	151
Interest accrual	343	142	146	23	32	24	128	20	5	19	10
Benefit payments	(682)	(246)	(516)	(55)	(125)	(112)	(228)	(76)	(14)	(29)	(17)
Foreign currency translation	(2,757)	(1,582)	(1,909)	(345)	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	1	0	1	1	0
Ending balance at original discount rate	40,700	23,383	28,016	5,066	3,303	2,564	12,194	2,101	509	2,021	915
Effect of changes in discount rate assumptions	5,689	(52)	(767)	(294)	(233)	(141)	(1,092)	(163)	(35)	(246)	15
Balance at March 31, 2024	46,389	23,331	27,249	4,772	3,070	2,423	11,102	1,938	474	1,775	930
Net liability for future policy benefits	30,172	9,806	21,348	3,777	611	757	7,021	811	266	901	509
Less: reinsurance recoverable	3,829	1,407	0	0	0	0	0	0	0	15	2
Net liability for future policy benefits after reinsurance recoverable	\$ 26,343	\$ 8,399	\$ 21,348	\$ 3,777	\$ 611	\$ 757	\$ 7,021	\$ 811	\$ 266	\$ 886	\$ 507

⁽¹⁾ Net premiums collected represent the portion of gross premiums collected from policyholders that is used to fund expected future benefit payments.

December 31, 2023

(In millions)	Aflac Japan				Aflac U.S.						
	Cancer	Medical and Other Health	Life Insurance	Other	Accident	Disability	Critical Care	Hospital Indemnity	Dental/Vision	Life Insurance	Other
Present value of expected future net premiums:											
Balance at December 31, 2022	\$ 19,298	\$ 16,714	\$ 7,485	\$ 1,256	\$ 2,534	\$ 1,635	\$ 4,486	\$ 1,220	\$ 211	\$ 724	\$ 110
Beginning balance at original discount rate	18,221	16,195	7,284	1,242	2,760	1,775	5,050	1,365	231	799	118
Effect of changes in cash flow assumptions	(165)	(470)	43	(12)	(16)	(51)	(494)	(142)	(9)	61	(9)
Effect of actual variances from expected experience	(315)	(137)	(42)	(15)	(58)	(29)	(223)	(73)	(17)	(25)	(2)
Adjusted beginning of period balance	17,741	15,588	7,285	1,215	2,686	1,695	4,333	1,150	205	835	107
Issuances	1,034	418	335	26	323	376	493	249	44	181	169
Interest accrual	412	334	124	20	102	62	179	45	8	31	6
Net premiums collected ⁽¹⁾	(1,564)	(1,261)	(1,017)	(112)	(473)	(390)	(580)	(247)	(39)	(137)	(17)
Foreign currency translation	(1,170)	(1,038)	(469)	(80)	0	0	0	0	0	0	0
Other	(1)	(1)	0	0	(8)	(5)	(9)	(4)	(1)	(1)	7
Ending balance at original discount rate	16,452	14,040	6,258	1,069	2,630	1,738	4,416	1,193	217	909	272
Effect of changes in discount rate assumptions	1,057	657	230	19	(142)	(86)	(342)	(86)	(11)	(56)	5
Balance at December 31, 2023	\$ 17,509	\$ 14,697	\$ 6,488	\$ 1,088	\$ 2,488	\$ 1,652	\$ 4,074	\$ 1,107	\$ 206	\$ 853	\$ 277
Present value of expected future policy benefits:											
Balance at December 31, 2022	\$ 54,766	\$ 27,419	\$ 31,954	\$ 5,582	\$ 3,098	\$ 2,445	\$ 11,489	\$ 2,074	\$ 488	\$ 1,526	\$ 622
Beginning balance at original discount rate	47,677	27,566	32,800	5,940	3,391	2,636	12,846	2,300	532	1,778	624
Effect of changes in cash flow assumptions	(147)	(507)	65	(27)	(11)	(59)	(592)	(194)	(14)	72	(13)
Effect of actual variances from expected experience	(385)	(154)	(51)	(15)	(75)	(59)	(271)	(99)	(22)	(32)	(4)
Adjusted beginning of period balance	47,145	26,905	32,814	5,898	3,305	2,518	11,983	2,007	496	1,818	607
Issuances	1,059	432	341	32	331	392	505	258	46	185	169
Interest accrual	1,473	608	625	100	127	96	524	84	21	68	33
Benefit payments	(2,987)	(1,153)	(1,415)	(206)	(464)	(465)	(893)	(274)	(59)	(105)	(48)
Foreign currency translation	(3,064)	(1,769)	(2,109)	(380)	0	0	0	0	0	0	0
Other	0	0	0	0	3	0	1	1	2	5	8
Ending balance at original discount rate	43,626	25,023	30,256	5,444	3,302	2,541	12,120	2,076	506	1,971	769
Effect of changes in discount rate assumptions	6,535	234	(525)	(266)	(193)	(119)	(830)	(133)	(28)	(207)	29
Balance at December 31, 2023	50,161	25,257	29,731	5,178	3,109	2,422	11,290	1,943	478	1,764	798
Net liability for future policy benefits	32,652	10,560	23,243	4,090	621	770	7,216	836	272	911	521
Less: reinsurance recoverable	4,135	1,521	0	0	0	0	0	0	0	15	0
Net liability for future policy benefits after reinsurance recoverable	\$ 28,517	\$ 9,039	\$ 23,243	\$ 4,090	\$ 621	\$ 770	\$ 7,216	\$ 836	\$ 272	\$ 896	\$ 521

⁽¹⁾ Net premiums collected represent the portion of gross premiums collected from policyholders that is used to fund expected future benefit payments.

The following tables present the weighted-average interest rates and weighted-average liability duration (calculated using the original discount rate) by reporting segment and disaggregated by product type.

March 31, 2024											
	Aflac Japan				Aflac U.S.						
	Cancer	Medical and Other Health	Life Insurance	Other	Accident	Disability	Critical Care	Hospital Indemnity	Dental/Vision	Life Insurance	Other
Weighted-average interest, original discount rate ⁽¹⁾	3.9 %	2.5 %	2.1 %	1.8 %	3.9 %	4.3 %	4.6 %	4.5 %	4.3 %	3.8 %	5.4 %
Weighted-average interest, current discount rate ⁽¹⁾	2.0 %	2.5 %	1.9 %	2.3 %	5.3 %	5.2 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %
Weighted-average liability duration (years)	13.0	24.7	16.3	17.1	8.0	5.6	11.2	9.3	7.9	13.8	9.2

⁽¹⁾ The weighted-average interest rates are calculated using the reserve balances as the weights. No adjustments were made to observable market information.

December 31, 2023											
	Aflac Japan				Aflac U.S.						
	Cancer	Medical and Other Health	Life Insurance	Other	Accident	Disability	Critical Care	Hospital Indemnity	Dental/Vision	Life Insurance	Other
Weighted-average interest, original discount rate ⁽¹⁾	3.9 %	2.6 %	2.1 %	1.8 %	3.9 %	4.2 %	4.6 %	4.4 %	4.3 %	3.7 %	5.4 %
Weighted-average interest, current discount rate ⁽¹⁾	1.8 %	2.3 %	1.7 %	2.1 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %
Weighted-average liability duration (years)	13.1	24.9	16.3	17.3	8.1	5.6	11.3	9.3	7.9	13.6	9.4

⁽¹⁾ The weighted-average interest rates are calculated using the reserve balances as the weights. No adjustments were made to observable market information.

The following table presents a reconciliation of the disaggregated rollforwards above to the ending future policy benefits presented in the consolidated balance sheets. The deferred profit liability for limited-payment contracts and the deferred reinsurance gain liability are presented together with the liability for future policy benefits in the consolidated balance sheets and have been included as reconciling items in the table below.

(In millions)	March 31, 2024	December 31, 2023
Balances included in future policy benefits rollforward:		
Aflac Japan		
Cancer	\$ 30,172	\$ 32,652
Medical and other health	9,806	10,560
Life insurance	21,348	23,243
Other	3,777	4,090
Aflac U.S.		
Accident	611	621
Disability	757	770
Critical care	7,021	7,216
Hospital indemnity	811	836
Dental/vision	266	272
Life insurance	901	911
Other	509	521
Corporate and other	3,842	4,225
Deferred profit liability	1,734	1,806
Deferred reinsurance gain liability	910	1,012
Intercompany eliminations ⁽¹⁾	(4,598)	(5,017)
Total	\$ 77,867	\$ 83,718

⁽¹⁾ Elimination entry necessary due to the internal reinsurance transactions with Aflac Re and to recapture a portion of policy liabilities ceded externally as a result of the reinsurance retrocession transaction. See Note 8 for additional details.

Discount rates are determined using upper-medium grade (low-credit-risk) fixed-income instrument yields that reflect the duration characteristics of the liability. Locked-in discount rates are determined separately for each issue-year cohort as a single discount rate, calculated as the weighted-average of monthly upper-medium grade (low-credit-risk) fixed-income instrument forward curves in the calendar year, where the weights are the annualized premiums issued for each month of the cohort. The single discount rate for each issue-year cohort is determined by solving for a rate that produces an equivalent NPR to the forward curve and will remain unchanged after the calendar year of issue.

Discount rates are updated each reporting period and require estimation techniques (e.g., interpolation, extrapolation) for determination of points on the curve for which there is limited or no observable market data. The Company constructs a current discount rate curve separately for discounting cash flows used to calculate each of the Japan and U.S. liabilities for future policy benefits, reflective of the characteristics of the corresponding insurance liabilities, such as currency and tenor.

In the Aflac Japan segment, all long-duration insurance policies are denominated in yen. A significant portion of policies are characterized by tenors exceeding the availability of liquid market data in Japan for single-A rated (as a proxy for upper-medium grade) corporate yen-denominated debt. The discount rate curve is designed to prioritize the observable inputs where available, while past the last liquid point, the data is derived based on estimation techniques consistent with the fair value guidance in ASC 820. The Aflac Japan segment curve utilizes liquid market indices tracking publicly traded yen-denominated single-A corporate debt for the initial 10-year tenor. For the bonds within these market indices where only local ratings are available, the Company prioritizes the bonds with local ratings that are equivalent to a single-A rating based on international rating standards.

For the discount rates applicable to tenors for which the Japan single-A debt market is not liquid but there is sufficient observable market data and/or the observable market data is available for similar instruments (between 10 and 30 years), the Company estimates tenor-specific single-A credit spreads and applies them to risk-free government rates. Lastly, for the tenors where there is limited or no observable single-A or similar market data or risk-free government rates (beyond 30

years), the discount curve is derived by extrapolation of risk free rates beyond their last liquid point following the Smith-Wilson method and grading of the estimated forward credit spread anchored by the ultimate forward rate. The ultimate forward rate is based on the economic value-based solvency regime, which is consistent with the International Association of Insurance Supervisors (IAIS) Insurance Capital Standards (ICS) (which is expected to be introduced in Japan in 2025), and is adjusted for credit and inflation components.

For the Aflac U.S. segment where all long-duration insurance policies are denominated in U.S. dollar and substantially all have cash flow duration within 30 years, for which the U.S. upper-medium grade fixed-income market is liquid and observable, the Company uses data from a liquid fixed-income market index tracking single-A U.S. corporate debt. For the insignificant portion of the policies with cash flow tenors exceeding 30 years, the discount curve beyond that tenor is extrapolated following the Smith-Wilson method from year 30 to the same ultimate forward rate calculated for the Japan discount curve at year 60 and held constant thereafter. The use of the same ultimate rate for U.S. and Japan segments is based on the assumption of long-term global economic convergence.

For the three-month periods ended March 31, 2024 and 2023, the Company recognized \$1.1 billion and \$(2.8) billion in other comprehensive income (loss) net of tax, respectively, due to changes in the future policy benefits estimate from updating the discount rate assumptions. There were no changes to the methods used to determine the discount rates during the three-month periods ended March 31, 2024 and 2023.

For the year ended December 31, 2023, the Company recognized approximately \$(460) million in other comprehensive income (loss) net of tax, due to changes in the future policy benefits estimate from updating the discount rate assumptions. There were no changes to the methods used to determine the discount rates during the year ended December 31, 2023.

Mortality rate assumptions are based on industry tables and adjusted for the Company's actual or expected experience where credible or appropriate. These assumptions typically vary by age, gender, and other demographic characteristics such as smoking status.

Morbidity assumptions are based on the Company's internal data and consider emerging experience. These assumptions are reflective of the coverage and benefits provided and generally vary by age, gender, duration, and any other material policyholder characteristics. In cases where a calendar-year trend is significant, future cash flow projections may include a trend adjustment.

In Japan, separate lapse assumptions are set based on actual or expected experience. These lapse and total termination rate assumptions vary by line of business and with policyholder characteristics such as duration. In the U.S., the majority of the future cash flows are modeled using total termination rates (which include both lapse and mortality) and are adjusted for actual experience. Policy provisions, such as reaching premium paid-up status, are taken into account when setting assumptions.

During the three-month periods ended March 31, 2024 and 2023, the variance of actual experience from expected experience was primarily due to favorable variances in morbidity assumptions as compared to actual experience. There were no changes to the inputs, judgments, assumptions and methods used in measuring the liability for future policy benefits during the three-month periods ended March 31, 2024 and 2023.

In 2023, the Company's annual assumption review process resulted in favorable changes to its morbidity and termination assumptions, largely due to reflecting more recent favorable U.S. morbidity experience.

The following table summarizes the amount of net earned premiums recognized in the consolidated statements of earnings by reporting segment and disaggregated by product type.

	Three Months Ended March 31,	
(In millions)	2024	2023
Net earned premiums:		
Aflac Japan		
Cancer	\$ 878	\$ 1,132
Medical and other health	605	689
Life insurance	339	399
Other	34	39
Aflac U.S.		
Accident	325	329
Disability	333	309
Critical care	444	443
Hospital indemnity	185	184
Dental/vision	59	53
Life insurance	138	115
Other	20	10
Corporate and other	165	90
Reinsurance ceded	(69)	(104)
Total	\$ 3,456	\$ 3,688

The following table summarizes the amount of interest expense related to insurance contracts recognized in total benefits and claims, net in the consolidated statements of earnings by reporting segment and disaggregated by product type.

	Three Months Ended March 31,	
(In millions)	2024	2023
Interest expense:		
Aflac Japan		
Cancer	\$ 246	\$ 285
Medical and other health	65	71
Life insurance	118	133
Other	19	22
Aflac U.S.		
Accident	6	6
Disability	8	8
Critical care	85	87
Hospital indemnity	9	10
Dental/vision	3	3
Life insurance	10	9
Other	7	7
Total	\$ 576	\$ 641

The following tables summarize the amount of undiscounted expected future gross premiums and expected future policy benefits and expenses and discounted (discounted at the current period discount rate) expected future gross premiums and expected future policy benefits and expenses by reporting segment and disaggregated by product type. These tables are presented gross of internal and external ceded reinsurance. Future gross premiums represent the expected amount of future premiums to be received. For limited-payment policies, the premiums are collected over a shorter period than the policy term over which benefits are provided. As a result, once the policy reaches premium paid-up status, the future gross premiums can be significantly less than the future benefit payments. Further, benefits and expenses are generally greater in the later years of a policy. These are the primary factors that result in future gross premiums lower than future benefit and expense payments for certain lines of business of the Company.

	March 31, 2024		December 31, 2023	
(In millions)	Gross Premiums	Benefits and Expenses	Gross Premiums	Benefits and Expenses
Undiscounted expected future gross premiums and expected future policy benefits and expenses:				
Aflac Japan				
Cancer	\$ 55,096	\$ 61,876	\$ 59,169	\$ 66,427
Medical and other health	35,735	37,277	38,583	39,884
Life insurance	11,637	39,439	12,677	42,541
Other	1,646	6,923	1,781	7,448
Aflac U.S.				
Accident	9,097	4,551	9,095	4,548
Disability	5,819	3,210	5,776	3,177
Critical care	20,008	20,712	19,886	20,626
Hospital indemnity	4,985	3,058	4,922	3,025
Dental/vision	1,161	729	1,162	726
Life insurance	2,824	3,367	2,719	3,260
Other	1,077	1,634	724	1,396
Total	\$ 149,085	\$ 182,776	\$ 156,494	\$ 193,058

	March 31, 2024		December 31, 2023	
(In millions)	Gross Premiums	Benefits and Expenses	Gross Premiums	Benefits and Expenses
Discounted expected future gross premiums and expected future policy benefits and expenses:				
Aflac Japan				
Cancer	\$ 44,795	\$ 46,389	\$ 48,363	\$ 50,161
Medical and other health	28,312	23,331	30,757	25,257
Life insurance	10,274	27,249	11,240	29,731
Other	1,391	4,772	1,512	5,178
Aflac U.S.				
Accident	6,293	3,070	6,369	3,109
Disability	4,476	2,423	4,488	2,422
Critical care	12,295	11,102	12,417	11,290
Hospital indemnity	3,425	1,938	3,419	1,943
Dental/vision	794	474	807	478
Life insurance	1,963	1,775	1,914	1,764
Other	673	930	467	798
Total	\$ 114,691	\$ 123,453	\$ 121,753	\$ 132,131

Loss expense as a result of NPR capping for the three-month periods ended March 31, 2024 and 2023 was immaterial.

Other Policyholders' Funds

As of March 31, 2024 and December 31, 2023, the largest component of the other policyholders' funds liability was the Company's annuity line of business in Aflac Japan. The Company's annuities have fixed benefits and premiums.

The following table presents the changes in other policyholders' funds.

(In millions)	March 31, 2024	December 31, 2023
Other policyholders' funds:		
Fixed annuities account balance, beginning of period ⁽¹⁾	\$ 5,939	\$ 6,423
Premiums received	29	126
Transfers from WAYS conversions	61	229
Surrenders and withdrawals	(18)	(59)
Benefit payments	(110)	(419)
Interest credited	13	53
Foreign currency translation and other	(376)	(414)
Fixed annuities account balance, end of period	5,538	5,939
Other deposit type reserves	293	230
Total	\$ 5,831	\$ 6,169

⁽¹⁾ Aflac Japan fixed annuities

The following table presents other policyholders' funds balances by range of guaranteed crediting rates.

	March 31, 2024			December 31, 2023		
(In millions)	Range of Guaranteed Minimum Crediting Rates ⁽²⁾	At Guaranteed Minimum	Cash Surrender Value	Range of Guaranteed Minimum Crediting Rates ⁽²⁾	At Guaranteed Minimum	Cash Surrender Value
Fixed annuities ⁽¹⁾	0.5% - 2.2%	\$5,538	\$5,457	0.5% - 2.3%	\$5,939	\$5,850

⁽¹⁾ Aflac Japan fixed annuities

⁽²⁾ Weighted-average crediting rate of 1.5% at March 31, 2024 and December 31, 2023.

Aflac Japan's fixed annuities have guaranteed fixed crediting rates which results in the policyholders' funds balances being able to cover all guaranteed benefit amounts. The reserves are adequate to fully fund future benefits at any given time.

For additional information on policy liabilities, see Notes 1 and 7 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

8. REINSURANCE

The Company periodically enters into fixed quota-share coinsurance agreements in the normal course of business, primarily to provide additional capacity for future growth, optimize capital, limit losses, and minimize exposure to significant risks. For each of its reinsurance agreements, the Company determines whether the agreement provides indemnification against loss or liability relating to insurance risk in accordance with applicable accounting standards. For additional information on reinsurance, see Notes 1 and 8 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

The following table reconciles direct earned premiums, direct benefits and claims, excluding reserve remeasurement gains and losses, and reserve remeasurement gains and losses to net amounts after the effect of reinsurance.

	Three Months Ended March 31,	
(In millions)	2024	2023
Direct earned premiums	\$ 3,482	\$ 3,738
Ceded to other companies:		
Ceded Aflac Japan closed blocks	(34)	(82)
Other	(35)	(25)
Assumed from other companies:		
Retrocession activities	29	34
Other	14	23
Net earned premiums	\$ 3,456	\$ 3,688
Direct benefits and claims, excluding reserve remeasurement	\$ 2,082	\$ 2,256
Ceded benefits and change in reserves for future benefits:		
Ceded Aflac Japan closed blocks	(18)	(77)
Other	(15)	(27)
Assumed from other companies:		
Retrocession activities	13	41
Other	4	10
Benefits and claims, excluding reserve remeasurement	\$ 2,066	\$ 2,203
Direct reserve remeasurement (gains) losses	\$ (57)	\$ (53)
Ceded reserve remeasurement gains (losses)	1	0
Assumed reserve remeasurement (gains) losses	0	0
Reserve remeasurement (gains) losses	\$ (56)	\$ (53)
Total benefits and claims, net	\$ 2,010	\$ 2,150

The Company has recorded a deferred reinsurance gain liability related to reinsurance transactions which represents ceded reserves in excess of consideration paid, or consideration received in excess of assumed reserves. The remaining deferred reinsurance gain liability of \$161 million and \$175 million as of March 31, 2024 and December 31, 2023, respectively, is included in future policy benefits in the consolidated balance sheets and is being amortized into income over the expected lives of the policies.

The Company has also recorded a reinsurance recoverable for reinsurance transactions. The reinsurance recoverable, which is included in other assets in the consolidated balance sheets, is reported net of allowance for credit losses and had a remaining balance of \$178 million and \$183 million as of March 31, 2024 and December 31, 2023, respectively. The allowance for credit losses related to the Company's reinsurance recoverable balance was \$4 million and \$10 million as of March 31, 2024 and December 31, 2023, respectively. The credit allowance for the reinsurance recoverable balance is estimated using a PD / LGD method and the key credit quality indicator is the credit rating of the Company's reinsurance counterparty. The Company uses external credit ratings focused on the reinsurer's financial strength and credit worthiness. As of March 31, 2024, the Company's reinsurance counterparties were rated A+. The Company monitors the credit ratings periodically, but not less frequently than quarterly.

These reinsurance transactions are indemnity reinsurance that do not relieve the Company from its obligations to policyholders. In the event that the reinsurer is unable to meet its obligations, the Company remains liable for the reinsured claims.

[Internal Reinsurance Transactions](#)

Aflac Re is a Bermuda domiciled insurer that reinsures certain policies issued by ALIJ. The inter-segment amounts associated with these internal reinsurance transactions are eliminated in consolidation.

9. NOTES PAYABLE AND LEASE OBLIGATIONS

A summary of notes payable and lease obligations follows:

(In millions)	March 31, 2024	December 31, 2023
1.125% senior sustainability notes due March 2026	\$ 398	\$ 398
2.875% senior notes due October 2026	299	299
3.60% senior notes due April 2030	993	993
6.90% senior notes due December 2039	221	221
6.45% senior notes due August 2040	254	254
4.00% senior notes due October 2046	394	394
4.750% senior notes due January 2049	542	542
Yen-denominated senior notes and subordinated debentures:		
.300% senior notes due September 2025 (principal amount ¥12.4 billion)	82	87
.932% senior notes due January 2027 (principal amount ¥60.0 billion)	395	422
1.048% senior notes due March 2029 (principal amount ¥13.0 billion)	86	0
1.075% senior notes due September 2029 (principal amount ¥33.4 billion)	220	234
.500% senior notes due December 2029 (principal amount ¥12.6 billion)	83	88
.550% senior notes due March 2030 (principal amount ¥13.3 billion)	87	93
1.159% senior notes due October 2030 (principal amount ¥29.3 billion)	192	206
1.412% senior notes due March 2031 (principal amount ¥27.9 billion)	184	0
.633% senior notes due April 2031 (principal amount ¥30.0 billion)	197	211
.843% senior notes due December 2031 (principal amount ¥9.3 billion)	61	65
.750% senior notes due March 2032 (principal amount ¥20.7 billion)	136	145
1.320% senior notes due December 2032 (principal amount ¥21.1 billion)	139	148
.844% senior notes due April 2033 (principal amount ¥12.0 billion)	79	84
1.488% senior notes due October 2033 (principal amount ¥15.2 billion)	100	106
1.682% senior notes due March 2034 (principal amount ¥7.7 billion)	51	0
1.600% senior notes due March 2034 (principal amount ¥18.3 billion)	122	0
.934% senior notes due December 2034 (principal amount ¥9.8 billion)	64	69
.830% senior notes due March 2035 (principal amount ¥10.6 billion)	69	74
1.740% senior notes due March 2036 (principal amount ¥15.0 billion)	100	0
1.039% senior notes due April 2036 (principal amount ¥10.0 billion)	65	70
1.594% senior notes due September 2037 (principal amount ¥6.5 billion)	43	45
1.750% senior notes due October 2038 (principal amount ¥8.9 billion)	58	62
1.920% senior notes due March 2039 (principal amount ¥16.5 billion)	110	0
1.122% senior notes due December 2039 (principal amount ¥6.3 billion)	41	44
1.264% senior notes due April 2041 (principal amount ¥10.0 billion)	65	70
2.160% senior notes due March 2044 (principal amount ¥5.7 billion)	38	0
2.108% subordinated debentures due October 2047 (principal amount ¥60.0 billion)	392	419
.963% subordinated bonds due April 2049 (principal amount ¥30.0 billion) ⁽¹⁾	198	211
1.560% senior notes due April 2051 (principal amount ¥20.0 billion)	131	140
2.144% senior notes due September 2052 (principal amount ¥12.0 billion)	79	84
1.958% subordinated bonds due December 2053 (principal amount ¥30.0 billion)	197	210
2.400% senior notes due March 2054 (principal amount ¥19.5 billion)	130	0
Yen-denominated loans:		
Variable interest rate loan due August 2027 (.38% in 2024 and .35% in 2023, principal amount ¥11.7 billion)	77	82
Variable interest rate loan due August 2029 (.48% in 2024 and .45% in 2023, principal amount ¥25.3 billion)	166	178
Variable interest rate loan due August 2032 (.63% in 2024 and .60% in 2023, principal amount ¥70.0 billion)	461	492
Finance lease obligations payable through 2030	6	6
Operating lease obligations payable through 2049	107	118
Total notes payable and lease obligations	\$ 7,912	\$ 7,364

⁽¹⁾ Redeemed in April 2024

Amounts in the table above are reported net of debt issuance costs and issuance premiums or discounts, if applicable, that are being amortized over the life of the notes.

In March 2024, the Parent Company issued five series of senior notes totaling ¥75.0 billion through a private placement. The first series, which totaled ¥18.3 billion, bears interest at a fixed rate of 1.600% per annum, payable semi-annually, and will mature in March 2034. The second series, which totaled ¥15.0 billion, bears interest at a fixed rate of 1.740% per annum, payable semi-annually, and will mature in March 2036. The third series, which totaled ¥16.5 billion, bears interest at a fixed rate of 1.920% per annum, payable semi-annually, and will mature in March 2039. The fourth series, which totaled ¥5.7 billion, bears interest at a fixed rate of 2.160% per annum, payable semi-annually, and will mature in March 2044. The fifth series, which totaled ¥19.5 billion, bears interest at a fixed rate of 2.400% per annum, payable semi-annually, and will mature in March 2054. These notes are redeemable at the Parent Company's option (i) in whole at any time or (ii) in part from time to time in an amount not less than 5% of the aggregate principal amount then outstanding of the notes to be redeemed.

In March 2024, the Parent Company issued three series of senior notes totaling ¥48.6 billion through a public debt offering under its U.S. shelf registration statement. The first series, which totaled ¥13.0 billion, bears interest at a fixed rate of 1.048% per annum, payable semi-annually, and will mature in March 2029. The second series, which totaled ¥27.9 billion, bears interest at a fixed rate of 1.412% per annum, payable semi-annually, and will mature in March 2031. The third series, which totaled ¥7.7 billion, bears interest at a fixed rate of 1.682% per annum, payable semi-annually, and will mature in March 2034. These notes are redeemable at the Parent Company's option at any time, in whole but not in part, upon the occurrence of certain changes affecting U.S. taxation, as specified in the indenture governing the terms of the issuance. In addition, the notes maturing in March 2029, March 2031 and March 2034 are redeemable at the Parent Company's option, in whole or in part from time to time, on or after December 21, 2028, December 31, 2030 and September 21, 2033, respectively, at a redemption price equal to the aggregate principal amount of the applicable series to be redeemed plus accrued and unpaid interest on the principal amount to be redeemed to, but excluding, the date of redemption.

Interest expense related to the Company's notes payable, which is included in interest expense in the consolidated statements of earnings, was \$46 million and \$47 million for the three-month periods ended March 31, 2024 and 2023, respectively.

A summary of the Company's lines of credit as of March 31, 2024 follows:

Borrower(s)	Type	Term	Expiration Date	Capacity	Amount Outstanding	Interest Rate on Borrowed Amount	Maturity Period	Commitment Fee	Business Purpose
Aflac Incorporated and Aflac	uncommitted bilateral	364 days	December 6, 2024	\$100 million	\$0 million	The rate quoted by the bank and agreed upon at the time of borrowing	Up to 3 months	None	General corporate purposes
Aflac Incorporated	unsecured revolving	5 years	May 9, 2027, or the date commitments are terminated pursuant to an event of default	¥100.0 billion	¥0.0 billion	A rate per annum equal to (a) Tokyo Interbank Market Rate (TIBOR) plus, the alternative applicable TIBOR margin during the availability period from the closing date to the commitment termination date or (b) the TIBOR rate offered by the agent to major banks in yen for the applicable period plus, the applicable alternative TIBOR margin during the term out period	No later than May 10, 2027	.28% to .45%, depending on the Parent Company's debt ratings as of the date of determination	General corporate purposes, including a capital contingency plan for the operations of the Parent Company
Aflac Incorporated and Aflac	unsecured revolving	5 years	November 15, 2027, or the date commitments are terminated pursuant to an event of default	\$1.0 billion	\$0.0 billion	A rate per annum equal to, at the Company's option, either, (a) Secured Overnight Financing Rate (SOFR) for U.S. dollar denominated borrowings or TIBOR for Japanese yen denominated borrowings, in either case adjusted for certain costs, or (b) a base rate determined by reference to the highest of (1) the federal funds rate plus 1/2 of 1%, (2) the rate of interest for such day announced by the agent as its prime rate, or (3) SOFR for an interest period of one month plus 1.00%, in each case plus an applicable margin	No later than November 15, 2027	.08% to .20%, depending on the Parent Company's debt ratings as of the date of determination	General corporate purposes, including a capital contingency plan for the operations of the Parent Company
Aflac Incorporated and Aflac	uncommitted bilateral	None specified	None specified	\$50 million	\$0 million	A rate per annum equal to, at the Parent Company's option, either (a) a rate determined by reference to SOFR for the interest period relevant to such borrowing or (b) the base rate determined by reference to the highest of (1) the lender's USD short-term commercial loan rate and (2) the federal funds rate plus 1/2 of 1%	Up to 3 months	None	General corporate purposes
Aflac ⁽¹⁾	uncommitted revolving	364 days	December 2, 2024	\$250 million	\$50 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 75 basis points per annum	No later than December 3, 2024	None	General corporate purposes
Aflac Incorporated ⁽¹⁾ (Tranche 1)	uncommitted revolving	364 days	November 25, 2024	¥50.0 billion	¥0.0 billion	Three-month yen TIBOR plus 75 basis points per annum	No later than November 26, 2024	None	General corporate purposes
Aflac Incorporated ⁽¹⁾ (Tranche 2)	uncommitted revolving	364 days	November 25, 2024	¥50.0 billion	¥0.0 billion	Three-month yen TIBOR plus 75 basis points per annum	No later than November 26, 2024	None	General corporate purposes
Aflac New York ^{(1),(2)}	uncommitted revolving	364 days	April 8, 2024	\$25 million	\$0 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 75 basis points per annum	No later than April 9, 2024	None	General corporate purposes
CAIC ⁽¹⁾	uncommitted revolving	364 days	March 21, 2025	\$15 million	\$0 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 75 basis points per annum	No later than March 24, 2025	None	General corporate purposes

⁽¹⁾ Intercompany credit agreement

⁽²⁾ Renewed in April 2024 with an expiration date of April 8, 2025

(continued)

Borrower(s)	Type	Term	Expiration Date	Capacity	Amount Outstanding	Interest Rate on Borrowed Amount	Maturity Period	Commitment Fee	Business Purpose
TOIO ⁽¹⁾	uncommitted revolving	364 days	March 21, 2025	\$0.3 million	\$0 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 75 basis points per annum	No later than March 24, 2025	None	General corporate purposes
Hatch Healthcare K.K. ⁽¹⁾	uncommitted revolving	364 days	January 2, 2025	¥900 million	¥0 million	A rate per annum equal to the short-term prime lending rates of banks appearing on the website for the Bank of Japan on the first day of the applicable period	No later than January 3, 2025	None	General corporate purposes
Aflac Digital Services Co., Ltd. ⁽¹⁾	uncommitted revolving	364 days	January 2, 2025	¥600 million	¥0 million	A rate per annum equal to the short-term prime lending rates of banks appearing on the website for the Bank of Japan on the first day of the applicable period	No later than January 3, 2025	None	General corporate purposes
Aflac GI Holdings LLC ⁽¹⁾	uncommitted revolving	364 days	July 16, 2024	\$30 million	\$0 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 75 basis points per annum	No later than July 17, 2024	None	General corporate purposes
Aflac Incorporated ⁽¹⁾	uncommitted revolving	364 days	January 2, 2025	\$400 million	\$0 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 97 basis points per annum for U.S. dollar-denominated borrowings or three-month TIBOR plus 97 basis points per annum for Japanese yen-denominated borrowings	No later than January 3, 2025	None	General corporate purposes
Aflac Re ⁽¹⁾	uncommitted revolving	364 days	January 2, 2025	\$400 million	\$0 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 68 basis points per annum for U.S. dollar-denominated borrowings or three-month TIBOR plus 68 basis points per annum for Japanese yen-denominated borrowings	No later than January 3, 2025	None	General corporate purposes

⁽¹⁾ Intercompany credit agreement

The Company was in compliance with all of the covenants of its notes payable and lines of credit at March 31, 2024. No events of default or defaults occurred during the three-month period ended March 31, 2024.

For additional information, see Notes 4 and 9 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

10. SHAREHOLDERS' EQUITY

The following table is a reconciliation of the number of shares of the Company's common stock for the three-month periods ended March 31.

(In thousands of shares)	2024	2023
Common stock - issued:		
Balance, beginning of period	1,355,398	1,354,079
Exercise of stock options and issuance of restricted shares	1,082	933
Balance, end of period	1,356,480	1,355,012
Treasury stock:		
Balance, beginning of period	776,919	738,823
Purchases of treasury stock:		
Share repurchase program	9,276	10,348
Other	457	347
Dispositions of treasury stock:		
Shares issued to AFL Stock Plan	(212)	(239)
Exercise of stock options	(55)	(48)
Other	(183)	(171)
Balance, end of period	786,202	749,060
Shares outstanding, end of period	570,278	605,952

Outstanding share-based awards are excluded from the calculation of weighted-average shares used in the computation of basic earnings per share (EPS). The following table presents the approximate number of share-based awards to purchase shares, on a weighted-average basis, that were considered to be anti-dilutive and were excluded from the calculation of diluted EPS for the following periods.

	Three Months Ended March 31,	
(In thousands)	2024	2023
Anti-dilutive share-based awards	69	164

Share Repurchase Program

During the first three months of 2024, the Company repurchased 9.3 million shares of its common stock for \$750 million as part of its share repurchase program. During the first three months of 2023, the Company repurchased 10.3 million shares of its common stock for \$700 million as part of its share repurchase program. As of March 31, 2024, a remaining balance of 68.5 million shares of the Company's common stock was available for purchase under share repurchase authorizations by its board of directors.

Reclassifications from Accumulated Other Comprehensive Income

The tables below are reconciliations of accumulated other comprehensive income by component for the following periods.

Changes in Accumulated Other Comprehensive Income

Three Months Ended March 31, 2024						
(In millions)	Unrealized Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Fixed Maturity Securities	Unrealized Gains (Losses) on Derivatives	Effect of Changes in Discount Rate Assumptions	Pension Liability Adjustment	Total
Balance at December 31, 2023	\$ (4,069)	\$ 1,139	\$ (22)	\$ (2,560)	\$ (8)	\$ (5,520)
Other comprehensive income (loss) before reclassification	(597)	86	(5)	1,065	1	550
Amounts reclassified from accumulated other comprehensive income (loss)	0	(133)	1	0	0	(132)
Net current-period other comprehensive income (loss)	(597)	(47)	(4)	1,065	1	418
Balance at March 31, 2024	\$ (4,666)	\$ 1,092	\$ (26)	\$ (1,495)	\$ (7)	\$ (5,102)

All amounts in the table above are net of tax.

Three Months Ended March 31, 2023						
(In millions)	Unrealized Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses) on Fixed Maturity Securities	Unrealized Gains (Losses) on Derivatives	Effect of Changes in Discount Rate Assumptions	Pension Liability Adjustment	Total
Balance at December 31, 2022	\$ (3,564)	\$ (702)	\$ (27)	\$ (2,100)	\$ (36)	\$ (6,429)
Other comprehensive income (loss) before reclassification	(54)	2,036	0	(2,794)	7	(805)
Amounts reclassified from accumulated other comprehensive income (loss)	0	(45)	1	0	0	(44)
Net current-period other comprehensive income (loss)	(54)	1,991	1	(2,794)	7	(849)
Balance at March 31, 2023	\$ (3,618)	\$ 1,289	\$ (26)	\$ (4,894)	\$ (29)	\$ (7,278)

All amounts in the table above are net of tax.

The tables below summarize the amounts reclassified from each component of accumulated other comprehensive income into net earnings for the following periods.

Reclassifications Out of Accumulated Other Comprehensive Income

Three Months Ended March 31, 2024		
(In millions)		
Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statements of Earnings
Unrealized gains (losses) on available-for-sale securities	\$ 168	Net investment gains (losses)
	(35)	Tax (expense) or benefit ⁽¹⁾
	\$ 133	Net of tax
Unrealized gains (losses) on derivatives	\$ (1)	Net investment gains (losses)
	0	Tax (expense) or benefit ⁽¹⁾
	\$ (1)	Net of tax
Total reclassifications for the period	\$ 132	Net of tax

⁽¹⁾ Based on 21% tax rate

Three Months Ended March 31, 2023		
(In millions)		
Details about Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statements of Earnings
Unrealized gains (losses) on available-for-sale securities	\$ 57	Net investment gains (losses)
	(12)	Tax (expense) or benefit ⁽¹⁾
	\$ 45	Net of tax
Unrealized gains (losses) on derivatives	\$ (1)	Net investment gains (losses)
	0	Tax (expense) or benefit ⁽¹⁾
	\$ (1)	Net of tax
Total reclassifications for the period	\$ 44	Net of tax

⁽¹⁾ Based on 21% tax rate

11. SHARE-BASED COMPENSATION

As of March 31, 2024, the Company has outstanding share-based awards under the Aflac Incorporated Long-Term Incentive Plan (As Amended and Restated February 14, 2017), as further amended on August 9, 2022 (the Plan). Share-based awards are designed to reward employees for their long-term contributions to the Company and provide incentives for them to remain with the Company. The number and frequency of share-based awards are based on competitive practices, operating results of the Company, government regulations, and other factors.

The Plan, allows for a maximum number of shares issuable over its term of 75 million shares including 38 million shares that may be awarded in respect of awards other than options or stock appreciation rights. If any awards granted under the Plan are forfeited or are terminated before being exercised or settled for any reason other than tax forfeiture, then the shares underlying the awards will again be available under the Plan.

The Plan allows awards to Company employees for incentive stock options (ISOs), non-qualifying stock options (NQSOs), restricted stock, restricted stock units, and stock appreciation rights. Non-employee directors are eligible for grants of NQSOs, restricted stock, and stock appreciation rights. As of March 31, 2024, approximately 33.6 million shares were available for future grants under this plan. The ISOs and NQSOs have a term of 10 years, and the share-based awards generally vest upon time-based conditions or time and performance-based conditions. Time-based vesting generally occurs after three years. Performance-based vesting conditions generally include the attainment of goals related to Company financial performance. As of March 31, 2024, the only performance-based awards issued and outstanding were restricted stock awards and units.

Stock options and stock appreciation rights granted under the amended Plan have an exercise price of at least the fair market value of the underlying stock on the grant date and have an expiration date no later than 10 years from the grant date. Time-based restricted stock awards, restricted stock units and stock options generally vest on a ratable basis over three years. The Compensation Committee of the Board of Directors has the discretion to determine vesting schedules.

Share-based awards granted to U.S.-based grantees are settled with authorized but unissued Company stock, while those issued to Japan-based grantees are settled with treasury shares.

The following table provides information on stock options outstanding and exercisable at March 31, 2024.

	Stock Option Shares (in thousands)	Weighted-Average Remaining Term (in years)	Aggregate Intrinsic Value (in millions)	Weighted-Average Exercise Price Per Share
Outstanding	856	2.2	\$ 45	\$ 33.37
Exercisable	856	2.2	45	33.37

The Company received cash from the exercise of stock options in the amount of \$5 million and \$4 million during the first three months of 2024 and 2023, respectively. The tax benefit realized as a result of stock option exercises and restricted stock releases was \$24 million in the first three months of 2024, compared with \$17 million in the first three months of 2023.

As of March 31, 2024, total compensation cost not yet recognized in the Company's consolidated financial statements related to restricted stock awards and units was \$74 million, of which \$40 million (1.8 million shares) was related to restricted stock awards and units with a performance-based vesting condition. The Company expects to recognize these amounts over a weighted-average period of approximately 1.9 years. There are no other contractual terms covering restricted stock awards once vested.

The following table summarizes restricted stock activity during the three-month period ended March 31, 2024.

(In thousands of shares)	Shares	Weighted-Average Grant-Date Fair Value Per Share
Restricted stock at December 31, 2023	2,308	\$ 62.96
Granted in 2024	1,213	79.75
Canceled in 2024	(7)	67.50
Vested in 2024	(1,337)	49.24
Restricted stock at March 31, 2024	2,177	\$ 72.33

In February 2024, the Company granted 303 thousand performance-based stock awards and units, which are contingent on the achievement of the Company's financial performance metrics and its market-based conditions. On the date of grant, the Company estimated the fair value of restricted stock awards and units with market-based conditions using a Monte Carlo simulation model. The model discounts the value of the stock at the assumed vesting date based on the risk-free interest rate. Based on estimates of actual performance versus the vesting thresholds, the calculated fair value percentage payout estimate will be updated each quarter.

The Company uses third-party analyses to assist in developing the assumptions used in, as well as calibrating, a Monte Carlo simulation model. The Company is responsible for determining the assumptions used in estimating the fair value of its share-based payment awards.

For additional information on the Company's long-term share-based compensation plans and the types of share-based awards, see Note 12 of the Notes to the Consolidated Financial Statements included in the 2023 Annual Report.

12. BENEFIT PLANS

The Company has funded defined benefit plans in Japan and the U.S.; however, future benefits under the U.S. plan were frozen effective January 1, 2024. U.S. employees, including those that participated in the U.S. plan prior to the freeze, currently receive a nonelective 401(k) employer contribution.

The Company also maintains non-qualified, unfunded supplemental retirement plans that provide defined pension benefits in excess of limits imposed by federal tax law for certain Japanese, U.S. and former employees. However, future benefits under the Company's Supplemental Executive Retirement Plan and Retirement Plan for Senior Officers were frozen effective January 1, 2024, provided that actively employed participants may continue to accrue service toward eligibility for early retirement benefits or delayed early retirement benefits.

The Company provides certain health care benefits for eligible U.S. retired employees, their beneficiaries and covered dependents (other postretirement benefits). The health care plan is contributory and unfunded. Effective January 1, 2014, employees eligible for benefits included the following: (1) active employees whose age plus service, in years, equaled or exceeded 80 (rule of 80); (2) active employees who were age 55 or older and have met the 15 years of service requirement; (3) active employees who would meet the rule of 80 in the next five years; (4) active employees who were age 55 or older and who would meet the 15 years of service requirement within the next five years; and (5) current retirees. For certain employees and former employees, additional coverage is provided for all medical expenses for life.

Pension and other postretirement benefit expenses are included in acquisition and operating expenses in the consolidated statements of earnings, which includes other components of net periodic pension cost and postretirement costs (other than service costs) of \$2 million for both the three-month periods ended March 31, 2024 and 2023. Total net periodic benefit cost includes the following components:

(In millions)	Three Months Ended March 31,					
	Pension Benefits				Other	
	Japan		U.S.		Postretirement Benefits	
	2024	2023	2024	2023	2024	2023
Components of net periodic benefit cost:						
Service cost	\$ 4	\$ 4	\$ 0	\$ 4	\$ 0	\$ 0
Interest cost	2	2	9	11	0	0
Expected return on plan assets	(2)	(2)	(7)	(9)	0	0
Amortization of net actuarial loss	0	0	0	0	0	0
Net periodic (benefit) cost	\$ 4	\$ 4	\$ 2	\$ 6	\$ 0	\$ 0

During the three months ended March 31, 2024, Aflac Japan contributed approximately \$6 million (using the weighted-average yen/dollar exchange rate for the three-month period ended March 31, 2024) to the Japanese funded defined benefit plan, and Aflac U.S. did not make a contribution to the U.S. funded defined benefit plan.

For additional information regarding the Company's Japanese and U.S. benefit plans, see Note 14 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

13. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is a defendant in various lawsuits and receives various regulatory inquiries considered to be in the normal course of business. Members of the Company's senior legal and financial management teams review litigation and regulatory inquiries on a quarterly and annual basis. The final results of any litigation or regulatory inquiries cannot be predicted with certainty. Although some of this litigation is pending in states where large punitive damages, bearing little relation to the actual damages sustained by plaintiffs, have been awarded in recent years, the Company believes the outcome of pending litigation will not have a material adverse effect on its financial position, results of operations, or cash flows.

See Note 3 for details on certain investment commitments.

Guaranty Fund Assessments

The U.S. insurance industry has a policyholder protection system that is monitored and regulated by state insurance departments. These life and health insurance guaranty associations are state entities (in all 50 states as well as Puerto Rico and the District of Columbia) created to protect policyholders of an insolvent insurance company. All insurance companies (with limited exceptions) licensed to sell life or health insurance in a state must be members of that state's guaranty association. Under state guaranty association laws, certain insurance companies can be assessed (up to prescribed limits) for certain obligations to the policyholders and claimants of impaired or insolvent insurance companies that write the same line or similar lines of business.

Guaranty fund assessments for the three-month periods ended March 31, 2024 and 2023 were immaterial.

For additional information regarding commitments and contingent liabilities, see Note 15 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

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. Aflac Incorporated (the Parent Company) and its subsidiaries (collectively with the Parent Company, the Company) desire to take advantage of these provisions. This report 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 the ones listed below or similar words, as well as specific projections of future results, generally qualify as forward-looking. The Company undertakes no obligation to update such forward-looking statements.

- | | | | | |
|----------|--------------|-------------|-----------|-------------|
| • expect | • anticipate | • believe | • goal | • objective |
| • may | • should | • estimate | • intends | • projects |
| • will | • assumes | • potential | • target | • outlook |

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, including inflation
- defaults and credit downgrades of investments
- global fluctuations in interest rates and exposure to significant interest rate risk
- concentration of business in Japan
- limited availability of acceptable yen-denominated investments
- foreign currency fluctuations in the yen/dollar exchange rate
- differing interpretations applied to investment valuations
- significant valuation judgments in determination of expected credit losses recorded on the Company's investments
- decreases in the Company's financial strength or debt ratings
- decline in creditworthiness of other financial institutions
- the Company's ability to attract and retain qualified sales associates, brokers, employees, and distribution partners
- deviations in actual experience from pricing and reserving assumptions
- ability to continue to develop and implement improvements in information technology systems and on successful execution of revenue growth and expense management initiatives
- interruption in telecommunication, information technology and other operational systems, or a failure to maintain the security, confidentiality, integrity or privacy of sensitive data residing on such systems
- subsidiaries' ability to pay dividends to the Parent Company
- inherent limitations to risk management policies and procedures
- operational risks of third-party vendors
- tax rates applicable to the Company may change
- failure to comply with restrictions on policyholder privacy and information security
- extensive regulation and changes in law or regulation by governmental authorities
- competitive environment and ability to anticipate and respond to market trends
- catastrophic events, including, but not limited to, as a result of climate change, epidemics, pandemics, tornadoes, hurricanes, earthquakes, tsunamis, war or other military action, major public health issues, terrorism or other acts of violence, and damage incidental to such events
- ability to protect the Aflac brand and the Company's reputation
- ability to effectively manage key executive succession
- changes in accounting standards
- level and outcome of litigation or regulatory inquiries
- allegations or determinations of worker misclassification in the United States

MD&A OVERVIEW

MD&A is intended to inform the reader about matters affecting the financial condition and results of operations of Aflac Incorporated and its subsidiaries for the three-month periods ended March 31, 2024 and 2023, respectively. Results of operations for interim periods are not necessarily indicative of results for the entire year. As a result, the following discussion should be read in conjunction with the consolidated financial statements and notes that are included in the Company's annual report on Form 10-K for the year ended December 31, 2023 (2023 Annual Report). In this MD&A, amounts may not foot due to rounding.

This MD&A is divided into the following sections:

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EXECUTIVE SUMMARY

Company Overview

Aflac Incorporated (the Parent Company) and its subsidiaries (collectively, the Company) provide financial protection to millions of policyholders and customers in Japan and the United States (U.S.). The Company's principal business is supplemental health and life insurance products with the goal to provide customers the best value in supplemental insurance products in Japan and the U.S. The Company's insurance business consists of two reporting segments: Aflac Japan and Aflac U.S. The Parent Company's primary insurance subsidiaries are Aflac Life Insurance Japan Ltd. in Japan (Aflac Japan) and American Family Life Assurance Company of Columbus (Aflac); Continental American Insurance Company (CAIC), branded as Aflac Group Insurance (AGI); American Family Life Assurance Company of New York (Aflac New York); Tier One Insurance Company (TOIC) and Aflac Benefits Solutions, Inc. (ABS), which provides a platform for Aflac Dental and Vision in the U.S. (collectively, Aflac U.S.). The Parent Company, other operating business units that are not individually reportable, reinsurance activities, including internal reinsurance activity with Aflac Re Bermuda Ltd. (Aflac Re), and other business activities not included in Aflac Japan or Aflac U.S., as well as intercompany eliminations, are included in Corporate and other.

Performance Highlights

Total revenues were \$5.4 billion in the first three months of 2024, compared with \$4.8 billion in the first three months of 2023, reflecting net investment gains. Net earnings were \$1.9 billion, or \$3.25 per diluted share, in the first three months of 2024, compared with \$1.2 billion, or \$1.94 per diluted share, in the first three months of 2023.

Results in the first three months of 2024 included pretax net investment gains of \$951 million, compared with pretax net investment gains of \$123 million in the first three months of 2023. Net investment gains in the first three months of 2024 included an increase in credit loss allowances of \$1 million; \$703 million of net gains from certain derivative and foreign currency gains or losses; \$76 million of net gains on equity securities; and \$173 million of net gains from sales and redemptions.

The average yen/dollar exchange rate⁽¹⁾ for the three-month period ended March 31, 2024 was 148.67, or 11.0% weaker than the average yen/dollar exchange rate⁽¹⁾ of 132.30 for the same period in 2023.

Adjusted earnings⁽²⁾ in the first three months of 2024 were \$961 million, or \$1.66 per diluted share, compared with \$953 million, or \$1.55 per diluted share, in the first three months of 2023. The weaker yen/dollar exchange rate negatively impacted adjusted earnings per diluted share by \$.08.

In the first three months of 2024, Aflac Incorporated repurchased \$750 million, or 9.3 million of its common shares. At March 31, 2024, the Company had 68.5 million remaining shares authorized for repurchase.

Shareholders' equity was \$23.5 billion, or \$41.27 per share, at March 31, 2024, compared with \$22.0 billion, or \$38.00 per share, at December 31, 2023. Shareholders' equity at March 31, 2024 included a cumulative decrease of \$1.5 billion from the effect of changes in discount rate assumptions on insurance contracts, compared with a corresponding cumulative decrease of \$2.6 billion at December 31, 2023, and a net unrealized gain on investment securities and derivatives of \$1.1 billion, compared with a net unrealized gain of \$1.1 billion at December 31, 2023. Shareholders' equity at March 31, 2024 also included an unrealized foreign currency translation loss of \$4.7 billion, compared with an unrealized foreign currency translation loss of \$4.1 billion at December 31, 2023. The annualized return on average shareholders' equity in the first quarter of 2024 was 33.0%.

Shareholders' equity excluding accumulated other comprehensive income (AOCI)⁽²⁾ (adjusted book value) was \$28.6 billion, or \$50.22 per share at March 31, 2024, compared with \$27.5 billion, or \$47.55 per share, at December 31, 2023. The annualized adjusted return on equity (ROE) excluding foreign currency impact⁽²⁾ in the first quarter of 2024 was 14.3%.

⁽¹⁾ Yen/U.S. dollar exchange rates are based on the published MUFG Bank, Ltd. telegraphic transfer middle rate (TTM).

⁽²⁾ See the Results of Operations section of this MD&A for a definition of this non-U.S. GAAP financial measure.

RESULTS OF OPERATIONS

The Company earns its revenues principally from insurance premiums and investments. The Company's operating expenses primarily consist of insurance benefits provided and reserves established for anticipated future insurance benefits, general business expenses, commissions and other costs of selling and servicing its products. Profitability for the Company depends principally on its ability to price its insurance products at a level that enables the Company to earn a margin over the costs associated with providing benefits and administering those products. Profitability also depends on, among other items, actuarial and policyholder behavior experience on insurance products, and the Company's ability to attract and retain customer assets, generate and maintain favorable investment results, effectively deploy capital and utilize tax capacity, and manage expenses.

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 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 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.
- **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 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.
- **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 return on equity excluding foreign currency impact** is adjusted earnings excluding the current period foreign currency impact divided by average shareholders' equity, excluding AOCI. The Company considers adjusted return on equity excluding foreign currency impact important as it excludes changes in foreign currency and 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 excluding foreign currency impact is return on average equity (ROE) as determined using net earnings and average total shareholders' equity.
- **U.S. dollar-denominated investment income excluding foreign currency impact** represents amounts excluding foreign currency impact on U.S. dollar-denominated investment income using the average foreign currency exchange rate for the comparable prior year period. The Company considers U.S. dollar-denominated investment income excluding foreign currency impact important as it eliminates the impact of foreign currency changes on the Aflac Japan segment results, which are outside management's control. The most comparable U.S. GAAP financial measure for U.S. dollar-denominated investment income excluding foreign currency impact is the corresponding net investment income amount from the U.S. dollar-denominated investments translated to yen.

The following table is a reconciliation of items impacting adjusted earnings and adjusted earnings per diluted share to the most directly comparable U.S. GAAP financial measures of net earnings and net earnings per diluted share, respectively.

Reconciliation of Net Earnings to Adjusted Earnings

	In Millions		Per Diluted Share	
	Three Months Ended March 31,			
	2024	2023	2024	2023
Net earnings	\$ 1,879	\$ 1,188	\$ 3.25	\$ 1.94
Items impacting net earnings:				
Adjusted net investment (gains) losses ⁽¹⁾	(1,009)	(209)	(1.75)	(.34)
Other and non-recurring (income) loss	2	0	.00	.00
Income tax (benefit) expense on items excluded from adjusted earning	89	(26)	.15	(.04)
Adjusted earnings	961	953	1.66	1.55
Current period foreign currency impact ⁽²⁾	44	N/A	.08	N/A
Adjusted earnings excluding current period foreign currency impact	\$ 1,005	\$ 953	\$ 1.74	\$ 1.55

⁽¹⁾ See reconciliation of net investment (gains) losses to adjusted net investment (gains) losses below.

⁽²⁾ Prior period foreign currency impact reflected as "N/A" to isolate change for current period only.

Reconciling Items

Net Investment Gains and Losses

Reconciliation of Net Investment (Gains) Losses to Adjusted Net Investment (Gains) Losses

(In millions)	Three Months Ended March 31,	
	2024	2023
Net investment (gains) losses	\$ (951)	\$ (123)
Items impacting net investment (gains) losses:		
Amortized hedge costs	(6)	(58)
Amortized hedge income	28	29
Net interest income (expense) from derivatives associated with certain investment strategies	(88)	(69)
Impact of interest from derivatives associated with notes payable	8	12
Adjusted net investment (gains) losses	\$ (1,009)	\$ (209)

The Company's investment strategy is to invest primarily in fixed maturity securities to provide a reliable stream of investment income, which is one of the drivers of the Company's profitability. This investment strategy incorporates asset-liability matching (ALM) to align the expected cash flows of the portfolio to the needs of the Company's liability structure. The Company does not purchase securities with the intent of generating investment gains or losses. However, investment gains and losses may be realized as a result of changes in the financial markets and the creditworthiness of specific issuers, tax planning strategies, and/or general portfolio management and rebalancing. The realization of investment gains and losses is independent of the underwriting and administration of the Company's insurance products.

Net investment gains and losses excluded from adjusted earnings include the following:

- Securities Transactions
- Credit Losses
- Changes in the Fair Value of Equity Securities
- Certain Derivative and Foreign Currency Activities.

Securities Transactions, Credit Losses and Changes in the Fair Value of Equity Securities

Securities transactions include gains and losses from sales and redemptions of investments where the amount received is different from the amortized cost of the investment. Credit losses include losses for held-to-maturity fixed maturity securities, available-for-sale fixed maturity securities, loan receivables, loan commitments and reinsurance recoverables. Changes in the fair value of equity securities are the result of gains or losses driven by fluctuations in market prices.

Certain Derivative and Foreign Currency Activities

The Company's derivative activities include:

- foreign currency forwards and options used in hedging foreign exchange risk on U.S. dollar-denominated investments in Aflac Japan's portfolio, with options used on a standalone basis and/or in a collar strategy;
- foreign currency forwards and options used to economically hedge certain portions of forecasted cash flows denominated in yen and hedge the Company's long term exposure to a weakening yen;
- cross-currency interest rate swaps, also referred to as foreign currency swaps, associated with certain senior notes and subordinated debentures;
- foreign currency swaps that are associated with variable interest entity (VIE) bond purchase commitments, and investments in special-purpose entities, including VIEs where the Company is the primary beneficiary;
- interest rate swaps used to economically hedge interest rate fluctuations in certain variable-rate investments;
- interest rate swaptions used to hedge changes in the fair value associated with interest rate fluctuations for certain U.S. dollar-denominated available-for-sale fixed-maturity securities; and
- bond purchase commitments at the inception of investments in consolidated VIEs.

Gains and losses are recognized as a result of valuing these derivatives, net of the effects of hedge accounting. The Company also excludes from adjusted earnings the accounting impacts of remeasurement associated with changes in the foreign currency exchange rate.

For additional information regarding net investment gains and losses, including details of reported amounts for the periods presented, see Notes 3 and 4 of the Notes to the Consolidated Financial Statements.

Other and Non-recurring Items

The U.S. insurance industry has a policyholder protection system that provides funds for the policyholders of insolvent insurers. The system can result in periodic charges to the Company as a result of insolvencies/bankruptcies that occur with other companies in the life insurance industry. Some states permit member insurers to recover assessments paid through full or partial premium tax offsets. These charges neither relate to the ordinary course of the Company's business nor reflect the Company's underlying business performance, but result from external situations not controlled by the Company. The Company excludes any charges associated with U.S. guaranty fund assessments and the corresponding tax benefit or expense from adjusted earnings.

In Japan, the government also requires the insurance industry to contribute to a policyholder protection corporation that provides funds for the policyholders of insolvent insurers; however, these costs are calculated and administered differently than in the U.S. In Japan, these costs are not directly related to specific insolvencies or bankruptcies, but are rather a regular operational cost for an insurance company. Based on this structure, the Company does not remove the Japan policyholder protection expenses from adjusted earnings.

The Company considers the costs associated with the early redemption of its debt to be unrelated to the underlying fundamentals and trends in its insurance operations. Additionally, these costs are driven by changes in interest rates subsequent to the issuance of the debt, and the Company considers these interest rate changes to represent economic conditions not directly associated with its insurance operations.

Income Taxes

The Company's combined U.S. and Japanese effective income tax rate on pretax earnings was 13.4% for the three-month period ended March 31, 2024, compared with 11.5% for the same period in 2023. The combined effective tax rate differs from the U.S. statutory rate primarily due to historic and solar tax credits and the exclusion of foreign currency translation gains and losses held in the Delaware Statutory Trust. For additional information, see the Critical Accounting Estimates - Income Taxes section of Item 7. MD&A in the 2023 Annual Report.

The Company expects that its effective tax rate on adjusted earnings for future periods will be approximately 20%. The effective tax rate continues to be subject to future tax law changes both in the U.S. and in foreign jurisdictions. See the risk factor entitled "Tax rates applicable to the Company may change" in Item 1A. Risk Factors of the 2023 Annual Report for more information.

Foreign Currency Translation

Aflac Japan's premiums and a significant portion of its investment income are received in yen, and its claims and most expenses are paid in yen. Aflac Japan purchases yen-denominated assets and U.S. dollar-denominated assets, which may be hedged to yen, to support yen-denominated policy liabilities. Yen-denominated income statement accounts are translated to U.S. dollars using the weighted average Japanese yen/U.S. dollar foreign exchange rate for the reporting period, except realized gains and losses on securities transactions which are translated at the exchange rate on the trade date of each transaction. Yen-denominated balance sheet accounts are translated to U.S. dollars using the spot Japanese yen/U.S. dollar foreign exchange rate at the end of the reporting period.

Reconciliation of Book Value to Adjusted Book Value

The following table is a reconciliation of items impacting adjusted book value and adjusted book value per diluted share to the most directly comparable U.S. GAAP financial measures of book value and book value per diluted share, respectively.

(In millions, except for share and per-share amounts)	March 31, 2024	December 31, 2023
U.S. GAAP book value	\$ 23,537	\$ 21,985
Items impacting U.S. GAAP book value:		
Unrealized foreign currency translation gains (losses)	(4,666)	(4,069)
Unrealized gains (losses) on securities and derivatives	1,066	1,117
Effect of changes in discount rate assumptions	(1,495)	(2,560)
Pension liability adjustment	(7)	(8)
Total accumulated other comprehensive income	(5,102)	(5,520)
Adjusted book value	\$ 28,639	\$ 27,505
Number of shares outstanding at end of period	570,278	578,479
U.S. GAAP book value per common share	\$ 41.27	\$ 38.00
Items impacting U.S. GAAP book value per common share:		
Unrealized foreign currency translation gains (losses) per common share	(8.18)	(7.03)
Unrealized gains (losses) on securities and derivatives per common share	1.87	1.93
Effect of changes in discount rate assumptions per common share	(2.62)	(4.43)
Pension liability adjustment per common share	(.01)	(.01)
Total accumulated other comprehensive income per common share	(8.95)	(9.54)
Adjusted book value per common share	\$ 50.22	\$ 47.55

Reconciliation of Return on Equity to Adjusted Return on Equity (Excluding the Impact of Foreign Currency)

The following table is a reconciliation of items impacting adjusted return on equity excluding the impact of foreign currency to the most directly comparable U.S. GAAP financial measure of return on equity for the three-month periods ended March 31.

	2024	2023
U.S. GAAP return on equity - net earnings ⁽¹⁾	33.0 %	23.8 %
Impact of excluding unrealized foreign currency translation gains (losses)	(5.1)	(3.2)
Impact of excluding unrealized gains (losses) on securities and derivatives	1.3	.2
Impact of excluding effect of changes in discount rate assumptions	(2.4)	(3.1)
Impact of excluding pension liability adjustment	.0	.0
Impact of excluding accumulated other comprehensive income	(6.2)	(6.1)
U.S. GAAP return on equity less accumulated other comprehensive income	26.8	17.7
Differences between adjusted earnings and net earnings ⁽²⁾	(13.1)	(3.5)
Adjusted return on equity - reported	13.7	14.2
Impact of foreign currency ⁽³⁾	(.6)	N/A
Adjusted return on equity, excluding impact of foreign currency	14.3	14.2

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

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

⁽³⁾ Impact of foreign currency is calculated by restating all foreign currency components of the income statement to the weighted average foreign currency exchange rate for the comparable prior year period. The impact is the difference of the restated adjusted earnings compared to reported adjusted earnings. For comparative purposes, only current period income is restated using the weighted average prior period exchange rate, which eliminates the foreign currency impact for the current period. This allows for equal comparison of this financial measure.

RESULTS OF OPERATIONS BY SEGMENT

U.S. GAAP financial reporting requires that a company report financial and descriptive information about operating segments in its annual and interim period financial statements. Furthermore, the Company is required to report a measure of segment profit or loss, certain revenue and expense items, and segment assets. The Company's insurance business consists of two segments: Aflac Japan and Aflac U.S. Aflac Japan is the principal contributor to consolidated earnings. In addition, the Parent Company, other business units that are not individually reportable, reinsurance activities, including internal reinsurance activity with Aflac Re, and other business activities not included in Aflac Japan or Aflac U.S., as well as intercompany eliminations, are included in Corporate and other. See Item 1. Business in the 2023 Annual Report for a summary of each segment's products and distribution channels.

Consistent with U.S. GAAP guidance for segment reporting, pretax adjusted earnings is the Company's U.S. GAAP measure of segment performance. The Company believes that a presentation of this measure is vitally important to an understanding of the underlying profitability drivers and trends of its business. Additional performance measures used to evaluate the financial condition and performance of the Company's segments are listed below.

- Operating Ratios
- New Annualized Premium Sales
- New Money Yield
- Return on Average Invested Assets
- Average Weekly Producer
- Premium Persistency

For additional information on the Company's performance measures included in this MD&A, see the Glossary of Selected Terms found directly following Part II. Other Information. See Note 2 of the Notes to the Consolidated Financial Statements for the reconciliation of segment results to the Company's consolidated U.S. GAAP results and additional information.

AFLAC JAPAN SEGMENT

Aflac Japan Pretax Adjusted Earnings

Changes in Aflac Japan's pretax adjusted earnings and profit margins are primarily affected by morbidity, mortality, expenses, persistency and investment yields. The following table presents a summary of operating results for Aflac Japan.

Aflac Japan Summary of Operating Results

	In Dollars		In Yen	
	Three Months Ended March 31,		Three Months Ended March 31,	
(In millions of dollars and billions of yen)	2024	2023	2024	2023
Net earned premiums	\$ 1,816	\$ 2,170	¥ 270	¥ 287
Net investment income: ⁽¹⁾				
Yen-denominated investment income	231	263	34	35
U.S. dollar-denominated investment income	424	407	63	54
Net investment income	655	669	97	89
Amortized hedge costs related to certain foreign currency exposure management strategies	6	58	1	8
Adjusted net investment income	648	611	97	81
Other income (loss)	9	9	1	1
Total adjusted revenues	2,473	2,790	368	369
Benefits and claims:				
Benefits and claims, excluding reserve remeasurement	1,243	1,466	185	194
Reserve remeasurement (gains) losses	(26)	(13)	(4)	(2)
Total benefits and claims, net	1,217	1,453	181	192
Adjusted expenses:				
Amortization of deferred policy acquisition costs	83	85	12	11
Insurance commissions	114	138	17	18
Insurance and other expenses	248	326	37	43
Total adjusted expenses	445	549	66	73
Total benefits and adjusted expenses	1,663	2,002	247	265
Pretax adjusted earnings	\$ 810	\$ 788	¥ 121	¥ 104
Weighted-average yen/dollar exchange rate	148.67	132.30	—	—
Percentage change over previous period				
Net earned premiums	(16.3)	% (17.3)	% (6.0)	% (5.9)
Adjusted net investment income	6.1	(10.1)	19.3	2.4
Total adjusted revenues	(11.4)	(15.8)	(.4)	(4.1)
Total benefits and claims, net	(16.2)	(18.3)	(5.9)	(7.1)
Adjusted expenses	(18.9)	(17.3)	(8.9)	(5.8)
Pretax adjusted earnings	2.8	(9.4)	15.6	3.2

⁽¹⁾ Net interest income/expense from derivatives associated with certain investment strategies of \$(79) and \$(62) for the three-month periods ended March 31, 2024 and 2023, respectively, have been reclassified from net investment gains (losses) and included in adjusted earnings as a component of net investment income.

For the three-month period ended March 31, 2024, operating results in yen terms compared to the same period in the previous year were as follows:

- Net earned premiums decreased primarily due to approximately ¥8 billion related to the internal reinsurance transaction with Aflac Re established in the fourth quarter of 2023 and approximately ¥6 billion in limited-pay products reaching premium paid-up status.
- Adjusted net investment income increased primarily due to lower hedge costs of ¥7 billion, the weakening of the yen of ¥6 billion, higher variable net investment income of ¥5 billion and higher fixed rate income of ¥3 billion, partially offset by lower floating rate income due to the increase in loans on nonaccrual status.

- Total adjusted revenues decreased slightly primarily due to the decrease in net earned premiums mostly offset by the increase in adjusted net investment income.
- Total benefits and claims decreased primarily due to the internal reinsurance transaction with Aflac Re established in the fourth quarter of 2023.
- Total adjusted expenses decreased primarily due to the internal reinsurance transaction with Aflac Re established in the fourth quarter of 2023 as well as expense control efforts.
- Pretax adjusted earnings increased primarily due to the decrease in both total benefits and claims and total adjusted expenses.

Annualized premiums in force decreased 3.8% to ¥1.23 trillion as of March 31, 2024, compared with ¥1.28 trillion as of March 31, 2023. The decrease in annualized premiums in force in yen was driven primarily by limited-pay products reaching premium paid-up status. Annualized premiums in force, translated into dollars at respective period-end exchange rates, were \$8.1 billion at March 31, 2024, compared with \$9.6 billion at March 31, 2023. As of March 31, 2024, Aflac Japan exceeded 22 million individual policies in force in Japan, with more than 14 million cancer policies in force in Japan.

Aflac Japan's investment portfolios include U.S. dollar-denominated securities and reverse-dual currency securities (yen-denominated debt securities with dollar coupon payments). In years when the yen strengthens in relation to the dollar, translating Aflac Japan's U.S. dollar-denominated investment income into yen lowers growth rates for net investment income, total adjusted revenues, and pretax adjusted earnings in yen terms. In years when the yen weakens, translating U.S. dollar-denominated investment income into yen magnifies growth rates for net investment income, total adjusted revenues, and pretax adjusted earnings in yen terms.

The following table illustrates the effect of translating Aflac Japan's U.S. dollar-denominated investment income and related items into yen by comparing certain segment results with those that would have been reported had foreign currency exchange rates remained unchanged from the comparable period in the prior year. Amounts excluding foreign currency impact on U.S. dollar-denominated investment income were determined using the average foreign currency exchange rate for the comparable prior year period. See non-U.S. GAAP financial measures defined above.

Aflac Japan Percentage Changes Over Previous Period
(Yen Operating Results)
For the Periods Ended March 31,

	Including Foreign Currency Changes		Excluding Foreign Currency Changes	
	Three Months		Three Months	
	2024	2023	2024	2023
Adjusted net investment income	19.3 %	2.4 %	10.7 %	(5.9) %
Total adjusted revenues	(.4)	(4.1)	(2.3)	(5.8)
Pretax adjusted earnings	15.6	3.2	9.3	(3.0)

The following table presents a summary of operating ratios in yen terms for Aflac Japan followed by a discussion of the significant drivers of changes in operating ratios in yen compared to the same period in the previous year.

	Three Months Ended March 31,	
	2024	2023
Ratios to total adjusted revenues:		
Total benefits and claims, net	49.2 %	52.1 %
Adjusted expenses:		
Amortization of deferred policy acquisition costs	3.3	3.1
Insurance commissions	4.6	4.9
Insurance and other expenses	10.0	11.7
Total adjusted expenses	18.0	19.7
Pretax adjusted earnings	32.8	28.2
Ratios to total premiums:		
Total benefits and claims, net	67.0 %	67.0 %
Adjusted expenses:		
Amortization of deferred policy acquisition costs	4.6	3.9

For the three-month period ended March 31, 2024, the total benefits and claims to total premiums ratio was flat. The total adjusted expense ratio decreased in the three-month period ended March 31, 2024 primarily due to the decrease in total adjusted expenses associated with the internal reinsurance transaction with Aflac Re established in the fourth quarter of 2023 as well as expense control efforts. In total, the pretax adjusted profit margin increased in the three-month period ended March 31, 2024 primarily due to the lower expense ratio and a slight offsetting decrease in total adjusted revenues.

The following table presents Aflac Japan's premium persistency on a 12-month rolling basis as of March 31.

	2024		2023	
Premium persistency	93.4	%	93.9	%

Aflac Japan Sales

The following table presents Aflac Japan's new annualized premium sales for the periods ended March 31.

	In Dollars		In Yen	
	Three Months		Three Months	
(In millions of dollars and billions of yen)	2024	2023	2024	2023
New annualized premium sales	\$ 84	\$ 100	¥ 12.5	¥ 13.2
Increase (decrease) over prior period	(15.5)%	(3.2)%	(5.1)%	10.8 %

The decrease in new annualized premium sales on a yen basis in the first quarter of 2024 was primarily due to a decrease in the sales of first sector products.

The following table details the contributions to Aflac Japan's new annualized premium sales by major insurance product for the periods ended March 31.

	Three Months	
	2024	2023
Cancer	63.2 %	59.9 %
Medical and other health:		
Medical	21.1	20.8
Income support	.3	.6
Life insurance:		
Traditional life ⁽¹⁾	8.1	7.3
WAYS	5.3	8.9
Child endowment	.3	.6
Other	1.7	1.9
Total	100.0 %	100.0 %

⁽¹⁾ Includes term and whole life

The foundation of Aflac Japan's product portfolio has been, and continues to be, third sector products, which include cancer, medical, income support and other products. With continued cost pressure on Japan's health care system, the Company expects the need for third sector products will continue to rise in the future and that the medical and cancer insurance products Aflac Japan provides will continue to be an important part of its product portfolio. Moreover, in November 2022, Aflac Japan refreshed its first sector savings-type products WAYS and Child Endowment and began to actively promote sales of these products after having curtailed sales of both products beginning in 2013. The refreshment of these first sector products position Aflac Japan for potential future long-term sales opportunities by marketing these products to a younger demographic as well as potential cross-selling opportunities of Aflac Japan's third sector products.

Sales of Aflac Japan cancer insurance products in the Japan Post Group channel experienced a material decline beginning in August 2019. Japan Post Group resumed proactive sales of cancer insurance policies in April 2021 and Aflac Japan continues to strengthen the strategic alliance. In April 2023, Japan Post Group began selling Aflac Japan's new cancer insurance product that was first launched in other channels in August 2022.

Aflac Japan continues to promote digital and web-based sales to groups and use of its system that enables smart device-based insurance application by allowing the customer and an Aflac Japan operator to see the same screen through their smart devices. Further, Aflac Japan continues to utilize its virtual sales tool that enables online consultations and policy applications to be completed entirely online.

The following table details the contributions to Aflac Japan's new annualized premium sales by agency type for the three-month periods ended March 31.

	2024	2023
Independent corporate and individual	48.9 %	50.9 %
Affiliated corporate ⁽¹⁾	48.0	45.4
Bank	3.1	3.7
Total	100.0 %	100.0 %

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

During the three-month period ended March 31, 2024, Aflac Japan recruited 12 new sales agencies. At March 31, 2024, Aflac Japan was represented by approximately 6,900 sales agencies, with approximately 113,000 licensed sales associates employed by those agencies. The number of sales agencies has declined in recent years due to Aflac Japan's focus on supporting agencies with strong management frameworks, high productivity and more producing agents.

At March 31, 2024, Aflac Japan had agreements to sell its products at 360 banks, approximately 90% of the total number of banks in Japan.

Aflac Japan Investments

The level of investment income in yen is affected by available cash flow from operations, the timing of investing the cash flow, yields on new investments, the effect of yen/dollar exchange rates on U.S. dollar-denominated investment income, and other factors.

As part of the Company's portfolio management and asset allocation process, Aflac Japan invests in yen and U.S. dollar-denominated investments. Yen-denominated investments primarily consist of Japan Government Bonds (JGBs), public and private fixed maturity securities and public equity securities. Aflac Japan's U.S. dollar-denominated investments include fixed maturity investments, loan receivables, and growth assets, including alternative investments in limited partnerships or similar investment vehicles. Aflac Japan invests in both publicly traded and privately originated U.S. dollar-denominated investment-grade and below-investment-grade fixed maturity securities and loan receivables, and has entered into foreign currency forwards and options to hedge the currency risk on the fair value of a portion of the U.S. dollar investments.

The following table details the investment purchases for Aflac Japan.

	Three Months Ended March 31,	
(In millions)	2024	2023
Yen-denominated:		
Fixed maturity securities:		
Japan government and agencies	\$ 0	\$ 151
Private placements	67	273
Other fixed maturity securities	66	0
Equity securities	87	123
Commercial mortgage and other loans:		
Other loans	0	77
Other investments	7	6
Total yen-denominated	\$ 227	\$ 630
U.S. dollar-denominated:		
Fixed maturity securities:		
Other fixed maturity securities	\$ 1,548	\$ 376
Infrastructure debt	60	0
Collateralized loan obligations	27	0
Commercial mortgage and other loans:		
Transitional real estate loans	22	53
Middle market loans	142	150
Other investments	62	137
Total U.S. dollar-denominated	\$ 1,861	\$ 716
Total Aflac Japan purchases	\$ 2,088	\$ 1,346

See the Investments section of this MD&A for further discussion of these investment programs, and see Notes 3 and 4 of the Notes to the Consolidated Financial Statements and Notes 1, 3 and 4 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report for more information regarding loans and loan receivables.

The following table presents the results of Aflac Japan's investment yields for the periods ended March 31.

	Three Months			
	2024		2023	
Total purchases for the period (in millions) ⁽¹⁾	\$ 2,019		\$ 1,203	
New money yield ^{(1),(2)}	5.57	%	5.18	%
Return on average invested assets ⁽³⁾	3.14		2.57	
Portfolio book yield, including U.S. dollar-denominated investments, end of period ^{(1),(2)}	3.24	%	3.13	%

⁽¹⁾ Includes fixed maturity securities, commercial mortgage and other loans, equity securities, and excludes alternative investments in limited partnerships

⁽²⁾ Reported on a gross yield basis; excludes investment expenses, external management fees and amortized hedge costs

⁽³⁾ Net of investment expenses and amortized hedge costs, year-to-date number reflected on a quarterly average basis

The increase in the Aflac Japan new money yield in the three-month period ended March 31, 2024 was primarily due to higher allocations to higher yielding asset classes. See Notes 3, 4 and 5 of the Notes to the Consolidated Financial Statements and the Investments and Hedging Activities sections of this MD&A for additional information on the Company's investments and hedging strategies.

AFLAC U.S. SEGMENT

Aflac U.S. Pretax Adjusted Earnings

Changes in Aflac U.S. pretax adjusted earnings and profit margins are primarily affected by morbidity, mortality, expenses, persistency and investment yields. The following table presents a summary of operating results for Aflac U.S.

Aflac U.S. Summary of Operating Results

(In millions)	Three Months Ended March 31,		
	2024		2023
Net earned premiums	\$ 1,475		\$ 1,428
Adjusted net investment income ⁽¹⁾	206		197
Other income	18		35
Total adjusted revenues	1,699		1,660
Benefits and claims:			
Benefits and claims, excluding reserve remeasurement	715		691
Reserve remeasurement (gains) losses	(30)		(40)
Total benefits and claims, net	686		651
Adjusted expenses:			
Amortization of deferred policy acquisition costs	132		119
Insurance commissions	141		142
Insurance and other expenses	384		395
Total adjusted expenses	658		657
Total benefits and adjusted expenses	1,343		1,308
Pretax adjusted earnings	\$ 356		\$ 352
Percentage change over previous period:			
Net earned premiums	3.3	%	1.1
Adjusted net investment income	4.6		7.1
Total adjusted revenues	2.3		1.3
Total benefits and claims, net	5.4		(2.3)
Adjusted expenses	.2		2.7
Pretax adjusted earnings	1.1		5.7

⁽¹⁾ Net interest income/expense from derivatives associated with certain investment strategies of \$(9) and \$(7) for the three-month periods ended March 31, 2024 and 2023, respectively, have been reclassified from net investment gains (losses) and included in adjusted earnings as a component of net investment income.

For the three-month period ended March 31, 2024, operating results compared to the same period in the previous year were as follows:

- Net earned premiums increased primarily due to higher net earned premiums from growth initiatives including group life and disability, network dental and vision, and consumer markets businesses.
- Adjusted net investment income increased primarily due to higher variable income, higher short-term income and higher yielding asset classes.
- Total adjusted revenues increased primarily due to the increase in net earned premiums.
- Total benefits and claims increased primarily due to growth of group life and disability and lower remeasurement gains reflecting actual experience.
- Total adjusted expenses increased slightly primarily due to higher deferred policy acquisition costs amortization and an offsetting decrease in insurance and other expenses.
- Pretax adjusted earnings increased primarily due to higher net earned premiums.

Annualized premiums in force increased 3.1% to \$6.2 billion at March 31, 2024, compared with \$6.0 billion at March 31, 2023.

The following table presents a summary of operating ratios for Aflac U.S. followed by a discussion of the significant drivers of changes in operating ratios compared to the same period in the previous year.

	Three Months Ended March 31,	
	2024	2023
Ratios to total adjusted revenues:		
Total benefits and claims	40.4 %	39.2 %
Adjusted expenses:		
Amortization of deferred policy acquisition costs	7.8	7.2
Insurance commissions	8.3	8.6
Insurance and other expenses	22.6	23.8
Total adjusted expenses	38.7	39.6
Pretax adjusted earnings	21.0	21.2
Ratios to total premiums:		
Total benefits and claims	46.5 %	45.6 %
Adjusted expenses:		
Amortization of deferred policy acquisition costs	8.9	8.3

For the three-month period ended March 31, 2024, the total benefits and claims to total premiums ratio increased primarily due to lower remeasurement gains. The total adjusted expense ratio decreased in the three-month period ended March 31, 2024 primarily due to higher total adjusted revenues. In total, the pretax adjusted profit margin decreased slightly in the three-month period ended March 31, 2024 primarily due to the higher total benefits and claims to total adjusted revenues ratio.

The following table presents premium persistency for Aflac U.S. on a 12-month rolling basis as of March 31.

	2024		2023	
Premium persistency	78.7	%	77.9	%

Aflac U.S. Sales

The following table presents Aflac's U.S. new annualized premium sales for the periods ended March 31.

	Three Months			
(In millions)	2024		2023	
New annualized premium sales	\$ 298		\$ 315	
Increase (decrease) over prior period	(5.2)	%	5.3	%

The decrease in new annualized premium sales for Aflac U.S. in the first quarter of 2024 reflects continued strong underwriting discipline.

The following table details the contributions to Aflac's U.S. new annualized premium sales by major insurance product category for the periods ended March 31.

	Three Months	
	2024	2023
Accident	22.5 %	23.5 %
Disability	23.0	25.2
Critical care ⁽¹⁾	22.1	20.5
Hospital indemnity	15.1	15.9
Dental/vision	6.5	6.6
Life	10.8	8.3
Total	100.0 %	100.0 %

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

In the first quarter of 2024, the Aflac U.S. sales force included an average of approximately 5,800 U.S. agents, including brokers, who were actively producing business on a weekly basis. The Company believes that this average weekly producer equivalent metric allows sales management to monitor progress and needs, as well as serve as a leading indicator of future production capacity.

As previously reported in the 2023 Annual Report, in July 2023, the U.S. Department of Labor, U.S. Department of the Treasury and U.S. Department of Health and Human Services (the tri-agencies) issued a proposed joint rule that, as written, could have potentially imposed significant limitations on the structure of benefits for hospital indemnity and other fixed indemnity plans, including those sold by Aflac U.S. However, on March 28, 2024, the tri-agencies released the final regulations requiring expanded disclosures to consumers for hospital and fixed indemnity insurance. The final regulations, which become effective June 17, 2024, did not include the proposals relating to the regulation and tax treatment of hospital and fixed indemnity insurance. As such, the implementation of the final regulations is not anticipated to have a material impact on Aflac U.S. sales.

Aflac U.S. Investments

The level of investment income is affected by available cash flow from operations, the timing of investing the cash flow, yields on new investments, and other factors.

As part of the Company's portfolio management and asset allocation process, Aflac U.S. invests in fixed maturity investments, loan receivables, and growth assets, including public equity securities and alternative investments in limited partnerships. Aflac U.S. invests in both publicly traded and privately originated investment-grade and below-investment-grade fixed maturity securities and loan receivables.

The following table details the investment purchases for Aflac U.S.

(In millions)	Three Months Ended March 31,	
	2024	2023
Fixed maturity securities:		
Other fixed maturity securities	\$ 401	\$ 209
Infrastructure debt	24	0
Collateralized loan obligations	3	0
Equity securities	12	0
Commercial mortgage and other loans:		
Transitional real estate loans	7	14
Middle market loans	72	19
Other investments	7	15
Total Aflac U.S. Purchases	\$ 526	\$ 257

See Note 3 of the Notes to the Consolidated Financial Statements and Notes 1 and 3 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report for more information regarding loans and loans receivables.

The following table presents the results of Aflac's U.S. investment yields for the periods ended March 31.

	Three Months	
	2024	2023
Total purchases for period (in millions) ⁽¹⁾	\$ 519	\$ 242
New money yield ^{(1),(2)}	6.66 %	7.01 %
Return on average invested assets ⁽³⁾	4.87	4.74
Portfolio book yield, end of period ^{(1),(2)}	5.57 %	5.46 %

⁽¹⁾ Includes fixed maturity securities, commercial mortgage and other loans, equity securities, and excludes alternative investments in limited partnerships

⁽²⁾ Reported on a gross yield basis; excludes investment expenses and external management fees

⁽³⁾ Net of investment expenses, year-to-date number reflected on a quarterly average basis

The decrease in the Aflac U.S. new money yield in the three-month period ended March 31, 2024 was primarily due to higher allocations to lower yielding asset classes. See Notes 3 and 5 of the Notes to the Consolidated Financial Statements and the Investments section of this MD&A for additional information on the Company's investments.

CORPORATE AND OTHER

Changes in the pretax adjusted earnings of Corporate and other are primarily affected by internal reinsurance activity and net investment income. The following table presents a summary of operating results for Corporate and other.

Corporate and Other Summary of Operating Results

	Three Months Ended March 31,			
(In millions)	2024		2023	
Net earned premiums	\$	165	\$	91
Net investment income (loss) ⁽¹⁾		51		7
Amortized hedge income related to certain foreign currency management strategies		28		29
Adjusted net investment income		79		36
Other income		3		2
Total adjusted revenues		247		129
Benefits and claims:				
Benefits and claims, excluding reserve remeasurement		108		46
Reserve remeasurement (gains) losses		(1)		0
Total benefits and claims, net		107		46
Adjusted expenses:				
Interest expense		36		33
Other adjusted expenses		107		57
Total adjusted expenses		143		90
Total benefits and adjusted expenses		250		136
Pretax adjusted earnings	\$	(3)	\$	(7)
Percentage change over previous period:				
Net earned premiums		81.3	%	122.0
Adjusted net investment income		119.4		140.0
Total adjusted revenues		91.5		74.3
Total benefits and claims, net		132.6		24.3
Total adjusted expenses		58.9		12.5
Pretax adjusted earnings		57.1		83.3

⁽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 statements of earnings. See Note 3 of the Notes to the Consolidated Financial Statements for additional information on these investments.

For the three-month period ended March 31, 2024, operating results compared to the same period in the previous year were as follows:

- Net earned premiums and total benefits and claims increased primarily due to higher reinsurance activity resulting from agreements established in the fourth quarter of 2023.
- Adjusted net investment income increased due to higher Aflac Re consolidated investment income of \$23 million primarily due to a higher volume of assets as part of the reinsurance agreements established in the fourth quarter of 2023 and \$19 million due to a lower volume of federal historic rehabilitation and solar tax credit investments, with offsetting tax benefits recognized as a corresponding lower income tax expense.
- Total adjusted revenues increased due to higher net earned premiums and higher adjusted net investment income.
- Total adjusted expenses increased primarily due to the higher reinsurance activity of \$37 million as well as an increase in other general operating expenses.
- Pretax adjusted earnings increased due to higher total adjusted revenues partially offset by the higher total benefits and adjusted expenses.

The Parent Company invests in partnerships that specialize in rehabilitating historic structures or the installation of solar equipment in order to receive federal historic rehabilitation and solar tax credits. These investments are classified as limited partnerships and included in other investments in the consolidated balance sheets. The change in value of each investment is recorded as a reduction to net investment income. Tax credits generated by these investments are recorded as an income tax benefit in the consolidated statements of earnings.

INVESTMENTS

The Company's investment strategy utilizes disciplined asset and liability management while seeking long-term risk-adjusted investment returns and the delivery of stable income within regulatory and capital objectives, and preserving shareholder value. In attempting to optimally balance these objectives, the Company seeks to maintain on behalf of Aflac Japan a diversified portfolio of yen-denominated investment assets, a U.S. dollar-denominated investment portfolio hedged back to yen and a portfolio of unhedged U.S. dollar-denominated assets. As part of the Company's portfolio management and asset allocation process, Aflac U.S. invests in fixed maturity investments and growth assets, including public equity securities and alternative investments in limited partnerships. Aflac U.S. invests in both publicly traded and privately originated investment-grade and below-investment-grade fixed maturity securities and loans.

For additional information concerning the Company's investments, see Notes 3, 4, and 5 of the Notes to the Consolidated Financial Statements.

The following tables detail investments by segment.

Investment Securities by Segment

March 31, 2024				
(In millions)	Aflac Japan	Aflac U.S.	Corporate and Other	Total
Available-for-sale, fixed maturity securities, at fair value	\$ 52,100	\$ 12,833	\$ 5,197	\$ 70,130
Held-to-maturity, fixed maturity securities, at amortized cost ⁽¹⁾	16,689	0	0	16,689
Equity securities	494	2	266	762
Commercial mortgage and other loans:				
Transitional real estate loans ⁽¹⁾	4,750	1,018	196	5,964
Commercial mortgage loans ⁽¹⁾	1,015	619	0	1,634
Middle market loans ⁽¹⁾	4,002	485	0	4,487
Other loans ⁽¹⁾	178	82	15	275
Other investments:				
Policy loans	174	29	0	203
Short-term investments ⁽²⁾	2,318	238	785	3,341
Limited partnerships	2,422	265	151	2,838
Real estate owned	205	48	0	253
Other	0	42	0	42
Investment in affiliate ⁽³⁾	0	403	(403)	0
Total investments	84,347	16,064	6,207	106,618
Cash and cash equivalents	1,467	603	3,028	5,098
Total investments and cash	\$ 85,814	\$ 16,667	\$ 9,235	\$ 111,716

⁽¹⁾ Net of allowance for credit losses

⁽²⁾ Includes securities lending collateral

⁽³⁾ For consolidated reporting, Aflac U.S.'s investment in Aflac Re is eliminated in Corporate and other

December 31, 2023				
(In millions)	Aflac Japan	Aflac U.S.	Corporate and Other	Total
Available-for-sale, fixed maturity securities, at fair value	\$ 54,983	\$ 12,884	\$ 5,423	\$ 73,290
Held-to-maturity, fixed maturity securities, at amortized cost ⁽¹⁾	17,819	0	0	17,819
Equity securities	720	2	366	1,088
Commercial mortgage and other loans:				
Transitional real estate loans ⁽¹⁾	4,795	1,011	192	5,998
Commercial mortgage loans ⁽¹⁾	1,075	622	0	1,697
Middle market loans ⁽¹⁾	4,095	436	0	4,531
Other loans ⁽¹⁾	185	101	15	301
Other investments:				
Policy loans	186	28	0	214
Short-term investments ⁽²⁾	347	204	753	1,304
Limited partnerships	2,360	258	132	2,750
Real estate owned	180	47	0	227
Other	0	35	0	35
Investment in affiliate ⁽³⁾	0	439	(439)	0
Total investments	86,745	16,067	6,442	109,254
Cash and cash equivalents	1,861	651	1,794	4,306
Total investments and cash	\$ 88,606	\$ 16,718	\$ 8,236	\$ 113,560

⁽¹⁾ Net of allowance for credit losses

⁽²⁾ Includes securities lending collateral

⁽³⁾ For consolidated reporting, Aflac U.S.'s investment in Aflac Re is eliminated in Corporate and other

The Company has invested in a variety of commercial mortgage loans (CMLs) and other loans including transitional real estate loans (TREs). The Company's TRE and CML investments are collateralized by commercial real estate, including some office properties. The Company considers these investments to be well diversified by geography and among property types. Further, the Company believes that the portfolio is generally well positioned with exposures concentrated in high quality underlying properties with institutional investors who are experienced in managing their assets during periods of market volatility.

While generally resilient, the Company's investments in TREs and CMLs have been affected by conditions in the commercial real estate market, with a greater impact on mortgages secured by office properties. The Company invested in certain TREs and CMLs that are currently in default of interest or maturity payments. The Company works with the affected borrowers to resolve specific situations through loan continuance with potential modifications, or through the process of foreclosure or deed in lieu of foreclosure. Since the third quarter of 2023, the Company has taken possession, through foreclosure or deed in lieu of foreclosure, of certain commercial real estate properties, which secured defaulted loans. Properties acquired by the Company through foreclosure and deed in lieu of foreclosure are reported as real estate owned (REO) in other investments in the Company's consolidated balance sheets.

The Company utilizes third-party asset managers to source, underwrite and manage each loan, as well as any resulting REO. The Company closely monitors the activities of these managers. In the event that a loan workout is necessary, the Company believes these external managers have the experience and resources to manage the process to maximize recovery.

The Company also monitors its commercial mortgage and other loan investments internally on an ongoing basis, including a review of loans' credit quality indicators and payment status as current, past due, restructured or under foreclosure. See Note 3 of the Notes to the Consolidated Financial Statements for further information concerning credit quality indicators, information on loans that are on nonaccrual status, and REO obtained through foreclosure or deed in lieu of foreclosure. See also Item 1A. Risk Factors of the 2023 Annual Report for a discussion of risk factors associated with the Company's investments.

The ratings of the Company's securities referenced in the table below are based on the ratings designations provided by major rating organizations such as Moody's, Standard & Poor's and Fitch or, if not rated, are determined based on the Company's internal analysis of such securities. When the ratings issued by the rating agencies differ, the Company utilizes the second lowest rating when three or more rating agency ratings are available or the lowest rating when only two rating agency ratings are available.

The distributions of fixed maturity securities the Company owns, by credit rating, were as follows:

Composition of Fixed Maturity Securities by Credit Rating

	March 31, 2024		December 31, 2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
AAA	1.6 %	1.7 %	1.6 %	1.6 %
AA	6.1	6.3	5.7	5.9
A	67.7	66.4	68.1	67.2
BBB	23.1	23.9	22.9	23.5
BB or lower	1.5	1.7	1.7	1.8
Total	100.0 %	100.0 %	100.0 %	100.0 %

As of March 31, 2024, the Company's direct and indirect exposure to securities in its investment portfolio that were guaranteed by third parties was immaterial both individually and in the aggregate.

The following table presents the 10 largest unrealized loss positions in the Company's portfolio as of March 31, 2024.

(In millions)	Credit Rating	Amortized Cost	Fair Value	Unrealized Loss
KLM Royal Dutch Airlines	B	\$ 128	\$ 99	\$ (29)
Urban Renaissance Agency	A	161	132	(29)
JP Morgan Chase and Co.	A	206	183	(23)
Prologis LP	A	152	130	(22)
Alphabet Inc.	AA	85	67	(18)
Salesforce Inc	A	94	77	(17)
BASF	A	66	49	(17)
Nippon Prologis REIT Inc.	A	66	49	(17)
Citigroup Inc	A	153	137	(16)
Banco de Chile	A	132	116	(16)

Generally, declines in fair values can be a result of changes in interest rates, yen/dollar exchange rate, and changes in net spreads driven by a broad market move or a change in the issuer's underlying credit quality. The Company believes these issuers have the ability to continue making timely payments of principal and interest. See the Unrealized Investment Gains and Losses section in Note 3 of the Notes to the Consolidated Financial Statements for further discussions of unrealized losses related to financial institutions and other corporate investments.

Below-Investment-Grade Securities

The Company's portfolio of below-investment-grade securities includes debt securities purchased while the issuer was rated investment grade plus other loans and bonds purchased as part of an allocation to that segment of the market. The following is the Company's below-investment-grade exposure.

Below-Investment-Grade Investments

	March 31, 2024			
(In millions)	Par Value	Amortized Cost ⁽¹⁾	Fair Value	Unrealized Gain (Loss)
Investcorp Capital Limited	\$ 228	\$ 228	\$ 228	\$ 0
Commerzbank	165	134	189	55
Telecom Italia SpA	132	132	171	39
KLM Royal Dutch Airlines	132	128	99	(29)
IKB Deutsche Industriebank AG	86	44	71	27
Generalitat de Catalunya	53	22	52	30
National Gas Co. Trinidad & Tobago	52	50	48	(2)
Hawaiian Electric Industries Inc	35	35	28	(7)
VTI B.V.	20	20	19	(1)
Commonwealth of the Bahamas	18	17	14	(3)
Other Issuers	23	25	24	(1)
Subtotal ⁽²⁾	944	835	943	108
High yield corporate bonds	583	459	543	84
Middle market loans	4,237	4,108	4,077	(31)
Grand Total	\$ 5,764	\$ 5,402	\$ 5,563	\$ 161

⁽¹⁾ Net of allowance for credit losses

⁽²⁾ Securities initially purchased as investment grade, but have subsequently been downgraded to below investment grade

The Company maintains an allocation to higher yielding corporate bonds within the Aflac Japan and Aflac U.S. portfolios. Most of these securities were rated below-investment-grade at the time of purchase, but the Company also purchased several that were rated investment grade which, because of market pricing, offer yields commensurate with below-investment-grade risk profiles. The objective of this allocation was to enhance the Company's yield on invested assets and further diversify credit risk. All investments in this program must have a minimum rating at purchase of low BB using the Company's above described rating methodology and are managed by the Company's internal credit portfolio management team.

The Company invests in middle market loans primarily to U.S. corporate borrowers, most of which have below-investment-grade ratings. The objectives of this program include enhancing the yield on invested assets, achieving further diversification of credit risk, and mitigating the risk of rising interest rates and hedge costs through the acquisition of floating rate assets.

Fixed Maturity Securities by Sector

The Company maintains diversification in investments by sector to avoid concentrations to any one sector, thus managing exposure risk. The following table shows the distribution of fixed maturities by sector classification.

(In millions)	March 31, 2024					% of Total
	Amortized Cost ⁽¹⁾	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value		
Government and agencies	\$ 37,754	\$ 2,349	\$ (1,815)	\$ 38,288		44.8 %
Municipalities	2,392	211	(108)	2,495		2.8
Mortgage- and asset-backed securities	3,169	276	(60)	3,385		3.8
Public utilities	6,909	653	(213)	7,349		8.2
Electric	5,704	532	(139)	6,096		6.8
Natural Gas	665	76	(37)	705		.8
Other	540	45	(37)	548		.6
Sovereign and supranational	835	97	(11)	921		1.1
Banks/financial institutions	8,517	708	(326)	8,899		10.1
Banking	4,895	460	(178)	5,177		5.8
Insurance	1,816	160	(54)	1,923		2.2
Other	1,806	88	(94)	1,799		2.1
Other corporate	24,707	3,300	(969)	27,038		29.2
Basic Industry	2,121	342	(90)	2,373		2.5
Capital Goods	3,011	352	(133)	3,229		3.6
Communications	2,653	480	(46)	3,087		3.1
Consumer Cyclical	1,945	233	(39)	2,139		2.3
Consumer Non-Cyclical	5,740	735	(248)	6,227		6.8
Energy	2,195	444	(38)	2,601		2.6
Other	1,094	95	(66)	1,124		1.3
Technology	3,153	269	(157)	3,265		3.7
Transportation	2,795	350	(152)	2,993		3.3
Total fixed maturity securities	\$ 84,283	\$ 7,594	\$ (3,502)	\$ 88,375		100.0 %

⁽¹⁾ Net of allowance for credit losses

Securities by Type of Issuance

The Company has investments in both publicly and privately issued securities. The Company's ability to sell either type of security is a function of overall market liquidity which is impacted by, among other things, the amount of outstanding securities of a particular issuer or issuance, trading history of the issue or issuer, overall market conditions, and idiosyncratic events affecting the specific issue or issuer.

The following table details investment securities by type of issuance.

Investment Securities by Type of Issuance

	March 31, 2024		December 31, 2023	
(In millions)	Amortized Cost ⁽¹⁾	Fair Value	Amortized Cost ⁽¹⁾	Fair Value
Publicly issued securities:				
Fixed maturity securities	\$ 68,958	\$ 71,961	\$ 72,218	\$ 75,622
Equity securities	597	597	838	838
Total publicly issued	69,555	72,558	73,056	76,460
Privately issued securities: ⁽²⁾				
Fixed maturity securities ⁽³⁾	15,325	16,414	16,290	17,325
Equity securities	165	165	250	250
Total privately issued	15,490	16,579	16,540	17,575
Total investment securities	\$ 85,045	\$ 89,137	\$ 89,596	\$ 94,035

⁽¹⁾ Net of allowance for credit losses

⁽²⁾ Primarily consists of securities owned by Aflac Japan

⁽³⁾ Excludes Rule 144A securities

The following table details the Company's reverse-dual currency securities.

Reverse-Dual Currency Securities⁽¹⁾

(Amortized cost, in millions)	March 31, 2024	December 31, 2023
Privately issued reverse-dual currency securities	\$ 3,507	\$ 3,740
Publicly issued collateral structured as reverse-dual currency securities	1,154	1,232
Total reverse-dual currency securities	\$ 4,661	\$ 4,972
Reverse-dual currency securities as a percentage of total investment securities	5.5 %	5.5 %

⁽¹⁾ Principal payments in yen and interest payments in dollars

Aflac Japan has a portfolio of privately issued securities to better match liability characteristics and secure higher yields than those available on Japanese government or other public corporate bonds. Aflac Japan's investments in yen-denominated privately issued securities consist primarily of non-Japanese issuers, are rated investment grade at purchase and have longer maturities, thereby allowing the Company to improve asset/liability matching and overall investment returns. These securities are generally either privately negotiated arrangements or issued under medium-term note programs and have standard documentation commensurate with credit ratings of the issuer, except when internal credit analysis indicates that additional protective and/or event-risk covenants were required. Many of these investments have protective covenants appropriate to the specific investment. These may include a prohibition of certain activities by the borrower, maintenance of certain financial measures, and specific conditions impacting the payment of the Company's notes.

HEDGING ACTIVITIES

The Company uses derivative contracts to hedge foreign currency exchange rate risk and interest rate risk. The Company uses various strategies, including derivatives, to manage these risks. See Item 7A. Quantitative and Qualitative Disclosures About Market Risk in the 2023 Annual Report for more information about market risk and the Company's use of derivatives.

Derivatives are designed to reduce risk on an economic basis while minimizing the impact on financial results. The Company's derivatives programs vary depending on the type of risk being hedged. See Note 4 of the Notes to the Consolidated Financial Statements for:

- A description of the Company's derivatives, hedging strategies and underlying risk exposure.
- Information about the notional amount and fair market value of the Company's derivatives.
- The unrealized and realized gains and losses impact on adjusted earnings of derivatives in cash flow, fair value, net investments in foreign operations, or non-qualifying hedging relationships.

Foreign Currency Exchange Rate Risk Hedge Program

The Company has deployed the following hedging strategies to mitigate exposure to foreign currency exchange rate risk:

- Aflac Japan hedges U.S. dollar-denominated investments back to yen (see *Aflac Japan's U.S. Dollar-Denominated Hedge Program* below).
- Aflac Japan maintains certain unhedged U.S. dollar-denominated securities, which serve as an economic currency hedge of a portion of the Company's investment in Aflac Japan (see *Aflac Japan's U.S. Dollar-Denominated Hedge Program* below).
- The Parent Company designates yen-denominated liabilities (notes payable and loans) as non-derivative hedging instruments and designates certain foreign currency forwards and options as derivative hedges of the Company's net investment in Aflac Japan (see *Enterprise Corporate Hedging Program* below).
- The Parent Company enters into forward and option contracts to accomplish a dual objective of hedging foreign currency exchange rate risk related to dividend payments by its subsidiary, ALLJ, and reducing enterprise-wide hedge costs (see *Enterprise Corporate Hedging Program* below).

The following table presents metrics related to Aflac Japan's U.S. dollar-denominated hedge program and the Parent Company's enterprise corporate hedging program, including associated amortized hedge costs/income, for the periods ended March 31. See the Results of Operations section of this MD&A for the Company's definition of amortized hedge costs/income.

	Three Months	
	2024	2023
Aflac Japan:		
FX Forwards		
FX forward (sell USD, buy yen) notional at end of period (in billions) ⁽¹⁾	\$0.0	\$3.7
Amortized hedge income (cost) for period (in millions)	\$2	\$(39)
FX Options		
FX option notional at the end of period (in billions) ⁽¹⁾	\$24.7	\$13.5
Amortized hedge income (cost) for period (in millions)	\$(8)	\$(19)
Corporate and other (Parent Company):		
FX Forwards		
FX forward (buy USD, sell yen) notional at end of period (in billions) ⁽¹⁾	\$2.3	\$5.0
Amortized hedge income (cost) for period (in millions)	\$28	\$31
FX Options		
FX option notional at the end of period (in billions) ⁽¹⁾	\$0.0	\$2.2
Amortized hedge income (cost) for period (in millions)	\$0	\$(2)

⁽¹⁾ Notional is reported net of any offsetting positions within Aflac Japan or the Parent Company, respectively.

Amortized hedge costs/income can fluctuate based upon many factors, including the derivative notional amount, the length of time of the derivative contract, changes in both U.S. and Japan interest rates, and supply and demand for dollar funding. Amortized hedge costs/income have fluctuated in recent periods due to changes in the previously mentioned factors.

Aflac Japan's U.S. Dollar-Denominated Hedge Program (U.S. Dollar Program)

Aflac Japan buys U.S. dollar-denominated investments, typically corporate bonds, and hedges them back to yen with foreign currency forwards and options to hedge foreign currency exchange rate risk. This economically creates yen assets that match yen liabilities during the life of the derivative and provides favorable capital treatment under the Japan solvency margin ratio (SMR) calculations. The currency risk being hedged is generally based on fair value of hedged investments. The following table summarizes the U.S. dollar-denominated investments held by Aflac Japan.

	March 31, 2024		December 31, 2023	
(In millions)	Amortized Cost ⁽¹⁾	Fair Value	Amortized Cost ⁽¹⁾	Fair Value
Available-for-sale securities:				
Fixed maturity securities	\$ 10,729	\$ 13,056	\$ 10,924	\$ 12,918
Equity securities	22	22	22	22
Commercial mortgage and other loans:				
Transitional real estate loans (floating rate)	4,750	4,656	4,795	4,829
Commercial mortgage and other loans	1,015	881	1,075	948
Middle market loans (floating rate)	4,002	3,972	4,095	4,065
Other loans	110	108	112	111
Other investments	4,358	4,358	2,361	2,361
Total U.S. Dollar Program	24,986	27,053	23,384	25,254
Available-for-sale securities:				
Fixed maturity securities - economically converted to yen	1,948	2,848	2,081	2,902
Total U.S. dollar-denominated investments in Aflac Japan	\$ 26,934	\$ 29,901	\$ 25,465	\$ 28,156

⁽¹⁾ Net of allowance for credit losses

The U.S. Dollar Program includes all U.S. dollar-denominated investments in Aflac Japan other than the investments in certain consolidated VIEs where the instrument is economically converted to yen as a result of a derivative in the consolidated VIE. The Company uses one-sided foreign currency put options to mitigate the settlement risk on U.S. dollar-denominated assets related to extreme foreign currency rate changes. From time to time, Aflac Japan also maintains a collar program on a portion of its U.S. Dollar Program to mitigate against more extreme moves in foreign exchange and therefore support SMR. As of March 31, 2024, some of the Company's foreign currency options hedging Aflac Japan's U.S. dollar-denominated assets were in-the-money.

As of March 31, 2024, the fair value of Aflac Japan's unhedged U.S. dollar-denominated portfolio was \$338 million (excluding certain U.S. dollar-denominated assets shown in the table above as a result of consolidation that have been economically converted to yen using derivatives).

Foreign exchange derivatives used for hedging are periodically settled, which results in cash receipt or payment at maturity or early termination. The following table presents the settlements associated with the Company's currency derivatives used for hedging Aflac Japan's U.S. dollar-denominated investments.

	Three Months Ended March 31,	
(In millions)	2024	2023
Net cash inflows (outflows)	\$ (411)	\$ (579)

Enterprise Corporate Hedging Program

The Company has designated certain yen-denominated liabilities and foreign currency forwards and options of the Parent Company as accounting hedges of its net investment in Aflac Japan. The Company's consolidated yen-denominated net asset position was partially hedged at \$6.6 billion as of March 31, 2024, with hedging instruments comprised of \$4.3 billion of yen-denominated debt and \$2.3 billion of foreign currency forwards and options, compared with \$6.8 billion as of December 31, 2023, with hedging instruments comprised of \$3.7 billion of yen-denominated debt and \$3.1 billion of foreign currency forwards and options.

The Company makes its accounting designation of net investment hedge at the beginning of each quarter. If the total of the designated Parent Company non-derivative and derivative notional is equal to or less than the Company's net investment in Aflac Japan, the hedge is deemed to be effective, and the currency exchange effect on the yen-denominated liabilities and the change in estimated fair value of the derivatives are reported in the unrealized foreign currency component of other comprehensive income. The Company's net investment hedge was effective during the three-month periods ended March 31, 2024 and 2023, respectively. For additional information on the Company's net investment hedging strategy, see Note 4 of the Notes to the Consolidated Financial Statements.

In order to economically mitigate risks associated with the enterprise-wide exposure to the yen and the level and volatility of hedge costs, the Parent Company enters into foreign currency forward and option contracts. By buying U.S. dollars and selling yen, the Parent Company is effectively lowering its overall economic exposure to the yen, while Aflac Japan's U.S. dollar exposure remains reduced as a result of Aflac Japan's U.S. Dollar Program that economically creates yen assets. Among other objectives, this strategy is intended to offset the enterprise-wide amortized hedge costs by generating amortized hedge income. This activity is reported in Corporate and other. The Company continually evaluates the program's efficacy.

As part of the Company's internal reinsurance platform, Aflac Re enters into foreign currency forwards with the Parent Company, and may enter into such forwards with third parties, to economically manage the currency mismatch between Aflac Re's assets, which are mostly denominated in U.S. dollars, and liabilities, which are mostly denominated in yen, in order to support and optimize Bermuda Monetary Authority (BMA) capital requirements. For additional information on the Company's internal reinsurance platform, see Note 8 of the Notes to the Consolidated Financial Statements and the Liquidity and Capital Resources section of this MD&A and Note 8 of the Notes to Consolidated Financial Statements in the 2023 Annual Report.

Interest Rate Risk Hedge Program

Aflac Japan and Aflac U.S. use interest rate swaps from time to time to mitigate the risk of investment income volatility for certain variable-rate investments. Additionally, to manage interest rate risk associated with its U.S. dollar-denominated investments held by Aflac Japan, from time to time the Company utilizes interest rate swaptions.

For additional discussion of the risks associated with the foreign currency exposure refer to the Currency Risk section in Item 7A., Quantitative and Qualitative Disclosures about Market Risk, and Item 1A, specifically to the Risk Factors titled "The Company is exposed to foreign currency fluctuations in the yen/dollar exchange rate" and "Lack of availability of acceptable yen-denominated investments could adversely affect the Company's results of operations, financial position or liquidity" in the 2023 Annual Report.

See Note 4 of the Notes to the Consolidated Financial Statements for additional information on the Company's hedging activities.

DEFERRED POLICY ACQUISITION COSTS

The following table presents deferred policy acquisition costs (DAC) by segment.

(In millions)	March 31, 2024	December 31, 2023	% Change
Aflac Japan	\$ 5,234	\$ 5,559	(5.8) % ⁽¹⁾
Aflac U.S.	3,585	3,573	.3
Total	\$ 8,819	\$ 9,132	(3.4) %

⁽¹⁾ Aflac Japan's deferred policy acquisition costs increased .5% in yen during the three months ended March 31, 2024.

See Note 6 of the Notes to the Consolidated Financial Statements for additional information on the Company's deferred policy acquisition costs.

POLICY LIABILITIES

The following table presents policy liabilities by segment.

(In millions)	March 31, 2024	December 31, 2023	% Change
Aflac Japan	\$ 75,080	\$ 81,167	(7.5) % ⁽¹⁾
Aflac U.S.	11,366	11,600	(2.0)
Corporate and other	3,655	3,979	(8.1)
Intercompany eliminations ⁽²⁾	(4,737)	(5,147)	(8.0)
Total	\$ 85,364	\$ 91,599	(6.8) %

⁽¹⁾ Aflac Japan's policy liabilities decreased 1.3% in yen during the three months ended March 31, 2024.

⁽²⁾ Elimination entry necessary due to the internal reinsurance transactions with Aflac Re and to recapture of a portion of policy liabilities ceded externally as a result of the reinsurance retrocession transaction. See Note 8 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

See Note 7 of the Notes to the Consolidated Financial Statements for additional information on the Company's policy liabilities.

BENEFIT PLANS

Aflac Japan and Aflac U.S. have various benefit plans. For additional information on the Company's Japanese and U.S. plans, see Note 12 of the Notes to the Consolidated Financial Statements and Note 14 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

POLICYHOLDER PROTECTION

Policyholder Protection Corporation

The Japanese insurance industry has a policyholder protection system that provides funds for the policyholders of insolvent insurers. Legislation enacted regarding the framework of the Life Insurance Policyholder Protection Corporation (LIPPC) included government fiscal measures supporting the LIPPC. In March 2022, Japan's Diet passed legislation that extended the government's fiscal support of the LIPPC through March 2027. In March 2022, the LIPPC reached the required balance for the total life industry of ¥400 billion as specified by its Articles of Incorporation. As a result, additional contributions are not expected to be required unless the balance is reduced due to payments made by the LIPPC to the policyholders of insolvent insurers. Accordingly, Aflac Japan did not recognize an expense for LIPPC assessments for the three-month periods ended March 31, 2024 and 2023.

Guaranty Fund Assessments

Under U.S. state guaranty association laws, certain insurance companies can be assessed (up to prescribed limits) for certain obligations to the policyholders and claimants of impaired or insolvent insurance companies that write the same line or similar lines of business. The amount of the guaranty fund assessment that an insurer is assessed is based on its proportionate share of premiums in that state. Guaranty fund assessments for the three-month periods ended March 31, 2024 and 2023 were immaterial.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity refers to the ability to generate sufficient cash resources to meet the payment obligations of the Company. Capital refers to the long-term financial resources available to support the operations of the businesses, fund business growth and provide for an ability to withstand adverse circumstances. Financial leverage (leverage) refers to an investment strategy of using debt to increase the potential ROE. The Company targets and actively manages liquidity, capital and leverage in the context of a number of considerations, including:

- business investment and growth needs
- strategic growth objectives
- financial flexibility and obligations
- capital support for hedging activity
- a constantly evolving business and economic environment
- a balanced approach to capital allocation and shareholder deployment.

The governance framework supporting liquidity, capital, and leverage includes global senior management and board committees that review and approve all significant capital related decisions.

The Company's cash and cash equivalents include unrestricted cash on hand, money market instruments, and other debt instruments with a maturity of 90 days or less when purchased, all of which have minimal market, settlement or other risk exposure. The target minimum amount for the Parent Company's cash and cash equivalents is approximately \$1.8 billion to provide a capital buffer and liquidity support at the holding company. The Company remains committed to prudent liquidity and capital management. At March 31, 2024, the Company held \$5.1 billion in cash and cash equivalents for stress conditions, which includes the Parent Company's target minimum amount of \$1.8 billion.

Aflac Japan and Aflac U.S. generate cash flows from their operations and provide the primary sources of liquidity to the Parent Company through management fees and dividends, with Aflac Japan being the largest contributor. The primary uses of cash by the Parent Company are shareholder dividends, the repurchase of its common stock, interest on its outstanding indebtedness and operating expenses.

The following table presents the amounts provided to the Parent Company for the three-month periods ended March 31.

Liquidity Provided by Subsidiaries to Parent Company

(In millions)	2024	2023
Management fees paid by subsidiaries	\$ 41	\$ 38
Dividends declared or paid by subsidiaries	658	780

The following table details Aflac Japan remittances, which are included in the totals above, for the three-month periods ended March 31.

Aflac Japan Remittances

(In millions of dollars and billions of yen)	2024	2023
Aflac Japan management fees paid to Parent Company	\$ 17	\$ 16
Aflac Japan dividends declared or paid to Parent Company (in dollars)	433	505
Aflac Japan dividends declared or paid to Parent Company (in yen)	¥ 63.9	¥ 67.3

The Company intends to maintain higher than historical levels of liquidity and capital at the Parent Company for stress conditions and with the goals of addressing the Company's hedge costs and related potential need for collateral and mitigating against long-term weakening of the Japanese yen. Further, the Company plans to continue to maintain a population of unhedged U.S. dollar-denominated investments at Aflac Japan and to consider whether the amount of such investments should be increased or decreased relative to the Company's view of economic equity surplus in Aflac Japan in light of potentially rising hedge costs and other factors. See the Hedging Activities subsection of this MD&A for additional information.

The Company believes that its balance of cash and cash equivalents and cash generated by operations will be sufficient to satisfy both its short-term and long-term cash requirements and plans for cash, including material cash requirements from known contractual obligations and returning capital to shareholders through share repurchases and dividends. For additional information, see the Liquidity and Capital Resources section of Item 7. MD&A in the 2023 Annual Report.

In addition to cash and cash equivalents, the Company also maintains credit facilities, both intercompany and with external partners, and a number of other available tools to support liquidity needs on a global basis. In September 2021, the Parent Company filed a shelf registration statement with the SEC that allows the Company to issue an indefinite amount of debt securities, in one or more series, from time to time until September 2024. The Company believes outside sources for additional debt and equity capital, if needed, will continue to be available. The Company was in compliance with all of the covenants of its notes payable and lines of credit at March 31, 2024. For additional information, see Note 9 of the Notes to the Consolidated Financial Statements.

As part of enterprise-wide capital management and optimization, the Company also utilizes the intercompany reinsurance platform to execute internal reinsurance transactions with Aflac Re. For additional information, see Note 8 of the Notes to the Consolidated Financial Statements.

The Company's consolidated financial statements convey its financing arrangements during the periods presented. The Company has not engaged in material intra-period short-term financings during the periods presented that are not otherwise reported in its balance sheet or disclosed therein. As of March 31, 2024, the Company had no material letters of credit, standby letters of credit, guarantees or standby repurchase obligations. The Company has not entered into transactions involving the transfer of financial assets with an obligation to repurchase financial assets that have been accounted for as a sale under applicable accounting standards, including securities lending transactions. See Notes 3 and 4 of the Notes to the Consolidated Financial Statements and Notes 1, 3, and 4 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report for more information on the Company's securities lending and derivative activities. See Note 15 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report for information on material unconditional purchase obligations that are not recorded on the Company's balance sheet. With the exception of disclosed activities in those referenced footnotes and the Risk Factors in the 2023 Annual Report entitled, "The Company is exposed to foreign currency fluctuations in the yen/dollar exchange rate" and "Lack of availability of acceptable yen-denominated investments could adversely affect the Company's results of operations, financial position or liquidity," the Company is not aware of any trend, demand, commitment, event or uncertainty that would reasonably result in its liquidity increasing or decreasing by a material amount.

Consolidated Cash Flows

The Company consistently generates positive cash flows from operations, and has the ability to adjust cash flow management from other sources of liquidity including reinvestment cash flows and selling investments in order to meet short-term cash needs.

The Company translates cash flows for Aflac Japan's yen-denominated items into U.S. dollars using weighted-average exchange rates. In periods when the yen weakens, translating yen into dollars causes fewer dollars to be reported. When the yen strengthens, translating yen into dollars causes more dollars to be reported.

The following table summarizes consolidated cash flows by activity for the three-month periods ended March 31.

(In millions)	2024	2023
Operating activities	\$ 849	\$ 890
Investing activities	227	(77)
Financing activities	(256)	(933)
Exchange effect on cash and cash equivalents	(28)	(14)
Net change in cash and cash equivalents	\$ 792	\$ (134)

Operating Activities

The principal cash inflows for the Company's insurance activities come from insurance premiums and investment income. The principal cash outflows are the result of policy claims, operating expenses, income tax, as well as interest expense. As a result of policyholder aging, claims payments are expected to gradually increase over the life of a policy. Therefore, future policy benefit reserves are accumulated in the early years of a policy and are designed to help fund future claims payments.

The Company expects its future cash flows from premiums and investment portfolios to be sufficient to meet its cash needs for benefits and expenses.

Investing Activities

The Company's investment objectives provide for liquidity primarily through the purchase of publicly traded investment-grade debt securities. Prudent portfolio management dictates that the Company attempts to match the duration of its assets with the duration of its liabilities. Currently, when the Company's fixed maturity securities mature, the proceeds may be reinvested at a yield below that required for the accretion of policy benefit liabilities on policies issued in earlier years. However, the long-term nature of the Company's business and its strong cash flows provide the Company with the ability to minimize the effect of mismatched durations and/or yields identified by various asset adequacy analyses. From time to time or when market opportunities arise, the Company disposes of selected fixed maturity securities that are available-for-sale to improve the duration matching of assets and liabilities, improve future investment yields, and/or re-balance its portfolio. As a result, dispositions before maturity can vary significantly from year to year.

As part of its overall corporate strategy, the Company has committed \$400 million to Aflac Ventures, LLC (Aflac Ventures), as opportunities emerge. As of March 31, 2024, of the \$400 million committed, approximately \$282 million has been deployed. Aflac Ventures is a subsidiary of Aflac Global Ventures, LLC (Aflac Global Ventures) which is reported in Corporate and other. The central mission of Aflac Global Ventures is to support the organic growth and business development needs of Aflac Japan and Aflac U.S. with an emphasis on digital applications designed to improve the customer experience, gain efficiencies, and develop new markets in an effort to enhance and defend long-term shareholder value. Investments are included in equity securities or the other investments line in the consolidated balance sheets.

As part of an arrangement with Federal Home Loan Bank of Atlanta (FHLB), Aflac U.S. obtains low-cost funding from FHLB supported by acceptable forms of collateral pledged by Aflac U.S. In the first three months of 2024, Aflac U.S. borrowed and repaid \$111 million under this program. As of March 31, 2024, Aflac U.S. had outstanding borrowings of \$652 million reported in its balance sheet.

See Note 3 of the Notes to the Consolidated Financial Statements for details on certain investment commitments.

Financing Activities

Cash flows from financing activities consist primarily of share repurchases, dividends to shareholders and, from time to time, debt issuances and redemptions.

In March 2024, the Parent Company issued five series of senior notes totaling ¥75.0 billion through a private placement. The first series, which totaled ¥18.3 billion, bears interest at a fixed rate of 1.600% per annum, payable semi-annually, and will mature in March 2034. The second series, which totaled ¥15.0 billion, bears interest at a fixed rate of 1.740% per annum, payable semi-annually, and will mature in March 2036. The third series, which totaled ¥16.5 billion, bears interest at a fixed rate of 1.920% per annum, payable semi-annually, and will mature in March 2039. The fourth series, which totaled ¥5.7 billion, bears interest at a fixed rate of 2.160% per annum, payable semi-annually, and will mature in March 2044. The fifth series, which totaled ¥19.5 billion, bears interest at a fixed rate of 2.400% per annum, payable semi-annually, and will mature in March 2054. These notes are redeemable at the Parent Company's option (i) in whole at any time or (ii) in part from time to time in an amount not less than 5% of the aggregate principal amount then outstanding of the notes to be redeemed.

In March 2024, the Parent Company issued three series of senior notes totaling ¥48.6 billion through a public debt offering under its U.S. shelf registration statement. The first series, which totaled ¥13.0 billion, bears interest at a fixed rate of 1.048% per annum, payable semi-annually, and will mature in March 2029. The second series, which totaled ¥27.9 billion, bears interest at a fixed rate of 1.412% per annum, payable semi-annually, and will mature in March 2031. The third series, which totaled ¥7.7 billion, bears interest at a fixed rate of 1.682% per annum, payable semi-annually, and will mature in March 2034. These notes are redeemable at the Parent Company's option at any time, in whole but not in part, upon the occurrence of certain changes affecting U.S. taxation, as specified in the indenture governing the terms of the issuance. In addition, the notes maturing in March 2029, March 2031 and March 2034 are redeemable at the Parent Company's option, in whole or in part from time to time, on or after December 21, 2028, December 31, 2030 and September 21, 2033, respectively, at a redemption price equal to the aggregate principal amount of the applicable series to be redeemed plus accrued and unpaid interest on the principal amount to be redeemed to, but excluding, the date of redemption.

Cash returned to shareholders through treasury stock purchases and dividends was \$1.0 billion during the three-month period ended March 31, 2024, compared with \$948 million during the three-month period ended March 31, 2023.

The following tables present a summary of treasury stock activity during the three-month periods ended March 31.

Treasury Stock Purchased

(In millions of dollars and thousands of shares)	2024	2023
Treasury stock purchases	\$ 750	\$ 700
Number of shares purchased:		
Share repurchase program	9,276	10,348
Other	457	347
Total shares purchased	9,733	10,695

Treasury Stock Issued

(In millions of dollars and thousands of shares)	2024	2023
Stock issued from treasury:		
Cash financing	\$ 6	\$ 2
Noncash financing	20	18
Total stock issued from treasury	\$ 26	\$ 20
Number of shares issued	450	458

As of March 31, 2024, a remaining balance of 68.5 million shares of the Company's common stock was available for purchase under share repurchase authorizations by its board of directors.

Cash dividends paid to shareholders were \$.50 per share in the first quarter of 2024, compared with \$.42 per share in the first quarter of 2023. The following table presents the dividend activity for the three-month periods ended March 31.

(In millions)	2024	2023
Dividends paid in cash	\$ 278	\$ 248
Dividends through issuance of treasury shares	10	9
Total dividends to shareholders	\$ 288	\$ 257

In April 2024, the board of directors declared the second quarter cash dividend of \$.50 per share, an increase of 19.0% compared with the same period in 2023. The dividend is payable on June 3, 2024 to shareholders of record at the close of business on May 22, 2024.

Regulatory Restrictions

[Aflac Japan](#)

Aflac Japan is required to meet certain financial criteria as governed by Japanese corporate law in order to provide dividends to the Parent Company. Under these criteria, dividend capacity at the Japan subsidiary is basically defined as total equity excluding common stock and capital reserves (representing statutorily required amounts in Japan) but reduced for net after-tax unrealized losses on available-for-sale securities. These dividend capacity requirements are generally aligned with the SMR. Japan's Financial Services Agency (FSA) maintains its own solvency standard which is quantified through the SMR. Aflac Japan's SMR is sensitive to interest rate, credit spread, and foreign exchange rate changes; therefore, the Company continues to evaluate alternatives for reducing this sensitivity, including the reduction of subsidiary dividends paid to the Parent Company and Parent Company capital contributions. In the event of a rapid change in market risk conditions causing SMR to decline, the Company has a senior unsecured revolving credit facility in the amount of ¥100 billion as a capital contingency plan. Additionally, subject to market conditions, the Company expects that it could take action to enter into derivatives on unhedged U.S. dollar-denominated investments with foreign currency options or forwards or execute additional internal reinsurance transactions with Aflac Re. See Notes 8 and 9 of the Notes to the Consolidated Financial Statements for additional information.

The Company has already undertaken various measures to mitigate the sensitivity of Aflac Japan's SMR. For example, the Company employs policy reserve matching (PRM) investment strategies, which is a Japan-specific accounting treatment that reduces SMR interest rate sensitivity since PRM-designated investments are carried at amortized cost consistent with corresponding liabilities. In order for a PRM-designated asset to be held at amortized cost, there are certain criteria that must be maintained. The primary criterion relates to maintaining the duration of designated assets and liabilities within a specified tolerance range. If the duration difference is not maintained within the specified range without rebalancing, then a certain portion of the assets must be reclassified as available-for-sale and held at fair value with any associated unrealized gain or loss recorded in surplus. To rebalance, assets may need to be sold in order to maintain the duration with the specified range, resulting in realizing a gain or loss from the sale. For U.S. GAAP, PRM investments are categorized as available-for-sale. The Company also uses foreign currency derivatives to hedge a portion of its U.S. dollar-denominated investments. See Notes 3, 4 and 8 of the Notes to the Consolidated Financial Statements in the 2023 Annual Report for additional information on the Company's investment strategies, hedging activities, and reinsurance, respectively.

As of March 31, 2024, Aflac Japan's SMR remains high and reflects a strong capital and surplus position. The Company is committed to maintaining strong capital levels, consistent with maintaining current insurance financial strength and credit ratings.

The FSA is considering the introduction of an economic value-based solvency regime based on the Insurance Capital Standards (ICS) for insurance companies in Japan. The FSA continues to conduct field testing with insurance companies in Japan for the purpose of investigating the impact of the introduction of such regulations. Final specifications are expected to be decided in 2024, and a new capital regime to replace the current solvency regime is expected to be introduced in Aflac Japan's 2025 fiscal year.

Aflac U.S.

A life insurance company's statutory capital and surplus is determined according to rules prescribed by the National Association of Insurance Commissioners (NAIC), as modified by the insurance department in the insurance company's state of domicile. Statutory accounting rules are different from U.S. GAAP and are intended to emphasize policyholder protection and company solvency. The continued long-term growth of the Company's business may require increases in the statutory capital and surplus of its insurance operations. The Company's insurance operations may secure additional statutory capital through various sources, such as internally generated statutory earnings, reduced dividends paid to the Parent Company, capital contributions by the Parent Company from funds generated through debt or equity offerings, or reinsurance transactions. The NAIC's Risk-based capital (RBC) formula is used by insurance regulators to help identify inadequately capitalized insurance companies. The RBC formula quantifies insurance risk, business risk, asset risk and interest rate risk by weighing the types and mixtures of risks inherent in the insurer's operations. As of March 31, 2024, Aflac U.S.'s combined RBC ratio remains high and reflects a strong capital and surplus position.

Aflac, CAIC and TOIC are domiciled in Nebraska and are subject to its regulations. The maximum amount of dividends that can be paid to the Parent Company by Aflac, CAIC and TOIC without prior approval of Nebraska's director of insurance is the greater of the net income from operations, which excludes net investment gains, for the previous year determined under statutory accounting principles, or 10% of statutory capital and surplus as of the previous year-end. Dividends declared by Aflac during 2024 in excess of \$1.1 billion would be considered extraordinary and require such approval. Similar laws apply in New York, the domiciliary jurisdiction of Aflac New York.

Corporate and Other

Aflac Re is licensed by the BMA as a long-term insurer and is subject to the Bermuda Insurance Act of 1978 (Bermuda Insurance Act). Aflac Re is required to file an annual return for its Bermuda Solvency Capital Requirement (BSCR) which utilizes an Economic Balance Sheet (EBS) framework to determine Aflac Re's Enhanced Capital Requirement (ECR). Aflac Re is also subject to a Minimum Margin of Solvency (MMS) related to its statutory financial statements. The MMS is equal to the greater of \$500,000, 1.5% of the total statutory assets, or 25% of ECR.

Under the Bermuda Insurance Act, Aflac Re is prohibited from paying dividends in an amount that exceeds 25% of the prior year's statutory capital and surplus without an affidavit stating that Aflac Re will continue to meet its solvency margin. Further, Aflac Re may not reduce its total statutory capital by 15% or more without prior regulatory approval. Additionally, Aflac Re is not permitted to pay any dividends that would cause Aflac Re to fail to meet its minimum capital requirements.

Other

For information regarding commitments and contingent liabilities, see Note 13 of the Notes to the Consolidated Financial Statements.

Additional Information

Investors should note that the Company announces material financial information in its SEC filings, press releases and public conference calls. In accordance with SEC guidance, the Company may also use the Investor Relations section of the Company's website (<http://investors.aflac.com>) to communicate with investors about the Company. It is possible that the financial and other information the Company posts there could be deemed to be material information. The information on the Company's website is not part of this document. Further, the Company's references to website URLs are intended to be inactive textual references only.

CRITICAL ACCOUNTING ESTIMATES

The Company prepares its financial statements in accordance with U.S. GAAP. These principles are established primarily by the Financial Accounting Standards Board (FASB). In this MD&A, references to U.S. GAAP issued by the FASB are derived from the FASB Accounting Standards CodificationSM (ASC). The preparation of financial statements in conformity with U.S. GAAP requires the Company to make estimates based on currently available information when recording transactions resulting from business operations. The estimates that the Company deems to be most critical to an understanding of its results of operations and financial condition are those related to the valuation of investments and derivatives, DAC, liabilities for future policy benefits, and income taxes. The preparation and evaluation of these critical accounting estimates involve the use of various assumptions developed from management's analyses and judgments. Calculations of DAC and the liability for future policy benefits require the use of estimates based on actuarial valuation techniques. The application of these critical accounting estimates determines the values at which 93% of the Company's assets and 78% of its liabilities are reported as of March 31, 2024, and thus has a direct effect on net earnings and shareholders' equity. Subsequent experience or use of other assumptions could produce significantly different results.

There have been no changes in the items the Company has identified as critical accounting estimates during the three-month period ended March 31, 2024. For additional information, see the Critical Accounting Estimates section of Item 7. MD&A included in the 2023 Annual Report.

New Accounting Pronouncements

For information on new accounting pronouncements and the impact, if any, on the Company's financial position or results of operations, see Note 1 of the Notes to the Consolidated Financial Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed primarily to the following types of market risks: currency risk, interest rate risk, credit risk and equity risk. The Company regularly monitors its market risks and uses a variety of strategies to manage its exposure to these market risks. A description of the Company's market risk exposures may be found under "Quantitative and Qualitative Disclosures About Market Risk" in Part II, Item 7A, of the 2023 Annual Report. There have been no material changes to the Company's market risk exposures from the market risk exposures previously disclosed in the 2023 Annual Report.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this quarterly report (the Evaluation Date). Based on such evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Company's internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) during the first fiscal quarter of 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

During the first three months of 2024, the Parent Company repurchased shares of its common stock as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
January 1 - January 31	0	\$ 0.00	0	77,745,381
February 1 - February 29	5,308,570	78.58	4,859,803	72,885,578
March 1 - March 31	4,424,657	83.34	4,416,656	68,468,922
Total	9,733,227 ⁽¹⁾	\$ 80.75	9,276,459	68,468,922 ⁽²⁾

⁽¹⁾ During the first three months of 2024, 456,768 shares were purchased in connection with income tax withholding obligations related to the vesting of restricted-share-based awards during the period.

⁽²⁾ The total remaining shares available for purchase at March 31, 2024, are related to a 100,000,000 share repurchase authorization by the board of directors announced in November 2022.

Item 5. Other Information

Insider Trading Arrangements

During the first quarter of 2024, no directors or executive officers adopted or terminated a contract, instruction or written plan for the purchase or sale of the Company's securities intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a non-Rule 10b5-1 trading arrangement as defined in Regulation S-K Item 408(c).

Item 6. Exhibits

(a) EXHIBIT INDEX

3.0	- Articles of Incorporation, as amended – incorporated by reference from Form 10-Q for June 30, 2008, Exhibit 3.0.
3.1	- Bylaws of Aflac Incorporated, as amended and restated – incorporated by reference from Form 8-K dated November 17, 2023, Exhibit 3.1.
4.1	- Thirty-Eighth Supplemental Indenture, dated as of March 21, 2024, between Aflac Incorporated and The Bank of New York Mellon Trust Company, N.A., as trustee (including the form of 1.048% Senior Note due 2029) – incorporated by reference from Form 8-K dated March 21, 2024, Exhibit 4.1.
4.2	- Thirty-Ninth Supplemental Indenture, dated as of March 21, 2024, between Aflac Incorporated and The Bank of New York Mellon Trust Company, N.A., as trustee (including the form of 1.412% Senior Note due 2031) – incorporated by reference from Form 8-K dated March 21, 2024, Exhibit 4.2.
4.3	- Fortieth Supplemental Indenture, dated as of March 21, 2024, between Aflac Incorporated and The Bank of New York Mellon Trust Company, N.A., as trustee (including the form of 1.682% Senior Note due 2034) – incorporated by reference from Form 8-K dated March 21, 2024, Exhibit 4.3.
31.1	- Certification of CEO dated May 2, 2024, required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.
31.2	- Certification of CFO dated May 2, 2024, required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934.
32	- Certification of CEO and CFO dated May 2, 2024, pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	- XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	- Inline XBRL Taxonomy Extension Schema.
101.CAL	- Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	- Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB	- Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE	- Inline XBRL Taxonomy Extension Presentation Linkbase.
104	- Cover Page Interactive Data File - formatted as Inline XBRL and contained in Exhibit 101.

Glossary of Selected Terms

Throughout this Quarterly Report on Form 10-Q, the Company may use certain performance metrics and other terms which are defined below.

Adjusted Net Investment Income - 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 metric is used in segment reporting as a component of segment profitability.

Affiliated Corporate Agency - Agency in Japan directly affiliated with a specific corporation that sells insurance policies primarily to its employees.

Annualized Premiums in Force - The amount of gross premium that a policyholder must pay over a full year in order to keep coverage. The growth of net earned premiums (defined below) is directly affected by the change in premiums in force and by the change in weighted-average yen/dollar exchange rates.

Average Weekly Producer - The total number of writing agents who have produced greater than \$0.00 during the production week - excluding any manual adjustments - divided by the number of weeks in the time period. The Company believes this metric allows sales management to monitor progress and needs, as well as serve as a leading indicator of future production capacity.

Capital Buffer - Established dollar amount of liquidity at the Parent Company reserved for injecting capital into the insurance entities or general liquidity support for general expenses at the Parent Company.

Earnings Per Basic Share - Net earnings divided by weighted-average number of shares outstanding for the period.

Earnings Per Diluted Share - Net earnings divided by the weighted-average number of shares outstanding for the period plus the weighted-average shares for the dilutive effect of share-based awards outstanding.

Group Insurance - Insurance issued to a group, such as an employer or trade association, that covers employees or association members and their dependents through certificates of coverage.

Individual Insurance - Insurance issued to an individual with the policy designed to cover that person and his or her dependents.

In force Policies - A count of policies that are active contracts at the end of a period.

Liquidity Support - Internally defined and established dollar amount of liquidity reserved for supporting potential collateral and settlements of derivatives at the Parent Company.

Net Investment Income - The income derived from interest and dividends on invested assets, after deducting investment expenses.

Net Earned Premiums - is a financial measure that appears on the Company's consolidated statements of earnings and in its segment reporting. This measure reflects collected or due premiums that have been earned ratably on policies in force during the reporting period, reduced by premiums that have been ceded to third parties and increased by premiums assumed through reinsurance.

New Annualized Premium Sales - (sometimes referred to as new sales or sales) An operating measure that is not reflected on the Company's financial statements. New annualized premium sales generally represent annual premiums on policies and riders the Company sold and incremental increases from policy conversions that would be collected over a 12-month period assuming the policies remain in force for that entire period. For Aflac Japan, new annualized premium sales are determined by applications submitted during the reporting period. For Aflac U.S., new annualized premium sales are determined by applications that are issued during the reporting period. Policy conversions are defined as the positive difference in the annualized premium when a policy upgrades in the current reporting period. The Company believes that this metric is a key indicator of the Company's future source of earnings.

New Money Yield - Gross yields earned on purchases of fixed maturities, loan receivables, and equities. Purchases exclude capitalized interest, securities lending/repurchase agreements, short-term/cash activity, and alternatives. New money yield for equities is based on the assumed dividend yield at the time of purchase. The new money yield for Aflac Japan excludes the impact of any derivatives and associated amortized hedge costs associated with USD-denominated investments. Management uses this metric as a leading indicator of future investment earning potential.

Operating Ratios - Used to evaluate the Company's financial condition and profitability. Examples include: (1) Ratios to total adjusted revenues, which present expenses as a percentage of total revenues and (2) Ratios to total premium, including benefit ratio.

Premium Persistency – Percentage of premiums remaining in force at the end of a period, usually one year, and presented on a trailing 12-month basis. For example, 95% persistency would mean that 95% of the premiums in force at the beginning of the period were still in force at the end of the period. The Company believes that this metric is a key driver of in force levels, which is a key measure of the size of the Company's business and future sources of earnings.

Pretax Adjusted Earnings – Earnings as adjusted earnings before the application of income taxes. This measure is used in the Company's segment reporting.

Pretax Adjusted Profit Margin – Adjusted earnings divided by adjusted revenues, before taxes are applied. This measure is used in the Company's segment reporting.

Return on Average Invested Assets – Net investment income as a percentage of average invested assets during the period. Management uses this metric to demonstrate how the Company's actual net investment income results represent an overall return on the portfolio to provide a more comparative metric as the size of the Company's investment portfolio changes over time.

Risk-based Capital (RBC) Ratio – Statutory adjusted capital divided by statutory required capital. This insurance ratio is based on rules prescribed by the National Association of Insurance Commissioners (NAIC) and provides an indication of the amount of statutory capital the insurance company maintains, relative to the inherent risks in the insurer's operations.

Solvency Margin Ratio (SMR) – Solvency margin total divided by one half of the risk total. This insurance ratio is prescribed by the Japan Financial Services Agency (FSA) and is used for all life insurance companies in Japan to measure the adequacy of the company's ability to pay policyholder claims in the event actual risks exceed expected levels.

Statutory Earnings – Earnings determined according to accounting rules prescribed by the National Association of Insurance Commissioners (NAIC), as modified by the insurance department in the insurance company's state of domicile. These statutory accounting rules are different from U.S. GAAP and are intended to emphasize policyholder protection and company solvency.

Weighted-Average Foreign Currency Exchange Rate – Japan segment operating earnings for the period (excluding hedge costs) in yen divided by Japan segment operating earnings for the period (excluding hedge costs) in dollars. Management uses this metric to evaluate and determine consolidated results on foreign currency effective basis.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Aflac Incorporated

/s/ **Max K. Brodén**

(Max K. Brodén)
Executive Vice President;
Chief Financial Officer

/s/ **Robin L. Blackmon**

(Robin L. Blackmon)
Senior Vice President, Financial Services; Chief Accounting
Officer

May 2, 2024

May 2, 2024