

REFINITIV

DELTA REPORT

10-Q

AFSD - AFLAC INC

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 1058

■ CHANGES	305
■ DELETIONS	260
■ ADDITIONS	493

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

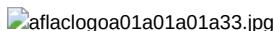
For the quarterly period ended **March 31, 2024** **June 30, 2024**

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 Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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** **560,026,311** shares of the issuer's common stock were outstanding as of **April 24, 2024** **July 24, 2024**.

Aflac Incorporated and Subsidiaries
Quarterly Report on Form 10-Q
For the Quarter Ended **March 31, 2024** **June 30, 2024**

Table of Contents

PART I.	FINANCIAL INFORMATION:	Page
Item 1.	<u>Financial Statements (Unaudited)</u>	
	<u>Consolidated Statements of Earnings</u>	
	Three Months Ended March 31, 2024 June 30, 2024 and 2023	
	Six Months Ended June 30, 2024 and 2023	1
	<u>Consolidated Statements of Comprehensive Income (Loss)</u>	
	Three Months Ended March 31, 2024 June 30, 2024 and 2023	
	Six Months Ended June 30, 2024 and 2023	2
	<u>Consolidated Balance Sheets</u>	
	March 31, 2024 June 30, 2024, and December 31, 2023	3
	<u>Consolidated Statements of Shareholders' Equity</u>	
	Three Months Ended March 31, 2024 and 2023	
	Three Months Ended June 30, 2024 and 2023	4
	<u>Consolidated Statements of Cash Flows</u>	
	Three Six Months Ended March 31, 2024 June 30, 2024 and 2023	56
	<u>Notes to the Consolidated Financial Statements</u>	57
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	70
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	104
Item 4.	<u>Controls and Procedures</u>	114
PART II.		
OTHER INFORMATION:		
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	105
Item 5.	<u>Other Information</u>	115
Item 6.	<u>Exhibits</u>	106
<u>Glossary of Selected Terms</u> 117		

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

(In millions, except for share and per-share amounts - Unaudited)

(In millions, except for share and per-share amounts - Unaudited)

(In millions, except for share and per-share amounts - Unaudited)

Revenues:

Revenues:

Revenues:

Net earned premiums, principally supplemental health insurance (1)

Net earned premiums, principally supplemental health insurance (1)

Net earned premiums, principally supplemental health insurance (1)

Net investment income

Net investment income

Net investment income

Net investment gains (losses)

Net investment gains (losses)

Net investment gains (losses)
Other income (loss)
Other income (loss)
Other income (loss)
Total revenues
Total revenues
Total revenues
Benefits and expenses:
Benefits and expenses:
Benefits and expenses:
Benefits and claims, excluding reserve remeasurement
Benefits and claims, excluding reserve remeasurement
Benefits and claims, excluding reserve remeasurement
Reserve remeasurement (gains) losses
Reserve remeasurement (gains) losses
Reserve remeasurement (gains) losses
Total benefits and claims, net
Total benefits and claims, net
Total benefits and claims, net
Acquisition and operating expenses:
Acquisition and operating expenses:
Acquisition and operating expenses:
Amortization of deferred policy acquisition costs
Amortization of deferred policy acquisition costs
Amortization of deferred policy acquisition costs
Insurance commissions
Insurance commissions
Insurance commissions
Insurance and other expenses
Insurance and other expenses
Insurance and other expenses
Interest expense
Interest expense
Interest expense
Total acquisition and operating expenses
Total acquisition and operating expenses
Total acquisition and operating expenses
Total benefits and expenses
Total benefits and expenses
Total benefits and expenses
Earnings before income taxes
Earnings before income taxes
Earnings before income taxes
Income taxes
Income taxes
Income taxes
Net earnings
Net earnings
Net earnings
Net earnings per share:

Net earnings per share:											
Net earnings per share:											
Basic											
Basic											
Basic											
Diluted											
Diluted											
Diluted											
Weighted-average outstanding common shares used in computing earnings per share (in thousands):											
Weighted-average outstanding common shares used in computing earnings per share (in thousands):											
Weighted-average outstanding common shares used in computing earnings per share (in thousands):											
Basic											
Basic											
Basic											
Diluted											
Diluted											
Diluted											
Cash dividends per share											
Cash dividends per share											
Cash dividends per share											
<i>(a) Includes a gain (loss) of \$(2) and \$(1) for the three-month periods and \$(5) and \$(1) for the six-month periods ended June 30, 2024 and 2023, respectively, related to remeasurement of the deferred profit liability for limited-payment contracts.</i>											
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)		(In millions - Unaudited)		2024	2023	(In millions - Unaudited)					
Net earnings		Net earnings		2024	2023	(In millions - Unaudited)					
Other comprehensive income (loss) before income taxes:											
Other comprehensive income (loss) before income taxes:											
Other comprehensive income (loss) before income taxes:											
Unrealized foreign currency translation gains (losses) during period											
Unrealized foreign currency translation gains (losses) during period											
Unrealized foreign currency translation gains (losses) during period											
Unrealized gains (losses) on fixed maturity securities:											
Unrealized gains (losses) on fixed maturity securities:											
Unrealized gains (losses) on fixed maturity securities:											
Unrealized holding gains (losses) on fixed maturity securities during period											
Unrealized holding gains (losses) on fixed maturity securities during period											
Unrealized holding gains (losses) on fixed maturity securities during period											

Reclassification adjustment for (gains) losses on fixed maturity securities included in net earnings
Reclassification adjustment for (gains) losses on fixed maturity securities included in net earnings
Reclassification adjustment for (gains) losses on fixed maturity securities included in net earnings
Unrealized gains (losses) on derivatives during period
Unrealized gains (losses) on derivatives during period
Unrealized gains (losses) on derivatives during period
Effect of changes in discount rate assumptions during period
Effect of changes in discount rate assumptions during period
Effect of changes in discount rate assumptions during period
Pension liability adjustment during period
Pension liability adjustment during period
Pension liability adjustment during period
Total other comprehensive income (loss) before income taxes
Total other comprehensive income (loss) before income taxes
Total other comprehensive income (loss) before income taxes
Income tax expense (benefit) related to items of other comprehensive income (loss)
Income tax expense (benefit) related to items of other comprehensive income (loss)
Income tax expense (benefit) related to items of other comprehensive income (loss)
Other comprehensive income (loss), net of income taxes
Other comprehensive income (loss), net of income taxes
Other comprehensive income (loss), net of income taxes
Total comprehensive income (loss)
Total comprehensive income (loss)
Total comprehensive income (loss)

See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Consolidated Balance Sheets

		March 31, 2024	December 31, 2023		June 30, 2024	December 31, 2023
	(In millions, except for share and per-share amounts)	(In millions, except for share and per-share amounts)	(Unaudited)	2023	(In millions, except for share and per-share amounts)	(Unaudited)
Assets:						
Investments and cash:						
Investments and cash:						
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)						
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)						
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)						
Fixed maturity securities available-for-sale - consolidated variable interest entities, at fair value (amortized cost \$2,756 in 2024 and \$2,882 in 2023)						
Fixed maturity securities available-for-sale - consolidated variable interest entities, at fair value (amortized cost \$2,756 in 2024 and \$2,882 in 2023)						
Fixed maturity securities available-for-sale - consolidated variable interest entities, at fair value (amortized cost \$2,756 in 2024 and \$2,882 in 2023)						
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)						

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)
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)
Fixed maturity securities available-for-sale, at fair value (no allowance for credit losses in 2024 and 2023, amortized cost \$61,934 in 2024 and \$67,807 in 2023)
Fixed maturity securities available-for-sale, at fair value (no allowance for credit losses in 2024 and 2023, amortized cost \$61,934 in 2024 and \$67,807 in 2023)
Fixed maturity securities available-for-sale, at fair value (no allowance for credit losses in 2024 and 2023, amortized cost \$61,934 in 2024 and \$67,807 in 2023)
Fixed maturity securities available-for-sale - consolidated variable interest entities, at fair value (amortized cost \$2,669 in 2024 and \$2,882 in 2023)
Fixed maturity securities available-for-sale - consolidated variable interest entities, at fair value (amortized cost \$2,669 in 2024 and \$2,882 in 2023)
Fixed maturity securities available-for-sale - consolidated variable interest entities, at fair value (amortized cost \$2,669 in 2024 and \$2,882 in 2023)
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 \$16,570 in 2024 and \$19,657 in 2023)
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 \$16,570 in 2024 and \$19,657 in 2023)
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 \$16,570 in 2024 and \$19,657 in 2023)

Equity securities, at fair value

Equity securities, at fair value

Equity securities, at fair value

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)

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)

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)

Other investments

(includes \$2,443 in 2024 and \$2,381 in 2023 of consolidated variable interest entities)

Other investments

(includes \$2,443 in 2024 and \$2,381 in 2023 of consolidated variable interest entities)

Other investments

(includes \$2,443 in 2024 and \$2,381 in 2023 of consolidated variable interest entities)

Commercial mortgage and other loans, net of allowance for credit losses of \$238 in 2024 and \$274 in 2023 (includes \$9,454 in 2024 and \$10,150 in 2023 of consolidated variable interest entities)

Commercial mortgage and other loans, net of allowance for credit losses of \$238 in 2024 and \$274 in 2023 (includes \$9,454 in 2024 and \$10,150 in 2023 of consolidated variable interest entities)

Commercial mortgage and other loans, net of allowance for credit losses of \$238 in 2024 and \$274 in 2023 (includes \$9,454 in 2024 and \$10,150 in 2023 of consolidated variable interest entities)

Other investments

(includes \$2,571 in 2024 and \$2,381 in 2023 of consolidated variable interest entities)

Other investments

(includes \$2,571 in 2024 and \$2,381 in 2023 of consolidated variable interest entities)

Other investments

(includes \$2,571 in 2024 and \$2,381 in 2023 of consolidated variable interest entities)

Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents

Total investments and cash

Total investments and cash

Total investments and cash

Receivables

Receivables

Receivables

Accrued investment income

Accrued investment income

Accrued investment income

Deferred policy acquisition costs

Deferred policy acquisition costs

Deferred policy acquisition costs

Property and equipment, at cost less accumulated depreciation

Property and equipment, at cost less accumulated depreciation

Property and equipment, at cost less accumulated depreciation
Other
Other
Other
Total assets
Total assets
Total assets
Liabilities and shareholders' equity:
Liabilities and shareholders' equity:
Liabilities and shareholders' equity:
Liabilities:
Liabilities:
Liabilities:
Policy liabilities:
Policy liabilities:
Policy liabilities:
Future policy benefits
Future policy benefits
Future policy benefits
Unpaid policy claims
Unpaid policy claims
Unpaid policy claims
Unearned premiums
Unearned premiums
Unearned premiums
Other policyholders' funds
Other policyholders' funds
Other policyholders' funds
Total policy liabilities
Total policy liabilities
Total policy liabilities
Income taxes
Income taxes
Income taxes
Payables for return of cash collateral on loaned securities
Payables for return of cash collateral on loaned securities
Payables for return of cash collateral on loaned securities
Notes payable and lease obligations
Notes payable and lease obligations
Notes payable and lease obligations
Other
Other
Other
Total liabilities
Total liabilities
Total liabilities
Commitments and contingent liabilities (Note 13)
Commitments and contingent liabilities (Note 13)
Commitments and contingent liabilities (Note 13)
Shareholders' equity:
Shareholders' equity:

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
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
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
Common stock of \$.10 par value. In thousands: authorized 1,900,000 shares in 2024 and 2023; issued 1,356,618 shares in 2024 and 1,355,398 shares in 2023
Common stock of \$.10 par value. In thousands: authorized 1,900,000 shares in 2024 and 2023; issued 1,356,618 shares in 2024 and 1,355,398 shares in 2023
Common stock of \$.10 par value. In thousands: authorized 1,900,000 shares in 2024 and 2023; issued 1,356,618 shares in 2024 and 1,355,398 shares in 2023
Additional paid-in capital
Additional paid-in capital
Additional paid-in capital
Retained earnings
Retained earnings
Retained earnings
Accumulated other comprehensive income (loss):
Accumulated other comprehensive income (loss):
Accumulated other comprehensive income (loss):
Unrealized foreign currency translation gains (losses)
Unrealized foreign currency translation gains (losses)
Unrealized foreign currency translation gains (losses)
Unrealized gains (losses) on fixed maturity securities
Unrealized gains (losses) on fixed maturity securities
Unrealized gains (losses) on fixed maturity securities
Unrealized gains (losses) on derivatives
Unrealized gains (losses) on derivatives
Unrealized gains (losses) on derivatives
Effect of changes in discount rate assumptions
Effect of changes in discount rate assumptions
Effect of changes in discount rate assumptions
Pension liability adjustment
Pension liability adjustment
Pension liability adjustment
Treasury stock, at average cost
Treasury stock, at average cost
Treasury stock, at average cost
Total shareholders' equity
Total shareholders' equity
Total shareholders' equity
Total liabilities and shareholders' equity
Total liabilities and shareholders' equity
Total liabilities and shareholders' equity

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		Treasury Stock	Total Shareholders' Equity
				(Loss)	\$		
Balance at December 31, 2023	\$ 136	\$ 2,771	\$ 47,993	\$ (5,520)	\$ (23,395)	\$ 0	21,985
Net earnings	0	0	1,879	0	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⁾ (\$. 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 -	(In millions, except for per share amounts -	Accumulated						Accumulated					
		Common	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock	Shareholders' Equity	Common	Paid-in Capital	Retained Earnings	Comprehensive Income (Loss)	Treasury Stock	Shareholders' Equity
Unaudited)	- Unaudited)	Stock	Stock	Stock	Stock	Stock	Stock	Unaudited)	Stock	Stock	Stock	Stock	Stock
Balance at December 31, 2022													
Balance at December 31, 2023													
Net earnings													
Unrealized foreign currency translation gains (losses) during period, net of income taxes													
Unrealized gains (losses) on fixed maturity securities during period, net of income taxes and reclassification adjustments													
Unrealized gains (losses) on derivatives during period, net of income taxes													

Effect of
changes in
discount rate
assumptions
during period,
net of income
taxes

Pension liability
adjustment
during period,
net of income
taxes

Dividends to
shareholders (4)
(\$.00 per share)

Exercise of stock
options

Share-based
compensation

Purchases of
treasury stock

Treasury stock
reissued

Balance at
March 31, 2023

Balance at
March 31, 2024

Net earnings

Unrealized
foreign currency
translation
gains (losses)
during period,
net of
income taxes

Unrealized gains
(losses) on fixed
maturity
securities during
period, net of
income
taxes and
reclassification
adjustments

Unrealized gains
(losses) on
derivatives
during period,
net of income
taxes

Effect of
changes in
discount rate
assumptions
during period,
net of income
taxes

Pension liability adjustment during period, net of income taxes
Dividends to shareholders ⁽¹⁾ (\$,.50 per share)
Exercise of stock options
Share-based compensation
Purchases of treasury stock
Treasury stock reissued
Balance at June 30, 2024

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

(continued)

Aflac Incorporated and Subsidiaries
Consolidated Statements of Shareholders' Equity (continued)

(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
				(Loss)	Treasury Stock		
Balance at December 31, 2022	\$ 135	\$ 2,641	\$ 44,367	\$ (6,429)	\$ (20,574)	\$ 20,140	
Net earnings	0	0	1,188	0	0	0	1,188
Unrealized foreign currency translation gains (losses) during period, net of income taxes	0	0	0	(54)	0	0	(54)
Unrealized gains (losses) on fixed maturity securities during period, net of income taxes and reclassification adjustments	0	0	0	1,991	0	0	1,991
Unrealized gains (losses) on derivatives during period, net of income taxes	0	0	0	1	0	0	1
Effect of changes in discount rate assumptions during period, net of income taxes	0	0	0	(2,794)	0	0	(2,794)
Pension liability adjustment during period, net of income taxes	0	0	0	7	0	0	7
Dividends to shareholders ⁽¹⁾ (\$,.00 per share)	0	0	0	0	0	0	0
Exercise of stock options	0	3	0	0	0	0	3
Share-based compensation	0	14	0	0	0	0	14
Purchases of treasury stock	0	0	0	0	(732)	0	(732)
Treasury stock reissued	0	7	0	0	13	0	20
Balance at March 31, 2023	\$ 135	\$ 2,665	\$ 45,555	\$ (7,278)	\$ (21,293)	\$ 19,784	
Net earnings	0	0	1,634	0	0	0	1,634
Unrealized foreign currency translation gains (losses) during period, net of income taxes	0	0	0	(631)	0	0	(631)
Unrealized gains (losses) on fixed maturity securities during period, net of income taxes and reclassification adjustments	0	0	0	689	0	0	689

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	(165)	0	(165)
Pension liability adjustment during period, net of income taxes	0	0	0	46	0	46
Dividends to shareholders ⁽¹⁾ (\$.42 per share)	0	0	(252)	0	0	(252)
Exercise of stock options	0	5	0	0	0	5
Share-based compensation	1	17	0	0	0	18
Purchases of treasury stock	0	0	0	0	(708)	(708)
Treasury stock reissued	0	10	0	0	8	18
Balance at June 30, 2023	\$ 136	\$ 2,697	\$ 46,937	\$ (7,338)	\$ (21,993)	\$ 20,439

⁽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)	(In millions - Unaudited)	Three Months Ended March 31,		Six Months Ended June 30,	
		2024	2023	(In millions - Unaudited)	2024
Cash flows from operating activities:					
Net earnings					
Net earnings					
Net earnings					
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:					
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:					
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:					
Change in receivables and advance premiums					
Change in receivables and advance premiums					
Change in receivables and advance premiums					
Capitalization of deferred policy acquisition costs					
Capitalization of deferred policy acquisition costs					
Capitalization of deferred policy acquisition costs					
Amortization of deferred policy acquisition costs					
Amortization of deferred policy acquisition costs					
Amortization of deferred policy acquisition costs					
Increase in policy liabilities					
Increase in policy liabilities					
Increase in policy liabilities					
Change in income tax liabilities					
Change in income tax liabilities					
Change in income tax liabilities					
Net investment (gains) losses					
Net investment (gains) losses					
Net investment (gains) losses					
Other, net					
Other, net					
Other, net					
Net cash provided (used) by operating activities					
Net cash provided (used) by operating activities					
Net cash provided (used) by operating activities					
Cash flows from investing activities:					

Cash flows from investing activities:

Cash flows from investing activities:

Proceeds from investments sold or matured:

Proceeds from investments sold or matured:

Proceeds from investments sold or matured:

Available-for-sale fixed maturity securities

Available-for-sale fixed maturity securities

Available-for-sale fixed maturity securities

Equity securities

Equity securities

Equity securities

Held-to-maturity fixed maturity securities

Held-to-maturity fixed maturity securities

Held-to-maturity fixed maturity securities

Commercial mortgage and other loans

Commercial mortgage and other loans

Commercial mortgage and other loans

Costs of investments acquired:

Costs of investments acquired:

Costs of investments acquired:

Available-for-sale fixed maturity securities

Available-for-sale fixed maturity securities

Available-for-sale fixed maturity securities

Equity securities

Equity securities

Equity securities

Commercial mortgage and other loans

Commercial mortgage and other loans

Commercial mortgage and other loans

Other investments, net

Other investments, net

Other investments, net

Settlement of derivatives, net

Settlement of derivatives, net

Settlement of derivatives, net

Cash received (pledged or returned) as collateral, net

Cash received (pledged or returned) as collateral, net

Cash received (pledged or returned) as collateral, net

Other, net

Other, net

Other, net

Net cash provided (used) by investing activities

Net cash provided (used) by investing activities

Net cash provided (used) by investing activities

Cash flows from financing activities:

Cash flows from financing activities:

Cash flows from financing activities:

Purchases of treasury stock

Purchases of treasury stock

Purchases of treasury stock

Proceeds from borrowings

Proceeds from borrowings
Proceeds from borrowings
Principal payments under debt obligations
Principal payments under debt obligations
Principal payments under debt obligations
Dividends paid to shareholders
Dividends paid to shareholders
Dividends paid to shareholders
Change in investment-type contracts, net
Change in investment-type contracts, net
Change in investment-type contracts, net
Treasury stock reissued
Treasury stock reissued
Treasury stock reissued
Other, net
Other, net
Other, net
Net cash provided (used) by financing activities
Net cash provided (used) by financing activities
Net cash provided (used) by financing activities
Effect of exchange rate changes on cash and cash equivalents
Effect of exchange rate changes on cash and cash equivalents
Effect of exchange rate changes on cash and cash equivalents
Net change in cash and cash equivalents
Net change in cash and cash equivalents
Net change in cash and cash equivalents
Cash and cash equivalents, beginning of period
Cash and cash equivalents, beginning of period
Cash and cash equivalents, beginning of period
Cash and cash equivalents, end of period
Cash and cash equivalents, end of period
Cash and cash equivalents, end of period
Supplemental disclosures of cash flow information:
Supplemental disclosures of cash flow information:
Supplemental disclosures of cash flow information:
Income taxes paid
Income taxes paid
Income taxes paid
Interest paid
Interest paid
Interest paid
Noncash interest
Noncash interest
Noncash interest
Noncash real estate acquired in satisfaction of debt
Noncash real estate acquired in satisfaction of debt
Noncash real estate acquired in satisfaction of debt
Noncash financing activities:
Noncash financing activities:
Noncash financing activities:

Lease obligations
Lease obligations
Lease obligations
Treasury stock issued for:
Treasury stock issued for:
Treasury stock issued for:
Associate stock bonus
Associate stock bonus
Associate stock bonus
Shareholder dividend reinvestment
Shareholder dividend reinvestment
Shareholder dividend reinvestment
Share-based compensation grants
Share-based compensation grants
Share-based compensation grants

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 Codification™ (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** June 30, 2024 and December 31, 2023, and the consolidated statements of earnings and comprehensive income (loss), for the three- and six-month periods ended June 30, 2024 and 2023, the consolidated statements of shareholders' equity and cash flows for the three-month periods ended March 31, 2024 and 2023 and June 30, 2024 and 2023, and the consolidated statements of cash flows for the six-month periods ended June 30, 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** **June 30, 2023**, an immaterial reclassification was 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** **\$245** 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% as a percentage of the Company's total adjusted revenues were 56% in the three-month periods ended **March 31, 2024** **June 30, 2024** and 2023, respectively. 60% in the three- and six-month periods ended June 30, 2023. The percentage of the Company's total assets attributable to Aflac Japan was 79% 77% at **March 31, 2024** **June 30, 2024**, compared with 80% at December 31, 2023.

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

Three Months Ended June 30,

(In millions)

(In millions)

(In millions)

Revenues:

Revenues:

Revenues:

Aflac Japan:

Aflac Japan:

Aflac Japan:

Net earned premiums (1)

Net earned premiums (1)

Net earned premiums (1)

Adjusted net investment income

Adjusted net investment income

Adjusted net investment income

Other income

Other income

Other income

Total adjusted revenue Aflac Japan

Total adjusted revenue Aflac Japan

Total adjusted revenue Aflac Japan

Aflac U.S.:

Aflac U.S.:

Aflac U.S.:

Net earned premiums

Net earned premiums

Net earned premiums

Adjusted net investment income

Adjusted net investment income

Adjusted net investment income

Other income

Other income

Other income

Total adjusted revenue Aflac U.S.

Total adjusted revenue Aflac U.S.

Total adjusted revenue Aflac U.S.

Corporate and other (1)(2)

Corporate and other (1)(2)

Corporate and other (1)(2)

Total adjusted revenues

Total adjusted revenues

Total adjusted revenues

Net investment gains (losses)

Net investment gains (losses)

Net investment gains (losses)

Reconciling items:

Reconciling items:

Reconciling items:

Amortized hedge costs

Amortized hedge costs

Amortized hedge costs
Amortized hedge income
Amortized hedge income
Amortized hedge income
Net interest (income) expense from derivatives associated with certain investment strategies
Net interest (income) expense from derivatives associated with certain investment strategies
Net interest (income) expense from derivatives associated with certain investment strategies
Total revenues
Total revenues
Total revenues
<small>(1)Includes a gain (loss) of \$(2) and \$(1) for the three-month periods and \$(5) and \$(1) for the six-month periods ended June 30, 2024 and 2023, respectively, related to remeasurement of the deferred profit liability for limited-payment contracts.</small>
<small>(2)The change in value of federal historic rehabilitation and solar investments in partnerships of \$(32) \$30 and \$(51) \$53 for the three-month periods and \$62 and \$105 for the six-month periods ended March 31, 2024 June 30, 2024, and 2023, respectively, is included as a reduction to net investment income. Tax credits on these investments of \$(33) \$31 and \$(52) \$56 for the three-month periods and \$64 and \$108 for the six-month periods ended March 31, 2024 June 30, 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.</small>
(In millions)
(In millions)
(In millions)
Pretax earnings:
Pretax earnings:
Pretax earnings:
Aflac Japan (1)
Aflac Japan (1)
Aflac Japan (1)
Aflac U.S.
Aflac U.S.
Aflac U.S.
Corporate and other (1)(2)
Corporate and other (1)(2)
Corporate and other (1)(2)
Pretax adjusted earnings
Pretax adjusted earnings
Pretax adjusted earnings
Other income (loss)
Other income (loss)
Other income (loss)
Net investment gains (losses)
Net investment gains (losses)
Net investment gains (losses)
Reconciling items:
Reconciling items:
Reconciling items:
Amortized hedge costs
Amortized hedge costs
Amortized hedge costs
Amortized hedge income

Amortized hedge income
Amortized hedge income
Net interest (income) expense from derivatives associated with certain investment strategies
Net interest (income) expense from derivatives associated with certain investment strategies
Net interest (income) expense from derivatives associated with certain investment strategies
Impact of interest from derivatives associated with notes payable
Impact of interest from derivatives associated with notes payable
Impact of interest from derivatives associated with notes payable
Total earnings before income taxes
Total earnings before income taxes
Total earnings before income taxes
Income taxes applicable to pretax adjusted earnings
Income taxes applicable to pretax adjusted earnings
Income taxes applicable to pretax adjusted earnings
Effect of foreign currency translation on after-tax adjusted earnings
Effect of foreign currency translation on after-tax adjusted earnings
Effect of foreign currency translation on after-tax adjusted earnings

(a) Includes a gain (loss) of \$(2) and \$(1) for the three-month periods and \$(5) and \$(1) for the six-month periods ended June 30, 2024 and 2023, respectively, related to remeasurement of the deferred profit liability for limited-payment contracts.

(b) The change in value of federal historic rehabilitation and solar investments in partnerships of \$(32) \$30 and \$(51) \$53 for the three-month periods and \$(62) and \$(105) for the six-month periods ended March 31, 2024, June 30, 2024, and 2023, respectively, is included as a reduction to net investment income. Tax credits on these investments of \$(33) \$31 and \$(52) \$56 for the three-month periods and \$(64) and \$(108) for the six-month periods ended March 31, 2024, June 30, 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 The Company's total assets were as follows:

(In millions)	(In millions)	March 31, 2024	December 31, 2023	(In millions)	June 30, 2024	December 31, 2023
Assets:						
Aflac Japan						
Aflac Japan						
Aflac Japan						
Aflac U.S.						
Aflac U.S.						
Aflac U.S.						
Corporate and other						
Corporate and other						
Corporate and other						
Total assets						
Total assets						
Total assets						

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						June 30, 2024					
	(In millions)	(In millions)	Gross		Gross		(In millions)	Gross		Gross		Fair Value
			Amortized Cost	Allowance for Credit Losses	Unrealized Gains	Unrealized Losses		Amortized Cost	Allowance for Credit Losses	Unrealized Gains	Unrealized Losses	
Securities available-for-sale, carried at fair value through other comprehensive income:												
Fixed maturity securities:												
Fixed maturity securities:												
Fixed maturity securities:												
Yen-denominated:												
Yen-denominated:												
Yen-denominated:												
Japan government and agencies												
Japan government and agencies												
Japan government and agencies												
Municipalities												
Mortgage- and asset-backed securities												
Public utilities												
Sovereign and supranational												
Banks/financial institutions												
Other corporate												
Total yen-denominated												
U.S. dollar-denominated:												
U.S. government and agencies												
U.S. government and agencies												
U.S. government and agencies												
Municipalities												
Mortgage- and asset-backed securities												
Public utilities												
Sovereign and supranational												
Banks/financial institutions												
Other corporate												
Total U.S. dollar-denominated												
Total securities available-for-sale												

	December 31, 2023					
	(In millions)	Amortized Cost	Allowance for Credit Losses	Gross		Fair Value
				Unrealized Gains	Unrealized Losses	
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

(In millions)	March 31, 2024						June 30, 2024						
	(In millions)	Amortized Cost	Allowance for Credit Losses	Net	Gross	Gross	(In millions)	Amortized Cost	Allowance for Credit Losses	Net	Gross	Gross	
				Carrying Amount	Unrealized Gains	Unrealized Losses				Fair Value	Carrying Amount	Unrealized Gains	Unrealized Losses
Securities held-to-maturity, carried at amortized cost:													
Fixed maturity securities:													
Fixed maturity securities:													
Fixed maturity securities:													
Yen-denominated:													
Yen-denominated:													
Yen-denominated:													
Japan government and agencies													
Japan government and agencies													
Japan government and agencies													
Municipalities													
Public utilities													
Public utilities													
Public utilities													
Sovereign and supranational													
Other corporate													
Other corporate													
Other corporate													
Total yen-denominated													
Total securities held-to-maturity													

(In millions)	December 31, 2023					
	Amortized Cost	Allowance for Credit Losses	Net Carrying Amount	Gross	Gross	Fair Value
				Unrealized Gains	Unrealized Losses	
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				
	June 30, 2024		December 31, 2023				
	(In millions)	(In millions)	Fair Value	Fair Value	(In millions)	Fair Value	Fair Value
Equity securities, carried at fair value through net earnings:							
Equity securities:							
Equity securities:							
Equity securities:							
Yen-denominated							
Yen-denominated							
Yen-denominated							
U.S. dollar-denominated							
U.S. dollar-denominated							
U.S. dollar-denominated							
Other currencies							
Other currencies							
Other currencies							
Total equity securities							
Total equity securities							
Total equity securities							

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** **six** 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** **June 30, 2024**, were as follows:

(In millions)

Available-for-sale:

Available-for-sale:

Available-for-sale:

Due in one year or less

Due in one year or less

Due in one year or less

Due after one year through five years

Due after one year through five years

Due after one year through five years

Due after five years through 10 years

Due after five years through 10 years

Due after five years through 10 years

Due after 10 years
Due after 10 years
Due after 10 years
Mortgage- and asset-backed securities
Mortgage- and asset-backed securities
Mortgage- and asset-backed securities
Total fixed maturity securities available-for-sale
Total fixed maturity securities available-for-sale
Total fixed maturity securities available-for-sale
Held-to-maturity:
Held-to-maturity:
Held-to-maturity:
Due in one year or less
Due in one year or less
Due in one year or less
Due after one year through five years
Due after one year through five years
Due after one year through five years
Due after five years through 10 years
Due after five years through 10 years
Due after five years through 10 years
Due after 10 years
Due after 10 years
Due after 10 years
Total fixed maturity securities held-to-maturity
Total fixed maturity securities held-to-maturity
Total fixed maturity securities held-to-maturity

(a) 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:

		March 31, 2024		December 31, 2023						March 31, 2024		December 31, 2023				
(In millions)	(In millions)	Credit Rating	Amortized Cost	Fair Value	Credit Rating	Amortized Cost	Fair Value (In millions)	Credit Rating	Amortized Cost	Fair Value	Credit Rating	Amortized Cost	Fair Value	Credit Rating	Amortized Cost	Fair Value
Japan National Government ⁽¹⁾	Japan National Government ⁽¹⁾	A+	\$36,641	\$37,170	A+	\$39,151	\$40,222	Japan National Government ⁽¹⁾	A+	\$34,111	\$33,114	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:

(In millions)
(In millions)
(In millions)
Net investment gains (losses):
Net investment gains (losses):
Net investment gains (losses):
Sales and redemptions:
Sales and redemptions:
Sales and redemptions:
Fixed maturity securities available-for-sale:
Fixed maturity securities available-for-sale:
Fixed maturity securities available-for-sale:
Gross gains from sales
Gross gains from sales
Gross gains from sales
Gross losses from sales
Gross losses from sales
Gross losses from sales
Foreign currency gains (losses)
Foreign currency gains (losses)
Foreign currency gains (losses)
Other investments:
Other investments:
Other investments:
Gross gains (losses) from sales and redemptions
Gross gains (losses) from sales and redemptions
Gross gains (losses) from sales and redemptions
Total sales and redemptions
Total sales and redemptions
Total sales and redemptions
Equity securities
Equity securities
Equity securities
Credit losses:
Credit losses:
Credit losses:
Fixed maturity securities held-to-maturity
Fixed maturity securities held-to-maturity
Fixed maturity securities held-to-maturity
Commercial mortgage and other loans
Commercial mortgage and other loans
Commercial mortgage and other loans
Impairment losses
Impairment losses
Impairment losses
Loan commitments
Loan commitments
Loan commitments
Reinsurance recoverables and other
Reinsurance recoverables and other

Reinsurance recoverables and other
Total credit losses
Total credit losses
Total credit losses
Derivatives and other:
Derivatives and other:
Derivatives and other:
Derivative gains (losses)
Derivative gains (losses)
Derivative gains (losses)
Foreign currency gains (losses)
Foreign currency gains (losses)
Foreign currency gains (losses)
Total derivatives and other
Total derivatives and other
Total derivatives and other
Total net investment gains (losses)
Total net investment gains (losses)
Total net investment gains (losses)

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** **June 30, 2024** that relate to equity securities held at the **March 31, 2024** **June 30, 2024** reporting date were **\$71 million** **\$15 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** **June 30, 2023** that relate to equity securities held at the **March 31, 2023** **June 30, 2023** reporting date were **\$5 million** **\$16 million**.

The unrealized holding gains, net of losses, recorded as a component of net investment gains and losses for the six-month period ended June 30, 2024 that relate to equity securities held at the June 30, 2024 reporting date were \$70 million. The unrealized holding losses, net of gains, recorded as a component of net investment gains and losses for the six-month period ended June 30, 2023 that relate to equity securities held at the June 30, 2023 reporting date were \$21 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)	(In millions)	March 31,	December 31,	(In millions)	June 30,	December 31,
		2024	2023		2024	2023
Unrealized gains (losses) on securities available-for-sale						
Deferred income taxes						
Deferred income taxes						
Deferred income taxes						
Shareholders' equity, unrealized gains (losses) on fixed maturity securities						
Shareholders' equity, unrealized gains (losses) on fixed maturity securities						
Shareholders' equity, unrealized gains (losses) on fixed maturity securities						

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** **June 30, 2024** and December 31, 2023, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

(In millions)	March 31, 2024				June 30, 2024			
	Total		Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	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. government
and
agencies:

U.S. government
and
agencies:

U.S. dollar-
denominated
U.S. dollar-
denominated
U.S. dollar-
denominated

Japan
government and
agencies:

Japan
government and
agencies:

Japan
government and
agencies:

Yen-
denominated
Yen-
denominated
Yen-
denominated

Municipalities:

Municipalities:

Municipalities:

U.S. dollar-
denominated
U.S. dollar-
denominated
U.S. dollar-
denominated

Yen-
denominated
Yen-
denominated
Yen-
denominated

Mortgage- and
asset-
backed
securities:

Mortgage- and
asset-
backed
securities:
Mortgage- and
asset-
backed
securities:

U.S. dollar-
denominated

U.S. dollar-
denominated

U.S. dollar-
denominated

Yen-
denominated
Yen-
denominated
Yen-
denominated

Public utilities:

Public utilities:

Public utilities:

U.S. dollar-
denominated
U.S. dollar-
denominated
U.S. dollar-
denominated

Yen-
denominated
Yen-
denominated
Yen-
denominated

Sovereign and

supranational:

Sovereign and

supranational:

Sovereign and

supranational:

U.S. dollar-
denominated
U.S. dollar-
denominated
U.S. dollar-
denominated

Yen-
denominated
Yen-
denominated
Yen-
denominated

Banks/financial
institutions:

Banks/financial

institutions:

Banks/financial

institutions:

U.S. dollar-
denominated

U.S. dollar-
denominated

U.S. dollar-
denominated

Yen-
denominated

Yen-
denominated

Yen-
denominated

Other corporate:

Other corporate:

Other corporate:

U.S. dollar-
denominated

U.S. dollar-
denominated

U.S. dollar-
denominated

Yen-
denominated

Yen-
denominated

Yen-
denominated

Total

Total

Total

December 31, 2023

(In millions)	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** **June 30, 2024**. Refer to the Allowance for Credit Losses section below for additional information.

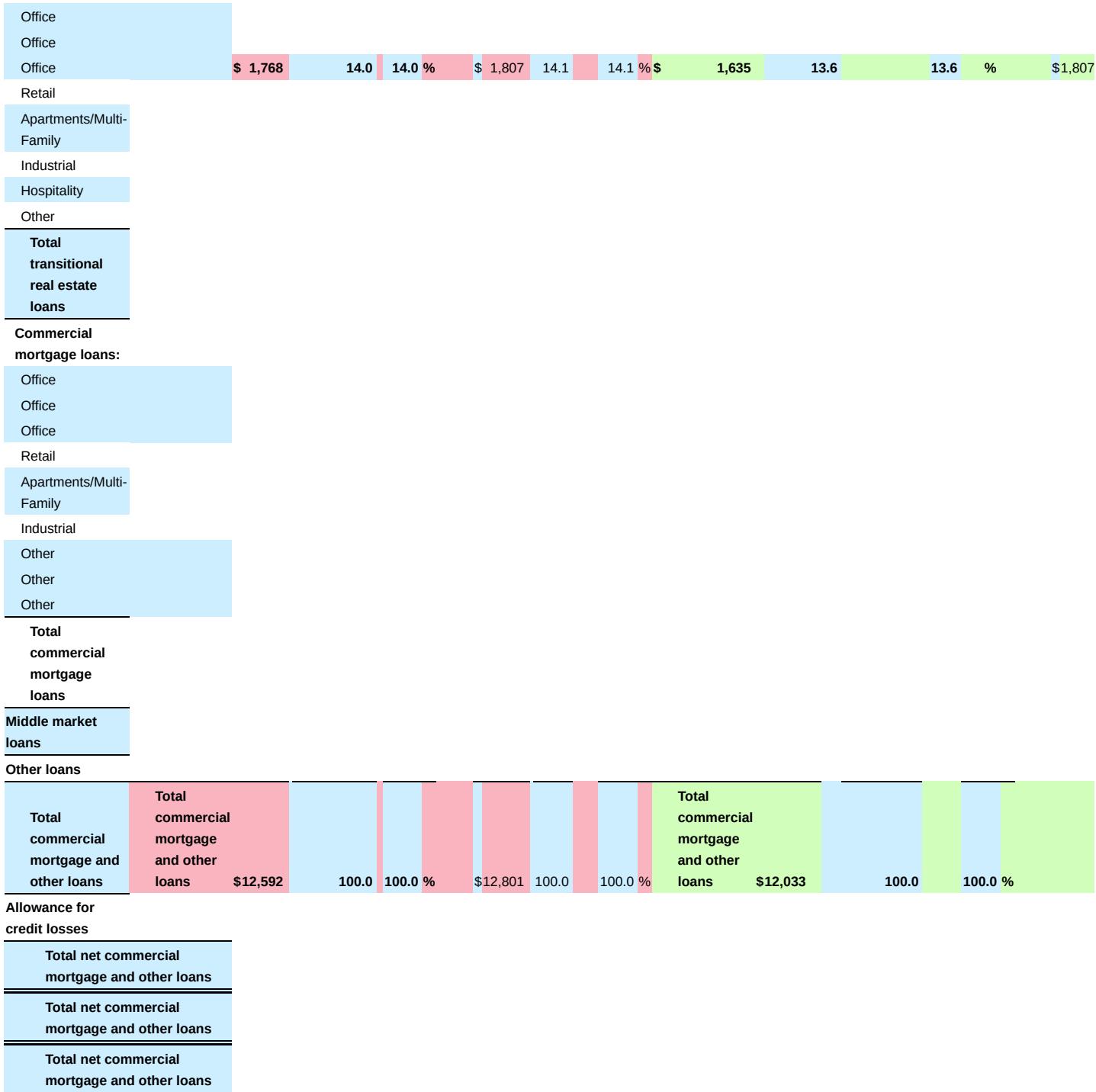
As of **March 31, 2024** **June 30, 2024** and December 31, 2023, the Company had an immaterial amount of fixed maturity securities on nonaccrual status.

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)	(In millions)	March 31, 2024		December 31, 2023 (In millions)		June 30, 2024		December 31, 2023	
		Amortized Cost	% of Total	Amortized Cost	% of Total	Amortized Cost	% of Total	Amortized Cost	% of Total
Commercial Mortgage and other loans:									
Transitional real estate loans:									
Transitional real estate loans:									
Transitional real estate loans:									



CMLs and TREs were secured by properties entirely within the U.S. (with the largest concentrations in California (20% (21%), Texas (15% (13%) and Florida (12% (9%))). 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** **June 30, 2024**, the Company had **\$442 million** **\$400 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 \$25 million and \$24 million for a short-term credit facility that is reflected in other liabilities on the consolidated balance sheets, **at both March 31, 2024** as of June 30, 2024 and December 31, 2023, respectively.

As of **March 31, 2024** June 30, 2024, the Company had commitments of approximately \$787 million \$741 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** June 30, 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.

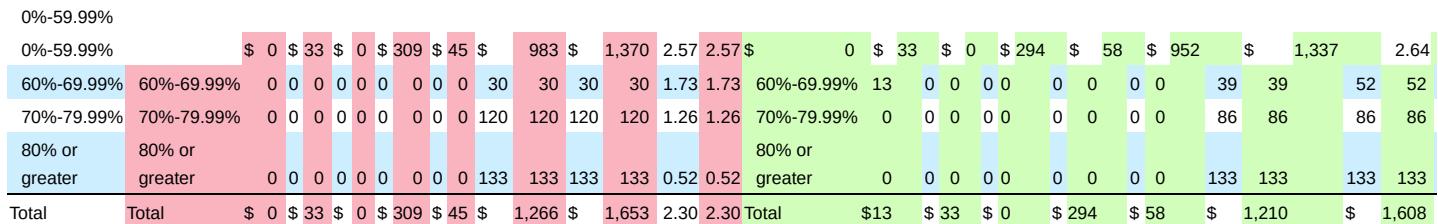
For MMLs and held-to-maturity fixed maturity securities, the Company's key credit quality indicator is credit ratings. The Company's held-to-maturity portfolio is composed of investment grade securities that are senior unsecured instruments, while its MMLs generally have below-investment-grade ratings 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** June 30, 2024 the amortized cost basis of TREs, CMLs, MMLs, and other loans by year of origination and credit quality indicator.

Transitional Real Estate Loans													
Transitional Real Estate Loans													
Transitional Real Estate Loans													
(In millions)	(In millions)	2024	2023	2022	2021	2020	Prior	Total	(In millions)	2024	2023	2022	2021
Loan-to-Value Ratio:													
0%-59.99%													
60%-69.99%													
70%-79.99%													
80% or greater													
Total													
Current-period gross writeoffs:													

Commercial Mortgage Loans														
Commercial Mortgage Loans														
Commercial Mortgage Loans														
(In millions)	(In millions)	2024	2023	2022	2021	2020	Prior	Total	DSCR	(In millions)	2024	2023	2022	2021
Loan-to-Value Ratio:														
0%-59.99%														



Weighted
Average
DSCR

Current-period gross writeoffs:

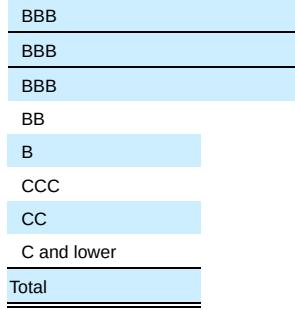
Current-period gross writeoffs:

Current-period gross
writeoffs:

Middle Market Loans

(In millions) (In millions) 2024 2023 2022 2021 2020 Prior Revolving Loans Total (In millions) 2024 2023 2022 2021 2020 Prior Revolving Loans Total

Credit Ratings:

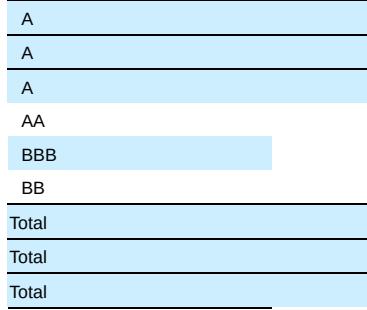


Current-period gross writeoffs:

Other Loans

(In millions) (In millions) 2024 2023 2022 2021 2020 Prior Revolving Loans Total (In millions) 2024 2023 2022 2021 2020 Prior Revolving Loans Total

Credit Ratings:



Current-period gross writeoffs:

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 these loans, 2% of TREs with an amortized cost of \$210 million and 6% of TREs with an amortized cost of \$332 million were modified in the form of interest rate reductions and other-than-insignificant payment **delays**, **delays** during the three- and six-month periods ended June 30, 2024, respectively. The modifications resulted in a reduction in the weighted-average contractual interest rate from 8.3% 8.1% to 6.9% 7.8% for the three-month period and 8.2% to 7.3% for the six-month period ended June 30, 2024, respectively.

Additionally, an immaterial percentage of MMLs were modified in the form of principal forgiveness during each of the three- and six-month periods ended June 30, 2024. The modifications resulted in forgiveness of principal of \$15 million, resulting in a remaining amortized cost of \$2 million as of June 30, 2024.

Loan modifications for the **three-month period** **three- and six-month periods** ended **March 31, 2023** **June 30, 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							June 30, 2024						
	(In millions)	90 Days or More						(In millions)	Less Than 90 Days					
		Less Than 90 Days	Past Due	Past Due	Total	Total	Nonaccrual Status		Past Due	Past Due	Past Due	Total	Total	Nonaccrual Status
Transitional real estate loans	(In millions)	Current	Past Due	Past Due	Total	Total	Nonaccrual Status	(In millions)	Current	Past Due	Past Due	Total	Total	Nonaccrual Status
Commercial mortgage loans														
Middle market loans														
Other loans														
Total														

(a) As of **March 31, 2024** **June 30, 2024**, there were **no** \$106 of loans that were 90 days or more past due that continued to accrue interest.

	December 31, 2023							December 31, 2023						
	(In millions)	90 Days or More						(In millions)	Less Than 90 Days					
		Less Than 90 Days	Past Due	Past Due	Total	Total	Nonaccrual Status		Past Due	Past Due	Past Due	Total	Total	Nonaccrual Status
Transitional real estate loans	(In millions)	Current	Past Due	Past Due	Total	Total	Nonaccrual Status	(In millions)	Current	Past Due	Past Due	Total	Total	Nonaccrual Status
Commercial mortgage loans														
Middle market loans														
Other loans														
Total														

(a) 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** **three- and six-month** periods ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 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 \$68 million and \$160 million had no credit loss allowance as of **March 31, 2024** **June 30, 2024** and **December 31, 2023**, respectively, because these loans are collateral dependent assets for which the estimated fair values of the collateral are **were** in excess of amortized cost. As of **March 31, 2024** and **June 30, 2024**, MMLs with an amortized cost of \$4 million were on nonaccrual status without an allowance for credit losses. As of 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** **\$14.9 billion** amortized cost as of **March 31, 2024** **June 30, 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)

(In millions)

(In millions)

Three Months Ended March 31, 2024:

Three Months Ended March 31, 2024:

Three Months Ended March 31, 2024:

Three Months Ended June 30, 2024:

Three Months Ended June 30, 2024:

Three Months Ended June 30, 2024:

Balance at March 31, 2024

Balance at March 31, 2024

Balance at March 31, 2024

(Addition to) release of allowance for credit losses

(Addition to) release of allowance for credit losses

(Addition to) release of allowance for credit losses

Writeoffs, net of recoveries

Writeoffs, net of recoveries

Writeoffs, net of recoveries

Change in foreign exchange

Change in foreign exchange

Change in foreign exchange

Balance at June 30, 2024

Balance at June 30, 2024

Balance at June 30, 2024

Three Months Ended June 30, 2023:

Three Months Ended June 30, 2023:

Three Months Ended June 30, 2023:

Balance at March 31, 2023
Balance at March 31, 2023
Balance at March 31, 2023
(Addition to) release of allowance for credit losses
(Addition to) release of allowance for credit losses
(Addition to) release of allowance for credit losses
Writeoffs, net of recoveries
Writeoffs, net of recoveries
Writeoffs, net of recoveries
Change in foreign exchange
Change in foreign exchange
Change in foreign exchange
Balance at June 30, 2023
Balance at June 30, 2023
Balance at June 30, 2023
Six Months Ended June 30, 2024:
Six Months Ended June 30, 2024:
Six Months Ended June 30, 2024:
Balance at December 31, 2023
Balance at December 31, 2023
Balance at December 31, 2023
(Addition to) release of allowance for credit losses
(Addition to) release of allowance for credit losses
(Addition to) release of allowance for credit losses
Writeoffs, net of recoveries
Writeoffs, net of recoveries
Writeoffs, net of recoveries
Change in foreign exchange
Change in foreign exchange
Change in foreign exchange
Balance at March 31, 2024
Balance at March 31, 2024
Balance at March 31, 2024
Three Months Ended March 31, 2023:
Three Months Ended March 31, 2023:
Three Months Ended March 31, 2023:
Balance at June 30, 2024
Balance at June 30, 2024
Balance at June 30, 2024
Six Months Ended June 30, 2023:
Six Months Ended June 30, 2023:
Six Months Ended June 30, 2023:
Balance at December 31, 2022
Balance at December 31, 2022
Balance at December 31, 2022
(Addition to) release of allowance for credit losses
(Addition to) release of allowance for credit losses
(Addition to) release of allowance for credit losses
Writeoffs, net of recoveries
Writeoffs, net of recoveries
Writeoffs, net of recoveries
Change in foreign exchange
Change in foreign exchange
Change in foreign exchange

Balance at March 31, 2023
Balance at March 31, 2023
Balance at March 31, 2023
Balance at June 30, 2023
Balance at June 30, 2023
Balance at June 30, 2023

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** **June 30, 2024**, the Company identified additional TREs with an amortized cost of **\$601 million** **\$267 million** in anticipation of potential foreclosure or deed in lieu of foreclosure transactions. As of **March 31, 2024** **June 30, 2024**, the Company established a credit allowance of **\$60** **\$33 million** for **\$598 million** **\$656 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)	(In millions)	March 31, 2024	December 31, 2023	(In millions)	June 30, 2024	December 31, 2023
Other investments:						
Policy loans						
Policy loans						
Policy loans						
Short-term investments ⁽¹⁾						
Short-term investments ⁽¹⁾						
Short-term investments ⁽¹⁾						
Limited partnerships ⁽²⁾						
Limited partnerships ⁽²⁾						
Limited partnerships ⁽²⁾						
Real estate owned						
Real estate owned						
Real estate owned						
Other						
Other						
Other						
Total other investments						
Total other investments						
Total other investments						

⁽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** **June 30, 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** **\$3 million** and **\$4 million** for the three-month period three- and six-month periods ended **March 31, 2024** **June 30, 2024**, respectively. Additionally, as of **March 31, 2024** **June 30, 2024** and December 31, 2023, accumulated depreciation was **\$2** **\$4 million** and an immaterial amount, respectively.

As of **March 31, 2024** **June 30, 2024**, the Company had **\$2.2 billion** **\$2.1 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)	(In millions)	March 31, 2024	December 31, 2023	June 30, 2024	December 31, 2023
Assets:					
Fixed maturity securities, available-for-sale					
Fixed maturity securities, available-for-sale					
Fixed maturity securities, available-for-sale					
Commercial mortgage and other loans					
Commercial mortgage and other loans					
Commercial mortgage and other loans					
Other investments (1)					
Other investments (1)					
Other investments (1)					
Other assets (2)					
Other assets (2)					
Other assets (2)					
Total assets of consolidated VIEs					
Total assets of consolidated VIEs					
Total assets of consolidated VIEs					
Liabilities:					
Liabilities:					
Liabilities:					
Other liabilities (2)					
Other liabilities (2)					
Other liabilities (2)					
Total liabilities of consolidated VIEs					
Total liabilities of consolidated VIEs					
Total liabilities of consolidated VIEs					

(1) Consists entirely of alternative investments in limited partnerships

(c) 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)
(In millions)
(In millions)
Assets:
Assets:
Assets:
Fixed maturity securities, available-for-sale
Fixed maturity securities, available-for-sale
Fixed maturity securities, available-for-sale
Other investments ⁽¹⁾
Other investments ⁽¹⁾
Other investments ⁽¹⁾
Total investments in VIEs not consolidated
Total investments in VIEs not consolidated
Total investments in VIEs not consolidated

(a) 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

Securities Lending Transactions Accounted for as Secured Borrowings

Securities Lending Transactions Accounted for as Secured Borrowings

	Remaining Contractual Maturity of the Agreements									
	March 31, 2024		December 31, 2023		June 30, 2024		December 31, 2023			
	(In millions)	Overnight and Continuous ⁽¹⁾	Up to 30 days	Overnight and Continuous ⁽¹⁾	Up to 30 days	(In millions)	Overnight and Continuous ⁽¹⁾	Up to 30 days	Overnight and Continuous ⁽¹⁾	Up to 30 days
Securities lending transactions:										
Fixed maturity securities:										
Fixed maturity securities:										
Fixed maturity securities:										
Japan government and agencies										
Japan government and agencies										
Japan government and agencies										
Public utilities										
Public utilities										
Public utilities										
Banks/financial institutions										
Banks/financial institutions										
Banks/financial institutions										
Other corporate										
Total borrowings										
Total borrowings										
Total borrowings										
Gross amount of recognized liabilities for securities lending transactions										

⁽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 \$4.0 billion and \$4.3 billion at March 31, 2024 June 30, 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 June 30, 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)

(In millions)
(In millions)
Hedge Designation/ Derivative
Type
Hedge Designation/ Derivative
Type
Hedge Designation/ Derivative
Type
Cash flow hedges:
Cash flow hedges:
Cash flow hedges:
Foreign currency swaps - VIE
Foreign currency swaps - VIE
Foreign currency swaps - VIE
Total cash flow hedges
Total cash flow hedges
Total cash flow hedges
Fair value hedges:
Fair value hedges:
Fair value hedges:
Foreign currency options
Foreign currency options
Foreign currency options
Total fair value hedges
Total fair value hedges
Total fair value hedges
Net investment hedge:
Net investment hedge:
Net investment hedge:
Foreign currency forwards
Foreign currency forwards
Foreign currency forwards
Foreign currency options
Foreign currency options
Foreign currency options
Total net investment hedge
Total net investment hedge
Total net investment hedge
Non-qualifying strategies:
Non-qualifying strategies:
Non-qualifying strategies:
Foreign currency swaps
Foreign currency swaps
Foreign currency swaps
Foreign currency swaps - VIE
Foreign currency swaps - VIE
Foreign currency swaps - VIE
Foreign currency forwards
Foreign currency forwards
Foreign currency forwards
Foreign currency options

Foreign currency options
Foreign currency options
Interest rate swaps
Interest rate swaps
Interest rate swaps
Total non-qualifying strategies
Total non-qualifying strategies
Total non-qualifying strategies
Total derivatives
Total derivatives
Total derivatives

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** **three- and six-month periods ended June 30, 2024**.

Fair Value Hedging Relationships

		Fair Value Hedging Relationships										
		(In millions)										
		Hedging Derivatives					Hedging Derivatives					Net Investment Gains (Losses) Recognized for Fair Value Hedge
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	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:												
Three Months Ended June 30, 2023:												
Three Months Ended March 31, 2023:												
Three Months Ended June 30, 2023:												

Three Months Ended

March 31, 2023:

Three Months Ended

June 30, 2023:

Foreign

currency

options

Foreign

currency

options

Foreign

currency

options

Total gains
(losses)

Total gains
(losses)

Total gains
(losses)

Six Months
Ended June
30, 2023:

Foreign

currency

options

Foreign

currency

options

Foreign

currency

options

Total gains
(losses)

Total gains
(losses)

Total gains
(losses)

(a) 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).

(b) 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 three- and six-month periods ended March 31, 2023 June 30, 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 June 30, 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)

	March 31, 2024
	March 31, 2024
	March 31, 2024

	June 30, 2024
	June 30, 2024
	June 30, 2024
Fixed maturity securities	
Fixed maturity securities	
Fixed maturity securities	

(a) The balance includes hedging adjustment on discontinued hedging relationships of \$161 \$153 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 three- and six-month periods ended March 31, 2024 June 30, 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 June 30, 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,											
Three Months Ended June 30,											
Three Months Ended June 30,											
Three Months Ended June 30,											
2024			2024			2023			2024		
(In millions)	Net Investment Income (1)	Other (Losses) (2)	Net Investment Income (1)	Other (Losses) (2)	Net Investment Income (1)	Other (Losses) (2)	Net Investment Income (1)	Other (Losses) (2)	Net Investment Income (1)	Other (Losses) (2)	Net Investment Income (1)
Qualifying hedges:											
Cash flow hedges:											
Cash flow hedges:											
Cash flow hedges:											
Foreign currency swaps - VIE											

Foreign currency

swaps - VIE

Foreign currency

swaps - VIE

Total cash flow

hedges

Total cash flow

hedges

Total cash flow

hedges

Fair value hedges:

Fair value hedges:

Fair value hedges:

Foreign currency

options

Foreign currency

options

Foreign currency

options

Total fair value

hedges

Total fair value

hedges

Total fair value

hedges

Net investment

hedge:

Net investment

hedge:

Net investment

hedge:

Non-derivative

hedging

instruments

Non-derivative

hedging

instruments

Non-derivative

hedging

instruments

Foreign currency

forwards

Foreign currency

forwards

Foreign currency

forwards

Foreign currency

options

Foreign currency

options

Foreign currency

options

Total net

investment hedge

**Total net
investment hedge**

**Total net
investment hedge**

**Non-qualifying
strategies:**

**Non-qualifying
strategies:**

**Non-qualifying
strategies:**

Foreign currency
swaps

Foreign currency
swaps

Foreign currency
swaps

Foreign currency
swaps - VIE

Foreign currency
swaps - VIE

Foreign currency
swaps - VIE

Foreign currency
forwards

Foreign currency
forwards

Foreign currency
forwards

Foreign currency
options

Foreign currency
options

Foreign currency
options

Interest rate swaps

Interest rate swaps

Interest rate swaps

Forward bond
purchase
commitment - VIE

Forward bond
purchase
commitment - VIE

Forward bond
purchase
commitment - VIE

**Total non-
qualifying
strategies**

**Total non-
qualifying
strategies**

**Total non-
qualifying
strategies**

Total
Total
Total

(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** **June 30, 2023**.

2024 **June 30, 2024**, and \$1 of losses during the three-month period ended **March 31, 2023** **June 30, 2023**.

Six Months Ended June 30,														
2024														
(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	\$ (2)	\$ 0	\$ 0	\$ (2)	\$ 2								
Total cash flow hedges	0	(2)⁽³⁾	0	0	(2)⁽³⁾	2								
Fair value hedges:														
Foreign currency options		0				(64)								
Total fair value hedges	0					(64)								
Net investment hedge:														
Non-derivative hedging instruments		0	501			0				338				
Foreign currency forwards		76	300			127				422				
Foreign currency options		0	0			(8)				0				
Total net investment hedge	76		801			119				760				
Non-qualifying strategies:														
Foreign currency swaps		2				3								
Foreign currency swaps - VIE		(216)				(90)								
Foreign currency forwards		17				(382)								
Foreign currency options		(182)				(37)								
Interest rate swaps		(185)				(120)								
Forward bond purchase commitment - VIE		0				(4)								
Total non-qualifying strategies		(564)				(630)								
Total	\$ 0	\$ (490)	\$ 801	\$ 0	\$ (577)	\$ 762								

(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 \$2 of losses reclassified from accumulated other comprehensive income (loss) into earnings during the six-month period ended **June 30, 2024**, and \$1 of losses during the six-month period ended **June 30, 2023**.

As of **March 31, 2024** **June 30, 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** **June 30, 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** **\$1.2 billion** as of **March 31, 2024**, **June 30, 2024** and December 31, 2023, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on **March 31, 2024** **June 30, 2024**, the Company estimates that it would be required to post a maximum of **\$447 million** **\$538 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				June 30, 2024											
	Gross Amounts Not Offset in Balance Sheet				Gross Amounts Not Offset in Balance Sheet											
(In millions)	Gross Amount of Recognized Assets	Gross Amount in Balance Sheet	Net Amount of Offset in Balance Sheet	Assets Presented in Balance Sheet	Financial Instruments	Securities Collateral	Cash Collateral Received	Net Amount	Gross Amount of Recognized Assets	Gross Amount 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																

Derivative assets subject to a master netting agreement or offsetting arrangement

Derivative assets subject to a master netting agreement or offsetting arrangement

OTC - bilateral

OTC - bilateral

OTC - bilateral

Total derivative assets subject to a master netting agreement or offsetting arrangement

Total derivative assets subject to a master netting agreement or offsetting arrangement

Total derivative assets subject to a master netting agreement or offsetting arrangement

Derivative assets not subject to a master netting agreement or offsetting arrangement

Derivative assets not subject to a master netting agreement or offsetting arrangement

Derivative assets not subject to a master netting agreement or offsetting arrangement

OTC - bilateral

OTC - bilateral

OTC - bilateral

Total derivative assets not subject to a master netting agreement or offsetting arrangement

Total derivative assets not subject to a master netting agreement or offsetting arrangement

Total derivative assets not subject to a master netting agreement or offsetting arrangement

Total derivative assets

Total derivative assets

Total derivative assets

Securities lending and similar arrangements

Securities lending and similar arrangements

Securities lending and similar arrangements

Total

Total

Total

December 31, 2023

**Gross Amounts Not Offset
in Balance Sheet**

(In millions)	Gross Amount		Gross Amounts Not Offset in Balance Sheet				
	Gross Amount of Recognized Assets	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

June 30, 2024

Gross Amounts Not Offset in Balance Sheet

(In millions)

(In millions)

Derivative liabilities:

Derivative liabilities subject to a master netting agreement or offsetting arrangement

Derivative
liabilities
subject
to a master
netting
agreement or
offsetting
arrangement

Derivative
liabilities
subject
to a master
netting
agreement or
offsetting
arrangement

OTC - bilateral

OTC - bilateral

OTC - bilateral

OTC - cleared

OTC - cleared

OTC - cleared

Total derivative
liabilities
subject
to a master
netting
agreement or
offsetting
arrangement

Total derivative
liabilities
subject
to a master
netting
agreement or
offsetting
arrangement

Total derivative
liabilities
subject
to a master
netting
agreement or
offsetting
arrangement

Derivative
liabilities not
subject to a
master netting
agreement or
offsetting
arrangement

Derivative
liabilities not
subject to a
master netting
agreement or
offsetting
arrangement

Derivative
liabilities not
subject to a
master netting
agreement or
offsetting
arrangement

OTC - bilateral

OTC - bilateral

OTC - bilateral

Total derivative
liabilities not
subject to a
master netting
agreement or
offsetting
arrangement

Total derivative
liabilities not
subject to a
master netting
agreement or
offsetting
arrangement

Total derivative
liabilities not
subject to a
master netting
agreement or
offsetting
arrangement

**Total
derivative
liabilities**

**Total
derivative
liabilities**

**Total
derivative
liabilities**

Securities
lending
and similar
arrangements

Securities
lending
and similar
arrangements

Securities
lending
and similar
arrangements

Total

Total

Total

December 31, 2023

	Gross Amounts Not Offset in Balance Sheet						
	Gross Amount		Net Amount of Liabilities Presented in Balance Sheet		Financial Instruments	Securities Collateral	Cash Collateral Pledged
	Gross Amount of Recognized Liabilities	Offset in Balance Sheet	Liabilities Presented in Balance Sheet				
(In millions)							Net Amount
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	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				June 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value (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
(In millions)	(In millions)							
Assets:								
Securities available-for-sale, carried at fair value:								
Securities available-for-sale, carried at fair value:								
Securities available-for-sale, carried at fair value:								
Fixed maturity securities:								
Fixed maturity securities:								
Fixed maturity securities:								
Government and agencies								
Government and agencies								
Government and agencies								
Municipalities								
Municipalities								
Municipalities								
Mortgage- and asset-backed securities								
Mortgage- and asset-backed securities								
Mortgage- and asset-backed securities								
Public utilities								
Public utilities								
Public utilities								
Sovereign and supranational								
Sovereign and supranational								
Sovereign and supranational								
Banks/financial institutions								
Banks/financial institutions								
Banks/financial institutions								
Other corporate								
Other corporate								
Other corporate								
Total fixed maturity securities								
Total fixed maturity securities								
Total fixed maturity securities								
Equity securities								
Equity securities								
Equity securities								
Other investments								
Other investments								
Other investments								
Cash and cash equivalents								
Cash and cash equivalents								
Cash and cash equivalents								
Other assets:								
Other assets:								
Other assets:								

Foreign currency swaps
Foreign currency swaps
Foreign currency swaps
Foreign currency forwards
Foreign currency forwards
Foreign currency forwards
Foreign currency options
Foreign currency options
Foreign currency options
Total other assets
Total other assets
Total other assets
Total assets
Total assets
Total assets
Liabilities:
Liabilities:
Liabilities:
Other liabilities:
Other liabilities:
Other liabilities:
Foreign currency swaps
Foreign currency swaps
Foreign currency swaps
Foreign currency options
Foreign currency options
Foreign currency options
Interest rate swaps
Interest rate swaps
Interest rate swaps
Total liabilities
Total liabilities
Total liabilities

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					June 30, 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 (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
		Carrying Value	Assets (Level 1)				Carrying Value	Assets (Level 1)			
Assets:											
Securities held-to-maturity, carried at amortized cost:											
Securities held-to-maturity, carried at amortized cost:											
Securities held-to-maturity, carried at amortized cost:											
Fixed maturity securities:											
Fixed maturity securities:											
Fixed maturity securities:											
Government and agencies											
Government and agencies											
Government and agencies											
Municipalities											
Municipalities											
Municipalities											
Public utilities											
Public utilities											
Public utilities											
Sovereign and supranational											
Sovereign and supranational											
Sovereign and supranational											
Other corporate											
Other corporate											

Other corporate
Commercial mortgage and other loans
Commercial mortgage and other loans
Commercial mortgage and other loans
Other investments ⁽¹⁾
Other investments ⁽¹⁾
Other investments ⁽¹⁾
Total assets
Total assets
Total assets
Liabilities:
Liabilities:
Liabilities:
Other policyholders' funds
Other policyholders' funds
Other policyholders' funds
Notes payable (excluding leases)
Notes payable (excluding leases)
Notes payable (excluding leases)
Total liabilities
Total liabilities
Total liabilities

⁽¹⁾ Excludes policy loans of \$203, \$195, equity method investments of \$2,838, \$2,983, and REO of \$253, \$497, at carrying value.

December 31, 2023

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

(a) 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				June 30, 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 (In Value millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities available-for-sale, carried at fair value:								
Fixed maturity securities:								
Fixed maturity securities:								
Fixed maturity securities:								
Government and agencies:								
Government and agencies:								
Government and agencies:								
Third-party pricing vendor								
Third-party pricing vendor								
Third-party pricing vendor								
Internal								
Internal								

Internal
Total government and agencies
Total government and agencies
Total government and agencies
Municipalities:
Municipalities:
Municipalities:
Third-party pricing vendor
Third-party pricing vendor
Third-party pricing vendor
Internal
Internal
Internal
Total municipalities
Total municipalities
Total municipalities
Mortgage- and asset-backed securities:
Mortgage- and asset-backed securities:
Mortgage- and asset-backed securities:
Third-party pricing vendor
Third-party pricing vendor
Third-party pricing vendor
Internal
Internal
Internal
Broker/other
Broker/other
Broker/other
Total mortgage- and asset-backed securities
Total mortgage- and asset-backed securities
Total mortgage- and asset-backed securities
Public utilities:
Public utilities:
Public utilities:
Third-party pricing vendor
Third-party pricing vendor
Third-party pricing vendor
Internal
Internal
Internal
Broker/other
Broker/other
Broker/other
Total public utilities
Total public utilities
Total public utilities
Sovereign and supranational:
Sovereign and supranational:

Sovereign and supranational:

Third-party pricing vendor

Third-party pricing vendor

Third-party pricing vendor

Internal

Internal

Internal

Broker/other

Broker/other

Broker/other

Total sovereign and supranational

Total sovereign and supranational

Total sovereign and supranational

Banks/financial institutions:

Banks/financial institutions:

Banks/financial institutions:

Third-party pricing vendor

Third-party pricing vendor

Third-party pricing vendor

Internal

Internal

Internal

Broker/other

Broker/other

Broker/other

Total banks/financial institutions

Total banks/financial institutions

Total banks/financial institutions

Other corporate:

Other corporate:

Other corporate:

Third-party pricing vendor

Third-party pricing vendor

Third-party pricing vendor

Internal

Internal

Internal

Broker/other

Broker/other

Broker/other

Total other corporate

Total other corporate

Total other corporate

Total securities available-for-sale

Total securities available-for-sale

Total securities available-for-sale

Equity securities, carried at fair value:

Equity securities, carried at fair value:

Equity securities, carried at fair value:

Third-party pricing vendor

Third-party pricing vendor
Third-party pricing vendor
Broker/other
Broker/other
Broker/other
Total equity securities
Total equity securities
Total equity securities

		March 31, 2024			June 30, 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 (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:									
Fixed maturity securities:									
Fixed maturity securities:									
Government and agencies:									
Government and agencies:									
Government and agencies:									
Third-party pricing vendor									
Third-party pricing vendor									
Third-party pricing vendor									
Total government and agencies									
Total government and agencies									
Total government and agencies									
Municipalities:									
Municipalities:									
Municipalities:									
Third-party pricing vendor									
Third-party pricing vendor									
Third-party pricing vendor									
Total municipalities									
Total municipalities									
Total municipalities									
Public utilities:									
Public utilities:									
Public utilities:									
Third-party pricing vendor									
Third-party pricing vendor									
Third-party pricing vendor									
Total public utilities									
Total public utilities									
Total public utilities									
Sovereign and supranational:									
Sovereign and supranational:									
Sovereign and supranational:									
Third-party pricing vendor									
Third-party pricing vendor									

Third-party pricing vendor
Internal
Internal
Internal
Total sovereign and supranational
Total sovereign and supranational
Total sovereign and supranational
Other corporate:
Other corporate:
Other corporate:
Third-party pricing vendor
Third-party pricing vendor
Third-party pricing vendor
Total other corporate
Total other corporate
Total other corporate
Total securities held-to-maturity
Total securities held-to-maturity
Total securities held-to-maturity

December 31, 2023

(In millions)	Quoted Prices in Active				Total Fair Value				
	Markets for Identical Assets (Level 1)	Significant Observable		Significant Unobservable Inputs (Level 3)					
		Inputs (Level 2)	Inputs (Level 3)						
Securities available-for-sale, carried at fair value:									
Fixed maturity securities:									
Government and agencies:									
Third-party pricing vendor	\$ 21,692	\$ 808	\$ 0	\$ 0	\$ 22,500				
Internal	0	60	0	0	60				
Broker/other	8	32	0	0	40				
Total government and agencies	21,700	900	0	0	22,600				
Municipalities:									
Third-party pricing vendor	0	1,426	0	0	1,426				
Internal	0	256	0	0	256				
Broker/other	0	616	0	0	616				
Total municipalities	0	2,298	0	0	2,298				
Mortgage- and asset-backed securities:									
Third-party pricing vendor	0	2,277	0	0	2,277				
Internal	0	27	105	105	132				
Broker/other	0	10	667	667	677				
Total mortgage- and asset-backed securities	0	2,314	772	772	3,086				
Public utilities:									
Third-party pricing vendor	0	4,570	0	0	4,570				
Internal	0	2,677	0	0	2,677				
Broker/other	0	92	253	253	345				
Total public utilities	0	7,339	253	253	7,592				
Sovereign and supranational:									
Third-party pricing vendor	0	118	0	0	118				
Internal	0	330	0	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			Significant Unobservable Inputs (Level 3)	Total Fair Value		
	(Level 1)	(Level 2)	Inputs				
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 Foreign cross-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
	Three Months Ended March 31, 2024
	Three Months Ended March 31, 2024
	Three Months Ended June 30, 2024
	Three Months Ended June 30, 2024
	Three Months Ended June 30, 2024
(In millions)	
(In millions)	
(In millions)	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Net investment gains (losses) included in earnings	
Net investment gains (losses) included in earnings	
Net investment gains (losses) included in earnings	
Unrealized gains (losses) included in other comprehensive income (loss)	
Unrealized gains (losses) included in other comprehensive income (loss)	
Unrealized gains (losses) included in other comprehensive income (loss)	
Purchases, issuances, sales and settlements:	
Purchases, issuances, sales and settlements:	
Purchases, issuances, sales and settlements:	
Purchases	
Purchases	
Purchases	
Issuances	
Issuances	
Issuances	
Sales	
Sales	
Sales	
Settlements	
Settlements	
Settlements	
Transfers into Level 3	
Transfers into Level 3	
Transfers into Level 3	

Transfers out of Level 3	
Transfers out of Level 3	
Transfers out of Level 3	
Balance, end of period	
Balance, end of period	
Balance, end of period	
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings	
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings	
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings	
	Three Months Ended March 31, 2023
	Three Months Ended March 31, 2023
	Three Months Ended March 31, 2023
	Three Months Ended June 30, 2023
	Three Months Ended June 30, 2023
	Three Months Ended June 30, 2023
(In millions)	
(In millions)	
(In millions)	
Balance, beginning of period	
Balance, beginning of period	
Balance, beginning of period	
Net investment gains (losses) included in earnings	
Net investment gains (losses) included in earnings	
Net investment gains (losses) included in earnings	
Unrealized gains (losses) included in other comprehensive income (loss)	
Unrealized gains (losses) included in other comprehensive income (loss)	
Unrealized gains (losses) included in other comprehensive income (loss)	
Purchases, issuances, sales and settlements:	
Purchases, issuances, sales and settlements:	
Purchases, issuances, sales and settlements:	
Purchases	
Purchases	

Purchases
Issuances
Issuances
Issuances
Sales
Sales
Sales
Settlements
Settlements
Settlements
Transfers into Level 3
Transfers into Level 3
Transfers into Level 3
Transfers out of Level 3
Transfers out of Level 3
Transfers out of Level 3
Balance, end of period
Balance, end of period
Balance, end of period
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings

Six Months Ended June 30, 2024										
(in millions)	Fixed Maturity Securities						Equity Securities			
	Mortgage- and Asset- Backed Securities		Sovereign and Supranational		Banks/ Financial Institutions		Other Corporate		Total	
	Securities	Utilities	Supranational	Institutions	Corporate					
Balance, beginning of period	\$ 772	\$ 253	\$ 30	\$ 78	\$ 648	\$ 248	\$ 2,029			
Net investment gains (losses) included in earnings	2	0	0	0	0	(7)	(5)			
Unrealized gains (losses) included in other comprehensive income (loss)	(9)	(11)	(3)	(9)	(4)	0	(36)			
Purchases, issuances, sales and settlements:										
Purchases	307	99	0	5	95	0	506			
Issuances	0	0	0	0	0	0	0			
Sales	0	0	0	0	0	0	0			
Settlements	(49)	(25)	(2)	(5)	(3)	(84)	(168)			
Transfers into Level 3	190	282	0	0	0	0	472			

Transfers out of Level 3	0	(233)	0	0	(352)	0	(585)
Balance, end of period	\$ 1,213	\$ 365	\$ 25	\$ 69	\$ 384	\$ 157	\$ 2,213
Changes in unrealized gains (losses) relating to Level 3 assets and liabilities still held at the end of the period included in earnings							
	\$ 2	\$ 0	\$ 0	\$ 0	\$ 0	\$ (6)	\$ (4)
Six Months Ended June 30, 2023							
(In millions)							
Fixed Maturity Securities							
Mortgage- and Asset- Backed Securities							
Sovereign and Supranational							
Banks/ Financial Institutions							
Other Corporate							
Total							
Balance, beginning of period	\$ 343	\$ 497	\$ 37	\$ 159	\$ 742	\$ 209	\$ 1,987
Net investment gains (losses) included in earnings	0	0	0	0	0	(6)	(6)
Unrealized gains (losses) included in other comprehensive income (loss)	(10)	(6)	(3)	4	8	0	(7)
Purchases, issuances, sales and settlements:							
Purchases	328	0	0	0	112	10	450
Issuances	0	0	0	0	0	0	0
Sales	0	0	0	0	0	0	0
Settlements	(133)	(9)	(2)	(7)	(3)	0	(154)
Transfers into Level 3	124	18	0	0	0	0	142
Transfers out of Level 3	0	(198)	0	(87)	(287)	0	(572)
Balance, end of period	\$ 652	\$ 302	\$ 32	\$ 69	\$ 572	\$ 213	\$ 1,840
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	\$ (5)	\$ (5)

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
	June 30, 2024
(In millions)	
(In millions)	
(In millions)	
Assets:	
Assets:	
Assets:	
Securities available-for-sale, carried at fair value:	
Securities available-for-sale, carried at fair value:	
Securities available-for-sale, carried at fair value:	
Fixed maturity securities:	
Fixed maturity securities:	
Fixed maturity securities:	

Mortgage- and asset-backed securities
Mortgage- and asset-backed securities
Mortgage- and asset-backed securities
Public utilities
Public utilities
Public utilities
Sovereign and supranational
Sovereign and supranational
Sovereign and supranational
Banks/financial institutions
Banks/financial institutions
Banks/financial institutions
Other corporate
Other corporate
Other corporate
Equity securities
Equity securities
Equity securities
Total assets
Total assets
Total assets

(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				June 30, 2024			
															Aflac Japan							
															(In millions)							
(In millions)	Cancer	Health	Insurance	Other	Accident	Disability	Critical	Hospital	Care	Indemnity	Dental/Vision	Insurance	Other	Total	Cancer	Health	Insurance	Other	Accident	Disability	Critical	Hos
Deferred policy acquisition costs:																						
Balance at December 31, 2023																						
Balance at December 31, 2023																						
Balance at December 31, 2023																						
Capitalization																						
Amortization expense																						
Foreign currency translation and other																						
Foreign currency translation and other																						
Foreign currency translation and other																						

Balance at March 31, 2024
Balance at June 30, 2024

December 31, 2023

(In millions)	Aflac Japan						Aflac U.S.					
	Medical and Other			Life Insurance			Critical		Hospital		Life Insurance	
	Cancer	Health	Other	Other	Accident	Disability	Care	Indemnity	Dental/Vision	Other	Total	
Deferred policy acquisition costs:												
Balance at December 31, 2022	\$ 3,035	\$ 2,161	\$ 525	\$ 55	\$ 904	\$ 613	\$ 1,304	\$ 418	\$ 88	\$ 135	\$ 1	\$ 9,239
Capitalization	317	123	33	8	151	125	173	84	10	61	1	1,086
Amortization expense	(184)	(105)	(34)	(3)	(138)	(113)	(141)	(66)	(12)	(24)	4	(816)
Foreign currency translation and other	(197)	(138)	(33)	(4)	0	0	0	0	0	0	(5)	(377)
Balance at December 31, 2023	\$ 2,971	\$ 2,041	\$ 491	\$ 56	\$ 917	\$ 625	\$ 1,336	\$ 436	\$ 86	\$ 172	\$ 1	\$ 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 six-month** periods ended **March 31, 2024** June 30, 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.

(In millions)	March 31, 2024												(In millions)					
	Aflac Japan				Aflac Japan				Aflac U.S.									
	Medical and Other	Life	Cancer	Health	Medical and Other	Life	Critical	Hospital	Care	Indemnity	Dental/Vision	Life	Cancer	Health	Life	Other	Accident	Disability
Present value of expected future net premiums:																		
Balance at December 31, 2023																		
Balance at December 31, 2023																		

**Balance at December
31, 2023**

**Beginning
balance at
original
discount rate**

Effect of
changes in
cash flow
assumptions

Effect of
actual
variances
from
expected
experience

**Adjusted
beginning of
period
balance**

Issuances

Interest
accrual

Net
premiums
collected (1)

Foreign
currency
translation

Other

**Ending
balance at
original
discount rate**

Effect of
changes in
discount
rate
assumptions

**Balance at
March 31,
2024**

**Balance at
June 30,
2024**

**Present value
of expected
future policy
benefits:**

**Balance at December
31, 2023**

**Balance at December
31, 2023**

**Balance at December
31, 2023**

**Beginning
balance at
original
discount rate**

Effect of
changes in
cash flow
assumptions

Effect of
actual
variances
from
expected
experience

**Adjusted
beginning of
period
balance**

Issuances

Interest
accrual

Benefit
payments

Foreign
currency
translation

Other

**Ending
balance at
original
discount rate**

Effect of
changes in
discount
rate
assumptions

**Balance at
March 31,
2024**

**Balance at
June 30,
2024**

**Net liability for
future policy
benefits**

Less:
reinsurance
recoverable

**Net liability
for future
policy
benefits after
reinsurance
recoverable**

(a) 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.					
	Medical and Other		Life Insurance		Other	Critical Accident		Hospital Disability		Life Care	
	Cancer	Health	Insurance	Other		Accident	Disability	Care	Indemnity	Dental/Vision	Insurance
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												June 3				Aflac Japan				
Aflac Japan				Aflac Japan				Aflac U.S.				Aflac Japan				Aflac Japan				
Cancer	Cancer	Medical and Other	Life	Cancer	Health	Life	Other	Accident	Disability	Care	Hospital	Dental/Vision	Life	Insurance	Other	Cancer	Health	Insurance	Other	Acci
Weighted-average interest, original discount rate ⁽¹⁾	Weighted-average discount rate ⁽¹⁾	3.9 %	2.5 %	3.9 %	4.3 %	4.6 %	4.5 %	4.3 %	3.8 %	5.4 %	Weighted-average interest, original discount rate ⁽¹⁾	2.5 %	2.1 %	3.9 %	2.1 %	3.9 %	4.3 %	3.9 %	4.3 %	
		%	%	2.1 %	1.8 %	%	%	%	%											

Weighted-average interest, current discount rate (1)	2.0 %	2.5 %	1.9 %	2.3 %	5.3 %	5.2 %	5.3 %	Weighted-average interest, current discount rate (1)	2.7 %	2.0 %	2.2 %	2.4 %	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	13.0	24.4	16.1	17.0	8.0	5.6	11.2

(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.								
	Medical and Other			Life Insurance			Critical Care			Hospital Indemnity			Life Insurance		
	Cancer	Health	Other	Insurance	Other	Other	Accident	Disability	Care	Indemnity	Dental/Vision	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 %	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	(In millions)	June 30, 2024	December 31, 2023
Balances included in future policy benefits rollforward:					
Aflac Japan					
Aflac Japan					
Aflac Japan					
Cancer					
Cancer					
Cancer					
Medical and other health					
Medical and other health					
Medical and other health					
Life insurance					
Life insurance					
Life insurance					
Other					
Other					
Other					
Aflac U.S.					
Aflac U.S.					
Aflac U.S.					
Accident					
Accident					
Accident					
Disability					
Disability					
Disability					

Critical care	
Critical care	
Critical care	
Hospital indemnity	
Hospital indemnity	
Hospital indemnity	
Dental/vision	
Dental/vision	
Dental/vision	
Life insurance	
Life insurance	
Life insurance	
Other	
Other	
Other	
Corporate and other	
Corporate and other	
Corporate and other	
Deferred profit liability	
Deferred profit liability	
Deferred profit liability	
Deferred reinsurance gain liability	
Deferred reinsurance gain liability	
Deferred reinsurance gain liability	
Intercompany eliminations ⁽¹⁾	
Intercompany eliminations ⁽¹⁾	
Intercompany eliminations ⁽¹⁾	
Total	
Total	
Total	

⁽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, of the Notes to the Consolidated Financial Statements in the 2023 Annual Report.

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** **June 30, 2024** and 2023, the Company recognized **\$1.1 billion** **\$2.9 billion** and **\$(2.8) \$(165) million** in other comprehensive income (loss) net of tax, respectively, due to changes in the future policy benefits estimate from updating the discount rate assumptions. For the six-month periods ended **June 30, 2024** and 2023, the Company recognized **\$4.0 billion** and **\$(3.0) 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** **six-month** periods ended **March 31, 2024** **June 30, 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 For the three-month **three- and six-month** periods ended **March 31, 2024** **June 30, 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** **six-month** periods ended **March 31, 2024** **June 30, 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.

(In millions)
(In millions)
(In millions)
Net earned premiums:
Net earned premiums:
Net earned premiums:
Aflac Japan
Aflac Japan
Aflac Japan
Cancer
Cancer
Cancer
Medical and other health
Medical and other health
Medical and other health
Life insurance
Life insurance
Life insurance
Other
Other
Other
Aflac U.S.

Aflac U.S.
Aflac U.S.
Accident
Accident
Accident
Disability
Disability
Disability
Critical care
Critical care
Critical care
Hospital indemnity
Hospital indemnity
Hospital indemnity
Dental/vision
Dental/vision
Dental/vision
Life insurance
Life insurance
Life insurance
Other
Other
Other
Corporate and other
Corporate and other
Corporate and other
Reinsurance ceded
Reinsurance ceded
Reinsurance ceded
Total
Total
Total

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.

(In millions)
(In millions)
(In millions)
Interest expense:
Interest expense:
Interest expense:
Aflac Japan
Aflac Japan
Aflac Japan
Cancer
Cancer
Cancer
Medical and other health
Medical and other health
Medical and other health

Life insurance
Life insurance
Life insurance
Other
Other
Other
Aflac U.S.
Aflac U.S.
Aflac U.S.
Accident
Accident
Accident
Disability
Disability
Disability
Critical care
Critical care
Critical care
Hospital indemnity
Hospital indemnity
Hospital indemnity
Dental/vision
Dental/vision
Dental/vision
Life insurance
Life insurance
Life insurance
Other
Other
Other
Total
Total
Total

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		June 30, 2024		December 31, 2023	
	(In millions)	Gross Premiums	Benefits and Expenses	Gross Premiums	Benefits and Expenses	(In millions)	Gross Premiums	Benefits and Expenses
Undiscounted expected future gross premiums and expected future policy benefits and expenses:								
Aflac Japan								
Aflac Japan								
Aflac Japan								
Cancer								
Cancer								

Cancer								
Medical and other health								
Medical and other health								
Medical and other health								
Life insurance								
Life insurance								
Life insurance								
Other								
Other								
Other								
Aflac U.S.								
Aflac U.S.								
Aflac U.S.								
Accident								
Accident								
Accident								
Disability								
Disability								
Disability								
Critical care								
Critical care								
Critical care								
Hospital indemnity								
Hospital indemnity								
Hospital indemnity								
Dental/vision								
Dental/vision								
Dental/vision								
Life insurance								
Life insurance								
Life insurance								
Other								
Other								
Other								
Total								
Total								
Total								
		March 31, 2024		December 31, 2023				
		June 30, 2024		December 31, 2023				
(In millions)	(In millions)	Gross Premiums	Benefits and Expenses	Gross Premiums	Benefits and Expenses	(In millions)	Gross Premiums	Benefits and Expenses
Discounted expected future gross premiums and expected future policy benefits and expenses:								
Aflac Japan								
Aflac Japan								
Aflac Japan								
Cancer								
Cancer								
Cancer								

Medical and other health
Medical and other health
Medical and other health
Life insurance
Life insurance
Life insurance
Other
Other
Other
Aflac U.S.
Aflac U.S.
Aflac U.S.
Accident
Accident
Accident
Disability
Disability
Disability
Critical care
Critical care
Critical care
Hospital indemnity
Hospital indemnity
Hospital indemnity
Dental/vision
Dental/vision
Dental/vision
Life insurance
Life insurance
Life insurance
Other
Other
Other
Total
Total
Total

Loss expense as a result of NPR capping for the **three-month** **three- and six-month** periods ended **March 31, 2024** **June 30, 2024** and 2023 was immaterial.

Other Policyholders' Funds

As of **March 31, 2024** **June 30, 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)	(In millions)	March 31, 2024	December 31, 2023	(In millions)	June 30, 2024	December 31, 2023
Other policyholders' funds:						
Fixed annuities account balance, beginning of period ⁽¹⁾						
Fixed annuities account balance, beginning of period ⁽¹⁾						
Fixed annuities account balance, beginning of period ⁽¹⁾						
Premiums received						
Transfers from WAYS conversions						

Surrenders and withdrawals
Benefit payments
Interest credited
Foreign currency translation and other
Fixed annuities account balance, end of period
Other deposit type reserves
Total

(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				June 30, 2024				December 31, 2023			
	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		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	
	(In millions)	(In millions)	Guaranteed Minimum	Cash Value	Guaranteed Minimum	Crediting Rates (2)	At Minimum	Cash Value	Guaranteed Minimum	Crediting Rates (2)	At Minimum	Cash Value	Guaranteed Minimum	Crediting Rates (2)	At Minimum	Cash Value
Fixed annuities	Fixed annuities	0.5% - 2.2%	\$5,538	\$5,457	0.5% - 2.3%	\$5,939	\$5,850	(1)	Fixed annuities	0.5% - 2.2%	\$5,180	\$5,106	0.5% - 2.3%	\$5,939	\$5,850	
(1)	(1)								(1)							

(1) Aflac Japan fixed annuities

(2) Weighted-average crediting rate of 1.5% at March 31, 2024 June 30, 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.

	(In millions)	(In millions)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
			2024	2023	2024	2023	2024	2023
Direct earned premiums								
Ceded to other companies:								
Ceded to other companies:								
Ceded to other companies:								
Ceded Aflac Japan closed blocks								
Ceded Aflac Japan closed blocks								
Ceded Aflac Japan closed blocks								
Other								
Other								
Other								
Assumed from other companies:								
Assumed from other companies:								
Assumed from other companies:								
Retrocession activities								
Retrocession activities								

Retrocession activities
Other
Other
Other
Net earned premiums
Direct benefits and claims, excluding reserve remeasurement
Direct benefits and claims, excluding reserve remeasurement
Direct benefits and claims, excluding reserve remeasurement
Ceded benefits and change in reserves for future benefits:
Ceded benefits and change in reserves for future benefits:
Ceded benefits and change in reserves for future benefits:
Ceded Aflac Japan closed blocks
Ceded Aflac Japan closed blocks
Ceded Aflac Japan closed blocks
Other
Other
Other
Assumed from other companies:
Assumed from other companies:
Assumed from other companies:
Retrocession activities
Retrocession activities
Retrocession activities
Other
Other
Other
Benefits and claims, excluding reserve remeasurement
Benefits and claims, excluding reserve remeasurement
Benefits and claims, excluding reserve remeasurement
Direct reserve remeasurement (gains) losses
Direct reserve remeasurement (gains) losses
Direct reserve remeasurement (gains) losses
Ceded reserve remeasurement gains (losses)
Ceded reserve remeasurement gains (losses)
Ceded reserve remeasurement gains (losses)
Assumed reserve remeasurement (gains) losses
Assumed reserve remeasurement (gains) losses
Assumed reserve remeasurement (gains) losses
Reserve remeasurement (gains) losses
Reserve remeasurement (gains) losses
Reserve remeasurement (gains) losses
Total benefits and claims, net
Total benefits and claims, net
Total benefits and claims, net

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 **consolidated** deferred reinsurance gain liability of **\$161 million** **\$148 million** and \$175 million as of **March 31, 2024** **June 30, 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~~ ~~\$162 million~~ and \$183 million as of ~~March 31, 2024~~ ~~June 30, 2024~~ and December 31, 2023, respectively. The allowance for credit losses related to the Company's reinsurance recoverable balance was ~~\$4 \$3 million~~ and \$10 million as of ~~March 31, 2024~~ ~~June 30, 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~~ ~~June 30, 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 reinsurance 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

(In millions)	June 30, 2024	December 31, 2023
1.125% senior sustainability notes due March 2026	\$ 399	\$ 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	255	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)	77	87
.932% senior notes due January 2027 (principal amount ¥60.0 billion)	371	422
1.048% senior notes due March 2029 (principal amount ¥13.0 billion)	80	0
1.075% senior notes due September 2029 (principal amount ¥33.4 billion)	207	234
.500% senior notes due December 2029 (principal amount ¥12.6 billion)	78	88
.550% senior notes due March 2030 (principal amount ¥13.3 billion)	82	93
1.159% senior notes due October 2030 (principal amount ¥29.3 billion)	181	206
1.412% senior notes due March 2031 (principal amount ¥27.9 billion)	172	0
.633% senior notes due April 2031 (principal amount ¥30.0 billion)	186	211
.843% senior notes due December 2031 (principal amount ¥9.3 billion)	57	65
.750% senior notes due March 2032 (principal amount ¥20.7 billion)	128	145
1.320% senior notes due December 2032 (principal amount ¥21.1 billion)	130	148
.844% senior notes due April 2033 (principal amount ¥12.0 billion)	74	84
1.488% senior notes due October 2033 (principal amount ¥15.2 billion)	94	106
1.682% senior notes due March 2034 (principal amount ¥7.7 billion)	48	0
1.600% senior notes due March 2034 (principal amount ¥18.3 billion)	112	0
.934% senior notes due December 2034 (principal amount ¥9.8 billion)	60	69
.830% senior notes due March 2035 (principal amount ¥10.6 billion)	65	74
1.740% senior notes due March 2036 (principal amount ¥15.0 billion)	92	0
1.039% senior notes due April 2036 (principal amount ¥10.0 billion)	61	70
1.594% senior notes due September 2037 (principal amount ¥6.5 billion)	40	45
1.750% senior notes due October 2038 (principal amount ¥8.9 billion)	55	62
1.920% senior notes due March 2039 (principal amount ¥16.5 billion)	101	0
1.122% senior notes due December 2039 (principal amount ¥6.3 billion)	39	44
1.264% senior notes due April 2041 (principal amount ¥10.0 billion)	62	70

2.160% senior notes due March 2044 (principal amount ¥5.7 billion)	35	0
2.108% subordinated debentures due October 2047 (principal amount ¥60.0 billion)	368	419
.963% subordinated bonds paid April 2024 (principal amount ¥30.0 billion)	0	211
1.560% senior notes due April 2051 (principal amount ¥20.0 billion)	123	140
2.144% senior notes due September 2052 (principal amount ¥12.0 billion)	74	84
1.958% subordinated bonds due December 2053 (principal amount ¥30.0 billion)	185	210
2.400% senior notes due March 2054 (principal amount ¥19.5 billion)	119	0
Yen-denominated loans:		
Variable interest rate loan due August 2027 (.55% in 2024 and .35% in 2023, principal amount ¥11.7 billion)	73	82
Variable interest rate loan due August 2029 (.65% in 2024 and .45% in 2023, principal amount ¥25.3 billion)	157	178
Variable interest rate loan due August 2032 (.80% in 2024 and .60% in 2023, principal amount ¥70.0 billion)	433	492
Finance lease obligations payable through 2030	5	6
Operating lease obligations payable through 2049	103	118
Total notes payable and lease obligations	\$ 7,430	\$ 7,364

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.

I

In April 2024, ALIJ redeemed ¥30.0 billion of its .963% subordinated bonds due April 2049.

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 \$49 million and \$47 million \$50 million for the three-month periods and \$96 million for each of the six-month periods ended March 31, 2024 June 30, 2024 and 2023, respectively.

A summary of the Company's lines of credit as of March 31, 2024 June 30, 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
						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	
Aflac Incorporated	unsecured revolving	5 years	event of default	¥100.0 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 dollar-denominated borrowings or TIBOR for Japanese yen denominated 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	
Aflac Incorporated and Aflac	unsecured revolving	5 years	event of default	\$1.0 billion	\$0.0 billion	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 Incorporated and Aflac	uncommitted bilateral	specified	None specified	\$50 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 December 3, 2024	None	General corporate purposes
Aflac ⁽¹⁾	uncommitted revolving	364 days	December 2, 2024	\$250 million	\$50.0 million	Three-month yen TIBOR plus 75 basis points per annum	No later than November 26, 2024	None	General corporate purposes
Aflac Incorporated ⁽¹⁾ (Tranche 1)	uncommitted revolving	364 days	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	2024	¥50.0 billion	¥0.0 billion	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 75 basis points per annum	No later than November 26, 2024	None	General corporate purposes
Aflac New York ⁽¹⁾⁽²⁾	uncommitted revolving	364 days	2024	\$25 million	\$0 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 75 basis points per annum	April 9, December 2, 2024	None	General corporate purposes
CAIC ⁽¹⁾	uncommitted revolving	364 days	2025 2024	\$15 million	\$0 million	Three-month term SOFR plus a 10 basis point SOFR adjustment and an additional 75 basis points per annum	March 24, 2025 December 3, 2024	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	
TOIC ⁽¹⁾	revolving	364 days	March 21, December 2, 2025 2024	\$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. ⁽²⁾	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. ⁽²⁾	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 December 3, 2024	None	General corporate purposes	
Aflac GI Holdings LLC ⁽²⁾	revolving	364 days	July 16, December 2, 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, December 3, 2024	None	General corporate purposes	
Aflac Incorporated ⁽²⁾	revolving	364 days	January 2, December 2, 2025 2024	\$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	December 3, 2024	None	General corporate purposes
Aflac Re ⁽²⁾	revolving	364 days	January 2, December 2, 2025 2024	\$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	December 3, 2024	None	General corporate purposes
Aflac Asset Management LLC ⁽²⁾	revolving	214 days	December 2, 2024	\$25 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 December 3, 2024	None	General corporate purposes	
Aflac Global Ventures LLC ⁽²⁾	revolving	214 days	December 2, 2024	\$2 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 December 3, 2024	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 June 30, 2024. No events of default or defaults occurred during the three-month six-month period ended March 31, 2024 June 30, 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 six-month periods ended March 31, June 30.

(In thousands of shares)	(In thousands of shares)	2024	2023	(In thousands of shares)	2024	2023
Common stock - issued:						
Balance, beginning of period						
Balance, beginning of period						
Balance, beginning of period						
Exercise of stock options and issuance of restricted shares						
Balance, end of period						

Treasury stock:
Balance, beginning of period
Balance, beginning of period
Balance, beginning of period
Purchases of treasury stock:
Share repurchase program
Share repurchase program
Share repurchase program
Other
Dispositions of treasury stock:
Shares issued to AFL Stock Plan
Shares issued to AFL Stock Plan
Shares issued to AFL Stock Plan
Exercise of stock options
Other
Balance, end of period
Shares outstanding, end of period

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,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended June 30,	
(In thousands)		
(In thousands)		
(In thousands)		
2024		
2023		
2024		
2023		
2024		
2023		
Anti-dilutive share-based awards		

Share Repurchase Program

During the first **three** **six** months of 2024, the Company repurchased **9.3 million** **18.6 million** shares of its common stock for **\$750 million** **\$1.6 billion** as part of its share repurchase program. During the first **three** **six** months of 2023, the Company repurchased **10.3 million** **20.8 million** shares of its common stock for **\$700 million** **\$1.4 billion** as part of its share repurchase program. As of **March 31, 2024** **June 30, 2024**, a remaining balance of **58.5 million** **59.2 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

(In millions)	Three Months Ended June 30, 2024					
	Unrealized		Unrealized Gains (Losses) on Derivatives	Effect of Changes in Discount Rate Assumptions	Pension Liability Adjustment	Total
	Unrealized Foreign Gains (Losses)	Currency Translation Gains (Losses)				
Balance at March 31, 2024	\$ (4,666)	\$ 1,092	\$ (26)	\$ (1,495)	\$ (7)	\$ (5,102)
Other comprehensive income (loss) before reclassification	(425)	(652)	3	2,920	3	1,849

Amounts reclassified from accumulated other comprehensive income (loss)	0	(39)	1	0	(1)	(39)
Net current-period other comprehensive income (loss)	(425)	(691)	4	2,920	2	1,810
Balance at June 30, 2024	\$ (5,091)	\$ 401	\$ (22)	\$ 1,425	\$ (5)	\$ (3,292)

All amounts in the table above are net of tax.

	Three Months Ended March 31, 2024					Three Months Ended June 30, 2023						
(In millions)	Unrealized Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses)	Unrealized Gains (Losses)	Effect of Changes in Discount Rate on Derivatives	Pension Liability Adjustment	Total (In millions)	Unrealized Foreign Currency Translation Gains (Losses)	Unrealized Gains (Losses)	Unrealized Gains (Losses)	Effect of Changes in Discount Rate on Derivatives	Pension Liability Adjustment	Total
Balance at December 31, 2023												
Balance at March 31, 2024												
Other comprehensive income (loss) before reclassification												
Other comprehensive income (loss) before reclassification												
Other comprehensive income (loss) before reclassification												
Amounts reclassified from accumulated other comprehensive income (loss)												
Amounts reclassified from accumulated other comprehensive income (loss)												
Amounts reclassified from accumulated other comprehensive income (loss)												
Net current- period other comprehensive income (loss)												

Net current-period other comprehensive income (loss)
Net current-period other comprehensive income (loss)
Balance at March 31, 2024
Balance at March 31, 2024
Balance at March 31, 2024
Balance at June 30, 2023
Balance at June 30, 2023
Balance at June 30, 2023

All amounts in the table above are net of tax.

	Three Months Ended March 31, 2023					Six Months Ended June 30, 2024					
(In millions)	Unrealized Foreign Currency Translation (In millions)	Unrealized Gains (Losses) on Fixed Maturity Securities	Unrealized Gains (Losses) on Derivatives	Effect of Changes in Discount Rate Assumptions	Pension Liability Adjustment	(In millions)	Unrealized Foreign Currency Translation (In millions)	Unrealized Gains (Losses) on Fixed Maturity Securities	Unrealized Gains (Losses) on Derivatives	Effect of Changes in Discount Rate Assumptions	Pension Liability Adjustment
Balance at December 31, 2022											
Balance at December 31, 2023											
Other comprehensive income (loss) before reclassification											
Other comprehensive income (loss) before reclassification											
Other comprehensive income (loss) before reclassification											
Amounts reclassified from accumulated other comprehensive income (loss)											

Amounts reclassified
from
accumulated other
comprehensive
income
(loss)

Amounts reclassified
from
accumulated other
comprehensive
income
(loss)

Net current-
period other
comprehensive
income (loss)

Net current-
period other
comprehensive
income (loss)

Net current-
period other
comprehensive
income (loss)

**Balance at March 31,
2023**

**Balance at March 31,
2023**

**Balance at March 31,
2023**

**Balance at June 30,
2024**

**Balance at June 30,
2024**

**Balance at June 30,
2024**

All amounts in the table above are net of tax.

Six Months Ended June 30, 2023							
(In millions)	Unrealized Currency Translation Gains (Losses)		Unrealized Gains (Losses) on Fixed Maturity Securities		Effect of Changes in Discount Rate Assumptions		
	Unrealized Gains (Losses)	Unrealized Gains (Losses) on Derivatives	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	(685)	2,746	1	(2,959)	52	(845)	
Amounts reclassified from accumulated other comprehensive income (loss)	0	(66)	1	0	1	(64)	
Net current-period other comprehensive income (loss)	(685)	2,680	2	(2,959)	53	(909)	
Balance at June 30, 2023	\$ (4,249)	\$ 1,978	\$ (25)	\$ (5,059)	\$ 17	\$ (7,338)	

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

1

(In millions)	Three Months Ended March 31, 2024	
	June 30, 2024	
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	\$ 168.50 (35.11)	Net investment gains (losses) Tax (expense) or benefit ⁽¹⁾
	\$ 133.39	Net of tax
Unrealized gains (losses) on derivatives	\$ (1) 0	Net investment gains (losses) Tax (expense) or benefit ⁽¹⁾
	\$ (1)	Net of tax
Amortization of defined benefit pension items:		
Actuarial gains (losses)	\$ 1	Acquisition and operating expenses ⁽²⁾
Prior service (cost) credit	0	Acquisition and operating expenses ⁽²⁾
	0	Tax (expense) or benefit ⁽¹⁾
	\$	
Total reclassifications for the period	\$ 132.39	Net of tax

(1) Based on 21% tax rate

(2) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost (see Note 12 for additional details).

(1)

(In millions)	Three Months Ended March 31, June 30, 2023	
	June 30, 2023	
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	\$ 57.27 (12.6)	Net investment gains (losses) Tax (expense) or benefit ⁽¹⁾
	\$ 45.21	Net of tax
Unrealized gains (losses) on derivatives	\$ (1) 0	Net investment gains (losses) Tax (expense) or benefit ⁽¹⁾
	\$ (1)	Net of tax
Amortization of defined benefit pension items:		
Actuarial gains (losses)	\$ (1)	Acquisition and operating expenses ⁽²⁾
Prior service (cost) credit	0	Acquisition and operating expenses ⁽²⁾
	0	Tax (expense) or benefit ⁽¹⁾
	\$	
Total reclassifications for the period	\$ 44.19	Net of tax

(1) Based on 21% tax rate

(2) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost (see Note 12 for additional details).

Six Months Ended June 30, 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		\$ 218 (46)	Net investment gains (losses) Tax (expense) or benefit ⁽¹⁾
		\$ 172	Net of tax
Unrealized gains (losses) on derivatives		\$ (2) 0	Net investment gains (losses) Tax (expense) or benefit ⁽¹⁾
		\$ (2)	Net of tax
Amortization of defined benefit pension items:			
Actuarial gains (losses)		\$ 1	Acquisition and operating expenses ⁽²⁾
Prior service (cost) credit		0	Acquisition and operating expenses ⁽²⁾
		0	Tax (expense) or benefit ⁽¹⁾
		\$ 1	Net of tax
Total reclassifications for the period		\$ 171	Net of tax

(1) Based on 21% tax rate

(2) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost (see Note 12 for additional details).

Six Months Ended June 30, 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		\$ 84 (18)	Net investment gains (losses) Tax (expense) or benefit ⁽¹⁾
		\$ 66	Net of tax
Unrealized gains (losses) on derivatives		\$ (1) 0	Net investment gains (losses) Tax (expense) or benefit ⁽¹⁾
		\$ (1)	Net of tax
Amortization of defined benefit pension items:			
Actuarial gains (losses)		\$ (1)	Acquisition and operating expenses ⁽²⁾
Prior service (cost) credit		0	Acquisition and operating expenses ⁽²⁾
		0	Tax (expense) or benefit ⁽¹⁾
		\$ (1)	Net of tax
Total reclassifications for the period		\$ 64	Net of tax

(1) Based on 21% tax rate

(2) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost (see Note 12 for additional details).

11. SHARE-BASED COMPENSATION

As of **March 31, 2024** **June 30, 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** **June 30, 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** **June 30, 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** **June 30, 2024**.

Stock Option Shares (in thousands)	Stock Option Shares (in thousands)	Weighted-Average Remaining Term (in years)	Aggregate Intrinsic Value (in millions)	Weighted-Average Exercise Price Per Share	Stock Option Shares (in thousands)	Weighted-Average Remaining Term (in years)	Aggregate Intrinsic Value (in millions)	Weighted-Average Exercise Price Per Share
Outstanding								
Exercisable								
Exercisable								
Exercisable								

The Company received cash from the exercise of stock options in the amount of **\$5.9 million** and **\$4 million** **\$10 million** during the first **three** **six** months of 2024 and 2023, respectively. The tax benefit realized as a result of stock option exercises and restricted stock releases was **\$24 million** **\$27 million** in the first **three** **six** months of 2024, compared with **\$17 million** **\$19 million** in the first **three** **six** months of 2023.

As of **March 31, 2024** **June 30, 2024**, total compensation cost not yet recognized in the Company's consolidated financial statements related to restricted stock awards and units was **\$74 million** **\$60 million**, of which **\$40 million** **\$31 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** **1.8** years. There are no other contractual terms covering restricted stock awards once vested.

The following table summarizes restricted stock activity during the **three-month** **six-month** period ended **March 31, 2024** **June 30, 2024**.

(In thousands of shares)	(In thousands of shares)	Shares	Weighted-Average Grant-Date Fair Value Per Share	(In thousands of shares)	Shares	Weighted-Average Grant-Date Fair Value Per Share
Restricted stock at December 31, 2023						
Granted in 2024						
Granted in 2024						
Granted in 2024						
Canceled in 2024						
Canceled in 2024						
Canceled in 2024						
Vested in 2024						
Vested in 2024						
Vested in 2024						
Restricted stock at March 31, 2024						
Restricted stock at March 31, 2024						
Restricted stock at March 31, 2024						
Restricted stock at June 30, 2024						
Restricted stock at June 30, 2024						
Restricted stock at June 30, 2024						

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, which resulted in the Company recognizing a curtailment gain of \$49 million in the second quarter of 2023. 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 and \$(45) million for both the three-month periods and \$4 million and \$(43) million for the six-month periods ended March 31, 2024 June 30, 2024 and 2023, respectively. Total net periodic benefit cost includes the following components:

	Three Months Ended March 31,				Three Months Ended June 30,			
	Pension Benefits		Postretirement Benefits		Other		Pension Benefits	
	Japan	Japan	U.S.	Postretirement Benefits	Japan	U.S.	Postretirement Benefits	Other
(In millions)	(In millions)	2024	2023	2024	2023	(In millions)	2024	2023
Components of net periodic benefit cost:								
Service cost								
Service cost								
Service cost								
Interest cost								
Interest cost								
Interest cost								
Expected return on plan assets								
Expected return on plan assets								
Expected return on plan assets								
Amortization of net actuarial loss								
Amortization of net actuarial loss								
Amortization of net actuarial loss								
Curtailment (gain) loss								
Curtailment (gain) loss								
Curtailment (gain) loss								
Net periodic (benefit) cost								
Net periodic (benefit) cost								
Net periodic (benefit) cost								

	Six Months Ended June 30,					
	Pension Benefits			Other		
	Japan		U.S.		Postretirement Benefits	
(In millions)	2024	2023	2024	2023	2024	2023
Components of net periodic benefit cost:						
Service cost	\$ 7	\$ 7	\$ 0	\$ 7	\$ 0	\$ 0

Interest cost	4	4	19	21	0	1
Expected return on plan assets	(3)	(3)	(15)	(18)	0	0
Amortization of net actuarial loss	0	0	(1)	0	0	1
Curtailment (gain) loss	0	0	0	(49)	0	0
Net periodic (benefit) cost	\$ 8	\$ 8	\$ 3	\$ (39)	\$ 0	\$ 2

During the **three** **six** months ended **March 31, 2024** **June 30, 2024**, Aflac Japan contributed approximately **\$6 million** **\$12 million** (using the weighted-average yen/dollar exchange rate for the **three-month** **six-month** period ended **March 31, 2024** **June 30, 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

In June 2024, the Company entered into an agreement with an information technology and data services company to provide cloud hosting services for the Company. As of June 30, 2024, the agreement has a remaining term of three years with an aggregate remaining cost of \$68 million.

In June 2024, the Company renewed an outsourcing agreement with a technology and consulting company that provides for mainframe computer operations, distributed mid-range server computer operations, and related support for Aflac Japan. As of June 30, 2024, the agreement has a remaining term of five years with an aggregate remaining cost of ¥48.2 billion (\$299 million using the June 30, 2024 exchange rate).

In June 2024, the Company entered into an outsourcing agreement with a management consulting and technology services company to provide policy administration services for Aflac Japan. As of June 30, 2024, the agreement has a remaining term of six years with an aggregate remaining cost of ¥6.8 billion (\$42 million using the June 30, 2024 exchange rate).

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** **three- and six-month** periods ended **March 31, 2024** **June 30, 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 six-month** periods ended **March 31, 2024** **June 30, 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:

	Page
Executive Summary	72 79
Results of Operations	73 80
Investments	89 99
Hedging Activities	94 104
Deferred Policy Acquisition Costs	97 107
Policy Liabilities	98 108
Benefit Plans	98 108
Policyholder Protection	98 108
Liquidity and Capital Resources	98 108
Critical Accounting Estimates	104 114

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 \$5.1 billion in the second quarter of 2024, compared with \$5.2 billion in the second quarter of 2023. Net earnings were \$1.8 billion, or \$3.10 per diluted share, in the second quarter of 2024, compared with \$1.6 billion, or \$2.71 per diluted share, in the second quarter of 2023.

Total revenues were \$10.6 billion in the first three six months of 2024, compared with \$4.8 billion \$10.0 billion in the first three six months of 2023, reflecting net investment gains. Net earnings were \$1.9 billion \$3.6 billion, or \$3.25 \$6.35 per diluted share, in the first three six months of 2024, compared with \$1.2 billion \$2.8 billion, or \$1.94 \$4.64 per diluted share, in the first three six months of 2023.

Results in the first three months second quarter of 2024 included pretax net investment gains of \$951 million \$696 million, compared with pretax net investment gains of \$123 million \$555 million in the first three months second quarter of 2023. Net investment gains in the first three months second quarter of 2024 included an increase in credit loss allowances of \$1 million \$19 million; \$703 million \$649 million of net gains from certain derivative and foreign currency gains or losses; \$76 million \$11 million of net gains on equity securities; and \$173 million \$55 million of net gains from sales and redemptions.

Results in the first six months of 2024 included pretax net investment gains of \$1.6 billion, compared with pretax net investment gains of \$678 million in the first six months of 2023. Net investment gains in the first six months of 2024 included an increase in credit loss allowances of \$20 million; \$1.4 billion of net gains from certain derivative and foreign currency gains or losses; \$87 million of net gains on equity securities; and \$228 million of net gains from sales and redemptions.

The average yen/dollar exchange rate⁽¹⁾ for the three-month period ended March 31, 2024 June 30, 2024 was 148.67, 155.70, or 11.0% 11.7% weaker than the average yen/dollar exchange rate⁽¹⁾ of 132.30 137.53 for the same period in 2023. The average yen/dollar exchange rate⁽¹⁾ for the six-month period ended June 30, 2024 was 152.30, or 11.4% weaker than the average yen/dollar exchange rate⁽¹⁾ of 134.97 for the same period in 2023.

Adjusted earnings⁽²⁾ in the first three months second quarter of 2024 were \$961 million \$1.0 billion, or \$1.66 \$1.83 per diluted share, compared with \$953 million \$954 million, or \$1.55 \$1.58 per diluted share, in the second quarter of 2023. The weaker yen/dollar exchange rate negatively impacted adjusted earnings per diluted share by \$0.07. Adjusted earnings⁽²⁾ in the first six months of 2024 were \$2.0 billion, or \$3.49 per diluted share, compared with \$1.9 billion, or \$3.13 per diluted share, in the first three six months of 2023. The weaker yen/dollar exchange rate negatively impacted adjusted earnings per diluted share by \$0.08 \$1.14.

In the first three six months of 2024, Aflac Incorporated repurchased \$750 million \$1.6 billion, or 9.3 million 18.6 million of its common shares. At March 31, 2024 June 30, 2024, the Company had 68.5 million 59.2 million remaining shares authorized for repurchase.

Shareholders' equity was \$23.5 billion \$26.0 billion, or \$41.27 \$46.40 per share, at March 31, 2024 June 30, 2024, compared with \$22.0 billion, or \$38.00 per share, at December 31, 2023. Shareholders' equity at March 31, 2024 June 30, 2024 included a cumulative decrease increase of \$1.5 billion \$1.4 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 \$379 million, compared with a net unrealized gain of \$1.1 billion at December 31, 2023. Shareholders' equity at March 31, 2024 June 30, 2024 also included an unrealized foreign currency translation loss of \$4.7 billion \$5.1 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 second quarter of 2024 was 33.0% 28.3%.

Shareholders' equity excluding accumulated other comprehensive income (AOCI)⁽²⁾ (adjusted book value) was \$28.6 billion \$29.3 billion, or \$50.22 \$52.26 per share, at March 31, 2024 June 30, 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 second quarter of 2024 was 14.3% 14.8%.

⁽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	In Millions
	In Millions	Per Diluted Share	Per Diluted Share
Three Months Ended March 31,			

	Three Months Ended June 30,	Six Months Ended June 30,
2024		
Net earnings		
Net earnings		
Net earnings		
Items impacting net earnings:		
Items impacting net earnings:		
Items impacting net earnings:		
Adjusted net investment (gains) losses ⁽¹⁾		
Adjusted net investment (gains) losses ⁽¹⁾		
Adjusted net investment (gains) losses ⁽¹⁾		
Other and non-recurring (income) loss		
Other and non-recurring (income) loss		
Other and non-recurring (income) loss		
Income tax (benefit) expense on items excluded from adjusted earning		
Income tax (benefit) expense on items excluded from adjusted earning		
Income tax (benefit) expense on items excluded from adjusted earning		
Adjusted earnings		
Adjusted earnings		
Adjusted earnings		
Current period foreign currency impact ⁽²⁾		
Current period foreign currency impact ⁽²⁾		
Current period foreign currency impact ⁽²⁾		
Adjusted earnings excluding current period foreign currency impact		
Adjusted earnings excluding current period foreign currency impact		
Adjusted earnings excluding current period foreign currency impact		
(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		
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended March 31,	
	Three Months Ended June 30,	
(In millions)		
(In millions)		
(In millions)		
Net investment (gains) losses		
Net investment (gains) losses		
Net investment (gains) losses		
Items impacting net investment (gains) losses:		
Items impacting net investment (gains) losses:		
Items impacting net investment (gains) losses:		
Amortized hedge costs		
Amortized hedge costs		
Amortized hedge costs		
Amortized hedge income		

Amortized hedge income
Amortized hedge income
Net interest income (expense) from derivatives associated with certain investment strategies
Net interest income (expense) from derivatives associated with certain investment strategies
Net interest income (expense) from derivatives associated with certain investment strategies
Impact of interest from derivatives associated with notes payable
Impact of interest from derivatives associated with notes payable
Impact of interest from derivatives associated with notes payable
Adjusted net investment (gains) losses
Adjusted net investment (gains) losses
Adjusted net investment (gains) losses

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.

On June 9, 2023, the Company amended the U.S. defined benefit plan to freeze future benefits under the plan for all participants effective January 1, 2024, which resulted in the Company recognizing a curtailment gain of approximately \$49 million in the second quarter of 2023. The curtailment gain was both unusual and non-recurring and unrelated to other recurring benefit costs associated with the plan; therefore, the Company excluded the curtailment gain from adjusted earnings.

Other items excluded from adjusted earnings also included an impairment for certain finite-lived intangible assets of approximately \$11 million in the second quarter of 2023 as a result of the Company exiting the third-party administration business acquired in connection with the purchase of Aflac Benefits Solutions, Inc. (formerly known as Argus Dental & Vision, Inc.) in 2019. The impairment of these intangible assets was not related to the ongoing operations of the business and occurs infrequently; therefore, the Company excluded the impairment from adjusted earnings.

Income Taxes

The Company's combined U.S. and Japanese effective income tax rate on pretax earnings was 13.1% for the three-month period ended June 30, 2024, compared with 10.4% for the same period in 2023. The Company's combined U.S. and Japanese effective income tax rate on pretax earnings was **13.4% 13.3%** for the three-month six-month period ended **March 31, 2024** **June 30, 2024**, compared with **11.5% 10.9%** 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.

In recent periods, the Japanese yen has continued to weaken against the U.S. dollar. Although the Company is unable to predict the timing or extent of future movements of the Japanese yen/U.S. dollar foreign exchange rate, the Company maintains hedging strategies (see the Hedging Activities section of this MD&A) that are intended to mitigate the impacts of yen fluctuation on the Company's financial position and results of operations. See the risk factor entitled "The Company is exposed to foreign currency fluctuations in the yen/dollar exchange rate" in Item 1A. Risk Factors of the 2023 Annual Report for more information.

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)	(In millions, except for share and per-share amounts)	March 31, 2024	December 31, 2023	(In millions, except for share and per-share amounts)	June 30, 2024	December 31, 2023
U.S. GAAP book value						
Items impacting U.S. GAAP book value:						
Items impacting U.S. GAAP book value:						
Items impacting U.S. GAAP book value:						

Unrealized foreign currency translation gains (losses)
Unrealized foreign currency translation gains (losses)
Unrealized foreign currency translation gains (losses)
Unrealized gains (losses) on securities and derivatives
Unrealized gains (losses) on securities and derivatives
Unrealized gains (losses) on securities and derivatives
Effect of changes in discount rate assumptions
Effect of changes in discount rate assumptions
Effect of changes in discount rate assumptions
Pension liability adjustment
Pension liability adjustment
Pension liability adjustment
Total accumulated other comprehensive income
Total accumulated other comprehensive income
Total accumulated other comprehensive income
Adjusted book value
Adjusted book value
Adjusted book value
Number of shares outstanding at end of period
Number of shares outstanding at end of period
Number of shares outstanding at end of period
U.S. GAAP book value per common share
U.S. GAAP book value per common share
U.S. GAAP book value per common share
Items impacting U.S. GAAP book value per common share:
Items impacting U.S. GAAP book value per common share:
Items impacting U.S. GAAP book value per common share:
Unrealized foreign currency translation gains (losses) per common share
Unrealized foreign currency translation gains (losses) per common share
Unrealized foreign currency translation gains (losses) per common share
Unrealized gains (losses) on securities and derivatives per common share
Unrealized gains (losses) on securities and derivatives per common share
Unrealized gains (losses) on securities and derivatives per common share
Effect of changes in discount rate assumptions per common share
Effect of changes in discount rate assumptions per common share
Effect of changes in discount rate assumptions per common share
Pension liability adjustment per common share
Pension liability adjustment per common share
Pension liability adjustment per common share
Total accumulated other comprehensive income per common share
Total accumulated other comprehensive income per common share
Total accumulated other comprehensive income per common share
Adjusted book value per common share
Adjusted book value per common share
Adjusted book value per common share

**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, equity.

Three Months Ended June 30,

	Three Months Ended June 30,	Three Months Ended June 30,	
	2024	2024	
	2024	2024	2023
U.S. GAAP return on equity - net earnings ⁽¹⁾	U.S. GAAP return on equity - net earnings ⁽¹⁾	33.0	%
U.S. GAAP return on equity - net earnings ⁽¹⁾		23.8	%
U.S. GAAP return on equity - net earnings ⁽¹⁾			
Impact of excluding unrealized foreign currency translation gains (losses)			
Impact of excluding unrealized foreign currency translation gains (losses)			
Impact of excluding unrealized foreign currency translation gains (losses)			
Impact of excluding unrealized gains (losses) on securities and derivatives			
Impact of excluding unrealized gains (losses) on securities and derivatives			
Impact of excluding unrealized gains (losses) on securities and derivatives			
Impact of excluding effect of changes in discount rate assumptions			
Impact of excluding effect of changes in discount rate assumptions			
Impact of excluding effect of changes in discount rate assumptions			
Impact of excluding pension liability adjustment			
Impact of excluding pension liability adjustment			
Impact of excluding pension liability adjustment			
Impact of excluding accumulated other comprehensive income			
Impact of excluding accumulated other comprehensive income			
Impact of excluding accumulated other comprehensive income			
U.S. GAAP return on equity less accumulated other comprehensive income			
U.S. GAAP return on equity less accumulated other comprehensive income			
U.S. GAAP return on equity less accumulated other comprehensive income			
Differences between adjusted earnings and net earnings ⁽²⁾			
Differences between adjusted earnings and net earnings ⁽²⁾			
Differences between adjusted earnings and net earnings ⁽²⁾			
Adjusted return on equity - reported			
Adjusted return on equity - reported			
Adjusted return on equity - reported			
Impact of foreign currency ⁽³⁾			
Impact of foreign currency ⁽³⁾			
Impact of foreign currency ⁽³⁾	Impact of foreign currency ⁽³⁾	(.6)	N/A
Adjusted return on equity, excluding impact of foreign currency			
Adjusted return on equity, excluding impact of foreign currency			
Adjusted return on equity, excluding impact of foreign currency			

⁽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 Dollars
	In Dollars
(In millions of dollars and billions of yen)	
(In millions of dollars and billions of yen)	
(In millions of dollars and billions of yen)	
Net earned premiums	
Net earned premiums	
Net earned premiums	
Net investment income: (1)	
Net investment income: (1)	
Net investment income: (1)	
Yen-denominated investment income	
Yen-denominated investment income	
Yen-denominated investment income	
U.S. dollar-denominated investment income	
U.S. dollar-denominated investment income	
U.S. dollar-denominated investment income	
Net investment income	
Net investment income	
Net investment income	
Amortized hedge costs related to certain foreign currency exposure management strategies	
Amortized hedge costs related to certain foreign currency exposure management strategies	
Amortized hedge costs related to certain foreign currency exposure management strategies	
Adjusted net investment income	
Adjusted net investment income	
Adjusted net investment income	

Other income (loss)
Other income (loss)
Other income (loss)
Total adjusted revenues
Total adjusted revenues
Total adjusted revenues
Benefits and claims:
Benefits and claims:
Benefits and claims:
Benefits and claims, excluding reserve remeasurement
Benefits and claims, excluding reserve remeasurement
Benefits and claims, excluding reserve remeasurement
Reserve remeasurement (gains) losses
Reserve remeasurement (gains) losses
Reserve remeasurement (gains) losses
Total benefits and claims, net
Total benefits and claims, net
Total benefits and claims, net
Adjusted expenses:
Adjusted expenses:
Adjusted expenses:
Amortization of deferred policy acquisition costs
Amortization of deferred policy acquisition costs
Amortization of deferred policy acquisition costs
Insurance commissions
Insurance commissions
Insurance commissions
Insurance and other expenses
Insurance and other expenses
Insurance and other expenses
Total adjusted expenses
Total adjusted expenses
Total adjusted expenses
Total benefits and adjusted expenses
Total benefits and adjusted expenses
Total benefits and adjusted expenses
Pretax adjusted earnings
Pretax adjusted earnings
Pretax adjusted earnings
Weighted-average yen/dollar exchange rate
Weighted-average yen/dollar exchange rate
Weighted-average yen/dollar exchange rate
Percentage change over previous period
Percentage change over previous period
Percentage change over previous period
Net earned premiums
Net earned premiums

Net earned premiums	(16.3) % % (17.3) % % (6.0) % % (5.9) % % (16.9) % % (11.6) % % (16.6) % % (14.6) % % (5.7) % % (6.2) % % (5.8) % % (6.0) % %
Adjusted net investment income	
Total adjusted revenues	
Total adjusted revenues	
Total adjusted revenues	
Total benefits and claims, net	
Total benefits and claims, net	
Total benefits and claims, net	
Adjusted expenses	
Adjusted expenses	
Adjusted expenses	
Total adjusted expenses	
Total adjusted expenses	
Total adjusted expenses	
Pretax adjusted earnings	
Pretax adjusted earnings	
Pretax adjusted earnings	

(a) Net interest income/expense from derivatives associated with certain investment strategies of \$(79) and \$(62) \$(73) for the three-month periods and \$(158) and \$(135) for the six-month periods ended **March 31, 2024** **June 30, 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** **June 30, 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 ¥7 billion related to the internal reinsurance transaction with Aflac Re established in the fourth quarter of 2023 and approximately ¥5 billion in limited-pay products reaching premium paid-up status.
- Adjusted net investment income increased primarily due to the weakening of the yen on U.S. dollar investments of ¥8 billion, lower hedge costs of ¥7 billion, higher variable investment income of ¥6 billion and higher call income of ¥4 billion.
- Total adjusted revenues increased primarily due to the increase in adjusted net investment income mostly offset by the decrease in net earned premiums.
- Total benefits and claims decreased primarily due to internal reinsurance activity.
- Total adjusted expenses decreased primarily due to internal reinsurance activity.
- Pretax adjusted earnings increased primarily due to the increase in adjusted net investment income and the decrease in both total benefits and claims and total adjusted expenses, partially offset by the decrease in net earned premiums.

For the six-month period ended June 30, 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 ¥15 billion related to the internal reinsurance transaction with Aflac Re established in the fourth quarter of 2023 and approximately ¥11 billion in limited-pay products reaching premium paid-up status.
- Adjusted net investment income increased primarily due to lower hedge costs of ¥7 ¥14 billion, the weakening of the yen on U.S. dollar investments of ¥6 ¥13 billion, higher variable net investment income of ¥5 ¥10 billion and higher fixed rate call income of ¥3 billion, partially offset by lower floating rate income due to the increase in loans on nonaccrual status, ¥4 billion.
- Total adjusted revenues decreased slightly increased primarily due to the decrease in net earned premiums mostly offset by the increase in adjusted net investment income. income mostly offset by the decrease in net earned premiums.
- Total benefits and claims decreased primarily due to the internal reinsurance transaction with Aflac Re established in the fourth quarter of 2023. activity.
- Total adjusted expenses decreased primarily due to the internal reinsurance transaction with Aflac Re established in the fourth quarter of 2023 activity as well as expense control efforts.
- Pretax adjusted earnings increased primarily due to the increase in adjusted net investment income and the decrease in both total benefits and claims and total adjusted expenses. expenses, partially offset by the decrease in net earned premiums.

Annualized premiums in force decreased 3.8% 3.6% to ¥1.23 ¥1.22 trillion as of **March 31, 2024** **June 30, 2024**, compared with ¥1.28 ¥1.27 trillion as of **March 31, 2023** **June 30, 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 \$7.6 billion at **March 31, 2024** **June 30, 2024**, compared with \$9.6 billion \$8.7 billion at **March 31, 2023** **June 30, 2023**. As of **March 31, 2024** **June 30, 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, June 30,									
Including Foreign Currency Changes		Excluding Foreign Currency Changes		Including Foreign Currency Changes		Excluding Foreign Currency Changes			
Three Months	Three Months	Three Months	Three Months	Three Months	Three Months	Six Months	Three Months	Three Months	Six Months
Adjusted net investment income									
Adjusted net investment income									
Adjusted net investment income	19.3 %	2.4 %	10.7 %	(5.9) %	28.4 %	(6.4) %	24.1 %	(2.4) %	17.8 %
Total adjusted revenues									
Pretax adjusted earnings									
Pretax adjusted earnings									
Pretax adjusted earnings									

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.

Ratios to total adjusted revenues:

Ratios to total adjusted revenues:

Ratios to total adjusted revenues:

Total benefits and claims, net

Total benefits and claims, net

Total benefits and claims, net

Adjusted expenses:

Adjusted expenses:

Adjusted expenses:

Amortization of deferred policy acquisition costs

Amortization of deferred policy acquisition costs

Amortization of deferred policy acquisition costs

Insurance commissions

Insurance commissions

Insurance commissions

Insurance and other expenses

Insurance and other expenses

Insurance and other expenses

Total adjusted expenses

Total adjusted expenses

Total adjusted expenses

Pretax adjusted earnings

Pretax adjusted earnings

Pretax adjusted earnings
Ratios to total premiums:
Ratios to total premiums:
Ratios to total premiums:
Total benefits and claims, net
Total benefits and claims, net
Total benefits and claims, net
Adjusted expenses:
Adjusted expenses:
Adjusted expenses:
Amortization of deferred policy acquisition costs
Amortization of deferred policy acquisition costs
Amortization of deferred policy acquisition costs

- For the three-month period three- and six-month periods ended March 31, 2024 June 30, 2024, the total benefits and claims to total premiums ratio was flat. increased primarily due to reinsurance activity and limited-pay products reaching premium paid-up status.
- The total adjusted expense ratio decreased in the three-month period three- and six-month periods ended March 31, 2024 June 30, 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 activity as well as expense control efforts.
- In total, the pretax adjusted profit margin increased in the three-month period three- and six-month periods ended March 31, 2024 June 30, 2024 primarily due to the lower expense ratio and a slight offsetting decrease in lower total benefits and claims to total adjusted revenues. revenues ratio.

The following table presents Aflac Japan's premium persistency on a 12-month rolling basis as of March 31, June 30.

2024
Premium persistency
Premium persistency
Premium persistency

Aflac Japan Sales

The following table presents Aflac Japan's new annualized premium sales for the periods ended March 31, June 30.

	In Dollars	In Yen	In Dollars	In Yen
Three Months				
(In millions of dollars and billions of yen)				
(In millions of dollars and billions of yen)				
(In millions of dollars and billions of yen)				
New annualized premium sales				
New annualized premium sales				
New annualized premium sales				
Increase (decrease) over prior period				
Increase (decrease) over prior period				
Increase (decrease) over prior period				

The decrease increase in new annualized premium sales on a yen basis in the second quarter and first quarter six months of 2024 was driven primarily due to a decrease in the by sales of first sector products. Aflac Japan's new life insurance product, Tsumitasu, that offers an asset formation component and a nursing care option, which was launched in June 2024.

The following table details the contributions to Aflac Japan's new annualized premium sales by major insurance product for the periods ended March 31, June 30.

Cancer
Cancer
Cancer

Medical and other health:

Medical and other health:

Medical and other health:

Medical

Medical

Medical

Income support

Income support

Income support

Life insurance:

Life insurance:

Life insurance:

Traditional life ⁽¹⁾

Traditional life ⁽¹⁾

Traditional life ⁽¹⁾

WAYS

WAYS

WAYS

Child endowment

Child endowment

Child endowment

Other

Other

Other

Total

Total

Total

⁽¹⁾ Includes term, and whole life and Tsumitasu

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 Additionally, the Company believes that sales of first sector savings-type products, including 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 Tsumitasu, 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, June 30.

2024

Independent corporate and individual

Independent corporate and individual

Independent corporate and individual

Affiliated corporate ⁽¹⁾

Affiliated corporate ⁽¹⁾

Affiliated corporate ⁽¹⁾

Bank

Bank

Bank
Total
Total
Total

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

During the three-month period ended **March 31, 2024** June 30, 2024, Aflac Japan recruited 12 new sales agencies. At **March 31, 2024** June 30, 2024, Aflac Japan was represented by approximately **6,900** 6,700 sales agencies, with approximately **113,000** 114,000 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** June 30, 2024, Aflac Japan had agreements to sell its products at 360 banks, approximately 90% of the total number of banks in Japan.

Strategic Alliance with Japan Post Holdings

On May 10, 2024, the Parent Company reported that the shares owned by the J&A Alliance Trust (Trust) represented, in aggregate, 20% of the voting power of the Parent Company's common stock. The Shareholders Agreement, entered into on February 28, 2019, by the Parent Company, Japan Post Holdings Co., Ltd., J&A Alliance Holdings Corporation, solely in its capacity as trustee of the Trust and General Incorporated Association J&A Alliance, provides voting restrictions that require the Trust to vote (i) all shares representing voting rights in excess of 20% of the voting rights in the Parent Company and (ii) all of its shares in connection with a change in control transaction, in each case, in a manner proportionally equal to votes of shares not beneficially owned by the Trust. Japan Post Holdings Co., Ltd. does not have a board seat on the Parent Company's board of directors and does not have rights to control, manage or intervene in the management of the Parent Company.

For additional information, see the Aflac Japan Segment subsection of Item 7. MD&A in the 2023 Annual Report.

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)	Three Months Ended March 31,
(In millions)	Three Months Ended March 31,
(In millions)	Three Months Ended March 31,
	Three Months Ended June 30,
Yen-denominated:	
Yen-denominated:	
Yen-denominated:	
Fixed maturity securities:	
Fixed maturity securities:	
Fixed maturity securities:	
Japan government and agencies	
Japan government and agencies	
Japan government and agencies	
Private placements	
Private placements	
Private placements	
Other fixed maturity securities	
Other fixed maturity securities	

Other fixed maturity securities
Equity securities
Equity securities
Equity securities
Commercial mortgage and other loans:
Commercial mortgage and other loans:
Commercial mortgage and other loans:
Other loans
Other loans
Other loans
Other investments
Other investments
Other investments
Total yen-denominated
Total yen-denominated
Total yen-denominated
U.S. dollar-denominated:
U.S. dollar-denominated:
U.S. dollar-denominated:
Fixed maturity securities:
Fixed maturity securities:
Fixed maturity securities:
Other fixed maturity securities
Other fixed maturity securities
Other fixed maturity securities
Infrastructure debt
Infrastructure debt
Infrastructure debt
Collateralized loan obligations
Collateralized loan obligations
Collateralized loan obligations
Commercial mortgage and other loans:
Commercial mortgage and other loans:
Commercial mortgage and other loans:
Transitional real estate loans
Transitional real estate loans
Transitional real estate loans
Middle market loans
Middle market loans
Middle market loans
Other investments
Other investments
Other investments
Total U.S. dollar-denominated
Total U.S. dollar-denominated
Total U.S. dollar-denominated
Other currencies:
Other currencies:
Other currencies:
Other investments
Other investments

Other investments
Total Aflac Japan purchases
Total Aflac Japan purchases
Total Aflac Japan purchases

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, June 30**.

Total purchases for the period (in millions) ⁽¹⁾	5.57	%	%	5.18	%	%	5.96	%	%	4.75	%	%	5.71	%	%	5.03	%	%
Total purchases for the period (in millions) ⁽¹⁾																		
Total purchases for the period (in millions) ⁽¹⁾																		
New money yield ^{(1),(2)}																		
New money yield ^{(1),(2)}																		
New money yield ^{(1),(2)}																		
Return on average invested assets ⁽³⁾																		
Portfolio book yield, including U.S. dollar-denominated investments, end of period ^{(1),(2)}																		
Portfolio book yield, including U.S. dollar-denominated investments, end of period ^{(1),(2)}																		
Portfolio book yield, including U.S. dollar-denominated investments, end of period ^{(1),(2)}	3.24	%	%	3.13	%	%	3.32	%	%	3.19	%	%	3.32	%	%	3.19	%	%

⁽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** **three- and six-month periods** ended **March 31, 2024** **June 30, 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)	
(In millions)	
(In millions)	
Net earned premiums	
Net earned premiums	
Net earned premiums	
Adjusted net investment income ⁽¹⁾	
Adjusted net investment income ⁽¹⁾	
Adjusted net investment income ⁽¹⁾	
Other income	
Other income	
Other income	
Total adjusted revenues	
Total adjusted revenues	
Total adjusted revenues	
Benefits and claims:	
Benefits and claims:	
Benefits and claims:	

Benefits and claims, excluding reserve remeasurement	
Benefits and claims, excluding reserve remeasurement	
Benefits and claims, excluding reserve remeasurement	
Reserve remeasurement (gains) losses	
Reserve remeasurement (gains) losses	
Reserve remeasurement (gains) losses	
Total benefits and claims, net	
Total benefits and claims, net	
Total benefits and claims, net	
Adjusted expenses:	
Adjusted expenses:	
Adjusted expenses:	
Amortization of deferred policy acquisition costs	
Amortization of deferred policy acquisition costs	
Amortization of deferred policy acquisition costs	
Insurance commissions	
Insurance commissions	
Insurance commissions	
Insurance and other expenses	
Insurance and other expenses	
Insurance and other expenses	
Total adjusted expenses	
Total adjusted expenses	
Total adjusted expenses	
Total benefits and adjusted expenses	
Total benefits and adjusted expenses	
Total benefits and adjusted expenses	
Pretax adjusted earnings	
Pretax adjusted earnings	
Pretax adjusted earnings	
Percentage change over previous period:	
Percentage change over previous period:	
Percentage change over previous period:	
Net earned premiums	
Net earned premiums	
Net earned premiums	3.3 %
Adjusted net investment income	1.1 %
Total adjusted revenues	2.1 %
Total adjusted revenues	2.2 %
Total adjusted revenues	2.7 %
Total benefits and claims, net	1.6 %
Total benefits and claims, net	
Total benefits and claims, net	
Adjusted expenses	
Adjusted expenses	
Adjusted expenses	
Total adjusted expenses	
Total adjusted expenses	
Total adjusted expenses	
Pretax adjusted earnings	

Pretax adjusted earnings

Pretax adjusted earnings

(a) Net interest income/expense from derivatives associated with certain investment strategies of \$(9) and \$(7) \$(8) for the three-month periods and \$(19) and \$(15) for the six-month periods ended March 31, 2024 June 30, 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 June 30, 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, businesses and continued improvements in premium persistency.
- Adjusted net investment income increased primarily due to higher variable fixed rate income, higher short-term variable income and higher yielding asset classes, short-term income.
- Total adjusted revenues increased primarily due to the increase in net earned premiums, premiums and the increase in adjusted net investment income.
- Total benefits and claims increased primarily due to growth of group life and disability and lower remeasurement gains reflecting actual experience.
- Total adjusted expenses decreased primarily due to improved expense efficiency.
- Pretax adjusted earnings increased slightly primarily due to lower total adjusted expenses and higher total adjusted revenues offset by higher benefits.

For the six-month period ended June 30, 2024, operating results compared to the same period in the previous year were as follows:

- Net earned premiums increased primarily due to higher deferred policy acquisition costs amortization net earned premiums from growth initiatives including group life and an offsetting decrease disability and consumer markets businesses and continued improvements in insurance premium persistency.
- Adjusted net investment income increased primarily due to higher fixed rate income, higher variable income and other expenses, higher short-term income.
- Total adjusted revenues increased primarily due to the increase in net earned premiums and the increase in adjusted net investment income.
- Total benefits and claims increased primarily due to growth of group life and disability and lower remeasurement gains reflecting actual experience.
- Total adjusted expenses decreased primarily due to improved expense efficiency.
- Pretax adjusted earnings increased primarily due to higher net earned premiums, total adjusted revenues and lower total adjusted expenses offset by higher benefits.

Annualized premiums in force increased 3.1% 2.9% to \$6.2 billion at March 31, 2024 June 30, 2024, compared with \$6.0 \$6.1 billion at March 31, 2023 June 30, 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 periods in the previous year.

Ratios to total adjusted revenues:

Ratios to total adjusted revenues:

Ratios to total adjusted revenues:

Total benefits and claims

Total benefits and claims

Total benefits and claims	40.4 % %	39.2 % %	40.4 % %	38.8 % %	40.3 % %	39.0 % %
---------------------------	----------	----------	----------	----------	----------	----------

Adjusted expenses:

Amortization of deferred policy acquisition costs

Amortization of deferred policy acquisition costs

Amortization of deferred policy acquisition costs

Insurance commissions

Insurance commissions

Insurance commissions

Insurance and other expenses

Insurance and other expenses

Insurance and other expenses

Total adjusted expenses

Total adjusted expenses

Total adjusted expenses

Pretax adjusted earnings

Pretax adjusted earnings

Pretax adjusted earnings

Ratios to total premiums:

Ratios to total premiums:

Ratios to total premiums:																			
Total benefits and claims																			
Total benefits and claims																			
Total benefits and claims	46.5	%	%	45.6	%	%	46.7	%	%	45.3	%	%	46.6	%	%	45.4	%	%	
Adjusted expenses:																			
Amortization of deferred policy acquisition costs																			
Amortization of deferred policy acquisition costs																			
Amortization of deferred policy acquisition costs																			

- For the three-month period three- and six-month periods ended March 31, 2024 June 30, 2024, the total benefits and claims to total premiums ratio increased primarily due to growth of group life and disability and lower remeasurement gains. gains reflecting actual experience.
- The total adjusted expense ratio decreased in the three-month period three- and six-month periods ended March 31, 2024 June 30, 2024 primarily due to higher total adjusted revenues. expense efficiency efforts.
- In total, the pretax adjusted profit margin decreased increased slightly in the three-month period three- and six-month periods ended March 31, 2024 June 30, 2024 primarily due to the higher total benefits and claims to total adjusted revenues ratio, and lower total adjusted expenses.

The following table presents premium persistency for Aflac U.S. on a 12-month rolling basis as of March 31, June 30.

2024	
Premium persistency	
Premium persistency	
Premium persistency	

Aflac U.S. Sales

The following table presents Aflac's U.S. new annualized premium sales for the periods ended March 31, June 30.

	Three Months
	Three Months
	Three Months
(In millions)	
(In millions)	
(In millions)	
New annualized premium sales	
New annualized premium sales	
New annualized premium sales	
Increase (decrease) over prior period	
Increase (decrease) over prior period	
Increase (decrease) over prior period	

The decrease increase in new annualized premium sales for Aflac U.S. in the second quarter of 2024 largely driven by group life, absence management and disability products as well as improved sales in individual voluntary benefits. The decrease in the first quarter six months of 2024 reflects continued strong underwriting discipline as the Company focuses on more profitable growth with an emphasis on persistency.

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, June 30.

	2024
	2024
	2024
Accident	
Accident	
Accident	
Disability	
Disability	
Disability	

Critical care ⁽¹⁾	
Critical care ⁽¹⁾	
Critical care ⁽¹⁾	
Hospital indemnity	
Hospital indemnity	
Hospital indemnity	
Dental/vision	
Dental/vision	
Dental/vision	
Life	
Life	
Life	
Total	
Total	
Total	

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

In the **first** **second** quarter of 2024, the Aflac U.S. sales force included an average of approximately **5,800** **6,100** 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** **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** **became** 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.

	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended March 31,
	Three Months Ended June 30,
(In millions)	
(In millions)	
(In millions)	
Fixed maturity securities:	
Fixed maturity securities:	
Fixed maturity securities:	
Other fixed maturity securities	
Other fixed maturity securities	
Other fixed maturity securities	
Infrastructure debt	
Infrastructure debt	
Infrastructure debt	
Collateralized loan obligations	
Collateralized loan obligations	
Collateralized loan obligations	



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**, **June 30**.

	Three Months											
	Three Months											
Three Months												
<hr/>												
Total purchases for period (in millions) ⁽¹⁾												
Total purchases for period (in millions) ⁽¹⁾												
Total purchases for period (in millions) ⁽¹⁾												
New money yield ^{(1),(2)}												
New money yield ^{(1),(2)}												
New money yield ^{(1),(2)}	6.66	%	7.01	%	7.60	%	7.75	%	6.96	%	7.41	%
Return on average invested assets ⁽³⁾												
Portfolio book yield, end of period ^{(1),(2)}												
Portfolio book yield, end of period ^{(1),(2)}												
Portfolio book yield, end of period ^{(1),(2)}	5.57	%	5.46	%	5.63	%	5.49	%	5.63	%	5.49	%

⁽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** **three- and six-month periods** ended **March 31, 2024** **June 30, 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	
(In millions)	
(In millions)	
(In millions)	
Net earned premiums	
Net earned premiums	
Net earned premiums	
Net investment income (loss) ⁽¹⁾	
Net investment income (loss) ⁽¹⁾	
Net investment income (loss) ⁽¹⁾	
Amortized hedge income related to certain foreign currency management strategies	
Amortized hedge income related to certain foreign currency management strategies	
Amortized hedge income related to certain foreign currency management strategies	
Adjusted net investment income	
Adjusted net investment income	
Adjusted net investment income	
Other income	
Other income	
Other income	
Total adjusted revenues	
Total adjusted revenues	
Total adjusted revenues	
Benefits and claims:	
Benefits and claims:	
Benefits and claims:	
Benefits and claims, excluding reserve remeasurement	
Benefits and claims, excluding reserve remeasurement	
Benefits and claims, excluding reserve remeasurement	
Reserve remeasurement (gains) losses	
Reserve remeasurement (gains) losses	
Reserve remeasurement (gains) losses	
Total benefits and claims, net	
Total benefits and claims, net	
Total benefits and claims, net	
Adjusted expenses:	
Adjusted expenses:	
Adjusted expenses:	
Interest expense	
Interest expense	
Interest expense	
Other adjusted expenses	
Other adjusted expenses	
Other adjusted expenses	
Total adjusted expenses	
Total adjusted expenses	

Total adjusted expenses	
Total benefits and adjusted expenses	
Total benefits and adjusted expenses	
Total benefits and adjusted expenses	
Pretax adjusted earnings	
Pretax adjusted earnings	
Pretax adjusted earnings	
Percentage change over previous period:	
Percentage change over previous period:	
Percentage change over previous period:	
Net earned premiums	
Net earned premiums	
Net earned premiums	81.3 % % 122.0 % % 84.5 % % 133.3 % % 82.9 % % 127.3 % %
Adjusted net investment income	
Total adjusted revenues	
Total adjusted revenues	
Total adjusted revenues	
Total benefits and claims, net	
Total benefits and claims, net	
Total benefits and claims, net	
Total adjusted expenses	
Total adjusted expenses	
Total adjusted expenses	
Pretax adjusted earnings	
Pretax adjusted earnings	
Pretax adjusted earnings	

(a) The change in value of federal historic rehabilitation and solar investments in partnerships of \$32 \$30 and \$51 \$53 for the three-month periods and \$62 and \$105 for the six-month periods ended March 31, 2024 June 30, 2024, and 2023, respectively, is included as a reduction to net investment income. Tax credits on these investments of \$33 \$31 and \$52 \$56 for the three-month periods and \$64 and \$108 for the six-month periods ended March 31, 2024 June 30, 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, June 30, 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 \$15 million primarily due to a higher volume of assets as part of the reinsurance agreements established in the fourth quarter of 2023 and \$19 \$23 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 \$35 million.
- Pretax adjusted earnings increased due to higher total adjusted revenues partially offset by higher total adjusted expenses.

For the six-month period ended June 30, 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 \$38 million primarily due to a higher volume of assets as part of the reinsurance agreements established in the fourth quarter of 2023 and \$43 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 \$73 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.

(In millions)	Investment Securities by Segment				(In millions)	Investment Securities by Segment			
	(In millions)	Aflac Japan	Aflac U.S.	Corporate and Other		(In millions)	Aflac Japan	Aflac U.S.	Corporate and Other
Available-for-sale, fixed maturity securities, at fair value									
Held-to-maturity, fixed maturity securities, at amortized cost ⁽¹⁾									
Equity securities									
Commercial mortgage and other loans:									
Transitional real estate loans ⁽¹⁾									
Transitional real estate loans ⁽¹⁾									
Transitional real estate loans ⁽¹⁾									
Commercial mortgage loans ⁽¹⁾									
Middle market loans ⁽¹⁾									
Other loans ⁽¹⁾									
Other investments:									
Policy loans									
Policy loans									
Policy loans									
Short-term investments ⁽²⁾									
Limited partnerships									
Real estate owned									
Other									
Investment in affiliate ⁽³⁾									
Total investments									
Cash and cash equivalents									
Total investments and cash									

⁽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

(In millions)	December 31, 2023				
	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, through loan sales, 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.

For the six-month period ended June 30, 2024, the Company completed foreclosure or deed in lieu of foreclosure on TREs collateralized with commercial real estate properties with an amortized cost of \$282 million. As a result of the estimated fair value of the collateral exceeding the amortized cost of the TREs upon consummating the foreclosures or deed in lieu of foreclosure transactions, the Company recognized a net gain of \$13 million in net investment gains (losses) for the six-month period ended June 30, 2024. The Company did not complete any foreclosure or deed in lieu of foreclosure transactions in the six-month period ended June 30, 2023.

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									
	Amortized Cost	Fair Value		Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
AAA									
AA									
AA									
AA									

A
A
A
BBB
BBB
BBB
BB or lower
BB or lower
BB or lower
<hr/> Total
<hr/> <hr/> Total
<hr/> <hr/> <hr/> Total

As of **March 31, 2024** **June 30, 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** **June 30, 2024**.

(In millions)	(In millions)	Credit Rating	Amortized Cost	Fair Value	Unrealized Loss	(In millions)	Credit Rating	Amortized Cost	Fair Value	Unrealized Loss
KLM Royal Dutch Airlines										
Japan National Government										
Urban Renaissance Agency										
Urban Renaissance Agency										
Urban Renaissance Agency										
KLM Royal Dutch Airlines										
KLM Royal Dutch Airlines										
KLM Royal Dutch Airlines										
JP Morgan Chase and Co.										
JP Morgan Chase and Co.										
JP Morgan Chase and Co.										
Prologis LP										
Prologis LP										
Prologis LP										
Investcorp Capital Limited										
Investcorp Capital Limited										
Investcorp Capital Limited										
Alphabet Inc.										
Alphabet Inc.										
Alphabet Inc.										
Citigroup Inc										
Citigroup Inc										
Citigroup Inc										
Salesforce Inc										
Salesforce Inc										
Salesforce Inc										
BASF										
BASF										
BASF										
Nippon Prologis REIT Inc.										
Nippon Prologis REIT Inc.										
Nippon Prologis REIT Inc.										
Citigroup Inc										

Citigroup Inc
Citigroup Inc
Banco de Chile
Banco de Chile
Banco de Chile
Tokyo Gas Co Ltd
Tokyo Gas Co Ltd
Tokyo Gas Co Ltd

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
	June 30, 2024
(In millions)	
(In millions)	
(In millions)	
Investcorp Capital Limited	
Investcorp Capital Limited	
Investcorp Capital Limited	
Commerzbank	
Commerzbank	
Commerzbank	
Telecom Italia SpA	
Telecom Italia SpA	
Telecom Italia SpA	
KLM Royal Dutch Airlines	
KLM Royal Dutch Airlines	
KLM Royal Dutch Airlines	
IKB Deutsche Industriebank AG	
IKB Deutsche Industriebank AG	
IKB Deutsche Industriebank AG	
National Gas Co. Trinidad & Tobago	
National Gas Co. Trinidad & Tobago	
National Gas Co. Trinidad & Tobago	
Generalitat de Catalunya	
Generalitat de Catalunya	
Generalitat de Catalunya	
National Gas Co. Trinidad & Tobago	
National Gas Co. Trinidad & Tobago	
National Gas Co. Trinidad & Tobago	
Hawaiian Electric Industries Inc	
Hawaiian Electric Industries Inc	
Hawaiian Electric Industries Inc	
VTTI B.V.	

VTTI B.V.
VTTI B.V.
Commonwealth of the Bahamas
Commonwealth of the Bahamas
Commonwealth of the Bahamas
CPI Property Group SA
CPI Property Group SA
CPI Property Group SA
Other Issuers
Other Issuers
Other Issuers
Subtotal (2)
Subtotal (2)
Subtotal (2)
High yield corporate bonds
High yield corporate bonds
High yield corporate bonds
Middle market loans
Middle market loans
Middle market loans
Grand Total
Grand Total
Grand Total

(2)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.

	March 31, 2024	June 30, 2024
(In millions)		
Government and agencies		
Government and agencies		
Government and agencies		
Municipalities		
Municipalities		
Municipalities		
Mortgage- and asset-backed securities		
Mortgage- and asset-backed securities		
Mortgage- and asset-backed securities		
Public utilities		
Public utilities		
Public utilities		



Transportation
Transportation
Transportation
Total fixed maturity securities
Total fixed maturity securities
Total fixed maturity securities

(a) 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								
(In millions)	Amortized Cost (1)	Fair Value	(In millions)	Amortized Cost (1)	Fair Value	(In millions)	Amortized Cost (1)	Fair Value
(In millions)			(In millions)			(In millions)		
Publicly issued securities:								
Fixed maturity securities								
Fixed maturity securities								
Fixed maturity securities								
Equity securities								
Equity securities								
Equity securities								
Total publicly issued								
Total publicly issued								
Total publicly issued								
Privately issued securities: (2)								
Privately issued securities: (2)								
Privately issued securities: (2)								
Fixed maturity securities (3)								
Fixed maturity securities (3)								
Fixed maturity securities (3)								
Equity securities								
Equity securities								
Equity securities								
Total privately issued								
Total privately issued								
Total privately issued								
Total investment securities								
Total investment securities								
Total investment securities								

(a) Net of allowance for credit losses

(b) Primarily consists of securities owned by Aflac Japan

(c) Excludes Rule 144A securities

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

Reverse-Dual Currency Securities(1)

(Amortized cost, in millions)	(Amortized cost, in millions)	March 31, 2024	December 31, 2023	(Amortized cost, in millions)	June 30, 2024	December 31, 2023
Privately issued reverse-dual currency securities						
Publicly issued collateral structured as reverse-dual currency securities						
Publicly issued collateral structured as reverse-dual currency securities						
Publicly issued collateral structured as reverse-dual currency securities						
Total reverse-dual currency securities						
Total reverse-dual currency securities						
Total reverse-dual currency securities						
Reverse-dual currency securities as a percentage of total investment securities						
Reverse-dual currency securities as a percentage of total investment securities						
Reverse-dual currency securities as a percentage of total investment securities						

(a) 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, ALIJ, 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, June 30**. See the Results of Operations section of this MD&A for the Company's definition of amortized hedge costs/income.

Three Months
Three Months

	Three Months	Three Months	Six Months				
	2024	2024	2023	2024	2023	2024	2023
Aflac Japan:							
FX Forwards							
FX forward (sell USD, buy yen) notional at end of period (in billions) ⁽¹⁾							
FX forward (sell USD, buy yen) notional at end of period (in billions) ⁽¹⁾							
FX forward (sell USD, buy yen) notional at end of period (in billions) ⁽¹⁾	\$0.0	\$3.7	\$0.0	\$3.7	\$0.0	\$3.7	
Amortized hedge income (cost) for period (in millions)							
Amortized hedge income (cost) for period (in millions)							
Amortized hedge income (cost) for period (in millions)	\$2	\$(39)	\$0	\$(45)	\$1	\$(85)	
FX Options							
FX option notional at the end of period (in billions) ⁽¹⁾							
FX option notional at the end of period (in billions) ⁽¹⁾							
FX option notional at the end of period (in billions) ⁽¹⁾	\$24.7	\$13.5	\$24.7	\$13.5	\$24.7	\$13.5	
Amortized hedge income (cost) for period (in millions)							
Amortized hedge income (cost) for period (in millions)							
Amortized hedge income (cost) for period (in millions)	\$(8)	\$(19)	\$(7)	\$(18)	\$(14)	\$(37)	
Corporate and other (Parent Company):							
FX Forwards							
FX forward (buy USD, sell yen) notional at end of period (in billions) ⁽¹⁾							
FX forward (buy USD, sell yen) notional at end of period (in billions) ⁽¹⁾							
FX forward (buy USD, sell yen) notional at end of period (in billions) ⁽¹⁾	\$2.3	\$5.0	\$2.0	\$5.0	\$2.0	\$5.0	
Amortized hedge income (cost) for period (in millions)							
Amortized hedge income (cost) for period (in millions)							
Amortized hedge income (cost) for period (in millions)	\$28	\$31	\$34	\$39	\$62	\$70	
FX Options							
FX option notional at the end of period (in billions) ⁽¹⁾							
FX option notional at the end of period (in billions) ⁽¹⁾							
FX option notional at the end of period (in billions) ⁽¹⁾	\$0.0	\$2.2	\$0.0	\$2.4	\$0.0	\$2.4	
Amortized hedge income (cost) for period (in millions)							
Amortized hedge income (cost) for period (in millions)							
Amortized hedge income (cost) for period (in millions)	\$0	\$(2)	\$0	\$(1)	\$0	\$(3)	

⁽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
	June 30, 2024

(In millions)

(In millions)
(In millions)
Available-for-sale securities:
Available-for-sale securities:
Available-for-sale securities:
Fixed maturity securities
Fixed maturity securities
Fixed maturity securities
Equity securities
Equity securities
Equity securities
Commercial mortgage and other loans:
Commercial mortgage and other loans:
Commercial mortgage and other loans:
Transitional real estate loans (floating rate)
Transitional real estate loans (floating rate)
Transitional real estate loans (floating rate)
Commercial mortgage and other loans
Commercial mortgage and other loans
Commercial mortgage and other loans
Commercial mortgage loans
Commercial mortgage loans
Commercial mortgage loans
Middle market loans (floating rate)
Middle market loans (floating rate)
Middle market loans (floating rate)
Other loans
Other loans
Other loans
Other investments
Other investments
Other investments
Total U.S. Dollar Program
Total U.S. Dollar Program
Total U.S. Dollar Program
Available-for-sale securities:
Available-for-sale securities:
Available-for-sale securities:
Fixed maturity securities - economically converted to yen
Fixed maturity securities - economically converted to yen
Fixed maturity securities - economically converted to yen
Total U.S. dollar-denominated investments in Aflac Japan
Total U.S. dollar-denominated investments in Aflac Japan
Total U.S. dollar-denominated investments in Aflac Japan

(a) 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** **June 30, 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** **June 30, 2024**, the fair value of Aflac Japan's unhedged U.S. dollar-denominated portfolio was **\$338** **\$73** 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,	Three Months Ended March 31,	Three Months Ended March 31,	Three Months Ended June 30,	
(In millions)					
(In millions)					
(In millions)	2024	2023	2024	2023	2023
Net cash inflows (outflows)					

[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** **\$6.0 billion** as of **March 31, 2024** **June 30, 2024**, with hedging instruments comprised of **\$4.3 billion** **\$4.0 billion** of yen-denominated debt and **\$2.3 billion** **\$2.0 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** **three- and six-month** periods ended **March 31, 2024** **June 30, 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.

	March 31,				June 30,				
(In millions)	(In millions)	2024	December 31, 2023	% Change	(In millions)	2024	December 31, 2023	% Change	
Aflac Japan	Aflac Japan	\$ 5,234	\$ 5,559	(5.8) % ⁽¹⁾	(5.8) % ⁽¹⁾	Aflac Japan	\$ 4,951	\$ 5,559	(10.9) % ⁽¹⁾
Aflac U.S.									
Total									
Total									
Total									

⁽¹⁾ Aflac Japan's deferred policy acquisition costs increased **5% 1.2%** in yen during the **three six** months ended **March 31, 2024** **June 30, 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,		% Change	June 30,		(In millions)	June 30,	
	(In millions)	2024		December 31, 2023	(In millions)		2024	December 31, 2023
Aflac Japan	Aflac Japan	\$ 75,080		\$ 81,167		(7.5)	(7.5) % ⁽¹⁾	Aflac Japan
Aflac U.S.								\$ 67,236
Corporate and other								\$ 81,167
Corporate and other								(17.2)
Corporate and other								(17.2) % ⁽¹⁾
Intercompany eliminations ⁽²⁾								
Intercompany eliminations ⁽²⁾								
Intercompany eliminations ⁽²⁾								
Total								
Total								
Total								

⁽¹⁾ Aflac Japan's policy liabilities decreased **1.3% 5.9%** in yen during the **three six** months ended **March 31, 2024** **June 30, 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 six-month** periods ended **March 31, 2024** **June 30, 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 three- and six-month** periods ended **March 31, 2024** **June 30, 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** **June 30, 2024**, the Company held **\$5.1 billion** **\$6.1 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** **six-month** periods ended **March 31, June 30**.

Liquidity Provided by Subsidiaries to Parent Company	
(In millions)	
Management fees paid by subsidiaries	
Management fees paid by subsidiaries	
Management fees paid by subsidiaries	
Dividends declared or paid by subsidiaries	
Dividends declared or paid by subsidiaries	
Dividends declared or paid by subsidiaries	

The following table details Aflac Japan remittances, which are included in the totals above, for the **three-month** **six-month** periods ended **March 31, June 30**.

Aflac Japan Remittances	
(In millions of dollars and billions of yen)	
Aflac Japan management fees paid to Parent Company	
Aflac Japan management fees paid to Parent Company	
Aflac Japan management fees paid to Parent Company	
Aflac Japan dividends declared or paid to Parent Company (in dollars)	
Aflac Japan dividends declared or paid to Parent Company (in dollars)	
Aflac Japan dividends declared or paid to Parent Company (in dollars)	
Aflac Japan dividends declared or paid to Parent Company (in yen)	
Aflac Japan dividends declared or paid to Parent Company (in yen)	
Aflac Japan dividends declared or paid to Parent Company (in yen)	

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** **June 30, 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** **June 30, 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** **six-month** periods ended **March 31, June 30**.

(In millions)

Operating activities

Operating activities

Operating activities

Investing activities

Investing activities

Investing activities

Financing activities

Financing activities

Financing activities

Exchange effect on cash and cash equivalents

Exchange effect on cash and cash equivalents

Exchange effect on cash and cash equivalents

Net change in cash and cash equivalents

Net change in cash and cash equivalents

Net change in cash and cash equivalents

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** **June 30, 2024**, of the \$400 million committed, approximately **\$282** **\$280** 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** **six** months of 2024, Aflac U.S. borrowed and repaid **\$111 million** **\$204 million** under this program. As of **March 31, 2024** **June 30, 2024**, Aflac U.S. had outstanding borrowings of **\$652 million** **\$760 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 April 2024, ALIJ redeemed ¥30.0 billion of its .963% subordinated bonds due April 2049.

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 \$2.1 billion during the three-month six-month period ended March 31, 2024 June 30, 2024, compared with \$948 million \$1.9 billion during the three-month six-month period ended March 31, 2023 June 30, 2023.

The following tables present a summary of treasury stock activity during the three-month six-month periods ended March 31, June 30.

Treasury Stock Purchased

(In millions of dollars and thousands of shares)

Treasury stock purchases

Treasury stock purchases

Treasury stock purchases

Number of shares purchased:

Number of shares purchased:

Number of shares purchased:

Share repurchase program

Share repurchase program

Share repurchase program

Other

Other

Other

Total shares purchased

Total shares purchased

Total shares purchased

Treasury Stock Issued

(In millions of dollars and thousands of shares)

Stock issued from treasury:

Stock issued from treasury:

Stock issued from treasury:

Cash financing

Cash financing

Cash financing

Noncash financing
Noncash financing
Noncash financing
Total stock issued from treasury
Total stock issued from treasury
Total stock issued from treasury
Number of shares issued
Number of shares issued
Number of shares issued

As of **March 31, 2024** **June 30, 2024**, a remaining balance of **68.5 million** **59.2 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** **second** quarter of 2024, compared with \$.42 per share in the **first** **second** quarter of 2023. The following table presents the dividend activity for the **three-month** **six-month** periods ended **March 31** **June 30**.

(In millions)
Dividends paid in cash
Dividends paid in cash
Dividends paid in cash
Dividends through issuance of treasury shares
Dividends through issuance of treasury shares
Dividends through issuance of treasury shares
Total dividends to shareholders
Total dividends to shareholders
Total dividends to shareholders

In **April** **July** 2024, the board of directors declared the **second** **third** 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** **September 2, 2024** to shareholders of record at the close of business on **May 22, 2024** **August 21, 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** **June 30, 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 will introduce 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 final specifications were published in May 2024 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 and initial economic value-based solvency regime is expected to be introduced in ratio report becoming effective for 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** **June 30, 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 Codification™ (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%** **92%** of the Company's assets and **78%** **76%** of its liabilities are reported as of **March 31, 2024** **June 30, 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** **six-month** period ended **March 31, 2024** **June 30, 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~~ second fiscal quarter of 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, with the exception of new and revised internal controls related to the upgrade of the Company's financial accounting and reporting consolidation system effective May 2024. The Company's management believes that the implementation of this system upgrade has improved and enhanced its 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~~ six months of 2024, the Parent Company repurchased shares of its common stock as follows:

Period
January 1 - January 31
January 1 - January 31
January 1 - January 31
February 1 - February 29
February 1 - February 29
February 1 - February 29
March 1 - March 31
March 1 - March 31
March 1 - March 31
April 1 - April 30
April 1 - April 30
April 1 - April 30
May 1 - May 31
June 1 - June 30
June 1 - June 30
June 1 - June 30
Total
Total
Total
19,044,433 ⁽¹⁾ \$ 83.39 18,564,151 18,564,151 59,181,230 59,181,230 ⁽²⁾ ⁽²⁾
9,733,227 ⁽¹⁾ \$ 80.75 9,276,459 68,468,922 ⁽²⁾

(1) During the first ~~three~~ six months of 2024, ~~456,768~~ 480,282 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~~ June 30, 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****second** quarter of 2024, no directors or executive officers adopted or terminated a contract, instruction or written plan for the purchase or sale of the Parent 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** **August 1, 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** **August 1, 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** **August 1, 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

May 2, August 1, 2024

/s/ Max K. Brodén

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

May 2, August 1, 2024

/s/ Robin L. Blackmon

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

Aflac Incorporated 1st2nd Quarter 2024 Form 10-Q**EXHIBIT 31.1****Certification of Chief Executive Officer**

I, Daniel P. Amos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aflac Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, August 1, 2024

/s/ Daniel P. Amos

Daniel P. Amos
Chairman and Chief Executive Officer

Aflac Incorporated 1st2nd Quarter 2024 Form 10-Q**EXHIBIT 31.2****Certification of Chief Financial Officer**

I, Max K. Brodén, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aflac Incorporated;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **May 2, August 1, 2024**

/s/ Max K. Brodén

Max K. Brodén
Executive Vice President, Chief Financial Officer

[Aflac Incorporated 1st2nd Quarter 2024 Form 10-Q](#)

EXHIBIT 32

**Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q of Aflac Incorporated (the "Company") for the quarterly period ended **March 31, 2024** **June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Daniel P. Amos, as Chief Executive Officer of the Company, and Max K. Brodén, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel P. Amos

Name: Daniel P. Amos
Title: Chief Executive Officer
Date: May 2, August 1, 2024

/s/ Max K. Brodén

Name: Max K. Brodén
Title: Chief Financial Officer
Date: May 2, August 1, 2024

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.