



2019 YEAR  
IN REVIEW

MORE THAN  
A PROMISE

**Afrac**<sup>®</sup>  
Incorporated





Over the last 65 years, Aflac has had the extraordinary privilege to help provide financial protection and peace of mind to now more than 50 million people. Many things have changed over the decades, but one thing has not wavered: Aflac is committed to all of our stakeholders, and we are more than a promise. Each and every day, we make good on this commitment to be there for our policyholders when an illness, health event or life situation occurs — the times when our policyholders need us most. This promise lies at that heart of what we do, but Aflac is much more than the promise we sell each day. We are committed to helping provide financial protection and peace of mind for our policyholders. We are dedicated to empowering people to pursue their dreams and careers as employees, independent sales agents and through diverse sales distribution networks. We are committed to our decades-long track record of creating value for our stakeholders and rewarding our shareholders for their investment and the trust they place in us. We are devoted to improving our communities and helping children facing cancer and other serious illnesses. Putting it simply, this is who Aflac is — we're more than a promise.



#### COVER STORY:

Aflac has a long, proud history of dedication to funding childhood cancer treatment and research. In 2019, Aflac extended this promise on an even deeper level by taking **My Special Aflac Duck**, our smart comforting companion, halfway across the world and introducing it to Japan. This innovative concept brings the well-known face of the Aflac Duck to children with cancer in the form of a soft, friendly, nurturing companion that helps them feel less alone by using interactive technology during their cancer treatment. **My Special Aflac Duck** utilizes a compatible web-based app that enables children to mirror their care routines, including medical play, lifelike movement and a range of emotions to engage and help them find comfort throughout their treatment journey. Pictured on the cover is **Misaki Yamamoto**, age 8, with her newly gifted **My Special Aflac Duck**.

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*Aflac Japan has leveraged opportunities to create unique offshoot characters related to the Aflac Duck to market specific products. Thanks in large part to the enormous popularity of the Aflac Duck and these offshoot characters, about nine out of 10 people in Japan now recognize the Aflac brand.*

*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) and Tier One Insurance Company (TOIC) in the U.S. (collectively, Aflac U.S.).*

*In this document, we may refer to Aflac Incorporated's businesses collectively as "Aflac" or the "Company," the Company's U.S. businesses as "Aflac U.S." and the Company's Japan businesses as "Aflac Japan."*

*Within the sections of this document dedicated to each segment, we may use Aflac to refer to the respective segment.*

## AFLAC INCORPORATED'S GOAL

日米両国のお客様に補完  
保険商品の分野で最高の  
価値を提供すること。それ  
がわたしたちの目標です。

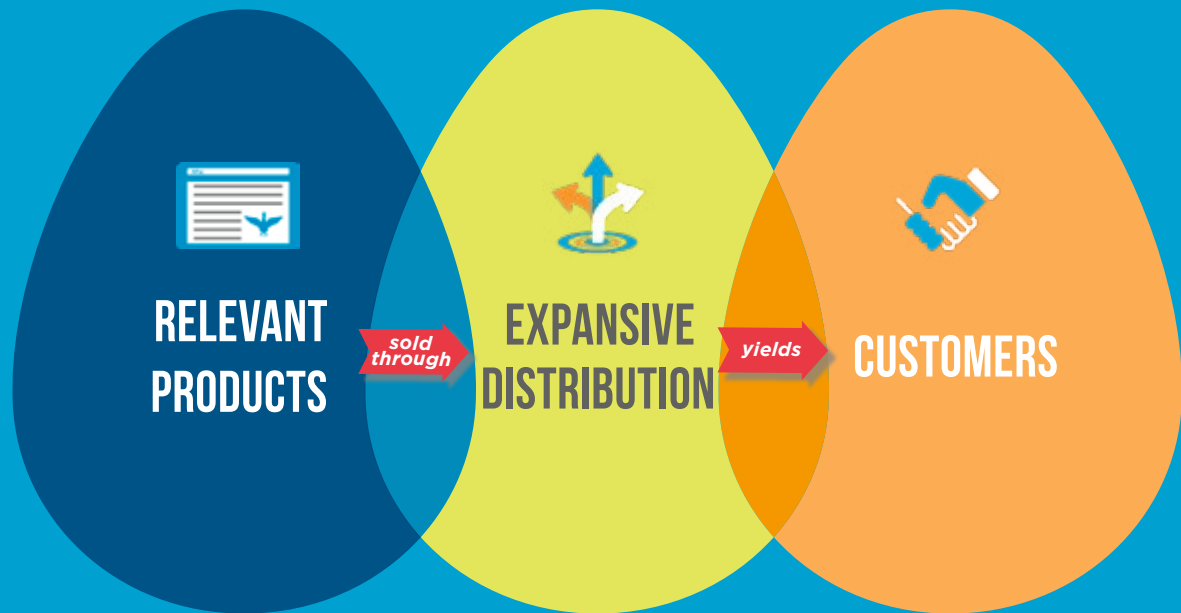
To provide customers  
with the best value in  
supplemental insurance  
products in the United  
States and Japan

Aflac's supplemental insurance products pay cash benefits directly to the policyholder to help protect against income and asset loss when a specific health event or life situation presents financial challenges. Aflac is the leading provider of supplemental insurance at the worksite in the United States\* and insures one in four households\*\* in Japan, providing financial protection to more than 50 million people.

\*Source: Eastbridge Consulting Group, Inc. "U.S. Voluntary/Worksite Sales Report. Carrier Results for 2018". Avon, CT: July 2019. Supplemental sales are defined as 100% employee-paid through payroll deduction.

\*\*Based on the 2019 number of households published by Japan's Ministry of Internal Affairs and Communications and the number of households with our holdings at January 2020.

# AFLAC INCORPORATED'S LONG-TERM GROWTH STRATEGY



## PROTECTING AGAINST:

- Rising Co-Pays
- High Deductibles
- Other Out-of-Pocket Expenses Arising From a Medical Event

## REACHING CUSTOMERS THROUGH:

- Agents
- Brokers
- Partnerships
- Direct

## INSURING MORE THAN 50 MILLION PEOPLE:

- United States
- Japan

At Aflac Incorporated, we are big on promises – we make big promises, and we are steadfastly committed to delivering on them. As we see it, every policy that we sell is essentially a promise – a promise to be there for our policyholders when they need us most. But Aflac Incorporated is more than a promise to our policyholders. For more than six decades, it has been our great privilege to help provide financial protection and peace of mind to now more than 50 million people in Japan and the United States. At Aflac, we know that a company is only as good as its word, and we are proud to stand by our promise to be there for those whom we insure when they need us most by paying claims fairly and promptly ... after all, Aflac is more than a promise.

It extends to taking care of the people who take care of our policyholders – our employees, agents and brokers. It also extends to our communities through our philanthropic efforts in both the United States and Japan. Ultimately, it extends to our shareholders by reinforcing our positive brand image and translating into long-term growth and shareholder value.

In 2019, we extended our record of success and achieved our adjusted earnings per diluted share objective, excluding the impact of foreign currency\*, which increased 6.3%. This measure of profitability is one of the principal financial measures used to evaluate management's performance, and one that we believe is important to shareholders. We are continually working on our foundation of sustainable growth, particularly related to these strategic areas of focus:

- ▶ Recognized and powerful brand
- ▶ Diverse and productive distribution
- ▶ Industry-leading market share and scale in Japan and the U.S.
- ▶ Product innovation and customized, high-quality service
- ▶ Strong capital position marked by stable earnings and strong cash flows

Although Japan and the United States are half a world apart, there are similar attributes that our products address

and mitigate for citizens in both countries. In particular, the aging population puts financial pressure on the health care environment in both the U.S. and Japan, and rising health care costs are being shifted to consumers in the form of greater out-of-pocket expenses and health care copays and deductibles. In both markets, consumers have chosen Aflac to help protect them from these rising expenses, which has led to our leading position in both countries. We are leveraging Aflac's innovative products, our extensive distribution and trusted brand to extend our success as the solution of choice for millions of people in Japan and the United States and help our policyholders live the life they love.

We are pleased with the company's overall performance for the year. Total pretax adjusted earnings increased 2.5%, which is particularly impressive considering our extensive investments to drive future earned premium growth, which will remain a critical strategic focus for 2020.

#### **AFLAC JAPAN**

In Japan, we are proud to insure one in four households. Japan's life insurance market is the second largest in the world behind the United States. In 2019, Aflac Japan once again emerged as the leading company in Japan's growing third sector, which includes cancer, medical and income support insurance. As expected, Aflac Japan saw a decline in total earned premium in 2019 mainly due to limited-pay policies reaching paid-up status, which has minimal effect on profitability. Additionally, as we anticipated, full-year third sector and first sector protection sales were down in the mid-teens, primarily reflecting reduced sales of our cancer insurance through Japan Post and following a strong 2018 with the launch of our revised cancer insurance product. Earned premium growth for third and first sector protection products was 1.3%, which was in line with our expectation.

#### **AFLAC U.S.**

In the United States, Aflac once again earned the distinction of being the leader in supplemental insurance sales at the worksite.\*\* Aflac U.S. 2019 financial results for the year were consistent with our expectations and reflected elevated expenses as a result of ongoing investments in our platform, distribution and customer experience. While sales were down slightly for the year, earned premium grew 1.8%.

## STRONG CAPITAL PROFILE SUPPORTS OUR PROMISE

We regularly assess our capital adequacy to ensure these levels remain strong, even against extreme economic scenarios. Aflac holds among the highest financial strength ratings in the industry. We're proud that rating agencies continue to recognize the strength of our balance sheet.

Our financial strength ratings, which reflect our ability to pay claims, are A+ (Superior) by A.M. Best, Aa3 by Moody's, A+ by Standard & Poor's (S&P), AA- by Rating & Investment Information Inc. (R&I) and AA by Japan Credit Rating Agency Ltd. (JCR). These financial strength ratings are for both our primary insurance subsidiaries: Aflac of Columbus and Aflac Life Insurance Japan, Ltd. Our strong capital position reinforces what I believe is our most important promise to our policyholders – to provide protection to them when they need us most by paying claims fairly and promptly.

While our policyholders are always top of mind, we also strive to enhance shareholder value through capital deployment. In 2019, we repurchased \$1.6 billion, or 32 million of our common shares. I am pleased with the Board's decision to increase the dividend, coming off our 37th consecutive year of dividend increases and a recognition of the stability of our earnings and capital generation. It also demonstrates our commitment to rewarding our shareholders. This has placed us among a very elite category of companies, including recognition on the S&P 500 Dividend Aristocrat listing, and demonstrates our commitment to rewarding our shareholders. Aflac's Board of Directors increased the first quarter 2019 dividend by 3.7%. This reflects the overall strength of the company's capital position and an outlook for stable growth in earnings and deployable capital generation. Including dividends and share repurchase, we returned more than \$2.4 billion to our shareholders in 2019.

Having covered various financial metrics and performance results, I want to touch on an important element of our company's purpose that is made possible by the business results we achieve: social responsibility. At Aflac, we have worked to be a strong corporate citizen for decades because it's the right thing to do. In fact, since 1995, the Aflac family has been focused on the Aflac Cancer and



Blood Disorders Center of Children's Healthcare of Atlanta. We have given more than \$140 million, with more than half of that coming from our field force of independent agents and employees. In Tokyo and Osaka, the three Aflac Parents House locations have supported more than 130,000 children and families over the last 18 years.

We believe that helping our stakeholders and the people in our communities live the life they love is not only the right thing to do, but that it also makes good business sense. As people gain a better understanding of Aflac's purpose, whether that be as an agent, employee, business partner, shareholder, customer or policyholder, we believe that all things being equal, they will have a greater desire to be a part of our company. Ultimately, we believe this is a more sustainable approach to business and one that will continue to increase shareholder value.

As we look back on 2019 and ahead to the future, delivering on our promise will remain our top priority just as it always has been. After all, that is a large aspect of what sets Aflac apart. We're here for all of our stakeholders, and we're more than a promise.

**Daniel P. Amos**  
Chairman and CEO, Aflac and Aflac Incorporated

*\*Adjusted earnings per diluted share excluding the impact of foreign currency is a non-U.S. GAAP financial measure. See page 48 for a definition of this measure and a reconciliation to the most directly comparable U.S. GAAP measure, net earnings per diluted share.*

*\*\*Source: Eastbridge Consulting Group, Inc. "U.S. Voluntary/Worksite Sales Report. Carrier Results for 2018". Avon, CT: July 2019. Supplemental sales are defined as 100% employee-paid through payroll deduction.*

# DAN AMOS



## Question

How would you characterize 2019?

## Dan

2019 was another great year for Aflac Incorporated in terms of earnings, capital and overall financial strength. First and foremost, we generated over \$3 billion in net earnings and achieved our adjusted earnings per diluted share objective. I'm especially pleased with the company's financial performance in 2019. Financially, Aflac is as strong as we have ever been in our 65-year history. Our capital position by any measure is robust given our risk profile. Our investments are high quality and diversified, and we have among the highest return on capital and lowest cost of capital in the industry. Our success is even more meaningful when you consider that we have continued our extensive investment in our core technology platforms and initiatives to drive future earned premium growth and efficiency. We continue to leverage Aflac's innovative products, our extensive distribution and trusted brand to extend our success as the solution of choice for millions of people in Japan and the United States.

## Question

What do you see as your most important responsibility as CEO?

## Dan

I see my role as CEO as both strategic and tactical. Strategically, I work hard to establish the vision and set the tone for where we want to go as a company, and tactically, I am involved with overseeing the implementation of initiatives we undertake to get there. A fundamental part of that is

ensuring that we have the right people in the right roles at the right time. I have always said that one of my most important responsibilities as CEO is developing leadership and succession planning to ensure that we have a strong bench of people in the right place at the right time. Finally, and more broadly, a large part of my role includes making sure that I find the right balance of leading our operations as effectively and efficiently as possible, while meeting our objectives and maintaining Aflac's financial strength. That is ultimately what protects our policyholders and enhances shareholder value. With the continued investments that we are making in the business to drive growth, I felt that we needed someone to help oversee the execution of our strategic investments within our operations, and I promoted Fred Crawford to chief operating officer, which also meant promoting Max Brodén to chief financial officer. I believe in the strength of these two leaders, as well as the teams that we have in place, which positions our company well for the future.

## Question

How do you view Aflac's role in the community and being a good corporate citizen?

## Dan

Long before ESG and corporate social responsibility became a hot topic, that concept was entwined in Aflac's corporate culture and footprint. I have always believed that taking an active role in the community and being a good corporate citizen is not only the right thing to do, but also makes good business sense. Business and ethics come full circle: the connections you make in the community and a positive brand image are ultimately what can translate into profits, growth and better shareholder returns. All things being equal, I believe people – employees, investors and customers – would rather do business with a company that's a good corporate citizen. As an example of our philanthropic focus, 25 years ago we began sponsoring the Aflac Cancer and Blood Disorders Center of Children's Healthcare of Atlanta, and we established the Aflac Parents House in Japan in 2001. We have since taken our involvement to the next level by creating and introducing My Special Aflac Duck to be by the children's side through

*their treatment journey. At Aflac, we believe that a company can survive and thrive by doing the right thing, and it's our pleasure and privilege to do what we can to improve the lives of those in and around our communities.*

**Question**

What are your thoughts on how the Aflac brand is positioned in both Japan and the United States?

**Dan**

*Our advertising campaign featuring the Aflac Duck has had a dramatic impact on our business and our corporate culture, beginning in the United States on the eve of the new millennium and in Japan since 2003. The Aflac Duck has helped make Aflac a household name and an icon in popular culture, both in Japan and the U.S. We're pleased that Aflac has become both well known and well respected in both countries. The Duck is not only a symbol of our trusted and compassionate brand, but also to a large degree, the spokesperson for many of our philanthropic efforts, including the Aflac Cancer Center of Children's Healthcare of Atlanta. In the United States, most people know the Aflac name, and our most recent campaigns are centered around working hard to convey how our products work so that consumers can see how Aflac differs from other kinds of insurance – and convey how we can help them. It's just as well known and beloved in Japan. Ultimately, Aflac is so much more than a bright logo, a catchy slogan or even a loud duck. It is a very real symbol of our promise – which is to be there for our policyholders when they need us most.*

**Question**

You've said many times that people are Aflac's greatest assets. Can you discuss the role diversity plays in improving Aflac's success?

**Dan**

*Those who work closely with me know I don't want to look around the room and see people who look and think just like me. After all, I already know how a lot of 60-something men think. What I want to know is how other people think –*

*what life experiences have they had, and how have those experiences shaped their frames of reference? What motivates them, and how can we channel that into greater success? There is unique and inherent value in each of our perspectives that can truly make a difference, and bringing these elements of diversity to the table and including them in our business plans and strategies provides us with greater insight into how people think and feel. Taking it one step farther, these days, it's all about "DE&I" – diversity, equity and inclusion. It's about equal pay for equal work and equity in advancement and training opportunities. I'm very proud of the level of diversity we've achieved at Aflac, not only within our employee base but also the board of directors, and I truly believe it has been a large part of what has shaped our success.*

**Question**

How do Aflac's products add value to peoples' lives?

**Dan**

*I've had the enormous privilege of talking with many claimants over the years and hearing about how Aflac has made a difference in their lives. A common thread among these testimonials through the years is clear: the benefits that Aflac policies provide, in many cases, mean the difference between maintaining policyholders' current lifestyles and allowing them to be able to focus on recovery, or facing the added burden of financial difficulty and stress while still trying to recover. The bottom line, and we've seen and heard this time and time again, is that even the best health insurance plan is not designed to cover out-of-pocket expenses that often accompany a cancer diagnosis, accident or health event – expenses like copays, deductibles, loss of wages, travel and lodging, etc. That's where Aflac policies come in and allow our policyholders to focus on recovery rather than financial worries, which is where our products deliver real value that truly impacts peoples' lives.*

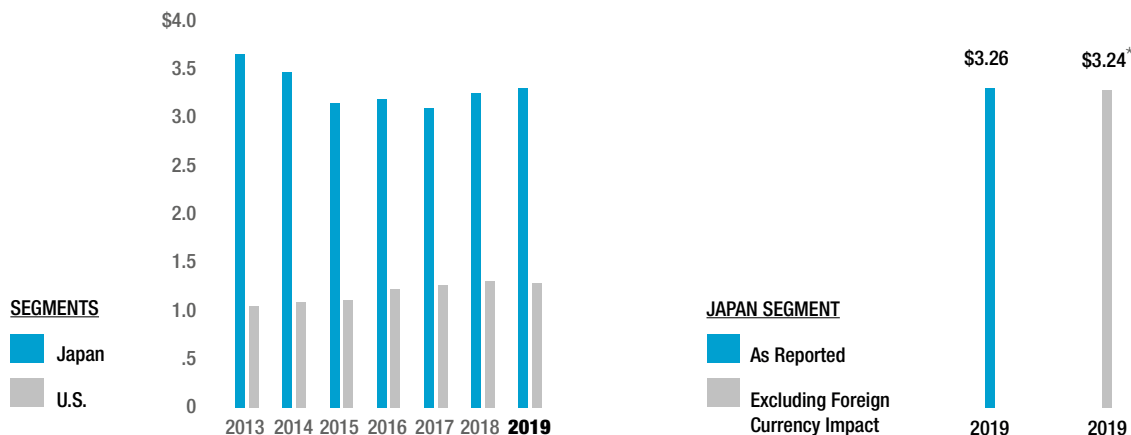


## THE IMPACT OF FOREIGN CURRENCY ON AFLAC INCORPORATED

The company believes that it is important to understand the impact of translating yen into dollars on our financial statements. A significant portion of our business is in Japan, where the functional currency is the yen. For financial reporting purposes, we translate Aflac Japan's results in yen into U.S. dollars.

### Pretax Segment Adjusted Earnings

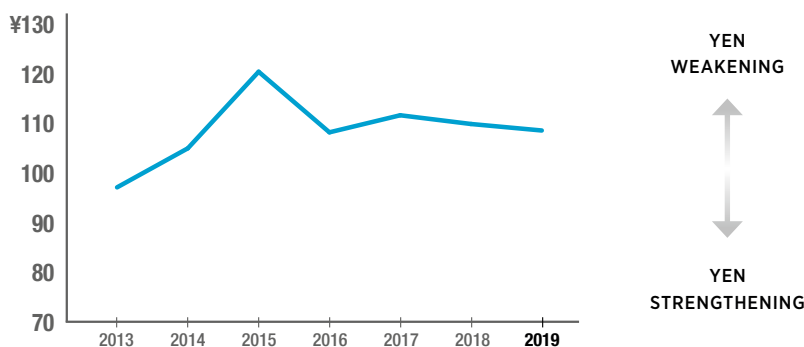
(Dollars, In Billions)



### IMPACT OF FOREIGN CURRENCY ON THE INCOME STATEMENT

Aflac Incorporated's income statement is translated at the average exchange rate for the period. In years when the yen strengthens, translating yen into dollars causes more dollars to be reported. In years when the yen weakens, translating yen into dollars causes fewer dollars to be reported. As you can see below, the yen strengthens and weakens periodically. In 2019, the weighted average yen/dollar exchange rate strengthened 1.2% from 110.39 yen to the dollar to 109.07 yen to the dollar, which magnified the income statement in dollar terms. We believe that viewing our results excluding the impact of foreign currency is the most meaningful way to evaluate our financial performance. Japan pretax segment adjusted earnings for the full year of 2019 were \$3.26 billion. Excluding the impact from the stronger yen, Japan pretax segment adjusted earnings were \$3.24 billion.

### Weighted-Average Yen/Dollar Exchange Rates



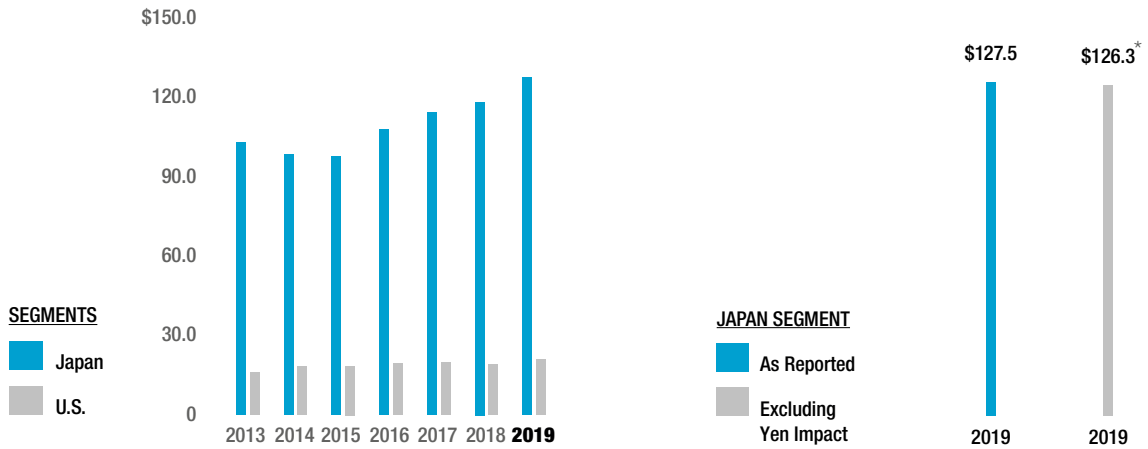
Source: Internally calculated weighted-average yen/dollar exchange rates.

\*Amount excluding current period foreign currency impact (a non-U.S. GAAP measure) was computed using the average yen/dollar exchange rate for the comparable prior-year period, which eliminates dollar-based fluctuations driven solely from currency rate changes.

It's noteworthy that Aflac Incorporated's currency exposure is primarily translation-related as opposed to currency transactions. Due to the significant contribution of Aflac Japan's operations to overall earnings, a weaker yen suppresses Aflac Japan's results as reported in dollars. The weighted-average yen/dollar exchange rate strengthened in 2018 and 2019.

### Segment Assets

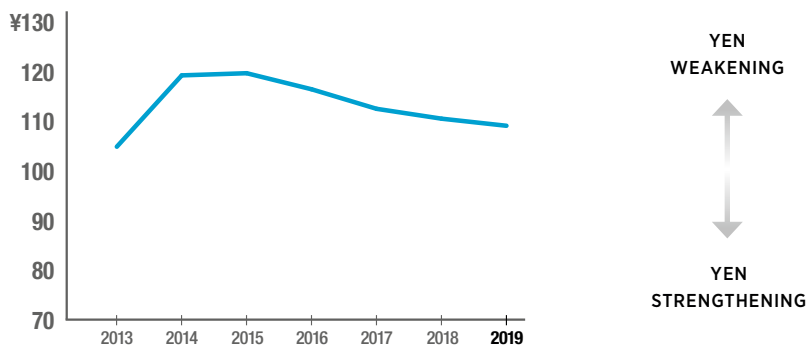
(Dollars, In Billions)



### IMPACT OF CURRENCY ON THE BALANCE SHEET

Aflac Japan primarily holds yen-denominated assets to support the large amount of yen-denominated liabilities. Except for certain transactions, Aflac Japan does not convert yen into dollars. Aflac Japan's balance sheet is translated using the exchange rate at the end of the period. Given the recent strengthening of the yen, Aflac Incorporated's balance sheet was likewise only slightly magnified in dollar terms. The year-end exchange rate for 2019 strengthened 1.3% from the prior year to 109.56 yen to the dollar. Aflac Japan's total segment assets at the end of December 2019 were \$127.5 billion. Excluding the impact from the yen at year end, total segment assets were \$126.3 billion.

### Year-End Yen/Dollar Exchange Rates



Source: Bloomberg ©

\*Amount excluding current period foreign currency impact (a non-U.S. GAAP measure) was computed using the year-end spot yen/dollar exchange rate for the prior-year period, which eliminates dollar-based fluctuations driven solely from currency rate changes.

# Aflac Japan 2019

Established in 1974, Aflac Japan was the first company, or “pioneer,” to offer cancer insurance in Japan. Throughout the following decades, Japan has navigated significant changes in its social, economic, regulatory and governmental landscape. Amid this array of shifts and changes, Aflac Japan has always remained committed to its core values and seeking new ways to create value for its stakeholders, including policyholders, shareholders and Japanese society as a whole.

With Aflac Japan’s 50th anniversary just four years away, “VISION 2024” is Aflac Japan’s mid- to long-term strategy designed to strengthen Aflac Japan’s leading position in the third sector and expand business into new frontiers consistent with its core capabilities, values and principles. This is centered around our unwavering commitment to be there for policyholders in their time of need; our founding principle to relieve the economic burden of cancer; and finally, our brand promise to support policyholders in “creating living in your own way.”

## 2019 AFLAC JAPAN FINANCIAL HIGHLIGHTS

### IN YEN

- ▶ **Total protection-type first sector and third sector sales** decreased 16.8% to ¥78.2 billion.
- ▶ **Earned premium\*** decreased 1.1% to ¥1.4 trillion.
- ▶ **Total revenues** decreased 0.6% to ¥1.7 trillion.
- ▶ **Pretax segment adjusted earnings** increased 0.2% to ¥354.8 billion.

*\*Earned premium is net of reinsurance.*

*\*\*Dollar amount reflects impact of foreign currency.*

### IN DOLLARS\*\*

- ▶ **Total protection-type first sector and third sector sales** decreased 15.7% to \$717 million.
- ▶ **Earned premium\*** increased 0.1% to \$12.8 billion.
- ▶ **Total revenues** increased 0.7% to \$15.3 billion.
- ▶ **Pretax segment adjusted earnings** increased 1.7% to \$3.3 billion.

**Misaki Yamamoto**, age 8, and **Ritsuto Okano**, age 6, play with their new smart comforting companion, **My Special Aflac Duck**, which utilizes “feeling cards” and a compatible web-based app to enable them to mirror their care routines and express a range of emotions they may be feeling to help bring them comfort throughout their treatment journey.



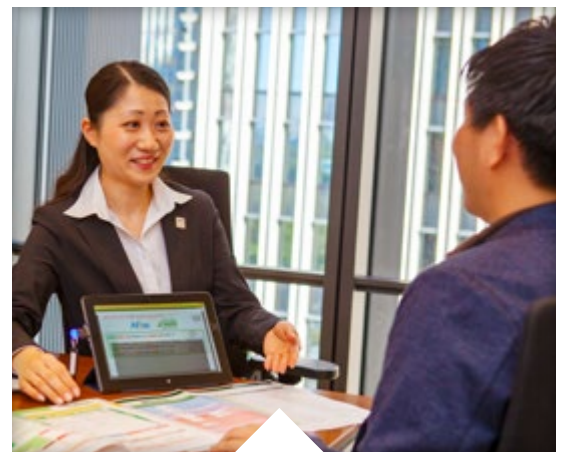


*“It is most rewarding to me to help resolve customers’ concerns and anxieties and make them feel satisfied by consulting with them and offering them products that respond to their particular needs. If the time comes where they have an event and need to file a claim, it is also rewarding to know we have helped them.”*

**Toshihiko Kato**, General Manager,  
Financial Consulting Department,  
Retail Banking Unit

## SUMITOMO MITSUI BANKING CORPORATION (SMBC)

... has a 140-year history of effectively responding to customer needs. With citizens living longer than ever, SMBC has been striving to offer their valued customers products that provide solutions for “the era of the 100-year life” and the many milestones along the way. Approaching their product portfolio from this customer-oriented “lifetime” perspective ensures SMBC will be able to be there for whatever life may bring their customers. Third sector products, including Aflac’s cancer, medical and income support insurance policies, are an important facet of SMBC’s offerings, especially considering the fact that most consumers are responsible for paying for 30% of their medical expenses. With Aflac’s cancer insurance being their most requested third sector product, SMBC sold more than 12,000 cancer insurance policies in 2018. Aflac’s position as the number one provider of third sector cancer and medical insurance is meaningful, especially considering consumers want to turn to a brand they know and trust. SMBC continually strives to make doing business with their customers easier than ever and to respond to consumers’ requests to handle transactions using self-service anytime, anywhere. As such, SMBC offers digital options for enrollment and policy maintenance of their third sector policies.



**SMBC** provides friendly, efficient service to SMBC’s customers by consulting with customers to create a unique plan that responds to their individual needs.

As the pioneer of cancer insurance in Japan, the concept of Aflac insurance is just as relevant today as it was back in 1974, when cancer was the second leading cause of death in Japan. Since 1981, cancer has been the leading cause of death in Japan. However, Aflac’s groundbreaking cancer insurance product has addressed a significant societal need in Japan by offering a product that helps Japanese citizens cope with the expenses that arise when facing a battle with cancer. Aflac Japan has established a strong and trusted reputation for providing Japanese citizens with options to help protect their finances when a health event or life situation occurs.

### AFLAC JAPAN DISTRIBUTION CHANNELS

<b>TRADITIONAL SALES CHANNEL*</b>		▶ Aflac Japan was represented by more than 9,000 sales agencies at the end of 2019, equating to about 109,200 licensed sales associates employed by those agencies, including individual agencies.
<b>STRATEGIC ALLIANCES</b>	<b>DAI-ICHI LIFE</b>	▶ Our alliance with Dai-ichi Life was launched in 2001, and approximately 40,000 Dai-ichi Life representatives offer Aflac’s cancer products.
	<b>BANKS</b>	▶ Aflac Japan was represented by 367 banks at the end of 2019, or approximately 90% of the total number of banks in Japan.
	<b>JAPAN POST GROUP</b>	▶ In 2019, the number of postal outlets of Japan Post Co., Ltd. (Japan Post) selling Aflac’s cancer product totaled more than 20,000. Japan Post Insurance Co., Ltd. (Japan Post Insurance) offers Aflac cancer products through its 76 directly managed sales offices.
	<b>DAIDO LIFE</b>	▶ In September 2013, Aflac Japan and Daido Life Insurance entered into an agreement for Daido to sell Aflac’s cancer insurance products specifically to the Hojinkai market, which is an association of small businesses.

\* Includes individual agencies, independent corporate agencies and affiliated corporate agencies

### DISTRIBUTION THAT REACHES JAPANESE CONSUMERS

We recognize that it is vitally important to have a presence where people want to make insurance-buying decisions, and we believe Aflac’s multifaceted distribution platform remains one of the strongest in Japan. While Aflac insurance policies already provide protection to one in four Japanese households, we believe there are still opportunities to reach even more consumers through product innovation and leveraging our powerful brand and broad distribution networks. Aflac Japan’s traditional channels, which include individual agencies, independent corporate agencies and affiliated corporate agencies, remain key to our success, once again representing a significant portion of our sales in 2019. One of our strategic partnerships unites Japan Post Group – the largest nationwide distribution network in Japan – with Aflac Japan, the industry leader in cancer insurance. Aflac Japan is the only provider of cancer insurance distributed through postal outlets nationwide in Japan, and our cancer insurance is offered through more than 20,000 postal outlets and Japan Post Insurance’s 76 sales offices.

Aflac’s adaptability and resilience over time have been significant factors in expanding Aflac Japan’s business through a diversified distribution network to meet the ever-changing needs of Japanese consumers. Every initiative we undertake is designed to fulfill our unwavering promise to be there for our policyholders in their time of need, with an emphasis on paying claims accurately and promptly. We also have successfully leveraged our brand and fine-tuned our knowledge and experience in the market to maintain our position as an innovator. Each day, we are driven to remain dedicated stewards of the trust that our Japanese policyholders have placed in us over these last four decades. The trust and relationships we’ve established have driven Aflac’s position as the leading provider of medical and cancer insurance in Japan, where we are proud to provide insurance protection to one in four households. Most recently, the focus of Aflac Japan’s annual sales objective has been on third sector products, including cancer and medical insurance.

**THIRD SECTOR INSURANCE**

- ▶ Cancer
- ▶ Medical
- ▶ Income Support

**FIRST SECTOR INSURANCE**

Life insurance products, including:

- |                  |                   |
|------------------|-------------------|
| Protection type: | Savings type:     |
| ▶ Term life      | ▶ WAYS            |
| ▶ Whole life     | ▶ Child Endowment |
| ▶ GIFT           |                   |

**CANCER INSURANCE**

In 1974, Aflac pioneered the cancer product in Japan, and we remain the No. 1 provider of cancer insurance today. For the more than 45 years since Aflac introduced Japan's first cancer insurance, we have revised our cancer insurance products to match the changing medical environment, the potential financial burden that serious illnesses can bring and the advancement of health care and medical technology. In keeping with our commitment to provide our customers with innovative, relevant and valuable products, in April 2018 Aflac Japan launched "Days 1 – Cancer insurance for daily living," and "Days 1 Plus," which targets existing policyholders seeking to upgrade their cancer insurance for more up-to-date protection.

**MEDICAL INSURANCE**

In early 2002, Aflac introduced EVER, a standalone, whole-life medical product, as a solution to help Japanese citizens with rising copayments related to Japan's universal health care coverage. Within one year of the introduction of EVER, Aflac became the leading seller of medical insurance in Japan at that time. For existing policyholders, we provide the most up-to-date riders to address medical advancement in the middle of policy terms should they determine current coverage is insufficient and in a manner that suits customer needs.

**INCOME SUPPORT INSURANCE**

In July 2016, we launched a new third sector product, Income Support Insurance, designed to provide cash benefits when insureds are unable to work due to illness or injury. These benefits complement coverage within the social security system, including the disability pension provided by the Japanese government.

**TERM LIFE AND WHOLE LIFE**

Aflac first introduced term-life and whole-life insurance products in 1996. These products have smaller face amounts and provide death benefits. They are available as stand-alone policies and riders. Aflac Japan also launched Prepare Smart Whole-Life Insurance in 2018, with lower cash surrender value and lower premium for non-smokers. This product also enables Aflac Japan to provide agents with a full range of product offerings.

**GIFT**

In February 2017, we introduced a revised version. Upon the death of the insured, this product provides beneficiaries, typically family members, with a monthly benefit until the insured would have reached a predetermined age.

**WAYS\***

In 2006, WAYS was introduced. WAYS can be converted to a fixed annuity, medical coverage or nursing care benefits when the policyholder reaches a predetermined age.

**CHILD ENDOWMENT\***

In 2009, Aflac introduced a child endowment product that pays a lump-sum benefit at the time of a child's entry into high school and an educational annuity for each of the four years of college.

*\*Aflac Japan currently curtails sales of first sector savings-type products due to persistent low interest rates in Japan.*

## OPPORTUNITIES TO CONTINUE OFFERING VALUED PRODUCTS THAT RESPOND TO CONSUMERS' NEEDS

Japanese citizens are covered by a national health care insurance system that provides a standardized level of medical insurance. Through decades of Japan's rapidly aging population and declining birthrate, the national health care system has faced increasing financial strain, leading consumers to have to bear an increasing level of financial pressure from growing health care costs. As a result, they have had to assume increasingly more financial responsibility for their medical care over the years, including greater out-of-pocket health care expenses. To help mitigate these costs, most Japanese consumers turn to private insurance. Aflac's trusted brand and valued products provide valuable solutions to help alleviate that financial burden. The foundation of Aflac Japan's product portfolio is third sector products such as cancer and medical insurance (see chart on page 14). Over the decades, Aflac has continually customized our products to respond to and even anticipate the evolving needs of Japanese consumers, advances in medical treatments and modifications to Japan's national health care system.

While third sector products are our focus, Aflac Japan also offers its customers first sector protection policies to provide comprehensive coverage.

Third sector policies are more profitable and less interest rate sensitive than life insurance or savings-type products such as WAYS or child endowment. This is especially important considering the ongoing low-interest-rate environment in Japan, as we look for effective strategies to navigate market cycles. In 2016, we further expanded our portfolio of third sector offerings to include our Income Support Insurance, designed for those unable to work due to illness or injury.

### AFLAC CONSULTING SHOP



For more opportunities to demonstrate that Aflac is more than a promise, Aflac Japan strives to be where consumers want to

buy insurance. Aflac's convenient retail insurance locations called "**Aflac Consulting Shops**" allow customers to meet with Aflac communicators for face-to-face consultations to determine possible insurance needs. At this Aflac Consulting Shop in Shinjuku, a business district of Tokyo, shop manager **Keiko Akiyama** has spent nine years helping to assess the insurance needs of potential policyholders as described in the brand name of "*yoku wakaru hoken annai*," which means "*easy to understand insurance navigation*." She also conveys the service shop's sincerity in getting to know the specific life situation of the customer with the goal of creating a customer for life by "*creating living in your own way*."



# AFLAC PARENTS HOUSE

We know that a large part of being a well-respected and trusted company includes being a compassionate company, and Aflac Japan recognizes that social responsibility is an essential element of our purpose. As a company, the Aflac Japan family cares deeply about our communities, and it is our privilege to help where we can. When a child is diagnosed with cancer or other serious medical conditions, he or she often must travel to Tokyo or Osaka from other parts of Japan to receive treatment, which is often an ongoing process. To help provide a level of assistance to those facing such struggles, the first Aflac Parents House was established by a donation from Aflac Japan in 2001. This haven serves as an environment where pediatric patients and their families can live

together temporarily in clean and comfortable accommodations while they support their child's battle with cancer or numerous other serious illnesses. Parents House is also utilized as a comprehensive support center for consultation and events related to pediatric cancer. Supported by generous donations from Aflac Japan's sales agents, employees and officers, the three Parents House locations – two in Tokyo and one in Osaka – have helped to provide assistance to more than 130,000 people.

## AFLAC PARENTS HOUSE

**Ms. Sachiko Kamada** is an important part of the Aflac Parents House team. As a house manager, her duty is to work with families during their stay at the Aflac Parents House to help ensure that all of their needs are met and their experience is as pleasant as possible. The Aflac Parents House provides cheerful and spacious accommodations for children fighting against pediatric cancer and other serious diseases, and their families, allowing them to stay together in an inviting environment while the children are receiving treatment. The encouraging, compassionate attitudes of the Aflac Parents House volunteers and staff like Ms. Kamada help to provide the support children and families need as they face their treatment journey. Aflac supports such operations of Parents House as one of its CSR activities, exemplifying that Aflac is more than a promise.



## AFLAC JAPAN – KEY OPERATIONAL METRICS

	TOTAL POLICIES AND RIDERS IN FORCE*	NEW ANNUALIZED PREMIUMS IN FORCE**	NEW ANNUALIZED PREMIUMS**
<b>2019</b>	<b>39,559</b>	<b>¥1,489,320</b>	<b>¥79,697</b>
2018	39,747	1,527,056	95,894
2017	39,717	1,552,169	94,851
2016	39,059	1,606,110	113,721
2015	38,115	1,617,691	120,855
2014	37,028	1,594,433	114,513
2013	36,117	1,567,112	149,308
2012	34,880	1,492,451	210,620
2011	33,372	1,343,663	161,033
2010	31,665	1,255,600	135,813

\* In thousands

\*\*In millions



To ensure we remain in step with Japanese consumers and our distribution channels, Aflac Japan continually enhances its portfolio of product offerings by developing and revising innovative products that deliver value, while remaining in sync with the evolving wants and needs of Japanese consumers. First, in addition to our cancer and medical insurance products, is the enhancement of our product lineup based on changes in customers' life stages. In 2019, we enhanced our nursing care and income support insurance products. We are also exploring ways to expand the types of coverage we offer for post-retirement life and help secure post-retirement funds in support of our effort to provide Japanese citizens with coverage for all stages of life. Related to medical insurance, earlier this year we introduced a system that allows policyholders to make mid-term additions to their coverage plan should they determine that it is insufficient, which enhances Aflac Japan's ability to provide the latest coverage in a manner that suits our customer's needs while addressing advances in medical treatment technology.

# BUILDING A BRAND AND A STRONG REPUTATION

Aflac has established a very strong and trusted brand in Japan. We seek opportunities to leverage our highly regarded reputation through innovative and unique advertising to help drive sales. Aflac Japan began using the Aflac Duck in its advertising in 2003, and its popularity continues to reach and resonate with consumers today. On an ongoing basis, Aflac Japan has leveraged opportunities to create separate and unique offshoot characters related to the Aflac Duck to market specific products and help drive sales. Thanks in large part to the enormous popularity of the Aflac Duck and different offshoot characters over the years, about nine out of ten people now recognize the Aflac brand.

## ONE AFLAC EMPLOYEE NETWORKING GROUP

Driven by passion, collaboration and innovation, One Aflac is a voluntary employee group established to cultivate employee connections and culture within Aflac the spirit of continual personal and professional improvement. It is open to all employees at every level, and members are invited to attend many different types of events from self-development seminars about mindfulness to gatherings on career development and having internal employees as lecturers, among many others. The goal of One Aflac is to create a virtuous cycle where each employee voluntarily takes on challenges through which new value is created for Aflac. They share this vision with others to help underscore One Aflac's venues for growth where members are committed to motivating each other, drawing out each other's best qualities and expanding horizons in a free and vigorous manner.



Pictured, **Mariko Kobayashi**, **Makiko Yokoo** and **Tomoyuki Araki** of Aflac Japan meet to plan upcoming activities for One Aflac.



## EMPLOYEE APPRECIATION WEEK

To coincide with the anniversary of Aflac Japan's establishment, each November Aflac Japan holds its annual Employee Appreciation Week, commonly referred to as EA Week. EA Week is designed to be a week-long celebration of Aflac's greatest assets – its employees. From daily drawings to enjoying snacks and food, each day of EA Week is designed to show employees how much Aflac appreciates them every day of the year. One highlight of EA Week is the annual family day, where employees bring their families together to celebrate.

Pictured here during Aflac Japan's 2019 EA Week are **Yosuke Matsuo**, Section Manager, Management Administration Sect., Corporate Secretariat Dept., his wife, their daughter and their son. Matsuo-san and his family returned to Tokyo in 2018 after living in the U.S., where Matsuo-san worked at Aflac's global headquarters in Columbus, Ga.

# AFLAC HEARTFUL SERVICES

2019 marked the 10th anniversary of **Aflac Heartful Services**, a subsidiary Aflac established to help develop the talents, abilities and independence of individuals overcoming various challenges, while still supporting Aflac's business operations. The spirit of Aflac and its promise comes to life every day through its dedicated and compassionate employees. As part of the 10-year celebration, employees of **Aflac Heartful Services** have been creating art to be displayed throughout Aflac's campuses and sales offices across Japan. Pictured here are employees of Aflac Heartful Services showcasing their recently completed artwork before it is framed and displayed in some of Aflac's various offices across Japan.



To help promote its “**Days 1**” and “**Days 1 Plus**” cancer insurance, Aflac Japan ran a series of television commercials designed to help make policyholders aware that there are coverages related to newer cancer treatments that are not included in older policies purchased 20 years ago. Aflac’s “**Days 1 Plus**” cancer product is designed to target existing policyholders seeking to upgrade their cancer insurance for more up-to-date protection.



# CANCER AWARENESS EXHIBITION

Classroom/My Special  
Aflac Duck in Japan

Aflac recognizes the duty and responsibility that comes with being the pioneer and leading company for cancer insurance. As the pioneer of cancer insurance, consumers have placed their trust in our company and our products. We work hard each day to be good stewards of that trust. With that in mind, we are actively engaged in cancer prevention awareness and education regarding the importance of early detection and seeking out the latest treatments through our partnership agreements with all 47 prefectures in Japan. We held the cancer awareness exhibitions 101 times, and the number of visitors totals more than 370,000 since 2004. Further, over the last two years, these exhibitions have focused on dynamic classroom settings to ensure that as many citizens as possible take part. To this point, this event has been held 21 times across Japan, and the number of visitors has reached 63,646 as of the end of December 2019.



Pictured here is one of the “**mobile classrooms**” used in the **Cancer Awareness Exhibition**. Also pictured is **My Special Aflac Duck**, Aflac’s smart comforting companion that helps children feel less alone by using interactive technology during their cancer treatment. Here, children attending the **Cancer Awareness Exhibition** mobile classroom explore **My Special Aflac Duck** using feeling cards, which enables children to mirror lifelike movement and emotions. **My Special Aflac Duck** was introduced to Aflac Japan earlier in 2019 and is making an impact across the country.



# INVESTMENTS IN DIGITAL TECHNOLOGY DRIVE PRODUCTIVITY, SERVICE AND VALUE

Our highest priority is delivering on our promise to serve our customers accurately and promptly, especially related to the payment of claims. Our long-term dedication to meeting this commitment is the cornerstone of our business, and it has further enhanced the relationship of trust we've built with our customers over Aflac Japan's decades of operations. As such, we continually strive to improve our administrative efficiency and enhance the customer experience using digital technology. Over recent years, we have expanded the digital service capabilities of our website and mobile device applications; implemented voice recognition in our call centers; and utilized artificial intelligence enhanced optical character recognition (AIOCR) in our operations. In December 2018, we launched a quick pay system for certain transactions, which makes same-day

payment available through a smartphone-based application and biometric authentication of the claimant (face or finger print). Artificial intelligence such as optical character recognition, or OCR, was released in June 2019, and we are leveraging this technology to automate more than 500,000 data entry transactions per month by 2021. Furthermore, we are leveraging AI for data analysis. This is contributing to, among other things, improved sales results, as well as a significant reduction of IT infrastructure costs by moving to a private cloud platform and using public cloud services as our business application infrastructure to leverage AI and machine learning. These efficiencies should not only drive strong margins and profitability, but also enhance the value and experience we provide our customers.



## UP CI, INC.

### SALES AGENCY

**UP CI**, which exclusively sells Aflac insurance products, was established by Ms. Noriko Fukuura's father in 1974.

**Ms. Noriko Fukuura** worked at UP CI when she was in undergraduate school and eventually succeeded him as CEO, championing the philosophy of strong ethics, efficient operations and a customer-focused approach that prioritizes meeting the unique needs of each customer based on family composition, lifestyle and life events. Ms. Fukuura understands the importance of fostering a harmonious and tight-knit corporate culture that includes 14 enthusiastic and dedicated employees who span a broad range of ages and backgrounds. UP CI employees have access to the very latest in technology and training to help achieve Ms. Fukuura's mission of offering products customized to fit the specific needs of their customers at each stage of life. This approach has successfully gained the trust of many customers, leading to longstanding customer relationships. The success of UP CI has also been consistently reflected in its successful sales results and accolades, and its achievement of the PMark certification that demonstrates UP CI's success at achieving and maintaining strong privacy practices.

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*“I am proud to offer products that help my customers happily enjoy the peace of mind that comes from being protected by ‘insurance for daily living.’ A ‘thank you’ from a customer is the greatest compliment we can receive.”*

**Ms. Noriko Fukuura**, CEO, UP CI, Inc.





## LILY MEDTECH

### BREAST CANCER DETECTOR INNOVATION TECHNOLOGY

As the pioneer of cancer insurance in Japan, Aflac continues to undertake initiatives to help educate and empower Japanese citizens related to the importance of cancer screenings and early detection. One such initiative includes investing in new and innovative technologies, including **Lily MedTech**. Founded in 2016, Lily MedTech is a spin-off company from the University of Tokyo whose mission is to change the world through innovative technology. Lily MedTech CEO **Shiho Azuma** is an entrepreneur who is developing a medical imaging device called “Ring Echo” that is designed to do just that: to enhance and expand breast cancer screenings. The benefits of Ring Echo are many: it is an easy-to-use ultrasound imaging device designed to detect breast cancer without causing pain, without exposing patients to radiation, and regardless of the skill level of the technician utilizing it. The ultrasound technology of Ring Echo is even more effective than regular mammograms at detecting masses, especially in patients who have dense breast tissue.

*“I was motivated to start this company when, as a high school student, I lost my mother to brain cancer. As we look at the incidence of breast cancer, it is a curable disease now, especially when detected early. The 30s, 40s and 50s are times in the lives of women when they have many choices and opportunities, such as a career, relationships and marriage, childbirth and child rearing. With our device, I hope to give affected women a chance to live as well as they did before being affected by cancer, because no woman should have to miss out on the great opportunities of life.”*

Lily MedTech CEO **Shiho Azuma**



# LOOKING AHEAD

As we examine our accomplishments and look to our strategies for the future, we believe Aflac's products will continue to provide valuable insurance options for Japanese consumers. The competitive strengths that have positioned Aflac as the leading provider of cancer and medical insurance are just as relevant today as they've ever been. Over the last several years, the introduction of an initiative in Japan known as "Womenomics" by Prime Minister Shinzo Abe highlights what Aflac has done for decades — celebrating and promoting women in the workforce. Aflac Japan's Women's Leadership Program began in 2014 and has successfully helped raise the percentage of women in leadership positions from 17.5% in 2014, to 30.7% as of December 2019. We are very pleased to have achieved our goal to have women occupy 30% of Aflac Japan's leadership positions in 2019, one year ahead of schedule. To that end, we are proud that Aflac Japan was the first life insurer to be awarded the highest grade of "Eruboshi," which is the Ministry of Health, Labour and Welfare's certification for a company's promotional efforts for women's advancement in the workplace. Aflac Japan has a long track record of successfully anticipating change and formulating proactive strategies, and we remain committed to leveraging new opportunities for growth as we continue to lead the third sector insurance market and push into new frontiers.



# Aflac U.S. 2019

## AFLAC U.S.: OUR STRATEGIC VISION

Over the past few years, the workforce in the United States has experienced dramatic shifts and changes, including a better educated workforce with more people having college degrees than ever before. Additionally, many consumers and households are carrying more debt than ever before, with most having less than \$1,000 in savings. Household composition is also evolving, with multiple generations often living under one roof. Even the very definition and concept of the traditional “workplace” or “worksite” continues to evolve as more people are working at any time from any place.

### 2019 AFLAC U.S. FINANCIAL HIGHLIGHTS

- ▶ **Earned premium\*** increased 1.8% to \$5.8 billion.
- ▶ **Total revenues** increased 1.7% to \$6.6 billion.
- ▶ **Pretax segment adjusted earnings** decreased 1.0% to \$1.3 billion.

*\*Earned premium is net of reinsurance.*

Each year, more than 15,000 children are diagnosed with cancer in the United States, and Aflac’s goal is to gift each newly diagnosed child in the United States, above the age of three, with his or her very own **My Special Aflac Duck** completely free of charge. By the end of 2019, Aflac had delivered 6,260 **My Special Aflac Duck** units to children across the U.S. and 248 in Japan. Through the **Aflac Childhood Cancer Campaign**, **Aflac Cancer Center**, **#Duckprints**, and now, **My Special Aflac Duck**®, Aflac is committed to providing support, hope, time and resources to children with cancer.





## BENEFIT HARBOR

Aflac leads the industry in our commitment to establishing and nurturing vendor relationships. These local, regional and national partnerships extend our distribution network and deliver our valuable benefits solutions to clients across the country. A significant addition to this network has been partnerships with technology platform vendors that provide a means of digital distribution of products and services.

One of those valued partners is **Benefit Harbor**, a leading cloud-based provider of benefits management solutions, headquartered in Plano, Texas. Benefit Harbor has enjoyed a strong partnership with Aflac, together expanding distribution for Aflac Ease and traditional group products. Benefit Harbor delivers unique technology and service solutions to meet the ever-evolving demands of today's most challenging benefit strategies.

**Carol Altman** is the SVP of Strategy for Benefit Harbor, and she brings more than 25 years of insurance industry expertise in a number of roles ranging from underwriting and claims, to brokerage/agency service, benefit consulting, product management, vendor governance and technology strategy. In her role at Benefit Harbor, Carol drives the company strategy for constant innovation and enhancement in the enrollment technology experience for our mutual clients. Together with Benefit Harbor, Aflac provides accurate benefits administration and a great user experience for all of our clients and their employees.



“Benefit Harbor has a history of raising the bar in terms of capability, service and innovation in the rapidly evolving landscape of the benefits industry. We empathize with employees entering a new phase of understanding their benefits options and work with our clients to maximize their benefits dollars. Our partnership with Aflac helps us bring value to our clients and their employees while providing accurate benefits administration and a great user experience for everyone involved. Ultimately, what we are providing isn't just insurance or a piece of paper; it's a promise to protect what's important to you.”

**Carol Altman**, SVP of Strategy for Benefit Harbor

## AFLAC U.S. – KEY OPERATIONAL METRICS

	POLICIES AND CERTIFICATES IN FORCE*	ANNUALIZED PREMIUMS IN FORCE**	TOTAL NEW ANNUALIZED PREMIUM**
<b>2019</b>	<b>13,437</b>	<b>\$6,301</b>	<b>\$1,580</b>
2018	13,264	6,231	1,601
2017	12,971	6,052	1,552
2016	12,692	5,896	1,482
2015	12,498	5,760	1,487
2014	12,407	5,668	1,433
2013	12,310	5,570	1,424
2012	12,232	5,451	1,488
2011	11,732	5,188	1,476
2010	11,436	4,973	1,382

\*In thousands

\*\*In millions

In the United States, Aflac is proud to be the leading provider of supplemental insurance at the worksite\*, which accounts for approximately 96% of our sales.

Extending that distinction further, our vision for Aflac U.S. is to be the No. 1 distributor of benefits solutions supporting the U.S. workforce — at the traditional worksite and beyond. With consumers increasingly turning to technology for avenues to research, buy and communicate, Aflac is utilizing innovative ways to leverage our distribution, brand, and benefits solutions as a key differentiator. As the overall cost of health coverage continues to rise, and premiums, copayments and deductibles steadily increase for both individuals and families alike, people are worrying more about their wallets than their health. These challenging trends continue to limit the spending power of many American workers and leave many workers financially unequipped to handle an unexpected illness or accident.

Given this landscape, it's no surprise that the supplemental benefits market as a whole is projected to grow. Amid this backdrop, we believe Aflac U.S. is well positioned to help with expenses health insurance doesn't cover with our portfolio of valuable supplemental insurance products. These products provide fast access to cash when our policyholders need it most. Based on the evolving workforce, we have developed a playbook to leverage our core strengths, focusing on three main pillars: growth, efficiency and experience, supported by a robust risk management framework, to meet consumers where they want to make their insurance-purchasing decisions, when they want to make them ... at the traditional worksite and beyond.

In 2019, new annualized premium sales for Aflac U.S. were \$1.6 billion, representing a slight decrease of 1.3%.

\*Source: Eastbridge Consulting Group, Inc., U.S. Voluntary/Worksite Sales Report, Carrier Results for 2018/July 2019 2nd Revision (2019 April) Supplemental sales are defined as 100% employee-paid through payroll deduction.

## AFLAC U.S. PRODUCTS

- |                         |                      |                      |
|-------------------------|----------------------|----------------------|
| ▶ Cancer                | ▶ Critical Illness   | ▶ Vision             |
| ▶ Accident              | ▶ Hospital Indemnity | ▶ Life (Term, Whole) |
| ▶ Short-Term Disability | ▶ Dental             |                      |

### INNOVATIVE PRODUCT SOLUTIONS PROVIDE FINANCIAL PROTECTION

Aflac's insurance policies pay cash benefits directly to the customer to help provide a layer of protection against income and asset loss associated with an illness or medical event. Policyholders can utilize these benefits to help cope with unexpected out-of-pocket medical expenses such as medication, copays and even household expenses. Our broad portfolio of both individual and group supplemental product solutions is designed to provide our policyholders with outstanding value and enable businesses of all sizes to offer their employees an affordable and comprehensive array of supplemental benefits solutions.

In 2019, Aflac launched a new group worksite life insurance product, available in term and whole life options for consumers ages 18-70. Key highlights of the product include living benefits that are available to help insureds should a terminal illness diagnosis occur, with fixed cash benefits that can be used to help with long-term care, home health care needs, etc. Additionally, an advanced claim payment is available to help with immediate final expenses such as funeral costs. Aflac makes group life coverage easier to obtain by offering guaranteed-issue options for qualified accounts with as few as five lives and simplified issue for accounts with as few as three lives.

In 2019, Aflac also completed its acquisition of Florida-based **Argus Holdings, LLC** and its subsidiary **Argus Dental & Vision, Inc.** (Argus), a premier benefits organization and national network dental and vision company. The expansion of Aflac's product portfolio into network dental and vision moves the company to the front page of the benefit enrollment process for employees. From there, we believe Aflac's powerful brand and wide-reaching distribution will boost our access and opportunities to provide more solutions to producers and policyholders. In 2020, Aflac will begin offering these products in a select set of pilot states before launching nationally in 2021.



Pictured from left to right are CEO and President of Argus Dental & Vision, **Dr. Nicholas M. Kavouklis, D.M.D.** (Dr. Nick) and his wife, **Edie**; President of Aflac U.S., **Teresa White**; and Executive Vice President and Chief Distribution Officer of Aflac U.S., **Rich Williams**.

# GROWTH STRATEGY

We continue to see a significant need for Aflac benefit solutions in the marketplace, and we are well positioned to capitalize on that opportunity. Health care costs continue to rise with minimal wage growth, and Aflac is here to help solve the significant employee challenge of coming up with cash for out-of-pocket expenses. Within the U.S. workforce of approximately 174 million workers, Aflac has access to less than one third of them, and the majority of our business is in the small business segment. It takes a broad distribution reach to capitalize on the market opportunity, and we intend to maintain our leadership position by growing the number of producers who work with Aflac and expanding our value proposition to support the evolving landscape.

In 2019, we maintained our focus on expanding our distribution and reach through our traditional field force of independent agents. Additionally, we continued to establish and nurture relationships with our broker sales team on local, regional and broader national levels to improve our access to businesses in each market segment. Finally, we made meaningful progress in our ability to meet workers where they are, including the growing portion of contingent workers who are not at the traditional worksite in the U.S.

Recent strategic alignment and investments are in support of these focus areas. To fuel producer growth within our traditional field force, we aligned compensation metrics for our sales leaders toward impactful producer growth metrics and implemented enhanced training and testing requirements for individuals to become successful associates of Aflac. We also made significant investments into expanding our value proposition. In November 2019, Aflac acquired **Argus Holdings, LLC** and its subsidiary **Argus Dental & Vision, Inc.** (Argus), a benefits management organization and national network dental and vision company which provides a platform for **Aflac Dental and Vision**. This acquisition most notably opens the door for our entry into the network dental and vision market, serving as Aflac's strategic entry point to access this growth area of the market and foster greater producer productivity from deeper penetration and cross-sell of Aflac's core supplemental products. In 2019, we also launched direct-to-consumer products for accident, cancer, and critical illness. We will further extend this product portfolio in 2020, when we plan to launch new product designs and an end-to-end digital sales platform that will allow us to engage customers through different media and connect with them when and where they want to be.

Our growth strategy remains consistent and is strongly aligned to the market opportunity. We continue to make strategic advancements to our business model and are pleased with the progress we have made.

# JULIA'S STORY

The Johnson family from Thomasville, Ga. will be among the first to tell you that Aflac is definitely more than a promise.

Sharon Johnson applied for her Aflac cancer insurance policy through her employer in 1999, hoping that she would never need to use it. Sharon later expanded her policy for family coverage in the event that she or her husband, Jeff, faced cancer down the road. Little did they know it would be their daughter, Julia, who would one day face a cancer diagnosis.

In March of 2009, at the age of 8, Julia was diagnosed with leukemia. Beyond their cancer policy, Aflac was destined to deliver on its promise in another big way for the Johnsons. To combat her leukemia diagnosis, Julia went to the Aflac Cancer Center of Children's Healthcare of Atlanta for treatment. Living in rural South Georgia, approximately a four-hour drive from the Aflac Cancer Center, Jeff, Sharon and Julia had to make numerous trips and overnight stays to Atlanta throughout Julia's treatment cycles. They quickly saw that despite having great major medical insurance, which covered doctor visits and hospitalizations, they were faced with mounting out-of-pocket costs associated with Julia's treatment, including copays, deductibles, lodging and transportation,



*Julia remembers the Aflac Cancer Center as a bright, happy place, and recalls how nice and friendly all of her doctors, nurses and child life specialists were.*



etc., which is where the benefits from their Aflac cancer policy came in to help. Their Aflac cancer policy not only provided value for their family; it truly made a difference in helping the Johnsons to cover the additional out-of-pocket expenses they faced along the road of Julia's journey to recovery.

Longtime Aflac agent Kim Council was there for the Johnsons throughout their journey. Kim helped Sharon and Jeff identify the documents necessary to file their claims and get the benefits from their cancer policy coming to them – benefits they say greatly helped them cover some of those expenses that they were incurring. With 15 years of experience as an Aflac sales associate, Kim has seen firsthand how Aflac goes above and beyond to deliver on its promise to be there for its policyholders. Kim is a part of that promise, having served the Johnson family and many others throughout South Georgia during her career with Aflac. With her compassionate approach to helping her clients like the Johnson family, Kim demonstrates the idea that Aflac is more than a promise each and every day.



**Jeff, Sharon and Julia Johnson** visit with longtime Aflac sales associate **Kim Council** following Julia's 10-year survivor checkup with the **Aflac Cancer and Blood Disorders Center of Children's Healthcare of Atlanta**.

Julia remembers the Aflac Cancer Center as a bright, happy place, and recalls how nice and friendly all of her doctors, nurses and child life specialists were throughout her treatment journey. Jeff, Sharon and Julia all describe the Aflac Cancer Center as a home-like environment that relieved their worries and put them at ease during the very difficult chapter they were facing ... a place where Julia felt comfortable and safe and they were all treated like family. It was at times a

grueling journey, but with the help of her family, friends, Aflac and the Aflac Cancer Center, Julia completed her treatment protocol and beat her leukemia diagnosis. Fast forward 10 years, and Jeff, Sharon and Julia are all thriving. Julia has surpassed the 10-year mark as a cancer survivor and is currently a freshman at the Georgia Institute of Technology, living her life with a vivacious spirit and deep sense of gratitude ... and always eager to share how ***Aflac is more than a promise.***



# OWNING OUR CUSTOMER EXPERIENCE BY LEVERAGING THE AFLAC BRAND

Since 2000, the Aflac Duck has enjoyed a prominent role in Aflac's marketing, with brand recognition as high as the 90% range. However, recognition alone doesn't sell insurance. The challenge that we faced in 2019: Aflac is well known, but not known well. Many consumers still don't know much about the brand beyond the name and the Aflac Duck.

As a result, we pivoted our strategy to focus on building knowledge and education through a new campaign called "**Aflac Isn't**." Telling people what '**Aflac Isn't**' was our hook: a way to stop people — catch their attention — to get them to think about their misperceptions of Aflac and engage them to learn what Aflac is — help with expenses that health insurance doesn't cover.

Beyond traditional tactics like television, print and social media, we used music and football as key passion points to connect with consumers in meaningful ways, including the **Grammys**, **Academy of Country Music Awards (ACMs)** and our sponsorship of **Live Nation** music festivals. At these events, we utilized interactive activities to build fans' knowledge of Aflac and create deeper connections with potential policyholders. We also brought moments of joy to cancer patients at children's hospitals in D.C. and Atlanta who were too sick to attend the event. At many of these venues, children and their families were treated to a private concert with headlining talent.



Within football, we launched a new campaign featuring Coach **Nick Saban** and entered a new partnership with the NCAA's **Southeastern Conference** and the **SEC Network**. The move was designed to score not only with college football's male fan base, but also with the increasing number of women who are passionate about the game. The campaign was strategically launched to coincide with open enrollment, one of the most important selling seasons of the year. The partnership with the **SEC** also presented the unique opportunity to bring our brand promise to life within the context of sports injuries and the journey to wellness, or "**the comeback**." Our goal was to show that Aflac is a team player that helps customers get back into the game of life after an injury or illness.

#### ONE DAY PAY

Illustrating Aflac's commitment to paying claims faster than ever, in 2019 we paid 3.1 million claims through **One Day Pay<sup>SM</sup>**, our industry-leading initiative that allows us to process, approve and pay eligible claims in just one day.

#### TECHNOLOGY DRIVES VALUE AND EFFICIENCY

Our disciplined risk management and emphasis on improving operating efficiency helped us drive strong profitability in 2019.

We continue to make broad-based investments in digital enhancements and innovation within our U.S. platform, in response to rapidly changing market trends. We believe our platform investments will contribute to improved persistency and high customer experience and satisfaction levels. We've also increased our agents' adoption of our **Everwell<sup>SM</sup>** enrollment platform, which is now being used by more than 350,000 businesses across the country.



The **Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta** is a national leader among childhood cancer, hematology, and blood and marrow transplant programs, serving infants through young adults and giving children like **Paisley Sheridan**, age 4, the opportunity to experience world-class care. Pictured here, **Paisley and Douglas Graham**, MD, PhD, Director & Daniel P. Amos Children’s Chair of the Aflac Cancer and Blood Disorders Center, explore and play with My Special Aflac Duck, Aflac’s smart comforting companion that helps children feel less alone during their cancer treatment by using interactive technology and medical play.

### **AFLAC CANCER AND BLOOD DISORDERS CENTER**

Since its doors first opened in 1995, the **Aflac Cancer and Blood Disorders Center of Children’s Healthcare of Atlanta** has become nationally renowned as one of the leading childhood cancer, hematology, and blood and marrow transplant programs in the United States. With innovative research programs and cutting-edge treatment options, the five-year survival rate for childhood cancer has improved dramatically, from 20% in 1965 to greater than 80% today. This worthwhile cause is very near and dear to the heart of the Aflac family, including the **Aflac Foundation**, our executives, employees and the field force, whose generous contributions help to provide a steady flow of funding for research. In total, Aflac’s contributions to the Aflac Cancer Center exceeded the \$140 million mark in 2019. This generosity has greatly contributed to the Aflac Cancer Center’s success and distinction in research, which has earned the Aflac Cancer Center recognition as one of the top pediatric cancer programs in the United States by **U.S. News and World Report**.

## MY SPECIAL AFLAC DUCK

In addition to supporting the treatment and research of childhood cancer, Aflac wanted to do more. We wanted to give children with cancer something they could literally hold on to ... something that would give them joy and help them on their journey. Aflac delivered on this commitment with the introduction of **My Special Aflac Duck**, our smart comforting companion that helps children feel less alone by using interactive technology during their cancer treatment. A compatible web-based app enables children to mirror their care routines, including medical play, lifelike movement and emotions to engage and help bring comfort to children during their cancer care journey. My Special Aflac Duck won the **2019 SXSW** (South by Southwest) Interactive Innovation Award for Robotics and Hardware as well **People's Choice** and the **Gold Sabre Award** for North America in the Trade Show Category. Additionally, **My Special Aflac Duck** won the **Silver Halo Award** and two **Cannes Lions PR Silver Medals in Technology and Corporate Image**.





Helping Aflac deliver on its promise to be there for our policyholders when they need us most, **Alexis Thompson** embodies Aflac’s idea of being more than a promise. Alexis joined Aflac’s Claims department in 2016, where she is dedicated to assisting customers with their cancer and short-term disability claims. Realizing that Aflac’s policyholders are often facing one of the most difficult challenges of their lives – a cancer diagnosis and treatment journey or an accident or event that has left them disabled – Alexis brings both passion and compassion to her work. She says that helping Aflac bring financial relief to these policyholders at such a crucial time in their lives pushes her every day to provide the best experience and highest level of service possible.

*“I am constantly focused on keeping the claims promise, and that is ensuring that every policyholder I serve is provided with the best quality service possible. I flourish on being positive and smiling, and I strive to make that come through in my work each and every day.”*

**Alexis Thompson**, claims specialist

# LOOKING TO THE FUTURE

Looking ahead to the future, we believe the strengths that have positioned Aflac as the leading provider of supplemental insurance products at the worksite are firmly established and will help us expand our footprint beyond the traditional worksite to position Aflac as the number one distributor of benefits solutions supporting the U.S. workforce. As businesses and consumers continue to seek valuable, practical and affordable solutions to help better navigate the challenging health care landscape in the United States, we believe both the desire and the need for the type of valuable and affordable benefits solutions Aflac provides will only increase. Though many things have changed over the course of our 65 years of operations, one thing remains unwavering – Aflac’s commitment to be there for our policyholders and deliver on our promise to them when they need us most.



## AFLAC GLOBAL VENTURES

As part of our ongoing initiatives to support growth by driving operational efficiencies and technological advancement, Aflac continues to pursue investment opportunities in companies that have a mission that is relevant to Aflac Incorporated's core business.

Aflac Global Ventures and Aflac Global Investments announced a strategic partnership to strengthen Aflac's ability to identify and invest in companies developing new technologies that may impact the asset management industry. The strategy will seek to invest in nascent technologies and business models that have the ability to disrupt key components of the Asset Management space – including quantitative analysis, investment research, portfolio management, trading and investment support functions. Aflac Global Ventures is designed to help Aflac Incorporated enhance its strategic and innovative focus globally and to enhance and defend long-term shareholder value.

In 2019, Aflac Incorporated increased the Aflac Global Ventures investment fund commitment from \$250 million to \$400 million to include a global sleeve focused on investments in Europe, Southeast Asia and India. The primary focus continues to be on growth-stage, innovative and scalable companies, with an emphasis on digital applications designed to improve the customer experience, gain efficiencies and develop new markets. The increased fund size and scope also allows Aflac to grow its geographic footprint and diversify into later-stage deals and fund-of-fund opportunities.



As part of its global strategy, **Aflac Global Ventures** also incubates a variety of companies. One example is **Empowered**, located in Charlotte, N.C., which provides a streamlined, cloud-based, agile benefits administration solution and cutting-edge enrollment software, including Aflac's **Everwell** platform.

In 2019, Aflac Global Ventures broadened its global partnership with **Plug and Play** to now include Silicon Valley, Asia and Europe and to launch Aflac Ventures Lab, a 10-week accelerator program for startups. Aflac Ventures Lab provides an unparalleled opportunity for startup companies to work with industry leaders and

Aflac's innovation teams to co-develop and customize solutions to accelerate innovation across the insurance value chain, including digital solutions that enhance the customer experience. The first cohort was successfully launched and completed in 2019 with a subset of startups now moving into the pilot phase for further development.

Empowered's volume of business has more than tripled since being purchased in 2015, and Everwell surpassed the \$1 billion mark in terms of new premium written through the platform.

Additionally, Aflac Japan continues to explore opportunities to leverage technology and grow business. In the context of rapidly changing social and individual needs, we plan to leverage Aflac's market-leading position and extensive experience to identify new third sector fields and explore new business opportunities consistent with Aflac's core capabilities and values.



## AFLAC GLOBAL INVESTMENTS

The Aflac Global Investments team now has more than 125 investment and support professionals in New York and Tokyo who work to find investment opportunities around the globe to ensure diversity and safety of the general account. The investment strategy for Aflac's \$120 billion portfolio is carefully designed around our liabilities and protecting the promise we make to our policyholders.

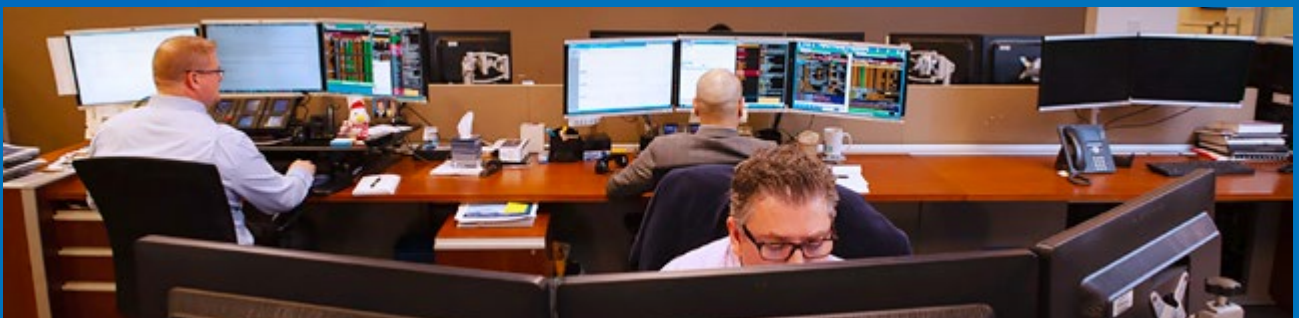
Our portfolio is highly diversified by asset class, sector and region, with strict risk limits in place to ensure it is managed to achieve a high overall asset quality while earning a competitive rate of income. Aflac's risk management discipline ensures we navigate through the volatility of investment markets, including risks related to interest rates, credit quality and foreign exchange to help ensure our portfolio performs well through market cycles.

In 2019, net investment income closed out a strong year in the face of lower rates in the U.S. and Japan, while at the same time positioning the credit quality of the portfolio to perform well should there be economic weakness. Consistent with Aflac Global Investments' business strategy, we closed on the acquisition of a non-controlling minority interest in **Varagon Capital Partners** in January 2020, where we are also making a multi-year commitment to build a portfolio of middle market loans. A natural extension of our external manager program, we expect this strategy to deliver incremental value in future years.



### AFLAC JAPAN INVESTMENTS

Pictured: **Mai Ikeguchi, Naoki Shirata, Qian Yiki** and **Koji Kasai** in Aflac Global Investments' Tokyo office collaborate to achieve the common goal of seeking worldwide investment opportunities to ensure diversification, while earning a competitive rate of return generating net investment income.



Pictured: Members of Aflac's **Global Investments** team at its headquarters in New York.

## SELECTED FINANCIAL DATA

For the Year (In millions, except for share and per-share amounts)	2019	2018	2017	2016
Revenues:				
Net premiums, principally supplemental health insurance	\$ 18,780	\$ 18,677	\$ 18,531	\$ 19,225
Net investment income	3,578	3,442	3,220	3,278
Realized investment gains (losses) <sup>2</sup>	(135)	(430)	(151)	(14)
Other income	84	69	67	70
Total revenues	22,307	21,758	21,667	22,559
Benefits and expenses:				
Benefits and claims, net	11,942	12,000	12,181	12,919
Expenses	5,920	5,775	5,468	5,573
Total benefits and expenses	17,862	17,775	17,649	18,492
Pretax earnings	4,445	3,983	4,018	4,067
Income taxes	1,141	1,063	(586)	1,408
Net earnings	\$ 3,304	\$ 2,920	\$ 4,604	\$ 2,659

### Share and Per-Share Amounts

Net earnings (basic)	\$ 4.45	\$ 3.79	\$ 5.81	\$ 3.23
Net earnings (diluted)	4.43	3.77	5.77	3.21
Items impacting net earnings: <sup>3</sup>				
Realized investment (gains) losses	\$ .02	\$ 0.38	\$ –	\$ (0.10)
Other and non-recurring (income) loss <sup>1, 4</sup>	–	0.10	.08	0.16
Income tax (benefit) expense on items excluded from adjusted earnings	–	(0.11)	(0.03)	(0.02)
Tax reform adjustment	(.01)	0.02	(2.42)	–
Cash dividends paid	\$ 1.08	\$ 1.04	\$ 0.87	\$ 0.83
Shareholders' equity	39.84	31.06	31.50	25.24
Weighted-average common shares used to calculate basic EPS (In thousands)	742,414	769,588	792,042	822,942
Weighted-average common shares used to calculate diluted EPS (In thousands)	746,430	744,650	797,861	827,841

### At Year-end

Assets:				
Investments and cash	\$ 138,091	\$ 126,243	\$ 123,659	\$ 116,361
Other <sup>5</sup>	14,677	14,163	13,558	13,458
Total assets	\$ 152,768	\$ 140,406	\$ 137,217	\$ 129,819
Liabilities and shareholders' equity:				
Policy liabilities	\$ 106,554	\$ 103,188	\$ 99,147	\$ 93,726
Income taxes	5,370	4,020	4,745	5,387
Notes payable <sup>6</sup>	6,569	5,778	5,289	5,360
Other liabilities	5,316	3,958	3,438	4,864
Shareholders' equity	28,959	23,462	24,598	20,482
Total liabilities and shareholders' equity	\$ 152,768	140,406	\$ 137,217	\$ 129,819

### Supplemental Data

Stock price range:	High	\$ 57.18	\$ 48.19	\$ 44.91	\$ 37.25
	Low	44.28	41.41	33.25	27.29
	Close	52.90	45.56	43.89	34.80
Yen/dollar exchange rate at year-end (yen)	¥ 109.56	¥ 111.00	¥ 113.00	¥ 116.49	
Weighted-average yen/dollar exchange rate (yen)	109.07	110.39	112.16	108.70	

Amounts in 2009 have not been adjusted for retrospective adoption of revised accounting guidance related to deferral of policy acquisition costs effective January 1, 2012.

Prior-year amounts have been adjusted for the two-for-one stock split of the company's common stock in March 2018.

<sup>1</sup> Includes impact from ASC 815 for all years presented prior to 2011

<sup>2</sup> Amounts in 2012 and prior have not been adjusted for the reclassification related to foreign currency gains (losses) from other income to realized investment gains (losses).

<sup>3</sup> Amounts in 2011 and prior are shown net of tax.

<sup>4</sup> Amounts in 2011 and prior have not been reclassified to reflect the change in methodology of calculating the hedge costs related to foreign currency investments.

<sup>5</sup> Adjusted for reclassification of amortized hedge costs for consistency with current period presentation.

<sup>6</sup> Amounts in 2010 and prior have not been adjusted for the adoption of accounting guidance on January 1, 2016 related to debt issuance costs.

2015	2014	2013	2012	2011	2010	2009
\$ 17,570	\$ 19,072	\$ 20,135	\$ 22,148	\$ 20,362	\$ 18,073	\$ 16,621
3,135	3,319	3,293	3,473	3,280	3,007	2,765
106	282	426	(349)	(1,552)	(422)	(1,212)
61	55	85	92	81	74	80
20,872	22,728	23,939	25,364	22,171	20,732	18,254
11,746	12,937	13,813	15,330	13,749	12,106	11,308
5,264	5,300	5,310	5,732	5,472	5,065	4,711
17,010	18,237	19,123	21,062	19,221	17,171	16,019
3,862	4,491	4,816	4,302	2,950	3,561	2,235
1,329	1,540	1,658	1,436	1,013	1,233	738
\$ 2,533	\$ 2,951	\$ 3,158	\$ 2,866	\$ 1,937	\$ 2,328	\$ 1,497
\$ 2.94	\$ 3.27	\$ 3.40	\$ 3.07	\$ 2.07	\$ 2.48	\$ 1.60
2.92	3.25	3.38	3.05	2.06	2.46	1.59
\$ (0.10)	\$ (0.30)	\$ (0.47)	\$ 0.36	\$ 1.07	\$ 0.29	\$ 0.83
0.26	-	-	-	-	-	-
(0.05)	0.11	0.17	(0.13)	-	-	-
-	-	-	-	-	-	-
\$ 0.79	\$ 0.75	\$ 0.71	\$ 0.67	\$ 0.61	\$ 0.57	\$ 0.56
20.86	20.73	15.91	17.08	13.88	11.22	8.98
861,307	902,408	929,004	933,736	933,038	938,076	933,104
866,344	907,999	934,816	938,574	938,740	946,170	938,126
\$ 105,897	\$ 107,341	\$ 108,459	\$ 118,219	\$ 103,462	\$ 88,230	\$ 73,192
12,359	12,386	12,809	12,838	12,757	12,013	10,914
\$ 118,256	\$ 119,727	\$ 121,268	\$ 131,057	\$ 116,219	\$ 100,243	\$ 84,106
\$ 87,631	\$ 83,933	\$ 89,402	\$ 97,720	\$ 94,239	\$ 82,310	\$ 69,245
4,340	5,293	3,718	3,858	2,308	1,689	1,653
4,971	5,242	4,858	4,315	3,267	3,038	2,599
3,606	6,912	8,670	9,186	3,459	2,666	2,192
17,708	18,347	14,620	15,978	12,946	10,540	8,417
\$ 118,256	\$ 119,727	\$ 121,268	\$ 131,057	\$ 116,219	\$ 100,243	\$ 84,106
\$ 33.27	\$ 33.35	\$ 33.81	\$ 27.47	\$ 29.77	\$ 29.16	\$ 23.88
25.71	27.50	24.09	19.07	15.63	19.96	5.42
29.95	30.55	33.40	26.56	21.63	28.22	23.13
¥ 120.61	¥ 120.55	¥ 105.39	¥ 86.58	¥ 77.74	¥ 81.49	¥ 92.10
120.99	105.46	97.54	79.81	79.75	87.73	93.49

## AFLAC INCORPORATED (NYSE:AFL) INVESTOR FACTS

### TOTAL RETURN TO SHAREHOLDERS

2019 marked the 37<sup>th</sup> consecutive year Aflac Incorporated increased its annual dividend. Including reinvested cash dividends, Aflac's total shareholder return increased 18.6% in 2019. This compares with total shareholder return of 23.2% for the S&P Life & Health Index, 31.5% for the S&P 500 and 25.3% for the Dow Jones Industrial Average.

For many years, we have managed our business with a long-term view in mind. As a result:

- ▶ Over the last five years, Aflac's total shareholder return, including reinvested dividends, was 94.5%.
- ▶ Over the last 10 years, Aflac's total shareholder return, including reinvested dividends, was 191.8%.

### AFL SHAREHOLDER MIX\*

Number of registered shareholders . . . . .	85,726
Percentage of outstanding AFL shares owned by institutional investors . . . . .	70%
Percentage of outstanding AFL shares owned by individual investors . . . . .	30%

\*Approximate as of 12/31/19

### FIRST SHAREHOLDERS

Cost of 100 shares purchased in 1955 when Aflac was founded . . . . .	\$1,110
Number of shares those 100 shares grew into (after 29 stock dividends and splits) . . . . .	375,960 shares
Value at 12/31/19 (excluding reinvested dividends) . . . . .	\$19.9 million
Dividends paid in 2019 . . . . .	406,037

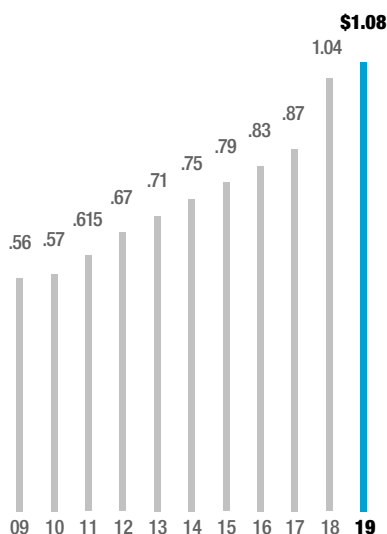
### INSURER FINANCIAL STRENGTH\*

Standard & Poor's . . . . .	A+
Moody's Investors Service . . . . .	Aa3
A.M. Best . . . . .	A+
Rating & Investment Information Inc. (R&I) . . . . .	AA-
Japan Credit Rating Agency (JCR) . . . . .	AA

\*As of 3/1/20; for both primary insurance subsidiaries: Aflac of Columbus and Aflac Life Insurance Japan, Ltd.

### Visit [investors.aflac.com](http://investors.aflac.com) to access:

- ▶ Your AFL shareholder account through *aflinc*®
- ▶ Aflac's financial information
- ▶ A calendar of events
- ▶ Dividend reinvestment plan (DRIP) information
- ▶ ESG disclosures

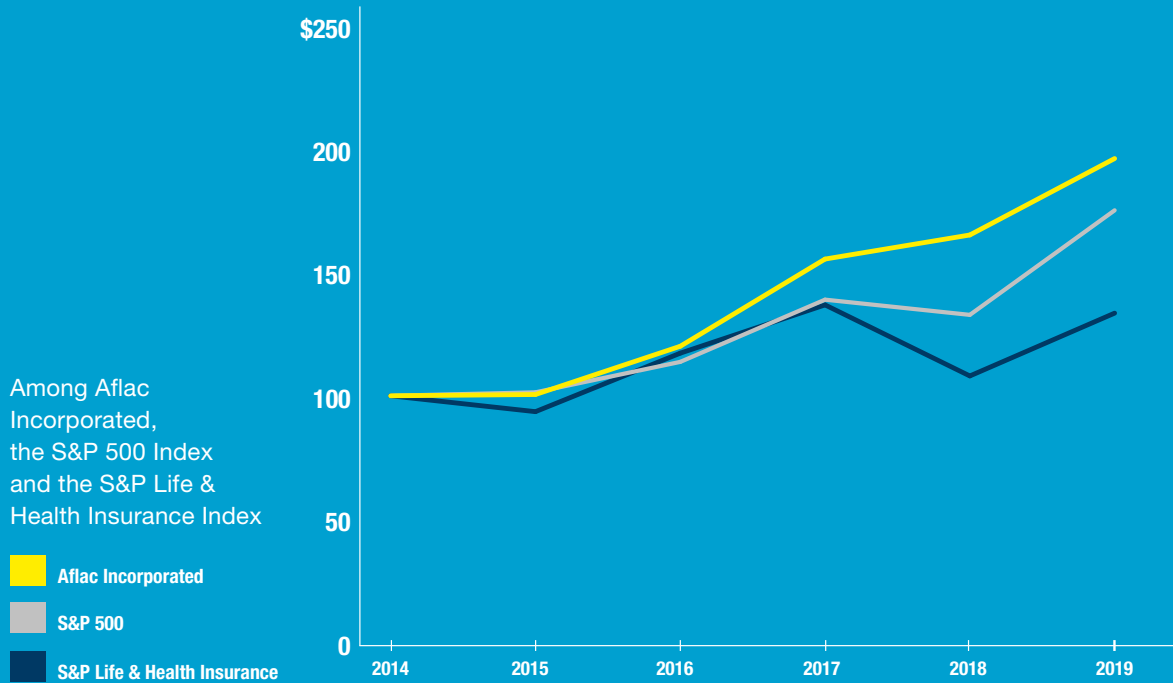


### Annual Cash Dividends Paid Per Share\*\*

Aflac Incorporated has increased its annual dividend for 37 consecutive years. Total cash dividends paid in 2019 were 3.8% higher than in 2018.

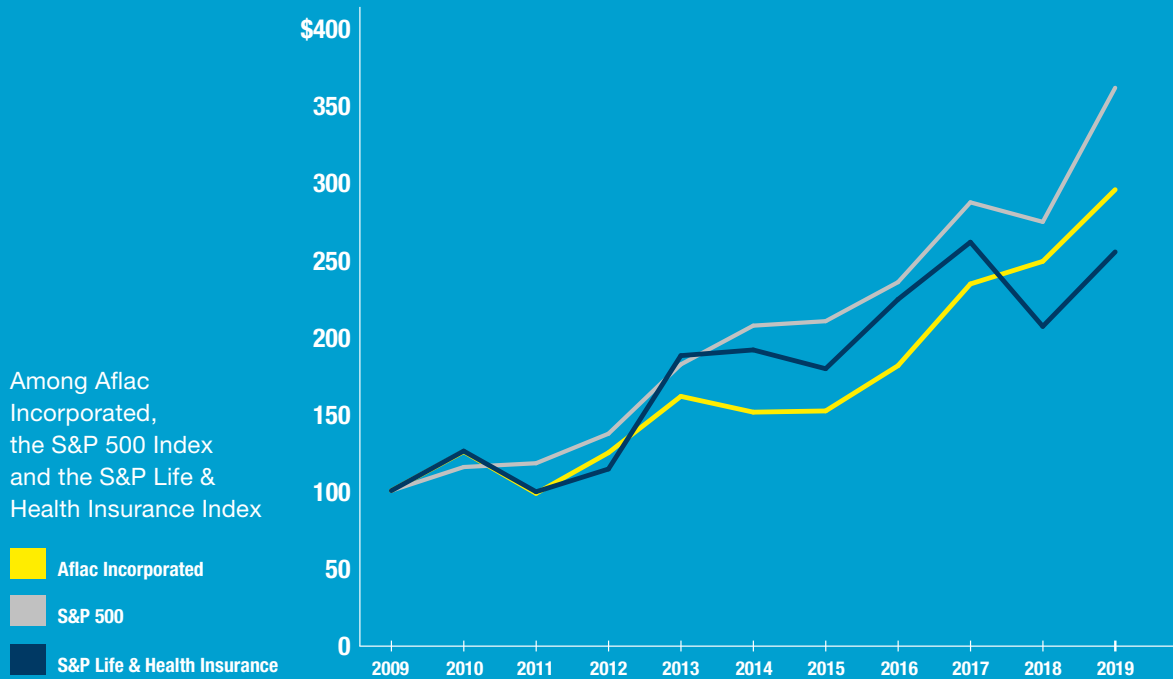
\*\*Adjusted for stock splits.

### Comparison of Five-Year Cumulative Total Shareholder Return\*



\*\$100 invested on December 31, 2014, in stock or index, including reinvestment of dividends. Fiscal year ending December 31. Copyright © 2019 Standard & Poor's, a division of S&P Global. All rights reserved.

### Comparison of Ten-Year Cumulative Total Shareholder Return\*



\*\$100 invested on December 31, 2009, in stock or index, including reinvestment of dividends. Fiscal year ending December 31. Copyright © 2019 Standard & Poor's, a division of S&P Global, Inc. All rights reserved.

## BOARD OF DIRECTORS



**Daniel P. Amos**, 68, chairman and chief executive officer of Aflac and Aflac Incorporated, has been with the company full time since 1973. He was named president of Aflac in 1983 and chief operating officer in 1987. He became chief executive officer of Aflac Incorporated in 1990 and was named chairman in 2001. He joined Aflac Incorporated's board in 1983.



**W. Paul Bowers**, 63, is chairman, president and chief executive officer of Georgia Power. Previously, he was CFO of Southern Company, and held executive leadership positions such as President and CEO at Southern Power, Southern Company Generation and the company's former United Kingdom subsidiary. Additionally, he received the National Human Relations Award from the American Jewish Committee, the Council for Quality Growth's Four Pillars Award and was inducted by the Governor as a Georgia Trustee. He joined Aflac Incorporated's board in 2013.



**Toshihiko Fukuzawa**, 63, is president and chief executive officer of Chuo Real Estate Co., Ltd. He previously served as president and CEO of Yushu Tatemono Co., Ltd.; managing executive officer of Mizuho Bank Ltd.; and deputy president & executive officer of Mizuho Trust & Banking Co., Ltd. Over his 36-year career as a banker in Japan, he has gained extensive business and IT knowledge and experience with a wide range of Japanese financial services. He joined Aflac Incorporated's board in 2016.



**Robert B. Johnson**, 75, retired from his position at Porter Novelli in 2014, at which he had been senior advisor since 2003. He was formerly chairman and CEO of the One America Foundation (an organization that promotes dialogue and solidarity among Americans of all races). He also previously served in President Clinton's White House as an assistant to the president and director of the president's initiative for One America. He joined Aflac Incorporated's board in 2002.



**Thomas J. Kenny**, 56, was named chairman of the TIAA-CREF Fund's board in 2017, where he had served as a trustee since December 2011. He previously served as the chair of the TIAA-CREF Fund's Investment Committee. Prior to his role at TIAA-CREF, he held a variety of investment leadership positions at Goldman Sachs and the Franklin Templeton Group of Funds over a 25-year career. Tom also serves on a number of non-profit investment committees. He joined Aflac Incorporated's board in 2015.



**Georgette D. Kiser**, 52, is an operating executive for The Carlyle Group, where she helps lead due diligence and technical strategies across various Carlyle portfolio companies. Previously, she was managing director and chief information officer, responsible for leading the firm's global technology and solutions organization and developing and driving IT strategies to include application development, data, digital, infrastructure, cyber security, program management and outsourcing. She previously held positions of increasing responsibility at T. Rowe Price Associates, Inc. Georgette is a National Association of Corporate Directors (NACD) Board Leadership Fellow. She joined Aflac Incorporated's board in 2019.



**Karole F. Lloyd**, 61, is a certified public accountant and retired vice chair and managing partner for Ernst & Young, LLP. With more than 38 years of experience and leadership, she has extensive experience with large financial services, insurance and health care companies in both the United States and Canada, as well as leadership and consulting experience related to financial reporting, board governance and legal matters, regulatory compliance, internal audit and risk management. She joined Aflac Incorporated's board in 2017.



**Joseph L. Moskowitz**, 66, retired as executive vice president of Primerica, Inc. after more than 25 years of service. He led the Product Economics and Financial Analysis Group after previously serving as chief actuary, among various other positions of increasing responsibility. Prior to joining Primerica, he was vice president of Sun Life Insurance Company of America and also worked for KPMG. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. He joined Aflac Incorporated's board in 2015.



**Barbara K. Rimer**, DrPH, 71, has been dean and alumni distinguished professor at the University of North Carolina at Chapel Hill Gillings School of Global Public Health for nearly 15 years, and was previously director of the Division of Cancer Control and Population Sciences at the National Cancer Institute. She was elected to the Institute of Medicine in 2008 and served as chair of the President's Cancer Panel from 2011-2019. She joined Aflac Incorporated's board in 1995.



**Katherine T. Rohrer**, 66, serves on the Emory University Board of Trustees. She is vice provost emeritus at Princeton University, having served as vice provost for academic programs from 2001 until 2015. Prior to assuming this role, Dr. Rohrer held several academic leadership positions at Princeton starting in 1988, including associate dean of the faculty and assistant dean of the college. At Columbia University, she was an assistant professor from 1982 to 1988. She joined Aflac Incorporated's board in 2017.



**Melvin T. Stith**, 73, is dean emeritus of the Martin J. Whitman School of Management at Syracuse University. He was previously dean and Jim Moran Professor of Business Administration at Florida State University, where he remains dean emeritus. Before retiring in 2015, Dr. Stith was a professor of marketing and business for more than 35 years. He served in the U.S. Military Intelligence Command, achieving the rank of captain. He joined Aflac Incorporated's board in 2012.

## EXECUTIVE MANAGEMENT

Daniel P. Amos (see facing page)



Frederick J. Crawford, 56, joined Aflac in June 2015 as executive vice president and chief financial officer of Aflac Incorporated, responsible for overseeing the financial management of company operations. He was promoted to president and chief operating officer in January 2020. Before joining Aflac, he served as executive vice president and chief financial officer of CNO Financial Group, after spending more than a decade at the Lincoln Financial Group in roles of increasing responsibility, including executive vice president and chief financial officer. Prior to that, he held leadership positions at Bank One Corporation.



Max K. Brodén, 41, executive vice president; chief financial officer, joined Aflac in April 2017 as senior vice president and treasurer. He was promoted to his current role in January 2020, responsible for leading Aflac's corporate finance, treasury, investor and rating agency relations, enterprise capital management and financial planning and analysis. Prior to joining Aflac, he was senior portfolio manager for Norges Bank and previously worked at DnB Nor Asset Management in Stockholm and New York and Skandia Asset Management in Stockholm.



Eric M. Kirsch, 59, executive vice president and global chief investment officer; president, Aflac Global Investments, joined Aflac in 2011 and is responsible for the company's investment efforts, including Aflac's investment portfolio and investment teams in the U.S. and Japan. Prior to joining Aflac, he served as managing director at Goldman Sachs and for 27 years at Deutsche Asset Management and Bankers Trust. He is a CFA® charterholder and currently serves on the board for the Baruch College Fund and as a Jersey Shore University Medical Center Foundation trustee.



Audrey Boone Tillman, 55, executive vice president and general counsel, joined Aflac in 1996. She was promoted to vice president; senior associate counsel, Legal, in 2000; to senior vice president; director, Human Resources in 2008; and to executive vice president, Corporate Services in 2011. She was promoted to her current role in May 2014, where she oversees Aflac's Legal division, Compliance, Human Resources, State Government Relations, Federal Relations, Global Cyber Security and the office of the Corporate Secretary, in addition to oversight of the General Counsel and Compliance offices of Aflac Japan.



Teresa L. White, 53, president, Aflac U.S., joined Aflac in 1998 and has served in various leadership roles including executive vice president, Internal Operations; chief administrative officer; and chief operating officer of Aflac U.S. She was promoted to her current role in 2014, responsible for strategy, IT, marketing, corporate communications, sales and distribution. She is a Fellow of the Life Management Institute and serves on the board of directors of America's Health Insurance Plans (AHIP) and Synovus Financial Corp.



Virgil R. Miller, 51, executive vice president and chief operating officer, Aflac U.S.; president, Aflac Group Insurance, joined Aflac in 2004. He assumed his current position in 2018 after holding key officer positions in various areas of the organization. He received his MBA from Wesleyan. He serves on the board of trustees for Claflin University, the Palmetto Health Foundation Board and the Columbia Urban League, and is the 2020 co-chairman of SEUS Japan.



Richard L. Williams Jr., 48, joined Aflac in 2017 as executive vice president and chief distribution officer. He is responsible for leading the holistic distribution team of independent career agents, brokerage professionals and distribution expansion, as well as product development, enrollment and account management for Aflac U.S. Prior to joining Aflac, he was senior vice president and general manager, Stop Loss, at Unum U.S. and senior vice president, Growth Markets at Colonial Life and Accident Insurance Company. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.



Charles D. Lake II, 58, president, Aflac International; chairman and representative director, Aflac Life Insurance Japan, joined Aflac International in February 1999 and Aflac Japan in June 1999. Prior to his current position, he served as vice chairman and president of Aflac Japan. Before joining Aflac, he was director of Japan Affairs at the office of the U.S. Trade Representative in the executive office of the president, and practiced law in Washington, D.C.



Masatoshi Koide, 59, president and representative director, Aflac Life Insurance Japan, originally joined Aflac in 1998 and stayed with Aflac until 2006. He worked for Nikko Asset Management before joining Aflac again in December 2008 as vice president. He was promoted to senior vice president in 2012; first senior vice president in 2013; executive vice president, Planning, Government Affairs and Research, Risk Management, Investment, Compliance and General Affairs in 2015; and to president of Aflac Japan in 2017. He is a member of the New York State Bar.



J. Todd Daniels, 49, director and executive vice president; chief financial officer, Aflac Life Insurance Japan, joined Aflac in 2002. He was promoted to vice president, Financial Planning and Analysis in 2011 and to senior vice president; deputy corporate actuary in 2012. He was named global chief risk officer in 2014 and chief actuary in 2015. He assumed his current role in April 2018, responsible for overseeing the financial, actuarial and risk management practices of Aflac Japan. He is a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries.



Koji Ariyoshi, 66, director; executive vice president and director of Sales and Marketing, Aflac Life Insurance Japan, joined Aflac as senior vice president responsible for sales planning in 2008. Since then, he has managed various departments, including Retail Marketing, Alliance Management and Hojinkai Promotion. He was promoted to executive vice president in January 2012. Before joining Aflac, he worked for Alico Japan as vice president and for AXA Life Insurance as senior vice president.



Yoko Kijima, 56, director and executive vice president; chief administrative officer, Aflac Life Insurance Japan, joined Aflac in 1986. She was involved in setting up the call center and was promoted to general manager of the Administration Planning Department in 2006. She was promoted to senior vice president in January 2017, to first senior vice president in July 2018 and to executive vice president in January 2020. She graduated from Jissen Women's University in 1986.



John A. Moorefield, 58, director and executive vice president; chief transformation officer, Aflac Life Insurance Japan is responsible for IT, Policy Services, Information Security, and Agile Promotion. Moorefield joined Aflac in 2005 and has held several key positions, including chief information officer of Aflac Japan. Prior to joining Aflac, he served as a principal in ApproxiCom, LLC and held executive leadership positions at Cap Gemini Ernst & Young LLP, Fidelity Investments and NationsBank. He was promoted to his current position in January 2017.

## GLOSSARY OF SELECTED TERMS

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

**Earnings Per Basic Share** – Net earnings divided by the 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.

**Net Investment Income** – The income derived from interest and dividends on investment securities, after deducting investment expenses.

**New Annualized Premium Sales** – Annual premiums, on policies sold and incremental increases from policy conversions, collected over a 12-month period, assuming the policies remain in force.

**Adjusted Earnings Per Diluted Share Excluding the Impact of Foreign Currency** – Adjusted earnings are adjusted revenues less benefits and adjusted expenses. The adjustments to both revenues and expenses account for certain items that cannot be predicted or that are outside management's control. Adjusted revenues are U.S. GAAP total revenues excluding realized investment gains and losses, except for amortized hedge costs related to foreign currency exposure management strategies and net interest cash flows from derivatives associated with certain investment strategies. Adjusted expenses are U.S. GAAP total acquisition and operating expenses including the impact

of interest cash flows from derivatives associated with notes payable but excluding any nonrecurring or other items not associated with the normal course of the company's insurance operations and that do not reflect Aflac's underlying business performance. The most comparable U.S. GAAP measure is net earnings. 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 most comparable U.S. GAAP measure is net earnings per share. This metric is then adjusted using the average yen/dollar exchange rate for the comparable prior year period, which eliminates dollar based fluctuations driven solely from currency rate changes.

**Persistency** – Percentage of premiums remaining in force at the end of a period, usually one year. 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.

**Premium Income** – Revenues that an insurer receives as premiums paid by its customers for insurance products.

**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.

**Total Return to Shareholders** – Appreciation of a shareholder's investment over a period of time, including reinvested cash dividends paid during that time.

### RECONCILIATION OF NET EARNINGS TO ADJUSTED EARNINGS<sup>1</sup> (UNAUDITED – IN MILLIONS, EXCEPT FOR PER-SHARE AMOUNTS)

TWELVE MONTHS ENDED DECEMBER 31,	2019	2018	% Change
Net earnings per diluted share	\$ 4.43	\$ 3.77	17.5%
Items impacting net earnings:			
Realized investment (gains) losses	0.02	0.38	
Other and non-recurring (income) loss	–	0.10	
Income tax (benefit) expense on items excluded from adjusted earnings	–	(0.11)	
Tax reform adjustment <sup>4</sup>	(0.01)	0.02	
Adjusted earnings per diluted share	4.44	4.16	6.7%
Current period foreign currency impact <sup>2</sup>	(0.02)	N/A	
Adjusted earnings per diluted share excluding current period foreign currency impact <sup>3</sup>	\$ 4.42	\$ 4.16	6.3%

<sup>1</sup> Amounts may not foot due to rounding.

<sup>2</sup> Prior period foreign currency impact reflected as "N/A" to isolate change for current period only.

<sup>3</sup> Amounts excluding current period foreign currency impact are computed using the average yen/dollar exchange rate for the comparable prior-year period, which eliminates fluctuations driven solely by yen-to-dollar currency rate changes.

<sup>4</sup> The impact of Tax Reform was adjusted in 2018 for return-to-provision adjustments, various amended returns filed by the company, and final true-ups of deferred tax liabilities. Further impacts were recorded in 2019 as a result of additional guidance released by the IRS.

## CONTACT INFORMATION

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<b>Rating agencies</b> with questions about the company	<b>Delia H. Moore</b> <i>Director, Investor and Rating Agency Relations</i> tel: 706.596.3264 or 800.235.2667	
<b>Individual/retail shareholders</b> with questions about the company	<b>Daniel A. Bellware</b> <i>Senior Manager, Investor and Rating Agency Relations</i> tel: 706.596.3264 or 800.235.2667	
<b>Information requests</b> such as Form 10-K, quarterly earnings releases and other financial materials	<b>Investor and Rating Agency Relations</b> tel: 706.596.3264 or 800.235.2667	
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This 2019 Year in Review contains forward-looking statements based on expectations, estimates and projections as of the date of this report. These cautionary statements by their nature are subject to risks, uncertainties and assumptions, and are influenced by various factors. As a consequence, actual results may differ materially from those expressed in the forward-looking statements. Aflac undertakes no obligation to update such forward-looking statements. For more information, see “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Forward-Looking Information” in Aflac’s Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission.

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Communicorp, Aflac’s printing and communications subsidiary, has received Forest Stewardship Council® (FSC®) certification. This chain-of-custody certification is part of a not-for-profit organization program that brings people together to find solutions and reward good forest management.





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