AFLAC INC
Form 10-Q
November 03, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2015
or
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number: 001-07434
Aflac Incorporated

(Exact name of registrant as specified in its charter)	
Georgia	58-1167100
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1932 Wynnton Road, Columbus, Georgia	31999
(Address of principal executive offices)	(ZIP Code)

706.323.3431
(Registrant's telephone number, including area code)
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). þ Yes ¨ No

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

Large accelerated filer þ	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	October 26, 2015
Common Stock, $.10 Par Value	426,738,679

Aflac Incorporated and Subsidiaries
Quarterly Report on Form 10-Q
For the Quarter Ended September 30, 2015
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Items other than those listed above are omitted because they are not required or are not applicable.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Review by Independent Registered Public Accounting Firm

The September 30, 2015, and 2014, consolidated financial statements included in this filing have been reviewed by KPMG LLP, an independent registered public accounting firm, in accordance with established professional standards and procedures for such a review.

The report of KPMG LLP commenting upon its review is included on the following page.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Aflac Incorporated:

We have reviewed the accompanying consolidated balance sheet of Aflac Incorporated and subsidiaries (the Company) as of September 30, 2015, and the related consolidated statements of earnings and comprehensive income (loss) for the three-month and nine-month periods ended September 30, 2015, and 2014, and the related consolidated statements of shareholders' equity and cash flows for the nine-month periods ended September 30, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Aflac Incorporated and subsidiaries as of December 31, 2014, and the related consolidated statements of earnings, comprehensive income (loss), shareholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 26, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2014, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

Atlanta, Georgia
November 3, 2015

Aflac Incorporated and Subsidiaries
Consolidated Statements of Earnings

(In millions, except for share and per-share amounts - Unaudited)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Revenues:				
Net premiums, principally supplemental health insurance	$4,380	$4,841	$13,176	$14,583
Net investment income	784	841	2,343	2,511
Realized investment gains (losses):				
Other-than-temporary impairment losses realized	(137)	0	(143)	(31)
Sales and redemptions	26	33	186	171
Derivative and other gains (losses)	(3)	(17)	(17)	(68)
Total realized investment gains (losses)	(114)	16	26	72
Other income (loss)	(10)	38	8	48
Total revenues	5,040	5,736	15,553	17,214
Benefits and expenses:				
Benefits and claims, net	2,927	3,355	8,816	9,868
Acquisition and operating expenses:				
Amortization of deferred policy acquisition costs	258	271	790	841
Insurance commissions	326	361	981	1,096
Insurance expenses	554	566	1,634	1,637
Interest expense	67	77	224	238
Other expenses	44	32	356 (1)	118
Total acquisition and operating expenses	1,249	1,307	3,985	3,930
Total benefits and expenses	4,176	4,662	12,801	13,798
Earnings before income taxes	864	1,074	2,752	3,416
Income taxes	297	368	949	1,168
Net earnings	$567	$706	$1,803	$2,248
Net earnings per share:				
Basic	$1.32	$1.56	$4.17	$4.96
Diluted	1.32	1.56	4.14	4.93
Weighted-average outstanding common shares used in computing earnings per share (In thousands):				
Basic	428,735	451,246	432,540	452,833
Diluted	431,102	453,981	435,064	455,674
Cash dividends per share	$.39	$.37	$1.17	$1.11

(1) Includes expense of $230 for the make-whole payment associated with the early extinguishment of debt
See the accompanying Notes to the Consolidated Financial Statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions - Unaudited)	2015	2014	2015	2014
Net earnings	$567	$706	$1,803	$2,248
Other comprehensive income (loss) before income taxes:				
Unrealized foreign currency translation gains (losses) during period	186	(904)	25	(459)
Unrealized gains (losses) on investment securities:				
Unrealized holding gains (losses) on investment securities during period	(401)	774	(2,266)	3,656
Reclassification adjustment for realized (gains) losses on investment securities included in net earnings	138	(27)	20	(18)
Unrealized gains (losses) on derivatives during period	(1)	(9)	(3)	(8)
Pension liability adjustment during period	0	3	1	2
Total other comprehensive income (loss) before income taxes	(78)	(163)	(2,223)	3,173
Income tax expense (benefit) related to items of other comprehensive income (loss)	(99)	(57)	(772)	1,110
Other comprehensive income (loss), net of income taxes	21	(106)	(1,451)	2,063
Total comprehensive income (loss)	$588	$600	$352	$4,311

See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Consolidated Balance Sheets

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
Assets:		
Investments and cash:		
Securities available for sale, at fair value:		
Fixed maturities (amortized cost $56,363 in 2015 and $55,365 in 2014)	$60,565	$61,407
Fixed maturities - consolidated variable interest entities (amortized cost $3,651 in 2015 and $3,020 in 2014)	4,541	4,166
Perpetual securities (amortized cost $1,802 in 2015 and $2,035 in 2014)	1,897	2,240
Perpetual securities - consolidated variable interest entities (amortized cost $287 in 2015 and $405 in 2014)	269	429
Equity securities (cost $119 in 2015 and $19 in 2014)	131	28
Securities held to maturity, at amortized cost:		
Fixed maturities (fair value $36,868 in 2015 and $38,413 in 2014)	33,646	34,159
Fixed maturities - consolidated variable interest entities (fair value $80 in 2015 and $84 in 2014)	83	83
Other investments	248	171
Cash and cash equivalents	3,520	4,658
Total investments and cash	104,900	107,341
Receivables	762	842
Accrued investment income	733	762
Deferred policy acquisition costs	8,451	8,273
Property and equipment, at cost less accumulated depreciation	430	429
Other [1]	2,179	2,120
Total assets	$117,455	$119,767

[1] Includes $106 in 2015 and 2014 of derivatives from consolidated variable interest entities
See the accompanying Notes to the Consolidated Financial Statements.

(continued)

Aflac Incorporated and Subsidiaries
Consolidated Balance Sheets (continued)

(In millions, except for share and per-share amounts)	September 30, 2015 (Unaudited)	December 31, 2014
Liabilities and shareholders’ equity:		
Liabilities:		
Policy liabilities:		
Future policy benefits	$68,971	$65,646
Unpaid policy claims	3,809	3,630
Unearned premiums	8,121	8,626
Other policyholders’ funds	6,284	6,031
Total policy liabilities	87,185	83,933
Income taxes	4,474	5,293
Payables for return of cash collateral on loaned securities	907	2,193
Notes payable	5,009	5,282
Other (2)	2,625	4,719
Total liabilities	100,200	101,420
Commitments and contingent liabilities (Note 11)		
Shareholders’ equity:		
Common stock of $.10 par value. In thousands: authorized 1,900,000 shares in 2015 and 2014; issued 669,509 shares in 2015 and 668,132 shares in 2014	67	67
Additional paid-in capital	1,807	1,711
Retained earnings	23,451	22,156
Accumulated other comprehensive income (loss):		
Unrealized foreign currency translation gains (losses)	(2,533)	(2,541)
Unrealized gains (losses) on investment securities	3,214	4,672
Unrealized gains (losses) on derivatives	(28)	(26)
Pension liability adjustment	(125)	(126)
Treasury stock, at average cost	(8,598)	(7,566)
Total shareholders’ equity	17,255	18,347
Total liabilities and shareholders’ equity	$117,455	$119,767

(2) Includes $343 in 2015 and $318 in 2014 of derivatives from consolidated variable interest entities
See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Consolidated Statements of Shareholders' Equity

	Nine Months Ended September 30,	
(In millions - Unaudited)	2015	2014
Common stock:		
Balance, beginning of period	$67	$67
Balance, end of period	67	67
Additional paid-in capital:		
Balance, beginning of period	1,711	1,644
Exercise of stock options	41	24
Share-based compensation	27	27
Gain (loss) on treasury stock reissued	28	31
Balance, end of period	1,807	1,726
Retained earnings:		
Balance, beginning of period	22,156	19,885
Net earnings	1,803	2,248
Dividends to shareholders	(508)	(505)
Balance, end of period	23,451	21,628
Accumulated other comprehensive income (loss):		
Balance, beginning of period	1,979	(563)
Unrealized foreign currency translation gains (losses) during period, net of income taxes	8	(300)
Unrealized gains (losses) on investment securities during period, net of income taxes and reclassification adjustments	(1,458)	2,367
Unrealized gains (losses) on derivatives during period, net of income taxes	(2)	(5)
Pension liability adjustment during period, net of income taxes	1	1
Balance, end of period	528	1,500
Treasury stock:		
Balance, beginning of period	(7,566)	(6,413)
Purchases of treasury stock	(1,081)	(698)
Cost of shares issued	49	43
Balance, end of period	(8,598)	(7,068)
Total shareholders' equity	$17,255	$17,853

See the accompanying Notes to the Consolidated Financial Statements.

Aflac Incorporated and Subsidiaries
Consolidated Statements of Cash Flows

	Nine Months Ended September 30,	
(In millions - Unaudited)	2015	2014
Cash flows from operating activities:		
Net earnings	$1,803	$2,248
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Change in receivables and advance premiums	98	(2)
Increase in deferred policy acquisition costs	(152)	(135)
Increase in policy liabilities	2,696	2,674
Change in income tax liabilities	(43)	(270)
Realized investment (gains) losses	(26)	(72)
Other, net	394 (1)	134
Net cash provided (used) by operating activities	4,770	4,577
Cash flows from investing activities:		
Proceeds from investments sold or matured:		
Securities available for sale:		
Fixed maturities sold	1,829	1,773
Fixed maturities matured or called	705	723
Perpetual securities sold	0	60
Perpetual securities matured or called	394	0
Equity securities sold	1	0
Securities held to maturity:		
Fixed maturities matured or called	678	8,456
Costs of investments acquired:		
Available-for-sale fixed maturities acquired	(3,919)	(8,959)
Available-for-sale equity securities acquired	(67)	0
Held-to-maturity fixed maturities acquired	0	(3,564)
Other investments, net	(27)	(3,690)
Settlement of derivatives, net	(2,242)	(367)
Cash received (pledged or returned) as collateral, net	(1,404)	1,414
Other, net	(31)	10
Net cash provided (used) by investing activities	(4,083)	(4,144)
Cash flows from financing activities:		
Purchases of treasury stock	(1,081)	(698)
Proceeds from borrowings	998	0
Principal payments under debt obligations	(1,272)	(335)
Dividends paid to shareholders	(489)	(486)
Change in investment-type contracts, net	213	1,166
Treasury stock reissued	28	25
Other, net	(223) (1)	6
Net cash provided (used) by financing activities	(1,826)	(322)
Effect of exchange rate changes on cash and cash equivalents	1	12
Net change in cash and cash equivalents	(1,138)	123
Cash and cash equivalents, beginning of period	4,658	2,543
Cash and cash equivalents, end of period	$3,520	$2,666
Supplemental disclosures of cash flow information:		
Income taxes paid	$996	$1,412
Interest paid	188	171

Noncash interest	36	66
Impairment losses included in realized investment losses	143	31
Noncash financing activities:		
Capital lease obligations	2	0
Treasury stock issued for:		
Associate stock bonus	26	26
Shareholder dividend reinvestment	19	19
Share-based compensation grants	4	4

(1) Operating activities excludes and financing activities includes a cash outflow of $230 for the make-whole payment associated with the early extinguishment of debt

See the accompanying Notes to the Consolidated Financial Statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Aflac Incorporated (the Parent Company) and its subsidiaries (collectively, the Company) primarily sell supplemental health and life insurance in the United States and Japan. The Company's insurance business is marketed and administered through American Family Life Assurance Company of Columbus (Aflac), which operates in the United States (Aflac U.S.) and as a branch in Japan (Aflac Japan). American Family Life Assurance Company of New York (Aflac New York) is a wholly owned subsidiary of Aflac. Most of Aflac's policies are individually underwritten and marketed through independent agents. Additionally, Aflac U.S. markets and administers group products through Continental American Insurance Company (CAIC), branded as Aflac Group Insurance. Our insurance operations in the United States and our branch in Japan service the two markets for our insurance business. Aflac Japan's revenues, including realized gains and losses on its investment portfolio, accounted for 70% and 74% of the Company's total revenues in the nine-month periods ended September 30, 2015, and 2014, respectively. The percentage of the Company's total assets attributable to Aflac Japan was 83% at September 30, 2015, compared with 82% at December 31, 2014.

Basis of Presentation

We prepare our financial statements in accordance with U.S. generally accepted accounting principles (GAAP). These principles are established primarily by the Financial Accounting Standards Board (FASB). In these Notes to the Consolidated Financial Statements, references to U.S. GAAP issued by the FASB are derived from the FASB Accounting Standards Codification™ (ASC). The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates when recording transactions resulting from business operations based on currently available information. The most significant items on our balance sheet that involve a greater degree of accounting estimates and actuarial determinations subject to changes in the future are the valuation of investments, deferred policy acquisition costs, liabilities for future policy benefits and unpaid policy claims, and income taxes. These accounting estimates and actuarial determinations are sensitive to market conditions, investment yields, mortality, morbidity, commission and other acquisition expenses, and terminations by policyholders. As additional information becomes available, or actual amounts are determinable, the recorded estimates will be revised and reflected in operating results. Although some variability is inherent in these estimates, we believe the amounts provided are adequate.

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

In the opinion of management, the accompanying unaudited consolidated financial statements of the Company contain all adjustments, consisting of normal recurring accruals, which are necessary to fairly present the consolidated balance sheets as of September 30, 2015 and December 31, 2014, the consolidated statements of earnings and comprehensive income (loss) for the three- and nine-month periods ended September 30, 2015, and 2014, and the consolidated statements of shareholders' equity and cash flows for the nine-month periods ended September 30, 2015 and 2014. Results of operations for interim periods are not necessarily indicative of results for the entire year. As a result, these financial statements should be read in conjunction with the financial statements and notes thereto included in our annual report to shareholders for the year ended December 31, 2014.

New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Income Statement - Extraordinary and Unusual Items - Simplifying income statement presentation by eliminating the concept of extraordinary items: In January 2015, the FASB issued updated guidance that eliminates from U.S. GAAP the concept of extraordinary items. Although the amendments will eliminate the requirements for reporting entities to consider whether an underlying event or transaction is extraordinary, the presentation and disclosure guidance for items that are unusual in nature or occur infrequently will be retained and will be expanded to include items that are both unusual in nature and infrequently occurring. The amendments in this updated guidance are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. We adopted this guidance as of

January 1, 2015. The adoption of this guidance did not have a significant impact on our financial position or results of operations.

Transfers and Servicing, Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures: In June 2014, the FASB issued updated guidance for repurchase agreement and security lending transactions to change the accounting for repurchase-to-maturity transactions and linked repurchase financings to be accounted for as secured borrowings, consistent with the accounting for other repurchase agreements. The amendments also require new disclosures to increase transparency about the types of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. We adopted accounting changes for the new guidance as of January 1, 2015, and adopted the required disclosures as of April 1, 2015. The adoption of this guidance did not have a significant impact on our financial position or results of operations.

Accounting Pronouncements Pending Adoption

Financial Services - Insurance - Disclosures about Short-Duration Contracts: In May 2015, the FASB issued updated guidance requiring enhanced disclosures by all insurance entities that issue short-duration contracts. The amendments require insurance entities to disclose for annual reporting periods information about the liability for unpaid claims and claim adjustment expenses. The amendments also require insurance entities to disclose information about significant changes in methodologies and assumptions used to calculate the liability for unpaid claims and claim adjustment expenses, including reasons for the change and the effects on the financial statements. In addition, the amendments require insurance entities to disclose for annual and interim reporting periods a roll-forward of the liability for unpaid claims and claim adjustment expenses. For health insurance claims, the amendments require the disclosure of the total of incurred-but-not-reported liabilities and expected development on reported claims included in the liability for unpaid claims and claim adjustment expenses. The amendments are effective for public business entities for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. Early application of the amendments is permitted. The adoption of this guidance will not have a significant impact on our financial position or results of operations; however, we are evaluating whether the adoption of this guidance will have an impact on our disclosures.

Fair Value Measurement - Disclosures for investments in certain entities that calculate net asset value per share (or its equivalent): In May 2015, the FASB issued updated guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendments are effective for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. The amendments should be applied retrospectively to all periods presented whereby an investment for which fair value is measured using the net asset value per share practical expedient be removed from the fair value hierarchy in all periods presented in an entity’s financial statements. Earlier application is permitted. The adoption of this guidance will not have a significant impact on our financial position or results of operations.

Interest - Imputation of Interest - Simplifying the presentation of debt issuance costs: In April 2015, the FASB issued updated guidance to simplify presentation of debt issuance costs. The updated guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by this amendment. In August 2015, the FASB issued updated SEC Staff guidance pertaining to the presentation of debt issuance costs related to line-of-credit arrangements. The guidance states that an entity may defer and present debt issuance costs as an asset, subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. The amendment is effective for annual periods and interim periods beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance will not have a significant impact on our financial position or results of operations.

Consolidation - Amendments to the consolidation analysis: In February 2015, the FASB issued updated guidance that affects evaluation of whether limited partnerships and similar legal entities (limited liability corporations and securitization structures, etc.) are variable interest entities (VIEs), evaluation of whether fees paid to a decision maker or a service provider are a variable interest, and evaluation of the effect of fee arrangements and the effect of related parties on the determination of the primary beneficiary under the VIE model for consolidation. The updated guidance eliminates the presumption that a general partner should consolidate a limited partnership. Limited partnership and similar legal entities that provide partners with either substantive kick-out rights or substantive participating rights (representing the partners' controlling financial interest in the entity) over the general partner will now be evaluated under the voting interest model rather than the VIE model for consolidation. In regard to the fees paid to a decision maker or a service provider, the updated guidance eliminates three of the six criteria that an entity's decision makers or service providers must meet for them to conclude that the fees do not represent a variable interest in that entity and, thus, should be excluded from the assessment for determining the primary beneficiary. Finally, in situations where no single party has a controlling financial interest in a VIE, the related party relationships under common control should be considered in their entirety in determining whether that common control group has a controlling financial interest in the VIE. However, if substantially all of the activities of the VIE are conducted on behalf of a single variable interest holder (excluding the decision maker) in a related party group that has the characteristics of a primary beneficiary, that single variable interest holder must consolidate the VIE as the primary beneficiary. The amendments in the updated guidance are effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015. Early application is permitted, including adoption in an interim period. We are evaluating whether the adoption of this guidance will have an impact on our financial position, results of operations or disclosures.

Derivatives and Hedging - Determining whether the host contract in a hybrid financial instrument issued in the form of a share is more akin to debt or equity: In November 2014, the FASB issued guidance to clarify how to evaluate the economic characteristics and risks of a host contract in a hybrid financial instrument that is issued in the form of a share. The guidance also clarifies that an entity should assess the substance of the relevant terms and features when considering how to weight those terms and features. The guidance is effective for annual periods and interim periods beginning after December 15, 2015. The adoption of this guidance will not have a significant impact on our financial position or results of operations.

Presentation of Financial Statements - Going Concern - Disclosure of uncertainties about an entity's ability to continue as a going concern: In August 2014, the FASB issued this amendment that provides U.S. GAAP guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and about related footnote disclosures. For each reporting period, management will be required to evaluate whether there are conditions or events that raise substantial doubt about a company's ability to continue as a going concern within one year from the date the financial statements are issued. The amendment is effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early application is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. The adoption of this guidance will not have a significant impact on our financial position or results of operations.

Compensation - Stock Compensation - Accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period: In June 2014, the FASB issued this amendment that provides guidance on certain share-based payment awards that require a specific performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance to awards with performance conditions that affect vesting to account for such awards. The performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The guidance is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted. The adoption of this guidance will not have a significant impact on our financial position or results of operations.

Revenue from contracts with customers: In May 2014, the FASB issued updated guidance that affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In August 2015, the FASB deferred the effective date for this standard to annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application is not permitted. The adoption of this guidance will not have a significant impact on our financial position or results of operations.

Recent accounting guidance not discussed above is not applicable, did not have, or is not expected to have a material impact to our business.

For additional information on new accounting pronouncements and recent accounting guidance and their impact, if any, on our financial position or results of operations, see Note 1 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2014.

2. BUSINESS SEGMENT INFORMATION

The Company consists of two reportable insurance business segments: Aflac Japan and Aflac U.S., both of which sell supplemental health and life insurance. Operating business segments that are not individually reportable and business activities not included in Aflac Japan or Aflac U.S. are included in the "Other business segments" category.

We do not allocate corporate overhead expenses to business segments. We evaluate and manage our business segments using a financial performance measure called pretax operating earnings. Our definition of operating earnings includes interest cash flows associated with notes payable and excludes the following items from net earnings on an after-tax basis: realized investment gains/losses (securities transactions, impairments, and the impact of derivative and hedging activities), nonrecurring items and other non-operating income (loss). We then exclude income taxes related to operations to arrive at pretax operating earnings. Information regarding operations by segment follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2015	2014	2015	2014
Revenues:				
Aflac Japan:				
Net earned premiums	$2,980	$3,534	$9,036	$10,672
Net investment income	606	676	1,824	2,019
Other income	8	9	23	25
Total Aflac Japan	3,594	4,219	10,883	12,716
Aflac U.S.:				
Net earned premiums	1,345	1,306	4,016	3,910
Net investment income	173	162	507	484
Other income	2	0	6	2
Total Aflac U.S.	1,520	1,468	4,529	4,396
Other business segments	67	11	159	29
Total business segment revenues	5,181	5,698	15,571	17,141
Realized investment gains (losses) [1]	(136)	6	(36)	42
Corporate	73	43	242	194
Intercompany eliminations	(51)	(38)	(185)	(170)
Other non-operating income (loss)	(27) [2]	27	(39) [2]	7
Total revenues	$5,040	$5,736	$15,553	$17,214

[1] Excluding a gain of $22 and $10 for the three-month periods and $62 and $30 for the nine-month periods ended September 30, 2015, and 2014, respectively, related to the interest rate component of the change in fair value of foreign currency swaps on notes payable which is classified as an operating gain when analyzing segment operations
[2] Includes a loss of $14 for the three- and nine-month periods ended September 30, 2015, related to the change in value of yen repatriation received in advance of settlement of certain foreign currency derivatives. This loss was offset by derivative gains included in realized investment gains (losses).

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(In millions)	Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Pretax earnings:				
Aflac Japan	$789	$828	$2,365	$2,688
Aflac U.S.	286	269	864	872
Other business segments	5	0	10	0
Total business segment pretax operating earnings	1,080	1,097	3,239	3,560
Interest expense, noninsurance operations	(30)	(49)	(117)	(150)
Corporate and eliminations	(23)	(7)	(64)	(43)
Pretax operating earnings	1,027	1,041	3,058	3,367
Realized investment gains (losses) [1]	(136)	6	(36)	42
Other non-operating income (loss)	(27) [2]	27	(270) [2],[3]	7
Total earnings before income taxes	$864	$1,074	$2,752	$3,416
Income taxes applicable to pretax operating earnings	$355	$356	$1,057	$1,151
Effect of foreign currency translation on operating earnings	(58)	(19)	(175)	(80)

(1) Excluding a gain of $22 and $10 for the three-month periods and $62 and $30 for the nine-month periods ended September 30, 2015, and 2014, respectively, related to the interest rate component of the change in fair value of foreign currency swaps on notes payable which is classified as an operating gain when analyzing segment operations

(2) Includes a loss of $14 for the three- and nine-month periods ended September 30, 2015, related to the change in value of yen repatriation received in advance of settlement of certain foreign currency derivatives. This loss was offset by derivative gains included in realized investment gains (losses).

(3) Includes a cash outflow of $230 for the make-whole payment associated with the early extinguishment of debt

Assets were as follows:

(In millions)	September 30, 2015	December 31, 2014
Assets:		
Aflac Japan	$97,158	$98,525
Aflac U.S.	18,687	18,383
Other business segments	176	128
Total business segment assets	116,021	117,036
Corporate	22,676	24,636
Intercompany eliminations	(21,242)	(21,905)
Total assets	$117,455	$119,767

3. INVESTMENTS

Investment Holdings

The amortized cost for our investments in debt and perpetual securities, the cost for equity securities and the fair values of these investments are shown in the following tables.

	September 30, 2015			
(In millions)	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale, carried at fair value:				
Fixed maturities:				
Yen-denominated:				
Japan government and agencies	$16,799	$1,544	$1	$18,342
Municipalities	88	6	0	94
Mortgage- and asset-backed securities	330	31	0	361
Public utilities	1,613	202	17	1,798
Sovereign and supranational	795	185	0	980
Banks/financial institutions	2,463	271	118	2,616
Other corporate	3,354	399	32	3,721
Total yen-denominated	25,442	2,638	168	27,912
Dollar-denominated:				
U.S. government and agencies	111	12	0	123
Municipalities	927	154	9	1,072
Mortgage- and asset-backed securities	201	29	0	230
Public utilities	5,437	742	129	6,050
Sovereign and supranational	332	109	0	441
Banks/financial institutions	2,952	707	14	3,645
Other corporate	24,612	2,016	995	25,633
Total dollar-denominated	34,572	3,769	1,147	37,194
Total fixed maturities	60,014	6,407	1,315	65,106
Perpetual securities:				
Yen-denominated:				
Banks/financial institutions	1,798	149	140	1,807
Other corporate	184	18	0	202
Dollar-denominated:				
Banks/financial institutions	107	51	1	157
Total perpetual securities	2,089	218	141	2,166
Equity securities	119	12	0	131
Total securities available for sale	$62,222	$6,637	$1,456	$67,403

(In millions)	September 30, 2015 Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities held to maturity, carried at amortized cost:				
Fixed maturities:				
Yen-denominated:				
Japan government and agencies	$20,115	$2,876	$0	$22,991
Municipalities	345	64	0	409
Mortgage- and asset-backed securities	38	2	0	40
Public utilities	3,108	151	131	3,128
Sovereign and supranational	2,569	164	47	2,686
Banks/financial institutions	4,539	141	136	4,544
Other corporate	3,015	191	56	3,150
Total yen-denominated	33,729	3,589	370	36,948
Total securities held to maturity	$33,729	$3,589	$370	$36,948

(In millions)	December 31, 2014 Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale, carried at fair value:				
Fixed maturities:				
Yen-denominated:				
Japan government and agencies	$17,341	$1,740	$0	$19,081
Municipalities	88	9	0	97
Mortgage- and asset-backed securities	351	35	0	386
Public utilities	1,691	226	5	1,912
Sovereign and supranational	799	163	0	962
Banks/financial institutions	2,752	325	189	2,888
Other corporate	3,479	531	48	3,962
Total yen-denominated	26,501	3,029	242	29,288
Dollar-denominated:				
U.S. government and agencies	100	17	0	117
Municipalities	961	201	2	1,160
Mortgage- and asset-backed securities	185	31	0	216
Public utilities	5,061	960	36	5,985
Sovereign and supranational	343	111	0	454
Banks/financial institutions	2,943	775	8	3,710
Other corporate	22,291	2,682	330	24,643
Total dollar-denominated	31,884	4,777	376	36,285
Total fixed maturities	58,385	7,806	618	65,573
Perpetual securities:				
Yen-denominated:				
Banks/financial institutions	2,132	223	92	2,263
Other corporate	183	48	0	231
Dollar-denominated:				
Banks/financial institutions	125	50	0	175
Total perpetual securities	2,440	321	92	2,669
Equity securities	19	9	0	28
Total securities available for sale	$60,844	$8,136	$710	$68,270

(In millions)	December 31, 2014 Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities held to maturity, carried at amortized cost:				
Fixed maturities:				
Yen-denominated:				
Japan government and agencies	$20,023	$3,195	$0	$23,218
Municipalities	346	71	0	417
Mortgage- and asset-backed securities	43	3	0	46
Public utilities	3,342	281	20	3,603
Sovereign and supranational	2,556	272	14	2,814
Banks/financial institutions	4,932	231	78	5,085
Other corporate	3,000	326	12	3,314
Total yen-denominated	34,242	4,379	124	38,497
Total securities held to maturity	$34,242	$4,379	$124	$38,497

The methods of determining the fair values of our investments in fixed-maturity securities, perpetual securities and equity securities are described in Note 5.

During the third quarter of 2015, we began investing in yen-denominated exchange traded funds (ETFs) holding Japan real estate investment trusts. These ETFs are publicly traded on a national stock exchange and are reported as equity securities on our consolidated balance sheets. These ETFs are classified as available for sale and carried on our balance sheet at fair value. As of September 30, 2015, our investment in these ETFs was $103 million at fair value.

During the first nine months of 2015, we did not reclassify any investments from the held-to-maturity category to the available-for-sale category.

During the third quarter of 2014, we reclassified one investment from the held-to-maturity category to the available-for-sale category as a result of the issuer being downgraded to below investment grade. At the time of transfer, the security had an amortized cost of $233 million and an unrealized loss of $18 million. During the second quarter of 2014, we reclassified one investment from the held-to-maturity category to the available-for-sale category as a result of the issuer being downgraded to below investment grade. At the time of transfer, the security had an amortized cost of $128 million and an unrealized loss of $28 million. During the first quarter of 2014, we reclassified one investment from the held-to-maturity category to the available-for-sale category as a result of the issuer being downgraded to below investment grade. At the time of transfer, the security had an amortized cost of $63 million and an unrealized loss of $8 million.

Contractual and Economic Maturities

The contractual maturities of our investments in fixed maturities at September 30, 2015, were as follows:

(In millions)	Aflac Japan Amortized Cost	Fair Value	Aflac U.S. Amortized Cost	Fair Value
Available for sale:				
Due in one year or less	$246	$262	$85	$86
Due after one year through five years	2,340	2,722	641	717
Due after five years through 10 years	11,299	11,576	2,033	2,140
Due after 10 years	33,384	36,760	9,069	9,851
Mortgage- and asset-backed securities	381	432	36	45
Total fixed maturities available for sale	$47,650	$51,752	$11,864	$12,839
Held to maturity:				
Due in one year or less	$318	$324	$0	$0
Due after one year through five years	1,593	1,675	0	0
Due after five years through 10 years	1,730	1,825	0	0
Due after 10 years	30,050	33,084	0	0
Mortgage- and asset-backed securities	38	40	0	0
Total fixed maturities held to maturity	$33,729	$36,948	$0	$0

At September 30, 2015, the Parent Company and other business segments had portfolios of available-for-sale fixed-maturity securities totaling $500 million at amortized cost and $515 million at fair value, which are not included in the table above.

Expected maturities may differ from contractual maturities because some issuers have the right to call or prepay obligations with or without call premiums or prepayment penalties.

The majority of our perpetual securities are subordinated to other debt obligations of the issuer, but rank higher than the issuer's equity securities. Perpetual securities have characteristics of both debt and equity investments, along with unique features that create economic maturity dates for the securities. Although perpetual securities have no contractual maturity date, they have stated interest coupons that were fixed at their issuance and subsequently change to a floating short-term interest rate after some period of time. The instruments are generally callable by the issuer at the time of changing from a fixed coupon rate to a new variable rate of interest, which is determined by the combination of some market index plus a fixed amount of basis points. The net effect is to create an expected maturity date for the instrument. The economic maturities of our investments in perpetual securities, which were all reported as available for sale at September 30, 2015, were as follows:

(In millions)	Aflac Japan Amortized Cost	Fair Value	Aflac U.S. Amortized Cost	Fair Value
Due in one year or less	$261	$254	$0	$0
Due after one year through five years	449	453	0	0
Due after 10 years	1,340	1,401	39	58
Total perpetual securities available for sale	$2,050	$2,108	$39	$58

Investment Concentrations

Our process for credit-related investments begins with an independent approach to underwriting each issuer's fundamental credit quality. We evaluate independently those factors which we believe could influence an issuer's ability to make payments under the contractual terms of our instruments. This includes a thorough analysis of a variety of items including the issuer's country of domicile (including political, legal, and financial considerations); the industry in which the issuer competes (with an analysis of industry structure, end-market dynamics, and regulation); company specific issues (such as management, assets, earnings, cash generation, and capital needs); and contractual provisions of the instrument (such as financial covenants and position in the capital structure). We further evaluate the investment

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considering broad business and portfolio management objectives, including asset/liability needs, portfolio diversification, and expected income.

Banks and Financial Institutions

One of our largest investment sector concentrations as of September 30, 2015, was banks and financial institutions. Within the countries we approve for investment opportunities, we primarily invest in financial institutions that are strategically crucial to each approved country's economy. The bank and financial institution sector is a highly regulated industry and plays a strategic role in the global economy.

Our total investments in the bank and financial institution sector, including those classified as perpetual securities, were as follows:

	September 30, 2015 Total Investments in Banks and Financial Institutions Sector (in millions)	Percentage of Total Investment Portfolio	December 31, 2014 Total Investments in Banks and Financial Institutions Sector (in millions)	Percentage of Total Investment Portfolio
Fixed maturities:				
Amortized cost	$9,954	10 %	$10,627	11 %
Fair value	10,805	10	11,683	11
Perpetual securities:				
Upper Tier II:				
Amortized cost	$1,337	1 %	$1,554	2 %
Fair value	1,369	1	1,645	1
Tier I:				
Amortized cost	568	1	703	1
Fair value	595	1	793	1
Total:				
Amortized cost	$11,859	12 %	$12,884	14 %
Fair value	12,769	12	14,121	13

Realized Investment Gains and Losses

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

(In millions)	Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
Realized investment gains (losses) on securities:				
Fixed maturities:				
Available for sale:				
Gross gains from sales	$20	$17	$124	$144
Gross losses from sales	(6)	0	(6)	(1)
Net gains (losses) from redemptions	12	16	38	27
Other-than-temporary impairment losses	(136)	0	(142)	(31)
Held to maturity:				
Net gains (losses) from redemptions	0	0	0	1
Total fixed maturities	(110)	33	14	140
Perpetual securities:				
Available for sale:				
Net gains (losses) from redemptions	0	0	30	0
Total perpetual securities	0	0	30	0
Equity securities:				
Other-than-temporary impairment losses	(1)	0	(1)	0
Total equity securities	(1)	0	(1)	0
Derivatives and other:				
Derivative gains (losses)	(3)	(17)	(17)	(67)
Other	0	0	0	(1)
Total derivatives and other	(3)	(17)	(17)	(68)
Total realized investment gains (losses)	$(114)	$16	$26	$72

Other-than-temporary Impairment

The fair values of our debt and perpetual security investments fluctuate based on changes in interest rates, foreign exchange, and credit spreads in the global financial markets. Fair values can also be heavily influenced by the values of the assets of the issuer and expected ultimate recovery values upon default, bankruptcy or other financial restructuring. Credit spreads are most impacted by the general credit environment and global market liquidity. Interest rates are driven by numerous factors including, but not limited to, supply and demand, governmental monetary actions, expectations of inflation and economic growth. We believe that fluctuations in the fair values of our investment securities related to general changes in the level of credit spreads or interest rates have little bearing on underlying credit quality of the issuer, and whether our investment is ultimately recoverable. Generally, we consider such declines in fair values to be temporary even in situations where an investment remains in an unrealized loss position for an extended period of time.

However, in the course of our review process, we may determine that it is unlikely that our investment will recover in value within an acceptable time frame. Factors which may influence this determination include the severity of the price decline, the length of time the price has been impaired, if the price decline was driven by issuer credit deterioration, and our view of the likelihood of the security defaulting or otherwise being subject to an unfavorable restructuring. In those cases where we believe the security will not recover in price within an acceptable period of time, we consider such a decline in the investment's fair value, to the extent it is below the investment's cost or amortized cost, to be an other-than-temporary impairment of the investment and reduce the book value of the investment to its fair value.

The perpetual securities we hold were largely issued by banks that are integral to the financial markets of the sovereign country of the issuer. As a result of the issuer's position within the economy of the sovereign country, our perpetual securities may be subject to a higher risk of nationalization of their issuers in connection with capital injections from an issuer's sovereign government. We cannot be assured that such capital support will extend to all levels of an issuer's capital structure. In addition, certain governments or regulators may consider imposing interest and principal payment restrictions on issuers of hybrid securities to preserve cash and preserve the issuer's capital. Beyond the cash flow impact that additional deferrals would have on our portfolio, such deferrals could result in ratings downgrades of the affected securities, which in turn could result in a reduction of fair value of the securities and increase our regulatory capital requirements. We consider these factors in our credit review process.

When determining our intention to sell a security prior to recovery of its fair value to amortized cost, we evaluate facts and circumstances such as, but not limited to, future cash flow needs, decisions to reposition our security portfolio, and risk profile of individual investment holdings. We perform ongoing analyses of our liquidity needs, which includes cash flow testing of our policy liabilities, debt maturities, projected dividend payments and other cash flow and liquidity needs. Our cash flow testing includes extensive duration analysis of our investment portfolio and policy liabilities. Based on our analyses, we have concluded that we have sufficient excess cash flows to meet our liquidity needs without selling any of our investments prior to their maturity.

The following table details our pretax other-than-temporary impairment losses by investment category that resulted from our impairment evaluation process.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2015	2014	2015	2014
Corporate bonds	$5	$0	$7	$31
Bank/financial institution bonds	131	0	135	0
Equity securities	1	0	1	0
Total other-than-temporary impairment losses realized [1]	$137	$0	$143	$31

[1] Includes $6 and $0 for the three-month periods and $12 and $31 for the nine-month periods ended September 30, 2015 and 2014, respectively, from change in intent to sell securities; and $131 for the three- and nine-month periods ended September 30, 2015, for credit-related impairments

Unrealized Investment Gains and Losses

Effect on Shareholders' Equity

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

(In millions)	September 30, 2015	December 31, 2014
Unrealized gains (losses) on securities available for sale	$5,181	$7,426
Deferred income taxes	(1,967)	(2,754)
Shareholders' equity, unrealized gains (losses) on investment securities	$3,214	$4,672

Gross Unrealized Loss Aging

The following tables show the fair values and gross unrealized losses of our available-for-sale and held-to-maturity investments that were in an unrealized loss position, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	September 30, 2015					
	Total		Less than 12 months		12 months or longer	
(In millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed Maturities:						
Japan government and agencies:						
Yen-denominated	$92	$1	$92	$1	$0	$0
Municipalities:						
Dollar-denominated	44	9	44	9	0	0
Public utilities:						
Dollar-denominated	1,955	129	1,499	79	456	50
Yen-denominated	1,451	148	1,039	102	412	46
Sovereign and supranational:						
Yen-denominated	728	47	535	32	193	15
Banks/financial institutions:						
Dollar-denominated	307	14	304	14	3	0
Yen-denominated	2,809	254	1,762	72	1,047	182
Other corporate:						
Dollar-denominated	12,285	995	9,940	597	2,345	398
Yen-denominated	1,237	88	437	5	800	83
Total fixed maturities	20,908	1,685	15,652	911	5,256	774
Perpetual securities:						
Dollar-denominated	6	1	0	0	6	1
Yen-denominated	739	140	215	27	524	113
Total perpetual securities	745	141	215	27	530	114
Total	$21,653	$1,826	$15,867	$938	$5,786	$888

(In millions)	December 31, 2014 Total Fair Value	Unrealized Losses	Less than 12 months Fair Value	Unrealized Losses	12 months or longer Fair Value	Unrealized Losses
Fixed Maturities:						
Municipalities:						
Dollar-denominated	$75	$2	$53	$1	$22	$1
Public utilities:						
Dollar-denominated	1,001	36	164	7	837	29
Yen-denominated	805	25	98	1	707	24
Sovereign and supranational:						
Yen-denominated	359	14	0	0	359	14
Banks/financial institutions:						
Dollar-denominated	205	8	53	5	152	3
Yen-denominated	1,828	267	166	0	1,662	267
Other corporate:						
Dollar-denominated	8,072	330	1,901	62	6,171	268
Yen-denominated	1,151	60	122	2	1,029	58
Total fixed maturities	13,496	742	2,557	78	10,939	664
Perpetual securities:						
Yen-denominated	783	92	194	5	589	87
Total perpetual securities	783	92	194	5	589	87
Total	$14,279	$834	$2,751	$83	$11,528	$751

Analysis of Securities in Unrealized Loss Positions

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

For any significant decline in fair value, we perform a more focused review of the related issuer's credit profile. For corporate issuers, we evaluate their assets, business profile including industry dynamics and competitive positioning, financial statements and other available financial data. For non-corporate issuers, we analyze all sources of credit support, including issuer-specific factors. We utilize information available in the public domain and, for certain private placement issuers, from consultations with the issuers directly. We also consider ratings from the Nationally Recognized Statistical Rating Organizations (NRSROs), as well as the specific characteristics of the security we own including seniority in the issuer's capital structure, covenant protections, or other relevant features. From these reviews, we evaluate the issuers' continued ability to service our investment through payment of interest and principal.

The following table provides more information on our unrealized loss positions.

(In millions)	September 30, 2015 Investments in an Unrealized Loss Position	Gross Unrealized Losses	Gross Unrealized Losses that are Investment Grade	December 31, 2014 Investments in an Unrealized Loss Position	Gross Unrealized Losses	Gross Unrealized Losses that are Investment Grade
Fixed Maturities:						
Public utilities	16 %	15 %	95 %	13 %	7 %	100 %
Sovereign and supranational	3	3	100	3	2	100
Banks/financial institutions	14	15	60	14	33	31
Other corporate	63	59	86	65	47	88
Total fixed maturities	96 %	92 %		95 %	89 %	
Perpetual securities	4	8	100	5	11	100
Total	100 %	100 %		100 %	100 %	

Assuming no credit-related factors develop, unrealized gains and losses are expected to diminish as investments near maturity. Based on our credit analysis, we believe that the issuers of our investments in the sectors shown in the table above have the ability to service their obligations to us.

Perpetual Securities

The majority of our investments in Upper Tier II and Tier I perpetual securities were in highly-rated global financial institutions. Upper Tier II securities have more debt-like characteristics than Tier I securities and are senior to Tier I securities, preferred stock, and common equity of the issuer. Conversely, Tier I securities have more equity-like characteristics, but are senior to the common equity of the issuer. They may also be senior to certain preferred shares, depending on the individual security, the issuer's capital structure and the regulatory jurisdiction of the issuer.

Details of our holdings of perpetual securities were as follows:

Perpetual Securities

(In millions)	Credit Rating	September 30, 2015 Amortized Cost	Fair Value	Unrealized Gain (Loss)	December 31, 2014 Amortized Cost	Fair Value	Unrealized Gain (Loss)
Upper Tier II:							
	A	$61	$87	$26	$61	$87	$26
	BBB	1,112	1,056	(56)	1,330	1,333	3
	BB or lower	164	226	62	163	225	62
Total Upper Tier II		1,337	1,369	32	1,554	1,645	91
Tier I:							
	BBB	522	524	2	519	556	37
	BB or lower	46	71	25	184	237	53
Total Tier I		568	595	27	703	793	90
Other subordinated - non-banks:							
	BB or lower	184	202	18	183	231	48
Total		$2,089	$2,166	$77	$2,440	$2,669	$229

Assuming no credit-related factors develop, as investments near maturity, the unrealized gains or losses are expected to diminish. Based on our credit analysis, we believe that the issuers of our investments in these sectors have the ability to service their obligations to us. Perpetual securities that had an amortized cost of $361 million and fair value of $387 million at December 31, 2014 matured or were called during the nine-month period ended September 30, 2015.

Variable Interest Entities (VIEs)

As a condition of our involvement or investment in a VIE, we enter into certain protective rights and covenants that preclude changes in the structure of the VIE that would alter the creditworthiness of our investment or our beneficial interest in the VIE.

Our involvement with all of the VIEs in which we have an interest is passive in nature, and we are not the arranger of these entities. We have not been involved in establishing these entities, except as it relates to our review and evaluation of the structure of these VIEs in the normal course of our investment decision-making process. Further, we are not, nor have we been, required to purchase any securities issued in the future by these VIEs.

Our ownership interest in the VIEs is limited to holding the obligations issued by them. All of the VIEs in which we invest are static with respect to funding and have no ongoing forms of funding after the initial funding date. We have no direct or contingent obligations to fund the limited activities of these VIEs, nor do we have any direct or indirect financial guarantees related to the limited activities of these VIEs. We have not provided any assistance or any other type of financing support to any of the VIEs we invest in, nor do we have any intention to do so in the future. The weighted-average lives of our notes are very similar to the underlying collateral held by these VIEs where applicable.

Our risk of loss related to our interests in any of our VIEs is limited to our investment in the debt securities issued by them.

VIEs - Consolidated

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

Investments in Consolidated Variable Interest Entities

	September 30, 2015		December 31, 2014	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Assets:				
Fixed maturities, available for sale	$3,651	$4,541	$3,020	$4,166
Perpetual securities, available for sale	287	269	405	429
Fixed maturities, held to maturity	83	80	83	84
Other assets	106	106	106	106
Total assets of consolidated VIEs	$4,127	$4,996	$3,614	$4,785
Liabilities:				
Other liabilities	$343	$343	$318	$318
Total liabilities of consolidated VIEs	$343	$343	$318	$318

We are substantively the only investor in the consolidated VIEs listed in the table above. As the sole investor in these VIEs, we have the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and are therefore considered to be the primary beneficiary of the VIEs that we consolidate. We also participate in substantially all of the variability created by these VIEs. The activities of these VIEs are limited to holding debt and perpetual securities and foreign currency and/or credit default swaps (CDS), as appropriate, and utilizing the cash flows from these securities to service our investment. Neither we nor any of our creditors are able to obtain the underlying collateral of the VIEs unless there is an event of default or other specified event. For those VIEs that contain a swap, we are not a direct counterparty to the swap contracts and have no control over them. Our loss exposure to these VIEs is limited to our original investment. Our consolidated VIEs do not rely on outside or ongoing sources of funding to support their activities beyond the underlying collateral and swap contracts, if applicable. With the exception of our investment in senior secured bank loans (bank loans) through unit trust structures, the underlying collateral assets and funding of our consolidated VIEs are generally static in nature and the underlying collateral and the reference corporate entities covered by any CDS contracts were all investment grade at the time of issuance.

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We invest in bank loans through unit trust structures in which we are the only investor, requiring us to consolidate these trusts. These bank loans are classified as available-for-sale fixed-maturity securities in the financial statements. As of September 30, 2015, the amortized cost and fair value of our bank loan investments was $1.3 billion. As of December 31, 2014, the amortized cost and fair value of our bank loan investments was $501 million and $579 million, respectively.

We are exposed to credit losses within our consolidated collateralized debt obligation (CDO) that could result in principal losses to our investment. However, we have mitigated the risk of credit loss through the structure of the VIE, which contractually requires the subordinated tranches within the VIE to absorb the majority of the expected losses from the underlying credit default swaps. We currently own only senior mezzanine CDO tranches. Based on our statistical analysis models and the current subordination levels in our CDO, the VIE can sustain a reasonable number of defaults in the underlying reference entities in the CDS with no loss to our investment.

VIEs-Not Consolidated
The table below reflects the amortized cost, fair value and balance sheet caption in which our investment in VIEs not consolidated are reported.
Investments in Variable Interest Entities Not Consolidated

	September 30, 2015		December 31, 2014	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Assets:				
Fixed maturities, available for sale	$5,792	$6,367	$6,104	$6,937
Perpetual securities, available for sale	250	243	324	330
Fixed maturities, held to maturity	2,491	2,578	2,564	2,829
Total investments in VIEs not consolidated	$8,533	$9,188	$8,992	$10,096

The VIEs that we are not required to consolidate are investments that are in the form of debt obligations from the VIEs that are irrevocably and unconditionally guaranteed by their corporate parents or sponsors. These VIEs are the primary financing vehicles used by their corporate sponsors to raise financing in the capital markets. The variable interests created by these VIEs are principally or solely a result of the debt instruments issued by them. We do not have the power to direct the activities that most significantly impact the entity's economic performance, nor do we have (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. As such, we are not the primary beneficiary of these VIEs and are therefore not required to consolidate them. These VIE investments comprise securities from 175 separate issuers with an average credit rating of BBB.

Loans and Loan Receivables

We invest in middle market loans through participation rights that are accounted for as loan receivables and recorded at amortized cost on the acquisition date. Since we have the intent and ability to hold these loan receivables for the foreseeable future or until they mature, they are considered held-for-investment and are carried at adjusted amortized cost in the other investments line on our consolidated balance sheets. The adjusted amortized cost of the loan receivables reflects allowances for expected incurred losses estimated based on past events and current economic conditions as of each reporting date. We also recognize a liability for all unfunded commitments associated with existing loan originations, with a corresponding recognition of an invested asset. As of September 30, 2015, our investment in these loan receivables was $66 million, of which $49 million was unfunded, while the associated allowance for expected losses was immaterial. As of September 30, 2015, we have commitments of $233 million to fund potential future loan originations related to this investment program. These commitments are contingent upon the availability of middle market loans that meet our underwriting criteria.

Securities Lending and Pledged Securities

We lend fixed-maturity securities to financial institutions in short-term security-lending transactions. These short-term security-lending arrangements increase investment income with minimal risk. Our security lending policy requires that the fair value of the securities and/or unrestricted cash received as collateral be 102% or more of the fair value of the loaned securities. These securities continue to be carried as investment assets on our balance sheet during the terms of the loans and are not reported as sales. We receive cash or other securities as collateral for such loans. For loans involving unrestricted cash or securities as collateral, the collateral is reported as an asset with a corresponding liability for the return of the collateral.

Details of our securities lending activities were as follows:

Securities Lending Transactions Accounted for as Secured Borrowings
September 30, 2015
Remaining Contractual Maturity of the Agreements

(In millions)	Overnight and Continuous[1]	Up to 30 days	Total
Securities lending transactions:			
Japan government and agencies	$145	$309	$454
Public utilities	119	0	119
Sovereign and supranational	3	0	3
Banks/financial institutions	13	0	13
Other corporate	318	0	318
Total borrowings	$598	$309	$907
Gross amount of recognized liabilities for securities lending transactions			$907
Amounts related to agreements not included in offsetting disclosure in Note 4			$0

[1] These securities are pledged as collateral under our U.S. securities lending program and can be called at our discretion; therefore, they are classified as Overnight and Continuous.

Securities Lending Transactions Accounted for as Secured Borrowings
December 31, 2014
Remaining Contractual Maturity of the Agreements

(In millions)	Overnight and Continuous[1]	Up to 30 days	Total
Securities lending transactions:			
Japan government and agencies	$0	$1,720	$1,720
Public utilities	80	0	80
Sovereign and supranational	1	0	1
Banks/financial institutions	64	0	64
Other corporate	328	0	328
Total borrowings	$473	$1,720	$2,193
Gross amount of recognized liabilities for securities lending transactions			$2,193
Amounts related to agreements not included in offsetting disclosure in Note 4			$0

[1] These securities are pledged as collateral under our U.S. securities lending program and can be called at our discretion; therefore, they are classified as Overnight and Continuous.

We did not have any repurchase agreements or repurchase-to-maturity transactions outstanding as of September 30, 2015 and December 31, 2014.

Certain fixed-maturity securities have been pledged as collateral as part of derivative transactions. For additional information regarding pledged securities related to derivative transactions, see Note 4.

4. DERIVATIVE INSTRUMENTS

Our freestanding derivative financial instruments consist of: (1) foreign currency swaps and credit default swaps that are associated with investments in special-purpose entities, including VIEs where we are the primary beneficiary; (2) foreign currency forwards and options used in hedging foreign exchange risk on U.S. dollar-denominated securities in Aflac Japan's portfolio; (3) foreign currency forwards and options used to hedge foreign exchange risk from our net investment in Aflac Japan and economically hedge certain portions of forecasted cash flows denominated in yen; (4) swaps associated with our notes payable, consisting of cross-currency interest rate swaps, also referred to as foreign currency swaps, associated with certain senior notes and our subordinated debentures; and (5) options on interest rate swaps (or interest rate swaptions) and futures used to hedge interest rate risk for certain available-for-sale securities. We do not use derivative financial instruments for trading purposes, nor do we engage in leveraged derivative transactions. Some of our derivatives are designated as cash flow hedges, fair value hedges or net investment hedges; however, other derivatives do not qualify for hedge accounting or we elect not to designate them as an accounting hedge. We utilize a net investment hedge to mitigate foreign exchange exposure resulting from our net investment in Aflac Japan. In addition to designating derivatives as hedging instruments, we have designated our yen-denominated Samurai and Uridashi notes as nonderivative hedging instruments for this net investment hedge.

Derivative Types

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

Foreign currency forwards and options with short-term maturities are executed for the Aflac Japan segment in order to hedge the currency risk on the fair value of certain fixed-maturity dollar-denominated securities. In forward transactions, Aflac Japan agrees with another party to buy a fixed amount of yen and sell a corresponding amount of U.S. dollars at a specified future date. Aflac Japan also executes foreign currency option transactions in a collar strategy, where Aflac Japan agrees with another party to simultaneously purchase a fixed amount of U.S. dollar put options and sell U.S. dollar call options. The combination of these two actions results in no net premium being paid (i.e. a costless or zero-cost collar). The foreign currency forwards and options are used in fair value hedging relationships to mitigate the foreign exchange risk associated with dollar-denominated investments supporting yen-denominated liabilities.

Foreign currency forwards and options are also used to hedge the currency risk associated with the net investment in Aflac Japan. In these forward transactions, Aflac agrees with another party to buy a fixed amount of U.S. dollars and sell a corresponding amount of yen at a specified future date. In the option transactions, we use a combination of foreign currency options to protect expected future cash flows by simultaneously purchasing yen put options (options that protect against a weakening yen) and selling yen call options (options that limit participation in a strengthening yen). The combination of these two actions results in no net premium being paid (i.e. a costless or zero-cost collar).

The only CDS that we currently hold relates to components of an investment in a VIE and is used to assume credit risk related to an individual security. This CDS contract entitles the consolidated VIE to receive periodic fees in exchange for an obligation to compensate the derivative counterparties should the referenced security issuer experience a credit event, as defined in the contract.

Interest rate swaps involve the periodic exchange of cash flows with other parties, at specified intervals, calculated using agreed upon rates or other financial variables and notional principal amounts. Typically, at the time a swap is entered into, the cash flow streams exchanged by the counterparties are equal in value. No cash or principal payments are exchanged at the inception of the contract. Interest rate swaps are primarily used to convert interest receipts on floating-rate fixed-maturity securities contracts to fixed rates. These derivatives are predominantly used to better match cash receipts from assets with cash disbursements required to fund liabilities.

Interest rate swaptions are options on interest rate swaps. Interest rate collars are combinations of two swaption positions and are executed in order to hedge certain dollar-denominated available-for-sale securities that are held in the Aflac Japan segment. We use collars to protect against significant changes in the fair value associated with interest rate changes of our dollar-denominated available-for-sale securities. In order to maximize the efficiency of the collars while minimizing cost, we set the strike price on each collar so that the premium paid for the ‘payer leg’ is offset by the premium received for having sold the ‘receiver leg’.

Periodically, depending on general economic conditions, we may enter into other derivative transactions.

Credit Risk Assumed through Derivatives

For the foreign currency and credit default swaps associated with our VIE investments for which we are the primary beneficiary, we bear the risk of foreign exchange loss due to counterparty default even though we are not a direct counterparty to those contracts. We are a direct counterparty to the foreign currency swaps that we have entered into in connection with certain of our senior notes, subordinated debentures, and Samurai notes; foreign currency forwards; foreign currency options; and interest rate swaptions, and therefore we are exposed to credit risk in the event of nonperformance by the counterparties in those contracts. The risk of counterparty default for our VIE swaps, foreign currency swaps, certain foreign currency forwards, foreign currency options and interest rate swaptions is mitigated by collateral posting requirements that counterparties to those transactions must meet. As of September 30, 2015, there were 17 counterparties to our derivative agreements, with four comprising 56% of the aggregate notional amount. The counterparties to these derivatives are financial institutions with the following credit ratings:

(In millions)	September 30, 2015 Notional Amount of Derivatives	Asset Derivatives Fair Value	Liability Derivatives Fair Value	December 31, 2014 Notional Amount of Derivatives	Asset Derivatives Fair Value	Liability Derivatives Fair Value
Counterparties' credit rating:						
AA	$2,277	$175	$(41)	$1,098	$39	$(36)
A	21,079	702	(343)	22,564	763	(2,387)
Total	$23,356	$877	$(384)	$23,662	$802	$(2,423)

We engage in derivative transactions directly with unaffiliated third parties under International Swaps and Derivatives Association, Inc. (ISDA) agreements and other documentation. Most of the ISDA agreements also include Credit Support Annex (CSA) provisions, which generally provide for two-way collateral postings, in certain cases at the first dollar of exposure and in other cases once various rating and exposure threshold levels are triggered. We mitigate the risk that counterparties to transactions might be unable to fulfill their contractual obligations by monitoring counterparty credit exposure and collateral value while generally requiring that collateral be posted at the outset of the transaction or that additional collateral be posted upon the occurrence of certain events or circumstances. In addition, a significant portion of the derivative transactions have provisions that require collateral to be posted upon a downgrade of our long-term debt ratings or give the counterparty the right to terminate the transaction upon a downgrade of Aflac’s financial strength rating. The actual amount of collateral required to be posted to counterparties in the event of such downgrades, or the aggregate amount of payments that we could be required to make, depends on market conditions, the fair value of outstanding affected transactions, and other factors prevailing at and after the time of the downgrade.

The fair value of collateral posted by us to third parties for derivative transactions of $7 million at September 30, 2015 consisted entirely of cash. The fair value of collateral posted by us to third parties for derivative transactions of $1.6 billion at December 31, 2014 consisted entirely of securities. This collateral can generally be repledged or resold by the counterparties. The aggregate fair value of all derivative instruments with credit-risk-related contingent features that were in a net liability position by counterparty was approximately $7 million and $2.1 billion as of September 30, 2015 and December 31, 2014, respectively. If the credit-risk-related contingent features underlying these agreements had been triggered on September 30, 2015, the amount of collateral we would be required to post to these derivative counterparties would be immaterial. Collateral obtained by us from third parties for derivative transactions was $622 million and $619 million at September 30, 2015 and December 31, 2014, respectively. We are generally allowed to sell or repledge collateral obtained from our derivative counterparties, although we do not typically exercise such rights.

Accounting for Derivative Financial Instruments

Freestanding derivatives are carried at estimated fair value in our consolidated balance sheets either as other assets or as other liabilities. See Note 5 for a discussion on how we determine the fair value of our derivatives. Accruals on derivatives are recorded in accrued investment income or within other liabilities in the consolidated balance sheets.

If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are generally reported within derivative and other gains (losses), which is a component of realized investment gains (losses). The fluctuations in estimated fair value of derivatives that have not been designated for hedge accounting can result in volatility in net earnings.

Hedge Documentation and Effectiveness Testing

To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated risk of the hedged item. At the inception of the hedging relationship for hedges we elect to designate for hedge accounting treatment, we formally document all relationships between hedging instruments and hedged items, as well as our risk-management objective and strategy for undertaking each hedge transaction. We document the designation of each hedge as either (i) a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability or the hedge of a forecasted transaction ("cash flow hedge"); (ii) a hedge of the estimated fair value of a recognized asset or liability ("fair value hedge"); or (iii) a hedge of a net investment in a foreign operation. The documentation process includes linking derivatives and nonderivatives that are designated as hedges to specific assets or groups of assets or liabilities on the statement of financial position or to specific forecasted transactions and defining the effectiveness and ineffectiveness testing methods to be used. At the hedge's inception and on an ongoing quarterly basis, we also formally assess whether the derivatives that are used in hedging transactions have been, and are expected to continue to be, highly effective in offsetting their designated risk. Hedge effectiveness is assessed using qualitative and quantitative methods.

For assessing hedge effectiveness of cash flow hedges, qualitative methods may include the comparison of critical terms of the derivative to the hedged item, and quantitative methods may include regression or other statistical analysis of changes in cash flows associated with the hedge relationship. Hedge ineffectiveness of the hedge relationships on our VIE cash flow hedges is measured each reporting period using the “Hypothetical Derivative Method.” For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing hedge ineffectiveness are recognized in current earnings within derivative and other gains (losses). All components of each derivative's gain or loss are included in the assessment of hedge effectiveness.

For assessing hedge effectiveness of fair value hedges, qualitative methods may include the comparison of critical terms of the derivative to the hedged item, and quantitative methods may include regression or other statistical analysis of changes in fair value associated with the hedge relationship. Hedge ineffectiveness of the hedge relationships is measured each reporting period using the dollar offset method. For derivative instruments that are designated and qualify as fair value hedges, changes in the estimated fair value of the derivative, including amounts measured as ineffectiveness, and changes in the estimated fair value of the hedged item related to the designated risk being hedged, are reported in current earnings within derivative and other gains (losses).

For the hedge of our net investment in Aflac Japan, we have designated Parent Company yen-denominated liabilities as non-derivative hedging instruments and have designated certain foreign currency forwards and options as derivative hedging instruments. We make our net investment hedge designation at the beginning of each quarter. For assessing hedge effectiveness of net investment hedges, if the total of the designated Parent Company non-derivative and derivatives notional is equal to or less than our net investment in Aflac Japan, the hedge is deemed to be effective. If the hedge is effective, the related exchange effect on the yen-denominated liabilities is reported in the unrealized foreign currency component of other comprehensive income. For derivatives designated as net investment hedges, Aflac follows the forward-rate method. According to that method, all changes in fair value, including changes related to the forward-rate component of foreign currency forward contracts and the time value of foreign currency options, are reported in the unrealized foreign currency component of other comprehensive income. Should these designated net investment hedge positions exceed our net investment in Aflac Japan, the foreign exchange effect on the portion that exceeds our investment in Aflac Japan would be recognized in current earnings within derivative and other gains (losses).

Discontinuance of Hedge Accounting

We discontinue hedge accounting prospectively when (1) it is determined that the derivative is no longer highly effective in offsetting changes in the estimated cash flows or fair value of a hedged item; (2) the derivative is de-designated as a hedging instrument; or (3) the derivative expires or is sold, terminated or exercised.

When hedge accounting is discontinued on a cash flow hedge or fair value hedge, the derivative is carried in the consolidated balance sheets at its estimated fair value, with changes in estimated fair value recognized in current period earnings. For discontinued cash flow hedges, including those where the derivative is sold, terminated or exercised, amounts previously deferred in other comprehensive income (loss) are reclassified into earnings when earnings are impacted by the cash flow of the hedged item.

Derivative Balance Sheet Classification

The tables below summarize the balance sheet classification of our derivative fair value amounts, as well as the gross asset and liability fair value amounts. The fair value amounts presented do not include income accruals. The notional amount of derivative contracts represents the basis upon which pay or receive amounts are calculated. Notional amounts are not reflective of credit risk.

	September 30, 2015			
(In millions)	Net Derivatives		Asset Derivatives	Liability Derivatives
Hedge Designation/ Derivative Type	Notional Amount	Fair Value	Fair Value	Fair Value
Cash flow hedges:				
Foreign currency swaps	$75	$(18)	$0	$(18)
Total cash flow hedges	75	(18)	0	(18)
Fair value hedges:				
Foreign currency forwards	12,714	239	248	(9)
Foreign currency options	1,250	0	1	(1)
Total fair value hedges	13,964	239	249	(10)
Net investment hedge:				
Foreign currency forwards	1,455	5	19	(14)
Foreign currency options	168	(3)	4	(7)
Total net investment hedge	1,623	2	23	(21)
Non-qualifying strategies:				
Foreign currency swaps	6,604	270	604	(334)
Foreign currency forwards	1,007	0	1	(1)
Credit default swaps	83	0	0	0
Total non-qualifying strategies	7,694	270	605	(335)
Total derivatives	$23,356	$493	$877	$(384)
Balance Sheet Location				
Other assets	$16,776	$877	$877	$0
Other liabilities	6,580	(384)	0	(384)
Total derivatives	$23,356	$493	$877	$(384)

	December 31, 2014			
(In millions)	Net Derivatives		Asset Derivatives	Liability Derivatives
Hedge Designation/ Derivative Type	Notional Amount	Fair Value	Fair Value	Fair Value
Cash flow hedges:				
Foreign currency swaps	$75	$(15)	$0	$(15)
Total cash flow hedges	75	(15)	0	(15)
Fair value hedges:				
Foreign currency forwards	12,388	(1,791)	0	(1,791)
Foreign currency options	697	(32)	0	(32)
Interest rate swaptions	2,502	(159)	0	(159)
Total fair value hedges	15,587	(1,982)	0	(1,982)
Net investment hedge:				
Foreign currency forwards	1,307	54	56	(2)
Total net investment hedge	1,307	54	56	