# Ameriprise Financial

## First Quarter 2018 Conference Call

April 24, 2018

## Forward-looking statements

Some of the statements made in our April 23, 2018 earnings release and/or in this April 24, 2018 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of April 24, 2018. These forward-looking statements involve a number of risks and uncertainties.

A list of certain factors that could cause actual results to be materially different from those expressed or implied by any of these forward-looking statements is set forth under the heading "Forward-looking statements" in our April 23, 2018 earnings release, a complete copy of which is available on our website and under the heading "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2017. We undertake no obligation to update publicly or revise these forward-looking statements for any reason. In addition, the financial results and values presented in our first quarter earnings release and/or in this presentation are based upon asset valuations that represent estimates as of April 23, 2018 and may be revised in our Form 10-Q for the quarter ended March 31, 2018.

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures that our management feels best reflect the underlying performance of our operations. Reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measure have been provided along with the presentation.

2

**Alicia Charity – SVP, Investor Relations:**

Thank you operator and good morning. Welcome to Ameriprise Financial's first quarter earnings call. On the call with me today are Jim Cracchiolo, Chairman and CEO, and Walter Berman, our Chief Financial Officer. Following their remarks, we'll be happy to take your questions.

Turning to our earnings presentation materials that are available on our website, on slide 2 you will see a discussion of forward-looking statements. Specifically during the call, you will hear reference to various non-GAAP financial measures which we believe provide insight into the company's operations. Reconciliations of non-GAAP numbers to their respective GAAP numbers can be found in today's materials.

Some statements that we make on this call may be forward looking, reflecting management's expectations about future events and overall operating plans and performance. These forward-looking statements speak only as of today's date and involve a number of risks and uncertainties. A sample list of factors and risks that could cause actual results to be materially different from forward-looking statements can be found in our first quarter 2018 earnings release, our 2017 annual report to shareholders, and our 2017 10-K report. We make no obligation to update publicly or revise these forward-looking statements.

## Consolidated first quarter results

| GAAP Earnings | Q1 2018 | Q1 2017 | Better/(Worse) |
|---|---|---|---|
| Net Revenues ($M) | $3,168 | $2,926 | 8% |
| Expenses ($M) | $2,472 | $2,451 | (1%) |
| Net Income ($M) | $594 | $403 | 47% |
| Diluted EPS | $3.91 | $2.52 | 55% |
| ROE, ex AOCI | 28.3% | 21.6% | 670 bps |

| Adjusted Operating Earnings | Q1 2018 | Q1 2017 | Better/(Worse) |
|---|---|---|---|
| Net Revenues ($M) | $3,111 | $2,885 | 8% |
| Expenses ($M) | $2,454 | $2,365 | (4%) |
| Earnings ($M) | $563 | $432 | 30% |
| Diluted EPS | $3.70 | $2.70 | 37% |
| ROE, ex AOCI | 29.3% | 23.6% | 570 bps |

All periods have been restated to reflect the adoption of Revenue from Contracts with Customers accounting standard.
See non-GAAP financial measure reconciliations in appendix.



On slide 3, you see our GAAP financial results at the top of the page for the first quarter. Below that you see our adjusted operating results, which management believes enhances the understanding of our business by reflecting the underlying performance of our core operations and facilitates a more meaningful trend analysis.

I would like to point out that effective January 1, 2018, the company changed the naming convention for its non-GAAP financial measures from “operating” to “adjusted operating” to more clearly differentiate between GAAP and non-GAAP financial measures. The definition of these measures remains unchanged. The comments that management makes on our call today will focus on adjusted operating financial results.

Additionally, in the first quarter, Ameriprise adopted the new accounting standard, Revenue from Contracts with Customers, on a retrospective basis. The adoption resulted in changes to certain advisor revenues that are now recognized on a gross rather than a net basis. All information discussed today reflects this restatement.

And with that, I'll turn it over to Jim.

**Jim Cracchiolo – Chairman and Chief Executive Officer:**

Good morning. Thanks for joining us for our first quarter earnings call. I'll provide my perspective on the business and then Walter will follow with our detailed financials. Let's begin.

I'm pleased to share that Ameriprise reported strong first quarter results. We're generating good earnings growth in both Advice & Wealth Management and Asset Management.

So far in 2018, the overall operating environment has remained positive but fluid. After a strong January, market volatility increased and markets ended down for the quarter. In March, the Fed increased short-term rates, and longer-term rates have begun to rise though they remain at low levels. And the regulatory environment is clearer, so we're encouraged by that.

In the first quarter, we had good growth in client assets and activity. In terms of financials, assets under management and administration were $887 billion, up 9 percent.

And on an adjusted operating basis:

- Net revenues grew nicely, excluding the impact of 12B-1, were up 9%.
- We delivered significant growth in earnings, up 30 percent.
- Earnings per diluted share grew a meaningful 37 percent.
- And our return on equity is consistently among the best in the industry at 29.3 percent.

Maintaining a strong financial foundation is core to how we operate and gives us flexibility to take advantage of opportunities. We returned 91% of adjusted earnings in the first quarter, consistent with our return over the last several years.

And, yesterday, we announced another increase in our regular quarterly dividend, up 8 percent to 0.90 cents per share. This continues our record for consistent dividend growth over the years and marks our thirteenth increase over the last thirteen years. And since 2012, we've doubled our dividend.

Let's move to our business results.

In Advice & Wealth Management, our advice value proposition and premium client experience are important differentiators. We work diligently to earn excellent client satisfaction. Proudly, Ameriprise is also recognized in the investment industry for our trust, customer service, consumer forgiveness and likelihood to recommend.

And in the first quarter, Ameriprise was ranked as a Hearts & Wallets Top Performer in 4 important areas:

- “Understands me and shares my values”
- “Explains things in understandable terms”
- “Has defined and repeatable processes for producing results
- And, “Has knowledgeable, timely and tactical” investment ideas”

This terrific recognition builds on our existing credentials and reinforces that what we do for our clients and how we do it continues to differentiate Ameriprise in the industry.

In an improved operating environment, Ameriprise client assets grew 12 percent from a year ago as clients put more money to work. Activity was strong and we had an excellent quarter for net inflows into fee-based investment advisory accounts of $5.7 billion, an increase of 44 percent over last year. Our investment advisory platform is one of the largest in the industry at more than $250 billion, growing 18% from a year ago.

We continue to invest significantly in our brand, technology, tools and training to help our advisors grow their productivity, and to further strengthen awareness of Ameriprise and our value proposition.

We’re building on our successful Be Brilliant national advertising campaign and launched new broadcast and online advertising during the quarter, with continued high awareness levels. We’re spending significant time on delivering our highly effective advice value proposition more consistently. Many advisors are taking advantage of our extensive leadership coaching programs on advice and generating client referrals. We’re serving more clients with comprehensive advice and financial planning as well as more million dollar plus clients.

In addition, we’re investing in our digital capabilities so that clients can work even more collaboratively with their advisors.

We also continue to invest in our servicing capabilities, as well as data and analytics to better understand client preferences and help advisors deepen relationships. And our field team is strong and successful. Ameriprise advisor production was up 16 percent excluding the net 12b-1 fee change.  Our advisors have consistently increased productivity at a higher rate than most of our competitors and we had continued strong productivity growth in the first quarter. In addition, another 79 experienced advisors joined Ameriprise in the first quarter from wirehouses, regionals and independent firms. And, we had the largest number of Ameriprise advisors ever named to several top advisor industry rankings.

Our Insurance and Annuities solutions are an important part of the larger solution set that we offer.

Sales of variable annuities have picked up by about 20% from a year ago and variable annuity account balances grew 3% driven by equity market gains. In insurance, we're seeing continued good sales in VUL-UL, which were driven by iUL lump sum sales in the quarter.
For both our insurance and annuities businesses, we're simplifying and streamlining our sales processes to help deepen advisor and client engagement and meet clients' needs for retirement income and protection.

In Auto & Home, we had underlying improvement in profitability and the changes we implemented are having a positive impact. We've improved claims management, pricing and underwriting, and the changes are working their way through the book. Unfortunately, like the industry, CAT losses, though down from prior quarters, were a bit above our expectations given the storms in the northeast and Midwest.

In Asset Management, we continue to deliver good financial results and competitive investment performance for investors.

Our first quarter financials were strong.  Pretax adjusted operating earnings increased 30 percent from a year ago. And assets under management were up 4 percent to $485 billion.

Regarding investment performance, it remains very good.
At the end of the quarter, about 70% of our funds, equities, fixed income and asset allocation, were above Lipper medians or benchmarks for 1-, 3- and 5-year timeframes.  And, results were particularly strong in the U.S. across domestic and international equities, as well as taxable and tax exempt fixed income. Clients are benefiting from our efforts to establish a global investment operation, which is resulting in increased collaboration and insight sharing across a range of investment portfolios.

Net outflows were elevated in the quarter. The main driver was in institutional where we were impacted by clients' tactical asset allocation decisions, a large sovereign wealth client who redeemed for liquidity purposes and delayed fundings given the market environment. It was not performance related. We expect improved sales in the second quarter as more of our wins are expected to be funded.
In global retail, the increase in outflows was driven by higher redemptions in EMEA given volatility. We do anticipate it to bounce back in second quarter given expected platform fundings.

In US retail, we remain in outflows as we're still experiencing pressure from redemptions in equities like the industry, though sales at major intermediary clients have improved from last year.

And each quarter, we expect a level of outflows from our closed block of low-fee former-parent assets, and the flow rate in the quarter was in-line with expectations and improved a bit from a year ago.

With regard to what we're doing about our flow situation:

- In institutional, we're working to have more strategies approved with consultants and deepen relationships with current clients while we continue to further expand internationally.
- In regard to retail, in February we added a new Head of North America, which aligns our regional leadership similarly to EMEA and Asia Pacific. We're working hard to get more strategies on platforms, enhancing our segmentation strategies, and ensuring our wholesalers are engaging their clients about their particular needs. In EMEA, we're investing more resources to expand our distribution reach in key markets in Europe to complement our UK strength.

We're also investing to strengthen our Columbia Threadneedle brand awareness across our regions, including in key markets in Europe, as well as in the U.S. where we are seeing a good lift from our television ads and digital strategy.

In the quarter, we completed a significant portion of the planned integration of our front-, middle- and back-office operations platform that will increase our flexibility and ability to offer customized solutions. And, we continue to prepare for Brexit and that work is going well.

In Asset Management, we have more work to do and that's where we're focused.

Overall, Ameriprise is in a strong position and we have a great foundation upon which we can build. Very few financial services companies are generating this level of consistent performance and returning to shareholders like Ameriprise is, while continuing to deliver good earnings. We have an excellent financial foundation and balance sheet that we manage very well. Our diversified business provides important flexibility and our Wealth Management business is one of the best in the industry, and has significant growth potential and is responsible for driving approximately 75% of the company's overall revenue.

We're confident in the investments we're making as we focus on serving more clients and growing the business.  And, therefore we believe Ameriprise is undervalued and represents a compelling opportunity both today and for the future.

Now, Walter will review our financials and I'll be back at the end for questions.

# Q1 2018 Business & Financial Results

**Walter Berman**

Chief Financial Officer

## Excellent financial performance in the quarter

**9%**
Revenue Growth (1)

**37%**
EPS Growth

**29.3%**
Return on Equity ex. AOCI

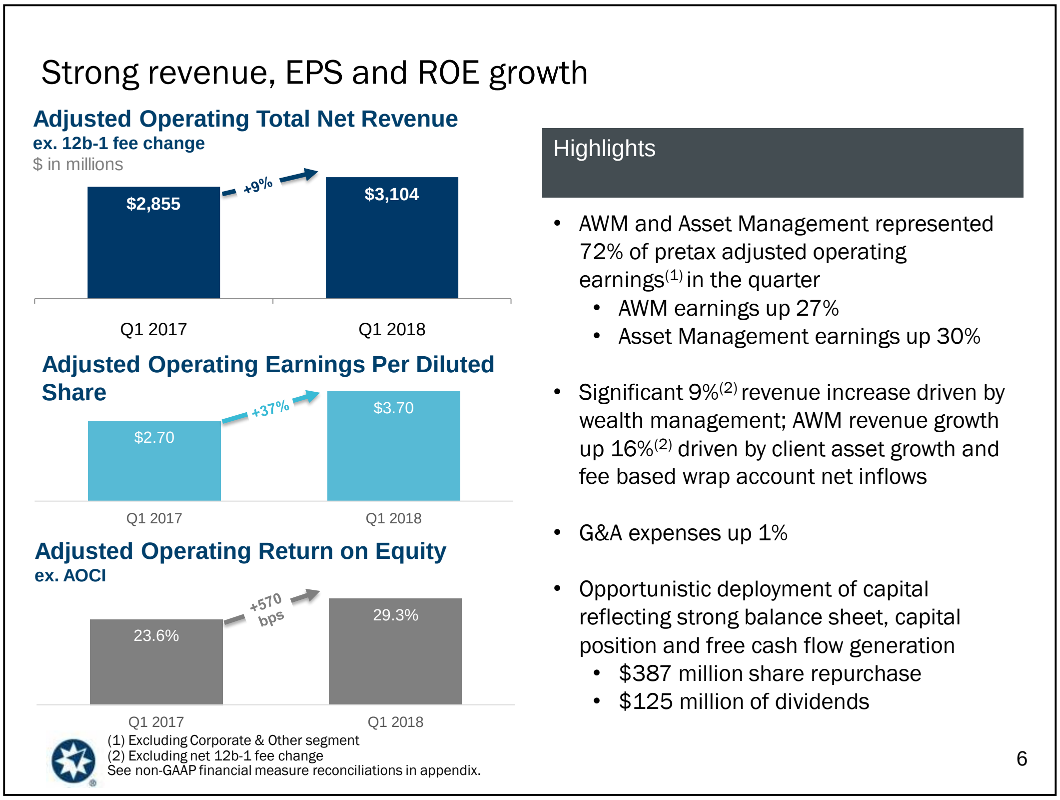
(1) Excluding net 12b-1 fee change
See non-GAAP financial measure reconciliations in appendix.



**Walter Berman – Chief Financial Officer:**

Thank you, Jim.

Ameriprise delivered strong results in the quarter. We continue to make significant progress in delivering our long-term shareholder objectives with strong growth in revenue, EPS and return on equity.

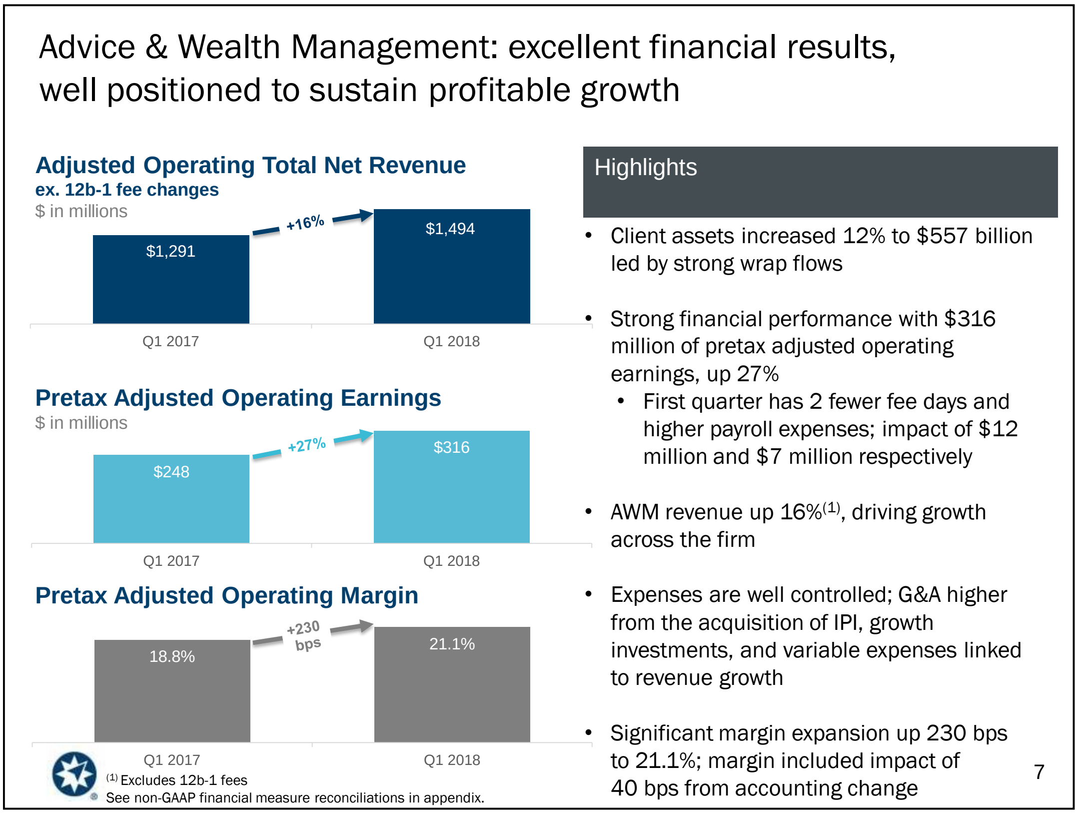



Let me take you through the details beginning on slide 6. Ameriprise reported adjusted operating EPS of $3.70, fueled by our strong growth businesses. AWM and Asset Management earnings were up over 25% in the quarter.

Overall revenue growth was strong – up 9 percent in the quarter. Strong growth in client assets – particularly in wrap accounts – and market appreciation drove substantial 16 percent top line growth in AWM. Asset Management revenue was up 7 percent from markets and a vendor credit related to completion of our front-, middle-, and back-office integration. Annuities and Protection stable revenue was in line with expectations.

Expenses continue to be well managed across the firm, with G&A up only 1 percent. I will go into detail on expenses in each segment on the subsequent pages.

We returned more than $500 million to shareholders through buyback and dividends. Given the lower share price in February and March, we increased the amount of share repurchase to the highest level over the past 5 quarters.




Let's turn to AWM on slide 7. Advice & Wealth Management delivered another outstanding quarter across all dimensions. Revenue was up 16 percent, driven by strong wrap net inflows and improved transactional activity levels, as well as higher equity markets and interest rates.

Expense growth was primarily driven by higher distribution related expenses. G&A increased 6 percent, which included higher volume related impacts due to strong growth, increased investments for business growth, and the addition of IPI.

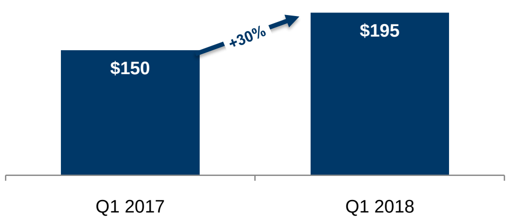
AWM had substantial 27% earnings growth and 230 basis points of margin expansion in the quarter. The adoption of the new accounting standard impacted margins in both periods by approximately 40 basis points.

I would like to take a moment to review the quarterly drivers of earnings:

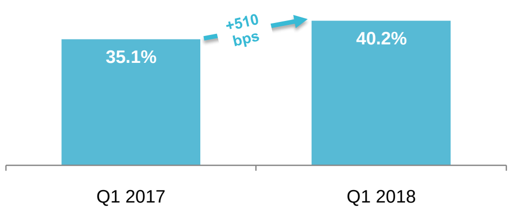
- First, there are only 90 fee days in the first quarter, 91 in Q2, and 92 in Q3 and Q4. Given the growth we've seen over the past several years in our wrap business, the impact of each fee day has increased to approximately $14 million of revenue and $6 million of PTI.
- Second, there was one fewer E&O day, which negatively impacts revenue by $3 million.
- Lastly, we have some seasonality in our expenses that we have discussed in the past. As it relates to the first quarter, we had higher payroll tax expense of $7 million.

## Global Asset Management: strong financial results and margins

**Pretax Adjusted Operating Earnings**
$ in millions




**Net Pretax Adjusted Operating Margin**




### Highlights

- Pretax adjusted operating earnings up 30%
  - Results included the benefit of a vendor credit, partially offset by higher research and regulatory expenses in EMEA
- Revenues up 7% driven by market appreciation and credit from vendor
  - Fee rate in the quarter was in line with expectations at 52-53 bps
- G&A expenses are up 5%, impacted by foreign exchange translation, the acquisition of Lionstone, and elevated research and regulatory expense in EMEA
- Adjusted margin expected to be in the 35-39% range going forward

See non-GAAP financial measure reconciliations in appendix.



Let’s turn to Asset Management on page 8. Asset Management financial performance remained very strong.

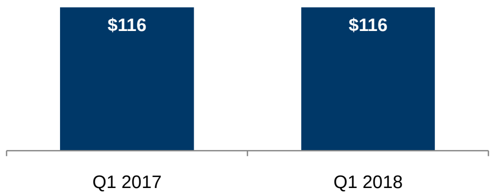
Revenues were up 7 percent from strong market appreciation, the acquisition of Lionstone, as well as the vendor credit that I mentioned earlier. In addition, the fee rate was consistent with our expectations in the 52 to 53 basis point range.

Expenses continue to be prudently managed. Excluding the acquisition of Lionstone, G&A increased 3 percent and included elevated research and regulatory costs in the UK and Europe.

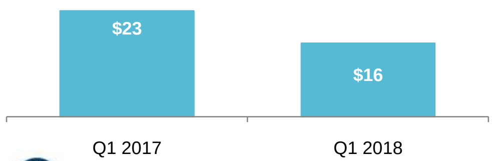
We delivered a particularly strong margin of 40% margin in the quarter. We continue to expect the margin to be in the 35 to 39 percent range in the near-term.

## Annuities earnings in line with expectations in this environment

**VA Pretax Adjusted Operating Earnings**
$ in millions




**FA Pretax Adjusted Operating Earnings**
$ in millions




**Highlights**

**Variable Annuities**

- Pretax adjusted operating earnings were unchanged as strong year-over-year market appreciation was offset by net outflows and lower mean reversion
- Net outflows decreased driven by 20% higher sales, as well as lower lapse
- Strong management of liability tail risk
- Net amount at risk as a percent of account value: 0.4% with living benefits and 0.2% with death benefits – substantially lower than the industry

**Fixed Annuities**

- Pretax adjusted operating earnings down as portfolio yields and account balances continue to decline as expected



Let’s turn to Annuities on slide 9.

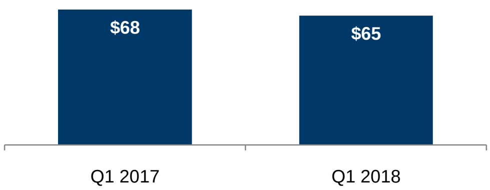
Variable annuities earnings were flat at $116 million. Equity market appreciation increased account values year-over-year, but earnings were flat due to lower mean reversion than a year ago.

Variable annuities continue to be in outflows, though at a slower pace than last year in both our internally distributed block and the closed block that was distributed by third-parties. We’ve also seen a 20% increase in sales of our variable annuity product.

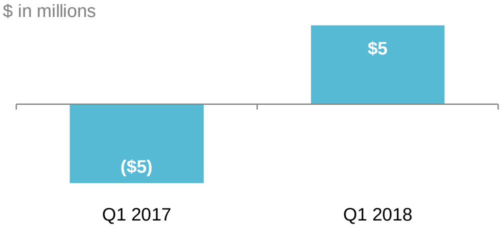
Fixed annuities pretax operating earnings declined $7 million as lapses and interest rates continue to impact results as expected.

## Protection results reflect lower weather related losses

**Life & Health Pretax Adjusted Operating Earnings**
$ in millions




**Auto & Home Pretax Adjusted Operating Earnings**
$ in millions




### Highlights

**Life & Health**

- Pretax adjusted operating earnings declined 4% driven by continued low interest rates
  - Investment portfolio is short duration and well positioned to benefit from rising interest rates
- Good sales momentum – iUL up 9%

**Auto & Home**

- Pretax adjusted operating earnings of $5 million, including net catastrophe losses of $14 million from severe storms in the northeast
- Home policies in force declined 6% year-over-year and 3% sequentially
  - Actions we've taken to improve the risk profile of the book are reducing CAT concentration risk
- Underlying business fundamentals are within expectations



Turning to Protection on slide 10.

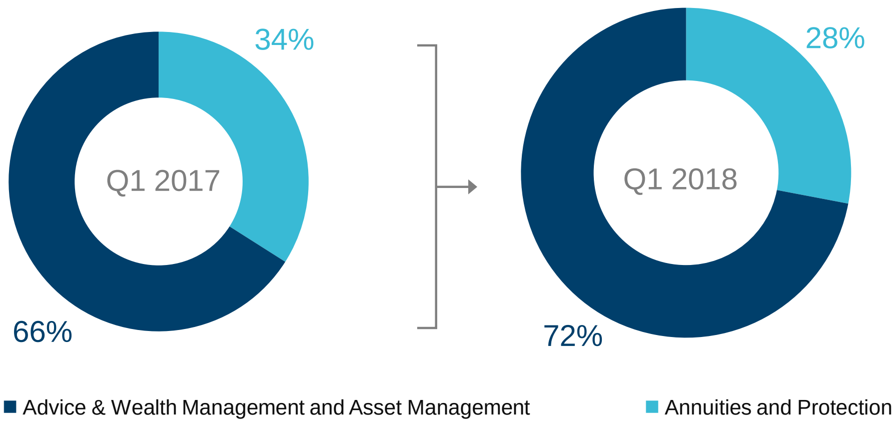
Life & Health pretax operating earnings declined 4 percent from the pressure of continued low interest rates. Total claims are in line with expectations, though we did see a slight uptick in mortality in the first quarter that was offset by an improvement in disability income. We had good sales momentum as we started the year, particularly for our Indexed Universal Life product, which is up 9%.

In the Auto & Home business, pretax operating results in the quarter were impacted by elevated net CAT losses of $14 million that were concentrated in the Northeast. We continue to reduce home exposure in Colorado and Texas from the cancellation of one of our affinity partnerships. This has resulted in our home policies in force declining 6% year-over-year and 3% within the quarter.

We’re continuing our mix shift with over 70% of adjusted operating earnings from our fee-based, lower-capital businesses

**Pre-tax Adjusted Operating Earnings**

(excluding Corporate & Other)






Let’s turn to slide 11. We are continuing to grow our Advice & Wealth Management and Asset Management businesses at a faster pace than Insurance & Annuities. Advice & Wealth Management made up nearly 45 percent of the earnings in the quarter. Combined with Asset Management, the fee-based businesses made up 72 percent of our earnings for the quarter. This mix shift supports our strong free cash flow generation.

## Ameriprise has no expectation that the LTC business will impair our ability to return capital to shareholders

- Ameriprise's perspective on capital management and the ability to return capital to shareholders is underpinned by enterprise risk management
- Enterprise risk management program includes ongoing analytics and stress testing informing management's view of balance sheet strength
- Concerns raised by recent LTC reserve charge are not applicable to Ameriprise
  - Extensive annual actuarial analysis using over 20 years of claims data use to assess reserve adequacy with rigorous internal and third-party reviews and controls; older closed blocks with high volumes of historical claims, resulting in very credible experience; risk characteristics and policy features are incorporated in reserving practices
  - Consistently pursued and granted appropriate rate increases since 2005
  - Quota share reinsurance arrangement on half of the block with significant protections in place to effectively mitigate counterparty risk

12

Next, I would like to spend a few minutes on our risk management framework and inferences that have been drawn about the reserve adequacy of our long term care businesses.

As you're aware, we have developed a sophisticated ERM program that utilizes analysis and stress testing to inform our risk appetite and understand our capital return capability across a range of potential scenarios. And it is this framework that supports the recommendation I make quarterly to the Board regarding the level of our share repurchase, as well as the amount of our annual dividend increases.

Long term care obviously is part of our ERM framework and we remain very comfortable with our exposure. There are three primary levers to manage the long-term care business:

First, premium rate increases. We have taken a balanced, but active, approach to steadily increasing rates since early 2005. The average approved cumulative rate increase is 138% on our nursing home only indemnity business and 63% on our comprehensive reimbursement business. This has mitigated some of the need to build reserves.

Second, investment income. Here we have prudently managed our investment portfolio.

Third, our reserve processes, which I will go into in a bit more detail. We have a rigorous process of diligently reviewing our long-term care reserves on an annual basis. Our reserve levels reflect the policy features and risk characteristics of our book of business, as well as ever increasing credible claims data, so policies with richer benefits have higher reserves. We have completed reviews with our auditors, and no concerns have been raised about our reserve adequacy. Also, we periodically engage an independent actuarial consulting firm to validate our conclusions.

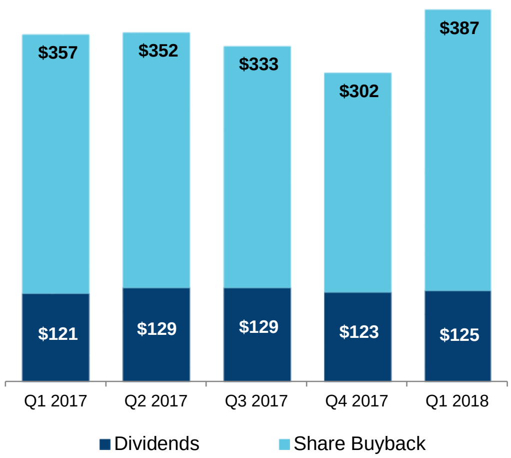
We have been setting our reserves using over 20 years of actuarial data. In the third quarter of each year, we add another year of experience and incorporate any deviation from our assumptions into the reserve calculation. The annual adjustments have been very small percentage changes of the total reserve.

Material changes in reserves are not consistent with our approach or the process that I just described. We have not experienced, nor do we expect to experience, sizeable reserve increases on this business. Let me be very clear, I can confidently say that long term care will not impact our ability to return capital to shareholders consistently.

## Strong capital position with a differentiated capital return

**Capital Returned to Shareholders**

$ in millions




**Highlights**

- Excess capital increased to $1.4 billion, ~$500 million of subsidiary dividends in the quarter and estimated RBC ratio increased to over 500%
- Opportunistically increased buyback in the quarter reflecting the share price decline and our comfort with our capital position
- Dividends and buyback were 91% of adjusted operating earnings[1]
- Increased annual dividend 8% to $0.90 per diluted share
- Adjusted operating return on equity of 29.3%

[1] Percent of adjusted operating earnings returned to shareholders via dividend and share repurchase
See non-GAAP financial measure reconciliations in appendix.



Turning to slide 13, Ameriprise balance sheet quality, cash flow generation and capital return capability remain very strong.

Ameriprise’s capital position remains strong with $1.4 billion of excess capital and an RBC ratio of over 500%.

In the quarter, we returned over $500 million of capital to shareholders, which was over 90 percent of our operating earnings. Also, we announced an increase in our quarterly dividend of 8% to $0.90 per diluted share, reflecting our ongoing commitment to capital return and confidence in our future cash flow capacity.

With that, we will take your questions.

# Reconciliation tables

Adjusted operating net revenues

| ($ in millions) | Q1 2017 | Q1 2018 | % Better/ (Worse) |
|---|---|---|---|
| Total net revenues | $ 2,926 | $ 3,168 | 8% |
| Less: CIEs revenue | 22 | 22 | |
| Less: Net realized investment gains (losses) | 17 | 6 | |
| Less: Market impact on indexed universal life benefits | 1 | 13 | |
| Less: Market impact of hedges on investments | 1 | 16 | |
| Adjusted operating total net revenues | 2,885 | 3,111 | 8% |
| Less: Net impacts of transitioning advisory accounts to share classes without 12b-1 fees | 30 | 7 | |
| Adjusted operating total net revenues normalized for 12b-1 impacts | $ 2,855 | $ 3,104 | 9% |

Adjusted operating expenses

| ($ in millions) | Q1 2017 | Q1 2018 | % Better/ (Worse) |
|---|---|---|---|
| Total expenses | $ 2,451 | $ 2,472 | (1)% |
| Less: CIEs expenses | 21 | 22 | |
| Less: Integration/restructuring charges | - | 3 | |
| Less: Market impact on variable annuity guaranteed benefits | 63 | 5 | |
| Less: Market impact on indexed universal life benefits | 1 | (12) | |
| Less: DAC/DSIC offset to net realized investment gains (losses) | 1 | - | |
| Adjusted operating expenses | $ 2,365 | $ 2,454 | (4)% |

# Reconciliation tables

Adjusted operating earnings per diluted share

| ($ in millions, except per share amounts) | Q1 2017 | Q1 2018 | Per Diluted Share Q1 2017 | Per Diluted Share Q1 2018 |
|---|---|---|---|---|
| Net income | $ 403 | $ 594 | $ 2.52 | $ 3.91 |
| Less net income (loss) attributable to the CIEs | 1 | - | 0.01 | - |
| Integration/restructuring charges[1] | - | 3 | - | 0.02 |
| Market impact on variable annuity guaranteed benefits[1] | 63 | 5 | 0.40 | 0.03 |
| Market impact on indexed universal life benefits[1] | - | (25) | - | (0.16) |
| Market impact of hedges on investments[1] | (1) | (16) | (0.01) | (0.11) |
| Net realized investment losses (gains)[1] | (16) | (6) | (0.10) | (0.04) |
| Tax effect of adjustments[2] | (16) | 8 | (0.10) | 0.05 |
| Adjusted operating earnings | $ 432 | $ 563 | $ 2.70 | $ 3.70 |
| | | | | |
| Weighted average common shares outstanding: | | | | |
| Basic | 157.5 | 149.5 | | |
| Diluted | 160.1 | 152.1 | | |

[1] Pretax operating adjustments.

[2] Calculated using the statutory tax rate of 35% in 2017 and 21% in 2018.

# Reconciliation tables

Adjusted operating return on equity

| ($ in millions) | Twelve Months Ended March 31, 2017 | Twelve Months Ended March 31, 2018 |
|---|---|---|
| Net income | $ 1,352 | $ 1,671 |
| Less: Adjustments [1] | (128) | (63) |
| Adjusted operating earnings | $ 1,480 | $ 1,734 |
| | | |
| Total Ameriprise Financial, Inc. shareholders' equity | $ 6,681 | $ 6,122 |
| Less: Accumulated other comprehensive income, net of tax | 418 | 210 |
| Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI | 6,263 | 5,912 |
| Less: Equity impacts attributable to the consolidated investment entities | 1 | 1 |
| Adjusted operating equity | $ 6,262 | $ 5,911 |
| | | |
| Return on equity, excluding AOCI | 21.6% | 28.3% |
| Adjusted operating return on equity, excluding AOCI [2] | 23.6% | 29.3% |

[1] Adjustments reflect the trailing twelve months' sum of after-tax net realized investment gains/losses, net of deferred sales inducement costs ("DSIC") and deferred acquisition costs ("DAC") amortization, unearned revenue amortization and the reinsurance accrual; the market impact on variable annuity guaranteed benefits, net of hedges and related DSIC and DAC amortization; the market impact on indexed universal life benefits, net of hedges and related DAC amortization, unearned revenue amortization, and the reinsurance accrual; the market impact on fixed index annuity benefits, net of hedges and the related DAC amortization; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; integration/restructuring charges; and the impact of consolidating certain investment entities. After-tax is calculated using the statutory tax rate of 35% in 2017 and 21% in 2018.

[2] Adjusted operating return on equity excluding accumulated other comprehensive income (AOCI) is calculated using the trailing twelve months of earnings excluding the after-tax net realized investment gains/losses, net of DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; market impact on variable annuity guaranteed benefits, net of hedges and related DSIC and DAC amortization; the market impact on indexed universal life benefits, net of hedges and related DAC amortization, unearned revenue amortization, and the reinsurance accrual; the market impact on fixed index annuity benefits, net of hedges and the related DAC amortization; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; integration/restructuring charges; the impact of consolidating certain investment entities; and discontinued operations in the numerator, and Ameriprise Financial shareholders' equity excluding AOCI and the impact of consolidating investment entities using a five-point average of quarter-end equity in the denominator. After-tax is calculated using the statutory tax rate of 35% in 2017 and 21% in 2018.

# Reconciliation tables

Adjusted operating general and administrative expense

| ($ in millions) | Q1 2017 | Q1 2018 | % Better/ (Worse) |
|---|---|---|---|
| General and administrative expense | $ 777 | $ 789 | (2)% |
| Less: CIEs expense | - | 1 | |
| Less: Integration/restructuring charges | - | 3 | |
| Adjusted operating general and administrative expense | $ 777 | $ 785 | (1)% |

Advice & Wealth Management adjusted operating net revenues

| ($ in millions) | Q1 2017 | Q1 2018 | % Better/ (Worse) |
|---|---|---|---|
| Adjusted operating total net revenues | $ 1,321 | $ 1,501 | 14% |
| Less: Net impact of transitioning advisory accounts to share classes without 12b-1 fees | 30 | 7 | |
| Adjusted operating total net revenues normalized for 12b-1 impact | $ 1,291 | $ 1,494 | 16% |

# Reconciliation tables

Asset Management net pretax adjusted operating margin

| ($ in millions) | Q1 2017 | Q1 2018 |
|---|---|---|
| Adjusted operating total net revenues | $ 725 | $ 778 |
| Less: Distribution pass through revenues | 206 | 201 |
| Less: Subadvisory and other pass through revenues | 92 | 85 |
| Net adjusted operating revenues | $ 427 | $ 492 |
| | | |
| Pretax adjusted operating earnings | $ 150 | $ 195 |
| Less: Adjusted operating net investment income | 4 | 2 |
| Add: Amortization of intangibles | 4 | 5 |
| Net adjusted operating earnings | $ 150 | $ 198 |
| | | |
| Pretax adjusted operating margin | 20.7% | 25.1% |
| Net pretax adjusted operating margin | 35.1% | 40.2% |

Asset Management adjusted operating general and administrative expense

| ($ in millions) | Q1 2017 | Q1 2018 | % Better/ (Worse) |
|---|---|---|---|
| Adjusted operating general and administrative expense | $ 309 | $ 325 | (5)% |
| Less: Lionstone expense | - | 8 | |
| Adjusted operating general and administrative expense excluding Lionstone | $ 309 | $ 317 | (3)% |