Ameriprise Financial

Second Quarter 2018 Conference Call

July 25, 2018

Forward-looking statements

Some of the statements made in our July 24, 2018 earnings release and/or in this July 25, 2018 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of July 25, 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 July 24, 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 July 24, 2018 and may be revised in our Form 10-Q for the quarter ended June 30, 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.

Alicia Charity – SVP, Investor Relations:
Thank you operator and good morning. Welcome to Ameriprise Financial's second 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 second 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 second quarter results

GAAP Earnings	Q2 2018	Q2 2017	Better/(Worse)
Net Revenues ($M)	$3,196	$3,012	6%
Expenses ($M)	$2,648	$2,501	(6%)
Net Income ($M)	$462	$393	18%
Diluted EPS	$3.10	$2.50	24%
ROE, ex AOCI	29.6%	23.0%	660 bps

Adjusted Operating Earnings	Q2 2018	Q2 2017	Better/(Worse)
Net Revenues ($M)	$3,147	$2,977	6%
Expenses ($M)	$2,505	$2,393	(5%)
Earnings ($M)	$536	$441	22%
Diluted EPS	$3.60	$2.80	29%
ROE, ex AOCI	31.1%	25.2%	590 bps

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 second 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.

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

Jim Cracchiolo - Chairman and Chief Executive Officer:

Hello and thanks for joining us for today's earnings call. I'm pleased to share that Ameriprise had a strong second quarter. Across our diversified firm, we're executing our strategy for growth and long-term value creation.

This morning, I'll discuss the strength of the company, and the progress we're making, both from a business and financial perspective. And then, Walter will delve into the financials.

As I reflect on the quarter, we're building on the growth and momentum from the first part of the year and that we've consistently delivered for many years.

On an adjusted operating basis:

- Revenue increased nicely, up 6%.
- We delivered significant growth in earnings, up 22%.
- With earnings per share also growing strongly, up 29%.
- And, our return on equity was 31.1%, which is among the highest in the industry.

In addition, our assets under management and administration were also up 7% to $891 billion.

In terms of our overall business, there are some important themes to take away:

- First, as part of our diversified firm, Advice & Wealth Management remains the growth driver of Ameriprise. As a segment, AWM generated 50% of our second quarter pre-tax adjusted operating earnings, excluding Corporate.
- From a business perspective, we're serving clients' needs comprehensively with our advice value proposition and quality solutions. Our clients recognize the meaningful value that comes from working with Ameriprise. And importantly, we're attracting more clients and more assets.

- Second, Ameriprise has a strong track record of generating profitable growth and shareholder value while responding well to a changing operating environment.
- And third, complementing our distribution, our Asset Management and Insurance & Annuities businesses provide strong solutions to serve our clients' needs. In addition, their ability to consistently generate free cash flow is excellent – which gives us further ability to invest for the future as well as return capital at a high level.

Like others, Ameriprise is also benefiting from a better operating environment. Equity markets globally are positive. We've seen a meaningful pick-up in short-term interest rates though long-term rates are still relatively low. The U.S. economy and employment levels are also improving nicely. However, global trade and geopolitical issues remain and we're seeing that reflected in the higher equity market volatility. And in the UK, we're closely navigating Brexit and executing our strategy to adapt accordingly.

In Advice and Wealth Management, we delivered record business and financial metrics in the quarter. We continue to bring in strong client flows and are generating double-digit revenue, earnings and productivity growth.

We have a consistent growth plan in place – and with our focused execution and efficient use of resources, we're garnering strong results. As we've shared with you, key to our strategy is to grow our retail client base and serve more mass affluent and affluent investors with advice and to deepen relationships with our clients.

I'm pleased to report that we're making good progress. Advisors are focused on client acquisition. We're serving more clients in financial planning relationships. We also continue to bring in clients with over $1 million of investable assets. This is a significant opportunity for us and an area where we're expanding our services. Ameriprise client assets grew a robust 10% to $566 billion.

We've built one of the largest investment advisory platforms in the industry. We continue to grow it and attract client assets. Net inflows into fee-based investment advisory accounts were up nicely at $5.3 billion, an increase of 18% from last year and the fifth consecutive quarter above $4 billion.

Client assets in these fee-based accounts as well as in other solutions are allocated across equities, fixed income and other asset classes. And because of our broad solutions and deep client relationships, assets can shift and stay at Ameriprise according to a changing market conditions or client preferences.

And, cash balances are over $24 billion and with short interest-term rates up – we're generating additional net spread revenue, up 56% vs last year.

Our advisors are benefitting - productivity growth is strong. With excellent client flows as well as growth in assets and higher activity, advisor productivity was up 12% to $599,000 on a trailing 12-month basis, when you adjust for our 12b-1 fee change. Ameriprise advisors consistently grow productivity faster than many of our key competitors.

And, we continue to bring in experienced, productive advisors. Another 76 joined us in the quarter. Ameriprise has a competitive, attractive offering and the recruiting pipeline for the second half of the year looks good.

As we continue to focus our resources for future growth, the U.S. wealth management opportunity today is larger, both in terms of households as well as asset levels. We also know that our target market – investors with $500,000 to $5 million dollars – want and need advice.

In that regard, they're looking for a firm that will help them feel confident about their financial future. Confidence was and still is the outcome of advice and working with an Ameriprise advisor.

And as a longstanding leader in advice, Ameriprise is differentiated in the marketplace. Consumers need to plan and accumulate wealth for retirement, and we're well positioned to serve this need and to continue to drive strong growth.

We've been conducting our own client satisfaction survey -- I'm pleased to report that our results are best in class – with client satisfaction of an impressive 4.8/5. Our clients are highly satisfied because of the important work our advisors do every day as well as the total experience Ameriprise provides. This complements our external recognition where consumers rated Ameriprise at the top of the investment industry for likelihood to recommend the firm to friends and colleagues.

The Ameriprise culture and the way we work with clients continues to be an important differentiator.

We know that trust is the most important factor for clients as well as our target market prospects when they select a financial firm to work with.

During the quarter, in the Temkin 2018 ratings - Ameriprise was rated #1 in trust across investment firms.

And, consumers were also asked how likely they would be to forgive companies if those firms made a mistake. Ameriprise was also rated #1 for consumer forgiveness for the second consecutive year.

We're not stopping there and we continue to help advisors satisfy client goals and grow their practices. We are further investing in our client experience, complementing it with the introduction of new digital advice tools, our new and enhanced customer relationship management capability as well as enhanced goal tracking. We're beginning to introduce these capabilities and in the coming months, we will be delivering focused training to support advisors to uptake through 2019 that will help us continue our journey and focus on growth.

We are also continuing our investment in the Ameriprise brand and getting our great story out to the marketplace – brand awareness has reached a record 70%.

We believe that this combination of strong client-focus, recognition, and results, as well as the investments we're making continue to position us well for further growth.

As part of our asset accumulation approach, insurance and annuities are part of our solution set and benefit both our clients as well as generate appropriate returns for the company. They complement the other I&A manufacturers in our network and the broader range of solutions we offer clients.

Our I&A books are of high quality, we have good retention of assets and only sell in our network. And therefore, we generate good returns and cash flow for the company. Our results are in-line with our plans. We aren't searching for growth and therefore don't need to go out on the risk curve to compete.

Given that, we are seeing a good pick up in VA sales, up 16%, with 30% of our activity in products without living benefits, a continuation of the growth we experienced in the first quarter.

With regard to fixed annuities, since spreads are tight, we are not replenishing our activity.

And in life and health, account balances are up 4% and sales are steady.

In Auto and Home, we continue to see improvement in our underlying results through increased rates and plan rating sophistication, product changes, underwriting advances, and disciplined claims management. At the same time, we consistently earn high consumer satisfaction ratings, once again being recognized as a leader in California auto insurance, our largest state.

As you saw in our pre-announcement, we along with many other insurers were impacted by wind and hailstorms in Colorado and Texas in the quarter. We are taking steps to further reduce our catastrophic risk profile, including curtailing a homeowners' partnership with Progressive and putting more emphasis on the auto line.

As part of Ameriprise, our Asset Management business complements our Wealth Management strength.

There are three key themes I want you to take away:

- First, we have a nice diversified base of assets that we manage with a good mix of equity, fixed income and alternative categories for both retail and institutional clients distributed both domestically and internationally. And, we're generating competitive profitability.
- Second, we're managing a strategic mix shift to more third-party assets.
- Third, we have a good diversified product line and distribution and we're making the necessary changes to enhance the business further to improve longer term flow results.

Let me take you through each of these themes in more detail.

In the quarter, our assets increased slightly to $482 billion.

Our teams are generating consistent, competitive performance for our clients. At the end of the quarter, about 70% of our funds – equities, fixed income and asset allocation – were above Lipper medians or benchmarks over multiple timeframes. This has resulted in 110 four- and five-star funds offered globally.

With the shift of assets, we've maintained our fee levels while we continue to manage expenses tightly while making appropriate investments and managing regulatory changes. Our margins are strong at 38% and profitability was up a bit compared to last year.

And, while near-term growth has been challenging, the percentage of lower-fee, former parent Assets Under Management in largely closed blocks has gradually declined as a percentage of the total as we've increased higher-fee, third party Assets Under Management. Our strategic relationships with former-parent companies provide an important base of our assets. Consistent with our plans, former-parent Assets Under Management-levels have declined by about half since 2010 while our total Assets Under Management has grown to $482 billion.

In the quarter, while we remain in net outflows, we did experience improvement in total net outflows of $1.7 billion for the quarter, compared to $8.7 billion of outflows a year ago.

Former parent outflows were $2.2 billion compared to elevated outflows of $7.1 billion last year.

Global retail excluding former parent was in net inflows of $2 billion in the quarter. In U.S., we are making progress with the top eight wealth managers. For example, our funds where we concentrate our wholesaling efforts had inflows of nearly $1 billion for the quarter. And in EMEA wholesale, flows have moved from outflows last quarter to slightly positive in the quarter. Activity has improved but isn't fully back given Brexit and the political uncertainty in Europe that has increased volatility, particularly in June.

In Institutional, we had $1.5 billion in outflows excluding former parent which was mainly driven by CLOs. And with markets a bit more volatile, we're experiencing a slow-down in mandate fundings that we believe reflects current market environment.

And the third theme - we're making the changes necessary to evolve the business.

With strong product lines, we're focused on further strengthening our third-party distribution both in terms of reach and productivity.

That includes a stronger focus on driving sales of our key products with the larger broker dealers.

It also includes significantly expanding our SiCAV product line in our Luxembourg fund range and launching new products such as our European Dynamic Real Return strategy, that we introduced in Europe to complement our UK product line.

We're also expanding our distribution reach in key European markets and expanding our marketing and sales activities there.

In addition, we're executing the Brexit transition, an important initiative that we're managing along with our growth initiatives.

Importantly, we continue to invest to enhance our brand awareness in our key markets as well as our website and in digital capabilities.

In addition, we're enhancing our data analytics capabilities as part of an Ameriprise-wide initiative. It includes optimizing data to help identify and target sales opportunities and leveraging data within our investment research.

From an infrastructure perspective, we've completed key deliverables to enhance our front, middle and back office systems and operations. And we are realizing savings. These savings are helping to offset research costs we have to absorb due to MiFID, as well as costs to implement changes required for Brexit and new European regulatory requirements. This focus will continue.

So overall, in closing:

- We have a clear focus on client needs and a strong consumer value proposition.
- We continue to deliver excellent financial results and returns.

- We have a strong financial foundation and we continue to invest significantly for growth, return capital and navigate the environment. In fact, as we've invested in the business, we've returned more than $400 million a quarter to shareholders for 25 consecutive quarters.
  From our perspective, based on our consistently strong business and financial results and our ability to manage risk well and the quality of our business, Ameriprise is significantly undervalued today, especially compared to our competitors.

Now Walter will cover the numbers and I'll be back to take your questions.

Q2 2018 Business & Financial Results

Walter Berman
Chief Financial Officer

Strong financial performance in the quarter

6%
Revenue Growth

29%
EPS Growth

31.1%
Return on Equity ex. AOCI

See non-GAAP financial measure reconciliations in appendix.

Walter Berman – Chief Financial Officer:

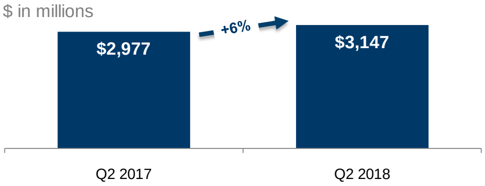
Thank you, Jim.

Ameriprise delivered strong results in the quarter. We continue to make significant progress in delivering our long-term shareholder objectives with strong 6 percent growth in revenue, 29 percent growth in EPS and a 31 percent return on equity.

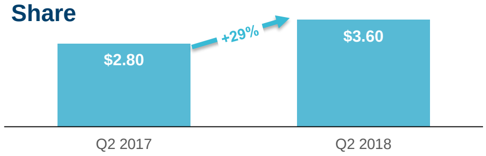
Strong revenue, EPS and ROE growth across the firm

Adjusted Operating Total Net Revenue

$ in millions

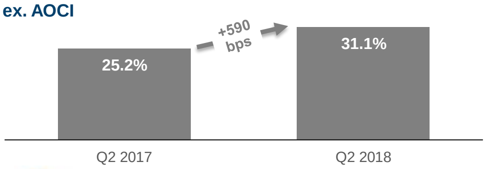


Adjusted Operating Earnings Per Diluted Share



Adjusted Operating Return on Equity

ex. AOCI



Highlights

- Significant 6% revenue increase driven by wealth management
- G&A expenses well managed, up 2%
- Opportunistic deployment of capital reflecting strong balance sheet, capital position and free cash flow generation
  - $400 million share repurchase
  - $132 million of dividends
- AWM represented 50% of pretax adjusted operating earnings(1) in the quarter, with AWM and Asset Management now representing 75% of earnings(1)

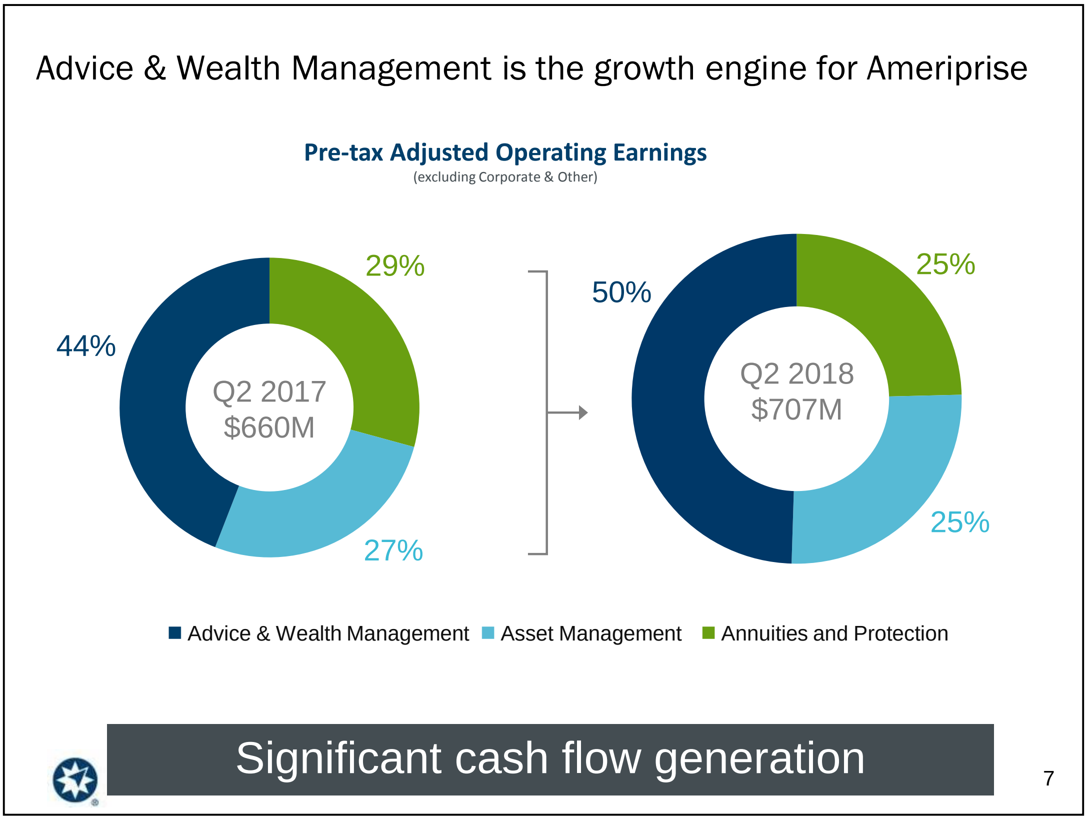
(1) Excluding Corporate & Other segment
See non-GAAP financial measure reconciliations in appendix.

Let me take you through the details beginning on slide 6. Overall, Ameriprise delivered strong revenue growth – up 6 percent in the quarter, largely driven by Advice & Wealth Management. Asset Management, Annuities and Protection had stable revenue that was in line with expectations.

Expenses continue to be well managed across the firm, with G&A up only 2 percent. I will go into detail on expenses in each segment on the subsequent pages.

We returned $532 million to shareholders through buyback and dividends. Given the lower share price in the quarter, we opportunistically increased the amount of share repurchase to the highest level over the past 6 quarters.

In total, adjusted operating EPS was $3.60, fueled by Advice & Wealth Management, which now makes up half of our pretax adjusted operating earnings.

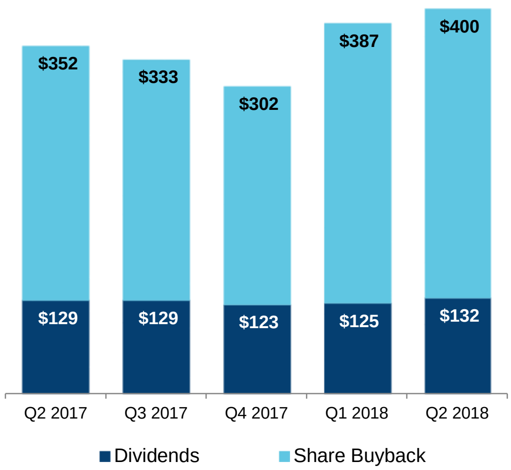


Let’s turn to slide 7. As I just indicated, Advice & Wealth Management represents half of pretax adjusted operating earnings, demonstrating a significant trend - up from 44 percent last year. Advice & Wealth Management continues to drive growth at Ameriprise and our asset management and insurance capabilities complement and benefit from its strength.

Combined with Asset Management, the fee-based businesses made up three-quarters of our earnings for the quarter. This mix shift continues to generate significant free cash flow.

Strong capital position with a differentiated return to shareholders

Capital Returned to Shareholders
$ in millions



Highlights

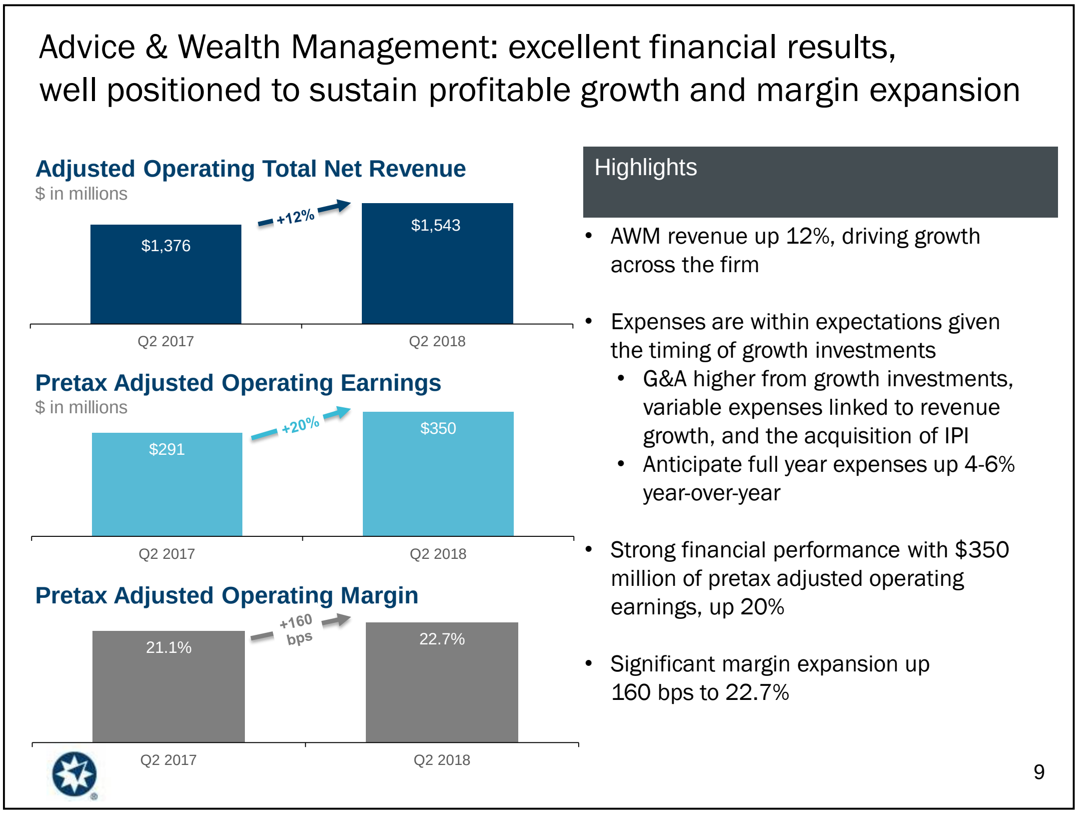
- Excess capital was $1.4 billion, ~$470 million of subsidiary dividends in the quarter and an estimated RBC ratio of 532%
- Opportunistically increased buyback in the quarter reflecting the share price decline and our comfort with our capital position
- Dividends and buyback were 99% of adjusted operating earnings[1]
- Adjusted operating return on equity excluding AOCI was 31.1%

[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 8, Ameriprise’s cash flow generation, balance sheet quality and capital return capability remain very strong.

Ameriprise’s excess capital is $1.4 billion and our estimated RBC ratio is 532%.

In the quarter, we returned $532 million of capital to shareholders, which was nearly 100 percent of our adjusted operating earnings. This demonstrated our ongoing commitment to capital return, as well as confidence in our risk analytics and future cash flow capacity.



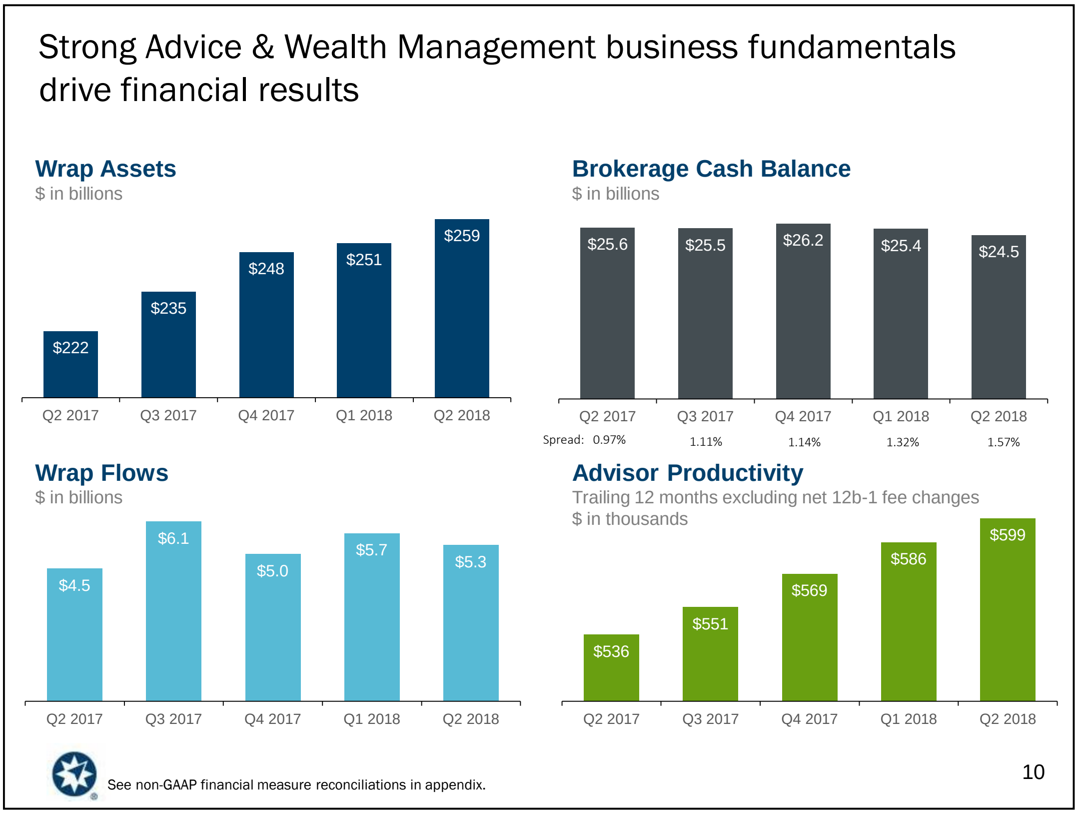
Let’s turn to AWM on slide 9. Advice & Wealth Management is delivering consistent strong financial performance that is underpinned by business fundamentals that support sustained organic growth.

Revenues grew 12 percent, driven by wrap net inflows and higher transactional activity levels, as well as equity markets and the benefit of higher short rates on cash sweep balances.

Expenses increased in line with revenues and reflects higher distribution-related expenses. G&A increased 8 percent, about half of which was related to investments for future business growth, including new digital capabilities and the addition of IPI Advisors. Additionally, G&A was up due to higher volume-related expenses.

Given the revenue environment and our future growth objectives, we expect G&A expenses to be up 4 to 6 percent for the full year. While we are investing substantially for future growth, we remain diligent in ensuring we are making the right investments that will see the best payback and that expenses are managed in line with revenues.

Overall, AWM had substantial 20% earnings growth and margins reached a new record of 22.7 percent.



Let's turn to the elements that will drive sustained profitable growth on slide 10. Advice & Wealth Management has a strong track record of improving business fundamentals which support good financial performance across market cycles.

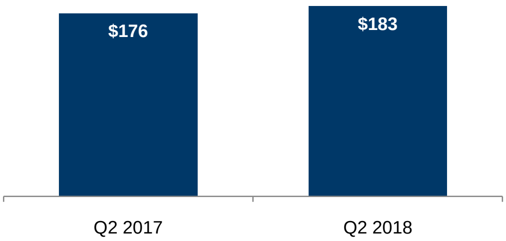
Total client assets increased 10 percent to $566 billion, driven by growth in wrap assets of 16 percent reflecting client demand for fee-based products. In the quarter, wrap net inflows were $5.3 billion, which is our fourth consecutive quarter with wrap flows of over $5 billion.

Brokerage cash balances remain substantial at $24.5 billion, down slightly as clients are putting money to work. We are benefitting from short rates getting back to more normal historic levels and we saw the spread rise to 1.57% in the quarter. While we have retained a high percentage of the rise in short rates to date, we would expect to gradually pass along more of that to clients in the second half of the year, and we'll closely monitor crediting rates offered by competitors.

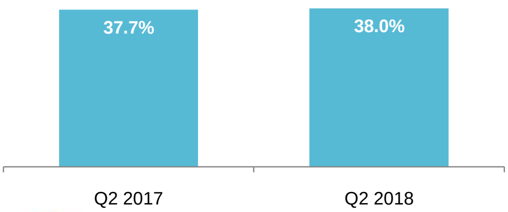
Advisor productivity also continues to steadily improve, reaching nearly $600,000 on a trailing 12 month basis.

Global Asset Management: transitioning business while maintaining good financial performance

Pretax Adjusted Operating Earnings
$ in millions



Net Pretax Adjusted Operating Margin



Highlights

- Revenues up 1% driven by market appreciation more than offsetting the cumulative impact of net outflows
  - Fee rate in the quarter was in line with expectations at 52-53 bps
- G&A expenses are up 2% reflecting investments in products, solutions and brand capabilities
- Adjusted margin expected to remain in the 35-39% range going forward

See non-GAAP financial measure reconciliations in appendix.

Let's turn to Asset Management on page 11. Asset Management financial performance remained very good as we transition the business during a period of industry change.

Revenues were up 1 percent from strong market appreciation and the acquisition of Lionstone, which was partially offset by net outflows and lower CLO performance fees than the year ago period. In addition, the fee rate was consistent with our expectations in the 52 to 53 basis point range.

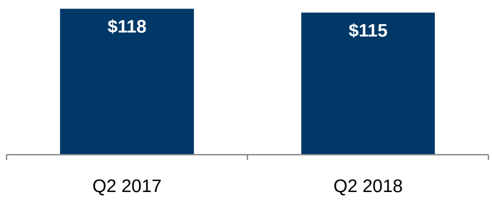
Expenses continue to be prudently managed. Excluding the acquisition of Lionstone, G&A was flat, even with continued investments in the business and elevated research and regulatory costs in the UK and Europe. The investments we've made to enhance operational efficiencies are bearing fruit and helping to offset this additional expense.

We delivered a 38% 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

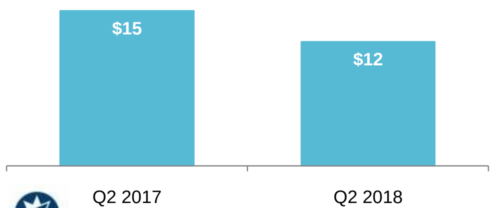
VA Pretax Adjusted Operating Earnings, excluding mean reversion

$ in millions



FA Pretax Adjusted Operating Earnings

$ in millions



Highlights

Variable Annuities

- Pretax adjusted operating earnings are driven by:
  - Equity market appreciation
  - Continued net outflows
  - Lower mean reversion benefit
- Variable annuity sales are up 16%; net outflows improved by $240M
- Strong risk management processes
- Net amount at risk as a percent of account value: 0.5% 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

See non-GAAP financial measure reconciliations in appendix.

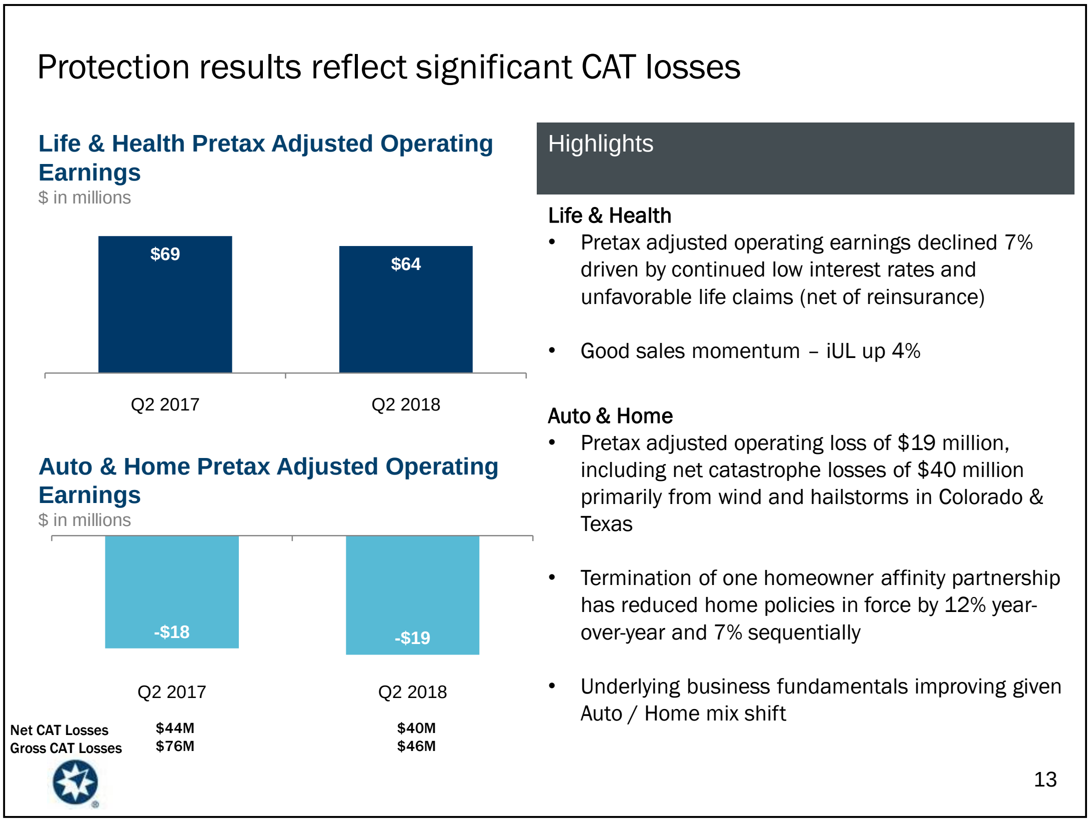
12

Let’s turn to Annuities on slide 12.

Variable annuities earnings were $117 million, down from last year and in line with expectations in this environment. Equity market appreciation increased account values year-over-year, but earnings were down due to lower mean reversion than a year ago and net outflows.

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 16% increase in our sales of our variable annuity product.

Fixed annuities pretax adjusted operating earnings declined to $12 million as lapses and interest rates continue to impact results as expected.



Turning to Protection on slide 13. Life & Health pretax adjusted operating earnings declined 7 percent from the pressure of continued low interest rates, consistent with the industry. Total claims are in line with expectations, though there was less reinsurance coverage in the period.

In the Auto & Home business, pretax adjusted operating results in the quarter were impacted by elevated net CAT losses of $40 million, concentrated in Colorado and Texas. We continue to reduce home exposures in severe convective storm states from the termination of one of our affinity partnerships along with other actions. This has resulted in homeowners policies in force declining 12% year-over-year and 7% in the quarter. We expect this to improve our risk profile going forward, as will other actions being taken. We had substantially lower gross CAT losses in the first half of 2018 compared to the first half of 2017. However, we realized little benefit from reinsurance as year-to-date CATs have not yet exceeded the retention of our aggregate CAT treaty. Should we experience similar CAT activity during the rest of the year, we will see the benefit of our reinsurance arrangements as we did last year.

Underlying Auto & Home results are benefitting from the improvements we've made over the past couple years in product management, pricing, underwriting, and claims. However, we have not yet reflected the favorable development from these changes in our reserve estimates to date.

Our LTC book is seasoned, adequately reserved and a manageable risk profile

- Quarterly results are in line with expectations with normal fluctuations in claims

- Our block has tremendous credible experience; it is a closed block that was sold from 1989 to 2002

- First generation policies, issued 1989 to 1999 and representing half of lives covered
  - Materially shrinking policyholder base given average attained age of 80 years
  - Substantial credible experience given age of the block, recent experience has deviated very little from reserve assumptions
  - 54% with lifetime benefits
  - GAAP active and disabled life reserve $1.3B at 6/30/18

- Second generation policies, issued 1997 to 2002 and representing the other half of covered lives
  - Also quite mature with decreasing risk profile given average attained age of 75
  - Significant credible experience that will further develop over time using the same processes as our first generation block
  - 38% with lifetime benefits – reflects movement towards move conservative underwriting, higher premium per policy
  - GAAP active and disabled life reserve $1.0B at 6/30/18

Next, I would like to spend a few minutes on our long term care business beginning on slide 14.

In the quarter, long term care had a pretax adjusted operating loss of $5 million, partially driven by lower investment portfolio yields. Claims were in line with expected ranges.

As I spoke with you about last quarter, we believe we have a seasoned long-term care book that is appropriately reserved, and we remain very comfortable with our exposure. We began writing the business in 1989 and sold our last policy in 2002, which gives us a substantial amount of experience to inform our reserves estimates.

I think about our long term care business in 2 distinct blocks.

- First, our older generation policies that were written between 1989 and 1999, which is half of our policies and 56% of GAAP reserves. This block has been shrinking over the last few years given the average attained age is now 80 and the average attained age of policyholders on claim is 87. We benefit from having substantial credible experience, so our actual results have deviated very little from reserves in recent years.
- Next, we have our second generation polices that were written from 1997 until 2002. This block has a more conservative risk profile – specifically, a smaller portion of the block has lifetime benefits and there are higher premiums per policy. This block has significant credible experience and we follow the same reserving practices. The average attained age is 75 overall, with the average age of those on claim is 84 for this block.

We have consistently and actively managed our LTC exposure

- Steadily increased rates since 2005, with average approved cumulative increases of:
  - 138% on first generation block
  - 63% on second generation block, lower given the more recent vintages
  - Above the average industry adjustments over the same period
- Rigorous reserving process, externally validated and reflecting regular adjustments
  - Our reserves are audited as of 12/31/2017
  - Annual adjustments as a result of updated data have been small
  - Assumptions are reasonable and supported by credible experience; no assumed morbidity improvement
  - Statutory reserves are $400 million higher than GAAP, with $165 million asset adequacy reserves and margins for major assumptions
  - GAAP reserves include approximately $120 million benefit from future rate actions, of which approximately 30% is already approved
- Prudent management of investment portfolio
  - Liquid, investment grade portfolio that is in a net unrealized gain position

Rate increases as of 12/31/2017

15

Let's turn to slide 15. As I mentioned before, we utilize three primary levers to manage the long-term care business:

- First, we have taken an active approach to steadily increasing rates since 2005, with cumulative rate increases of 138% on our first generation block and 63% on our second generation block.
- Second, we have a rigorous reserving process that reflects the policy features and risk characteristics of our blocks. I would like to note that our statutory reserves are approximately $400 million higher than our GAAP reserves, and includes margins for key assumptions like morbidity and mortality, as well as $165 million in asset adequacy reserves that we voluntarily put up to build in additional conservatism.
- Lastly, we have prudently managed our investment portfolio by maintaining a liquid, investment grade portfolio that is currently in a net unrealized gain position.

In the third quarter, we will add another year of experience and incorporate any deviation from our assumptions into the reserve calculation. To date, reserve adjustments have been small and manageable.

I continue to believe that our long-term care business is adequately reserved and well managed. As such, I do not believe that long term care will impact our ability to return capital to shareholders consistently.

Conclusion

- Ameriprise continues to deliver very strong financial performance
- The growth trajectory for Advice & Wealth Management remains excellent
- We remain focused on delivering continued solid financial performance in Asset Management while investing to transition the business
- The risk profile is effectively managed, including for our long-term care business
- Our business mix shift and risk management capabilities will support continued strong free cash flow generation
- The market appears to be undervaluing the strengths of the franchise, we are confident in our story and increased share buyback

In conclusion, Ameriprise delivered another quarter of excellent financial performance and demonstrated the sustainability of our business fundamentals and growth. The outlook for AWM is outstanding, we're managing a period of transition for Asset Management, and our enterprise risk management program is very effective.

We feel confident that we will continue to execute on our strategy and deliver strong results and free cash flow generation going forward. The investment thesis for Ameriprise remains intact and is particularly attractive at the current valuation.

With that, we will take your questions.

Reconciliation tables

Adjusted operating net revenues

($ in millions)	Q2 2017	Q2 2018	% Better/ (Worse)
Total net revenues	$ 3,012	$ 3,196	6%
Less: CIEs revenue	25	49	
Less: Net realized investment gains (losses)	21	5	
Less: Market impact on indexed universal life benefits	(3)	(10)	
Less: Market impact of hedges on investments	(8)	5	
Adjusted operating total net revenues	$ 2,977	$ 3,147	6%

Adjusted operating expenses

($ in millions)	Q2 2017	Q2 2018	% Better/ (Worse)
Total expenses	$ 2,501	$ 2,648	(6)%
Less: CIEs expenses	24	49	
Less: Integration/restructuring charges	-	4	
Less: Market impact on variable annuity guaranteed benefits	80	80	
Less: Market impact on indexed universal life benefits	3	10	
Less: DAC/DSIC offset to net realized investment gains (losses)	1	-	
Adjusted operating expenses	$ 2,393	$ 2,505	(5)%

Reconciliation tables

Adjusted operating earnings per diluted share

($ in millions, except per share amounts)			Per Diluted Share	
	Q2 2017	Q2 2018	Q2 2017	Q2 2018
Net income	$ 393	$ 462	$ 2.50	$ 3.10
Less net income (loss) attributable to the CIEs	-	-	-	-
Integration/restructuring charges(1)	-	4	-	0.03
Market impact on variable annuity guaranteed benefits(1)	80	80	0.51	0.53
Market impact on indexed universal life benefits(1)	6	20	0.04	0.13
Market impact of hedges on investments(1)	8	(5)	0.05	(0.03)
Net realized investment losses (gains)(1)	(20)	(5)	(0.13)	(0.03)
Tax effect of adjustments(2)	(26)	(20)	(0.17)	(0.13)
Adjusted operating earnings	$ 441	$ 536	$ 2.80	$ 3.60
Weighted average common shares outstanding:				
Basic	155.1	147.0		
Diluted	157.5	149.0		

(1) Pretax adjusted 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 June 30, 2017	Twelve Months Ended June 30, 2018
Net income	$ 1,410	$ 1,740
Less: Adjustments [1]	(132)	(89)
Adjusted operating earnings	$ 1,542	$ 1,829
Total Ameriprise Financial, Inc. shareholders' equity	$ 6,518	$ 6,004
Less: Accumulated other comprehensive income, net of tax	390	131
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	6,128	5,873
Less: Equity impacts attributable to the consolidated investment entities	1	1
Adjusted operating equity	$ 6,127	$ 5,872
Return on equity, excluding AOCI	23.0%	29.6%
Adjusted operating return on equity, excluding AOCI [2]	25.2%	31.1%

[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)	Q2 2017	Q2 2018	% Better/ (Worse)
General and administrative expense	$ 767	$ 788	(3)%
Less: CIEs expense	2	-	
Less: Integration/restructuring charges	-	4	
Adjusted operating general and administrative expense	$ 765	$ 784	(2)%

Reconciliation tables

Advice & Wealth Management adjusted operating net revenues (trailing 12 months)

($ in millions)	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Adjusted operating total net revenues	$ 5,341	$ 5,452	$ 5,616	$ 5,796	$ 5,963
Less: Net impact of transitioning advisory accounts to share classes without 12b-1 fees	164	111	60	40	40
Adjusted operating total net revenues normalized for 12b-1 impact	$ 5,177	$ 5,341	$ 5,556	$ 5,756	$ 5,923

Asset Management net pretax adjusted operating margin

($ in millions)	Q2 2017	Q2 2018
Adjusted operating total net revenues	$ 747	$ 755
Less: Distribution pass through revenues	194	196
Less: Subadvisory and other pass through revenues	91	88
Net adjusted operating revenues	$ 462	$ 471
Pretax adjusted operating earnings	$ 176	$ 183
Less: Adjusted operating net investment income	6	8
Add: Amortization of intangibles	4	4
Net adjusted operating earnings	$ 174	$ 179
Pretax adjusted operating margin	23.6%	24.2%
Net pretax adjusted operating margin	37.7%	38.0%

Reconciliation tables

Asset Management adjusted operating general and administrative expense

($ in millions)	Q2 2017	Q2 2018	% Better/ (Worse)
Adjusted operating general and administrative expense	$ 315	$ 321	(2)%
Less: Lionstone expense	-	7	
Adjusted operating general and administrative expense excluding Lionstone	$ 315	$ 314	0%

Variable annuities pretax adjusted operating earnings

($ in millions)	Q2 2017	Q2 2018	% Better/ (Worse)
Pretax adjusted operating earnings	$ 127	$ 117	(8)%
Less: Market impact on DAC and DSIC (mean reversion)	9	2	
Pretax adjusted operating earnings excluding mean reversion	$ 118	$ 115	(3)%