



Ameriprise Financial

First Quarter 2019 Conference Call

April 25, 2019



Forward-looking statements

Some of the statements made in our April 24, 2019 earnings release and/or in this April 25, 2019 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of April 25, 2019. 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 24, 2019 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, 2018. 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 24, 2019 and may be revised in our Form 10-Q for the quarter ended March 31, 2019.

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.



Consolidated first quarter results

GAAP Results	Q1 2019	Q1 2018	Over/(Under)
Net Revenues (\$M)	\$3,118	\$3,168	(2%)
Expenses (\$M)	\$2,648	\$2,472	(7%)
Net Income (\$M)	\$395	\$594	(34%)
Diluted EPS	\$2.82	\$3.91	(28%)
ROE, ex. AOCI	32.5%	28.3%	420 bps

Adjusted Operating Results	Q1 2019	Q1 2018	Over/(Under)
Net Revenues (\$M)	\$3,118	\$3,111	0%
Expenses (\$M)	\$2,483	\$2,460	(1%)
Earnings (\$M)	\$525	\$558	(6%)
Diluted EPS	\$3.75	\$3.67	2%
ROE, ex. AOCI	36.4%	28.5%	790 bps



See non-GAAP financial measure reconciliations in appendix.

Q1 2019 Business & Financial Results

Walter Berman

Chief Financial Officer



First quarter earnings highlights

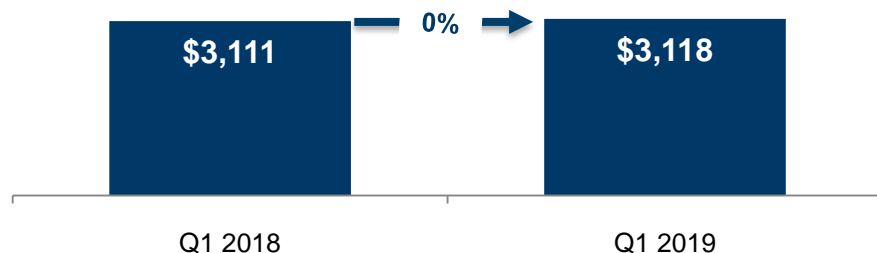
- Strong underlying financial performance continued in the quarter, consistent with internal and external expectations
- EPS grew 8% after normalizing for taxes and a one-time vendor credit in the prior year, despite market headwinds and lower client activity early in the quarter
- Advice & Wealth Management pretax earnings were up 11% to \$350M:
 - Strong growth in fee-based activity despite impact of lower average equity markets
 - Transactional activity level impacted by client reaction to the December market dislocation with recovery by the end of the quarter
- Asset Management, Annuities and Protection delivered financial results in line with expectations
- Balance sheet fundamentals were further strengthened by execution of capital and risk optimization actions, with excess capital of \$1.8 billion at quarter end



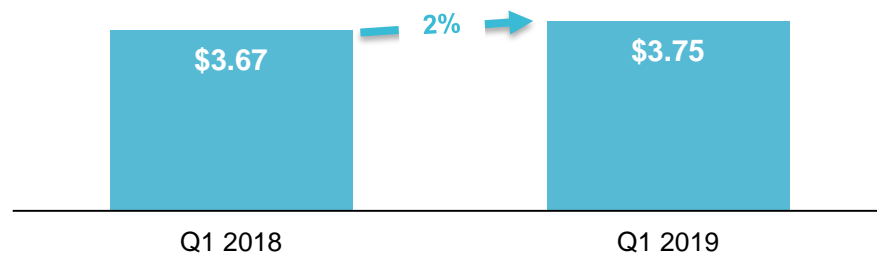
Underlying EPS and ROE growth driven by Wealth Management

Adjusted Operating Total Net Revenue

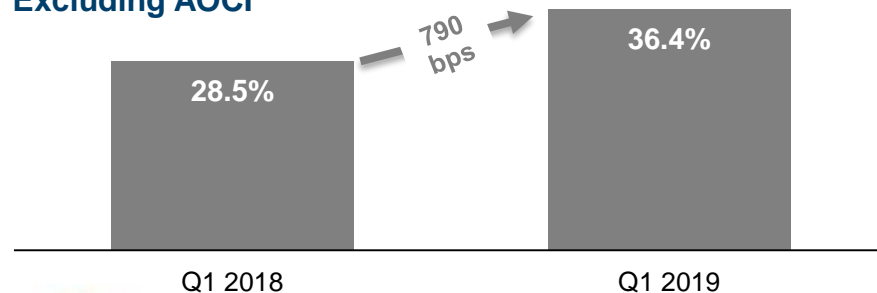
\$ in millions



Adjusted Operating EPS



Adjusted Operating Return on Equity Excluding AOCI



Highlights

- Adjusted operating EPS was up 8% after normalizing for taxes and a one-time vendor settlement in the prior year
- Solid revenues driven by strong wrap flows and benefit of higher short-term interest rates, offset by equity market headwinds, lower client activity at the beginning of the quarter, and asset management outflows
- G&A expenses remain well managed, up 2% including:
 - Level & timing of increased investments for AWM growth initiatives
 - Mark to market impacts on share based compensation expense
- Tax rate was elevated in the quarter, but the full year tax rate is expected to be approximately 16%
- Proactive actions were executed to reduce the company's overall risk profile while increasing excess capital
- Returned over 90% of operating earnings to shareholders

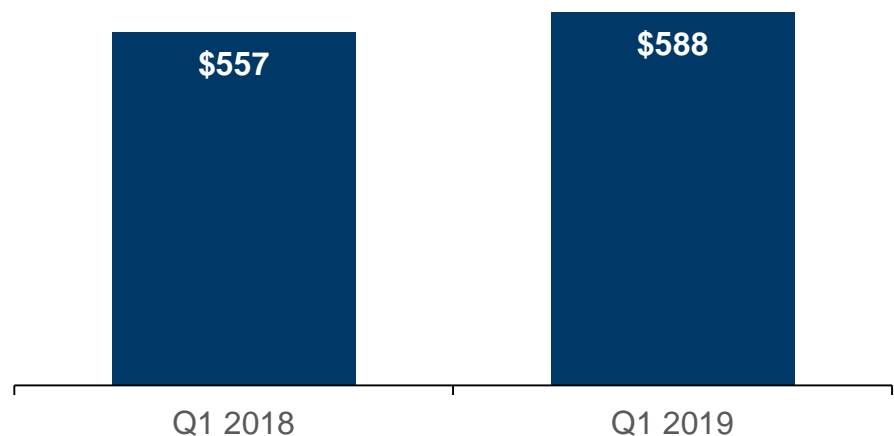


See non-GAAP financial measure reconciliations in appendix.

Strong Advice & Wealth Management organic growth was muted by market headwinds and consumer sentiment, but recovered by the end of the quarter

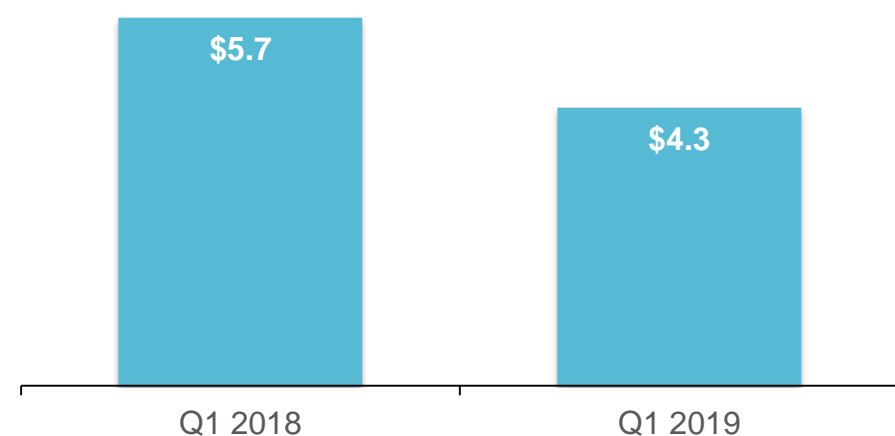
Total Client Assets

\$ in billions



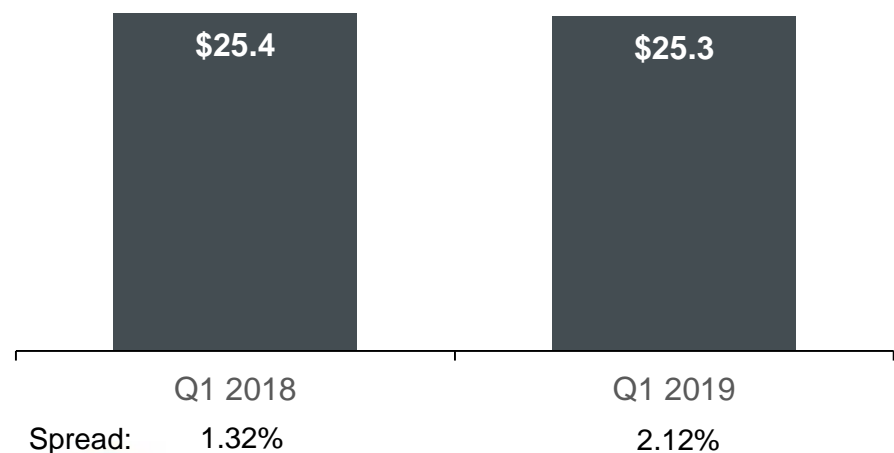
Wrap Net Flows

\$ in billions



Brokerage Cash Balance

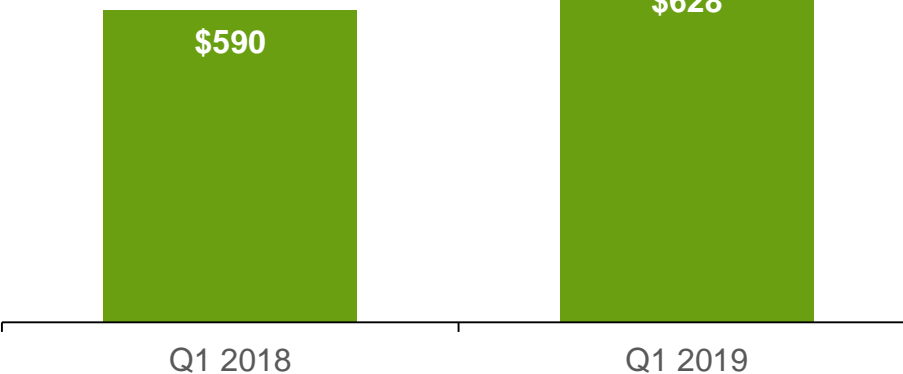
\$ in billions



Advisor Productivity

Trailing 12 months

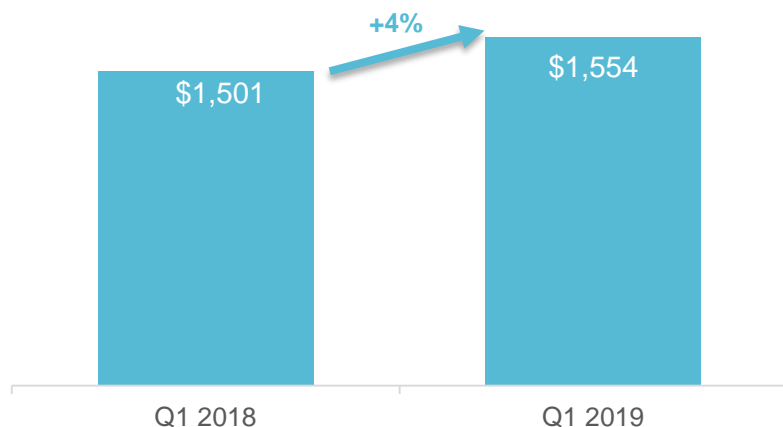
\$ in thousands



Advice & Wealth Management continues to deliver strong top line and earnings increases – the growth engine for Ameriprise

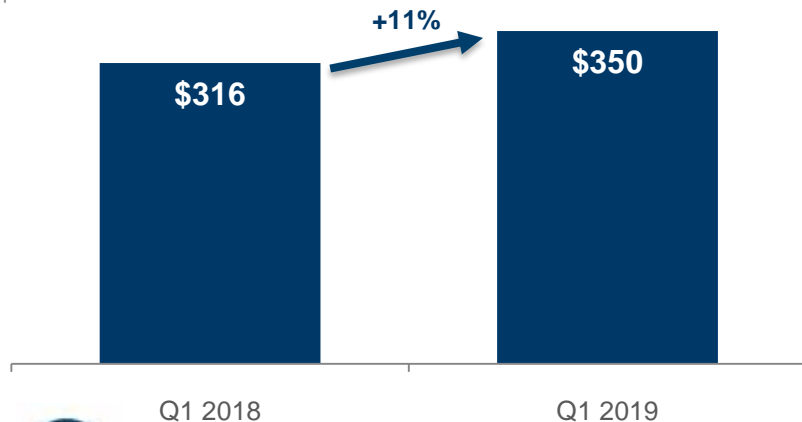
Adjusted Operating Total Net Revenue

\$ in millions



Pretax Adjusted Operating Earnings

\$ in millions



Highlights

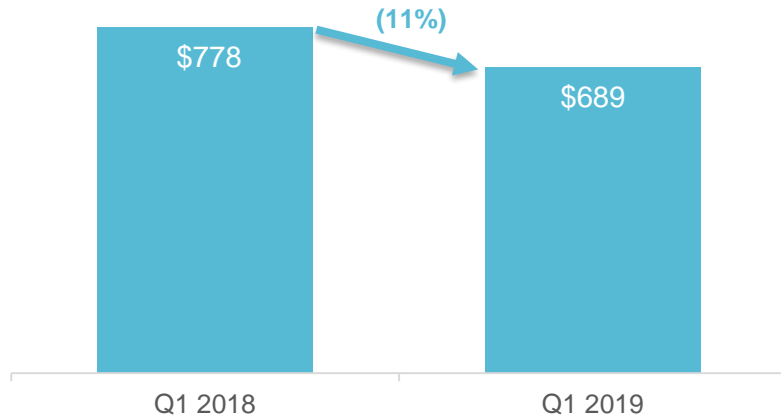
- Revenue growth of 4% was impacted by:
 - Management and Financial Advice fees up from growth in wrap assets, partially offset by lower average equity markets
 - Distribution fees were up slightly as benefit from higher short-term interest rates was largely offset by slower transactional activity at the beginning of the quarter
 - Net investment income increased primarily from higher Certificate earnings
- G&A expenses up 6%, reflecting:
 - Timing and level of investments to drive future growth, including a new client relationship management tool, digital capabilities and advisor recruiting
 - Effective underlying expense management
- Strong pretax adjusted operating earnings up 11% to \$350 million
- Continued margin expansion of 140 bps to 22.5%



Asset Management financial performance was in line with expectations given industry and market headwinds

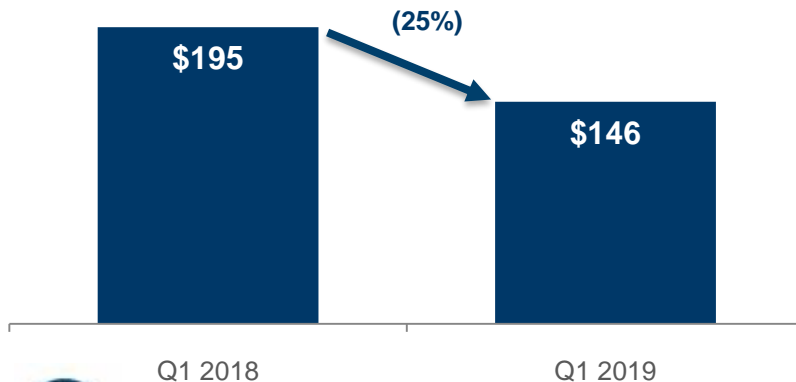
Adjusted Operating Total Net Revenue

\$ in millions



Pretax Adjusted Operating Earnings

\$ in millions



Highlights

- Revenue and pretax operating earnings declined primarily due to:
 - Cumulative net outflows
 - Lower average equity markets and foreign exchange translation
 - One-time vendor settlement in prior year period
- Expenses remain well managed with G&A down 4%
- Adjusted margin declined to 34%

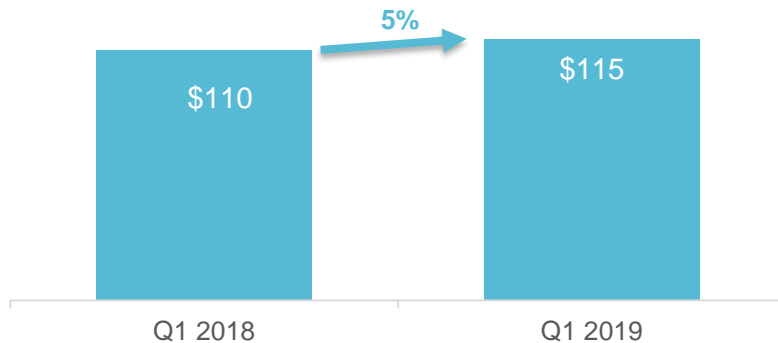


See non-GAAP financial measure reconciliations in appendix.

Annuities and Protection earnings in line with expectations

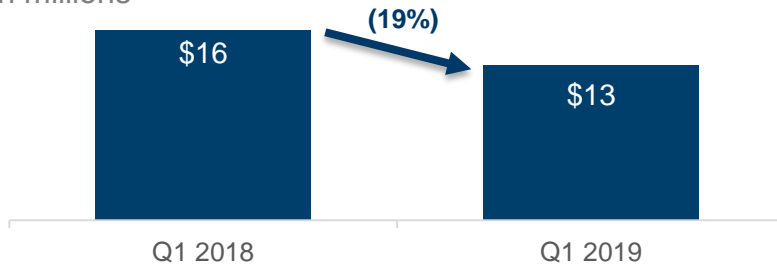
VA Pretax Adjusted Operating Earnings

\$ in millions



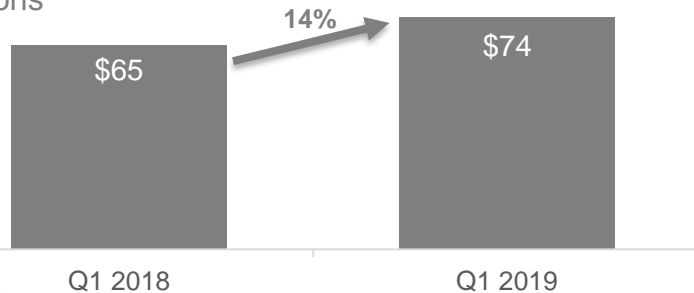
FA Pretax Adjusted Operating Earnings

\$ in millions



Life & Health Pretax Adjusted Operating Earnings

\$ in millions



Highlights

Variable Annuities

- Pretax adjusted operating earnings increased 5%
- Variable annuity sales were down 25% for the quarter compared to a very strong sales in the prior period and lower transactional activity early in the quarter
- Variable annuity net outflows improved by 7%
- Net amount at risk as a percent of account value decreased slightly given the market improvement
 - 0.8% with living benefits and 0.2% with death benefits
 - Remains substantially lower than the industry

Fixed Annuities

- Pretax adjusted operating earnings down from:
 - Decline in account balances and portfolio yields
 - Impacts from reinsuring a portion of the book, which freed up \$200 million of capital with no earnings impact for the firm

Life & Health Insurance

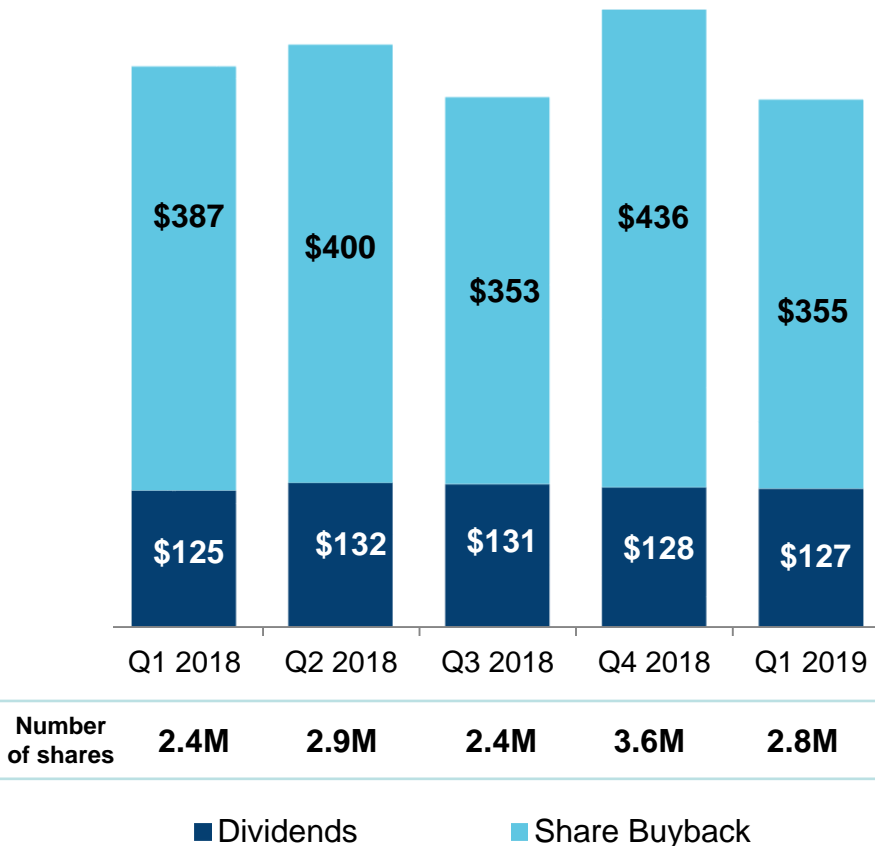
- Pretax adjusted operating earnings were up 14% in the quarter from favorable interest earnings
- Claims were favorable to last year, but remain in line with expectations



Differentiated capital management with \$482 million of capital returned to shareholders and significant actions to increase excess capital

Capital Returned to Shareholders

\$ in millions



Highlights

- Strong balance sheet fundamentals
 - Excess capital increased to \$1.8 billion⁽¹⁾, with an estimated RBC ratio over 500%
 - Excellent free cash flow generation in the 90% range
 - High-quality, diversified investment portfolio
 - Hedge effectiveness of 97%
 - Long term care remains well managed with no impact on capital return
- Balance sheet strength and strong free cash flow generation enables capital management
 - \$482 million returned to shareholders
 - Announced \$2.5 billion share repurchase program and an 8% dividend increase to \$0.97 per share
 - Diluted share count down 8% year-over-year



(1) Net of expected \$300 million debt repayment in June 2019

Proactively executed capital and risk optimization actions to improve our capital structure, risk position and cash flow

- Announced the sale of our Auto & Home business to American Family Insurance, which will free up ~\$950 million of capital later in 2019
- Established framework and executed initial phase of fixed annuity reinsurance by reinsuring a \$1.7 billion block to Global Atlantic, which freed up \$200M of capital in the quarter; transaction in PTI neutral for the firm
- Issued \$500 million of 3-year senior notes to reposition debt maturity ladder and prefund upcoming maturity
- Positioned to return approximately 110% of operating earnings to shareholders in 2019 and fund bank capital requirements, while evaluating uses of excess capital

Ameriprise is well positioned for future growth in Advice & Wealth Management with excellent balance sheet fundamentals to drive shareholder value creation



Reconciliation tables

Adjusted operating net revenues

(\$ in millions)	Q1 2018	Q1 2019	% Over/ (Under)
Total net revenues	\$ 3,168	\$ 3,118	(2)%
Less: CIEs revenue	22	21	
Less: Net realized investment gains (losses)	6	9	
Less: Market impact on indexed universal life benefits	13	(17)	
Less: Integration/restructuring charges	-	(3)	
Less: Market impact of hedges on investments	16	(10)	
Adjusted operating total net revenues	<u>\$ 3,111</u>	<u>\$ 3,118</u>	0%

Adjusted operating expenses

(\$ in millions)	Q1 2018	Q1 2019	% Over/ (Under)
Total expenses	\$ 2,472	\$ 2,648	(7)%
Less: CIEs expenses	22	21	
Less: Integration/restructuring charges	3	4	
Less: Market impact on variable annuity guaranteed benefits	5	142	
Less: Market impact on indexed universal life benefits	(12)	34	
Less: Market impact on fixed index annuity benefits	-	-	
Less: Mean reversion related impacts	(6)	(36)	
Adjusted operating expenses	<u>\$ 2,460</u>	<u>\$ 2,483</u>	(1)%



Reconciliation tables

Adjusted operating earnings per diluted share

(\$ in millions, except per share amounts)	Q1		Per Diluted Share	
	2018	2019	2018	2019
Net income	\$ 594	\$ 395	\$ 3.91	\$ 2.82
Less net income (loss) attributable to the CIEs	-	-	-	-
Integration/restructuring charges ⁽¹⁾	3	7	0.02	0.05
Market impact on variable annuity guaranteed benefits ⁽¹⁾	5	142	0.03	1.02
Market impact on indexed universal life benefits ⁽¹⁾	(25)	51	(0.16)	0.36
Market impact on fixed index annuity benefits ⁽¹⁾	-	-	-	-
Mean reversion related impacts ⁽¹⁾	(6)	(36)	(0.04)	(0.26)
Market impact of hedges on investments ⁽¹⁾	(16)	10	(0.11)	0.07
Net realized investment losses (gains) ⁽¹⁾	(6)	(9)	(0.04)	(0.06)
Tax effect of adjustments ⁽²⁾	9	(35)	0.06	(0.25)
Adjusted operating earnings	<u>\$ 558</u>	<u>\$ 525</u>	<u>\$ 3.67</u>	<u>\$ 3.75</u>
Weighted average common shares outstanding:				
Basic	149.5	138.8		
Diluted	152.1	140.1		

⁽¹⁾ Pretax adjusted operating adjustment.

⁽²⁾ Calculated using the statutory tax rate of 21%.



Reconciliation tables

Adjusted operating return on equity

(\$ in millions)	Twelve Months Ended March 31, 2018	Twelve Months Ended March 31, 2019
Net income	\$ 1,671	\$ 1,899
Less: Adjustments ⁽¹⁾	(16)	(229)
Adjusted operating earnings	<u>\$ 1,687</u>	<u>\$ 2,128</u>
Total Ameriprise Financial, Inc. shareholders' equity	\$ 6,122	\$ 5,704
Less: Accumulated other comprehensive income, net of tax	210	(137)
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	<u>5,912</u>	<u>5,841</u>
Less: Equity impacts attributable to the consolidated investment entities	<u>1</u>	<u>1</u>
Adjusted operating equity	<u>\$ 5,911</u>	<u>\$ 5,840</u>
Return on equity, excluding AOCI	28.3%	32.5%
Adjusted operating return on equity, excluding AOCI ⁽²⁾	28.5%	36.4%

⁽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; mean reversion related impacts; 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 21%.

⁽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; mean reversion related impacts; 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 21%.



Reconciliation tables

Adjusted operating general and administrative expense

(\$ in millions)	Q1 2018	Q1 2019	% Over/ (Under)
General and administrative expense	\$ 789	\$ 805	(2)%
Less: CIEs expense	1	1	
Less: Integration/restructuring charges	3	4	
Adjusted operating general and administrative expense	<u>\$ 785</u>	<u>\$ 800</u>	(2)%

Asset Management net pretax adjusted operating margin

(\$ in millions)	Q1 2018	Q1 2019
Adjusted operating total net revenues	\$ 778	\$ 689
Less: Distribution pass through revenues	201	179
Less: Subadvisory and other pass through revenues	85	81
Net adjusted operating revenues	<u>\$ 492</u>	<u>\$ 429</u>
Pretax adjusted operating earnings	\$ 195	\$ 146
Less: Adjusted operating net investment income	2	6
Add: Amortization of intangibles	5	4
Net adjusted operating earnings	<u>\$ 198</u>	<u>\$ 144</u>
Pretax adjusted operating margin	25.1%	21.2%
Net pretax adjusted operating margin	40.2%	33.6%



Reconciliation tables

Adjusted operating earnings normalized for taxes and vendor settlement

(\$ in millions, except per share amounts)			Per Diluted Share		
	Q1 2018	Q1 2019	Q1 2018	Q1 2019	% Over/ (Under)
Pretax adjusted operating earnings	\$ 651	\$ 635			
Adjusted operating earnings	\$ 558	\$ 525	\$ 3.67	\$ 3.75	2%
Net income variance attributable to taxes ⁽¹⁾	-	20	-	0.14	
Less: Vendor settlement	11	-	0.07	-	
Normalized adjusted operating earnings	<u>\$ 547</u>	<u>\$ 545</u>	<u>\$ 3.60</u>	<u>\$ 3.89</u>	8%
Weighted average common shares outstanding:					
Basic	149.5	138.8			
Diluted	152.1	140.1			

⁽¹⁾ Pretax adjusted operating earnings were down \$16 million and down \$13 million after-tax (based on a 21% marginal tax rate). The additional \$20 million decline in adjusted operating earnings was related to taxes.

