

Ameriprise Financial

Fourth Quarter 2019 Conference Call

January 30, 2020

Forward-looking statements

Some of the statements made in our January 29, 2020 earnings release and/or in this January 30, 2020 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of January 30, 2020. 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 January 29, 2020 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 fourth quarter earnings release and/or in this presentation are based upon asset valuations that represent estimates as of January 29, 2020 and may be revised in our Form 10-K for the year ended December 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 fourth quarter results

GAAP	Q4 2019	Q4 2018	Over/(Under)
Net Revenues (\$M)	3,287	3,179	3%
Expenses (\$M)	2,753	2,527	9%
Net Income (\$M)	463	539	(14%)
Diluted EPS	3.53	3.76	(6%)
ROE, ex. AOCI	33.1%	36.0%	(290 bps)

Adjusted Operating	Q4 2019	Q4 2018	Over/(Under)
Net Revenues (\$M)	3,045	3,168 ⁽¹⁾	(4%)
Expenses (\$M)	2,400	2,510 ⁽¹⁾	4%
Earnings (\$M)	551	544	1%
Diluted EPS	4.20	3.80	11%
ROE, ex. AOCI	38.3%	37.1%	120 bps

(1) Includes \$283 million of revenue and \$280 million of expense related to the Auto & Home business, which was sold on October 1, 2019. Excluding this impact, revenue was up 6% and expenses were up 8%.

Q4 2019 Business & Financial Results

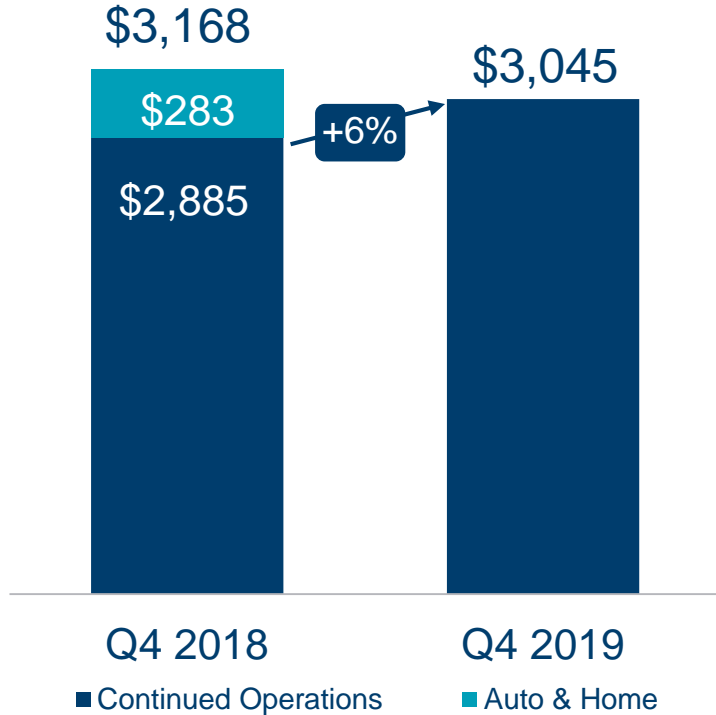
Walter Berman
Chief Financial Officer

Ameriprise delivered excellent results and is positioned well into 2020

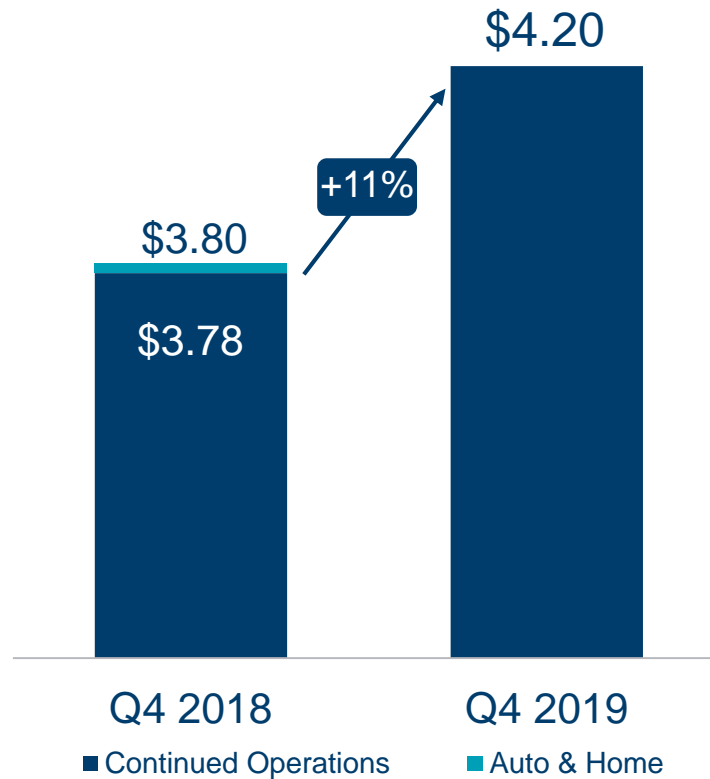
- We had an excellent quarter in terms of metrics and financial performance
 - Generated operating earnings per diluted share of \$4.20, up 11% from last year
 - Delivered 6% revenue growth excluding Auto & Home
- Results included \$42 million, or \$0.25 per diluted share, of timing-related expenses in Corporate associated with:
 - Low income housing impairments
 - Elevated severance to reduce expense base for 2020
 - Impact from higher share price on compensation expense
- Finalized the sale of Auto and Home in the quarter, which generated a net benefit of \$161 million on a pretax GAAP basis, with the most substantial impacts realized in the fourth quarter
- Returned 110% of operating earnings to shareholders in 2019 and concluded the year with strong balance sheet fundamentals and a lower risk profile
 - Excess capital position of \$2.2 billion
 - High-quality, diversified investment portfolio
 - Net amount at risk for variable annuity blocks are among lowest in the industry
 - LTC continues to demonstrate performance in line with expectations

Strong revenue, EPS and ROE growth driven by Wealth Management

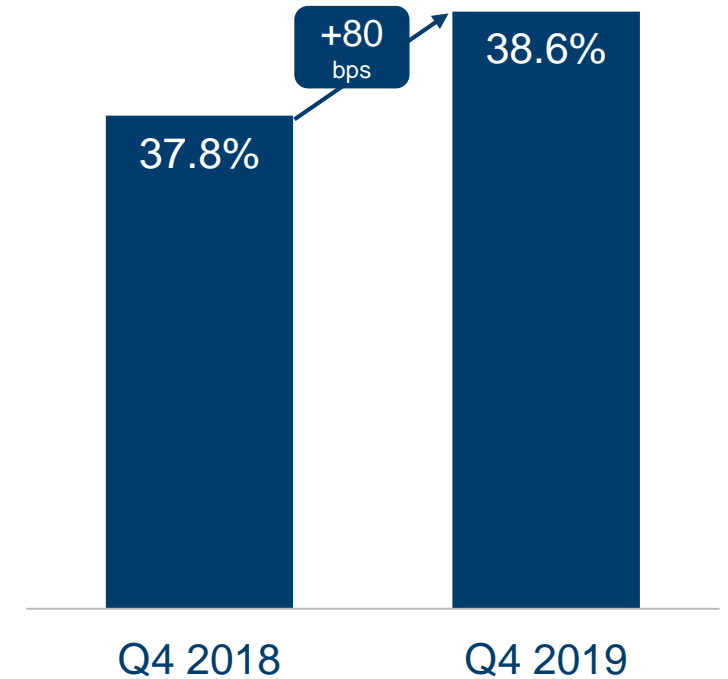
Adjusted Operating Total Net Revenue
\$ in millions



Adjusted Operating EPS



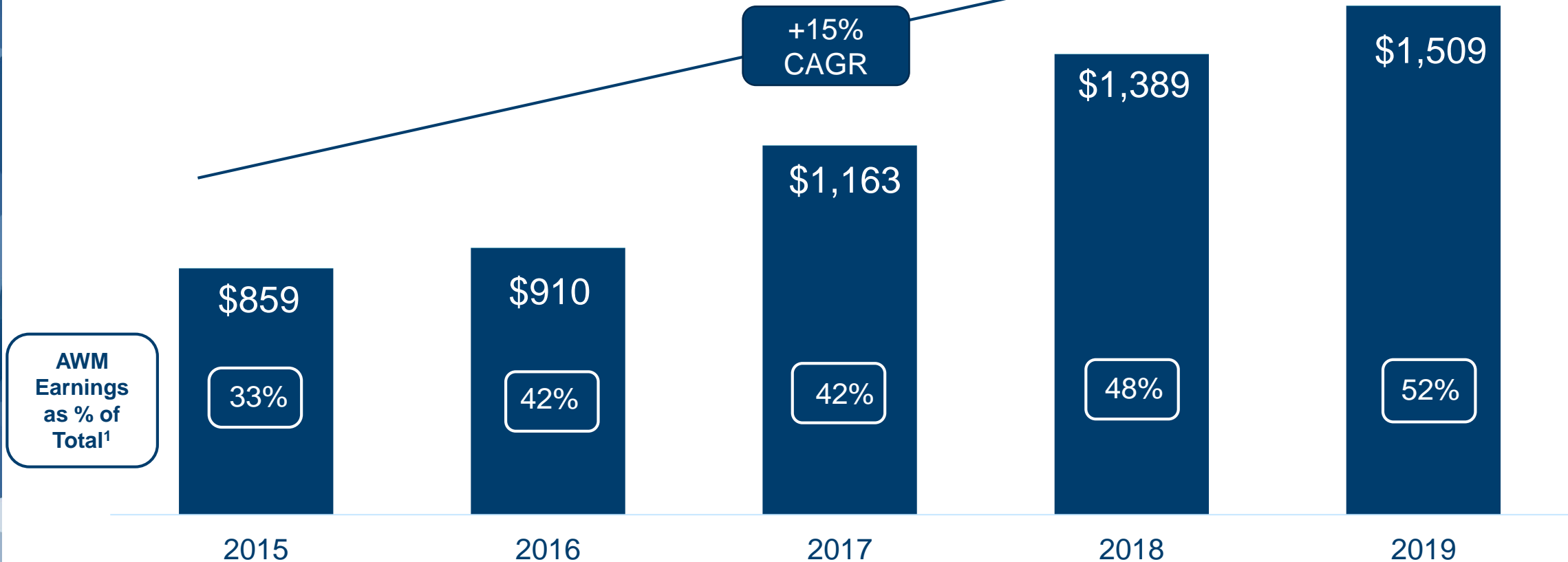
Adjusted Operating ROE
Excluding AOCI



Unlocking excluded from adjusted operating return on equity

Continuing to shift business mix with growth in Wealth Management

Advice & Wealth Management
Pretax Adjusted Operating Earnings
\$ in millions

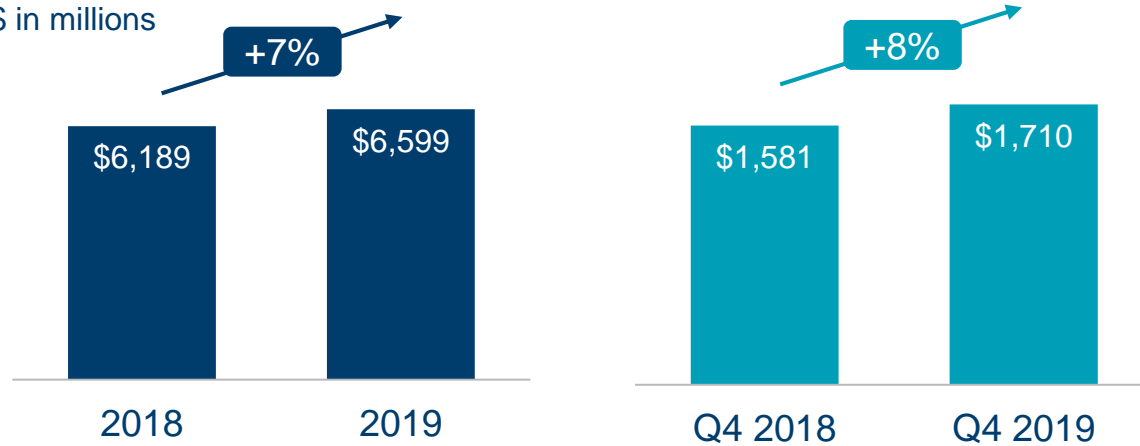


1. Represents AWM pretax adjusted operating earnings as percent of AMP excluding Corporate and Other segment.

Advice & Wealth Management continues to deliver strong metrics and financial results

Adjusted Operating Total Net Revenues

\$ in millions



- Pretax adjusted operating earnings were up 5% or \$19 million after absorbing a \$22 million impact from lower short-term interest rates

- Strong revenue growth of 8% in the quarter due to:
 - 26% growth in wrap assets to \$318 billion
 - 5% improvement in transactional activity
 - Strong equity market appreciation

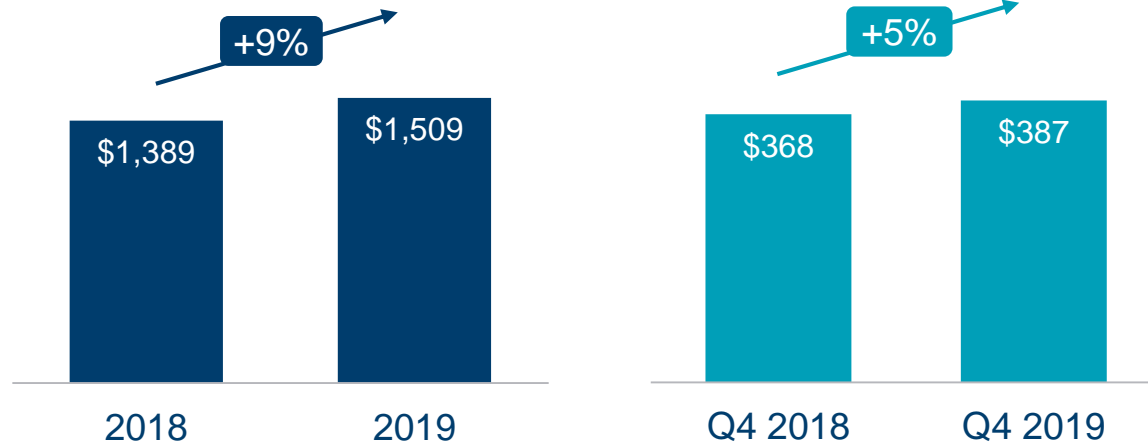
- Advisor productivity increased 6% to \$664,000

- Excluding the bank, G&A expenses were up 6% from:
 - Increased volume-related activity
 - Investments for future growth
 - Year-end compensation-related expense adjustments
 - Anticipate that 2020 will moderate

- Strong margin at 22.6%

Pretax Adjusted Operating Earnings

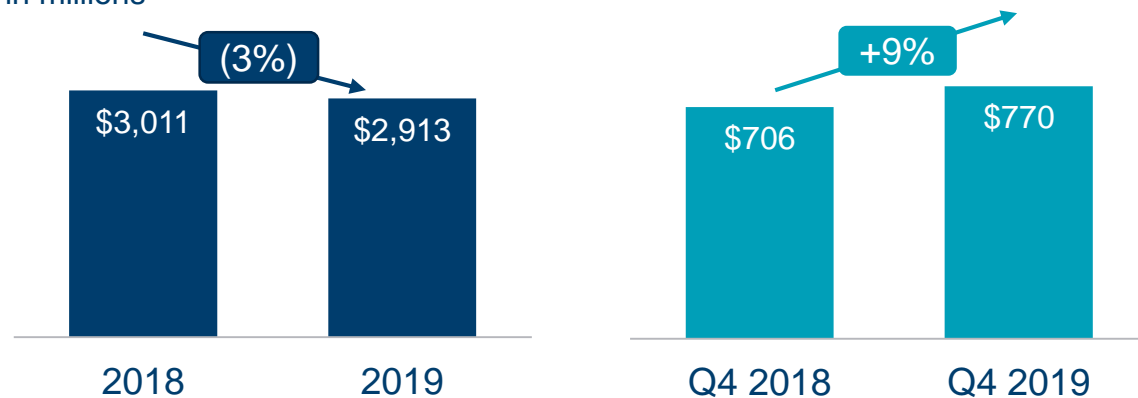
\$ in millions



Substantial improvement in Asset Management

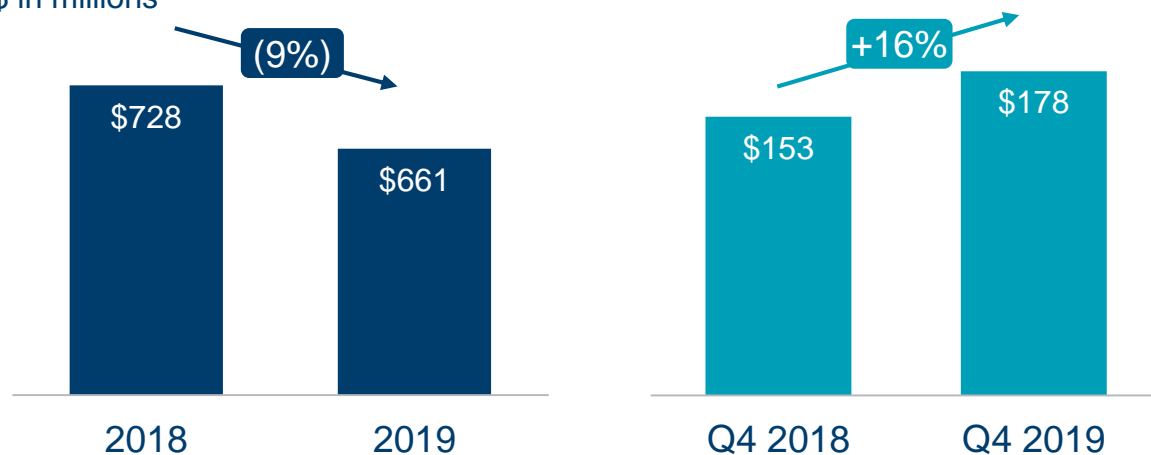
Adjusted Operating Total Net Revenues

\$ in millions



Pretax Adjusted Operating Earnings

\$ in millions

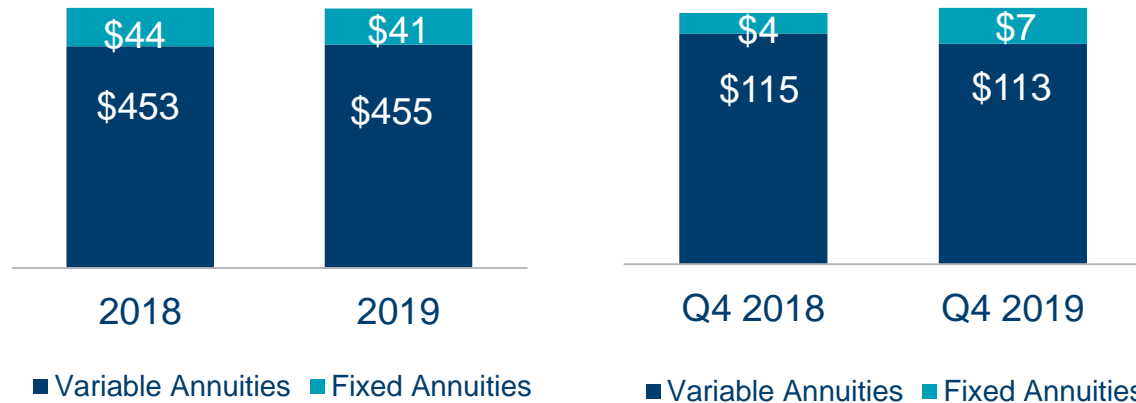


- Net inflows in the quarter of \$3.3 billion, an \$8.0 billion improvement from a year ago; net inflows were \$4.3 billion, excluding former parent flows
- Revenue and pretax operating earnings trajectory improved given:
 - Strong performance fees
 - Improvement in net flow trends
 - Strong market appreciation
- Operating expenses well managed, up 7% from:
 - Higher distribution expenses from revenue growth
 - Higher performance fee compensation and year-end compensation-related expense adjustments
- Adjusted margin of 36.2%, within our target range of 35-39%

Annuities and Protection continue to generate substantial free cash flow

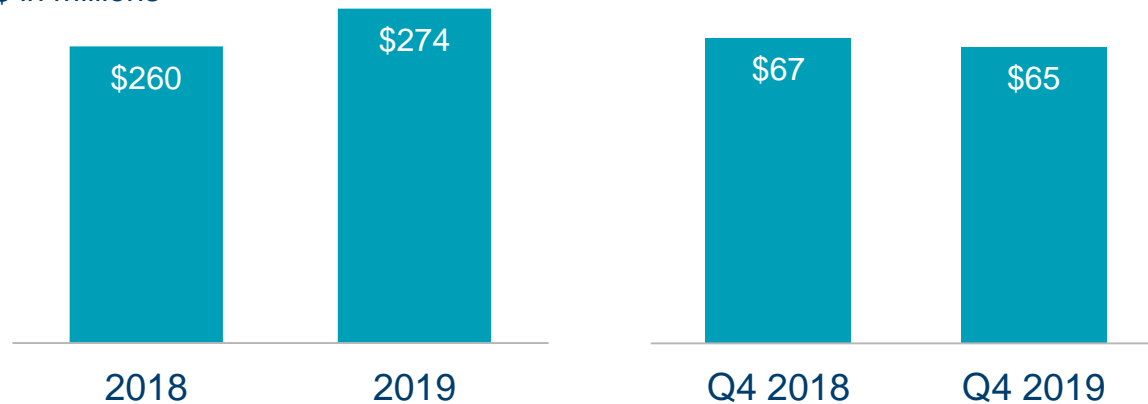
Annuities Pretax Adjusted Operating Earnings

\$ in millions



Protection Pretax Adjusted Operating Earnings

\$ in millions

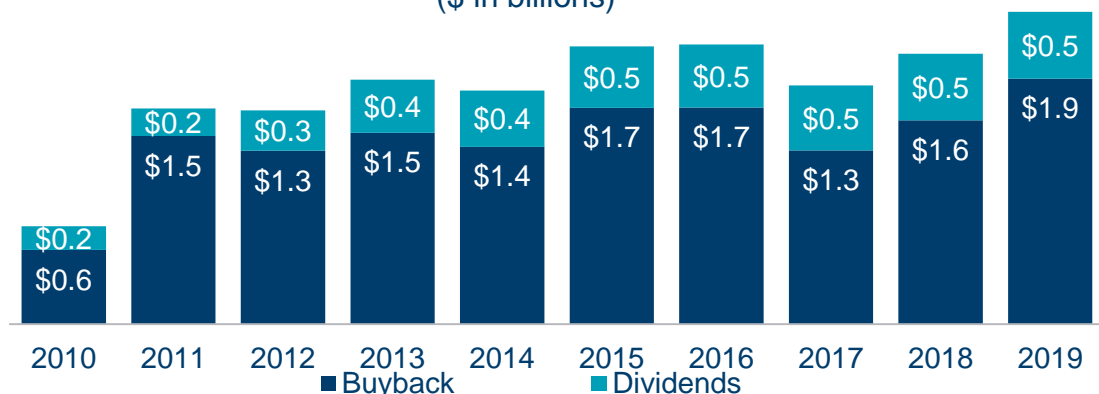


- Annuities trends are in line with expectations
 - Profitability remains consistent
 - Variable annuity sales increased 9% in the quarter, with the full year down 8%
 - Launching structured variable annuity product in Q1 2020
 - Fixed annuity sales are further slowing given AWM is offering expanded third-party fixed annuity offerings
- Protection earnings were down \$2 million to \$65 million reflecting:
 - Claims were within expected ranges, but elevated compared to the prior year

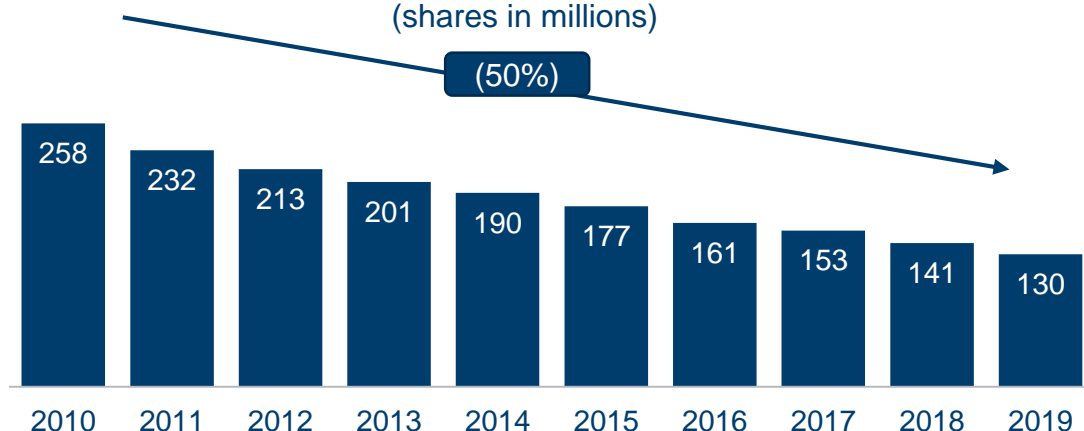
Full year results excluding unlocking.

Balance sheet strength and strong free cash flow generation enabled by capital management actions

Capital Returned to Shareholders
(\$ in billions)



Ending Diluted Share Count
(shares in millions)



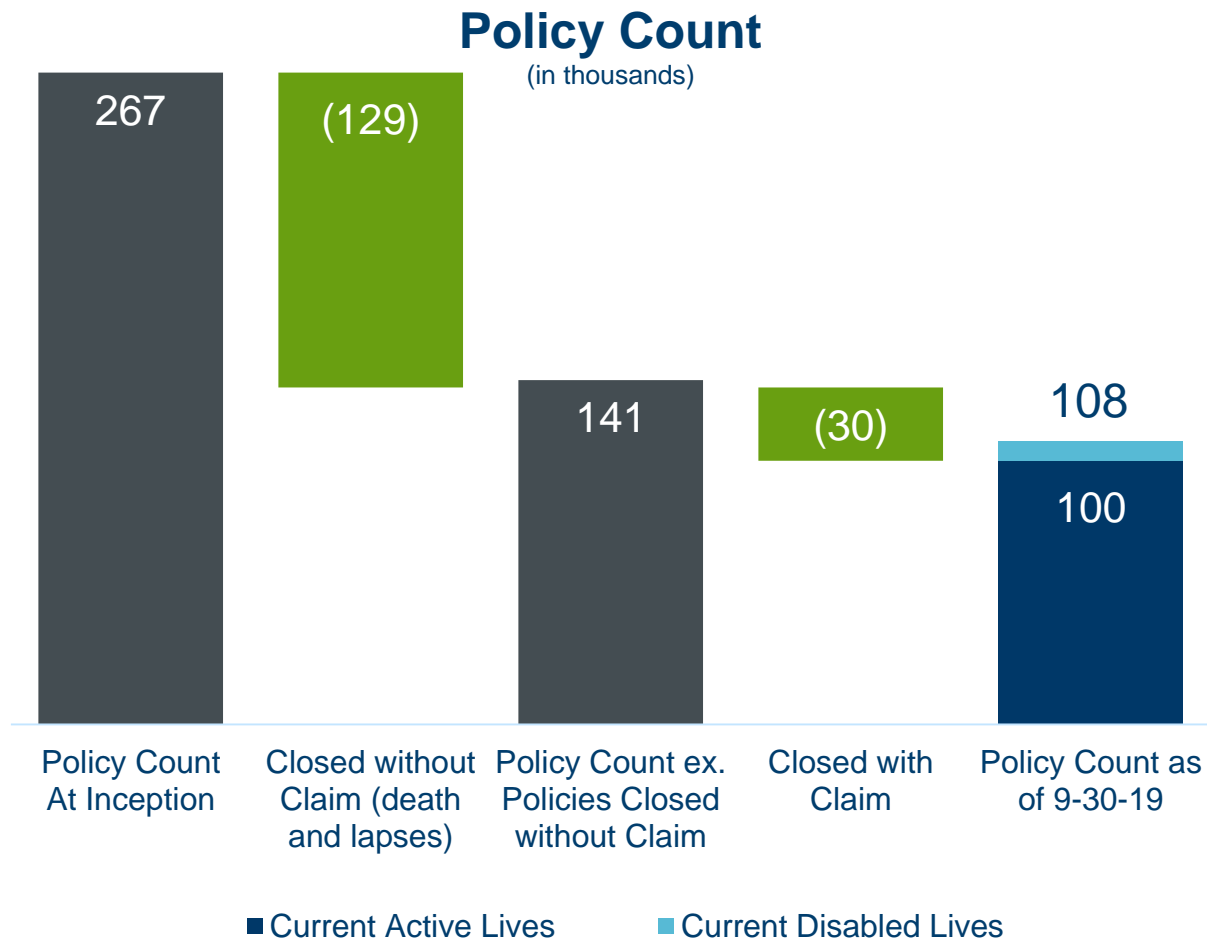
- Returned \$0.7 billion to shareholders in the quarter, which was 125% of operating earnings, and returned \$2.4 billion or 110% of operating earnings for the year
- Consistent capital return over the past 10 years
 - Returned over \$18 billion to shareholders
 - Diluted share count has decreased nearly 50%
- Entering 2020 with strong balance sheet fundamentals and excellent free cash flow generation of 90%+
 - Excess capital increased to \$2.2 billion including the sale of Auto & Home
 - Strong liquidity position
 - High-quality, diversified investment portfolio
 - Hedge effectiveness of 98% for the year
 - Risk exposure well managed
 - Continued focus on reinsurance opportunities

Appendix – LTC Annual Update

Long term care block characteristics

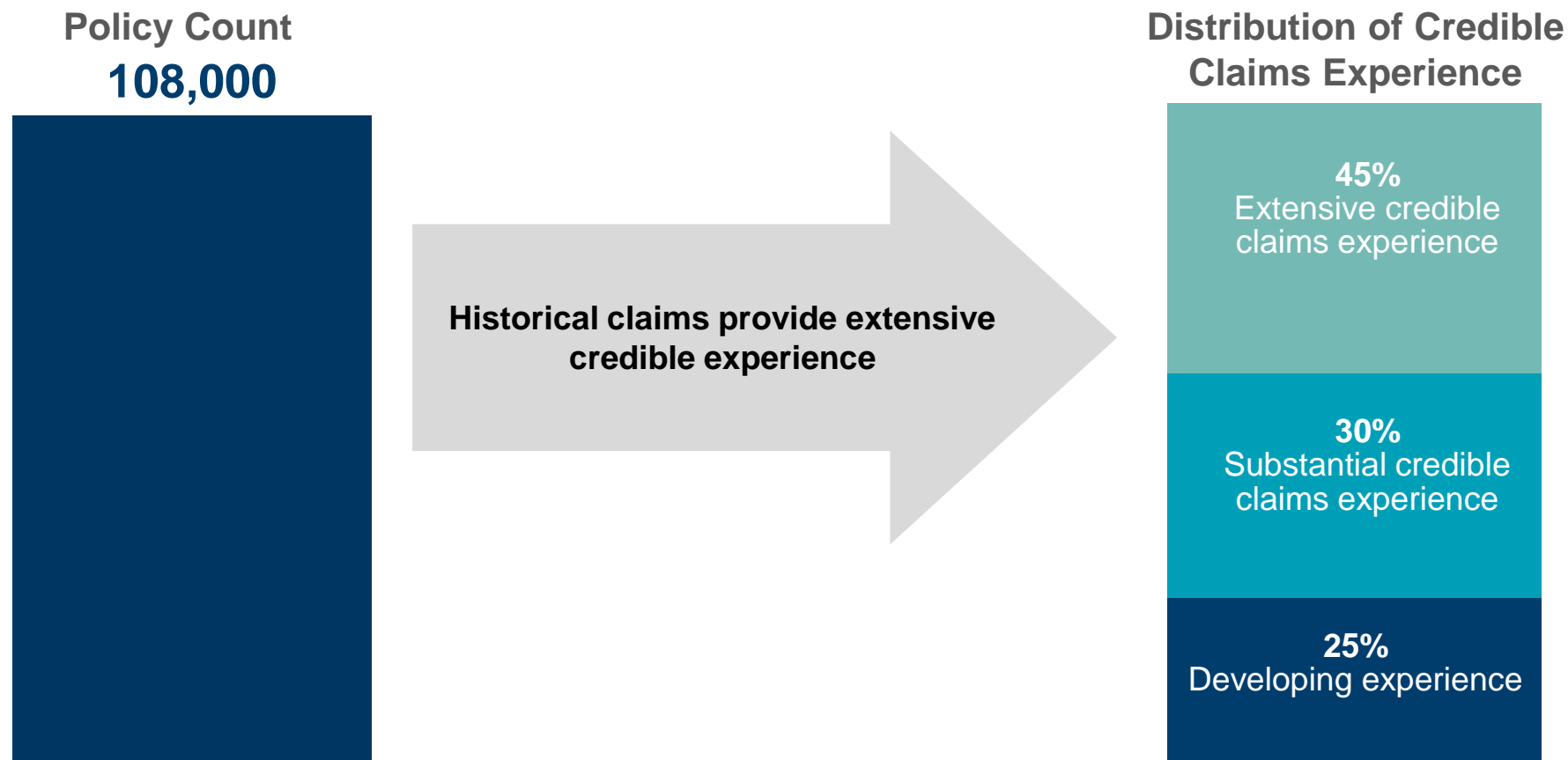
Data as of 9-30-19	First Generation	Second Generation
Issue Years	1989-1999	1997-2002
# of Policies	50,568	53,298
Average Attained Age of ALR / DLR	81 / 88	76 / 84
% with Lifetime Benefits	55%	37%
Statutory Reserves (does not include \$0.2B of asset adequacy reserves)	\$1.4 billion	\$1.1 billion
GAAP Reserves	\$1.3 billion	\$1.1 billion
Average approved cumulative rate increases	162%	93%

Extensive experience used to establish expectations for the future



- 48% of issued policies have terminated without claim
- Extensive credible claims experience from 30,000 closed claims and 8,000 open claims,
- Represents 28% of policy count excluding policies closed without claim
- Incorporate claims experience into management's best estimate related to active life reserves

Credible claims experience



As of 9-30-19. Extensive Credible Experience reflects a 90% probability that claims are within +/- 10%. Substantial experience reflects on average a 75% probability that claims are within +/- 10%. Developing Experience primarily reflects younger issue ages where claims have not yet materialized.

Long term care sensitivity analysis compares favorably to peers

GAAP Reserve Sensitivity as of 9-30-19

	<u>Current Assumption</u>	<u>Change in Assumption</u>	<u>Estimated Reserve Impact</u>
Morbidity	No improvement Updated annually to reflect company experience	5% change in incurred claims	+/- \$127M
Mortality	No improvement Updated annually to reflect company experience	1% per year for 10 years	+/- \$107M
Lapse	1.15%	25 bps	+/- \$45M
Asset Yield	5.8%	25 bps	+/- \$44M
Expected Future Rate Increases	\$147M	Change in success rate by 10%	+/- \$15M

Morbidity sensitivity applied to areas that are outside of credible claims experience would be only \$55 million

Opportunity for significant additional premium increases and benefit changes not currently reflected in reserves

Reconciliation tables

Adjusted operating net revenues

(\$ in millions)	Q4 2018	Q4 2019	% Over/ (Under)
Total net revenues	\$ 3,179	\$ 3,287	3%
Less: CIEs revenue	34	21	
Less: Net realized investment gains (losses)	(5)	(2)	
Less: Market impact on indexed universal life benefits	(2)	8	
Less: Integration/restructuring charges	-	-	
Less: Gain on Disposal of Business	-	213	
Less: Market impact of hedges on investments	(16)	2	
Adjusted operating total net revenues	3,168	3,045	(4)%
Less: Auto & Home net revenues	283	-	
Adjusted operating total net revenues excluding Auto & Home	<u>\$ 2,885</u>	<u>\$ 3,045</u>	6%

Reconciliation tables

Adjusted operating expenses

(\$ in millions)	Q4 2018	Q4 2019	% Over/ (Under)
Total expenses	\$ 2,527	\$ 2,753	(9)%
Less: CIEs expenses	35	20	
Less: Integration/restructuring charges	3	6	
Less: Market impact on variable annuity guaranteed benefits	(99)	375	
Less: Market impact on indexed universal life benefits	7	(9)	
Less: Market impact on fixed index annuity benefits	(1)	-	
Less: Mean reversion related impacts	71	(39)	
Less: DAC/DSIC offset to net realized investment gains (losses)	1	-	
Adjusted operating expenses	2,510	2,400	4%

Reconciliation tables

Adjusted operating earnings per diluted share

(\$ in millions, except per share amounts)	Q4		Per Diluted Share		% Over/ (Under)
	2018	2019	Q4 2018	Q4 2019	
Net income	\$ 539	\$ 463	\$ 3.76	\$ 3.53	(6)%
Less net income (loss) attributable to the CIEs	(1)	1	(0.01)	0.01	
Integration/restructuring charges ⁽¹⁾	3	6	0.02	0.05	
Market impact on variable annuity guaranteed benefits ⁽¹⁾	(99)	375	(0.69)	2.86	
Market impact on indexed universal life benefits ⁽¹⁾	9	(17)	0.07	(0.13)	
Market impact on fixed index annuity benefits ⁽¹⁾	(1)	-	(0.01)	-	
Mean reversion related impacts ⁽¹⁾	71	(39)	0.50	(0.30)	
Market impact of hedges on investments ⁽¹⁾	16	(2)	0.11	(0.02)	
Net realized investment losses (gains) ⁽¹⁾	6	2	0.04	0.02	
(Gain) on disposal of business ⁽¹⁾	-	(213)	-	(1.62)	
Tax effect of adjustments ⁽²⁾	(1)	(23)	(0.01)	(0.18)	
Adjusted operating earnings	544	551	3.80	4.20	11%
Less: Auto & Home operating earnings	3	-	0.02	-	
Adjusted operating earnings excluding Auto & Home	\$ 541	\$ 551	\$ 3.78	\$ 4.20	11%
Weighted average common shares outstanding:					
Basic	141.5	129.0			
Diluted	143.2	131.3			

⁽¹⁾ Pretax adjusted operating adjustment.

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

Reconciliation tables

Net Auto & Home Divestiture - Operating Adjustments

	<u>1Q19</u>	<u>2Q19</u>	<u>3Q19</u>	<u>4Q19</u>	<u>FY 2019</u>
Gain/(Loss) on Disposal of Business	\$ -	\$ -	\$ -	\$ 213	\$ 213
Restructuring	(7)	(2)	(2)	(6)	(17)
<u>Market Impact of Hedges on Investments</u>	<u>(10)</u>	<u>(18)</u>	<u>(9)</u>	<u>2</u>	<u>(35)</u>
Total A&H Divestiture - Operating Adjustments	\$ (17)	\$ (20)	\$ (11)	\$ 209	\$ 161

Reconciliation tables

Adjusted operating return on equity

(\$ in millions)	Twelve Months Ended December 31, 2018	Twelve Months Ended December 31, 2019
Net income	\$ 2,098	\$ 1,893
Less: Adjustments ⁽¹⁾	(63)	(297)
Adjusted operating earnings	\$ 2,161	\$ 2,190
Less: Annual unlocking/loss recognition, net of tax ⁽²⁾	(46)	(16)
Adjusted operating earnings excluding annual unlocking/loss recognition	\$ 2,207	\$ 2,206
Total Ameriprise Financial, Inc. shareholders' equity	\$ 5,735	\$ 5,837
Less: Accumulated other comprehensive income, net of tax	(98)	122
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	5,833	5,715
Less: Equity impacts attributable to the consolidated investment entities	1	1
Adjusted operating equity	\$ 5,832	\$ 5,714
Return on equity, excluding AOCI	36.0%	33.1%
Adjusted operating return on equity, excluding AOCI ⁽²⁾	37.1%	38.3%
Adjusted operating return on equity, excluding AOCI and annual unlocking/loss recogniti	37.8%	38.6%

⁽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; gain on disposal of business; 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; gain on the disposal of business; 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

Mix Shift

(\$ in millions)	Full Year 2015	Full Year 2016	Full Year 2017	Full Year 2018	Full Year 2019
Advice & Wealth Management pretax adjusted operating earnings	\$ 859	\$ 910	\$ 1,163	\$ 1,389	\$ 1,509
Less: Unlocking	-	-	-	-	-
Pretax adjusted operating earnings excluding unlocking	<u>\$ 859</u>	<u>\$ 910</u>	<u>\$ 1,163</u>	<u>\$ 1,389</u>	<u>\$ 1,509</u>
Asset Management pretax adjusted operating earnings	\$ 761	\$ 621	\$ 740	\$ 728	\$ 661
Less: Unlocking	-	-	-	-	-
Pretax adjusted operating earnings excluding unlocking	<u>\$ 761</u>	<u>\$ 621</u>	<u>\$ 740</u>	<u>\$ 728</u>	<u>\$ 661</u>
Annuities and Protection pretax adjusted operating earnings	\$ 957	619	\$ 885	751	758
Less: Unlocking	42	(198)	100	(6)	(12)
Pretax adjusted operating earnings excluding unlocking	<u>\$ 915</u>	<u>\$ 817</u>	<u>\$ 785</u>	<u>\$ 757</u>	<u>\$ 770</u>
Percent pretax adjusted operating earnings from Advice & Wealth Management	33%	42%	42%	48%	52%
Percent pretax adjusted operating earnings from Asset Management	30%	29%	27%	25%	23%
Percent pretax adjusted operating earnings from Annuities and Protection	37%	29%	32%	25%	26%
Percent pretax adjusted operating earnings from Advice & Wealth Management excluding unlocking	34%	39%	43%	48%	51%
Percent pretax adjusted operating earnings from Asset Management excluding unlocking	30%	26%	28%	25%	22%
Percent pretax adjusted operating earnings from Annuities and Protection excluding unlocking	36%	35%	29%	26%	26%

Excludes Corporate & Other Segment

Reconciliation tables

Adjusted operating general and administrative expense

(\$ in millions)	Q4	Q4	% Over/ (Under)
	2018	2019	
General and administrative expense	\$ 792	\$ 839	(6)%
Less: CIEs expense	3	-	
Less: Integration/restructuring charges	3	6	
Adjusted operating general and administrative expense	<u>\$ 786</u>	<u>\$ 833</u>	(6)%

Reconciliation tables

Advice & Wealth Management adjusted operating general and administrative expenses

(\$ in millions)	Q4	Q4	% Over/ (Under)
	2018	2019	
Adjusted operating general and administrative expense	\$ 323	\$ 350	(8)%
Less: Bank general and administrative expenses	3	10	
Adjusted operating general and administrative expense excluding items	<u>\$ 320</u>	<u>\$ 340</u>	(6)%

Reconciliation tables

Asset Management net pretax adjusted operating margin

(\$ in millions)	Q4	Q4
	2018	2019
Adjusted operating total net revenues	\$ 706	\$ 770
Less: Distribution pass through revenues	180	193
Less: Subadvisory and other pass through revenues	81	85
Net adjusted operating revenues	<u>\$ 445</u>	<u>\$ 492</u>
Pretax adjusted operating earnings	\$ 153	\$ 178
Less: Adjusted operating net investment income	2	4
Add: Amortization of intangibles	4	4
Net adjusted operating earnings	<u>\$ 155</u>	<u>\$ 178</u>
Pretax adjusted operating margin	21.7%	23.1%
Net pretax adjusted operating margin	34.8%	36.2%

Reconciliation tables

Variable annuities pretax adjusted operating earnings

(\$ in millions)	Full Year 2018	Full Year 2019	% Over/ (Under)
Pretax adjusted operating earnings	\$ 458	\$ 452	(1)%
Less: Unlocking	5	(3)	
Pretax adjusted operating earnings excluding unlocking	<u>\$ 453</u>	<u>\$ 455</u>	0%

Fixed annuities pretax adjusted operating earnings

(\$ in millions)	Full Year 2018	Full Year 2019	% Over/ (Under)
Pretax adjusted operating earnings	\$ 38	\$ 45	18%
Less: Unlocking	(6)	4	
Pretax adjusted operating earnings excluding unlocking	<u>\$ 44</u>	<u>\$ 41</u>	(7)%

Reconciliation tables

Life & Health pretax adjusted operating earnings

(\$ in millions)	Full Year	Full Year	% Over/
	2018	2019	(Under)
Pretax adjusted operating earnings	\$ 255	\$ 261	2%
Less: Unlocking	\$ (5)	\$ (13)	
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 260</u>	<u>\$ 274</u>	5%