



Be Brilliant.®

# Ameriprise Financial

## Third Quarter 2019 Conference Call

October 24, 2019

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# Forward-looking statements

Some of the statements made in our October 23, 2019 earnings release and/or in this October 24, 2019 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of October 24, 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 October 23, 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 third quarter earnings release and/or in this presentation are based upon asset valuations that represent estimates as of October 23, 2019 and may be revised in our Form 10-Q for the quarter ended September 30, 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 third quarter results

<b>GAAP</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>Over/(Under)</b>
Net Revenues (\$M)	\$3,317	\$3,292	1%
Expenses (\$M)	\$2,676	\$2,704	1%
Net Income (\$M)	\$543	\$503	8%
Diluted EPS	\$4.04	\$3.43	18%
ROE, ex. AOCI	34.0%	29.6%	440 bps
<b>Adjusted Operating</b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>Over/(Under)</b>
Net Revenues (\$M)	\$3,300	\$3,268	1%
Expenses (\$M)	\$2,645	\$2,647	---
Earnings (\$M)	\$554	\$529	5%
Diluted EPS	\$4.12	\$3.61	14%
ROE, ex. AOCI	37.7%	30.4%	730 bps
<b>Adjusted Operating, excluding unlocking <sup>1</sup></b>	<b>Q3 2019</b>	<b>Q3 2018</b>	<b>Over/(Under)</b>
Net Revenues (\$M)	\$3,295	\$3,190	3%
Expenses (\$M)	\$2,620	\$2,511	(4%)
Earnings (\$M)	\$570	\$575	(1%)
Diluted EPS	\$4.24	\$3.92	8%
ROE, ex. AOCI	38.0%	31.2%	680 bps

1. Unlocking impacts reflect the company's annual review of insurance and annuity valuation assumptions and model changes, and the LTC gross premium valuation.

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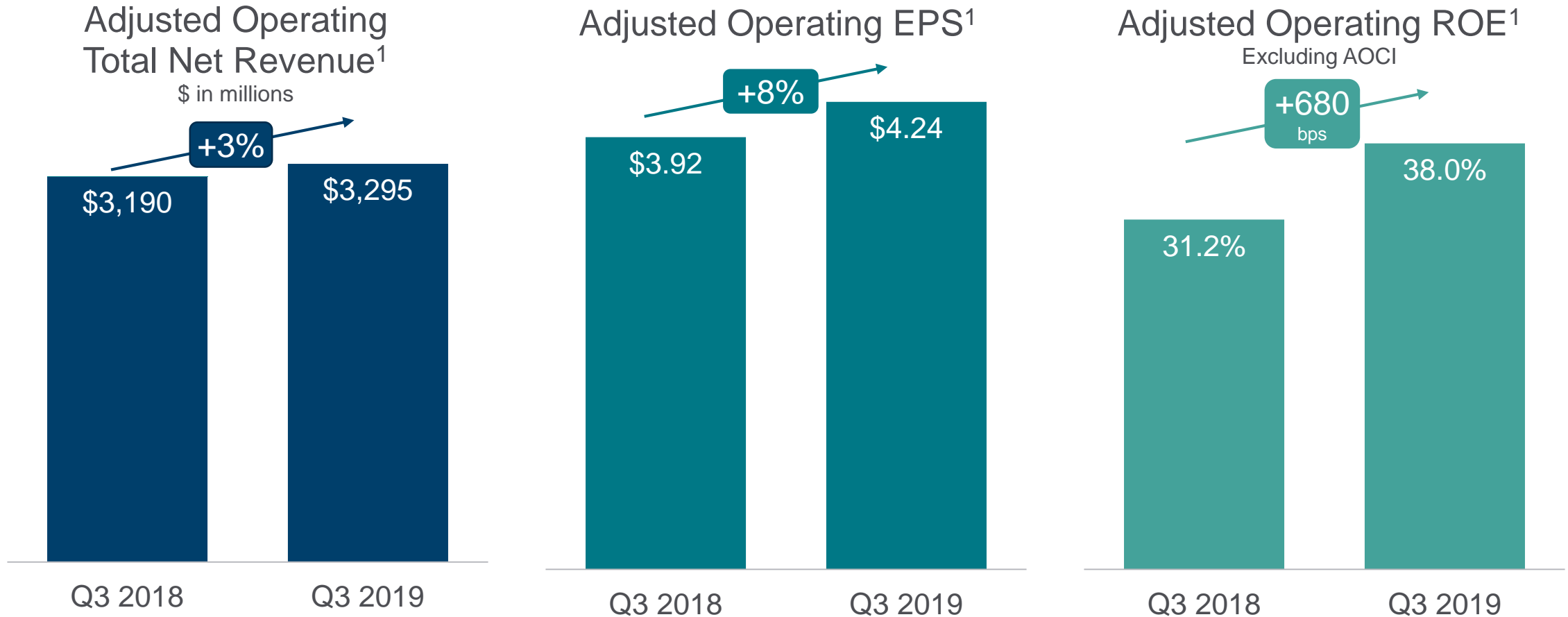


# Q3 2019 Business & Financial Results

Walter Berman  
Chief Financial Officer



# Revenue, EPS and ROE growth driven by Wealth Management

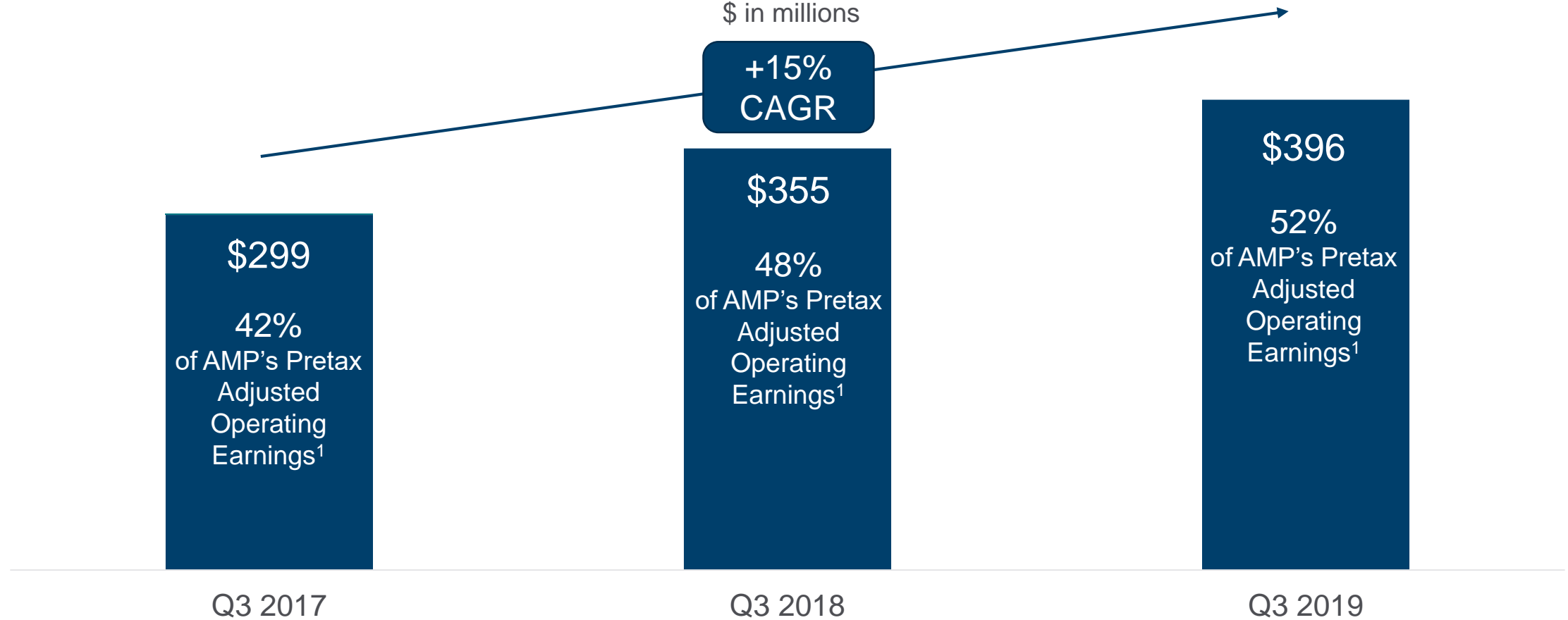


1. Excluding unlocking. Unlocking impacts reflect the company's annual review of insurance and annuity valuation assumptions and model changes, and the LTC gross premium valuation. .



# Continuing to shift business mix with growth in Wealth Management

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

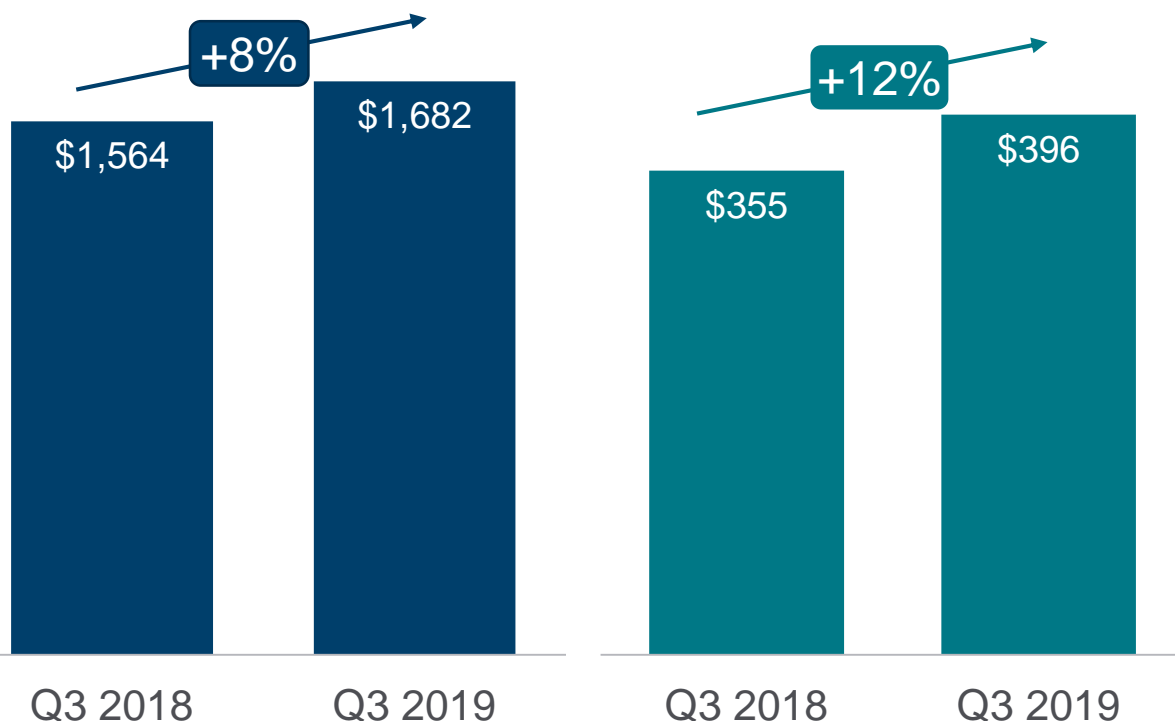


1. Excludes Corporate & Other and unlocking  
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# Advice & Wealth Management continues to deliver strong metrics and financial results

Adjusted Operating  
Total Net Revenues  
\$ in millions

Pretax Adjusted  
Operating Earnings  
\$ in millions



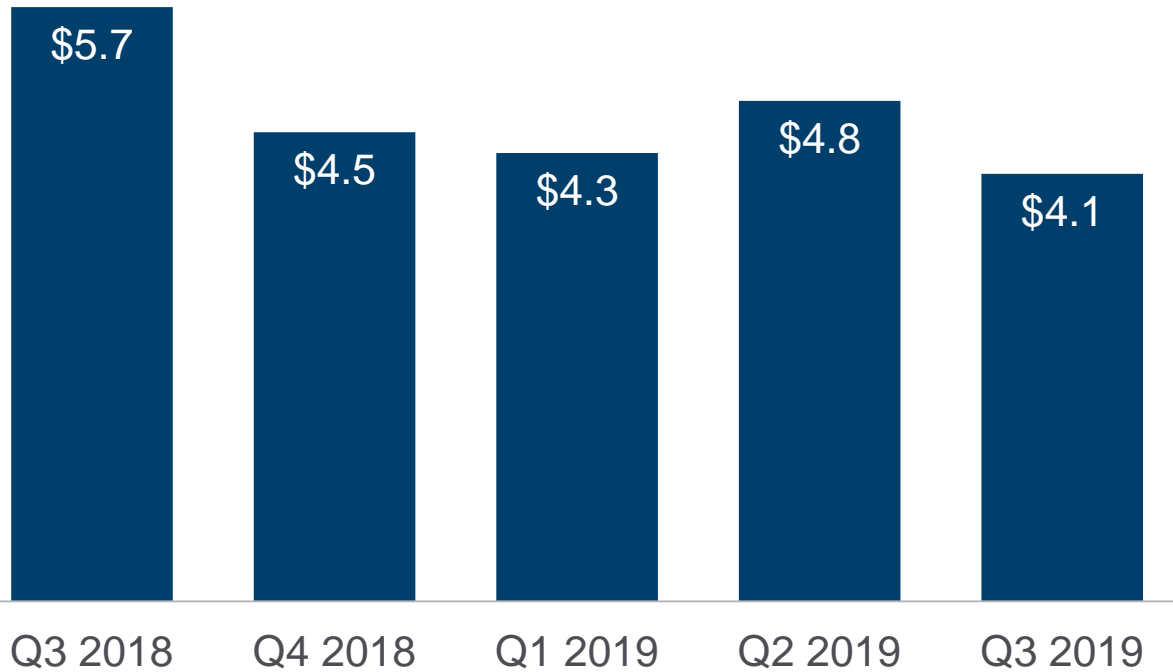
- Strong revenue and pretax adjusted operating earnings increased reflecting:
  - 9% growth in wrap assets to \$298 billion
  - 6% improvement in transactional activity
  - Marginal equity market appreciation of 1%
- G&A expenses up 6%; excluding the bank, up 4% from:
  - Increased volume-related activity
  - Investments for future growth
- Strong margin at 23.5%



# Strong Advice & Wealth Management organic growth continues with total client assets reaching \$612 billion, up from \$588 billion a year ago

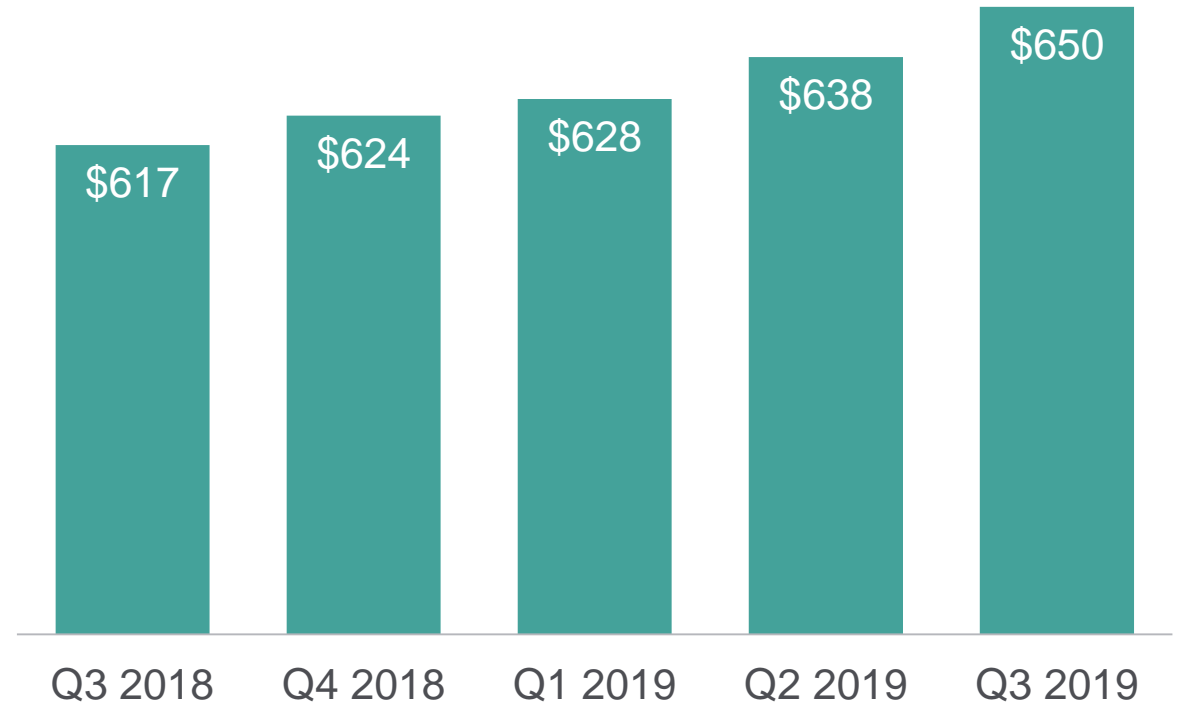
### Wrap Net Flows

\$ in billions



### Advisor Productivity

Trailing 12 Months - \$ in thousands

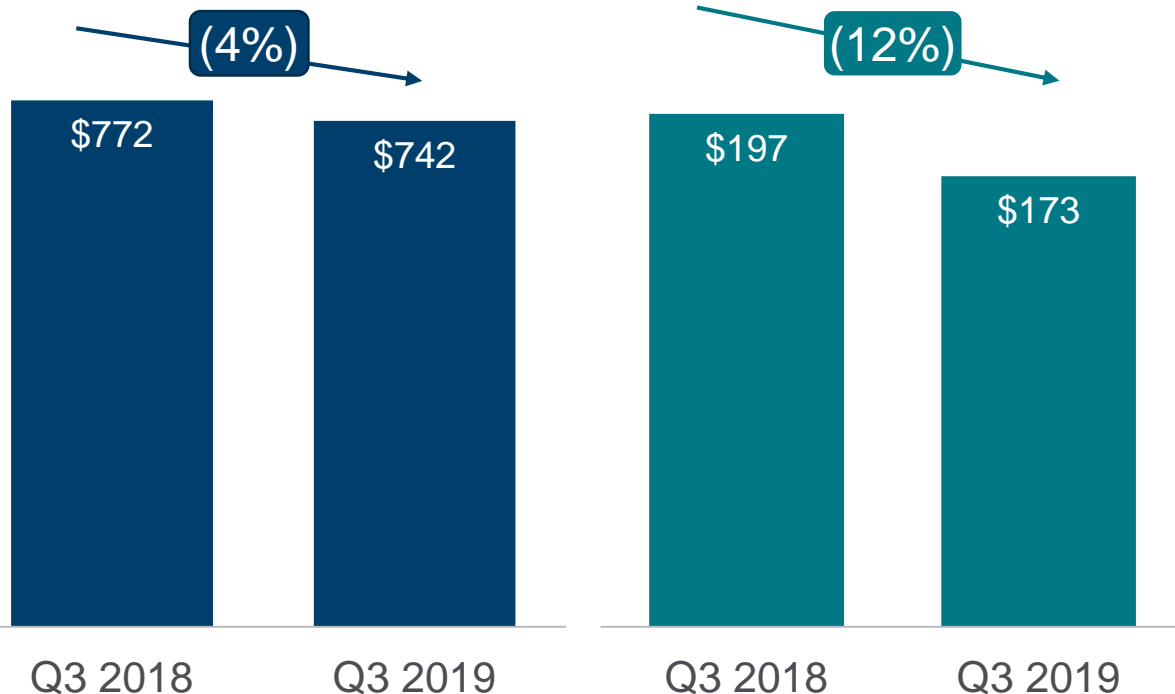




# Asset Management financial performance was in line with expectations given modest market appreciation

Adjusted Operating  
Total Net Revenue  
\$ in millions

Pretax Adjusted  
Operating Earnings  
\$ in millions



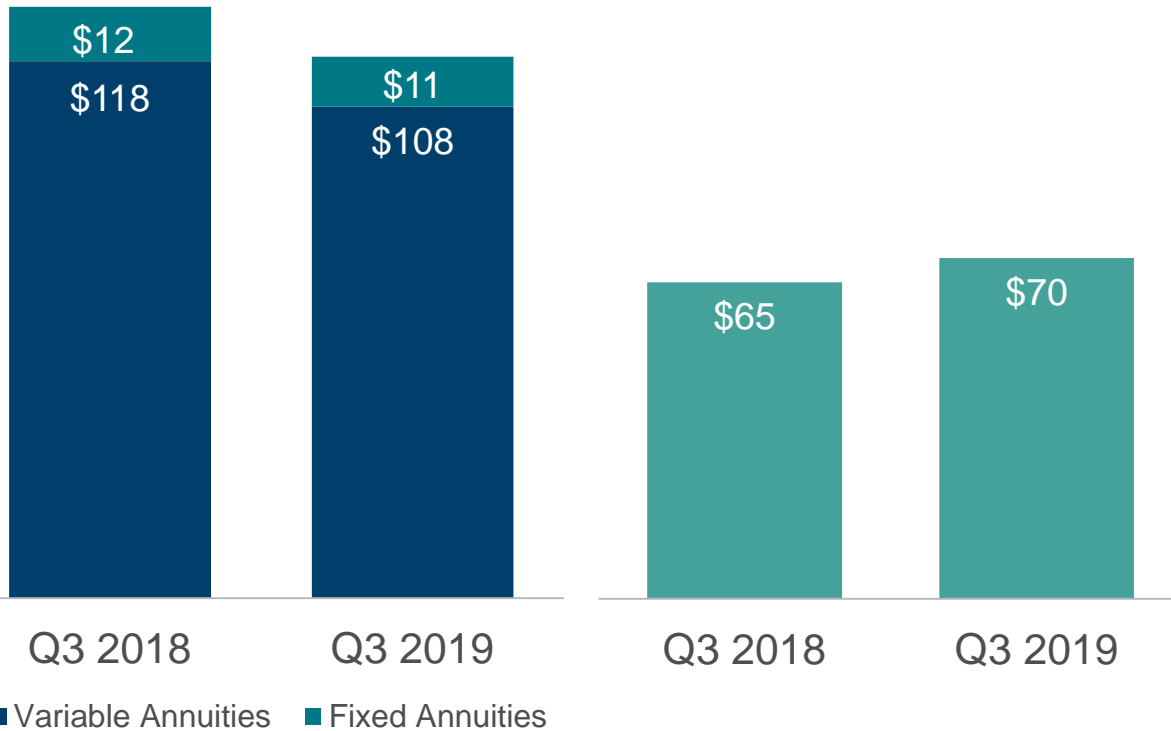
- Substantial improvement in net outflows to \$1.3 billion; net flows were break even excluding former parent
- Revenue and pretax operating earnings impacted by:
  - Cumulative net outflows
  - Minimal equity market appreciation of 1%
- Total expenses improved by 1%, reflecting continued investments for future growth and substantial regulatory change agenda
- Adjusted margin of 38%, within our target range of 35-39%



# Annuities and Protection earnings in line with expectations

Annuities Pretax  
Adjusted Operating  
Earnings<sup>1</sup>  
\$ in millions

Protection Pretax  
Adjusted Operating  
Earnings<sup>1</sup>  
\$ in millions



- Annuities earnings of \$119 million were impacted by:
  - Continued low interest rates
  - Net outflows
- Protection earnings were up \$5 million to \$70 million reflecting:
  - Prior year includes a one-time \$10 million unfavorable cost related to a reinsurance contract
  - Claims were within expected ranges, but elevated compared to the prior year



# In the quarter, recognized a negative unlocking impact of \$20 million, including a negative interest rate impact of \$118 million

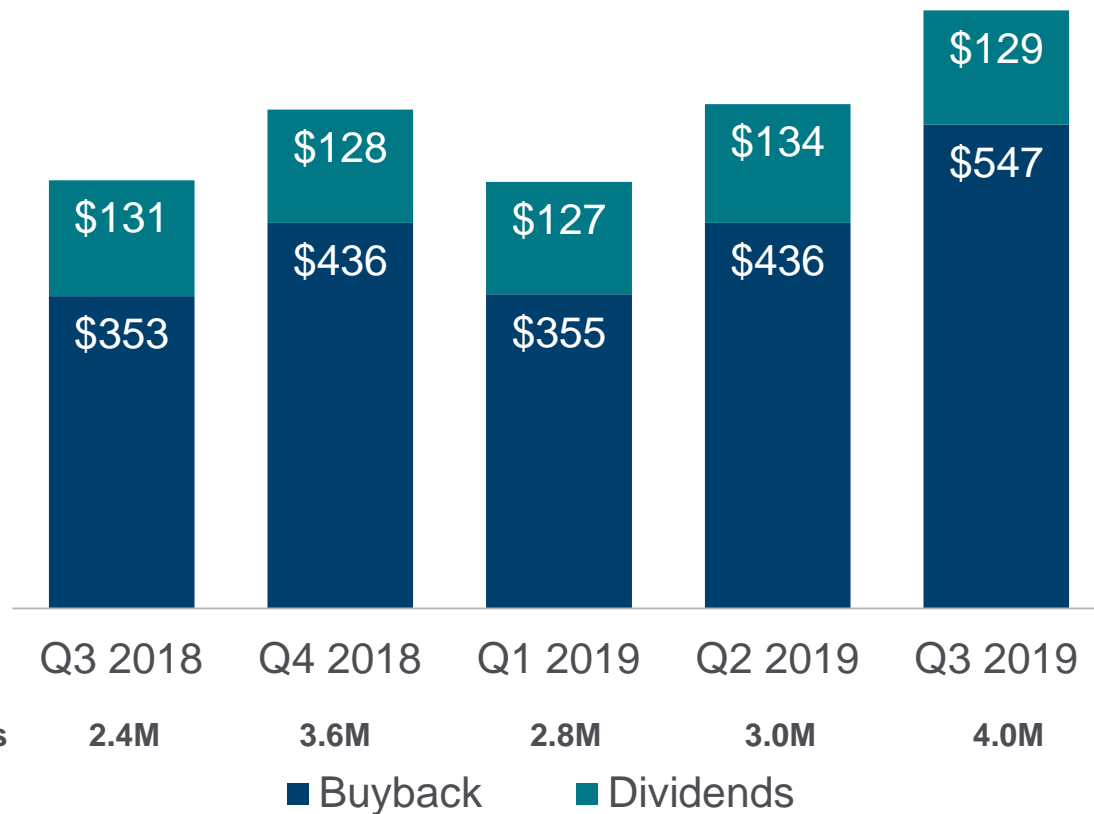
<b>Impacts from Unlocking/Loss Recognition</b> \$ in millions	<b>Total</b>	<b>Interest Rates</b>	<b>Behavioral, Mgmt Actions, and Markets</b>
Annuities	\$1	(\$54)	\$55
Life & Disability	(\$13)	(\$15)	\$2
Long Term Care	(\$8)	(\$49)	\$41
<b>Total</b>	<b>(\$20)</b>	<b>(\$118)</b>	<b>\$98</b>

- Based on significant recent interest rate dislocation, management realized a \$118 million charge related to a change in the grading assumption
- Substantial benefit in long term care due to premium rate increases and benefit reduction impacts, which more than offset morbidity changes



# Differentiated capital management with \$676 million of capital returned to shareholders and ample excess capital

Capital Returned to Shareholders  
\$ in millions



- Strong balance sheet fundamentals and excellent free cash flow generation of 90%+
  - Excess capital of \$1.8 billion will increase from the sale of Auto & Home
  - High-quality, diversified investment portfolio
  - Hedge effectiveness of 98%
  - LTC remains well managed with no impact on capital return
- Balance sheet strength and strong free cash flow generation enables capital management actions
  - Approximately 120% of operating earnings returned to shareholders in the quarter and on track to return 110% for the full year
  - Diluted share count down 9% year-over-year



# Reconciliation tables

## Adjusted operating net revenues

(\$ in millions)	Q3 2018	Q3 2019	% Over/ (Under)
Total net revenues	\$ 3,292	\$ 3,317	1%
Less: CIEs revenue	22	22	
Less: Net realized investment gains (losses)	4	(13)	
Less: Market impact on indexed universal life benefits	(8)	17	
Less: Integration/restructuring charges	-	-	
Less: Market impact of hedges on investments	6	(9)	
Adjusted operating total net revenues	3,268	3,300	1%
Less: Annual unlocking/loss recognition	78	5	
Adjusted operating total net revenues excluding annual unlocking/loss recognition	\$ 3,190	\$ 3,295	3%



# Reconciliation tables

## Adjusted operating expenses

(\$ in millions)	Q3 2018	Q3 2019	% Over/ (Under)
Total expenses	\$ 2,704	\$ 2,676	1%
Less: CIEs expenses	22	23	
Less: Integration/restructuring charges	9	2	
Less: Market impact on variable annuity guaranteed benefits	45	2	
Less: Market impact on indexed universal life benefits	5	(31)	
Less: Market impact on fixed index annuity benefits	-	1	
Less: Mean reversion related impacts	(24)	36	
Less: DAC/DSIC offset to net realized investment gains (losses)	-	(2)	
Adjusted operating expenses	2,647	2,645	0%
Less: Annual unlocking/loss recognition	136	25	
Adjusted operating expenses	<u>\$ 2,511</u>	<u>\$ 2,620</u>	(4)%



# Reconciliation tables

Adjusted operating earnings per diluted share

(\$ in millions, except per share amounts)

	Q3		Per Diluted Share	
	2018	2019	Q3 2018	Q3 2019
Net income	\$ 503	\$ 543	\$ 3.43	\$ 4.04
Less net income (loss) attributable to the CIEs	-	(1)	-	(0.01)
Integration/restructuring charges <sup>(1)</sup>	9	2	0.06	0.01
Market impact on variable annuity guaranteed benefits <sup>(1)</sup>	45	2	0.31	0.01
Market impact on indexed universal life benefits <sup>(1)</sup>	13	(48)	0.09	(0.36)
Market impact on fixed index annuity benefits <sup>(1)</sup>	-	1	-	0.01
Mean reversion related impacts <sup>(1)</sup>	(24)	36	(0.16)	0.27
Market impact of hedges on investments <sup>(1)</sup>	(6)	9	(0.04)	0.07
Net realized investment losses (gains) <sup>(1)</sup>	(4)	11	(0.03)	0.08
Tax effect of adjustments <sup>(2)</sup>	(7)	(3)	(0.05)	(0.02)
Adjusted operating earnings	529	554	3.61	4.12
Less: Pretax impact of annual unlocking/loss recognition	(58)	(20)	(0.39)	(0.15)
Tax effect of annual unlocking/loss recognition <sup>(2)</sup>	12	4	0.08	0.03
Adjusted operating earnings	<u>\$ 575</u>	<u>\$ 570</u>	<u>\$ 3.92</u>	<u>\$ 4.24</u>
Weighted average common shares outstanding:				
Basic	144.4	132.7		
Diluted	146.5	134.5		

<sup>(1)</sup> Pretax adjusted operating adjustment.

<sup>(2)</sup> Calculated using the statutory tax rate of 21%.



# Reconciliation tables

Adjusted operating earnings per diluted share

(\$ in millions, except per share amounts)

	Q2		Per Diluted Share	
	2019	2019	2019	2019
Net income	\$ 492	\$ 543	\$ 3.57	\$ 4.04
Less net income (loss) attributable to the CIEs	1	(1)	0.01	(0.01)
Integration/restructuring charges <sup>(1)</sup>	2	2	0.02	0.01
Market impact on variable annuity guaranteed benefits <sup>(1)</sup>	60	2	0.43	0.01
Market impact on indexed universal life benefits <sup>(1)</sup>	26	(48)	0.19	(0.36)
Market impact on fixed index annuity benefits <sup>(1)</sup>	(1)	1	(0.01)	0.01
Mean reversion related impacts <sup>(1)</sup>	(18)	36	(0.13)	0.27
Market impact of hedges on investments <sup>(1)</sup>	18	9	0.13	0.07
Net realized investment losses (gains) <sup>(1)</sup>	-	11	-	0.08
Tax effect of adjustments <sup>(2)</sup>	(18)	(3)	(0.13)	(0.02)
Adjusted operating earnings	560	554	4.06	4.12
Less: Pretax impact of annual unlocking/loss recognition	-	(20)	-	(0.15)
Tax effect of annual unlocking/loss recognition <sup>(2)</sup>	-	4	-	0.03
Adjusted operating earnings	<u>\$ 560</u>	<u>\$ 570</u>	<u>\$ 4.06</u>	<u>\$ 4.24</u>
Weighted average common shares outstanding:				
Basic	136.1	132.7		
Diluted	138.0	134.5		

<sup>(1)</sup> Pretax adjusted operating adjustment.

<sup>(2)</sup> Calculated using the statutory tax rate of 21%.





# Reconciliation tables

## Adjusted operating return on equity

(\$ in millions)	Twelve Months Ended September 30, 2018	Twelve Months Ended September 30, 2019
Net income	\$ 1,736	\$ 1,969
Less: Adjustments <sup>(1)</sup>	(46)	(214)
Adjusted operating earnings	\$ 1,782	\$ 2,183
Less: Annual unlocking/loss recognition, net of tax <sup>(2)</sup>	(46)	(16)
Adjusted operating earnings excluding annual unlocking/loss recognition	<u>\$ 1,828</u>	<u>\$ 2,199</u>
Total Ameriprise Financial, Inc. shareholders' equity	\$ 5,878	\$ 5,815
Less: Accumulated other comprehensive income, net of tax	22	21
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	<u>5,856</u>	<u>5,794</u>
Less: Equity impacts attributable to the consolidated investment entities	1	1
Adjusted operating equity	<u>\$ 5,855</u>	<u>\$ 5,793</u>
Return on equity, excluding AOCI	29.6%	34.0%
Adjusted operating return on equity, excluding AOCI <sup>(2)</sup>	30.4%	37.7%
Adjusted operating return on equity, excluding AOCI and annual unlocking/loss recognition	31.2%	38.0%

<sup>(1)</sup> 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%.

<sup>(2)</sup> 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

Mix Shift

(\$ in millions)	Q3 2017	Q3 2018	Q3 2019
Advice & Wealth Management pretax adjusted operating earnings	\$ 299	\$ 355	\$ 396
Less: Unlocking	-	-	-
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 299</u>	<u>\$ 355</u>	<u>\$ 396</u>
Asset Management pretax adjusted operating earnings	\$ 204	\$ 197	\$ 173
Less: Unlocking	-	-	-
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 204</u>	<u>\$ 197</u>	<u>\$ 173</u>
Annuities and Protection pretax adjusted operating earnings	\$ 302	\$ 189	\$ 177
Less: Unlocking	100	(6)	(12)
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 202</u>	<u>\$ 195</u>	<u>\$ 189</u>
Percent pretax adjusted operating earnings from Advice & Wealth Management	37%	48%	53%
Percent pretax adjusted operating earnings from Asset Management	25%	27%	23%
Percent pretax adjusted operating earnings from Annuities and Protection	38%	25%	24%
Percent pretax adjusted operating earnings from Advice & Wealth Management excluding unlocking	42%	48%	52%
Percent pretax adjusted operating earnings from Asset Management excluding unlocking	29%	26%	23%
Percent pretax adjusted operating earnings from Annuities and Protection excluding unlocking	29%	26%	25%

Excludes Corporate & Other Segment



# Reconciliation tables

## Adjusted operating general and administrative expense

(\$ in millions)	Q3	Q3	% Over/
	2018	2019	(Under)
General and administrative expense	\$ 802	\$ 820	(2)%
Less: CIEs expense	3	1	
Less: Integration/restructuring charges	9	2	
Adjusted operating general and administrative expense	<u>\$ 790</u>	<u>\$ 817</u>	(3)%



# Reconciliation tables

## Asset Management net pretax adjusted operating margin

(\$ in millions)	Q3	Q3
	2018	2019
Adjusted operating total net revenues	\$ 772	\$ 742
Less: Distribution pass through revenues	195	189
Less: Subadvisory and other pass through revenues	90	83
Net adjusted operating revenues	<u>\$ 487</u>	<u>\$ 470</u>
Pretax adjusted operating earnings	\$ 197	\$ 173
Less: Adjusted operating net investment income	7	2
Add: Amortization of intangibles	5	9
Net adjusted operating earnings	<u>\$ 195</u>	<u>\$ 180</u>
Pretax adjusted operating margin	25.5%	23.3%
Net pretax adjusted operating margin	40.0%	38.3%

