

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____

Commission File No. 1-32525

AMERIPRISE FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	13-3180631
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1099 Ameriprise Financial Center	Minneapolis Minnesota
(Address of principal executive offices)	55474
	(Zip Code)
Registrant's telephone number, including area code: (612) 671-3131	

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock (par value \$.01 per share)	AMP	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒	Accelerated Filer ☐	Non-accelerated Filer ☐
	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2021
Common Stock (par value \$.01 per share)	115,904,879 shares

FORM 10-Q

INDEX

Part I. Financial Information

Item 1. Financial Statements (Unaudited)

Consolidated Statements of Operations — Three months ended March 31, 2021 and 2020

[3](#)

Consolidated Statements of Comprehensive Income — Three months ended March 31, 2021 and 2020

[4](#)

Consolidated Balance Sheets — March 31, 2021 and December 31, 2020

[5](#)

Consolidated Statements of Equity — Three months ended March 31, 2021 and 2020

[6](#)

Consolidated Statements of Cash Flows — Three months ended March 31, 2021 and 2020

[7](#)

Notes to Consolidated Financial Statements

1. Basis of Presentation

[9](#)

2. Recent Accounting Pronouncements

[9](#)

3. Revenue from Contracts with Customers

[12](#)

4. Variable Interest Entities

[15](#)

5. Investments

[20](#)

6. Financing Receivables

[24](#)

7. Deferred Acquisition Costs and Deferred Sales Inducement Costs

[28](#)

8. Policyholder Account Balances, Future Policy Benefits and Claims and Separate Account Liabilities

[28](#)

9. Variable Annuity and Insurance Guarantees

[29](#)

10. Debt

[31](#)

11. Fair Values of Assets and Liabilities

[31](#)

12. Offsetting Assets and Liabilities

[40](#)

13. Derivatives and Hedging Activities

[41](#)

14. Shareholders' Equity

[45](#)

15. Income Taxes

[46](#)

16. Contingencies

[47](#)

17. Earnings per Share

[48](#)

18. Segment Information

[49](#)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

[51](#)

Item 3. Quantitative and Qualitative Disclosures About Market Risk

[70](#)

Item 4. Controls and Procedures

[71](#)**Part II. Other Information**[71](#)

Item 1. Legal Proceedings

[71](#)

Item 1A. Risk Factors

[71](#)

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

[72](#)

Item 6. Exhibits

[73](#)

Signatures

[74](#)

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31,	
	2021	2020
(in millions, except per share amounts)		
Revenues		
Management and financial advice fees	\$ 2,102	\$ 1,770
Distribution fees	458	464
Net investment income	377	328
Premiums, policy and contract charges	347	395
Other revenues	71	69
Total revenues	3,355	3,026
Banking and deposit interest expense	5	25
Total net revenues	3,350	3,001
Expenses		
Distribution expenses	1,175	995
Interest credited to fixed accounts	159	91
Benefits, claims, losses and settlement expenses	653	(1,747)
Amortization of deferred acquisition costs	5	512
Interest and debt expense	42	46
General and administrative expense	823	753
Total expenses	2,857	650
Pretax income	493	2,351
Income tax provision	56	315
Net income	\$ 437	\$ 2,036
Earnings per share		
Basic	\$ 3.65	\$ 16.11
Diluted	\$ 3.58	\$ 15.88

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Net income	\$ 437	\$ 2,036
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(1)	(33)
Net unrealized gains (losses) on securities	(340)	(524)
Defined benefit plans	29	—
Total other comprehensive income (loss), net of tax	(312)	(557)
Total comprehensive income	<u>\$ 125</u>	<u>\$ 1,479</u>

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	March 31, 2021	December 31, 2020
	(in millions, except share amounts)	
Assets		
Cash and cash equivalents	\$ 5,462	\$ 6,751
Cash of consolidated investment entities	325	94
Investments (allowance for credit losses: 2021, \$39; 2020, \$52)	40,437	41,033
Investments of consolidated investment entities, at fair value	2,642	1,918
Separate account assets	93,483	92,611
Receivables (allowance for credit losses: 2021, \$50; 2020, \$49)	8,038	7,819
Receivables of consolidated investment entities, at fair value	17	16
Deferred acquisition costs	2,685	2,532
Restricted and segregated cash, cash equivalents and investments	2,564	2,558
Other assets	10,082	10,551
Other assets of consolidated investment entities, at fair value	2	2
Total assets	<u>\$ 165,737</u>	<u>\$ 165,883</u>
Liabilities and Equity		
Liabilities:		
Policyholder account balances, future policy benefits and claims	\$ 32,702	\$ 33,992
Separate account liabilities	93,483	92,611
Customer deposits	17,619	17,641
Short-term borrowings	200	200
Long-term debt	2,834	2,831
Debt of consolidated investment entities, at fair value	2,671	1,913
Accounts payable and accrued expenses	1,832	1,998
Other liabilities	8,638	8,761
Other liabilities of consolidated investment entities, at fair value	256	69
Total liabilities	<u>160,235</u>	<u>160,016</u>
Equity:		
Common shares (\$.01 par value; shares authorized, 1,250,000,000; shares issued, 333,819,446 and 332,390,132, respectively)	3	3
Additional paid-in capital	8,982	8,822
Retained earnings	15,600	15,292
Treasury shares, at cost (217,831,175 and 215,624,519 shares, respectively)	(19,400)	(18,879)
Accumulated other comprehensive income (loss), net of tax	317	629
Total equity	<u>5,502</u>	<u>5,867</u>
Total liabilities and equity	<u>\$ 165,737</u>	<u>\$ 165,883</u>

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Total
	(in millions, except per share data)						
Balances at January 1, 2020	123,939,234	\$ 3	\$ 8,461	\$ 14,279	\$ (17,276)	\$ 262	\$ 5,729
Cumulative effect of adoption of adoption of current expected credit losses guidance	—	—	—	(9)	—	—	(9)
Comprehensive income:							
Net income	—	—	—	2,036	—	—	2,036
Other comprehensive loss, net of tax	—	—	—	—	—	(557)	(557)
Total comprehensive income							1,479
Dividends to shareholders	—	—	—	(126)	—	—	(126)
Repurchase of common shares	(3,382,619)	—	—	—	(537)	—	(537)
Share-based compensation plans	1,778,272	—	117	—	40	—	157
Balances at March 31, 2020	<u>122,334,887</u>	<u>\$ 3</u>	<u>\$ 8,578</u>	<u>\$ 16,180</u>	<u>\$ (17,773)</u>	<u>\$ (295)</u>	<u>\$ 6,693</u>
Balances at January 1, 2021	116,765,613	\$ 3	\$ 8,822	\$ 15,292	\$ (18,879)	\$ 629	\$ 5,867
Comprehensive income:							
Net income	—	—	—	437	—	—	437
Other comprehensive income, net of tax	—	—	—	—	—	(312)	(312)
Total comprehensive income							125
Dividends to shareholders	—	—	—	(129)	—	—	(129)
Repurchase of common shares	(2,589,698)	—	—	—	(554)	—	(554)
Share-based compensation plans	1,812,356	—	160	—	33	—	193
Balances at March 31, 2021	<u>115,988,271</u>	<u>\$ 3</u>	<u>\$ 8,982</u>	<u>\$ 15,600</u>	<u>\$ (19,400)</u>	<u>\$ 317</u>	<u>\$ 5,502</u>

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three months ended March 31,	
	2021	2020
	(in millions)	
Cash Flows from Operating Activities		
Net income	\$ 437	\$ 2,036
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion, net	60	47
Deferred income tax expense (benefit)	60	1,273
Share-based compensation	35	36
Net realized investment (gains) losses	(65)	(5)
Net trading (gains) losses	1	(3)
Loss from equity method investments	12	19
Impairments and provision for loan losses	—	21
Net (gains) losses of consolidated investment entities	(19)	6
Changes in operating assets and liabilities:		
Restricted and segregated investments	(315)	—
Deferred acquisition costs	(60)	452
Policyholder account balances, future policy benefits and claims, net	(1,050)	2,634
Derivatives, net of collateral	144	(681)
Receivables	(238)	(13)
Brokerage deposits	(102)	378
Accounts payable and accrued expenses	(163)	(432)
Current income tax expense (benefit)	90	(1,081)
Deferred taxes, net	(115)	—
Other operating assets and liabilities of consolidated investment entities, net	4	(1)
Other, net	284	207
Net cash provided by (used in) operating activities	(1,000)	4,893
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	92	633
Maturities, sinking fund payments and calls	2,964	2,050
Purchases	(3,245)	(2,529)
Proceeds from sales, maturities and repayments of mortgage loans	55	54
Funding of mortgage loans	(22)	(62)
Proceeds from sales, maturities and collections of other investments	54	77
Purchase of other investments	(31)	(115)
Purchase of investments by consolidated investment entities	(737)	(133)
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	240	141
Purchase of land, buildings, equipment and software	(22)	(29)
Cash paid for written options with deferred premiums	(211)	(258)
Cash received from written options with deferred premiums	21	95
Cash paid for deposit receivable	(2)	(1)
Cash received for deposit receivable	21	30
Other, net	14	7
Net cash provided by (used in) investing activities	(809)	(40)

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)

	Three months ended March 31,	
	2021	2020
	(in millions)	
Cash Flows from Financing Activities		
Investment certificates:		
Proceeds from additions	\$ 723	\$ 1,271
Maturities, withdrawals and cash surrenders	(1,224)	(1,449)
Policyholder account balances:		
Deposits and other additions	384	255
Net transfers from (to) separate accounts	(60)	30
Surrenders and other benefits	(368)	(430)
Change in banking deposits, net	580	2,372
Cash paid for purchased options with deferred premiums	(42)	(36)
Cash received from purchased options with deferred premiums	306	—
Issuance of long-term debt	4	—
Repayments of long-term debt	(2)	(753)
Dividends paid to shareholders	(129)	(122)
Repurchase of common shares	(470)	(480)
Exercise of stock options	—	1
Borrowings by consolidated investment entities	797	—
Repayments of debt by consolidated investment entities	(63)	(29)
Other, net	(3)	(2)
Net cash provided by (used in) financing activities	433	628
Effect of exchange rate changes on cash	9	(17)
Net increase (decrease) in cash and cash equivalents, including amounts restricted	(1,367)	5,464
Cash and cash equivalents, including amounts restricted, at beginning of period	8,903	6,213
Cash and cash equivalents, including amounts restricted, at end of period	<u>\$ 7,536</u>	<u>\$ 11,677</u>
Supplemental Disclosures:		
Interest paid excluding consolidated investment entities	\$ 30	\$ 55
Interest paid by consolidated investment entities	11	17
Income taxes paid, net	36	34
Leased assets obtained in exchange for operating lease liabilities	44	31
Non-cash investing activity:		
Partnership commitments not yet remitted	—	2
Exchange of an investment that resulted in a realized gain and an increase to amortized cost	17	—
	March 31, 2021	December 31, 2020
	(in millions)	
Reconciliation of cash and cash equivalents, including amounts restricted:		
Cash and cash equivalents	\$ 5,462	\$ 6,751
Cash of consolidated investment entities	325	94
Restricted and segregated cash, cash equivalents and investments	2,564	2,558
Less: Restricted and segregated investments	(815)	(500)
Total cash and cash equivalents including amounts restricted per consolidated statements of cash flows	<u>\$ 7,536</u>	<u>\$ 8,903</u>

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

Ameriprise Financial, Inc. is a holding company, which primarily conducts business through its subsidiaries to provide financial planning, products and services that are designed to be utilized as solutions for clients' cash and liquidity, asset accumulation, income, protection and estate and wealth transfer needs. The foreign operations of Ameriprise Financial, Inc. are conducted primarily through Threadneedle Asset Management Holdings Sàrl and Ameriprise Asset Management Holdings Singapore (Pte.) Ltd and their respective subsidiaries (collectively, "Threadneedle").

The accompanying Consolidated Financial Statements include the accounts of Ameriprise Financial, Inc., companies in which it directly or indirectly has a controlling financial interest and variable interest entities ("VIEs") in which it is the primary beneficiary (collectively, the "Company"). All intercompany transactions and balances have been eliminated in consolidation.

The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for fair statement of the consolidated results of operations and financial position for the interim periods have been made. All adjustments made were of a normal recurring nature.

Changes to the Company's reportable segments have been made as further discussed in Note 18.

Certain prior period amounts have been revised to conform to current period presentation. These changes have no impact on previously reported consolidated balance sheets or statements of operations, comprehensive income, stockholders equity, or cash flows.

In the first quarter of 2021, the Company recorded an unfavorable out-of-period correction of \$29 million in other comprehensive income related to defined benefit plans.

In the first quarter of 2020, the Company recorded an unfavorable out-of-period correction of \$19 million in management and financial advice fees related to performance fees.

The impact of the errors were not material to the prior period financial statements.

The accompanying Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements and Notes should be read in conjunction with the Consolidated Financial Statements and Notes in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission ("SEC") on February 24, 2021 ("2020 10-K").

On April 12, 2021, the Company signed a definitive agreement to acquire the European-based asset management business of BMO Financial Group for £615 million, or approximately \$845 million. The all-cash transaction is expected to add approximately \$124 billion of assets under management in Europe and is currently expected to close in the fourth quarter of 2021, subject to regulatory approvals in the relevant jurisdictions.

The Company evaluated events or transactions that may have occurred after the balance sheet date for potential recognition or disclosure through the date the financial statements were issued. Other than the transaction noted above, no other subsequent events or transactions requiring recognition or disclosure were identified.

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Income Taxes – Simplifying the Accounting for Income Taxes

In December 2019, the Financial Accounting Standards Board ("FASB") updated the accounting standards to simplify the accounting for income taxes. The update eliminates certain exceptions to: (1) accounting principles related to intra-period tax allocation to be applied on a prospective basis, (2) deferred tax liabilities related to outside basis differences to be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption, and (3) year-to-date losses in interim periods to be applied on a prospective basis. The update also amends existing guidance related to situations when an entity receives: (1) a step-up in the tax basis of goodwill to be applied on a prospective basis, (2) an allocation of income tax expense when members of a consolidated tax filing group issue separate financial statements to be applied on a retrospective basis for all periods presented, (3) interim recognition of enactment of tax laws or rate changes to be applied on a prospective basis, and (4) franchise taxes and other taxes partially based on income to be applied on a retrospective basis for all periods presented or a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The standard is effective for interim and annual periods beginning after December 15, 2020, with early adoption permitted. The Company adopted the standard on January 1, 2021. The adoption of this standard had no impact on the Company's consolidated results of operations and financial condition.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Financial Instruments – Credit Losses – Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB updated the accounting standards related to accounting for credit losses on certain types of financial instruments. The update replaces the current incurred loss model for estimating credit losses with a new model that requires an entity to estimate the credit losses expected over the life of the asset. At adoption, the initial estimate of the expected credit losses will be recorded through retained earnings and subsequent changes in the estimate will be reported in current period earnings and recorded through an allowance for credit losses on the balance sheet. The credit loss model for Available-for-Sale debt securities did not change; however, the credit loss calculation and subsequent recoveries are required to be recorded through an allowance. The standard is effective for interim and annual periods beginning after December 15, 2019. A modified retrospective cumulative adjustment to retained earnings should be recorded as of the first reporting period in which the guidance is effective for loans, receivables, and other financial instruments subject to the new expected credit loss model. Prospective adoption is required for establishing an allowance related to Available-for-Sale debt securities, certain beneficial interests, and financial assets purchased with a more-than-insignificant amount of credit deterioration since origination. The Company adopted the standard on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

Intangibles – Goodwill and Other – Internal-Use Software – Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract

In August 2018, the FASB updated the accounting standards related to customer's accounting for implementation costs incurred in a cloud computing arrangement ("CCA") that is a service contract. The update requires implementation costs for a CCA to be evaluated for capitalization using the same approach as implementation costs associated with internal-use software. The update also addresses presentation, measurement and impairment of capitalized implementation costs in a CCA that is a service contract. The update requires new disclosures on the nature of hosting arrangements that are service contracts, significant judgements made when applying the guidance and quantitative disclosures, including amounts capitalized, amortized and impaired. The update is effective for interim and annual periods beginning after December 15, 2019, and can be applied either prospectively or retrospectively. The Company adopted the standard using a prospective approach on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

Intangibles – Goodwill and Other – Simplifying the Test for Goodwill Impairment

In January 2017, the FASB updated the accounting standards to simplify the accounting for goodwill impairment. The update removes the hypothetical purchase price allocation (Step 2) of the goodwill impairment test. Goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value. The standard is effective for interim and annual periods beginning after December 15, 2019, and should be applied prospectively with early adoption permitted for any impairment tests performed after January 1, 2017. The Company adopted the standard on January 1, 2020. The adoption of this update did not have a material impact on the Company's consolidated results of operations or financial condition.

Fair Value Measurement – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement

In August 2018, the FASB updated the accounting standards related to disclosures for fair value measurements. The update eliminates the following disclosures: (1) the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, (2) the policy of timing of transfers between levels of the fair value hierarchy, and (3) the valuation processes for Level 3 fair value measurements. The new disclosures include changes in unrealized gains and losses for the period included in OCI for recurring Level 3 fair value measurements of instruments held at the end of the reporting period and the range and weighted average used to develop significant unobservable inputs and how the weighted average was calculated. The new disclosures are required on a prospective basis; all other provisions should be applied retrospectively. The update is effective for interim and annual periods beginning after December 15, 2019. Early adoption is permitted for the entire standard or only the provisions to eliminate or modify disclosure requirements. The Company early adopted the provisions of the standard to eliminate or modify disclosure requirements in the fourth quarter of 2018. The Company adopted the provisions of the standard to include new disclosures on January 1, 2020. The update did not have an impact on the Company's consolidated results of operations or financial condition.

Future Adoption of New Accounting Standards

Reference Rate Reform – Expedients for Contract Modifications

In March 2020, the FASB updated the accounting standards to provide optional expedients and exceptions for applying GAAP to contracts, hedging or other transactions that are affected by reference rate reform (i.e., the elimination of LIBOR). The following expedients are provided for modified contracts whose reference rate is changed: (1) receivables and debt contracts are accounted for prospectively by adjusting the effective interest rate, (2) leases are accounted for as a continuation of the existing contracts with no reassessments of the lease classification and discount rate or remeasurements of lease payments that otherwise would be required, and (3) an entity is not required to reassess its original conclusion about whether that contract contains an embedded derivative that is clearly and closely related to the economic characteristics and risks of the host contract. The amendments in this update were effective upon issuance and must be elected prior to December 31, 2022. When elected, the optional expedients for contract modifications must be applied consistently for all eligible contracts or eligible transactions. The Company has not yet applied any of the optional

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

expedients. The adoption of the standard is not expected to have an impact on the Company's consolidated results of operations and financial condition.

Financial Services – Insurance – Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the FASB updated the accounting standard related to long-duration insurance contracts. The guidance revises key elements of the measurement models and disclosure requirements for long-duration insurance contracts issued by insurers and reinsurers.

The guidance establishes a significant new category of benefit features called market risk benefits that protect the contractholder from other-than-nominal capital market risk and expose the insurer to that risk. Insurers will have to measure market risk benefits at fair value. Market risk benefits include variable annuity guaranteed benefits (i.e. guaranteed minimum death, withdrawal, withdrawal for life, accumulation and income benefits). The portion of the change in fair value attributable to a change in the instrument-specific credit risk of market risk benefits in a liability position will be recorded in OCI.

Significant changes also relate to the measurement of the liability for future policy benefits for nonparticipating traditional long-duration insurance contracts and immediate annuities with a life contingent feature include the following:

- Insurers will be required to review and update the cash flow assumptions used to measure the liability for future policy benefits rather than using assumptions locked in at contract inception. The review of assumptions to measure the liability for all future policy benefits will be required annually at the same time each year, or more frequently if suggested by experience. The effect of updating assumptions will be measured on a retrospective catch-up basis and presented separate from the ongoing policyholder benefit expense in the statement of operations in the period the update is made. This new unlocking process will be required for the Company's term and whole life insurance, disability income, long term care insurance and immediate annuities with a life contingent feature.
- The discount rate used to measure the liability for future policy benefits will be standardized. The current requirement to use a discount rate reflecting expected investment yields will change to an upper-medium grade (low credit risk) fixed income corporate instrument yield (generally interpreted as an "A" rating) reflecting the duration characteristics of the liability. Entities will be required to update the discount rate at each reporting date with the effect of discount rate changes reflected in OCI.
- The current premium deficiency test is being replaced with a net premium ratio cap of 100%. If the net premium ratio (i.e. the ratio of the present value of total expected benefits and related expenses to the present value of total expected premiums) exceeds 100%, insurers are required to recognize a loss in the statement of operations in the period. Contracts from different issue years will no longer be permitted to be grouped to determine contracts in a loss position.

In addition, the update requires DAC and DSIC relating to all long-duration contracts and most investment contracts to be amortized on a straight-line basis over the expected life of the contract independent of profit emergence. Under the new guidance, interest will not accrue to the deferred balance and DAC and DSIC will not be subject to an impairment test.

The update requires significant additional disclosures, including disaggregated rollforwards of the liability for future policy benefits, policyholder account balances, market risk benefits, DAC and DSIC, as well as qualitative and quantitative information about expected cash flows, estimates and assumptions. The standard is effective for interim and annual periods beginning after December 15, 2022, and interim periods within those years. The standard should be applied to the liability for future policy benefits and DAC and DSIC on a modified retrospective basis and applied to market risk benefits on a retrospective basis with the option to apply full retrospective transition if certain criteria are met. Early adoption is permitted. The Company is currently evaluating the impact of the standard on its consolidated results of operations, financial condition and disclosures.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

3. Revenue from Contracts with Customers

The following tables present revenue disaggregated by segment on an adjusted operating basis with a reconciliation of segment revenues to those reported on the Consolidated Statements of Operations:

Three Months Ended March 31, 2021								
	Advice & Wealth Management	Asset Management	Retirement & Protection Solutions	Corporate & Other	Total Segments	Non-operating Revenue	Total	
(in millions)								
Management and financial advice fees:								
Asset management fees:								
Retail	\$ —	\$ 531	\$ —	\$ —	\$ 531	\$ —	\$ 531	
Institutional	—	123	—	—	123	—	123	
Advisory fees	1,028	—	—	—	1,028	—	1,028	
Financial planning fees	88	—	—	—	88	—	88	
Transaction and other fees	89	52	16	—	157	—	157	
Total management and financial advice fees	1,205	706	16	—	1,927	—	1,927	
Distribution fees:								
Mutual funds	207	67	—	—	274	—	274	
Insurance and annuity	240	47	99	—	386	—	386	
Other products	112	—	—	—	112	—	112	
Total distribution fees	559	114	99	—	772	—	772	
Other revenues	49	1	—	—	50	—	50	
Total revenue from contracts with customers	1,813	821	115	—	2,749	—	2,749	
Revenue from other sources ⁽¹⁾	71	7	672	139	889	99	988	
Total segment gross revenues	1,884	828	787	139	3,638	99	3,737	
Less: Banking and deposit interest expense	5	—	—	—	5	—	5	
Total segment net revenues	1,879	828	787	139	3,633	99	3,732	
Less: Intersegment revenues	250	13	116	—	379	3	382	
Total net revenues	\$ 1,629	\$ 815	\$ 671	\$ 139	\$ 3,254	\$ 96	\$ 3,350	

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

	Three Months Ended March 31, 2020							
	Advice & Wealth Management	Asset Management	Retirement & Protection Solutions	Corporate & Other	Total Segments	Non-operating Revenue	Total	
	(in millions)							
Management and financial advice fees:								
Asset management fees:								
Retail	\$ —	\$ 447	\$ —	\$ —	\$ 447	\$ —	\$ 447	
Institutional	—	85	—	—	85	—	85	
Advisory fees	854	—	—	—	854	—	854	
Financial planning fees	81	—	—	—	81	—	81	
Transaction and other fees	89	47	15	—	151	—	151	
Total management and financial advice fees	1,024	579	15	—	1,618	—	1,618	
Distribution fees:								
Mutual funds	184	60	—	—	244	—	244	
Insurance and annuity	208	43	86	—	337	—	337	
Other products	156	—	—	—	156	—	156	
Total distribution fees	548	103	86	—	737	—	737	
Other revenues	47	1	—	3	51	—	51	
Total revenue from contracts with customers	1,619	683	101	3	2,406	—	2,406	
Revenue from other sources ⁽¹⁾	101	3	658	147	909	52	961	
Total segment gross revenues	1,720	686	759	150	3,315	52	3,367	
Less: Banking and deposit interest expense	25	—	—	1	26	—	26	
Total segment net revenues	1,695	686	759	149	3,289	52	3,341	
Less: Intersegment revenues	222	13	104	(1)	338	2	340	
Total net revenues	\$ 1,473	\$ 673	\$ 655	\$ 150	\$ 2,951	\$ 50	\$ 3,001	

⁽¹⁾ Revenues not included in the scope of the revenue from contracts with customers standard. The amounts primarily consist of revenue associated with insurance and annuity products or financial instruments.

The following discussion describes the nature, timing, and uncertainty of revenues and cash flows arising from the Company's contracts with customers on a consolidated basis.

Management and Financial Advice Fees

Asset Management Fees

The Company earns revenue for performing asset management services for retail and institutional clients. The revenue is earned based on a fixed or tiered rate applied, as a percentage, to assets under management. Assets under management vary with market fluctuations and client behavior. The asset management performance obligation is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Asset management fees are accrued, invoiced and collected on a monthly or quarterly basis.

The Company's asset management contracts for Open Ended Investment Companies ("OEICs") in the United Kingdom ("U.K.") and Société d'Investissement à Capital Variable ("SICAVs") in Europe include performance obligations for asset management and fund distribution services. The amounts received for these services are reported as management and financial advice fees. The revenue recognition pattern is the same for both performance obligations as the fund distribution services revenue is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment) and not recognized until assets under management are known.

The Company may also earn performance-based management fees on institutional accounts, hedge funds, collateralized loan obligations ("CLOs"), OEICs, SICAVs and property and other funds based on a percentage of account returns in excess of either a benchmark index or a contractually specified level. This revenue is variable and impacted primarily by the performance of the assets being managed compared to the benchmark index or contractually specified level. The revenue is not recognized until it is probable that a significant reversal will not occur. Performance-based management fees are invoiced on a quarterly or annual basis.

Advisory Fees

The Company earns revenue for performing investment advisory services for certain brokerage customer's discretionary and non-discretionary managed accounts. The revenue is earned based on a contractual fixed rate applied, as a percentage, to the market value

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

of assets held in the account. The investment advisory performance obligation is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Advisory fees are billed on a monthly basis on the prior month end assets.

Financial Planning Fees

The Company earns revenue for providing financial plans to its clients. The revenue earned for each financial plan is either a fixed fee (received monthly, quarterly or annually) or a variable fee (received monthly) based on a contractual fixed rate applied, as a percentage, to the prior month end assets held in a client's investment advisory account. The financial planning fee is based on the complexity of a client's financial and life situation and his or her advisor's experience. The performance obligation is satisfied at the time the financial plan is delivered to the customer. The Company records a contract liability for the unearned revenue when cash is received before the plan is delivered. The financial plan contracts with clients are annual contracts. Amounts recorded as a contract liability are recognized as revenue when the financial plan is delivered, which occurs within the annual contract period.

For fixed fee arrangements, revenue is recognized when the financial plan is delivered. The Company accrues revenue for any amounts that have not been received at the time the financial plan is delivered.

For variable fee arrangements, revenue is recognized for cash that has been received when the financial plan is delivered. The amount received after the plan is delivered is variably constrained due to factors outside the Company's control including market volatility and client behavior. The revenue is recognized when it is probable that a significant reversal will not occur that is generally each month end as the advisory account balance uncertainty is resolved.

Contract liabilities for financial planning fees, which are included in other liabilities in the Consolidated Balance Sheets, were \$144 million and \$146 million as of March 31, 2021 and December 31, 2020, respectively.

The Company pays sales commissions to advisors when a new financial planning contract is obtained or when an existing contract is renewed. The sales commissions paid to the advisors prior to financial plan delivery are considered costs to obtain a contract with a customer and are initially capitalized. When the performance obligation to deliver the financial plan is satisfied, the commission is recognized as distribution expense. Capitalized costs to obtain these contracts are reported in other assets in the Consolidated Balance Sheets and were \$115 million and \$117 million as of March 31, 2021 and December 31, 2020, respectively.

Transaction and Other Fees

The Company earns revenue for providing customer support, shareholder and administrative services (including transfer agent services) for affiliated mutual funds and networking, sub-accounting and administrative services for unaffiliated mutual funds. The Company also receives revenue for providing custodial services and account maintenance services on brokerage and retirement accounts that are not included in an advisory relationship. Transfer agent and administrative revenue is earned based on either a fixed rate applied, as a percentage, to assets under management or an annual fixed fee for each fund position. Networking and sub-accounting revenue is earned based on either an annual fixed fee for each account or an annual fixed fee for each fund position. Custodial and account maintenance revenue is generally earned based on a quarterly or annual fixed fee for each account. Each of the customer support and administrative services performance obligations are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. Transaction and other fees (other than custodial service fees) are invoiced or charged to brokerage accounts on a monthly or quarterly basis. Custodial service fees are invoiced or charged to brokerage accounts on an annual basis. Contract liabilities for custodial service fees, which are included in other liabilities in the Consolidated Balance Sheets, were \$42 million and nil as of March 31, 2021 and December 31, 2020, respectively.

The Company earns revenue for providing trade execution services to franchise advisors. The trade execution performance obligation is satisfied at the time of each trade and the revenue is primarily earned based on a fixed fee per trade. These fees are invoiced and collected on a semi-monthly basis.

Distribution Fees

Mutual Funds and Insurance and Annuity Products

The Company earns revenue for selling affiliated and unaffiliated mutual funds, fixed and variable annuities and insurance products. The performance obligation is satisfied at the time of each individual sale. A portion of the revenue is based on a fixed rate applied, as a percentage, to amounts invested at the time of sale. The remaining revenue is recognized over the time the client owns the investment or holds the contract and is generally earned based on a fixed rate applied, as a percentage, to the net asset value of the fund, or the value of the insurance policy or annuity contract. The ongoing revenue is not recognized at the time of sale because it is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment, insurance policy or annuity contract). This ongoing revenue may be recognized for many years after the initial sale. The revenue will not be recognized until it is probable that a significant reversal will not occur.

The Company earns revenue for providing unaffiliated partners an opportunity to educate the Company's advisors or to support availability and distribution of their products on the Company's platforms. These payments allow the outside parties to train and support the advisors, explain the features of their products and distribute marketing and educational materials, and support trading and

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

operational systems necessary to enable the Company's client servicing and production distribution efforts. The Company earns revenue for placing and maintaining unaffiliated fund partners and insurance companies' products on the Company's sales platform (subject to the Company's due diligence standards). The revenue is primarily earned based on a fixed fee or a fixed rate applied, as a percentage, to the market value of assets invested. These performance obligations are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. These fees are invoiced and collected on monthly basis.

Other Products

The Company earns revenue for selling unaffiliated alternative products. The performance obligation is satisfied at the time of each individual sale. A portion of the revenue is based on a fixed rate applied, as a percentage, to amounts invested at the time of sale. The remaining revenue is recognized over the time the client owns the investment and is earned generally based on a fixed rate applied, as a percentage, to the market value of the investment. The ongoing revenue is not recognized at the time of sale because it is variably constrained due to factors outside the Company's control including market volatility and client behavior (such as how long clients hold their investment). The revenue will not be recognized until it is probable that a significant reversal will not occur.

The Company earns revenue from brokerage clients for the execution of requested trades. The performance obligation is satisfied at the time of trade execution and amounts are received on the settlement date. The revenue varies for each trade based on various factors that include the type of investment, dollar amount of the trade and how the trade is executed (online or broker assisted).

The Company earns revenue for placing clients' deposits in its brokerage sweep program with third-party banks. The amount received from the third-party banks is impacted by short-term interest rates. The performance obligation with the financial institutions that participate in the sweep program is considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. The revenue is earned daily and settled monthly based on a rate applied, as a percentage, to the deposits placed.

Other Revenues

The Company earns revenue from fees charged to franchise advisors for providing various services the advisors need to manage and grow their practices. The primary services include: licensing of intellectual property and software, compliance supervision, insurance coverage, technology services and support, consulting and other services. The services are either provided by the Company or third-party providers. The Company controls the services provided by third parties as it has the right to direct the third parties to perform the services, is primarily responsible for performing the services and sets the prices the advisors are charged. The Company recognizes revenue for the gross amount of the fees received from the advisors. The fees are primarily collected monthly as a reduction of commission payments.

Intellectual property and software licenses, along with compliance supervision, insurance coverage, and technology services and support are primarily earned based on a monthly fixed fee. These services are considered a series of distinct services that are substantially the same and are satisfied each day over the contract term. The consulting and other services performance obligations are satisfied as the services are delivered and revenue is earned based upon the level of service requested.

Receivables

Receivables for revenue from contracts with customers are recognized when the performance obligation is satisfied and the Company has an unconditional right to the revenue. Receivables related to revenues from contracts with customers were \$415 million and \$403 million as of March 31, 2021 and December 31, 2020, respectively.

4. Variable Interest Entities

The Company provides asset management services to investment entities which are considered to be VIEs, such as CLOs, hedge funds and other private funds, property funds and certain non-U.S. series funds (such as OEICs and SICAVs) (collectively, "investment entities"), which are sponsored by the Company. In addition, the Company invests in structured investments other than CLOs and certain affordable housing partnerships which are considered VIEs. The Company consolidates certain investment entities (collectively, "consolidated investment entities") if the Company is deemed to be the primary beneficiary. The Company has no obligation to provide financial or other support to the non-consolidated VIEs beyond its initial investment and existing future funding commitments, and the Company has not provided any other support to these entities. The Company has unfunded commitments related to consolidated CLOs of \$20 million and \$13 million as of March 31, 2021 and December 31, 2020, respectively.

CLOs

CLOs are asset backed financing entities collateralized by a pool of assets, primarily syndicated loans and, to a lesser extent, high-yield bonds. Multiple tranches of debt securities are issued by a CLO, offering investors various maturity and credit risk characteristics. The debt securities issued by the CLOs are non-recourse to the Company. The CLO's debt holders have recourse only to the assets of the CLO. The assets of the CLOs cannot be used by the Company. Scheduled debt payments are based on the performance of the CLO's collateral pool. The Company earns management fees from the CLOs based on the value of the CLO's collateral pool and, in certain instances, may also receive incentive fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company has invested in a portion of the unrated, junior subordinated notes and

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

highly rated senior notes of certain CLOs. The Company consolidates certain CLOs where it is the primary beneficiary and has the power to direct the activities that most significantly impact the economic performance of the CLO.

The Company's maximum exposure to loss with respect to non-consolidated CLOs is limited to its amortized cost, which was \$1 million and \$3 million as of March 31, 2021 and December 31, 2020, respectively. The Company classifies these investments as Available-for-Sale securities. See Note 5 for additional information on these investments.

Property Funds

The Company provides investment advice and related services to property funds, some of which are considered VIEs. For investment management services, the Company generally earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company does not have a significant economic interest and is not required to consolidate any of the property funds. The Company's maximum exposure to loss with respect to its investment in these entities is limited to its carrying value. The carrying value of the Company's investment in property funds is reflected in other investments and was \$23 million as of both March 31, 2021 and December 31, 2020.

Hedge Funds and other Private Funds

The Company does not consolidate hedge funds and other private funds which are sponsored by the Company and considered VIEs. For investment management services, the Company earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services and the Company does not have a significant economic interest in any fund. The Company's maximum exposure to loss with respect to its investment in these entities is limited to its carrying value. The carrying value of the Company's investment in these entities is reflected in other investments and was nil as of both March 31, 2021 and December 31, 2020.

Non-U.S. Series Funds

The Company manages non-U.S. series funds, which are considered VIEs. For investment management services, the Company earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The fee arrangement is at market and commensurate with the level of effort required to provide those services. The Company does not consolidate these funds and its maximum exposure to loss is limited to its carrying value. The carrying value of the Company's investment in these funds is reflected in other investments and was \$17 million and \$20 million as of March 31, 2021 and December 31, 2020, respectively.

Affordable Housing Partnerships and Other Real Estate Partnerships

The Company is a limited partner in affordable housing partnerships that qualify for government-sponsored low income housing tax credit programs and partnerships that invest in multi-family residential properties that were originally developed with an affordable housing component. The Company has determined it is not the primary beneficiary and therefore does not consolidate these partnerships.

A majority of the limited partnerships are VIEs. The Company's maximum exposure to loss as a result of its investment in the VIEs is limited to the carrying value. The carrying value is reflected in other investments and was \$187 million and \$200 million as of March 31, 2021 and December 31, 2020, respectively. The Company had a \$9 million liability recorded as of both March 31, 2021 and December 31, 2020 related to original purchase commitments not yet remitted to the VIEs. The Company has not provided any additional support and is not contractually obligated to provide additional support to the VIEs beyond the funding commitments.

Structured Investments

The Company invests in structured investments which are considered VIEs for which it is not the sponsor. These structured investments typically invest in fixed income instruments and are managed by third parties and include asset backed securities, commercial and residential mortgage backed securities. The Company classifies these investments as Available-for-Sale securities. The Company has determined that it is not the primary beneficiary of these structures due to the size of the Company's investment in the entities and position in the capital structure of these entities. The Company's maximum exposure to loss as a result of its investment in these structured investments is limited to its amortized cost. See Note 5 for additional information on these structured investments.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Fair Value of Assets and Liabilities

The Company categorizes its fair value measurements according to a three-level hierarchy. See Note 11 for the definition of the three levels of the fair value hierarchy.

The following tables present the balances of assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

March 31, 2021				
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Common stocks	\$ —	\$ 2	\$ —	\$ 2
Syndicated loans	—	2,485	155	2,640
Total investments	—	2,487	155	2,642
Receivables	—	17	—	17
Other assets	—	2	—	2
Total assets at fair value	\$ —	\$ 2,506	\$ 155	\$ 2,661
Liabilities				
Debt ⁽¹⁾	\$ —	\$ 2,671	\$ —	\$ 2,671
Other liabilities	—	256	—	256
Total liabilities at fair value	\$ —	\$ 2,927	\$ —	\$ 2,927
December 31, 2020				
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Corporate debt securities	\$ —	\$ 8	\$ —	\$ 8
Common stocks	—	1	—	1
Syndicated loans	—	1,817	92	1,909
Total investments	—	1,826	92	1,918
Receivables	—	16	—	16
Other assets	—	—	2	2
Total assets at fair value	\$ —	\$ 1,842	\$ 94	\$ 1,936
Liabilities				
Debt ⁽¹⁾	\$ —	\$ 1,913	\$ —	\$ 1,913
Other liabilities	—	69	—	69
Total liabilities at fair value	\$ —	\$ 1,982	\$ —	\$ 1,982

⁽¹⁾ The carrying value of the CLOs' debt is set equal to the fair value of the CLOs' assets. The estimated fair value of the CLOs' debt was \$2.7 billion and \$2.0 billion as of March 31, 2021 and December 31, 2020, respectively.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The following tables provide a summary of changes in Level 3 assets held by consolidated investment entities measured at fair value on a recurring basis:

	Syndicated Loans	Other Assets
	(in millions)	
Balance, January 1, 2021	\$ 92	\$ 2
Total gains (losses) included in:		
Net income	2 ⁽¹⁾	—
Purchases	59	—
Sales	(10)	—
Settlements	(20)	—
Transfers into Level 3	57	—
Transfers out of Level 3	(25)	(2)
Balance, March 31, 2021	<u>\$ 155</u>	<u>\$ —</u>
Changes in unrealized gains (losses) included in income relating to assets held at March 31, 2021	\$ 1 ⁽¹⁾	\$ —

	Syndicated Loans
	(in millions)
Balance, January 1, 2020	\$ 143
Total gains (losses) included in:	
Net income	(39) ⁽¹⁾
Purchases	43
Sales	(7)
Settlements	(10)
Transfers into Level 3	248
Transfers out of Level 3	(76)
Balance, March 31, 2020	<u>\$ 302</u>
Changes in unrealized gains (losses) included in income relating to assets held at March 31, 2020	\$ (37) ⁽¹⁾

⁽¹⁾ Included in net investment income in the Consolidated Statements of Operations.

Securities and loans transferred from Level 3 primarily represent assets with fair values that are now obtained from a third-party pricing service with observable inputs or priced in active markets. Securities and loans transferred to Level 3 represent assets with fair values that are now based on a single non-binding broker quote.

All Level 3 measurements as of March 31, 2021 and December 31, 2020 were obtained from non-binding broker quotes where unobservable inputs utilized in the fair value calculation are not reasonably available to the Company.

Determination of Fair Value

Assets

Investments

The fair value of syndicated loans obtained from third-party pricing services using a market approach with observable inputs is classified as Level 2. The fair value of syndicated loans obtained from third-party pricing services with a single non-binding broker quote as the underlying valuation source is classified as Level 3. The underlying inputs used in non-binding broker quotes are not readily available to the Company. See Note 11 for a description of the Company's determination of the fair value of corporate debt securities, common stocks and other investments.

Receivables

For receivables of the consolidated CLOs, the carrying value approximates fair value as the nature of these assets has historically been short term and the receivables have been collectible. The fair value of these receivables is classified as Level 2.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Liabilities

Debt

The fair value of the CLOs' assets, typically syndicated bank loans, is more observable than the fair value of the CLOs' debt tranches for which market activity is limited and less transparent. As a result, the fair value of the CLOs' debt is set equal to the fair value of the CLOs' assets and is classified as Level 2.

Other Liabilities

Other liabilities consist primarily of securities purchased but not yet settled held by consolidated CLOs. The carrying value approximates fair value as the nature of these liabilities has historically been short term. The fair value of these liabilities is classified as Level 2. Other liabilities also include accrued interest on the CLO debt.

Fair Value Option

The Company has elected the fair value option for the financial assets and liabilities of the consolidated CLOs. Management believes that the use of the fair value option better matches the changes in fair value of assets and liabilities related to the CLOs.

The following table presents the fair value and unpaid principal balance of loans and debt for which the fair value option has been elected:

	March 31, 2021	December 31, 2020
	(in millions)	
Syndicated loans		
Unpaid principal balance	\$ 2,690	\$ 1,990
Excess unpaid principal over fair value	(50)	(81)
Fair value	<u>\$ 2,640</u>	<u>\$ 1,909</u>
Fair value of loans more than 90 days past due	\$ 1	\$ 5
Fair value of loans in nonaccrual status	15	19
Difference between fair value and unpaid principal of loans more than 90 days past due, loans in nonaccrual status or both	20	24
Debt		
Unpaid principal balance	\$ 2,808	\$ 2,069
Excess unpaid principal over fair value	(137)	(156)
Carrying value ⁽¹⁾	<u>\$ 2,671</u>	<u>\$ 1,913</u>

⁽¹⁾ The carrying value of the CLOs' debt is set equal to the fair value of the CLOs' assets. The estimated fair value of the CLOs' debt was \$2.7 billion and \$2.0 billion as of March 31, 2021 and December 31, 2020, respectively.

During the first quarter of 2021, the Company launched two new CLOs and issued debt of \$817 million.

Interest income from syndicated loans, bonds and structured investments is recorded based on contractual rates in net investment income. Gains and losses related to changes in the fair value of investments and gains and losses on sales of investments are also recorded in net investment income. Interest expense on debt is recorded in interest and debt expense with gains and losses related to changes in the fair value of debt recorded in net investment income.

Total net gains (losses) recognized in net investment income related to the changes in fair value of investments the Company owns in the consolidated CLOs where it has elected the fair value option and collateralized financing entity accounting were immaterial for both the three months ended March 31, 2021 and 2020.

Debt of the consolidated investment entities and the stated interest rates were as follows:

	Carrying Value		Weighted Average Interest Rate	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
Debt of consolidated CLOs due 2025-2034	\$ 2,671	\$ 1,913	2.0 %	2.1 %

The debt of the consolidated CLOs has both fixed and floating interest rates, which range from 0.0% to 8.9%. The interest rates on the debt of CLOs are weighted average rates based on the outstanding principal and contractual interest rates.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

5. Investments

The following is a summary of Ameriprise Financial investments:

	March 31, 2021	December 31, 2020
	(in millions)	
Available-for-Sale securities, at fair value	\$ 35,832	\$ 36,283
Mortgage loans (allowance for credit losses: 2021, \$29 ; 2020, \$29)	2,684	2,718
Policy loans	838	846
Other investments (allowance for credit losses: 2021, \$9; 2020, \$12)	1,083	1,184
Total	<u>\$ 40,437</u>	<u>\$ 41,031</u>

Other investments primarily reflect the Company's interests in affordable housing partnerships, trading securities, seed money investments, syndicated loans, credit card receivables and certificates of deposit with original or remaining maturities at the time of purchase of more than 90 days.

The following is a summary of net investment income:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Investment income on fixed maturities	\$ 266	\$ 322
Net realized gains (losses)	69 ⁽¹⁾	(19) ⁽¹⁾
Affordable housing partnerships	(15)	(14)
Other	21	22
Consolidated investment entities	36	17
Total	<u>\$ 377</u>	<u>\$ 328</u>

⁽¹⁾ Includes the change in the allowance for credit losses of \$1 million and \$24 million for the three months ended March 31, 2021 and 2020, respectively.

Available-for-Sale securities distributed by type were as follows:

	March 31, 2021				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
	(in millions)				
Corporate debt securities	\$ 11,949	\$ 1,441	\$ (87)	\$ —	\$ 13,303
Residential mortgage backed securities	9,903	156	(17)	—	10,042
Commercial mortgage backed securities	5,876	173	(12)	—	6,037
Asset backed securities	3,444	43	(2)	—	3,485
State and municipal obligations	1,057	244	(3)	—	1,298
U.S. government and agency obligations	1,325	1	—	—	1,326
Foreign government bonds and obligations	231	17	(1)	—	247
Other securities	94	—	—	—	94
Total	<u>\$ 33,879</u>	<u>\$ 2,075</u>	<u>\$ (122)</u>	<u>\$ —</u>	<u>\$ 35,832</u>

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Description of Securities	December 31, 2020				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
	(in millions)				
Corporate debt securities	\$ 11,762	\$ 1,924	\$ (2)	\$ (10)	\$ 13,674
Residential mortgage backed securities	9,845	188	(4)	—	10,029
Commercial mortgage backed securities	5,867	242	(21)	—	6,088
Asset backed securities	3,283	52	(5)	(1)	3,329
State and municipal obligations	1,088	297	(1)	—	1,384
U.S. government and agency obligations	1,456	—	—	—	1,456
Foreign government bonds and obligations	241	22	(1)	—	262
Other securities	59	2	—	—	61
Total	\$ 33,601	\$ 2,727	\$ (34)	\$ (11)	\$ 36,283

As of March 31, 2021 and December 31, 2020, accrued interest of \$209 million and \$178 million, respectively, is excluded from the amortized cost basis of Available-for-Sale securities in the tables above and is recorded in receivables on the Consolidated Balance Sheets.

As of March 31, 2021 and December 31, 2020, investment securities with a fair value of \$3.3 billion and \$3.6 billion, respectively, were pledged to meet contractual obligations under derivative contracts and short-term borrowings, of which \$417 million and \$454 million, respectively, may be sold, pledged or rehypothecated by the counterparty.

As of March 31, 2021 and December 31, 2020, fixed maturity securities comprised approximately 89% and 88%, respectively, of Ameriprise Financial investments. Rating agency designations are based on the availability of ratings from Nationally Recognized Statistical Rating Organizations (“NRSROs”), including Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”) and Fitch Ratings Ltd. (“Fitch”). The Company uses the median of available ratings from Moody’s, S&P and Fitch, or, if fewer than three ratings are available, the lower rating is used. When ratings from Moody’s, S&P and Fitch are unavailable, the Company may utilize ratings from other NRSROs or rate the securities internally. As of March 31, 2021 and December 31, 2020, the Company’s internal analysts rated \$642 million and \$605 million, respectively, of securities using criteria similar to those used by NRSROs.

A summary of fixed maturity securities by rating was as follows:

Ratings	March 31, 2021			December 31, 2020		
	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
	(in millions, except percentages)					
AAA	\$ 19,922	\$ 20,255	56 %	\$ 19,815	\$ 20,253	56 %
AA	1,140	1,319	4	1,082	1,312	3
A	2,714	3,141	9	2,953	3,534	10
BBB	8,792	9,681	27	8,271	9,542	26
Below investment grade ⁽¹⁾	1,311	1,436	4	1,480	1,642	5
Total fixed maturities	\$ 33,879	\$ 35,832	100 %	\$ 33,601	\$ 36,283	100 %

⁽¹⁾ Both the amortized cost and fair value of below investment grade securities includes interest in non-consolidated CLOs managed by the Company of \$1 million as of March 31, 2021, and \$3 million as of December 31, 2020. These securities are not rated but are included in below investment grade due to their risk characteristics.

As of March 31, 2021 and December 31, 2020, approximately 32% and 33%, respectively, of securities rated AAA were GNMA, FNMA and FHLMC mortgage backed securities. No holdings of any issuer were greater than 10% of total equity.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The following tables summarize the fair value and gross unrealized losses on Available-for-Sale securities, aggregated by major investment type and the length of time that individual securities have been in a continuous unrealized loss position for which no allowance for credit losses has been recorded:

March 31, 2021									
Description of Securities	Less than 12 months			12 months or more			Total		
	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
(in millions, except number of securities)									
Corporate debt securities	84	\$ 1,948	\$ (86)	4	\$ 23	\$ (1)	88	\$ 1,971	\$ (87)
Residential mortgage backed securities	63	1,861	(16)	77	297	(1)	140	2,158	(17)
Commercial mortgage backed securities	43	778	(10)	18	428	(2)	61	1,206	(12)
Asset backed securities	11	265	(1)	14	203	(1)	25	468	(2)
State and municipal obligations	28	74	(2)	2	7	(1)	30	81	(3)
Foreign government bonds and obligations	4	5	—	7	7	(1)	11	12	(1)
Total	233	\$ 4,931	\$ (115)	122	\$ 965	\$ (7)	355	\$ 5,896	\$ (122)

December 31, 2020									
Description of Securities	Less than 12 months			12 months or more			Total		
	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
(in millions, except number of securities)									
Corporate debt securities	26	\$ 228	\$ (1)	11	\$ 19	\$ (1)	37	\$ 247	\$ (2)
Residential mortgage backed securities	72	833	(2)	71	391	(2)	143	1,224	(4)
Commercial mortgage backed securities	35	781	(11)	19	393	(10)	54	1,174	(21)
Asset backed securities	17	344	(3)	13	231	(2)	30	575	(5)
State and municipal obligations	2	4	—	1	4	(1)	3	8	(1)
Foreign government bonds and obligations	1	3	—	7	8	(1)	8	11	(1)
Total	153	\$ 2,193	\$ (17)	122	\$ 1,046	\$ (17)	275	\$ 3,239	\$ (34)

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

As part of the Company's ongoing monitoring process, management determined that the change in gross unrealized losses on its Available-for-Sale securities for which an allowance for credit losses has not been recognized during the three months ended March 31, 2021 is primarily attributable to higher interest rates, partially offset by tighter credit spreads. The Company did not recognize these unrealized losses in earnings because it was determined that such losses were due to non-credit factors. The Company does not intend to sell these securities and does not believe that it is more likely than not that the Company will be required to sell these securities before the anticipated recovery of the remaining amortized cost basis. As of March 31, 2021 and December 31, 2020, 88% and 92% respectively, of the total of Available-for-Sale securities with gross unrealized losses were considered investment grade.

The following tables present a rollforward of the allowance for credit losses on Available-for-Sale securities:

	Corporate Debt Securities	Asset Backed Securities	Total
	(in millions)		
Balance, January 1, 2021	\$ 10	\$ 1	\$ 11
Charge-offs	(10)	(1)	(11)
Balance, March 31, 2021	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Balance at January 1, 2020 ⁽¹⁾	\$ —	\$ —	\$ —
Additions for which credit losses were not previously recorded	13	—	13
Balance at March 31, 2020	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ 13</u>

⁽¹⁾ Prior to January 1, 2020, credit losses on Available-for-Sale securities were not recorded in an allowance but were recorded as a reduction of the book value of the security if the security was other-than-temporarily impaired.

Net realized gains and losses on Available-for-Sale securities, determined using the specific identification method, recognized in net investment income were as follows:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Gross realized investment gains	\$ 51	\$ 8
Gross realized investment losses	(1)	(3)
Credit losses	—	(13)
Total	<u>\$ 50</u>	<u>\$ (8)</u>

There were no credit losses for the three months ended March 31, 2021. Credit losses for the three months ended March 31, 2020 primarily related to recording an allowance for credit losses on certain corporate debt securities, primarily in the oil and gas industry.

See Note 14 for a rollforward of net unrealized investment gains (losses) included in AOCL.

Available-for-Sale securities by contractual maturity as of March 31, 2021 were as follows:

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	\$ 2,241	\$ 2,251
Due after one year through five years	4,757	5,058
Due after five years through 10 years	3,423	3,565
Due after 10 years	4,235	5,394
	<u>14,656</u>	<u>16,268</u>
Residential mortgage backed securities	9,903	10,042
Commercial mortgage backed securities	5,876	6,037
Asset backed securities	3,444	3,485
Total	<u>\$ 33,879</u>	<u>\$ 35,832</u>

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage backed securities, commercial mortgage backed securities and asset backed securities are not due at a single maturity date. As such, these securities were not included in the maturities distribution.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

6. Financing Receivables

Financing receivables are comprised of commercial loans, consumer loans, and the deposit receivable.

Allowance for Credit Losses

The following tables present a rollforward of the allowance for credit losses for the three months ended March 31:

	Commercial Loans	Consumer Loans	Total
	(in millions)		
Balance, January 1, 2021	\$ 66	\$ 2	\$ 68
Provisions	—	1	1
Charge-offs	(1)	—	(1)
Balance, March 31, 2021	<u>\$ 65</u>	<u>\$ 3</u>	<u>\$ 68</u>
	Commercial Loans	Consumer Loans	Total
	(in millions)		
Balance, December 31, 2019 ⁽¹⁾	\$ 51	\$ —	\$ 51
Cumulative effect of adoption of current expected credit losses guidance	2	3	5
Balance, January 1, 2020	53	3	56
Provisions	10	2	12
Charge-offs	—	(1)	(1)
Balance, March 31, 2020	<u>\$ 63</u>	<u>\$ 4</u>	<u>\$ 67</u>

⁽¹⁾ Prior to January 1, 2020, the allowance for credit losses was based on an incurred loss model that did not require estimating expected credit losses over the expected life of the asset.

Accrued interest on commercial loans was \$17 million and \$16 million as of March 31, 2021 and December 31, 2020, respectively, and is recorded in receivables on the Consolidated Balance Sheets and excluded from the amortized cost basis of commercial loans.

Purchases and Sales

During the three months ended March 31, 2021 and 2020, the Company purchased \$13 million and \$56 million, respectively, of syndicated loans, and sold \$4 million and \$7 million, respectively, of syndicated loans.

During the three months ended March 31, 2021, the Company purchased \$2 million of residential mortgage loans. The allowance for credit losses for residential mortgage loans was not material as of March 31, 2021.

The Company has not acquired any loans with deteriorated credit quality as of the acquisition date.

Credit Quality Information

Nonperforming loans were \$12 million and \$21 million as of March 31, 2021 and December 31, 2020, respectively. All other loans were considered to be performing.

Commercial Loans

Commercial Mortgage Loans

The Company reviews the credit worthiness of the borrower and the performance of the underlying properties in order to determine the risk of loss on commercial mortgage loans. Loan-to-value ratio is the primary credit quality indicator included in this review. Based on this review, the commercial mortgage loans are assigned an internal risk rating, which management updates when credit risk changes. Commercial mortgage loans which management has assigned its highest risk rating were less than 1% of total commercial mortgage loans as of both March 31, 2021 and December 31, 2020. Loans with the highest risk rating represent distressed loans which the Company has identified as impaired or expects to become delinquent or enter into foreclosure within the next six months. Total commercial mortgage loan modifications through March 31, 2021 due to the COVID-19 pandemic consisted of 93 loans with a total unpaid balance of \$369 million. Modifications primarily consisted of short-term forbearance and interest only payments. As of March 31, 2021, there was one loan remaining that was modified due to COVID-19 with interest only payments with an unpaid balance of \$10 million. All other loans returned to their normal payment schedules. Total commercial mortgage loans past due were nil as of March 31, 2021 and December 31, 2020, respectively.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The tables below present the amortized cost basis of commercial mortgage loans by the year of origination and loan-to-value ratio:

Loan-to-Value Ratio	March 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
	(in millions)						
> 100%	\$ —	\$ —	\$ —	\$ 2	\$ —	\$ 15	\$ 17
80% - 100%	—	15	19	12	3	22	71
60% - 80%	13	81	157	27	36	177	491
40% - 60%	7	30	50	84	139	670	980
< 40%	—	8	34	68	107	915	1,132
Total	<u>\$ 20</u>	<u>\$ 134</u>	<u>\$ 260</u>	<u>\$ 193</u>	<u>\$ 285</u>	<u>\$ 1,799</u>	<u>\$ 2,691</u>

Loan-to-Value Ratio	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
	(in millions)						
> 100%	\$ —	\$ —	\$ 2	\$ —	\$ —	\$ 10	\$ 12
80% - 100%	15	16	12	3	7	15	68
60% - 80%	89	166	27	32	46	144	504
40% - 60%	23	57	74	155	113	551	973
< 40%	7	23	80	99	64	895	1,168
Total	<u>\$ 134</u>	<u>\$ 262</u>	<u>\$ 195</u>	<u>\$ 289</u>	<u>\$ 230</u>	<u>\$ 1,615</u>	<u>\$ 2,725</u>

Loan-to-value ratio is based on income and expense data provided by borrowers at least annually and long-term capitalization rate assumptions based on property type.

In addition, the Company reviews the concentrations of credit risk by region and property type. Concentrations of credit risk of commercial mortgage loans by U.S. region were as follows:

	Loans		Percentage	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
East North Central	\$ 256	\$ 259	10 %	10 %
East South Central	113	115	4	4
Middle Atlantic	176	178	7	7
Mountain	241	247	9	9
New England	53	54	2	2
Pacific	814	825	30	30
South Atlantic	676	681	25	25
West North Central	196	198	7	7
West South Central	166	168	6	6
	<u>2,691</u>	<u>2,725</u>	<u>100 %</u>	<u>100 %</u>
Less: allowance for credit losses	<u>29</u>	<u>29</u>		
Total	<u>\$ 2,662</u>	<u>\$ 2,696</u>		

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Concentrations of credit risk of commercial mortgage loans by property type were as follows:

	Loans		Percentage	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
Apartments	\$ 711	\$ 713	27 %	26 %
Hotel	49	50	2	2
Industrial	420	427	16	16
Mixed use	87	87	3	3
Office	361	372	13	14
Retail	871	881	32	32
Other	192	195	7	7
	2,691	2,725	100 %	100 %
Less: allowance for credit losses	29	29		
Total	<u>\$ 2,662</u>	<u>\$ 2,696</u>		

Syndicated Loans

The recorded investment in syndicated loans as of March 31, 2021 and December 31, 2020 was \$561 million and \$595 million, respectively. The Company's syndicated loan portfolio is diversified across industries and issuers. Total syndicated loans past due were nil and \$3 million as of March 31, 2021 and December 31, 2020, respectively. The Company assigns an internal risk rating to each syndicated loan in its portfolio ranging from 1 through 5, with 5 reflecting the lowest quality.

The tables below present the amortized cost basis of syndicated loans by origination year and internal risk rating:

Internal Risk Rating	March 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
	(in millions)						
Risk 5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ 3
Risk 4	—	—	—	2	6	7	15
Risk 3	—	2	8	14	18	36	78
Risk 2	5	27	51	56	69	45	253
Risk 1	4	19	28	47	55	59	212
Total	<u>\$ 9</u>	<u>\$ 48</u>	<u>\$ 87</u>	<u>\$ 119</u>	<u>\$ 148</u>	<u>\$ 150</u>	<u>\$ 561</u>

Internal Risk Rating	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
	(in millions)						
Risk 5	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3	\$ 3
Risk 4	—	—	4	9	—	10	23
Risk 3	—	9	8	25	13	25	80
Risk 2	30	57	62	69	14	41	273
Risk 1	17	32	47	58	22	40	216
Total	<u>\$ 47</u>	<u>\$ 98</u>	<u>\$ 121</u>	<u>\$ 161</u>	<u>\$ 49</u>	<u>\$ 119</u>	<u>\$ 595</u>

Financial Advisor Loans

The Company offers loans to financial advisors for transitional cost assistance. Repayment of the loan is highly dependent on the retention of the financial advisor. In the event a financial advisor is no longer affiliated with the Company, any unpaid balances become immediately due. Accordingly, the primary risk factor for advisor loans is termination status. The allowance for credit losses related to loans to advisors that have terminated their relationship with the Company was \$8 million and \$7 million as of March 31, 2021 and December 31, 2020, respectively.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The tables below present the amortized cost basis of advisor loans by origination year and termination status:

Termination Status	March 31, 2021						
	2021	2020	2019	2018	2017	Prior	Total
	(in millions)						
Active	\$ 37	\$ 165	\$ 132	\$ 97	\$ 125	\$ 154	\$ 710
Terminated	1	—	—	1	1	9	12
Total	<u>\$ 38</u>	<u>\$ 165</u>	<u>\$ 132</u>	<u>\$ 98</u>	<u>\$ 126</u>	<u>\$ 163</u>	<u>\$ 722</u>

Termination Status	December 31, 2020						
	2020	2019	2018	2017	2016	Prior	Total
	(in millions)						
Active	\$ 171	\$ 137	\$ 101	\$ 127	\$ 83	\$ 86	\$ 705
Terminated	—	—	—	1	1	8	10
Total	<u>\$ 171</u>	<u>\$ 137</u>	<u>\$ 101</u>	<u>\$ 128</u>	<u>\$ 84</u>	<u>\$ 94</u>	<u>\$ 715</u>

Consumer Loans

Credit Card Receivables

The credit cards are co-branded with Ameriprise Financial, Inc. and issued to the Company's customers by a third party. FICO scores and delinquency rates are the primary credit quality indicators for the credit card portfolio. Delinquency rates are measured based on the number of days past due. Credit card receivables over 30 days past due were 1% of total credit card receivables as of both March 31, 2021 and December 31, 2020.

The table below presents the amortized cost basis of credit card receivables by FICO score:

	March 31, 2021	December 31, 2020
	(in millions)	
> 800	\$ 25	\$ 28
750 - 799	21	23
700 - 749	24	25
650 - 699	15	15
< 650	5	5
Total	<u>\$ 90</u>	<u>\$ 96</u>

Policy Loans

Policy loans do not exceed the cash surrender value at origination. As there is minimal risk of loss related to policy loans, there is no allowance for credit losses.

Margin Loans

The margin loans balance was \$1.1 billion and \$1.0 billion as of March 31, 2021 and December 31, 2020, respectively. The Company monitors collateral supporting margin loans and requests additional collateral when necessary in order to mitigate the risk of loss. As of both March 31, 2021 and December 31, 2020, the allowance for credit losses on margin loans was not material.

Pledged Asset Lines of Credit

The pledged asset lines of credit balance was \$274 million and \$224 million as of March 31, 2021 and December 31, 2020, respectively. The Company monitors collateral supporting pledged asset lines of credit and requests additional collateral when necessary in order to mitigate the risk of loss. As of March 31, 2021 and December 31, 2020, there was no allowance for credit losses on pledged asset lines of credit.

Deposit Receivable

The deposit receivable was \$1.4 billion as of both March 31, 2021 and December 31, 2020. The deposit receivable is fully collateralized by the fair value of the assets held in a trust. Based on management's evaluation of the nature of the underlying assets and the potential for changes in the collateral value, there was no allowance for credit losses for the deposit receivable as of both March 31, 2021 and December 31, 2020.

Troubled Debt Restructurings

There were no loans accounted for as a troubled debt restructuring by the Company during the three months ended March 31, 2021 and 2020. There are no commitments to lend additional funds to borrowers whose loans have been restructured.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

7. Deferred Acquisition Costs and Deferred Sales Inducement Costs

The balances of and changes in DAC were as follows:

	2021	2020
	(in millions)	
Balance at January 1	\$ 2,532	\$ 2,698
Capitalization of acquisition costs	65	60
Amortization	(5)	(512)
Impact of change in net unrealized (gains) losses on securities	93	118
Balance at March 31	<u>\$ 2,685</u>	<u>\$ 2,364</u>

The balances of and changes in DSIC, which is included in other assets, were as follows:

	2021	2020
	(in millions)	
Balance at January 1	\$ 189	\$ 218
Amortization	(3)	(36)
Impact of change in net unrealized (gains) losses on securities	4	15
Balance at March 31	<u>\$ 190</u>	<u>\$ 197</u>

8. Policyholder Account Balances, Future Policy Benefits and Claims and Separate Account Liabilities

Policyholder account balances, future policy benefits and claims consisted of the following:

	March 31, 2021	December 31, 2020
	(in millions)	
Policyholder account balances		
Fixed annuities ⁽¹⁾	\$ 8,401	\$ 8,531
Variable annuity fixed sub-accounts	5,075	5,104
Universal life (“UL”)/variable universal life (“VUL”) insurance	3,110	3,122
Indexed universal life (“IUL”) insurance	2,336	2,269
Structured variable annuities	2,027	1,371
Other life insurance	597	605
Total policyholder account balances	<u>21,546</u>	<u>21,002</u>
Future policy benefits		
Variable annuity guaranteed minimum withdrawal benefits (“GMWB”)	1,479	3,049
Variable annuity guaranteed minimum accumulation benefits (“GMAB”) ⁽²⁾	(22)	1
Other annuity liabilities	173	211
Fixed annuity life contingent liabilities	1,346	1,370
Life and disability income insurance	1,179	1,187
Long term care insurance	5,558	5,722
UL/VUL and other life insurance additional liabilities	1,244	1,259
Total future policy benefits	<u>10,957</u>	<u>12,799</u>
Policy claims and other policyholders’ funds	199	191
Total policyholder account balances, future policy benefits and claims	<u>\$ 32,702</u>	<u>\$ 33,992</u>

⁽¹⁾ Includes fixed deferred annuities, non-life contingent fixed payout annuities and fixed deferred indexed annuity host contracts.

⁽²⁾ Includes the fair value of GMAB embedded derivatives that was a net asset as of March 31, 2021 reported as a contra liability.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Separate account liabilities consisted of the following:

	March 31, 2021	December 31, 2020
	(in millions)	
Variable annuity	\$ 79,862	\$ 79,299
VUL insurance	8,539	8,226
Other insurance	32	31
Threadneedle investment liabilities	5,050	5,055
Total	<u>\$ 93,483</u>	<u>\$ 92,611</u>

9. Variable Annuity and Insurance Guarantees

The majority of the variable annuity contracts offered by the Company contain guaranteed minimum death benefit (“GMDB”) provisions. The Company also offers variable annuities with death benefit provisions that gross up the amount payable by a certain percentage of contract earnings, which are referred to as gain gross-up (“GGU”) benefits. In addition, the Company offers contracts with GMWB and GMAB provisions. The Company previously offered contracts containing guaranteed minimum income benefit (“GMIB”) provisions.

Certain UL policies offered by the Company provide secondary guarantee benefits. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges.

The following table provides information related to variable annuity guarantees for which the Company has established additional liabilities:

Variable Annuity Guarantees by Benefit Type ⁽¹⁾	March 31, 2021				December 31, 2020			
	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk	Weighted Average Attained Age	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk	Weighted Average Attained Age
(in millions, except age)								
GMDB:								
Return of premium	\$ 67,317	\$ 65,396	\$ 7	68	\$ 66,874	\$ 64,932	\$ 5	68
Five/six-year reset	8,211	5,486	7	68	8,116	5,386	6	68
One-year ratchet	6,093	5,765	13	71	6,094	5,763	8	71
Five-year ratchet	1,437	1,383	1	67	1,436	1,381	—	67
Other	1,267	1,249	45	74	1,261	1,243	45	73
Total — GMDB	<u>\$ 84,325</u>	<u>\$ 79,279</u>	<u>\$ 73</u>	68	<u>\$ 83,781</u>	<u>\$ 78,705</u>	<u>\$ 64</u>	68
GGU death benefit	\$ 1,196	\$ 1,139	\$ 168	72	\$ 1,183	\$ 1,126	\$ 162	71
GMIB	\$ 187	\$ 174	\$ 5	71	\$ 187	\$ 173	\$ 6	71
GMWB:								
GMWB	\$ 1,949	\$ 1,944	\$ 1	74	\$ 1,972	\$ 1,967	\$ 1	74
GMWB for life	50,389	50,316	209	69	50,142	50,057	185	69
Total — GMWB	<u>\$ 52,338</u>	<u>\$ 52,260</u>	<u>\$ 210</u>	69	<u>\$ 52,114</u>	<u>\$ 52,024</u>	<u>\$ 186</u>	69
GMAB	\$ 2,187	\$ 2,186	\$ —	61	\$ 2,291	\$ 2,291	\$ —	61

⁽¹⁾ Individual variable annuity contracts may have more than one guarantee and therefore may be included in more than one benefit type. Variable annuity contracts for which the death benefit equals the account value are not shown in this table.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The net amount at risk for GMDB, GGU and GMAB is defined as the current guaranteed benefit amount in excess of the current contract value. The net amount at risk for GMIB is defined as the greater of the present value of the minimum guaranteed annuity payments less the current contract value or zero. The net amount at risk for GMWB is defined as the greater of the present value of the minimum guaranteed withdrawal payments less the current contract value or zero.

The following table provides information related to insurance guarantees for which the Company has established additional liabilities:

	March 31, 2021		December 31, 2020	
	Net Amount at Risk	Weighted Average Attained Age	Net Amount at Risk	Weighted Average Attained Age
	(in millions, except age)			
UL secondary guarantees	\$ 6,573	67	\$ 6,587	67

The net amount at risk for UL secondary guarantees is defined as the current guaranteed death benefit amount in excess of the current policyholder account balance.

Changes in additional liabilities (contra liabilities) for variable annuity and insurance guarantees were as follows:

	GMDB & GGU	GMIB	GMWB ⁽¹⁾	GMAB ⁽¹⁾	UL
	(in millions)				
Balance at January 1, 2020	\$ 16	\$ 7	\$ 1,462	\$ (39)	\$ 758
Incurred claims	5	2	2,437	127	32
Paid claims	(2)	—	—	—	(12)
Balance at March 31, 2020	<u>\$ 19</u>	<u>\$ 9</u>	<u>\$ 3,899</u>	<u>\$ 88</u>	<u>\$ 778</u>
Balance at January 1, 2021	\$ 24	\$ 6	\$ 3,049	\$ 1	\$ 916
Incurred claims	3	—	(1,570)	(23)	32
Paid claims	(1)	—	—	—	(8)
Balance at March 31, 2021	<u>\$ 26</u>	<u>\$ 6</u>	<u>\$ 1,479</u>	<u>\$ (22)</u>	<u>\$ 940</u>

⁽¹⁾ The incurred claims for GMWB and GMAB include the change in the fair value of the liabilities (contra liabilities) less paid claims.

The liabilities for guaranteed benefits are supported by general account assets.

The following table summarizes the distribution of separate account balances by asset type for variable annuity contracts providing guaranteed benefits:

	March 31, 2021	December 31, 2020
	(in millions)	
Mutual funds:		
Equity	\$ 46,823	\$ 45,947
Bond	25,614	26,073
Other	7,060	6,911
Total mutual funds	<u>\$ 79,497</u>	<u>\$ 78,931</u>

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

10. Debt

The balances and the stated interest rates of outstanding debt of Ameriprise Financial were as follows:

	Outstanding Balance		Stated Interest Rate	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
Long-term debt:				
Senior notes due 2022	\$ 500	\$ 500	3.0 %	3.0 %
Senior notes due 2023	750	750	4.0	4.0
Senior notes due 2024	550	550	3.7	3.7
Senior notes due 2025	500	500	3.0	3.0
Senior notes due 2026	500	500	2.9	2.9
Finance lease liabilities	46	44	N/A	N/A
Other	(12)	(13)	N/A	N/A
Total long-term debt	2,834	2,831		
Short-term borrowings:				
Federal Home Loan Bank ("FHLB") advances	200	200	0.3	0.4
Total	\$ 3,034	\$ 3,031		

Long-Term Debt

The Company's senior notes may be redeemed, in whole or in part, at any time prior to maturity at a price equal to the greater of the principal amount and the present value of remaining scheduled payments, discounted to the redemption date, plus accrued interest.

Short-term Borrowings

The Company's life insurance and bank subsidiaries are members of the FHLB of Des Moines which provides access to collateralized borrowings. The Company has pledged Available-for-Sale securities consisting of commercial mortgage backed securities and residential mortgage backed securities as collateral to access these borrowings. The fair value of the securities pledged is recorded in investments and was \$1.2 billion and \$1.3 billion, of commercial mortgage backed securities, and \$535 million and \$604 million, of residential mortgage backed securities, as of March 31, 2021 and December 31, 2020, respectively. The remaining maturity of outstanding FHLB advances was less than 2 months as of March 31, 2021 and less than 3 months as of December 31, 2020. The stated interest rate of the FHLB advances is a weighted average annualized interest rate on outstanding borrowings as of the balance sheet date.

The Company has an amended and restated credit agreement that provides for an unsecured revolving credit facility of up to \$750 million that expires in October 2022. Under the terms of the credit agreement for the facility, the Company may increase the amount of this facility up to \$1.0 billion upon satisfaction of certain approval requirements. As of both March 31, 2021 and December 31, 2020, the Company had no borrowings outstanding and had \$1 million of letters of credit issued against the facility. The Company's credit facility contains various administrative, reporting, legal and financial covenants. The Company was in compliance with all such covenants as of both March 31, 2021 and December 31, 2020.

11. Fair Values of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Valuation Hierarchy

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The following tables present the balances of assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	March 31, 2021			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	\$ 1,875	\$ 2,599	\$ —	\$ 4,474
Available-for-Sale securities:				
Corporate debt securities	—	12,491	812	13,303
Residential mortgage backed securities	—	9,955	87	10,042
Commercial mortgage backed securities	—	6,037	—	6,037
Asset backed securities	—	3,455	30	3,485
State and municipal obligations	—	1,298	—	1,298
U.S. government and agency obligations	1,326	—	—	1,326
Foreign government bonds and obligations	—	247	—	247
Other securities	—	94	—	94
Total Available-for-Sale securities	1,326	33,577	929	35,832
Investments at net asset value (“NAV”)				8 ⁽¹⁾
Trading and other securities	61	17	—	78
Separate account assets at NAV				93,483 ⁽¹⁾
Investments and cash equivalents segregated for regulatory purposes	815	—	—	815
Other assets:				
Interest rate derivative contracts	—	1,003	—	1,003
Equity derivative contracts	334	3,609	—	3,943
Credit derivative contracts	—	26	—	26
Foreign exchange derivative contracts	1	17	—	18
Total other assets	335	4,655	—	4,990
Total assets at fair value	\$ 4,412	\$ 40,848	\$ 929	\$ 139,680
Liabilities				
Policyholder account balances, future policy benefits and claims:				
Fixed deferred indexed annuity embedded derivatives	\$ —	\$ 4	\$ 52	\$ 56
IUL embedded derivatives	—	—	949	949
GMWB and GMAB embedded derivatives	—	—	715	715 ⁽²⁾
Structured variable annuity embedded derivatives	—	—	124	124
Total policyholder account balances, future policy benefits and claims	—	4	1,840	1,844 ⁽³⁾
Customer deposits	—	7	—	7
Other liabilities:				
Interest rate derivative contracts	1	485	—	486
Equity derivative contracts	149	3,204	—	3,353
Foreign exchange derivative contracts	1	5	—	6
Other	3	7	43	53
Total other liabilities	154	3,701	43	3,898
Total liabilities at fair value	\$ 154	\$ 3,712	\$ 1,883	\$ 5,749

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	\$ 2,935	\$ 2,506	\$ —	\$ 5,441
Available-for-Sale securities:				
Corporate debt securities	—	12,902	772	13,674
Residential mortgage backed securities	—	10,020	9	10,029
Commercial mortgage backed securities	—	6,088	—	6,088
Asset backed securities	—	3,297	32	3,329
State and municipal obligations	—	1,384	—	1,384
U.S. government and agency obligations	1,456	—	—	1,456
Foreign government bonds and obligations	—	262	—	262
Other securities	—	61	—	61
Total Available-for-Sale securities	1,456	34,014	813	36,283
Investments at NAV				\$ 8 ⁽¹⁾
Trading and other securities	61	27	—	\$ 88
Separate account assets at NAV				92,611 ⁽¹⁾
Investments and cash equivalents segregated for regulatory purposes	600	—	—	600
Other assets:				
Interest rate derivative contracts	1	1,754	—	1,755
Equity derivative contracts	408	3,682	—	4,090
Credit derivative contracts	—	2	—	2
Foreign exchange derivative contracts	1	22	—	23
Total other assets	410	5,460	—	5,870
Total assets at fair value	\$ 5,462	\$ 42,007	\$ 813	\$ 140,901
Liabilities				
Policyholder account balances, future policy benefits and claims:				
Fixed deferred indexed annuity embedded derivatives	\$ —	\$ 3	\$ 49	\$ 52
IUL embedded derivatives	—	—	935	935
GMWB and GMAB embedded derivatives	—	—	2,316	2,316 ⁽⁴⁾
Structured variable annuity embedded derivatives	—	—	70	70
Total policyholder account balances, future policy benefits and claims	—	3	3,370	3,373 ⁽⁵⁾
Customer deposits	—	8	—	8
Other liabilities:				
Interest rate derivative contracts	—	734	—	734
Equity derivative contracts	183	3,388	—	3,571
Credit derivative contracts	—	1	—	1
Foreign exchange derivative contracts	2	4	—	6
Other	2	3	43	48
Total other liabilities	187	4,130	43	4,360
Total liabilities at fair value	\$ 187	\$ 4,141	\$ 3,413	\$ 7,741

- ⁽¹⁾ Amounts are comprised of certain financial instruments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy.
- ⁽²⁾ The fair value of the GMWB and GMAB embedded derivatives included \$980 million of individual contracts in a liability position and \$265 million of individual contracts in an asset position (recorded as a contra liability) as of March 31, 2021.
- ⁽³⁾ The Company's adjustment for nonperformance risk resulted in a \$500 million cumulative decrease to the embedded derivatives as of March 31, 2021.
- ⁽⁴⁾ The fair value of the GMWB and GMAB embedded derivatives included \$2.4 billion of individual contracts in a liability position and \$67 million of individual contracts in an asset position (recorded as a contra liability) as of December 31, 2020.
- ⁽⁵⁾ The Company's adjustment for nonperformance risk resulted in a \$727 million cumulative decrease to the embedded derivatives as of December 31, 2020.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The following tables provide a summary of changes in Level 3 assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	Available-for-Sale Securities			
	Corporate Debt Securities	Residential Mortgage Backed Securities	Asset Backed Securities	Total
	(in millions)			
Balance, January 1, 2021	\$ 772	\$ 9	\$ 32	\$ 813
Total gains (losses) included in:				
Net income	—	—	(1)	(1) ⁽¹⁾
Other comprehensive income (loss)	(5)	—	—	(5)
Purchases	46	78	—	124
Settlements	(1)	—	(1)	(2)
Balance, March 31, 2021	<u>\$ 812</u>	<u>\$ 87</u>	<u>\$ 30</u>	<u>\$ 929</u>
Changes in unrealized gains (losses) in net income relating to assets held at March 31, 2021	\$ —	\$ —	\$ (1)	\$ (1) ⁽¹⁾
Changes in unrealized gains (losses) in other comprehensive income (loss) relating to assets held at March 31, 2021	\$ (5)	\$ —	\$ —	\$ (5)

Policyholder Account Balances, Future Policy Benefits and Claims						
	Fixed Deferred Indexed Annuity Embedded Derivatives	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Structured Variable Annuity Embedded Derivatives	Total	Other Liabilities
	(in millions)					
Balance, January 1, 2021	\$ 49	\$ 935	\$ 2,316	\$ 70	\$ 3,370	\$ 43
Total (gains) losses included in:						
Net income	4 ⁽²⁾	29 ⁽²⁾	(1,729) ⁽³⁾	75 ⁽³⁾	(1,621)	— ⁽⁴⁾
Issues	—	5	90	(15)	80	2
Settlements	(1)	(20)	38	(6)	11	(2)
Balance, March 31, 2021	<u>\$ 52</u>	<u>\$ 949</u>	<u>\$ 715</u>	<u>\$ 124</u>	<u>\$ 1,840</u>	<u>\$ 43</u>
Changes in unrealized (gains) losses in net income relating to liabilities held at March 31, 2021	\$ —	\$ 29 ⁽²⁾	\$ (1,705) ⁽³⁾	\$ —	\$ (1,676)	\$ —

	Available-for-Sale Securities			
	Corporate Debt Securities	Residential Mortgage Backed Securities	Asset Backed Securities	Total
	(in millions)			
Balance, January 1, 2020	\$ 750	\$ 17	\$ 19	\$ 786
Total gains (losses) included in:				
Net income	—	—	(1)	(1) ⁽¹⁾
Other comprehensive income (loss)	(6)	—	(1)	(7)
Purchases	5	—	—	5
Settlements	(15)	—	—	(15)
Balance, March 31, 2020	<u>\$ 734</u>	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 768</u>
Changes in unrealized gains (losses) in net income relating to assets held at March 31, 2020	\$ —	\$ —	\$ (1)	\$ (1) ⁽¹⁾
Changes in unrealized gains (losses) in other comprehensive income (loss) relating to assets held at March 31, 2020	\$ (6)	\$ —	\$ (1)	\$ (7)

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

	Policyholder Account Balances, Future Policy Benefits and Claims						
	Fixed Deferred Indexed Annuity Embedded Derivatives	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Structured Annuity Embedded Derivatives	Total	Other Liabilities	
	(in millions)						
Balance, January 1, 2020	\$ 43	\$ 881	\$ 763	\$ —	\$ 1,687	\$	44
Total (gains) losses included in:							
Net income	(12) ⁽²⁾	(145) ⁽²⁾	2,420 ⁽³⁾	(3) ⁽³⁾	2,260		(2) ⁽⁴⁾
Issues	2	8	88	(6)	92		2
Settlements	—	(19)	5	—	(14)		(2)
Balance, March 31, 2020	<u>\$ 33</u>	<u>\$ 725</u>	<u>\$ 3,276</u>	<u>\$ (9)</u>	<u>\$ 4,025</u>	<u>\$</u>	<u>42</u>
Changes in unrealized (gains) losses in net income relating to liabilities held at March 31, 2020							
	\$ —	\$ (145) ⁽²⁾	\$ 2,423 ⁽³⁾	\$ —	\$ 2,278	\$	—

⁽¹⁾ Included in net investment income in the Consolidated Statements of Operations.

⁽²⁾ Included in interest credited to fixed accounts in the Consolidated Statements of Operations.

⁽³⁾ Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

⁽⁴⁾ Included in general and administrative expense in the Consolidated Statements of Operations.

The increase (decrease) to pretax income of the Company's adjustment for nonperformance risk on the fair value of its embedded derivatives was \$(167) million and \$1.8 billion, net of DAC, DSIC, unearned revenue amortization and the reinsurance accrual, for the three months ended March 31, 2021 and 2020, respectively.

Securities transferred from Level 3 primarily represent securities with fair values that are now obtained from a third-party pricing service with observable inputs.

The following tables provide a summary of the significant unobservable inputs used in the fair value measurements developed by the Company or reasonably available to the Company of Level 3 assets and liabilities:

March 31, 2021					
Fair Value	Valuation Technique	Unobservable Input	Range	Weighted Average	
		(in millions)			
Corporate debt securities (private placements)	\$ 812 Discounted cash flow	Yield/spread to U.S. Treasuries ⁽¹⁾	0.9 % – 2.9%	1.3%	
Asset backed securities	\$ 1 Discounted cash flow	Annual short-term default rate ⁽²⁾	5.5%	5.5%	
		Annual long-term default rate ⁽²⁾	4.0%	4.0%	
		Discount rate	13.0%	13.0%	
		Constant prepayment rate	10.0%	10.0%	
		Loss recovery	63.6%	63.6%	
IUL embedded derivatives	\$ 949 Discounted cash flow	Nonperformance risk ⁽³⁾	65 bps	65 bps	
Fixed deferred indexed annuity embedded derivatives	\$ 52 Discounted cash flow	Surrender rate ⁽⁴⁾	0.0 % – 50.0%	1.6%	
		Nonperformance risk ⁽³⁾	65 bps	65 bps	
GMWB and GMAB embedded derivatives	\$ 715 Discounted cash flow	Utilization of guaranteed withdrawals ⁽⁵⁾⁽⁶⁾	0.0 % – 48.0%	10.6%	
		Surrender rate ⁽⁴⁾	0.1 % – 73.5%	3.9%	
		Market volatility ⁽⁷⁾⁽⁸⁾	4.2 % – 17.0%	10.8%	
		Nonperformance risk ⁽³⁾	65 bps	65 bps	
Structured variable annuity embedded derivatives	\$ 124 Discounted cash flow	Surrender rate ⁽⁴⁾	0.8 % – 40.0%	0.9%	
		Nonperformance risk ⁽³⁾	65 bps	65 bps	
Contingent consideration liabilities	\$ 43 Discounted cash flow	Discount rate ⁽⁹⁾	0.0 % – 9.0%	3.2%	

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

December 31, 2020					
	Fair Value	Valuation Technique	Unobservable Input (in millions)	Range	Weighted Average
Corporate debt securities (private placements)	\$ 772	Discounted cash flow	Yield/spread to U.S. Treasuries ⁽¹⁾	1.0 % – 3.3%	1.5%
Asset backed securities	\$ 3	Discounted cash flow	Annual short-term default rate ⁽²⁾	2.9% – 3.0%	2.9%
			Annual long-term default rate ⁽²⁾	3.5% – 4.5%	3.8%
			Discount rate	13.0%	13.0%
			Constant prepayment rate	10.0%	10.0%
			Loss recovery	63.6%	63.6%
IUL embedded derivatives	\$ 935	Discounted cash flow	Nonperformance risk ⁽³⁾	65 bps	65 bps
Fixed deferred indexed annuity embedded derivatives	\$ 49	Discounted cash flow	Surrender rate ⁽⁴⁾	0.0 % – 50.0%	1.2%
			Nonperformance risk ⁽³⁾	65 bps	65 bps
GMWB and GMAB embedded derivatives	\$ 2,316	Discounted cash flow	Utilization of guaranteed withdrawals ^{(5) (6)}	0.0 % – 48.0%	10.6%
			Surrender rate ⁽⁴⁾	0.1 % – 73.5%	3.8%
			Market volatility ^{(7) (8)}	4.3 % – 17.1%	11.0%
			Nonperformance risk ⁽³⁾	65 bps	65 bps
Structured variable annuity embedded derivatives	\$ 70	Discounted cash flow	Surrender rate ⁽⁴⁾	0.8 % – 40.0%	0.9%
			Nonperformance risk ⁽³⁾	65 bps	65 bps
Contingent consideration liabilities	\$ 43	Discounted cash flow	Discount rate ⁽⁹⁾	0.0% – 9.0%	3.1%

⁽¹⁾ The weighted average for the spread to U.S. Treasuries for corporate debt securities (private placements) is weighted based on the security's market value as a percentage of the aggregate market value of the securities.

⁽²⁾ The weighted average annual default rates of asset backed securities is weighted based on the security's market value as a percentage of the aggregate market value of the securities.

⁽³⁾ The nonperformance risk is the spread added to the observable interest rates used in the valuation of the embedded derivatives.

⁽⁴⁾ The weighted average surrender rate is weighted based on the benefit base of each contract and represents the average assumption in the current year including the effect of a dynamic surrender formula.

⁽⁵⁾ The utilization of guaranteed withdrawals represents the percentage of contractholders that will begin withdrawing in any given year.

⁽⁶⁾ The weighted average utilization rate represents the average assumption for the current year, weighting each policy evenly. The calculation excludes policies that have already started taking withdrawals.

⁽⁷⁾ Market volatility is implied volatility of fund of funds and managed volatility funds.

⁽⁸⁾ The weighted average market volatility represents the average volatility across all contracts, weighted by the size of the guaranteed benefit.

⁽⁹⁾ The weighted average discount rate represents the average discount rate across all contingent consideration liabilities, weighted based on the size of the contingent consideration liability.

Level 3 measurements not included in the table above are obtained from non-binding broker quotes where unobservable inputs utilized in the fair value calculation are not reasonably available to the Company.

Uncertainty of Fair Value Measurements

Significant increases (decreases) in the yield/spread to U.S. Treasuries used in the fair value measurement of Level 3 corporate debt securities in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in the annual default rate and discount rate used in the fair value measurement of Level 3 asset backed securities in isolation, generally, would have resulted in a significantly lower (higher) fair value measurement and significant increases (decreases) in loss recovery in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in the constant prepayment rate in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in nonperformance risk used in the fair value measurement of the IUL embedded derivatives in isolation would have resulted in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in nonperformance risk and surrender rate used in the fair value measurements of the fixed deferred indexed annuity embedded derivatives and structured variable annuity embedded derivatives in isolation would have resulted in a significantly lower (higher) liability value.

Significant increases (decreases) in utilization and volatility used in the fair value measurement of the GMWB and GMAB embedded derivatives in isolation would have resulted in a significantly higher (lower) liability value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Significant increases (decreases) in nonperformance risk and surrender rate used in the fair value measurement of the GMWB and GMAB embedded derivatives in isolation would have resulted in a significantly lower (higher) liability value. Utilization of guaranteed withdrawals and surrender rates vary with the type of rider, the duration of the policy, the age of the contractholder, the distribution channel and whether the value of the guaranteed benefit exceeds the contract accumulation value.

Significant increases (decreases) in the discount rate used in the fair value measurement of the contingent consideration liability in isolation would have resulted in a significantly lower (higher) fair value measurement.

Determination of Fair Value

The Company uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. The Company's market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Company's income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

Assets*Cash Equivalents*

Cash equivalents include time deposits and other highly liquid investments with original or remaining maturities at the time of purchase of 90 days or less. Actively traded money market funds are measured at their NAV and classified as Level 1. U.S. Treasuries are also classified as Level 1. The Company's remaining cash equivalents are classified as Level 2 and measured at amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization.

Investments (Available-for-Sale Securities, Equity Securities and Trading Securities)

When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from third-party pricing services, non-binding broker quotes, or other model-based valuation techniques.

Level 1 securities primarily include U.S. Treasuries.

Level 2 securities primarily include corporate bonds, residential mortgage backed securities, commercial mortgage backed securities, asset backed securities, state and municipal obligations and foreign government securities. The fair value of these Level 2 securities is based on a market approach with prices obtained from third-party pricing services. Observable inputs used to value these securities can include, but are not limited to, reported trades, benchmark yields, issuer spreads and non-binding broker quotes.

Level 3 securities primarily include certain corporate bonds, non-agency residential mortgage backed securities, commercial mortgage backed securities and asset backed securities with fair value typically based on a single non-binding broker quote. The underlying inputs used for some of the non-binding broker quotes are not readily available to the Company. The Company's privately placed corporate bonds are typically based on a single non-binding broker quote. The fair value of certain asset backed securities is determined using a discounted cash flow model. Inputs used to determine the expected cash flows include assumptions about discount rates and default, prepayment and recovery rates of the underlying assets. Given the significance of the unobservable inputs to this fair value measurement, the fair value of the investment in certain asset backed securities is classified as Level 3.

In consideration of the above, management is responsible for the fair values recorded on the financial statements. Prices received from third-party pricing services are subjected to exception reporting that identifies investments with significant daily price movements as well as no movements. The Company reviews the exception reporting and resolves the exceptions through reaffirmation of the price or recording an appropriate fair value estimate. The Company also performs subsequent transaction testing. The Company performs annual due diligence of third-party pricing services. The Company's due diligence procedures include assessing the vendor's valuation qualifications, control environment, analysis of asset-class specific valuation methodologies, and understanding of sources of market observable assumptions and unobservable assumptions, if any, employed in the valuation methodology. The Company also considers the results of its exception reporting controls and any resulting price challenges that arise.

Separate Account Assets

The fair value of assets held by separate accounts is determined by the NAV of the funds in which those separate accounts are invested. The NAV is used as a practical expedient for fair value and represents the exit price for the separate account. Separate account assets are excluded from classification in the fair value hierarchy.

Investments and Cash Equivalents Segregated for Regulatory Purposes

Investments and cash equivalents segregated for regulatory purposes includes U.S. Treasuries that are classified as Level 1.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Other Assets

Derivatives that are measured using quoted prices in active markets, such as derivatives that are exchange-traded are classified as Level 1 measurements. The variation margin on futures contracts is also classified as Level 1. The fair value of derivatives that are traded in less active over-the-counter ("OTC") markets is generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps, foreign currency forwards and the majority of options. The counterparties' nonperformance risk associated with uncollateralized derivative assets was immaterial as of both March 31, 2021 and December 31, 2020. See Note 12 and Note 13 for further information on the credit risk of derivative instruments and related collateral.

Liabilities

Policyholder Account Balances, Future Policy Benefits and Claims

There is no active market for the transfer of the Company's embedded derivatives attributable to the provisions of certain variable annuity riders, fixed deferred indexed annuity, structured variable annuity and IUL products.

The Company values the embedded derivatives attributable to the provisions of certain variable annuity riders using internal valuation models. These models calculate fair value as the present value of future expected benefit payments less the present value of future expected rider fees attributable to the embedded derivative feature. The projected cash flows used by these models include observable capital market assumptions and incorporate significant unobservable inputs related to implied volatility as well as contractholder behavior assumptions that include margins for risk, all of which the Company believes a market participant would expect. The fair value also reflects a current estimate of the Company's nonperformance risk specific to these embedded derivatives. Given the significant unobservable inputs to this valuation, these measurements are classified as Level 3. The embedded derivatives attributable to these provisions are recorded in policyholder account balances, future policy benefits and claims.

The Company uses a discounted cash flow model to determine the fair value of the embedded derivatives associated with the provisions of its equity index annuity product. The projected cash flows generated by this model are based on significant observable inputs related to interest rates, volatilities and equity index levels and, therefore, are classified as Level 2.

The Company uses discounted cash flow models including Black-Scholes calculations to determine the fair value of the embedded derivatives associated with the provisions of its fixed deferred indexed annuity, structured variable annuity and IUL products. The structured variable annuity product is a limited flexible purchase payment annuity that offers 45 different indexed account options providing equity market exposure and a fixed account. Each indexed account includes a protection option (a buffer or a floor). If the index has a negative return, contractholder losses will be reduced by buffer or limited to a floor. The portion allocated to an indexed account is accounted for as an embedded derivative. The fair value of fixed deferred indexed annuity, structured variable annuity and IUL embedded derivatives includes significant observable interest rates, volatilities and equity index levels and the significant unobservable estimate of the Company's nonperformance risk. Given the significance of the nonperformance risk assumption to the fair value, the fixed deferred indexed annuity, structured variable annuity and IUL embedded derivatives are classified as Level 3.

The embedded derivatives attributable to these provisions are recorded in policyholder account balances, future policy benefits and claims.

Customer Deposits

The Company uses various Black-Scholes calculations to determine the fair value of the embedded derivative liability associated with the provisions of its stock market certificates ("SMC"). The inputs to these calculations are primarily market observable and include interest rates, volatilities and equity index levels. As a result, these measurements are classified as Level 2.

Other Liabilities

Derivatives that are measured using quoted prices in active markets, such as derivatives that are exchange-traded are classified as Level 1 measurements. The variation margin on futures contracts is also classified as Level 1. The fair value of derivatives that are traded in less active OTC markets is generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps, foreign currency forwards and the majority of options. The Company's nonperformance risk associated with uncollateralized derivative liabilities was immaterial as of both March 31, 2021 and December 31, 2020. See Note 12 and Note 13 for further information on the credit risk of derivative instruments and related collateral.

Securities sold but not yet purchased represent obligations of the Company to deliver specified securities that it does not yet own, creating a liability to purchase the security in the market at prevailing prices. When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from nationally-recognized pricing services, or other model-based valuation techniques such as the present value of cash flows. Level 1 securities sold but not yet purchased primarily include U.S. Treasuries traded in active markets. Level 2 securities sold but not yet purchased primarily include corporate bonds.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Contingent consideration liabilities consist of earn-outs and/or deferred payments related to the Company's acquisitions. Contingent consideration liabilities are recorded at fair value using a discounted cash flow model using an unobservable input (discount rate). Given the use of a significant unobservable input, the fair value of contingent consideration liabilities is classified as Level 3 within the fair value hierarchy.

Fair Value on a Nonrecurring Basis

The Company assesses its investment in affordable housing partnerships for impairment. The investments that are determined to be impaired are written down to their fair value. The Company uses a discounted cash flow model to measure the fair value of these investments. Inputs to the discounted cash flow model are estimates of future net operating losses and tax credits available to the Company and discount rates based on market condition and the financial strength of the syndicator (general partner). The balance of affordable housing partnerships measured at fair value on a nonrecurring basis was \$97 million and \$101 million as of March 31, 2021 and December 31, 2020, respectively, and is classified as Level 3 in the fair value hierarchy.

Asset and Liabilities Not Reported at Fair Value

The following tables provide the carrying value and the estimated fair value of financial instruments that are not reported at fair value:

March 31, 2021										
Carrying Value		Fair Value								
		Level 1	Level 2	Level 3	Total					
(in millions)										
Financial Assets										
Mortgage loans, net	\$	2,684	\$	—	\$	22	\$	2,751	\$	2,773
Policy loans		838		—		838		—		838
Receivables		3,748		257		1,337		2,340		3,934
Restricted and segregated cash		1,699		1,699		—		—		1,699
Other investments and assets		694		—		633		61		694
Financial Liabilities										
Policyholder account balances, future policy benefits and claims	\$	10,499	\$	—	\$	—	\$	11,630	\$	11,630
Investment certificate reserves		6,251		—		—		6,248		6,248
Banking and brokerage deposits		11,370		11,370		—		—		11,370
Separate account liabilities — investment contracts		5,420		—		5,420		—		5,420
Debt and other liabilities		3,331		322		3,199		11		3,532

December 31, 2020										
Carrying Value		Fair Value								
		Level 1	Level 2	Level 3	Total					
(in millions)										
Financial Assets										
Mortgage loans, net	\$	2,718	\$	—	\$	22	\$	2,852	\$	2,874
Policy loans		846		—		846		—		846
Receivables		3,563		147		1,258		2,398		3,803
Restricted and segregated cash		1,958		1,958		—		—		1,958
Other investments and assets		732		—		672		62		734
Financial Liabilities										
Policyholder account balances, future policy benefits and claims	\$	9,990	\$	—	\$	—	\$	11,686	\$	11,686
Investment certificate reserves		6,752		—		—		6,752		6,752
Banking and brokerage deposits		10,891		10,891		—		—		10,891
Separate account liabilities — investment contracts		5,406		—		5,406		—		5,406
Debt and other liabilities		3,214		205		3,253		11		3,469

Receivables include the deposit receivable, brokerage margin loans, securities borrowed, pledged asset lines of credit, and loans to financial advisors. Restricted and segregated cash includes cash segregated under federal and other regulations held in special reserve bank accounts for the exclusive benefit of the Company's brokerage customers. Other investments and assets primarily include syndicated loans, credit card receivables, certificate of deposits with original or remaining maturities at the time of purchase of more

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

than 90 days, the Company's membership in the FHLB and investments related to the Community Reinvestment Act. See Note 6 for additional information on mortgage loans, policy loans, syndicated loans, credit card receivables and the deposit receivable.

Policyholder account balances, future policy benefits and claims include fixed annuities in deferral status, non-life contingent fixed annuities in payout status, indexed and structured variable annuity host contracts, and the fixed portion of a small number of variable annuity contracts classified as investment contracts. See Note 8 for additional information on these liabilities. Investment certificate reserves represent customer deposits for fixed rate certificates and stock market certificates. Banking and brokerage deposits are amounts payable to customers related to free credit balances, funds deposited by customers and funds accruing to customers as a result of trades or contracts. Separate account liabilities are primarily investment contracts in pooled pension funds offered by Threadneedle. Debt and other liabilities include the Company's long-term debt, short-term borrowings, securities loaned and future funding commitments to affordable housing partnerships and other real estate partnerships. See Note 10 for further information on the Company's long-term debt and short-term borrowings.

12. Offsetting Assets and Liabilities

Certain financial instruments and derivative instruments are eligible for offset in the Consolidated Balance Sheets. The Company's derivative instruments and securities borrowing and lending agreements are subject to master netting and collateral arrangements and qualify for offset. A master netting arrangement with a counterparty creates a right of offset for amounts due to and from that same counterparty that is enforceable in the event of a default or bankruptcy. Securities borrowed and loaned result from transactions between the Company's broker dealer subsidiary and other financial institutions and are recorded at the amount of cash collateral advanced or received. Securities borrowed and securities loaned are primarily equity securities. The Company's securities borrowed and securities loaned transactions generally do not have a fixed maturity date and may be terminated by either party under customary terms.

The Company's policy is to recognize amounts subject to master netting arrangements on a gross basis in the Consolidated Balance Sheets.

The following tables present the gross and net information about the Company's assets subject to master netting arrangements:

	March 31, 2021							
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets				Net Amount
				Financial Instruments ⁽¹⁾	Cash Collateral	Securities Collateral		
	(in millions)							
Derivatives:								
OTC	\$ 4,704	\$ —	\$ 4,704	\$ (3,365)	\$ (1,078)	\$ (252)	\$ 9	
OTC cleared	39	—	39	(39)	—	—	—	
Exchange-traded	247	—	247	(108)	(133)	—	6	
Total derivatives	4,990	—	4,990	(3,512)	(1,211)	(252)	15	
Securities borrowed	257	—	257	(23)	—	(228)	6	
Total	\$ 5,247	\$ —	\$ 5,247	\$ (3,535)	\$ (1,211)	\$ (480)	\$ 21	

	December 31, 2020							
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets				Net Amount
				Financial Instruments ⁽¹⁾	Cash Collateral	Securities Collateral		
	(in millions)							
Derivatives:								
OTC	\$ 5,501	\$ —	\$ 5,501	\$ (3,862)	\$ (1,287)	\$ (315)	\$ 37	
OTC cleared	58	—	58	(25)	—	—	33	
Exchange-traded	311	—	311	(91)	(165)	—	55	
Total derivatives	5,870	—	5,870	(3,978)	(1,452)	(315)	125	
Securities borrowed	147	—	147	(43)	—	(103)	1	
Total	\$ 6,017	\$ —	\$ 6,017	\$ (4,021)	\$ (1,452)	\$ (418)	\$ 126	

⁽¹⁾ Represents the amount of assets that could be offset by liabilities with the same counterparty under master netting or similar arrangements that management elects not to offset on the Consolidated Balance Sheets.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The following tables present the gross and net information about the Company's liabilities subject to master netting arrangements:

March 31, 2021														
Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets		Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			Net Amount							
				Financial Instruments ⁽¹⁾	Cash Collateral	Securities Collateral								
(in millions)														
Derivatives:														
OTC	\$	3,657	\$	—	\$	3,657	\$	(3,365)	\$	(15)	\$	(258)	\$	19
OTC cleared		76		—		76		(39)		—		—		37
Exchange-traded		112		—		112		(108)		—		—		4
Total derivatives		3,845		—		3,845		(3,512)		(15)		(258)		60
Securities loaned		322		—		322		(23)		—		(292)		7
Total	\$	4,167	\$	—	\$	4,167	\$	(3,535)	\$	(15)	\$	(550)	\$	67

December 31, 2020														
Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets		Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			Net Amount							
				Financial Instruments ⁽¹⁾	Cash Collateral	Securities Collateral								
(in millions)														
Derivatives:														
OTC	\$	4,192	\$	—	\$	4,192	\$	(3,862)	\$	(1)	\$	(327)	\$	2
OTC cleared		25		—		25		(25)		—		—		—
Exchange-traded		95		—		95		(91)		—		—		4
Total derivatives		4,312		—		4,312		(3,978)		(1)		(327)		6
Securities loaned		205		—		205		(43)		—		(157)		5
Total	\$	4,517	\$	—	\$	4,517	\$	(4,021)	\$	(1)	\$	(484)	\$	11

⁽¹⁾ Represents the amount of liabilities that could be offset by assets with the same counterparty under master netting or similar arrangements that management elects not to offset on the Consolidated Balance Sheets.

In the tables above, the amount of assets or liabilities presented are offset first by financial instruments that have the right of offset under master netting or similar arrangements, then any remaining amount is reduced by the amount of cash and securities collateral. The actual collateral may be greater than amounts presented in the tables.

When the fair value of collateral accepted by the Company is less than the amount due to the Company, there is a risk of loss if the counterparty fails to perform or provide additional collateral. To mitigate this risk, the Company monitors collateral values regularly and requires additional collateral when necessary. When the value of collateral pledged by the Company declines, it may be required to post additional collateral.

Freestanding derivative instruments are reflected in other assets and other liabilities. Cash collateral pledged by the Company is reflected in other assets and cash collateral accepted by the Company is reflected in other liabilities. Securities borrowing and lending agreements are reflected in receivables and other liabilities, respectively. See Note 13 for additional disclosures related to the Company's derivative instruments and Note 4 for information related to derivatives held by consolidated investment entities.

13. Derivatives and Hedging Activities

Derivative instruments enable the Company to manage its exposure to various market risks. The value of such instruments is derived from an underlying variable or multiple variables, including equity, foreign exchange and interest rate indices or prices. The Company primarily enters into derivative agreements for risk management purposes related to the Company's products and operations.

Certain of the Company's freestanding derivative instruments are subject to master netting arrangements. The Company's policy on the recognition of derivatives on the Consolidated Balance Sheets is to not offset fair value amounts recognized for derivatives and collateral arrangements executed with the same counterparty under the same master netting arrangement. See Note 12 for additional information regarding the estimated fair value of the Company's freestanding derivatives after considering the effect of master netting arrangements and collateral.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Generally, the Company uses derivatives as economic hedges and accounting hedges. The following table presents the notional value and gross fair value of derivative instruments, including embedded derivatives:

	March 31, 2021			December 31, 2020		
	Notional	Gross Fair Value		Notional	Gross Fair Value	
		Assets ⁽¹⁾	Liabilities ⁽²⁾⁽³⁾		Assets ⁽¹⁾	Liabilities ⁽²⁾⁽³⁾
	(in millions)					
Derivatives designated as hedging instruments						
Foreign exchange contracts – net investment hedges	\$ 105	\$ —	\$ 1	\$ 32	\$ —	\$ 2
Total qualifying hedges	105	—	1	32	—	2
Derivatives not designated as hedging instruments						
Interest rate contracts	79,805	1,003	486	77,951	1,755	734
Equity contracts	51,647	3,943	3,353	57,254	4,090	3,571
Credit contracts	2,094	26	—	2,297	2	1
Foreign exchange contracts	2,953	18	5	3,423	23	4
Total non-designated hedges	136,499	4,990	3,844	140,925	5,870	4,310
Embedded derivatives						
GMWB and GMAB ⁽⁴⁾	N/A	—	715	N/A	—	2,316
IUL	N/A	—	949	N/A	—	935
Fixed deferred indexed annuities	N/A	—	56	N/A	—	52
Structured variable annuities	N/A	—	124	N/A	—	70
SMC	N/A	—	7	N/A	—	8
Total embedded derivatives	N/A	—	1,851	N/A	—	3,381
Total derivatives	\$ 136,604	\$ 4,990	\$ 5,696	\$ 140,957	\$ 5,870	\$ 7,693

N/A Not applicable.

⁽¹⁾ The fair value of freestanding derivative assets is included in Other assets on the Consolidated Balance Sheets.

⁽²⁾ The fair value of freestanding derivative liabilities is included in Other liabilities on the Consolidated Balance Sheets. The fair value of GMWB and GMAB, IUL, fixed deferred indexed annuity and structured variable annuity embedded derivatives is included in Policyholder account balances, future policy benefits and claims on the Consolidated Balance Sheets. The fair value of the SMC embedded derivative liability is included in Customer deposits on the Consolidated Balance Sheets.

⁽³⁾ The fair value of the Company's derivative liabilities after considering the effects of master netting arrangements, cash collateral held by the same counterparty and the fair value of net embedded derivatives was \$2.2 billion and \$3.7 billion as of March 31, 2021 and December 31, 2020, respectively. See Note 12 for additional information related to master netting arrangements and cash collateral.

⁽⁴⁾ The fair value of the GMWB and GMAB embedded derivatives as of March 31, 2021 included \$980 million of individual contracts in a liability position and \$265 million of individual contracts in an asset position. The fair value of the GMWB and GMAB embedded derivatives as of December 31, 2020 included \$2.4 billion of individual contracts in a liability position and \$67 million of individual contracts in an asset position.

See Note 11 for additional information regarding the Company's fair value measurement of derivative instruments.

As of March 31, 2021 and December 31, 2020, investment securities with a fair value of \$292 million and \$325 million, respectively, were received as collateral to meet contractual obligations under derivative contracts, of which \$292 million and \$325 million, respectively, may be sold, pledged or rehypothecated by the Company. As of both March 31, 2021 and December 31, 2020, the Company had sold, pledged or rehypothecated none of these securities. In addition, as of both March 31, 2021 and December 31, 2020, non-cash collateral accepted was held in separate custodial accounts and was not included in the Company's Consolidated Balance Sheets.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Derivatives Not Designated as Hedges

The following tables present a summary of the impact of derivatives not designated as hedging instruments, including embedded derivatives, on the Consolidated Statements of Operations:

	Net Investment Income	Banking and Deposit Interest Expense	Distribution Expenses	Interest Credited to Fixed Accounts	Benefits, Claims, Losses and Settlement Expenses	General and Administrative Expense
(in millions)						
Three Months Ended March 31, 2021						
Interest rate contracts	\$ —	\$ —	\$ (1)	\$ —	\$ (1,825)	\$ —
Equity contracts	1	1	33	25	(310)	6
Credit contracts	—	—	—	—	69	—
Foreign exchange contracts	—	—	—	—	11	(4)
GMWB and GMAB embedded derivatives	—	—	—	—	1,600	—
IUL embedded derivatives	—	—	—	(9)	—	—
Fixed deferred indexed annuity embedded derivatives	—	—	—	(5)	—	—
Structured variable annuity embedded derivatives	—	—	—	—	(75)	—
SMC embedded derivatives	—	(1)	—	—	—	—
Total gain (loss)	<u>\$ 1</u>	<u>\$ —</u>	<u>\$ 32</u>	<u>\$ 11</u>	<u>\$ (530)</u>	<u>\$ 2</u>
	Net Investment Income	Banking and Deposit Interest Expense	Distribution Expenses	Interest Credited to Fixed Accounts	Benefits, Claims, Losses and Settlement Expenses	General and Administrative Expense
(in millions)						
Three Months Ended March 31, 2020						
Interest rate contracts	\$ (1)	\$ —	\$ 2	\$ —	\$ 2,515	\$ —
Equity contracts	—	(7)	(116)	(112)	1,993	(16)
Credit contracts	—	—	—	—	(36)	—
Foreign exchange contracts	1	—	—	—	44	(3)
GMWB and GMAB embedded derivatives	—	—	—	—	(2,513)	—
IUL embedded derivatives	—	—	—	164	—	—
Fixed deferred indexed annuity embedded derivatives	—	—	—	12	—	—
Structured variable annuity embedded derivatives	—	—	—	—	3	—
SMC embedded derivatives	—	7	—	—	—	—
Total gain (loss)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (114)</u>	<u>\$ 64</u>	<u>\$ 2,006</u>	<u>\$ (19)</u>

The Company holds derivative instruments that either do not qualify or are not designated for hedge accounting treatment. These derivative instruments are used as economic hedges of equity, interest rate, credit and foreign currency exchange rate risk related to various products and transactions of the Company.

Certain annuity contracts contain GMWB or GMAB provisions, which guarantee the right to make limited partial withdrawals each contract year regardless of the volatility inherent in the underlying investments or guarantee a minimum accumulation value of consideration received at the beginning of the contract period, after a specified holding period, respectively. The indexed portion of structured variable annuities and the GMAB and non-life contingent GMWB provisions are considered embedded derivatives, which are bifurcated from their host contracts for valuation purposes and reported on the Consolidated Balance Sheets at fair value with changes in fair value reported in earnings. The Company economically hedges the aggregate exposure related to the indexed portion of structured variable annuities and the GMAB and non-life contingent GMWB provisions using options, swaptions, swaps and futures.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The deferred premium associated with certain of the above options and swaptions is paid or received semi-annually over the life of the contract or at maturity. The following is a summary of the payments the Company is scheduled to make and receive for these options and swaptions as of March 31, 2021:

	Premiums Payable	Premiums Receivable
	(in millions)	
2021 ⁽¹⁾	\$ 112	\$ 85
2022	205	205
2023	51	42
2024	138	25
2025	125	22
2026 - 2028	262	88
Total	<u>\$ 893</u>	<u>\$ 467</u>

⁽¹⁾ 2021 amounts represent the amounts payable and receivable for the period from April 1, 2021 to December 31, 2021.

Actual timing and payment amounts may differ due to future settlements, modifications or exercises of the contracts prior to the full premium being paid or received.

The Company has a macro hedge program to provide protection against the statutory tail scenario risk arising from variable annuity reserves on its statutory surplus and to cover some of the residual risks not covered by other hedging activities. As a means of economically hedging these risks, the Company may use a combination of futures, options, swaps and swaptions. Certain of the macro hedge derivatives may contain settlement provisions linked to both equity returns and interest rates. The Company's macro hedge derivatives that contain settlement provisions linked to both equity returns and interest rates, if any, are shown in other contracts in the tables above.

Fixed deferred indexed annuity, structured variable annuity, IUL and stock market certificate products have returns tied to the performance of equity markets. As a result of fluctuations in equity markets, the obligation incurred by the Company related to fixed deferred indexed annuity, structured variable annuity, IUL and stock market certificate products will positively or negatively impact earnings over the life of these products. The equity component of fixed deferred indexed annuity, structured variable annuity, IUL and stock market certificate product obligations are considered embedded derivatives, which are bifurcated from their host contracts for valuation purposes and reported on the Consolidated Balance Sheets at fair value with changes in fair value reported in earnings. As a means of economically hedging its obligations under the provisions of these products, the Company enters into index options and futures contracts.

The Company enters into futures, credit default swaps and commodity swaps to manage its exposure to price risk arising from seed money investments in proprietary investment products. The Company enters into foreign currency forward contracts to economically hedge its exposure to certain foreign transactions. The Company enters into futures contracts and total return swaps to economically hedge its exposure related to compensation plans. The Company enters into interest rate swaps to offset interest rate changes on unrealized gains or losses for certain investments.

Cash Flow Hedges

The Company has designated derivative instruments as a cash flow hedge of interest rate exposure on forecasted debt interest payments. For derivative instruments that qualify as cash flow hedges, the gain or loss on the derivative instruments is reported in AOCI and reclassified into earnings when the hedged item or transaction impacts earnings. The amount that is reclassified into earnings is presented within the same line item as the earnings impact of the hedged item in interest and debt expense.

For the three months ended March 31, 2021 and 2020, the amounts reclassified from AOCI to earnings related to cash flow hedges were immaterial. The estimated net amount recorded in AOCI as of March 31, 2021 that the Company expects to reclassify to earnings as a reduction to interest and debt expense within the next twelve months is \$0.5 million. Currently, the longest period of time over which the Company is hedging exposure to the variability in future cash flows is 15 years and relates to forecasted debt interest payments. See Note 14 for a rollforward of net unrealized derivative gains (losses) included in AOCI related to cash flow hedges.

Fair Value Hedges

The Company entered into and designated as a fair value hedge an interest rate swap to convert senior notes due 2020 from fixed rate debt to floating rate debt. The interest rate swap related to the senior notes due March 2020 was settled during the first quarter of 2020 when the debt was repaid. The swap had identical terms as the underlying debt being hedged. The Company no longer had any fair value hedges outstanding as of March 31, 2021. The Company recognizes gains and losses on the derivatives and the related hedged items within interest and debt expense. See Note 10 for the cumulative basis adjustments for fair value hedges.

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

The following table is a summary of the impact of derivatives designated as hedges on the Consolidated Statements of Operations:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Total interest and debt expense per Consolidated Statements of Operations	\$ 42	\$ 46
Gain (loss) on interest rate contracts designated as fair value hedges:		
Hedged items	\$ —	\$ 1
Derivatives designated as fair value hedges	—	(1)

Net Investment Hedges

The Company entered into, and designated as net investment hedges in foreign operations, forward contracts to hedge a portion of the Company's foreign currency exchange rate risk associated with its investment in Threadneedle. As the Company determined that the forward contracts are effective, the change in fair value of the derivatives is recognized in AOCI as part of the foreign currency translation adjustment. For the three months ended March 31, 2021 and 2020, the Company recognized a loss of \$0.5 million and a gain of \$5.0 million, respectively, in OCI.

Credit Risk

Credit risk associated with the Company's derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. To mitigate such risk, the Company has established guidelines and oversight of credit risk through a comprehensive enterprise risk management program that includes members of senior management. Key components of this program are to require preapproval of counterparties and the use of master netting and collateral arrangements whenever practical. See Note 12 for additional information on the Company's credit exposure related to derivative assets.

Certain of the Company's derivative contracts contain provisions that adjust the level of collateral the Company is required to post based on the Company's debt rating (or based on the financial strength of the Company's life insurance subsidiaries for contracts in which those subsidiaries are the counterparty). Additionally, certain of the Company's derivative contracts contain provisions that allow the counterparty to terminate the contract if the Company's debt does not maintain a specific credit rating (generally an investment grade rating) or the Company's life insurance subsidiary does not maintain a specific financial strength rating. If these termination provisions were to be triggered, the Company's counterparty could require immediate settlement of any net liability position. As of March 31, 2021 and December 31, 2020, the aggregate fair value of derivative contracts in a net liability position containing such credit contingent provisions was \$262 million and \$326 million, respectively. The aggregate fair value of assets posted as collateral for such instruments as of March 31, 2021 and December 31, 2020 was \$258 million and \$324 million, respectively. If the credit contingent provisions of derivative contracts in a net liability position as of March 31, 2021 and December 31, 2020 were triggered, the aggregate fair value of additional assets that would be required to be posted as collateral or needed to settle the instruments immediately would have been \$4 million and \$2 million, respectively.

14. Shareholders' Equity

The following tables provide the amounts related to each component of OCI:

	Three Months Ended March 31,					
	2021			2020		
	Pretax	Income Tax Benefit (Expense)	Net of Tax	Pretax	Income Tax Benefit (Expense)	Net of Tax
	(in millions)					
Net unrealized gains (losses) on securities:						
Net unrealized gains (losses) on securities arising during the period ⁽¹⁾	\$ (690)	\$ 152	\$ (538)	\$ (1,195)	\$ 264	\$ (931)
Reclassification of net (gains) losses on securities included in net income	(50)	11	(39)	8	(2)	6
Impact of DAC, DSIC, unearned revenue, benefit reserves and reinsurance recoverables	300	(63)	237	508	(107)	401
Net unrealized gains (losses) on securities	(440)	100	(340)	(679)	155	(524)
Defined benefit plans	37	(8)	29	—	—	—
Foreign currency translation	(1)	—	(1)	(34)	1	(33)
Total other comprehensive income (loss)	\$ (404)	\$ 92	\$ (312)	\$ (713)	\$ 156	\$ (557)

⁽¹⁾ Includes impairments on Available-for-Sale securities related to factors other than credit that were recognized in OCI during the period.

⁽²⁾ Reclassification amounts are recorded in net investment income.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

Other comprehensive income (loss) related to net unrealized gains (losses) on securities includes three components: (i) unrealized gains (losses) that arose from changes in the fair value of securities that were held during the period; (ii) (gains) losses that were previously unrealized, but have been recognized in current period net income due to sales of Available-for-Sale securities and due to the reclassification of noncredit impairments to credit losses; and (iii) other adjustments primarily consisting of changes in insurance and annuity asset and liability balances, such as DAC, DSIC, unearned revenue, benefit reserves and reinsurance recoverables, to reflect the expected impact on their carrying values had the unrealized gains (losses) been realized as of the respective balance sheet dates.

The following tables present the changes in the balances of each component of AOCI, net of tax:

	Net Unrealized Gains (Losses) on Securities	Net Unrealized Gains (Losses) on Derivatives	Defined Benefit Plans	Foreign Currency Translation	Other	Total
	(in millions)					
Balance, January 1, 2021	\$ 983	\$ 5	\$ (204)	\$ (154)	\$ (1)	\$ 629
OCI before reclassifications	(301)	—	29	(1)	—	(273)
Amounts reclassified from AOCI	(39)	—	—	—	—	(39)
Total OCI	(340)	—	29	(1)	—	(312)
Balance, March 31, 2021	\$ 643	\$ 5	\$ (175)	\$ (155)	\$ (1)	\$ 317
	Net Unrealized Gains (Losses) on Securities	Net Unrealized Gains (Losses) on Derivatives	Defined Benefit Plans	Foreign Currency Translation	Other	Total
	(in millions)					
Balance, January 1, 2020	\$ 576	\$ 6	\$ (138)	\$ (181)	\$ (1)	\$ 262
OCI before reclassifications	(530)	—	—	(33)	—	(563)
Amounts reclassified from AOCI	6	—	—	—	—	6
Total OCI	(524)	—	—	(33)	—	(557)
Balance, March 31, 2020	\$ 52	\$ 6	\$ (138)	\$ (214)	\$ (1)	\$ (295)

For the three months ended March 31, 2021 and 2020, the Company repurchased a total of 1.7 million shares and 2.5 million shares, respectively, of its common stock for an aggregate cost of \$363 million and \$386 million, respectively. In August 2020, the Company's Board of Directors authorized a repurchase of up to \$2.5 billion for the repurchase of shares of the Company's common stock through September 30, 2022. As of March 31, 2021, the Company had \$1.9 billion remaining under the share repurchase authorization.

The Company may also reacquire shares of its common stock under its share-based compensation plans related to restricted stock awards and certain option exercises. The holders of restricted shares may elect to surrender a portion of their shares on the vesting date to cover their income tax obligation. These vested restricted shares are reacquired by the Company and the Company's payment of the holders' income tax obligations are recorded as a treasury share purchase.

For the three months ended March 31, 2021 and 2020, the Company reacquired 0.3 million shares and 0.3 million shares, respectively, of its common stock through the surrender of shares upon vesting and paid in the aggregate \$57 million and \$46.0 million, respectively, related to the holders' income tax obligations on the vesting date. Option holders may elect to net settle their vested awards resulting in the surrender of the number of shares required to cover the strike price and tax obligation of the options exercised. These shares are reacquired by the Company and recorded as treasury shares. For the three months ended March 31, 2021 and 2020, the Company reacquired 0.6 million shares and 0.6 million shares, respectively, of its common stock through the net settlement of options for an aggregate value of \$134 million and \$105 million, respectively.

During the three months ended March 31, 2021 and 2020, the Company reissued 0.3 million and 0.5 million, respectively, treasury shares for restricted stock award grants, performance share units and issuance of shares vested under advisor deferred compensation plans.

15. Income Taxes

The Company's effective tax rate was 11.3% and 13.4% for the three months ended March 31, 2021 and 2020, respectively.

The effective tax rate for the three months ended March 31, 2021 is lower than the statutory tax rate as a result of tax preferred items including incentive compensation, low income housing tax credits, foreign tax credits and dividends received deduction, partially offset by state income taxes, net of federal benefit.

The effective tax rate for the three months ended March 31, 2020 was lower than the statutory rate primarily due to previous tax law changes that resulted in a \$144 million tax benefit related to the forecasted utilization of a 2020 net operating loss ("NOL") in the life

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

insurance entities that was to be applied to previous tax filings, low income housing tax credits and other tax preferred items. The Company determined the NOL benefit was attributable to current year losses; accordingly, the benefit was recorded in the annual effective tax rate.

The lower effective tax rate for the three months ended March 31, 2021 compared to March 31, 2020 is primarily the result of incentive compensation and lower pretax income in the current period compared to the prior period, partially offset by the NOL benefit in the prior period.

Included in the Company's deferred income tax assets are tax benefits related to state net operating losses of \$16 million, net of federal benefit, which will expire beginning December 31, 2021.

The Company is required to establish a valuation allowance for any portion of the deferred tax assets that management believes will not be realized. Significant judgment is required in determining if a valuation allowance should be established, and the amount of such allowance if required. Factors used in making this determination include estimates relating to the performance of the business. Consideration is given to, among other things in making this determination, (i) future taxable income exclusive of reversing temporary differences and carryforwards, (ii) future reversals of existing taxable temporary differences, (iii) taxable income in prior carryback years, and (iv) tax planning strategies. Based on analysis of the Company's tax position, management believes it is more likely than not that the Company will not realize certain state net operating losses of \$12 million, state deferred tax assets of \$2 million and foreign deferred tax assets of \$2 million; therefore a valuation allowance has been established. The valuation allowance was \$16 million and \$15 million as of March 31, 2021 and December 31, 2020, respectively.

As of March 31, 2021 and December 31, 2020, the Company had \$122 million and \$110 million, respectively, of gross unrecognized tax benefits. If recognized, approximately \$91 million and \$80 million, net of federal tax benefits, of unrecognized tax benefits as of March 31, 2021 and December 31, 2020, respectively, would affect the effective tax rate.

It is reasonably possible that the total amount of unrecognized tax benefits will change in the next 12 months. The Company estimates that the total amount of gross unrecognized tax benefits may decrease by \$40 million to \$50 million in the next 12 months primarily due to Internal Revenue Service ("IRS") settlements and state exams.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of the income tax provision. The Company recognized a net decrease of \$2 million in interest and penalties for the three months ended March 31, 2021. The Company recognized a net increase of \$1 million in interest and penalties for the three months ended March 31, 2020. As of March 31, 2021 and December 31, 2020, the Company had a payable of \$8 million and \$10 million, respectively, related to accrued interest and penalties.

The Company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The federal statute of limitations are closed on years through 2015, except for one issue for 2014 and 2015 which was claimed on amended returns. The IRS is currently auditing the Company's U.S. income tax returns for 2016, 2017 and 2018. The Company's state income tax returns are currently under examination by various jurisdictions for years ranging from 2010 through 2019. In the first quarter of 2021, the statute of limitations lapsed without notification of adjustments from Her Majesty's Revenue and Customs business risk review of the Company's U.K. subsidiaries for 2016.

16. Contingencies

Contingencies

The Company and its subsidiaries are involved in the normal course of business in legal proceedings which include regulatory inquiries, arbitration and litigation, including class actions, concerning matters arising in connection with the conduct of its activities as a diversified financial services firm. These include proceedings specific to the Company as well as proceedings generally applicable to business practices in the industries in which it operates. The Company can also be subject to legal proceedings arising out of its general business activities, such as its investments, contracts, leases and employment relationships. Uncertain economic conditions, heightened and sustained volatility in the financial markets and significant financial reform legislation may increase the likelihood that clients and other persons or regulators may present or threaten legal claims or that regulators increase the scope or frequency of examinations of the Company or the financial services industry generally.

As with other financial services firms, the level of regulatory activity and inquiry concerning the Company's businesses remains elevated. From time to time, the Company receives requests for information from, and/or has been subject to examination or claims by, the SEC, the Financial Industry Regulatory Authority, the OCC, the U.K. Financial Conduct Authority, the Federal Reserve Board, state insurance and securities regulators, state attorneys general and various other domestic or foreign governmental and quasi-governmental authorities on behalf of themselves or clients concerning the Company's business activities and practices, and the practices of the Company's financial advisors. The Company typically has numerous pending matters which include information requests, exams or inquiries regarding certain subjects, including from time to time: sales and distribution of mutual funds, exchange traded funds, annuities, equity and fixed income securities, real estate investment trusts, insurance products, and financial advice offerings, including managed accounts; supervision of the Company's financial advisors and other associated persons; administration

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

of insurance and annuity claims; security of client information; trading activity and the Company's monitoring and supervision of such activity; and transaction monitoring systems and controls. The Company has cooperated and will continue to cooperate with the applicable regulators.

These legal proceedings are subject to uncertainties and, as such, it is inherently difficult to determine whether any loss is probable or even reasonably possible, or to reasonably estimate the amount of any loss. The Company cannot predict with certainty if, how or when any such proceedings will be initiated or resolved. Matters frequently need to be more developed before a loss or range of loss can be reasonably estimated for any proceeding. An adverse outcome in one or more proceedings could eventually result in adverse judgments, settlements, fines, penalties or other sanctions, in addition to further claims, examinations or adverse publicity that could have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

In accordance with applicable accounting standards, the Company establishes an accrued liability for contingent litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. The Company discloses the nature of the contingency when management believes there is at least a reasonable possibility that the outcome may be material to the Company's consolidated financial statements and, where feasible, an estimate of the possible loss. In such cases, there still may be an exposure to loss in excess of any amounts reasonably estimated and accrued. When a loss contingency is not both probable and reasonably estimable, the Company does not establish an accrued liability, but continues to monitor, in conjunction with any outside counsel handling a matter, further developments that would make such loss contingency both probable and reasonably estimable. Once the Company establishes an accrued liability with respect to a loss contingency, the Company continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established, and any appropriate adjustments are made each quarter.

Guaranty Fund Assessments

RiverSource Life and RiverSource Life of NY are required by law to be a member of the guaranty fund association in every state where they are licensed to do business. In the event of insolvency of one or more unaffiliated insurance companies, the Company could be adversely affected by the requirement to pay assessments to the guaranty fund associations. The Company projects its cost of future guaranty fund assessments based on estimates of insurance company insolvencies provided by the National Organization of Life and Health Insurance Guaranty Associations and the amount of its premiums written relative to the industry-wide premium in each state. The Company accrues the estimated cost of future guaranty fund assessments when it is considered probable that an assessment will be imposed, the event obligating the Company to pay the assessment has occurred and the amount of the assessment can be reasonably estimated.

The Company has a liability for estimated guaranty fund assessments and a related premium tax asset. As of both March 31, 2021 and December 31, 2020, the estimated liability was \$12 million. As of both March 31, 2021 and December 31, 2020, the related premium tax asset was \$10 million. The expected period over which guaranty fund assessments will be made and the related tax credits recovered is not known.

17. Earnings per Share

The computations of basic and diluted earnings per share is as follows:

	Three Months Ended March 31,	
	2021	2020
	(in millions, except per share amounts)	
Numerator:		
Net income	\$ 437	\$ 2,036
Denominator:		
Basic: Weighted-average common shares outstanding	119.8	126.4
Effect of potentially dilutive nonqualified stock options and other share-based awards	2.4	1.8
Diluted: Weighted-average common shares outstanding	<u>122.2</u>	<u>128.2</u>
Earnings per share:		
Basic	\$ 3.65	\$ 16.11
Diluted	\$ 3.58	\$ 15.88

The calculation of diluted earnings per share excludes the incremental effect of 0.3 million and 4.5 million options as of March 31, 2021 and 2020, respectively, due to their anti-dilutive effect.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

18. Segment Information

During the third quarter of 2020, as the Company continued to reposition its business and implement strategies focusing on product features and sales, the composition of its reportable segments changed from five to four segments. The Chief Operating Decision Maker (“CODM”) manages the annuities and protection business as one operating segment, referred to as Retirement & Protection Solutions. The Retirement & Protection Solutions segment includes Retirement Solutions (Variable Annuities and Payout Annuities) and Protection Solutions (Life and Disability Insurance). In addition, the Company moved the Fixed Annuities and Fixed Indexed Annuities business to the Corporate & Other segment as a closed block. These segment reporting changes align with the way the CODM began assessing the performance of the Company’s reportable segments and other business activities effective in the third quarter of 2020. Certain prior period amounts have been revised to conform to the current presentation. The Company’s four reporting segments are Advice & Wealth Management, Asset Management, Retirement & Protection Solutions and Corporate & Other.

The accounting policies of the segments are the same as those of the Company, except for operating adjustments defined below, the method of capital allocation, the accounting for gains (losses) from intercompany revenues and expenses and not providing for income taxes on a segment basis.

Management uses segment adjusted operating measures in goal setting, as a basis for determining employee compensation and in evaluating performance on a basis comparable to that used by some securities analysts and investors. Consistent with GAAP accounting guidance for segment reporting, adjusted operating earnings is the Company’s measure of segment performance. Adjusted operating earnings should not be viewed as a substitute for GAAP pretax income. The Company believes the presentation of segment adjusted operating earnings, as the Company measures it for management purposes, enhances the understanding of its business by reflecting the underlying performance of its core operations and facilitating a more meaningful trend analysis.

Management excludes mean reversion related impacts from the Company’s adjusted operating measures. The mean reversion related impact is defined as the impact on variable annuity and VUL products for the difference between assumed and updated separate account investment performance on DAC, DSIC, unearned revenue amortization, reinsurance accrual and additional insurance benefit reserves.

Adjusted operating earnings is defined as adjusted operating net revenues less adjusted operating expenses. Adjusted operating net revenues and adjusted operating expenses exclude net realized investment gains or losses (net of unearned revenue amortization and the reinsurance accrual); the market impact on non-traditional long-duration products (including variable and fixed deferred annuity contracts and UL insurance contracts), net of hedges and the related DSIC and DAC amortization, unearned revenue amortization, and the reinsurance accrual; mean reversion related impacts (the impact on variable annuity and VUL products for the difference between assumed and updated separate account investment performance on DAC, DSIC, unearned revenue amortization, reinsurance accrual and additional insurance benefit reserves); the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; integration and restructuring charges; and the impact of consolidating CIEs. The market impact on non-traditional long-duration products includes changes in embedded derivative values caused by changes in financial market conditions, net of changes in economic hedge values and unhedged items including the difference between assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and certain policyholder contract elections, net of related impacts on DAC and DSIC amortization. The market impact also includes certain valuation adjustments made in accordance with FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures, including the impact on embedded derivative values of discounting projected benefits to reflect a current estimate of the Company’s life insurance subsidiary’s nonperformance spread.

The following tables summarize selected financial information by segment and reconciles segment totals to those reported on the consolidated financial statements:

	March 31, 2021	December 31, 2020
	(in millions)	
Advice & Wealth Management	\$ 21,833	\$ 21,266
Asset Management	9,033	8,406
Retirement & Protection Solutions	113,658	114,850
Corporate & Other	21,213	21,361
Total assets	<u>\$ 165,737</u>	<u>\$ 165,883</u>

AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (Continued)

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Adjusted operating net revenues:		
Advice & Wealth Management	\$ 1,879	\$ 1,695
Asset Management	828	686
Retirement & Protection Solutions	787	759
Corporate & Other	139	149
Less: Eliminations ⁽¹⁾	379	338
Total segment adjusted operating net revenues	3,254	2,951
Net realized gains (losses)	57	(20)
Revenue attributable to consolidated investment entities	34	16
Market impact on non-traditional long-duration products, net	5	55
Mean reversion related impacts	—	(1)
Total net revenues per Consolidated Statements of Operations	<u>\$ 3,350</u>	<u>\$ 3,001</u>

⁽¹⁾ Represents the elimination of intersegment revenues recognized for the three months ended March 31, 2021 and 2020 in each segment as follows: Advice & Wealth Management (\$250 million and \$222 million, respectively); Asset Management (\$13 million and \$13 million, respectively); Retirement & Protection Solutions (\$116 million and \$104 million, respectively); and Corporate & Other (nil and \$(1) million, respectively).

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Adjusted operating earnings:		
Advice & Wealth Management	\$ 389	\$ 378
Asset Management	228	157
Retirement & Protection Solutions	183	167
Corporate & Other	(21)	(50)
Total segment adjusted operating earnings	779	652
Net realized gains (losses)	55	(20)
Net income (loss) attributable to consolidated investment entities	(1)	(2)
Market impact on non-traditional long-duration products, net	(396)	1,783
Mean reversion related impacts	56	(61)
Integration and restructuring charges	—	(1)
Pretax income per Consolidated Statements of Operations	<u>\$ 493</u>	<u>\$ 2,351</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with the "Forward-Looking Statements" that follow and our Consolidated Financial Statements and Notes presented in Item 1. Our Management's Discussion and Analysis should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the Securities and Exchange Commission ("SEC") on February 24, 2021 ("2020 10-K"), as well as our current reports on Form 8-K and other publicly available information. References below to "Ameriprise Financial," "Ameriprise," the "Company," "we," "us," and "our" refer to Ameriprise Financial, Inc. exclusively, to our entire family of companies, or to one or more of our subsidiaries.

Overview

Ameriprise Financial is a diversified financial services company with a more than 125-year history of providing financial solutions. We are a long-standing leader in financial planning and advice with \$1.14 trillion in assets under management and administration as of March 31, 2021. We offer a broad range of products and services designed to achieve individual and institutional clients' financial objectives.

The coronavirus disease 2019 ("COVID-19") pandemic has presented ongoing significant economic and societal disruption and market unpredictability, which has affected our business and operating environment driven by a low interest rate environment and volatility and changes in the equity markets and the potential associated implications to client behavior. In early 2020, we implemented a work-from-home protocol for virtually all of our employee population, restricted business travel, and provided resources for complying with the guidance from the World Health Organization, the U.S. Centers for Disease Control and governments. We are thoughtfully undergoing a phased reopening of our office locations while complying with applicable health agencies' guidelines and governmental orders. Though there are indications that the effects of the virus are lessening in some areas, COVID-19 continues to deeply impact other areas and has been occurring in multiple waves, so there are still no reliable estimates of how long the implications from the pandemic will last, how many people are likely to be affected by it, or its impact on the overall economy. Given the impact of the pandemic, financial results may not be comparable to previous years and the results presented in this report may not necessarily be indicative of future operating results. For further information regarding the impact of the COVID-19 pandemic, and any potentially material effects, see Part 1 - Item 1A "Risk Factors" of our 2020 10-K.

The products and services we provide retail clients and, to a lesser extent, institutional clients, are the primary source of our revenues and net income. Revenues and net income are significantly affected by investment performance and the total value and composition of assets we manage and administer for our retail and institutional clients as well as the distribution fees we receive from other companies. These factors, in turn, are largely determined by overall investment market performance and the depth and breadth of our individual client relationships.

Financial markets and macroeconomic conditions have had and will continue to have a significant impact on our operating and performance results. In addition, the business, political and regulatory environments in which we operate are subject to elevated uncertainty and substantial, frequent change. Accordingly, we expect to continue focusing on our key strategic objectives and obtaining operational and strategic leverage from our core capabilities. The success of these and other strategies may be affected by the factors discussed in Item 1A, "Risk Factors" in our 2020 10-K and other factors as discussed herein.

Equity price, credit market and interest rate fluctuations can have a significant impact on our results of operations, primarily due to the effects they have on the asset management and other asset-based fees we earn, the value of deferred acquisition costs ("DAC") and deferred sales inducement costs ("DSIC") assets, the values of liabilities for guaranteed benefits associated with our variable annuities and the values of derivatives held to hedge these benefits and the "spread" income generated on our fixed deferred annuities, fixed insurance, the fixed portion of variable annuities and variable insurance contracts and deposit products.

Earnings, as well as adjusted operating earnings after tax, will be negatively impacted by the ongoing low interest rate environment should it continue. In addition to continuing spread compression in our interest sensitive product lines, a sustained low interest rate environment may result in increases to our reserves and changes in various rate assumptions we use to amortize DAC and DSIC, which may negatively impact our adjusted operating earnings after tax. For additional discussion on our interest rate risk, see Item 3. "Quantitative and Qualitative Disclosures About Market Risk" and the information set forth in this Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Market Risk."

During the third quarter of 2020, as we continue to reposition the business and implement strategies focusing on product features and sales, the composition of our reportable segments changed from five to four segments. The Chief Operating Decision Maker ("CODM") now manages the Annuities and Protection business as one operating segment, referred to as Retirement & Protection Solutions. The Retirement & Protection Solutions segment includes Retirement Solutions (Variable Annuities and Payout Annuities) and Protection Solutions (Life and Disability Insurance). In addition, we moved the Fixed Annuities and Fixed Indexed Annuities business to the Corporate & Other segment as a closed block. These segment reporting changes align with the way our CODM began assessing the performance of our reportable segments and other business activities effective in the third quarter of 2020. Certain prior period amounts have been revised to conform to the current presentation. These changes have no impact on previously reported consolidated balance sheets or statements of operations, comprehensive income, stockholders equity, or cash flows.

AMERIPRISE FINANCIAL, INC.

On April 12, 2021, we signed a definitive agreement to acquire the European-based asset management business of BMO Financial Group for £615 million, or approximately \$845 million. The all-cash transaction is expected to add approximately \$124 billion of assets under management (“AUM”) in Europe and is currently expected to close in the fourth quarter of 2021, subject to regulatory approvals in the relevant jurisdictions.

We consolidate certain variable interest entities for which we provide asset management services. These entities are defined as consolidated investment entities (“CIEs”). While the consolidation of the CIEs impacts our balance sheet and income statement, our exposure to these entities is unchanged and there is no impact to the underlying business results. For further information on CIEs, see Note 4 to our Consolidated Financial Statements. The results of operations of the CIEs are reflected in the Corporate & Other segment. On a consolidated basis, the management fees we earn for the services we provide to the CIEs and the related general and administrative expenses are eliminated and the changes in the fair value of assets and liabilities related to the CIEs, primarily syndicated loans and debt, are reflected in net investment income. We include the fees from these entities in the management and financial advice fees line within our Asset Management segment.

While our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), management believes that adjusted operating measures, which exclude net realized investment gains or losses, net of the related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; the market impact on non-traditional long-duration products (including variable and fixed deferred annuity contracts and universal life (“UL”) insurance contracts, net of hedges and the related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; mean reversion related impacts (the impact on variable annuity and variable universal life (“VUL”) products for the difference between assumed and updated separate account investment performance on DAC, DSIC, unearned revenue amortization, reinsurance accrual and additional insurance benefit reserves); the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; gain or loss on disposal of a business that is not considered discontinued operations; integration and restructuring charges; income (loss) from discontinued operations; and the impact of consolidating CIEs, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. Management uses these non-GAAP measures to evaluate our financial performance on a basis comparable to that used by some securities analysts and investors. Also, certain of these non-GAAP measures are taken into consideration, to varying degrees, for purposes of business planning and analysis and for certain compensation-related matters. Throughout our Management’s Discussion and Analysis, these non-GAAP measures are referred to as adjusted operating measures. These non-GAAP measures should not be viewed as a substitute for U.S. GAAP measures.

It is management’s priority to increase shareholder value over a multi-year horizon by achieving our on-average, over-time financial targets.

Our financial targets are:

- Adjusted operating earnings per diluted share growth of 12% to 15%, and
- Adjusted operating return on equity excluding accumulated other comprehensive income (“AOCI”) of over 30%.

The following tables reconcile our GAAP measures to adjusted operating measures:

	Three Months Ended March 31,		Per Diluted Share Three Months Ended March 31,	
	2021	2020	2021	2020
	(in millions, except per share amounts)			
Net income (loss)	\$ 437	\$ 2,036	\$ 3.58	\$ 15.88
Less: Net realized investment gains (losses) ⁽¹⁾	55	(20)	0.45	(0.16)
Add: Market impact on non-traditional long-duration products ⁽¹⁾	396	(1,783)	3.24	(13.91)
Add: Mean reversion related impacts ⁽¹⁾	(56)	61	(0.46)	0.47
Add: Integration/restructuring charges ⁽¹⁾	—	1	—	0.01
Less: Net income (loss) attributable to CIEs	(1)	(2)	(0.01)	(0.02)
Tax effect of adjustments ⁽²⁾	(60)	357	(0.49)	2.78
Adjusted operating earnings	<u>\$ 663</u>	<u>\$ 694</u>	<u>\$ 5.43</u>	<u>\$ 5.41</u>
Weighted average common shares outstanding:				
Basic	119.8	126.4		
Diluted	122.2	128.2		

⁽¹⁾ Pretax adjusted operating adjustments.

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

AMERIPRISE FINANCIAL, INC.

The following table reconciles the trailing twelve months' sum of net income to adjusted operating earnings and the five-point average of quarter-end equity to adjusted operating equity:

	Twelve Months Ended March 31,	
	2021	2020
	(in millions)	
Net income	\$ (65)	\$ 3,534
Less: Adjustments ⁽¹⁾	(1,804)	1,175
Adjusted operating earnings	1,739	2,359
Total Ameriprise Financial, Inc. shareholders' equity	6,126	6,058
Less: AOCI, net of tax	312	121
Total Ameriprise Financial, Inc. shareholders' equity, excluding AOCI	5,814	5,937
Less: Equity impacts attributable to CIEs	1	1
Adjusted operating equity	\$ 5,813	\$ 5,936
Return on equity, excluding AOCI	(1.1)%	59.5 %
Adjusted operating return on equity, excluding AOCI ⁽²⁾	29.9 %	39.7 %

⁽¹⁾ Adjustments reflect the sum of after-tax net realized investment gains/losses, net of DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; the market impact on non-traditional long-duration products (including variable and fixed deferred annuity contracts and UL insurance contracts), net of hedges and related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; mean reversion related impacts; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; gain or loss on disposal of a business that is not considered discontinued operations; integration and restructuring charges; income (loss) from discontinued operations; and net income (loss) from consolidated investment entities. After-tax is calculated using the statutory tax rate of 21%.

⁽²⁾ Adjusted operating return on equity, excluding AOCI is calculated using adjusted operating earnings 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%.

Critical Accounting Estimates

The accounting and reporting policies that we use affect our Consolidated Financial Statements. Certain of our accounting and reporting policies are critical to an understanding of our consolidated results of operations and financial condition and, in some cases, the application of these policies can be significantly affected by the estimates, judgments and assumptions made by management during the preparation of our Consolidated Financial Statements. These accounting policies are discussed in detail in "Management's Discussion and Analysis — Critical Accounting Estimates" in our 2020 10-K.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements and their expected impact on our future consolidated results of operations and financial condition, see Note 2 to our Consolidated Financial Statements.

Economic Environment

Global equity market conditions could materially affect our financial condition and results of operations. The following table presents relevant market indices:

	March 31,		Change
	2021	2020	
S&P 500			
Daily average	3,861	3,069	26 %
Period end	3,973	2,585	54 %
Weighted Equity Index ("WEI") ⁽¹⁾			
Daily average	2,662	2,111	26 %
Period end	2,725	1,753	55 %

⁽¹⁾ Weighted Equity Index is an Ameriprise calculated proxy for equity market movements calculated using a weighted average of the S&P 500, Russell 2000, Russell Midcap and MSCI EAFE indices based on North America distributed equity assets.

See our segment results of operations discussion below for additional information on how changes in the economic environment have and may continue to impact our results. For further information regarding the impact of the economic environment, and any potentially material effects, see Part 1 - Item 1A "Risk Factors" of our 2020 10-K.

Assets Under Management and Administration

AUM include external client assets for which we provide investment management services, such as the assets of the Columbia Threadneedle Investments funds, institutional clients and clients in our advisor platform held in wrap accounts as well as assets managed by sub-advisors selected by us. AUM also includes certain assets on our Consolidated Balance Sheets for which we provide investment management services and recognize management fees in our Asset Management segment, such as the assets of the general account and the variable product funds held in the separate accounts of our life insurance subsidiaries and CIEs.

Assets under administration (“AUA”) include assets for which we provide administrative services such as client assets invested in other companies’ products that we offer outside of our wrap accounts. These assets include those held in clients’ brokerage accounts. We generally record revenues received from administered assets as distribution fees. We do not exercise management discretion over these assets and do not earn a management fee. These assets are not reported on our Consolidated Balance Sheets. AUA also includes certain assets on our Consolidated Balance Sheets for which we do not provide investment management services and do not recognize management fees, such as investments in non-affiliated funds held in the separate accounts of our life insurance subsidiaries.

AUM and AUA do not include assets under advisement, for which we provide advisory services such as model portfolios but do not have full discretionary investment authority.

The following table presents detail regarding our AUM and AUA:

	March 31,		Change	
	2021	2020		
	(in billions)			
Assets Under Management and Administration				
Advice & Wealth Management AUM	\$ 396.5	\$ 273.1	\$ 123.4	45 %
Asset Management AUM	564.1	426.2	137.9	32
Corporate AUM	0.1	—	0.1	—
Eliminations	(39.6)	(27.9)	(11.7)	(42)
Total Assets Under Management	921.1	671.4	249.7	37
Total Assets Under Administration	222.9	167.7	55.2	33
Total AUM and AUA	<u>\$ 1,144.0</u>	<u>\$ 839.1</u>	<u>\$ 304.9</u>	36 %

Total AUM increased \$249.7 billion, or 37%, to \$921.1 billion as of March 31, 2021 compared to \$671.4 billion as of March 31, 2020 due to a \$123.4 billion increase in Advice & Wealth Management AUM driven by wrap account net inflows and market appreciation and a \$137.9 billion increase in Asset Management AUM driven by market appreciation and continued improvement in net flows, partially offset by retail fund distributions. See our segment results of operations discussion below for additional information on changes in our AUM.

Consolidated Results of Operations for the Three Months Ended March 31, 2021 and 2020

The following table presents our consolidated results of operations:

	Three Months Ended March 31,			
	2021	2020	Change	
	(in millions)			
Revenues				
Management and financial advice fees	\$ 2,102	1,770	\$ 332	19 %
Distribution fees	458	464	(6)	(1)
Net investment income	377	328	49	15
Premiums, policy and contract charges	347	395	(48)	(12)
Other revenues	71	69	2	3
Total revenues	3,355	3,026	329	11
Banking and deposit interest expense	5	25	(20)	(80)
Total net revenues	3,350	3,001	349	12
Expenses				
Distribution expenses	1,175	995	180	18
Interest credited to fixed accounts	159	91	68	75
Benefits, claims, losses and settlement expenses	653	(1,747)	2,400	NM
Amortization of deferred acquisition costs	5	512	(507)	(99)
Interest and debt expense	42	46	(4)	(9)
General and administrative expense	823	753	70	9
Total expenses	2,857	650	2,207	NM
Pretax income (loss)	493	2,351	(1,858)	(79)
Income tax provision	56	315	(259)	(82)
Net income (loss)	\$ 437	\$ 2,036	\$ (1,599)	(79)%

NM Not Meaningful.

Overall

Pretax income decreased \$1.9 billion, or 79%, to \$493 million for the three months ended March 31, 2021 compared to \$2.4 billion for the prior year period. The following impacts were significant drivers of the period-over-period change in pretax income:

- The market impact on non-traditional long duration products (including variable and fixed deferred annuity contracts and UL insurance contracts), net of hedges and related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual was an expense of \$396 million for the three months ended March 31, 2021 compared to a benefit of \$1.8 billion for the prior year period.
- A negative impact of \$78 million in the Advice & Wealth Management segment from lower short-term interest rates.
- A \$34 million unfavorable change in the mark-to-market impact on share-based compensation.
- A favorable impact from higher average equity markets for the three months ended March 31, 2021 compared to the prior year period.
- The mean reversion related impact was a benefit of \$56 million for the three months ended March 31, 2021 compared to an expense of \$61 million for the prior year period.

Net Revenues

Net revenues increased \$349 million, or 12%, to \$3.4 billion for the three months ended March 31, 2021 compared to \$3.0 billion for the prior year period.

Management and financial advice fees increased \$332 million, or 19%, to \$2.1 billion for the three months ended March 31, 2021 compared to \$1.8 billion for the prior year period reflecting higher average equity markets, higher wrap account net inflows and an unfavorable \$19 million performance fee correction in the prior year period.

Distribution fees decreased \$6 million, or 1%, to \$458 million for the three months ended March 31, 2021 compared to \$464 million for the prior year period due to \$55 million of lower fees on off-balance sheet brokerage cash primarily due to a decrease in short-term interest rates partially offset by increased transactional activity and higher average equity markets.

Net investment income increased \$49 million, or 15%, to \$377 million for the three months ended March 31, 2021 compared to \$328 million for the prior year period primarily reflecting the following items:

- Net realized investment gains of \$69 million, which included a \$15 million gain on a strategic investment, for the three months ended March 31, 2021 compared to net realized investment losses of \$19 million for the prior year period.
- Higher investment income from CIEs.
- The unfavorable impact of lower interest rates, including lower short-term interest rates on the investment portfolio supporting the certificate and on-balance sheet brokerage cash products.

Premiums, policy and contract charges decreased \$48 million, or 12% to \$347 million for the three months ended March 31, 2021 compared to \$395 million for the prior year primarily reflecting an unfavorable change in unearned revenue amortization and the reinsurance accrual offset to the market impact on IUL benefits and lower sales of immediate annuities with a life contingent feature.

Banking and deposit interest expense decreased \$20 million, or 80%, to \$5 million for the three months ended March 31, 2021 compared to \$25 million due to lower average crediting rates on certificates and lower average certificate balances.

Expenses

Total expenses increased \$2.2 billion to \$2.9 billion for the three months ended March 31, 2021 compared to \$650 million for the prior year period.

Distribution expenses increased \$180 million, or 18%, to \$1.2 billion for the three months ended March 31, 2021 compared to \$995 million for the prior year period reflecting higher advisor compensation due to an increase in average wrap account balances and increased transactional activity.

Interest credited to fixed accounts increased \$68 million, or 75%, to \$159 million for the three months ended March 31, 2021 compared to \$91 million for the prior year period primarily reflecting the following items:

- A \$235 million increase in expense from the unhedged nonperformance credit spread risk adjustment on IUL benefits. The unfavorable impact of the nonperformance credit spread was \$1 million for the three months ended March 31, 2021 compared to a favorable impact of \$234 million for the prior year period.
- A \$168 million decrease in expense from other market impacts on IUL benefits, net of hedges, which was a benefit of \$2 million for the three months ended March 31, 2021 compared to an expense of \$166 million for the prior year period. The decrease in expense was primarily due to an increase in the IUL embedded derivative in the prior year period, which reflected higher option costs due to lower discount rates.

Benefits, claims, losses and settlement expenses increased \$2.4 billion to \$653 million for the three months ended March 31, 2021 compared to a benefit of \$1.7 billion for the prior year period primarily reflecting the following items:

- A \$1.8 billion increase in expense primarily reflecting the impact of year-over-year changes in the unhedged nonperformance credit spread risk adjustment on variable annuity guaranteed benefits. The unfavorable impact of \$225 million for the three months ended March 31, 2021 was driven by changes in the undiscounted embedded derivative liability compared to a favorable impact of \$1.6 billion for the prior year period primarily as a result of the nonperformance credit spread widening by 145 basis points due to the market dislocation related to the COVID-19 pandemic. As the undiscounted embedded derivative liability on which the nonperformance credit spread is applied increases (decreases), the impact of the nonperformance credit spread is favorable (unfavorable) to expense. Additionally, as the estimate of the nonperformance credit spread over the LIBOR swap curve tightens or widens, the embedded derivative liability will increase or decrease.
- A \$727 million increase in expense from other market impacts on variable annuity guaranteed benefits, net of hedges in place to offset those risks and the related DSIC amortization. This increase was the result of an unfavorable \$6.6 billion change in the market impact on derivatives hedging the variable annuity guaranteed benefits, partially offset by a favorable \$5.8 billion change in the market impact on variable annuity guaranteed living benefits reserves. The main market drivers contributing to these changes are summarized below:
 - Equity market impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in an expense for the three months ended March 31, 2021 compared to a benefit for the prior year period.
 - Interest rate impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in an expense for the three months ended March 31, 2021 compared to a benefit for the prior year period.
 - Volatility impact on the variable annuity guaranteed living benefits liability net of the impact on the corresponding hedge assets resulted in a lower expense for the three months ended March 31, 2021 compared to the prior year period.
 - Other unhedged items, including the difference between the assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and various behavioral items, were a net benefit for the three months ended March 31, 2021 compared to a net expense for the prior year period.
- The mean reversion related impact was a benefit of \$34 million for the three months ended March 31, 2021 compared to an expense of \$24 million for the prior year period.

AMERIPRISE FINANCIAL, INC.

- A \$13 million decrease in reserves for immediate annuities with a life contingent feature primarily due to lower sales. This impact is offset by a decrease in premiums.

Amortization of DAC decreased \$507 million, or 99% to \$5 million for the three months ended March 31, 2021 compared to an expense of \$512 million for the prior year period primarily reflecting the following items:

- The DAC offset to the market impact on non-traditional long-duration products was a benefit of \$46 million for the three months ended March 31, 2021 compared to an expense of \$416 million for the prior year period.
- The mean reversion related impact was a benefit of \$22 million for the three months ended March 31, 2021 compared to an expense of \$36 million for the prior year period.

Interest and debt expense decreased \$4 million, or 9%, to \$42 million for the three months ended March 31, 2021 compared to \$46 million for the prior year period primarily due to lower levels of corporate debt and lower interest rates on our corporate debt.

General and administrative expense increased \$70 million, or 9%, to \$823 million for the three months ended March 31, 2021 compared to \$753 million for the prior year period primarily reflecting an unfavorable change in the mark-to-market impact on share-based compensation and higher expenses from CIEs, partially offset by disciplined expense management and reengineering.

Income Taxes

Our effective tax rate was 11.3% for the three months ended March 31, 2021 compared to 13.4% for the prior year period. The lower effective tax rate for the three months ended March 31, 2021 compared to the prior year period is primarily the result of incentive compensation and lower pretax income in the current period compared to the prior year period, partially offset by a \$144 million tax benefit in the prior year period associated with the forecasted utilization of a 2020 net operating loss ("NOL") in our life insurance entities that was not ultimately realized. See Note 15 to our Consolidated Financial Statements for additional discussion on income taxes.

Results of Operations by Segment for the Three Months Ended March 31, 2021 and 2020

Adjusted operating earnings is the measure of segment profit or loss management uses to evaluate segment performance. Adjusted operating earnings should not be viewed as a substitute for GAAP pretax income. We believe the presentation of segment adjusted operating earnings as we measure it for management purposes enhances the understanding of our business by reflecting the underlying performance of our core operations and facilitating a more meaningful trend analysis. See Note 18 to the Consolidated Financial Statements for further information on the presentation of segment results and our definition of adjusted operating earnings.

The following table presents summary financial information by segment:

	Three Months Ended March 31,	
	2021	2020
	(in millions)	
Advice & Wealth Management		
Net revenues	\$ 1,879	\$ 1,695
Expenses	1,490	1,317
Adjusted operating earnings	<u>\$ 389</u>	<u>\$ 378</u>
Asset Management		
Net revenues	\$ 828	\$ 686
Expenses	600	529
Adjusted operating earnings	<u>\$ 228</u>	<u>\$ 157</u>
Retirement & Protection Solutions		
Net revenues	\$ 787	\$ 759
Expenses	604	592
Adjusted operating earnings	<u>\$ 183</u>	<u>\$ 167</u>
Corporate & Other		
Net revenues	\$ 139	\$ 149
Expenses	160	199
Adjusted operating loss	<u>\$ (21)</u>	<u>\$ (50)</u>

AMERIPRISE FINANCIAL, INC.

Advice & Wealth Management

The following table presents the changes in wrap account assets and average balances for the three months ended March 31:

	2021	2020
	(in billions)	
Beginning balance	\$ 380.0	\$ 317.5
Net flows ⁽¹⁾	10.4	6.7
Market appreciation (depreciation) and other ⁽¹⁾	9.4	(48.7)
Ending balance	<u>\$ 399.8</u>	<u>\$ 275.5</u>
Advisory wrap account assets ending balance ⁽²⁾	\$ 395.3	\$ 272.3
Average advisory wrap account assets ⁽³⁾	\$ 379.3	\$ 311.1

⁽¹⁾ Beginning in the first quarter of 2021, wrap net flows is calculated including dividends, interest and fees, which were previously recorded in Market appreciation (depreciation) and other. Net flows excludes short-term and long-term capital gain distributions. Prior periods have been restated.

⁽²⁾ Advisory wrap account assets represent those assets for which clients receive advisory services and are the primary driver of revenue earned on wrap accounts. Clients may hold non-advisory investments in their wrap accounts that do not incur an advisory fee.

⁽³⁾ Average ending balances are calculated using an average of the prior period's ending balance and all months in the current period excluding the most recent month for the three months ended March 31, 2021 and 2020.

Wrap account assets increased \$19.8 billion, or 5%, during the three months ended March 31, 2021 due to net inflows of \$10.4 billion and market appreciation of \$9.4 billion. Average advisory wrap account assets increased \$68.2 billion, or 22%, compared to the prior year period reflecting market appreciation and net inflows.

The following table presents the results of operations of our Advice & Wealth Management segment on an adjusted operating basis:

	Three Months Ended March 31,				
	2021	2020	Change		
	(in millions)				
Revenues					
Management and financial advice fees	\$ 1,205	\$ 1,024	\$ 181	18 %	
Distribution fees	559	548	11	2	
Net investment income	64	100	(36)	(36)	
Other revenues	56	48	8	17	
Total revenues	1,884	1,720	164	10	
Banking and deposit interest expense	5	25	(20)	(80)	
Total net revenues	1,879	1,695	184	11	
Expenses					
Distribution expenses	1,135	970	165	17	
Interest and debt expense	3	2	1	50	
General and administrative expense	352	345	7	2	
Total expenses	1,490	1,317	173	13	
Adjusted operating earnings	\$ 389	\$ 378	\$ 11	3 %	

Our Advice & Wealth Management segment pretax adjusted operating earnings, which exclude net realized investment gains or losses, increased \$11 million, or 3%, to \$389 million for the three months ended March 31, 2021 compared to \$378 million for the prior year period reflecting higher average wrap account balances due to net inflows and market appreciation and improved transactional activity, partially offset by lower earnings on brokerage cash as a result of low interest rates. Pretax adjusted operating margin was 20.7% for the three months ended March 31, 2021 compared to 22.3% for the prior year period.

We launched Ameriprise Bank, FSB in the second quarter of 2019. Since then, we have continued to add deposits, with \$8.0 billion of cash sweep balances as of March 31, 2021. In the fourth quarter of 2020, we acquired \$224 million in an existing portfolio of brokerage client pledged asset lines of credit that are a 50% participation interest with a third party bank.

AMERIPRISE FINANCIAL, INC.

Net Revenues

Net revenues exclude net realized investment gains or losses. Net revenues increased \$184 million, or 11%, to \$1.9 billion for the three months ended March 31, 2021 compared to \$1.7 billion for the prior year period. Adjusted operating net revenue per advisor increased to \$187,000 for the three months ended March 31, 2021, up 9%, compared to \$172,000 for the prior year period.

Management and financial advice fees increased \$181 million, or 18%, to \$1.2 billion for the three months ended March 31, 2021 compared to \$1.0 billion for the prior year period primarily due to growth in average wrap account assets. Average advisory wrap account assets increased \$68.2 billion, or 22%, compared to the prior year period reflecting market appreciation and net inflows.

Distribution fees increased \$11 million, or 2%, to \$559 million for the three months ended March 31, 2021 compared to \$548 million for the prior year period reflecting increased transactional activity and higher average equity markets, partially offset by \$55 million of lower fees on off-balance sheet brokerage cash due to a decrease in short-term interest rates.

Net investment income, which excludes net realized investment gains or losses, decreased \$36 million, or 36%, to \$64 million for the three months ended March 31, 2021 compared to \$100 million for the prior year period primarily due to lower certificate balances and the \$23 million unfavorable impact of lower short-term interest rates on the investment portfolio supporting the certificate and on-balance sheet brokerage cash products, partially offset by higher average invested assets due to increased bank deposits.

Banking and deposit interest expense decreased \$20 million, or 80%, to \$5 million for the three months ended March 31, 2021 compared to \$25 million for the prior year period primarily due to lower average crediting rates on certificates and lower average certificate balances.

Expenses

Total expenses increased \$173 million, or 13%, to \$1.5 billion for the three months ended March 31, 2021 compared to \$1.3 billion for the prior year period.

Distribution expenses increased \$165 million, or 17%, to \$1.1 billion for the three months ended March 31, 2021 compared to \$970 million for the prior year period reflecting higher asset-based advisor compensation from higher wrap account assets and increased investments in recruiting experienced advisors.

General and administrative expense increased \$7 million, or 2%, to \$352 million for the three months ended March 31, 2021 compared to \$345 million for the prior year period primarily due to higher mark-to-market impact on share-based compensation and planned investments for future growth, partially offset by expense reengineering.

Asset Management

The following tables present the fund performance of our retail Columbia Threadneedle Investments funds as of March 31, 2021:

Retail Fund Rankings in Top 2 Quartiles or Above Index Benchmark - Asset Weighted	1 year	3 year	5 year	10 year
Equity	60%	87%	81%	88%
Fixed Income	80%	69%	88%	89%
Asset Allocation	31%	88%	95%	89%

4- or 5-star Morningstar rated funds	Overall	3 year	5 year	10 year
Number of rated funds	103	92	92	89
Percent of rated assets	68%	61%	58%	72%

Retail Fund performance rankings for each fund is measured on a consistent basis against the most appropriate peer group or index. Peer Groupings are defined by either Lipper, IA, or Morningstar and based primarily on the Institutional Share Class, Net of Fees. Comparisons to Index are measured Gross of Fees.

To calculate asset weighted performance, the sum of the total assets of the funds with above median ranking are divided by total assets of all funds. Funds with more assets will receive a greater share of the total percentage above or below median.

Aggregated Asset Allocation Funds may include funds that invest in other Columbia or Threadneedle branded mutual funds included in both equity and fixed income.

AMERIPRISE FINANCIAL, INC.

The following table presents global managed assets by type:

The following table presents global managed assets by type:

					Average ⁽¹⁾			
					Three Months Ended March 31,			
	March 31,							
	2021	2020	Change		2021	2020	Change	
	(in billions)							
Equity	\$ 319.4	\$ 210.5	\$ 108.9	52 %	\$ 308.8	\$ 246.8	\$ 62.0	25 %
Fixed income	195.0	174.0	21.0	12	195.8	181.2	14.6	8
Money market	5.8	5.0	0.8	16	5.9	4.7	1.2	26
Alternative	3.8	2.7	1.1	41	3.8	3.0	0.8	27
Hybrid and other	40.1	34.0	6.1	18	39.2	35.4	3.8	11
Total managed assets	<u>\$ 564.1</u>	<u>\$ 426.2</u>	<u>\$ 137.9</u>	32 %	<u>\$ 553.5</u>	<u>\$ 471.1</u>	<u>\$ 82.4</u>	17 %

⁽¹⁾ Average ending balances are calculated using an average of the prior period's ending balance and all months in the current period.

The following table presents the changes in global managed assets:

	Three Months Ended March 31,	
	2021	2020
	(in billions)	
Global Retail Funds		
Beginning assets	\$ 323.5	\$ 287.5
Inflows	22.5	17.4
Outflows	(17.6)	(20.0)
Net VP/VIT fund flows	(1.0)	(0.8)
Net new flows	3.9	(3.4)
Reinvested dividends	0.7	0.5
Net flows	4.6	(2.9)
Distributions	(0.9)	(0.7)
Market appreciation (depreciation) and other	13.2	(43.5)
Foreign currency translation ⁽¹⁾	(0.2)	(1.3)
Total ending assets	340.2	239.1
Global Institutional		
Beginning assets	223.1	206.7
Inflows ⁽²⁾	7.8	8.5
Outflows ⁽²⁾	(7.5)	(8.0)
Net flows	0.3	0.5
Market appreciation (depreciation) and other ⁽³⁾	0.2	(16.7)
Foreign currency translation ⁽¹⁾	0.3	(3.4)
Total ending assets	223.9	187.1
Total managed assets	<u>\$ 564.1</u>	<u>\$ 426.2</u>
Total net flows	\$ 4.9	\$ (2.4)
Legacy insurance partners net flows ⁽⁴⁾	\$ (1.3)	\$ (0.6)

⁽¹⁾ Amounts represent local currency to US dollar translation for reporting purposes.

⁽²⁾ Global Institutional inflows and outflows include net flows from our RiverSource Structured Annuity product beginning in Q1 2020 and Ameriprise Bank, FSB beginning in Q1 2021.

⁽³⁾ Included in Market appreciation (depreciation) and other for Global Institutional is the change in affiliated general account balance, excluding net flows related to our structured variable annuity product beginning in Q1 2020 and Ameriprise Bank, FSB beginning in Q1 2021.

⁽⁴⁾ Legacy insurance partners assets and net flows are included in the rollforwards above.

AMERIPRISE FINANCIAL, INC.

The United Kingdom's ("U.K.") and the European Union's ("EU") trade and cooperation agreement did not include cross-border financial services. As a result, our U.K. asset management business is no longer able to market its services into the EU on a passporting basis and must now comply with local EU and country requirements as a non-EU firm, which includes leveraging our Luxembourg-based management company affiliate to provide services and marketing to EU clients and investors. As a result the full impact of Brexit remains uncertain.

Total segment AUM increased \$17.5 billion, or 3%, during the three months ended March 31, 2021. Net inflows were \$4.9 billion in the first quarter of 2021, a \$7.3 billion increase compared to the prior year period. Global retail net inflows were \$4.6 billion. Global institutional net inflows were \$0.3 billion and included \$1.3 billion of outflows from legacy insurance partners assets.

The following table presents the results of operations of our Asset Management segment on an adjusted operating basis:

	Three Months Ended March 31,		Change	
	2021	2020		
(in millions)				
Revenues				
Management and financial advice fees	\$ 713	\$ 583	\$ 130	22 %
Distribution fees	114	103	11	11
Net investment income	1	—	1	—
Total revenues	828	686	142	21
Banking and deposit interest expense	—	—	—	—
Total net revenues	828	686	142	21
Expenses				
Distribution expenses	268	231	37	16
Amortization of deferred acquisition costs	3	3	—	—
Interest and debt expense	1	1	—	—
General and administrative expense	328	294	34	12
Total expenses	600	529	71	13
Adjusted operating earnings	\$ 228	\$ 157	\$ 71	45 %

Our Asset Management segment pretax adjusted operating earnings, which exclude net realized investment gains or losses, increased \$71 million, or 45%, to \$228 million for the three months ended March 31, 2021 compared to \$157 million for the prior year period primarily due to a higher level of average AUM from market appreciation and net inflows.

Net Revenues

Net revenues, which exclude net realized investment gains or losses, increased \$142 million, or 21%, to \$828 million for the three months ended March 31, 2021 compared to \$686 million for the prior year period.

Management and financial advice fees increased \$130 million, or 22%, to \$713 million for the three months ended March 31, 2021 compared to \$583 million for the prior year period primarily due to higher average equity markets and an unfavorable \$19 million performance fee correction in the prior year period.

Distribution fees increased \$11 million, or 11%, to \$114 million for the three months ended March 31, 2021 compared to \$103 million for the prior year period primarily due to higher average equity markets.

Expenses

Total expenses increased \$71 million, or 13%, to \$600 million for the three months ended March 31, 2021 compared to \$529 million for the prior year period.

Distribution expenses increased \$37 million, or 16%, to \$268 million for the three months ended March 31, 2021 compared to \$231 million for the prior year period reflecting higher average equity markets.

General and administrative expense increased \$34 million, or 12%, to \$328 million for the three months ended March 31, 2021 compared to \$294 million for the prior year period primarily reflecting higher compensation expenses related to stronger business performance and an unfavorable mark-to-market impact on share-based compensation expenses.

Retirement & Protection Solutions

The following table presents the results of operations of our Retirement & Protection Solutions segment on an adjusted operating basis:

	Three Months Ended March 31,			
	2021	2020	Change	
	(in millions)			
Revenues				
Management and financial advice fees	\$ 222	\$ 199	\$ 23	12 %
Distribution fees	116	105	11	10
Net investment income	126	130	(4)	(3)
Premiums, policy and contract charges	323	325	(2)	(1)
Total revenues	787	759	28	4
Banking and deposit interest expense	—	—	—	—
Total net revenues	787	759	28	4
Expenses				
Distribution expenses	129	110	19	17
Interest credited to fixed accounts	96	100	(4)	(4)
Benefits, claims, losses and settlement expenses	234	245	(11)	(4)
Amortization of deferred acquisition costs	63	54	9	17
Interest and debt expense	10	10	—	—
General and administrative expense	72	73	(1)	(1)
Total expenses	604	592	12	2
Adjusted operating earnings	\$ 183	\$ 167	\$ 16	10 %

Our Retirement & Protection Solutions segment pretax adjusted operating earnings, which excludes net realized investment gains or losses (net of the related DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual), the market impact on non-traditional long-duration products (including variable annuity contracts and IUL contracts, net of hedges and the related DSIC and DAC amortization, unearned amortization and the reinsurance accrual), and mean reversion related impacts, increased \$16 million, or 10%, to \$183 million for the three months ended March 31, 2021 compared to \$167 million for the prior year period.

RiverSource variable annuity account balances increased 24% to \$87.0 billion as of March 31, 2021 compared to the prior year period due to market appreciation, partially offset by net outflows of \$1.9 billion. Variable annuity sales increased 33% compared to the prior year period reflecting an increase in sales of structured variable annuities launched in 2020, partially offset by lower sales of variable annuities with living benefit guarantees. Sales of variable annuities without living benefit guarantees comprised 64% of total variable annuity sales for the three months ended March 31, 2021 compared to 31% for the prior year period. This trend is expected to continue and meaningfully shift the mix of business away from products with living benefit guarantees over time.

Net Revenues

Management and financial advice fees increased \$23 million, or 12%, to \$222 million for the three months ended March 31, 2021 compared to \$199 million for the prior year period primarily due to market appreciation, partially offset by variable annuity net outflows.

Distribution fees increased \$11 million, or 10%, to \$116 million for the three months ended March 31, 2021 compared to \$105 million for the prior year period due to higher average equity markets.

Expenses

Distribution expenses increased \$19 million, or 17%, to \$129 million for the three months ended March 31, 2021 compared to \$110 million for the prior year period primarily reflecting higher average equity markets and increased variable annuity sales.

Benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity contracts (net of hedges and the related DSIC amortization), mean reversion related impacts and the DSIC offset to net realized investment gains or losses, decreased \$11 million, or 4%, to \$234 million for the three months ended March 31, 2021 compared to \$245 million for the prior year period primarily reflecting lower sales of immediate annuities with a life contingent feature, partially offset by higher disability income claims.

Amortization of DAC, which excludes mean reversion related impacts, the DAC offset to the market impact on variable annuity contracts and IUL contracts and the DAC offset to net realized investment gains or losses, increased \$9 million, or 17%, to \$63 million for the three months ended March 31, 2021 compared to \$54 million for the prior year period primarily reflecting the higher level of normalized amortization.

AMERIPRISE FINANCIAL, INC.

Corporate & Other

The following table presents the results of operations of our Corporate & Other segment on an adjusted operating basis:

	Three Months Ended March 31,				
	2021		2020		Change
	(in millions)				
Revenues					
Net investment income	\$	100	\$	104	\$ (4) (4)
Premiums, policy and contract charges		24		25	(1) (4)
Other revenues		15		21	(6) (29)
Total revenues		139		150	(11) (7)
Banking and deposit interest expense		—		1	(1) NM
Total net revenues		139		149	(10) (7)
Expenses					
Distribution expenses		(2)		(1)	(1) NM
Interest credited to fixed accounts		61		66	(5) (8)
Benefits, claims, losses and settlement expenses		13		59	(46) (78)
Amortization of deferred acquisition costs		4		2	2 NM
Interest and debt expense		15		19	(4) (21)
General and administrative expense		69		54	15 28
Total expenses		160		199	(39) (20)
Adjusted operating loss	\$	(21)	\$	(50)	\$ 29 58 %

NM Not Meaningful.

Our Corporate & Other segment includes our closed blocks of long term care (“LTC”) insurance and fixed annuity and fixed indexed annuity (“FA”) business.

Our Corporate & Other segment pretax adjusted operating loss excludes net realized investment gains or losses, the market impact on fixed deferred annuity contracts (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, gain or loss on disposal of a business that is not considered discontinued operations, integration and restructuring charges, and the impact of consolidating CIEs. Our Corporate & Other segment pretax adjusted operating loss decreased \$29 million, or 58%, to \$21 million for the three months ended March 31, 2021 compared to \$50 million for the prior year period primarily reflecting the COVID-19 impacts on LTC insurance and a \$15 million gain on a strategic investment, partially offset by an unfavorable change in the mark-to-market impact on share-based compensation expense and lower investment income.

LTC insurance had pretax adjusted operating earnings of \$46 million for the three months ended March 31, 2021 compared to pretax adjusted operating earnings of \$2 million for the prior year period reflecting fewer LTC clients entering nursing homes as well as increased mortality-related client terminations due to COVID-19.

FA business had a pretax adjusted operating loss of \$4 million for the three months ended March 31, 2021 compared to a pretax adjusted operating earnings of nil for the prior year period reflecting the low interest rate impact on spread income.

RiverSource fixed deferred annuity account balances declined 4% to \$7.9 billion as of March 31, 2021 compared to the prior year period as policies continue to lapse and the discontinuance of new sales of fixed deferred annuities and fixed index annuities due to the low interest rate environment as well as our strategic decisions regarding our fixed annuity business.

Net Revenues

Net investment income, which excludes net realized investment gains or losses, the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments, integration and restructuring charges, and the impact of consolidating CIEs, decreased \$4 million, or 4%, to \$100 million for the three months ended March 31, 2021 compared to \$104 million for the prior year period primarily reflecting lower average invested assets due to fixed annuity net outflows and lower portfolio yields, partially offset by a \$15 million gain on a strategic investment.

Expenses

Benefits, claims, losses and settlement expenses, which excludes DSIC offset to net realized investment gains or losses, decreased \$46 million, or 78%, to \$13 million for the three months ended March 31, 2021 compared to \$59 million for the prior year period primarily reflecting the impacts from COVID-19 on LTC insurance.

General and administrative expense, which excludes integration and restructuring charges, increased \$15 million, or 28%, to \$69 million for the three months ended March 31, 2021 compared to \$54 million for the prior year period primarily due to a \$22 million unfavorable change in the mark-to-market impact on share-based compensation expense.

Market Risk

Our primary market risk exposures are interest rate, equity price, foreign currency exchange rate and credit risk. Equity price and interest rate fluctuations can have a significant impact on our results of operations, primarily due to the effects they have on the asset management and other asset-based fees we earn, the spread income generated on our fixed deferred annuities, fixed insurance, brokerage client cash balances, banking deposits, face-amount certificate products and the fixed portion of our variable annuities and variable insurance contracts, the value of DAC and DSIC assets, the value of liabilities for guaranteed benefits associated with our variable annuities and the value of derivatives held to hedge these benefits.

Our earnings from fixed deferred annuities, fixed insurance, and the fixed portion of variable annuities and variable insurance contracts are based upon the spread between rates earned on assets held and the rates at which interest is credited to accounts. We primarily invest in fixed rate securities to fund the rate credited to clients. We guarantee an interest rate to the holders of these products. Investment assets and client liabilities generally differ as it relates to basis, repricing or maturity characteristics. Rates credited to clients' accounts generally reset at shorter intervals than the yield on the underlying investments. Therefore, in an increasing interest rate environment, higher interest rates may be reflected in crediting rates to clients sooner than in rates earned on invested assets, which could result in a reduced spread between the two rates, reduced earned income and a negative impact on pretax income. However, the current low interest rate environment is resulting in interest rates below the level of some of our liability guaranteed minimum interest rates ("GMIRs"). Hence, a modest rise in interest rates would not necessarily result in changes to all the liability credited rates while projected asset purchases would capture the full increase in interest rates. This dynamic would result in widening spreads under a modestly rising rate scenario given the current relationship between the current level of interest rates and the underlying GMIRs on the business.

As a result of the low interest rate environment, our current reinvestment yields are generally lower than the current portfolio yield. We expect our portfolio income yields to continue to decline in future periods if interest rates remain low. The carrying value and weighted average yield of non-structured fixed maturity securities and commercial mortgage loans that may generate proceeds to reinvest through March 31, 2023 due to prepayment, maturity or call activity at the option of the issuer, excluding securities with a make-whole provision, were \$4.4 billion and 2.3%, respectively, as of March 31, 2021. In addition, residential mortgage backed securities, which are subject to prepayment risk as a result of the low interest rate environment, totaled \$10.0 billion and had a weighted average yield of 1.5% as of March 31, 2021. While these amounts represent investments that could be subject to reinvestment risk, it is also possible that these investments will be used to fund liabilities or may not be prepaid and will remain invested at their current yields. In addition to the interest rate environment, the mix of benefit payments versus product sales as well as the timing and volumes associated with such mix may impact our investment yield. Furthermore, reinvestment activities and the associated investment yield may also be impacted by corporate strategies implemented at management's discretion. The average yield for investment purchases during the three months ended March 31, 2021 was approximately 1.2%.

The reinvestment of proceeds from maturities, calls and prepayments at rates below the current portfolio yield, which may be below the level of some liability GMIRs, will have a negative impact to future operating results. To mitigate the unfavorable impact that the low interest rate environment has on our spread income, we assess reinvestment risk in our investment portfolio and monitor this risk in accordance with our asset/liability management framework. In addition, we may reduce the crediting rates on our fixed products when warranted, subject to guaranteed minimums.

In addition to the fixed rate exposures noted above, RiverSource Life has the following variable annuity guarantee benefits: guaranteed minimum withdrawal benefits ("GMWB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum death benefits ("GMDB") and guaranteed minimum income benefits ("GMIB"). Each of these benefits guarantees payouts to the annuity holder under certain specific conditions regardless of the performance of the underlying invested assets.

The variable annuity guarantees continue to be managed by utilizing a hedging program which attempts to match the sensitivity of the assets with the sensitivity of the liabilities. This approach works with the premise that matched sensitivities will produce a highly effective hedging result. Our comprehensive hedging program focuses mainly on first order sensitivities of assets and liabilities: Equity Market Level (Delta), Interest Rate Level (Rho) and Volatility (Vega). Additionally, various second order sensitivities are managed. We use various options, swaptions, swaps and futures to manage risk exposures. The exposures are measured and monitored daily, and adjustments to the hedge portfolio are made as necessary.

We have a macro hedge program to provide protection against the statutory tail scenario risk arising from variable annuity reserves on our statutory surplus and to cover some of the residual risks not covered by other hedging activities. We assess the residual risk under a range of scenarios in creating and executing the macro hedge program. As a means of economically hedging these risks, we may use a combination of futures, options, swaps and swaptions. Certain of the macro hedge derivatives used contain settlement provisions linked to both equity returns and interest rates; the remaining are interest rate contracts or equity contracts. The macro hedge program could result in additional earnings volatility as changes in the value of the macro hedge derivatives, which are designed to reduce statutory capital volatility, may not be closely aligned to changes in the variable annuity guarantee embedded derivatives.

AMERIPRISE FINANCIAL, INC.

To evaluate interest rate and equity price risk we perform sensitivity testing which measures the impact on pretax income from the sources listed below for a 12-month period following a hypothetical 100 basis point increase in interest rates or a hypothetical 10% decline in equity prices. The interest rate risk test assumes a sudden 100 basis point parallel shift in the yield curve, with rates then staying at those levels for the next 12 months. The equity price risk test assumes a sudden 10% drop in equity prices, with equity prices then staying at those levels for the next 12 months. In estimating the values of variable annuities, fixed deferred indexed annuities, stock market certificates, IUL insurance and the associated hedge assets, we assume no change in implied market volatility despite the 10% drop in equity prices.

The following tables present our estimate of the impact on pretax income from the above defined hypothetical market movements as of March 31, 2021:

Equity Price Decline 10%	Equity Price Exposure to Pretax Income		
	Before Hedge Impact	Hedge Impact	Net Impact
	(in millions)		
Asset-based management and distribution fees ⁽¹⁾	\$ (321)	\$ 3	\$ (318)
DAC and DSIC amortization ⁽²⁾⁽³⁾	(40)	—	(40)
Variable annuities:			
GMDB and GMIB ⁽³⁾	(10)	—	(10)
GMWB ⁽³⁾	(291)	256	(35)
GMAB	(17)	17	—
Structured variable annuities	160	(133)	27
DAC and DSIC amortization ⁽⁴⁾	N/A	N/A	3
Total variable annuities	(158)	140	(15)
Macro hedge program ⁽⁵⁾	—	219	219
Fixed deferred indexed annuities	6	(4)	2
Certificates	—	(1)	(1)
IUL insurance	45	(42)	3
Total	\$ (468)	\$ 315	\$ (150) ⁽⁶⁾

N/A Not Applicable.

Interest Rate Increase 100 Basis Points	Interest Rate Exposure to Pretax Income		
	Before Hedge Impact	Hedge Impact	Net Impact
	(in millions)		
Asset-based management and distribution fees ⁽¹⁾	\$ (58)	\$ —	\$ (58)
Variable annuities:			
GMWB	1,192	(1,477)	(285)
GMAB	19	(25)	(6)
Structured variable annuities	(12)	49	37
DAC and DSIC amortization ⁽⁴⁾	N/A	N/A	43
Total variable annuities	1,199	(1,453)	(211)
Macro hedge program ⁽⁵⁾	—	(4)	(4)
Fixed annuities, fixed insurance and fixed portion of variable annuities and variable insurance products	51	—	51
Banking deposits	54	—	54
Brokerage client cash balances	220	—	220
Fixed deferred indexed annuities	(1)	—	(1)
Certificates	14	—	14
IUL insurance	17	1	18
Total	\$ 1,496	\$ (1,456)	\$ 83

N/A Not Applicable.

⁽¹⁾ Excludes incentive income which is impacted by market and fund performance during the period and cannot be readily estimated.

⁽²⁾ Market impact on DAC and DSIC amortization resulting from lower projected profits.

⁽³⁾ In estimating the impact to pretax income on DAC and DSIC amortization and additional insurance benefit reserves, our assumed equity asset growth rates reflect what management would follow in its mean reversion guidelines.

⁽⁴⁾ Market impact on DAC and DSIC amortization related to variable annuity riders is modeled net of hedge impact.

⁽⁵⁾ The market impact of the macro hedge program is modeled net of any related impact to DAC and DSIC amortization.

⁽⁶⁾ Represents the net impact to pretax income. The estimated net impact to pretax adjusted operating income is approximately (\$318) million.

The above results compare to an estimated negative net impact to pretax income of \$73 million related to a 10% equity price decline and an estimated positive net impact to pretax income of \$2 million related to a 100 basis point increase in interest rates as of December 31, 2020. The change in interest rate exposure as of March 31, 2021 compared to December 31, 2020 was driven by variable annuity riders, specifically GMWB, primarily due to changes in market rates.

Net impacts shown in the above table from GMWB riders result largely from differences between the liability valuation basis and the hedging basis. Liabilities are valued using fair value accounting principles, with risk margins incorporated in contractholder behavior assumptions and with discount rates increased to reflect a current market estimate of our risk of nonperformance specific to these liabilities. Our hedging is based on our determination of economic risk, which excludes certain items in the liability valuation including the nonperformance spread risk.

Actual results could differ materially from those illustrated above as they are based on a number of estimates and assumptions. These include assuming that implied market volatility does not change when equity prices fall by 10% and that the 100 basis point increase in interest rates is a parallel shift of the yield curve. Furthermore, we have not tried to anticipate changes in client preferences for different types of assets or other changes in client behavior, nor have we tried to anticipate all strategic actions management might take to increase revenues or reduce expenses in these scenarios.

The selection of a 100 basis point interest rate increase as well as a 10% equity price decline should not be construed as a prediction of future market events. Impacts of larger or smaller changes in interest rates or equity prices may not be proportional to those shown for a 100 basis point increase in interest rates or a 10% decline in equity prices.

Fair Value Measurements

We report certain assets and liabilities at fair value; specifically, separate account assets, derivatives, embedded derivatives and most investments and cash equivalents. Fair value assumes the exchange of assets or liabilities occurs in orderly transactions and is not the result of a forced liquidation or distressed sale. We include actual market prices, or observable inputs, in our fair value measurements to the extent available. Broker quotes are obtained when quotes from pricing services are not available. We validate prices obtained from third parties through a variety of means such as: price variance analysis, subsequent sales testing, stale price review, price comparison across pricing vendors and due diligence reviews of vendors. See Note 11 to the Consolidated Financial Statements for additional information on our fair value measurements.

Fair Value of Liabilities and Nonperformance Risk

Companies are required to measure the fair value of liabilities at the price that would be received to transfer the liability to a market participant (an exit price). Since there is not a market for our obligations of our variable annuity riders, fixed deferred indexed annuities, structured variable annuities, and IUL insurance, we consider the assumptions participants in a hypothetical market would make to reflect an exit price. As a result, we adjust the valuation of variable annuity riders, fixed deferred indexed annuities, structured annuities, and IUL insurance by updating certain contractholder assumptions, adding explicit margins to provide for profit, risk and expense, and adjusting the rates used to discount expected cash flows to reflect a current market estimate of our nonperformance risk. The nonperformance risk adjustment is based on observable market data adjusted to estimate the risk of our life insurance company subsidiaries not fulfilling these liabilities. Consistent with general market conditions, this estimate resulted in a spread over the LIBOR swap curve as of March 31, 2021. As our estimate of this spread widens or tightens, the liability will decrease or increase. If this nonperformance credit spread moves to a zero spread over the LIBOR swap curve, the reduction to future net income would be approximately \$334 million, net of DAC, DSIC, unearned revenue amortization, the reinsurance accrual and income taxes (calculated at the statutory tax rate of 21%), based on March 31, 2021 credit spreads.

Liquidity and Capital Resources

Overview

We maintained substantial liquidity during the three months ended March 31, 2021. At March 31, 2021 and December 31, 2020, we had \$5.5 billion and \$6.8 billion, respectively, in cash and cash equivalents excluding CIEs and other restricted cash on a consolidated basis.

At March 31, 2021 and December 31, 2020, the parent company had \$905 million and \$1.1 billion, respectively, in cash, cash equivalents, and unencumbered liquid securities. Liquid securities predominantly include U.S. government agency mortgage back securities. Additional sources of liquidity include a line of credit with an affiliate up to \$1.0 billion and an unsecured revolving committed credit facility for up to \$750 million that expires in October 2022. Management's estimate of liquidity available to the parent company in a volatile and uncertain economic environment as of March 31, 2021 was \$2.3 billion which includes cash, cash equivalents, unencumbered liquid securities, the line of credit with an affiliate and a portion of the committed credit facility.

Under the terms of the committed credit facility, we can increase the availability to \$1.0 billion upon satisfaction of certain approval requirements. Available borrowings under this facility are reduced by any outstanding letters of credit. At March 31, 2021, we had no

AMERIPRISE FINANCIAL, INC.

outstanding borrowings under this credit facility and had \$1 million of outstanding letters of credit. Our credit facility contains various administrative, reporting, legal and financial covenants. Compliance with these covenants is not currently impaired by the COVID-19 pandemic, and we remain in compliance with all such covenants at March 31, 2021.

In addition, we have access to collateralized borrowings, which may include repurchase agreements and Federal Home Loan Bank (“FHLB”) advances. Our subsidiaries, RiverSource Life Insurance Company (“RiverSource Life”), and Ameriprise Bank, FSB are members of the FHLB of Des Moines, which provides access to collateralized borrowings. We had \$200 million of borrowings from the FHLB, which is collateralized with commercial mortgage backed securities and residential mortgage backed securities for both March 31, 2021 and December 31, 2020. We believe cash flows from operating activities, available cash balances and our availability of revolver borrowings will be sufficient to fund our operating liquidity needs and stress requirements.

We continue to monitor and respond to the ongoing COVID-19 pandemic. Our risk management strategy is designed to provide proactive protection during stress events such as the current pandemic. We believe our process is working as intended, and our liquidity and capital resources have remained a source of balance sheet strength during the three months ended March 31, 2021.

Dividends from Subsidiaries

Ameriprise Financial is primarily a parent holding company for the operations carried out by our wholly-owned subsidiaries. Because of our holding company structure, our ability to meet our cash requirements, including the payment of dividends on our common stock, substantially depends upon the receipt of dividends or return of capital from our subsidiaries, particularly our life insurance subsidiary, RiverSource Life, our face-amount certificate subsidiary, Ameriprise Certificate Company (“ACC”), AMPF Holding Corporation, which is the parent company of our retail introducing broker-dealer subsidiary, Ameriprise Financial Services, LLC (“AFS”) and our clearing broker-dealer subsidiary, American Enterprise Investment Services, Inc. (“AEIS”), our transfer agent subsidiary, Columbia Management Investment Services Corp., our investment advisory company, Columbia Management Investment Advisers, LLC, and Ameriprise International Holdings GmbH, which is the parent company of Threadneedle Asset Management Holdings Sàrl. The payment of dividends by many of our subsidiaries is restricted and certain of our subsidiaries are subject to regulatory capital requirements.

Actual capital and regulatory capital requirements for our wholly owned subsidiaries subject to regulatory capital requirements were as follows:

	Actual Capital		Regulatory Capital Requirements	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
	(in millions)			
RiverSource Life ⁽¹⁾⁽²⁾	\$ 4,522	\$ 5,021	N/A	\$ 993
RiverSource Life of NY ⁽¹⁾⁽²⁾	240	323	N/A	42
ACC ⁽⁴⁾⁽⁵⁾	368	387	337	362
Threadneedle Asset Management Holdings Sàrl ⁽⁶⁾	601	445	205	204
Ameriprise Bank, FSB ⁽⁴⁾⁽⁷⁾	672	658	217	543
AFS ⁽³⁾⁽⁴⁾	153	134	#	#
Ameriprise Captive Insurance Company ⁽³⁾	41	41	13	8
Ameriprise Trust Company ⁽³⁾	43	42	38	37
AEIS ⁽³⁾⁽⁴⁾	148	122	27	25
RiverSource Distributors, Inc. ⁽³⁾⁽⁴⁾	13	12	#	#
Columbia Management Investment Distributors, Inc. ⁽³⁾⁽⁴⁾	10	16	#	#

N/A Not applicable as only required to be calculated annually.

Amounts are less than \$1 million.

⁽¹⁾ Actual capital is determined on a statutory basis.

⁽²⁾ Regulatory capital requirement is the company action level and is based on the statutory risk-based capital filing.

⁽³⁾ Regulatory capital requirement is based on the applicable regulatory requirement, calculated as of March 31, 2021 and December 31, 2020.

⁽⁴⁾ Actual capital is determined on an adjusted GAAP basis.

⁽⁵⁾ ACC is required to hold capital in compliance with the Minnesota Department of Commerce and SEC capital requirements.

⁽⁶⁾ Actual capital and regulatory capital requirements are determined in accordance with U.K. regulatory legislation. The regulatory capital requirements at March 31, 2021 represent calculations at December 31, 2020 of the rule based requirements, as specified by FCA regulations.

⁽⁷⁾ Regulatory capital requirement is based on minimum requirements for well capitalized banks in accordance with the Office of the Comptroller of the Currency (“OCC”). Beginning in the first quarter of 2021, Ameriprise Bank transitioned to the Simplified Supervisory Formula Approach (“SSFA”) for risk-weighting non-agency securitized investments, resulting in a significant reduction in risk-weighted assets and an improvement in regulatory capital ratios that were already in a well-capitalized position.

In addition to the particular regulations restricting dividend payments and establishing subsidiary capitalization requirements, we take into account the overall health of the business, capital levels and risk management considerations in determining a strategy for payments to our parent holding company from our subsidiaries, and in deciding to use cash to make capital contributions to our subsidiaries.

During the three months ended March 31, 2021, the parent holding company received cash dividends or a return of capital from its subsidiaries of \$621 million (including \$250 million from RiverSource Life) and contributed cash to its subsidiaries of \$34 million. During the three months ended March 31, 2020, the parent holding company received cash dividends or a return of capital from its subsidiaries of \$510 million (including \$250 million from RiverSource Life) and contributed cash to its subsidiaries of \$141 million (including \$100 million to Ameriprise Bank, FSB).

In 2009, RiverSource established an agreement to protect its exposure to Genworth Life Insurance Company (“GLIC”) for its reinsured LTC. In 2016, substantial enhancements to this reinsurance protection agreement were finalized. The terms of these confidential provisions within the agreement have been shared, in the normal course of regular reviews, with our domiciliary regulator and rating agencies. GLIC is domiciled in Delaware so in the event GLIC were subjected to rehabilitation or insolvency proceedings, such proceedings would be located in (and governed by) Delaware laws. Delaware courts have a long tradition of respecting commercial and reinsurance affairs as well as contracts among sophisticated parties. Similar credit protections to what we have with GLIC have been tested and respected in Delaware and elsewhere in the United States, and as a result we believe our credit protections would be respected even in the unlikely event that GLIC becomes subject to rehabilitation or insolvency proceedings in Delaware. Accordingly, while no credit protections are perfect, we believe the correct way to think about the risks represented by our counterparty credit exposure to GLIC is not the full amount of the gross liability that GLIC reinsures, but a much smaller net exposure to GLIC (if any that might exist after taking into account our credit protections). Thus, management believes that our agreement and offsetting non LTC legacy arrangements with Genworth will enable RiverSource to recover on all net exposure in all material respects in the event of a rehabilitation or insolvency of GLIC.

Dividends Paid to Shareholders and Share Repurchases

We paid regular quarterly dividends to our shareholders totaling \$129 million and \$126 million for the three months ended March 31, 2021 and 2020, respectively. On April 26, 2021, we announced a quarterly dividend of \$1.13 per common share. The dividend will be paid on May 21, 2021 to our shareholders of record at the close of business on May 10, 2021.

In August 2020, our Board of Directors authorized us to repurchase up to \$2.5 billion of our common stock through September 30, 2022. As of March 31, 2021, we had \$1.9 billion remaining under this share repurchase authorizations. We intend to fund share repurchases through existing working capital, future earnings and other customary financing methods. The share repurchase program does not require the purchase of any minimum number of shares, and depending on market conditions and other factors, these purchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means. During the three months ended March 31, 2021, we repurchased a total of 1.7 million shares of our common stock at an average price of \$218.54 per share.

Cash Flows

Cash flows of CIEs and restricted and segregated cash and cash equivalents are reflected in our cash flows provided by (used in) operating activities, investing activities and financing activities. Cash held by CIEs is not available for general use by Ameriprise Financial, nor is Ameriprise Financial cash available for general use by its CIEs. Cash and cash equivalents segregated under federal and other regulations is held for the exclusive benefit of our brokerage customers and is not available for general use by Ameriprise Financial.

Operating Activities

Net cash provided by operating activities decreased \$5.9 billion to net cash used in operating activities of \$1.0 billion for the three months ended March 31, 2021 compared to net cash provided by operating activities of \$4.9 billion for the prior year period primarily reflecting a \$3.7 billion decrease in policyholder account balances, future policy benefits and claims, net, a \$1.6 billion decrease in net income and a \$480 million decrease in cash from changes in brokerage deposits.

Investing Activities

Our investing activities primarily relate to our Available-for-Sale investment portfolio. Further, this activity is significantly affected by the net flows of our investment certificate, fixed annuity and universal life products reflected in financing activities.

Net cash used in investing activities increased \$769 million to \$809 million for the three months ended March 31, 2021 compared to \$40 million for the prior year period primarily reflecting a \$716 million increase in cash used for purchases of Available-for-Sale securities, a \$505 million decrease in net cash flows related to investments of consolidated investment entities, partially offset by a \$541 million decrease in proceeds from sales of Available-for-Sale securities and a \$914 million increase in proceeds from maturities, sinking fund payments and calls of Available-for-Sale securities.

Financing Activities

Net cash provided by financing activities decreased \$195 million to \$433 million for the three months ended March 31, 2021 compared to \$628 million for the prior year period primarily reflecting a \$1.8 billion decrease in cash from changes in banking deposits, a \$750 million decrease in repayments of our senior notes, and a \$323 million decrease in net cash flows from investment certificates, partially offset by a \$797 million increase in borrowings by consolidated investment entities, a \$300 million increase in net cash flows related to purchased options with deferred premiums and a \$101 million increase in net cash flows related to policyholder account balances.

Contractual Commitments

There have been no material changes to our contractual obligations disclosed in our 2020 10-K.

Off-Balance Sheet Arrangements

We provide asset management services to investment entities which are considered to be VIEs, such as CLOs, hedge funds, property funds and other private funds, which are sponsored by us. We consolidate certain CLOs. We have determined that consolidation is not required for hedge funds, property funds and other private funds, which are sponsored by us. Our maximum exposure to loss with respect to our investment in these non-consolidated entities is limited to our carrying value. We have no obligation to provide further financial or other support to these investment entities nor have we provided any support to these investment entities. See Note 4 to our Consolidated Financial Statements for additional information on our arrangements with these investment entities.

Forward-Looking Statements

This report contains forward-looking statements that reflect management's plans, estimates and beliefs. Actual results could differ materially from those described in these forward-looking statements. Examples of such forward-looking statements include:

- statements of the Company's plans, intentions, positioning, expectations, objectives or goals, including those relating to asset flows, mass affluent and affluent client acquisition strategy, client retention and growth of our client base, financial advisor productivity, retention, recruiting and enrollments, the introduction, cessation, terms or pricing of new or existing products and services, acquisition integration, benefits and claims expenses, general and administrative costs, consolidated tax rate, return of capital to shareholders, debt repayment and excess capital position and financial flexibility to capture additional growth opportunities;
- statements of the Company's position, future performance and ability to pursue business strategy relative to the spread and impact of the COVID-19 pandemic and the related market, economic, client, governmental and healthcare system response;
- statements about the expected trend in the shift of the variable annuity sales business away from products with living benefit guarantees over time;
- statements about the Company's announced acquisition of BMO's European-based asset management business, including the expected timing to close the transaction and the expected AUM of the acquired business;
- other statements about future economic performance, the performance of equity markets and interest rate variations and the economic performance of the United States and of global markets; and
- statements of assumptions underlying such statements.

The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," "forecast," "on track," "project," "continue," "able to remain," "resume," "deliver," "develop," "evolve," "drive," "enable," "flexibility," "scenario," "case" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements.

Such factors include, but are not limited to:

- the impacts on our business of the COVID-19 pandemic and the related economic, client, governmental and healthcare system responses;
- market fluctuations and general economic and political factors, including volatility in the U.S. and global market conditions, client behavior and volatility in the markets for our products;
- changes in interest rates and periods of low interest rates;
- adverse capital and credit market conditions or any downgrade in our credit ratings;
- effects of competition and the economics of changes in our product revenue mix and distribution channels;
- declines in our investment management performance;
- our ability to compete in attracting and retaining talent, including financial advisors;
- impairment, negative performance or default by financial institutions or other counterparties;
- the ability to maintain our unaffiliated third-party distribution channels and the impacts of sales of unaffiliated products;
- changes in valuation of securities and investments included in our assets;
- the determination of the amount of allowances taken on loans and investments;

- the illiquidity of our investments;
- effects of the elimination of LIBOR on, and value of, securities and other assets and liabilities tied to LIBOR;
- failures by other insurers that lead to higher assessments we owe to state insurance guaranty funds;
- failures or defaults by counterparties to our reinsurance arrangements;
- inadequate reserves for future policy benefits and claims or for future redemptions and maturities;
- deviations from our assumptions regarding morbidity, mortality and persistency affecting our insurance profitability;
- changes to our reputation arising from employee or advisor misconduct or otherwise;
- interruptions or other failures in our operating systems and networks, including errors or failures caused by third-party service providers, interference or third-party attacks;
- interruptions or other errors in our telecommunications or data processing systems;
- identification and mitigation of risk exposure in market environments, new products, vendors and other types of risk;
- ability of our subsidiaries to transfer funds to us to pay dividends;
- changes in exchange rates and other risks in connection with our international operations and earnings and income generated overseas;
- occurrence of natural or man-made disasters and catastrophes;
- legal and regulatory actions brought against us;
- changes to laws and regulations that govern operation of our business;
- supervision by bank regulators and related regulatory and prudential standards as a savings and loan holding company that may limit our activities and strategies;
- changes in corporate tax laws and regulations and interpretations and determinations of tax laws impacting our products;
- protection of our intellectual property and claims we infringe the intellectual property of others;
- changes in and the adoption of new accounting standards; and
- changes that could give rise to the termination of the purchase agreement with BMO Financial Group or our ability to recognize the expected benefits from the transaction.

Management cautions the reader that the foregoing list of factors is not exhaustive. There may also be other risks that management is unable to predict at this time that may cause actual results to differ materially from those in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Management undertakes no obligation to update publicly or revise any forward-looking statements. The foregoing list of factors should be read in conjunction with the “Risk Factors” discussion included in Part I, Item 1A of our 2020 10-K.

Ameriprise Financial announces financial and other information to investors through the Company’s investor relations website at ir.ameriprise.com, as well as SEC filings, press releases, public conference calls and webcasts. Investors and others interested in the company are encouraged to visit the investor relations website from time to time, as information is updated and new information is posted. The website also allows users to sign up for automatic notifications in the event new materials are posted. The information found on the website is not incorporated by reference into this report or in any other report or document the Company furnishes or files with the SEC.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth in Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Market Risk” in this report is incorporated herein by reference. These disclosures should be read in conjunction with the “Quantitative and Qualitative Disclosures About Market Risk” discussion included as Part II, Item 7A of our 2020 10-K filed with the SEC on February 24, 2021.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) designed to provide reasonable assurance that the information required to be reported in the Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in and pursuant to SEC regulations, including controls and procedures designed to ensure that this information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding the required disclosure. It should be noted that, because of inherent limitations, our company’s disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our company’s Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable level of assurance as of March 31, 2021.

Changes in Internal Control over Financial Reporting

We implemented a new financial system during the first quarter of fiscal 2021. The new system allows us to maximize financial system functionality, enable a scalable platform and simplify processes for reporting and analytics. As part of the financial system implementation, we enhanced and modified certain existing internal controls within our general ledger, accounts payable, fixed assets, and financial reporting functions. We will continue to monitor and ensure effectiveness of any changes in internal controls. There have been no other changes to our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 16 to the Consolidated Financial Statements in Part I, Item 1 is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors provided in Part I, Item 1A of our 2020 10-K.

AMERIPRISE FINANCIAL, INC.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table presents the information with respect to purchases made by or on behalf of Ameriprise Financial, Inc. or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934), of our common stock during the first quarter of 2021:

	(a)	(b)	(c)	(d)
Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
January 1 to January 31, 2021				
Share repurchase program ⁽¹⁾	294,325	\$ 203.86	294,325	\$ 2,217,553,589
Employee transactions ⁽²⁾	163,146	\$ 199.06	N/A	N/A
February 1 to February 29, 2021				
Share repurchase program ⁽¹⁾	532,872	\$ 215.83	532,872	\$ 2,102,546,271
Employee transactions ⁽²⁾	690,154	\$ 208.30	N/A	N/A
March 1 to March 31, 2021				
Share repurchase program ⁽¹⁾	833,598	\$ 225.47	833,598	\$ 1,914,596,094
Employee transactions ⁽²⁾	65,168	\$ 225.63	N/A	N/A
Totals				
Share repurchase program ⁽¹⁾	1,660,795	\$ 218.55	1,660,795	
Employee transactions ⁽²⁾	918,468	\$ 207.89	N/A	
	<u>2,579,263</u>		<u>1,660,795</u>	

N/A Not applicable.

⁽¹⁾ In August 2020, our Board of Directors authorized an expenditure of up to \$2.5 billion for the repurchase of our common stock through September 30, 2022. The share repurchase program does not require the purchase of any minimum number of shares, and depending on market conditions and other factors, these purchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means.

⁽²⁾ Includes restricted shares withheld pursuant to the terms of awards under the Company’s share-based compensation plans to offset tax withholding obligations that occur upon vesting and release of restricted shares. The value of the restricted shares withheld is the closing price of common stock of Ameriprise Financial, Inc. on the date the relevant transaction occurs. Also includes shares withheld pursuant to the net settlement of Non-Qualified Stock Option (“NQSO”) exercises to offset tax withholding obligations that occur upon exercise and to cover the strike price of the NQSO. The value of the shares withheld pursuant to the net settlement of NQSO exercises is the closing price of common stock of Ameriprise Financial, Inc. on the day prior to the date the relevant transaction occurs.

ITEM 6. EXHIBITS

Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed certain agreements as exhibits to this Quarterly Report on Form 10-Q. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

The following exhibits are filed as part of this Quarterly Report on Form 10-Q. The exhibit numbers followed by an asterisk (*) indicate exhibits electronically filed herewith. All other exhibit numbers indicate exhibits previously filed and are hereby incorporated herein by reference.

Exhibit	Description
3.1	Amended and Restated Certificate of Incorporation of Ameriprise Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, File No. 1-32525, filed on May 1, 2014).
3.2	Amended and Restated Bylaws of Ameriprise Financial, Inc. (incorporated by reference to Exhibit 3.2 to the Annual Report on Form 10-K, File No. 1-32525, filed on February 24, 2021).
4.1	Form of Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 3 to Form 10 Registration Statement, File No. 1-32525, filed on August 19, 2005).
	Other instruments defining the rights of holders of long-term debt securities of the registrant are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The registrant agrees to furnish copies of these instruments to the SEC upon request.
10.1 *†	Ameriprise Financial 2007 Long-Term Incentive Award Program Guide
31.1 *	Certification of James M. Cracchiolo pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2 *	Certification of Walter S. Berman pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32 *	Certification of James M. Cracchiolo and Walter S. Berman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Ameriprise Financial, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2021 are formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the three months ended March 31, 2021 and 2020; (ii) Consolidated Statements of Comprehensive Income for the three months ended March 31, 2021 and 2020; (iii) Consolidated Balance Sheets at March 31, 2021 and December 31, 2020; (iv) Consolidated Statements of Equity for the three months ended March 31, 2021 and 2020; (v) Consolidated Statements of Cash Flows for the three months ended March 31, 2021 and 2020; and (vi) Notes to the Consolidated Financial Statements.
104	The cover page from Ameriprise Financial, Inc.'s Quarterly Report on Form 10-Q for the period ended March 31, 2021 is formatted in iXBRL and contained in Exhibit 101.

* Filed electronically herewith.

† Management contract or compensation plan or arrangement

AMERIPRISE FINANCIAL, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERIPRISE FINANCIAL, INC.

(Registrant)

Date: May 10, 2021

By: /s/ Walter S. Berman

Walter S. Berman

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: May 10, 2021

By: /s/ John R. Hutt

John R. Hutt

Senior Vice President – Corporate Finance and Controller

(Principal Accounting Officer)



Ameriprise Financial, Inc. 2007 Long-Term Incentive Award Program Guide

This Guide is available on **Inside** for awards granted in January 2007 and forward.

THIS DOCUMENT IS PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE
BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933.

2007 Long-Term Incentive Award Program Guide

Information regarding awards granted beginning January 2007

Contents

Long-Term Incentive Award Program	1
LTIA Program Overview	1
Summary of the Types of Awards under the Plan	2
Restricted Stock Awards	3
Valuing RSA Grants	3
Vesting	3
Quarterly dividends	3
Treatment of RSAs upon Certain Events	3
Non-Qualified Stock Options	3
Valuing NQSO Grants	4
Vesting	4
Steps for Exercising NQSOs	4
Illustration of NQSO Exercise Methods *	6
Treatment of NQSOs upon Certain Events	6
Restricted Stock Units	7
Valuing RSU Grants	7
Vesting	7
Quarterly Dividend Equivalents	7
Treatment of RSUs upon Certain Events	7
Performance Stock Units (for executive officers only)	7
Performance Cash Units	7
Tax Implications for LTIA's (U.S. only)	7
RSAs and RSUs: Income & Employment Tax Implications	8
NQSOs: Income and Employment Tax Implications	9
Multi-State Taxation Process.....	9
Section 409A of the Code.....	9
Treatment of LTIA's upon Certain Events	10
Part-Time Employment Status.....	10
Employment Termination	10
Leave of Absence	11
Death	11
Disability Termination	11
Retirement	12
Transfer between Business Segments	12
Transfer from Field Eligible Employee to Franchise Advisor	12
Situations of Detrimental Conduct	12
Compensation Recovery or "Clawback" Policy (<i>For executive officers only</i>)	13
Change in Control of the Company	13
Payments to Certain U.S. Taxpayers upon a Change in Control of the Company	14
Resale of Shares Received Under the Plan	14
Major Terms and Conditions of NQSOs, RSAs and RSUs	14
Non-Qualified Stock Options	15
Restricted Stock Awards and Restricted Stock Units	15
Administrative Information about this Guide	16
About this Guide	16
About the Illustrations	17
Award Confirmation Materials	17
Governing Award Documents.....	17
AMP Shares Available for Grant under the Plan	17
Plan Administration	18
Performance-Based Compensation	18
Adjustments upon Changes in Capitalization	18

Tax Withholding	18
Assignment and Transfer	19
Amendment	19
Term of the Plan	19
Resources	19
Availability of Certain Information and Incorporation of Documents by Reference	19
Contact Information	21

Long-Term Incentive Award Program

The Long-Term Incentive Award ("LTIA") program is designed to align Participants' interests with those of the shareholders of Ameriprise Financial, Inc. (the "Company"). By providing a stake in the Company's future success, LTIA's are considered essential to our efforts to attract and retain talented employees.

LTIA's are equity-based or cash-based incentive awards (*i.e.*, non-qualified stock options, restricted stock awards, restricted stock units, performance cash units, performance stock units and other equity-based awards) issued pursuant to the Ameriprise Financial 2005 Incentive Compensation Plan, as amended and restated (the "Plan"). All LTIA's are recommended for approval by the Compensation and Benefits Committee (the "Committee") of the Company's Board of Directors (the "Board") or the Committee's duly authorized delegate. The timing and process for approval and issuance of such awards will be governed by the Ameriprise Financial Long-Term Incentive Award Policy – Grant Practices and Procedures. Once the recommended awards are approved and granted, they are then communicated to employees by their leaders, as well as by email notification.

LTIA Program Overview

Restricted Stock Awards ("RSAs"), Non-qualified Stock Options ("NQSOs"), Restricted Stock Unit Awards ("RSUs"), Performance Stock Units ("PSUs") and Performance Cash Units ("PCUs") (collectively, "Awards" or "LTIA's") are issued pursuant to the terms of the Plan at the discretion and subject to the administration of the Committee.

All Awards issued under the Plan will contain the general terms set forth in the applicable provisions of this 2007 Long-Term Incentive Award Program Guide (this "Guide"). The specific terms of an individual Award will be contained in the Shareworks online award agreement or certificate delivered to the Participant in connection with the grant of an Award. All Awards are subject to the terms and conditions of the Plan, the Guide and the Award detail, as well as any administrative guidelines or interpretations by the Committee under the Plan, and any such guidelines or interpretations are hereby incorporated into this Guide by reference and made a part of this Guide. PSUs and PCUs will also be subject to the terms and conditions of the PSU Supplement to this Guide or the PCU Supplement to this Guide, as applicable.

The Plan provides that Awards may be settled in cash and/or in shares of Company common stock ("AMP Shares") or other property; however, the medium of settlement for an individual Award will be contained in the Award certificate. As used in this Guide, the term "shares" refers to the common shares of the Company having a par value of \$.01 per share, or the shares of any other stock of any other class into which such shares may thereafter be changed.

The chart on the following page summarizes the key features of the types of awards granted under the LTIA program. This Guide describes awards management expects to recommend for grant and may not cover the specific features of every award. However, this Guide is intended to cover the terms of the vast majority of Awards, and you may generally rely on it for the governance of your awards unless the Company communicates something different to you in writing.

If the type of awards granted changes from what is described in this Guide, the LTIA Administration Group will provide you with detailed information regarding any changes. Detailed information about various award types, tax implications and other award features is contained in the following sections.

Summary of the Types of Awards under the Plan

This section summarizes general features of RSAs, NQSOs, RSUs, PSUs and PCUs. Detailed information about the various Award types is contained in sections that follow.

	RSA	NQSO	RSU	PSU and PCU
Intent and Form of Award	A grant of AMP Shares in which the Participant's rights in the shares are restricted and such shares are nontransferable until they vest.	The opportunity to purchase (or exercise) a specific number of AMP Shares after the award vests. NQSOs, to the extent vested and subject to other Award requirements, may be exercised while continuously employed ¹ , but in no event later than 10 years after the grant date.	A contractual right to deliver AMP Shares when the Award vests.	A contractual right to deliver a number of AMP Shares (for a PSU, or, in the case of a PCU, an amount of cash) based on attainment of the applicable performance conditions over the applicable performance period.
Size of Grant	Generally, the dollar value of the award is converted to a specific number of AMP Shares (at fair market value) on the grant date.	Generally, a Black-Scholes valuation model is used to convert the dollar value of the award to a specific number NQSOs on the grant date.	Same as RSAs.	For PSUs, the number of AMP shares distributable is determined pursuant to your applicable Award details in the same manner as RSAs. For PCUs, the amount of cash payable at target is the dollar value of the award.
Vesting Schedule²	Vests in substantially equal installments over a three-year period, or according to such other vesting schedule specified in the Award detail.	Same as RSAs.	Same as RSAs.	The performance period for a PSU or a PCU is generally three years. Awards generally "cliff vest" at the end of the performance period and become payable no later than the following March 15th, after the payout for that period has been determined.
Dividends/ Dividend Equivalents	Quarterly dividends, if and to the extent declared, will be paid in cash during the vesting period.	An NQSO, whether vested or unvested, is not entitled to dividends or dividend equivalents.	Quarterly dividend equivalents, if and to the extent declared, will be paid in cash during the vesting period.	Each PSU earned will be entitled to a cash payment equal to the amount of any dividends declared and paid during the performance period and through the payment date. Any such dividend equivalent payment will vest and be paid at the same time as the underlying PSU. PCUs are not entitled to dividends or dividend equivalents.
Voting Rights for Unvested AMP Shares	Yes.	No.	No.	No.
Income & Employment Taxation (U.S. only)	Generally, taxable upon vesting of the AMP Shares.	Taxable upon exercise of the NQSO.	Generally, taxable upon delivery of the AMP Shares (note: FICA taxes may be payable and withheld before an RSU vests and AMP Shares delivered).	Generally, taxable upon delivery of the AMP Shares or, in the case of a PCU, cash.

¹ Continuous employment with the Company or one of its subsidiaries is required through the date of exercise of the NQSO, provided that in certain situations, exercise may be permitted for a limited period following termination of employment (but in no event later than 10 years after the grant date), as set forth in this Guide under "Treatment of LTIs upon Certain Events."

² Continuous employment is required through each vesting date, unless an exception is set forth in this Guide under "Treatment of LTIs upon Certain Events."

Restricted Stock Awards

An RSA is a grant of AMP Shares. On the date of grant, your rights to the shares are restricted and you may not sell, assign or otherwise transfer the shares until they vest, which is contingent upon you remaining employed with the Company or one of its subsidiaries through each vesting date. Once vested, you receive the AMP Shares free from such restrictions. Quarterly dividends, if any, are paid on your unvested AMP Shares during the vesting period. You have full voting rights for all of your unvested AMP Shares.

Valuing RSA Grants

The value of an RSA share at vesting is equal to the Company's closing share price as reported on the New York Stock Exchange on the vesting date, or if there is no reported closing price on the vesting date, then the closing price as reported by the New York Stock Exchange on the last previous day on which such closing price was reported. For example, if 150 restricted AMP Shares vest in January and the closing AMP Share price at vesting is \$85, the pretax value of these AMP Shares would be \$12,750 ($\$85 \times 150 = \$12,750$). (See the "About the Illustrations" section in this Guide for an important disclosure.)

Vesting

RSAs generally vest in equal installments over a three-year period, starting with the first anniversary of the grant date and ending on the third anniversary of the grant date. The Award detail you receive with your RSA will include a personalized vesting schedule.

Upon a vesting date, the restrictions will lapse on the number of AMP Shares specified in your Award to vest on such date. Any required tax withholding will be paid by withholding AMP Shares from the number of shares that vest on such date. The net AMP Shares that will be in your account following vesting will be the number of AMP Shares specified in your Award to vest on such date less the number of AMP Shares necessary to satisfy any tax withholding requirements. Once the restrictions have lapsed and the required tax withholdings have been satisfied, you may sell, assign or otherwise transfer your AMP Shares at any time, subject to securities laws governing insider trading, short-swing profit rules and Company stock ownership and retention

guidelines and black-out periods. **You are responsible for knowing and abiding by the applicable laws and Company policies regarding your stock and stock-based awards.**

Quarterly dividends

Cash dividends paid on AMP Shares, as declared by the Board, are paid quarterly during the vesting period. The dividend payment amount is determined each quarter and stated as a per-share amount that is multiplied by the number of unvested AMP Shares in your award. For example, if a quarterly dividend is \$0.45 per share and you have 500 unvested AMP Shares, your quarterly dividend payment would equal \$225 ($\$0.45 \times 500 = \225).

To change the address where your dividend check is mailed, to request a dividend check replacement or to set-up electronic payment, contact the Transfer Agent. Contact information can be found in the "Contact Information" section in this Guide.

Treatment of RSAs upon Certain Events

For information on the treatment of RSAs upon retirement, employment termination, leave of absence, etc., please see the "Treatment of LTIA's upon Certain Events" section in this Guide.

Non-Qualified Stock Options

An NQSO gives you the right to purchase a specified number of AMP Shares at the exercise price set forth in the Award, subject to continuous employment and other vesting requirements and exercise period limitations. The exercise price is equal to the closing stock price as reported on the New York Stock Exchange composite tape on the grant date. Once an NQSO becomes vested, you determine when to exercise the option (before its expiration) and how to pay for the option exercise. Unless your Award detail provides otherwise, an NQSO expires on the date that is 10 years after the date of grant, or upon your earlier termination of employment with the Company or one of its subsidiaries, provided that in certain situations, you may be permitted to exercise the NQSO for a limited period following termination of employment and prior to its award expiration date (please see the "Treatment of LTIA's upon Certain Events" section in this Guide). "Non-qualified" refers to the tax

treatment of the option under the U.S. Internal Revenue Code of 1986, as amended (the "Code").

Valuing NQSO Grants

NQSOs earn value if the Company's stock price increases above the exercise price. Once an NQSO becomes vested, you have the right to pay the exercise price to exercise the option and acquire the AMP Shares. For example, assume that 500 vested NQSOs were granted at the exercise price of \$50 per share and the price of an AMP Share increases to \$75. If you decided to exercise the NQSO, the pre-tax gain on these options would be \$12,500 $((\$75 - \$50 = \$25) \times 500 = \$12,500)$. (See the "About the Illustrations" section in this Guide for an important disclosure.)

Vesting

NQSOs generally become vested and available for exercise in equal installments over a three-year period, starting with the first anniversary of the grant date and ending on the third anniversary of the grant date. The Award detail you receive in connection with an NQSO grant will include a personalized vesting schedule.

Steps for Exercising NQSOs

(These steps are for U.S. employees; exercise steps outside the United States may differ due to local requirements.) Generally, you may exercise the vested portion of an NQSO as soon as it vests or at any subsequent time prior to its award expiration date, as long as you remain employed with the Company or one of its subsidiaries through the exercise date. It is your responsibility to track your NQSO expiration date(s), including any early expiration of your NQSO in connection with the termination of your employment, to ensure you realize any value through a timely exercise. As with any investment decision, you are strongly urged to consult with your personal financial advisor before exercising an NQSO.

Follow these steps to exercise the vested portion of an NQSO:

1. The execution of an NQSO exercise requires you to have a valid non-qualified Ameriprise brokerage account. If you do not have one, contact your advisor or call the Ameriprise

Advisor Center at 1-877-370-3950 to set up an account. Initiating an NQSO exercise without having an AMP brokerage account can delay the ability to exercise your NQSOs.

2. Sign into your account with Shareworks to exercise your stock options. Indicate how you plan to pay for the AMP Shares you are purchasing by exercising the option and any required tax withholdings. You may pay the exercise cost (the per-share exercise price multiplied by the number of shares) and required tax withholdings using one of these payment options (in U.S. dollars):

- **Net Exercise:** Instruct Ameriprise Financial Brokerage Services ("AFBS"), our exclusive broker, to withhold a portion of the exercised shares equal in fair market value to the exercise cost plus any required tax withholdings to the Company in lieu of paying the exercise price in cash. The number of shares withheld to cover the required tax withholding is determined using the closing price of AMP Shares as reported by the New York Stock Exchange on the day preceding the date of exercise (or if there is no reported closing price on the day preceding the date of exercise, then the closing price as reported by the New York Stock Exchange on the last previous day on which such closing price was reported); provided, however, if the exercise is made pursuant to a limit order, then the limit price is used to determine the number of shares withheld to cover the required tax withholding. There is no fee to open a brokerage account with AFBS, and you will pay a reduced commission if AFBS sells shares on your behalf. Regular brokerage account maintenance fees apply. **Please note that the Net Exercise method replaced the Cashless Exercise method for all NQSOs granted under the Plan on or after Feb. 6, 2012.**
- **Cashless Exercise:** Instruct AFBS to sell all exercised shares and pay the exercise cost and any required tax withholdings from the proceeds. There is no fee to open a brokerage account with AFBS, and you will pay a reduced commission when AFBS sells shares on your behalf. **The Cashless Exercise method is only available for**

NQSOs granted under the Plan on or before Feb. 5, 2012.

- **Buy-and-Hold Exercise: (Cash Exercise, using cash in AFBS account):** Pay the exercise cost by instructing AFBS to take funds from your brokerage cash account.

If you choose to pay the exercise cost using the Buy-and-Hold Exercise, you must have the funds available in your brokerage account prior to initiating your exercise activity. You may pay any required minimum tax withholding by instructing AFBS to take funds from your brokerage cash account to pay the required minimum tax withholding, or instructing AFBS to withhold and sell the appropriate number of shares (otherwise available from the exercise) to pay the required minimum tax withholding. Note: Shares cannot be sold until after tax withholding liability has been determined. Due to price fluctuation (between exercise and disposition of shares), the exact number of shares needed to cover taxes will not be known immediately upon exercise.

3. Additional Approvals, Restrictions and Reporting (For Bands 50 and above and certain other Participants only)

- **Obtain required pre-clearance.** The Corporate Secretary's Office will provide you with an email explaining the pre-clearance process. It is important to understand, however, that pre-clearance may not be granted, depending on the facts and circumstances.
OR
- **Provide required notice.** Other Band 50 and above Participants are required to provide advance notice to their Executive leader if the exercise request exceeds certain hurdles (e.g., the request would result in the exercise of more than 40% of your available AMP NQSOs within any 90-day period).

Note: Regardless of whether one has received pre-clearance or provided the required notice, he or she remains legally responsible for compliance with the federal securities laws prohibiting trading in securities when aware of nonpublic information about Ameriprise or its securities that a reasonable investor would consider significant when trading in those securities. Participants who are subject to the

regular quarterly blackouts on trading in Ameriprise securities, including the exercise of NQSOs, will receive emails from the Corporate Secretary informing them of the dates on which the blackout will begin and end, as well as the related policy requirements.

- **Black-out period.** There is a quarterly black-out period when the trading window closes and remains closed for approximately four weeks, as declared, until the Company's earnings for the preceding quarter are made public. Other black-out periods may apply as determined by the Corporate Secretary's Office. All affected Participants will receive an email from the Corporate Secretary's Office quarterly stating the blackout dates including a copy of the Ameriprise Securities Trading Policy.

Important: If your NQSO will expire during a Company-declared black-out period, you must take action to exercise the NQSO prior to the start of the black-out period. You will be solely responsible for any loss if you fail to exercise the NQSO before such black-out period. During the black-out period, you can no longer exercise the NQSO absent a hardship exception, which is rarely granted, and the NQSO will be cancelled on the expiration date.

- (For Bands 70 and above only) **Affirm stock ownership requirements are met or requirements understood if not yet met.** The Company has implemented stock ownership guidelines for executives. These guidelines have been communicated to affected executives. All Band 70 and above Participants will receive a stock ownership summary statement not less frequently than annually.
- (For executive officers only) Participants who are executive officers of the Company also need to be aware that all of their acquisitions and dispositions of AMP Shares, including AMP Shares and similar rights under the Plan, the Ameriprise Financial 401(k) Plan and all other stock-based compensation plans maintained by the Company or its subsidiaries, may be subject to the reporting requirements and short-swing trading restrictions under

Section 16 of the Securities Exchange Act of 1934. Participants who are executive officers of the Company should consult with their personal financial or legal advisor prior to selling and/or buying AMP Shares.

The provisions and procedures described above are subject to change.

Illustration of NQSO Exercise Methods*

(For U.S. purposes only) The illustration shows three ways to exercise an NQSO. In this example, assume a U.S. employee chooses to exercise 1,000 NQSO shares with an exercise price of \$30 per share. Assume the market price preceding the exercise date is \$50 per share.

		Exercise Method		
		Net Exercise	Cashless Exercise	Buy-and-Hold
A	Market value of exercised AMP Shares at \$50 (\$50 per share x 1,000 shares)	\$50,000		
B	Exercise cost paid (\$30 per share x 1,000 shares)	\$30,000 600 shares will be withheld to pay the exercise cost (i.e., 600 shares x \$50 per share)	All 1,000 shares will be sold in the open market. \$30,000 of the sale proceeds will be paid to the Company to pay the exercise cost	In order to pay the exercise cost (\$30,000), a Participant must have the necessary funds in his or her AFBS account prior to initiating an online exercise.
C	Pre-Tax Gain (A – B)	\$20,000		
D	Minimum U.S. tax withholding paid (C x 40% assumed tax)	\$8,000 160 shares will be withheld to cover the required tax withholdings (160 x \$50 per share)	\$8,000 of the sale proceeds will be paid to the Company to cover the required tax withholdings	The Participant will instruct AFBS either to take \$8,000 from his or her brokerage account, or to withhold 160 shares to cover the required tax withholdings
E	Incremental value after exercise cost and tax withholding (A – B – D)	\$12,000		
F	Incremental share ownership (or net proceeds) from exercise	240 shares with a value of \$12,000 (1,000 - 600 for exercise cost -160 for required tax withholdings)	\$12,000 in cash	Assuming you withhold shares to cover the required tax withholdings, 840 shares (1,000 - 160 shares withheld for taxes)
Minus any applicable broker commissions.				

* See "About the Illustrations" for an important disclosure.

Treatment of NQSOs upon Certain Events

To find out how your NQSOs will be treated upon retirement, employment termination, retirement, leave of absence, etc., please see the "Treatment of LTAs upon Certain Events" section in this Guide.

Restricted Stock Units

Under an RSU, AMP Shares are not issued to you on the grant date. Instead, an RSU represents the Company's contractual obligation to issue a specified number of AMP Shares to you at the end of the vesting period applicable to your Award. During this period, you receive quarterly dividend equivalent payments that are the equivalent value of any AMP Share dividends that are declared and paid during such calendar quarter. Any such dividend equivalents will be paid to you as soon as practicable following the payment to shareholders of the related dividend, but in no event later than 75 days following such date. You do not have voting rights for shares under any unvested portion of the RSU until such shares become vested and are issued to you.

Valuing RSU Grants

RSUs are valued in the same manner as RSAs. The value of an RSU share at vesting is equal to the Company's closing share price as reported on the New York Stock Exchange composite tape on the vesting date.

Vesting

RSUs generally vest in equal installments over a three-year period, starting with the first anniversary of the grant date and ending on the third anniversary of the grant date. The Award detail you receive with your RSU will include a personalized vesting schedule.

Upon a vesting date, the restrictions will lapse on the number of AMP Shares specified in your Award to vest on such date. Any required tax withholding will be paid by withholding AMP Shares from the number of shares that vest on such date. The net AMP Shares that will be in your account following vesting will be the number of AMP Shares specified in your Award detail to vest on such date less the number of AMP Shares necessary to satisfy any tax withholding requirements. Once the restrictions have lapsed and the required tax withholdings have been satisfied, you may sell your AMP Shares at any time, subject to securities laws governing insider trading, short-swing profit rules and Company stock ownership and retention guidelines and black-out periods. **You are responsible for knowing and abiding by the applicable laws and Company policies regarding your stock and stock-based awards.**

As explained in greater detail in the section in this Guide titled "RSAs and RSUs: Income & Employment Tax Implications," please note that in some instances FICA (Social Security and Medicare) taxes may be payable before an Award vests and you receive AMP Shares.

Quarterly Dividend Equivalents

Unlike RSAs, RSUs are not entitled to receive payment of any AMP Share dividends, as declared by the Board, during the vesting period. However, RSUs are entitled to receive a dividend equivalent payment from the Company equal to the amount of the AMP Share dividends that are paid to shareholders during the vesting period. For example, if a quarterly dividend is \$0.45 per share and you have 500 unvested AMP Shares, your quarterly dividend equivalent payment would equal \$225 ($\$0.45 \times 500 = \225).

Treatment of RSUs upon Certain Events

For information about how your RSUs will be treated upon certain events, such as retirement, employment termination, leave of absence, etc., please see "Treatment of LTIs upon Certain Events."

Performance Stock Units (for executive officers only)

PSUs are subject to the terms of the PSU Supplement to this Guide and your PSU Award certificate. Please refer to the separate PSU Supplement to this Guide that was provided to you and your PSU Award for details and provisions pertaining to these Awards.

Performance Cash Units

PCUs are subject to the terms of the PCU Supplement to this Guide and your PCU Award certificate. Please refer to the separate PCU Supplement to this Guide on *Inside* and your PCU Award for details and provisions pertaining to these Awards.

Tax Implications for LTIs (U.S. only)

The following is a summary description of the United States federal income and employment tax

consequences generally arising with respect to RSAs, NQSOs and RSUs issued under the Plan. For U.S. federal income tax consequences of PSUs and PCUs, please refer to the PSU Supplement to this Guide or PCU Supplement to this Guide, as applicable. **There may also be state and local taxes applicable to these awards.** This summary is not intended to be a complete description of all possible tax consequences of LTIA's issued under the Plan, and you should be aware that different tax treatments may apply outside of the United States depending upon your country of residence and/or citizenship.

RSAs and RSUs: Income & Employment Tax Implications

The tax rules that apply to your RSA or RSU award vary based on your tax jurisdiction. Below is a brief summary of the general U.S. federal income tax implications for U.S. taxpayers. **The Company is not providing advice to you on the tax treatment of any LTIA. You are strongly urged to consult with your personal tax advisor on the applicable tax implications of RSA or RSU awards and selling acquired AMP Shares in light of your individual circumstances.**

For employees subject to U.S. federal income tax, there are no federal income tax consequences when an RSA or RSU award is granted. When the restricted period expires and RSA shares vest (*i.e.*, the RSA shares become transferable or no longer subject to a substantial risk of forfeiture, whichever occurs earlier) or when RSU shares are delivered to you, you receive ordinary compensation income based on the market value of an AMP Share on the day of vesting or delivery, as applicable. Your Form W-2 wage and earnings statement will indicate that you had ordinary compensation income equal to the market value of your vested AMP Shares.

Income resulting from the vesting of RSA shares or the delivery of RSU shares is subject to statutory withholding for U.S. federal income tax and FICA taxes (Social Security and Medicare), plus any applicable statutory state and local withholding. **(NOTE:** The actual income tax you owe will be based on your individual circumstances and may be more or less than the income tax withheld.) The net AMP Shares deposited into your account will be the number of AMP Shares specified in your RSA or RSU award less the necessary number of AMP Shares needed to satisfy any tax withholding requirements. **Please note that in some instances FICA taxes may be payable before an Award**

vests and you receive AMP Shares. For example, if you become eligible to retire during the vesting period for an RSU, generally, the RSU will be taxable for FICA purposes on the date that you become eligible to retire and not on the later vesting date or the date that you actually retire. In this case, only income taxes would apply at vesting or delivery, as applicable, of the AMP Shares.

If you later sell AMP Shares acquired from the vesting of RSA shares or the delivery of RSU shares, you will realize a short-term or long-term capital gain (or loss) on the spread between the market value on the date of vesting or delivery (your cost basis) and the net proceeds you receive when you sell the AMP Shares. If you realize a gain after satisfying a minimum holding period (currently greater than one year) and are in a net capital gain position under applicable U.S. tax rules, you may be able to pay tax on the gain based on long-term capital gains tax rates. These rates are generally lower than ordinary income and short-term capital gains tax rates. If you realize a loss, you may be able to use that loss to offset any capital gains you may otherwise have. Any loss in excess of capital gains may, to a limited extent, be used to offset ordinary income, as permitted under applicable U.S. tax rules.

During the vesting period, any dividends or dividend equivalents paid on unvested RSA or RSU shares will be paid through the transfer agent and reflected in the earnings column under "R Stock Div" on your paycheck. Dividends or dividend equivalents paid on these shares are also considered ordinary income and are subject to the taxes described above. This ordinary income will appear on your Form W-2 wage and tax statement.

In advance of an RSA or RSU vesting event, you will receive a notification of this pending vesting from the Ameriprise LTIA Administration Group. This notification will provide you with important information and instructions in advance of the vesting date. Details of your RSA or RSU vesting event, including vesting date, market value of your vested AMP Shares, stock price used to calculate the fair market value, number of shares withheld to satisfy your tax obligation, breakdown of the taxes withheld and net shares delivered to you are available via Shareworks.

NQSOs: Income and Employment Tax Implications

The tax implications that apply when you exercise your NQSOs vary based on your tax jurisdiction. Below is a summary of the general U.S. federal income and employment tax implications for holders of NQSOs who are U.S. taxpayers. **The Company is not providing advice to you on the tax treatment of any LTIA, including the exercise of an NQSO. You are strongly urged to consult with your personal tax advisor on the applicable tax implications of NQSOs and selling acquired AMP Shares in light of your individual circumstances.**

For employees subject to U.S. federal income tax, in the year that you exercise an NQSO, your Form W-2 wage and tax statement will indicate that you had ordinary compensation income equal to the difference between the per-share exercise price and the market value of an AMP Share on the day of the exercise multiplied by the number of shares exercised on such date.

Income resulting from an NQSO exercise is subject to statutory withholding for U.S. federal income tax and FICA taxes (Social Security and Medicare), plus any applicable statutory state and local withholding. (**NOTE:** The actual income tax you owe will be based on your individual circumstances and may be more or less than the income tax withheld.) How you pay any required tax withholdings is determined based on which of the payment options you use to exercise your NQSO. Please refer to the sections in this Guide titled "Illustration of NQSO Exercise Methods" and "Steps for Exercising NQSOs" for additional information on the methods for paying required tax withholdings.

If you later sell AMP Shares acquired from an NQSO exercise, you will realize a short-term or long-term capital gain (or loss) on the spread between the market value on the date of exercise (your cost basis) and the net proceeds you receive when you sell the AMP Shares. If you realize a gain after satisfying a minimum holding period (currently greater than one year) and are in a net capital gain position under applicable U.S. tax rules, you may be able to pay tax on the gain based on long-term capital gains tax rates. These rates are generally lower than ordinary income and short-term capital gains tax rates. If you realize a loss, you may be able to use that loss to offset any capital gains you may otherwise have and any loss in excess of capital gains may, to a limited extent, be used to

offset ordinary income, to the extent permitted under applicable U.S. tax rules.

Multi-State Taxation Process

If you work in multiple states or have transferred between states during your work tenure and awards have been granted during those years under the LTIA Program, **a state wage adjustment may be done to properly allocate your earnings.** Some individual states require a "look-back" allocation for various types of income, including the exercising of non-qualified stock options, vesting of restricted stock awards including RSAs and RSUs, as well as some other compensation distributions not granted under the LTIA Program.

Each year, the company engages the professional services of EY (Ernst & Young) to assist with the recalculation of the appropriate state wages for the various earnings. A year-end adjustment is then made so that the appropriate state allocation amount is reported correctly on your Form W-2, based on individual state rules for allocating these various types of compensation items. If you are affected by the multi-state taxation process, you will receive a report in early February each year for the prior year's activity from HR Services to support the final state allocations reported on your Form W-2.

Please Note: If you are affected by the multi-state taxation process, the state tax withholding amounts recorded in Shareworks are a record of the taxes withheld for NQSO exercises and/or RSA/RSU vesting events based upon the withholding rates as recorded in Payroll at the time the activity took place. Please consult your tax professional regarding the effect on your personal state tax return(s).

Section 409A of the Code

It is intended that all Awards under the Plan either comply with or are exempt from the requirements of Section 409A so as to prevent the inclusion in gross income of any benefits accrued thereunder in a taxable year prior to the taxable year or years in which such amount would otherwise be actually distributed or made available to the Participant. All Awards under the Plan shall be administered and interpreted in a manner that is consistent with such intention and the Company's Policy Regarding Section 409A Compliance.

Notwithstanding any other provision of this Guide to the contrary, to the extent that an Award constitutes nonqualified deferred compensation to which

Section 409A of the Code applies: (1) payments under such Award shall be made at a time and in a manner that satisfies the requirements of Section 409A of the Code and guidance of general applicability issued thereunder, including the provisions of Section 409A(a)(2)(B) of the Code to the extent distributions to any employee are required to be delayed six months; (2) references to “termination of employment” and similar terms mean the date that the Participant first incurs a “separation from service” within the meaning of Section 409A of the Code; and (3) payment shall be made as soon as administratively practicable following the permissible payment event, but in no event later than the end of the year in which the permissible payment event occurs, or, if later, by the 15th day of the third month following the date of the permissible payment event (and the Participant will not be permitted, either directly or indirectly, to designate the year of payment). If any payment that would otherwise be made under an Award is required to be delayed by reason of this section, such payment shall be made at the earliest date permitted by Section 409A of the Code. The amount of any delayed payment shall be the amount that would have been paid prior to the delay and shall be paid without interest.

Treatment of LTIA's upon Certain Events

Existing policies regarding the treatment of outstanding RSAs, NQSOs and RSUs under certain circumstances are described below. For the treatment of outstanding PSUs and PCUs, please refer to the PSU Supplement to this Guide or PCU Supplement to this Guide, as applicable. The Committee may amend the following policies for any or all outstanding and future LTIA's. For specific information about the treatment of your LTIA's, please see the applicable section of this Guide that describes the following specific events:

- Part-time employment status
- Employment termination
- Rehire
- Leave of absence
- Death
- Disability termination
- Retirement
- Transfer between business segments
- Transfer from field eligible employee to franchise advisor
- Situations of Detrimental Conduct (Bands 50 and above) and

- Change in Control of the Company

Part-Time Employment Status

Outstanding LTIA's continue to vest while you are on part-time status, subject to the Company's right to adjust or terminate any outstanding LTIA's, based on its determination of a significant change in your duties and responsibilities.

Employment Termination

This section pertains to employment terminations other than retirement, death or disability (which are separately described below).

Voluntary Termination: If you terminate your employment with the Company for any reason other than death, disability or retirement, your unvested LTIA's will be forfeited on your last day of employment. There are no exceptions to this rule. Any vested and exercisable NQSOs that you do not exercise within 90 days after your last day of employment (and before the award expiration date, if earlier) will expire and be canceled.

Involuntary Termination Not Eligible for Severance Under Company Plan: Except as indicated below, if your employment is terminated for any reason other than death, disability or retirement or in connection with a Change in Control (which is separately described below) and you are not entitled to receive benefits under a Company severance plan (as defined by the Company), your outstanding LTIA's, including any exercisable NQSO shares that have not been exercised, will expire and be canceled on your last day of employment (or the award expiration date, if earlier). For the avoidance of doubt, your vested NQSOs will be canceled on your last day of employment and you will not have 90 days after your last day of employment during which to exercise your vested NQSOs.

Terminations in Connection with Certain Company Actions

If your employment is terminated as a result of certain Company actions, such as the divestiture of a business unit, and you are not entitled to receive benefits under a Company severance plan (as defined by the Company), your unvested NQSOs, RSAs and RSUs will be canceled on the earlier of the award expiration date or your last day of employment. You will have 90 days from your last day of employment (or until the award expiration date, if earlier) to exercise any vested and exercisable NQSO shares. Your vested NQSOs will expire and be canceled upon the earlier of the end of the 90-day period following your termination and award expiration date.

Involuntary Termination Eligible for Severance Under Company Plan:

If your employment is terminated and you receive benefits under a Company severance plan (as defined by the Company) in the form of payments over a specified severance period, your unvested NQSOs, RSAs and RSUs will be canceled on the earlier of the award expiration date or last day of your severance period. You will have 90 days from the last day of your severance period (or until the award expiration date, if earlier) to exercise any vested and exercisable NQSOs. However, if you begin a new full-time position outside the Company (other than self-employment) during the severance period, your outstanding LTIA's will be canceled upon commencement of such employment, regardless of the continuation of severance payments.

If your employment is terminated and you receive benefits under a Company severance plan (as defined by the Company) in the form of a lump-sum

payment, your outstanding unvested NQSOs, RSAs and RSUs will be canceled as of your last day of employment. You will have 90 days from your last day of employment (or until the award expiration date, if earlier) to exercise any vested and exercisable NQSOs. Your vested NQSOs will expire and be canceled upon the earliest of the end of the 90-day period following your termination, the date that you commence a new full-time position outside the Company (other than self-employment) and the award expiration date.

Rehire: Please note that in the event you terminate your employment with the Company or your employment is terminated by the Company and any of your outstanding LTIA's are canceled and/or forfeited, and you are subsequently rehired by the Company, any LTIA's that were canceled and/or forfeited at termination will **not** be reinstated upon rehire.

Leave of Absence

Outstanding LTIA's continue to vest when you are on a leave of absence (as determined by the applicable Company policies) subject to the Company's right to adjust or terminate any outstanding LTIA's, based on its discretion of a significant change in your duties and responsibilities and/or related employment.

Death

The following chart shows how RSAs, RSUs and NQSOs are treated if your employment with the Company terminates due to your death.

Award Type	Provisions
RSA and RSU	Outstanding RSAs and RSUs become 100% vested and are paid as soon as administratively practicable following the date of death.
NQSO	Outstanding NQSOs at death become 100% exercisable. NQSOs are exercisable by the estate for up to 12 months after the date of death or the remaining term of the NQSO, whichever is earlier.

In the event of your death, shares for all RSAs and RSUs that vest will automatically be issued to your estate. Because NQSO Awards cannot be transferred, the Executor/Executrix of your estate must open an Ameriprise Financial estate brokerage account to exercise any NQSOs. The estate is then responsible for distributing any funds or shares according to the laws of descent and distribution.

Disability Termination

The following chart shows how your RSAs, RSUs and NQSOs are treated if your employment with the Company terminates due to a qualifying disability (as defined by the Company).

Award Type	Provisions
RSA and RSU	Outstanding RSAs and RSUs become 100% vested and are paid as soon as administratively practicable following your termination of employment due to disability.

NQSO	Outstanding NQSOs become 100% exercisable. NQSOs are exercisable for up to 12 months after termination of employment due to disability or the remaining term of the NQSO, whichever is earlier.
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Retirement

The following chart shows how RSAs, RSUs and NQSOs are treated upon "Retirement." The applicable definition of Retirement for all LTIA's granted to U.S.-based Participants is attainment of age 55 with at least 10 years of applicable service at the point of termination, regardless of any pension plan or other definitions of retirement.

Award Type	Provisions
RSA and RSU	Grants awarded in the calendar year you retire are forfeited. All other awards remain outstanding and continue to vest and will be paid upon the otherwise applicable vesting date under your Award certificate.
NQSO	Grants awarded in the calendar year you retire are forfeited. All other awards remain outstanding and continue to vest. NQSOs are exercisable for up to five years after your retirement or the remaining term of the NQSO, whichever is earlier. Your NQSOs expire and are forfeited upon the earlier of the end of the five-year post-retirement period or the applicable expiration date.

Transfer between Business Segments

Outstanding LTIA's continue to vest when you transfer from one business segment to another, subject to the Company's right to adjust or terminate any outstanding LTIA's, based on its discretion of a significant change in your duties and responsibilities and/or related employment.

Transfer from Field Eligible Employee to Franchise Advisor

Certain provisions for LTIA continuation apply to awards held by employees (limited to those employees in eligible field sales leadership roles) who transition to franchise advisor without a break in service. The applicable provisions are available on **Inside**, and such provisions are incorporated into, and part of the terms and conditions of, Awards under the Plan.

Situations of Detrimental Conduct

(Bands 50 and above)

To protect the interests of the Company and all employees, the Company has implemented Detrimental Conduct Provisions, affecting Plan Participants in Bands 50 and above. These provisions support the multi-year performance objectives of LTIA's, and such provisions are incorporated into, and part of the terms and conditions of, Awards under the Plan.

Detrimental Conduct Provisions specify how LTIA's and LTIA payments will be handled in the event a Band 50 or above employee joins a defined competitor ("Competition"), leaves and solicits business customers, solicits or hires Ameriprise Financial employees, discloses confidential information or trade secrets, denigrates the Company or Company employees or otherwise engages in conduct that is against the Company's interests during certain time periods, in each case, as defined by the Company (each, a "Restricted Activity").

For Bands 50 and 60 Participants: Competition during employment or the six-month period after termination of employment or engaging in any Restricted Activity during the twelve-month period after termination of employment results in the cancellation of all outstanding Awards and repayment of any gain realized upon the exercise of NQSOs (as of the exercise date), any payments made or shares delivered under PSUs or PCUs and any shares delivered under RSAs and RSUs, in each case, during the twelve months prior to, and the 90 days following, your termination of employment.

For Bands 70 and above Participants: Competition during employment or the twelve-month period after termination of employment or engaging in any Restricted Activity during the twelve-month

period after termination of employment results in the cancellation of all outstanding Awards and repayment of any gain realized upon the exercise of NQSOs (as of the exercise date), any payments made or shares delivered under PSUs or PCUs and any shares delivered under RSAs and RSUs, in each case, during the two years prior to, and the 90 days following, your termination of employment.

Please note: This is a summary of the Detrimental Conduct Provisions that apply to LTIAAs generally. Please review the Consent to the Application of Forfeiture and Detrimental Conduct Provisions to Long-Term Incentive Awards and/or any other restrictive covenant agreements between you and the Company or any of its subsidiaries for the specific detrimental conduct provisions and/or restrictive covenants that apply to your Awards.

Compensation Recovery or "Clawback" Policy *(For executive officers only)*

The Committee approved a compensation recovery or "clawback" policy (the "Clawback Policy") that applies to all Awards granted to executive officers, including the Company's Executive Leadership Team, on or after January 1, 2011. Under the Clawback Policy, if you engage in intentional misconduct that causes or substantially causes a material restatement of the Company's financial reports, and the restated financial results would have resulted in a lesser number of AMP Shares or a lesser amount of cash being granted to you under an Award, or a lesser number of AMP Shares or a lesser amount of cash being paid or delivered to you, in each case, within the 12-month period following the issuance of such inaccurate financial statement, then the Committee, in its sole discretion, may require you to forfeit all or a portion of your outstanding Awards or to repay all or a portion of the gains that you realized under your Awards during such period. In addition, effective for Awards made on or after January 1, 2020, if you are found liable for having engaged in an intentional and material violation of law that results in significant reputational harm or financial loss to the Company, the Committee, in its sole discretion, has the right to require you to forfeit all or a portion of your outstanding Awards. The Committee may amend the Clawback Policy from time to time as it determines necessary or advisable, and such amended policy will apply to your Awards.

Change in Control of the Company

The Plan's provisions regarding a Change in Control of the Company (a "CIC") have been designed to preserve earned or anticipated compensation and benefits if a CIC were to occur. The goal of the Plan's CIC provisions is to help you maintain your focus on your work during the uncertainty that accompanies a potential CIC.

Generally, as the term is used in this Guide, a CIC includes the following:

1. A third party acquires 25% or more of the Company's common shares or voting securities.
2. A majority of the Board is replaced.
3. The consummation of certain mergers, reorganizations, consolidations and sales of assets.
4. The consummation of a complete liquidation or dissolution of the Company.

If a merger or other business combination transaction between the Company and another party occurs, a CIC will occur if any of the following conditions are present:

- Parties who were Ameriprise Financial shareholders before the transaction own 50% or less of the voting securities of the new company resulting from the business combination, or their ownership is not substantially in the same proportions as before the transaction.
- An unaffiliated party ends up owning 25% or more of the voting securities of the new company (other than a party who owns 25% or more before the transaction).
- A majority of the Board of the new company is made up of individuals who were not Ameriprise Financial Board members at the time the deal was signed or approved.

In the event of a CIC, outstanding RSAs, RSUs and NQSOs issued on or before December 31, 2012 would vest immediately if those Awards are not continued, assumed, or replaced in connection with the Change in Control. The vesting of RSAs, RSUs and NQSO awards granted on or after January 1, 2013 will accelerate only upon the occurrence of both a CIC and your termination of employment in a

manner that entitles you to severance under the applicable severance plan within two years following the CIC. For the treatment of outstanding PSUs and PCUs, please refer to the PSU Supplement to this Guide or PCU Supplement to this Guide, as applicable.

Change in Control situations are complex and involve a variety of possible circumstances. In the event of a CIC, the Company will provide detailed information to you about any compensation and benefits programs that may have special CIC provisions.

Payments to Certain U.S. Taxpayers upon a Change in Control of the Company

(This section applies to U.S. taxpayers only. This material is highly complex. In the event of a CIC, the Company will provide detailed information to you.)

In summary, Sections 280G and 4999 of the Code impose a 20 percent excise tax (in addition to regular income and employment taxes) on certain compensatory payments (referred to as "excess parachute payments") to certain individuals (referred to as "disqualified individuals") that are made in connection with a change in ownership or control of a corporation. Generally, disqualified individuals include individual shareholders who own more than one percent of the fair market value of the stock of the Company, the top 50 most highly compensated officers of the Company and its subsidiaries and the top 250 most highly compensated employees or independent contractors of the Company and its subsidiaries. The actual list of disqualified individuals

can only be determined based on information available at the time of a CIC, based on applicable IRS guidance.

In the event of a CIC, a disqualified individual may be liable for the 20 percent excise tax on a portion of his or her LTIA's and other compensation and benefits if the value of such compensation and benefits constitute excess parachute payments. The determination of whether all or a portion of the value of a payment or a benefit is an excess parachute payment is highly complex and can only be determined based on information available at the time of a CIC, based on applicable IRS guidance.

In the event of a CIC, if the Company determines that you are a disqualified individual and that you will receive excess parachute payments, then the Company will perform a "best net" calculation to determine whether you receive a better economic result by continuing to be entitled to all of the compensation and benefits and by paying the excise tax yourself or by having your entitlement to accelerated vesting and/or payment limited to the minimum extent necessary to avoid the excise tax. The Company will determine, in its sole discretion, which approach is more favorable to you and will apply it. You will not be eligible for additional payments to offset the impact of any excise tax. If the limit is applied, LTIA's and value not accelerated for disqualified individuals will continue to be governed by applicable award documents and paid out as applicable.

Resale of Shares Received Under the Plan

The U.S. securities laws impose restrictions on the resale of AMP Shares by individuals who are "affiliates" of the Company. Affiliates may resell their AMP Shares by complying with Rule 144 under the Securities Act of 1933, as amended (the "Securities Act") or by registering their AMP Shares for sale under the Securities Act. These restrictions do not apply to individuals who are not affiliates of the Company.

Major Terms and Conditions of NQSOs, RSAs and RSUs

The terms and provisions of LTIA's granted on or after Jan. 1, 2007, are different than the terms and conditions of LTIA's granted prior to January 1, 2007. The terms and conditions of the prior LTIA Guide will continue to apply to all awards granted prior to Jan. 1, 2007.

Non-Qualified Stock Options

The following table summarizes the terms and conditions of NQSOs. Keep in mind this is only a summary, and the actual Plan document, Program Guide and Award details will govern.

NQSO Awards	
Voluntary Termination and Involuntary Termination Eligible for Severance	
-- Unvested	Forfeited
-- Exercise Period for Vested	90 days after termination or remaining term of grant, whichever is earlier
Involuntary Termination Not Eligible for Severance (except for Terminations in Connection with Certain Company Actions; see applicable section in Guide)	
-- Unvested	Forfeited
-- Exercise Period for Vested	0 days after termination
Death & Disability	
-- Unvested	Vesting accelerated
-- Exercise Period for Vested	Up to 12 months after death or disability or remaining term of grant, whichever is earlier
Retirement	
-- Unvested	(Age 55+ and 10 years of service) Grants awarded in calendar year of retirement are forfeited. All other grants remain outstanding and continue to vest
-- Exercise Period for Vested	Up to five years or remaining term of grant, whichever is earlier
Vesting	Three-year vesting schedule: vest at 33 1/3% per year for three years following the date of grant, or another vesting schedule as specified.
Detrimental Conduct Provisions (Bands 50 and Above Only)	See your Detrimental Conduct Agreement and the Competitor List posted on <i>Inside</i>
Clawback Policy – Executive Officers, including Executive Leadership Team, Only	A compensation recovery or “clawback” policy applies to all Awards granted to executive officers on or after January 1, 2011.
Transfer to Franchise Advisor (Eligible Field employees Only)	Please refer to the Treatment of Long-Term Incentive Awards for Employees Transferring to Ameriprise Financial Franchise Advisor Status found on <i>Inside</i> for most recent information

Restricted Stock Awards and Restricted Stock Units

The following table summarizes the terms and conditions of RSAs and RSUs. Keep in mind this is only a summary, and the actual Plan document, Program Guide and Award details will govern.

RSAs and RSUs Awards	
Voluntary Termination and Involuntary Termination Eligible for Severance – Unvested	Forfeited
Involuntary Termination Not Eligible for Severance (except for Terminations in Connection with Certain Business Dispositions; see applicable section in Guide) -- Unvested	Forfeited
Death & Disability – Unvested	Vesting and distribution of shares accelerated
Retirement – Unvested	(Age 55+ and 10 years of service) RSAs and RSUs awarded in calendar year of retirement are forfeited All other RSAs and RSUs remain outstanding and continue to vest and shares will be distributed at the otherwise applicable vesting date
Vesting	Three-year vesting schedule: vest at 33 1/3% per year for three years following the date of grant, or another vesting schedule as specified.
Detrimental Conduct Provisions (Bands 50 and Above Only)	See your Detrimental Conduct Agreement and the Competitor List posted on <i>Inside</i>
Clawback Policy – Executive Officers, including Executive Leadership Team, Only	A compensation recovery or “clawback” policy applies to all Awards granted to executive officers on or after January 1, 2011
Transfer to Franchise Advisor (Eligible Field employees Only)	Please refer to the Treatment of Long-Term Incentive Awards for Employees Transferring to Ameriprise Financial Franchise Advisor Status found on <i>Inside</i> for most recent information

Administrative Information about this Guide

About this Guide

This Guide sets forth the terms, conditions and features of Awards granted pursuant to the Plan. In the event of a conflict or inconsistency between this Guide and the Plan, the Plan provisions will govern. The general nature of the Plan and its terms and conditions are described here, but the information contained in this Guide is for general guidance only and is not intended to be a complete description of the Plan.

The LTIA program is designed for eligible employees of the Company, and any of its subsidiaries participating in the Plan, as determined by the

Committee. Awards are granted at the discretion of the Committee, or, to the extent permitted by the Plan, its delegate, and are subject to local market regulations and legislation, which could change at any time. Also note that while the tax laws that apply to Participants are based on each employee's tax jurisdiction, and the tax information provided in this Guide is for U.S. purposes only. **The Company strongly urges all employees to consult their personal tax advisor with any questions or issues regarding their Awards or their participation in the Plan.**

The Board, and to the extent authority has been delegated to the Committee, the Committee, may, from time to time, alter, amend, interpret, suspend or

terminate the Plan and applicable Plan documents as it shall deem advisable, without the prior consent or notice of employees (including, but not limited to, alignment with legislative or regulatory developments) subject to the terms of the Plan document, including the rules and regulations of the principal securities market on which AMP Shares are traded.

This Guide does not constitute a contract of employment between the Company and any individual or an obligation by the Company to maintain any particular compensation or benefit plan, program, practice or policy. This Guide does not replace or change an existing contract of employment between the Company and any individual. The Company has taken steps to ensure the accuracy of this Guide; however, it reserves the right to issue corrected information in the event of an error.

About the Illustrations

All Award illustrations and corresponding values shown in this Guide are for hypothetical purposes only and are based upon financial, share price and other assumptions about future events or circumstances, which may or may not actually occur. All Awards are subject to continuous employment and other award requirements.

The illustrations are hypothetical and not meant to imply that the Company will achieve certain stock prices or growth rates, or has achieved any stated growth rate consistently in the past. The value and return on Company common stock will fluctuate over time and may be worth more or less than the values shown in these illustrations. Past performance is no guarantee of future results. Please consult your personal financial advisor on the value, tax and other implications of your LTIA's under the Plan, as applicable to your circumstances. This Guide is not intended to provide any financial or tax advice.

Award Confirmation Materials

All employee recipients of LTIA's will have online access to their individual LTIA information and grant details through the Company's online administrative platform, Shareworks.

Governing Award Documents

The Plan, the applicable Award communications or detail, this Guide and any supplement to this Guide contain the controlling provisions of each Award granted pursuant to the Plan. These documents, along with Committee decisions, will govern in cases of conflict, ambiguity or miscommunication. No employee has the authority to change or supersede LTIA provisions or Committee decisions. Any representation to the contrary will be void and nonbinding on the Company.

The provisions of all Awards and this Guide are governed by, and subject to, the laws of the State of New York, United States of America, without regard to its conflict of law provisions, as provided in the Plan.

AMP Shares Available for Grant under the Plan

54,400,000 AMP Shares are authorized for issuance under the Plan. Of such total, as of April 30, 2014, no more than 4,500,000 shares may be issued for what are referred to as "full value" awards, which are Awards other than stock options or stock appreciation rights. AMP Shares issued under the Plan may be either newly issued shares or treasury shares.

Excluding AMP Shares that may be issued with respect to Substitution Awards, the maximum number of AMP Shares that may be covered by options or stock appreciation rights granted to any Participant in any calendar year will not exceed 3,000,000 AMP Shares. Further, the amount payable in cash to any Participant for any calendar year for all Awards other than options or stock appreciation rights will not exceed \$30,000,000.

If any shares subject to an award are forfeited, expire or otherwise terminate without issuance of such shares, or any award is settled for cash or otherwise does not result in the issuance of all or a portion of the shares subject to such award, such shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or nonissuance, again be available for issuance under the Plan. Shares withheld by the Company to satisfy tax withholding requirements for Awards other than options or stock appreciation rights will also again be available for issuance under the Plan.

For the avoidance of doubt, in the event that (i) any stock option is exercised through the tendering of shares (either actually or by attestation) or by the withholding of shares by the Company, (ii) withholding tax liabilities arising from such option or stock appreciation right are satisfied by the tendering of shares (either actually or by attestation) or by the withholding of shares by the Company, or (iii) any shares are repurchased by the Company with the proceeds from option exercises, the shares so tendered or withheld or repurchased shall not become available for issuance under the Plan.

Plan Administration

The Committee may from time to time designate the people who should be granted Awards under the Plan and the amount, type and other terms and conditions of Awards. Subject to the terms and limitations of the Plan, the Committee will have full discretion and authority to administer the Plan, including authority to interpret and construe the provisions and terms of Awards and to adopt rules and regulations under the Plan.

Notwithstanding the Committee's broad authority under the Plan, the Committee generally may not reprice, adjust or amend the exercise price of outstanding stock options or the strike price of outstanding stock appreciation rights, whether through amendment, cancellation and replacement grant, or any other means, nor permit the exchange of an outstanding option for cash or another award, unless such action is approved by the Company's shareholders. In addition, certain amendments to the Plan require shareholder approval.

The Plan is not subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and it is not qualified under the Internal Revenue Code.

The Board appoints Committee members for an annual term. The Board may remove any Committee member for cause, and a majority of the shareholders may remove a Committee member for any reason. No Committee member is an employee of the Company or has any business undertakings with the Company.

Performance-Based Compensation

To the extent that an Award is intended to qualify as performance-based compensation under Section 162(m) of the Code, the Committee may grant Awards based on achievement of one or more of the following performance measures:

- Net income or operating net income (before or after taxes, interest, depreciation, amortization, and/or nonrecurring/unusual items),
- Return on assets, return on capital, return on equity, return on economic capital, return on other measures of capital, return on sales or other financial criteria,
- Revenue or net sales,
- Gross profit or operating gross profit,
- Cash flow,
- Productivity or efficiency ratios,
- Share price or total shareholder return,
- Earnings per share,
- Budget and expense management,
- Customer and product measures, including market share, high value client growth, and customer growth,
- Working capital turnover and targets,
- Margins, and
- Economic value added or other value-added measurements (considered absolutely or relative to historic performance or relative to one or more other businesses and determined for the Company or a business unit or division).

Such performance goals shall be established and measured by the Committee within the time period prescribed by, and shall otherwise comply with, the requirements of Section 162(m) of the Code.

Adjustments upon Changes in Capitalization

If the outstanding shares of Company common stock are changed by reason of any stock split, stock dividend, combination, subdivision or exchange of shares, recapitalization, merger, consolidation, reorganization or other extraordinary or unusual event, the Committee, to the extent that it determines adjustments to be appropriate, will direct that appropriate changes be made in the maximum number or kind of securities that may be issued under the Plan and in the terms of certain outstanding awards, including the number of shares or securities subject to awards and the exercise

price or other stock price or share-related provisions of awards.

Tax Withholding

The Plan provides that the Committee is authorized to establish procedures to enable Participants to elect to satisfy certain federal, state and local withholding tax requirements using any method approved by the Committee. Such methods may include, but are not required to include, withholding such amounts from the Participant's compensation, the Participant paying such amounts in cash, the Participant tendering previously acquired AMP Shares or the Company withholding AMP Shares otherwise issuable under the Award. If a Participant tenders AMP Shares or instructs the Company to withhold AMP Shares, only the number of AMP Shares sufficient to satisfy the minimum withholding tax requirements will be tendered or withheld.

Assignment and Transfer

LTIA's may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution, except as permitted by the Committee.

Amendment

Our Board of Directors may at any time suspend or discontinue the Plan or revise or amend it in any way; however, the Board generally may not reprice, adjust or amend the exercise price of outstanding stock options or the strike price of outstanding stock appreciation rights, whether through amendment, cancellation and replacement grant, or any other means, nor permit the exchange of an outstanding option for cash or another award, unless such action is approved by the Company's shareholders. In addition, certain amendments to the Plan require shareholder approval.

Term of the Plan

No grants of LTIA's may be made under the Plan after February 25, 2024.

Resources

Availability of Certain Information and Incorporation of Documents by Reference

Pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company will provide, without charge, upon the written or oral request of any person to whom this Guide is delivered by the Company or one of its affiliated entities to the Corporate Secretary's Office, Ameriprise Financial, Inc., 55 Ameriprise Financial Center, Minneapolis, MN 55474, 612.671.3131, a copy of any of the following documents, all of which are incorporated by reference in this Guide:

- (a) The Company's Registration Statement on Form 10, as amended, as filed with the Securities and Exchange Commission (the "Commission") August 19, 2005 (the "Form 10 Registration Statement");
- (b) All other reports filed by the Company pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Form 10 Registration Statement; and
- (c) The description of the Company's common stock contained in the Company's Form 10 Registration Statement, including any amendment or report filed for the purpose of updating such description.

All documents filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of the Registration Statement on Form S-8 to which this Guide relates and prior to the filing of a post-effective amendment that indicates that all securities offered hereby have been sold or that deregisters all securities then remaining unsold, will be deemed to be incorporated by reference in, and to be a part of, this Guide from the date of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this Guide to the extent that a statement contained in any subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Guide.

Nothing in this Guide will be deemed to incorporate information furnished but not filed with the Commission pursuant to Item 2.02 or Item 7.01 of Form 8-K.

In addition, the Company will provide, without charge, upon the written or oral request of any person to whom this Guide is delivered by the Company or one of its affiliated entities to the Corporate Secretary's Office (contact information noted above), copies of all reports, proxy statements and other communications distributed by the Company to the holders of AMP Shares.

Contact Information

Type of question or information needed	Contact/email/web address	Phone number	Fax number
All stock option exercises (Net, cashless or buy-and-hold)	Ameriprise Financial Brokerage Services Email: ESO.Group@ampf.com	612.671.5355 800.555.9826	612.671.6023
Ameriprise Brokerage Account (to access brokerage account information)	Ameriprise Financial Brokerage Services Website: ameriprise.com	612.671.5355 800.555.9826	612.671.6023
RSA/RSU, PCU/PSU and NQSO grant information (grants, exercise options, vesting detail, tax information, brokerage account number on file with Stock Administration)	Website: ameriprise.solum.com (Can also search for Shareworks site on <i>Inside</i> and AdvisorCompass®). Email: Ameriprise.LTIA.Administration@ampf.com	612.678.7128	612.671.3948
Detrimental Conduct Provisions for Bands 50 and above	Email: Ameriprise.compensation@ampf.com	612.671.3072	612.671.3948
Other information requests (e.g., LTIA policy questions for HR, general LTIA questions)	Email: Ameriprise.LTIA.Administration@ampf.com	612.678.7128	612.671.3948
Senior Management Stock Ownership Program (Bands 70 and above)	Email: Ameriprise.compensation@ampf.com	612.671.3072	612.671.3948
Pre-clearance, Ameriprise Securities Trading Policy including information about Blackout Periods	Ameriprise Corporate Secretary's Office	612.678.0106 612.671.4471	612.671.4841
Stock Transfer Agent: Shareholder inquiries, Address changes, Dividend check replacement	Broadridge Corporate Issuer Solutions, Inc. Email: shareholder@broadridge.com Website: shareholder.broadridge.com/amp	866.337.4999 U.S. and Canada 303.974.3777 International	None Available
American Express LTIA information	Outsourced to Morgan Stanley Smith Barney	516.227.5605	Not Applicable

AMERIPRISE FINANCIAL, INC.

CERTIFICATION

I, James M. Cracchiolo, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ameriprise Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

By: /s/ James M. Cracchiolo

James M. Cracchiolo
Chief Executive Officer

AMERIPRISE FINANCIAL, INC.

CERTIFICATION

I, Walter S. Berman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ameriprise Financial, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2021

By: /s/ Walter S. Berman
 Walter S. Berman
 Chief Financial Officer

AMERIPRISE FINANCIAL, INC.

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Ameriprise Financial, Inc. (the "Company") for the quarterly period ended March 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), James M. Cracchiolo, as Chief Executive Officer of the Company, and Walter S. Berman as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2021

By: /s/ James M. Cracchiolo
James M. Cracchiolo
Chief Executive Officer

Date: May 10, 2021

By: /s/ Walter S. Berman
Walter S. Berman
Chief Financial Officer