Ameriprise Financial

Second Quarter 2022 Conference Call

July 27, 2022

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Forward-looking statements

Some of the statements made in our July 26, 2022 earnings release and/or in this July 27, 2022 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of July 27, 2022. These forward-looking statements involve a number of risks and uncertainties.

A list of certain factors that could cause actual results to be materially different from those expressed or implied by any of these forward-looking statements is set forth under the heading "Forward-looking statements" in our July 26, 2022 earnings release, a complete copy of which is available on our website, and risks described under the heading "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2021. We undertake no obligation to update publicly or revise these forward-looking statements for any reason. In addition, the financial results and values presented in our first quarter earnings release and/or in this presentation are based upon asset valuations that represent estimates as of July 27, 2022 and may be revised in our Form 10-Q for the quarter ended June 30, 2022.

Non-GAAP Financial Measures
This presentation contains certain non-GAAP financial measures that our management feels best reflect the underlying performance of our operations. Reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measure have been provided along with the presentation and can be found on our website at www.ir.ameriprise.com.

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Consolidated Second Quarter 2022 Results

GAAP	Q2 2022	Q2 2021	Over/(Under)
Net Revenues ($M)	$3,508	$3,418	3%
Expenses ($M)	$2,553	$2,697	5%
Net Income ($M)	$756	$591	28%
Diluted EPS	$6.61	$4.88	35%
ROE, ex. AOCI [1]	57.0%	19.5%	NM

Adjusted Operating	Q2 2022	Q2 2021	Over/(Under)
Net Revenues ($M)	$3,479	$3,387	3%
Expenses ($M)	$2,639	$2,606	(1)%
Earnings ($M)	$665	$639	4%
Diluted EPS	$5.81	$5.27	10%
ROE, ex. AOCI [1]	48.8%	37.5%	1,130 bps

Current year GAAP results include the impact of integration costs from the acquisition of BMO EMEA. Prior year GAAP results were negatively impacted by market changes that affected the valuation of derivatives.

[1] Calculated on a trailing twelve month basis.

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Q2 2022 Business & Financial Results

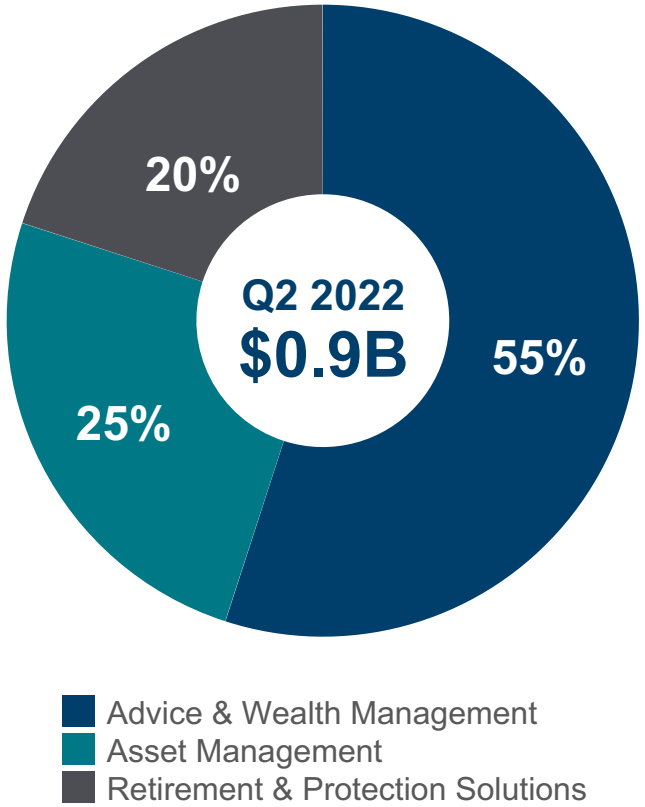
Walter Berman
Chief Financial Officer

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EPS up 10% reflecting strong business performance in a challenging macro environment

- Underlying business momentum, initial interest rate benefits and expense discipline were more than offsetting market depreciation
- Significant opportunity remains to garner additional profitability from the rising rate environment
- Balance sheet fundamentals remain strong despite volatility
  - Returned $600 million of capital to shareholders
  - High-quality, diversified investment portfolio
  - Hedging program performed effectively in volatile environment
  - Excess capital remained strong at $1.6 billion after 90% capital return

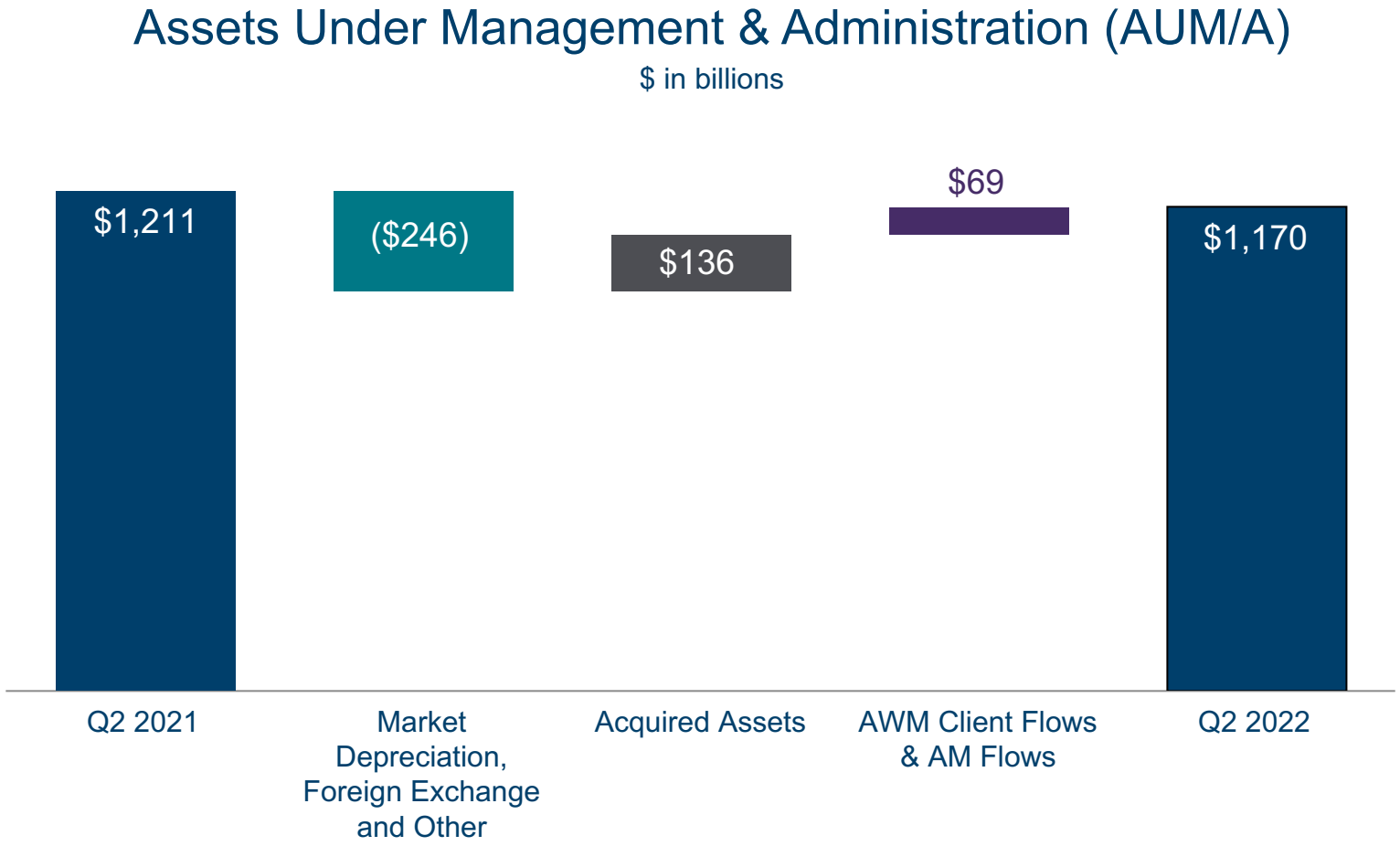
Pretax Adjusted Operating Earnings[1]



(1) Excludes Corporate & Other Segment.

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AUM/A declined modestly as strong business growth largely offset market impacts



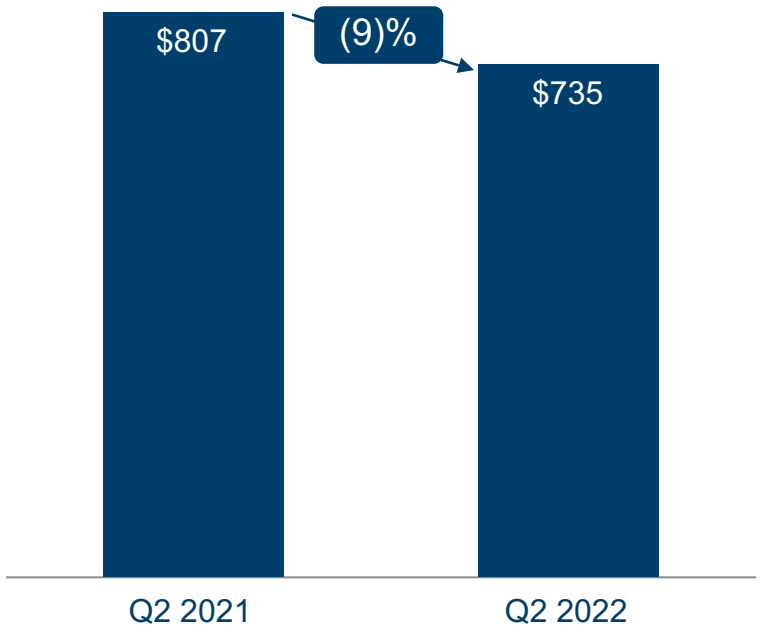
- Total flows remained strong at $69 billion over the past year, including $6 billion in the quarter
- AUM/A declined only 3%
  - 15% decline in our weighted equity index
  - 10% decline in our weighted fixed index
- Increased Asset Management geographic diversity and currency fluctuations impacted AUM/A

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Wealth Management flows remain strong albeit at a lower level than 2021 record levels

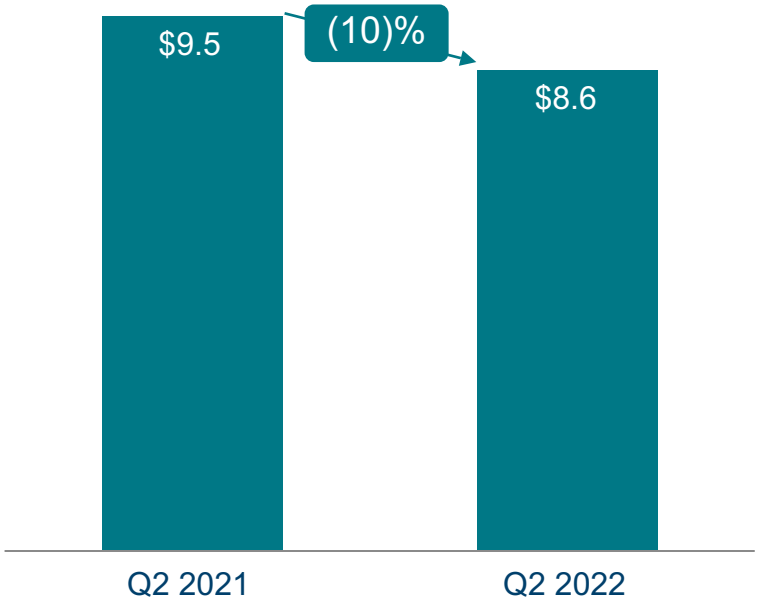
Total Client Assets

$ in billions



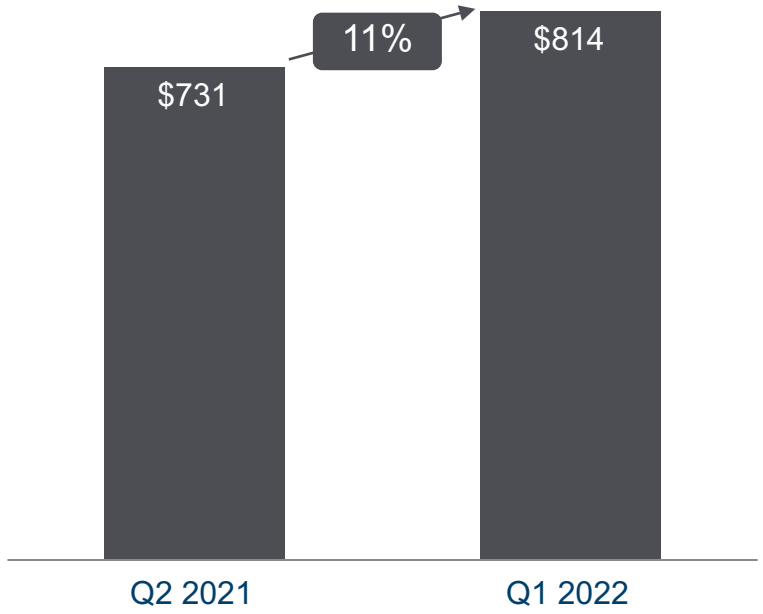
Total Client Flows

$ in billions



TTM Revenue Per Advisor

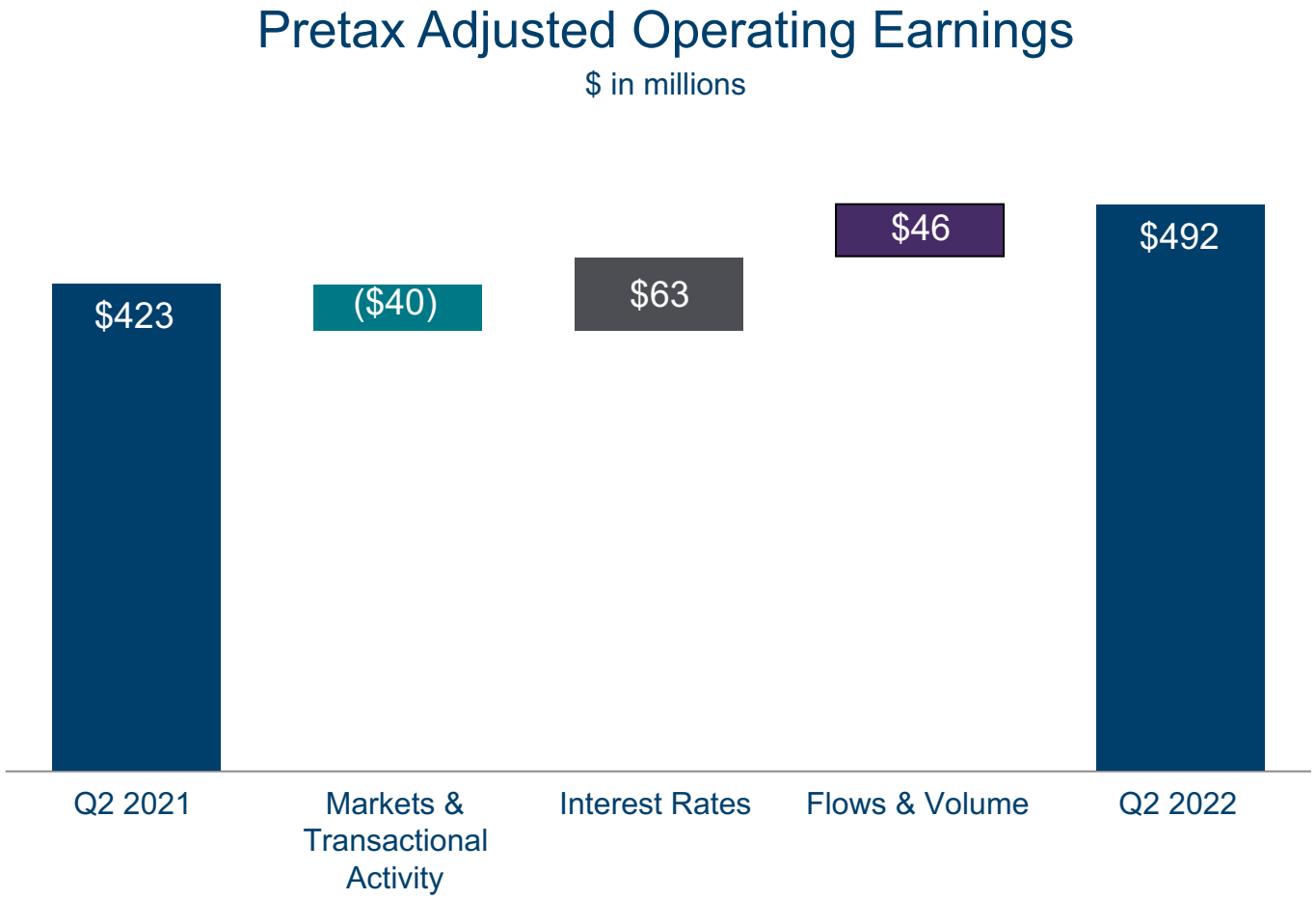
$ in thousands



Calculated on a trailing twelve month basis

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Wealth Management strong profitability from interest rates and organic growth

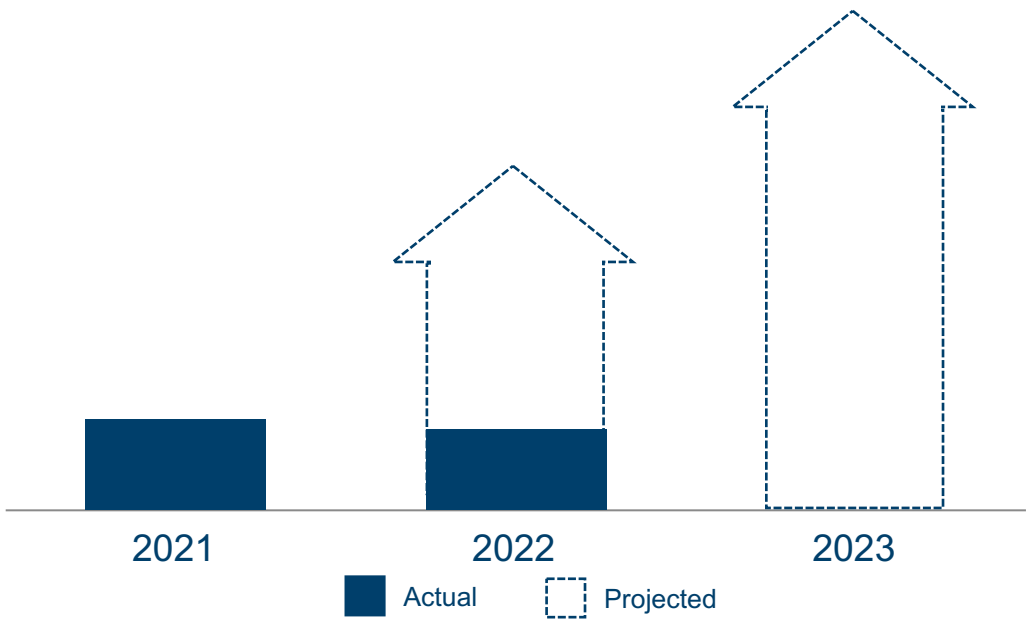


- Revenue grew $76 million with pretax earnings up 16%, as higher interest earnings and client flows more than offset market depreciation and lower transactional activity
- Client cash and certificate balances increased 21% to $47 billion, and gross fee yield doubled from a year ago
- Expense discipline continued with G&A up $15 million primarily from higher volume-based expense
- Margin expanded 250 bps to 23.9%

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Based on current assumptions, AWM is well positioned to realize further benefits from rising rates on cash products

Gross Revenue from Cash Products



- Significant benefit from rising interest rates based on current Fed expectations
- Over $47 billion of client cash balances across our sweep program, bank and certificates, enables Ameriprise to optimize cash returns across multiple products
- Over $15 billion of sweep balances at the bank, now represent a third of total client cash balances
  - Continued bank growth with $2.3 billion of sweep balances transferred to the bank in the quarter
  - Attractive spread opportunity for new assets
    - Average yield on new bank assets was 4.2% in Q2
    - Recent asset purchases yielding ~4.5%
  - Plan to move $3 billion of assets onto the balance sheet in the third quarter

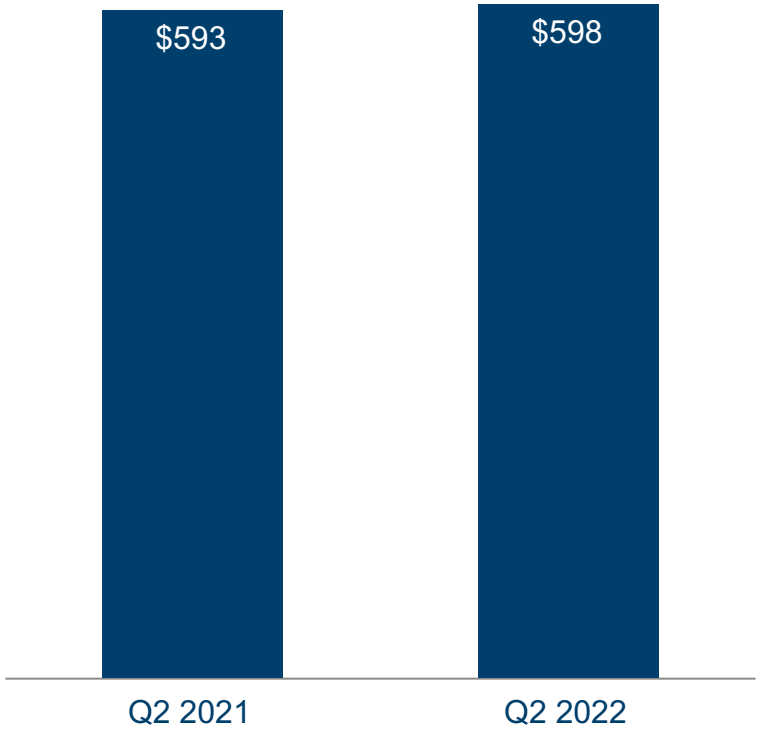
Represents gross revenue from cash products and does not include interest paid to clients (Banking and Deposit Interest Expense).
Based on interest rate expectations of an incremental 175 bps increase in short rates through the balance of 2022 and persistent cash balances, which could be impacted by equity markets.

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Asset Management performance is in line with the industry given market volatility

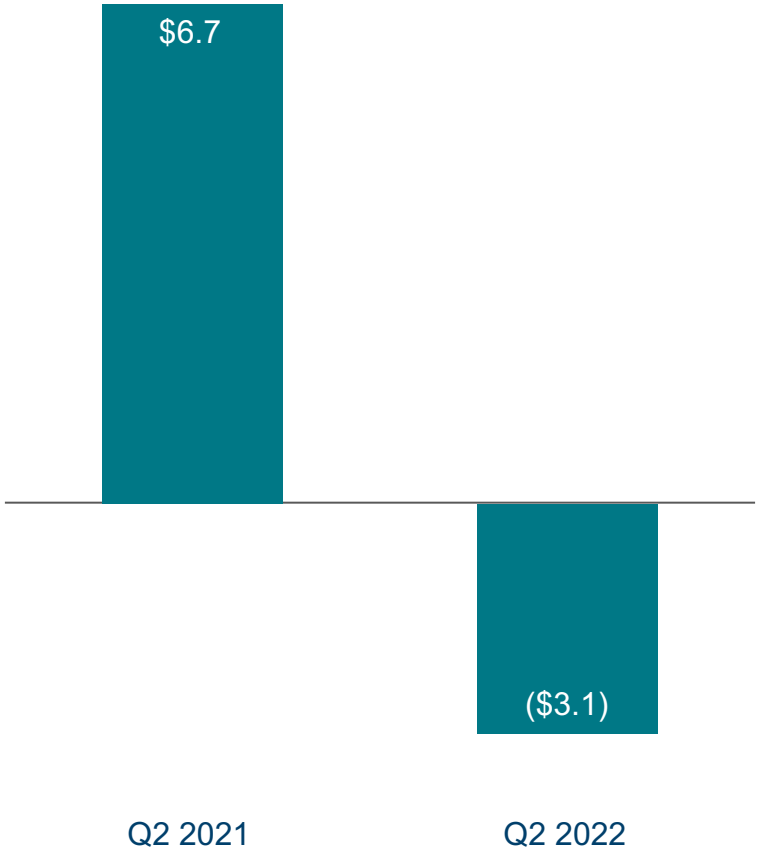
Total AUM

$ in billions

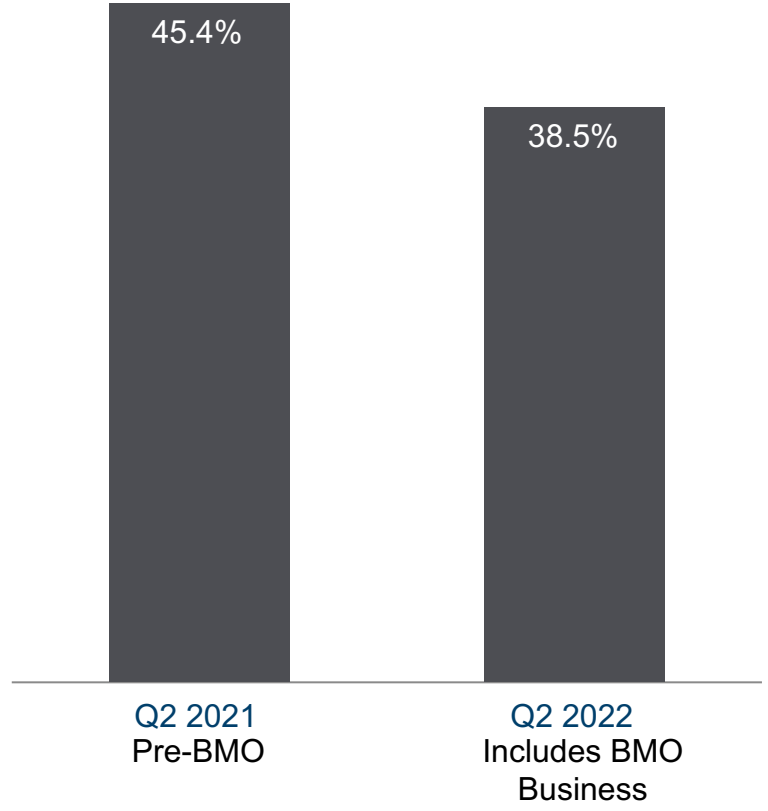


Total Flows

$ in billions

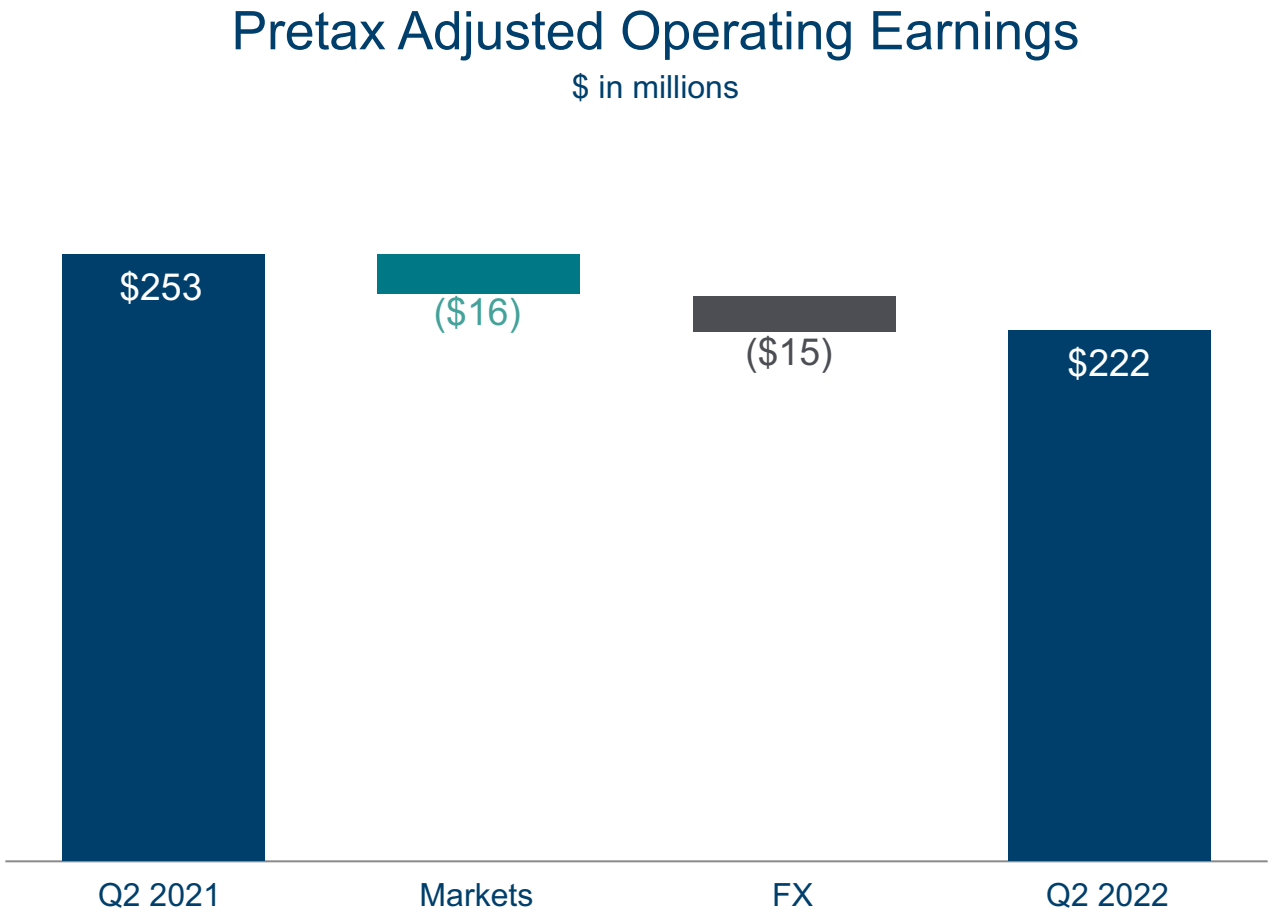


Adjusted Operating Margin



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Asset Management financial performance reflects the challenging macro backdrop



- Adjusted operating revenues were flat as the addition of the BMO business offset markets, foreign exchange rates and outflows
- Underlying fee rate remained stable at 48 bps
- Expenses remain well controlled with G&A down 6%, excluding the BMO business
- Pretax adjusted operating earnings declined from market depreciation and foreign exchange

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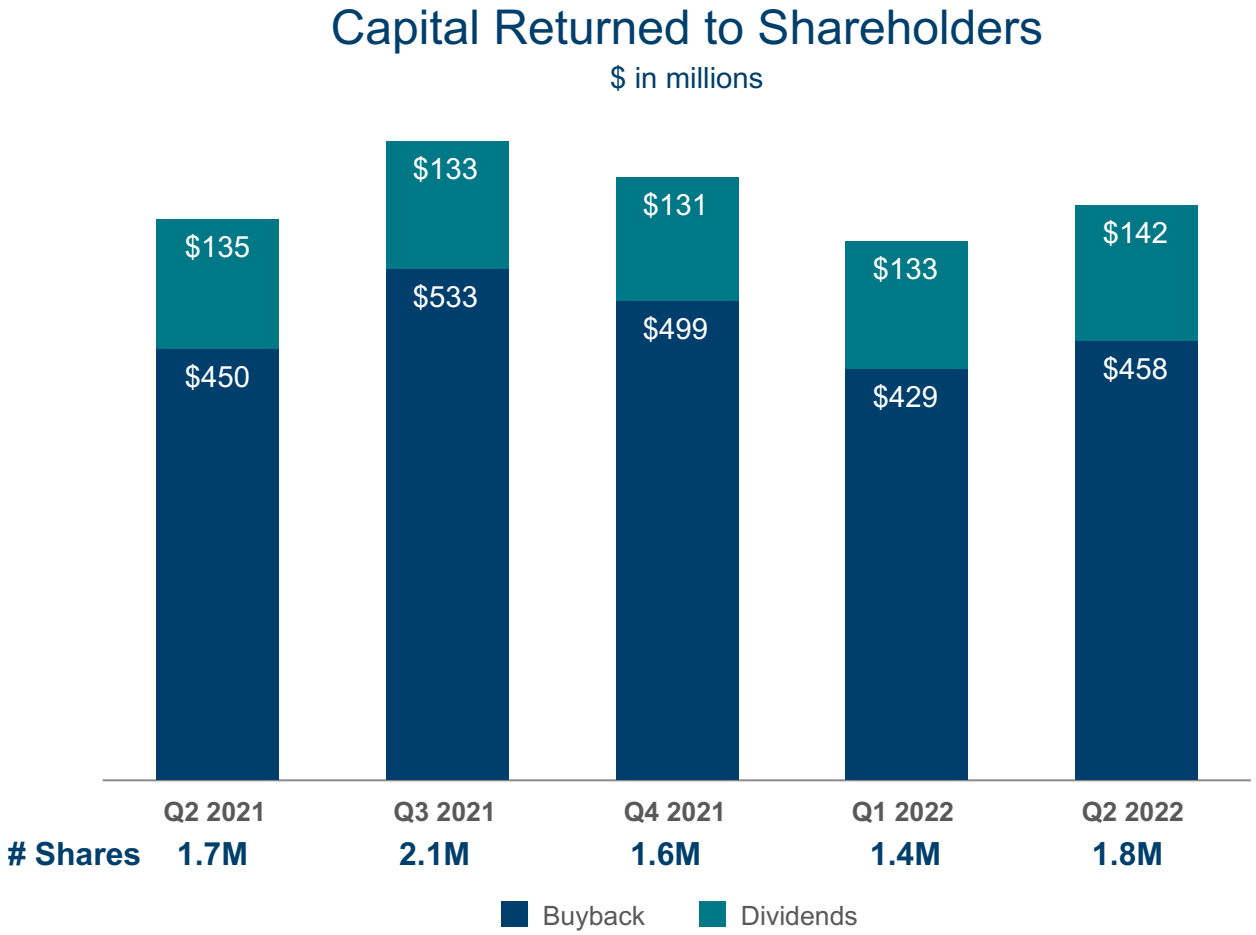
Retirement & Protection Solutions delivered stable earnings



- Pretax earnings of $179 million reflecting continued solid performance with a differentiated risk profile
- RPS sales declined to $1.2 billion as a result of market dislocation and management actions to reduce the risk profile of the business
  - Protection sales declined given the market environment; higher margin accumulation focused VUL comprised nearly 90% of sales and 33% of the total insurance inforce
  - Variable annuity sales declined 29%, primarily from the decision to exit living benefit riders
- VA hedge effectiveness of 94% in a volatile market environment
- RBC was strong at ~530%

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Strong balance sheet and free cash flow generation support 90% capital return commitment for 2022



- Strong balance sheet fundamentals and superior capital strength
  - Cash flow generation of ~90% over time
  - $1.9 billion of holding company available liquidity
  - $1.6 billion of excess capital
  - AA rated investment portfolio positioned well to navigate stress scenarios
  - VA hedging effectiveness of 94%
- Adjusted operating ROE of 49%
- Repurchased 1.8 million shares in the quarter, with share count reduced by 27% over the past 5 years

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Reconciliation Tables

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Reconciliation tables

Adjusted Operating Earnings Per Diluted Share

(in millions, except per share amounts, unaudited)	Quarter Ended June 30, 2022	Quarter Ended June 30, 2021	Per Diluted Share Quarter Ended June 30, 2022	Per Diluted Share Quarter Ended June 30, 2021	% Over/ (Under)
Net income	$ 756	$ 591	$ 6.61	$ 4.88	35%
Less: Net realized investment gains (losses) [1]	(14)	11	(0.12)	0.09	
Add: Market impact on non-traditional long-duration products [1]	(305)	87	(2.67)	0.71	
Add: Mean reversion-related impacts [1]	161	(42)	1.41	(0.35)	
Add: Market impact of hedges on investments [1]	—	17	—	0.14	
Add: Integration/restructuring charges [1]	14	7	0.12	0.06	
Less: Net income (loss) attributable to consolidated investment entities	(1)	(2)	(0.01)	(0.02)	
Add: Tax effect of adjustments [2]	24	(12)	0.21	(0.10)	
Adjusted operating earnings	$ 665	$ 639	$ 5.81	$ 5.27	10%
Weighted average common shares outstanding:					
Basic	112.3	118.4			
Diluted	114.4	121.2			

[1] Pretax adjusted operating adjustment.

[2] Calculated using the statutory tax rate of 21%.

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Reconciliation tables

Adjusted Operating Net Revenues & Expenses

(in millions, unaudited)	Quarter Ended June 30, 2022	2021	% Over / (Under)
Total net revenues	$ 3,508	$ 3,418	3%
Less: Net realized investment gains (losses)	(15)	10	
Less: Market impact on non-traditional long-duration products	25	21	
Less: Mean Reversion related impacts	(1)	1	
Less: Market impact of hedges on investments	—	(17)	
Less: CIEs revenue	20	16	
Adjusted operating total net revenues	$ 3,479	$ 3,387	3%
Total expenses	$ 2,553	$ 2,697	5%
Less: CIEs expenses	21	18	
Less: Integration/restructuring charges	14	7	
Less: Market impact on non-traditional long-duration products	(280)	108	
Less: Mean reversion-related impacts	160	(41)	
Less: DAC/DSIC offset to net realized investment gains (losses)	(1)	(1)	
Adjusted operating expenses	$ 2,639	$ 2,606	(1)%
Pretax income	$ 955	$ 721	
Pretax adjusted operating earnings	$ 840	$ 781	
Pretax income margin	27.2 %	21.1 %	
Pretax adjusted operating margin	24.1 %	23.1 %	

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Reconciliation tables

Return on Equity (ROE) Excluding Accumulated Other Comprehensive Income "AOCI"

(in millions, unaudited)	Twelve Months Ended June 30, 2022	2021
Net income	$ 3,249	$ 1,065
Less: Adjustments [1]	467	(980)
Adjusted operating earnings	$ 2,782	$ 2,045
Total Ameriprise Financial, Inc. shareholders' equity	$ 5,278	$ 5,924
Less: Accumulated other comprehensive income, net of tax	(426)	463
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	5,704	5,461
Less: Equity impacts attributable to the consolidated investment entities	2	1
Adjusted operating equity	$ 5,702	$ 5,460
Return on equity excluding AOCI	57.0 %	19.5 %
Adjusted operating return on equity excluding AOCI [2]	48.8 %	37.5 %

[1] Adjustments reflect the trailing twelve months' sum of after-tax net realized investment gains/losses, net of deferred sales inducement costs ("DSIC") and deferred acquisition costs ("DAC") amortization, unearned revenue amortization and the reinsurance accrual; the market impact on non-traditional long-duration products, net of hedges and related DAC amortization, unearned revenue amortization, and the reinsurance accrual; mean reversion related impacts; block transfer reinsurance transaction impacts; gain on disposal of business; the market impact of hedges to offset interest rate and currency changes on unrealized gains or losses for certain investments; integration/restructuring charges; the impact of consolidating certain investment entities; and discontinued operations. After-tax is calculated using the statutory tax rate of 21%.

[2] Adjusted operating return on equity excluding accumulated other comprehensive income (AOCI) is calculated using the trailing twelve months of earnings excluding the after-tax net realized investment gains/losses, net of DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; the market impact on non-traditional long-duration products, net of hedges and related DAC amortization, unearned revenue amortization, and the reinsurance accrual; mean reversion related impacts; block transfer reinsurance transaction impacts; gain on the disposal of business; the market impact of hedges to offset interest rate and currency changes on unrealized gains or losses for certain investments; integration/restructuring charges; the impact of consolidating certain investment entities; and discontinued operations in the numerator, and Ameriprise Financial shareholders' equity excluding AOCI and the impact of consolidating investment entities using a five-point average of quarter-end equity in the denominator. After-tax is calculated using the statutory tax rate of 21%.

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Reconciliation tables

Pretax Adjusted Operating Earnings Mix Shift

(in millions, unaudited)	Quarter Ended June 30, 2022
Advice & Wealth Management	$ 492
Asset Management	222
RPS	179
Pretax adjusted operating earnings ex Corporate	$ 893
Advice & Wealth Management	55 %
Asset Management	25 %
RPS	20 %
Subtotal pretax adjusted operating earnings	100 %

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Reconciliation tables

Asset Management Net Pretax Adjusted Operating Margin

(in millions, except per share amounts, unaudited)	Quarter Ended June 30, 2022	2021
Adjusted operating total net revenues	$ 881	$ 879
Distribution pass thru revenues	(200)	(225)
Subadvisory and other pass thru revenues	(91)	(94)
Net adjusted operating revenues	$ 590	$ 560
Pretax adjusted operating earnings	$ 222	$ 253
Adjusted operating net investment income	—	(2)
Amortization of intangibles	5	3
Net adjusted operating earnings	$ 227	$ 254
Pretax adjusted operating margin	25.2 %	28.8 %
Net pretax adjusted operating margin [1]	38.5 %	45.4 %

[1] Calculated as net adjusted operating earnings as a percentage of net adjusted operating revenues.

Asset Management G&A Expenses

(in millions, except per share amounts, unaudited)	Quarter Ended June 30, 2022	2021	% Over/ (Under)
Total G&A expenses	$ 403	$ 340	19%
BMO G&A expenses	85	—	
Total G&A expenses excluding BMO	$ 318	$ 340	(6)%

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