Ameriprise Financial

First Quarter 2023 Conference Call

April 25, 2023

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Forward-looking statements

Some of the statements made in our April 24, 2023 earnings release and/or in this April 25, 2023 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of April 25, 2023. These forward-looking statements involve a number of risks and uncertainties.

A list of certain factors that could cause actual results to be materially different from those expressed or implied by any of these forward-looking statements is set forth under the heading "Forward-looking statements" in our April 24, 2023 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, 2022. We undertake no obligation to update publicly or revise these forward-looking statements for any reason. In addition, the financial results and values presented in our first quarter earnings release and/or in this presentation are based upon asset valuations that represent estimates as of April 25, 2023 and may be revised in our Form 10-Q for the quarter ended March 31, 2023.

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 First Quarter 2023 Results

GAAP	Q1 2023	Q1 2022	Better/(Worse)
Net Revenues ($M)	$3,742	$3,625	3%
Expenses ($M)	$3,246	$2,619	(24)%
Net Income ($M)	$417	$825	(49)%
Diluted EPS	$3.79	$7.10	(47)%
Return on Equity, ex. AOCI [(1)]	45.2%	51.8%	(660) bps
Adjusted Operating	**Q1 2023**	**Q1 2022**	**Better/(Worse)**
Net Revenues ($M)	$3,698	$3,591	3%
Expenses ($M)	$2,720	$2,773	2%
Earnings ($M)	$798	$676	18%
Diluted EPS	$7.25	$5.82	25%
Return on Equity, ex. AOCI [(1)]	49.5%	48.7%	80 bps

[(1)] Calculated on a trailing 12 month basis.
All periods have been restated for Long Duration Targeted Improvements.

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Q1 2023 Business & Financial Results

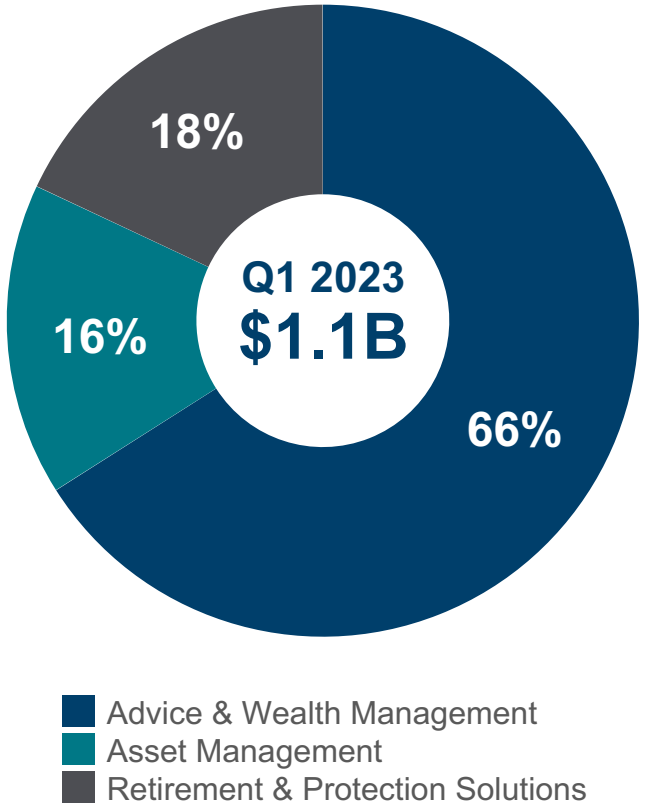
Walter Berman
Chief Financial Officer

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EPS up 25% demonstrating the strength of our diversified business model

- Results in the quarter reflect favorable business momentum and higher interest rates
  - Wealth Management delivered strong organic growth and benefited from higher spread revenue, driving 66% of the firm's earnings
  - Asset Management performance is in line with expectations and the industry
  - Retirement & Protection Solutions delivered strong results in a challenging market environment
- Expenses continue to be managed effectively across the firm
- Balance sheet fundamentals remained strong, demonstrating the successful navigation of signification market disruption in the quarter
- Returned $641 million of capital to shareholders, increased our quarterly dividend 8%, the 19th increase as a public company, and ended the quarter with $1.3 billion of excess capital

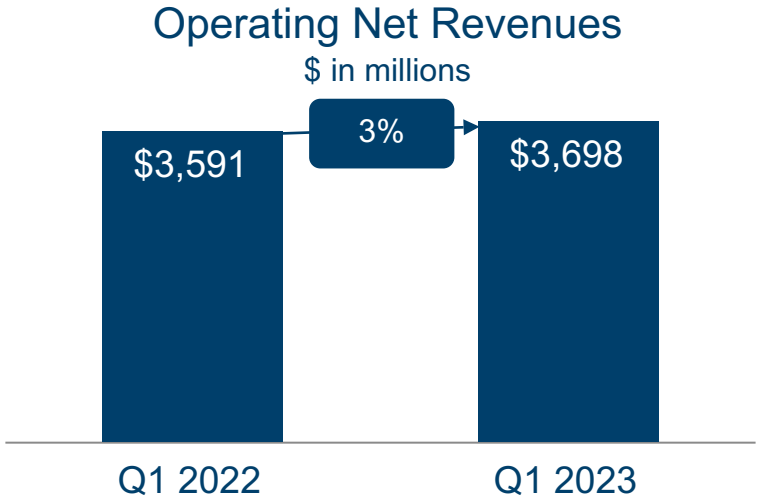
Pretax Adjusted Operating Earnings[1]

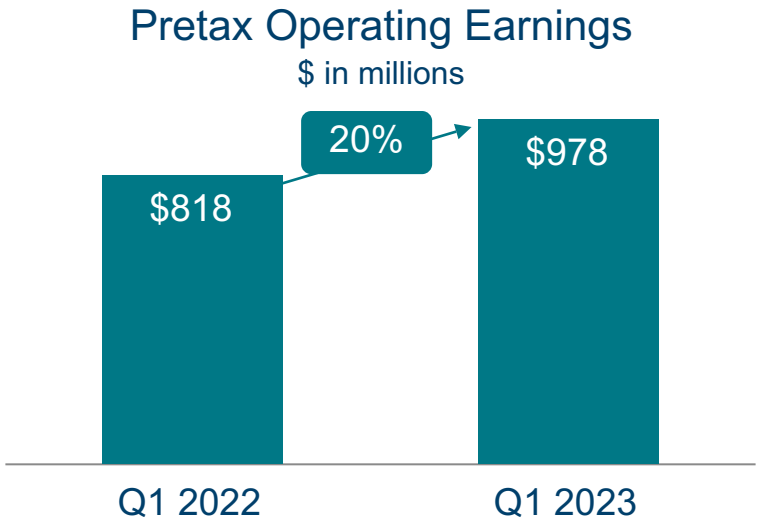


(1) Excludes Corporate & Other Segment.

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Business momentum and interest earnings more than offset equity market pressures





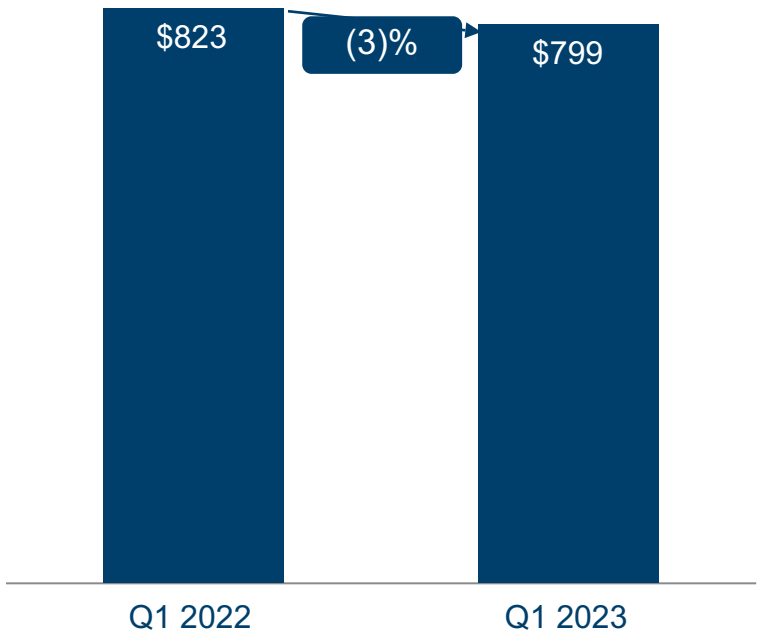
- AUM/A decreased 8% as significant business growth and client flows were more than offset by depreciating markets
  - Equity markets down 9%
  - Fixed income markets down 5%
  - Foreign exchange: GBP down 6%, EUR down 2%
- Total Ameriprise flows were sizeable at $10 billion
- Operating net revenues increased 3% despite lower AUM
  - Significant benefits from interest earnings
  - Strong client flows
- G&A expenses were well managed, down 1% in total
- Pretax operating earnings grew 20%, with a consolidated margin of 26.4%, a new high

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Flexible Wealth Management model and deep relationships allow us to pivot with the markets & drive strong organic growth

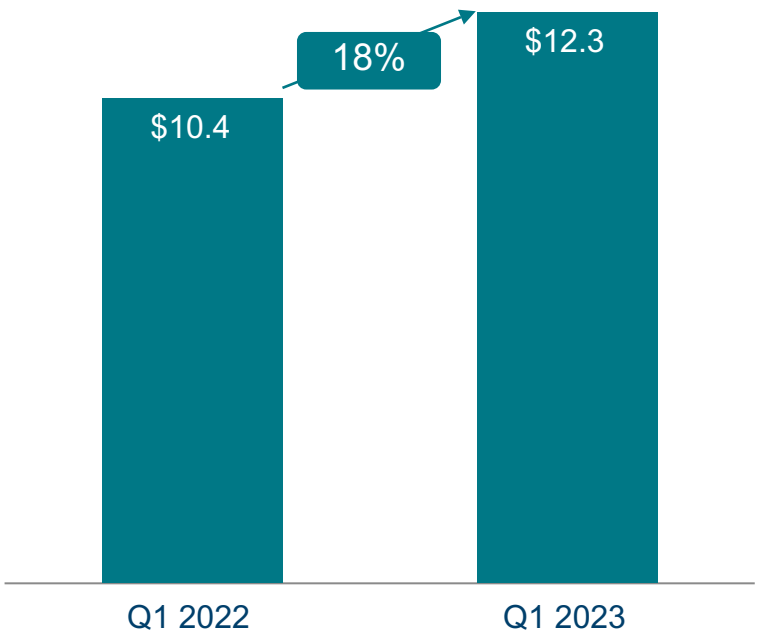
Total Client Assets

$ in billions



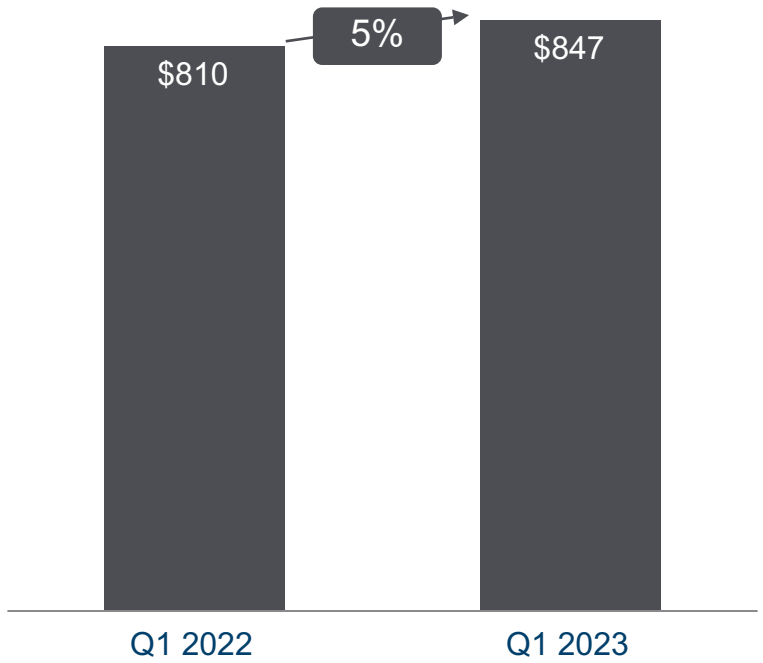
Total Client Flows

$ in billions



TTM Revenue Per Advisor[1]

$ in thousands



(1) Calculated on a trailing twelve month basis

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AWM planning model results in a stable client cash base

Stable Client Cash Balances

$ in billions



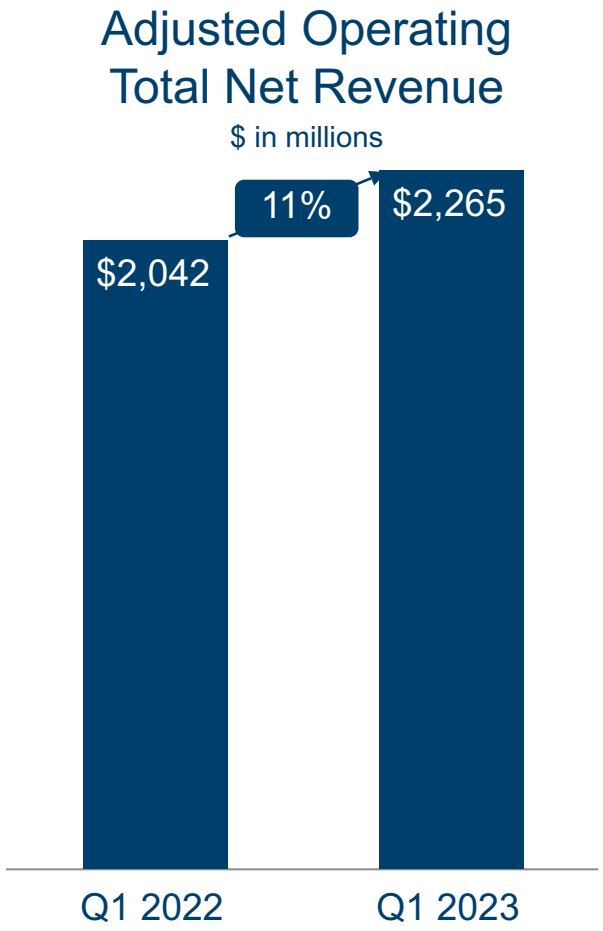
	Q1 2022	Q1 2023
% of Client Assets	***5.5%***	***5.5%***

- Breadth of our cash product offerings enable us to meet client needs across market and rate cycles
- Client cash balances remained relatively stable at approximately 5.5% of client assets and reflect the attributes of our client accounts
  - Average client cash sweep account size of ~$7K
  - 60%+ of client cash sweep in accounts under $100K
- Bank and certificate balances grew 69% year-over-year and 13% sequentially to $31 billion
  - Shifted $3 billion of off balance sheet cash to the bank through April
- Cash is prudently managed with focus on risk/return profile
  - No assets are accounted for as held to maturity
  - Rigorous asset liability management (ALM) process
  - Highly rated, short duration assets
    - *Bank:* AAA rated and 3.1 year duration
    - *Certificates:* AA+ rated and 0.8 year duration

Client cash balances include off balance sheet sweep and on balance sheet bank, certificates and broker dealer

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Wealth Management earnings increased 58%

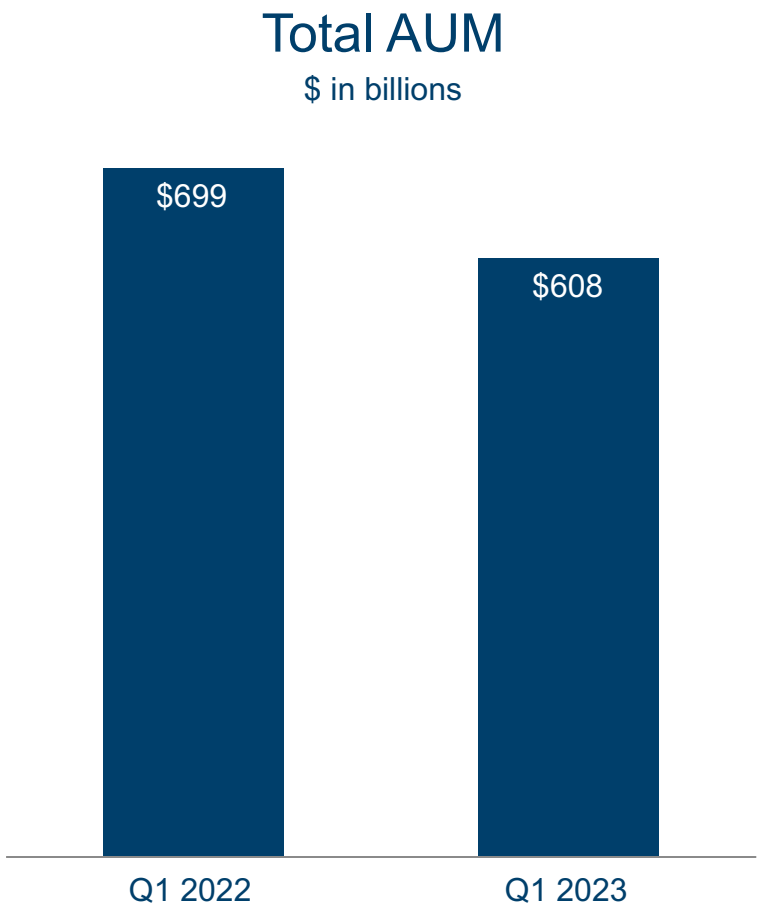


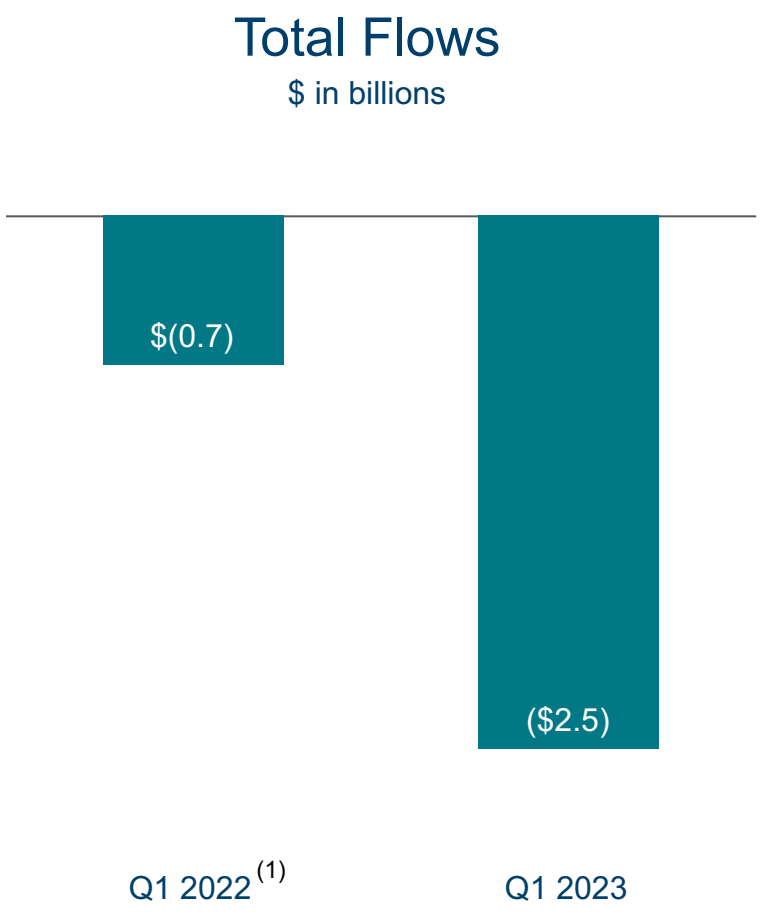


- Long term nature of client relationships and stability of assets results in resilience during market cycles
- Strong revenue and pretax earnings growth driven by higher spreads and continued client net inflows
  - $12.3 billion total client flows, up 18%
  - $44 billion of client cash and certificate balance
  - Sustainable benefits from rising rates
- Total expenses are well managed with adjusted operating expenses down 2%
  - Distribution expenses declined 5%
  - G&A increase was in line with expectations, reflecting investments for growth and higher volume-related activity
- Margin expanded 910 bps to 30.6%

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Asset Management remains challenged by market depreciation and FX, consistent with the industry



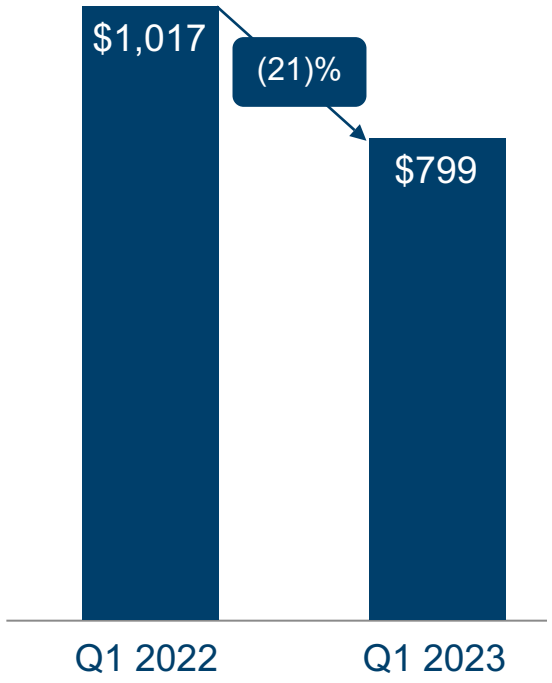


Q1 2022 flows included $2.6 billion of inflows related to the U.S. asset transfer from the BMO acquisition.

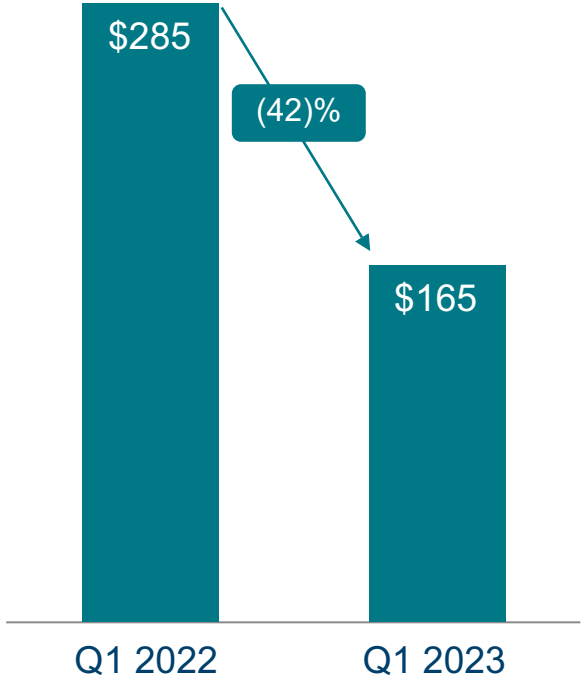
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Asset Management financial results reflect the challenging macro backdrop consistent with industry

Adjusted Operating Total Net Revenue
$ in millions



Pretax Adjusted Operating Earnings
$ in millions



- Lower revenues and pretax adjusted operating earnings are a result of deleveraging from declines in markets, interest rates and foreign exchange
- Fee rate remained fairly stable at 47 bps
- Total operating expenses declined 13%
  - Distribution expenses declined 17% from lower markets and gross sales
  - G&A declined 11%, primarily reflecting lower performance fee compensation, foreign exchange translation and continued expense discipline
- Net pretax adjusted operating margin of 31%, within our target range of 31% - 35%

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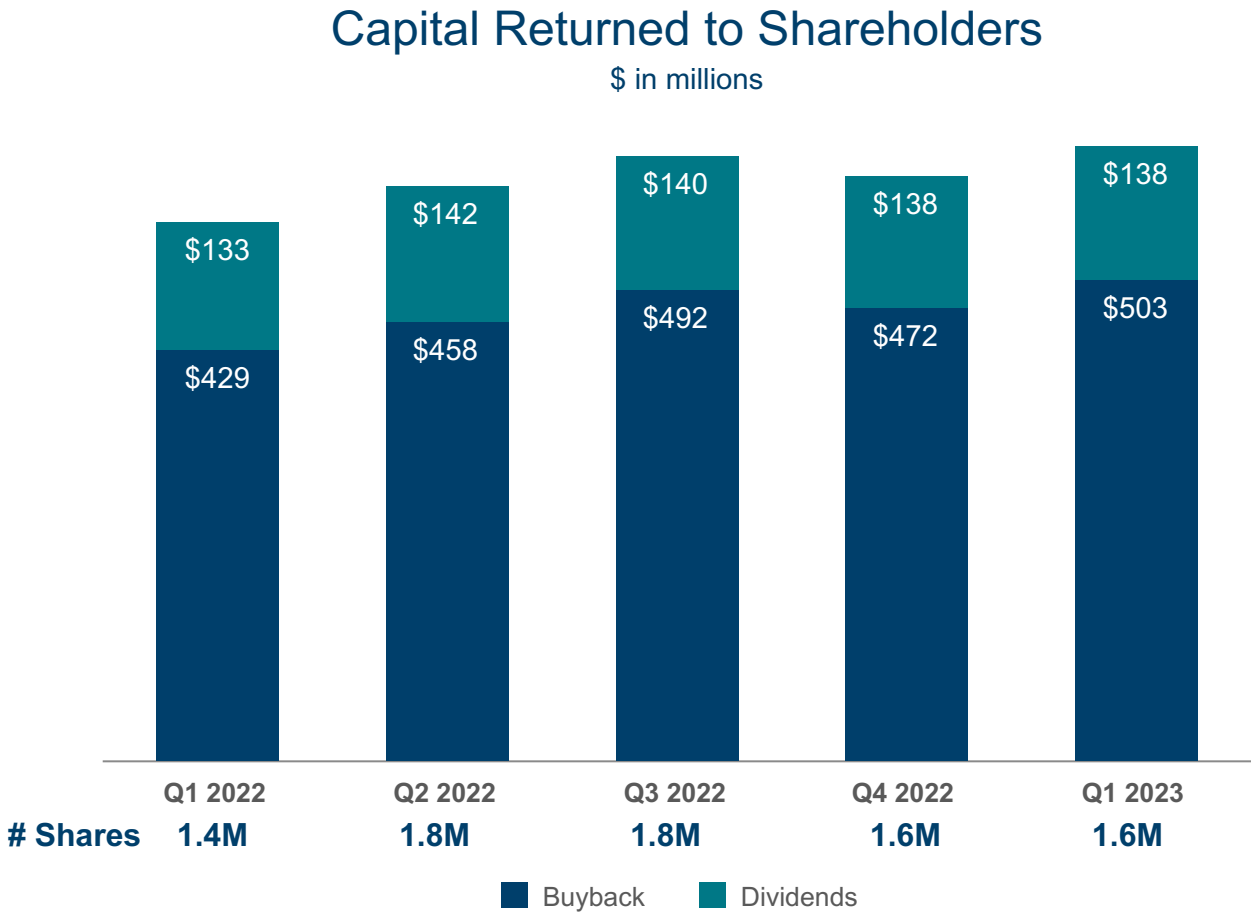
Retirement & Protection Solutions delivered good earnings and strong free cash flow



- Sales declined as a result of management actions to reduce the risk profile of the business
  - Protection sales declined 17% in total, but were concentrated in higher margin, accumulation-focused VUL, which represents 34% of total insurance inforce
  - While VA sales declined 13% in total, sales were focused in lower risk variable annuities without living benefit guarantees and structured VAs, which represent 43% of total VA account value
- Pretax earnings of $194 million, up 11%, primarily reflecting the benefit from actions taken in 2022 to enhance yield by repositioning the investment portfolio within our risk tolerances by extending duration
- Results reflect the new long duration targeted improvements (LDTI) accounting change that was effective January 1, 2023 and the prior period has been restated
- Adoption of LDTI does not impact overall cash flows, dividend capacity, or regulatory capital requirements on a statutory basis

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Strong balance sheet and free cash flow generation support capital return



- Strong balance sheet fundamentals and capital management
  - Strong excess capital position of $1.3 billion and holding company liquidity of $1.6 billion
  - AA-rated investment portfolio is well positioned to navigate stress scenarios
  - VA hedge effectiveness[1] of 95% in a volatile market environment
- Ongoing free cash flow generation of ~90% over time with significant contribution from all business segments
- Adjusted operating return on equity of 50%
- Repurchased 1.6 million shares in the quarter, with net share count reduced by 28% over the past 5 years

(1) Excludes structured variable annuities

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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 March 31, 2023	Quarter Ended March 31, 2022	Per Diluted Share Quarter Ended March 31, 2023	Per Diluted Share Quarter Ended March 31, 2022	% Better/ (Worse)
Net income	$ 417	$ 825	$ 3.79	$ 7.10	(47)%
Less: Net realized investment gains (losses) [1]	3	16	0.03	0.14	
Add: Market impact on non-traditional long-duration products [1]	475	(180)	4.32	(1.55)	
Add: Integration/restructuring charges [1]	10	10	0.09	0.09	
Less: Net income (loss) attributable to consolidated investment entities	—	2	—	0.02	
Add: Tax effect of adjustments [2]	(101)	39	(0.92)	0.34	
Adjusted operating earnings	$ 798	$ 676	$ 7.25	$ 5.82	25%
Weighted average common shares outstanding:					
Basic	107.9	113.7			
Diluted	110.0	116.2			

[1] Pretax adjusted operating adjustment.

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

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Reconciliation tables

Pretax Adjusted Operating Net Revenues & Expenses

(in millions, unaudited)	Quarter Ended March 31, 2023	2022	% Better/ (Worse)
Total net revenues	$ 3,742	$ 3,625	3%
Less: Net realized investment gains (losses)	3	16	
Less: Market impact on non-traditional long-duration products	—	1	
Less: CIEs revenue	41	17	
Adjusted operating total net revenues	$ 3,698	$ 3,591	3%
Total expenses	$ 3,246	$ 2,619	(24)%
Less: CIEs expenses	41	15	
Less: Integration/restructuring charges	10	10	
Less: Market impact on non-traditional long-duration products	475	(179)	
Adjusted operating expenses	$ 2,720	$ 2,773	2%
Pretax income	$ 496	$ 1,006	
Pretax adjusted operating earnings	$ 978	$ 818	
Pretax income margin	13.3 %	27.8 %	
Pretax adjusted operating margin	26.4 %	22.8 %	

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Reconciliation tables

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

(in millions, unaudited)	Twelve Months Ended March 31, 2023	2022
Net income	$ 2,741	$ 2,807
Less: Adjustments [1]	(266)	167
Adjusted operating earnings	$ 3,007	$ 2,640
Total Ameriprise Financial, Inc. shareholders' equity	$ 4,032	$ 4,862
Less: Accumulated other comprehensive income, net of tax	(2,037)	(559)
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	6,069	5,421
Less: Equity impacts attributable to the consolidated investment entities	(1)	2
Adjusted operating equity	$ 6,070	$ 5,419
Return on equity excluding AOCI	45.2 %	51.8 %
Adjusted operating return on equity excluding AOCI [2]	49.5 %	48.7 %

[1] Adjustments reflect the sum of after-tax net realized investment gains/losses, net of 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 reinsurance accrual; mean reversion related impacts; block transfer reinsurance transaction impacts; the market impact of hedges to offset interest rate and currency 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%.

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Reconciliation tables

Pretax Adjusted Operating Earnings Mix Shift

(in millions, unaudited)	Quarter Ended March 31, 2023	2022
Advice & Wealth Management	$ 693	$ 440
Asset Management	165	285
RPS	194	175
Subtotal pretax adjusted operating earnings	**$ 1,052**	**$ 900**
Advice & Wealth Management	66 %	49 %
Asset Management	16 %	32 %
RPS	18 %	19 %
Total	100 %	100 %

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Reconciliation tables

Asset Management Net Pretax Adjusted Operating Margin

(in millions, unaudited)	1 Qtr 2023
Adjusted operating total net revenues	$ 799
Distribution pass through revenues	(182)
Subadvisory and other pass through revenues	(95)
Net adjusted operating revenues	$ 522
Pretax adjusted operating earnings	$ 165
Adjusted operating net investment income	(9)
Amortization of intangibles	6
Net adjusted operating earnings	$ 162
Pretax adjusted operating margin	20.7 %
Net pretax adjusted operating margin [1]	31.0 %

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

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