Ameriprise Financial

Second Quarter 2023 Conference Call

July 27, 2023

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Forward-looking statements

Some of the statements made in our July 26, 2023 earnings release and/or in this July 27, 2023 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of July 27, 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 July 26, 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 July 26, 2023 and may be revised in our Form 10-Q for the quarter ended June 30, 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 Second Quarter 2023 Results

GAAP	Q2 2023	Q2 2022	Better/(Worse)
Net Revenues ($M)	$3,876	$3,486	11%
Expenses ($M)	$2,749	$2,713	(1)%
Net Income ($M)	$890	$614	45%
Diluted EPS	$8.21	$5.37	53%
Return on Equity, ex. AOCI [1]	48.6%	55.5%	(690) bps
Adjusted Operating	**Q2 2023**	**Q2 2022**	**Better/(Worse)**
Net Revenues ($M)	$3,826	$3,479	10%
Expenses ($M)	$2,804	$2,656	(6)%
Earnings ($M)	$807	$654	23%
Diluted EPS	$7.44	$5.72	30%
Return on Equity, ex. AOCI [1]	50.9%	48.1%	280 bps

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

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Q2 2023 Business & Financial Results

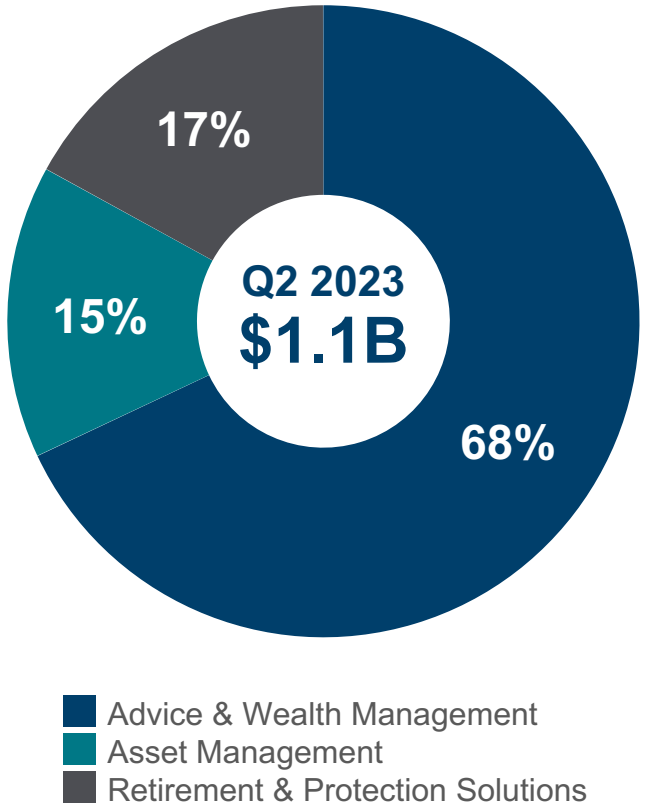
Walter Berman
Chief Financial Officer

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EPS up 30% demonstrating the strength of our diversified business model

- Strong financial results from business momentum and higher interest rates
  - Wealth Management delivered strong organic growth and benefited from higher spread revenue; represented 68% of AMP earnings
  - Asset Management results reflected challenging markets and aligned with industry trends
  - Retirement & Protection Solutions delivered continued strong returns and free cash flow generation
- Delivered record high consolidated margin of 26.7% from strong growth in AWM and continued expense discipline
- Balance sheet fundamentals remained strong with $1.3 billion of excess capital after returning $638 million of capital to shareholders
- Announced a new share repurchase authorization of $3.5 billion through September 30, 2025

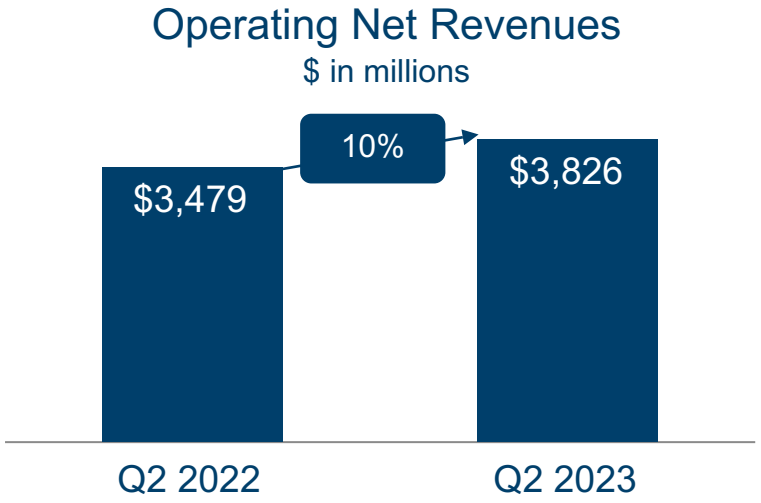
Pretax Adjusted Operating Earnings[1]

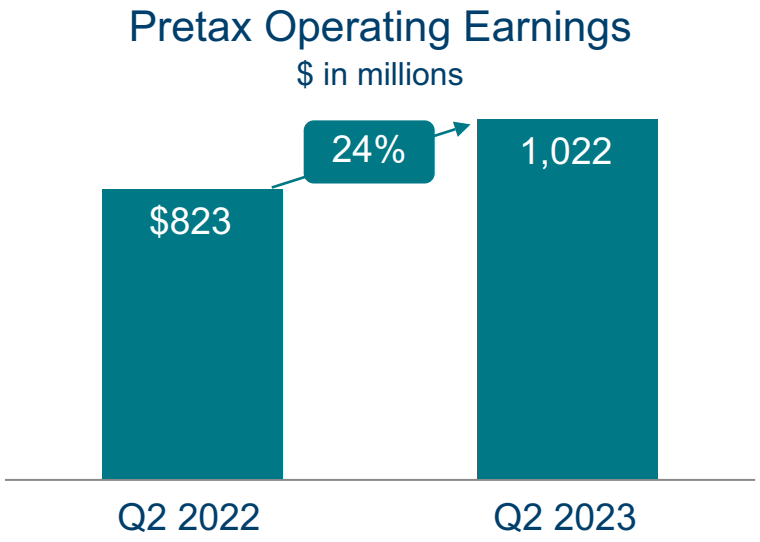


(1) Excludes Corporate & Other Segment.

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Strong business momentum and interest earnings





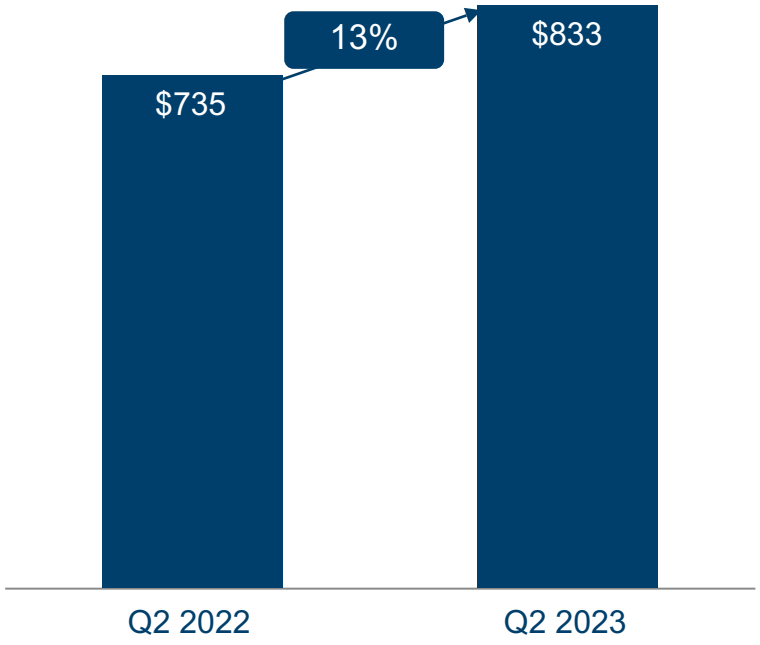
- AUM/A increased 9% as business growth, client flows and rising equity markets were partially offset by lower fixed income markets
- Operating net revenues increased 10%
  - Significant benefits from interest earnings as a result of higher yields across on and off balance sheet cash
  - Good organic growth with $35 billion in total Ameriprise flows for the trailing 12 months
- G&A expenses were well managed
  - Excluding mark to market impacts on share based compensation, G&A was up 4% given expenses were lower in H1 2022 as a result of the pandemic
- Pretax operating earnings grew 24% to $1.0 billion; unusual items in RPS and Corporate are neutralized in aggregate
- Delivered a new high margin of 26.7%

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Wealth Management: Client-focused model pivots with markets & drives strong organic growth

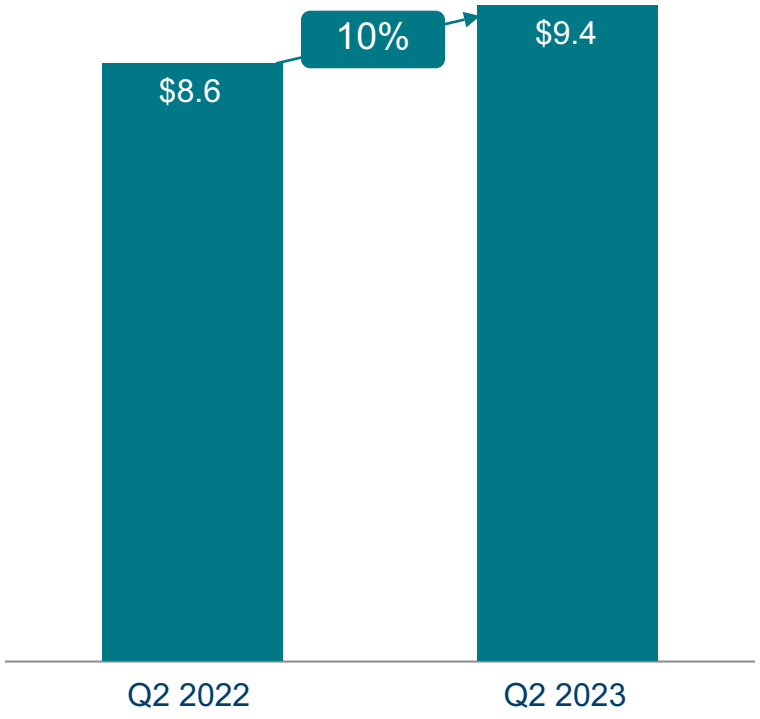
Total Client Assets

$ in billions



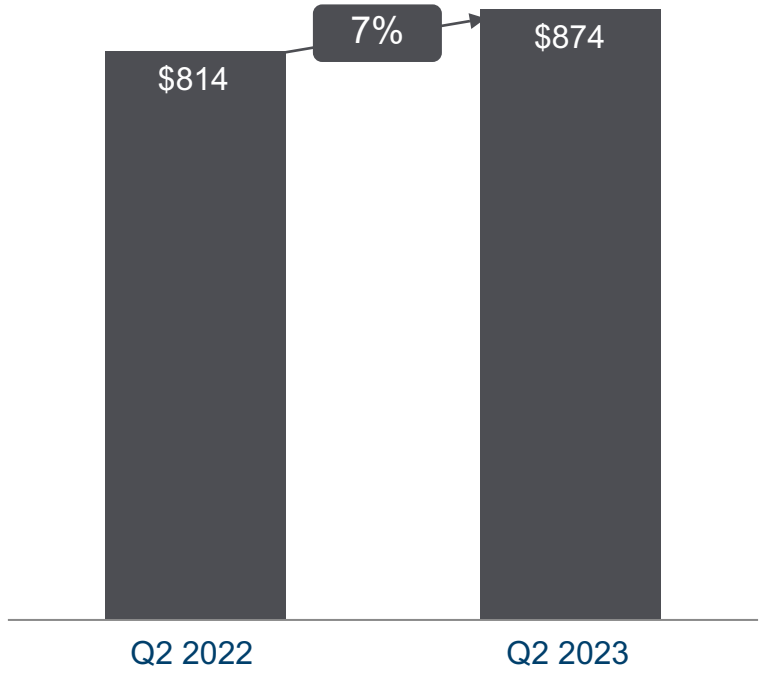
Total Client Flows

$ in billions



TTM Revenue Per Advisor[1]

$ in thousands



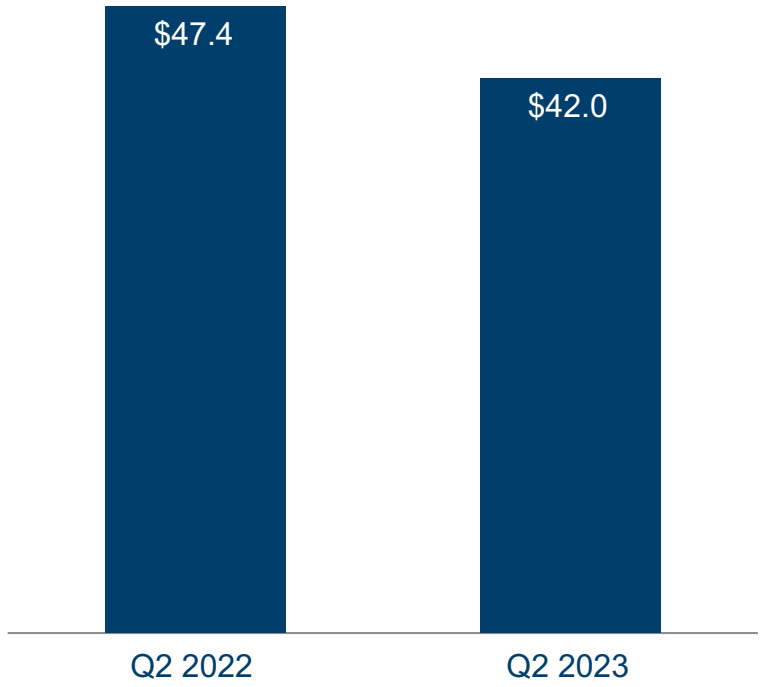
(1) Calculated on a trailing twelve month basis

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AWM client cash has returned to historic levels

Client Cash Balances

$ in billions



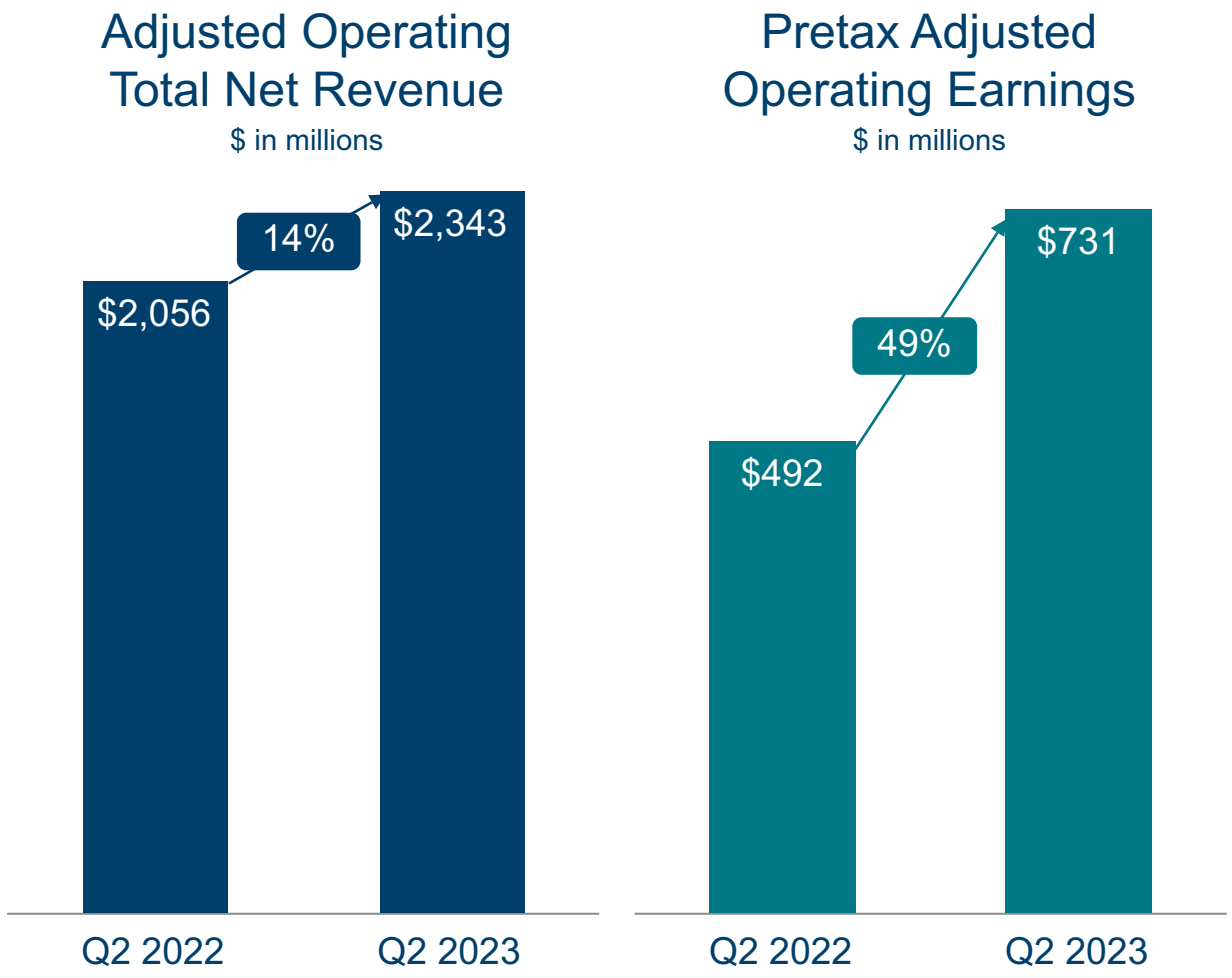
	Q2 2022	Q2 2023
% of Client Assets	*6.5%*	*5.0%*

- Earnings on client cash balances have increased substantially
  - Fee yields increased 347 bps from a year ago to 4.77%
  - Client cash balances returned to normalized levels at approximately 5.0% of client assets
- Client cash balances are largely working cash for our client accounts and are more stable across rate environments
  - Average client cash sweep account size of ~$7K
  - 65% of client cash sweep in accounts under $100K
- Bank and certificate balances grew 59% year-over-year and 6% sequentially to $33 billion
  - Shifted $1 billion of off balance sheet cash to the bank
- Total cash increased $4 billion to $70 billion sequentially, creating opportunity for future deployment
- Cash is prudently managed with focus on risk/return profile with highly rated, short duration assets
  - *Bank:* AAA rated and 3.4 year duration yielding 4.6%
  - *Certificates:* AA+ rated and 1.0 year duration yielding 5.5%

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

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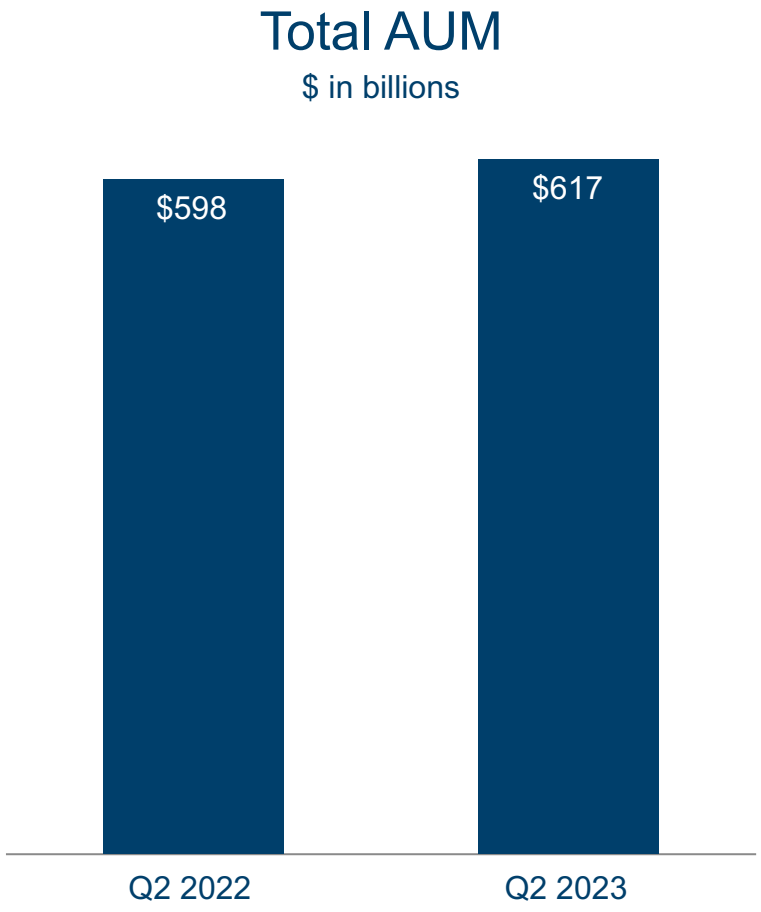
Wealth Management earnings increased 49%

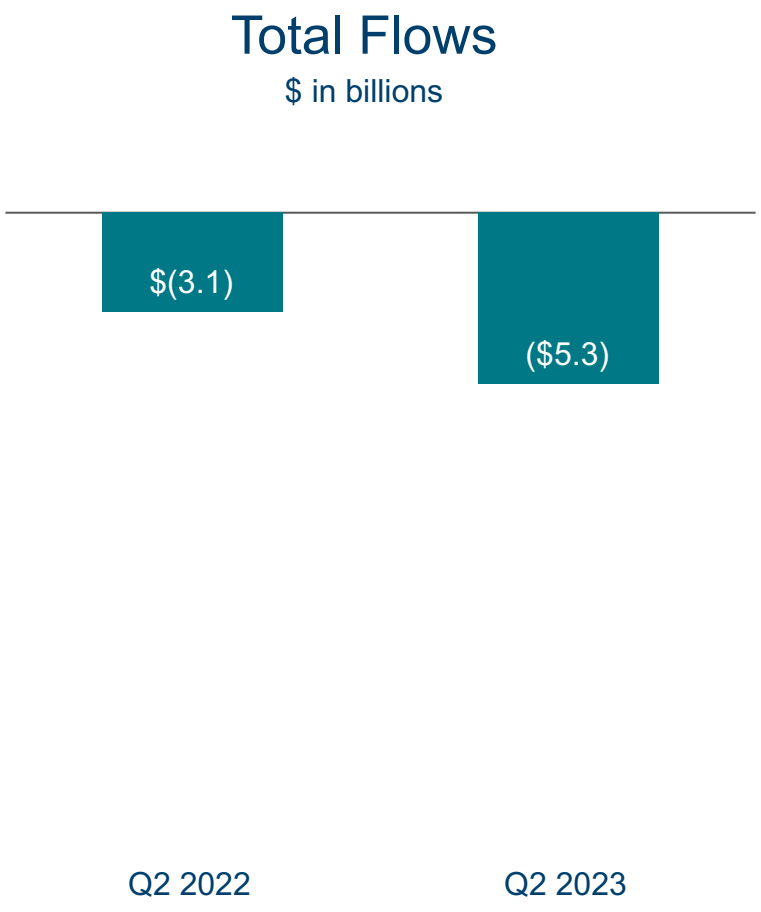


- Strong revenue and pretax earnings growth driven by higher spreads and continued client net inflows
  - $9.4 billion total client flows, up 10%
  - $42 billion of client cash and certificate balances
  - Sustainable benefits from rising rates
  - Benefit of June market appreciation will be realized in Q3
- Total expenses are well managed with adjusted operating expenses up 3%
  - Distribution expenses increased 1%
  - G&A increase was in line with expectations, reflecting investments for growth and higher volume-related activity, as well as lower expenses in the prior year
- Margin reached a new high of 31.2%, up 730 bps

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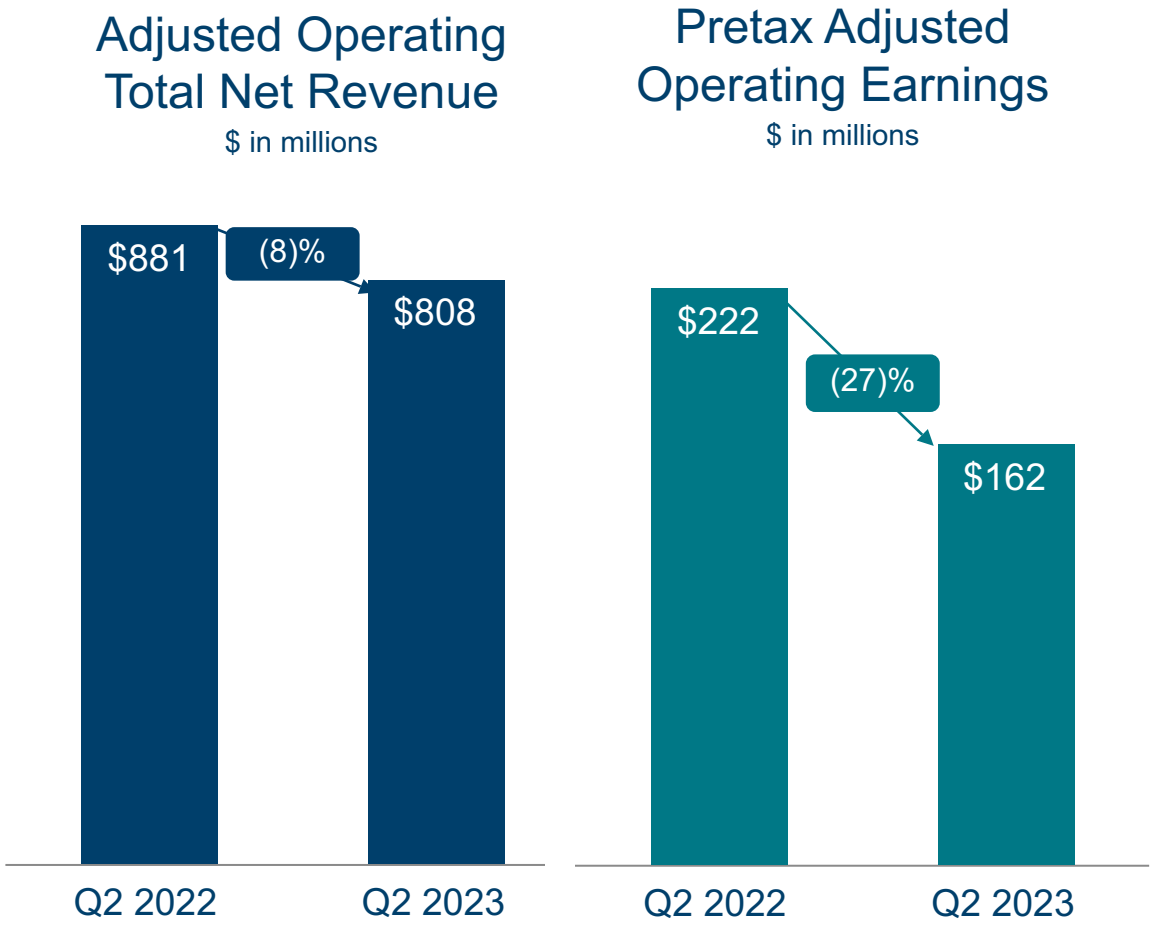
Asset Management remains challenged by markets and outflows, consistent with the industry





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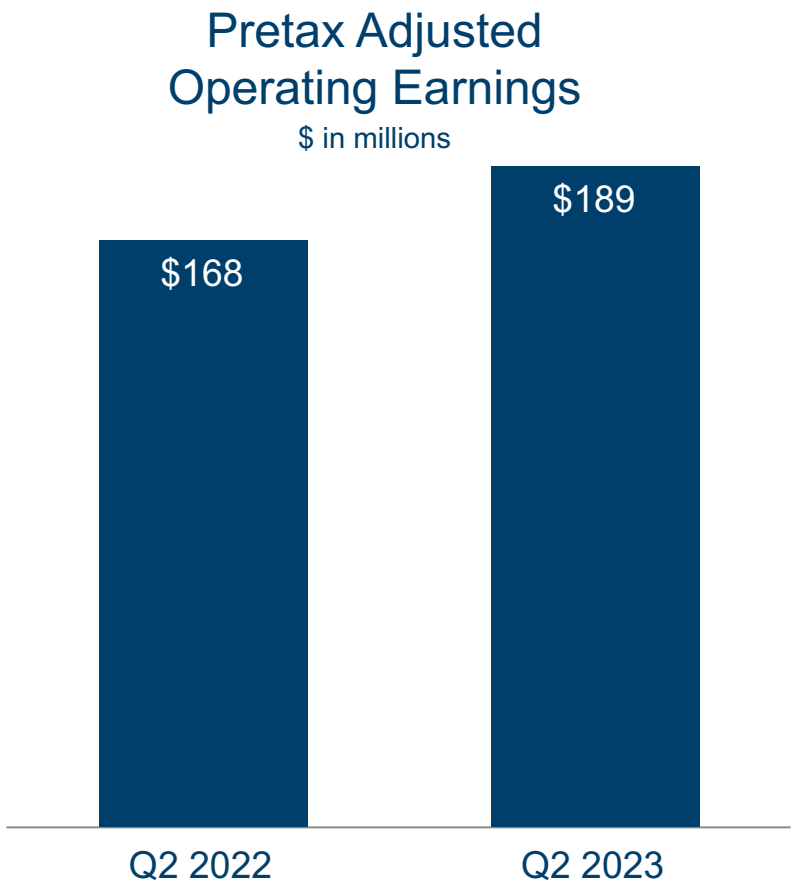
Asset Management financial results reflect the challenging environment



- Lower revenues and pretax adjusted operating earnings are a result of deleveraging from declines in fixed income markets, net outflows and lower performance fees
- Fee rate declined to 46 bps
- Total operating expenses decreased 2%
  - Distribution expenses decreased 8% from lower average assets under management
  - G&A increased 2%, primarily reflecting mark to market impacts on share based compensation
- Net pretax adjusted operating margin was 30%
- Focused on executing on additional reengineering initiatives to further reduce the expense base

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

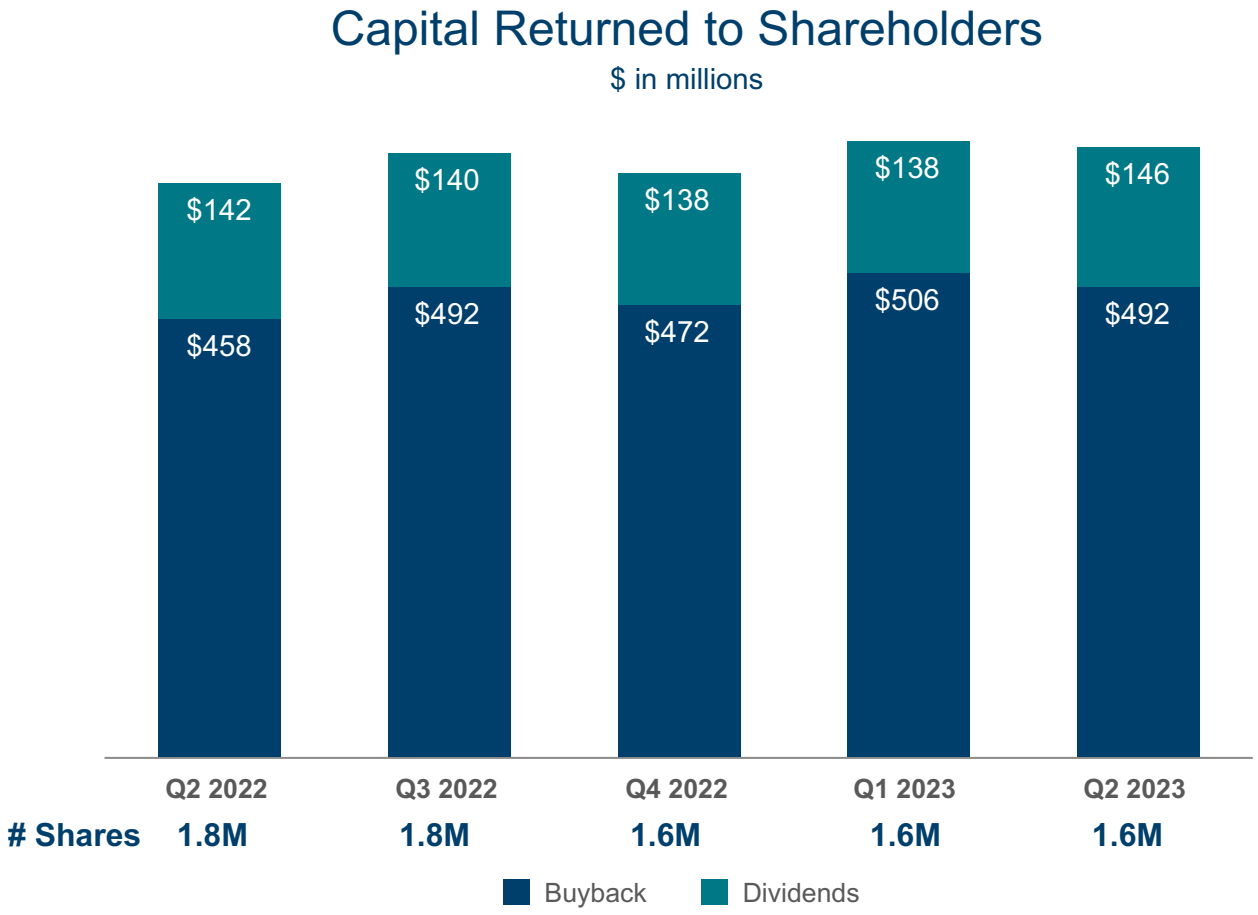


- Overall RPS sales trends were mixed in the quarter
  - Protection sales improved 18% to $77 million with the majority of the sales in higher margin, accumulation-focused VUL
  - VA sales declined 17% reflecting management's decision to focus on lower risk variable annuities without living benefit guarantees and structured VAs, which represent 44% of total VA account value

- Pretax earnings grew 13% to $189 million
  - Enhanced investment yield through actions taken in 2022 to reposition the investment portfolio by extending duration
  - Results in the current quarter included an unfavorable impact of $7 million from unusual and timing-related items

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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
  - AA-rated investment portfolio is well positioned to navigate stress scenarios
  - VA hedge effectiveness[1] of 98% 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 51%
- Repurchased 1.6 million shares in the quarter, with a 27% net share count reduction 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 June 30, 2023	Quarter Ended June 30, 2022	Per Diluted Share Quarter Ended June 30, 2023	Per Diluted Share Quarter Ended June 30, 2022	% Better/ (Worse)
Net income	$ 890	$ 614	$ 8.21	$ 5.37	53%
Adjustments:					
Net realized investment gains (losses) [1]	3	(14)	0.03	(0.12)	
Market impact on non-traditional long-duration products [1]	127	(19)	1.17	(0.17)	
Mean reversion-related impacts [1]	—	(2)	—	(0.02)	
Integration/restructuring charges [1]	(25)	(14)	(0.23)	(0.12)	
Net income (loss) attributable to consolidated investment entities	—	(1)	—	(0.01)	
Tax effect of adjustments [2]	(22)	10	(0.20)	0.09	
Adjusted operating earnings	$ 807	$ 654	$ 7.44	$ 5.72	30%
Weighted average common shares outstanding:					
Basic	106.4	112.3			
Diluted	108.4	114.4			

[1] Pretax adjusted operating adjustment.

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

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Reconciliation tables

Pretax Adjusted Operating Earnings

(in millions, unaudited)	Quarter Ended June 30, 2023	2022	% Better/ (Worse)
Total net revenues	$ 3,876	$ 3,486	11%
Adjustments:			
Net realized investment gains (losses)	3	(14)	
Market impact on non-traditional long-duration products	1	2	
Mean Reversion related impacts	—	(1)	
CIEs revenue	46	20	
Adjusted operating total net revenues	$ 3,826	$ 3,479	10%
Total expenses	$ 2,749	$ 2,713	(1)%
Adjustments:			
CIEs expenses	46	21	
Integration/restructuring charges	25	14	
Market impact on non-traditional long-duration products	(126)	21	
Mean reversion-related impacts	—	1	
Adjusted operating expenses	$ 2,804	$ 2,656	(6)%
Pretax income	$ 1,127	$ 773	
Pretax adjusted operating earnings	$ 1,022	$ 823	
Pretax income margin	29.1 %	22.2 %	
Pretax adjusted operating margin	26.7 %	23.7 %	

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Reconciliation tables

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

(in millions, unaudited)	Twelve Months Ended June 30, 2023	2022
Net income	$ 3,017	$ 3,065
Less: Adjustments [1]	(143)	409
Adjusted operating earnings	$ 3,160	$ 2,656
Total Ameriprise Financial, Inc. shareholders' equity	$ 3,943	$ 4,639
Less: Accumulated other comprehensive income, net of tax	(2,259)	(881)
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	6,202	5,520
Less: Equity impacts attributable to the consolidated investment entities	(2)	2
Adjusted operating equity	$ 6,204	$ 5,518
Return on equity excluding AOCI	48.6 %	55.5 %
Adjusted operating return on equity excluding AOCI [2]	50.9 %	48.1 %

[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 June 30, 2023	2022
Advice & Wealth Management	$ 731	$ 492
Asset Management	162	222
RPS	189	168
Subtotal pretax adjusted operating earnings	$ 1,082	$ 882
Advice & Wealth Management	68 %	56 %
Asset Management	15 %	25 %
RPS	17 %	19 %
Total	100 %	100 %

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Reconciliation tables

Asset Management Net Pretax Adjusted Operating Margin

(in millions, unaudited)		2 Qtr 2023
Adjusted operating total net revenues	$	808
Distribution pass through revenues		(183)
Subadvisory and other pass through revenues		(95)
Net adjusted operating revenues	$	530
Pretax adjusted operating earnings	$	162
Adjusted operating net investment income		(10)
Amortization of intangibles		6
Net adjusted operating earnings	$	158
Pretax adjusted operating margin		20.0 %
Net pretax adjusted operating margin [1]		29.8 %

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

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Reconciliation tables

Adjusted Operating G&A Expenses excluding PSU Mark to Market

(in millions, unaudited)	Quarter Ended June 30, 2023	2022	% Better/ (Worse)
General and administrative expense	$ 967	$ 894	(8)%
Less: CIEs expenses	1	2	
Less: Integration/restructuring charges	25	14	
Adjusted operating general and administrative expense	$ 941	$ 878	(7)%
Less: Share-based compensation	6	(18)	
Adjusted operating general and administrative expense excluding share-based compensation	$ 935	$ 896	(4)%

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