Ameriprise Financial

Third Quarter 2023 Conference Call

October 26, 2023

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Forward-looking statements

Some of the statements made in our October 25, 2023 earnings release and/or in this October 26, 2023 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of October 26, 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 October 25, 2023 earnings release, a 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 third quarter earnings release and/or in this presentation are based upon asset valuations that represent estimates as of October 26, 2023 and may be revised in our Form 10-Q for the quarter ended September 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 Third Quarter 2023 Results

GAAP	Q3 2023	Q3 2022	Better/(Worse)
Net Revenues ($M)	$3,925	$3,484	13%
Expenses ($M)	$2,808	$2,149	(31)%
Net Income ($M)	$872	$1,061	(18)%
Diluted EPS	$8.14	$9.41	(13)%
Return on Equity, ex. AOCI [1]	44.4%	55.7%	(1,130) bps
Adjusted Operating	**Q3 2023**	**Q3 2022**	**Better/(Worse)**
Net Revenues ($M)	$3,915	$3,542	11%
Expenses ($M)	$2,959	$2,509	(18)%
Earnings ($M)	$745	$823	(9)%
Diluted EPS	$6.96	$7.30	(5)%
Return on Equity, ex. AOCI [1]	48.4%	49.9%	(150) bps
Adjusted Operating, excluding unlocking [2]	**Q3 2023**	**Q3 2022**	**Better/(Worse)**
Net Revenues ($M)	$3,914	$3,543	10%
Expenses ($M)	$2,859	$2,645	(8)%
Earnings ($M)	$823	$716	15%
Diluted EPS	$7.68	$6.35	21%
Return on Equity, ex. AOCI [1]	49.6%	48.0%	160 bps

[1] Calculated on a trailing 12 month basis.
[2] Unlocking impacts reflect the company's annual review of insurance and annuity valuation assumptions and model changes and the LTC gross premium valuation.
All periods have been restated for Long Duration Targeted Improvements.

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Q3 2023 Business & Financial Results

Walter Berman
Chief Financial Officer

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Excellent 24% EPS[(1)] growth demonstrates the strength of our diversified business model

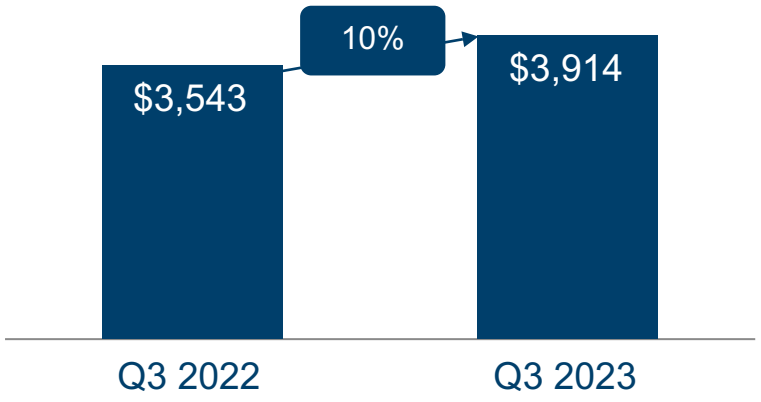
- Our diversified revenue sources continue to generate strong and sustainable results across the market cycle with operating earnings[(1)] up 18%
- Assets under management and administration grew 12% to $1.2 trillion
- G&A expense[(1)] grew just 2%. We have begun to execute strategic initiatives to re-engineering our expenses to manage margins in a more uncertain market environment, with particular focus on Asset Management
- Record high consolidated margin[(1)] of 27.5% and best-in-class ROE[(1)] of 50%
- ~90% free cash flow from diversified sources supports consistent capital return:
  - $663 million of capital returned to shareholders in the quarter
  - Strong balance sheet fundamentals and robust risk management with $1.4 billion of excess capital, $1.9 billion of available liquidity, and high-quality investment portfolio
  - On track to return 80% of operating earnings [(2)] to shareholders in 2023

(1) Results exclude regulatory accrual and unlocking impacts related to the company's annual review of insurance and annuity valuation assumptions and model changes.
(2) Excluding unlocking.

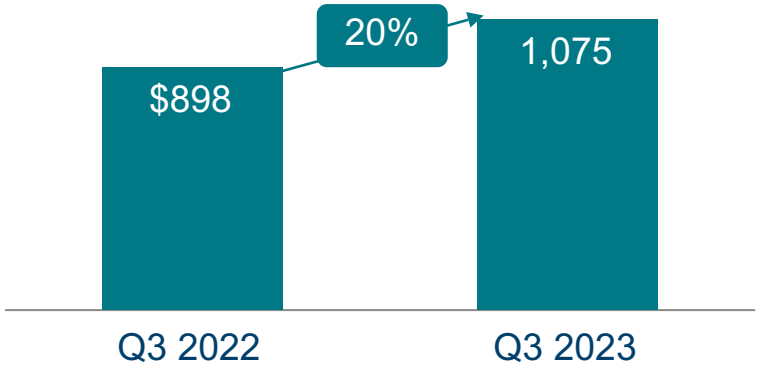
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Strong business momentum and benefit from rates

Operating Net Revenues[1]
$ in millions



Pretax Operating Earnings[2]
$ in millions



- Benefits of diversified business mix is reflected in results across market cycles and generates consistent free cash flow
- Operating net revenues[1] increased 10%
  - Significant benefits from interest earnings
  - Good organic growth with $31 billion of total inflows for the past year
- G&A expenses[2] were well managed, up only 2% from higher business volumes and growth investments
- Pretax operating earnings[2] grew 20% to $1.1 billion
- Delivered a new high 27.5% consolidated margin[2]

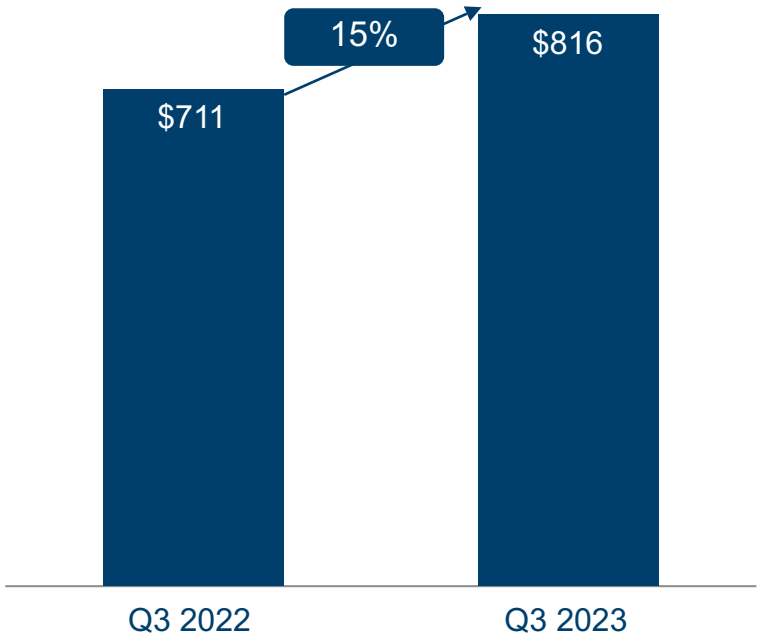
(1) Excludes unlocking impacts related to the company's annual review of insurance and annuity valuation assumptions and model changes.
(2) Excludes unlocking and regulatory accrual.

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Wealth Management: Multiple drivers from fee and spread businesses deliver strong results across cycles

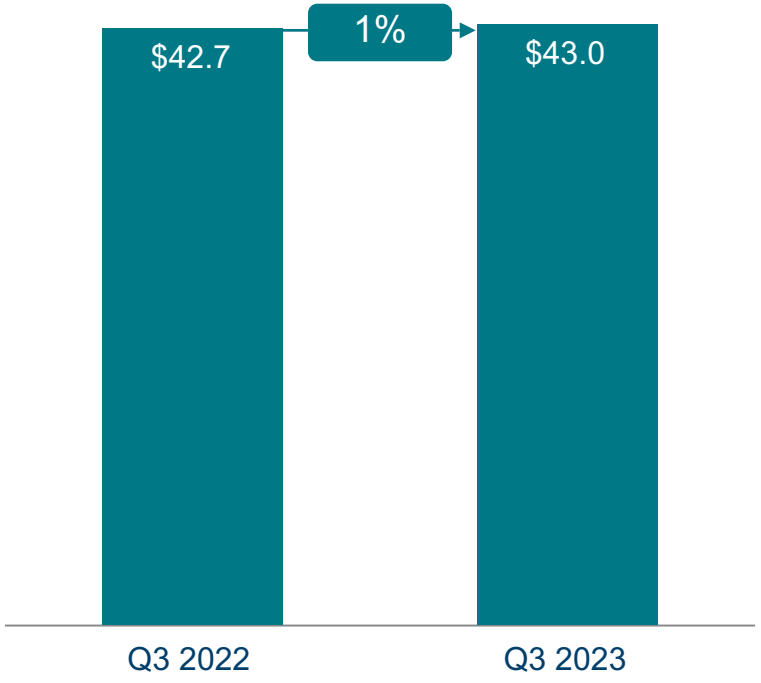
Total Client Assets

$ in billions



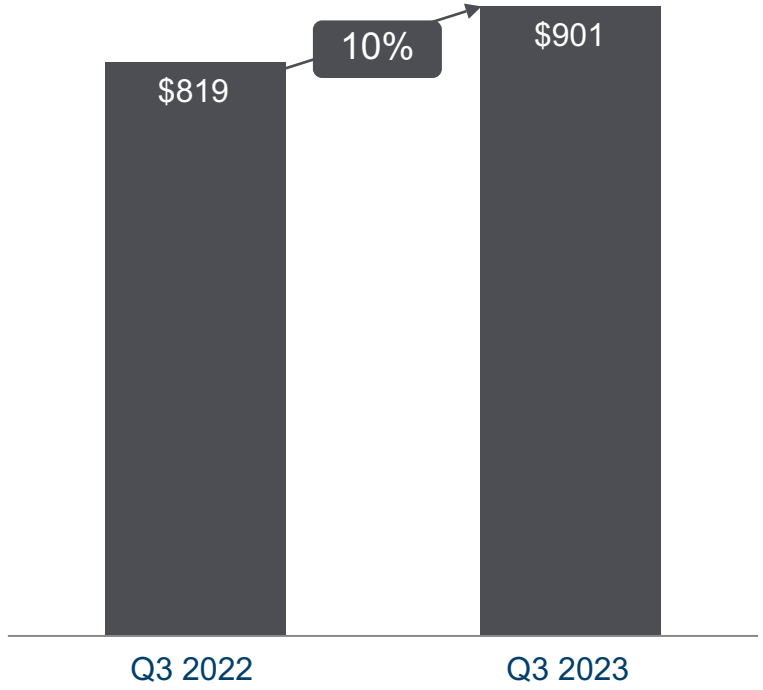
TTM Total Client Flows[1]

$ in billions



TTM Revenue Per Advisor[1]

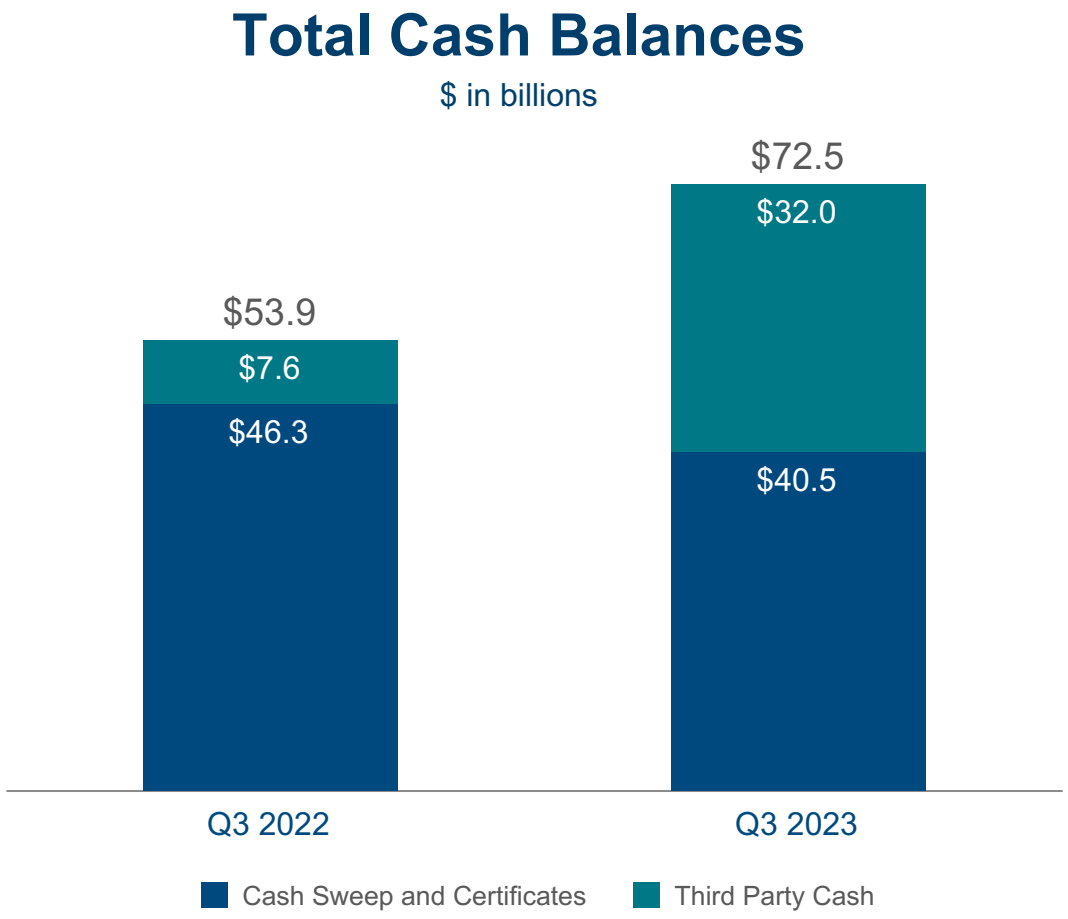
$ in thousands



(1) Calculated on a trailing twelve month basis

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AWM clients continue to allocate heavily to cash



- Total cash balances, including money market funds and brokered CDs, reached $72.5 billion
  - Up 35% from a year ago and 4% sequentially
  - A sizeable opportunity for future deployment
- Cash sweep (including Bank) is largely working cash for client accounts
  - Cash sweep sorting slowed in September and October
  - Average cash sweep account size declined to ~$6K
  - 67% of cash sweep in accounts under $100K
- Earnings on Bank and Certificates increased substantially
  - Bank and Certificate assets up 37% year-over-year
  - Sustainable revenue and earnings driver going forward
- Highly rated, higher yielding, short duration assets supporting the investment portfolios at the Bank and Certificate Companies
  - *Bank:* AAA rated and 3.6 year duration yielding 4.7%
  - *Certificates:* AA+ rated and 1.0 year duration yielding 5.6%

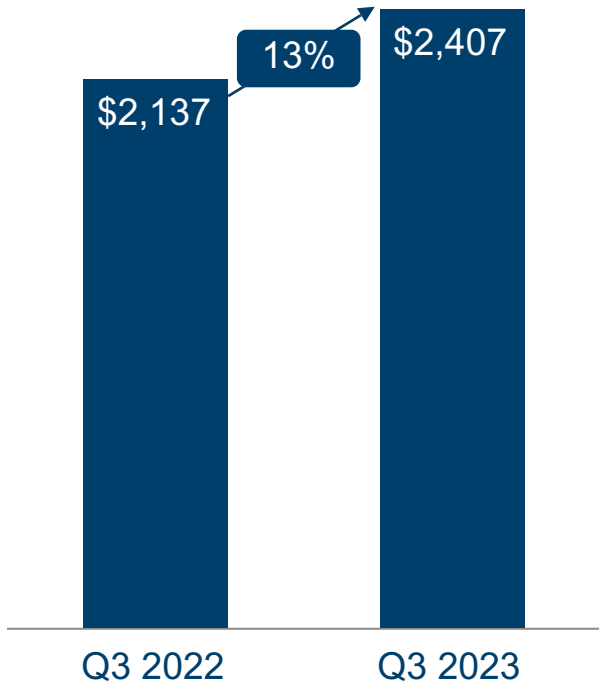
Third party cash includes money market funds and brokered CDs.

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Wealth Management earnings increased 26%(1)

Adjusted Operating Total Net Revenue

$ in millions



Pretax Adjusted Operating Earnings[1]

$ in millions

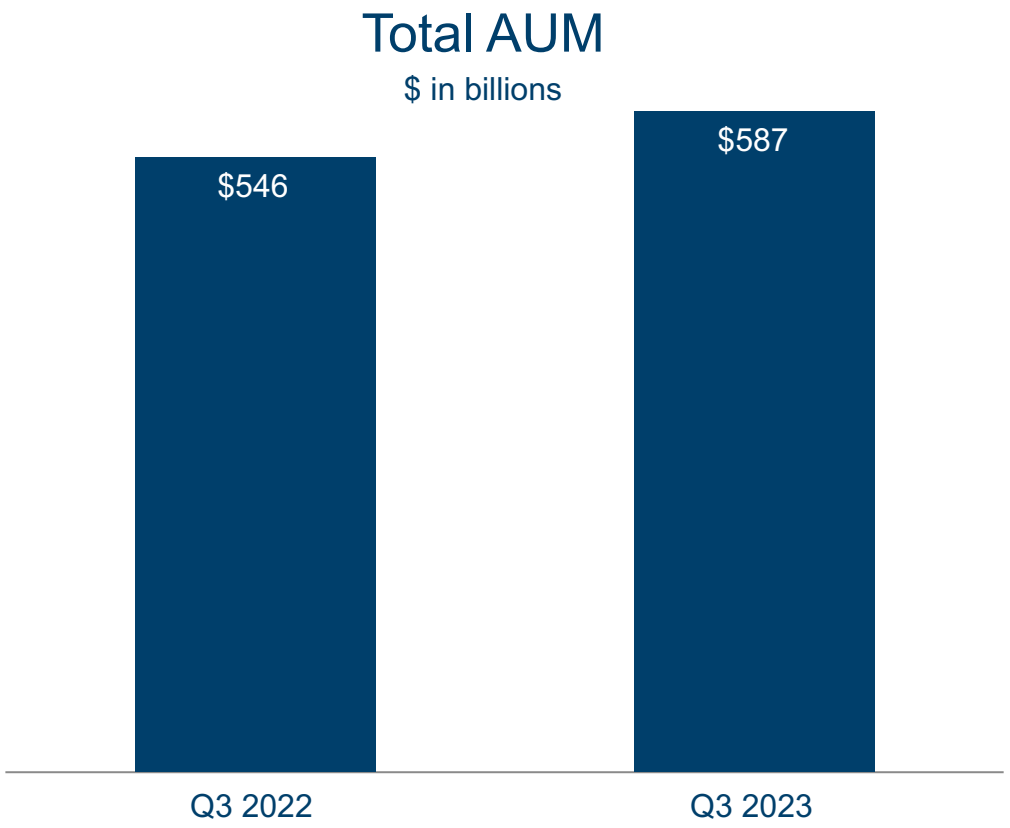


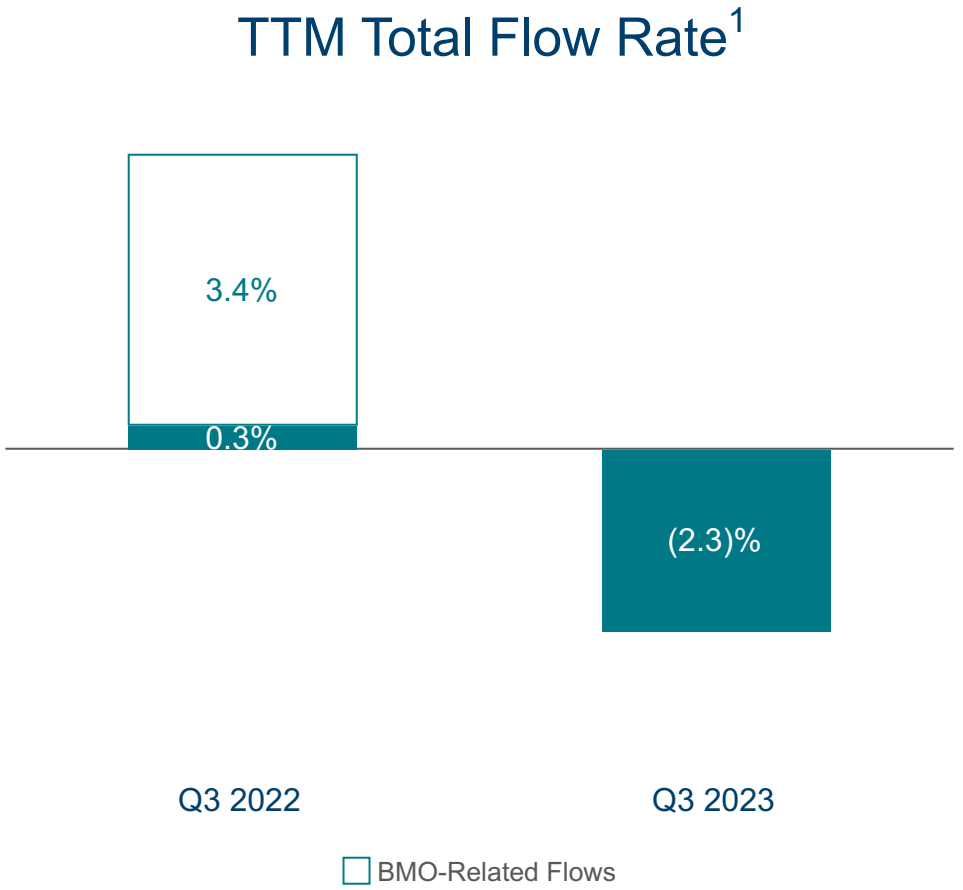
- Strong revenue and pretax earnings growth driven by higher spread revenue and continued client net inflows
  - $8.9 billion of total client flows with $43 billion of flows over the past year
  - $40 billion of client cash and certificate balances
  - Sustainable benefits from rising rates
- Total expenses are well managed with adjusted operating expenses up 9%
  - Distribution expenses increased 9%
  - Excluding the regulatory accrual, G&A was up 2% to $399M, in line with expectations, reflecting growth investments and higher volume-related activity
- Margin was 30.3%, up 250 bps; 31.1% excluding regulatory accrual
- Comerica Investment Program Partnership is on track to close in November

(1) Results exclude regulatory accrual

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Asset Management AUM growth driven by market appreciation; flows remain challenged like the industry

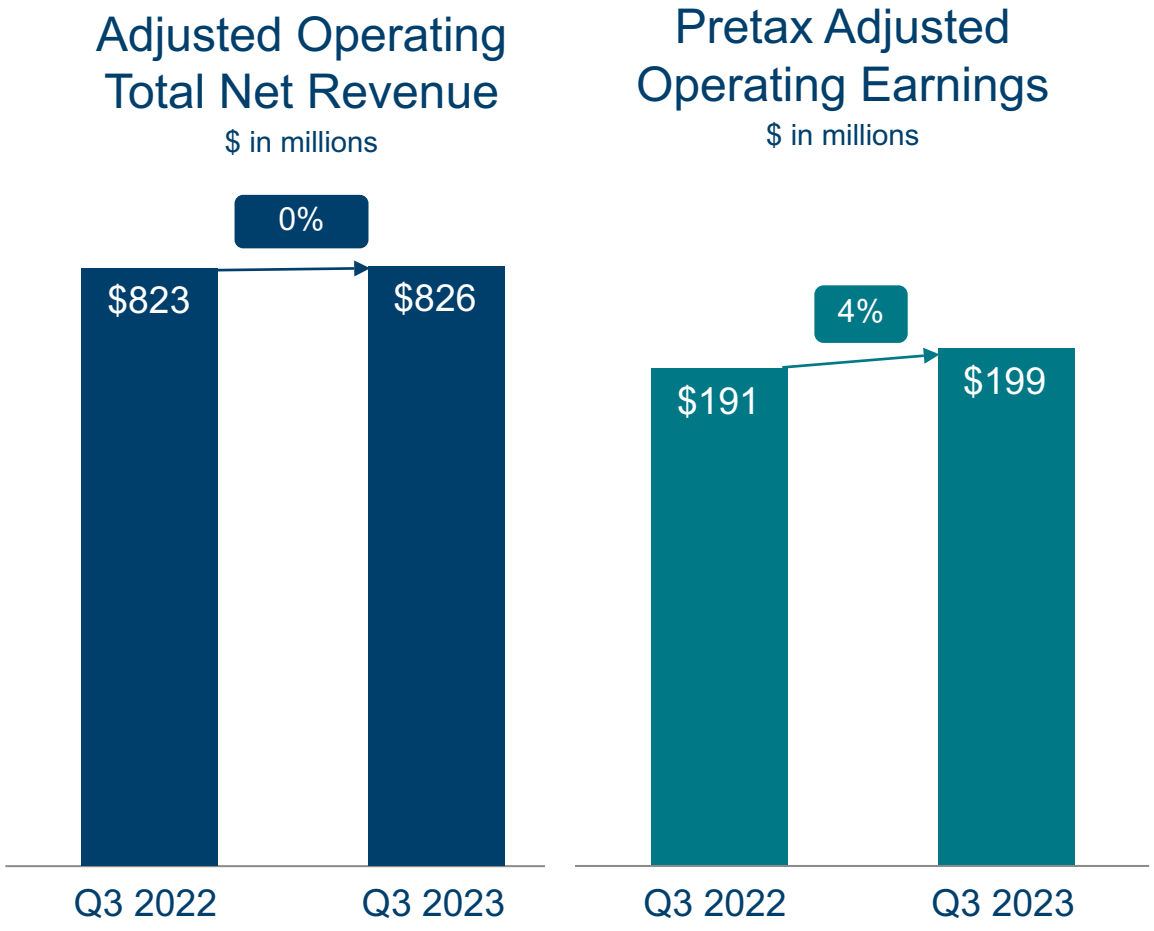




(1) Calculated on a trailing twelve month basis. TTM Q3 2022 included a net $19.6 billion related to clients that elected to transfer retail and institutional assets to us resulting from the transition of investment advisory services as part of an arrangement with BMO.

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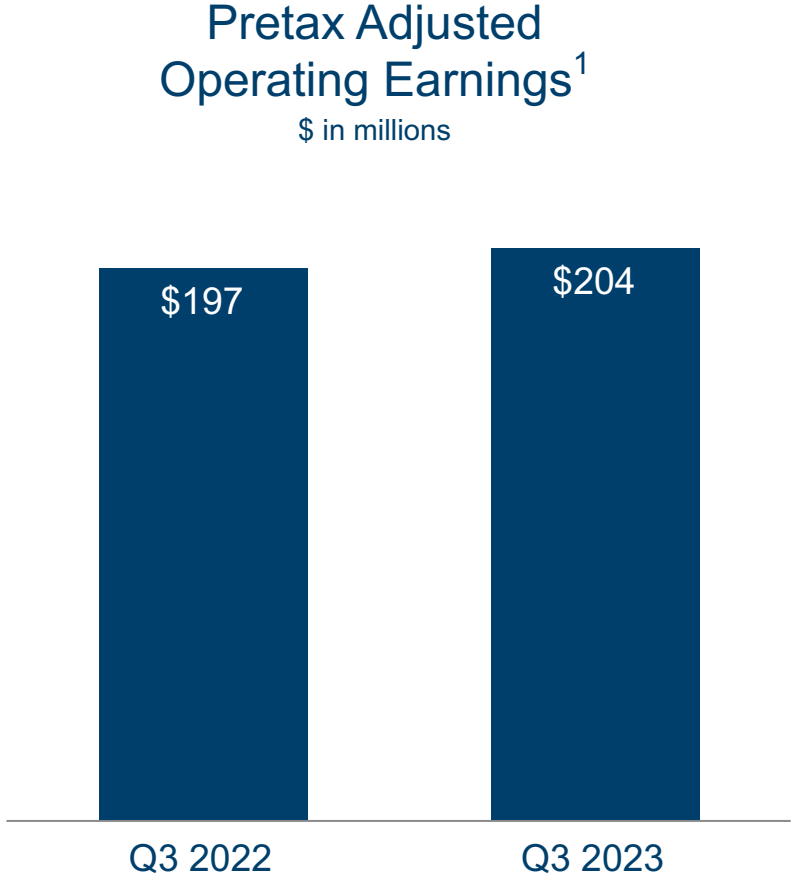
Asset Management: strong financial results in a challenging environment



- Revenue and earnings growth driven by market appreciation, higher performance fees and $7 million of favorable timing-related items, which more than offset the cumulative impact of outflows
- Fee rate remained stable at 46 bps
- Total operating expenses decreased 1%
  - Distribution expenses decreased 2% from cumulative impact of outflows partially offset by higher equity markets
  - G&A expenses decreased $1 million; excluding FX impacts, G&A was down 3% reflecting early benefits from expense management initiatives
- Net pretax adjusted operating margin was 36%, above our target range

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

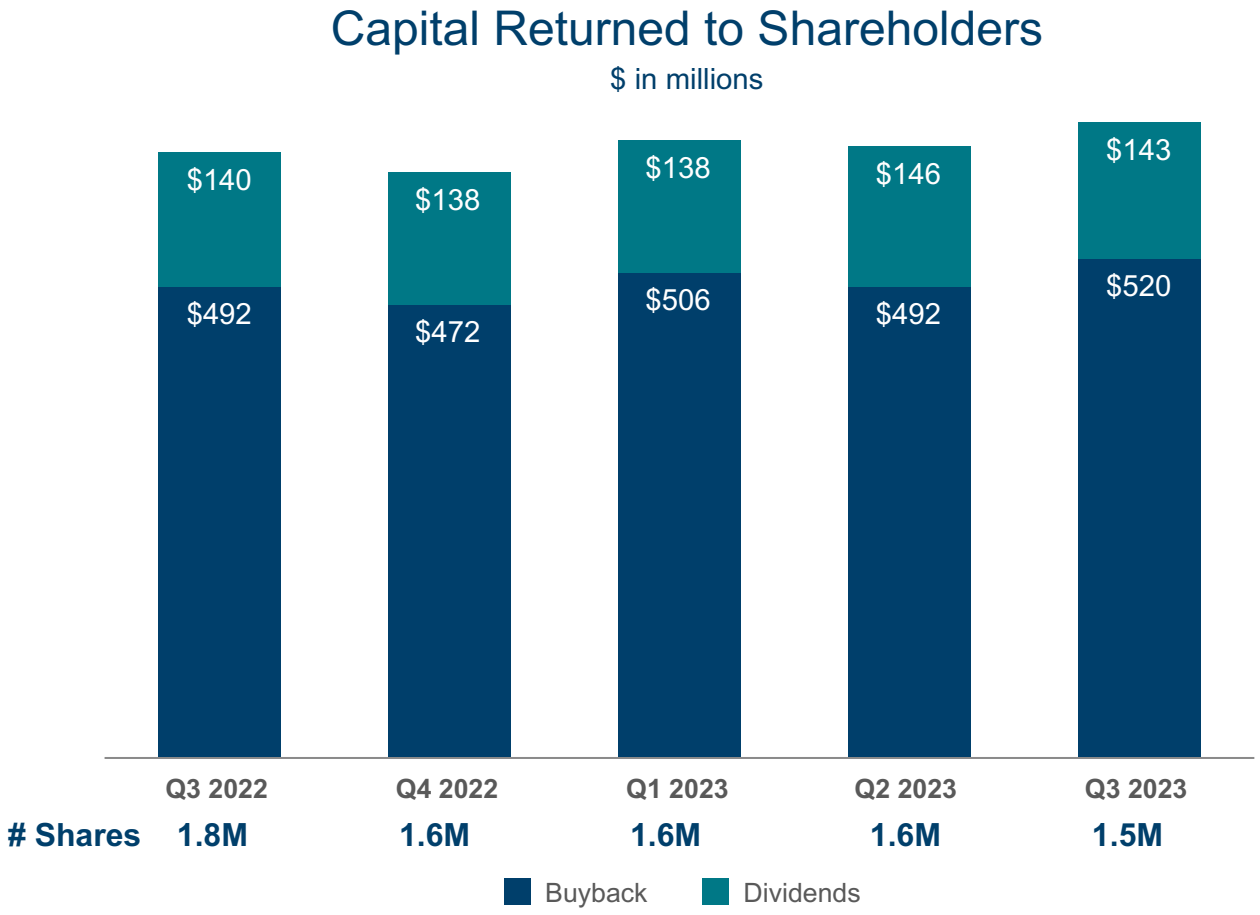


- Pretax earnings excluding unlocking were $204 million, reflecting continued solid performance with a differentiated risk profile and strong free cash flow
- Overall sales trends improved in the quarter
  - Protection sales improved 22% to $79 million with the majority of the sales in higher-margin, accumulation-focused VUL
  - VA sales increased 18% with strong momentum in our structured product and a nice pick up in our variable annuity without living benefits
- Additional investment portfolio repositioning in the quarter to enhance yield by extending duration while staying within our risk tolerances
- Business remains well capitalized and continued to generate strong free cash flow

(1) Excludes unlocking impacts related to the company's annual review of insurance and annuity valuation assumptions and model changes.

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Strong balance sheet and ~90% free cash flow generation support capital return



- Strong balance sheet fundamentals and capital management
  - Strong excess capital position of $1.4 billion
  - Holding company available liquidity of $1.9 billion
  - Diversified, AA-rated investment portfolio with limited duration match is well positioned to navigate potential stress scenarios
  - VA hedge effectiveness[1] of 94% in a volatile market environment
- Earnings contribution across business segments leads to sustainable ~90% free cash flow generation that supports consistent capital return to shareholders
- Adjusted operating return on equity of 48%
- Repurchased 1.5 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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APPENDIX: Third Quarter Supplemental LTC Materials

Annual Update

Key Observations:

- Claims performed within expectations
- Additional annual approved premium rate increases
- Increased extensive and substantial credible experience on 88% of the block
- Policy count declined over the past year to ~86,000

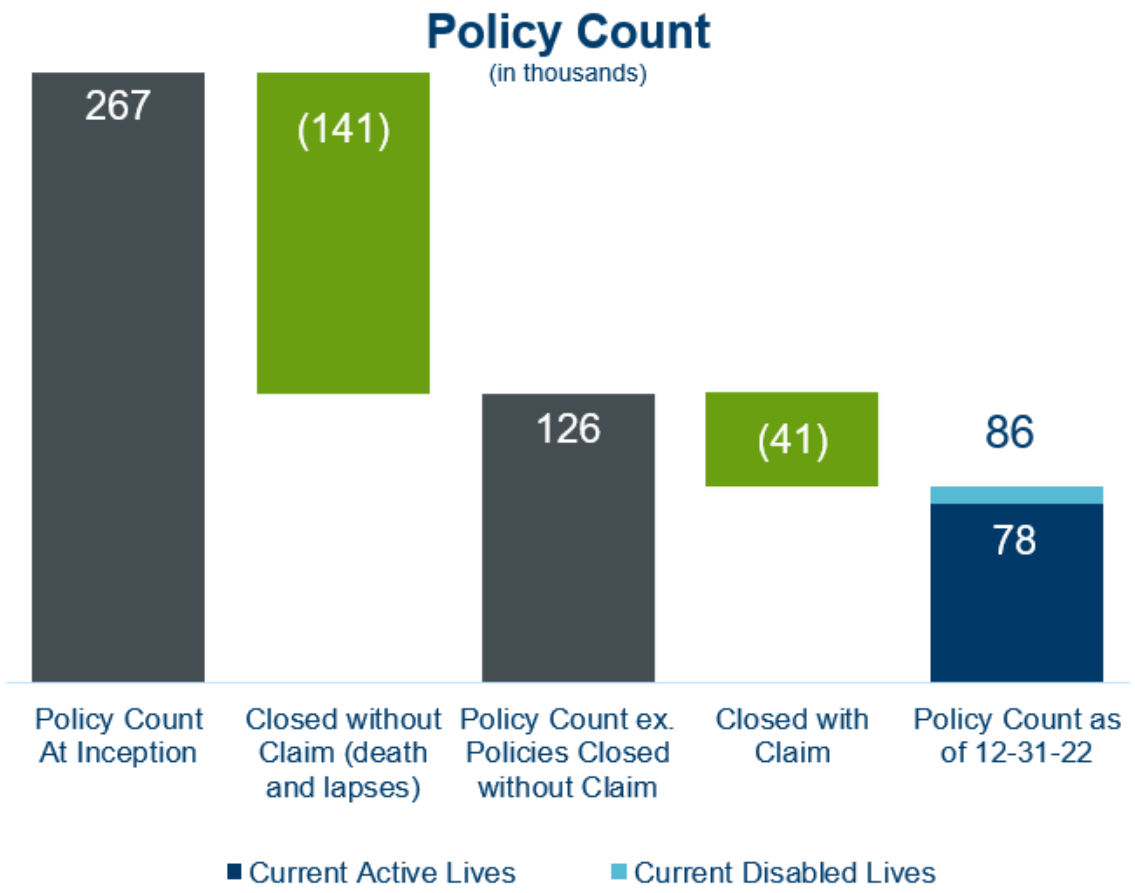
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Appendix - LTC Annual Update
Long term care block characteristics

Data as of 9-30-23	First Generation	Second Generation
Issue Years	1989-1999	1997-2002
# of Policies	36,848	44,990
Average Attained Age of ALR / DLR	84 / 89	79 / 86
% with Lifetime Benefits	54%	34%
Statutory Reserves (does not include $0.3B of asset adequacy reserves)	$1.4 billion	$1.2 billion
GAAP Reserves (net of reinsurance)	$1.3 billion	$1.2 billion
Average approved cumulative rate increases	248%	149%

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Appendix - LTC Annual Update
Extensive experience used to establish expectations for the future



- 53% of issued policies have terminated without claim
- Since 2019, 20%+ of policyholders who received rate increases have chosen to take at least one benefit reduction
- Extensive credible claims experience from 41,000 closed claims and 7,500 open claims
- Represents 38% of policy count excluding policies closed without claim
- Incorporate claims experience into management's best estimate of reserves

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Appendix - LTC Annual Update
Credible claims experience

Policy Count
86,000



Historical claims provide extensive credible experience

Distribution of Credible Claims Experience



Policy count as of 12-31-22, credibility as of 6-30-23. Credibility is measured based on attained age groupings as of the analysis date. Extensive Credible Experience reflects a 90% probability that claims are within +/- 10%. Substantial experience reflects on average a 75% probability that claims are within +/- 10%. Developing Experience primarily reflects younger issue ages where claims have not yet materialized.

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Appendix - LTC Annual Update

		GAAP Reserve Sensitivity as of 9-30-23	
	Current Assumption	Change in Assumption	Estimated Financial Impact
Morbidity	Updated annually to reflect company experience	5% change in incurred claims	–$70M to +$45M
Mortality	Updated annually to reflect company experience	5% change in mortality	–$35M to +$25M
Lapse	1%	25 bps	–$15M to +$15M
Expected Future Rate Increases	$60M	Change in success rate by 10%	–$5M to +$5M

Increased morbidity sensitivity applied to areas that are outside of credible claims experience would be only ($25) million. Opportunity for additional premium increases and benefit changes not currently reflected in reserves

- Sensitivities are calculated under the new LDTI GAAP reserving framework and are no longer symmetrical due to varying levels of premium sufficiency.
- LDTI reserves are not affected by the earned rate of the portfolio, thus the asset sensitivity has been removed from this schedule.
- The mortality definition was updated to be consistent with the morbidity sensitivity.
- Sensitivities do not have a direct impact on excess capital or statutory reserves.

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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 September 30, 2023	Quarter Ended September 30, 2022	% Better/ (Worse)	Per Diluted Share Quarter Ended September 30, 2023	Per Diluted Share Quarter Ended September 30, 2022	% Better/ (Worse)
Net income	$ 872	$ 1,061	(18)%	$ 8.14	$ 9.41	(13)%
Adjustments:						
Net realized investment gains (losses) [1]	(38)	(88)		(0.35)	(0.78)	
Market impact on non-traditional long-duration products [1]	211	405		1.96	3.60	
Mean reversion-related impacts [1]	—	(1)		—	(0.01)	
Integration/restructuring charges [1]	(12)	(11)		(0.11)	(0.10)	
Net income (loss) attributable to consolidated investment entities	—	(3)		—	(0.03)	
Tax effect of adjustments [2]	(34)	(64)		(0.32)	(0.57)	
Adjusted operating earnings	$ 745	$ 823	(9)%	$ 6.96	$ 7.30	(5)%
Annual unlocking	(78)	107		(0.73)	0.95	
Adjusted operating earnings excluding unlocking	$ 823	$ 716	15%	$ 7.68	$ 6.35	21%
Regulatory accrual	(20)	—		(0.19)	—	
Adjusted operating earnings excluding unlocking & accrual for regulatory matter	$ 843	$ 716	18%	$ 7.87	$ 6.35	24%
Weighted average common shares outstanding:						
Basic	104.9	110.5				
Diluted	107.1	112.7				

[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 September 30, 2023	Quarter Ended September 30, 2022	% Better/ (Worse)
Total net revenues	$ 3,925	$ 3,484	13%
Adjustments:			
Net realized investment gains (losses)	(38)	(88)	
Market impact on non-traditional long-duration products	3	(1)	
Mean Reversion related impacts	—	—	
CIEs revenue	45	31	
Adjusted operating total net revenues	$ 3,915	$ 3,542	11%
Annual unlocking	1	(1)	
Adjusted operating total net revenues excluding unlocking	$ 3,914	$ 3,543	10%
Total expenses	$ 2,808	$ 2,149	(31)%
Adjustments:			
CIEs expenses	45	34	
Integration/restructuring charges	12	11	
Market impact on non-traditional long-duration products	(208)	(406)	
Mean reversion-related impacts	—	1	
Adjusted operating expenses	$ 2,959	$ 2,509	(18)%
Annual unlocking	100	(136)	
Adjusted Operating expenses excluding unlocking	$ 2,859	$ 2,645	(8)%
Accrual for regulatory matter	20	—	
Adjusted Operating expenses excluding unlocking & accrual for regulatory matter	$ 2,839	$ 2,645	(7)%
Pretax income	$ 1,117	$ 1,335	
Pretax adjusted operating earnings	$ 956	$ 1,033	
Pretax adjusted operating earnings excluding unlocking	$ 1,055	$ 898	17%
Pretax adjusted operating earnings excluding unlocking & accrual for regulatory matter	$ 1,075	$ 898	20%
Pretax income margin	28.5 %	38.3 %	
Pretax adjusted operating margin	24.4 %	29.2 %	
Pretax adjusted operating margin excluding unlocking	27.0 %	25.3 %	
Pretax adjusted operating margin excluding unlocking & accrual for regulatory matter	27.5 %	25.3 %	

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Reconciliation tables

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

(in millions, unaudited)	Twelve Months Ended September 30, 2023	2022
Net income	$ 2,828	$ 3,200
Less: Adjustments [1]	(254)	332
Adjusted operating earnings	3,082	2,868
Less: Annual unlocking [2]	(78)	107
Adjusted operating earnings excluding unlocking	3,160	2,761
Less: Regulatory accrual	(20)	—
Adjusted operating earnings excluding unlocking and accrual for regulatory matter	$ 3,180	$ 2,761
Total Ameriprise Financial, Inc. shareholders' equity	$ 3,894	$ 4,367
Less: Accumulated other comprehensive income, net of tax	(2,477)	(1,383)
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	6,371	5,750
Less: Equity impacts attributable to the consolidated investment entities	(3)	1
Adjusted operating equity	$ 6,374	$ 5,749
Return on equity excluding AOCI	44.4 %	55.7 %
Adjusted operating return on equity excluding AOCI [3]	48.4 %	49.9 %
Adjusted operating return on equity excluding AOCI and unlocking [3]	49.6 %	48.0 %
Adjusted operating return on equity excluding AOCI, unlocking and accrual for regulatory matter [3]	49.9 %	48.0 %

[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] After-tax is calculated using the statutory tax rate of 21%.

[3] 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

Ameriprise General and Administrative Expense

(in millions, unaudited)	Quarter Ended September 30, 2023	Quarter Ended September 30, 2022	% Better/ (Worse)
Total G&A Expense	$ 938	$ 904	(4)%
Less: Regulatory accrual	20	—	
Total G&A Expense excluding accrual for regulatory matter	$ 918	$ 904	(2)%

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Reconciliation tables

Advice & Wealth Management Operating Margin

(in millions, unaudited)	Quarter Ended September 30, 2023	2022	% Better/ (Worse)
Adjusted operating net revenues	$ 2,407	$ 2,137	13%
Adjusted operating expenses	1,678	1,542	(9)%
Less: Regulatory accrual	20	—	
Adjusted operating expenses excluding accrual for regulatory matter	1,658	1,542	(8)%
Pretax adjusted operating earnings	$ 729	$ 595	23%
Pretax adjusted operating earnings excluding accrual for regulatory matter	$ 749	$ 595	26%
Pretax adjusted operating margin	30.3 %	27.8 %	250bps
Pretax adjusted operating margin excluding accrual for regulatory matter	31.1 %	27.8 %	330bps

Advice & Wealth Management General and Administrative Expense

(in millions, unaudited)	Quarter Ended September 30, 2023	2022	% Better/ (Worse)
Total G&A Expense	$ 419	$ 390	(7)%
Less: Regulatory accrual	20	—	
Total G&A Expense excluding accrual for regulatory matter	$ 399	$ 390	(2)%

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Reconciliation tables

Asset Management Net Pretax Adjusted Operating Margin

(in millions, unaudited)	3 Qtr 2023
Adjusted operating total net revenues	$ 826
Distribution pass through revenues	(186)
Subadvisory and other pass through revenues	(96)
Net adjusted operating revenues	$ 544
Pretax adjusted operating earnings	$ 199
Adjusted operating net investment income	(10)
Amortization of intangibles	5
Net adjusted operating earnings	$ 194
Pretax adjusted operating margin	24.1 %
Net pretax adjusted operating margin [1]	35.7 %

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

Asset Management General and Administrative Expense

(in millions, unaudited)	Quarter Ended September 30, 2023	2022	% Better/ (Worse)
Total G&A Expense	$ 390	$ 391	-
Less: Impact of foreign exchange translation	12	—	
Total G&A Expense excluding impact of foreign exchange translation	$ 378	$ 391	3%

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