

AMERIPRISE FINANCIAL INC
Form 10-Q
May 05, 2014

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, 2014

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

55474

(Address of principal executive offices)

(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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller reporting company

(Do not check if a smaller reporting company)

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 21, 2014

Common Stock (par value \$.01 per share)

189,879,504 shares

AMERIPRISE FINANCIAL, INC.

FORM 10-Q

INDEX

<u>Part I.</u>	<u>Financial Information:</u>	
	<u>Item 1.</u>	<u>Financial Statements</u>
		Consolidated Statements of Operations — Three months ended March 31, 2014 and 2013 <u>3</u>
		Consolidated Statements of Comprehensive Income — Three months ended March 31, 2014 and 2013 <u>4</u>
		Consolidated Balance Sheets — March 31, 2014 and December 31, 2013 <u>5</u>
		Consolidated Statements of Equity — Three months ended March 31, 2014 and 2013 <u>6</u>
		Consolidated Statements of Cash Flows — Three months ended March 31, 2014 and 2013 <u>7</u>
		<u>Notes to Consolidated Financial Statements</u> <u>9</u>
	<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> <u>50</u>
	<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u> <u>78</u>
	<u>Item 4.</u>	<u>Controls and Procedures</u> <u>78</u>
<u>Part II.</u>	<u>Other Information:</u>	
	<u>Item 1.</u>	<u>Legal Proceedings</u> <u>79</u>
	<u>Item 1A.</u>	<u>Risk Factors</u> <u>79</u>
	<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> <u>79</u>
	<u>Item 6.</u>	<u>Exhibits</u> <u>79</u>
		<u>Signatures</u> <u>80</u>
		<u>Exhibit Index</u> <u>E-1</u>

AMERIPRISE FINANCIAL, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in millions, except per share amounts)

	Three Months Ended March 31,		
	2014	2013	
Revenues			
Management and financial advice fees	\$1,386	\$1,244	
Distribution fees	476	434	
Net investment income	471	489	
Premiums	330	310	
Other revenues	340	222	
Total revenues	3,003	2,699	
Banking and deposit interest expense	7	8	
Total net revenues	2,996	2,691	
Expenses			
Distribution expenses	786	698	
Interest credited to fixed accounts	186	198	
Benefits, claims, losses and settlement expenses	450	409	
Amortization of deferred acquisition costs	87	75	
Interest and debt expense	79	66	
General and administrative expense	758	758	
Total expenses	2,346	2,204	
Income from continuing operations before income tax provision	650	487	
Income tax provision	134	121	
Income from continuing operations	516	366	
Loss from discontinued operations, net of tax	(1) (1)
Net income	515	365	
Less: Net income attributable to noncontrolling interests	115	30	
Net income attributable to Ameriprise Financial	\$400	\$335	
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders			
Basic			
Income from continuing operations	\$2.05	\$1.61	
Loss from discontinued operations	—	—	
Net income	\$2.05	\$1.61	
Diluted			
Income from continuing operations	\$2.01	\$1.58	
Loss from discontinued operations	—	—	
Net income	\$2.01	\$1.58	
Cash dividends declared per common share	\$0.52	\$0.45	
Supplemental Disclosures:			
Total other-than-temporary impairment losses on securities	\$(1) \$(1)
Portion of loss recognized in other comprehensive income (loss) (before taxes)	—	(2)
Net impairment losses recognized in net investment income	\$(1) \$(3)
See Notes to Consolidated Financial Statements.			

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in millions)

	Three Months Ended March 31,	
	2014	2013
Net income	\$515	\$365
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	15	(73)
Net unrealized gains (losses) on securities:		
Net unrealized securities gains (losses) arising during the period	239	(141)
Reclassification of net securities gains included in net income	(3)	(1)
Impact on deferred acquisition costs, deferred sales inducement costs, benefit reserves and reinsurance recoverables	(91)	64
Total net unrealized gains (losses) on securities	145	(78)
Total other comprehensive income (loss), net of tax	160	(151)
Total comprehensive income	675	214
Less: Comprehensive income (loss) attributable to noncontrolling interests	124	(11)
Comprehensive income attributable to Ameriprise Financial	\$551	\$225
See Notes to Consolidated Financial Statements.		

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)

	March 31, 2014 (unaudited)	December 31, 2013
Assets		
Cash and cash equivalents	\$2,403	\$2,632
Cash of consolidated investment entities	496	419
Investments	35,906	35,735
Investments of consolidated investment entities, at fair value	5,397	5,002
Separate account assets	81,872	81,223
Receivables	4,639	4,538
Receivables of consolidated investment entities (includes \$36 and \$32, respectively, at fair value)	75	72
Deferred acquisition costs	2,630	2,663
Restricted and segregated cash and investments	2,391	2,360
Other assets	8,160	7,983
Other assets of consolidated investment entities, at fair value	1,995	1,949
Total assets	\$145,964	\$144,576
Liabilities and Equity		
Liabilities:		
Policyholder account balances, future policy benefits and claims	\$29,625	\$29,620
Separate account liabilities	81,872	81,223
Customer deposits	7,211	7,062
Short-term borrowings	300	500
Long-term debt	2,719	2,720
Debt of consolidated investment entities (includes \$5,225 and \$4,804, respectively, at fair value)	6,147	5,736
Accounts payable and accrued expenses	1,187	1,367
Accounts payable and accrued expenses of consolidated investment entities	41	62
Other liabilities	7,143	6,829
Other liabilities of consolidated investment entities (includes \$238 and \$193, respectively, at fair value)	274	225
Total liabilities	136,519	135,344
Equity:		
Ameriprise Financial, Inc.:		
Common shares (\$.01 par value; shares authorized, 1,250,000,000; shares issued, 318,408,621 and 316,816,851, respectively)	3	3
Additional paid-in capital	7,046	6,929
Retained earnings	7,582	7,289
Appropriated retained earnings of consolidated investment entities	356	337
Treasury shares, at cost (127,847,137 and 124,698,544 shares, respectively)	(7,389)	(6,961)
Accumulated other comprehensive income, net of tax	746	595
Total Ameriprise Financial, Inc. shareholders' equity	8,344	8,192
Noncontrolling interests	1,101	1,040
Total equity	9,445	9,232
Total liabilities and equity	\$145,964	\$144,576

See Notes to Consolidated Financial Statements.

5

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

(in millions, except share data)

Ameriprise Financial, Inc.

	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Appropriated Retained Earnings of Consolidated Investment Entities	Treasury Shares	Other Comprehensive Income	Total Ameriprise Financial, Inc Shareholders' Equity	Non-controlling Interests	Total
Balances at January 1, 2013	203,942,994	\$ 3	\$ 6,503	\$ 6,381	\$ 336	\$(5,325)	\$ 1,194	\$ 9,092	\$ 620	\$ 9,712
Comprehensive income (loss):										
Net income	—	—	—	335	—	—	—	335	30	365
Other comprehensive loss, net of tax	—	—	—	—	—	—	(110)	(110)	(41)	(151)
Total comprehensive income (loss)								225	(11)	214
Net income reclassified to appropriated retained earnings	—	—	—	—	25	—	—	25	(25)	—
Dividends to shareholders	—	—	—	(94)	—	—	—	(94)	—	(94)
Noncontrolling interests investments in subsidiaries	—	—	—	—	—	—	—	—	76	76
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(9)	(9)
Repurchase of common shares	(6,855,689)	—	—	—	—	(471)	—	(471)	—	(471)
Share-based compensation plans	5,378,793	—	89	(5)	—	99	—	183	6	189
Balances at March 31, 2013	202,466,098	\$ 3	\$ 6,592	\$ 6,617	\$ 361	\$(5,697)	\$ 1,084	\$ 8,960	\$ 657	\$ 9,617
Balances at January 1, 2014	192,118,307	\$ 3	\$ 6,929	\$ 7,289	\$ 337	\$(6,961)	\$ 595	\$ 8,192	\$ 1,040	\$ 9,232
Comprehensive income:										
Net income	—	—	—	400	—	—	—	400	115	515
Other comprehensive income, net of tax	—	—	—	—	—	—	151	151	9	160
Total comprehensive income								551	124	675

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Net income reclassified to appropriated retained earnings	—	—	—	—	19	—	—	19	(19))	—
Dividends to shareholders	—	—	—	(103))	—	—	(103))	—	(103)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(49)	)	(49)
Repurchase of common shares	(4,706,057)	)	—	—	—	—	(516)	)	—	—	(516)
Share-based compensation plans	3,149,234	—	117	(4)	)	—	88	—	201	5	206
Balances at March 31, 2014	190,561,484	\$ 3	\$ 7,046	\$ 7,582	\$ 356	\$ (7,389)	\$ 746	\$ 8,344	\$ 1,101	\$ 9,445	

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

	Three Months Ended March 31,	
	2014	2013
Cash Flows from Operating Activities		
Net income	\$515	\$365
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation, amortization and accretion, net	63	58
Deferred income tax expense (benefit)	(37	) 41
Share-based compensation	30	33
Net realized investment gains	(6	) (4
Net trading gains	(2) —
Loss (income) from equity method investments	3	(1
Other-than-temporary impairments and provision for loan losses	1	3
Net gains of consolidated investment entities	(101	) (26
Changes in operating assets and liabilities:		
Restricted and segregated cash and investments	(31	) 264
Deferred acquisition costs	8	(3
Other investments, net	—	(6
Policyholder account balances, future policy benefits and claims, net	121	(557
Derivatives, net of collateral	(85	) 279
Receivables	(144	) (52
Brokerage deposits	60	(227
Accounts payable and accrued expenses	(183	) (193
Cash held by consolidated investment entities	(72	) (302
Investment properties of consolidated investment entities	49	(45
Other operating assets and liabilities of consolidated investment entities, net	(14	) (62
Other, net	259	(31
Net cash provided by (used in) operating activities	434	(466
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	161	169
Maturities, sinking fund payments and calls	1,104	1,249
Purchases	(1,029	) (1,187
Proceeds from maturities and repayments of mortgage loans	140	186
Funding of mortgage loans	(124	) (152
Proceeds from sales and collections of other investments	57	67
Purchase of other investments	(111	) (86
Purchase of investments by consolidated investment entities	(742	) (531
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	418	690
Purchase of land, buildings, equipment and software	(20	) (14
Other, net	1	(2
Net cash provided by (used in) investing activities	(145	) 389
See Notes to Consolidated Financial Statements.		

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)
(in millions)

	Three Months Ended	
	March 31,	
	2014	2013
Cash Flows from Financing Activities		
Investment certificates:		
Proceeds from additions	\$617	