



Third Quarter 2021 Earnings Call Presentation

PRINCIPAL FINANCIAL GROUP

October 27, 2021

Use of non-GAAP financial measures

A non-GAAP financial measure is a numerical measure of performance, financial position, or cash flow that includes adjustments from a comparable financial measure presented in accordance with U.S. GAAP.

The company uses a number of non-GAAP financial measures management believes are useful to investors because they illustrate the performance of the company's normal, ongoing operations which is important in understanding and evaluating the company's financial condition and results of operations. While such measures are also consistent with measures utilized by investors to evaluate performance, they are not, however, a substitute for U.S. GAAP financial measures. Therefore, the company has provided reconciliations of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure within the slides. The company adjusts U.S. GAAP financial measures for items not directly related to ongoing operations. However, it is possible these adjusting items have occurred in the past and could recur in future reporting periods. Management also uses non-GAAP financial measures for goal setting, as a basis for determining employee and senior management awards and compensation and evaluating performance on a basis comparable to that used by investors and securities analysts.

The company also uses a variety of other operational measures that do not have U.S. GAAP counterparts, and therefore do not fit the definition of non-GAAP financial measures. Assets under management is an example of an operational measure that is not considered a non-GAAP financial measure.

Forward looking statements

Certain statements made by the company which are not historical facts may be considered forward-looking statements, including, without limitation, statements as to non-GAAP operating earnings, net income attributable to PFG, net cash flow, realized and unrealized gains and losses, capital and liquidity positions, sales and earnings trends, and management's beliefs, expectations, goals and opinions. The company does not undertake to update these statements, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Future events and their effects on the company may not be those anticipated, and actual results may differ materially from the results anticipated in these forward-looking statements. The risks, uncertainties and factors that could cause or contribute to such material differences are discussed in the company's annual report on Form 10-K for the year ended Dec. 31, 2020, and in the company's quarterly report on Form 10-Q for the quarter ended Jun. 30, 2021, filed by the company with the U.S. Securities and Exchange Commission, as updated or supplemented from time to time in subsequent filings. These risks and uncertainties include, without limitation: adverse capital and credit market conditions may significantly affect the company's ability to meet liquidity needs, access to capital and cost of capital; conditions in the global capital markets and the economy generally; volatility or declines in the equity, bond or real estate markets; changes in interest rates or credit spreads or a sustained low interest rate environment; the elimination of the London Inter-Bank Offered Rate ("LIBOR"); the company's investment portfolio is subject to several risks that may diminish the value of its invested assets and the investment returns credited to customers; the company's valuation of investments and the determination of the amount of allowances and impairments taken on such investments may include methodologies, estimations and assumptions that are subject to differing interpretations; any impairments of or valuation allowances against the company's deferred tax assets; the company's actual experience for insurance and annuity products could differ significantly from its pricing and reserving assumptions; the pattern of amortizing the company's DAC asset and other actuarial balances on its universal life-type insurance contracts, participating life insurance policies and certain investment contracts may change; changes in laws, regulations or accounting standards; the company may not be able to protect its intellectual property and may be subject to infringement claims; the company's ability to pay stockholder dividends and meet its obligations may be constrained by the limitations on dividends Iowa insurance laws impose on Principal Life; litigation and regulatory investigations; from time to time the company may become subject to tax audits, tax litigation or similar proceedings, and as a result it may owe additional taxes, interest and penalties in amounts that may be material; applicable laws and the company's certificate of incorporation and by-laws may discourage takeovers and business combinations that some stockholders might consider in their best interests; competition, including from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance; technological and societal changes may disrupt the company's business model and impair its ability to retain existing customers, attract new customers and maintain its profitability; damage to the company's reputation; a downgrade in the company's financial strength or credit ratings; client terminations, withdrawals or changes in investor preferences; the company's hedging or risk management strategies prove ineffective or insufficient; inability to attract, develop and retain qualified employees and sales representatives and develop new distribution sources; an interruption in information technology, infrastructure or other internal or external systems used for business operations, or a failure to maintain the confidentiality, integrity or availability of data residing on such systems; international business risks including changes to mandatory pension schemes; risks arising from participation in joint ventures; the company may need to fund deficiencies in its "Closed Block" assets; a pandemic, terrorist attack, military action or other catastrophic event; the ongoing COVID-19 pandemic and the resulting financial market impacts; the company's reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; risks related to the company's acquisition of Wells Fargo Bank, N.A.'s IRT business; loss of key vendor relationships or failure of a vendor to protect information of our customers or employees; the company's enterprise risk management framework may not be fully effective in identifying or mitigating all of the risks to which the company is exposed; and global climate change.

Financial target update

EPS¹ annual growth

9-12%

ROE² target

15%+

Free capital conversion

70-80%

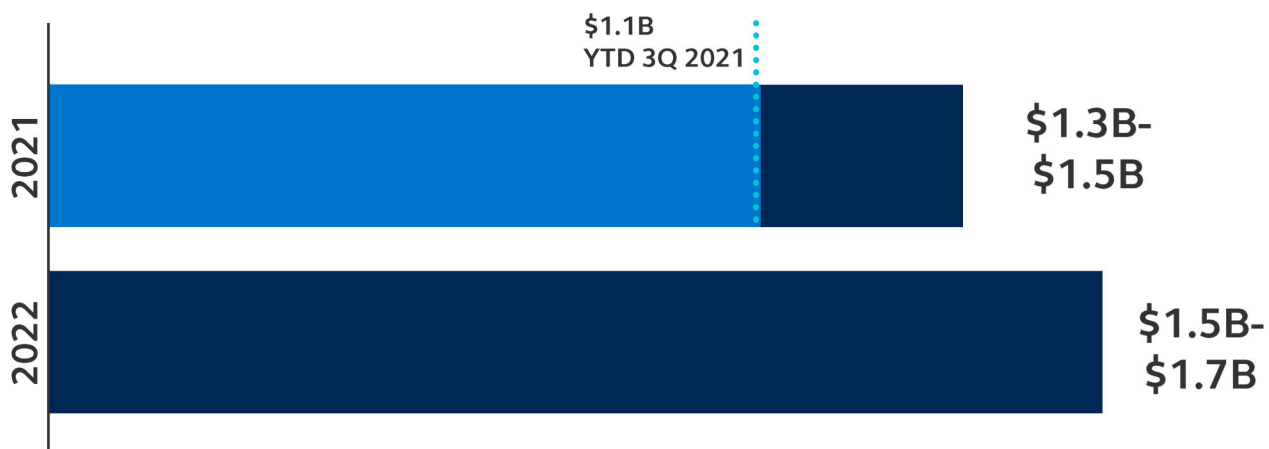
Capital deployment

\$3.0B

Excludes proceeds from any potential transactions

RETURN \$3B OF CAPITAL TO SHAREHOLDERS BETWEEN 2021-2022

● Completed ● Remaining



	Reported	Excluding significant variances
EPS ^{1,3} growth	+31%	+12%
Return on equity ²	13.9%	13.8%

REMAIN COMMITTED TO TARGETS FROM 2021 OUTLOOK CALL

\$1.4 - \$1.8B of external deployments, including

- \$600M - \$800M of share repurchases
- 40% targeted dividend payout ratio

1 Non-GAAP operating earnings per diluted share

2 Non-GAAP return on equity, excluding AOCI other than foreign currency translation adjustment

3 Trailing twelve months as of 09/30/2021

3Q 2021 financial highlights

3Q 2021 OPERATING EARNINGS AND EPS

Reported non-GAAP operating earnings¹

\$458M

Reported non-GAAP operating earnings per diluted share¹ (EPS)

\$1.69

Impact of significant variances to non-GAAP operating earnings²

\$14M after-tax (\$18M pre-tax)

Impact of significant variances to non-GAAP EPS²

\$0.05

Non-GAAP operating earnings, excluding significant variances (xSV)

\$444M (+7% vs. 3Q 2020)

Non-GAAP EPS, xSV

\$1.64 (+9% vs. 3Q 2020)

INCREASE IN COMMON STOCK DIVIDEND

Announced

\$0.64 common stock dividend

payable in 4Q 2021; \$0.08 increase (+14%) over 4Q 2020

CAPITAL & LIQUIDITY

Excess and available capital

\$2.5B

3Q 2021 capital deployments

\$371M \$168M of common stock dividends and \$203M of share repurchases

AUM & NCF

Total company AUM

\$981B Includes \$688B of PFG managed AUM and record \$535B PGI managed AUM

Total company net cash flow

+\$4.6B

includes \$3.5B of PFG managed net cash flow

RETURN ON EQUITY³

13.9% reported (13.8% xSV)

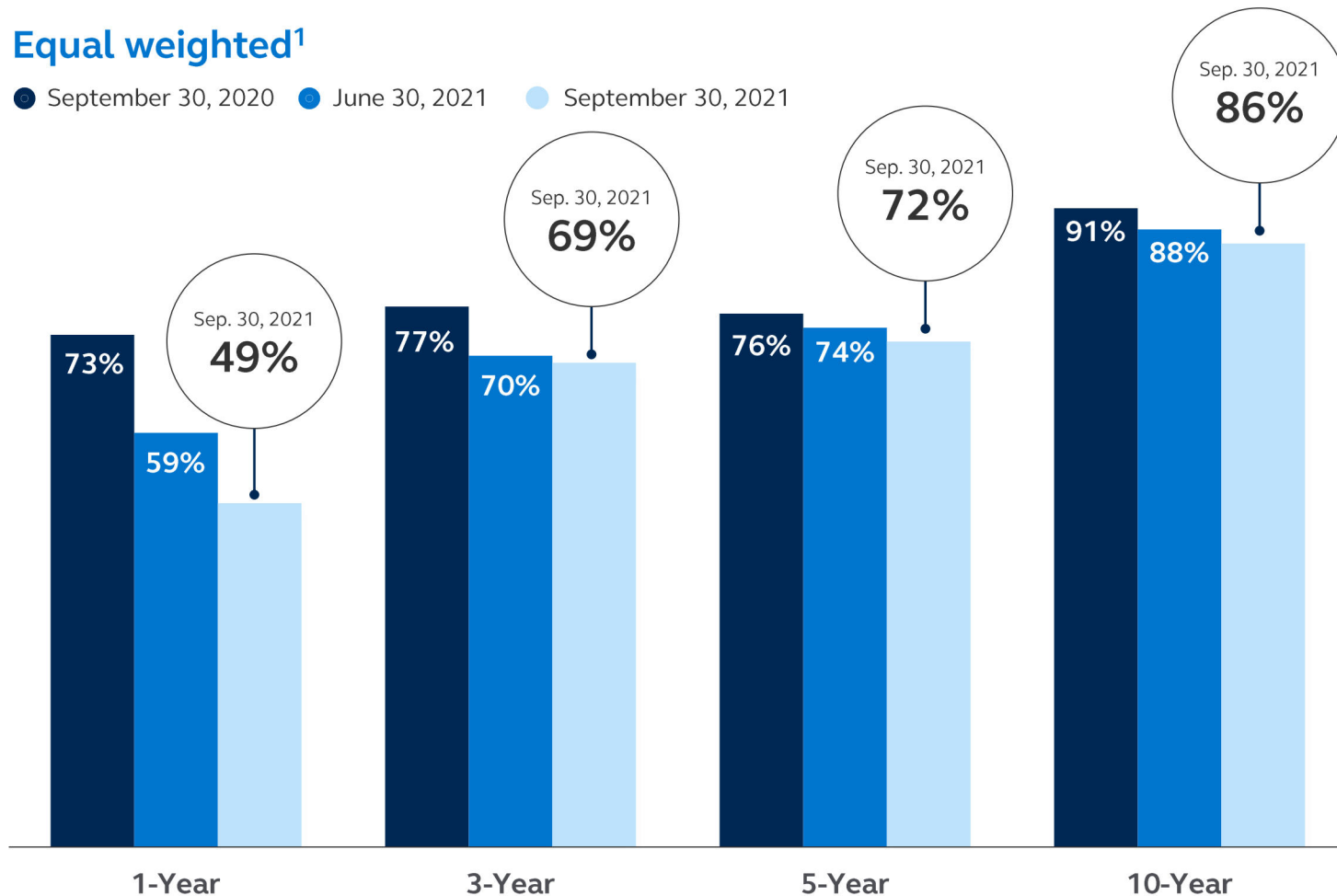
+300 bps from 4Q 2020

Driven by increased operating earnings and higher capital deployments

Investment performance

Equal weighted¹

● September 30, 2020
 ● June 30, 2021
 ● September 30, 2021



ASSET WEIGHTED²

73%

of rated fund AUM has a 4 or 5 star rating from Morningstar

1 Percentage of Principal actively managed mutual funds, exchange traded funds (ETFs), insurance separate accounts, and collective investment trusts (CITs) in the top two Morningstar quartiles. Excludes Money Market, Stable Value, Liability Driven Investment (Short, Intermediate and Extended Duration), Hedge Fund Separate Account, & U.S. Property Separate Account.

2 Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (88 total, 81 are ranked).

Launched inaugural \$600M sustainability bond¹

Committed to advancing our ESG practices and initiatives



Proceeds to support diverse mix of eligible **green** and **social** initiatives

- green buildings
- renewable energy
- energy efficiency
- sustainable water practices
- clean transportation
- pollution prevention and control
- access to health and education
- affordable housing
- socioeconomic advancement

Under the terms of Principal's Sustainable Financing Framework², use of bond proceeds aligns with the firm's corporate responsibility commitments and matures in 2026.

 Bond included in Bloomberg MSCI Green Bond Index

¹ Funding agreement-backed note.

² The Principal Sustainable Financing Framework addresses the four core components of the International Capital Markets Association (ICMA) Green Bond Principles 2021, Social Bond Principles 2021, Sustainability Bond Guidelines 2021, Green Loan Principles 2021, and Social Loan Principles 2021 and their recommendations of use of external reviews and impact reporting. This Framework will help guide future Principal Sustainable Financing.

3Q 2021 significant variances

Business unit impacts of significant variances (in millions)

Business unit	Variable investment income	Actuarial assumption review	COVID-19 claims	IRT integration	Encaje	Total significant variances
RIS-Fee	-	\$(67.3)	-	\$(10.0)	-	\$(77.3)
RIS-Spread	\$67.3	-	\$8.7	-	-	\$76.0
Principal International	\$10.7	-	-	-	\$(5.6)	\$5.1
Specialty Benefits	\$1.9	\$2.5	\$(19.9)	-	-	\$(15.5)
Individual Life	\$14.6	\$32.1	\$(13.3)	-	-	\$33.4
Corporate	\$(4.0)	-	-	-	-	\$(4.0)
Total pre-tax impact	\$90.5	\$(32.7)	\$(24.5)	\$(10.0)	\$(5.6)	\$17.7
Total after-tax impact	\$70.9	\$(25.8)	\$(19.4)	\$(7.3)	\$(4.1)	\$14.3
EPS impact	\$0.26	\$(0.09)	\$(0.07)	\$(0.03)	\$(0.02)	\$0.05

Position of financial strength

\$3.2B

Total company available cash and liquid assets

- \$800M revolving credit facilities available
- Manage liquidity to meet business unit liabilities in cash (i.e. GIC/MTN maturities)

\$2.5B

Excess and available capital

- \$1.8B capital at Hold Co. (\$1.0B above target of \$800M to cover 12 months of obligations)
- \$190M excess above 400% RBC ratio
- \$490M excess cash at subsidiaries
- Have access to an off-balance sheet contingent capital facility with approximately \$875M market value

412%

Estimated RBC ratio

- Plan to reduce RBC to targeted 400% by year end 2021

23.2%

Low debt to capital ratio¹

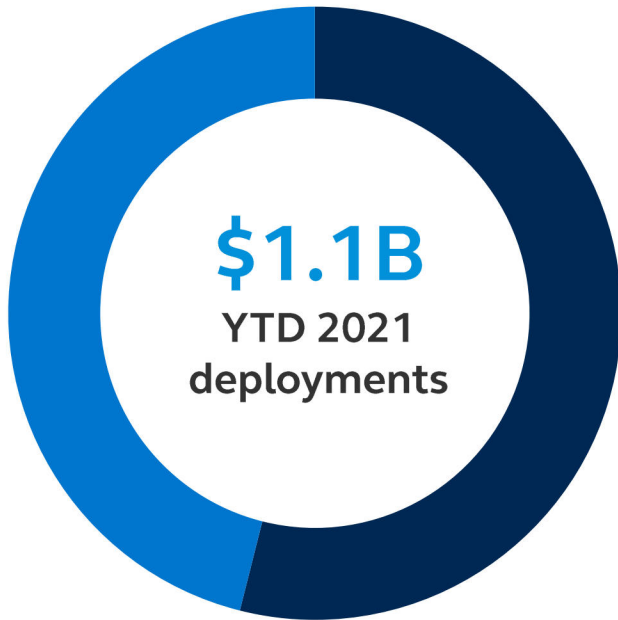
- Plan to pay down \$300M of long-term debt when it matures in 3Q 2022

As of 9/30/2021

¹ This is a non-GAAP financial measure. Debt to capital ratio excludes AOCI.

2021 capital deployments

On track to deploy \$1.4B - \$1.8B in 2021



- **\$569M**

Share repurchases

\$100M - 1Q21

\$266M - 2Q21

\$203M - 3Q21

- **\$486M**

Common stock dividends paid

\$152M - 1Q21 (\$0.56)

\$165M - 2Q21 (\$0.61)

\$168M - 3Q21 (\$0.63)

4Q21 COMMON STOCK DIVIDEND

\$0.64 per share

8-cent (14%) increase over 4Q20

PLAN TO RETURN ~\$3B OF CAPITAL TO SHAREHOLDERS BETWEEN 2021-2022:

Excludes proceeds from any potential transactions

\$1.4B - \$1.8B

of share repurchases

\$1.3B - \$1.4B

in common
stock dividends

\$1.4B

remaining on
current repurchase
authorizations

Retirement and Income Solutions – Fee (RIS – Fee)

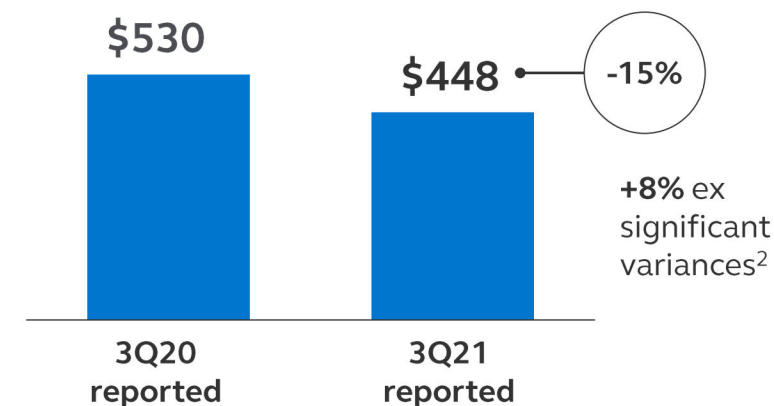
HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ was flat as higher net revenue was offset by higher operating expenses
- Net revenue excluding significant variances¹ increased due to favorable equity markets and growth in the business
- Recurring deposits increased 67% from 3Q20 including the impacts from the IRT migration and increased 20% due to growth in the legacy block

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
3Q21	\$45.9	+\$77.3	\$123.2
3Q20	\$134.7	-\$11.8	\$122.9
Change	-\$88.8 (-66%)		+\$0.3 (0%)

Net revenue (\$M)

Quarterly basis



Trailing twelve month basis²

6%

change in net revenue

24%

pre-tax return on net revenue

¹ Impact of actuarial assumption review from variable annuity block and IRT integration costs in 3Q21; impact of actuarial assumption review, IRT integration costs, and COVID-19 related fee waivers in 3Q20.

² Excludes impacts of actuarial assumption reviews and other significant variances.

Retirement and Income Solutions – Spread (RIS – Spread)

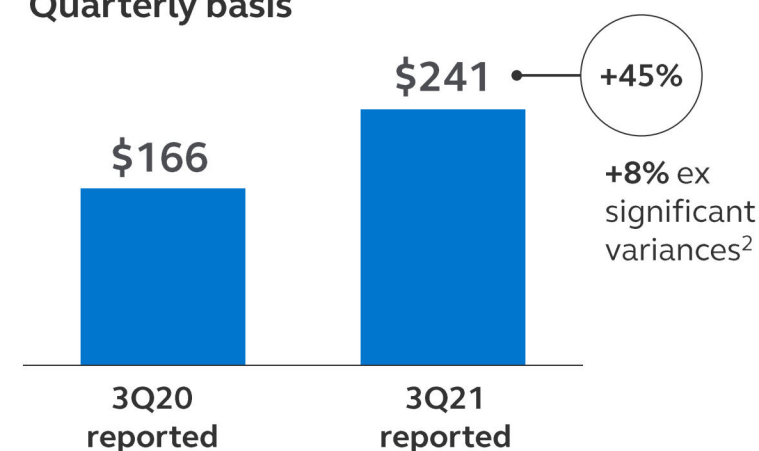
HIGHLIGHTS

- Pre-tax operating earnings and quarterly net revenue excluding significant variances¹ increased due to growth in the business and favorable experience gains
- Quarterly sales of \$2.2B included \$1.4B MTN and GIC issuances and \$0.5B of PRT sales

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
3Q21	\$197.3	-\$76.0	\$121.3
3Q20	\$146.4	-\$38.3	\$108.1
Change	+\$50.9 (+35%)		+\$13.2 (+12%)

Net revenue (\$M)

Quarterly basis



Trailing twelve month basis²

+7%

change in net revenue

72%

pre-tax return on net revenue

¹ Impact of higher than expected VII and favorable COVID-19 related mortality in 3Q21; impact of actuarial assumption review and favorable COVID-19 related mortality in 3Q20.

² Excludes impacts of actuarial assumption reviews and other significant variances.

Principal Global Investors (PGI)

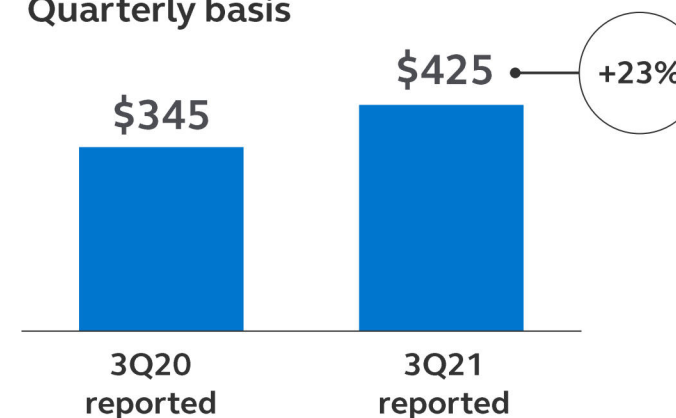
HIGHLIGHTS

- Pre-tax operating earnings increased primarily due to higher management fees from increased AUM, higher performance fees, and higher transaction and borrower fees
- 3Q21 pre-tax return margin of 45% due to higher operating revenues and expense management
- Record managed AUM of \$535B and record sourced AUM of \$265B, capturing \$1.9B sourced net cash flow

	Reported pre-tax operating earnings (\$M)
3Q21	\$190.1
3Q20	\$140.9
Change	+\$49.2 (+35%)

Operating revenues less pass-through expenses¹ (\$M)

Quarterly basis



Trailing twelve month basis

14%

change in operating
revenues less pass-
through expenses

42%

pre-tax return on
operating revenues
less pass-through
expenses

Principal International

HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ were flat as growth in Asia was offset by a slight decrease in Latin America
- AUM of \$156B increased 6% compared to prior year quarter, not including China AUM of \$158B
- Net cash flow of \$0.4B, improving from flat net cash flow in 2Q21

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
3Q21	\$81.0	-\$5.1	\$75.9
3Q20	\$58.7	+\$17.4	\$76.1
Change	+\$22.3 (+38%)		-\$0.2 (0%)

¹ Impacts of higher than expected VII and lower than expected encaje performance in 3Q21; impact of actuarial assumption review, lower than expected VII, lower than expected encaje performance and inflation in 3Q20.

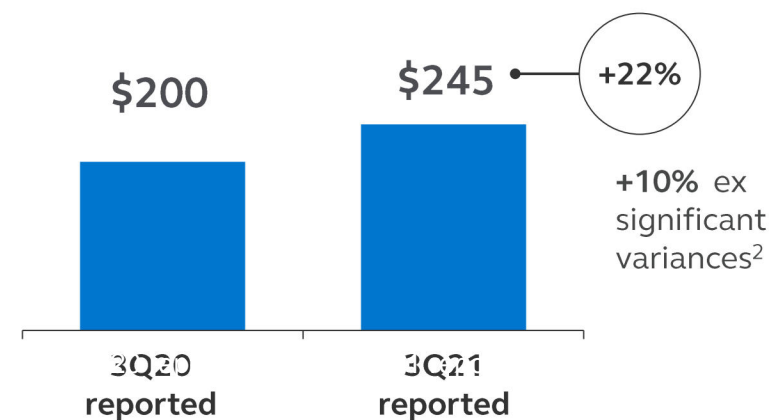
² Excludes impacts of actuarial assumption reviews and other significant variances.

³ Combined basis includes all Principal International companies at 100%.

⁴ This is a non-GAAP financial measure; see reconciliation in appendix.

Combined³ net revenue (at PFG share)⁴ (\$M)

Quarterly basis



Trailing twelve month basis² (at PFG share)

5%
change in
net revenue

31%
pre-tax return
on net revenue

Specialty Benefits

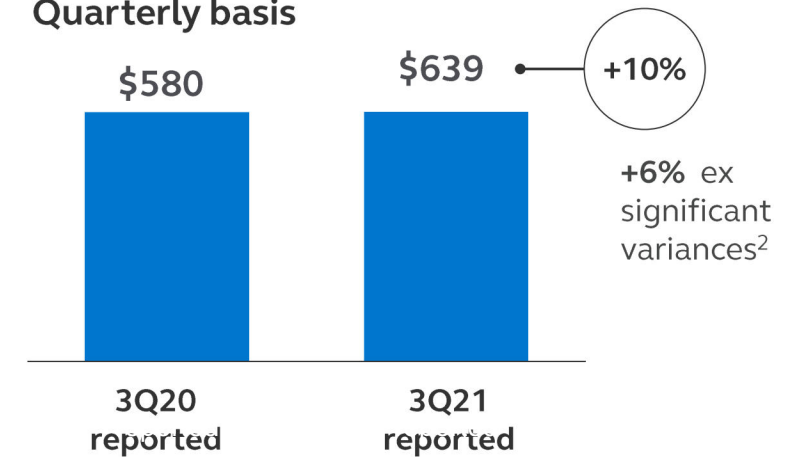
HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ increased due to growth in the business and favorable claims
- Premium and fees excluding significant variances² increased due to growth in the business
- Record in-group growth of 2.7% on a trailing-twelve month basis, reflecting a strong labor market

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
3Q21	\$69.9	+\$15.5	\$85.4
3Q20	\$31.4	+\$44.8	\$76.2
Change	+\$38.5 (+123%)		+\$9.2 (+12%)

Premium and fees (\$M)

Quarterly basis



Trailing twelve month basis

4%
change in
premium
and fees²

13%
pre-tax
return on
premium
and fees³

62%
incurred
loss ratio³

¹ Impact from actuarial assumption review, COVID-19 related claims, and higher than expected VII in 3Q21; COVID-19 related claims and other impacts and lower than expected VII in 3Q20.

² Excludes COVID-19 related impacts.

³ Excludes impacts of actuarial assumption reviews and other significant variances.

Individual Life

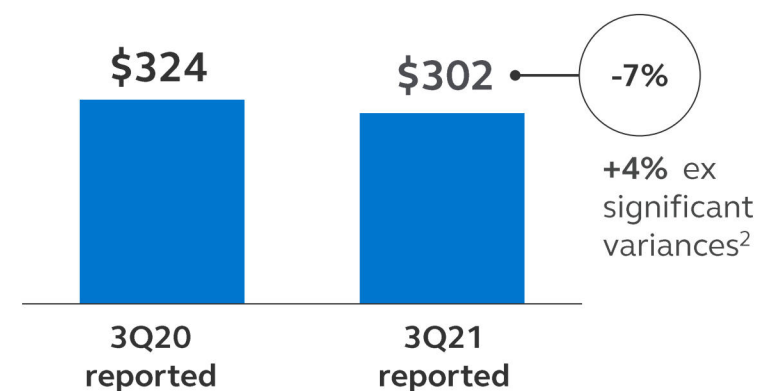
HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ decreased due to higher claims in 3Q21 compared to favorable claims in 3Q20
- Premium and fees increased excluding significant variances², reflecting strong sales of COLI, used to fund non-qualified deferred compensation, up nearly 70% from 3Q20

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
3Q21	\$81.7	-\$33.4	\$48.3
3Q20	\$(165.5)	+\$221.1	\$55.6
Change	+\$247.2		-\$7.3 (-13%)

Premium and fees (\$M)

Quarterly basis



Trailing twelve month basis²

6%
change in
premium
and fees

16%
pre-tax return
on premium
and fees

¹ Impact of actuarial assumption review, higher than expected VII, and COVID-19 related claims in 3Q21; impact of actuarial assumption review, lower than expected VII and COVID-19 related claims in 3Q20.

² Excludes impacts of actuarial assumption reviews and other significant variances.

Appendix

Non-GAAP operating earnings

Excluding impacts from actuarial assumption review and other significant variances

3Q21 vs 3Q20 (in millions, except per share data)

	3Q21 as reported	Impacts of 3Q21 significant variances		3Q21 excluding significant variances	3Q20 as reported	Impacts of 3Q20 significant variances		3Q20 excluding significant variances	3Q21 vs 3Q20 excluding significant variances	
		Actuarial assumption review	Other significant variances ¹			Actuarial assumption review	Other significant variances ²			
RIS-Fee	\$ 45.9	\$ (67.3)	\$ (10.0)	\$ 123.2	\$ 134.7	\$ 36.8	\$ (25.0)	\$ 122.9	\$ 0.3	0%
RIS-Spread	197.3	-	76.0	121.3	146.4	33.3	5.0	108.1	13.2	12%
Retirement and Income Solutions	243.2	(67.3)	66.0	244.5	281.1	70.1	(20.0)	231.0	13.5	6%
Principal Global Investors	190.1	-	-	190.1	140.9	-	-	140.9	49.2	35%
Principal International	81.0	-	5.1	75.9	58.7	2.7	(20.1)	76.1	(0.2)	0%
Specialty Benefits	69.9	2.5	(18.0)	85.4	31.4	-	(44.8)	76.2	9.2	12%
Individual Life	81.7	32.1	1.3	48.3	(165.5)	(215.1)	(6.0)	55.6	(7.3)	(13%)
U.S. Insurance Solutions	151.6	34.6	(16.7)	133.7	(134.1)	(215.1)	(50.8)	131.8	1.9	1%
Corporate	(97.1)	-	(4.0)	(93.1)	(69.7)	-	-	(69.7)	(23.4)	(34%)
Non-GAAP pre-tax operating earnings (losses)	\$ 568.8	\$ (32.7)	\$ 50.4	\$ 551.1	\$ 276.9	\$ (142.3)	\$ (90.9)	\$ 510.1	\$ 41.0	8%
Income taxes	110.4	(6.9)	10.3	107.0	42.4	(29.2)	(21.8)	93.4	13.6	15%
Non-GAAP operating earnings (losses)	\$ 458.4	\$ (25.8)	\$ 40.1	\$ 444.1	\$ 234.5	\$ (113.1)	\$ (69.1)	\$ 416.7	\$ 27.4	7%
Net realized capital gains (losses)	(98.5)	11.6	-	(110.1)	1.5	(5.1)	-	6.6	(116.7)	
Net income (loss) attributable to Principal Financial Group, Inc.	\$ 359.9	\$ (14.2)	\$ 40.1	\$ 334.0	\$ 236.0	\$ (118.2)	\$ (69.1)	\$ 423.3	\$ (89.3)	(21%)
Non-GAAP operating earnings per diluted share (EPS)	\$ 1.69	\$ (0.09)	\$ 0.14	\$ 1.64	\$ 0.85	\$ (0.41)	\$ (0.25)	\$ 1.51	\$ 0.13	9%

1 Other significant variances in 3Q21 include 1) higher than expected variable investment income in RIS-Spread, Principal International, Specialty Benefits and Individual Life, partially offset by lower variable investment income in Corporate; 2) COVID-19 related claims in RIS-Spread, Specialty Benefits and Individual Life; 3) IRT integration costs in RIS-Fee; and 4) lower than expected encaje performance in Principal International.

2 Other significant variances in 3Q20 include 1) COVID-19 related impacts in RIS-Fee, RIS-Spread, Specialty Benefits and Individual Life; 2) IRT integration costs in RIS-Fee; 3) lower than expected variable investment income in Principal International, Specialty Benefits and Individual Life; and 4) lower than expected encaje performance and lower than expected inflation in Principal International.

Impacts of 3Q 2021 actuarial assumption review

Income statement line item impacts of the annual actuarial assumption review (in millions)

Line Item	Actuarial assumption review			Total
	RIS-Fee	Specialty Benefits	Individual Life	
Premiums and other considerations	\$ -	\$ -	\$ -	\$ -
Fees and other revenues	-	-	(10.0)	(10.0)
Net investment income	-	-	-	-
Total operating revenues	-	-	(10.0)	(10.0)
Benefits, claims and settlement expenses	77.9	(2.5)	(13.0)	62.4
Dividends to policyholders	-	-	-	-
Commissions	-	-	-	-
Capitalization of DAC	-	-	-	-
Amortization of DAC	(10.6)	-	(29.1)	(39.7)
Depreciation and amortization	-	-	-	-
Interest expense on corporate debt	-	-	-	-
Compensation and other	-	-	-	-
Total expenses	67.3	(2.5)	(42.1)	22.7
Non-GAAP pre-tax operating earnings (losses)	\$ (67.3)	\$ 2.5	\$ 32.1	\$ (32.7)

Non-GAAP financial measure reconciliations

	Three months ended (in millions)	
	9/30/21	9/30/20
Principal Global Investors operating revenues less pass-through expenses		
Principal Global Investors operating revenues	\$465.2	\$382.8
Principal Global Investors commissions and other expenses	(40.6)	(37.2)
Principal Global Investors operating revenues less pass-through expenses	\$424.6	\$345.6

	Three months ended (in millions)	
	9/30/21	9/30/20
Principal International combined net revenue (at PFG Share)		
Principal International pre-tax operating earnings	\$81.0	\$58.7
Principal International combined operating expenses other than pass-through commissions (at PFG share)	163.8	141.7
Principal International combined net revenue (at PFG share)	\$244.8	\$200.4

Non-GAAP operating earnings (Losses)	Three months ended (in millions)	
	9/30/21	9/30/20
Net income attributable to PFG	\$359.9	\$236.0
Net realized capital (gains) losses, as adjusted	98.5	(1.5)
Non-GAAP operating earnings	\$458.4	\$234.5

Diluted earnings per common share	Three months ended (in millions)	
	9/30/21	9/30/20
Net income	\$1.32	\$0.85
Net realized capital (gains) losses, as adjusted	0.37	-
Non-GAAP operating earnings	\$1.69	\$0.85
Weighted-average diluted common shares outstanding (in millions)	271.9	276.8

Non-GAAP financial measure reconciliations

	Period ended (in millions)
Stockholders' equity x-AOCI other than foreign currency translation adjustment, available to common stockholders	9/30/21
Stockholders' equity	\$16,129.2
Net unrealized capital (gains) losses	(3,582.8)
Net unrecognized postretirement benefit obligation	439.3
Noncontrolling interest	(58.5)
Stockholders' equity x-AOCI other than foreign currency translation adjustment, available to common stockholders	\$12,927.2

	Three months ended (in millions)	
Income taxes	9/30/21	9/30/20
Total GAAP income taxes	\$63.8	\$39.2
Net realized capital gains (losses) tax adjustments	36.6	(10.2)
Income taxes attributable to noncontrolling interest	(0.1)	0.1
Income taxes related to equity method investments	10.1	13.3
Income taxes	\$110.4	\$42.4