

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report: **March 11, 2015**  
(Date of earliest event reported)

**PRINCIPAL FINANCIAL GROUP, INC.**

(Exact name of registrant as specified in its charter)

<b>Delaware</b>	<b>1-16725</b>	<b>42-1520346</b>
(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. Employer Identification Number)

**711 High Street, Des Moines, Iowa 50392**  
(Address of principal executive offices)

**(515) 247-5111**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

## **Item 2.02 Results of Operations and Financial Condition**

The slide presentation attached hereto as Exhibit 99, and incorporated herein by reference, will be presented at Principal Financial Group, Inc.'s Latin America Workshop on March 11, 2015 and may be used by the company in various other presentations to investors. The slide presentation is furnished and not filed pursuant to instruction B.2 of Form 8-K.

## **Item 7.01 Regulation FD Disclosure**

The slide presentation attached hereto as Exhibit 99, and incorporated herein by reference, will be presented at Principal Financial Group, Inc.'s Latin America Workshop on March 11, 2015 and may be used by the company in various other presentations to investors. The slide presentation is furnished and not filed pursuant to Instruction B.2 of Form 8-K.

## **Item 9.01 Financial Statements and Exhibits**

Exhibit 99 Slide presentation presented at Principal Financial Group, Inc.'s Latin America Workshop on March 11, 2015. The slide presentation is furnished and not filed pursuant to Instruction B.2 of Form 8-K.

### **SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

### **PRINCIPAL FINANCIAL GROUP, INC.**

By: /s/ John Egan\_\_\_\_\_

Name: John Egan

Title: Vice President - Investor Relations

Date: March 11, 2015

# THE PRINCIPAL<sup>®</sup>

The Principal Financial Group<sup>®</sup>

## LATIN AMERICA WORKSHOP

March 2015



# INTRODUCTION

**JOHN EGAN**  
Vice President  
Investor Relations



# AGENDA

Time	Topic	Presenter
8:30 a.m.	<b>Introduction / Agenda</b>	John Egan
8:35 a.m.	<b>Opening Remarks</b>	Luis Valdés
8:45 a.m.	<b>LatAm Overview &amp; Brazil</b>	Roberto Walker
9:45 a.m.	<b>The Principal in Chile</b>	Pedro Atria
10:25 a.m.	<b>Break</b>	
10:55 a.m.	<b>The Principal in Mexico</b>	Alejandro Elizondo
11:35 a.m.	<b>Financials</b>	Michael Garvin
12:00 a.m.	<b>Q&amp;A</b>	Panel
12:30 a.m.	<b>Lunch</b>	

# USE OF NON-GAAP FINANCIAL MEASURES

A non-GAAP financial measure is a numerical measure of performance, financial position, or cash flows 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 that 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, in our quarterly earnings release, the company has provided reconciliations of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure. 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 operating earnings, net income available to common stockholders, net cash flows, 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, 2014, filed by the company with the 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; continued volatility or further declines in the equity, bond or real estate markets; changes in interest rates or credit spreads; 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 securities may include methodologies, estimations and assumptions that are subject to differing interpretations; the determination of the amount of allowances and impairments taken on the company's investments requires estimations and assumptions that are subject to differing interpretations; gross unrealized losses may be realized or result in future impairments; competition from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance; a downgrade in the company's financial strength or credit ratings; inability to attract and retain sales representatives and develop new distribution sources; international business risks; the company's actual experience could differ significantly from its pricing and reserving assumptions; the company's ability to pay stockholder dividends and meet its obligations may be constrained by the limitations on dividends or distributions Iowa insurance laws impose on Principal Life; the pattern of amortizing the company's DAC and other actuarial balances on its universal life-type insurance contracts, participating life insurance policies and certain investment contracts may change; the company may need to fund deficiencies in its "Closed Block" assets that support participating ordinary life insurance policies that had a dividend scale in force at the time of Principal Life's 1998 conversion into a stock life insurance company; the company's reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; changes in laws, regulations or accounting standards; a computer system failure or security breach could disrupt the company's business, and damage its reputation; results of 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; fluctuations in foreign currency exchange rates; and 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.

# PRINCIPAL INTERNATIONAL

**LUIS VALDÉS**  
President







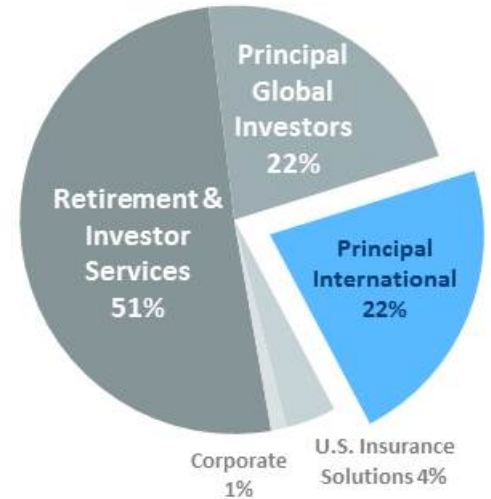
# A GLOBAL INVESTMENT MANAGEMENT LEADER

- Fortune 500 company
- 135 year history
- 19.7 million customers
- Offices in 18 countries
- Nearly 14,900 employees worldwide (34% outside of U.S.)

**Operating Earnings\***  
USD \$ 1,443 Mn  
2014



**AUM by Source**  
USD \$ 519 Bn  
as of December 31, 2014



PRINCIPAL  
INTERNATIONAL

## OUR STRATEGY

Capitalize on large and growing middle class in key emerging Latin American and Asian markets by delivering pension, mutual fund and asset management expertise and solutions.

*Brazil ✧ Chile ✧ Mexico*

*China ✧ Hong Kong ✧ India ✧ Indonesia*

*Malaysia ✧ Singapore ✧ Thailand*

**PRINCIPAL  
INTERNATIONAL**

**RIGHT  
MARKETS**

- Political stability
- Strong macroeconomic fundamentals
- Growing middle class

**TEN LARGEST ECONOMIES BY DECADE**

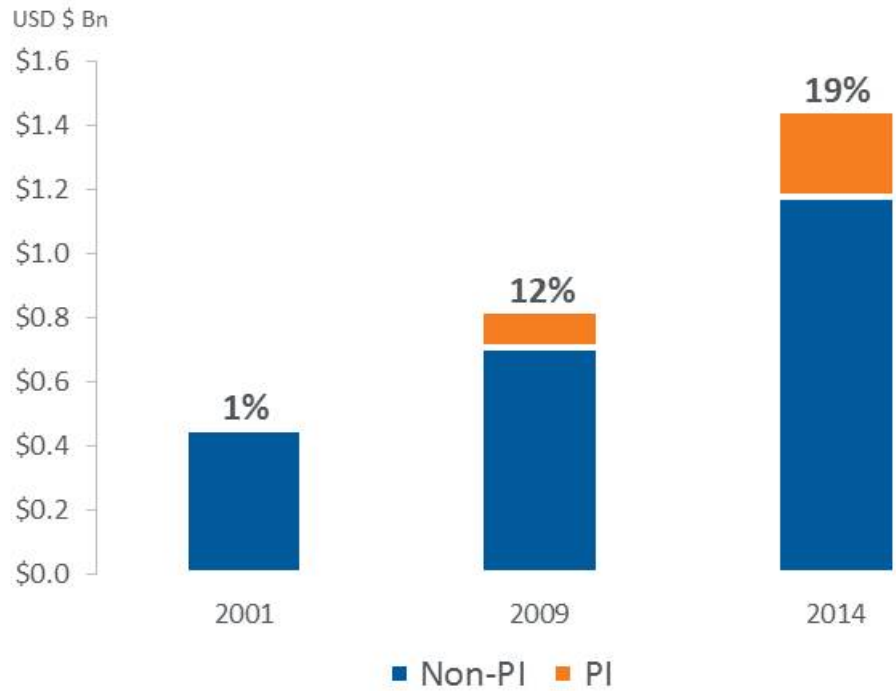
Current Principal International locations: ■ Asia ■ Latin America

	1990	USD\$ Trn	2000	USD\$ Trn	2010	USD\$ Trn	2020E	USD\$ Trn	2030E	USD\$ Trn
1	U.S.	5.9	U.S.	10.3	U.S.	15.0	U.S.	23.5	China	53.8
2	Japan	3.1	Japan	4.7	China	5.9	China	21.9	U.S.	38.5
3	Germany	1.7	Germany	1.9	Japan	5.5	Japan	6.1	India	15.0
4	France	1.2	UK	1.5	Germany	3.3	Germany	5.1	Japan	9.3
5	Italy	1.1	France	1.3	France	2.5	India	4.5	Germany	7.4
6	UK	1.0	China	1.2	UK	2.3	Brazil	3.9	Brazil	6.3
7	Canada	0.6	Italy	1.1	Italy	2.0	France	3.9	UK	5.8
8	Spain	0.5	Canada	0.7	Brazil	2.1	UK	3.7	France	5.7
9	Brazil	0.5	Brazil	0.6	Canada	1.6	Italy	2.7	Indonesia	4.7
10	China	0.4	Mexico	0.6	Russia	1.5	Russia	2.6	Russia	4.6

## **INCREASING CONTRIBUTOR TO OPERATING EARNINGS**

Principal International is positioned to capitalize on the global growth opportunities in emerging markets

Principal International OE as percent of total Principal Financial Group OE\*



# LATIN AMERICA

**ROBERTO WALKER**  
President – Latin America



# LATIN AMERICA

- Pension and Mutual Fund overview and opportunities
- Strong future growth
- Continue adding value for our customers

**LATIN AMERICA**

**RIGHT  
STRATEGY AT  
THE RIGHT  
TIME**

*Extend retirement and long-term asset accumulation expertise in key markets with fast growing middle classes and retirement assets*





Unprecedented demand for long term savings






## LATIN AMERICA

# PENSION SAVINGS IN LATIN AMERICA

	<b>Zero Pillar</b> State Financed	<b>First Pillar</b> Mandatory Defined Benefit	<b>Second Pillar</b> Mandatory Defined Contribution	<b>Third Pillar</b> Voluntary
				
<b>BRAZIL</b>	Minimum Guaranteed Pension	Pay As You Go (PAYG)	N/A	P/VGBL, Mutual Funds
<b>CHILE</b>	Minimum Guaranteed Pension	Run Off	AFP	APV, APVC Mutual Funds
<b>MEXICO</b>	Minimum Guaranteed Pension	Run Off	AFORE	AFORE Mutual Funds

 = **PRINCIPAL FINANCIAL GROUP BUSINESSES**

## LATIN AMERICA

# 2ND LARGEST PENSION PROVIDER IN LATIN AMERICA

Combined AUM  
**USD \$ 97.2 Bn**

### MEXICO (1993)

Pensions, Mutual Funds, Asset Management, Annuities

- AUM of USD \$ 11.9 Bn
- 3.8 Mn Customers
- 5th largest AFORE (by AUM 6.3% market share)

### CHILE (1995)

Pensions, Mutual Funds, Asset Management, Annuities

- AUM of USD \$ 40.7 Bn
- 0.8 Mn Customers
- #1 in mandatory pensions for high income segment
- #1 in voluntary products by AUM

### BRAZIL (1999)

Pensions, Mutual Funds, Asset Management, Annuities

**Brasilprev** – a 25% owned joint venture with Banco do Brasil

- AUM of USD \$ 43.3 Bn
- 1.8 Mn Customers
- #1 Net Deposits
- #2 in AUM

**Claritas** – 62.73% indirectly owned diversified asset manager

- AUM of USD \$ 1.3 Bn



## LATIN AMERICA

# PROJECTED MARKET GROWTH Pensions

### Pension Markets Overview (USD \$ 0.6 Tr)

Country	Population (millions)	Pension AUM (USD \$ Bn)	Projected Growth Rates <sup>1</sup>
<b>Brazil</b>	199	160	15%
<b>Chile</b>	18	161	12%
<b>Mexico</b>	121	193	13%
Colombia <sup>2</sup>	48	79	15%
Peru <sup>2</sup>	30	37	14%

## LATIN AMERICA

# PROJECTED MARKET GROWTH

## Mutual Funds

### Mutual Fund Markets Overview (USD \$ 1.1 Tr)

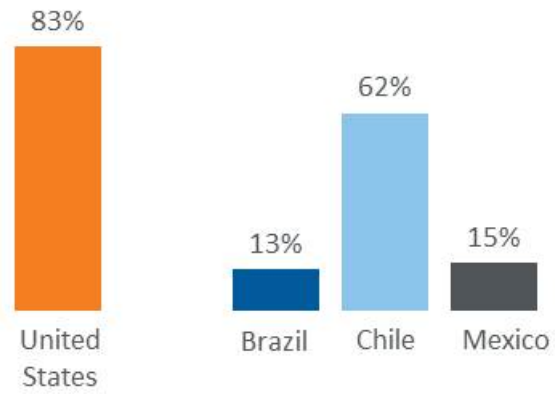
Country	Mutual Fund AUM (USD \$ Bn)	Projected Growth Rate <sup>1</sup>
<b>Brazil</b>	885	12%
<b>Chile</b>	39	14%
<b>Mexico</b>	118	14%
<i>Colombia<sup>2</sup></i>	24	17%
<i>Peru<sup>2</sup></i>	6	16%

## LATIN AMERICA

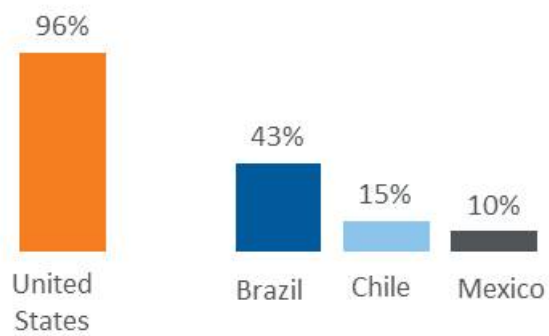
# NEED FOR RETIREMENT AND ASSET MANAGEMENT

Currently a small pool  
of retirement assets

### Percent of retirement assets relative to GDP



### Percent of mutual fund assets relative to GDP

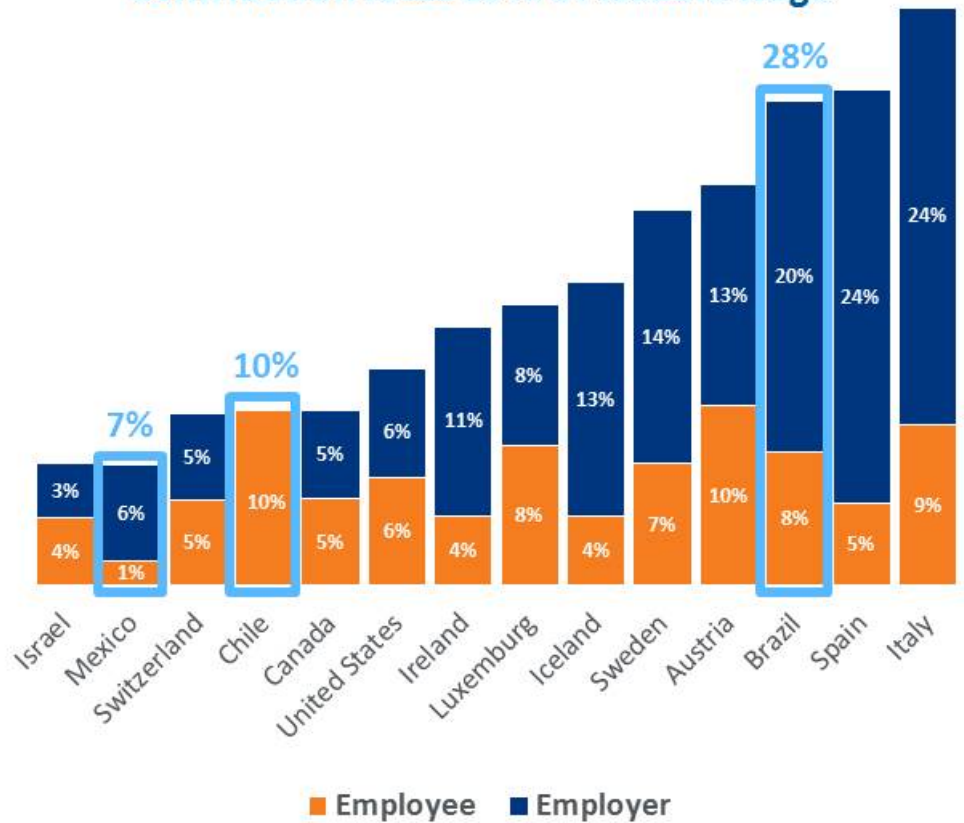


## LATIN AMERICA

# PENSION CONTRIBUTION RATE

Great opportunity for voluntary savings

### Contribution rates as % of taxable wage

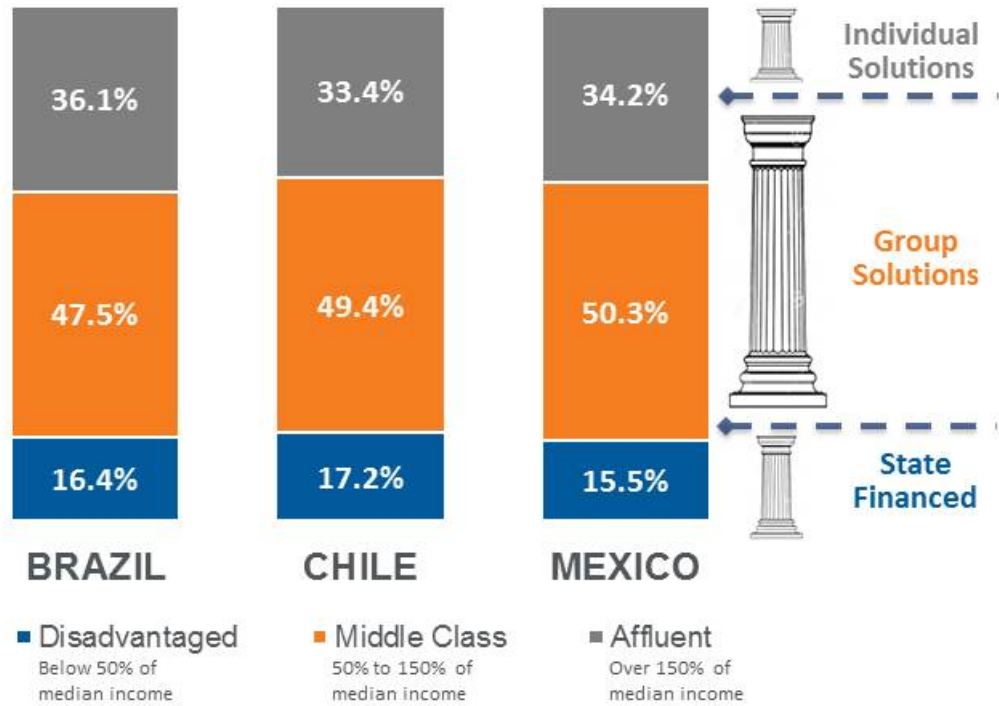


LATIN AMERICA

# DEVELOPING GROUP SOLUTIONS

- Growing middle class
- High affluent individuals have access to tailored solutions
- Group solutions provide savings for large % of population

## Household Income Distribution



## “Savings Democratization”

**LATIN AMERICA**

**NEED FOR HIGHER VALUE-ADDED PRODUCTS**

- Latin America interest rates converging to developed economies
- Declining interest rates will drive:
  - Asset diversification
  - International investments
  - Asset allocation



**Percentage of Pension Assets Invested Abroad**



**Percentage of Mutual Funds Assets Invested Abroad**





## LATIN AMERICA

# UNIQUE MULTICHANNEL DISTRIBUTION APPROACH

Robust and difficult to replicate model



**CUSTOMER  
CENTRIC  
ADVISORY  
MODEL**

- Needs-based approach
- Higher value added solutions
- Reach retirement and long-term savings goal

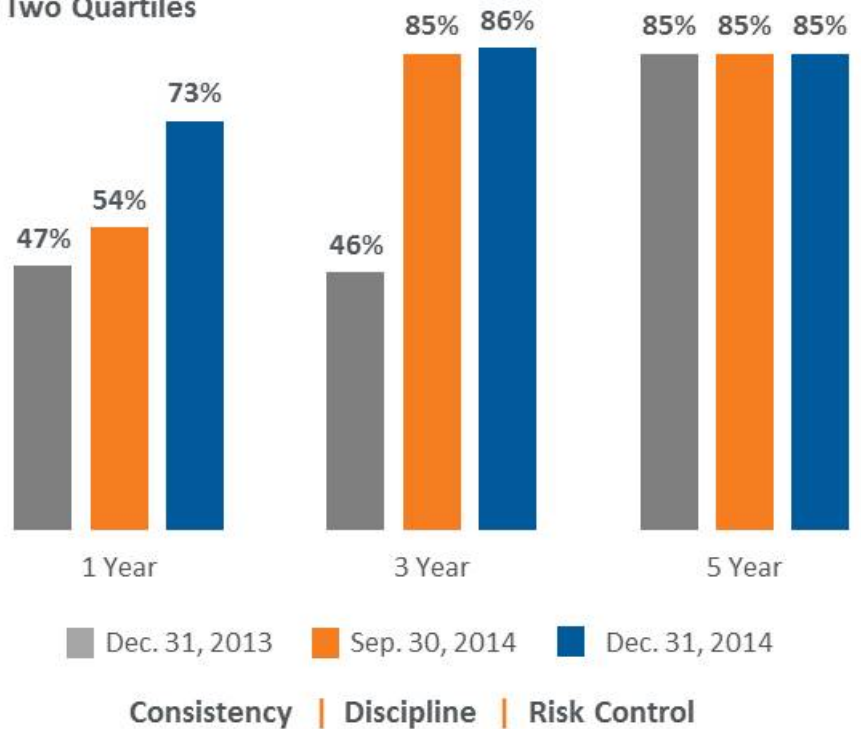
## LATIN AMERICA

# PROVEN INVESTMENT CAPABILITIES

### Difficult to replicate Investment Platform:

- 100+ member investment team: Brazil, Chile & Mexico
- Asset allocation expertise in the region
- Access to exceptional global footprint with Principal Global Investors

Percentage of AUM in  
Top Two Quartiles



## LATIN AMERICA

# GOING DEEPER & BROADER INTO EXISTING COUNTRIES

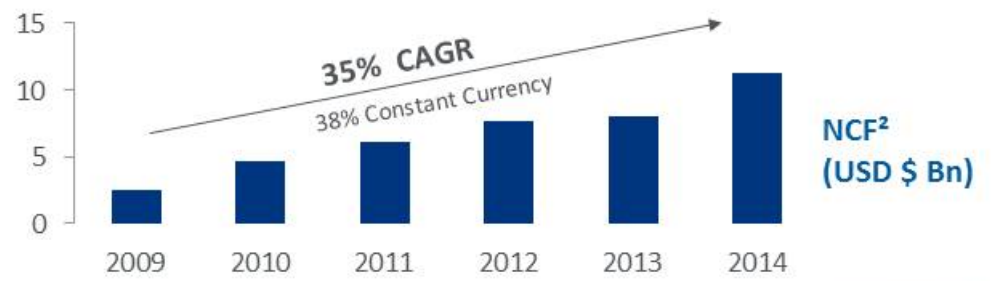
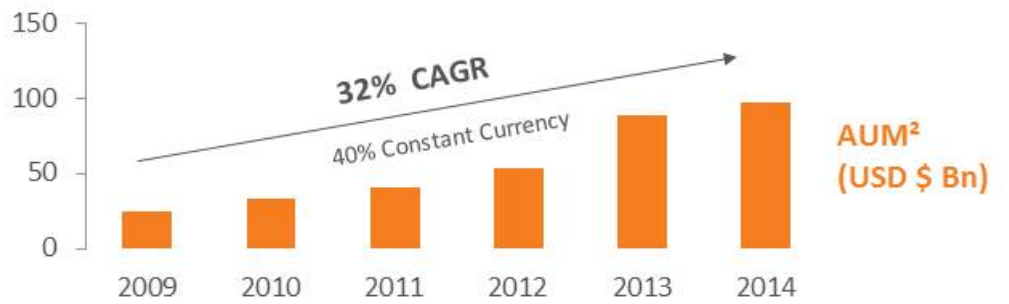
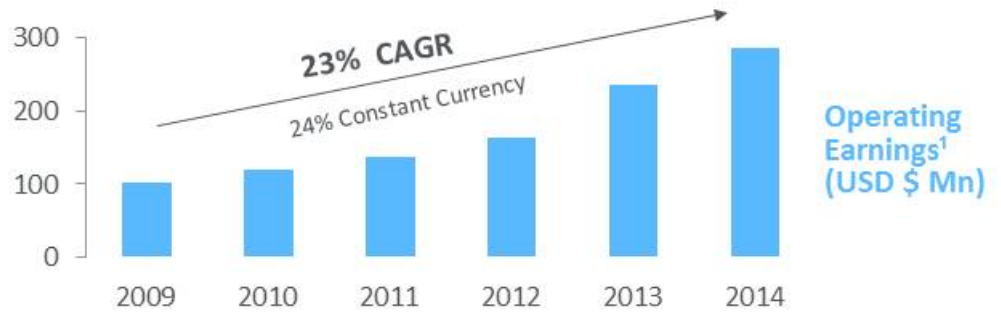
- Primary focus is deeper in Brazil, Chile & Mexico through organic growth and M&A
- Continue to monitor Colombia & Peru

Targeted Markets	Pensions	Mutual Funds	Asset Mgmt	Annuities
Brazil	■	⊙	⊙	■
Chile	■	■	■	⊙
Mexico	⊙	⊙	⊙	■

- = Where we have a product offering today
- ⊙ = At scale
- ⊙ (dashed) = M&A targets

**LATIN AMERICA**

**PROVEN  
TRACK  
RECORD**



<sup>1</sup> Operating earnings as reported include economic ownership change in Brasilprev from 46% to 25% in June 2010  
<sup>2</sup> AUM and net cash flows are on a combined basis.

# KEY TAKEAWAYS

*Right markets  
Strong growth potential*

- Retirement and asset management market leader
- Meaningful presence in key Latin America countries
- Pioneers in product innovation
- Commitment to voluntary solutions

***The only global pension  
expert in the region***

# BRAZIL

**ROBERTO WALKER**  
President – Latin America



## BRAZIL

# LEVERAGING OUR COMPETITIVE ADVANTAGES

- Strong joint venture with Banco do Brasil
  - Successful co-management
  - Banco do Brasil exclusive pension offering until October 2032
- Asset management opportunities with Claritas
- Significant global opportunities with current platform
  - Higher value-added product knowledge
  - Expertise in Group solutions



## BRAZIL

# PENSION SAVINGS IN BRAZIL

### Zero Pillar State Financed



#### Minimum Guaranteed Pension

- 100% of minimum wage<sup>1</sup>

### First Pillar Mandatory DB



#### PAYG

- 28% Salary Contribution with caps (17.5% Employers & 10.5% Employees)
- Early retirement allowed at age 53 for men & 48 for women (subject to contribution years)
- 8.5% GDP expenditure

### Second Pillar Mandatory DC



N/A

### Third Pillar Voluntary



#### P/VGBL

- Offered through Brasilprev
- IRA-like products provided by financial institutions
- Qualified and Non-Qualified contributions

#### Mutual Funds

- Offered through Claritas
- Provided mainly by banks

 = PRINCIPAL FINANCIAL GROUP BUSINESSES

## BRAZIL

# PRINCIPAL FINANCIAL GROUP IN BRAZIL



+



=

**BRASILPREV**

### SUCCESSFUL JOINT VENTURE

#### RETIREMENT EXPERTISE

- 135 year history
- Worldwide presence
- Retirement expertise
- Asset management expertise

#### DISTRIBUTION STRENGTH

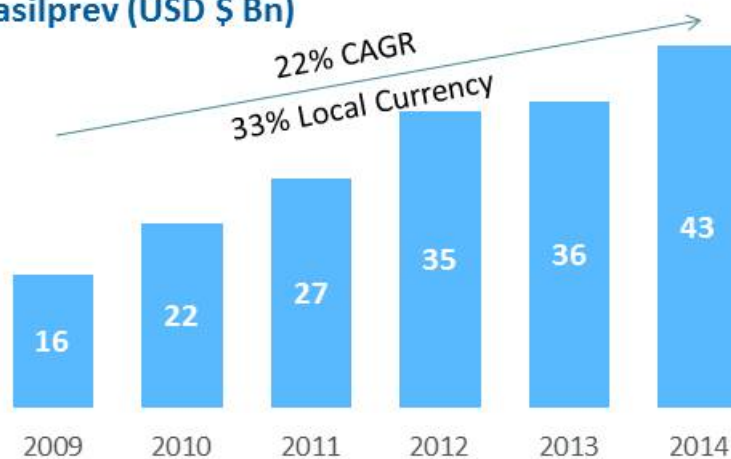
- 200 year history
- Largest bank in Latin America\*
- 61.6 Mn customers
- 5,500 branches

- Partners since 1999
- #1 in net deposits
- #2 in AUM\*\*
- 1.8 Mn customers
- USD \$ 43.3Bn in assets\*\*\*
- PFG holds 50.01% of common stock and has 25.005% economic interest
- In 2010, renewed exclusive distribution with Banco until October 2032

## BRASILPREV

# POWER OF ENGAGED DISTRIBUTION

### AUM Brasilprev (USD \$ Bn)



### Industry Net Cash Flow (USD \$ Bn)<sup>1</sup>

	2009	2010	2011	2012	2013	2014
Industry NCF	9.8	14.0	15.9	20.5	14.4	16.6
Brasilprev share	21%	31%	29%	33%	49%	54%

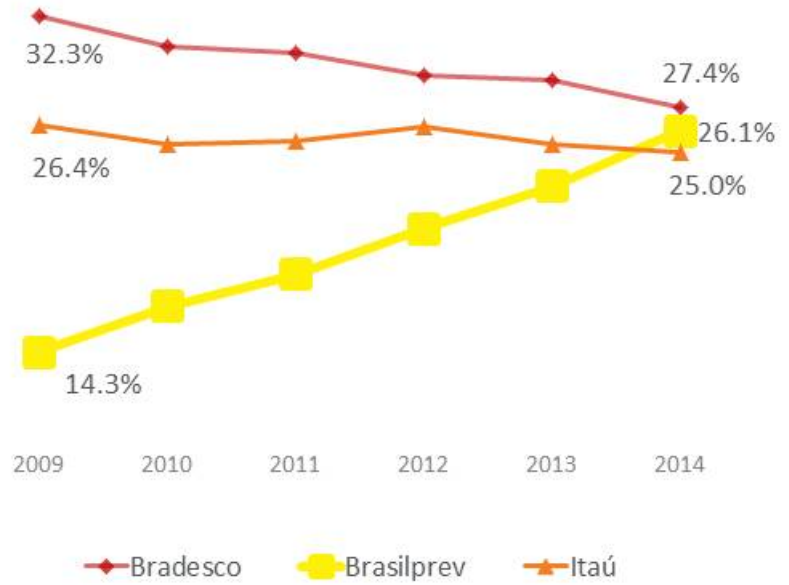
BRASILPREV

# MARKET SHARE EVOLUTION

Fastest growing company  
Currently #2  
in market share

## MARKET SHARE

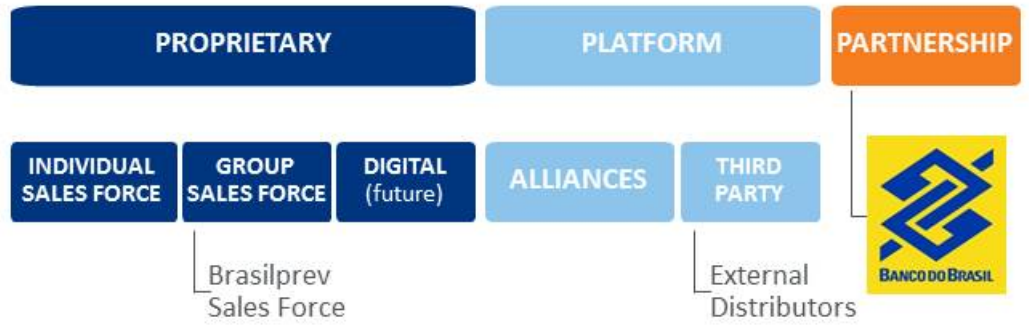
P/VGBL Assets Under Management



## BRASILPREV

# STRONG DISTRIBUTION PARTNERSHIP

Robust and difficult to replicate model



## BRASILPREV

# OPPORTUNITIES WITH BANCO DO BRASIL DISTRIBUTION

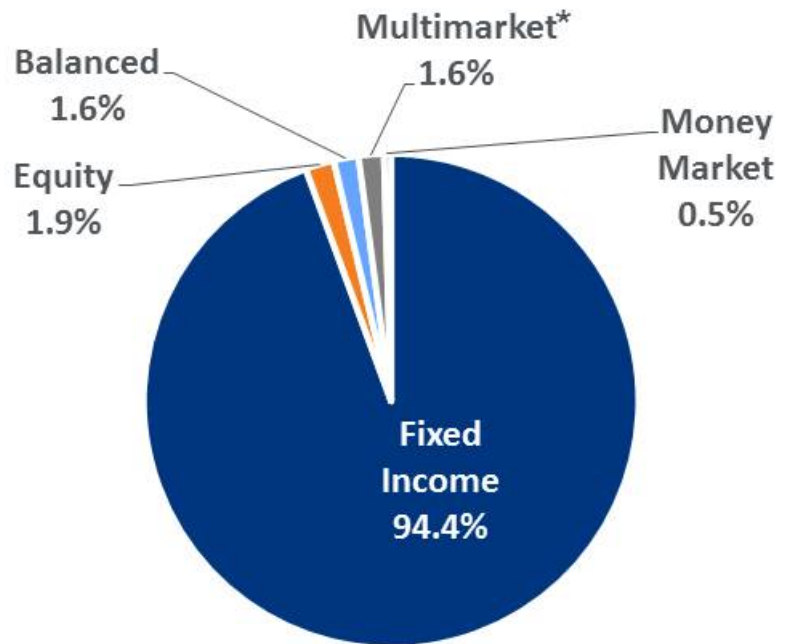
Many growth drivers

- **Bank footprint**
  - Currently more than 5,500 branches covering entire country
  - Exclusive distribution throughout Banco do Brasil network
  - Sao Paulo under penetrated
- **Further reach of Banco do Brasil customers**
  - Banco has 61.6 million customers currently
  - Brasilprev has relationship with only 3% of Banco customers
  - Greater penetration of growing middle and affluent class
- **Recurring contributions**
  - Raise the percentage of customers making periodic contributions
  - Foster group solutions
- **Improvements in investment offerings**
  - High value added products
  - Increased asset diversification

## **CAPITALIZING ON OPPORTUNITIES FOR VALUE-ADDED PRODUCTS**

- Declining interest rates will drive:
  - Asset diversification
  - International investments
  - Asset allocation
- Synergies with Claritas and Principal Global Investors

### **Open Pension Funds Asset Allocation** 98% domestic/invested locally



Pioneer in the Brazilian retail and institutional asset management market focused on multi-alpha generation strategies

- Doing business since 1999
- Expertise in asset allocation strategies
- First Brazilian long/short equity fund
- First to launch timber funds
- Active in warehouse real estate
- The Principal holds 62.7% ownership
- AUM of USD \$ 1.3 Bn as of December 2014



# DIVERSIFIED AND UNIQUE ASSET ALLOCATION STRATEGIES

- Maturing investment markets will drive flows to Claritas strategies
- Recent regulation changes allow for more international diversification

## OPEN FUNDS

- Long Only Equities
- Long/Short Equities
- Value
- Enhanced Index
- Macro

## STRUCTURED PRODUCTS

- Timber
- Real Estate
- Private Credit

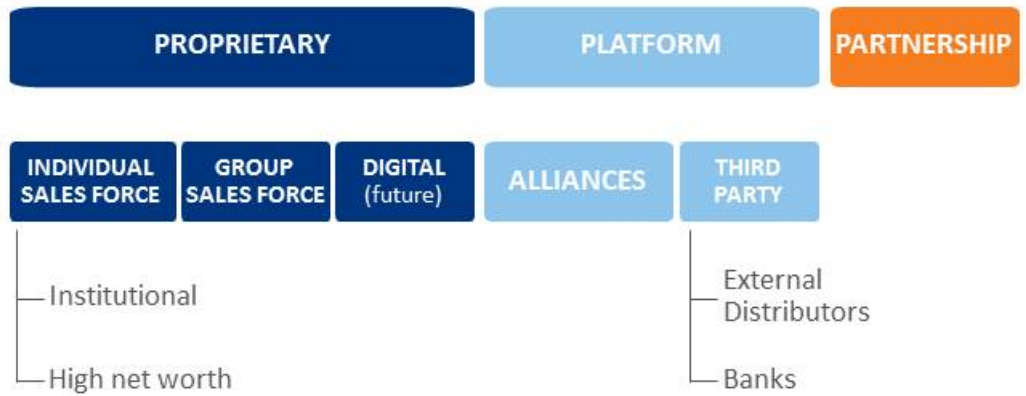
## ASSET ALLOCATION

- Conservative
- Moderate
- Bold
- Aggressive
- Tailor Made

## INTERNATIONAL EXPOSURE

- High Yield
- Preferred Securities
- Global Equity
- LatAm Equity

# MULTICHANNEL DISTRIBUTION APPROACH



### Distribution synergies

- **Local to global:** Principal Global Investors distributes Claritas managed funds (Brazilian Equity Fund)
- **Global to local:** Claritas distributes Principal Global Investors managed funds (Dublin Platform)

## BRAZIL

# KEY TAKEAWAYS

*Ready for more growth*

- Untapped markets
  - Underpenetrated markets
  - High value added products
- Strong JV with Banco do Brasil
- Asset management and mutual fund development with Claritas
- Organic growth combined with M&A opportunities

# CHILE

**PEDRO ATRIA**  
Country Head Chile

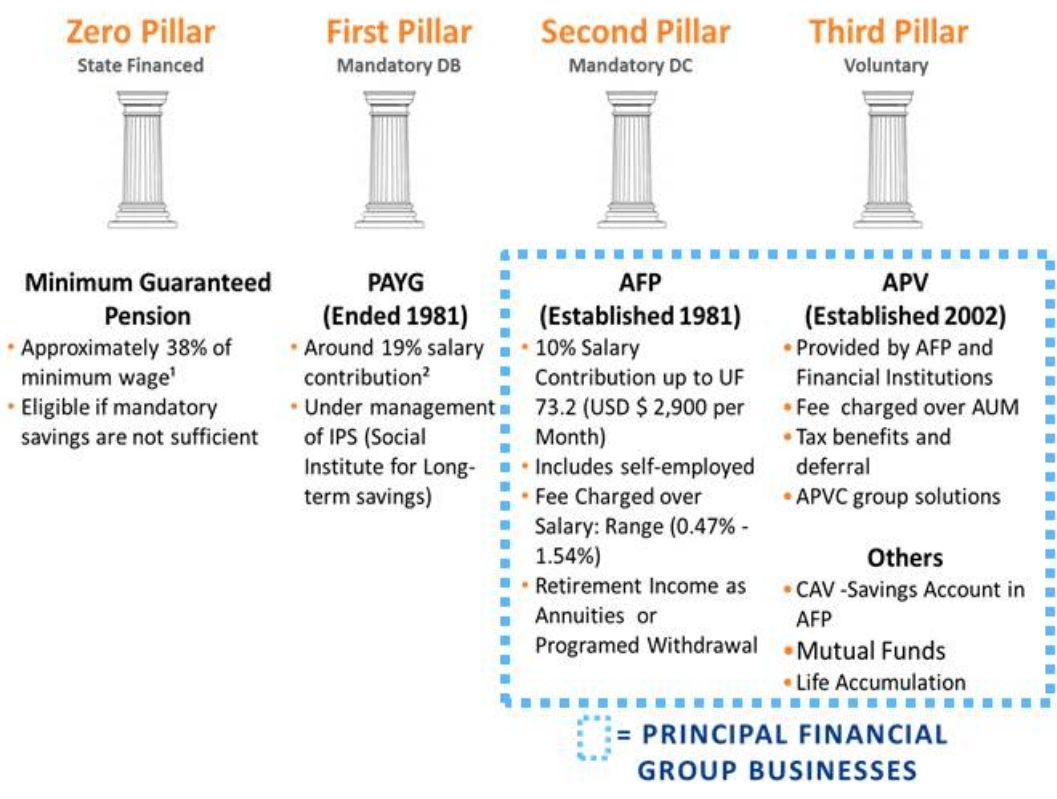


CHILE

## LEVERAGING OUR COMPETITIVE ADVANTAGES

- Complete product offering “From Hire Through Retire”
- Strong positioning in higher income savings market
- Leading investment performance
- Unique multi-channel distribution
- Expertise in higher value-added solutions

# PENSION SAVINGS IN CHILE

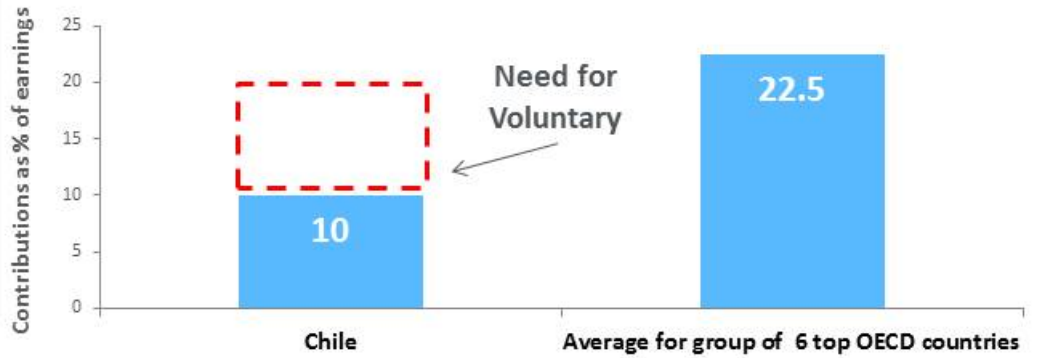
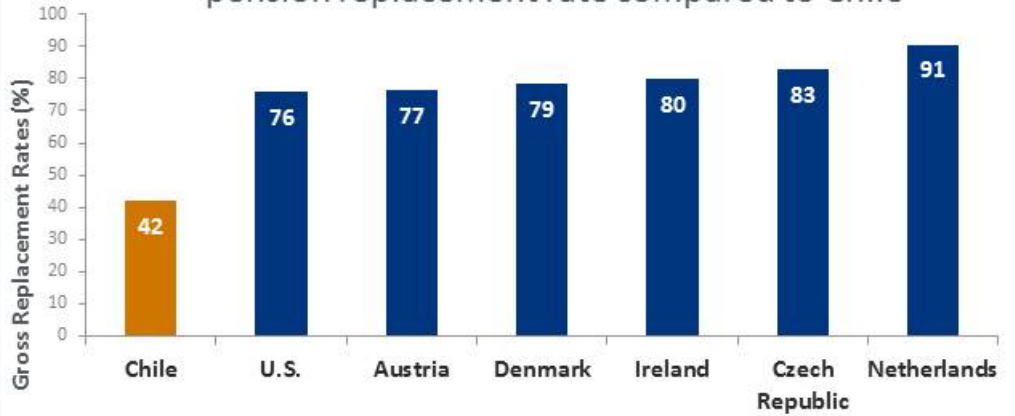


**CHILE**

**SIGNIFICANT OPPORTUNITY FOR GROWTH**

Low replacement rates create a great opportunity to advise and develop voluntary savings

6 OECD countries with 75+% gross pension replacement rate compared to Chile



CHILE

# OUR BUSINESS

Complete product offering — “From Hire Through Retire”

## MULTI-PRODUCT SOLUTION SET



### ACCUMULATION

- Mandatory Pension
- Voluntary Pension
- Mutual Funds
- Life Accumulation

### RETIREMENT INCOME

- Annuities
- Programmed withdrawal

COMPREHENSIVE ADVICE

INNOVATIVE ASSET ALLOCATION SOLUTIONS

STRONG INVESTMENT PERFORMANCE



## CHILE

# PRINCIPAL FINANCIAL GROUP IN CHILE

100%<sup>1</sup> ownership and  
doing business in Chile  
since 1995

USD \$ 40.7 Bn AUM<sup>2</sup>

- **Mandatory DC Pension Savings** (USD \$ 29.9 Bn)
  - #1 in average contributor balance
  - #1 in market share of high income salaries (35%)
  - #1 in average monthly salary (86% above AFP average)
- **Voluntary Pension Savings** (USD \$ 2.1 Bn)
  - #1 in APV AUM with 26% market share
  - #1 in mutual funds APV AUM
  - #1 in APV market share growth<sup>3</sup> (112 bps in last 12 months)
- **Long Term Savings and Asset Management** (USD \$ 1.2 Bn)
  - #1 in CAV AUM with 36% market share
  - #1 in CAV market share growth (290 bps in last 12 months)
- **Retirement Income Solutions** (USD \$ 6.8 Bn)
  - #1 in programmed withdrawals for higher income retirees
  - #4 in annuity reserves

47 <sup>1</sup>100% Principal Chile ownership; 97.96% Cuprum Ownership as of December 2014. <sup>2</sup>Combined AUM as of December 2014 includes AUM from holding companies. RANKINGS SOURCE: Superintendencia de Pensiones. <sup>3</sup>Ranking as of November 2014.

CHILE

CuprumAFP

# ACQUISITION LOOK BACK

## Bottom Line

- Transformative deal
- Compelling growth
- Completes our suite of comprehensive retirement solutions

## What We Said

In February 2013, The Principal acquired 90.4% share of Cuprum AFP for USD \$ 1.3 Bn

- 0.6 million customers and USD \$ 32.7 Bn AUMs
- *EPS accretion 12 cents in 2013 and 23 cents in 2014 net of incremental financing costs*

## What We Delivered

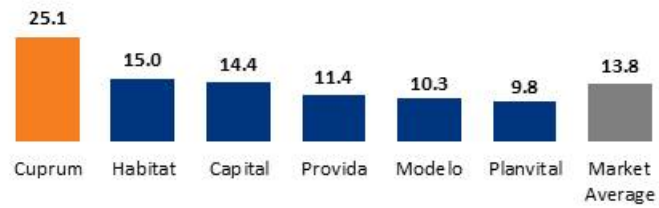
- Operating earnings and distributable cash flows above deal expectations
- Voluntary sales and cash flows above expectations and at the highest in Cuprum's history
- *EPS accretion of 13 cents in 2013, 30 cents in 2014 net of incremental financing costs\**

CUPRUM

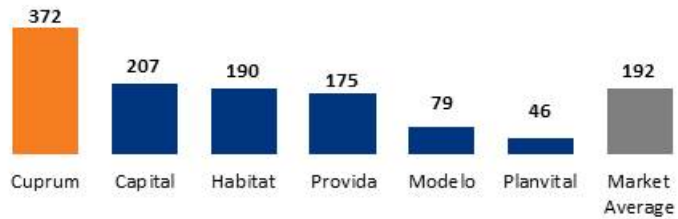
# MARQUEE AFP IN CHILE

- **#3** Mandatory Pension Provider (*by AUM*)
- **#2** in APV by AFP's (*voluntary pension by AUM*)
- **#1** in CAV (*voluntary non-pension by AUM*)
- Most desired customer base

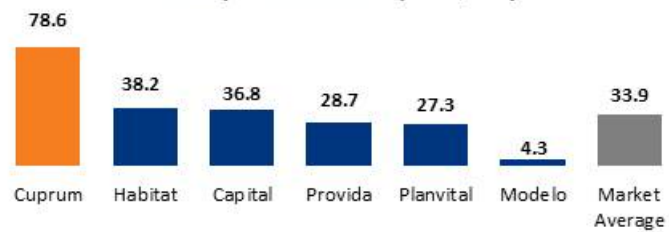
Taxable Salary/Contributor (USD \$ Ths per year)



Fee Income per Contributor (USD \$ per year)



AUM per Contributor (USD \$ Ths)



**CUPRUM**

**THE**

**HIGH-INCOME**

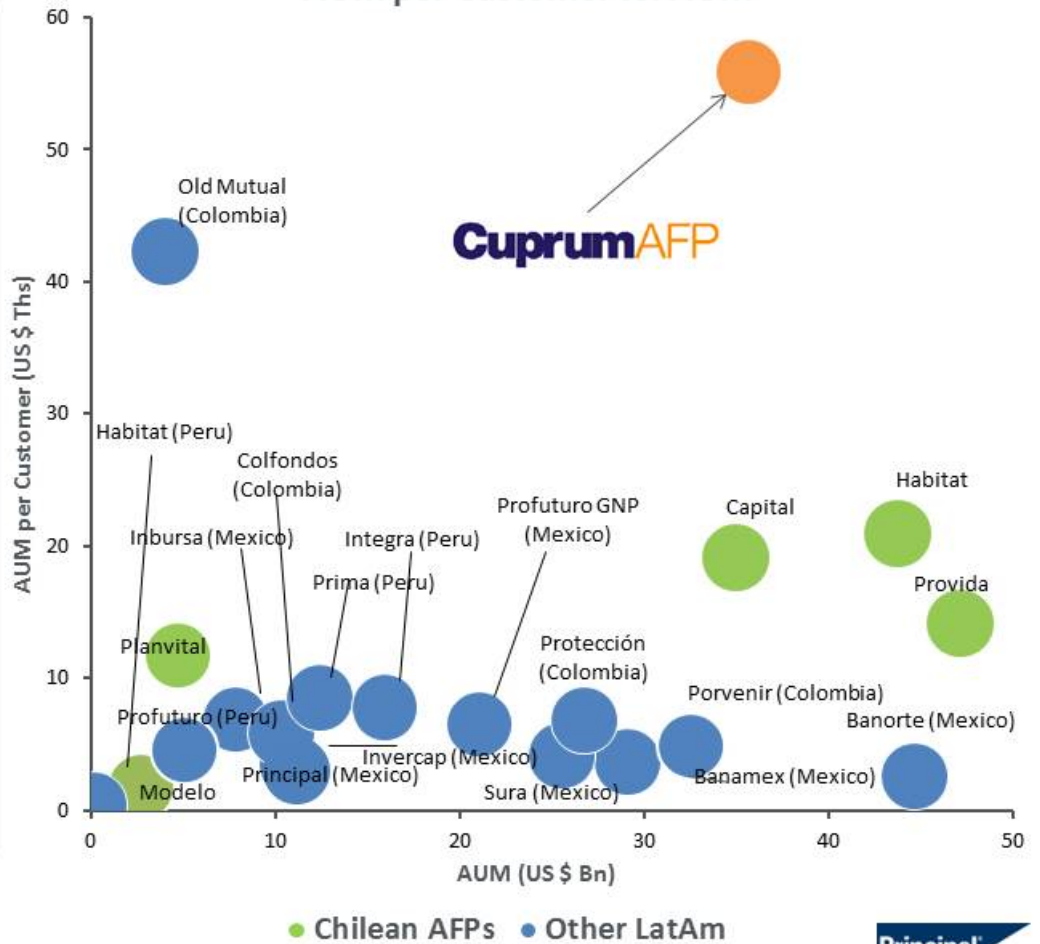
**PLATFORM IN**

**LATIN AMERICA**

**Cuprum has:**

- Highest percentage of actively contributing clients (density)
- Fastest growing market share in voluntary savings

**AUM per Customer vs. AUM**



## CUPRUM

# INVESTMENT PERFORMANCE LEADER

Leading investment  
performance supported  
by global standards  
and expertise

MANDATORY FUNDS	12-MONTH RANK	3-YEAR RANK	SINCE INCEPTION*
<b>A</b> 80% equity limit	#1	#2	#2
<b>B</b>	#2	#1	#1
<b>C</b>	#1	#1	#1
<b>D</b>	#1	#2	#2
<b>E</b> 20% equity limit	#2	#3	#2

51 Investment Performance ranking over 6 competitors as of December 31, 2014.  
\*November 1980 for fund C; August 2002 for funds A,B,D & E



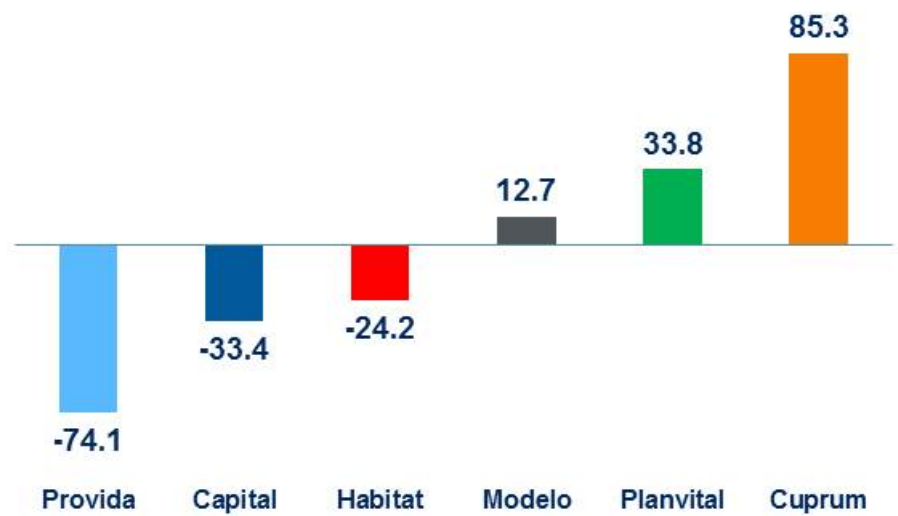
CUPRUM

# GROWING MANDATORY SALARY BASE

Strong sales with  
industry leading  
retention

## AFP Cumulative Net Transfers Of Salary Base

Jan 2009 – Nov 2014, excludes new entrants, number of transfers (Ths)

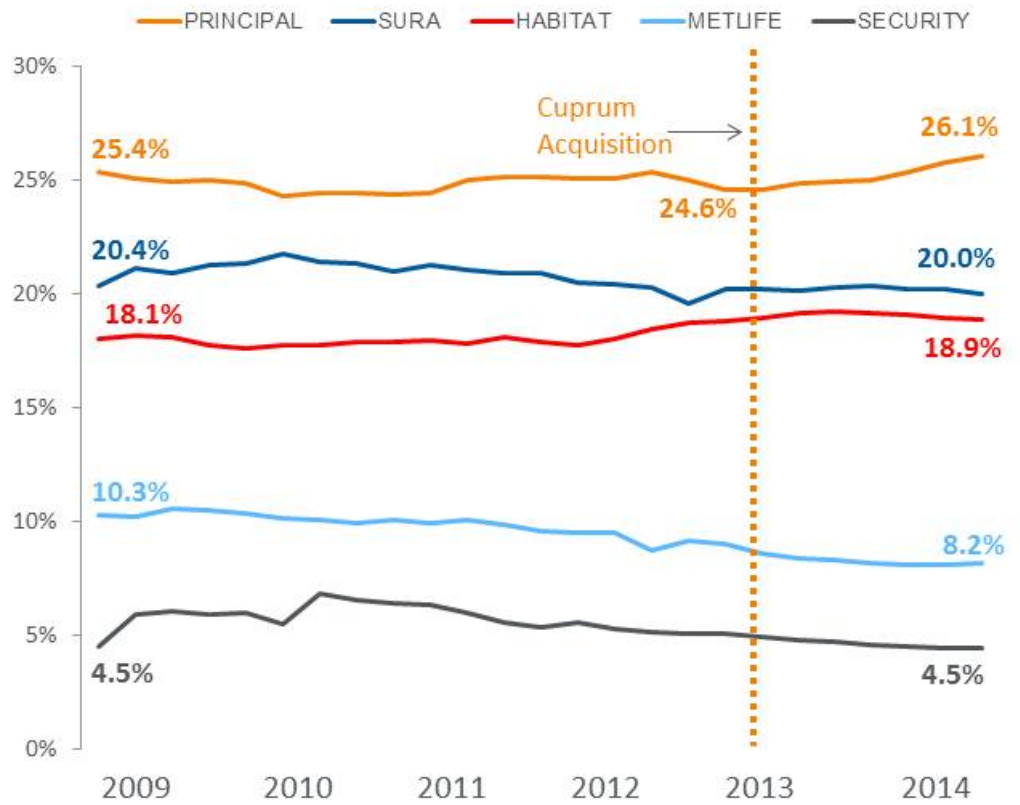


CHILE

# VOLUNTARY APV MARKET SHARE LEADER

Growth will continue by  
meeting client needs  
through financial  
advisory

## Top Five Aggregated<sup>1</sup> APV Market Share



# UNIQUE MULTICHANNEL DISTRIBUTION APPROACH

Robust and difficult  
to replicate model

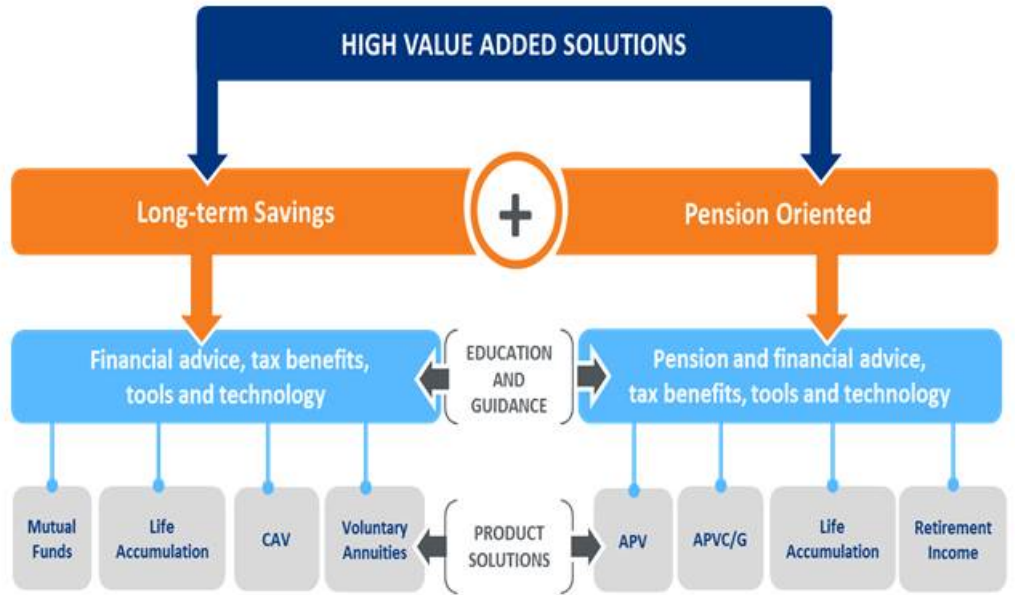




CHILE

CAPITALIZING ON OPPORTUNITIES FOR HIGH VALUE-ADDED SOLUTIONS

Product allocation  
+  
Customer-focused advisory model



CHILE

## KEY TAKEAWAYS

*Complete product offering – “From Hire Through Retire”*

- Continued momentum with marquee franchise
- Growth opportunities
  - Chileans need to save more
  - Voluntary savings through
    - Advice
    - High value added products
- Organic growth using multi-channel distribution

# MEXICO

**ALEJANDRO ELIZONDO**  
Country Head Mexico



## LEVERAGING OUR COMPETITIVE ADVANTAGES

- Growth in voluntary due to insufficient mandatory savings
- Capitalize on cross-selling platform with advisory based approach
- Unique multi-channel distribution
- Expertise in higher value added products

# PENSION SAVINGS IN MEXICO

**Zero Pillar**  
State Financed



**Minimum Guaranteed Pension**

- 100% of 1997 minimum wage value indexed to inflation

**First Pillar**  
Mandatory DB



**PAYG (Ended 1997)**

- Funded by IMSS

**Second Pillar**  
Mandatory DC



**AFORE (Established 1997)**

- 6.5% Salary Contribution
- Non compulsory for self-employed
- Fee Charged over AUM: Industry average 1.11% in 2015<sup>1</sup>
- Retirement Income as Annuities

**Third Pillar**  
Voluntary



**Voluntary AFORE**

- Allows additional contributions into AFORE system

**Mutual Funds**

- Provided by Financial Institutions (Banks mainly)

 = **PRINCIPAL FINANCIAL GROUP BUSINESSES**

## MEXICO

# PRINCIPAL FINANCIAL GROUP IN MEXICO

100% ownership and  
doing business in Mexico  
since 1993

USD\$ 11.9 Bn AUM

	AUM (USD \$ Bn)	Customers (Ths)
<b>TOTAL MEXICO</b>	<b>\$11.9</b>	<b>3,774</b>
Pension	10.3	3,743
Mutual Funds	1.1	16
Annuities & Life	0.5	15



Target  
Markets

## MEXICO

# AFORE MARKET SHARE

COMPANY	AUM (USD \$ Bn)	RANK	MARKET SHARE	CUSTOMERS (in millions)	RANK	MARKET SHARE
XXI BANORTE	40.8	1	25.4%	17.6	1	33.3%
BANAMEX	27.0	2	16.8%	7.8	2	14.8%
SURA	23.8	3	14.8%	6.1	4	11.6%
PROFUTURO GNP	19.8	4	12.3%	3.3	6	6.2%
<b>THE PRINCIPAL</b>	<b>10.2</b>	<b>5</b>	<b>6.3%</b>	<b>3.7</b>	<b>5</b>	<b>7.0%</b>
INVERCAP	10.2	6	6.3%	3.1	7	5.9%
PENSIONISSSTE	7.5	7	4.6%	1.2	8	2.4%
COPPEL	7.4	8	4.6%	6.5	3	12.4%
INBURSA	7.1	9	4.4%	1.1	10	2.2%
METLIFE	4.7	10	2.9%	0.9	11	1.9%
AZTECA	2.2	11	1.4%	1.3	9	2.4%
<b>TOTAL MARKET</b>	<b>160.5</b>			<b>52.7</b>		

## MEXICO

# MUTUAL FUNDS MARKET SHARE

- Currently bank dominated
- 3<sup>rd</sup> party asset management will develop and mature

COMPANY	AUM (USD \$ Bn)	RANK	MARKET SHARE	ANNUAL GROWTH	Distribution AUM	AUM% by 3 <sup>rd</sup> PARTY DISTRIBUTION
BANAMEX	28.7	1	24.9%	-5.2%	0.0	0.0%
BANCOMER	22.7	2	19.7%	-2.9%	0.0	0.1%
SANTANDER	13.9	3	12.1%	-2.3%	0.2	1.6%
Others (12)	36.6		31.7%	-0.5%	2.2	6.0%
<b>BANKS</b>	<b>101.9</b>		<b>88.4%</b>	<b>-2.6%</b>	<b>2.4</b>	<b>2.4%</b>
GBM	4.3	9	3.7%	33.5%	0.4	9.9%
INTERACCIONES	1.6	12	1.4%	11.4%	0.1	8.3%
VALMEX	1.3	13	1.1%	9.0%	0.3	20.5%
Others (4)	1.9		1.7%	-5.1%	0.0	0.0%
<b>BROKERAGE</b>	<b>9.1</b>		<b>7.9%</b>	<b>15.8%</b>	<b>0.8</b>	<b>9.0%</b>
SURA	1.8	11	1.5%	4.6%	0.3	19.4%
<b>THE PRINCIPAL</b>	<b>1.1</b>	<b>14</b>	<b>1.0%</b>	<b>55.6%</b>	<b>0.8</b>	<b>69.9%</b>
COMPASS	0.5	19	0.4%	4.6%	0.4	75.6%
Others (3)	0.8		0.7%	47.1%	0.1	12.4%
<b>INDEPENDENTS</b>	<b>4.2</b>		<b>3.6%</b>	<b>22.2%</b>	<b>1.6</b>	<b>37.9%</b>
<b>TOTAL MARKET</b>	<b>115.2</b>			<b>-0.7%</b>	<b>4.8</b>	<b>4.2%</b>



MEXICO



# ACQUISITION LOOK BACK

## Bottom Line

- Great acquisition
- Efficient addition of scale
- New distribution

## What We Said

In August 2011 Principal Afore acquired 100% of HSBC Afore for USD \$ 206.1 Mn

- 1.6 million customers and USD \$ 3.1 Bn AUM
- 5-year exclusive distribution agreement (1,200+ branches and 2,000+ advisors)
- *EPS accretion 2-3 cents in 2011, 6-8 cents in 2012 and 15-20 bps improvement in ROE*

## What We Delivered

- Efficient merger: less than 30 days, a record
- Added 2.6% of AUM market share onto our platform
- Distribution agreement has garnered USD \$300 Mn of AUM as of December 2014
- Net cash flow higher than model
- Lower fee rate than transaction model, but earnings and ROE in-line with plan
- *EPS accretion of 2 cents in 2011, 6 cents in 2012, 8 cents in 2013 and 20 bps ROE accretion*

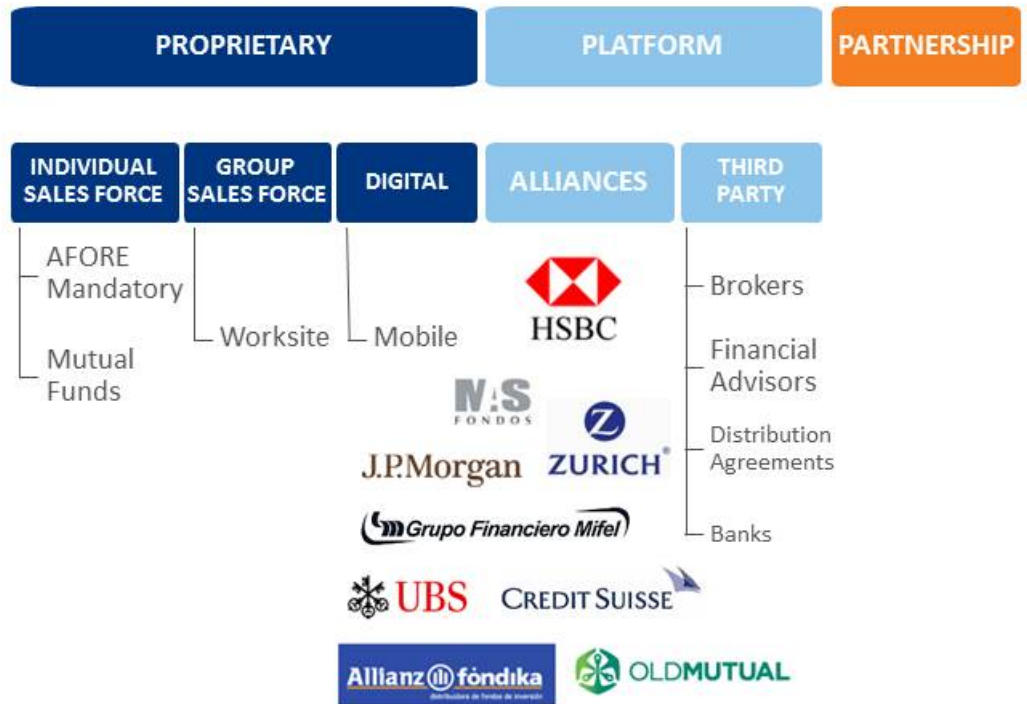
MEXICO

# UNIQUE MULTICHANNEL DISTRIBUTION APPROACH

Robust and difficult  
to replicate model

*60% of new AFORE sales  
come from external  
distributors*

*70% of Mutual Fund  
AUM come from  
external distributors*

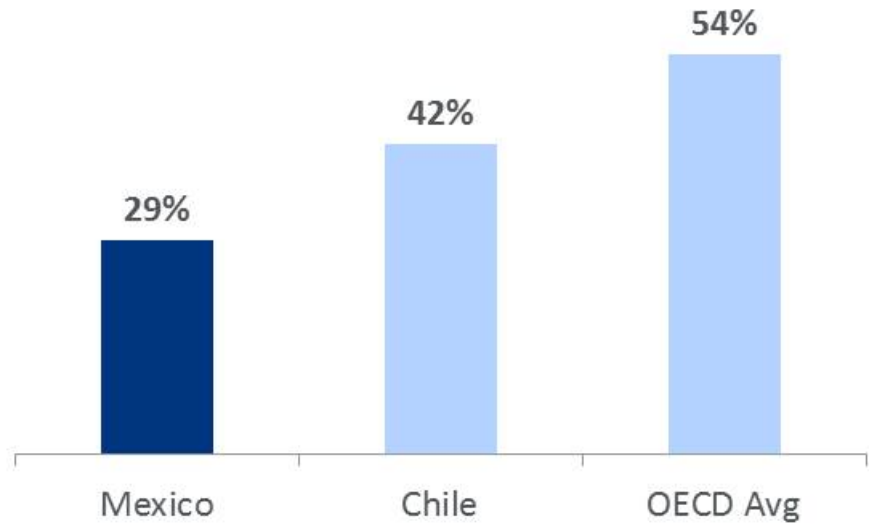


## MEXICO

# SIGNIFICANT OPPORTUNITY FOR GROWTH

Low replacement rates create a great opportunity to advise and develop voluntary savings

### Gross Replacement Rate



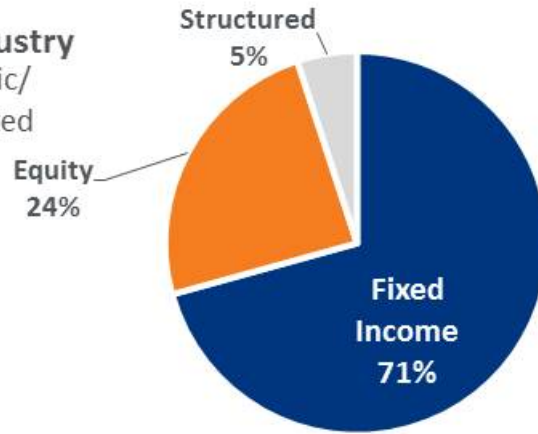
## MEXICO

# CAPITALIZING ON ASSET ALLOCATION OPPORTUNITIES

- Opportunities
  - Asset diversification
  - Growing voluntary savings
  - Higher value added solutions
- Synergies with Principal Global Investors

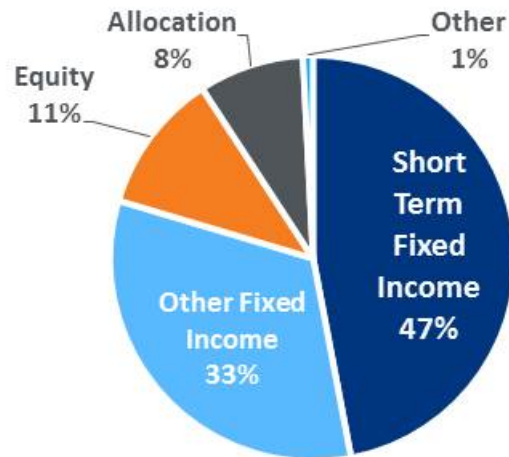
### AFORE Industry

82% domestic/  
locally invested



### Mutual Funds Industry

94% domestic/  
locally invested



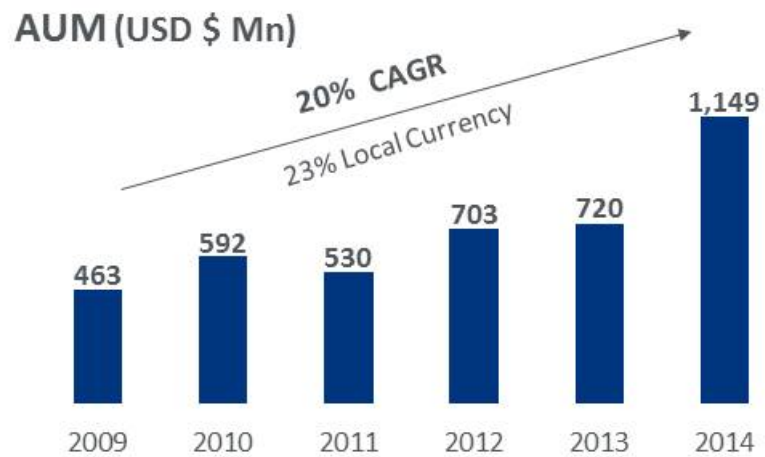
## MEXICO

# MUTUAL FUNDS EVOLUTION

- Rapid growth from multi-channel distribution model
- First lifecycle provider
- Strong investment performance

### High value-added products:

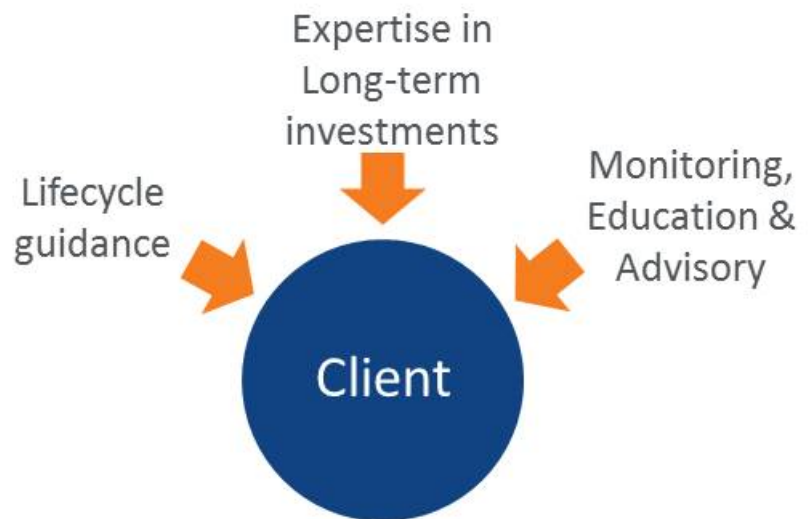
- Only global provider focused on retirement and long-term savings
- Global asset allocation expertise



## DIFFERENTIATION AND POSITIONING

- Stronger customer loyalty
- Higher contributions
- Lower lapses

### Capitalize on cross selling platform



#### *Cross-sell Expertise*

- Data Analytics
- Target Marketing

*Higher replacement rates for customers*

MEXICO

# FINANCIAL EDUCATION IN A DEVELOPING MARKET

## Regulator

- Leverage Principal Financial Group global expertise in pension markets
- CONSAR visits to Des Moines and Chile
- Principal Forum 2015

## Consumers

- Media outreach and workshops
- Financial education campaigns (i.e. MIDE\*)



## MEXICO

# KEY TAKEAWAYS

*Extending our success*

- Better preparing our clients for retirement
  - Improving replacement rates
  - Grow voluntary savings
- Leverage unique multi-channel distribution model
- Capitalize on cross-selling platform
- Organic growth combined with M&A opportunities



# FINANCIALS

**MICHAEL GARVIN (GARV)**  
CFO – Latin America Region



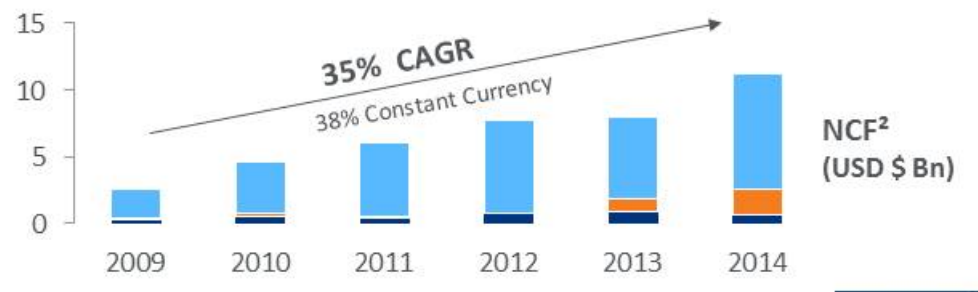
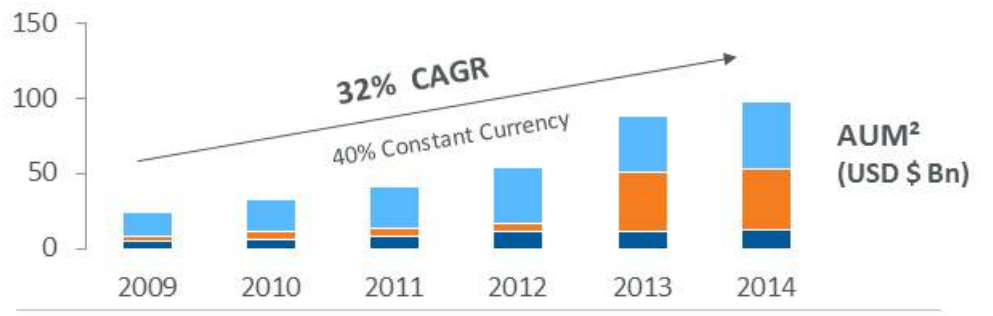
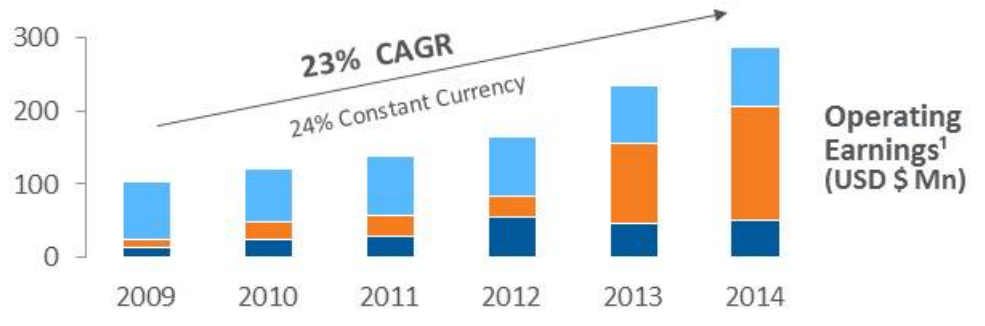
# FINANCIALS OVERVIEW

- Fee based businesses drive results and growth
- Net revenue growth and margin stability
- Increasing payout ratio

LATIN AMERICA

PROVEN TRACK RECORD

- Brazil
- Chile
- Mexico



<sup>1</sup> Operating earnings as reported include economic ownership change in Brasilprev from 46% to 25% in June 2010  
<sup>2</sup> AUM and net cash flows are on a combined basis

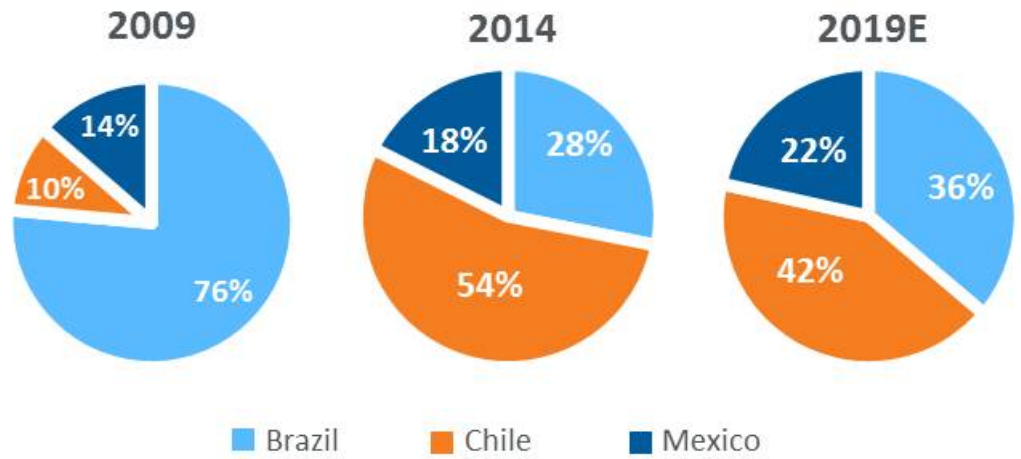


## LATIN AMERICA

# BALANCED MIX OF EARNINGS

- Growth across the region
- Diversified by country

## Operating Earnings by Country



## UNDERSTANDING NET REVENUE GENERATION

### Brazil

- Fees are charged as a percentage of AUM
- Spread of inflation indexes impacts net revenue

### Chile

- **Mandatory:** fees are collected as a percentage of salary with a cap, not AUM (i.e. front end only); less volatile than AUM based fees
- **Voluntary:** fees are charged as a percentage of AUM
- Encaje returns are reported in net investment income
- Higher inflation benefits net revenue, reported in net investment income

### Mexico

- Fees are charged as a percentage of AUM
- Encaje returns are reported in net investment income
- AFORE fee rates are annually approved by regulator

LATIN AMERICA

GROWING  
NET  
REVENUE

Stable pre-tax  
return on growing  
net revenue

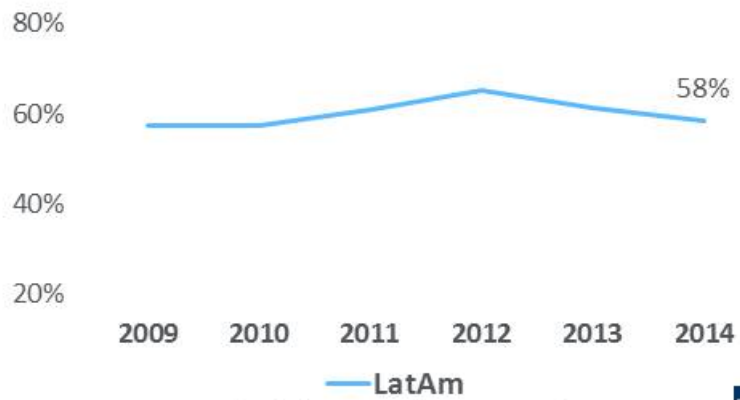
Net Revenue (USD \$ Mn)

Combined Basis



Pre-tax Return On Net Revenue

Combined Basis



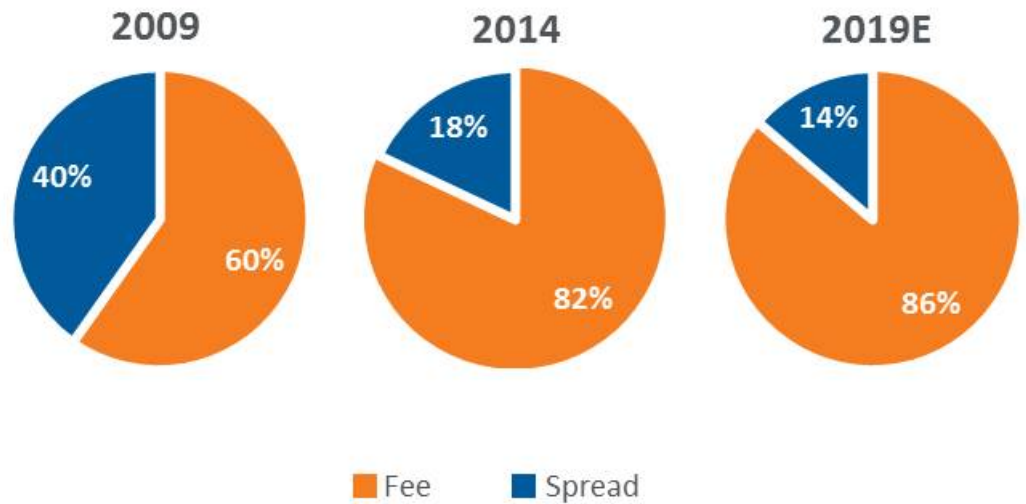
LatAm  
(Includes Principal International corporate expenses)



# FEE vs. SPREAD

## Growing Percentage of Net Revenue from Fee-Based Businesses

(Brasilprev at 25%)



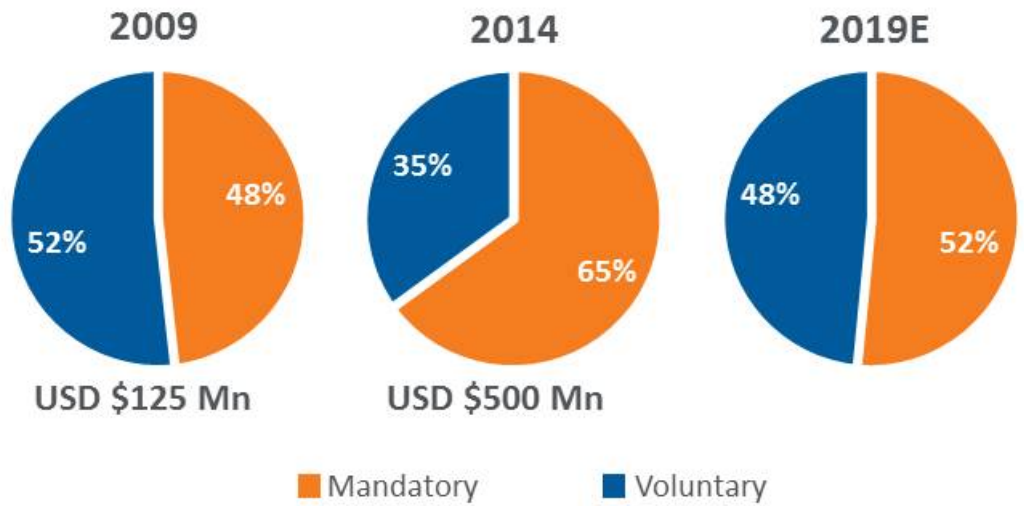
Fee equals fees and other revenues; Spread equals premiums and others considerations plus net investment income minus benefits, claims and settlement expenses minus dividends to policyholders. Encaje in Mexico and Chile removed from net investment income and included as fees.

LATIN AMERICA

**VOLUNTARY  
VS.  
MANDATORY  
FEES**

Cuprum acquisition added mandatory fee business and will be a base for growing voluntary fee business in the future

**Growing Voluntary Fees**  
(Brasilprev at 25%)



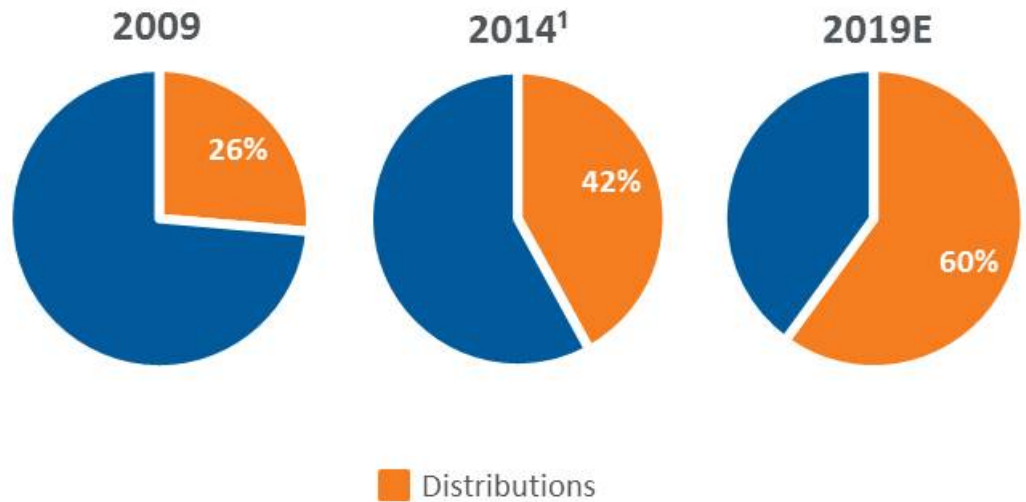


## LATIN AMERICA

# INCREASING PAYOUT RATIO

Latin America generates capital sufficient to sustain organic growth and make distributions upstream

### Distributions as a Percent of Net Income



79 <sup>1</sup>Removed from net income other after tax adjustments due to Chile tax reform USD \$ (58.1) Mn

**PRINCIPAL  
INTERNATIONAL**

# DRIVING ROE GROWTH

- Reported Principal International ROE **7.8%**
- Influenced by
  - Leverage
  - FX headwind
  - Acquisitions
- Adjusted ROE around **11%**
- Expected growth from here



ROE =



# CHECKBOOK ECONOMICS

- Brasilprev represents roughly 20% of earnings for BB Seguridade
- Given high growth and strong profitability implied multiple of *Brasilprev* could be higher

## BB Seguridade Valuation

Includes:

- Insurance (life, home, agriculture, auto)
- Pension (Brasilprev)
- Capitalization (special savings product with a private lottery)
- Bancassurance brokerage business

	Reais
Market Capitalization	\$ 65.3 Bn
2014 Net Income	\$ 3.223 Bn

**Implied PE multiple = 20.3x**

# KEY TAKEAWAYS

*Strong fundamentals  
enabling superior  
performance*

- Fee-based businesses drive results and growth
- Net revenue growth and margin stability
- Increasing payout ratio

# Q&A PANEL

# APPENDIX

# JOINT VENTURE ACCOUNTING TREATMENT

Joint ventures show up on income statement as either...

Line by line (consolidated)

or

Our share of net income is included  
in the net investment income line  
(non-consolidated)

# JOINT VENTURE ACCOUNTING TREATMENT

## Consolidated Joint Ventures:

- Majority ownership with full operational control
- Report all line items at 100%
- Remove partners' share of operating earnings (noncontrolling interest)

**Claritas, Cuprum, India**

## Non-consolidated Joint Ventures:

- Own more than 20% without full operational control
- Report our share of the JV's net income including realized gains/losses in net investment income

**Brasilprev, China, Southeast Asia**



# PRINCIPAL INTERNATIONAL INCOME STATEMENT

Twelve months ended  
31 December 2014  
(in USD \$ Mn)

	Reported	100% owned, = Consolidated JVs, & PI Corporate	+ Non- Consolidated JVs	Non- Consolidated JVs	
Premium and other considerations	225.7	225.7		173.6	Companies at 100%
Fees and other revenues	438.9	438.9		754.8	
Net investment income	610.8	515.5	95.3	3,696.2	
<b>Total Operating revenues</b>	<b>1,275.4</b>	<b>1,180.0</b>	<b>95.3</b>	<b>4,624.6</b>	
Benefits, claims, and settlement expenses	612.8	612.8		3,642.0	
Operating expenses	361.8	361.8		392.8	
<b>Total Expenses</b>	<b>974.6</b>	<b>974.6</b>	<b>0.0</b>	<b>4,034.8</b>	
Operating earnings (losses) before tax and NCI*	300.8	205.5	95.3	589.8	
Income tax	30.3	30.3		221.6	
Operating earnings (losses) after tax, including NCI	270.5	175.2	95.3	368.2	
Operating earnings (losses) attributable to NCI	2.5	2.5		273.3	Partners' share
<b>Operating earnings (losses)</b>	<b>268.0</b>	<b>172.7</b>	<b>95.3</b>	<b>95.1</b>	Prin Intl share
Net realized capital gains/(losses)	(27.3)	(27.3)		0.2	Prin Intl share
Other after-tax adjustments	(58.1)	(58.1)			
<b>Net income (loss) available to common stockholders</b>	<b>182.6</b>	<b>87.3</b>	<b>95.3</b>	<b>95.3</b>	

87 \* NCI = Non-Controlling Interest

Chile  
Hong Kong  
India  
Mexico

Brazil  
China  
SE Asia

# Acronyms and Useful Links

- **AAFM** (Asociación de Administradoras de Fondos Mutuos de Chile) Chilean mutual funds managers association  
<http://www.aafm.cl/>
- **AFORE** (Administradora de Fondos para el Retiro) Mexican mandatory, privately administered pension system
- **AFP** (Administrador de Fondos de Pensiones) Chilean mandatory, privately administered pension system
- **ANBIMA** (Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais) Brazilian mutual funds industry association  
<http://portal.anbima.com.br/Pages/home.aspx>
- **AMIB** (Asociación Mexicana de Intermediarios Bursátiles) Mexican Securities Industry Association  
<http://www.amib.com.mx/>
- **APV** (Ahorro Previsional Voluntario) Chilean voluntary pension savings [APVC (Colectivo) Group plan]
- **CAV** (Cuenta de Ahorro Voluntario) Chilean AFP voluntary savings account
- **CONSAR** (Comisión Nacional del Sistema de Ahorro para el Retiro) Mexican retirement savings regulator  
<http://www.consar.gob.mx/>
- **CNBV** (Comisión Nacional Bancaria y de Valores) Mexican financial market regulator  
<http://www.cnbv.gob.mx/>
- **FENAPREVI** (Federacao Nacional de Previdencia Privada e Vida) Brazilian industry group representing private pensions and insurance  
<http://www.cnseg.org.br/fenaprevi/a-federacao/>
- **IMSS** (Instituto Mexicano del Seguro Social) Mexican government entity dedicated to providing health services and social security to the insured population.  
<http://www.imss.gob.mx>
- **OECD** (Organization for Economic Co- operation and Development) International economic organization of 34 countries founded in 1961 to stimulate economic progress, compare policy experiences identify good practices and foster world trade.
- **PGBL** (Plano Gerador de Benefícios Livre) Brazilian defined-contribution private pension plan that allows the deferral of income tax due on up to 12% of the individual's income.
- **SP** (Superintendencia de Pensiones) Chilean pension regulator  
<http://www.spensiones.cl/>
- **SUSEP** (Supeintendência de Seguros Privados) Brazilian Insurance regulator  
<http://www.susep.gov.br/>
- **SVS** (Superintendencia de Valores y Seguros) Chilean financial market regulator  
<http://www.svs.cl/>
- **VGBL** (Vida Gerador de Benefícios Livre) Brazilian pension plan with a cash-value life insurance component with no tax charged on death benefits paid to a beneficiary

# Product Overview - Brazil

Company	Product Line	Product	Description
Brasilprev			PGBL: Variable deferred annuity product allowing tax deferral up to 12% of gross income.
	Pension Accumulation	PGBL & VGBL	VGBL: Cash value life insurance policy with after-tax contributions.  Both sold as defined contribution pension plans, providing annuitization option at retirement. Sold to individuals or as corporate plans. Both allow for the election of 2 methods of tax treatment: progressive (tax bracket at time of withdrawal) or regressive (declining tax bracket over time, from 35% to 10% over 10 years).
	Pension Accumulation	Traditional	Fixed deferred annuity, providing a minimum guaranteed rate of return and some sharing of returns in excess of the minimum guarantee. Provides retirement savings, with an annuitization option. This product is no longer sold.
	Income Annuities	Single-Premium Immediate Annuities	Income annuities provided to customers from the pension accumulation products (PGBL, VGBL, Traditional). Different benefit options exist, including lifetime income. Benefits are indexed, generally to inflation.
Supplemental Life & Disability Term Insurance	Risk Riders	Supplemental term insurance sold with pension accumulation plans, providing some protection in case of death or total disability. Benefits are indexed, generally to inflation.	
<b>Claritas</b>			
Asset Management	Mutual Funds & Asset Management Services		Diversified asset manager with 4 distinct strategies: open funds, structured products, asset allocation and offshore funds

# Product Overview - Chile

Company	Product Line	Product	Description
<b>Cuprum Administradora de Fondos de Pensiones (AFP)</b>			
	Mandatory Employee-funded Pension	AFP	Mandatory individual retirement savings, managed and administered by AFP's under the privatized social security system. Cuprum is one of 6 administrators. Investment options are the multi-funds of the AFP (A-E). The product is defined and regulated by the AFP system.
	Voluntary Pension Savings	Ahorro Previsional Voluntario (APV)	Individual voluntary retirement savings using AFP multi-funds. Includes some tax benefits.
	Voluntary Savings Account	Cuenta de Ahorro Voluntario (CAV)	Voluntary savings account using AFP multi-funds.
	Retirement Income	Programmed Withdrawal	Retirement option provided to AFP customers, where a portion of their AFP balance can be withdrawn each period. The amount of the payment is determined by regulation, with no guarantee.
<b>Principal Vida Chile</b>			
	Life Insurance Accumulation	Universal Life & Variable Universal Life	Life insurance products with a focus on savings accumulation. Variable universal life products use mutual funds as the investment options and are sold under the APV umbrella, providing a tax-advantaged benefit for the customer. Older, Universal Life products include a minimum guaranteed return and are no longer sold.
	Income Annuities	Single-premium Immediate Annuities	Income annuities primarily related to retirement money accumulated in an AFP, but private annuities can include monies saved outside of the AFP system. Benefits provide a guaranteed lifetime income, usually for an entire family group, so include multiple beneficiaries. Benefits are indexed to inflation.
<b>Principal Administradora General de Fondos (AGF)</b>			
	Voluntary Pension Savings – Individual and Employer	Mutual funds APV and APV-C	Retirement plans sold either individually (APV) or at an employer level (APV-C). These pension accumulation products use the Principal mutual funds platform.
	Asset Management	Mutual Funds & Asset Management Services	Mutual fund company focused on retirement and long term savings.

# Product Overview - Mexico

Company	Product Line	Product	Description
<b>Principal AFORE</b>			
	Mandatory Pension Plans	AFORE- Mandatory Retirement Savings	Mandatory individual retirement accounts managed and administered by AFORE's under the privatized social security system. Principal is one of 11 administrators. Investment options are the AFORE funds (SIEFORES). The product is defined and regulated by the AFORE system.
<b>Principal Fondos de Inversiones (PFI)</b>			
	Asset Management	Mutual Funds & Asset Management Services	Mutual fund company focused on retirement and long term savings.
<b>Principal Pensiones</b>			
	Income Annuities	Single-premium Immediate Annuities	Income annuities to provide benefits earned through the Mexican social security system. Benefits provide a lifetime income, usually for an entire family group, so include multiple beneficiaries. Benefits are indexed to inflation. These products are no longer sold.
<b>Principal Seguros</b>			
	Income Annuities	Single-premium group annuity	Principal Seguros has one single-premium group annuity. This is a group annuity purchased to provide income from an employer defined-benefit plan. These products are no longer sold.
	Life Insurance		There is a small block of legacy insurance products in Principal Seguros. These include some term life, whole life, and flexible universal life-type products. These products are no longer sold.

# Non-GAAP Financial Measure Reconciliations

*Principal Financial Group, Inc.*  
Non-GAAP Financial Measure Reconciliations  
(in millions, except as indicated)

	Twelve Months Ended, 31-Dec-14
<b>Operating Earnings (Losses):</b>	
Total operating earnings (losses)	\$1,317.90
Net realized capital gains (losses)	-100.5
Other after-tax adjustments	-106.3
<i>Net Income (Loss) Available to Common Stockholders</i>	\$1,111.10