



Principal Financial Group

First Quarter 2021 Earnings Results

April 28, 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 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.

1Q 2021 financial highlights

Operating earnings

- Quarterly non-GAAP operating earnings¹ of \$424M; quarterly non-GAAP operating earnings per diluted share¹ (EPS) of \$1.53
- Significant variances impacted quarterly non-GAAP pre-tax operating earnings¹ by \$(25)M, non-GAAP operating earnings¹ by \$(18)M, EPS¹ by \$(0.07); pre-tax impacts include:
 - \$(21)M from COVID-19 related claims
 - \$(19)M from Institutional Retirement & Trust (IRT) integration costs
 - \$15M from higher than expected variable investment income (VII) in RIS-Spread and Individual Life, partially offset by lower than expected VII in Corporate
- 1Q21 non-GAAP operating earnings excluding significant variances of \$442M (+18% from 1Q20); or \$1.60 per diluted share (+19% from 1Q20)

Capital & liquidity

- \$2.8B of excess and available capital
- \$252M of capital deployments in 1Q21 through \$152M of common stock dividends and \$100M of share repurchases
- Announced 2Q21 common stock dividend of \$0.61 per share, a 5 cent, or 9%, increase over 1Q21
- We continue to expect full year 2021 capital deployments of \$1.4B-\$1.8B, including \$600M-\$800M of share repurchases

AUM, NCF & Investment Performance

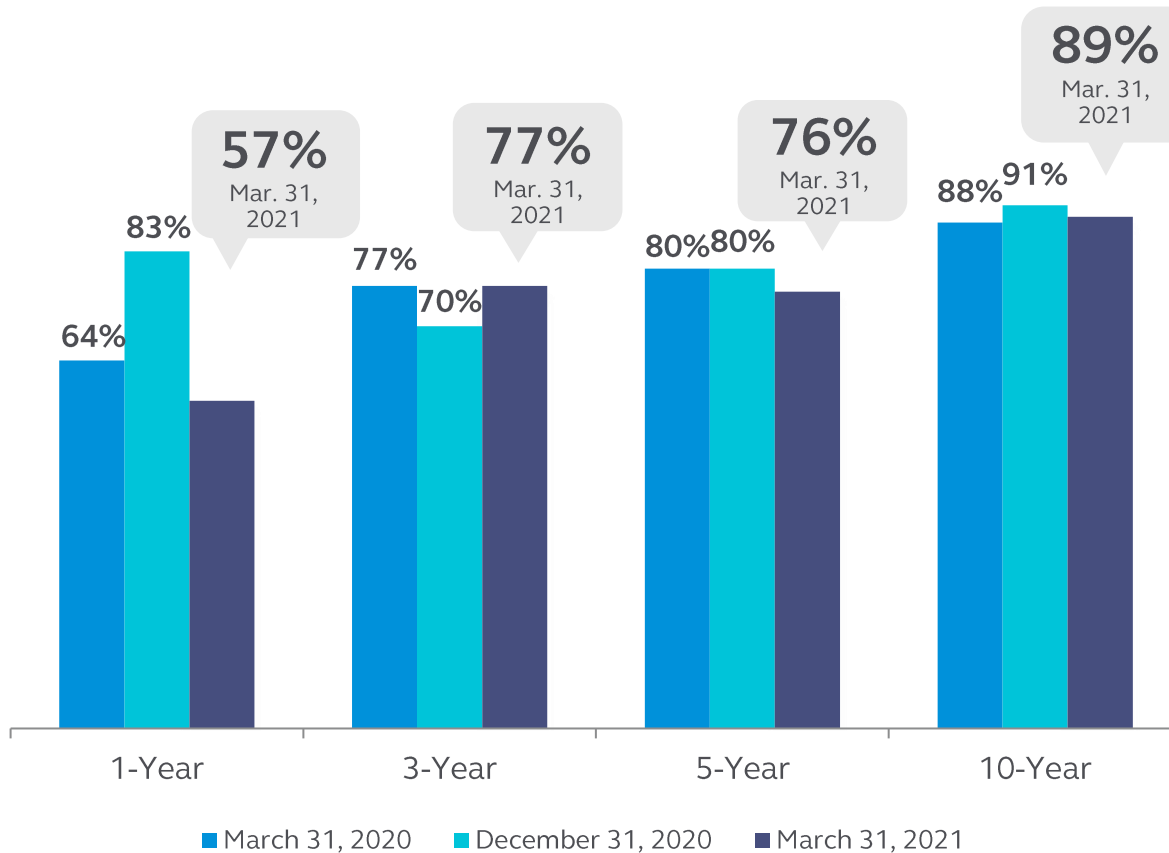
- Record total company AUM of \$820B; an increase of \$189B compared to a pressured 1Q20
- Total company net cash flow \$8.2B, including \$5.7B in RIS-Fee
- Continued strong investment performance; percentage of funds in the top two Morningstar quartiles across asset classes: 1-year (57%), 3-year (77%), 5-year (76%) and 10-year (89%)

COVID-19 financial impacts

- 200K U.S. COVID-19 related deaths in 1Q21; \$(21)M pre-tax/\$(16)M after-tax impact to non-GAAP operating earnings; pre-tax impacts include:
 - \$(26)M Specialty Benefits: \$(19)M Group Life, \$(3)M Group Disability and \$(4)M Individual Disability
 - \$(24)M Individual Life
 - \$29M RIS-Spread
- Immaterial credit drift and losses in 1Q21; estimated impact of \$100M for full year 2021, decreased from \$300M communicated at the Outlook call
- Estimated 275K U.S. COVID-19 related deaths full year 2021, lower than 300K communicated at the Outlook call

Investment performance

Equal weighted¹



Asset weighted²

71%
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 (85 total, 80 are ranked).

Position of financial strength

Liquidity

\$2.2B

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)
- Not a forced seller of assets due to long-dated, fixed maturity date liabilities

Capital

\$2.8B

Excess and available capital

- \$1.8B capital at Hold Co. (\$1.0B above target of \$800M to cover 12 months of obligations)
- \$575M excess above 400% RBC ratio
- \$400M excess cash at subsidiaries
- Have access to an off-balance sheet contingent capital facility with approximately \$850M market value

Estimated RBC ratio

437%

- Expect RBC ratio to move down toward targeted 400% throughout 2021

Leverage

23.2%

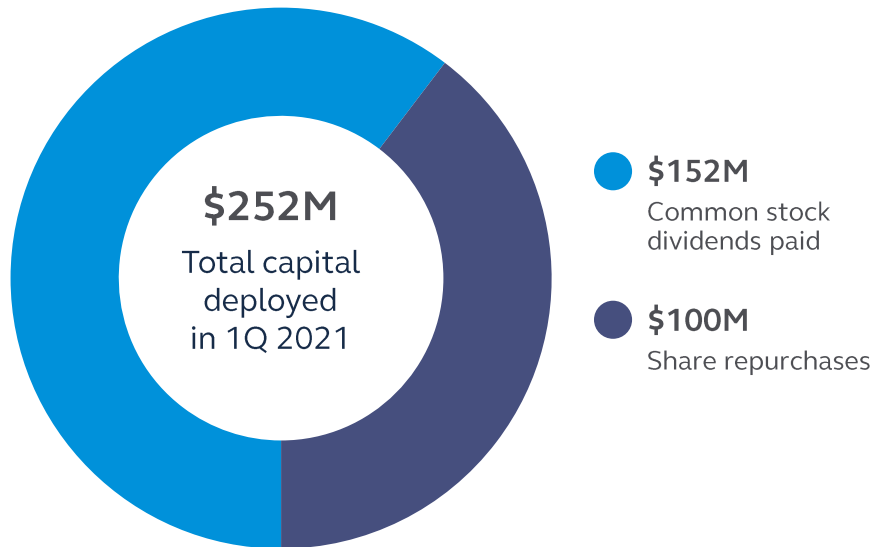
Low debt-to-capital ratio¹

- No debt maturities until \$300M in 3Q22

Capital deployment & management

1Q21 capital deployments

- \$152M to common stock dividends
- \$100M of share repurchases



2021 outlook

- Continue to expect \$1.4B - \$1.8B of external capital deployments for full year 2021, including \$600M-\$800M of share repurchases
- \$75M in share repurchases through April 26th
- Announced 2Q21 common stock dividend of \$0.61 per share, a 5 cent, or 9%, increase over both 1Q21 and 2Q20

U.S. investment portfolio details

Intentionally managed key risks; high quality, diversified portfolio positioned well for the future

Nearly 90% of total U.S. invested assets and cash is in Fixed Maturities and Commercial Mortgage Loans

	12/31/2008	12/31/2020	3/31/2021
U.S. Fixed Maturities (74% of total U.S. invested assets and cash)			
NAIC 1	57%	65%	64%
NAIC 2	38%	29%	30%
Below investment grade (NAIC 3 - 6)	5%	6%	6%
Commercial Mortgage Loans (16% of total U.S. invested assets and cash)			
A- and above	61%	89%	89%
Average loan-to-value (LTV)	62%	49%	49%
Average debt service coverage ratio	1.8x	2.5x	2.6x

Investment portfolio highlights

- Pre-tax unrealized net gain of \$4.3B related to fixed maturities portfolio
- Manageable risks to in-focus corporate credit sectors
- 19% of U.S. invested assets and cash in structured securities, 96% designated NAIC 1; good fit for our liability profile
- Commercial Mortgage Loan portfolio is substantially underweight retail and hotel property types relative to NCREIF property indices and ACLI averages
- Only 11 loans currently modified representing less than 2% of the commercial mortgage loans in the U.S. investment portfolio

Retirement and Income Solutions – Fee (RIS – Fee)

Highlights

- Pre-tax operating earnings excluding significant variances¹ increased due to higher net revenue, partially from favorable equity markets, and disciplined expense management
- Strong net cash flow of \$5.7B in the quarter driven by record sales of \$8.1B and low contract lapses
- Recurring deposits increased 10% and participants increased 7.5% from 1Q20, signaling recovery in the business and impact of the IRT migration

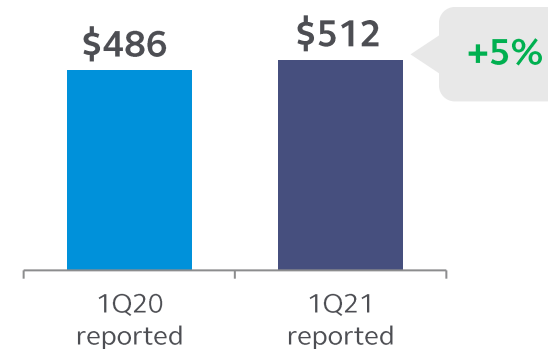
	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
1Q21	\$107.7	+\$18.8	\$126.5
1Q20	\$83.1	+\$26.0	\$109.1
Change	+\$24.6 (+30%)		+\$17.4 (+16%)

¹ Impact of IRT integration costs in 1Q21; impact of higher DAC amortization and elevated compensation and other expense, and IRT integration costs in 1Q20.

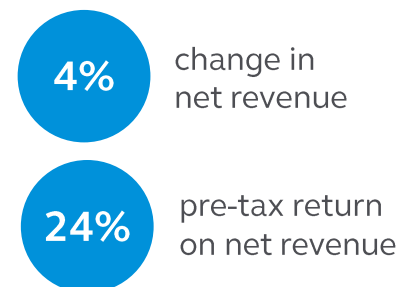
² Excludes impacts of 2020 and 2019 actuarial assumption reviews and other significant variances.

Net revenue (\$M)

Quarterly basis



Trailing twelve month basis²



Retirement and Income Solutions – Spread (RIS – Spread)

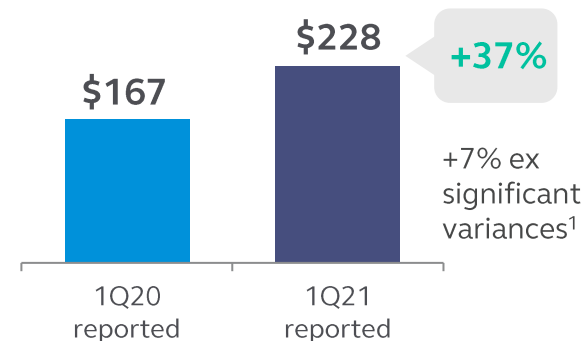
Highlights

- Pre-tax operating earnings excluding significant variances¹ increased due to growth in the business and disciplined expense management
- Quarterly sales of \$1.5B included \$0.9B opportunistic MTN and GIC issuances and \$0.4B bank deposits; PRT pipeline remains robust

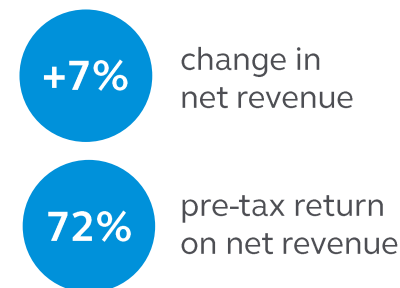
	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
1Q21	\$180.3	-\$50.0	\$130.3
1Q20	\$122.0		\$122.0
Change	+\$58.3 (+48%)		+\$8.3 (+7%)

Net revenue (\$M)

Quarterly basis



Trailing twelve month basis²



¹ Impact of favorable COVID-19 related mortality and higher than expected VII in 1Q21.

² Excludes impacts of 2020 and 2019 actuarial assumption reviews and other significant variances.

Principal Global Investors (PGI)

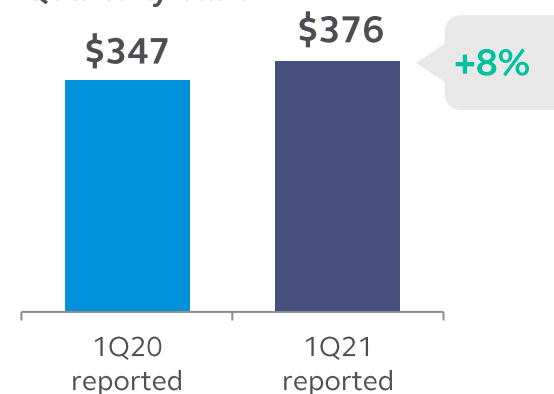
Highlights

- Pre-tax operating earnings increased due to higher management fees from increase in AUM and disciplined expense management
- Record managed AUM of \$508B and record sourced AUM of \$250B, including \$0.4B sourced net cash flow
- Trailing twelve month (TTM) revenue growth of 2% is muted due to lower performance fees and transaction & borrower fees; revenue growth for full year 2021 expected to be at high end of the 9-13% targeted range

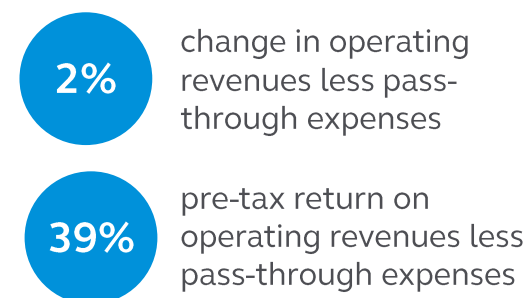
	Reported pre-tax operating earnings (\$M)
1Q21	\$141.1
1Q20	\$111.7
Change	+\$29.4 (+26%)

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

Quarterly basis



Trailing twelve month basis



¹ This is a non-GAAP financial measure; see reconciliation in appendix.

Principal International

Highlights

- Pre-tax operating earnings excluding significant variances¹ decreased primarily due to elevated prepayment fee income in Chile in 1Q20; 1Q21 encaje performance of \$(5)M was offset by favorable VII in Chile
- On track to deliver 8-12% growth in revenue for full year
- AUM of \$160B increased 15% compared to prior year quarter on a constant currency basis², not including China AUM of \$155B
- Net cash flow of \$1.4B, the 50th consecutive quarter of positive net cash flow

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
1Q21	\$75.1		\$75.1
1Q20	\$30.8	+\$46.5	\$77.3
Change	+\$44.3 (+144%)		-\$2.2 (-3%)

¹ Impact of lower than expected encaje in 1Q20.

² Prior period results translated using foreign exchange rates from the current period.

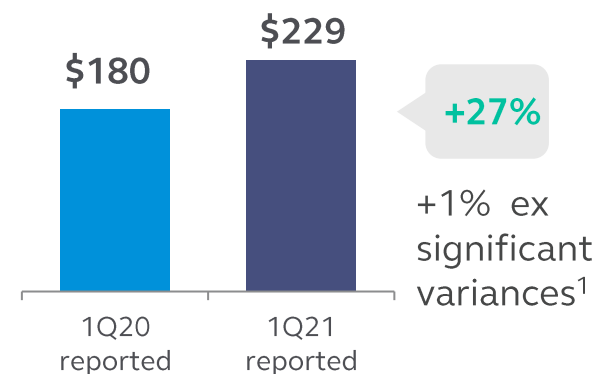
³ Combined basis includes all Principal International companies at 100%.

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

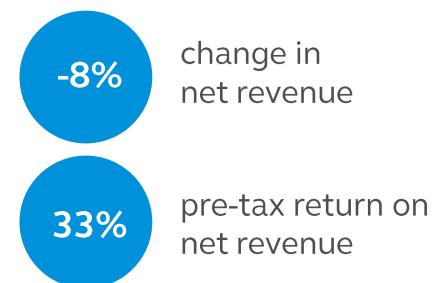
⁵ Excludes impacts of 2020 and 2019 actuarial assumption reviews and other significant variances.

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

Quarterly basis



Trailing twelve month basis⁵ (at PFG share)



Specialty Benefits

Highlights

- Pre-tax operating earnings excluding significant variances¹ decreased as lower dental claims from provider office closures in 1Q20 were partially offset by favorable non-COVID-19 claims in 1Q21
- Continued recovery as in-group growth increased 0.8% in 1Q21, the strongest since the onset of the pandemic
- Dental utilization returned to normal 1Q seasonality

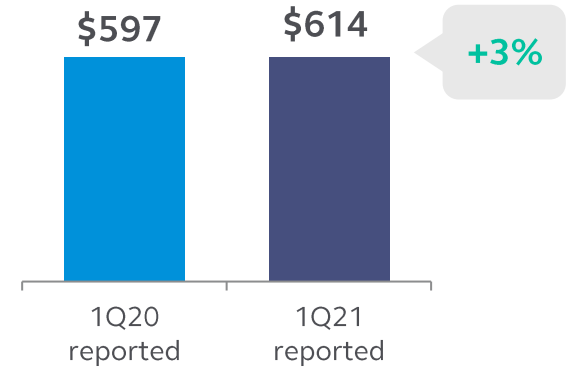
	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
1Q21	\$59.2	+\$26.1	\$85.3
1Q20	\$88.2		\$88.2
Change	-\$29.0 (-33%)		-\$2.9 (-3%)

¹ COVID-19 related claims in 1Q21.

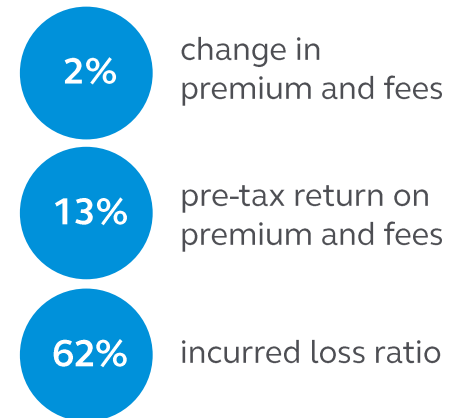
² Excludes impact of 2020 significant variances and 2019 actuarial assumption review and other significant variances.

Premium and fees (\$M)

Quarterly basis



Trailing twelve month basis²



Individual Life

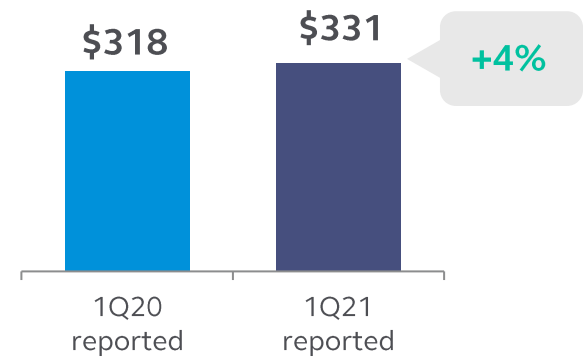
Highlights

- Pre-tax operating earnings excluding significant variances¹ increased due to higher investment income and disciplined expense management
- Sales rebounded, increasing 30%, with nearly 60% from the business market

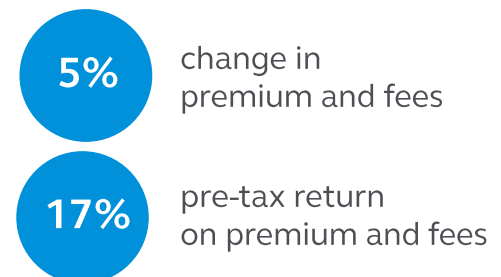
	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
1Q21	\$36.0	+\$19.9	\$55.9
1Q20	\$41.3		\$41.3
Change	-\$5.3 (-13%)		+\$14.6 (+35%)

Premium and fees (\$M)

Quarterly basis



Trailing twelve month basis²



¹ Impact of COVID-19 related claims and higher than expected variable investment income in 1Q21.

² Excludes impacts of 2020 and 2019 actuarial assumption reviews and other significant variances.

Appendix

IRT integration update

Integration remains on track

- Final retirement migrations will occur in 2Q21; Trust and Custody by end of 3Q21
- Approximately 2.2M retirement participants and \$140B of retirement AV
- Expense synergies will begin to emerge in 2H21 as business migrates and the TSA costs decline
- Growth in both sales and pipeline, through additional distribution channels, doubling in size from 2020

Significant variances related to the IRT acquisition

Integration expenses



Our commitments to corporate social responsibility¹

PEOPLE

Reach an inclusion index score of 80%+ each year

PRACTICES

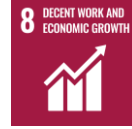
Reduce U.S. carbon emissions 40% by 2035 and achieve net-zero carbon emissions by 2050

PRODUCTS & SERVICES

Double minority and women-owned small to mid-sized businesses we support through product access, micro-finance, community development and financial education in 5 years

By 2022, implementation planning will be in place to align our responsible investment with 7 UN Sustainable Development Goals²
SDG Alignment: 1, 4, 7, 8, 10, 13, 16

View our 2020 Corporate Social Responsibility report and learn more about our ESG strategy at: principal.com/sustainability



ENVIRONMENTAL

Create sustainable practices through long term responsible actions

48%

Decrease in greenhouse gas emissions over the last 10 years

A-

Climate change leader rating from the Carbon Disclosure Project (CDP) for the 8th consecutive year

4-star

Rating Principal Real Estate Investors received from GRESB³, the global benchmark for real estate for the 5th consecutive year

SOCIAL

Advocate for security and inclusion among our employees, customers and community

\$25 million

In combined funding from Principal and the Principal Foundation for COVID-19 relief for individuals and businesses

83%

Employee engagement due to increased transparency, communication and responsiveness during COVID-19 as cited by employees

81%

Inclusion Index score-measuring employee engagement, inclusive workplace environment and diversity throughout our talent pipeline

GOVERNANCE

Be a good steward of the resources entrusted to us

55%

Of independent members of our Board are women and minorities

Global Partner

Newly accepted participant leader in the UN Global Compact

A+

Rating in Strategy and Governance Module by United Nations Principles for Responsible Investment

¹ Our commitments contribute directly to the United Nations Sustainable Development Goals (SDG alignment) ² Unless a client specifically mandates otherwise. ³ GRESB is the global ESG benchmark for real estate assets. The ratings exhibit Principal Real Estate Investors' commitment to integrating ESG standards into its investment practices while pursuing positive financial results for clients.

Non-GAAP operating earnings sensitivities

Estimated impacts of changes in key macroeconomic conditions on annual non-GAAP pre-tax operating earnings

If macroeconomics change by...	Equity market return +/- 10%	Interest rates +/- 100 bps	Interest Rate on Excess Reserves (IOER) rate +/- 50 bps	FX: U.S. dollar +/- 2%	Certain alternative investment valuation ⁴ +/- 10%
Then Principal's annual non-GAAP pre-tax operating earnings will change by...	+/- 5-7% ¹	+/- < 1% ²	+/- < 0.5%	-/+ < 1% ³	+/- < 7%
And the primary businesses impacted are...	RIS - Fee PGI	RIS - Spread Individual Life SBD	RIS - Fee	PI	RIS - Spread Individual Life SBD

¹ Assumes an immediate 10% change in the S&P 500 followed by 2% growth per quarter thereafter.

² Excludes the impact of actuarial unlockings.

³ Principal is primarily impacted by changes in Latin American and Asian currencies. Inverse relationship between movement of the U.S. dollar and impact to Operating Earnings.

⁴ Includes hedge funds, private equity, infrastructure, and direct lending assets. Separate and distinct from our equity risk associated with a decline in the S&P 500 index, assumes an immediate 10% decline in the value of these assets, followed by a 2% per quarter increase.

Note: The impact to income before income taxes is materially consistent with the impact to non-GAAP pre-tax operating earnings.

All sensitivities taken from Principal Financial Group's annual report on Form 10-K for the year ended Dec. 31, 2020

Non-GAAP financial measure reconciliations

	Three Months Ended (in millions)	
	3/31/21	3/31/20
Principal Global Investors Operating Revenues Less Pass-Through Expenses		
Principal Global Investors operating revenues	\$415.2	\$390.8
Principal Global Investors commissions and other expenses	(39.4)	(43.7)
Principal Global Investors operating revenues less pass-through expenses	\$375.8	\$347.1

	Three Months Ended (in millions)	
	3/31/21	3/31/20
Principal International Combined Net Revenue (at PFG Share)		
Principal International pre-tax operating earnings	\$75.1	\$30.8
Principal International combined operating expenses other than pass-through commissions (at PFG share)	154.0	149.2
Principal International combined net revenue (at PFG share)	\$229.1	\$180.0

	Three Months Ended (in millions)	
	3/31/21	3/31/20
Non-GAAP Operating Earnings (Losses)		
Net income attributable to PFG	\$517.1	\$288.9
Net realized capital (gains) losses, as adjusted	(93.6)	30.7
Non-GAAP operating earnings	\$423.5	\$319.6

	Three Months Ended Per diluted share	
	3/31/21	3/31/20
Diluted Earnings Per Common Share		
Net income	\$1.87	\$1.04
Net realized capital (gains) losses, as adjusted	(0.35)	0.11
Adjustment for redeemable noncontrolling interest	0.01	-
Non-GAAP operating earnings	\$1.53	\$1.15
Weighted-average diluted common shares outstanding (in millions)	276.0	277.2

Non-GAAP financial measure reconciliations

	Period Ended (in millions)
Stockholders' equity x-AOCI available to common stockholders	3/31/21
Stockholders' equity	\$15,462.3
Noncontrolling interest	(56.8)
Accumulated other comprehensive income	(953.8)
Stockholders' equity x-AOCI available to common stockholders	\$14,451.7

	(in millions) Three Months Ended	
Income Taxes	3/31/21	3/31/20
Total GAAP income taxes	\$97.6	\$43.2
Net realized capital gains (losses) tax adjustments	(23.5)	14.7
Income taxes attributable to noncontrolling interest	-	0.2
Income taxes related to equity method investments	8.0	8.3
Income taxes	\$82.1	\$66.4