



Second Quarter 2021 Earnings Results

PRINCIPAL FINANCIAL GROUP

July 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, and in the company's quarterly report on Form 10-Q for the quarter ended Mar. 31, 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.

Highly compelling, clear path forward

GLOBAL ASSET MANAGEMENT

RETIREMENT

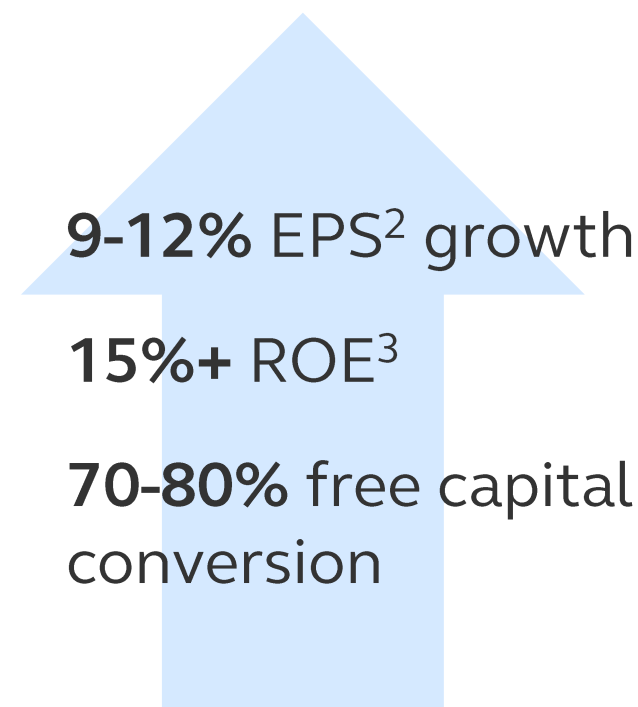
U.S. BENEFITS & PROTECTION



2021 Investor Day summary

After implementing the decisions resulting from our strategic review, a vast majority of earnings will stem from fee-based and less capital-intensive businesses

- ✓ **~\$3B Capital Return¹**
 - \$1.2B new incremental share repurchase authorization
 - \$1.4B-\$1.8B repurchases, before proceeds from future transactions
- ✓ **Exiting U.S. Retail Fixed Annuities**
 - Discontinuing new sales, selling related block (\$18B reserves) – **potential for significant proceeds**
- ✓ **Exiting U.S. Individual Life Retail Segment**
 - Discontinuing new sales, selling ULSG block (\$7B reserves), and pursuing alternatives for other related in-force blocks – **significant de-risking upon completion**
- ✓ **Increased EPS Growth**
 - Excludes earnings from the products and blocks identified for exit, includes estimated stranded costs, and excludes the benefit of potential additional share repurchases funded by transaction proceeds
- ✓ **More Aggressive Capital Return to Shareholders**
 - **Return 70-80% of net income to shareholders** through common stock dividends and share repurchases; M&A capital allocation reduced to 0-10% of net income



1 Between 2021 and 2022

2 Non-GAAP operating earnings per diluted share; 9-12% EPS growth between 2020 and 2023

3 Non-GAAP return on equity, excluding AOCI other than foreign currency translation adjustment; 15%+ ROE by 2023

2Q 2021 financial highlights

2Q 2021 OPERATING EARNINGS AND EPS

Reported non-GAAP operating earnings¹

\$467M

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

\$1.70

Impact of significant variances to non-GAAP pre-tax operating earnings¹

\$14M after-tax (\$10M pre-tax)

Impact of significant variances to EPS^{1,2}

\$(0.05)

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

\$453M (+21% vs. 2Q 2020)

Non-GAAP operating earnings per diluted share (EPS), xSV

\$1.65 (+21% vs. 2Q 2020)

INCREASE IN COMMON STOCK DIVIDEND

Announced

\$0.63 common stock dividend

payable in 3Q 2021; \$.07 increase (+13% over 3Q 2020)

CAPITAL & LIQUIDITY

Excess and available capital

\$2.5B

2Q 2021 capital deployments

\$431M \$165M of common stock dividends and \$266M of share repurchases

2Q 2021 credit drift and losses

\$(18)M Expect immaterial impact for full year 2021; improved from \$(100)M estimate in 1Q 2021

AUM, NCF & INVESTMENT PERFORMANCE

Total company AUM

\$990B Includes \$532B record PGI managed AUM and \$133B migrated IRT retirement assets

Total company net cash flow

+\$2.1B

Continued strong investment performance³

1-year: **59%** 3-year: **70%** 5-year: **74%** 10-year: **88%**

Our commitments to corporate social responsibility¹

PEOPLE

Reach an inclusion index score of 80%+ each year

PRACTICES

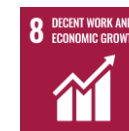
Reduce U.S. carbon emissions 40% by 2035 and achieve net-zero carbon emissions by 2050

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

\$30 million

Granted to support small businesses and community development initiatives

79%

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

79%

Employee 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

67%

Of independent members of our Board are women and minorities; Women - 5 out of 12 members POC - 4 out of 12 members

Global Partner

Active participation 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.

2Q 2021 significant variances

Business unit impacts of significant variances (in millions)

Business unit	Variable investment income	DAC amortization and model refinements	COVID-19 related	IRT integration	Encaje & inflation	Total significant variances
RIS-Fee	-	\$7.4	-	\$(21.4)	-	\$(14.0)
RIS-Spread	\$40.0	-	\$7.0	-	-	\$47.0
Principal International	\$7.0	-	-	-	\$(33.5)	\$(26.5)
Specialty Benefits	-	-	\$(8.1)	-	-	\$(8.1)
Individual Life	\$14.0	\$7.5	\$(9.5)	-	-	\$12.0
Total pre-tax impact	\$61.0	\$14.9	\$(10.6)	\$(21.4)	\$(33.5)	\$10.4
Total after-tax impact	\$47.8	\$11.7	\$(8.4)	\$(15.6)	\$(21.4)	\$14.1
EPS impact						\$0.05

Position of financial strength

\$2.7B

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

- \$1.7B capital at Hold Co. (\$900M above target of \$800M to cover 12 months of obligations)
- \$325M excess above 400% RBC ratio
- \$460M excess cash at subsidiaries
- Have access to an off-balance sheet contingent capital facility with approximately \$875M market value

421%

Estimated RBC ratio

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

23.2%

Low debt to capital ratio¹

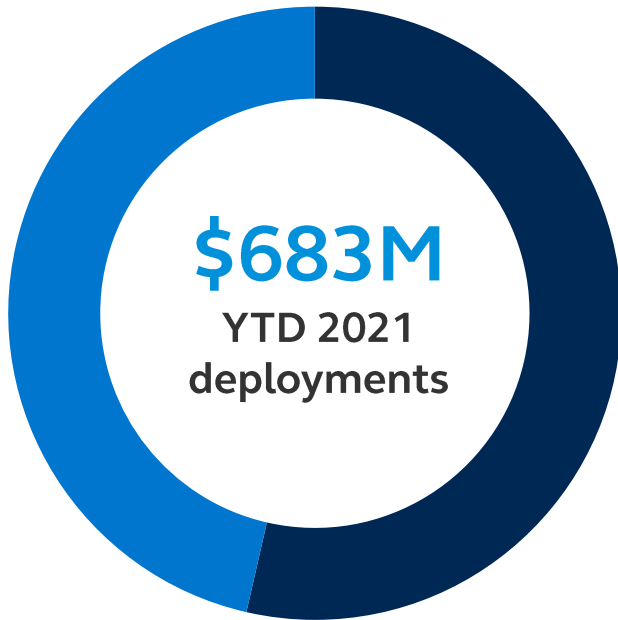
- Plan to pay down \$300M of long-term debt when it matures in 3Q 2022

As of 6/30/2021

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

2021 capital deployments

Our path to \$1.4B - \$1.8B of capital deployments in 2021



- **\$317M**

Common stock dividends paid

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

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

- **\$366M**

Share repurchases

\$100M - 1Q21

\$266M - 2Q21

3Q21 COMMON STOCK DIVIDEND

\$0.63 per share

2-cent (3%) increase over 2Q21

7-cent (13%) increase over 3Q20

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

Excludes proceeds from any potential transactions

\$1.4B - \$1.8B

of share repurchases

\$1.6B

remaining on current repurchase authorizations

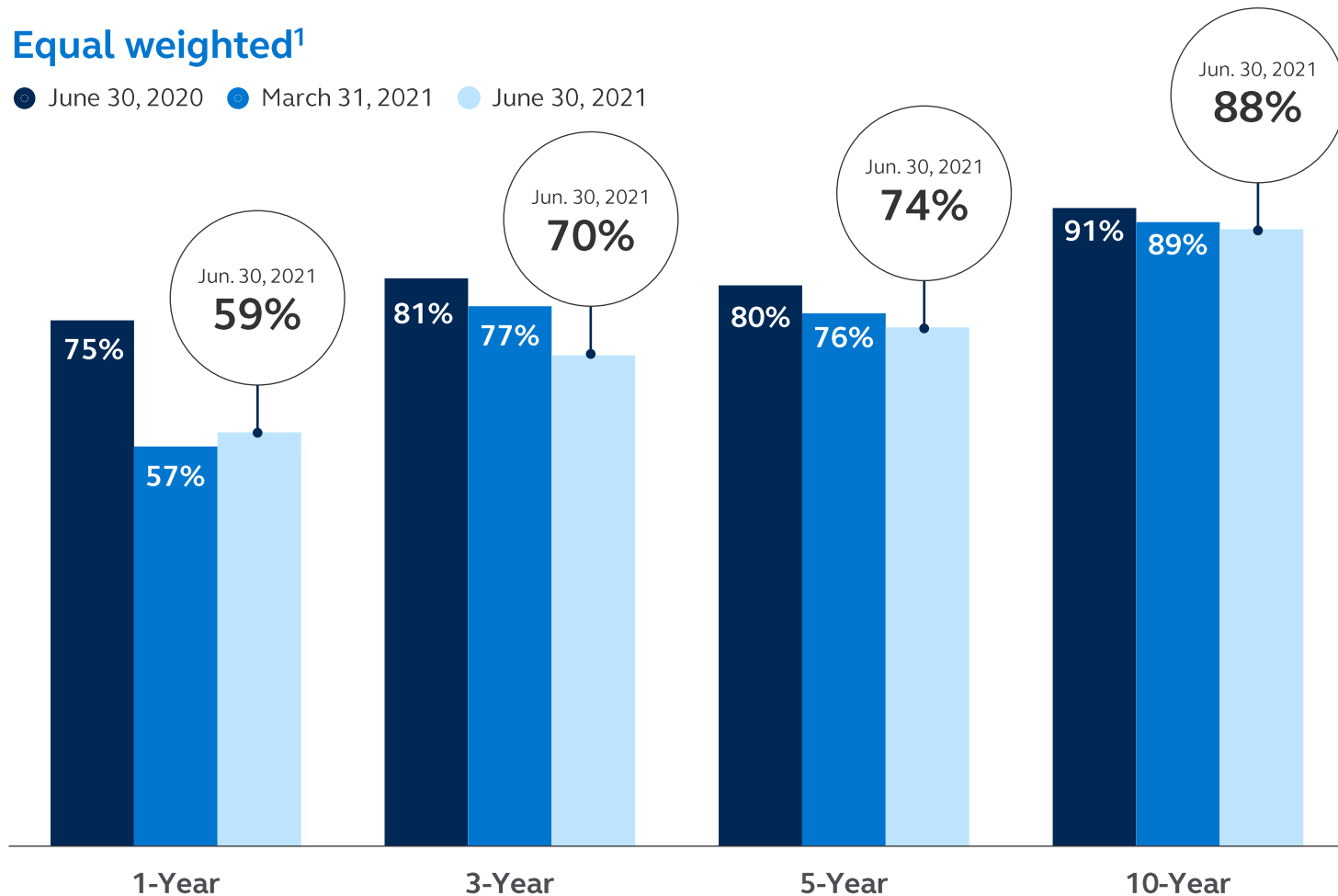
\$1.3B - \$1.4B

in common stock dividends

Investment performance

Equal weighted¹

● June 30, 2020 ● March 31, 2021 ● June 30, 2021



ASSET WEIGHTED²

65%

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).

Retirement and Income Solutions – Fee (RIS – Fee)

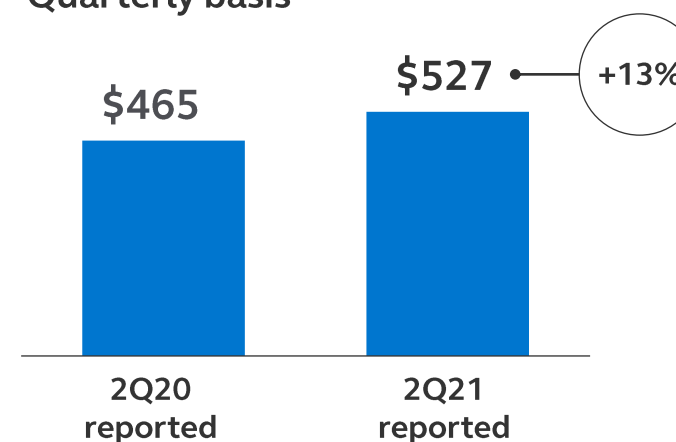
HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ increased primarily due to higher net revenue from higher account values
- Recurring deposits increased 33% and participants with account value grew 61% from 2Q20, including impacts from the IRT migration and growth in the legacy block

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
2Q21	\$119.8	+\$14.0	\$133.8
2Q20	\$122.3	-\$10.1	\$112.2
Change	-\$2.5 (-2%)		+\$21.6 (+19%)

Net revenue (\$M)

Quarterly basis



Trailing twelve month basis²

2%
change in
net revenue

25%
pre-tax return
on net revenue

¹ Impact of IRT integration costs and lower than expected DAC amortization in 2Q21; impact of lower DAC amortization, IRT earnout liability reversal offset by integration costs, and lower fees for COVID-19 related withdrawals in 2Q20.

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

Retirement and Income Solutions – Spread (RIS – Spread)

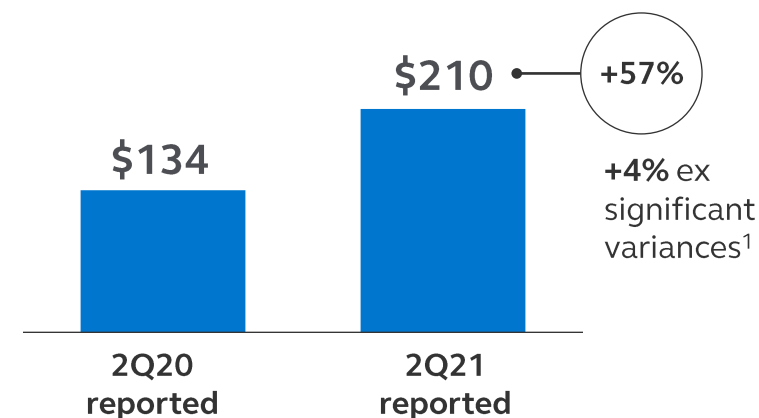
HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ decreased slightly as higher operating expenses offset higher net revenue
- Quarterly sales of \$1.7B included \$0.8B MTN 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)
2Q21	\$160.4	-\$47.0	\$113.4
2Q20	\$91.6	+\$23.7	\$115.3
Change	+\$68.8 (+75%)		-\$1.9 (-2%)

Net revenue (\$M)

Quarterly basis



Trailing twelve month basis²

+9%
change in
net revenue

71%
pre-tax return
on net revenue

¹ Impact of higher than expected VII and favorable COVID-19 related mortality in 2Q21; lower than expected VII and favorable COVID-19 related mortality in 2Q20.

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

Principal Global Investors (PGI)

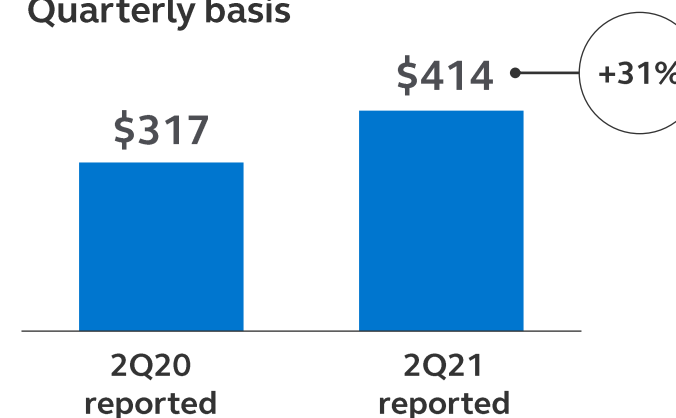
HIGHLIGHTS

- Pre-tax operating earnings increased a strong 70% primarily due to higher management fees from increased AUM and performance fees
- 2Q21 pre-tax return margin of 45%
- Record managed AUM of \$532B and record sourced AUM of \$263B, capturing \$1.8B sourced net cash flow

	Reported pre-tax operating earnings (\$M)
2Q21	\$184.4
2Q20	\$108.4
Change	+\$76.0 (+70%)

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

Quarterly basis



Trailing twelve month basis

9%

change in operating
revenues less pass-
through expenses

41%

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

Principal International

HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ benefitted from foreign currency tailwinds of \$7M
- Expect to deliver 8-12% growth in revenue for full year, excluding significant variances
- AUM of \$167B increased 7% compared to prior year quarter on a constant currency basis², not including China AUM of \$143B
- Flat net cash flow primarily due to COVID-19 pressures

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
2Q21	\$47.7	+\$26.5	\$74.2
2Q20	\$94.5	-\$28.5	\$66.0
Change	-\$46.8 (-50%)		+\$8.2 (+12%)

¹ Impacts of inflation, lower than expected encaje performance, and higher than expected VII in 2Q21; impacts of inflation and higher than expected encaje performance in 2Q20.

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

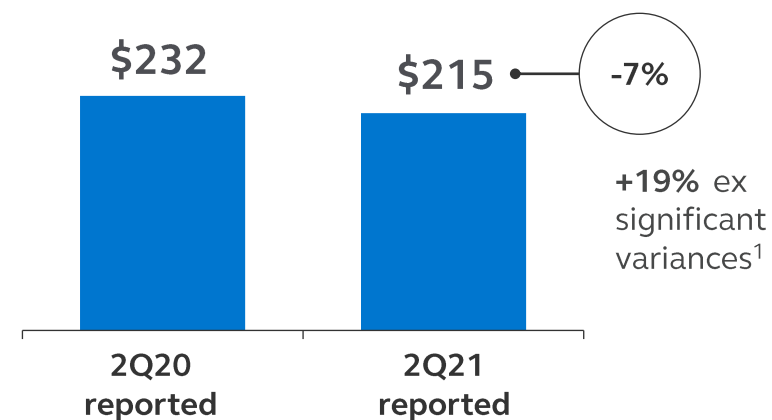
³ Combined basis includes all Principal International companies at 100%.

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

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

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

Quarterly basis



Trailing twelve month basis⁵ (at PFG share)

0%

change in net revenue

32%

pre-tax return on net revenue

Specialty Benefits

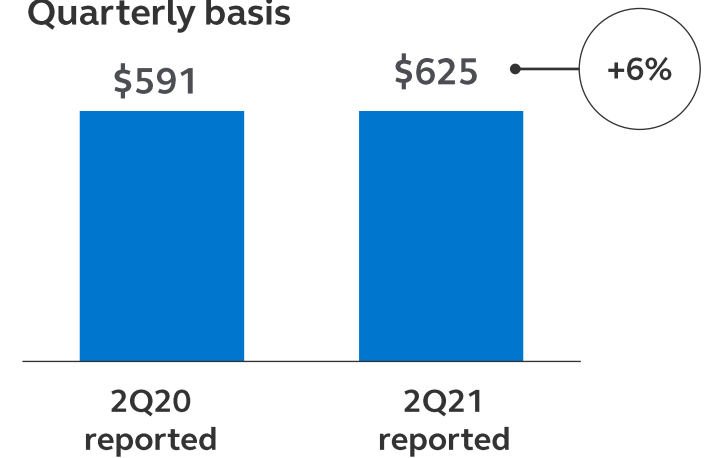
HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ decreased due to higher dental and group life loss ratio
- Premium and fees excluding significant variances¹ increased due to growth in the business
- Trailing twelve month in-group growth was positive for the first time since 1Q20, signaling recovery and resiliency in SMB market

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
2Q21	\$61.7	+\$8.1	\$69.8
2Q20	\$127.6	-\$43.6	\$84.0
Change	-\$65.9 (-52%)		-\$14.2 (-17%)

Premium and fees (\$M)

Quarterly basis



Trailing twelve month basis²

3%
change in
premium
and fees

13%
pre-tax
return on
premium
and fees

63%
incurred
loss ratio

¹ COVID-19 related claims in 2Q21; lower Dental/Vision claims due to COVID-19 impacts, higher non-COVID-19 related claims, and lower than expected VII in 2Q20.

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

Individual Life

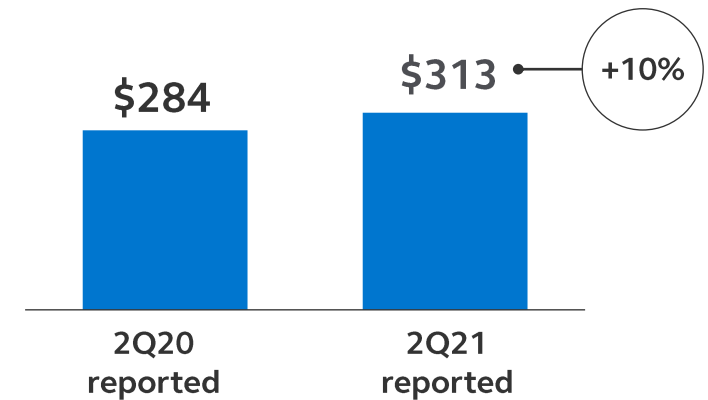
HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances¹ increased slightly due to favorable claims
- Premium and fees increased, reflecting strong new sales of non-qualified COLI, up 61% from 2Q20

	Reported pre-tax operating earnings (\$M)	Significant variances ¹ (\$M)	Pre-tax operating earnings ex significant variances (\$M)
2Q21	\$64.9	-\$12.0	\$52.9
2Q20	\$27.4	+\$22.6	\$50.0
Change	+\$37.5 (+137%)		+\$2.9 (+6%)

Premium and fees (\$M)

Quarterly basis



Trailing twelve month basis²

6%
change in
premium
and fees

17%
pre-tax return
on premium
and fees

¹ Impact of higher than expected VII, model refinements, and COVID-19 related claims in 2Q21; COVID-19 related impacts and lower than expected VII in 2Q20.

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

Detailing Our 9-12% EPS Growth Target

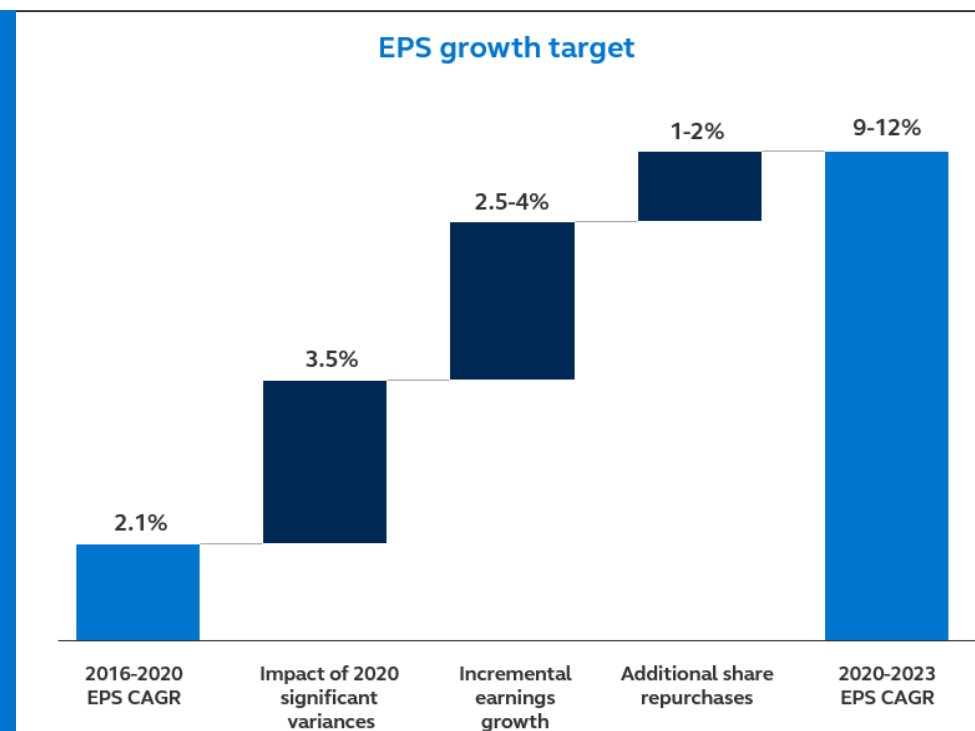
Our EPS growth target is higher than recent performance

- 1 Excludes any use of proceeds from potential transactions
- 2 Excludes earnings from the products and blocks identified for exit
- 3 Includes estimated stranded costs associated with potential transactions
- 4 Blocks identified for exit have pre-tax operating earnings of approximately \$110M and are supported by capital of \$1.5B

**9-12% EPS¹
growth target**

Driven by a narrowed focus on higher growth, more capital efficient businesses

Run rate growth from 2020 EPS excluding significant variances of \$5.67



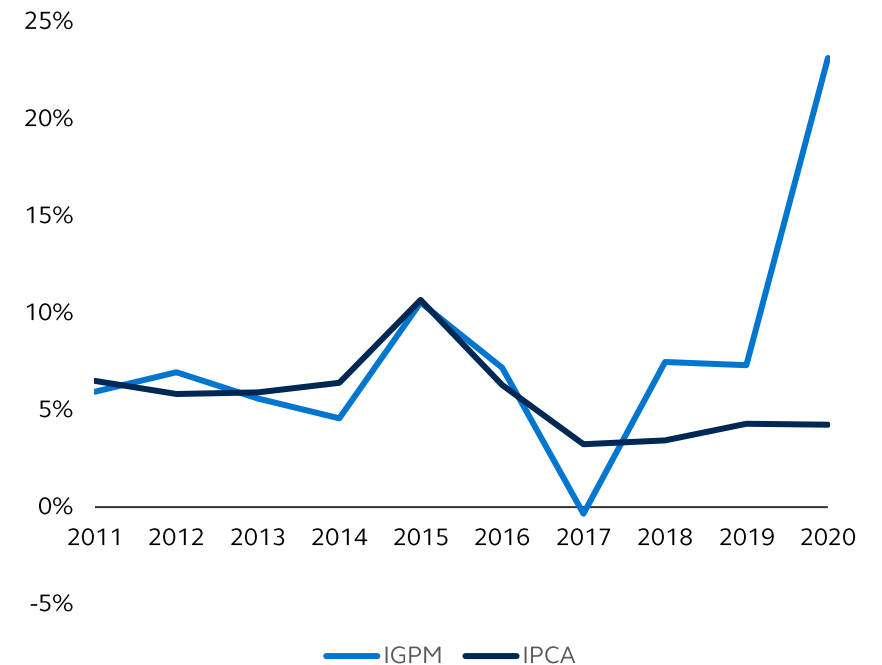
Significantly improved growth, return on equity, and free capital flow conversion profile of pro-forma business

Appendix

Brazilian inflation

- In Brazil, the inflation-linked business is a closed block that hasn't been sold since the early 2000's. This business accounts for approximately \$0.8B, or 0.5% of PI's reported AUM.
- Liabilities are primarily tied to a wholesale inflation index (IGPM). However, due to limited availability of these assets, a portion of the liabilities are backed by assets linked to a consumer price index (IPCA).
- When IGPM and IPCA inflation indices differ, nominal returns on assets backing the liabilities will differ creating a basis mismatch. (See Graph)
- Historically, these indices have converged. Beginning in 2020, the indexes have diverged meaningfully.
 - Cumulative impact 2011 – 2Q20: \$16 million pre-tax benefit
 - TTM June 2021 impact: \$58 million pre-tax decrement

Brazilian Annual Inflation Index Trend



Non-GAAP financial measure reconciliations

	Three months ended (in millions)	
	6/30/21	6/30/20
Principal Global Investors operating revenues less pass-through expenses		
Principal Global Investors operating revenues	\$453.7	\$352.9
Principal Global Investors commissions and other expenses	(39.6)	(36.1)
Principal Global Investors operating revenues less pass-through expenses	\$414.1	\$316.8

	Three months ended (in millions)	
	6/30/21	6/30/20
Principal International combined net revenue (at PFG Share)		
Principal International pre-tax operating earnings	\$47.7	\$94.5
Principal International combined operating expenses other than pass-through commissions (at PFG share)	167.2	137.2
Principal International combined net revenue (at PFG share)	\$214.9	\$231.7

	Three months ended (in millions)	
	6/30/21	6/30/20
Non-GAAP operating earnings (Losses)		
Net income attributable to PFG	\$361.8	\$398.3
Net realized capital (gains) losses, as adjusted	105.5	4.4
Non-GAAP operating earnings	\$467.3	\$402.7

	Three months ended (in millions)	
	6/30/21	6/30/20
Diluted earnings per common share		
Net income	\$1.32	\$1.45
Net realized capital (gains) losses, as adjusted	0.39	0.01
Adjustment for redeemable noncontrolling interest	(0.01)	-
Non-GAAP operating earnings	\$1.70	\$1.46
Weighted-average diluted common shares outstanding (in millions)	275.1	275.6

Non-GAAP financial measure reconciliations

	Period ended (in millions)
Stockholders' equity x-AOCI other than foreign currency translation adjustment, available to common stockholders	6/30/21
Stockholders' equity	\$16,291.5
Net unrealized capital (gains) losses	(3,585.7)
Net unrecognized postretirement benefit obligation	448.6
Noncontrolling interest	(58.4)
Stockholders' equity x-AOCI other than foreign currency translation adjustment, available to common stockholders	\$13,096.0

	Three months ended (in millions)	
Income taxes	6/30/21	6/30/20
Total GAAP income taxes	\$61.0	\$82.5
Net realized capital gains (losses) tax adjustments	25.2	(7.6)
Income taxes attributable to noncontrolling interest	0.1	(0.1)
Income taxes related to equity method investments	2.6	10.3
Income taxes	\$88.9	\$85.1