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, 2019, 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 and retain qualified employees and sales representatives and develop new distribution sources; an interruption in telecommunication, information technology or other systems, or a failure to maintain the confidentiality, integrity or availability of data residing on such systems; international business risks; fluctuations in foreign currency exchange rates; 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 all of the risks to which the company is exposed; and global climate change.
A leading financial services company
Fortune 500 company; 140 year history; customers in over 80 countries

Non-GAAP pre-tax operating earnings¹
$2,183.6 million
As of Mar. 31, 2020

Assets Under Management²
$631.1 billion
As of Mar. 31, 2020

¹ Trailing Twelve Months. Excludes Corporate.
² Assets under management by asset manager.
Segment reporting structure

**Principal Financial Group**
Dan Houston Chairman, President & CEO
Deanna Strable CFO

**Retirement and Income Solutions (RIS)**
Renee Schaaf President

**Principal Global Investors (PGI)**
Pat Halter President

**Principal International (PI)**
Luis Valdes President

**U.S. Insurance Solutions (USIS)**
Amy Friedrich President

**Corporate**

**RIS-Fee**
**RIS-Spread**

**Specialty Benefits (SBD)**
**Individual Life**

Management team averages approximately 30 years of industry experience
Global Asset Management

Principal Global Asset Management (GAM)

Tim Dunbar

- Principal Global Investors (PGI)
- Principal International (PI) investment operations*
- General Account
- RobustWealth
- Global Strategy, Marketing & Product

Institutional investors
Retirement investors
High net worth/Retail investors

*As permitted and in accordance with regulatory guidelines in the markets in which we operate.
# Experienced management team

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Title</th>
<th>Experience (Industry/PFG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel J. Houston</td>
<td>59</td>
<td>Chairman, President &amp; Chief Executive Officer</td>
<td>36/36</td>
</tr>
<tr>
<td>Timothy M. Dunbar</td>
<td>63</td>
<td>President - Principal Global Asset Management</td>
<td>39/34</td>
</tr>
<tr>
<td>Amy C. Friedrich</td>
<td>50</td>
<td>President - U.S. Insurance Solutions</td>
<td>24/20</td>
</tr>
<tr>
<td>Patrick G. Halter</td>
<td>61</td>
<td>CEO &amp; President - Principal Global Investors</td>
<td>36/36</td>
</tr>
<tr>
<td>Renee V. Schaaf</td>
<td>62</td>
<td>President – Retirement &amp; Income Solutions</td>
<td>40/40</td>
</tr>
<tr>
<td>Luis E. Valdes</td>
<td>63</td>
<td>President - International Asset Management and Accumulation</td>
<td>32/29</td>
</tr>
<tr>
<td>Julia M. Lawler</td>
<td>60</td>
<td>Executive VP &amp; Chief Risk Officer</td>
<td>38/36</td>
</tr>
<tr>
<td>Christopher J. Littlefield</td>
<td>54</td>
<td>Executive VP &amp; General Counsel</td>
<td>14/1</td>
</tr>
<tr>
<td>Gary P. Scholten</td>
<td>63</td>
<td>Executive VP, Chief Information Officer &amp; Chief Digital Officer</td>
<td>40/40</td>
</tr>
<tr>
<td>Karen E. Shaff</td>
<td>66</td>
<td>Executive VP, Chief Legal Officer &amp; Secretary</td>
<td>38/38</td>
</tr>
<tr>
<td>Deanna D. Strable</td>
<td>52</td>
<td>Executive VP &amp; Chief Financial Officer</td>
<td>31/31</td>
</tr>
<tr>
<td>Jon N. Couture</td>
<td>55</td>
<td>Senior VP &amp; Chief Human Resources Officer</td>
<td>16/3</td>
</tr>
<tr>
<td>Bethany A. Wood</td>
<td>57</td>
<td>Senior VP &amp; Chief Marketing Officer</td>
<td>13/1</td>
</tr>
</tbody>
</table>

¹As of 12/2020
Industry leadership

Current ratings
(As of May 2020)

Moody's Investors Service

Fitch Ratings
‘AA-‘, Very Strong – fourth highest of 19 rating levels. Outlook: Stable

Standard & Poor’s
‘A+’, Strong – fifth highest of 20 rating levels. Outlook: Negative

A.M. Best
‘A+‘, Superior – second highest of 13 rating levels. Outlook: Stable

Financial Strength ratings related to Principal Life Insurance Company and Principal National Life Insurance Company.
The customer remains at the center of our strategy

Our customers

Individuals
We help people save and invest; and protect against financial risks through insurance and guaranteed income.

Small to Medium Sized Businesses (SMBs)
We help businesses address risks and compete for talent, through insurance, retirement and other employee benefits.

Institutions
We tailor investment solutions to client preferences, risk tolerances and long-term investment objectives.

Our foundation
Customer Focus | Talent Development | Financial Strength | Integrity | Operational Excellence | Capital & Risk Management | Diversity & Inclusion | Social Responsibility
Retirement and Income Solutions overview

To help more people save enough, protect enough and have enough in retirement.

**Individuals**
- Annuities (variable and fixed)
- Individual Retirement Accounts funded by:
  - Mutual Funds
  - Annuities
  - Certificate of Deposits
  - Money Market Accounts

**Employers**
- Employer-sponsored retirement plans
  - Defined contribution
  - Defined benefit
  - Employee stock ownership plan
  - Nonqualified plans
- Pension risk transfer
- Trust & custody services (retirement and non-retirement)
- Investment only solutions
  - Medium-term notes
  - Guaranteed Interest Contracts
  - Stable value wraps
Strong business fundamentals

Net cash flow as a percent of beginning of year account value (2013-2018 average)

<table>
<thead>
<tr>
<th>Principal</th>
<th>+1.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>1Q20</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIS total account value</td>
<td>$210B</td>
<td>$284B</td>
<td>7%</td>
</tr>
<tr>
<td>RIS-Fee return on net revenue</td>
<td>32.0%</td>
<td>22.4%³</td>
<td></td>
</tr>
<tr>
<td>RIS-Spread return on net revenue</td>
<td>63.0%</td>
<td>68.7%</td>
<td></td>
</tr>
<tr>
<td>Participants⁴</td>
<td>4.7M</td>
<td>6.0M</td>
<td>6%</td>
</tr>
</tbody>
</table>

¹Department of Labor & Cerulli Associates, 2018. ²For trailing 12 months. ³1Q20 return on net revenue includes the IRT acquisition. ⁴Defined contribution and defined benefit, excluding acquired defined contribution and defined benefit plans from the IRT acquisition.
Market leading solutions

Principal Total Retirement Suite \(^{SM}\) is still a differentiator

- **Top 3** Defined Contribution Recordkeeper\(^1\) (number of participants)
- **#1** Defined Benefit Provider\(^3\) (number of plans)
- **#1** Employee Stock Ownership Plan Recordkeeper\(^1\) (number of plans)
- **#1** Nonqualified Deferred Comp Recordkeeper\(^2\) (number of plans)

Principal is a leader in retirement income

- **#3** Pension Risk Transfer\(^4\) (by premium)
- **#3** Deferred Income Annuities\(^5\) (by premium)
- **#4** Individual Immediate Annuities\(^5\) (by premium)

---

\(^1\)Defined Contribution and ESOP: PLANSPONSOR Recordkeeping Survey 07/19; \(^2\)Defined Benefit: PLANSPONSOR DB Administration Survey 05/19; \(^3\)Nonqualified Deferred Compensation: PLANSPONSOR Recordkeeping Survey 07/19; \(^4\)LIMRA Secure Retirement Institute – based on total PRT assets as of 12/31/2019; \(^5\)LIMRA Secure Retirement Institute – based on premiums as of 12/31/2019
Flexible business model serves multiple markets

**Bundled (Full Service)**
- MetLife
- Ascensus
- Fidelity
- T.Rowe Price
- Prudential
- Vanguard

**Unbundled (TPA)**
- Nationwide
- VOYA
- John Hancock

**Small Case**
**TARGET MARKET**

**Large Case**
U.S. retirement market potential remains immense

Retirement market opportunities

RETIREMENT READINESS:
• New plan formation
• Non-participants
• Under-saved

INCOME SOLUTIONS:
• Yield/Income
• Outcomes:
  – Longevity
  – Market volatility
  – Inflation

U.S. retirement system dominant, despite under-savings (in trillions)

Sources: Cerulli, Retirement Markets, 2019
### Balanced sales approach

#### Transfer deposits

<table>
<thead>
<tr>
<th>Year</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3.6</td>
<td>2.5</td>
<td>1.9</td>
<td>9.9</td>
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<tr>
<td>2016</td>
<td>3.9</td>
<td>2.9</td>
<td>1.9</td>
<td>2.6</td>
</tr>
<tr>
<td>2017</td>
<td>4.4</td>
<td>2.6</td>
<td>2.3</td>
<td>12.5</td>
</tr>
<tr>
<td>2018</td>
<td>4.4</td>
<td>3.7</td>
<td>3.2</td>
<td>15.2</td>
</tr>
<tr>
<td>2019</td>
<td>5.2</td>
<td>4.1</td>
<td>3.9</td>
<td>18.5</td>
</tr>
<tr>
<td>2020</td>
<td>4.6</td>
<td>4.6</td>
<td>4.6</td>
<td>5.3</td>
</tr>
</tbody>
</table>

$ Billions
The power of payroll deduction
Recurring deposits

- People making a deferral +19%\(^1\)
- Avg deferral per member +12%\(^1\)
- People receiving a match +25%\(^1\)

\(^1\) 1Q20 compared to 1Q17
Account value detail

- Individual Variable Annuities
- Employer Securities
- Non-Proprietary Funds
- Proprietary Funds
- Separate Account
- General Account

- 2016: 18% Individual Variable Annuities, 4% Employer Securities, 29% Non-Proprietary Funds, 28% Proprietary Funds, 29% Separate Account, 6% General Account
- 2017: 18% Individual Variable Annuities, 4% Employer Securities, 29% Non-Proprietary Funds, 27% Proprietary Funds, 29% Separate Account, 4% General Account
- 2018: 18% Individual Variable Annuities, 4% Employer Securities, 32% Non-Proprietary Funds, 24% Proprietary Funds, 28% Separate Account, 5% General Account
- 2019: 18% Individual Variable Annuities, 4% Employer Securities, 36% Non-Proprietary Funds, 23% Proprietary Funds, 26% Separate Account, 4% General Account
- 1Q20: 18% Individual Variable Annuities, 4% Employer Securities, 36% Non-Proprietary Funds, 22% Proprietary Funds, 25% Separate Account, 5% General Account
The diversified customers we serve

**Pension Risk Transfer customers**
350,000 lives diversified by attained age

- Age 80-89: 20%
- Age 70-79: 33%
- Age 60-69: 25%
- Below age 60: 16%
- Age 90+: 6%

As of 12/31/2019

**Individual Annuity customers**
273,000 lives diversified by attained age

- Age 80-89: 19%
- Age 70-79: 30%
- Age 60-69: 30%
- Below age 60: 14%
- Age 90+: 7%

As of 12/31/2019
Serving SMBs enhances diversification

Principal’s PRT plans by industry\(^1\)

Over 90% of plans have under 100 lives

- Finance 15%
- Tax-Exempt 13%
- Services 23%
- Manufacturing 29%
- Trade 7%
- Labor 13%

5,256 plans

PRT new sales market share by premium and contracts\(^2\)

- Principal
- Top competitors

1 As of 12/31/2019
2 LIMRA Secure Retirement Institute, 2018 sales
Innovative solutions: solving income needs

Multi-product solution set to transition retirement savings into income streams

- **Annuities to provide:**
  - Fixed returns
  - Guaranteed income
  - Protection against volatility

- **Bank products**

- **Pension Risk Transfer**
  - Defined Benefit plan terminations

**Our approach:**
- Education
- Planning assistance (RetireSecure®)
- Full array of options
- Innovative solutions
- Digital advice
Diversified global asset management organization

- Broad range of investors in over 80 countries
- Offices in major money centers worldwide
- Long commitment to corporate stewardship; signatory to United Nations’ Principles for Responsible Investment (PRI)
- Principal ranked among top companies with 1,000+ employees in Pensions & Investments’ Best Places to Work in Money Management, for the eighth year in a row

Overview - key areas of focus

Leverage our client focused business model
- Design and deliver products informed by the voice of the client
- Further enhance our ability to capture client perspectives
- Take advantage of our modernized distribution model

Commitment to further build out of high value, specialist capabilities
- Develop additional capabilities in private assets, including globalization of our highly successful real estate investment franchise
- Continue build out of systematic beta in equities and fixed income boutiques

Strategically leverage technology across the business
- Use digital technology to improve our core investment processes
- Facilitate delivery of customized solutions to Retirement and Retail investors
- Empower sales and marketing teams with more efficient ways to reach our clients and their advisors
Broad global distribution in retail and institutional markets

**Distribution channels**

- Global Institutional
- US Retail
- Non-US Retail
- PI and RIS-Fee client segments

**Distribution partners**

- Global Distributors
- Global Consultants
- US Wirehouses
- Independent Financial and Registered Investment Advisors
- Private Banks

**Product vehicles**

- Separate Accounts
- US Mutual Funds
- UCITS/QIAIFs*
- ETFs
- SMA/UMA
- CIT
- Interval Funds

---

*Certain vehicles have not been registered with the US Securities and Exchange Commission under the US Securities Act of 1933 and may not be directly or indirectly offered or sold in the US or to any US person.
Gain from highly focused investment teams

Striving to deliver consistent, risk-controlled results, flexible investment strategies, and customized solutions – all through a single, globally integrated investment advisor.

**Comprises**
- experienced managers, each offering distinct investment specialties and philosophies

**Leverages**
- the expertise of more than 560 global investment professionals, with a focus on customized solutions

**Cultivates**
- a small-company mindset in a large-company environment

**Integrates**
- global business to provide clients access to comprehensive investment strategies and solutions
In-demand, specialist capabilities

- Unique hybrid business model
- Distinct investment processes
- Leverage distribution
  - Global institutional
  - Global funds
- Integrated business processes
  - Drive scale
  - Share best practices

Principal Global Investors
$406 B

AUM in billions, as of 03/31/2020. 1Principal Global Asset Allocation allocates investment dollars across PGI investment teams and third-party managers. 2Effective 10/1/2019, Finisterre Capital joined the Principal Global Fixed Income team to align capabilities, resources and better leverage our global infrastructure. As a result, approximately $2.6 billion of AUM moved from Finisterre Capital to Principal Global Fixed Income.
Comprehensive capabilities of autonomous asset managers

<table>
<thead>
<tr>
<th>Investment Group</th>
<th>Global Equity</th>
<th>U.S. Equity</th>
<th>Regional Equity</th>
<th>Fixed Income</th>
<th>Real Estate</th>
<th>Asset Allocation</th>
<th>Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aligned Investors</td>
<td></td>
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<tr>
<td>Claritas</td>
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<td>✔</td>
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<td>✔</td>
<td>✔</td>
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<td>Columbus Circle Investors</td>
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<td>Edge Asset Management</td>
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<td>Origin Asset Management</td>
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<td>Post Advisory Group</td>
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<tr>
<td>Principal Global Fixed Income</td>
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<tr>
<td>Principal Portfolio Strategies</td>
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</tr>
<tr>
<td>Principal Real Estate Investors</td>
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<td>Spectrum Asset Management</td>
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<td>✔</td>
</tr>
</tbody>
</table>

As of 30 September 2019.
Principal Global Investors is a diversified global asset management organization, with a range of investment capabilities provided by the investment boutiques within the Principal Global Investors group of companies, by its internal focused investment teams, affiliated companies and venture partners.
Investment performance

Equal weighted\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar. 31, 2019</td>
<td>53%</td>
<td>66%</td>
<td>83%</td>
</tr>
<tr>
<td>Dec. 31, 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar. 31, 2020</td>
<td>64%</td>
<td>71%</td>
<td>79%</td>
</tr>
</tbody>
</table>

Asset weighted\(^2\)

73% of rated fund AUM has a 4 or 5 star rating from Morningstar

<table>
<thead>
<tr>
<th>Rating</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 or 5 stars</td>
<td>73%</td>
</tr>
<tr>
<td>3 stars</td>
<td>24%</td>
</tr>
<tr>
<td>2 stars</td>
<td>3%</td>
</tr>
<tr>
<td>1 star</td>
<td>0%</td>
</tr>
</tbody>
</table>

\(^1\) 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, & US Property Separate Account.

\(^2\) Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (90 total funds with I-shares, 77 are ranked)
Well-positioned for industry trends

- Industry leader in delivering solutions, including multi-asset solutions
- Strong and growing suite of alternatives
- Early entrant in the Active ETF space
- Hybrid, Passive and Indexed offerings on retirement platform of the Principal Financial Group
- With investment teams that span asset classes, sector rotation presents opportunities
Principal International overview

Mission: Helping 24 million middle class customers in our chosen emerging markets plan and invest for their financial security through our retirement and long-term savings franchise.

Mexico (1993)
- 3.1M customers
- AUM of $12B
- Mandatory and Voluntary Pensions, Mutual Funds, Asset Management

Chile (1995)
- 1.8M customers
- AUM of $37B
- Mandatory and Voluntary Pensions, Mutual Funds, Asset Management, Annuities, Universal Life Insurance

Brazil (1999)
- 2.7M customers
- AUM of $56B
- Voluntary Pensions, Annuities

India (2000)
- 0.6M customers
- AUM of $0.7B
- Mutual Funds, Asset Management, Advisory Services

China (2005)
- 14.7M customers
- AUM of $140B
- Asset Management, Mutual Funds

Hong Kong SAR (1996)
- 0.6M customers
- AUM of $11B
- Mandatory Pensions, Mutual Funds, Asset Management

Thailand (2010)
- 52K customers
- AUM of $3B
- Voluntary Pensions, Mutual Funds, Asset Management, Unit Trusts

Malaysia (2003)\(^1\)
- 0.2M customers
- AUM of $14B
- Conventional & Islamic Asset Management, Mutual Funds, Unit Trusts, Voluntary Pensions

Indonesia (2007)
- 24K customers
- AUM of $0.6B
- Asset Management, Mutual Funds, Unit Trusts

Singapore (2006)
- Asset Management

(Year) = Principal entered
Covered lives as of March 2020
PI Sourced AUM as of March 2020
\(^1\) Includes Singapore
Strong growth

Increasing diversification

2019 Pre-tax OE

75%
25%

Latin America  Asia

Pre-tax operating earnings growth

(USD millions)

2014 2019

$0 $50 $100 $150 $200 $250 $300 $350 $400

12% CAGR

1 In 2014, Asia and Latin America contributed 8% and 92%, respectively. 2 2019 Pre-tax operating earnings are adjusted for higher than expected encaje (+$33 million) and higher than expected inflation (+$6 million). 2014 pre-tax operating earnings are adjusted to reflect 2019 exchange rates (-$112 million), higher than expected encaje (+$26 million) and higher than expected inflation (+$18 million).
Sustained global asset growth

Global AUM by region (USD trillions)

- North America: +5%
- Europe: +6%
- Asia-Pacific: +11%
- Middle East + Africa: +10%
- Latin America: +9%

AUM growth from 2016-2025e
- Globally: 6%
- Non-PI markets: 5%
- PI markets: 10%

## Continued GDP growth

<table>
<thead>
<tr>
<th></th>
<th>1990 $T</th>
<th>2010 $T</th>
<th>2030E $T</th>
<th>2050E $T</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S. 5.9</td>
<td>U.S. 15.0</td>
<td>China 36.1</td>
<td>China 61.0</td>
</tr>
<tr>
<td>2</td>
<td>Japan 3.1</td>
<td>China 5.9</td>
<td>U.S. 25.5</td>
<td>India 42.2</td>
</tr>
<tr>
<td>3</td>
<td>Germany 1.7</td>
<td>Japan 5.5</td>
<td>India 17.1</td>
<td>U.S. 41.4</td>
</tr>
<tr>
<td>4</td>
<td>France 1.2</td>
<td>Germany 3.3</td>
<td>Japan 6.0</td>
<td>Indonesia 12.2</td>
</tr>
<tr>
<td>5</td>
<td>Italy 1.1</td>
<td>France 2.5</td>
<td>Indonesia 5.5</td>
<td>Brazil 9.2</td>
</tr>
<tr>
<td>6</td>
<td>UK 1.0</td>
<td>UK 2.3</td>
<td>Brazil 5.0</td>
<td>Mexico 8.0</td>
</tr>
<tr>
<td>7</td>
<td>Canada 0.6</td>
<td>Italy 2.0</td>
<td>Russia 4.9</td>
<td>Japan 7.9</td>
</tr>
<tr>
<td>8</td>
<td>Spain 0.5</td>
<td>Brazil 2.1</td>
<td>Germany 4.6</td>
<td>Russia 7.6</td>
</tr>
<tr>
<td>9</td>
<td>Brazil 0.5</td>
<td>Canada 1.6</td>
<td>Mexico 4.0</td>
<td>Nigeria 7.3</td>
</tr>
<tr>
<td>10</td>
<td>China 0.4</td>
<td>Russia 1.5</td>
<td>UK 3.6</td>
<td>Germany 6.3</td>
</tr>
</tbody>
</table>

Current Principal international locations:  
- Asia (●)  
- Latin America (●)
## Strong partnerships

JV partnerships are foundational to our strategy in emerging markets

We leverage our partners strong local presence, brand, and distribution to better serve middle class customers

<table>
<thead>
<tr>
<th>Partner</th>
<th>Brasilprev</th>
<th>CCBPAM</th>
<th>Principal Asset Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner</td>
<td>Banco do Brasil</td>
<td>China Construction Bank</td>
<td>CIMB Group</td>
</tr>
<tr>
<td>Market(s)</td>
<td>Brazil</td>
<td>China</td>
<td>Malaysia, Thailand, Indonesia, Singapore</td>
</tr>
<tr>
<td>Products</td>
<td>Pension</td>
<td>Mutual funds, asset</td>
<td>Pension, mutual funds, asset management, unit trusts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>management</td>
<td></td>
</tr>
<tr>
<td>Partner’s</td>
<td>70M retail customers</td>
<td>411M retail customers</td>
<td>15M retail customers</td>
</tr>
<tr>
<td>distribution reach</td>
<td>4,356 branches</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>14,912 branches</td>
<td>702 branches</td>
</tr>
<tr>
<td>JV customers</td>
<td>2.7M customers</td>
<td>14.7M customers</td>
<td>0.3M customers</td>
</tr>
</tbody>
</table>

1 Banco do Brasil 4Q19 financial information. 2 CCB 2018 Annual Report. 3 CCB 2019 Annual Report. 4 As of December 2019, CIMB Group 2019 Annual Report. 5 As of March 2020; customer counts represent the number of customers to whom we provide a product or service; some duplication occurs.
Strong market presence

**Latin America**
- **Chile:** #1 provider of voluntary pension¹
- **Brazil:** #1 in total pension AUM market share²
- **Mexico:** #7 largest mandatory pension provider³

**Asia**
- **China:** #8 largest retail fund provider¹
- **Hong Kong:** #7 largest MPF provider¹
- **SE Asia:** #2 in unit trust market (Malaysia)³

¹As of December 2019; ²As of January 2020; ³As of February 2020
AUM evolution fueled by organic growth

46 consecutive quarters of positive net cash flow\(^1\)

<table>
<thead>
<tr>
<th>(in billions)</th>
<th>PI reported</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AUM as of 3Q 2008</strong></td>
<td>$ 29</td>
</tr>
<tr>
<td>Net cash flow</td>
<td>79</td>
</tr>
<tr>
<td><strong>Investment performance</strong></td>
<td>75</td>
</tr>
<tr>
<td>Other</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Operations acquired</strong></td>
<td>48</td>
</tr>
<tr>
<td><strong>Effect of exchange rates</strong></td>
<td>(93)</td>
</tr>
<tr>
<td><strong>AUM as of 1Q 2020</strong></td>
<td>$ 135</td>
</tr>
</tbody>
</table>

\(^1\) As of March 2020
U.S. Insurance Solutions

Our mission
Help businesses and individuals by offering solutions that grow and protect their assets, and enable them to live their best lives.

Current customer base:
- 110,000 employers
- 4.5 million individuals

More than half of total PFG employer relationships are held in USIS

Individuals
- Individual life insurance
- Individual disability insurance

Small to medium sized businesses (SMBs)
- Business Owner & Executive Solutions (BOES)
- Nonqualified Deferred Compensation (NQ)
- Group employer paid and voluntary products
- Multi-life/employer based disability insurance, including business owner solutions

Institutions
- Group employer paid and voluntary products
Market opportunity with small- to medium-sized businesses

6 million SMB employers\(^1\)

- 60% don’t offer group insurance\(^2\)
- 67% don’t have an NQ plan\(^2\)
- 58% don’t have disability coverage\(^2\)
- 43% don’t have a buy/sell plan\(^2\)

59 million employees
(48% of working population)\(^3\)

\(^{1}\)What’s New with Small Business, SBA Office of Advocacy, August 2018  
\(^{2}\)LIMRA Small Business Study, 2018 (Think Small)  
\(^{3}\)2019 Principal Business Owner survey conducted January 7-25, 2019. 1,020 employed U.S. business owners (of at least 5% of business), actively making decisions, 2-499 employees
Market position

**Group¹ Benefits**

- **#3** Total in-force contracts
- **#1** Life
- **#4** Disability
- **#4** Dental

**Individual¹ Disability**

- **#3** New sales premium
- **#5** In-force premium

**Individual Life**

- **#1** Small-case business life insurance²
- **#1** Nonqualified plans³
- **#18** Total new life sales premium⁴

Named to *US News & World Report’s* list of Best Life Insurance Companies of 2019, earning an A+ ranking

Sources: ¹LIMRA, 2017 & 2018 for IDI sales premium; ²Based on corporate-owned life insurance (COLI) and corporate-sponsored individually owned (CSIO) life insurance total premium and case count for case sizes up to $5 million of total premium per case. Source: 2018 COLI/CSIO survey of participating life insurance carriers, IBIS Associates, McLean, VA. ³Based on total number of nonqualified deferred compensation plans (excluding 457 plans), PLANSPONSOR 2019 NQDC Recordkeeping Survey, July 2019; ⁴LIMRA U.S. Retail + Small Case COLI/BOLI Individual Life Insurance Sales Participant Report, Full-Year 2018
Above industry premium growth and a balanced portfolio

3 Year In-Force Premium Growth
(2015 – 2018 CAGR)

- Group Benefits: 8.4%
- Individual DI: 5.1%
- Specialty Benefits: 2.5%
- Individual DI: 1.8%

• Stable loss ratios
• Attractive margins

4Q19 TTM Total Premium & Fees

Specialty Benefits

- Group Benefits 83%
- Individual Disability 17%
- Group Life 24%
- Dental & vision 49%

SMB focus

Group Benefits in-force cases

- 100 to 1,000 employees: 5%
- 1,000 or more employees: <1%
- Less than 100 employees: 95%

Employers we serve

New sales premium and fees

- Individual: 39%
- Disability insurance: Business market 61%
- Life insurance: Business market 62%

As of 12/31/19
Diversification in Group Benefits

Number of employer customers
76,000

Average case size
36

Case retention\(^1\)
87%

Employer paid plus voluntary
54%

Employer paid only
30%

Voluntary only
16%

Dental & vision
50%

Disability insurance
27%

Life
23%

New sales premium

In-force premium

40% of all new cases sold include “first-time” benefits

As of 12/31/2019

\(^1\) Average retention for the period 1/1/2017 – 12/31/2019
Focus on the business market

Solutions for businesses, business owners and key executives

Business owners’ financial challenges
• Exiting the business
• Business transition
• Retaining key employees
• Retirement planning

Solutions for key employees
• Retirement income
• Survivor income
• Business protection

BOES = Business Owner/Executive Solutions
ER/NQ = Employer/Non-qualified
U.S. distribution overview

**AFFILIATED**

**PRINCIPAL ADVISOR NETWORK**
- 1,200 advisors
- Sell all products
- Financial Planning Focused

**THIRD PARTY**

**INVESTMENT-ORIENTED**
- Wirehouses
- Regional Broker/Dealers
- Planners

**INSURANCE-ORIENTED**
- Brokerage General Agents
- Independent Marketing Organizations
- Financial Advisors/Broker/Dealers

**BANKS**
- Banks
- Broker/Dealers
- Marketers

**Global Firm Relations**
Select 3rd party distributors with dedicated support
STRENGTHENS RELATIONSHIPS AND FUELS SALES GROWTH

**WHOLESALE CHANNELS**

- Retirement
- Investment Solutions
- Annuities
- ESOP
- NQDC
- Retail Life
- Disability Insurance
- Group Benefits

All supported by DEDICATED SERVICE TEAMS providing education, training, counseling and retention
**Broad and deep distribution**
Proprietary provides foundation; 3rd party provides accelerated growth

<table>
<thead>
<tr>
<th>Product Line New Sales</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>Top 3 Represent</th>
</tr>
</thead>
<tbody>
<tr>
<td>NQ Life</td>
<td>Kestra</td>
<td>Morgan Stanley Smith Barney</td>
<td>Bank of America Merrill Lynch</td>
<td>43%</td>
</tr>
<tr>
<td>Retail Life</td>
<td>Crump</td>
<td>AIN</td>
<td>LifeMark Partners</td>
<td>49%</td>
</tr>
<tr>
<td>Individual Disability</td>
<td>Plus Group</td>
<td>Principal Advisor Network</td>
<td></td>
<td>29%</td>
</tr>
<tr>
<td>Group Benefits</td>
<td>NFP</td>
<td>Digital Insurance, Inc</td>
<td>HUB International</td>
<td>12%</td>
</tr>
<tr>
<td>Fixed Annuities</td>
<td>Fidelity</td>
<td>Principal Advisor Network</td>
<td>M&amp;T Securities</td>
<td>69%</td>
</tr>
<tr>
<td>Variable Annuities</td>
<td>Principal</td>
<td>Cetera</td>
<td>Infinex Investments, Inc</td>
<td>97%</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>Wells Fargo Advisors</td>
<td>Principal Advisor Network</td>
<td>Fidelity</td>
<td>26%</td>
</tr>
<tr>
<td>FSA – New Sales Assets</td>
<td>Kestra</td>
<td>Lockton</td>
<td>Bank of America Merrill Lynch</td>
<td>30%</td>
</tr>
<tr>
<td>FSA – New Sales Case Counts</td>
<td>Edward Jones</td>
<td>Bank of America Merrill Lynch</td>
<td>Wells Fargo Advisors</td>
<td>23%</td>
</tr>
</tbody>
</table>

Rankings and percentages as of 12/31/2019
Investment philosophy & strategy

Our strategy hasn’t changed:

• High quality, well-diversified portfolio
• Liability-driven investment approach
• Active asset/liability management
• Optimized risk adjusted yields and returns
• Global collaboration and best practices

U.S. Investment Portfolio
GAAP carrying value as of 03/31/2020

- Corporate Public Bonds 23%
- Corporate Private Bonds 17%
- MBS 8%
- ABS 8%
- Government, Agency, State & Political 11%
- Other 1%
- Cash 4%
- Commercial Mortgages 16%
- CMBS 5%

$91.3B
U.S. invested assets & cash

1Other includes Equity Securities, Residential Mortgages, Real Estate, Policy Loans, Investment in Equity Method subs, Direct Finance Leases and Other Investments
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 U.S. Fixed Maturities, Commercial Mortgage Loans, and cash

<table>
<thead>
<tr>
<th></th>
<th>12/31/2008</th>
<th>03/31/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Fixed Maturities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(72% of total U.S. invested assets and cash)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAIC 1</td>
<td>57%</td>
<td>69%</td>
</tr>
<tr>
<td>NAIC 2</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td>Below investment grade (NAIC 3 - 6)</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12/31/2008</th>
<th>03/31/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Mortgage Loans</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(16% of total U.S. invested assets and cash)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A- and above</td>
<td>61%</td>
<td>93%</td>
</tr>
<tr>
<td>Average loan-to-value (LTV)</td>
<td>62%</td>
<td>46%</td>
</tr>
<tr>
<td>Average debt service coverage ratio</td>
<td>1.8x</td>
<td>2.6x</td>
</tr>
</tbody>
</table>

Investment portfolio highlights

- Pre-tax unrealized net gain of $1.7B related to U.S. Fixed Maturities portfolio
- Manageable risks to in-focus corporate credit sectors
- Energy sector defensively postured in integrated and midstream subsectors
- Consumer cyclicals: retailers predominantly quality names; entertainment-related subsector exposure modest and diversified
- 21% of U.S. invested assets and cash in structured securities, 99% 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
- Core real estate is largest share of alternative asset exposure; carried at amortized cost, less earnings volatility; future opportunity to harvest capital gains
- Diverse, manageable exposure to other alternatives

Additional details of our U.S. Invested Asset portfolio are provided in the 1Q 2020 Supplemental U.S. Investment Portfolio Details slides available at principal.com/investor
Focusing on customer and revenue retention; integration remains on track

• Positive interactions continue with clients, advisors, and consultants
• Revenue lapses in line with expectations

Financial impacts

• IRT net revenue was negatively impacted by the 145 bps decline in the IOER rate during 1Q20
• 1Q20 integration expenses were largely offset by an earnout liability change
• Reminders vs. 2020 guidance:
  • RIS-Fee’s 2020 guidance ranges assumed flat IOER in 2020; in 1Q20 IOER decreased 145 basis points to 0.10%
  • $55-65M of integration costs were excluded from the RIS-Fee 2020 margin guidance, but will be included in RIS-Fee’s reported pre-tax operating earnings

Significant variances related to the IRT acquisition

Combined integration expenses and earnout liability change¹ (RIS-Fee)

1Q20
$1M

Cumulative
$21M

¹ Transaction expenses in Corporate were a cumulative $16M and incurred in prior quarters.
Strengthening our position in the U.S. retirement market

Becoming the #3 Defined Contribution recordkeeper by participants

Source: PLANSPONSOR 2018 Recordkeeping survey. AUA and plan data as of December 31, 2017. Note: Bubble size represents plan assets ($mm). Principal going forward shown on a pro forma basis – reflects assumed shock lapse and new sales assumptions
# Recent M&A

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Year Announced</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>RobustWealth</td>
<td>2018</td>
<td>✓ Enhance our digital capabilities for advisors and customers</td>
</tr>
<tr>
<td>CIMB-PAM</td>
<td>2018</td>
<td>✓ Increased ownership in our successful joint venture to 60%</td>
</tr>
<tr>
<td>INTERNOS</td>
<td>2017</td>
<td>✓ Expand our real estate investment capabilities in Europe</td>
</tr>
<tr>
<td>MetLife Afore</td>
<td>2017</td>
<td>✓ Strengthen position in Mexico Afore market by becoming the 5th largest provider</td>
</tr>
<tr>
<td>AXA Hong Kong Pension</td>
<td>2014</td>
<td>✓ 15 year exclusive distribution with 4,440 agents</td>
</tr>
<tr>
<td>Cuprum AFP</td>
<td>2012</td>
<td>✓ Complete offering in Chile with marquee pension and savings franchise</td>
</tr>
<tr>
<td>CLARITAS</td>
<td>2012</td>
<td>✓ Entry into Brazil mutual fund and asset management market</td>
</tr>
<tr>
<td>Origin</td>
<td>2011</td>
<td>✓ Enhance global equity investment capabilities</td>
</tr>
<tr>
<td>FINISTERRE Capital LLC</td>
<td>2011</td>
<td>✓ Establish leadership in emerging markets fixed income investing</td>
</tr>
</tbody>
</table>
Capital deployment

$ in millions

2016
Deployed $856 million

2017
Deployed $913 million

2018
Deployed $1.4 billion

2019
Deployed $2.1 billion

65% of Net Income
$465

40% of Net Income
$180

90% of Net Income
$599

150% of Net Income
$606

Common Stock Dividends
$40

Share Repurchases
$257

Strategic Acquisition
$1,200

Debt reduction
$257

1. 2017 net income included benefits from a large real estate transaction and the U.S. Tax Cuts and Jobs Act.
Coming from a position of financial strength

**Liquidity**

$3B

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**

$1.7B

Excess and available capital

- Includes capital at holding company, subsidiaries, and excess above a 400% RBC ratio
- Nearly $1B contingent capital facility

**Estimated RBC ratio**

409%

- 400% long-term RBC target

**Leverage**

22%

Low debt-to-capital ratio

- No debt maturities until $300M in 2022

---

As of 3/31/2020

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

2 On March 8, 2018, we entered into two contingent funding agreements that give us the right at any time over a ten-year or thirty-year period to issue up to $400.0 million or $350.0 million, respectively, of senior notes.
Capital deployment & management

1Q20 capital deployments and actions
- Deployed $372M of capital in 1Q20
- Paused share buyback program in March 2020
- Expect to deploy $800M - $1.0B in 2020

Capital management

Potential sources
- Lower external capital deployment
- Reduced use of capital from lower sales and natural capital release from liability portfolio
- Disciplined asset/liability management and use of derivatives to protect capital
- Expense management actions

Potential uses
- Credit drift, credit losses, and other investment impacts
- Lower operating earnings/net income
2020 capital deployment strategy

- 2020 external capital deployments: $0.8B - $1.0B
- Continue to take a balanced approach to capital deployment to enhance long-term shareholder value:

**Growth**
- Organic
- Mergers and acquisitions (M&A)

**Return capital**
- Common stock dividends
- Share repurchases

**Optimize capital structure**
- Financial flexibility
### Total company long-term targets

<table>
<thead>
<tr>
<th>Profitability</th>
<th>Free cash flow</th>
<th>Capital and liquidity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>9-12%</strong></td>
<td><strong>70-80%</strong></td>
<td><strong>20-25%</strong></td>
</tr>
<tr>
<td>annual growth in OE(^1) and EPS(^2)</td>
<td>of net income</td>
<td>targeted debt-to-capital ratio</td>
</tr>
<tr>
<td><strong>15-17%</strong></td>
<td></td>
<td><strong>~400%</strong></td>
</tr>
<tr>
<td>long-term targeted ROE(^3)</td>
<td></td>
<td>targeted RBC ratio</td>
</tr>
<tr>
<td>Prior ROE target: 30-60 bps improvement per year</td>
<td>Prior target: 65-70% of net income</td>
<td>Target Holdco capital to cover 12 months of obligations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>No debt maturities until 2022</td>
</tr>
</tbody>
</table>

\(^1\) Non-GAAP operating earnings  
\(^2\) Non-GAAP operating earnings per diluted share  
\(^3\) Return on equity excluding accumulated other comprehensive income, other than foreign currency translation
# COVID-19 financial impacts

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>1Q20 impacts</th>
<th>Expected ongoing impacts</th>
</tr>
</thead>
</table>
| **Total company** | • Compensation and other expenses lower than expected (travel, staffing, etc.) despite COVID-19 related expenses of less than $1M  
• While January and February were strong, March sales and net cash flow were pressured  
• Strong capital and liquidity position; limited impacts in 1Q20 | • Macroeconomic impacts will depress ongoing earnings  
• Unprecedented federal fiscal and monetary stimulus  
• Management actions to reduce expenses  
• Estimated mortality/morbidity impact of approximately $20M after-tax earnings for every 100,000 U.S. COVID-related deaths |
| **RIS-Fee** | • Lower sales pipeline and lower lapse in times of market volatility  
• Higher DAC amortization expense due to equity market drop  
• Roughly 2% of participants have taken action by moving money, predominantly to fixed income/guaranteed options | • Reduced fee revenue due to lower account values  
• Near zero interest on excess reserves (IOER) rate further reduces Trust and Custody deposit revenue  
• Expect NCF of 1-3% as a percent of beginning of period account values for full year 2020  
• Closely monitoring plan sponsor and participant activity |
| **RIS-Spread** | • Lower fixed annuity sales due to low interest rates | • Low interest rates impact fixed annuity sales/PRT sales demand; resulting in a reduction in expected capital needed to support organic growth  
• Higher mortality would benefit earnings  
• ALM approach lessens impact from lower interest rates |
| **PGI** | • Record sales for mutual fund platform in March and 1Q20  
• Investment performance remains strong | • Management fees pressured due to lower average AUM  
• Real estate transactions slow resulting in lower transaction and borrower fees; lower performance fees  
• Uncertainty around timing of funding of institutional mandates |
| **PI** | • Lower actual vs. expected encaje due to market disruption  
• Severe depreciation in emerging market currencies resulted in negative Fx impacts on AUM and pre-tax operating earnings | • Historically low currency rates negatively impacting earnings  
• Latin America in earlier stages of pandemic impacts than North Asia |
| **SBD** | • Lower claims in dental/vision in 1Q20 due to provider office closures | • Seasonality patterns significantly changed  
• Higher unemployment rates negatively impact in-group growth metrics  
• Lower sales moderated by lower lapse rates  
• Higher life/disability claims more than offset by lower dental/vision claims |
| **Individual Life** | • Lower overall sales with an increased interest in term sales  
• Slightly higher claims | |
| **Capital Deployment** | • Paused share repurchase program in early March 2020  
• Announced 2Q20 common stock dividend of $0.56; unchanged from 1Q20 | • Slowing of M&A activity  
• Expect 2020 external deployments of $800M - $1.0B |
| **Investment Portfolio** | • Pre-tax unrealized net gain of $1.7B related to U.S. Fixed Maturities portfolio  
• Conservative positioning in high risk sectors | • Variable investment income negatively impacted by economic environment  
• Estimated credit impairments and credit drift manageable |
Non-GAAP operating earnings sensitivities

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

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

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

<sup>2</sup> Excludes the impact of actuarial unlockings.

<sup>3</sup> 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.

<sup>4</sup> 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 pre-tax operating earnings.
### Financials

#### Key business drivers outlook

<table>
<thead>
<tr>
<th>Retirement and Income Solutions</th>
<th>2020 outlook</th>
<th>Long-term outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RIS-Fee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue growth CAGR</td>
<td>10-15%</td>
<td><strong>1-5%</strong></td>
</tr>
<tr>
<td>Pre-tax return on net revenue</td>
<td>23-26%</td>
<td><strong>28-32%</strong></td>
</tr>
<tr>
<td><strong>RIS-Spread</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net revenue growth CAGR</td>
<td>5-15%</td>
<td><strong>5-15%</strong></td>
</tr>
<tr>
<td>Pre-tax return on net revenue</td>
<td>65-70%</td>
<td><strong>65-70%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Principal Global Investors</strong></th>
<th>2020 outlook</th>
<th>Long-term outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenues less pass-through commissions growth CAGR</td>
<td>4-10%</td>
<td><strong>4-7%</strong></td>
</tr>
<tr>
<td>Pre-tax return on operating revenues less pass-through commissions</td>
<td>34-38%</td>
<td><strong>34-37%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>U.S. Insurance Solutions</strong></th>
<th>2020 outlook</th>
<th>Long-term outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Specialty Benefits</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium &amp; fees growth CAGR</td>
<td>6-9%</td>
<td><strong>7-9%</strong></td>
</tr>
<tr>
<td>Pre-tax return on premium &amp; fees</td>
<td>12-14%</td>
<td><strong>11-14%</strong></td>
</tr>
<tr>
<td>Loss ratio</td>
<td>60-66%</td>
<td><strong>60-66%</strong></td>
</tr>
<tr>
<td><strong>Individual Life</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Premium &amp; fees growth CAGR</td>
<td>4-8%</td>
<td><strong>4-8%</strong></td>
</tr>
<tr>
<td>Pre-tax return on premium &amp; fees</td>
<td>15-20%</td>
<td><strong>16-20%</strong></td>
</tr>
</tbody>
</table>

Net revenue = operating revenues less benefits, claims & settlement expenses less dividends to policyholders.
RONR = Return on Net Revenue.
2020 outlook assumptions

| Equity markets | 2020 S&P 500 daily average between 3,240 and 3,260, based on levels as of Nov. 29, 2019  
8% annual total return (6% price appreciation + 2% dividend yield) |
|----------------|----------------------------------------------------------------------------------------------------------------------------------|
| Interest rates | 1.75% – 2.25% 10-year Treasury rate at year-end 2020  
Assuming no change to Interest on Excess Reserves (IOER) rate in 2020 |
| Foreign exchange rates | Rates follow external consensus\(^1\) as of Nov. 2019 |
| Total company operating earnings effective tax rate\(^2\) | 16% - 19% |
| Weighted average diluted shares outstanding | 275M – 280M |
| Corporate pre-tax operating losses | $(360)M - $(390)M |

\(^1\) Latin America uses local Central Bank estimates; Asia uses Bloomberg
\(^2\) The operating earnings effective tax rate is a non-GAAP measure and, on a total company basis, is approximately 4% higher than the U.S. GAAP effective tax rate primarily due to net realized capital gains and losses (NRCG)
Non-GAAP financial measure reconciliations

<table>
<thead>
<tr>
<th>Pre-tax Operating Earnings (Losses)</th>
<th>Trailing Twelve Months, 31-Mar-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-GAAP pre-tax operating earnings, excluding Corporate</td>
<td>$ 2,183.6</td>
</tr>
<tr>
<td>Corporate</td>
<td>(387.0)</td>
</tr>
<tr>
<td>Non-GAAP pre-tax operating earnings (losses)</td>
<td>$ 1,796.6</td>
</tr>
<tr>
<td>Pre-tax net realized capital gains (losses)</td>
<td>(273.6)</td>
</tr>
<tr>
<td>Certain adjustments related to equity method investments and noncontrolling interest</td>
<td>(27.5)</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>$ 1,495.5</td>
</tr>
</tbody>
</table>