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, and in the company’s quarterly report on Form 10-Q for the quarter ended Jun. 30, 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 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; 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; 141 year history; customers in over 80 countries

Non-GAAP pre-tax operating earnings\(^1\)
$2,111.3 million
As of Sep. 30, 2020

Assets Under Management\(^2\)
$731.3 billion
As of Sep. 30, 2020

\(^1\) Trailing Twelve Months. Excludes Corporate and Impacts from Actuarial Assumption Review.
\(^2\) 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)
Pat Halter

- 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>Division President</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>President - Principal Global Asset Management</td>
<td>36/36</td>
</tr>
<tr>
<td>Renee V. Schaar</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>Christopher J. Littlefield</td>
<td>54</td>
<td>Executive VP &amp; General Counsel</td>
<td>14/1</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>Kathleen B. Kay</td>
<td>58</td>
<td>Senior VP &amp; Chief Information Officer</td>
<td>8/1</td>
</tr>
<tr>
<td>Kenneth A. McCullum</td>
<td>56</td>
<td>Senior VP &amp; Chief Risk Officer</td>
<td>34/5</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>
Industry leadership

Global Asset Management
- Best Place to Work in Money Mgmt¹
- #1 APV - Chile²
- Top 10 manager Real Estate³
- 5th largest manager High Yield⁴
- ENERGY STAR Partner of the Year⁵

Global Retirement and Long-Term Savings
- Top 3 provider of DC plans⁶
- #2 Pension provider in Latin America⁷
- #6 AFORE – Mexico⁸
- #1 P/VGBL - Brazil⁹
- #6 MPF provider – Hong Kong¹⁰
- #1 provider of DB plans¹¹
- #1 provider of ESOP plans¹²

Risk Protection
- #1 Nonqualified deferred compensation¹³
- #1 Small-case business life insurance¹⁴
- #3 Non-medical coverages¹⁵
- #4 Individual disability insurance¹⁶

Current ratings  
(As of September 2020)

Moody's Investors Service
Outlook: Stable

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

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

A.M. Best
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></th>
<th>2015</th>
<th>3Q20</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>RIS total account value</td>
<td>$210B</td>
<td>$330B</td>
<td>10%</td>
</tr>
<tr>
<td>RIS-Fee return on net revenue$2</td>
<td>32.0%</td>
<td>22.8%3</td>
<td></td>
</tr>
<tr>
<td>RIS-Spread return on net revenue$2</td>
<td>63.0%</td>
<td>74.3%</td>
<td></td>
</tr>
<tr>
<td>Participants$4</td>
<td>4.7M</td>
<td>6.0M</td>
<td>5%</td>
</tr>
</tbody>
</table>

1Department of Labor & Cerulli Associates, 2018. 2For trailing 12 months. 3Q20 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 Recordkeeper¹ (number of participants)

#1
- Defined Benefit Recordkeeper² (number of plans)
- Employee Stock Ownership Plan Provider¹ (number of plans)
- Nonqualified Deferred Comp Recordkeeper³ (number of 409A plans)

Principal is a leader in retirement income

#3
- Pension Risk Transfer⁴ (by premium)

#3
- Deferred Income Annuities⁵ (by premium)

#4
- Individual Immediate Annuities⁵ (by premium)

¹Defined Contribution and ESOP: PLANSPONSOR Recordkeeping Survey 07/20; ²Defined Benefit: PLANSPONSOR DB Administration Survey 05/20; ³Nonqualified Deferred Compensation: PLANSPONSOR Recordkeeping Survey 07/20; ⁴LIMRA Secure Retirement Institute – based on total PRT assets as of 12/31/2019; ⁵LIMRA Secure Retirement Institute – based on premiums as of 12/31/2019
Flexible business model serves multiple markets

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

**Unbundled (TPA)**
- Ascensus
- Empower
- Transamerica
- VOYA
- Nationwide
- John Hancock

**TARGET MARKET**
- Small Case
- 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)

- Defined Benefit (DB)
- Private Defined Contribution (DC) and Individual Retirement Account (IRA)
- 2nd-15th largest retirement systems combined

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>
<th>Total</th>
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<tbody>
<tr>
<td>2015</td>
<td>3.6</td>
<td>1.9</td>
<td>2.5</td>
<td>9.9</td>
<td></td>
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<tr>
<td>2016</td>
<td>4.2</td>
<td>2.3</td>
<td>3.3</td>
<td>12.4</td>
<td></td>
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<tr>
<td>2017</td>
<td>3.9</td>
<td>2.6</td>
<td>3.1</td>
<td>12.5</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>4.4</td>
<td>3.7</td>
<td>3.2</td>
<td>15.2</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td>4.1</td>
<td>5.3</td>
<td>18.5</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td>3.0</td>
<td>3.2</td>
<td>10.8</td>
</tr>
</tbody>
</table>
The power of payroll deduction
Recurring deposits

- People making a deferral +11%¹
- Avg deferral per member +13%¹
- People receiving a match +10%¹

¹ 3Q20 compared to 3Q17
Account value detail

- Individual Variable Annuities: 5%, 5%, 4%, 4%, 4%
- Employer Securities: 7%, 7%, 7%, 7%, 7%
- Non-Proprietary Funds: 26%, 29%, 32%, 36%, 38%
- Proprietary Funds: 28%, 27%, 24%, 23%, 22%
- Separate Account: 29%, 29%, 28%, 26%, 25%
- General Account: 6%, 4%, 5%, 4%, 4%

Year: 2016, 2017, 2018, 2019, 3Q20
The diversified customers we serve

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

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

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

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

As of 12/31/2019
Serving SMBs enhances diversification

Principal’s PRT plans by industry\(^1\)
Over 90% of plans have under 100 lives

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

5,256 plans

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

\(^1\) 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 75 countries
- Offices in major money centers worldwide
- Long commitment to corporate stewardship; signatory to United Nations’ Principles for Responsible Investment (UNPRI). Received an A+ Strategy and Governance rating and Principal Real Estate received an A+ rating for the 4th consecutive year
- Principal Global Investors ranked #5 Barron’s Best Fund Family for 2019\(^1\), #3 in U.S. Equity category, Barron’s Best Fund Families of 2019\(^1\), and #4 in Tax-Exempt Bond category, Barron’s Best Fund Families of 2019 \(^1\)
- 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\(^2\)

\(^1\)AUM as of 09/30/2020.\(^2\)Pensions & Investments, “The Best Places to Work in Money Management”, PGI recognition 12/2019. Past performance is no guarantee of future results. Of all fund families that met the criteria, Principal Global Investors was ranked #5 out of 55 fund families for one year, #17 out of 52 for five years, and #6 out of 45 fund families for the ten years, all periods ended 12/31/2019. Performance data used for the rankings does not account for any up-front sales charges, contingent deferred sales charges or 12b-1 fees. If included, these rankings could be lower. Barron’s does not provide 5- and 10-year rankings for asset class categories.
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
$468 B

AUM in billions, as of 09/30/2020. 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>
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</thead>
<tbody>
<tr>
<td>Aligned Investors</td>
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<td>Post Advisory Group</td>
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<td>Principal Real Estate Investors</td>
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<td>Spectrum Asset Management</td>
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</tr>
</tbody>
</table>

As of 30 September 2020.  
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 ventured partners.
Investment performance

Equal weighted\(^1\)

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>1-Year</td>
<td>75%</td>
<td>75%</td>
<td>75%</td>
</tr>
<tr>
<td>3-Year</td>
<td>75%</td>
<td>81%</td>
<td>78%</td>
</tr>
<tr>
<td>5-Year</td>
<td>78%</td>
<td>80%</td>
<td>76%</td>
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</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, & U.S. Property Separate Account.

Asset weighted\(^2\)

74% 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>74%</td>
</tr>
<tr>
<td>3 stars</td>
<td>24%</td>
</tr>
<tr>
<td>2 stars</td>
<td>2%</td>
</tr>
<tr>
<td>1 star</td>
<td>0%</td>
</tr>
</tbody>
</table>

\(^2\) Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (90 total, 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
• Active, Hybrid 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.

- **Principal Financial Group**
  - **Mexico (1993)**
    - 3.0M customers
    - AUM of $15B
    - Mandatory and Voluntary Pensions, Mutual Funds, Asset Management
  - **Brazil (1999)**
    - 2.7M customers
    - AUM of $54B
    - Mandatory and Voluntary Pensions, Mutual Funds, Asset Management, Annuities, Universal Life Insurance
  - **Chile (1995)**
    - 1.8M customers
    - AUM of $43B
    - Mandatory and Voluntary Pensions, Mutual Funds, Asset Management, Annuities
  - **India (2000)**
    - 0.6M customers
    - AUM of $0.9B
    - Mutual Funds, Asset Management, Advisory Services
  - **China (2005)**
    - 14.8M customers
    - AUM of $120B
    - Asset Management, Mutual Funds
  - **Hong Kong SAR (1996)**
    - 0.6M customers
    - AUM of $12B
    - Mandatory Pensions, Mutual Funds, Asset Management
  - **Thailand (2010)**
    - 54K customers
    - AUM of $4B
    - Voluntary Pensions, Asset Management, Unit Trusts
  - **Malaysia (2003)**
    - 0.3M customers
    - AUM of $17B
    - Conventional & Islamic Asset Management, Unit Trusts, Voluntary Pensions
  - **Indonesia (2007)**
    - 23K customers
    - AUM of $0.6B
    - Asset Management, Unit Trusts
  - **Singapore (2006)**
    - Asset Management

(YEAR) = Principal entered

Covered lives as of September 2020

PI Sourced AUM as of September 2020

¹ Includes Singapore
Strong growth

Increasing diversification\(^1, 2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Pre-tax OE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>75%</td>
</tr>
<tr>
<td></td>
<td>25%</td>
</tr>
</tbody>
</table>

Pre-tax operating earnings growth\(^2\) (USD millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$100</td>
</tr>
<tr>
<td>2019</td>
<td>$350</td>
</tr>
</tbody>
</table>

\(12\%\) 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</th>
<th>2010</th>
<th>2030E</th>
<th>2050E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>U.S.</td>
<td>5.9</td>
<td>U.S.</td>
<td>15.0</td>
</tr>
<tr>
<td>2</td>
<td>Japan</td>
<td>3.1</td>
<td>China</td>
<td>5.9</td>
</tr>
<tr>
<td>3</td>
<td>Germany</td>
<td>1.7</td>
<td>Japan</td>
<td>5.5</td>
</tr>
<tr>
<td>4</td>
<td>France</td>
<td>1.2</td>
<td>Germany</td>
<td>3.3</td>
</tr>
<tr>
<td>5</td>
<td>Italy</td>
<td>1.1</td>
<td>France</td>
<td>2.5</td>
</tr>
<tr>
<td>6</td>
<td>UK</td>
<td>1.0</td>
<td>UK</td>
<td>2.3</td>
</tr>
<tr>
<td>7</td>
<td>Canada</td>
<td>0.6</td>
<td>Italy</td>
<td>2.0</td>
</tr>
<tr>
<td>8</td>
<td>Spain</td>
<td>0.5</td>
<td>Brazil</td>
<td>2.1</td>
</tr>
<tr>
<td>9</td>
<td>Brazil</td>
<td>0.5</td>
<td>Canada</td>
<td>1.6</td>
</tr>
<tr>
<td>10</td>
<td>China</td>
<td>0.4</td>
<td>Russia</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Current Principal international locations:  Asia  Latin America

Source: IMF (historical data), PwC (projections), 2015
## 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></th>
<th>Brasilprev</th>
<th>CCBPAM</th>
<th>Principal Asset Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partner</strong></td>
<td>Banco do Brasil</td>
<td>China Construction Bank</td>
<td>CIMB Group</td>
</tr>
<tr>
<td><strong>Market(s)</strong></td>
<td>Brazil</td>
<td>China</td>
<td>Malaysia, Thailand, Indonesia, Singapore</td>
</tr>
<tr>
<td><strong>Products</strong></td>
<td>Pension</td>
<td>Mutual funds, asset management</td>
<td>Pension, asset management, unit trusts</td>
</tr>
<tr>
<td><strong>Partner’s distribution reach</strong></td>
<td>70M retail customers$^1$</td>
<td>411M retail customers$^2$</td>
<td>15M retail customers$^4$</td>
</tr>
<tr>
<td></td>
<td>4,356 branches$^1$</td>
<td>14,912 branches$^3$</td>
<td>702 branches$^4$</td>
</tr>
<tr>
<td><strong>JV customers</strong>$^5$</td>
<td>2.7M customers</td>
<td>14.8M customers</td>
<td>0.4M 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 September 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 pension\(^1\)
- **Brazil**: #1 in total pension AUM market share\(^1\)
- **Mexico**: #6 largest mandatory pension provider\(^1\)

**Asia**

- **China**: #11 largest retail fund provider\(^2\)
- **Hong Kong**: #6 largest MPF provider\(^2\)
- **SE Asia**: #2 in unit trust market (Malaysia)\(^1\)

\(^1\)As of August 2020; \(^2\)As of June 2020
AUM evolution fueled by organic growth

48 consecutive quarters of positive net cash flow

<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><em>Net cash flow</em></td>
<td>81</td>
</tr>
<tr>
<td><em>Investment performance</em></td>
<td>87</td>
</tr>
<tr>
<td><em>Other</em></td>
<td>(5)</td>
</tr>
<tr>
<td><em>Operations acquired</em></td>
<td>48</td>
</tr>
<tr>
<td><em>Effect of exchange rates</em></td>
<td>(93)</td>
</tr>
<tr>
<td><strong>AUM as of 3Q 2020</strong></td>
<td>$ 147</td>
</tr>
</tbody>
</table>

^1 As of September 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:
• 114,000 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\(^3\)

58% don’t have disability coverage\(^3\)

43% don’t have a buy/sell plan\(^3\)

60 million
employees
(47% of working population)\(^1\)

---

\(^1\)Small Business Profile, SBA Office of Advocacy, 2020; \(^2\)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

Group\(^1\) Benefits

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

Individual\(^1\) Disability

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

Individual Life

- **#1** Small-case business life insurance \(^2\)
- **#1** Nonqualified plans \(^3\)
- **#18** Total new life sales premium \(^4\)

Named to *US News & World Report*’s list of Best Life Insurance Companies of 2020, earning an A+ ranking

Sources: \(^1\)LIMRA, 2019; \(^2\)Based on IBIS corporate-owned life insurance (COLI) and corporatesponsored individually owned (CSIO) life insurance total premium and case count for case sizes up to $5 million of total premium per case. Source: 2020 COLI/CSIO survey of participating life insurance carriers, IBIS Associates, McLean, VA. \(^3\)Based on total number of nonqualified deferred compensation plans (excluding 457 plans), PLANSPONSOR 2020 Recordkeeping Survey, July 2020; \(^4\)LIMRA U.S. Retail + Small Case COL/BOLI Individual Life Insurance Sales Participant Report, Full-Year 2019
Above industry premium growth and a balanced portfolio

3 Year In-Force Premium Growth (2016–2019 CAGR)

- Group Benefits: 6.5% (Principal), 4.2% (Industry)
- Individual DI: 6.4% (Principal), 1.8% (Industry)

- Stable loss ratios
- Attractive margins

2019 Total Premium & Fees

- Specialty Benefits: 83%
  - Group Benefits: 83%
  - Individual Disability: 17%
- Group Disability: 27%
- Group Life: 24%
- Dental & Vision: 49%

SMB focus

Group Benefits in-force cases

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

New sales premium and fees

- Disability insurance
  - Individual: 39%
  - Business market: 61%
- Life insurance
  - Individual: 38%
  - 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%

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

2019 Sales
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>Crump Life Insurance Services</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</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

U.S. Investment Portfolio
GAAP carrying value as of 09/30/2020

$99.0B
U.S. invested assets & cash

- Commercial Mortgage 15%
- Corporate Private Bonds 18%
- Corporate Public Bonds 24%
- MBS 7%
- ABS 8%
- Government Agencies, State & Political 12%
- Other 1%
- Cash 3%
- CMBS 5%

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

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 Fixed Maturity Securities and Commercial Mortgage Loans

<table>
<thead>
<tr>
<th></th>
<th>12/31/2008</th>
<th>12/31/2019</th>
<th>09/30/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed Maturity Securities</strong> (74% of total U.S. invested assets and cash)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NAIC 1</td>
<td>57%</td>
<td>69%</td>
<td>67%</td>
</tr>
<tr>
<td>NAIC 2</td>
<td>38%</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>Below investment grade (NAIC 3 - 6)</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>12/31/2008</th>
<th>12/31/2019</th>
<th>09/30/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Commercial Mortgage Loans</strong> (15% of total U.S. invested assets and cash)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A- and above</td>
<td>61%</td>
<td>93%</td>
<td>89%</td>
</tr>
<tr>
<td>Average loan-to-value (LTV)</td>
<td>62%</td>
<td>45%</td>
<td>50%</td>
</tr>
<tr>
<td>Average debt service coverage ratio</td>
<td>1.8x</td>
<td>2.6x</td>
<td>2.6x</td>
</tr>
</tbody>
</table>

**Investment portfolio highlights**

- $6.5B pre-tax net unrealized gains on available-for-sale fixed maturity securities
- The increase in below investment grade exposure from 12/31/2019 is primarily due to net purchase activity, not credit drift
- Energy sector defensively postured in integrated and midstream subsectors
- Consumer cyclicals: retailers predominantly quality names; entertainment-related subsector exposure modest and diversified
- 20% 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 3Q 2020 Supplemental U.S. Investment Portfolio Details slides available at principal.com/investor
IRT integration update

Integration remains on track
- Migration of the IRT core retirement business is off to a very successful start with the first wave moving in early October; will continue through summer 2021
- Strategic and cultural benefits are confirmed and showing benefits
- Revenue and expense synergies will begin to emerge in the second half of 2021
  - Expense synergies, though delayed, are expected to be 50% higher than initially modeled and will help mitigate the impact of the IOER rate
- Investments in our capabilities and the platform are benefitting all our clients and participants

Financial impacts
- 3Q20 integration expenses of $17M
- Reminders related to 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 annual 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)

3Q20
$17M

Cumulative since acquisition
$36M

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>Wells Fargo Institutional Retirement &amp; Trust</td>
<td>2019</td>
<td>Expand our capabilities, reach and scale in U.S. retirement market</td>
</tr>
<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 LLP</td>
<td>2011</td>
<td>Establish leadership in emerging markets fixed income investing</td>
</tr>
</tbody>
</table>
Coming from a position of financial strength

**Liquidity**

$3.4B

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**

$2.6B

Excess and available capital

- Includes capital at holding company, subsidiaries, and excess above a 400% RBC ratio
- Nearly $1B contingent capital facility with a book value of $750M

**Estimated RBC ratio**

431%

**Leverage**

24%

Low debt-to-capital ratio

- Managing RBC higher than 400% long-term target during these uncertain times
- No debt maturities until $300M in 2022

As of 9/30/2020

1 This is a non-GAAP financial measure. Debt-to-capital ratio excludes AOCI.
3Q20 capital deployments and actions

- Deployed $154M of capital in 3Q20 to common stock dividends
- Paused share buyback program in March 2020
- Expect to deploy $800M - $1.0B in 2020

$679M Total capital deployed through 3Q 2020

$461M Common stock dividends paid

$218M Share repurchases

Capital management

Potential sources

- 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 than expected operating earnings/net income
- Opportunistic capital deployment
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
Financials

Capital deployment
$ in millions

2016
Deployed $856 million
- 65% of Net Income
  - $94 million
- Common Stock Dividends
  - $40 million
- Share Repurchases
  - $257 million

2017
Deployed $913 million
- 40% of Net Income¹
  - $180 million
- Common Stock Dividends
  - $193 million
- Share Repurchases
  - $140 million
- Debt reduction
  - $599 million

2018
Deployed $1.4 billion
- 90% of Net Income
  - $650 million
- Common Stock Dividends
  - $1,200 million
- Share Repurchases
  - $257 million

2019
Deployed $2.1 billion
- 150% of Net Income
  - $606 million
- Common Stock Dividends
  - $257 million
- Share Repurchases
  - $606 million

¹2017 net income included benefits from a large real estate transaction and the U.S. Tax Cuts and Jobs Act
Total company long-term targets

**Profitability**
- 9-12% annual growth in OE\(^1\) and EPS\(^2\)
- 15-17% long-term targeted ROE\(^3\)

Prior ROE target: 30-60 bps improvement per year

**Free cash flow**
- 70-80% of net income

Prior target: 65-70% of net income

**Capital and liquidity**
- 20-25% targeted debt-to-capital ratio
- ~400% targeted RBC ratio

Target Holdco capital to cover 12 months of obligations
No debt maturities until 2022

---

\(^1\) 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
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</td>
<td>PI</td>
<td>RIS – Spread Individual Life SBD</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 unlocks.

<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.
# COVID-19 financial impacts – total company

## 3Q20 pre-tax impacts

<table>
<thead>
<tr>
<th>Total company</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Management actions reduced expenses by more than $100M relative to beginning of year expectations</td>
</tr>
<tr>
<td>• Direct mortality/morbidity impact of -$4M pre-tax; -$3M after-tax</td>
</tr>
</tbody>
</table>

## Expected ongoing impacts

<table>
<thead>
<tr>
<th>Total company</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Management actions expected to reduce expenses by approximately $250M in FY20 relative to beginning of year expectations</td>
</tr>
<tr>
<td>• Direct mortality/morbidity impact on earnings of approximately -$13M pre-tax, -$10M after-tax for every 100,000 U.S. COVID-19 related deaths</td>
</tr>
</tbody>
</table>

## Capital

<table>
<thead>
<tr>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Announced 4Q20 common stock dividend of $0.56; unchanged from 3Q20</td>
</tr>
<tr>
<td>• Additional $100M debt issuance enhances capital position</td>
</tr>
</tbody>
</table>

## Investment portfolio

<table>
<thead>
<tr>
<th>Investment portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>• $6.5B pre-tax unrealized net gain on available-for-sale fixed maturity securities in U.S. investment portfolio</td>
</tr>
<tr>
<td>• Realized $50M of capital impacts from credit drift and losses ($165M YTD)</td>
</tr>
<tr>
<td>• Commercial loan LTV at 50% in U.S. investment portfolio; unchanged from 2Q20</td>
</tr>
<tr>
<td>• Only 14 loans currently modified/granted forbearance representing less than 2% of the commercial mortgage loans in U.S. investment portfolio</td>
</tr>
</tbody>
</table>

## Expected ongoing impacts

<table>
<thead>
<tr>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expect 2020 external deployments of $800M - $1.0B</td>
</tr>
<tr>
<td>• Lowered expected sales reduces capital needed to support organic growth</td>
</tr>
</tbody>
</table>

## Investment portfolio

<table>
<thead>
<tr>
<th>Investment portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Lowered full-year 2020 baseline impact from credit drift and losses to $200-$300M; this is improved from previously forecasted $300-$500M</td>
</tr>
<tr>
<td>• Significant government intervention causing impacts to emerge more slowly; credit drift and losses could be approximately $400M in 2021</td>
</tr>
<tr>
<td>• Estimated credit drift and credit losses manageable due to high quality nature of portfolio and strong capital position</td>
</tr>
</tbody>
</table>
## COVID-19 financial impacts – business units

<table>
<thead>
<tr>
<th>Financials</th>
<th>3Q20 pre-tax impacts</th>
<th>Expected ongoing impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RIS-Fee</strong></td>
<td>• Roughly 3% of participants took COVID-19 withdrawals totaling $1B&lt;br&gt;• Pressured recurring deposit growth of 3% vs 3Q19&lt;br&gt;• Fee waivers for COVID-19 related withdrawals of $8M; fee waivers ceased as of the end of September&lt;br&gt;• Lower sales</td>
<td>• Expect NCF to be flat, below our 1-3% target as a percent of beginning of period account values for full year 2020, due to lower sales partially offset by lower contract lapses, slower recurring deposit growth and higher participant withdrawals</td>
</tr>
<tr>
<td><strong>RIS-Spread</strong></td>
<td>• Higher mortality benefitted earnings by $5M&lt;br&gt;• Lower retail annuity sales due to pricing discipline and low interest rates</td>
<td>• Low interest rates impact income annuity and PRT sales demand, though PRT pipeline remains robust&lt;br&gt;• ALM approach lessens impact from lower interest rates&lt;br&gt;• Higher mortality could continue to benefit earnings&lt;br&gt;• Lower investment income due to pressure on yields</td>
</tr>
<tr>
<td><strong>PGI</strong></td>
<td>• Fewer real estate transactions resulted in $3M of lower transaction and borrower fees than 3Q19</td>
<td>• Yield oriented solutions in demand in low rate environment&lt;br&gt;• Fewer real estate transactions expected to result in lower transaction and borrower fees</td>
</tr>
<tr>
<td><strong>PI</strong></td>
<td>• Chile AUM was reduced by $1.4B due to COVID-19 hardship withdrawals. These withdrawals were excluded from NCF as they do not impact future fee revenue.&lt;br&gt;• Lower variable investment income in Chile</td>
<td>• Historically low currency rates negatively impacting earnings</td>
</tr>
</tbody>
</table>
| **SBD** | • $42M net unfavorable impact to pre-tax earnings:  
  o Dental 10% premium credit: $22M  
  o Dental pent-up demand: $10M  
  o Group life and group disability claims: $7M  
  o PPE payment for in-network dental providers: $3M  
  • Premiums continue to be pressured – lower sales offset by significantly better retention; negative in-group growth  
  • Lower variable investment income | • $9-10M unfavorable impact in 4Q from continuation of 10% dental premium credit through October and PPE payments through December<br>• Lower sales partially offset by higher retention<br>• Moderation of negative in-group growth metrics as economy stabilizes<br>• Return to more normal dental/vision claims; slightly higher life/disability claims continue  
  • Lower investment income due to pressure on yields |
| **Individual Life** | • Lower sales despite increased interest in term<br>• $2M COVID-19 related claims, net of reinsurance<br>• Lower variable investment income | • Lower overall sales with an ongoing interest in term<br>• Slightly higher COVID-19 claims expected in 4Q20 vs 3Q20<br>• Lower investment income due to pressure on yields |
## Key business drivers outlook

### Retirement and Income Solutions

<table>
<thead>
<tr>
<th></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>1-5%</td>
</tr>
<tr>
<td>Pre-tax return on net revenue</td>
<td>23-26%</td>
<td>28-32%</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>5-15%</td>
</tr>
<tr>
<td>Pre-tax return on net revenue</td>
<td>65-70%</td>
<td>65-70%</td>
</tr>
</tbody>
</table>

### Principal Global Investors

<table>
<thead>
<tr>
<th></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>4-7%</td>
</tr>
<tr>
<td>Pre-tax return on operating revenues less pass-through commissions</td>
<td>34-38%</td>
<td>34-37%</td>
</tr>
</tbody>
</table>

### U.S. Insurance Solutions

<table>
<thead>
<tr>
<th></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>7-9%</td>
</tr>
<tr>
<td>Pre-tax return on premium &amp; fees</td>
<td>12-14%</td>
<td>11-14%</td>
</tr>
<tr>
<td>Loss ratio</td>
<td>60-66%</td>
<td>60-66%</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>4-8%</td>
</tr>
<tr>
<td>Pre-tax return on premium &amp; fees</td>
<td>15-20%</td>
<td>16-20%</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

<table>
<thead>
<tr>
<th>Equity markets</th>
<th>2020 S&amp;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)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates</td>
<td>1.75%–2.25% 10-year Treasury rate at year-end 2020 Assuming no change to Interest on Excess Reserves (IOER) rate in 2020</td>
</tr>
<tr>
<td>Foreign exchange rates</td>
<td>Rates follow external consensus(^1) as of Nov. 2019</td>
</tr>
<tr>
<td>Total company operating earnings effective tax rate(^2)</td>
<td>16%-19%</td>
</tr>
<tr>
<td>Weighted average diluted shares outstanding</td>
<td>275M–280M</td>
</tr>
<tr>
<td>Corporate pre-tax operating losses</td>
<td>$(360)M–$(390)M</td>
</tr>
</tbody>
</table>

\(^1\) 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, 30-Sep-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-GAAP pre-tax operating earnings, excluding Corporate Corporate</td>
<td>$1,969.0 (340.5)</td>
</tr>
<tr>
<td>Non-GAAP pre-tax operating earnings (losses)</td>
<td>$1,628.5</td>
</tr>
<tr>
<td>Pre-tax net realized capital gains (losses) Certain adjustments related to equity method investments and noncontrolling interest</td>
<td>(138.8) (16.5)</td>
</tr>
<tr>
<td>Income (loss) before income taxes</td>
<td>$1,473.2</td>
</tr>
</tbody>
</table>