Second Quarter 2023 Earnings Call Presentation

PRINCIPAL FINANCIAL GROUP

July 27, 2023

RETIREMENT | ASSET MANAGEMENT | BENEFITS & PROTECTION

2Q 2023 key takeaways

Earnings

- Second quarter results demonstrate the value of our diversified business model
- Financial results consistent with 2023 outlook; beginning to benefit from market tailwinds

Growth

- Strength and resilience of our small to mid-sized customer segments contributing to growth across both retirement and benefits and protection
- AUM outflows across asset management industry; a rebound in investor activity, recovering market sentiment, and improved investment performance are expected to drive momentum in net cash flow in 2H23
- Positive retirement net cash flow for small to mid-sized plans; AV net outflows driven by timing of large plan activity

Balance Sheet

- High quality investment portfolio, including real estate, aligns well with our liabilities and is well positioned to weather different economic cycles
- Year-to-date[1], 100% of 2023 office commercial mortgage loan maturities have been paid off

Capital

- Strong capital position; remain focused on deploying capital to attractive organic opportunities and to shareholders
- Generated strong free capital flow and remain on track for our full year capital flow conversion target of 75-85%

1 As of July 27, 2023.

2Q 2023 financial highlights

2Q 2023 OPERATING EARNINGS AND EPS

Reported non-GAAP operating earnings[1]
$376M
(-11% vs. 2Q 2022)

Reported non-GAAP operating earnings per diluted share[1] (EPS)
$1.53
(-7% vs. 2Q 2022)

Impact of significant variances to non-GAAP operating earnings[2]
$39M after-tax
($53M pre-tax)

Impact of significant variances to non-GAAP EPS[2]
$0.16

Non-GAAP operating earnings, excluding significant variances (xSV)
$415M
(flat vs. 2Q 2022)

Non-GAAP EPS, xSV
$1.69
(+4% vs. 2Q 2022)

RETURN ON EQUITY[5]

12.3%
(13.0% xSV)

CAPITAL & LIQUIDITY

Excess and available capital
$1.2B, with approximately:
$800M at Hold Co
$340M excess subsidiary capital
$100M in excess of 400% RBC

Debt to capital ratio[3]
22.2%
(25.1% in 1Q23)[4]

Estimated PLIC RBC ratio
407%

CAPITAL RETURNED

$255M
$155M of common stock dividends
$100M of share repurchases

Announced 3Q 2023 common stock dividend
$0.65
+2% from 3Q 2022

AUM & NCF

Total company AUM managed by PFG
$674B

Total company net cash flow
-$3.9B

1 This is a non-GAAP financial measure; see reconciliation in appendix. 2 See slide 12 for details. 3 This is a non-GAAP financial measure. Debt to capital ratio excludes cumulative change in fair value of funds withheld embedded derivative and AOCI. 4 Includes $700M of proceeds from debt issuance used for debt maturity and redemption in 2Q23. 5 Non-GAAP return on equity, excluding cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment.

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Investment performance

% of funds outperforming Morningstar median[1,2]

As of 6/30/2023	1-Year	3-Year	5-Year	10-Year
Equity	53%	48%	68%	89%
Fixed Income	81%	63%	73%	82%
Asset Allocation	85%	73%	84%	83%
Total	71%	62%	76%	85%

% of composites outperforming benchmarks[1,3]

As of 6/30/2023	1-Year	3-Year	5-Year	10-Year
Equity	62%	45%	70%	90%
Fixed Income	80%	87%	93%	100%
Asset Allocation	40%	50%	18%	43%
Total	67%	63%	75%	91%

ASSET WEIGHTED[4]

58%

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

1 Equal weighted.
2 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.
3 Composite returns are calculated on a gross basis. All composites compared to official Global Investment Performance Standards (GIPS) composite benchmark. Excludes passive composites and doesn't include certain strategies or mandates for which GIPS composites are not calculated (e.g., Lifetime/Target Date strategies). Lifetime/Target Date funds are covered under separate peer-relative calculations. "Total" percentages include equities, fixed income and other asset classes and mandates with GIPS composites (e.g., asset allocation).
4 Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (89 total, 81 are ranked).

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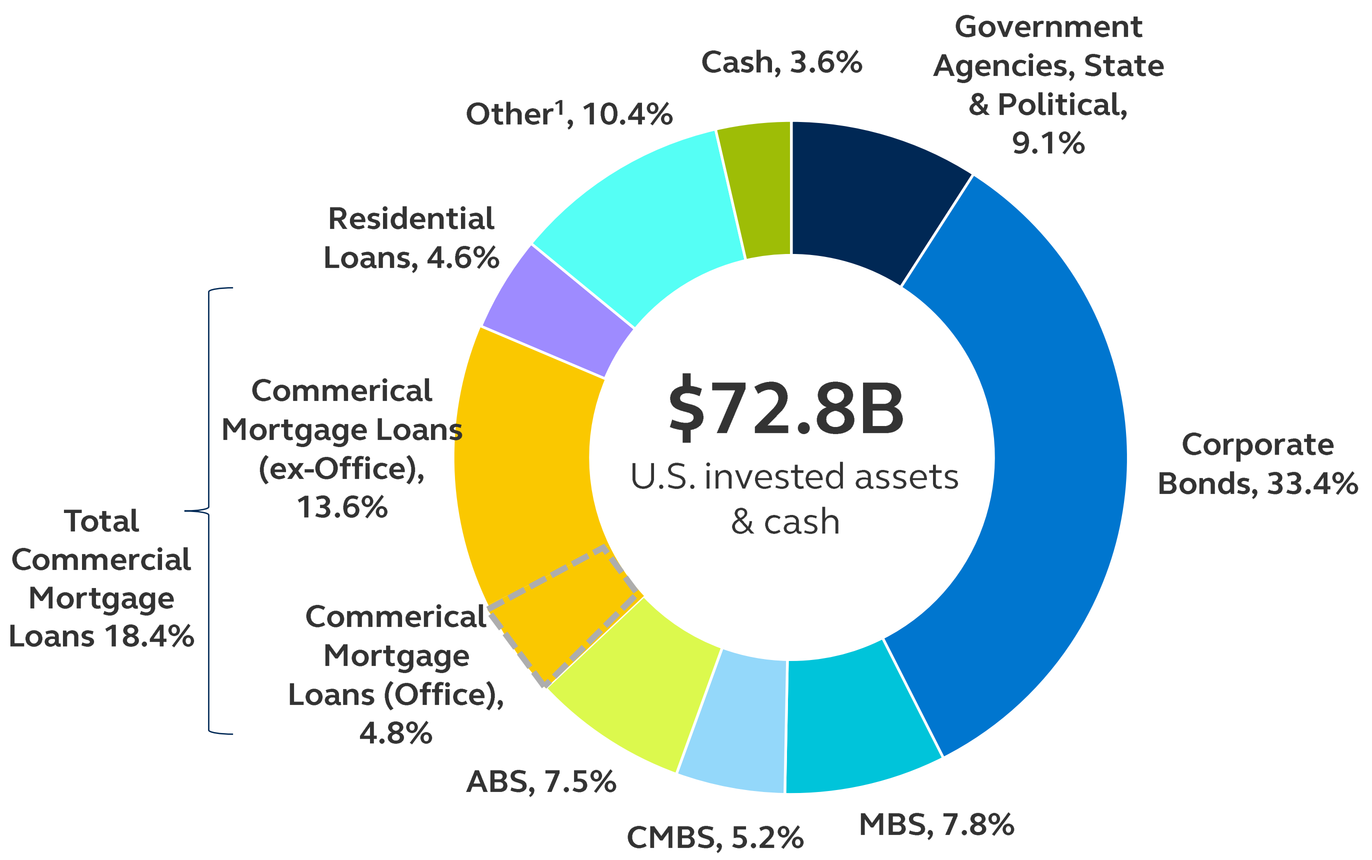
High quality and diversified investment portfolio

U.S. invested assets and cash; excluding funds withheld, as of June 30, 2023



COMMERCIAL MORTGAGE LOANS

- **Total portfolio:**
  - **Average LTV 47% and DSC 2.5x**
  - **Metrics relatively unchanged from 1Q23**
  - 98% of portfolio reviewed and reflects recently updated property valuations
- **Office:**
  - **Average LTV 57% and DSC 2.6x; reflects valuation down 25% from peak**
  - **Each asset re-valued quarterly throughout 2023**
  - **100% of YTD[2] 2023 maturities (~$350M) have been paid off**
  - 2024 maturities average LTV 63% , DSC 3.8x and 92% occupancy

1 Other includes equity securities, equity real estate, policy loans and other investments. 2 As of July 27, 2023.

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Retirement and Income Solutions

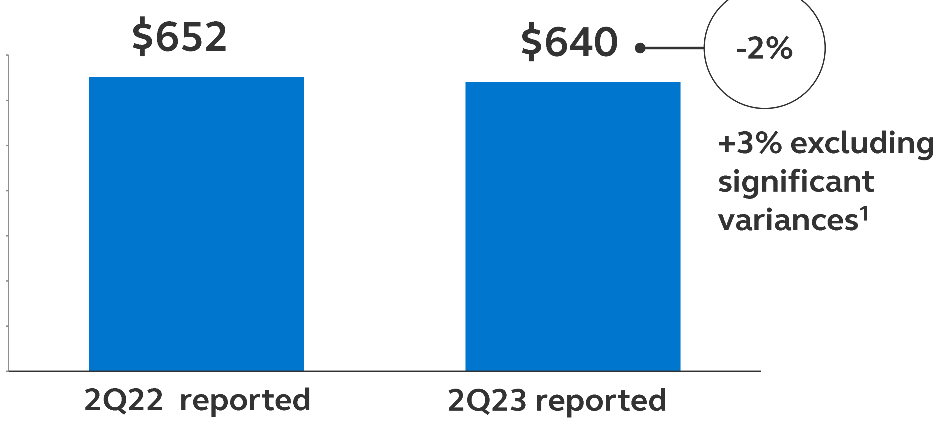
HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances[1] increased due to benefits from rising interest rates and disciplined expense management
- Quarterly PRT sales of $0.6B; year-to-date sales $1.2B
- 2Q23 operating margin[3] excluding significant variances 38.5%

	Reported pre-tax operating earnings ($M)	Significant variances[1] ($M)	Pre-tax operating earnings ex significant variances ($M)
2Q23	$232.3	+$23.0	**$255.3**
2Q22	$254.6	-$19.2	**$235.4**
Change	**-$22.3 (-9%)**		**+$19.9 (+8%)**

Net revenue ($M)

Quarterly basis



Trailing twelve month basis[2]

-3% change in net revenue

38% operating margin[3]

1 Impact of lower than expected VII in 2Q23; Impact of higher than expected VII and reinsurance transaction true-up in 2Q22.
2 Excludes impacts of actuarial assumption reviews and other significant variances.
3 Pre-tax operating earnings divided by net revenue.

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Principal Global Investors (PGI)

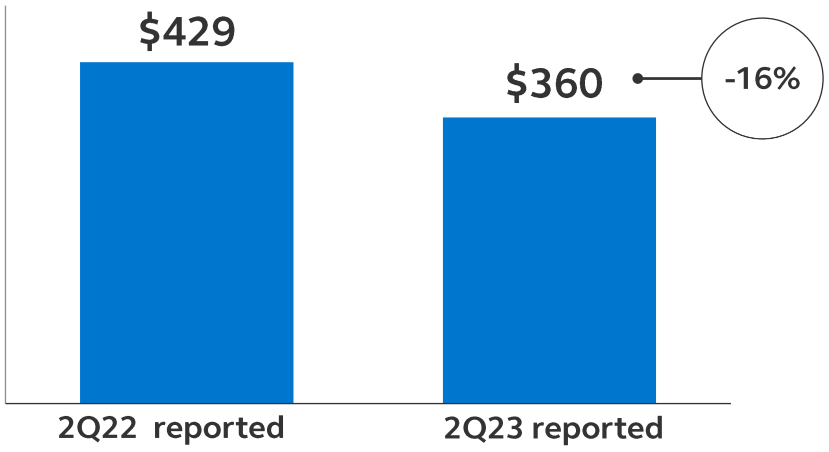
HIGHLIGHTS

- Pre-tax operating earnings decreased due to lower net performance fees of $30M, lower management fees from a decrease in average AUM, and lower transaction and borrower fees
- 2Q23 operating margin of 35.0%
- Improved investment performance across Morningstar rated funds and composites in fixed income, asset allocation and equity strategies

	Reported pre-tax operating earnings ($M)
2Q23	$125.0
2Q22	$180.0
Change	**-$55.0 (-31%)**

Operating revenues less pass-through expenses[1] ($M)

Quarterly basis



Trailing twelve month basis

-13% change in operating revenues less pass-through expenses

35% operating margin[2]

1 This is a non-GAAP financial measure; see reconciliation in appendix.
2 Pre-tax operating earnings, adjusted for noncontrolling interest, divided by operating revenues less pass-through expenses.

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Principal International

HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances[1] increased primarily due to higher combined net revenue as a result of higher AUM
- Net cash flow slightly negative primarily due to outflows from Chile annuitizations as a result of high interest rates

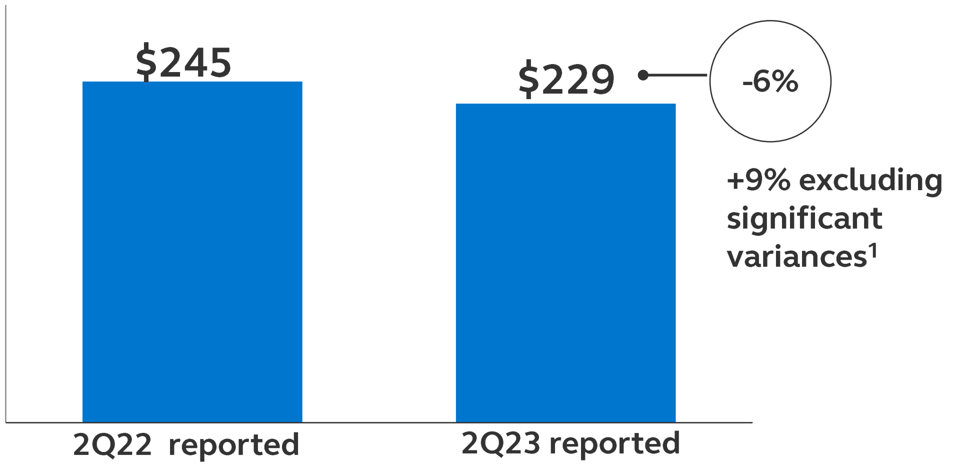
OTHER CONSIDERATIONS

- Seasonally lower net cash flow in Brazil

	Reported pre-tax operating earnings ($M)	**Significant variances[1]** ($M)	**Pre-tax operating earnings ex significant variances** ($M)
2Q23	$63.2	+$19.6	**$82.8**
2Q22	$89.4	-$16.3	**$73.1**
Change	**-$26.2 (-29%)**		**+$9.7 (+13%)**

Combined[2] net revenue (at PFG share)[3] ($M)

Quarterly basis



Trailing twelve month basis (at PFG share)[4]

-2% change in net revenue

32% operating margin[5]

1 Impact from lower than expected VII, impact of Latin American inflation and non-economic LDTI discount rate impacts in 2Q23; impact of Latin American inflation, higher than expected VII, and Latin American non-economic LDTI discount rate impacts in 2Q22.
2 Combined basis includes all Principal International companies at 100%.
3 This is a non-GAAP financial measure; see reconciliation in appendix.
4 Excludes impacts of actuarial assumption reviews and other significant variances.
5 Pre-tax operating earnings divided by combined net revenue (at PFG share).

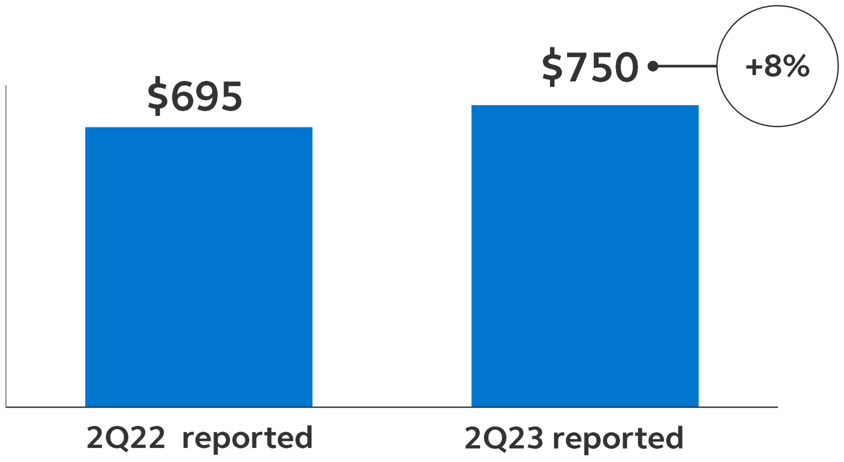
Specialty Benefits

HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances[1] increased due to growth in the business and lower claims experience
- Premium and fees increased 8% driven by strong sales, retention, employment and wage growth
- Incurred loss ratio improved on strong disability and group life experience

	Reported pre-tax operating earnings ($M)	Significant variances[1] ($M)	Pre-tax operating earnings ex significant variances ($M)
2Q23	$98.1	+$4.5	**$102.6**
2Q22	$86.8	-$7.1	**$79.7**
Change	+$11.3 (+13%)		+$22.9 (+29%)

Premium and fees ($M)
Quarterly basis



Trailing twelve month basis

+10% change in premium and fees

14% operating margin[2]

61% incurred loss ratio[2]

1 Impact of lower than expected VII in 2Q23; impact of higher than expected VII and COVID-19 related claims in 2Q22.
2 Excludes impacts of actuarial assumption reviews and other significant variances.

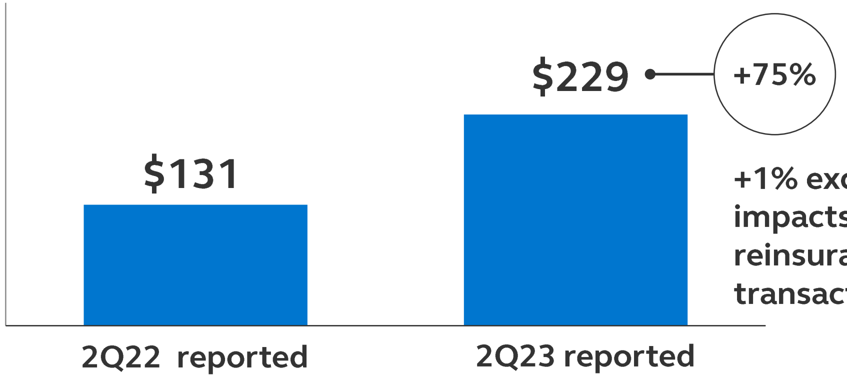
Life Insurance

HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances[1] decreased, driven by lower net investment income from a lower capital base as a result of the 2022 reinsurance transactions
- Premium and fees excluding impacts from the reinsurance transaction increased slightly as strong business market growth offset the runoff of the legacy business
- Mortality experience in line with expectations

	Reported pre-tax operating earnings ($M)	Significant variances[1] ($M)	Pre-tax operating earnings ex significant variances ($M)
2Q23	$26.8	+$6.1	**$32.9**
2Q22	$70.8	-$20.2	**$50.6**
Change	-$44.0 (-62%)		-$17.7 (-35%)

Premium and fees ($M)
Quarterly basis



+1% excluding impacts from the reinsurance transaction

Trailing twelve month basis[2]

-17% change in premium and fees

15% operating margin

1 Impact of lower than expected VII in 2Q23; impact of reinsurance transaction true-up, higher than expected VII, and COVID-19 related claims 2Q22.
2 Excludes impacts of actuarial assumption reviews and other significant variances.

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Appendix

2Q 2023 significant variances

Business unit impacts of significant variances (in millions)

	Variable investment income	Inflation	Other[1]	Total significant variances
Retirement and Income Solutions	$(23.0)	-	-	$(23.0)
Principal International	$(7.0)	$(6.2)	$(6.4)	$(19.6)
Specialty Benefits	$(4.5)	-	-	$(4.5)
Individual Life	$(6.1)	-	-	$(6.1)
Total pre-tax impact	$(40.6)	$(6.2)	$(6.4)	$(53.2)
Total after-tax impact	**$(31.6)**	**$(3.5)**	**$(3.8)**	**$(38.9)**
EPS impact				$(0.16)

1 Other includes Latin American non-economic LDTI discount rate impacts.

Non-GAAP operating earnings sensitivities

Estimated impacts of changes in key macroeconomic conditions on annual non-GAAP pre-tax operating earnings relative to the next 12 months, prior to management expense actions

If macroeconomics change by…	Equity market return [1] +/- 10%	Interest rates +/- 100 bps	FX: U.S. dollar [2] +/- 2%	Certain alternative investment valuation [3] +/- 10%
Then Principal's annual non-GAAP pre-tax operating earnings will change by…	+/- 5-8%	+/- (1)-1%	-/+ < 1%	+/- < 8%
And the primary businesses impacted are…	RIS PGI	All	PI	RIS Life Insurance Specialty Benefits

Short-term interest rates: Our exposure to short-term interest rates (i.e., IOER/IORB) has declined as we moved a majority of the related cash balances onto our balance sheet. Fluctuations in short-term rates are expected to have a relatively immaterial impact going forward.

1 Assumes an immediate 10% change in the S&P 500 followed by 2% growth per quarter thereafter. 2 Principal is primarily impacted by changes in Latin American and Asian currencies. Inverse relationship between movement of the U.S. dollar and impact to non-GAAP pre-tax operating earnings. 3 Includes hedge funds, private equity, infrastructure, and direct lending assets. Separate and distinct from our equity risk associated with a decline in the S&P 500 index, assumes an immediate 10% decline in the value of these assets, followed by a 2% per quarter increase. Note: The impact to income before income taxes is materially consistent with the impact to non-GAAP pre-tax operating earnings.

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Non-GAAP financial measure reconciliations

	Three months ended (in millions)	
Principal Global Investors operating revenues less pass-through expenses	**6/30/23**	**6/30/22**
Principal Global Investors operating revenues	$390.1	$463.6
Principal Global Investors commissions and other expenses	(30.5)	(34.9)
Principal Global Investors operating revenues less pass-through expenses	**$359.6**	**$428.7**

	Three months ended (in millions)	
Principal International combined net revenue (at PFG Share)	**6/30/23**	**6/30/22**
Principal International pre-tax operating earnings	$63.2	$89.4
Principal International combined operating expenses other than pass-through commissions (at PFG share)	166.2	155.4
Principal International combined net revenue (at PFG share)	$229.4	$244.8

	Three months ended (in millions)	
Non-GAAP operating earnings (losses)	**6/30/23**	**6/30/22**
Net income attributable to PFG	$388.8	$3,118.7
Net realized capital (gains) losses, as adjusted	51.3	216.3
(Income) loss from exited business	(64.3)	(2,911.0)
Non-GAAP operating earnings	**$375.8**	**$424.0**

	Three months ended	
Diluted earnings per common share	**6/30/23**	**6/30/22**
Net income	$1.58	$12.17
Net realized capital (gains) losses, as adjusted	0.21	0.84
(Income) loss from exited business	(0.26)	(11.36)
Non-GAAP operating earnings	$1.53	$1.65
Weighted-average diluted common shares outstanding (in millions)	**245.5**	**256.3**

Non-GAAP financial measure reconciliations

Stockholders' equity x- cumulative change in fair value of funds withheld embedded derivative and AOCI other than foreign currency translation adjustment, available to common stockholders	Period ended (in millions) 6/30/23
Stockholders' equity	$10,389.5
AOCI, other than foreign currency translation adjustment	4,814.1
Cumulative change in fair value of funds withheld embedded derivative	(2,464.8)
Noncontrolling interest	(45.0)
Stockholders' equity x- cumulative change in fair value of funds withheld embedded derivative and AOCI other than foreign currency translation adjustment, available to common stockholders	**$12,693.8**

Non-GAAP operating earnings ROE (x- cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment) available to common stockholders	Period ended 6/30/23
Net Income ROE available to common stockholders (including AOCI)	15.0%
Cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment	(2.6)%
Net realized capital (gains) losses	(0.3)%
(Income) loss from exited business	0.2%
Non-GAAP operating earnings ROE (x- cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment) available to common stockholders	**12.3%**

	Three months ended (in millions)	
Income taxes	**6/30/23**	**6/30/22**
Total GAAP income taxes	$59.9	$836.7
Net realized capital gains (losses) tax adjustments	12.7	69.3
Income taxes attributable to noncontrolling interest	(0.1)	(0.1)
Income taxes related to equity method investments	16.8	12.3
Income taxes related to exited business	(17.1)	(813.5)
Income taxes	**$72.2**	**$104.7**

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, 2022, and in the company's quarterly report on Form 10-Q for the quarter ended Mar. 31, 2023, 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 prolonged 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 may change; changes in laws, regulations or accounting standards; the company's ability to pay stockholder dividends, make share repurchases and meet its obligations may be constrained by the limitations on dividends or other distributions 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; 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; international business risks; risks arising from participation in joint ventures; the company may need to fund deficiencies in its "Closed Block" assets; the company's reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; risks related to administering reinsurance transactions; a pandemic, terrorist attack, military action or other catastrophic event; global climate change; 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; the company may not be able to protect its intellectual property and may be subject to infringement claims; inability to attract, develop and retain qualified employees and sales representatives and develop new distribution sources; an interruption in information technology, infrastructure or other internal or external systems used for business operations, or a failure to maintain the confidentiality, integrity or availability of data residing on such systems; loss of key vendor relationships or failure of a vendor to protect information of our customers or employees; and the company's enterprise risk management framework may not be fully effective in identifying or mitigating all of the risks to which the company is exposed.