



# Fourth Quarter 2021 Earnings Call Presentation

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**PRINCIPAL FINANCIAL GROUP**

February 8, 2022

# Use of non-GAAP financial measures

A non-GAAP financial measure is a numerical measure of performance, financial position, or cash flow that includes adjustments from a comparable financial measure presented in accordance with U.S. GAAP.

The company uses a number of non-GAAP financial measures management believes are useful to investors because they illustrate the performance of the company's normal, ongoing operations which is important in understanding and evaluating the company's financial condition and results of operations. While such measures are also consistent with measures utilized by investors to evaluate performance, they are not, however, a substitute for U.S. GAAP financial measures. Therefore, the company has provided reconciliations of the non-GAAP financial measures to the most directly comparable U.S. GAAP financial measure within the slides. The company adjusts U.S. GAAP financial measures for items not directly related to ongoing operations. However, it is possible these adjusting items have occurred in the past and could recur in future reporting periods. Management also uses non-GAAP financial measures for goal setting, as a basis for determining employee and senior management awards and compensation and evaluating performance on a basis comparable to that used by investors and securities analysts.

The company also uses a variety of other operational measures that do not have U.S. GAAP counterparts, and therefore do not fit the definition of non-GAAP financial measures. Assets under management is an example of an operational measure that is not considered a non-GAAP financial measure.

# Forward looking statements

Certain statements made by the company which are not historical facts may be considered forward-looking statements, including, without limitation, statements as to non-GAAP operating earnings, net income attributable to PFG, net cash flow, realized and unrealized gains and losses, capital and liquidity positions, sales and earnings trends, and management's beliefs, expectations, goals and opinions. The company does not undertake to update these statements, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Future events and their effects on the company may not be those anticipated, and actual results may differ materially from the results anticipated in these forward-looking statements. The risks, uncertainties and factors that could cause or contribute to such material differences are discussed in the company's annual report on Form 10-K for the year ended Dec. 31, 2020, and in the company's quarterly report on Form 10-Q for the quarter ended Sept. 30, 2021, filed by the company with the U.S. Securities and Exchange Commission, as updated or supplemented from time to time in subsequent filings. These risks and uncertainties include, without limitation: adverse capital and credit market conditions may significantly affect the company's ability to meet liquidity needs, access to capital and cost of capital; conditions in the global capital markets and the economy generally; volatility or declines in the equity, bond or real estate markets; changes in interest rates or credit spreads or a sustained low interest rate environment; the elimination of the London Inter-Bank Offered Rate ("LIBOR"); the company's investment portfolio is subject to several risks that may diminish the value of its invested assets and the investment returns credited to customers; the company's valuation of investments and the determination of the amount of allowances and impairments taken on such investments may include methodologies, estimations and assumptions that are subject to differing interpretations; any impairments of or valuation allowances against the company's deferred tax assets; the company's actual experience for insurance and annuity products could differ significantly from its pricing and reserving assumptions; the pattern of amortizing the company's DAC asset and other actuarial balances on its universal life-type insurance contracts, participating life insurance policies and certain investment contracts may change; changes in laws, regulations or accounting standards; the company may not be able to protect its intellectual property and may be subject to infringement claims; the company's ability to pay stockholder dividends, 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; technological and societal changes may disrupt the company's business model and impair its ability to retain existing customers, attract new customers and maintain its profitability; damage to the company's reputation; a downgrade in the company's financial strength or credit ratings; client terminations, withdrawals or changes in investor preferences; the company's hedging or risk management strategies prove ineffective or insufficient; inability to attract, develop and retain qualified employees and sales representatives and develop new distribution sources; an interruption in information technology, infrastructure or other internal or external systems used for business operations, or a failure to maintain the confidentiality, integrity or availability of data residing on such systems; international business risks including changes to mandatory pension schemes; risks arising from participation in joint ventures; the company may need to fund deficiencies in its "Closed Block" assets; a pandemic, terrorist attack, military action or other catastrophic event; the ongoing COVID-19 pandemic and the resulting financial market impacts; the company's reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; risks related to the company's acquisition of Wells Fargo Bank, N.A.'s IRT business; risks in completing the company's announced reinsurance transaction for its in-force U.S. retail fixed annuity and universal life with secondary guarantee blocks of business within the terms or timing contemplated; loss of key vendor relationships or failure of a vendor to protect information of our customers or employees; the company's enterprise risk management framework may not be fully effective in identifying or mitigating all of the risks to which the company is exposed; and global climate change.

# 4Q 2021 financial highlights

## 4Q 2021 OPERATING EARNINGS AND EPS

Reported non-GAAP operating earnings<sup>1</sup>

**\$498M**

(+22% vs. 4Q 2020)

Impact of significant variances to non-GAAP operating earnings<sup>2</sup>

**\$29M after-tax**

(\$41M pre-tax)

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

**\$470M**

(+17% vs. 4Q 2020)

Reported non-GAAP operating earnings per diluted share<sup>1</sup> (EPS)

**\$1.85**

(+25% vs. 4Q 2020)

Impact of significant variances to non-GAAP EPS<sup>2</sup>

**\$0.10**

Non-GAAP EPS, xSV

**\$1.75**

(+21% vs. 4Q 2020)

## CAPITAL & LIQUIDITY

Excess and available capital<sup>3</sup>

**\$2.6B**

4Q 2021 capital deployments

**\$521M**

\$169M of common stock dividends

\$352M of share repurchases

Estimated RBC

**405%**

Debt to capital ratio<sup>4</sup>

**23.2%**

## AUM & NCF

Total company AUM managed by PFG<sup>5</sup>

**\$714B**

Includes record \$547B PGI managed AUM

Total company net cash flow managed by PFG

**-\$2.3B**

## COMMON STOCK DIVIDEND

Announced

**\$0.64 common stock dividend**

payable in 1Q 2022; \$0.08 increase (+14%) over 1Q 2021

1 This is a non-GAAP financial measure; see reconciliation in appendix. 2 See slide 15 for details. 3 Includes excess capital held at Holding Company and other subsidiaries, capital in excess of 400% target RBC and excess cash at subsidiaries. 4 This is a non-GAAP financial measure. Debt to capital ratio excludes AOCI. 5 As of fourth quarter 2021, the company changed its definition of assets under management to exclude assets managed by third parties where the company does not earn a fee for investment management services. A detailed definition is available in the company's fourth quarter 2021 financial supplement, available on [principal.com/investor](http://principal.com/investor). Using the prior definition, AUM would have been approximately \$1 trillion as of the fourth quarter 2021. This compares to \$980 billion of reported AUM as of the third quarter 2021.

# Full year 2021 financial highlights

## FY 2021 OPERATING EARNINGS AND EPS

Reported non-GAAP operating earnings<sup>1</sup>

**\$1,848M**

(+35% vs. FY 2020)

Impact of significant variances to non-GAAP operating earnings<sup>2</sup>

**\$39M after-tax**

(\$45M pre-tax)

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

**\$1,809M**

(+15% vs. FY 2020)

Reported non-GAAP operating earnings per diluted share<sup>1</sup> (EPS)

**\$6.77**

(+37% vs. FY 2020)

Impact of significant variances to non-GAAP EPS<sup>2</sup>

**\$0.13**

Non-GAAP EPS, xSV

**\$6.64**

(+17% vs. FY 2020)

RETURN ON EQUITY<sup>3</sup>

**14.3% reported**

(14.0% xSV)

**+340 bps** from 4Q 2020

NCF

Total company net cash flow managed by PFG

**+\$2.9B**

CAPITAL

FY 2021 capital deployments

**\$1.6B**

\$654M of common stock dividends and \$921M of share repurchases

COMMON STOCK DIVIDEND

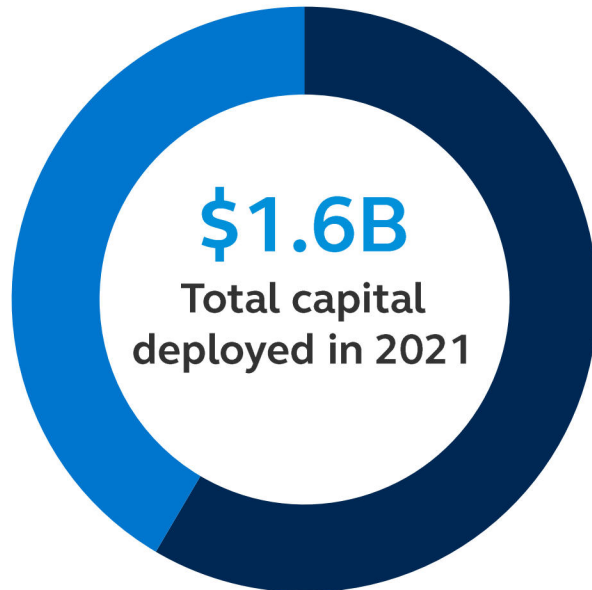
**\$2.44 common stock dividends**

Paid in 2021; \$0.20 increase (+9%) over the prior year

1 This is a non-GAAP financial measure; see reconciliation in appendix. 2 See slide 16 for details.  
3 Non-GAAP return on equity, excluding AOCI other than foreign currency translation adjustment.

# Returned \$1.6B of capital to shareholders in 2021

Within \$1.4B - \$1.8B target range



- **\$921M**  
**Share repurchases**  
\$100M - 1Q21  
\$266M - 2Q21  
\$203M - 3Q21  
\$352M - 4Q21
- **\$654M**  
**Common stock dividends paid**  
\$152M - 1Q21 (\$0.56)  
\$165M - 2Q21 (\$0.61)  
\$168M - 3Q21 (\$0.63)  
\$169M - 4Q21 (\$0.64)

## 1Q22 COMMON STOCK DIVIDEND

**\$0.64 per share**

8-cent (14%) increase over 1Q21

## PLAN TO RETURN UP TO \$4.6B OF CAPITAL TO SHAREHOLDERS BETWEEN 2021-2022:

**\$2.9B - \$3.2B**  
of share repurchases

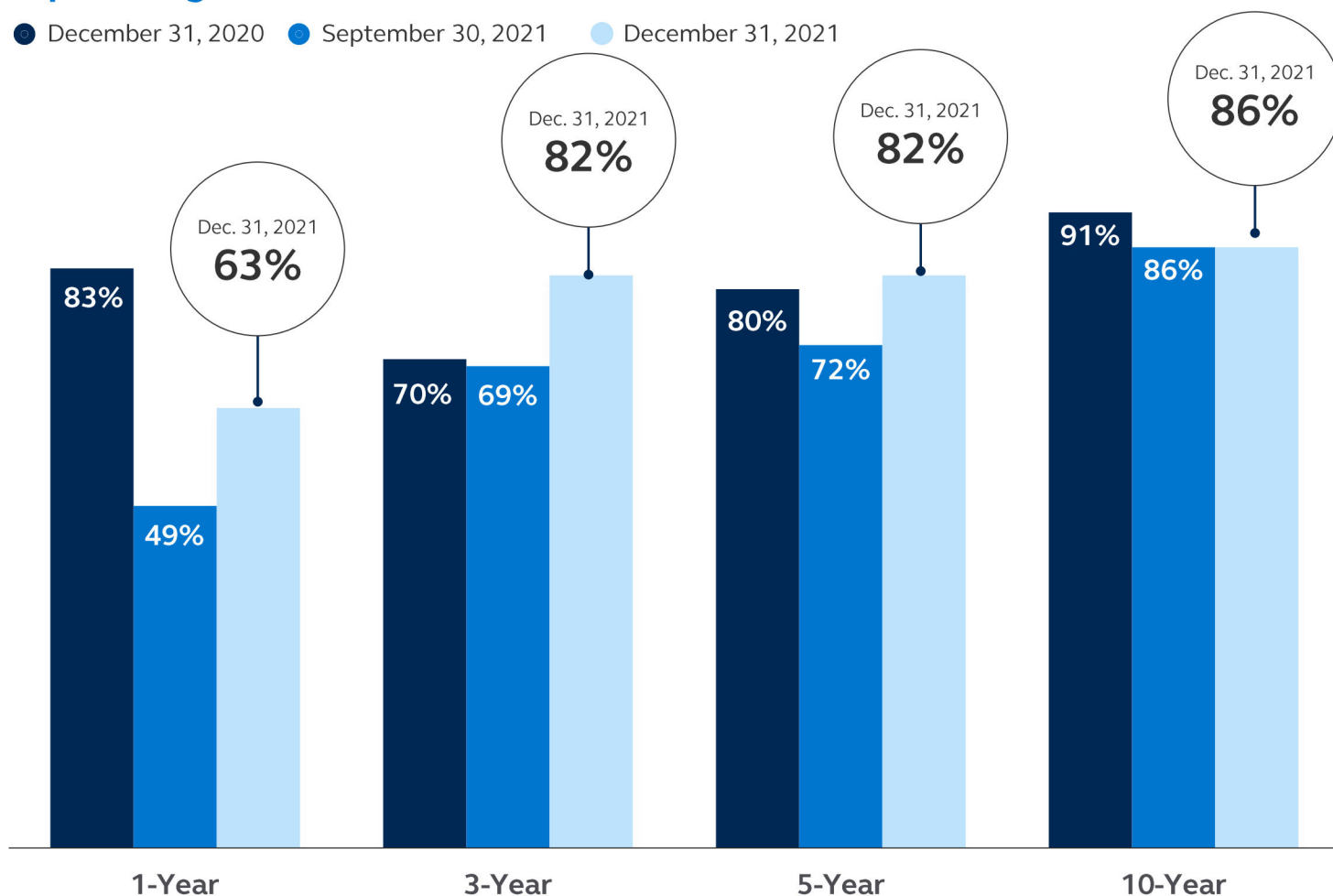
**\$1.2B - \$1.4B**  
in common  
stock dividends

**\$2.7B**  
remaining on  
current repurchase  
authorizations

# Investment performance

## Equal weighted<sup>1</sup>

● December 31, 2020 ● September 30, 2021 ● December 31, 2021



## ASSET WEIGHTED<sup>2</sup>

# 79%

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

<sup>1</sup> 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.

<sup>2</sup> Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (87 total, 81 are ranked).

# Retirement and Income Solutions – Fee (RIS – Fee)

## HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances<sup>1</sup> increased as higher net revenue was partially offset by higher operating expenses
- Net revenue excluding significant variances<sup>1</sup> increased primarily due to favorable equity markets
- Recurring deposits increased more than 50% including benefits from the IRT migration and 14% growth from the legacy block

	Reported pre-tax operating earnings (\$M)	Significant variances <sup>1</sup> (\$M)	Pre-tax operating earnings ex significant variances (\$M)
4Q21	\$125.9	+\$10.1	\$136.0
4Q20	\$116.2	-\$1.0	\$115.2
Change	<b>+\$9.7 (+8%)</b>		<b>+\$20.8 (+18%)</b>

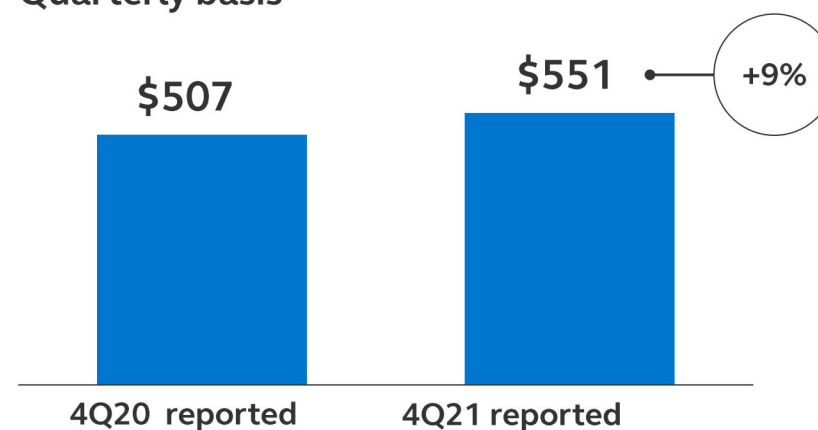
<sup>1</sup> Impact of IRT integration costs and lower DAC amortization in 4Q21; impact of lower DAC amortization, higher than expected VII and IRT integration costs in 4Q20.

<sup>2</sup> Excludes impacts of actuarial assumption reviews and other significant variances.

<sup>3</sup> 2021 guidance excluded estimated impacts from IRT integration expenses.

## Net revenue (\$M)

### Quarterly basis



### Trailing twelve month basis<sup>2</sup>

<b>9%</b> change in net revenue	<b>25%</b> pre-tax return on net revenue
<b>2021 guidance<sup>3</sup></b> <b>3%-7%</b>	<b>2021 guidance<sup>3</sup></b> <b>23%-27%</b>



# Retirement and Income Solutions – Spread (RIS – Spread)

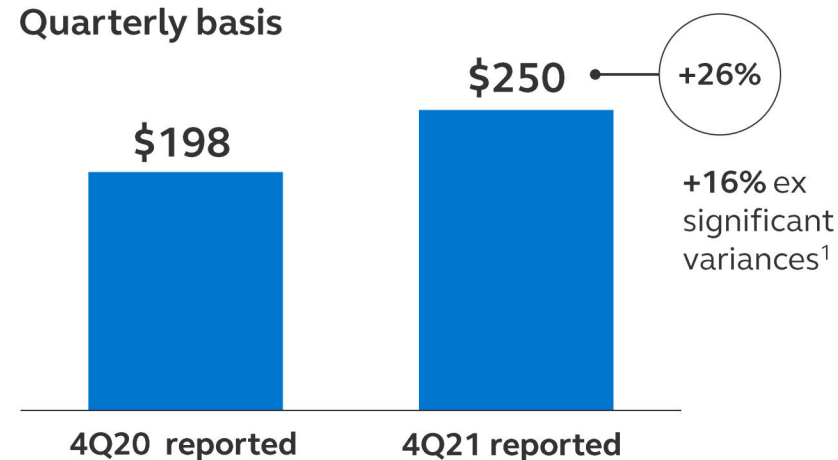
## HIGHLIGHTS

- Pre-tax operating earnings and quarterly net revenue excluding significant variances<sup>1</sup> increased due to growth in the business and higher net investment income
- Full year sales of \$7.9B included \$3.9B MTN and GIC issuances and \$1.8B of PRT sales

	Reported pre-tax operating earnings (\$M)	Significant variances <sup>1</sup> (\$M)	Pre-tax operating earnings ex significant variances (\$M)
4Q21	\$203.9	-\$69.7	<b>\$134.2</b>
4Q20	\$150.6	-\$42.5	<b>\$108.1</b>
Change	<b>+\$53.3 (+35%)</b>		<b>+\$26.1 (+24%)</b>

## Net revenue (\$M)

### Quarterly basis



### Trailing twelve month basis<sup>2</sup>

**8%**

change in net revenue

**73%**

pre-tax return on net revenue

2021 guidance<sup>3</sup>  
**(3)%-3%**

2021 guidance<sup>3</sup>  
**68%-72%**

<sup>1</sup> Impact of higher than expected VII and favorable COVID-19 related mortality in 4Q21 and 4Q20.

<sup>2</sup> Excludes impacts of actuarial assumption reviews and other significant variances.

<sup>3</sup> 2021 guidance excluded estimated impacts from COVID-19 mortality/morbidity.

# Principal Global Investors (PGI)

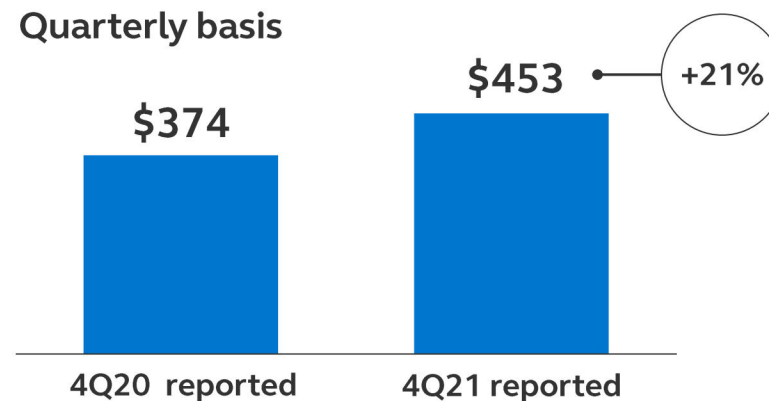
## HIGHLIGHTS

- Pre-tax operating earnings increased primarily due to higher management fees from increased AUM and higher performance fees
- 4Q21 pre-tax margin of 43% benefited from strong management fees, performance fees, and disciplined expense management
- Record managed AUM of \$547B and record sourced AUM of \$276B

	Reported pre-tax operating earnings (\$M)
4Q21	\$192.8
4Q20	\$151.9
<b>Change</b>	<b>+\$40.9 (+27%)</b>

## Operating revenues less pass-through expenses<sup>1</sup> (\$M)

### Quarterly basis



### Trailing twelve month basis

<b>21%</b> change in operating revenues less pass-through expenses	<b>43%</b> pre-tax return on operating revenues less pass-through expenses
<b>2021 guidance</b> <b>9%-13%</b>	<b>2021 guidance</b> <b>37%-40%</b>

# Principal International

## HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances<sup>1</sup> were flat as growth in the business was offset by foreign currency headwinds and higher operating expenses
- Net cash flow of \$0.2B due to positive net cash flow in Asia and Chile, offset by negative net cash flow in Mexico and Brazil
- Closed on divestiture of India mutual fund business and Mexico life insurance business in 4Q21

	Reported pre-tax operating earnings (\$M)	Significant variances <sup>1</sup> (\$M)	Pre-tax operating earnings ex significant variances (\$M)
4Q21	\$105.2	-\$34.9	\$70.3
4Q20	\$59.6	+\$11.0	\$70.6
Change	<b>+\$45.6 (+77%)</b>		<b>-\$0.3 (0%)</b>

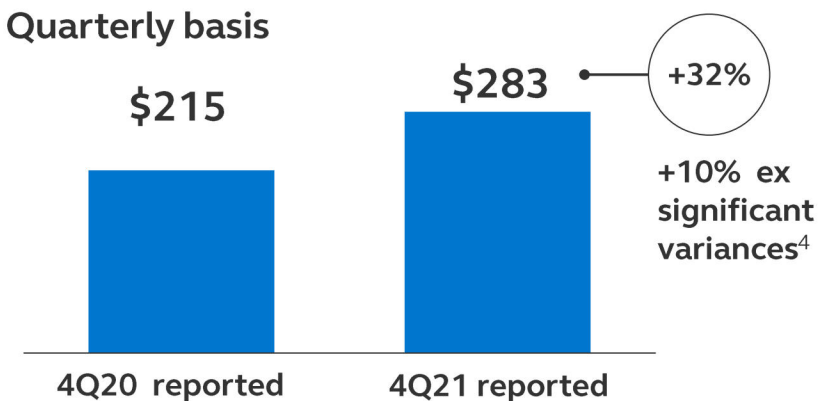
<sup>1</sup> Impact of higher than expected VII, impact of inflation in Brazil and higher than expected encaje performance in 4Q21; impact of inflation in Brazil and higher than expected encaje performance in 4Q20.

<sup>2</sup> Combined basis includes all Principal International companies at 100%.

<sup>3</sup> This is a non-GAAP financial measure; see reconciliation in appendix. <sup>4</sup> Excludes impacts of actuarial assumption reviews and other significant variances.

## Combined<sup>2</sup> net revenue (at PFG share)<sup>3</sup> (\$M)

### Quarterly basis



### Trailing twelve month basis (at PFG share)<sup>4</sup>

**10%**

change in net revenue

**31%**

pre-tax return on net revenue

2021 guidance  
**8%-12%**

2021 guidance  
**30%-34%**

# Specialty Benefits

## HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances<sup>1</sup> increased due to growth in the business and favorable claims
- Premium and fees increased 9% driven by strong sales, record retention and record in-group growth

	Reported pre-tax operating earnings (\$M)	Significant variances <sup>1</sup> (\$M)	Pre-tax operating earnings ex significant variances (\$M)
4Q21	\$65.5	+\$35.4	<b>\$100.9</b>
4Q20	\$45.1	+\$28.7	<b>\$73.8</b>
Change	<b>+\$20.4 (+45%)</b>		<b>+\$27.1 (+37%)</b>

<sup>1</sup> Impact from COVID-19 related claims in 4Q21; Impact from COVID-19 related claims and higher than expected VII in 4Q20.

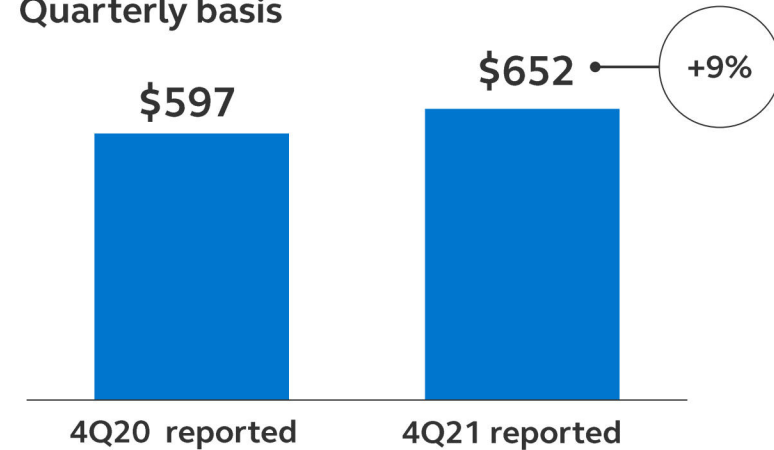
<sup>2</sup> Excludes COVID-19 related impacts.

<sup>3</sup> Excludes impacts of actuarial assumption reviews and other significant variances.

<sup>4</sup> 2021 guidance excluded estimated impacts from COVID-19 mortality/morbidity.

## Premium and fees (\$M)

### Quarterly basis



### Trailing twelve month basis

<b>5%</b> change in premium and fees <sup>2</sup>	<b>14%</b> pre-tax return on premium and fees <sup>3</sup>	<b>62%</b> incurred loss ratio <sup>3</sup>
<b>2021 guidance<sup>4</sup></b> <b>3%-7%</b>	<b>2021 guidance<sup>4</sup></b> <b>12%-15%</b>	<b>2021 guidance<sup>4</sup></b> <b>60%-65%</b>

# Individual Life

## HIGHLIGHTS

- Pre-tax operating earnings excluding significant variances<sup>1</sup> increased due to growth in the business offset by higher claims
- Premium and fees increased reflecting growth in the business and impact from our business market focus
- Full year 2021 company owned life insurance (COLI) sales, used to fund non-qualified deferred compensation, are up nearly 50% from 2020

	Reported pre-tax operating earnings (\$M)	Significant variances <sup>1</sup> (\$M)	Pre-tax operating earnings ex significant variances (\$M)
4Q21	\$31.9	+\$17.8	\$49.7
4Q20	\$44.4	-\$1.0	\$43.4
Change	<b>-\$12.5 (-28%)</b>		<b>+\$6.3 (+15%)</b>

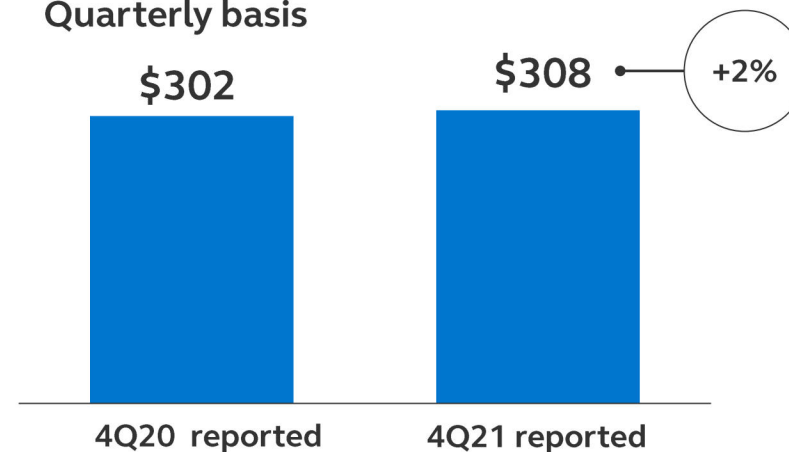
<sup>1</sup> Impact of COVID-19 related claims and higher than expected VII in 4Q21 and 4Q20.

<sup>2</sup> Excludes impacts of actuarial assumption reviews and other significant variances.

<sup>3</sup> 2021 guidance excluded estimated impacts from COVID-19 mortality/morbidity.

## Premium and fees (\$M)

### Quarterly basis



### Trailing twelve month basis<sup>2</sup>

**4%**

change in premium and fees

2021 guidance<sup>3</sup>  
**3%-7%**

**16%**

pre-tax return on premium and fees

2021 guidance<sup>3</sup>  
**13%-17%**

# Appendix

# Non-GAAP operating earnings

Excluding impacts from actuarial assumption review and other significant variances

4Q21 vs 4Q20 (in millions, except per share data)

	4Q21 as reported	Impacts of 4Q21 significant variances		4Q21 excluding significant variances	4Q20 as reported	Impacts of 4Q20 significant variances		4Q20 excluding significant variances	4Q21 vs 4Q20 excluding significant variances	
		COVID-19 claims	Other significant variances <sup>1</sup>			COVID-19 related	Other significant variances <sup>2</sup>			
RIS-Fee	\$ 125.9	\$ -	\$ (10.1)	\$ 136.0	\$ 116.2	\$ -	\$ 1.0	\$ 115.2	\$ 20.8	18%
RIS-Spread	203.9	20.4	49.3	134.2	150.6	15.0	27.5	108.1	26.1	24%
Retirement and Income Solutions	329.8	20.4	39.2	270.2	266.8	15.0	28.5	223.3	46.9	21%
Principal Global Investors	192.8	-	-	192.8	151.9	-	-	151.9	40.9	27%
Principal International	105.2	-	34.9	70.3	59.6	-	(11.0)	70.6	(0.3)	0%
Specialty Benefits	65.5	(35.4)	-	100.9	45.1	(31.6)	2.9	73.8	27.1	37%
Individual Life	31.9	(26.0)	8.2	49.7	44.4	(15.1)	16.1	43.4	6.3	15%
U.S. Insurance Solutions	97.4	(61.4)	8.2	150.6	89.5	(46.7)	19.0	117.2	33.4	28%
Corporate	(94.4)	-	-	(94.4)	(81.6)	-	-	(81.6)	(12.8)	(16%)
Non-GAAP pre-tax operating earnings (losses)	<b>\$ 630.8</b>	<b>\$ (41.0)</b>	<b>\$ 82.3</b>	<b>\$ 589.5</b>	<b>\$ 486.2</b>	<b>\$ (31.7)</b>	<b>\$ 36.5</b>	<b>\$ 481.4</b>	<b>\$ 108.1</b>	<b>22%</b>
Income taxes	132.4	(8.6)	21.2	119.8	76.6	(6.6)	2.9	80.3	39.5	49%
Non-GAAP operating earnings (losses)	<b>\$ 498.4</b>	<b>\$ (32.4)</b>	<b>\$ 61.1</b>	<b>\$ 469.7</b>	<b>\$ 409.6</b>	<b>\$ (25.1)</b>	<b>\$ 33.6</b>	<b>\$ 401.1</b>	<b>\$ 68.6</b>	<b>17%</b>
Net realized capital gains (losses)	(26.6)	-	-	(26.6)	63.0	-	-	63.0	(89.6)	
Net income (loss) attributable to Principal Financial Group, Inc.	<b>\$ 471.8</b>	<b>\$ (32.4)</b>	<b>\$ 61.1</b>	<b>\$ 443.1</b>	<b>\$ 472.6</b>	<b>\$ (25.1)</b>	<b>\$ 33.6</b>	<b>\$ 464.1</b>	<b>\$ (21.0)</b>	<b>(5%)</b>
Non-GAAP operating earnings per diluted share (EPS)	<b>\$ 1.85</b>	<b>\$ (0.12)</b>	<b>\$ 0.22</b>	<b>\$ 1.75</b>	<b>\$ 1.48</b>	<b>\$ (0.09)</b>	<b>\$ 0.12</b>	<b>\$ 1.45</b>	<b>\$ 0.30</b>	<b>21%</b>

1 Other significant variances in 4Q21 include 1) higher than expected variable investment income in RIS-Spread, Principal International and Individual Life; 2) impact of inflation in Brazil and higher than expected encaje performance in Principal International; 3) lower DAC amortization in RIS-Fee; 4) IRT integration costs in RIS-Fee. 2 Other significant variances in 4Q20 include 1) IRT integration costs in RIS-Fee; 2) higher than expected variable investment income in RIS-Fee, RIS-Spread, Specialty Benefits and Individual Life; 3) lower DAC amortization; and 4) impact of inflation in Brazil and higher than expected encaje performance in Principal International.

# Non-GAAP operating earnings

Excluding impacts from actuarial assumption review and other significant variances

Full year 2021 vs full year 2020 (in millions, except per share data)

	FY 2021 as reported	Impacts of FY 2021 significant variances			FY 2021 excluding significant variances	FY 2020 as reported	Impacts of FY 2020 significant variances			FY 2020 excluding significant variances	2021 vs 2020 excluding significant variances	
		Actuarial assumption review	COVID-19 claims	Other significant variances <sup>1</sup>			Actuarial assumption review	COVID-19 related	Other significant variances <sup>2</sup>			
RIS-Fee	\$ 399.3	\$ (67.3)	\$ -	\$ (52.9)	\$ 519.5	\$ 456.3	\$ 36.8	\$ (14.3)	\$ (\$25.6)	\$ 459.4	\$ 60.1	13%
RIS-Spread	741.9	-	65.1	177.6	499.2	510.6	33.3	24.0	(0.2)	453.5	45.7	10%
Retirement and Income Solutions	1,141.2	(67.3)	65.1	124.7	1,018.7	966.9	70.1	9.7	(25.8)	912.9	105.8	12%
Principal Global Investors	708.4	-	-	-	708.4	512.9	-	-	-	512.9	195.5	38%
Principal International	309.0	-	-	13.5	295.5	243.6	2.7	-	(49.1)	290.0	5.5	2%
Specialty Benefits	256.3	2.5	(89.5)	1.9	341.4	292.3	-	(6.1)	(23.8)	322.2	19.2	6%
Individual Life	214.5	32.1	(72.3)	47.9	206.8	(52.4)	(215.1)	(32.1)	4.5	190.3	16.5	9%
U.S. Insurance Solutions	470.8	34.6	(161.8)	49.8	548.2	239.9	(215.1)	(38.2)	(19.3)	512.5	35.7	7%
Corporate	(368.0)	-	-	(14.1)	(353.9)	(326.4)	-	-	-	(326.4)	(27.5)	(8%)
Non-GAAP pre-tax operating earnings (losses)	<b>\$ 2,261.4</b>	<b>\$ (32.7)</b>	<b>\$ (96.7)</b>	<b>\$ 173.9</b>	<b>\$ 2,216.9</b>	<b>\$ 1,636.9</b>	<b>\$ (142.3)</b>	<b>\$ (28.5)</b>	<b>\$ (\$94.2)</b>	<b>\$ 1,901.9</b>	<b>\$ 315.0</b>	<b>17%</b>
Income taxes	413.8	(6.9)	(20.3)	33.1	407.9	270.5	(29.2)	(5.9)	(29.0)	334.6	73.3	22%
Non-GAAP operating earnings (losses)	<b>\$ 1,847.6</b>	<b>\$ (25.8)</b>	<b>\$ (76.4)</b>	<b>\$ 140.8</b>	<b>\$ 1,809.0</b>	<b>\$ 1,366.4</b>	<b>\$ (113.1)</b>	<b>\$ (22.6)</b>	<b>\$ (65.2)</b>	<b>\$ 1,567.3</b>	<b>\$ 241.7</b>	<b>15%</b>
Net realized capital gains (losses)	(137.0)	11.6	-	-	(148.6)	29.4	(5.1)	-	-	34.5	(183.1)	
Net income (loss) attributable to Principal Financial Group, Inc.	<b>\$ 1,710.6</b>	<b>\$ (14.2)</b>	<b>\$ (76.4)</b>	<b>\$ 140.8</b>	<b>\$ 1,660.4</b>	<b>\$ 1,395.8</b>	<b>\$ (118.2)</b>	<b>\$ (22.6)</b>	<b>\$ (65.2)</b>	<b>\$ 1,601.8</b>	<b>\$ 58.6</b>	<b>4%</b>
Non-GAAP operating earnings per diluted share (EPS)	<b>\$ 6.77</b>	<b>\$ (0.09)</b>	<b>\$ (0.28)</b>	<b>\$ 0.50</b>	<b>\$ 6.64</b>	<b>\$ 4.94</b>	<b>\$ (0.41)</b>	<b>\$ (0.08)</b>	<b>\$ (0.24)</b>	<b>\$ 5.67</b>	<b>\$ 0.97</b>	<b>17%</b>

<sup>1</sup>Other significant variances in 2021 include 1) higher than expected variable investment income in RIS-Spread, Principal International, Specialty Benefits and Individual Life, partially offset by lower than expected variable investment income in Corporate; 2) lower than expected DAC amortization in RIS-Fee; 3) model refinement in Individual Life; 4) IRT integration costs in RIS-Fee; 5) impacts of inflation and lower than expected encaje performance in Principal International. <sup>2</sup>Other significant variances in 2020 include 1) impacts of inflation and lower than expected encaje performance in Principal International; 2) IRT integration costs in RIS-Fee; 3) higher non-COVID-19 related claims in Specialty Benefits; 4) lower than expected variable investment income in RIS-Spread, Principal International and Specialty Benefits partially offset by higher than expected variable investment income in RIS-Fee and Individual Life; and 5) lower than expected DAC amortization in RIS-Fee.



# 4Q 2021 significant variances

Business unit impacts of significant variances (in millions)

Business unit	Variable investment income	Encaje & Inflation	DAC Amortization	COVID-19 claims	IRT integration	Total significant variances
RIS-Fee	-	-	\$1.8	-	\$(11.9)	\$(10.1)
RIS-Spread	\$49.3	-	-	\$20.4	-	\$69.7
Principal International	\$10.7	\$24.2	-	-	-	\$34.9
Specialty Benefits	-	-	-	\$(35.4)	-	\$(35.4)
Individual Life	\$8.2	-	-	\$(26.0)	-	\$(17.8)
<b>Total pre-tax impact</b>	<b>\$68.2</b>	<b>\$24.2</b>	<b>\$1.8</b>	<b>\$(41.0)</b>	<b>\$(11.9)</b>	<b>\$41.3</b>
<b>Total after-tax impact</b>	<b>\$53.2</b>	<b>\$15.1</b>	<b>\$1.4</b>	<b>\$(32.4)</b>	<b>\$(8.7)</b>	<b>\$28.7</b>
<b>EPS impact</b>						<b>\$0.10</b>

# Full year 2021 significant variances

Business unit impacts of significant variances (in millions)

Business unit	Variable investment income	DAC Amortization and model refinements	Encaje & Inflation	Actuarial Assumption Review	IRT integration	COVID-19 claims	Total significant variances
RIS-Fee	-	\$9.2	-	\$(67.3)	\$(62.1)	-	\$(120.2)
RIS-Spread	\$177.6	-	-	-	-	\$65.1	\$242.7
Principal International	\$28.4	-	\$(14.9)	-	-	-	\$13.5
Specialty Benefits	\$1.9	-	-	\$2.5	-	\$(89.5)	\$(85.1)
Individual Life	\$40.4	\$7.5	-	\$32.1	-	\$(72.3)	\$7.7
Corporate	\$(14.1)	-	-	-	-	-	\$(14.1)
<b>Total pre-tax impact</b>	<b>\$234.2</b>	<b>\$16.7</b>	<b>\$(14.9)</b>	<b>\$(32.7)</b>	<b>\$(62.1)</b>	<b>\$(96.7)</b>	<b>\$44.5</b>
<b>Total after-tax impact</b>	<b>\$183.3</b>	<b>\$13.2</b>	<b>\$(10.3)</b>	<b>\$(25.8)</b>	<b>\$(45.3)</b>	<b>\$(76.4)</b>	<b>\$38.7</b>
<b>EPS impact</b>							<b>\$0.13</b>

# Non-GAAP financial measure reconciliations

	Three months ended (in millions)	
	12/31/21	12/31/20
<b>Principal Global Investors operating revenues less pass-through expenses</b>		
Principal Global Investors operating revenues	\$493.9	\$412.6
Principal Global Investors commissions and other expenses	(40.5)	(38.4)
<b>Principal Global Investors operating revenues less pass-through expenses</b>	<b>\$453.4</b>	<b>\$374.2</b>

	Three months ended (in millions)	
	12/31/21	12/31/20
<b>Principal International combined net revenue (at PFG Share)</b>		
Principal International pre-tax operating earnings	\$105.2	\$59.6
Principal International combined operating expenses other than pass-through commissions (at PFG share)	177.7	154.9
<b>Principal International combined net revenue (at PFG share)</b>	<b>\$282.9</b>	<b>\$214.5</b>

	Three months ended (in millions)	
	12/31/21	12/31/20
<b>Non-GAAP operating earnings (Losses)</b>		
Net income attributable to PFG	\$471.8	\$472.6
Net realized capital (gains) losses, as adjusted	26.6	(63.0)
<b>Non-GAAP operating earnings</b>	<b>\$498.4</b>	<b>\$409.6</b>

	Three months ended	
	12/31/21	12/31/20
<b>Diluted earnings per common share</b>		
Net income	\$1.76	\$1.70
Net realized capital (gains) losses, as adjusted	0.09	(0.22)
Non-GAAP operating earnings	\$1.85	\$1.48
<b>Weighted-average diluted common shares outstanding (in millions)</b>	<b>268.7</b>	<b>277.2</b>

# Non-GAAP financial measure reconciliations

Non-GAAP operating earnings (Losses)	Twelve months ended (in millions)	
	12/31/21	12/31/20
Net income attributable to PFG	\$1,710.6	\$1,395.8
Net realized capital (gains) losses, as adjusted	137.0	(29.4)
<b>Non-GAAP operating earnings</b>	<b>\$1,847.6</b>	<b>\$1,366.4</b>

Diluted earnings per common share	Twelve months ended	
	12/31/21	12/31/20
Net income	\$6.27	\$5.05
Net realized capital (gains) losses, as adjusted	0.50	(0.11)
Non-GAAP operating earnings	\$6.77	\$4.94
<b>Weighted-average diluted common shares outstanding (in millions)</b>	<b>272.9</b>	<b>276.6</b>

Income taxes	Twelve months ended (in millions)	
	12/31/21	12/31/20
Total GAAP income taxes	\$326.2	\$265.0
Net realized capital gains (losses) tax adjustments	56.2	(28.2)
Income taxes attributable to noncontrolling interest	(0.1)	0.2
Income taxes related to equity method investments	31.5	33.5
<b>Income taxes</b>	<b>\$413.8</b>	<b>\$270.5</b>

# Non-GAAP financial measure reconciliations

	Period ended (in millions)
<b>Stockholders' equity x-AOCI other than foreign currency translation adjustment, available to common stockholders</b>	<b>12/31/21</b>
Stockholders' equity	\$16,125.8
Net unrealized capital (gains) losses	(3,519.2)
Net unrecognized postretirement benefit obligation	344.7
Noncontrolling interest	(56.4)
<b>Stockholders' equity x-AOCI other than foreign currency translation adjustment, available to common stockholders</b>	<b>\$12,894.9</b>

	Three months ended (in millions)	
Income taxes	12/31/21	12/31/20
Total GAAP income taxes	\$103.8	\$100.1
Net realized capital gains (losses) tax adjustments	17.9	(25.1)
Income taxes attributable to noncontrolling interest	(0.1)	-
Income taxes related to equity method investments	10.8	1.6
<b>Income taxes</b>	<b>\$132.4</b>	<b>\$76.6</b>

	Period ended
<b>Non-GAAP operating earnings ROE (x-AOCI, other than foreign currency translation adjustment) available to common stockholders</b>	<b>12/31/21</b>
Net Income ROE available to common stockholders (including AOCI)	10.5%
Net unrealized capital (gains) losses	3.1%
Net unrecognized postretirement benefit obligation	(0.3%)
Net realized capital (gains) losses	1.0%
<b>Non-GAAP operating earnings ROE (x-AOCI, other than foreign currency translation adjustment)</b>	<b>14.3%</b>