



RETIREMENT | ASSET MANAGEMENT | BENEFITS & PROTECTION

# Second Quarter 2025 Earnings

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PRINCIPAL FINANCIAL GROUP

July 28, 2025

# Key takeaways

## Delivering on long-term guidance

**18%**

EPS growth<sup>1</sup>  
(9-12% target)

**14.9%**

ROE<sup>2</sup>  
(14-16% target)

**92%**

TTM FCF %<sup>3</sup>  
(75-85% target)

## Highlights<sup>4</sup>

- RIS transfer deposits increased 8% over 2Q24; SMB recurring deposits growth up 7% from the year ago quarter
- Investment Management revenue increased 6% over 2Q24; operating margin improved 250 bps from the year ago quarter to 36% due to increased management and performance fees and expense discipline
- International Pension operating margin expanded 180 bps from 2Q24
- Specialty Benefits incurred loss ratio improved 130 basis points from 2Q24
- Life Insurance premium and fees growth of 5% over 2Q24 driven by 17% growth in the business market segment

## Capital

- Returned \$320M excess capital to shareholders during 2Q25: \$150M share repurchases; \$170M common stock dividends
- Raised 3Q25 common stock dividend to \$0.78, a 2-cent increase from 2Q25 and an 8% increase from both 3Q24 and TTM
- Excess and available capital position of \$1.4B
- Debt to capital ratio of 22.1%

1 This is a non-GAAP measure, see reconciliation in appendix. Excludes significant variances, see slide 12 for more details. 2 Non-GAAP return on equity, excluding cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment. Excludes impacts from 2024 actuarial assumption review. 3 Based on non-GAAP net income attributable to PFG, excluding income or loss from exited business. 4 Figures represented excludes significant variances.

# 2Q 2025 financial highlights

2Q 2025 operating results		Capital & liquidity	
Reported non-GAAP operating earnings <sup>1</sup>		Excess and available capital <sup>3</sup>	Debt to capital ratio <sup>3</sup>
<b>\$489M</b> +27% vs. 2Q 2024	Non-GAAP operating earnings, excluding significant variances (xSV) <sup>2</sup>	<b>\$1.4B</b> \$800M at Hold Co \$250M excess subsidiary capital \$350M in excess of 375% RBC	<b>22.1%</b>
Reported non-GAAP operating earnings per diluted share (EPS) <sup>1</sup>	Non-GAAP EPS, xSV <sup>2</sup>	Estimated PLIC RBC ratio	
<b>\$2.16</b> +33% vs. 2Q 2024	<b>\$2.07</b> +18% vs. 2Q 2024	<b>400%</b>	
Capital deployments		AUM & NCF	
		\$320M returned to shareholders: \$150M of share repurchases \$170M of common stock dividends	Total company AUM <b>\$753B</b> +5% vs. 1Q25
		Announced 3Q 2025 common stock dividend <b>\$0.78</b> +8% from 3Q 2024 dividend +8% on a TTM basis	Total company AUM NCF <b>\$(2.6)B</b>

1 This is a non-GAAP measure, see reconciliation in appendix. 2 Excludes significant variances, see slide 12 for more 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.

# Priorities to drive sustained growth

Leverage leadership  
in recordkeeping to  
grow **Retirement  
Ecosystem**

Serve **SMBs**  
holistically

Leverage privileged  
partnerships to scale  
**Global Asset  
Management**

## HIGHLIGHTS

## 2Q25

WSRS recurring deposits	+7% TTM
WSRS deferring participants	+3% y/y
Average deferral per member	+6% TTM
% of NQ new plans as part of a TRS solution <sup>1</sup>	45% TTM
DCIO sales	\$2.1B

## HIGHLIGHTS

## 2Q25

WSRS SMB recurring deposits	+9% TTM
WSRS SMB transfer deposits	+27% TTM
Group Benefits employment growth	+1.8% TTM
Group Benefits products per customer	3.09

## HIGHLIGHTS<sup>2</sup>

## 2Q25

Gross sales	+24% y/y
Active U.S. based wealth ETF NCF	+\$0.4B
Asia based institutional NCF	+\$0.7B

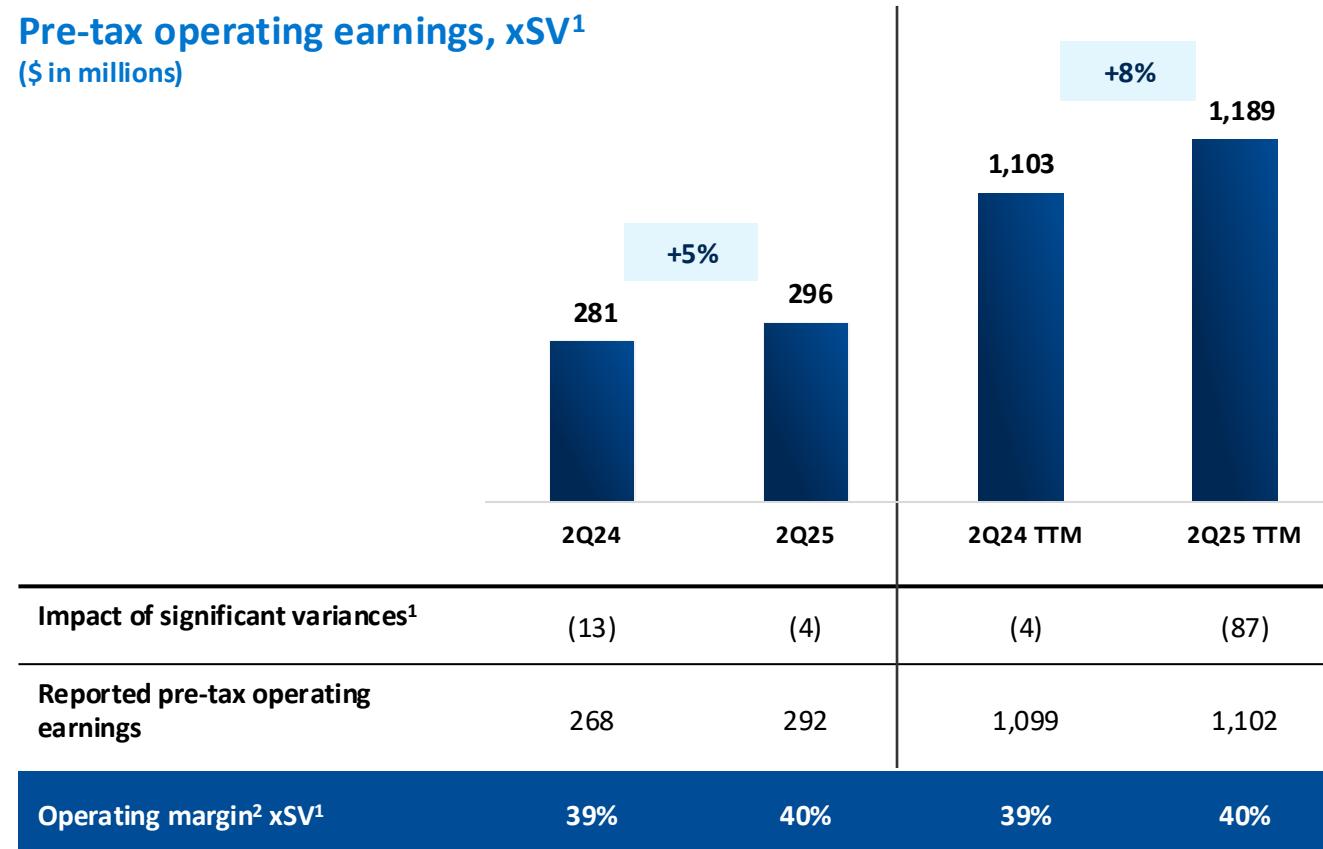
<sup>1</sup> A plan is classified as TRS if it is sold to an existing WSRS client, sold concurrently with a WSRS plan, or occurring within the same calendar year. <sup>2</sup> Highlights mentioned attributable to Investment Management.

# Retirement and Income Solutions

Strong earnings and margin expansion

## Pre-tax operating earnings, xSV<sup>1</sup>

(\$ in millions)



## 2Q25 highlights<sup>1</sup>

- Pre-tax operating earnings increased due to growth in the business and continued margin expansion
- Margin improved 80 bps to 40%
- Transfer deposits +8% vs 2Q24, including +24% in fee-based transfer deposits

## Key metrics<sup>1</sup>

	2Q25 QTD	2Q25 TTM
Net revenue	+3%	+6%
Operating margin <sup>2</sup>	40%	40%

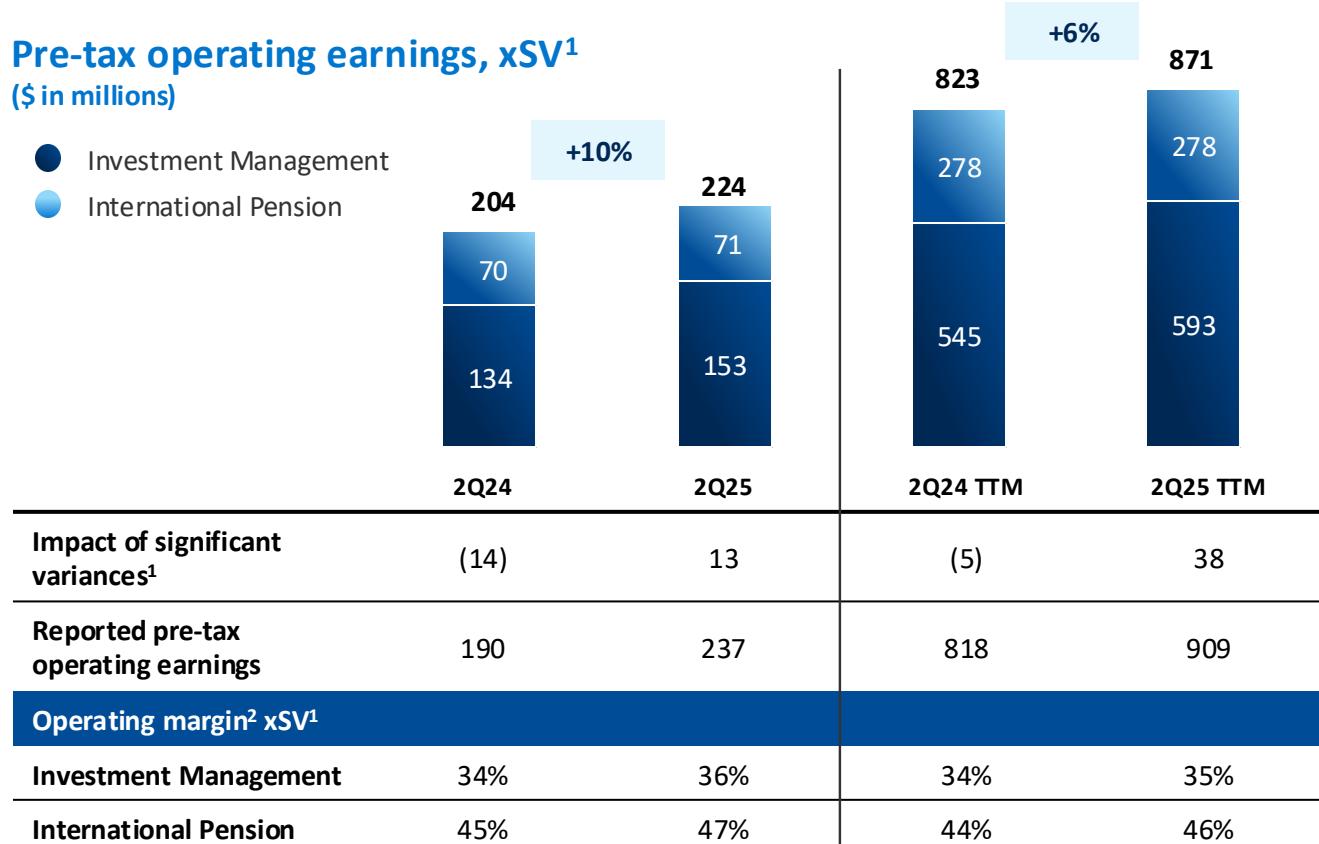
# Principal Asset Management

Strong earnings growth on higher fees and margin expansion

## Pre-tax operating earnings, xSV<sup>1</sup>

(\$ in millions)

- Investment Management
- International Pension



1 Impact of higher than expected encaje performance and a one-time expense accrual release, offset by Latin American inflation in 2Q25. Impact of lower than expected encaje performance in 2Q24. Trailing twelve months excludes impacts of actuarial assumption reviews and other significant variances. 2 Investment Management's operating margin is pre-tax operating earnings, adjusted for noncontrolling interest, divided by operating revenues less pass-through expenses; International Pension's operating margin is pre-tax operating earnings divided by net revenue. 3 This is a non-GAAP financial measure, see reconciliation in appendix.

## 2Q25 highlights<sup>1</sup>

- Pre-tax operating earnings increased due to higher management and performance fees
- Principal Asset Management: AUM of \$723 billion increased 8% year over year
- Investment Management: management fees increased 4%; quarterly margin at high-end of targeted range
- International Pension: pre-tax operating earnings increased despite \$4 million of FX headwinds

## Key metrics<sup>1</sup>

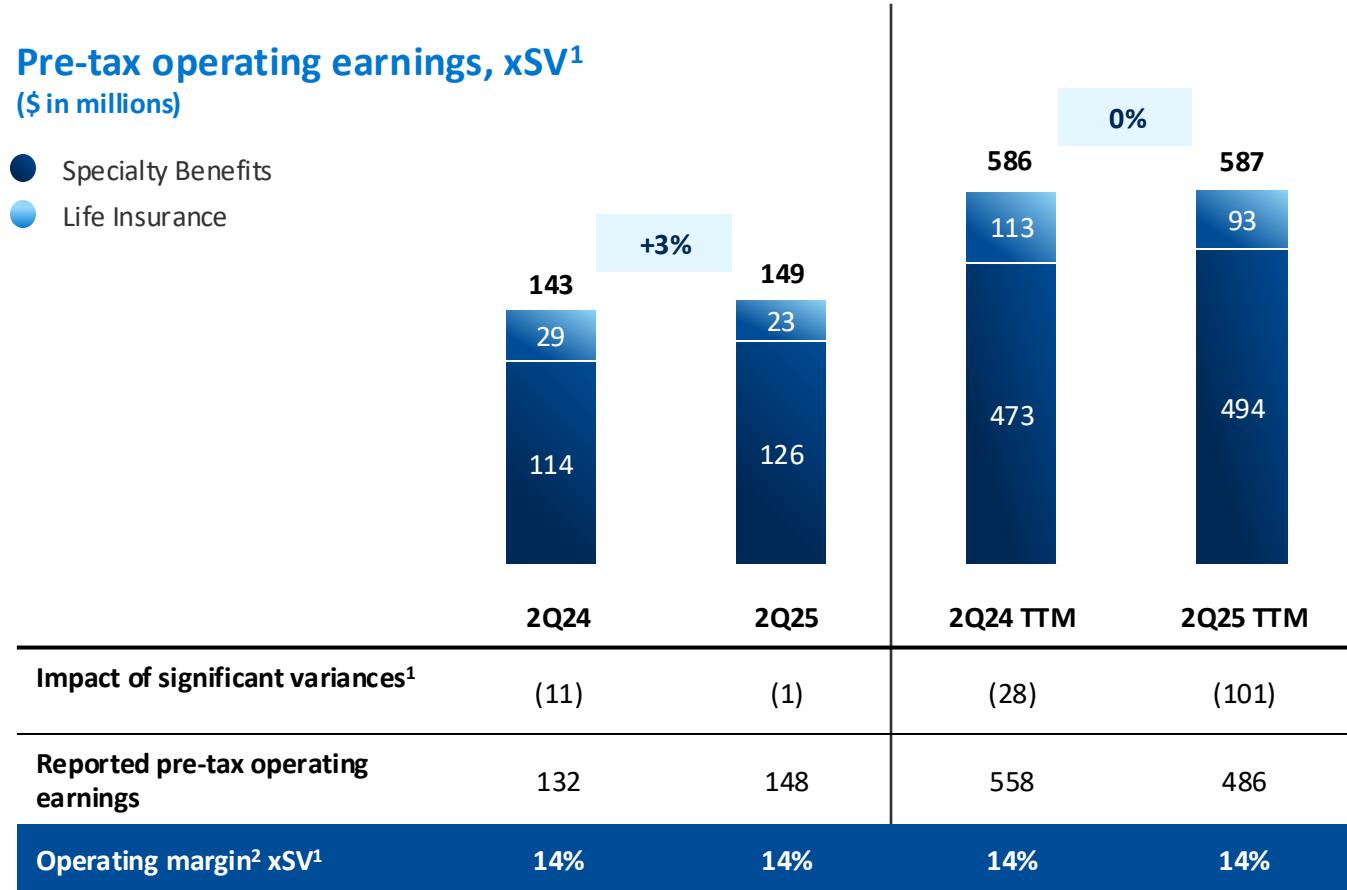
Investment Management	2Q25 QTD	2Q25 TTM
Operating revenues less pass-through expenses <sup>3</sup>	+6%	+5%
Operating margin <sup>2</sup>	36%	35%
International Pension	2Q25 QTD	2Q25 TTM
Net revenue x-FX, SV	+2%	+4%
Operating margin <sup>2</sup>	47%	46%

# Benefits and Protection

Specialty Benefits 10% earnings growth; Life Insurance impacted by claims severity

## Pre-tax operating earnings, xSV<sup>1</sup> (\$ in millions)

- Specialty Benefits
- Life Insurance



<sup>1</sup> Impact of one-time expense accrual release in 2Q25 offset by lower than expected VII in 2Q25. Impact of lower than expected VII and GAAP-only regulatory closed block dividend adjustment in 2Q24. Trailing twelve months excludes impacts of actuarial assumption reviews and other significant variances. <sup>2</sup> Pre-tax operating earnings divided by premium and fees.

## 2Q25 highlights<sup>1</sup>

- Benefits and Protection pre-tax operating earnings increased due to business growth and more favorable Specialty Benefits underwriting, partially offset by higher Life Insurance claims severity
- Specialty Benefits: 60% loss ratio improved 130 bps from 2Q24
- Specialty Benefits: operating margin of 15%, expanded 100 bps vs 2Q24
- Life Insurance: business market premium and fees growth of 17%; record second quarter sales, which increased 32% from 2Q24 driven by strong NQ sales

## Key metrics<sup>1</sup>

Specialty Benefits	2Q25 QTD	2Q25 TTM
Premium and fees	+3%	+4%
Loss ratio	60%	60%
Operating margin <sup>2</sup>	15%	15%
Life Insurance	2Q25 QTD	2Q25 TTM
Premium and fees	+5%	+1%
Operating margin <sup>2</sup>	10%	10%

# Appendix

# Investment performance

56% of fund-level AUM has 4 or 5 star rating from Morningstar<sup>1,2</sup>

Asset Weighted	% of AUM outperforming Morningstar median <sup>3</sup>				% of composite AUM outperforming benchmarks <sup>4</sup>			
	1-Year	3-Year	5-Year	10-Year	1-Year	3-Year	5-Year	10-Year
As of 6/30/2025	64%	56%	52%	86%	72%	82%	66%	86%
<b>Equity</b>	64%	56%	52%	86%	72%	82%	66%	86%
<b>Fixed Income</b>	24%	86%	54%	82%	74%	93%	97%	100%
<b>Asset Allocation<sup>5</sup></b>	13%	52%	48%	71%	N/A	N/A	N/A	N/A
<b>Total</b>	36%	59%	51%	78%	68%	81%	77%	84%
Equal Weighted	% of funds outperforming Morningstar median <sup>3</sup>				% of composites outperforming benchmarks <sup>4</sup>			
	1-Year	3-Year	5-Year	10-Year	1-Year	3-Year	5-Year	10-Year
As of 6/30/2025	39%	42%	44%	70%	46%	69%	54%	81%
<b>Equity</b>	39%	42%	44%	70%	46%	69%	54%	81%
<b>Fixed Income</b>	27%	80%	47%	70%	72%	85%	88%	98%
<b>Asset Allocation<sup>5</sup></b>	23%	48%	48%	53%	N/A	N/A	N/A	N/A
<b>Total</b>	29%	53%	47%	62%	53%	72%	68%	85%

<sup>1</sup> Asset weighted.

<sup>2</sup> Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (84 total, 77 are ranked).

<sup>3</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.

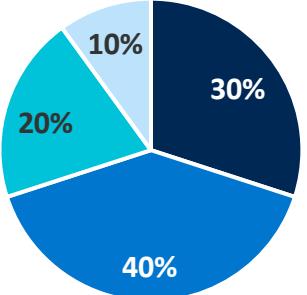
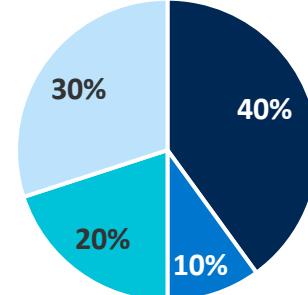
<sup>4</sup> Composite returns are calculated on a gross basis. All composites compared to official Global Investment Performance Standards (GIPS) composite benchmark. Excludes passive composites and doesn't include certain strategies or mandates for which GIPS composites are not calculated (e.g., Lifetime/Target 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).

<sup>5</sup> Coverage of asset allocation strategies in benchmark-relative composites is minimal and non-informative. Please see Morningstar rankings above for informative asset allocation performance.



# Market 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 <sup>1</sup> +/- 10%	Interest rates +/-100 bps	FX: U.S. Dollar <sup>2</sup> +/- 10%	Certain alternative investment valuation <sup>3</sup> +/- 10%
Then Principal's annual non-GAAP pre-tax operating earnings will change by...	+/- 5-8%	+/- (1)-1%	+/- < 1%	+/- <9%
And the primary businesses impacted are...	RIS Investment Management	All	International Pension	RIS Life Insurance Specialty Benefits
<b>Investment Management</b> Equity AUM Exposure		<b>Investment Management</b> Asset allocation AUM Exposure		<b>RIS</b> Asset-based fee revenue
	<ul style="list-style-type: none"> <li>Large cap</li> <li>Small and mid cap</li> <li>International</li> <li>REITs</li> </ul>		<ul style="list-style-type: none"> <li>Large cap</li> <li>Small and mid cap</li> <li>International</li> <li>Fixed Income</li> </ul>	<ul style="list-style-type: none"> <li>Large cap</li> <li>Small and mid cap</li> <li>International</li> <li>Fixed Income</li> <li>REITs</li> </ul>

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.

# Disciplined capital management strategy

With emphasis on actively returning excess capital to shareholders

	Targeted range as a percentage of net income <sup>1</sup> :	
<b>Organic capital deployment</b>	<b>15-25%</b>	Capital efficient business mix
<b>Consistent dividend payout ratio</b>	<b>40%</b>	Growth of dividend will track growth in net income <sup>1</sup>
<b>Share repurchases</b>	<b>35-45%</b>	Active return of excess capital to shareholders through share repurchases
<b>M&amp;A</b>	<b>0-10%</b>	Enhancement of capabilities and support of organic growth through strategic M&A

<sup>1</sup> Based on net income attributable to PFG excluding income or loss from exited business.

# 2Q 2025 significant variances

## Business unit impacts of significant variances (in millions)

	Variable investment income	Encage and inflation	Other <sup>1</sup>	Total significant variances
<b>Retirement and Income Solutions</b>	<b>\$(23.5)</b>	<b>-</b>	<b>\$19.4</b>	<b>\$(4.1)</b>
<b>Investment Management</b>	<b>-</b>	<b>-</b>	<b>\$4.8</b>	<b>\$4.8</b>
<b>International Pension</b>	<b>-</b>	<b>\$7.8</b>	<b>-</b>	<b>\$7.8</b>
<b>Specialty Benefits</b>	<b>\$(5.0)</b>	<b>-</b>	<b>\$7.1</b>	<b>\$2.1</b>
<b>Life Insurance</b>	<b>\$(6.0)</b>	<b>-</b>	<b>\$3.2</b>	<b>\$(2.8)</b>
<b>Corporate</b>	<b>\$10.0</b>	<b>-</b>	<b>\$6.3</b>	<b>\$16.3</b>
<b>Total pre-tax impact</b>	<b>\$(24.5)</b>	<b>\$7.8</b>	<b>\$40.8</b>	<b>\$24.1</b>
<b>Total after-tax impact</b>	<b>\$(17.3)</b>	<b>\$6.0</b>	<b>\$32.0</b>	<b>\$20.7</b>
<b>EPS impact</b>				<b>\$0.09</b>

<sup>1</sup> Other significant variances in 2Q25 includes a one-time impact from an expense accrual release

# Non-GAAP financial measure reconciliations

	Three months ended (in millions)	
	6/30/25	6/30/24
<b>Investment Management operating revenues less pass-through expenses</b>		
Operating revenues	\$467.2	\$444.2
Commissions and other expenses	(38.2)	(37.7)
<b>Operating revenues less pass-through expenses</b>	<b>\$429.0</b>	<b>\$406.5</b>

	Three months ended	
	6/30/25	6/30/24
<b>Diluted earnings per common share</b>		
Net income	\$1.79	\$1.49
Net realized capital (gains) losses, as adjusted	0.25	0.13
(Income) loss from exited business	0.12	0.01
<b>Non-GAAP operating earnings</b>	<b>\$2.16</b>	<b>\$1.63</b>
Weighted-average diluted common shares outstanding (in millions)	226.5	236.6

	Three months ended (in millions)	
	6/30/25	6/30/24
<b>Non-GAAP operating earnings (losses)</b>		
Net income attributable to PFG	\$406.2	\$353.1
Net realized capital (gains) losses, as adjusted	57.0	29.9
(Income) loss from exited business	26.1	3.1
<b>Non-GAAP operating earnings</b>	<b>\$489.3</b>	<b>\$386.1</b>

	Three months ended (in millions)	
	6/30/25	6/30/24
<b>Income taxes</b>		
Total GAAP income taxes	\$69.6	\$87.1
Net realized capital gains (losses) tax adjustments	13.4	(6.3)
Income taxes attributable to noncontrolling interest and equity method investments	15.6	18.4
Income taxes related to exited business	7.0	0.8
<b>Income taxes</b>	<b>\$105.6</b>	<b>\$100.0</b>

# Non-GAAP financial measure reconciliations

	Period ended (in millions)
<b>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</b>	<b>6/30/25</b>
Stockholders' equity	\$11,467.3
AOCI, other than foreign currency translation adjustment	3,085.5
Cumulative change in fair value of funds withheld embedded derivative	(2,231.7)
Noncontrolling interest	(52.0)
<b>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</b>	<b>\$12,269.1</b>

	Period ended
<b>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</b>	<b>6/30/25</b>
Net Income ROE available to common stockholders (including AOCI)	10.2%
Cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment	(1.0)%
Net realized capital (gains) losses	2.1%
(Income) loss from exited business	3.0%
<b>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</b>	<b>14.3%</b>

# Additional Disclosures

## 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

This presentation contains statements that constitute forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to share repurchases and planned dividends, the realization of our growth and business strategies and results from ongoing operations. Forward looking statements are made based upon our current expectations and beliefs concerning future developments and their potential effects on us. Such forward looking statements are not guarantees of future performance and actual results may differ materially from the results anticipated in the forward-looking statements. We describe risks, uncertainties and factors that could cause or contribute to such material differences in our filings with the Securities and Exchange Commission, including in the "Risk Factors" and "Note Concerning Forward-Looking Statements" sections in our annual report on Form 10-K for the year ended Dec. 31, 2024, as updated or supplemented from time to time in subsequent filings. We assume no obligation to update any forward-looking statement for any reason, which speaks as of its date.