

Risk Factors Comparison 2025-02-19 to 2024-02-20 Form: 10-K

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In addition, we maintain credit facilities with various financial institutions as a potential source of excess liquidity. These facilities are in place to bridge timing in cash flows to minimize the cost of meeting our obligations, particularly during periods when alternative sources of liquidity are limited. Our ability to borrow funds under these facilities is conditioned on our satisfaction of covenants and other requirements contained in the facilities. Our failure to comply with these covenants, or the failure of lenders to fund their lending commitments, would restrict our ability to access these credit facilities and, consequently, could limit our flexibility in meeting our cash flow needs. For further discussion on liquidity risk management, see Item 7. “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources. ” Conditions in the global capital markets, including the equity, bond or real estate markets, and the economy generally may materially and adversely affect our business and results of operations. Our results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the U. S. and elsewhere around the world. Continued adverse economic conditions may result in a decline in our AUM, AUA and revenues and erosion of our profit margins. In addition, in the event of extreme prolonged market events and economic downturns, we could incur significant losses. Even in the absence of a market downturn, we are exposed to substantial risk of loss due to market volatility. Because the revenues of our asset accumulation and management businesses are largely based on the value of AUM and AUA, a decline in domestic and global equity, bond or real estate markets will decrease our revenues. Turmoil in these markets could lead investors to withdraw from these markets, decrease their rates of investment or refrain from making new investments, which may reduce our AUM, AUA, revenues and net income. For further discussion on equity risk management, see Item 7A. “ Quantitative and Qualitative Disclosures About Market Risk — Equity Risk. ” Factors such as consumer spending, business investment, government spending, the volatility and strength of the capital markets, investor and consumer confidence, foreign currency exchange rates, inflation levels and our ability to manage inflation risk effectively all affect the business and economic environment and, ultimately, the amount and profitability of our business. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment, negative investor sentiment and lower consumer spending, the demand for our financial and insurance products ~~could~~ **may** be adversely affected. In addition, we may experience an elevated incidence of claims and lapses or surrenders of policies. Our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. In addition, reductions in employment levels of our existing employer customers may result in a reduction in membership levels and premium income for our specialty benefits products. Participants within the retirement plans for which we provide administrative services may elect to reduce or stop their payroll deferrals to these plans, which would reduce AUM, AUA and revenues. In addition, reductions in employment levels may result in a decline in employee deposits into retirement plans. Adverse changes in the economy could affect net income negatively and could have a material adverse effect on our business, results of operations and financial condition. An economic downturn may also lead to weakening of foreign currencies against the U. S. dollar, which would adversely affect the translation of segment pre- tax operating earnings and equity of our international operations into our consolidated financial statements. For further discussion on foreign currency exchange risk, see Item 7A. “ Quantitative and Qualitative Disclosures About Market Risk — Foreign Currency Risk. ” ~~Changes~~ **20Changes** in interest rates or credit spreads or a prolonged low interest rate environment may adversely affect our results of operations, financial condition and liquidity, and our net income can vary from period to period. During periods of declining interest rates or prolonged low interest rates, the interest rates we earn on our assets may be lower than the rates assumed in pricing our products, thereby reducing our profitability. For some of our products, such as GICs and funding agreements, we are unable to lower the rate we credit to customers in response to the lower return we will earn on our investments. In addition, guaranteed minimum interest rates on our life insurance and annuity products may constrain our ability to lower the rate we credit to customers. Declining interest rates may also lead to a reduction in revenues related to our trust and custody business. Declining interest rates may result in increases in our reserves and other actuarial balances, potentially reducing net income or other comprehensive income (“ OCI ”). During periods of declining interest rates, borrowers may prepay or redeem mortgages and bonds that we own, which would force us to reinvest the proceeds at lower interest rates. Furthermore, declining interest rates may reduce the rate of policyholder surrenders and withdrawals on our life insurance and annuity products, thus increasing the duration of the liabilities and creating asset and liability duration mismatches. Low interest rates may also increase the cost of hedging certain product features or riders. Declining interest rates or a prolonged low interest rate environment may also result in changes to the discount rate used for valuing our pension, and other postretirement employee benefit (“ OPEB ”) obligations, which could negatively impact our results of operations and financial condition. In addition, certain statutory capital and reserve requirements are based on formulas or models that consider interest rates and a prolonged period of low interest rates may increase the statutory capital we are required to hold as well as the amount of assets we must maintain to support statutory reserves. Declining interest rates may cause a decrease in the value of market risk benefit (“ MRB ”) assets and an increase in the value of MRB liabilities and other liabilities held at fair value on our consolidated statements of financial position, potentially reducing net income or OCI. ~~22Increases~~ **Increases** in market interest rates may also adversely affect our results of operations, financial condition and liquidity. During periods of increasing market interest rates, we may offer higher crediting rates on our insurance and annuity products to keep these products competitive. Because returns on our portfolio of invested assets may not increase as quickly as current interest rates, we may have to accept lower spreads, thus reducing our profitability.

Rapidly rising interest rates may also result in an increase in policy surrenders, withdrawals and requests for policy loans as customers seek to achieve higher returns. In addition, rising interest rates may cause a decrease in the value of financial assets held at fair value on our consolidated statements of financial position. We may be required to sell assets to raise the cash necessary to respond to an increase in surrenders, withdrawals and loans, thereby realizing capital losses on the assets sold. An increase in policy surrenders and withdrawals may also require us to accelerate amortization of our deferred acquisition cost (“DAC”) asset relating to these products. Rising interest rates may also cause a decline in the value of the fixed income assets we manage, resulting in a reduction in our fee revenue in the short term. In addition, a significant increase in interest rates may cause a reduction in the fair value of intangible assets in our reporting units, potentially leading to an impairment of goodwill or other intangible assets. For further discussion about interest rate risk management, see Item 7A. “Quantitative and Qualitative Disclosures About Market Risk – Interest Rate Risk.” Our exposure to credit spreads primarily relates to market price variability and reinvestment risk associated with changes in credit spreads. A widening of credit spreads would cause unrealized losses in our investment portfolio, would increase losses associated with credit- based derivatives we have sold that do not qualify or have not been designated for hedge accounting where we assume credit exposure and, if issuer credit spreads increase as a result of fundamental credit deterioration, would likely result in higher allowances. Credit spread tightening will reduce net investment income associated with new purchases of fixed maturities. Credit spread tightening may also cause an increase in the reported value of certain liabilities that are valued using a discount rate that reflects our own credit spread. In addition, market volatility may make it difficult to value certain of our securities if trading becomes less frequent. As such, valuations may include assumptions or estimates that may have significant period- to- period changes from market volatility, which could have a material adverse effect on our results of operations or financial condition. Our investment portfolio is subject to several risks that may diminish the value of our invested assets and the investment returns credited to customers, which could reduce our sales, revenues, AUM and net income. An increase in defaults or write- downs on our fixed maturities portfolio may reduce our profitability. We are subject to the risk that the issuers of the fixed maturities we own will default on principal and interest payments. As of December 31, 2023-2024, our U. S. investment operations held \$ 47-53. 8-0 billion of fixed maturities, or 66 % of total U. S. invested assets, of which approximately 6-5 % were below investment grade, and \$ 109-164. 3-8 million, or 0. + 31 % of our total fixed maturities, were classified as either “problem,” “potential problem” or “restructured.” See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — U. S. Investment Operations — Fixed Maturities.” As 21As of December 31, 2023-2024, the international investment operations of our fully consolidated subsidiaries held \$ 2. 8-5 billion of fixed maturities, or 41 %, of total international invested assets, of which 3-8 % are government bonds. Some non- government bonds have been rated on the basis of the issuer’s country credit rating. However, the ratings relationship between national ratings and global ratings is not linear with the U. S. The starting point for national ratings differs by country, which makes the assessment of credit quality more difficult. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Investments — International Investment Operations.” An increase in defaults on our fixed maturities portfolio could harm our financial strength and reduce our profitability. An increased rate of delinquency and defaults on our commercial mortgage loans, including balloon maturities with and without amortizing payments, may adversely affect our profitability. Our commercial mortgage loan portfolio faces both delinquency and default risk. Commercial mortgage loans of \$ 14. 1-7 billion represented 18-17 % of our total invested assets as of December 31, 2023-2024. As of December 31, 2023-2024, there were no loans in the process of foreclosure in our commercial mortgage loan portfolio. The performance of our commercial mortgage loan investments, however, may fluctuate in the future. An increase in the delinquency rate of, and defaults under, our commercial mortgage loan portfolio could harm our financial strength and decrease our profitability. 23As As of December 31, 2023-2024, approximately \$ 11-12. 7-3 billion, or 85 %, of our U. S. investment operations commercial mortgage loans before valuation allowance had balloon payment maturities. A balloon maturity is a loan with all or a meaningful portion of the loan amount due at the maturity of the loan. The default rate on commercial mortgage loans with balloon payment maturities has historically been higher than commercial mortgage loans with a fully amortizing loan structure. Since a significant portion of the principal is repaid at maturity, the amount of loss on a default is generally greater than fully amortizing commercial mortgage loans. An increase in defaults on balloon maturity loans as a result of the foregoing factors could harm our financial strength and decrease our profitability. Mark- to- market adjustments on equity securities, trading securities and derivative instruments may reduce our profitability or cause volatility in our net income. Our investment portfolio includes equity securities, trading securities and derivative instruments that are reported at fair value on the consolidated statements of financial position with changes in fair value reported in net income. Mark- to- market adjustments on these investments may reduce our profitability or cause our net income to vary from period to period. We anticipate that acquisition and investment activities may increase the number and magnitude of these investments in the future. We may have difficulty selling our privately placed fixed maturities, mortgage loans and real estate investments because they are less liquid than our publicly traded fixed maturities. We hold certain investments that may be less liquid than our publicly traded fixed maturities, such as privately placed fixed maturities, mortgage loans and real estate investments. These asset classes represented approximately 40 % of the value of our total invested assets as of December 31, 2023-2024. If we require significant amounts of cash on short notice, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize or both. The reported value of our relatively illiquid types of investments, our investments in the asset classes described above and, at times, our high quality, generally liquid asset classes, do not necessarily reflect the lowest possible price for the asset. If we were forced to sell certain of our assets in the current market, there can be no assurance we will be able to sell them for the prices at which we have recorded them, and we may be forced to sell them at significantly lower prices. The impairment of derivative counterparties could adversely affect us. We use derivative instruments to hedge various risks we face in our businesses. See Item 7A. “Quantitative and Qualitative Disclosures About Market Risk.” We enter into a variety of derivative instruments with a number of

counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, clearinghouses, exchanges and other institutions. For transactions where we are in- the- money, we are exposed to credit risk in the event of default of our counterparty. We establish collateral agreements with nominal thresholds for a large majority of our counterparties to limit our exposure. However, our credit risk may be exacerbated when the collateral held by us cannot be realized or is liquidated at prices not sufficient to recover the full amount of the derivative exposure. With regard to our derivative exposure, we have over- collateralization requirements on the portion of collateral we hold, based on the risk profile of the assets posted as collateral. We also have exposure to these financial institutions in the form of unsecured debt instruments and equity investments. Such losses or impairments to the carrying value of these assets may materially and adversely affect our business and results of operations. ~~24~~~~Our~~~~22~~~~Our~~ requirements to post collateral or make payments related to declines in market value of specified assets may adversely affect our liquidity and expose us to counterparty credit risk. Many of our derivative transactions with financial and other institutions specify the circumstances under which the parties are required to post collateral. We are also required to post collateral in connection with funding agreements with the FHLB Des Moines, reinsurance agreements, and various other transactions. The amount of collateral we may be required to post under these agreements may increase under certain circumstances, which could adversely affect our liquidity. In addition, under the terms of some of our transactions we may be required to make payment to our counterparties related to any decline in the market value of the specified assets. Such payments could have an adverse effect on our liquidity. Furthermore, with respect to any such payments, we will have unsecured risk to the counterparty as these amounts are not required to be segregated from the counterparty's other funds, are not held in a third party custodial account and are not required to be paid to us by the counterparty until the termination of the transaction. Environmental liability exposure may result from our commercial mortgage loan portfolio and real estate investments. Liability under environmental protection laws resulting from our commercial mortgage loan portfolio and real estate investments may harm our financial strength and reduce our profitability. Under the laws of several states and other jurisdictions, contamination of a property may give rise to a lien on the property to secure recovery of the costs of cleanup. In some states, this kind of lien has priority over the lien of an existing mortgage against the property, which would impair our ability to foreclose on that property should the related loan be in default. In addition, under the laws of some states and under the U. S. Comprehensive Environmental Response, Compensation and Liability Act of 1980, we may be liable for costs of addressing releases or threatened releases of hazardous substances that require remedy at a property securing a mortgage loan held by us, if our agents or employees have become sufficiently involved in the hazardous waste aspects of the operations of the related obligor on that loan, regardless of whether or not the environmental damage or threat was caused by the obligor. We also may face this liability after foreclosing on a property securing a mortgage loan held by us. This may harm our financial strength and decrease our profitability. Regional concentration of our commercial mortgage loan portfolio in California may subject us to losses attributable to economic downturns or catastrophes in that state. Commercial mortgage lending in the state of California accounted for ~~25~~~~24~~ %, or \$ 3. 4 billion, of our U. S. investment operations commercial mortgage loan portfolio before valuation allowance as of December 31, ~~2023~~~~2024~~. Due to this concentration of commercial mortgage loans in California, we are exposed to potential losses resulting from the risk of an economic downturn in California as well as to catastrophes, including but not limited to earthquakes, **fires, drought, extreme heat, flooding, and tsunamis**, that may affect the region. **Like other lenders, property** ~~While we generally do not require earthquake insurance is required for properties~~ **all borrowers** on which we make commercial mortgage loans. **Insurance coverage typically includes real property, business interruption, terrorism, wind, hail, fire, named storm, flood and others as applicable. Earthquake insurance is required for those California assets with a high- risk scenario expected loss percentage as determined by an engineering report we obtain for each** ~~do take into account~~ **property. Maintaining appropriate insurance coverage is a requirement** ~~specific engineering reports, construction type and geographical concentration by fault lines in our investment underwriting guidelines~~ **us as the lender and is monitored appropriately**. If economic conditions in California deteriorate or catastrophes occur, we may in the future experience delinquencies or defaults on the portion of our commercial mortgage loan portfolio located in California, which may harm our financial strength and reduce our profitability. **See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Investments — U. S. Investment Operations — Mortgage Loans."** Gross unrealized losses may be realized or result in future credit losses, resulting in a reduction in our net income. Fixed maturities that are classified as available- for- sale (" AFS ") are reported on the consolidated statements of financial position at fair value. Unrealized gains or losses on AFS securities, excluding those in fair value hedging relationships, are recognized as a component of accumulated other comprehensive income (" AOCI ") and are, therefore, excluded from net income. Our U. S. investment operations had gross unrealized losses on fixed maturities of \$ 4, ~~022~~~~246~~. ~~0~~~~2~~ million pre- tax as of December 31, ~~2023~~~~2024~~, and the component of gross unrealized losses for securities in a continuous unrealized loss position for over twelve months and for which an allowance for credit loss has not been recorded was \$ ~~3~~~~4~~, ~~915~~~~081~~. ~~9~~~~7~~ million pre- tax. The accumulated change in fair value of the AFS securities is recognized in net income when the gain or loss is realized upon the sale of the asset or in the event that the decline in fair value requires an allowance for credit loss. Realized losses or credit losses may have a material adverse impact on our net income in a particular quarterly or annual period. ~~25~~~~Fluctuations~~~~23~~~~Fluctuations~~ in foreign currency exchange rates could adversely impact our profitability and financial condition. We are exposed to foreign currency risk in our international operations ~~as we~~. ~~Principal International sells~~ ~~sell~~ products denominated in various local currencies and generally ~~invests~~ ~~invest~~ the associated assets in local currencies. For diversification purposes, assets backing the products may be partially invested in non- local currencies. In our U. S. operations, we also issue foreign currency- denominated funding agreements to nonqualified investors in the institutional market or invest in foreign currency- denominated investments. The associated foreign currency exchange risk in each instance is hedged or managed to specific risk tolerances. Although our investment and hedging strategies limit the effect of currency exchange rate fluctuation on operating results, weakening of

foreign currencies against the U. S. dollar would adversely affect the translation of the results of our international operations into our consolidated financial statements. For further discussion on foreign currency exchange risk, see Item 7A. “ Quantitative and Qualitative Disclosures About Market Risk — Foreign Currency Risk. ” Risks relating to estimates, assumptions and valuationsOur valuation of investments and the determinations of the amount of allowances and impairments taken on our investments may include methodologies, estimations and assumptions that are subject to differing interpretations and, if changed, could materially adversely affect our results of operations or financial condition. Fixed maturities, equity securities and derivatives represent most assets and liabilities reported at fair value on our consolidated statements of financial position, excluding separate account assets and market risk benefit assets and liabilities. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value estimates are made based on available market information and judgments about the financial instrument at a specific point in time. Considerable judgment is often required to develop estimates of fair value, and the use of different assumptions or valuation methodologies may have a material effect on the estimated fair value amounts. For additional information on our valuation methodology, see Item 8. “ Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 18, Fair Value Measurements. ” During periods of market disruption including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain securities, for example collateralized mortgage obligations and collateralized debt obligations, if trading becomes less frequent and / or market data becomes less observable. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the current financial environment. In such cases, the valuation process may require more subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable or require greater estimation as well as valuation methods that require greater estimation, which could result in values that are different from the value at which the investments may be ultimately sold. Further, rapidly changing credit and equity market conditions could materially impact the valuation of securities as reported within our consolidated financial statements and the period- to- period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition. The determination of the amount of allowances and impairments varies by investment type and is based upon our periodic evaluation and assessment of known and inherent risks associated with the respective asset class. Such evaluations and assessments require significant judgment and are revised as conditions change and new information becomes available. Additional impairments may need to be taken or allowances provided for in the future, and the ultimate loss may exceed management’ s current loss estimates. Additionally, our management considers a wide range of factors about the instrument issuer and uses its best judgment in evaluating the cause of the decline in the estimated fair value of the instrument and in assessing the prospects for recovery. Inherent in management’ s evaluation of the instrument are assumptions and estimates about the operations of the issuer and its future earnings potential. For further information regarding our impairment and allowance methodologies, see Item 7. “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Investments — U. S. Investment Operations ” under the captions “ Fixed Maturities ” and “ Mortgage Loans ” and Item 7. “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Valuation and Allowance for Credit Loss of Fixed Income Investments. ” ~~26~~Any ~~24~~Any impairments of or valuation allowances against our deferred tax assets could adversely affect our results of operations and financial condition. Deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to be in effect during the years in which the basis differences reverse. We are required to evaluate the recoverability of our deferred tax assets each quarter and establish a valuation allowance, if necessary, to reduce our deferred tax assets to an amount that is more – likely – than – not to be realizable. In determining the need for a valuation allowance, we consider many factors, including future reversals of existing taxable temporary differences, future taxable income exclusive of reversing temporary differences and carryforwards, taxable income in prior carryback years and implementation of any feasible and prudent tax planning strategies management would employ to realize the tax benefit. Inherent in the provision for income taxes are estimates regarding the deductibility of certain items, the timing of income and expense recognition and the current or future realization of operating losses, capital losses ~~– and~~ certain tax credits ~~and~~. **In the event these estimates differ from our prior estimates due to the receipt of new information, we may be required to significantly change the provision for income taxes recorded in the consolidated financial statements. Any such change could significantly affect the amounts reported in the consolidated financial statements in the year these estimates change.** ~~future~~Future enacted changes in applicable tax rates as well as the tax base ~~could lead~~ ~~– In~~ ~~the event these estimates differ from our prior estimates due to~~ **adverse effects** ~~the receipt of new information, we may be required to significantly change the provision for income taxes recorded in the consolidated financial statements within~~ ~~– Any such change could significantly affect the amounts reported in the consolidated financial statements in the year of enactment these estimates change.~~ A further significant decline in value of assets incorporated into our tax planning strategies could lead to an increase of our valuation allowance on deferred tax assets having an adverse effect on current and future results. For additional information, see Item 7. “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Income Taxes. ” We may face losses on our insurance and annuity products if our actual experience differs significantly from our pricing and reserving assumptions. The profitability of our insurance and annuity products depends significantly upon the extent to which our actual experience is consistent with the assumptions used in setting prices for our products and establishing liabilities for future insurance and annuity policy benefits and claims. The premiums we charge and the liabilities we hold for future policy benefits are based on assumptions reflecting several factors, including the amount of premiums we will receive in the future, rate of return on assets we purchase with premiums received, expected claims, mortality, morbidity, lapse rates and expenses. However, due to the nature of the underlying risks and the high degree of uncertainty associated with the determination of the liabilities for unpaid policy benefits and claims, we cannot

precisely determine the amounts we will ultimately pay to settle these liabilities, the timing of such payments, or whether the assets supporting the liabilities, together with any future premiums, will be sufficient to satisfy the liabilities. As a result, we may experience volatility in the level of our profitability and our reserves from period to period. To the extent that actual experience is less favorable than our underlying assumptions, we may have to update our assumptions and increase our liabilities, which may harm our financial strength and reduce our profitability. Our results of operations may also be adversely impacted if our actual investment earnings differ from our pricing and reserve assumptions. Changes in economic conditions may lead to changes in market interest rates or changes in our investment strategies, either of which could cause our actual investment earnings to differ from our pricing and reserve assumptions. For additional information on our insurance reserves, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Insurance Reserves.” The pattern of amortizing our DAC asset and other actuarial balances may change, impacting both the level of our DAC asset and other actuarial balances and the timing of our net income. Amortization of our DAC asset and other actuarial balances depends on several assumptions, including but not limited to, mortality and policy lapse. Due to the uncertainty associated with establishing these assumptions, we cannot, with precision, determine the exact pattern of amortization. To the extent actual experience emerges less favorably than expected, the amortization pattern of our DAC asset and other actuarial balances may be adjusted, which may impact the timing of our net income. For additional information, see Item 8. “Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 7, Deferred Acquisition Costs and Other Actuarial Balances.”

27Risks 25Risks relating to laws, regulations and taxation Changes in laws or regulations may reduce our profitability or impact how we do business. Our businesses are subject to comprehensive regulation and supervision throughout the U. S. and in the international markets in which we operate. We are also impacted by federal legislation and administrative policies in areas such as securities laws, employee benefit plan regulations, financial services regulations, U. S. federal taxation and international taxation. Changes in laws or regulations or the interpretation thereof could significantly increase our compliance costs and reduce our profitability. Failure to comply with applicable regulations may expose us to significant penalties, the suspension or revocation of licenses to conduct business and reputational damage. **Certain Executive orders could affect our business, operations, regional footprint, risk management strategies and investments and increase our costs of compliance.** Changes in insurance regulations may reduce our profitability. Our insurance subsidiaries are subject to extensive supervision and regulation . ~~In particular, in the U. S., the laws of the various states establish insurance departments with broad powers to supervise and regulate insurance companies. The supervision and regulation relate to numerous aspects of our business and financial condition, including insurance company laws that apply to PFG and to various transactions between our insurance companies and subsidiaries and other affiliates.~~ The primary purpose of insurance regulation is to protect policyholders, not stockholders or creditors. State insurance regulators, federal regulators and the NAIC continually reexamine existing laws and regulations and may impose changes in the future. New interpretations of existing laws and the passage of new legislation may harm our ability to sell new policies, increase our claims exposure on policies we issued previously and adversely affect our profitability and financial strength. State insurance guaranty associations have the right to assess insurance companies doing business in their state for funds to help pay the obligations of insolvent insurance companies to policyholders and claimants. Because the amount and timing of an assessment is beyond our control, the liabilities we have established for these potential assessments may not be adequate. ~~In addition, regulators may change their interpretation or application of existing laws and regulations.~~ The NAIC regularly reviews and updates its U. S. statutory reserve and RBC requirements. Changes to these requirements may increase the amount of reserves and capital our U. S. insurance companies are required to hold and may adversely impact Principal Life’s ability to pay dividends or other distributions to its parent. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” for a discussion of regulatory restrictions on Principal Life’s ability to pay dividends or other distributions. In addition, changes in statutory reserve or RBC requirements may adversely impact our financial strength ratings. See the risk factor entitled “A downgrade in our financial strength or credit ratings may increase policy surrenders and withdrawals, reduce new sales, terminate relationships with distributors, impact existing liabilities and increase our cost of capital, any of which could adversely affect our profitability and financial condition” for a discussion of risks relating to our financial strength ratings. The NAIC ~~continues to implement~~ **implemented** a principle- based reserving (“PBR”) approach to valuation of life insurance and ~~annuities. In recent years, the PBR framework has been implemented for life insurance and~~ variable annuities. Regulators plan to implement **a new economic scenario generator for use in PBR models as early as 2026. In addition,** PBR for non- variable annuities ~~in the next few years~~ **may be implemented as early as 2026.** The ultimate financial impact of these changes is uncertain, but they could result in more volatile and less predictable reserve and capital levels for these products. We have implemented, or may implement at any time, reinsurance transactions utilizing affiliated and unaffiliated reinsurers to reinsure or finance a portion of the reserves for certain products. Our ability to enter new reinsurance or reserve financing transactions will continue to be dependent on the cost and forms of transactions available in the market and our ability to obtain required regulatory approvals. For additional information regarding our use of affiliated reinsurance transactions, see Item 8. “Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 19, Statutory Insurance Financial Information.” ~~The NAIC is pursuing a variety of reforms to its RBC framework, which could increase our capital requirements for our U. S. insurance businesses.~~ The NAIC has adopted a group capital calculation. This calculation is not intended to be a regulatory capital requirement, but it will be used by regulators in their supervisory process and could create an additional data point for regulators to consider in evaluating our capital position. Our international insurance businesses are also subject to comprehensive regulation and supervision from central and / or local governmental authorities in each country in which we operate. New interpretations of existing laws and regulations or the adoption of new laws and regulations may harm our international businesses, increase the cost of compliance and reduce our profitability in those businesses. ~~28The~~ **The** International Association of Insurance Supervisors has adopted its common framework for the supervision of Internationally

Active Insurance Groups (“ IAIGs ”). We currently are not designated as an IAIG. If we were so designated in the future, we may be subject to supervision and capital requirements beyond those applicable to any competitors without those designations. These international frameworks may influence the regulatory capital requirements in the jurisdictions in which we operate, potentially leading to an increase in our capital requirements. **Changes 26**Changes in federal, state and international securities laws may reduce our profitability. Our asset management and accumulation and life insurance businesses are subject to various levels of regulation under federal, state and international securities laws. ~~For example, insurance and investment products such as variable annuities, RILA, variable life insurance, mutual fund products and some funding agreements that constitute securities are subject to securities laws and regulations, including state securities regulation as well as federal regulation under the SEC, FINRA and other regulatory authorities.~~ These laws and regulations are primarily intended to protect investors in the securities markets or investment advisory or brokerage clients and generally grant supervisory agencies and self-regulatory organizations broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. In addition, we are subject to local laws and regulations in the global jurisdictions in which we offer or provide asset management services and products. Changes to these laws or regulations, or the interpretation thereof, that restrict the conduct of our business could significantly increase our compliance costs and reduce our profitability. Changes in employee benefit regulations may reduce our profitability. We provide products and services to certain employee benefit plans that are subject to ERISA or the Internal Revenue Code of 1986, as amended. The U. S. Congress has, from time to time, considered legislation relating to changes in ERISA to permit application of state law remedies, such as consequential and punitive damages, in lawsuits for wrongful denial of benefits, which, if adopted, could increase our liability for damages in future litigation. In addition, reductions in contribution levels to defined contribution plans may decrease our profitability. ~~On October 31, 2023, the DOL proposed a new regulation redefining what it means to provide investment advice as a fiduciary. The DOL also proposed changes to several of its prohibited transaction exemptions relating to fiduciary investment advice. Similarly, some states may change their insurance and securities laws and / or regulations to address personalized investment advice. New states may adopt an updated NAIC model regulation, which made best interest enhancements to its existing annuity suitability model. Continuing related state fiduciary or “ best interest ” legislation and / or regulation could occur in 2024. Financial services regulatory reform may reduce our profitability, impact how we do business or limit our ability to engage in certain capital expenditures. On July 21, 2010, the Dodd– Frank Act became law. The Act made extensive changes to the laws regulating financial services firms and required various federal agencies to adopt a broad range of new implementation rules and regulations, including those surrounding the use of derivatives. Some aspects of Dodd– Frank continue to be implemented, and there are some efforts to eliminate or adjust certain elements of the law. Uncertainty remains regarding the continued implementation of and potential adjustments to Dodd– Frank and it is uncertain whether changes to Dodd– Frank will result in a material effect on our business operations.~~ Changes in cybersecurity or privacy regulations may increase our compliance costs, limit our ability to gain insight from data and lead to increased scrutiny. We collect, process, store, share, disclose and use personal information from and about our customers, employees **and** plan participants **and as well as our** website, mobile and application users. Any actual or perceived failure by us or our service providers to comply with our privacy policies, privacy-related obligations to customers, employees or third parties, data disclosure consent obligations and data protection obligations may result in governmental enforcement actions, litigation or public statements critical of us. Such actual or perceived failures could also cause our customers, suppliers and employees to lose trust in us, which may have an adverse effect on our business. See the risk factor entitled “ Loss of **or disruption in** key vendor relationships **and services** or failure of a vendor to protect information of our customers or employees could adversely affect our business or result in losses ” for further discussion of third party impacts. Restrictions on data collection and use may limit opportunities to gain business insights useful to running our business and offering innovative products and services. ~~29~~**We** are subject to numerous federal, state, and international regulations regarding the privacy and security of personal information. These laws vary widely by jurisdiction. The laws and regulations that affect our business include, but are not limited to, the EU GDPR, U. S. federal, state, and local data protection laws such as the New York Department of Financial Services Part 500 cybersecurity requirements for financial services companies, the California Consumer Privacy Act and California Privacy Rights Act, China’ s Cybersecurity Law, and the China Personal Information Protection Law. **Ongoing global developments in artificial intelligence (“ AI ”) regulations, such as the EU AI Act, Colorado AI Act, and other AI- related legislation will continue to increase and require attention and investments.** Regulations such as these, which are designed to protect privacy and prevent misuse of personal information, are complex and change frequently. The public, consumer and privacy advocates, legislatures and regulators are increasingly concerned about the collection, use, sharing and cross- border transfer of personal data, especially personal information that may be deemed sensitive, such as U. S. Social Security Numbers, other federal identifiers (non- U. S.), financial information, behavioral data, biometric data and health data. Additional legislative or regulatory action in the United States and globally could further regulate our collection, use, sharing and other processing of personal data. Changes in existing cybersecurity and privacy regulations or the enactment of new regulations may increase our compliance costs and failure to comply with these regulations may lead to reputational damage, fines or civil damages and increased regulatory scrutiny and oversight. Our financial results may be adversely impacted by environmental, social and governance requirements. Our financial and operational results could be impacted by emerging risk and changes to the regulatory landscape in areas like ESG requirements. While we closely monitor and respond to topics like social, environmental, and demographic changes that include longer lifespans, income and wealth inequalities, environmental challenges and opportunities to expand global access to the financial system across all segments of the population, updated and changing regulatory and societal environment requirements could impact financial and operational results. **Changes 27**Changes and uncertainty in U. S. and non- U. S. legislation, policy or regulation regarding climate risk management or other ESG practices may result in higher regulatory costs, compliance costs and increased capital expenditures. Changes in regulations may also impact market conditions and our financial results, leading

to realized or unrealized losses and decreased revenues. Actual or perceived failure to adequately address ESG expectations of our various stakeholders (which continue to evolve and may, at times, be in conflict) could lead to a tarnished reputation, loss of customers and clients and could negatively impact our access to capital. Changes in tax laws could increase our tax costs and reduce sales of our insurance, annuity and investment products. Many of the insurance, annuity and investment products we issue receive favorable tax treatment under current U. S. federal income tax laws. Changes in U. S. federal income tax laws could reduce or eliminate the tax advantages of certain of our products, thus making these products less attractive to our customers. This may lead to a reduction in sales and deposits, which may adversely impact our profitability. In addition, we benefit from certain tax items, including but not limited to, dividends received deductions, tax credits (such as foreign tax credits), tax- exempt bond interest and insurance reserve deductions. From time to time, the U. S. Congress, as well as foreign, state and local governments, consider legislative changes that could reduce or eliminate the benefits associated with these and other tax items. The Organisation for Economic Co- operation and Development has released proposed policies around base erosion and profit shifting and modernizing global tax systems originally designed to only account for physical presence. Our profitability could be negatively impacted as legislation is adopted by participating countries. We continue to evaluate the impact potential tax reform proposals may have on our future results of operations and financial condition. On August 16, 2022, the Inflation Reduction Act of 2022 (“IRA 2022”) was enacted by the U. S. government. IRA 2022 contains several provisions, including the implementation of a new corporate alternative minimum tax (“CAMT”) and an excise tax on stock repurchases by certain corporations, which became effective January 1, 2023. Uncertainty remains regarding the continued implementation of and potential adjustments to IRA 2022 and until regulations are finalized it remains uncertain as to whether IRA 2022 will result in a material effect on our business operations, profitability, or our ability to engage in certain capital expenditures. For a further discussion of tax matters, see Item 8. “Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 14, Income Taxes.”

~~30Our~~ **Our** ability to pay stockholder dividends, make share repurchases and meet our obligations may be constrained by the limitations on dividends or other distributions Iowa insurance laws impose on Principal Life. We are an insurance holding company whose assets include all ~~of~~ the outstanding shares of the common stock of Principal Life and other subsidiaries. Our ability to pay dividends to our stockholders, make share repurchases and meet our obligations, including paying operating expenses and any debt service, depends upon the receipt of dividends or other distributions from Principal Life. Iowa insurance laws impose limitations on the ability of Principal Life to pay dividends or make other distributions to its parent. Any inability of Principal Life to pay dividends or make other distributions in the future may cause us to be unable to pay dividends to our stockholders and meet our other obligations. See Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources” for a discussion of regulatory restrictions on Principal Life’s ability to pay dividends or make other distributions. Changes in accounting standards may adversely affect our reported results of operations and financial condition. Our consolidated financial statements are prepared in conformity with U. S. generally accepted accounting principles (“U. S. GAAP”). From time to time, we are required to adopt new or revised accounting standards issued by the Financial Accounting Standards Board. The required adoption of future accounting standards may adversely affect our reported results of operations and financial condition and may result in significant incremental costs associated with initial implementation and ongoing compliance. For a discussion of the impact of accounting pronouncements issued but not yet implemented, see Item 8. “Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 1, Nature of Operations and Significant Accounting Policies”.

Litigation and regulatory investigations may affect our financial strength or reduce our profitability. We are regularly involved in litigation, both as a defendant and as a plaintiff, but primarily as a defendant. Litigation naming us as a defendant ordinarily arises out of our business operations as a provider of asset management and accumulation products and services, ~~Life-life Insurance-insurance~~ **Life-life Insurance-insurance** and ~~Specialty-specialty Benefits-benefits~~ **Specialty-specialty Benefits-benefits** products and services, and our investment activities. We are, from time to time, also involved in various governmental, regulatory and administrative proceedings and inquiries. ~~Legal~~ **Legal** ~~28Legal~~ liability or adverse publicity with respect to current or future legal or regulatory actions, whether or not involving us, may affect our financial strength or reduce our profitability. For further discussion on litigation and regulatory investigation risk, see Item 8. “Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 16, Contingencies, Guarantees, Indemnifications and Leases” under the caption, “Litigation and Regulatory Contingencies” and Item 8. “Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 14, Income Taxes” under the caption “Other Tax Information.” From time to time, we may become subject to tax audits, tax litigation or similar proceedings, and as a result we may owe additional taxes, interest and penalties in amounts that may be material. We are subject to income taxes in the United States as well as many other jurisdictions. In determining our provisions for income taxes and our accounting for tax- related matters in general, we are required to exercise judgment. We regularly make estimates where the ultimate tax determination is uncertain. The final determination of any tax audit, appeal of the decision of a taxing authority, tax litigation or similar proceedings may be materially different from that reflected in our historical financial statements. The assessment of additional taxes, interest and penalties could be materially adverse to our current and future results of operations and financial condition. Applicable laws and our certificate of incorporation and by- laws may discourage takeovers and business combinations that some stockholders might consider in their best interests. State laws and our certificate of incorporation and by- laws may delay, defer, prevent, or render more difficult a takeover attempt that some stockholders might consider in their best interests. For instance, they may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future. State laws and our certificate of incorporation and by- laws may also make it difficult for stockholders to replace or remove our management. These provisions may facilitate management entrenchment, which may delay, defer or prevent a change in our control, which may not be in the best interests of our stockholders. ~~31The~~

The following provisions, included in our certificate of incorporation and by-laws, may also have anti-takeover effects and may delay, defer or prevent a takeover attempt that some stockholders might consider in their best interests. In particular, our certificate of incorporation and by-laws: • permit our Board to issue one or more series of preferred stock; • divide our Board into three classes; • limit the ability of stockholders to remove directors; • prohibit stockholders from filling vacancies on our Board; • prohibit stockholders from calling special meetings of stockholders; • impose advance notice requirements for stockholder proposals and nominations of directors to be considered at stockholder meetings and • require the approval of at least 75 % of the voting power of our outstanding common stock for the amendment of our by-laws and provisions of our certificate of incorporation governing: • the classified board, • the director's discretion in determining what he or she reasonably believes to be in the best interests of PFG, • the liability of directors, • the removal of directors by shareholders, • the prohibition on stockholder actions by written consent and • the supermajority voting requirements. In addition, Section 203 of the General Corporation Law of the State of Delaware may limit the ability of an "interested stockholder" to engage in business combinations with us. An interested stockholder is defined to include persons owning 15 % or more of our outstanding voting stock.

Risks relating to our business Competition, including from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance, may impair our ability to retain existing customers, attract new customers and maintain our profitability. We compete with many financial services companies, many of which may have advantages over us in one or more of the competitive factors described in Item 1. "Business Competition."

Retirement and Income Solutions segment and Principal Asset Management segment primarily compete with asset managers, wealth managers, banks, mutual funds, institutional trust companies, broker-dealers, recordkeepers and insurers. Our ability to increase and retain AUM is directly related to the quality of our recordkeeping system and services and the performance of our investments as measured against market averages and the performance of our competitors. Even when securities prices are generally rising, performance can be affected by investment styles. Benefits and Protection segment primarily competes with other insurance companies. In the event competitors charge lower premiums or fees for substantially similar products, we may face pressure to lower our prices to attract and retain customers and distributors. Reductions in the premiums and fees we charge may adversely affect our revenues and profitability.

Risks A downgrade in our financial strength or credit ratings may increase policy surrenders and withdrawals, reduce new sales, terminate relationships with distributors, impact existing liabilities and increase our cost of capital, any of which could adversely affect our profitability and financial condition. A. M. Best, Fitch, Moody's and S & P publish financial strength ratings on U. S. life insurance companies as well as some of our international insurance companies. These ratings indicate the applicable rating agency's opinion regarding an insurance company's ability to meet contractholder and policyholder obligations. These rating agencies also assign credit ratings on non-life insurance entities, such as PFG and Principal Financial Services, Inc. ("PFS"). Credit ratings indicate the applicable rating agency's opinion regarding a debt issuer's ability to meet the terms of debt obligations in a timely manner and are important factors in overall funding profile and ability to access external capital. Ratings are important factors in establishing the competitive position of insurance companies and maintaining public confidence in products being offered. Our ratings could be downgraded at any time without advance notice by any rating agency. A ratings downgrade, or the potential for such a downgrade, could, among other things: • materially increase the number of surrenders for all or a portion of the net cash values by the owners of policies and contracts we have issued, and materially increase the number of withdrawals by policyholders of cash values from their policies; • result in the termination of our relationships with broker-dealers, banks, agents, wholesalers and other distributors of our products and services; • reduce new sales, particularly with respect to pension risk transfer products and general account GICs and funding agreements purchased by pension plans and other institutions; • cause some of our existing liabilities to be subject to acceleration, additional collateral support, changes in terms, or creation of additional financial obligations; and • increase our cost of capital and limit our access to the capital markets. Any of these consequences could adversely affect our profitability and financial condition. For further discussion on financial strength and credit ratings outlook, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

Client terminations or withdrawals or changes in investor preferences may lead to a reduction in revenues for our asset management and accumulation businesses. Revenues from our asset management and accumulation products are primarily fee-based. Our asset-based fees are typically calculated as a percentage of the market value of AUM. Our asset management and accumulation clients may elect to terminate their relationship with us or withdraw funds, generally on short notice. Client terminations and withdrawals may be driven by a variety of factors, including economic conditions, investment performance, investor preferences or changes in our reputation in the marketplace. Significant terminations or withdrawals may reduce our AUM, thus adversely affecting our revenues and profitability.

Risks In addition, fee levels can vary significantly among different types of investments. We generally earn higher fees on liquid alternatives and equity investments vs. fixed income investments and on actively managed investments vs. indexed or passive investment strategies. Therefore, our fee revenue is impacted by both the value and the composition of our AUM. Investor preferences with respect to asset classes and investment strategies may shift over time due to market conditions, tax law changes, regulatory changes and various other factors. Changes in the composition of our AUM may adversely affect our revenues and profitability.

Guarantees Guarantees within certain of our products that protect policyholders may decrease our net income or increase the volatility of our results of operations or financial position under U. S. GAAP if our hedging or risk management strategies prove ineffective or insufficient. Certain of our variable annuity products include guaranteed minimum death benefits and / or guaranteed minimum withdrawal benefits. We use derivative instruments to attempt to mitigate changes in the exposure related to interest rate, equity market and volatility movements, and the volatility of net income associated with the liabilities for such products. However, we remain liable for the guaranteed benefits in the event that derivative counterparties are unable or unwilling to pay. The liability exposure and volatility of net income or OCI may also be influenced by changes in market credit spreads reflecting our own creditworthiness, for which we do not attempt to hedge. In addition, we are subject to the risk that hedging and other management procedures prove ineffective or that unanticipated

policyholder behavior or mortality, combined with adverse market events, produces economic losses beyond the scope of the risk management techniques employed. These, individually or collectively, may have a material adverse effect on our net income, financial condition or liquidity. We are also subject to the risk that the cost of hedging these guaranteed minimum benefits increases as implied volatilities increase and / or interest rates decrease, resulting in a reduction to net income. Our international businesses face political, legal, operational and other risks that could reduce our profitability in those businesses. Our international businesses face political, legal, operational and other risks ~~that we do not~~ **differentiated from those currently face faced** in our operations in the U. S. We face the risk of discriminatory regulation, nationalization or expropriation of assets, price controls and exchange controls or other restrictions that prevent us from transferring funds from these operations out of the locations in which they operate or converting local currencies we hold into U. S. dollars or other currencies. Our international businesses could also be negatively impacted by rising geopolitical tension, competing legal requirements and increased strategic competition between the U. S. and other countries, such as China. In addition, our international businesses face the risk of political instability and social unrest, which heightens our risks as those may lead to disruptions to those businesses and to local financial markets and commerce and reduced economic activity in the countries in which we operate. Some of our international businesses are, and are likely to continue to be, in emerging or potentially volatile markets. For example, **recent judicial and regulatory reforms in Mexico may create uncertainty for investors regarding the rule of law. The Chilean Chilean, a new government proposal is taking its first steps to reform the mandatory country's pension system implies potential changes, which includes a proposed increase in contributions and modification of pension fund administration. The impact on the overall competitive environment for private pension fund managers is still to be determined and participants. A complex political environment creates uncertainty regarding the ultimate outcome of the lengthy legislative process toward reform.** In addition, we rely on local staff, including local sales forces, in those locations where there is a risk and we may encounter labor problems with local staff, especially in locations where workers' associations and trade unions are strong. Laws in some countries may require more stringent data security such as requiring the processing and storage of their citizens' personal information to remain in- country. This may result in higher compliance and technology expenses, as well as the suboptimization of business processes. We face risks arising from fraudulent activities. Our policyholders may submit fraudulent requests for claim payments. This can result in higher claims expense and higher operational expenses associated with preventing and detecting fraudulent claim requests and other fraudulent activities. **Our retirement product participants and individual product owners may themselves be the target of theft by fraudulent means by threat actors. This can result in financial risks in circumstances where we make our customers and participants whole if the theft occurred by a defeat of our fraud prevention and detection processes. Finally, successful thefts can also result in reputational and regulatory risks if we fail to adopt reasonable processes and systems needed to safeguard our customers' assets.** We face risks arising from our participation in joint ventures. We participate in joint ventures, primarily in our international businesses and real estate investment operations. In these joint ventures, we lack complete management and operational control over the operations, and our joint venture partners may have objectives that are not fully aligned with our interests. These factors may limit our ability to take action to protect or increase the value of our investment in the joint venture. ~~34~~**We 31** We may need to fund deficiencies in our Closed Block assets. In connection with its conversion in 1998 into a stock life insurance company, Principal Life established an accounting mechanism, known as a "Closed Block" for the benefit of participating ordinary life insurance policies that had a dividend scale in force on July 1, 1998. We allocated assets to the Closed Block as of July 1, 1998, in an amount such that we expected the cash flows, together with anticipated revenues from the policies in the Closed Block, to be sufficient to support the Closed Block business, including payment of claims, certain direct expenses, charges and taxes and to provide for the continuation of aggregate dividend scales in accordance with the 1997 policy dividend scales if the experience underlying such scales continued, and to allow for appropriate adjustments in such scales if the experience changed. We will continue to pay guaranteed benefits under the policies included in the Closed Block, in accordance with their terms. The Closed Block assets, cash flows generated by the Closed Block assets and anticipated revenues from policies included in the Closed Block may not be sufficient to provide for the benefits guaranteed under these policies. If they are not sufficient, we must fund the shortfall. Even if they are sufficient, we may choose for business reasons to support dividend payments on policies in the Closed Block with our general account funds. The Closed Block assets, cash flows generated by the Closed Block assets and anticipated revenues from policies in the Closed Block will benefit only the holders of those policies. In addition, to the extent these amounts are greater than the amounts estimated at the time we funded the Closed Block, dividends payable in respect of the policies included in the Closed Block may be greater than they would have been in the absence of a Closed Block. Any excess net income will be available for distribution over time to Closed Block policyholders but will not be available to our stockholders. See Item 8. "Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 6, Closed Block" for further details. Our reinsurers could default on their obligations or increase their rates, which could adversely impact our net income and financial condition. We cede life, annuity, disability, medical and long- term care insurance to other insurance companies through reinsurance. See Item 8. "Financial Statements and Supplementary Data, Notes to Consolidated Financial Statements, Note 12, Reinsurance." ~~See Item 1. "Business," for information about the Talcott Reinsurance Transaction.~~ The collectability of reinsurance recoverables is largely dependent on the solvency of the individual insurers. We remain liable to the policyholder, even if the reinsurer defaults on its obligations with respect to the ceded business. In addition, a reinsurer's insolvency may cause us to lose our reserve credits on the ceded business, in which case we would be required to establish additional reserves. The premium rates we charge are based, in part, on the assumption that reinsurance will be available at a certain cost. Most of our reinsurance contracts contain provisions that limit the reinsurer's ability to increase rates on in- force business; however, some do not. If a reinsurer raises the rates it charges on a block of in- force business, our profitability may be negatively impacted if we are not able to pass the increased costs on to the customer. If reinsurers raise the rates they charge on new business, we may be forced to raise the premiums we charge, which could have a negative impact on

our competitive position. We face risks arising from future acquisitions of businesses. We have acquired businesses in the past and expect to continue to do so in the future. We face a number of risks arising from future acquisition transactions, including difficulties in integrating the acquired business into our operations, difficulties in assimilating and retaining employees and intermediaries, difficulties in retaining the existing customers of the acquired entity, unforeseen liabilities that arise in connection with the acquired business, unfavorable market conditions that could negatively impact our growth expectations for the acquired business and sustained declines in the equity market that could reduce the AUM and fee revenues for certain acquired businesses. These risks may prevent us from realizing the expected benefits from future acquisitions and could result in the impairment of goodwill and / or intangible assets recognized at the time of acquisition. For additional information on our goodwill and other intangible assets, see Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates — Goodwill and Other Intangible Assets.” We face risks in administering ~~the Talcott Reinsurance Transaction~~. We have a coinsurance with funds withheld reinsurance ~~transaction~~ **agreements. We have coinsurance with funds withheld reinsurance agreements** with Talcott Life & Annuity Re, Ltd., a limited liability company organized under the laws of the Cayman Islands and an affiliate of Talcott Resolution Life, Inc., a subsidiary of Sixth Street, pursuant to which we ceded our in- force U. S. retail fixed annuity and ULSG blocks of business. We face a number of ~~on-going~~ **ongoing** risks, including managing the relationships under ~~the~~ reinsurance agreements, managing a smaller portfolio of general account assets and managing relationships with our distribution channels. These risks may prevent us from realizing the expected benefits from the ~~Talcott Reinsurance Transaction~~ **reinsurance agreements** and could result in the recapture of the ceded business upon the occurrence and continuation of certain events and higher costs related to managing the reinsured blocks of business. ~~35General~~ **32General** risks A pandemic, terrorist attack, military action or other catastrophic event could adversely affect our operations, net income or financial condition. The occurrence of pandemic disease, man- made disasters such as terrorist attacks and military actions, and natural disasters could adversely affect our operations, net income or financial condition. For example, our mortality and morbidity experience could be adversely impacted by a catastrophic event. In addition, a severe catastrophic event may cause significant volatility in global financial markets, disruptions to commerce and reduced economic activity. Ongoing economic disruptions may lead to declines and volatility in interest rates or equity prices, either of which could adversely affect our results of operations and financial condition. The resulting macroeconomic conditions could adversely affect our cash flows, as well as the value and liquidity of our invested assets. We may also experience operational disruptions if our employees or third party service providers are unable or unwilling to work due to a catastrophic event. Our financial results may be adversely impacted by global climate changes. Atmospheric concentrations of carbon dioxide and other greenhouse gases have increased dramatically since the industrial revolution, resulting in a gradual increase in global average temperatures and an increase in the frequency and severity of natural disasters. These trends are expected to continue in the future and have the potential to impact nearly all sectors of the economy. We cannot predict the long- term impacts of climate change, but we will continue to monitor new developments in the future. Potential impacts may include the following: • Changes in temperatures and air quality may adversely impact our mortality and morbidity rates. For example, increases in the level of pollution and airborne allergens may cause an increase in upper respiratory and cardiovascular diseases, leading to increased claims in our insurance businesses. However, the risk of increased mortality on our life insurance business may be partly offset by our payout annuity business, where an increase in mortality results in a decrease in benefit payments. • Climate change may impact asset prices, as well as general economic conditions. For example, rising sea levels may lead to decreases in real estate values in coastal areas. Additionally, government policies to slow climate change (e. g., setting limits on carbon emissions) may have an adverse impact on sectors such as utilities, transportation and manufacturing. Changes in asset prices may impact the value of our fixed income, real estate and commercial mortgage investments. We manage our investment risks by maintaining a well- diversified portfolio, both geographically and by sector. We also monitor our investments on an ongoing basis, allowing us to adjust our exposure to sectors and / or geographical areas that face severe risks due to climate change. • We maintain extensive business continuity and disaster recovery planning programs, including scenario planning and assessments. Nonetheless, a natural disaster that affects one of our office locations, or the office of a key service provider, could disrupt our operations and pose a threat to the safety of our employees. Technological and societal changes may disrupt our business model and impair our ability to retain existing customers, attract new customers and maintain our profitability. Technological advances, innovation in the financial services industry and societal changes may impact our business model and competitive position. These changes **, led by rapidly evolving AI capabilities,** may lead to significant changes in the marketing, distribution, underwriting and pricing of financial services products. In addition, technological and societal changes may lead to changes in customers’ preferences as to how they want to interact with us and the types of products they want to buy. We may need to change our distribution channels, our customer service model or our product offerings to accommodate evolving customer preferences. Implementing these changes may require significant expenditures. To the extent our competitors are more successful than us at adapting to technological changes and evolving customer preferences, our competitive position and profitability may be adversely impacted. Advances in medical technology may also adversely impact our profitability. Increases in the availability and accuracy of genetic testing may increase our exposure to anti- selection risk. In addition, medical advances may lead to increased longevity. As a result, we may be required to pay annuity benefits over a longer period of time than we had projected, thereby reducing the profitability of our annuity products. ~~36Damage~~ **33Damage** to our reputation may adversely affect our revenues and profitability. Our continued success is dependent upon our ability to earn and maintain the trust and confidence of customers, distributors, **advisors,** employees and other stakeholders. Damage to our reputation may arise from a variety of sources including, but not limited to, litigation or regulatory actions, compliance failures, employee misconduct, conduct of third parties working on our behalf, cybersecurity incidents or other fraudulent activities, unfavorable press coverage and unfavorable comments on social media. Adverse developments within our industry may also, by association, negatively impact our reputation or result in greater regulatory or legislative scrutiny **and increased operating**

costs. Any damage to our reputation could adversely affect our ability to attract and retain customers, distributors and employees, potentially leading to a reduction in our revenues and profitability. We may not be able to protect our intellectual property and may be subject to infringement claims. We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Third parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. The loss of intellectual property protection or the inability to secure or enforce the protection of our intellectual property assets could have a material adverse effect on our business and our ability to compete. We also may be subject to costly litigation in the event another party alleges our operations or activities infringe upon such other party's intellectual property rights. Third parties may have, or may eventually be issued, patents or other protections that could be infringed by our products, methods, processes or services or could otherwise limit our ability to offer certain product features. Any party that holds such a patent could make a claim of infringement against us. We may also be subject to claims by third parties for breach of copyright, trademark, license usage rights or misappropriation of trade secret rights. Any such claims and any resulting litigation could result in significant liability for damages. If we were found to have infringed or misappropriated a third party patent or other intellectual property rights, we could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to our customers or utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses, or alternatively could be required to enter into costly licensing arrangements with third parties, all of which could have a material adverse effect on our business, results of operations and financial condition. If we are unable to attract, develop and retain qualified employees and sales representatives and develop new distribution sources, our results of operations, financial condition, **strategic growth commitments** and sales of our products may be adversely impacted. Our continued success is largely dependent on our ability to attract, develop and retain qualified employees. We face intense competition in attracting and retaining key employees, including investment, marketing, finance, actuarial, data analytics, information security, technology, client service and other professionals. If we are unable to attract, develop and retain qualified employees, our results of operations and financial condition may be adversely impacted. We distribute our asset accumulation, asset management, **Life life Insurance insurance** and **Specialty specialty Benefits benefits** products and services through a variety of distribution channels, including our own internal digital channels, sales representatives, independent brokers, banks, broker-dealers and other third party marketing organizations. We must attract and retain sales representatives to sell our products and digital professionals to build and enhance our customers' digital experience. Strong competition exists among financial services companies for these roles. We compete with other financial services companies for sales representatives primarily on the basis of our financial position, support services and compensation and product features. If we are unable to attract and retain sufficient sales representatives to sell our products, our ability to compete and revenues from new sales would suffer. Our ability to increase and retain AUM is directly related to the performance of our investments as measured against market averages and the performance of our competitors. If we are unable to attract and retain qualified portfolio managers, we may face reduced sales and increased cash outflows in our asset accumulation and asset management businesses. **37-34**