

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report: **October 27, 2022**
(Date of earliest event reported)

PRINCIPAL FINANCIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-16725
(Commission file number)

42-1520346
(I.R.S. Employer
Identification Number)

711 High Street, Des Moines, Iowa 50392
(Address of principal executive offices)

(515) 247-5111
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock	PFG	Nasdaq Global Select Market

Item 2.02 Results of Operations and Financial Condition

On October 27, 2022, Principal Financial Group, Inc. publicly announced information regarding its results of operations and financial condition for the quarter ended September 30, 2022. The text of the announcement is included herewith as Exhibit 99.

Item 9.01 Financial Statements and Exhibits

99 [Third Quarter 2022 Earnings Release](#)

104 Cover Page to this Current Report on Form 8-K in Inline XBRL

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRINCIPAL FINANCIAL GROUP, INC.

By: /s/ Deanna D. Strable-Soethout

Name: Deanna D. Strable-Soethout

Title: Executive Vice President and Chief Financial Officer

Date: October 27, 2022



Release: On receipt, Oct. 27, 2022
 Media Contact: Jane Slusark, 515-362-0482, slusark.jane@principal.com
 Investor Contact: Humphrey Lee, 515-235-9500, lee.humphrey@principal.com

**Principal Financial Group® Announces Third Quarter 2022 Results
Declares fourth quarter common stock dividend**

Third Quarter 2022 Company Highlights

- Net income attributable to Principal Financial Group®, Inc. (PFG) of \$1.4 billion, or \$5.50 per diluted share, includes \$1.0 billion of income from exited business.
- Non-GAAP operating earnings¹ of \$427 million, or \$1.69 per diluted share.
- Returned \$607 million of capital to shareholders, including \$450 million in share repurchases and \$157 million of common stock dividends.
- Company declares fourth quarter 2022 common stock dividend of \$0.64 per share.
- Assets under management (AUM) of \$608 billion managed by PFG, which is included in assets under administration (AUA) of \$1.4 trillion.
- Net cash flow of \$2.4 billion, including \$2.3 billion of Principal Global Investors managed net cash flow

(Des Moines, Iowa) – Principal Financial Group® (Nasdaq: PFG) announced results for third quarter 2022.

- Net income attributable to PFG for third quarter 2022 of \$1,385.5 million, including \$990.7 million from exited business, compared to \$359.9 million for third quarter 2021. Net income per diluted share of \$5.50 for third quarter 2022 compared to \$1.32 in the prior year quarter.
 - As noted in **Exhibit 1**, third quarter 2022 net income reflected the impacts of the **significant variances¹, including the annual actuarial assumption review**, which increased net income by \$130.3 million, or \$0.52 per diluted share.
- Non-GAAP operating earnings for third quarter 2022 of \$426.8 million, compared to \$458.4 million for third quarter 2021. Non-GAAP operating earnings per diluted share of \$1.69 for third quarter 2022 compared to \$1.69 in the prior year quarter.
 - **Third quarter 2022 non-GAAP operating earnings reflected the following significant variances¹ from expected as noted in Exhibit 1:**
 - Results of the **annual actuarial assumption review** increased non-GAAP operating earnings by \$68.0 million, or \$0.27 per diluted share;
 - And a net \$45.1 million, or \$0.18 per diluted share, decrease to non-GAAP operating earnings from lower than expected variable investment income, lower than expected encaje performance in Latin America, partially offset by favorable COVID-19 claims experience.

¹ Use of non-GAAP financial measures is discussed in this release after segment results. Non-GAAP operating earnings for total company is after tax. The total company impacts of significant variances, including the actuarial assumption review, are also after tax.



- o After excluding the significant variances noted in Exhibit 1, non-GAAP operating earnings decreased 9 percent, or 2 percent per diluted share, over the prior year quarter.
- **Quarterly common stock dividend of \$0.64 per share** for fourth quarter 2022 was authorized by the company's Board of Directors, bringing the trailing twelve-month dividend to \$2.56 per share, a 5% increase compared to the prior year trailing twelve-month period. The dividend will be payable on Dec. 19, 2022, to shareholders of record as of Dec. 1, 2022.

"We continued to see momentum across our businesses in the third quarter and generated \$2.4 billion of positive total company net cash flow, despite headwinds from equity and fixed income markets and foreign exchange rates," said Dan Houston, chairman, president, and CEO of Principal®. "Our diversified business strategy remained resilient as we delivered \$427 million of non-GAAP operating earnings, or \$1.69 per diluted share, in the quarter. We remain in a strong financial position with the financial flexibility, discipline, and experience to manage through this time of macroeconomic uncertainty. Through the third quarter, we deployed \$2.2 billion of capital, of which \$1.9 billion was returned to shareholders through common stock dividends and share repurchases, including more than \$600 million in the third quarter."

"While we're diligently managing expenses with pressured revenues, we're continuing to invest for the long-term in our growth drivers of retirement, global asset management, and benefits and protection."

Third quarter highlights

- Deployed \$907.5 million of capital during the third quarter, including:
 - o \$450.1 million to repurchase 6.0 million shares of common stock;
 - o \$157.4 million of common stock dividends with the \$0.64 per share common dividend paid in the third quarter; and
 - o \$300.0 million to pay down debt that matured during the quarter
- Improved investment performance²: 50% of Principal investment options above median on a one-year basis, 64% on a three-year basis, 75% on a five-year basis, and 82% on a ten-year basis; additionally, 56% of fund-level AUM had a 4- or 5-star rating from Morningstar
- RIS – Fee recurring deposits increased 10% over third quarter 2021
- RIS – Spread sales of \$1.7 billion, including \$0.6 billion of pension risk transfer sales
- Principal Global Investors (PGI) managed net cash flow of \$2.3 billion and 38% pre-tax return on operating revenues less pass-through expenses³
- Principal International reported total AUM of \$144.6 billion; reported AUM does not include \$184.9 billion of AUM in China
- Specialty Benefits premium and fees⁴ increased 12% from the third quarter of 2021, due to record year-to-date sales, strong retention, and employment growth
- Individual Life sales increased 15% from the third quarter of 2021, demonstrating a refreshed focus on the value proposition for business owners

Strong financial position

- \$1.4 billion of excess and available capital in our holding companies and other subsidiaries, which is available for corporate purposes
- Statutory risk-based capital (RBC) ratio for Principal Life Insurance Company of approximately 405%

² Includes only funds with ratings assigned by Morningstar; non-rated funds excluded (89 total, 82 are ranked).

³ Pre-tax return on operating revenues less pass-through expenses = pre-tax operating earnings, adjusted for noncontrolling interest divided by operating revenues less pass-through expenses.

⁴ Premiums and fees = premiums and other considerations plus fees and other revenues.



Segment Results

Retirement and Income Solutions - Fee

(in millions except percentages or otherwise noted)	Quarter			Trailing Twelve Months		
	3Q22	3Q21	% Change	3Q22	3Q21	% Change
Pre-tax operating earnings ⁵	\$ 117.4	\$ 45.9	156%	\$ 466.6	\$ 389.6	20%
Net revenue ⁶	\$ 489.0	\$ 448.2	9%	\$ 2,074.6	\$ 1,993.3	4%
Pre-tax return on net revenue ⁷	24.0%	10.2%		22.5%*	19.5%*	

***Pre-tax return on net revenue** – Excluding the third quarter actuarial assumption reviews and other significant variances, the trailing twelve-month pre-tax return on net revenue was 23.7% for third quarter 2022 and 24.1% for third quarter 2021.

- **Pre-tax operating earnings** increased \$71.5 million. Excluding the significant variances outlined in Exhibit 1, pre-tax operating earnings decreased \$12.9 million due to lower net revenue partially offset by lower operating expenses.
- **Net revenue** increased \$40.8 million. Excluding the significant variances outlined in Exhibit 1, net revenue decreased \$32.8 million primarily due to impacts from unfavorable equity and fixed income markets.

Retirement and Income Solutions - Spread

(in millions except percentages or otherwise noted)	Quarter			Trailing Twelve Months		
	3Q22	3Q21	% Change	3Q22	3Q21	% Change
Pre-tax operating earnings	\$ 161.2	\$ 197.3	(18)%	\$ 715.6	\$ 688.6	4%
Net revenue	\$ 197.5	\$ 240.5	(18)%	\$ 854.8	\$ 876.5	(2)%
Pre-tax return on net revenue	81.6%	82.0%		83.7%*	78.6%*	

***Pre-tax return on net revenue** – Excluding the third quarter actuarial assumption reviews and other significant variances, the trailing twelve-month pre-tax return on net revenue was 79.3% for third quarter 2022 and 71.6% for third quarter 2021.

- **Pre-tax operating earnings** decreased \$36.1 million. Excluding the significant variances outlined in Exhibit 1, pre-tax operating earnings increased \$2.5 million.
- **Net revenue** decreased \$43.0 million. Excluding the significant variances outlined in Exhibit 1, net revenue decreased \$4.4 million due to impacts from the 2022 reinsurance transaction and lower experience gains, partially offset by growth in the retained business.

⁵ Pre-tax operating earnings = operating earnings before income taxes and after noncontrolling interest.

⁶ Net revenue = operating revenues less benefits, claims and settlement expenses less dividends to policyholders.

⁷ Pre-tax return on net revenue = pre-tax operating earnings divided by net revenue.



Principal Global Investors

(in millions except percentages or otherwise noted)	Quarter			Trailing Twelve Months		
	3Q22	3Q21	% Change	3Q22	3Q21	% Change
Pre-tax operating earnings	\$ 142.0	\$ 190.1	(25)%	\$ 658.2	\$ 667.5	(1)%
Operating revenues less pass-through expenses ⁸	\$ 373.1	\$ 424.6	(12)%	\$ 1,651.9	\$ 1,588.7	4%
Pre-tax return on operating revenues less pass-through expenses	38.4%	45.2%		40.1%	42.4%	
Total PGI assets under management (billions)	\$ 449.4	\$ 535.4	(16)%			
PGI sourced assets under management (billions)	\$ 235.7	\$ 265.2	(11)%			

- **Pre-tax operating earnings** decreased \$48.1 million due to lower operating revenues less pass-through expenses.
- **Operating revenues less pass-through expenses** decreased \$51.5 million due to lower management fees from unfavorable equity and fixed income markets and lower performance fees.

Principal International

(in millions except percentages or otherwise noted)	Quarter			Trailing Twelve Months		
	3Q22	3Q21	% Change	3Q22	3Q21	% Change
Pre-tax operating earnings	\$ 66.7	\$ 81.0	(18)%	\$ 322.1	\$ 263.4	22%
Combined net revenue (at PFG share) ⁹	\$ 222.1	\$ 244.8	(9)%	\$ 964.9	\$ 903.3	7%
Pre-tax return on combined net revenue (at PFG share)	30.0%	33.1%		33.4%*	29.2%*	
Assets under management (billions)	\$ 144.6	\$ 155.8	(7)%			

***Pre-tax return on combined net revenue (at PFG share)** – Excluding the third quarter actuarial assumption reviews and other significant variances, the trailing twelve month combined pre-tax return on net revenue (at PFG share) was 31.0% for third quarter 2022 and 31.4% for third quarter 2021.

- **Pre-tax operating earnings** decreased \$14.3 million. Excluding the significant variances outlined in Exhibit 1, pre-tax operating earnings decreased \$3.6 million primarily due to lower combined net revenue.
- **Combined net revenue (at PFG share)** decreased \$22.7 million. Excluding the significant variances outlined in Exhibit 1, combined net revenue decreased \$16.6 million due to foreign currency headwinds and the impact of the regulatory fee reduction in Mexico.

⁸ The company has provided reconciliations of the non-GAAP measures to the most directly comparable U.S. GAAP measures at the end of the release. The company has determined this measure is more representative of underlying operating revenues growth for PGI as it removes commissions and other expenses that are collected through fee revenue and passed through expenses with no impact to pre-tax operating earnings.

⁹ Combined net revenue (a non-GAAP financial measure): net revenue for all PI companies at 100% less pass-through commissions. The company has determined combined net revenue (at PFG share) is more representative of underlying net revenue growth for PI as it reflects our proportionate share of consolidated and equity method subsidiaries. In addition, using this net revenue metric provides a more meaningful representation of our profit margins.



Specialty Benefits Insurance

(in millions except percentages or otherwise noted)	Quarter			Trailing Twelve Months		
	3Q22	3Q21	% Change	3Q22	3Q21	% Change
Pre-tax operating earnings	\$ 86.6	\$ 69.9	24%	\$ 327.1	\$ 235.9	39%
Premium and fees	\$ 712.5	\$ 638.9	12%	\$ 2,734.1	\$ 2,475.4	10%
Pre-tax return on premium and fees ¹⁰	12.2%	10.9%		12.0%*	9.5%*	
Incurred loss ratio	62.2%	64.9%		63.4%	65.6%	

***Pre-tax return on premium and fees** – Excluding the third quarter actuarial assumption review and other significant variances, the trailing twelve-month pre-tax return on premium and fees was 14.0% for third quarter 2022 and 12.7% for third quarter 2021.

- **Pre-tax operating earnings** increased \$16.7 million. Excluding the significant variances outlined in Exhibit 1, pre-tax operating earnings decreased slightly due to an increase in the incurred loss ratio partially offset by growth in the business.
- **Premium and fees** increased \$73.6 million driven by record year-to-date sales, strong retention, and employment growth.
- **Incurred loss ratio** decreased due to improved claims experience, driven by lower COVID claims. Excluding the significant variances outlined in Exhibit 1, the incurred loss ratio increased driven by higher Individual Disability claim severity partially offset by lower group mortality.

Individual Life Insurance

(in millions except percentages or otherwise noted)	Quarter			Trailing Twelve Months		
	3Q22	3Q21	% Change	3Q22	3Q21	% Change
Pre-tax operating earnings (losses)	\$ 49.1	\$ 81.7	(40)%	\$ 173.5	\$ 227.0	(24)%
Premium and fees	\$ 251.06	\$ 302.1	(17)%	\$ 1,025.1	\$ 1,247.7	(18)%
Pre-tax return on premium and fees	19.6%	27.0%		16.9%*	18.2%*	

***Pre-tax return on premium and fees** – Excluding the third quarter actuarial assumption reviews and other significant variances, the trailing twelve-month pre-tax return on premium and fees was 21.1% for third quarter 2022 and 15.9% for third quarter 2021.

- **Pre-tax operating earnings** decreased \$32.6 million. Excluding the significant variances outlined in Exhibit 1, pre-tax operating earnings increased \$5.3 million due to improved claims experience.
- **Premium and fees** decreased \$51.1 million. Excluding the significant variances outlined in Exhibit 1, premium and fees decreased 24% due to impacts from the 2022 reinsurance transaction.

¹⁰ Pre-tax return on premium and fees = pre-tax operating earnings divided by premium and fees.



Corporate

<i>(in millions except percentages or otherwise noted)</i>	<i>Quarter</i>			<i>Trailing Twelve Months</i>		
	3Q22	3Q21	% Change	3Q22	3Q21	% Change
Pre-tax operating losses	\$ (100.8)	\$ (97.1)	(4)%	\$ (477.1)	\$ (355.2)	(34)%

- **Pre-tax operating losses** increased \$3.7 million primarily due to lower than expected variable investment income.
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Exhibit 1

Principal Financial Group
Impact of 3Q 2022 and 3Q 2021 significant variances on quarterly net income attributable to PFG and non-GAAP operating earnings
(in millions, except per share data)

	Impacts of 3Q 2022 significant variances			Impacts of 3Q 2021 significant variances		
	Actuarial assumption review	Other significant variances ¹¹	Total 3Q22 significant variances	Actuarial assumption review	Other significant variances ¹²	Total 3Q21 significant variances
Net income attributable to PFG	\$ 130.3	\$ (45.1)	\$ 85.2	\$ (14.2)	\$ 40.1	\$ 25.9
Net realized capital (gains) losses, as adjusted	(1.8)	-	(1.8)	(11.6)	-	(11.6)
(Income) loss from exited business	(60.5)	-	(60.5)	-	-	-
Non-GAAP operating earnings	68.0	(45.1)	22.9	(25.8)	40.1	14.3
Income taxes	18.1	(10.6)	7.5	(6.9)	10.3	3.4
Non-GAAP pre-tax operating earnings	\$ 86.1	\$ (55.7)	\$ 30.4	\$ (32.7)	\$ 50.4	\$ 17.7
Per diluted share:						
Net income	\$ 0.52	\$ (0.18)	\$ 0.34	\$ (0.05)	\$ 0.14	\$ 0.09
Net realized capital (gains) losses, as adjusted	(0.01)	-	(0.01)	(0.04)	-	(0.04)
(Income) loss from exited business	(0.24)	-	(0.24)	-	-	-
Non-GAAP operating earnings	\$ 0.27	\$ (0.18)	\$ 0.09	\$ (0.09)	\$ 0.14	\$ 0.05
Weighted average diluted common shares outstanding	251.9	251.9	251.9	271.9	271.9	271.9
Segment pre-tax operating earnings (losses):						
RIS-Fee	\$ 12.6	\$ (5.5)	\$ 7.1	\$ (67.3)	\$ (10.0)	\$ (77.3)
RIS-Spread	54.7	(17.3)	37.4	-	76.0	76.0
Retirement and Income Solutions	67.3	(22.8)	44.5	(67.3)	66.0	(1.3)
Principal Global Investors	-	-	-	-	-	-
Principal International	-	(5.6)	(5.6)	-	5.1	5.1
Specialty Benefits	9.5	(6.0)	3.5	2.5	(18.0)	(15.5)
Individual Life	9.3	(13.8)	(4.5)	32.1	1.3	33.4
U.S. Insurance Solutions	18.8	(19.8)	(1.0)	34.6	(16.7)	17.9
Corporate	-	(7.5)	(7.5)	-	(4.0)	(4.0)
Total segment pre-tax operating earnings	\$ 86.1	\$ (55.7)	\$ 30.4	\$ (32.7)	\$ 50.4	\$ 17.7

Income statement line item details of the 3Q22 and 3Q21 significant variances are available in our earnings conference call presentation on our website.

¹¹ Other significant variances in 3Q22 include 1) lower than expected variable investment income in RIS-Fee, RIS-Spread, Specialty Benefits, Individual Life and Corporate, partially offset by higher variable investment income in Principal International; 2) lower than expected encaje performance in Principal International; 3) COVID-19 related claims in RIS-Spread and Individual Life.

¹² Other significant variances in 3Q21 include 1) higher than expected variable investment income in RIS-Spread, Principal International, Specialty Benefits and Individual Life, partially offset by lower variable investment income in Corporate; 2) COVID-19 related claims in RIS-Spread, Specialty Benefits and Individual Life; 3) IRT integration costs in RIS-Fee; and 4) lower than expected encaje performance in Principal International.



Forward looking and cautionary statements

Certain statements made by the company which are not historical facts may be considered forward-looking statements, including, without limitation, statements as to non-GAAP operating earnings, net income attributable to PFG, net cash flow, realized and unrealized gains and losses, capital and liquidity positions, sales and earnings trends, and management's beliefs, expectations, goals and opinions. The company does not undertake to update these statements, which are based on a number of assumptions concerning future conditions that may ultimately prove to be inaccurate. Future events and their effects on the company may not be those anticipated, and actual results may differ materially from the results anticipated in these forward-looking statements. The risks, uncertainties and factors that could cause or contribute to such material differences are discussed in the company's annual report on Form 10-K for the year ended Dec. 31, 2021, and in the company's quarterly report on Form 10-Q for the quarter ended Jun. 30, 2022, filed by the company with the U.S. Securities and Exchange Commission, as updated or supplemented from time to time in subsequent filings. These risks and uncertainties include, without limitation: adverse capital and credit market conditions may significantly affect the company's ability to meet liquidity needs, access to capital and cost of capital; conditions in the global capital markets and the economy generally; volatility or declines in the equity, bond or real estate markets; changes in interest rates or credit spreads or a sustained low interest rate environment; the elimination of the London Inter-Bank Offered Rate ("LIBOR"); the company's investment portfolio is subject to several risks that may diminish the value of its invested assets and the investment returns credited to customers; the company's valuation of investments and the determination of the amount of allowances and impairments taken on such investments may include methodologies, estimations and assumptions that are subject to differing interpretations; any impairments of or valuation allowances against the company's deferred tax assets; the company's actual experience for insurance and annuity products could differ significantly from its pricing and reserving assumptions; the pattern of amortizing the company's DAC asset and other actuarial balances on its universal life-type insurance contracts, participating life insurance policies and certain investment contracts may change; changes in laws, regulations or accounting standards; the company may not be able to protect its intellectual property and may be subject to infringement claims; the company's ability to pay stockholder dividends, make share repurchases and meet its obligations may be constrained by the limitations on dividends or other distributions Iowa insurance laws impose on Principal Life; litigation and regulatory investigations; from time to time the company may become subject to tax audits, tax litigation or similar proceedings, and as a result it may owe additional taxes, interest and penalties in amounts that may be material; applicable laws and the company's certificate of incorporation and by-laws may discourage takeovers and business combinations that some stockholders might consider in their best interests; competition, including from companies that may have greater financial resources, broader arrays of products, higher ratings and stronger financial performance; technological and societal changes may disrupt the company's business model and impair its ability to retain existing customers, attract new customers and maintain its profitability; damage to the company's reputation; a downgrade in the company's financial strength or credit ratings; client terminations, withdrawals or changes in investor preferences; the company's hedging or risk management strategies prove ineffective or insufficient; inability to attract, develop and retain qualified employees and sales representatives and develop new distribution sources; an interruption in information technology, infrastructure or other internal or external systems used for business operations, or a failure to maintain the confidentiality, integrity or availability of data residing on such systems; international business risks including changes to mandatory pension schemes; risks arising from participation in joint ventures; the company may need to fund deficiencies in its "Closed Block" assets; a pandemic, terrorist attack, military action or other catastrophic event; the ongoing COVID-19 pandemic and the resulting financial market impacts; the company's reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; risks related to the company's acquisition of Wells Fargo Bank, N.A.'s IRT business; risks related to existing reinsurance arrangements, including counterparty risk, yearly renewable term mortality reinsurance rate increases, and recapture risk; loss of key vendor relationships or failure of a vendor to protect information of our customers or employees; the company's enterprise risk management framework may not be fully effective in identifying or mitigating all of the risks to which the company is exposed; and global climate change.



Use of Non-GAAP financial measures

The company uses a number of non-GAAP financial measures that management believes are useful to investors because they illustrate the performance of normal, ongoing operations, which is important in understanding and evaluating the company's financial condition and results of operations. They are not, however, a substitute for U.S. GAAP financial measures. Therefore, the company has provided reconciliations of the non-GAAP measures to the most directly comparable U.S. GAAP measure at the end of the release. The company adjusts U.S. GAAP 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 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.

Earnings conference call

On Friday, Oct. 28, 2022, at 10:00 a.m. (ET), Chairman, President and Chief Executive Officer Dan Houston and Executive Vice President and Chief Financial Officer Deanna Strable will lead a discussion of results and the impacts on future prospects, asset quality and capital adequacy during a live conference call, which can be accessed as follows:

- Via live Internet webcast. Please go to investors.principal.com at least 10-15 minutes prior to the start of the call to register, and to download and install any necessary audio software.
- Via telephone by dialing 877-407-0832 (U.S. and Canadian callers) or 201-689-8433 (international callers) approximately 10 minutes prior to the start of the call.
- Replay of the earnings call via telephone is available by dialing 877-660-6853 (U.S. and Canadian callers) or 201-612-7415 (international callers). The access code is 13733517. This replay will be available approximately two hours after the completion of the live earnings call through the end of day Oct. 31, 2022.
- Replay of the earnings call via webcast as well as a transcript of the call will be available after the call at investors.principal.com.

The company's financial supplement and slide presentation is currently available at investors.principal.com, and may be referred to during the call.



About Principal®¹³

Principal Financial Group® (Nasdaq: PFG) is a global financial company with approximately 19,000 employees¹⁴ passionate about improving the wealth and well-being of people and businesses. In business for more than 140 years, we're helping more than 55 million customers¹⁴ plan, insure, invest, and retire, while working to improve our planet, support the communities where we do business, and build a diverse, inclusive workforce. Principal® is proud to be recognized as one of America's 100 Most Sustainable Companies¹⁵, a member of the Bloomberg Gender Equality Index, and a Top 10 "Best Places to Work in Money Management"¹⁶." Learn more about Principal and our commitment to sustainability, inclusion, and purpose at principal.com.

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Summary of Principal Financial Group, Inc. and Segment Results

Principal Financial Group, Inc. Results:	<i>(in millions)</i>			
	Three Months Ended,		Trailing Twelve Months,	
	9/30/22	9/30/21	9/30/22	9/30/21
Net income attributable to PFG	\$ 1,385.5	\$ 359.9	\$ 5,292.9	\$ 1,711.4
Net realized capital (gains) losses, as adjusted	32.0	98.5	302.0	47.4
(Income) loss from exited business	(990.7)	-	(3,817.9)	-
Non-GAAP Operating Earnings*	\$ 426.8	\$ 458.4	\$ 1,777.0	\$ 1,758.8
Income taxes	95.4	110.4	409.0	358.0
Non-GAAP Pre-Tax Operating Earnings	\$ 522.2	\$ 568.8	\$ 2,186.0	\$ 2,116.8
Segment Pre-Tax Operating Earnings (Losses):				
Retirement and Income Solutions	\$ 278.6	\$ 243.2	\$ 1,182.2	\$ 1,078.2
Principal Global Investors	142.0	190.1	658.2	667.5
Principal International	66.7	81.0	322.1	263.4
U.S. Insurance Solutions	135.7	151.6	500.6	462.9
Corporate	(100.8)	(97.1)	(477.1)	(355.2)
Total Segment Pre-Tax Operating Earnings	\$ 522.2	\$ 568.8	\$ 2,186.0	\$ 2,116.8
Per Diluted Share				
<i>Three Months Ended,</i>				
9/30/22		9/30/21	9/30/22	9/30/21
Net income	\$ 5.50	\$ 1.32	\$ 18.74	\$ 4.51
Net realized capital (gains) losses, as adjusted	0.13	0.37	1.07	0.41
(Income) loss from exited business	(3.94)	0.00	(14.84)	0.00
Non-GAAP Operating Earnings	\$ 1.69	\$ 1.69	\$ 4.97	\$ 4.92
Weighted-average diluted common shares outstanding (in millions)	251.9	271.9	257.3	274.4

¹³ Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.

¹⁴ As of September 30, 2022

¹⁵ Barron's, 2022

¹⁶ Pensions & Investments, 2021



***U.S. GAAP (GAAP) net income attributable to PFG versus non-GAAP operating earnings**

Management uses non-GAAP operating earnings, which is a financial measure that excludes the effect of net realized capital gains and losses, as adjusted, income (loss) from exited business and other after-tax adjustments the company believes are not indicative of overall operating trends, 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. Note: it is possible these adjusting items have occurred in the past and could recur in future reporting periods. While these items may be significant components in understanding and assessing our consolidated financial performance, management believes the presentation of non-GAAP operating earnings enhances the understanding of results of operations by highlighting earnings attributable to the normal, ongoing operations of the company's businesses.

Selected Balance Sheet Statistics

	Period Ended,	
	9/30/22	12/31/21
Total assets (in billions)	\$ 282.6	\$ 304.7
Stockholders' equity (in millions)	\$ 9,488.3	\$ 16,125.8
Total common equity (in millions)	\$ 9,446.2	\$ 16,069.4
Total common equity excluding cumulative change in fair value of funds withheld embedded derivative and accumulated other comprehensive income (AOCI) other than foreign currency translation adjustment (in millions)	\$ 12,378.8	\$ 12,894.9
End of period common shares outstanding (in millions)	244.9	261.7
Book value per common share	\$ 38.57	\$ 61.40
Book value per common share excluding cumulative change in fair value of funds withheld embedded derivative and AOCI other than foreign currency translation adjustment	\$ 50.55	\$ 49.27

Principal Financial Group, Inc.
Reconciliation of U.S. GAAP to Non-GAAP Financial Measures
(in millions, except as indicated)

	Period Ended,	
	9/30/22	12/31/21
Stockholders' Equity, Excluding AOCI Other Than Foreign Currency Translation Adjustment, Available to Common Stockholders:		
Stockholders' equity	\$ 9,488.3	\$ 16,125.8
Noncontrolling interest	(42.1)	(56.4)
Stockholders' equity available to common stockholders	9,446.2	16,069.4
Cumulative change in fair value of funds withheld embedded derivative	(3,400.9)	-
Net unrealized capital (gains) losses	6,010.8	(3,519.2)
Net unrecognized postretirement benefit obligation	322.7	344.7
Stockholders' equity, excluding AOCI other than cumulative change in fair value of funds withheld embedded derivative and foreign currency translation adjustment, available to common stockholders	\$ 12,378.8	\$ 12,894.9
Book Value Per Common Share, Excluding AOCI Other Than Foreign Currency Translation Adjustment:		
Book value per common share	\$ 38.57	\$ 61.40
Cumulative change in fair value of funds withheld embedded derivative and AOCI, other than foreign currency translation adjustment	11.98	(12.13)
Book value per common share, excluding AOCI other than foreign currency translation adjustment	\$ 50.55	\$ 49.27



Principal Financial Group, Inc.
Reconciliation of U.S. GAAP to Non-GAAP Financial Measures
(in millions)

	Three Months Ended,		Trailing Twelve Months,	
	9/30/22	9/30/21	9/30/22	9/30/21
Income Taxes:				
Total GAAP income taxes	\$ 348.7	\$ 63.8	\$ 1,322.3	\$ 322.5
Net realized capital gains (losses) tax adjustments	10.0	36.6	107.1	13.2
Exited business tax adjustments	(277.9)	-	(1,069.2)	-
Income taxes related to equity method investments and noncontrolling interest	14.6	10.0	48.8	22.3
Income taxes	<u>\$ 95.4</u>	<u>\$ 110.4</u>	<u>\$ 409.0</u>	<u>\$ 358.0</u>
Net Realized Capital Gains (Losses):				
GAAP net realized capital gains (losses)	\$ (55.7)	\$ (152.0)	\$ (349.9)	\$ 91.4
Recognition of front-end fee revenues	0.2	(0.4)	(2.2)	(6.5)
Market value adjustments to fee revenues	-	(0.2)	0.1	(2.2)
Net realized capital gains (losses) related to equity method investments	6.6	(10.8)	(11.7)	(14.9)
Derivative and hedging-related revenue adjustments	(32.9)	(30.6)	(158.6)	(155.6)
Sponsored investment fund adjustments	5.2	5.8	22.3	20.7
Amortization of deferred acquisition costs	7.1	7.2	(17.2)	40.5
Capital gains distributed – operating expenses	19.9	(19.6)	109.6	(90.0)
Amortization of other actuarial balances	0.6	2.7	(7.5)	23.2
Market value adjustments of embedded derivatives	(4.0)	77.8	(44.3)	86.9
Capital gains distributed – cost of interest credited	5.6	(13.4)	16.1	(30.5)
Net realized capital gains (losses) tax adjustments	10.0	36.6	107.1	13.2
Net realized capital gains (losses) attributable to noncontrolling interest, after-tax	5.4	(1.6)	34.2	(23.6)
Total net realized capital gains (losses) after-tax adjustments	<u>23.7</u>	<u>53.5</u>	<u>47.9</u>	<u>(138.8)</u>
Net realized capital gains (losses), as adjusted	<u>\$ (32.0)</u>	<u>\$ (98.5)</u>	<u>\$ (302.0)</u>	<u>\$ (47.4)</u>
Income (Loss) from Exited Business:				
Strategic review costs and impacts	\$ (27.6)	\$ -	\$ (95.0)	\$ -
Amortization of reinsurance losses	(18.8)	-	(60.2)	-
Impacts to actuarial balances of reinsured business	68.8	-	39.8	-
Net realized capital (gains) losses on funds withheld assets	8.5	-	697.5	-
Change in fair value of funds withheld embedded derivative	1,237.7	-	4,305.0	-
Tax impacts of exited business	(277.9)	-	(1,069.2)	-
Total income (loss) from exited business	<u>\$ 990.7</u>	<u>\$ -</u>	<u>\$ 3,817.9</u>	<u>\$ -</u>



Principal Financial Group, Inc.
Reconciliation of U.S. GAAP to Non-GAAP Financial Measures
(in millions)

	Three Months Ended,		Trailing Twelve Months,	
	9/30/22	9/30/21	9/30/22	9/30/21
Principal Global Investors Operating Revenues Less Pass-Through Expenses:				
Operating revenues	\$ 406.0	\$ 465.2	\$ 1,798.8	\$ 1,746.7
Commissions and other expenses	(32.9)	(40.6)	(146.9)	(158.0)
Operating revenues less pass-through expenses	<u>\$ 373.1</u>	<u>\$ 424.6</u>	<u>\$ 1,651.9</u>	<u>\$ 1,588.7</u>
Principal International Combined Net Revenue (at PFG Share)				
Pre-tax operating earnings	\$ 66.7	\$ 81.0	\$ 322.1	\$ 263.4
Combined operating expenses other than pass-through commissions (at PFG share)	155.4	163.8	642.8	639.9
Combined net revenue (at PFG share)	<u>\$ 222.1</u>	<u>\$ 244.8</u>	<u>\$ 964.9</u>	<u>\$ 903.3</u>