



Never stand still.

Build, invest, and
partner with purpose.

Principal Financial Group® 2019 Annual Report



Daniel J. Houston

Chairman, President, and Chief Executive Officer – Principal Financial Group

From the Chairman, President, and Chief Executive Officer

To our shareholders:

We approach the new decade from a position of strength, more focused than ever on our customers. I'm proud to say Principal closed the books on 2019 with record assets under management, a clear path to sustained strategic growth, and the privilege of helping 33 million customers around the world achieve lifelong financial security.

Helping **33 million customers** around the world achieve lifelong financial security.

We arrived here by never standing still—by continually adapting our offerings and experiences to meet the needs of an expanding global customer base. That continues to be our strategy moving forward. We will succeed in the next year, decade, and century by remembering this company was founded 140 years ago on the belief that **there is always a better way**.

Principal represents a better way for people around the world to have enough, save enough, and protect their financial futures. Through our diversified business, we're in a unique position to address the complexities of modern life. Our customers rely on us for retirement planning, asset management, and insurance—a comprehensive suite of flexible solutions that helps put financial security within reach. We fulfill the potential of our business model through the strength and commitment of 17,000 employees, operating with the highest standards of ethics and integrity.

The financial services industry is aware of the most significant barriers to financial security, including the effects of global aging. People around the world are living longer and spending more time in retirement. The workforce is shifting toward part-time and contract labor. Traditional pay-as-you-go pension systems struggle to meet individuals' lifelong financial needs. While these challenges are too complex for any single person or organization, I'm encouraged by the collective pursuit of innovation throughout this industry and around the globe.

One example of cooperation is last year's Setting Every Community Up for Retirement Enhancement (SECURE) Act, a federal law passed in the United States that paves the way for greater access to 401(k) plans. This is the most significant change to American retirement in more than a decade. Through it, we can deliver more affordable retirement solutions to smaller employers, plus more options for income annuities in retirement plans.

The SECURE Act is consistent with our philosophy: Helping more people achieve financial security isn't only good business for Principal, **it's critical to our shared future.**

Principal made significant strides last year by doubling our retirement business in the U.S., capping a decade of growth. Principal generated positive total company net cash flow in nine out of the last 10 years—including \$17 billion in 2019 that was the result of positive net

cash flow from every business. With \$1.4 billion in net income attributable to Principal, our non-GAAP operating earnings for the year were \$1.6 billion. We saw full-year net revenue growth of 5% in 2019. Non-GAAP operating return on equity was 13.1%.¹ In 2019, our assets under management (AUM) increased \$109 billion to a record \$735 billion. In the last decade, AUM grew 158%, or a compound annual growth rate of 10%.

**Positive total
company net cash
flow** in nine out of
the last 10 years.

These numbers speak to a deeper story of a company that's never stood still and never will. We always **build, invest, and partner with purpose.**

¹ Non-GAAP operating earnings ROE available to common stockholders, excluding AOCI other than foreign currency translation adjustment

Build

Customer experience

Our work in 80 nations and territories bridges markets and cultures to put the customer at the center of business.

Our accelerated digital investment, as part of the overall continuous investment in our operations, helps us personalize our services and engage more of those customers at scale. We combine data, technology, financial products, and talent to deliver convenient and individualized experiences. We nudge customers in the right direction for long-term economic success.

At its best, technology helps us better serve customers throughout their everyday lives. It allows them to access benefits and save for retirement when, where, and how it's most convenient for them. Research shows that one of the biggest challenges for retirees is saving enough, then converting their assets into a reliable stream of retirement income.² They're likelier to trust us with that transition if we've already helped during their career, with family or business milestones.

In this spirit, we make retirement readiness and insurance more convenient.

Doing business online has become highly personal—and increasingly fluid. We've responded accordingly, with technology such as our new personalized mobile and online investment service, SimpleInvest, launched last year. SimpleInvest provides financial wellness tools and education—plus robo-advice for those who prefer digital transactions or a team of live experts for those preferring a human touch. This was a milestone launch for RobustWealth, a firm we acquired in 2018.

Listening to our customers, we hear the expectation for ease and convenience, and we're ready. For instance, our new online chat for dental insurance in 2019 handled more than 168,000 sessions, and over 85% of those inquiries required no additional intervention. Providers receive quick, efficient answers about patient-benefits eligibility outside traditional business hours. Early surveys show they're pleased with the convenience as our customer experience continues to evolve to fit modern lifestyles.

We also hear and understand the expectation for data privacy and security. We invest not only for digital convenience but to protect the data and assets of our customers, employees, and

2 2019 Employee Benefit Research Institute/Greenwald Retirement Confidence Survey

business partners. All employees are required to complete cybersecurity, privacy, ethics, risk, and compliance training that varies according to job function and their performance on routine evaluations.

We encourage and automate healthy savings habits.

The retirement savings gap in eight of the most populous countries, including the U.S., is expected to balloon to \$400 trillion by 2050.³ We're designing new ways to **encourage personal retirement savings to avoid a looming crisis.**

Our new digital onboarding platform, Principal® Real Start, educates U.S. retirement plan participants and encourages healthy savings behavior as they enroll in their company's plan. In 2019, Real Start served 275,000 workers whose deferral rates, on average, climbed to nearly 8%—that's 60% higher as compared to those who enroll through traditional channels.

Nearly one-third of Real Start users save 10% or more for retirement, and another one-fourth are auto-escalating up to 10%. Customers can connect to personnel or access the service in Spanish. We provide not just translation but transcreation—a deeper bicultural approach taking cultural influences into account. True to Principal's mission, this makes the service more accessible and relevant for more customers. Real Start succeeds because it's easier, while **providing the financial education all customers rely on for a secure future.**

Principal Real Start users

Nearly one-third
of users **save**
10% or more
for retirement



We adapt to the needs of different income levels and gig workers.

Incremental (or systematic) investing in emerging markets enables customers to save more through modest deposits that fit into their daily budgets. In Malaysia, our financial advisors use convenient digital onboarding and transactions with clients. In China, a high percentage of our mutual fund customers come to us directly—with half of them under age 35 and one-third of them making systematic investments. The trend is clear: Customers expect this kind of access, helping them build more confidence as they manage their personal finances.

We experiment and collaborate with fellow innovators.

It's easy to fall behind in a world where the pace of progress has been said to wield roughly 3,000 times the impact of the Industrial Revolution.⁴ So we keep looking ahead. Through a

³ "Investing in (and for) Our Future," 2019, World Economic Forum

⁴ "The Four Global Forces Breaking All the Trends," 2015, McKinsey & Company

relationship based in Singapore, we're part of a global FinTech Consortium that pairs us with the latest startups. We pursue similar work with Plug and Play in Silicon Valley, the Global Insurance Accelerator in Des Moines, Iowa, and internally with our own digital design and experience labs in Chile, Brazil, and the U.S.

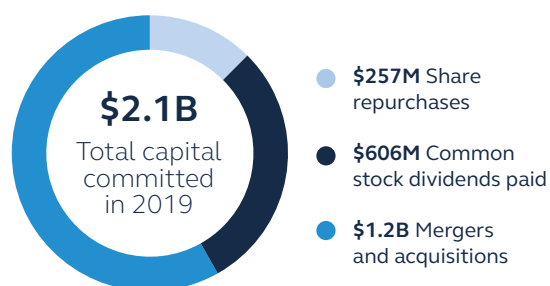
Invest

Strategic growth

A successful financial services company is unlikely to build everything it needs to manage the rate of change across global markets. A strategic acquisition can boost growth for years, if not for decades.

The Principal strategy is a **balanced approach of organic growth, dividends, acquisitions, and share buybacks**. Our full-year 2019 dividend was strong at \$2.18 per share, a 4% increase over 2018; its yield was 4%, with a net income payout ratio of more than 40%.

Capital deployment of \$2.1 billion in 2019 was well above our guided range of \$1-1.4 billion—largely driven by our \$1.2 billion acquisition of the Wells Fargo Institutional Retirement & Trust (IRT) business. It's our largest acquisition since Chilean pension manager Cuprum in 2012 and brings together two successful businesses to create one with even greater expertise and a robust experience in helping customers achieve their retirement savings and investment goals.



The addition of IRT doubles down on our 75-year track record in managing retirement plans—literally doubling our domestic footprint in retirement as measured by the number of plan participants. With this single deal, we gained a decade of organic growth.

The acquisition made us a Top Three domestic provider of defined contribution (DC), defined benefit (DB), non-qualified (NQ), and employee stock option plans (ESOP). We've earned a seat at the table for more opportunities in each of these categories.

The IRT acquisition expands on our history of serving employers of every size, including the largest plans with billions of dollars in assets. We can tailor retirement savings to fit workers at every level of income and experience. It significantly improves our scale and creates greater opportunity to invest in our business, driving consistent improvements in customer experience at lower costs.

We invest in serious long-term value, not quick fixes.

We're doing the necessary work with the IRT integration to bring every customer onto a single system that's easier and more cost-effective. Plan sponsors and participants can access multiple retirement plan types—including 401(k), DB, NQ, and ESOP—through a single convenient login, our Principal® Total Retirement Solutions.

It's the same with our approach to asset management, where we also serve as a hub. Principal tailors solutions to drive alpha for investors through an array of high yield, global real estate, target date funds, and other strategies. Our actively managed investments generate results.

Principal Global Investors' net cash flow improved last year to a positive \$1.1 billion, including \$2.7 billion in the fourth quarter. The synergies between Principal Global Investors and Principal International—which ended 2019 with its 45th consecutive quarter of positive net cash flow—have been paying off and, in 2019, drove a large platform win in Hong Kong. This combined team continues to look for opportunities to leverage both our global asset management expertise and our distribution force in local markets.

We also have the scale and expertise to grow our pension risk transfer (PRT) business. Our PRT team provides guaranteed income to more than 350,000 customers. We're a global firm with a deep portfolio that can take on the investment and longevity risks of DB plans. Employers can shed the burdens of administrative costs and volatility and rest easy that Principal has it handled. It's an incredibly technical business, but we've gotten it right for 75 years.

This commitment to detail is another reason Principal thrives as **a provider of comprehensive solutions**. Our business is aligned to make retirement, insurance, and investments work for clients.

Partner

Businesses, pensions, and longevity

One of the best examples of Principal partnership is our work with advisors, consultants, and business owners across the U.S. These entrepreneurs represent the economic backbone of Main Street America.

Our protection business, U.S. Insurance Solutions, works closely with more than 100,000 businesses out of the 200,000 businesses we serve across Principal. They can rely on Principal to support their long-term success through economic expansion and volatility alike.

In the same spirit, on a global scale, Principal also partners in pension reform. We combine our financial expertise with a strong sense of responsibility to all of our stakeholders. We strive for sustainable pensions that promote social and demographic equality and reduce gender disparity.

Governments appreciate the role of private asset management in building deep capital markets, which can finance the kind of long-term infrastructure projects they need to modernize. The private pension industry also plays a critical role in offsetting fiscal pressures as governments sort out how to support their aging populations.

We're a partner in social stability.

We offer the mandatory pension fund investments and individual long-term voluntary savings options to complement pay-as-you-go pension systems. **Together we overcome the risks of living longer lives and living longer in retirement.**

We have expertise across the U.S., Latin America, and Asia. We're not only in the investment capitals of New York, London, Hong Kong, and Singapore but throughout key emerging markets such as China, India, Brazil, Chile, and Malaysia. Our firsthand experience in emerging markets gives us the in-depth knowledge to micro-target actively managed investment opportunities for the most sophisticated global clients—including our work with pension providers. We're also connected to the next generation of customers in the global middle class—including the growing numbers of informal workers who rely on individual savings and investment.

Our international joint ventures also diversify our business across these key markets, and our customers benefit from the growth as the markets mature. Last year, to reinforce our commitment to Southeast Asia, we increased our ownership stake in our joint venture asset

management operations in Malaysia, Thailand, Singapore, and Indonesia. We also rebranded these companies to Principal. We're now better positioned to deliver our asset management expertise and experience to local customers. This spurs innovative new investment products and strategies to continue the sustainable growth of our joint ventures with CIMB Group.

In 2005, we entered a joint venture with China Construction Bank. We ended 2019 with \$146 billion in AUM in our China joint venture. We're a Top Five mutual fund manager in China, where we've attracted millions of online investors—the sort of growth and diversification Principal seeks from these partnerships.

We've been in Brazil for 20 years, and, in the last decade, we've grown our joint venture, BrasilPrev, with BB Seguridade, the insurance arm of Banco do Brasil. Together we created the nation's first digital and retirement sales platform and became the leading provider of voluntary pensions.

In our work with policymakers and regulators worldwide, we were encouraged last year by the progress in pension policy reform in several locations. For example, Hong Kong introduced new tax incentives for voluntary pension contributions (TVCs). They're flexible in that there's no mandatory rate or amount of contribution, and it's easy for individuals to transfer balances between TVCs. And, in Mexico, the AFORE mandatory savings now offers target date funds as the default investment to enhance pensions and improve retirement outcomes for workers.

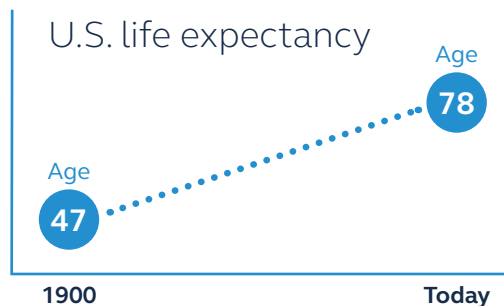
Principal's diversification serves both our bottom line and our overall business strategy:

This international set of partners helps us see the bigger picture.

We work on behalf of a broad set of stakeholders.

It's through this wider lens that we also announce our new collaboration with the Longevity Project. Since 1900, life expectancy in developed countries has surged—from age 47 to 78 in the U.S., for example. Last year we became a key partner in this coalition of academia, businesses, think tanks, and government, all organized around the research of the Stanford Center on Longevity. We're

supporting events and awareness campaigns to encourage social transformation that advances the conversation and addresses the education, products, and programs necessary to **help people everywhere manage a longer lifespan.**



No matter the political tensions that strain us, we share this world and must coexist as neighbors throughout increasingly interconnected and longer lives. We want to leave the world better than we found it.

That's why Principal demands steady improvement in how we measure up to **environmental, social, and governance (ESG) standards**. We've formed a company wide ESG team that later this year will unveil a new set of long-term key performance indicators and ESG goals.

We **demand improvement** in how we measure up to ESG standards.

The entire business sector is rededicating itself to **corporate responsibility**. Last year the Business Roundtable and its 2019 Statement on the Purpose of a Corporation declared that companies not only exist for the benefit of shareholders, they're also charged with being good stewards for all stakeholders, including customers, advisors, employees, and other partners. At Principal, **we infuse these values into everything we do**.

My signature as one of 181 CEOs wasn't a departure. It merely reaffirmed how Principal has always worked on behalf of a broad set of stakeholders. We have a long and distinguished history of doing well by doing good business.

A decade from now, I'm confident Principal will stand apart. Continuing to operate from a position of strength, our products, services, and experiences will be simpler and more convenient, offering greater accessibility to a broader set of customers.

We'll be better equipped to anticipate and fulfill our customers' every financial need.

We'll build more value for our shareholders, our customers, our employees, and our communities.

Guided by the belief that **there is always a better way**, we'll keep moving forward and never stand still.

Sincerely,



Daniel J. Houston

Chairman, President, and Chief Executive Officer



Elizabeth E. Tallett

Lead Director – Principal Financial Group

From the Board of Directors

To our shareholders:

As your Board of Directors, we take our oversight responsibilities very seriously. We're committed to representing your interests and believe that Principal's strong governance is key to creating sustainable, long-term value for shareholders. On behalf of the Board, I'm pleased to provide an update on our top areas of focus and share some thoughts on company performance.

Strategic oversight

The Board not only evaluates company strategy but also shares perspectives, provides advice, and oversees and assesses management's implementation. Each quarter, and at our annual strategy retreat with management, we discuss and debate topics critical to the company's long-term success. At our 2019 retreat, we focused on global growth strategies and capital planning. This involved an in-depth look at: Principal's target markets by customer and solution type; current and future sources of differentiation and risk for the enterprise and by business; and investments in innovation to improve the customer experience. Management continues to evolve and refine company strategy, invest in growth, and take appropriate actions to further strengthen its long-term competitive positioning. Principal's acquisition of the Wells Fargo Institutional Retirement and Trust business, which closed on July 1, 2019, was clearly strategic, enabling the company to further capitalize on the U.S. retirement savings and retirement income markets.

Risk oversight

We have a coordinated, comprehensive approach to overseeing the company's enterprise risk management. The Board regularly reviews strategic threats, opportunities, and key risks, including financial, product, cybersecurity, privacy, regulatory, and reputational risk, as well as risks that could potentially emerge in the future. Both your Board and management are fully engaged in risk management and have made it a fundamental aspect of company strategy, operations, and culture.

Social responsibility

Principal has long understood the importance of making a positive impact on the global communities in which it operates and has long been committed to **environmental, social, and governance (ESG) initiatives**. Management reports to the Board of Directors regularly on ESG focus areas. In 2019, Principal's ESG management committee began developing a 2025 vision for ESG, including public commitments and key performance indicators.

Principal's social responsibility efforts continue to be recognized by the financial press, human rights campaigns, and representatives of military and gender-equality associations and advocates. This includes being named one of the World's Most Ethical Companies by the Ethisphere Institute for the fifth consecutive year (and ninth overall) in 2019, ranking Number 55 on *Forbes* 2019 list of America's Best Employers for Diversity, and Number 5 on *Forbes* 2019 list of America's Best Employers for Women.

Talent and succession planning

Our role in talent and succession planning applies to both company leadership and the Board. As part of a planned succession, Renee Schaaf assumed the role of president of Retirement and Income Solutions after having served as chief operating officer for Principal International. Schaaf replaced Nora Everett, who retired in March 2019 after 27 years with the company.

We remain committed to regular Board refreshment, striving for balance between introducing new perspectives and maintaining continuity. In September 2019, we added Jonathan Auerbach, executive vice president, chief strategy, growth, and data officer of PayPal Inc., to the Principal Board of Directors. Jonathan brings expertise in strategic planning, business development, data science, mergers and acquisitions, and payment platforms. Our Board is now composed of 12 directors, 11 of whom are independent, with broad expertise, skills, and viewpoints to help the company advance and execute its strategy. The Board values diversity in all aspects, including gender, race, age, and experience. Women and minorities comprise 55% of the independent members of our Board.

In November 2019, the Board appointed Scott Mills as our next lead director, which was effective January 1, 2020. As President of BET Networks, Scott leads overall strategy, creative, and business operations. He joined the Principal Board of Directors in July 2016. Membership and leadership of our Board committees continues to evolve as new directors join the Board, and directors like Scott take on new roles.



Ms. Tallett was lead director from 2007 through 2019.
Mr. Mills has been lead director since January 2020.

Company performance

The Board remains focused on sustainable performance. While volatile macroeconomic conditions impacted company performance in 2019, long-term growth remains strong. Since 2014, the company has increased assets under management by more than \$216 billion, or 42%. This has helped drive a 5% compound annual growth in non-GAAP operating earnings per diluted share over the past five years. Again, through strategic investment, the company continues to make important strides in meeting customers' needs, positioning Principal for long-term success.

Let me close by thanking you again for your continued support. It's been a privilege to serve as your lead director, and I have great confidence in Scott as my successor. Please contact us with your questions, thoughts, and opinions at principal.com/contactscott.

Sincerely,

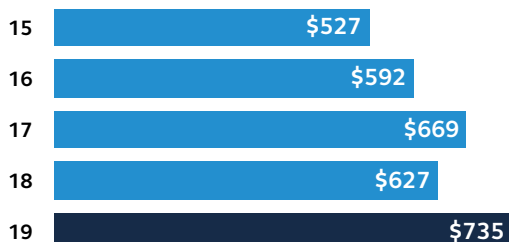
Elizabeth E. Tallett

Lead Director – Principal Financial Group

Financial highlights

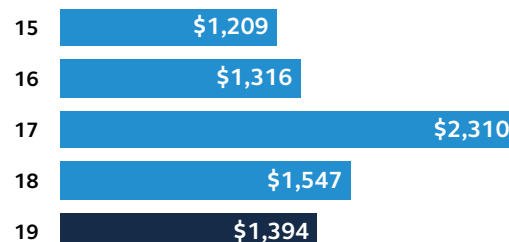
Total assets under management

(in billions)



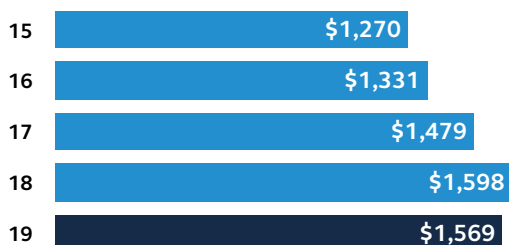
Net income available to common stockholders¹

(in millions)



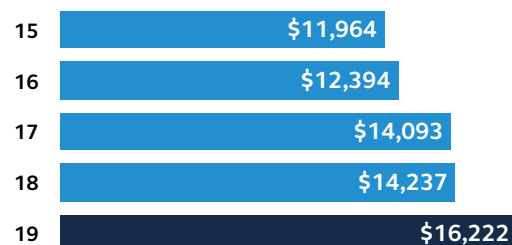
Non-GAAP operating earnings²

(in millions)



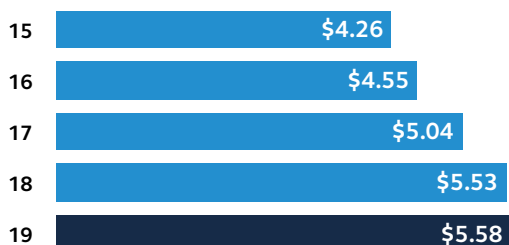
Total revenue

(in millions)



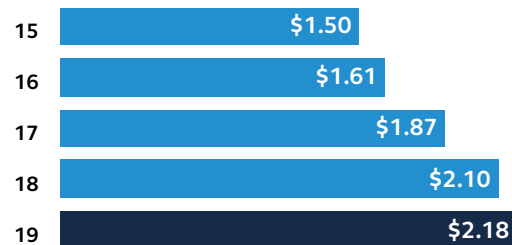
Non-GAAP operating earnings per diluted common share²

(in dollars)



Dividends declared per common share

(in dollars)

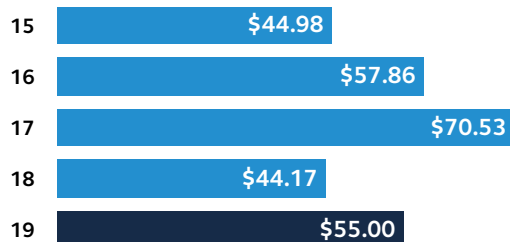


¹ 2017 net income available to common stockholders reflects a \$568 million net benefit from the U.S. Tax Cuts and Jobs Act and a \$411 million net benefit from a real estate transaction.

² This is a non-GAAP financial measure. See [non-GAAP financial measure reconciliations on pages 19-20](#).

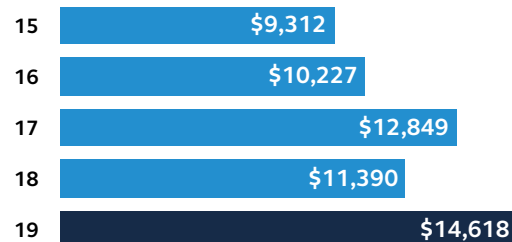
Closing PFG common stock price

(in dollars, as of 12/31)



Total stockholders' equity attributable to PFG

(in millions)



Non-GAAP operating earnings ROE available to common stockholders, excluding AOCI other than FCTA^{3,4}



³ This is a non-GAAP financial measure. See non-GAAP financial measure reconciliations on pages 19-20.

⁴ Non-GAAP operating earnings return on equity equals trailing twelve months non-GAAP operating earnings divided by average stockholders' equity available to common stockholders excluding accumulated other comprehensive income (loss) other than foreign currency translation adjustment (FCTA).



Executive Management Group

Pictured back row to front row from left to right:

Timothy M. Dunbar

President – Principal Global Asset Management

Karen E. Shaff

Executive Vice President, General Counsel, and Secretary

Deanna D. Strable

Executive Vice President and Chief Financial Officer

Jon N. Couture

Senior Vice President and Chief Human Resources Officer

Julia M. Lawler

Executive Vice President and Chief Risk Officer

Daniel J. Houston

Chairman, President, and Chief Executive Officer

Beth Wood

Senior Vice President and Chief Marketing Officer

Gary P. Scholten

Executive Vice President, Chief Information Officer, and Chief Digital Officer

Renee Schaaf

President – Retirement and Income Solutions

Patrick G. Halter

Chief Executive Officer and President – Principal Global Investors

Amy C. Friedrich

President – U.S. Insurance Solutions

Luis Valdés

President and Chief Executive Officer – Principal International



Board of Directors

Pictured back row to front row from left to right:

Diane C. Nordin

Former Partner – Wellington Management Company, LLP

C. Daniel Gelatt, Ph.D.

President – NMT Corporation

Sandra L. Helton

Past Executive Vice President and Chief Financial Officer – Telephone and Data Systems, Inc.

Michael T. Dan

Retired Chairman, President, and Chief Executive Officer – The Brink’s Company

Blair C. Pickerell

Retired Chairman, Asia – Nikko Asset Management Hong Kong, Ltd.

Scott M. Mills

President – BET Networks

Roger C. Hochschild

Chief Executive Officer and President – Discover Financial Services

Jocelyn Carter-Miller

President – TechEd Ventures

Elizabeth E. Tallett

Lead Director – Principal Financial Group; Past Principal – Hunter Partners, LLC; Independent Consultant

Daniel J. Houston

Chairman, President, and Chief Executive Officer – Principal Financial Group

Jonathan S. Auerbach

Executive Vice President, Chief Strategy, Growth, and Data Officer – PayPal, Inc.

Betsy J. Bernard

Past President – AT&T

Non-GAAP Financial Measure Reconciliations

(in millions, except as indicated)

	For the year ended Dec. 31				
Net income available to common stockholders	2015	2016	2017	2018	2019
Net income available to common stockholders	\$1,209.3	\$1,316.5	\$2,310.4	\$1,546.5	\$1,394.2
Net realized capital (gains) losses, as adjusted ¹	133.8	(37.4)	(307.3)	51.0	174.9
Other after-tax adjustments	(72.6)	52.0	(524.5)	-	-
Non-GAAP operating earnings	\$1,270.5	\$1,331.1	\$1,478.6	\$1,597.5	\$1,569.1

¹ This is a non-GAAP financial measure. See reconciliation below.

Net realized capital gains (losses)					
GAAP net realized capital gains (losses)	\$ (51.1)	\$ 171.1	\$ 524.2	\$ (75.4)	\$ (52.8)
Recognition of front-end fee revenues	(0.1)	0.2	(0.2)	0.4	8.5
Market value adjustments to fee revenues	(1.1)	(2.5)	(0.1)	0.1	-
Net realized capital gains (losses) related to equity method investments	-	0.1	1.4	(5.4)	2.6
Derivative and hedging-related adjustments	(111.7)	(94.1)	(59.4)	(64.9)	(80.4)
Sponsored investment fund adjustments	1.3	6.1	6.3	12.9	23.6
Amortization of deferred acquisition costs	(12.2)	(66.2)	47.4	(25.6)	(15.7)
Capital gains distributed – operating expenses	15.4	3.7	(38.9)	15.7	(31.6)
Amortization of other actuarial balances	(1.8)	(11.2)	7.6	(1.4)	(25.1)
Market value adjustments of embedded derivatives	(0.2)	50.0	48.1	18.5	66.6
Capital gains distributed – cost of interest credited	(9.2)	(10.9)	(16.1)	(1.3)	(36.6)
Net realized capital gains (losses) tax adjustments	45.6	6.6	(209.1)	71.4	(1.3)
Net realized capital gains (losses) attributable to noncontrolling interest, after-tax	(8.8)	(15.5)	(3.9)	4.0	(32.7)
Net realized capital gains (losses) associated with exited group medical insurance business, after-tax	0.1	-	-	-	-
Total net realized capital gains (losses) after-tax adjustments	(82.7)	(133.7)	(216.9)	24.4	(122.1)
Net realized capital gains (losses), as adjusted	\$ (133.8)	\$ 37.4	\$ 307.3	\$ (51.0)	\$ (174.9)

For the year ended Dec. 31

Diluted earnings per common share	2015	2016	2017	2018	2019
Net income	\$4.06	\$4.50	\$7.88	\$5.36	\$4.96
Net realized capital (gains) losses, as adjusted	0.44	(0.13)	(1.05)	0.17	0.62
Other after-tax adjustments	(0.24)	0.18	(1.79)	-	-
Non-GAAP operating earnings	\$4.26	\$4.55	\$5.04	\$5.53	\$5.58

Stockholders' equity

Stockholders' equity	\$9,377.4	\$10,293.8	\$12,921.9	\$11,456.0	\$14,685.8
Noncontrolling interest	(65.8)	(66.5)	(72.6)	(66.0)	(67.8)
Stockholders' equity attributable to Principal Financial Group, Inc.	9,311.6	10,227.3	12,849.3	11,390.0	14,618.0
Net unrealized capital (gains) losses	(715.9)	(827.0)	(1,455.1)	(207.3)	(2,815.3)
Net unrecognized postretirement benefit obligation	450.2	408.4	371.1	512.9	435.6
Stockholders' equity, excluding AOCI other than foreign currency translation adjustment, available to common stockholders	\$9,045.9	\$9,808.7	\$11,765.3	\$11,695.6	\$12,238.3

Net income ROE available to common stockholders (including AOCI)

Net income ROE available to common stockholders (including AOCI)	12.8%	13.5%	20.0%	12.8%	10.7%
Net unrealized capital (gains) losses	1.3%	1.1%	2.1%	0.9%	1.4%
Net unrecognized postretirement benefit obligation	-0.6%	-0.6%	-0.7%	-0.5%	-0.4%
Net income ROE available to common stockholders (x-AOCI other than FCTA)	13.5%	14.0%	21.4%	13.2%	11.7%
Net realized capital (gains) losses	1.5%	-0.5%	-2.8%	0.4%	1.4%
Other after-tax adjustments	-0.8%	0.6%	-4.9%	0.0%	0.0%
Non-GAAP operating earnings ROE (x-AOCI other than FCTA)	14.2%	14.1%	13.7%	13.6%	13.1%

For highlights of our environmental,
social, and governance strategy, visit

 principal.com/esg

See our full corporate social
responsibility report at

 principal.com/csr



Principal Financial Group®
711 High Street
Des Moines, Iowa 50392

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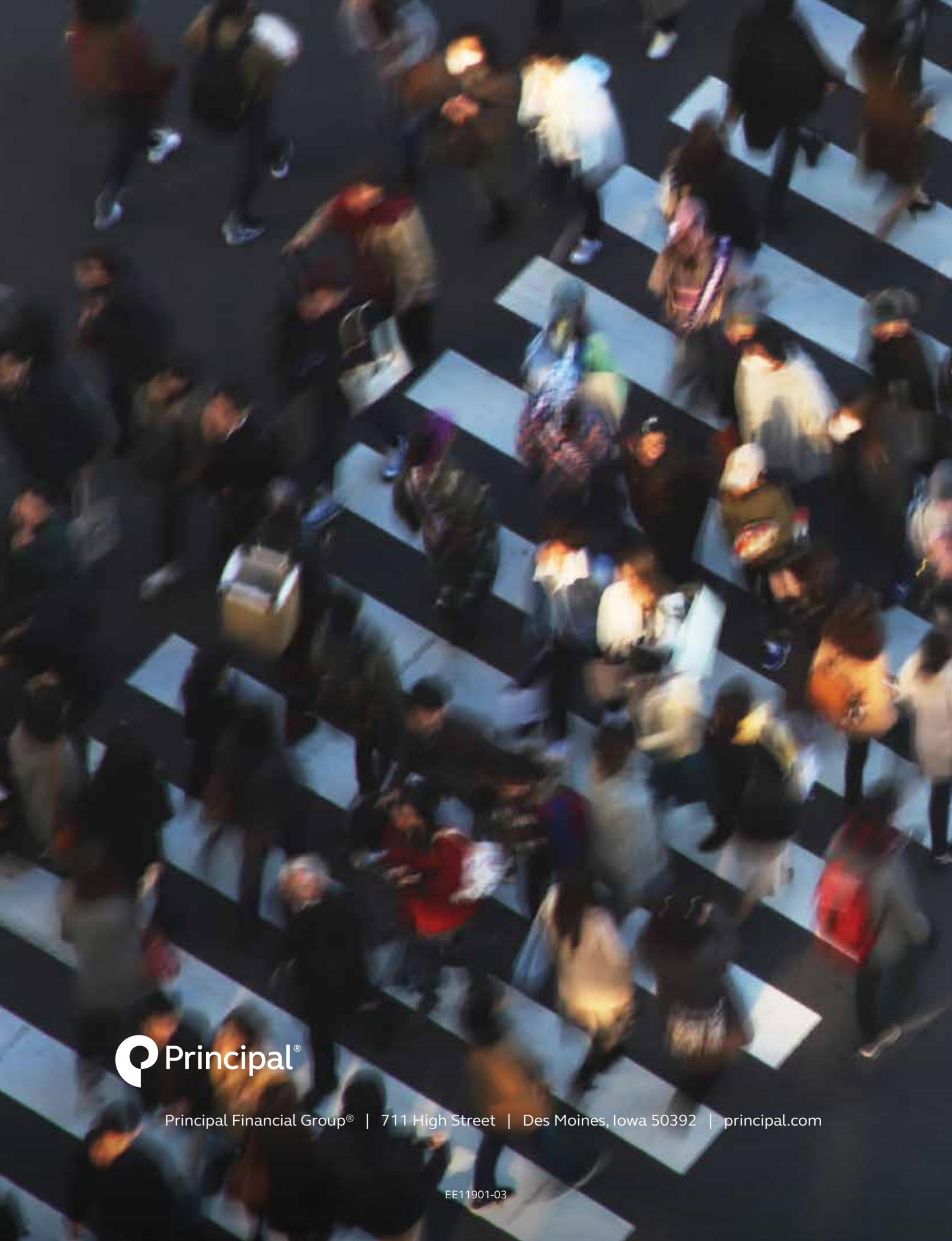
Common stock of the Principal Financial Group, Inc. is traded on Nasdaq under the ticker symbol "PFG."

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 available 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, 2019, 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 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 could differ significantly from its pricing and reserving assumptions; the pattern of amortizing the company's DAC 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 and meet its obligations may be constrained by the limitations on dividends 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 maintain profitability; a downgrade in the company's financial strength or credit ratings; client terminations, withdrawals, or changes in investor preferences; inability to attract and retain qualified employees and sales representatives and develop new distribution sources; an interruption in telecommunication, information technology, or other systems, or a failure to maintain the confidentiality, integrity, or availability of data residing on such systems; international business risks; fluctuations in foreign currency exchange rates; risks arising from participation in joint ventures; the company may need to fund deficiencies in its "Closed Block" assets; the company's reinsurers could default on their obligations or increase their rates; risks arising from acquisitions of businesses; and loss of key vendor relationships or failure of a vendor to protect information of our customers or employees.

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