



**EQUITABLE**  
HOLDINGS

# **Equitable Holdings**

## Second Quarter 2021 Earnings Results

**August 5, 2021**



# Note Regarding Forward-Looking and Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “expects,” “believes,” “anticipates,” “intends,” “seeks,” “aims,” “plans,” “assumes,” “estimates,” “projects,” “should,” “would,” “could,” “may,” “will,” “shall” or variations of such words are generally part of forward-looking statements. Forward-looking statements are made based on management’s current expectations and beliefs concerning future developments and their potential effects upon Equitable Holdings, Inc. (“Holdings”) and its consolidated subsidiaries. “We,” “us” and “our” refer to Holdings and its consolidated subsidiaries, unless the context refers only to Holdings as a corporate entity. There can be no assurance that future developments affecting Holdings will be those anticipated by management. Forward-looking statements include, without limitation, all matters that are not historical facts.

These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including, among others: (i) conditions in the financial markets and economy, including the impact of COVID-19 and related economic conditions, equity market declines and volatility, interest rate fluctuations, impacts on our goodwill and changes in liquidity and access to and cost of capital; (ii) operational factors, including reliance on the payment of dividends to Holdings by its subsidiaries, protection of confidential customer information or proprietary business information, operational failures by us or our service providers, and catastrophic events, such as outbreak of pandemic diseases including COVID-19; (iii) credit, counterparties and investments, including counterparty default on derivative contracts, failure of financial institutions, defaults by third parties and affiliates and economic downturns, defaults and other events adversely affecting our investments; (iv) our reinsurance and hedging programs; (v) our products, structure and product distribution, including variable annuity guaranteed benefits features within certain of our products, variations in statutory capital requirements, financial strength and claims-paying ratings, state insurance laws limiting the ability of our insurance subsidiaries to pay dividends and key product distribution relationships; (vi) estimates, assumptions and valuations, including risk management policies and procedures, potential inadequacy of reserves and experience differing from pricing expectations, amortization of deferred acquisition costs and financial models; (vii) our Investment Management and Research segment, including fluctuations in assets under management and the industry-wide shift from actively-managed investment services to passive services; (viii) legal and regulatory risks, including federal and state legislation affecting financial institutions, insurance regulation and tax reform; (ix) risks related to our common stock and (x) general risks, including strong industry competition, information systems failing or being compromised and protecting our intellectual property.

Forward-looking statements should be read in conjunction with the other cautionary statements, risks, uncertainties and other factors identified in Holdings’ Annual Report on Form 10-K for the year ended December 31, 2020, and in Holdings’ subsequent filings with the Securities and Exchange Commission. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

This presentation and certain of the remarks made orally contain non-GAAP financial measures. Non-GAAP financial measures include Non-GAAP Operating Earnings, Non-GAAP Operating EPS, Non-GAAP Operating ROC by segment, and Non-GAAP Operating ROE. Information regarding these and other non-GAAP financial measures, including reconciliations to the most directly comparable GAAP financial measures, is provided in our quarterly earnings press releases and in our quarterly financial supplements, which are available on our Investor Relations website at [ir.equitableholdings.com](http://ir.equitableholdings.com).

# Second Quarter 2021 Highlights

## Strong results supported by robust new business flows

- Non-GAAP operating earnings of \$758m, or \$1.71 per share; up 74% year-over-year on a per share basis
  - AUM up 22% year-over-year to \$869bn, supported by strong net flows of \$6.1bn and equity markets
- 

## Delivering on our commitment to optimize shareholder returns

- Closed VA reinsurance transaction, significantly de-risking balance sheet by over 64% and unlocking \$1bn of economic value
  - \$10bn capital commitment to AB building out their higher multiple businesses and driving greater earnings potential for EQH
- 

## Permitted practice on Reg. 213 redundant reserves; reaffirm payout ratio

- Committed to delivering on 50-60% payout ratio; \$500m incremental share repurchases post VA reinsurance transaction
  - \$2.5bn and management actions secures cash flows; permitted practice phases in redundant reserves over five years
- 

## Announcing new targets to drive long-term shareholder value

- General Account rebalance target: \$180m of incremental income by 2023, leveraging synergies with AB
  - Expense savings target: incremental \$80m by 2023, driven by agile workforce and technology-enabled capabilities
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# Driving long-term shareholder value

## Build on leadership positions

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### ▪ Broad distribution reach:

- *Individual Retirement* – record SCS sales of \$1.9bn
- *Group Retirement* – account values up 24% YoY
- *Life* – VUL accumulation premiums up 20%

### ▪ AB's strong momentum

- Net inflows of \$6.2bn
- Positive across all channels

## Scale emerging businesses

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### ▪ AB alternatives

- \$21bn of committed capital

### ▪ Wealth Management

- AUA of \$75bn, up 41% YoY

### ▪ Employee Benefits

- 536k enrollees, up 27% YoY

## Optimize risk-adjusted returns

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### ▪ Venerable transaction

- Closed in Q2'21

### ▪ Capital-light products

- 85% of new business not interest-sensitive

### ▪ General Account

- Target \$180m incremental income by 2023

## Key enablers

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**New ways of working:** agile enterprise to deliver better customer outcomes and productivity gains

**Risk approach:** embed fair value standard to reflect economic realities; advocate for more economic industry

**Be an enduring force for good:** inaugural \$500m sustainable FABN offering in July 2021

**Expense savings target:** incremental \$80m by 2023

# Synergies between Equitable and AB



## Enhancing risk-adjusted return

- **Phase 1: Reallocated UST to public corporates** to align with US peers
  - \$160m target achieved in 2019 (ahead of schedule)
  - Additional \$80m in 2020
- **Phase 2: Capture illiquidity premium**, including reallocation from public to private credit and alternatives, through GA optimization and FABN issuance

**+\$180m**

**incremental income target by 2023**

## Building higher multiple businesses

- **\$5bn investment** enabled growth of AB private alts. platform by **four times to \$21bn**<sup>1</sup>
- **Equitable committing \$10bn** additional capital<sup>2</sup> to build out AB's higher multiple businesses and attract additional third-party capital, **driving greater earnings potential**

**+\$10bn**

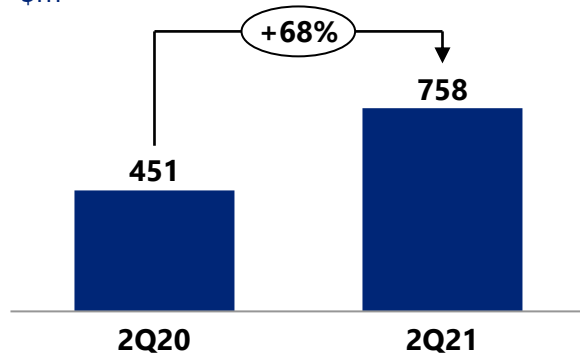
**committed capital from EQH plus AB track record of attracting third-party capital**



# Second Quarter Consolidated Results Summary

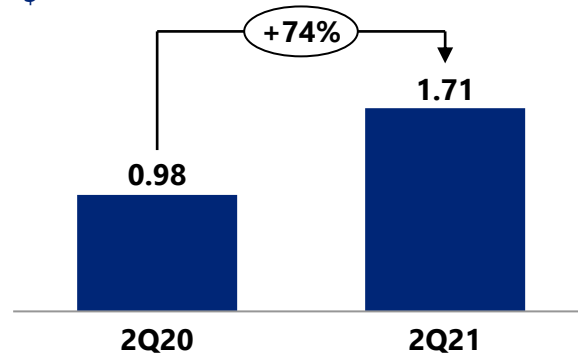
## Non-GAAP Operating Earnings

\$m



## Non-GAAP Operating EPS

\$



## Financial Highlights

**Non-GAAP operating EPS increased 74% from \$0.98 to \$1.71** driven by:

- Increase in net investment income due to higher prepayments and alternatives
- Increase in fee-type revenue on higher AUM, benefiting from net flows and equity markets
- 7% decrease in shares outstanding due to share repurchases
- Notable items<sup>2</sup> of \$0.23 per share or \$100 million

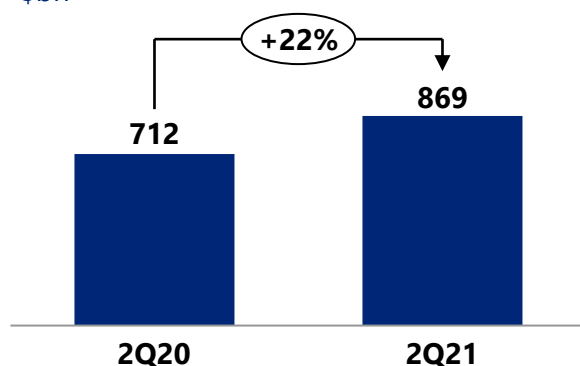
**Excluding notable items, non-GAAP operating earnings was \$658 million or \$1.48 per share**

**U.S. GAAP net income of \$123 million** includes non-economic market impacts driven by asymmetry in accounting

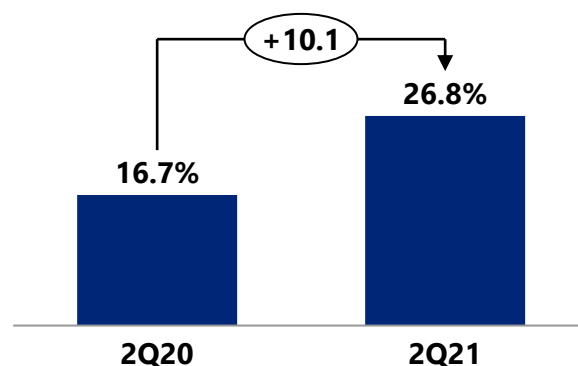
**Total AUM improved 22% year-over-year** driven by market performance and net inflows over the prior twelve months

## Assets Under Management

\$bn

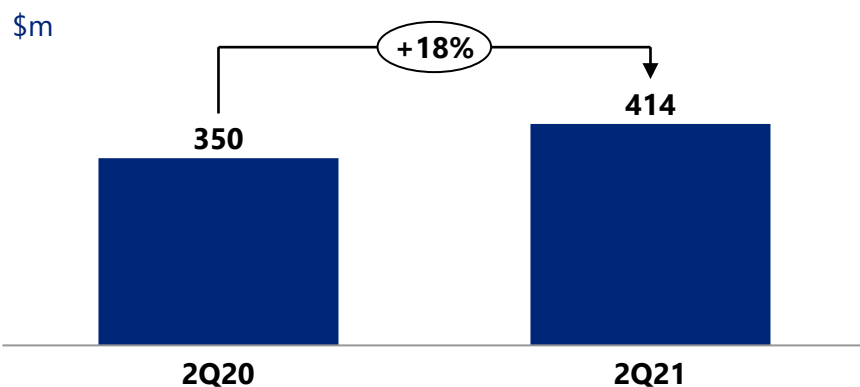


## Non-GAAP Operating ROE<sup>1</sup>

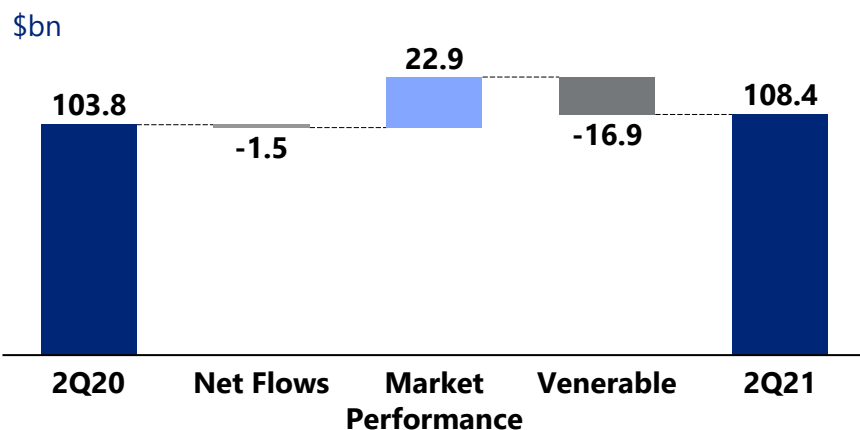


# Individual Retirement

## Operating Earnings



## Account Value and Trailing 12 Month Net Flows



## Highlights

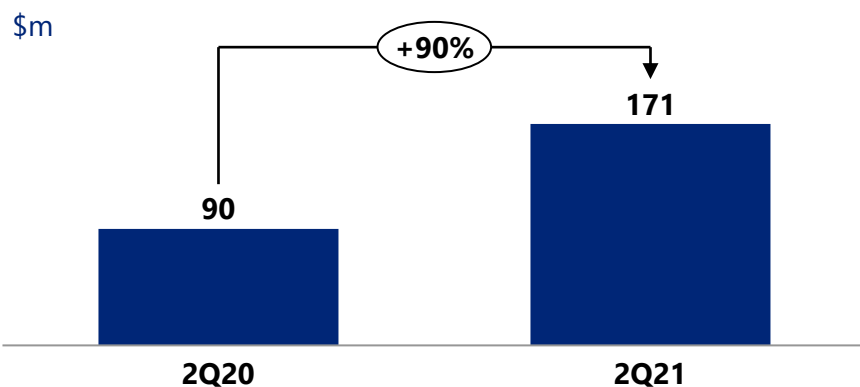
- Operating earnings increased, driven by higher net investment income and higher fee-type revenue on higher account values
- Notable items<sup>1</sup> in the quarter of \$49 million due higher net investment income from prepayments and alternatives
- First year premiums up 69% YoY, driven by record SCS sales of \$1.9bn; strongest sales quarter in IR over a decade
- Net inflows on our current product offering were offset by anticipated outflows from our legacy fixed-rate GMxB block

## Key Metrics

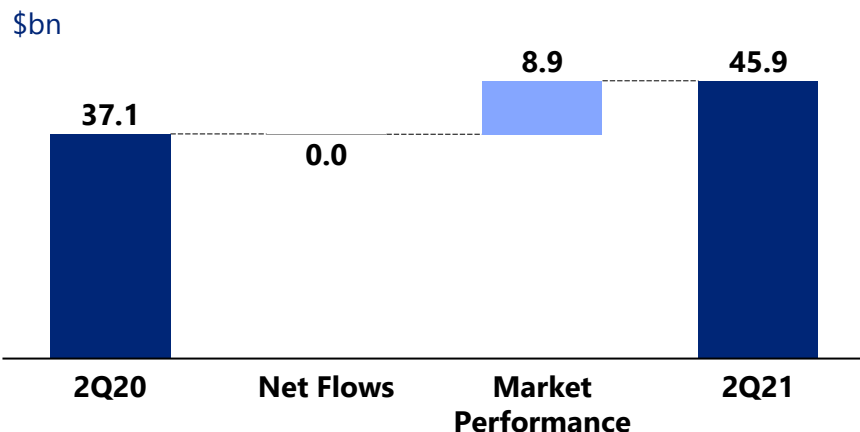
\$m	2Q20	2Q21
<b>Net Flows</b>	<b>(53)</b>	<b>(178)</b>
Current Product Offering <sup>2</sup>	656	762
Fixed Rate (Pre-2011) <sup>3</sup>	(709)	(940)
<b>First Year Premiums</b>	<b>1,631</b>	<b>2,753</b>
<b>Non-GAAP Operating ROC<sup>4</sup></b>	<b>22.6%</b>	<b>24.8%</b>

# Group Retirement

## Operating Earnings



## Account Value and Trailing 12 Month Net Flows



## Highlights

- Operating earnings increased, driven by higher net investment income and higher fee-type revenue on higher account values
- Notable items<sup>1</sup> in the quarter of \$17 million due higher net investment income from prepayments and alternatives
- Positive net flows in the quarter, up \$119 million sequentially, with gross premiums in line with pre-pandemic levels
- Strong renewals, up 9% year-over-year, reflecting amplified advisor outreach and enhanced digital engagement

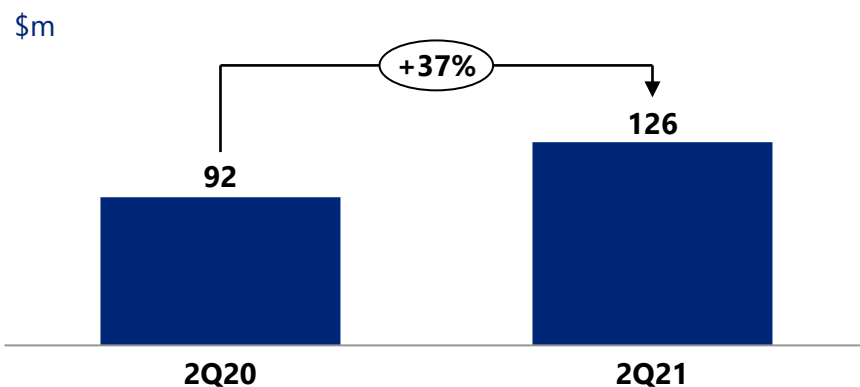
## Key Metrics

\$m	2Q20	2Q21
Net Flows	216	68
Gross Premiums	796	928
Non-GAAP Operating ROC <sup>2</sup>	34.1%	55.5%

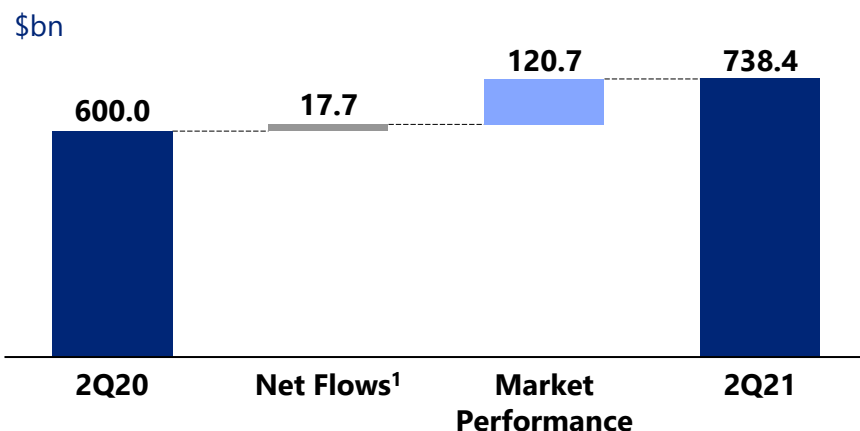


# Investment Management and Research (AB)

## Operating Earnings



## AUM and Trailing 12 Month Net Flows



## Highlights

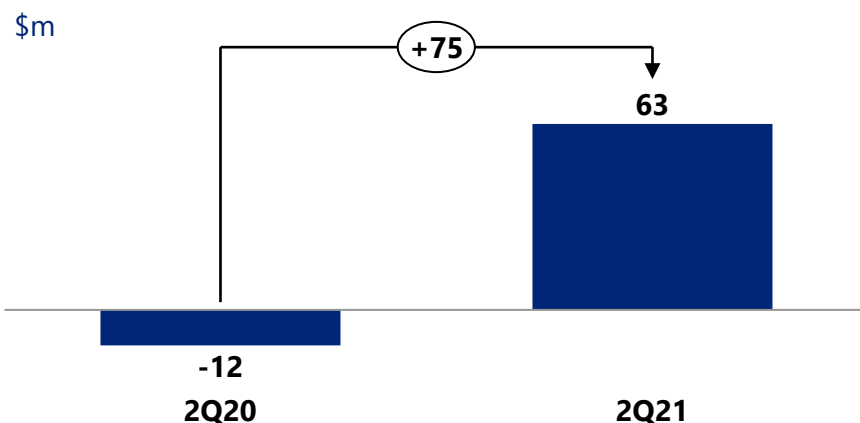
- Operating earnings growth driven by higher base fees on higher average AUM offsetting increased operating expenses
- Net flows of \$6.2bn driven by inflows across all channels, including \$6.7bn of active net inflows and gross sales of \$45bn
- Record pipeline of \$17.8bn in the institutional channel, reflecting an \$8bn customized retirement solutions mandate
- Adjusted operating margin<sup>1</sup> of 31.7%, up 380bps year-over-year, reflecting operating leverage in AB's business

## Key Metrics

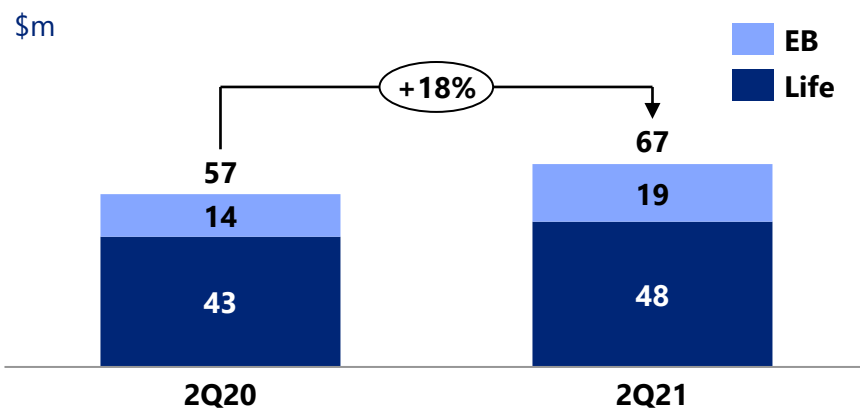
\$bn	2Q20	2Q21
Net Flows <sup>1</sup>	(3.3)	6.2
AUM	600.0	738.4
Adj. Operating Margin <sup>2</sup>	27.9%	31.7%

# Protection Solutions

## Operating Earnings



## Annualized Premiums



## Highlights

- Operating earnings increased, driven by higher net investment income and higher fee-type revenue on higher account values
- Notable items<sup>1</sup> in the quarter of \$20 million due higher net investment income from prepayments and alternatives
- Mortality improved 11% YoY due to a decrease in COVID-19 related claims; maintaining prior COVID-related guidance
- Employee Benefits 1H'21 sold premium exceeds full-year 2020 results, with average enrollee premium up 13% YoY

## Key Metrics

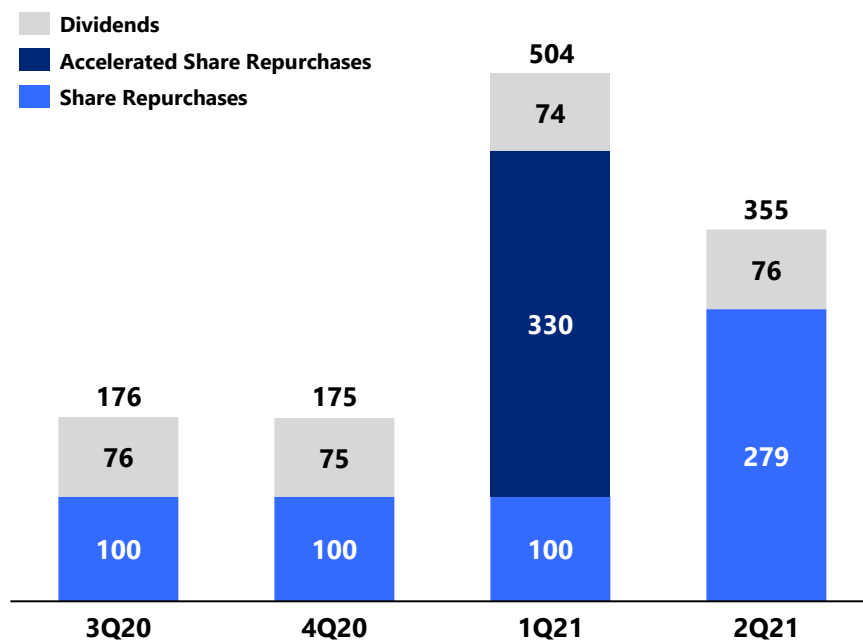
\$m	2Q20	2Q21
Gross Written Premiums	693	748
Benefit Ratio <sup>2</sup>	82.0%	72.5%
Non-GAAP Operating ROC <sup>3</sup>	10.3%	10.0%

# Strong capitalization and liquidity enabling capital return

## Taking action to enhance financial flexibility

- **Cash & liquid assets of \$2.5bn** at Holdings
- **Successfully de-risked balance sheet** through close of VA reinsurance transaction, generating c. \$1bn of economic value
- **\$500m incremental share repurchases post-VA reinsurance transaction in progress** – \$300m ASR initiated in July
- **Reg. 213 redundant reserves** – cash position, permitted practice and management actions mitigate impacts
- **Combined RBC ratio of c. 450%**, above 375-400% target

## Delivering on 50-60% payout ratio



# Permitted practice on Reg. 213 redundant reserves

Reaffirming our commitment to target payout ratio

## Mitigating actions ensure cash flows are maintained

- 1 **Strong HoldCo cash position** of \$2.5bn supports capital management program through 2022
- 2 **Received permitted practice from the NYDFS** offsetting initial impact; \$2bn of redundant reserves phased in over five years
- 3 **Taking management action to release of redundant reserves:**
  - ✓ **Increasing percentage of cash flows from unregulated entities from c. 35% to up to 50%** through internal restructuring actions
  - ✓ **Pursuing internal / external reinsurance** to further address redundant reserves and improve cash flow profile
  - ✓ **Expect c. 90% of products** distributed through non-NY companies by year-end 2022

## Core principles unchanged

**Maintain financial flexibility** through diversified cash flow sources

**All actions pursued will not impair economic balance sheet** in order to solve uneconomic accounting issue

**We will continue to deliver on our 50-60% payout ratio**

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# Appendix

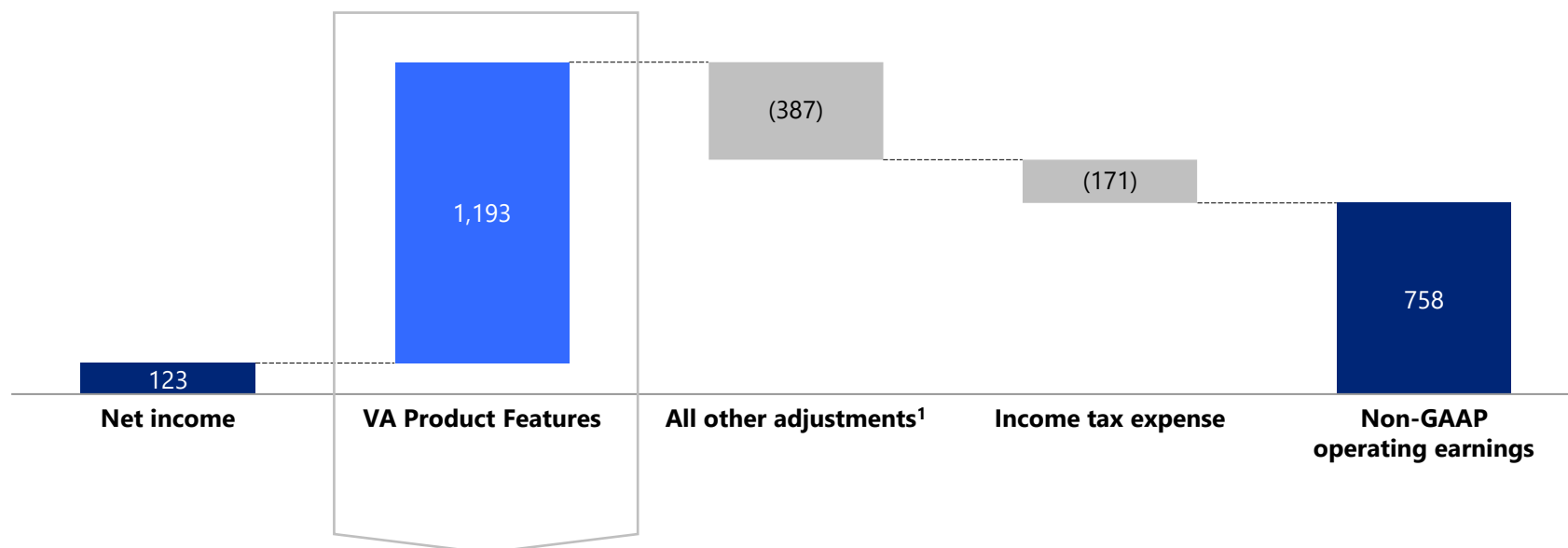
**Equitable Holdings**

Second Quarter 2021 Earnings Results



# Net Income to Non-GAAP Operating Earnings, 2Q21

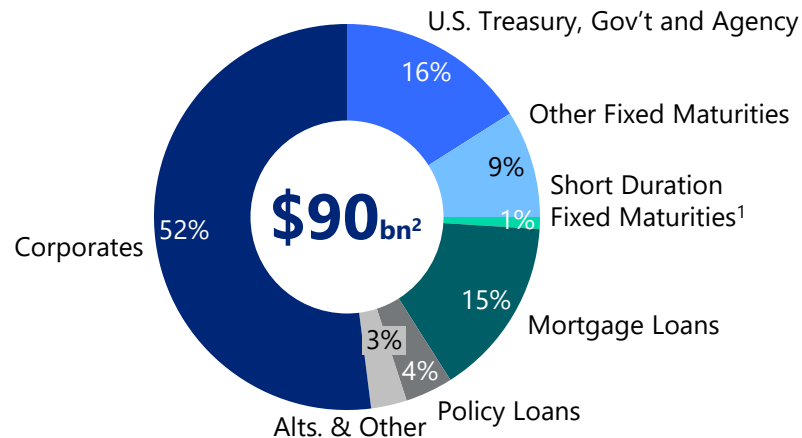
\$m



All figures \$m	Description	2Q21
VA Product Features	GMxB accounting asymmetry: <ul style="list-style-type: none"><li>• GMxB hedging</li><li>• Static hedge cash option cost</li></ul>	1,019 36
	Short duration VA portfolio (SCS) mark-to-market	(4)
	Non-performance risk (non-economic GAAP adjustment) / own credit spreads	130
	Other	12
	Total adjustment to Net Income	

# Investment Portfolio Overview

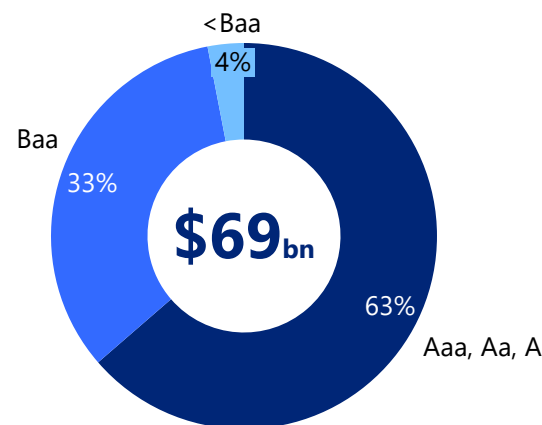
## General Account Investment Portfolio



### Average portfolio rating of A2

- 69% of portfolio in corporates and treasuries
- Mortgage Loans: 63% LTV, 2.4x DSCR; characterized by high quality collateral located in major metro areas with well-capitalized borrowers
- Alternatives & Other: limited exposure of 3%; strong performance in 2Q driven by public equity

## Fixed maturity portfolio



### Average corporate credit rating of A3 (excl. Treasury bonds)

- 96% Investment Grade, with just 14% Baa2, 5% Baa3
- Corporate bonds invested in 1,000+ names, diversified across geography and sector
- Limited exposure to sectors most impacted by COVID: 5% energy, 1% transportation and 1% restaurants, leisure, lodging, and gaming combined



# Appendix

## Reconciliation of Non-GAAP and Other Financial Disclosures

### EQH Non-GAAP Operating Earnings

<i>(in millions)</i>	Three Months Ended June 30,	
	2021	2020
Net income (loss) attributable to Holdings	\$ 123	\$ (4,019)
Adjustments related to:		
Variable annuity product features (1)	1,193	5,722
Investment (gains) losses	(420)	(169)
Net actuarial (gains) losses related to pension and other postretirement benefit obligations	26	28
Other adjustments (2) (3) (4)	7	75
Income tax expense (benefit) related to above adjustments (5)	(171)	(1,188)
Non-recurring tax items	—	2
Non-GAAP Operating Earnings	\$ 758	\$ 451

### EQH Non-GAAP Operating EPS

<i>(per share amounts)</i>	Three Months Ended June 30,	
	2021	2020
Net income (loss) attributable to Holdings (6)	\$ 0.29	\$ (8.92)
Less: Preferred stock dividend	0.06	0.02
Net Income (loss) available to common shareholders	0.23	(8.94)
Adjustments related to:		
Variable annuity product features (1)	2.79	12.70
Investment (gains) losses	(0.98)	(0.38)
Net actuarial (gains) losses related to pension and other postretirement benefit obligations	0.06	0.06
Other adjustments (2) (3) (4)	0.01	0.18
Income tax expense (benefit) related to above adjustments (5)	(0.40)	(2.64)
Non-recurring tax items	—	—
Non-GAAP Operating Earnings	\$ 1.71	\$ 0.98

<sup>1</sup>Includes COVID-19 impact on Variable annuity product features due to a first quarter 2020 assumption update of \$1.5 billion and other COVID-19 related impacts of \$35 million for the six months ended June 30, 2020. The impact per common share is \$3.21 and other COVID-19 related impacts of \$0.08 for the three and six months ended June 30, 2020. <sup>2</sup>Includes separation costs of \$16 million, \$39 million, \$37 million and \$71 million for the three months and six months ended June 30, 2021 and 2020. The impact per common share is \$0.09 and \$0.16 for the three and six months ended June 30, 2021 and 2020. <sup>3</sup>Includes certain legal accruals related to the cost of insurance litigation of \$180 million for the six months ended June 30, 2021. The impact per common share is \$0.42 for the three and six months ended June 30, 2021. No adjustment was made to prior period operating earnings as the impact was immaterial. <sup>4</sup>Includes COVID-19 impact on Other adjustments due to a first quarter 2020 assumption update of \$1.0 billion for the six months ended June 30, 2020 and other COVID-19 related impacts of \$35 million and \$86 million for the three and six months ended June 30, 2020. The impact per common share is \$2.29 and \$0.19 for the three and six months ended June 30, 2020. <sup>5</sup>Includes income taxes of (\$7) million and (\$554) million for the above related COVID-19 items for the three and six months ended June 30, 2020. The impact per common share is \$(1.21) for the three and six months ended June 30, 2020.



# Appendix

## Reconciliation of Non-GAAP and Other Financial Disclosures

### EQH Non-GAAP Operating Return on Equity

(in millions USD, unless otherwise indicated)

	Balances as of							
	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021
<b>Total Equity Attributable to Holdings</b>								
<b>Total equity attributable to Holdings'</b>	14,940	13,456	19,981	7,498	17,300	15,576	10,693	11,732
Less: Preferred Stock	-	775	775	775	1,269	1,269	1,562	1,562
<b>Total equity attributable to Holdings' common shareholders</b>	14,940	12,681	19,206	16,723	16,031	14,307	9,131	10,170
Less: Accumulated other comprehensive income (loss)	1,546	844	2,289	3,928	4,188	3,863	740	1,983
<b>Total equity attributable to Holdings' common shareholders (ex. AOCI)</b>	13,394	11,837	16,917	12,795	11,843	10,444	8,391	8,187

### Non-GAAP Operating Return on Equity

	Twelve Months Ended				
<b>Net income (loss) attributable to Holdings</b>	49	(356)	(648)	(7,524)	(3,382)
Less: Preferred stock	(23)	(34)	(53)	(53)	(69)
<b>Net income (loss) available to Holdings' common shareholders</b>	26	(390)	(701)	(7,577)	(3,451)
<b>Average equity attributable to Holdings' common shareholders (ex. AOCI)</b>	13,736	13,348	13,000	10,868	9,716
<b>Return on Equity (ex. AOCI)</b>	0.2 %	(2.9)%	(5.4)%	(69.7)%	(35.5)%
<b>Non-GAAP Operating Earnings</b>	2,312	2,207	2,302	2,367	2,674
Less: Preferred stock	(23)	(34)	(53)	(53)	(69)
<b>Non-GAAP Operating Earnings available to Holdings' common shareholders</b>	2,289	2,173	2,249	2,314	2,605
<b>Average equity attributable to Holdings' common shareholders (ex. AOCI)</b>	13,736	13,348	13,000	10,868	9,716
<b>Non-GAAP Operating Return on Equity (ex. AOCI)</b>	16.7 %	16.3 %	17.3 %	21.3 %	26.8 %

# Appendix

## Impact of Notable Items<sup>1</sup> by segment and corporate & other and by category

Non-GAAP Operating Earnings, less Notable Items, (\$m)		Three Months Ended June 30, 2021	
<b>Non-GAAP Operating Earnings</b>		\$	758
<b>Post Tax Adjustments related to Notable Items:</b>			
Individual Retirement			(49)
Group Retirement			(17)
AllianceBernstein			-
Protection Solutions			(20)
Corporate & Other			(13)
<b>Subtotal</b>			<b>(100)</b>
Impact of Actuarial Assumption Update			-
<b>Non-GAAP Operating Earnings, less Notable Items</b>		<b>\$</b>	<b>658</b>

Non-GAAP Operating Earnings, less Notable Items, (\$m)		Three Months Ended June 30, 2021	
<b>Non-GAAP Operating Earnings</b>		\$	758
<b>Pre-tax adjustments related to Notable Items:</b>			
Actuarial Updates/Reserve			-
Mortality			-
Expenses			-
Net Investment Income			(129)
Other			-
<b>Subtotal</b>			<b>(129)</b>
<b>Post-tax impact of Notable Items</b>			<b>(100)</b>
Impact of Actuarial Assumption Update			-
<b>Non-GAAP Operating Earnings, less Notable Items</b>		<b>\$</b>	<b>658</b>