



LPL FINANCIAL HOLDINGS INC. Q3 2022 INVESTOR PRESENTATION

October 27, 2022

Notice to Investors: Safe Harbor Statement

Statements in this presentation regarding LPL Financial Holdings Inc.'s (together with its subsidiaries, the "Company") future financial and operating results, growth, priorities, business strategies and outlook, including forecasts and statements relating to the Company's future advisory and brokerage asset levels and mix, organic asset growth, deposit betas, core G&A expenses (including outlook for 2022), promotional, share-based compensation and depreciation and amortization expenses, Gross Profit* benefits, EBITDA* benefits, target leverage ratio, client cash balances and yields, service and fee revenue, transaction revenue, investments, capital returns, planned share repurchases, and the amount and timing of the onboarding of brokerage and advisory assets from People's United Bank ("People's"), Boenning & Scattergood and CUNA Mutual Group ("CUNA"), as well as any other statements that are not related to present facts or current conditions or that are not purely historical, constitute forward-looking statements. They reflect the Company's expectations and objectives as of October 27, 2022 and are not guarantees that the expectations or objectives expressed or implied will be achieved. The achievement of such expectations and objectives involves risks and uncertainties that may cause actual results, levels of activity or the timing of events to differ materially from the expressed or implied expectations of the forward-looking statements. Important factors that could cause or contribute to such differences include: difficulties and delays in onboarding the assets of People's, Boenning & Scattergood or CUNA advisors; disruptions in the businesses of the Company, People's, Boenning & Scattergood or CUNA that could make it more difficult to maintain relationships with their respective advisors and their clients; the choice by clients of People's, Boenning & Scattergood or CUNA advisors not to open brokerage and/or advisory accounts at the Company; changes in general economic and financial market conditions, including retail investor sentiment; changes in interest rates and fees payable by banks participating in the Company's client cash programs, including the Company's strategy and success in managing client cash program fees; changes in the growth and profitability of the Company's fee-based offerings; fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenues; effects of competition in the financial services industry and the success of the Company in attracting and retaining financial advisors and institutions; whether the retail investors served by newly-recruited advisors choose to move their respective assets to new accounts at the Company; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by federal and state regulators and self-regulatory organizations; the costs of settling and remediating issues related to regulatory matters or legal proceedings, including actual costs of reimbursing customers for losses in excess of our reserves; changes made to the Company's services and pricing, and the effect that such changes may have on the Company's Gross Profit* streams and costs; the execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements and efficiencies expected to results from its initiatives, acquisitions and programs; the effect of the COVID-19 pandemic, including efforts to contain it; and the other factors set forth in the Company's most recent Annual Report on Form 10-K, as may be amended or updated in the Company's Quarterly Reports on Form 10-Q or other filings with the Securities and Exchange Commission. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after October 27, 2022 and you should not rely on statements contained herein as representing the Company's view as of any date subsequent to October 27, 2022.

THIS PRESENTATION INCLUDES DATA AS OF SEPTEMBER 30, 2022, UNLESS OTHERWISE INDICATED.

Notice to Investors: Non-GAAP Financial Measures

Management believes that presenting certain non-GAAP financial measures by excluding or including certain items can be helpful to investors and analysts who may wish to use this information to analyze the Company's current performance, prospects and valuation. Management uses this non-GAAP information internally to evaluate operating performance and in formulating the budget for future periods. Management believes that the non-GAAP financial measures and metrics discussed below are appropriate for evaluating the performance of the Company. **Specific Non-GAAP financial measures have been marked with an asterisk (*) within this presentation. Reconciliations and calculations of such measures can be found in the appendix of this presentation.**

EPS prior to amortization of intangible assets and acquisition costs is defined as adjusted net income, a non-GAAP measure defined as net income plus the after-tax impact of amortization of other intangibles and acquisition costs, divided by the weighted average number of diluted shares outstanding for the applicable period. The Company presents adjusted net income and EPS prior to amortization of intangible assets and acquisition costs because management believes that these metrics can provide investors with useful insight into the Company's core operating performance by excluding non-cash items and acquisition costs that management does not believe impact the Company's ongoing operations. Adjusted net income and EPS prior to amortization of intangible assets and acquisition costs are not measures of the Company's financial performance under GAAP and should not be considered as alternatives to net income, earnings per diluted share or any other performance measure derived in accordance with GAAP. For a reconciliation of net income and earnings per diluted share to adjusted net income and EPS prior to amortization of intangible assets and acquisition costs, please see the appendix of this presentation.

Gross profit is calculated as total revenue less advisory and commission expense and brokerage, clearing and exchange expense. All other expense categories, including depreciation and amortization of property and equipment and amortization of other intangibles, are considered general and administrative in nature. Because the Company's gross profit amounts do not include any depreciation and amortization expense, the Company considers gross profit to be a non-GAAP financial measure that may not be comparable to similar measures used by others in its industry. Management believes that gross profit can provide investors with useful insight into the Company's core operating performance before indirect costs that are general and administrative in nature. For a calculation of gross profit, please see the appendix of this presentation.

Core G&A consists of total expense less the following expenses: advisory and commission; depreciation and amortization; interest expense on borrowings; brokerage, clearing and exchange; amortization of other intangibles; loss on extinguishment of debt; promotional; acquisition costs; employee share-based compensation; and regulatory charges. Management presents core G&A because it believes core G&A reflects the corporate expense categories over which management can generally exercise a measure of control, compared with expense items over which management either cannot exercise control, such as advisory and commission, or which management views as promotional expense necessary to support advisor growth and retention, including conferences and transition assistance. Core G&A is not a measure of the Company's total expense as calculated in accordance with GAAP. The Company does not provide an outlook for its total expense because it contains expense components, such as advisory and commission, that are market-driven and over which the Company cannot exercise control. Accordingly a reconciliation of the Company's outlook for total expense to an outlook for core G&A cannot be made available without unreasonable effort.

EBITDA is defined as net income plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles. The Company presents EBITDA because management believes that it can be a useful financial metric in understanding the Company's earnings from operations. EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP. For a reconciliation of net income to EBITDA, please see the appendix of this presentation.

Credit Agreement EBITDA is defined in, and calculated by management in accordance with, the Company's amended and restated credit agreement ("Credit Agreement") as "Consolidated EBITDA," which is consolidated net income (as defined in the Credit Agreement) plus interest expense on borrowings, provision for income taxes, depreciation and amortization, and amortization of other intangibles, and is further adjusted to exclude certain non-cash charges and other adjustments, including unusual or non-recurring charges and gains, and to include future expected cost savings, operating expense reductions or other synergies from certain transactions. The Company presents Credit Agreement EBITDA because management believes that it can be a useful financial metric in understanding the Company's debt capacity and covenant compliance under its Credit Agreement. Credit Agreement EBITDA is not a measure of the Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP. For a reconciliation of net income to Credit Agreement EBITDA, please see the appendix of this presentation.

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LPL Overview



Mission

We take care of our advisors so they can take care of their clients



Vision

Become the leader across the advisor-centered marketplace



Purpose

Serve advisors so they can...

- Help their clients achieve life's goals and dreams
- Be great entrepreneurs and run thriving businesses



Strategy

To bring our vision to life, we will deliver...

- Capabilities and services that help advisors provide differentiated experiences for their clients
- Personalized solutions – from flexible and compelling affiliation models, to services to help run extraordinary practices

† On review for upgrade

Key Markets and Services

\$1.0T+ Client Assets:

- Advisory: \$543B
- Brokerage: \$496B

21,000+ Advisors:

- Independent Advisors: 11,800+
- Independent RIA: 5,700+ (~500 firms)
- Institutional Services: 3,500+ (~1,100 institutions)

Key Metrics

Q3 2022 Business Metrics

Client Assets (end of period):	\$1.0T
Organic Net New Assets:	\$19.9B
Organic Annualized Growth:	7%
Recruited Assets ⁽¹⁾ :	\$13B
Advisors (end of period):	21,044
Accounts (end of period):	7.8M

Q3 2022 Debt Metrics

Credit Agreement EBITDA* (LTM):	\$1.3B
Total Debt:	\$2.7B
Leverage Ratio ⁽²⁾ :	1.72x
Cost of Debt:	4.27%

Q3 2022 LTM Financial Metrics

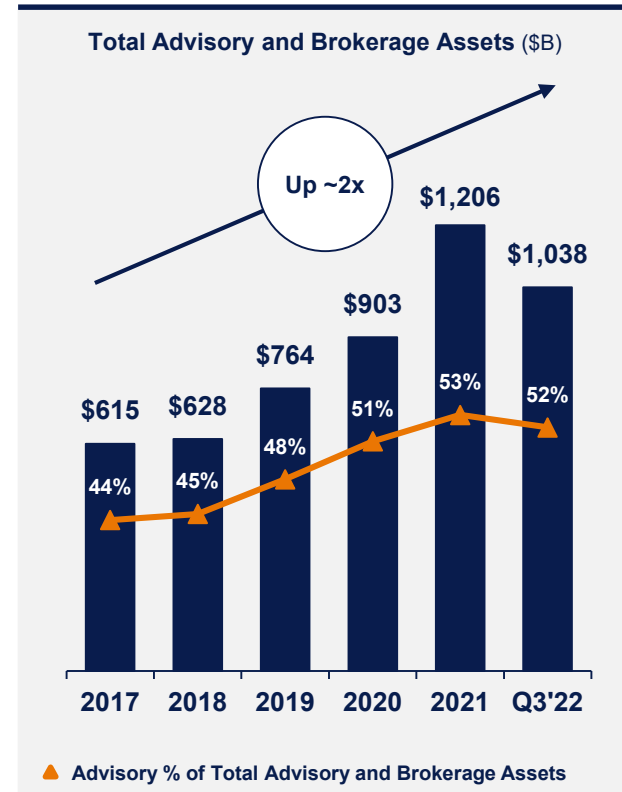
Average Client Assets:	\$1.1T
Organic Net New Assets:	\$101B
Organic Annualized Growth:	9%
Recruited Assets ⁽¹⁾ :	\$84B
Gross Profit*:	\$2.9B
EBITDA*:	\$1,217M
EPS Prior to Amort. of Intangible Assets and Acquisition Costs*:	\$8.95

Debt Ratings⁽³⁾ | Outlook

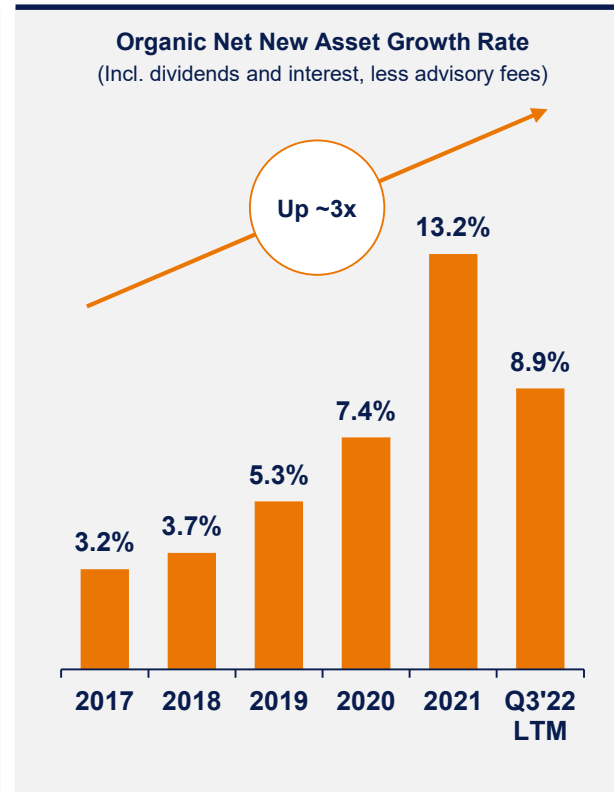
Moody's Rating:	Ba1 Positive [†]
S&P Rating:	BB+ Positive

We continue to drive business and financial growth

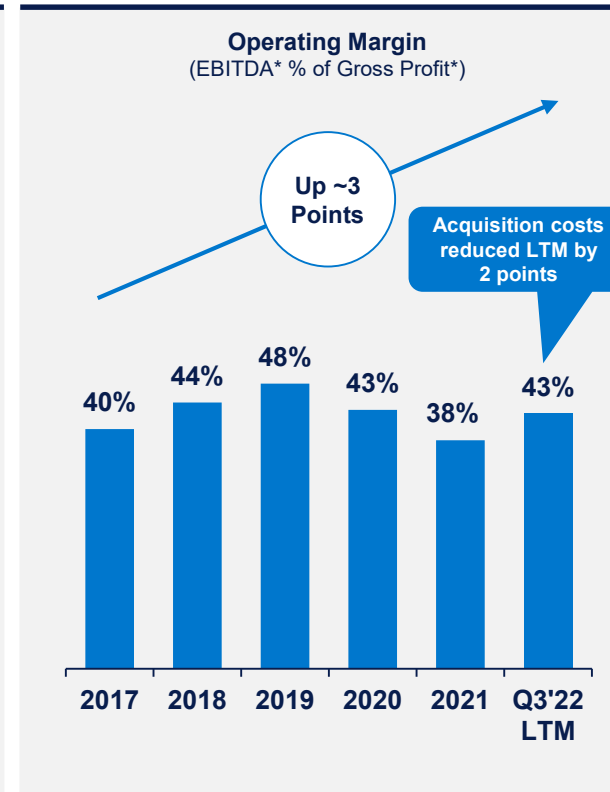
Total assets have nearly doubled



Organic asset growth has increased ~3x



Operating margin has increased ~3 points



EPS prior to amortization of intangible assets and acquisition costs* has increased ~3x



Our vision is to become the leader across the entire advisor-centered marketplace



Meeting advisors where they are in the evolution of their practices

Deepen our participation across traditional independent and third-party bank channels

—

Redefine our industry with our new, transformative independent employee and RIA-only models



Helping advisors differentiate and win end-clients

Create a leading end-to-end platform for advisors

—

Develop and enhance end-client experiences



Delight advisors and their clients with industry-leading experiences

Transform our service model into a customer care model

—

Drive performance, efficiency and scale with a real-time, digital operating model

—

Develop excellence in continuous improvement



Helping advisors run the most successful businesses in the industry

Raise quality of execution and likelihood of success through our Services Group

—

Deliver comprehensive financial advice and planning services

—

Unlock growth, succession and protection through innovative growth and capital solutions

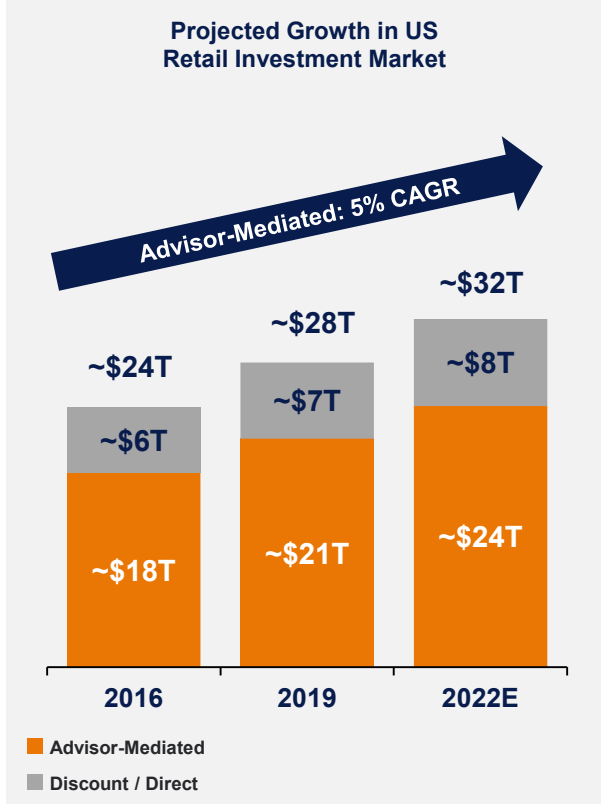
A strategy to win in the marketplace

LPL investment highlights: significant opportunities to grow and create long-term shareholder value

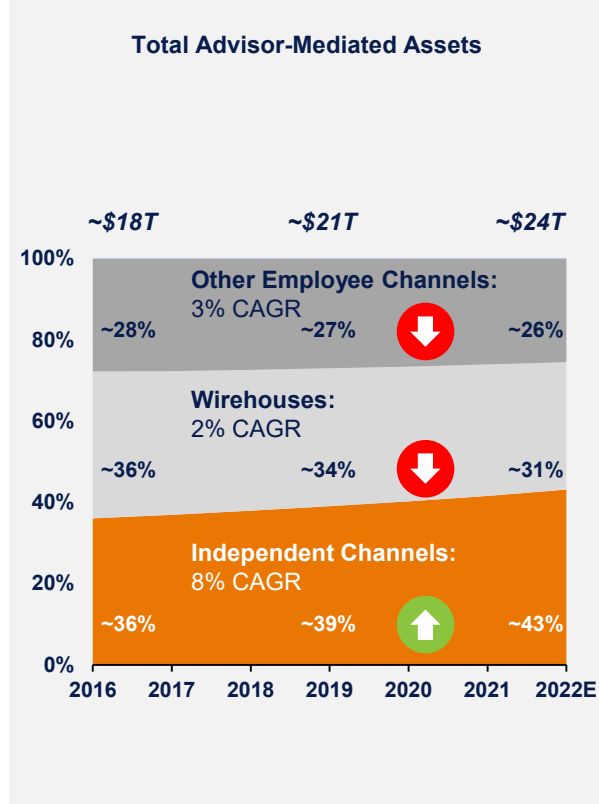
- 1 Industry leader with scale, structural tailwinds, and expanded addressable markets**
- 2 Expanded capabilities to enhance the advisor value proposition**
- 3 Organic growth opportunities through net new assets and ROA**
- 4 Resilient business model with natural hedges to market volatility**
- 5 Disciplined expense management driving operating leverage**
- 6 Capital-light business model with significant capacity to deploy**
- 7 Opportunity to consolidate fragmented core markets through M&A**

We are a market leader with scale advantages and industry tailwinds

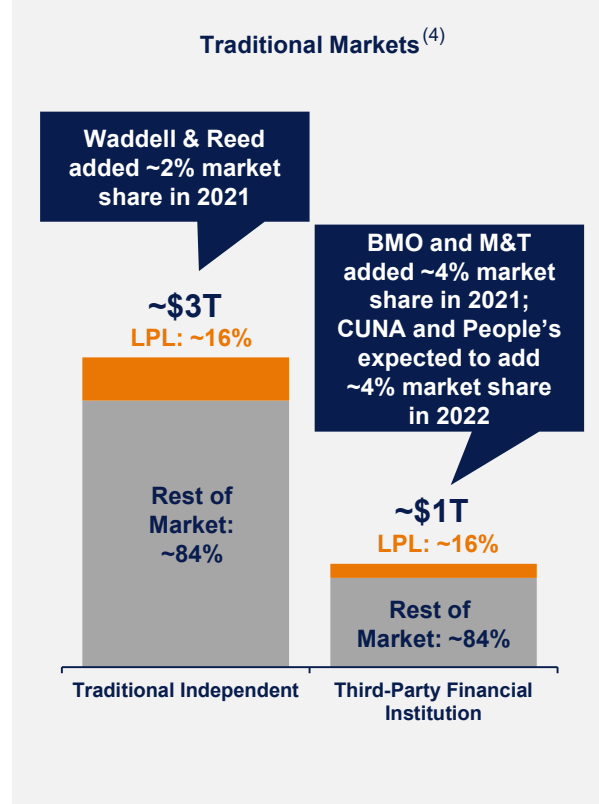
Growing Demand for Advice



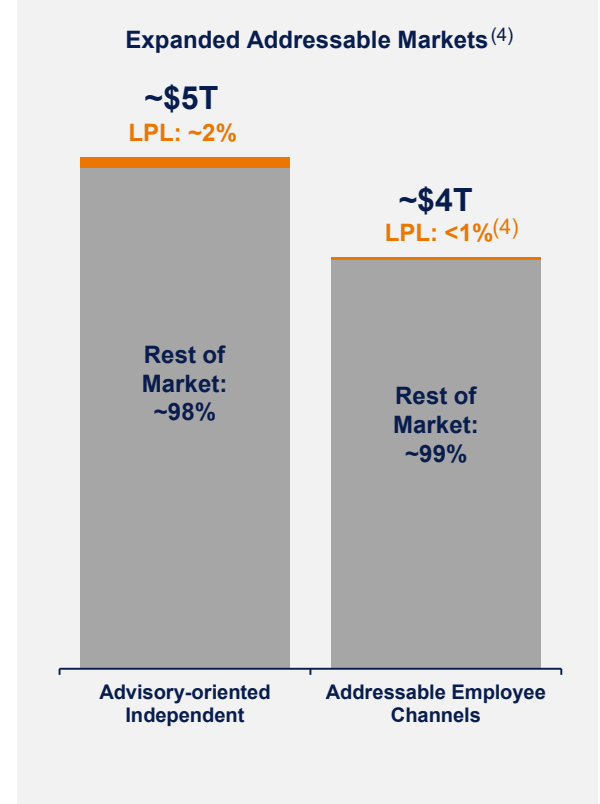
Independent Channel Gaining Share



Leading Position in Traditional Markets



Tripling our Total Addressable Markets

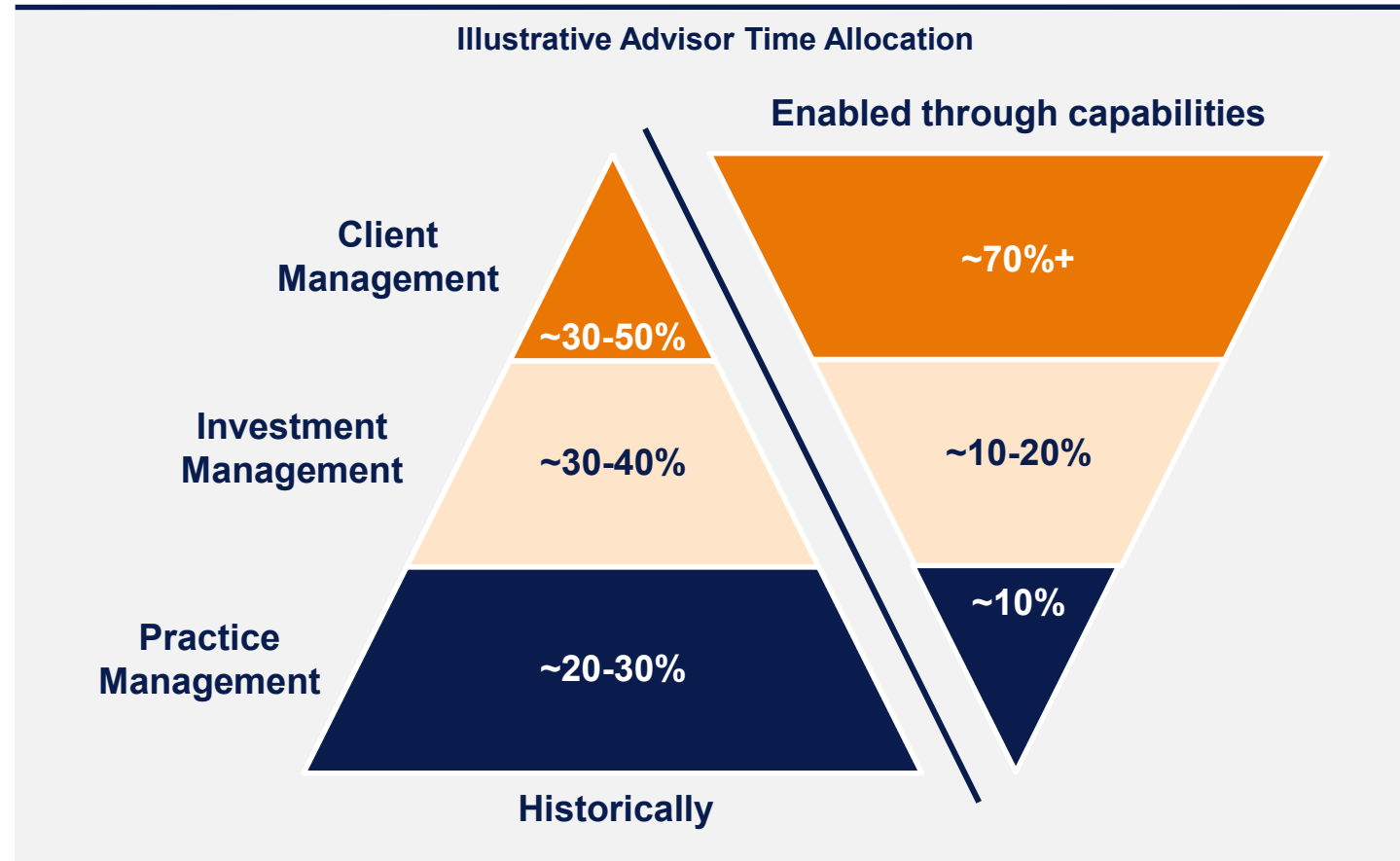


We have tripled our addressable markets with new affiliation models

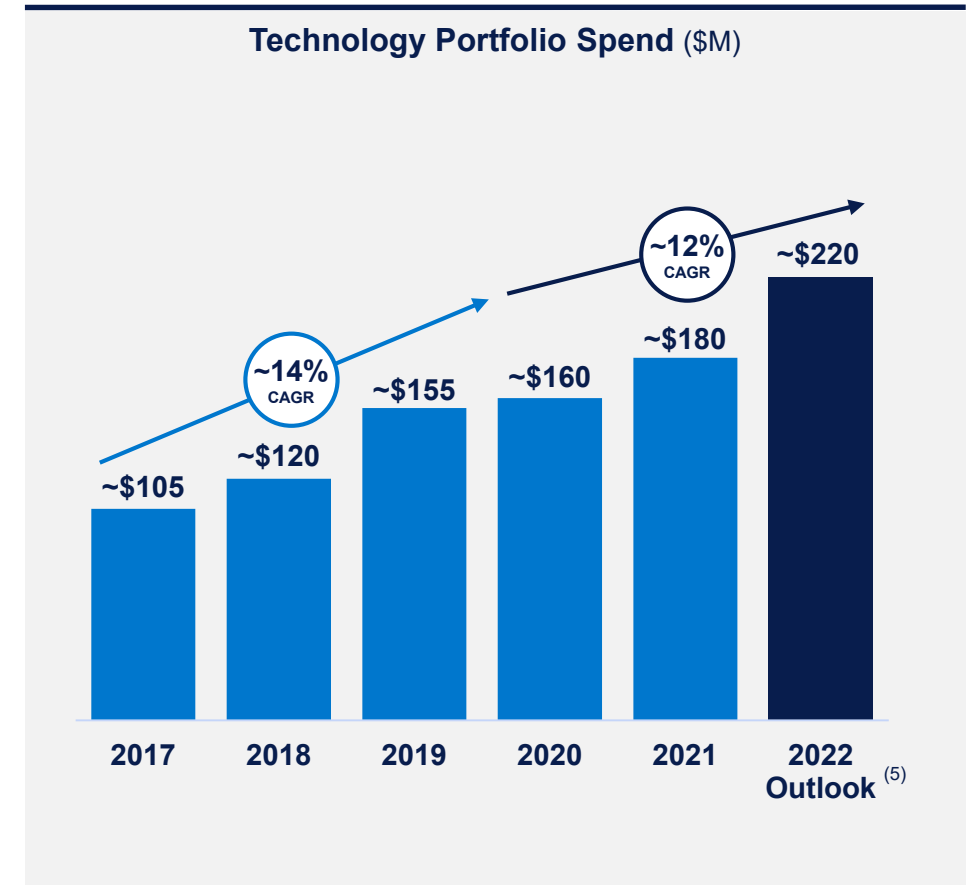
		Advisory-Oriented Independent Market <u>New ~\$5T Opportunity</u>		Independent Employee Market <u>New ~\$4T Opportunity</u>
		Strategic Wealth	RIA-Only Advisory	Independent Employee
Overview		<ul style="list-style-type: none"> Provides comprehensive support for “breakaway advisors” to move to independence Includes enhanced, hands-on assistance through all aspects of new practice startup and transition Delivers tailored business support through strategic consulting and Business Solutions 	<ul style="list-style-type: none"> Enables RIAs to leverage fully-integrated capabilities, technology, services, and clearing platform Supported by dedicated relationship management teams along with practice-level support Provides the flexibility to outsource risk management and compliance (Corporate RIA) or manage internally (Independent RIA) 	<ul style="list-style-type: none"> Pairs the benefits of independence with the turnkey services of an employee model Enables advisors to own their client relationships and have the freedom to design their practices to fit their model for advice Increases payout for advisors versus traditional employee firms through a lower-cost model
Progress		<p>We launched our Strategic Wealth model in April 2020 and have recruited over \$8B in assets</p>	<p>We relaunched our model for RIA-only advisors in April 2021 and have welcomed a number of new advisors</p>	<p>We launched our Independent Employee model in August 2020 and have recruited over \$4B in assets</p>

We have increased our investment in capabilities to enhance our advisor value proposition and drive growth

We are focused on delivering capabilities that position advisors to spend more time with their clients

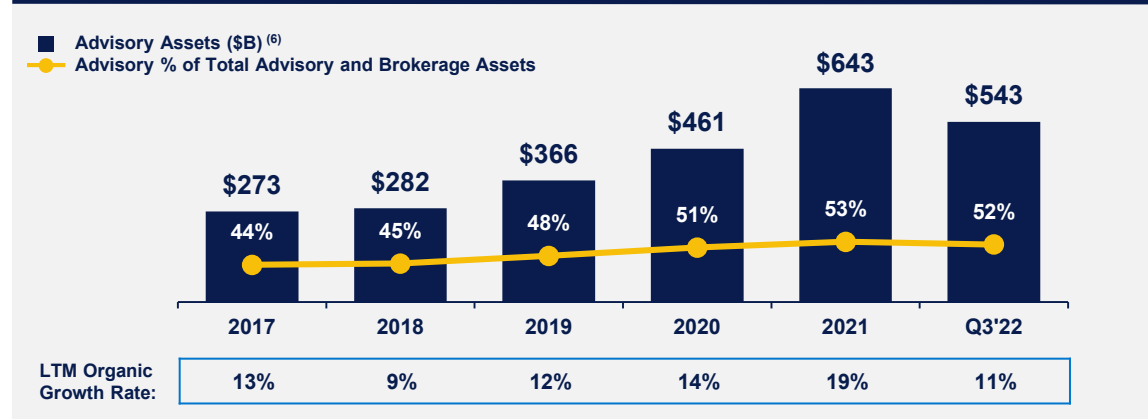


As a result, we have increased our technology investments over time



Advisory makes up the majority of our total assets

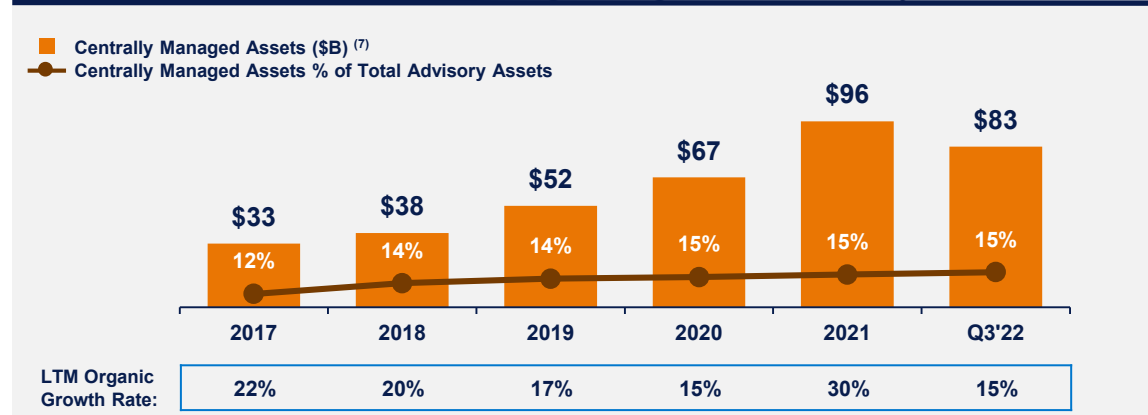
Our business is shifting from brokerage to advisory



The shift to advisory can create value

- Assets are shifting from brokerage to advisory, consistent with industry trends, as end-clients seek greater levels of support from advisors
- Our mix of advisory is below industry levels of ~70% advisory
- Prior to large financial institutions, we are shifting towards advisory at a rate of ~2%+ per year
- Advisory ROA is ~10 bps higher than brokerage ROA, so a ~2% shift is ~\$13M in annual Gross Profit* benefit

Centrally managed platforms are growing within advisory



Centrally managed platforms can create additional value within advisory

- Outsourcing portfolio design and management can free up advisors' time to serve clients and grow their practices
- Advisors can also continue to design their own portfolios while outsourcing investment management tasks to LPL
- Centrally managed platforms have increased as a percentage of total advisory assets
- Centrally managed platform ROA is ~10 bps higher than advisory overall, so a 1% increase is ~\$6M in annual Gross Profit* benefit

Our Services Group has grown to ~4,200 subscriptions with annualized revenue of ~\$34M in Q3

Planning & Advice Services

Planning and Advice

- **Digital and employee-powered solutions** that help advisors expand the breadth and depth of their advice
- Helps advisors increase marketplace differentiation while limiting additional complexity and risk
- Plans can average **~\$1,000 per month**
- **Current Portfolio:** Paraplanning
- **In Development:** Tax Planning and High Net Worth Services

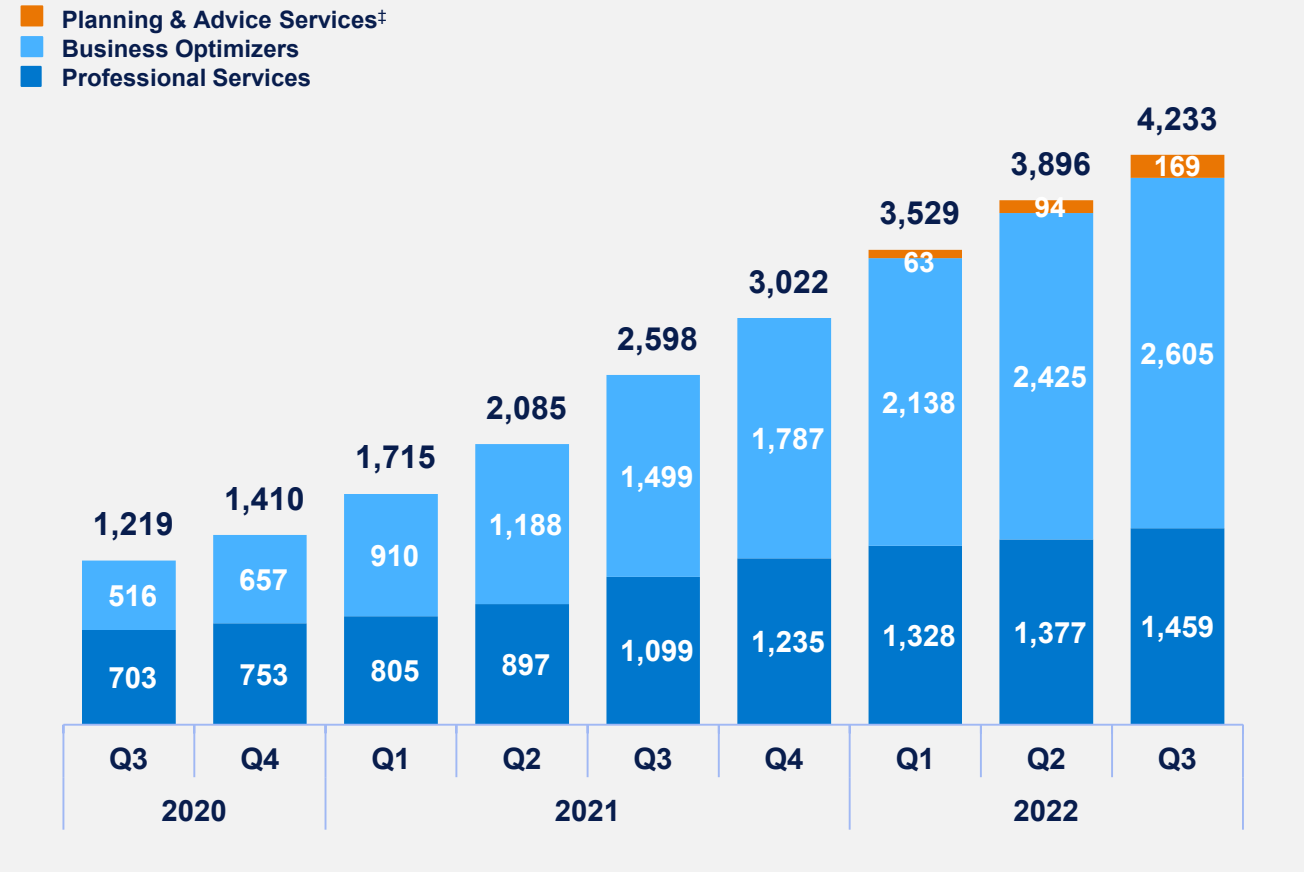
Business Optimizers

- **Digital solutions** that provide risk mitigation and business continuity services to support practice operations and succession planning
- Lower revenue and lower cost since they **deliver digital capabilities**
- Subscriptions average **\$100+ per month**
- **Current Portfolio:** M&A Solutions, Digital Office†, Resilience Plan and Assurance Plan
- **In Development:** Client Engage

Professional Services

- **Digital and employee-powered solutions** that provide practice management expertise to increase practice-level growth and operational efficiency
- Higher revenue and higher cost due to **full support from an LPL team**
- Subscriptions average **\$1,500+ per month**
- **Current Portfolio:** Business Strategy Services†, Marketing Solutions and Admin Solutions
- **Recently Launched:** Bookkeeping

Services Group Subscriptions



† Based on feedback from advisors, CFO Solutions was rebranded as Business Strategy Services and Remote Office was rebranded as Digital Office to better align with the breadth of the offering to advisors

‡ Subscriptions are the number of advisors using the service

We are digitizing key advisor workflows to help drive practice scalability and efficiency

ClientWorks Connected



For each of the platforms, we are integrating a free solution as well as leading third-party options

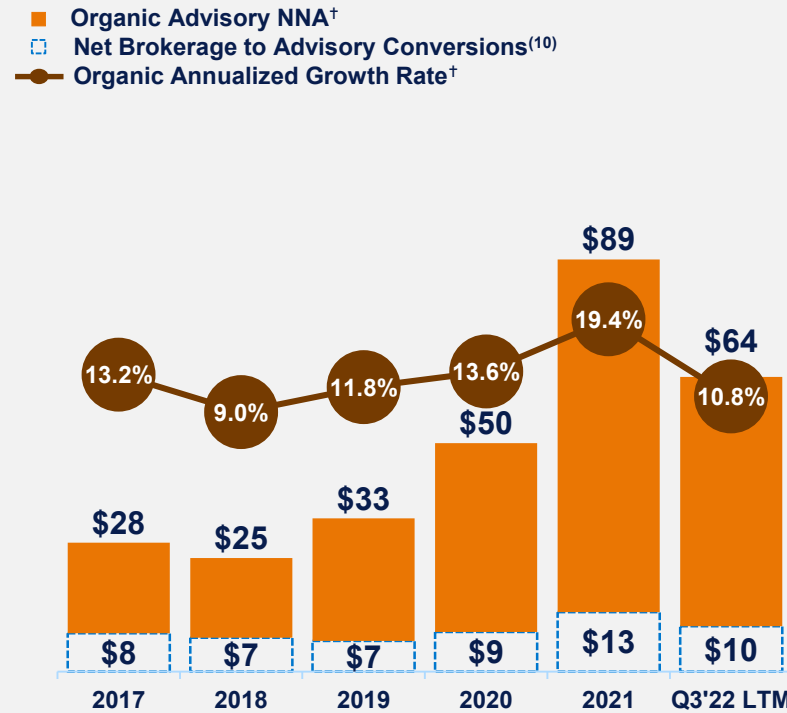
We continued to drive solid organic growth with a net new asset growth rate of ~9% for the past year

Total Organic Net New Assets⁽⁸⁾ (\$B)



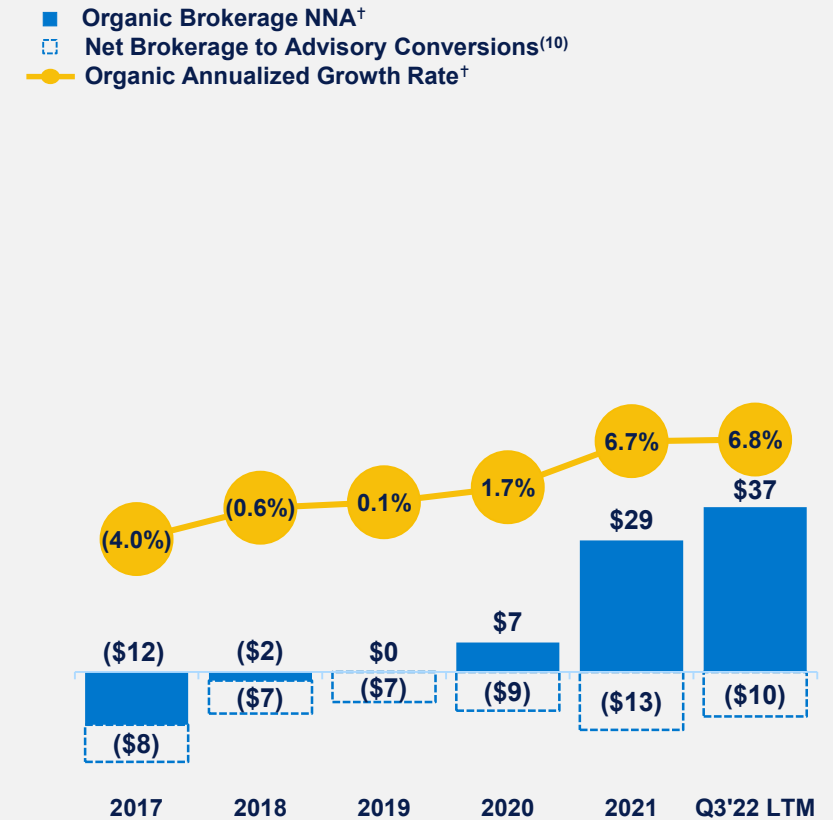
Ex. Large Financial Institutions		
Organic Growth Rate:	9.3%	6.2%
Organic NNA:	\$84	\$70

Organic Net New Advisory Assets⁽⁹⁾ (\$B)



Ex. Large Financial Institutions		
Organic Growth Rate:	17.6%	10.5%
Organic NNA:	\$81	\$62

Organic Net New Brokerage Assets⁽⁹⁾ (\$B)



Ex. Large Financial Institutions		
Organic Growth Rate:	0.6%	1.4%
Organic NNA:	\$3	\$8

† Prior to Q4 2021, net new assets and net new assets growth rates exclude the assets of Waddell & Reed

We are the leading third-party provider to financial institutions

Serving ~1,100 institutions with ~\$260B⁽¹⁾ in assets

Our Value

- We provide financial institutions with access to an array of investment solutions and wealth management platforms to enhance and scale their business.
- With LPL, financial institutions can provide retail clients with enhanced capabilities, grow their business faster, increase profitability, and lower regulatory risk.

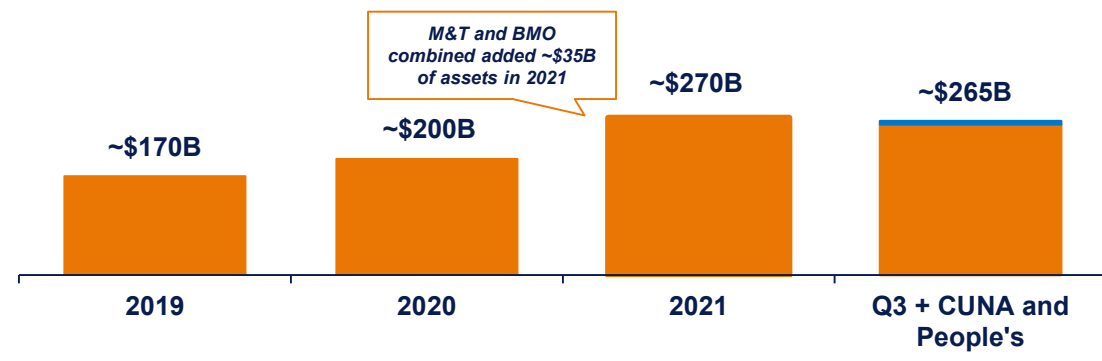
Top 10 Financial Institutions on LPL's Platform



We onboarded BMO and M&T in 2021, CUNA in Q2 2022 and People's United Bank in Q3 2022

- CUNA MUTUAL GROUP**
 - Wealth management business of CUNA Mutual Group
 - ~\$36B[†] in assets and 550+ advisors
 - Onboarded in Q2 2022
- M&T Bank**
 - Fortune 500 bank with 700+ branches nationwide
 - ~\$20B in assets and 170+ advisors
 - Onboarded in Q2 2021
- BMO**
 - Bank with 500+ branches nationwide
 - ~\$15B in assets and 115+ advisors
 - Onboarded in Q1 2021
- People's United**
 - M&T acquired People's United Bank and elected to onboard the wealth management business to LPL's platform
 - ~\$6B[†] in assets and 30+ advisors
 - Onboarded in Q3 2022

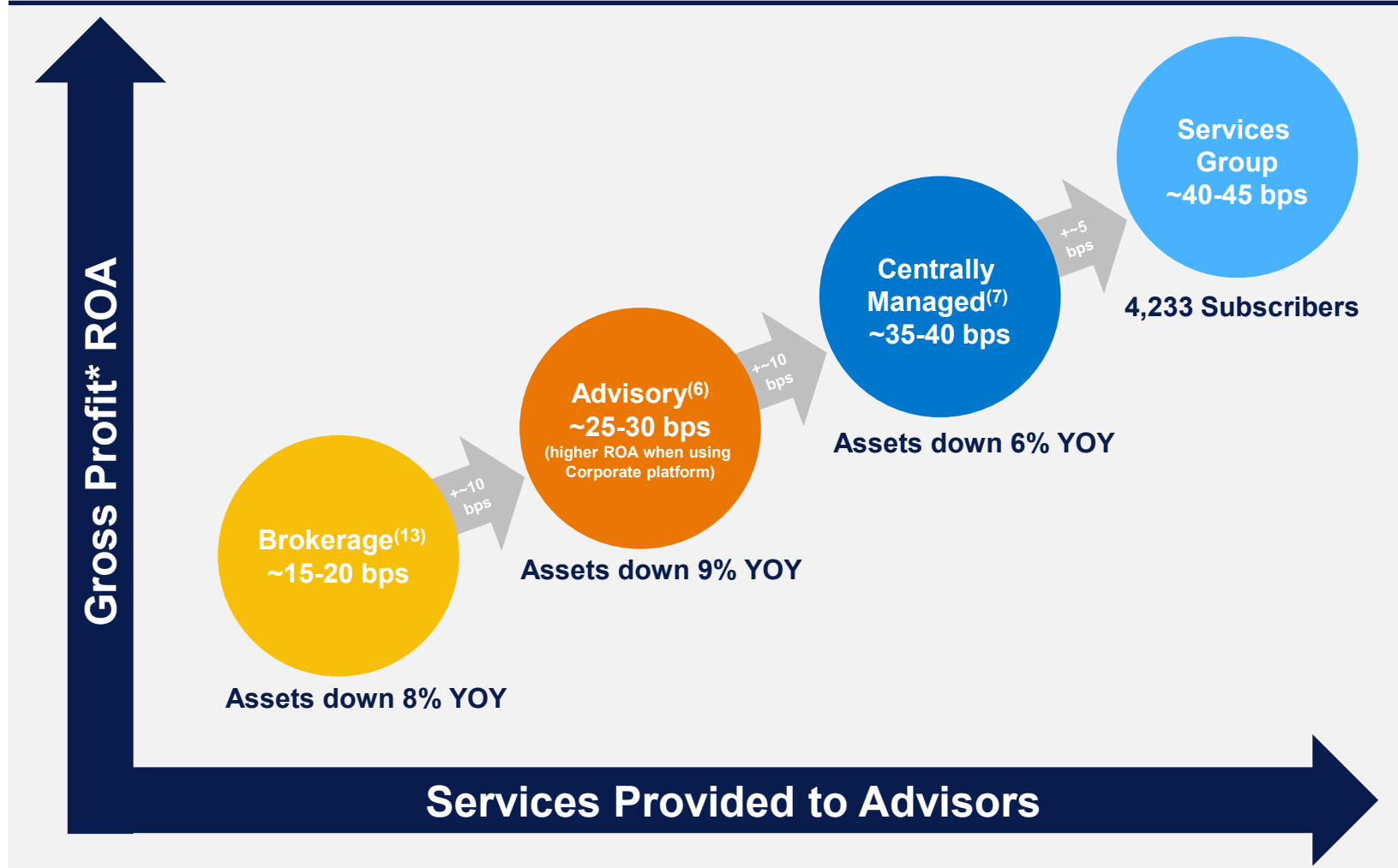
Financial Institutions Channel AUM



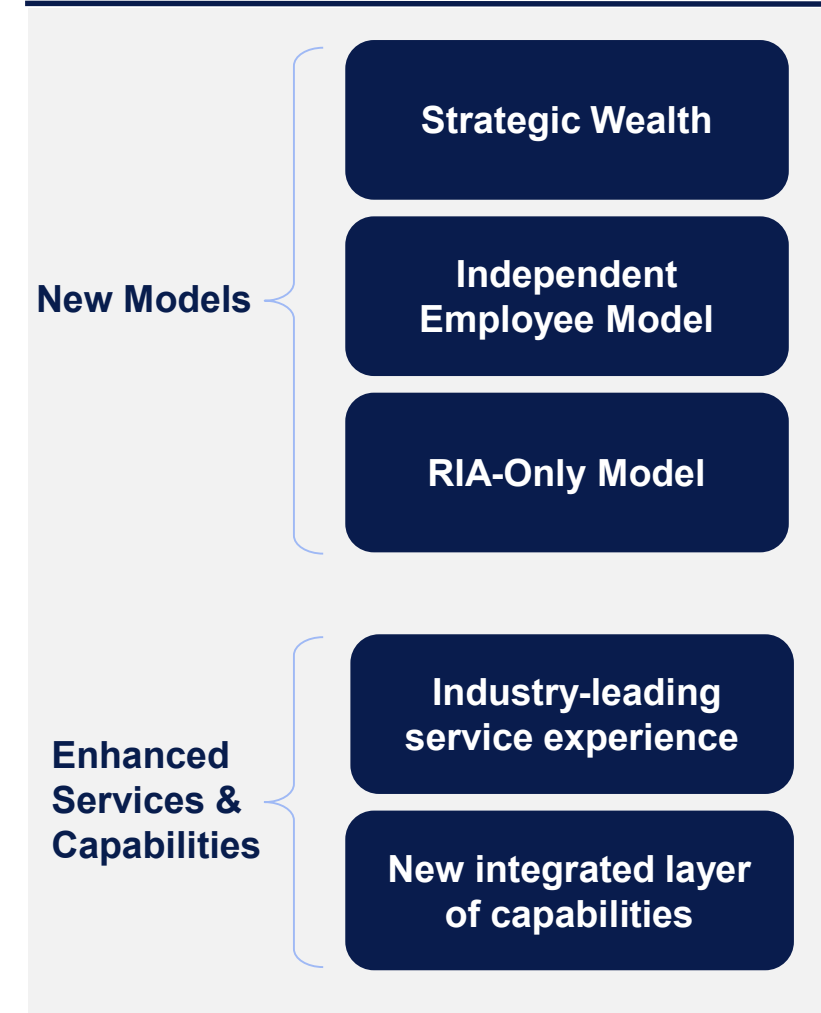
[†] Includes approximately \$4.4B (CUNA) and \$0.5B (People's) of assets on third-party management platforms, which LPL does not include in its reporting of total advisory and brokerage assets

As advisors use more of our services, our returns increase

We have seen a favorable mix shift in our platforms⁽¹²⁾



Additional drivers of growth



We benefit from rising market levels and interest rates, and our business model has natural hedges to market volatility

Macro benefits

Market Levels (S&P 500)

Rising market levels drive growth in assets and related revenues including advisory fees, trailing commissions, and sponsor revenues

Annual Gross Profit* Impact

~\$10M

Per 1% increase in market levels

Interest Rates

Rising interest rates benefit on client cash yields

~\$1,000M⁽¹⁴⁾

Over first +300 bps of rate hikes

Natural offsets to market declines

Cash Sweep Balance

Increased risk and volatility in the market drives higher cash sweep balances

As equity markets declined in 1H 2022, cash balances increased by ~\$13B, which translates to a **~\$390M benefit annually⁽¹⁵⁾**

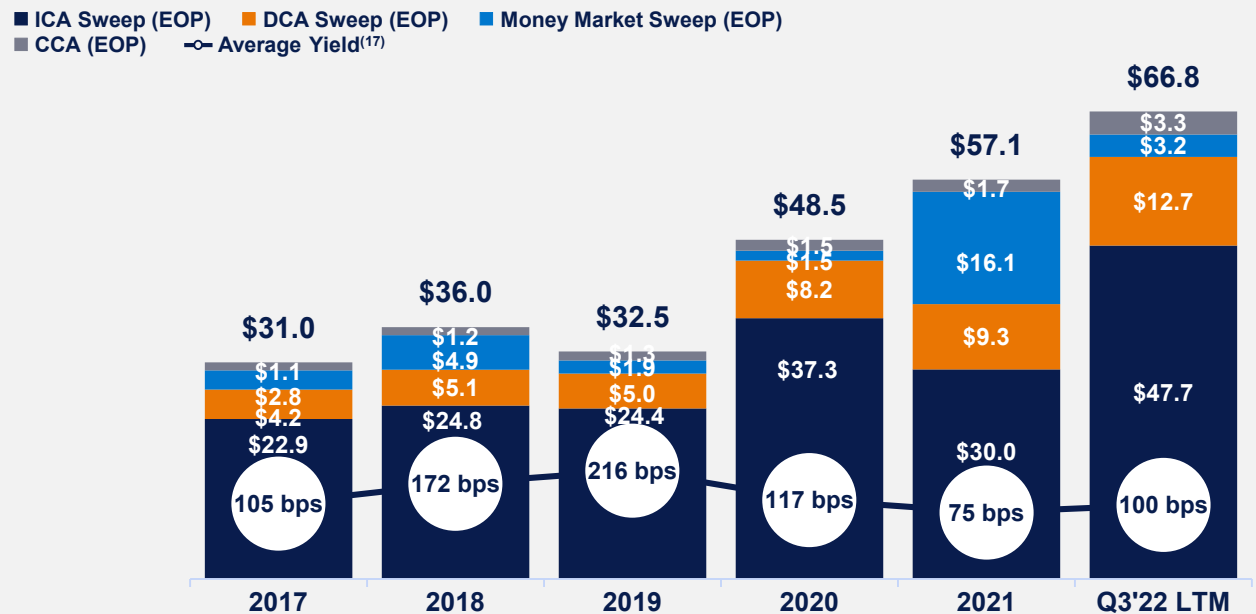
Transaction Volume

Increased risk and volatility in the market drives additional portfolio rebalancing activity and higher transaction volumes

Transaction revenue increased **~\$7M sequentially in Q1 2022**

We are well positioned to benefit from rising interest rates

Client Cash Balances⁽¹⁶⁾ (\$B)



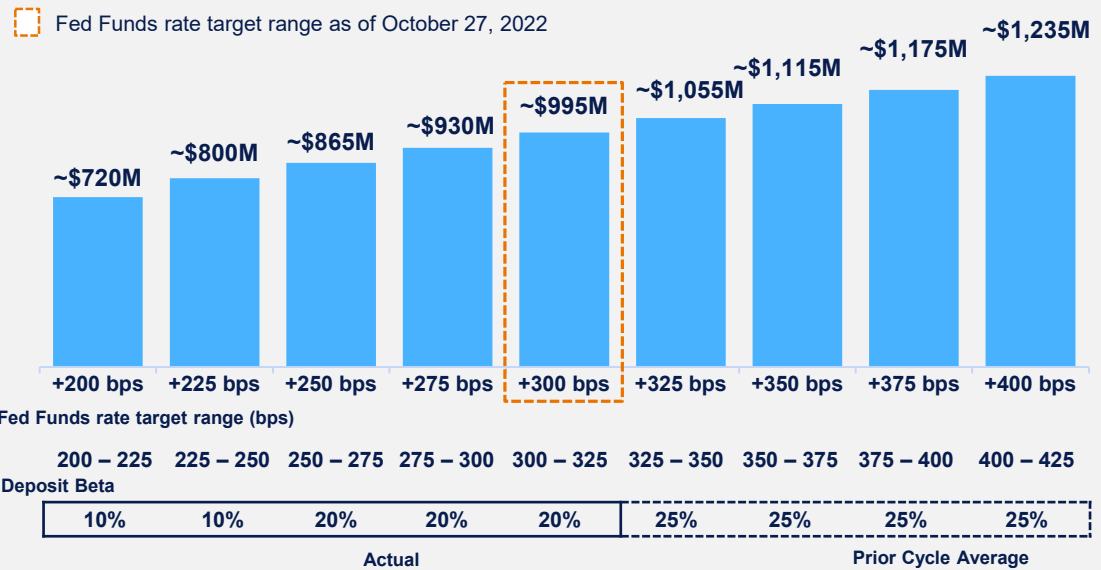
Average Yields (in bps)

	2017	2018	2019	2020	2021	Q3'22 LTM
ICA Sweep	113	184	240	133	100	137
DCA Sweep	90	183	211	53	24	66
MM Sweep	64	73	73	22	3	23
CCA ⁽¹⁸⁾	84	188	208	56	15	71
Average	105	172	216	117	75	100
Client Cash % of Total Assets	5.0%	5.7%	4.3%	5.4%	4.7%	6.4%

Annual potential Gross Profit* benefit from rising interest rates

- Over the last interest rate cycle, our deposit beta averaged ~15%
 - Deposit betas were much lower early in the cycle, averaging ~2.5% over the first 4 Fed rate hikes
 - After the first 4 rate hikes, deposit betas averaged ~25%
 - This cycle, deposit betas were consistent on the first 100 bps, and favorable on subsequent hikes
- Applying historical deposit betas to our current cash balances would yield:
 - ~\$60M of Annual Gross Profit* per subsequent rate hike, at a ~25% deposit beta

Estimated Interest Rate Sensitivity based on current balances †

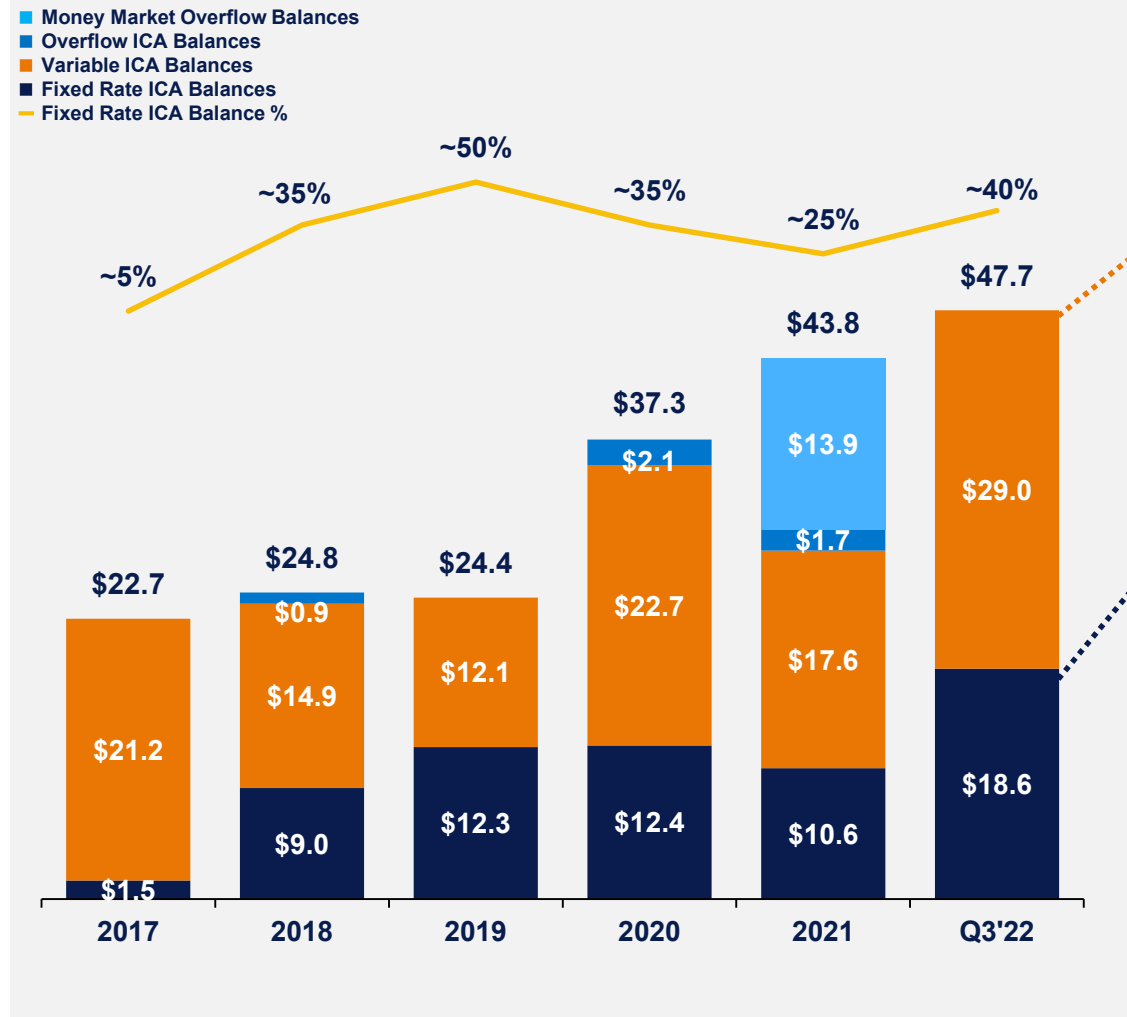


Note: Totals may not foot due to rounding

† Assumes change based on Q3 2022 end of period cash balances. Gross Profit* benefit is measured relative to a Fed Funds target range of 0 to 25 bps.

ICA balances continued to grow, as demand increased for both fixed and variable contracts

ICA Balances, including Money Market Overflow (\$B)



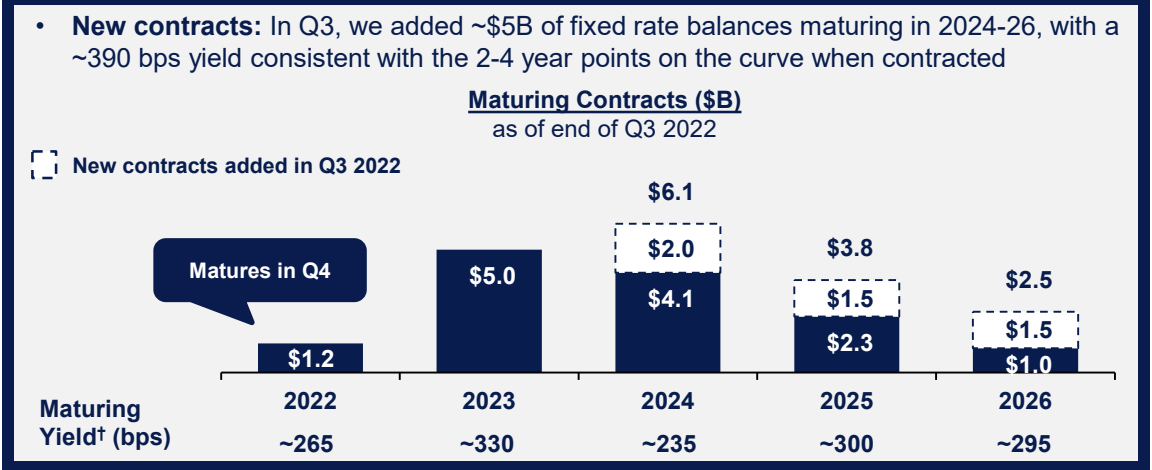
Overflow balances provide capacity when balances spike

- Historically, when ICA balances exceeded our fixed and variable contract capacity, we utilized money market overflow contracts
- Given improved bank deposit demand and the launch of CCA, we no longer have any money market overflow balances

Variable balances are primarily indexed to Fed Funds

- Our variable ICA balances grew in the quarter, as demand increased from third-party banks
- Most variable balances are indexed to Fed Funds + a spread (~5 to ~15 bps)
- In the current environment, new variable contracts are averaging Fed Funds plus 5 to 10 bps

Fixed rate ICA contracts are laddered over ~4 years



Note: Yields shown on this page are prior to client deposit rates (~17 bps) and administrator fees (~4 bps). Money market sweep balances are not subject to these costs.

We remain focused on investing to drive organic growth while delivering long-term operating leverage in our core business

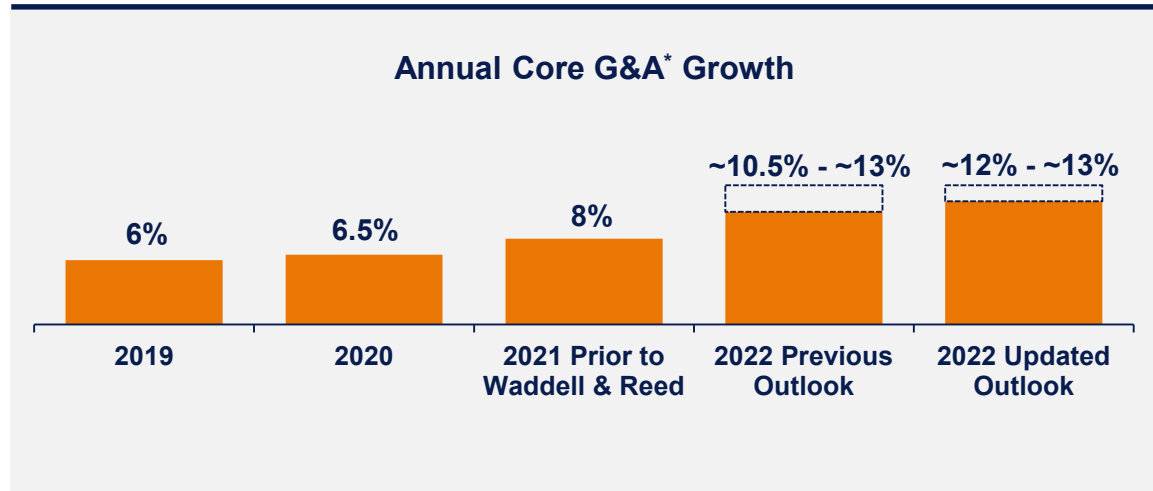
Long-term cost strategy

- Deliver operating leverage in core business
- Prioritize investments that drive additional growth
- Drive productivity and efficiency
- Adapt cost trajectory as environment evolves

2022 Core G&A* context

- Our most recent 2022 Core G&A* plans were for a range of \$1,170M to \$1,195M
- Given year-to-date results, and opportunities to invest to drive growth, we expect to be towards the higher end
- As a result, we are raising the low end of our 2022 outlook range by \$15 million, translating to an updated 2022 Core G&A range of \$1,185M to \$1,195M
- This translates to a Q4 2022 Core G&A* range of \$320M to \$330M

Recent expense trajectory, prior to acquisitions



Core G&A* outlook

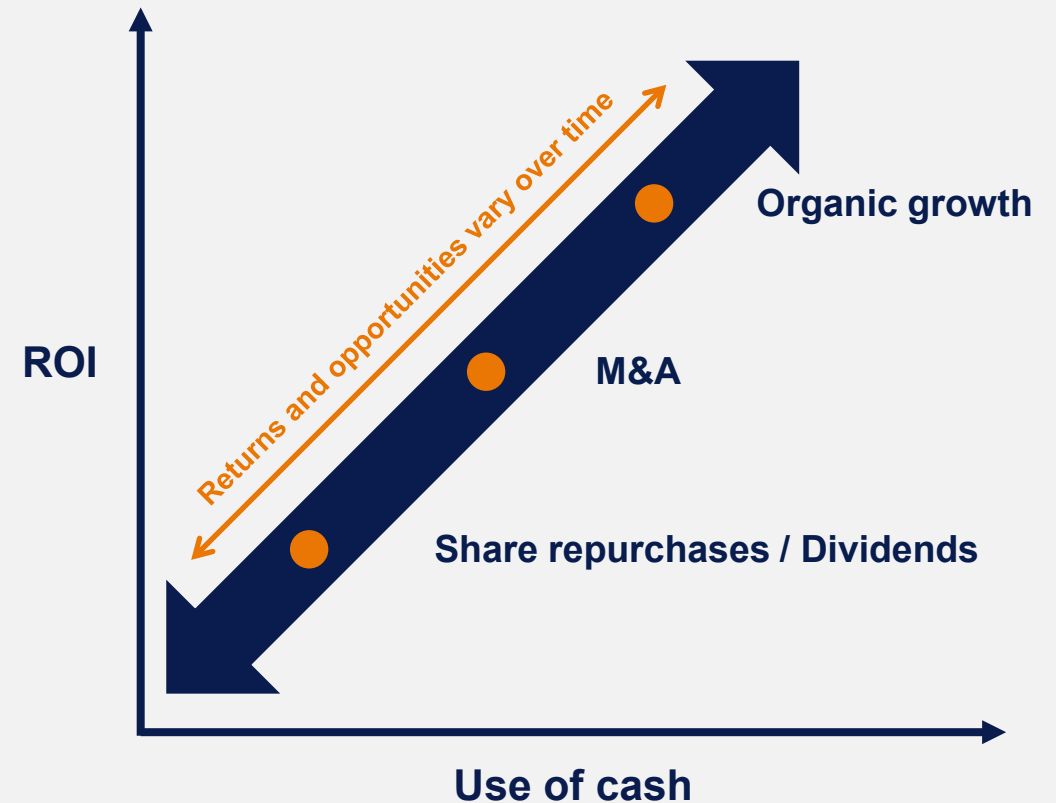
Q3 2022 Actual	\$298M
YTD 2022	\$865M
2022 Outlook	\$1,185M to \$1,195M

Our capital management strategy is focused on driving growth and maximizing shareholder value

Our capital management principles

- **Disciplined capital management to drive long-term shareholder value**
- **Maintain a strong and flexible balance sheet**
 - Management target leverage ratio range of 1.5x to 2.5x
 - Flexible debt structure to support capital allocation
- **Prioritize investments to support and drive organic growth**
 - Recruiting to drive net new assets
 - Capital to support advisor growth and advisor M&A
 - Investments in capabilities to attract new advisors and assets
- **Capitalize on opportunistic M&A**
 - Remain prepared for attractive opportunities
- **Return excess capital to shareholders**
 - Share repurchases
 - Dividends

Dynamic capital allocation framework



Due to our improved earnings profile, we are lowering our target leverage range

Repositioning for Macroeconomic Conditions

- Continued growth, combined with an improved interest rate environment, meaningfully improved our earnings power – driving down our leverage ratio
- Accordingly, we lowered our target leverage ratio to a range of 1.5 to 2.5 times
- This new range positions us well to operate over a range of economic cycles and strikes the right balance between preserving balance sheet strength and investing for growth

Leverage Ratio ⁽²⁾



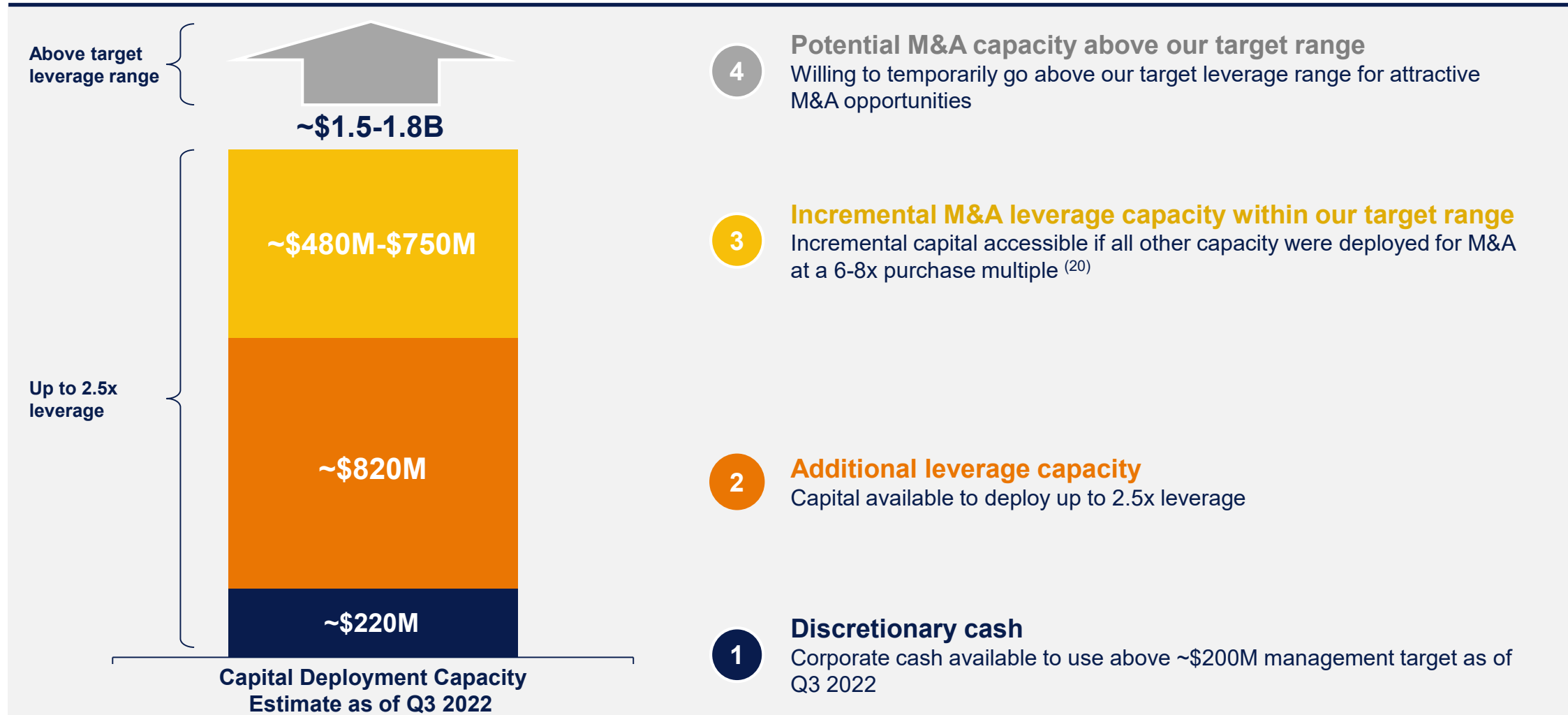
Balance Sheet Principles

- **Balance sheet strategy is unchanged** – maintain a strong balance sheet that can absorb market volatility while having the capacity to invest for growth
- A **long-term target leverage range of 1.5x to 2.5x** positions our balance sheet well over a range of cycles
- We are willing to operate temporarily above our target range if attractive M&A opportunities arise
- At the top end of our target leverage range, we have the capacity to deploy up to ~\$2.6B of additional capital
- We maintain a management target of at least \$200 million in Corporate Cash^{(19)†}

† Management's corporate cash target covers approximately 18 months of principal and interest due on corporate debt

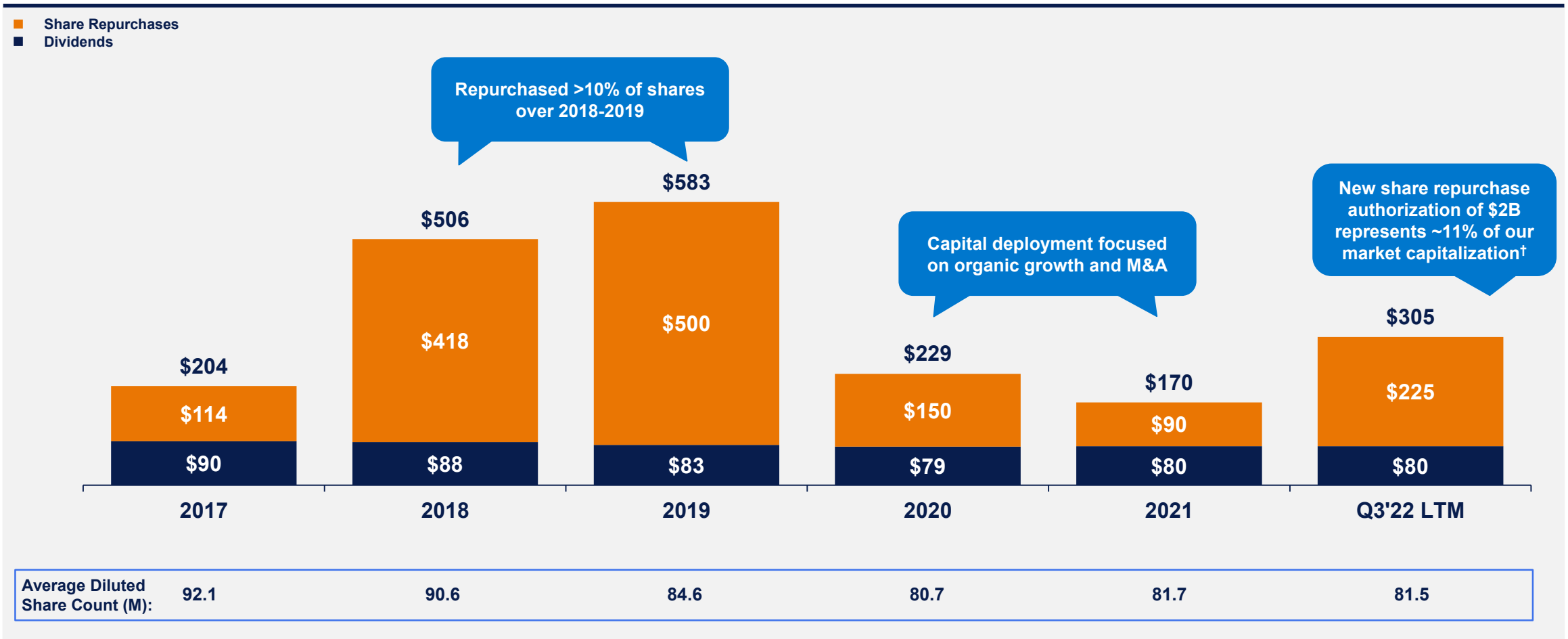
We have significant capital deployment capacity...

Capital Deployment Capacity



...And we have continued to return capital to shareholders

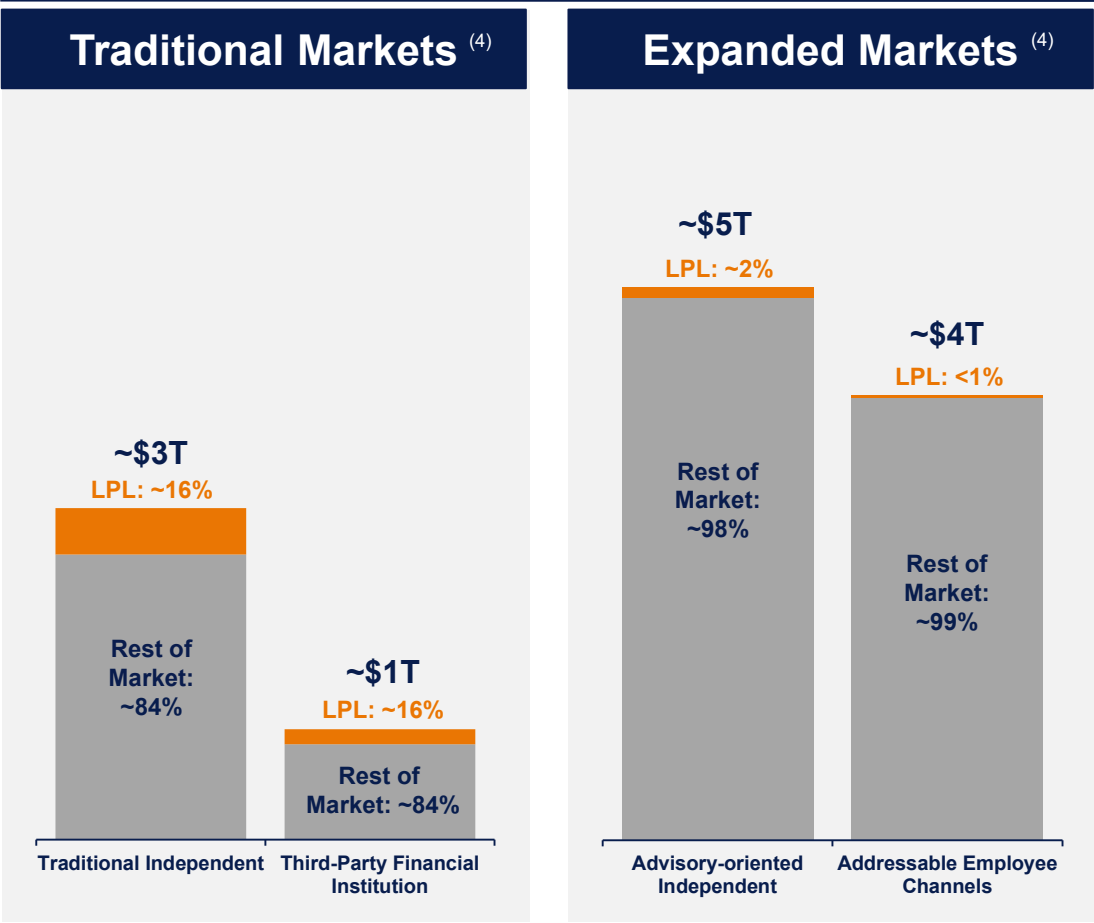
Share Repurchases and Dividends (\$M)



† Increased share repurchase authorization by \$2B as of 09/21/2022, which we plan to begin to utilize in 2023, following \$150M of planned share repurchases in Q4'22

Our addressable markets are fragmented, with potential for consolidation

Addressable markets⁽⁴⁾



Growth potential from consolidation

- Our scale, capabilities, and economics give us **competitive advantages in M&A**
- The **traditional and advisory-oriented markets are fragmented** with consolidation opportunities
- Rising cost and complexity is making it **harder for smaller players** to compete
- Therefore, **we believe consolidation can drive value** by adding scale, increasing our capacity to invest in capabilities, and creating shareholder value

Recent acquisitions⁽¹⁾ have added scale in our traditional markets, accelerated our expansion into new markets, and added new capabilities

Traditional Markets			New Markets		Capabilities
 <p>2021 ~\$74B of assets transferred</p> <ul style="list-style-type: none"> Transaction closed on April 30, 2021 for a purchase price of \$300M Large independent broker-dealer network Added to our scale and leadership position Increases our scale and capacity to invest in capabilities, technology, and service to help existing advisors serve their clients and differentiate in the marketplace 	 <p>2020 ~\$1.5B assets</p> <ul style="list-style-type: none"> Leading San Diego practice with approximately 20 advisors 	 <p>2020 ~\$2B assets</p> <ul style="list-style-type: none"> Leading Seattle practice with approximately 35 advisors 	 <p>2019 ~\$3B assets transferred</p> <ul style="list-style-type: none"> Leading Florida practice Affiliated under our employee model 	 <p>2022 ~\$5B of assets as of June 2022</p> <ul style="list-style-type: none"> Leading Pennsylvania practice with approximately 40 advisors Affiliated under our employee model Expected to close in early 2023 	 <p>2020 Industry-leading capabilities ~\$12M purchase price</p> <ul style="list-style-type: none"> Innovative trading and rebalancing capabilities to drive efficiency and scale in advisors' practices
	 <p>2017 ~\$70B assets transferred</p> <ul style="list-style-type: none"> Large independent broker-dealer network Added to our scale and leadership position 	 <p>2022 ~\$40B assets</p> <ul style="list-style-type: none"> Existing LPL branch office with approximately 800 advisors and 85 financial institutions Leading provider of managed programs for banks and credit unions, a strategic complement to our existing institutional offering 			 <p>2018 Industry-leading capabilities ~\$28M purchase price</p> <ul style="list-style-type: none"> Leading provider of digital tools for advisors that serves more than 30,000 U.S. financial advisors and institutions

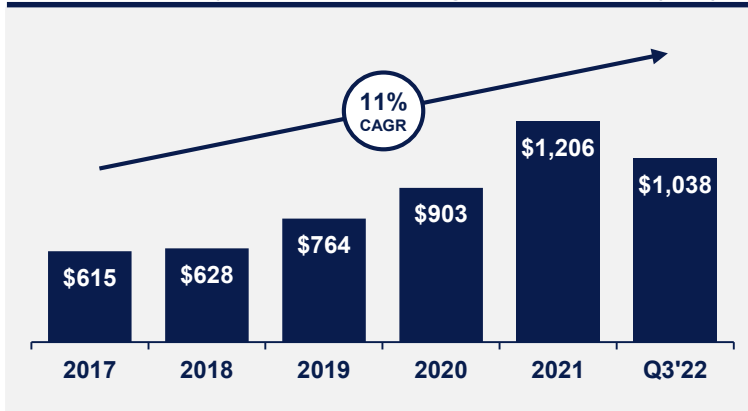
(1) Includes both closed and pending acquisitions

As we continue to invest and increase our scale, we enhance our ability to drive further growth

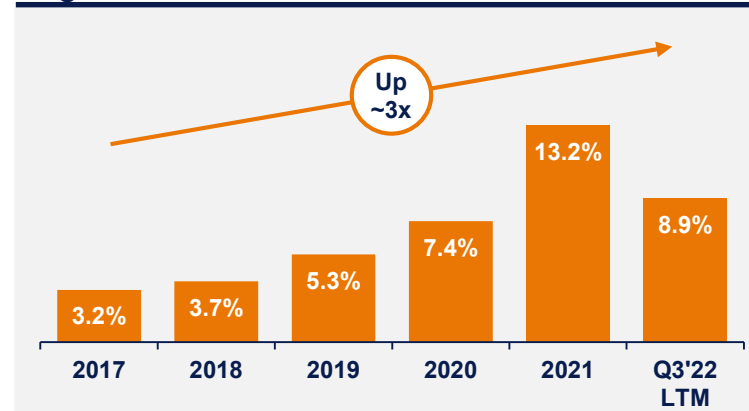


We are focused on executing our strategy and delivering results

Total Advisory and Brokerage Assets⁽²²⁾ (\$B)



Organic Net New Asset Growth



Key Earnings Growth Drivers

Enhanced Advisor Value Proposition

(Capabilities, Technology, Service)

Increased Organic NNA

(Opportunities in Traditional Markets)

New Affiliation Models

(Large Financial Institutions, Strategic Wealth Services, Independent Employee, RIA-Only)

Greater Use of our Services

(Advisory, Corporate, Centrally Managed, Business, Planning & Advice Services, Advisor Capital Solutions)

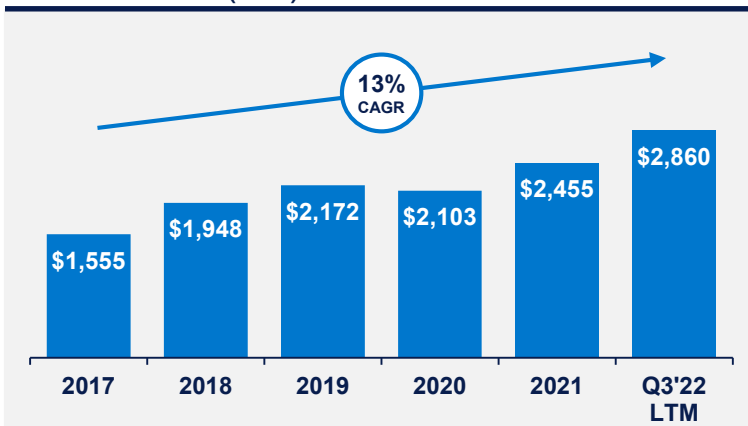
Drive Operating Leverage in Core Business while Investing for Additional Growth

Increased Scale and Capabilities through M&A

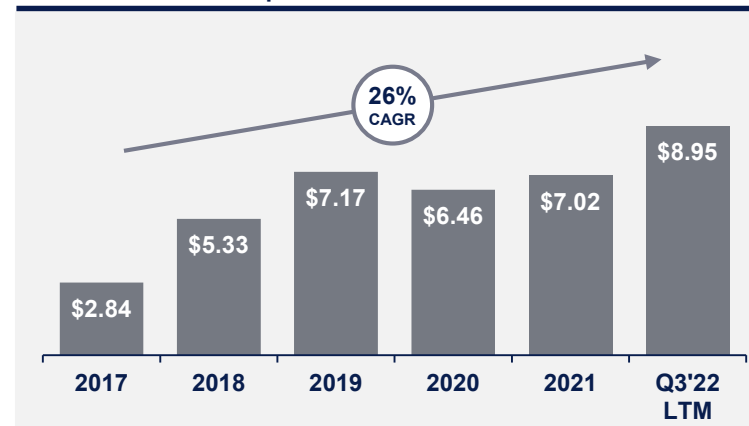
Excess Capital Deployment

(Technology, Advisor Capital, Returning Capital to Shareholders)

Gross Profit* (\$M)



EPS Prior to Amortization of Intangible Assets and Acquisition Costs*





APPENDIX

Reconciliation

Gross Profit*

Gross profit* is a non-GAAP financial measure. Please see a description of gross profit under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Below is a calculation of gross profit* for the periods presented herein:

\$ in millions	Q3'22 LTM	2021	2020	2019	2018	2017
Total revenue	\$8,362	\$7,721	\$5,872	\$5,625	\$5,188	\$4,281
Advisory and commission expense	5,414	5,180	3,697	3,388	3,178	2,670
Brokerage, clearing and exchange expense	87	86	71	64	63	57
Gross Profit	\$2,860	\$2,455	\$2,103	\$2,172	\$1,948	\$1,555

Net Income to EBITDA* and Credit Agreement EBITDA*

EBITDA* and Credit Agreement EBITDA* are non-GAAP financial measures. Please see a description of EBITDA* and Credit Agreement EBITDA* under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Below are reconciliations of the Company's net income to EBITDA* and Credit Agreement EBITDA* for the periods presented herein:

\$ in millions	Q3'22 LTM	2021	2020	2019	2018	2017
Net income	\$635	\$460	\$473	\$560	\$439	\$239
Interest expense on borrowings	116	104	106	130	125	107
Provision for income taxes	194	141	153	182	153	126
Depreciation and amortization	186	151	110	96	88	84
Amortization of other intangibles	85	79	67	65	60	38
EBITDA	\$1,217	\$936	\$909	\$1,033	\$866	\$594
Credit Agreement adjustments	127	214	52	48	103	151
Credit Agreement EBITDA	\$1,345	\$1,151	\$961	\$1,081	\$969	\$745
Total debt	2,741	2,839	2,359	2,415	2,381	2,396
Total corporate cash	424	237	280	204	300	300
Credit Agreement Net Debt	\$2,316	\$2,602	\$2,079	\$2,211	\$2,081	\$2,096
Leverage Ratio	1.72x	2.26x	2.16x	2.05x	2.15x	2.81x

Note: During the third quarter of 2021, the Company changed its definition of EBITDA to include the loss on extinguishment of debt and has updated prior period disclosures to reflect this change as applicable.

Reconciliation

EPS prior to amortization of intangible assets and acquisition costs* and Adjusted Net Income*

EPS prior to amortization of intangible assets and acquisition costs* and adjusted net income* are non-GAAP financial measures. Please see a description of EPS prior to amortization of intangible assets and acquisition costs* and adjusted net income* under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information.

Below are the following reconciliations of net income and earnings per diluted share to adjusted net income and EPS prior to amortization of intangible assets and acquisition costs for the periods presented herein:

	Q3'22 LTM		2021		2020		2019		2018		2017	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
\$ in millions, except per share data												
Net income / earnings per diluted share	\$635	\$7.79	\$460	\$5.63	\$473	\$5.86	\$560	\$6.62	\$439	\$4.85	\$239	\$2.59
Amortization of other intangibles	85	1.05	79	0.97	67	0.83	65	0.76	60	0.66	38	0.41
Acquisition costs ⁽²³⁾	44	0.53	76	0.93	-	0.00	-	0.00	-	0.00	-	0.00
Tax benefit	(34)	(0.42)	(41)	(0.51)	(19)	(0.23)	(18)	(0.21)	(17)	(0.19)	(15)	(0.16)
Adjusted net income / EPS prior to amortization of intangible assets and acquisition costs	\$730	\$8.95	\$574	\$7.02	\$521	\$6.46	\$607	\$7.17	\$482	\$5.33	\$262	\$2.84
Diluted share count	81.5		81.7		80.9		85.0		91.0		92.0	

Endnotes

- (1) Represents the estimated total advisory and brokerage assets expected to transition to the Company's broker-dealer subsidiary, LPL Financial LLC ("LPL Financial"), associated with advisors who transferred their licenses to LPL Financial during the period. The estimate is based on prior business reported by the advisors, which has not been independently and fully verified by LPL Financial. The actual transition of assets to LPL Financial generally occurs over several quarters and the actual amount transitioned may vary from the estimate.
- (2) The Company calculates its leverage ratio as total debt less total corporate cash, divided by Credit Agreement EBITDA for the trailing twelve months.
- (3) Represents Moody's Corporate Family Rating and S&P Issuer Credit Rating.
- (4) LPL estimates based on 2019 Cerulli channel size and advisory share estimates and include market adjustment for 2019.
- (5) 2022 outlook is prior to M&A- and large bank-related onboarding spend in technology.
- (6) Consists of total assets on LPL Financial's corporate advisory platform serviced by investment advisor representatives of LPL Financial or Allen & Company of Florida, LLC ("Allen & Company") and total assets on LPL Financial's independent advisory platform serviced by investment advisor representatives of separate investment advisor firms ("Independent RIAs"), rather than of LPL Financial.
- (7) Consists of advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.
- (8) In April 2020, the Company updated its definition of net new assets to include dividends plus interest, minus advisory fees. Unless otherwise noted, net new assets figures for periods prior to Q2 2020 appearing in this presentation have been recast using the updated definition.
- (9) Consists of total client deposits into advisory or brokerage accounts (including advisory or brokerage accounts serviced by Allen & Company advisors) less total client withdrawals from advisory or brokerage accounts, plus dividends, plus interest, minus advisory fees. The Company considers conversions from and to brokerage or advisory accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the current period organic net new advisory or brokerage assets divided by preceding period total advisory or brokerage assets, multiplied by four.
- (10) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.
- (11) LPL Institution Services AUM from banks and credit unions as of September 30, 2022.
- (12) Year-over-year comparisons are based on the change from Q3 2021 to Q3 2022.
- (13) Consists of brokerage assets serviced by advisors licensed with LPL Financial.
- (14) Assumes change based on Q3 2022 end of period ICA balances, presented on page 18. Additionally, as money market overflow balances shift back into ICA, there would be an additional upside of ~\$20M per rate hike at a ~10% deposit beta.
- (15) Based on variable client cash balances indexed to Fed Funds.
- (16) During the second quarter of 2022, the Company updated its definition of client cash balances to include client cash accounts and exclude purchased money market funds. Client cash accounts include cash that clients have deposited with LPL Financial that is included in Client payables in the condensed consolidated balance sheets. Prior period disclosures have been updated to reflect this change as applicable.
- (17) Calculated by dividing revenue for the period by the average balance during the period.
- (18) Calculated by dividing interest income earned on cash held in the CCA for the period by the average CCA balance, excluding cash held in CCA that has been used to fund margin lending, during the period. The remaining cash is primarily held in cash segregated under federal or other regulations in the condensed consolidated balance sheets.
- (19) Corporate cash, a component of cash and equivalents, is the sum of cash and equivalents from the following: (1) cash and equivalents held at LPL Holdings, Inc., (2) cash and equivalents held at regulated subsidiaries, as defined by the Company's Credit Agreement, which include LPL Financial and The Private Trust Company, N.A., in excess of the capital requirements of the Company's Credit Agreement (which, in the case of LPL Financial, is net capital in excess of 10% of its aggregate debits, or five times the net capital required in accordance with Exchange Act Rule 15c3-1), and (3) cash and equivalents held at non-regulated subsidiaries.
- (20) Additional leverage capacity is assumed to be generated by acquired EBITDA* from an M&A opportunity at a 6-8x purchase multiple for which capital was deployed up to 2.5x leverage.
- (21) The up-front purchase price for Blaze Portfolio was ~\$12M, with up to \$5M in earn-out payments.
- (22) Consists of total advisory and brokerage assets under custody at LPL Financial and Waddell & Reed, LLC.
- (23) Acquisition costs include the costs to setup, onboard and integrate acquired entities. The below table summarizes the primary components of acquisition costs for the periods presented:

\$ in millions	Q3'22 LTM	2021
Compensation and benefits	\$23.1	\$36.4
Professional services	15.6	18.7
Promotional	3.9	14.3
Other	1.4	6.9
Acquisition costs	\$44.0	\$76.3