LPL Financial

LPL FINANCIAL HOLDINGS INC.
Q4 2021 INVESTOR PRESENTATION

February 7, 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), Gross Profit* benefits, EBITDA* benefits, technology portfolio spend, financial institution channel assets under management, payout ratio, client cash balances and yields, service and fee revenue, transaction revenue, investments, capital returns, planned share repurchases and the expected benefits and costs of the acquisition of Waddell & Reed's wealth management business, 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. These forward-looking statements are based on the Company's historical performance and its plans, estimates and expectations as of February 3, 2022. Forward-looking statements are not guarantees that the future results, plans, intentions or expectations expressed or implied by the Company will be achieved. Matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, which may cause actual financial or operating results, levels of activity or the timing of events to be materially different from those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: the spread of COVID-19 and its direct and indirect effects on global economic and financial conditions; changes in interest rates and fees payable by banks participating in the Company's client cash programs; the Company's strategy and success in managing client cash program fees; changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenue; the effects of competition in the financial services industry; the success of the Company in attracting and retaining financial advisors and institutions, and their ability to market effectively financial products and services; whether retail investors served by newly-recruited advisors choose to move their respective assets to new accounts at the Company; changes in the growth and profitability of the Company's fee-based offerings; 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 the Company's 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; execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements and/or efficiencies expected to result from its investments, initiatives, acquisitions and programs; the successful integration of the Waddell & Reed wealth management business; and the other factors set forth in Part I, "Item 1A. Risk Factors" in the Company's 2020 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 SEC. Except as required by law, the Company specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after February 3, 2022, even if its estimates change, and statements contained herein are not to be relied upon as representing the Company's views as of any date subsequent to February 3, 2022.

THIS PRESENTATION INCLUDES DATA AS OF DECEMBER 31, 2021, 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 an alternative 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 fees. 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; amortization of other intangibles; brokerage, clearing and exchange; interest expense on borrowings; 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. For a reconciliation of core G&A to the Company’s total expense, please see the endnote disclosures of this presentation. 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 core G&A to an outlook for total expense 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. 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. 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 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 Credit Agreement EBITDA to net income, 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

Key Markets and Services

$1.2Tr+ Retail Assets:

- Advisory: $643B
- Brokerage: $563B

19,000+ Advisors:

- Independent Advisors: 11,000+
- Hybrid RIA: 5,400+ (~500 firms)
- Institutional Services: 2,800+ (~800 institutions)

Key Metrics

Q4 2021 Business Metrics

Client Assets (end of period):	$1.2Tr
Organic Net New Assets:	$26.2B
Organic Annualized Growth:	9%
Recruited Assets[1]:	$17B
Advisors (end of period):	19,876
Accounts (end of period):	7.2M

2021 Financial Metrics

Average Client Assets:	$1,102B
Organic Net New Assets:	$119B
Organic Annualized Growth:	13%
Recruited Assets[1]:	$89B
Gross Profit*:	$2.5B
EBITDA*:	$936M
EPS Prior to Amort. of Intangible Assets and Acquisition Costs*:	$7.02

Q4 2021 Debt Metrics

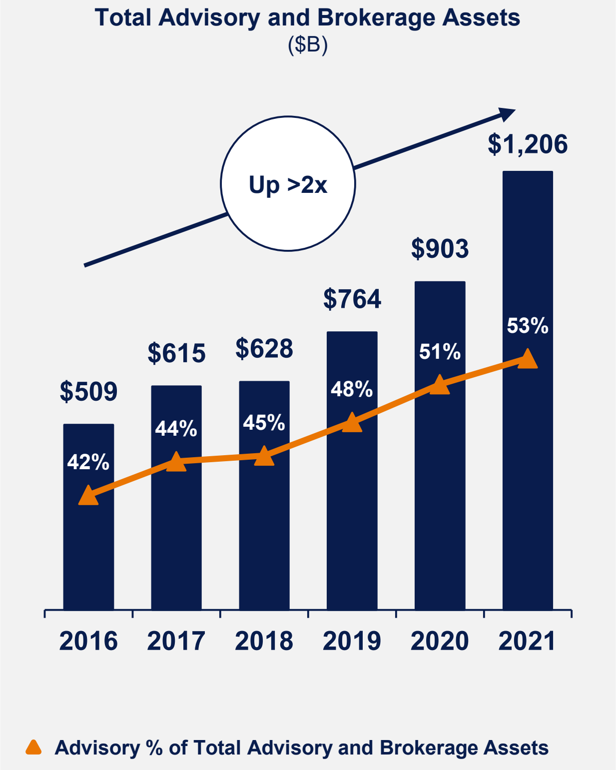
Credit Agr. EBITDA* (LTM):	$1.2B
Total Debt:	$2.8B
Leverage Ratio[2]:	2.26x
Cost of Debt:	3.30%

Debt Ratings[3]

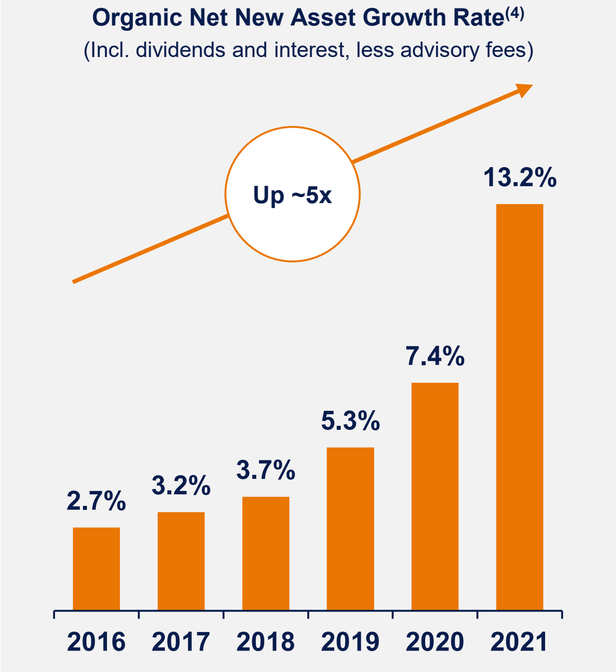
Moody's Rating:	Ba1
S&P Rating:	BB+

We continue to drive business and financial growth

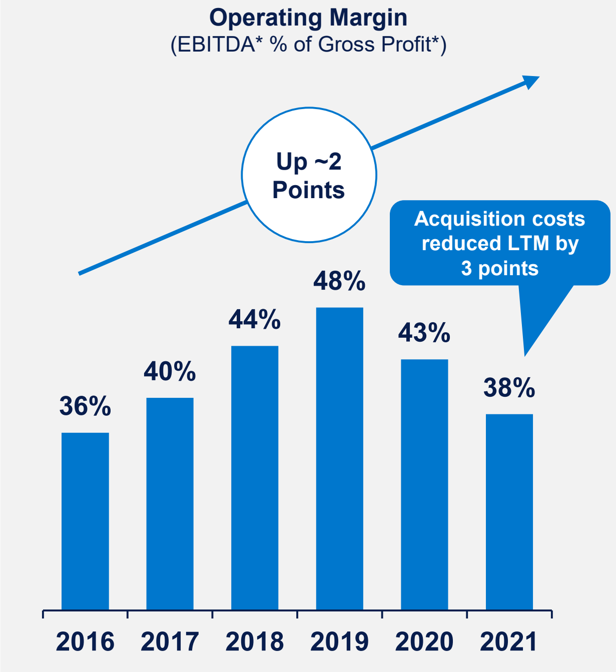
Total assets have more than doubled



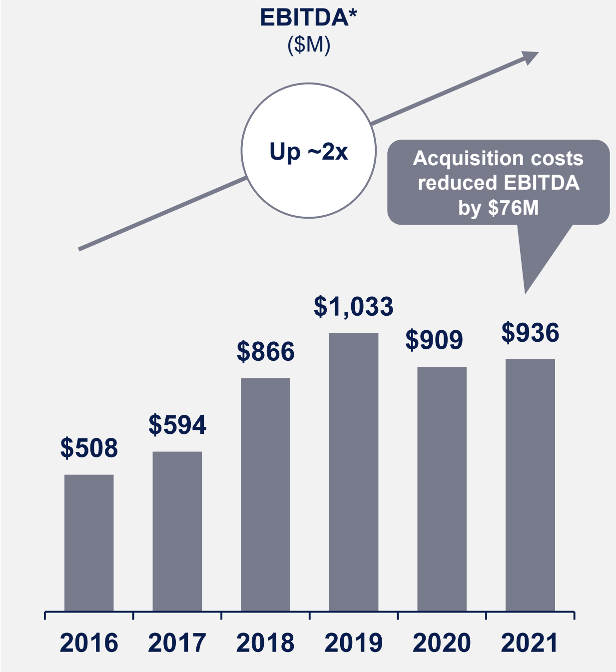
Organic asset growth has increased ~5x



Operating margin has increased ~2 percentage points



EBITDA* has nearly doubled



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

PLAY 1

Meeting advisors where they are in the evolution of their practices

Deepen our participation across traditional independent and 3rd party bank channels

—

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

PLAY 2

Helping advisors differentiate and win end-clients

Create a leading end-to-end platform for advisors

—

Develop and enhance end-client experiences

PLAY 3

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

PLAY 4

Helping advisors run the most successful businesses in the industry

Raise quality of execution and likelihood of success through Business Solutions

—

Deliver comprehensive financial advice and planning solutions

—

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

A strategy to win in the marketplace

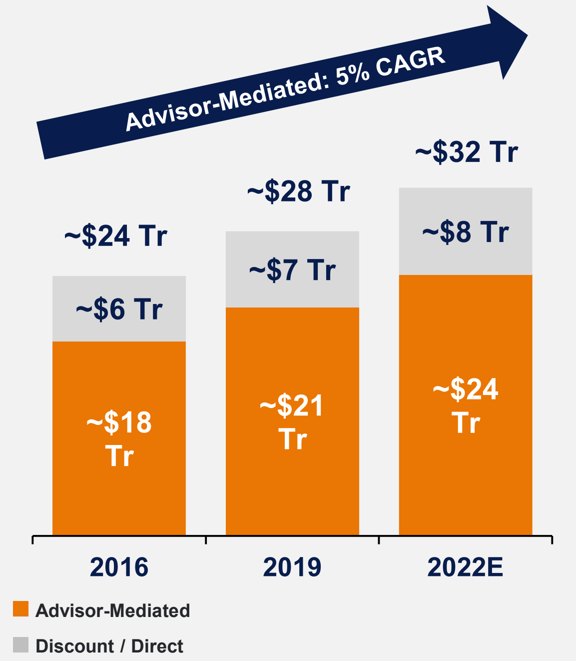
LPL investment highlights: Significant opportunities to grow and create long-term shareholder value

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

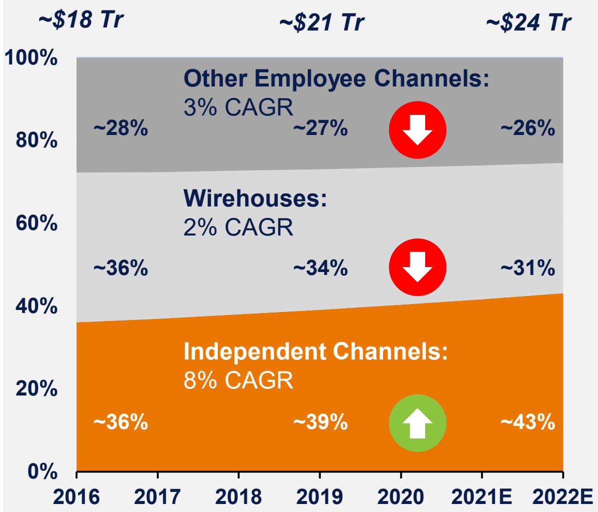
Growing Demand for Advice

Projected Growth in US Retail Investment Market



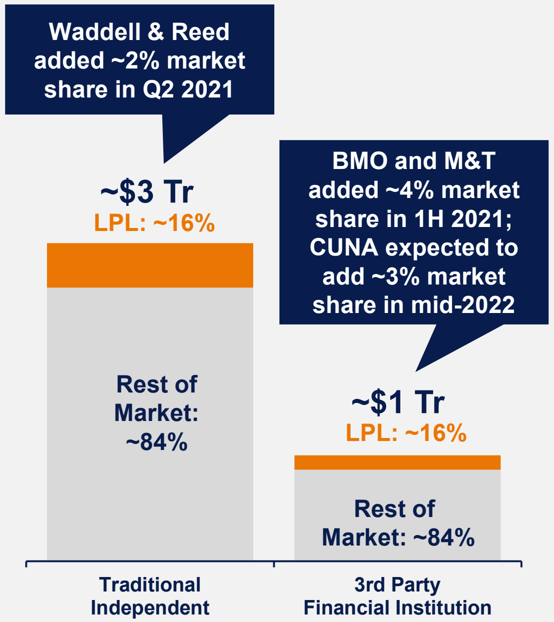
Independent Channel Gaining Share

Total Advisor-Mediated Assets



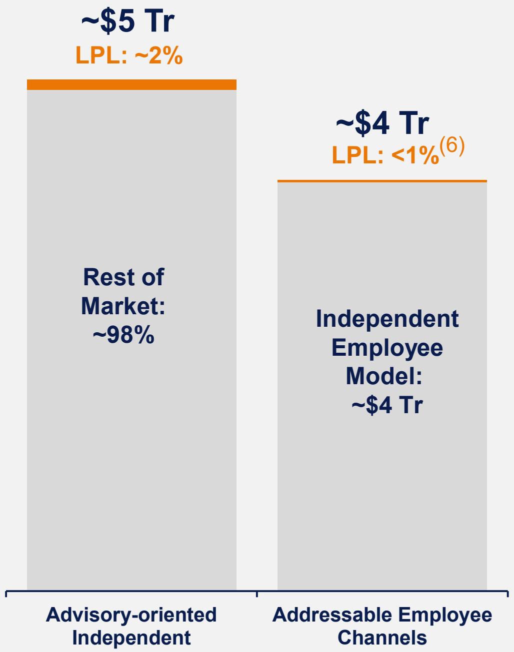
Leading Position in Traditional Markets

Traditional Markets[5]



Tripling our Total Addressable Markets

Expanded Addressable Markets[5]



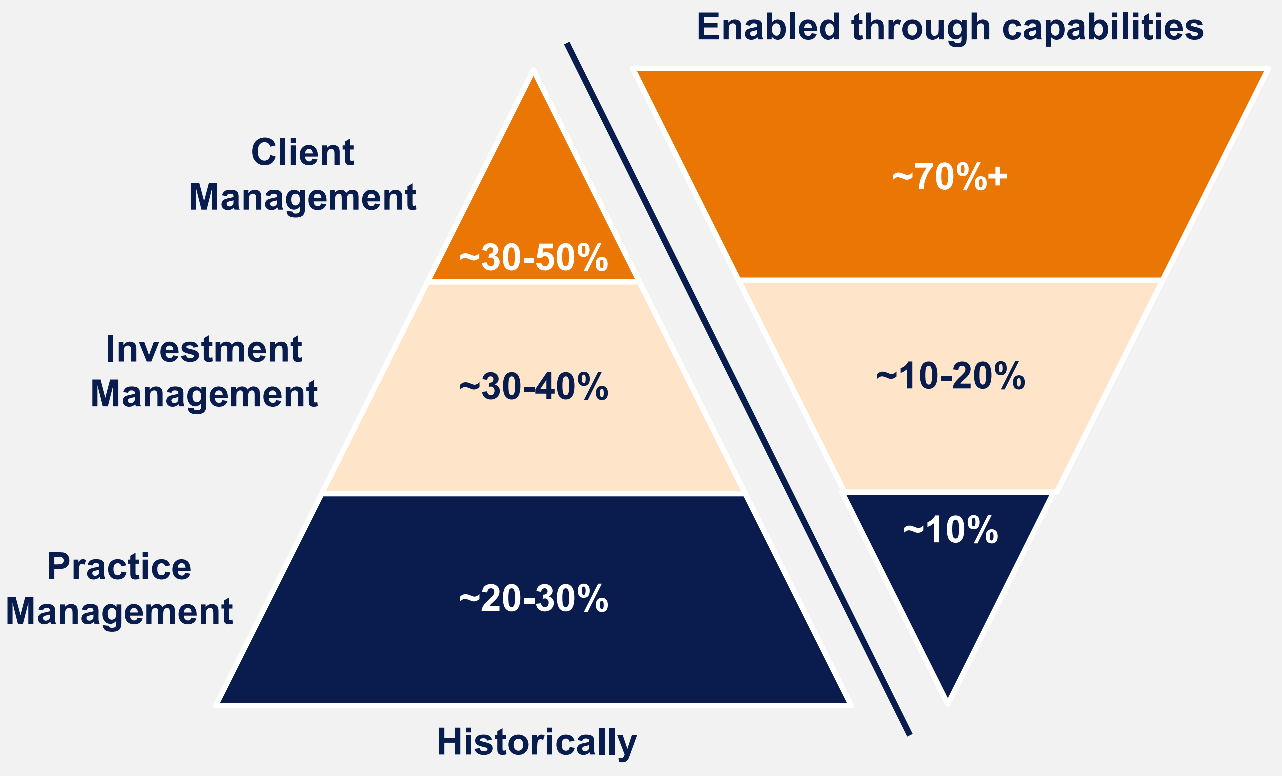
We have tripled our addressable markets with new affiliation models

	Advisory-Oriented Independent Market New ~$5 Tr Opportunity		Independent Employee Market New ~$4 Tr Opportunity
	Strategic Wealth	**RIA-Only Advisory**	**Independent Employee**
Overview	• 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	• 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 (Hybrid RIA)	• 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	**We launched our Strategic Wealth model in April 2020 and have recruited over $6B in assets**	**We relaunched our model for RIA-only advisors in April 2021 and have welcomed a number of new advisors**	**We launched our Independent Employee model in August 2020 and have recruited over $1B in assets**

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

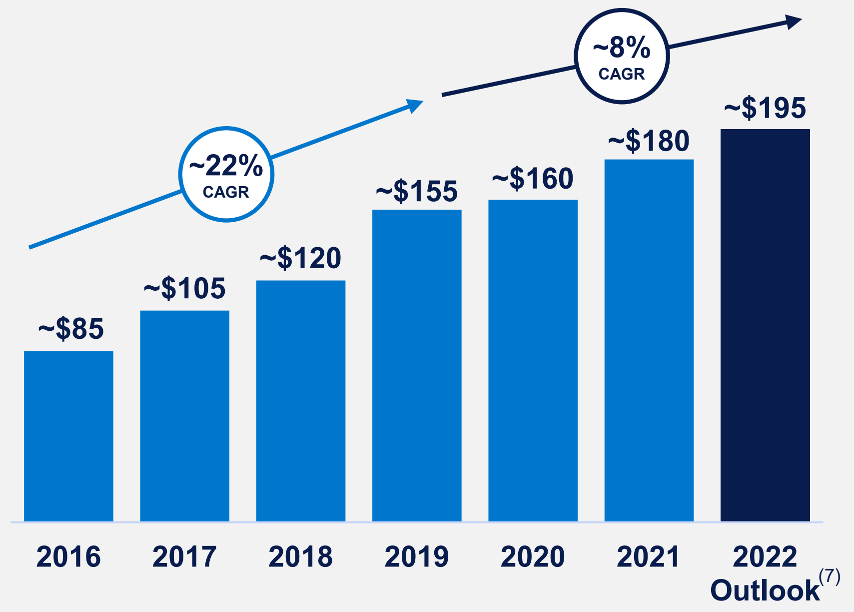
We are focused on delivering capabilities that position advisors to spend more time with their clients

Illustrative Advisor Time Allocation



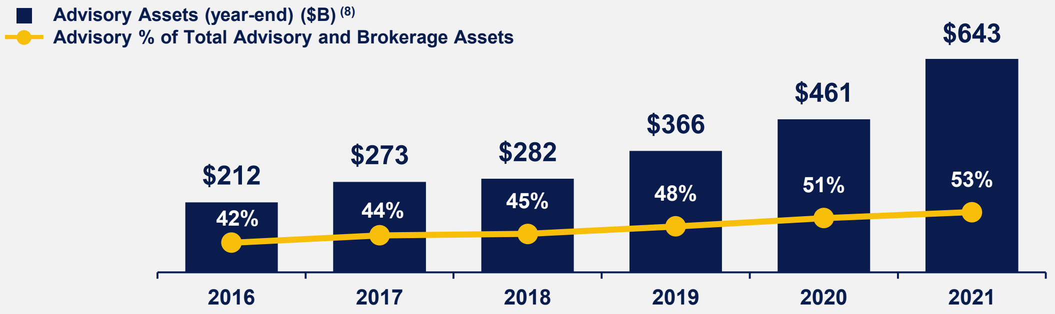
As a result, we have increased our technology investments over time

Technology Portfolio Spend
($M)



Advisory makes up the majority of our total assets

Our business is shifting from Brokerage to Advisory

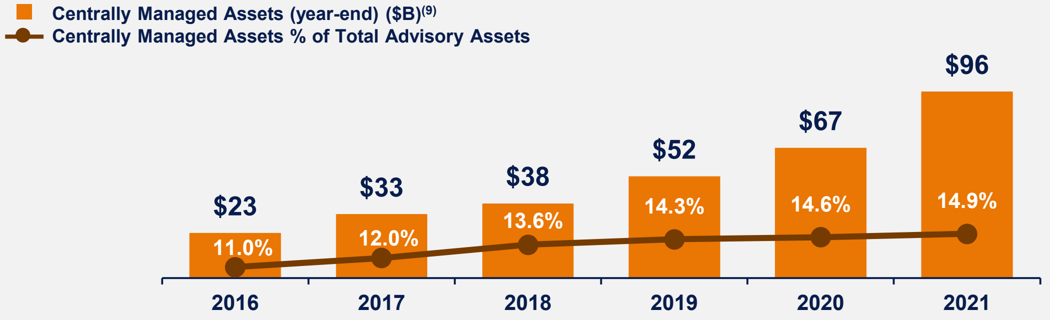


	2016	2017	2018	2019	2020	2021
LTM Organic Growth Rate:	n/a	13%	9%	12%	14%	19%

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
- We are shifting towards Advisory at a rate of ~2%+ per year
- Advisory ROA is ~5 bps higher than Brokerage ROA, so a ~2% shift is ~$12M in annual Gross Profit* benefit

Centrally managed platforms are growing within Advisory



	2016	2017	2018	2019	2020	2021
LTM Organic Growth Rate:	n/a	22%	20%	17%	15%	30%

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 ~$7M in annual Gross Profit* benefit

We continue to scale and expand our solutions portfolio

We have expanded our overall solutions portfolio to now include Planning and Advice Services in addition to Business Solutions

Business Solutions

Business Solutions has grown to ~3,000 subscriptions, with annualized revenue of ~$28M

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 a LPL team**
- Subscriptions average **$1,500+ per month**

Current Portfolio

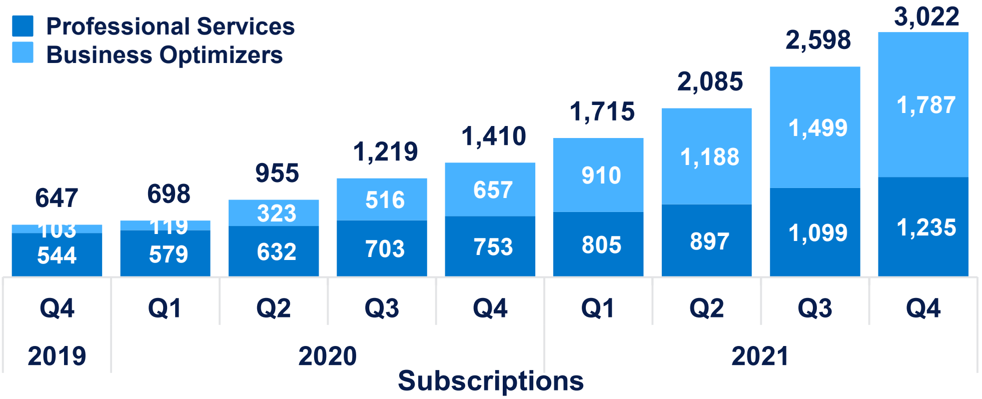
- **CFO Solutions:** Optimize the growth, scale, and profitability of the advisor's business
- **Marketing Solutions:** Unleash digital marketing to generate new prospects and connect with existing clients
- **Admin Solutions:** Reduce daily tasks with experienced and trained administrative help

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:** Comprehensive buyer and seller programs supporting all aspects of advisor practice M&A
- **Remote Office Solutions:** Smart, secure office network and connectivity technology to support remote operations
- **Resilience Plan:** Provides advisors with client service coverage during a short-term leave of absence
- **Assurance Plan:** LPL-backed succession plan to protect advisors' businesses and support their families and clients



Planning and Advice Services

Launched in Q1 2022

- **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
- Subscriptions expected to average **~$1,000 per month**

Current Portfolio

- **Paraplanning:** Create financial plans for clients, which advisors can deliver as part of their existing relationship or charge separately

In Development

Tax Planning

High Net Worth services

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

ClientWorks Connected

1
Attracting Prospects
(Lead gen)

2
Turning Prospects into Clients
(Getting to yes)

3
New Account Onboarding
(Attracting new assets)

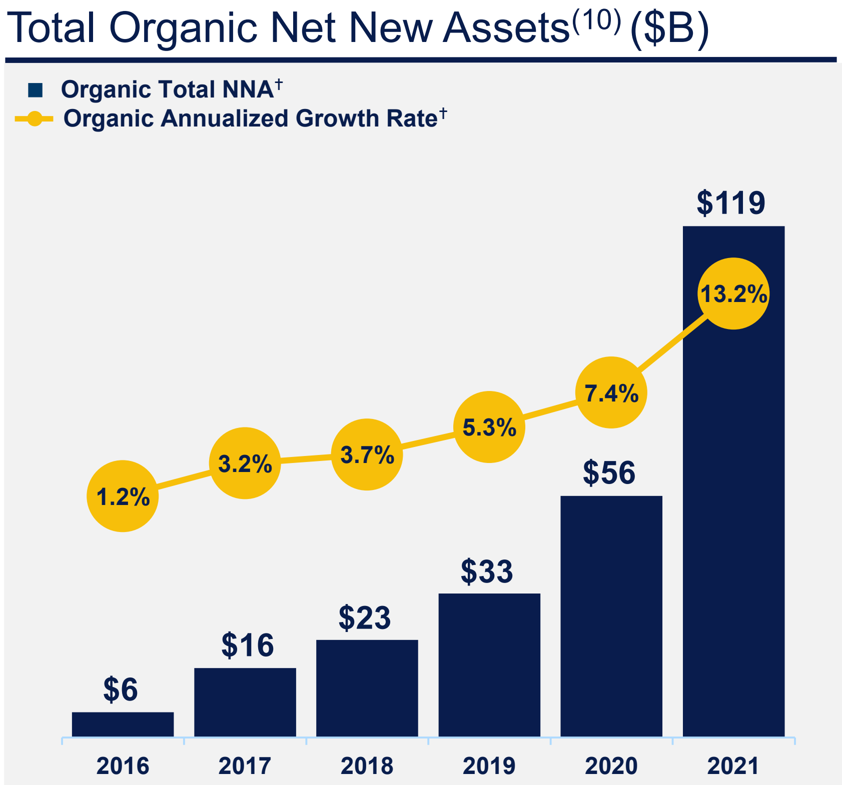
4
Managing Portfolios
(Creating great investor outcomes)

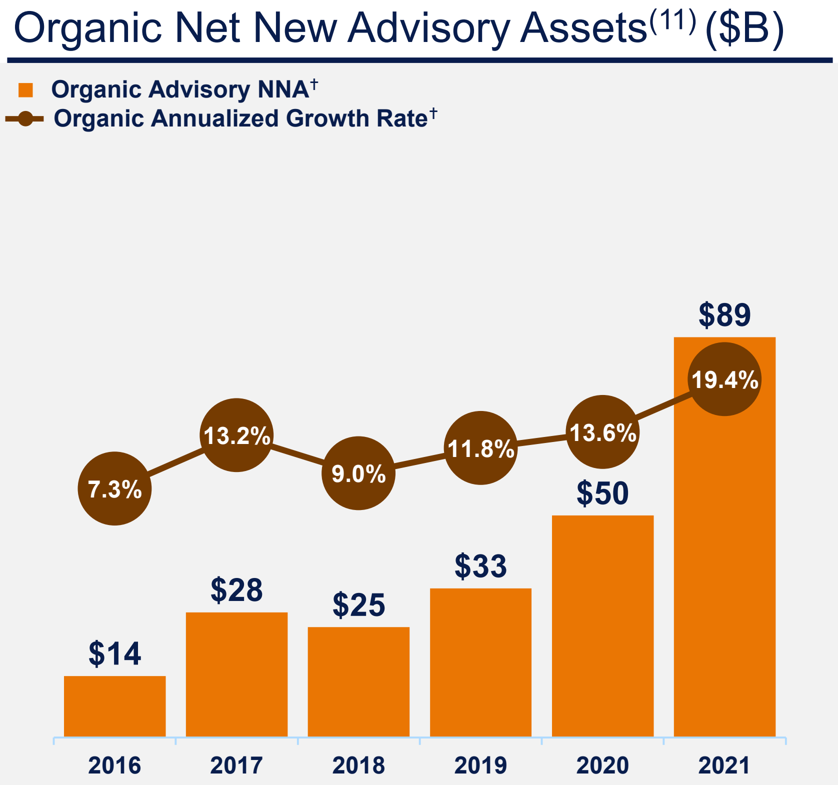
5
Client Management
(Goals-based planning)

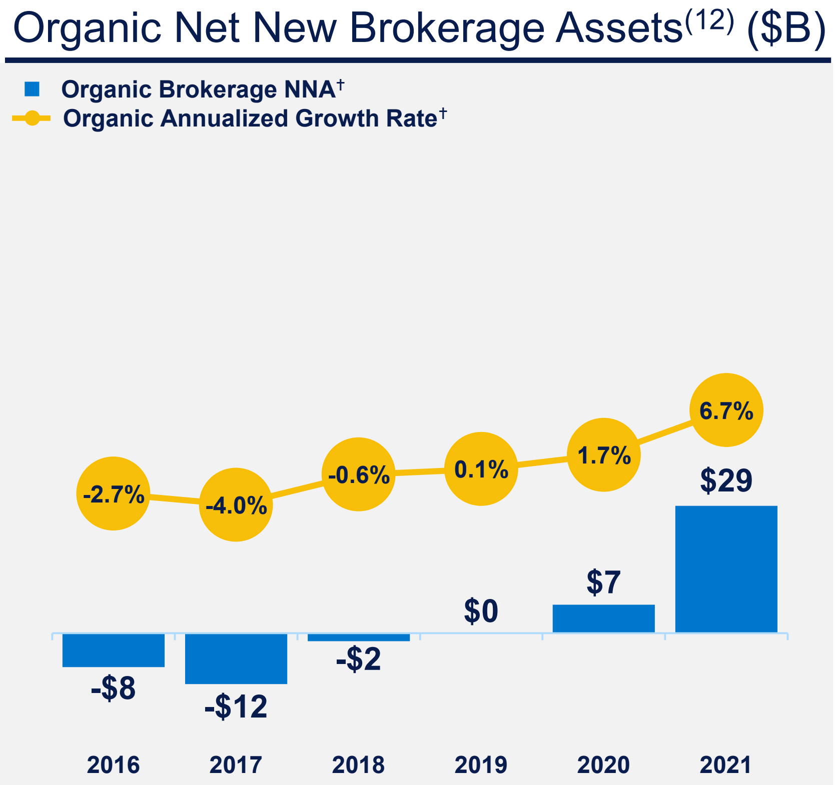
6
Servicing Client Requests
(Helping clients live their lives)

For each of the platforms, we are integrating a free solution as well as leading 3rd party options

We continued to drive solid organic growth with a Net New Asset growth rate of ~13% for the past year







	Total	Advisory	Brokerage
Organic Growth Rate (ex Large Financial Institutions):	9.3%	17.6%	0.6%
Organic NNA Growth (ex Large Financial Institutions):	$84	$81	$3

Net Brokerage to Advisory Conversions(13) ($B):	$5.4	$8.3	$7.4	$6.7	$8.6	$12.9

† Waddell & Reed assets and net new assets were not included in organic net new assets or in the calculation of organic net new asset annualized growth rates through Q3 2021 as we completed Waddell & Reed onboarding. Starting in Q4 2021, Waddell & Reed assets and net new assets are included in total net new assets and in the calculation of net new asset annualized growth rates.

We are the leading 3rd party provider to financial institutions with CUNA, M&T and BMO Harris strengthening our strategic position

We are the leading 3rd party provider to financial institutions

Serving **~800 institutions** with **~$270B(14) 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

BMO, BECU, Central Bank, Community Bank, M&T Bank, New York Community Bank, Old National, South State Bank, Sterling National Bank, Webster Bank

We onboarded BMO Harris and M&T in 1H 2021, and we expect to onboard CUNA in mid-2022

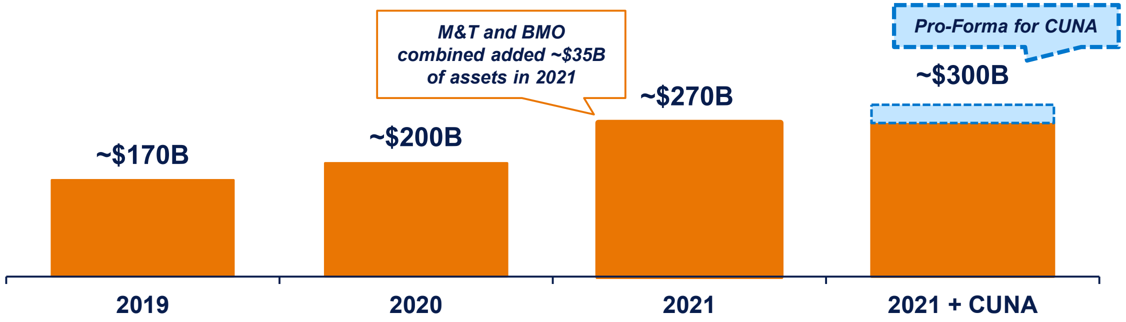
CUNA Mutual Group
- Wealth management business of CUNA Mutual Group
- ~$36B† in assets and 500+ advisors
- Agreement to join LPL signed June 2021
- Expected to onboard in mid-2022

M&T Bank
- Fortune 500 bank with 700+ branches nationwide
- ~$20B in assets and 170+ advisors
- Agreement to join LPL signed July 2020
- Onboarded in Q2 2021

BMO
- Bank with 500+ branches nationwide
- ~$15B in assets and 115+ advisors
- Agreement to join LPL signed October 2020
- Onboarded in Q1 2021

CUNA, M&T and BMO Harris expand our 3rd party leadership with financial institutions

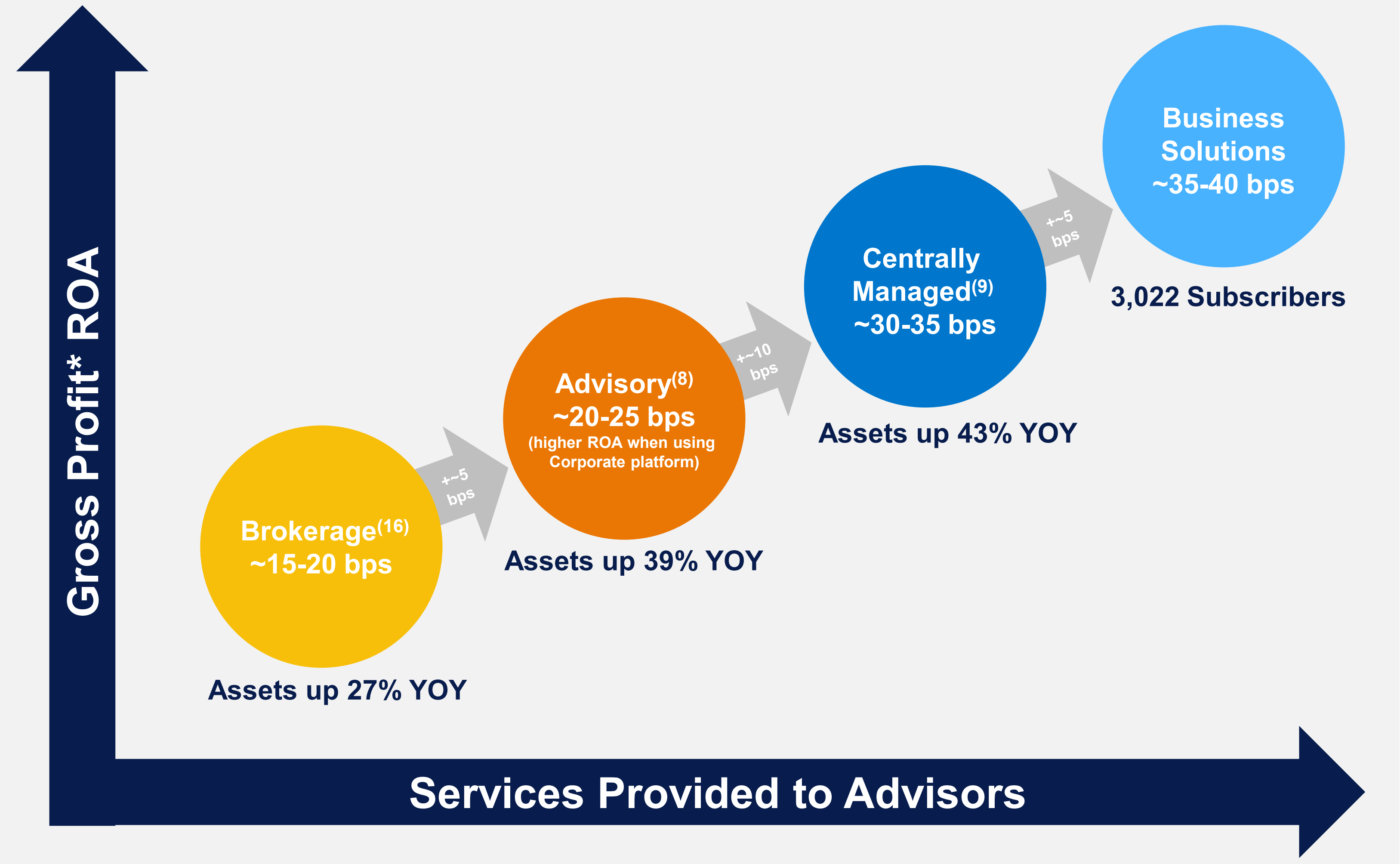
Financial Institutions Channel AUM (6)



† Note: AUM and market share do not reflect equity market growth.
Includes approximately $4.4B of assets on 3rd 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[15]



Additional drivers of growth

New Models
- Strategic Wealth
- Independent Employee Model
- RIA-Only Model

Enhanced Services & Capabilities
- Industry-leading service experience
- New integrated layer of capabilities

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

Annual Gross Profit* Impact

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

~$25M
Per 100pt increase in market levels

Interest Rates

Rising interest rates benefit ICA and DCA yields, with our deposit beta averaging ~15% over the last cycle and ~2.5% over the first 4 Fed rate hikes

~$310M (17)
Over first 4 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 early 2020, ICA balances increased by ~$10B, which translates to a **~$10M benefit annually** (18)

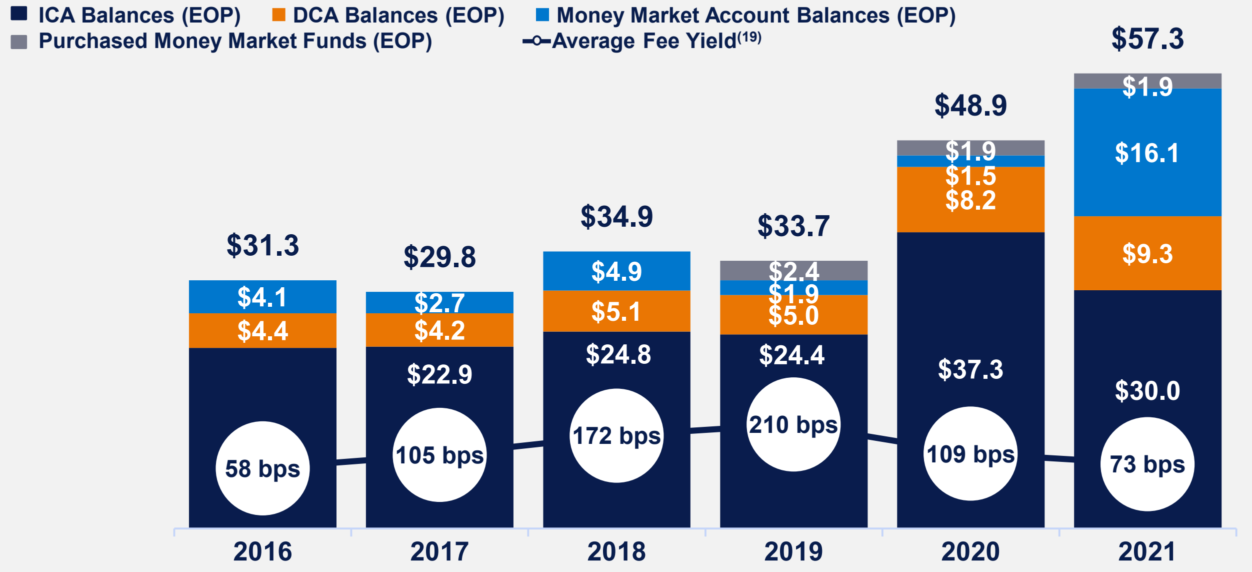
Transaction Volume

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

Transaction revenue increased **~$15M** sequentially in Q1 2020

We are well positioned to benefit from rising interest rates

Client Cash balances ($B)



Average Fee Yields (in bps)

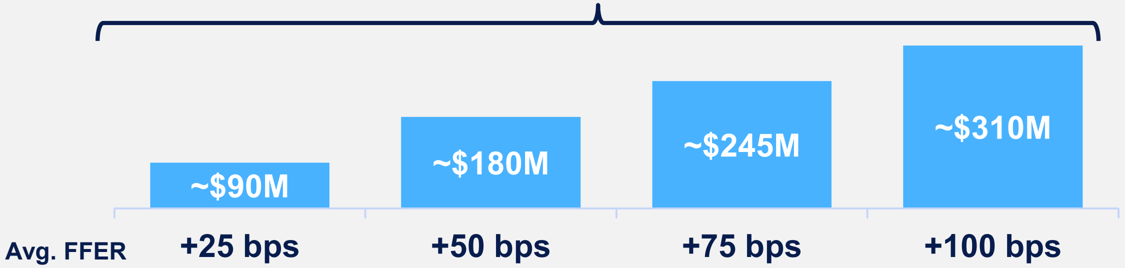
	2016	2017	2018	2019	2020	2021
ICA	67	113	184	240	133	100
DCA	37	90	183	211	53	24
Purchased MM	n/a	n/a	n/a	29	23	8
MM Account	36	64	73	73	22	3
Average	58	105	172	210	109	73
Client Cash % of Total Assets	6.1%	4.8%	5.6%	4.4%	5.4%	4.7%

Annual potential Gross Profit* benefit from rising interest rates

- Over the last interest rate cycle, our deposit beta averaged ~15%
  - Early in the cycle, deposit betas were much lower, and ours averaged ~2.5% over the first 4 Fed rate hikes
- If we applied those deposit betas from the last cycle to our current client cash balances, this would translate to:
  - ~$310M of Annual Gross Profit* over the first 4 rate hikes, equivalent to ~$90M per rate hike for the first 2 and ~$65M per rate hike for the next 2, at a ~2.5% deposit beta
  - After the first 4 rate hikes, ~$50M of annual Gross Profit* per rate hike at a ~25% deposit beta

Estimated Interest Rate Sensitivity based on current balances and last interest rate cycle deposit betas

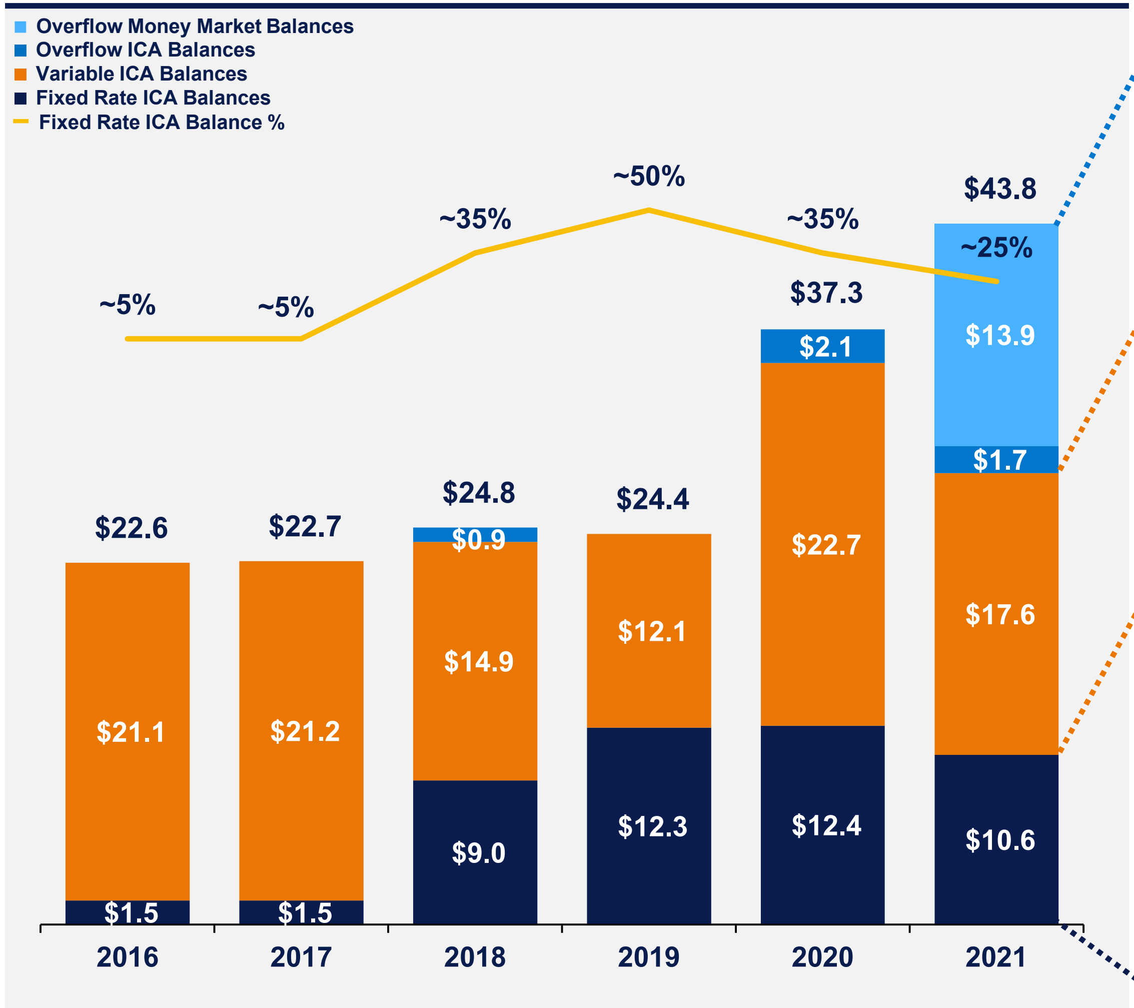
~$310M of additional Gross Profit* over first 4 rate hikes



Note: Assumes change based on Q4 2021 end of period ICA balances. Additionally, as money market overflow balances shift back into ICA, there would be an additional upside of ~$30M per rate hike after the first two rate hikes at a ~2.5% deposit beta.

In 2021, client cash balances continued to grow

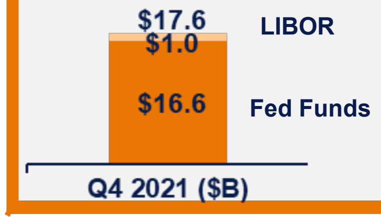
ICA balances, including Money Market Overflow ($B)



Overflow balances provide capacity when balances spike

- When ICA balances exceed our fixed and variable contract capacity, we use ICA and money market overflow contracts
- In the current interest rate environment, the interest rate earned on overflow ICA contracts averages 1 to 2 basis points, while money market sweep contracts earn ~4 basis points

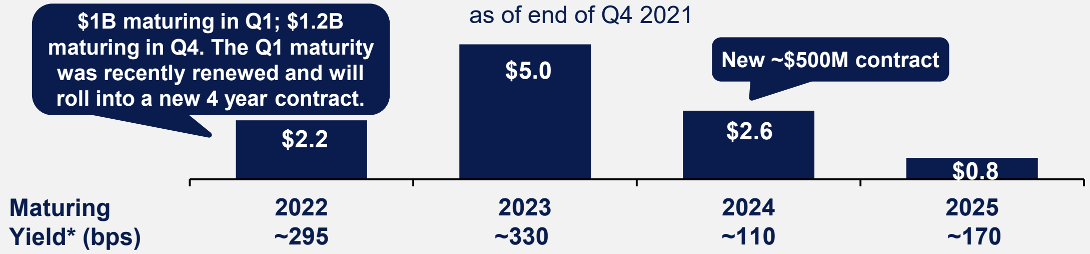
Variable balances are mostly indexed to Fed Funds



- Most variable balances are indexed to Fed Funds + a spread (~20 to ~30 bps)
- However, some are indexed to one month LIBOR
- In the current environment, new variable contracts are averaging Fed Funds flat

Fixed rate ICA contracts are laddered over ~4 years

- **New contract:** In Q4, we added ~$0.5B of 3 year fixed rate balances maturing in 2024, with a ~80 bps yield consistent with the 3-year point at the curve when contracted
- **Renewed contract:** In Q1, we reached an agreement to renew a $1B contract that was maturing in Q1 of 2022 with a ~325 bps yield. The new contract is for 4 years maturing in 2026 with a ~140 bps yield, consistent with the 4-year point of the curve when contracted



*Weighted average yield across ladder is ~260 bps

Note: Yields shown on this page are prior to client deposit rates (~1 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

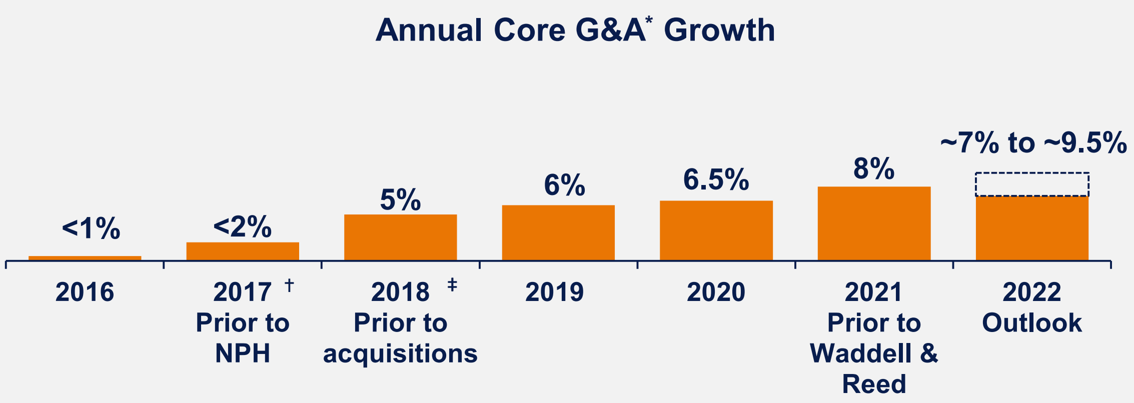
Long-term cost strategy

- 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 2021 Core G&A* was $1,058M, which was in the upper half of our outlook range of $1,045M to $1,060M. This translates to ~8% year-over-year Core G&A growth prior to costs related to Waddell & Reed
- We are seeing positive results as we continue to prioritize investments that drive organic growth and deliver operating leverage in our core business. Given this, in 2022 we plan to increase Core G&A in a similar zone
- Our 2022 Core G&A* outlook range is ~7% to ~9.5% year-over-year growth, or $1,135M to $1,160M, with investments focused in two main areas:
    - Core business growth, including investments in technology and capabilities, and a full year of Waddell & Reed
    - Expand addressable markets and scale new services – Business Solutions, new affiliation models, and large financial institutions

Recent expense trajectory, prior to acquisitions



Core G&A* outlook

2021 Actual	**$1,058M**
2022 Outlook	**$1,135M to $1,160M**

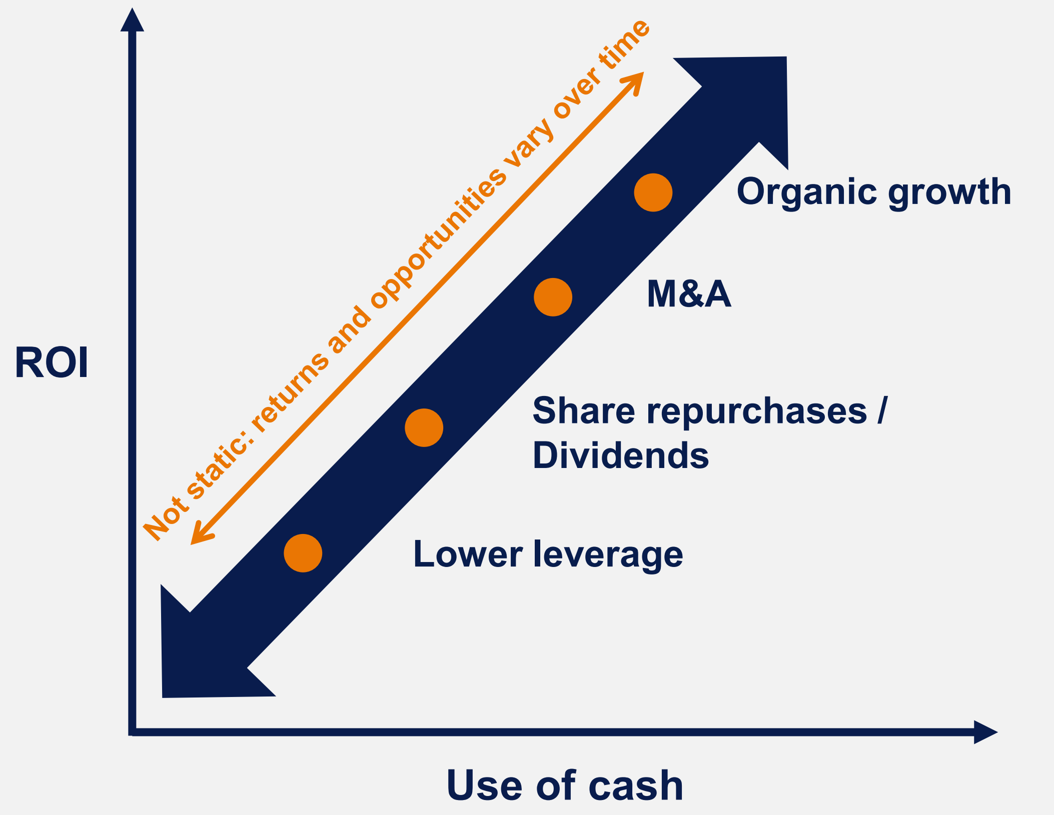
† Based on the Company's 2018 Core G&A* prior to NPH and AdvisoryWorld related expenses compared to the Company's 2017 Core G&A* prior to NPH-related expenses. ‡ Based on the Company's total 2018 Core G&A*.

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

Our capital management principles

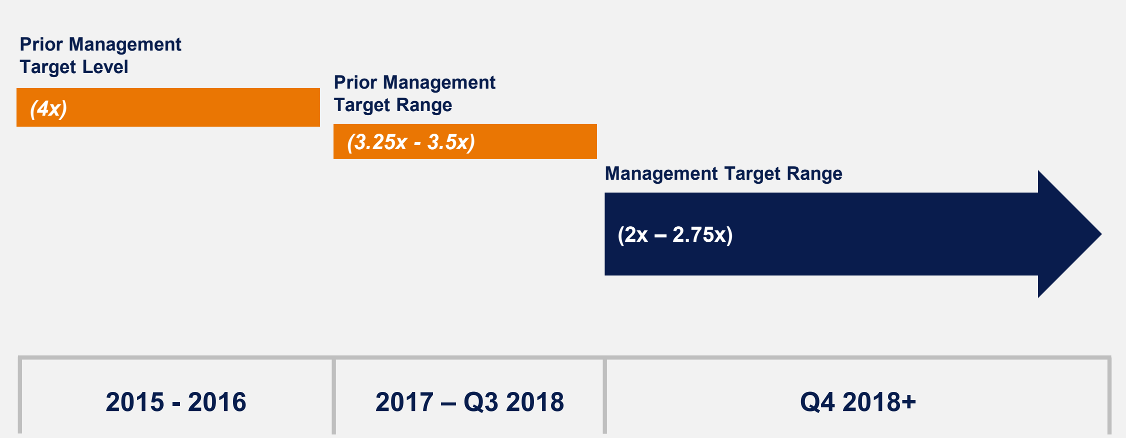
- **Disciplined capital management to drive long-term shareholder value**
- **Maintain a strong and flexible balance sheet**
  - Management target leverage ratio range of 2x to 2.75x
  - Debt structure was refinanced to be more flexible and support growth
- **Prioritize investments that drive organic growth**
  - Recruiting to drive net new assets
  - Capital to support advisor growth and advisor M&A
  - Capability investments to add net new assets and drive ROA
- **Position ourselves to take advantage of M&A**
  - Potential to consolidate fragmented core market
  - Stay prepared for attractive opportunities
- **Return excess capital to shareholders**
  - Share repurchases
  - Dividends

Dynamic capital allocation across options

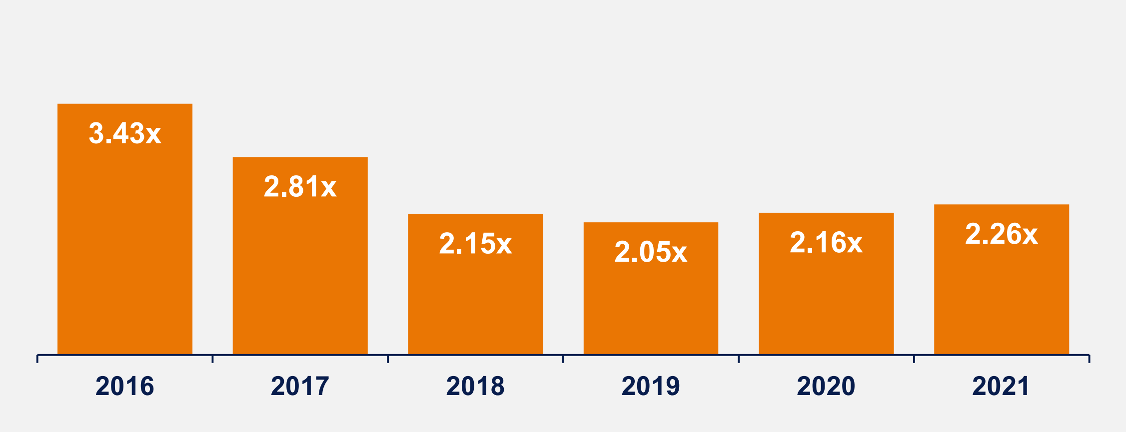


Our balance sheet strength is a key driver of our organic growth

Management Target Leverage Ratio[20]



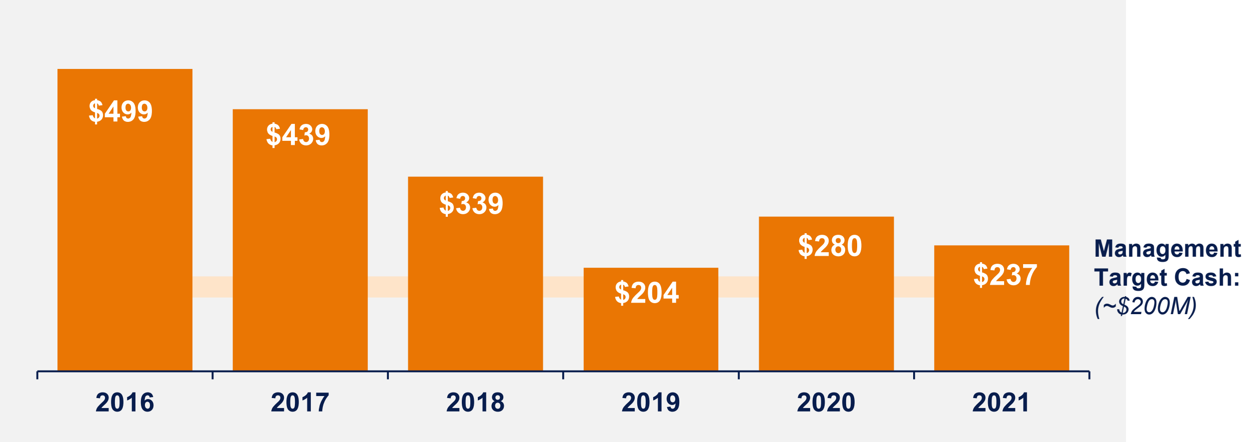
Leverage Ratio [20]



Balance Sheet Principles

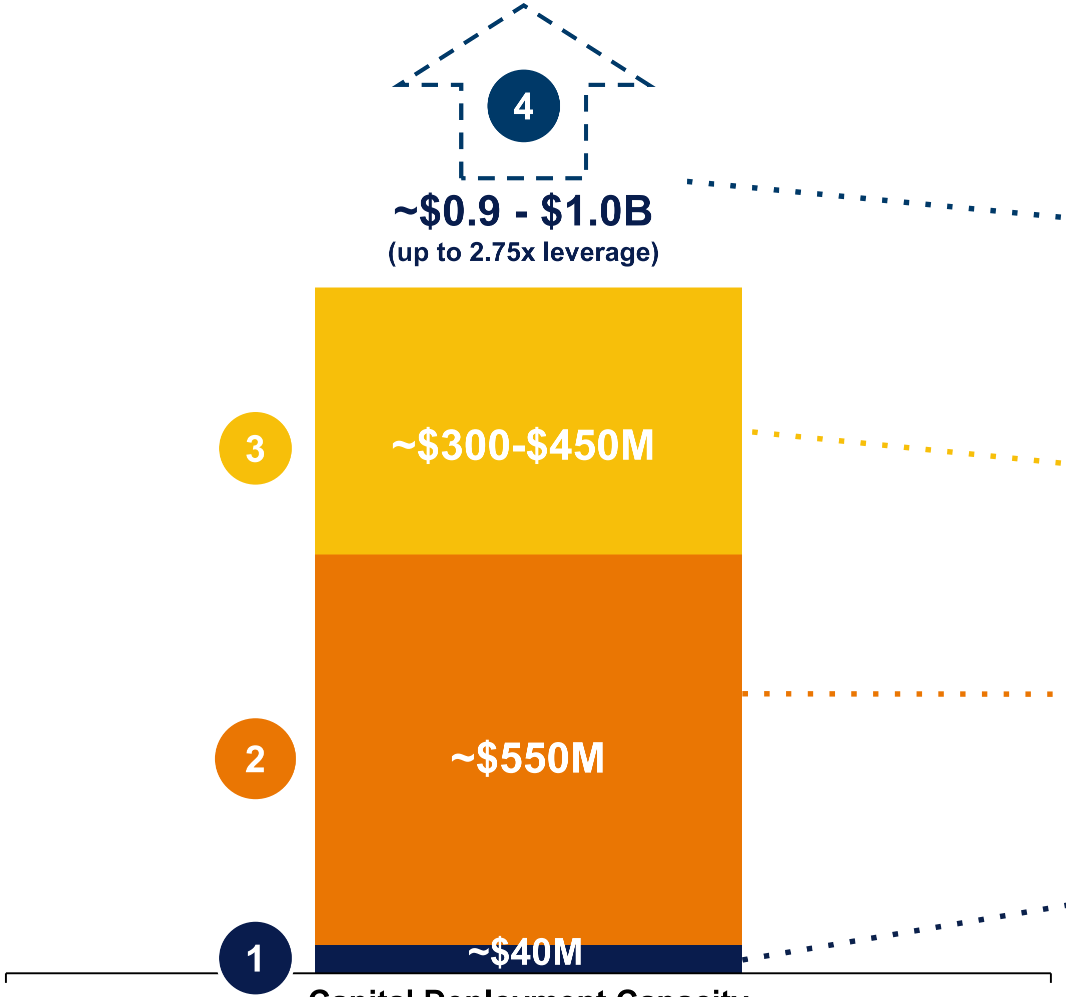
- We want to maintain a strong balance sheet that can absorb market volatility while having the capacity to invest for growth
- As a result, our target leverage range is 2x to 2.75x, which we believe positions our balance sheet well
- At the same time, we are comfortable operating above or below this range temporarily if attractive M&A opportunities arise and as we continue to grow earnings

Corporate Cash [21]†



† We define corporate cash as the sum of cash and equivalents from the following: (1) cash held at the Parent, (2) excess cash at LPL Financial per the Credit Agreement, which is the net capital held at LPL Financial 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) other available cash, which includes cash and equivalents held at The Private Trust Company, N.A. in excess of Credit Agreement capital requirements, and cash and equivalents held at non-regulated subsidiaries.

We have a significant amount of capital deployment capacity…



Capital Deployment Capacity
(Estimate as of Q4 2021)

Potential M&A Capacity above our target range
Willing to temporarily go above our target leverage range for attractive M&A opportunities

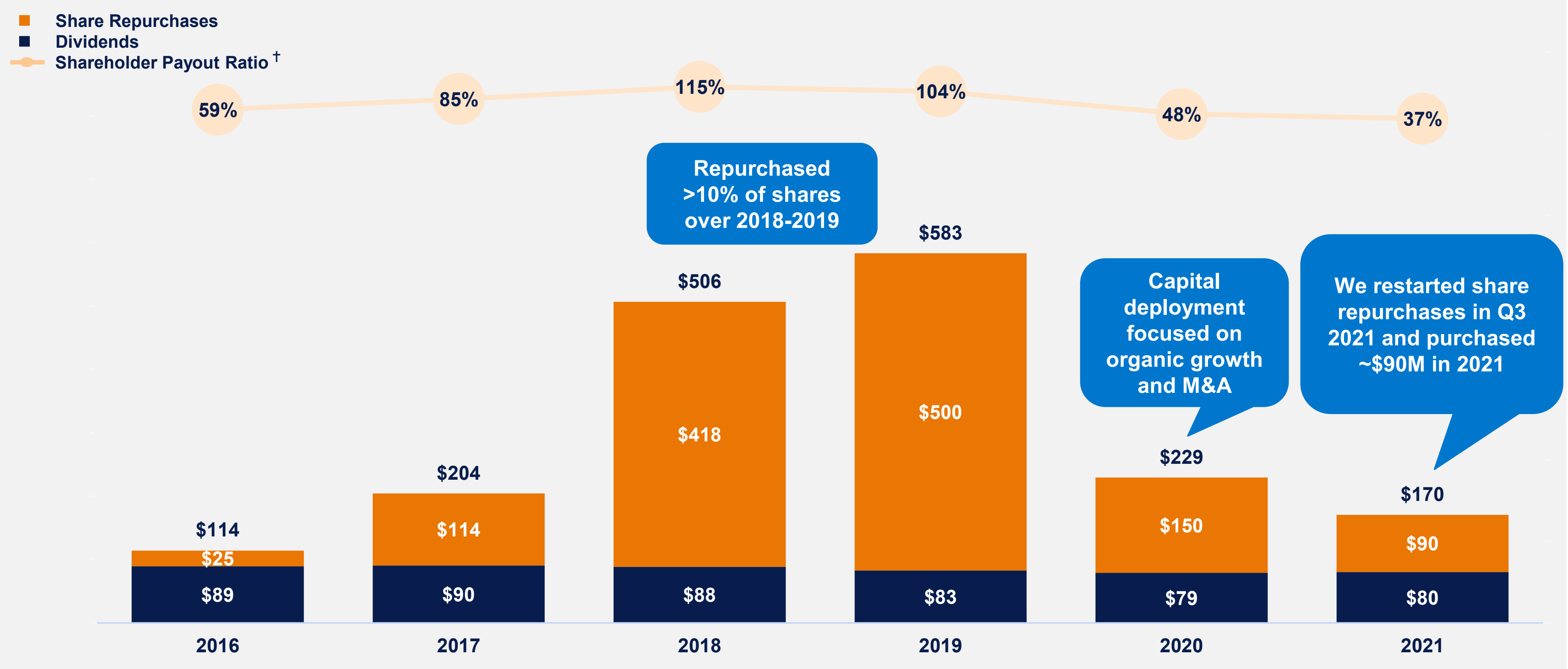
Incremental M&A Leverage Capacity within our target range
Incremental capital accessible if all other capacity were deployed for M&A at a 6-8x purchase multiple[22]

Additional Leverage Capacity
Capital available to deploy up to 2.75x net leverage

Discretionary Cash
Corporate Cash available to use above ~$200M management target as of Q4 2021

...And we restarted share repurchases in Q3, focused on offsetting dilution, with ~$90M purchased in 2021

Share Repurchases and Dividends ($M)

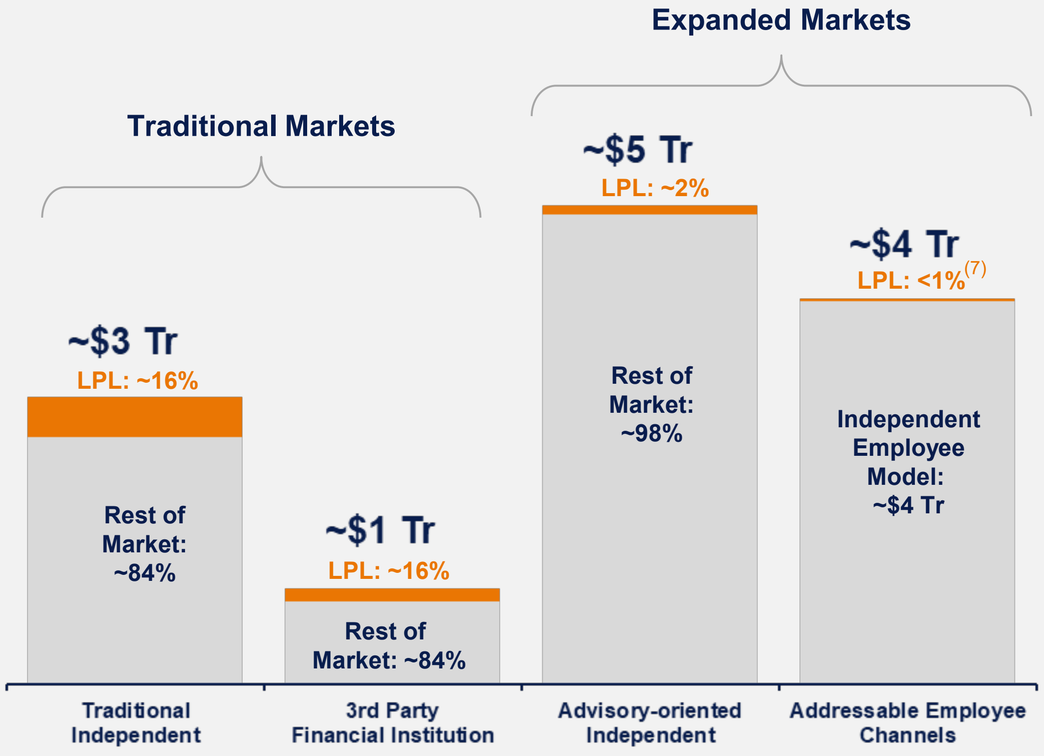


	2016	2017	2018	2019	2020	2021
Average Diluted Share Count (M):	90.0	92.1	90.6	84.6	80.7	81.7

† Shareholder Payout Ratio is defined as (Dividends + Share Repurchases) / Net Income
†† Increased share repurchase authorization to $1B as of December 31, 2018

Our addressable markets are fragmented, with potential for consolidation

Addressable markets(6)



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

Traditional Markets

WADDELL & REED Financial, Inc.

2021

~$74B of assets transferred†

- Transaction closed on April 30, 2021 for a purchase price of $300M
- Estimated annualized run-rate EBITDA* of $90M+ by the end of Q2 2022
- Increases our scale and capacity to invest in capabilities, technology, and service to help existing advisors serve their clients and differentiate in the marketplace

National Planning Holdings, Inc.

2017

~$70B assets transferred

- Large independent broker-dealer network
- Added to our scale and leadership position
- Increased our capacity to invest in the advisor value proposition and return capital to shareholders

LUCIA Securities

2020

~$1.5B assets

- Leading San Diego practice with approximately 20 advisors

E.K. Riley Investments, LLC

2020

~$2B assets

- Leading Seattle practice with approximately 35 advisors

New Markets

Allen & Company EST. 1932

2019

~$3B assets transferred

- Leading Florida practice with client base and culture that are good fits for LPL
- Affiliated under our employee model

Capabilities

BlazePortfolio

2020

~Industry-leading capabilities
~$12M purchase price(23)

- Innovative trading and rebalancing capabilities to drive efficiency and scale in advisors' practices

AdvisoryWorld Financial Technology

2018

~Industry-leading capabilities
~$28M purchase price

- Leading provider of digital tools for advisors that serves more than 30,000 U.S. financial advisors and institutions

† The ~$74B of Waddell & Reed assets does not include ~$2B of retirement assets, which LPL does not include in total asset reporting, and ~$1B of assets that did not convert (as of December 31, 2021).

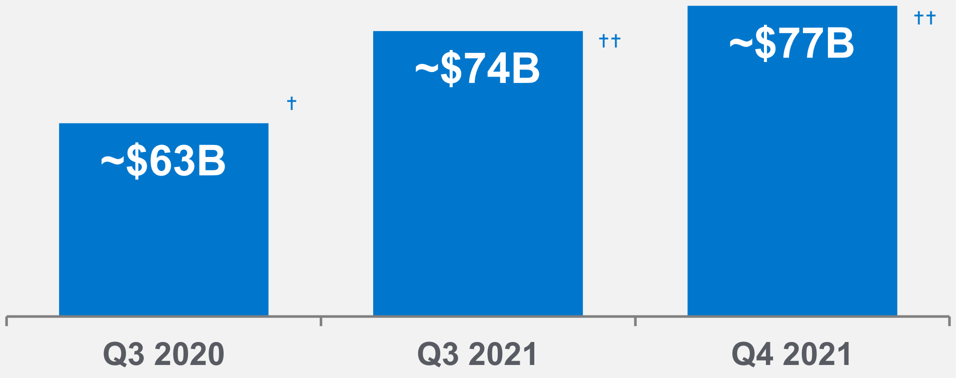
Waddell & Reed update: Run-rate EBITDA expectations increased to $90M+

Transaction Details at Signing

- On December 2, 2020, we signed an agreement to acquire Waddell & Reed's wealth management business
- Transaction structured primarily as an equity purchase with a price of $300M
- Waddell & Reed's wealth management client assets were ~$63B with asset mix of ~45% advisory and ~55% brokerage (as of September 30, 2020)
- Waddell & Reed's wealth management business had over 900 advisors, serving ~$70M of client assets per advisor (as of September 30, 2020)

Retention Update

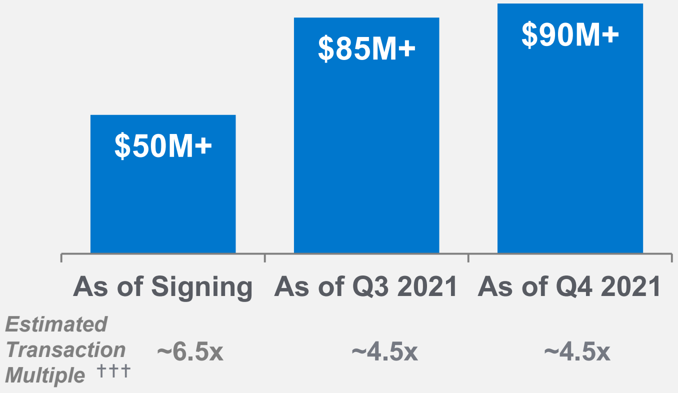
Waddell & Reed's wealth management client assets increased ~$3B compared to Q3



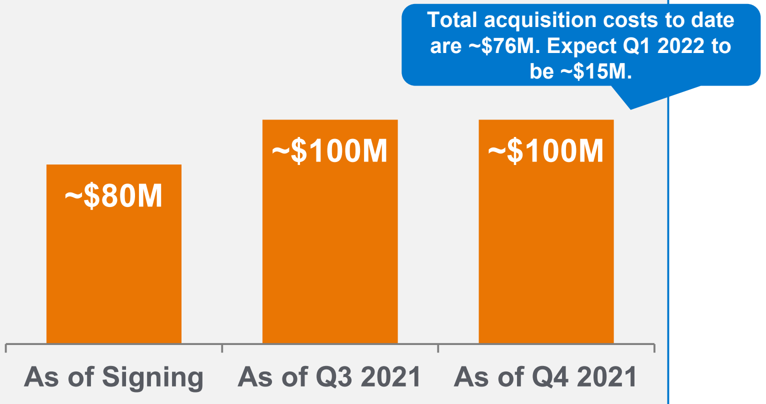
Final asset retention rate from Waddell & Reed was ~99%

Financial Update

Estimated Run-Rate EBITDA* expectations increased to $90M+

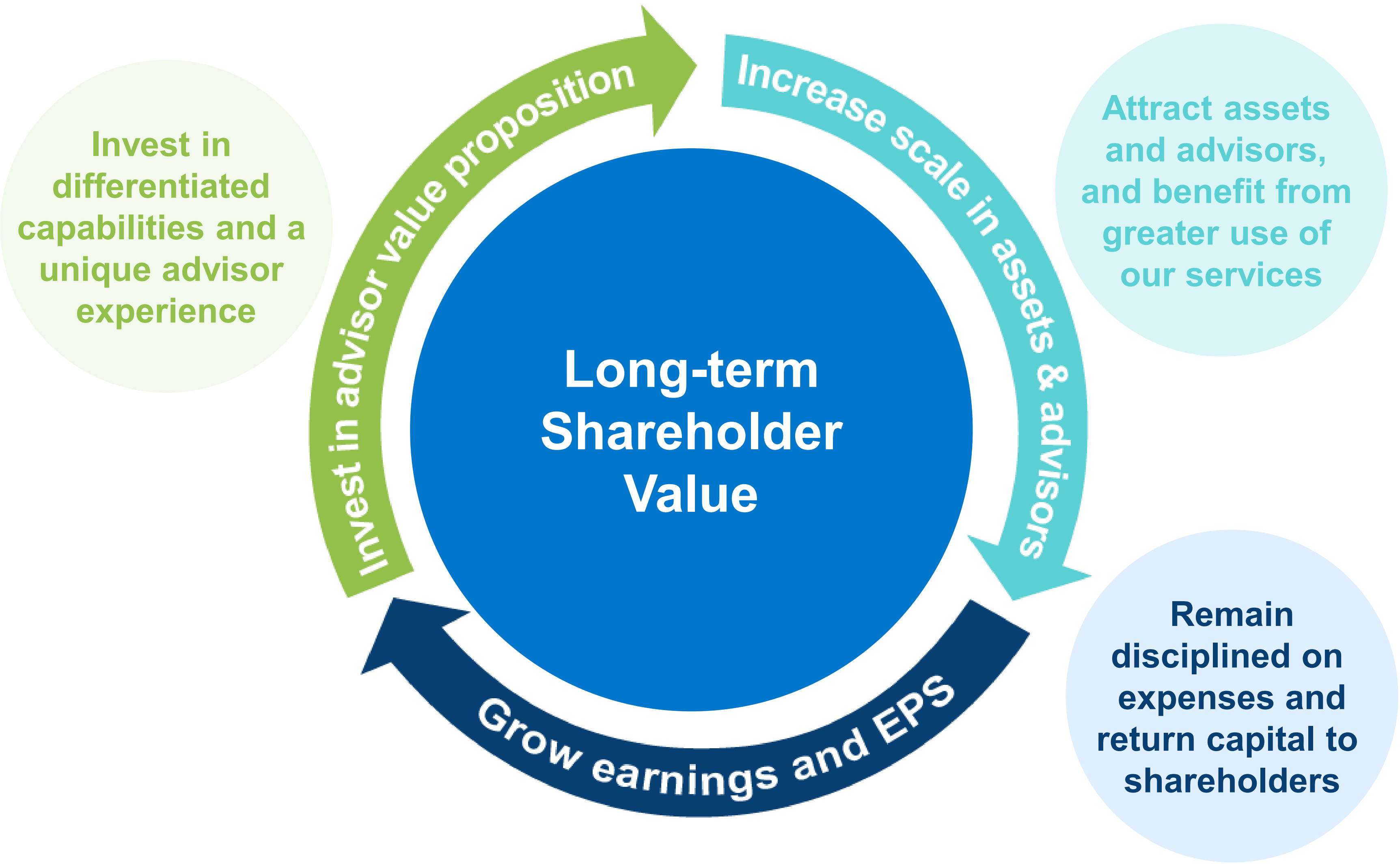


Acquisition Costs are estimated to be ~$100M



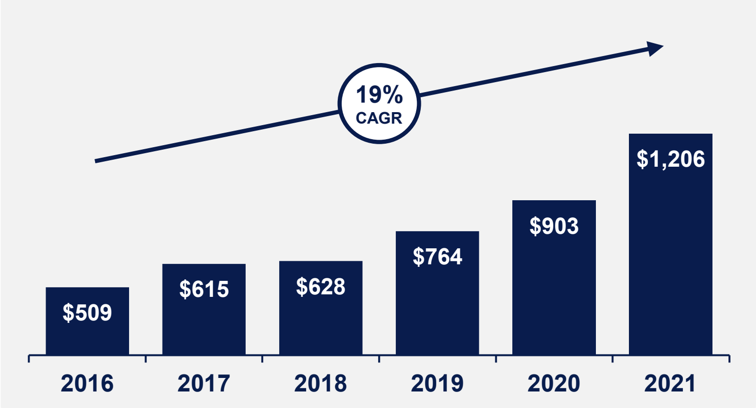
† Q3 2020 as reported by Waddell & Reed in its Earnings Release
†† The ~$74B of Waddell & Reed assets in Q3 2021 and ~$77B in Q4 2021 include ~$2B of retirement assets, which LPL does not include in total asset reporting, and ~$1B of assets that did not convert.
††† Technology investments related to the integration of Waddell & Reed are included in transaction multiple calculation.

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

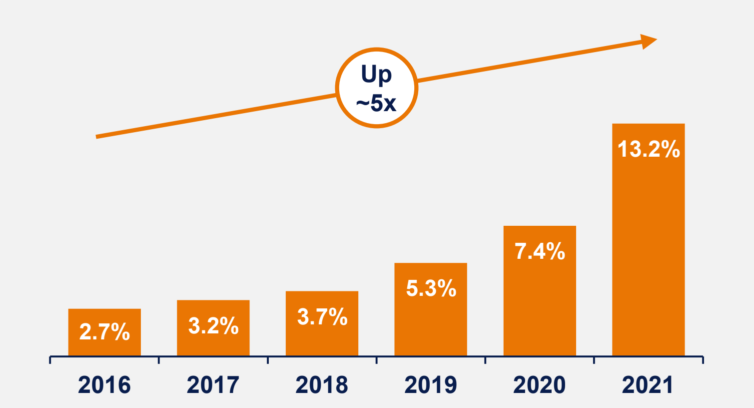


We are focused on executing our strategy and delivering results

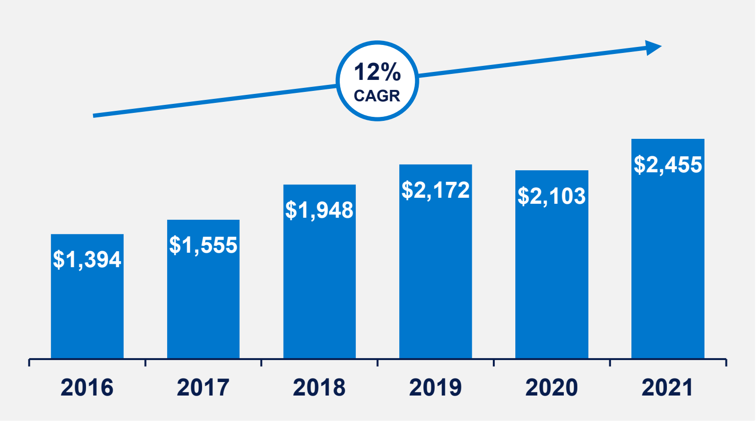
Total Advisory and Brokerage Assets[24] ($B)



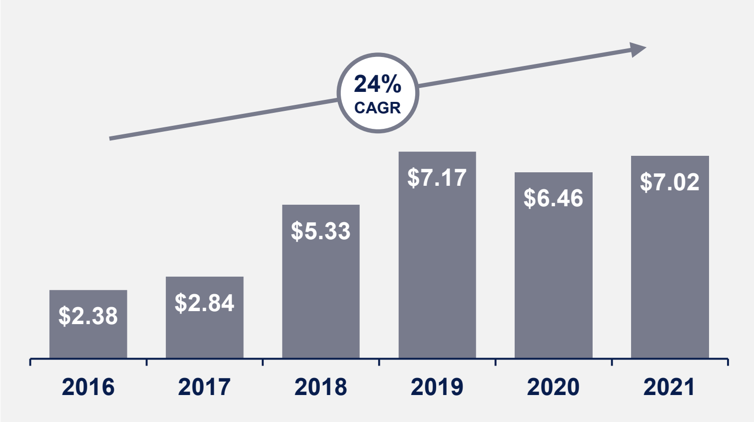
Organic Net New Asset Growth



Gross Profit* ($M)



EPS Prior to Amortization of Intangible Assets and Acquisition Costs* ($)



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 Solutions, 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)

APPENDIX

Calculation of Gross Profit and Reconciliation of Net Income to EBITDA and Credit Agreement EBITDA

Gross profit, EBITDA and Credit Agreement EBITDA are non-GAAP financial measures. Please see descriptions of gross profit, EBITDA and Credit Agreement EBITDA under "Non-GAAP Financial Measures" on page 3 of this presentation for additional information.

Set forth below are calculations of gross profit for the periods presented herein.

$ in millions	2021	2020	2019	2018	2017	2016
Total revenue	**$7,721**	**$5,872**	**$5,625**	**$5,188**	**$4,281**	**$4,049**
Advisory and commission expense	5,180	3,697	3,388	3,178	2,670	2,601
Brokerage, clearing and exchange fees	86	71	64	63	57	55
Gross profit	**$2,455**	**$2,103**	**$2,172**	**$1,948**	**$1,555**	**$1,394**

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

$ in millions	2021	2020	2019	2018	2017	2016
Net income	**$460**	**$473**	**$560**	**$439**	**$239**	**$192**
Interest expense on borrowings	104	106	130	125	107	96
Provision for income taxes	141	153	182	153	126	106
Depreciation and amortization	151	110	96	88	84	76
Amortization of other intangibles	79	67	65	60	38	38
EBITDA	**$936**	**$909**	**$1,033**	**$866**	**$594**	**$508**
Credit agreement adjustments	214	52	48	103	151	44
Credit agreement EBITDA	**$1,151**	**$961**	**$1,081**	**$969**	**$745**	**$552**

Note: Totals may not foot due to rounding.
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 of EPS Prior to Amortization of Intangible Assets and Acquisition Costs to GAAP EPS

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 EPS prior to amortization of intangible assets and acquisition costs to GAAP EPS for the periods presented herein:

	2021		2020		2019		2018		2017		2016	
$ in millions, except per share data	**Amount**	**Per Share**	**Amount**	**Per Share**	**Amount**	**Per Share**	**Amount**	**Per Share**	**Amount**	**Per Share**	**Amount**	**Per Share**
Net income/ earnings per diluted share	**$460**	**$5.63**	**$473**	**$5.86**	**$560**	**$6.62**	**$439**	**$4.85**	**$239**	**$2.59**	**$192**	**$2.13**
Amortization of other intangibles	79	0.97	67	0.83	65	0.76	60	0.66	38	0.41	38	0.42
Acquisitions costs	76	0.93	-	0.00	-	0.00	-	0.00	-	0.00	-	0.00
Tax benefit	(41)	(0.51)	(19)	(0.23)	(18)	(0.21)	(17)	(0.19)	(15)	(0.16)	(15)	(0.17)
Adjusted net income / EPS prior to amortization of intangible assets and acquisition costs	**$574**	**$7.02**	**$521**	**$6.46**	**$607**	**$7.17**	**$482**	**$5.33**	**$262**	**$2.84**	**$215**	**$2.38**
Diluted share count	82		81		85		91		92		90	

Note: Totals may not foot due to rounding.

Reconciliation of Core G&A to Total Operating Expense

Core G&A is a non-GAAP financial measure. Please see a description of Core G&A under "Non-GAAP Financial Measures" on page 3 of this presentation for additional information.

Below are reconciliations of Core G&A to the Company's total expense for the periods presented herein, and of Core G&A, prior to the impact of the acquisitions of NPH and AdvisoryWorld, against the Company's total expense for the same periods:

$ in millions	2021	2020	2019	2018	2017	2016
Total expense	**$7,120**	**$5,246**	**$4,882**	**$4,597**	**$3,893**	**$3,770**
Advisory and commission	5,180	3,697	3,388	3,178	2,670	2,601
Depreciation and amortization	151	110	96	88	84	76
Interest expense on borrowings	104	106	130	126	106	114
Brokerage, clearing and exchange	86	71	64	63	57	55
Amortization of other intangibles	79	67	65	60	38	38
Loss on extinguishment of debt	24	-	3	-	-	-
Total G&A	**$1,494**	**$1,194**	**$1,136**	**$1,082**	**$938**	**$886**
Promotional (ongoing)(25)	288	208	206	209	172	149
Acquisition costs(25)	76	-	-	-	-	-
Employee share-based compensation	42	32	30	23	19	20
Regulatory charges	29	29	32	32	21	17
Core G&A	**$1,058**	**$925**	**$868**	**$819**	**$727**	**$700**

$ in millions	2018	2017
Core G&A	819	727
NPH-related core G&A	65	15
AdvisoryWorld-related core G&A	2	-
Total core G&A prior to NPH and AdvisoryWorld	**$757**	**$712**

Note: Totals may not foot due to rounding.

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. The actual amount transitioned may vary from the estimate.
(2) The Company calculates its Leverage Ratio in accordance with the terms of its Credit Agreement.
(3) Represents Moody's Corporate Family Rating and S&P Issuer Credit Rating. Moody's changed LPL's outlook to positive from stable on September 21, 2021.
(4) 2016 Net New Assets results shown assumed ~1.5% of benefit from the combination of dividends and interest less advisory fees. 2017 to current results include actual calculation of the benefit, which has averaged ~1.5% per year.
(5) LPL estimates based on 2019 Cerulli channel size and advisory share estimates and include market adjustment for 2019.
(6) Consists of approximately $3 billion of advisory and brokerage assets serviced by Allen & Company of Florida LLC ("Allen & Company").
(7) 2022 outlook is prior to M&A- and large bank-related onboarding spend in technology.
(8) Consists of total assets on LPL Financial's corporate advisory platform serviced by investment advisor representatives of LPL Financial or Allen & Company and total assets on LPL Financial's independent advisory platform serviced by investment advisor representatives of separate investment advisor firms ("Hybrid RIAs"), rather than of LPL Financial.
(9) Represents those advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios, and Guided Wealth Portfolios platforms.
(10) 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.
(11) Consists of total client deposits into advisory accounts (including advisory assets serviced by Allen & Company) less total client withdrawals from advisory accounts, plus dividends, plus interest, minus advisory fees. The Company considers conversions to and from advisory accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the LTM period Net New Advisory Assets divided by the quarter preceding the LTM period's total Advisory Assets.
(12) Consists of total client deposits into brokerage accounts (including brokerage assets serviced by Allen & Company) less total client withdrawals from brokerage accounts, plus dividends, plus interest. The Company considers conversions to and from brokerage accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the LTM period Net New Brokerage Assets divided by the quarter preceding the LTM period's total Brokerage Assets.
(13) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.
(14) LPL Institution Services AUM from banks and credit unions as of December 31, 2021.
(15) Year-over-year comparisons are based on the change from Q4 2020 to Q4 2021.
(16) Consists of brokerage assets serviced by advisors licensed with LPL Financial.
(17) Assumes change based on Q4 2021 end of period ICA balances, presented on page 17. Additionally, as money market overflow balances shift back into ICA, there would be an additional upside of ~$30M per rate hike after the first two rate hikes at a ~2.5% deposit beta.
(18) Based on variable ICA balances indexed to Fed Funds + a spread (~20 to ~30 bps).
(19) Calculated by dividing client cash program revenue for the period by the average client cash program balances during the period.
(20) Leverage Ratio only applies to the Company's revolving credit facility.
(21) We define corporate cash as the sum of cash and equivalents from the following: (1) cash held at LPL Holdings, Inc., (2) excess cash at LPL Financial per the Credit Agreement, which is the net capital held at LPL Financial 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) other available cash, which includes cash and equivalents held at The Private Trust Company, N.A. in excess of Credit Agreement capital requirements, and cash and equivalents held at non-regulated subsidiaries.
(22) 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 2.75x net leverage.
(23) The up-front purchase price for Blaze Portfolio was ~$12M, with up to $5M in earn-out payments.
(24) Consists of total advisory and brokerage assets under custody at LPL Financial and Waddell & Reed, LLC.
(25) Acquisition costs incurred during the fourth quarter of 2021 include the costs to setup, onboard and integrate acquired entities and are driven primarily by $6.0 million of compensation and benefits expense, $6.0 million of professional services expense, and $1.7 million of promotional expense. Acquisition costs incurred during the third quarter of 2021 include the cost to setup, onboard and integrate acquired entities and are driven primarily by $14.8 million of compensation and benefits expense, $12.4 million of promotional expense, $5.8 million of professional services expense, and other expense that are included in the respective line items in the unaudited consolidated statements of income. Acquisition costs incurred during the second quarter of 2021 primarily include $13.9 million of compensation and benefits expense, $6.3 million of professional services expense, $1.6 million of occupancy and equipment expense, and $1.2 million of communications expense.