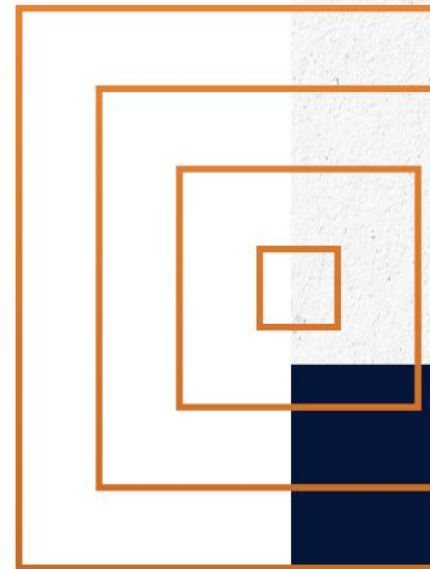


LPL Financial

Q3 2026 Earnings

Prepared Remarks



LPL Financial Q3 2026 Earnings Prepared Remarks

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, plans, priorities, business strategies, capabilities, and outlook, including forecasts and statements relating to the Company's ICA yield, service and fee revenue, transaction revenue, Core G&A* expenses (including outlook for 2026), interest expense and income, depreciation and amortization expenses, leverage ratio (including plans to reduce leverage), pricing and fees (including their effect on adjusted pre-tax margin), corporate cash, run-rate EBITDA, operating leverage, pre-tax margin, transition assistance loan amortization, organic growth, payout rate, tax rate and share repurchases, if any; the Company's retention of Commonwealth Financial Network's ("Commonwealth") assets, and Commonwealth's future financial and operating performance; run-rate EBITDA expectations in connection with the Company's acquisition Commonwealth; the amount and timing of the onboarding of acquired, recruited or transitioned brokerage and advisory assets, including from Commonwealth; the Company's plans to invest to drive growth and increase efficiency while scaling its business; the Company's recruitment pipeline and expected organic growth; and future capabilities, including the timing and extent of the Company's expansion of access to Cyan, future advisor service experience, future investments and capital deployment, including share repurchase activity and dividends, if any, and long-term shareholder value, 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, 2026 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 those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: difficulties and delays in onboarding the assets of acquired, recruited, or transitioned advisors, including the receipt and timing of regulatory approvals that may be required; disruptions in the businesses of the Company and Commonwealth that could make it more difficult to maintain relationships with advisors and their clients; the choice by clients of acquired or recruited 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 success in negotiating agreements with current or additional counterparties; 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 and asset-based revenues; fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenue; effects of competition in the financial services industry and the success of the Company in attracting and retaining financial advisors and institutions, and their ability to provide financial products and services effectively; 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 cost of defending, settling and remediating issues related to regulatory matters or legal proceedings, including civil monetary penalties or actual costs of reimbursing customers for losses in excess of our reserves or insurance; changes made to the Company's services and pricing, including in response to competitive developments and current, pending and future legislation, regulation and regulatory actions, and the effect that such changes may have on the Company's Gross Profit* streams and costs; execution of the Company's capital management plans, including its compliance with the terms of the Company's amended and restated credit agreement, the committed revolving credit facility and LPL Financial's committed revolving credit facility, and the indentures governing the Company's senior unsecured notes; strategic acquisitions and investments, including pursuant to the Company's liquidity and succession solution, and the effect that such acquisitions and investments may have on the Company's capital management plans and liquidity; the price, availability and trading volumes of shares of the Company's common stock, which will affect the timing and size of future share repurchases by the Company, if any; whether advisors affiliated with Commonwealth and First Horizon Bank will transition registration to the Company and whether assets reported as serviced by such financial advisors will translate into assets of the Company; the execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements or efficiencies expected to result from its investments, initiatives and acquisitions, expense plans and technology initiatives; the performance of third-party service providers to which business processes have been transitioned; the Company's ability to control operating risks, information technology systems risks, cybersecurity risks and sourcing risks; 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, 2026 and you should not rely on statements contained herein as representing the Company's view as of any date subsequent to October 27, 2026.

Actual remarks made on the Company's earnings conference call could vary from the prepared remarks presented here. A webcast replay of the Company's earnings conference call will be available on the Investor Relations section of the Company's website, investor.lpl.com/events. Please refer to the Company's earnings release for additional information.

*Notice to Investors: Non-GAAP Financial Measures

The prepared remarks set forth herein include discussion of certain non-GAAP financial measures. At the time these remarks were made, listeners were referred to the Company's earnings release, which had been previously published on the Company's website at investor.lpl.com, and which contained reconciliations of such non-GAAP financial measures to comparable GAAP figures. 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 herein are appropriate for evaluating the performance of the Company. These non-GAAP financial measures include but are not limited to adjusted pre-tax margin, adjusted EPS, Gross Profit and Core G&A.

Rich Steinmeier, CEO

Thanks Operator, and thank you to everyone for joining our call. It's a pleasure to speak with you again.

After an outstanding first half of the year, we delivered another quarter of strong business performance and excellent financial results, while continuing to advance key initiatives. We delivered improved organic growth during the quarter. We advanced our preparation to onboard Commonwealth Financial Network later this quarter. We began the phased roll out of our proprietary AI agent, Cyan, to Advisors and we continued to deliver strong operating leverage.

Now, to highlight some of our Q3 results.

In the quarter, total client assets were \$2.6T, up slightly from Q2, as continued organic growth was largely offset by modest market headwinds. We attracted organic net new assets of \$29B, representing a 5% annualized growth rate. Prior to large institutional wins, this was our best organic growth rate in over a year.

Our third quarter business results led to strong financial performance with record adjusted EPS of \$5.97, an increase of 15% from a year ago.

Turning to our strategic plan.

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Our vision is clear, we aspire to be the best firm in wealth management. To do that, we remain focused on three key priorities: One, preserving the client-centricity the firm was built on; Two, empowering our employees to deliver exceptional outcomes for our advisors and institutions and their clients; And three, delivering improved operating leverage. Effectively executing on these focus areas will help us sustain our industry-leading growth while advancing the efficiency and effectiveness of our model.

With that as context, let's review a few business highlights from the quarter. In Q3, recruited assets were \$24B, bringing our total for the trailing twelve months to \$81B.

The vast majority of recruiting took place in our traditional markets, where we added approximately \$23B in assets during Q3 and again captured an industry-leading share of advisors in motion while maintaining strong recruiting pipelines.

Turning to overall asset retention. It was 97% for the third quarter and 98% over the last twelve months. This is a testament to our continued efforts to enhance the advisor experience through the delivery of new capabilities and technology, and the ongoing evolution of our service and operations functions.

Now let's turn to Commonwealth. Final preparations are underway and we are on track to onboard Commonwealth advisors in mid-November.

Following eighteen months of collaboration with our Commonwealth colleagues, we have established the integrated operating model that preserves the core of Commonwealth's industry-leading approach to serving advisors. From an operational standpoint, the technology and capability builds that underpin this

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conversion are complete. The householding architecture, advanced case management platform and the single relationship agreement we have discussed on prior calls are built and in final testing. While each was scoped to enable the Commonwealth conversion, each also benefits every advisor and institution already on our platform.

As we approach the transition, our focus has shifted to supporting Commonwealth advisors and their staff with their preparation and training. Our teams are deeply engaged with Commonwealth advisors to ensure that they can serve their clients without interruption from day one on the LPL platform.

With only two weeks until conversion, we have increased clarity on final asset retention, which we now expect to be approximately 83%.

As for our broader work to continue elevating the experience for all LPL advisors, during the quarter we soft launched our proprietary AI agent, Cyan. The initial pilot for Cyan Assistant included several hundred advisors and the early feedback has been overwhelmingly positive. We're on track to expand access to Cyan Assistant to all advisors by year end, with additional high-impact capabilities planned for early next year.

In closing, the third quarter was a solid one for LPL and the final one before the largest conversion in our history. I want to take a moment to thank our teams at both LPL and Commonwealth for their tremendous hard work and dedication in getting us to this point and positioning us for a successful onboarding next month...We are building something special, and I am incredibly proud of the passion and dedication our teams bring to supporting our advisors.

As we look ahead, we remain well-positioned to serve as a critical partner to our advisors and institutions, to continue delivering industry-leading organic growth, and to maximize long-term value for shareholders.

With that, I'll turn the call over to Matt.

Matt Audette, President and CFO

Thanks, Rich. It was another productive quarter, as the team continues to deliver exceptional results. To re-iterate some of those highlights we delivered solid organic growth, further advanced our advisor experience through investments in our service organization, drove improved operating leverage through on-going efficiency gains and better monetization of the value we deliver to clients, progressed our preparations to onboard Commonwealth in mid-November, and executed on our capital allocation strategy where we remained active with our Liquidity & Succession capability and returned approximately \$300M to shareholders through share repurchases.

These efforts resulted in strong third quarter business and financial performance and position us to sustain that momentum through year-end and into 2027.

Now turning to a few highlights from our Q3 business results. Total client assets were \$2.6T, up slightly from Q2, as continued organic growth was largely offset by modest market headwinds.

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Total organic net new assets were \$29B, an approximately 5% annualized growth rate.

As for our Q3 financial results, the combination of top line growth and expense discipline led to an adjusted pre-tax margin of approximately 38.6% and record adjusted EPS of \$5.97.

Gross Profit was \$1,662M, up \$44M sequentially. As for the key drivers, commission and advisory fees net of payout were \$496M, up \$10M from Q2.

Our payout rate was 88.0%, up approximately 50bps from Q2, driven by reductions to our corporate advisory pricing as well as the typical seasonal build in the production bonus. Looking ahead, we expect our payout rate will increase by approximately 40bps in Q4, driven by typical seasonality.

With respect to client cash revenue, it was \$472M, up \$15M from Q2. Overall client cash balances ended the quarter at \$56.6B, down \$300M from the prior quarter.

Within our ICA portfolio, the mix of fixed rate balances ended the quarter at roughly 65%, within our target range of 50% to 75%.

Looking more closely at our ICA yield, it was 352bps in Q3, up 16bps sequentially, primarily driven by the updates to our client cash sweep rate methodology we discussed last quarter. As we look ahead to Q4, we expect our ICA yield to increase by approximately 20bps as we benefit from the full quarter impact of the methodology change as well as the September Fed rate hike.

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As for service and fee revenue, it was \$218M in Q3, up \$9M from Q2, driven by revenues from our annual Focus conference. Looking ahead to Q4, we expect service and fee revenue to decrease by a few million.

Moving on to Q3 transaction revenue. It was \$79M, down \$4M from Q2, due to lower trading volumes. As we look ahead to Q4, we expect transaction revenue to increase by a few million.

Now, turning to our acquisition of Commonwealth. As Rich mentioned, we are on track to onboard advisors in mid-November. To ensure we deliver a great transition experience, our collective teams are engaged with advisors and their staff to assist with preparation and training, and we've added resources to handle expected increases in activity around the onboarding. As Rich mentioned, with only two weeks until conversion, we have increased clarity on final asset retention, which we expect to land at approximately 83%. As for the financials, accounting for our updated retention expectations and current market levels, we now estimate run-rate EBITDA of approximately \$415M once fully integrated. This works out to a purchase price multiple of roughly 8x EBITDA, which remains a compelling use of capital.

Next, let's move on to expenses, starting with Core G&A. It was \$532M in Q3, up \$13M sequentially but below the low end of our outlook range primarily reflecting the timing of expenses that we expect to shift into Q4.

For the full year, given the efficiency gains achieved throughout the year, we are narrowing our Core G&A outlook range. We now anticipate 2026 Core G&A to be in a range of \$2,140M to \$2,160M.

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Turning to TA loan amortization, it was \$150M in Q3, up \$8M from Q2. As we look ahead to the fourth quarter, we expect TA loan amortization to increase to approximately \$160M.

As for promotional expense, it totaled \$88M in the third quarter, up \$9M from Q2, driven by our annual Focus conference. Looking ahead to Q4, we expect a similar level of promotional expense.

Turning to interest expense, it was \$106M in Q3, up \$4M sequentially. Looking ahead to Q4, we expect interest expense to increase by approximately \$11M from Q3.

Turning to depreciation and amortization, it was \$117M in Q3, up \$7M sequentially. Looking ahead to Q4, we expect the increase in depreciation and amortization to be more pronounced than typical given the recent deployment of several new capabilities related to Commonwealth. As a result, we expect depreciation and amortization expense of roughly \$130M.

Regarding capital management, we ended Q3 with corporate cash of \$563M, up \$133M from Q2. As for our leverage ratio, it was 1.9x at the end of Q3, slightly below the midpoint of our target range.

Moving on to capital deployment. Our framework remains unchanged, focusing on allocating capital aligned with the returns we generate: investing in organic growth first and foremost, pursuing M&A where appropriate, and returning excess capital to shareholders. In Q3, we deployed capital across our entire framework, as we continued to invest to drive and support organic growth, remained active with our Liquidity & Succession capability, and returned capital to shareholders.

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Specific to share repurchases, we bought back roughly \$300M of our stock in Q3, in line with the plan we outlined last quarter. As we look ahead to Q4, we plan to repurchase another \$300M.

In closing, we delivered another quarter of strong business and financial results and are prepared to onboard Commonwealth in mid-November. As we look forward, we remain confident in our ability to execute, continue to drive growth and operating leverage, and create long-term shareholder value.

With that, Operator, please open the call for questions.