
Bank of America Financial Services Conference

Rich Steinmeier, CEO

February 12, 2025

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 future advisory and brokerage asset levels and mix, organic asset growth, market share, service offerings, Gross Profit* benefits, target leverage ratio, investments, and acquisitions (including Liquidity & Succession transactions), 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 February 12, 2025 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: the failure to satisfy the closing conditions applicable to the Company's purchase agreement with The Investment Center, Inc. ("The Investment Center"), including regulatory approvals; 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 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 & 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 Atria Wealth Solutions, Inc., Prudential Financial, Inc., The Investment Center and Wintrust Investments, LLC and certain private client business at Great Lake Advisors, LLC 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 February 12, 2025 and you should not rely on statements contained herein as representing the Company's view as of any date subsequent to February 12, 2025.

THIS PRESENTATION INCLUDES DATA AS OF DECEMBER 31, 2024, 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 herein 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.**

Adjusted EPS is defined as adjusted net income, a non-GAAP measure defined as net income plus the after-tax impact of amortization of other intangibles, acquisition costs, certain regulatory charges, losses on extinguishment of debt and amounts related to the departure of the Company's former Chief Executive Officer, divided by the weighted average number of diluted shares outstanding for the applicable period. The Company presents adjusted net income and adjusted EPS because management believes that these metrics can provide investors with useful insight into the Company's core operating performance by excluding non-cash items, acquisition costs and certain other charges that management does not believe impact the Company's ongoing operations. Adjusted net income and adjusted EPS 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 adjusted EPS, please see the appendix of this presentation.

Gross profit is calculated as total revenue less advisory and commission expense; brokerage, clearing and exchange expense; and market fluctuations on employee deferred compensation. 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.

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LPL overview

Who we are

- We serve the advisor-mediated marketplace as the largest independent broker-dealer in the U.S.[†] and a top custodian
- We provide advisors with the front-, middle- and back-office support they need to serve the large and growing market for comprehensive financial advice

**#1 Independent
Broker-Dealer**

Financial Planning Magazine

**Top RIA
Custodian**

Cerulli Associates

**Fortune 500
Company**

What we do

- **We serve advisors and institutions so they can...**
 - Help their clients achieve life's goals and dreams
 - Run thriving businesses
- **We deliver...**
 - Value-added capabilities that help advisors and institutions provide differentiated experiences for their clients
 - Personalized solutions from flexible and compelling affiliation models to services that help advisors and institutions run extraordinary businesses
 - Liquidity & Succession capabilities for advisors seeking to transition their business

Who we serve

~28,900 Advisors

~\$1.7T Assets

- Independent Advisors: ~15,500
- Independent RIA: ~6,500 (~590 firms)
- Institution Services: ~6,900 (~1,200 institutions)
- Advisor channel: ~\$1,300B
- Institution channel: ~\$440B

Our mission and vision



Mission

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



Vision

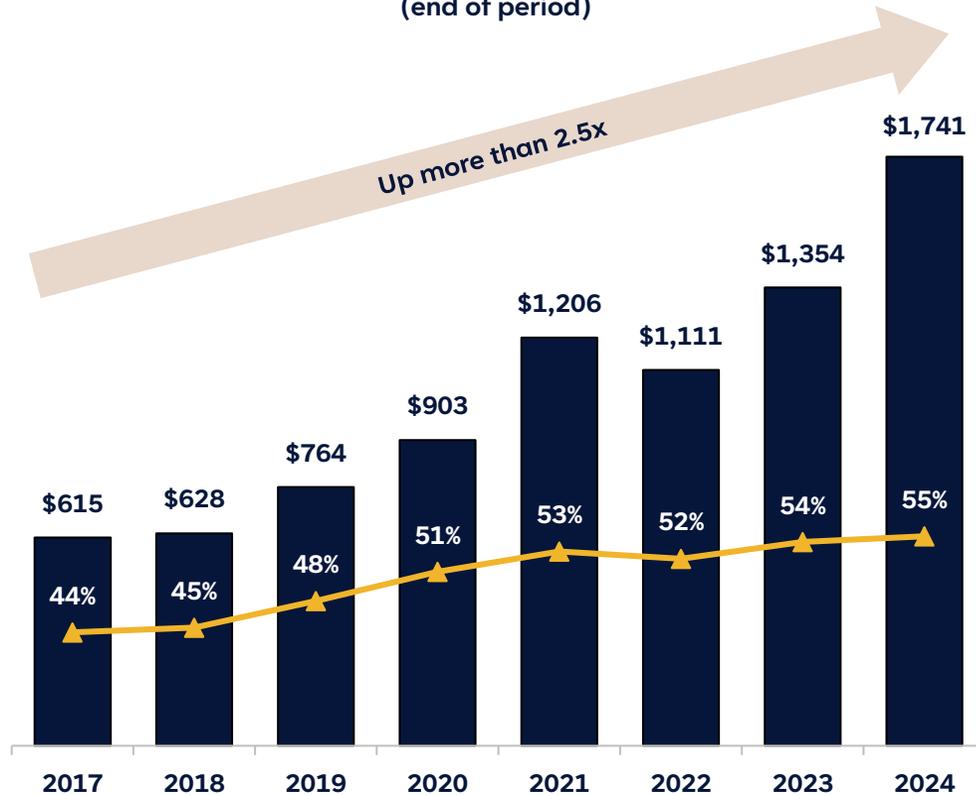
Become the leader across the advisor-mediated marketplace

[†] Based on total revenues

Organic net new assets are the key driver of our asset growth

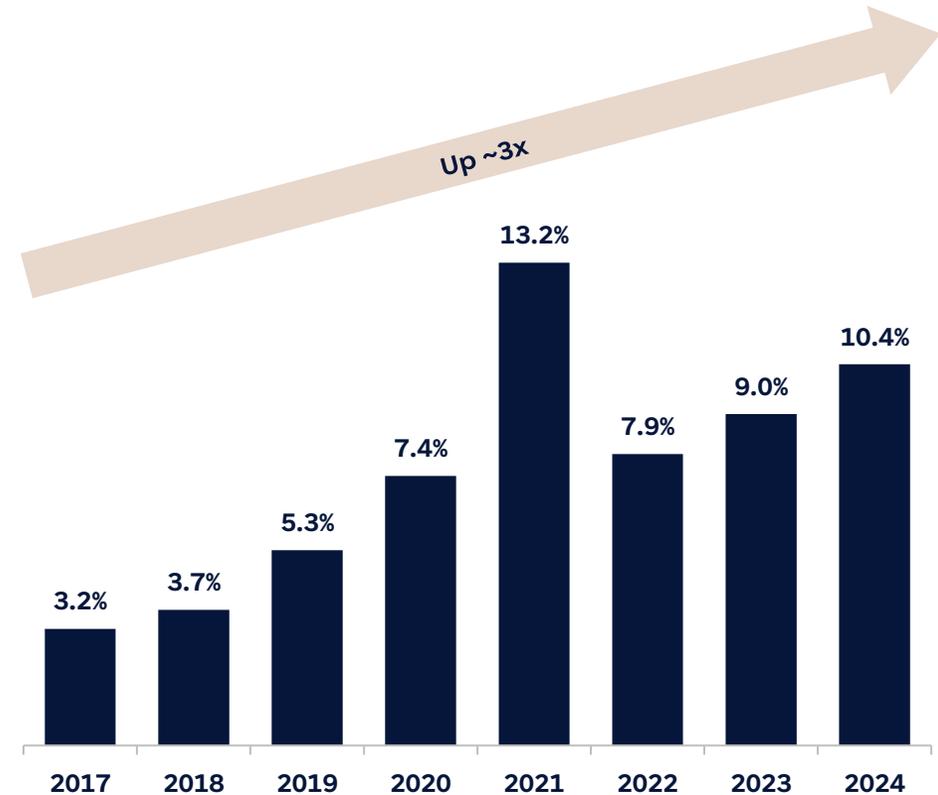
Industry-leading scale

Total Advisory and Brokerage Assets (\$B)
(end of period)



▲ Advisory % of Total Advisory and Brokerage Assets

Total Organic Net New Assets "NNA" Annualized Growth⁽¹⁾

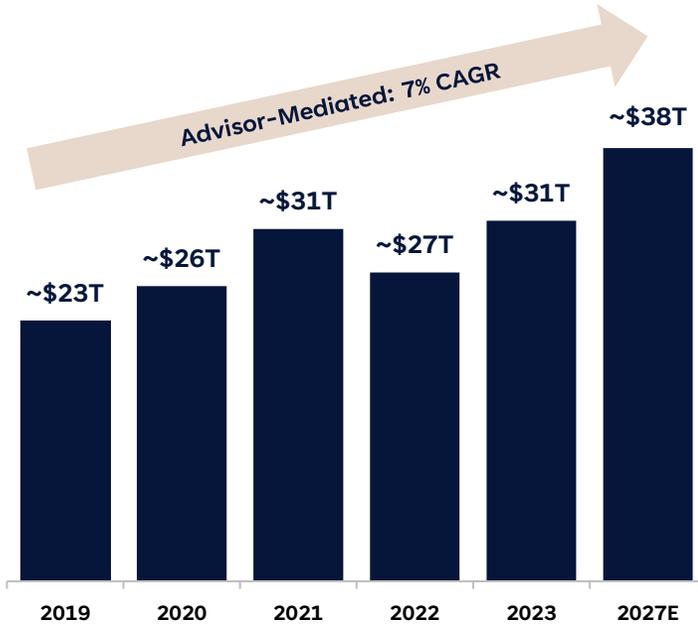


Incl. dividends and interest, less advisory fees. Prior to Q4 2021, excludes the assets of Waddell & Reed.

We are a market leader with scale advantages and structural tailwinds

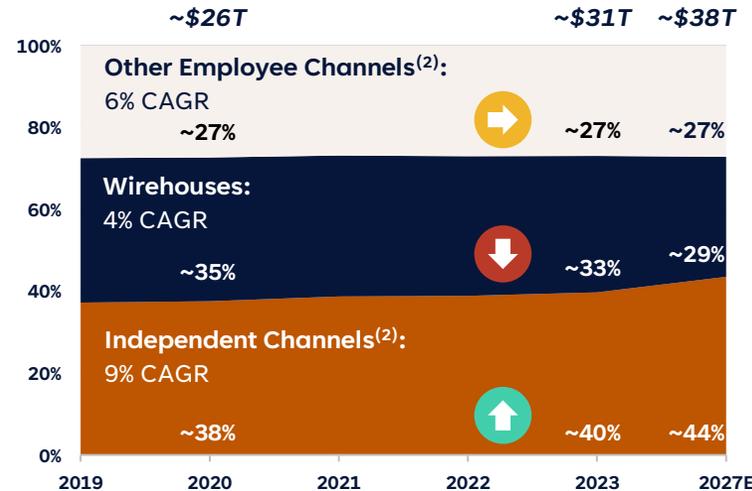
Growing demand for advice

Projected Growth in U.S. Retail Advisor-Mediated Market^{†§}

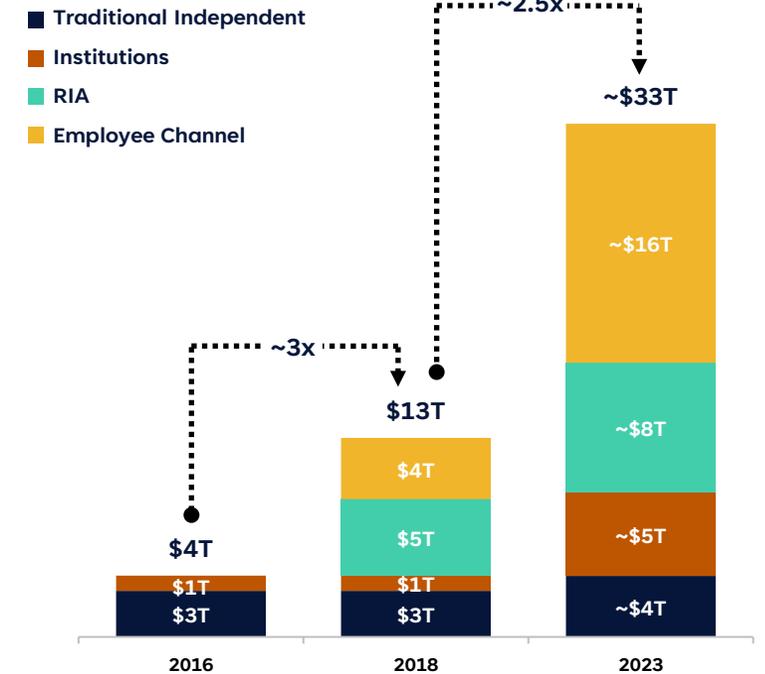


Independent channel gaining share

Total U.S. Retail Advisor-Mediated Assets^{†‡}



Market leader, with expanded addressable markets[§]



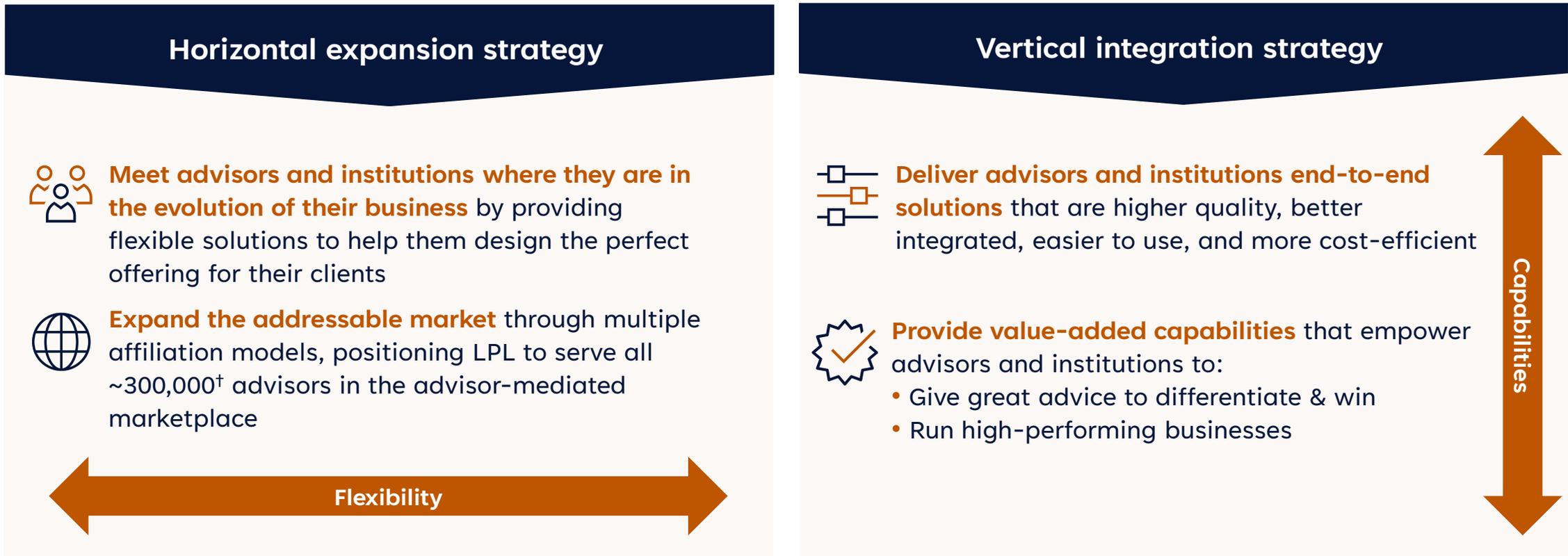
Note: Totals may not foot due to rounding.

† 2024 Cerulli U.S. Retail and Institutional Asset Management Report and Cerulli Lodestar projections. Excludes self-directed market

‡ Estimated market sizing based on 2024 Cerulli reports. See endnote (3) for additional detail

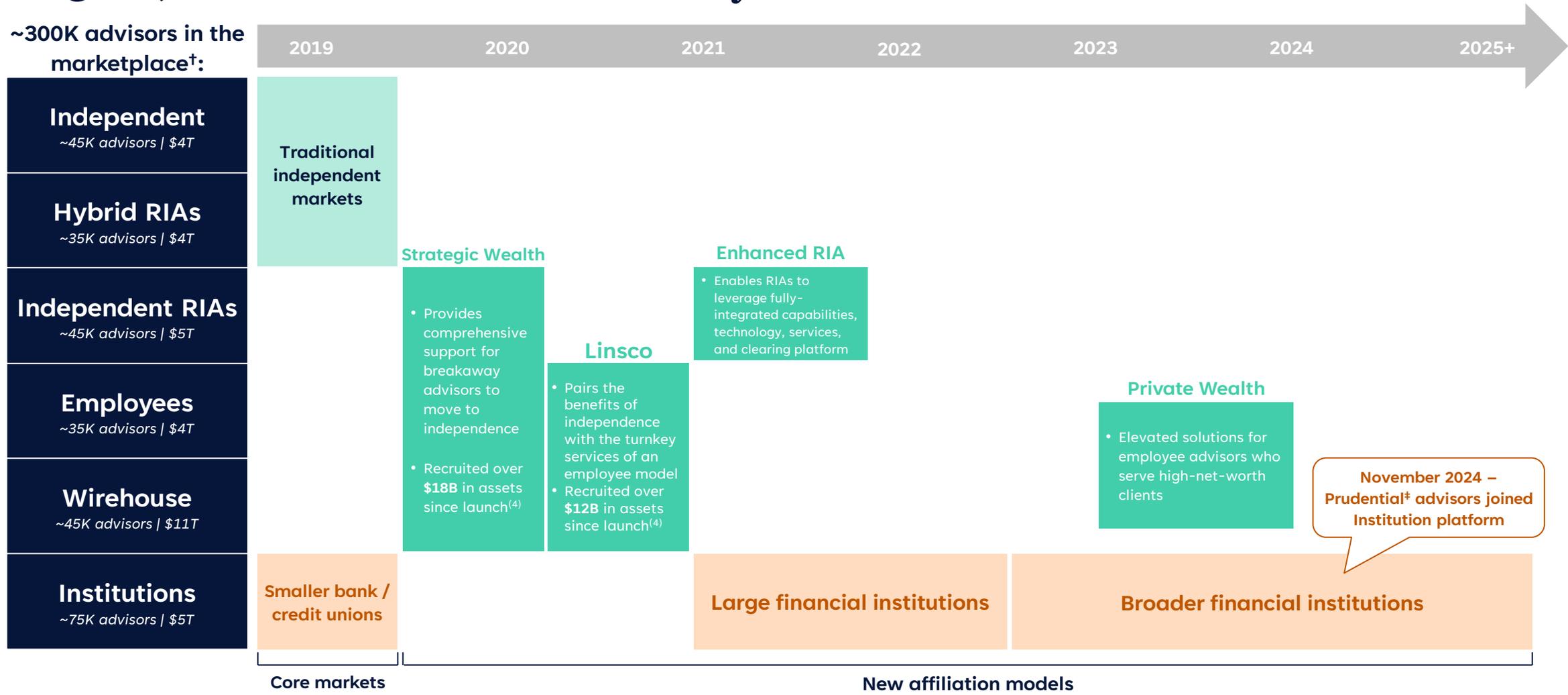
§ Figures presented reflect total assets

We are providing value-added capabilities that drive our market expansion



Foundation: *Infrastructure that supports scalability, flexibility, and resiliency is core to our value proposition*

Our horizontal expansion strategy enables us to meet all ~300,000[†] advisors where they are



[†] 2024 Cerulli Broker-Dealer Marketplace
[‡] Prudential Financial, Inc. ("Prudential")

We are focused on executing our strategy and delivering results

Total Advisory and Brokerage Assets⁽⁵⁾ (\$B)



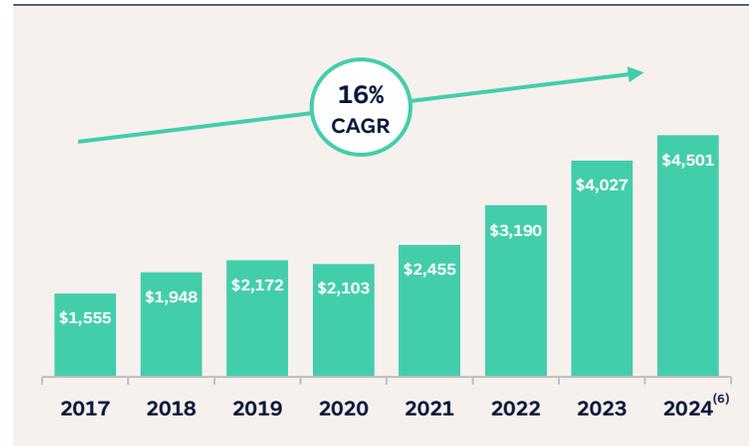
Total Organic Net New Asset Growth



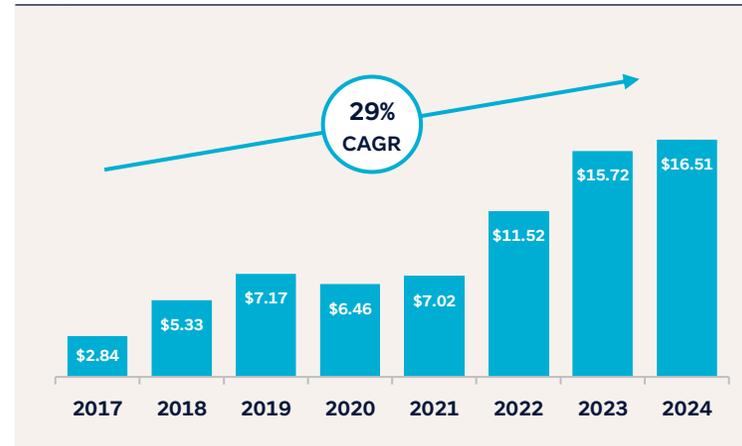
Key Earnings Growth Drivers

- Enhanced Value Proposition**
(Capabilities, Technology, Service)
- Increased Organic NNA**
(Opportunities in Traditional Markets)
- Comprehensive Affiliation Models**
(Institutions, Strategic Wealth, Independent Employee, Enhanced RIA)
- Full Complement of Services**
(Advisory, Corporate, Centrally Managed, Business, Planning & Advice Services, Advisor Capital Solutions)
- Increase Operating Leverage**
- Disciplined Capital Management to Drive Long-Term Shareholder Value**

Gross Profit* (\$M)



Adjusted EPS*



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	2024	2023	2022	2021	2020	2019	2018	2017
Total revenue⁽⁶⁾	\$12,385	\$10,053	\$8,601	\$7,721	\$5,872	\$5,625	\$5,188	\$4,281
Advisory and commission expense	7,751	5,916	5,325	5,180	3,697	3,388	3,178	2,670
Brokerage, clearing and exchange expense	128	106	86	86	71	64	63	57
Employee deferred compensation ⁽⁷⁾	5	4	-	-	-	-	-	-
Gross Profit⁽⁶⁾	\$4,501	\$4,027	\$3,190	\$2,455	\$2,103	\$2,172	\$1,948	\$1,555

Adjusted EPS* and Adjusted Net Income*

Adjusted EPS* and adjusted net income* are non-GAAP financial measures. Please see a description of adjusted EPS* and adjusted net income* under “Non-GAAP Financial Measures” on page 3 of this presentation for additional information. Below are reconciliations of net income and earnings per diluted share to adjusted net income* and adjusted EPS* for the periods presented herein:

in millions, except per share data	2024		2023		2022		2021		2020		2019		2018		2017	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net income / earnings per diluted share	\$1,059	\$14.03	\$1,066	\$13.69	\$846	\$10.40	\$460	\$5.63	\$473	\$5.86	\$560	\$6.62	\$439	\$4.85	\$239	\$2.59
Amortization of other intangibles	135	1.79	107	1.38	88	1.08	79	0.97	67	0.83	65	0.76	60	0.66	38	0.41
Acquisition costs ⁽⁸⁾	106	1.40	48	0.62	36	0.44	76	0.93	-	-	-	-	-	-	-	-
Regulatory charges ⁽⁹⁾	18	0.24	40	0.52	-	-	-	-	-	-	-	-	-	-	-	-
Departure of former Chief Executive Officer ⁽¹⁰⁾	(14)	(0.19)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loss on extinguishment of debt	4	0.05	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax benefit	(62)	(0.82)	(37)	(0.48)	(33)	(0.40)	(41)	(0.51)	(19)	(0.23)	(18)	(0.21)	(17)	(0.19)	(15)	(0.16)
Adjusted net income / adjusted EPS	\$1,245	\$16.51	\$1,224	\$15.72	\$937	\$11.52	\$574	\$7.02	\$521	\$6.46	\$607	\$7.17	\$482	\$5.33	\$262	\$2.84
Average diluted share count	75.4		77.9		81.3		81.7		80.9		85.0		91.0		92.0	

Note: Totals may not foot due to rounding

Endnotes

- (1) Calculated as annualized current period organic net new assets divided by preceding period assets in their respective categories of advisory assets or total advisory and brokerage assets.
- (2) Other employee channels include National & Regional B/D, Insurance B/D and Retail bank B/D channels. Independent channels include independent B/D, Hybrid RIA and Independent RIA channels.
- (3) Estimated market sizing based on 2024 Cerulli reports, unless otherwise noted. Below are reconciliations of each market:

Traditional Market	RIA Market	Employee Channel	Institution Channel
Independent B/D	Hybrid RIA	National & Regional B/D	Insurance B/D
	Independent RIA	Wirehouse	Bank Trust
		(-) Adj. to avoid double-counting Boutique B/D	Product Manufacturers*
			Boutique B/D*
			Retail bank B/D
			(-) Adj. to Retail bank B/D: Chase & Wells Fargo

* Estimated market sizing based on LPL estimates. Product Manufacturers defined as fund companies with an adjacent traditional wealth management business serving individuals. Boutique B/D defined as National & Regional B/Ds with less than \$50B AUM, which we view as an Institution market opportunity

- (4) Represents the estimated total advisory and brokerage assets expected to transition to the Company's primary 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.
- (5) Consists of total advisory and brokerage assets under custody at LPL Financial and Waddell & Reed, LLC, as well as assets under custody of a third-party custodian related to Atria's seven introducing broker-dealer subsidiaries. As of December 31, 2024, there were no assets under custody at Waddell & Reed.
- (6) The departure of the Company's former Chief Executive Officer resulted in other income of \$26.4 million during the three months ended December 31, 2024 related to the clawback of share-based compensation awards.
- (7) During the first quarter of 2023, the Company updated its presentation of employee deferred compensation to be consistent with its presentation of advisor deferred compensation. As a result, gains or losses related to market fluctuations on advisor and employee deferred compensation plans are presented in the same line item as the related increase or decrease in compensation expense for purposes of Management's Statements of Operations. This change has not been applied retroactively as the impact on prior periods was not material.
- (8) Acquisition costs include the costs to setup, onboard and integrate acquired entities and other costs that were incurred as a result of the acquisitions. The below table summarizes the primary components of acquisition costs for the periods presented:

\$ in millions	2024	2023	2022	2021
Fair value mark on contingent consideration ⁽¹¹⁾	\$41.7	\$26.7	-	-
Professional services	20.9	10.0	12.0	18.7
Compensation and benefits	35.0	6.1	20.6	36.4
Promotional	7.0	3.6	2.3	14.3
Other	1.3	1.7	1.3	7.0
Acquisition costs	\$105.9	\$48.1	\$36.2	\$76.4

- (9) Regulatory charges for the three months ended September 30, 2024 and year ended December 31, 2024 include charges related to a settlement with the SEC to resolve the Company's civil investigation of certain elements of the Company's Anti-Money Laundering ("AML") compliance program. The Company has recorded an \$18.0 million charge for the quarter ended September 30, 2024 and reached a settlement with the staff of the SEC and paid the civil monetary penalty in January 2025. Regulatory charges for the year ended December 31, 2023 include a \$40.0 million charge to reflect the amount of the penalty related to the SEC's civil investigation of the Company's compliance with records preservation requirements for business-related electronic communications that was not covered by the Company's captive insurance subsidiary. The Company reached a settlement with the staff of the SEC and paid the civil monetary penalty of \$50.0 million in August 2024.
- (10) The departure of the Company's former Chief Executive Officer resulted in other income of \$26.4 million related to the clawback of share-based compensation awards which was offset by share-based compensation expense of \$12.0 million related to the modification of certain stock options that were retained as per the settlement agreement that the Company reached with the former Chief Executive Officer.
- (11) Represents a fair value adjustment to our contingent consideration liabilities that is reflected in other expense in the consolidated statements of income.