LPL Financial

LPL FINANCIAL HOLDINGS INC.
Q1 2023 EARNINGS KEY METRICS

April 27, 2023

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 2023), promotional, share-based compensation and depreciation and amortization expenses, Gross Profit* benefits, EBITDA* benefits, target leverage ratio, client cash balances and yields, service and fee revenue, transaction revenue, investments, capital returns and planned share repurchases, 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 as of April 27, 2023 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: changes in general economic and financial market conditions, including retail investor sentiment; changes in interest rates and fees payable by banks participating in the Company's client cash programs, including the Company's strategy and success in managing client cash program fees; changes in the growth and profitability of the Company's fee-based offerings; fluctuations in the levels of advisory and brokerage assets, including net new assets, and the related impact on revenues; effects of competition in the financial services industry and the success of the Company in attracting and retaining financial advisors and enterprises; whether the retail investors served by newly-recruited advisors choose to move their respective assets to new accounts at the Company; the effect of current, pending and future legislation, regulation and regulatory actions, including disciplinary actions imposed by federal and state regulators and self-regulatory organizations; the costs of settling and remediating issues related to regulatory matters or legal proceedings, including actual costs of reimbursing customers for losses in excess of our reserves; changes made to the Company's services and pricing, and the effect that such changes may have on the Company's Gross Profit* streams and costs; the execution of the Company's plans and its success in realizing the synergies, expense savings, service improvements and efficiencies expected to result from its initiatives, acquisitions and programs; 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 April 27, 2023 and you should not rely on statements contained herein as representing the Company's view as of any date subsequent to April 27, 2023.

THIS PRESENTATION INCLUDES DATA AS OF MARCH 31, 2023, 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 and acquisition costs, 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 and acquisition costs 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 (“BC&E”); 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.

Core G&A consists of total expense less the following expenses: advisory and commission; depreciation and amortization; interest expense on borrowings; BC&E; amortization of other intangibles; market fluctuations on employee deferred compensation; loss on extinguishment of debt; promotional (ongoing); employee share-based compensation; regulatory charges; and acquisition costs. 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 the Company’s total expense to core G&A, please see the appendix 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 total expense to an outlook for core G&A cannot be made available without unreasonable effort.

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

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

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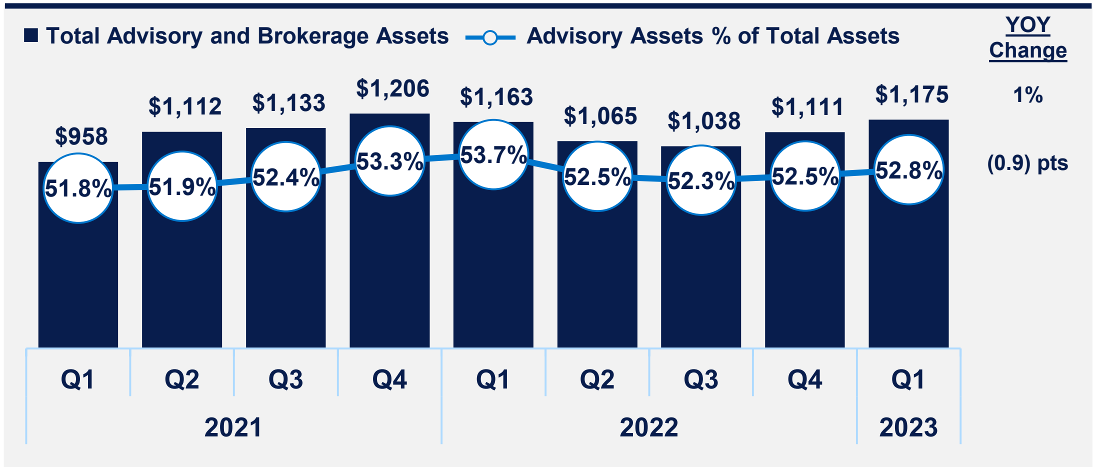
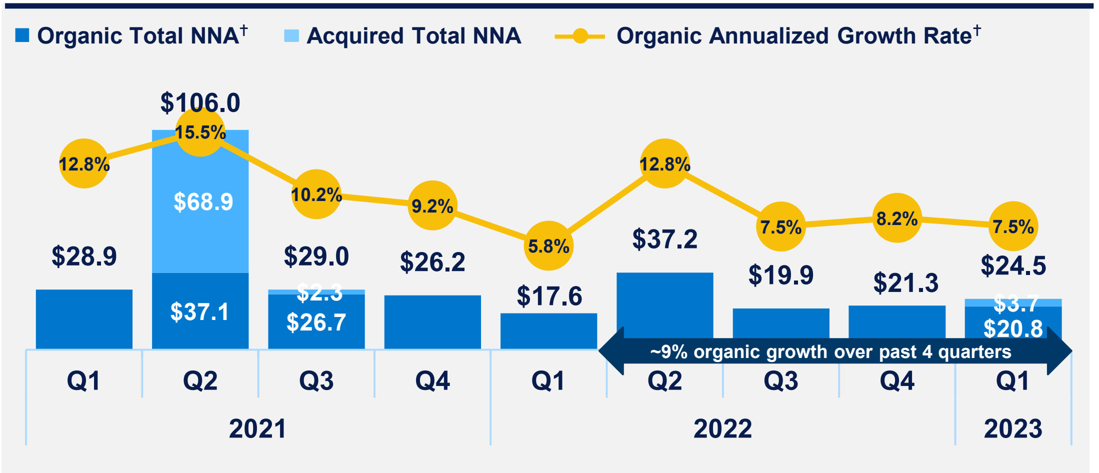
Operating Metrics

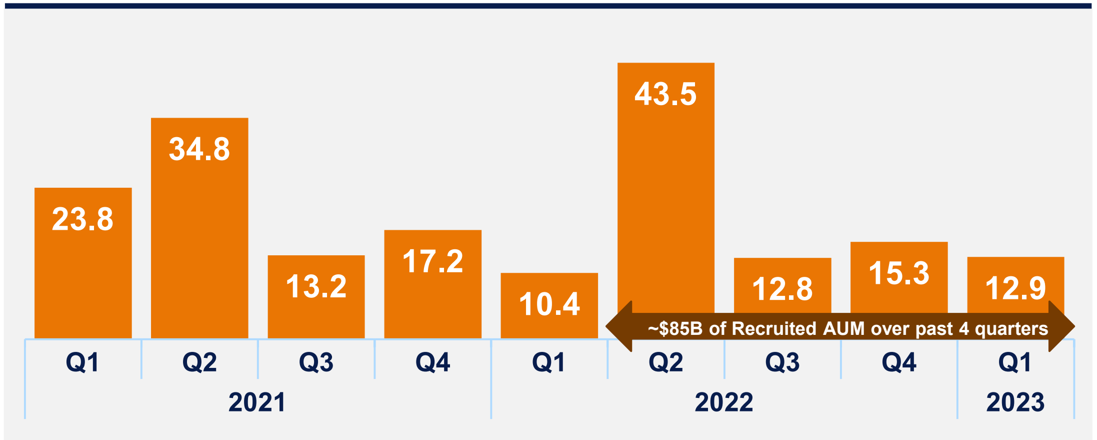
Total Advisory and Brokerage Assets ($B)



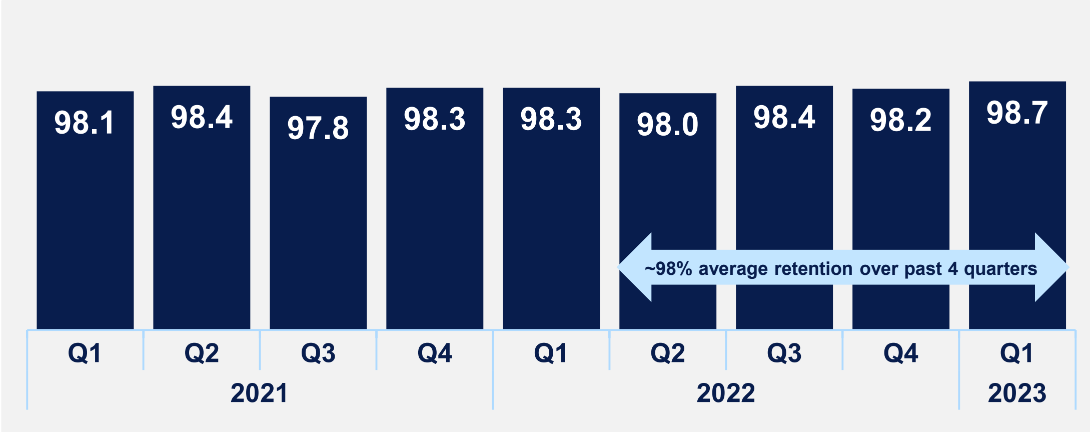
Total Net New Assets[1] ($B)



Recruited Assets[2][3] ($B)



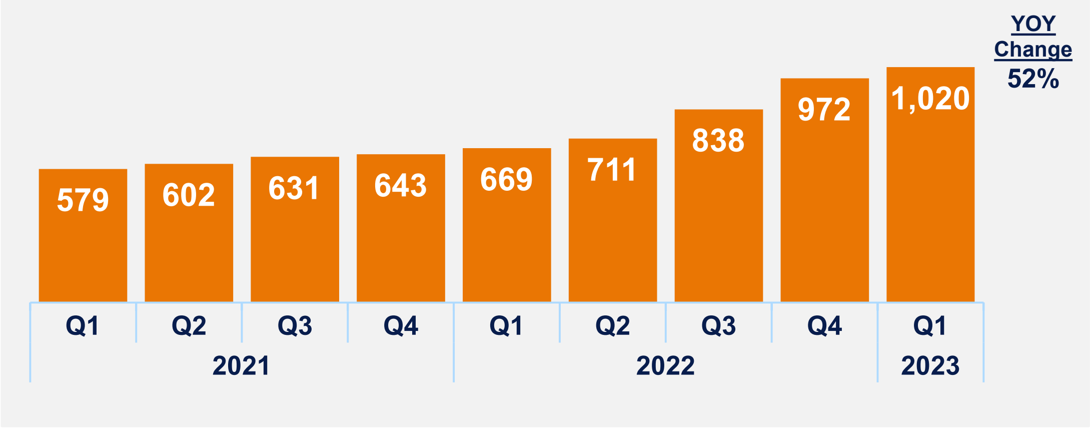
AUM % Retention Rate[4] (Quarterly Annualized)



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

Financial Results

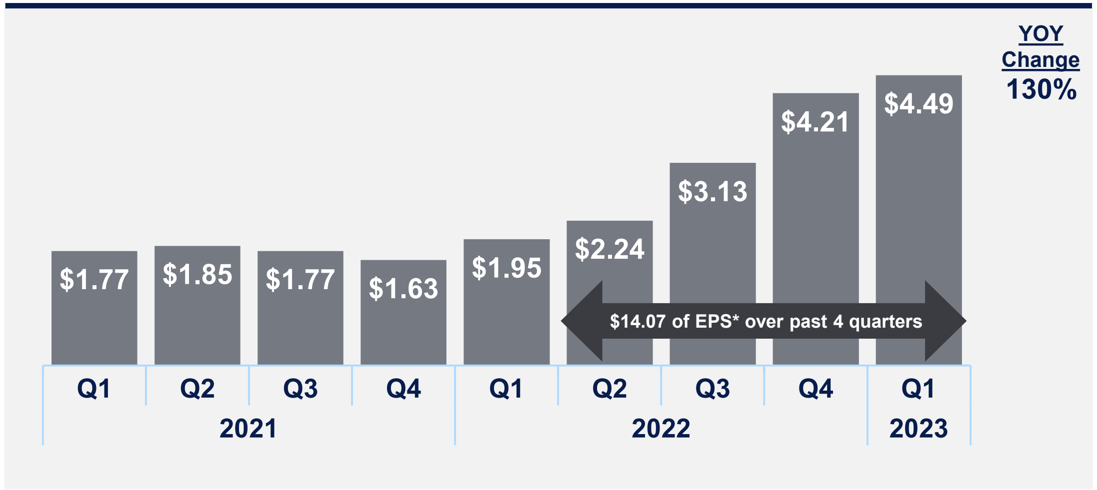
Gross Profit* ($M)



EBITDA* ($M)

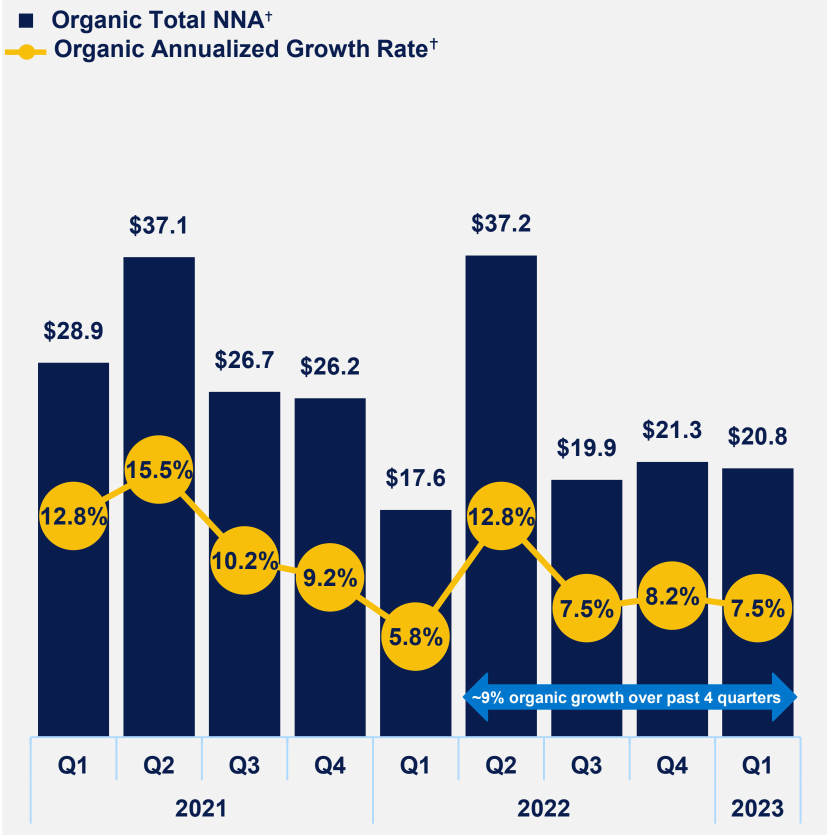
Operating Margin (EBITDA* as a % of Gross Profit*)

Adjusted EPS*

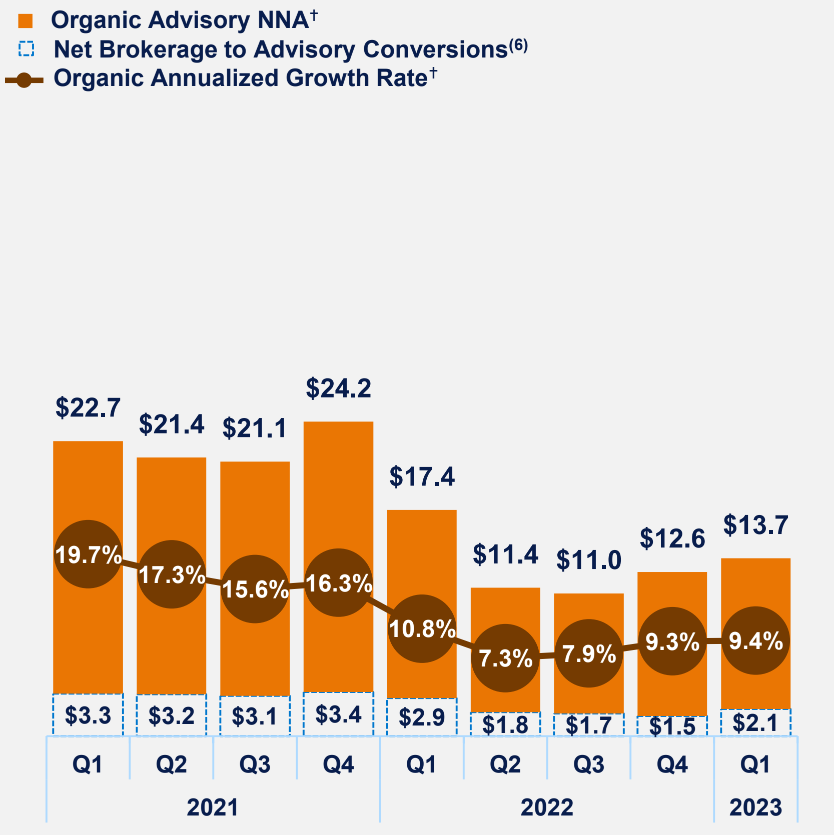


Net New Asset growth rate was ~7% in Q1 and ~9% for the past year

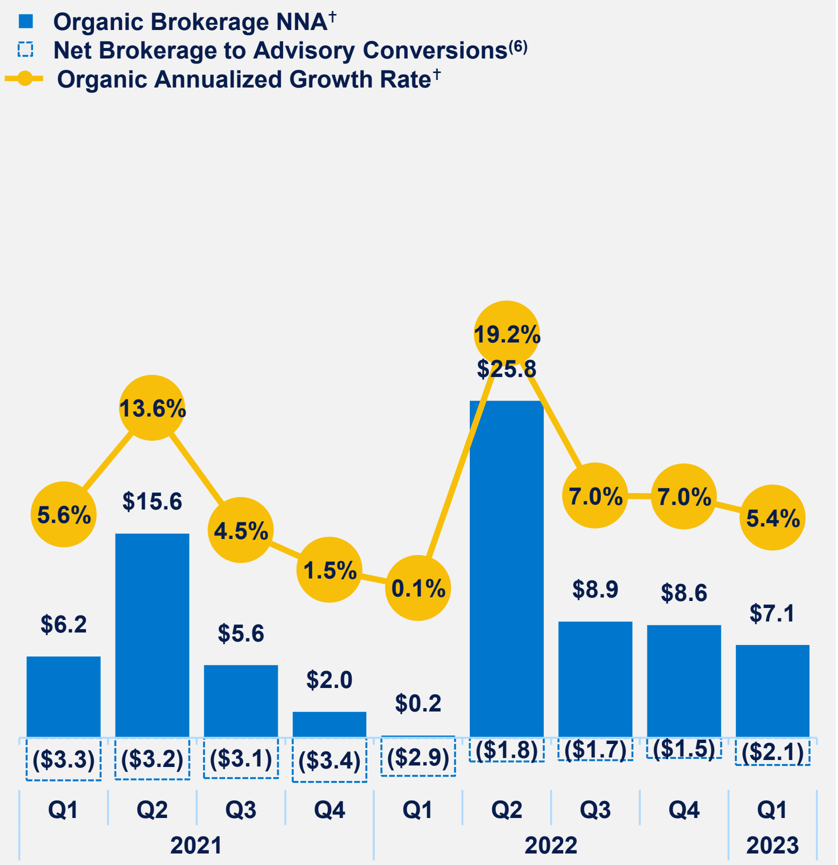
Total Organic Net New Assets[1] ($B)



Organic Net New Advisory Assets[1][5] ($B)



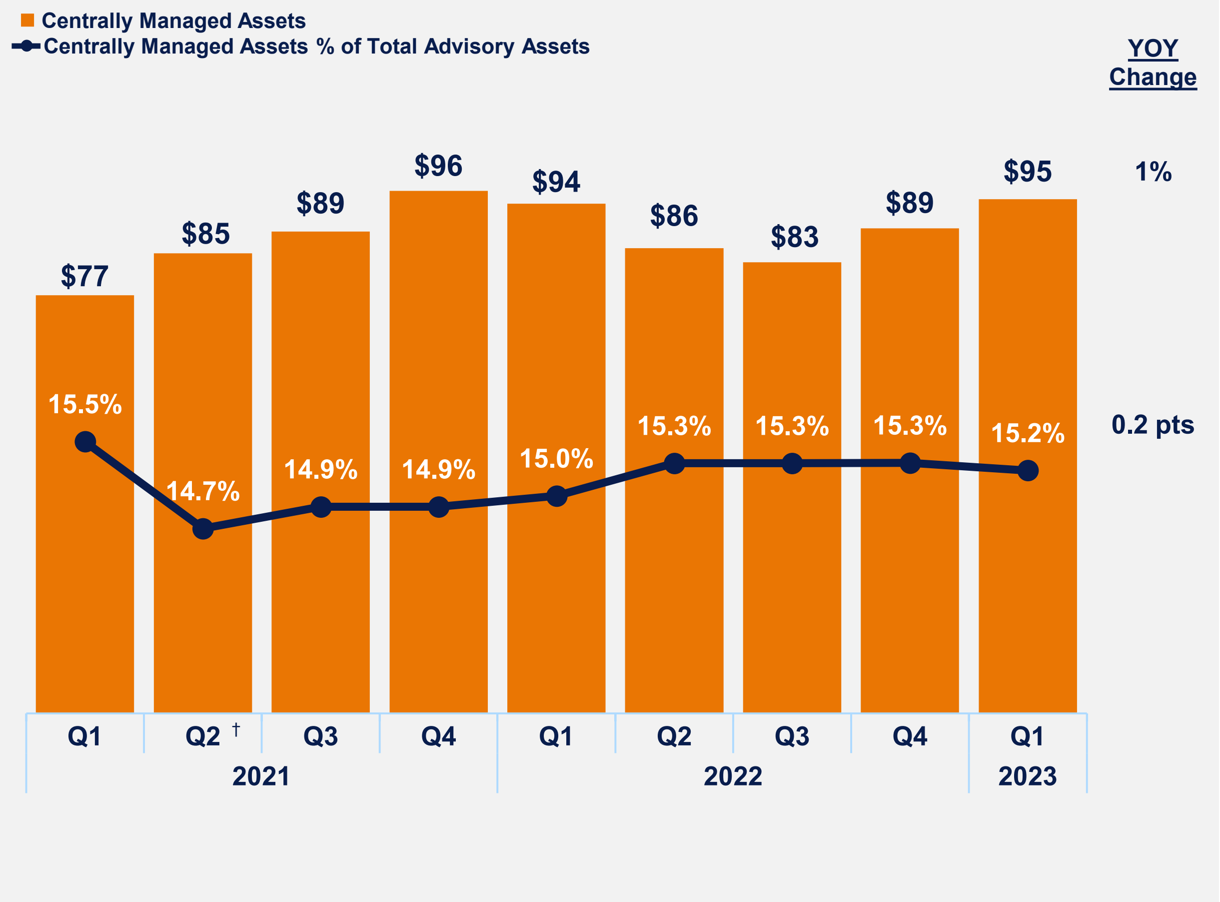
Organic Net New Brokerage Assets[1][5] ($B)



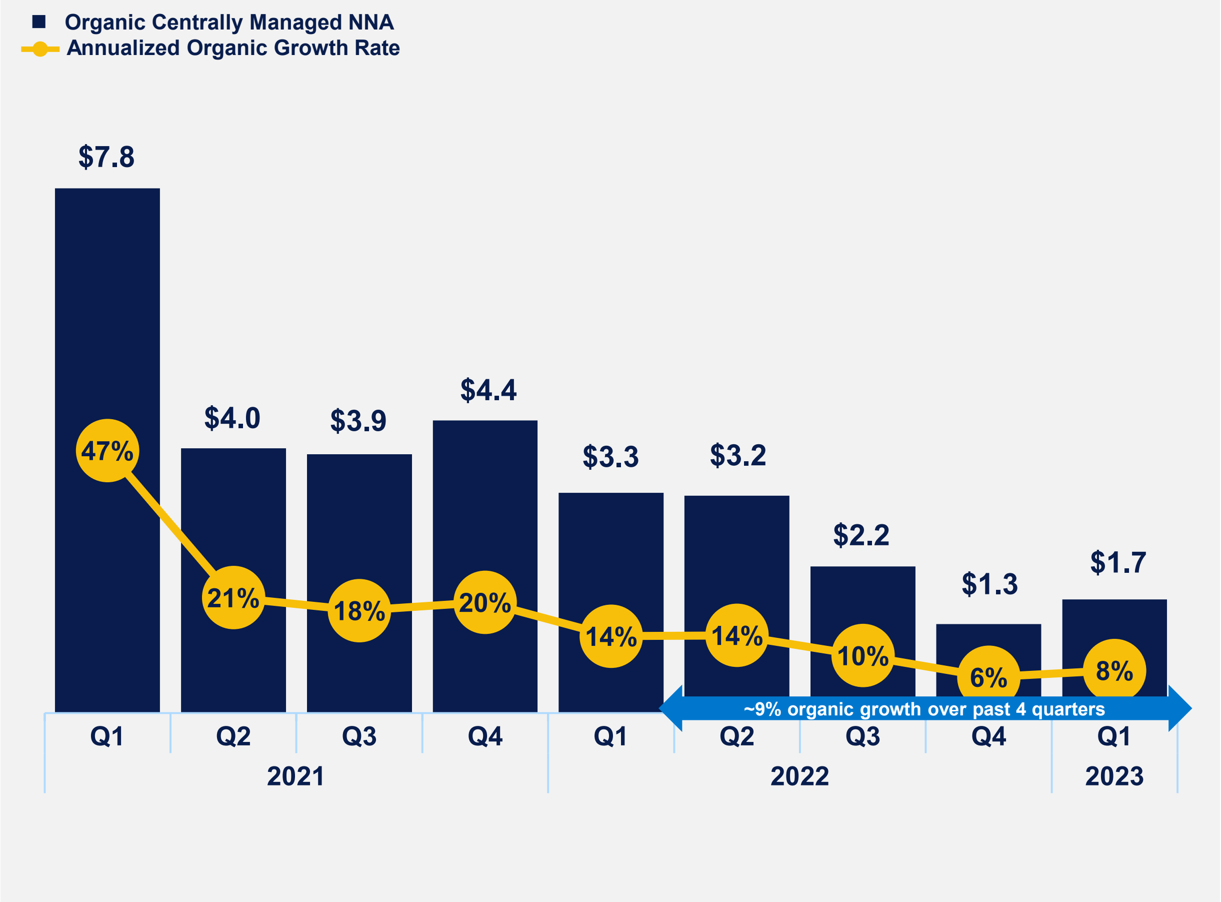
† Prior to Q4 2021, net new assets and net new assets growth rates exclude the assets of Waddell & Reed

Centrally Managed Assets grew at a 9% organic growth rate over the past 4 quarters

Centrally Managed Assets(7) ($B)



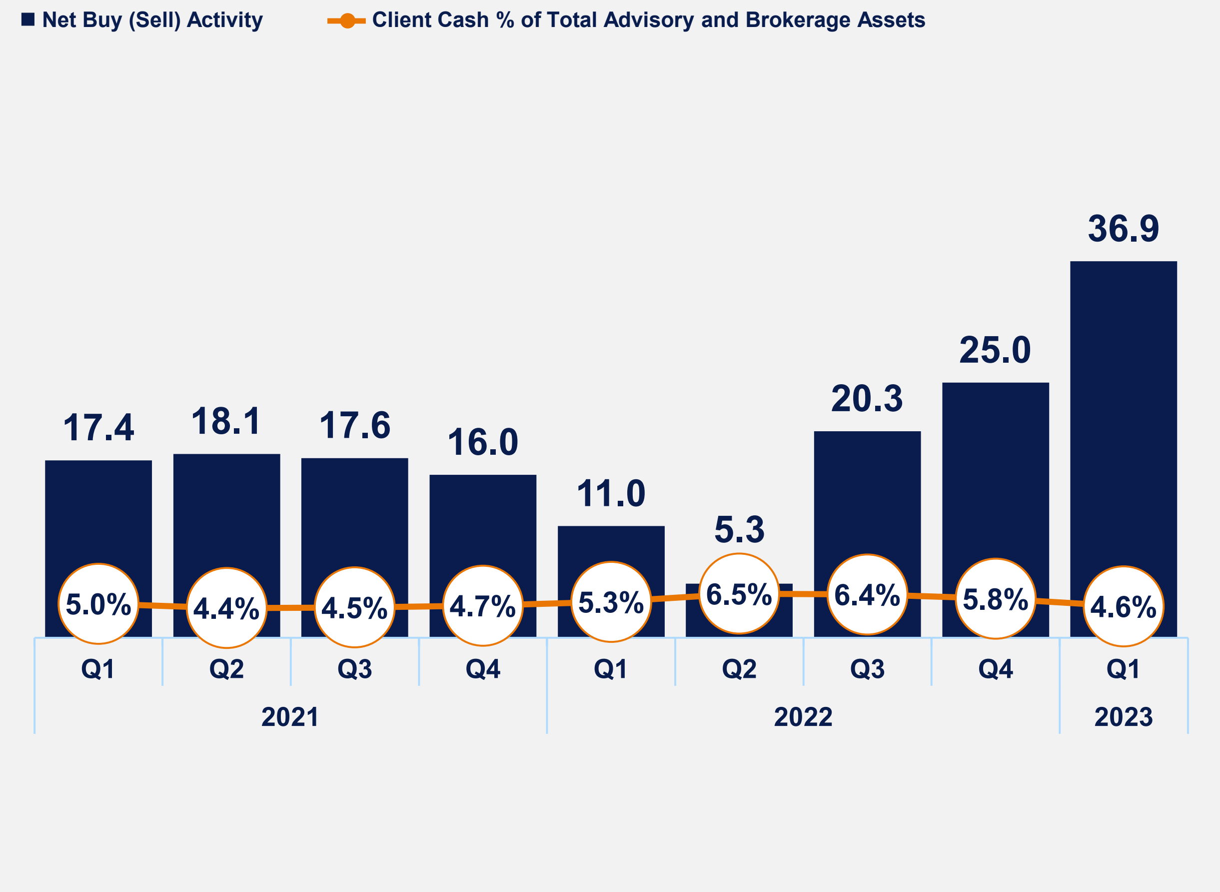
Centrally Managed Net New Assets(8) ($B)



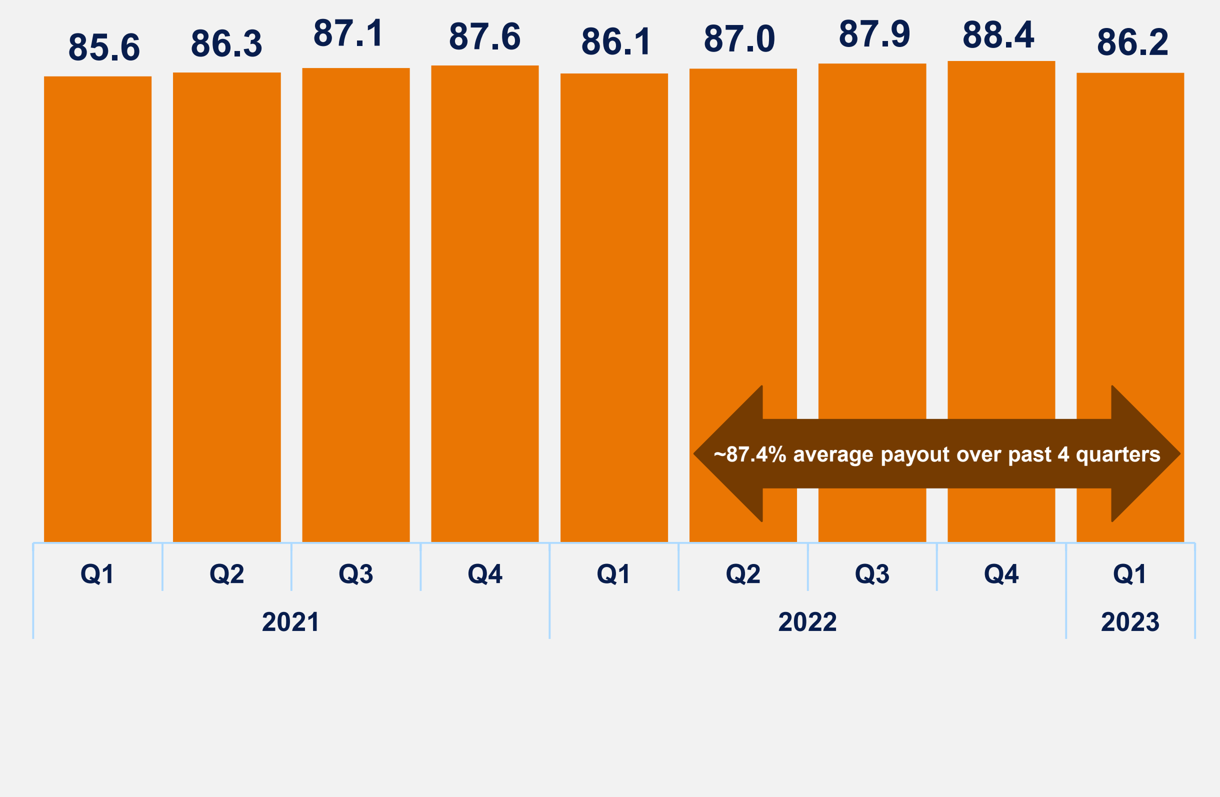
† We started the onboarding of Waddell & Reed assets in Q2 2021

Net Buy (Sell) Activity was $37B in Q1; the Payout Rate was 86.2%

Net Buy (Sell) Activity(9) ($B)

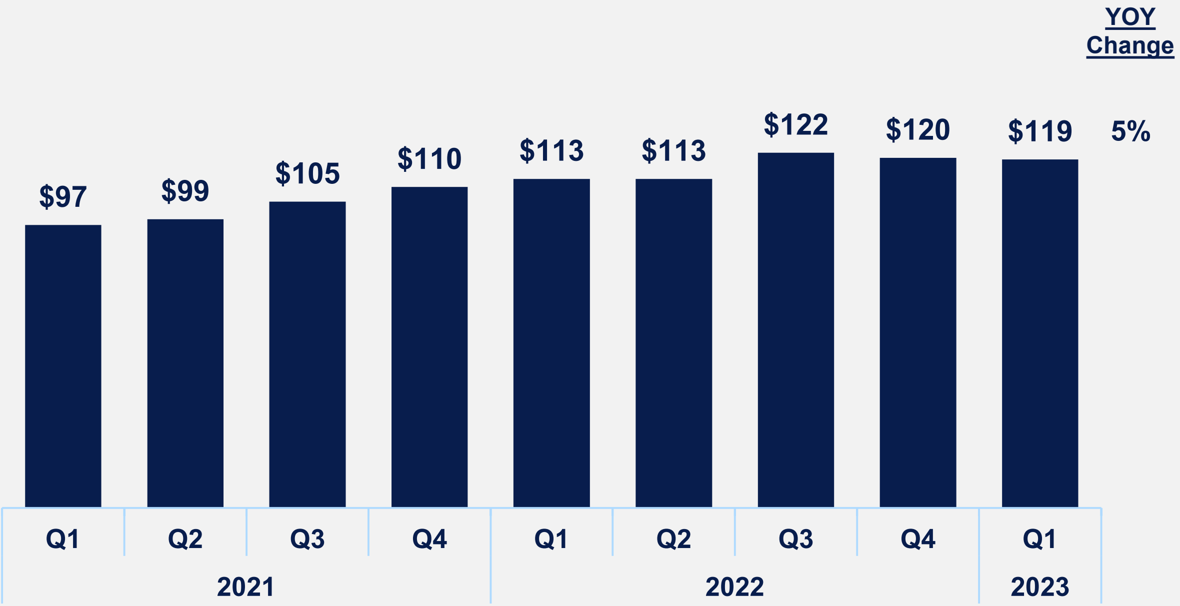


Payout Rate (%)



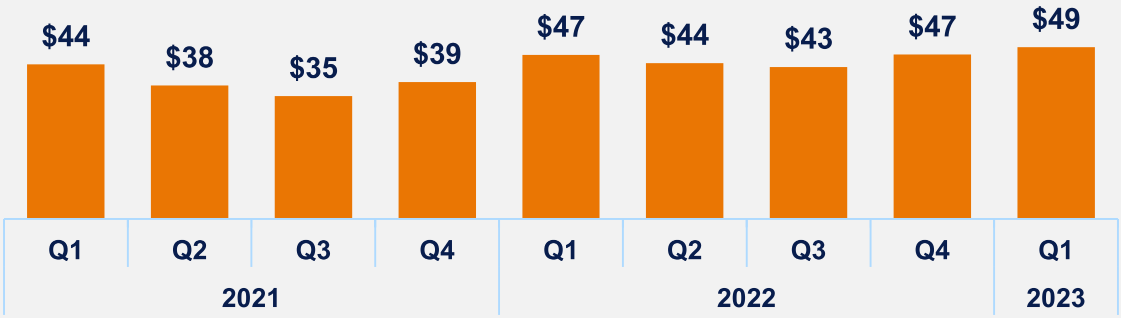
Service and Fee Revenue grew 5% year-over-year, as our advisor and account base continued to grow

Service and Fee Revenue ($M)



- Revenue from advisor and retail investor services, including: technology, insurance, conferences, licensing, Services Group solutions, and IRA-based fees
- Service and Fee revenue is a function of advisor and account growth and greater adoption of Services Group solutions

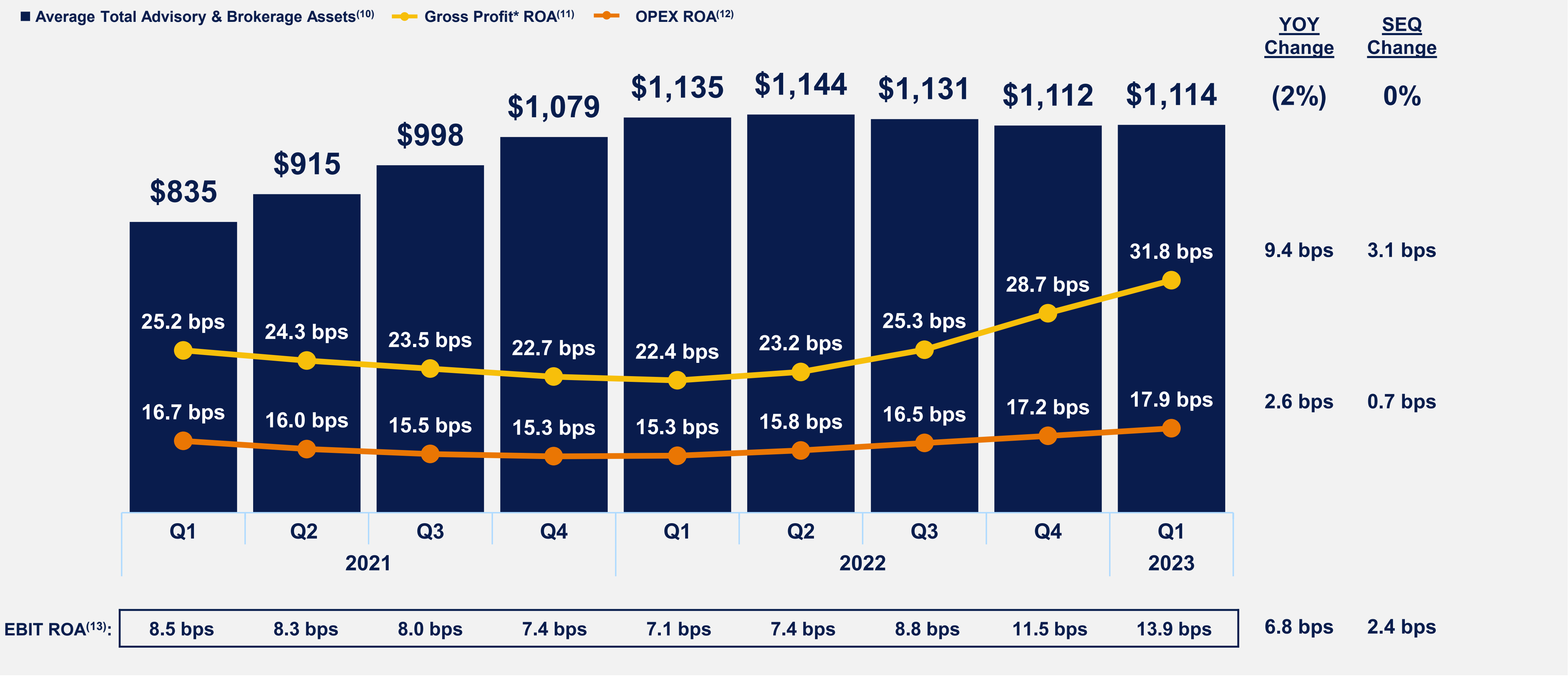
Transaction Revenue ($M)



- Transaction charges generated in both advisory and brokerage accounts from products including mutual funds, ETFs, and fixed income
- Transaction revenue is a function of trading activity, but is becoming less sensitive to equity market volatility over time as business moves towards No Transaction Fee platforms

EBIT ROA improved, primarily driven from increased Gross Profit* ROA

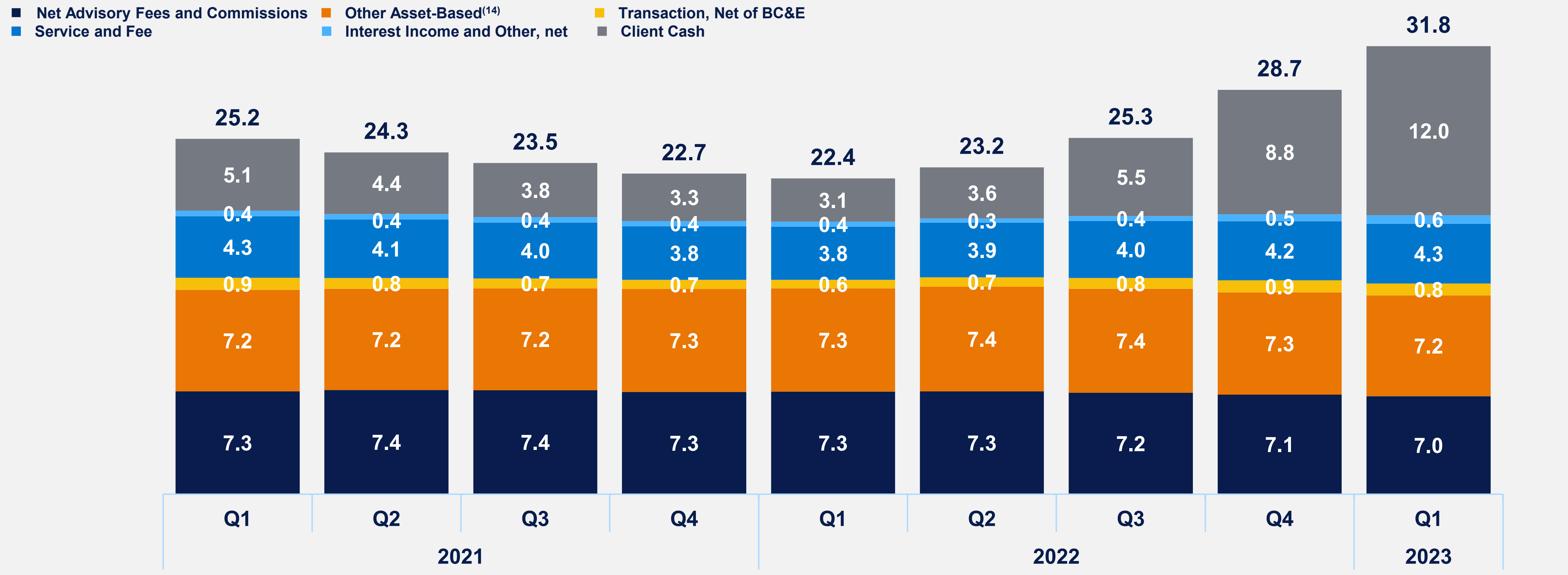
Average Total Advisory & Brokerage Assets ($B)



Note: All periods are based on the trailing twelve months. EBIT ROA excludes acquisition costs and loss on debt extinguishment.

Q1 Gross Profit* ROA increased sequentially, primarily driven by an increase in client cash revenue

Gross Profit* ROA[11] (bps)

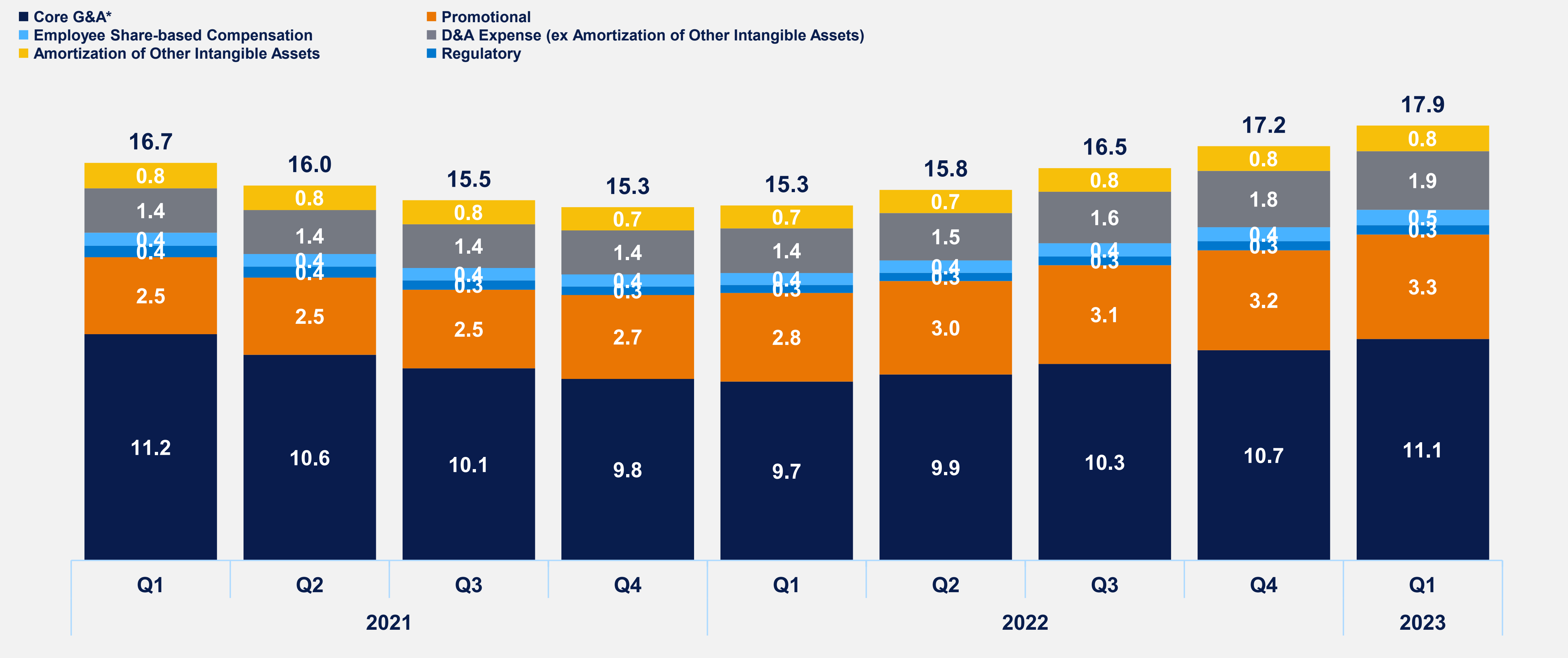


	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1
Gross Profit* ROA prior to client cash:	20.1	19.9	19.7	19.4	19.3	19.6	19.8	19.8	19.8

Note: All periods are based on the trailing twelve months

OPEX ROA increased in Q1 as we invest in organic growth

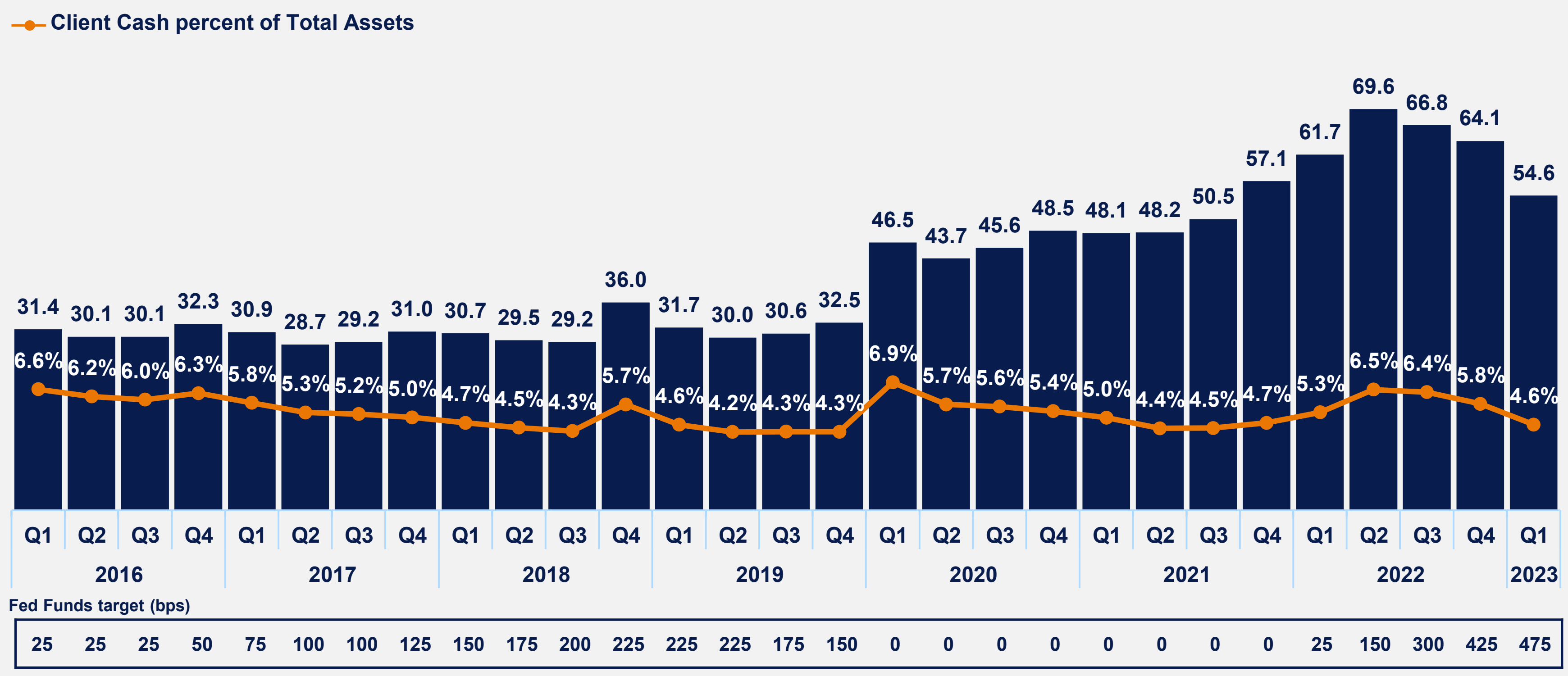
Total OPEX % of Assets(12) (bps)



Note: All periods are based on the trailing twelve months

Our client cash balances are largely operational and decreased to 4.6% of total assets in Q1

Client Cash Balances[15] ($B)

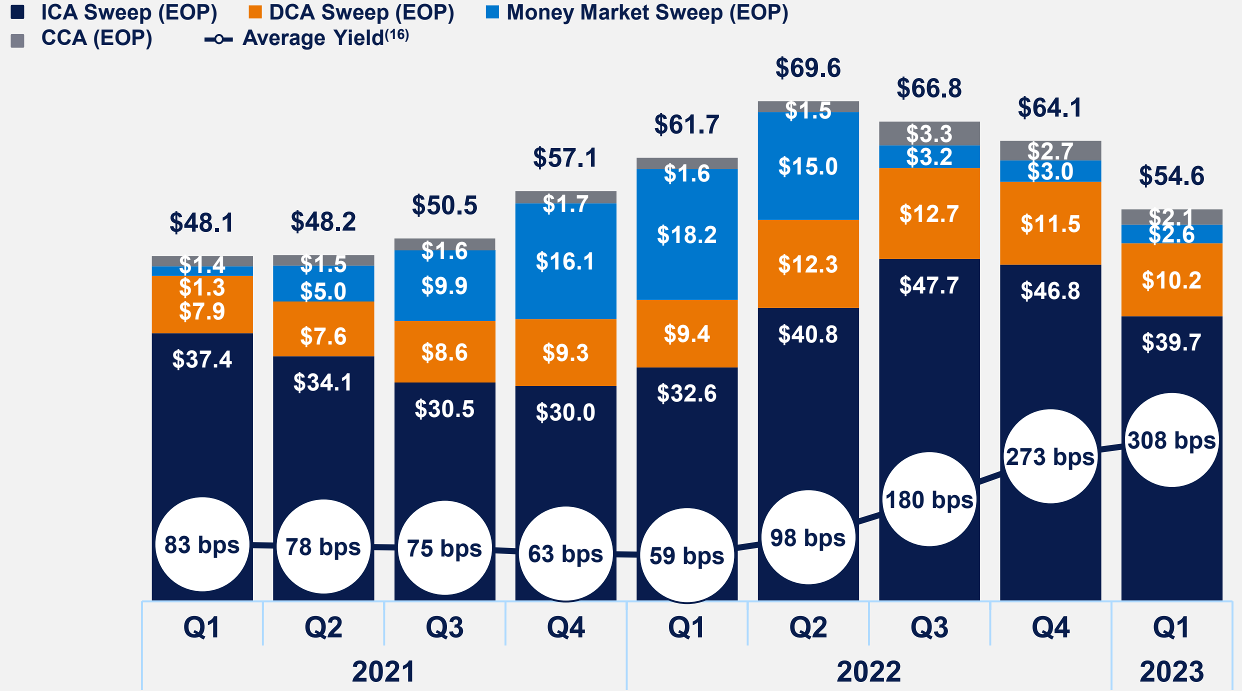


Client cash as a % of assets has averaged ~5%

- Our client cash balances are largely operational
  - Typically small balances used for rebalancing, paying advisory fees, and customer withdrawals
  - This is reflected in the low client cash balances, which average ~5% or ~$7K per account
- The primary factor that moves that % of client cash up or down is market sentiment rather than rate seeking behavior
  - When clients are fully deployed in the market, the ratio has gone as low as ~4%, like we saw in 2019
- In Q1 2023, cash was 4.6% of client assets, slightly below the long-term average
  - Cash balances declined in the quarter, driven by record net buying of $37B

Client cash revenue and sensitivity to interest rates

Client Cash Balances[15] ($B)



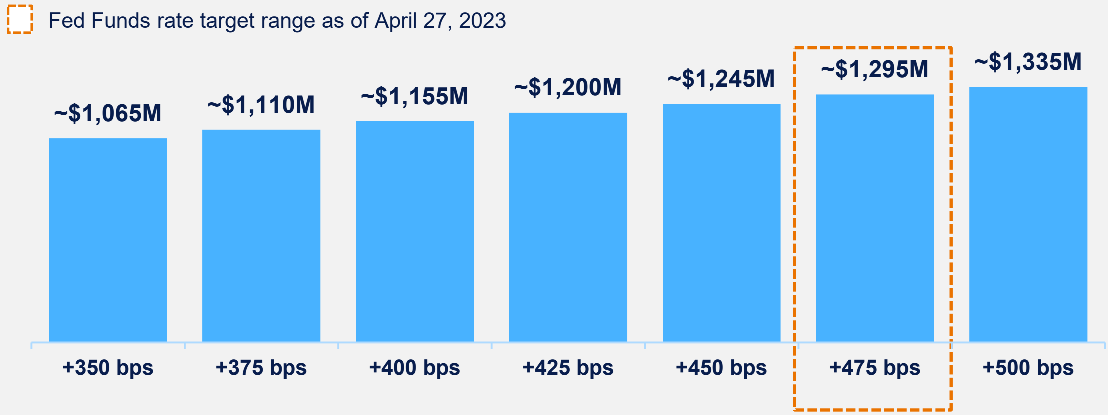
Average Yields (in bps)

ICA Sweep	99	98	101	101	102	134	212	291	320
DCA Sweep	29	24	24	19	24	63	157	254	318
MM Sweep	3	1	3	3	7	44	38	32	30
CCA[17]	19	15	14	12	13	52	208	322	400
Total Client Cash	83	78	75	63	59	98	180	273	308

Annual potential Gross Profit* benefit from rising interest rates

- Over the last interest rate cycle, our deposit beta averaged ~15%
  - Deposit betas averaged ~2.5% over the first 4 hikes, after that betas averaged 25%
- This cycle, deposit betas were consistent on the first 100 bps, and favorable on subsequent hikes
  - This cycle to-date, our deposit betas have averaged ~15%
- Applying historical deposit betas to our current cash balances would yield:
  - ~$40M of Annual Gross Profit* per subsequent rate adjustment, at a ~25% deposit beta

Estimated Interest Rate Sensitivity based on current balances †



Fed Funds rate target range (bps)	350 – 375	375 – 400	400 – 425	425 – 450	450 – 475	475 – 500	500 – 525
Deposit Beta	20%	20%	20%	20%	20%	20%	25%

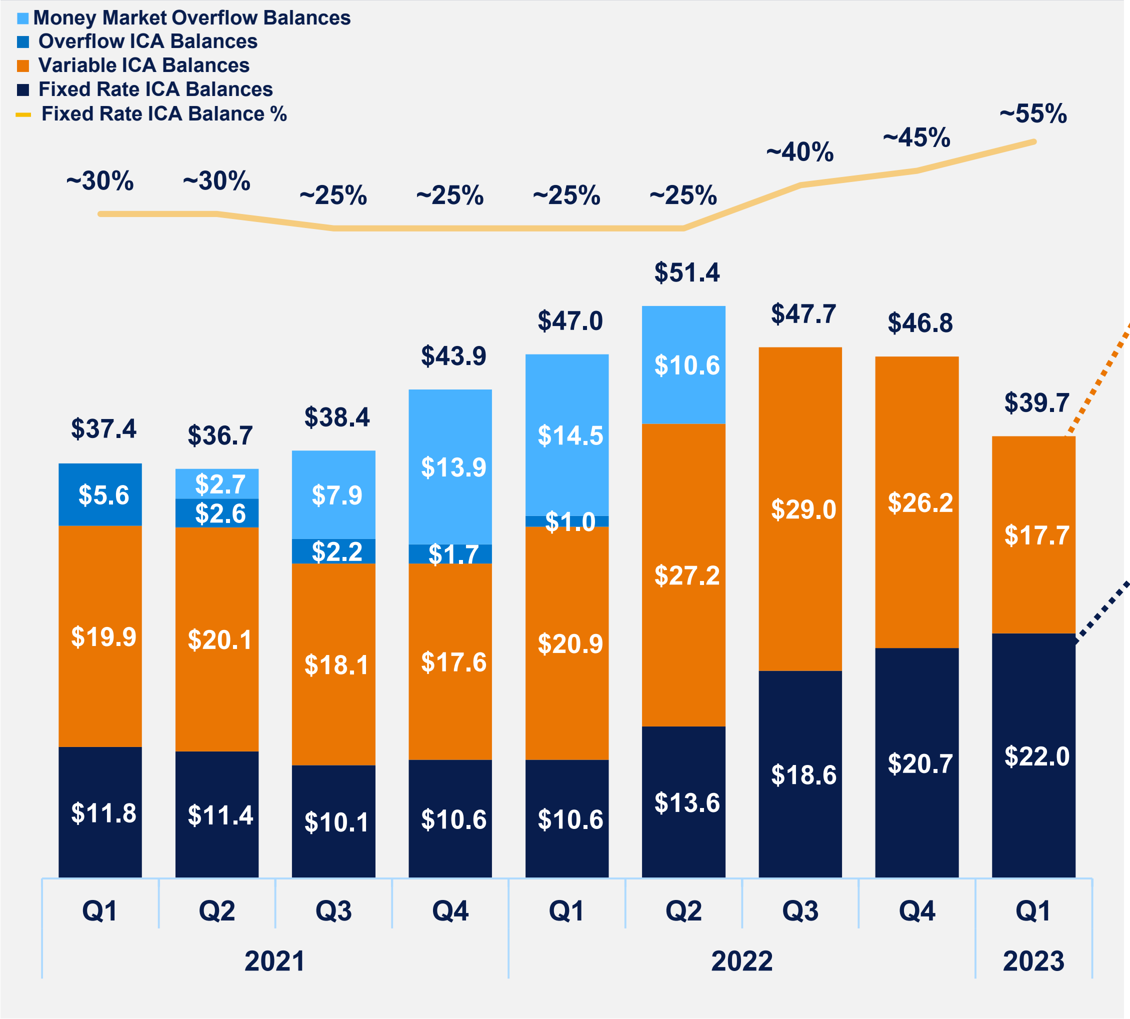
Actual   Prior Cycle Average

Note: Totals may not foot due to rounding

† Assumes change based on Q1 2023 end of period cash balances. Gross Profit* benefit is measured relative to a Fed Funds target range of 0 to 25 bps.

ICA balances declined in Q1, driven by record net buying

ICA Balances, including Money Market Overflow ($B)



Overflow balances provide capacity when balances spike

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

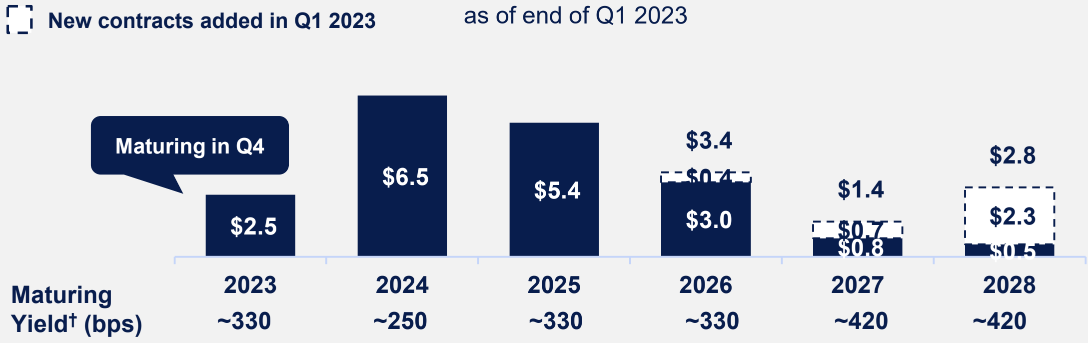
Variable balances are primarily indexed to Fed Funds

- Our variable ICA balances declined in the quarter, driven by record net buying of $37B
- Most variable balances are indexed to Fed Funds + a spread (~10 to ~15 bps)
- In the current environment, new variable contracts are averaging Fed Funds plus 15 to 25 bps

Fixed rate ICA contracts are laddered over ~6 years

- **New contracts:** In Q1, we added ~$3B of fixed rate balances maturing in 2026-28, with a ~430 bps yield consistent with the 3-5 year points on the curve when contracted

Maturing Contracts ($B)
as of end of Q1 2023



† *Weighted average yield across ladder is ~320 bps*

Note: Yields shown on this page are prior to client deposit rates (~63 bps) and administrator fees (~4 bps). Money market sweep balances are not subject to these costs.

In 2023, the environment is creating an opportunity to accelerate investments to advance our strategic priorities

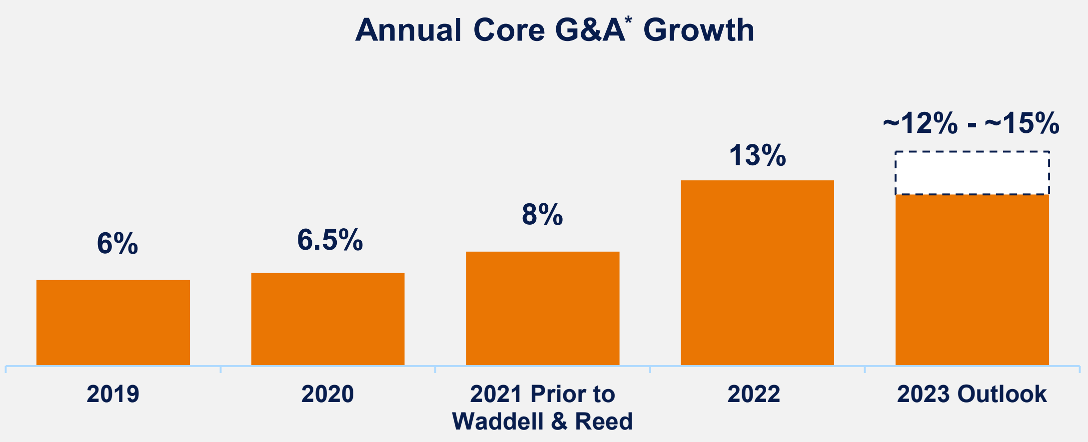
Long-term cost strategy

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

2023 Core G&A* context

- Our spending plans are on track with our initial 2023 Core G&A* outlook range of ~12% to ~15% year-over-year growth, or $1,335M to $1,370M
- These investments fall roughly equally into three broad areas, with each driving ~4-5% growth in Core G&A*:
  - First, to support core business growth, including investments in technology and capabilities
  - Second, to support growth in expanded markets and to scale new services
  - Third, to accelerate timing of investments that advance our strategy
- In Q1, Core G&A* was $326M, or an annualized rate of ~$1,300M, below the lower end of our 2023 outlook range, giving us flexibility throughout the rest of the year

Recent expense trajectory, prior to acquisitions



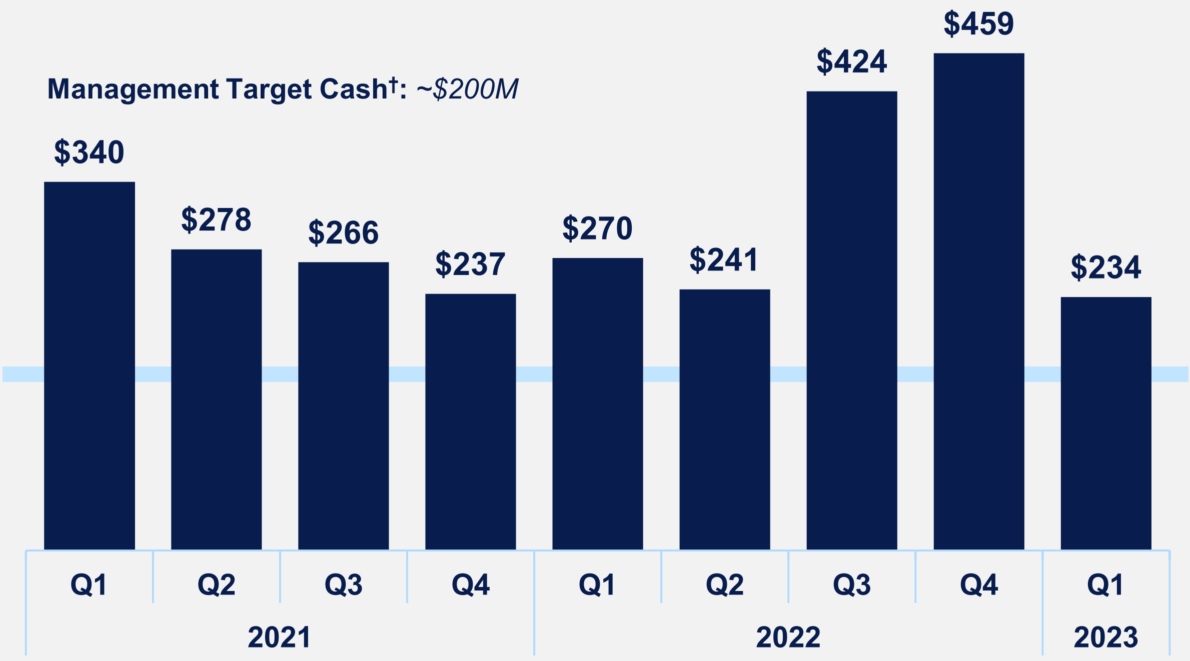
Core G&A* outlook

Q1 2023	$326M
2023 Outlook	$1,335M to $1,370M

Our balance sheet remains strong...

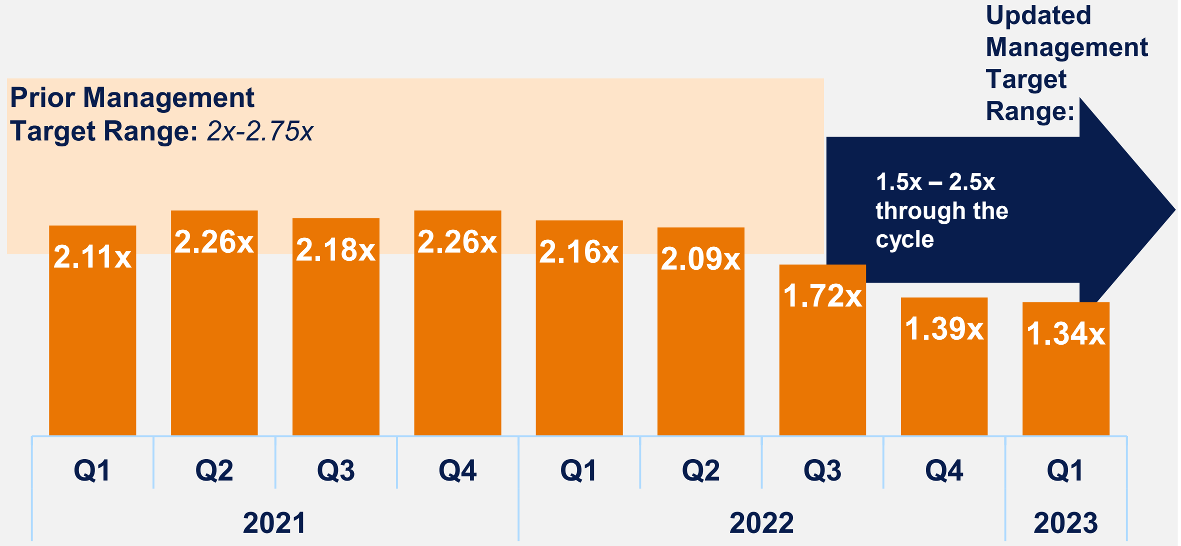
Corporate Cash[18] ($M)

- Our strategy is to maintain a strong balance sheet that can absorb market volatility while having the capacity to invest for growth



Leverage Ratio[19]

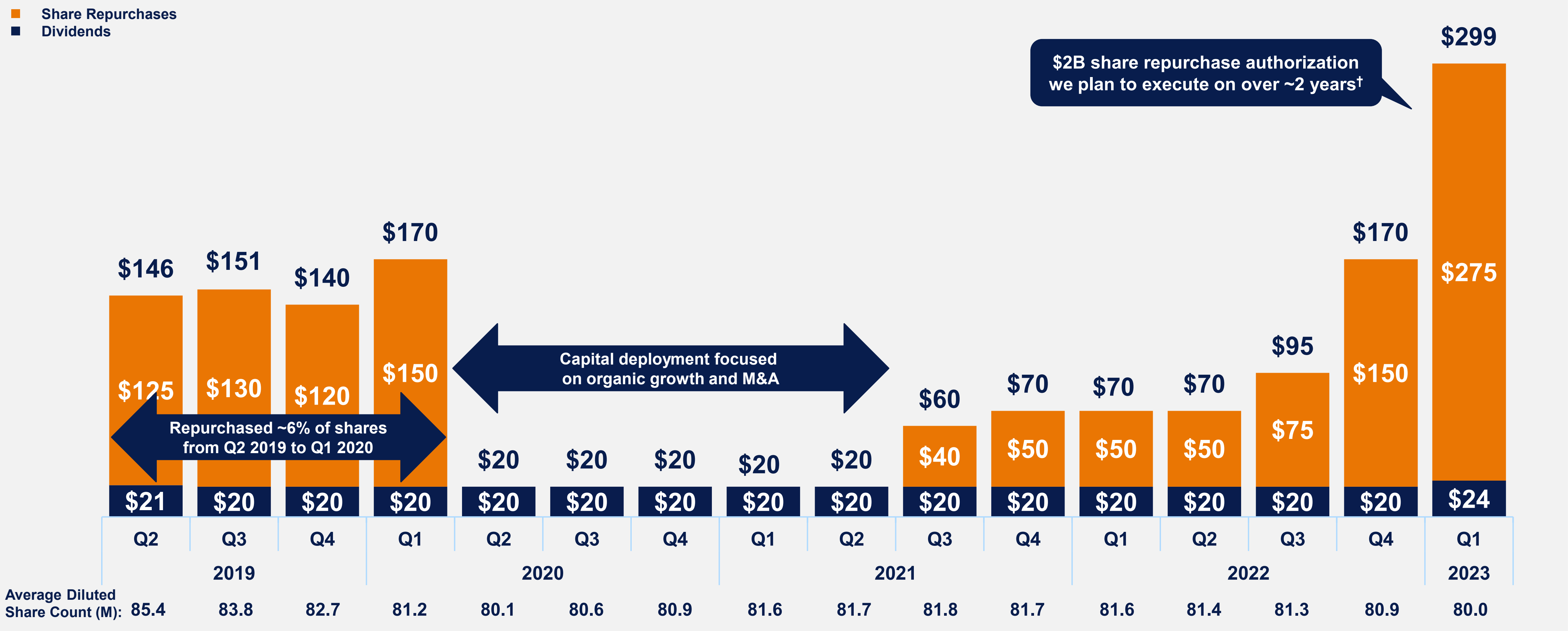
- A long-term target leverage range of 1.5x to 2.5x positions our balance sheet well over a range of cycles
- We are willing to operate temporarily above or below our target range if conditions warrant



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

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

Share Repurchases and Dividends ($M)

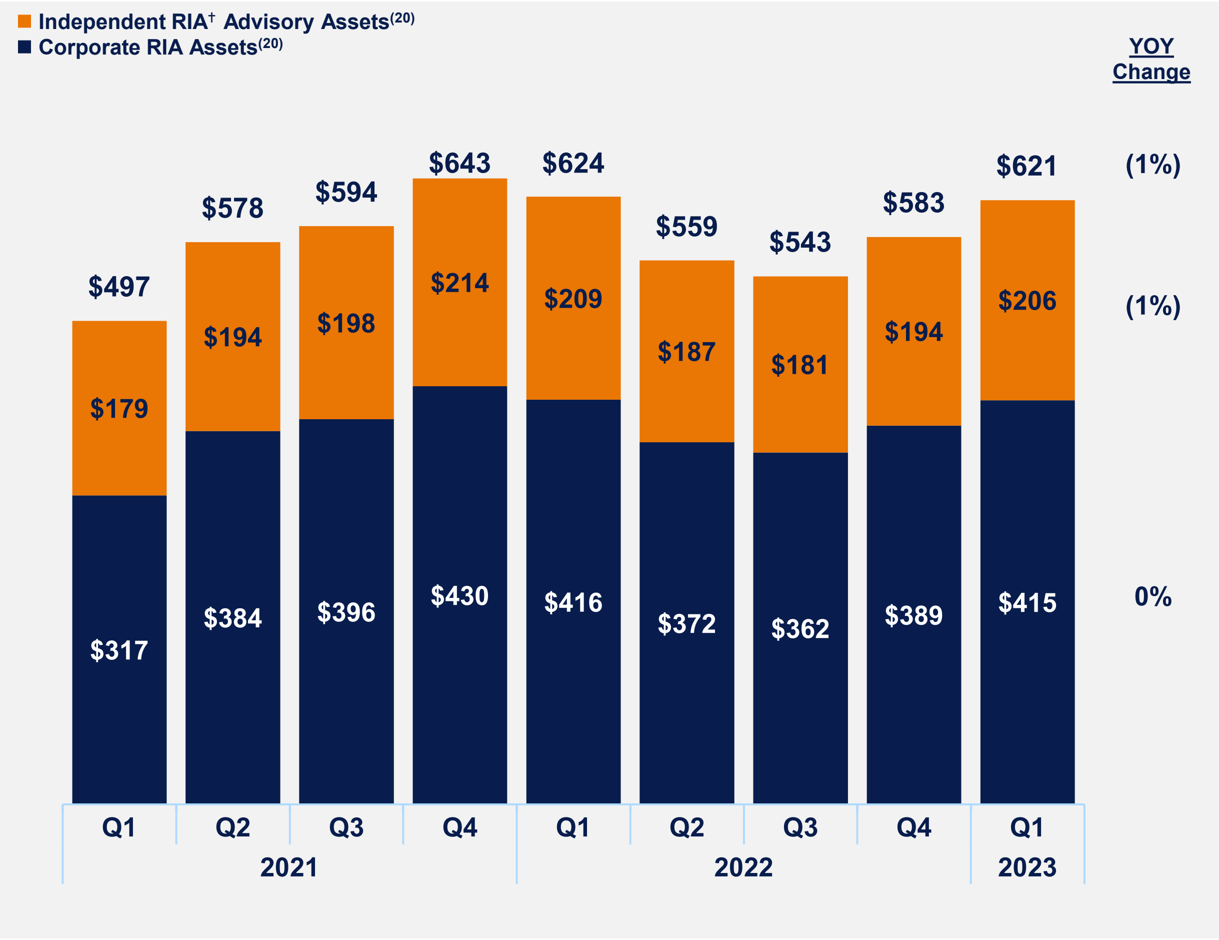


† Increased share repurchase authorization by $2B as of 09/21/2022, which we started to utilize in 2023

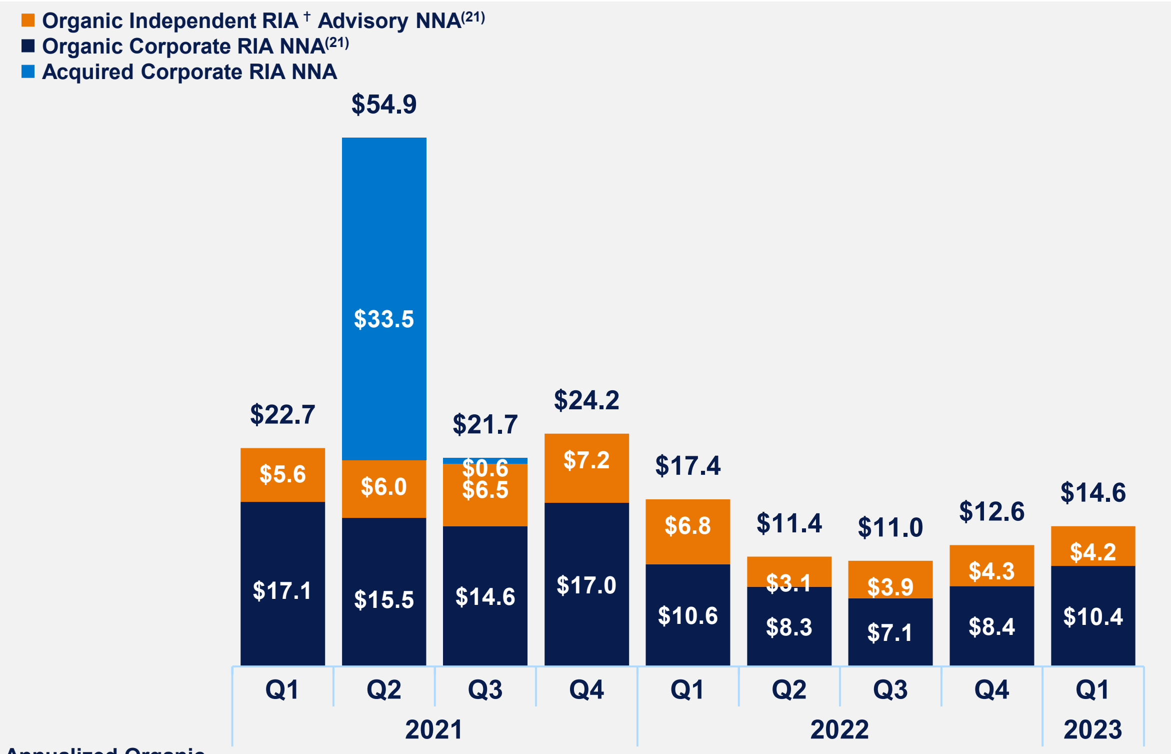
APPENDIX

Corporate and Independent RIA† Advisory assets

Corporate and Independent RIA† Advisory Asset Mix ($B)



Corporate and Independent RIA† Advisory NNA Mix ($B)



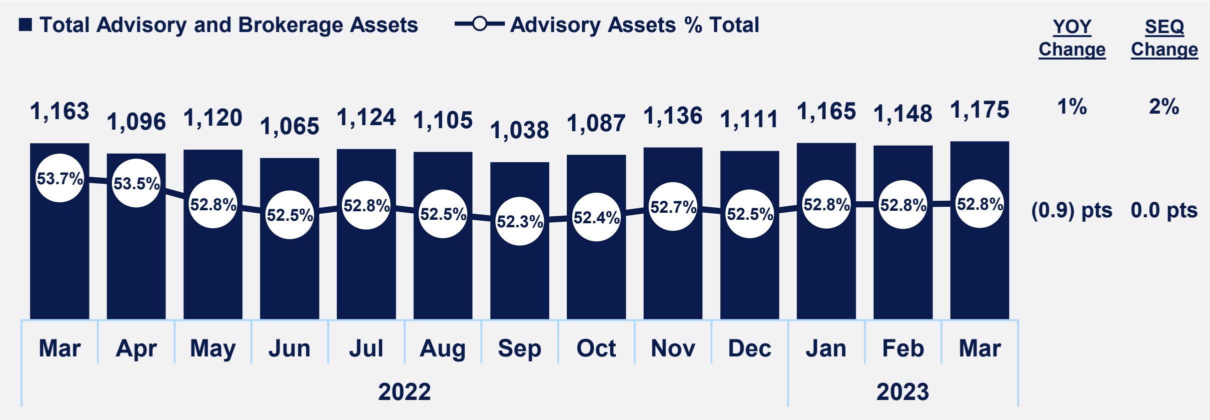
Annualized Organic NNA Growth:

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Independent RIA† Advisory	13%	13%	13%	15%	13%	6%	8%	9%	9%
Corporate RIA	23%	19%	17%	17%	10%	8%	8%	9%	11%

† Independent RIA assets consist of the advisory assets of Independent RIA advisors who have their own independent RIA license and also manage brokerage assets, as well as the advisory assets of fee-only Independent RIAs

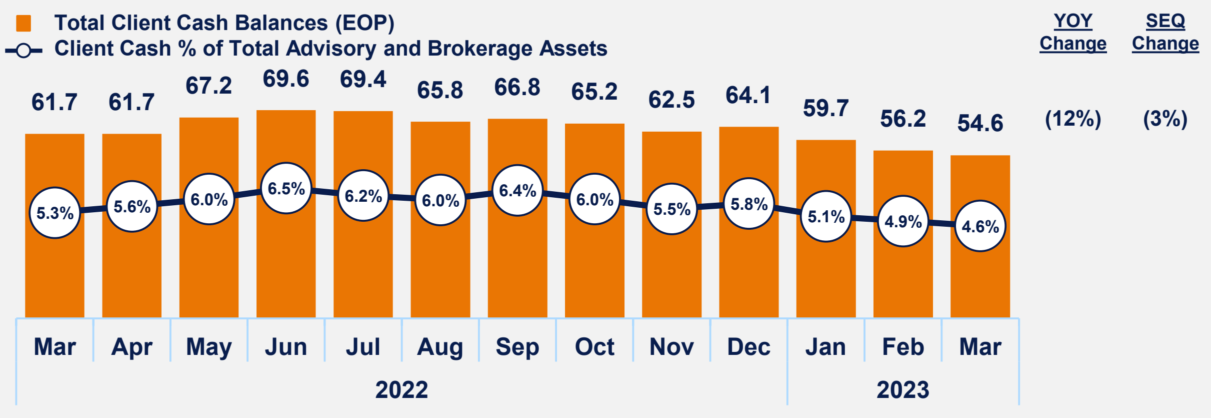
Monthly Metrics Dashboard through March 2023

Total Advisory and Brokerage Assets ($B)

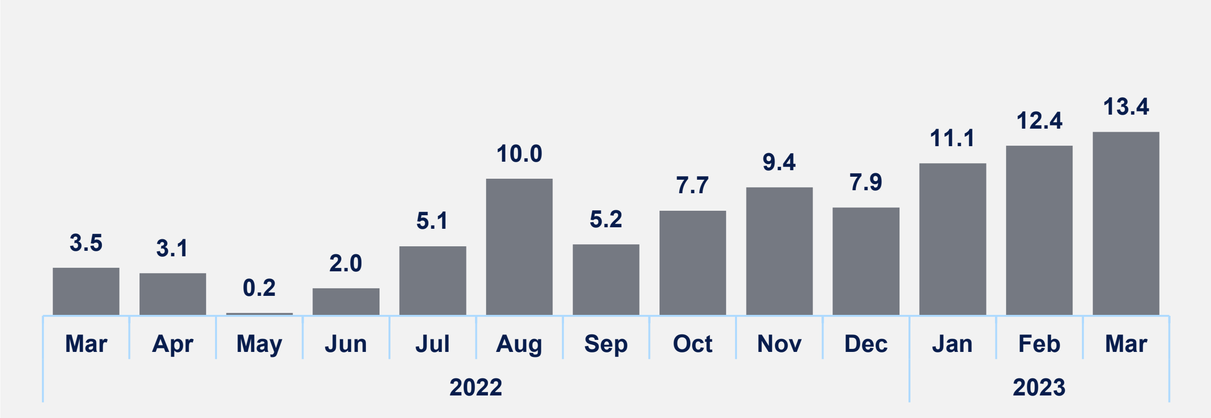


Total Net New Assets ($B)

Client Cash Balances ($B)



Net Buy (Sell) Activity ($B)



† Calculated as current period total organic net new assets multiplied by twelve, divided by preceding period total advisory and brokerage assets.

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	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Total revenue	**$2,418**	**$2,333**	**$2,163**	**$2,039**	**$2,066**	**$2,094**	**$2,021**	**$1,898**	**$1,708**
Advisory and commission expense	1,371	1,342	1,305	1,304	1,374	1,431	1,367	1,273	1,109
Brokerage, clearing and exchange expense	26	19	21	23	23	20	23	23	19
Employee deferred compensation [22]	1	-	-	-	-	-	-	-	-
Gross Profit	**$1,020**	**$972**	**$838**	**$711**	**$669**	**$643**	**$631**	**$602**	**$579**

Net Income to EBITDA* and Credit Agreement EBITDA*

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

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

$ in millions	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net income	**$339**	**$319**	**$232**	**$161**	**$134**	**$108**	**$103**	**$119**	**$130**
Interest expense on borrowings	39	37	33	29	27	27	27	25	25
Provision for income taxes	106	100	74	52	40	28	35	43	36
Depreciation and amortization	56	54	52	48	45	41	38	37	35
Amortization of other intangibles	24	23	23	21	21	20	22	20	17
EBITDA	**$564**	**$533**	**$414**	**$311**	**$267**	**$225**	**$225**	**$243**	**$243**

	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
EBITDA (trailing twelve months)	**$1,822**	**$1,525**	**$1,217**	**$1,028**	**$961**	**$936**	**$928**	**$908**	**$872**
Credit Agreement adjustments	142	114	127	167	187	214	213	186	83
Credit Agreement EBITDA	**$1,964**	**$1,639**	**$1,345**	**$1,195**	**$1,148**	**$1,151**	**$1,142**	**$1,094**	**$955**
Total debt	2,870	2,738	2,741	2,743	2,746	2,839	2,751	2,754	2,357
Total corporate cash	234	459	424	241	270	237	266	278	340
Credit Agreement Net Debt	**2,636**	**2,279**	**2,316**	**2,502**	**2,476**	**2,602**	**2,486**	**2,476**	**2,016**
Leverage Ratio	**1.34x**	**1.39x**	**1.72x**	**2.09x**	**2.16x**	**2.26x**	**2.18x**	**2.26x**	**2.11x**

Note: Totals may not foot due to rounding

Reconciliation

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 the following reconciliations of net income and earnings per diluted share to adjusted net income* and adjusted EPS* for the periods presented herein:

	Q1 2023		Q4 2022		Q3 2022		Q2 2022		Q1 2022		Q4 2021		Q3 2021		Q2 2021		Q1 2021	
in millions, except per share data	Amount	Per Share	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	**$339**	**$4.24**	**$319**	**$3.95**	**$232**	**$2.86**	**$161**	**$1.97**	**$134**	**$1.64**	**$108**	**$1.32**	**$103**	**$1.26**	**$119**	**$1.46**	**$130**	**$1.59**
Amortization of other intangibles	24	0.30	23	0.28	23	0.28	21	0.26	21	0.26	20	0.25	22	0.26	20	0.24	17	0.21
Acquisition costs [22]	3	0.04	6	0.08	7	0.09	9	0.11	13	0.16	14	0.17	36	0.44	24	0.29	2	0.03
Tax benefit	(7)	(0.09)	(8)	(0.10)	(8)	(0.10)	(8)	(0.10)	(9)	(0.11)	(9)	(0.11)	(15)	(0.19)	(12)	(0.14)	(5)	(0.06)
Adjusted net income / adjusted EPS	**$359**	**$4.49**	**$340**	**$4.21**	**$255**	**$3.13**	**$183**	**$2.24**	**$159**	**$1.95**	**$133**	**$1.63**	**$145**	**$1.77**	**$151**	**$1.85**	**$144**	**$1.77**
Diluted share count	80.0		80.9		81.3		81.4		81.6		81.7		81.8		81.7		81.6	

Core G&A* to Total 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 is a reconciliation of total expense to Core G&A* for the periods presented herein:

$ in millions	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Total expense	**$1,973**	**$1,914**	**$1,856**	**$1,827**	**$1,892**	**$1,958**	**$1,883**	**$1,736**	**$1,542**
Advisory and commission	1,371	1,342	1,305	1,304	1,374	1,431	1,367	1,273	1,109
Depreciation and amortization	56	54	52	48	45	41	38	37	35
Interest expense on borrowings	39	37	33	29	27	27	27	25	25
Brokerage, clearing and exchange	26	19	21	23	23	20	23	23	19
Amortization of other intangibles	24	23	23	21	21	20	22	20	17
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	24
Employee deferred compensation [22]	1	-	-	-	-	-	-	-	-
Total G&A	**$456**	**$439**	**$423**	**$400**	**$402**	**$418**	**$406**	**$358**	**$312**
Promotional (ongoing) [23]	101	84	99	84	87	86	84	64	54
Employee share-based compensation	18	12	11	14	13	10	10	11	11
Acquisition costs [23]	3	6	7	9	13	14	36	24	2
Regulatory charges	8	9	8	8	7	8	6	7	8
Core G&A	**$326**	**$327**	**$298**	**$286**	**$281**	**$299**	**$271**	**$252**	**$236**

Note: Totals may not foot due to rounding

Endnotes

(1) Organic Net New Assets include assets from Large Enterprises. Below are Net New Assets from Large Enterprises for the periods presented:

$ in billions	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Net new organic advisory assets	-	-	$0.2	$1.3	-	-	-	$3.1	$5.0
Net new organic brokerage assets	-	0.6	5.1	24.0	-	-	4.5	15.6	6.8
Total Organic Net New Assets from Large Enterprises	**-**	**$0.6**	**$5.3**	**$25.3**	**-**	**-**	**$4.5**	**$18.7**	**$11.8**

(2) Represents the estimated total advisory and brokerage assets expected to transition to the Company's broker-dealer subsidiary, LPL Financial LLC ("LPL Financial"), associated with advisors who transferred their licenses to LPL Financial during the period. The estimate is based on prior business reported by the advisors, which has not been independently and fully verified by LPL Financial. The actual transition of assets to LPL Financial generally occurs over several quarters and the actual amount transitioned may vary from the estimate.

(3) Recruited assets include assets from Large Enterprises. Below are recruited assets from Large Enterprises for the periods presented:

$ in billions	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Recruited assets from Large Enterprises	-	-	$5.0	$32.0	-	-	-	$21.9	$15.2

(4) Reflects retention of total advisory and brokerage assets, calculated by deducting quarterly annualized attrition from total advisory and brokerage assets, over the prior-quarter total advisory and brokerage assets.

(5) Consists of total client deposits into advisory or brokerage accounts (including advisory or brokerage accounts serviced by Allen & Company of Florida, LLC ("Allen & Company") advisors) less total client withdrawals from advisory or brokerage accounts, plus dividends, plus interest, minus advisory fees. The Company considers conversions from and to brokerage or advisory accounts as deposits and withdrawals, respectively. Annualized growth is calculated as the current period organic net new advisory or brokerage assets divided by preceding period total advisory or brokerage assets, multiplied by four.

(6) Consists of existing custodied assets that converted from brokerage to advisory, less existing custodied assets that converted from advisory to brokerage.

(7) Consists of advisory assets in LPL Financial's Model Wealth Portfolios, Optimum Market Portfolios, Personal Wealth Portfolios and Guided Wealth Portfolios platforms.

(8) Consists of total client deposits into centrally managed assets (see EN 7) accounts less total client withdrawals from centrally managed assets accounts. Annualized growth is calculated as the current period net new centrally managed assets divided by preceding period total centrally managed assets, multiplied by four.

(9) Represents the amount of securities purchased less the amount of securities sold in client accounts custodied with LPL Financial.

(10) Represents the average month-end total advisory and brokerage assets for the period.

(11) Represents total trailing twelve-month Gross Profit* for the period, divided by average month-end total advisory and brokerage assets for the period (see EN 10).

(12) Represents total trailing twelve-month operating expenses for the period, excluding production-related expense ("OPEX"), divided by average month-end total advisory and brokerage assets for the period (see EN 10). Production-related expense includes advisory and commissions expense and brokerage, clearing and exchange expense. For purposes of this metric, operating expenses includes Core G&A*, regulatory, promotional, employee share-based compensation, acquisition costs, depreciation & amortization, amortization of other intangibles, employee deferred compensation, and interest expense.

(13) EBIT ROA is calculated as Gross Profit ROA (see EN 11) less OPEX ROA (see EN 12).

(14) Consists of revenues from the Company's sponsorship programs with financial product manufacturers and omnibus processing and networking services, but not including fees from client cash programs. Other asset-based revenues are a component of asset-based revenues and are derived from the Company's unaudited consolidated statements of income.

(15) During the second quarter of 2022, the Company updated its definition of client cash balances to include client cash accounts and exclude purchased money market funds. Client cash accounts include cash that clients have deposited with LPL Financial that is included in client payables in the consolidated balance sheets. Prior period disclosures have been updated to reflect this change as applicable.

(16) Calculated by dividing revenue for the period by the average balance during the quarter.

(17) Calculated by dividing interest income earned on cash held in the CCA for the period by the average CCA balance, excluding cash held in CCA that has been used to fund margin lending, during the period. The remaining cash is primarily held in cash segregated under federal or other regulations in the condensed consolidated balance sheets.

(18) Corporate cash, a component of cash and equivalents, is the sum of cash and equivalents from the following: (1) cash and equivalents held at LPL Holdings, Inc., (2) cash and equivalents held at regulated subsidiaries, as defined by the Company's Credit Agreement, which include LPL Financial, Financial Resources Group Investment Services, LLC and The Private Trust Company, N.A., in excess of the capital requirements of the Company's Credit Agreement (which, in the case of LPL Financial and Financial Resources Group Investment Services, LLC, is net capital in excess of 10% of their aggregate debits, or five times the net capital required in accordance with Exchange Act Rule 15c3-1), and (3) cash and equivalents held at non-regulated subsidiaries.

(19) The Company calculates its leverage ratio as total debt less total corporate cash, divided by Credit Agreement EBITDA for the trailing twelve months.

(20) Assets on the Company's corporate RIA platform are serviced by investment advisor representatives of LPL Financial or Allen & Company. Assets on the Company's independent RIA advisory platform are serviced by investment advisor representatives of separate registered investment advisor firms rather than representatives of LPL Financial.

(21) Consists of total client deposits into advisory accounts on LPL Financial's independent RIA advisory platform or corporate RIA platform less total client withdrawals from advisory accounts on its independent RIA advisory platform or its corporate RIA platform. Annualized growth is calculated as the current period net new independent RIA Advisory Assets or corporate RIA assets divided by preceding period total independent RIA Advisory Assets or corporate RIA assets, multiplied by four.

(22) 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.

(23) Acquisition costs include the costs to setup, onboard and integrate acquired entities. The below table summarizes the primary components of acquisition costs for the periods presented:

$ in millions	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Compensation and benefits	$0.9	$3.5	$4.7	$6.7	$5.7	$6.0	$14.8	$13.9	$1.7
Professional services	1.6	2.4	2.1	1.9	5.6	6.0	5.8	6.3	0.6
Promotional	0.2	0.1	0.3	0.0	1.9	1.7	12.4	0.2	-
Other	0.4	0.4	0.4	0.3	0.2	0.6	2.9	3.4	0.1
Acquisition costs	**$3.1**	**$6.4**	**$7.5**	**$8.9**	**$13.3**	**$14.3**	**$35.9**	**$23.8**	**$2.4**