



Good afternoon, our dear shareholders.

Allow me to welcome you to the SMX Convention Center as we resume our stockholders' meeting in-person, after three years of virtual meetings.

2022 has been an exceptional year for us.

Let me share with you our milestones for the past year.

## Resurgence of Economic Activity



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2022 was a year of remarkable growth, sustained benefits to our communities, impact towards our key advocacies, and record results.

Philippine GDP grew by 7.6%.

Remittances by overseas Filipino workers grew by 3.6%.

Unemployment fell to 4.3%.

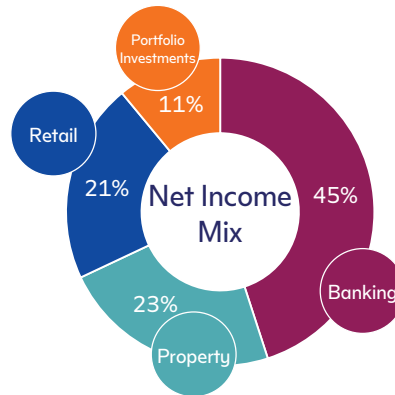
All of these created an environment of economic activity, active growth and strong consumer confidence.

## Strong Financial Performance

Php553.8bn  
Revenues



Php61.7bn  
Net Income



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We were conscious of inflationary risks and adapted our business operations and customer offerings accordingly.

As a result, all our businesses participated in the reopening of the economy and delivered good growth.

Our strong financial performance last year was driven by all three core businesses—retailing, banking and property— as well as a significant contribution to our consolidated earnings by our portfolio investments.

Banking contributed 45% to net income, with property accounting for 23%, retail contributing 21% and portfolio investments the remaining 11%.

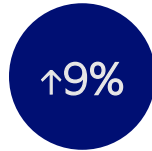
We were also able to improve operating margins across our businesses due to the rigorous review of efficiencies and cost saving actions taken over the last two years.

Overall, SM grew consolidated revenues by 28% to PHP554 billion and earnings by 53% to PHP62 billion in 2022.

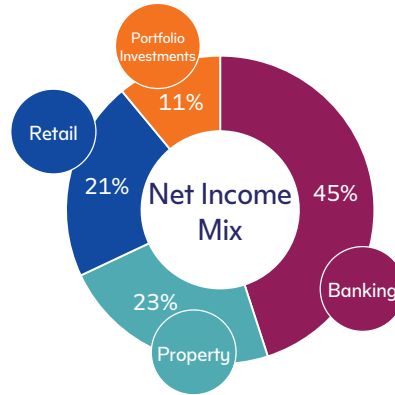
This exceeded pre-pandemic performance.

## Conservative Balance Sheet

Php1.5tn  
Assets



35:65  
Net Debt to Total Equity



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We also continued to build our asset base and maintain a conservative balance sheet. Our total assets increased 9% to PHP1.5 trillion.

And our gearing improved to 35% net debt to 65% total equity.

## Banking - BDO



NPL Ratio  
1.95%

NPL  
Coverage  
167%



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Our banks started the year from a position of strength, having already recovered from the pandemic in 2021.

In 2022, they showed revenue growth across their core activities, with lower nonperforming loans than provided for and strong balance sheets in place.

BDO's non-performing loan (NPL) ratio dipped to 1.95% while NPL coverage strengthened to 167%.

## Banking - BDO

Php57.1bn  
Net Income

↑33%



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Rising interest rates helped improve margins and positive business sentiment helped deliver profit growth.

BDO's net income increased by 33% to PHP57.1 billion, driven by robust growth across its core businesses.

## Banking - BDO



Gross Loans  
↑ 9%

Deposits  
↑ 14%

Net Interest  
Income  
↑ 14%



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Gross customer loans went up by 9% year-on-year on broad-based growth due to the economic re-opening.

Total deposits and net interest income both grew by 14%.

## Banking – China Bank

Php19.1bn  
Net Income

↑27%

Php55.7bn  
Revenues

↑14%

Php45.6bn  
Net Interest Income

↑17%



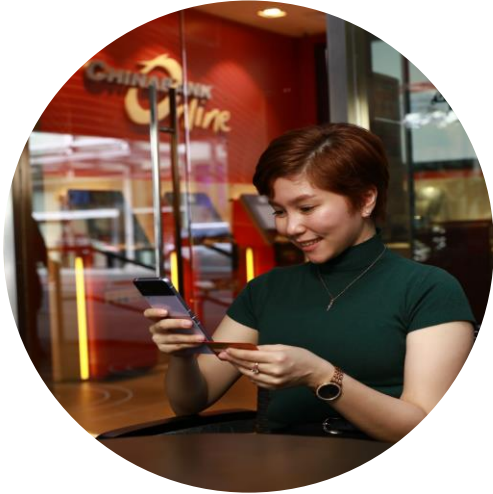
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China Bank also posted better than expected financial results on the back of robust operating income and effective cost management.

Consolidated net income grew by 27% to PHP19.1 billion.

Total revenues increased by 14% to PHP55.7 billion, driven by the 17% jump in net interest income to PHP45.6 billion.

## Banking – China Bank



Net Loans  
↑15%

NPL Ratio  
2.3%

NPL  
Coverage  
123%



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Its net loans rose by 15% on brisk business and consumer lending.

It recorded better than industry NPL ratio and NPL coverage ratio of 2.3% and 123%, respectively.

## Banking – China Bank

Php1.1tn  
Deposits

↑24%



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Total deposits also reached PHP1.1 trillion, 24% higher on sustained growth across deposit products.

## SM Retail



Php378.2bn  
Revenues

↑24%

Php17.9bn  
Net Income

↑86%

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Normalized movement and social activity resumed from the second quarter onwards and resulted in strong growth in our retailing businesses, particularly in our non-food formats.

There was pent up 'revenge spending' as consumers resumed shopping and going out.

This sustained spending benefited our wide portfolio of brands as customers returned to higher earnings and daily social activity.

As a result, SM Retail grew revenues by 24% to PHP378.2 billion.

Net income increased 86% to PHP17.9 billion.

## SM Prime - Consolidated



This optimism in the economy also enabled our malls to return to full rental arrangements with their tenants by the mid-year.

Our property arm, SM Prime, delivered strong growth with high tenant occupancy and foot traffic above pre-pandemic levels.

SM Prime Holdings reported growth of 38% in consolidated net income to PHP30.1 billion and an increase in consolidated revenues by 29% to PHP105.8 billion.

## SM Prime - Malls



Php49.8bn  
Revenues

↑ 107%

Php44.1bn  
Rental Income

↑ 92%

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Philippine mall business revenues more than doubled to PHP49.8 billion.

With the resumption of full rental fees in the second half of 2022, SM Prime's local mall rental income grew 92% to PHP44.1 billion.

## SM Prime - Residential



**Php40.1bn**

Revenues

**Php102.0bn**

Reservation Sales



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SM Prime's residential arm led by SM Development Corp. reported PHP40.1 billion in revenues while its reservation sales slightly grew to PHP102.0 billion.

## SM Prime – Other Businesses



SM Prime's office and hotel and convention center businesses also grew 59% in revenues to PHP10.5 billion with the resumption in tourism activities.



We have invested in several related businesses in recent years, identifying where we can add value to our partners from synergies within the SM ecosystem.

This is a part of our strategy to participate in emerging high growth sectors and create market leaders in them.

In 2022, we increased our involvement in the logistics sector, bringing our stake in Airspeed to 51%.

## New Businesses - PGPC



We also hiked our stake in geothermal steam for renewable energy generation, acquiring 100% of Philippine Geothermal Production Company (PGPC).

## New Businesses

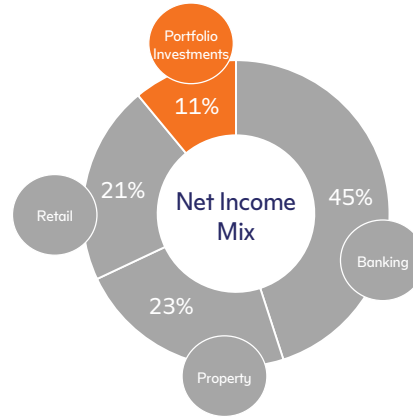
Turnaround  
Profits



Meanwhile 2GO, our end-to-end logistics partner, delivered turnaround profits last year, and our other partner businesses continued to innovate and grow.

We are particularly optimistic about these opportunities.

# Portfolio Investments



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Our Portfolio Investments collectively contributed 11% of consolidated earnings last year and we expect this to increase over time.

## Business Expansion



At the same time, we were able to focus on our long-term strategy of expanding our footprint nationwide.

We opened new stores, malls, residences and bank branches, allowing us to reach and serve more Filipinos.

Seeing economic growth strengthen in the provinces, we opened new malls and retail stores in Roxas, Tanza, Sorsogon, and Tuguegarao last year.

## Business Expansion



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Our expansion efforts resulted in the addition of 348 new retail stores, with especially strong expansion of over 200 new stores by Alfamart, 300,000 square meters of mall floor area and over 100 new bank branches.

Most of this new footprint was outside Metro Manila last year.

## Community Impact



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As we grow, we work to create and share value with our partners and our communities.

Last year we carried on with our key social advocacies.

We provided access to food security through farmer's training, quality education through our school building and scholar programs, and healthcare through our facilities building and medical missions.

## Community Impact



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SM Supermalls was also the biggest private sector partner of the government to vaccinate Filipinos in the country.

It administered more than 10.5 million doses of COVID-19 vaccines nationwide by the end of 2022, using its nationwide mall network as vaccination centers.



And we continue to champion inclusive societies.

Within our own workplace we recently appointed our first Group Diversity Officer to develop and ensure a group-wide approach in promoting diversity, equity, inclusion and belonging among our people.

This mirrors the same inclusivity we offer to our customers and other stakeholders.

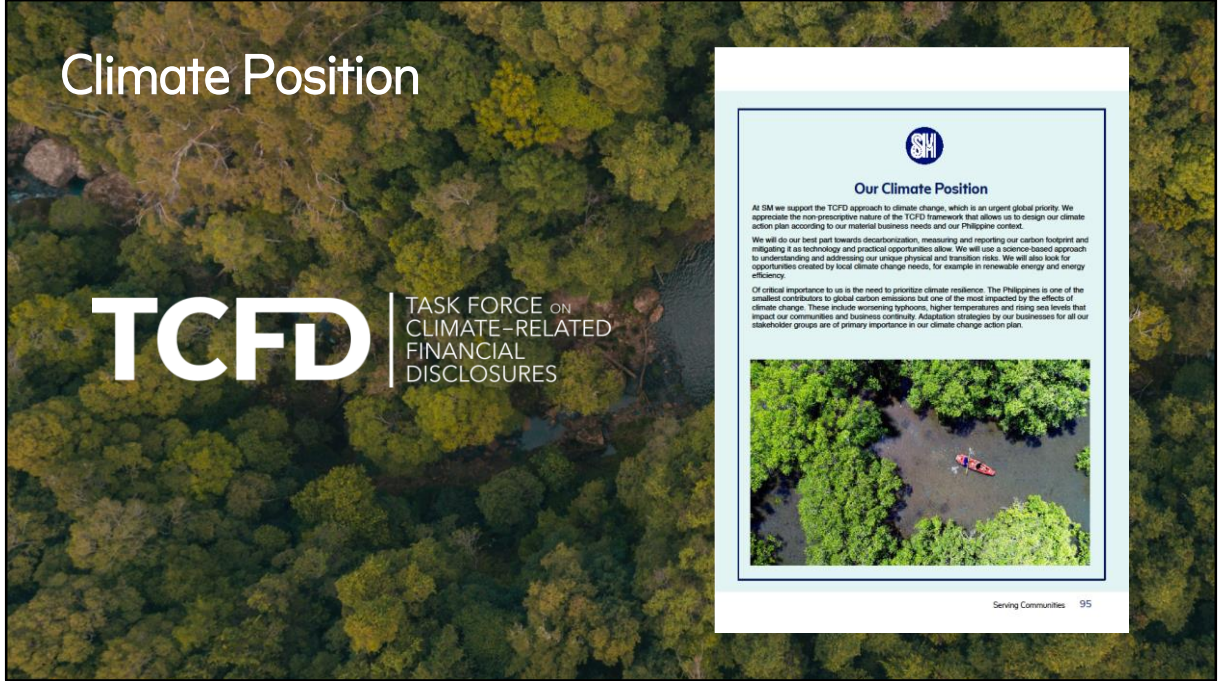


Among our environmental advocacies, we partnered with WWF to host a conference for private and public sector action towards climate change last year and to launch a private sector climate alliance.

The Philippines' unique exposure as one of the most at-risk countries to climate change calls for concerted efforts.

This is both towards reducing emissions and towards critical adaptation efforts, where SM remains a leading advocate.

We took actions on both fronts.



SM Investments published its Climate Position this year as a part of its commitments under TCFD, the Task Force on Climate-related Financial Disclosures.



The group made a number of moves towards using, funding and driving renewable energy growth in the Philippines.

Among these, SM Prime notably achieved at least 50% of its energy coming from renewable sources last year.

BDO continues to be a leader in funding the development of renewable energy, a national priority with a portfolio of 58 projects being funded.

BDO also issued the first private sector Blue Bond in Southeast Asia, providing funding for projects to preserve clean water resources, help prevent marine pollution and support the country's climate goals.

## Climate Advocacy



Green  
Finds



Over 2.6mn  
Trees planted



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Retail meanwhile is working towards consumer awareness and advocacy of green choices through the launch of the Green Finds program.

We also continued to plant trees.

We have so far planted and nurtured over 2.6 million trees through SM Foundation, Belle, Hamilo Coast and Carmen Copper.

Last year, we launched our Grow Trees Community through SM Foundation working with our partner, Fast Retailing Foundation.

This program focuses on the development of long-term reforestation by involving an ecosystem of partners to care for the trees, especially after they are planted as seedlings.

# Recognitions



It was gratifying to be recognized by leading awards bodies for our efforts in a number of these areas.

I am particularly proud that SM Investments was Top Rated by Sustainalytics ESG rating agency in two categories last year – top among diversified financial companies globally, and top among all companies in Asia Pacific.

Forbes Magazine included SM among its World’s Best Employers.

Meanwhile 6 companies within the group were highly recognized by the ASEAN Corporate Governance Scorecard awards.

# UN Sustainable Development Goals



And we remain committed to advancing the principles of the UN Global Compact and taking action towards delivering the UN Sustainable Development goals.



Heading into 2023, we remain optimistic as a group.

We are focused on expansion around the country especially in emerging regional centers and on ensuring that our ecosystem of businesses work together to create shared value for all our stakeholders.

The majority of our expansion is focused on the regions outside of Metro Manila.

This is spurred by improvements in employment and the increasing quality of education and connectivity in these areas.

A large chunk of the OFW remittances the Philippines receives are also going to the provinces, driving revenues and growth.

Continued BPO expansion is also providing employment in the regions.

BPO revenues are now equal to the OFW remittances in amounts that are estimated at over USD30 billion.

There are also companies that are beginning to look at the Philippines on the light

manufacturing side.

Given these, opportunities for growth in the Philippines remain high.

Our businesses are well-positioned and have clear strategies to participate in this strong growth.

Thank you!



On behalf of the SM group, I'd like to say thank you to our customers, our people, our partners in both business and in the public sector, and our many stakeholders across the country for continuing to trust in us and support us in our ambitions to grow and help serve our communities nationwide.

Thank you very much.



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