



**INVESTMENTS
CORPORATION**

February 28, 2022

THE PHILIPPINE STOCK EXCHANGE, INC.

6th Floor, PSE Tower
28th St. corner 5th Ave.
BGC, Taguig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

PHILIPPINE DEALING & EXCHANGE CORP.

29th Floor, BDO Equitable Tower
8751 Paseo de Roxas, Makati City

Attention: **Atty. Marie Rose M. Magallen-Lirio**
Head, Issuer Compliance and Disclosure Department

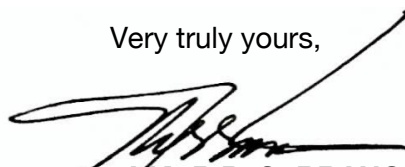
Re: **Press Release - SM net income grows 65% to PHP38.5B in 2021**
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Ladies and Gentlemen:

Please be informed that SM Investments Corporation is releasing to the press the attached statement entitled "SM net income grows 65% to PHP38.5B in 2021."

Thank you.

Very truly yours,



ELMER B. SERRANO
Corporate Secretary

Encl. a/s



SM net income grows 65% to PHP38.5B in 2021

(28 February 2022, Pasay City, Philippines) SM Investments Corporation reported its net income increased 65% to PHP38.5 billion in 2021 from PHP23.4 billion in 2020.

Consolidated revenues grew 9% to PHP428.1 billion compared with PHP394.2 billion last year.

“We saw a rebound in consumer spending in the run up to Christmas as restrictions across the country eased. This led to improved performance in our retail and mall units as our banks continued to deliver solid results,” SM Investments President and Chief Executive Officer Frederic C. DyBuncio said.

“It is our hope that the further easing of restrictions after the latest surge in COVID cases will lead to sustained recovery of the economy and our businesses as the country adjusts to living with the virus. We are committed to continue our expansion plans,” Mr. DyBuncio added.

Banking contributed 51% to net income with property accounting for 25%, retail contributing 17% and portfolio investments the remaining 7%.

“We believe our portfolio investments have strong assets, synergies with our core businesses and enormous long-term growth potential,” Mr. DyBuncio said.

Among its portfolio investments, SM increased its ownership in Goldilocks Bakeshop Inc. to 74% and 2GO Group, Inc. to 53% in 2021.

Retail

SM Retail Inc., which consists of food and non-food stores, reported revenues at PHP303.9 billion, from PHP296.8 billion, up 2%. Net income increased 133% to PHP9.6 billion from PHP4.1 billion. The general improvement in profitability was largely due to sustained growth in sales particularly for the SM Stores and Specialty Stores.

Despite the challenges of the pandemic, SM continued to expand its retail footprint. THE SM STORE opened two new stores in 2021 in Caloocan and Camarines Norte. The food group, which includes SM Markets (SM Supermarket, SM Hypermarket and Savemore), Alfamart, and WalterMart added 219 new stores in 2021.

By the end of the year, SM Retail added a total of 294 new stores across the entire portfolio for a total of 3,215 outlets, consisting of 68 The SM Stores, 1,539 specialty retail stores, 62 SM Supermarkets, 52 SM Hypermarkets, 214 Savemore, 73 WalterMart and 1,207 Alfamart stores.

Property

SM Prime's consolidated net income grew by 21% to PHP21.8 billion in 2021 from PHP18.0 billion in 2020. Consolidated revenues stood at PHP82.3 billion in 2021, at the same level as 2020.

SM Prime's residential business unit, led by SM Development Corp. (SMDC), recorded PHP45.9 billion revenues. SMDC's sales take-up reached PHP98.9 billion.

Its Philippine mall business reported PHP24.1 billion in total revenues compared with PHP23.6 billion in 2020. Local malls' rent income improved by 6% to PHP23.0 billion from PHP21.8 billion the prior year.

In China, its mall business reported a 20% increase in revenues to RMB0.8 billion from RMB0.7 billion. The China malls' net income grew by 154% to RMB0.2 billion from RMB0.1 billion as a result of the quick return to normalcy in the country.

Its other businesses, which include offices, hotels, and convention centers, remained resilient, reporting PHP6.6 billion in consolidated revenues, 4% higher from 2020.

Banking

BDO Unibank, Inc. (BDO) recorded a net income of PHP42.8 billion in 2021 against PHP28.2 billion in 2020, an increase of 51%.

BDO's full year profits were buoyed by an 11% increase in non-interest income and normalized provisions. This reflects the bank's operational resiliency notwithstanding COVID-19-related headwinds depressing loan activity for much of 2021.

Overall business conditions appeared to be improving, with loan growth accelerating to 6%. For the full year, total deposits rose 8% YoY, driven by the 13% YoY expansion in Current /Savings Account (CASA) deposits.

China Banking Corporation (China Bank) ended 2021 stronger on the back of sustained core business growth and effective cost management. The bank posted a 25% increase in net income to PHP15.1 billion.

China Bank continued to prudently manage interest expense, which dropped 44%, resulting in a net interest income of PHP38.3 billion, up 13%. Fee-based income grew 3% to PHP10.4 billion, underpinned by a 39% increase in core fee-based income such as foreign exchange gain, trust revenues, investment banking commissions, sale of acquired assets, bancassurance fees and other transaction-based service charges.

China Bank closed 2021 with PHP1.1 trillion in assets, up 7%, supported by a 9% expansion in loans. Deposits increased 3% to PHP863 billion which was driven by an 18% build-up in checking and savings accounts (CASA) deposits.

Balance Sheet

The total assets of SM grew 10% to PHP1.3 trillion. SM maintains a healthy balance sheet with a conservative gearing ratio of 38% net debt to 62% total equity.

Milestones in Sustainability

SM Investments, SM Prime and NEO, a part of SM's portfolio investments, signed on as supporters of the Task Force on Climate-related Financial Disclosures (TCFD) in 2021, joining more than 2,300 supporters, in alignment with globally-recognized frameworks for climate change reporting.

NEO was also cited as the first company in the world to be certified as EDGE Zero Carbon for all their buildings by the International Finance Corporation while advancing the Net Zero Philippines program of the Philippine Green Building Council. NEO is the first office portfolio in Southeast Asia to achieve the WELL Health-Safety Seal.

Heeding the Call

SM companies harnessed synergies to respond immediately to communities in areas hit by Typhoon Odette (Rai) in 2021.

Through SM Foundation's Operation Tulong Express program, SM distributed Kalinga (care and relief) packs to over 33,000 families in critical municipalities in Visayas and Mindanao. SM malls provided temporary shelter and along with SM Development Corporation retail establishments were tapped to receive donations for typhoon-stricken communities.

2GO Group, Inc. transported 500 tons of essential goods port-to-port, free of charge from Manila to Cebu, Tagbilaran, Cagayan de Oro and Ozamis. Airspeed offered the use of its warehouses in Manila and Cebu for free for storage of relief goods coming from various organizations nationwide to be consolidated and transported by air to the affected areas.

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About SM Investments Corporation

SM Investments Corporation is a leading Philippine company that is invested in market leading businesses in retail, banking and property. It also invests in ventures that capture high growth opportunities in the emerging Philippine economy.

SM's retail operations are the country's largest and most diversified with its food, non-food and specialty retail stores. SM's property arm, SM Prime Holdings, Inc., is the largest integrated property developer in the Philippines with interests in malls, residences, offices, hotels and convention centers as well as tourism-related property developments. SM's interests in banking are in BDO Unibank, Inc., the country's largest bank and China Banking Corporation, the 6th largest bank. For more about SM, visit <https://www.sminvestments.com/>

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