CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This presentation made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (Hawaiian Electric) and their subsidiaries contain “forward-looking statements,” which include statements that are predictive in nature, depend upon or refer to future events or conditions and usually include words such as “will,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “predicts,” “estimates” or similar expressions. In addition, any statements concerning future financial performance, ongoing business strategies or prospects or possible future actions are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and the accuracy of assumptions concerning HEI and its subsidiaries (collectively, the Company), the performance of the industries in which they do business and economic, political and market factors, among other things. These forward-looking statements are not guarantees of future performance.

Risks, uncertainties and other important factors that could cause actual results to differ materially from those described in forward-looking statements and from historical results include, but are not limited to, the following:

- international, national and local economic and political conditions--including the state of the Hawaii tourism, defense and construction industries; the strength or weakness of the Hawaii and continental U.S. real estate markets (including the fair value and/or the actual performance of collateral underlying loans held by ASB, which could result in higher loan loss provisions and write-offs); decisions concerning the extent of the presence of the federal government and military in Hawaii; the implications and potential impacts of U.S. and foreign capital and credit market conditions and federal, state and international responses to those conditions; and the potential impacts of global developments (including global economic conditions and uncertainties; unrest; the conflict in Syria; the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; terrorist acts; potential conflict or crisis with North Korea; and potential pandemics);
- the effects of future actions or inaction of the U.S. government or related agencies, including those related to the U.S. debt ceiling, monetary policy, trade policy and tariffs, and other policy and regulation changes advanced or proposed by President Trump and his administration;
- weather and natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the potential effects of climate change, such as more severe storms and rising sea levels), including their impact on the Company's and Utilities' operations and the economy;
- the timing and extent of changes in interest rates and the shape of the yield curve;
- the ability of the Company and the Utilities to access the credit and capital markets (e.g., to obtain commercial paper and other short-term and long-term debt financing, including lines of credit, and, in the case of HEI, to issue common stock) under volatile and challenging market conditions, and the cost of such financings, if available;
- the risks inherent in changes in the value of the Company’s pension and other retirement plan assets and ASB’s securities available for sale;
- changes in laws, regulations (including tax regulations), market conditions and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements;
- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated;
- increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB’s cost of funds);
- the potential delay by the Public Utilities Commission of the State of Hawaii (PUC) in considering (and potential disapproval of actual or proposed) renewable energy proposals and related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; and uncertainties surrounding technologies, solar power, wind power, biofuels, environmental assessments required to meet renewable portfolio standards (RPS) goals and the impacts of implementation of the renewable energy proposals on future costs of electricity;
- the ability of the Utilities to develop, implement and recover the costs of implementing the Utilities’ action plans included in their updated Power Supply Improvement Plans (PSIPs), Demand Response Portfolio Plan, Distributed Generation Interconnection Plan, Grid Modernization Plans, and business model changes, which have been and are continuing to be developed and updated in response to the orders issued by the PUC, the PUC’s April 2014 statement of its inclinations on the future of Hawaii’s electric utilities and the vision, business strategies and regulatory policy changes required to align the Utilities’ business model with customer interests and the state’s public policy goals, and subsequent orders of the PUC;
- capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management, distributed generation, combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- fuel oil price changes, delivery of adequate fuel by suppliers and the continued availability to the electric utilities of their energy cost adjustment clauses (ECACs);
- the continued availability to the electric utilities or modifications of other cost recovery mechanisms, including the purchased power adjustment clauses (PPACs), rate adjustment mechanisms (RAMs) and pension and postretirement benefits other than pensions

(OPEB) tracking mechanisms, and the continued decoupling of revenues from sales to mitigate the effects of declining kilowatthour sales;

- the ability of the Utilities to achieve performance incentive mechanisms currently in place;
- the impact from the PUC's implementation of performance-based ratemaking for the Utilities pursuant to Senate Bill No. 2939 SD2, including the potential addition of new performance incentive mechanisms, third party proposals adopted by the PUC in its implementation of PBR, and the implications of not achieving performance incentive goals;
- the impact of fuel price volatility on customer satisfaction and political and regulatory support for the Utilities;
- the risks associated with increasing reliance on renewable energy, including the availability and cost of non-fossil fuel supplies for renewable energy generation and the operational impacts of adding intermittent sources of renewable energy to the electric grid;
- the growing risk that energy production from renewable generating resources may be curtailed and the interconnection of additional resources will be constrained as more generating resources are added to the Utilities' electric systems and as customers reduce their energy usage;
- the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);
- the potential that, as IPP contracts near the end of their terms, there may be less economic incentive for the IPPs to make investments in their units to ensure the availability of their units;
- the ability of the Utilities to negotiate, periodically, favorable agreements for significant resources such as fuel supply contracts and collective bargaining agreements;
- new technological developments that could affect the operations and prospects of the Utilities and ASB or their competitors such as the commercial development of energy storage and microgrids and banking through alternative channels;
- cyber security risks and the potential for cyber incidents, including potential incidents at HEI, its third-party vendors, and its subsidiaries (including at ASB branches and electric utility plants) and incidents at data processing centers they use, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general information technology controls;
- failure in addressing issues in the stabilization of the ERP/EAM system implementation could adversely affect the Utilities' ability to timely and accurately report financial information and make payments to vendors and employees;
- federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation, increases in capital requirements, regulatory policy changes, environmental laws and regulations (including resulting compliance costs and risks of fines and penalties and/or liabilities), the regulation of greenhouse gas emissions, governmental fees and assessments (such as Federal Deposit Insurance Corporation assessments), and potential carbon "cap and trade" legislation that may fundamentally alter costs to produce electricity and accelerate the move to renewable generation);
- developments in laws, regulations and policies governing protections for historic, archaeological and cultural sites, and plant and animal species and habitats, as well as developments in the implementation and enforcement of such laws, regulations and policies;
- discovery of conditions that may be attributable to historical chemical releases, including any necessary investigation and remediation, and any associated enforcement, litigation or regulatory oversight;
- decisions by the PUC in rate cases and other proceedings (including the risks of delays in the timing of decisions, adverse changes in final decisions from interim decisions and the disallowance of project costs as a result of adverse regulatory audit reports or otherwise);
- decisions by the PUC and by other agencies and courts on land use, environmental and other permitting issues (such as required corrective actions, restrictions and penalties that may arise, such as with respect to environmental conditions or RPS);
- potential enforcement actions by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and/or other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under existing or new banking and consumer protection laws and regulations or with respect to capital adequacy);
- the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;
- the risks associated with the geographic concentration of HEI's businesses and ASB's loans, ASB's concentration in a single product type (i.e., first mortgages) and ASB's significant credit relationships (i.e., concentrations of large loans and/or credit lines with certain customers);
- changes in accounting principles applicable to HEI and its subsidiaries, including the adoption of new U.S. accounting standards, the potential discontinuance of regulatory accounting and the effects of potentially required consolidation of variable interest entities (VIEs) or required capital/finance lease or on-balance-sheet operating lease accounting for PPAs with IPPs;
- changes by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and the results of financing efforts;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage-servicing assets of ASB;
- changes in ASB's loan portfolio credit profile and asset quality which may increase or decrease the required level of provision for loan losses, allowance for loan losses and charge-offs;

- changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;
- the final outcome of tax positions taken by HEI and its subsidiaries;
- the risks of suffering losses and incurring liabilities that are uninsured (e.g., damages to the Utilities' transmission and distribution system and losses from business interruption) or underinsured (e.g., losses not covered as a result of insurance deductibles or other exclusions or exceeding policy limits);
- the ability of the Company's non-regulated subsidiary, Pacific Current, LLC, to achieve its performance and growth objectives, which in turn could affect its ability to service its non-recourse debt;
- the Company's reliance on third parties and the risk of their non-performance; and
- other risks or uncertainties described elsewhere in this report and in other reports (e.g., "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K) previously and subsequently filed by HEI and/or Hawaiian Electric with the Securities and Exchange Commission (SEC).

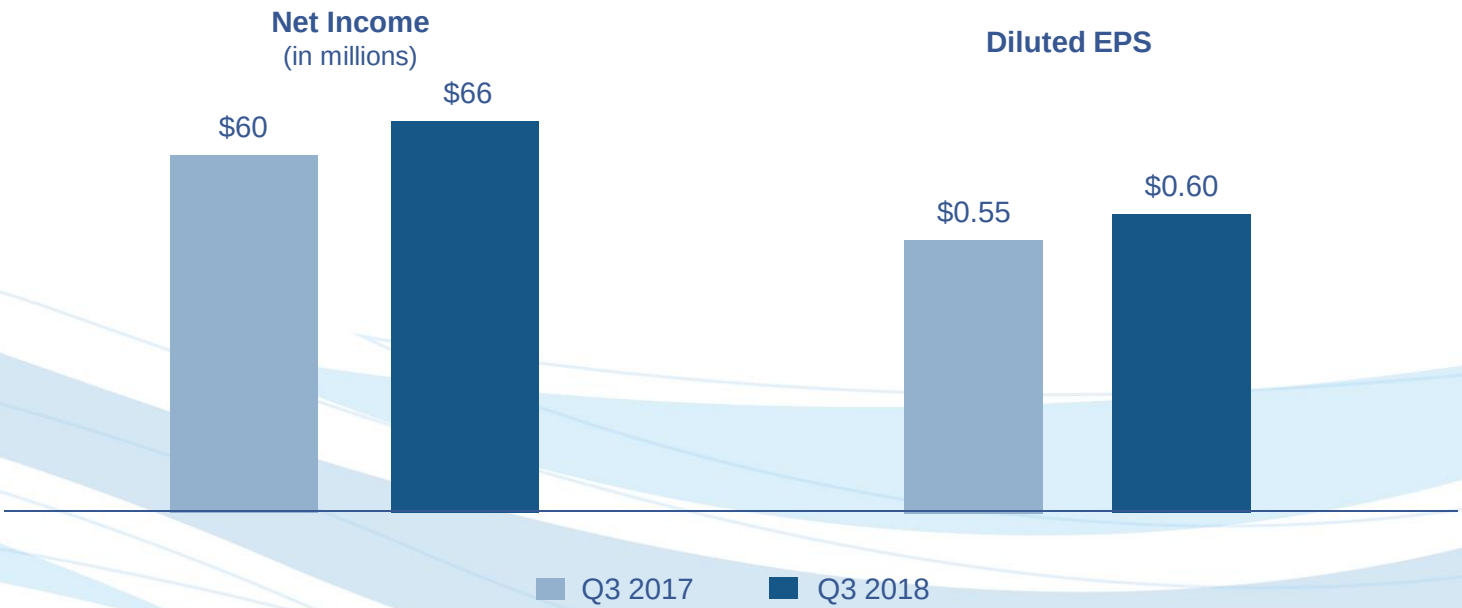
Forward-looking statements speak only as of the date of the presentation or filing in which they are made. Except to the extent required by the federal securities laws, HEI, Hawaiian Electric, ASB, Pacific Current and their subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether written or oral and whether as a result of new information, future events or otherwise.

Hawaiian Electric Industries, Inc.
Third Quarter 2018 Financial Results and Outlook
November 7, 2018

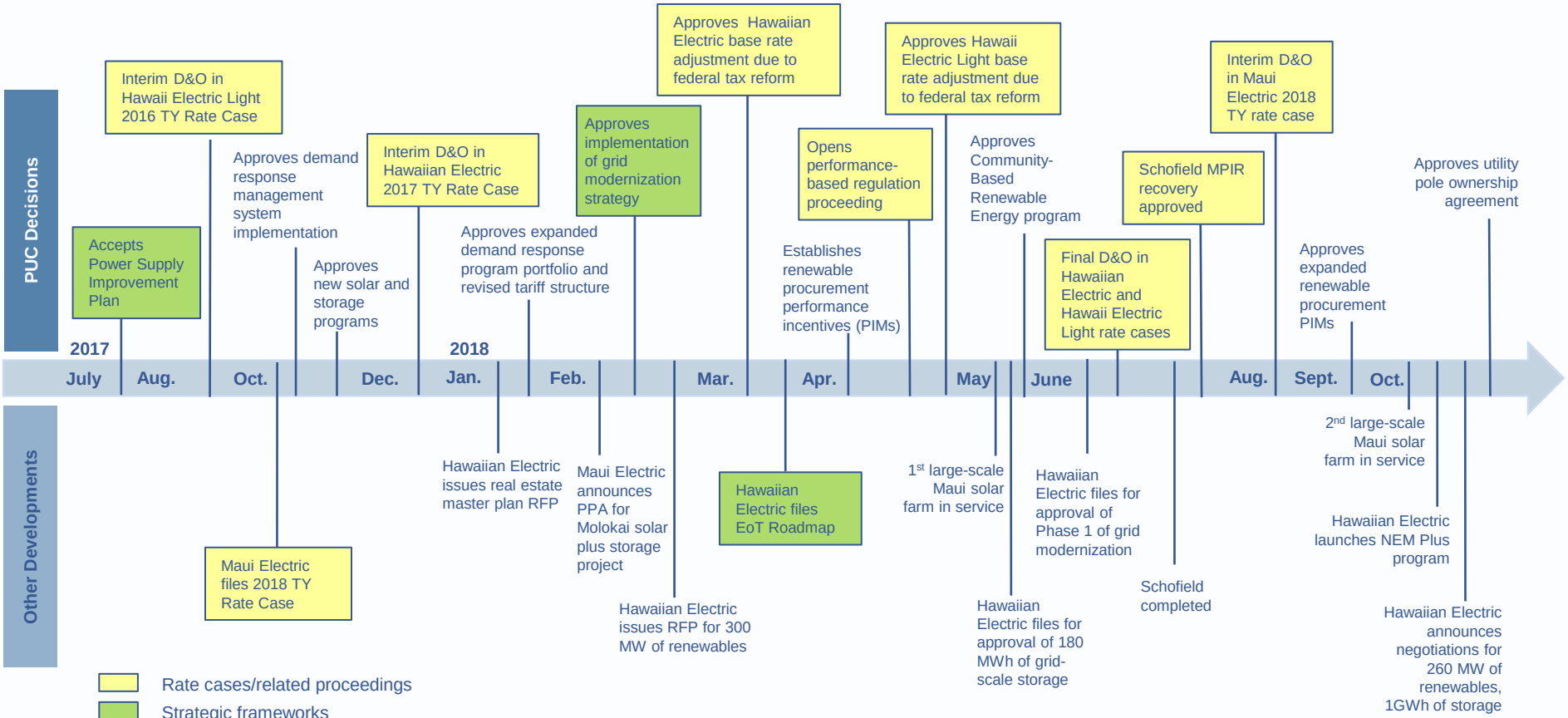


3Q 2018 consolidated earnings results

- Solid consolidated earnings growth



Renewable energy and grid transformations advancing quickly with core frameworks in place



Progress on other key utility initiatives

Hawaiian Electric Highlights

- **Implementing initiatives to increase efficiency and provide more customer benefits**
  - Pole ownership agreement to provide greater efficiency and new revenue and technology opportunities
  - Enterprise Resource Planning system went live in October
- **New base rates at all three utilities in resumption of triennial rate cases; still working on timing**
- **Performance-based ratemaking docket continues to proceed**
  - Potential to evolve framework to include incentives for both services and prudent capital investment
- **Collective bargaining agreement extended through 2021**
- **Strong performance in storm, lava response**

Bank performing well; Pacific Current President appointed

American Savings Bank Highlights

- Continued strong financial performance
- Expanding net interest margin, improving operational efficiency and positive tax reform impact
- Focus on making banking easy, deepening customer relationships
- New campus provides more opportunities to deliver high performance for customers and shareholders

Pacific Current Highlights

- Strong leadership with broad, relevant experience
- Focused on sustainable infrastructure investment to advance Hawaii's goals
- Hamakua Energy cash flow continues to support start-up costs

Hawaii economy continues to grow

Tourism

Year-over-year change	September 2018	YTD 2018
Arrivals	+3.5%	+6.5%
Expenditures	+6.4%	+9.8%

Unemployment

- September 2018 – Hawaii: 2.2%; U.S.: 3.7%

Real Estate

- YTD September 2018 Oahu sales volume vs PY:
  - Single family homes, down 3.7%
  - Condominiums, down 0.1%
- YTD September 2018 Oahu median sales prices vs PY:
  - Single family homes: $789,000, up 4.2%
  - Condominiums: $429,500, up 5.5%

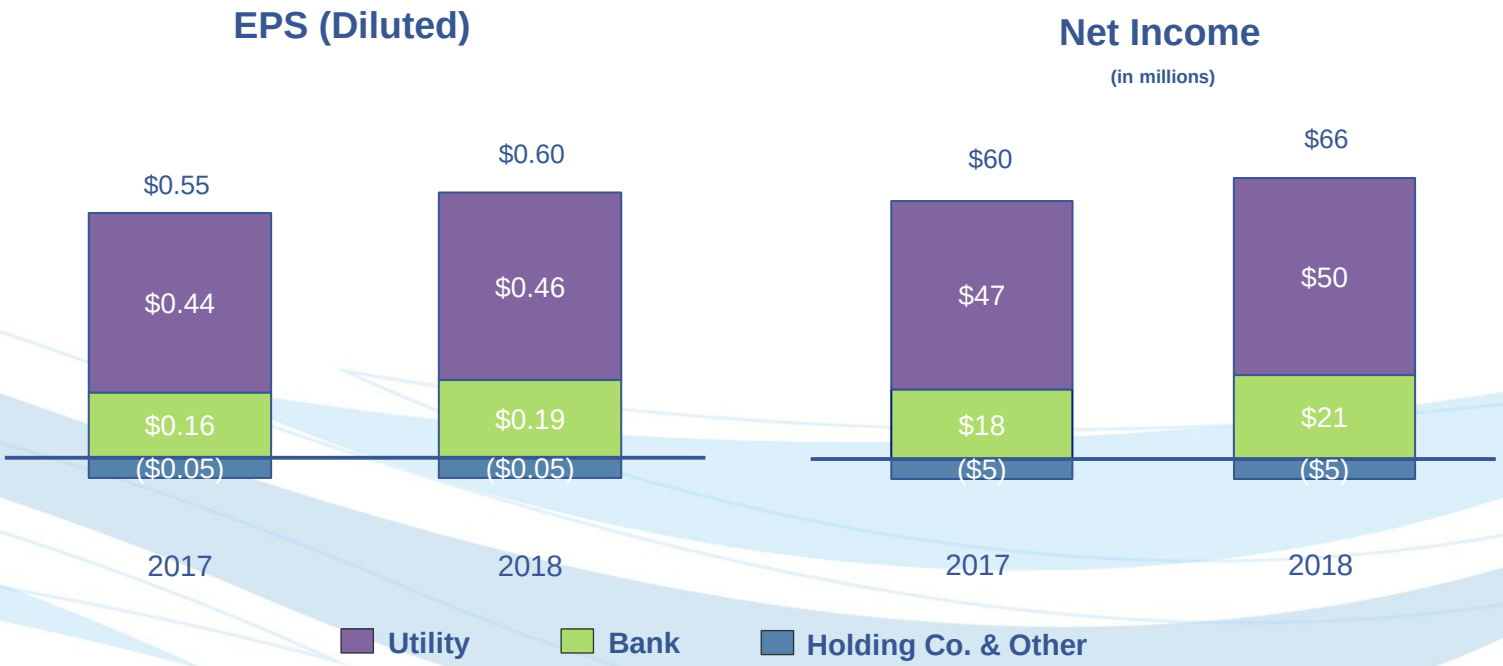
Real State GDP

- Expected to increase 1.8% in 2018

Sources: Department of Business, Economic Development and Tourism, Hawaii Tourism Authority, U.S. Bureau of Labor Statistics, Hawaii State Department of Labor and Industrial Relations, Title Guaranty Hawaii. 2018 real state GDP estimate from University of Hawaii Economic Research Organization (UHERO) September 21, 2018 report.

Q3 2018 earnings by segment

- Solid quarterly performance across enterprise



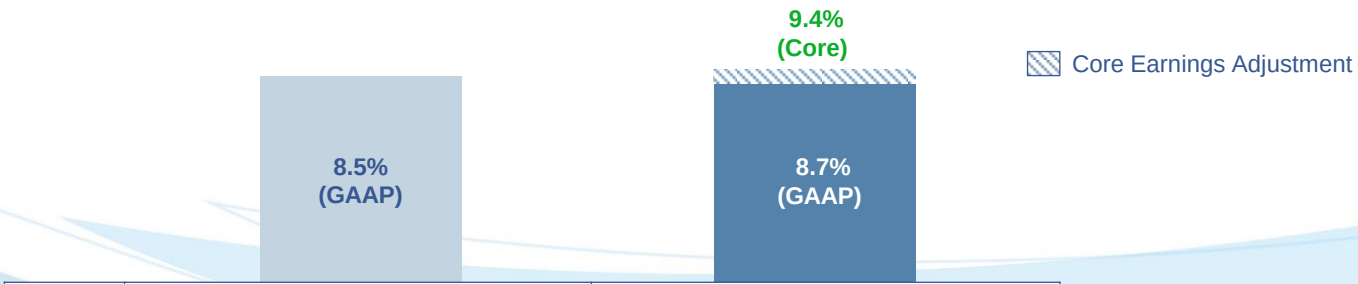
Note: Columns may not foot due to rounding

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HEI LTM ROE strengthening with utility resumption of triennial rate cases

- Continued bank ROE expansion due to tax reform and net interest income growth
- GAAP LTM 9/30/18 ROE includes 4Q17 tax reform impact

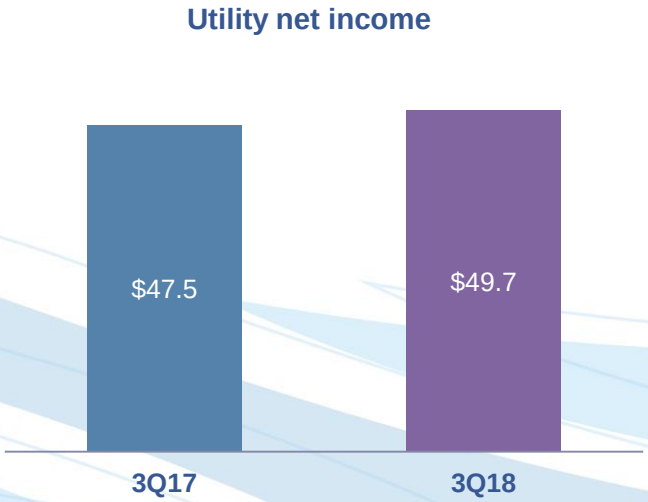
Consolidated HEI ROE
Twelve Months Ended September 30



	2017	2018
Utility	GAAP 7.2% / **Core 7.2%**	GAAP 7.2% / **Core 7.7%**
Bank	11.2%	12.7%

See the reconciliation of GAAP to Non-GAAP (Core) measures in this presentation.
Note: All ROEs calculated using net income divided by average GAAP common equity, simple average method

3Q18 utility financial highlights ($ in millions)

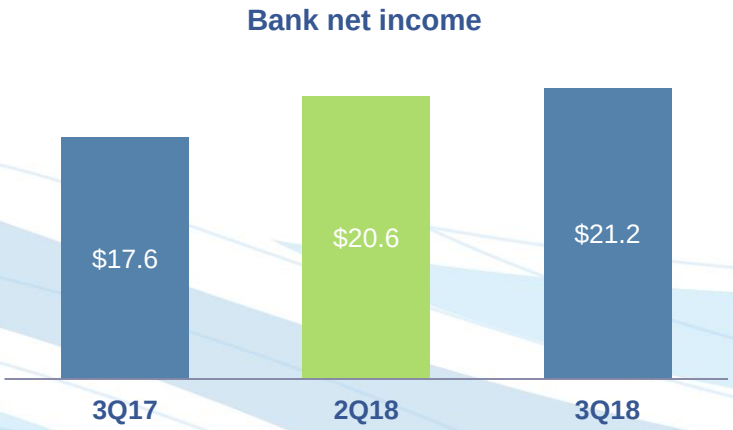


Key utility earnings drivers, after-tax fav/(unfav)	3Q18 vs 3Q17
Rate relief for Hawaiian Electric, Hawaii Electric Light and Maui Electric RAM and MPIR revenues	8 4
Operation & maintenance, excluding net income neutral items	(11)
Depreciation	(2)
Interest expense, net	(1)
AFUDC	(2)
Tax adjustments, net	5
Other	1

Note: Columns may not foot due to rounding

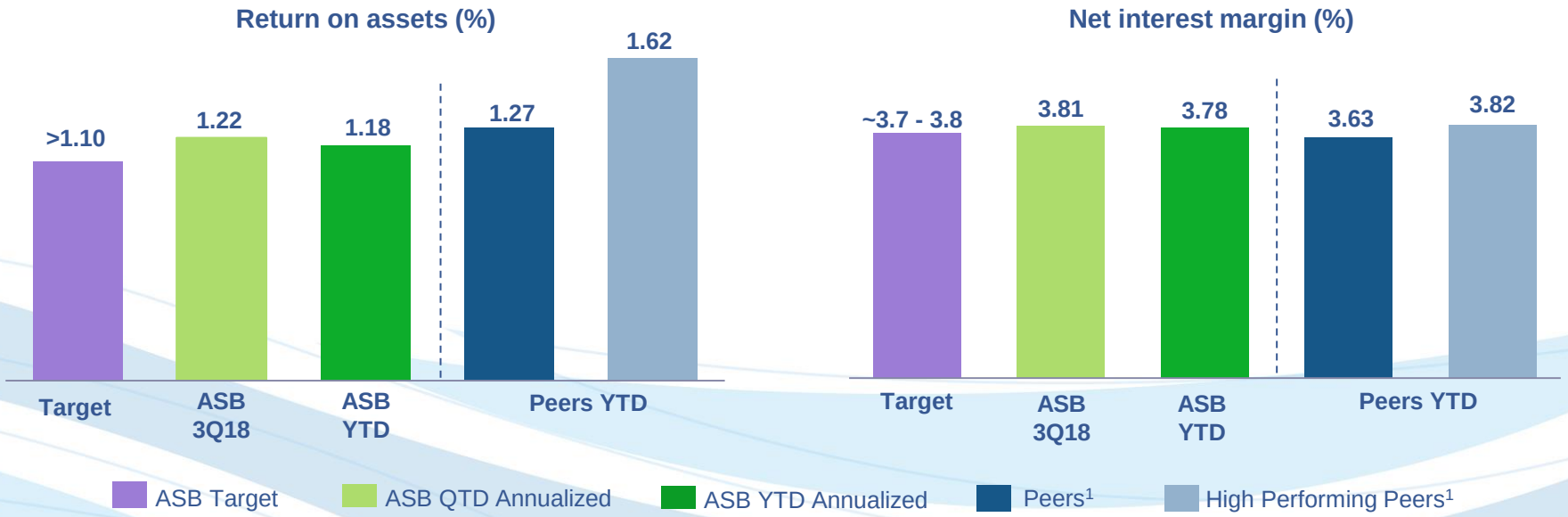
Strong bank financial results ($ in millions)

- Third consecutive quarter of strong bank net income growth



Key bank earnings drivers, after-tax fav/(unfav)	3Q18 vs 2Q18	3Q18 vs 3Q17
Net interest income	1	4
Provision for loan losses	(2)	(4)
Noninterest income	1	--
Noninterest expense	--	--
Lower tax expense (primarily driven by tax reform)	--	4

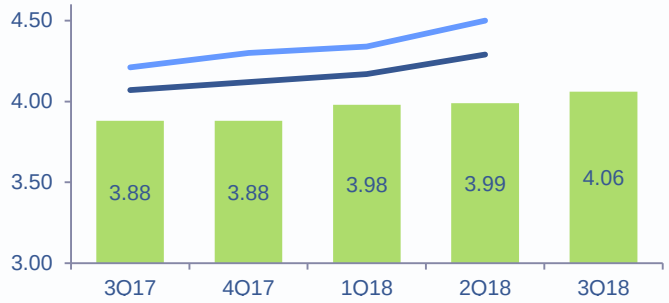
Solid bank profitability



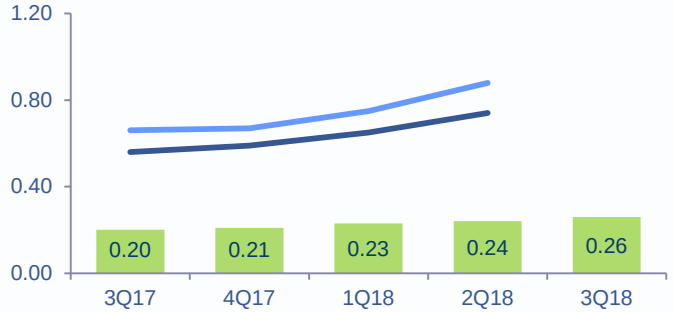
Source for peer data: SNL Financial (based upon data available as of November 5, 2018)
Note: Quarterly and YTD information are annualized
[1] See Appendix for ASB peer group information

Strong net interest margin

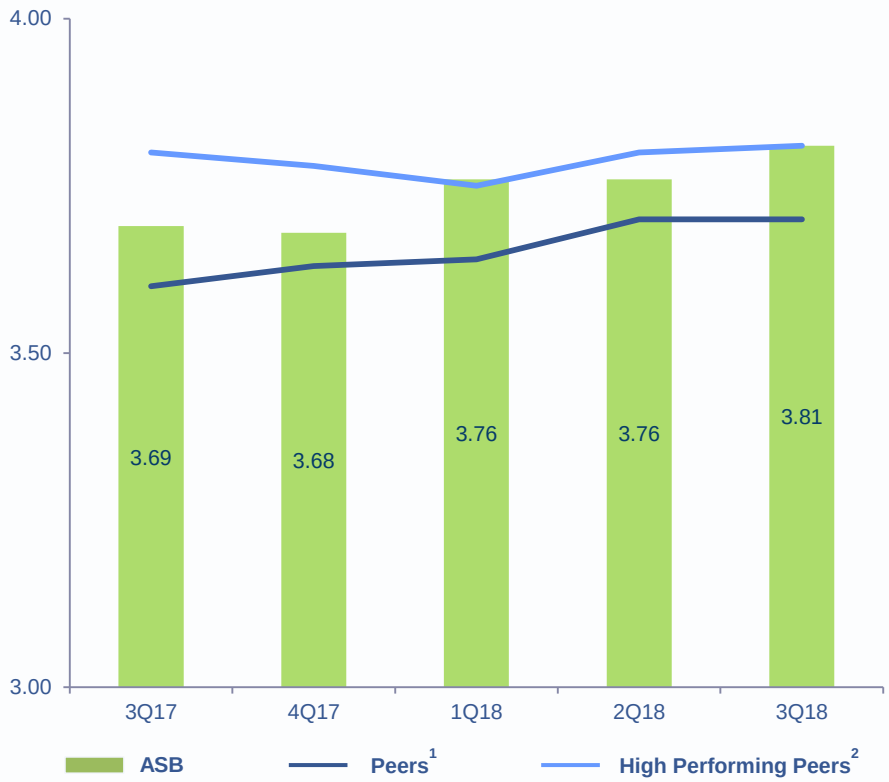
Asset Yield (%)



Cost of Funds (%)



Net Interest Margin (%)

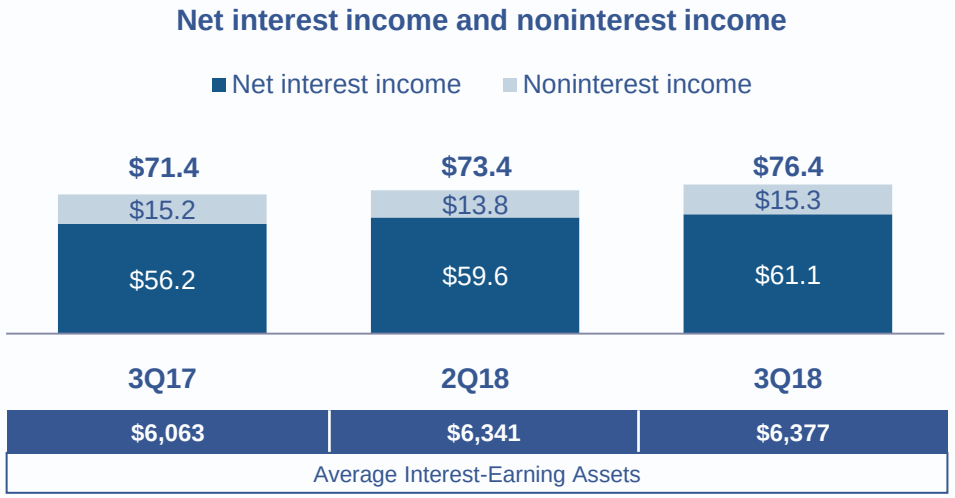


Source for peer data: SNL Financial (based upon data available as of November 5, 2018)
Asset Yield: Total interest income as a percentage of average interest-earning assets
Cost of funds: Total interest expense as a percentage of average interest-bearing and non-interest bearing liabilities
Net Interest Margin: Net interest income as a percentage of average interest-earning assets
[1] Median for peer group based on publicly traded banks and thrifts between $4B and $9B in total assets
[2] Median for peer group of 17 high performing banks

Net interest income growth ($ in millions)

- Driven by good deposit growth that funds earning asset growth
- YTD 9/30/18: 2.4% annualized loan growth, 5.4% annualized deposit growth*

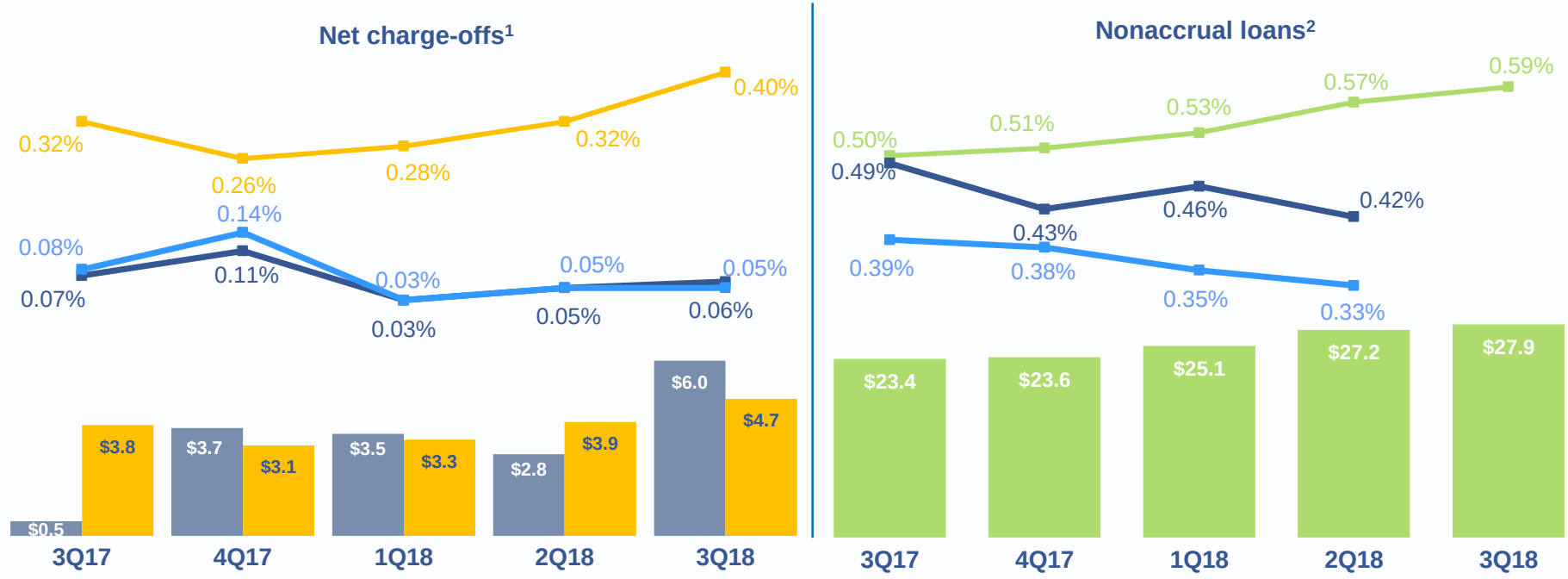




Note: Columns may not foot due to rounding

* Including approximately $100 million in repurchase agreements that were transferred into deposit accounts. Excluding such transfers, deposit growth YTD was 3.1% annualized.

Prudent credit quality management ($ in millions)



Source for peer data: SNL Financial (based upon data available as of November 5, 2018)

[1] Quarterly net charge-off ratio reflected as a percentage of average loans held during the period

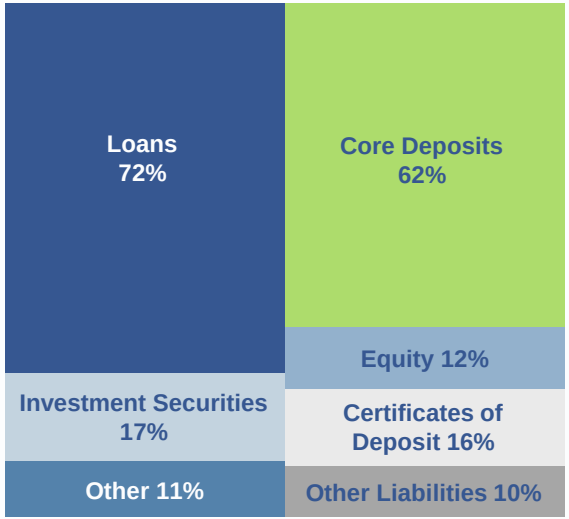
[2] Quarterly nonaccrual loans ratio reflected as a percentage of total loans

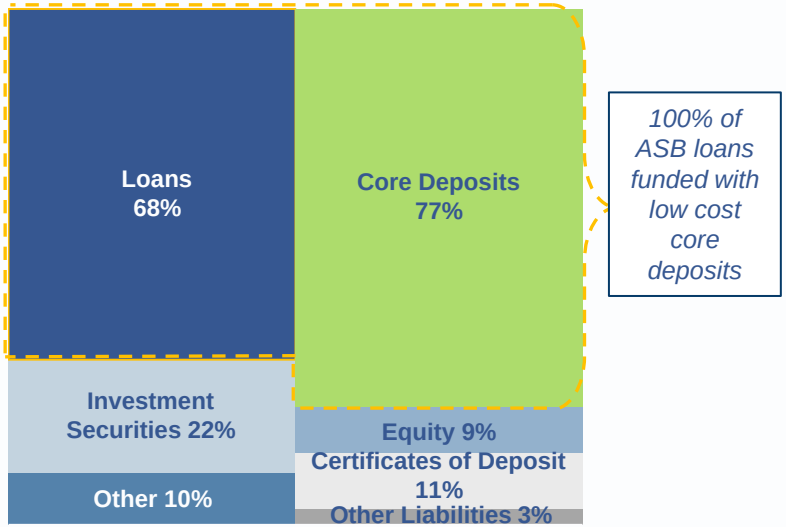
[3] See Appendix for ASB peer group information

Focused on maintaining a quality balance sheet and capital efficiency

Peer Banks[1]	
Median of average yield on earning assets	4.29%
Median of average cost of funds	0.74%

ASB[2]	
Average yield on earning assets	4.06%
Average cost of funds	0.26%





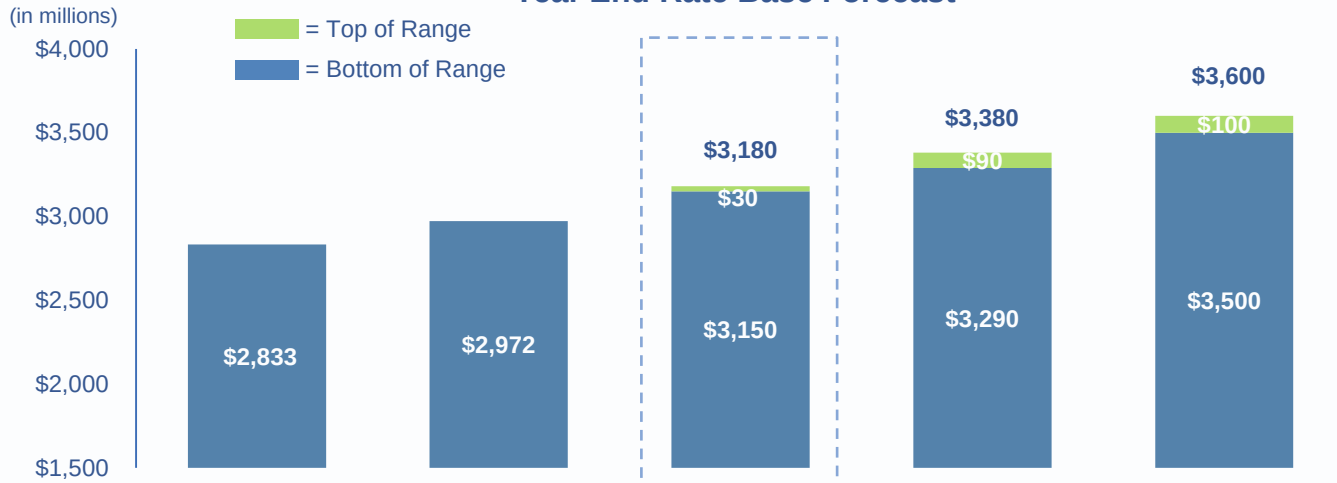
Source for peer data: SNL Financial (based on data available as of November 5, 2018)

[1] Yields for quarter ending 3/31/2018. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets

[2] Yields for quarter ending 9/30/2018

Clean and reliable energy drives capital investment strategy

Year End Rate Base Forecast



		2016	2017	2018	2019	2020
	Rate Base Growth[1]	4%	5%	6-7%	4-7%	5-8%
	RAM Plant Addition Cap			~$275	~$275	~$275
	Capex (net of CIAC)	$318	$401	$400	$400-500	$400-500
	Major Capex Projects					
[50 MW]	• Schofield [2]	$34	$83	$27		
	• ERP[2]	--	29	32		
[20 MW]	• West Loch PV[2]	--	6	38	8	
	• CIP Battery Storage[3]	--	--	3	47	54
	• West Loch Battery Storage[3]	--	--	--	37	6
	• Grid Modernization Phase 1[3]	--	--	--	$86M between 2019 and 2023	
	• Other Projects[3]	--	19	31	29	20

1 Rate base is impacted primarily by plant additions but also includes other items (i.e., unamortized contributions in aid of construction, accumulated deferred income taxes, certain regulatory assets, etc.)

2 Schofield Generating Station (Schofield) was placed into service in June 2018; Enterprise Resource Planning (ERP) system was placed into service in October 2018; West Loch PV (previously referred to as Joint Base Pearl Harbor-Hickam PV Solar Facility) forecasted to be placed into service in Q2 2019

3 Campbell Industrial Park (CIP) Battery Storage, West Loch Battery Storage, and Grid Modernization Phase 1, as well as other projects, are pending Commission approval

HEI 2018 EPS guidance (as of November 7, 2018)

HEI EPS: $1.80 - $2.00 per share

Utility EPS: $1.33 - $1.46

Key Assumptions:

- No change to decoupling or recovery mechanisms
- Schofield Generating Station investment recovery under MPIR
- No material impact from new fuel cost risk sharing mechanism
- O&M excluding pension[1]: forecasted at 5% above 2017 levels, exceeding inflationary increases primarily due to one-time items
- Fuel efficiency: similar to rate case levels, subject to changes due to demands on the system
- Rate base growth: 6-7% based on additional bonus depreciation and capex of $400 million
- Equity capitalization at approved rate case levels

Bank EPS: $0.68 - $0.74

Key Assumptions:

- Low to mid-single digit earning asset growth
- NIM: ~3.7% to 3.8%
- Provision expense: $14 million to $18 million
- ROA > 1.10%

No new equity issuances in 2018

Note: Holding company and other net loss estimated at $0.19 - $0.21.

1 Excludes operations and maintenance (O&M) expenses covered by surcharges or by third parties that are neutral to net income. Includes O&M on Schofield Generating Station pending recovery through MPIR.

Reference the cautionary note regarding forward-looking statements (FLS) accompanying this presentation which provides additional information on important factors that could cause results to differ. The company undertakes no obligation to publicly update or revise FLS, including EPS guidance, whether as a result of new information, future events, or otherwise. See also the FLS and risk factors in HEI's SEC Form 10-K for the year ended December 31, 2017 and SEC Form 10-Q for the quarter ended September 30, 2018.

Summary

- **Focused on enterprise-wide mission to be a catalyst for a better Hawaii**

- **Hawaiian Electric**
  - Advancing 100% renewable energy and grid modernization
  - Moving forward together with our communities, ensuring all customers have access to affordable, reliable renewable energy
  - Creating resilient, sustainable communities

- **American Savings Bank**
  - Continued strong financial performance
  - Focused on making banking easier for customers, deepening customer relationships and improving operational efficiency
  - New campus will promote efficiency, innovation and collaboration

- **Pacific Current**
  - Strong leadership with broad, relevant experience
  - Advancing Hawaii's environmental and economic goals through investments in sustainable infrastructure
  - Initial project cash flow helping fund Pacific Current start-up costs

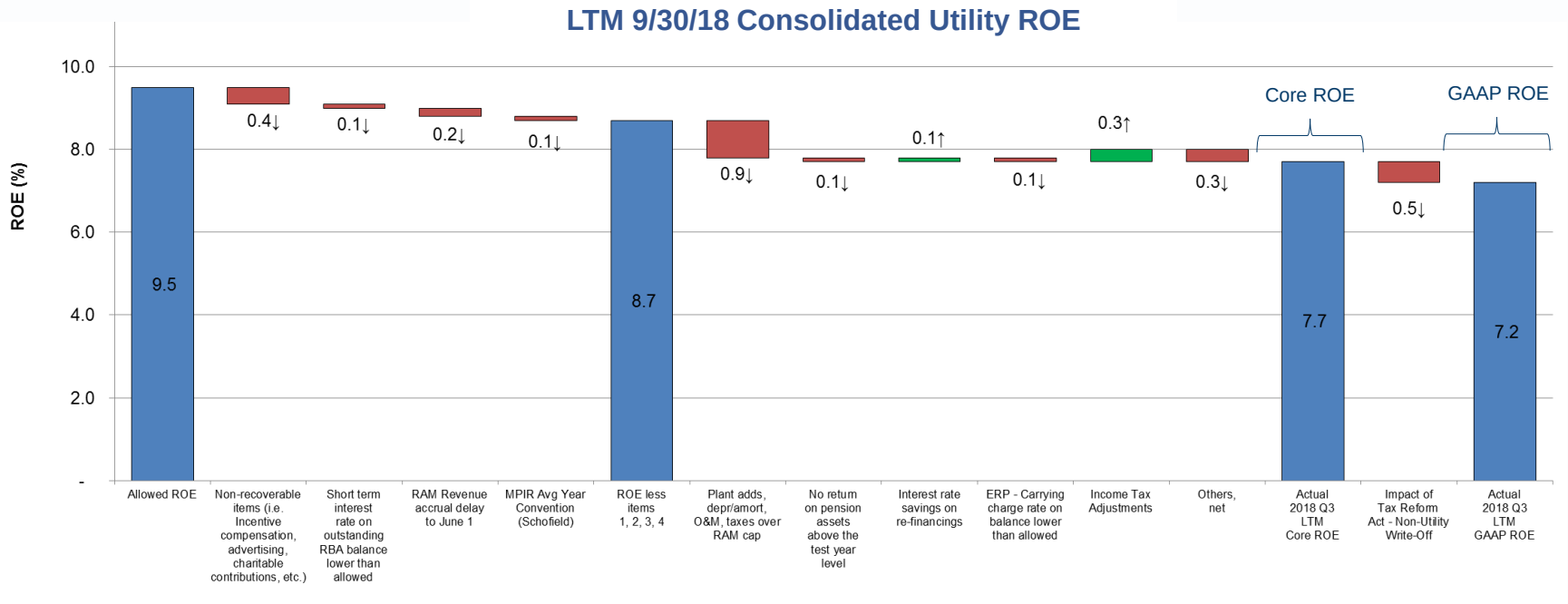
- **Consolidated business model** provides financial resources to invest in our companies and Hawaii's sustainable future, while supporting our dividend
  - Attractive dividend yield of 3.3%[1]; uninterrupted dividends since 1901

[1] As of November 6, 2018


HEI
Catalyst for a better Hawai'i

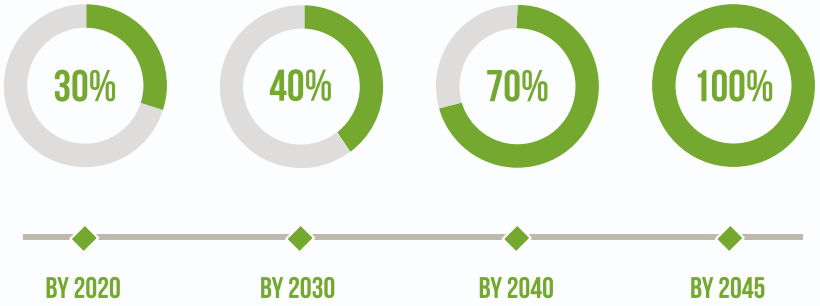
Appendices

Utility LTM ROE reflects triennial rate case transition

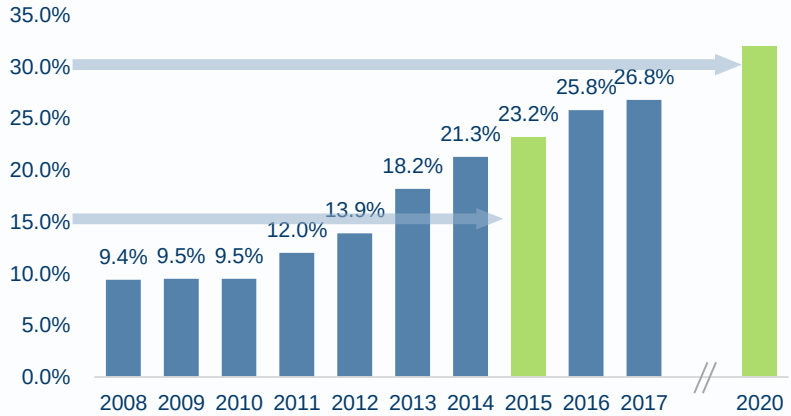


Strong progress toward Hawaii's renewable energy goals

Hawaii's 100% by 2045 RPS goal is among the most ambitious in the nation



On course to exceed 2020 target of 30%



Utility regulatory mechanisms provide financial stability during renewable transition

Mechanisms	What they do
Sales decoupling	Provides predictable revenue stream by fixing net revenues at level approved in last rate case (revenues not linked to kWh sales)
Revenue adjustment mechanism (RAM)	Annually adjusts revenue to recover general “inflation” of operations and maintenance expenses and plant additions between rate cases, subject to a RAM Cap
Major Projects Interim Recovery adjustment mechanism (MPIR)	Permits recovery through the RBA of costs (net of benefits) for major capital projects, outside of RAM Cap, including projects to advance transformational efforts
Energy cost and purchased power recovery/adjustment clauses	Allow recovery of fuel and purchased power costs
Pension and post-employment benefit trackers	Allow tracking of pension and post-employment benefit costs and contributions above or below the cost included in rates in a separate regulatory asset/liability account
Renewable energy infrastructure program	Permits recovery of renewable energy infrastructure projects through a surcharge

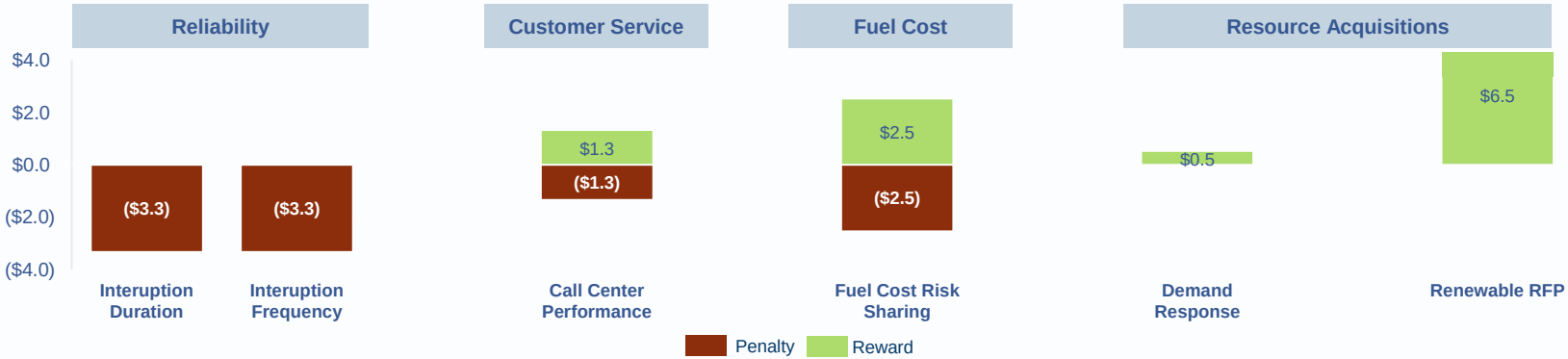
Performance-based regulation (PBR) proceeding

Hawaii PUC Docket No. 2018-0088 (opened 4/18/18)

- Aspects of traditional PBR already in effect include decoupling, 3-year rate case cycle, performance incentives relating to reliability, customer service, demand response and renewable energy procurement
- Commission objectives include: Enhance alignment between utility and customer interests, greater cost control and reduced rate volatility, efficient investment and allocation of resources regardless of classification as capital or operating expense, fair distribution of risks between utilities and customers
- Docket to proceed in two phases:
  - Phase 1 (~ 9 months): Examine regulatory framework, identify areas of performance for further focus/performance incentive mechanisms
  - Phase 2 (~12 months): PUC said that it *"…intends to work collaboratively with stakeholders to: streamline and/or refine elements of the existing regulatory framework; develop incentive mechanisms to better address specific objectives or areas of utility performance; and explore regulatory frameworks that result in more incentive-neutral utility investment decisions between capital- and service-based solutions."*
- PUC Staff Report issued 7/10/18 provided initial set of proposed regulatory goals (i.e., enhance customer experience, improve utility performance, advance societal outcomes) and preliminary set of associated outcomes
- Key dates:
  - Initial technical workshop with stakeholders held 7/23-7/24/18 followed by Goals-Outcomes Brief 8//24/18
  - Technical workshop followed by Regulatory Assessment brief September – October 2018
  - Technical workshops followed by Metrics brief – November – December 2018
  - Phase 1 PUC Staff Proposal – January 2019
  - Statements of Position – February 2019
  - Reply Statements of Position – March 2019
  - Phase 1 Decision and Order – Subsequent to Reply Statements of Position
- SB 2939 SD2 (Hawaii Ratepayer Protection Act) signed into law 4/24/18
  - Requires Commission to implement PBR by 1/1/20

Performance Incentive Mechanisms (PIMs)

Current PIMs[1]



PIMs approved by PUC in April 2017 for all three companies

- **Reliability**
  - System Average **Interruption Duration** Index, or "SAIDI"
  - System Average **Interruption Frequency** Index, or "SAIFI"
- **Customer Service Call Center Performance** (% calls answered within 30 seconds)
- Reward/penalty amounts graduated, subject to deadband
- Reward/penalty recovered/credited annually through RBA Rate Adjustment
- Reward/penalty amounts re-determined upon rate case interim or final orders

Other PIMS[2]

- **Demand Response**, established by PUC in January 2018
  - One-time incentive for timely acquisition of cost-effective DR from RFP respondents
  - Incentive up to 5% of aggregate annual contract value, capped at $500,000
- **Phase 1 Renewable RFP,** initially established by PUC in April 2018, expanded to $6.5 million in September 2018
  - For each PPA submitted for approval prior to 12/31/18, incentive is based on 80% customer/20% utility split of savings, compared to benchmark of 11.5 cents per kWh for renewable plus storage and 9.5 cents per kWh for renewable energy only projects
  - For PPAs submitted between 1/1/19 and 3/31/19, increasing portion of savings goes to customers
  - Total amount capped at $6.5 million (recoverable in two phases)
- **PUC will consider additional PIMs in pending Performance Based Regulation (PBR) docket**

1 Apply to all companies, except for fuel cost sharing, which currently applies to Oahu only

2 In addition to the PIMs described here, PUC has established a Heat Rate incentive mechanism designed to incentivize efficient operation of units (and penalize inefficient operation of units). PUC has also established RPS penalties of up to $20/MWh or about $2M for every 1% the company is short of the RPS requirement. The PUC has the discretion to waive, in whole or in part, any applicable penalty to the company for failure to achieve these RPS targets for events or circumstances that are outside the control of the company.

Fossil Fuel Cost Risk Sharing

Part of Hawaiian Electric 2017 Test Year Rate Case Final Decision & Order (D&O)
Hawaii PUC Docket No. 2016-0328

- As part of the Final D&O in Hawaiian Electric's 2017 rate case, the Commission established a new fossil fuel cost risk sharing mechanism to be part of the new Energy Cost Recovery Clause (which will replace existing Energy Cost Adjustment Clause)

  - Symmetrical mechanism
  - Applies to utility fossil fuel generation (not IPP generation or non-fossil fuels)
  - Variations in fossil fuel price above or below baseline price shared 98% customers / 2% utility
  - Utility annual upside / downside capped at $2.5 million

- Hawaiian Electric implementation proposal filed July 23, 2018 includes:

  - Baseline Prices: Proposed to be January fuel prices of each year for each fossil fuel type
  - Implementation Date: Proposed to be January 1, 2019

- Technical conference on mechanism implementation held in September with utility, Commission staff, Consumer Advocate and intervenor that proposed fuel cost risk sharing mechanism

Power supply improvement plan (PSIP) update

Hawaii PUC Docket No. 2014-0183 (closed)
Accepted on July 14, 2017

- Anticipates reaching 100% Renewable Portfolio Standard (RPS)[1] by 2040, 5 years ahead of mandate
- On track to meet or exceed 2020 milestone of 30%
- Plan stresses the need to stay flexible and not crowd out future technological advances
- Focus on near-term actions (2017 - 2021)
- Near-term plans to incorporate Distributed Energy Resources, Community-Based Renewable Energy, Demand Response and Energy Efficiency programs
- Includes continued growth of private rooftop solar to an estimated total of 165,000 private systems by 2030
- Includes an addition of ~360 megawatts of grid-scale solar, ~157 megawatts of grid-scale wind and ~115 megawatts from Demand Response (DR) programs
- Describes grid and generation modernization work needed to reliably integrate renewable energy resources while strengthening resilience
- In accepting the PSIP, the Commission required the utilities to file a report that details the planning approach and schedule for the next round of resource planning (i.e., Integrated Grid Planning)

1 Electrical energy generated using renewable resources as a percentage of total sales

Grid Modernization Strategy update

Hawaii PUC Docket No. 2017-0226

- In February 2018 the PUC directed the Companies to implement the grid modernization strategy with project applications to follow
- Customer and stakeholder engagement used to define grid modernization goals; engagement to continue as implementation applications developed
- Enables grid to interconnect distributed energy resources (DER) levels consistent with the accepted PSIP
- Provides customer choice through customer energy options (DER, demand response, time-of-use rates, etc.) and customer portal
- Uses new technologies to increase utilization of DER while improving reliability and resiliency of the grid
- $205 million in upgrades and enhancements to the grid over the next six years included in current capex forecast
- Applied for first phase of implementation ($86.3 million)

Electrification of Transportation (EoT) Strategic Roadmap

Hawaii PUC Docket No. 2018-0135

- Proposes role of the utility and identifies partners to increase adoption of electric vehicles (EV) and other electrification activities
- Customer and stakeholder engagement used to define and develop plans; engagement and partnership development to continue
- Initiatives include:
  - Increasing EV adoption by helping lower cost and educating consumers
  - Accelerating buildout of charging infrastructure
  - Supporting electrification of buses and other heavy equipment
  - Incentivizing charging at times that align with grid needs and save customers money
- EoT expansion:
  - Assists with integration of renewable energy to help meet state's 100% RPS goal
  - Increases Hawaii's energy security and reduces greenhouse gas emissions
  - Provides long-term value and benefits to all customers whether or not they own an EV
- Coordinated with other utility initiatives, including grid modernization, power supply improvement plan, integrated grid planning, distributed energy resources and demand response programs
- Related upcoming filings include electric bus tariff application to support early electric bus fleet conversions, network planning for minimum charging backbone infrastructure, and greater public outreach and education
- Overwhelmingly positive response reflected in public comments from residents, commercial customers, private industry and advocacy groups

Distributed Energy Resources (DER) update

Hawaii PUC Docket No. 2014-0192

- In February 2018, the Companies launched two new DER programs:
  - Smart Export: Intended for customers installing a rooftop PV system combined with a battery energy storage system. Customers may export energy between 4pm – 9am for credit, but are not credited for energy exported during daytime hours.
  - CGS+: Intended for customers installing a rooftop PV system only (no storage required). Customers can export energy to the grid during the daytime for credit, but they are required to utilize advanced equipment that allows the utility to control the system to maintain grid stability in a system emergency. The controllability function can be accomplished through a second meter installed by the Companies (“Utility Option”) or through a third-party aggregator (“Aggregator Option”).
- In October 2018, the Commission approved new NEM Plus program for existing Net Energy Metering (NEM) customers to add non-exporting systems to their current systems, and still remain NEM customers
- The Commission has suspended the Market Track of the DER proceeding. The Market Track is expected to address issues relating to rate reform, rate unbundling, cost allocation, secure data sharing, and sunsets and transitions of existing DER programs.

Maui Electric Rate Case: 2018 Test Year

Hawaii PUC Docket No. 2017-0150

	Application (10/12/17)	Adjustment for Tax Reform (2/26/18)	June 2018 Settlement Approved New Depreciation Rates	Interim D&O (8/9/18) (eff. 8/23/18)
Amount requested	$30.1M (9.3% increase over revenues at current effective rates) [1]	$21.2M (6.5% increase over revenues at current effective rates) Lower tax rate results in reduced requirements	$12.5M (3.8% increase over revenues at current effective rates)	$12.5M (3.8% increase over revenues at current effective rates)
Deprec. & amort. expenses	$24.6M	$23.9M	$29.6M	$29.6M
Return on average common equity	10.60% with mechanisms	10.60% with mechanisms	9.50% with mechanisms	9.50% with mechanisms
Common equity capitalization (%)	56.94%	56.94%	57.02%	57.02%
Return on rate base	8.05%	8.05%	7.43%	7.43%
Average rate base	$473.3M	$482.4M	$462.4M	$462.4M
GWh sales	1,047.0	1,047.0	1,073.2	1,073.2

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Adjustment Clause (ECAC): Fuel & Purchased Energy; Pension & OPEB Trackers; DSM Surcharge; Renewable Energy Infrastructure Surcharge and Purchase Power Adjustment Clause (PPAC).

1 Revenues at current effective rates include revenues based on the Final rates approved in Maui Electric Company's 2012 test year rate case and revenues from the ECAC, PPAC, the estimated RAM Revenue Adjustment for the 2018 RAM period, and the RBA and other operating revenues.

2 In Settlement Agreement, Parties settled on all issues except whether the ROE of 9.75% should be reduced by up to 25 basis points for the impact of decoupling.

3 On August 20, 2018, the Company and the Consumer Advocate notified the Commission that they reached an agreement that the rate of ROE for the Maui Electric 2018 rate case should be 9.50%

Hawaiian Electric Rate Case: 2017 Test Year

Hawaii PUC Docket No. 2016-0328

	Application (12/16/16)	Settlement (11/15/17)	Interim D&O (12/15/17 as modified)	March 2018 Settlement/ Tax Reform Act Impact (3/5/18)	Final D&O (6/22/18) (eff. 9/1/18)
Amount requested	$106.4M (6.9% increase over revenues at current effective rates) [1]	Approximately $53.7M (at 9.5% ROE)-$58.8M (at 9.75% ROE) (3.5%-3.8% increase over revenues at current effective rates) [2]	Approximately $36.0M (at 9.5% ROE) [3] (2.3% increase over revenues at current effective rates) [4, 5]	Lower tax rate results in reduced requirements over interim D&O; Maintains 9.5% ROE [6]	Commission approves Parties' Stipulated Settlement Agreements filed on November 15, 2017 and March 5, 2018.
Deprec. & amort. expenses	$130.7M	$130.7M	$130.6M	$123.5M [7]	$123.5M
Return on average common equity	10.60% with mechanisms	9.5%-9.75% with mechanisms	9.5% with mechanisms	9.5% with mechanisms	9.5% with mechanisms
Common equity capitalization (%)	57.36%	57.10%	57.10%	57.10%	57.10%
Return on rate base	8.28%	7.57%-7.72%	7.57%	7.57%	7.57%
Average rate base	$2,002M	$1,990M	$1,980M	$1,993M	$1,993M
GWh sales	6,660.2	6,660.2	6,660.2	6,660.2	6,660.2

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Adjustment Clause (ECAC): Fuel & Purchased Energy; Pension & OPEB Trackers; DSM Surcharge; Renewable Energy Infrastructure Surcharge and Purchase Power Adjustment Clause (PPAC).

1 Revenues at current effective rates include revenues based on the Final rates approved in Hawaiian Electric Company's 2011 test year rate case and revenues from the ECAC, PPAC, the estimated RAM Revenue Adjustment for the 2017 RAM period, and the RBA and other operating revenues.

2 In Settlement Agreement, Parties settled on all issues except whether the ROE of 9.75% should be reduced by up to 25 basis points for the impact of decoupling.

3 Interim D&O made 3 adjustments from the Settlement Letter filed by Hawaiian Electric and Consumer Advocate: (i) $6M reduction for customer benefit, (ii) $5M revenue reduction pending further examination of baseline plant additions and (iii) $5 million related to pension contributions in excess of pension expenses. PUC approved company's partial motion for reconsideration to ensure same customer benefits without requiring write off of pension regulatory asset.

4 Hawaiian Electric proposed interim revenue increase of $36.0M (adjusted downward from $38.4M interim) reflects the adjustment to remove the impact of the modifications to the ECAC and aligns with the change in total annual target revenues.

5 Interim rate increase became effective February 16, 2018.

6 In March 2018 Settlement, Parties resolved all issues included in the Amended Statement of Issues set by the Commission, except for the modifications to the ECAC. The settled issues include an ROE of 9.5% and the expedited recognition of Tax Reform Act benefits in addition to the items listed in Note 3 above. The Commission approved the March 2018 Settlement (results in -$0.6 million in revenues), cancelled the evidentiary hearing scheduled in the proceeding. Hawaiian Electric filed its updated tariffs March 16, 2018. PUC approved rates, effective April 13, 2018.

7 Assumes bonus depreciation beginning 4Q17 pending clarification from the Internal Revenue Service and/or Congress.

Hawaii Electric Light Rate Case: 2016 Test Year

Hawaii PUC Docket No. 2015-0170

	Application (9/19/16)	Settlement (7/11/17)	Interim D&O (eff. 8/31/17)	Adjustment to Interim Increase (eff 5/1/18)	Final D&O (6/29/18) (eff. 10/1/18)
Amount requested	$19.3M (6.5% increase over revenues at current effective rates) [1]	Approximately $9.9M (at 9.5% ROE)-$11.1M (at 9.75% ROE)[2] (3.4%-3.8% increase over revenues at current effective rates)	Approximately $9.9M (at 9.5% ROE)[3] (3.4% increase over revenues at current effective rates)	Lower tax rate results in reduced requirements over interim D&O; Maintains 9.5% ROE[4]	Commission approves Adjustment to Interim Increase as adjusted final revenue requirement
Deprec. & amort. expenses	$37.8M	$37.8M	$37.8M	$37.7M	$37.7M
Return on average common equity	10.60% with mechanisms	9.5%-9.75% With mechanisms	9.5% With mechanisms	9.5% With mechanisms	9.5% With mechanisms
Common equity capitalization (%)	57.12%	56.69%	56.69%	56.69%	56.69%
Return on rate base	8.44%	7.80%-7.94%	7.80%	7.80%	7.80%
Average rate base	$478.8M	$482.1M	$482.1M	$481.3M	$481.3M
GWh sales	1,040.7	1,040.7	1,040.7	1,040.7	1,040.7

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Adjustment Clause (ECAC): Fuel & Purchased Energy; Pension & OPEB Trackers; DSM Surcharge; Renewable Energy Infrastructure Surcharge and Purchase Power Adjustment Clause (PPAC).

1 Revenues at current effective rates include revenues based on the Final rates approved in Hawaii Electric Light's 2010 test year rate case and revenues from the ECAC, PPAC, the RAM Revenue Adjustment for the 2016 RAM period, and the RBA and other operating revenues.

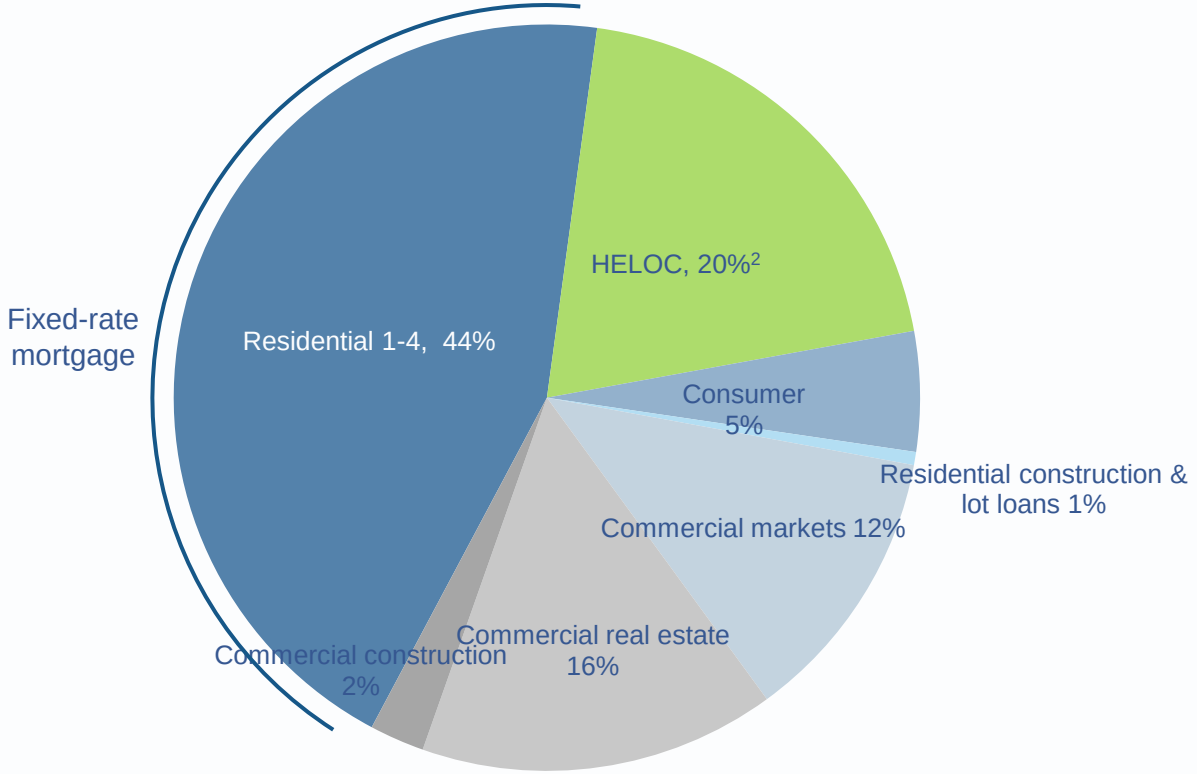
2 In Settlement Agreement, Parties settled on all issues except whether the ROE of 9.75% should be reduced by up to 25 basis points for the impact of decoupling.

3 Interim rate increase became effective on August 31, 2017. Parties filed separate opening and reply briefs on September 20, 2017 and October 5, 2017, respectively.

4 On April 24, 2018, the PUC issued an order approving the Company's Motion to Adjust Interim Increase for tax reform.

Low-risk loan mix

Total loans at 9/30/18 - $4.8B[1]



[1] Before deferred fees, discounts and allowance for loan losses

[2] Borrowers have a "Fixed Rate Loan Option" to convert a part of their available line of credit into a 5, 7, or 10-year fully amortizing fixed rate loan with level principal and interest payments. As of September 30, 2018, approximately 22% or ~$207 million of the portfolio balances were amortizing loans under the Fixed Rate Loan Option

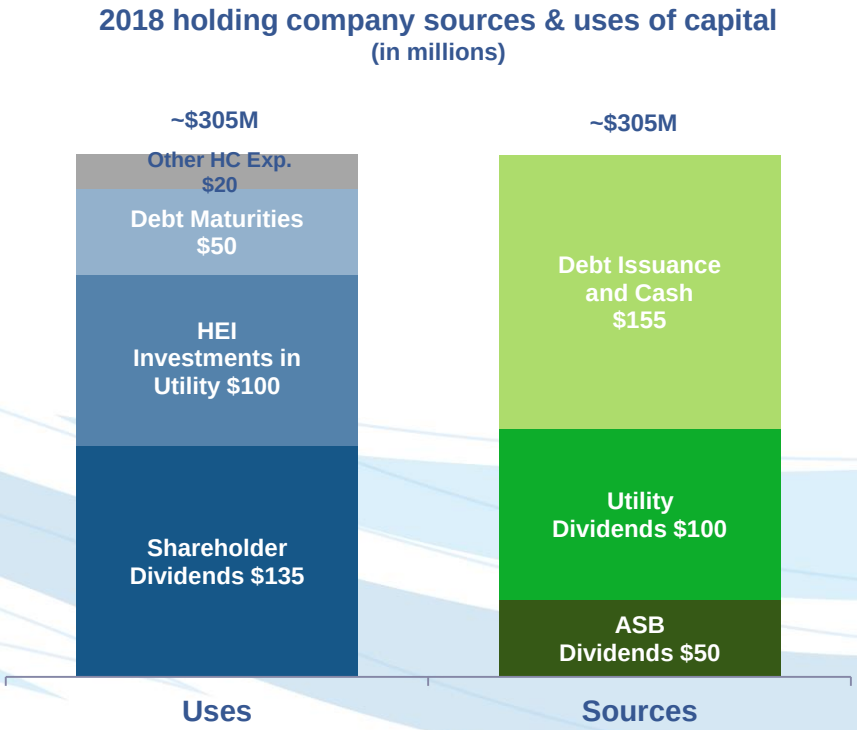
ASB peer group – 2018

*	1st Source Corp.	SRCE
	Ameris Bancorp	ABCB
*	BancFirst Corp.	BANF
	Bancorp Inc	TBBK
	Beneficial Bancorp Inc	BNCL
*	BofI Holding Inc.	BOFI
	Brookline Bancorp Inc.	BRKL
	Cadence Bancorp.	CADE
	Carter Bank & Trust	CARE
	CenterState Bank Corp.	CSFL
	Central Pacific Financial Corp	CPF
	Century Bancorp Inc.	CNBK.A
	ConnectOne Bancorp, Inc.	CNOB
*	CVB Financial Corp.	CVBF
	Dime Community Bancshares Inc.	DCOM
*	Eagle Bancorp Inc	EGBN
*	Enterprise Financial Services	EFSC
	F&M Bank of Long Beach	FMBL
*	FB Financial Corp.	FBK
	Fidelity Southern Corp.	LION
	First Bancorp	FBNC
	First Busey Corp.	BUSE
	First Commonwealth Financial	FCF
	First Financial Bancorp.	FFBC
*	First Financial Bankshares	FFIN
*	First Merchants Corp.	FRME
	Flushing Financial Corp.	FFIC
*	Great Southern Bancorp Inc.	GSBC
*	Hanmi Financial Corp.	HAFC
	Heartland Financial USA Inc.	HTLF
	HomeStreet Inc.	HMST
	Independent Bank Corp.	INDB
	Independent Bk Group Inc.	IBTX
	Kearny Financial Corp.	KRNY
	Lakeland Bancorp	LBAI
*	Lakeland Financial Corp.	LKFN
*	LegacyTexas Finl Group Inc	LTXB
*	Luther Burbank Corp.	LBC
	Mechanics Bank	MCHB
	Meridian Bancorp Inc.	EBSB
	Midland States Bancorp Inc.	MSBI
	National Bank Holdings Corp.	NBHC
	NBT Bancorp Inc.	NBTB
	OceanFirst Financial Corp.	OCFC
	OFG Bancorp	OFG
	Opus Bank	OPB
	Pacific Premier Bancorp	PPBI
*	Park National Corp.	PRK
	Renasant Corp.	RNST
	Republic Bancorp Inc.	RBCA.A
	S&T Bancorp Inc.	STBA
	Sandy Spring Bancorp Inc.	SASR
	Seacoast Banking Corp. of FL	SBCF
*	ServisFirst Bancshares Inc.	SFBS
	Southside Bancshares Inc.	SBSI
	State Bank Finl Corp.	STBZ
	Tompkins Financial Corporation	TMP
	TowneBank	TOWN
	TriCo Bancshares	TCBK
	TrustCo Bank Corp NY	TRST
	United Financial Bancorp	UBNK
	W.T.B. Financial Corp.	WTBF.B
*	Washington Trust Bancorp Inc.	WASH
	Westamerica Bancorp.	WABC
	WSFS Financial Corp.	WSFS

Note: Based on publicly traded banks, savings and thrifts in the U.S. that have a total average assets between $4 billion and $9 billion for the years 2015-2017 (based upon data available in SNL as of April 18, 2018). Any institution whose business is not directly comparable with ASB or did not have data present for all 3 years were excluded. The peer group is updated annually and banks that no longer report as a separate entity (e.g. mergers, acquisitions, failed banks, etc.) are not included in the median calculations from the time of the transaction or failure.

** Subset of 17 banks representing ASB's high performing peer group, based on a 3-year average return on average assets rank equal or above the 75th percentile.

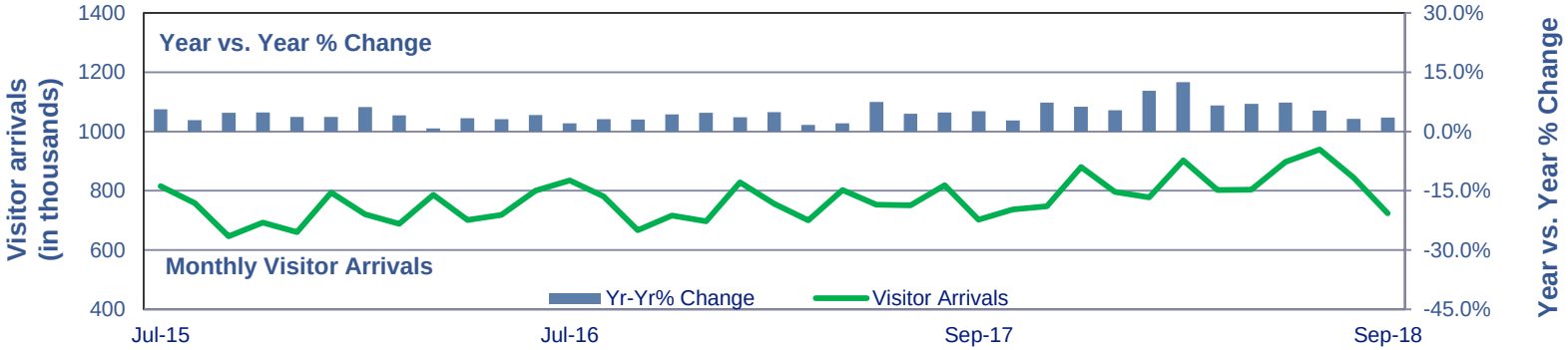
HEI financing outlook 2018*

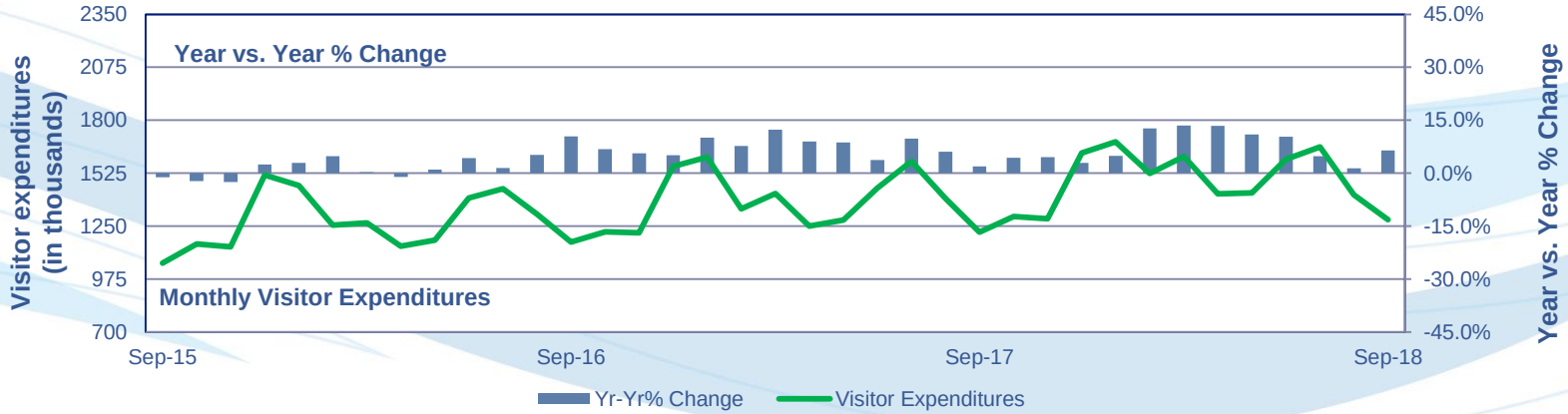


- Intend to maintain a consolidated investment grade profile
- No new equity required

* Based on October 2018 forecast.

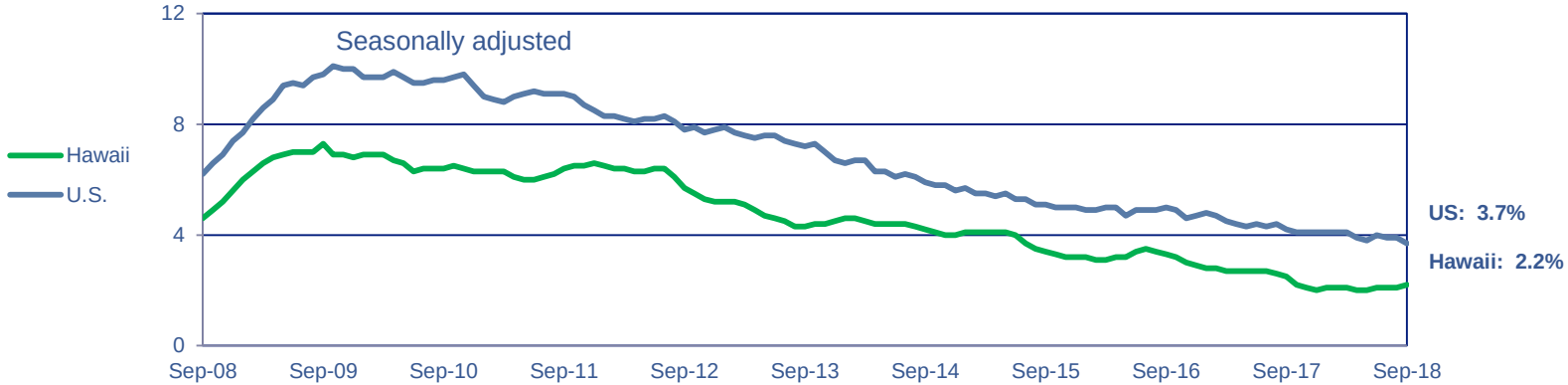
September 2018 Hawaii visitor arrivals up 3.5% and visitor expenditures up 6.4%

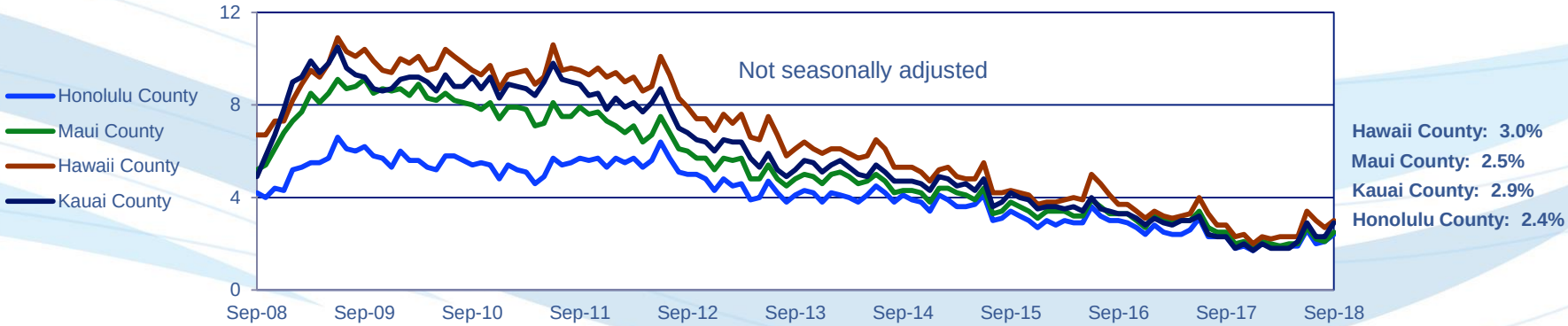




Source: State of Hawaii Department of Business, Economic Development and Tourism

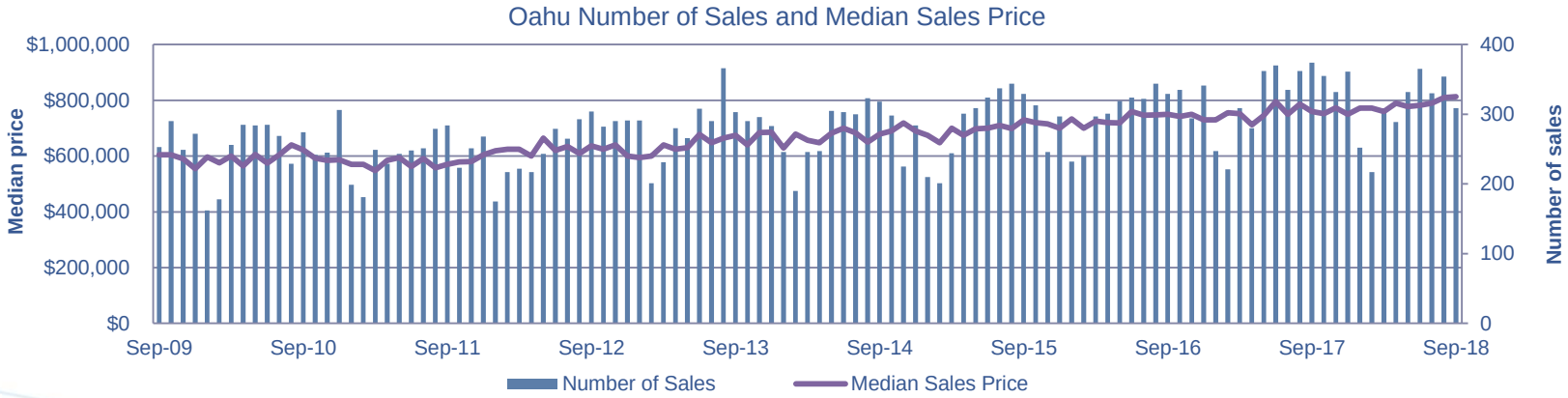
Hawaii unemployment rate remains low at 2.2%

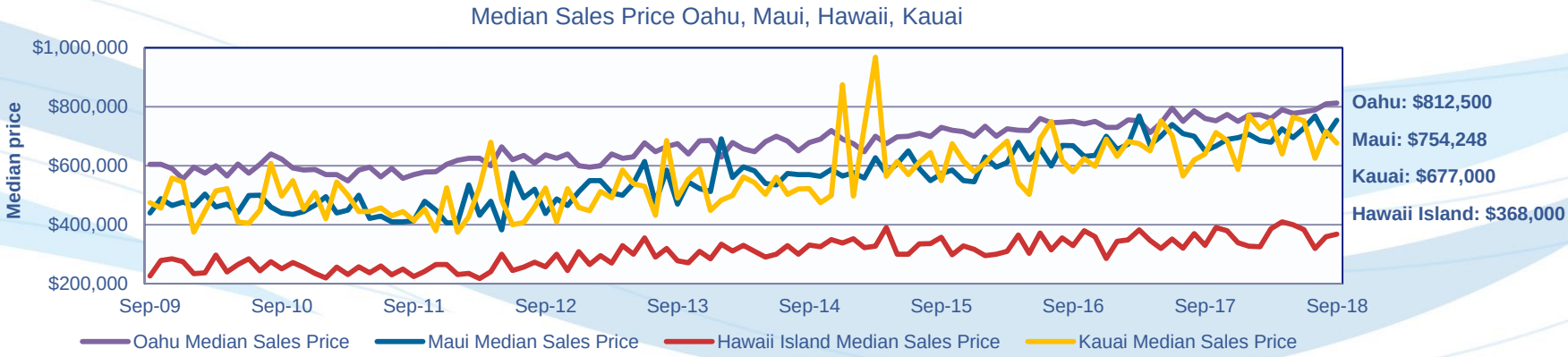




Source: U.S. Bureau of Labor Statistics and the State of Hawaii Department of Labor and Industrial Relations

Hawaii real estate market remains strong





Source: Title Guaranty (2008 - current)


HEI
Catalyst for a better Hawai'i

EXPLANATION OF HEI'S USE OF CERTAIN UNAUDITED NON-GAAP MEASURES

HEI and Hawaiian Electric Company management use certain non-GAAP measures to evaluate the performance of HEI and the utility. Management believes these non-GAAP measures provide useful information and are a better indicator of the companies' core operating activities than the corresponding GAAP measures given the non-recurring nature of certain items. Non-GAAP core measures presented here may not be comparable to similarly titled measures used by other companies. The accompanying tables provide the return on average common equity (ROACE) and adjusted non-GAAP core ROACE for HEI and the utility.

The reconciling adjustments from GAAP earnings to core earnings used in the calculation of the twelve months ended September 30, 2018 ROACE exclude the impact of the federal tax reform act recorded in the fourth quarter of 2017 due to the adjustment of deferred tax balances and the $1,000 employee bonuses paid by the bank related to federal tax reform. Management does not consider these items to be representative of the company's fundamental core earnings and has shown the non-GAAP (core) ROACE in order to provide better comparability between periods.

The accompanying table also provides the calculation of utility GAAP other operation and maintenance (O&M) expense adjusted for "O&M-related net income neutral items," which are O&M expenses covered by specific surcharges or by third parties. These "O&M-related net income neutral items" are grossed-up in revenue and expense and do not impact net income.

RECONCILIATION OF GAAP[1] TO NON-GAAP MEASURES

Hawaiian Electric Industries, Inc. and Subsidiaries (HEI)

(Unaudited)

	Twelve months ended September 30	
	2018	**2017**
HEI CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	**8.7%**	**8.5%**
Based on non-GAAP (core)[2]	**9.4%**	**8.5%**

Hawaiian Electric Company, Inc. and Subsidiaries

	Twelve months ended September 30	
	2018	**2017**
HAWAIIAN ELECTRIC CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	**7.22%**	**7.16%**
Based on non-GAAP (core)[2]	**7.71%**	**7.16%**

	Three months ended September 30		Nine months ended September 30	
($ in millions)	**2018**	**2017**	**2018**	**2017**
HAWAIIAN ELECTRIC CONSOLIDATED OTHER OPERATION AND MAINTENANCE (O&M) EXPENSE				
GAAP (as reported)	**$ 113.6**	**$ 98.7**	**$ 333.8**	**$ 302.4**
Excluding other O&M-related net income neutral items[3]	0.2	0.7	0.7	2.7
Non-GAAP (Adjusted other O&M expense)	**$ 113.3**	**$ 98.0**	**$ 333.1**	**$ 299.7**

Note: Columns may not foot due to rounding

[1] Accounting principles generally accepted in the United States of America

[2] Calculated as core net income divided by average GAAP common equity

[3] Expenses covered by surcharges or by third parties recorded in revenues