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 the Federal government partial shutdown, including the impact to our customers to pay their electric bills and/or bank loans and the impact on the state of Hawaii economy; 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; conflicts or other crisis; the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; terrorist acts; 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 or budget funding, monetary policy, trade policy and tariffs, and other policy and regulation changes advanced or proposed by President Trump and his administration;
- weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the potential effects of climate change, such as more severe storms, droughts, heat waves, and rising sea levels) and wildfires, including their impact on the Company's and Utilities' operations and the economy;
- the timing, speed 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, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act;
- 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 (DG), 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) and energy cost recovery clauses (ECRC);
- 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 goals currently in place;
- the impact from the PUC's implementation of performance-based ratemaking for the Utilities pursuant to Act 005, Session Laws 2018, 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 levels and 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 used, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general IT controls;
- failure in addressing issues in the stabilization of the Enterprise Resource Planning/Enterprise Asset Management (ERP/EAM) (ERP/EAM) system implementation could adversely affect the Utilities' ability to timely and accurately report financial information and make payments to vendors and employees;
- failure to achieve cost savings consistent with the minimum $244 million in ERP/EAM project-related benefits (including $141 million in operation and maintenance (O&M) benefits) to be delivered to customers over its 12-year estimated useful life;
- 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, 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;
- downgrades by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and their impact on 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 and/or mix 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 (e.g., Item 1A. Risk Factors) and in other reports 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.

Fourth Quarter 2018 Financial Results and Outlook

February 15, 2019

Catalyst for a better Hawai'i



2018 Highlights

A year of performance across financial, operational, and environmental goals

WHAT WE ACCOMPLISHED

- ✓ Solid consolidated earnings growth on both a GAAP (+22%) and core (+12%) basis
- ✓ Consolidated GAAP ROE improvement of 160 basis points and core ROE improvement of 90 basis points over 2017, to 9.5%
- ✓ Record American Savings Bank earnings; improved Hawaiian Electric earnings despite some financial headwinds
- ✓ Hawaiian Electric delivered on key priorities of its five-year transformation plan
- ✓ American Savings Bank continued its track record of efficiency improvement and disciplined growth
- ✓ Pacific Current completed second acquisition and established leadership team
- ✓ *Based on our financial performance and prospects, our board approved a 3.2% dividend increase, from 31 cents per quarter to 32 cents per quarter*

2018 utility achievements

Delivering on transformation priorities

HAWAIIAN ELECTRIC

Cost-effective, clean energy portfolio	• **27%** of energy sales from renewable sources; **#1** in the nation for rooftop solar adoption • Led **state's largest and lowest cost renewables procurement**; filed PPAs for 262 MW of solar +~1GWh of storage
Customer experience & innovative energy solutions	• **17%** improvement in customer satisfaction since 2014 • Online tool makes it **easier for customers to interconnect rooftop solar**; reduced average approval time to less than 3 weeks • Launched Commission-approved **community based renewable energy** program, developed **Project Footprint**, and laid **foundation for more electric vehicles** in Hawaii with Electrification of Transportation (EoT) Roadmap filing and other efforts
Modern grid & technology platform	• Advanced **resilience, reliability and ability to integrate more renewables** with completion of Schofield Generating Station and filing for approval of Phase 1 of grid modernization and two utility-scale battery projects • Pole ownership agreement with Hawaiian Telcom improves asset management efficiency and enables new technology options and revenue opportunities
Stakeholder engagement	• Focused on providing **customer value** and building **smart, sustainable, resilient communities** • **Broad stakeholder input** and support for EoT Roadmap (filed with Commission) and Power Supply Improvement Plan and Grid Modernization Strategy (filed and accepted by Commission)
Regulatory transformation	• **Collaborative engagement** with stakeholders on performance-based regulation (PBR) docket • First year of operational performance incentive mechanisms (PIMs); Commission established shared savings PIM for renewable RFPs
Strengthen safety and culture	• Strengthened **cultural cohesion** across three-utility, five-island system with **One Company** organizational changes
Maintain financial strength	• Continuation of triennial rate case cycle and implementation of MPIR for Schofield contributed to **improved return on equity** • Advanced **efforts to improve O&M efficiency** with successful go-live of enterprise system, which enables One Company and other efficiency initiatives

2018 ASB and Pacific Current accomplishments

AMERICAN SAVINGS BANK

Record results, positioned for continued growth

- Achieved **record earnings**
- Disciplined approach to growth in healthy Hawaii economy helped build upon benefits of tax reform
- Strengthened efficiency ratio, achieving **59.4%** for the full year, 220 bps better than 2017 and 550 bps better than 2015
  - Focus on making banking easier for customers
  - Deploying technology to automate and improve processes
  - Streamlining physical footprint
- Completed construction of state-of-the-art **new campus**, presenting opportunities to continue driving efficiency gains

PACIFIC CURRENT

Building on solid foundation

- Made second acquisition: **5 solar + storage projects** across two islands
- **Management team** established to manage portfolio and expand the business, including through:
  - Furthering strategy development
  - Optimizing existing asset management
  - Developing opportunities with prospective partners to invest in Hawaii's sustainable future, including in water, transportation, agriculture and clean energy
  - Delivering on completion of construction of second investment

Hawaii economy remains healthy

While pace moderates, growth continues

Tourism

Year-over-year change	December 2018	2018
Arrivals	+3.4%	+5.9%
Expenditures	-3.5%	+6.8%

Unemployment

- December 2018 – Hawaii: 2.5%; U.S.: 3.9%

Real Estate

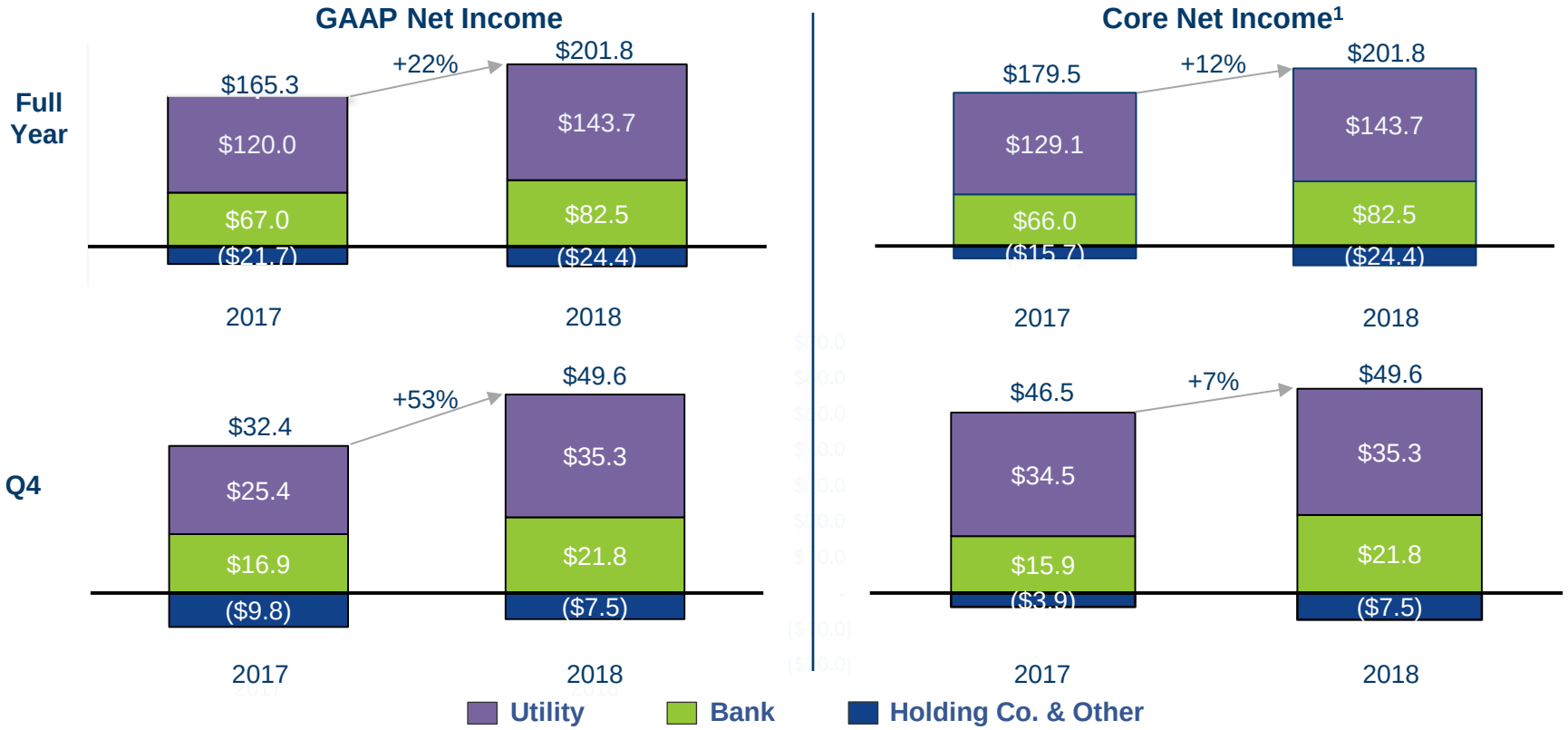
- YTD December 2018 Oahu sales volume vs PY:
  - Single family homes, down 7.7%
  - Condominiums, down 2.5%
- YTD December 2018 Oahu median sales prices vs PY:
  - Single family homes: $790,000, up 4.6%
  - Condominiums: $420,000, up 3.7%

Real State GDP

- Expected to increase 1.2% 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) December 14, 2018 report.

Net income by segment
(in millions)



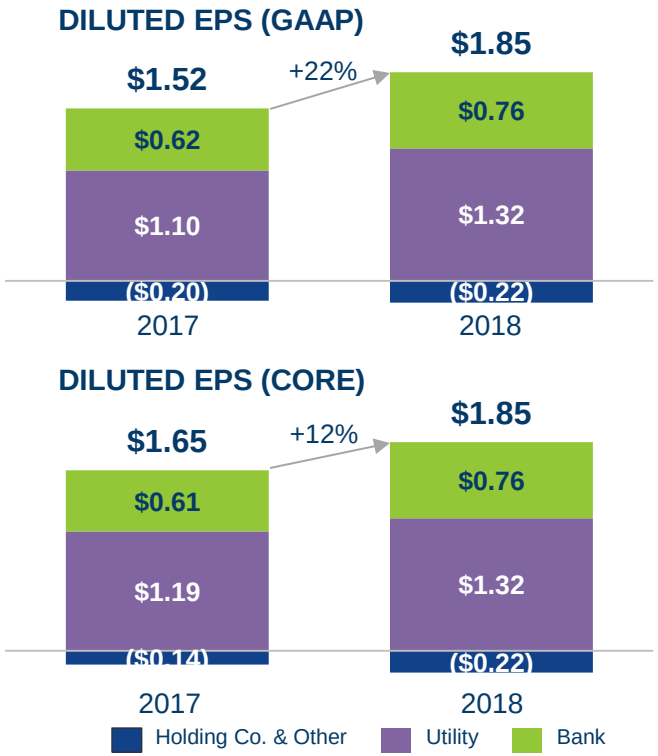
Note: Columns may not foot due to rounding
1 2017 non-core adjustments were the result of one-time impacts from federal tax reform, and totaled $14.2 million.

Sustained financial performance

22% increase in reported net income and EPS; 12% increase in core net income and EPS

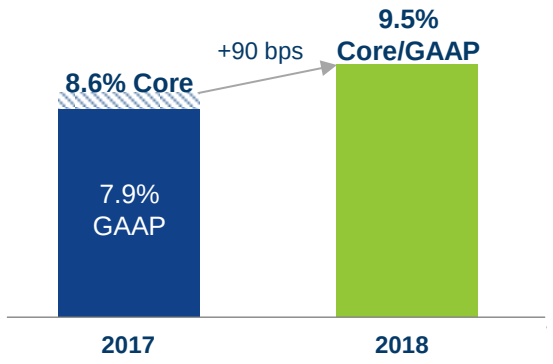
Continued bank ROE expansion

Efficient conversion of net income growth to EPS growth



CONSOLIDATED HEI ROE

Twelve Months Ended December 31



	2017	2018
Utility	GAAP 6.6% Core 7.1%	7.6%
Bank	11.3%	13.3%

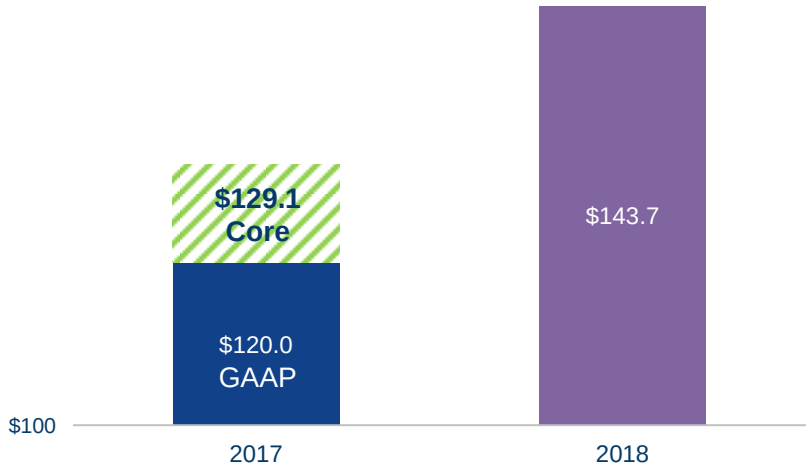
Note: Columns may not foot due to rounding

See the reconciliation of GAAP to Non-GAAP (Core) measures in appendix to this presentation

Note: All ROEs calculated using net income divided by average GAAP common equity, simple average method

2018 utility financial highlights

UTILITY NET INCOME
($ IN MILLIONS)



KEY UTILITY EARNINGS DRIVERS, AFTER-TAX FAV/(UNFAV)

	2018 vs 2017 GAAP
Rate relief for Hawaiian Electric, Hawaii Electric Light and Maui Electric	31
RAM and MPIR revenues	26
Lower 2017 net income due to one-time tax reform def. tax asset impact	9
HT pole attachment fees and interest	5
Operation & maintenance, excluding net income neutral items	(37)
Depreciation	(8)
Interest expense	(3)
Tax adjustments, net	2

Note: Columns may not foot due to rounding

Record high bank net income in 2018

Driven by higher net interest income and net positive impact of tax reform

BANK NET INCOME
($ IN MILLIONS)

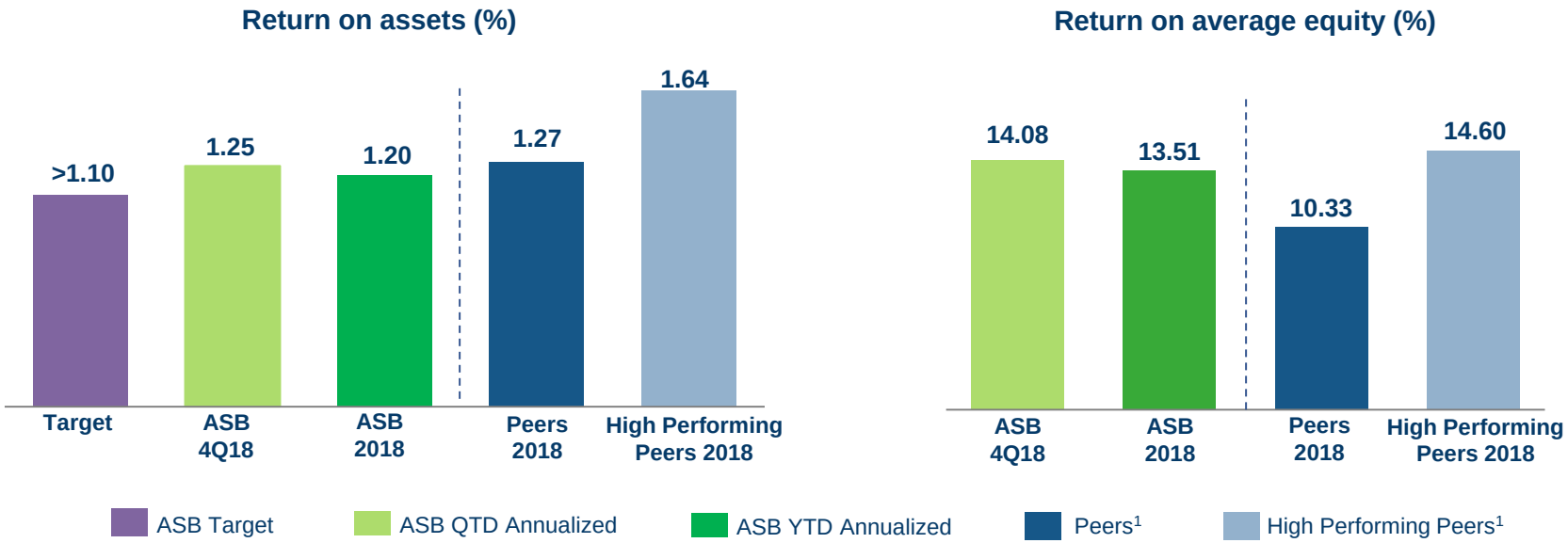


Key bank earnings drivers, after-tax fav/(unfav)	2018 vs 2017
Net interest income	14
Provision for loan losses	(3)
Noninterest income	(4)
Noninterest expense	(1)

SUMMARY OF ASB CAPITAL ADEQUACY RATIOS
(DECEMBER 31, 2018)

	Common equity tier 1	Tier 1 capital	Total capital	Tier 1 leverage
As of 12/31/18	12.80%	12.80%	13.93%	8.70%
“Well capitalized”	6.50%	8.00%	10.00%	5.00%
Minimum requirements	4.50%	6.00%	8.00%	4.00%
Basel III 2019 minimum + buffers	7.00%	8.50%	10.50%	4.00%

Solid bank profitability

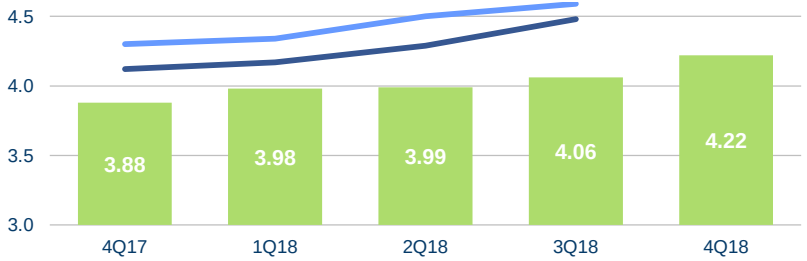


Source for peer data: SNL Financial (based upon data available as of February 14, 2019)
Note: Quarterly and YTD information are annualized
[1] See Appendix for ASB peer group information

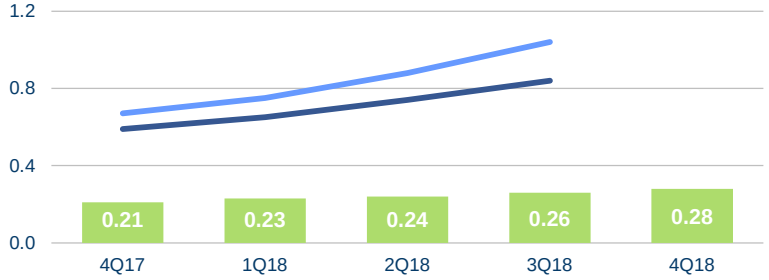
Strong net interest margin

Annual target: 3.7-3.8%

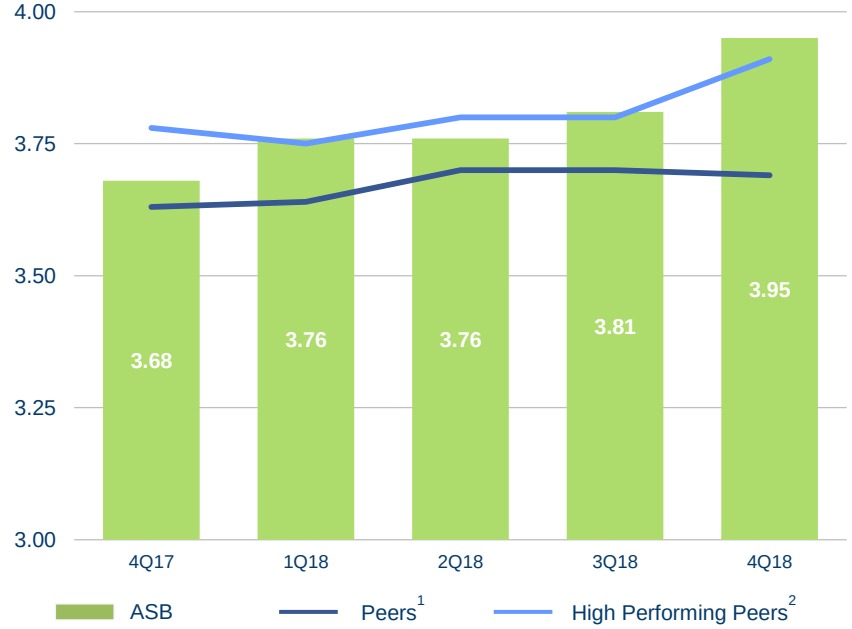
ASSET YIELD



COST OF FUNDS (%)



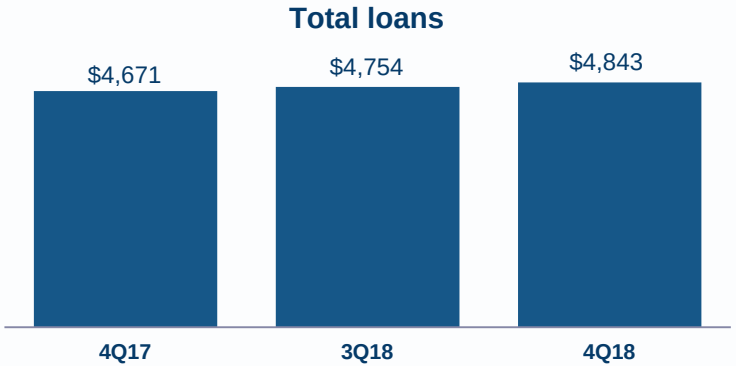
NET INTEREST MARGIN (%)

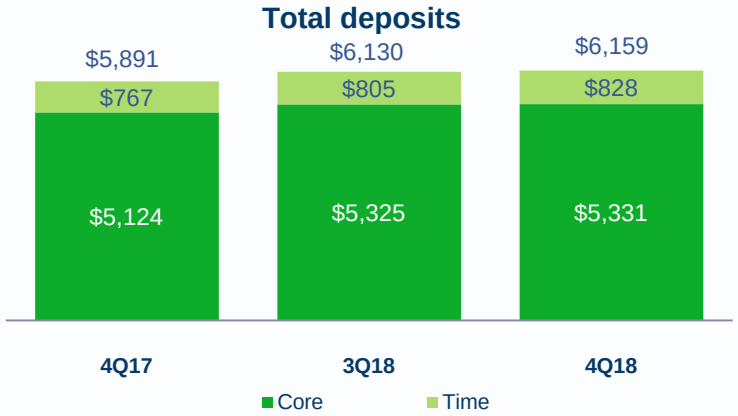


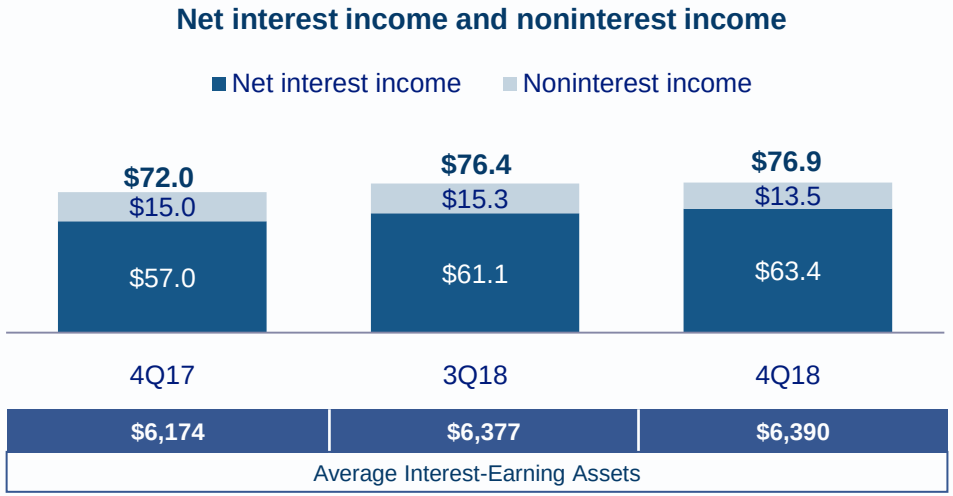
Source for peer data: SNL Financial (based on data available as of February 14, 2019)
Asset Yield: Total interest income as a percentage of average interest-earning assets
Cost of funds: Total interest expense as a percentage of average interest-bearing and non-interest bearing liabilities
Net Interest 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)

3.68% annualized loan growth, 4.55% annualized deposit growth*
8% net interest income growth



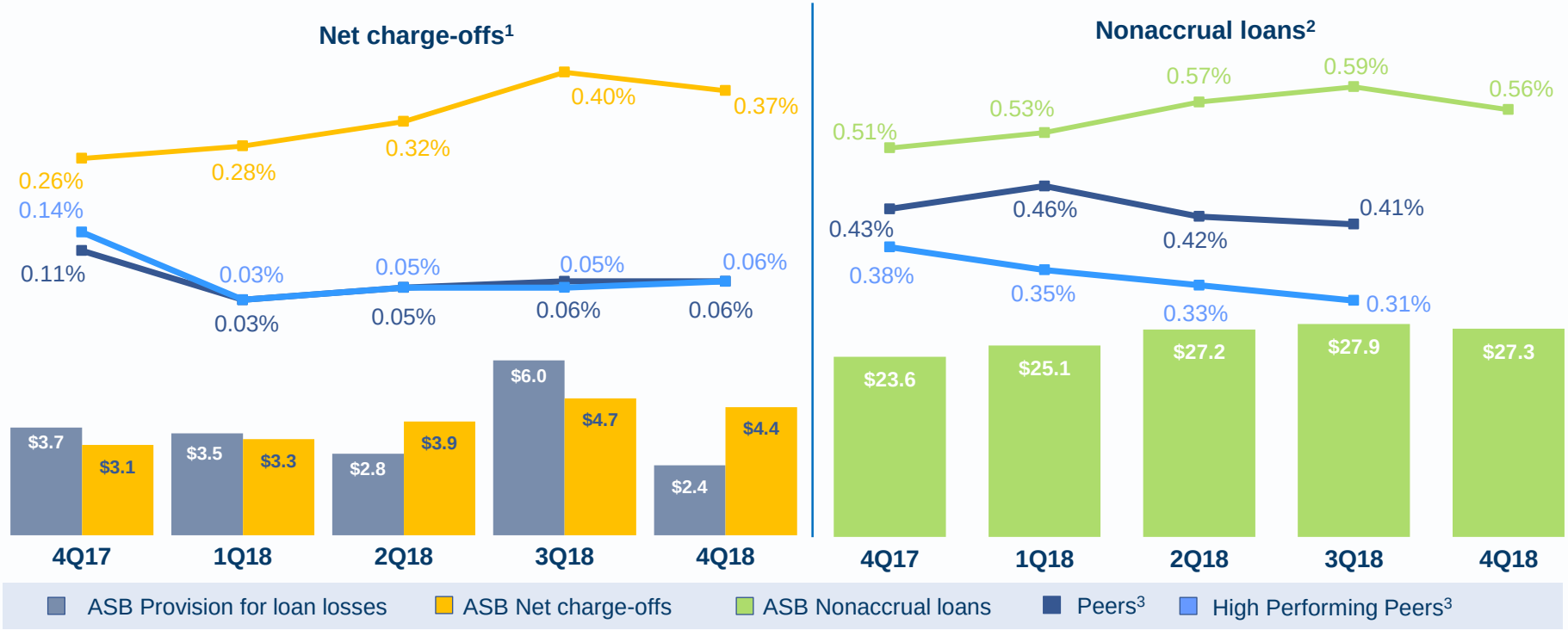




Note: Columns may not foot due to rounding

* Including approximately $100 million in repurchase agreements that were transferred into deposit accounts. Excluding such transfers, deposit growth YTD was 2.8% annualized.

Prudent credit quality management ($ in millions)



Source for peer data: SNL Financial (based upon data available as of February 14, 2019)

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

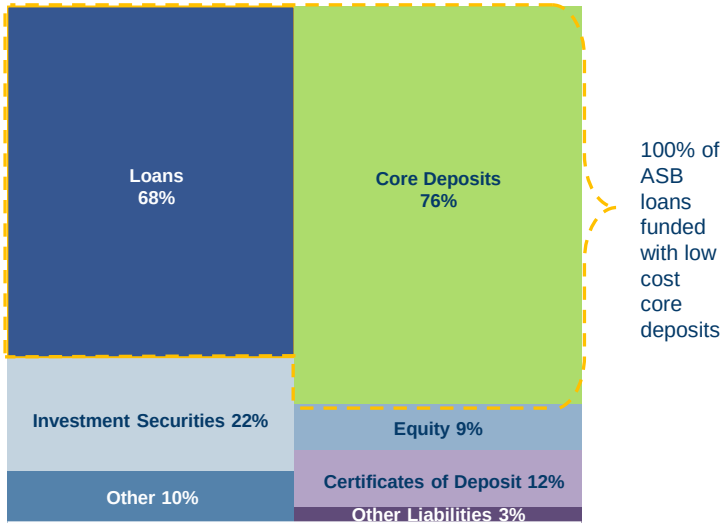
[2] Quarterly nonaccrual loans ratio reflected as a percentage of total loans

[3] See Appendix for ASB peer group information

Quality balance sheet and strong capital efficiency

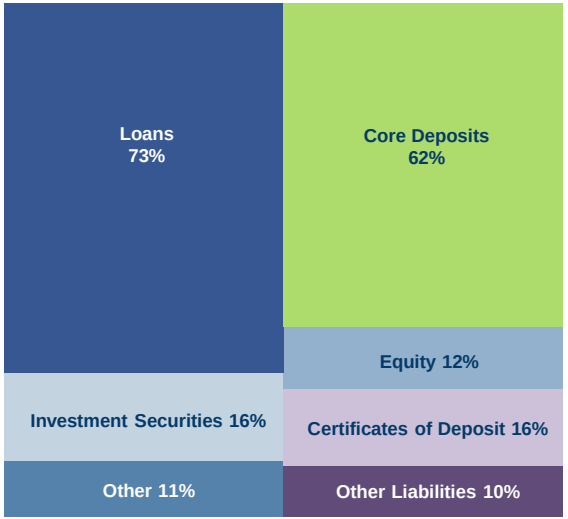
ASB[1]

Average yield on earning assets	4.22%
Average cost of funds	0.28%
Return on average equity[3]	14.08%



PEER BANKS[2]

Median of average yield on earning assets	4.48%
Median of average cost of funds	0.84%
Return on average equity	11.00%

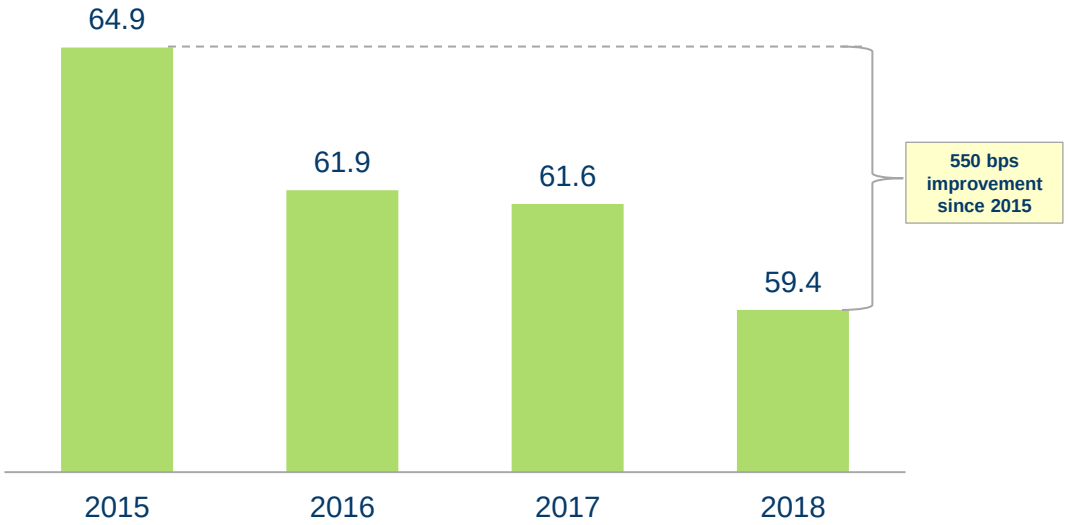


Source for peer data: SNL Financial (based on data available as of February 14, 2019)
1 Yields for quarter ending 12/31/2018
2 Yields for quarter ending 09/30/2018. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets
3 Bank return on average equity calculated using weighted average daily common equity

Track record of improving bank efficiency

- ✓ ASB's efficiency ratio has improved 220 bps since 2017 and 550 bps since 2015
- ✓ Continued improvement expected through 2019
- ✓ Targeting 100 basis points of annual improvement through 2021

ASB efficiency ratio



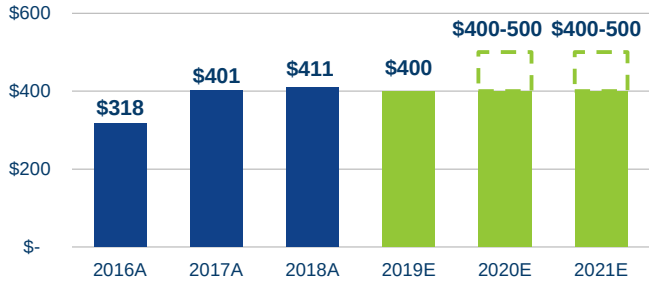
Clean and reliable energy drives capital investment

Compound annual rate base growth of ~5-7% through 2021 as we invest in renewables, reliability and resilience

Utility capable of self-funding its forecasted capex through 2021

CAPITAL EXPENDITURES FORECAST

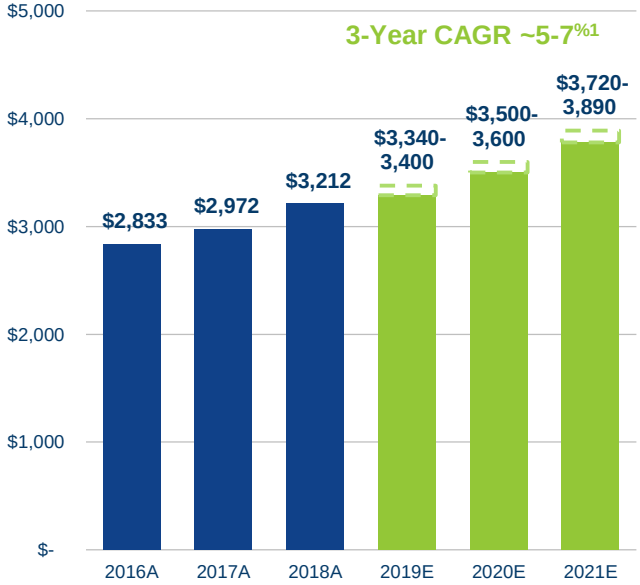
($ in millions)



Major Capex Projects	Forecast 2019	Forecast 2020	Forecast 2021
West Loch PV [2]	7	-	-
CIP Battery Storage [3]	|---------- 101 ----------|		-
West Loch Battery Storage [3]	|---------- 43 ----------|		-
Other Major Projects [3]	15	40	149
Grid Modernization Project Phase 1[3]	$86M between 2019 and 2023		
Baseline Projects	~$285	~$285	~$285

RATE BASE FORECAST

($ in millions)



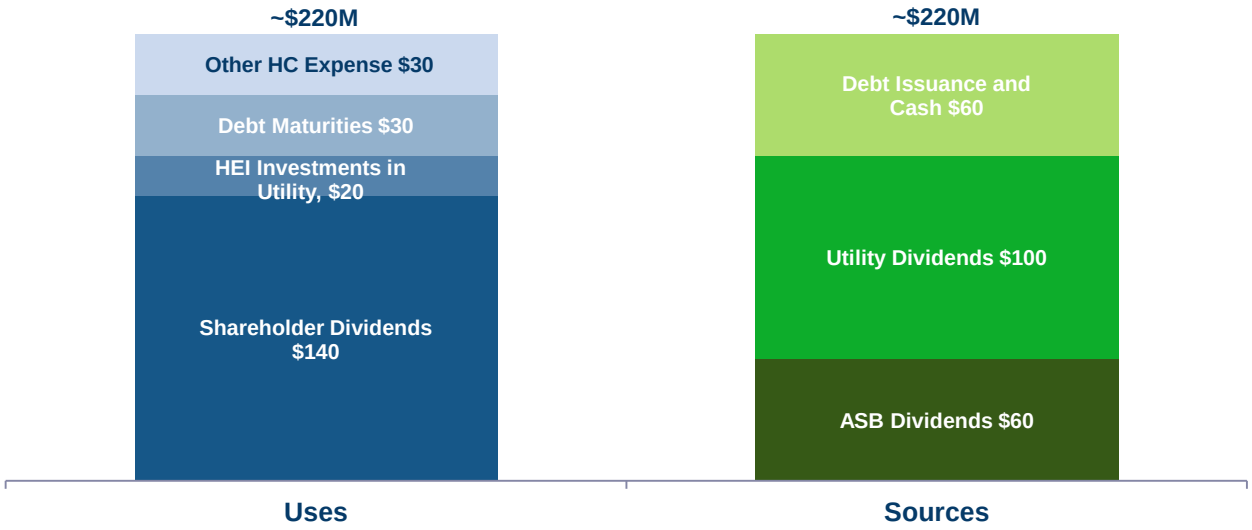
Note: Capex figures are net of CIAC.
1 Rate base is impacted primarily by plant additions but also includes other items (i.e., unamortized contributions in aid of construction, accumulated deferred income taxes, certain regulatory assets, etc.)
2 West Loch PV (previously referred to as Joint Base Pearl 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 financing outlook 2019
(as of February 15, 2019)

Intend to maintain a consolidated investment grade profile

No external equity required to fund utility capex program through 2021

2019 HOLDING COMPANY SOURCES & USES OF CAPITAL
($ in millions)



HEI 2018 EPS guidance
(as of February 15, 2019)

HEI EPS: $1.85 - $2.05 PER SHARE

UTILITY EPS: $1.40 - $1.47

KEY ASSUMPTIONS:

- No change to decoupling or recovery mechanisms
- No material impact from PIM penalties and rewards
- O&M excluding pension[1]: forecasted at 1% above 2018 levels (excluding 2018 one time charges of ~$7 million, post-tax)
- Rate base growth: 4 – 6% over 2018
- 2019 capex of $400 million
- Equity capitalization at approved rate case levels

BANK EPS: $0.79 - $0.85

KEY ASSUMPTIONS:

- Low to mid-single digit earning asset growth
- NIM: ~3.85% to 3.95%
- Provision expense: $17 million to $22 million
- ROA: > 1.15%
- *Note: guidance range includes one-time net positive impact of $0.03 to $0.05 per share related to relocating to the new campus; this reflects gains from the expected sale of formerly occupied real estate, partially offset by moving costs*

No new equity issuances in 2019

Note: Holding company and other net loss estimated at $0.28 - $0.30.

1 Excludes operations and maintenance (O&M) expenses covered by surcharges or by third parties that are neutral to net income.

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

HEI
- Place-based strategy continues to provide the financial resources to invest in our strategic growth and Hawaii's sustainable future
- 3.2% dividend increase enhances history of uninterrupted dividends since 1901

Hawaiian Electric Company
- Continues to execute its comprehensive transformation plan
- Ensuring affordable, reliable, renewable energy remains a core focus
- On track to meet 2020 renewable energy goal, with significant acceleration expected by 2022

American Savings Bank
- Maintains strong financial position, with emphasis on disciplined growth and continued efficiency improvement
- New campus move provides opportunities for efficiency, operational and culture benefits
- Focused on making banking easier for customers and deepening customer relationships

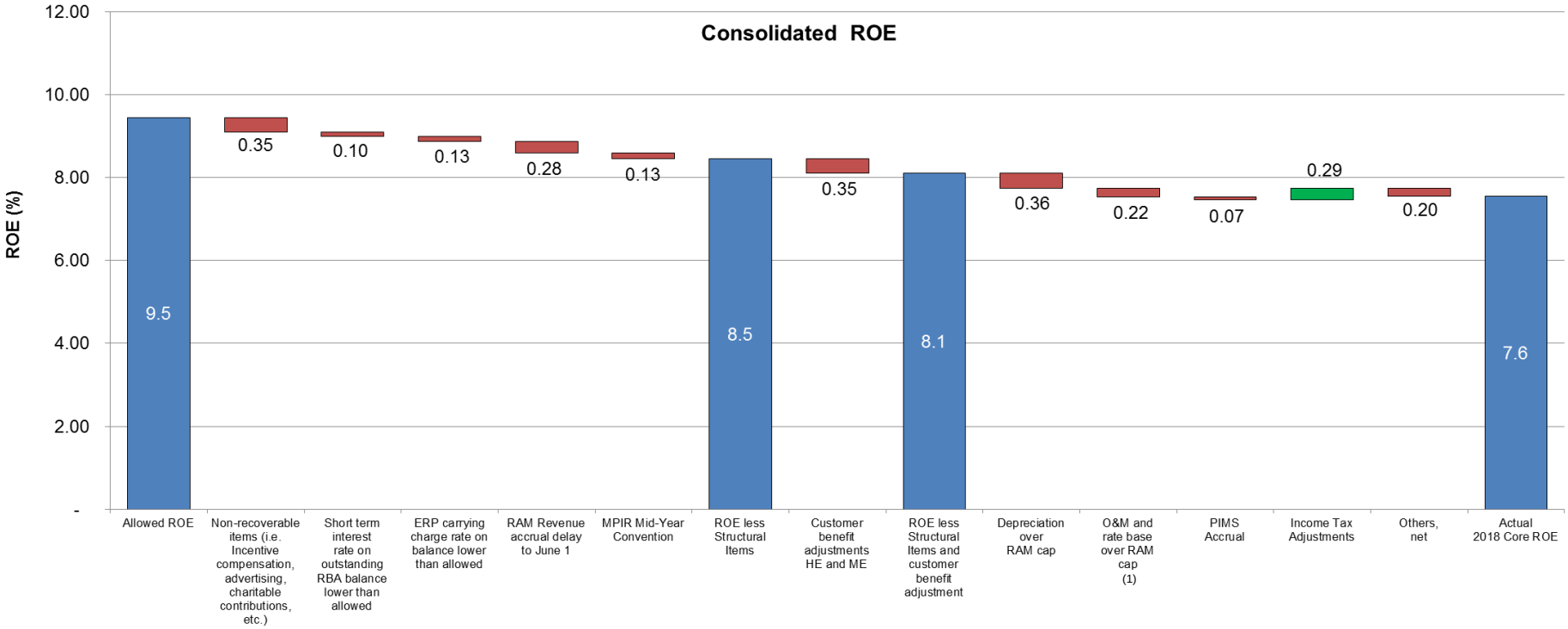
Pacific Current
- Management team in place to advance strategy, optimize existing assets, and develop new opportunities


HEI
Catalyst for a better Hawai'i

Appendix

Catalyst for a better Hawai‘i

2018 utility ROE drivers

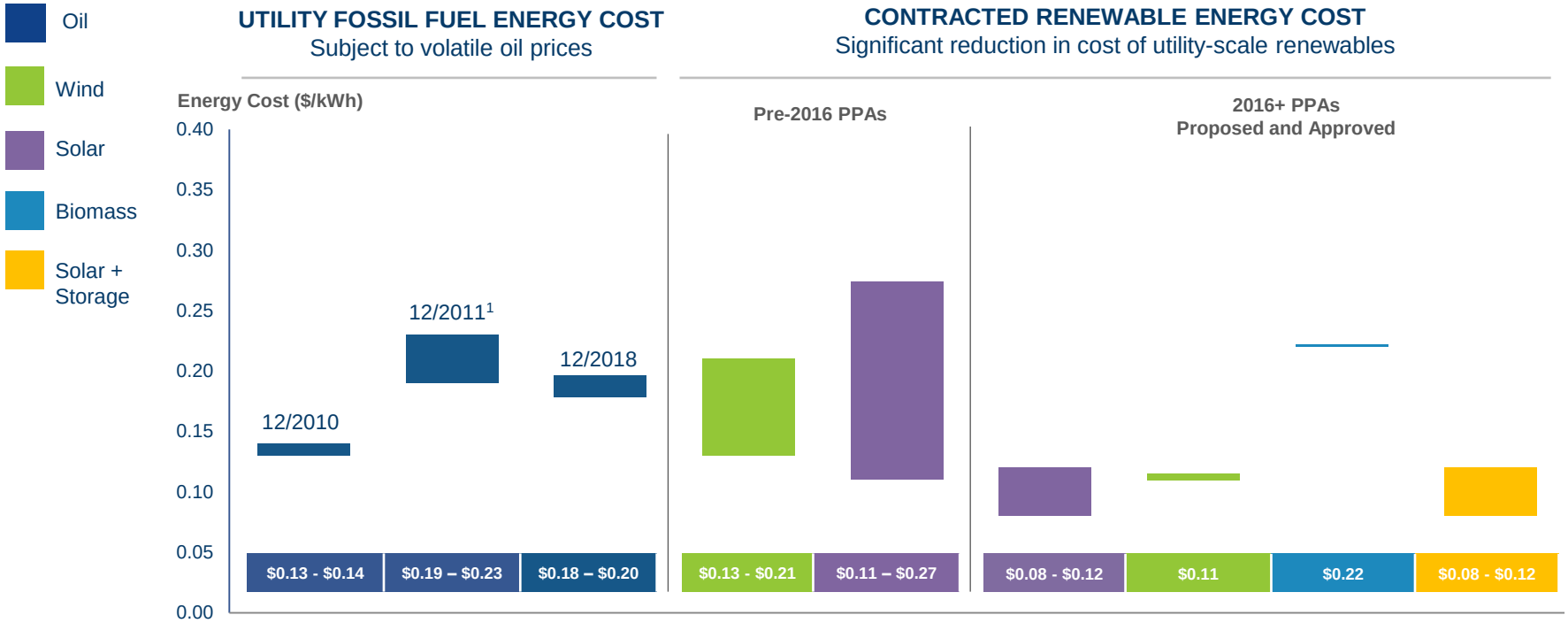


1 O&M over RAM cap is primarily due to the write off of preliminary engineering costs for LNG projects and smart grid costs

Customer benefit adjustments in the Hawaiian Electric and Maui Electric rate cases

	Hawaiian Electric Pension Adjustment		Hawaiian Electric Plant Adds Adjustment		Maui Electric Pension Adjustment		Total		
	Rev Req	Net Income	Rev Req	Net Income	Rev Req	Net Income	Rev Req	Net Income	Bps (ROE)
2018	$5,250	$3,552	$4,375	$2,960	$188	$127	$9,813	$6,638	35
2019	$6,000	$4,059	$5,000	$3,383	$450	$304	$11,450	$7,746	39
2020	$4,764	$3,223	$2,083	$1,409	$450	$304	$7,298	$4,937	24
2021	$3,882	$2,626			$378	$256	$4,260	$2,882	13
2022	$3,882	$2,626			$327	$221	$4,209	$2,847	13
2023	$1,617	$1,094			$327	$221	$1,944	$1,315	6
2024					$136	$92	$136	$92	-
Total	**$25,395**	**$17,180**	**$11,458**	**$7,752**	**$2,256**	**$1,526**	**$39,109**	**$26,459**	

Renewable energy is cost competitive in Hawaii



1 The 2011 fuel oil increase was largely driven by the nuclear disaster of the Fukushima power plant in March 2011, which increased the price of oil in Hawaii as our fuel oil purchases are largely driven by the Asia Pacific market.

Major project infrastructure recovery (MPIR) mechanism

Hawaii PUC docket no. 2013-0141

MPIR adjustment mechanism established by PUC April 2017

- Allows recovery for eligible major projects in between rate cases through the revenue balancing account (RBA) rate adjustment
- Request for MPIR recovery to be included in application for project approval
- Accrual of revenues commences upon certification of project in-service date
  - ½ of project's costs included in basis for determining return on investment and associated taxes during year project goes into service
  - Upon January 1 of the year after project is placed in service, may commence accrual of return and associated taxes on full amount of plant investment
- "Eligible Projects" defined in MPIR Guidelines include, but not limited to:
  - Infrastructure to connect renewable energy projects
  - Projects that make it possible to accept more renewable energy
  - Projects that encourage clean energy choices and/or customer control to shift or conserve energy use
  - Projects implementing PUC approved or accepted plans, initiatives and programs
  - Utility scale renewable generation
  - Grid modernization projects
- Routine replacements, relocations, restorations of existing facilities or business as usual projects not eligible
- Recovery offset by all known and measureable net savings or benefits of project

Recovery of Schofield Generating Station (SGS) project

- Project capital cost recovery approved June 2018
- Net O&M cost recovery approved December 2018, with accrual commencing October 1, 2018

Pending MPIR applications

- West Loch PV project
- West Loch Energy Storage System (BESS) project
- Campbell Industrial Park Generating Station Contingency & Regulating Reserve BESS project
- Phase 1 of Grid Modernization project

Performance-based regulation (PBR) proceeding

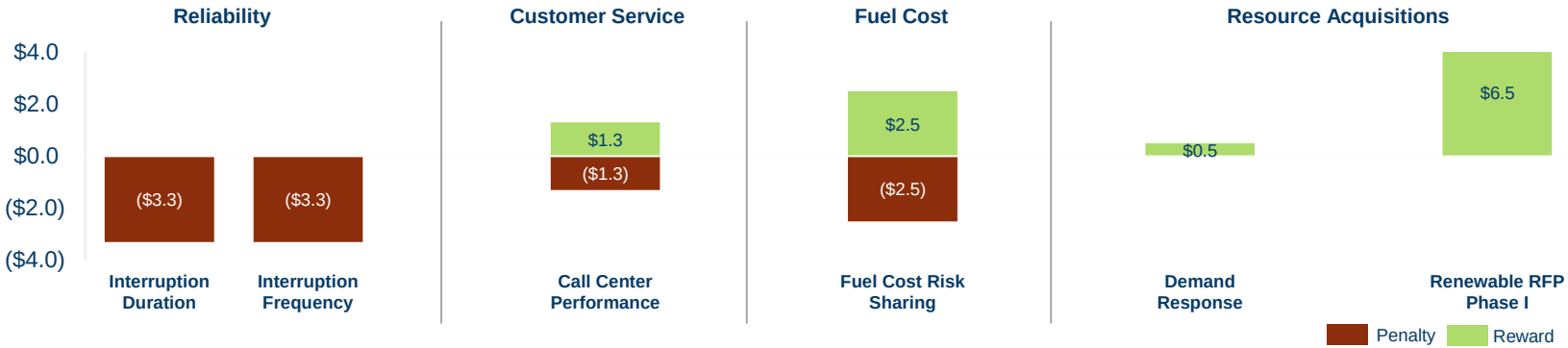
Hawaii PUC docket no. 2018-0088 (opened 4/18/18)

- Aspects of traditional PBR already in effect include decoupling, multi-year rate plan (3-year rate case cycle), performance incentives relating to reliability, customer service, demand response, renewable energy procurement, renewable energy portfolio standards (RPS) targets, cost containment and generation unit operational efficiency (heat rate)
- 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, fulfillment of State policy goals. Commission will follow regulatory principle of gradualism
- Docket to proceed in two phases:
  - Phase 1: Examine regulatory framework, identify areas of performance for further focus/performance incentive mechanisms
  - Phase 2: 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."

- Key dates:
  - Initial technical workshop with stakeholders held July 23-24, 2018 followed by Goals-Outcomes briefs filed August 31, 2018
  - Second technical workshop held September 27, 2018 followed by Regulatory Assessment briefs filed October 25, 2018
  - Third technical workshop held November 28, 2018 followed by Metrics briefs filed January 4, 2019
  - Phase 1 PUC Staff Proposal – Issued February 7th, 2019
  - Statements of Position — March 2019
  - Reply Statements of Position — April 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 (Act 5)
  - Requires Commission to implement PBR by 1/1/20

Performance Incentive Mechanisms (PIMs)

CURRENT PIMS[1] ($ in millions)



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 assessed and applied annually through RBA rate adjustment
- Reward/penalty amounts re-determined upon rate case interim or final orders

OTHER PIMS[2]

- **Demand Response**
  - 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
- **PUC will consider additional PIMs in Performance Based Regulation (PBR) docket**
- **Phase I Renewable RFP**
  - 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

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 as part of the new Energy Cost Recovery Clause (which replaced Energy Cost Adjustment Clause)
  - Symmetrical mechanism
  - Applies to utility fossil fuel generation (not IPP generation or non-fossil fuels) and includes fuel efficiency impacts
  - Variations in fossil fuel price above or below baseline price shared 98% customers / 2% utility
  - Utility annual upside / downside capped at $2.5 million

- Order No. 35927 filed December 7, 2018 approved Hawaiian Electric's July 2018 implementation proposal
  - Effective January 1, 2019
  - Baseline Prices: January fuel prices of each year for each fossil fuel type

January 2019 fuel price: $83.76/bbl

Hawaii Electric Light rate case: Updates from latest filing (latest filing versus most recent approved rate case)

Hawaii PUC docket no. 2018-0368

	Final D&O (2016 Test Year) (6/29/18) (eff. 10/1/18)	Application (2019 Test Year) (12/14/18)
Amount requested	Commission approved final amount after reduction of revenue requirement due to tax reform ($0.6M)	$13.4M (3.4% increase over revenues at current effective rates) [1]
Deprec. & amort. expenses	$37.7M	$38.0M
Return on average common equity	9.5% With mechanisms	10.50% with mechanisms
Common equity capitalization (%)	56.69%	56.91%
Return on rate base	7.80%	8.30%
Average rate base	$481.3M	$536.9M
GWh sales	1,040.7	1,061.7

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Recovery Clause (ECRC); Purchase Power Adjustment Clause (PPAC); Pension/OPEB Tracking Mechanisms; Renewable Energy Infrastructure Program ("REIP") Surcharge and the Major Project Interim Recovery ("MPIR") mechanism.

1 Revenues at current effective rates include revenues based on the final rates approved in Hawaii Electric Light's 2016 test year rate case, revenues from the ECRC, PPAC, RAM Revenue Adjustment (based on the estimated 2019 RAM period), RBA Provision (that would flow into the RBA in the 2019 test year primarily due to increase or decrease in electric sales since the 2016 test year) and other operating revenues.

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), Purchase Power Adjustment Clause (PPAC), Pension/OPEB Tracking Mechanisms; Renewable Energy Infrastructure Program ("REIP") Surcharge and the Major Project Interim Recovery ("MPIR") mechanism.

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, RAM Revenue Adjustment (based on the 2018 RAM period), RBA Provision (that would flow into the RBA in the 2018 test year primarily due to increase or decrease in electric sales since the 2012 test year) and other operating revenues.

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); Purchase Power Adjustment Clause (PPAC); Pension/OPEB Tracking Mechanisms; and the Renewable Energy Infrastructure Program ("REIP") Surcharge.

1 Revenues at current effective rates include base revenues, revenues from the ECAC, PPAC, RAM Revenue Adjustment (based on the estimated 2017 RAM period), RBA Provision (that would flow into the RBA in the 2017 test year primarily due to increase or decrease in electric sales since the 2011 test year) 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.

ASB peer group – 2018

*	1st Source Corp.	SRCE
	Ameris Bancorp	ABCB
*	Axos Financial.	AX
*	BancFirst Corp.	BANF
	Bancorp Inc	TBBK
	Beneficial Bancorp Inc	BNCL
	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 total average assets between $4 billion and $9 billion for the years 2015-2017 (based upon data available from 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 was 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.

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 given the non-recurring nature of certain items. Core earnings and other financial measures as presented here may not be comparable to similarly titled measures used by other companies. The accompanying tables provide a reconciliation of reported GAAP[1] earnings to non-GAAP core earnings and the adjusted return on average common equity (ROACE) for HEI and the utility.

The reconciling adjustments from GAAP earnings to core earnings exclude the 2017 impact of the federal tax reform act due to the adjustment of the 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. Management has shown adjusted non-GAAP (core) net income, adjusted non-GAAP (core) diluted earnings per common share and adjusted non-GAAP (core) ROACE in order to provide better comparability of core net income, EPS and ROACE 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 to non-GAAP measures

RECONCILIATION OF GAAP[1] TO NON-GAAP MEASURES

Hawaiian Electric Industries, Inc. and Subsidiaries (HEI)

Unaudited

($ in millions, except per share amounts)	Three months ended December 31 2018	Three months ended December 31 2017	Years ended December 31 2018	Years ended December 31 2017
HEI CONSOLIDATED BONUSES[2]				
Pre-tax expenses	**$ —**	**$ 1.2**	**$ —**	**$ 1.2**
Current income taxes (benefits)	—	(0.5)	—	(0.5)
After-tax (income) expenses	**$ —**	**$ 0.7**	**$ —**	**$ 0.7**
HEI CONSOLIDATED NET INCOME				
GAAP (as reported)	**$ 49.6**	**$ 32.4**	**$ 201.8**	**$ 165.3**
Excluding special items (after-tax):				
Bonus related to enactment of federal tax reform[2]	—	0.7	—	0.7
Federal tax reform impacts[3]	—	13.4	—	13.4
Non-GAAP (core) net income	**$ 49.6**	**$ 46.5**	**$ 201.8**	**$ 179.5**
HEI CONSOLIDATED DILUTED EARNINGS PER COMMON SHARE				
GAAP (as reported)	**$ 0.45**	**$ 0.30**	**$ 1.85**	**$ 1.52**
Excluding special items (after-tax):				
Bonus related to enactment of federal tax reform[2]	—	0.01	—	0.01
Federal tax reform impacts[3]	—	0.12	—	0.12
Non-GAAP (core) diluted earnings per common share	**$ 0.45**	**$ 0.43**	**$ 1.85**	**$ 1.65**

	Years ended December 31 2018	Years ended December 31 2017
HEI CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE)(simple average)		
Based on GAAP	**9.5%**	**7.9%**
Based on non-GAAP (core)[4]	**9.5%**	**8.6%**

Note: Columns may not foot due to rounding

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

[2] Bonus paid by American Savings Bank related to enactment of federal tax reform

[3] Reflects the lower rates enacted by federal tax reform, primarily the adjustments to reduce the unregulated net deferred tax asset balances

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

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 the Federal government partial shutdown, including the impact to our customers to pay their electric bills and/or bank loans and the impact on the state of Hawaii economy; 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; conflicts or other crisis; the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; terrorist acts; 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 or budget funding, monetary policy, trade policy and tariffs, and other policy and regulation changes advanced or proposed by President Trump and his administration;

• weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the potential effects of climate change, such as more severe storms, droughts, heat waves, and rising sea levels) and wildfires, including their impact on the Company’s and Utilities’ operations and the economy;

• the timing, speed 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, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act;

• 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 (DG), 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) and energy cost recovery clauses (ECRC);
- 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 kilowatt-hour sales;
- the ability of the Utilities to achieve performance incentive goals currently in place;
- the impact from the PUC's implementation of performance-based ratemaking for the Utilities pursuant to Act 005, Session Laws 2018, 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 levels and 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 used, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general IT controls;
- failure in addressing issues in the stabilization of the Enterprise Resource Planning/Enterprise Asset Management (ERP/EAM) (ERP/EAM) system implementation could adversely affect the Utilities' ability to timely and accurately report financial information and make payments to vendors and employees;
- failure to achieve cost savings consistent with the minimum $244 million in ERP/EAM project-related benefits (including $141 million in operation and maintenance (O&M) benefits) to be delivered to customers over its 12-year estimated useful life;
- 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, 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;

• downgrades by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and their impact on 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 and/or mix 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 (e.g., Item 1A. Risk Factors) and in other reports 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.


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 given the non-recurring nature of certain items. Core earnings and other financial measures as presented here may not be comparable to similarly titled measures used by other companies. The accompanying tables provide a reconciliation of reported GAAP[1] earnings to non-GAAP core earnings and the adjusted return on average common equity (ROACE) for HEI and the utility.

The reconciling adjustments from GAAP earnings to core earnings exclude the 2017 impact of the federal tax reform act due to the adjustment of the 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. Management has shown adjusted non-GAAP (core) net income, adjusted non-GAAP (core) diluted earnings per common share and adjusted non-GAAP (core) ROACE in order to provide better comparability of core net income, EPS and ROACE 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	Three months ended December 31		Years ended December 31	
($ in millions, except per share amounts)	**2018**	**2017**	**2018**	**2017**
HEI CONSOLIDATED BONUSES[2]				
Pre-tax expenses	**$ —**	**$ 1.2**	**$ —**	**$ 1.2**
Current income taxes (benefits)	—	(0.5)	—	(0.5)
After-tax (income) expenses	**$ —**	**$ 0.7**	**$ —**	**$ 0.7**
HEI CONSOLIDATED NET INCOME				
GAAP (as reported)	**$ 49.6**	**$ 32.4**	**$ 201.8**	**$ 165.3**
Excluding special items (after-tax):				
Bonus related to enactment of federal tax reform[2]	—	0.7	—	0.7
Federal tax reform impacts[3]	—	13.4	—	13.4
Non-GAAP (core) net income	**$ 49.6**	**$ 46.5**	**$ 201.8**	**$ 179.5**
HEI CONSOLIDATED DILUTED EARNINGS PER COMMON SHARE				
GAAP (as reported)	**$ 0.45**	**$ 0.30**	**$ 1.85**	**$ 1.52**
Excluding special items (after-tax):				
Bonus related to enactment of federal tax reform[2]	—	0.01	—	0.01
Federal tax reform impacts[3]	—	0.12	—	0.12
Non-GAAP (core) diluted earnings per common share	**$ 0.45**	**$ 0.43**	**$ 1.85**	**$ 1.65**

	Years ended December 31	
	2018	**2017**
HEI CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	**9.5%**	**7.9%**
Based on non-GAAP (core)[4]	**9.5%**	**8.6%**

Note: Columns may not foot due to rounding

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

[2] Bonus paid by American Savings Bank related to enactment of federal tax reform

[3] Reflects the lower rates enacted by federal tax reform, primarily the adjustments to reduce the unregulated net deferred tax asset balances

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

RECONCILIATION OF GAAP[1] TO NON-GAAP MEASURES

Hawaiian Electric Company, Inc. and Subsidiaries

Unaudited

($ in millions)	Three months ended December 31 2018	Three months ended December 31 2017	Years ended December 31 2018	Years ended December 31 2017
HAWAIIAN ELECTRIC CONSOLIDATED NET INCOME				
GAAP (as reported)	**$ 35.3**	**$ 25.4**	**$ 143.7**	**$ 120.0**
Excluding special items (after-tax):				
Federal tax reform impacts[2]	—	9.2	—	9.2
Non-GAAP (core) net income	**$ 35.3**	**$ 34.5**	**$ 143.7**	**$ 129.1**

	Years ended December 31 2018	Years ended December 31 2017
HAWAIIAN ELECTRIC CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	**7.56%**	**6.58%**
Based on non-GAAP (core)[3]	**7.56%**	**7.08%**

($ in millions)	Three months ended December 31 2018	Three months ended December 31 2017	Years ended December 31 2018	Years ended December 31 2017
HAWAIIAN ELECTRIC CONSOLIDATED OTHER OPERATION AND MAINTENANCE (O&M) EXPENSE				
GAAP (as reported)[4]	**$ 127.7**	**$ 109.5**	**$ 461.5**	**$ 411.9**
Excluding other O&M-related net income neutral items[5]	0.7	1.1	1.4	3.8
Non-GAAP (Adjusted other O&M expense)	**$ 127.0**	**$ 108.4**	**$ 460.1**	**$ 408.1**

Note: Columns may not foot due to rounding

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

[2] Reflects the lower rates enacted by federal tax reform, primarily the adjustments to reduce the unregulated net deferred tax asset balances

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

[4] Reflects the retrospective application of ASU No. 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," which was adopted in the first quarter of 2018. Nonservice cost was reclassified from "Other operation and maintenance expense" to "Retirement defined benefits expense—other than service costs."

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