Hawaiian Electric Industries, Inc.

September 2019

HEI

Catalyst for a better Hawai'i



Forward looking statements

Cautionary statements and risk factors that may affect future results
This presentation includes forward-looking statements within the meaning of the federal securities laws. Actual results could differ materially from such forward-looking statements. The factors that could cause actual results to differ are discussed in the Appendix that follows this presentation and in HEI's SEC filings.

Non-GAAP financial information
This presentation refers to certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (GAAP). For reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures, see the Appendix that follows this presentation.

Core results referred to in this presentation are non-GAAP financial measures. Core results exclude the impact of the federal tax reform act due to the adjustment of deferred tax asset balances and a one-time employee bonus paid by the bank related to federal tax reform.

HAWAIIAN ELECTRIC INDUSTRIES

A catalyst for a better Hawaii

HEI

Catalyst for a better Hawai'i

HEI – A catalyst for a better Hawaii

- HEI's place-based strategy provides long-term shareholder value through strategic investments in Hawaii's growing economy and a leading role in Hawaii's transformation to a resilient, sustainable future
- Efficient capital generation and optimized capital structure
- Leading Hawaii toward a 100% clean energy, carbon neutral future with Hawaiian Electric
- Stable growth with low funding costs and efficient operations from American Savings Bank in attractive Hawaii banking market
- Pacific Current broadens investment opportunities in sustainable, Hawaii-based infrastructure
- Dedicated to creating a better Hawaii

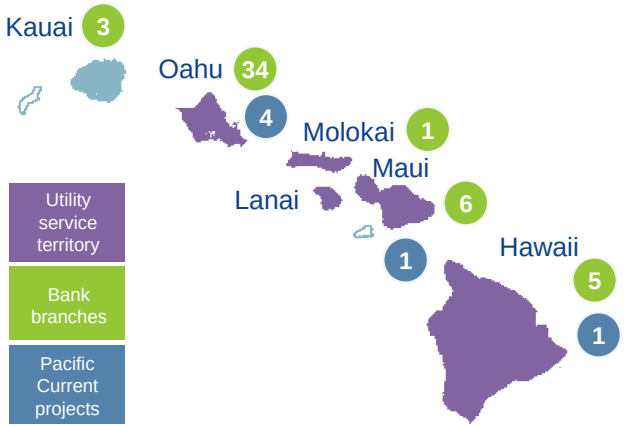
HEI overview

Hawaii's largest corporation with a diversified platform supplying energy, investing in a sustainable future, and providing financial services

HEI

Catalyst for a better Hawai'i

- Hawaiian Electric[(1)]
- AMERICAN Savings Bank
- PACIFIC CURRENT



$4.7B
Market capitalization[2]

2.9%
Dividend yield[2]

11%
5-year total return (CAGR%) for period ending 12/31/18

65% (Utility)

35% (Bank)
Subsidiary contributions to net income[3]

3,898
Full time employees[4]

(Including 2,704 utility employees and 1,148 bank employees)

Hawaii-focused
Serving the full state

Data above as of 12/31/2018 unless otherwise indicated

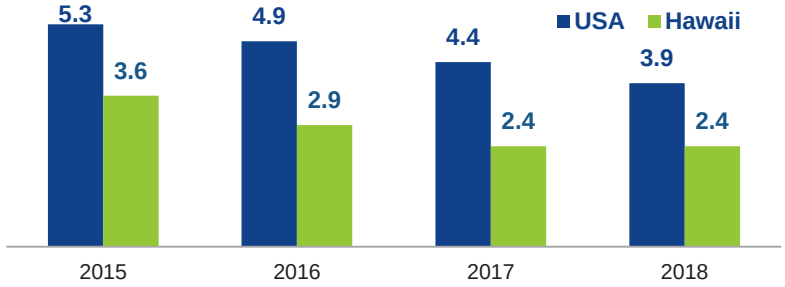
1 Hawaiian Electric Company, Inc. is a subsidiary of HEI. As a holding company, HEI does not sell products or services and therefore is unregulated by the state Public Utilities Commission.
2 Market capitalization and dividend yield are based on the closing price of $43.53 on 9/10/2019.
3 Based on LTM 6/30/2019 earnings to common shareholders and excludes other companies' net loss
4 Full time employees as of 12/31/2018.

Hawaii's economic trends remain attractive

Visitor arrivals and expenditures remain strong despite slower growth

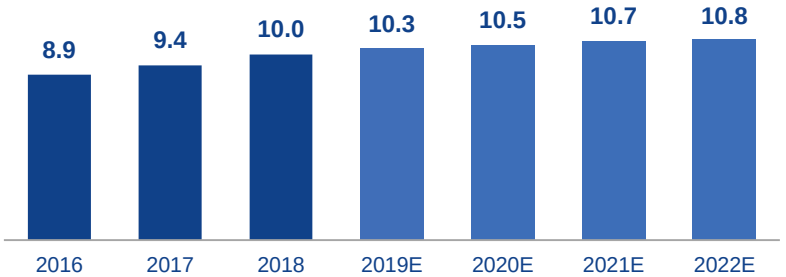
UNEMPLOYMENT RATE (%)

Unemployment rate consistently below U.S. mainland



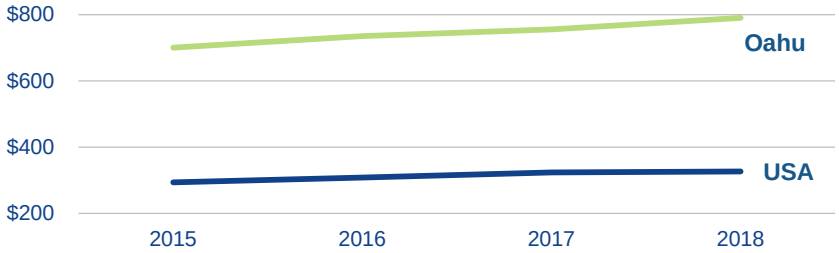
HAWAII VISITOR ARRIVALS (MILLIONS)

Sustained growth in visitor arrivals



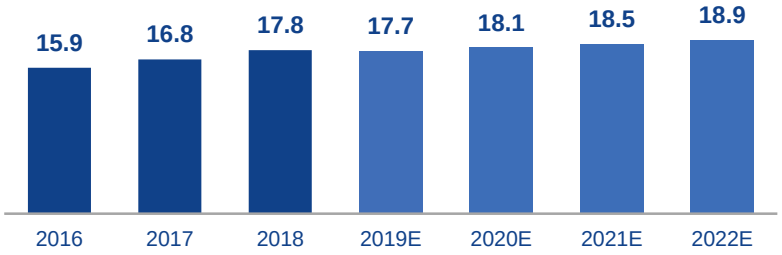
MEDIAN HOME PRICES[1] ('000s)

Consistently strong home values



HAWAII VISITOR EXPENDITURES (BILLIONS)

Strong contributions from visitor expenditures



Source: U.S. Bureau of Labor Statistics, DBEDT, and United States Census Bureau

1 Oahu median home price data is for single family homes. USA median home price data is for new homes.

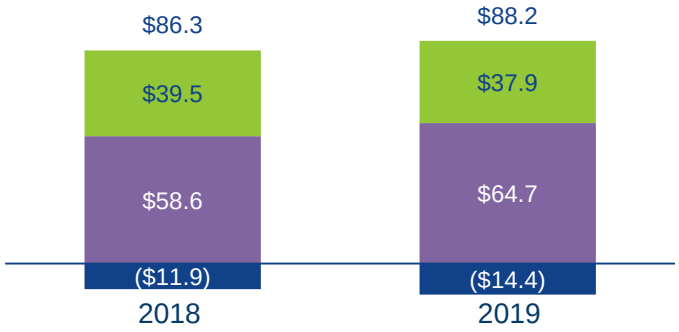
Continued financial performance

Utility continues to grow earnings while ASB is executing well in a challenging interest rate environment

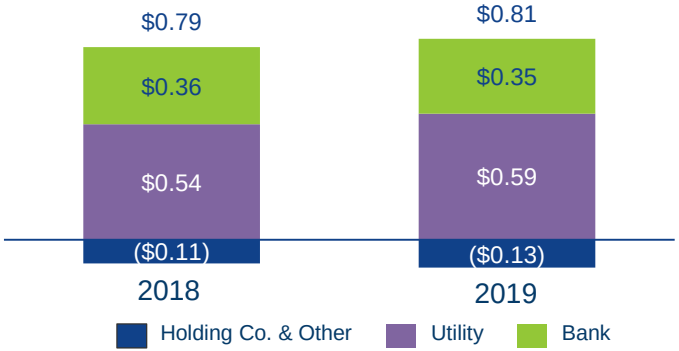
Consolidated LTM ROE continuing to improve

Utility LTM ROE improved, with new rates in place at all three utilities and full recovery for Schofield Generating Station under MPIR

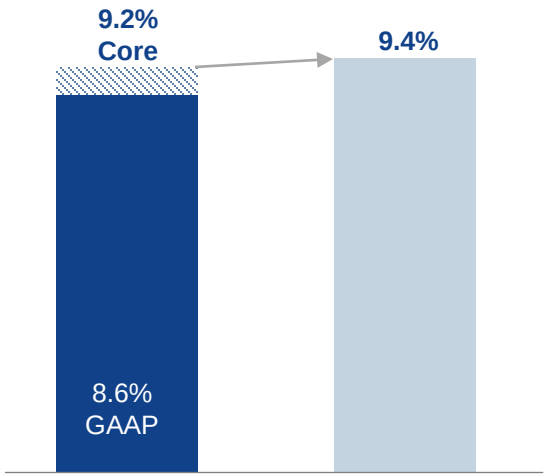
YTD JUNE NET INCOME



YTD JUNE DILUTED EPS (CORE)



CONSOLIDATED LTM HEI ROE



	2018	2019
Utility	GAAP 7.2% Core 7.7%	7.8%
Bank[1]	13.6%	10.5%

Note: Columns may not foot due to rounding.

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

1 Bank ROEs shown are for Q2 2019, and are calculated using net income divided by the average daily balance of common equity.

2019 YTD highlights

WHAT WE HAVE ACCOMPLISHED TO DATE

- ✓ Consolidated LTM GAAP ROE improvement of 80 basis points over 2018, to 9.4%
- ✓ Improved Hawaiian Electric earnings; American Savings Bank maintaining industry-leading NIM despite challenging interest rate environment
- ✓ With issuance of Stage 2 RFP, Hawaiian Electric reached an important milestone towards achieving 100% renewable energy
- ✓ Hawaiian Electric submitted initial PBR proposal, and continues to work collaboratively with stakeholders through the process
- ✓ Pacific Current continues to execute well on optimizing existing portfolio and pursuing additional project opportunities and partnerships

During our second quarter webcast, we reiterated that we are on track to meet our earnings guidance range for the year

Track record of delivering shareholder value

Outperformed the S&P 500 and broader utility index YTD and over 1, 3 and 5 year periods with less volatility

Strong consolidated investment grade balance sheet provides access to competitively priced growth capital

Efficient capital structure and growing dividends from subsidiaries limit need for external equity;
Subsidiary dividends to holding company increased ~30% since 2017[1]

3.2% dividend increase enhances history of uninterrupted dividends since 1901;
67% dividend payout ratio[2] in line with regulated utility industry peers

Sustained financial performance drives ability to invest in Hawaii;
$2.1 billion invested in Hawaii infrastructure[3] and $7.8 billion loaned to Hawaii customers over last 5 years

1. Based on bank dividends of $38 million, $50 million, and ~$60 million for 2017, 2018, and expected in 2019; and utility dividends of $88 million, $103 million, and ~$100 million, for 2017, 2018, and expected in 2019.
2. Based on 2018 net income of ~$202 million and 2018 dividends of ~$135 million.
3. Includes Pacific Current investments, utility capex, and ASB investment in new campus through 2018 year end.

HAWAIIAN ELECTRIC

Advancing Hawaii's clean energy transition

HEI

Catalyst for a better Hawai'i

Achieving our affordable, reliable, renewable energy future

Foundational Plans in Place

Power Supply Improvement Plan

Long-range plan outlining scenarios and generation needs for achieving 100% RPS

Grid Modernization Strategy

Set forth path to modernize the grid to enable 100% RPS and more customer options

Electrification of Transportation Roadmap

Outlined strategy to increase adoption of electric vehicles and other electrification activities

Moving Forward

Aggressively procuring renewable energy

- 7 PPAs approved for 260 MW solar and ~1 GWh storage in Stage 1 RFP
- Launched Stage 2 RFP for up to 900 MW renewable energy, 500 GWh storage, plus 210 MW grid services, one of largest renewable energy procurements by a US utility

Launched next phase of long-range planning → Integrated Grid Planning (IGP)

- Combines planning and procurement for generation, transmission and distribution, including non-wires alternatives

Implementing grid modernization strategy

- Targeted deployment of smart meters, communications systems and data management systems to enable new products and services and integrate more renewables, including distributed resources
- PUC approved Phase 1 of grid modernization
- Applying for Phase 2 in 2019
- Designing rates to deliver greater customer options and manage grid needs

Advancing electrification

- Initiated electric bus pilot providing time of use rates
- Continue to encourage distributed energy resources
- Launched CBRE

Evolving regulatory framework to achieve Hawaii's policy goals

- PUC decision on Phase 1 of PBR outlined conceptual framework
- Filed proposed framework along with other stakeholders
- Details being developed in Phase 2

Regulatory evolution: Performance-based regulation (PBR)

	Potential changes from PBR
3-year rate case cycle Multi-year rate plans with interim adjustments	*5-year rate plan*
Sales decoupling Provides predictable revenue stream by fixing net revenues at level approved in last rate case (revenues not linked to kWh sales)	*stays in place*
Revenue adjustment mechanism (RAM) Annually adjusts revenue to recover general "inflation" of operations and maintenance expenses and baseline plant additions between rate cases	*replaced with annual revenue adjustment*
Major Projects Interim Recovery adjustment mechanism (MPIR) Permits recovery of costs for major capital projects including but not restricted to projects to advance transformational efforts	*stays in place, with possible modifications*
Energy cost and purchased power recovery/adjustment clauses Allow recovery of fuel and purchased power costs. Symmetrical fossil fuel cost risk sharing (98% customer/2% utility) mechanism established for Hawaiian Electric; utility upside/downside capped at $2.5 million	*stay in place*
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	*stay in place*
Renewable energy infrastructure program Available for recovery of renewable energy infrastructure projects through a surcharge	*stays in place*
Performance incentive mechanisms Performance incentive mechanisms for reliability, customer call center and renewable procurement	*additional PIMS*

Regulatory evolution: Performance-based regulation (PBR)

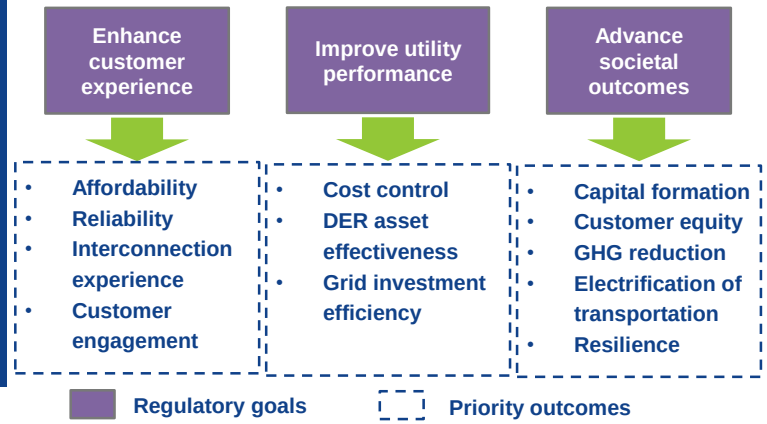
Phase 1 D&O established conceptual framework

Conceptual framework established

Guiding principles

- **A customer-centric approach,** including immediate "day 1" savings when the new regulations take effect
- **Administrative efficiency** to reduce regulatory burdens to the utility and stakeholders
- **Utility financial integrity** to maintain the utility's financial health, including access to low-cost capital

Goals and outcomes



PBR structure

Revenue adjustment mechanisms

- ✓ **Maintain revenue decoupling and existing cost trackers**
- ✓ **5-year multi-year rate plan**
- ✓ **Annual formulaic revenue adjustment** (formula includes inflation and adjustments for productivity, unexpected costs outside utility's control, customer dividend)
- ✓ **Upside and downside earnings sharing mechanism**
- ✓ **Major Project Interim Recovery (MPIR)** maintained, but may be modified
- ✓ **Off-ramps** to provide for review of PBR mechanisms

Performance mechanisms

- ✓ **New Performance incentive mechanisms** to drive achievement on Interconnection Experience; Customer Engagement; and DER Asset Effectiveness
- ✓ **Shared savings mechanisms** to drive achievement on Grid Investment Efficiency and Cost Control, mitigation of capex bias, and cost effective solutions for customers
- ✓ **New scorecards and reporting metrics** to track progress/highlight performance across a variety of PBR outcomes

Phase 2 of PBR underway

Phase 2 will determine financial impact of PBR as details are developed

- ✓ Extension of timeline to Dec. 2020 allows for thoughtful formulation of mechanisms
- ✓ PUC continues to emphasize utility financial integrity as guiding principle for PBR
- ✓ Annual revenue adjustment mechanism has potential to eliminate lag in the current RAM
- ✓ New performance incentive mechanisms (PIMs) covering Interconnection Experience, Customer Engagement, and DER Asset Effectiveness will supplement PIMs already in effect; PIMs will provide additional earnings opportunities
- ✓ Utility's initial proposal, filed August 14, offers preliminary ideas and encourages stakeholder discussion
- ✓ Constructive, collaborative process, with workshops to ensure common understanding among all key stakeholders

Aggressively pursuing renewable energy

Record procurement initiatives underway

- **Launched among largest renewable procurement efforts ever undertaken by a US utility**
  - Challenging the market to deliver cost-effective projects for up to 900 MW renewable energy, 500 GWh storage, as well as grid services in Stage 2 RFP[1]
  - Follows PUC approval of 7 PPAs for 260 MW solar and ~1 GWh storage in Stage 1 RFP
- **Innovative new PPA is helping drive lower cost renewable energy, operational flexibility**
  - Fixed monthly payment reduces developer financing costs, reducing energy prices for customers
  - Utility able to dispatch solar, wind to match needs of grid at lowest cost
- **Replacing coal, oil-fired generation**
  - 180 MW AES coal plant contract expires Sept. 2022
  - Oil-fired Kahului Power Plant planned for retirement by 2024 (and potentially earlier)

If approved and completed on time, Stage 1 and Stage 2 projects could help us reach:

~50% RPS by 2022
~70% RPS by late 2020s

Key determinants of how fast we can go:

→ Community acceptance of projects
→ Market must deliver projects that are cost-effective for our customers

1. Represents maximum amounts being sought. Actual amounts procured will depend on the market delivering cost-effective results.

Next phase of long-range planning underway

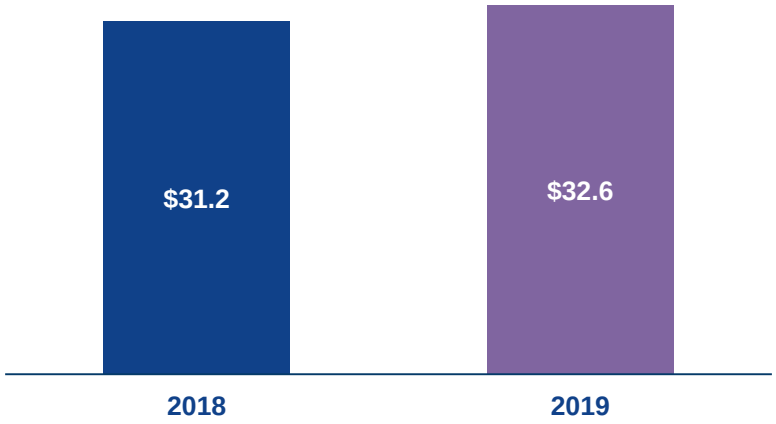
Integrated Grid Planning (IGP) in initial stages

- Integrated approach:
  - Combines **planning and procurement** (versus just planning)
  - Evaluates system needs for **generation, transmission and distribution, resilience and other services**
  - Considers all alternatives (traditional and non-traditional—e.g., non-wires)
- Goal: Find best-fit, least cost options to meet customer needs while maintaining system reliability, resilience
- How it's different: Traditional planning approaches conduct resource and T&D planning separately, potentially missing benefits spanning across multiple parts of the electric system and missing solutions such as non-wires alternatives that address multiple resource, T&D needs
- Process includes extensive stakeholder involvement
- Initial plan to be filed summer 2021

IGP to replace PSIP as key planning tool; will provide more integrated approach to meet Hawaii's 100% renewable goal

Q2 2019 utility financial highlights
($ in millions)

UTILITY NET INCOME

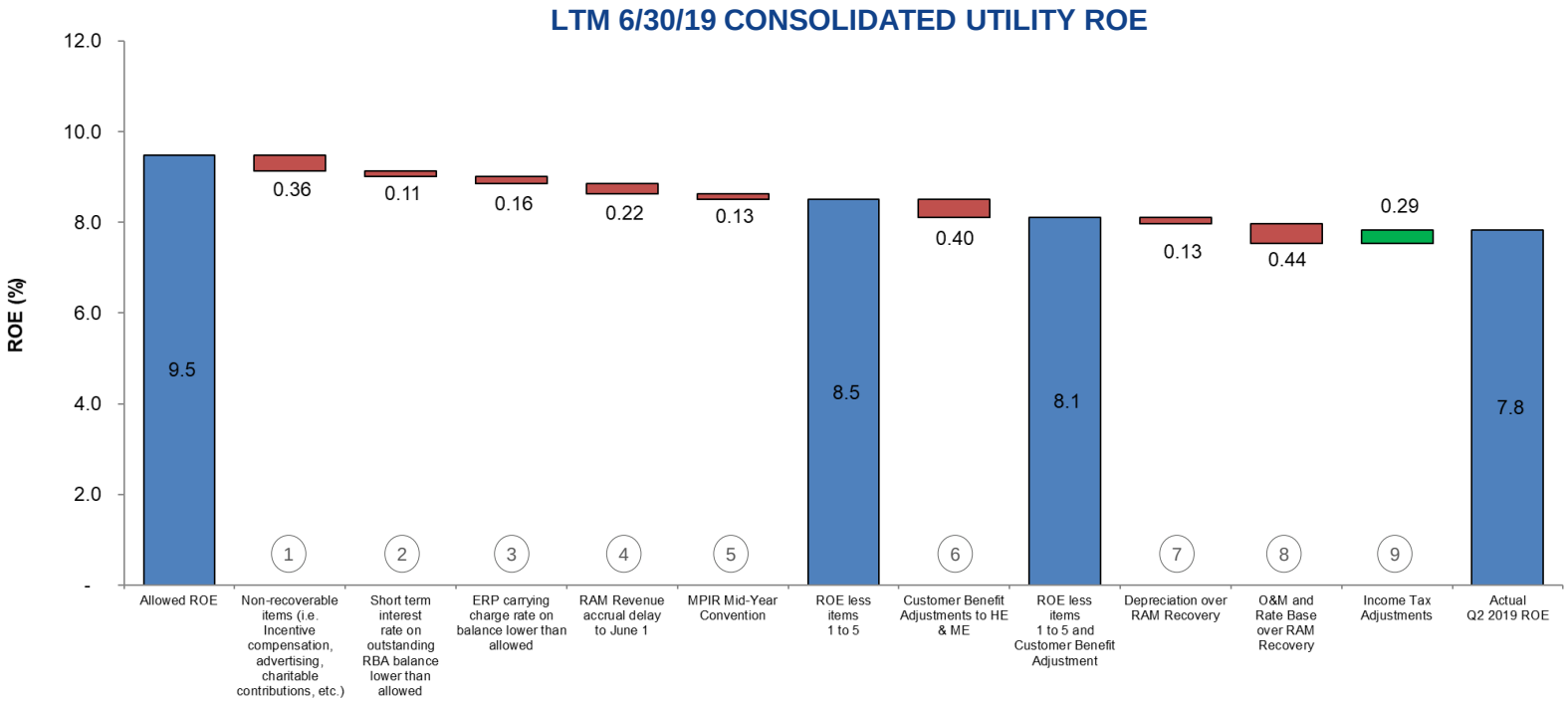


KEY UTILITY EARNINGS DRIVERS, AFTER-TAX FAV/(UNFAV)

	Q2 2019 vs Q2 2018
Rate relief and RAM revenues	7
MPIR revenues	3
Operations and maintenance excluding net income neutral items[1]	(4)
Depreciation	(3)
25kv work inclusion in 2018 PIM calculation	(1)

1 Net income neutral items are items covered by a surcharge or third party; for example, the PUC has approved certain mechanisms for the timely recovery of certain costs, allowing these costs to be included in tariffed rates. Because the Utilities recognize revenues under such surcharge mechanisms, these costs are net income neutral.

Utility LTM ROE improving with new rates in place



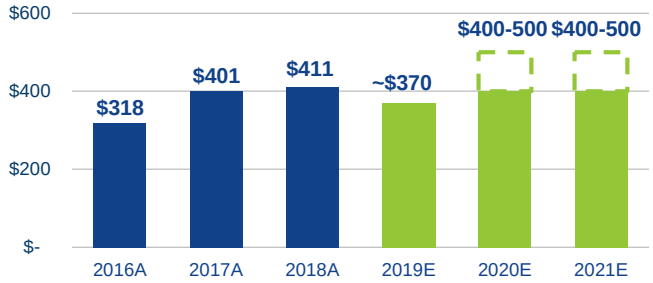
Clean and reliable energy drives capital investment

Compound annual rate base growth of ~5-7% through 2021 even without CIP and West Loch battery projects, as we invest in grid modernization, reliability and resilience

Utility capex program equity needs funded without the need for external equity

CAPITAL EXPENDITURES FORECAST

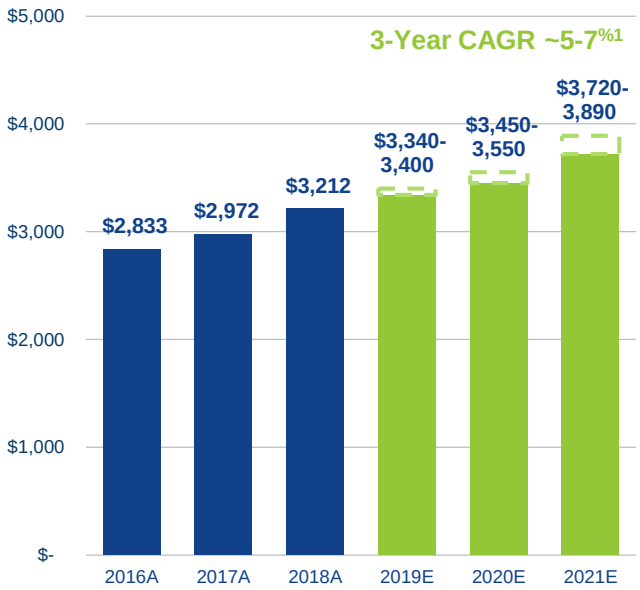
($ in millions)



Major Capex Projects	Forecast 2019	Forecast 2020	Forecast 2021
West Loch PV	$14	-	-
Other Major Projects[2]	~$40	~$55	~$100
Grid Modernization Project Phase 1	$10	$31	$40
Baseline Projects	~$306	~$315	~$315

RATE BASE FORECAST

($ in millions)

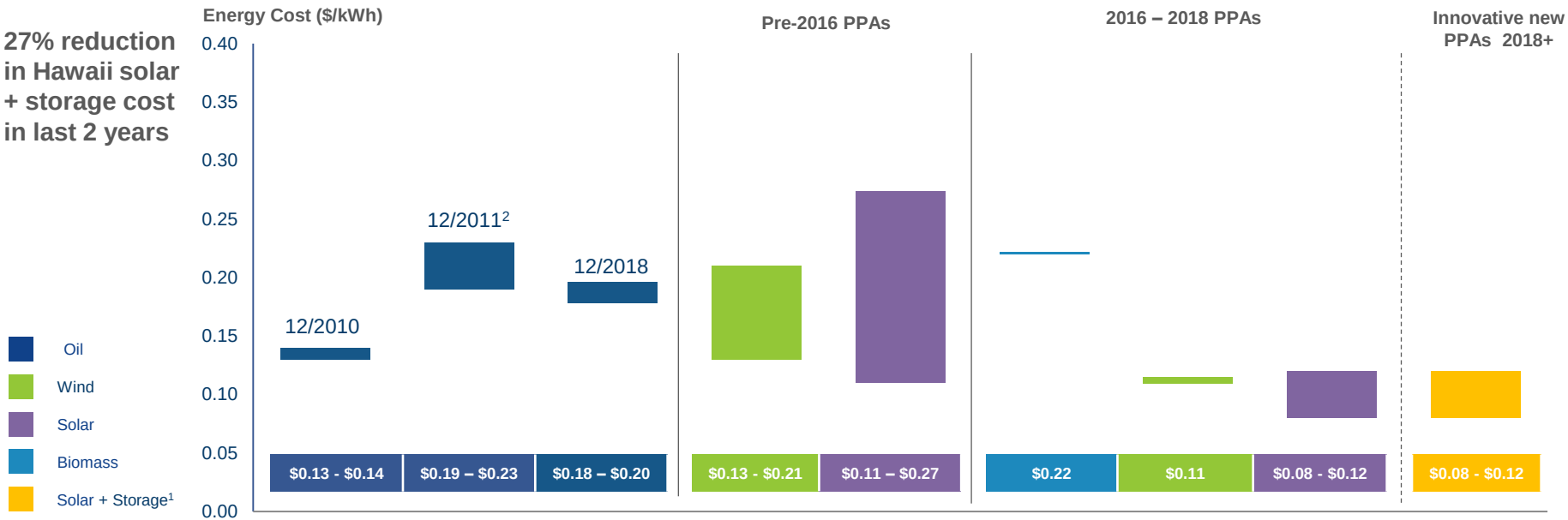


Note: Capex figures are net of CIAC.
1 Rate base is impacted primarily by plant additions but also includes other items (i.e., unamortized contributions in aid of construction, accumulated deferred income taxes, certain regulatory assets, etc.).
2 2019 "Other Major Projects" capex includes ~$32 million for PUC-approved projects and ~$4 million subject to PUC approval, as well as additional capex for major projects already placed in service.

Replacing fossil fuel with renewable energy at lower cost

Cost declines delivered by innovative PPA contracts, technology cost curves

27% reduction in Hawaii solar + storage cost in last 2 years



1 Note: Refer to "Performance Incentive Mechanisms" slide in appendix for detail on PIM rewards associated with renewable and storage PPAs.
2 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.

AMERICAN SAVINGS BANK

Serving and investing in Hawaii's families, businesses and communities

HEI

Catalyst for a better Hawai'i

American Savings Bank: Strong management with consistent performance

- One of Hawaii's largest financial institutions – full-service community bank with $7 billion in assets and 49 branches across the state
- Consistent profitability with growth opportunities in attractive Hawaii banking market
- Track record of maintaining low risk profile, strong balance sheet and low-cost funding base
- Strengthening efficiency for both bank and customers with creation of new Honolulu campus

Maximizing shareholder value in the Hawaii market

- ✓ Focus on market segments that are faster growing or where we are under penetrated
- ✓ Execute efficiently to get the most out of our growth
- ✓ Deliver strong, consistent return on equity
- ✓ Return the capital on which we can't earn the targeted returns

Q2 2019 bank performance

BANK NET INCOME
($ IN MILLIONS)



Key bank earnings drivers, after-tax fav/(unfav)	2Q19 vs 1Q19	2Q19 vs 2Q18
Net interest income	(2)	1
Provision for loan losses	(1)	(4)
Noninterest income	1	2
Noninterest expense	(2)	(3)

SUMMARY OF ASB CAPITAL ADEQUACY RATIOS
(JUNE 30, 2019)

	Common equity tier 1	Tier 1 capital	Total capital	Tier 1 leverage
As of 06/30/19	12.76%	12.76%	14.01%	8.70%
"Well capitalized"[1]	6.50%	8.00%	10.00%	5.00%
Minimum requirements[1]	4.50%	6.00%	8.00%	4.00%
Basel III 2019 minimum + buffers	7.00%	8.50%	10.50%	4.00%

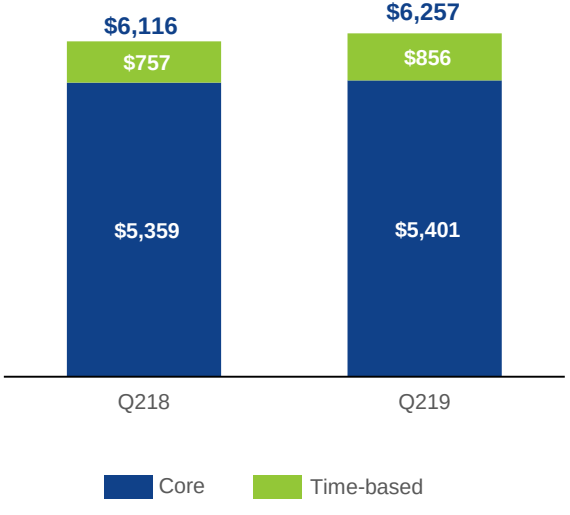
1 The OCC, ASB's principal regulator, administers two sets of capital standards — minimum regulatory capital requirements and prompt corrective action requirements. As of June 30, 2019, ASB was in compliance with OCC minimum regulatory capital requirements and was "well-capitalized" within the meaning of OCC prompt corrective action regulations.

Revenue growth driven primarily by net interest income

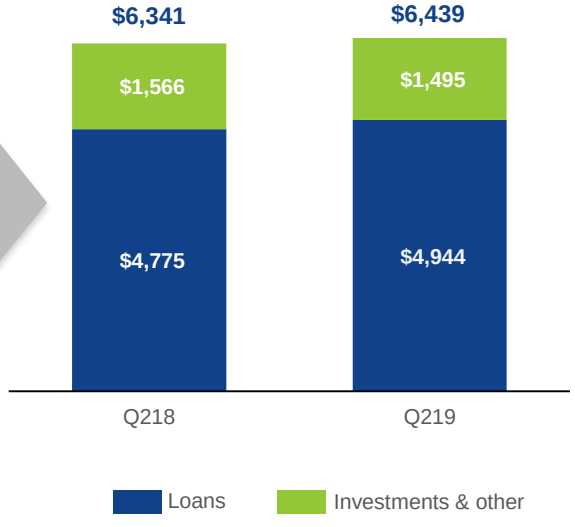
ASB has a track record of converting deposit growth to higher net interest income

($ in millions)

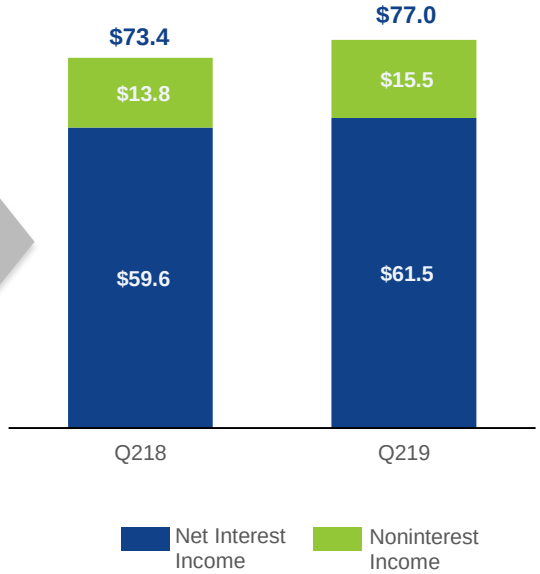
TOTAL DEPOSITS GREW 2.3%



AVERAGE INTEREST-EARNING ASSETS INCREASED 1.5%



NET INTEREST INCOME INCREASED 3.1%

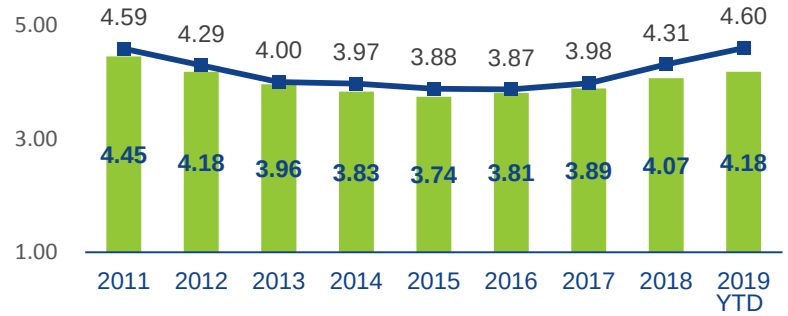


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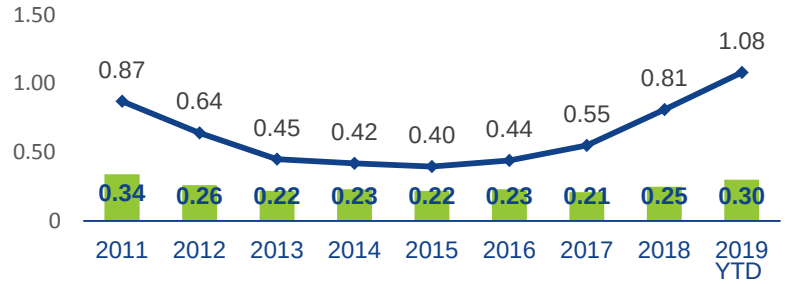
Net interest margin

YTD NIM 3.90%

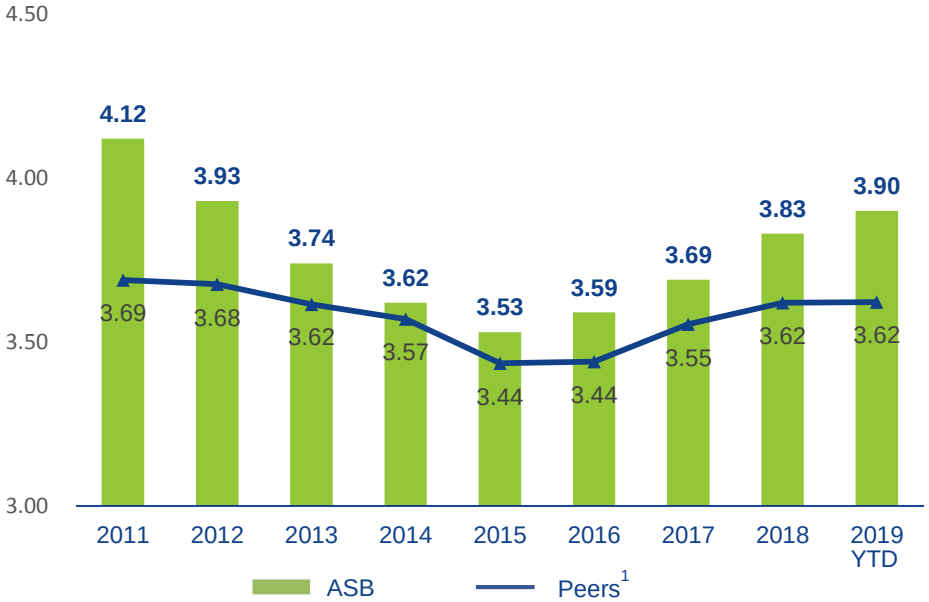
ASSET YIELD



COST OF FUNDS (%)



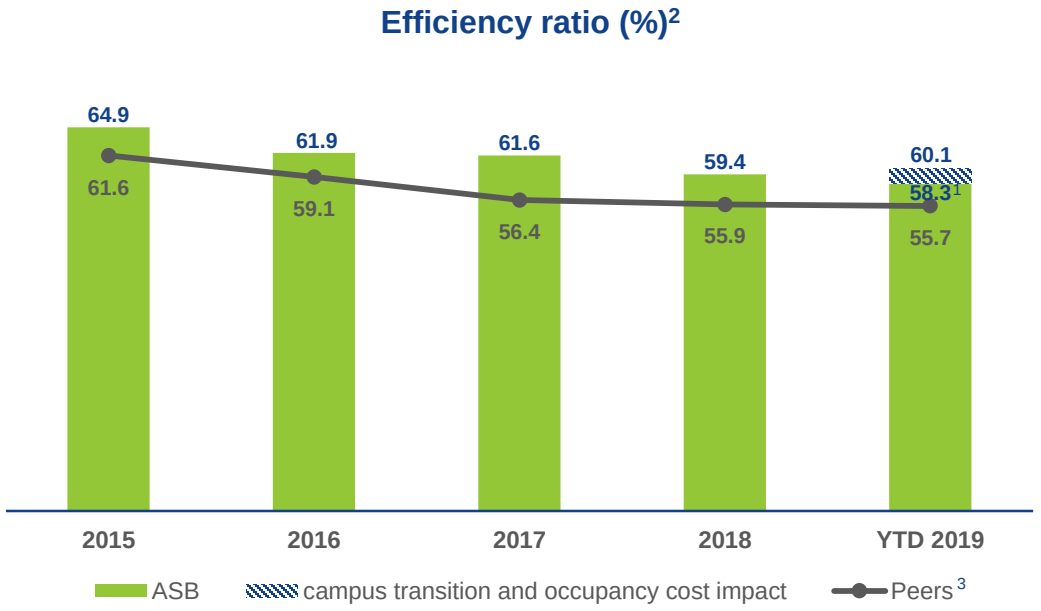
NET INTEREST MARGIN (%)



Source for peer data: SNL Financial (based on data available as of September 11, 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.

Efficiency improvement remains a key focus

- ✓ **ASB's efficiency ratio increased during the second quarter, however year-to-date the efficiency ratio has improved (60.1% versus 60.6% last year)[1]**
- ✓ **Targeting 100 basis points of annual improvement through 2021**



Source for peer data: SNL Financial (based on data available as of August 1, 2019).

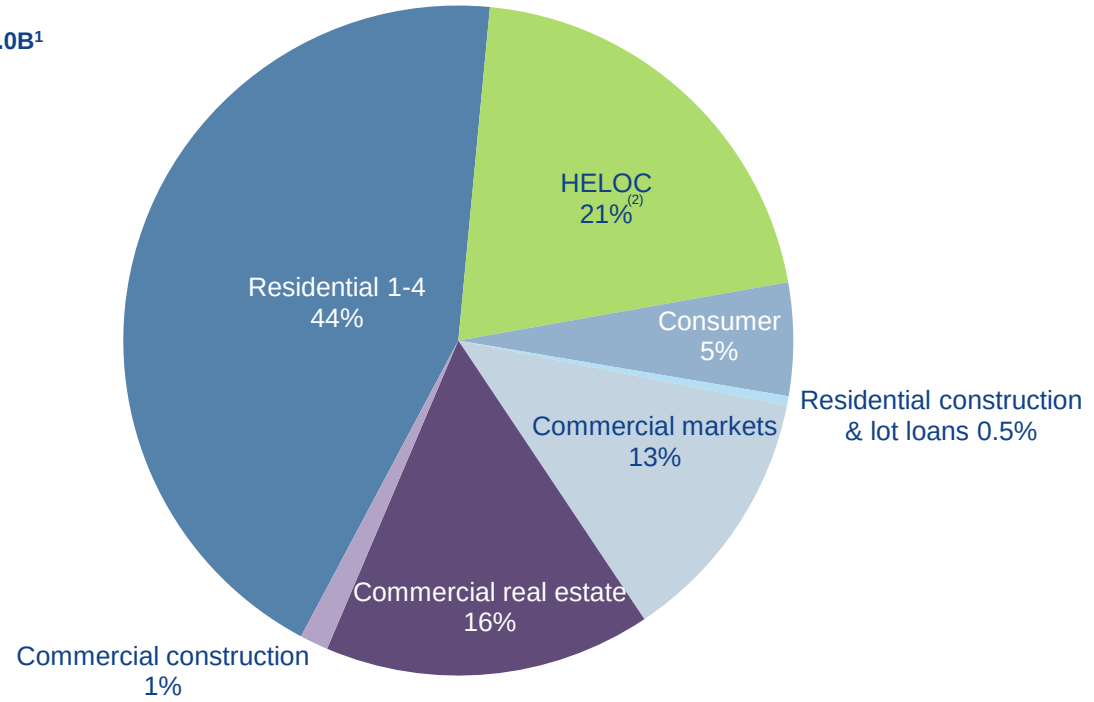
1 ASB incurred ~$2.7 million in campus transition and occupancy costs year-to-date. Excluding these costs from reported non-interest expense of $93.2 million year-to-date, the efficiency ratio would be 58.3% year-to-date versus 60.1% on a reported basis.

2 Calculated as non interest expense / (net interest income before provision + noninterest income)

3 Median for peer group based on publicly traded banks and thrifts between $4B and $9B in total assets. See Appendix for ASB peer group information.

Low-risk loan mix

TOTAL LOANS AT 06/31/19 - $5.0B[1]

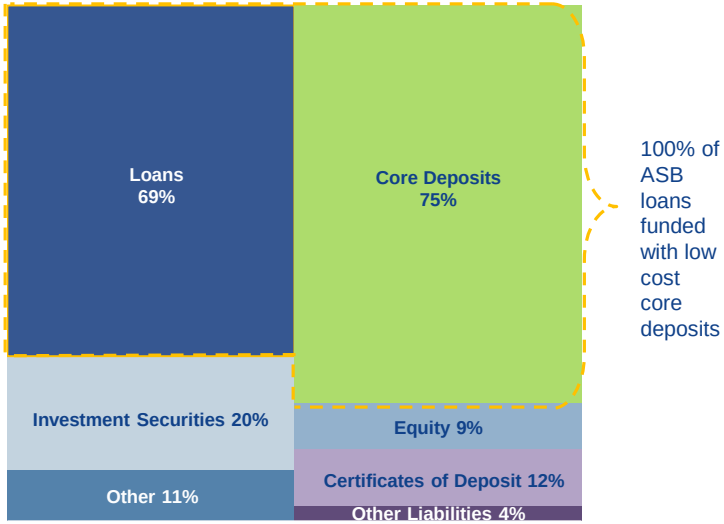


1 Before deferred fees, discounts and allowance for loan losses
2 Borrowers have a “Fixed Rate Loan Option” to convert a part of their available line of credit into a 5, 7, or 10-year fully amortizing fixed rate loan with level principal and interest payments.

Quality balance sheet and strong capital efficiency

ASB[1]

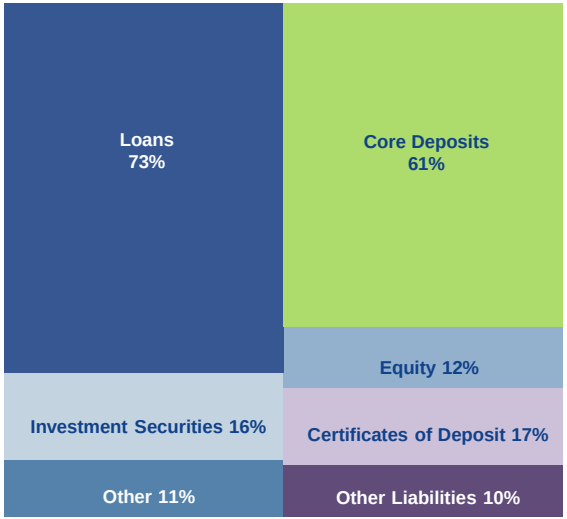
Average yield on earning assets	4.11%
Average cost of funds	0.30%
Return on average equity[3]	10.46%



100% of ASB loans funded with low cost core deposits

PEER BANKS[2]

Median of average yield on earning assets	4.60%
Median of average cost of funds	1.10%
Return on average equity	10.24%



Source for peer data: SNL Financial (based on data available as of September 11, 2019)
1 For quarter ending 6/30/2019.
2 For quarter ending 6/30/2019. 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.

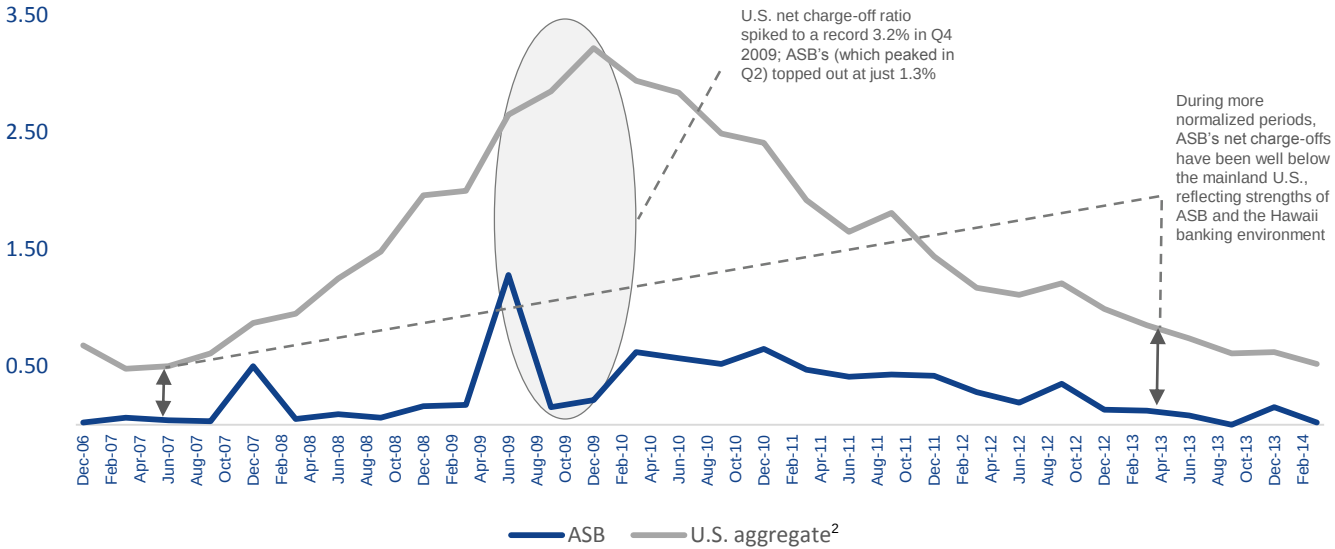
Unique strategy, balance sheet, and operating environment

ASB's performance through the financial crisis highlights unique strengths

ASB's net charge-offs have been consistently below national averages, reflecting ASB's prudent lending practices and Hawaii's unique economic and cultural attributes

During the financial crisis ASB's net charge-off ratio increase was well below national levels

Net charge-offs / average loans[1]



Source: SNL as of 9/11/2019

1 Quarterly data.

2 U.S. numbers represent all commercial banks in the U.S. in aggregate.

PACIFIC CURRENT

Pursuing opportunities in Hawaii's sustainable infrastructure market

HEI

Catalyst for a better Hawai'i

Sustainable infrastructure investment platform

- Strong leadership with broad, relevant experience
- Proof of strategy with first two projects proceeding well
- Initial project's earnings and cash flow helping fund Pacific Current start-up costs
- Near-term focus on identifying/pursuing new project opportunities

Advancing Hawaii's Energy and Sustainability Goals through Competitive Investments

- Hawaii-based strategic capital
- Commercially viable & proven technology
- Ability to monetize tax credits
- Local relationships / partnerships

Sustainable Investment Strategy

- Invest in non-regulated clean energy and sustainability projects consistent with HEI's risk profile and value proposition
- Investing in a portfolio of Hawaii-based infrastructure investments while maintaining HEI's investment grade credit rating

Financial outlook

Catalyst for a better Hawai'i

HEI 2019 EPS guidance
(as of August 2, 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 2 – 3% above 2018 levels (excluding 2018 one time charges of ~$7 million, post-tax)
- Rate base growth: 4 – 6% over 2018
- 2019 capex of ~$370 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.

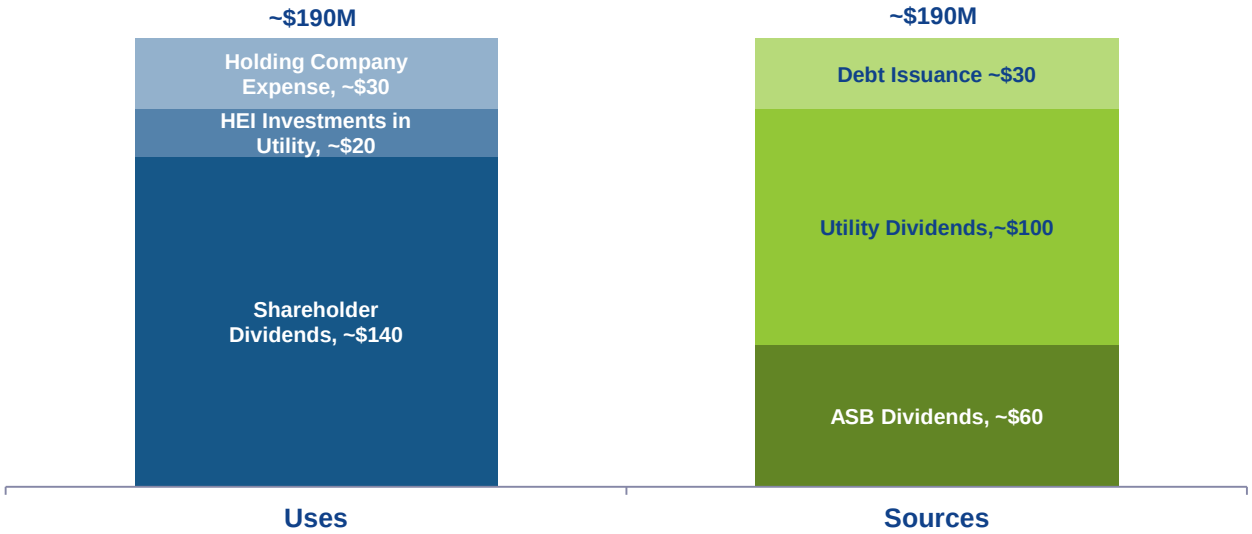
1 Excludes operations and maintenance (O&M) expenses covered by surcharges or by third parties that are neutral to net income.

HEI financing outlook 2019
(as of June 30, 2019)

Intend to maintain a consolidated investment grade profile

Utility capex program equity needs funded without the need for HEI-issued equity

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



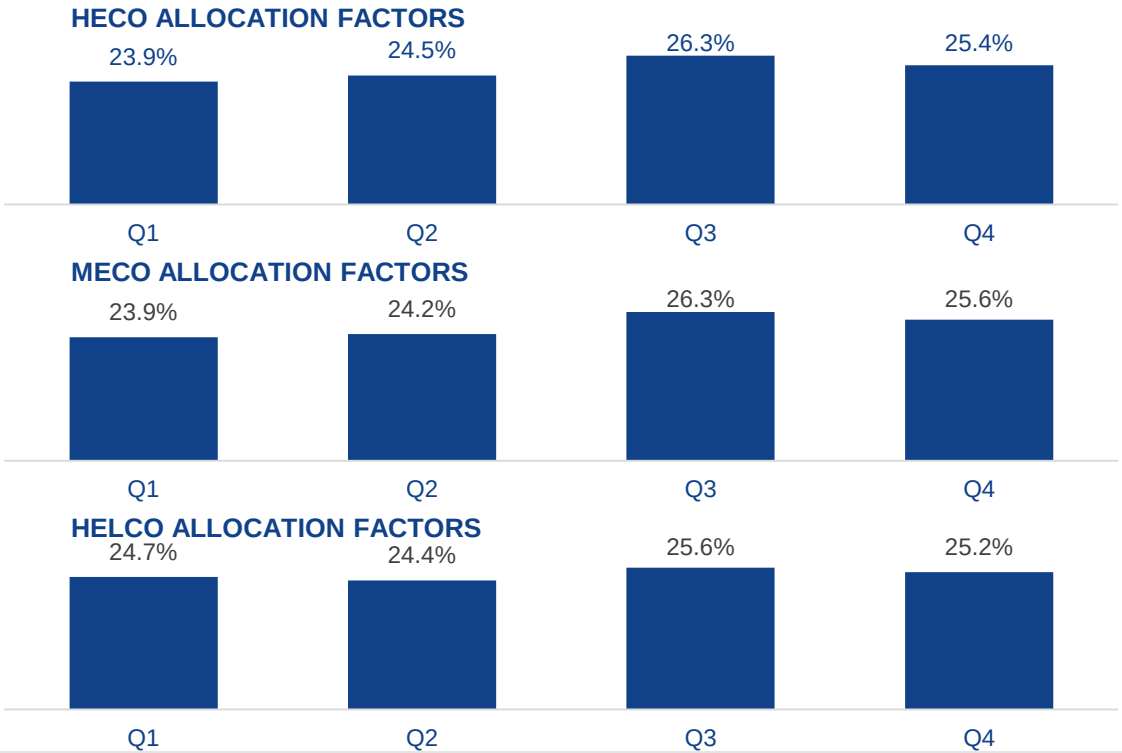
Appendices

Catalyst for a better Hawai'i

Revenue timing

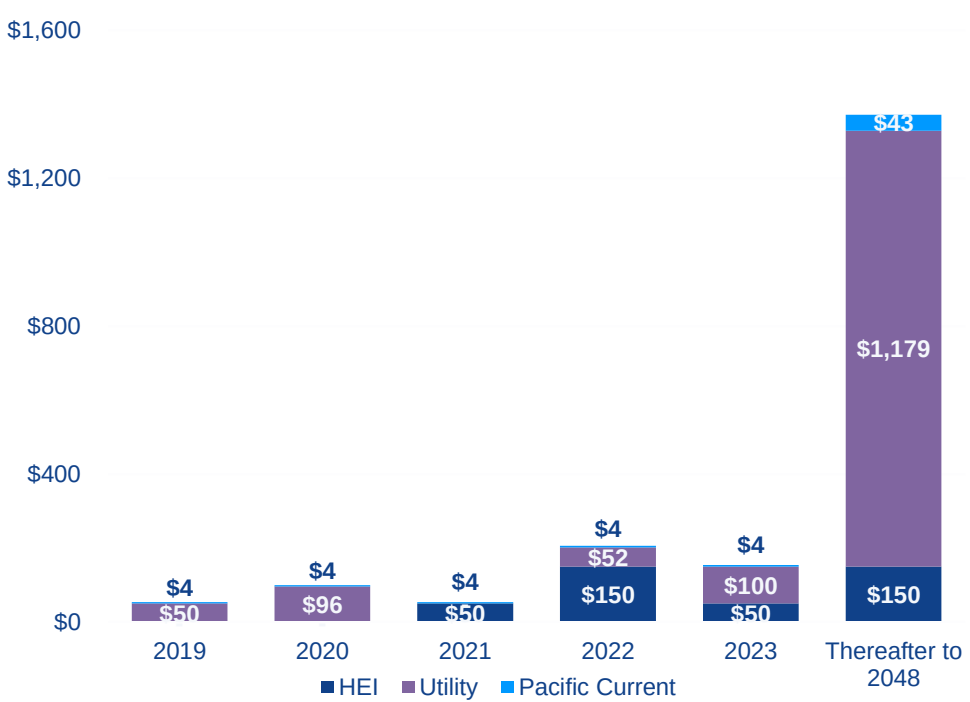
Target revenues are allocated monthly, more weighting in second half of year

- Annual target revenues for each utility are accrued according to allocation factors specified in each rate case
  - Allocation factors are based on megawatt-hour sales forecasts from each utility's most recent rate case
- Sales tend to be greater in the second half of the year, so target revenue factors are larger in Q3/Q4



Debt maturities[1] & credit ratings
($ in millions)

Credit Ratings	HEI	Hawaiian Electric	ASB
Moody's[2]	Unrated/Stable/P-3	Baa2/Stable/P-2	n/a
S&P[3]	BBB-/Stable/A-3	BBB-/Stable/A-3	BBB/Stable/A-2
Fitch[4]	BBB/Stable/F3	BBB+/Stable/F2	n/a



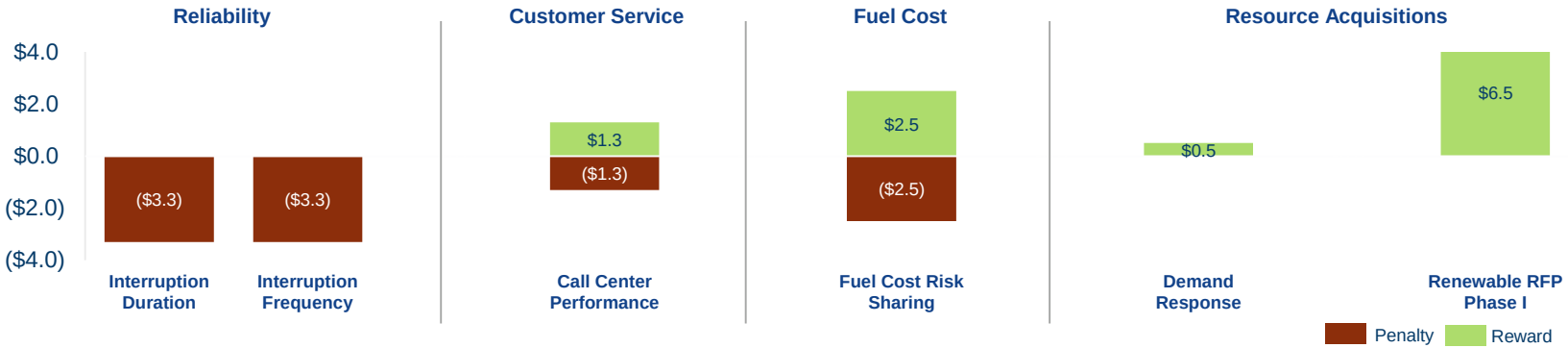
1 Debt maturities data as of June 30, 2019.
2 Source for ratings: August 2018 HEI & Hawaiian Electric Moody's reports
3 Source for ratings: August 2019 (Hawaiian Electric), February 2018 (HEI) & December 2018 (ASB) S&P reports
4 Source for ratings: July 2019 HEI & Hawaiian Electric Fitch reports
5 Pacific Current maturities exclude the construction loan in place for the UH solar-plus-storage projects. As of 6/30/19, $6.2 million was drawn. The loan matures in March of 2021.
6 Note: Page does not include debt expenses of ~ $10 million (does not reflect the adoption of ASU No. 2015-03, Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance 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**	

Performance Incentive Mechanisms (PIMs)

CURRENT PIMS[1] ($ in millions)



PIMS APPROVED BY PUC IN APRIL 2017 FOR ALL THREE COMPANIES[3]

- **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]

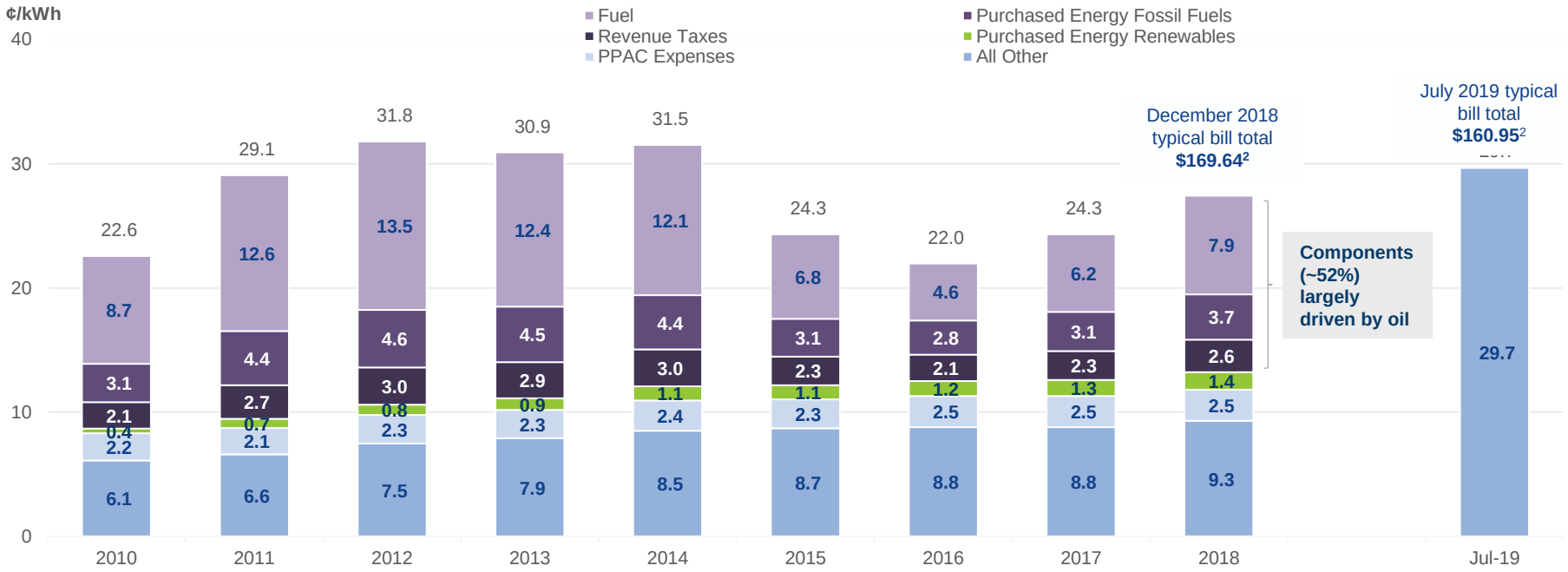
- **Demand Response**
  - One-time incentive for timely acquisition of cost-effective DR from RFP respondents
  - Incentive up to 5% of aggregate annual contract value, capped at $500,000
- **The PUC will consider additional PIMs in Performance Based Regulation (PBR) docket**
- **Stage 1 Renewable RFP**
  - Stage 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
  - Hawaiian Electric accrued the first half of PIMs in Q1 2019, second half to be accrued one year after projects placed in service
  - For PPAs submitted between 1/1/19 and 3/31/19, increasing portion of savings goes to customers
- PUC is considering new PIMs for **Stage 2 Renewable RFP**

1 Apply to all companies, except for fuel cost sharing, which currently applies to HECO and MECO only.
2 In addition to the PIMs described here, the PUC has established a Heat Rate incentive mechanism designed to incentivize efficient operation of units (and penalize inefficient operation of units). The 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 any penalty for failure to achieve the RPS targets for events/circumstances outside the company's control.
3 In May 2019 the Companies filed an application to modify certain PIM provisions, including the exclusion of scheduled maintenance interruptions from performance for the SAIDI and SAIFI PIMs.

Oil is the primary driver of rates in Hawaii

BREAKDOWN OF HAWAIIAN ELECTRIC RATES[1]

(typical residential bill)



1 Hawaiian Electric Oahu average revenue per kWh sold.
2 Typical bill totals are based on the energy cost recovery factors for residential customers only, and assume 500kWh of monthly consumption.

Hawaiian Electric 2020 rate case updates

Hawaii PUC docket no. 2019-0085

	Final D&O (2017 test year) (6/22/18) (eff. 9/1/18)	Application (2020 Test Year) (8/21/19)
Amount requested	Commission approves Parties' Stipulated Settlement Agreements filed on November 15, 2017 and March 5, 2018.	$77.5 million (4.1% increase over revenues at current effective rates)
Deprec. & amort. expenses	$123.5M	$137.1
Return on average common equity	9.5% with mechanisms	10.5% with mechanisms
Common equity capitalization (%)	57.10%	57.15%
Return on rate base	7.57%	7.97%
Average rate base	$1,993M	$2,477M
GWh sales	6,660.2	6,474.5

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.

Hawaii Electric Light 2019 rate case updates

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)[1]
Amount requested	Commission approves rates implemented in adjusted interim which included a reduction of $9.9M to incorporate the Tax Act effects.	$13.7M (3.5% increase over revenues at current effective rates) [2]
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	$540.5M
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 Excluding Hu Honua from the 2019 test year.

2 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 increases or decreases in electric sales since the 2016 test year) and other operating revenues.

Maui Electric 2018 rate case updates

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)	Order Approving Proposed Final Tariffs, (8/14/19) (eff. 9/1/19)
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)	$12.2M (3.7% increase over revenues at current effective rates) [2]
Deprec. & amort. expenses	$24.6M	$23.9M	$29.6M	$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	9.50% with mechanisms
Common equity capitalization (%)	56.94%	56.94%	57.02%	57.02%	57.02%
Return on rate base	8.05%	8.05%	7.43%	7.43%	7.43%
Average rate base	$473.3M	$482.4M	$462.4M	$462.4M	$454.3M
GWh sales	1,047.0	1,047.0	1,073.2	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 increases or decreases in electric sales since the 2012 test year) and other operating revenues.

2 Approximately $0.5 million was refunded to customers through a temporary surcredit from June 1, 2019 to June 30, 2019.

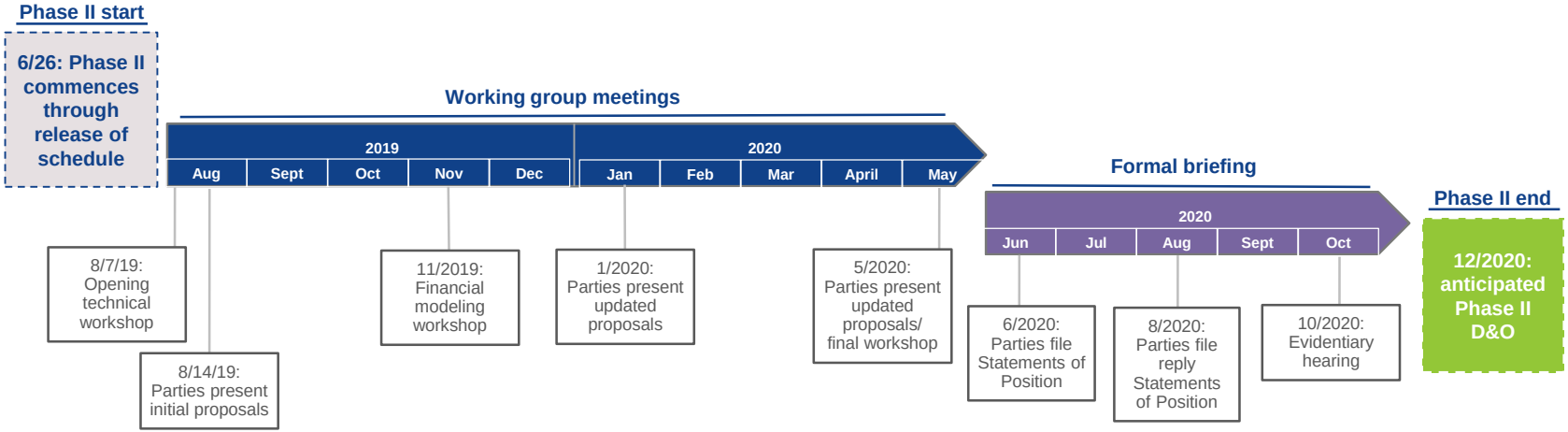
3 Proposed Final Tariffs reflect the unbundling of fuel and purchased power costs from final rates previously approved in the Order issued on May 16, 2019. The impact is revenue neutral.

Performance based regulation update—Phase II schedule

PBR Phase II commenced with release of detailed timeline issued in June

On June 26, the PUC commenced Phase II and released its timeline for implementing PBR. Phase II will continue the collaborative approach from Phase I, and will include workshops and working group meetings to develop, present, and evaluate stakeholder proposals

- *Timeline is measured and shows PUC's commitment to gradualism in implementing PBR*
- *Collaborative format is focused on creating a thoughtful process that minimizes risk of unintended consequences*



Performance-based regulation update

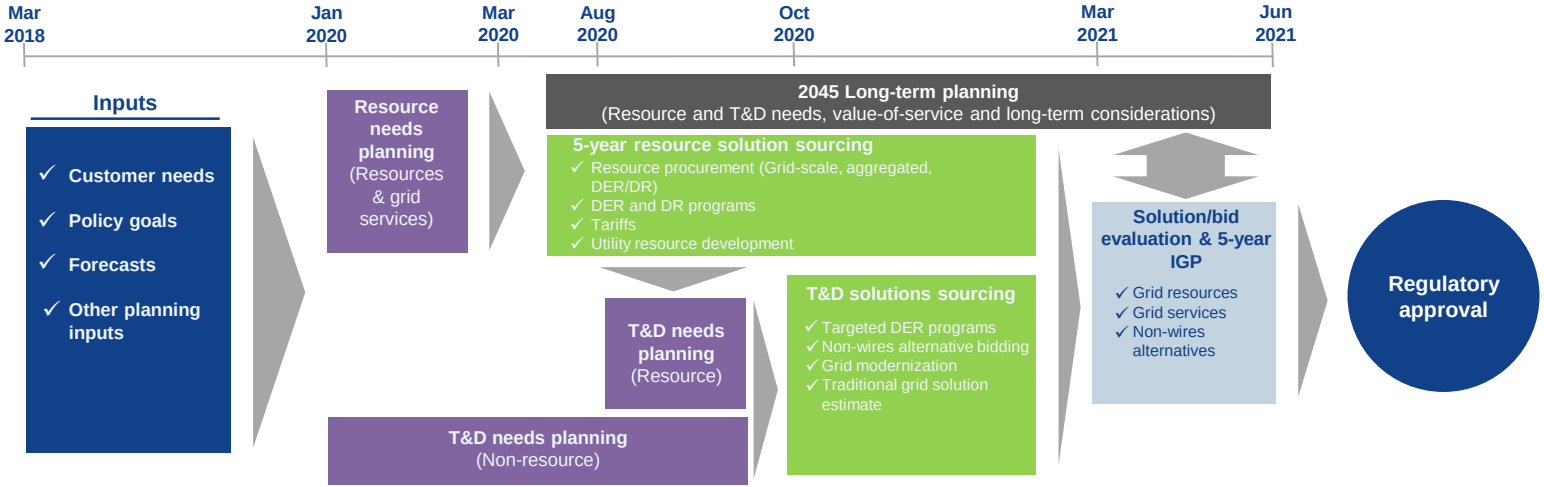
Initial proposal filed August 14: offers ideas and encourages stakeholder discussion

KEY ASPECTS OF UTILITY'S INITIAL PROPOSAL

Multi-year rate plan (MRP) and rate cases	• 5-year rate period (provided an adequate Annual Revenue Adjustment formula and modified MPIR mechanism are approved). • Initial base rates set in next rate cases: HELCO 2019 test year, HECO 2020 test year, MECO 2021 test year • New MRP in place in time for HELCO and HECO first Adjusted Revenue Target to be effective January 1, 2021 • ARA would be filed in time for Adjusted Revenue Target to be effective January 1 of each adjustment year, eliminating regulatory lag in the current RAM • Utility would file a consolidated rate case (all three utilities) based on a 2025 test year, as early as May 1, 2024
Cost of capital	• Cost of capital determined in a separate consolidated proceeding, and adjusted in between each proceeding. A Cost of Capital (CoC) Factor would be included in the target revenue adjustment formula or the Z-factor • The CoC factor would be determined using a new CoC Adjustment Mechanism, which would be used to periodically determine the CoC used in establishing the revenue requirement in rate cases, and the revenue requirement impact of capital projects
Adjustment mechanisms	• MPIR modified to allow recovery on full investment amount in ratebase in the year the project goes into service • Decoupling, existing cost trackers, and existing pass-through mechanisms would continue to operate • Symmetric earnings sharing mechanism, with return on common equity used in the ESM determined on a ratemaking basis
Annual Revenue Adjustment (ARA) formula	**ARA = Inflation factor − X factor + Z factor − Customer dividend** *Based on GDPPI, with the difference between GDPPI and actual cost inflation accounted for in the "X" factor* *Initially proposing a value of -1.41%, reflecting industry productivity trend and an inflation differential between GDPPI and industry* *Would account for exceptional circumstances not in the utility's direct control (e.g., tax law changes).* *Not supportive of a customer dividend, but if it must be adopted, initially proposing a value of 0.22%*

Integrated Grid Planning (IGP) timeline and elements

IGP elements and expected timeline



Hawaii's economy is driven by a diversity of factors

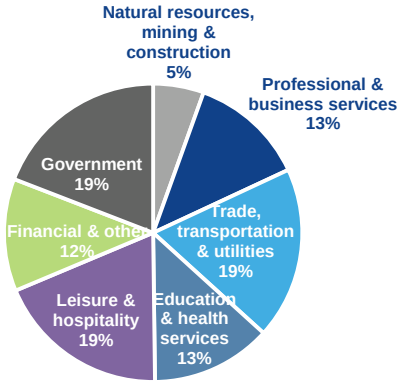
Federal defense spending and tourism from a diversity of economies drive economic stability

Exposure to a diverse range of economies and regions provides stability to tourism growth

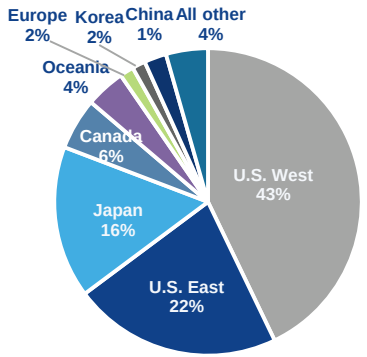
Federal government jobs, primarily military, have historically been steady and predictable, and are expected to remain at ~33k through at least 2026

Federal defense spending is a larger portion of GDP than in any state except Virginia, providing GDP stability

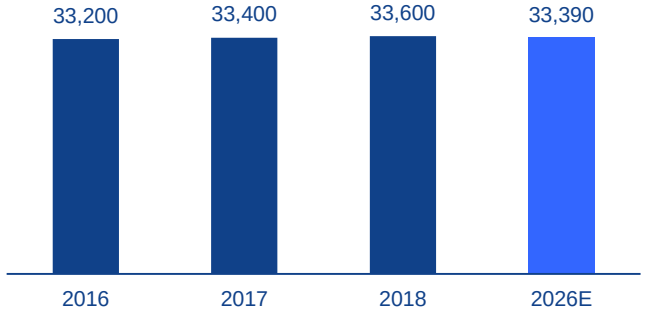
JOBS BY INDUSTRY (%)[1]



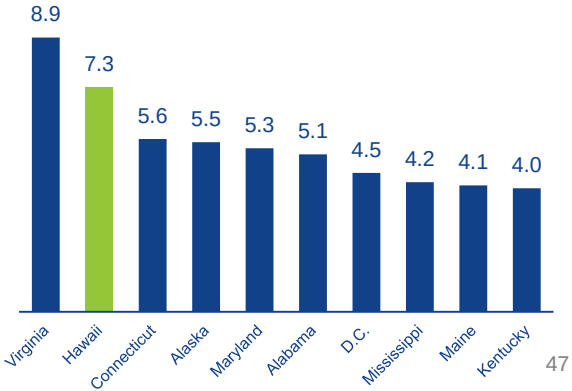
TOURISM BY SOURCE[2]



FEDERAL GOVERNMENT JOBS[3]



DEFENSE SPENDING % OF GDP[4]



1 2018 data. Source: Hawaii Department of Labor and Industrial Relations. "Other" category in "Financial & Other" includes manufacturing, information technology, and other professional services.
2 2018 Data. Source: DBEDT.
3 Source: Hawaii Department of Labor and Industrial Relations.
4 2017 data. Source: Department of Defense Office of Economic Adjustment "Defense Spending by State" report, revised March 2019.

Major project interim 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
  - On January 1 of the year after project is placed in service, may commence accrual of return and associated taxes on full amount of plant invested, depreciation and associated taxes
- "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 known and measurable net savings or benefits of project

Schofield Generating Station project

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

Grid Modernization Strategy Phase 1 project (D&O pending ruling on certain requests for clarification/reconsideration)

- Approved Companies' proposed MPIR recovery methods, subject to certain conditions

West Loch PV project

- PUC has affirmed its intention to approve MPIR recovery for this project

Fossil fuel cost risk sharing

Hawaiian Electric 2017 test year rate case D&O, Hawaii PUC docket no. 2016-0328
Maui Electric 2018 test year rate case D&O, Hawaii PUC docket no. 2017-0150

- In final D&O in Hawaiian Electric 2017 rate case, Commission established fossil fuel cost risk sharing mechanism as part of Energy Cost Recovery Clause
  - Symmetrical mechanism, with utility annual upside / downside capped at $2.5 million
  - Variations in fossil fuel price above or below baseline price shared 98% customers / 2% utility
  - Applies to utility fossil fuel generation (not IPP generation or non-fossil fuels) and includes fuel efficiency impacts
  - Effective January 1, 2019
  - Baseline price for Hawaiian Electric: January fuel prices of each year for each fossil fuel type

January 2019 fuel price: $83.76/bbl

- In D&O in Maui Electric 2018 rate case, Commission implemented fossil fuel cost risk sharing mechanism for Maui Electric
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $633k
  - Effective September 1, 2019

Power supply improvement plan (PSIP)

Hawaii PUC docket no. 2014-0183 (closed) accepted on July 14, 2017

- 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 an Integrated Grid Planning (IGP) report that details the planning approach and schedule for the next round of resource planning; Commission opened a docket in July 2018 to review the proposed IGP process, ensure meaningful stakeholder engagement, and provide guidance as the utilities implement this next round of planning

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

Grid modernization strategy update

Hawaii PUC Docket Nos. 2017-0226, 2018-0141

- In February 2018 the PUC approved the strategy and 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 included in capex forecast
- In March 2019 the PUC approved Phase 1 implementation ($86 million total 2019-2023) and cost recovery through MPIR, subject to certain conditions, including fixed and variable cost caps, which “allow cost recovery for faster and broader deployment of advanced meters than the Companies propose in the Application, and the Companies should consider doing so”
- Phase 2 PUC application planned to be filed by the end of the year

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 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, enhances Hawaii's energy security, reduces greenhouse gas emissions, and 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
- Recent regulatory developments include implementation of an electric bus tariff to support early electric bus fleet conversions, approval for Maui Electric to defer costs related to assuming ownership of, operating and maintaining certain DC fast charging stations on Maui, the July 2019 filing of a planning methodology for the Companies' Electric Vehicle Critical Backbone Study, 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
- In July 2019, the Commission held a technical conference on the status of the Smart Export and CGS+ programs

2019 ASB peer group

1st Source Corporation	SRCE	First Busey Corporation	BUSE	OFG Bancorp	OFG
Ameris Bancorp	ABCB	First Commonwealth Financial Corporation	FCF	Oritani Financial Corp.	ORIT
Axos Financial, Inc.	AX	First Financial Bankshares, Inc.	FFIN	Pacific Premier Bancorp, Inc.	PPBI
BancFirst Corporation	BANF	First Foundation Inc.	FFWM	Park National Corporation	PRK
Bancorp, Inc.	TBBK	First Merchants Corporation	FRME	Peapack-Gladstone Financial Corporation	PGC
Bridge Bancorp, Inc.	BDGE	Flushing Financial Corporation	FFIC	QCR Holdings, Inc.	QCRH
Brookline Bancorp, Inc.	BRKL	Great Southern Bancorp, Inc.	GSBC	Republic Bancorp, Inc.	RBCA.A
Bryn Mawr Bank Corporation	BMTC	Hanmi Financial Corporation	HAFC	S&T Bancorp, Inc.	STBA
Camden National Corporation	CAC	Heritage Financial Corporation	HFWA	Sandy Spring Bancorp, Inc.	SASR
CenterState Bank Corporation	CSFL	HomeStreet, Inc.	HMST	Seacoast Banking Corporation of Florida	SBCF
Central Pacific Financial Corp.	CPF	Independent Bank Corp.	INDB	ServisFirst Bancshares, Inc.	SFBS
Century Bancorp, Inc.	CNBK.A	Independent Bank Group, Inc.	IBTX	Southside Bancshares, Inc.	SBSI
City Holding Company	CHCO	Kearny Financial Corp.	KRNY	Tompkins Financial Corporation	TMP
Community Trust Bancorp, Inc.	CTBI	Lakeland Bancorp, Inc.	LBAI	TriCo Bancshares	TCBK
ConnectOne Bancorp, Inc.	CNOB	Lakeland Financial Corporation	LKFN	TrustCo Bank Corp NY	TRST
Dime Community Bancshares, Inc.	DCOM	LegacyTexas Financial Group, Inc.	LTXB	United Financial Bancorp, Inc.	UBNK
Eagle Bancorp, Inc.	EGBN	Meridian Bancorp, Inc.	EBSB	Univest Financial Corporation	UVSP
Enterprise Financial Services Corp	EFSC	Meta Financial Group, Inc.	CASH	W.T.B. Financial Corporation	WTBF.B
Fidelity Southern Corporation	LION	National Bank Holdings Corporation	NBHC	Washington Trust Bancorp, Inc.	WASH
Financial Institutions, Inc.	FISI	Northfield Bancorp, Inc.	NFBK	Westamerica Bancorporation	WABC
First Bancorp	FBNC	OceanFirst Financial Corp.	OCFC	WSFS Financial Corporation	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 2016-2018 (based upon data available in SNL as of March 13, 2019). 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.

Proven strategy, with two well-structured, valuable projects in portfolio

PACIFIC CURRENT

Hamakua Energy Combined Cycle Power Plant (Acquired Nov. 2017)

- Critical generation resource for Hawaii Island
- Supplying needed power while third-party owned geothermal plant out of service due to lava activity
- 60 MW; 2 GE LM 2500 gas turbine generators and 1 Mitsubishi steam turbine
- Evaluating conversion to locally sourced biofuels/ biofuel blend
- Redevelopment opportunities with additional land, valuable transmission interconnection at site
- Fully contracted through 12/31/2030 with Hawaii Island electric utility as off-taker
- Contracted cash flows and non-recourse financing support investment-grade profile

University of Hawaii (UH) Solar + Storage (Acquired Mar. 2018)

- Large solar plus battery storage systems at 5 campuses in UH system
- 8.21 MW, SunPower SPR-470 PV capacity and 42.3 MWh, Johnson Controls (JCI) BU-5000 lithium-ion battery storage system
- Pacific Current selected in competitive process
- JCI, investment grade corporate, leader in battery technology and energy service contractor, is project developer
- Systems are in construction phase
- 15 year PPA with UH (AA-rated state entity) as off-taker
- Contracted cash flows and non-recourse financing support investment-grade profile

Cautionary note regarding forward looking statements

This report and other presentations 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 future Federal government shutdowns, 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 regulatory 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 performance-based regulation (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 to achieve cost savings consistent with the minimum $246 million in ERP/EAM project-related benefits (including $150 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;
- the adoption of FASB ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" in 2020, which may require an increase in the allowance for loan losses, as well as the volatility in the level of the allowance for loans losses;
- 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 (Pacific Current), 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.

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

HEI and Hawaiian Electric Company management use certain non-GAAP measures, which exclude certain items that are not reflective of ongoing operations or that are not expected to reoccur, to evaluate the performance of HEI and the utility. Management believes these non-GAAP measures provide useful supplemental information and are a better indicator of the companies' core operating activities. Core earnings and other financial measures as presented below 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 non-executive 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) ROACE in order to provide better comparability of 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

($ in millions)	Twelve months ended June 30 2019	2018
HEI CONSOLIDATED NET INCOME		
GAAP (as reported)	**$ 203.7**	**$ 178.7**
Excluding special items (after-tax):		
One-time non-executive bank employee bonus related to federal tax reform	—	0.7
Federal tax reform impacts[2]	—	13.4
Non-GAAP (core) net income	**$ 203.7**	**$ 192.9**
HEI CONSOLIDATED AVERAGE COMMON EQUITY	**$ 2,155.8**	**$ 2,089.0**
HEI CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	**9.4%**	**8.6%**
Based on non-GAAP (core)[3]	**9.4%**	**9.2%**

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

RECONCILIATION OF GAAP[1] TO NON-GAAP MEASURES

Hawaiian Electric Company, Inc. and Subsidiaries

Unaudited

($ in millions)	Twelve months ended June 30 2019	2018
HAWAIIAN ELECTRIC CONSOLIDATED NET INCOME		
GAAP (as reported)	**$ 149.7**	**$ 131.5**
Excluding special items (after-tax):		
Federal tax reform impacts[2]	—	9.2
Non-GAAP (core) net income	**$ 149.7**	**$ 140.7**
HAWAIIAN ELECTRIC CONSOLIDATED AVERAGE COMMON EQUITY	**$ 1,912.0**	**$ 1,827.9**
HAWAIIAN ELECTRIC CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)		
Based on GAAP	**7.8%**	**7.2%**
Based on non-GAAP (core)[3]	**7.8%**	**7.7%**

($ in millions)	Three months ended June 30 2019	2018	Six months ended June 30 2019	2018
HAWAIIAN ELECTRIC CONSOLIDATED OTHER OPERATION AND MAINTENANCE (O&M) EXPENSE				
GAAP (as reported)	**$ 119.3**	**$ 112.6**	**$ 237.4**	**$ 220.3**
Excluding other O&M-related net income neutral items[4]	0.4	0.1	0.5	0.5
Non-GAAP (Adjusted other O&M expense)	**$ 118.9**	**$ 112.5**	**$ 236.9**	**$ 219.8**

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

Catalyst for a better Hawai‘i

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