## 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 and actual results and financial condition may differ materially from those indicated in the forward-looking statements.

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; the potential impacts of global and local developments (including global economic conditions and uncertainties, unrest, terrorist acts, wars, conflicts, political protests, deadly virus epidemic or other crisis); the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; and pandemics;
- the extent of the impact of the COVID-19 pandemic, including the duration, spread, severity and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, the impact on our employees, customers and suppliers, and the impact of the COVID-19 pandemic on the overall demand for the Company's goods and services, all of which could be affected by the pace of distribution, administration, and efficacy of the COVID-19 vaccine, as well as the proportion of the population vaccinated;
- citizen activism, including civil unrest, especially in times of severe economic depression and social divisiveness, which could negatively impact customers and employees, impair the ability of the Company and the Utilities to operate and maintain its facilities in an effective and safe manner, and citizen activism and stakeholder activism could delay the construction, increase project costs or preclude the completion, of third-party or Utility projects that are required to meet electricity demand, reliability objectives and RPS goals;
- 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, energy and environmental policy, and other policy and regulatory changes advanced or proposed by President Biden and his administration;
- weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the increasing effects of climate change, such as more severe storms, flooding, 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, which could result in lower portfolio yields and net interest margin;
- 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, and the risks inherent in changes in the value of the Company's pension liabilities, including changes driven by interest rates;
- changes in laws, regulations (including tax regulations), market conditions, interest rates 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, 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 recovery clauses (ECRCs);
- 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 recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;
- 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 (PIMs), 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 and avoid or mitigate labor disputes and work stoppages;
- 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;
- cybersecurity 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 Enterprise Resource Planning/Enterprise Asset Management (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 and $25 million of annual cost reductions by the end of 2022 pursuant to a commitment made as a result of the management audit of Hawaiian Electric in its 2020 test year rate case;
- 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 and tax rates, 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 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 related to PBR or other regulatory changes, the effects of potentially required consolidation of variable interest entities (VIEs), or required 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 credit losses, allowance for credit losses (ACL) and charge-offs;
- changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;
- unanticipated changes from the expected discontinuance of LIBOR and the transition to an alternative reference rate, which may include adverse impacts to the Company's cost of capital, loan portfolio and interest income on loans;
- 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), and the risks associated with the operation of transmission and distribution assets and power generation facilities, including public and employee safety issues, and assets causing or contributing to wildfires;
- 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, which has increased due to the impact from the COVID-19 pandemic; 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 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.

4th Quarter & Full Year 2020 Financial Results; 2021 Outlook

February 16, 2021

HEI

Catalyst for a better Hawai'i



# 2020 highlights

## WHAT WE ACCOMPLISHED

- ✓ Financial stability enabled HEI companies to serve as a source of strength for customers and communities during pandemic
- ✓ Record charitable commitments of $5.5 million ($3.5 million related to COVID), more than double typical annual giving
- ✓ Development of constructive performance-based regulation (PBR) framework in collaboration with stakeholders, providing stable financial foundation for utility and incentive-based alignment on priorities
- ✓ Robust efficiency initiatives at utility to deliver customer savings
- ✓ Aggressively advanced utility-scale renewable procurements and integrated more customer-sited resources; 2020 RPS exceeded 30% RPS milestone
- ✓ American Savings Bank supported customers with PPP loans, fee waivers and loan deferrals while maintaining strong liquidity, capital and credit risk management
- ✓ Achieved record deposit growth, residential mortgage production, and mortgage banking income; cost of funds at all-time low of 9 bps in 4Q20
- ✓ Pacific Current portfolio continues to grow and reflect sustainability focus
- ✓ Issued first consolidated HEI ESG report, aligned with SASB

# 2020 utility achievements

## HAWAIIAN ELECTRIC

| | |
|---|---|
| **Cost-effective clean energy portfolio** | • Nation-leading residential rooftop solar penetration<br>− 20% of all residential customers; ~36% of Oahu single family homes<br>• Aggressively advanced utility-scale renewable procurements<br>− Stage 1 and Stage 2 projects filed or pending filing have potential to add ~657 MW of solar and ~3GWh of storage by ~2023<br>• Exceeded 2020 statutory renewable portfolio milestone of 30% |
| **Customer experience & innovative energy solutions** | • Recognized by Electric Power Research Institute for leadership and innovation in power delivery and utilization and generation technology[1]<br>• Advanced expansion of 235 MW Community Based Renewable Energy program with proposed RFPs for LMI customers and large projects<br>• Filed innovative “green tariff” supporting University of Hawaii net-zero goal and increasing renewable energy for the state<br>• Launched Quick Connect program to accelerate pace of customer solar and battery storage interconnections |
| **Modern grid & technology platform** | • Pledged an all-electric utility light-duty fleet by 2035<br>• Proposed eBus and commercial EV make-ready infrastructure pilot projects<br>• Progressed deployment of advanced meters<br>• PUC approved company’s 50-year contract to own, operate and maintain electric distribution system serving the U.S. Army’s 12 installations on Oahu |

1 2020 Technology Transfer Awards, Electric Power Research Institute.

# 2020 utility achievements *(cont'd)*

## HAWAIIAN ELECTRIC

| | |
|---|---|
| **Stakeholder engagement** | • Intensive stakeholder engagement is core to Integrated Grid Planning process to develop recommendations and identify investment priorities for resilience, grid and resource needs |
| **Regulatory transformation** | • Collaborated with stakeholders on development of Performance-based Regulation (PBR) framework<br>• Final PBR order updates regulatory framework to balance range of interests to enhance customer experience, improve utility performance and advance societal outcomes |
| **Strengthen safety and culture** | • Implemented comprehensive COVID-19 protocols to keep employees, customers and community safe<br>• Increased employee engagement and continued focus on One Company approach |
| **Maintain financial strength** | • Improved utility return on equity included impact of strong cost efficiency program<br>– Sustainable cost efficiencies achieved through improved planning/coordination of work, managed staffing reductions, process improvements and strategic sourcing |

**Developed new 2021-25 strategic plan to advance decarbonized and resilient system, drive economic and societal change, strengthen company culture, be a trusted energy partner and enhance financial strength**

# PBR D&O: Constructive framework designed to balance range of interests

| Guiding Principles | Regulatory Goals | Priority Outcomes |
|---|---|---|
| **A customer-centric approach**, *including day 1 savings* | **Enhance customer experience** | • **Affordability**<br>• **Reliability**<br>• **Interconnection experience**<br>• **Customer engagement** |
| **Administrative efficiency** *to reduce regulatory burdens for utility and stakeholders* | **Improve utility performance** | • **Cost control**<br>• **DER asset effectiveness**<br>• **Grid investment efficiency** |
| **Utility financial integrity** *to maintain utility's financial health, including access to low-cost capital* | **Advance societal outcomes** | • **Capital formation**<br>• **Customer equity**<br>• **GHG reduction**<br>• **EoT**<br>• **Resilience** |

## Balancing of Interests

- **Cost control and affordability** – Annual Revenue Adjustment (ARA) and shared-savings mechanisms (SSMs)
- **Customer equity** – Low-to-moderate income (LMI) energy efficiency PIM
- **Interconnection experience and customer engagement** -- Interconnection PIM
- **GHG reduction and accelerated renewable energy additions** – RPS-A PIM
- **Innovation** – Streamlined pilot approval and recovery process
- **Grid investment efficiency** – Grid services PIM, exceptional project interim recovery mechanism (EPRM)
- **Administrative efficiency** – 5-year rate period
- **Utility financial integrity** --
  - Eliminates elements of structural regulatory lag
  - Establishes new revenue opportunities via PIMs, SSMs, pilot process, opportunity to recover both capital and O&M projects under EPRM
  - Provides safeguards against extreme results

# 2020 bank achievements: Executing well in a tough environment

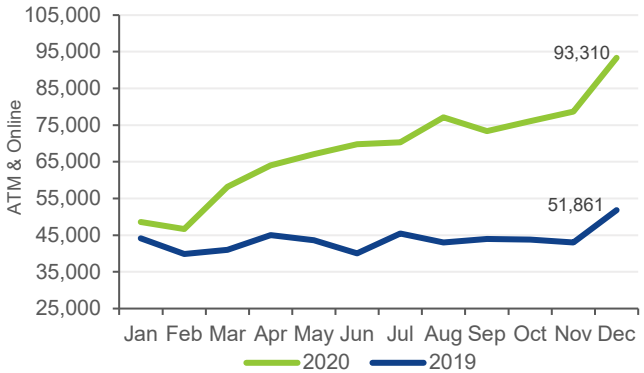
| | |
|---|---|
| **Delivering for customers** | • Operated 70% of branches during height of pandemic (most among peers)<br>• Timely PPP origination and funding supporting 4,100 businesses and 40,000+ jobs<br>• Extensive customer accommodations, including deferments and fee waivers<br>• Deployed new full function ATMs (complete 1Q21) and contactless debit cards<br>• Adoption of non-branch transactions rose from 19% pre-COVID to 40% at Dec. 2020<br>• Consolidated 8 branches; 3 others temporarily closed |
| **Investing in technology** | • Information security and infrastructure reliability; enabling remote work environment<br>• Upgrades and improvements critical to future *Anytime Anywhere Banking* model<br>– Website; online / mobile capabilities; marketing automation; online mortgage applications<br>• Additional deployments for 2021 |
| **Maintaining financial strength** | • Strong capital and liquidity position<br>• Record deposit growth (18%), residential mortgage origination ($1.2B); mortgage banking income ($24M), and low cost of funds (9 bps)<br>• Conservative credit risk management and strong provisioning; Low net charge-offs and delinquencies |
| **Protecting our teammates & ASB culture** | • American Banker *Best Banks to Work For* (only Hawaii bank listed)<br>• Hawaii Business *Best Places to Work* (12th consecutive year)<br>• WELL Health & Safety Rating for ASB Campus facility (1st in Hawaii) |
| **Supporting our island community** | • Support of community “Kahiau” partners<br>• Enabled successful Hawaii Restaurant Card program to deploy CARES funds<br>• Launched innovative Parks for People program with Trust for Public Lands |

# Transition to Anytime, Anywhere banking

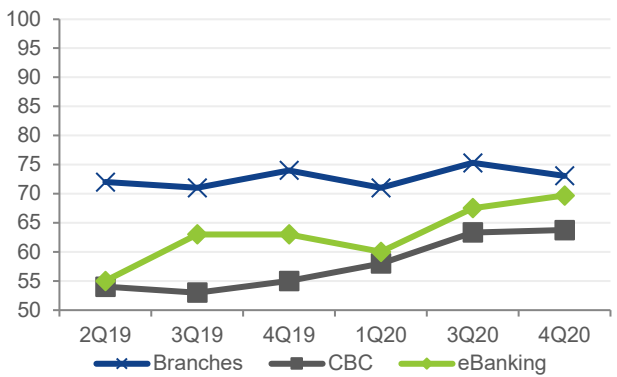
## Accelerating digital transformation to make banking even easier for customers

- Customers adopted digital options at accelerated pace during pandemic
- High levels of customer satisfaction with digital offerings
- Refocusing branch footprint to enhance multi-channel options for customers
  - Consolidated branch network to 42 branches, 8 closures
  - Opening Digital Centers this spring

ATM & Online Self-Service Rise



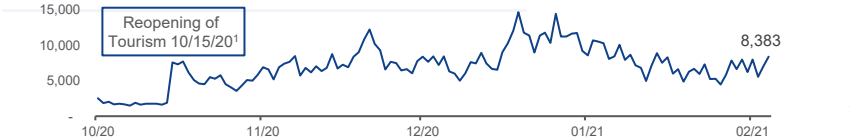

Net Promoter Score



# Hawaii economy on path to recovery

## Tourism

| | Dec. 2020 vs Dec. 2019 | Full year 2020 vs full year 2019 |
|---|---|---|
| Total arrivals | -75.2% | -73.8% |




## Unemployment

- Dec. 2020 – Hawaii: 9.3%; U.S.: 6.7%
- Hawaii unemployment peaked Apr. 2020 at 23.8%
- 2021 UHERO unemployment forecast: 10.9%

## Real Estate

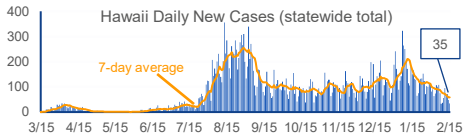
| | Median price Jan. 2020 | Jan. 2021 vs Jan. 2020 | Oahu sales volume Jan. 2021 vs Jan. 2020 |
|---|---|---|---|
| Single family homes | $883,000 | 14.7% | 9.8% |
| Condominiums | $452,000 | 5.4% | 3.4% |

## Real State GDP

| 2019A | 2020E | 2021E | 2022E |
|---|---|---|---|
| 1.2% | -10.2% | 0.1% | 5.2% |

## COVID-19[2]

- Statewide 7-day average:
  - Daily new cases **53**
  - Positivity rate **1.0%; 9.1%** nationwide
- **~10.8%** of state population vaccinated

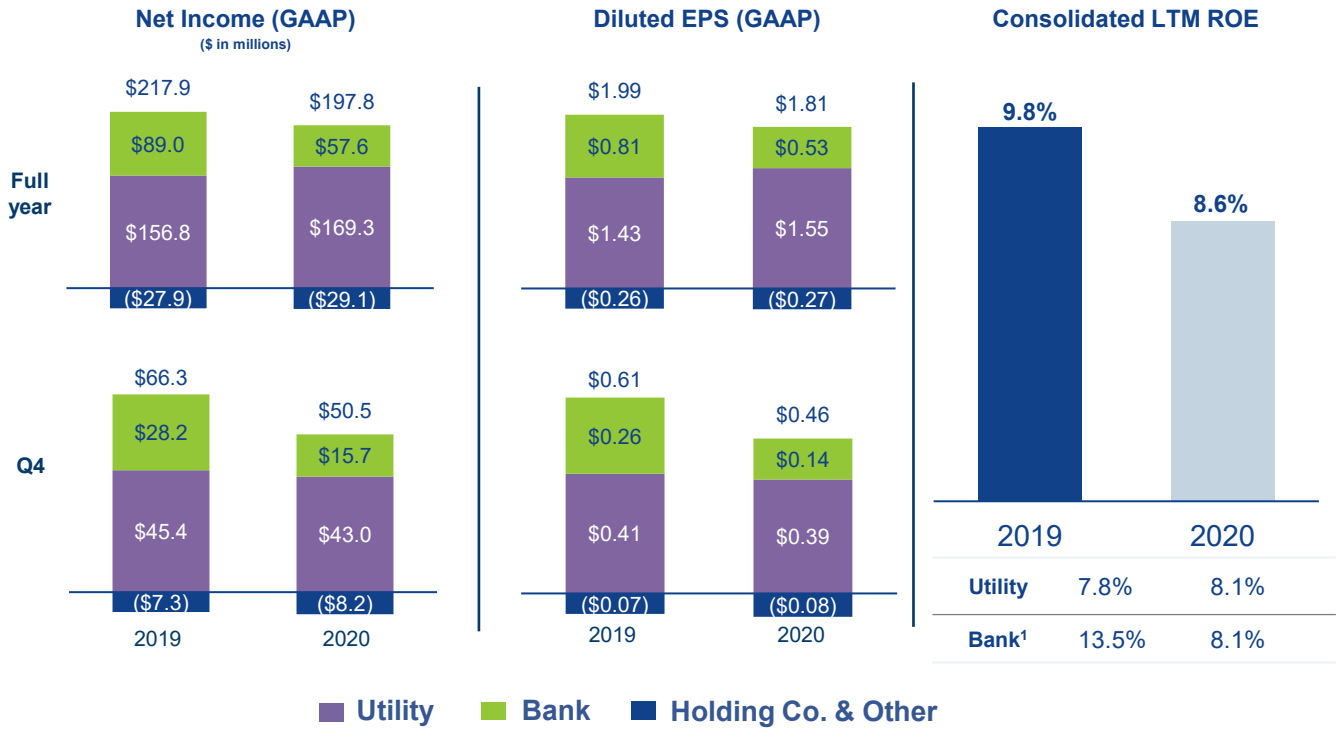



Sources: University of Hawaii Economic Research Organization (UHERO), U.S. Bureau of Labor Statistics, State of Hawaii Dept. of Business, Economic Development and Tourism, Dept. of Labor and Industrial Relations, Title Guaranty Hawaii.

1 Pre-travel testing program implemented 10/15/20.

2 As of 2/15/21. Sources: Center for Disease Control, State of Hawaii Dept. of Health, Johns Hopkins University.

# Full year 2020 financial performance

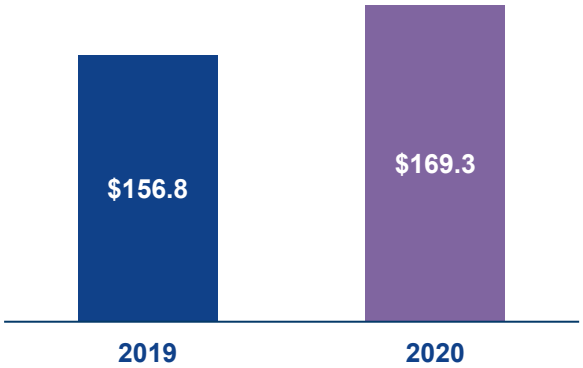



Note: Columns may not foot due to rounding.
1 Bank ROE based on daily weighted average common equity.

# Full year 2020 utility financial highlights

*($ in millions)*

## UTILITY NET INCOME




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

| | 2020 vs 2019 |
|---|---|
| Rate adjustment mechanism revenues | 17 |
| Operations and maintenance[1] | 6 |
| Interest expense | 3 |
| Major Project Interim Recovery mechanism revenues | 2 |
| Depreciation | (5) |
| Enterprise Resource Planning system benefits to be returned to customers | (4) |
| Allowance for funds used during construction | (4) |
| Fuel handling and fuel related, net of Energy Cost Recovery Clause recovery | (2) |

1 Includes pension related expenses

# 2021 reflects PBR transition

- Earnings opportunities increase as PBR mechanisms fully implemented, utility achieves accelerated customer savings commitment, projects are approved under EPRM and new pilot program, and RPS-A PIM potential grows with addition of Stage 1 & 2 RFP projects
- In Final PBR D&O, Commission stated: "….while the Phase 1 Staff Proposal had indicated a potential PIM Portfolio of approximately 150-200 basis points…the value of the initial portfolio approved in this D&O is more conservative, to provide 'room' to accommodate future PIMs and/or SSMs that may be developed in the Post-D&O Working Group and/or in other proceedings."

| | | |
|---|---|---|
| **2020** | • Dec. 23 | PUC Phase 2 PBR D&O |
| **2021** | • Jan. 1 | Elements of PBR effective:<br>– EPRM (broadened to include both capital and O&M investment)<br>– RPS-A, grid services and interconnection PIMs |
| | • Jan. 15 | PUC decision clarifying management audit savings delivery |
| | • Jan – May | Working group to develop detailed tariffs, finalize scorecards, reporting metrics |
| | • Jun. 1 | Additional PBR elements and tariffs effective, including:<br>– ARA<br>– AMI utilization and LMI energy efficiency PIMs<br>– Pilot project approval process<br>– Symmetrical earnings sharing<br>– Scorecards, reporting metrics |
| **2022** | • Jan. 1 | Former RAM lag eliminated with ARA accrual |
| **2024** | | Comprehensive review of PBR framework |

**Ongoing**

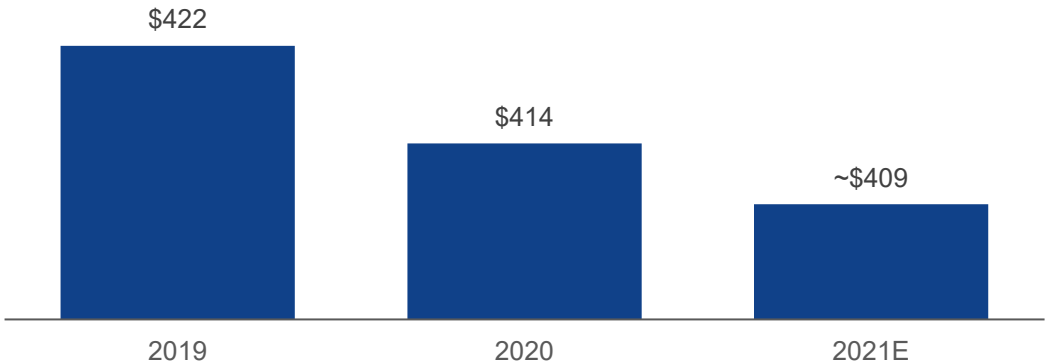
- *Evaluation and development of additional PIMs*
- *Review of PBR framework*

# Efficiency remains a core focus

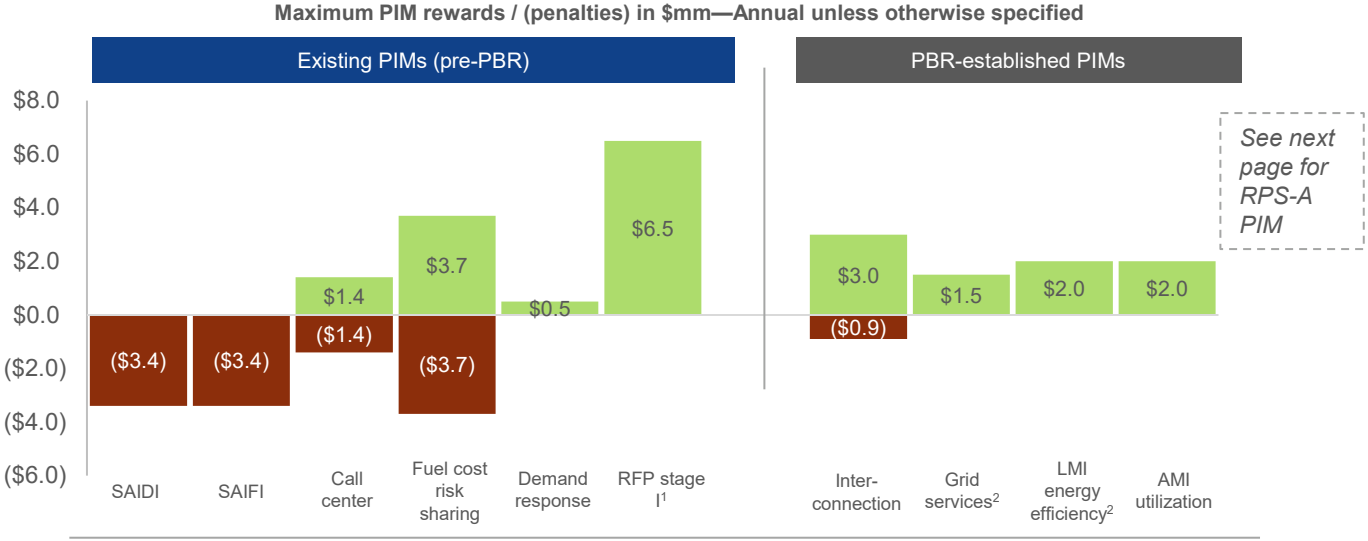
- **Accelerated delivery of management audit savings in 2021**
- **Ongoing efficiencies needed under ARA**
  - Focus on keeping O&M growth below inflation and offsetting costs that rise faster than inflation (i.e., audit fees, insurance premiums, healthcare benefits)
- **Utility cost savings plan:**
  - Reduced overtime through improved scheduling, coordination
  - Managed reductions in workforce (3% reduction in 2020; first year in 3-year plan)
  - Process improvements
  - Strategic sourcing
  - Reduction of office footprint

**O&M excluding pension, 2019 – 2021E**

($ millions)



# Performance incentive mechanisms (PIMs) incentivize performance on key outcomes




**PIMs and SSMs under development**

- **Additional PIMs to be developed, including in other dockets, with potential target of 150-200 bps upside[3]**
- **Non-wires alternative shared savings mechanism (SSM):** Will allow utility to share in 20-30% of savings from utilization of non-wires alternatives
- **Renewable procurement SSM**: Commission will continue to provide renewable energy procurement rewards (similar to previous RFP PIMs). May be available for utility self-build projects

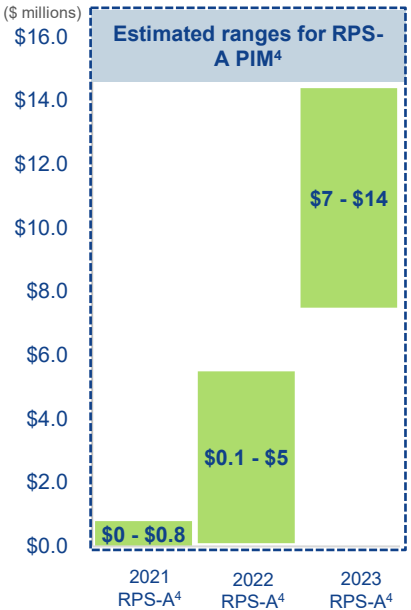
1 RFP Stage 2 excluded due to immaterial potential reward in 2021.
2 Amount shown is amount that can be earned over two years.
3 As stated in PUC's PBR D&O, PUC set initial new PIMs at "conservative" level relative to Phase 1 Staff Proposal's 150-250 bps potential PIM portfolio to provide "room" for future PIMs and/or SSMs to be developed.

# RPS-A PIM rewards accelerated renewable energy growth

## RPS-A PIM potential grows as Stage 1 & Stage 2 RFP projects come online

- Projects filed or pending filing have potential to add ~657 MW of solar and ~3 GWh of storage by ~2023

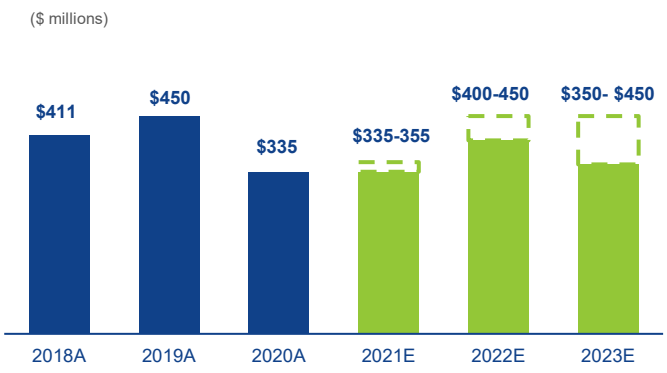
| Statutory RPS[1] | PBR RPS-A[3] |
|---|---|
| Measured as % of sales represented by renewable energy<br>30% (2020) → 40% (2030) → 70% (2040) → 100% (2045) | Annual targets interpolated between statutory RPS milestone dates and %<br>• 31% in 2021, 32% in 2022, ..., 39% in 2029<br>• 40% in 2030, 43% in 2031, …, 67% in 2039<br>• Etc. |
| RPS = (Grid Scale RE + Customer Sited RE) / Utility Sales | RPS-A = (Grid Scale RE + Customer Sited RE) / (Total Net Generation + Customer RE) |
| Penalty for underperformance:<br>$20/MWh penalty for every MWh deficient under RPS milestone[2] | Rewards for outperformance:<br>2021-22: $20/MWh<br>2023: $15/MWh<br>2024+: $10/MWh |



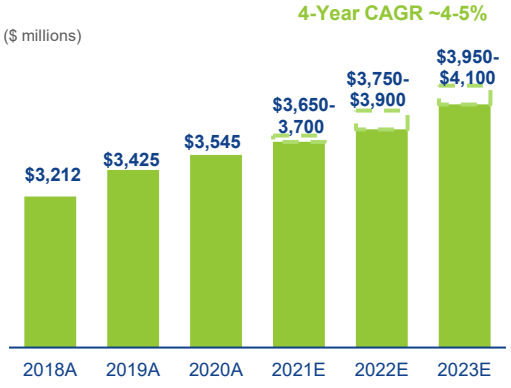

1 Legislative mandate under HRS §269-92.
2 Penalty may be reduced at PUC discretion.
3 PIM established in Order No. 37507 of PBR Docket.
4 RPS-A PIM ranges shown are approximations based on current assumptions on renewables project commercial operation dates and total generation and may change as project completion timelines shift.

# Renewables, reliability and resilience drive capital investment

## CAPITAL EXPENDITURES FORECAST




## RATE BASE FORECAST




| Key Capex Projects [1] | Actual 2020 | Forecast 2021 | Forecast 2022 | Forecast 2023 | Recovery Mechanism |
|---|---|---|---|---|---|
| Grid Modernization Phase I | $11 | $17 | $16 | $15 | EPRM |
| Grid Modernization Phase II | | | $9 | $26 | EPRM |
| Army Privatization | | | $21 | $4 | Contractual (on and of) |
| Maui and Hawaii Island BESS Projects | | $7 | $54 | $16 | EPRM |
| Waena Switchyard / Kahului Synchronous Condensers | | $3 | $24 | $4 | EPRM |
| Major Projects | | ~$7 | ~$16 | ~$6 | EPRM |
| Baseline Projects | $324 | ~$300-$320 | ~$300-$320 | ~$300-$320 | ARA |

**Investments driving average base earnings growth of 4-5%**

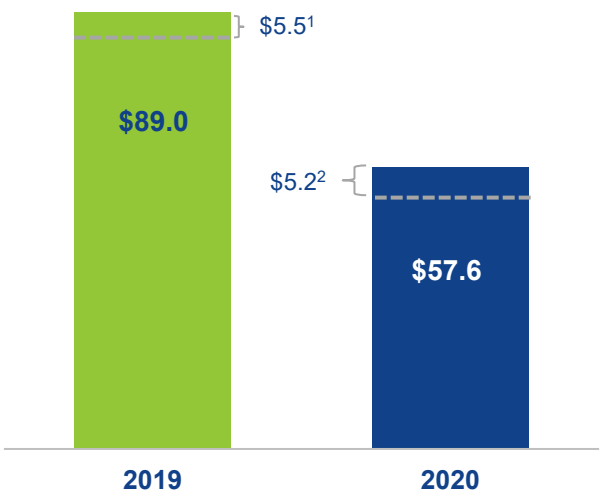
- Every dollar spent has identified recovery mechanism
- Baseline projects recovered through ARA
- EPRM and REIP provide above-ARA recovery for approved capital and O&M projects

Note: Capital expenditure figures are net of contributions in aid of construction (CIAC).
1 Key projects listed may not sum to capex range shown on bar chart.

# Full year 2020 bank financial highlights

*($ in millions)*

## BANK NET INCOME




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

| | 2020 vs 2019 |
|---|---|
| Net interest income | (11) |
| Provision for credit losses[3] | (20) |
| Noninterest income | 4 |
| Noninterest expense | (5) |

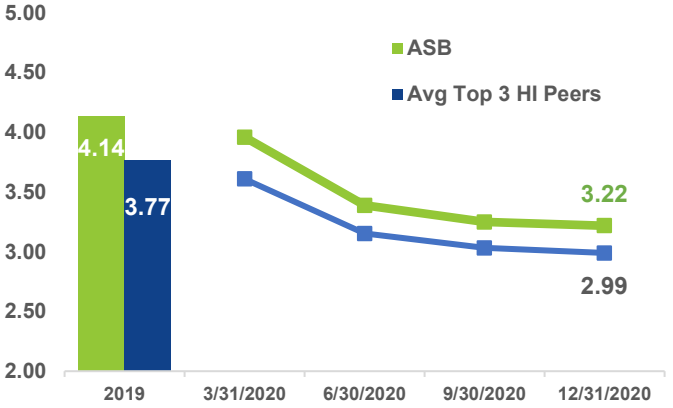
### Key components of year-over-year earnings drivers:

- Noninterest income increased 7% year over year primarily due to record residential mortgage production
- Noninterest expense increased 3% year over year primarily due to $5.1 million of COVID-19 related expenses

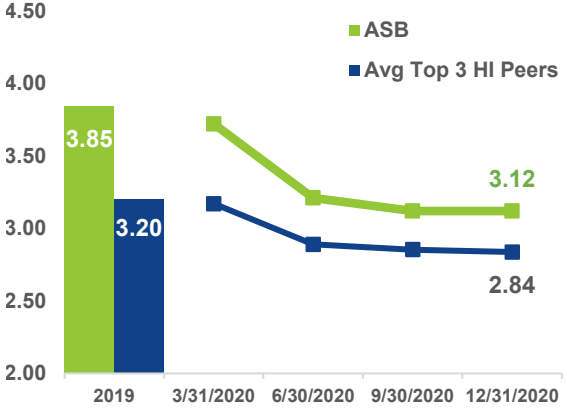
1 Includes impact of after-tax gain of $5.5 million related to sales of properties, net of exit costs to transition to new campus. For full year 2019, the net gain on sale was comprised of after-tax gain on sales of properties of $7.9 million and after-tax campus transition costs of $2.4 million.
2 Includes impact of after-tax gain of $5.2 million related to the sale of Visa Class B shares in 2Q20.
3 2020 includes $38.5M in COVID-19 related reserves (pre-tax).

# Lower funding cost and recognition of PPP fees partially soften the impact of lower rate environment

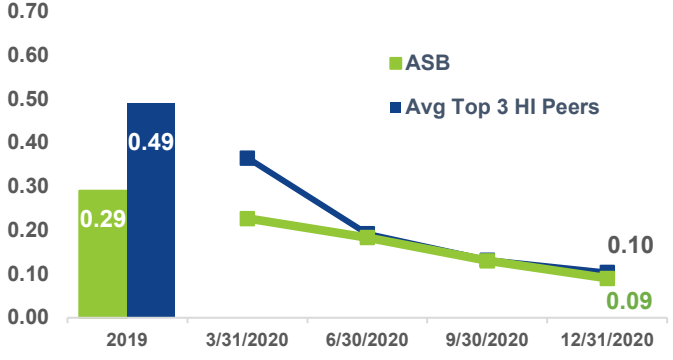
## YIELD ON EARNING ASSETS (%)




## NET INTEREST MARGIN (%)




## COST OF FUNDS (%)

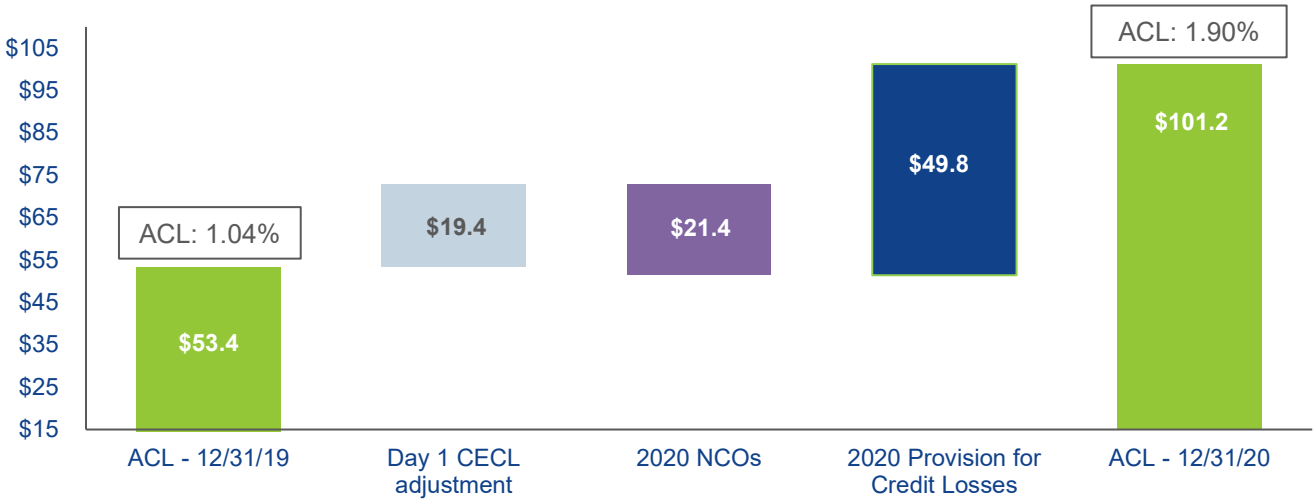



| | Actual | PPP | Ex. PPP |
|---|---|---|---|
| **3Q20 Reported NIM** | **3.12%** | **2.89** | **3.14** |
| Impact of lower rate environment and portfolio mix | (0.13%) | -- | (0.15%) |
| Amortization of PPP processing fees | 0.07% | 1.73% | - |
| Decrease in interest bearing liability funding cost | 0.06% | -- | 0.06% |
| **4Q20 Reported NIM** | **3.12%** | **4.62%** | **3.05%** |

# Significant ACL coverage increase reflects elevated credit risk from COVID…not yet realized

## ALLOWANCE FOR CREDIT LOSSES (ACL)[1]

*($ in millions)*



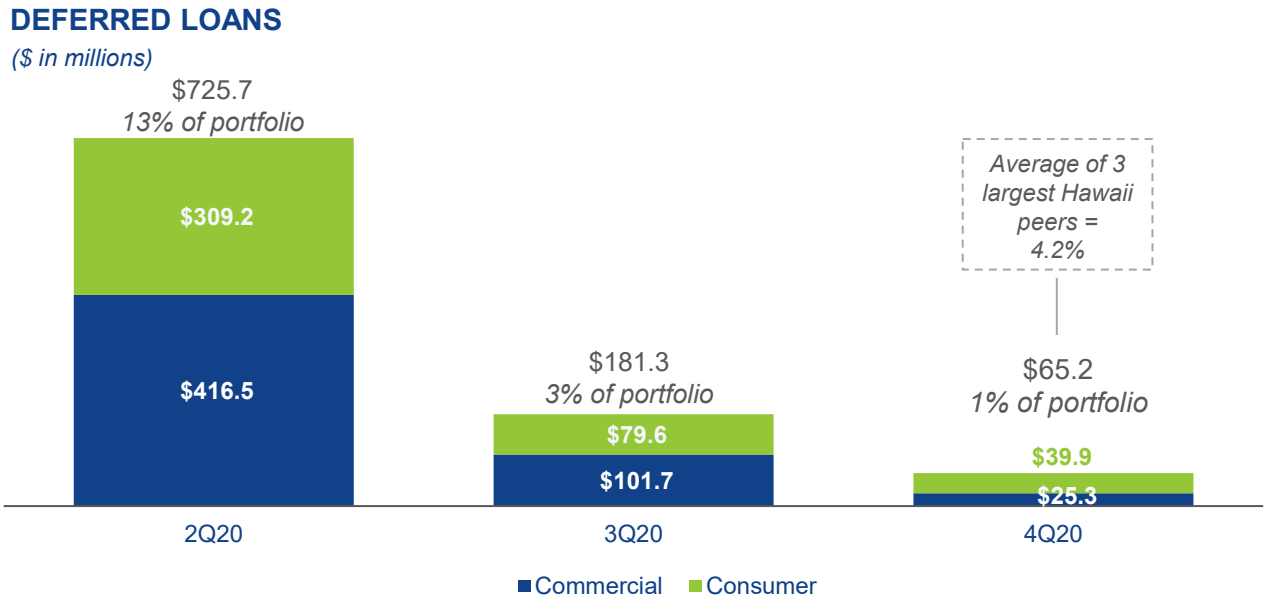

| | 2019 | 2020 | Change |
|---|---|---|---|
| Beginning ACL balance | $52.1 | $53.4 | $1.3 |
| DAY 1 CECL adjustment | $0.0 | $19.4 | $19.4 |
| Provision | $23.5 | $49.8 | $26.3 |
| Less: NCOs | ($22.2) | ($21.4) | $0.8 |
| Ending ACL balance | $53.4 | $101.2 | $47.8 |

*NCOs lower than in 2019*

1 Excludes provision for unfunded loan commitments; reserve for unfunded loan commitments is classified in other liabilities on balance sheet and excluded from ACL.

# Loan deferrals declining

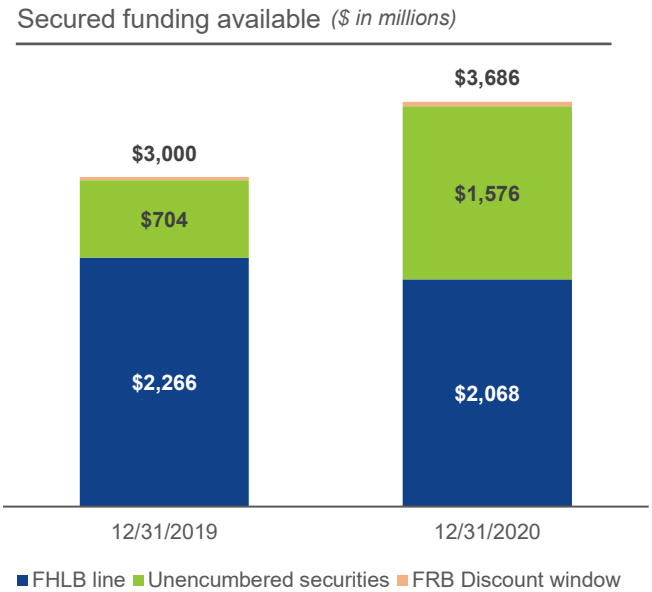
- 1% of portfolio on active deferral as of 12/31/20
- Majority of customers on pandemic-related payment deferrals have resumed payments, with approximately 1% requiring further assistance through repayment modifications
- Previously deferred loan delinquency = 1.1%; overall portfolio delinquency = 0.4%



# Bank liquidity and capital remain strong

## ASB is not expected to require capital from HEI

### Access to large amounts of secured funding




### ASB has over $273M of excess equity above the "well capitalized" level

| Capital Ratio[1] | Tier 1 leverage[2] |
|---|---|
| As of 12/31/20 | 8.38% |
| "Well capitalized" | 5.00% |
| Minimum requirements | 4.00% |

1 Effective with the March 2020 Call Report, elected to delay the impact of CECL on regulatory capital for two years followed by a three-year transition period.
2 Effective with the June 2020 Call Report, under the CARES Act provision and the Community Bank Leverage Ratio (CBLR) framework, capital adequacy is measured solely through the Tier 1 leverage ratio. Under the interim rules, the minimum CBLR will be 8% through 2020, 8.5% for 2021 and 9% thereafter.

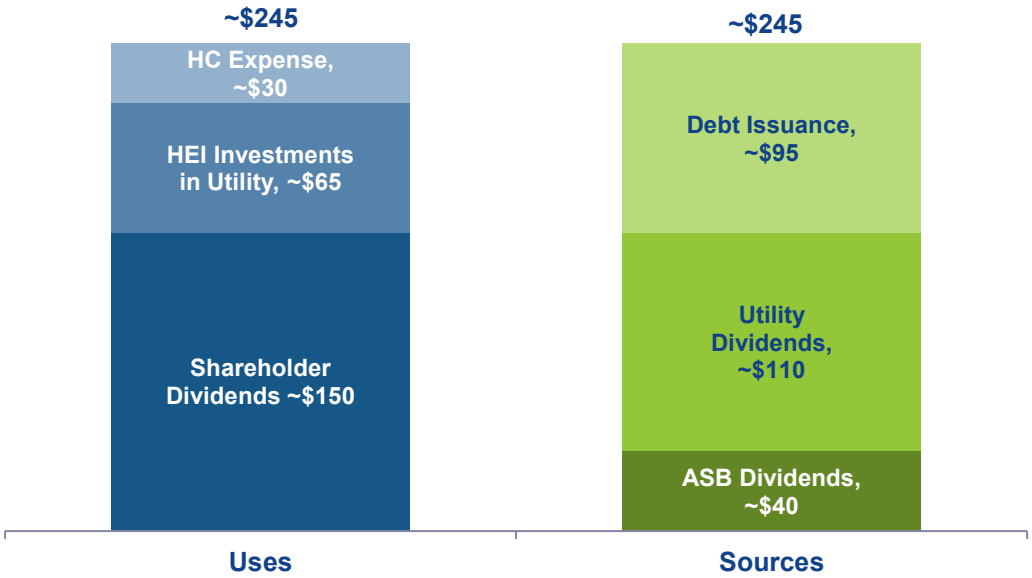
# HEI financing outlook 2021
(as of February 16, 2021)

Both bank and utility remain net cash flow providers to holding company; Bank dividend increases

No external equity required in 2021

Balance sheet remains Investment grade

## 2021 HOLDING COMPANY SOURCES & USES OF CAPITAL
($ in millions)




Note: Numbers in chart are rounded to nearest multiple of 5 million.

# HEI 2021 EPS guidance

(as of February 16, 2021)

## HEI EPS: $1.75 - $1.95 PER SHARE

### UTILITY EPS: $1.53 - $1.61

**KEY ASSUMPTIONS:**

- With limited exception, PBR changes effective Jun. 1, 2021
- Existing cost trackers remain in place
- Full recovery of COVID19-related expenses
- Capex of $335 to $355 million
- Conservative initial implementation of new PIMs and no meaningful PIMs contribution
- O&M excluding pension[1] down ~1%
  - Assumes accelerated achievement of management audit savings
- Equity capitalization at approved rate case levels

### BANK EPS: $0.52 - $0.62

**KEY ASSUMPTIONS:**

- Flat to low single digit earning asset growth
- NIM: ~2.90% to 3.15%
- Provision expense: $17 million to $25 million
- ROA: >0.70%
- Resuming dividends to HEI of $35 to $45 million
- Noninterest expense flat to down
- Guidance does not assume any release of loan loss reserves

***No new equity issuances in 2021***

***Targeting consistent dividend growth in line with earnings growth***

***Long-term dividend payout ratio target of 60-70%***

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

[1] Also excludes 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, 2019 and HEI's other periodic reports.

# Mahalo

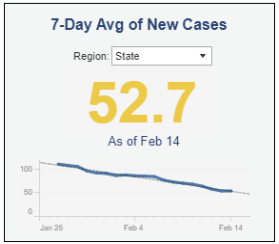
HEI
Catalyst for a better Hawai'i

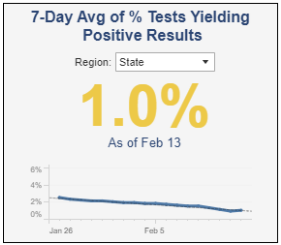
# Appendix

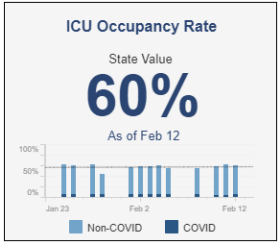
HEI
Catalyst for a better Hawai'i

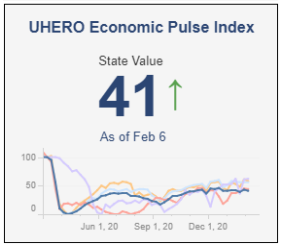
# Hawaii COVID case update

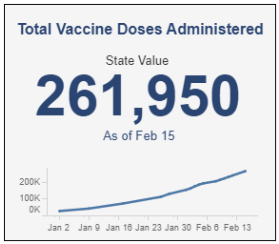
## Focusing on community health and safety

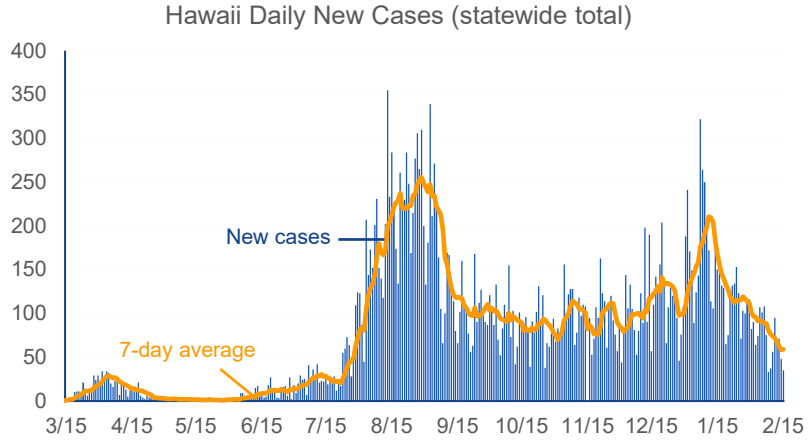


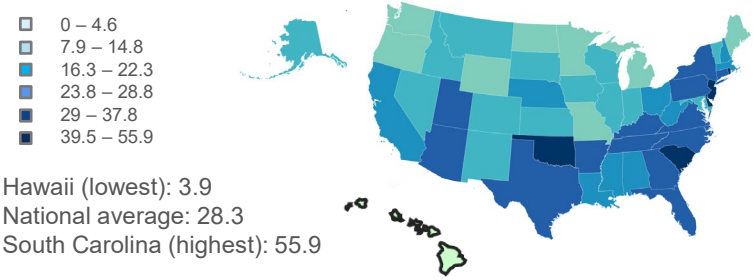



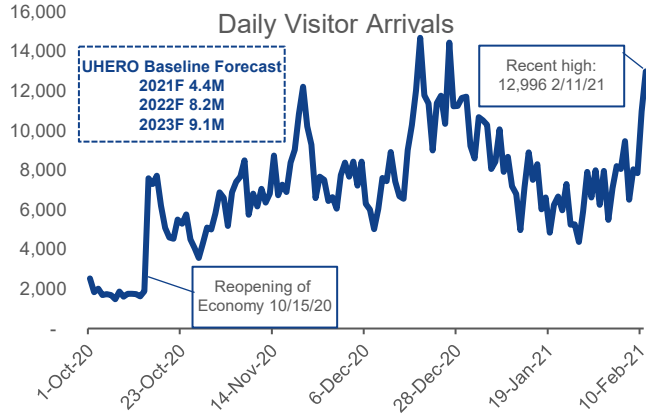

Average daily case rate in last 7 days, per 100K residents
(as of 2/14/21)

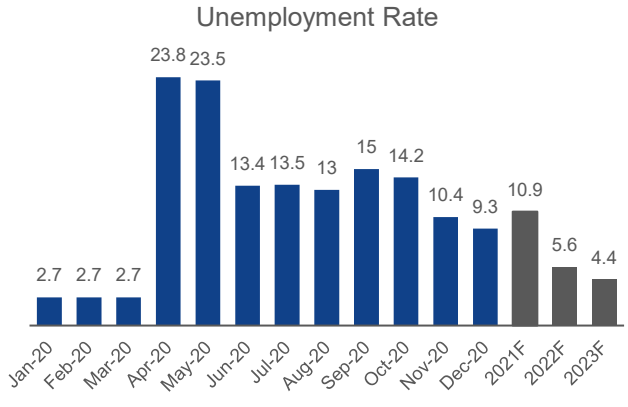


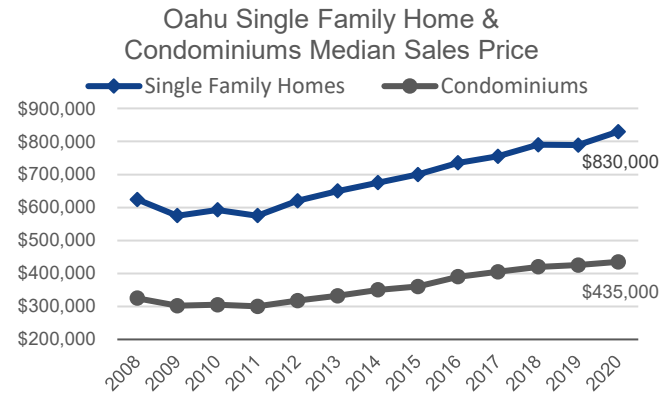

Hawaii (lowest): 3.9
National average: 28.3
South Carolina (highest): 55.9

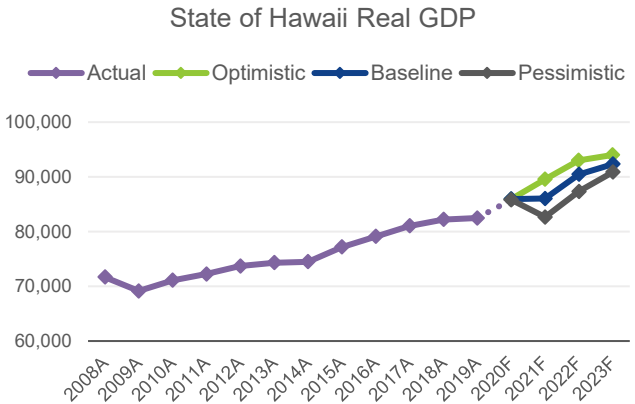
Sources: Centers for Disease Control and Prevention, CovidPau.org, Honolulu Star Advertiser

# Hawaii economic update




Sources: Department of Business, Economic Development and Tourism, University of Hawaii Economic Research Organization, U.S. Bureau of Labor Statistics and the State of Hawaii Department of Labor and Industrial Relations, Title Guaranty Hawaii.

# Hawaii economic forecast

- UHERO forecast (base case) projects meaningful Hawaii economic recovery starting mid-2021
- Recent positive COVID-19 vaccine developments have potential to accelerate recovery
  - 10.8% of Hawaii population vaccinated as of 2/15/21
- Hawaii to receive at least $1.7 billion from second COVID-19 pandemic relief bill

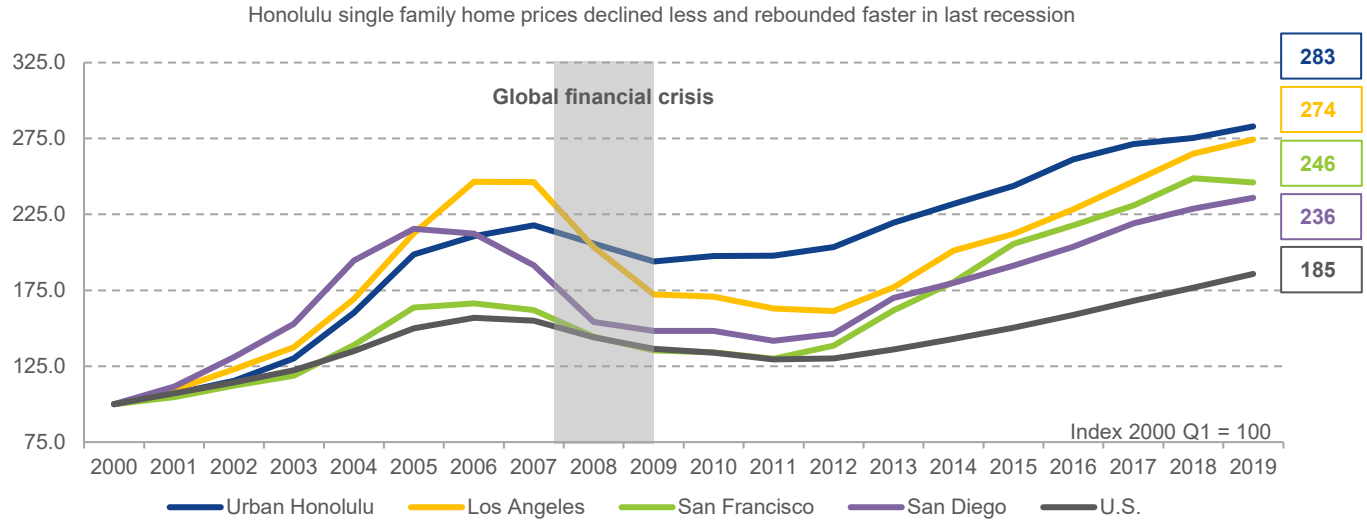
**Hawaii Economic Research Organization (UHERO) forecast[2]**

| | 2020 | | | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| Scenario | Pessimistic | **Base** | Optimistic | Pessimistic | **Base** | Optimistic | Pessimistic | **Base** | Optimistic |
| Real GDP (millions 2019$) | 85,769 | **85,950** | 85,902 | 82,649 | **86,018** | 89,571 | 87,300 | **90,450** | 93,011 |
| YoY % change | -10.4 | **-10.2** | -10.3 | -3.7 | **0.1** | 4.3 | 5.6 | **5.2** | 3.8 |
| Total visitor arrivals by air (thousands) | 2,554 | **2,667** | 2,707 | 2,835 | **4,410** | 5,848 | 6,901 | **8,152** | 8,510 |
| YoY % change | -75.4 | **-74.3** | -73.9 | 11.0 | **65.4** | 116.0 | 143.5 | **84.9** | 45.5 |
| Real personal income (millions 2019$) | 84,054 | **84,168** | 84,183 | 75,402 | **77,406** | 79,561 | 76,688 | **78,629** | 80,329 |
| YoY % change | 4.1 | **4.3** | 4.3 | -10.3 | **-8.0** | -5.5 | 1.7 | **1.6** | 1.0 |
| Unemployment rate (%) | 12.8 | **12.7** | 12.4 | 14.2 | **10.9** | 8.2 | 8.2 | **5.6** | 4.9 |

1 The Council on Revenues, 1.8.21.
2 UHERO, *Mainland COVID-19 Surge Means a Bleak Winter, But Vaccines Promise 2021 Growth*, 12/11/20.

# Hawaii's resilient real estate values

## Demonstrates lower risk of bank portfolio




| | Peak yr | High | Low yr | Low | Change (%) | Duration (yrs) |
|---|---|---|---|---|---|---|
| Honolulu | 2007 | 218 | 2010 | 194 | -11.0 | ~3 |
| Los Angeles | 2006 | 247 | 2012 | 161 | -34.8 | ~6 |
| San Francisco | 2006 | 166 | 2011 | 130 | -21.7 | ~5 |
| San Diego | 2005 | 216 | 2011 | 141 | -34.7 | ~6 |
| U.S. | 2007 | 157 | 2011 | 130 | -17.2 | ~4 |

Source: Federal Reserve Bank of St. Louis All-Transactions House Price Index.

# ESG is in our DNA

**Strength of our companies is inextricably linked to the health of our environment, economy and communities**

## Embedded in Core Strategies

| | |
|---|---|
| Hawaiian Electric | Focused on achieving state's 100% renewable energy and carbon neutrality goals in a way that is safe, reliable, resilient and affordable for customers |
| AMERICAN Savings Bank | Investing in Hawaii's economic growth; fostering innovation and entrepreneurship to diversify and expand state economy; advancing affordability and financial fitness |
| PACIFIC CURRENT | Advancing Hawaii's sustainability goals through investment in clean energy, water, wastewater and agriculture |

## Deepening ESG Integration

**Integrating ESG even further into our governance structures, decision-making processes and reporting**

- ✓ Published first SASB-aligned ESG report Sept. 2020
- ✓ Future reporting to include ESG materiality assessment and TCFD-aligned disclosures
- ✓ Deepening ESG integration into business, processes and governance
- ✓ Focused on ESG topics that drive long-term value creation

# ESG underpins key strategic initiatives

**Hawaiian Electric**

- Advancing 100% RPS and carbon neutrality goals while maintaining focus on reliability, resilience, affordability and equity
  - Filed and approved PPAs in recent RFPs would add ~657 MW renewable energy and ~3 GWh storage
  - #1 in nation in rooftop solar penetration (20% of residential customers; 36% of Oahu single family homes) and seeking to add more
  - Broadening renewable energy access through community-based solar
  - Modernizing grid to enable more distributed resources
  - Accelerating electrification of transportation, committed to 100% electric light duty fleet by 2030
- Incorporating climate risk and resilience in long-range planning
  - Utilizing state-of-the-art climate risk analysis, engaging stakeholders and communities
- PBR framework intended to advance environmental and social outcomes and maintain utility financial integrity

**AMERICAN Savings Bank**

- Promoting financial fitness of Hawaii's consumers and small businesses
- Diversifying Hawaii's economy through entrepreneurship and innovation
- Addressing Hawaii cost of living challenge through affordable housing investment and lending
- Making affordable and workforce neighborhoods safe and livable through community revitalization
- Managing climate change risk to collateral through underwriting standards and monitoring
- Promoting teammate development, diversity and inclusion

**PACIFIC CURRENT**

- Express mission to advance Hawaii's sustainability through infrastructure investment
- Investments to date include renewable energy and storage, transitioning a legacy fossil plant to biodiesel, and electric vehicle charging
- Partnered with wastewater and water re-use technology provider

# Aggressively pursuing clean energy additions

- **Procurements underway to increase future RPS achievement**
  - Procurements significant given system peak load:

    Oahu: ~1200 MW, Hawaii Island: ~200 MW, Maui County: ~200 MW

| | |
|---|---|
| **Stage 2 RFP** | – Filed 9 PPAs for solar and storage and 2 self-build storage applications in 2020<br>▪ PUC approved 3 PPAs in Dec. 2020<br>– 1 additional PPA executed<br>– Potential to add 382 MW of solar and ~2GWh of storage by end 2023 |
| **Stage 1 RFP** | – 8th solar-plus-storage PPA approved Oct. 2020<br>– Stage 1 PPAs have potential to add ~275 MW of solar and ~1 GWh of storage |
| **CBRE** | – Filed and revising draft tariffs and draft RFPs for over 235 MW of renewables, with options for LMI customers; Utility able to develop projects, recruit subscribers |
| **PGV** | – Resumed delivering power to grid under existing PPA; PUC approval of amended and restated PPA pending |
| **Fossil retirements** | – PPA with 180 MW coal plant expires Sept. 2022<br>– 37.6 MW Kahului oil-fired plant planned for retirement in 2024<br>– Honolulu Power Plant deactivated Jan. 2014 |

# Path to a 100% renewable, carbon neutral future

## Leading a community-wide transformation

| | |
|---|---|
| ✓ **Aggressively procuring renewable energy & storage** | • Advancing Hawaii's largest-ever renewable energy and storage procurements<br>• Helping enable end of coal in Hawaii in 2022, additional fossil plant retirement in 2024 |
| ✓ **Growing distributed energy resources (DER)** | • Core to achieving our goals<br>• Integrating nation's highest percentage of rooftop solar and seeking to add more<br>• Broadening access with community-based renewable energy |
| ✓ **Accelerating electrification of transportation (EoT)** | • Advancing plans outlined in EoT Strategic Roadmap<br>• Proposed make-ready infrastructure eBus and commercial pilots, continuing public charging deployment, evolving EV rate design |
| ✓ **Modernizing our grid** | • Implementing Grid Modernization Strategy to integrate more renewables and DER, provide customer options and enhance reliability and resilience |
| ✓ **Evolving our regulatory framework** | • Performance-based regulation (PBR) intended to facilitate energy transition, align regulatory framework with customer interests and policy goals<br>• Phase 2 PBR D&O issued 12/23/20 |
| ✓ **Long-range planning for clean, resilient, reliable energy** | • Engaging stakeholders in Integrated Grid Planning, combining planning and procurement for generation and T&D<br>• Resilience a key focus |

# Solid enterprise-wide capital and liquidity position

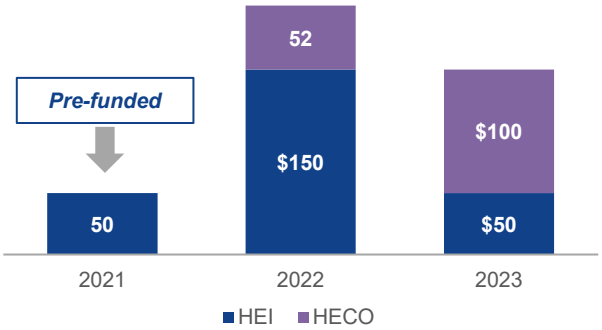
## Liquidity and balance sheet strong

- ✓ Utility and bank expected to be self-funding in 2020, with strong stand-alone balance sheets
- ✓ Recent financings demonstrate strong investor demand, further enhance liquidity and prefund 2021 long-term debt maturities:
  - HEI: $50M delayed draw private placement prefunds 1Q21 debt maturity; priced $75M private placement (upsized from $65M)
  - Hawaiian Electric: Executed $115M delayed draw private placement to finance capex
- ✓ Private placements have early draw features to enhance liquidity
- ✓ Long-term commitment to investment grade ratings

## Modest 2021 long-term debt maturities prefunded

*($ in millions)*

| *Liquidity as of 12/31/2020* | HEI | HECO |
|---|---|---|
| Credit facility capacity | $150.0 | $275.0 |
| CP balance | ($65.0) | - |
| Unrestricted cash | $0.3 | $47.4 |
| Private placement available draw capacity | $75.0 | $115.0 |
| **Liquidity** | **$160.3** | **$437.4** |




*Note: 2021 maturities also include $65M at HEI and $50M at HECO from 364-day term loans (not shown above).*

# New PBR framework

## Most components effective June 1, 2021

| *Pre-PBR mechanisms* | *Change under PBR* |
|---|---|
| *3-year rate plan* | **5-year rate plan** |
| *Revenue adjustment mechanism (RAM)* | **Annual revenue adjustment (ARA)**<br>Accounts for inflation, productivity improvements (set at zero), material events outside utility control, customer dividend |
| *Major project interim recovery (MPIR)* | **Exceptional Project Recovery Mechanism (EPRM)**<br>Continues to provide recovery for extraordinary projects; expanded to cover O&M expenses projects and programs (not just capex). Provides for pro-rated full project cost recovery first year project in service |
| *Existing cost trackers* | **Remain in place**<br>Includes purchased power adjustment clause; energy cost recovery clause; renewable energy infrastructure, demand side management, demand response recovery surcharges, pension trackers |
| *Performance incentive mechanisms (PIMs)* | **Additional PIMs added**<br>New PIMs designed to drive progress on priority outcomes in addition to previous PIMs |
| *Earnings sharing above allowed ROE* | **Symmetrical earnings sharing mechanism**<br>No earnings sharing within +/-300bps deadband of allowed ROE of 9.5%; 50-50 sharing within +/-150bps outside of deadband, 90-10 sharing thereafter |
| *Decoupling* | **Remains in place** |

# Annual revenue adjustment mechanism formula

## Annual target revenues now set with ARA during 5-year MRP

*Annual revenue adjustment formula:*

***i-factor*** **−** ***x-factor*** **+** ***z-factor*** **−** ***customer dividend***

**Accounts for annual inflation**

- Measured by Gross Domestic Product Price Index (GDPPI)

**Productivity factor**

- Initially set at 0%

***Ex post*** **opportunity to recover costs for exogenous events**

- Review and approval determined on case-by-case basis

**Two components:**

**(i) 0.22% adjustment**

~$2.1M in annual revenues beginning 2021[1] and compounds over time

**+**

**(ii) management audit savings commitment made in Hawaiian Electric 2020 rate case, approved by PUC at $6.6 million annually**

1 Year one (2021) $2.1M based on 2020 target revenues.

# New performance incentive (PIMs) and shared savings mechanisms (SSMs) create additional earnings opportunities

| | Summary | Upside / downside |
|---|---|---|
| Interconnection approval PIM | Rewards and penalties based on utility ability to reduce approval time to interconnect DER systems <100 kW | +$3M / -$0.9M annually |
| Grid services procurement PIM | Rewards (no penalties) to incentivize acquisition of grid services from DER through 2022; thereafter to be replaced by to-be-developed Grid Services Utilization PIM | +$1.5M over 2 years |
| LMI[1] energy efficiency PIM | Rewards (no penalties) for collaborating with Hawaii Energy to deliver savings to LMI customers and increase participation in Hawaii Energy programs | +$2M over 2 years |
| RPS-A PIM | Rewards (penalties already exist in RPS statute) for accelerating RPS achievement targets, measured as renewable generation divided by total generation | $20, $15 and $10/MWh in 2021, 2022 and 2023-25, respectively |
| AMI utilization PIM | Details to be finalized in post-D&O working group. Intended to incentivize acceleration of enabled advanced meter deployment. Commission envisions PIM to be upside only | Max annual award of $2M being considered |
| NWA SSM | Will allow utility to share in 20-30% of savings from utilization of non-wires alternatives | To be determined |
| Renewable procurement SSM | Commission will continue to provide renewable energy procurement rewards (similar to previous RFP PIMs). May be available for utility self-build projects | To be determined |

1 Low- to moderate-income.

# RPS-A PIM reward calculation

| 2020 RPS (%) [A] | 2020 RPS-A (%) [B] | 2020 Total Generation (GWH) [C] | 2019 Renewable Generation (GWH) [D] | 2021 RPS-A Target (%) [E] | 2021 RPS-A Renewable Generation Threshold (GWH) [F] = [C] x [E] | Renewable Generation Shortfall (GWH) [G] = [F] – [D] |
|---|---|---|---|---|---|---|
| 34.5% | 28.4% | 9,851 | 2,801 | 31% | 3,054 | 253 |

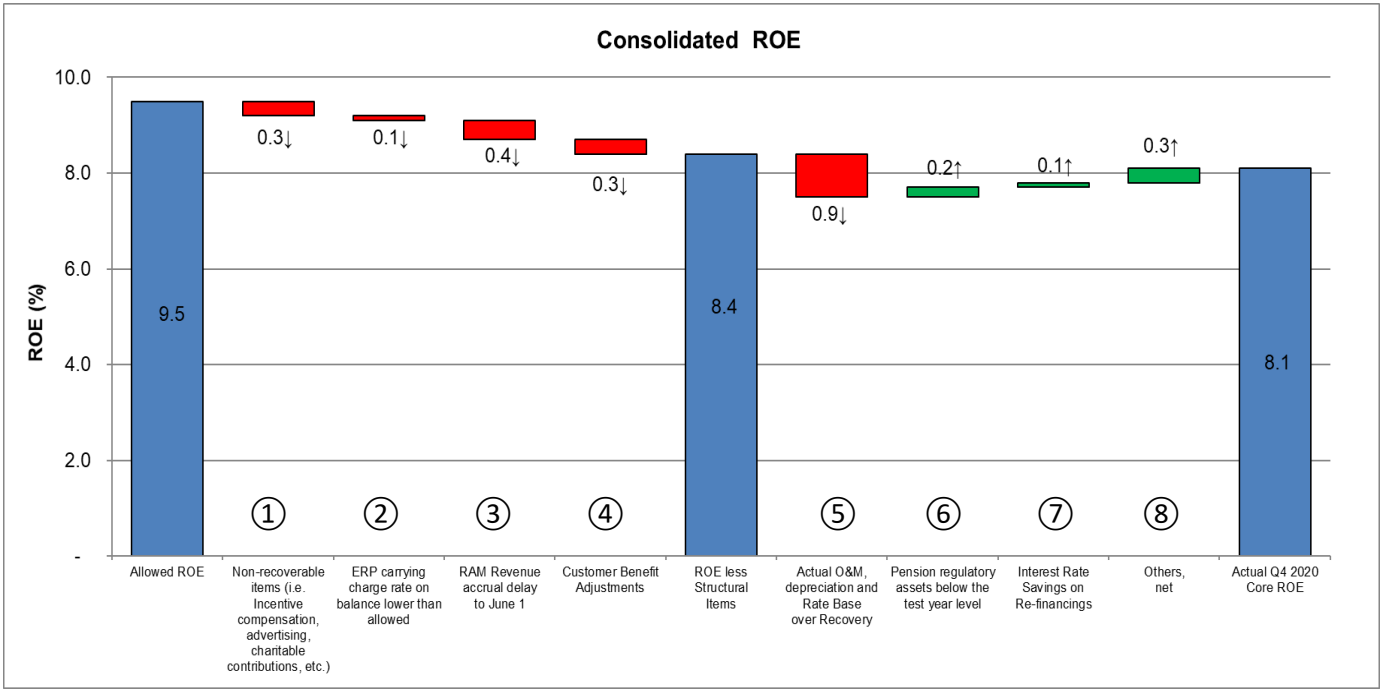
| Year | 2020 RPS (%) [A] | 2020 RPS-A (%) [B] |
|---|---|---|
| 2016 | 25.8% | 22.7% |
| 2017 | 26.8% | 23.3% |
| 2018 | 26.7% | 23.1% |
| 2019 | 28.4% | 23.9% |
| 2020 | 34.5% | 28.4% |

$$\text{RPS} = \frac{\text{Grid Scale RE + Customer Sited RE}}{\text{Utility Sales}}$$

$$\text{RPS-A} = \frac{\text{Grid Scale RE + Customer Sited RE}}{\text{Total Net Generation + Customer RE}}$$

# Utility LTM ROE

## 4Q20 CONSOLIDATED UTILITY ROE



# Hawaiian Electric: Current authorized rates

| | Hawaiian Electric (Oahu) | Hawaii Electric Light (Hawaii Island) | Maui Electric (Maui County) |
|---|---|---|---|
| Return on Average Common Equity | 9.50% | 9.50% | 9.50% |
| Common Equity Capitalization | 57.15% | 56.83% | 57.02% |
| Average Rate Base | $1,993 million | $534 million | $454 million |
| Date Authorized | 10/22/20 | 7/28/20 | 5/16/19 |

# Status of key open dockets

| Subject and description | Docket # | Latest development | Next milestone |
|---|---|---|---|
| **Performance-based regulation**<br>Proceeding to evolve regulatory framework to better align with customer interests and state clean energy policy | 2018-0088 | PUC issued Phase 2 D&O Dec. 23, 2020<br>PUC issued Order granting the Companies' Motion for Partial Clarification and/or Reconsideration on Jan. 15, 2021 | Tariff Development. Post D&O Working Group. Annual Filing Cycle |
| **Stage 2 RFP**<br>Sought up to ~900 MW of new renewables and over 500 GWh of storage, as well as grid services | 2017-0352 | Grid services contracts filed in July. Two self-build applications and nine renewable and storage contracts filed. PUC approved three renewable and storage contracts in Dec. 2020 | Companies to execute and file renewable and storage contract for remaining project, complete PUC proceedings for projects pending approval and complete Interconnection Requirements Studies for all projects |
| **Integrated Grid Planning (IGP)**<br>Next phase of long-range planning, combining planning and procurement of traditional and non-traditional resources | 2018-0165 | Stakeholder and community engagement substantially complete. Filed update on work plan and schedule on Jan. 19, 2021 | Grid needs assessment ongoing. IGP inputs and assumption to be filed by end of 1Q21 |
| **Grid Modernization**<br>Plans for implementing new technologies to increase utilization of DER while improving grid reliability and resiliency | 2017-0226;<br>2018-0141;<br>2019-0327 | PUC reviewing Companies' proposed changes to meter deployment process | Company plans to file supplemental application for ADMS and deployment of sensors and field devices 1Q21 |
| **Electrification of Transportation**<br>Establishes EV-J and EV-P Charging Service to support the development of EV technology | 2018-0135<br>2020-0152 | Company filed Sch EV-J and EV-P Pilot Program Tariffs Sept. 2020 | Consumer Advocate to file Statement of Position Feb. 2020 |
| **Community Based Renewable Energy**<br>Phase 2 program capacity expanded to 235 MW | 2015-0389 | Filed proposed final tariffs and RFPs for LMI customers in Sept. and proposed final RFPs for large projects in Dec. 2020 | PUC order on proposed tariffs and LMI and Large RFPs pending |
| **E-Bus and Commercial make-ready infrastructure**<br>Support make-ready infrastructure, enable and accelerate electrification of bus fleets | 2020-0098<br>2020-0202 | Company filed reply SOP in E-Bus make-ready proceeding in Jan. and Commercial make-ready (Charge Ready Hawaii) application Dec. 2020 | E-Bus make-ready pilot ready for decision making. Parties filing Charge Ready Hawaii Pilot procedural schedule in Feb. 2020 |
| **COVID-19 Deferral Accounting Treatment**<br>Request to defer costs associated with COVID-19 pandemic | 2020-0069 | In Jun. 2020 PUC approved deferral of costs related to pandemic through year end 2020. Filed request for extension of deferral period through Jun. 2021 | PUC order on extension of cost deferral period pending. Cost recovery request to be filed as separate application |
| **COVID-19 Extending Suspension of Termination or Disconnection of Regulated Utility Service and Establishing Reporting Requirements**<br>Extends disconnection of services | 2020-0209 | In Dec. 2020 PUC extended suspension of service disconnection due to non-payment to Mar. 31, 2021 | Monthly reporting to commence Feb. 2021 in addition to ongoing quarterly reporting |
| **DER Policies**<br>Investigates Distributed Energy Resources (DER) as they relate to the Hawaiian Electric Companies | 2019-0323 | Initial Advanced Rate Design proposal filed in Dec. 2020 | Final proposals for Advanced Rate Design due Mar. 2021 & Program Track due May 2021 |

# Fossil fuel cost risk sharing

- Symmetrical mechanism
- Variations in fossil fuel price above or below baseline shared 98% customers / 2% utility
- Applies to utility fossil fuel generation (not IPP generation or non-fossil fuels), includes fuel efficiency impacts
- Baseline price: January fuel prices for each fossil fuel type

- Hawaiian Electric:
  - Annual upside / downside capped at $2.5 million

**Oahu**
**January 2021 fuel prices:**
**LSFO: $55.59/bbl**

- Maui Electric:
  - Annual upside / downside capped at $633k

**Maui**
**January 2021 fuel prices:**
**IFO: $53.23/bbl**
**Diesel: $59.87/bbl**

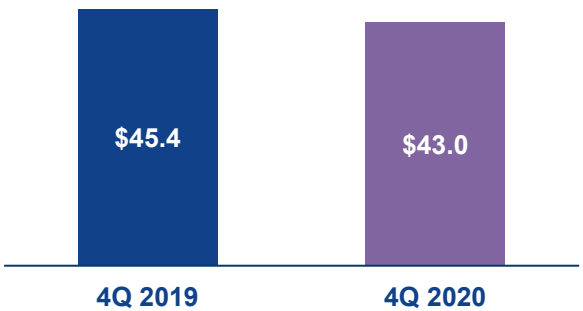
- Hawaii Electric Light:
  - Annual upside / downside capped at $600k

**Hawaii Island**
**January 2021 fuel prices:**
**IFO: $55.48/bbl**
**Diesel: $63.96/bbl**

# 4Q20 utility financial highlights

*($ in millions)*

## UTILITY NET INCOME




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

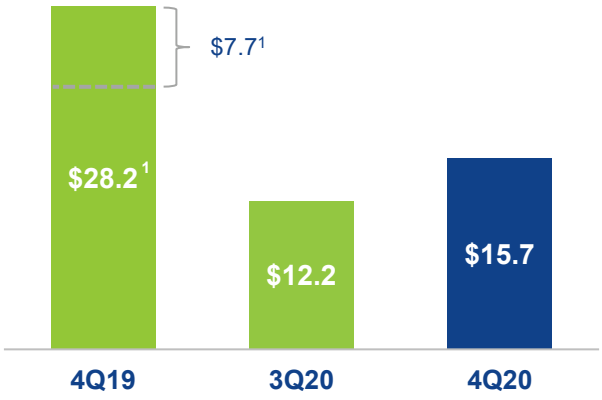
| | 4Q 2020 vs 4Q 2019 |
|---|---|
| Operations and maintenance[1] | (4) |
| Depreciation | (1) |
| Allowance for funds used during construction | (1) |
| Amortization of excess deferred income taxes and other miscellaneous tax adjustments | (1) |
| RAM revenues | 4 |
| Reset of pension costs included in HECO and HELCO rate case decisions | 1 |

1 Includes pension related expenses

# 4Q20 bank financial highlights

*($ in millions)*

## BANK NET INCOME




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

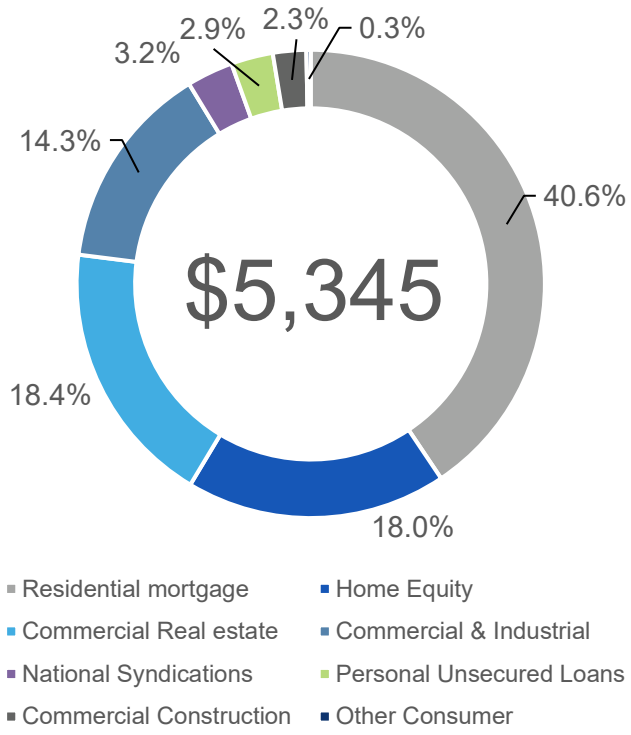
| | 4Q20 vs 4Q19 | 4Q20 vs 3Q20[2] |
|---|---|---|
| Net interest income | (2) | 1 |
| Provision for credit losses | (4) | 2 |
| Noninterest income | (4) | 1 |
| Noninterest expense | (2) | (2) |

1 For 4Q19, the net gain on sale was comprised of after-tax gain on sale of properties the bank exited when it moved to its new campus of $7.9 million and after-tax campus transition costs of $0.2 million.

2 Listed variance items do not total to 4Q20 and 3Q20 net income difference due to rounding.

# Bank loan portfolio: Conservative profile, concentrated in real estate-secured

*($ in millions)*




**Loan portfolio characteristics**

- ✓ ~79% of portfolio secured by real estate (84% excl. PPP)
- ✓ C&I represent ~14% of total loans (9% excl. PPP)
- ✓ Personal unsecured loans represent ~3% of loans
- ✓ As of 12/31/20, 1% of portfolio on active deferral

| $ in millions | December 31, 2020 | % of total loans |
|---|---|---|
| Residential mortgage | 2,171 | 40.6% |
| Home equity | 963 | 18.0% |
| Commercial real estate | 984 | 18.4% |
| Commercial construction | 121 | 2.3% |
| **Real Estate Secured** | **4,239** | **79.3%** |
| Commercial & industrial | 766 | 14.3% |
| National syndications | 171 | 3.2% |
| **Total Commercial** | **937** | **17.5%** |
| Personal unsecured loans | 155 | 2.9% |
| Other consumer | 14 | 0.3% |
| **Total Consumer** | **169** | **3.2%** |
| Total Loans | 5,345 | |

# Bank real estate secured portfolio characteristics: Conservative profile w/ low LTVs

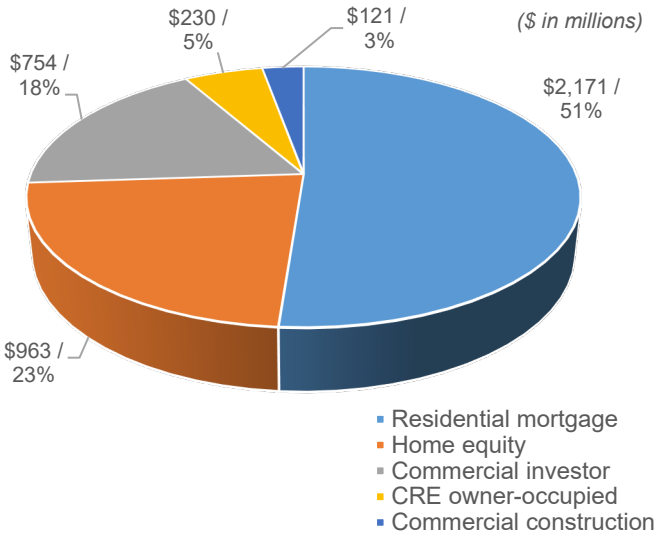
*As of 12/31/20*

## Commercial real estate

- ✓ Represents 21% of overall loan portfolio
- ✓ $754M CRE investor & $230M CRE owner occupied
- ✓ Wtd avg LTV: 59.1%
- ✓ 97% of CRE portfolio is located in Hawaii

## Home equity

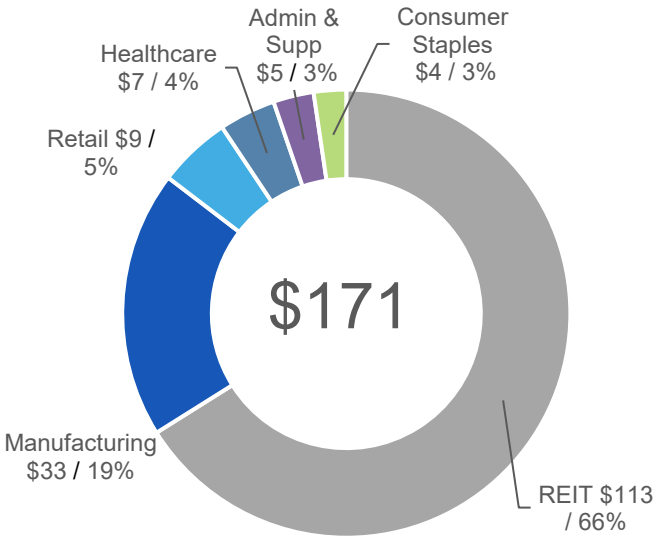
- ✓ Represents 18% of overall loan portfolio
- ✓ 76% Oahu, 10% Maui, 7% Big Island, 7% Kauai
- ✓ Wtd. avg FICO Score: 763
- ✓ Wtd avg LTV: 55%
- ✓ % in 1st lien position: 57% / $549M
- ✓ % in 2nd lien position: 43% / $414M
- ✓ Number of loans: ~17,300

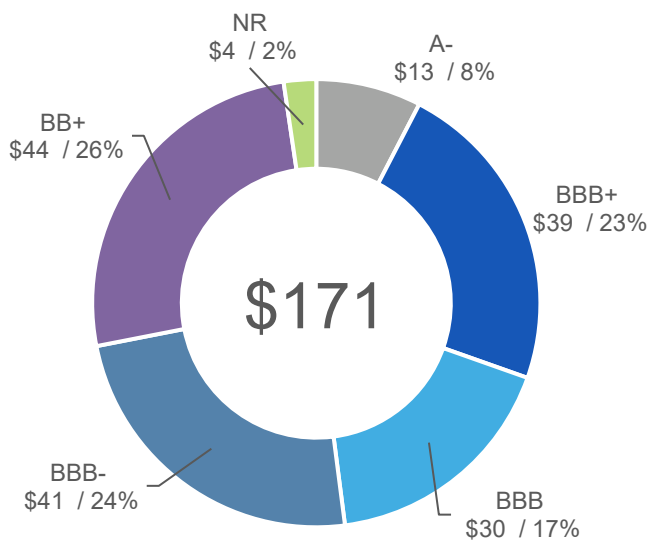



## Residential mortgage

- ✓ Represents 41% of overall loan portfolio
- ✓ 68% Oahu, 20% Maui, 8% Big Island, 4% Kauai
- ✓ Wtd. avg FICO Score: 763
- ✓ LTV: 53%
- ✓ Avg loan size: ~$310,000
- ✓ Number of loans: ~6,900

# Bank national syndication risk characteristics

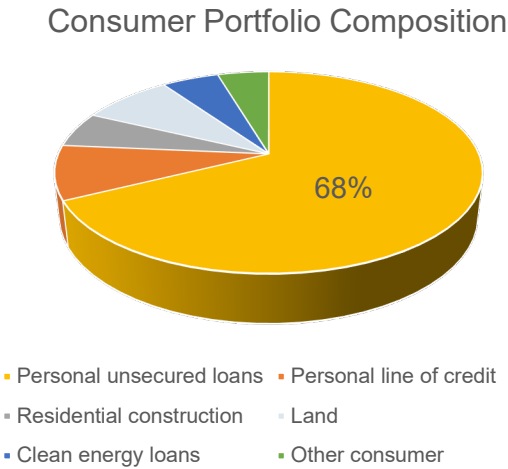


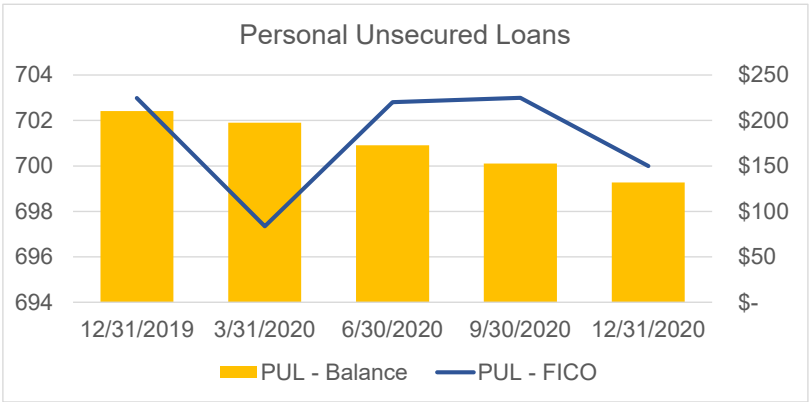




**National syndication**

- ✓ Represents ~3% of overall loan portfolio
- ✓ 72% or ~$123M rated investment grade by S&P
- ✓ 66% or $113M to real estate investment trusts
- ✓ 4% or $7M exposure to healthcare
- ✓ As of 12/31/20 ASB had not received any payment deferral requests on any national syndication loan

# Bank consumer loan portfolio characteristics



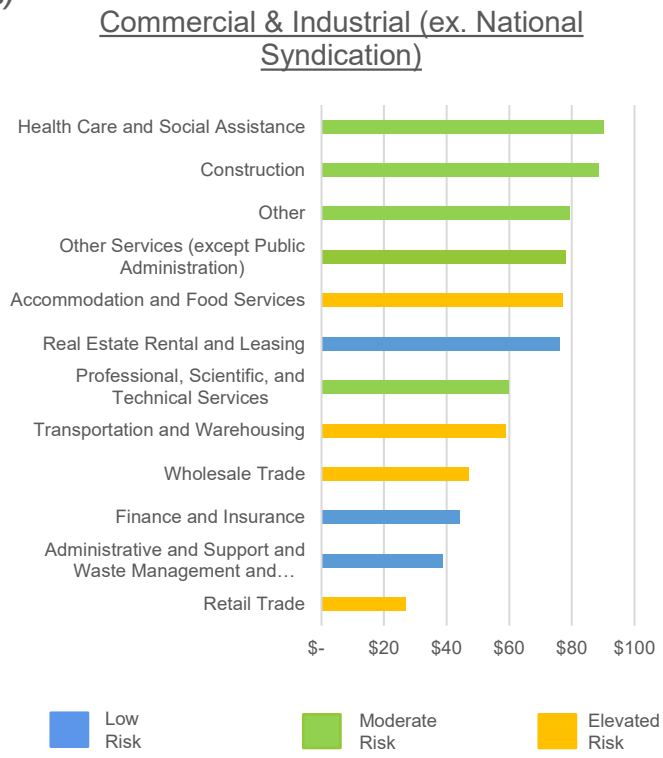




Personal unsecured loan risk characteristics

- ✓ 100% Hawaii originated loans
- ✓ Represent 68% of consumer loan portfolio
- ✓ Wtd avg. FICO score: 700
- ✓ Wtd avg. yield: 14.5%
- ✓ Annualized net charge-off 4Q20: 5.6%
- ✓ As of 12/31/20, granted payment deferrals of $31MM to ~3,800 personal unsecured customers

# Bank commercial & industrial portfolio: Modest exposure to highly-impacted industries

*($ in millions)*

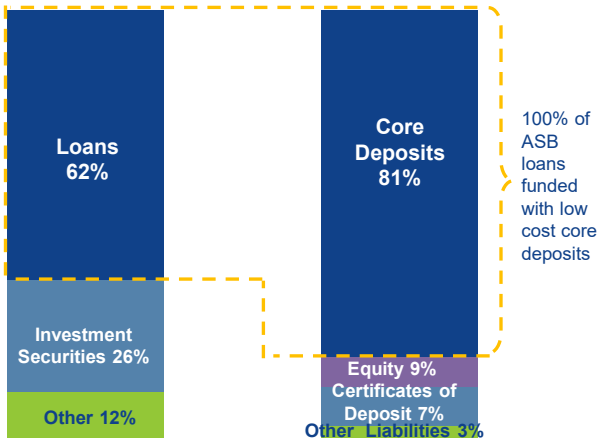



- Commercial portfolio is well diversified with highest concentration to Health Care & Social Assistance of $90M or 12% of commercial & industrial portfolio (excluding national syndication portfolio)
- Accommodation and retail most heavily impacted by COVID-19
- As of 12/31/20, active payment deferrals totaled $2M to two C&I customers

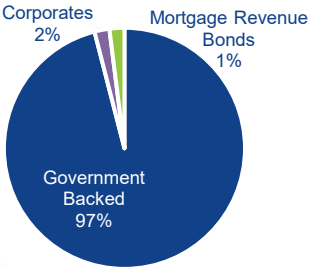
# Quality bank balance sheet and loan portfolio

## ASB[1]

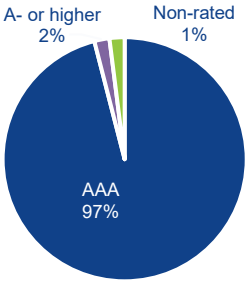
| | |
|---|---|
| Average yield on earning assets | 3.22% |
| Average cost of funds | 0.09% |
| Return on avg. equity[2] | 8.58% |




## Investment Portfolio Sectors




## Investment Portfolio Ratings




## PEER BANKS[3]

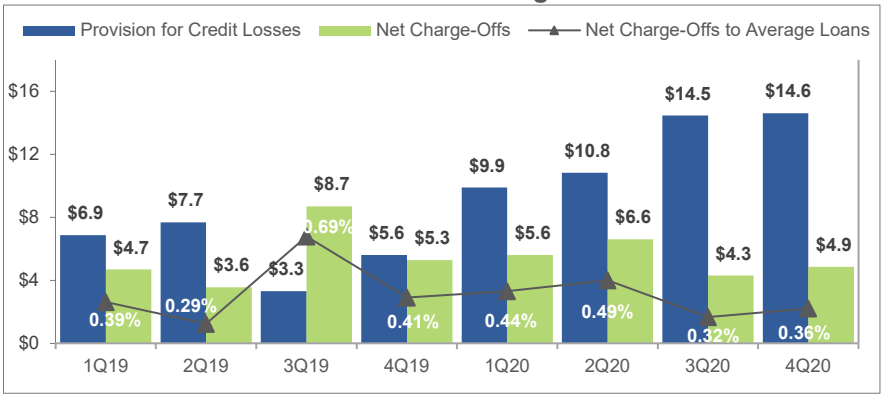
| Loans | Investment Securities | Other | Core deposits | CD's | Other Liabilities | Equity | Median of avg. yield on earning assets | Median of avg. cost of funds | ROAE |
|---|---|---|---|---|---|---|---|---|---|
| 72% | 16% | 12% | 68% | 13% | 8% | 11% | 3.66% | 0.50% | 10.73% |

Source for peer data: SNL Financial (based on data available as of 2/10/21).
Columns may not foot due to rounding.
1 For quarter ending 12/31/20.
2 Bank return on average equity calculated using weighted average daily common equity.
3 For quarter ending 9/30/20. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets.

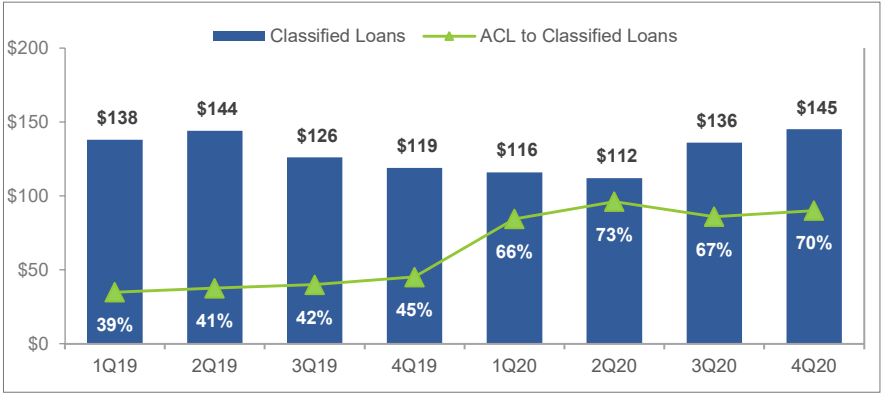
# Net charge-offs & level of classified loans remain stable through COVID period

*($ in millions)*

## Provision for Credit Losses[1] and Net Charge-Offs




## ACL to Classified Loans




## Stable Credit Trends

- Net charge-offs to average loans improved from prior year despite negative impacts of COVID; 0.40% in 2020 vs 0.45% in 2019
- Classified loans totaled $145 million as of yearend. ACL to classified loans 70% at YE 2020 vs. 45% at YE 2019
- Increase in coverage ratio reflects additional credit loss risk related to COVID. ACL increased from 1.4%[2] last year to 1.9% in 2020
- Ratio of allowance for credit losses to classified loans improved from 45% in 2019 to 70%

1 Excludes provision for unfunded loan commitments; reserve for unfunded loan commitments is classified in other liabilities on balance sheet and excluded from ACL.

2 Includes $19.4 million CECL Day 1 adjustment.

# 2020 ASB peer group

| | | | | | |
|---|---|---|---|---|---|
| Bancorp, Inc. | TBBK | Enterprise Financial Services Corp | EFSC | Sandy Spring Bancorp, Inc. | SASR |
| FB Financial Corporation | FBK | Veritex Holdings, Inc. | VBTX | Financial Institutions, Inc. | FISI |
| Meta Financial Group, Inc. | CASH | Heritage Financial Corporation | HFWA | Washington Trust Bancorp, Inc. | WASH |
| First Financial Bankshares, Inc. | FFIN | Westamerica Bancorporation | WABC | Tompkins Financial Corporation | TMP |
| W.T.B. Financial Corporation | WTBF.B | Dime Community Bancshares, Inc. | DCOM | Central Pacific Financial Corp. | CPF |
| Century Bancorp, Inc. | CNBK.A | Camden National Corporation | CAC | Community Trust Bancorp, Inc. | CTBI |
| Carolina Financial Corporation | CARO | National Bank Holdings Corporation | NBHC | Allegiance Bancshares, Inc. | ABTX |
| First Bancorp | FBNC | TrustCo Bank Corp NY | TRST | Bridge Bancorp, Inc. | BDGE |
| Triumph Bancorp, Inc. | TBK | ConnectOne Bancorp, Inc. | CNOB | First of Long Island Corporation | FLIC |
| BancFirst Corporation | BANF | Lakeland Financial Corporation | LKFN | Univest Financial Corporation | UVSP |
| First Foundation Inc. | FFWM | First Commonwealth Financial Corporation | FCF | Park National Corporation | PRK |
| Seacoast Banking Corporation of Florida | SBCF | Southside Bancshares, Inc. | SBSI | Lakeland Bancorp, Inc. | LBAI |
| City Holding Company | CHCO | QCR Holdings, Inc. | QCRH | Midland States Bancorp, Inc. | MSBI |
| Great Southern Bancorp, Inc. | GSBC | Horizon Bancorp, Inc. | HBNC | Northfield Bancorp, Inc. | NFBK |
| 1st Source Corporation | SRCE | S&T Bancorp, Inc. | STBA | OceanFirst Financial Corp. | OCFC |
| TriCo Bancshares | TCBK | Kearny Financial Corp. | KRNY | Boston Private Financial Holdings, Inc. | BPFH |
| Republic Bancorp, Inc. | RBCA.A | Brookline Bancorp, Inc. | BRKL | Flushing Financial Corporation | FFIC |
| HomeStreet, Inc. | HMST | ServisFirst Bancshares, Inc. | SFBS | Eagle Bancorp, Inc. | EGBN |
| Meridian Bancorp, Inc. | EBSB | Peapack-Gladstone Financial Corporation | PGC | Hanmi Financial Corporation | HAFC |
| TriState Capital Holdings, Inc. | TSC | Bryn Mawr Bank Corporation | BMTC | | |

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 2017-2019 (based upon data available in SNL as of April 3, 2020). 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.

# 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 and actual results and financial condition may differ materially from those indicated in the forward-looking statements.

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; the potential impacts of global and local developments (including global economic conditions and uncertainties, unrest, terrorist acts, wars, conflicts, political protests, deadly virus epidemic or other crisis); the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; and pandemics;
- the extent of the impact of the COVID-19 pandemic, including the duration, spread, severity and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, the impact on our employees, customers and suppliers, and the impact of the COVID-19 pandemic on the overall demand for the Company's goods and services, all of which could be affected by the pace of distribution, administration, and efficacy of the COVID-19 vaccine, as well as the proportion of the population vaccinated;
- citizen activism, including civil unrest, especially in times of severe economic depression and social divisiveness, which could negatively impact customers and employees, impair the ability of the Company and the Utilities to operate and maintain its facilities in an effective and safe manner, and citizen activism and stakeholder activism could delay the construction, increase project costs or preclude the completion, of third-party or Utility projects that are required to meet electricity demand, reliability objectives and RPS goals;
- 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, energy and environmental policy, and other policy and regulatory changes advanced or proposed by President Biden and his administration;
- weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the increasing effects of climate change, such as more severe storms, flooding, 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, which could result in lower portfolio yields and net interest margin;
- 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, and the risks inherent in changes in the value of the Company's pension liabilities, including changes driven by interest rates;
- changes in laws, regulations (including tax regulations), market conditions, interest rates 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;

# Cautionary note regarding forward looking statements

- 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, 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 recovery clauses (ECRCs);
- 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 recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;
- 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 (PIMs), 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 and avoid or mitigate labor disputes and work stoppages;
- 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;
- cybersecurity 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 Enterprise Resource Planning/Enterprise Asset Management (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 and $25 million of annual cost reductions by the end of 2022 pursuant to a commitment made as a result of the management audit of Hawaiian Electric in its 2020 test year rate case;

# Cautionary note regarding forward looking statements

- 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 and tax rates, 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 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 related to PBR or other regulatory changes, the effects of potentially required consolidation of variable interest entities (VIEs), or required 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 credit losses, allowance for credit losses (ACL) and charge-offs;
- changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;
- unanticipated changes from the expected discontinuance of LIBOR and the transition to an alternative reference rate, which may include adverse impacts to the Company's cost of capital, loan portfolio and interest income on loans;
- 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), and the risks associated with the operation of transmission and distribution assets and power generation facilities, including public and employee safety issues, and assets causing or contributing to wildfires;
- 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, which has increased due to the impact from the COVID-19 pandemic; 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.