Hawaiian Electric Industries, Inc.

Siebert Williams Shank Virtual West Coast Utilities Conference

March 17, 2021

HEI

Catalyst for a better Hawai'i



Forward looking statements

Cautionary statements and risk factors that may affect future results

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

HAWAIIAN ELECTRIC INDUSTRIES

Catalyst for a better Hawaii

HEI

Catalyst for a better Hawai'i

HEI overview

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

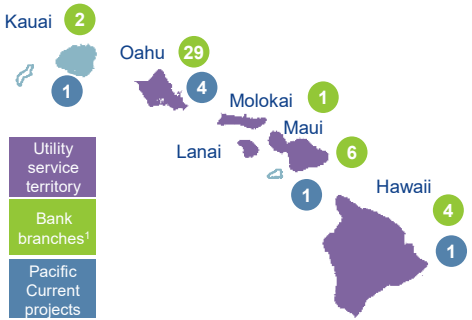
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Hawaiian Electric

AMERICAN Savings Bank

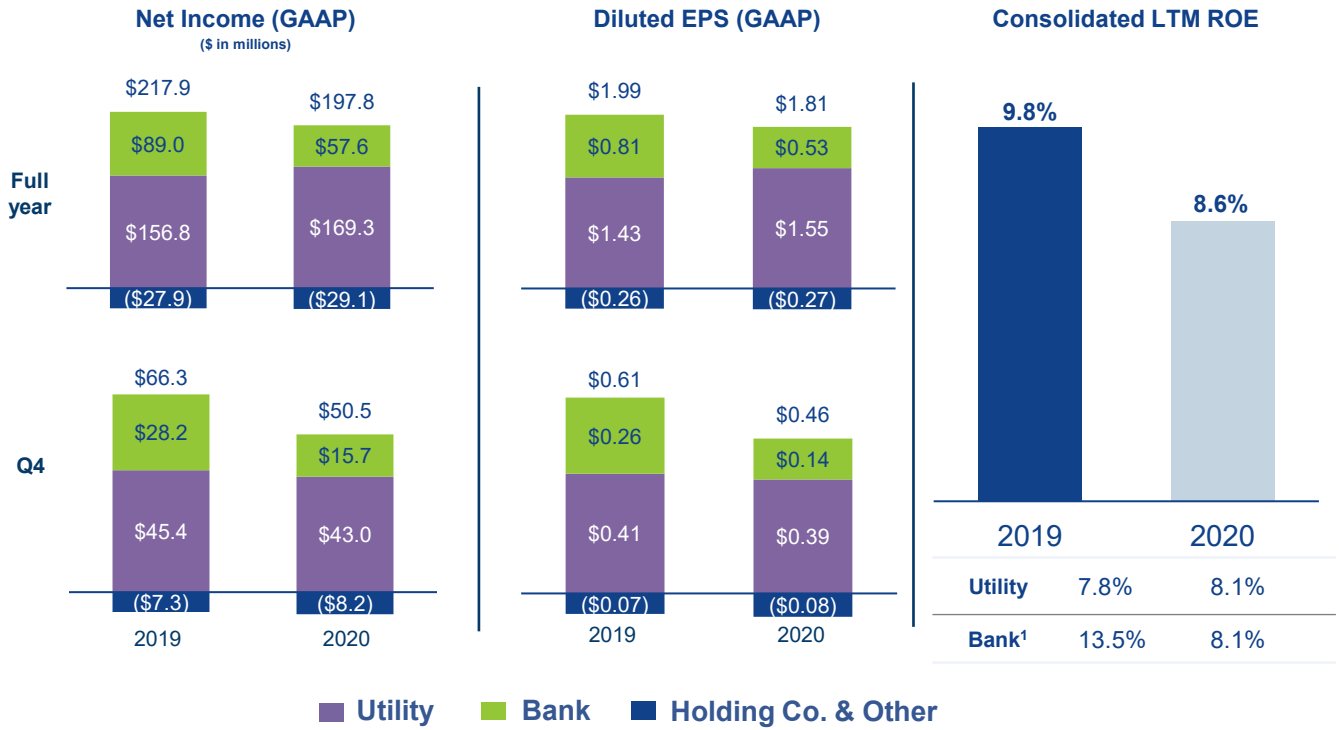
PACIFIC CURRENT



$4.4B Market capitalization[2]	**3.4%** Dividend yield[2]	**8%** 5-year total return (CAGR%) for period ending 12/31/20	**75% (Utility)** **25% (Bank)** Subsidiary contributions to net income[3]	**3,702** Full time employees (Including 2,579 utility employees and 1,074 bank employees)	**Hawaii-focused** Serving the full state

Data above as of 12/31/20 unless otherwise indicated.
1 Bank branches as of 2/15/21.
2 Market capitalization and dividend yield are based on the closing price of $40.15 on 3/12/21.
3 Based on LTM 12/31/20 earnings to common shareholders and excludes other companies' net loss.

Full year 2020 financial performance



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

2020 highlights

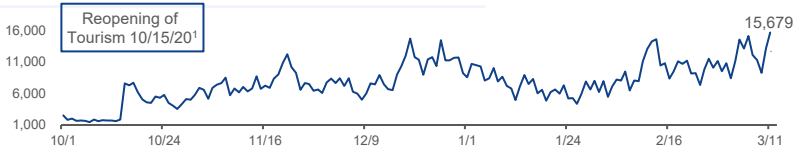
WHAT WE ACCOMPLISHED

- ✓ 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; exceeded 2020 30% RPS milestone
- ✓ 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

Hawaii economy on path to recovery

Tourism

	Jan. 2021 vs Jan. 2020	YTD 2020 vs YTD 2021
Total arrivals	-80.1%	-80.1%



Unemployment

- Dec. 2020 – Hawaii: 9.3%; U.S.: 6.7%
- Hawaii unemployment peaked Apr. 2020 at 23.8%
- 2021 UHERO unemployment forecast: 7.1%

Real Estate

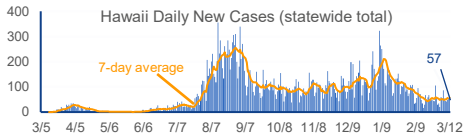
Oahu real estate	Median price Jan. 2020	Jan. 2021 vs Jan. 2020	Sales volume Jan. 2021 vs Jan. 2020
Single family homes	$883,000	14.7%	9.8%
Condominiums	$452,000	5.4%	3.4%

Real State GDP

2019A	2020A	2021E	2022E
1.2%	-7.5%	3.7%	3.1%

COVID-19[2]

- Statewide 7-day average:
  - Daily new cases **53.6**
  - Positivity rate **1.2%; 8.8%** nationwide
- **~22.0%** 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 3/13/21. Sources: Center for Disease Control, State of Hawaii Dept. of Health, Johns Hopkins University.

HAWAIIAN ELECTRIC

Advancing Hawaii's clean energy transition

HEI

Catalyst for a better Hawai'i

PBR: 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** • **Reliability** • **Interconnection experience** • **Customer engagement**
Administrative efficiency *to reduce regulatory burdens for utility and stakeholders*	**Improve utility performance**	• **Cost control** • **DER asset effectiveness** • **Grid investment efficiency**
Utility financial integrity *to maintain utility's financial health, including access to low-cost capital*	**Advance societal outcomes**	• **Capital formation** • **Customer equity** • **GHG reduction** • **EoT** • **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

New PBR framework

Retains or enhances many existing mechanisms

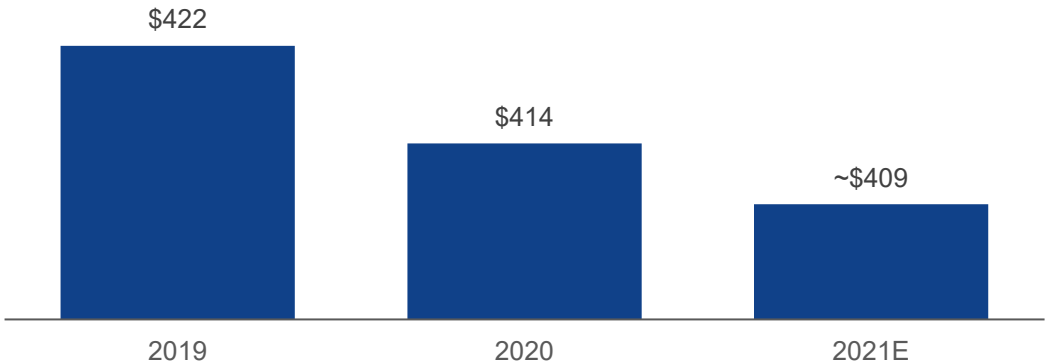
Pre-PBR mechanisms	*Change under PBR*
3-year rate plan	**5-year rate plan**
Revenue adjustment mechanism (RAM)	**Annual revenue adjustment (ARA)** Accounts for inflation, productivity improvements (set at zero), material events outside utility control, customer dividend. Jan. 1 accrual begins 2022, removing former RAM lag
Major project interim recovery (MPIR)	**Exceptional Project Recovery Mechanism (EPRM)** Continues to provide recovery for extraordinary projects; expanded to cover O&M expense 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** Includes purchased power adjustment clause; energy cost recovery clause; renewable energy infrastructure, demand side management, demand response recovery surcharges, pension tracker
Performance incentive mechanisms (PIMs)	**Additional PIMs added** New PIMs designed to drive progress on priority outcomes in addition to previous PIMs
Earnings sharing above allowed ROE	**Symmetrical earnings sharing mechanism** 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**
Pilot projects (ad hoc approval)	**New pilot process** Encourages innovation with expedited approval process and up to $10M annual cost recovery

Efficiency remains a core focus

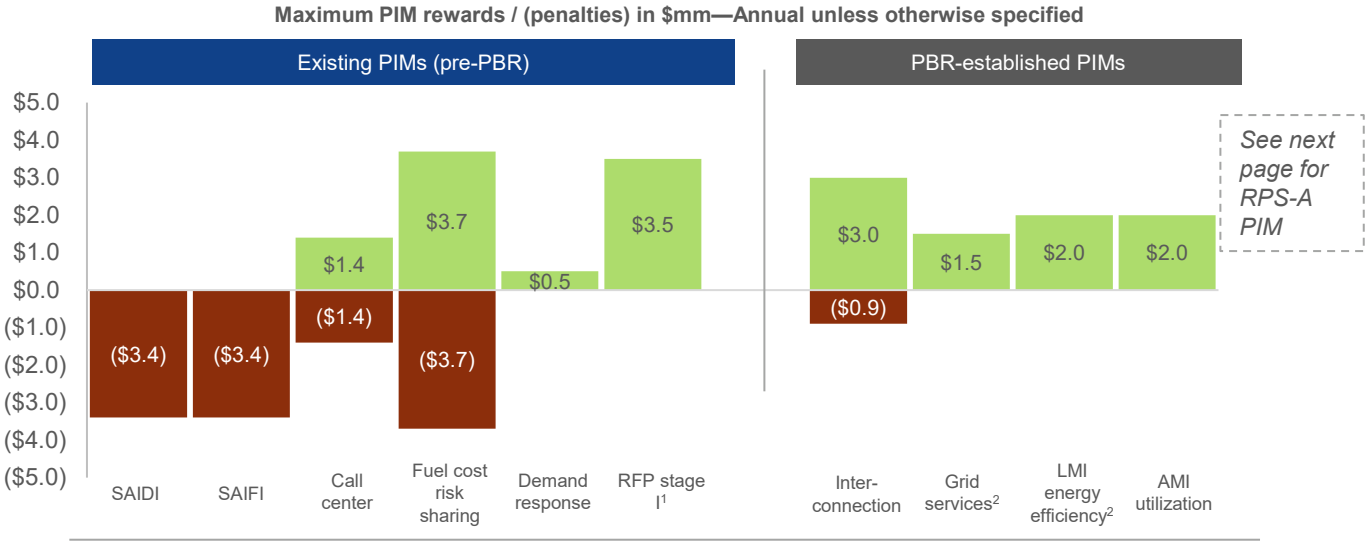
- **Accelerated delivery of management audit savings in 2021**
- **Ongoing efficiencies needed under ARA**
  - Focus on keeping O&M growth below inflation and offsetting costs that rise faster than inflation (i.e., audit fees, insurance premiums, healthcare benefits)
- **Utility cost savings plan:**
  - 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

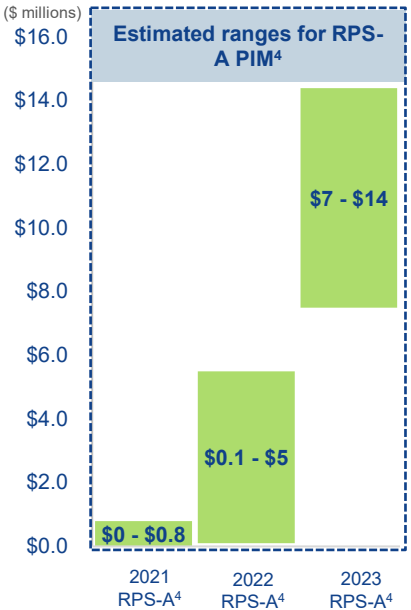
1 RFP Stage 1 shared savings expansion of additional $3M not reflected above, as additional projects were proposed under RFP Stage 2 rather than as part of Stage 1. Original RFP Stage 2 shared savings potential of $10M did not materialize due to market pricing higher than benchmark.
2 Amount shown is 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

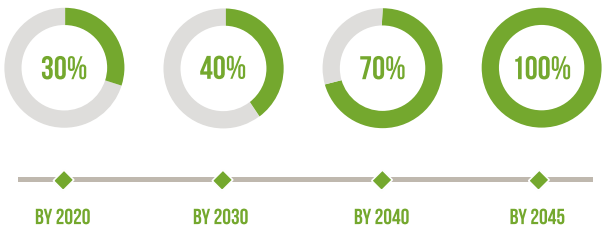
Statutory RPS[1]	PBR RPS-A[3]
Measured as % of sales represented by renewable energy 30% (2020) → 40% (2030) → 70% (2040) → 100% (2045)	Annual targets interpolated between statutory RPS milestone dates and % • 31% in 2021, 32% in 2022, ..., 39% in 2029 • 40% in 2030, 43% in 2031, …, 67% in 2039 • Etc.
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: $20/MWh penalty for every MWh deficient under RPS milestone[2]	Rewards for outperformance: 2021-22: $20/MWh 2023: $15/MWh 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.

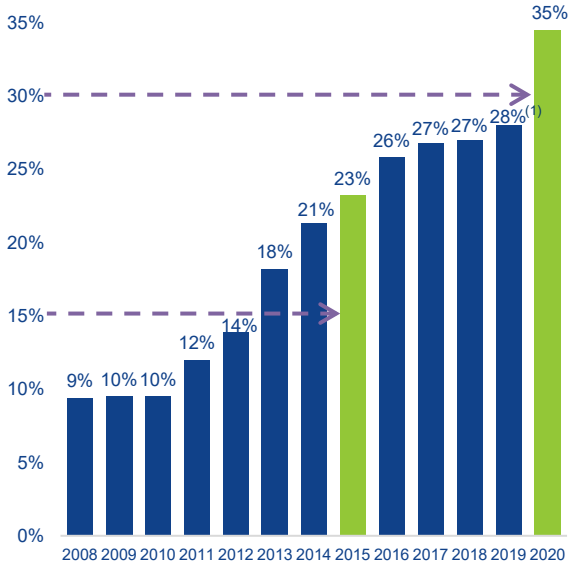
Committed to ambitious climate goals

Hawaii's goals of 100% RPS and carbon neutrality by 2045 are among most ambitious in the nation



Exceeded 2020 RPS milestone of 30%

2020 RPS = 34.5%



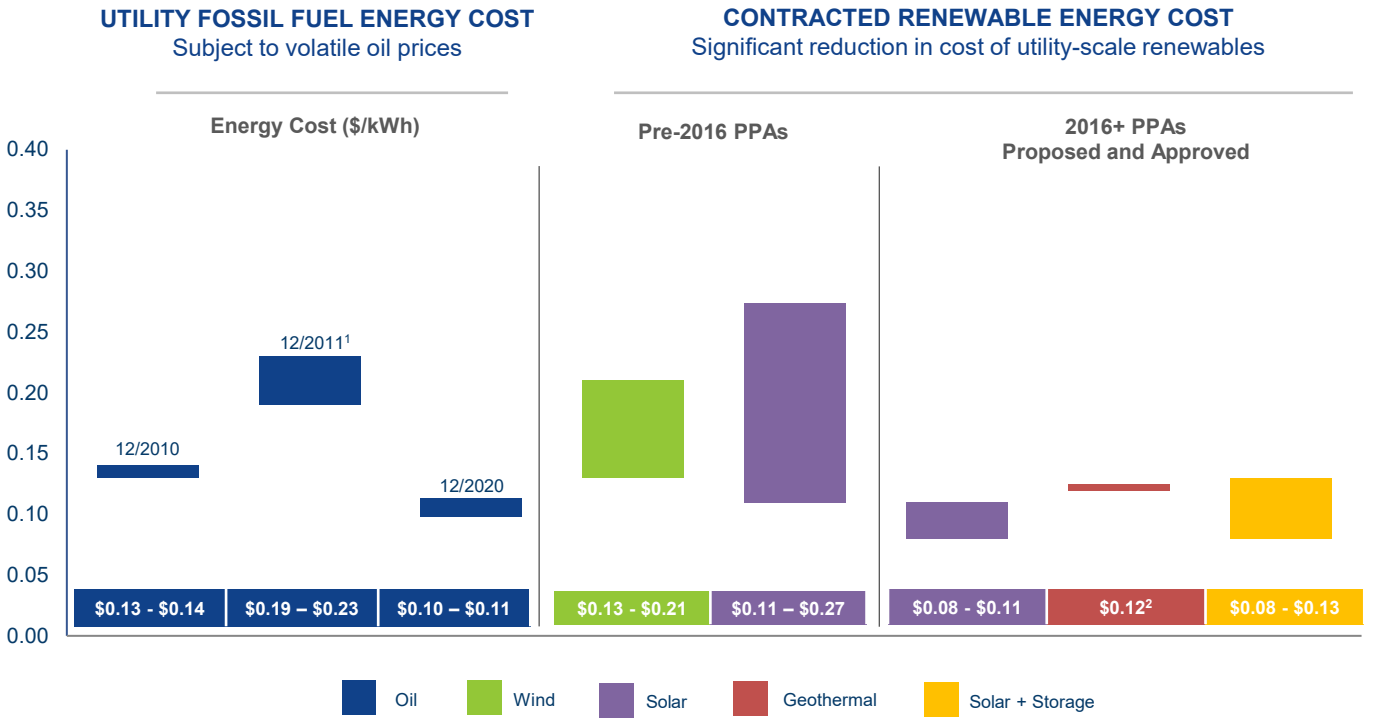
1 2018 and 2019 RPS achievement impacted by outage of Hawaii Island's geothermal resource, third-party owned Puna Geothermal Venture (PGV), beginning in May 2018 due to Kilauea volcanic eruption. 2018 and 2019 RPS achievement would have been 29% and more than 31%, respectively, had PGV produced at same level as 2017.

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 • 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 • Integrating among nation's highest percentage of rooftop solar and seeking to add more • Broadening access with community-based renewable energy
✓ **Accelerating electrification of transportation (EoT)**	• Committed to 100% light duty fleet by 2035 • Proposed make-ready infrastructure 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**	• New PBR framework intended to facilitate energy transition, align regulatory framework with customer interests, policy goals
✓ **Long-range planning for clean, resilient, reliable energy**	• Engaging stakeholders in Integrated Grid Planning, combining planning and procurement for generation and T&D • Resilience a key focus

Renewable energy key to affordability, bill stability



1 The 2011 fuel oil increase was largely driven by the nuclear disaster of the Fukushima power plant in March 2011 which increased the price of oil in Hawaii as our fuel oil purchases are largely driven by the Asia Pacific market.
2 Assumes dispatch at same level as in 2017. Pricing based on amended and restated PPA, which is pending PUC approval.

Encouraging rooftop PV, customer-sited resources

Providing programs and infrastructure to integrate and incentivize DER

Nation-leading rooftop solar penetration

- 20% of all residential customers
- 36% of Oahu single family homes

Distributed energy resources (DER) are a key element of our plan for achieving 100% RPS

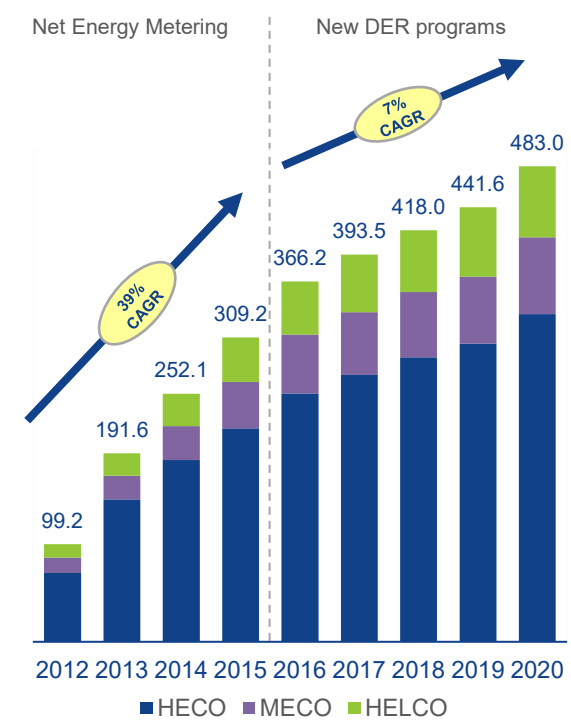
- Requires significant investment to modernize the grid to ensure reliability
- Equity a key consideration in program design

National leader and innovator in integrating high levels of residential rooftop solar

- Managing grid to ensure reliability with high levels of variable, intermittent distributed sources
- Using innovative inverter technologies and smart meters to manage distributed resources
- Expertise routinely sought by other utilities

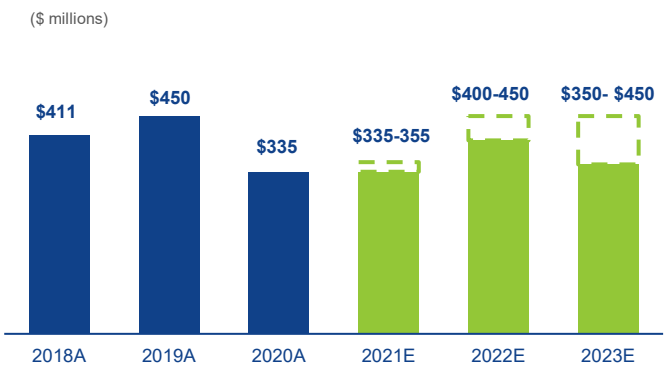
Cumulative residential PV installations

(in megawatts)

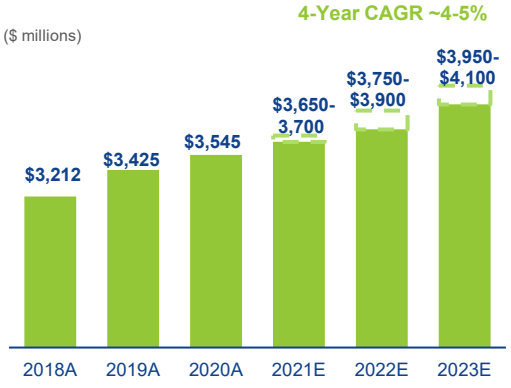


Renewables, reliability and resilience drive capital investment

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 drive average base earnings growth of 4-5% from 2022 as base year (excludes potential PIMs rewards)

- 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.

Pacific Current: Non-regulated platform for sustainable infrastructure investment

- **Focused on local partnerships and projects consistent with investment grade profile**
- **Long-term strategy, with modest earnings impact as build Hawaii-based portfolio**
  - **Baseline plan anticipates building to ~$0.03-$0.05 EPS contribution over next 3-4 years**

60MW Hamakua Energy Plant, Hawaii Island

- Critical dispatchable generating resource as island transitions to 100% renewable energy by 2045
- Contracted cash flows and non-recourse financing support investment grade profile
- Accretive from outset, expected to continue over contract life
- ~20% of fuel supplied by locally produced biodiesel

Solar plus battery storage projects at 5 campuses in University of Hawaii system

- 3 campus systems completed; remaining 2 systems scheduled to come online over next few quarters
- Contracted cash flows and non-recourse financing support investment grade profile
- Investment-grade counterparties: University of Hawaii (off-taker); Johnson Controls (EPC contractor)

6MW Solar Facility on Kauai

- Built and proven project with no construction risk and contracted cash flows under 20-year PPA (12 years remaining)
- Non-recourse financing at attractive fixed rate
- Counterparty (offtaker): Kauai Island Utility Cooperative

Other renewable investments

- Smaller scale renewable energy projects support community's transition to a clean energy future
- EverCharge partnership focuses on charging infrastructure in multi-unit dwellings, seeks to further catalyze EV adoption
- Investments provide tax credits, optimizing HEI's tax bill

AMERICAN SAVINGS BANK

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

HEI

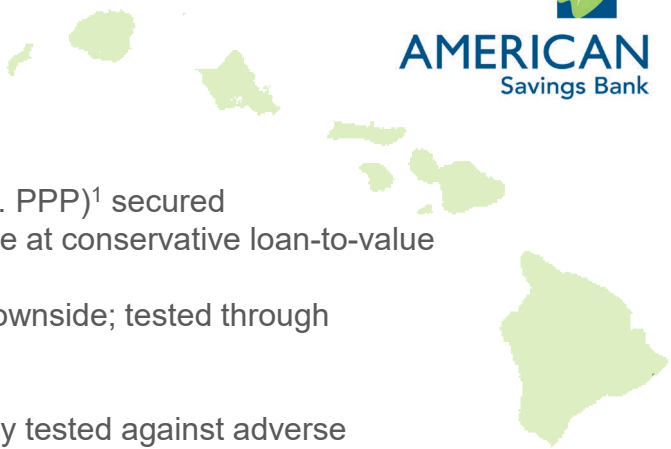
Catalyst for a better Hawai'i

American Savings Bank: Conservatively managed bank with strong financial position

SERVING HAWAII THROUGH OVER 95 YEARS OF ECONOMIC CYCLES

Prudent risk management is foundation of our management approach

- ✓ Earning assets 100% funded by core and low-cost deposits
- ✓ Diverse, high quality loan portfolio with active relationship monitoring and management
- ✓ Loan portfolio predominantly (~79%/84% excl. PPP)[1] secured by or with recourse to stable Hawaii real estate at conservative loan-to-value
- ✓ Oahu property value resilience protects the downside; tested through the Great Recession
- ✓ Healthy capital and liquidity positions, regularly tested against adverse stress scenarios
- ✓ Modest exposure to industries most impacted by COVID
- ✓ Efficiency a core focus

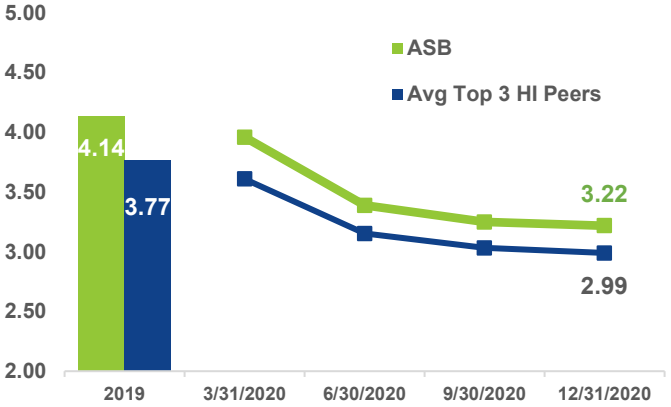


AMERICAN Savings Bank

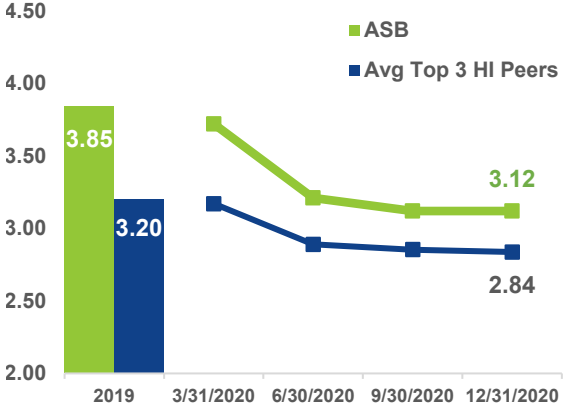
1 For quarter ending 12/31/20.

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

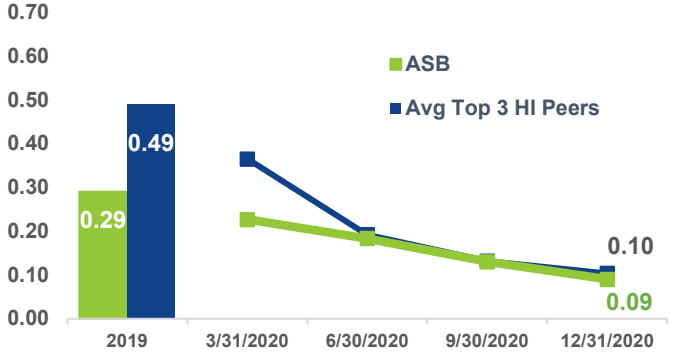
YIELD ON EARNING ASSETS (%)



NET INTEREST MARGIN (%)



COST OF FUNDS (%)

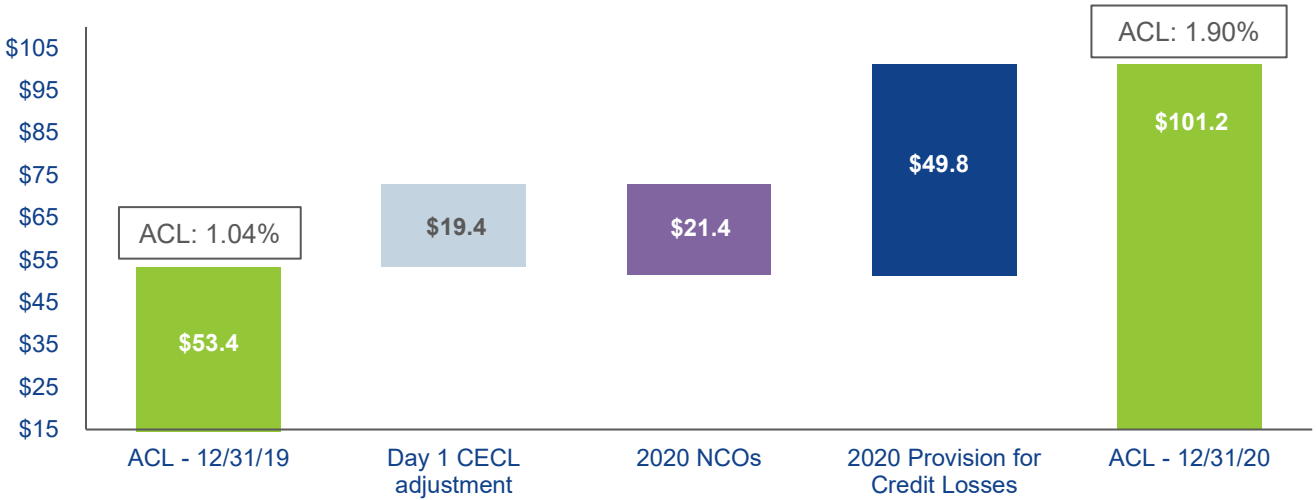


	Actual	PPP	Ex. PPP
3Q20 Reported NIM	**3.12%**	**2.89**	**3.14**
Impact of lower rate environment and portfolio mix	(0.13%)	--	(0.15%)
Amortization of PPP processing fees	0.07%	1.73%	-
Decrease in interest bearing liability funding cost	0.06%	--	0.06%
4Q20 Reported NIM	**3.12%**	**4.62%**	**3.05%**

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: Net charge-offs	($22.2)	($21.4)	$0.8
Ending ACL balance	$53.4	$101.2	$47.8

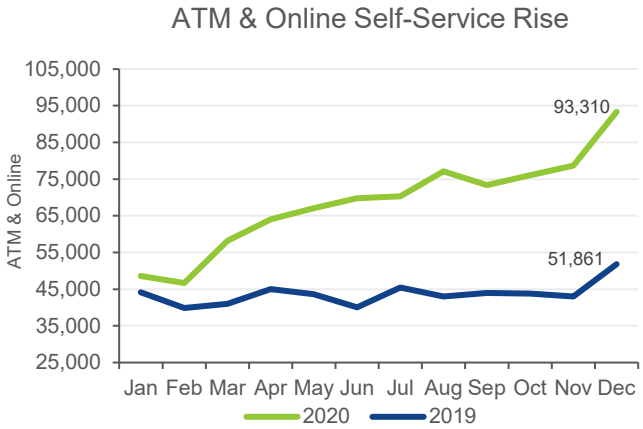
Net charge-offs lower than in 2019

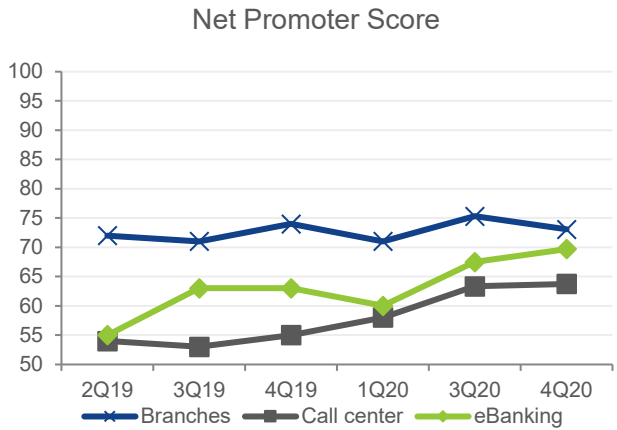
1 Excludes provision for unfunded loan commitments; reserve for unfunded loan commitments is classified in other liabilities on balance sheet and excluded from ACL.

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





Financial outlook

HEI
Catalyst for a better Hawai'i

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.

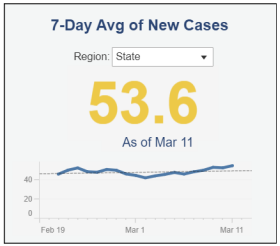
[1] Also excludes O&M expenses covered by surcharges or by third parties that are neutral to net income.

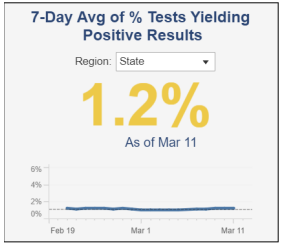
Reference the cautionary note regarding forward-looking statements (FLS) accompanying this presentation which provides additional information on important factors that could cause results to differ. The company undertakes no obligation to publicly update or revise FLS, including EPS guidance, whether 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.

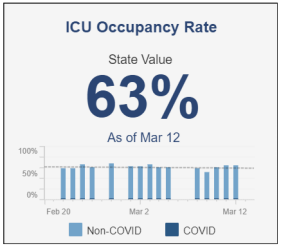
Appendix

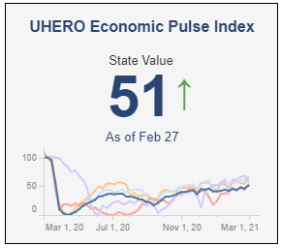
HEI
Catalyst for a better Hawai'i

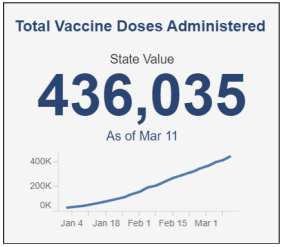
Hawaii COVID case update

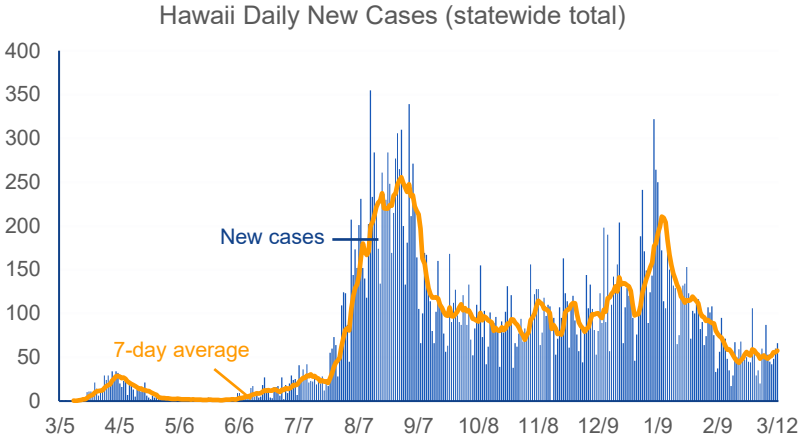




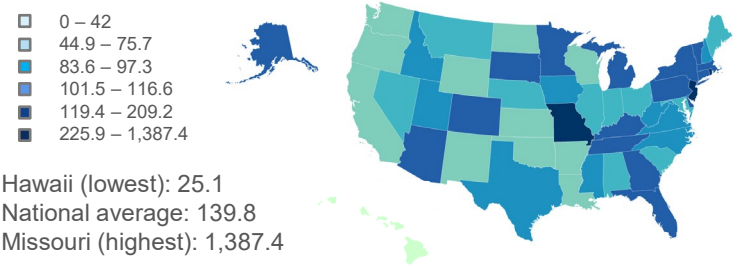








Average daily case rate in last 7 days, per 100K residents
(as of 3/13/21)



Hawaii (lowest): 25.1
National average: 139.8
Missouri (highest): 1,387.4

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

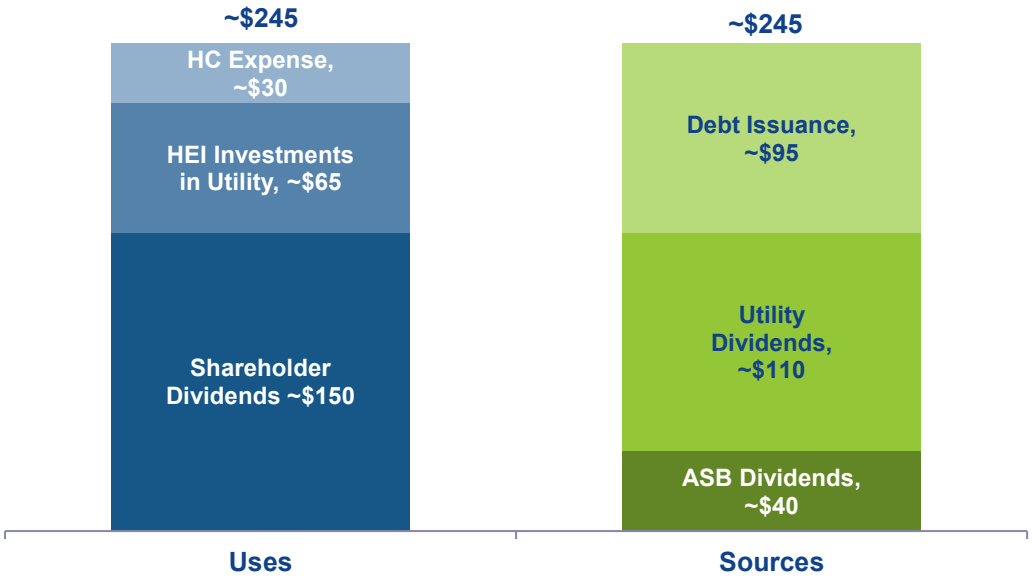
HEI financing outlook 2021
(as of February 16, 2021)

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)

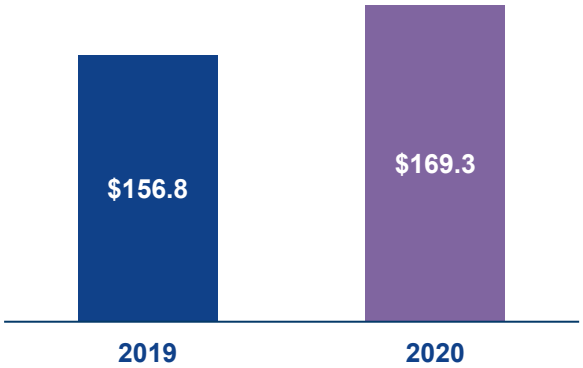


Note: Numbers in chart are rounded to nearest multiple of 5 million.

Full year 2020 utility financial highlights

($ in millions)

UTILITY NET INCOME



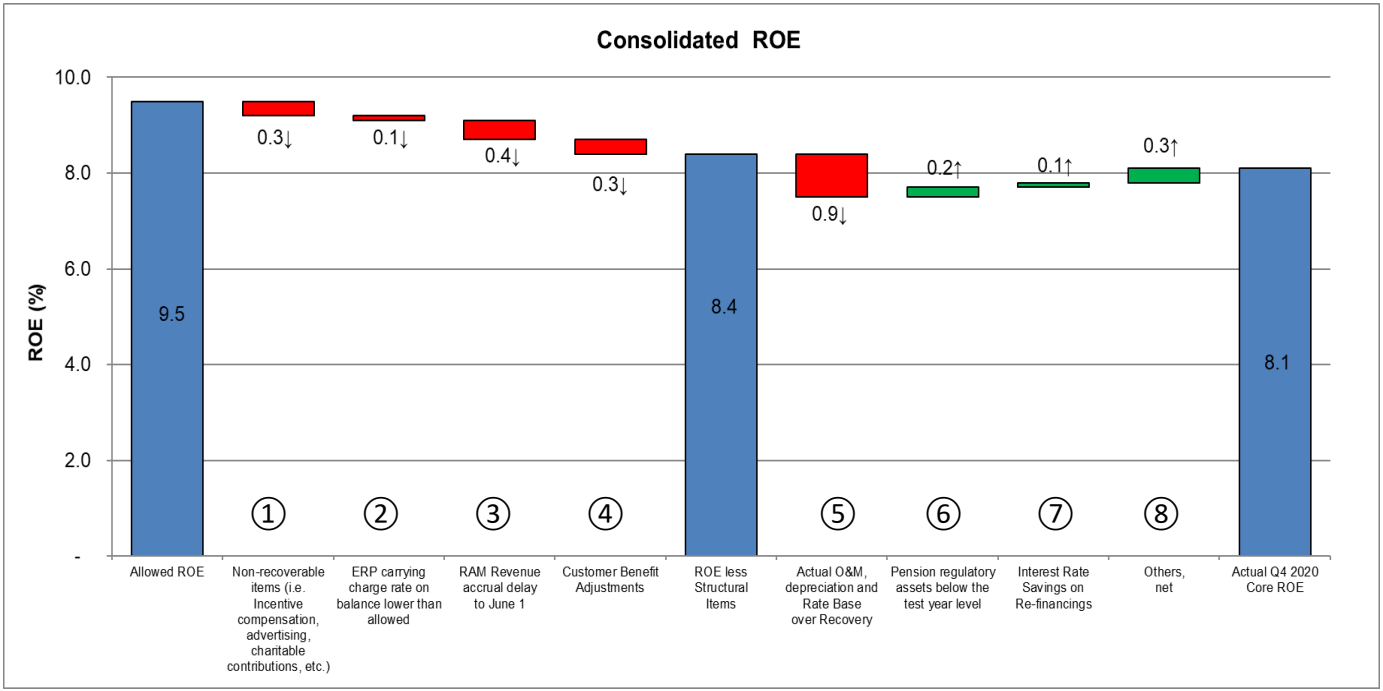
KEY UTILITY EARNINGS DRIVERS, AFTER-TAX FAV/(UNFAV)

	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

Utility LTM ROE

4Q20 CONSOLIDATED UTILITY ROE



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: – EPRM (broadened to include both capital and O&M investment) – 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: – ARA – AMI utilization and LMI energy efficiency PIMs – Pilot project approval process – Symmetrical earnings sharing – 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*

Annual revenue adjustment mechanism formula

Annual target revenues 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 $6.6M/yr through 2025

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

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

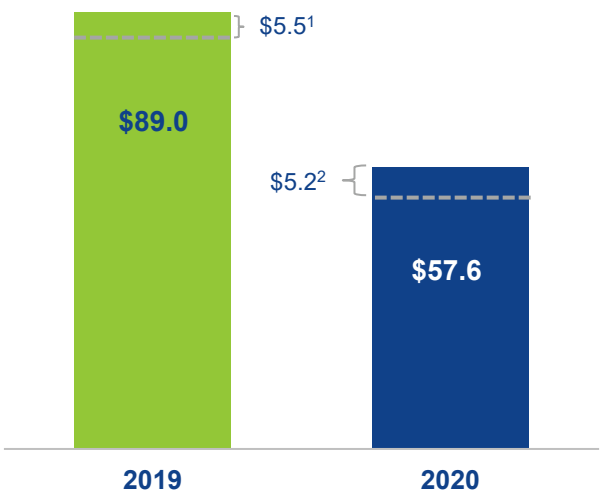
	Summary	Upside / downside
Interconnection approval PIM	Rewards and penalties based on utility ability to reduce approval time to interconnect DER systems <100 kW	+$3M / -$0.9M annually
Grid services procurement PIM	Rewards (no penalties) to incentivize acquisition of grid services from DER through 2022; 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.

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:

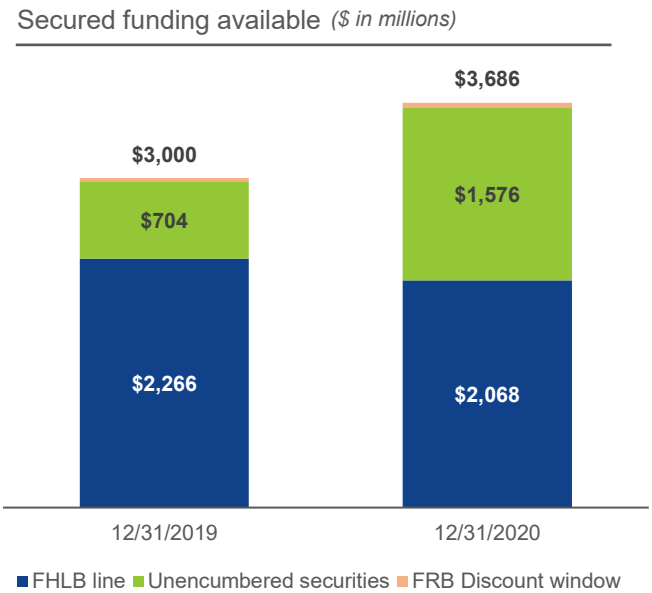
- Noninterest income increased 7% year over year primarily due to record residential mortgage production
- Noninterest expense increased 3% year over year primarily due to $5.1 million of COVID-19 related expenses

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).

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

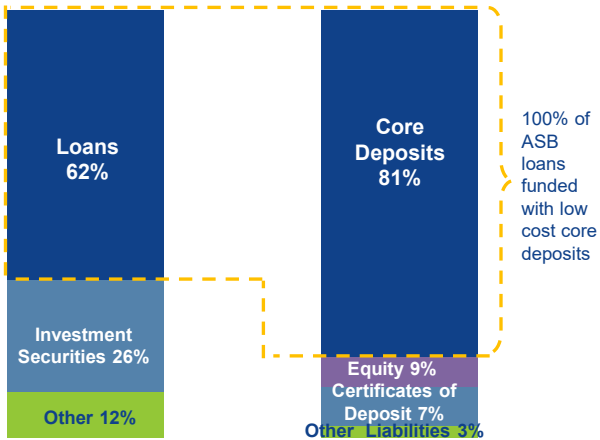
Capital Ratio[1]	Tier 1 leverage[2]
As of 12/31/20	8.38%
"Well capitalized"	5.00%
Minimum requirements	4.00%

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.

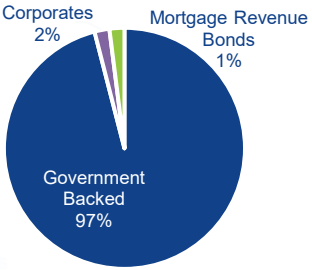
Quality bank balance sheet and loan portfolio

ASB[1]

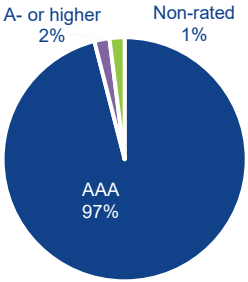
Average yield on earning assets	3.22%
Average cost of funds	0.09%
Return on avg. equity[2]	8.58%



Investment Portfolio Sectors



Investment Portfolio Ratings



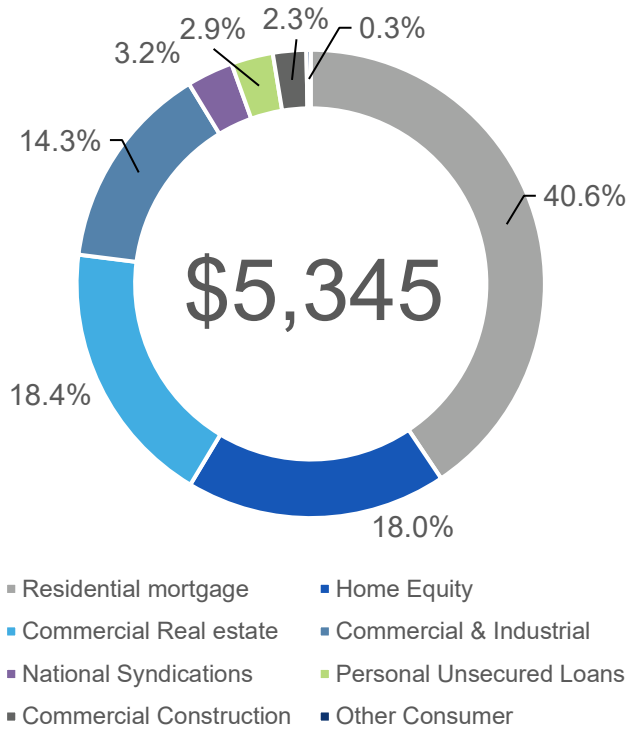
PEER BANKS[3]

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.

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

($ in millions)



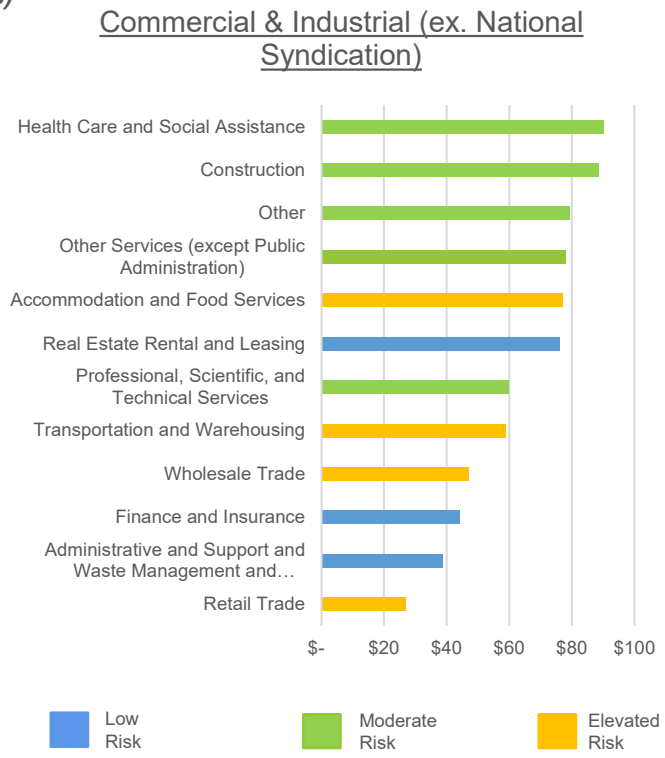
Loan portfolio characteristics

- ✓ ~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 commercial & industrial portfolio: Modest exposure to highly-impacted industries

($ in millions)

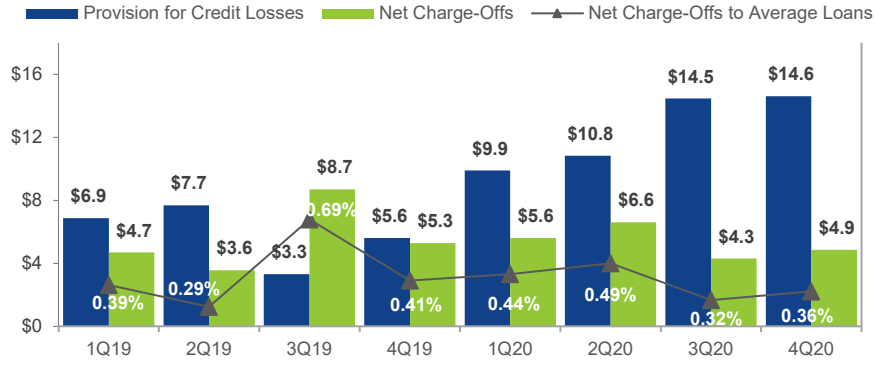


- Commercial portfolio is well diversified with highest concentration to Health Care & Social Assistance of $90M or 12% of commercial & industrial portfolio (excluding national syndication portfolio)
- Accommodation and retail most heavily impacted by COVID-19
- As of 12/31/20, active payment deferrals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

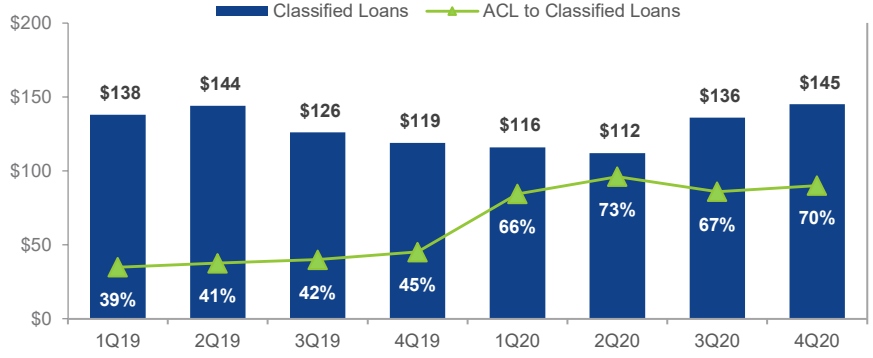
Net charge-offs & level of classified loans remain stable through COVID period

($ in millions)

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



ACL to Classified Loans



Stable Credit Trends

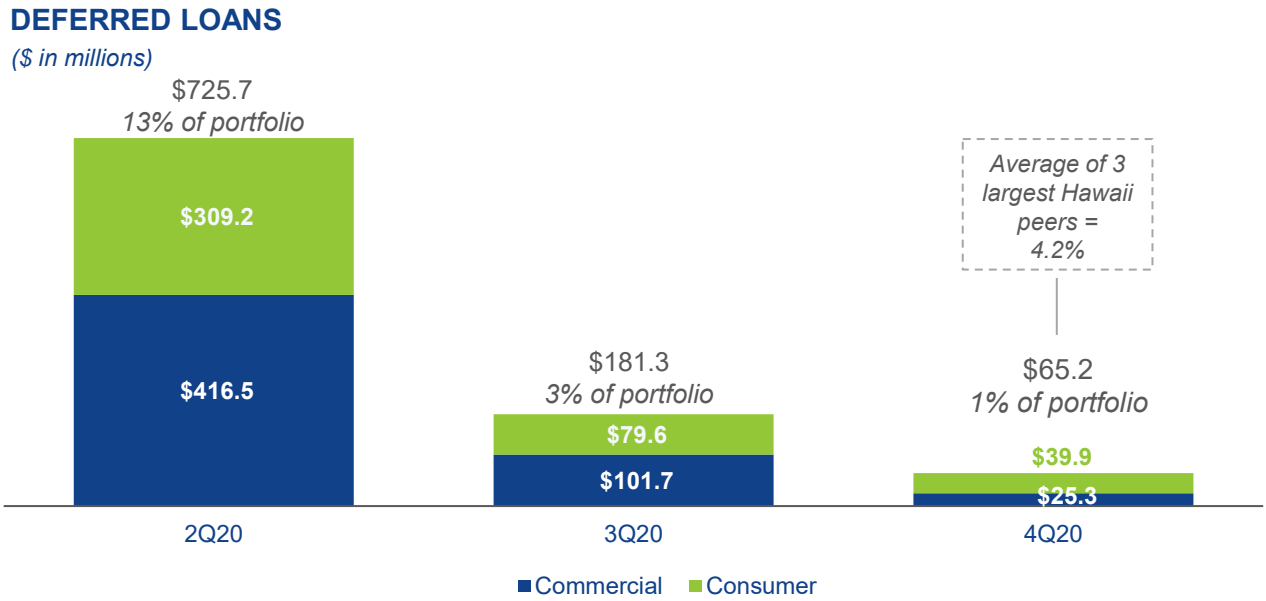
- Net charge-offs to average loans improved from prior year despite negative impacts of COVID; 0.40% in 2020 vs 0.45% in 2019
- Classified loans totaled $145 million as of year end. ACL to classified loans 70% at YE 2020 vs. 45% at YE 2019
- Increase in coverage ratio reflects additional credit loss 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.

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%



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.