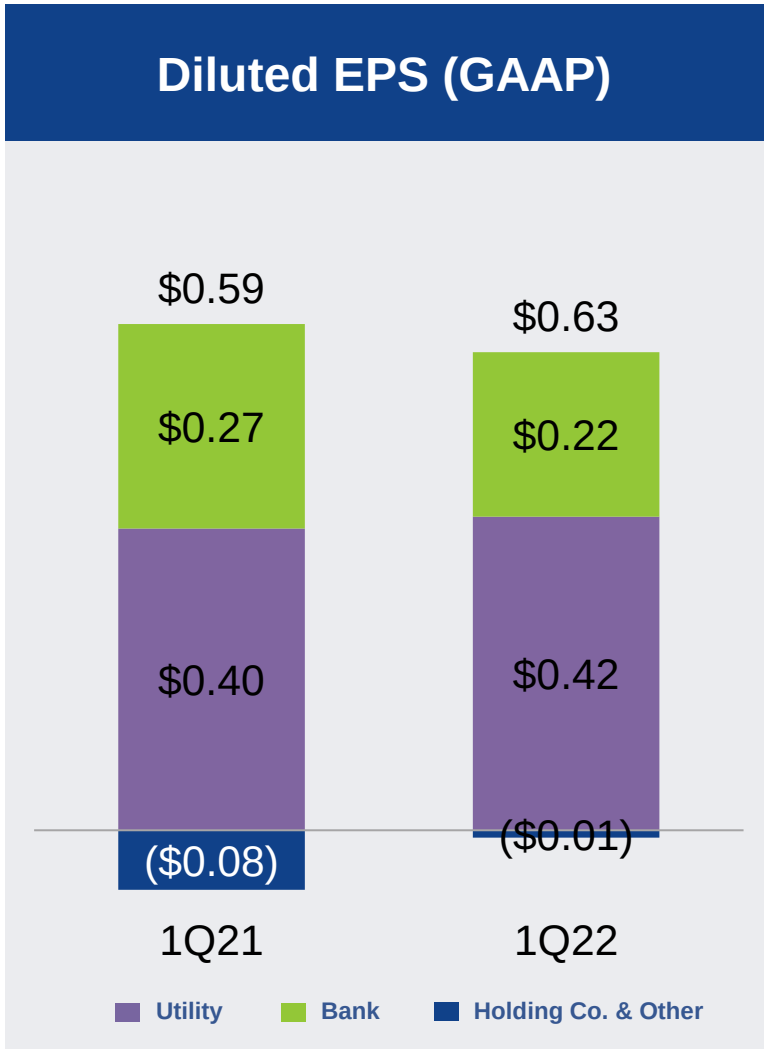


HEI
1Q22 Financial Results

May 9, 2022

Solid Financial and Operational Results

- Consolidated earnings up 7% vs 1Q21
- Utility
  - Executing well under PBR
  - Delivering customer value
  - Progressing climate action goals
- Bank
  - Good execution in improving bank environment
  - Solid credit quality
  - Expense management
- Pacific Current
  - Gain on sale of investment in EverCharge, our electric vehicle charging JV partner in Hawaii



1Q22 Utility Highlights

Managing Macro Challenges

- Affordability, efficiency and customer bill management options increasingly important
- Impacts to renewable energy and storage projects, including delays, cancellations



Adding Resources to Meet Climate Goals

- Accelerating state's largest solar-plus-storage project
- Several stage 1 & 2 projects continuing
- Expanded procurement efforts:
  - 8 shared solar RFPs
  - Stage 3 RFPs for each of Oahu, Maui and Hawaii Island
- Also pursuing grid services, distributed energy resource initiatives, full deployment of smart meters, further EV charging

PBR Update

- Process to develop additional PBR PIMs nearing conclusion
  - Hearings held in April
  - Post-hearing briefs in May



1Q22 Bank Highlights

Improving Banking Environment

- Rising interest rates, recovering Hawaii economy are improving profitability and loan growth opportunities
  - Margin expected to expand as interest rates continue to rise
  - Monitoring inflation, supply chain and other macro pressures to economic growth

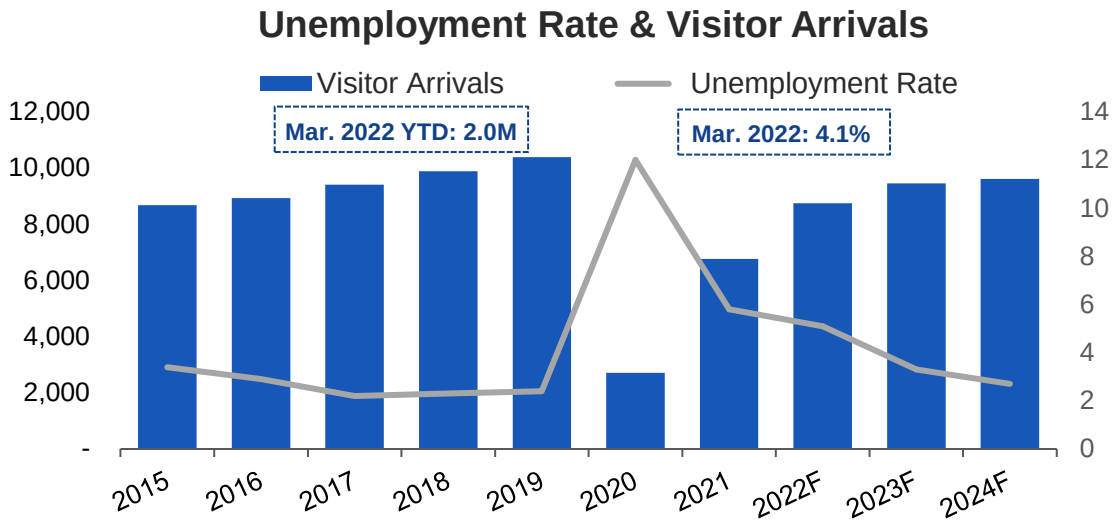
Strengthening Operations through Digital Transformation

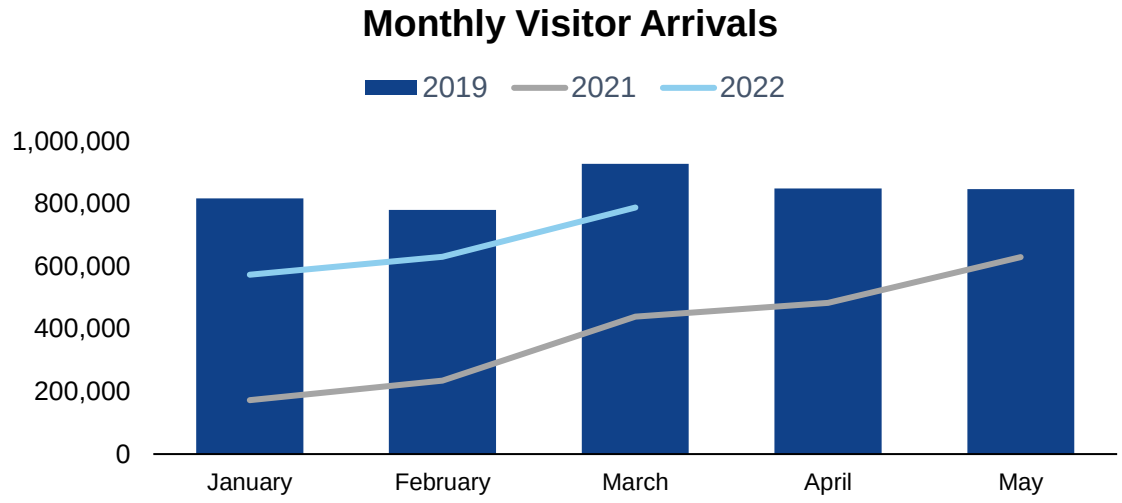
- Successfully implementing large projects (e.g., customer relationship management system)
- Optimizing branch footprint and operating model
  - Closed four non-core branches
  - Transformed four traditional branches into digital centers

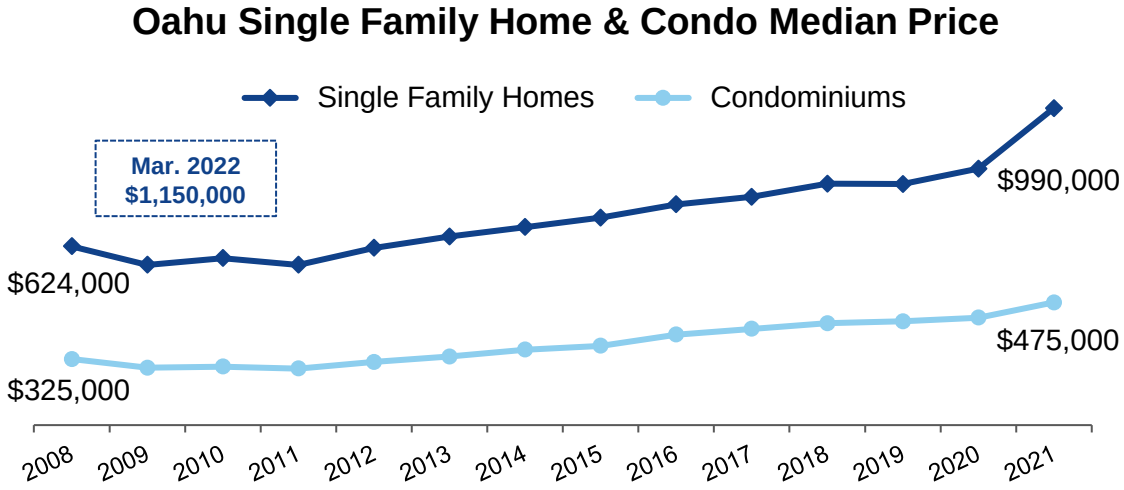


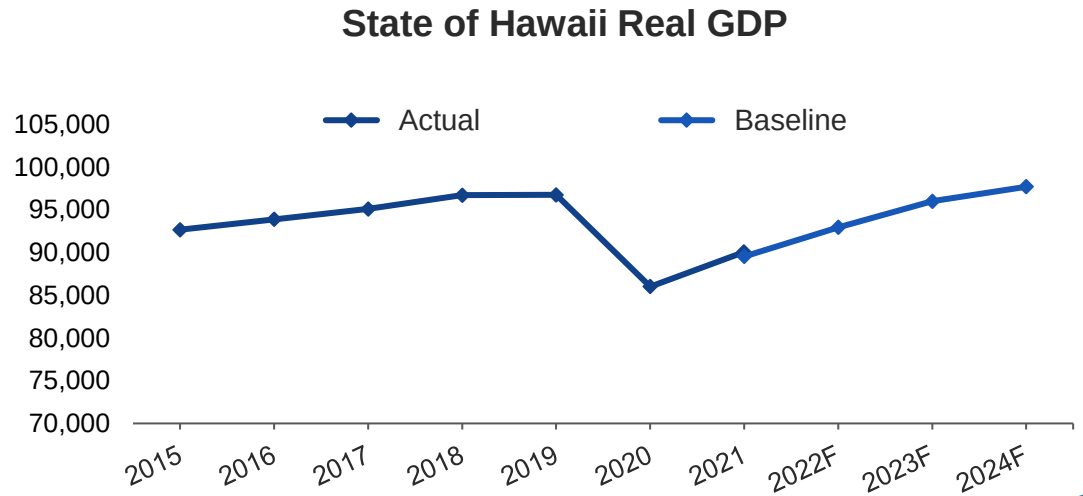


Strengthening Hawaii Economy





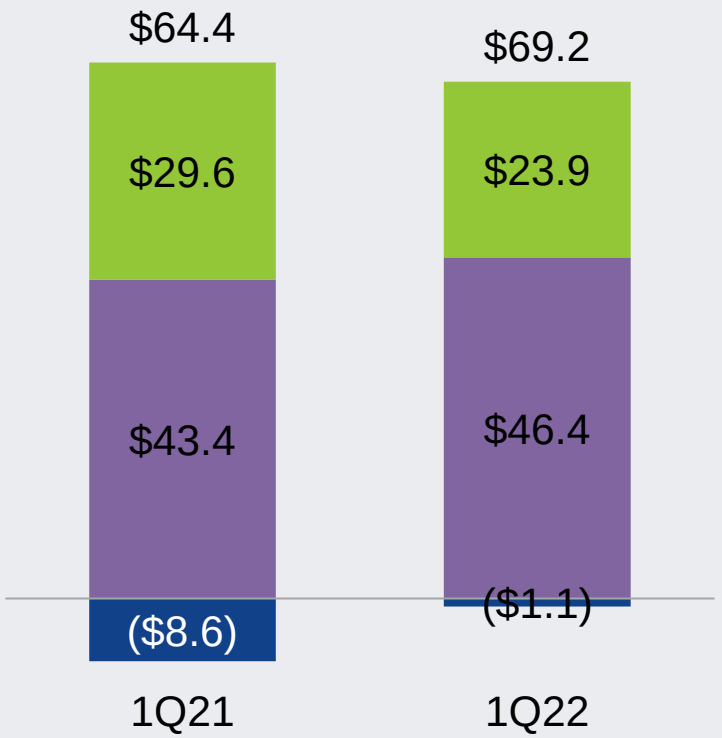




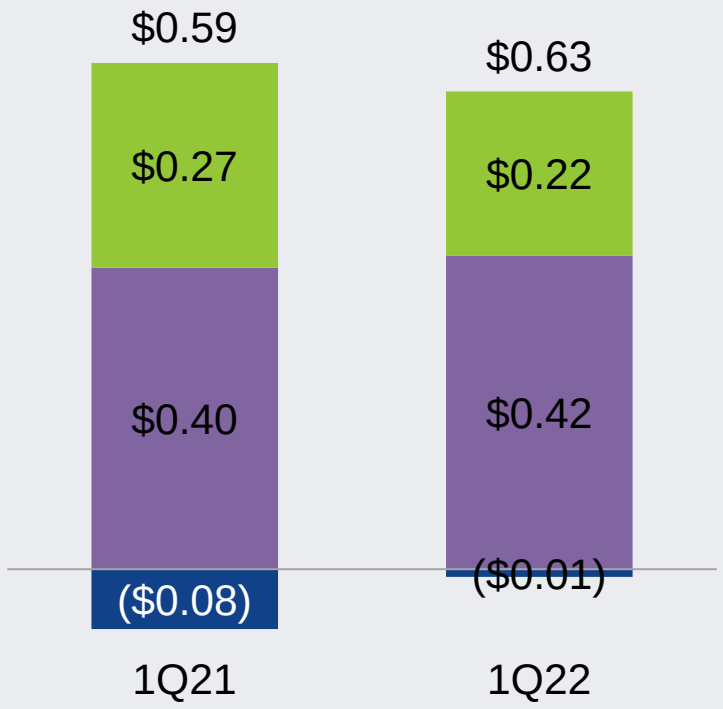
Sources: Dept. of Business, Economic Development and Tourism, Univ. of Hawaii Economic Research Organization, U.S. Bureau of Labor Statistics, State of Hawaii Dept. of Health, and Title Guaranty Hawaii. Forecasts from Univ. of Hawaii Economic Research Organization (UHERO) Mar. 6, 2022 report.

1Q22 Financial Performance

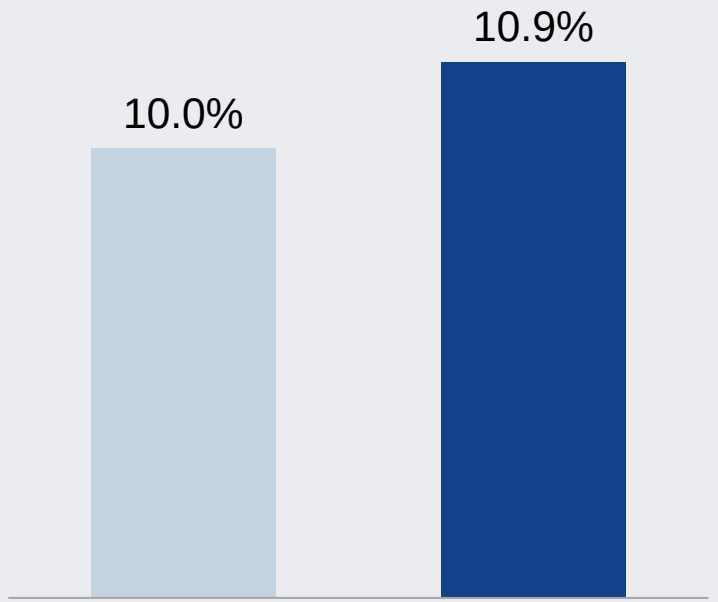
Net Income ($M)



EPS (GAAP)



Consolidated LTM ROE



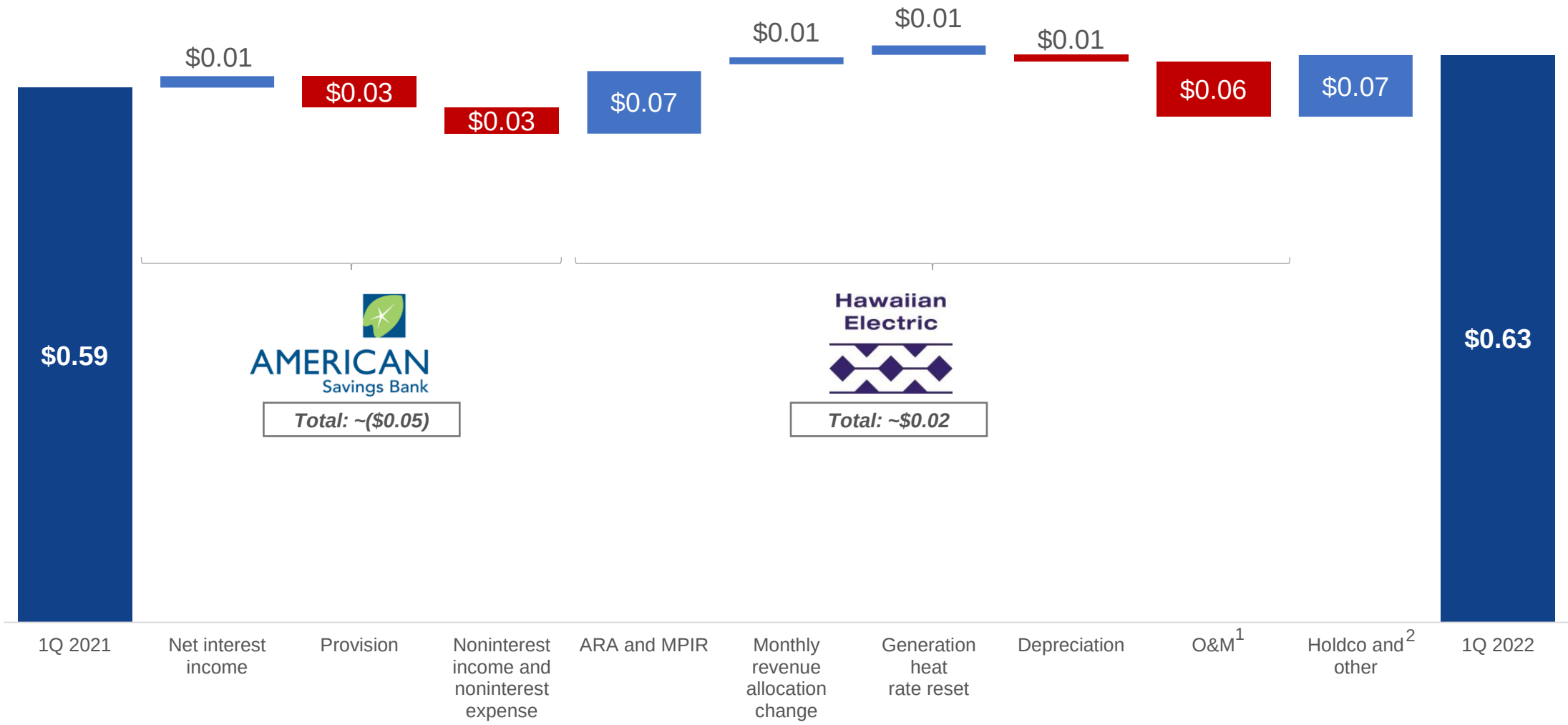
	2021	2022
Utility	9.0%	8.1%
Bank[1]	10.1%	14.4%

Utility Bank Holding Co. & Other

Note: Columns may not foot due to rounding.

1. ROEs displayed in table are for last-twelve-months. ASB's last quarter annualized ROEs (which are more conventionally reported for banks) in 1Q21 and 1Q22 were 16.0% and 13.7%, respectively.

1Q22 Financial Highlights



Note: numbers shown are post-tax earnings-per-share.

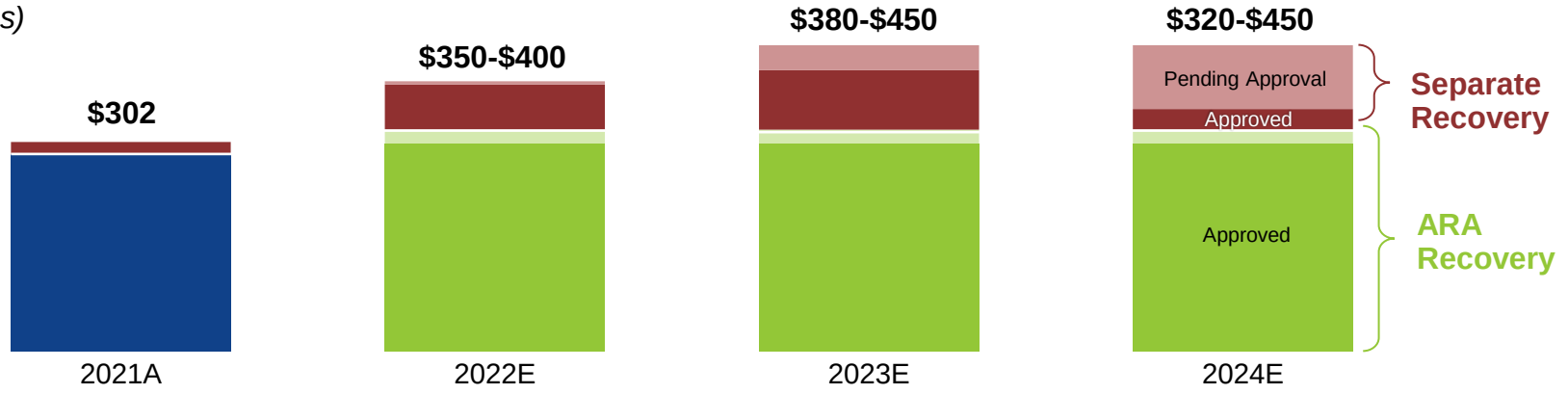
1. O&M expense excludes expenses related to ownership of U.S. Army's electrical distribution systems, as these were offset by an equivalent amount of revenues.
2. Includes ~$0.06 impact of Pacific Current gain on sale.

Renewables, Reliability and Resilience Drive Capital Investment

Capital Expenditures Forecast *($ in millions)*

Low range includes baseline ARA capital and approved separately recovered projects.

High range includes separately recovered projects awaiting PUC approval and high end of baseline ARA capital.



Status	Key Capex Projects [1]	Actual 2021	Forecast 2022	Forecast 2023	Forecast 2024	Recovery Mechanism
Approved	Grid Mod., Phase 1 – Full Deployment	$21	$39	$49	$18	MPIR
	Waena Switchyard / Kahului Sync Condensers	$3	$10	$22	$1	EPRM
	Waiawa UFLS		$2			EPRM
	Army Privatization[2]		$2	$7	$2	Contractual (on and of)
	Other MPIR Major Projects	$3				
	Customer Funded Projects	($14)	$12	$13	$9	Customer Funded
	Total	**$14**	**$65**	**$91**	**$30**	
Awaiting PUC approval or to be filed	Public EV Charger Expansion			$3	$7	EPRM
	Maui / Hawaii Island BESS Projects			$18	$58	
	Other EPRM Major Projects	$2	$6	$10	$29	
	Total	**$2**	**$6**	**$31**	**$94**	
ARA recovery	Baseline and Other Capex	**$286**	**$300-$320**	**$300-$320**	**$300-$320**	ARA

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.
2. $18M for non-cash asset acquisition of Army electric distribution system not shown in bar chart as it will not be classified as a capital expenditure. $14.5M of the $18M was recorded 3/1/22; remainder is pending ownership transfer in early 2023.

Utility Outlook Drivers

O&M Expense Management

- Higher 1Q22 O&M expenses driven by:
  - More generating facility overhauls and maintenance
  - higher transmission and distribution maintenance
  - higher bad debt expense
- O&M expected to be within ARA allowed levels for the year

PIM Rewards

- Supply chain disruptions impacting timelines of contracted renewable projects, reducing 2022 RPS-A potential
- Potential reward from other PIMs, including:
  - Interconnection experience
  - Grid services procurement

Heat Rate Performance Improvement / Fuel Costs Increases

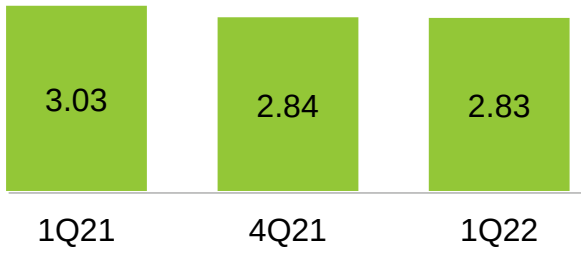
- If fuel prices remain high, could see full $3.7M pre-tax sharing with customers
- Offset by Hawaii Island heat rate reset



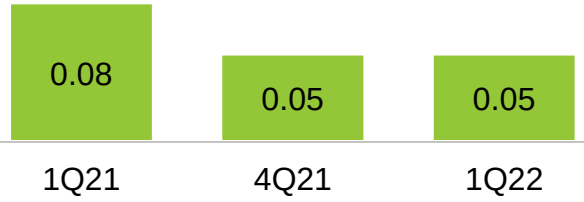


Net Interest Income Grew with Earning Assets Growth, Stable Margin

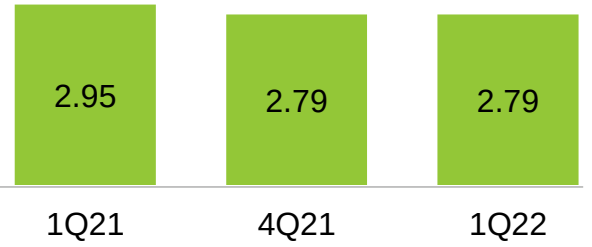
Yield on Earning Assets (%)



Cost of Funds (%)



Net Interest Margin (%)



	Actual	PPP	Ex. PPP
4Q21 Reported NIM	**2.79%**	**12.90%**	**2.68%**
Increasing investment yield on slower prepayments	0.09	--	0.09
Impact of earning asset mix and rate environment	(0.04)	--	(0.05)
Declining PPP fees	(0.06)	(0.69)	--
Decreasing funding cost	0.01	--	0.01
1Q22 Reported NIM	**2.79%**	**12.21%**	**2.73%**

PPP ($ in millions)	Loans	Fees
Funded $ / count	$551 / 6,300	$23
Forgiveness / paydowns to date	$510	$21.5
Balance (as of 3/31/22)	**$41**	**$1.5**

Bank Outlook Drivers

Stronger Interest Rate Outlook

- Larger and faster rate increases vs original assumptions
- Expected to eventually benefit net interest margin
  - Earning asset yields more sensitive to rising rates than deposit costs
- Slower residential mortgage activity

Slowing PPP Fee Income

- PPP loan fees continue declining as loans are forgiven, offsetting near-term rising interest rate benefit to net interest margin
- $1.5M in fees remaining to be recognized as of 3/31/22



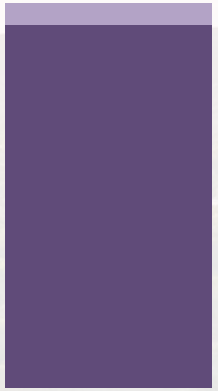
Economic Outlook

- Improving Hawaii economic outlook as COVID-19 recovery continues
- Strong domestic tourism arrivals, international arrivals expected to return
- Strengthening economy provides loan growth opportunities

2022 EPS Guidance[1] – Utility Strength and Bank Earnings Reset Provide Base for Future Growth

Hawaiian Electric

$1.68-$1.78



2022E

Key Assumptions:

- Full recovery of COVID-19 expenses
- Capex of $350-$400M
- Moderate upside from PIMs
- Adjusted O&M excluding pension[2] within ARA recovery levels
- 2022 - 24 earnings growth of ~5% with upside from PIMs

AMERICAN Savings Bank

$0.59-$0.68



2022E

Key Assumptions:

- NIM: 2.70-2.85%
- Provision exp.: $0-$10M
- ROA: >0.70%
- Low single digit earning asset growth
- Non-interest expense flat to slightly above PY

HEI

$2.00-$2.20



2022E

Additional Assumptions:

- Holdco and other segment net loss of $0.28 - $0.30
- Excludes ~$0.06 from Pacific Current 1Q22 gain on sale
- No equity issuances in 2022

1. As of May 9, 2022.
2. Also excludes O&M covered by surcharges or for activities billed to third parties.

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 Dec. 31, 2021 and HEI's other periodic reports.

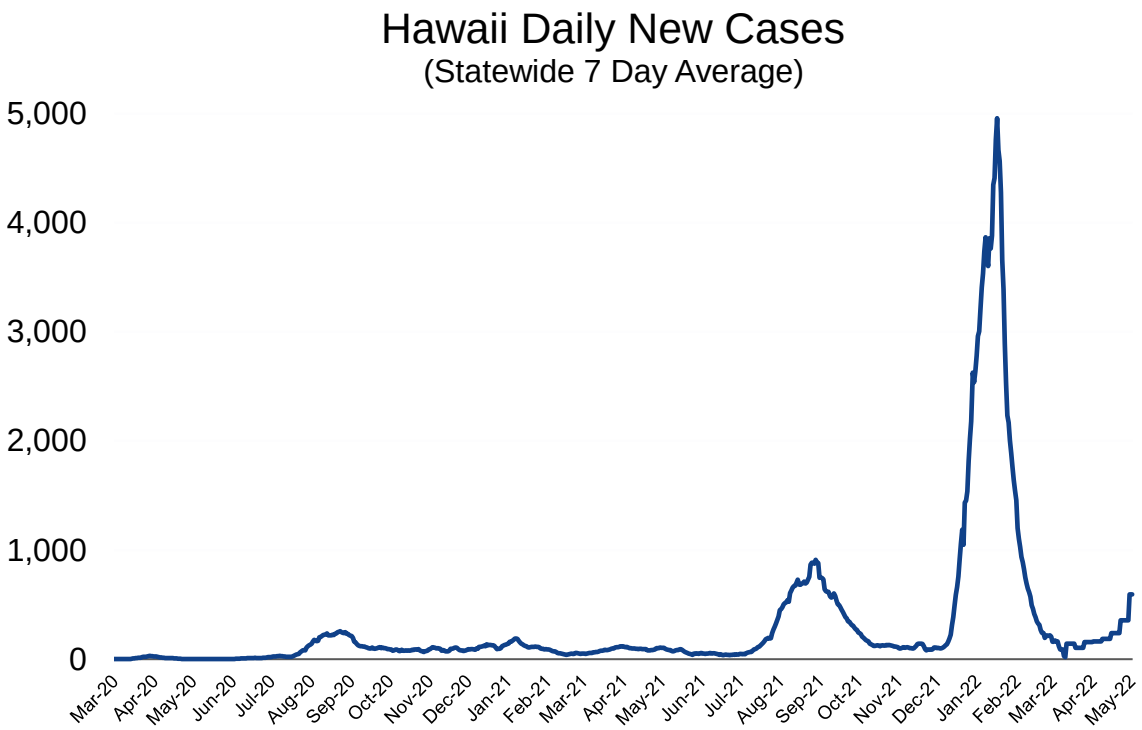


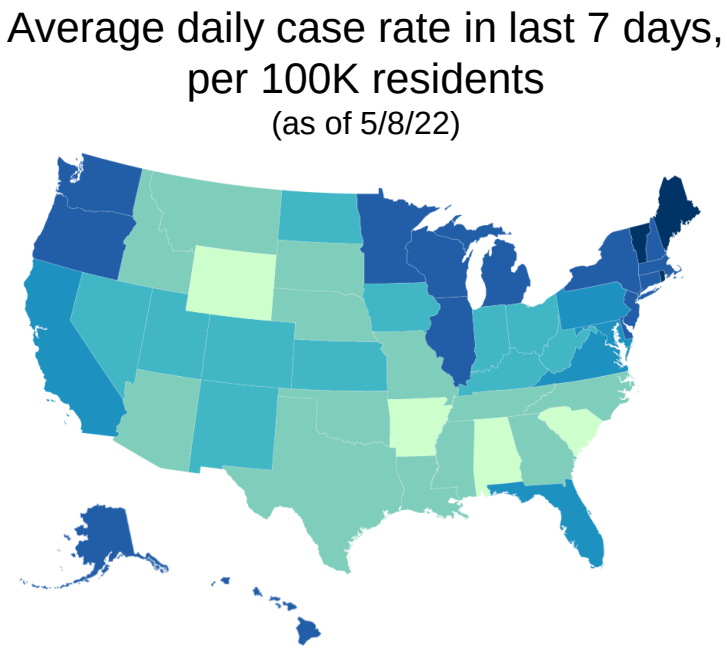
Q&A

Appendix

COVID-19 Update

- 77% of Hawaii population fully vaccinated, 39% with boosters
- Hawaii Safe Travels program restrictions on U.S. transpacific travelers and indoor mask mandate ended Mar. 25





Sources: Centers for Disease Control and Prevention, State of Hawaii Dept. of Health, U.S. Dept. of Health and Human Services.

HEI Financing Outlook 2022[1]

- Both bank and utility remain net cash flow providers to holding company
- No external equity required in 2022
- Balance sheet remains investment grade
- Two investment grade subsidiaries:

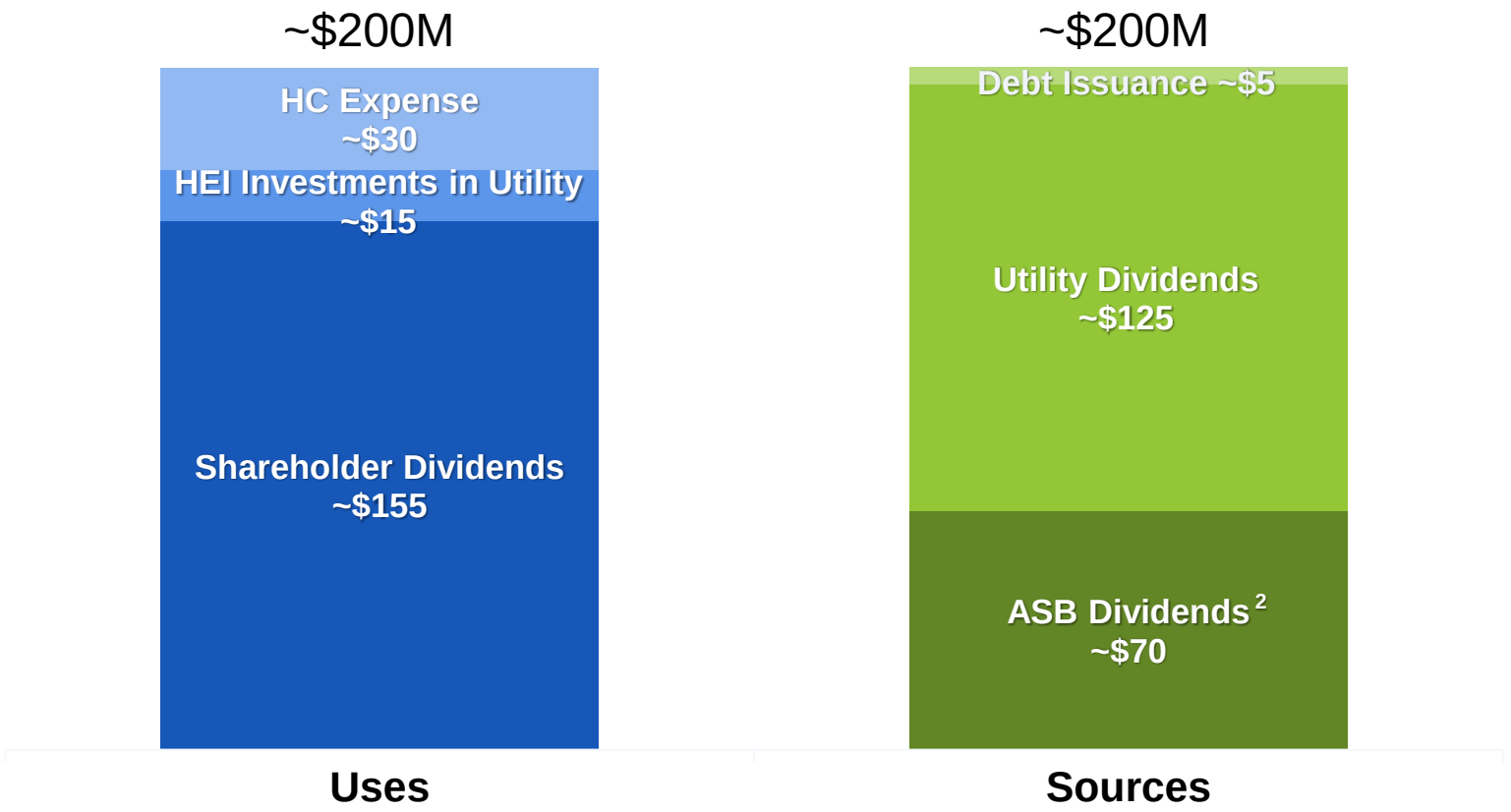
Utility

  - BBB/stable - S&P
  - Baa1/stable - Moody's
  - BBB+/stable - Fitch

Bank

  - BBB/stable - Fitch

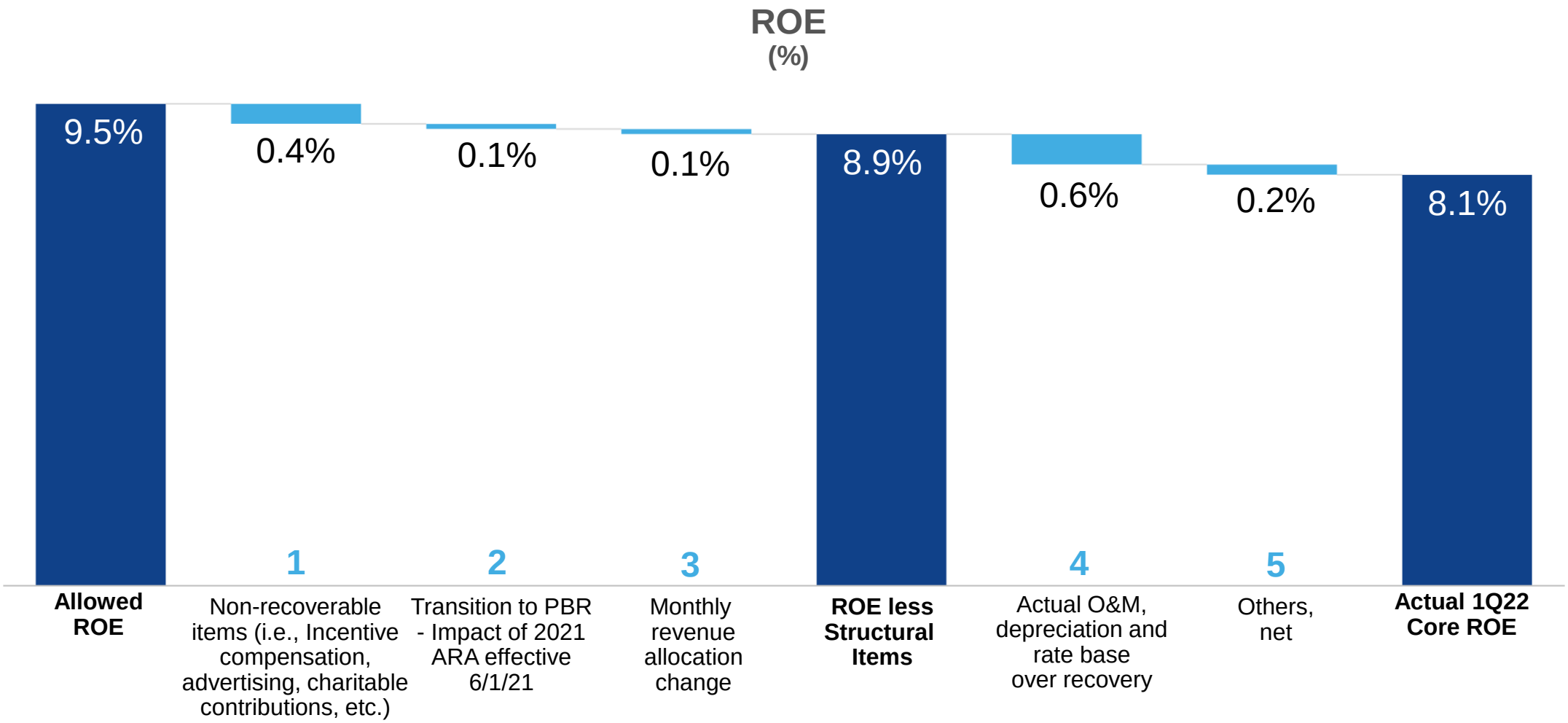
2022 Holding Company Sources & Uses of Capital ($M)



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

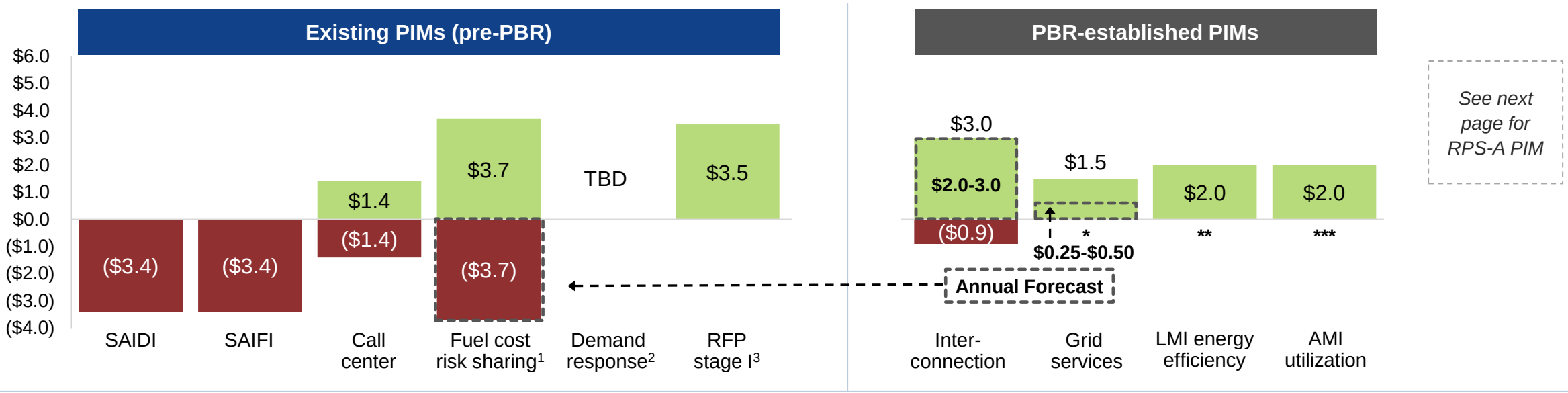
1. As of May 9, 2022.
2. Estimated cash dividends to be received in 2022 by Holdco.

Utility LTM ROE



Performance Incentive Mechanisms (PIMs) Incentivize Achievement of Key Outcomes

Maximum PIM Rewards / (Penalties) in $M – Annual unless otherwise specified



Existing PIMs (pre-PBR)

PBR-established PIMs

1. Fuel cost risk sharing outcome depends on fuel price changes relative to Jan. 2022 benchmark.
2. Awaiting PUC guidance on next steps to define incentive metric details.
3. No rewards anticipated in 2022 under RFP Stage 1 shared savings mechanism (SSM) given timing of project completions, as award applies after first full year of operation. RFP Stage 2 SSM potential did not materialize due to market pricing higher than benchmark.

* Amount can be earned over two years (2021-22); beyond 2022, potential to transition to another PIM.

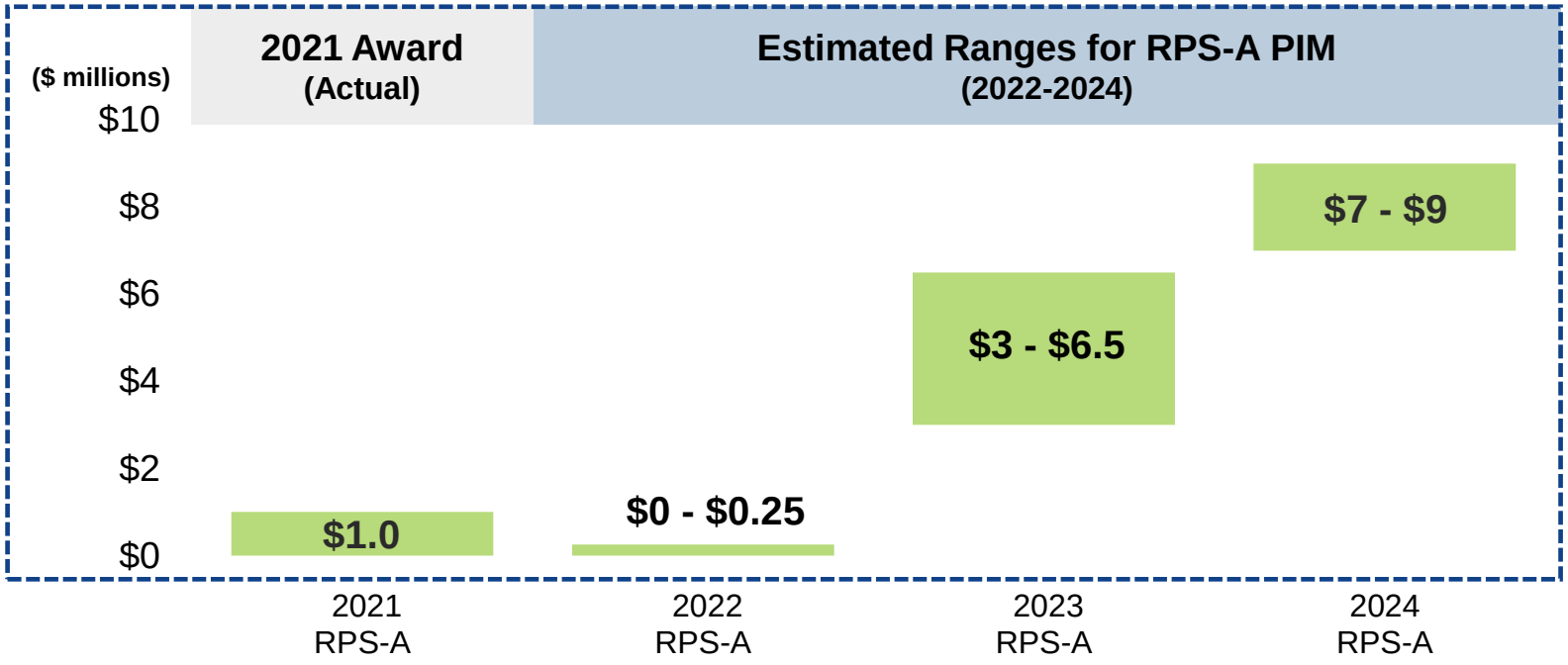
** Awaiting clarity on Hawaii Energy's Annual Plan to determine ability to meet targets. Hawaii Energy is the customer-funded conservation, efficiency and demand-side management program operated by the Public Benefits Fee Administrator under contract with the PUC.

*** Based on first year experience in 2021, existing targets unachievable even under exceptional performance. Proposing PIM be modified to provide achievable targets.

RPS-A PIM Rewards Accelerated Renewable Energy Growth

RPS-A PIM potential grows as more renewable energy projects come online

- Projects approved or pending approval have potential to add over 400 MW of solar and ~2.5 GWh of storage by ~2024



Ranges above are based on assumptions as of 5/6/22 regarding renewable project commercial operation dates and total generation. May change as completion timelines shift. See Renewable Project Status Board on hawaiianelectric.com for latest updates.

RPS-A PIM: (1) Annual Targets: Interpolated between statutory RPS milestones, e.g.: 32% in 2022, 33% in 2023, … , 40% in 2030, 43% in 2031, etc.; (2) Calculation: (grid scale ren. energy + customer-sited ren. energy) / (total net generation + customer ren. energy), (3) Rewards for outperformance: 2021-22 = $20/MWh, 2023 = $15/MWh, 2024+ = $10/MWh

Statutory RPS: (1) Goals: 30% by 2020, 40% by 2030, 70% by 2040, 100% by 2045; (2) Calculation: (grid scale ren. energy + customer-sited ren. energy) / utility sales; (3) Penalty for underperformance: $20 per MWh below RPS milestone (may be reduced at PUC discretion)

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

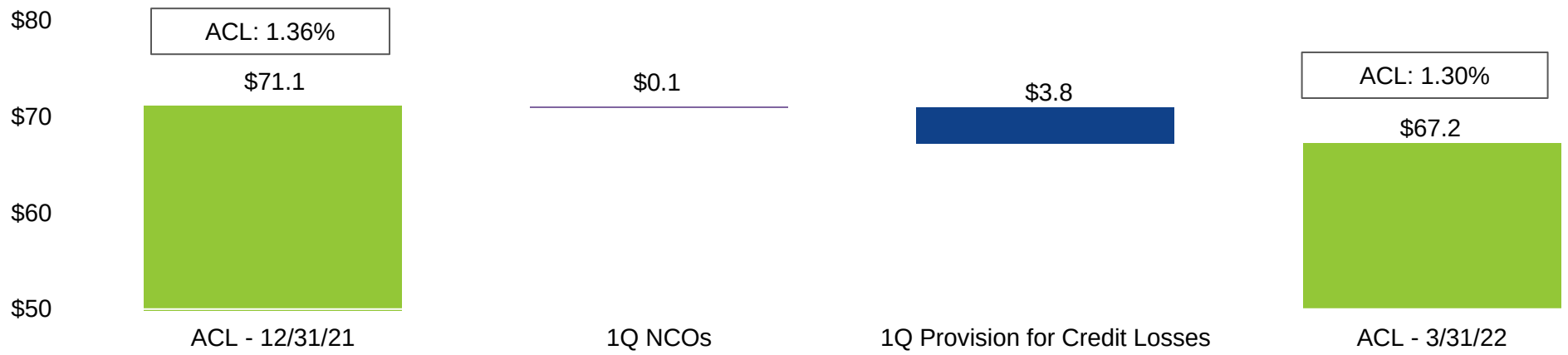
	Hawaiian Electric (Oahu)	Hawaii Electric Light (Hawaii Island)	Maui Electric (Maui County)
Annual upside / downside cap	+/-$2.5 million	+/-$600,000	+/-$633,000
January 2022 fuel price ($ per bbl)			
Low Sulphur Fuel Oil (LSFO)	$100.54		
Intermediate Fuel Oil (IFO)		$86.31	$84.42
Diesel		$111.32	$106.21

Status of Key Open Dockets

Subject and Description	Docket #	Latest Development	Next Milestone
Performance-based regulation Proceeding to evolve regulatory framework to better align with customer interests and state clean energy policy	2018-0088	Evidentiary hearing on potential additional PIMs held Apr. 26-27.	Post-hearing brief and post-hearing reply brief due in May.
Stage 2 RFP **S**ought up to ~900 MW of new renewables and over 500 GWh of storage, as well as grid services.	2017-0352	PUC approved 7 PV+BESS PPAs and 1 standalone storage ESPPA. PUC approved Oahu GS RFP, with modifications. Draft Stage 3 RFP for Hawaii Island filed Oct. 2021. Draft Oahu Firm RFP filed Feb. 2022; requesting new docket. PUC letter directing Company to move forward w/ Stage 3 RFPs for Oahu and Maui, with drafts filed on May 2. Draft Stage 3 RFP for Hawaii Island filed Mar. 18.	Companies to complete PUC proceedings for projects pending approval and complete Interconnection Requirements Studies.
Interconnection Review status and interconnection progress of renewable projects, AES Plant, Kahului Power Plant, and other fossil fuel power plant transition plans, as needed	2021-0024	PUC clarifying order directs Company to track costs to consumers caused by changes to project schedules and, clarified PUC does not intend to, at this time, impose penalties on Company.	Companies continue to file monthly status updates on Stage 1 and 2 RFP projects as well as CBRE Phase 1 projects.
Integrated Grid Planning (IGP) Next phase of long-range planning, combining planning and procurement of traditional and non-traditional resources	2018-0165	On Mar. 3, the PUC approved the IGP Input and Assumptions with modifications. Finalized Input and Assumptions filed Mar. 31.	Pending PUC review and approval of IGP Grid Needs Assessment methodology and planning criteria.
Grid Modernization Plans for implementing new technologies to increase utilization of DER while improving grid reliability and resiliency	2017-0226; 2018-0141; 2019-0327	PUC issued order clarifying that Company may move to lift suspension of Dkt 2019-0327 six months before GMS Phase 1 is scheduled to be completed. PUC approved 3Q 2024 accelerated AMI full deployment schedule.	Achieving full AMI deployment by 3Q 2024.
Electrification of Transportation Public EV Charger Expansion Project	2021-0173	Filed application for Public EV Charger Expansion Project and revisions to EV-U tariffs.	Pending PUC Order to address motions for intervention and participation and establish procedural schedule.
Community Based Renewable Energy Phase 2 program capacity expanded to 235 MW	2015-0389	CBRE Tranche 1 and LMI RFPs and tariffs approved and effective Mar. 10. Project selected in Lanai RFP announced on April 27. Molokai RFP proposals received March 1; evaluation ongoing.	Four-month procurement of small projects, and LMI and Tranche 1 RFPs are underway.
E-Bus and Commercial make-ready infrastructure Support make-ready infrastructure, enable and accelerate electrification of bus fleets	2020-0098 2020-0202	PUC approved Charge Ready Hawaii Pilot Project and E-Bus recovery of associated revenues through Approved Pilot Process. E-Bus recovery request filed in Mar.	Decision on E-Bus recovery request.
DER Policies Investigates Distributed Energy Resources (DER) as they relate to the Hawaiian Electric Companies	2019-0323	Final Advanced Rate Design proposal filed Mar. 2021. In Jan. 2022, PUC extended Program Track schedule, requiring certain deliverables. SDP Amendment effective Mar. 1, 2022. DER Program Structure Phase 2 commenced Mar. 2022.	Pending order on Advanced Rate Design. 12-month timeframe to come to consensus on remaining Technical Track issues. DER Program Transition Plan to be submitted Jun. 2022.
COVID-19 Deferral Accounting Treatment Request to defer costs associated with COVID-19 pandemic	2020-0069	PUC approved extension of deferral period through Dec. 2021. In Dec. 2021 Company notified PUC it does not intend to request extension of deferral period beyond Dec. 2021.	Cost recovery request to be filed separately.
COVID-19 Extending Suspension of Termination or Disconnection of Regulated Utility Service and Establishing Reporting Requirements A repository for the monthly and quarterly report filings	2020-0209	Suspension of disconnection for non-payment expired May 31, 2021. PUC order to move from monthly to quarterly reporting.	Ongoing reporting. First quarterly customer report submitted Apr. 2022.

Allowance for Credit Losses Reflects Favorable Credit Trends

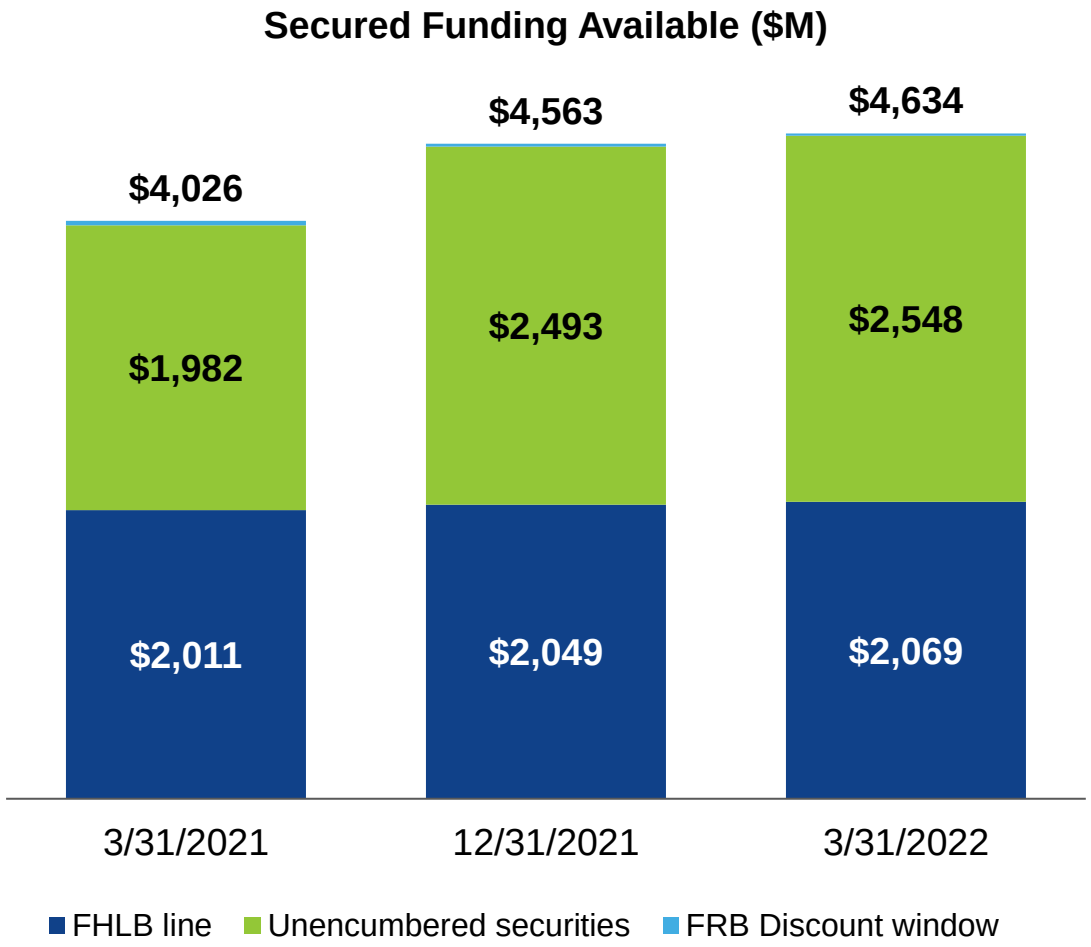
ALLOWANCE FOR CREDIT LOSSES (ACL)[1]
($ in millions)



	4Q21	1Q22
Beginning ACL balance	$75.9	$71.1
Quarterly provision	($4.5)	($3.8)
Less: quarterly NCOs	($0.3)	($0.1)
Ending ACL balance	$71.1	$67.2

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

Bank Liquidity and Capital Remain Strong



ASB has more than $234M of excess equity above the "well capitalized" level

Capital Ratio	Tier 1 leverage
As of 3/31/22	7.83%
"Well capitalized"	5.00%
Minimum requirements	4.00%

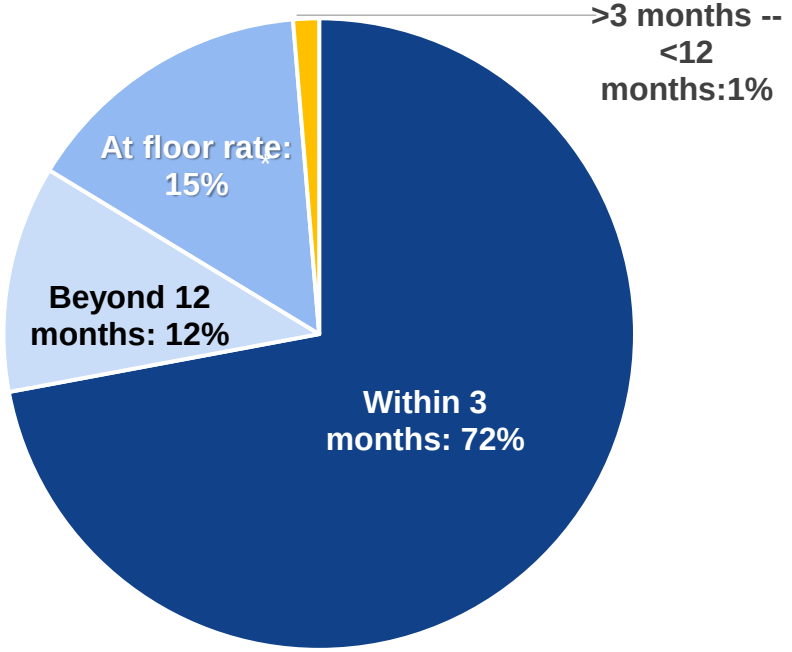
ASB's Asset Sensitive Balance Sheet Performs Better in a Rising Rate Environment

- Base case forecast for 2022 assumed four Fed rate increases; guidance range accommodates further increases
- ~$840M of ~$1.2B in adjustment rate assets would reprice within first 3 months of a rate change (i.e., in 2Q)
- For every 25 bps increase in the federal funds rate, NII will increase ~$450K in the following 3 month period or $1.8M over next 12 months (~2 bps of margin expansion)
- Most loans with floors are within HELOC portfolio, with fully indexed floors of 4% - 4.5% (majority off Prime); reprice when Fed funds rate reaches 1-1.5%
- Deposits reprice more slowly, generally lagging rate increases

Adjustment rate assets
($ in millions)
~$1,170

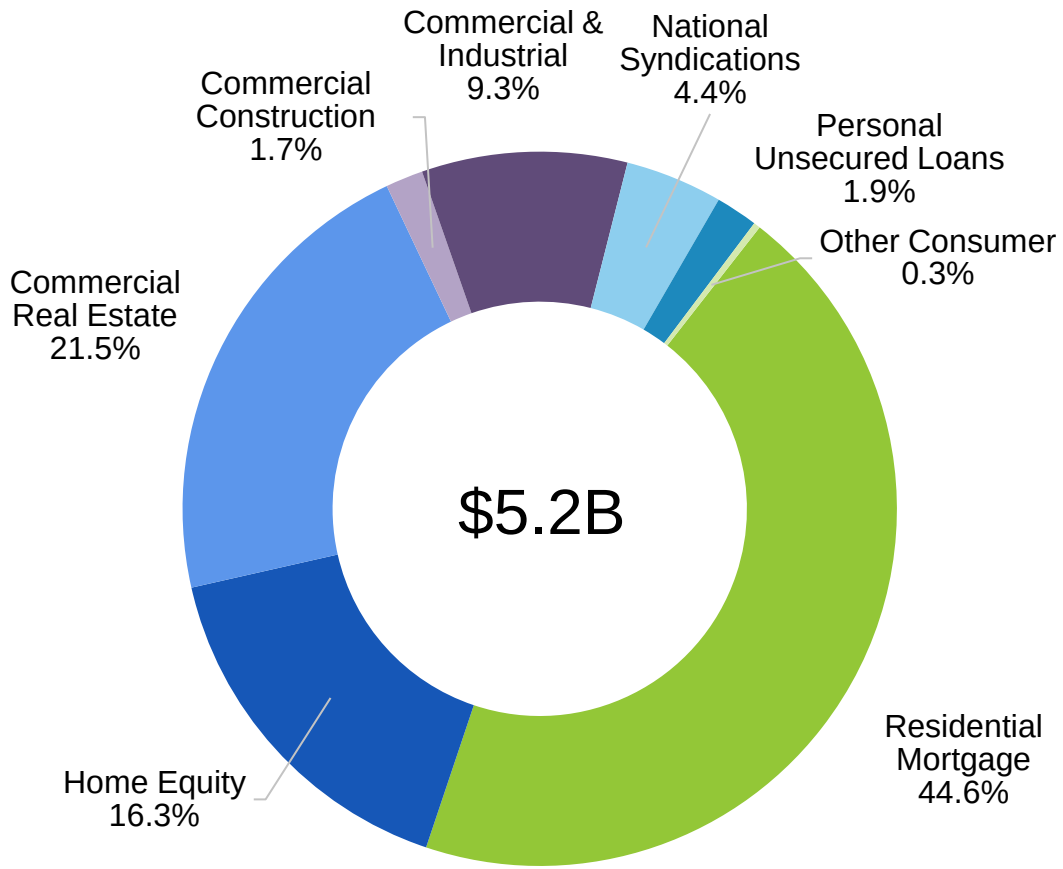


Timing of repricing following rate increase



* Market interest rates would have to increase beyond the floor rate for these assets to reprice higher

Bank Loan Portfolio: Conservative Profile, Concentrated in Real Estate-Secured Loans

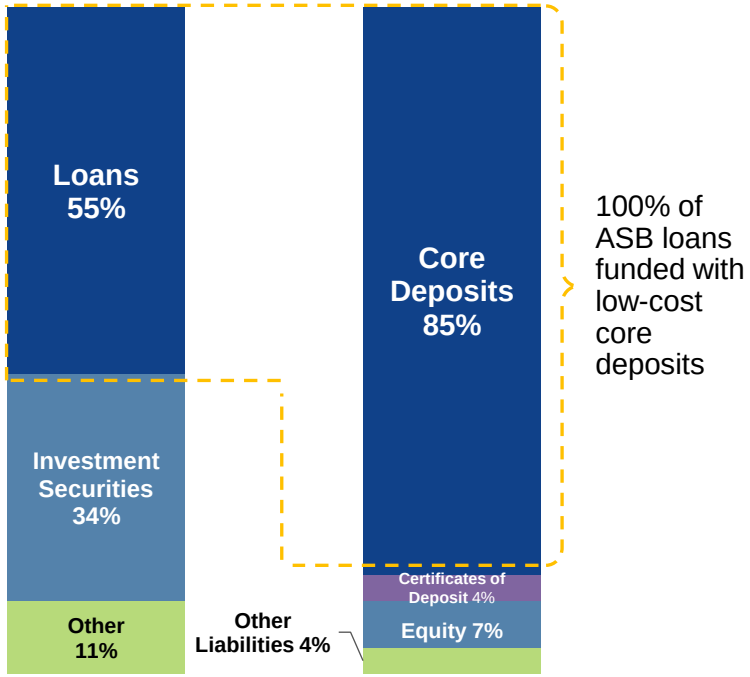


Loan portfolio characteristics		
✓ ~84% of portfolio secured by real estate * Residential Wtd Avg LTV < 50%; CRE Wtd Avg LTV < 58%		
✓ C&I represent ~9% of total loans		
✓ Personal unsecured loans represent ~2% of loans		
$ in millions	**Mar. 31, 2022**	**% of Total Loans**
Residential Mortgage	2,318	44.6%
Home Equity	845	16.3%
Commercial Real Estate	1,116	21.5%
Commercial Construction	90	1.7%
Real Estate Secured	**4,369**	**84.1%**
Commercial & Industrial	482	9.3%
National Syndications	226	4.4%
Total Commercial	**708**	**13.7%**
Personal Unsecured Loans	101	1.9%
Other Consumer	15	0.3%
Total Consumer	**116**	**2.2%**
Total Loans	5,193	

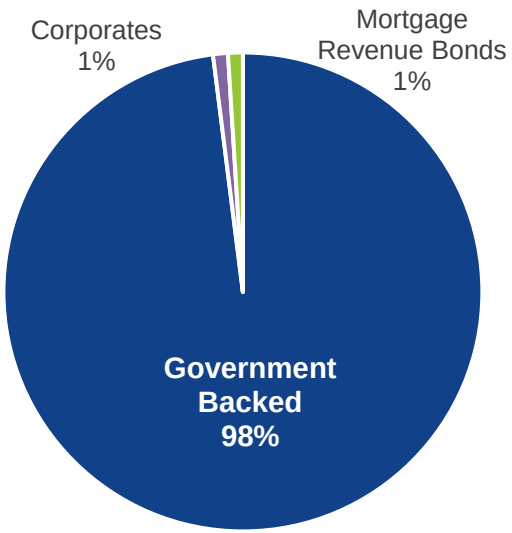
Quality Bank Balance Sheet and Loan Portfolio

ASB[1]

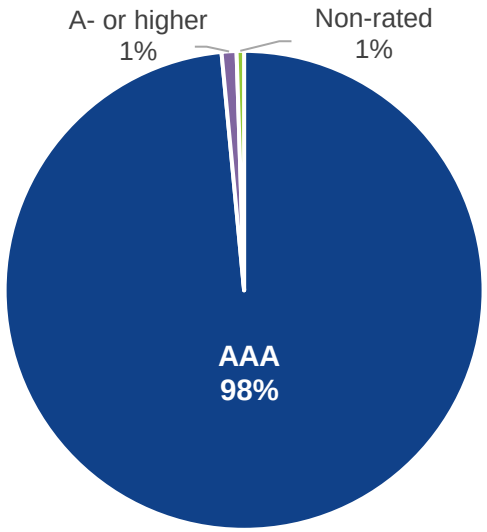
Average yield on earning assets	2.83%
Average cost of funds	0.05%
Return on avg. equity[2]	14.4%/13.7%



Investment Portfolio Sectors



Investment Portfolio Ratings



1. For quarter ending 3/31/22.
2. 1Q22 ROE on a last-twelve-months basis: 14.4%. 1Q22 annualized ROE: 13.7% ROE.

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’ ability 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 (such as the Russia-Ukraine war), 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 due to new variants or insufficient vaccinations, 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 or ability to pay for the Company’s goods and services, all of which could be affected by the pace of distribution, administration, and efficacy of COVID-19 vaccines over the short- and long-term, as well as the proportion of the population vaccinated;
- ability to adequately address risks and capitalize on opportunities related to our environmental, social and governance (ESG) priority areas, which currently include decarbonization, economic health and affordability, reliability and resilience, secure digitalization, diversity, equity and inclusion, employee engagement, and climate-related risks and opportunities;
- 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 their facilities in an effective and safe manner, and citizen or stakeholder activism that could delay the construction, increase project costs or preclude the completion, of third-party or Utility projects that are required to meet electricity demand, resilience and reliability objectives and renewable portfolio standards (RPS) and other climate-related 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 resilience and reliability and cost of 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, or higher borrowing costs;
- 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 potential higher 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 and mortality improvements;
- 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;
- increasing competition in the banking industry from traditional financial institutions as well as from non-traditional providers of financial services, including financial service subsidiaries of commercial and manufacturing companies (e.g., increased price competition for loans and deposits, or an outflow of deposits to alternative investments or platforms, which may have an adverse impact on ASB’s net interest margin and portfolio growth);

Cautionary Note Regarding Forward Looking Statements

- 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; supply-chain challenges; and uncertainties surrounding technologies, solar power, wind power, biofuels, environmental assessments required to meet RPS and other climate-related goals; the impacts of implementation of the renewable energy proposals on future costs of electricity and potential penalties imposed by the PUC for delays in the commercial operations of renewable energy projects;
- 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;
- the ability of the Utilities to recover undepreciated cost of fossil fuel generating units, if they are required to be retired before the end of their expected useful life;
- capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management, distributed generation, combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- high and/or volatile fuel prices, which increases working capital requirements and customer bills, or delivery of adequate fuel by suppliers (including as a result of the Russia-Ukraine war), which could affect the reliability of utility operations, 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), annual revenue adjustment (ARA) and pension and postretirement benefits other than pensions (OPEB) tracking mechanisms, and the continued decoupling of revenues from sales to mitigate the effects of declining kilowatt-hour sales;
- the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by the annual revenue adjustment (ARA), while providing the customer dividend required by performance-based regulation (PBR);
- the ability of the Utilities to achieve performance incentive goals currently in place;
- the impact from the PUC's implementation of PBR 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 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, including use of digital currencies, which could include a central bank digital currency;
- cybersecurity risks and the potential for cyber incidents, including potential incidents at HEI, its third-party vendors, and its subsidiaries (including at ASB branches, electric utility plants and IPP-owned facilities) 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;

Cautionary Note Regarding Forward Looking Statements

- failure to achieve remaining cost savings commitment related to the management audit committed savings of $33 million over the 2021 to 2025 multi-year rate period (MRP);
- 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 pricing or “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 a decrease in net interest income and portfolio yields, 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 and in other reports (e.g., “Item 1A. Risk Factors” in the Company’s Annual Report on Form 10-K) previously and subsequently filed by HEI and/or Hawaiian Electric with the Securities and Exchange Commission.

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.