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;
- 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 could delay the construction, increase project costs or preclude the completion, of third-party or Utility projects that are required to meet electricity demand 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, and other policy and regulatory changes advanced or proposed by President Trump and his administration;
- weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the 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;
- the ability of the Company and the Utilities to access the credit and capital markets (e.g., to obtain commercial paper and other short-term and long-term debt financing, including lines of credit, and, in the case of HEI, to issue common stock) under volatile and challenging market conditions, and the cost of such financings, if available;
- the risks inherent in changes in the value of the Company's pension and other retirement plan assets and ASB's securities available for sale, and the risks inherent in changes in the value of the Company's pension liabilities, including changes driven by interest rates;
- changes in laws, regulations (including tax regulations), market conditions, interest rates and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements;
- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act;
- increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB's cost of funds);
- the potential delay by the Public Utilities Commission of the State of Hawaii (PUC) in considering (and potential disapproval of actual or proposed) renewable energy proposals and related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; and uncertainties surrounding technologies, solar power, wind power, biofuels, environmental assessments required to meet renewable portfolio standards (RPS) goals and the impacts of implementation of the renewable energy proposals on future costs of electricity;
- the ability of the Utilities to develop, implement and recover the costs of implementing the Utilities' action plans included in their updated Power Supply Improvement Plans, Demand Response Portfolio Plan, Distributed Generation Interconnection Plan, Grid Modernization Plans, and business model changes, which have been and are continuing to be developed and updated

in response to the orders issued by the PUC, the PUC's April 2014 statement of its inclinations on the future of Hawaii's electric utilities and the vision, business strategies and regulatory policy changes required to align the Utilities' business model with customer interests and the state's public policy goals, and subsequent orders of the PUC;

- capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management, distributed generation (DG), combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- fuel oil price changes, delivery of adequate fuel by suppliers and the continued availability to the electric utilities of their energy cost recovery clauses (ECRCs);
- the continued availability to the electric utilities or modifications of other cost recovery mechanisms, including the purchased power adjustment clauses (PPACs), rate adjustment mechanisms (RAMs) and pension and postretirement benefits other than pensions (OPEB) tracking mechanisms, and the continued decoupling of revenues from sales to mitigate the effects of declining kilowatthour sales;
- the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;
- the ability of the Utilities to achieve performance incentive goals currently in place;
- the impact from the PUC's implementation of performance-based ratemaking for the Utilities pursuant to Act 005, Session Laws 2018, including the potential addition of new performance incentive mechanisms (PIMs), third-party proposals adopted by the PUC in its implementation of performance-based regulation (PBR), and the implications of not achieving performance incentive goals;
- the impact of fuel price levels and volatility on customer satisfaction and political and regulatory support for the Utilities;
- the risks associated with increasing reliance on renewable energy, including the availability and cost of non-fossil fuel supplies for renewable energy generation and the operational impacts of adding intermittent sources of renewable energy to the electric grid;
- the growing risk that energy production from renewable generating resources may be curtailed and the interconnection of additional resources will be constrained as more generating resources are added to the Utilities' electric systems and as customers reduce their energy usage;
- the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);
- the potential that, as IPP contracts near the end of their terms, there may be less economic incentive for the IPPs to make investments in their units to ensure the availability of their units;
- the ability of the Utilities to negotiate, periodically, favorable agreements for significant resources such as fuel supply contracts and collective bargaining agreements and avoid or mitigate labor disputes and work stoppages;
- new technological developments that could affect the operations and prospects of the Utilities and ASB or their competitors such as the commercial development of energy storage and microgrids and banking through alternative channels;
- cybersecurity risks and the potential for cyber incidents, including potential incidents at HEI, its third-party vendors, and its subsidiaries (including at ASB branches and electric utility plants) and incidents at data processing centers used, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general IT controls;
- failure to achieve cost savings consistent with the minimum $246 million in Enterprise Resource Planning/Enterprise Asset Management (ERP/EAM) project-related benefits (including $150 million in operation and maintenance (O&M) benefits) to be delivered to customers over its 12-year estimated useful life and $25 million of annual cost reductions by the end of 2022 pursuant to a commitment made as a result of the management audit of Hawaiian Electric in its 2020 test year rate case;
- federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation, 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, the effects of potentially required consolidation of variable interest entities (VIEs), or required capital/finance lease or on-balance-sheet operating lease accounting for PPAs with IPPs;
- downgrades by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and their impact on results of financing efforts;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage-servicing assets of ASB;
- changes in ASB's loan portfolio credit profile and asset quality and/or mix, which may increase or decrease the required level of provision for 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);
- 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.

Hawaiian Electric Industries, Inc.

2nd Quarter 2020 Financial Results & Outlook

August 6, 2020

HEI

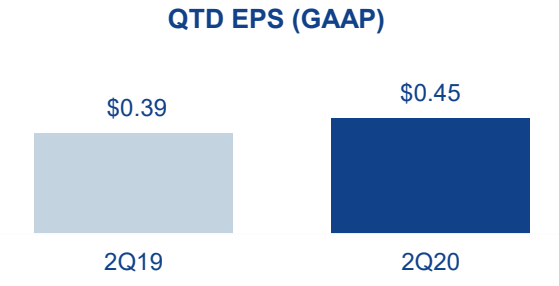
Catalyst for a better Hawai'i

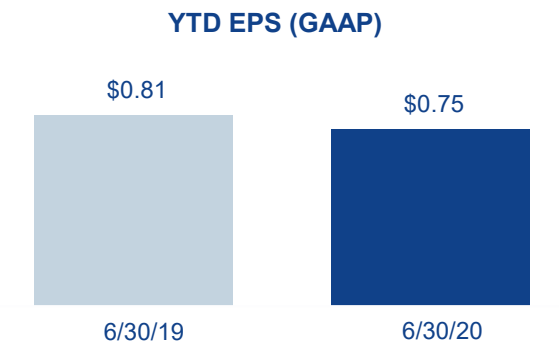


Strong foundation supports solid consolidated results

Core business strengths

- Consolidated enterprise comprised of stable operating subsidiaries in essential industries
- Fully decoupled utility, with good recovery mechanisms
- Conservatively managed bank with low-risk loan mix, strong financial position
- Strong liquidity enterprise-wide





Our financial strength enables us to support our customers and our community during COVID-19 pandemic

State economy reflects reopening and stimulus impacts

- State working to address recent rise in COVID-19 cases
- Hawaii has lowest mortality rate in nation
- Reopened local economy and federal stimulus contributed to June improvement in unemployment rate to 13.9% (vs 23.8% in April)
- Stimulus developments and tourism recovery will have significant influence on economy over next several months
  - 14-day quarantine for transpacific air travel currently scheduled to be lifted 9/1 for those with negative COVID-19 test

Hawaii Economic Research Organization (UHERO) forecast[1]
YoY change (%)

	2020		2021		2022	
Scenario	Pessimistic	Base	Pessimistic	Base	Pessimistic	Base
GDP	-12.9	-11.1	3.7	6.1	3.4	3.2
Total visitor arrivals by air	-69.8	-59.6	72.8	60.7	25.5	19.4
Unemployment rate (%)	20.0	18.2	12.9	9.3	9.0	5.8

Hawaii Council on Revenues total personal income forecast[2]

	2020	2021
YoY change (%)	-7.0	0.0

1 UHERO, *Battered by COVID-19, Hawaii Begins to Reopen*, 5/28/20.
2 Hawaii Council on Revenues, *Hawaii Total Personal Income*, 7/31/20.

Hawaiian Electric: Focusing on efficiency and affordability

- Hawaii Electric Light 2019 rate case final D&O received July 28th
  - Outcome consistent with interim decision maintaining existing base rates
- Hawaiian Electric 2020 rate case settlement with Consumer Advocate for no base rate increase filed late May
  - Cost accrual and recovery through other mechanisms (e.g., RAM, MPIR, trackers) continues
  - Committed to ramp up to $25M in annual savings by year end 2022; proposed to deliver to customers by 2023
- No longer planning to file Maui Electric 2021 rate case

Plan for Achieving $25M Cost Savings by YE 2022

Cost savings to be 80% capital, 20% O&M, to be achieved through increased efficiencies:

- Reduced overtime through improved scheduling, coordination
- Managed reductions in workforce
- Process improvements

As of 2Q20, already achieving savings

Hawaiian Electric: Advancing regulatory and renewable energy transition

- PBR on track for December PUC decision; PUC to determine implementation timing
- Advancing Hawaii's largest utility-scale renewable energy and storage procurements
  - Stage 2 renewable energy RFP project selection announced in May
    - 14 solar-plus-storage and storage-only projects proceeding, including two Hawaiian Electric self-build projects
    - Potential to add ~450MW of solar and ~3GWh of storage to system
  - Stage 1 solar-plus-storage projects continue to progress
    - Potential to add ~260MW of solar and ~1GWh of storage to system
- PUC approved application to rebuild PGV transmission line in June; revised PGV PPA pending PUC approval
- Issued RFI for land, roof space for community solar and other renewable projects
- Progressing vehicle electrification
  - Proposed eBus make-ready infrastructure pilot
  - Commitment to 100% electric light duty vehicle fleet by 2035

Clean energy transition can help advance Hawaii's economic recovery through investment, jobs

ASB: Managing well through COVID uncertainty

- **Ensuring customer and employee safety**
  - Increased sanitation, purchases of PPE and protective supplies
  - Introduced new Contactless Cards on July 1 for all debit card holders
  - Purchased employee meals for those working at HQ and branches – protects employees and supports our restaurant customers
  - Provided additional pay for frontline employees

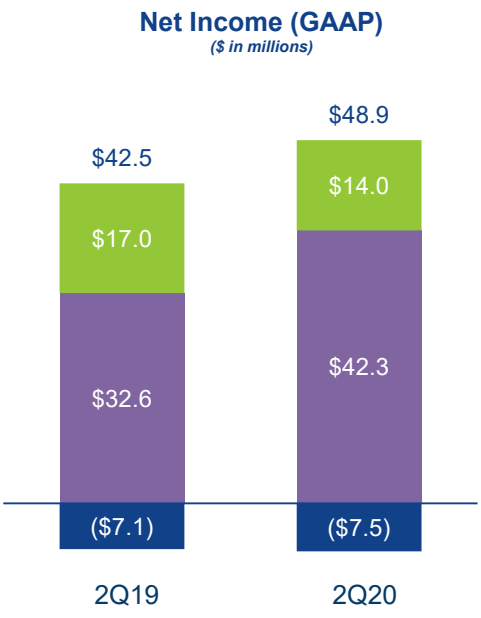
- **Helping customers manage economic uncertainty**
  - Strong participation in Paycheck Protection Program (PPP) loans
  - Implemented fee suspensions and offered deferral and forbearance options

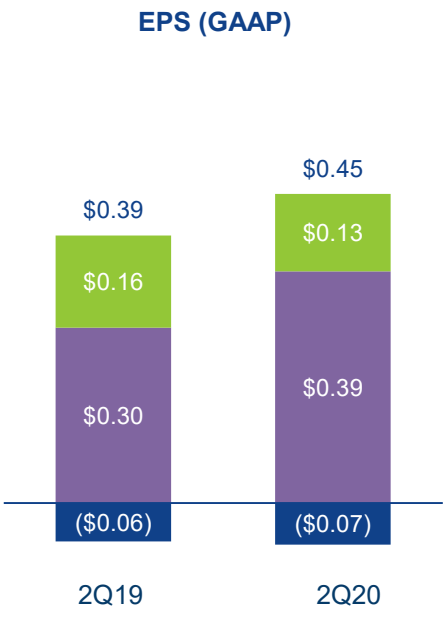
- **Prudent risk management**
  - Excellent quality of core capital
  - Conservative loan portfolio mix
  - Healthy liquidity
  - Strong capitalization

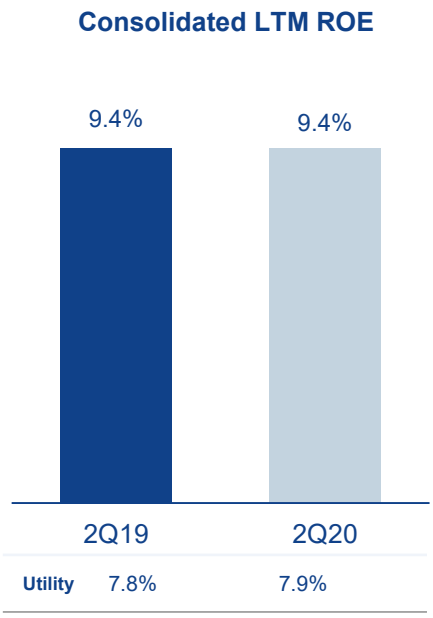
- **Good cost control**
  - Prudently managing costs given margin pressures

- **Upgrading technology to increase customer convenience, bank efficiency**
  - Began replacing entire ATM fleet with SMART ATMs, newest in Hawaii and will expand out-of-branch transaction capabilities

2Q20 consolidated financial performance







	2Q19	2Q20
Utility	7.8%	7.9%
Bank[1]	10.5% / 11.8%	8.0% / 8.6%

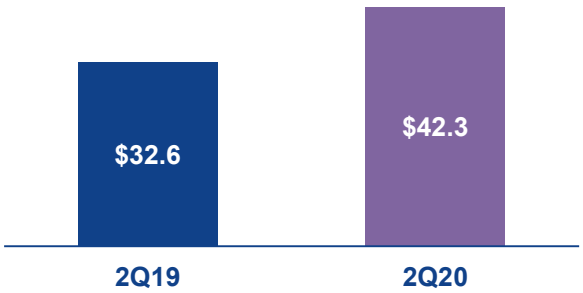
Utility Bank Holding Co. & Other

Note: Columns may not foot due to rounding.
1 Quarter annualized/YTD annualized. ROE is based on daily weighted average common equity.

2Q20 utility financial highlights

($ in millions)

UTILITY NET INCOME



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

	2Q20 vs 2Q19
Operations and maintenance, including timing impacts and reclassification of 1Q20 bad debt expense to regulatory asset	7
RAM and MPIR revenues	5
2019 adjustment to 2018 reliability performance incentive	1
Lower interest expense	1
Allowance for funds used during construction	(1)
ERP cost savings returned to customers	(1)
Depreciation	(1)

Utility outlook and drivers

Cost savings offsetting lack of base rate increase	• Focus on achieving cost savings to offset lack of base rate increase
	• HELCO final D&O received 7/28; in line with interim
	  – Base rates held flat; 9.5% allowed ROE; 58% total equity capitalization
	• Hawaiian Electric rate case settlement filed in May, interim expected by October
	  – Base rates would be held flat
	  – Allowed ROE and equity layer would be consistent with HELCO 7/28 D&O
	  – Utility committed to delivering $25M Management Audit savings commitment through PBR mechanisms

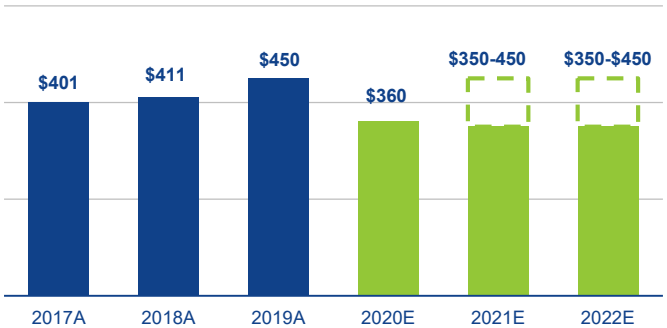
COVID-19 expense deferral	• **PUC approved deferral of COVID-19 related expenses** on 6/30
	  – Utility to file quarterly reports on COVID-19 related expenses
	  – Separate application to be filed regarding recovery

Decoupling	• Revenues are not tied to sales volumes – Over/under collection tracked as regulatory liability/asset and utility credits/ charges customers for difference, effective June 1 following year
Fuel impacts	• Lower fuel prices continue to provide customer bill relief; average monthly bill ~$23 lower in July than in March

Renewables, reliability and resilience drive capital investment

CAPITAL EXPENDITURES FORECAST[1]

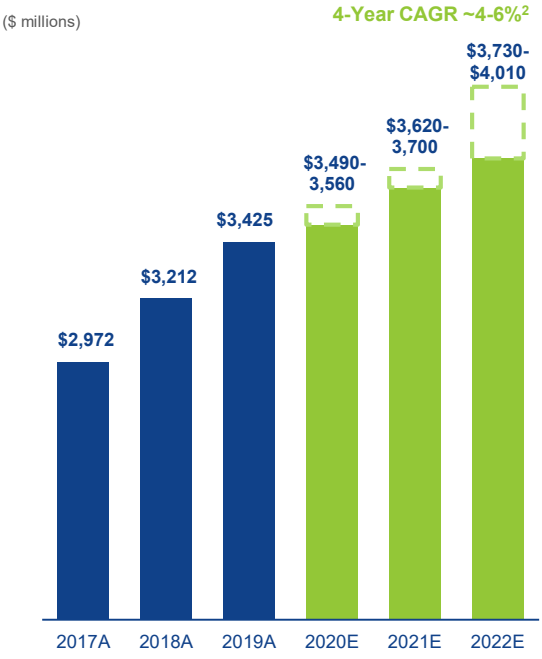
($ millions)



Key Capex Projects	Forecast 2020	Forecast 2021	Forecast 2022
Grid Modernization Project Phase 1	$18	$13	$17
Grid Modernization Project Phase 2			$13
Army Privatization			$16
Maui and Hawaii Island RFP Stage 2 BESS Projects		$7	$54
Various Major Projects	~$22	~$42	~$75
Baseline Projects	~$320	~$320	~$320

RATE BASE FORECAST

($ millions)

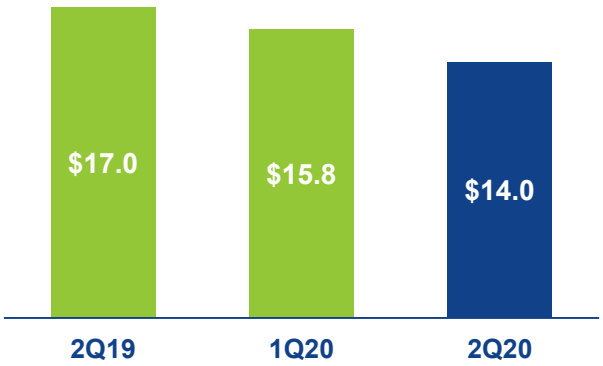


Note: Capital expenditure figures are net of contributions in aid of construction (CIAC).
1 Major projects listed may not sum to capex range shown on bar chart. Given uncertainty regarding timing of approvals and spend for certain projects, actual amounts and timing may vary.
2 2019 – 22 CAGR. Rate base impacted primarily by plant additions. Also includes other items (i.e., unamortized CIAC, accumulated deferred income taxes, certain regulatory assets, etc.).

2Q20 bank financial highlights

($ in millions)

BANK NET INCOME



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

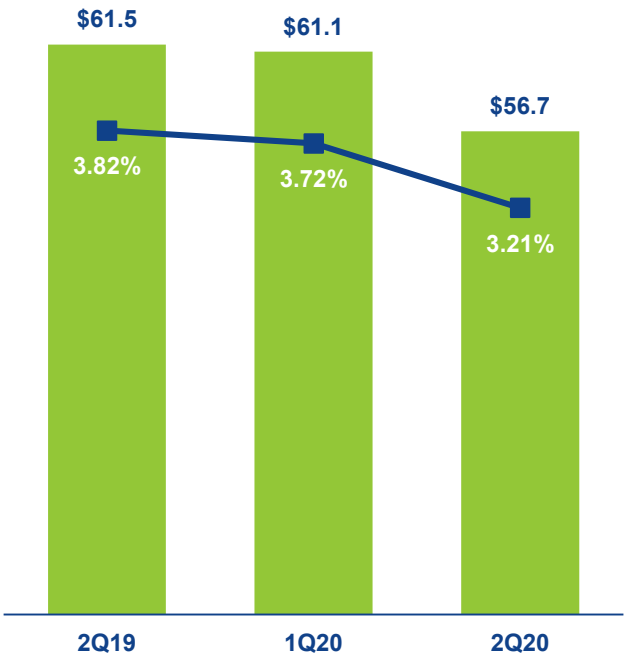
	2Q20 vs 2Q19	2Q20 vs 1Q20
Net interest income	(4)	(3)
Provision for credit losses	(5)	(4)
Noninterest income[1]	6	7
Noninterest expense[2]	-	(1)

1 Noninterest income reflects ~$7M after-tax net realized gains related to the sale of Visa Class B restricted shares and a gain on sale of investment securities.
2 Noninterest expense reflects ~3M after-tax COVID-19 related expenses, the majority of which were offset by management's cost controls.

2Q20 bank NIM impacted by lower rate environment and excess liquidity

Net interest income & Net interest margin

($ in millions)

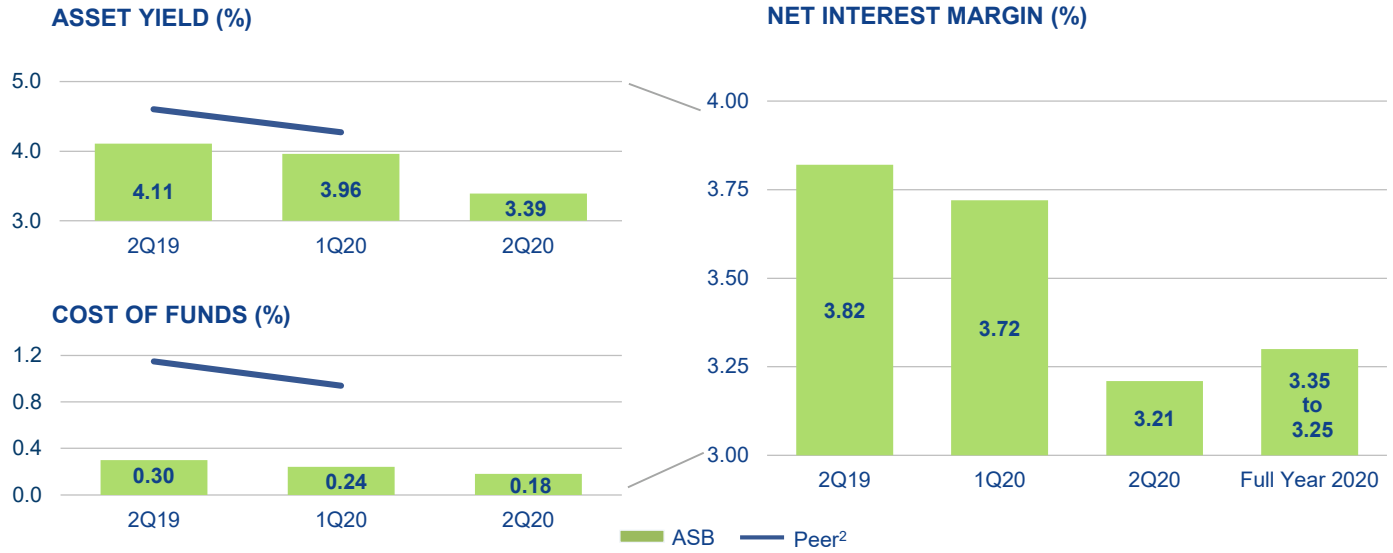


	Actual	PPP	Excluding PPP
1Q20 Reported NIM	**3.72%**	**N/A**	**3.72%**
Impact of lower rate environment and portfolio mix	(0.34%)	(0.04%)	(0.30%)
FAS 91 amortization impact	(0.15%)		(0.15%)
Excess liquidity	(0.10%)		(0.10%)
Decrease in interest bearing liability funding costs	0.08%	--	0.08%
2Q20 Reported NIM	**3.21%**	**2.47%**	**3.25%**

- FOMC rate reduction in late March reduced loan rates tied to LIBOR and Prime in 2Q20. Impact of lower rate environment was 0.30%.
- Higher FAS 91 amortization reduced yield on investment securities.
- Excess liquidity from federal stimulus checks and proceeds from PPP lending had 0.10% impact on NIM in 2Q20.
- Lower yielding PPP loans, including amortization of fees, had 0.04% NIM impact.
- Reduced interest bearing liability funding costs 0.08% in 2Q20.

Bank NIM compression primarily driven by declining asset yield despite low funding cost

- Interest rates expected to remain low for remainder of year
- Repricing of variable rate loans (38% of portfolio) largely complete; fixed rate loans reprice at more moderate pace
- Lower interest rates increase amortizations in investment securities portfolio[1], adding to NIM pressures
- Stimulus-driven balance sheet growth creates excess liquidity, which is low yielding
- ASB 2Q NIM over 30 bps higher than Hawaii peer average

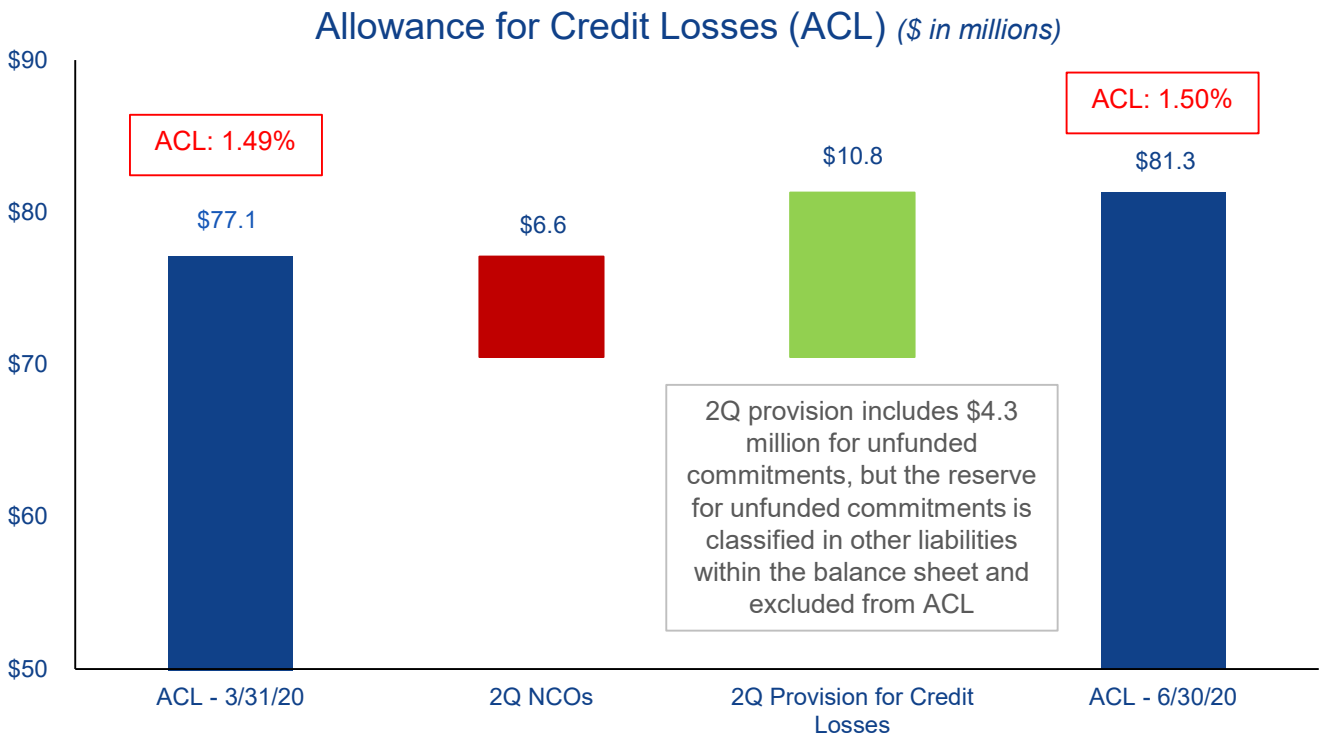


Net Interest Margin: Net interest income as a percentage of average interest-earning assets.

1 Commonly referred to as "FAS91" amortization, a reference to the previous accounting standard (now renamed) that dictates the accounting for nonrefundable fees and costs associated with originating or acquiring loans.

2 See appendix for ASB peers.

Additional provision reflects June 30 outlook



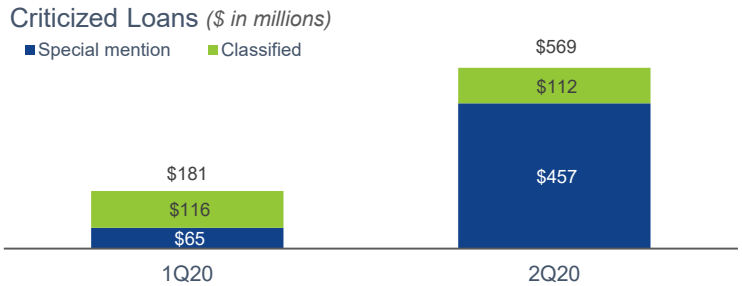
- 12/31/19 ACL balance: $53.4M
- Day1 CECL adoption adjustment: $19.4M
- 1Q20 provision of $9.9M less NCOs of $5.6M: $4.3M

Modest requests for additional payment relief

- Modest number of borrowers (representing 3% of total portfolio) have requested further payment relief as initial 90-day deferment periods expire

Deferred loans (as of 6/30/20)		Balance ($M)	Count	% of Portfolio
Residential	$	272	809	8%
Consumer		37	4,039	17%
Commercial markets		120	275	11%
CRE		297	84	31%
Total deferred	**$**	**726**	**5,207**	**13%**

2nd 90-day deferrals (as of 7/24/20)		Balance ($M)	Count	% of Portfolio
Residential	$	56	125	2%
Consumer		1	96	0%
Commercial markets		22	47	2%
CRE		61	20	6%
Total deferred	**$**	**140**	**288**	**3%**

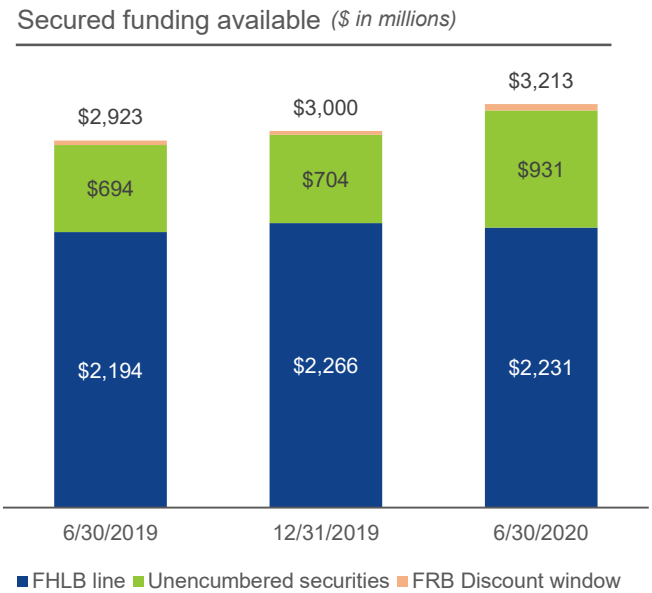


- Residential: ~60% of loan portfolio; only 8% have requested payment relief
- Consumer: High volume of deferment requests at low balances
- Commercial markets and CRE:
  - Completed review of all commercial markets and CRE borrowers (excl. credit-scored small business), with or without deferral, to ensure proper risk rating
  - Closely monitoring commercial markets and CRE portfolios

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 $260M above the "well capitalized" level

Capital Ratio[1]	Tier 1 leverage[2]
As of 06/30/20	8.40%
"Well capitalized"	5.00%
Minimum requirements	4.00%

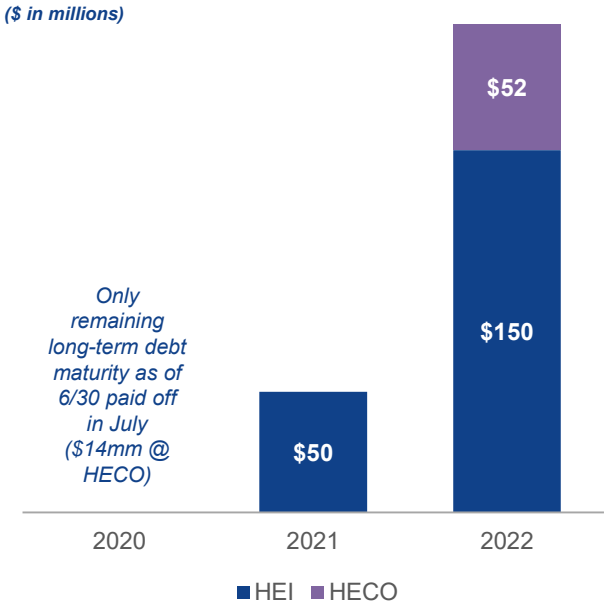
1 Effective with the March 2020 Call Report, elected to delay the impact of CECL on regulatory capital, for two years followed by a three-year transition period.
2 Effective with the June 2020 Call Report, under the CARES Act provision and the Community Bank Leverage Ratio (CBLR) framework, capital adequacy 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.

Enterprise-wide capital and liquidity position solid

Liquidity and balance sheet strong enterprise-wide

- ✓ Both utility and bank still expected to be self-funding in 2020, with strong stand-alone balance sheets and liquidity
- ✓ Good access to capital and liquidity
- ✓ Utility and holding company financings in Q2 further enhanced enterprise-wide liquidity
  - − $150M credit facility fully available at holding company[1]
  - − $275M credit facility and cash on hand of $64M fully available at utility[1]
- ✓ We maintain long-term commitment to investment grade ratings

Modest debt maturities through 2021



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

1 As of 6/30/2020, both HEI and Hawaiian Electric's credit facilities were undrawn, however HEI had $16.5 million in commercial paper outstanding.

HEI financing outlook 2020

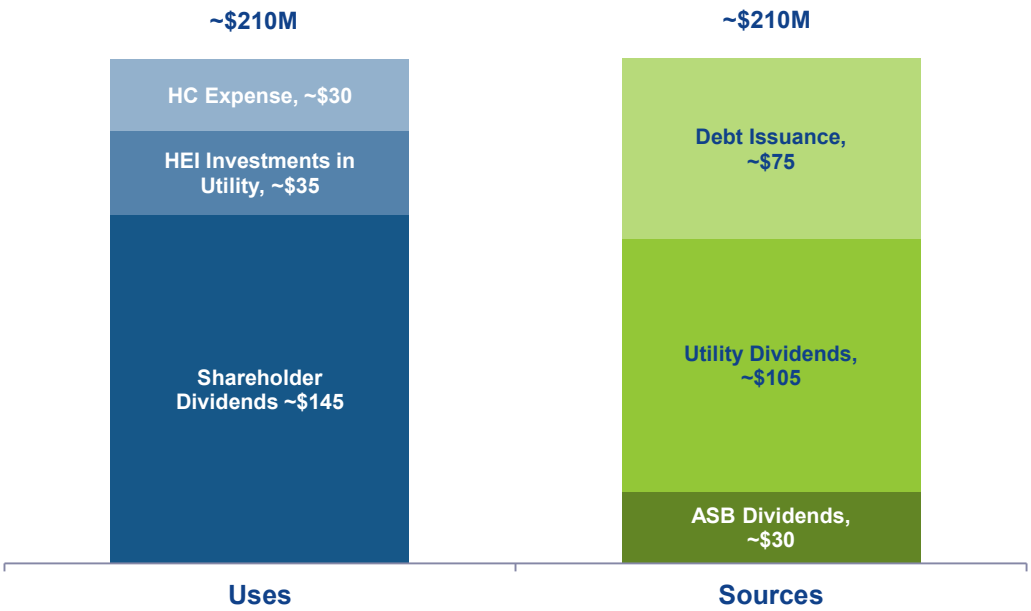
(as of August 6, 2020)

Both bank and utility remain net cash flow providers to holding company

No change in net utility dividend expected

2020 HOLDING COMPANY SOURCES & USES OF CAPITAL

($ in millions)



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

HEI 2020 guidance
(as of August 6, 2020)

UTILITY EPS: $1.46 - $1.54)
Stable performance through supportive regulatory framework and focus on cost reductions

KEY ASSUMPTIONS:

- No change to decoupling or recovery mechanisms
- No material impact from PIM penalties and rewards
- Approval of HECO settlement holding base rates flat
  - Ability to achieve savings to offset the impact of no rate increase
- 2020 capex of ~$360 million[1]
- Rate base growth: ~4% over 2019
- Equity capitalization at approved rate case levels
- COVID-19 related costs are deferred as per PUC's June 30 order[2]

Utility net income guidance reaffirmed, although likely within bottom half of range

BANK Pretax Pre-Provision (PTPP) income: $90 - $110 million
Continued profitable operations with revisions to pre-provision elements

KEY ASSUMPTIONS:

- Continued profitable operations with PTPP income: $90 - $110 million
- Mid-single digit earning asset growth
- NIM: ~3.25% - 3.35%
  - Previous (1Q revised guidance): ~3.45% - 3.55%
- Provision expense: no guidance at this time
- ROA: no guidance at this time
- PPP loan fees of ~$3 million realized through remainder of 2020 (~$950k realized to date)

Bank provision and net income too early to determine at this time

Holding company range reaffirmed

Consolidated EPS not provided due to provision uncertainty at the bank

Note: Holding company and other net loss estimated at $0.27 - $0.29.
[1] 2019-20 capex averages ~$400 million given acceleration of certain 2020 projects into 2019.
[2] 2020 COVID-19 related costs estimated to be $19 – $20 million.

Mahalo

Appendix

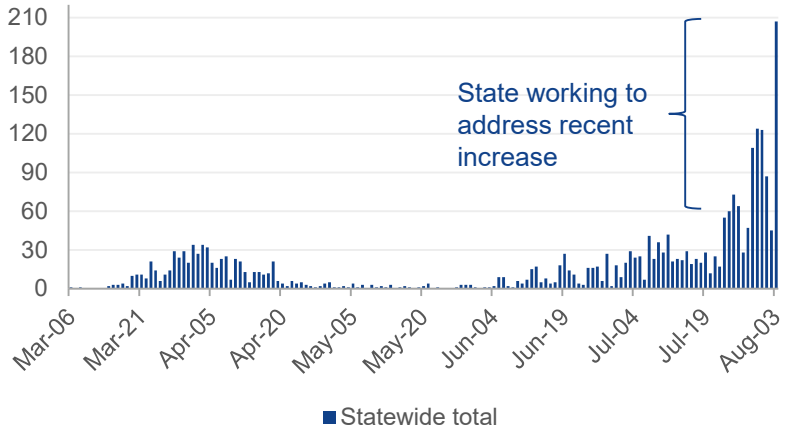
HEI
Catalyst for a better Hawai'i

Hawaii COVID-19 case update

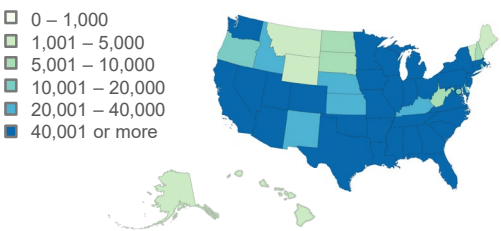
Low cases and transmission rate
- Total cases as of 8/3 = 2,448
- 1.7% positivity rate from COVID-19 testing

Hospital resources able to serve current cases:
- Last reported on 8/2:
  - ~47% of ICU beds in use
  - ~2% of ventilators in use for COVID-19 patients

Hawaii daily new cases

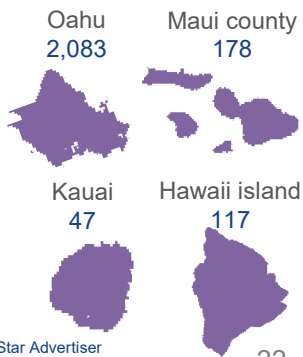


Reported cases as of 8/3



Honolulu has contained COVID-19 better than many cities of similar density (as of 8/3)

City, state	2020 pop. density	Cases
Honolulu, HI	2,187	2,448
Sacramento, CA	2,061	6,357
Syracuse, NY	2,175	1,816
Hollywood, FL	2,240	11,321
San Jose, CA	2,245	7,115
Buffalo, NY	2,441	3,779



Sources: Centers for Disease Control and Prevention, Hawaii State Dept. of Health, U.S. Census, Vox, World Population Review, Arcgis, Honolulu Star Advertiser
Note: Hawaii COVID-19 island-by-island totals may not equal the statewide daily count because of Hawaii State Dept. of Health "data cleaning".

Hawaii economic update

Tourism

	June 2020 vs June 2019	YTD 2020 vs YTD 2019
Total arrivals	-98.2%	-58.5%
Total expenditures	N/A	N/A

Unemployment

- June 2020 – Hawaii: 13.9%; U.S.: 11.1%

Real Estate

- YTD June 2020 Oahu sales volume vs PY:
  - Single family homes, down 4.8%; Condominiums, down 22.0%
- YTD June 2020 Oahu median sales prices vs PY:
  - Single family homes: $785,000, up 1.3%;
  - Condominiums: $427,750, up 2.1%

Real State GDP

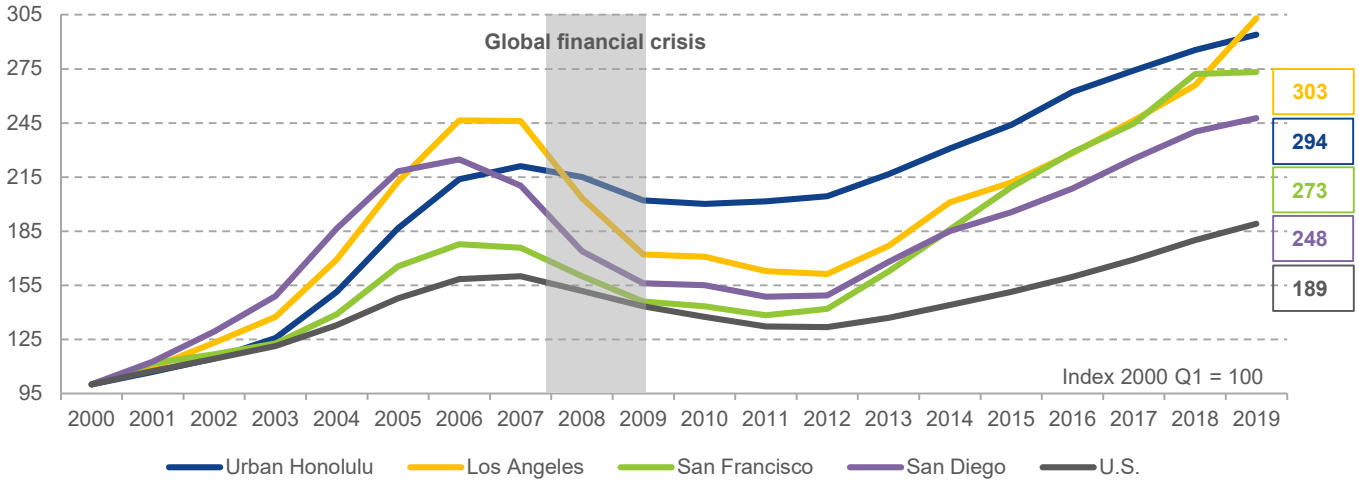
- Expected to decrease 11.1% - 12.9% in 2020 due to COVID-19, increase 3.7% - 6.1% in 2021

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

Hawaii's resilient real estate values

Demonstrates lower risk of bank portfolio

Honolulu single family home prices declined less and rebounded faster in last recession



	Peak yr	High	Low yr	Low	Change (%)	Duration (yrs)
Honolulu	2007	221	2010	200	-9.5	~3
Los Angeles	2006	246	2012	161	-34.6	~6
San Francisco	2006	178	2011	138	-22.5	~5
San Diego	2006	225	2011	149	-33.8	~5
U.S.	2007	160	2012	132	-17.5	~5

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

Hawaiian Electric—A source of strength as Hawaii recovers

CONSISTENTLY POWERING OUR STATE FOR OVER 127 YEARS

Although impacted by COVID-19, utility is well-positioned to serve as a source of strength, supporting Hawaii's recovery



✓ Fully decoupled, with revenues adjusted for load decline impacts

✓ Good recovery mechanisms

✓ Regulatory progress continues

- Deferral of COVID-19 related costs approved
- Moving toward performance-based regulation
- Stage 2 renewable RFP process advancing

✓ Leader in clean energy, addressing aggressive climate goals

Protecting our employees, helping our customers and community during COVID-19 period

Protecting our employees

Hawaiian Electric

- Activated pandemic response team
- Mandatory work-from-home for all applicable employees
- Made additional family/sick leave available to assist employees impacted by COVID-19

AMERICAN Savings Bank

- Comprehensive physical safety measures including PPE, customer-friendly barriers, intensive disinfection and social distancing
- Remote work where feasible, special pay and perks where not
- Enhanced communication, health monitoring and employee assistance

Helping our customers

Hawaiian Electric

- Suspended disconnections for nonpayment through September 1
- Payment arrangements for customers experiencing financial strain
- Collaborated with nonprofits to administer Ohana Emergency Gift Program providing emergency assistance to eligible households

AMERICAN Savings Bank

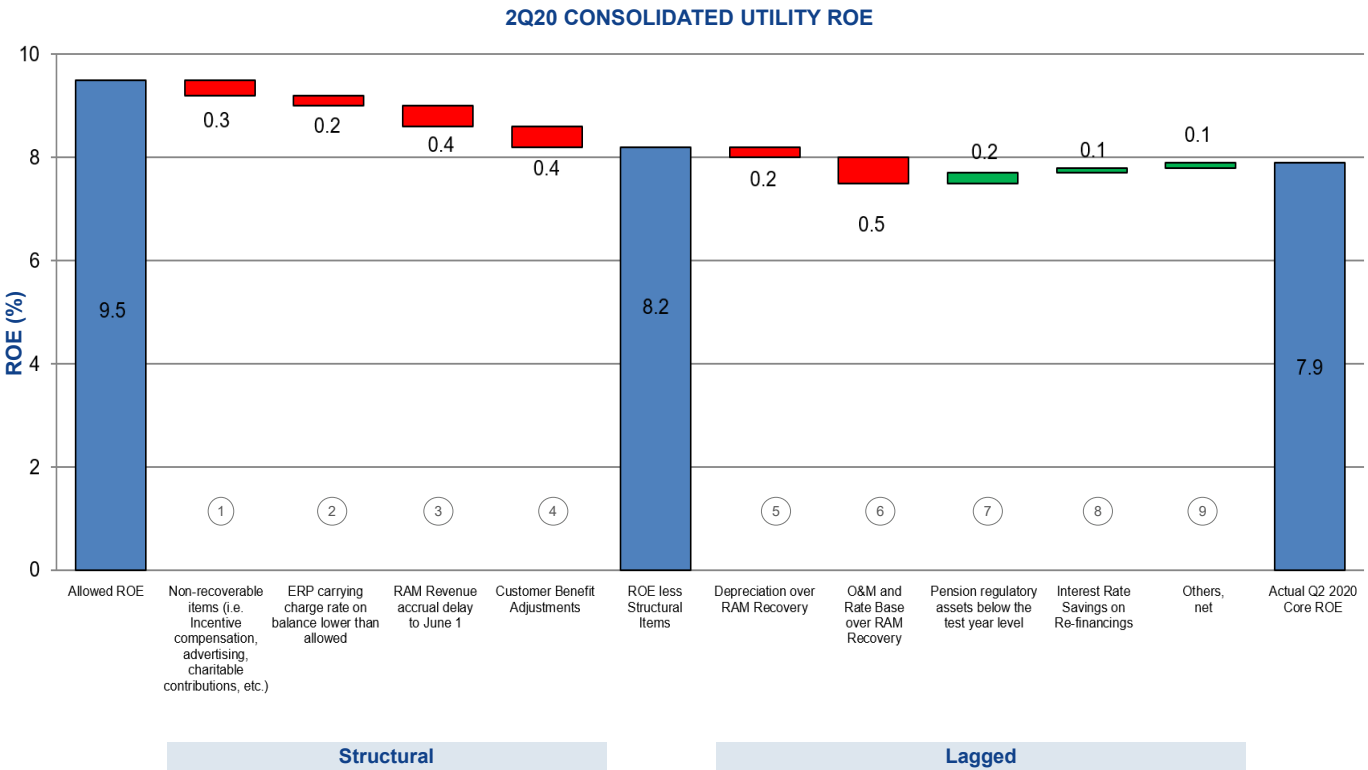
- Delivered essential services—37 of 50 branches remained open, some with reduced hours
- Broad hardship accommodations
  - Loan deferral, forbearance option
  - Fee reductions and waivers
- Total commitment to access available support and stimulus:
  - Secured $370M Paycheck Protection Program loans for ~4,100 small businesses representing ~40,000 jobs

Supporting our community

HEI · Hawaiian Electric · AMERICAN Savings Bank

- HEI Charitable Foundation, our companies and our employees have together pledged >$900K to support local families negatively impacted by COVID-19
- Partnerships include:
  - Aloha United Way
  - Child & Family Service
  - Hawaii Community Foundation
  - Hawaii County Economic Opportunity Council
  - Hawaii Farm Bureau – Farm to Hospital
  - Hawaii Foodbank
  - Hawaii Meals on Wheels
  - Hawaii Rise Foundation
  - Helping Hands Hawaii
  - Honolulu Community Action Program
  - Kapiolani Health Foundation
  - Kupu
  - Maui Economic Opportunity
  - Oahu Economic Development Board
  - Partners in Development
  - Salvation Army
  - St. Francis Health System

Utility LTM ROE



Customer benefit adjustments: Hawaiian Electric 2017 and Maui Electric 2018 rate cases

($ in millions)

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

Status of key open dockets

Subject and description	Docket #	Latest development	Next milestone
Performance-based regulation Develop new regulations aimed at lowering electricity costs, improving customer service, expanding customer choices, and cost-effectively meeting state clean energy goals	2018-0088	Parties filed initial statements of position on 6/18/20	Reply statements of position due 8/20/20
Stage 2 RFP RFP sought up to ~900 MW of new renewables and over 500 GWh of storage, as well as grid services	2017-0352	Renewables and Storage Final Award Group selections May 2020; Renewable and Storage contract negotiation on-going. GSPA contracts filed 7/9/20	To qualify for full value of PIMs, Renewable and Storage contracts due 9/15/20
Integrated Grid Planning (IGP) Next phase of long-range planning, combining planning and procurement of traditional and non-traditional resources	2018-0165	Stakeholder and community engagement substantially complete; Company filed update on work plan and schedule in May 2020	Grid needs assessment to begin in 2020
Grid Modernization Outlines plans to implement new technologies to increase utilization of DER while improving reliability and resiliency of the grid	2017-0226; 2018-0141; 2019-0327	Companies filed Semi-Annual Progress Report 6/30/20	Companies to file amended policy and the intended contract with Covered Entities by 7/31/20
Electrification of Transportation Strategy for increasing adoption of electric vehicles and other electrification activities	2018-0135	Commission issued June 2020 letter directing Companies to file Pilot Program Framework	Companies to file Pilot Program Framework by 8/31/20
Enterprise Resource Planning Implementation of Utility's Enterprise Resource Planning/Enterprise Asset Management systems (ERP), including cost recovery and accounting treatment	2014-0170	PUC accepted proposed stipulated benefits performance metrics Oct. 2019	PUC has communicated "minimal need for 'proactive' measures going forward"
Hawaiian Electric rate case 2020 test year rate case for Oahu	2019-0085	Parties filed global settlement agreement 5/27/20, agreeing to no base rate increase. Management Audit concluded with issuance of final audit report filed 5/13/20	PUC order on settlement and remaining procedural steps pending
Hawaii Electric Light rate case 2019 test year rate case for Hawaii Island	2018-0368	PUC issued Decision and Order No. 37237 on 7/28/20	Final Tariffs due for filing in 30 days
COVID-19 Deferral Accounting Treatment Request to defer costs associated with COVID-19 pandemic	2020-0069	6/30/20 Commission order approved Companies' request to defer costs related to the COVID-19 pandemic through 12/31/20	Cost recovery request to be filed as separate docketed application

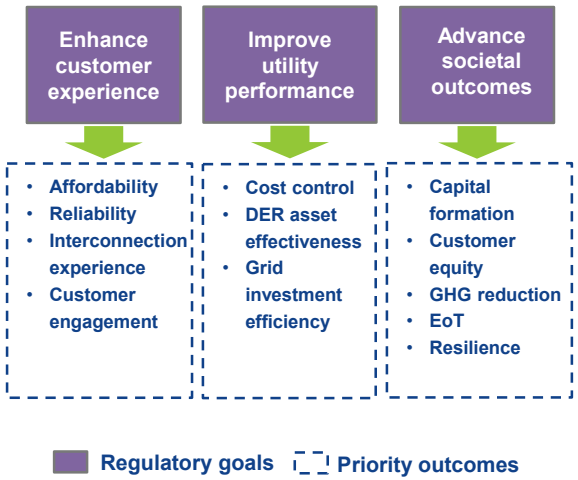
Phase 1 PBR D&O established conceptual framework

Conceptual framework established

Guiding principles

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

Goals and outcomes



PBR structure

Revenue adjustment mechanisms

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

Performance mechanisms

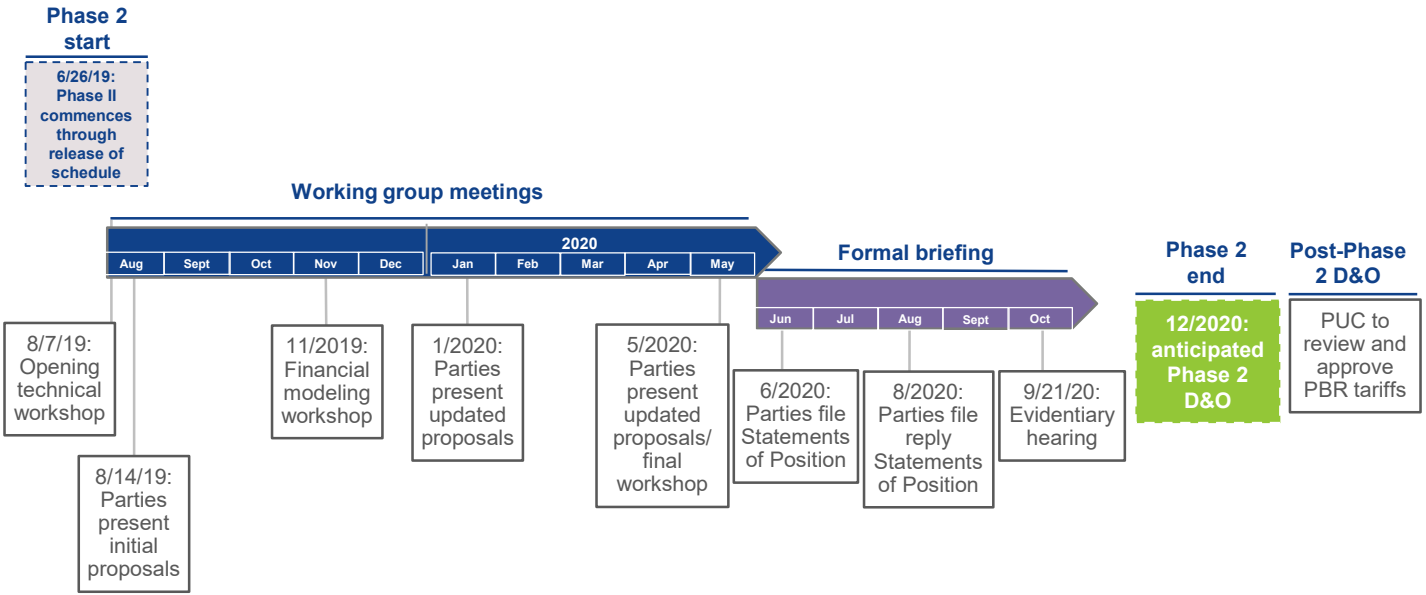
- ✓ **New Performance incentive mechanisms** to drive achievement on Interconnection Experience; Customer Engagement; and DER Asset Effectiveness
- ✓ **Shared savings mechanisms** to drive achievement on Grid Investment Efficiency and Cost Control, mitigation of capex bias, and cost effective solutions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

Regulatory evolution: Performance-based regulation (PBR)

Current mechanisms	*Potential changes under PBR*
3-year rate case cycle Multi-year rate plans with interim adjustments	***5-year rate plan***
Sales decoupling Provides predictable revenue stream by fixing net revenues at level approved in last rate case (revenues not linked to kWh sales)	***stays in place***
Revenue adjustment mechanism (RAM) Annually adjusts revenue to recover general "inflation" of operations and maintenance expenses and baseline plant additions between rate cases	***replaced with annual revenue adjustment***
Major Projects Interim Recovery adjustment mechanism (MPIR) Permits recovery of costs for major capital projects including but not restricted to projects to advance transformational efforts	***stays in place, with possible modifications***
Energy cost and purchased power recovery/adjustment clauses Allow recovery of fuel and purchased power costs. Symmetrical fossil fuel cost risk sharing (98% customer/2% utility) mechanism established for Hawaiian Electric, Hawaii Electric Light and Maui Electric; utility upside/downside capped at $2.5 million for Hawaiian Electric and $0.6 million for Hawaii Electric Light and Maui Electric	***stays in place, with possible modifications***
Pension and post-employment benefit trackers Allow tracking of pension and post-employment benefit costs and contributions above or below the cost included in rates in a separate regulatory asset/liability account	***stay in place***
Renewable energy infrastructure program Available for recovery of renewable energy infrastructure projects through a surcharge	***stays in place***
Performance incentive mechanisms Performance incentive mechanisms for reliability, customer call center and renewable procurement	***additional PIMs***

PBR—Phase 2 continues collaborative approach

- Measured timeline shows PUC commitment to gradualism in implementing PBR
- Collaborative format focused on thoughtful process that minimizes risk of unintended consequences
- Annual revenue adjustment mechanism has potential to eliminate lag in current RAM
- New performance incentive mechanisms (PIMs) will supplement PIMs already in effect; PIMs will provide additional earnings opportunities



PBR continues moving forward despite impacts of COVID-19

Hawaiian Electric 2020 rate case status

Hawaii PUC docket no. 2019-0085

	Final D&O (2017 test year) (6/22/18) (eff. 9/1/18)	Application (2020 Test Year)[1] (8/21/19)
Amount requested	Commission approves Parties' Stipulated Settlement Agreements filed on November 15, 2017 and March 5, 2018	$77.6 million (4.1% increase over revenues at current effective rates)
Deprec. & amort. expenses	$123.5M	$137.1M
Return on average common equity	9.5% with mechanisms	10.5% with mechanisms
Common equity capitalization (%)	57.10%	57.15%
Return on rate base	7.57%	7.97%
Average rate base	$1,993M	$2,477M
GWh sales	6,660.2	6,474.5

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

1 Company and Consumer Advocate filed global settlement agreement of all issues on May 27, 2020, which proposed no base rate increase in this rate case. PUC decision is pending. The Company agreed to this settlement in recognition of the severe economic impact of the Covid-19 pandemic on customers and the hardship a rate increase would cause. Other provisions of the settlement agreement include: RAM, MPIR, REIP and DSM surcharges revenues normally transferred to base rates in rate proceedings will continue to be recovered via those mechanisms; pension and OPEB tracking mechanisms will be reset and continue to operate; LSFO heat rate deadband in fuel clause widened to reduce risk of penalty; ERP/EAM savings considered incorporated as part of no increase in rates; 2017 rate case customer benefit revenue adjustments terminate; 90% cap on recovery of Schofield generating station will be removed.

Hawaii Electric Light 2019 rate case status

Hawaii PUC docket no. 2018-0368

	Application (2019 Test Year) (12/14/18)[1]	Interim D&O (11/13/19) (Eff. 1/1/20)[3, 4, 5]
Amount requested	$13.4M (3.4% increase over revenues at current effective rates)[2]	$0M (0.0% increase over revenues at current effective rates)[2]
Deprec. & amort. expenses	$38.0M	$36.6M
Return on average common equity	10.50% with mechanisms	9.50% with mechanisms
Common equity capitalization (%)	56.91%	56.83%
Return on rate base	8.30%	7.52%
Average rate base	$536.9M	$534.4M
GWh sales	1,061.7	1,061.7

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

1 Includes Hu Honua in the 2019 test year.

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

3 Excluding Hu Honua from the 2019 test year.

4 In the Stipulated Partial Settlement Agreement, the Parties settled on all issues in this proceeding, except for ROE, capital structure, amortization period of state ITC, and symmetric or asymmetric automatic annual target heat rate adjustment. In response to the ID&O, the Parties agreed that, in lieu of an evidentiary hearing, these remaining issues can be decided based on the evidence in the record. In January 2020, Hawaii Electric Light filed supplemental evidence in support of the Stipulated Partial Settlement and on the remaining disputed issues. The Parties filed their respective opening and reply briefs in February 2020.

5 On July 28, 2020, the PUC issued Decision & Order 37237 approving the Stipulated Partial Settlement Letter in part and ordering final rates for the 2019 test year to remain at current effective rates, such that there is a zero increase in rates. The PUC determined that an appropriate ROE for the 2019 test year is 9.5%, approved a capital structure of 58% total equity and approved as fair a 7.52% ROR on average rate base. In addition, the order among others (1) approved a 10-year amortization period for the state investment tax credit and (2) approved a modification to Hawaii Electric Light's ECRC to incorporate a 98%/2% risk-sharing split between customers and Hawaii Electric Light with an annual maximum exposure cap of +/- $600,000. Hawaii Electric Light is to submit final proposed tariffs and a revised ECRC tariff for the PUC's review within 30 days of this Decision & Order.

Major project interim recovery (MPIR) mechanism

Hawaii PUC Docket No. 2013-0141

MPIR adjustment mechanism established by PUC April 2017

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

Schofield Generating Station project

- Capital cost recovery approved June 2018
- Net O&M cost recovery approved Dec. 2018, with accrual commencing Oct. 1, 2018

Grid Modernization Strategy (GMS) Phase 1 project

- PUC approved proposed MPIR recovery methods, subject to certain conditions

West Loch PV project

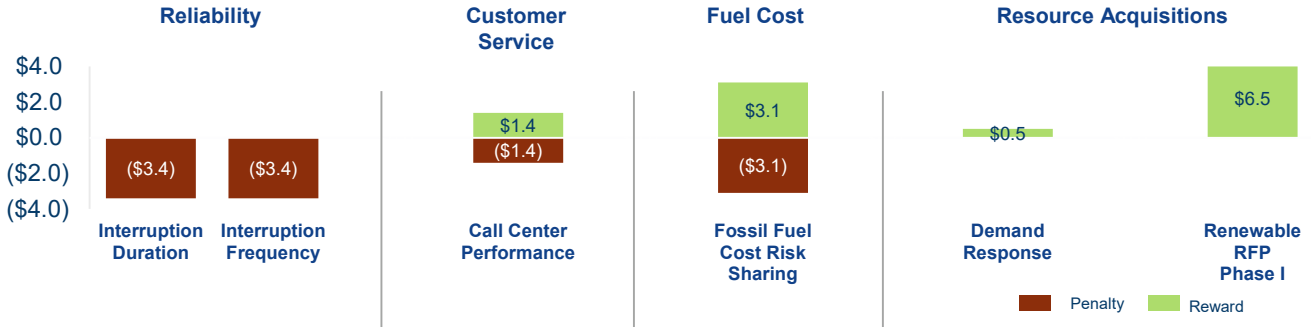
- PUC approved MPIR recovery in December 2019

Advanced Distribution Management System project (part of GMS Phase 2)

- PUC suspended Companies' application in December 2019 and will resume docket upon filing of application for approval to deploy field devices (Companies plan to file in second half of 2020)

Performance Incentive Mechanisms (PIMs)

Current PIMs[1] *($ in millions)*



PIMS APPROVED BY PUC IN APRIL 2017 FOR ALL THREE COMPANIES[2]

- **Reliability**
  - System Average **Interruption Duration** Index, or "SAIDI"
  - System Average **Interruption Frequency** Index, or "SAIFI"
- **Customer Service Call Center Performance** (% calls answered within 30 seconds)
- Reward/penalty amounts graduated, subject to deadband
- Reward/penalty assessed and applied annually through RBA rate adjustment
- Reward/penalty amounts re-determined upon rate case interim or final orders

OTHER PIMS[3]

- **Demand Response**
  - The PUC supports and may consider PIMs to reward the Companies' successful acquisition of cost-effective DR resources in the future
- **The PUC will consider additional PIMs in Performance Based Regulation (PBR) docket**

- **Stage 1 Renewable RFP (capped at $6.5 million)**
  - For each PPA submitted for approval prior to 12/31/18, incentive is based on 80% customer/20% utility split of savings, compared to benchmark of 11.5 cents/kWh for renewable + storage and 9.5 cents/kWh for renewable energy only projects
  - Accrued first half of PIMs in 1Q19, second tranche to be accrued one year after projects placed in service
- **Stage 2 Renewable RFP (capped at $10 million)**
  - For renewable energy & renewable + storage PPAs: Same 80/20 split for PPAs submitted by 9/15/20, vs benchmarks of 9.0 cents/kWh for renewable + storage and 5.5 cents/kWh for renewable energy only.
  - For grid services and standalone storage: Same 80/20 split for standalone storage PPAs submitted by 9/15/20 and grid services contracts submitted by 7/9/20, compared to benchmarks TBD.

Note: slide reflects performance incentive mechanisms in effect for 2020.

1 Applies to all companies, except for fossil fuel cost risk sharing, which currently applies to Hawaiian Electric and Maui Electric only. A decision was issued in Hawaii Electric Light's 2019 rate case on fossil fuel cost risk sharing, implementation date to be determined by the Commission.

2 The Companies' request to use an adjusted IEEE Standard for normalizing events for the calculations of the targets, deadbands, and Measured Performance of the SAIDI and SAIFI PIMs is pending further review in Docket No. 2019-0110.

3 In addition to the PIMs described here, the PUC has established a Heat Rate incentive mechanism designed to incentivize efficient operation of units (and penalize inefficient operation of units). The PUC has also established RPS penalties of up to $20/MWh or about $2M for every 1% the company is short of the RPS requirement. The PUC has the discretion to waive any penalty for failure to achieve the RPS targets for events/circumstances outside the company's control.

Fossil fuel cost risk sharing

Implemented at Hawaiian Electric and Maui Electric; approved in Hawaii Electric Light 2019 rate case

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

Oahu January 2020 fuel price: LSFO: $75.48/bbl

- Maui Electric: Final D&O in 2018 rate case established fossil fuel cost risk sharing mechanism
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $633k
  - Effective Sept. 1, 2019
  - Baseline price for Maui Electric: Jan. fuel prices for each fossil fuel type

Maui January 2020 fuel prices: IFO: $55.68/bbl Diesel: $89.36/bbl

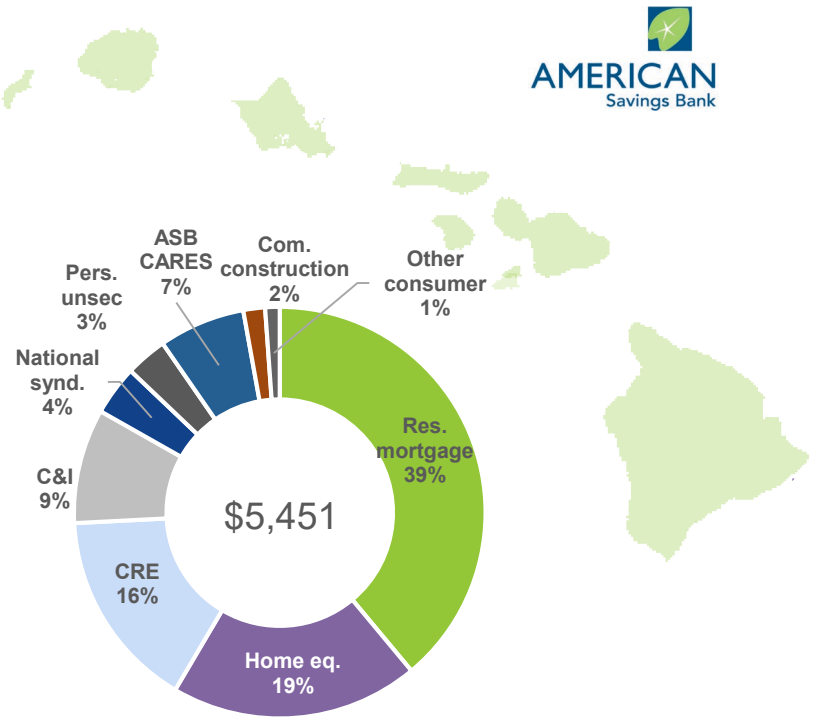
- Hawaii Electric Light: Final D&O in 2019 rate case established fossil fuel cost risk sharing mechanism as part of Energy Cost Recovery Clause
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $600k
  - Implementation date to be determined by the Commission

American Savings Bank—Conservatively managed bank with strong financial position

SERVING HAWAII THROUGH 95 YEARS OF ECONOMIC CYCLES

Prudent lending and risk management practices

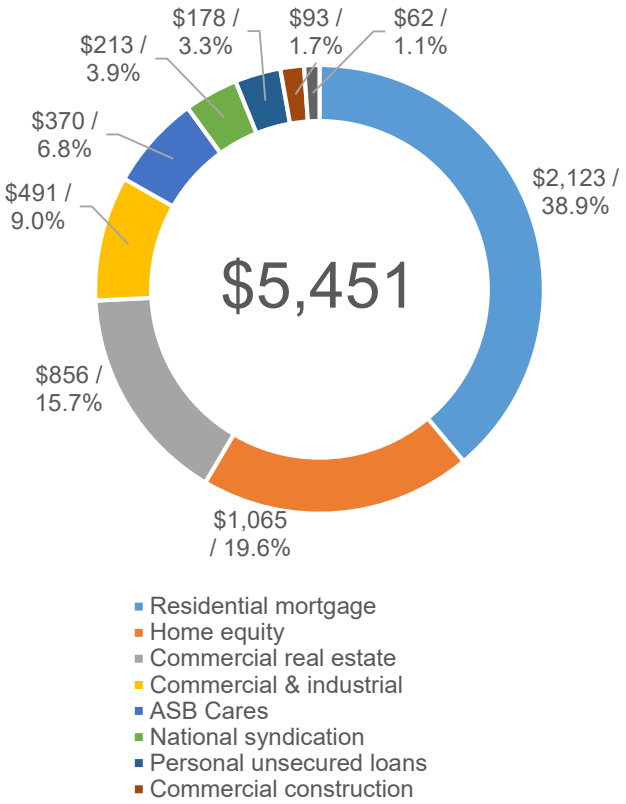
- ✓ Earning assets 100% funded by low-cost deposits drive track record of above-peer NIM
- ✓ Loan portfolio predominantly secured by stable Hawaii real estate (~76%)
- ✓ Relatively stable Oahu home values fueled consistent performance through Great Recession
- ✓ Capital ratios comfortably above "Well Capitalized" levels, with ample liquidity available from FHLB
- ✓ Modest exposure to industries most impacted by COVID-19



Loan portfolio
$ in millions

Bank loan portfolio highly secured by real estate

($ in millions)



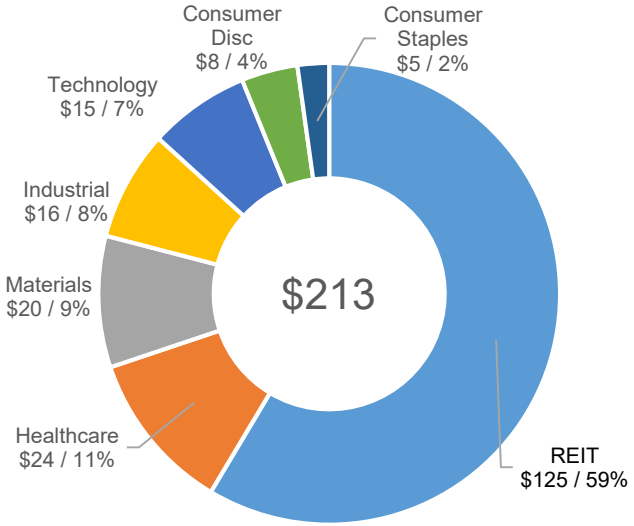
	June 30, 2020	% of total loans
Residential mortgage	2,123	38.9%
Home equity	1,065	19.6%
Commercial real estate	856	15.7%
Commercial construction	93	1.7%
Real Estate Secured	**4,137**	**75.9%**
Commercial & industrial	491	9.0%
ASB CARES	370	6.8%
National syndications	213	3.9%
Total Commercial	**1,074**	**19.7%**
Personal unsecured loans	178	3.3%
Other consumer	62	1.1%
Total Consumer	**240**	**4.4%**
Total loans	5,451	

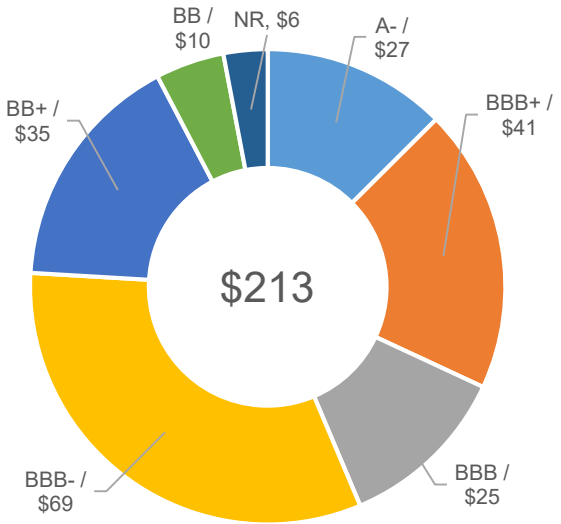
Loan portfolio characteristics

- ✓ ~76% of loan portfolio secured by real estate
- ✓ C&I represent ~9% of total loans
- ✓ Personal unsecured loans represent ~4% of loans
- ✓ As of 6/30/20, ASB granted payment deferrals on approximately 13% of total loan portfolio

Bank national syndication risk characteristics

($ in millions)



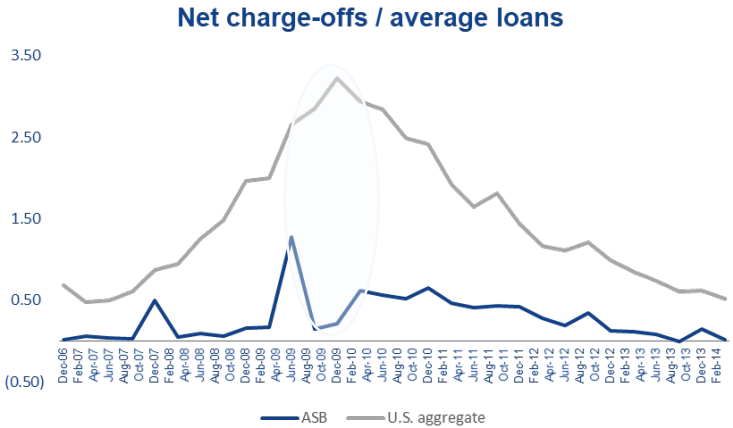


National syndication

- ✓ Represents ~4% of overall loan portfolio
- ✓ 76% or ~$162M rated investment grade by S&P
- ✓ 59% or $125M to real estate investment trusts
- ✓ 11% or $24M exposure to healthcare
- ✓ As of 6/30/20 ASB had not received any payment deferral requests on any national syndication loan

Lower loss rates and sufficient PTPP income at bank to offset even historical peak loss

ASB's net charge-offs have been consistently below national average



During last financial crisis ASB net charge-off ratio increase was well below national levels, as Hawaii residents continued to pay mortgages/other loans

Provision expense as % of average loans		
	Average	Peak
2004 to 2007	0.05	0.15
2008 to 2011	0.52	0.81
2012 to 2019	0.26	0.47

ASB has substantial loss absorption capacity

2020 expected PTPP income: $90 to $110 million

Historical loss experience applied to a $5B loan portfolio

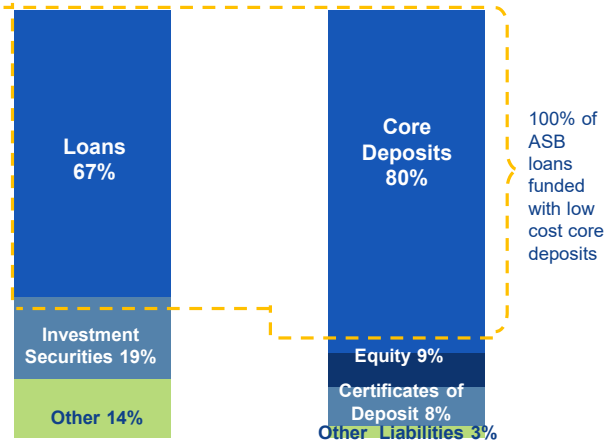
($ in millions)

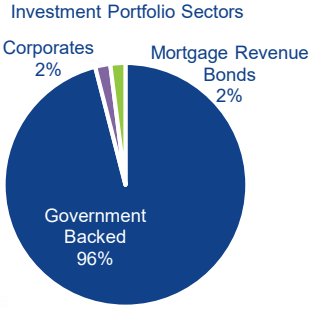
	Average	Peak
2004 to 2007	$2	$8
2008 to 2011	$27	$42
2012 to 2019	$13	$24

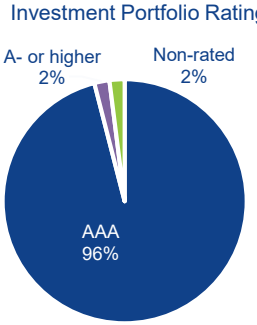
Quality bank balance sheet and loan portfolio

ASB[1]

Average yield on earning assets	3.39%
Average cost of funds	0.18%
Return on avg. equity[2]	8.00%







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%	17%	11%	61%	16%	12%	11%	4.26%	0.94%	6.73%

Source for peer data: SNL Financial (based on data available as of 7/28/20).
Columns may not foot due to rounding.
1 For quarter ending 6/30/20.
2 Bank return on average equity calculated using weighted average daily common equity.
3 For quarter ending 03/31/20. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets.

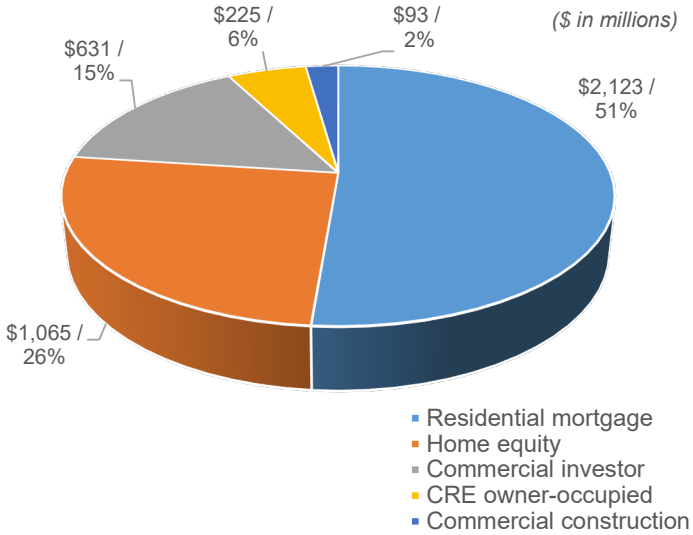
Bank real estate secured portfolio characteristics

Commercial real estate

- ✓ Represents 16% of overall loan portfolio
  $631M CRE investor & $225M CRE owner
- ✓ occupied
- ✓ Wtd avg LTV: 51.8%
- ✓ 92% of CRE portfolio is located in Hawaii

Home equity

- ✓ Represents 20% of overall loan portfolio
- ✓ 74% Oahu, 11% Maui, 9% Big Island, 6% Kauai
- ✓ Wtd. avg FICO Score 765
- ✓ Wtd avg LTV: 55.7%
- ✓ % in 1st lien position: 56% / $597M
- ✓ % in 2nd lien position: 44% / $468M
- ✓ Number of loans ~18,700



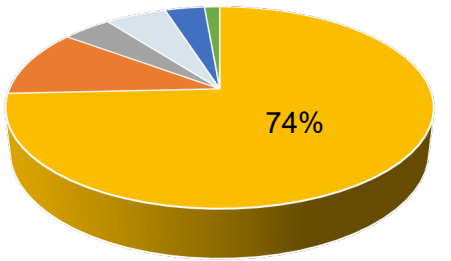
Residential mortgage

- ✓ Represents 39% of overall loan portfolio
- ✓ 67% Oahu, 21% Maui, 8% Big Island, 4% Kauai
- ✓ Wtd. avg FICO Score 763
- ✓ LTV: 52.3%
- ✓ Avg loan size: ~$300,000
- ✓ Number of loans ~7,000

Bank consumer loan portfolio characteristics

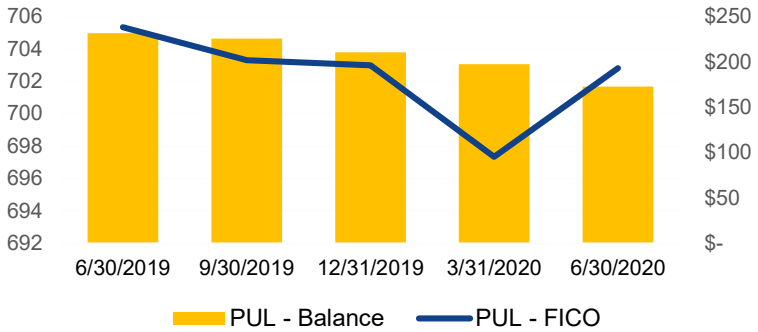
($ in millions)

Consumer Portfolio Composition



- Personal unsecured loans
- Personal line of credit
- Residential construction
- Land
- Clean energy loans
- Other consumer

Personal Unsecured Loans

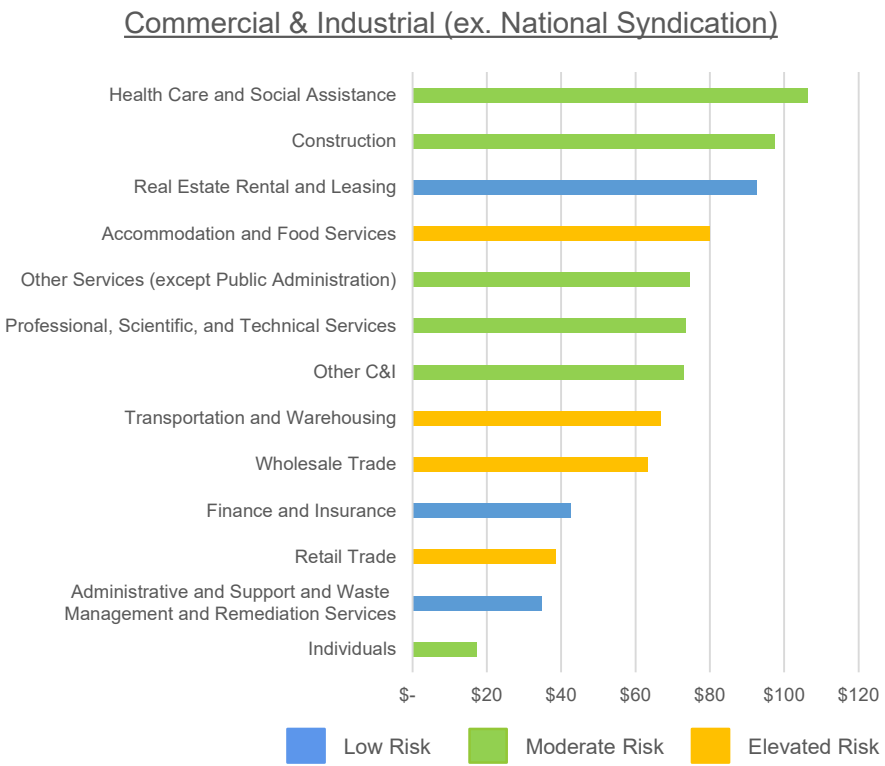


Personal unsecured loan risk characteristics

- ✓ 100% Hawaii originated loans
- ✓ Personal unsecured loans represent 74% of consumer loan portfolio
- ✓ Wtd avg. FICO score: 703
- ✓ Wtd avg. yield: 13.3%
- ✓ Annualized net charge-off 2Q20: 10.5%
- ✓ Increased reserves for credit losses of approximately $16M for Day 1 CECL adjustment
- ✓ As of 6/30/20, granted payment deferrals of $35M to ~3,800 personal unsecured customers

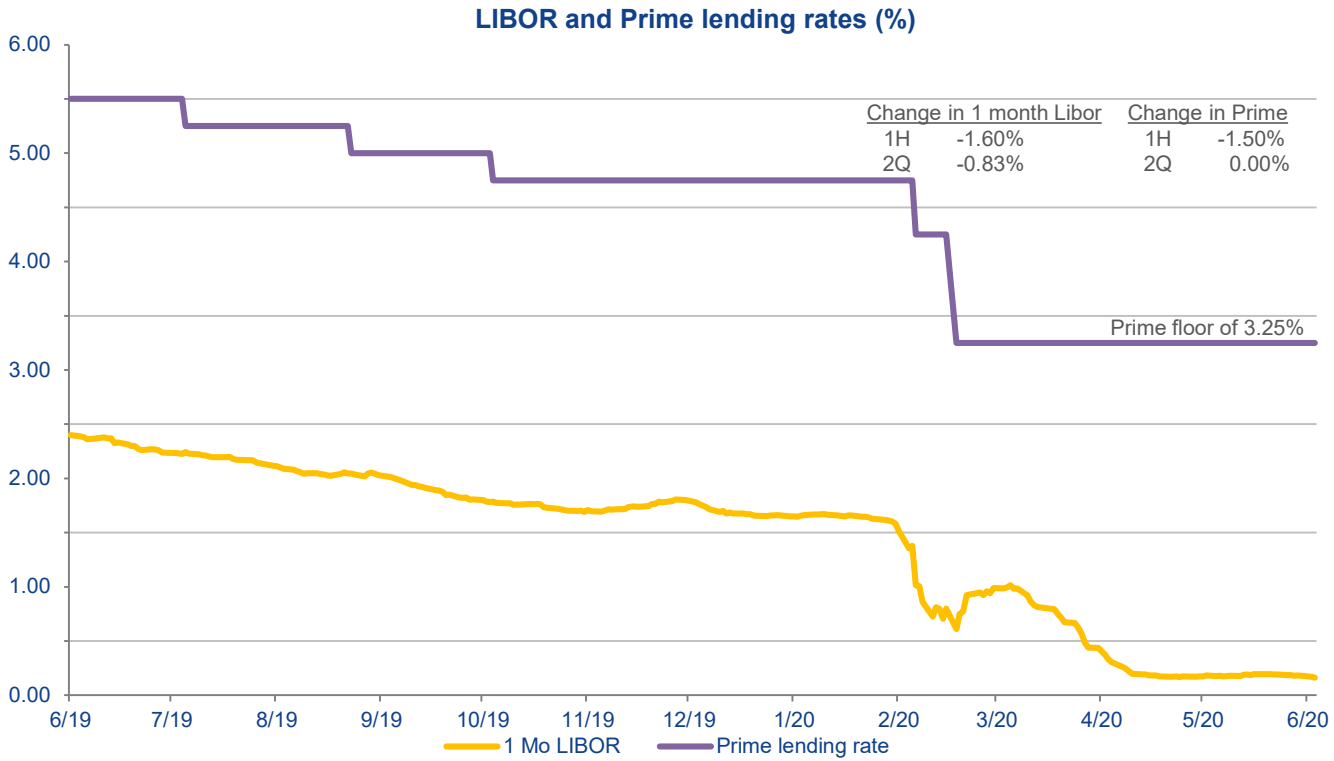
Bank commercial & industrial portfolio characteristics

($ in millions)



- Commercial portfolio is well diversified with highest concentration to Health Care & Social Assistance of $106M or 12% of commercial & industrial portfolio (excluding national syndication portfolio)
- Accommodation and retail most heavily impacted by COVID-19
- As of 6/30/20, active payment deferrals total $120M to 98 commercial customers

LIBOR and Prime rates



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 03, 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 report and other presentations made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (Hawaiian Electric) and their subsidiaries contain "forward-looking statements," which include statements that are predictive in nature, depend upon or refer to future events or conditions and usually include words such as "will," "expects," "anticipates," "intends," "plans," "believes," "predicts," "estimates" or similar expressions. In addition, any statements concerning future financial performance, ongoing business strategies or prospects or possible future actions are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and the accuracy of assumptions concerning HEI and its subsidiaries (collectively, the Company), the performance of the industries in which they do business and economic, political and market factors, among other things. These forward-looking statements are not guarantees of future performance 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, such as the COVID-19 pandemic;
- 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;
- 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 could delay the construction, increase project costs or preclude the completion, of third-party or Utility projects that are required to meet electricity demand 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, and other policy and regulatory changes advanced or proposed by President Trump and his administration;
- weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the 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;
- 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;

Cautionary note regarding forward looking statements

- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act;
- increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB's cost of funds);
- the potential delay by the Public Utilities Commission of the State of Hawaii (PUC) in considering (and potential disapproval of actual or proposed) renewable energy proposals and related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; and uncertainties surrounding technologies, solar power, wind power, biofuels, environmental assessments required to meet renewable portfolio standards (RPS) goals and the impacts of implementation of the renewable energy proposals on future costs of electricity;
- the ability of the Utilities to develop, implement and recover the costs of implementing the Utilities' action plans included in their updated Power Supply Improvement Plans, Demand Response Portfolio Plan, Distributed Generation Interconnection Plan, Grid Modernization Plans, and business model changes, which have been and are continuing to be developed and updated in response to the orders issued by the PUC, the PUC's April 2014 statement of its inclinations on the future of Hawaii's electric utilities and the vision, business strategies and regulatory policy changes required to align the Utilities' business model with customer interests and the state's public policy goals, and subsequent orders of the PUC;
- capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management, distributed generation (DG), combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- fuel oil price changes, delivery of adequate fuel by suppliers and the continued availability to the electric utilities of their energy cost recovery clauses (ECRCs);
- the continued availability to the electric utilities or modifications of other cost recovery mechanisms, including the purchased power adjustment clauses (PPACs), rate adjustment mechanisms (RAMs) and pension and postretirement benefits other than pensions (OPEB) tracking mechanisms, and the continued decoupling of revenues from sales to mitigate the effects of declining kilowatthour sales;
- the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;
- the ability of the Utilities to achieve performance incentive goals currently in place;
- the impact from the PUC's implementation of performance-based ratemaking for the Utilities pursuant to Act 005, Session Laws 2018, including the potential addition of new performance incentive mechanisms (PIMs), third-party proposals adopted by the PUC in its implementation of performance-based regulation (PBR), and the implications of not achieving performance incentive goals;
- the impact of fuel price levels and volatility on customer satisfaction and political and regulatory support for the Utilities;
- the risks associated with increasing reliance on renewable energy, including the availability and cost of non-fossil fuel supplies for renewable energy generation and the operational impacts of adding intermittent sources of renewable energy to the electric grid;
- the growing risk that energy production from renewable generating resources may be curtailed and the interconnection of additional resources will be constrained as more generating resources are added to the Utilities' electric systems and as customers reduce their energy usage;
- the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);
- the potential that, as IPP contracts near the end of their terms, there may be less economic incentive for the IPPs to make investments in their units to ensure the availability of their units;
- the ability of the Utilities to negotiate, periodically, favorable agreements for significant resources such as fuel supply contracts and collective bargaining agreements and avoid or mitigate labor disputes and work stoppages;
- new technological developments that could affect the operations and prospects of the Utilities and ASB or their competitors such as the commercial development of energy storage and microgrids and banking through alternative channels;
- cybersecurity risks and the potential for cyber incidents, including potential incidents at HEI, its third-party vendors, and its subsidiaries (including at ASB branches and electric utility plants) and incidents at data processing centers used, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general IT controls;

Cautionary note regarding forward looking statements

- failure to achieve cost savings consistent with the minimum $246 million in Enterprise Resource Planning/Enterprise Asset Management (ERP/EAM) project-related benefits (including $150 million in operation and maintenance (O&M) benefits) to be delivered to customers over its 12-year estimated useful life and $25 million of annual cost reductions by the end of 2022 pursuant to a commitment made as a result of the management audit of Hawaiian Electric in its 2020 test year rate case;
- federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation, 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, the effects of potentially required consolidation of variable interest entities (VIEs), or required capital/finance lease or on-balance-sheet operating lease accounting for PPAs with IPPs;
- downgrades by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and their impact on results of financing efforts;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage-servicing assets of ASB;
- changes in ASB’s loan portfolio credit profile and asset quality and/or mix, which may increase or decrease the required level of provision for 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);
- 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 report, 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.