## 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, reliability objectives and RPS goals;
- the effects of future actions or inaction of the U.S. government or related agencies, including those related to the U.S. debt ceiling or budget funding, monetary policy, trade policy and tariffs, energy and environmental policy, and other policy and regulatory changes advanced or proposed by President Trump and his administration, or resulting from the outcome of the U.S. presidential election;
- weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the increasing effects of climate change, such as more severe storms, flooding, droughts, heat waves, and rising sea levels) and wildfires, including their impact on the Company's and Utilities' operations and the economy;
- the timing, speed and extent of changes in interest rates and the shape of the yield curve, which could result in lower portfolio yields and net interest margin;
- the ability of the Company and the Utilities to access the credit and capital markets (e.g., to obtain commercial paper and other short-term and long-term debt financing, including lines of credit, and, in the case of HEI, to issue common stock) under volatile and challenging market conditions, and the cost of such financings, if available;
- the risks inherent in changes in the value of the Company's pension and other retirement plan assets and ASB's securities available for sale, and the risks inherent in changes in the value of the Company's pension liabilities, including changes driven by interest rates;
- changes in laws, regulations (including tax regulations), market conditions, interest rates and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements;
- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act;
- increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB's cost of funds);
- the potential delay by the Public Utilities Commission of the State of Hawaii (PUC) in considering (and potential disapproval of actual or proposed) renewable energy proposals and related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; and uncertainties surrounding technologies, solar power, wind power,

biofuels, environmental assessments required to meet renewable portfolio standards (RPS) goals and the impacts of implementation of the renewable energy proposals on future costs of electricity;

- the ability of the Utilities to develop, implement and recover the costs of implementing the Utilities' action plans included in their updated Power Supply Improvement Plans, Demand Response Portfolio Plan, Distributed Generation Interconnection Plan, Grid Modernization Plans, and business model changes, which have been and are continuing to be developed and updated in response to the orders issued by the PUC, the PUC's April 2014 statement of its inclinations on the future of Hawaii's electric utilities and the vision, business strategies and regulatory policy changes required to align the Utilities' business model with customer interests and the state's public policy goals, and subsequent orders of the PUC;
- capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management, distributed generation (DG), combined heat and power or other firm capacity supply-side resources fall short of achieving their forecasted benefits or are otherwise insufficient to reduce or meet peak demand;
- fuel oil price changes, delivery of adequate fuel by suppliers and the continued availability to the electric utilities of their energy cost recovery clauses (ECRCs);
- the continued availability to the electric utilities or modifications of other cost recovery mechanisms, including the purchased power adjustment clauses (PPACs), rate adjustment mechanisms (RAMs) and pension and postretirement benefits other than pensions (OPEB) tracking mechanisms, and the continued decoupling of revenues from sales to mitigate the effects of declining kilowatthour sales;
- the ability of the Utilities to recover increasing costs and earn a reasonable return on capital investments not covered by RAMs;
- the ability of the Utilities to achieve performance incentive goals currently in place;
- the impact from the PUC's implementation of performance-based ratemaking for the Utilities pursuant to Act 005, Session Laws 2018, including the potential addition of new performance incentive mechanisms (PIMs), third-party proposals adopted by the PUC in its implementation of performance-based regulation (PBR), and the implications of not achieving performance incentive goals;
- the impact of fuel price levels and volatility on customer satisfaction and political and regulatory support for the Utilities;
- the risks associated with increasing reliance on renewable energy, including the availability and cost of non-fossil fuel supplies for renewable energy generation and the operational impacts of adding intermittent sources of renewable energy to the electric grid;
- the growing risk that energy production from renewable generating resources may be curtailed and the interconnection of additional resources will be constrained as more generating resources are added to the Utilities' electric systems and as customers reduce their energy usage;
- the ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);
- the potential that, as IPP contracts near the end of their terms, there may be less economic incentive for the IPPs to make investments in their units to ensure the availability of their units;
- the ability of the Utilities to negotiate, periodically, favorable agreements for significant resources such as fuel supply contracts and collective bargaining agreements and avoid or mitigate labor disputes and work stoppages;
- new technological developments that could affect the operations and prospects of the Utilities and ASB or their competitors such as the commercial development of energy storage and microgrids and banking through alternative channels;
- cybersecurity risks and the potential for cyber incidents, including potential incidents at HEI, its third-party vendors, and its subsidiaries (including at ASB branches and electric utility plants) and incidents at data processing centers used, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general IT controls;
- failure to achieve cost savings consistent with the minimum $246 million in Enterprise Resource Planning/Enterprise Asset Management (ERP/EAM) project-related benefits (including $150 million in operation and maintenance (O&M) benefits) to be delivered to customers over its 12-year estimated useful life and $25 million of annual cost reductions by the end of 2022 pursuant to a commitment made as a result of the management audit of Hawaiian Electric in its 2020 test year rate case;
- federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation and tax rates, increases in capital requirements, regulatory policy changes, environmental laws and regulations (including resulting compliance costs and risks of fines and penalties and/or liabilities), the regulation of greenhouse gas emissions, governmental fees and assessments (such as Federal Deposit Insurance Corporation assessments), and potential carbon "cap and trade" legislation that may fundamentally alter costs to produce electricity and accelerate the move to renewable generation);
- developments in laws, regulations and policies governing protections for historic, archaeological and cultural sites, and plant and animal species and habitats, as well as developments in the implementation and enforcement of such laws, regulations and policies;
- discovery of conditions that may be attributable to historical chemical releases, including any necessary investigation and remediation, and any associated enforcement, litigation or regulatory oversight;
- decisions by the PUC in rate cases and other proceedings (including the risks of delays in the timing of decisions, adverse changes in final decisions from interim decisions and the disallowance of project costs as a result of adverse regulatory audit reports or otherwise);

- decisions by the PUC and by other agencies and courts on land use, environmental and other permitting issues (such as required corrective actions, restrictions and penalties that may arise, such as with respect to environmental conditions or RPS);
- potential enforcement actions by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and/or other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under existing or new banking and consumer protection laws and regulations or with respect to capital adequacy);
- the risks associated with the geographic concentration of HEI's businesses and ASB's loans, ASB's concentration in a single product type (i.e., first mortgages) and ASB's significant credit relationships (i.e., concentrations of large loans and/or credit lines with certain customers);
- changes in accounting principles applicable to HEI and its subsidiaries, including the adoption of new U.S. accounting standards, the potential discontinuance of regulatory accounting related to PBR or other regulatory changes, the effects of potentially required consolidation of variable interest entities (VIEs), or required finance lease or on-balance-sheet operating lease accounting for PPAs with IPPs;
- downgrades by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and their impact on results of financing efforts;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage-servicing assets of ASB;
- changes in ASB's loan portfolio credit profile and asset quality and/or mix, which may increase or decrease the required level of provision for credit losses, allowance for credit losses (ACL) and charge-offs;
- changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;
- unanticipated changes from the expected discontinuance of LIBOR and the transition to an alternative reference rate, which may include adverse impacts to the Company's cost of capital, loan portfolio and interest income on loans;
- the final outcome of tax positions taken by HEI and its subsidiaries;
- the risks of suffering losses and incurring liabilities that are uninsured (e.g., damages to the Utilities' transmission and distribution system and losses from business interruption) or underinsured (e.g., losses not covered as a result of insurance deductibles or other exclusions or exceeding policy limits);
- 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 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.

3rd Quarter 2020 Financial Results & Outlook

November 6, 2020

HEI

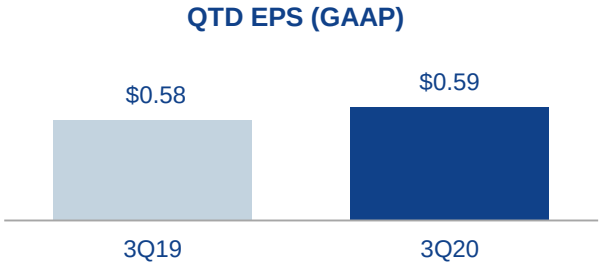
Catalyst for a better Hawai'i

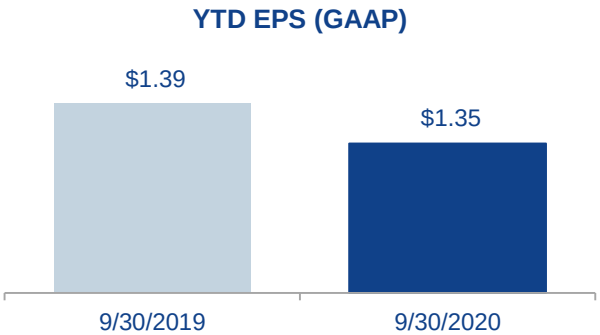


# Strong foundation continues to support solid consolidated results

## 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 stability has enabled us to help our customers, our economy and our community during the COVID-19 pandemic

# Despite economic uncertainty, some positive signs

## Reduction in new COVID cases and reopening of tourism sector

- Oahu economy began reopening late Sept. under tiered framework
- Tourism sector reopened with Oct. 15 pre-arrival testing program for domestic travelers; program now expanded to travelers from Japan
- Federal government and military Hawaii's second largest economic driver
- Residential real estate values remain strong
- UHERO forecast (base case) projects economic recovery in Hawaii starting in 2021 and accelerating into 2022

**Hawaii Economic Research Organization (UHERO) forecast[1]**

YoY change (%)

| | 2020 | | | 2021 | | | 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| Scenario | Pessimistic | **Base** | Optimistic | Pessimistic | **Base** | Optimistic | Pessimistic | **Base** | Optimistic |
| Real GDP | -12.2 | **-11.8** | -11.5 | -2.5 | **1.2** | 4.2 | 6.1 | **5.5** | 4.2 |
| Total visitor arrivals by air | -77.1 | **-73.7** | -72.5 | -5.0 | **73.5** | 113.5 | 173.2 | **68.8** | 38.4 |
| Real personal income | -5.1 | **-4.9** | -4.7 | -4.8 | **-2.7** | 0.5 | 4.2 | **3.9** | 1.9 |
| Unemployment rate (%) | 12.5 | **12.4** | 11.7 | 13.6 | **9.7** | 4.8 | 8.5 | **5.0** | 3.5 |

1 UHERO, *Hawaii in Early Stages of Recovery, Then a Setback*, 9/25/20.

# Hawaiian Electric: Focusing on efficiency and affordability

- **Hawaiian Electric 2020 rate case final D&O received Oct. 22**
  - Maintained 9.5% allowed ROE, 58% equity capitalization
  - Removed 90% cap on Schofield generating station cost recovery
  - Ended 2017 rate case customer benefit adjustments
  - Enterprise Resource Planning system benefits deemed flowed through to customers
  - Confirmed $25M in annual savings by year-end 2022; to be delivered to customers via PBR in Commission-approved manner
  - Overall lower depreciation rates approved in last depreciation study effective 1/1/20

**Plan for Achieving $25M Customer 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
- Strategic sourcing

*Began achieving savings in 2Q20*

# Hawaiian Electric: Aggressively pursuing clean energy additions

- **On track to exceed 2020 milestone of 30% RPS achievement**
- **Additional procurements underway to increase future RPS achievement**
  - Procurements significant given system peak load:

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

| | |
|---|---|
| **Stage 2 RFP** | – Filed 8 PPAs for solar and storage and 2 self-build storage applications in 3Q20<br>▪ Potential to add ~300 MW of solar and ~2 GWh of storage<br>– 2 additional projects under negotiation |
| **Stage 1 RFP** | – 8th solar-plus-storage PPA approved in Oct.<br>– Stage 1 PPAs have potential to add ~275 MW of solar and ~1 GWh of storage |
| **CBRE** | – Preparing RFP for 235 MW of renewables with focus on low-and-middle-income customers; Utility able to develop projects, recruit subscribers |

# PUC decision on PBR anticipated in December

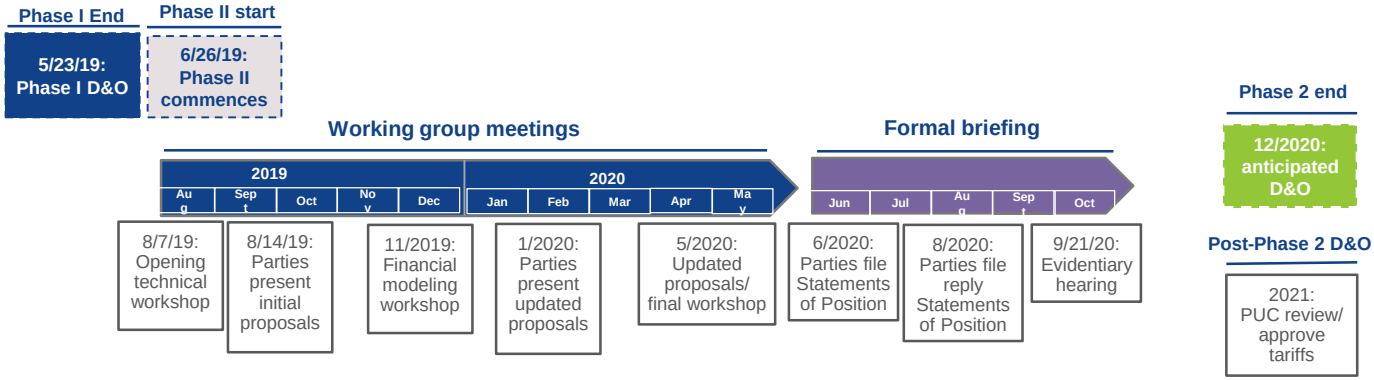
- Phase I D&O established guiding principles, goals and core structural elements of PBR

**Guiding principles**
- Utility financial integrity
- Customer-centric approach
- Administrative efficiency

**Goals**
- Enhance customer experience
- Improve utility performance
- Advance societal outcomes

**Structure**
- Decoupling, trackers
- 5-yr rate plan
- Annual rev. adj.
- MPIR
- Earnings sharing
- PIMs

- Phase II focused on implementation, design of elements




- Guiding principles and collaborative approach consistent throughout process
- PBR docket in final stages; PUC decision pending

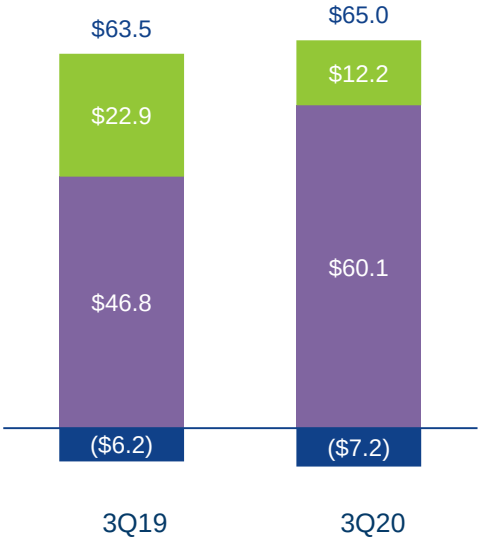
# ASB: Solid execution in dynamic environment

- **Key elements returning to normal operations**
  - Reopened several branches temporarily closed earlier in pandemic
  - Strong mortgage banking income from residential lending
  - Resumption of certain fees previously suspended during initial impact of COVID
- **Continued prudent risk management**
  - Timing of sustained tourism reopening key driver of provision
  - Proactively working with commercial customers to understand COVID impact
- **Cost efficiency a core focus**
  - Lower noninterest expense
  - Permanently closed 5 branches
  - New smart ATM fleet to be fully deployed over next 4-6 months
- **Customers adapting to COVID challenges**
  - Customers conserving, managing resources
  - Robust customer adoption of – and satisfaction with – digital options
  - Bank began sending PPP loans to SBA for forgiveness

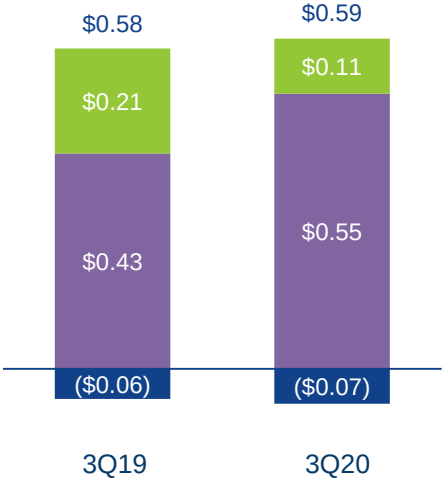
# 3Q20 consolidated financial performance

## Net Income (GAAP)

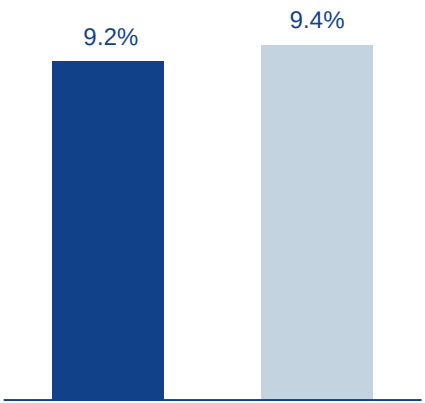
*($ in millions)*




## EPS (GAAP)




## Consolidated LTM ROE




| | 3Q19 | 3Q20 |
|---|---|---|
| Utility | 7.6% | 8.4% |
| Bank[1] | 13.7% / 12.4% | 6.8% / 7.9% |

Utility  Bank  Holding Co. & Other

Note: Columns may not foot due to rounding.

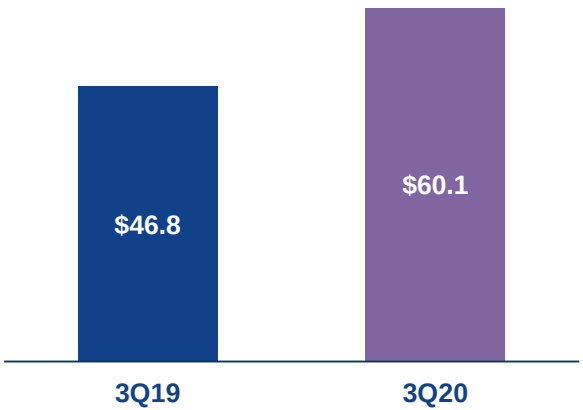
1 Quarter annualized/YTD annualized. ROE is based on daily weighted average common equity.

# 3Q20 utility financial highlights

*($ in millions)*

- ✓ Lower O&M driven by:
  - Ongoing efficiency initiatives
  - Elevated 3Q19 overhauls and vegetation management
  - Timing of generating unit overhauls
- ✓ Revenue additions from RAM, MPIR

## UTILITY NET INCOME




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

| | 3Q20 vs 3Q19 |
|---|---|
| Operations and maintenance[1] | 10 |
| RAM revenues | 5 |
| MPIR revenues | 1 |
| ERP benefits to be returned to customers | (1) |
| Depreciation | (1) |
| Allowance for funds used during construction | (1) |

1 Includes pension-related expenses, however pension-related expenses were not a significant driver of variance as they were approximately $14 million in both quarters.

# Utility outlook and drivers

**Cost efficiencies offsetting lack of base rate increase**

- HECO final D&O in Oct. approved settlement proposing no base rate increase
  - Base rates held flat; 9.5% allowed ROE; 58% equity capitalization
  - Follows HELCO final decision in July holding base rates flat
  - No rate case filing for Maui Electric
- Efficiency initiatives underway to offset lack of base rate increases and deliver on customer savings commitment
  - Initial savings reflected in results
  - Additional efficiency initiatives being explored

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**COVID-19 expense deferral**

- As of Sept. 30, recorded $12.4M of COVID-19 related costs as a deferred regulatory asset, with $11.4M related to bad debt
  - Separate application required for recovery
  - Suspension of disconnections in place until year end
  - On Oct. 30 filed for extended deferral of recovery costs to Jun. 30, 2021

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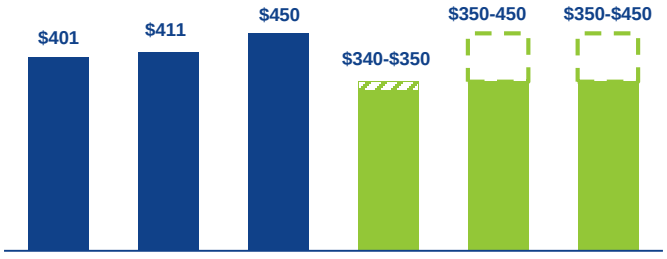
**Fuel impacts**

- Lower fuel prices continue to provide customer bill relief; a typical 500 kwh residential bill on Oahu ~$21 (13%) lower in Oct. than in Mar.

# Renewables, reliability and resilience drive capital investment

## CAPITAL EXPENDITURES FORECAST

($ millions)

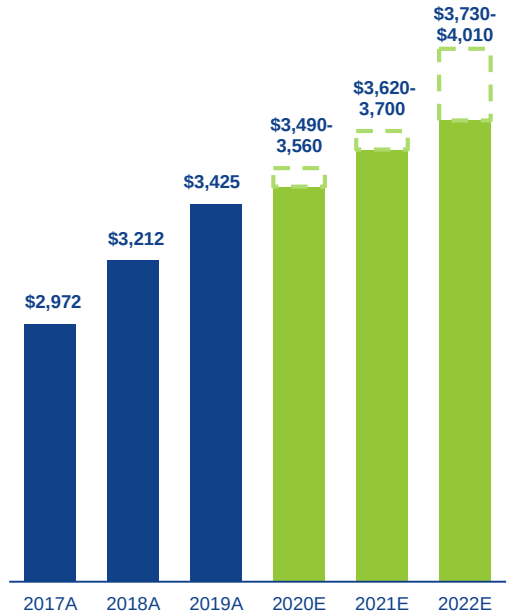



| Key Capex Projects[1] | Forecast 2020 | Forecast 2021 | Forecast 2022 |
|---|---|---|---|
| Grid Modernization Project Phase I | $14 | $13 | $17 |
| Grid Modernization Project Phase II [2] | | | $13 |
| Army Privatization | | | $16 |
| Maui and Hawaii Island RFP Stage 2 BESS Projects [2] | | $7 | $54 |
| Various Major Projects | ~$16 | ~$42 | ~$75 |
| Baseline Projects | ~$310-$320 | ~$320 | ~$320 |

## RATE BASE FORECAST

($ millions)

4-Year CAGR ~4-6%[3]



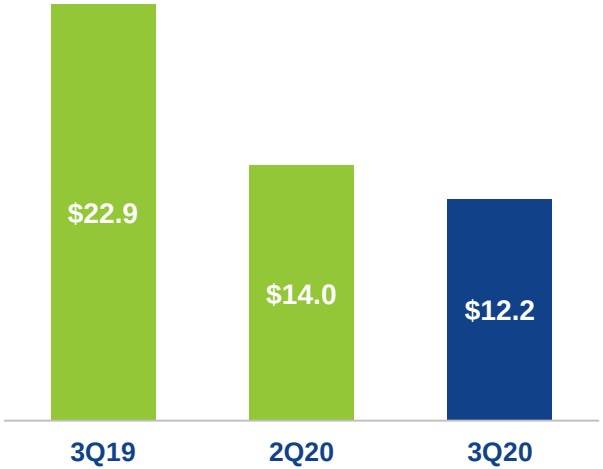

Note: Capital expenditure figures are net of contributions in aid of construction (CIAC).
1 Major projects listed may not sum to capex range shown on bar chart.
2 Given uncertainty regarding timing of approvals and spend for certain projects, actual amounts and timing may vary.
3 2019 – 22 CAGR. Rate base impacted primarily by plant additions. Also includes other items (i.e., unamortized CIAC, accumulated deferred income taxes, certain regulatory assets)

# 3Q20 bank financial highlights

*($ in millions)*

- ✓ Record mortgage production
- ✓ Improved noninterest fee income from resumption of fees
- ✓ Net interest margin compression slowing
- ✓ Record low cost of funds

## BANK NET INCOME




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

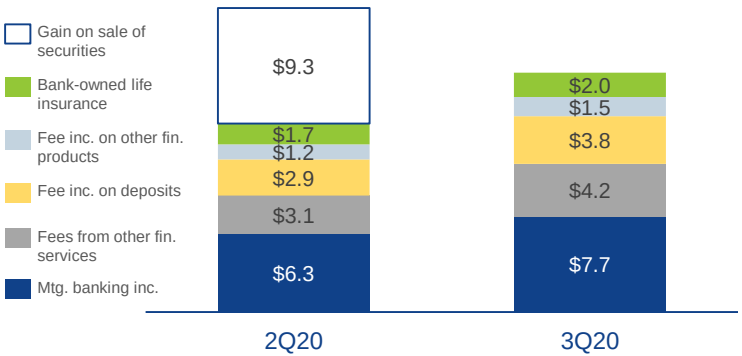
| | 3Q20 vs 3Q19 | 3Q20 vs 2Q20 |
|---|---|---|
| Net interest income | (3) | - |
| Provision for credit losses | (8) | 1 |
| Noninterest income | 2 | (4) |
| Noninterest expense | (1) | 1 |

# Higher noninterest income from core activities and lower noninterest expense drove 3Q20 performance

## Core activities and expense control partially offset 2Q20 gains on sales of securities

### NONINTEREST INCOME[1]

*($ in millions)*

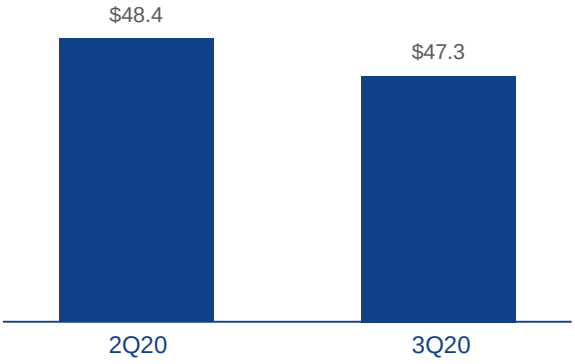



+$2.4M fee income

+$1.4M mortgage banking income

### NONINTEREST EXPENSE

*($ in millions)*

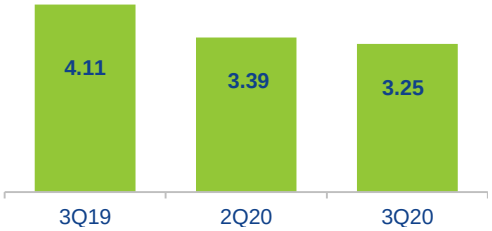



-$3M lower COVID-related expense (partially offset by +$1.4M higher sales-based incentive pay)

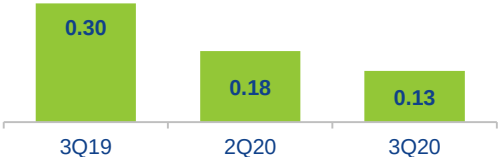
1 Chart excludes "other noninterest income," which had an impact of -$231 and -$251 for the quarters ended 9/30/20 and 6/3/20, respectively.

# Record low funding cost and lower FAS 91 amortization partially offset asset yield decline

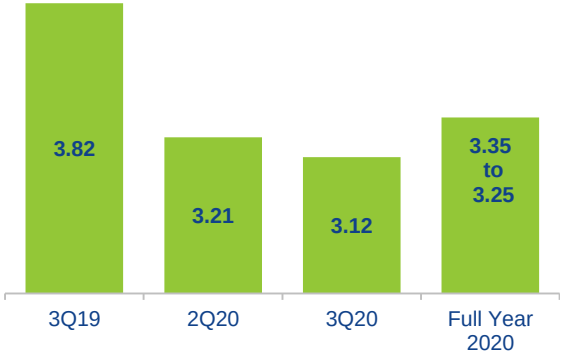
**ASSET YIELD (%)**




**COST OF FUNDS (%)**

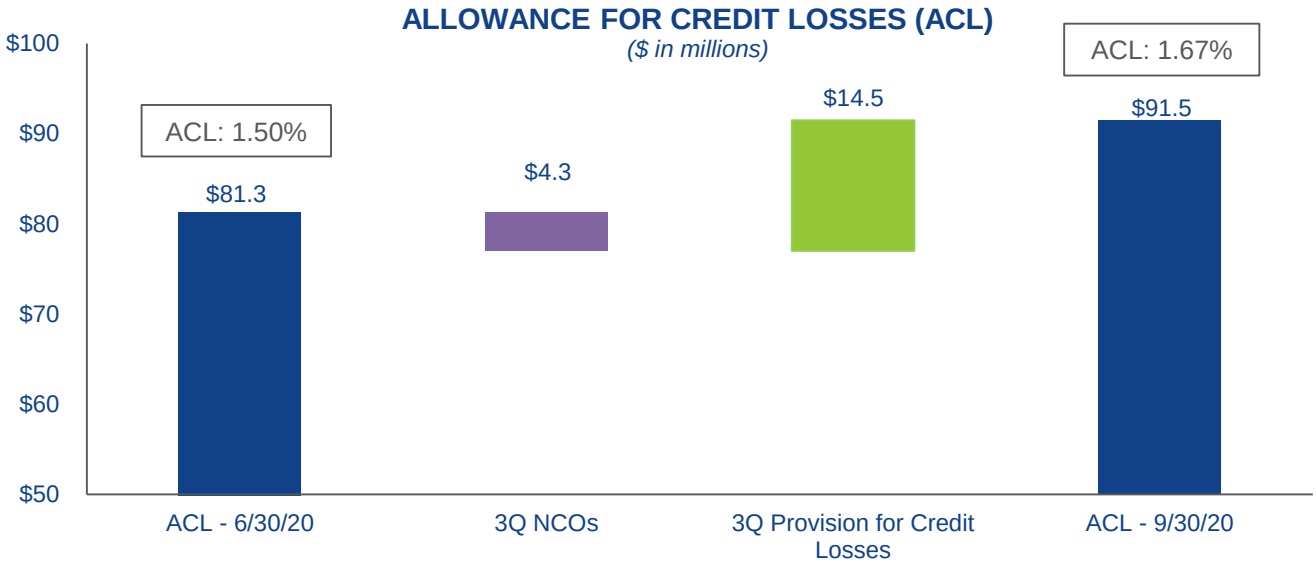



**NET INTEREST MARGIN (%)**




| | Actual | PPP | Excluding PPP |
|---|---|---|---|
| **2Q20 Reported NIM** | **3.21%** | **2.47%** | **3.25%** |
| Impact of lower rate environment and portfolio mix | (0.24%) | -- | (0.22%) |
| FAS 91 amortization impact | 0.08% | 0.42% | 0.04% |
| Decrease in interest bearing liability funding cost | 0.07% | -- | 0.07% |
| **3Q20 Reported NIM** | **3.12%** | **2.89%** | **3.14%** |

# Additional provision reflects Sept. 30 outlook




| | 1Q20 | 2Q20 | 3Q20 |
|---|---|---|---|
| Beginning ACL balance | $53.4 | $77.1 | $81.3 |
| DAY 1 CECL adjustment | $19.4 | - | - |
| Quarterly provision[1] | $9.9 | $10.8 | $14.5 |
| less: quarterly NCOs | ($5.6) | ($6.6) | ($4.3) |
| ACL balance at quarter end | $77.1 | $81.3 | $91.5 |

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

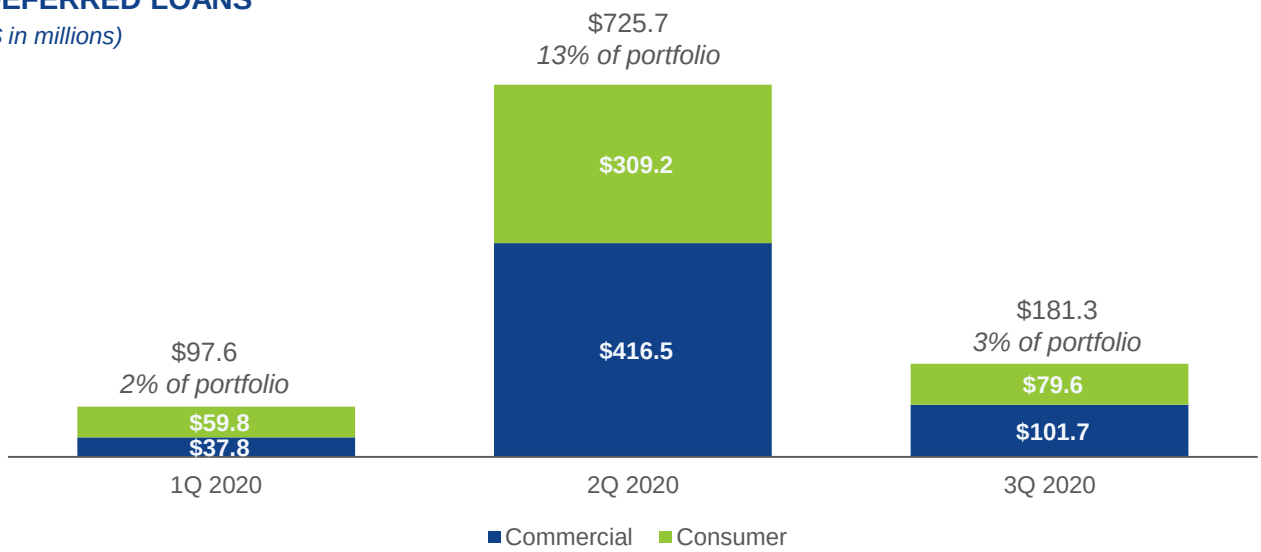
# Loan deferrals declining

## 3% of portfolio on active deferral as of 9/30/20

- 76% of deferred loans have returned to payment
- Modest requests for 2nd deferral as initial 90-day period deferral period ends (2% of portfolio)
- Only 3% of portfolio on active deferral as of 9/30/20
- Previously deferred loan delinquency = 1.0%; overall portfolio delinquency = 0.3%

**DEFERRED LOANS**

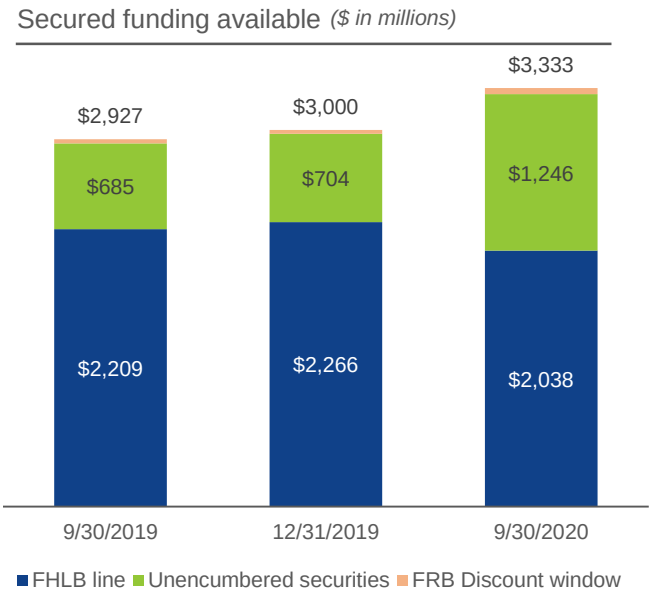
*($ in millions)*



# 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 $266M of excess equity above the "well capitalized" level

| Capital Ratio[1] | Tier 1 leverage[2] |
|---|---|
| As of 09/30/20 | 8.35% |
| "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.

# Solid enterprise-wide capital and liquidity position

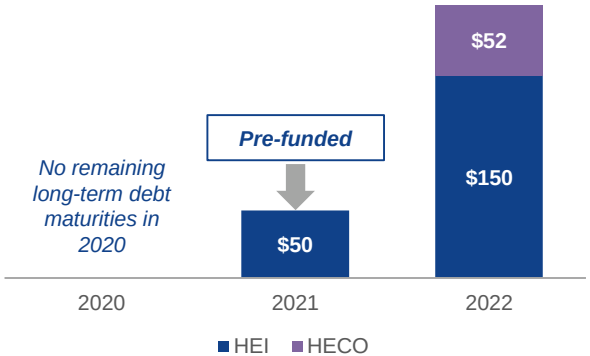
## Liquidity and balance sheet strong

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

## Modest 2021 long-term debt maturities already prefunded

***($ in millions)***

| ***Liquidity*** | | |
|---|---|---|
| | **HEI** | **HECO** |
| Credit facility capacity | $150.0 | $275.0 |
| CP balance | ($23.0) | - |
| Unrestricted cash | $0.8 | $29.8 |
| Private placement available draw capacity | $50.0 | |
| **Liquidity as of 9/30** | **$177.8** | **$304.8** |
| plus: October HECO private placement | | $115.0 |
| plus: October HEI private placement* | $75.0 | |
| **Liquidity pro forma for new financings** | **$252.8** | **$419.8** |




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

* Pending final documentation.

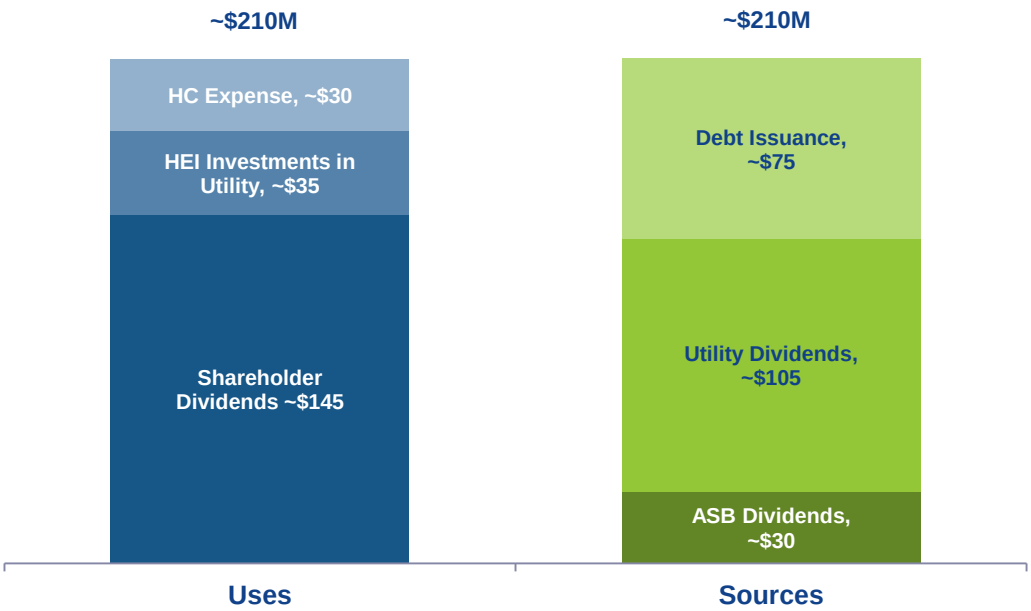
# HEI financing outlook 2020
(as of November 6, 2020)

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

No change in net utility dividend expected

No external equity required in 2020

## 2020 HOLDING COMPANY SOURCES & USES OF CAPITAL
($ in millions)




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

# HEI 2020 guidance
**(as of November 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 ~$340 - $350 million[1]
- Rate base growth: ~3% over 2019
- Equity capitalization at approved rate case levels
- COVID-19 related costs are deferred 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 increased to: $105 – $115 million
Continued profitable operations with upward revision to some pre-provision elements

**KEY ASSUMPTIONS:**

- Continued profitable operations with PTPP income: $105 - $115 million
- Mid-single digit earning asset growth
- NIM: ~3.25% - 3.35%
- Provision expense: no guidance at this time
- ROA: no guidance at this time
- PPP loan fees of ~$4.2 million expected to be realized in 2020 (~$1.6 million expected in 4Q)

*Bank provision and net income remain uncertain given economic conditions*

*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 ~$395 million given acceleration of certain 2020 projects into 2019.
2 2020 COVID-19 related costs estimated to be $19 – $20 million.

# ESG is in our DNA

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

## Embedded in Core Strategies

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

## Deepening ESG Integration

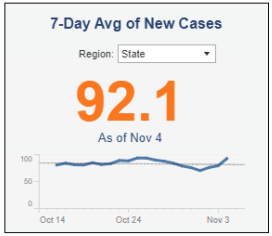
**Integrating ESG even further into our governance structures, decision-making processes and reporting**

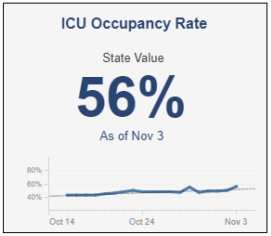
- ✓ Published first SASB-aligned ESG report Sept. 2020
- ✓ Future reporting to include ESG materiality assessment and TCFD-aligned disclosures
- ✓ Deepening ESG integration into business, processes and governance
- ✓ Focused on ESG topics that drive long-term value creation

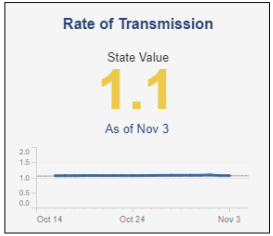
# Appendix

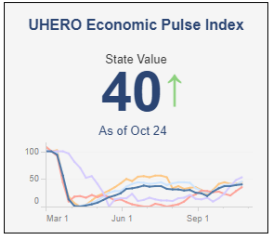
HEI
Catalyst for a better Hawai'i

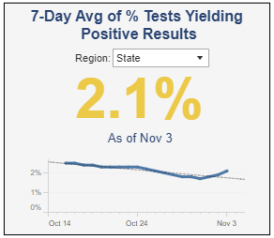
# Hawaii COVID-19 case update

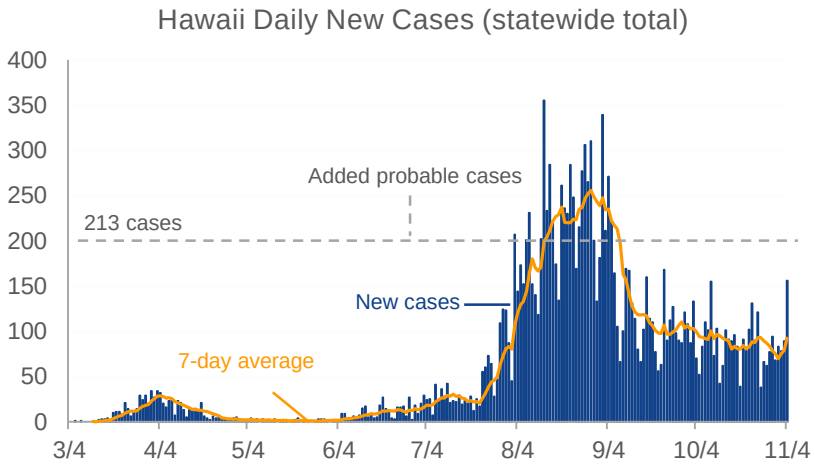


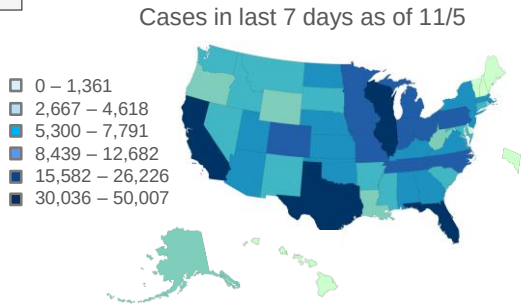



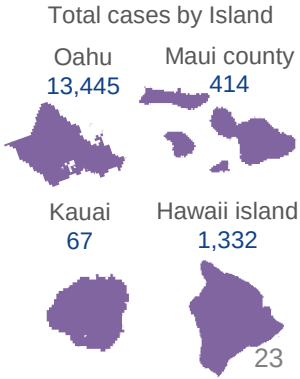




Sources: Centers for Disease Control and Prevention, CovidPau.org, Honolulu Star Advertiser
Note: Hawaii COVID-19 island-by-island totals may not equal the statewide daily count due to Hawaii State Dept. of Health “data cleaning”.

# Hawaii economic update

**Tourism**

| | September 2020 vs September 2019 | YTD 2020 vs YTD 2019 |
|---|---|---|
| Total arrivals | -97.4% | -71.6% |
| Total expenditures | N/A | N/A |

**Unemployment**

- September 2020 – Hawaii: 15.1%; U.S.: 7.9%

**Real Estate**

- YTD September 2020 Oahu sales volume vs PY:
  - Single family homes, down 1.4%; Condominiums, down 18.9%
- YTD September 2020 Oahu median sales prices vs PY:
  - Single family homes: $811,000, up 3.3%
  - Condominiums: $430,000, up 1.2%

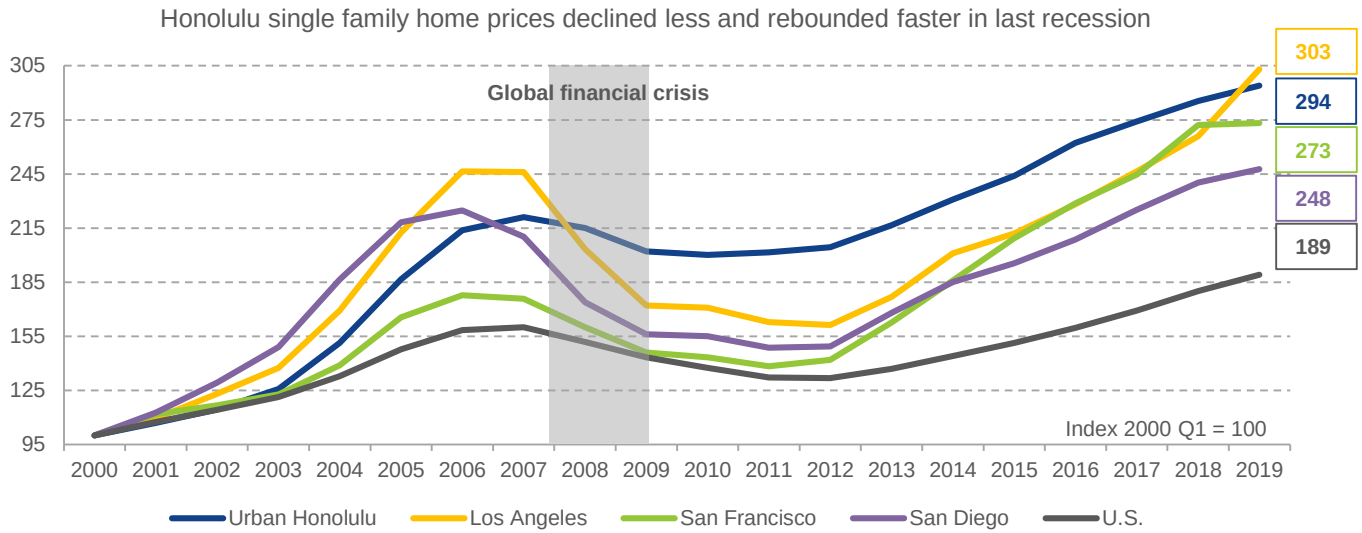
**Real State GDP**

- Expected to decrease 11.8% in 2020 due to COVID-19, increase 1.2% 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**




| | 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

# 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
- Employee no interest loan program

## Helping our customers

- Suspended disconnections for nonpayment through December 31, 2020
- Payment arrangements for customers experiencing financial strain
- Collaborated with nonprofits to administer Ohana Emergency Gift Program providing emergency assistance to eligible households

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

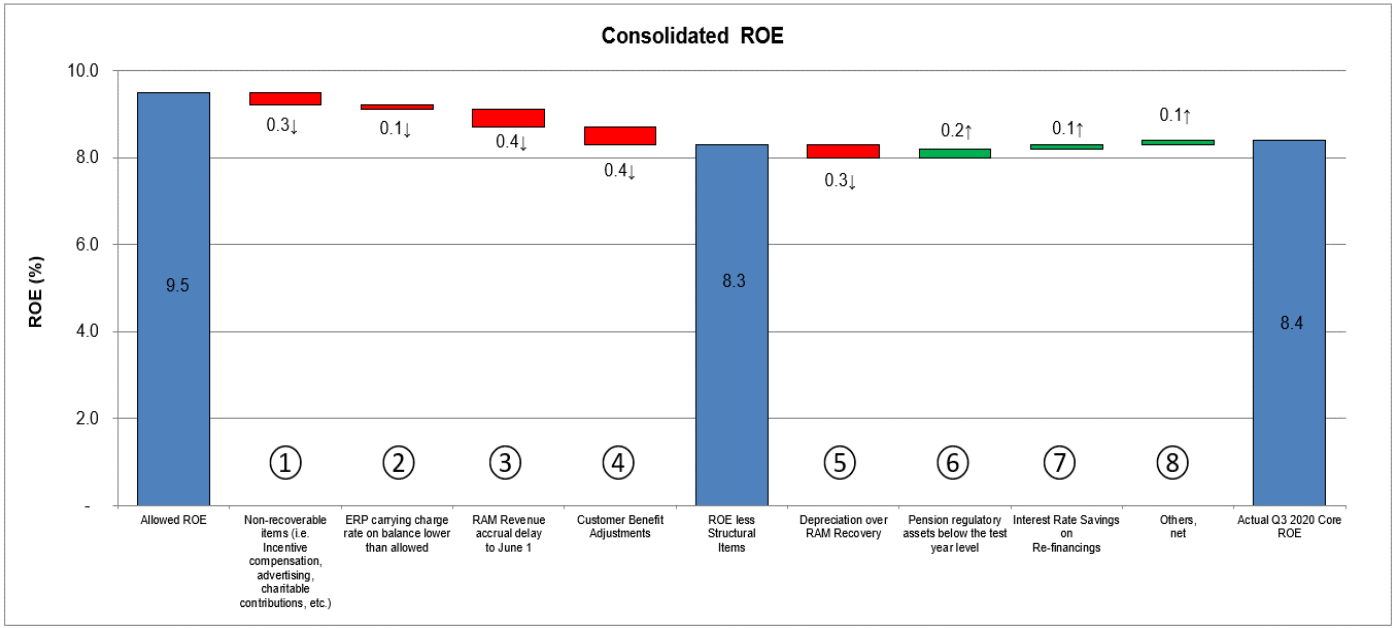
## Supporting our community

HEI Hawaiian Electric AMERICAN Savings Bank

- HEI Charitable Foundation, our companies and our employees have together pledged >$1 million 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
  - Makaukau Hawaii
  - Maui Economic Opportunity
  - Oahu Economic Development Board
  - Partners in Development
  - Salvation Army
  - St. Francis Health System
  - University of Hawaii Foundation

# Utility LTM ROE

### 3Q20 CONSOLIDATED UTILITY ROE




**Structural** **Lagged**

# 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 | Hearings held in Sept. Post hearing briefs filed in Oct. | Proceeding is ready for decision making |
| **Stage 2 RFP** sought up to ~900 MW of new renewables and over 500 GWh of storage, as well as grid services | 2017-0352 | Grid services contracts filed in July. Two self-build applications and eight renewable and storage contracts filed in 3Q20. One PPA qualified for PIM | Companies to execute and file renewable and storage contracts for remaining two projects |
| **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; Filed update on work plan and schedule in May | Grid needs assessment ongoing |
| **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 reviewing Companies' proposed changes to meter deployment process | Company plans to file supplemental application for the ADMS and deployment of sensors and field devices by end 1Q21 |
| **Electrification of Transportation** Establishes EV-J and EV-P Charging Service to support the development of EV technology | 2018-0135 | Company filed Sch EV-J and EV-P Pilot Program Tariffs Sept. 2020 | PUC Order on proposed procedural schedule pending |
| **Community Based Renewable Energy** Phase 2 program capacity expanded to 235 MW | 2015-0389 | Filed proposed final tariffs and RFPs for LMI customers in Sept. and draft RFPs for large projects in Oct. | PUC order on proposed tariffs and LMI RFPs pending. Proposed Large Project RFPs due in Dec. |
| **Hawaiian Electric rate case** 2020 test year rate case for Oahu | 2019-0085 | PUC issued a final D&O in Oct. approving settlement agreement, results in no increase in base rates | Proposed revised tariffs to implement final rates due mid-Nov. 2020 |
| **Hawaii Electric Light rate case** 2019 test year rate case for Hawaii Island | 2018-0368 | PUC issued D&O in July approving zero increase in base rates. Oct. order approved final tariffs | Proposed final tariffs and PIM tariffs took effect Nov. 1st; ECRC tariff takes effect Jan. 1, 2021 |
| **COVID-19 Deferral Accounting Treatment** Request to defer costs associated with COVID-19 pandemic | 2020-0069 | June PUC order approved request to defer costs related to pandemic through year end | Cost recovery request to be filed as separate application. Filed request for extension of deferral period through Jun. 2021 |
| **DER Policies** Investigates Distributed Energy Resources (DER) as they relate to the Hawaiian Electric Companies | 2019-0323 | Technical Conference held in Oct. Proposed schedule has final proposal for Advanced Rate Design due Apr. 2021 & Program Track due May 2021 | Monthly status conferences/ working group meetings ongoing |
| **Army Privatization** For approval of 50-year contract to maintain Army's distribution system | 2019-0349 | PUC approved utility's contract with the Army Oct. 30. | |

Note: D&O - Decision and Order

# Hawaiian Electric: Current authorized rates

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

# PBR — Summary of remaining issues

**From Hawaiian Electric Reply Statement of Position:**

General consensus among the parties that:

1. the MRP control period should be 5 years;
2. there should be continuation of ECRC, PPAC, Pension/OPEB Cost Trackers and revenue decoupling;
3. the existing RAM lag should be removed;
4. MPIR should be retained and at least modified to authorize recovery of deferred costs and O&M expenses (in addition to capital costs) to address capital bias concerns;
5. a new “Z-factor” should be added;
6. the ESM should be modified to become symmetrical;
7. PIMs collectively should be in an amount in the range of 100-200 basis points of ROE; and
8. potential PIM rewards should be additive or supplemental to revenues provided via the ARA.

Differences remain among the parties on many issues, including, e.g.:

1. the “X-factor” value (i.e., whether the new ARA will provide revenue adjustments equal to, less than, or more than the current RAM);
2. what happens at the end of the control period and how and when the new framework’s performance will be evaluated;
3. whether there will be a Consumer Dividend, and, if so, its value;
4. whether MPIR will be modified beyond the change noted in column at left and, if so, how;
5. what events should be eligible for and what recovery should be allowed under the Z-factor; and
6. what the new PIMs, and their respective potential values, should be.

# 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

- Hawaiian Electric's 2020 test year rate case final D&O issued Oct. 2020 approved removal of 90% cap on cost recovery, such that 100% of allowed project costs will flow through MPIR mechanism

### Grid Modernization Strategy (GMS) Phase 1

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

### West Loch PV project

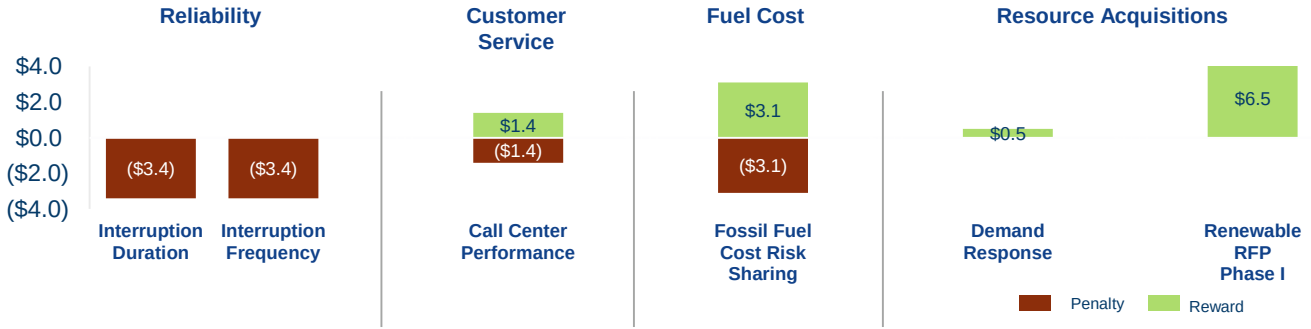
- PUC approved MPIR recovery in Dec. 2019

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

- PUC suspended Companies' application in Dec. 2019 and will resume docket upon filing of supplemental application for the ADMS and deployment of sensors and field devices, targeted for end of 1Q21

# 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 to modify the ECRC tariff to incorporate fossil fuel cost risk sharing, which will take effect on January 1, 2021.

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:
  - 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: Jan. fuel prices for each fossil fuel type

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

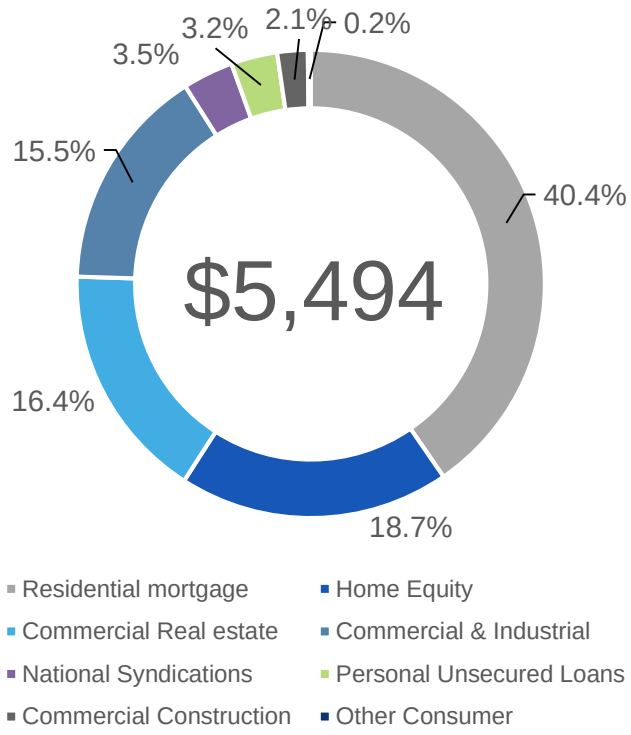
- Maui Electric:
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $633k
  - Effective Sept. 1, 2019
  - Baseline price: Jan. fuel prices for each fossil fuel type

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

- Hawaii Electric Light:
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $600k
  - To be effective Jan. 1, 2021

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

*($ in millions)*




**Loan portfolio characteristics**

- ✓ ~78% of portfolio secured by real estate (83% excl. PPP)
- ✓ C&I represent ~16% of total loans (9% excl. PPP)
- ✓ Personal unsecured loans represent ~3% of loans
- ✓ As of 9/30/20, ASB had granted payment deferrals on approximately 14% of total loan portfolio

| $ in millions | September 30, 2020 | % of total loans |
|---|---|---|
| Residential mortgage | 2,220 | 40.4% |
| Home Equity | 1,028 | 18.7% |
| Commercial Real estate | 901 | 16.4% |
| Commercial Construction | 113 | 2.1% |
| **Real Estate Secured** | **4,262** | **77.6%** |
| Commercial & Industrial | 849 | 15.5% |
| National Syndications | 193 | 3.5% |
| **Total Commercial** | **1,042** | **19.0%** |
| Personal Unsecured Loans | 177 | 3.2% |
| Other Consumer | 13 | 0.2% |
| **Total Consumer** | **190** | **3.4%** |
| Total Loans | 5,494 | |

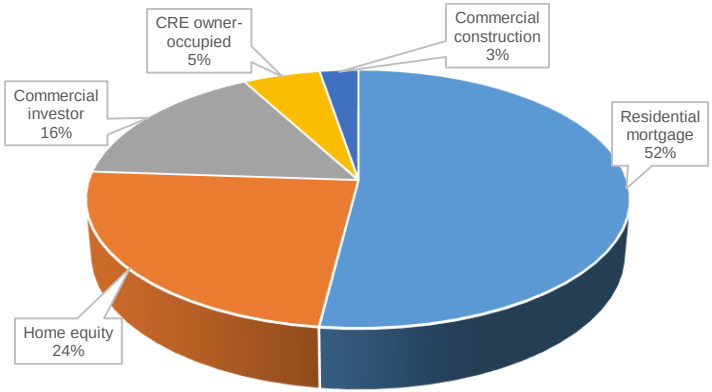
# Bank real estate secured portfolio characteristics: Conservative profile w/ low LTVs

## Commercial real estate

- ✓ Represents 16% of overall loan portfolio
- ✓ $668M CRE investor & $217M CRE owner occupied
- ✓ Wtd avg LTV: 61.6%
- ✓ 97% of CRE portfolio is located in Hawaii

## Home equity

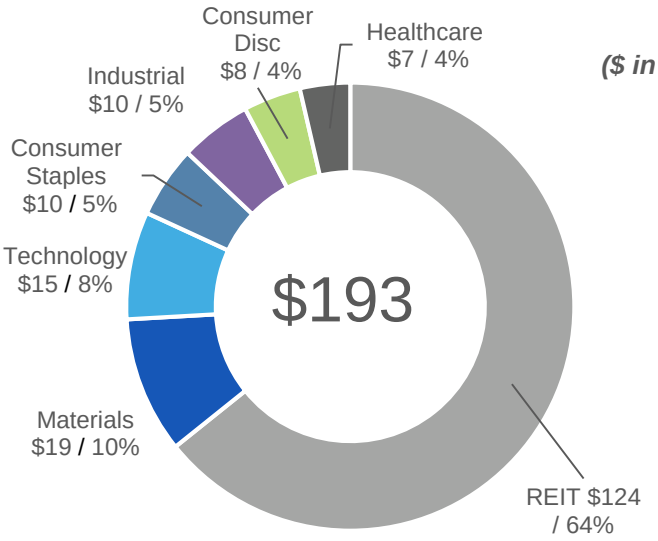
- ✓ Represents 19% of overall loan portfolio
- ✓ 74% Oahu, 11% Maui, 9% Big Island, 6% Kauai
- ✓ Wtd. avg FICO Score: 762
- ✓ Wtd avg LTV: 55%
- ✓ % in 1st lien position: 56% / $576M
- ✓ % in 2nd lien position: 44% / $452M
- ✓ Number of loans: ~18,700



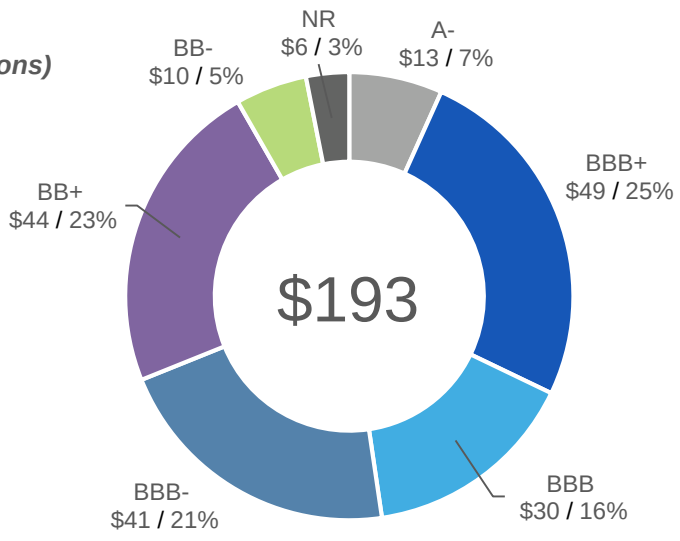

## Residential mortgage

- ✓ Represents 40% of overall loan portfolio
- ✓ 67% Oahu, 21% Maui, 8% Big Island, 4% Kauai
- ✓ Wtd. avg FICO Score: 761
- ✓ LTV: 53%
- ✓ Avg loan size: ~$300,000
- ✓ Number of loans: ~7,000

# Bank national syndication risk characteristics



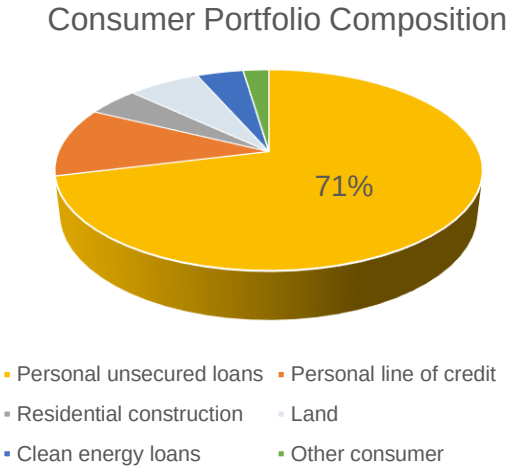

*($ in millions)*

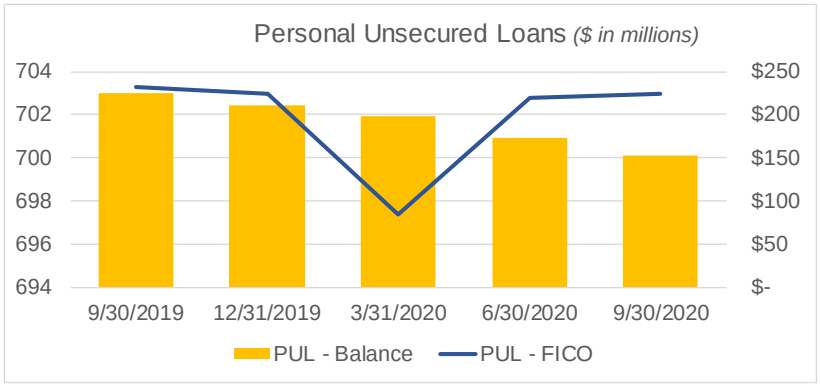



**National syndication**

- ✓ Represents ~4% of overall loan portfolio
- ✓ 69% or ~$133M rated investment grade by S&P
- ✓ 64% or $124M to real estate investment trusts
- ✓ 4% or $7M exposure to healthcare
- ✓ As of 9/30/20 ASB had not received any payment deferral requests on any national syndication loan

# Bank consumer loan portfolio characteristics



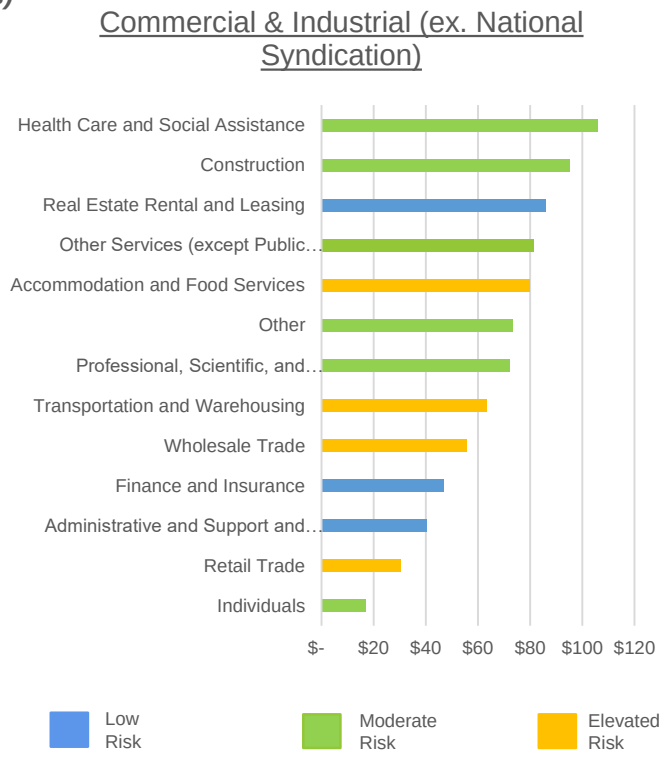




Personal unsecured loan risk characteristics

- ✓ 100% Hawaii originated loans
- ✓ Represent 71% of consumer loan portfolio
- ✓ Wtd avg. FICO score: 703
- ✓ Wtd avg. yield: 13.6%
- ✓ Annualized net charge-off 3Q20: 5.78%
- ✓ Increased reserves for credit losses of approximately $16M for Day 1 CECL adjustment
- ✓ As of 9/30/20, granted payment deferrals of $35M to ~3,900 personal unsecured customers

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

***($ in millions)***

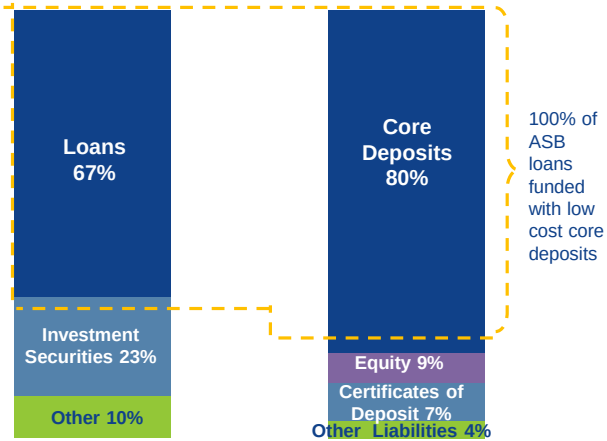



- Commercial portfolio is well diversified with highest concentration to Health Care & Social Assistance of $106M or 13% of commercial & industrial portfolio (excluding national syndication portfolio)
- Accommodation and retail most heavily impacted by COVID-19
- As of 9/30/20, active payment deferrals total $43M to 13 C&I customers

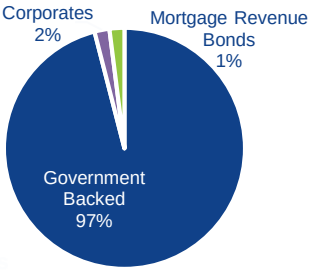
# Quality bank balance sheet and loan portfolio

## ASB[1]

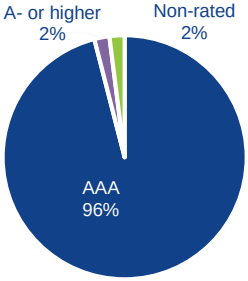
| | |
|---|---|
| Average yield on earning assets | 3.25% |
| Average cost of funds | 0.13% |
| Return on avg. equity[2] | 6.75% |




## Investment Portfolio Sectors




## Investment Portfolio Ratings




## PEER BANKS[3]

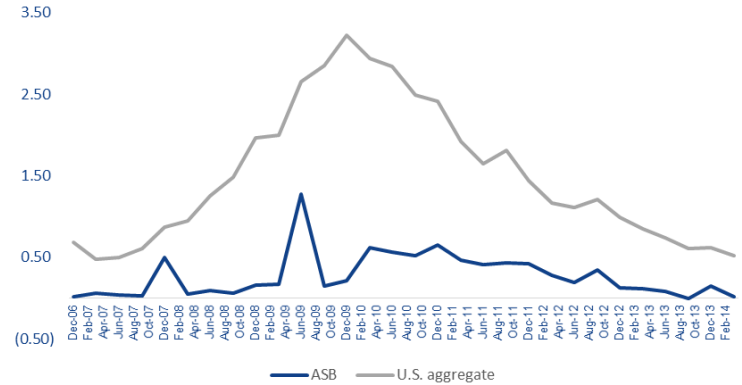
| Loans | Investment Securities | Other | Core deposits | CD's | Other Liabilities | Equity | Median of avg. yield on earning assets | Median of avg. cost of funds | ROAE |
|---|---|---|---|---|---|---|---|---|---|
| 72% | 15% | 13% | 66% | 14% | 9% | 11% | 3.81% | 0.62% | 8.79% |

Source for peer data: SNL Financial (based on data available as of 11/4/20).
Columns may not foot due to rounding.
1 For quarter ending 9/30/20.
2 Bank return on average equity calculated using weighted average daily common equity.
3 For quarter ending 6/30/20. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets.

# 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

**Net charge-offs / average loans**




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:
$105 to $115 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 |

# 2020 ASB peer group

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

Note: Based on publicly traded banks, savings and thrifts in the U.S. that have total average assets between $4 billion and $9 billion for the years 2017-2019 (based upon data available in SNL as of April 3, 2020). Any institution whose business is not directly comparable with ASB or did not have data present for all 3 years was excluded. The peer group is updated annually and banks that no longer report as a separate entity (e.g. mergers, acquisitions, failed banks, etc.) are not included in the median calculations from the time of the transaction or failure.

# Cautionary note regarding forward looking statements

This presentation made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (Hawaiian Electric) and their subsidiaries contain "forward-looking statements," which include statements that are predictive in nature, depend upon or refer to future events or conditions and usually include words such as "will," "expects," "anticipates," "intends," "plans," "believes," "predicts," "estimates" or similar expressions. In addition, any statements concerning future financial performance, ongoing business strategies or prospects or possible future actions are also forward-looking statements. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and the accuracy of assumptions concerning HEI and its subsidiaries (collectively, the Company), the performance of the industries in which they do business and economic, political and market factors, among other things. These forward-looking statements are not guarantees of future performance and actual results and financial condition may differ materially from those indicated in the forward-looking statements.

Risks, uncertainties and other important factors that could cause actual results to differ materially from those described in forward-looking statements and from historical results include, but are not limited to, the following:

- international, national and local economic and political conditions—including the state of the Hawaii tourism, defense and construction industries; the strength or weakness of the Hawaii and continental U.S. real estate markets (including the fair value and/or the actual performance of collateral underlying loans held by ASB, which could result in higher loan loss provisions and write-offs); decisions concerning the extent of the presence of the federal government and military in Hawaii; the implications and potential impacts of future Federal government shutdowns, including the impact to our customers to pay their electric bills and/or bank loans and the impact on the state of Hawaii economy; the implications and potential impacts of U.S. and foreign capital and credit market conditions and federal, state and international responses to those conditions; the potential impacts of global and local developments (including global economic conditions and uncertainties, unrest, terrorist acts, wars, conflicts, political protests, deadly virus epidemic or other crisis); the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; and pandemics;
- the extent of the impact of the COVID-19 pandemic, including the duration, spread, severity and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, the impact on our employees, customers and suppliers, and the impact of the COVID-19 pandemic on the overall demand for the Company's goods and services;
- 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, reliability objectives and RPS goals;
- the effects of future actions or inaction of the U.S. government or related agencies, including those related to the U.S. debt ceiling or budget funding, monetary policy, trade policy and tariffs, energy and environmental policy, and other policy and regulatory changes advanced or proposed by President Trump and his administration, or resulting from the outcome of the U.S. presidential election;
- weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the increasing effects of climate change, such as more severe storms, flooding, droughts, heat waves, and rising sea levels) and wildfires, including their impact on the Company's and Utilities' operations and the economy;
- the timing, speed and extent of changes in interest rates and the shape of the yield curve, which could result in lower portfolio yields and net interest margin;
- the ability of the Company and the Utilities to access the credit and capital markets (e.g., to obtain commercial paper and other short-term and long-term debt financing, including lines of credit, and, in the case of HEI, to issue common stock) under volatile and challenging market conditions, and the cost of such financings, if available;
- the risks inherent in changes in the value of the Company's pension and other retirement plan assets and ASB's securities available for sale, and the risks inherent in changes in the value of the Company's pension liabilities, including changes driven by interest rates;
- changes in laws, regulations (including tax regulations), market conditions, interest rates and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements;
- the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act;
- increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB's cost of funds);

# 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; 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;

# Cautionary note regarding forward looking statements

- federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation and tax rates, increases in capital requirements, regulatory policy changes, environmental laws and regulations (including resulting compliance costs and risks of fines and penalties and/or liabilities), the regulation of greenhouse gas emissions, governmental fees and assessments (such as Federal Deposit Insurance Corporation assessments), and potential carbon "cap and trade" legislation that may fundamentally alter costs to produce electricity and accelerate the move to renewable generation);
- developments in laws, regulations and policies governing protections for historic, archaeological and cultural sites, and plant and animal species and habitats, as well as developments in the implementation and enforcement of such laws, regulations and policies;
- discovery of conditions that may be attributable to historical chemical releases, including any necessary investigation and remediation, and any associated enforcement, litigation or regulatory oversight;
- decisions by the PUC in rate cases and other proceedings (including the risks of delays in the timing of decisions, adverse changes in final decisions from interim decisions and the disallowance of project costs as a result of adverse regulatory audit reports or otherwise);
- decisions by the PUC and by other agencies and courts on land use, environmental and other permitting issues (such as required corrective actions, restrictions and penalties that may arise, such as with respect to environmental conditions or RPS);
- potential enforcement actions by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and/or other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under existing or new banking and consumer protection laws and regulations or with respect to capital adequacy);
- the risks associated with the geographic concentration of HEI's businesses and ASB's loans, ASB's concentration in a single product type (i.e., first mortgages) and ASB's significant credit relationships (i.e., concentrations of large loans and/or credit lines with certain customers);
- changes in accounting principles applicable to HEI and its subsidiaries, including the adoption of new U.S. accounting standards, the potential discontinuance of regulatory accounting related to PBR or other regulatory changes, the effects of potentially required consolidation of variable interest entities (VIEs), or required finance lease or on-balance-sheet operating lease accounting for PPAs with IPPs;
- downgrades by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and their impact on results of financing efforts;
- faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage-servicing assets of ASB;
- changes in ASB's loan portfolio credit profile and asset quality and/or mix, which may increase or decrease the required level of provision for credit losses, allowance for credit losses (ACL) and charge-offs;
- changes in ASB's deposit cost or mix which may have an adverse impact on ASB's cost of funds;
- unanticipated changes from the expected discontinuance of LIBOR and the transition to an alternative reference rate, which may include adverse impacts to the Company's cost of capital, loan portfolio and interest income on loans;
- the final outcome of tax positions taken by HEI and its subsidiaries;
- the risks of suffering losses and incurring liabilities that are uninsured (e.g., damages to the Utilities' transmission and distribution system and losses from business interruption) or underinsured (e.g., losses not covered as a result of insurance deductibles or other exclusions or exceeding policy limits);
- 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.