

Section 1: 8-K (8-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: July 30, 2020

| | | |
|---|---------------------------|---------------------------------------|
| Exact Name of Registrant as Specified in Its Charter | Commission File Number | I.R.S. Employer Identification No. |
| Hawaiian Electric Industries, Inc. | 1-8503 | 99-0208097 |

State of Hawaii
(State or other jurisdiction of incorporation)

1001 Bishop Street, Suite 2900, Honolulu, Hawaii 96813
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code:
(808) 543-5662

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to 12(b) of the Act:

| Registrant | Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|------------------------------------|---------------------------------|-------------------|---|
| Hawaiian Electric Industries, Inc. | Common Stock, Without Par Value | HE | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

On July 30, 2020, HEI issued a news release, "American Savings Bank Reports Second Quarter 2020 Financial Results." This news release is furnished as Exhibit 99.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit 99

News release, dated July 30, 2020, "American Savings Bank Reports Second Quarter 2020 Financial Results"

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

The information furnished in connection with this current report on Form 8-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HAWAIIAN ELECTRIC INDUSTRIES, INC.

(Registrant)

/s/ Gregory C. Hazelton

Gregory C. Hazelton

Executive Vice President and

Chief Financial Officer

(Principal Financial Officer)

Date: July 30, 2020



Catalyst for a better Hawai'i



NEWS RELEASE

July 30, 2020

Contact: Julie R. Smolinski
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AMERICAN SAVINGS BANK REPORTS SECOND QUARTER 2020 FINANCIAL RESULTS

2Q 2020 Net Income of \$14.0 Million

Strong Mortgage Production, Good Cost Control, Healthy Liquidity

HONOLULU - American Savings Bank, F.S.B. (American), a wholly-owned subsidiary of Hawaiian Electric Industries, Inc. (NYSE - HE), today reported net income for the second quarter of 2020 of \$14.0 million. This compares to \$15.8 million in the first, or linked, quarter of 2020, and \$17.0 million in the second quarter of 2019.

“I’m extremely proud of the performance of our teammates for our customers, our bank and our community through a quarter filled with challenges,” said Rich Wacker, president and chief executive officer of American. “Our results reflect the impact of the crisis in the compression of our lending margins and higher provision for potential credit losses. We were able to partially offset these pressures through strong mortgage production, good cost control and a gain on sale of securities, while strong deposit growth reinforced our healthy liquidity position. As the uncertain environment unfolds, we will continue to work closely with our customers to manage our risk and serve as a source of stability.”

Financial Highlights

Net interest income was \$56.7 million in the second quarter of 2020 compared to \$61.1 million in the linked quarter, and \$61.5 million in the second quarter of 2019. The decrease compared to the linked and prior year quarters was primarily due to lower asset yields within the loan and investment portfolios as a result of the lower interest rate environment. The investment portfolio yield was reduced by higher amortization of premiums within the mortgage backed securities portfolio in the second quarter. Net interest margin for the second quarter of 2020 was 3.21%, compared to 3.72% in the linked quarter and 3.82% in the second quarter of 2019.

The provision for credit losses was \$15.1 million in the second quarter of 2020 compared to \$10.4 million in the linked quarter and \$7.7 million in the second quarter of 2019. The higher provision for the quarter was primarily due to \$7 million in additional credit reserves related to COVID-19, as well as \$4 million in provisioning for unfunded commitments.

The net charge-off ratio for the second quarter of 2020 was 0.49%, compared to 0.44% in the linked quarter and 0.29% in the second quarter of 2019. Nonaccrual loans as a percent of total loans receivable held for investment was 0.86% in the second quarter of 2020, compared to 0.90% in the linked quarter and 0.79% in the prior year quarter.

Noninterest income was \$24.2 million in the second quarter of 2020, compared to \$14.8 million in the linked quarter and \$15.5 million in the second quarter of 2019. The increase in noninterest income from the linked and prior year quarters was primarily due to a \$7.1 million gain related to the sale of 34,680 Visa Class B restricted shares and a \$2.2 million gain on the sale of investment securities as we sold some legacy positions to reduce credit risk and yield volatility in our investment portfolio.

Noninterest expense was \$48.4 million in the second quarter of 2020, compared to \$46.5 million in the linked quarter and \$48.0 million in the second quarter of 2019. During the quarter, American incurred \$3.7 million in COVID-19 related expenses, which consisted of additional pay to frontline employees who continued serving customers during the pandemic, the repurchase of excess vacation days for employees unable to use vacation while working through the pandemic, purchases of personal protective equipment and sanitation supplies, and employee meals purchased to promote employee safety and support small business restaurants. The higher COVID-19 related expenses were partially offset by lower travel, business development and marketing expenses.

Total loans were \$5.5 billion as of June 30, 2020, up 6.45%¹ from December 31, 2019, driven mainly by the addition of \$370 million in Paycheck Protection Program (PPP) loans, as well as increases in the commercial real estate and commercial and industrial portfolios, offset by decreases in the retail portfolio.

Total deposits were \$7.0 billion as of June 30, 2020, an increase of 12.1%² from December 31, 2019. The average cost of funds was 0.18% for the quarter, down six basis points versus the linked quarter and down twelve basis points versus the prior year quarter.

Overall, American's return on average equity for the second quarter of 2020 was 8.00%, compared to 9.15% in the linked quarter and 10.46% in the second quarter of 2019. Return on average assets was

¹ Annualized from December 31, 2019, total loans as of June 30, 2020 increased 12.9%.

² Annualized from December 31, 2019, total deposits as of June 30, 2020 increased 24.2%.

0.72% for the second quarter of 2020, compared to 0.87% in the linked quarter and 0.96% in the same quarter last year.

In the second quarter of 2020, American retained capital and did not pay a dividend to HEI to support its commitment to PPP lending to the community while maintaining healthy capital levels. American had a leverage ratio of 8.4% at June 30, 2020.

HEI EARNINGS RELEASE, HEI WEBCAST AND CONFERENCE CALL TO DISCUSS EARNINGS AND 2020 GUIDANCE

Concurrent with American's regulatory filing 30 days after the end of the quarter, American announced its second quarter 2020 financial results today. Please note that these reported results relate only to American and are not necessarily indicative of HEI's consolidated financial results for second quarter 2020.

HEI plans to announce its second quarter 2020 consolidated financial results on Thursday, August 6, 2020 and will also conduct a webcast and conference call at 10:15 a.m. Hawaii time (4:15 p.m. Eastern time) that same day to discuss its consolidated earnings, including American's earnings, and 2020 guidance.

Interested parties within the United States may listen to the conference by calling (844) 834-0652 and international parties may listen to the conference by calling (412) 317-5198 or by accessing the webcast on HEI's website at www.hei.com under the "Investor Relations" section, sub-heading "News and Events — Events and Presentations."

HEI and Hawaiian Electric Company, Inc. (Hawaiian Electric) intend to continue to use HEI's website, www.hei.com, as a means of disclosing additional information. Such disclosures will be included on HEI's website in the Investor Relations section. Accordingly, investors should routinely monitor the Investor Relations section of HEI's website at www.hei.com in addition to following HEI's, Hawaiian Electric's and American's press releases, HEI's and Hawaiian Electric's Securities and Exchange Commission (SEC) filings and HEI's public conference calls and webcasts. The information on HEI's website is not incorporated by reference in this document or in HEI's and Hawaiian Electric's SEC filings unless, and except to the extent, specifically incorporated by reference. Investors may also wish to refer to the Public Utilities Commission of the State of Hawaii (PUC) website at dms.puc.hawaii.gov/dms in order to review documents filed with and issued by the PUC. No information on the PUC website is incorporated by reference in this document or in HEI's and Hawaiian Electric's SEC filings.

An on-line replay of the August 6, 2020 webcast will be available on HEI's website beginning about two hours after the event. Audio replays of the conference call will also be available approximately two hours after the event through August 20, 2020 by dialing (877) 344-7529 or (412) 317-0088 and entering passcode 10146073.

HEI supplies power to approximately 95% of Hawaii's population through its electric utility, Hawaiian Electric; provides a wide array of banking and other financial services to consumers and businesses through American, one of Hawaii's largest financial institutions; and helps advance Hawaii's clean energy and sustainability goals through investments by its non-regulated subsidiary, Pacific Current, LLC.

FORWARD-LOOKING STATEMENTS

This release may 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, 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.

Forward-looking statements in this release should be read in conjunction with the "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" discussions (which are incorporated by reference herein) set forth in HEI's Annual Report on Form 10-K for the year ended December 31, 2019 and HEI's other periodic reports that discuss important factors that could cause HEI's results to differ materially from those anticipated in such statements. These 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, American and their subsidiaries undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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American Savings Bank, F.S.B.
STATEMENTS OF INCOME DATA
(Unaudited)

| (in thousands) | Three months ended | | | Six months ended June 30, | |
|---|--------------------|------------------|------------------|---------------------------|------------------|
| | June 30, 2020 | March 31, 2020 | June 30, 2019 | 2020 | 2019 |
| Interest and dividend income | | | | | |
| Interest and fees on loans | \$ 53,541 | \$ 55,545 | \$ 58,620 | \$ 109,086 | \$ 116,480 |
| Interest and dividends on investment securities | 6,288 | 9,430 | 7,535 | 15,718 | 18,163 |
| Total interest and dividend income | 59,829 | 64,975 | 66,155 | 124,804 | 134,643 |
| Interest expense | | | | | |
| Interest on deposit liabilities | 3,071 | 3,587 | 4,287 | 6,658 | 8,539 |
| Interest on other borrowings | 75 | 313 | 411 | 388 | 939 |
| Total interest expense | 3,146 | 3,900 | 4,698 | 7,046 | 9,478 |
| Net interest income | 56,683 | 61,075 | 61,457 | 117,758 | 125,165 |
| Provision for credit losses | 15,133 | 10,401 | 7,688 | 25,534 | 14,558 |
| Net interest income after provision for credit losses | 41,550 | 50,674 | 53,769 | 92,224 | 110,607 |
| Noninterest income | | | | | |
| Fees from other financial services | 3,102 | 4,571 | 4,798 | 7,673 | 9,360 |
| Fee income on deposit liabilities | 2,897 | 5,113 | 5,004 | 8,010 | 10,082 |
| Fee income on other financial products | 1,212 | 1,872 | 1,830 | 3,084 | 3,423 |
| Bank-owned life insurance | 1,673 | 794 | 2,390 | 2,467 | 4,649 |
| Mortgage banking income | 6,252 | 2,000 | 976 | 8,252 | 1,590 |
| Gain on sale of securities, net | 9,275 | — | — | 9,275 | — |
| Other income, net | (251) | 413 | 534 | 162 | 992 |
| Total noninterest income | 24,160 | 14,763 | 15,532 | 38,923 | 30,096 |
| Noninterest expense | | | | | |
| Compensation and employee benefits | 25,079 | 25,777 | 25,750 | 50,856 | 51,262 |
| Occupancy | 5,442 | 5,267 | 5,479 | 10,709 | 10,149 |
| Data processing | 3,849 | 3,837 | 3,852 | 7,686 | 7,590 |
| Services | 2,474 | 2,809 | 2,606 | 5,283 | 5,032 |
| Equipment | 2,290 | 2,339 | 2,189 | 4,629 | 4,253 |
| Office supplies, printing and postage | 1,049 | 1,341 | 1,663 | 2,390 | 3,023 |
| Marketing | 379 | 802 | 1,323 | 1,181 | 2,313 |
| FDIC insurance | 751 | 102 | 628 | 853 | 1,254 |
| Other expense ¹ | 7,063 | 4,194 | 4,519 | 11,257 | 8,373 |
| Total noninterest expense | 48,376 | 46,468 | 48,009 | 94,844 | 93,249 |
| Income before income taxes | 17,334 | 18,969 | 21,292 | 36,303 | 47,454 |
| Income taxes | 3,320 | 3,208 | 4,276 | 6,528 | 9,599 |
| Net income | \$ 14,014 | \$ 15,761 | \$ 17,016 | \$ 29,775 | \$ 37,855 |
| Comprehensive income | \$ 13,734 | \$ 35,608 | \$ 31,291 | \$ 49,342 | \$ 58,382 |
| OTHER BANK INFORMATION (annualized %, except as of period end) | | | | | |
| Return on average assets | 0.72 | 0.87 | 0.96 | 0.79 | 1.07 |
| Return on average equity | 8.00 | 9.15 | 10.46 | 8.57 | 11.76 |
| Return on average tangible common equity | 9.07 | 10.39 | 11.97 | 9.72 | 13.48 |
| Net interest margin | 3.21 | 3.72 | 3.82 | 3.46 | 3.90 |
| Efficiency ratio | 59.84 | 61.27 | 62.36 | 60.53 | 60.06 |
| Net charge-offs to average loans outstanding | 0.49 | 0.44 | 0.29 | 0.46 | 0.34 |
| As of period end | | | | | |
| Nonaccrual loans to loans receivable held for investment | 0.86 | 0.90 | 0.79 | | |
| Allowance for credit losses to loans outstanding | 1.50 | 1.49 | 1.17 | | |
| Tangible common equity to tangible assets | 7.9 | 8.3 | 8.2 | | |
| Tier-1 leverage ratio | 8.4 | 8.8 | 8.7 | | |
| Dividend paid to HEI (via ASB Hawaii, Inc.) (\$ in millions) | \$ — | \$ 28.0 | \$ 15.0 | \$ 28.0 | \$ 33.0 |

¹ The three- and six-month periods ended June 30, 2020 include approximately \$3.7 million and \$3.8 million, respectively, of certain significant direct and incremental COVID-19 related costs. These costs, which have been recorded in *Other expense*, include \$2.3 million of compensation expense and \$1.1 million of enhanced cleaning and sanitation costs.

This information should be read in conjunction with the consolidated financial statements and the notes thereto in HEI filings with the SEC. Results of operations for

interim periods are not necessarily indicative of results to be expected for future interim periods or the full year.

American Savings Bank, F.S.B.
BALANCE SHEETS DATA
(Unaudited)

(in thousands)

| | June 30, 2020 | December 31, 2019 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and due from banks | \$ 140,968 | \$ 129,770 |
| Interest-bearing deposits | 365,996 | 48,628 |
| Investment securities | | |
| Available-for-sale, at fair value | 1,389,633 | 1,232,826 |
| Held-to-maturity, at amortized cost | 124,623 | 139,451 |
| Stock in Federal Home Loan Bank, at cost | 9,880 | 8,434 |
| Loans held for investment | 5,437,817 | 5,121,176 |
| Allowance for credit losses | (81,307) | (53,355) |
| Net loans | 5,356,510 | 5,067,821 |
| Loans held for sale, at lower of cost or fair value | 37,143 | 12,286 |
| Other | 512,722 | 511,611 |
| Goodwill | 82,190 | 82,190 |
| Total assets | \$ 8,019,665 | \$ 7,233,017 |
| Liabilities and shareholder's equity | | |
| Deposit liabilities—noninterest-bearing | \$ 2,422,042 | \$ 1,909,682 |
| Deposit liabilities—interest-bearing | 4,607,910 | 4,362,220 |
| Other borrowings | 124,975 | 115,110 |
| Other | 158,344 | 146,954 |
| Total liabilities | 7,313,271 | 6,533,966 |
| Common stock | 1 | 1 |
| Additional paid-in capital | 350,826 | 349,453 |
| Retained earnings | 344,662 | 358,259 |
| Accumulated other comprehensive loss, net of tax benefits | | |
| Net unrealized gains on securities | \$ 21,264 | \$ 2,481 |
| Retirement benefit plans | (10,359) | (11,143) |
| Total shareholder's equity | 706,394 | 699,051 |
| Total liabilities and shareholder's equity | \$ 8,019,665 | \$ 7,233,017 |

This information should be read in conjunction with the consolidated financial statements and the notes thereto in HEI filings with the SEC.