

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: April 30, 2020

| | | |
|--|----------------------------------|--|
| Exact Name of Registrant <u>as Specified in Its Charter</u> | Commission <u>File Number</u> | I.R.S. Employer <u>Identification No.</u> |
| 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 April 30, 2020, HEI issued a news release, "American Savings Bank Reports First 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 April 30, 2020, "American Savings Bank Reports First 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: April 30, 2020

Section 2: EX-99 (EX-99)

Exhibit 99



Catalyst for a better Hawai'i



NEWS RELEASE

April 30, 2020

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

1Q 2020 Net Income of \$15.8 Million

Solid Capital and Liquidity Position

Strong Deposit Growth

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 first quarter of 2020 of \$15.8 million. This compares to \$28.2 million in the fourth, or linked, quarter of 2019, which included an after-tax gain of \$7.7 million¹ related to the sales of former properties, net of exit costs to transition to American's new campus, and \$20.8 million in the first quarter of 2019.

“Our results reflect a lot of the good work our team delivered as we kicked off 2020, but we also increased our allowance for credit losses to reflect the challenges our customers face in the economic crisis unfolding at the end of the quarter,” said Rich Wacker, president and chief executive officer of American. “With healthy capital and liquidity positions, we are devoting our efforts to help customers and the community fight through this storm. Our work on the Paycheck Protection Program is helping more than 2,500 companies preserve nearly 40,000 jobs.”

Financial Highlights

Net interest income was \$61.1 million in the first quarter of 2020 compared to \$60.9 million in the linked quarter, and \$63.7 million in the first quarter of 2019. The decrease compared to the prior year quarter was primarily due to lower asset yields as a result of lower interest rates, partially offset by lower cost of funds on interest bearing liabilities. Net interest margin for the first quarter of 2020 was 3.72%, compared to 3.74% in the linked quarter and 3.99% in the first quarter of 2019.

¹ The after-tax gain on sale of properties and the after-tax campus transition costs for the fourth quarter of 2019 were \$7.9 million and \$0.2 million, respectively.

The allowance for credit losses (ACL) for loans was \$53.4 million at December 31, 2019. Upon adoption of the new Current Expected Credit Losses (CECL) standard on January 1, 2020, American recognized an increase in ACL for loans of approximately \$21 million, which includes a \$2 million increase in allowance for loan commitments, as a cumulative effect adjustment from the change in accounting policy. A corresponding decrease in retained earnings was also recognized. At March 31, 2020, the ACL for loans totaled \$77.1 million, up \$23.7 million from December 31, 2019. The provision for credit losses was \$10.4 million in the first quarter of 2020 compared to \$5.6 million in the linked quarter and \$6.9 million in the first quarter of 2019. The higher provision for the quarter was primarily due to additional credit reserves related to COVID-19.

The net charge-off ratio for the first quarter of 2020 was 0.44%, compared to 0.41% in the linked quarter and 0.39% in the first quarter of 2019. Nonaccrual loans as a percent of total loans receivable held for investment was 0.90% in the first quarter of 2020, compared to 0.58% in the linked quarter and 0.83% in the prior year quarter. The increase versus the linked and prior year quarters was primarily driven by a commercial real estate exposure that contributed to higher loss reserves in the prior year, and which was placed on nonaccrual this quarter.

Noninterest income was \$14.8 million in the first quarter of 2020, compared to \$26.3 million in the linked quarter and \$14.6 million in the first quarter of 2019. The decrease in noninterest income from the linked quarter was primarily due to the aforementioned gain on sales of former properties.

Noninterest expense was \$46.5 million in the first quarter of 2020, compared to \$46.2 million in the linked quarter and \$45.2 million in the first quarter of 2019. The increase in noninterest expense compared to the prior year quarter was primarily due to higher occupancy costs related to American's new campus.

Total loans were \$5.2 billion as of March 31, 2020, up 4.7% annualized from December 31, 2019, driven mainly by increases in the commercial and commercial real estate portfolios, offset by reductions in the retail loan portfolios.

Total deposits were \$6.4 billion as of March 31, 2020, an increase of 7.1% annualized from December 31, 2019. The average cost of funds was 0.24% for the quarter, down two basis points versus the linked quarter and down seven basis points versus the prior year quarter.

Overall, American's return on average equity for the first quarter of 2020 was 9.1%, compared to 16.5% in the linked quarter and 13.1% in the first quarter of 2019. Return on average assets was 0.87% for the first quarter of 2020, compared to 1.58% in the linked quarter and 1.18% in the same quarter last year. Fourth quarter 2019 return on average equity and return on assets were elevated due to the previously mentioned gain on sales of former properties.

In the first quarter of 2020, American paid dividends of \$28.0 million to HEI while maintaining healthy capital levels—leverage ratio of 8.8% and total capital ratio of 13.9% at March 31, 2020.

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

Concurrent with American’s regulatory filing 30 days after the end of the quarter, American announced its first 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 first quarter 2020.

HEI plans to announce its first quarter 2020 consolidated financial results on Tuesday, May 5, 2020 and will also conduct a webcast and conference call at 7:30 a.m. Hawaii time (1:30 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 May 5, 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 May 19, 2020 by dialing (877) 344-7529 or (412) 317-0088 and entering passcode 10142250.

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 | | |
|--|--------------------|----------------------|-------------------|
| | March 31, 2020 | December 31, 2019 | March 31, 2019 |
| Interest and dividend income | | | |
| Interest and fees on loans | \$ 55,545 | \$ 57,892 | \$ 57,860 |
| Interest and dividends on investment securities | 9,430 | 7,160 | 10,628 |
| Total interest and dividend income | 64,975 | 65,052 | 68,488 |
| Interest expense | | | |
| Interest on deposit liabilities | 3,587 | 3,907 | 4,252 |
| Interest on other borrowings | 313 | 249 | 528 |
| Total interest expense | 3,900 | 4,156 | 4,780 |
| Net interest income | 61,075 | 60,896 | 63,708 |
| Provision for credit losses | 10,401 | 5,607 | 6,870 |
| Net interest income after provision for credit losses | 50,674 | 55,289 | 56,838 |
| Noninterest income | | | |
| Fees from other financial services | 4,571 | 4,830 | 4,562 |
| Fee income on deposit liabilities | 5,113 | 5,475 | 5,078 |
| Fee income on other financial products | 1,872 | 1,378 | 1,593 |
| Bank-owned life insurance | 794 | 1,378 | 2,259 |
| Mortgage banking income | 2,000 | 1,863 | 614 |
| Gain on sale of real estate | — | 10,762 | — |
| Other income, net | 413 | 654 | 458 |
| Total noninterest income | 14,763 | 26,340 | 14,564 |
| Noninterest expense | | | |
| Compensation and employee benefits | 25,777 | 26,383 | 25,512 |
| Occupancy | 5,267 | 5,429 | 4,670 |
| Data processing | 3,837 | 3,953 | 3,738 |
| Services | 2,809 | 2,378 | 2,426 |
| Equipment | 2,339 | 2,344 | 2,064 |
| Office supplies, printing and postage | 1,341 | 1,192 | 1,360 |
| Marketing | 802 | 1,035 | 990 |
| FDIC insurance | 102 | (45) | 626 |
| Other expense | 4,194 | 3,537 | 3,854 |
| Total noninterest expense | 46,468 | 46,206 | 45,240 |
| Income before income taxes | 18,969 | 35,423 | 26,162 |
| Income taxes | 3,208 | 7,193 | 5,323 |
| Net income | \$ 15,761 | \$ 28,230 | \$ 20,839 |
| Comprehensive income | \$ 35,608 | \$ 33,300 | \$ 27,091 |
| OTHER BANK INFORMATION (annualized %, except as of period end) | | | |
| Return on average assets | 0.87 | 1.58 | 1.18 |
| Return on average equity | 9.15 | 16.45 | 13.09 |
| Return on average tangible common equity | 10.39 | 18.69 | 15.03 |
| Net interest margin | 3.72 | 3.74 | 3.99 |
| Efficiency ratio | 61.27 | 52.97 | 57.80 |
| Net charge-offs to average loans outstanding | 0.44 | 0.41 | 0.39 |
| As of period end | | | |
| Nonaccrual loans to loans receivable held for investment | 0.90 | 0.58 | 0.83 |
| Allowance for loan losses to loans outstanding | 1.49 | 1.04 | 1.12 |
| Tangible common equity to tangible assets | 8.3 | 8.6 | 8.1 |
| Tier-1 leverage ratio | 8.8 | 9.1 | 8.7 |
| Total capital ratio | 13.9 | 14.3 | 13.9 |
| Dividend paid to HEI (via ASB Hawaii, Inc.) (\$ in millions) | \$ 28.0 | \$ 9.0 | \$ 18.0 |

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)

| | March 31, 2020 | December 31, 2019 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and due from banks | \$ 186,897 | \$ 129,770 |
| Interest-bearing deposits | 2,635 | 48,628 |
| Investment securities | | |
| Available-for-sale, at fair value | 1,340,241 | 1,232,826 |
| Held-to-maturity, at amortized cost | 134,656 | 139,451 |
| Stock in Federal Home Loan Bank, at cost | 9,760 | 8,434 |
| Loans held for investment | 5,180,932 | 5,121,176 |
| Allowance for credit losses | (77,084) | (53,355) |
| Net loans | 5,103,848 | 5,067,821 |
| Loans held for sale, at lower of cost or fair value | 18,155 | 12,286 |
| Other | 507,363 | 511,611 |
| Goodwill | 82,190 | 82,190 |
| Total assets | \$ 7,385,745 | \$ 7,233,017 |
| Liabilities and shareholder's equity | | |
| Deposit liabilities–noninterest-bearing | \$ 1,969,694 | \$ 1,909,682 |
| Deposit liabilities–interest-bearing | 4,414,089 | 4,362,220 |
| Other borrowings | 157,605 | 115,110 |
| Other | 152,365 | 146,954 |
| Total liabilities | 6,693,753 | 6,533,966 |
| Common stock | 1 | 1 |
| Additional paid-in capital | 350,158 | 349,453 |
| Retained earnings | 330,648 | 358,259 |
| Accumulated other comprehensive loss, net of tax benefits | | |
| Net unrealized gains on securities | \$ 21,929 | \$ 2,481 |
| Retirement benefit plans | (10,744) | (11,143) |
| Total shareholder's equity | 691,992 | 699,051 |
| Total liabilities and shareholder's equity | \$ 7,385,745 | \$ 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.