Hawaiian Electric Industries, Inc.
EEI Financial Conference
November 10 -12, 2019
Cautionary statements and risk factors that may affect future results
This presentation includes forward-looking statements within the meaning of the federal securities laws. Actual results could differ materially from such forward-looking statements. The factors that could cause actual results to differ are discussed in the appendix that follows this presentation and in HEI’s SEC filings.

Non-GAAP financial information
This presentation refers to certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (GAAP). For reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measures, see the Appendix that follows this presentation.

Core results referred to in this presentation are non-GAAP financial measures. Core results exclude the impact of the federal tax reform act due to the adjustment of deferred tax asset balances and a one-time employee bonus paid by the bank related to federal tax reform.
HEI – A catalyst for a better Hawaii

• HEI's place-based strategy provides long-term shareholder value through strategic investments in Hawaii's growing economy and a leading role in Hawaii's transformation to a resilient, sustainable future

• Efficient capital generation and optimized capital structure

• Leading Hawaii toward a 100% clean energy, carbon neutral future with Hawaiian Electric

• Stable growth with low funding costs and efficient operations from American Savings Bank in attractive Hawaii banking market

• Pacific Current broadens investment opportunities in sustainable, Hawaii-based infrastructure

• Dedicated to creating a better Hawaii
**Our enterprise**

Delivering consistent, predictable earnings while limiting the need to issue equity

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**How we drive shareholder value**

- **Hawaiian Electric**: Provides electricity for 95% of Hawaii’s population through 5 separate island grids.
- **American Savings Bank**: Serving our communities as Hawaii’s third largest bank, with over $7 billion in assets.
- **Current Pacific**: Invests in infrastructure to advance Hawaii’s clean energy and sustainability goals.

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1 Hawaiian Electric Company, Inc. is a subsidiary of HEI. As a holding company, HEI does not sell products or services and therefore is unregulated by the state Public Utilities Commission.
ESG is in our DNA, and our core strategies
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 goal in a way that is 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

**PACIFIC CURRENT**
Mission to advance Hawaii’s sustainability goals through investment in clean energy, water, wastewater and agriculture

Deepening ESG Integration

- Conducted ESG materiality assessment for all companies within enterprise
- Board strategic retreat to oversee development of ESG assessment and strategy
- Formalizing ESG integration into risk management and strategic planning
HEI overview
Hawaii’s largest corporation with a diversified platform supplying energy, investing in a sustainable future, and providing financial services

Hawaiian Electric
American Savings Bank
Pacific Current

Catalyst for a better Hāwaiʻi

$4.8B
Market capitalization¹

2.9%
Dividend yield¹

16%
5-year total return (CAGR%) for period ending 9/30/19

64% (Utility)
Subsidiary contributions to net income²

3,898
Full time employees³
(Including 2,704 utility employees and 1,148 bank employees)

3,898
Utility service territory

Hawaii-focused
Serving the full state

Data above as of 12/31/2018 unless otherwise indicated
1 Market capitalization and dividend yield are based on the closing price of $43.85 on 11/5/2019.
2 Based on LTM 9/30/2019 earnings to common shareholders and excludes other companies’ net loss.
3 Full time employees as of 12/31/2018.
Continued financial performance

Utility continues to execute to full year plan while ASB is executing well in a challenging interest rate environment.

### YTD SEPT NET INCOME

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holding Co. &amp; Other</td>
<td>$108.4</td>
<td>$111.5</td>
</tr>
<tr>
<td>Utility</td>
<td>$60.7</td>
<td>$60.7</td>
</tr>
<tr>
<td>Bank</td>
<td>$(16.9)</td>
<td>$(20.6)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holding Co. &amp; Other</td>
<td>$0.99</td>
<td>$1.02</td>
</tr>
<tr>
<td>Utility</td>
<td>$0.56</td>
<td>$0.56</td>
</tr>
<tr>
<td>Bank</td>
<td>$(0.15)</td>
<td>$(0.19)</td>
</tr>
</tbody>
</table>

### CONSOLIDATED LTM HEI ROE

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP</td>
<td>8.6%</td>
<td></td>
</tr>
<tr>
<td>Core</td>
<td>9.4%</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility</td>
<td>GAAP 7.2%</td>
<td>7.6%</td>
</tr>
<tr>
<td></td>
<td>Core 7.7%</td>
<td></td>
</tr>
<tr>
<td>Bank1</td>
<td>13.8%</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

Note: Columns may not foot due to rounding.
See the reconciliation of GAAP to Non-GAAP (Core) measures in appendix to this presentation.
1 Bank ROEs shown are for Q3 2019, and are calculated using net income divided by the average daily balance of common equity.
2019 YTD highlights

- Improved Hawaiian Electric earnings; American Savings Bank maintaining industry-leading NIM despite challenging interest rate environment

- Hawaiian Electric’s Stage 2 RFP marks an important milestone towards achieving 100% renewable energy; 75 bids already received

- Hawaiian Electric won contract to own, operate and maintain Army distribution system on Oahu

- Hawaiian Electric submitted initial PBR proposal, and continues to work collaboratively with stakeholders through the process

- Pacific Current continues to optimize existing portfolio and pursue additional project opportunities and partnerships

During our third quarter webcast, we reiterated that we are on track to meet our earnings guidance range for the year
Track record of delivering shareholder value

Outperformed the S&P 500 and broader utility index YTD and over 1, 3 and 5 year periods with lower risk profile

Strong consolidated investment grade balance sheet provides access to competitively priced growth capital

Efficient capital structure and growing dividends from subsidiaries limit need for external equity; Subsidiary dividends to holding company increased ~30% since 2017

3.2% dividend increase enhances history of uninterrupted dividends since 1901; 67% dividend payout ratio in line with regulated utility industry peers

Sustained financial performance drives ability to invest in Hawaii; $2.1 billion invested in Hawaii infrastructure and $7.8 billion loaned to Hawaii customers over last 5 years

1 Based on bank dividends of $38 million, $50 million, and ~$60 million for 2017, 2018, and expected in 2019; and utility dividends of $88 million, $103 million, and ~$100 million, for 2017, 2018, and expected in 2019.
2 Based on 2018 net income of ~$202 million and 2018 dividends of ~$135 million.
3 Includes Pacific Current investments, utility capex, and ASB investment in new campus through 2018 year end.
HAWAIIAN ELECTRIC
Advancing Hawaii’s clean energy transition
Committed to ambitious renewable energy goals
Strong progress and on track to exceed next milestone

HAWAI’I’S 100% BY 2045 RPS GOAL IS AMONG THE MOST AMBITIOUS IN THE NATION

ON COURSE TO EXCEED 2020 TARGET OF 30%

1 2018 Renewable Portfolio Standard (RPS) achievement was impacted by the outage of Hawaii Island’s geothermal resource, third-party owned Puna Geothermal Venture (PGV), beginning in May 2018 as a result of the Kilauea volcanic eruption. 2018 RPS achievement would have been 29% had PGV produced at the same level as 2017.
Principles guiding our renewable energy plans
Focused on affordable, reliable, resilient renewable energy

- **Renewable energy is our #1 option**
  - We are **aggressively pursuing cost-effective renewable resources**

- **Every customer must have access to affordable, reliable, resilient electricity**
  - We must ensure access to **affordable electricity for all customers**

- **Today’s decisions must not crowd out tomorrow’s breakthroughs**
  - We can **put better technology to work** for our customers at lower cost as technology improves and costs decline

- **The grid must be modernized**
  - Grid-wide visibility and communications are needed to **integrate more renewable and distributed energy** and **provide customer options**

- **The lights must stay on**
  - Reliability and resilience are vital to our economy, our national security and critical societal infrastructure

- **Our plans must address climate change**
  - We are **aggressively working to minimize the effects of climate change** and have already cut greenhouse gas emissions 19% since 2010
  - Every choice has an impact, whether physical or financial. We seek to make the best choices possible through engaging with our stakeholders

- **There is no perfect choice**
**Key elements of clean energy transformation**

**Foundational Plans in Place**

- **Power Supply Improvement Plan**
  
  Long-range plan outlining scenarios and generation needs for achieving 100% RPS

- **Grid Modernization Strategy**
  
  Set forth path to modernize the grid to enable 100% RPS and more customer options

- **Electrification of Transportation Roadmap**
  
  Outlined strategy to increase adoption of electric vehicles and other electrification activities

**Key Initiatives Underway**

- **Aggressively procuring utility-scale renewable energy**

- **Growing distributed energy resources**

- **Implementing grid modernization strategy**
  - Deployment of smart meters, communications and data management systems to integrate more renewables
  - PUC approved Phase 1; applied for portion of Phase 2
  - Designing rates to deliver customer options, manage grid needs

- **Advancing electrification**
  - Initiated electric bus pilot providing time of use rates
  - Filed near-term workplan, focused on rates, make-ready infrastructure

- **Evolving regulatory framework to achieve Hawaii’s policy goals**
  - PUC decision on Phase 1 of PBR outlined conceptual framework
  - Details being developed in Phase 2

- **Launched next phase of long-range planning → Integrated Grid Planning (IGP)**
  - Combines planning and procurement for generation, transmission and distribution, including non-wires alternatives
Aggressively pursuing utility-scale renewables

Record procurement initiatives underway

• Launched among largest renewable procurement efforts ever undertaken by a US utility
  – Challenging market to deliver cost-effective projects for up to 900 MW renewable energy, 500 GWh storage, as well as grid services in Stage 2 RFP
  – 75 bids received as of Nov. 5, 2019
  – Follows PUC approval of 7 PPAs for 260 MW solar and ~1 GWh storage in Stage 1 RFP

• Innovative new PPA helping drive lower cost renewable energy, operational flexibility
  – Fixed monthly payment reduces developer financing costs, reducing energy prices for customers
  – Utility able to dispatch solar, wind to match needs of grid at lowest cost

• Replacing coal, oil-fired generation
  – 180 MW AES coal plant contract expires Sept. 2022
  – Oil-fired Kahului Power Plant planned for retirement by 2024 (and potentially earlier)

If approved and completed on time, Stage 1/Stage 2 projects could help us reach:
- ~50% RPS by 2022
- ~70% RPS by late 2020s

Key determinants of how fast we can go:
→ Community acceptance of projects
→ Market must deliver projects that are cost-effective for our customers
→ Land availability

1 Represents maximum amounts being sought. Actual amounts procured will depend on the market delivering cost-effective results.
Hawaiian Electric’s service territory has the nation’s highest penetration of rooftop solar

- Distributed energy resources (DER) are a key element of utility strategy, as they are essential to achieving 100% RPS

Hawaiian Electric is a national leader and innovator integrating high levels of intermittent, customer-sited solar

- Utility manages grid to ensure reliability with high levels of variable, intermittent distributed sources
- Innovative inverter technologies and smart meters used to manage distributed resources
- Our expertise routinely sought by other utilities

Under the utility’s DER programs, residential PV systems have grown an average of 21% annually since programs began in 2012

# of Residential PV Systems

- **HECO**
- **MECO**
- **HELCO**

<table>
<thead>
<tr>
<th>Year</th>
<th>HECO</th>
<th>MECO</th>
<th>HELCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>20,270</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>37,361</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>47,785</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>57,958</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>66,708</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>70,607</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>74,331</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>76,741</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q3
Renewable energy is key to customer affordability in Hawaii

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**UTILITY FOSSIL FUEL ENERGY COST**
Subject to volatile oil prices

**CONTRACTED RENEWABLE ENERGY COST**
Significant reduction in cost of utility-scale renewables

1 The 2011 fuel oil increase was largely driven by the nuclear disaster of the Fukushima power plant in March 2011 which increased the price of oil in Hawaii as our fuel oil purchases are largely driven by the Asia Pacific market.
Renewables, reliability and resilience drive capital investment
Annual investment of 2x depreciation to transform grid, integrate more renewables

### CAPITAL EXPENDITURES FORECAST

<table>
<thead>
<tr>
<th>Year</th>
<th>Forecast 2019</th>
<th>Forecast 2020</th>
<th>Forecast 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016A</td>
<td>$318</td>
<td>$401</td>
<td>$411</td>
</tr>
<tr>
<td>2017A</td>
<td>$370</td>
<td>$400-500</td>
<td>$400-500</td>
</tr>
<tr>
<td>2018A</td>
<td>$411</td>
<td>~$40</td>
<td>~$55</td>
</tr>
<tr>
<td>2019E</td>
<td>$400-500</td>
<td>$100</td>
<td>~$100</td>
</tr>
<tr>
<td>2020E</td>
<td>$400-500</td>
<td>$306</td>
<td>~$315</td>
</tr>
<tr>
<td>2021E</td>
<td>$400-500</td>
<td>~$315</td>
<td>~$315</td>
</tr>
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</table>

### RATE BASE FORECAST

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td>$2,833</td>
<td>$2,972</td>
<td>$3,212</td>
<td>$3,340</td>
<td>$3,450</td>
<td>$3,720-3,890</td>
</tr>
</tbody>
</table>

Note: Capex figures are net of CIAC.
1 Rate base is impacted primarily by plant additions but also includes other items (i.e., unamortized contributions in aid of construction, accumulated deferred income taxes, certain regulatory assets, etc.).
2 West Loch PV forecasted to be placed into service in 4Q19.
Phase 2 of PBR underway
Will determine financial impact of PBR as details are developed

- Extension of timeline to Dec. 2020 allows for thoughtful formulation of mechanisms
- Gradualism, utility financial integrity continue to be key principles
- Annual revenue adjustment mechanism has potential to eliminate lag in the current RAM
- New performance incentive mechanisms (PIMs) will supplement PIMs already in effect; PIMs will provide additional earnings opportunities
- Utility’s initial proposal, filed August 14, offers preliminary ideas and encourages stakeholder discussion
- Constructive, collaborative process, with workshops to ensure common understanding among all key stakeholders
AMERICAN SAVINGS BANK
Serving and investing in Hawaii’s families, businesses and communities
American Savings Bank: Strong management with consistent performance

• One of Hawaii’s largest financial institutions – full-service community bank with $7 billion in assets and 49 branches across the state

• Consistent profitability with growth opportunities in attractive Hawaii banking market

• Track record of maintaining low risk profile, strong balance sheet and low-cost funding base

• Strengthening efficiency for both bank and customers consolidation in new Honolulu campus

Maximizing shareholder value in the Hawaii market

✓ Focus on market segments that are faster growing or where we are under penetrated
✓ Execute efficiently to get the most out of our growth
✓ Deliver strong, consistent return on equity
✓ Return the capital on which we can’t earn the targeted returns
## Q3 2019 bank performance

- Continued execution in recent low interest rate environment, growing net income and maintaining net interest margin
- Best-in-class funding costs help maintain margins above peers
- Conservative growth strategy focused on prudent credit quality management while expanding loan portfolio

### Bank Net Income

<table>
<thead>
<tr>
<th>Quarter</th>
<th>3Q18</th>
<th>2Q19</th>
<th>3Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>($ in millions)</td>
<td>$21.2</td>
<td>$17.0</td>
<td>$22.9</td>
</tr>
</tbody>
</table>

### Key Bank Earnings Drivers

<table>
<thead>
<tr>
<th>Category</th>
<th>3Q19 vs 2Q19</th>
<th>3Q19 vs 3Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Noninterest income</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Noninterest expense</td>
<td>2</td>
<td>(2)</td>
</tr>
</tbody>
</table>

- Continued execution in recent low interest rate environment, growing net income and maintaining net interest margin
- Best-in-class funding costs help maintain margins above peers
- Conservative growth strategy focused on prudent credit quality management while expanding loan portfolio
Revenue growth driven primarily by net interest income

ASB has a track record of converting deposit growth to higher net interest income

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>Q318</th>
<th>Q319</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL DEPOSITS GREW 1.1%</td>
<td>$6,130</td>
<td>$6,196</td>
</tr>
<tr>
<td>Core</td>
<td>$5,325</td>
<td>$5,413</td>
</tr>
<tr>
<td>Time-based</td>
<td>$805</td>
<td>$783</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q318</th>
<th>Q319</th>
</tr>
</thead>
<tbody>
<tr>
<td>AVERAGE INTEREST-EARNING ASSETS INCREASED 2.3%</td>
<td>$6,377</td>
<td>$6,468</td>
</tr>
<tr>
<td>Loans</td>
<td>$4,765</td>
<td>$5,047</td>
</tr>
<tr>
<td>Investments &amp; other</td>
<td>$1,613</td>
<td>$1,421</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q218</th>
<th>Q219</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET INTEREST INCOME INCREASED 1.5%</td>
<td>$76.5</td>
<td>$78.4</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>$61.1</td>
<td>$62.1</td>
</tr>
<tr>
<td>Noninterest Income</td>
<td>$15.3</td>
<td>$16.3</td>
</tr>
</tbody>
</table>

Note: Columns may not foot due to rounding.
Source for peer data: SNL Financial (based on data available as of November 5, 2019).

Asset Yield: Total interest income as a percentage of average interest-earning assets.

Cost of funds: Total interest expense as a percentage of average interest-bearing and non-interest bearing liabilities.

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

1 Median for peer group based on publicly traded banks and thrifts between $4B and $9B in total assets.
Efficiency improvement remains a key focus

- ASB’s efficiency ratio continues improving trajectory (excluding campus transition costs, 58.7% Q319 YTD versus 59.4% 2018)¹

- Targeting an average of ~100 basis points of improvement per year through 2021

¹ Excluding year-to-date campus transition and occupancy costs from reported non-interest expense of $139.2 million year-to-date, the efficiency ratio is 58.7% year-to-date (versus 59.6% on a reported basis).

² Calculated as non-interest expense / (net interest income before provision + non-interest income).

³ Median for peer group based on publicly traded banks and thrifts between $4B and $9B in total assets. See Appendix for ASB peer group information.
Low-risk loan mix

TOTAL LOANS AT 09/30/19 - $5.0B

- Residential 1-4: 43%
- HELOC: 21%
- Commercial real estate: 16%
- Commercial markets: 13%
- Consumer: 5%
- Commercial construction & lot loans: 1%

1 Before deferred fees, discounts and allowance for loan losses.
Quality balance sheet and capital efficiency

**ASB¹**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average yield on earning assets</td>
<td>4.11%</td>
</tr>
<tr>
<td>Average cost of funds</td>
<td>0.30%</td>
</tr>
<tr>
<td>Return on average equity³</td>
<td>13.75%</td>
</tr>
</tbody>
</table>

**PEER BANKS²**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Median of avg. yield on earning assets</td>
<td>4.60%</td>
</tr>
<tr>
<td>Median of avg. cost of funds</td>
<td>1.10%</td>
</tr>
<tr>
<td>Return on avg. equity</td>
<td>11.09%</td>
</tr>
</tbody>
</table>

1. For quarter ending 9/30/2019.
2. For quarter ending 6/30/2019, except for return on equity, which is for quarter ending 9/30/2019. Peer group based on publicly traded banks and thrifts between $4B and $9B in total assets.
3. Bank return on average equity calculated using weighted average daily common equity.

Source for peer data: SNL Financial (based on data available as of October 30, 2019)
PACIFIC CURRENT
Pursuing opportunities in Hawaii’s sustainable infrastructure market
Sustainable infrastructure investment platform

- Proof of strategy with first two projects proceeding well
- Initial project’s earnings and cash flow helping fund Pacific Current start-up costs
- Near-term focus on identifying/pursuing new project opportunities

Advancing Hawaii’s Energy and Sustainability Goals through Competitive Investments

- Hawaii-based strategic capital
- Commercially viable & proven technology
- Ability to monetize tax credits
- Local relationships / partnerships

Sustainable Investment Strategy

- Invest in non-regulated clean energy and sustainability projects consistent with HEI’s risk profile and value proposition
- Investing in a portfolio of Hawaii-based infrastructure investments while maintaining HEI’s investment grade credit rating
Pacific Current recent initiatives highlight focus on sustainability

Recent developments

• Contract to provide locally-produced biofuels for Hamakua Energy facility advances Hawaii Island energy independence and energy security, supports local economy

• 5 solar + storage projects with University of Hawaii continue through construction phase

• Launch of EverCharge Hawaii joint venture to help advance EV adoption by addressing multi-unit dwelling charging challenges
  - System does not require expensive building infrastructure upgrades, making EV charging installation more affordable and scalable
Financial outlook
HEI 2019 EPS guidance
(as of November 1, 2019)

HEI EPS: $1.85 - $2.05 PER SHARE

UTILITY EPS: $1.40 - $1.47

KEY ASSUMPTIONS:
• No change to decoupling or recovery mechanisms
• No material impact from PIM penalties and rewards
• O&M excluding pension¹: forecasted at 5 – 6% above 2018 levels (excluding 2018 one time charges of ~$7 million, post-tax)
• Rate base growth: 4 – 6% over 2018
• 2019 capex at or above $370 million
• Equity capitalization at approved rate case levels

BANK EPS: $0.79 - $0.85

KEY ASSUMPTIONS:
• Low to mid-single digit earning asset growth
• NIM: ~3.85% to 3.95%
• Provision expense: $17 million to $22 million
• ROA: > 1.15%
• Note: Guidance range includes one-time net positive impact of $0.03-0.05 per share related to gain from sale of former headquarters, partially offset by moving costs

No new equity issuances in 2019

Note: Holding company and other net loss estimated at $0.28 - $0.30.
¹ Also excludes O&M expenses covered by surcharges or by third parties that are neutral to net income.
HEI financing outlook 2019
(as of September 30, 2019)

Intend to maintain a consolidated investment grade profile

Utility capex program equity needs funded without the need for HEI-issued equity

2019 HOLDING COMPANY SOURCES & USES OF CAPITAL ($ in millions)

Sources

- Debt Issuance, ~$30
- Utility Dividends, ~$100
- ASB Dividends, ~$60

Uses

- Shareholder Dividends, ~$140
- Holding Company Expense, ~$30
- HEI Investments in Utility, ~$20
- Utility Dividends, ~$100

Intend to maintain a consolidated investment grade profile.

Utility capex program equity needs funded without the need for HEI-issued equity.
HEI’s business strategy has provided superior risk-adjusted returns to its shareholders.

**ANNUALIZED TOTAL SHAREHOLDER RETURN**

<table>
<thead>
<tr>
<th></th>
<th>1-Year</th>
<th>3-Year</th>
<th>5-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEI</td>
<td>32.0%</td>
<td>19.3%</td>
<td>15.7%</td>
</tr>
<tr>
<td>UTY</td>
<td>27.5%</td>
<td>14.0%</td>
<td>13.1%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>4.2%</td>
<td>13.4%</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

**VOLATILITY**

<table>
<thead>
<tr>
<th></th>
<th>HEI</th>
<th>UTY</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Year</td>
<td>10.1%</td>
<td>10.7%</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

Note: Bloomberg as of 9/30/19; Assumes dividends are reinvested and returns are compounded

1. Weekly volatility over a 1-year period according to Bloomberg’s Historical Volatility Graph.
## Debt maturities & credit ratings
($ in millions)

<table>
<thead>
<tr>
<th>Credit Ratings</th>
<th>HEI</th>
<th>Hawaiian Electric</th>
<th>ASB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s²</td>
<td>Unrated/Positive/P-3</td>
<td>Baa2/Positive/P-2</td>
<td>n/a</td>
</tr>
<tr>
<td>S&amp;P³</td>
<td>BBB-/Stable/A-3</td>
<td>BBB-/Stable/A-3</td>
<td>BBB/ Stable/A-2</td>
</tr>
<tr>
<td>Fitch⁴</td>
<td>BBB/ Stable/F3</td>
<td>BBB+/ Stable/F2</td>
<td>n/a</td>
</tr>
</tbody>
</table>

1 Debt maturities data as of September 30, 2019 except for HECO, which includes special purpose revenue bonds closed on October 10, 2019. See** below
2 Source for ratings: November 2019 HEI & October 2019 Hawaiian Electric Moody’s reports; On February 10, 2017, Moody’s withdrew ratings of ASB for its own business reasons
3 Source for ratings: February 2018 (HEI), August 2019 (Hawaiian Electric) & December 2018 (ASB) S&P reports
4 Source for ratings: September 2019 (HEI) & July 2019 (Hawaiian Electric) Fitch reports

* Excludes debt expenses of ~ $9 million (does not reflect the adoption of ASU No. 2015-03, Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs)
** Includes $80 million Hawaiian Electric special purpose revenue bonds closed on October 10, 2019, which mature on October 1, 2049

### Debt Maturities & Credit Ratings

<table>
<thead>
<tr>
<th>Year</th>
<th>HEI</th>
<th>Hawaiian Electric</th>
<th>Pacific Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$1</td>
<td>$96</td>
<td>$4</td>
</tr>
<tr>
<td>2020</td>
<td>$4</td>
<td>$50</td>
<td>$52</td>
</tr>
<tr>
<td>2021</td>
<td>$4</td>
<td>$150</td>
<td>$150</td>
</tr>
<tr>
<td>2022</td>
<td>$4</td>
<td>$100</td>
<td>$1,257</td>
</tr>
<tr>
<td>2023</td>
<td>$4</td>
<td>$50</td>
<td></td>
</tr>
<tr>
<td>Thereafter to 2049</td>
<td>$150</td>
<td></td>
<td>$43</td>
</tr>
</tbody>
</table>

Pacific Current: ~$4 million debt payment in each year
Hawaii economy remains stable

Moderate pace of growth

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total arrivals</td>
<td>+3.5%</td>
<td>+5.5%</td>
</tr>
<tr>
<td>Total expenditures</td>
<td>-3.9%</td>
<td>-0.1%</td>
</tr>
</tbody>
</table>

- September 2019 – Hawaii: 2.7%; U.S.: 3.5%

Unemployment

- YTD September 2019 Oahu sales volume vs PY:
  - Single family homes, up 0.8%
  - Condominiums, down 6.7%

- YTD September 2019 Oahu median sales prices vs PY:
  - Single family homes: $785,000, down 0.5%
  - Condominiums: $425,000, down 1.0%

Real Estate

- Expected to increase 1.1% in 2019, 1.2% in 2020

Hawaii’s economic trends remain attractive
Visitor arrivals and expenditures remain strong despite slower growth

UNEMPLOYMENT RATE (%)  
Unemployment rate consistently below U.S. mainland

HAWAII VISITOR ARRIVALS (MILLIONS)  
Sustained growth in visitor arrivals

MEDIAN HOME PRICES1 (‘000s)  
Consistently strong home values

HAWAII VISITOR EXPENDITURES (BILLIONS)  
Strong contributions from visitor expenditures

1 Oahu median home price data is for single family homes. USA median home price data is for new homes.
Hawaii’s economy is driven by a diversity of factors

Federal defense spending and tourism from a diversity of economies drive economic stability

Exposure to a diverse range of economies and regions provides stability to tourism growth

Federal government jobs, primarily military, have historically been steady and predictable, and are expected to remain at ~33k through at least 2026

Federal defense spending is a larger portion of GDP than in any state except Virginia, providing GDP stability

---

1 2018 data. Source: Hawaii Department of Labor and Industrial Relations. “Other” category in “Financial & Other” includes manufacturing, information technology, and other professional services.

2 2018 Data. Source: DBEDT.

3 Source: Hawaii Department of Labor and Industrial Relations.

Oil is the primary driver of rates in Hawaii

**BREAKDOWN OF HAWAIIAN ELECTRIC RATES**
(typical residential bill)

<table>
<thead>
<tr>
<th>Year</th>
<th>Fuel</th>
<th>Purchased Energy Fossil Fuels</th>
<th>Revenue Taxes</th>
<th>Purchased Energy Renewables</th>
<th>PPAC Expenses</th>
<th>All Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>-</td>
<td>-</td>
<td>0.4</td>
<td>2.1</td>
<td>6.1</td>
<td>22.6</td>
<td>29.1</td>
</tr>
<tr>
<td>2011</td>
<td>-</td>
<td>4.4</td>
<td>0.7</td>
<td>2.7</td>
<td>6.6</td>
<td>29.1</td>
<td>31.8</td>
</tr>
<tr>
<td>2012</td>
<td>8.7</td>
<td>4.6</td>
<td>0.8</td>
<td>2.3</td>
<td>7.5</td>
<td>31.8</td>
<td>30.9</td>
</tr>
<tr>
<td>2013</td>
<td>4.5</td>
<td>3.0</td>
<td>0.9</td>
<td>2.9</td>
<td>7.9</td>
<td>30.9</td>
<td>31.5</td>
</tr>
<tr>
<td>2014</td>
<td>4.4</td>
<td>2.9</td>
<td>0.9</td>
<td>2.3</td>
<td>8.5</td>
<td>31.5</td>
<td>24.3</td>
</tr>
<tr>
<td>2015</td>
<td>6.8</td>
<td>4.5</td>
<td>1.1</td>
<td>2.4</td>
<td>8.7</td>
<td>24.3</td>
<td>22.0</td>
</tr>
<tr>
<td>2016</td>
<td>4.6</td>
<td>3.1</td>
<td>0.9</td>
<td>2.1</td>
<td>8.8</td>
<td>24.3</td>
<td>22.0</td>
</tr>
<tr>
<td>2017</td>
<td>6.2</td>
<td>2.8</td>
<td>0.9</td>
<td>2.3</td>
<td>8.8</td>
<td>22.0</td>
<td>24.3</td>
</tr>
<tr>
<td>2018</td>
<td>7.9</td>
<td>3.1</td>
<td>1.2</td>
<td>1.3</td>
<td>9.3</td>
<td>24.3</td>
<td>27.4</td>
</tr>
<tr>
<td>Oct-19</td>
<td>28.2</td>
<td>1.4</td>
<td>1.3</td>
<td>1.4</td>
<td>28.2</td>
<td>28.2</td>
<td>56.4</td>
</tr>
</tbody>
</table>

1 Hawaiian Electric Oahu average revenue per kWh sold.

2 Based on the October 2019 energy cost recovery factor for residential customers only.
Community acceptance of projects, as well as the market’s ability to deliver cost-effective projects are key determinants of reaching 50% RPS.
Maintaining strength of core business as renewable transformation continues

• Utility awarded 50-year Army privatization contract through competitive process
  – Subject to Commission approval, utility to own, operate and maintain electric
distribution system serving Army’s 12 O‘ahu installations beginning ~late 2021
  – Earnings impact not expected to be material; utility already provides electricity to Army

• Initiatives underway to improve cost-effectiveness
  – Enterprise system (ERP) already delivering savings; steady state benefits to start in
2020, a year early
  – One Company consolidation and standardization
  – Oahu facilities consolidation
  – Expanding use of technologies to reduce costs
  – Benefit program evaluation

• Regular rate case cycle continuing prior to PBR implementation
  – Hawaii Electric Light 2019 rate case: Partial settlement filed in Sept.; interim rates
anticipated Nov. 2019
  – Hawaiian Electric 2020 rate case: Filed application in Aug.; interim rates expected by
July 2020
Q3 2019 utility financial highlights
($ in millions)

**UTILITY NET INCOME**

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>$49.7</td>
<td>$46.8</td>
</tr>
</tbody>
</table>

3Q18 non-recurring tax benefit

**Key utility earnings drivers, after-tax fav/(unfav)**

<table>
<thead>
<tr>
<th>Description</th>
<th>3Q19 vs 3Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>New rates (Maui Electric) and RAM revenues</td>
<td>6</td>
</tr>
<tr>
<td>MPIR revenues</td>
<td>2</td>
</tr>
<tr>
<td>Higher AFUDC and lower interest</td>
<td>2</td>
</tr>
<tr>
<td>Pole attachment fees</td>
<td>1</td>
</tr>
<tr>
<td>Operations and maintenance (O&amp;M)(^1)</td>
<td>(8)</td>
</tr>
<tr>
<td>Q3 2018 tax adjustments</td>
<td>(5)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(2)</td>
</tr>
</tbody>
</table>

**Utility O&M expense, pre-tax fav/(unfav)**

<table>
<thead>
<tr>
<th>Description</th>
<th>3Q19 vs 3Q18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher generation overhaul costs</td>
<td>(4)</td>
</tr>
<tr>
<td>Higher preventive/corrective expense for generating facilities</td>
<td>(2)</td>
</tr>
<tr>
<td>Reset of pension costs included in rates as part of rate case decisions</td>
<td>(1)</td>
</tr>
<tr>
<td>Higher vegetation management costs</td>
<td>(1)</td>
</tr>
<tr>
<td>Higher medical premium costs</td>
<td>(1)</td>
</tr>
<tr>
<td>Higher consulting services for grid modernization projects</td>
<td>(1)</td>
</tr>
</tbody>
</table>

\(^1\) Includes pension but excludes net income neutral items covered by a surcharge or third party.
Utility LTM ROE reflects triennial rate case transition

LTM 9/30/19 CONSOLIDATED UTILITY ROE

1. Allowed ROE
2. Non-recoverable items (i.e. Incentive compensation, advertising, charitable contributions, etc.)
3. Short term interest rate on outstanding RBA balance lower than allowed
4. ERP carrying charge rate on balance lower than allowed
5. RAM Revenue accrual delay to June 1
6. MPIR Mid-Year Convention
7. Customer Benefit Adjustments to HE & ME
8. ROE less Structural Items
9. Depreciation over RAM Recovery
10. O&M and Rate Base over RAM Recovery
11. Interest Rate Savings on Re-financings
12. Others, net
13. Actual Q3 2019 Core ROE

ROE (%)

Structural
Lagged
### Customer benefit adjustments in the Hawaiian Electric and Maui Electric rate cases

<table>
<thead>
<tr>
<th>Year</th>
<th>Hawaiian Electric Pension Adjustment</th>
<th>Hawaiian Electric Plant Adds Adjustment</th>
<th>Maui Electric Pension Adjustment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$5,250</td>
<td>$3,552</td>
<td>$4,375</td>
<td>$2,960</td>
</tr>
<tr>
<td>2019</td>
<td>$6,000</td>
<td>$4,059</td>
<td>$5,000</td>
<td>$3,383</td>
</tr>
<tr>
<td>2020</td>
<td>$4,764</td>
<td>$3,223</td>
<td>$2,083</td>
<td>$1,409</td>
</tr>
<tr>
<td>2021</td>
<td>$3,882</td>
<td>$2,626</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>$3,882</td>
<td>$2,626</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td>$1,617</td>
<td>$1,094</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td>$136</td>
<td>$92</td>
</tr>
<tr>
<td>Total</td>
<td>$25,395</td>
<td>$17,180</td>
<td>$11,458</td>
<td>$7,752</td>
</tr>
</tbody>
</table>
### Regulatory evolution: Performance-based regulation (PBR)

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

### Potential changes under PBR

<table>
<thead>
<tr>
<th>5-year rate plan</th>
<th>stays in place</th>
</tr>
</thead>
<tbody>
<tr>
<td>replaced with annual revenue adjustment</td>
<td>stays in place, with possible modifications</td>
</tr>
<tr>
<td>stay in place</td>
<td>stay in place</td>
</tr>
<tr>
<td>stays in place</td>
<td>additional PIMs</td>
</tr>
</tbody>
</table>
Next phase of long-range planning underway
Integrated Grid Planning (IGP) in initial stages

- Integrated approach:
  - Combines **planning and procurement** (versus just planning)
  - Evaluates system needs for **generation, transmission and distribution, resilience and other services**
    - Considers all alternatives (traditional and non-traditional—e.g., non-wires)
- Goal: Find best-fit, least cost options to meet customer needs while maintaining system reliability, resilience
- How it’s different: Traditional planning approaches conduct resource and T&D planning separately, potentially missing benefits spanning across multiple parts of the electric system and missing solutions such as non-wires alternatives that address multiple resource, T&D needs
- **Process includes extensive stakeholder involvement**
- Initial plan to be filed summer 2021

**IGP to replace PSIP as key planning tool; will provide more integrated approach to meet Hawaii’s 100% renewable goal**
Regulatory evolution: Performance-based regulation (PBR)

Phase 1 D&O established conceptual framework

**Conceptual framework established**

- **Guiding principles**
  - A *customer-centric approach*, including immediate “day 1” savings when the new regulations take effect
  - **Administrative efficiency** to reduce regulatory burdens to the utility and stakeholders
  - **Utility financial integrity** to maintain the utility’s financial health, including access to low-cost capital

- **Goals and outcomes**
  - **Enhance customer experience**
    - Affordability
    - Reliability
    - Interconnection experience
    - Customer engagement
  - **Improve utility performance**
    - Cost control
    - DER asset effectiveness
    - Grid investment efficiency
  - **Advance societal outcomes**
    - Capital formation
    - Customer equity
    - GHG reduction
    - EoT
    - Resilience

**PBR structure**

**Revenue adjustment mechanisms**
- Maintain revenue decoupling and existing cost trackers
- 5-year multi-year rate plan
- Annual formulaic revenue adjustment (formula includes inflation and adjustments for productivity, unexpected costs outside utility’s control, customer dividend)

- Upside and downside earnings sharing mechanism
- Major Project Interim Recovery (MPIR) maintained, but may be modified
- Off-ramps to provide for review of PBR mechanisms

**Performance mechanisms**
- New Performance incentive mechanisms to drive achievement on Interconnection Experience; Customer Engagement; and DER Asset Effectiveness
- Shared savings mechanisms to drive achievement on Grid Investment Efficiency and Cost Control, mitigation of capex bias, and cost effective solutions for customers
- New scorecards and reporting metrics to track progress/highlight performance across a variety of PBR outcomes
PBR—Phase II schedule
Continues collaborative approach from Phase 1

- Measured timeline shows PUC’s commitment to gradualism in implementing PBR
- Collaborative format is focused on creating a thoughtful process that minimizes risk of unintended consequences
Performance-based regulation update
Initial proposal filed August 14: offers ideas and encourages stakeholder discussion

**Multi-year rate plan (MRP) and rate cases**
- 5-year rate period (provided an adequate Annual Revenue Adjustment formula and modified MPIR mechanism are approved).
- Initial base rates set in next rate cases: HELCO 2019 test year, HECO 2020 test year, MECO 2021 test year
- New MRP in place in time for HELCO and HECO first Adjusted Revenue Target to be effective January 1, 2021
- ARA would be filed in time for Adjusted Revenue Target to be effective January 1 of each adjustment year, eliminating regulatory lag in the current RAM
- Utility would file a consolidated rate case (all three utilities) based on a 2025 test year, as early as May 1, 2024

**Cost of capital**
- Cost of capital determined in a separate consolidated proceeding, and adjusted in between each proceeding. A Cost of Capital (CoC) Factor would be included in the target revenue adjustment formula or the Z-factor
- The CoC factor would be determined using a new CoC Adjustment Mechanism, which would be used to periodically determine the CoC used in establishing the revenue requirement in rate cases, and the revenue requirement impact of capital projects

**Adjustment mechanisms**
- MPIR modified to allow recovery on full investment amount in ratebase in the year the project goes into service
- Decoupling, existing cost trackers, and existing pass-through mechanisms would continue to operate
- Symmetric earnings sharing mechanism, with return on common equity used in the ESM determined on a ratemaking basis

**Annual Revenue Adjustment (ARA) formula**

- **ARA**
- **Inflation factor**
  - Based on GDPPI, with the difference between GDPPI and actual cost inflation accounted for in the “X” factor
- **X factor**
  - Initially proposing a value of -1.41%, reflecting industry productivity trend and an inflation differential between GDPPI and industry
- **Z factor**
  - Would account for exceptional circumstances not in the utility’s direct control (e.g., tax law changes).
- **Customer dividend**
  - Not supportive of a customer dividend, but if it must be adopted, initially proposing a value of 0.22%
### Performance Incentive Mechanisms (PIMs)

#### CURRENT PIMs

<table>
<thead>
<tr>
<th>Reliability</th>
<th>Customer Service</th>
<th>Fuel Cost (Oahu &amp; Maui)</th>
<th>Resource Acquisitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interruption Duration</td>
<td>Interruption Frequency</td>
<td>Call Center Performance</td>
<td>Fossil Fuel Cost Risk Sharing</td>
</tr>
<tr>
<td>$4.0</td>
<td>$1.3</td>
<td>$3.1</td>
<td>$0.0</td>
</tr>
<tr>
<td>$(3.3)</td>
<td>$(1.3)</td>
<td>$(3.1)</td>
<td>$(0.5)</td>
</tr>
</tbody>
</table>

#### PIMS APPROVED BY PUC IN APRIL 2017 FOR ALL THREE COMPANIES

- **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

- **Demand Response**
  - One-time incentive for timely acquisition of cost-effective DR from RFP respondents
  - Incentive up to 5% of aggregate annual contract value, capped at $500,000
- **The PUC will consider additional PIMs in Performance Based Regulation (PBR) docket**

#### Other Notes

1. Apply to all companies, except for fossil fuel cost risk sharing, which currently applies to Hawaiian Electric and Maui Electric only. A D&O on Hawai’i Electric Light’s proposed fossil fuel cost risk sharing is pending.
2. 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.
3. In May 2019 the Companies filed an application to modify certain PIM provisions, including the exclusion of scheduled maintenance interruptions from performance for the SAIDI and SAIFI PIMs.

---

**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 5/9/20, compared to benchmarks TBD.
Revenue timing
Target revenues are allocated monthly, more weighting in second half of year

- Annual target revenues for each utility are accrued according to allocation factors specified in each rate case
  Allocation factors are based on megawatt-hour sales forecasts from each utility’s most recent rate case

- Sales tend to be greater in the second half of the year, so target revenue factors are larger in Q3/Q4
Hawaiian Electric 2020 rate case status
Hawaii PUC docket no. 2019-0085

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

Rate case assumes existing Balancing Accounts, Trackers and/or Surcharges: Decoupling Revenue Balancing Account (RBA)/ Rate Adjustment Mechanism (RAM); Energy Cost Recovery Clause (ECRC); Purchase Power Adjustment Clause (PPAC); Pension/OPEB Tracking Mechanisms; Renewable Energy Infrastructure Program ("REIP") Surcharge and the Major Project Interim Recovery ("MPIR") mechanism.
## Hawaii Electric Light 2019 rate case updates

**Hawaii PUC docket no. 2018-0368**

<table>
<thead>
<tr>
<th>Application (2019 Test Year) (12/14/18)¹</th>
<th>Partial Settlement (9/24/19)²³⁴ (Hawaii Electric Light’s position)</th>
<th>(for interim rate relief purposes)⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amount requested</strong></td>
<td>$13.4M (3.4% increase over revenues at current effective rates)²</td>
<td>$7.1M (1.8% increase over revenues at current effective rates)²</td>
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<tr>
<td></td>
<td>$7.1M (1.8% increase over revenues at current effective rates)²</td>
<td>$2.8M (0.7% increase over revenues at current effective rates)²</td>
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<tr>
<td><strong>Deprec. &amp; amort. expenses</strong></td>
<td>$38.0M</td>
<td>$36.6M</td>
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<td>$36.6M</td>
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<tr>
<td><strong>Return on average common equity</strong></td>
<td>10.50% with mechanisms</td>
<td>10.50% with mechanisms</td>
</tr>
<tr>
<td></td>
<td>9.5% with mechanisms</td>
<td>9.5% with mechanisms</td>
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<tr>
<td><strong>Common equity capitalization (%)</strong></td>
<td>56.91%</td>
<td>56.83%</td>
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<td></td>
<td>56.83%</td>
<td>56.83%</td>
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<tr>
<td><strong>Return on rate base</strong></td>
<td>8.30%</td>
<td>8.09%</td>
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<tr>
<td></td>
<td>7.52%</td>
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<tr>
<td><strong>Average rate base</strong></td>
<td>$536.9M</td>
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<td>$533.8M</td>
<td>$533.9M</td>
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<tr>
<td><strong>GWh sales</strong></td>
<td>1,061.7</td>
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<td>1,061.7</td>
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</table>

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

1. Includes Hu Honua in the 2019 test year.
2. Revenues at current effective rates include revenues based on the final rates approved in Hawaii Electric Light’s 2016 test year rate case, revenues from the ECRC, PPAC, RAM Revenue Adjustment (based on the estimated 2019 RAM period), RBA Provision (that would flow into the RBA in the 2019 test year primarily due to increases or decreases in electric sales since the 2016 test year) and other operating revenues.
3. Excluding Hu Honua from the 2019 test year.
4. In the Stipulated Partial Settlement Agreement, the Parties settled on all issues in this proceeding, except for ROE, capital structure, amortization period of state ITC, and symmetric or asymmetric automatic annual target heat rate adjustment.
5. For interim rate relief purposes, the Company’s proposed revenue requirement and interim increase based on an ROE of 9.50%, resulting ROR of 7.52% and 40-year amortization period for state ITC.
# Maui Electric rate case: 2018 test year

Hawaii PUC docket no. 2017-0150

<table>
<thead>
<tr>
<th>Application (10/12/17)</th>
<th>Adjustment for Tax Reform (2/26/18)</th>
<th>June 2018 Settlement Approved New Depreciation Rates</th>
<th>Interim D&amp;O (8/9/18) (eff. 8/23/18)</th>
<th>Order Approving Parties’ Joint Proposed Final Rates and Refund Plan (5/16/19) (eff. 6/1/19)</th>
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<tbody>
<tr>
<td>Amount requested</td>
<td>$30.1M (9.3% increase over revenues at current effective rates)</td>
<td>$21.2M (6.5% increase over revenues at current effective rates) Lower tax rate results in reduced requirements</td>
<td>$12.5M (3.8% increase over revenues at current effective rates)</td>
<td>$12.5M (3.8% increase over revenues at current effective rates) $12.2M (3.7% increase over revenues at current effective rates)</td>
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<tr>
<td>Deprec. &amp; amort. expenses</td>
<td>$24.6M</td>
<td>$23.9M</td>
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<tr>
<td>Return on average common equity</td>
<td>10.60% with mechanisms</td>
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<td>Common equity capitalization (%)</td>
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<td>57.02%</td>
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<td>Return on rate base</td>
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<td>Average rate base</td>
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<td>GWh sales</td>
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<td>1,073.2</td>
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</tbody>
</table>

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

1 Revenues at current effective rates include revenues based on the final rates approved in Maui Electric Company’s 2012 test year rate case and revenues from the ECAC, PPAC, RAM Revenue Adjustment (based on the 2018 RAM period), RBA Provision (that would flow into the RBA in the 2018 test year primarily due to increases or decreases in electric sales since the 2012 test year) and other operating revenues.

2 Approximately $0.5 million was refunded to customers through a temporary surcredit from June 1, 2019 to June 30, 2019.
Integrated Grid Planning (IGP) timeline and elements

IGP elements and expected timeline

Inputs
- Customer needs
- Policy goals
- Forecasts
- Other planning inputs

Resource needs planning (Resources & grid services)

2045 Long-term planning
(Resource and T&D needs, value-of-service and long-term considerations)

5-year resource solution sourcing
- Resource procurement (Grid-scale, aggregated, DER/DR)
- DER and DR programs
- Tariffs
- Utility resource development

T&D solutions sourcing
- Targeted DER programs
- Non-wires alternative bidding
- Grid modernization
- Traditional grid solution estimate

Solution/bid evaluation & 5-year IGP
- Grid resources
- Grid services
- Non-wires alternatives

T&D needs planning (Resource)

T&D needs planning (Non-resource)

Regulatory approval

Mar 2018
Jan 2020
Mar 2020
Aug 2020
Oct 2020
Mar 2021
Jun 2021

Mar 2045

Mar 2045 Long-term planning
(Resource and T&D needs, value-of-service and long-term considerations)
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
  - \( \frac{1}{2} \) of project’s costs included in basis for determining return on investment and associated taxes during year project goes into service
  - On January 1 of the year after project is placed in service, may commence accrual of return and associated taxes on full amount of plant invested, depreciation and associated taxes
- “Eligible Projects” defined in MPIR Guidelines include, but not limited to:
  - Infrastructure to connect renewable energy projects
  - Projects that make it possible to accept more renewable energy
  - Projects that encourage clean energy choices and/or customer control to shift or conserve energy use
  - Projects implementing PUC approved or accepted plans, initiatives and programs
  - Utility scale renewable generation
  - Grid modernization projects
- Routine replacements, relocations, restorations of existing facilities or business as usual projects not eligible
- Recovery offset by known and measurable net savings or benefits of project

Schofield Generating Station project
- Capital cost recovery approved June 2018
- Net O&M cost recovery approved December 2018, with accrual commencing October 1, 2018

Grid Modernization Strategy (GMS) Phase 1 project
- Approved Companies’ proposed MPIR recovery methods, subject to certain conditions

West Loch PV project
- PUC has affirmed its intention to approve MPIR recovery for this project

Advanced Distribution Management System project
- Companies filed application on September 30, 2019 requesting MPIR recovery of the ADMS component of GMS Phase 2
Fossil fuel cost risk sharing
Hawaiian Electric 2017 test year rate case D&O, Maui Electric 2018 test year rate case D&O, Hawai‘i Electric Light 2019 test year rate case settlement

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

- Final D&O in Maui Electric 2018 rate case established fossil fuel cost risk sharing mechanism for Maui Electric
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $633k (2019 prorated based on calendar days remaining in year from effective date)
  - Effective Sept. 1, 2019 (baseline for remainder of 2019 is based on Sept. fuel prices)

- In Stipulated Partial Settlement in Hawai‘i Electric Light 2019 rate case, Parties agreed to implement fossil fuel cost risk sharing with the following elements:
  - Features similar to those at Hawaiian Electric
  - Utility annual upside / downside capped at $600k annually
  - Proposed to be effective at the time of implementation of final rates

January 2019 fuel price:
$83.76/bbl

Maui September 2019 fuel prices:
IFO: $58.51/bbl
Diesel: $92.69/bbl
Grid modernization strategy update
Hawaii PUC Docket Nos. 2017-0226, 2018-0141

• In February 2018 the PUC approved the strategy and directed the Companies to implement the Grid Modernization Strategy with project applications to follow

• Customer and stakeholder engagement used to define grid modernization goals; engagement to continue as implementation applications developed

• Enables grid to interconnect distributed energy resources (DER) levels consistent with the accepted PSIP

• Provides customer choice through customer energy options (DER, demand response, time-of-use rates, etc.) and customer portal

• Uses new technologies to increase utilization of DER while improving reliability and resiliency of the grid

• $205 million in upgrades and enhancements to the grid included in capex forecast

• Phase 1 implementation approved March 2019; $86 million total in 2019-2023; cost recovery through MPIR, subject to certain conditions, including fixed and variable cost caps, which “allow cost recovery for faster and broader deployment of advanced meters than the Companies propose in the Application, and the Companies should consider doing so”

• On Sept. 30, 2019, utility filed application for approval of the Advanced Distribution Management System (ADMS) component ($46 million over four years) of Phase 2 of implementation
Electrification of transportation (EoT) strategic roadmap
Hawaii PUC docket no. 2018-0135

- Proposes role of the utility and identifies partners to increase adoption of electric vehicles (EV) and other electrification activities
- Customer and stakeholder engagement used to develop plans; engagement and partnership development to continue
- Initiatives include:
  - Increasing EV adoption by helping lower cost and educating consumers
  - Accelerating buildout of charging infrastructure
  - Supporting electrification of buses and other heavy equipment
  - Incentivizing charging at times that align with grid needs and save customers money
- EoT expansion assists with integration of renewable energy to help meet state’s 100% RPS goal, enhances Hawaii’s energy security, reduces greenhouse gas emissions, and provides long-term value and benefits to all customers whether or not they own an EV
- Recent developments:
  - Implementation electric bus tariff to support early electric bus fleet conversions
  - Approval for Maui Electric to defer costs related to assuming ownership of, operating and maintaining certain DC fast charging stations on Maui
  - July 2019 filing of planning methodology for Electric Vehicle Critical Backbone Study, and greater public outreach and education
  - July 31, 2019 PUC order sets 90-day timeline for filing workplan to implement EoT Roadmap, with a focus on EV rate design and charging infrastructure in the short term
Current programs:

- **Smart Export**: Intended for customers installing a rooftop PV system combined with a battery energy storage system. Customers may export energy between 4pm – 9am for credit, but are not credited for energy exported during daytime hours.

- **CGS+**: Intended for customers installing a rooftop PV system only (no storage required). Customers can export energy to the grid during the daytime for credit, but they are required to utilize advanced equipment that allows the utility to control the system to maintain grid stability in a system emergency. The controllability function can be accomplished through a second meter installed by the Companies (“Utility Option”) or through a third-party aggregator (“Aggregator Option”)

- **NEM Plus** program for existing Net Energy Metering (NEM) customers to add non-exporting systems to their current systems, and still remain NEM customers

Recent developments:

- In Q3 2019, the Commission closed the DER (2014-0192) and DR (2015-0412) dockets, and opened a new combined investigative docket (2019-0323) based on the records in the now-closed proceedings
### 2019 ASB peer group

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>Abbreviation</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>1st Source Corporation</td>
<td>SRCE</td>
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<tr>
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Note: Based on publicly traded banks, savings and thrifty in the U.S. that have total average assets between $4 billion and $9 billion for the years 2016-2018 (based upon data available in SNL as of March 13, 2019). 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.
Proven strategy, with two well-structured, valuable projects in portfolio

**Hamakua Energy Combined Cycle Power Plant** *(Acquired Nov. 2017)*
- Critical generation resource for Hawaii Island
- Supplying needed power while third-party owned geothermal plant out of service due to lava activity
- 60 MW; 2 GE LM 2500 gas turbine generators and 1 Mitsubishi steam turbine
- Evaluating conversion to locally sourced biofuels/ biofuel blend
- Redevelopment opportunities with additional land, valuable transmission interconnection at site
- Fully contracted through 12/31/2030 with Hawaii Island electric utility as off-taker
- Contracted cash flows and non-recourse financing support investment-grade profile

**University of Hawaii (UH) Solar + Storage** *(Acquired Mar. 2018)*
- Large solar plus battery storage systems at 5 campuses in UH system
- 8.21 MW, SunPower SPR-470 PV capacity and 42.3 MWh, Johnson Controls (JCI) BU-5000 lithium-ion battery storage system
- Pacific Current selected in competitive process
- JCI, investment grade corporate, leader in battery technology and energy service contractor, is project developer
- Systems are in construction phase
- 15 year PPA with UH (AA-rated state entity) as off-taker
- Contracted cash flows and non-recourse financing support investment-grade profile
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.

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; and the potential impacts of global developments (including global economic conditions and uncertainties; unrest; conflicts or other crisis; the effects of changes that have or may occur in U.S. policy, such as with respect to immigration and trade; terrorist acts; and potential pandemics);

• the effects of future actions or inaction of the U.S. government or related agencies, including those related to the U.S. debt ceiling or budget funding, monetary policy, trade policy and tariffs, and other policy and regulatory changes advanced or proposed by President Trump and his administration;

• weather, natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes, lava flows and the increasing effects of climate change, such as more severe storms, droughts, heat waves, and rising sea levels) and wildfires, including their impact on the Company’s and Utilities’ operations and the economy;

• the timing, speed and extent of changes in interest rates and the shape of the yield curve;

• the ability of the Company and the Utilities to access the credit and capital markets (e.g., to obtain commercial paper and other short-term and long-term debt financing, including lines of credit, and, in the case of HEI, to issue common stock) under volatile and challenging market conditions, and the cost of such financings, if available;

• the risks inherent in changes in the value of the Company’s pension and other retirement plan assets and ASB’s securities available for sale; and the risks inherent in changes in the value of the Company’s pension liabilities, including changes driven by interest rates;

• changes in laws, regulations (including tax regulations), market conditions, interest rates and other factors that result in changes in assumptions used to calculate retirement benefits costs and funding requirements;

• the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) and of the rules and regulations that the Dodd-Frank Act requires to be promulgated, as amended by the Economic Growth, Regulatory Relief and Consumer Protection Act;

• increasing competition in the banking industry (e.g., increased price competition for deposits, or an outflow of deposits to alternative investments, which may have an adverse impact on ASB’s cost of funds);

• the potential delay by the Public Utilities Commission of the State of Hawaii (PUC) in considering (and potential disapproval of actual or proposed) renewable energy proposals and related costs; reliance by the Utilities on outside parties such as the state, independent power producers (IPPs) and developers; and uncertainties surrounding technologies, solar power, wind power, biofuels, environmental assessments required to meet renewable portfolio standards (RPS) goals and the impacts of implementation of the renewable energy proposals on future costs of electricity;
• the ability of the Utilities to develop, implement and recover the costs of implementing the Utilities’ action plans included in their updated Power Supply Improvement Plans (PSIPs), 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 adjustment clauses (ECACs) and energy cost recovery clauses (ECRC);

• 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, 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;

• 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 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;

• federal, state, county and international governmental and regulatory actions, such as existing, new and changes in laws, rules and regulations applicable to HEI, the Utilities and ASB (including changes in taxation, increases in capital requirements, regulatory policy changes, environmental laws and regulations (including resulting compliance costs and risks of fines and penalties and/or liabilities), the regulation of greenhouse gas emissions, governmental fees and assessments (such as Federal Deposit Insurance Corporation assessments), and potential carbon “cap and trade” legislation that may fundamentally alter costs to produce electricity and accelerate the move to renewable generation);

• developments in laws, regulations and policies governing protections for historic, archaeological and cultural sites, and plant and animal species and habitats, as well as developments in the implementation and enforcement of such laws, regulations and policies;
• discovery of conditions that may be attributable to historical chemical releases, including any necessary investigation and remediation, and any associated enforcement, litigation or regulatory oversight;

• decisions by the PUC in rate cases and other proceedings (including the risks of delays in the timing of decisions, adverse changes in final decisions from interim decisions and the disallowance of project costs as a result of adverse regulatory audit reports or otherwise);

• decisions by the PUC and by other agencies and courts on land use, environmental and other permitting issues (such as required corrective actions, restrictions and penalties that may arise, such as with respect to environmental conditions or RPS);

• potential enforcement actions by the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and/or other governmental authorities (such as consent orders, required corrective actions, restrictions and penalties that may arise, for example, with respect to compliance deficiencies under existing or new banking and consumer protection laws and regulations or with respect to capital adequacy);

• the risks associated with the geographic concentration of HEI’s businesses and ASB’s loans, ASB’s concentration in a single product type (i.e., first mortgages) and ASB’s significant credit relationships (i.e., concentrations of large loans and/or credit lines with certain customers);

• changes in accounting principles applicable to HEI and its subsidiaries, including the adoption of new U.S. accounting standards, the potential discontinuance of regulatory accounting, the effects of potentially required consolidation of variable interest entities (VIEs), or required capital/finance lease or on-balance-sheet operating lease accounting for PPAs with IPPs;

• downgrades by securities rating agencies in their ratings of the securities of HEI and Hawaiian Electric and their impact on results of financing efforts;

• faster than expected loan prepayments that can cause an acceleration of the amortization of premiums on loans and investments and the impairment of mortgage-servicing assets of ASB;

• changes in ASB’s loan portfolio credit profile and asset quality and/or mix, which may increase or decrease the required level of provision for loan losses, allowance for loan losses and charge-offs;

• the adoption of FASB ASU No. 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” in 2020, which may require an increase in the allowance for loan losses, as well as the volatility in the level of the allowance for loans losses;

• changes in ASB’s deposit cost or mix which may have an adverse impact on ASB’s cost of funds;

• 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;

• the impact of activism that could delay the construction, or preclude the completion, of third-party or Utility projects that are required to meet electricity demand and RPS goals; 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 (SEC).

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.
EXPLANATION OF HEI’S USE OF CERTAIN UNAUDITED NON-GAAP MEASURES

HEI and Hawaiian Electric Company management use certain non-GAAP measures, which exclude certain items that are not reflective of ongoing operations or that are not expected to reoccur, to evaluate the performance of HEI and the utility. Management believes these non-GAAP measures provide useful supplemental information and are a better indicator of the companies’ core operating activities. Core earnings and other financial measures as presented below may not be comparable to similarly titled measures used by other companies. The accompanying tables provide a reconciliation of reported GAAP\(^1\) earnings to non-GAAP core earnings and the adjusted return on average common equity (ROACE) for HEI and the utility.

The reconciling adjustments from GAAP earnings to core earnings exclude the 2017 impact of the federal tax reform act due to the adjustment of the deferred tax balances and the $1,000 non-executive employee bonuses paid by the bank related to federal tax reform. Management does not consider these items to be representative of the company’s fundamental core earnings. Management has shown adjusted non-GAAP (core) net income, adjusted non-GAAP (core) ROACE in order to provide better comparability of ROACE between periods.

The accompanying table also provides the calculation of utility GAAP other operation and maintenance (O&M) expense adjusted for “O&M-related net income neutral items,” which are O&M expenses covered by specific surcharges or by third parties. These “O&M-related net income neutral items” are grossed-up in revenue and expense and do not impact net income.
### RECONCILIATION OF GAAP¹ TO NON-GAAP MEASURES

**Hawaiian Electric Industries, Inc. and Subsidiaries (HEI)**

<table>
<thead>
<tr>
<th></th>
<th>$ in millions</th>
<th>Twelve months ended Sept 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2019</td>
</tr>
<tr>
<td><strong>Hei Consolidated Net Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP (as reported)</td>
<td>$ 201.2</td>
<td>$ 184.6</td>
</tr>
<tr>
<td>Excluding special items (after-tax):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One-time non-executive bank employee bonus related to federal tax reform</td>
<td>—</td>
<td>0.7</td>
</tr>
<tr>
<td>Federal tax reform impacts²</td>
<td>—</td>
<td>13.4</td>
</tr>
<tr>
<td><strong>Non-GAAP (core) net income</strong></td>
<td>$ 201.2</td>
<td>$ 198.7</td>
</tr>
<tr>
<td><strong>Hei Consolidated Average Common Equity</strong></td>
<td>$ 2,187.4</td>
<td>$ 2,117.5</td>
</tr>
<tr>
<td>Based on GAAP</td>
<td>9.2%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Based on non-GAAP (core)³</td>
<td>9.2%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

**Note:** Columns may not foot due to rounding

¹ Accounting principles generally accepted in the United States of America

² Reflects the lower rates enacted by federal tax reform, primarily the adjustments to reduce the unregulated net deferred tax asset balances

³ Calculated as core net income divided by average GAAP common equity
### RECONCILIATION OF GAAP\(^1\) TO NON-GAAP MEASURES

Hawaiian Electric Company, Inc. (Hawaiian Electric) and Subsidiaries
Unaudited

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Twelve months ended Sept 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td><strong>HAWAIIAN ELECTRIC CONSOLIDATED NET INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>GAAP (as reported)</td>
<td>$146.8</td>
</tr>
<tr>
<td>Excluding special items (after-tax):</td>
<td></td>
</tr>
<tr>
<td>Federal tax reform impacts(^2)</td>
<td>—</td>
</tr>
<tr>
<td>Non-GAAP (core) net income</td>
<td>$146.8</td>
</tr>
<tr>
<td><strong>HAWAIIAN ELECTRIC CONSOLIDATED AVERAGE COMMON EQUITY</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$1,934.7</td>
</tr>
<tr>
<td><strong>HAWAIIAN ELECTRIC CONSOLIDATED RETURN ON AVERAGE COMMON EQUITY (ROACE) (simple average)</strong></td>
<td></td>
</tr>
<tr>
<td>Based on GAAP</td>
<td>7.6%</td>
</tr>
<tr>
<td>Based on non-GAAP (core)(^3)</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Three months ended September 30, 2019</th>
<th>Three months ended September 30, 2018</th>
<th>Nine months ended September 30, 2019</th>
<th>Nine months ended September 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HAWAIIAN ELECTRIC CONSOLIDATED OTHER OPERATION AND MAINTENANCE (O&amp;M) EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP (as reported)</td>
<td>$124.4</td>
<td>$113.6</td>
<td>$361.8</td>
<td>$333.8</td>
</tr>
<tr>
<td>Excluding other O&amp;M-related net income neutral items(^4)</td>
<td>0.4</td>
<td>2.0</td>
<td>0.5</td>
<td>0.7</td>
</tr>
<tr>
<td>Non-GAAP (Adjusted other O&amp;M expense)</td>
<td>$124.0</td>
<td>$113.6</td>
<td>$361.3</td>
<td>$333.8</td>
</tr>
</tbody>
</table>

**Note:** Columns may not foot due to rounding

\(^1\) Accounting principles generally accepted in the United States of America

\(^2\) Reflects the lower rates enacted by federal tax reform, primarily the adjustments to reduce the unregulated net deferred tax asset balances

\(^3\) Calculated as core net income divided by average GAAP common equity

\(^4\) Expenses covered by surcharges or by third parties recorded in revenues
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Email: jsmolinski@hei.com