

HAWAIIAN ELECTRIC CO INC
Form 10-Q
November 08, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Exact Name of Registrant as Specified in Its Charter	Commission File Number	I.R.S. Employer Identification No.
HAWAIIAN ELECTRIC INDUSTRIES, INC. and Principal Subsidiary	1-8503	99-0208097
HAWAIIAN ELECTRIC COMPANY, INC.	1-4955	99-0040500

State of Hawaii

(State or other jurisdiction of incorporation or organization)

Hawaiian Electric Industries, Inc. 1001 Bishop Street, Suite 2900, Honolulu, Hawaii 96813

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Hawaiian Electric Company, Inc. 900 Richards Street, Honolulu, Hawaii 96813

(Address of principal executive offices and zip code)

Hawaiian Electric Industries, Inc. (808) 543-5662

Hawaiian Electric Company, Inc. (808) 543-7771

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Hawaiian Electric Industries Inc. Yes No

Hawaiian Electric Company, Inc. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Hawaiian Electric Industries Inc. Yes No

Hawaiian Electric Company, Inc. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Hawaiian Electric Industries Inc. Yes No

Hawaiian Electric Company, Inc. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Hawaiian Electric Industries Inc.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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(Do not check if a smaller reporting company)

Hawaiian Electric Company, Inc.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding October 26, 2012
Hawaiian Electric Industries, Inc. (Without Par Value)	97,500,496 Shares
Hawaiian Electric Company, Inc. (\$6-2/3 Par Value)	14,233,723 Shares (not publicly traded)

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Hawaiian Electric Industries, Inc. and Subsidiaries

Hawaiian Electric Company, Inc. and Subsidiaries

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GLOSSARY OF TERMS

Terms	Definitions
AFUDC	Allowance for funds used during construction
AOCI	Accumulated other comprehensive income
ARO	Asset retirement obligation
ASB	American Savings Bank, F.S.B., a wholly-owned subsidiary of American Savings Holdings, Inc.
ASHI	American Savings Holdings, Inc., a wholly owned subsidiary of Hawaiian Electric Industries, Inc. and the parent company of American Savings Bank, F.S.B.
CIP CT-1 Company	Campbell Industrial Park 110 MW combustion turbine No. 1 Hawaiian Electric Industries, Inc. and its direct and indirect subsidiaries, including, without limitation, Hawaiian Electric Company, Inc. and its subsidiaries (listed under HECO); American Savings Holdings, Inc. and its subsidiary, American Savings Bank, F.S.B.; HEI Properties, Inc.; Hawaiian Electric Industries Capital Trust II and Hawaiian Electric Industries Capital Trust III (inactive financing entities); and The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.).
Consumer Advocate	Division of Consumer Advocacy, Department of Commerce and Consumer Affairs of the State of Hawaii
DBEDT	State of Hawaii Department of Business, Economic Development and Tourism
D&O	Decision and order
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DOH	Department of Health of the State of Hawaii
DRIP	HEI Dividend Reinvestment and Stock Purchase Plan
DSM	Demand-side management
ECAC	Energy cost adjustment clauses
EIP	2010 Equity and Incentive Plan
EGU	Electrical generating unit
Energy Agreement	Agreement dated October 20, 2008 and signed by the Governor of the State of Hawaii, the State of Hawaii Department of Business, Economic Development and Tourism, the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, and HECO, for itself and on behalf of its electric utility subsidiaries committing to actions to develop renewable energy and reduce dependence on fossil fuels in support of the HCEI
EPA	Environmental Protection Agency federal
EPS	Earnings per share
EVE	Economic value of equity
Exchange Act	Securities Exchange Act of 1934
FDIC	Federal Deposit Insurance Corporation
federal	U.S. Government
FHLB	Federal Home Loan Bank
FHLMC	Federal Home Loan Mortgage Corporation
FNMA	Federal National Mortgage Association
FRB	Federal Reserve Board
FSS	Forward Starting Swaps

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Terms	Definitions
GAAP	U.S. generally accepted accounting principles
GHG	Greenhouse gas
GNMA	Government National Mortgage Association
HCEI	Hawaii Clean Energy Initiative
HECO	Hawaiian Electric Company, Inc., an electric utility subsidiary of Hawaiian Electric Industries, Inc. and parent company of Hawaii Electric Light Company, Inc., Maui Electric Company, Limited, HECO Capital Trust III (unconsolidated subsidiary), Renewable Hawaii, Inc. and Uluwehiokama Biofuels Corp.
HEI	Hawaiian Electric Industries, Inc., direct parent company of Hawaiian Electric Company, Inc., American Savings Holdings, Inc., HEI Properties, Inc., Hawaiian Electric Industries Capital Trust II, Hawaiian Electric Industries Capital Trust III and The Old Oahu Tug Service, Inc. (formerly Hawaiian Tug & Barge Corp.)
HEIRSP	Hawaiian Electric Industries Retirement Savings Plan
HELCO	Hawaii Electric Light Company, Inc., an electric utility subsidiary of Hawaiian Electric Company, Inc.
HPOWER	City and County of Honolulu with respect to a power purchase agreement for a refuse-fired plant
IPP	Independent power producer
Kalaeloa	Kalaeloa Partners, L.P.
KW	Kilowatt
KWH	Kilowatthour
LTIP	Long-term incentive plan
MAP-21	Moving Ahead for Progress in the 21st Century Act
MECO	Maui Electric Company, Limited, an electric utility subsidiary of Hawaiian Electric Company, Inc.
MW	Megawatt/s (as applicable)
NII	Net interest income
NQSO	Nonqualified stock option
O&M	Other operation and maintenance
OCC	Office of the Comptroller of the Currency
OPEB	Postretirement benefits other than pensions
PPA	Power purchase agreement
PPAC	Purchased power adjustment clause
PUC	Public Utilities Commission of the State of Hawaii
RAM	Revenue adjustment mechanism
RBA	Revenue balancing account
RFP	Request for proposal
REIP	Renewable Energy Infrastructure Program
RHI	Renewable Hawaii, Inc., a wholly owned subsidiary of Hawaiian Electric Company, Inc.
ROACE	Return on average common equity
RORB	Return on average rate base
RPS	Renewable portfolio standard
SAR	Stock appreciation right
SEC	Securities and Exchange Commission
See	Means the referenced material is incorporated by reference
SOIP	1987 Stock Option and Incentive Plan, as amended
TDR	Troubled debt restructuring
UBC	Uluwehiokama Biofuels Corp., a non-regulated subsidiary of Hawaiian Electric Company, Inc.
VIE	Variable interest entity

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FORWARD-LOOKING STATEMENTS

This report and other presentations made by Hawaiian Electric Industries, Inc. (HEI) and Hawaiian Electric Company, Inc. (HECO) 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 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 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 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 American Savings Bank, F.S.B. (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 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, conflict and the overthrow of governmental regimes in North Africa and the Middle East, terrorist acts, the war on terrorism, continuing U.S. presence in Afghanistan and potential conflict or crisis with North Korea or Iran);
- weather and natural disasters (e.g., hurricanes, earthquakes, tsunamis, lightning strikes and the potential effects of global warming, such as more severe storms and rising sea levels), including their impact on Company operations and the economy (e.g., the effect of the March 2011 natural disasters in Japan on its economy and tourism in Hawaii);
- the timing and extent of changes in interest rates and the shape of the yield curve;
- the ability of the Company to access credit markets to obtain commercial paper and other short-term and long-term debt financing (including lines of credit) and to access capital markets to issue HEI 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;

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- changes in laws, regulations, market conditions 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;
- 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 implementation of the Energy Agreement with the State of Hawaii and Consumer Advocate (Energy Agreement) setting forth the goals and objectives of a Hawaii Clean Energy Initiative (HCEI), revenue decoupling and the fulfillment by the electric utilities of their commitments under the Energy Agreement (given the Public Utilities Commission of the State of Hawaii (PUC) approvals needed; the PUC's potential delay in considering (and potential disapproval of actual or proposed) HCEI-related costs; reliance by the Company on outside parties like the state, independent power producers (IPPs) and developers; potential changes in political support for the HCEI; and uncertainties surrounding wind power, the proposed undersea cables, biofuels, environmental assessments and the impacts of implementation of the HCEI on future costs of electricity);
- capacity and supply constraints or difficulties, especially if generating units (utility-owned or IPP-owned) fail or measures such as demand-side management (DSM), distributed generation, 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;
- the risk to generation reliability when generation peak reserve margins on Oahu are strained;
- fuel oil price changes, performance by suppliers of their fuel oil delivery obligations and the continued availability to the electric utilities of their energy cost adjustment clauses (ECACs);
- the impact of fuel price volatility on customer satisfaction and political and regulatory support for the utilities;

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- the risks associated with increasing reliance on renewable energy, as contemplated under the Energy Agreement, 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 ability of IPPs to deliver the firm capacity anticipated in their power purchase agreements (PPAs);
- the ability of the electric utilities to negotiate, periodically, favorable fuel supply and collective bargaining agreements;
- new technological developments that could affect the operations and prospects of HEI and its subsidiaries (including HECO and its subsidiaries and ASB) or their competitors;
- cyber security risks and the potential for cyber incidents, including potential incidents at HEI, ASB and HECO and their subsidiaries (including at ASB branches and at the electric utility plants) and incidents at data processing centers they use, to the extent not prevented by intrusion detection and prevention systems, anti-virus software, firewalls and other general information technology controls;
- federal, state, county and international governmental and regulatory actions, such as changes in laws, rules and regulations applicable to HEI, HECO, ASB and their subsidiaries (including changes in taxation, increases in capital requirements, regulatory changes resulting from the HCEI, environmental laws and regulations, the regulation of greenhouse gas (GHG) 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);
- 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 and restrictions and penalties that may arise, such as with respect to environmental conditions or renewable portfolio standards (RPS));
- potential enforcement actions by the Office of the Comptroller of the Currency, 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);

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- ability to recover increasing costs and earn a reasonable return on capital investments not covered by revenue adjustment mechanisms;
- 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, HECO, ASB and their subsidiaries, including the possible adoption of International Financial Reporting Standards or new U.S. accounting standards, the potential discontinuance of regulatory accounting and the effects of potentially required consolidation of variable interest entities (VIEs) or required capital lease accounting for PPAs with IPPs;
- changes by securities rating agencies in their ratings of the securities of HEI and HECO and the 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 which may increase or decrease the required level of allowance for loan losses and charge-offs;
- 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, HECO, ASB and their 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); 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 HECO with the Securities and Exchange Commission (SEC).

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, HECO, ASB 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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Hawaiian Electric Industries, Inc. and Subsidiaries

Consolidated Statements of Income (unaudited)

(in thousands, except per share amounts)	Three months ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
Revenues				
Electric utility	\$ 801,095	\$ 820,254	\$ 2,340,257	\$ 2,194,327
Bank	66,596	66,100	196,569	197,731
Other	29	1	22	(751)
Total revenues	867,720	886,355	2,536,848	2,391,307
Expenses				
Electric utility	726,276	745,298	2,146,688	2,031,645
Bank	44,974	42,931	130,161	128,988
Other	4,768	3,636	13,075	9,148
Total expenses	776,018	791,865	2,289,924	2,169,781
Operating income (loss)				
Electric utility	74,819	74,956	193,569	162,682
Bank	21,622	23,169	66,408	68,743
Other	(4,739)	(3,635)	(13,053)	(9,899)
Total operating income	91,702	94,490	246,924	221,526
Interest expense other than on deposit liabilities and other bank borrowings	(20,020)	(19,949)	(58,758)	(64,266)
Allowance for borrowed funds used during construction	688	658	2,451	1,731
Allowance for equity funds used during construction	1,611	1,570	5,548	4,131
Income before income taxes	73,981	76,769	196,165	163,122
Income taxes	25,804	27,894	69,926	57,700
Net income	48,177	48,875	126,239	105,422
Preferred stock dividends of subsidiaries	471	471	1,417	1,417
Net income for common stock	\$ 47,706	\$ 48,404	\$ 124,822	\$ 104,005
Basic earnings per common share	\$ 0.49	\$ 0.50	\$ 1.29	\$ 1.09
Diluted earnings per common share	\$ 0.49	\$ 0.50	\$ 1.29	\$ 1.09
Dividends per common share	\$ 0.31	\$ 0.31	\$ 0.93	\$ 0.93
Weighted-average number of common shares outstanding				
	97,157	95,873	96,674	95,365
Dilutive effect of share-based compensation	361	227	423	306
Adjusted weighted-average shares	97,518	96,100	97,097	95,671

The accompanying notes are an integral part of these consolidated financial statements.

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Hawaiian Electric Industries, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income (unaudited)

Net income for common stock	\$ 47,706	\$ 48,404	\$ 124,822	\$ 104,005
Other comprehensive income (loss), net of taxes:				
Net unrealized gains on securities:				
Net unrealized gains on securities arising during the period, net of taxes of \$689 and \$1,917 for the three months ended September 30, 2012 and 2011 and \$1,261 and \$4,258 for the nine months ended September 30, 2012 and 2011, respectively	1,043	3,013	1,910	6,448
Less: reclassification adjustment for net realized gains included in net income, net of taxes of nil and \$146 for the three months ended September 30, 2012 and 2011 and \$53 and \$148 for the nine months ended September 30, 2012 and 2011, respectively		(221)	(81)	(224)
Derivatives qualified as cash flow hedges:				
Net unrealized holding losses arising during the period, net of taxes (benefits) of \$5 and \$(4) for the three and nine months ended September 30, 2011, respectively		(5)		(8)
Less: reclassification adjustment to net income, net of tax benefits of \$37 and \$37 for the three months ended September 30, 2012 and 2011 and \$112 and \$78 for the nine months ended September 30, 2012 and 2011, respectively	59	58	177	122
Retirement benefit plans:				
Less: amortization of net loss, prior service gain and transition obligation included in net periodic benefit cost, net of tax benefits of \$2,443 and \$1,405 for the three months ended September 30, 2012 and 2011 and \$7,321 and \$3,513 for the nine months ended September 30, 2012 and 2011, respectively	3,826	2,068	11,467	5,556
Less: reclassification adjustment for impact of D&Os of the PUC included in regulatory assets, net of taxes of \$2,129 and \$1,074 for the three months ended September 30, 2012 and 2011 and \$6,386 and \$3,875 for the nine months ended September 30, 2012 and 2011, respectively	(3,342)	(1,732)	(10,026)	(6,084)
Other comprehensive income, net of taxes	1,586	3,181	3,447	5,810
Comprehensive income attributable to common shareholders	\$ 49,292	\$ 51,585	\$ 128,269	\$ 109,815

The accompanying notes are an integral part of these consolidated financial statements.

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Hawaiian Electric Industries, Inc. and Subsidiaries

Consolidated Balance Sheets (unaudited)**Assets**

Cash and cash equivalents	\$	168,512	\$	270,265
Accounts receivable and unbilled revenues, net		374,932		344,322
Available-for-sale investment and mortgage-related securities		664,051		624,331
Investment in stock of Federal Home Loan Bank of Seattle		96,893		97,764
Loans receivable held for investment, net		3,705,748		3,642,818
Loans held for sale, at lower of cost or fair value		16,495		9,601
Property, plant and equipment, net of accumulated depreciation of \$2,109,478 in 2012 and \$2,049,821 in 2011		3,506,489		3,334,501
Regulatory assets		715,994		669,389
Other		573,523		519,296
Goodwill		82,190		82,190
Total assets	\$	9,904,827	\$	9,594,477

Liabilities and shareholders equity**Liabilities**

Accounts payable	\$	234,304	\$	216,176
Interest and dividends payable		27,907		25,041
Deposit liabilities		4,126,788		4,070,032
Short-term borrowings other than bank		82,219		68,821
Other bank borrowings		211,219		233,229
Long-term debt, net other than bank		1,429,869		1,340,070
Deferred income taxes		438,886		354,051
Regulatory liabilities		319,330		315,466
Contributions in aid of construction		387,863		356,203
Retirement benefits liability		497,388		530,410
Other		507,626		521,979
Total liabilities		8,263,399		8,031,478

Preferred stock of subsidiaries - not subject to mandatory redemption		34,293		34,293
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Commitments and contingencies (Notes 3 and 4)**Shareholders equity**

Preferred stock, no par value, authorized 10,000,000 shares; issued: none				
Common stock, no par value, authorized 200,000,000 shares; issued and outstanding: 97,425,467 shares in 2012 and 96,038,328 shares in 2011		1,389,607		1,349,446
Retained earnings		233,218		198,397
Accumulated other comprehensive loss, net of tax benefits		(15,690)		(19,137)
Total shareholders equity		1,607,135		1,528,706
Total liabilities and shareholders equity	\$	9,904,827	\$	9,594,477

The accompanying notes are an integral part of these consolidated financial statements.

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Hawaiian Electric Industries, Inc. and Subsidiaries

Consolidated Statements of Changes in Shareholders' Equity (unaudited)

(in thousands, except per share amounts)	Common stock Shares	Common stock Amount	Retained earnings	Accumulated other comprehensive loss	Total
Balance, December 31, 2011	96,038	\$ 1,349,446	\$ 198,397	\$ (19,137)	\$ 1,528,706
Net income for common stock			124,822		124,822
Other comprehensive income, net of tax benefits				3,447	3,447
Issuance of common stock, net	1,387	40,161			40,161
Dividend equivalents paid on equity-classified awards			(99)		(99)
Common stock dividends (\$0.93 per share)			(89,902)		(89,902)
Balance, September 30, 2012	97,425	\$ 1,389,607	\$ 233,218	\$ (15,690)	\$ 1,607,135
Balance, December 31, 2010	94,691	\$ 1,314,199	\$ 178,667	\$ (12,472)	\$ 1,480,394
Net income for common stock			104,005		104,005
Other comprehensive income, net of taxes				5,810	5,810
Issuance of common stock, net	1,284	33,056			33,056
Common stock dividends (\$0.93 per share)			(88,750)		(88,750)
Balance, September 30, 2011	95,975	\$ 1,347,255	\$ 193,922	\$ (6,662)	\$ 1,534,515

The accompanying notes are an integral part of these consolidated financial statements.

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Hawaiian Electric Industries, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (unaudited)

Nine months ended September 30 (in thousands)	2012	2011
Cash flows from operating activities		
Net income	\$ 126,239	\$ 105,422
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation of property, plant and equipment	112,946	111,516
Other amortization	4,811	14,552
Provision for loan losses	9,504	10,927
Loans receivable originated and purchased, held for sale	(304,289)	(137,507)
Proceeds from sale of loans receivable, held for sale	302,844	127,163
Change in deferred income taxes	82,582	60,957
Change in excess tax benefits from share-based payment arrangements	(65)	(39)
Allowance for equity funds used during construction	(5,548)	(4,131)
Change in cash overdraft		(2,688)
Changes in assets and liabilities		
Increase in accounts receivable and unbilled revenues, net	(30,610)	(75,905)
Increase in fuel oil stock	(31,372)	(4,592)
Decrease in accounts, interest and dividends payable	(5,905)	(57,746)
Change in prepaid and accrued income taxes and utility revenue taxes	(5,121)	40,418
Contributions to defined benefit pension and other postretirement benefit plans	(64,006)	(56,395)
Change in other assets and liabilities	(70,406)	(30,863)
Net cash provided by operating activities	121,604	101,089
Cash flows from investing activities		
Available-for-sale investment and mortgage-related securities purchased	(146,794)	(202,061)
Principal repayments on available-for-sale investment and mortgage-related securities	104,310	283,931
Proceeds from sale of available-for-sale investment and mortgage-related securities	3,548	32,799
Net increase in loans held for investment	(75,982)	(153,745)
Proceeds from sale of real estate acquired in settlement of loans	9,659	5,298
Capital expenditures	(225,961)	(148,107)
Contributions in aid of construction	33,106	15,106
Other	865	(2,923)
Net cash used in investing activities	(297,249)	(169,702)
Cash flows from financing activities		
Net increase in deposit liabilities	56,756	87,429
Net increase in short-term borrowings with original maturities of three months or less	13,398	26,272
Net increase (decrease) in retail repurchase agreements	(22,011)	614
Proceeds from issuance of long-term debt	457,000	125,000
Repayment of long-term debt	(368,500)	(150,000)
Change in excess tax benefits from share-based payment arrangements	65	39
Net proceeds from issuance of common stock	16,881	14,861
Common stock dividends	(71,966)	(77,070)
Preferred stock dividends of subsidiaries	(1,417)	(1,417)
Other	(6,314)	(4,283)
Net cash provided by financing activities	73,892	21,445
Net decrease in cash and cash equivalents	(101,753)	(47,168)
Cash and cash equivalents, beginning of period	270,265	330,651
Cash and cash equivalents, end of period	\$ 168,512	\$ 283,483

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The accompanying notes are an integral part of these consolidated financial statements.

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Hawaiian Electric Industries, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1 • Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) for interim financial information, the instructions to SEC Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenues and expenses for the period. Actual results could differ significantly from those estimates. The accompanying unaudited consolidated financial statements and the following notes should be read in conjunction with the audited consolidated financial statements and the notes thereto in HEI's Form 10-K for the year ended December 31, 2011 and the unaudited consolidated financial statements and the notes thereto in HEI's Quarterly Reports on SEC Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012.

In the opinion of HEI's management, the accompanying unaudited consolidated financial statements contain all material adjustments required by GAAP to fairly state the Company's financial position as of September 30, 2012 and December 31, 2011, the results of its operations for the three and nine months ended September 30, 2012 and 2011 and cash flows for the nine months ended September 30, 2012 and 2011. All such adjustments are of a normal recurring nature, unless otherwise disclosed in this Form 10-Q or other referenced material. Results of operations for interim periods are not necessarily indicative of results for the full year. The December 31, 2011 balance sheet information has been derived from the HEI 2011 financial statements. When required, certain reclassifications are made to the prior period's consolidated financial statements to conform to the current presentation.

The Company has revised its electric utilities' previously issued financial statements to correct an error that resulted in the understatement of franchise taxes, net of tax benefits, that should have been recorded in years prior to 2010. The Company determined the cumulative impact for periods prior to 2010 to be a charge to its earnings of \$3.2 million. These adjustments were not considered to be material individually or in the aggregate to previously issued financial statements. The table below illustrates the effects of this revision on the Company's Consolidated Financial Statements for those line items affected (these revisions have no impact on the Company's Consolidated Statements of Income and Cash Flows for the periods reported):

(in thousands)	As previously filed	As revised	Difference
December 31, 2011			
Consolidated Balance Sheet			
Other assets	\$ 517,550	\$ 519,296	\$ 1,746
Total assets	9,592,731	9,594,477	1,746
Other liabilities	516,990	521,979	4,989
Total liabilities	8,026,489	8,031,478	4,989
Retained earnings	201,640	198,397	(3,243)
Total shareholders' equity	1,531,949	1,528,706	(3,243)

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Total liabilities and shareholders' equity	9,592,731	9,594,477	1,746
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Consolidated Statement of Changes in Shareholders' Equity

Retained earnings	201,640	198,397	(3,243)
Total shareholders' equity	1,531,949	1,528,706	(3,243)

December 31, 2010

Consolidated Statement of Changes in Shareholders' Equity

Retained earnings	181,910	178,667	(3,243)
Total shareholders' equity	1,483,637	1,480,394	(3,243)

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2 • Segment financial information

(in thousands)	Electric utility	Bank	Other	Total
Three months ended September 30, 2012				
Revenues from external customers	\$ 801,089	\$ 66,596	\$ 35	\$ 867,720
Intersegment revenues (eliminations)	6		(6)	
Revenues	801,095	66,596	29	867,720
Income (loss) before income taxes	61,268	21,627	(8,914)	73,981
Income taxes (benefit)	22,395	7,419	(4,010)	25,804
Net income (loss)	38,873	14,208	(4,904)	48,177
Preferred stock dividends of subsidiaries	498		(27)	471
Net income (loss) for common stock	38,375	14,208	(4,877)	47,706
Nine months ended September 30, 2012				
Revenues from external customers	2,340,202	196,569	77	2,536,848
Intersegment revenues (eliminations)	55		(55)	
Revenues	2,340,257	196,569	22	2,536,848
Income (loss) before income taxes	154,976	66,964	(25,775)	196,165
Income taxes (benefit)	58,429	22,690	(11,193)	69,926
Net income (loss)	96,547	44,274	(14,582)	126,239
Preferred stock dividends of subsidiaries	1,496		(79)	1,417
Net income (loss) for common stock	95,051	44,274	(14,503)	124,822
Assets (at September 30, 2012)	4,961,715	4,952,850	(9,738)	9,904,827
Three months ended September 30, 2011				
Revenues from external customers	\$ 820,218	\$ 66,100	\$ 37	\$ 886,355
Intersegment revenues (eliminations)	36		(36)	
Revenues	820,254	66,100	1	886,355
Income (loss) before income taxes	62,244	23,166	(8,641)	76,769
Income taxes (benefit)	23,787	7,709	(3,602)	27,894
Net income (loss)	38,457	15,457	(5,039)	48,875
Preferred stock dividends of subsidiaries	498		(27)	471
Net income (loss) for common stock	37,959	15,457	(5,012)	48,404
Nine months ended September 30, 2011				
Revenues from external customers	2,194,219	197,731	(643)	2,391,307
Intersegment revenues (eliminations)	108		(108)	
Revenues	2,194,327	197,731	(751)	2,391,307
Income (loss) before income taxes	122,114	68,699	(27,691)	163,122
Income taxes (benefit)	46,446	24,196	(12,942)	57,700
Net income (loss)	75,668	44,503	(14,749)	105,422
Preferred stock dividends of subsidiaries	1,496		(79)	1,417
Net income (loss) for common stock	74,172	44,503	(14,670)	104,005
Assets (at December 31, 2011)	4,674,007	4,909,974	10,496	9,594,477

Intercompany electricity sales of the electric utilities to the bank and other segments are not eliminated because those segments would need to purchase electricity from another source if it were not provided by consolidated HECO, the profit on such sales is nominal and the elimination of electric sales revenues and expenses could distort segment operating income and net income for common stock.

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Bank fees that ASB charges the electric utility and other segments are not eliminated because those segments would pay fees to another financial institution if they were to bank with another institution, the profit on such fees is nominal and the elimination of bank fee income and expenses could distort segment operating income and net income for common stock.

3 • Electric utility subsidiary

For consolidated HECO financial information, including its commitments and contingencies, see HECO's consolidated financial statements beginning on page 26 through Note 9 on page 41.

Table of Contents**4 • Bank subsidiary****Selected financial information**

American Savings Bank, F.S.B.

Statements of Income Data

(in thousands)	Three months ended September 30		Nine months ended September 30	
	2012	2011	2012	2011
Interest income				
Interest and fees on loans	\$ 43,880	\$ 46,240	\$ 133,241	\$ 137,985
Interest on investment and mortgage-related securities	3,432	3,654	10,534	11,216
Total interest income	47,312	49,894	143,775	149,201
Interest expense				
Interest on deposit liabilities	1,540	2,166	5,015	7,146
Interest on other borrowings	1,201	1,375	3,676	4,124
Total interest expense	2,741	3,541	8,691	11,270
Net interest income	44,571	46,353	135,084	137,931
Provision for loan losses	3,580	3,822	9,504	10,927
Net interest income after provision for loan losses	40,991	42,531	125,580	127,004
Noninterest income				
Fees from other financial services	7,674	7,219	22,474	21,405
Fee income on deposit liabilities	4,527	4,492	13,127	13,540
Fee income on other financial products	1,660	1,806	4,741	5,340
Gain on sale of loans	4,077	1,092	8,297	2,268
Other income	1,346	1,597	4,155	5,977
Total noninterest income	19,284	16,206	52,794	48,530
Noninterest expense				
Compensation and employee benefits	18,684	17,646	56,026	53,317
Occupancy	4,400	4,313	12,866	12,841
Data processing	2,644	2,451	7,244	6,479
Services	3,062	1,686	7,066	5,406
Equipment	1,762	1,712	5,299	5,141
Other expense	8,096	7,763	22,909	23,651
Total noninterest expense	38,648	35,571	111,410	106,835
Income before income taxes	21,627	23,166	66,964	68,699
Income taxes	7,419	7,709	22,690	24,196
Net income	\$ 14,208	\$ 15,457	\$ 44,274	\$ 44,503

American Savings Bank, F.S.B.

Statements of Comprehensive Income DataThree months
ended September 30Nine months
ended September 30

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(in thousands)	2012	2011	2012	2011
Net income	\$ 14,208	\$ 15,457	\$ 44,274	\$ 44,503
Other comprehensive income (loss), net of taxes:				
Net unrealized gains on securities:				
Net unrealized gains on securities arising during the period, net of taxes of \$689 and \$1,917 for the three months ended September 30, 2012 and 2011 and \$1,261 and \$4,258 for the nine months ended September 30, 2012 and 2011, respectively	1,043	3,013	1,910	6,448
Less: reclassification adjustment for net realized gains, included in net income, net of taxes of nil and \$146 for the three months ended September 30, 2012 and 2011 and \$53 and \$148 for the nine months ended September 30, 2012 and 2011, respectively		(221)	(81)	(224)
Retirement benefit plans:				
Less: amortization of net loss, prior service gain and transition obligation included in net periodic benefit cost, net of taxes (tax benefits) of \$(176) and \$(175) for the three months ended September 30, 2012 and 2011 and \$(508) and \$902 for the nine months ended September 30, 2012 and 2011, respectively	266	86	769	(1,367)
Other comprehensive income, net of taxes	1,309	2,878	2,598	4,857
Comprehensive income	\$ 15,517	\$ 18,335	\$ 46,872	\$ 49,360

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American Savings Bank, F.S.B.

Balance Sheets Data

(in thousands)	September 30, 2012	December 31, 2011
Assets		
Cash and cash equivalents	\$ 152,474	\$ 219,678
Available-for-sale investment and mortgage-related securities	664,051	624,331
Investment in stock of Federal Home Loan Bank of Seattle	96,893	97,764
Loans receivable held for investment	3,745,558	3,680,724
Allowance for loan losses	(39,810)	(37,906)
Loans receivable held for investment, net	3,705,748	3,642,818
Loans held for sale, at lower of cost or fair value	16,495	9,601
Other	234,999	233,592
Goodwill	82,190	82,190
Total assets	\$ 4,952,850	\$ 4,909,974
Liabilities and shareholder s equity		
Deposit liabilities noninterest-bearing	\$ 1,097,809	\$ 993,828
Deposit liabilities interest-bearing	3,028,979	3,076,204
Other borrowings	211,219	233,229
Other	107,960	118,078
Total liabilities	4,445,967	4,421,339
Commitments and contingencies (see Litigation below)		
Common stock	333,256	331,880
Retained earnings	180,400	166,126
Accumulated other comprehensive loss, net of tax benefits	(6,773)	(9,371)
Total shareholder s equity	506,883	488,635
Total liabilities and shareholder s equity	\$ 4,952,850	\$ 4,909,974
Other assets		
Bank-owned life insurance	\$ 124,672	\$ 121,470
Premises and equipment, net	53,451	52,940
Prepaid expenses	14,732	15,297
Accrued interest receivable	14,205	14,190
Mortgage-servicing rights	9,658	8,227
Real estate acquired in settlement of loans, net	4,414	7,260
Other	13,867	14,208
	\$ 234,999	\$ 233,592
Other liabilities		
Accrued expenses	\$ 19,981	\$ 21,216
Federal and state income taxes payable	36,308	35,002
Cashier s checks	20,575	22,802
Advance payments by borrowers	5,958	10,100
Other	25,138	28,958
	\$ 107,960	\$ 118,078

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Other borrowings consisted of securities sold under agreements to repurchase and advances from the Federal Home Loan Bank (FHLB) of Seattle of \$161 million and \$50 million, respectively, as of September 30, 2012 and \$183 million and \$50 million, respectively, as of December 31, 2011.

Bank-owned life insurance is life insurance purchased by ASB on the lives of certain key employees, with ASB as the beneficiary. The insurance is used to fund employee benefits through tax-free income from increases in the cash value of the policies and insurance proceeds paid to ASB upon an insured's death.

As of September 30, 2012, ASB had total commitments to borrowers for loan commitments and unused lines and letters of credit of \$1.5 billion, including \$0.2 million to lend additional funds to borrowers whose loans are impaired.

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There are no commitments to lend additional funds to borrowers whose loan terms have been modified in trouble debt restructurings (TDRs) as of September 30, 2012.

Investment and mortgage-related securities portfolio.

Available-for-sale securities. The book value (amortized cost), gross unrealized gains and losses, estimated fair value and gross unrealized losses (fair value and amount by duration of time in which positions have been held in a continuous loss position) for securities held in ASB's available-for-sale portfolio by major security type were as follows:

(dollars in thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Gross unrealized losses			
					Less than 12 months Fair value	Amount	12 months or longer Fair value	Amount
<u>September 30, 2012</u>								
Federal agency obligations	\$ 213,241	\$ 3,342	\$	\$ 216,583	\$	\$	\$	\$
Mortgage-related securities- FNMA, FHLMC and GNMA	353,095	11,706	(181)	364,620	36,225	(181)		
Municipal bonds	78,265	4,583		82,848				
	\$ 644,601	\$ 19,631	\$ (181)	\$ 664,051	\$ 36,225	\$ (181)	\$	\$
<u>December 31, 2011</u>								
Federal agency obligations	\$ 218,342	\$ 2,393	\$ (8)	\$ 220,727	\$ 19,992	\$ (8)	\$	\$
Mortgage-related securities- FNMA, FHLMC and GNMA	334,183	10,699	(17)	344,865	11,994	(17)		
Municipal bonds	55,393	3,346		58,739				
	\$ 607,918	\$ 16,438	\$ (25)	\$ 624,331	\$ 31,986	\$ (25)	\$	\$

The unrealized losses on ASB's investments in mortgage-related securities and obligations issued by federal agencies were caused by interest rate movements. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost bases of the investments. Because ASB does not intend to sell the securities and has determined it is more likely than not that it will not be required to sell the investments before recovery of their amortized costs bases, which may be at maturity, ASB did not consider these investments to be other-than-temporarily impaired at September 30, 2012.

The fair values of ASB's investment securities could decline if interest rates rise or spreads widen.

The following table details the contractual maturities of available-for-sale securities. All positions with variable maturities (e.g. callable debentures and mortgage-related securities) are disclosed based upon the bond's contractual maturity. Actual maturities will likely differ from these contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

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September 30, 2012 (in thousands)	Amortized cost	Fair value
Due in one year or less	\$	\$
Due after one year through five years	190,140	192,438
Due after five years through ten years	85,682	90,597
Due after ten years	15,684	16,396
	291,506	299,431
Mortgage-related securities-FNMA,FHLMC and GNMA	353,095	364,620
Total available-for-sale securities	\$ 644,601	\$ 664,051

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Allowance for loan losses. ASB must maintain an allowance for loan losses that is adequate to absorb estimated probable credit losses associated with its loan portfolio. The allowance for loan losses consists of an allocated portion, which estimates credit losses for specifically identified loans and pools of loans, and an unallocated portion.

The allowance for loan losses was comprised of the following:

(in thousands)	Residential 1-4 family	Commercial real estate	Home equity line of credit	Residential land	Commercial construction	Residential construction	Commercial loans	Consumer loans	Unallocated	Total
<u>Nine months ended</u>										
<u>September 30, 2012</u>										
Allowance for loan losses:										
Beginning balance	\$ 6,500	\$ 1,688	\$ 4,354	\$ 3,795	\$ 1,888	\$ 4	\$ 14,867	\$ 3,806	\$ 1,004	\$ 37,906
Charge-offs	(2,476)		(402)	(2,340)			(2,964)	(1,853)		(10,035)
Recoveries	974		95	471			511	384		2,435
Provision	1,729	394	818	1,871	43	4	1,916	1,472	1,257	9,504
Ending balance	\$ 6,727	\$ 2,082	\$ 4,865	\$ 3,797	\$ 1,931	\$ 8	\$ 14,330	\$ 3,809	\$ 2,261	\$ 39,810
Ending balance:										
individually evaluated for impairment	\$ 324	\$ 7	\$ 313	\$ 2,321	\$	\$	\$ 1,656	\$	\$	\$ 4,621
Ending balance:										
collectively evaluated for impairment	\$ 6,403	\$ 2,075	\$ 4,552	\$ 1,476	\$ 1,931	\$ 8	\$ 12,674	\$ 3,809	\$ 2,261	\$ 35,189
Financing Receivables:										
Ending balance	\$ 1,899,580	\$ 367,765	\$ 604,279	\$ 29,280	\$ 42,913	\$ 5,648	\$ 704,100	\$ 104,338	\$	\$ 3,757,903
Ending balance:										
individually evaluated for impairment	\$ 26,912	\$ 2,929	\$ 1,913	\$ 25,146	\$	\$	\$ 17,956	\$ 22	\$	\$ 74,878
Ending balance:										
collectively evaluated for impairment	\$ 1,872,668	\$ 364,836	\$ 602,366	\$ 4,134	\$ 42,913	\$ 5,648	\$ 686,144	\$ 104,316	\$	\$ 3,683,025
<u>Year ended</u>										
<u>December 31, 2011</u>										
Allowance for loan losses:										
Beginning balance	\$ 6,497	\$ 1,474	\$ 4,269	\$ 6,411	\$ 1,714	\$ 7	\$ 16,015	\$ 3,325	\$ 934	\$ 40,646
Charge-offs	(5,528)		(1,439)	(4,071)			(5,335)	(3,117)		(19,490)
Recoveries	110		25	170			869	567		1,741
Provision	5,421	214	1,499	1,285	174	(3)	3,318	3,031	70	15,009
Ending balance	\$ 6,500	\$ 1,688	\$ 4,354	\$ 3,795	\$ 1,888	\$ 4	\$ 14,867	\$ 3,806	\$ 1,004	\$ 37,906
Ending balance:										
individually evaluated for impairment	\$ 203	\$	\$	\$ 2,525	\$	\$	\$ 976	\$	\$	\$ 3,704
Ending balance:										
collectively evaluated for impairment	\$ 6,297	\$ 1,688	\$ 4,354	\$ 1,270	\$ 1,888	\$ 4	\$ 13,891	\$ 3,806	\$ 1,004	\$ 34,202
Financing Receivables:										
Ending balance	\$ 1,926,774	\$ 331,931	\$ 535,481	\$ 45,392	\$ 41,950	\$ 3,327	\$ 716,427	\$ 93,253	\$	\$ 3,694,535
Ending balance:										
individually evaluated for impairment	\$ 26,012	\$ 13,397	\$ 1,450	\$ 39,364	\$	\$	\$ 48,241	\$ 24	\$	\$ 128,488
Ending balance:										
collectively evaluated for impairment	\$ 1,900,762	\$ 318,534	\$ 534,031	\$ 6,028	\$ 41,950	\$ 3,327	\$ 668,186	\$ 93,229	\$	\$ 3,566,047

Credit quality. ASB performs an internal loan review and grading on an ongoing basis. The review provides management with periodic information as to the quality of the loan portfolio and effectiveness of its lending policies and procedures. The objectives of the loan review and grading procedures are to identify, in a timely manner, existing or emerging credit trends so that appropriate steps can be initiated to manage risk and avoid or minimize future losses. Loans subject to grading include commercial and industrial, commercial real estate and commercial construction loans.

A ten-point risk rating system is used to determine loan grade and is based on borrower loan risk. The risk rating is a numerical representation of risk based on the overall assessment of the borrower's financial and operating strength including earnings, operating cash flow, debt service capacity, asset and liability structure, competitive issues, experience and quality of management, financial reporting quality and industry/economic factors.

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The loan grade categories are:

- | | |
|-----------------------------|--------------------|
| 1- Substantially risk free | 6- Acceptable risk |
| 2- Minimal risk | 7- Special mention |
| 3- Modest risk | 8- Substandard |
| 4- Better than average risk | 9- Doubtful |
| 5- Average risk | 10- Loss |

Grades 1 through 6 are considered pass grades. Pass exposures generally are well protected by the current net worth and paying capacity of the obligor or by the value of the asset or underlying collateral.

The credit risk profile by internally assigned grade for loans was as follows:

(in thousands)	September 30, 2012			December 31, 2011		
	Commercial real estate	Commercial construction	Commercial	Commercial real estate	Commercial construction	Commercial
Grade:						
Pass	\$ 326,532	\$ 42,913	\$ 630,616	\$ 308,843	\$ 41,950	\$ 650,234
Special mention	9,455		21,291	8,594		14,660
Substandard	28,849		48,460	11,058		47,607
Doubtful	2,929		3,733	3,436		3,926
Loss						
Total	\$ 367,765	\$ 42,913	\$ 704,100	\$ 331,931	\$ 41,950	\$ 716,427

The credit risk profile based on payment activity for loans was as follows:

(in thousands)	30-59 days past due	60-89 days past due	Greater than 90 days	Total past due	Current	Total financing receivables	Recorded investment > 90 days and accruing
	September 30, 2012						
Real estate loans:							
Residential 1-4 family	\$ 5,830	\$ 1,727	\$ 28,626	\$ 36,183	\$ 1,863,397	\$ 1,899,580	\$
Commercial real estate			2,929	2,929	364,836	367,765	
Home equity line of credit	584	758	1,965	3,307	600,972	604,279	
Residential land	1,346	3,017	6,384	10,747	18,533	29,280	2,473
Commercial construction					42,913	42,913	
Residential construction					5,648	5,648	
Commercial loans	1,681	251	2,948	4,880	699,220	704,100	123
Consumer loans	878	356	491	1,725	102,613	104,338	360
Total loans	\$ 10,319	\$ 6,109	\$ 43,343	\$ 59,771	\$ 3,698,132	\$ 3,757,903	\$ 2,956
December 31, 2011							
Real estate loans:							
Residential 1-4 family	\$ 10,391	\$ 4,583	\$ 28,113	\$ 43,087	\$ 1,883,687	\$ 1,926,774	\$
Commercial real estate					331,931	331,931	

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Home equity line of credit	1,671	494	1,421	3,586	531,895	535,481	
Residential land	2,352	575	13,037	15,964	29,428	45,392	205
Commercial construction					41,950	41,950	
Residential construction					3,327	3,327	
Commercial loans	226	733	1,340	2,299	714,128	716,427	28
Consumer loans	553	344	486	1,383	91,870	93,253	308
Total loans	\$ 15,193	\$ 6,729	\$ 44,397	\$ 66,319	\$ 3,628,216	\$ 3,694,535	\$ 541

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The credit risk profile based on nonaccrual loans and accruing loans 90 days or more past due was as follows:

(in thousands)	September 30, 2012		December 31, 2011	
	Nonaccrual loans	Accruing loans 90 days or more past due	Nonaccrual loans	Accruing loans 90 days or more past due
Real estate loans:				
Residential 1-4 family	\$ 29,613	\$	\$ 28,298	\$
Commercial real estate	2,929		3,436	
Home equity line of credit	2,621			