



Office of Thrift Supervision
Department of the Treasury

1700 G Street, N.W., Washington, DC 20552 • (202) 906-6000

March 4, 2011

Michelle Kim Stone, Esq.
Senior Vice President
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American Savings Bank
P.O. Box 2300
Honolulu, Hawaii 96804-2300

Re: Application Requesting an Exemption Under the Management Interlocks Regulations for Peggy Y. Fowler to Serve as a Director of Hawaiian Electric Industries, Inc. (HEI), Honolulu, Hawaii, OTS No. H-1226

Dear Ms. Stone:

The application requests that the Office of Thrift Supervision (OTS) grant an exemption under the OTS Management Interlocks Regulations (Interlocks Regulations)¹ to permit Ms. Peggy Y. Fowler (Individual) to join the board of directors of HEI, while continuing to serve on the boards of directors of Umpqua Holdings Corporation (Umpqua Holdings), Portland, Oregon, and Umpqua Bank, Roseburg, Oregon.² HEI is a savings and loan holding company that controls an electric utility, as well as American Savings Bank (American), Honolulu, Hawaii, a federal savings bank. Umpqua Holdings is a bank holding company that controls Umpqua Bank.

The Depository Institution Management Interlocks Act (Act) and 12 C.F.R. § 563f.3(c) prohibit a management official of a depository organization (or any affiliate thereof) from simultaneously serving as a management official of an unaffiliated depository organization (or any affiliate thereof), regardless of where the depository organizations are located, if one of the depository organizations in question has total assets in excess of \$2.5 billion and the other depository organization has total assets in excess of \$1.5 billion.³

The proposed management interlock is subject to this prohibition. For purposes of the Interlocks Regulations, the total assets of a diversified savings and loan holding

¹ 12 C.F.R. Part 563f (2010).

² OTS previously granted an exemption under the Interlocks Regulations to permit the Individual to serve as a director of Hawaiian Electric Company, Inc., a subsidiary of HEI, while also serving as a director of Umpqua Holdings and Umpqua Bank. See, OTS letter dated July 13, 2009.

³ 12 U.S.C. § 3202(2) and 12 C.F.R. § 563f.3(c) (2010).

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company, such as HEI, includes only the assets of its depository institution subsidiary.⁴ Nevertheless, American has total assets exceeding \$2.5 billion. Umpqua Holdings and Umpqua Bank have total assets exceeding \$1.5 billion. Therefore, absent an exemption, the interlock is prohibited under the Act and the Interlocks Regulations.

HEI has filed the application with OTS pursuant to 12 C.F.R. § 563f.6, which provides that OTS may exempt an interlock from the prohibitions in 12 C.F.R. § 563f.3 if OTS finds that the interlock will not result in a monopoly or substantial lessening of competition and will not present safety and soundness concerns.

As of December 31, 2010, American had deposits of approximately \$4.0 billion, all within Hawaii, while Umpqua Bank had deposits of approximately \$9.6 billion, all in markets outside of Hawaii. Accordingly, there is no geographic market in which American competes with Umpqua Bank for deposits.

Considering the lack of competition between American and Umpqua Bank for deposits in any geographic market, we conclude that the proposed interlock will not result in a monopoly or substantial lessening of competition. In addition, based on the application and other relevant information, we conclude that the proposed interlock will not present safety and soundness concerns.

Based on the application and the foregoing analysis, we conclude that the Individual's proposed service as a director of HEI while serving on the boards of directors of Umpqua Holdings and Umpqua Bank meets the applicable approval criteria. Accordingly, the application is hereby approved.

Sincerely,

_____/s/_____
Donald W. Dwyer
Director, Applications
Corporate & International Activities

_____/s/_____
Kevin A. Corcoran
Deputy Chief Counsel for
Business Transactions

⁴ See 12 C.F.R. § 563f.2(p)(2) (2010).

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cc: Regional Director
Regional Counsel
Karen Marcotte, Applications
Edward Dolan
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