



Conference call

Interim report – first quarter 2018

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Investor Relations

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SPEECH

Operator

Good day, and welcome to the Danske Bank First Quarter 2018 Conference Call. Today's conference is being recorded.

At this time, I would like to turn the conference over to CEO Thomas Borgen. Please go ahead, sir.

Thomas Borgen - Danske Bank - CEO

Thank you, Operator, and thank you all for taking time to listen in to this call today. Other participants today is our CFO, Jacob Aarup-Andersen, and our Head of IR, Claus Ingar Jensen.

Slide 1, please. In today's call, we have the pleasure of presenting Danske Bank's financial results for the first quarter 2018. We aim to keep this presentation to around 15 minutes. After the presentation, we will as usual open up for Q&A. Afterwards, feel free to contact our IR department if you have any more questions.

Slide 2, please. With a net profit of DKK 4.9 billion, we started the year with a stable financial performance. The result for the first quarter represents a return on shareholder's equity of 12.6%. The results came in lower than the first quarter of 2017 when we benefited from high customer activity in our capital market-related business units. The financial results for the period were achieved on the basis of a continuation of good economic momentum in the Nordic economies. The lower activity in the capital markets was attributable to interest rate uncertainty and turbulence in the equity market fuelled by geopolitical events. This had a negative impact on trading income. Fee income remained at a relatively strong level, however.

The good business momentum in the Nordic economies led to an increase in lending of 2% from the same period the year before. The underlying momentum was good, based on a solid and well-balanced inflow of business from personal and business customers across all our markets.

In Sweden in particular, we saw a positive development supported by our partnership agreements and strong growth in business lending. In Finland, where the increase in business lending continued, we further exploited the potential of the partnership agreement through an expanded agreement with Akava, now covering all union members.

Expenses came in lower than in the same period last year, primarily as a result of lower activity. Our capital position remained strong. The core capital ratio of 16.4%, which is above our target level, is net of the total share buy-back programme of DKK 10 billion we're currently executing.

The continuation of benign economic macro conditions had a positive impact on credit quality and the financial result as developments in the first quarter resulted in net reversals for the sixth consecutive quarter.

All in all, a stable financial performance to start the year, and we are maintaining our guidance for the full year of a net profit in the range of DKK 18 billion to DKK 20 billion.

Slide 3, please. Over the past years, we have made solid progress, and we have become a much more customer-driven, simple and efficient bank. We will use the momentum we have gained to raise our ambitions for the role we want to play and the value we want to create for all our stakeholders. We want to become the Nordic Integrator in the financial sector, which means that we will move closer to our customers, our employees and the societies we are a part of.

Becoming the Nordic Integrator is not a change of direction, but a natural next step in our quest to deliver the best possible customer experience. As a part of this next step, we will merge Personal Banking and Business Banking and establish two new geographically-oriented banking units, Banking Denmark and Banking Nordics. The latter will comprise the separate banking units at the country level, bringing local management and their expertise more into focus. By doing so, we will empower local management to integrate even further with our customers and improve the customer experience. We will also be able to strengthen our cross sales potential by integrating new services and solutions with existing ones. The key is that no matter what type of customer you are, you will be experiencing one Danske Bank.

Slide 4, please. Here you can see the new organisation in its entirety. The focus of the changes is to enable us to better serve our customers according to their needs and expectations. And as just mentioned, two new banking units, Banking Denmark and Banking Nordic, will replace Personal Banking and Business Banking. Furthermore, we are gathering our strategy and development competencies in a new Group Development unit, thus strengthening our development power.

In addition, we have made a number of changes to the Executive Board, a balance of rotation, promotions and external recruitments. And talking about external recruitment, I am sure you are aware that we have newly recruited the CFO of Tryg, Christian Baltzer, who will succeed our present CFO, Jacob Aarup, who will take you through the details further on our Q1 result. He will shortly head up our Wealth Management unit. Jacob? Please take it from here.

Jacob Aarup-Andersen - Danske Bank – CFO

Thank you. Slide 5 please. So let's look at the main items of our financial results. Net interest income came in at DKK 5.9 billion. This was a 1% increase from the level seen in the same period the year before. Excluding currency effects, NII was up 3%. That's driven mainly by lending growth of 2%. Net interest margins were almost unchanged in the first quarter.

Net fee income came in at DKK 3.8 billion. That's down 4% from last year. Fee income increased in the Nordic banking units. However, lower customer activity in our capital market related business reduced fee income at C&I in particular from the very strong level in the first quarter of last year.

Net trading income came in at DKK 1.4 billion, down 43% from the same period last year, when customer activity was very high. Income in the first quarter was affected by subdued customer activity due to rising interest rates and equity market turbulence.

Operating expenses came in at DKK 5.6 billion, down 2%, reflecting lower activity and continued focus on efficiency measures. Finally, we saw net loan impairment reversals of DKK 0.3 billion as a result of improved credit quality, in particular at Business Banking.

Slide 6, please. In the first quarter, our two Nordic banking units, Personal Banking and Business Banking, continued to benefit from good business momentum in almost all markets. The improvement in results was based on higher customer activity than last year and a good inflow of new business in Norway and Sweden in particular. In Finland, the economic recovery seems to be accompanied by increasing credit demand, primarily from businesses. At Business Banking Finland, lending rose 11% from the level in the same period last year. In Northern Ireland, the business momentum was positive with an increase of both volume and income when adjusting for foreign exchange effects, despite continued Brexit uncertainty.

Let's take a look more closely at the three units. Personal Banking delivered good results, with profit before loan impairment charges up 8% to DKK 1.4 billion. Total income was almost unchanged owing to a stable development in the major income lines and despite the effect of the sale of Krogsvæn. Expenses were down 7% due to the sale of Krogsvæn and efficiency measures. Impairment charges continued to show small reversals and reflect overall strong credit quality. The return on allocated capital was 23.4%. Total lending volume was up 2%, owing to growth in Norway and Sweden, where lending volumes measured in local currency rose 6% and 15%, respectively. The depreciation of the Swedish and Norwegian currencies led to lower reported growth rates in Danish kroner. These strong gains came primarily from our partnership agreements, under which we continue to see an inflow of new customers, particularly in Sweden. In Denmark, where volume was slightly higher, the trend towards higher mortgage lending and lower lending within conventional loan products continued to slow down. In Finland, lending volume was up 1%.

At Business Banking, we continued the solid progress in almost all markets. Overall, profit before loan impairment charges was up 7%. Measured in local currency, lending volume was up in all markets, most notably in Sweden and Finland, where volumes rose 14% and 11%, respectively. In Norway, growth in lending was up 9% from the year before. In Denmark, lending rose 1%. Total income was 6% higher than last year due to higher customer activity. The improvement was driven by all income lines.

Expenses were up 6%, owing to higher regulatory costs and IT investments. Impairment charges showed a reversal of DKK 0.3 billion as a result of strong and improved credit quality. And finally, the return on allocated capital was 20.2%.

In Northern Ireland, growth in new business mitigated the adverse impact of the depreciation of the pound sterling, higher interest rates and loan impairment charges. Total income fell 1%. Adjusted for the depreciation of the currency, it was up 2%, as lending and deposit volumes grew 9% and 6%, respectively, due to good underlying business momentum. Expenses fell 6%, that's 4% in local currency, reflecting the effect of restructuring initiatives undertaken in 2017. The return on allocated capital was 7.5%.

Slide 7, please. Let's have a look at the units that are more dependent on the capital markets. At C&I, profit before impairments declined 37% from the level in the same period last year, when customer activity was at a very high level in FICC in particular. In the first quarter this year, C&I experienced subdued customer activity due to interest rate uncertainty and equity market turbulence.

Activity in debt capital markets was characterised by good issuance activity, although not to the same extent as in the same quarter last year. Within general banking, income rose as a result of refinancing activity. Lending volumes excluding collateral management agreements were stable.

Total income declined 26% from the level in the same period last year, as lower customer activity generated lower fee and trading income.

Expenses were down 3% due to lower activity and performance-related costs. Impairments, which by nature fluctuate at C&I, were almost flat. The credit quality of the oil-related exposure has stabilised.

At Wealth Management, profit before tax was down 18% from the level in the first quarter of last year as the unit, like C&I, was affected by turbulent market conditions and lower activity. Danica saw positive developments, driven by strong premium growth in Sweden in particular.

Fee income, despite being down 3% from the level in the first quarter of last year, remained at a strong level. An increase in assets under management had a positive effect. However, fee income in the first quarter of last year benefited from product launches. Trading income showed a small negative result in the first quarter due to lower investment results in the Health & Accident business. Expenses were flat despite increased regulatory costs.

Assets under management were up 3% from the level at the end of March last year. In Q1 this year, net sales at Asset Management and net premiums at Danica amounted to DKK 0.8 billion and DKK 12.9 billion, respectively.

Slide 8, please. Moving on to expenses. Total expenses for the first quarter amounted to DKK 5.6 billion, that's down 2% from the level last year. The decrease reflects lower activity, lower IT expenses and efficiency measures. The sale of the real estate agency chain Krogsvæn in Norway also contributed to the decline in expenses. Expenses continue to be affected by higher costs for regulatory compliance and digitalisation. We confirm the outlook for expenses for the full year to be slightly higher than in 2017.

Let's move to Slide 9, please. The improvement in credit quality continued in the first quarter. Net reversals for our core activities amounted to DKK 0.3 billion. The loan loss ratio for the quarter, excluding Non-core activities, was minus 7 basis points. With a net reversal of DKK 0.3 billion in the first quarter, Business Banking continued to provide the most significant contribution to the net reversals, and we have now had net reversals for six consecutive quarters. The reversals were driven by positive macroeconomic conditions and a continuation of positive outcomes of workout cases. At C&I, impairment charges were almost zero in the first quarter, the credit quality of the oil related exposure has stabilised and we are well covered with the impairments. In Northern Ireland, impairment charges in the first quarter were affected by a few individual cases.

Slide 10, please. Our capital position remains strong with a reported common equity Tier 1 capital ratio of 16.4%, well above our target range of 14% to 15%. The expected decline from 17.6% at the end of last year was caused by the full deduction of the DKK 10 billion share buy-back programme.

The total capital ratio was 21.4%, down 1.2 percentage points from the preceding quarter. The share buy-back programme of DKK 10 billion in 2018 affected the core Tier 1 capital ratio by 1.3 percentage points. The leverage ratio was 4.2% according to both the transitional rules and fully phased-in rules.

Slide 11, please. As Thomas mentioned in the beginning of the call, we are maintaining our outlook for net profit for 2018 to be in the range of DKK 18 billion to DKK 20 billion. The individual components are also all unchanged.

Slide 12, please and over to Thomas.

Thomas Borgen - Danske Bank - CEO

Thanks, Jacob. Those were our initial comments and messages. We are now ready for your questions. Please limit yourself to two questions, and if you are listening to the conference call from our website, you are welcome to ask questions by e-mail. Operator, we are now ready for the Q&A session.

Operator

(Operator Instructions). Jakob Brink, Nordea.

Jakob Brink - Nordea

Thank you. I'll try and push it a bit with my first question and squeeze in two questions in the first one. So in Sweden, we see loan growth down to 11% in local currency as far as I can estimate. I seem to recall you have set a target of around 15% growth in Sweden retail or Personal Banking. So what should we expect you to do here, going forward? Will you reach the 15%, or should we, or will you accept lower? And some of the same in Norway. You lowered margins in December, but now NIBOR is up quite a bit. So any plans to raise the margins again in Norway? And then sorry,

my second and a half question, on asset management, it seems like new sales have slowed a bit in Q1. But also, could you maybe give us a bit more detail on what has been the mix change between fixed-income and equity please? Thank you.

Thomas Borgen - Danske Bank - CEO

Thank you, Jakob. I'll take your first question. We see that our development, both in Norway and Sweden, is very solid, and we continue to deliver to our customers' expectations. But you are right that the growth in this quarter has been somewhat slower than the previous quarters. We guided you and your colleagues that we would probably expect Sweden to have a high double-digit growth in 2018 and that stands firm. And we believe that the growth path will continue to those levels. In Norway, we will continue to service our clients. We will continue to be competitive, and we expect that in Norway, we will have a growth in the lower double-digit numbers. We will of course not comment on how we will move on pricing.

Jacob Aarup-Andersen - Danske Bank – CFO

And Jakob, let me take the second part of your first question, let's call it that. In terms of asset management, so yeah, net sales in the first quarter were just below DKK 1 billion in asset management which we are actually okay pleased with. If you look at the overall market, you can see the main players are seeing a mix of flattish to actually slightly declining new sales at the moment. I guess what's happening here is a trend we also highlighted last year which is, some of the large institutions have been insourcing some of their mandates for own management, which is a trend in the market and not something we can mitigate fully always. But we are seeing good momentum in our efforts, and I think we're also seeing good traction with the asset management strategy as a whole. And therefore, we're staying optimistic in terms of net sales development from here. You asked about mix. In the quarter here, there is not a major mix change in terms of, you mentioned fixed-income versus equity, we're not seeing a major mix change in the quarter.

Operator

Willis Palermo, Goldman Sachs.

Willis Palermo – Goldman Sachs

Hi, good afternoon. Thanks for taking my questions. I have kind of a similar question or similar topic as the previous one. Just if you could come back on the competitive landscape in Sweden, firstly. I can see you lowered the price on the two-year mortgages. Why did you feel that need? Is it just a campaign or how did you think around that? And linked to that, how do you see the entrance of the very small player in the market? Do you feel this will be a strong competition and lead you to change anything? And the second question is on the asset management side as well. I understand the volatility in the sales line. Jacob, with the new change in management, what are your priorities and ambition for the division if I may ask? Thanks.

Thomas Borgen - Danske Bank - CEO

Thank you very much. I'll take the first one, and Jacob as you said will take the second one. I think it's important for all of you to understand that Norway, Sweden, Finland, Denmark all are core market for us. And the personal market in the two ones you alluded to is also very important for us. We are there for the long term. We've been there for many, many years and we will remain there for many, many years. The competitive position will change over time, as it has done historically and is doing now. On specifically Sweden, it has been a very attractive market for us. It is still a very attractive market for us, as it seems that we are being received very well, particularly by our partnerships, both with SACO and TCO. We will remain very competitive, but of course, as always, we have respect for our competitors. But we do not see that that changed our strategy very much. You alluded to one particular product or pricing, our two-year. You should just see this as one of many initiatives, but also showing our customers that we will always remain relevant and competitive. And then you asked about what you called small players. I again, with deep respect, will say that that's not something which keeps us awake at night. But of course, we always need to be aware of entrants who are there for a short or longer period of time. We are there for long term, and we remain competitive long-term.

Jacob Aarup-Andersen - Danske Bank – CFO

Willis, thanks for the question on asset management. I think we need to respect the fact that I start on the 2nd of May in the job, so I won't give you any grand statements around specific strategy initiatives, etc. But there is no doubt that Wealth is a combination of three very strong franchises, and I will come in and build on a strong foundation, good strategic development already over the last two years. And we will obviously, as always when management changes, we will have a fresh look at the strategy, but overall, we will be building on a strong foundation. So I can be more specific as I get into the job, but it's an exciting opportunity, no doubt about it.

Operator

Mads Thinggaard, ABG.

Mads Thinggaard – ABG Sundal Collier

Hi, this is Mads from ABG. Thank you for taking my questions. The first question is around the business in Northern Ireland. I don't know if you could perhaps put a bit of flavour on these loan losses that you get, I mean that pops up here in Q1. So I think you write a few cases in the report. And perhaps also tell us a bit about what the Nordic Integrator strategy means for you, I mean how you view your business in Northern Ireland. And then secondly, just shortly on the Swedish business, I noted that the uptick in lending volumes in local currency for Business Banking is quite strong, seemingly around 5% here in Q1. What kind of customers are you picking up here in Swedish Business Banking? Thank you.

Thomas Borgen - Danske Bank - CEO

Thank you very much, Mads. Let's take the last question first. One should always be cautious in Business Banking to look on any specific quarter. You need to see the trend over quarters. But that has been very solid both in Norway, Finland and Sweden for many quarters. What we are picking up is very solid SMEs who are looking into our value proposition, particularly around cash management, trade finance, and then what we call ancillary business to that, which could be what we call backstop facilities or smaller or medium-sized loans. So it's where we come in and basically support the SME sector with very solid credit quality and we have very good traction on that one.

Mads Thinggaard – ABG Sundal Collier

Is that to say it is broad on sectors?

Thomas Borgen - Danske Bank - CEO

Yes, it's very broad on sectors. We have worked on that for many years, so it's not one particular sector. Then on loan losses, it is, as we say, very few ones when it comes to Northern Ireland. There's just nothing more to say. What is important is that the underlying credit quality in Northern Ireland is very stable, and as you have seen, that has improved tremendously over the last many years. We are very happy with owning Northern Ireland. They have come through a difficult time, and we are very happy that they are developing in their local market. It is clear that Northern Ireland is also developing more independently. We have communicated that. That's also why we report it slightly more independently. So it won't necessarily be integrated into the Nordic Integrator strategy, but it's no change in the way we look into Northern Ireland.

Operator

Andreas Håkansson, Exane.

Andreas Håkansson – Exane BNP Paribas

Good afternoon, everyone. Two questions. I remember in the previous quarter you talked about some NII being allocated out from Treasury into the operating divisions. Could you tell us, given that the trend was down again in Treasury NII, has that been occurring also in this quarter?

Jacob Aarup-Andersen - Danske Bank – CFO

Andreas, what we said on Q4 was just to explain the volatility in NII Other. It's not that we go out and allocate specifically excess NII in the Treasury department. What we do is, as you know, we run the internal bank very specifically with very specific pricing on internal pricing. And therefore, on a monthly basis, you can see fluctuations in the NII Other line. But over time, it should even out. What you're seeing in Q1 is a continued fall in NII Other, which means that NII as a whole is not affected. It's simply a question of where it ends up being reported. So we are not allocating specific NII around the Group, it's purely a reflection of the internal pricing in the Group.

Andreas Håkansson – Exane BNP Paribas

So the internal pricing, is that even between the operating divisions or has it impacted one more than another? I guess it should be fairly evenly split.

Jacob Aarup-Andersen - Danske Bank – CFO

Definitely. We are not trying to favour one unit over the other.

Andreas Håkansson – Exane BNP Paribas

That's good. Then second, it's a sensitive topic of course, but we know that you are doing an internal investigation on the Baltic money laundering issues, and we know that the Danish FSA is looking into it and I guess the Estonian one. Could you tell us though what other regulators globally are you discussing this case with?

Thomas Borgen - Danske Bank - CEO

Thanks for that question. As we said at the last conference call, we have continuous dialogue with several supervisory authorities in the markets the bank is active in. And of course, we are also in dialogue with the Danish and Estonian FSA. We do not comment on individual interactions or communication with supervisory authorities. We don't think that is necessarily right. But in Denmark you know, the supervisory orders and reprimands are publicly available, so if something comes, it will be on their website.

Andreas Håkansson – Exane BNP Paribas

And any update when you expect that your internal investigation will be public?

Thomas Borgen - Danske Bank - CEO

That investigation is going according to plan, and we expect to have something this fall.

Operator

Per Grønberg, SEB.

Per Grønberg – SEB

Yes, thank you, it's Per from SEB. Two questions. One related to the numbers, one related to recent news flow. Just a small observation, in your capital, you are providing 59% for dividend. Last year you provided only 52%. Should we read anything into that? My second question, Sampo announced the restructuring of the deal on the Finnish life clients. Your payment is now down to around 197 million euros. As your guidance is unchanged, I assume this would not be charged to the P&L. Will there be any charge to capital from the closing of this deal with Sampo within the next three months?

Jacob Aarup-Andersen - Danske Bank – CFO

Thanks, Per. Jacob here. Let me take those two questions. Very, very simple on the dividend side, given that we have now changed our pay-out guidance range to 40% to 60%, we have to deduct the upper part of that range on a quarterly basis in our capital account. So what you're seeing is, I think the 59% is probably a rounding, it is 60%, so what we do is we deduct 60% every quarter for dividends, just like we in previous years have been deducting 50%. So it's purely mechanical, and you can say so we're putting it aside for the end of the year, when we then decide on the final dividends. So that's a technical thing, reflecting the high end of the range. Then on your other question on Mandatum, yes, there was communication out on Tuesday. You asked about capital impact. So first of all, you are correct in terms of no P&L impact. Basically, the payment to Mandatum reflects the additional value that was created in the new, improved agreement. So there is no P&L impact, not in the quarter and not in the future quarters either. It's a neutral transaction for us financially, and it's a good solution for our customers. On the capital side of things, the impact is a very, very small capital impact. We estimate it at around 2 to 3 basis points, so it's a complete non-event from that perspective.

Per Grønberg – SEB

May I ask supplementary on that issue, you are paying almost 200 million euros to Mandatum, but you are not getting any physical assets back, meaning I would assume that you, at the best, got intangible assets back that you would have to deduct. Is this due to insurance treatment or is it because you get real assets and not only intangible assets back for that deal?

Jacob Aarup-Andersen - Danske Bank – CFO

Without becoming too technical on the call, and I obviously as always invite you to discuss the details at length with Claus and his team, but there will obviously be an asset reflected here to reflect the improved agreement. And part of that is naturally intangible. But there is no, you will not see an impact. I think what you're probably searching for there is whether that will have a capital impact. And when I give you the guidance of 2 to 3 basis points, that includes all items from that perspective. So there's no hidden capital impact here we're not giving you.

Operator

Jan Wolter, Credit Suisse.

Jan Wolter – Credit Suisse

Hi, Jan Wolter here, Credit Suisse. Thanks for taking the questions. I think Jacob you mentioned previously the strong asset quality, and we've seen positive restructuring outcomes, etc., for a number of quarters now. We're a few years into the economic expansion. Do you start to see an end to the restructurings now? So we should expect the reversals to end here shortly? What do you see in your book? That's my first question. And what investors should expect in terms of reversals or loan loss levels going forward. It would be natural if they came up. Secondly, rate sensitivity, just a quick update there. The level for 100 bps higher short

rates and if you can give any assumptions that you have in terms of deposit pricing. And then just a clarification finally. I think Thomas, you said that the AML investigation is ongoing and you expect to disclose that during the fall. I think previously, you've talked about or signalled that it could be concluded between July and September. So are you saying that we should expect it towards the end of this period maybe? Thank you.

Thomas Borgen - Danske Bank - CEO

Thank you. Let me take the last one first. There is no change to the plan, and it is actually, as you know, it's an investigation mandated by the Board to an external law firm. We expect that that will be in that time period. I call it this fall. It could come earlier, but I think we'll just give them the time needed to come to a solid conclusion. And then asset quality, yes, rightly spotted, we have had a very solid development on asset quality for many years, which is also then materialised through the P&L with basically zero or reversals. We also guided you in 2018 that we should have moderate or low loan impairment charges, but slightly higher than in 2017, when we had substantial reversals. We can see that we are still in very benign economic conditions. The rates are remaining at very low levels, implying that our customers are doing well and have the ability to meet their obligations very sufficiently. At the same time, we can see that those workout cases we have worked on for many years are being sold very satisfactorily. And finally, our on-boarding of new clients is of very high quality. But of course, you are also right that, over time you cannot have reversals. At a certain point of time, there will be an impairment charge as a consequence of the risk we take on the books. But we have to say that that period of time of very modest impairment charges will probably be extended. But of course, at a certain point in time, we will move towards zero and then slowly move at the positive or let's call it impairment charges. But I don't think it's prudent for me to have any more concrete comments on that for the time now, but it looks very solid as we see it for the time being.

Jacob Aarup-Andersen - Danske Bank – CFO

And Jan, let me just take the rate sensitivity. So our rate sensitivity is, so we're saying 25 basis points would be DKK 700 million of NII. That is a 25 basis point move across the curve. You asked about the short end. We haven't given the specific number for that, but we made it clear that the vast majority of our interest rate sensitivity is in the short end. So hopefully that will give you quite a good steer on it. I believe you also asked about our assumptions around deposit pricing. We usually don't give that out. So it's implied in the DKK 700 million, so you can see if you can back it out.

Operator

(Operator Instructions). Kim Bergoe, Deutsche Bank.

Kim Bergoe – Deutsche Bank

Just one question, thank you. Just one question for me that hasn't been answered already. On Finland, we've seen what looks like quite a good sort of uptick there. What should we expect? Is this the start of more of an upturn or what's going on in Finland? Thanks.

Thomas Borgen - Danske Bank - CEO

Thanks, Kim. Generally, the Finnish economy has picked up during, I would say, the latter part of 2016 moving into 2017. And we've been able to benefit from that. But also that we have sharpened our value proposition, particularly within Business Banking. As we also alluded to after the fourth quarter last year, we are also now starting to sharpen our value proposition in Personal Banking and particularly with the agreement with Akava. So we are now cautiously optimistic on Finland, which hasn't really grown for the last many years. So we think Finland can start contributing more, relatively, than we've seen historically.

Operator

Riccardo Rovere, Mediobanca.

Riccardo Rovere - Mediobanca

Good afternoon to everybody. Just one question from me. With all the accidents, let's call it accidents that we have seen over the past few months, do you think there are chances that the regulators may change their attitude towards your capital return strategy? Meaning paying out 100% of your profits?

Thomas Borgen - Danske Bank - CEO

I'm not clear what you mean in many accidents. So I'm not aware of many accidents, but if you refer to our non-resident portfolio in Estonia, which was closed down in 2015, of course that's something we're dealing with. And we are having, as was alluded earlier, a dialogue with the Danish FSA on that issue. We have no more comments on that. So unfortunately, I don't know of what you are alluding to. Okay, then I recommend if there are no other questions --

Operator

We do have another question.

Thomas Borgen - Danske Bank - CEO

Okay, let's have please the last question then. Thank you, Operator.

Operator

Per Grønberg, SEB. Please go ahead.

Per Grønberg - SEB

Thanks. One more question for my side. Your other revenues, if I take away the stated items you are disclosing, it was DKK 1.9 billion in 2015, sorry in 2016. It was DKK 1.5 billion last year. Now it's DKK 300 million. Can you give any sort of guidance on what one should expect for this line going forward? Of course, excluding sales gains which are hard to predict.

Jacob Aarup-Andersen - Danske Bank - CFO

Per, it's a fair question. I think if -- you are a seasoned Danske Bank analyst, so you know over the last couple of years there's been a lot of moving parts in the other income line with, as you say, sales and general disposals. This time around, you also had to deal with the Krogsveen disposal. So if you ex out Krogsveen from last year, and the other smaller disposals, I think you do have a decent run rate as to other income. Obviously, other income does encompass many, many different moving items from different business units, as you know. So therefore, it's hard for us to give an exact guidance on it. But I think if you look at the run rate last year ex Krogsveen, then it's quite a good starting point for your numbers.

Per Grønberg - SEB

Can you give me the number for Krogsveen for last year? I don't have it.

Jacob Aarup-Andersen - Danske Bank - CFO

Sorry, it's just below DKK 400 million last year.

Thomas Borgen - Danske Bank - CEO

Okay, we'll take that as the last question. This was also Jacob Aarup's last conference call as CFO. It will probably not be the last time you hear of Jacob, and I am sure we will invite him back as a guest speaker when he will present his strategy in more detail. But I'd honestly like to thank him very much, and I think also you appreciated his time with you. But as always, you are all welcome to contact our IR department if you have more questions after you've had time to look into the financial results in detail. A transcript of this conference call will be added to our website and the IR app within the next few days. Thank you very much and have a good afternoon.

Operator

That will conclude today's conference. Thank you for your participation, ladies and gentlemen. You may now disconnect.